



## **NVTC COMMISSION MEETING**

**THURSDAY, DECEMBER 5, 2013  
MAIN FLOOR CONFERENCE ROOM  
2300 Wilson Blvd  
Arlington, VA 22201  
8:00 P.M.**

**NOTE:** Executive Committee will meet at **7:00 P.M.**  
Dinner is also available at that time.

### **AGENDA**

- 1. ACTION ITEM: Approval of Minutes of NVTC's Meeting of November 7, 2013**
- 2. NVTC Financial Items**
  - A. ACTION ITEM: Accept and Distribute NVTC FY 2013 Financial Audit
  - B. NVTC Financial Report for October 2013
  - C. Status of NVTC State Assistance Process
- 3. Executive Director's Update**
- 4. State and Federal Legislative and Policy Agenda**
  - A. General Assembly Session Preview & Discussion of NVTC State Legislative and Policy Agenda
  - B. ACTION ITEM: Approval of NVTC's 2014 State and Federal Legislative Policy Agenda
  - C. ACTION ITEM: Approval of VRE 2014 Legislative Agenda
  - D. Information Item: Endorsement of NVTA Legislative Agenda

**5. WMATA**

- A. Silver Line Activation Plan Update
- B. Vital Signs/Dashboard Report
- C. WMATA Budget Development
- D. Information Item: NEPP Update
- E. Follow-up Report: Metrorail Schedules and Ridership

**6. Transit Service Delivery Advisory Committee (TSDAC)**

**7. VRE**

- A. CEO Report
- B. Joint VRE Audit Committee
- C. Update on the VRE System Plan and the Reallocation of Slots to VRE
- D. ACTION ITEM: Resolution #2229: FY 2013 Audited Financial Statements and Auditor's Report
- E. ACTION ITEM: Resolution #2230: Authorization to Amend the Contract for New Passenger Rail Cars
- F. ACTION ITEM: Resolution #2231: Authorization to Extend the Amended Operating Access Agreement with Norfolk Southern

**8. Northern Virginia Transportation Authority (NVTA)**

- A. Update on the Development of VDOT Project Selection Model
- B. ACTION ITEM: Authorization for NVTC Chair to Submit Comments
- C. Call for FY15 Projects and Six Year Improvement Plan
- D. NVTA Milestones

**9. Department of Rail and Public Transportation (DRPT) Report**

**10. Information Items**

- A. Constrained Long Range Plan (CLRP) 2013 Performance Analysis
- B. USDOT/USHUD Location Affordability Portal
- C. Regional Planning Update
- D. Washington Post Article “Virginia, Not Maryland, Is Where Transit Action Is Today”
- E. 2014 Calendar of Meetings



**NVTC EXECUTIVE COMMITTEE MEETING**

**THURSDAY, DECEMBER 5, 2013  
MAIN FLOOR SMALL CONFERENCE ROOM  
2300 Wilson Blvd  
Arlington, VA 22201**

**7:00 P.M.**

**AGENDA**

- 1. Summary of the Executive Committee Meeting of November 7, 2013**
- 2. Summary of the November 19, 2013 MAC Meeting**
- 3. Report from PB Mares, NVTC's Audit Firm, on the FY 2013 NVTC Financial Audit**
- 4. Review of the Commission Meeting Agenda for December 5, 2013**
- 5. Suggestions for Future Agenda Items**
- 6. New Business**

**Committee Members:**

Jeff McKay, Chairman  
Sharon Bulova  
Jim Dyke  
Bill Euille  
Jay Fisette  
Cathy Hudgins  
Mary Hynes  
Tom Rust  
Paul Smedberg  
Dave Snyder

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AGENDA ITEM #1

MINUTES  
NVTC COMMISSION MEETING – NOVEMBER 7, 2013  
NVTC CONFERENCE ROOM – ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman McKay at 8:13 P.M.

**Members Present**

Sharon Bulova  
John Cook  
James Dyke  
William D. Euille  
Jay Fisette  
John Foust  
Jeffrey Greenfield  
Catherine Hudgins  
Mary Hynes  
Jeffrey McKay  
David Ramadan  
Paul Smedberg  
David F. Snyder  
Christopher Zimmerman

**Members Absent**

Richard Black  
Barbara Comstock  
Mark R. Herring  
Joe May  
Ken Reid  
Thomas Rust

**Staff Present**

Doug Allen (VRE)  
Kelley Coyner  
Rhonda Gilchrest  
Claire Gron  
Kala Quintana

### Minutes of the October 3, 2013 NVTC Meeting

On a motion by Mrs. Bulova and a second by Mr. Smedberg, the Commission approved the minutes. The vote in favor was cast by Commissioners Bulova, Cook, Dyke, Euille, Fisette, Foust, Greenfield, Hudgins, Hynes, McKay, Ramadan, Smedberg Snyder and Zimmerman.

### NVTC Executive Director's Report

Chairman McKay stated that he and Ms. Coyner both agree that an Executive Director's Report should be a regular feature of NVTC meetings in order for the Executive Director to update the Commission on what NVTC staff is accomplishing.

Ms. Coyner gave an overview of the activities over the past month. NVTC participated in a Fairfax Delegation Meeting and will continue courtesy meetings with General Assembly members and working with the Legislative Committee to develop NVTC's State and Federal Legislative and Policy Agenda for 2014. Ms. Coyner reported that Kala Quintana has also been working closely with jurisdictional staff and other regional partners in monitoring the development of their legislative agenda.

Ms. Coyner encouraged Commissioners to provide comments on the draft NVTC Legislative and Policy Agenda, which will be distributed prior to the next NVTC meeting. The Legislative and Policy Agenda will be discussed and approved at NVTC's December 5, 2013 meeting. NVTC has also invited the Northern Virginia General Assembly Delegates and Congressional Delegates to NVTC's December 5<sup>th</sup> meeting to participate in the legislative discussion.

Ms. Coyner also reviewed activities including site visits to the jurisdictions and local transit systems, as well as other partnership activities. At the request of the jurisdictions, NVTC staff is working to convene a Transit Demand Management Agencies Work Session. NVTC is also working with PRTC to schedule a joint meeting, possibly in February in Richmond, and a co-sponsored event later in the spring.

Ms. Coyner also noted that the Executive Committee will serve as the Nominating Committee to recommend a slate of officers for 2014. She encouraged Commissioners to provide suggestions or comments to any Executive Committee member with respect to nominations for 2014.

### VRE

Report from VRE. Mr. Allen reported that VRE received notification that it will receive an additional \$15 million for FY 2014 from the MAP-21 State of Good Repair Program. This will allow the VRE Operations Board at its November 15<sup>th</sup> meeting to consider using these funds to purchase seven railcars to replace the remaining Legacy railcars. This will virtually give VRE a complete new fleet.

Mr. Allen reported that overall on-time performance (OTP) for the month of October was 94 percent systemwide. The federal government shutdown impacted 30 percent of VRE ridership during that time, but ridership bounced back immediately as soon as the shutdown was over. Mr. Allen also reported that VRE continues to work on the VRE System Plan and it is anticipated that it will be completed by December 2013.

VRE's Financial and Debt Management Principles. Mrs. Bulova reported that the VRE Operations Board recommends Commission approval of Resolution #2226, which would approve VRE's Financial and Debt Management Principles. She explained that the VRE Capital Committee, chaired by Jonathan Way, met over the last year and established a set of Financial and Debt Management Principles for VRE.

Mrs. Bulova moved with a second by Mr. Smedberg, to approve Resolution #2226 (copy attached with the VRE Financial and Debt Management Principles). The vote in favor was cast by Commissioners Bulova, Cook, Dyke, Euille, Fisette, Foust, Greenfield, Hudgins, Hynes, McKay, Ramadan, Smedberg Snyder and Zimmerman.

Appointments of John Cook as Chairman and Jonathan Way as Vice Chairman to the VRE Joint Audit Committee. Mrs. Bulova reminded the Commission that it voted last month to establish a VRE Joint Audit Committee. VRE Operations Board Chairman Smedberg has recommended that Mr. Cook be appointed to serve as Chairman of that committee. It also makes sense to appoint a Vice Chairman and Mr. Way, a PRTC Commissioner, has agreed to serve in this capacity. Since the Joint Audit Committee is tasked to perform a function on behalf of the Commissions, it is appropriate for the appointments to be affirmed by the Commissions.

Mrs. Bulova moved approval of Resolution #2227, which approves these appointments (copy attached). Mr. Greenfield seconded the motion. The vote in favor was cast by Commissioners Bulova, Cook, Dyke, Euille, Fisette, Foust, Greenfield, Hudgins, Hynes, McKay, Ramadan, Smedberg Snyder and Zimmerman.

Chairman McKay requested that a minor typographical error be corrected in the second whereas clause so that the word "the" be deleted in the first line. There were no objections.

The Commission then voted on the motion and it passed. The vote in favor was cast by Commissioners Bulova, Cook, Dyke, Euille, Fisette, Foust, Greenfield, Hudgins, Hynes, McKay, Ramadan, Smedberg Snyder and Zimmerman.

Ms. Coyner gave an update on the work already being done with the VRE Joint Audit Committee. She reported that she participated with Mr. Cook, Mr. Way, Mr. Harf, and Mr. Allen in a preliminary planning session where they paid special attention to the Management Audit. Mr. Allen is ready to work with the committee next week to define a scope of work.

WMATA Momentum Support. Mrs. Bulova reported that the VRE Operations Board passed a resolution at its October meeting that endorses the WMATA Momentum Plan. NVTC endorsed it in June 2013.

VRE System Plan Update. Mrs. Bulova reported that the VRE Operations Board received a briefing on the preliminary recommendations for the VRE System Plan at its last meeting. VRE staff and the consultant continue to work on this long-range system plan to guide system investments through 2040. As Mr. Allen stated previously, VRE plans to finalize the draft plan by the end of the year.

Results of the 2013 Annual Customer Service Survey. Mrs. Bulova reported that the results of the VRE annual customer survey, which was conducted last May, were presented to the VRE Operations Board. The survey was completed by 6,305 riders. VRE continues to see improvement in nearly every category. While on-time performance (OTP) has been the number one concern for VRE riders for many years, this year passengers identified pricing as the number one issue. The survey shows that 89 percent of responders rated OTP as excellent or above average, the highest rating VRE has ever received in this category. Passengers also identified more frequent service and more seats on trains as their biggest priorities to be addressed in the next year.

#### Transit Service Delivery Advisory Committee (TSDAC)

Chairman McKay introduced Cindy Mester from Falls Church who is a member of the Transit Service Delivery Advisory Committee (TSDAC). Ms. Coyner reported that the Commonwealth Transportation Board adopted the performance-based operating assistance allocation methodology recommended by TSDAC at its meeting on October 17<sup>th</sup>. The CTB did not address NVTC's objection to the way in which DRPT calculated Metrorail ridership.

Ms. Coyner also reported that TSDAC approved the capital assistance allocation methodology including the switch to calculating state share based on total (gross) cost instead on non-federal (net) cost. In addition to undermining the adopted teiring approach, the change from net to gross cost will increase the local contribution required in NVTC jurisdictions by an estimated \$17 million and will put tremendous pressure on NVTC jurisdictions to federalize their systems. This in turn penalizes this region and will cause a shift in the amount of state assistance. Northern Virginia already makes the greatest level of funding contributions to its transit system network.

Ms. Coyner also explained that TSDAC rejected proposals from Cindy Mester and Al Harf which would have addressed these concerns by adopting a hold harmless provision for a fixed time or by postponing the implementation date of the change in the approach to calculating the state share. Either approach would have allowed DRPT to base their recommendation on more accurate data and with much needed information on how federal funding will affect the allocation of state capital funds over the next three years. Al Harf and Cindy Mester were the only ones to cast "no" votes. They have prepared a Minority Report outlining the issues. At this point, the TSDAC recommendations have gone out for public comment, which are due by November 28, 2013. The Commonwealth Transportation Board (CTB) is expected to take action on the TSDAC capital recommendation at its December 4<sup>th</sup> meeting.

Ms. Mester thanked NVTC and other jurisdictional staff for their assistance during the TSDAC process over the last six months. She explained that the October 29<sup>th</sup> TSDAC divided vote was the only time that TSDAC made a decision that was not unanimous. She reviewed the three main reasons for their dissenting vote outlined in the Minority Report regarding the recommendations:

- 1) They undermine the tiered approach;
- 2) Is premised on assumptions about future federal funding that are highly conjectural; and
- 3) Results in an outcome whereby Northern Virginia is the only area of the state that would have to increase local support in percentage terms to capture the increased state funding promised by HB 2313.

Ms. Mester reviewed the counterproposals she presented at the meeting, including a one-year delay in implementation or a two-year hold harmless, but they did not muster sufficient support by the majority of TSDAC. TSDAC did agree to consider the suggestions as part of the work program that could result in changes in the future. Since Northern Virginia stands to be negatively impacted by the majority recommendations for years before assessment of this issue might lead to an amendment, Ms. Mester and Mr. Harf felt compelled to cast dissenting votes.

Chairman McKay thanked Ms. Mester and Mr. Harf for their valiant efforts. Ms. Mester replied that it has been an honor to serve in this role representing Northern Virginia.

In response to a question from Mr. Fisette, Mrs. Hynes observed that based on the TSDAC recommendations, Northern Virginia's match will be 30 percent compared to most of the other regions having only to pay four percent. Mr. Smedberg had several questions concerning percentages for Hampton Roads region. Chairman McKay observed that the Hampton Roads rail project is not being treated the same way Metrorail is. It seems that TSDAC recommendations are advantageous to all other areas in the Commonwealth, including Hampton Roads. Ms. Mester replied that this is why they requested postponing action.

Mr. Snyder asked what action is needed by NVTC and/or the individual jurisdictions. Ms. Coyner explained that NVTC has already given authorization at its last meeting to Chairman McKay to submit comments on behalf of the Commission. It would be helpful for jurisdictions to also submit comments. Since these are complex issues and it is important to get comments correct, NVTC is available for technical assistance to the jurisdictions. Mr. Snyder asked if there is a way to describe the issue so that the public can understand especially how it impacts them. He requested NVTC prepare an understandable description of the issues in order to engage our citizens. He stated that the public has the right to know that Northern Virginia is being treated unfairly and different than other areas of the state. Ms. Mester noted that the Minority Report was meant to be a technical report.

Chairman McKay agreed that it is important to describe it in layman's terms so the public can understand. He also expressed his opinion that NVTC should send it to the Northern Virginia General Assembly Delegation so they know Northern Virginia's concerns. Mr. Dyke stated that in addition to written comments, it is important to keep the dialogue open between NVTC and DRPT and he encouraged NVTC to continue to work to set up a meeting between the two organizations before the November 29<sup>th</sup> comment deadline. Delegate Ramadan asked that the information provided to the General Assembly Delegation include recommendations on how NVTC would like to see this resolved. Chairman McKay also observed that this issue will be part of NVTC's Legislative and Policy Agenda, which will be discussed at next month's meeting.

Mrs. Hynes also agreed that it is important that NVTC make the point to the public of why this matters and what it means for people living in Northern Virginia. One way to make this point is to review how much more local funds would be needed to access the state funding over the last three years. This could be done for each jurisdiction. She also noted that this basically becomes another tax increase for the citizens of this region, on top of the tax increases resulting from HB2313 to pay for transportation. These are the reasons why it matters. It is about economic activity of this region and the amount of revenue sent down to Richmond from this region. It is important to make it tangible for the public to understand. The point is also how much taxpayers in Northern Virginia should have to pay in order to access the revenue that is sent to Richmond. Mrs. Hudgins agreed that that this is an important point.

Mr. Zimmerman observed that part of HB2313 requires local jurisdictions to maintain their local level of effort. In this case, the state will not be maintaining its level of effort. He stated that we want a state level of effort as they require of us at the local level.

Delegate Ramadan strongly encouraged NVTC to include in its Legislative Agenda support for a bi-partisan effort to seek legislation to change the CTB allocation formula. He plans to sponsor legislation again this year.

Mr. Snyder again on behalf of NVTC thanked Ms. Mester and Mr. Harf for their efforts on TSDAC.

### NVTC Financial Items

NVTC Financial Report for September 2013. The financial report was provided to Commissioners and there were no questions.

NVTC State Assistance Process. Ms. Coyner stated that as discussed at last month's meeting, NVTC's jurisdictions have not received their capital and operating funds from DRPT. To date, reserve funds from the Trust Fund Account have been used to cover the first two quarterly payments to WMATA, but NVTC will not be able to do so for the payment due January 1, 2014. Chairman McKay explained that \$40 million in state operating and capital has not been received. He asked for an update from DRPT. Joe Swartz reported that at this time, the jurisdictions have the contracts and DRPT is waiting for them to be returned. He agreed that it has been a lengthy process.

Chairman McKay observed that there needs to be a more efficient approach to this because the number of agreements now that the jurisdictions need to approve has increased fivefold. Mr. Swartz stated that there is an understanding by DRPT that tweaks could help improve the process. This is the first year of implementation and it has taken a lot longer than expected. It should be quicker next year. Mr. Dyke stated that DRPT will continue to work on this issue and add it to agenda for the meeting between DRPT and NVTC.

Chairman McKay observed that this has had a big impact especially on the smaller jurisdictions that do not have large reserves. Mr. Fisette observed that the January 1<sup>st</sup> deadline is only six weeks away. He reminded the Commission that it was criticized in the past for amounts in the Trust Fund reserves, but this problem proves that it is good that NVTC has a large reserve otherwise the bills would not have been paid. Ms. Hynes stated that it is fortunate that this did not coincide when the District could not make its WMATA payment because of the federal government shutdown. WMATA would have been in a terrible financial position. Ms. Coyner stated that staff continues to monitor this. In the case of Fairfax County, one of the project agreements has a \$4 million invoice that cannot proceed until the project agreement issues are resolved.

FY 2014 Proposed Revised Budget. Chairman McKay reported that when Ms. Coyner was hired as NVTC's Executive Director she was asked to review NVTC management. Ms. Coyner stated that her preliminary management review looked at the core functions, including finance, human resources, safety and security, and technology issues. Based on her review, she identified gaps which resulted in her making a series of changes in job functions in order to better align staff with the current needs of NVTC and its member jurisdictions. In addition, several measures have been identified that have no fiscal impact that can help assure NVTC takes advantage of new opportunities, especially with the New Electronic Payments Program (NEPP) and NVTA regional funding.

Ms. Coyner explained that a proposed budget adjustment of \$169,000 is being requested to partially bridge gaps for FY 2014. This adjustment is spread across four principal budget lines and will better align the resources to NVTC's priorities. This plan was developed in consultation with the Executive Committee.

Chairman McKay explained that the Executive Committee discussed the question of whether we want to take NVTC to the next level in communication and outreach, as well as professional development, or are we content to keep it status quo. This budget adjustment would fill some gaps especially in communication, IT support and legislative issues. He explained that this links back to the new Executive Director's Report being featured in the agenda in which the Commission will be getting better feedback on what NVTC as a staff is doing to promote issues both regionally and at the state level.

In response to a question from Chairman McKay about the timing of the action, Ms. Coyner stated that staff is seeking approval at this meeting.

Mr. Dyke moved, with a second by Mr. Smedberg, to approve the budget adjustment. The vote in favor was cast by Commissioners Cook, Dyke, Euille, Fisette, Foust, Greenfield, Hudgins, Hynes, McKay, Smedberg Snyder and Zimmerman. Delegate Ramadan abstained since this is a budget issue but noted that he supports the concept. (Mrs. Bulova was out of the room during the vote but returned during the WMATA discussion.)

Chairman McKay requested that future agendas are clear regarding what actions are being requested.

## WMATA

Vital Signs/Dashboard Report. Mrs. Hudgins reported that Metrobus ridership has increased to 34.8 million which is above budget projections. MetroAccess ridership is also above projections with 539,000 ridership totals. Also, passenger fares plus parking were \$3.1 million above budget for the quarter, while non-transit revenue was \$0.2 million above budget. In response to a question from Chairman McKay, Mrs. Hynes stated that parking revenue is performing as expected based on budget projections.

Mrs. Hudgins also announced that the National Transportation Safety Board (NTSB) has closed seven more of WMATA's outstanding safety recommendations, bringing the total number closed to 20 out of 29. WMATA continue to make steady progress towards closing all 29 recommendations. Of the remaining nine, four recommendations have been submitted to NTSB for closure.

Mr. Zimmerman observed that in terms of ridership, Metrorail is running infrequent service except for peak times. This can discourage people from using Metrorail off peak times, which can be 12-20 minutes. He compared Metro service frequency compared to other countries that run six minute headways during off peak hours. Mrs. Hudgins agreed that frequency of service is critical. WMATA continues to look at how much service it can provide. She stated that part of the 2025 Plan includes 8-car trains running all day, which will be helpful. WMATA is also currently working on a Customer Pledge that will address frequency of service. Chairman McKay observed that when WMATA implemented peak of the peak service it wasn't just a ridership and revenue issue but it was also to address public safety concerns with enormous overcrowding of platforms. WMATA was trying to spread ridership more throughout the day better to deal with some other inadequate infrastructure issues with the stations. He asked for a report at next month's meeting as to whether WMATA sees any patterns in pushing people in and out of peak periods.

New Electronic Payments Program (NEPP) Procurement and Implementation. Ms. Coyner reported that in anticipation of WMATA awarding a contract for the NEPP system, NVTC has been working to put in place a Memorandum of Understanding (MOU) with the local jurisdictions, VRE and PRTC. The MOU would authorize NVTC to contract on behalf of these entities, to secure a unified price, and organize participation by Northern Virginia systems in the Conceptual Design Review (CDR) and the initiation of a pilot program. Two actions are being requested at tonight's meeting:



- 1) Authorize NVTC's Executive Director to enter into a MOU with its regional transit partners and PRTC to coordinate the testing, technical assistance, funding and implementation of the WMATA NEPP program.
- 2) Approve Resolution #2228 which would authorize NVTC's Executive Director to apply for an off-cycle technical assistance grant from DRPT in an amount not to exceed \$200,000.

Ms. Coyner stated that NVTC staff has been working with DRPT staff to secure this off-cycle funding for technical assistance for January 1 - June 30, 2014. Based on a high-level scope of work and historical experience, NVTC is seeking this \$200,000 grant to provide the rapid ramp-up required to participate effectively in the CDR and the pilot. The grant would provide a 50 percent match by local jurisdictions.

Mrs. Hudgins moved, with a second by Mr. Dyke, to authorize the Executive Director to enter into the MOU and to approve Resolution #2228. The vote in favor was cast by Commissioners Bulova, Cook, Dyke, Euille, Fisette, Foust, Greenfield, Hudgins, Hynes, McKay, Ramadan, Smedberg Snyder and Zimmerman.

WMATA Budget Development. Mrs. Hudgins reported that WMATA's budget is under development and it is anticipated that the General Manager will present the FY 2015 budget to the WMATA Board in December.

Regional Transit System Plan (RTSP). WMATA is developing this long-range, multi-modal, multi-operator plan for the D.C. metropolitan area. Preliminary recommendations include building new rail lines in the Core and in Virginia; adding new stations with pedestrian tunnels; developing a circular line to connect underserved activity centers; prioritizing a regionally significant integrated surface transit network; and improving multi-modal access at stations. WMATA plans to include Metro 2025 projects in the 2014 CLRP Update. WMATA will release a full Regional Network and Metro 205 implementation plan next fall, with the goal of Board approval in winter 2014.

Metro 2025 (Momentum). The 2025 Committee received a briefing on Metro 2025 outreach activities at a meeting in October. WMATA is focusing on outreach to elected officials/funders, customers, business community and civic groups, the planning community, Momentum "Champions," and universities. The committee also discussed the roles and responsibilities of Momentum endorsers/supporters moving forward, and a representative from each jurisdiction provided an update on recent efforts to secure funding for Metro 2025 projects.

#### Department of Rail and Public Transportation (DRPT) Report

Mr. Dyke reported that the Super NoVA Transit and TDM Action Plan project team is currently updating the recommendations based on the comments received from the stakeholders. The Plan Report is currently under development and will be available to stakeholder review and comment by the November stakeholder meeting. He also reported that the first public meeting for the Route 1 Multimodal Alternatives Analysis

was held on October 9<sup>th</sup> and the project team has developed the draft land use analysis methodology report and draft ridership modeling report. The project team continues to coordinate with VDOT and staff from Fairfax and Prince William counties on advancing the project. Mr. Dyke stated that he will continue to follow-up with DRPT staff on the TSDAC issue.

Finally, Mr. Dyke announced that Joe Swartz is leaving DRPT and taking a position as Chief of Staff for VRE. This will be his last NVTC meeting representing DRPT. The Commission congratulated Mr. Swartz on his new position at VRE.

#### Northern Virginia Transportation Authority (NVTA) and JACC Update

Ms. Coyner announced that no appeal of the decision in the bond validation suit was filed, which means that the Fairfax County Circuit Court decision is final and clears the way to begin executing projects identified on the Bond Project list and related activities, including issuing bonds. NVTA action is contemplated at the December meeting. The NVTA Project Implementation Working Group is scheduled to meet tomorrow and will discuss issues related to HB599, how to begin the FY 2015 Process and how NVTA should proceed with its Six-Year Improvement Plan (SYIP).

Ms. Coyner reported that the Jurisdiction and Agency Coordination Committee (JACC) met on October 10<sup>th</sup> and received an update from VDOT on the status of their program to address the changes in project analysis imposed by HB599 and HB2313. VDOT has established an aggressive program to implement HB599 and establish criteria. VDOT needs to evaluate and rank enough projects so that NVTA projects and the Six-Year Plan (SYP) are not unnecessarily delayed. Mr. Zimmerman stated that this is a significant matter because NVTA will be collecting hundreds of millions in revenue and then be limited to only a handful of road projects. Chairman McKay noted that the jurisdictions raised concerns on this issue and he asked if anything else is needed. Mr. Zimmerman stated that it is important that VDOT hear the concerns.

Mrs. Bulova announced that NVTA has hired Michael Longhi to serve as Chief Financial Officer. Mr. Longhi has most recently served as the Special Auditor to the Fairfax County Board of Supervisors and before that he worked for Arlington County.

#### Information Items

MWCOG/TPB Commuter Bus Staging Area Study. TPB commenced a study to examine the need for commuter bus staging, layover and mid-day parking locations in the District and Arlington County. The study will identify short-term solutions and develop a long-term vision for the region. The final report is due June 2014.

MAP-21 MPO Representation. The Federal Transit Administration (FTA) released proposed policy guidance concerning representation on Metropolitan Planning Organization (MPO) Boards. Under MAP-21, the TPB will be required to incorporate a specifically-designated public transportation representative on its Board by October 2014.

Regional Transportation Priorities Plan (RTTP). TPB released a revised draft of the RTTP for public comment. NVTC staff will submit comments on the revised draft plan on behalf of the Commission prior to the November 10<sup>th</sup> deadline.

CTB Reallocation Hearing Testimony. On October 22<sup>nd</sup> Chairman McKay testified before the Commonwealth Transportation Board (CTB) on the current FY 2014-FY 2019 Six-Year Program and the development of the FY 2015 – FY 2020 Six-Year Program.

MWCOG/TPB Planning Website. TPB launched a new website ([www.transportationplanninghub.org](http://www.transportationplanninghub.org)) which will serve as the one-stop-shop for transportation planning for the region. The website details transportation planning processes, major projects, and agency contact information for the District, Maryland and Virginia.

#### Adjournment

Without objection, Chairman McKay adjourned the meeting at 9:29 PM.

Approved this 5<sup>th</sup> day of December, 2013.

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Jeff McKay  
Chairman

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David F. Snyder  
Secretary-Treasurer



## **RESOLUTION #2226**

**SUBJECT:** Approve VRE's Financial and Debt Management Principles.

**WHEREAS:** A Capital Committee of the VRE Operations Board was established by VRE's Chairman in December 2012 in order to establish a set of Financial and Debt Management Principles for VRE and for other purposes;

**WHEREAS:** The Capital Committee developed a set of such Principles, with the advice and assistance of PFM, the financial advisor to VRE; and

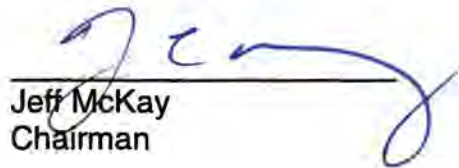
**WHEREAS:** The Capital Committee solicited input from the CAO Task Force, the Commissions and DRPT in the development of these Principles.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission approves VRE's Financial and Debt Management Principles (see Attachment A).

Approved this 7<sup>th</sup> day of November, 2013.



\_\_\_\_\_  
David F. Snyder  
Secretary-Treasurer



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Jeff McKay  
Chairman

**Virginia Railway Express  
Financial and Debt Management Principles  
(Adopted as of November 7, 2013)**

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The purpose of this document is to formalize financial and debt management principles for the Virginia Railway Express (VRE), the commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC), together referred to as the Commissions. In accordance with the Master Agreement that established VRE, any bonds or notes issued to support the commuter rail operation will be issued in the name of NVTC, with the concurrence of both Commissions and all member jurisdictions. This Statement of Financial and Debt Management Principles confirms the commitment of VRE's Operations Board, the Commissions, and the management and staff of VRE to adhere to sound financial and debt management practices in the conduct of VRE's business.

**Financial and Debt Management Principles**

1. Any debt or financing arrangement issued in support of VRE projects must be in full compliance with all applicable provisions of the Commonwealth of Virginia statutes, federal laws and the VRE Master Agreement.
2. Any long term debt issued in support of VRE projects will be included in VRE's Capital Improvement Program and Six Year Financial Forecast and debt will only be issued for approved capital projects. Prior to issuance, VRE will forecast the long-term impact of such debt on the use of federal formula funds, the impact on VRE's six year plan, the annual contributions required from its member jurisdictions over the term of the debt, and to test compliance with the financial ratios described below.
3. VRE strives to attain the following financial ratios over its Six Year Plan:
  - a. A fare box recovery ratio not lower than 50% of operating expenses.
  - b. Debt service as a percent of annual budget not greater than 20%.
  - c. Percent of pay-as-you-go financing equal to a minimum of 20% of the total funded portion of the capital program over the term of the capital program.
  - d. Working capital reserves that are on average not less than 2 months of operating expenditures, with a goal of increasing to 3 months over a 10 year period.
  - e. Risk management reserves equal to amounts imposed by the Commonwealth. Currently the risk management reserve requirement is \$10 million.
4. VRE will match one time revenue with one time expenditures to avoid creating structural imbalance in its annual budgets.
5. Projects included in VRE's Capital Improvement Program will be prioritized with emphasis on regulatory requirements, the maintenance of equipment and facilities to support current service levels, and provisions for passenger safety.

**Virginia Railway Express  
Financial and Debt Management Principles  
(Adopted as of November 7, 2013)**

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6. The capital reserve will be maintained through the contribution of surplus funds generated from operations and from other sources in order to provide the necessary match funds to take advantage of grant funding opportunities and to complete advantageous capital projects.
7. VRE will maintain an asset management plan for all major capital assets which will identify operating, maintenance and renewal costs over the life of the asset. If a reliable source of funding is not expected to be available to meet peak needs when they occur, a sinking fund will be established for this purpose. The annual budget and Capital Improvement Program will include the life-cycle cost impact of each project in the CIP.
8. VRE will maintain access to external liquidity sources, such as a line of credit, because of the heavy reliance on funding from other parties. This short term borrowing will only be used with the approval of the Operations Board and when the source of repayment has been identified.
9. Debt that supports VRE projects will be amortized for a period not to exceed the useful life of the assets being financed.
10. For any publicly sold debt to support VRE projects:
  - a. Debt service funds will be established at the time of issuance and contributions will be made on a monthly basis so that amounts are available to ensure timely payment of principal and interest when due.
  - b. A debt service reserve fund will be established (as needed by the revenue bond structure or for credit purposes) to provide a cushion of funding for the debt obligations. Such funds will be sized to equal maximum annual debt service, subject to limitations imposed by the IRS for funding of such reserves.
  - c. The bond structure will be sufficient to secure a rating in the A category or better.
11. The debt service structure that supports VRE projects will be developed and maintained to achieve strong credit ratings while addressing the overall revenue constraints and capacity of VRE. Total principal and interest payments for any borrowing will be structured to create level debt service in aggregate for VRE. Alternatively, VRE may use a more rapid repayment structure, such as equal annual principal payments. The use of back loaded principal repayment, bullet and balloon maturities will be avoided, except to achieve overall level aggregate debt service or to match anticipated one time revenues.
12. As needed, VRE will establish and maintain a separate set of post issuance policies and procedures for managing any required disclosure, tax or other legal requirements.
13. The use of variable rate debt is discouraged, except under unusual circumstances. However, should it be found to be in VRE's best interest to use this mechanism, the Operations Board and Commissions will first establish appropriate policies and procedures.

*Updated: 10/30/13*





## **RESOLUTION #2227**

**SUBJECT:** Approve Appointment of John Cook to Serve as Chairman and Jonathan Way to serve as Vice Chairman of the VRE Joint Audit Committee.

**WHEREAS:** By resolutions adopted by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) (the "Commissions") in October 2013, a VRE Joint Audit Committee was established with six appointees to review the Auditor of Public Accounts (APA) audit of VRE, and formulate a proposed course of action for the Commissions' consideration in response to the APA audit findings;

**WHEREAS:** VRE Operations Board Chairman Smedberg is recommending that Fairfax County Supervisor John Cook be appointed as the Chair of the VRE Joint Audit Committee;

**WHEREAS:** The appointment of a Vice Chair of the VRE Joint Audit Committee is desirable to prepare for the possibility that the Chair may not be able to preside at each and every VRE Joint Audit Committee meeting;

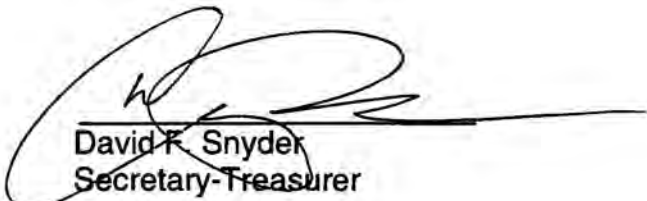
**WHEREAS:** Since the VRE Joint Audit Committee is a creation of the Commissions, it is sensible for the Vice Chair to be an appointee of the Potomac and Rappahannock Transportation Commission assuming the recommended appointment of Mr. Cook as the Chair is accepted, since Mr. Cook is a member of the Northern Virginia Transportation Commission;

**WHEREAS:** Mr. Jonathan Way has expressed his willingness to serve as the Vice Chair of the VRE Joint Audit Committee; and

**WHEREAS:** Because the VRE Joint Audit Committee is a creation of the Commissions, tasked to perform a function on behalf of the Commissions, it is appropriate for the appointment of the VRE Joint Audit Committee Chair and Vice Chair be affirmed by the Commissions.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Northern Virginia Transportation Commission hereby affirms the appointment of Fairfax County Supervisor and NVTC Commissioner John Cook as the Chair of the VRE Joint Audit Committee and Manassas City Councilman and PRTC Commissioner Jonathan Way as the Vice Chair of the VRE Joint Audit Committee.

Approved this 7<sup>th</sup> day of November, 2013.



David F. Snyder  
Secretary-Treasurer



Jeff McKay  
Chairman





## **RESOLUTION #2228**

- SUBJECT:** Authorization for the Northern Virginia Transportation Commission (NVTC) Executive Director to Apply for a Mid-Cycle Grant for Technical Assistance from the Department of Rail and Public Transportation on behalf of the NVTC and its Member Jurisdictions as well as the Potomac and Rappahannock Transportation Commission (PRTC) and the Virginia Railway Express (VRE).
- WHEREAS:** The Northern Virginia Transportation Commission is eligible to apply for, receive and manage state transit grants;
- WHEREAS:** NVTC, as a service to its member jurisdictions, can also apply for, receive and manage state grants on behalf of those members;
- WHEREAS:** This grant would provide technical assistance and support to NVTC's jurisdictions transit systems, PRTC, and VRE to assess and implement the New Electronic Payment Program (NEPP), a new fare payment system currently in procurement by the Washington Metropolitan Area Transit Authority (WMATA);
- WHEREAS:** This technology solution will be the first of its kind and as such the vendor will be required to demonstrate the proof of concept through a pilot at the expense of the vendor;
- WHEREAS:** The Conceptual Design Review (CDR) will start immediately following the Notice to Proceed, now anticipated the first week in January 2014 and the targeted completion of the CDR is May 2014;
- WHEREAS:** Technical support is needed beginning in January 2014 to support Northern Virginia transit systems in the CDR, the oversight of the pilot, and the conditional approval of the Central Data System (CDS);
- WHEREAS:** NEPP vendor selection is imminent and it is critical that NVTC, PRTC and VRE be ready to fully engage with the design and testing phases of NEPP;
- WHEREAS:** The evaluation and implementation of this system will require specialized technical expertise which is most efficiently achieved by working through the regional transit commission and includes the WMATA compact jurisdictions; and

**WHEREAS:** Staff of NVTC's member jurisdictions as well as PRTC and VRE have asked NVTC to apply for technical assistance grant funding on their behalf and indicated through a Memorandum of Understanding (MOU) that they are willing to fund a match up to \$100,000.

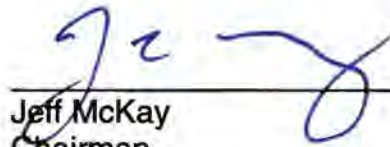
**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes its executive director to apply to the Department of Rail and Public Transportation (DRPT) for technical assistance funding and complete all required applications on behalf of the counties of Arlington, Fairfax and Loudoun; and the cities of Alexandria, Fairfax and Falls Church; PRTC; and VRE; a grant for \$200,000 (including the 50% state match) for technical assistance in the development, testing and implementation of the New Electronic Payment Program (NEPP).

**BE IT FURTHER RESOLVED** that NVTC authorizes its staff to amend the commission's 2013 approved work program to include this grant application.

**BE IT FURTHER RESOLVED** that NVTC authorizes its executive director as trustee of state transit assistance received by the jurisdictions at NVTC, to use funds from members accounts at NVTC and/or from future receipts of such funds to pay any and all expenses (including legal fees) associated with this state grant, after first informing the Northern Virginia NEPP partners and providing appropriate documentation of the expenses.

**BE IT FURTHER RESOLVED** that NVTC requires its executive director to obtain from NVTC's jurisdictions, PRTC and VRE a signed MOU before execution of the DRPT grant.

Approved this 7<sup>th</sup> day of November, 2013.

  
\_\_\_\_\_  
David Snyder  
Secretary-Treasurer  
\_\_\_\_\_  
Jeff McKay  
Chairman





AGENDA ITEM #2

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kelley Coyner, Scott Kalkwarf and Colethia Quarles  
**DATE:** November 21, 2013  
**SUBJECT:** NVTC Financial Items

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**A. ACTION ITEM: Accept and Distribute NVTC FY 2013 Financial Audit**

NVTC's audit firm, PBMares, LLP again issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly and accurately present the financial position of the organization. A clean report was also issued on the internal control of NVTC's financial reporting, compliance and other matters. Because NVTC received federal assistance during FY 2013, PBMares also issued a report on the compliance with requirements and internal control related to those federal funds. There were no findings identified in that report. A management letter was not provided, and there were no internal control or other findings as a result of the audit. Representatives from NVTC's audit firm, PBMares, LLP will be present to describe the results of their annual audit for FY 2013.

After discussion, the commission is asked to accept the audit report and to authorize staff to provide copies of the audited financial statements to the mailing list of interested agencies and firms, and release the information to the public.

**B. NVTC Financial Report for October 2013**

The financial report for October, 2013 is attached for your information.

**C. Status of NVTC State Assistance Process**

Discussions continue among jurisdictional staff, the Department of Rail and Public Transportation, and the Virginia Attorney General Office on the 2014 project agreements. NVTC Chair Jeff McKay and Member Jim Dyke along with NVTC met with Director Thelma Drake and DRPT staff. Among other things, the parties to the discussion identified several options for correcting the process in FY15. NVTC Executive Director Kelley Coyner will coordinate with the MAC and jurisdiction counsel on these options. Staff will provide an update on the status of grants at the Commission meeting.

**NORTHERN VIRGINIA  
TRANSPORTATION COMMISSION**

**Financial and Compliance Reports  
Year Ended June 30, 2013**

DRAFT

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2013**

DRAFT

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Highlights for Government-wide Financial Statements**

The government-wide financial statements report information about the NVTC reporting entity as a whole using the economic resources measurement focus and accrual basis of accounting.

- NVTC's net position equaled \$97.4 million on a government-wide basis as of June 30, 2013. Of this total, \$97.2 million is for business-type activities with the remaining balance related to governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$59.0 million. Expenses were approximately equal to revenue.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$47.3 million. Expenses amounted to \$36.0 million.

#### **Highlights for Fund Financial Statements**

The fund financial statements provide detailed information about NVTC's funds using the current financial resources measurement focus and modified accrual basis of accounting.

- NVTC's governmental funds reported a decrease in fund balance of \$81,561 for fiscal year 2013, compared to an increase of \$20,095 for fiscal year 2012. The governmental funds balance as of June 30, 2013 totaled \$283,796 compared with \$365,357 at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$11.4 million, from \$85.8 million (restated) to \$97.2 million.
- NVTC's fiduciary fund reported an increase of \$21.4 million in net position held in trust for member jurisdictions, from \$130.9 million to \$152.3 million.



## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented include all of the activities which are part of the NVTC reporting entity using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB).

The government-wide financial statements present the financial picture of NVTC's governmental and business-type activities from the economic resources measurement focus using the accrual basis of accounting. Excluded from these statements are the activities of the jurisdiction trust funds, which are considered fiduciary funds and, therefore, not part of the primary government.

The fund financial statements include a set of statements for each of the three categories of funds – governmental, proprietary and fiduciary. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary fund and the fiduciary fund are prepared using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

### **Government-Wide Financial Statements**

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, with the governmental activities and business-type activities shown separately. The Statement of Net Position presents the assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. The Statement of Activities shows in broad terms how the net position changed during the fiscal year.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the NVTC reporting entity is improving or declining. Net position is one way to measure financial position, but the reader should also consider other indicators, such as for the business-type activities, the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions and the age and condition of capital assets.

Revenue is classified as program or general revenues. Program revenues are further classified as charges for services, operating grants and contributions, and capital grants and contributions. Expenses are reported by functions and programs. Transfers between the governmental activities and business-type activities are reported under the general revenues section.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the NVTC reporting entity are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

NVTC maintains two governmental funds: the General Fund and the Special Revenue Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the Fiduciary Fund. The two statements included for the governmental funds are the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances.

**Proprietary Fund.** The proprietary fund is used to account for NVTC's share of the Virginia Railway Express (VRE) joint venture. The fund is used to account for the same functions reported as business-type activities in the government-wide financial statements. The three statements included for the proprietary fund are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

**Fiduciary Fund.** The Fiduciary Fund is used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments. Additions to the fiduciary fund consist of revenue remitted from the Special Revenue Fund, state operating and capital assistance for transit contracted directly with the NVTC WMATA Compact member jurisdictions, and investment income. Deductions from the fiduciary fund are disbursements directed by the individual member jurisdictions for restricted purposes. The accounting methods used for the fiduciary fund are much like that used for proprietary funds. The two statements included for the fiduciary fund are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

### **Notes to the Basic Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

Additional information that is required by accounting principles generally accepted in the United States to be presented as a supplement to the basic financial statements.

### **Supplementary Information**

Additional information is presented as a supplement to the basic financial statements. Although not required to be presented and not part of the basic financial statements, the schedules are included to provide additional information of interest to certain financial statement users.

## **FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE**

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2013 and 2012:

#### **Summary of Net Position As of June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Assets:</b>						
Current and other assets	\$ 7,852,662	\$ 16,220,793	\$ 27,219,148	\$ 20,475,073	\$ 35,071,810	\$ 36,695,866
Capital assets , net	46,483	52,771	156,023,517	160,690,129	156,070,000	160,742,900
<b>Total assets</b>	<b>7,899,145</b>	<b>16,273,564</b>	<b>183,242,665</b>	<b>181,165,202</b>	<b>191,141,810</b>	<b>197,438,766</b>
<b>Liabilities:</b>						
Current and other liabilities	7,568,866	15,975,751	2,683,830	11,935,463	10,252,696	27,911,214
Long-term liabilities	176,898	82,923	83,326,683	83,380,398	83,503,581	83,463,321
<b>Total liabilities</b>	<b>7,745,764</b>	<b>16,058,674</b>	<b>86,010,513</b>	<b>95,315,861</b>	<b>93,756,277</b>	<b>111,374,535</b>
<b>Net position:</b>						
Net investment in capital assets	46,483	52,771	72,818,338	69,082,144	72,864,821	69,134,915
Restricted	-	-	11,780,900	11,962,383	11,780,900	11,962,383
Unrestricted	106,898	162,119	12,632,914	4,804,814	12,739,812	4,966,933
<b>Total net position, as restated</b>	<b>\$ 153,381</b>	<b>\$ 214,890</b>	<b>\$ 97,232,152</b>	<b>\$ 85,849,341</b>	<b>\$ 97,385,533</b>	<b>\$ 86,064,231</b>

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$97.4 million as of June 30, 2013, an increase of \$11.3 million over the previous fiscal year. The largest portion of net position, \$72.9 million or 74.9 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), less accumulated depreciation and amortization and the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annual from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$5.2 million or 5.3 percent represents resources that are restricted for the commuter rail liability insurance plan, debt service, and the purchase of replacement rolling stock.

Current assets consist primarily of grant revenue and motor fuel sales tax due from the Commonwealth of Virginia for governmental activities, and restricted and non-restricted cash, cash equivalents, and investments for the business-type activities. As of June 30, 2013, approximately \$11.1 million was due from the Commonwealth of Virginia, of which \$7.4 million is for motor fuel sales tax, and \$3.7 million for grant revenue. This is an \$8.3 million increase from the previous fiscal year, of which motor fuel sales tax receivables decreased \$0.5 million or 6.0 percent, and grant revenue decreased \$7.9 million or 67.6 percent. The \$0.5 million in the receivable for motor fuel sales tax is due primarily to a decrease in motor fuel revenue due to lower gasoline prices between periods. The \$7.9 million decrease in the receivable for grant revenue is due to in fiscal year 2012 and prior the state transit operating assistance was contracted with NVTC, while in fiscal year 2013 it was contracted with the NVTC member jurisdictions.

At the end of fiscal year 2012 there was a balance due to NVTC from the state consisting of the final operating assistance payments. As of June 30, 2013, \$3.7 million of the amount due from the Commonwealth was for the commuter rail service, \$2,628 was for the jurisdiction transit function of NVTC, and \$22,932 was for general and administrative and projects. Cash, cash equivalents and investments increased approximately \$6.9 million and totaled \$9.6 million as of June 30, 2013, of which all but \$302,883 was for the business-type activities of the commuter rail service.

Net position of the jurisdiction trust fund are not reported in the entity-wide statement of net position, as they are considered fiduciary funds and are held in trust for the NVTC member jurisdictions restricted use.

### Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2013 and 2012:

Summary of Changes in Net Position Years Ended June 30,							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ -	\$ -	\$ 13,867,223	\$ 13,684,760	\$ 13,867,223	\$ 13,684,760	
Operating grants and contributions	11,920,437	135,165,537	4,841,056	5,197,022	16,761,493	140,362,559	
Capital grants and contributions	-	-	12,696,697	8,612,708	12,696,697	8,612,708	
General revenues:							
Intergovernmental:							
Commuter rail	15,926,744	14,739,474	-	-	15,926,744	14,739,474	
Motor vehicle fuel sales tax	47,126,588	47,848,439	-	-	47,126,588	47,848,439	
Interest	417	526	7,751	7,150	8,168	7,676	
Other	899	451	-	-	899	451	
Transfers	(15,926,744)	(14,739,474)	15,926,744	14,739,474	-	-	
Total revenues	59,048,341	183,015,953	47,339,471	42,241,114	106,387,812	225,256,067	
Expenses:							
General and administration	2,855,238	2,097,561	-	-	2,855,238	2,097,561	
Jurisdiction transit	56,254,612	180,911,298	-	-	56,254,612	180,911,298	
Commuter rail	-	-	35,956,660	35,709,313	35,956,660	35,709,313	
Total expenses	59,109,850	183,008,859	35,956,660	35,709,313	95,066,510	218,718,172	
Change in net position	(61,509)	6,094	11,382,811	6,531,801	11,321,302	6,537,895	
Beginning net position, as restated	214,890	208,796	85,849,341	79,317,540	86,064,231	79,526,336	
Ending net position	\$ 153,381	\$ 214,890	\$ 97,232,152	\$ 85,849,341	\$ 97,385,533	\$ 86,064,231	

For the fiscal year ended June 30, 2013, revenues totaled \$106.4 million, compared to \$225.3 million in the preceding year, a decrease of \$118.9 million or 52.8 percent. The primary reason for this decrease is in fiscal year 2012 and prior, state transit assistance was contracted directly with NVTC, while in fiscal year 2013 assistance was contracted directly with the NVTC member jurisdictions. The fiscal year 2013 assistance is recognized directly by the NVTC Jurisdiction Trust Fund, which is a fiduciary fund and not part of the government-wide financial statements. Expenses decreased \$123.7 million, or 56.5 percent. The primary cause of this change is a decrease in the special revenue fund transfers to the NVTC Jurisdiction Trust Fund, due to the decrease in revenue as explained above. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

## **FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS**

### **Governmental Funds**

**General Fund.** The General Fund reports the project, planning and administrative activities of NVTC. The unassigned fund balance represents the net resources available for spending at the end of the fiscal year.

NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund for the purpose of determining the annual contributions from the member jurisdictions required to fund these activities. In addition, the various projects included in the General Fund have individual budgets. While certain administrative expenditures such as payroll and payroll related expenses are part of the annual operating budget, they may be included in project costs if they were incurred directly for a project. Since non-administrative project expenditures are generally fully funded from sources other than those for the planning and administrative activities, the unreserved fund balance is mainly the result of the planning and administrative activities of the General Fund.

As of June 30, 2013, the General Fund had a total fund balance of \$283,796 of which \$39,377 was nonspendable and \$244,419 was unassigned. The fund balance decreased \$81,561 or 22.3 percent from the preceding year due to a favorable budget variance, offset by a budgeted drawdown of surplus funds.

During fiscal year 2013, NVTC's regional projects incurred a total of \$1,858,392 in direct costs. Four of these projects were funded with state and federal sources totaling \$1,475,585. The \$382,806 in other funding sources includes direct local contributions from the NVTC member jurisdictions, local contributions from allocated state assistance, and local contributions from NVTC, to primarily cover payroll and payroll related costs.

**Special Revenue Fund.** Prior to fiscal year 2013, the special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority ("WMATA"). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2013 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax.

As the revenue is recognized by the Special Revenue Fund, it is allocated using the Subsidy Allocation Model formula ("SAM"). This formula, which is defined and established by NVTC board resolution and the *Code of Virginia*, is maintained and updated annually by NVTC. After the revenue has been allocated by the SAM and each jurisdiction's share has been identified, the funds are remitted to the Jurisdiction Trust Fund for the restricted use by the member jurisdictions individually to support the programs of their respective locality.

Intergovernmental revenues decreased approximately \$124.7 million or 68.9 percent from the previous fiscal year. The decrease was caused by a decrease in state assistance due to how NVTC recognizes state transit assistance for fiscal year 2013. Because of this change, an analysis of the intergovernmental revenue recognized by the special revenue fund in fiscal year 2013 and fiscal year 2012 is not very meaningful. Instead, such an analysis is presented under the Fiduciary Fund section.

### **Proprietary Fund**

The proprietary fund captures NVTC's portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Assets owned by NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities. For financial statement reporting purposes, assets, liabilities and operations are assigned and allocated to NVTC and PRTC based on asset ownership, named entity on debt instruments, and sources of funding.

NVTC's share of operating revenue increased about \$0.2 million or 1.3 percent, while operating expenses remained just relatively constant. Capital grants and contributions and transfers increased \$5.3 million or 22.6 percent.

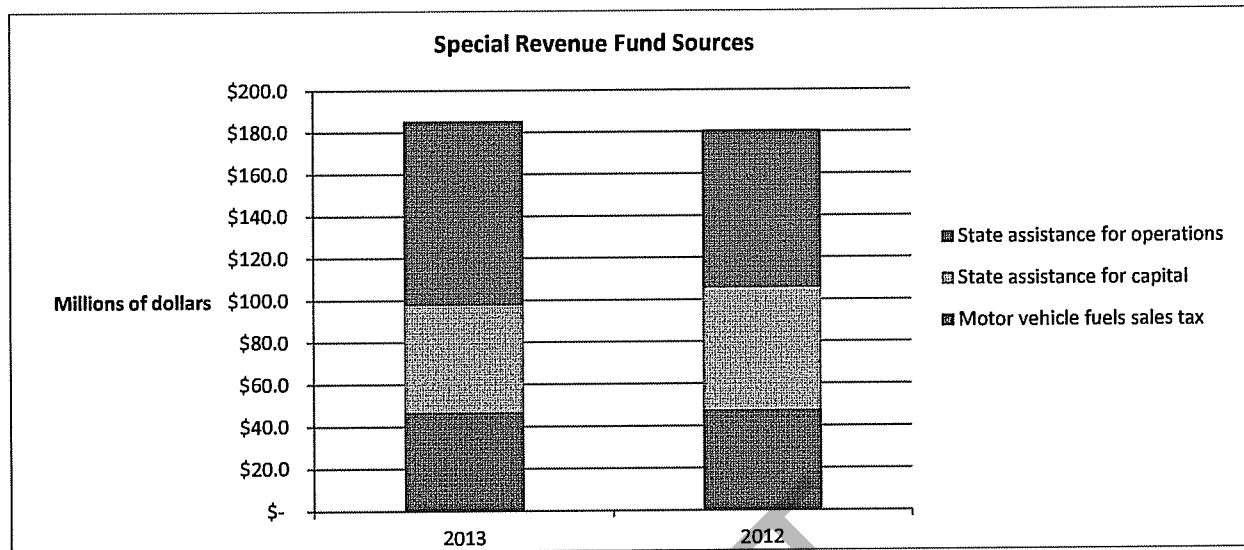
In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

### **Fiduciary Fund**

The fiduciary fund is a private purpose trust fund, which is titled the Jurisdiction Trust Fund.

**Jurisdiction Trust Fund.** The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as fiscal year 2013 operating and capital assistance contracted directly with the NVTC member jurisdictions and received directly from the state (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the direct fiscal year 2013 receipts are allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the direct operating and capital received by the fund, investment income and the amount each member jurisdiction instructs NVTC to disburse from the Fund.

The total additions to the Trust Fund, excluding investment income, increased by \$4.6 million, or 2.5 percent from the previous year. An analysis of this change is shown below.



State assistance for operations is revenue from the state operating formula assistance program. Operating assistance increased approximately \$12.8 million, or 17.0 percent from the previous fiscal year. This increase mirrors the 17.0 percent increase in state-wide operating assistance available. The operating assistance program is funded at the statutory fixed rate of 73.5 percent of projected Mass Transit Trust Fund revenue. Since fiscal year 2009, the operating program receives directly a portion of the state recordation tax to help fund the operating program.

State assistance for capital expenditures recognized by the special revenue fund during fiscal year 2013 decreased by \$7.4 million or 12.9 percent from the previous fiscal year. This decrease is primarily the result of less eligible capital expenses invoiced during the fiscal year, combined with various state participation rates for different classes of assets and fluctuating rates from year to year. State assistance for capital expenditures during the fiscal year includes revenue from the Mass Transit Trust Fund and the Mass Transit Capital program. The state-wide capital program is funded at the statutory fixed rate of 25.0 percent of projected Mass Transit Trust Fund revenues. The fiscal year 2013 program allocated an additional \$44.9 million from the Mass Transit Capital program for state-wide needs.

Motor Vehicle Fuel Sales tax revenue decreased by \$0.7 million or 1.5 percent from the previous fiscal year. This change is consistent with the national average price for all grades of gasoline over the same period, as calculated from U.S. DOE weekly price data. Overall demand, the price elasticity impacting demand, grade mix, and taxpayer compliance are some of the other factors that affect revenue collections.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2013 and 2012 are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Rolling stock	\$ -	\$ -	\$ 114,468,417	\$ 116,458,753	\$ 114,468,417	\$ 116,458,753
Vehicles	-	-	49,916	49,916	49,916	49,916
Facilities	-	-	50,954,533	47,344,439	50,954,533	47,344,439
Track and signal improvements	-	-	26,342,184	26,342,184	26,342,184	26,342,184
Equipment and software	-	-	4,466,999	4,369,970	4,466,999	4,369,970
Construction in progress	-	-	5,062,565	6,424,938	5,062,565	6,424,938
Equity in properties of others	-	-	2,893,644	2,622,399	2,893,644	2,622,399
Furniture, equipment and software	94,137	90,969	2,730,751	2,704,505	2,824,888	2,795,474
	94,137	90,969	206,969,009	206,317,104	207,063,146	206,408,073
Less accumulated depreciation and amortization	47,654	38,198	50,945,492	45,626,975	50,993,146	45,665,173
<b>Total capital assets, net</b>	<b>\$ 46,483</b>	<b>\$ 52,771</b>	<b>\$ 156,023,517</b>	<b>\$ 160,690,129</b>	<b>\$ 156,070,000</b>	<b>\$ 160,742,900</b>

NVTC's investment in capital assets as of June 30, 2013 amounted to \$156.1 million (net of accumulated depreciation and amortization) which represents a decrease of \$4.7 million or 2.9 percent over last year. This is a result of annual depreciation and amortization recognized, combined with an overall decrease in new project construction. Completed projects totaling approximately \$4.0 million were closed from construction in progress to their respective capital accounts and an additional \$0.05 million was charged directly to the capital accounts. Two older locomotives were sold during the year for a net loss of approximately \$6,000 to the NVTC reporting entity.

The major completed projects were: the construction of additional parking at the Brooke and Leeland stations; the construction of a warehouse facility at the Crossroads yard; and the construction of a standby power supply at the Ivy City yard. The major additions to construction in progress during the fiscal year were for the construction of replacement railcars, canopy improvements at Washington Union Terminal, the construction of a new station in Spotsylvania County, and the construction of a third track between Hamilton and Crossroads in Spotsylvania County.

### **Debt Administration**

At June 30, 2013, the commissions had total debt outstanding of \$92.0 million for the VRE commuter rail service, of which \$83.2 million is reported by NVTC. The revenue bond debt is issued under the name of the NVTC. The bonds are secured by a pledge of VRE operations revenue. A debt service insurance policy guarantees payment of each bond series.



NVTC and PRTC are co-lessees of the capital lease for rolling stock, which is secured by the related equipment. The promissory note with the Federal Railroad Administration for the purchase of 60 Gallery railcars is issued by NVTC, but both NVTC and PRTC are signatories. The note is secured by the revenues of VRE operations and the rolling stock.

	2013	2012
Revenue bonds	\$ 12,775,000	\$ 18,685,000
Capital leases	8,834,413	9,375,881
Notes payable (includes RRIF)	61,595,766	63,729,659
<b>Total</b>	<b>\$ 83,205,179</b>	<b>\$ 91,790,540</b>

VRE operations uses a revolving line of credit in the name of NVTC of up to \$1 million with SunTrust Bank; the line was not utilized during 2013.

### **Economic Factors and Next Year's Budget**

State assistance recognized by the Special Revenue Fund will continue to decrease due to the Commonwealth of Virginia's decision to contract directly with the NVTC member jurisdictions for fiscal year 2013 operating and capital assistance. However, NVTC will remain an agent for the receipt, investment and disbursement of this funding, and such activity will continue to be recognized by the Jurisdiction Trust Fund.

The U.S. Energy Information Administration forecasts a 4.6 percent decrease in the average price of gasoline nationwide for fiscal year 2014. If that forecast holds true for the NVTC region, and the historical relationship between gas prices and motor fuel sales tax collections continue, a similar percentage decrease in gas tax revenue for the Special Revenue fund would be realized.

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

For VRE operations, a fare increase of 4 percent will be implemented at the beginning of fiscal year 2014. The total local subsidy for fiscal year 2014 was held constant at \$16,428,800.

Additional sources of funding will be available in fiscal year 2014 from federal, state and regional sources, although the amounts received will continue to be variable from year to year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of NVTC's finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, or by email to [scott@nvtcd.org](mailto:scott@nvtcd.org).

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2013**

DRAFT

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2013

ASSETS	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
Cash and cash equivalents	\$ 302,883	\$ 9,269,305	\$ 9,572,188
Due from other governments:			
Commonwealth of Virginia	11,127,443	-	11,127,443
Federal	81,668	-	81,668
Trade accounts receivable, net	-	620,667	620,667
Other receivables	28,568	252,556	281,124
Inventory	-	1,394,041	1,394,041
Deposits and prepaid items	39,377	174,402	213,779
Restricted cash, cash equivalents and investments	-	11,780,900	11,780,900
Internal balances	(3,727,277)	3,727,277	-
Capital assets:			
Rolling stock	-	114,468,417	114,468,417
Vehicles	-	49,916	49,916
Facilities	-	50,954,533	50,954,533
Track and signal improvements	-	26,342,184	26,342,184
Equipment and software	-	4,466,999	4,466,999
Construction in progress	-	5,062,565	5,062,565
Equity in property of others	-	2,893,644	2,893,644
Furniture, equipment and software	94,137	2,730,751	2,824,888
Less accumulated depreciation and amortization	(47,654)	(50,945,492)	(50,993,146)
Total assets	<u>7,899,145</u>	<u>183,242,665</u>	<u>191,141,810</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2013

LIABILITIES	Primary Government		Total
	Governmental Activities	Business-type Activities	Primary Government
Accounts payable	\$ 150,841	\$ 789,333	\$ 940,174
Accrued expenses	31,763	708,203	739,966
Accrued interest	-	533,562	533,562
Due to fiduciary fund	7,370,844	-	7,370,844
Deferred revenue	15,418	638,082	653,500
Contract retainage	-	14,650	14,650
Noncurrent liabilities:			
Due within on year:			
Compensated absences	20,481	13,079	33,560
Notes payable	-	1,897,186	1,897,186
Capital lease obligation	-	566,607	566,607
Bonds payable	-	6,220,000	6,220,000
Due in more than on year:			
Lease liability	108,141	-	108,141
Compensated absences	48,276	108,425	156,701
Notes payable	-	59,698,580	59,698,580
Capital lease obligation	-	8,267,806	8,267,806
Bonds payable	-	6,555,000	6,555,000
Total liabilities	<u>7,745,764</u>	<u>86,010,513</u>	<u>93,756,277</u>
<b>NET POSITION</b>			
Net investment in capital assets	46,483	72,818,338	72,864,821
Restricted for liability insurance plan	-	5,147,437	5,147,437
Restricted for debt service and capital lease	-	6,563,328	6,563,328
Restricted grants or contributions	-	70,135	70,135
Unrestricted	106,898	12,632,914	12,739,812
Total net position	<u>\$ 153,381</u>	<u>\$ 97,232,152</u>	<u>\$ 97,385,533</u>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2013

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
<b>Primary government:</b>							
Governmental activities:							
General and administration	\$ 2,855,238	\$ -	\$ 2,791,741	\$ -	\$ (63,497)	\$ -	\$ (63,497)
Jurisdiction transit	56,254,612	-	9,128,696	-	(47,125,916)	-	(47,125,916)
Total governmental activities	59,109,850	-	11,920,437	-	(47,189,413)	-	(47,189,413)
Business-type activities:							
Commuter rail	35,956,660	13,867,223	4,841,056	12,696,697	-	(4,551,684)	(4,551,684)
Total business-type activities	35,956,660	13,867,223	4,841,056	12,696,697	-	(4,551,684)	(4,551,684)
Total primary government	\$ 95,066,510	\$ 13,867,223	\$ 16,761,493	\$ 12,696,697	(47,189,413)	(4,551,684)	(51,741,097)
<b>General revenues:</b>							
Intergovernmental revenue - commuter rail					15,926,744	-	15,926,744
Intergovernmental revenue - motor vehicle fuel sales tax					47,126,588	-	47,126,588
Interest income					417	7,751	8,168
Other					899	-	899
Transfers					(15,926,744)	15,926,744	-
Total general revenues					47,127,904	15,934,495	63,062,399
<b>Change in net position</b>					(61,509)	11,382,811	11,321,302
Net Position, beginning of year, as restated					214,890	85,849,341	86,064,231
Net Position, end of year					\$ 153,381	\$ 97,232,152	\$ 97,385,533

The accompanying notes are an integral part of the financial statements.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 302,883	\$ -	\$ 302,883
Due from other governments:			
Commonwealth of Virginia	3,756,599	7,370,844	11,127,443
Federal	81,668	-	81,668
Due from fiduciary fund	22,273	-	22,273
Due from proprietary fund	6,306	-	6,306
Other accounts receivable	6,295	-	6,295
Deposits and prepaid items	39,377	-	39,377
Total assets	<u>\$ 4,215,401</u>	<u>\$ 7,370,844</u>	<u>\$ 11,586,245</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 150,841	\$ -	\$ 150,841
Accrued salaries	31,763	-	31,763
Grants and contributions received in advances	15,418	-	15,418
Due to proprietary fund	3,733,583	-	3,733,583
Due to fiduciary fund	-	7,370,844	7,370,844
Total liabilities	<u>3,931,605</u>	<u>7,370,844</u>	<u>11,302,449</u>
<b>FUND BALANCES</b>			
Nonspendable			
Deposits and prepaid items	39,377	-	39,377
Unassigned	244,419	-	244,419
Total fund balance	<u>283,796</u>	<u>-</u>	<u>283,796</u>
Total liabilities and fund balance	<u>\$ 4,215,401</u>	<u>\$ 7,370,844</u>	<u>\$ 11,586,245</u>

Reconciliation of fund balance on the Balance Sheet for the governmental funds to the net position of the governmental activities on the Statement of Net Position:

Fund balances - governmental funds	\$ 283,796
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$94,137 and the accumulated depreciation and amortization is \$47,654.	46,483
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Lease liability only recognized in the government-wide financial statements.	(108,141)
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Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(68,757)
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Net Position - governmental activities	<u>\$ 153,381</u>
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The accompanying notes are an integral part of the financial statements.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2013

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Intergovernmental revenues:			
Grants and contributions:			
Commonwealth of Virginia	\$ 16,251,693	\$ 9,128,696	\$ 25,380,389
Local jurisdictions	1,246,828	-	1,246,828
Federal	1,149,964	-	1,149,964
Motor vehicle fuel sales tax	672	47,125,916	47,126,588
Project chargebacks	70,000	-	70,000
Interest income	417	-	417
Other income	899	-	899
Total revenues	<u>18,720,473</u>	<u>56,254,612</u>	<u>74,975,085</u>
Expenditures:			
Current:			
General and administration	1,013,730	-	1,013,730
Project costs	1,858,392	-	1,858,392
Payments to fiduciary fund	-	56,254,612	56,254,612
Capital outlay	3,168	-	3,168
Total expenditures	<u>2,875,290</u>	<u>56,254,612</u>	<u>59,129,902</u>
Other financing uses:			
Transfers out	<u>(15,926,744)</u>	<u>-</u>	<u>(15,926,744)</u>
<b>Change in fund balances</b>	<b>(81,561)</b>	<b>-</b>	<b>(81,561)</b>
Fund balances, beginning of year	<u>365,357</u>	<u>-</u>	<u>365,357</u>
Fund balances, end of year	<u><u>\$ 283,796</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 283,796</u></u>

Change in fund balances - total governmental funds \$ (81,561)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Add - capital outlay	3,168
Deduct - depreciation and amortization expense	(9,456)

Amortization of lease liability is only recognized in the government-wide financial statements.	(11,601)
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The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>37,941</u>
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Change in net position of governmental activities	<u><u>\$ (61,509)</u></u>
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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2013

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 9,269,305
Accounts receivable:	
Due from general fund	3,733,583
Trade receivables, net of allowance for doubtful accounts	620,667
Other receivables	252,556
Inventory	1,394,041
Deposits and prepaid items	174,402
Restricted cash, cash equivalents and investments	<u>11,780,900</u>
<b>Total current assets</b>	<u>27,225,454</u>
Capital assets:	
Rolling stock	114,468,417
Vehicles	49,916
Facilities	50,954,533
Track and signal improvements	26,342,184
Equipment and software	4,466,999
Construction in progress	5,062,565
Equity in property of others	2,893,644
Furniture, equipment and software	<u>2,730,751</u>
	206,969,009
Less accumulated depreciation and amortization	<u>(50,945,492)</u>
<b>Total capital assets, net</b>	<u>156,023,517</u>
<b>Total assets</b>	<u><u>\$ 183,248,971</u></u>

*The accompanying notes are an integral part of the financial statements.*



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2013

**LIABILITIES AND NET POSITION**

Current Liabilities:	
Accounts payable	\$ 789,333
Due to general fund	6,306
Compensated absences	13,079
Accrued expenses	708,203
Accrued interest	533,562
Deferred revenue	638,082
Contract retainage	14,650
Notes payable	1,897,186
Current portion of capital lease obligations	566,607
Current portion of bonds payable	6,220,000
	<hr/>
<b>Total current liabilities</b>	<b>11,387,008</b>
	<hr/>
Noncurrent Liabilities:	
Capital lease obligations	8,267,806
Notes payable	59,698,580
Bonds payable	6,555,000
Compensated absences	108,425
	<hr/>
<b>Total noncurrent liabilities</b>	<b>74,629,811</b>
	<hr/>
<b>Total liabilities</b>	<b>86,016,819</b>
	<hr/>
Net Position:	
Net investment in capital assets	72,818,338
Restricted for liability insurance plan	5,147,437
Restricted for debt service and capital lease	6,563,328
Restricted grants or contributions	70,135
Unrestricted	12,632,914
	<hr/>
<b>Total net position</b>	<b>97,232,152</b>
	<hr/>
<b>Total liabilities and net position</b>	<b>\$ 183,248,971</b>
	<hr/>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended June 30, 2013**

Operating Revenues:	
Passenger revenue	\$ 13,772,304
Equipment rentals and other	94,919
	<u>13,867,223</u>
Total operating revenues	
Operating Expenses:	
Contract operations and maintenance	8,624,858
Other operations and maintenance	5,069,572
Property leases and access fees	5,354,589
Insurance	1,594,824
Marketing and sales	742,418
General and administrative	2,690,128
	<u>24,076,389</u>
Total operating expenses	
Operating loss before depreciation and amortization	(10,209,166)
Depreciation and amortization	<u>(7,232,723)</u>
Operating loss	<u>(17,441,889)</u>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	4,841,056
Interest income:	
Operating funds	7,365
Other restricted funds	386
Loss on disposal of asset	(384,521)
Interest, amortization and other nonoperating expenses, net	<u>(4,263,027)</u>
Total nonoperating revenues, net	<u>201,259</u>
Loss before capital contributions and transfers	<u>(17,240,630)</u>
Capital contributions and transfers:	
Other local contributions	185,359
Contribution from PRTC	12,511,338
Transfers in	15,926,744
	<u>28,623,441</u>
Total capital contributions and transfers	
Change in net position	11,382,811
Net position, beginning of year, as restated	<u>85,849,341</u>
Net position, end of year	<u><u>\$ 97,232,152</u></u>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2013

Cash Flows From Operating Activities:	
Receipts from customers	\$ 13,885,424
Payments to suppliers	(22,539,774)
Payments to employees	(1,795,096)
Net cash used in operating activities	<u>(10,449,446)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>17,983,076</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(3,259,776)
Capital grants and assistance	2,653,243
Proceeds from sale of capital assets	120,000
Principal paid on capital lease obligations	(541,468)
Principal paid on notes	(2,133,893)
Principal paid on bonds	(5,910,000)
Interest paid on capital lease obligation	(424,210)
Interest paid on bonds and notes	(3,818,805)
Contribution from PRTC	12,439,329
Net cash used in capital and related financing activities	<u>(875,580)</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>7,671</u>
Increase in cash and cash equivalents	6,665,721
Cash and Cash Equivalents, beginning	14,384,484
Cash and Cash Equivalents, ending	<u>\$ 21,050,205</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (17,441,889)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	7,232,723
(Increase) decrease in:	
Accounts receivable	(75,548)
Other receivables	415
Inventory	(39,594)
Prepaid items and other	26,335
Increase (decrease) in:	
Accounts payable and accrued expenses	(245,221)
Unearned revenue	93,333
Net cash used in operating activities	<u>\$ (10,449,446)</u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 282,147
Capital assets acquired through accrued liabilities	31,110

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2013

	<u><b>Jurisdiction Trust Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 140,411,893
Due from special revenue fund - Commonwealth of Virginia grants	2,628
Due from special revenue fund - Motor vehicle fuel sales tax	7,368,216
Due from other governments - Commonwealth of Virginia grants	<u>7,687,287</u>
Total assets	<u>155,470,024</u>
<b>LIABILITIES</b>	
Due to member jurisdictions	3,143,677
Due to general fund	<u>22,273</u>
Total liabilities	<u>3,165,950</u>
<b>NET POSITION</b>	
Held in trust for member jurisdictions	<u><u>\$ 152,304,074</u></u>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**Year Ended June 30, 2013**

	<u><b>Jurisdiction Trust Fund</b></u>
Additions:	
Contributions from government	\$ 56,254,612
Intergovernmental revenues	129,224,881
Investment income	178,033
Total additions	<u>185,657,526</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	8,293,985
Project development	825,000
Metrorail operating	38,172,231
Metrobus operating	65,483,967
MetroAccess operating	12,468,570
Metro debt service	4,421,520
Other funds disbursed:	
Other capital disbursements	8,734,112
Other operating disbursements	25,865,377
Total deductions	<u>164,264,762</u>
Change in net position	21,392,764
Net position, beginning of year	<u>130,911,310</u>
Net position, end of year	<u><u>\$ 152,304,074</u></u>

*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2013**

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# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

The financial statements of the Northern Virginia Transportation Commission ("NVTC") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### A. Reporting Entity

The Northern Virginia Transportation District (the "District") was created by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, to assume the powers and purposes of transportation districts under the Act. The transportation district comprises the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax and Loudoun, and has all the powers granted transportation districts in the Act. The Act was created for the purpose of developing transportation systems necessary to the orderly growth and development of urban areas of the Commonwealth of Virginia for the safety, comfort, and convenience of its citizens and for the economical utilization of public funds. The District has no taxing power, although a tax imposed by the Virginia General Assembly is collected within the District's boundaries for its benefit. The Northern Virginia Transportation Commission is the governing body of the District, and was created pursuant to the Authorizing Legislation to manage and control the functions, affairs, and property of the District.

The NVTC and Potomac and Rappahannock Transportation Commission (PRTC) reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to and storage and other services at Union Station.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of NVTC. Governmental activities, which are supported by intergovernmental revenues, are reported separately from the business-type activities of the VRE joint venture, which rely to a significant extent on charges for services.

The government-wide Statement of Activities is designed to report the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who use services provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

The government-wide Statement of Net Position reports net position as restricted when externally imposed constraints on those net positions are in effect. Internally imposed designations of resources are not presented as restricted net position.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Government-wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds, proprietary fund, and fiduciary fund. The governmental funds are reported on a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances (fund equity). The proprietary fund is reported on a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The fiduciary fund is reported on a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The fiduciary fund is not included in the government-wide statements. Eliminations have been made to minimize the double counting of internal activities.

#### C. Measurement Focus and Basis of Accounting

**Government-wide Financial Statements** – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues, consisting primarily of Federal and Commonwealth of Virginia grants, designated for payment of specific expenditures, are recognized at the time the expenditures are incurred. Any excess of revenues or expenditures at year-end are recorded as deferred revenue or accounts receivable, respectively. Derived tax revenues are recognized when the underlying transactions have occurred.

**Governmental Fund Financial Statements** – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, NVTC considers revenues to be available if they are collected within 90 days after year end. Revenues from grants that are expenditure based are recognized if the expenditure has been made and invoiced to the grant. Expenditures are recorded when a liability is incurred, as under the full accrual method of accounting. However, debt service expenditures, expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

**Proprietary Fund** – The financial statements of the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with the principal ongoing operation. The principal operating revenues are charges to customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned. Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities. Intergovernmental revenues, consisting primarily of Commonwealth of Virginia grants, designated for payment of specific expenses, are recognized at the time that the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Position when expended. Monetary and in-kind contributions are recorded as matching obligations to the jurisdictions or other construction partners as assessed. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major enterprise fund:

##### Commuter Rail Service Fund

The Commuter Rail Service Fund accounts for NVTC's portion of operation and maintenance costs for commuter rail service, financed by charges for services, jurisdictional contributions, and operating and capital received from the Commonwealth of Virginia.

**Fiduciary Fund** – The financial statements of the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

#### D. Budgeting

Although not statutorily required, NVTC adopts an annual operating budget for the planning and administrative activities of the General Fund. The budgeting process enables NVTC to determine the annual contributions required from the member jurisdictions to fund its planning and administrative activities. Accumulated fund balances in excess of anticipated minimum operating cash requirements are used as a revenue source in subsequent budgets.

#### E. Other Significant Accounting Policies

##### 1. Cash and investments

Cash equivalents include all highly liquid investments with maturities of three months or less. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP or Pool), a 2a7-like pool, is reported at the Pool's share price.

##### 2. Restricted cash and cash equivalents

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, proceeds from the sale of rolling stock, and a small liability claims account.

Restricted cash and cash equivalents as reported by the Trust fund are funds restricted for use by the member jurisdictions for certain transit purposes.

##### 3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was \$69,600 at June 30, 2013 for the proprietary fund.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies

4. Inventory

An inventory of spare parts for rolling stock has been purchased and is maintained and managed at the Commissions' warehouse located at the Crossroads yard. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

6. Capital assets

For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the estimated fair market value as of the date of donation.

When assets are substantially complete and ready for use, these costs are transferred from construction in progress to property and equipment and depreciated or amortized. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such that net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities ("equity in property of others") recognize the right of access for commuter rail patrons granted to the Commissions. This category also represents investment in Amtrak infrastructure and facilities that provides primary benefit to the commuter rail service and for which VRE has an expectation of continued use.

Interest is capitalized on qualifying construction in progress projects until they have reached the point of substantial completion. For those projects financed with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the borrowing to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies

##### 6. Capital assets (Continued)

Depreciation and amortization of all exhaustible equipment, buildings and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	30 years
Equipment and software	5 years
Equity in properties of others	3-35 years
Furniture, equipment and software	3-10 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2013.

##### 7. Compensated absences

Vacation leave for NVTC employees is granted to all full and part-time employees and is earned based upon the length of employment. Employees with zero through 9 years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years, the maximum carryover is 360 hours of leave. The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The Executive Director may authorize the conversion of excess vacation leave to sick leave.

Sick leave for NVTC employees may also be accumulated. After five years of service, NVTC employees are eligible to receive 25% of their accumulated sick leave at the then current wage rate for hours in excess of 450, without limit. Employees hired prior to January 3, 2008 have the option of receiving a payment for 25% of accrued hours of sick leave with a maximum of \$5,000. The calculation producing the largest amount for each eligible employee has been recorded as a liability. In prior years, the General Fund was responsible for paying the liability for compensated absences for general government employees.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

##### 7. Compensated absences (Continued)

The employees of the VRE joint venture are paid through PRTC and are subject to PRTC's leave policies. VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer.

VRE employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

##### 8. Long-term obligations

Bond premiums, discounts and deferred losses, are deferred and amortized over the life of the bonds using the straight line method.

##### 9. Fund equity

In the fund financial statements, the governmental fund reports classifications of fund balance as follows:

*Nonspendable fund balance* – amounts that are not in a spendable form or are required to be maintained intact (such as prepaid items, inventory, and the principal of a permanent fund that is legally or contractually required to be maintained intact).

*Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NVTC will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

##### 10. Indirect expenditure allocation

Employee benefits are allocated to projects based on direct labor charges. Overhead and other indirect costs are not charged to NVTC projects.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Other Significant Accounting Policies (Continued)

##### 11. Net position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. The net position caption "net investment in capital assets" consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by NVTC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NVTC first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### 12. Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Note 2. Deposits and Investments

At June 30, 2013, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 250,036	\$ 1,150,017	\$ -	\$ 1,400,053
LGIP	52,847	8,119,288	-	8,172,135
	302,883	9,269,305	-	9,572,188
Restricted:				
LGIP	-	96,596	140,411,893	140,508,489
Insurance trust fund – pooled funds	-	5,120,976	-	5,120,976
Money market funds – U.S. Treasuries	-	6,563,328	-	6,563,328
	-	11,780,900	140,411,893	152,192,793
<b>Total</b>	<b>\$ 302,883</b>	<b>\$ 21,050,205</b>	<b>\$ 140,411,893</b>	<b>\$ 161,764,981</b>

Maturities of all investments are less than one year.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

#### Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes; bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

As of June 30, 2013, the reporting entity had investments of \$148,680,624 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2013, a total of \$10,241,951 was invested in the Insurance Trust, of which \$5,120,976 is included in the NVTC reporting entity. Beginning with fiscal year 2011, any earnings on these investments are retained by the Commonwealth of Virginia.

Accumulated bond interest and principal payments in the amount of \$6,563,328 at June 30, 2013 were held by the bond trustee, U.S. Bank, in U.S. Treasury money market accounts. Investments in U. S. Treasury money market accounts at U.S. Bank have been assigned a "AAAm" rating by Standard & Poor's.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

NVTC's investment authority and permitted instruments are contained in resolutions approved by the NVTC Board. NVTC's investment policy objectives are to generate revenue while balancing risk and ensuring the availability of cash to meet the Commission's and the jurisdictions' expenditure requirements. The objectives are prioritized in the following order: safety, liquidity, and return on investments. Allowable investments are restricted to instruments permitted by the *Code of Virginia*, with maximum percentages of the portfolio permitted in each of the following instruments:

- LGIP
- U. S. Treasury Obligations
- Certificates of Deposit
- Bankers' Acceptances
- Repurchase Agreements
- Commercial Paper

The VRE Operations Board has adopted a formal investment policy. The goal of the policy is to minimize risk and to ensure the availability of cash to meet VRE's expenditures, while generating revenue from the use of funds which might otherwise remain idle. The primary objectives of VRE's investment activities, in priority order, are: safety, liquidity and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

#### Credit risk

The investment policy specifies credit quality for certain types of investments, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services.

#### Custodial credit risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, deposits may not be recovered. All cash of the reporting entity is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act.

#### Interest rate risk

In accordance with its investment policy, VRE manages its exposure to declines in fair values by limiting the maturity of various investment vehicles, as indicated in the chart below.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2. Deposits and Investments (Continued)

#### Concentration of credit risk

VRE's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

The limitations provided in the investment policy for maximum maturity and percentage of the portfolio for each category of investment are as follows:

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, or authority	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CD's of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

### Note 3. Due From Other Governments

At June 30, 2013, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor fuel sales tax	\$ 84	\$ 7,368,216	\$ 7,368,300
Grants	3,756,515	2,628	3,759,143
	3,756,599	7,370,844	11,127,443
Due from Federal Transit Administration:			
Grants	81,668	-	81,668
	\$ 3,838,267	\$ 7,370,844	\$ 11,209,111

Amounts due from the Commonwealth for the Project and Administrative activities include \$3,733,583 for commuter rail and \$22,932 for other projects.

The Fiduciary Fund had amounts due directly from the Commonwealth for transit assistance totaling \$7,687,287.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
<b>Governmental activities:</b>				
Capital assets being depreciated or amortized:				
Furniture, equipment and software	\$ 90,969	\$ 3,168	\$ -	\$ 94,137
<b>Total accumulated depreciation or amortization</b>	<b>38,198</b>	<b>9,456</b>	<b>-</b>	<b>47,654</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 52,771</b>	<b>\$ (6,288)</b>	<b>\$ -</b>	<b>\$ 46,483</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 6,424,938	\$ 2,598,287	\$ (3,960,660)	\$ 5,062,565
Capital assets being depreciated or amortized:				
Rolling stock	116,458,753	-	(1,990,336)	114,468,417
Vehicles	49,916	-	-	49,916
Facilities	47,344,439	-	3,610,094	50,954,533
Track and signal improvements	26,342,184	-	-	26,342,184
Equipment and software	4,369,970	4,447	92,582	4,466,999
Equity in properties of others	2,622,399	13,261	257,984	2,893,644
Furniture, equipment and software	2,704,505	26,246	-	2,730,751
<b>Total capital assets being depreciated or amortized</b>	<b>199,892,166</b>	<b>43,954</b>	<b>1,970,324</b>	<b>201,906,444</b>
Less accumulated depreciation or amortization for:				
Rolling stock	19,099,669	4,457,076	(1,914,206)	21,642,539
Vehicles	33,064	6,144	-	39,208
Facilities	11,769,892	1,400,064	-	13,169,956
Track and signal improvements	8,033,398	895,852	-	8,929,250
Equipment and software	3,890,540	157,582	-	4,048,122
Equity in properties of others	1,398,601	79,937	-	1,478,538
Furniture, equipment and software	1,401,811	236,068	-	1,637,879
<b>Total accumulated depreciation or amortization</b>	<b>45,626,975</b>	<b>7,232,723</b>	<b>(1,914,206)</b>	<b>50,945,492</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>154,265,191</b>	<b>(7,188,769)</b>	<b>3,884,530</b>	<b>150,960,952</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 160,690,129</b>	<b>\$ (4,590,482)</b>	<b>\$ (76,130)</b>	<b>\$ 156,023,517</b>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 4. Capital Assets (Continued)

Depreciation and amortization expenses for the year ended June 30, 2013 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary Government:</b>		
General and administration	\$ 9,456	\$ -
Commuter rail	-	7,232,723

### Note 5. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

Assets owned by the Commissions for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities.

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state be remitted.

Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 5. Joint Venture – Virginia Railway Express (Continued)**

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, lease financing, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia. In February 2010 the VRE Master Agreement was amended to include Spotsylvania County as a participating jurisdiction. Spotsylvania County's share of the VRE annual subsidy from February 2010 through the middle of fiscal year 2012 was deferred until 60 days after the beginning of fiscal year 2013.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the then current 90% system ridership and 10% population formula. The amendment to the subsidy formula is being phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5. Joint Venture – Virginia Railway Express (Continued)

Financial information from VRE's fiscal year 2013 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2013

#### ASSETS

Current Assets	
Cash and cash equivalents	\$ 23,376,754
Accounts receivable:	
Due from PRTC – funded by FTA	9,838,627
Commonwealth of Virginia grants	3,748,152
Trade and other, net of allowance	1,907,735
Inventory	3,515,707
Prepaid expenses and other	439,833
Restricted cash, cash equivalent, and investments	16,998,472
<b>Total current assets</b>	<u>59,825,280</u>
Noncurrent Assets	
Capital assets (net of \$101,890,983 accumulated depreciation and amortization)	312,047,031
<b>Total noncurrent assets</b>	<u>312,047,031</u>
<b>Total assets</b>	<u>\$ 371,872,311</u>

#### LIABILITIES AND NET POSITION

Current Liabilities	
Accounts payable and accrued liabilities	\$ 5,069,214
Unearned revenue	1,609,214
Contract retainage	29,299
Current portion of:	
Capital lease obligations	1,133,214
Long-term debt	6,220,000
Notes payable	1,897,186
<b>Total current liabilities</b>	<u>15,958,127</u>
Noncurrent Liabilities	
Capital lease obligations	16,535,611
Notes payable	59,698,580
Bonds payable, net	6,555,000
Compensated absences	273,442
<b>Total noncurrent liabilities</b>	<u>83,062,633</u>
<b>Total liabilities</b>	<u>99,020,760</u>
Net Position	
Net investment in capital assets	220,007,440
Restricted for liability insurance plan	10,294,874
Restricted for debt service and capital lease	6,563,328
Restricted grants or contributions	140,270
Unrestricted assets	35,845,639
<b>Total net position</b>	<u>272,851,551</u>
<b>Total liabilities and net position</b>	<u>\$ 371,872,311</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5. Joint Venture – Virginia Railway Express (Continued)

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Year Ended June 30, 2013

Operating revenues	\$ 34,972,487
Operating expenses	<u>60,719,529</u>
<b>Operating loss before depreciation and amortization</b>	<b>(25,747,042)</b>
Depreciation and amortization	<u>(14,465,444)</u>
<b>Operating loss</b>	<b>(40,212,486)</b>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	14,967,197
Federal grants – with PRTC as grantee	18,559,490
Jurisdictional contributions	16,428,800
Interest income:	
Operating funds	18,573
Other restricted funds	772
Loss on disposal of assets	(769,042)
Interest, amortization and other nonoperating expenses, net	<u>(4,683,094)</u>
<b>Total nonoperating revenues, net</b>	<b>44,522,696</b>
Capital grants and assistance:	
Commonwealth of Virginia grants	974,115
Federal grants – with PRTC as grantee	1,269,732
Other local contributions	328,031
<b>Total capital grants and assistance</b>	<u>2,571,878</u>
<b>Change in net position</b>	<b>6,882,088</b>
Net Position, beginning, as restated	<u>265,969,463</u>
Net Position, ending	<u><u>\$ 272,851,551</u></u>

The net position of VRE was restated due to the adoption of GASB Statement No. 65.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### **Note 6. Intergovernmental Revenues, Commonwealth of Virginia**

Intergovernmental revenues from the Commonwealth of Virginia include the regional motor vehicle fuel sales tax, NVTC project revenue, capital assistance for NVTC's WMATA Compact members contracted prior to fiscal year 2013, and operating and capital assistance for the Virginia Railway Express commuter rail service.

### **Note 7. Pension Plans**

Employees of the reporting entity are covered under three separate plans. The NVTC Pension Trust covers eligible employees of the Governmental activities of NVTC, while the Virginia Retirement System covers the eligible employees of the Business-type activities of the VRE joint venture under two plans.

#### **NVTC – Target Benefit Plan**

NVTC contributes to the Northern Virginia Transportation Commission Pension Trust (the "Plan"), a single employer public employees' retirement system, contributory target benefit pension plan covering substantially all employees. Under the terms of the Plan, the normal retirement date is the July 1st closest to the participant's 65th birthday. Early retirement may be elected if the participant has attained age 55 with ten years of continuous service. Employees vest in the employer's contributions at the rate of 20% for each year of service until fully vested.

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2013 totaled \$65,742 (10.9% of covered payroll). Required employee contributions for the year ended June 30, 2013 totaled \$12,067 (2.0% of covered payroll). Since 1994, participants have been required to contribute 2.0% of covered salary, not to exceed 50% of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2013 was approximately \$603,900.

#### **VRE – Defined Benefit Plan**

##### **A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent VRE employees are automatically covered by VRS upon employment through PRTC. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRE service as credit in their plan.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Pension Plans (Continued)

#### VRE – Defined Benefit Plan (Continued)

##### A. Plan Description (Continued)

VRS administers two defined benefit plans for VRE (PRTC) employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 percent. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00 percent; under Plan 2, the COLA cannot exceed 6.00 percent. During years of no inflation or deflation, the COLA is 0.00 percent. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/pdf/publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 7. Pension Plans (Continued)

#### B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00 percent of their compensation toward their retirement. All or part of the 5.00 percent member contribution may be assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, VRE is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. VRE's contribution rate for the fiscal year ended June 30, 2013 was 8.04 percent of annual covered payroll and 1.19 percent for group life insurance.

#### C. Annual Pension Cost

For fiscal year 2013, VRE's annual pension cost of \$274,958 was equal to the VRE's required and actual contributions. The share included in the NVTC reporting entity equals \$109,026.

#### Three-Year Trend Information for VRE

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 334,185	100.0%	\$ -
June 30, 2012	344,169	100.0%	-
June 30, 2013	274,958	100.0%	-

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.0 percent, (b) projected salary increases ranging from 3.75 percent to 6.20 percent per year for general government employees and 3.50 percent to 4.75 percent for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50 percent per year for Plan 1 employees and 2.25 percent for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50 percent. The actuarial value of the PRTC's assets is equal to the modified market value of assets (VRE's assets are not separated from PRTC's). This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five year period. PRTC's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 29 years.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Pension Plans (Continued)

#### VRE – Defined Benefit Plan (Continued)

##### D. Funded Status and Funding Process

As of June 30, 2012, the most recent actuarial valuation date, the plan was 83.30 percent funded. The actuarial accrued liability for benefits was \$10,544,864 and the actuarial value of assets was \$8,783,862, resulting in a UAAL of \$1,761,002. The covered payroll (annual payroll of active employees of the plan) was \$6,045,347 and the ratio of the UAAL to the covered payroll was 29.13 percent. The only other postemployment benefits offered by VRE are COBRA payments, which have been determined to be immaterial to the financial statements.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

### Note 8. Operating Leases and Agreements

#### Governmental activities

NVTC leases office space under a 125-month agreement which commenced on January 1, 2011 and expires May 31, 2021. The lease provides for 3 percent annual increases in base rent over the term of the lease, and the pass through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first five months of rent. For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for Governmental Activities as reported in the government wide financial statements totals \$195,702 (\$184,101 paid plus \$11,601 additional amortization).

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2015. Minimum monthly payments under these agreements equal \$459 per month, with payments totaling \$5,509 for the year ended June 30, 2013.

As of June 30, 2013, the minimum long-term lease commitments were as shown below:

Fiscal Year	Amount
2014	\$ 186,860
2015	192,307
2016	195,166
2017	198,191
2018	204,137
2019 - 2021	630,990
Total	<u>\$ 1,607,651</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 8. Operating Leases and Agreements (Continued)

#### Business-type activities

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2013, annual track usage fees totaled approximately \$7,991,000, of which \$3,168,576 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$465,000, of which \$184,381 is recognized by the NVTC reporting entity.

The new agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on June 28, 2010. For the year ended June 30, 2013, costs for track access and equipment storage totaled approximately \$5,392,000, of which \$2,138,025 was recognized by the NVTC reporting entity, and mid-day maintenance, utility and other services totaled approximately \$3,817,000, of which \$1,513,509 was recognized by the NVTC reporting entity. Costs adjustments will be made in future years to reflect changes to various published costs indices and the number of trains that have access to and are stored and serviced at the terminal.

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning June 25, 2010. The cost of train operations and maintenance for the year ended June 30, 2013 totaled approximately \$17,945,000, of which \$7,115,517 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs in future years will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
Governmental Activities					
Compensated absences	\$ 106,698	\$ 65,122	\$ (103,063)	\$ 68,757	\$ 20,481
<b>Total governmental activities</b>	106,698	65,122	(103,063)	68,757	20,481
Business-type activities					
Revenue bonds	18,685,000	-	(5,910,000)	12,775,000	6,220,000
Capital leases	9,375,881	-	(541,468)	8,834,413	566,607
Notes payable	63,729,659	-	(2,133,893)	61,595,766	1,897,186
	91,790,540	-	(8,585,361)	83,205,179	8,683,793
Compensated absences	109,461	96,330	(84,287)	121,504	13,079
<b>Total business-type activities</b>	91,900,001	96,330	(8,669,648)	83,326,683	8,696,872
<b>Total Primary Government</b>	\$ 92,006,699	\$ 161,452	\$ (8,772,711)	\$ 83,395,440	\$ 8,717,353

### Revenue Bonds

\$31,700,000 Commuter Rail Revenue Refunding Bonds in the name of NVTC, series 1998; due in annual maturities of \$6,220,000 to \$6,555,000 through July 1, 2014, plus semi-annual interest at 5.375%.

\$ 12,775,000

The 1998 Series Bonds are payable from a pledge of revenues attributable to VRE, including government grants, local jurisdictional contributions and passenger revenue. A debt service insurance policy guarantees payment of each bond series. Mandatory debt service requirements consist of the following:

Years Ending June 30,	Principal	Interest	Total Required
2014	\$ 6,220,000	\$ 519,494	\$ 6,739,494
2015	6,555,000	176,166	6,731,166
	<u>\$ 12,775,000</u>	<u>\$ 695,660</u>	<u>\$ 13,470,660</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations (Continued)

The Indentures of Trust for the bonds require the maintenance of an operating reserve equivalent to one-third (33.3 percent) of annual budgeted operating expenses. As of June 30, 2013, \$42,826,808 of the VRE cash, inventory and receivables comprise this operating reserve. The reserves represent 66.63 percent of budgeted operating expenses for June 30, 2013.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2013, are as follows:

Bond Interest Fund	\$ 343,328
Bond Principal Fund	6,220,000
Total held by Trustee	<u>\$ 6,563,328</u>

### Capitalized Lease - Gallery IV (11 cars)

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$20,806,067 (NVTC reporting entity, \$10,403,034)	<u>\$ 17,668,825</u>	<u>\$ 8,834,413</u>

Future minimum lease payments as of June 30, 2013 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2014	\$ 1,931,357	\$ 965,679
2015	1,931,357	965,679
2016	1,931,357	965,679
2017	1,931,357	965,679
2018	1,931,357	965,679
2019-2023	9,656,785	4,828,391
2024-2025	3,862,714	1,931,357
Total minimum lease payments	<u>23,176,284</u>	<u>11,588,143</u>
Lease amount representing interest	<u>5,507,459</u>	<u>2,753,730</u>
Present value of lease payments	<u>\$ 17,668,825</u>	<u>\$ 8,834,413</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations (Continued)

#### Notes Payable – Gallery IV (60 cars)

In fiscal year 2008, an agreement in the name of NVTC was entered into with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance of the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The carrying value of the railcars was \$93,152,215 at June 30, 2013.

\$63,844,842 Promissory Note; due in quarterly maturities of  
\$440,368 to \$1,195,258 through March 2033, plus quarterly  
interest at 4.74% \$ 61,595,766

Mandatory debt service requirements for the note consists of the following:

Years Ended June 30,	Principal	Interest	Total Required
2014	\$ 1,897,186	\$ 2,886,327	\$ 4,783,513
2015	1,988,724	2,794,789	4,783,513
2016	2,080,914	2,702,599	4,783,513
2017	2,188,783	2,594,730	4,783,513
2018	2,290,688	2,492,825	4,783,513
2019-2023	13,221,616	10,695,946	23,917,562
2024-2028	16,732,721	7,184,841	23,917,562
2029-2033	21,195,134	2,722,429	23,917,563
	<u>\$ 61,595,766</u>	<u>\$ 34,074,486</u>	<u>\$ 95,670,252</u>

### Note 10. Short-Term Debt

VRE operations uses a revolving line of credit in the name of NVTC to finance certain grant-funded capital projects prior to the receipt of reimbursements from the granting agencies. The revolving line of credit was not used during the year ended June 30, 2013.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 11. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to \$250,000,000 for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$226,000 at June 30, 2013, of which \$113,000 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the years ended June 30, 2013 was as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,156,492	\$ 5,078,246
Contribution to reserves	4,100,000	2,050,000
Insurance premiums paid	(3,924,984)	(1,962,492)
Claims mitigation costs and losses incurred	(4,916)	(2,458)
Actuarial and administrative charges	(60,241)	(30,120)
Transfer to VRE for small liability claims	(24,400)	(12,200)
Ending balance, June 30	\$ 10,241,951	\$ 5,120,976

An actuarial study is performed annually to determine the adequacy of the Insurance Trust Fund for the risk retained and to determine the required contribution to reserves.

### Note 12. Significant Commitments and Contingencies

NVTC and the VRE joint venture have received proceeds from several federal and state grant programs. In the event of an audit of these grants certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on the reporting entities policies and past experience, managements believe that no refunds would be due in the case of an audit and accordingly no provision has been made in the accompanying financial statements for the refund of grant monies.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 12. Significant Commitments and Contingencies (Continued)

#### Governmental activities

A combination of Federal and Commonwealth of Virginia Grants and local funds are available to finance substantially all of the NVTC contracted services for the projects. Significant NVTC contracts include a sufficiency of funding clause in the event funding becomes unavailable.

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract.

#### Business-type activities

At June 30, 2013, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with PRTC as grantee) and Commonwealth of Virginia grants (with NVTC-VRE as grantee) and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenditures incurred as of June 30, 2013:

Stations and parking lots	\$ 1,697,350
Rolling stock	22,371,958
Maintenance and layover yards	805,166
Track and signal improvements	879,555
Other administrative	<u>73,069</u>
<b>Total</b>	<b><u>\$ 25,827,098</u></b>

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000. At the end of fiscal year 2013, VRE was holding the proceeds of the sale of older equipment in the amount of \$140,270 in a restricted account, to be used for the purchase of replacement rolling stock, of which \$70,135 is included in the NVTC reporting entity.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment or facilities are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state to be remitted.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 13. Restatement of Beginning Net Position

The following table shows the change to the beginning net position from the amounts previously reported:

Balance at June 30, 2012	\$ 87,080,997
Deferred bond and lease costs written off to comply with GASB Statement No. 65	<u>(1,231,656)</u>
Balance at June 30, 2012, as restated	<u>\$ 85,849,341</u>

### Note 14. Pending GASB Statements

At June 30, 2013, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the NVTC reporting entity. The statements which might impact NVTC are as follows:

GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, will improve financial reporting by state and local government pension plans. Statement No. 67 will be effective for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government /combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

Management has not yet determined the effect these statements will have on its financial statements.



## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### **Note 15. Subsequent Events**

The Commissions entered into contracts at various times from February 2013 through September 2013 to purchase fuel at set prices for delivery in July 2013 through June 2014. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 741,000 gallons of fuel at a cost of approximately \$2.3 million.

In July 2013, VRE entered into contracts for the construction of a third track and a new station in Spotsylvania County amounting to \$8.1 million and \$2.3 million, respectively. In September 2013, the Operations Board authorized the Chief Executive Officer to execute an agreement with CSX Transportation for flagging and signal system and related construction for the Spotsylvania third track project in an amount not to exceed \$20.5 million.

In October 2013, the Commissions authorized the Chief Executive Officer of VRE to execute a sole source contract for positive train control equipment and installation services in an amount not to exceed \$7.4 million, following the recommendation of the Operations Board in September 2013.

DRAFT

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2013**

DRAFT

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### SCHEDULE OF FUNDING PROGRESS

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#### Virginia Retirement System

The information below is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for the VRE joint venture.

Valuation as of June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
2012	\$ 8,783,862	\$ 10,544,864	\$ 1,761,002	83.30%	\$ 6,045,347	29.13%
2011	8,237,980	9,730,413	1,492,433	84.66%	5,751,116	25.95%
2010	7,503,689	8,539,776	1,036,087	87.87%	5,733,383	18.07%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2013**

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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION**  
**JURISDICTION TRUST FUND**  
Year Ended June 30, 2013

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
<b>Additions:</b>							
Contributions from government:							
Commonwealth of Virginia	\$ 1,231,624	\$ 2,363,272	\$ 104,241	\$ 5,368,323	\$ 61,236	\$ -	\$ 9,128,696
Motor Vehicle Fuel Sales Tax	3,491,982	4,132,449	1,719,836	25,090,004	1,173,191	11,518,454	47,125,916
Intergovernmental revenues, grants:							
Commonwealth of Virginia	17,359,718	29,504,795	1,578,474	79,875,145	906,749	-	129,224,881
Investment income	9,544	40,249	2,831	95,578	639	29,192	178,033
<b>Total additions</b>	<b>22,092,868</b>	<b>36,040,765</b>	<b>3,405,382</b>	<b>110,429,050</b>	<b>2,141,815</b>	<b>11,547,646</b>	<b>185,657,526</b>
<b>Deductions:</b>							
Funds disbursed to WMATA:							
Capital improvement program	749,270	4,898,451	465,067	1,902,428	278,769	-	8,293,985
Project development	133,000	261,000	6,000	417,000	8,000	-	825,000
Metro rail operating	7,244,504	6,512,464	510,887	23,479,468	424,908	-	38,172,231
Metro bus operating	10,608,894	9,218,259	592,174	43,748,440	1,316,200	-	65,483,967
MetroAccess operating	929,894	-	283,136	11,130,272	125,268	-	12,468,570
Metro debt service	835,821	1,614,946	27,523	1,867,601	75,629	-	4,421,520
Other funds disbursed:							
Other capital disbursements	-	6,516,394	38,600	-	-	2,179,118	8,734,112
Other operating disbursements	22,675	3,345,287	1,301,936	18,212,816	10,938	2,971,725	25,865,377
<b>Total deductions</b>	<b>20,524,058</b>	<b>32,366,801</b>	<b>3,225,323</b>	<b>100,758,025</b>	<b>2,239,712</b>	<b>5,150,843</b>	<b>164,264,762</b>
<b>Change in net position</b>	<b>1,568,810</b>	<b>3,673,964</b>	<b>180,059</b>	<b>9,671,025</b>	<b>(97,897)</b>	<b>6,396,803</b>	<b>21,392,764</b>
<b>Net position held in trust for member jurisdictions</b>							
Beginning of year	10,254,402	31,105,452	1,960,670	71,233,783	716,181	15,640,822	130,911,310
<b>End of year</b>	<b>\$ 11,823,212</b>	<b>\$ 34,779,416</b>	<b>\$ 2,140,729</b>	<b>\$ 80,904,808</b>	<b>\$ 618,284</b>	<b>\$ 22,037,625</b>	<b>\$ 152,304,074</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES**  
**GENERAL FUND**  
**Year Ended June 30, 2013**

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 2,040	\$ 1,682	\$ 358
Capital purchases	3,168	3,168	-
Commissioners' per diem	11,350	11,350	-
Computer	4,033	2,485	1,548
Conference registration and training	545	545	-
Copier duplicating	6,901	6,901	-
Disability insurance	2,916	2,449	467
Employee group insurance	71,494	60,046	11,448
Employee retirement	65,742	55,215	10,527
Employer payroll taxes	52,103	43,760	8,343
Leave - annual, holiday, and sick	150,948	126,778	24,170
Legal and auditing	20,730	20,730	-
Memberships and subscriptions	1,490	1,490	-
Miscellaneous	3,605	3,605	-
Office supplies	2,593	2,593	-
Office rent	185,027	185,027	-
Insurance and liability bonds	5,772	5,772	-
Parking and Metrochek	10,317	10,257	60
Postage and shipping	2,454	2,061	393
Project consultants and other project costs	1,692,521	-	1,692,521
Public information	10,052	500	9,552
Salaries and wages	557,775	458,830	98,945
Telephone and data	5,613	5,613	-
Travel and meetings	6,101	6,041	60
	<u>\$ 2,875,290</u>	<u>\$ 1,016,898</u>	<u>\$ 1,858,392</u>
Total expenditures	<u>\$ 2,875,290</u>	<u>\$ 1,016,898</u>	<u>\$ 1,858,392</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT REVENUES AND EXPENDITURES**  
**GENERAL FUND**

Year Ended June 30, 2013

	Jurisdiction Grants & Projects	Marketing	Bus Data Collection	Vanpools	NVTA Support/ TransAction 2040 Update	Route 7	Totals
<b>Revenues:</b>							
Federal	\$ 905,310	\$ -	\$ -	\$ -	\$ -	\$ 244,654	\$ 1,149,964
Commonwealth of Virginia	171,807	672	-	-	122,638	30,504	325,621
Local	-	8,880	186,948	-	-	30,660	226,488
NVTC match	-	113,994	2,388	1,745	29,904	8,288	156,319
<b>Total revenue</b>	<b>\$ 1,077,117</b>	<b>\$ 123,546</b>	<b>\$ 189,336</b>	<b>\$ 1,745</b>	<b>\$ 152,542</b>	<b>\$ 314,106</b>	<b>\$ 1,858,392</b>
<b>Expenditures:</b>							
Salaries and wages	\$ -	\$ 72,293	\$ 1,250	\$ 1,122	\$ 19,226	\$ 5,054	\$ 98,945
Fringe benefits	-	40,153	694	623	10,678	2,807	54,955
Advertising	-	-	358	-	-	-	358
Computer	-	1,548	-	-	-	-	1,548
Consultants	-	-	186,948	-	122,638	305,818	615,404
Costs incurred	1,077,117	-	-	-	-	-	1,077,117
Parking	-	-	-	-	-	60	60
Postage	-	-	86	-	-	307	393
Public information	-	9,552	-	-	-	-	9,552
Travel	-	-	-	-	-	60	60
<b>Total expenditures</b>	<b>\$ 1,077,117</b>	<b>\$ 123,546</b>	<b>\$ 189,336</b>	<b>\$ 1,745</b>	<b>\$ 152,542</b>	<b>\$ 314,106</b>	<b>\$ 1,858,392</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT REVENUES AND EXPENDITURES**  
**GENERAL FUND**

Project Costs to Date - Active Projects  
Period Ended June 30, 2013

	Jurisdiction Grants & Projects	Marketing	Bus Data Collection	Vanpools	NVTA Support/ TransAction 2040 Update	Route 7	Totals
Revenues:							
Federal	\$2,049,356	\$ -	\$ 113,067	\$ 160,000	\$ -	\$ 244,654	\$ 2,567,077
Commonwealth of Virginia	365,225	303,668	1,675,569	39,999	544,307	30,504	2,959,272
Local	5,000	22,380	236,948	-	-	30,660	294,988
NVTC match	71,102	1,164,517	50,242	25,508	44,209	13,001	1,368,579
Total revenue	<u>\$2,490,683</u>	<u>\$1,490,565</u>	<u>\$2,075,826</u>	<u>\$ 225,507</u>	<u>\$ 588,516</u>	<u>\$ 318,819</u>	<u>\$ 7,189,916</u>
Expenditures:							
Capital outlay	\$ -	\$ 17,556	\$ -	\$ -	\$ -	\$ -	\$ 17,556
Salaries and wages	47,718	840,893	43,699	16,620	28,603	8,162	985,695
Fringe benefits	22,963	407,838	18,989	8,887	15,498	4,412	478,587
Advertising	306	354	1,210	-	-	-	1,870
Computer	-	18,104	-	-	-	-	18,104
Consultants	442,735	-	2,010,537	200,000	544,309	305,818	3,503,399
Dues and memberships	-	770	-	-	-	-	770
Postage	-	-	960	-	-	307	1,267
Telephone	108	909	21	-	-	-	1,038
Office supplies	-	187	-	-	-	-	187
Travel	-	3,310	350	-	-	60	3,720
Parking and Metrochek	8	577	60	-	106	60	811
Public information	-	187,265	-	-	-	-	187,265
Events	-	12,802	-	-	-	-	12,802
Costs incurred	1,976,845	-	-	-	-	-	1,976,845
Total expenditures	<u>\$2,490,683</u>	<u>\$1,490,565</u>	<u>\$2,075,826</u>	<u>\$ 225,507</u>	<u>\$ 588,516</u>	<u>\$ 318,819</u>	<u>\$ 7,189,916</u>



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS**  
Year Ended June 30, 2013

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2013</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2012	10/18/2011	73012-48	\$ 754,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,953
Fiscal Year 2012	10/18/2011	73012-49	17,926,808	-	-	-	-	-	8,981,360
Fiscal Year 2012	10/18/2011	73012-50	2,262,400	1,079,301	1,079,301	-	-	-	2,005,790
Fiscal Year 2012	10/18/2011	73012-52	28,590	-	-	-	-	-	27,470
Fiscal Year 2012	10/18/2011	73012-53	5,766,728	-	648,303	648,303	648,303	-	5,766,728
Fiscal Year 2012	10/18/2011	73012-54	445,500	-	-	-	-	-	427,545
Fiscal Year 2012	10/18/2011	73012-57	75,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-58	50,000	-	30,747	30,747	30,747	-	45,313
Fiscal Year 2012	10/18/2011	73012-59	1,500,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-60	250,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-61	1,350,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-62	16,875	-	13,777	16,405	16,405	2,628	16,405
Fiscal Year 2012	10/18/2011	73012-63	20,000	-	-	-	-	-	19,645
Fiscal Year 2012	10/18/2011	73012-64	262,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-65	750,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-66	1,250,000	-	730,351	730,351	730,351	-	730,351
Fiscal Year 2012	10/18/2011	73012-67	750,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-68	100,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-69	150,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-71	6,000,000	-	20,343	20,343	20,343	-	20,343
Fiscal Year 2012	10/18/2011	73012-72	225,000	-	-	-	-	-	4,852,942
Fiscal Year 2012	10/18/2011	73012-74	525,000	-	34,263	34,263	34,263	-	34,263
Fiscal Year 2012	10/18/2011	73012-75	500,000	-	80,423	80,423	80,423	-	80,423
Fiscal Year 2012	10/18/2011	73012-76	350,000	-	500,000	500,000	500,000	-	500,000
Fiscal Year 2012	10/18/2011	73012-77	100,000	-	-	-	-	-	58,917
Fiscal Year 2012	10/18/2011	73012-78	150,000	-	32,611	32,611	32,611	-	32,611
Fiscal Year 2012	10/18/2011	73012-78	150,000	147,333	150,000	2,667	2,667	-	150,000
Fiscal Year 2011	7/17/2012	72511-03	771,612	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-29	53,000	-	-	-	-	-	6,155
Fiscal Year 2011	10/5/2010	73011-30	249,524	-	161,420	161,420	161,420	-	161,420
Fiscal Year 2011	10/5/2010	73011-31	344,500	-	344,500	344,500	344,500	-	344,500
Fiscal Year 2011	10/5/2010	73011-32	362,361	-	19,801	19,801	19,801	-	204,144
Fiscal Year 2011	10/5/2010	73011-34	530,000	3,155	398,983	395,828	395,828	-	524,309
Fiscal Year 2011	10/5/2010	73011-35	74,200	-	-	-	-	-	-
Fiscal Year 2011	7/17/2012	73011-36	129,850	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-38	66,250	-	3,916	3,916	3,916	-	17,018
Fiscal Year 2011	10/5/2010	73011-39	651,900	-	-	-	-	-	464,996

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**  
Year Ended June 30, 2013

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2013</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2011	10/5/2010	73011-40	\$ 795,000	\$ -	\$ 99,185	\$ 99,185	\$ 99,185	\$ -	\$ 352,469
Fiscal Year 2011	10/5/2010	73011-46	336,550	127,485	127,485	-	-	-	127,485
Fiscal Year 2011	10/5/2010	73011-47	132,500	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-48	530,000	-	510,954	510,954	510,954	-	526,228
Fiscal Year 2011	10/5/2010	73011-49	212,000	-	-	-	-	-	-
Fiscal Year 2011	10/5/2010	73011-50	265,000	-	209,763	209,763	209,763	-	209,763
Fiscal Year 2011	10/5/2010	73011-51	185,500	-	10,330	10,330	10,330	-	185,500
Fiscal Year 2011	10/5/2010	73011-53	530,000	-	-	-	-	-	-
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	-
Fiscal Year 2011	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2010	2/2/2011	72510-25	133,250	-	-	-	-	-	-
Fiscal Year 2010	8/18/2010	72510-57	60,000	-	32,683	32,683	32,683	-	60,000
Fiscal Year 2010	7/2/2009	73010-26	792,000	-	376,296	376,296	376,296	-	791,997
Fiscal Year 2010	7/2/2009	73010-27	320,000	-	-	-	-	-	77,936
Fiscal Year 2010	7/2/2009	73010-29	3,600,000	-	1,801,339	1,801,339	1,801,339	-	3,600,000
Fiscal Year 2010	7/2/2009	73010-33	812,000	-	812,000	812,000	812,000	-	812,000
Fiscal Year 2010	7/2/2009	73010-34	54,400	-	5,666	5,666	5,666	-	54,400
Fiscal Year 2010	7/2/2009	73010-36	800,000	-	416,640	416,640	416,640	-	729,600
Fiscal Year 2010	7/2/2009	73110-10	2,387,837	-	-	-	-	-	2,387,837
Fiscal Year 2010	7/2/2009	72509-21	156,270	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	1,877	1,877	1,877	-	1,877
Fiscal Year 2009	7/1/2008	73009-37	160,000	-	5,603	5,603	5,603	-	7,206
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	31,187	31,187	31,187	-	118,567
Fiscal Year 2009	7/1/2008	73009-40	400,000	-	92,667	92,667	92,667	-	399,999
Fiscal Year 2009	7/1/2008	73009-44	4,626,150	-	613,955	613,955	613,955	-	613,955
Fiscal Year 2009	7/1/2008	73009-45	160,000	-	-	-	-	-	30,237
Fiscal Year 2009	7/1/2008	73009-46	863,168	-	-	-	-	-	-
Fiscal Year 2009	7/1/2008	73009-47	100,000	-	-	-	-	-	99,840
Fiscal Year 2009	7/1/2008	73009-57	416,325	-	87,339	87,339	87,339	-	416,324
Fiscal Year 2009	7/2/2009	72508-08	150,480	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-09	175,560	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-10	100,320	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/5/2010	72508-13	59,500	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**  
Year Ended June 30, 2013

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2013</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2008	10/1/2008	72508-14	\$ 59,500	\$ -	\$ 35,888.00	\$ 35,888.00	\$ -	\$ -	\$ 35,888
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	-
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	-	-	-	-	-
Fiscal Year 2008	4/5/2012	72508-48	209,245	-	-	-	-	-	-
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	-	-	-	-	-
Fiscal Year 2008	7/2/2009	72508-45	712,460	-	258,906	258,906	-	-	658,949
Fiscal Year 2008	7/2/2009	73008-47	99,000	-	2,725	2,725	-	-	38,738
Fiscal Year 2008	10/16/2007	73008-17	2,139,112	-	2,465	2,465	-	-	1,968,536
Fiscal Year 2008	10/16/2007	73008-19	88,000	-	64,000	64,000	-	-	88,000
Fiscal Year 2007	7/2/2009	72507-06	142,768	-	-	-	-	-	-
Fiscal Year 2007	9/19/2008	72507-08	95,178	1,572	5,668	6,159	2,063	2,063	19,461
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	38,522	38,522	-	-	38,522
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	10/1/2008	72507-33	56,678	-	56,678	56,678	-	-	56,678
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-30	95,178	-	17,097	17,097	-	-	24,299
Operating:									
Fiscal Year 2012	10/18/2011	72012-26	185,590	15,464	15,464	-	-	-	185,590
Fiscal Year 2012	10/18/2011	72012-27	61,984,082	5,163,274	5,163,274	-	-	-	61,984,082
Fiscal Year 2012	10/18/2011	72012-28	1,617,568	161,756	161,756	-	-	-	1,617,568
Fiscal Year 2012	10/18/2011	72012-29	2,332,378	233,238	233,238	-	-	-	2,332,378
Fiscal Year 2012	10/18/2011	72012-30	482,796	48,280	48,280	-	-	-	482,796
Fiscal Year 2012	10/18/2011	72012-31	9,522,043	952,203	952,203	-	-	-	9,522,043
Demonstration \ Experimental:									
Fiscal Year 2013									
Route 7 Alt Analysis	7/1/2012	71313-04	43,500	-	21,326	30,504	9,178	9,178	30,504
Fiscal Year 2011									
NVTA Transaction 2040	11/22/2011	47010-21	109,000	10,024	32,215	24,529	2,338	2,338	108,859
<b>Total State Assistance - NVTC</b>			<b>147,024,596</b>	<b>7,943,085</b>	<b>16,593,413</b>	<b>8,666,535</b>	<b>16,207</b>	<b>16,207</b>	<b>116,839,712</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2013

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2013</u>	<u>Cumulative Expenditures</u>
<u>Virginia Railway Express</u>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital (continued):									
Fiscal Year 2013	12/1/2011	72513-11	\$ 750,000	\$ -	\$ 730,393	\$ 730,393	\$ 730,393	\$ -	\$ 730,393
Fiscal Year 2013	2/3/2013	72513-21	310,000	-	23,952	95,048	95,048	71,096	95,048
Fiscal Year 2013	8/28/2012	73113-01	1,884,025	-	101,704	174,377	174,377	72,673	174,377
Fiscal Year 2013	8/28/2012	73113-47	3,798,661	-	2,562,989	2,879,544	2,879,544	316,555	2,879,544
Fiscal Year 2012	2/15/2012	72512-04	420,000	-	281,344	414,928	414,928	133,584	414,928
Fiscal Year 2012	10/20/2011	73012-83	3,726,003	310,812	1,213,214	902,402	902,402	-	3,725,640
Fiscal Year 2012	3/13/2013	73012-84	240,732	-	137,688	166,816	166,816	29,128	166,816
Fiscal Year 2011	10/23/2011	73011-69	31,058	-	2,196	2,196	2,196	-	31,058
Fiscal Year 2011	10/23/2011	73011-70	153,488	-	-	-	-	-	153,249
Fiscal Year 2011	10/23/2011	73011-73	204,724	38,460	140,822	166,264	166,264	63,902	204,724
Fiscal Year 2011	3/13/2013	73011-78	9,484	-	3,112	3,240	3,240	128	3,240
Fiscal Year 2011	7/22/2011	73111-20	135,899	-	6,311	6,311	6,311	-	6,311
Fiscal Year 2011	6/16/2010	73111-22	727,882	-	727,882	727,882	727,882	-	727,882
Fiscal Year 2011	12/1/2012	73111-23	46,110	-	13,850	19,694	19,694	5,844	19,694
Fiscal Year 2011	3/13/2013	73111-24	222,812	-	222,812	222,812	222,812	-	222,812
Fiscal Year 2011	3/13/2013	73111-25	42,369	-	42,369	42,369	42,369	-	42,369
Fiscal Year 2010	3/18/2010	72510-19	141,075	6,335	9,215	2,880	2,880	-	140,130
Fiscal Year 2010	6/10/2011	72510-51	720,474	-	68,216	68,216	68,216	-	608,692
Fiscal Year 2010	6/10/2011	72510-74	50,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	9,333	32,282	36,879	36,879	13,930	86,944
Fiscal Year 2010	8/25/2010	73010-46	168,108	-	-	-	-	-	167,999
Fiscal Year 2010	8/25/2010	73010-47	46,400	-	-	-	-	-	31,277
Fiscal Year 2010	8/25/2010	73010-48	39,360	-	-	-	-	-	39,360
Fiscal Year 2010	8/25/2010	73010-49	95,520	-	-	-	-	-	-
Fiscal Year 2010	8/25/2010	73010-50	24,000	3,638	14,690	11,052	11,052	-	24,000
Fiscal Year 2010	8/25/2010	73010-51	210,880	608	608	38,740	38,740	38,740	39,348
Fiscal Year 2010	8/25/2010	73010-57	178,780	-	-	-	-	-	164,306
Fiscal Year 2010	8/25/2010	73010-59	39,040	-	7,662	19,726	19,726	12,064	19,726
Fiscal Year 2010	8/25/2011	73010-60	29,148	5,148	5,147	(1)	(1)	-	29,148
Fiscal Year 2010	8/25/2011	73010-61	68,810	-	-	-	-	-	64,724
Fiscal Year 2010	8/25/2011	73010-62	29,148	416	3,045	2,629	2,629	-	25,923
Fiscal Year 2010	8/25/2011	73010-63	4,620	-	-	-	-	-	-
Fiscal Year 2010	8/25/2011	73010-64	14,000	-	5,335	5,840	5,840	505	5,840
Fiscal Year 2010	8/25/2011	73010-67	51,838	-	-	-	-	-	32,128
Fiscal Year 2009	9/1/2009	72509-74	270,000	198,439	160,731	(37,708)	(37,708)	-	232,292

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2013

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2013</u>	<u>Cumulative Expenditures</u>
<b>Virginia Railway Express (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2009	7/1/2008	73009-60	\$ 749,000	\$ 47,509	\$ 143,141	\$ 109,795	\$ 109,795	\$ 14,163	\$ 266,587
Fiscal Year 2009	8/25/2010	73109-38	75,680	-	-	-	-	-	-
Fiscal Year 2008	1/30/2009	72508-48	191,680	4,742	4,742	5,838	5,838	5,838	191,680
Fiscal Year 2008	7/20/2009	72508-58	537,902	-	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-58	20,800	13,826	18,370	4,544	4,544	-	20,800
Fiscal Year 2008	3/16/2009	73008-70	20,800	-	-	-	-	-	-
Fiscal Year 2008	3/16/2009	73008-71	73,632	23,520	53,918	47,513	47,513	17,115	71,033
Fiscal Year 2008	3/16/2009	73008-73	8,718	-	7,536	7,536	7,536	-	8,718
Fiscal Year 2007	4/15/2008	76507-07	749,600	-	7,967	7,967	7,967	-	7,967
Fiscal Year 2007	2/1/2008	73007-24	218,880	2,775	13,985	13,132	13,132	1,922	206,065
Fiscal Year 2007	2/1/2008	73007-25	355,392	8,699	2,586	(6,113)	(6,113)	-	342,187
Fiscal Year 2006	8/2/2007	72506-08	500,000	-	-	-	-	-	100,553
Operating:									
Fiscal Year 2013	8/28/2012	72013-33	9,291,406	-	8,362,264	9,291,406	9,291,406	929,142	9,291,406
Fiscal Year 2012	10/18/2011	72012-32	6,930,023	-	693,003	693,003	693,003	-	6,930,023
Other Special Projects:									
Rail Enhancement Fund:									
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	-	-	(7,967)	(7,967)	-	-
Cherry Hill Station	4/15/2008	76507-07	1,071,429	7,967	-	-	-	-	603,942
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	2,949,693	-	(942,439)	(942,439)	2,007,254	(942,439)
<b>Total State Assistance - VRE</b>				3,631,920	15,825,081	15,926,744	15,926,744	3,733,583	28,408,444
<b>Total State Assistance - NVTG and VRE</b>				\$ 11,575,005	\$ 32,418,494	\$ 24,593,279	\$ 24,593,279	\$ 3,749,790	\$ 145,248,156

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS**  
Year Ended June 30, 2013

<u>Contracted Jurisdiction</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 9/30/2013</u>	<u>Cumulative Expenditures</u>
			\$	\$	\$	\$	\$	\$	\$
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2013									
Arlington County	11/13/2012	73113-28	275,000	-	-	-	-	-	-
Arlington County	11/13/2012	73113-29	82,500	-	9,573	9,573	9,573	-	9,573
Arlington County	11/13/2012	73113-30	110,000	-	-	-	-	-	-
Arlington County	11/13/2012	73113-31	1,755,000	-	-	-	-	-	-
Arlington County	11/13/2012	73113-32	71,500	-	-	-	-	-	-
Arlington County	11/13/2012	73113-33	93,500	-	-	-	-	-	-
Arlington County	11/13/2012	73113-62	888,219	-	888,219	888,219	888,219	-	888,219
Arlington County	11/13/2012	73113-63	882,368	-	649,609	649,609	649,609	-	649,609
Arlington County	11/13/2012	73113-64	143,550	-	143,550	143,550	143,550	-	143,550
Arlington County	11/13/2012	73113-65	5,799,502	-	5,799,502	5,799,502	5,799,502	-	5,799,502
Arlington County	11/13/2012	73113-66	1,269,303	-	1,269,303	1,269,303	1,269,303	-	1,269,303
Arlington County	12/3/2012	73113-67	459,702	-	459,702	459,702	459,702	-	459,702
City of Alexandria	12/3/2012	73113-68	502,995	-	502,995	502,995	502,995	-	502,995
City of Alexandria	12/3/2012	73113-69	73,150	-	73,150	73,150	73,150	-	73,150
City of Alexandria	12/3/2012	73113-70	3,085,633	-	3,085,633	3,085,633	3,085,633	-	3,085,633
City of Alexandria	12/3/2012	73113-71	675,334	-	675,334	675,334	675,334	-	675,334
City of Alexandria	10/4/2012	73113-34	16,500	-	13,559	13,559	13,559	-	13,559
City of Fairfax	10/4/2012	73113-72	15,138	-	15,138	15,138	15,138	-	15,138
City of Fairfax	10/4/2012	73113-73	3,300	-	3,300	3,300	3,300	-	3,300
City of Fairfax	10/4/2012	73113-74	203,491	-	199,286	199,286	199,286	-	199,286
City of Fairfax	10/4/2012	73113-75	44,537	-	43,617	43,617	43,617	-	43,617
Fairfax County	10/4/2012	73113-35	5,335,000	-	5,051,831	5,051,831	5,051,831	-	5,051,831
Fairfax County	10/4/2012	73113-36	4,001,250	-	3,747,690	3,747,690	3,747,690	-	3,747,690
Fairfax County	10/4/2012	73113-37	165,000	-	115,724	115,724	115,724	-	115,724
Fairfax County	10/4/2012	73113-38	49,500	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-39	1,375,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-40	715,000	-	223,918	223,918	223,918	-	223,918
Fairfax County	10/4/2012	73113-41	825,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-42	495,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-43	2,365,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-44	825,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-45	660,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-81	1,027,181	-	1,027,181	1,027,181	1,027,181	-	1,027,181
Fairfax County	10/4/2012	73113-82	4,392,528	-	4,197,337	4,197,337	4,197,337	-	4,197,337
Fairfax County	10/4/2012	73113-83	229,350	-	229,350	229,350	229,350	-	229,350
Fairfax County	10/4/2012	73113-84	10,274,353	-	10,274,353	10,274,353	10,274,353	-	10,274,353

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**  
Year Ended June 30, 2013

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2012</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2013</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
<b>Capital (continued):</b>									
Fiscal Year 2013									
Fairfax County	10/4/2012	73113-85	\$ 2,248,689	\$ -	\$ 2,248,689	\$ 2,248,689	\$ 2,248,689	\$ -	\$ 2,248,689
Falls Church	10/10/2012	73113-76	12,480	-	12,480	12,480	12,480	-	12,480
Falls Church	10/10/2012	73113-77	29,116	-	29,116	29,116	29,116	-	29,116
Falls Church	10/10/2012	73113-78	4,400	-	4,400	4,400	4,400	-	4,400
Falls Church	10/10/2012	73113-79	203,491	-	203,491	203,491	203,491	-	203,491
Falls Church	10/10/2012	73113-80	44,537	-	44,537	44,537	44,537	-	44,537
<b>Operating:</b>									
City of Alexandria	12/3/2012	72013-58	11,146,934	-	10,218,021	11,146,934	11,146,934	928,913	11,146,934
City of Alexandria	12/3/2012	72013-30	2,833,183	-	2,549,864	2,833,183	2,833,183	283,319	2,833,183
City of Alexandria	12/3/2012	72013-63	9,677	-	9,677	9,677	9,677	-	9,677
Arlington County	11/13/2012	72013-57	19,095,469	-	17,504,179	19,095,469	19,095,469	1,591,290	19,095,469
Arlington County	11/13/2012	72013-29	1,941,147	-	1,747,028	1,941,147	1,941,147	194,119	1,941,147
Arlington County	11/13/2012	72013-62	16,702	-	16,702	16,702	16,702	-	16,702
City of Fairfax	10/4/2012	72013-59	638,058	-	584,892	638,058	638,058	53,166	638,058
City of Fairfax	10/4/2012	72013-31	549,735	-	494,760	549,735	549,735	54,975	549,735
City of Fairfax	10/4/2012	72013-64	758	-	758	758	758	-	758
Fairfax County	10/4/2012	72013-60	40,080,142	-	36,740,132	40,080,142	40,080,142	3,340,010	40,080,142
Fairfax County	10/4/2012	72013-32	11,699,306	-	10,529,380	11,699,306	11,699,306	1,169,926	11,699,306
Fairfax County	6/10/2013	72013-66	44,715	-	44,715	44,715	44,715	-	44,715
Falls Church	10/10/2012	72013-61	858,817	-	787,248	858,817	858,817	71,569	858,817
Falls Church	10/10/2012	72013-65	594	-	594	594	594	-	594
<b>Total State Assistance - Jurisdiction Trust Fund</b>				<b>\$ -</b>	<b>\$ 122,469,517</b>	<b>\$ 130,156,804</b>	<b>\$ 130,156,804</b>	<b>\$ 7,687,287</b>	<b>\$ 130,156,804</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2013

<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/12</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/13</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission</b>								
<b>Federal Transit Administration</b>								
20.500	VA 03-0112	\$ 777,422	\$ -	\$ 45,306	\$ 45,306	\$ 45,306	\$ -	\$ 711,423
20.507	VA 95-0077	240,000	-	130,731	130,731	130,731	-	240,000
20.500	VA 04-0022	1,442,203	-	154,086	154,086	154,086	-	154,086
20.500	VA 04-0024	1,995,420	-	370,264	370,264	370,264	-	370,264
20.500	VA 04-0029	886,160	6,290	22,874	24,635	24,635	8,251	77,847
20.500	VA 04-0048	1,640,700	-	7,507	7,507	7,507	-	7,507
20.522	NVTC Route 7 Corridor Alts Analysis	350,000	-	171,237	244,654	244,654	73,417	244,654
20.500	Alexandria BRT Potomac Yards-NWST	1,490,000	-	172,781	172,781	172,781	-	172,781
		<u>8,821,905</u>	<u>6,290</u>	<u>1,074,586</u>	<u>1,149,964</u>	<u>1,149,964</u>	<u>81,668</u>	<u>1,978,562</u>
<b>Virginia Department of Rail and Public Transportation</b>								
20.205	47010-21	400,000	40,103	128,860	98,110	98,110	9,353	435,443
		<u>\$ 9,221,905</u>	<u>\$ 46,393</u>	<u>\$ 1,203,446</u>	<u>\$ 1,248,074</u>	<u>\$ 1,248,074</u>	<u>\$ 91,021</u>	<u>\$ 2,414,005</u>
<b>Total Federal Assistance - NVTC</b>								



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2013**

DRAFT

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013**

<b>Federal Granting Agency/ Grant Program/Grant Number</b>	<b>Pass- Through Grant Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
Department of Transportation			
<u>Direct Payments:</u>			
Federal Transit Administration:			
VA 03-0112		20.500	\$ 45,306
VA 03-0117		20.500	172,781
VA 04-0022		20.500	154,086
VA 04-0024		20.500	370,264
VA 04-0029		20.500	24,635
VA 04-0048		20.500	7,507
VA 39-0005		20.522	244,654
VA 95-0077		20.507	130,731
			<u>1,149,964</u>
<u>Pass-through Payments:</u>			
Virginia Department of Rail and Public Transportation Surface Transportation Program funding (STP)	47010-21	20.205	<u>98,110</u>
<b>Total federal awards expended</b>			<u><u>\$ 1,248,074</u></u>

*The accompanying notes are an integral part of this financial statement.*

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### Note 1. Summary of Significant Accounting Policies

#### A. Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of NVTC and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

*Direct Payments* – Assistance received directly from the Federal government is classified as direct payments on the Schedule of Expenditures of Federal Awards.

*Pass-through Payments* – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule of Expenditures of Federal Awards.

*Major Programs* – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with OMB Circular A-133.

*Catalog of Federal Domestic Assistance* – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying schedule.

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following is the cluster administered by NVTC: Federal Transit – Capital Investment Grants and Federal Transit – Formula Grants.

### Note 2. Summary of Significant Accounting Policies

For fiscal year 2013, the Commission recognized amounts in the Schedule of Expenditures of Federal Awards (SEFA) associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$422,030 of prior year expenditures associated with the Federal Transit Cluster (CFDA # 20.500 and # 20.507) were included in the SEFA. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which the Commission received draw down requests and supporting documentation from the participating jurisdictions in which NVTC manages the federal grants.

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission  
Arlington, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 27, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia  
November 27, 2013

DRAFT

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission  
Arlington, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2013. The Commission's major federal program is identified in the summary of independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

## ***Opinion on Major Federal Program***

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PB Maes, LLP

Harrisonburg, Virginia  
November 27, 2013

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2013

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### I. SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified	_____ Yes	<u>√</u> _____ No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	<u>√</u> _____ No
Noncompliance material to financial statements noted	_____ Yes	<u>√</u> _____ No

#### Federal awards

Internal control over major programs:

Material weaknesses identified	_____ Yes	<u>√</u> _____ No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	<u>√</u> _____ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	<u>√</u> _____ No
--	-----------	-------------------

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
-------------	------------------------------------

---

Federal Transit Cluster:

20.500	Federal Transit - Capital Investment Grants
20.507	Federal Transit - Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?	_____ Yes	<u>√</u> _____ No
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### II. FINANCIAL STATEMENT FINDINGS

None

### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2013**

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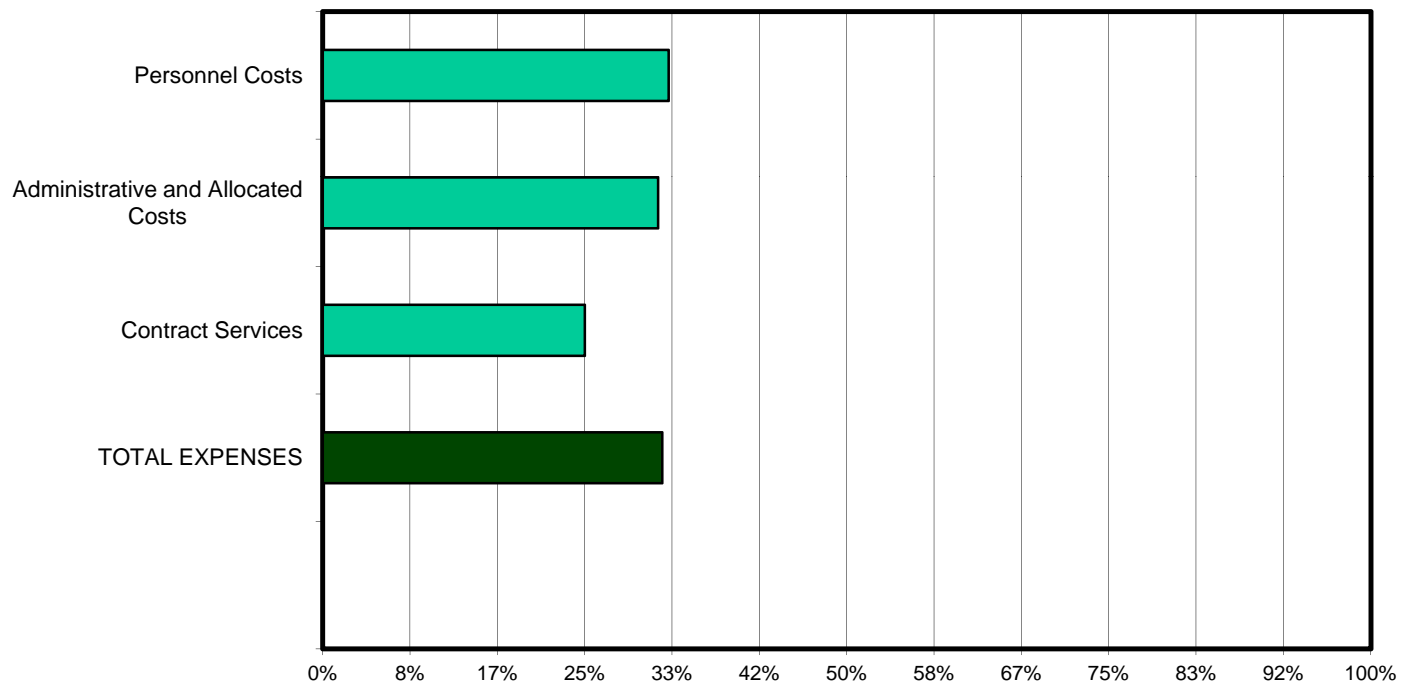
There were no audit findings reported in the prior year's single audit.

DRAFT

# Northern Virginia Transportation Commission

Financial Reports  
October, 2013

Percentage of FY 2014 NVTC Administrative Budget Used  
October, 2013  
(Target 33.34% or less)



**Note: Refer to pages 2 and 3 for details**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2013**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<u>Personnel Costs</u>					
Salaries	\$ 62,952.32	\$ 245,269.40	\$ 706,300.00	\$ 461,030.60	65.3%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	62,952.32	245,269.40	706,300.00	461,030.60	65.3%
<u>Benefits</u>					
Employer's Contributions:					
FICA	4,088.82	15,758.47	48,500.00	32,741.53	67.5%
Group Health Insurance	7,244.33	22,255.70	96,800.00	74,544.30	77.0%
Retirement	5,475.00	21,900.00	68,000.00	46,100.00	67.8%
Workmans & Unemployment Compensation	59.50	304.86	3,100.00	2,795.14	90.2%
Life Insurance	205.47	610.29	3,900.00	3,289.71	84.4%
Long Term Disability Insurance	249.54	998.16	3,600.00	2,601.84	72.3%
Total Benefit Costs	17,322.66	61,827.48	223,900.00	162,072.52	72.4%
<u>Administrative Costs</u>					
Commissioners Per Diem	950.00	2,700.00	11,000.00	8,300.00	75.5%
<i>Rents:</i>	<i>16,369.73</i>	<i>66,193.12</i>	<i>196,500.00</i>	<i>130,306.88</i>	<i>66.3%</i>
Office Rent	15,400.88	61,603.52	186,000.00	124,396.48	66.9%
Parking & Transit Benefits	968.85	4,589.60	10,500.00	5,910.40	56.3%
<i>Insurance:</i>	<i>300.58</i>	<i>1,202.32</i>	<i>6,100.00</i>	<i>4,897.68</i>	<i>80.3%</i>
Public Official Bonds	-	-	2,300.00	2,300.00	100.0%
Liability and Property	300.58	1,202.32	3,800.00	2,597.68	68.4%
<i>Travel:</i>	<i>353.50</i>	<i>789.37</i>	<i>5,500.00</i>	<i>4,710.63</i>	<i>85.6%</i>
Conference Registration	-	-	-	-	0.0%
Conference Travel	166.77	166.77	1,200.00	1,033.23	86.1%
Local Meetings & Related Expenses	186.73	622.60	4,000.00	3,377.40	84.4%
Training & Professional Development	-	-	300.00	300.00	100.0%
<i>Communication:</i>	<i>549.75</i>	<i>3,022.33</i>	<i>8,500.00</i>	<i>5,477.67</i>	<i>64.4%</i>
Postage	90.48	836.85	3,100.00	2,263.15	73.0%
Telecommunication	459.27	2,185.48	5,400.00	3,214.52	59.5%
<i>Publications &amp; Supplies</i>	<i>726.95</i>	<i>2,791.71</i>	<i>10,900.00</i>	<i>8,108.29</i>	<i>74.4%</i>
Office Supplies	1.77	418.28	3,000.00	2,581.72	86.1%
Duplication	725.18	2,373.43	7,400.00	5,026.57	67.9%
Public Information	-	-	500.00	500.00	100.0%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2013**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	478.39	865.39	11,000.00	10,134.61	92.1%
Furniture and Equipment	-	-	4,000.00	4,000.00	0.0%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computers	478.39	865.39	6,000.00	5,134.61	85.6%
<i>Other General and Administrative</i>	438.74	1,767.51	5,100.00	3,332.49	65.3%
Subscriptions	-	-	-	-	0.0%
Memberships	79.67	543.68	1,200.00	656.32	54.7%
Fees and Miscellaneous	359.07	1,223.83	3,000.00	1,776.17	59.2%
Advertising (Personnel/Procurement)	-	-	900.00	900.00	100.0%
Total Administrative Costs	<u>20,167.64</u>	<u>79,331.75</u>	<u>254,600.00</u>	<u>175,268.25</u>	<u>68.8%</u>
<u>Contracting Services</u>					
Auditing	7,000.00	7,000.00	28,500.00	21,500.00	75.4%
Consultants - Technical	-	-	-	-	0.0%
Legal	-	-	-	-	0.0%
Total Contract Services	<u>7,000.00</u>	<u>7,000.00</u>	<u>28,500.00</u>	<u>21,500.00</u>	<u>75.4%</u>
 Total Gross G&A Expenses	<u><u>\$ 107,442.62</u></u>	<u><u>\$ 393,428.63</u></u>	<u><u>\$ 1,213,300.00</u></u>	<u><u>\$ 819,871.37</u></u>	<u><u>67.6%</u></u>

**NVTC**  
**RECEIPTS and DISBURSEMENTS**  
**September, 2013**

Payer/			Wells Fargo	Wells Fargo	VA LGIP	
Date	Payee	Purpose	(Checking)	(Savings)	G&A / Project	Trusts
RECEIPTS						
3	Alexandria	G&A contribution		\$ 8,054.50		
5	DRPT	Capital grants receipts - VRE			48,262.00	
8	DRPT	Capital grants receipts				25,949.00
8	DRPT	Capital grants receipts - Arlington				3,549.00
10	DRPT	Operating assistance receipt - City of Fairfax				60,889.00
11	DRPT	Capital grants receipts				99,276.00
11	DRPT	Capital grant receipt - Arlington				32,980.00
11	DRPT	Operating assistance receipts - Alexandria				4,029,072.00
11	DRPT	Operating assistance receipts - Falls Church				236,908.00
17	DRPT	Operating assistance receipt - City of Fairfax				54,975.00
17	DRPT	Operating assistance receipt - Arlington				194,119.00
17	DRPT	Operating assistance receipt - Alexandria				283,319.00
20	DRPT	Capital grants receipts - VRE			506,331.00	
23	DRPT	Capital grant receipt - Arlington				58,254.00
23	DRPT	Capital grants receipts				3,579.00
25	Dept. of Taxation	Motor vehicle fuel sales tax revenue				1,303,492.63
29	DMV	Motor vehicle fuel sales tax revenue				4,271,215.97
29	DRPT	Capital grants receipts - VRE			354,097.00	
30	DRPT	Operating assistance receipt - Fairfax				1,169,926.00
31	DRPT	Capital grant receipt			4,186.00	
31	DRPT	Capital grant receipt				66,960.00
31	Banks	Interest income		1.36	6.36	8,296.07
			-	8,055.86	912,882.36	11,902,759.67
DISBURSEMENTS						
1-31	Various	G&A expenses	(94,224.17)			
1	WMATA	Metrobus operating				(18,745,200.00)
1	WMATA	Metroaccess operating				(3,383,346.00)
1	WMATA	Metrorail operating				(9,704,514.00)
1	WMATA	WMATA debt service				(820,453.00)
1	WMATA	WMATA CIP				(537,145.00)
1	WMATA	WMATA program development				(206,250.00)
5	VRE	Grant revenue			(48,262.00)	
20	VRE	Grant revenue			(506,331.00)	
29	VRE	Grant revenue			(354,097.00)	
31	Banks	Service fees	(71.82)	(14.10)		
			(94,295.99)	(14.10)	(908,690.00)	(33,396,908.00)
TRANSFERS						
31	Transfer	From savings to checking	50,000.00	(50,000.00)		
31	Transfer	From LGIP to checking	50,000.00		(50,000.00)	
			100,000.00	(50,000.00)	(50,000.00)	-
NET INCREASE (DECREASE) FOR MONTH			\$ 5,704.01	\$ (41,958.24)	\$ (45,807.64)	\$ (21,494,148.33)

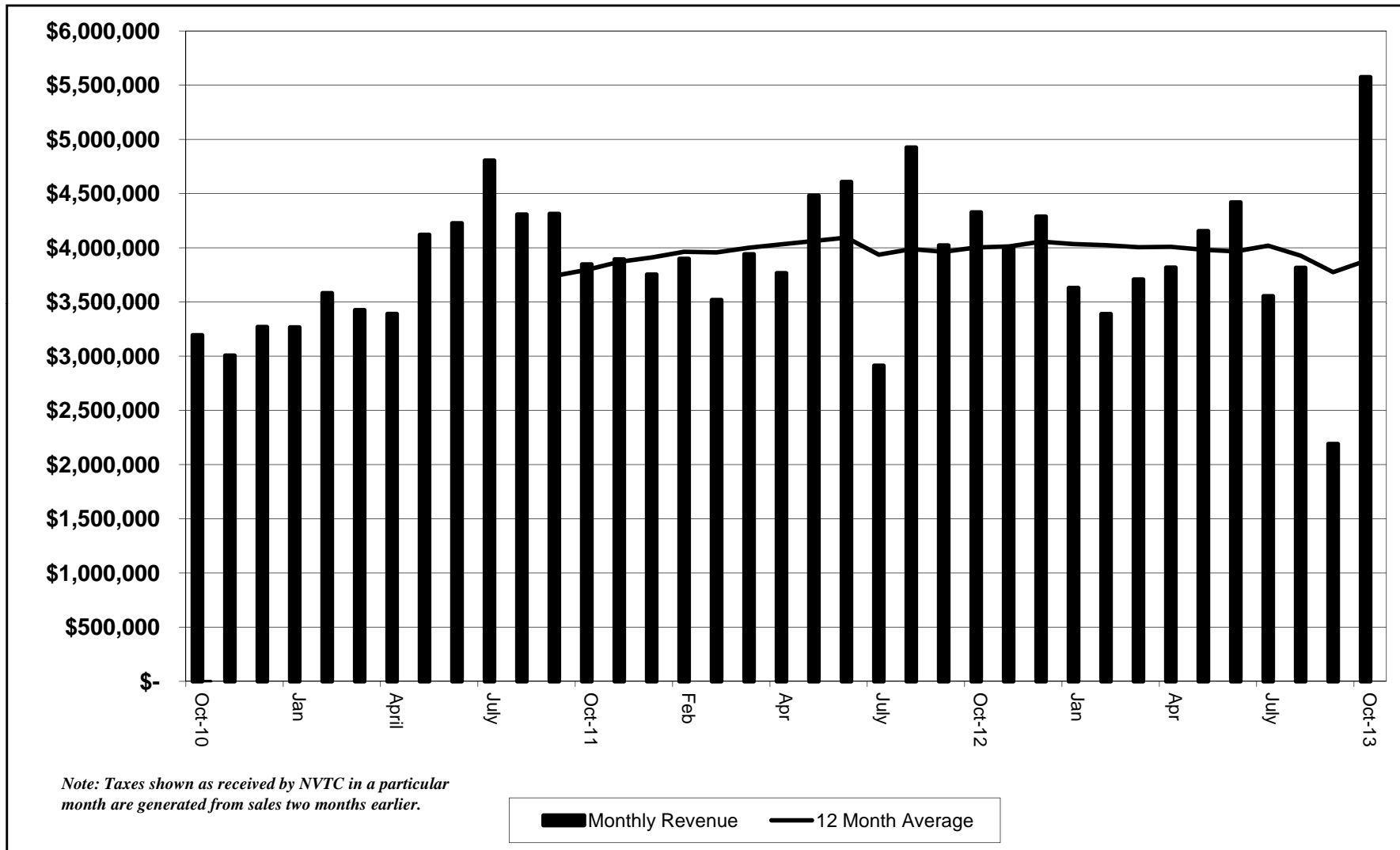
**NVTC  
INVESTMENT REPORT  
October, 2013**

<b>Type</b>	<b>Rate</b>	<b>Balance 9/30/2013</b>	<b>Increase (Decrease)</b>	<b>Balance 10/31/2013</b>	<b>NVTC G&amp;A/Project</b>	<b>Jurisdictions Trust Fund</b>	<b>Loudoun Trust Fund</b>
<b><u>Cash Deposits</u></b>							
Wells Fargo: NVTC Checking	N/A	\$ 93,743.77	\$ 5,704.01	\$ 99,447.78	\$ 99,447.78	\$ -	\$ -
Wells Fargo: NVTC Savings	0.200%	73,425.63	(41,958.24)	31,467.39	31,467.39	-	-
<b><u>Investments - State Pool</u></b>							
Bank of America - LGIP	0.115%	114,076,014.29	(21,539,955.97)	92,536,058.32	20,726.42	67,435,328.59	25,080,003.31
		<u>\$ 114,243,183.69</u>	<u>\$ (21,485,785.97)</u>	<u>\$ 92,666,973.49</u>	<u>\$ 151,641.59</u>	<u>\$ 67,435,328.59</u>	<u>\$ 25,080,003.31</u>

# NVTC MONTHLY GAS TAX REVENUE

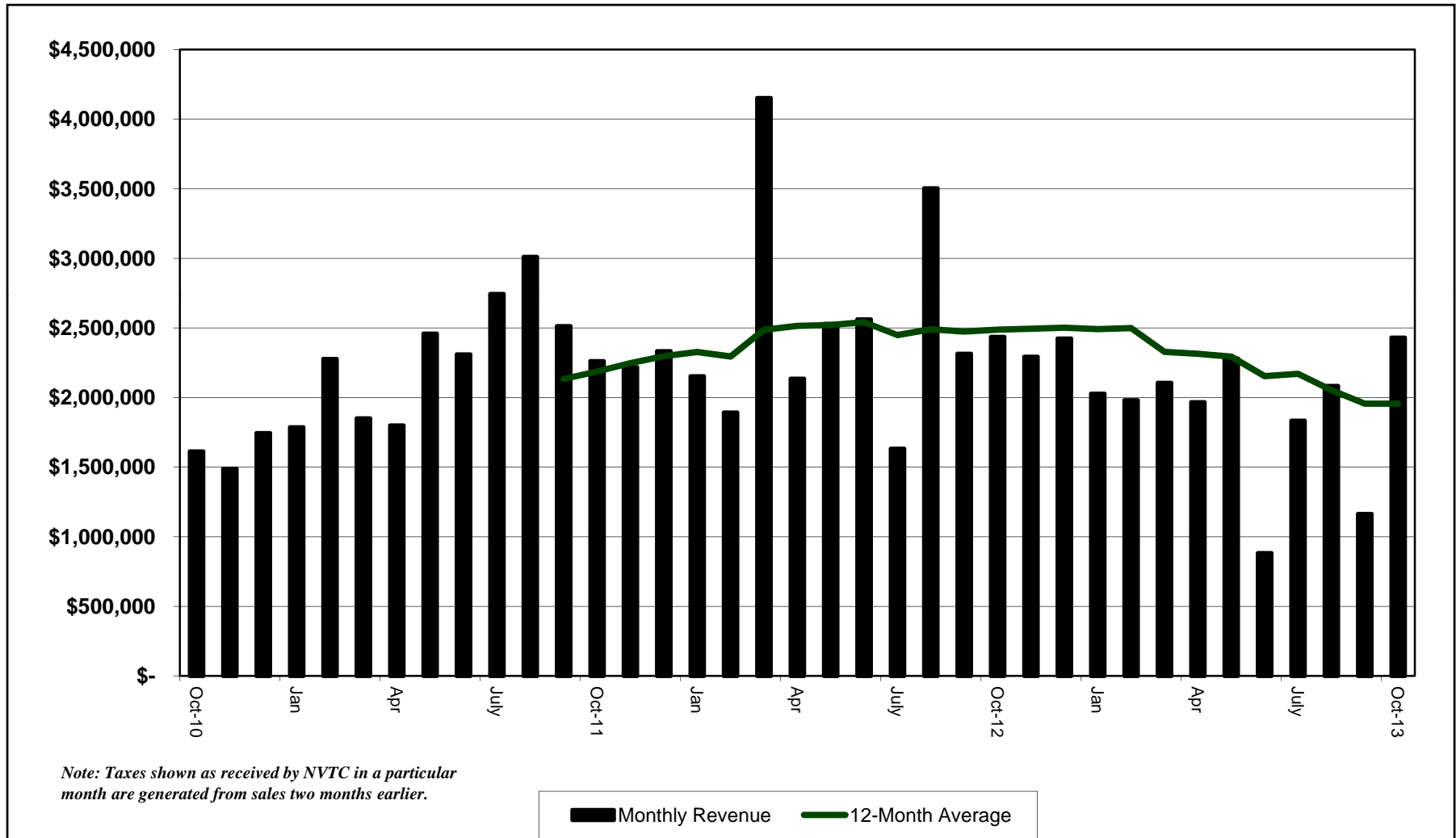
## ALL JURISDICTIONS

### FISCAL YEARS 2011-2014

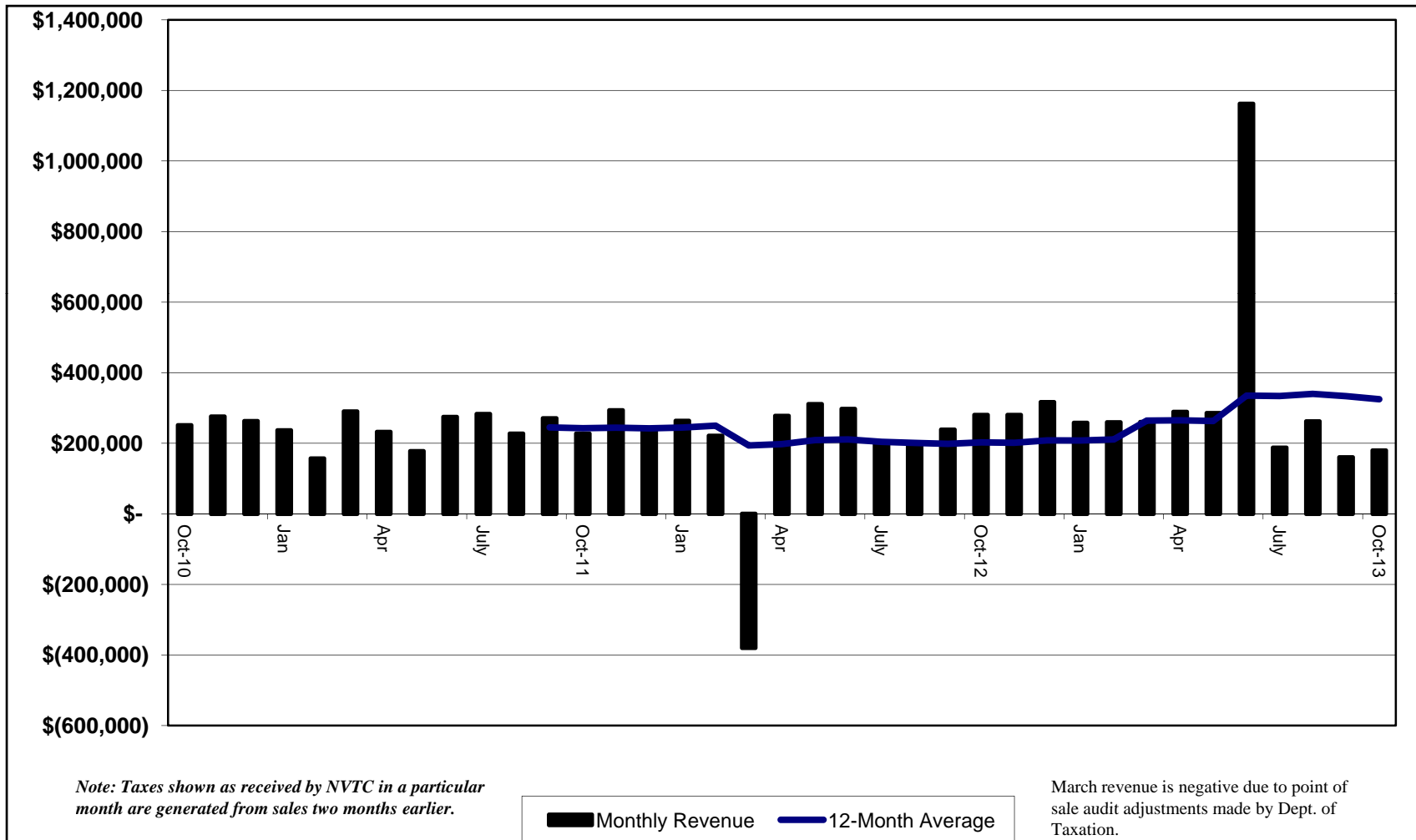




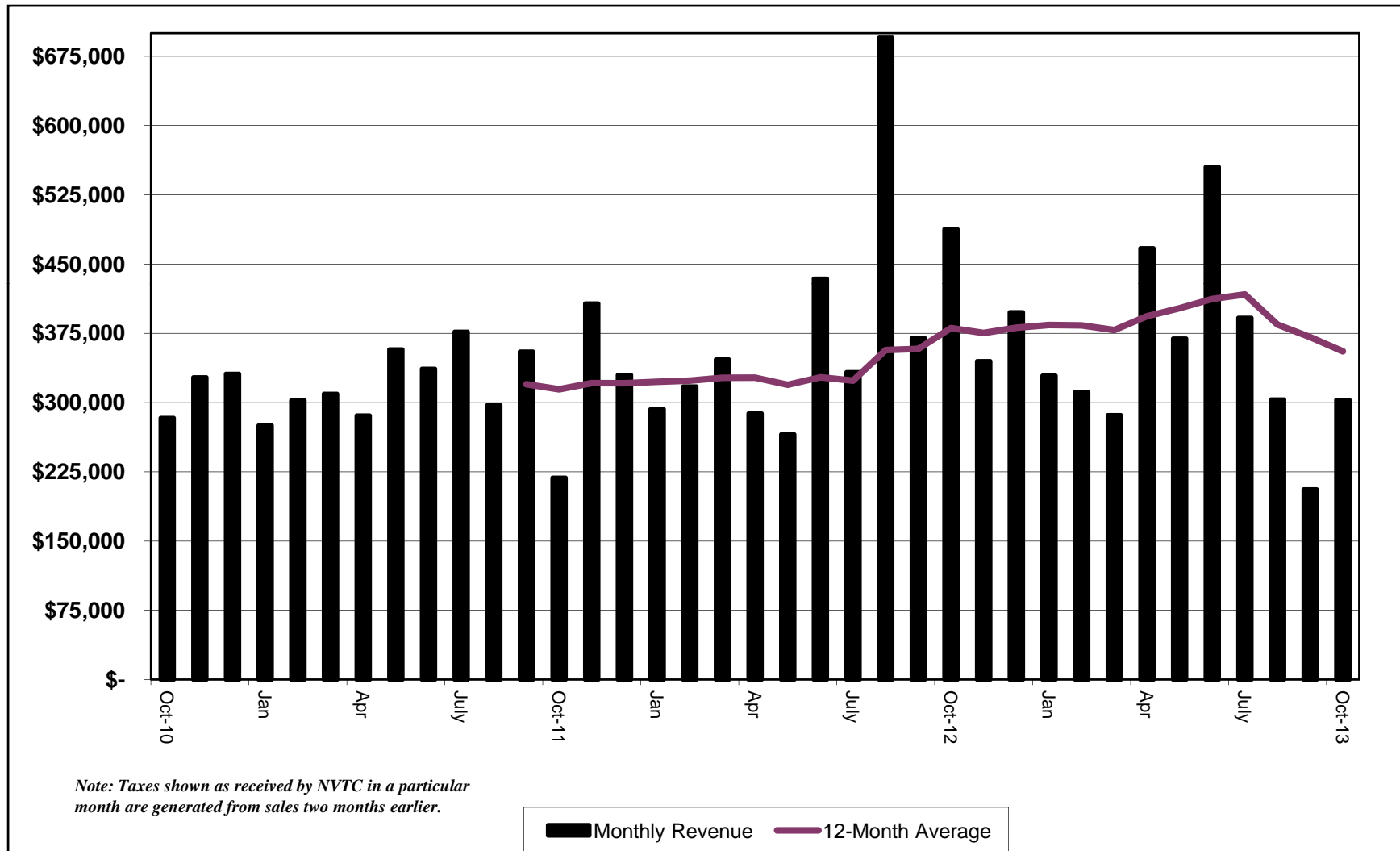
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2011-2014



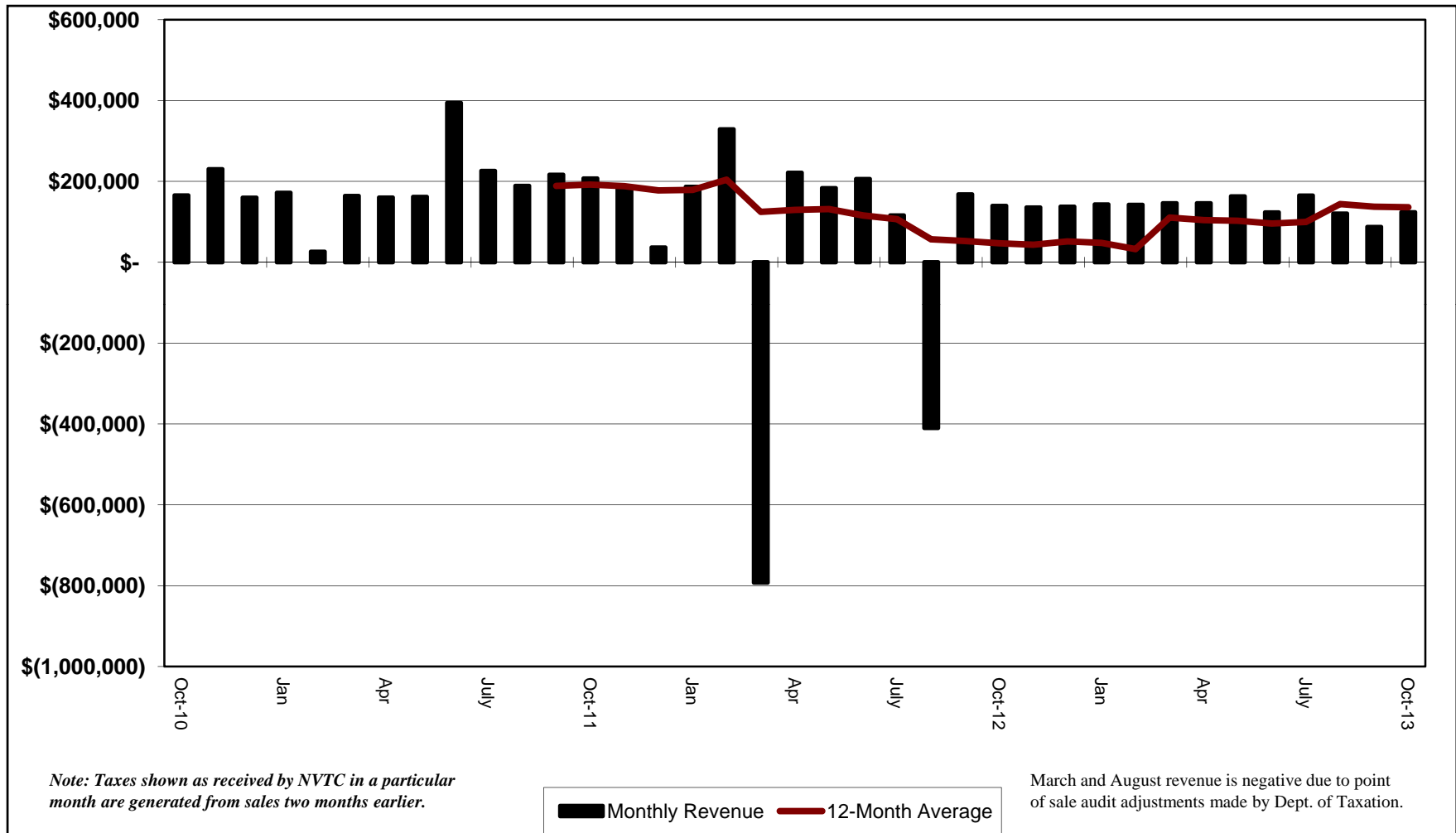
# NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2011-2014



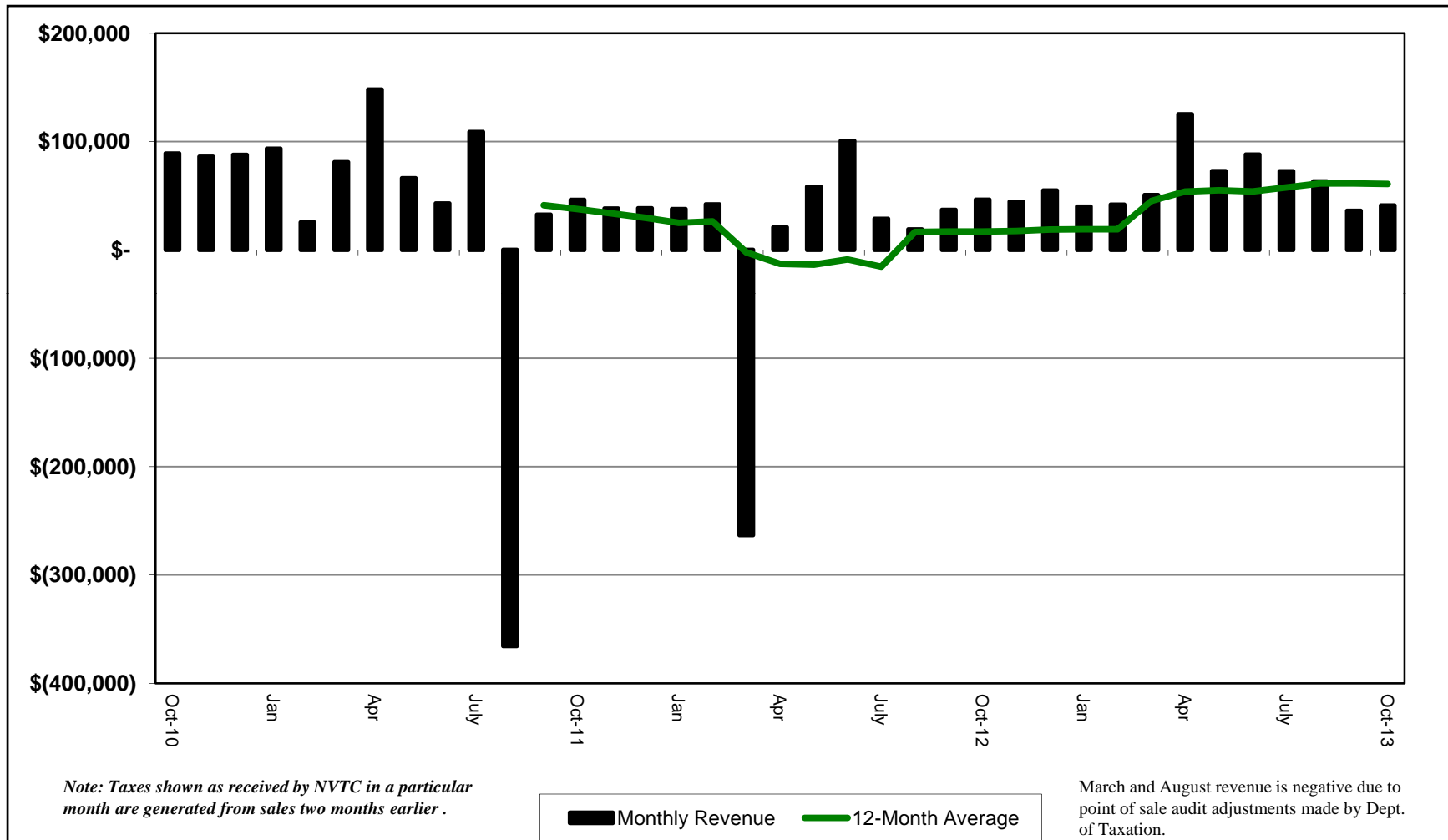
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2011-2014



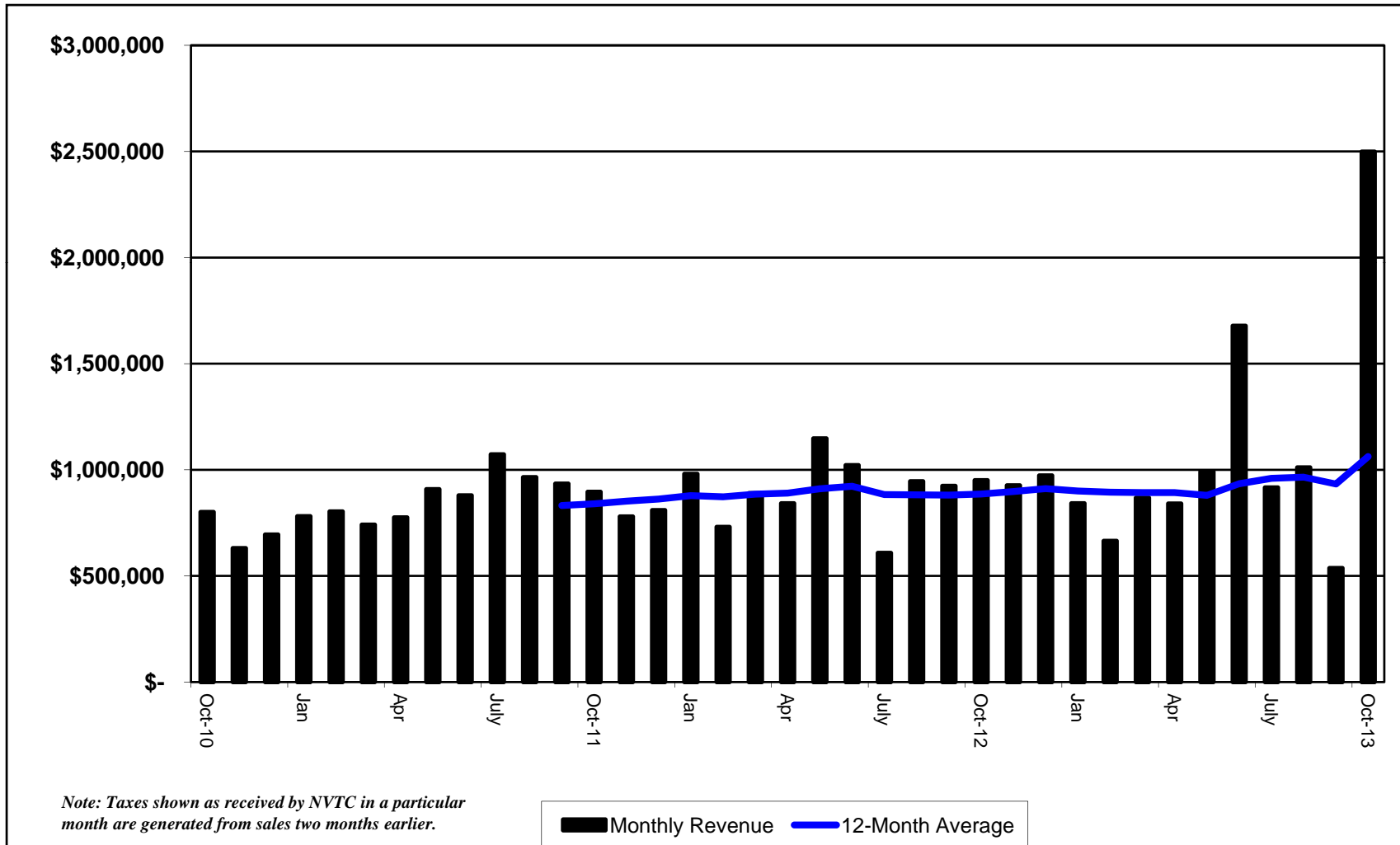
# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2011-2014



# NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2011-2014



NVTC MONTHLY GAS TAX REVENUE  
LOUDOUN COUNTY  
FISCAL YEARS 2011-2014



# EXECUTIVE DIRECTOR UPDATE

12/5/2013

Agenda Item #3

1. NVTC Planning Retreat
2. Technology and Innovation
  - a. Transportation Camp!
  - b. National Academy of Sciences & TRB
3. Updates on the NVTC Team
4. Outreach Update
  - State and Federal Policy and Legislative Work Session Dec. 5
  - Completing first round of courtesy visits before the legislative session begins January 8.
5. Site Visits with Jurisdictions
  - Fairfax DOT Team Meeting and Fairfax Connector Site Visit
  - Arlington DOT/CM/Planning
  - Alexandria
    - i. Transportation Staff Leadership & DASH Site Visit
    - ii. City Council Work Session --- Pending
  - Loudoun Transportation Team --- LCT/VRT TBD
  - Fairfax City --- Pending
  - Falls Church --- Pending
6. Partnership Activities
  - Research Projects
  - Business and Transit Oriented Development Outreach
7. Transit Demand Management Agencies Work Session --- TDM
8. Collaboration with Regional Partners:
  - PRTC: Joint meeting and co-sponsored event PRTC
  - NVTA: PIO, Financial Management, and Project Implementation Working Group





AGENDA ITEM #4

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kala Quintana  
**DATE:** November 22, 2013  
**SUBJECT:** State and Federal Legislative and Policy Agenda

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**A. General Assembly Session Preview & Discussion of NVTC State Legislative and Policy Agenda**

Members of the Northern Virginia General Assembly Session will join with the Commission for preview of General Assembly Session & Discussion of NVTC State Legislative and Policy Agenda.

Guided by the legislative committee and in coordination with legislative liaisons of the localities and sister organizations in the region, staff prepared a state legislative and policy matters. The state agenda frames a set of principles that parallel key strategies for improving and expanding Northern Virginia's innovative transit network. These principles are:

- Maintaining and expanding opportunities for dedicated, sustainable funding for transit;
- Using performance metrics to promote efficiency and maximize capital investments;
- Promoting and strengthening regional cooperation and accountability;
- Maximizing use of existing facilities to enhance transit performance and safety; and
- Fostering innovation and technological integration that improves transit operations and expands service.

Following discussion, the Commission will be asked to approve the agenda.



**B. ACTION ITEM: Approval of VRE 2014 Legislative Agenda**

**C. Information Item: NVTA Legislative Agenda**

Attached is the Draft NVTA's 2014 State and Federal Legislative Agenda. The primary focus of NVTA's agenda is to encourage the General Assembly to allow for the full implementation of HB2313, Virginia's landmark transportation funding package. NVTC staff coordinated with the NVTA JACC on the development of to develop this agenda.

NVTA is scheduled to consider the draft agenda at its meeting December 12, 2013.

**D. Draft Authorization Recommendations by APTA's Authorization Task Force**

[Linked here is a copy of the draft Authorization Recommendations produced by APTA's Authorization Task Force.](#)

## **Northern Virginia Transportation Commission 2014 Legislative & Policy Agenda**

For 50 years, NVTC has promoted an efficient, innovative transit network in Northern Virginia. That network now includes seven bus systems from Loudoun County to the city of Alexandria; Metrorail and the Virginia Railway Express -- the Commonwealth's only commuter rail system; and ridesharing -- including a new van pool program. Roadways - from local streets to new Express lanes, bike and pedestrian facilities, and state routes and interstates -- are each vital to the success of the transit network. The transit network in turn relieves congestion on our roadways.

The transit network in Northern Virginia is central to the region's and the Commonwealth's economy. Each day 550,000 Northern Virginians choose transit to get to work, entertainment, shopping, schools and doctors' appointments. Residents and visitors throughout the region choose transit to travel between Northern Virginia, Maryland, and the District of Columbia. Demand for rail and bus service, as well as ride sharing, remains strong and is growing. Businesses across the Metropolitan Washington region are designing and building successful office, retail and residential developments that depend on reliable access to transit. Transit reduces congestion for drivers, helps clean the air, and improves day-to-day life for all Virginians---and that is good for business.

In 2014, NVTC will support legislation and policies that build our transportation network by:

1. Maintaining and expanding opportunities for dedicated, sustainable funding for transit;
2. Using performance metrics to promote efficiency and maximize capital investments;
3. Promoting and strengthening regional cooperation and accountability;
4. Maximizing use of existing facilities to enhance transit performance and safety; and
5. Fostering innovation and technological integration that improves transit operations and expands service.

### **1. Maintain and expand opportunities for dedicated, sustainable funding for transit.**

#### **1.1 Fully implement HB2313.**

NVTC's top priority is the full implementation of HB2313, Virginia's landmark transportation funding legislation. This legislation provides the first opportunity in a generation to address the backlog of transportation projects that are vital to the economic health of the region and the Commonwealth. Successful implementation includes:

# DRAFT

- Balance between investments in roadways, transit and related infrastructure;
- Use of the regionally adopted TransAction 2040 long range transportation plan as the foundation for balanced transportation infrastructure investments across all modes;
- Ensuring new funds raised in Northern Virginia stay in Northern Virginia;
- Strong cooperation between the Commonwealth and the region in developing a legislatively mandated assessment tool to rate projects including the review of a sufficient number of roadway projects to provide the region with real choices and opportunity for progress; and
- Passage of the Market Place Fairness Act of 2013 (S. 336; H.R. 684) by January 1, 2015 in order to provide maximum transit funding across the Commonwealth.

## **1.2 Maintain long-standing funding commitments and prepare to meet future funding needs**

HB2313 builds on an ongoing commitment and should be a catalyst for expanding innovative funding for transit needs. To meet the growing funding needs of NVTC's transit systems, the Commonwealth must continue its financial commitments to WMATA and VRE and work with the region to lay the groundwork for expanded innovative finance and planning.

NVTC supports:

- Continuing to provide the Virginia match to the federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA) funding for WMATA;
- Identifying new funding for Virginia's share of WMATA's *"Momentum: Long Term Strategic Plan"*;
- Maintaining funding for VRE track leases from discretionary federal funds;
- Expanding technical assistance funding for the testing and implementation of the next generation regional fare payment system; and
- Developing and expanding opportunities for innovative finance of transportation infrastructure.

## **2. Use Performance Metrics to Promote Efficiency and Effectiveness**

As called for in SB1140, NVTC supports the use of performance metrics and tiering to promote efficiency and establish priorities for capital investments. However, NVTC seeks changes in the way DRPT is applying these new policies.

### **2.1 DRPT should change the way they count ridership on Metrorail -- a key element of the new operating assistance formula.** Recently DRPT implemented a policy that does not count all Metrorail trips in Virginia.

**2.2 NVTC calls for postponing DRPT's overhaul of how state capital funding is calculated.** DRPT should proceed with the statutorily required tiering structure. Before overhauling the state share calculation, DRPT should first report on an updated Six Year Plan, changes in federal funding legislation and the use of federal funds at transit properties throughout the Commonwealth. Otherwise, the tiering structure will be undermined and NVTC jurisdictions will be unfairly penalized.

DRPT's proposed change in total cost will result in a multi-million dollar increase in local funding requirements for NVTC's member jurisdictions and places tremendous pressure on local Northern Virginia's transit systems to federalize.

### **3 Promote and strengthen regional cooperation and accountability.**

NVTC brings together local elected officials from cities and counties to ensure high-level accountability to taxpayers who pay for and benefit from NVTC's transit network. NVTC serves as the transit planning authority for Northern Virginia, and brings the localities together to promote and coordinate transit system development, expansion, funding, research and cooperation. NVTC serves as the fiscal agent for seven localities and provides regional expertise on performance metrics, transit finance and technology development. NVTC takes the lead coordinating with regional partners on the Van Pool Alliance and the planning and implementation of the next generation electronic fare payment system for bus and rail. NVTC partners with other regional entities such as NVT, the Northern Virginia Regional Commission and the Metropolitan Council of Governments to maximize the transit investments and avoid duplication of effort.

NVTC seeks legislation that maintains or strengthens decision making authority of locally elected officials at NVTC, VRE, and NVT.

### **4 Maximize use of existing facilities to enhance transit performance and improve safety.**

Modern, efficient, high-performance and high-capacity transit requires smart use of existing facilities, particularly roads. The General Assembly and the Virginia Department of Transportation (VDOT) already have many of the necessary tools to make better use of existing road investments. Examples of opportunities to maximize the use of roadways and other infrastructure include:

**4.1** Maximizing bus service on existing Express lanes on I-495 and future Express lanes currently under construction on I-95;

## DRAFT

- 4.2 Expanding the bus-on-shoulder pilot, now on limited segments of I-66, to provide safer and faster connections along more than a hundred miles of interstate in the region;
- 4.3 Identifying and implementing innovative, cost-effective vehicle storage solutions for commuter buses;
- 4.4 Employing full flexibility provided in the urban design standards for transportation system components [VA Code Sec. 33.1-69.001]; and
- 4.5 Providing training to ensure safe and secure transit operations.

### **5 Foster innovation and technology integration to improve transit operations and service.**

Innovation, including deployment and integration of technology, is a critical ingredient to making transit work for riders and maximizing the efficient use of all forms of transportation. Examples include:

- 5.1 Deploying Active Transportation Demand Management (ATDM) & Intelligent Transportation Systems (ITS) to integrate all modes of transportation and increase the number of commuters willing and able to use transit;
- 5.2 Acquiring and implement the New Electronic Payment Program (NEPP), a new update for the existing regional electronic fare payment system that will decrease costs and make it easy to move seamlessly from VRE to Metro to local bus systems;
- 5.3 Collaborating with Virginia Department of Transportation (VDOT), the Virginia Department of Technology (VDT), NVTC -- and its local governments and transit systems, on technology issues from conceptual design and applications to the identification of appropriate funding to execute them;
- 5.4 Partnering on technology deployment, assessment and finance between academia and the private sector; and
- 5.5 Expanding telecommuting, ridesharing, and transit ridership during peak and off-peak times through innovative incentives and technology.

**NVTC looks forward to working with the General Assembly, state, regional and federal partners in support of these principles throughout 2014.**

**For more information about NVTC please go to [www.thinkoutsidethecar.org](http://www.thinkoutsidethecar.org) .**

***NVTC TRANSIT BY THE  
NUMBERS***

<b>7</b>	Bus Systems
<b>1</b>	Subway
<b>1</b>	Commuter Rail
<b>550K</b>	Commuters a day
<b>164M</b>	Transit Trips a year
<b>22%</b>	Ridership growth in 10 years
<b>81</b>	Transit trips per capita
<b>8</b>	Transit trips per capita Statewide (excluding No Va)
<b>77%</b>	All transit trips statewide

Sources: National Transit Database, , NVTC Annual Transit  
Performance Update

## **Northern Virginia Transportation Commission 2014 Federal Legislative & Policy Agenda**

### **Surface Transportation Program Reauthorization (MAP-21)**

NVTC supports timely reauthorization of MAP-21 as integral to insuring sustainable resources for commuter rail and transit in Northern Virginia and the greater Metropolitan Washington area. As discussions on the rulemaking and development of future federal legislation continue, NVTC supports:

- Increase, significantly, the level of federal investment in the nation's transportation infrastructure, including maintenance and expansion of the existing system;
- Simplify the distribution of the federal Surface Transportation Program funding;
- Reduce the time required to complete the federal review process of significant new transportation projects must be reduced,
- Provide greater decision-making authority to local governments and regional agencies, such as the Northern Virginia Transportation Commission and the Northern Virginia Transportation Authority to determine how transportation funding is spent;
- Establish and maintain adequate timeframes for environmental reviews so that a project's environmental impacts can be identified and adequately addressed; and
- Highlight safety and security as key outcomes transportation projects.

### **Dedicated Funding For WMATA (PRIIA)**

NVTC supports continued annual federal appropriation of \$150 million for the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Under this legislation, Congress committed to \$1.5 billion for WMATA over ten years, if the region adopts a dedicated funding source(s) and provides an additional \$1.5 billion to match the federal funds over the same period. All three signatory jurisdictions have passed the compact amendments required to receive the federal funding, and the non-Federal matches are in place.

### **Funding for the Virginia Railway Express (VRE)**

As a co-owner of the Virginia Railway Express NVTC supports legislation that contributes to the overall expansion of commuter rail service to meet growing demand in Northern Virginia. NVTC supports efforts to secure federal funding for the following capital projects:

- high capacity railcars;
- positive train control;
- train storage of rail equipment;
- station parking expansion; and
- platform extensions and additions.

### **Limits on Commuter Rail Related Liability**

NVTC calls upon Congress to approve legislation to broaden the applicability of existing statutory language (49 USC, 28301) related to commuter rail related liability. The language

DRAFT

should be amended to reflect the existing liability standard of a \$250M annual aggregate limit while broadening the cap beyond passenger rail related claims for property damage, bodily injury or death so that they apply to all claims brought by third parties.

#### **Funding for Transportation Emergency Preparedness**

NVTC calls upon Congress to provide increased security funding to local and regional transportation agencies in the metropolitan Washington area.

#### **Commuter Benefits**

NVTC supports legislation (S. 1116; H.R. 2288) that would permanently create parity between the level of tax-free transit benefits employers can provide to employees for using transit to get to work and for parking benefits. This makes transit service more attractive to commuters who currently drive alone.

NVTC also supports legislation to permanently extend the current transit benefit to all branches of the federal government.

#### **Marketplace Fairness Act of 2013**

NVTC supports passage of the Marketplace Fairness Act (S. 336; H.R. 684) by January 1, 2015. Enactment of the Marketplace Fairness Act is integral to Virginia's historic transportation funding package, HB2313. Without it, funding will fall short of needs in Northern Virginia and the rest of the Commonwealth.



**Agenda Item 8-D**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 15, 2013**

**Re: Authorization to Approve the 2014 VRE Legislative  
Agenda**

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**Recommendation:**

The VRE Operations Board is being asked to recommend that the Commissions approve the 2014 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the document.

**Background:**

The VRE Legislative Agenda is formulated to communicate VRE priorities in coordination with the Commissions and local jurisdictional staff. Advocacy positions related to specific federal and state legislation are presented.

**Fiscal Impact:**

There is no direct funding impact associated with adopting this agenda item.

## **Virginia Railway Express 2014 Legislative Agenda**

### **Federal**

#### Monitor Issues Related to Positive Train Control

Under the US Rail Safety Improvement Act of 2008, Congress mandated that the Federal Railroad Administration fully implement Positive Train Control (PTC) by 2015. VRE continues to work with the host railroads to ensure that our PTC implementation is coordinated with their systems and in compliance with the federally mandated deadline. VRE will monitor and respond appropriately to PTC issues as we continue to implement the mandated system.

#### Monitor and Pursue Funding Opportunities for Corridor Improvements

VRE will continue to partner and support the efforts of the Commonwealth and host railroads to facilitate funding to improve railroad capacity on both lines and at Washington Union Terminal. VRE will also continue to work with the private sector and Congress on potential public-private partnerships that could bring improvements to the Virginia Railway Express system and host railroads.

#### Advocate for Commuter Benefits Equity

VRE will continue to advocate for legislation to make commuter benefits equal to parking benefits in the Internal Revenue Code.

### **State**

#### Seek Funding for Track Access Fees

VRE operates on the host railroads' infrastructure. The host railroads are paid fees according to long standing agreements that are periodically updated. VRE provides significant capacity within the most congested highway corridors in Virginia (I-66, I-95 and I-395) and is an important partner with the Commonwealth in helping mitigate congestion in these critical highway corridors. From its inception, the Commonwealth has provided funds for these track access fees in the state budget using federal pass through funds. VRE will seek the continuation of funding from the Commonwealth for track access. If VRE is unable to receive this funding there will be significant budget ramifications.

### Monitor for Legislative Opportunities

VRE will monitor legislation for opportunities to advance the following issues:

- Amend the Virginia Code to allow VRE to receive interest on the Insurance Trust Fund. While past practice allowed VRE to receive interest from these funds, the 2011 Acts of Assembly reversed this policy. The proceeds are now retained by the Commonwealth despite the fact that the Insurance Trust Fund was primarily established by and is replenished with local funds.
- Amend the Virginia Code to allow VRE to recoup a portion of the fines imposed on fare evasion cases. Currently, when a conductor is required to attend court, VRE must pay for their appearance in court as well as for another conductor to be on the train. Cumulatively, this puts the financial burden for prosecution on VRE while all fines are directed to the Commonwealth Literary Fund.
- Amend the Virginia Code to allow the Courts to increase fines for repeat offenders travelling on VRE trains without a valid ticket.
- Amend the Virginia Code to cap liability for commuter rail operations. The existing cap enacted in a prior session excludes third party claims. VRE will also seek exemption for both freight railroads and VRE from liability for terrorism.
- Amend Chapter 774 of the Virginia Code that increases the aggregate awardable liability claim a rail passenger can make per incident (as requested by the Virginia Trial Lawyers Association in 2006). Under the current Code, the threshold (now \$100,000) will be amended upward each year based on the percentage change in the medical care component of the Consumer Price Index (as published by the Bureau of Labor Statistics). The first increase took place in January 2012. This policy could increase the existing \$250 million liability insurance threshold imposed by the Class 1 freight railroads. VRE would advocate for the elimination of the annual index increase.

**Virginia Railway Express  
Operations Board**

**Resolution  
8D-11-2013**

**Authorization to Approve the 2014 Legislative Agenda**

**WHEREAS**, VRE is an essential part of regional transportation network for the Northern Virginia and DC Metropolitan region; and,

**WHEREAS**, VRE serves residents of thirty seven jurisdictions throughout the Commonwealth to provide a meaningful public transportation option; and,

**WHEREAS**, it is essential for VRE to advocate its funding needs and legislative concerns with members and staff in Congress, in the Virginia General Assembly and with the Governor; and,

**WHEREAS**, these legislative needs and goals are supportive of the transportation philosophy of the Northern Virginia region; and,

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions approve the 2014 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 15<sup>th</sup> day of November 2013

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John Cook  
Secretary

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Paul Smedberg  
Chairman

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

**DATE:** October 16, 2013

**FOR:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**FROM:** Monica Backmon, Chairman  
Jurisdiction and Agency Coordinating Committee

**SUBJECT:** DRAFT 2014 Legislative Program

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- 1. Purpose.** To provide a DRAFT of the 2014 Legislative Program, for informational purposes and input.
- 2. Background.** The Jurisdiction and Agency Coordinating Committee (JACC) has begun discussing recommendations to the Authority for the 2014 Legislative Program. Significant changes to the program are anticipated, due to the actions of General Assembly and Governor during the 2013 Session. As such, is providing a DRAFT of the Proposed Legislative Program, to ensure that the Authority has sufficient time to examine and provide input. Some additional changes may be included prior to the JACC's action on the document, and it is anticipated that the JACC will bring back the item for the Authority's approval at the December 12, 2013, meeting.
- 3. Attachments:**
  - A. DRAFT 2014 Legislative Program
- 4. Coordination:**
  - A. Jurisdiction and Agency Coordinating Committee

**Northern Virginia Transportation Authority  
2014 Legislative Program  
DRAFT: October 17, 2013**

**STATE**

***TRANSPORTATION FUNDING***

The passage of HB 2313 was the result of bipartisan cooperation throughout the Commonwealth, as the Governor, General Assembly, localities and the business community worked vigilantly to enact a transportation funding package that provides substantial new resources in addressing statewide transportation needs that had long been underfunded. Of particular interest to Northern Virginia was the inclusion of a regional package generating \$300 million annually in increased Northern Virginia revenues. This funding is a significant step towards addressing the transportation needs of Northern Virginia, estimated in the TransAction 2040 Long-Range Transportation Plan at approximately \$950 million per year in additional funding. It is critical, that Northern Virginia continues to receive its fair share of statewide revenues, as required by HB 2313, and that any potential changes to the HB 2313 statewide revenues generate funds at least equal to the law as enacted.

NVTA has initiated a bond validation proceeding related to the regional funds to test the validity of the bonds, processes, and authorizing statutes. It is imperative that no changes be made to the Northern Virginia portions of HB 2313 or to the code sections specifically related to NVTA during this process.

Additionally, ongoing coordination between Commonwealth and NVTA, other regional agencies, and local governments is essential as we all work to implement HB 2313's regional provisions. This is especially critical as VDOT commences work on the evaluation required by HB 599/SB 531 (2012), which will directly impact NVTA and its future actions.

Due to legislative changes in 2012, the Commonwealth Transportation Board now has the authority to allocate up to \$500 million to priority projects before funds are provided to the construction fund. Due to this provision, the secondary and urban construction programs will receive no new funds until 2017, despite the additional transportation revenues. This is especially alarming as localities have not received funds for this program since FY 2010. Further, this change gives the CTB significant authority in allocating statewide resources, resulting in funds being allocated to a few large projects, rather than funds being provided equitably to localities throughout the state through the normal funding formula. It is imperative that the region receives its share of the statewide funds. It is recommended that this set aside be eliminated or modified to, at the very least, ensure equitable distribution of funds to each region.

A modern, efficient, multimodal transportation system is essential to the Commonwealth, and is intrinsically tied to continued economic development and the ability to compete in a global economy. We must all work together to maintain and build the multimodal infrastructure that Virginia needs to remain an active and dynamic participant in a 21<sup>st</sup> Century economy. *(Revises previous transportation funding position.)*

### **WMATA FUNDING**

The Commonwealth must work with the Federal Government to ensure that it, too, provides sufficient resources to address transportation needs. The Commonwealth is a valuable partner in ensuring that WMATA continues to move ahead with important safety and infrastructure capital improvements in its system. As part of the federal Passenger Rail Investment and Improvement Act (PRIIA) of 2008, WMATA received a 10-year, \$1.5B federal authorization to address urgent capital needs. The region matches these federal funds with \$50M each annually from DC, MD, and VA. The capital funding is used to support areas such as: meeting safety requirements of the NTSB, repairing aging rail track, investing in new rail cars, fixing broken escalators and elevators, rehabilitating decaying rail stations and platforms, modernizing the bus fleet, and improving bus facilities. *(Revises and reaffirms previous position).*

### **VRE TRACK ACCESS FEES**

Since its inception, VRE has received money from the Commonwealth through the Equity Bonus Program for the track access fees. MAP-21 eliminated the Equity Bonus Program while keeping the level of program funding the same through the first two years of the law. If VRE is unable to resolve this potential funding shortfall then there will be significant budgetary ramifications which could include reductions in service, 58% jurisdiction increase in subsidies, and/or a 28% fare increase. NVTA supports the inclusion of VRE track access funding within the Commonwealth's transportation budget. If this does not occur then NVTA supports a separate appropriation through eligible federal pass through money for track access fees within its capital program. *(Revises and Reaffirms Previous Position)*

### **SECONDARY ROAD DEVOLUTION/LOCAL MAINTENANCE PROGRAMS**

NVTA opposes any legislation that would require the transfer of secondary road construction and maintenance responsibilities to counties, especially if these efforts are not accompanied with corresponding revenue enhancements. While there are insufficient resources to adequately meet the maintenance and improvement needs of secondary roads within the Commonwealth, the solution to this problem is not to simply transfer these responsibilities to local government that have neither the resources nor the expertise to fulfill them. Further, NVTA also opposes any legislative or regulatory moratorium on the transfer of newly constructed secondary roads to VDOT for the purposes of ongoing maintenance.

Additionally, NVTA is opposed to changes to maintenance allocation formulas

detrimental to localities maintaining their own roads. Urban Construction Funds are already far below what is needed and localities must already find other ways to fund new construction initiatives and changing current formulas or requiring additional counties to maintain their roads could lead to a reduction in Urban Construction and Maintenance Funds, placing a huge extra burden on these localities. *(Reaffirms previous position).*

### **EQUAL TAXING AUTHORITY FOR COUNTIES, CITIES AND TOWNS**

NVTA supports granting counties the authority cities and towns currently have to enact local excise taxes, including the cigarette tax, admissions tax, and meals tax. Doing so would allow counties to raise additional revenues for transportation projects. *(Reaffirms previous position)*

### **BASE REALIGNMENT AND CLOSURE (BRAC) RECOMMENDATIONS**

NVTA supports the inclusion of sufficient funding to ensure significant fiscal resources to address the enormous planning and transportation issues associated with the Base Realignment and Closure Commission recommendations. This is particularly critical, because the BRAC relocations have occurred, and Northern Virginia localities are facing significant shortfalls in the capacity of current infrastructure to support the additional military and civilian jobs. *(Reaffirms previous position).*

### **PEDESTRIAN AND TRANSIT SAFETY**

Safe access to transit facilities can be improved through infrastructure improvements and better traffic safety laws. NVTA supports revisions to Virginia's existing pedestrian legislation to clarify the responsibilities of drivers and pedestrians in order to reduce the number of pedestrian injuries and fatalities that occur each year. In particular, support legislation that would require motorists to stop for pedestrians in crosswalks at unsignalized intersections on roads where the speed is 35 mph or less and at unsignalized crosswalks in front of schools. This issue is of special importance for pedestrians with physical or sensory disabilities, who are at particular risk of injury when crossing streets. Further, strong safety records depend on strong safety practices and training and NVTA supports training programs for transit systems, pedestrians and bicyclists. *(Revises and reaffirms previous position.)*

### **MAXIMIZING USE OF EXISTING FACILITIES**

High performance, high capacity transit requires smart usage of existing road facilities. Localities in cooperation with the Commonwealth (DRPT and VDOT) should ensure that urban design standards for transportation system components allow for the efficient movement of vehicles; accommodate safe pedestrian and bicyclist movement; and encourage user-friendly access to transit. More flexibility in the design of transit infrastructure and facilities that enhance safety should be provided. Additionally, localities with cooperation of the Commonwealth, should to identify existing facilities that can be flexed or used by transit vehicles on an as needed or scheduled basis in order to maximize the efficient use of roadways to expand capacity. Examples are:

- The conversion of shoulders for bus use during peak rush hour - with appropriate



*safety practices and improved infrastructure - will improve service and expand capacity on important corridors.*

- *Express Bus, Commuter Bus, and Bus Rapid Transit as well as Light Rail and Streetcar; and*
- *Expanded use of Buses in HOT lanes.*

*(New Position)*

## **CHAPTER 729 PLANNING**

Land use provisions included in legislation during the 2012 Session changed transportation planning requirements for jurisdictions. Specifically, the Virginia Department of Transportation (VDOT) and the Commonwealth Transportation Board (CTB) can decide whether local transportation plans are consistent with their current priorities. If they decided this is not the case, they are able to withhold funding for transportation projects in counties. While the NVTa is appreciative of efforts to better coordinate local and state transportation planning, the Authority is concerned that these provisions essentially transfer the responsibility for land use planning from local governments to the Commonwealth. Land use and zoning are fundamental local responsibilities and these provisions can override the work done by our local governments and our residents, property owners, and the local business communities on land use and transportation plans. *(Reaffirms previous position)*

## **TRANSPORTATION COORDINATION AND REGIONAL STUDIES**

NVTa believes it is critical for ongoing coordination between the Authority and the Commonwealth. Additionally, it is vital that the Commonwealth involve local and regional officials in any studies or audits related to funding, planning, operations, organizational structure and processes related to agencies in the Transportation Secretariat. This is essential as VDOT commences work on the evaluation created by HB 599, which will directly impact NVTa and its future actions. Further, NVTa recommends that the Code of Virginia be amended to specify that transportation studies related to facilities wholly within one VDOT construction district, should be managed by that construction district rather than the VDOT Central Office. Regional VDOT staff is better equipped to address the concern of the affected citizens and local governments. *(Revises and reaffirms previous position).*

## **FEDERAL**

### **SURFACE TRANSPORTATION PROGRAM REAUTHORIZATION**

In July 2012, Congress passed a two-year transportation reauthorization bill, Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21). This bill provides \$120 billion for federal transportation programs from July 2012 – September 2014. The bill does not direct funding towards specific projects. The U.S. Department of Transportation (USDOT) is currently developing rules for many of the programs, in consultation with

state departments of transportation, Metropolitan Planning Organizations (MPOs) and other stakeholders.

As discussions on the rulemaking and possible future legislation continue, NVTa believes that a number of significant issues should be considered, including:

- The level of Federal investment in the nation's transportation infrastructure, including both maintenance of the existing system and expansion, must increase significantly;
- The distribution of funding within the Federal Surface Transportation Program must be simplified and the number of funding programs streamlined.
- The time required to complete the federal review process of significant new transportation projects must be reduced, and the approval process must be consistent across all modal administrations. In addition, federal implementation regulations should be streamlined;
- To recognize the uniqueness of metropolitan areas, greater decision-making authority for determining how transportation funding is spent should be given to local governments and regional agencies, such as the Northern Virginia Transportation Authority;
- Energy efficiency and environmental protection must be addressed in the development of transportation projects; however environmental reviews should be conducted within specified timeframes, so that a project's environmental impacts can be identified and adequately addressed; and
- Safety and security must continue to be an important focus of transportation projects. *(Revises and reaffirms previous position)*

#### ***DEDICATED FUNDING FOR WMATA***

WMATA is the only major transit provider in the country without a permanent dedicated revenue source for a significant part of their revenue base. Congress passed legislation that authorizes \$1.5 billion for WMATA over ten years, if the region adopts a dedicated funding source(s) and provides an additional \$1.5 billion to match the federal funds. All three signatory jurisdictions have passed the compact amendments required to receive the federal funding, and the non-Federal matches are in place. This authorization must continue to be accompanied by annual appropriations. *(Revises and reaffirms previous position).*

#### ***FUNDING FOR THE VIRGINIA RAILWAY EXPRESS***

NVTa supports the Virginia Railway Express efforts to secure federal funding for the following capital projects: high capacity railcars, positive train control; train storage of rail equipment, station parking expansion, platform extensions and additions, and expansion of commuter rail service. *(Updates previous position.)*

#### ***LIMITS ON COMMUTER RAIL RELATED LIABILITY***

NVTa calls upon Congress to approve legislation to broaden the applicability of existing

statutory language in 49 USC, 28301 related to commuter rail related liability. The language should be amended to reflect the existing liability standard of a \$250M annual aggregate limit while broadening the cap beyond passenger rail related claims for property damage, bodily injury or death so that they apply to all claims brought by third parties. *(Reaffirms previous position)*

**FUNDING FOR TRANSPORTATION EMERGENCY PREPAREDNESS**

NVTA calls upon Congress to provide increased security funding to local and regional transportation agencies in the metropolitan Washington area. *(Reaffirms previous position.)*

**FUNDING FOR THE METROPOLITAN AREA TRANSPORTATION OPERATIONS COORDINATION (MATOC) PROGRAM**

NVTA calls upon Congress to provide increased funding to transportation agencies in the metropolitan Washington area to continue funding for MATOC's operations. *(Reaffirms previous position)*

**COMMUTER PARITY**

NVTA supports legislation that would permanently create parity between the level of tax-free transit benefits employers can provide to employees for transit and for parking benefits, as a way to make transit service more attractive to commuters who currently drive alone. In addition, NVTA supports legislation to permanently extend the current transit benefit to all branches of the federal government. *(Revises and reaffirms previous position.)*



AGENDA ITEM #5

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Claire Gron and Kala Quintana  
**DATE:** November 22, 2013  
**SUBJECT:** WMATA

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**A. Silver Line Update (Claire Gron)**

To date, WMATA has completed many activities identified in the Rail Activation Plan which are needed to implement and operate the new Silver Line, including hiring new staff. WMATA also commenced an extensive customer marketing and communications effort. Once the Metropolitan Washington Airports Authority (MWAA) and WMATA agree that Operational Readiness (ORD) has been achieved, WMATA has 90 days to conduct testing prior to Board acceptance and the establishment of a date for the start of revenue service. In November, the Customer Service and Operations Committee received a briefing on the status of start-up activities related to the Silver Line Phase I. (attached)

**B. Vital Signs/Dashboard Report (attached)**

**C. WMATA Budget Development (Claire Gron)**

WMATA is in the process of preparing its FY2015 capital and operating budgets. In October, the Finance & Administration Committee received a briefing on ridership projections and discussed possible fare and parking increases. WMATA staff also started discussions with the Jurisdictional Coordinating Committee (JCC) in early November concerning funding Metro 2025 projects. The GM/CEO will present the proposed FY2015 budget to the Board in December. WMATA expects the Board to adopt the FY2015 budget in April 2014.

#### **D. New Electronic Payment Program (NEPP) Update (Kala Quintana)**

WMATA continues to move forward with the procurement for the NEPP and the announcement of a vendor is expected in December 2013 with a Notice to Proceed expected in January 2014. In anticipation of these actions, NVTC staff submitted a mid-cycle grant application for Technical Assistance to DRPT for a total of \$200,000, requiring a 50% match from Northern Virginia partners.

NVTC convened a meeting on November 19, 2013 of the Northern Virginia stakeholders to review a draft Memorandum of Agreement (MOA) which authorizes NVTC to act on behalf of the Northern Virginia Transit systems including: Arlington ART, Alexandria DASH, Fairfax County Connector, City of Fairfax CUE, Loudoun County Transit, the Potomac and Rappahannock Transportation Commission and the Virginia Railway Express. Stakeholders reviewed options for allocating the match among the participating jurisdictions.

Moving forward, NVTC staff will begin to draft the RFP for Technical Assistance. Participating jurisdictions will identify principal points of contact for the concept design review and the pilot. A meeting is tentatively scheduled in mid December for a briefing on the grant award and initial review of a Technical Assistance RFP. NVTC staff will prepare a grant application for technical assistance in support from July 1, 2014 to June 30, 2016 and seek Commission approval at the January 2014 meeting.

#### **E. Follow-up Report: Metrorail Schedules and Ridership (Claire Gron)**

As a follow-up to the discussion at the October NVTC meeting concerning Metrorail schedules and ridership, staff offers the following information:

- Rail Service Standards: The WMATA Board adopted rail service standards, including normal weekday rush and non-rush service frequencies in October 2012 and July 2013, respectively. Rail on-time performance, or Metrorail's adherence to scheduled weekday headways, is reported in the quarterly Vital Signs Reports. An excerpt from the 2013 2<sup>nd</sup> Quarter Vital Signs report, detailing the Board standards, definitions, and data, is attached.
- Peak-of-the-Peak Surcharge: In August 2010, WMATA instituted a peak-of-the-peak fare surcharge with the goal of shifting the timing of passenger trips to relieve crowding on the system at its busiest times. WMATA eliminated the peak-of-the-peak surcharge in July 2012 after finding that the policy did not achieve its intended objective, as passenger behavior did not significantly change.

(attached)



Washington Metropolitan Area Transit Authority

# Silver Line Phase I Activation

Customer Service and Operations Committee

November 7, 2013





# Purpose

- Provide a status update on the start-up activities of the Silver Line Phase I service





# Silver Line Timeline



\* ORD = Operational Readiness Date





# Silver Line Timeline (Cont'd)

ORD\*

2009

2010

2011

2012

2013



Acceptance

## 2013

- Operating Plan
- Fleet Management Plan
- Title VI
- Railcar Availability
- Signage & Graphics
- System Map
- Dynamic Testing
- System Readiness
- Emergency Preparedness
- Operations Training
- Tie-in to Existing System

Today

## To Determine ORD

- All Testing Completed
- System Performance Demonstration
- Training
- Spare Parts
- Identification of Critical Punch List
- Documents, Agreements Property conveyance
- Safety and Security Certification

\* ORD = Operational Readiness Date



# Staffing



Personnel	New Positions	% Filled
Maintenance	306	88%
Operations	97	42%



## Training

88 Train Operators  
74 Station Managers



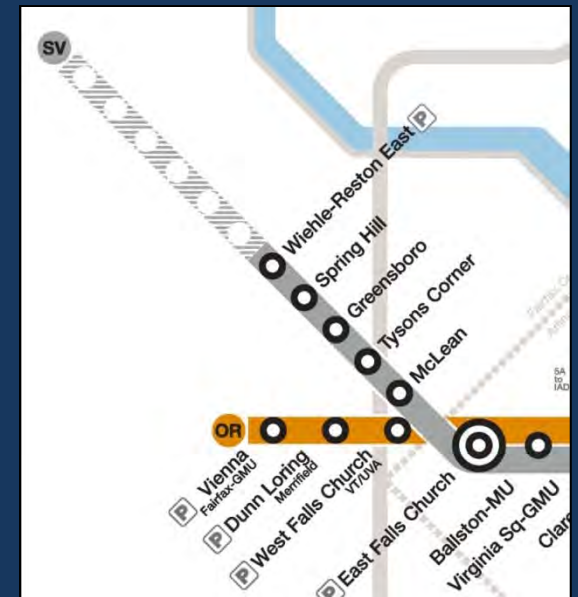
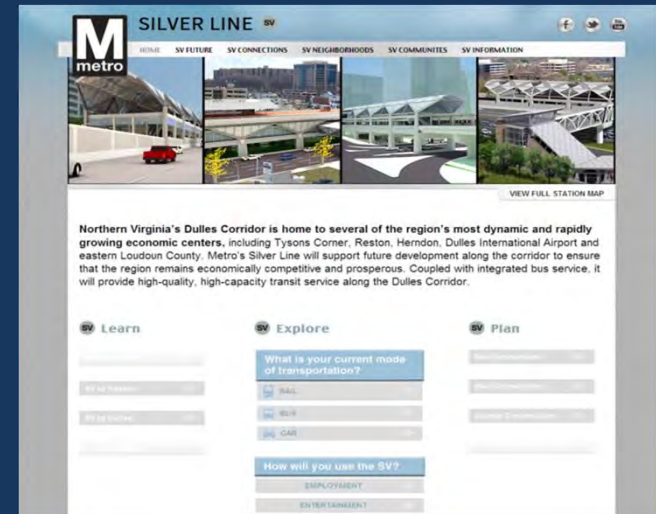
33 Completed Training  
8 Under Recruitment

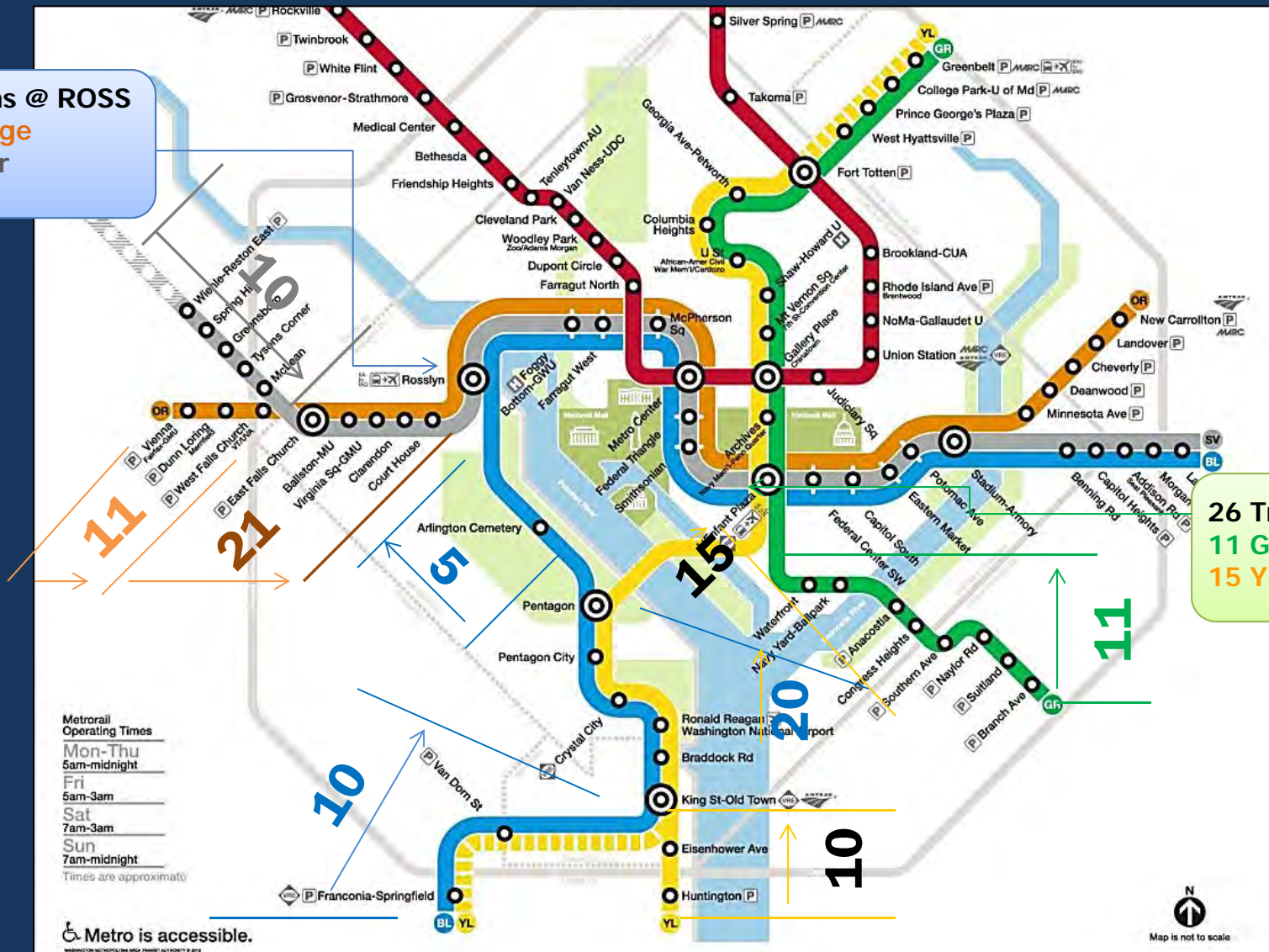
Transit Police	41	81%
Information Technology	10	80%
Human Resources	5	100%
Customer Service	2	100%



# Customer Marketing and Communication

- Pre-ORD Summer/Fall 2013
  - Stakeholder meetings
  - Microsite: [silverlinemetro.com](http://silverlinemetro.com)
  - Trademark SV
  - New map release
- ORD Winter 2013
  - Advertising
  - Connector bus
  - Employee education
  - Commemorative SmarTrip® card





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↑  
Map is not to scale





# Metrobus Service Plan

- Route changes approved by Board in December 2012
- Route structure approved by jurisdictions



Fairfax Connector



Loudoun County



Prince William County



Washington Flyer

Partnership  
with local  
bus carriers



# Emergency Preparedness

- Training for 900+ regional emergency personnel
  - Completion before start of revenue operations
  - Provided required safety equipment
- Two emergency exercises
  - After ORD prior to revenue

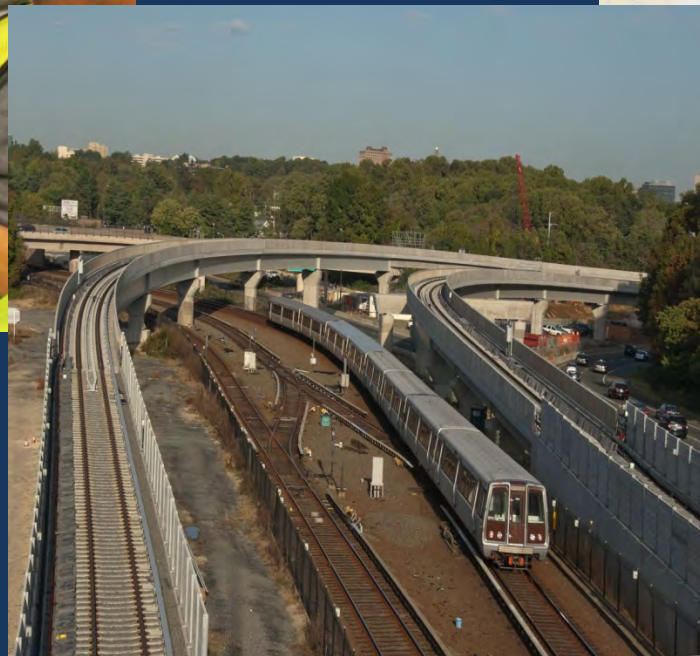






# System Readiness Testing

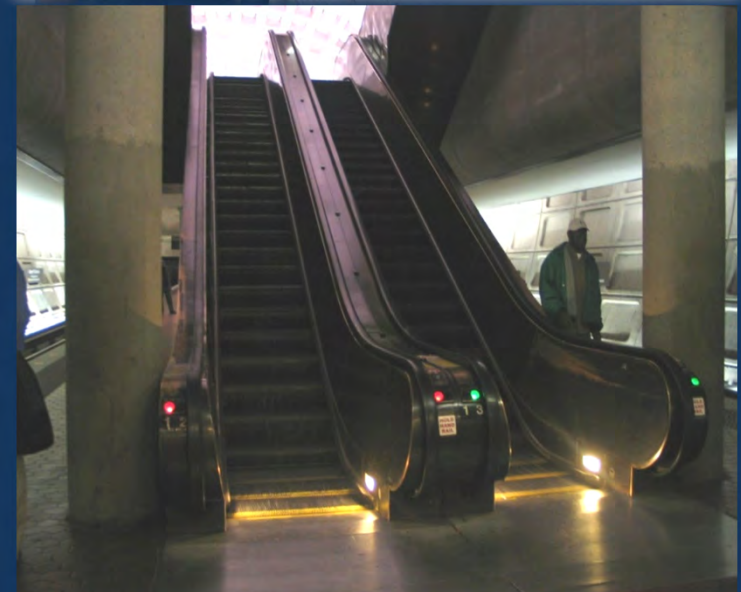
- Testing of all systems is ongoing
- Integration of new technology with existing systems
- Confirmation that alignment meets WMATA's criteria





# Training, Warranty & Spare Parts

- Training of new alignment
  - Underway with completion before start of revenue operations
- Warranty of systems and equipment
  - Commences at ORD
- Spare parts delivery
  - Underway completion early 2014







# Major Considerations For Final Acceptance

- Documents, agreements and property conveyance
  - Permits
  - Certificate of occupancy for wayside
  - Easement with jurisdictions
  - Maintenance agreements
  - Operations & Maintenance O&M Manuals
  - Assignment of Warranties



Safety & Security Certification Plan						
Agencies	Design Conformance Checklist		Construction Conformance Checklist		System Integration Testing Conformance Checklist	
	5,042		4,566		923	
DTP Signed	5,042	100%	3,784	83%	404	44%
Airports Authority Accepted	5,042	100%	3,138	69%	256	28%
WMATA Audited	5,042	100%	3,138	69%	256	28%

As of October 24, 2013



# Acceptance Activities - Review

- Station Names
- Rail Activation Plan
- Rush +
- Staffing
- Bus Service Change
- Marketing & Communication Plan
- Signage & Graphics
- AFC Equipment
- Operating Plan
- Fleet Management Plan
- Procurement of Railcars
- Railcar Availability
- Title VI
- ROCC Interface
- ATC/Power Line Diagrams
- Track Maps
- Communication Wiring Diagram
- Rail Schematic Drawings
- ATC Track Circuit Monitoring

- Electrification Single Line
- Radio Testing
- CCTV Testing
- System Map
- Technical Procedures
- Environmental Compliance
- Track Rights System
- Severe Weather Operations
- Dynamic Testing
- System Integration
- System Readiness
- MSRPH/RWP Modifications
- Emergency Preparedness
- Station Evacuation Procedures
- Emergency Response Maps
- Operations Training
- Schedule Development
- Resource Planning
- Physical Tie-in to Existing System



# Board Acceptance

## Rail Activation Plan



### To Determine ORD

- All Testing Completed
- System Performance Demonstration
- Identification Critical Punch List
- Agreements
- Property Conveyance
- As-builts
- Training
- Spare Parts
- Record of Deliverables
- Assignment of Warranties
- Permits
- Certificate of Occupancy
- Easements with Jurisdictions
- Safety and Security Certification



## Eight conditions must be met prior to WMATA acceptance

- ✓ Satisfactory completion of the Final Environmental Impact Statement (FEIS)
- ✓ Issuance of a Record of Decision by Federal Transit Administration (FTA)
- ✓ Board approval of final financial plan
- ✓ Execution of implementing financial commitments between MWAA and funding partners
- ☐ WMATA's determination of Project completion and its acceptability
- ☐ Conveyance to WMATA by MWAA of property interest in the Project property for WMATA's continuing control of the Project property
- ☐ Any indemnification obligation not to be a liability or potential liability for WMATA
- ☐ All land use and permitting approvals to be complete and final

✓ Completed

☐ Underway

# Vital Signs Report

*A Scorecard of Metro's*

*Key Performance Indicators (KPI)*

*2013 2nd Quarter Results*



**Office of Performance**

Chief Performance Officer

Published: August 2013

# **Board Standards and Guidelines**

Resolution 2012-29: Rail Service Standards  
Resolution 2013-20: Rail Service Standards

## Board Standard: Metrorail Service (Resolutions 2012-29 and 2013-20)

**Board Standard: Hours of Service** - Hours that the Metrorail system is open to serve customers.

**Target:** Opens at 5 AM weekdays, 7 AM weekends. Closes at 12 AM Sunday – Thursday, 3 AM Friday and Saturday.

**Time Period:** April – June 2013

**Results:**

- Metro opened two hours early for customers traveling to the Cherry Blossom 10-Miler (April 7) and the Nike Women Half Marathon (April 28).
- Metro provided an additional hour of service on May 13 from Gallery Place and Metro Center stations following a Washington Capitals playoff game.

**Board Standards: Headway** – Scheduled time interval between trains during normal weekday service.

**Target:** During rush - 3 min on core interlined segments, 12 min at Arlington Cemetery and 6 min on all other segments; during weekday mid-day - up to 6 min on core interlined segments and 12 min on all other segments; and during weekday evenings - up to 15 min on core interlined segments and up to 20 min on all other segments.

**Time Period Tracked:** April – June 2013

**Results:**

- Weekday evening headways were changed to accommodate system rebuilding on 65 days during Q2.
- Rush and non-rush headways were changed on 5/27 (Memorial Day, trains operated on a Sunday schedule).

For detail on Metro's adherence to scheduled headways, see Rail On-Time Performance on page 9.

**Board Standard: Passengers-per-car (PPC)** - Average number of passengers in a Metrorail car during a weekday hour at maximum load stations.

**Target:** Optimal PPC of 100, with minimum of 80 and maximum of 120 PPC.

**Time Period Tracked:** March – May 2013

**Rush Results:**

Line	Maximum Load Stations	AM Rush			PM Rush		
		Mar	Apr	May	Mar	Apr	May
Red	AM Gallery Place/PM Metro Center	75	81	79	73	74	74
	AM Dupont Circle/PM Farragut North	95	98	81	95	98	73
Blue	AM Rosslyn/PM Foggy Bottom-GWU	72	83	73	88	95	84
	AM L'Enfant Plaza/PM Smithsonian	63	67	52	56	60	71
Orange	AM Court House/PM Foggy Bottom-GWU	98	96	86	80	80	79
	AM L'Enfant Plaza/PM Smithsonian	66	66	73	54	54	60
Yellow	AM Pentagon/PM L'Enfant Plaza	74	83	71	73	83	88
Green	AM Waterfront/PM L'Enfant Plaza	69	72	91	85	76	71
	AM Mt. Vernon Sq./PM Mt. Vernon Sq.	69	72	78	64	68	61

**Non Rush Results:** Data not available, staff to present funding request necessary to track non-rush PPC as part of FY15 Budget process.

## Vital Signs Report

### Definitions

---

**Bus On-Time Performance** – Metrobus adherence to scheduled service.

**Calculation:** For delivered trips, difference between scheduled time and actual time arriving at a time point based on a window of no more than 2 minutes early or 7 minutes late. Sample size of observed time points varies by route.

**Bus Fleet Reliability (Bus Mean Distance between Failures)** – The number of total miles traveled before a mechanical breakdown. A failure is an event that requires the bus to be removed from service or deviate from the schedule.

**Calculation:** Total Bus Miles / Number of failures.

**Rail On-Time Performance** – Metrorail adherence to scheduled weekday headways.

**Calculation:** During rush (AM/PM) service, number of station stops delivered within the scheduled headway plus 2 minutes, divided by total station stops delivered. During non-rush (mid-day and evening), number of station stops delivered up to 150% of the scheduled headway divided by total station stops delivered. Station stops are tracked system-wide, with the exception of terminal and turn-back stations.

**Rail Fleet Reliability (Railcar Mean Distance between Delays)** – The number of revenue miles traveled before a railcar failure results in a delay of service of more than three minutes. Some car failures result in inconvenience or discomfort, but do not always result in a delay of service (such as hot cars).

**Calculation:** Total railcar revenue miles / number of failures resulting in delays greater than three minutes.

**Rail Passengers Per Car** - Average number of passengers in a Metrorail car during a rush hour at maximum load stations.

**Calculation:** Total passengers observed on-board trains passing through a station during a rush hour divided by actual number of cars passing through the same station during the rush hour. Counts are taken at select stations where passenger loads are the highest and in the predominant flow direction of travel on one to two dates each month (from 6:00 AM to 10:00 AM and from 3:00 PM to 7:00 PM). In order to represent an average day, counts are normalized with rush ridership.

**Elevator and Escalator System Availability** – Percentage of time that Metrorail escalators or elevators in stations and parking garages are in service during operating hours.

**Calculation:** Hours in service / operating hours. Hours in service = operating hours – hours out of service. Operating hours = operating hours per unit \* number of units.

**Customer Injury Rate (per million passengers<sup>1</sup>)** – Injury to any customer caused by some aspect of Metro's operation that requires immediate medical attention away from the scene of the injury.

**Calculation:** Number of injuries / (number of passengers / 1,000,000).

<sup>1</sup> Passengers are defined as follows:

- Metrobus reports unlinked passenger trips. An unlinked trip is counted every time a customer boards a Metrobus. In an example where a customer transfers between two Metrobuses to complete their travel two trips are counted.
- Metrorail reports linked passenger trips. A linked trip is counted every time a customer enters through a faregate. In an example where a customer transfers between two trains to complete their travel one trip is counted.
- MetroAccess reports completed passenger trips. A fare paying passenger traveling from an origin to a destination is counted as one passenger trip.

**Employee Injury Rate (per 200,000 hours)** – An employee injury is recorded when the injury is (a) work related; and, (b) one or more of the following happens to the employee: 1) receives medical treatment above first aid, 2) loses consciousness, 3) takes off days away from work, 4) is restricted in their ability to do their job, 5) is transferred to another job, 6) death.

**Calculation:** Number of injuries / (total work hours / 200,000).

**Crime Rate (per million passengers<sup>1</sup>)** – Part I crimes reported to Metro Transit Police Department for Metrobus (on buses), Metrorail (on trains and in rail stations), or at Metro parking lots in relation to Metro's monthly passenger trips. Reported by Metrobus, Metrorail, and Metro parking lots.

**Calculation:** Number of crimes / (number of passengers / 1,000,000).

**Customer Comment Rate (per million passengers<sup>1</sup>)** – A complaint is defined as any phone call, e-mail or letter resulting in investigation and response to a customer. This measure includes the subject of fare policy but excludes specific Smartrip matters handled through the regional customer service center. A commendation is any form of complimentary information received regarding the delivery of Metro service.

**Calculation:** Number of complaints or commendations / (number of passengers / 1,000,000).

**Customer Satisfaction** – Customer satisfaction is defined as the percent of survey respondents who rated their last trip on Metrobus or Metrorail as "very satisfactory" or "satisfactory." The survey is conducted via phone with approximately 400 bus and 400 rail customers who have ridden metro in the past 30 days. Results are summarized by quarter (e.g., January – March).

**Calculation:** Number of survey respondents with high satisfaction / total number of survey respondents.



## Vital Signs Report Performance Data

2nd Quarter 2013

### KPI: Bus On-Time Performance -- Target = 78%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2nd Qtr
<b>CY 2012</b>	78.3%	77.8%	76.4%	77.2%	74.8%	74.9%	76.7%	78.0%	73.8%	74.5%	76.3%	76.9%	75.6%
<b>CY 2013</b>	78.8%	79.4%	78.4%	76.5%	75.6%	75.5%							75.9%

### KPI: Bus Fleet Reliability (Bus Mean Distance Between Failures) -- Target = 8,100 Miles

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2nd Qtr
<b>CY 2012</b>	8,704	8,230	8,527	8,330	7,302	7,378	7,045	8,389	6,999	7,537	7,743	8,608	7,634
<b>CY 2013</b>	9,008	9,783	8,883	7,918	9,060	6,917							7,893

\* Bus Fleet Reliability target revised effective January 2013

### Bus Fleet Reliability (Bus Mean Distance Between Failure by Fleet Type)

Type (~ % of Fleet)	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	12-Month MDBF
<b>CNG (30%)</b>	7,788	8,402	8,147	8,426	7,081	8,570	8,625	10,614	7,324	6,350	8,030	6,701	7,865
<b>Hybrid (27%)</b>	9,293	10,890	8,691	9,369	10,593	10,463	11,611	11,806	12,593	10,418	11,323	8,067	10,277
<b>Clean Diesel (8%)</b>	5,728	7,162	4,543	6,741	5,929	7,506	8,382	10,223	6,830	8,812	9,499	8,369	7,059
<b>All Other (35%)</b>	4,080	5,468	4,950	4,437	5,311	5,894	5,735	5,531	6,347	5,417	5,809	4,031	5,154

### KPI: Rail On-Time Performance -- Target = > 90.5%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2nd Qtr
<b>CY 2012</b>	89.3%	89.2%	90.8%	90.8%	90.0%	90.8%	91.2%	92.1%	91.5%	91.7%	91.7%	92.3%	90.5%
<b>CY 2013</b>	92.3%	92.2%	92.1%	92.4%	91.9%	91.5%							91.9%

In June 2012, the Rail OTP calculation was adjusted to reflect Rush+. To allow for comparison with past performance, OTP was recalculated for Jan 2011-May 2012.

### Rail On-Time Performance by Line

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	12-Month OTP
<b>Red Line</b>	90.1%	91.4%	90.0%	90.0%	90.7%	91.8%	91.7%	92.3%	91.4%	92.9%	90.5%	90.0%	91.1%
<b>Blue Line</b>	90.3%	91.0%	91.0%	91.2%	90.7%	91.3%	91.0%	90.4%	90.3%	90.5%	91.4%	90.4%	90.8%
<b>Orange Line</b>	92.3%	93.1%	92.9%	93.2%	92.8%	93.6%	93.0%	92.5%	93.0%	93.0%	93.3%	92.7%	92.9%
<b>Green Line</b>	93.1%	93.8%	93.4%	93.4%	93.3%	93.3%	94.5%	93.9%	94.4%	93.5%	93.5%	93.6%	93.6%
<b>Yellow Line</b>	91.7%	92.3%	92.5%	92.2%	92.0%	91.8%	92.7%	92.5%	92.0%	92.3%	92.6%	92.4%	92.3%
<b>Average (All Lines)</b>	91.2%	92.1%	91.5%	91.7%	91.7%	92.3%	92.3%	92.2%	92.1%	92.4%	91.9%	91.5%	91.9%



AGENDA ITEM #6

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kelley Coyner and Staff  
**DATE:** November 22, 2013  
**SUBJECT:** TSDAC Update

---

The CTB is expected to take up the capital assistance allocation methodology recommended by TSDAC and DRPT on December 4. As required by SB1140, DRPT proposes a tiering structure to prioritize capital spending and an overhaul of the way state share is calculated that undermines the tiering structure. TSDAC voted to recommend the methodology to the CTB in a 6-2 vote. As discussed at the October NVTC meeting, Al Harf and Cindy Mester cast dissenting votes and prepared a Minority Report.

The NVTC Chair and NVTC jurisdictions plan to submit comments prior to the November 29 deadline. NVTC Commissioners will be notified when those comments have been posted on the NVTC website.

TSDAC Chair John McGlennon recently appointed members of the working group. The working group is tasked with 1) creating methods and standards to review and analyze data, and research possible processes to reward exceptional behavior; and 2) studying indirect input vs. direct output metrics for sizing transit systems.

NVTC staff will update the Commission at the December 5 meeting.



AGENDA ITEM #7

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kelley Coyner  
**DATE:** November 22, 2013  
**SUBJECT:** VRE

---

**A. Report from the VRE Operations Board and VRE Chief Executive Officer**

VRE staff will be present to address items in the VRE CEO's report. The CEO November 2013 Report and the Minutes of the November 15, 2013 VRE Operations Board Meeting are attached.

**B. Joint VRE Audit Committee**

On November 15, the VRE Joint Audit Committee formally met and discussed its work plan and refined an outline for a scope of services for a Management Audit. The chief executive officers of NVTC, PRTC, and VRE will prepare an RFP in accordance with the guidance provided by the Joint Audit Committee and present it on Dec. 20<sup>th</sup>. The Joint Audit Committee also received the Auditor's Report that day. (See action item below in 7D.)

**C. Update on the VRE System Plan and the Reallocation of Train Slots to VRE**

VRE plans to finalize a system plan in January 2014. The plan will guide system investments through 2040. This month, staff presented an overview of specific investments recommended by the System Plan, including a preliminary estimate of capital costs, to the VRE Operations Board. (Overview attached.)

In addition, as a follow-up to a discussion at the October VRE Operations Board meeting concerning VRE capacity (train slots), DRPT's Kevin Page discussed the return of train slots borrowed from VRE by DRPT per a CSX-VRE-DRPT Memorandum of Understanding.

**D. ACTION ITEM: FY 2013 Audited VRE Financial Statements and Auditor's Report**

**Recommended Action:** Resolution #2229: Accept and Distribute the FY 2013 VRE Financial Statements and Auditor's Report.

**Background:** The FY 2013 VRE audit was conducted by the firm of PB Mares, LLP, which has served as the auditor for VRE, PRTC and NVTC for the last several years. Mike Garber and Dwight Buracker of PB Mares met with the VRE Audit Committee on November 15<sup>th</sup> prior to the VRE Operations Board meeting to review the audit findings in detail and then Mr. Garber gave a brief presentation to the full Operations Board. The auditors have issued an unqualified opinion. Their opinion letter states that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization.

**E. ACTION ITEM: Authorization to Amend the Contract for New Passenger Railcars**

**Recommended Action:** Resolution #2230: Authorization to Amend the Contract for New Passenger Rail Cars.

**Background:** VRE was recently notified of a substantial increase in the level of federal funding for FY 2014, primarily from the additional funds that came to the Washington region through the MAP-21 new State of Good Repair program. VRE has now received \$14.9 million. The VRE Operations Board recommends that the Commissions authorize the VRE CEO to amend the contract with Sumitomo Corporation of America to place an option order for seven additional railcars. This purchase will allow VRE to retire the remaining Legacy railcars. The contract with Sumitomo will be increased by \$14,805,714, from \$21,240,000 to \$36,045,714, plus a contingency of \$501,786, for a total not to exceed the amount of \$36,547,500.

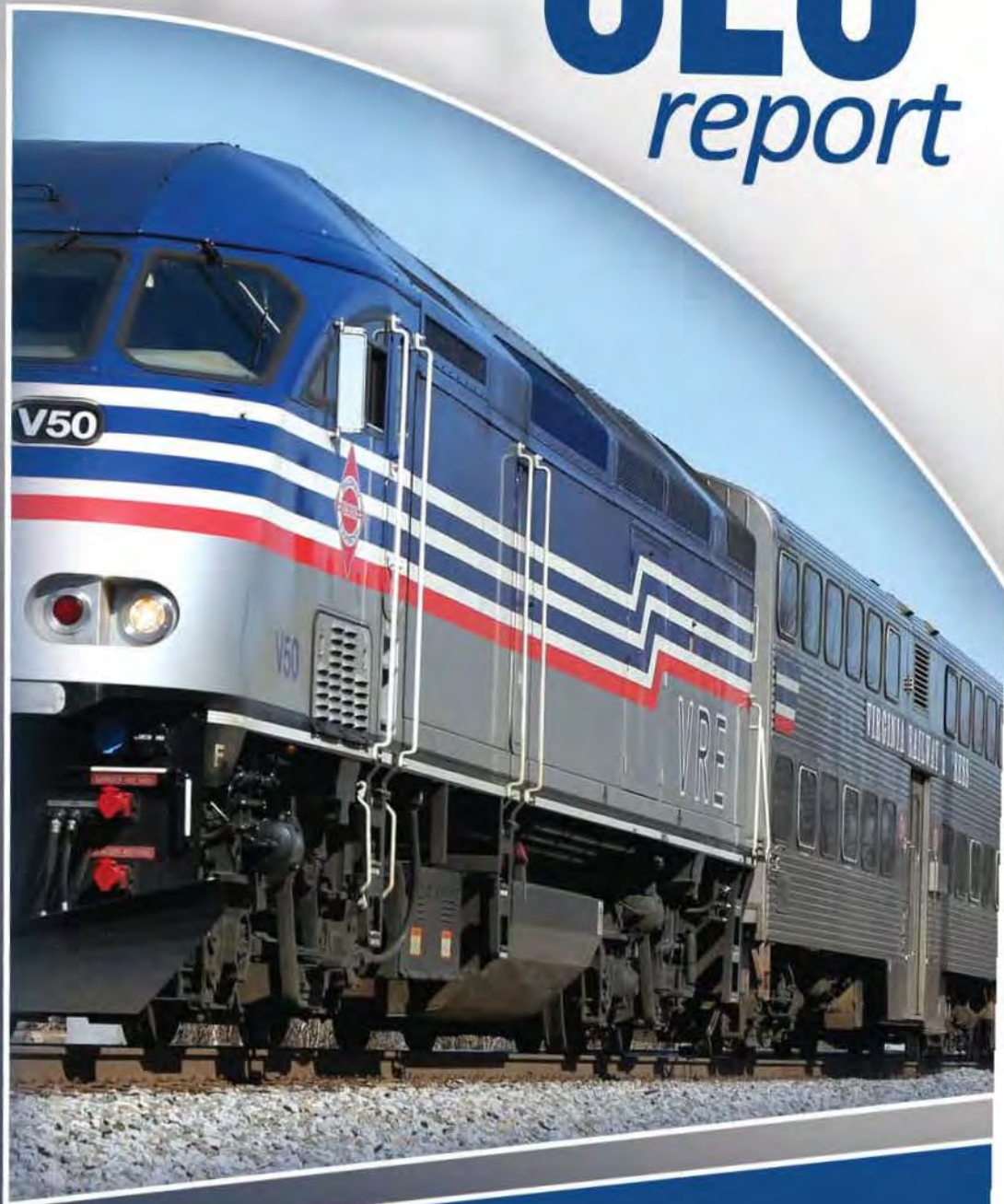
**F. ACTION ITEM: Authorization to Extend the Amended Operating Access Agreement with Norfolk Southern**

**Recommended Action:** Resolution #2231: Authorization to Extend the Amended Operating Access Agreement with Norfolk Southern.

**Background:** VRE has an Operating Access Agreement with Norfolk Southern (NS) for VRE operations in the Manassas to Washington corridor. The agreement, dated as of May 5, 2000, has been amended and extended several times, and the most current extension will expire on December 31, 2013. The agreement needs another extension to continue negotiations with Norfolk Southern. This authorization would extend the Operating Agreement with NS to June 30, 2014.



# CEO *report*



**NOVEMBER 2013**

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### ON TIME PERFORMANCE

While our On Time Performance (OTP) remained above 90% on both lines for the month of October, it did dip slightly in comparison with the two previous months. Most of the delays that occurred took place on three separate days where incidents affected multiple trains throughout the day. One day's delays were the result of signal issues, another day, delays were the result of a malfunctioning wheel chair lift to an early morning train which caused interference with each subsequent train, and one day's delays were due to restricted speeds through the Burke area as local authorities investigated suspicious activity.

Overall On Time Performance for October was 94%, with Fredericksburg trains operating at 93% and Manassas trains operating at 94%.

Looking at this more closely, VRE operated 690 trains during October with 42 trains encountering a delay of five minutes or greater. Delays were split equally between the two lines with 21 delays a piece.

Our goal for the upcoming months is to return our On Time Performance to the high 90th percentile.

### Reason for Delays



- Signal/Switch Failure
- Mechanical
- Late Turn
- Passenger Handling
- Train Interference
- Restricted Speed
- Schedule
- Other



### TRIP DELAYS

SYSTEM-WIDE	AUG.	SEP.	OCT.
Total delays	17	21	42
Average delay (mins)	13	14	26
Number over 30 min.	0	2	14
Total heat restriction days	6/22	2/20	0/23
On-Time Performance	97%	97%	94%
<b>FREDERICKSBURG LINE</b>			
Total delays	3	18	21
Average delay (mins)	10	14	27
Number over 30 min.	0	1	6
On-Time Performance	99%	99%	93%
<b>MANASSAS LINE</b>			
Total delays	14	3	21
Average delay (mins)	13	17	25
Number over 30 min.	0	1	8
On-Time Performance	96%	96%	94%



## RIDERSHIP UPDATE

The story of ridership in October is the story of the government shutdown. Between the dates of October 1st and October 16th, ridership dropped 31%. The positive side of things was that as soon as the shutdown was over, ridership sprang back, with one day reaching 21,086, our fourth busiest day ever. Still that did not allow our monthly figures to equal the numbers from last year, with the shutdown resulting in a 16.7 % drop in ridership compared to October 2012.

The shutdown had a slight affect on Amtrak trains with a drop in step-up usage from 11,104 in September to 10,575 step-up riders for the month of October.

The average number of riders per day for the month of October was approximately 16,600.

We expect ridership numbers to return to normal at 19,000 plus in November.

### RIDERSHIP MONTH TO MONTH COMPARISON

October 2013	368,153
October 2012	384,161
Service Days (Current/Prior)	23/20
Percentage Change	-16.7%

## MONTHLY CITATIONS UPDATE

Keolis wrote 182 citations during the month of October, 29 less than September.

VRE waived 41 tickets after riders showed proof of purchase of a monthly ticket. Additionally, another 15 tickets were waived either for system errors, requests of the conductor or TVM issues.

Of the remaining 126 citations that went to Court, 39 cases were found to be guilty, 25 were prepaid, 7 were continued on to a later date. 54 were dismissed and only 1 person was found not guilty.

### FARE EVASION COURT ACTIONS



### WAIVED CITATIONS

VRE ACTIONS	OCCURANCES
Waived - Passenger had proof of monthly ticket	41
Waived - Per request of conductor	2
Waived - Special circumstances	13
<b>TOTAL</b>	<b>56</b>

- Guilty
- Guilty in Absentia
- Prepaid Prior to Court Date
- Cont. to Next Court Date
- Dismissed
- Not Guilty



### RIDERSHIP

Date	MSS AM	MSS PM	Total MSS	Actual OTP TD	FBG AM	FBG PM	FBG Total	Actual OTP TD	Total Trips	Actual OTP TD
1	3,920	3,539	7,459	100%	4,207	4,086	8,293	93%	15,752	97%
2	2,916	2,784	5,699	100%	3,517	3,308	6,825	86%	12,524	93%
3	3,096	2,786	5,882	100%	3,214	3,257	6,471	100%	12,353	100%
4	2,692	2,493	5,184	100%	2,631	2,781	5,412	93%	10,596	97%
5										
6										
7	3,093	3,079	6,171	94%	3,668	3,597	7,265	100%	13,436	97%
8	3,492	3,493	6,985	94%	3,693	3,789	7,483	93%	14,467	93%
9	3,380	3,517	6,897	88%	3,931	3,964	7,894	100%	14,792	93%
10	3,154	3,279	6,433	100%	3,618	3,762	7,380	100%	13,813	100%
11	2,597	2,783	5,379	100%	2,916	3,118	6,034	100%	11,413	100%
12										
13										
14*	472	431	902	100%	449	443	893	100%	1,795	100%
15	3,300	3,104	6,403	100%	3,603	3,733	7,336	100%	13,739	100%
16	3,143	3,207	6,349	100%	3,510	3,794	7,303	100%	13,653	100%
17	4,641	4,550	9,191	94%	4,868	5,010	9,878	79%	19,069	87%
18	3,472	3,461	6,932	38%	4,294	4,551	8,845	79%	15,777	57%
19										
20										
21	4,784	4,652	9,436	94%	4,950	5,201	10,151	93%	19,587	93%
22	5,312	5,191	10,502	100%	5,141	5,443	10,584	100%	21,086	100%
23	4,898	4,810	9,707	94%	5,170	5,532	10,702	93%	20,409	93%
24	5,053	4,879	9,931	100%	5,214	5,246	10,460	100%	20,391	100%
25	4,140	3,686	7,826	100%	4,404	4,204	8,608	100%	16,434	100%
26										
27										
28	4,805	4,517	9,322	94%	4,848	5,049	9,897	100%	19,219	97%
29	5,067	4,886	9,952	100%	5,385	5,573	10,958	100%	20,910	100%
30	4,929	4,833	9,762	100%	5,127	5,242	10,369	86%	20,131	93%
31	4,686	4,752	9,438	75%	5,066	5,881	10,947	57%	20,384	67%
	87,037	84,709	171,746	94%	93,424	96,563	189,987	93%	361,733	94%
Amtrak Trains: 420				**	Amtrak Trains: 6,000				Adjusted Total:	
Adjusted total: 171,264					Adjusted Total: 195,094				366,358	

NOTE: Adjusted Averages and Totals include all VRE trips taken on Amtrak trains, but do not include "S" schedule days.

\* designates "S" schedule day

\*\* Amtrak train numbers have been estimated (30% reduction from September 2013)

**Total Number of Service Days To Date: 87**

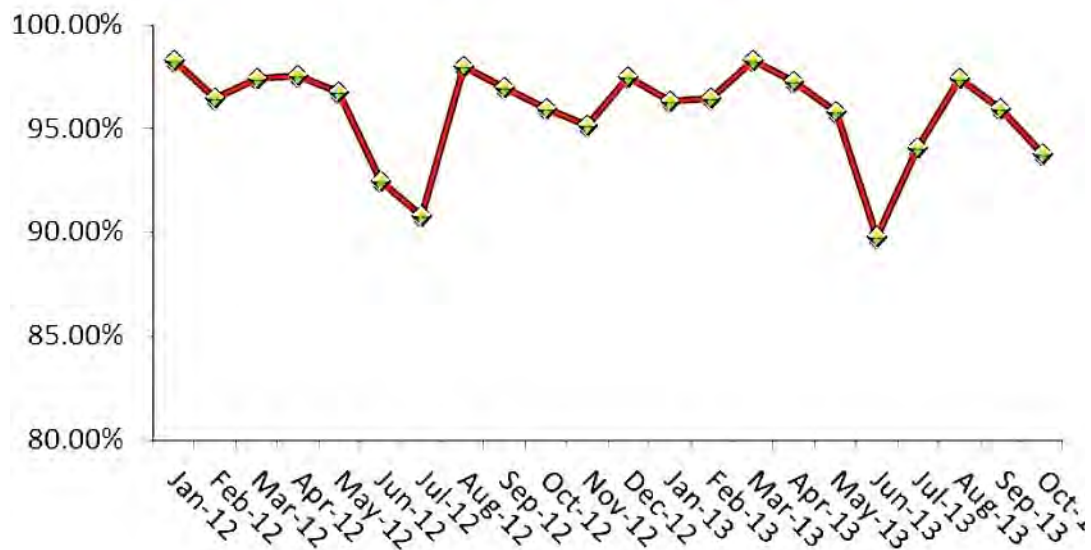
**Average Daily Riders To Date: 18,043**

Trips This Month:	368,153
Prior Total FY-2014:	1,201,560
Total Trips FY-2014:	1,569,713
Total Prior Years:	62,422,463
Grand Total:	63,992,176

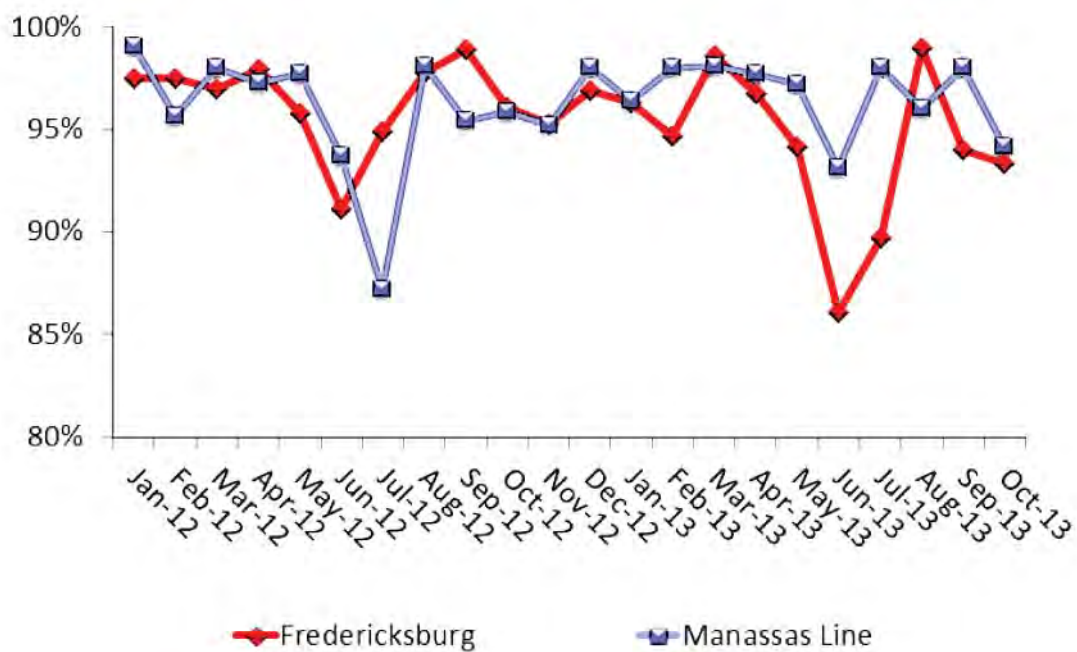
# of Service Days:	22		Total
Manassas Daily Avg. Trips:	7,807	Adjusted Avg.:	7785
Fred'burg Daily Avg. Trips:	8,636	Adjusted Avg.:	8868
Total Avg. Daily Trips:	16,442	Adjusted Avg.:	16,653

## ON TIME SYSTEM PERFORMANCE

### SYSTEM PERFORMANCE



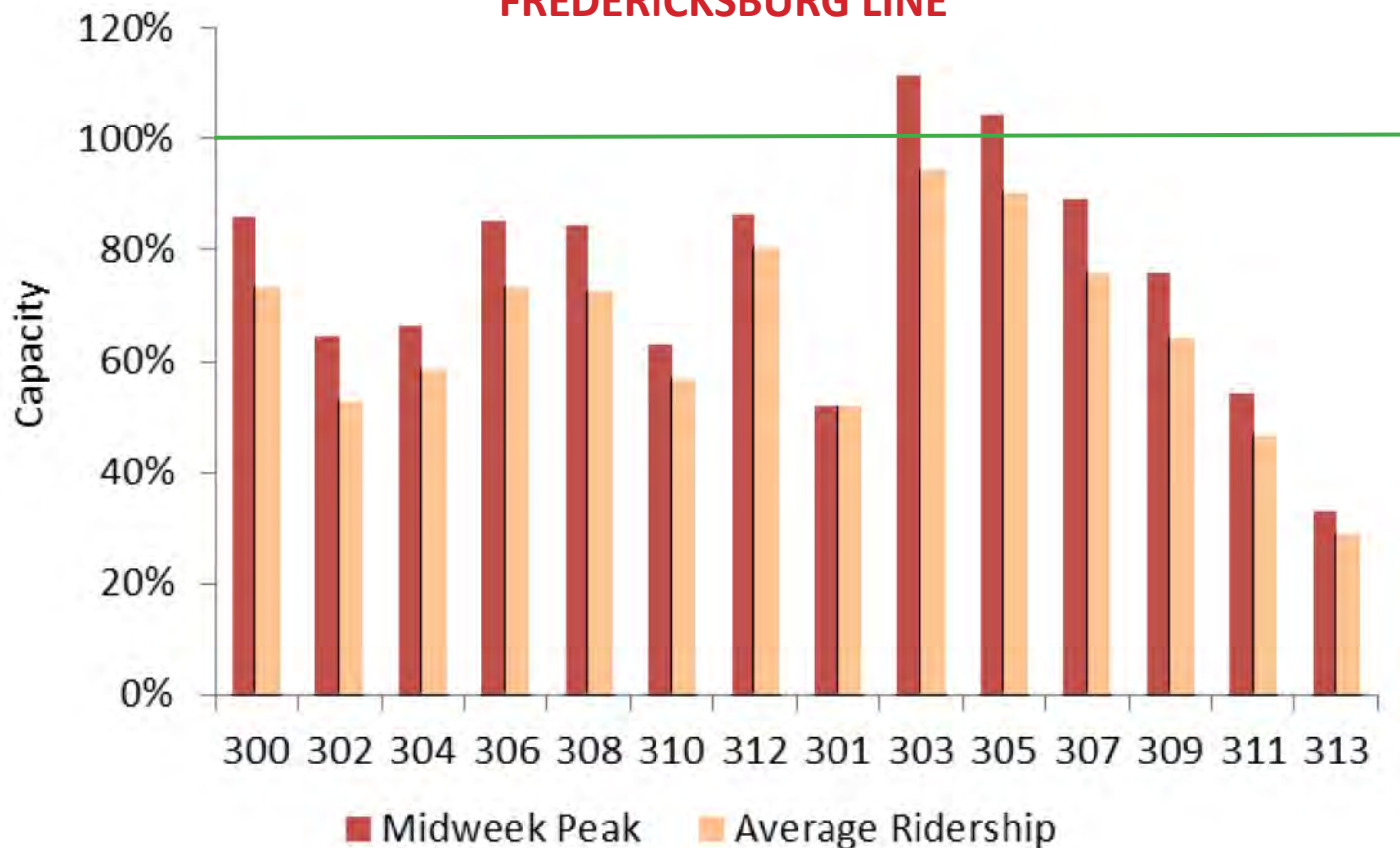
### PERFORMANCE BY LINE



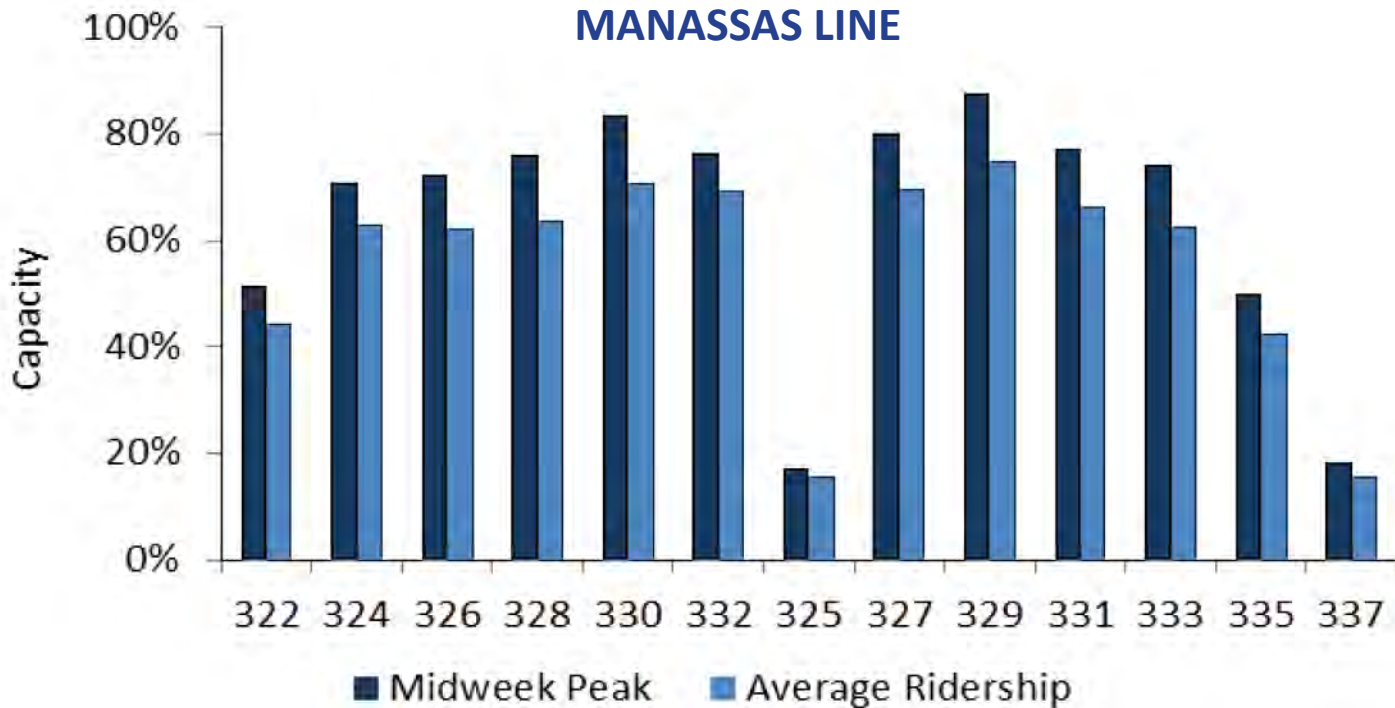


### TRAIN UTILIZATION

#### FREDERICKSBURG LINE

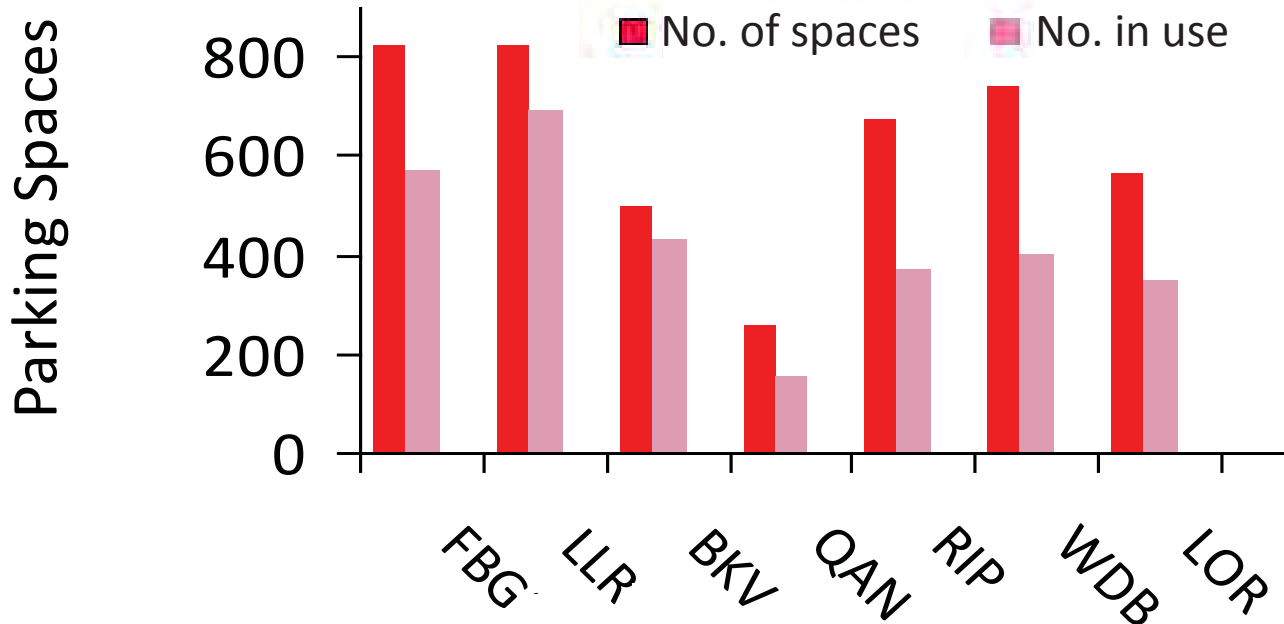


#### MANASSAS LINE

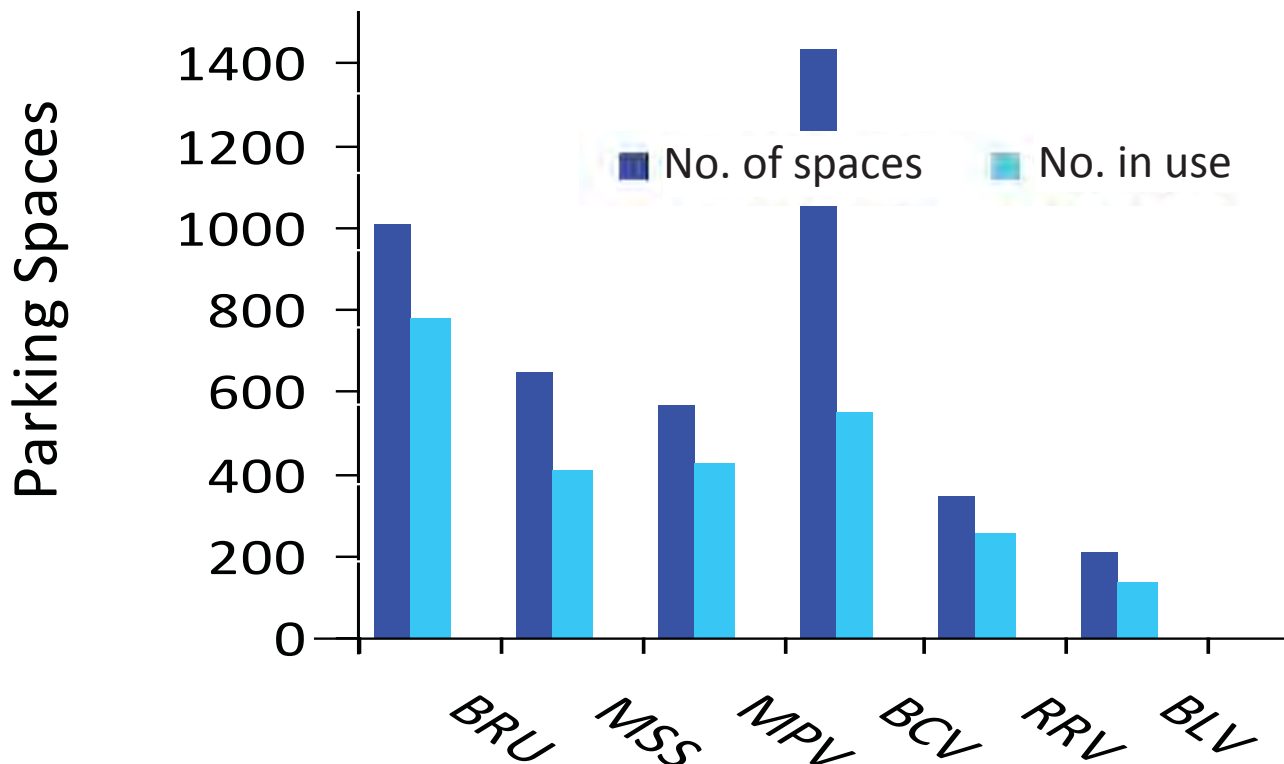


## PARKING UTILIZATION

### FREDERICKSBURG LINE



### MANASSAS LINE



## GENERAL INFORMATION

### HIGHWAY SIGN RENEWAL



In 1996, VRE worked with VDOT to install road signs for key stations on I-95 and I-495, and pathfinder signs for multiple secondary routes. In 2012, VRE revisited the road and pathfinder plan and determined it needed a better means to control the more than 102 signs.

VRE addressed this concern by creating a Google Earth map for the 14 outer stations and the new Spotsylvania station to more accurately locate, renew and install any needed additional signs.

Currently, VRE has two pathfinder signs and two Interstate road signs ready for renewal. VRE is also working with VDOT to install pathfinder and Interstate road signs in the near future for the Spotsylvania station.



### CAPITAL COMMITTEE UPDATE

The Financial and Debt Management Principles, as recommended by the Capital Committee, were approved by the Operations Board in October and were presented to the Commissions for their review in November. In October, the Committee reviewed the recommendations for heavy maintenance and overhaul alternatives for VRE rolling stock; the funding for this program will be included in the FY 2015 to FY 2020 capital improvement program (CIP). In November, the Committee will be considering the funding sources and projects for the CIP, which will be presented to the Operations Board in December.

### NEW QUANTICO VENDOR AND EVENT



VRE opened a new ticket vendor at our Quantico Station on Sept. 17th, 2013. The vendor, Ricks Roasters, offers coffee, both fresh brewed and take home beans, as well as snacks and other sundries. Since their opening, the vendor has done exemplary work in taking on ticket sales duties at this station.

To celebrate the new vendor, and to introduce them to the VRE riders at Quantico, VRE will be holding a “Meet the Vendor” event at the station on Nov. 12th, 2013.

Ricks Roasters will be providing coffee service for the event, and VRE staff will be there to speak with passengers, answer questions, and more.



## GENERAL INFORMATION, *CONT.*

### BICYCLE COUNTS PER STATION - OCTOBER 2013

Backlick Road - 0	Fredericksburg - 5	Quantico - 4
Broad Run - 1	Leeland Road - 3	Rippon - 1
Brooke - 0	Lorton - 1	Rolling Road - 2
Burke Centre - 5	Manassas - 5	Woodbridge - 0
Franconia/Springfield - 15*	Manassas Park - 2	

\*(bike riders of VRE and Metro cannot be differentiated)

## PLANNING

### REGIONAL TRANSPORTATION PRIORITIES PLAN



The Draft Regional Transportation Priorities Plan (RTPP) was discussed at the October 16 meeting of the National Capital Region Transportation Planning Board (TPB). The purpose of the RTPP is to identify those transportation strategies that best promote the TPB's goals for economic opportunity, transportation choices, system safety and efficiency, quality of life, and environmental stewardship. The RTPP will identify strategies that the region agrees are the top priorities for addressing the most

pressing challenges that the region faces in meeting our shared goals. A number of TPB members from Virginia as well as DC and Maryland expressed support at the meeting for expanding the plan's emphasis on commuter rail as a strategy to address regional mobility, transportation choice, economic competitiveness and other TPB goals. It was indicated that subsequent versions of the RTPP will include a more detailed discussion of commuter rail.

### TRANSPORTATION RESEARCH BOARD



The 12th Transportation Research Board (TRB) Rail Passenger Caucus will be held November 22-23, 2013 in Washington, DC and Baltimore, MD. Caucus attendees will travel from Fredericksburg to Washington, DC aboard VRE Train 310

on Friday morning. VRE staff will meet attendees at the Fredericksburg station prior to boarding to provide an overview of VRE station and train operations. Upon arrival at Union Station, the meeting will move to the Amtrak Board Room where I will provide a short overview of VRE plans, programs and operations. Amtrak, WMATA, DDOT and WMAA presentations are also on the morning agenda. The afternoon includes tours of DDOT streetcar construction and WMATA operations before heading to Baltimore via MARC. The Caucus concludes on Saturday with presentations by MTA and MARC and a field review of MTA light rail operations.



## PLANNING, CONT.

### TRANSPORTATION RESEARCH BOARD...continued

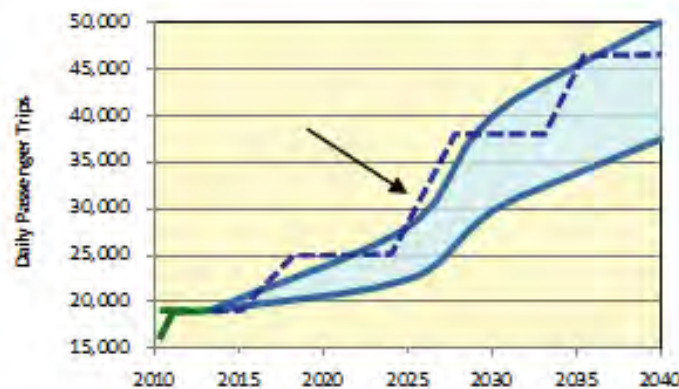
The TRB Rail Passenger Caucus is a joint business meeting of the passenger rail-oriented committees of the TRB Public Transport and Rail Groups. The TRB mission is to promote innovation and progress in transportation through research. It facilitates the sharing of information on transportation practice and policy by researchers and practitioners; stimulates research and offers research management services that promote technical excellence; provides expert advice on transportation policy and programs; and disseminates research results broadly and encouraged their implementation.

### SYSTEM PLAN UPDATE

Work is underway to develop more detailed information about the preliminary VRE System Plan recommendations, presented to the VRE Operations Board at its October meeting. The analysis will include identifying the ridership market impact, capital and operating costs, benefits and implementation issues for the system investment and expansion projects that advance the plan's three primary initiatives:

- Maximize existing service
- Expand service beyond existing capacity
- Regional rail concepts

Implementation of the program of investments associated with the first two initiatives supports potential VRE ridership growth of up to 50,000 daily passenger trips by 2040 and sets the stage for the establishment of a full-service regional rail network serving the Washington, DC metropolitan area.



## RAIL OPERATIONS

### SAFETY UPDATE

Staff have been upgrading our contractor safety training program in order to reflect advances other railroads have recently made. TriVision studios cinematography of Chantilly has been retained to film a video on VRE property depicting general safety and security rules and standard procedures. The video will also cover some basic informational elements to help familiarize new contractors to the railroad environment. VRE's goal is to present this video, coupled with an examination on its contents to all new contractors who will be performing work on VRE property prior to their arrival on VRE property. Passage of the examination will yield a VRE safety training credential valid for one year, similar to the annual training certification that VRE train crews receive.



RAIL OPERATIONS, *CONT.*

## CUSTOMER SURVEY FOLLOW-UP

Last month we were happy to report steady improvements in virtually all categories of our annual customer service survey.

While happy with the results, we believe that there is always room for improvement. To help improve scores for next year, we will work to develop an action plan for any score below 80%. We plan to highlight several of these action plans in the next several CEO reports.

## FINANCIAL REPORT

	DOLLARS	GOAL	ACTUAL
Operating Ratio		55%	57%
<b>Budgeted Revenue</b>	<b>81,838,573</b>		
Budgeted Revenue YTD	29,234,119		
Actual Revenue YTD	30,075,503		
Cumulative Variance	841,384		841,384
Percent Collected YTD		35.72%	36.75%
<b>Budgeted Expenses</b>	<b>81,838,573</b>		
Budgeted Expenses YTD	28,254,477		
Operating Expenses YTD	26,295,692		
Cumulative Variance	1,958,785		1,958,785
Percent Expended YTD		34.52%	32.13%
<b>Net Income (Loss) from Operations</b>			<b>2,800,169</b>

These figures are preliminary and unaudited.

A copy of the October 2013 Operating Budget Report is attached. Fare income for the month of October 2013 was \$36,729 below the budget – an unfavorable variance of 1.14%. The cumulative variance for the year is 3.21% or \$402,672 above the adopted budget. Revenue in FY 2014 is up 13.9% compared to FY 2013. The government shutdown in October did not have a material effect on fare revenue. A summary of the financial results (unaudited) as of October 2013 follows. Detail on the major revenue and expense categories is provided in the attached Operating Budget Report. Included is the investment report dated September 30, 2013

### VRE Investment Portfolio

As of September 30, 2013

Investment Type	Institution	Amount	Description	Rate
Checking Account	SunTrust	7,072,389	Checking account	0%
LGIP (Local Government Investment Pool)	LGIP	23,855,178	Operating and reserve funds	0.110%
<i>Project Funds</i>				
LGIP (Local Government Investment Pool)	LGIP	140,308	Proceeds from sale of rolling stock	0.110%
LGIP (Local Government Investment Pool)	LGIP	52,937	Revolving account for small liability claims	0.110%
Money market fund	U.S. Bank	1,726,833	Funds held by bond trustee until next payment date	0.00%
Insurance trust fund	DRM	10,416,572	Amount as of 9/30/2013	N/A
<b>Total portfolio</b>		<b>43,264,217</b>		

<b>Percentage of portfolio:</b>	
Checking-SunTrust	16%
LGIP	56%
Money market fund-US Bank	4%
Insurance trust fund	24%
Total Percentage of Portfolio:	100%

<b>Earnings Credit - Checking Account</b>	<i>Current Month</i>	<i>Year to Date</i>
Current year earnings credit amount	669.36	2,299.52
Average monthly balance	5,617,926.82	6,465,169.28
Earnings credit rate	0.20%	0.20%

(1) Contract allows for earnings credit of .20% on average monthly balance as an offset to banking services costs.

(2) Earnings calculated based on monthly average.

### VIRGINIA RAILWAY EXPRESS FY 2014 Operating Budget Report October 31, 2013

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE \$	%
<b>OPERATING REVENUE</b>						
Passenger Ticket Revenue	3,171,239	3,207,968	12,942,911	12,540,239	402,672	3.2%
Other Operating Revenue	1,900	14,550	50,740	56,876	(6,136)	-10.8%
<b>Subtotal Operating Revenue</b>	<b>3,173,139</b>	<b>3,222,518</b>	<b>12,993,651</b>	<b>12,597,116</b>	<b>396,535</b>	<b>3.1%</b>
Jurisdictional Subsidy (1)	-	-	8,360,923	8,360,923	-	0.0%
Federal/State/Other Jurisdictional Subsidy	2,849,829	2,705,079	8,712,355	8,270,838	441,516	5.3%
Appropriation from Reserve	-	-	-	-	-	0.0%
Interest Income	2,394	1,341	8,574	5,242	3,332	63.6%
<b>Total Operating Revenue</b>	<b>6,025,362</b>	<b>5,928,938</b>	<b>30,075,503</b>	<b>29,234,119</b>	<b>841,384</b>	<b>2.9%</b>
<b>OPERATING EXPENSES</b>						
Departmental Operating Expenses	4,953,102	5,264,657	22,797,370	24,756,155	1,958,785	7.9%
Debt Service	575,611	575,611	3,498,322	3,498,322	-	0.0%
Other Non-Departmental Expenses	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>5,528,713</b>	<b>5,840,268</b>	<b>26,295,692</b>	<b>28,254,477</b>	<b>1,958,785</b>	<b>6.9%</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>496,649</b>	<b>88,669</b>	<b>3,779,811</b>	<b>979,642</b>	<b>2,800,169</b>	

CALCULATED OPERATING RATIO

57%

(1) Total jurisdictional subsidy is \$16,428,800. Portion shown is attributed to Operating Fund only.

## CAPITAL PROJECTS

### BROAD RUN PARKING EXPANSION

The design and engineering firm Dewberry has completed the 30% design of the Broad Run parking facility and prepared the environmental CE (Categorical Exclusion) application. VRE has forwarded the CE application to FTA for review and approval. To date no response has been received from FTA. Upon approval of the CE application, VRE will ask Dewberry to proceed to the 60% design level.

### L'ENFANT STORAGE TRACK

CSX anticipates completing the L'Enfant Storage Track design and construction cost estimate in approximately one month. The design includes the addition of two power switches, signalization, and a tail track for emergency temporary storage of several VRE railcars and/or locomotives. The track portion of the design is complete and has been approved by VRE. CSX is currently making final revisions to the signal portion of the design. PEPCO has confirmed that an electric service can be installed close to the site, which will supply power to VRE's wayside power equipment and CSX switch heaters. CSX has approved VRE's request to attach electrical conduits to the stone bridge abutment at 6th Street, allowing VRE to issue PEPCO a Notice-to-Proceed for the design and construction process.

### SPOTSYLVANIA

Construction contracts for the new station and the Hamilton to Crossroads third track project were awarded early this past summer. Once the land purchase is completed by Spotsylvania County, VRE can issue the notice to proceed and construction can begin. In the meantime, utility relocation and finalizing signal design work continues.

### ALEXANDRIA KING STREET PEDESTRIAN TUNNEL PROJECT

VDOT has completed their pre-award audit evaluations, therefore, we will be moving forward with selecting the firm to conduct the design work. The project team is moving forward to accomplish following milestones:

- NEPA Documentation – Complete December 2012 - Complete
- Public Information Meeting – Spring 2013
- Design – Complete March 2014
- Construction Advertisement – June 2014
- Construction – Complete 2015

### LORTON PLATFORM EXTENSION

VRE is prepared to issue an IFB in January 2014, with construction expecting to commence during the spring of 2014. This project will extend the existing platform at the VRE Lorton Station by approximately 256 feet to accommodate longer VRE trains.

## COMMUT

Project & Code	Description	Task	Task Description	Project Manager	Board Item Number	% of Total Task Completion	Task Completion Date (Est.)
Amtrak Joint Recapitalization Project	Amtrak and VRE joint benefit recapitalization projects	Washington Union Terminal Rail Service Improvement Plan	Joint study with Amtrak and MARC re: meeting current and forecasted growth for target years 2017 and 2030.	Christine Hoeffner		100%	Completed
		Coach Yard Wayside Power Upgrade	Upgrade and replace wayside power station for VRE storage tracks at the Coach yard	Rich Dalton		100%	Completed
		WUT Canopy Roof Repairs	Repairs of canopy roof at WUT lower level platforms	Rich Dalton		60%	4th Quarter 2013
		Alexandria - King St Station Platform Elevation	Raise west platform elevation	Rich Dalton		0%	3rd Quarter 2014
Lorton Station Expansion	Expansion of station by extending eastern platform and adding a second platform	PE and Environmental	EA and PE to extend the exiting platform and construct a second platform.	Eric Johnson		100%	Completed 4th Quarter 2012
		Station Expansion Design	Prepare construction documents for 250' platform expansion with upgraded LED lighting	Eric Johnson	8B-05-2012	100%	2nd Quarter 2013
Alexandria - King St Pedestrian Tunnel	Design and installation of a new pedestrian tunnel between the VRE/Amtrak and METRO stations and modifications to eastern platform to allow service from Track #1.	Feasibility Study	Prepare a feasibility study with limited survey to investigate challenges associated with designing, permitting and constructing a tunnel under a live CSX track.	Rich Dalton	8C-05-2012	95%	2nd Quarter 2013
		Site Investigation	Compile soils data and perform in-situ testing to prepare for final design phase and provide VDOT with environmental information.	Rich Dalton		10%	3rd Quarter 2013
		Design & Construction (Future)	Future Design & Construction	n/a	TDB	0%	4th Quarter 2014
Broad Run Station Parking Expansion	Environmental Analysis and Engineering to expand parking by 700 spaces	EA & PE	Environmental Analysis and Engineering to expand parking by 700 spaces	Eric Johnson	11D-04-2011	30%	1st Quarter 2014
Franconia-Springfield Station Rehabilitation	To make repairs & improvements to the Franconia Springfield Station Eastern Platform & Passenger Walkway	Repairs & Improvements	Infrastructure repairs and improvements to eastern platform and passenger walkway at VRE Franconia-Springfield Station.	Kip Foster	9F-06-2011	100%	Completed
		Flagging Services & Protection	Provide flagging services during platform level repairs and overhead pedestrian bridge work.	Kip Foster	9G-06-2011	Complete	Completed
Security Cameras	Installation of security cameras on station platforms and rehab. of communication cabinet to support additional devices for the cameras. Fredericksburg, Woodbridge, Quantico, and Burke Center			John Duque	8A-05-2012	Completed	4th Quarter 2012



## ER STATIONS

Status	Change Order, Budget & Schedule Change Notes & Updates	Vendor	Total Adopted CIP Budget Thru FY14 (\$)	Total Board Approved Funds (\$)	Contractual Commitments To-Date (\$)	Total Expenditures To-Date (\$)
Final plan complete.	Last invoice received 10/31/12; awaiting final invoice.	Amtrak	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 985,995
Project completed and is in use.	Last invoice received 4/12/2013	Amtrak	\$ 750,000	\$ 750,000	\$ 750,000	\$ 515,968
Amtrak has spent all allocated budget, but performed only 60% of the work. Amtrak requesting additional \$300k to complete the project.		Amtrak	\$ 600,000	\$ 600,000	\$ 600,000	\$ 403,617
Project scoping underway. Amtrak is in the process of writing an agreement to be submitted to VRE for review.		Amtrak	\$ 278,867	\$ 278,867	\$ -	\$ -
		TOTALS	\$ 2,628,867	\$ 2,628,867	\$ 2,350,000	\$ 1,905,580
Completed		HDR	\$ 2,820,000	\$ 306,350	\$ 278,500	\$ 271,476
Building plans and site plan approved. IFB for construction is prepared for issuance in December. Coordinating with CSX regarding force account agreement for flagging services.		HDR		\$ 103,400	\$ 94,000	\$ 78,801
		TOTALS	\$ 2,820,000	\$ 409,750	\$ 372,500	\$ 350,277
Feasibility study was distributed to stakeholders Jan 2013. Comments received from all stakeholders. Preparing final draft addressing comments. Preparing for final design once VDOT provides approval of use of GEC contract.		AECOM	\$ 7,470,000	\$ 162,711	\$ 147,919	\$ 140,487
Right of entry permits were submitted in April to CSX & WMATA. Waiting approvals.		AECOM		\$ -	\$ 49,941	\$ -
In the process of selecting one of the GEC VI to complete the design.		n/a	\$ -	\$ -	\$ -	\$ -
		TOTALS	\$ 7,470,000	\$ 162,711	\$ 197,860	\$ 140,487
Awaiting FTA approval of CE application submitted in August. 30% design under VRE review. 60% design effort will begin after CE approval is obtained.		Dewberry	\$ 3,420,000	\$ 2,031,263	\$ 1,846,603	\$ 368,994
		TOTALS	\$ 3,420,000	\$ 2,031,263	\$ 1,846,603	\$ 368,994
Substantial Completion and owner occupancy in June. Punchlist complete. Fairfax County Permit closed out. Contract closeout underway.	Change Order # 1, Canopy Roof/Gutters/Downspouts, \$39,230 --- Change Order # 2, Stringer Repair/Replacement, \$47,440 --- Change Order # 3, Structural Steel Repairs/Rehab, \$45,682	Vista Contracting, Inc.	\$ 522,000	\$ 455,950	\$ 443,852	\$ 437,637
No additional flagging expected.	Force account estimate for flagging in the amount of \$124,765.	CSX Trans.		\$ 132,000	\$ 124,765	\$ 27,842
		TOTALS	\$ 522,000	\$ 587,950	\$ 568,617	\$ 465,479
Completed	The change order for additional conduits had been processed and completed successfully. The total amount of the change order is \$17,745.00	X7	\$ 320,000	\$ 320,000	\$ 306,539	\$ 306,539
		TOTALS	\$ 320,000	\$ 320,000	\$ 306,539	\$ 306,539



### TRACK & INFRASTRUCTURE

Project & Code	Description	Task	Task Description	Project Manager	Board Item Number	% of Total Task Completion	Task Completion Date (Est.)
Gainesville Haymarket Expansion	Expansion of VRE Service to Gainesville & Haymarket, VA	G/H Expansion Analysis (Feasibility)	Develop expansion alternatives for VRE Service to G/H	Christine Hoeffner		Complete	Complete
		G/H Expansion PE and EA	Perform modeling, environmental analysis and preliminary engineering	Christine Hoeffner		0%	2nd Quarter 2016
		Construction (Future)	Future Track Construction	TBD		0%	TBD
L'Enfant Storage Track	Construct ~1,400 feet of Storage Track North of the L'Enfant Station Platform, including Wayside Power (Capacity of 2 Trainsets)	Storage Track Construction	Construct ~1,400 of track north of L'Enfant Station	Eric Johnson		100%	Complete
		Wayside Power Design	Design wayside power for stored train sets	Eric Johnson		90%	4th Quarter 2013
		Wayside Power Construction	Construction of wayside power for stored train sets	Eric Johnson		30%	1st Quarter 2014
		Air Compressor Procurement	Installation of air compressor equipment for new storage track air system (eVA).	Eric Johnson		90%	2nd Quarter 2013
		Cab Signal Instal. from CP RO to CP Virginia Ave.	Installation of cab signals from MP CFP 110.1 to MP CFP 112.2.	Eric Johnson		100%	Complete
		Switch & Signalization Design	Design of storage track switches and signals	Eric Johnson	9B-06-2011	90%	4th Quarter 2013
Spotsylvania Station	Development of a new VRE station in Spotsylvania County (Station Only, NO Parking) near the Crossroads Yard	Station Design	Design of the new platform and head house.	Kip Foster	9F-06-2012 & 9G-06-2012	100%	Complete
		Station Construction	Construction of the new platform and head house.	Kip Foster	9F-05-2013	0%	2nd Quarter 2014
Crossroads to Hamilton Third Track	Construct approximately 2.5 miles of third track leading to the new Spotsylvania Station	Third Track Civil Design	Environmental Analysis and Final Design	Kip Foster		100%	2nd Quarter 2013
		Third Track Signal Design	Signal design and engineering support	Kip Foster	9E-06-2012	75%	4th Quarter 2013
		Track & Signal Construction	Construction of Signals	Kip Foster	9H-09-2013	0%	n/a
		Track Work & Structures	Construction of Track & Structures	Kip Foster	9C-06-2013	0%	2nd Quarter 2014

### PLANNING & COMMUNICATIONS

Project & Code	Description	Task	Task Description	Project Manager	Board Item Number	% of Total Task Completion	Task Completion Date (Est.)
Comm. Cabinets Upgrade	Communication cabinets at VRE stations to be equipped with an air conditioning (AC) unit and an uninterruptible power supply (UPS) unit for temperature control and power redundancy and surge fault protection.			John Duque	9B-01-2013	90%	4th Quarter 2013
System Planning	Prepare system plan to cover 20+ year planning horizon			Christine Hoeffner		63%	4th Quarter 2013

## STRUCTURE PROJECTS

Status	Change Order, Budget & Schedule Change Notes & Updates	Vendor	Total Adopted CIP Budget Thru FY14 (\$)	Total Board Approved Funds (\$)	Contractual Commitments To-Date (\$)	Total Expenditures To-Date (\$)
Feasibility Study Completed on 9/28/2009	Aerial Survey Deferred to NEPA/PE. Revised Consultant Responsibility for Cost Estimating from Belstar to VHB/DMJM	VHB	\$ 4,286,414	\$ 1,537,338	\$ 1,397,338	\$ 1,042,749
Contract award awaiting execution of match Addendum between VRE and NS and grant NTP. VRE sent agreement to NS for signature on 1/08/13. VRE requested grant extension from DRPT 2/7/13. VRE also pursuing additional funding from various available sources.	VRE requested grant extension from DRPT 2/7/13. NVTVA approved \$1.5M in FY14 funds for project.	STV/RWA		\$ 2,749,076	\$ 2,499,160	\$ -
Future Construction Related to Expansion	Funding Sources TBD	TBD		\$ -	\$ -	\$ -
TOTALS			\$ 4,286,414	\$ 4,286,414	\$ 3,896,498	\$ 1,042,749
Track Complete	n/a	CSX Trans.	\$ 3,219,000	\$ 830,000	\$ 706,000	\$ 442,794
PEPCO confirmed that service can be provided from Virginia Avenue. Conduits must be attached to viaduct wall and bridge abutment in order to route power from service to wayside power equipment. Wayside Power design to be completed after CSX has approved attaching conduits to bridge abutment.	Supplement to GEC V Task Order 7 in the amount of \$8,600 executed in late December 2012.	HDR		\$ -	\$ 50,925	\$ 40,110
Wayside power construction to follow PEPCO's design and construction of electric service, contingent on CSX approval described above.		NVE		\$ -	\$ 688,480	\$ 208,390
Procurement process has been completed. Air compressor system has been delivered and is being stored at Crossroads Yard. VRE/NVE coordinating with Kaeser regarding construction details. Kaeser installed phase monitors on compressors.		Kaeser Compressors, Inc.		\$ -	\$ 37,531	\$ 37,531
Signal cutover completed weekend of October 24, 2009. Attended site visit with DRPT and CSX in mid January required for grant reimbursement.	Total project budget \$1,260,000. VRE share \$882,000 (70%).	CSX Trans.		\$ 1,260,000	\$ 1,260,000	\$ 497,744
CSX previously anticipated completion of track and signal modification design in May 2013. Design work continues as of early October. CSX has not provided estimated completion date despite VRE's repeated inquiries.		CSX Trans.		\$ 250,000	\$ 225,000	\$ 125,792
TOTALS			\$ 3,219,000	\$ 2,340,000	\$ 2,967,936	\$ 1,352,361
Permitting almost complete with Spotsylvania County.		STV	\$ 3,422,500	\$ 405,912	\$ 369,011	\$ 205,332
Contract executed and CE issued by FHWA. NTP to be issued once Construction Agreement in place with CSX and County acquires land.		Hammerhead Construction		\$ 2,583,900	\$ -	\$ -
TOTALS			\$ 3,422,500	\$ 2,989,812	\$ 369,011	\$ 205,332
Permitting complete, waiting for NTP in order to initiate agency construction notifications. Design plans circulated for signature. Final Revision completed. Construction Plans being circulated to contractors and other stakeholders.		STV	\$ 32,500,000	\$ 817,703	\$ 743,366	\$ 396,034
CSX FA cost estimate finalized last month. Coordination with utilities and relocation efforts underway. Waiting for CSX Construction Agreement execution. Signal Design for Phase 1 complete. Signal Design for Phase 2 estimated to be complete within the month.		CSX Trans.		\$ 1,009,800	\$ 917,400	\$ -
Board Approved in Septmeber 2013		CSX Trans.		\$ 20,522,611	\$ -	\$ -
Contract executed and CE issued by FTA. NTP to be issued once CSX Construction Agreement Executed and County acquires land.		Abernathy Construction Corp		\$ 8,880,073	\$ 8,072,794	\$ -
TOTALS			\$ 32,500,000	\$ 31,230,187	\$ 9,733,560	\$ 396,034

## UNICATIONS PROJECTS

Status	Change Order, Budget & Schedule Change Notes & Updates	Vendor	Total Adopted CIP Budget Thru FY14 (\$)	Total Board Approved Funds (\$)	Contractual Commitments To-Date (\$)	Total Expenditures To-Date (\$)
Amtrak is waiting for Rio Prime to submit insurance documents before notice to proceed can be processed. Rio Prime is preparing the final documents for submission. Last update 10/1/2013	Change order 01 - \$4,112	Rio Prime	\$ 138,150	\$ 138,150	\$ 142,307	\$ 117,111
TOTALS			\$ 138,150	\$ 138,150	\$ 142,307	\$ 117,111
Work is progressing on schedule. Next milestone is October 2013 VRE Ops Board presentation of draft plan recommendations.		P.B.	\$ 150,000	\$ 150,000	\$ 150,000	\$ 34,470
TOTALS			\$ 150,000	\$ 150,000	\$ 150,000	\$ 34,470

## YARD

Project & Code	Description	Task	Task Description	Project Manager	Board Item Number	% of Total Task Completion	Task Completion Date (Est.)
Broad Run Yard Train Wash and Crossroads Yard Warehouse	Design and construction of Broad Run Yard train wash and Crossroads Yard warehouse.	Crossroads Warehouse Design	Conceptual and final design of new Crossroads warehouse.	Eric Johnson	10D-04-2012	100%	Completed 4th Quarter 2012
		Crossroads Warehouse Construction	Construction of new Crossroads warehouse.	Eric Johnson	11E-04-2011	100%	Completed 2nd Quarter 2013
		Broad Run Train Wash Design	Conceptual and final design of <u>new</u> Broad Run train wash.	Eric Johnson	9D-06-2012 (?)	60%	4th Quarter 2013
		Broad Run Train Wash Construction	Future Construction/Installation Work related to Broad Run Trainwash	TBD	TBD	n/a	n/a
Yard Fall Protection	Installation of fall protection systems at Broad Run and Crossroads yards			Kip Foster	9C-01-2013	100%	3rd Quarter 2013
Tie Replacement at Yards	Tie replacement at both yards.			Kip Foster	9E-05-2013	100%	3rd Quarter 2013

## ROLLING STOCK

Project & Code	Description	Task	Task Description	Project Manager	Board Item Number	% of Total Task Completion	Task Completion Date (Est.)
Positive Train Control (PTC)	To insall and implement Positive Train Control (PTC) for all VRE Locomotives	Positive Train Control Installation and Infrastructure	Positive Train Control for all locomotives, as mandated by the Rail Safety Improvement Act of 2008.	Rich Dalton	9E-09-2013	0%	4th Quarter 2014
		Oversight	Oversight - Positive Train Control for all locomotives, as mandated by the Rail Safety Improvement Act of 2008.	Rich Dalton	9A-03-2013	0%	4th Quarter 2014
New Passenger Railcars Procurement No. 90-66-16060	To Aquire Eight (8) New Railcars from Sumitomo to add to the existing VRE Passenger Car Fleet	New Railcar Manufacture (8 cars)	Base Order of 8 New Passenger railcars	Rich Dalton	10C-01-2012	15%	4th Quarter 2013
		New Railcars Engineering Oversight	On site engineering through warranty administration under MEC V task order STV-0017 under MEC V	Rich Dalton	9E-02-2012	20%	4th Quarter 2013



## PROJECTS

Status	Change Order, Budget & Schedule Change Notes & Updates	Vendor	Total Adopted CIP Budget Thru FY14 (\$)	Total Board Approved Funds (\$)	Contractual Commitments To-Date (\$)	Total Expenditures To-Date (\$)
	STV Task Order #3 Supplement #1 for \$146,414 for additional Crossroads warehouse engineering services	STV/RWA	\$ 5,723,959	\$ 629,248	\$ 619,334	\$ 619,311
Final payment issued in early April.	Contract Amendment No. 1 - Multiple change orders increasing Contract amount by \$124,409 and Contract time by nine days. Contract Amendment No. 2 - Multiple change orders increasing Contract amount by \$87,774 and Contract time by 173 days.	Trinity Construction Group, Inc.		\$ 2,600,000	\$ 2,092,364	\$ 2,125,632
60% review comments provided. 90% design effort underway.		STV/RWA		\$ 325,513	\$ 283,421	\$ 97,523
		TBD		\$ -	\$ -	\$ -
TOTALS			\$ 5,723,959	\$ 3,554,761	\$ 2,995,119	\$ 2,842,466
Waiting for execution of Project Closeout Final Contract Amendment. Contract Closeout underway.		Industrial Turn Around Corporation (ITAC)	\$ 230,000	\$ 169,482	\$ 154,074	\$ 22,337
TOTALS			\$ 230,000	\$ 169,482	\$ 154,074	\$ 22,337
Project Complete. Waiting for execution of Project Closeout Final Contract Amendment. Contract Closeout underway.	Board Item 8F-10-2013 increased Board approved Funding from \$434,533 to \$449,646	GW Peoples	\$ 530,000	\$ 449,646	\$ 395,048	\$ -
TOTALS			\$ 530,000	\$ 449,646	\$ 395,048	\$ -

## STOCK PROJECTS

Status	Change Order, Budget & Schedule Change Notes & Updates	Vendor	Total Adopted CIP Budget Thru FY14 (\$)	Total Board Approved Funds (\$)	Contractual Commitments To-Date (\$)	Total Expenditures To-Date (\$)
Preparing contract documents for WRE	Authorization to award a sole source contract to Wabtec was approved by both Commissions on 10-3-13, preparing sole source documentation	WRE	\$ 8,821,989	\$ 7,980,877	\$ 550,645	\$ 30,242
Task order issue on March 13, 2013 to STV for engineering and oversight work for implementation. MEC IV Task Order 0026	PTC Implementation oversight - Definition Phase - Matrix of tasks was reviewed and approved by VRE for plan development and preparation underway for scope of work including hardware pricing and quotes, STV is also developing back office operation	STV				
TOTALS			\$ 8,821,989	\$ 7,980,877	\$ 550,645	\$ 30,242
Manufacturing of 8 base order passenger railcars planning for manufacturing and scheduling is under way - car body shell in route to Aurora IL	The car numbers are designated as V820 - V827; the cars are in final assembly.	Sumitomo - Nippon Sharyo	\$ 24,614,000	\$ 23,140,000	\$ 21,240,000	\$ -
Continuing to provide manufacturing and engineering oversight	STV continues to provide oversight of the car construction in IL. STV Completed FAI for Door Assemblies at Narita Manufacturing, Wheelchair lift at Ricon, and HVAC units at Transitair . . . Resident inspector active at Rochelle operation . . . completed Lean Testing on Gallery IV cars and continue drawing reviews . . . .	STV		\$ 1,474,000	\$ 1,250,000	\$ 610,150
TOTALS			\$ 24,614,000	\$ 24,614,000	\$ 22,490,000	\$ 610,150

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VIRGINIA RAILWAY EXPRESS  
*A Better Way. A Better Life.*



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Express**

#### Board Members

Paul Smedberg  
Chairman

Paul Milde  
Vice-Chairman

Jonathan Way Treasurer

John Cook  
Secretary

Sharon Bulova  
Maureen Caddigan  
Wally Covington  
John Jenkins  
Matt Kelly  
Suhas Naddoni  
Kevin Page  
Gary Skinner  
Bob Thomas  
Chris Zimmerman

#### Alternates

David Awbrey  
Marc Aveni  
Brad Ellis  
Jay Fisette  
Frank Jones  
Tim Lovain  
Michael May  
Jeff McKay  
Martin Nohe  
Benjamin Pitts  
Susan Stimpson

Doug Allen  
Chief Executive Officer

1500 King Street, Suite 202  
Alexandria, VA 22314-2730

# MINUTES

## VRE Operations Board Meeting PRTC Headquarters – Prince William County, Virginia November 15, 2013

Members Present	Jurisdiction
Sharon Bulova (NVTC)	Fairfax County
John Cook (NVTC)	Fairfax County
John D. Jenkins (PRTC)	Prince William County
Matt Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Suhas Naddoni (PRTC)*	City of Manassas Park
Kevin Page	DRPT
Gary Skinner (PRTC)	Spotsylvania County
Paul Smedberg (NVTC)	City of Alexandria
Bob Thomas (PRTC)	Stafford County
Jonathan Way (PRTC)	City of Manassas
Christopher Zimmerman (NVTC)	Arlington County

Members Absent	Jurisdiction
Maureen Caddigan (PRTC)	Prince William County
Wally Covington (PRTC)	Prince William County

Alternates Present	Jurisdiction

Alternates Absent	Jurisdiction
Marc Aveni (PRTC)	City of Manassas
David Awbrey	DRPT
Brad Ellis (PRTC)	City of Fredericksburg
Jay Fisette (NVTC)	Arlington County
Frank C. Jones (PRTC)	City of Manassas Park
Tim Lovain (NVTC)	City of Alexandria
Michael C. May (PRTC)	Prince William County
Jeff McKay (NVTC)	Fairfax County
Martin E. Nohe (PRTC)	Prince William County
Benjamin T. Pitts (PRTC)	Spotsylvania County
Susan Stimpson (PRTC)	Stafford County

Staff and General Public	
Doug Allen – VRE	Gerri Hill – VRE
Anthony Ayala – VRE	Christine Hoeffner – VRE
Whit Ayres – Waterford House	Ann King – VRE
Brian Barton – CSX	Katie Kisner – CSX
Gregg Baxter – Keolis	Richard Krinsky – Waterford House
Donna Boxer – VRE	Mike Lake – Fairfax County
Dwight Buracker – PB Mares	Lezlie Lamb – VRE
Nancy Collins – Stafford County	Bob Leibbrandt – Prince William County
Rich Dalton – VRE	Steve MacIsaac – VRE counsel
Greg Deibler – VRE	Betsy Massie – PRTC staff
John Duque – VRE	Dick Peacock – Citizen
Patrick Durany – Prince William County	Aimee Perron Seibert – The Hillbridge Group
Mike Garber – PB Mares	Lynn Rivers – Arlington County
Rhonda Gilchrest – NVTC staff	Mike Schaller – Citizen
Claire Gron – NVTC	Scott Schenk – Free Lance Star
Al Harf – PRTC staff	Brett Shorter – VRE
Chris Henry – VRE	Joe Swartz -- DRPT

\* Delineates arrival following the commencement of the Board meeting. Notation of exact arrival time is included in the body of the minutes.

Chairman Smedberg called the meeting to order at 9:34 A.M. Following the Pledge of Allegiance, roll call was taken.

#### Approval of the Agenda – 3

Mr. Milde moved, with a second by Mr. Cook, to approve the agenda. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

#### Approval of the Minutes of the October 18, 2013 Operations Board Meeting – 4

Mr. Way moved approval of the minutes and Mr. Cook seconded. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Skinner, Smedberg, Way and Zimmerman. Mr. Page and Mr. Thomas abstained.

#### Chairman's Comments – 5

Chairman Smedberg remembered Ron Kirby, Metropolitan Washington Council of Governments' Transportation Planning Director, who was tragically killed on November 9, 2013. Mr. Kirby was a long-time valued expert in transportation and transit issues in the region. The VRE Operations Board observed a moment of silence in remembrance of Mr. Kirby. Chairman Smedberg directed staff to send a note of condolence on behalf of the Board to the Kirby family.

Chairman Smedberg announced that Ms. Bulova and Ms. Caddigan have been appointed to serve as the Nominating Committee, which will report back at the December meeting with a recommended slate of officers for 2014. Chairman Smedberg stated that any Board Members interested in serving in a leadership role should contact one of the committee members.

Chairman Smedberg also thanked the Capital Committee for their hard work over the last year. He acknowledged Mr. Way, the Committee Chairman, and the other committee members including Mr. Cook, Mr. Jenkins, Mr. Milde, Mr. Skinner and Mr. Zimmerman. He also thanked VRE staff for their efforts. Chairman Smedberg stated that the committee will meet for the last time after today's Board meeting.

Chairman Smedberg announced that no appeal was filed for the decision in the NVTB bond validation suit, which means that the Fairfax County Circuit Court decision is final and clears the way to begin executing projects identified on the Bond Project list and related activities, including issuing bonds. VRE projects that have been selected for NVTB funding include \$19.8 million for the purchase of nine VRE railcars, \$7.9 million for the Lorton Station Second Platform Project and \$1.3 million for the Alexandria Tunnel Project.

Chairman Smedberg reported that the VRE Joint Audit Committee met prior to this meeting and discussed its work plan and refined an outline for a scope of services. A final version will be presented at the December meeting for consideration with the intention that at February meeting the Operations Board would take action to recommend Commission authorization to issue a procurement for a Management Audit with award of contract as early as April 2014. Mr. Cook stated that the Committee will focus on management type audit issues. The committee will not be addressing financial audit issues because there is a separate financial audit process already in place. The Committee will look at VRE's organizational structure, oversight roles of the Operations Board and the Commissions, and roles and responsibilities of the Board, Counsel, and Financial Advisors. The Committee will also look at the various audits conducted for VRE. Mr. Way added that it is important to clarify that the Joint Audit Committee has been formed to maintain proper governance and not in response to any presumed or known deficiency in the VRE organization.

#### Chief Executive Officer's Report – 6

Mr. Allen reported that VRE service recovered quickly from the federal government shutdown with ridership levels immediately bouncing back to previous levels. VRE was also able to extend the SmartBenefits program, which had been impacted by the shutdown. Because ridership bounced back so quickly, VRE went ahead and conducted the VRE Master Agreement Survey on Wednesday, October 23<sup>rd</sup>.

Mr. Allen acknowledged Mr. Harf and Mr. Page for their work over the last six months serving as members of the Transit Service Delivery Advisory Committee (TSDAC). He also noted that Ms. Coyner has also been very helpful. He explained that because VRE's funding structure is similar to the rest of the Commonwealth, VRE did better in projected funding than the rest of Northern Virginia. The new formula will result in an additional \$1.5 million in state match for federal grants for VRE.

Mr. Allen also reported on several miscellaneous issues. He continues to meet with various General Assembly members, including most recently meeting with Delegate Rust and Senator Favola. He also announced that the annual Santa Trains will be held on December 14<sup>th</sup>. Tickets go on sale on November 25<sup>th</sup>. Board Members wishing to acquire tickets should contact staff. This event benefits the Annual Marine Corp's Toys for Tots Campaign. Mr. Allen stated that he and Mr. Skinner participated in a very productive meeting regarding the new Spotsylvania Station. There is good progress being made on getting access to the land to begin construction of the third track. The agreement with CSXT is in its final stages of approval. He also drew attention to the CEO Report and the Ride Magazine, which is a publication that it periodically provided to VRE riders. He acknowledged Mike Schaller who takes many of the VRE photos, which includes the one on the Ride magazine cover.

## VRE Riders' and Public Comment – 7

Mr. Whit Ayres introduced himself as a representative of the Waterford House, a condominium community a quarter-mile away from the Crystal City VRE Station. He stated that there are about 55-65 trains per day that pass the station and blow their horns. On a recent Sunday morning he counted 10 long loud horn blasts. The noise seriously affects the quality of life in Crystal City. He asked for assistance from VRE to find a way to preserve safety as well as improve quality of life. He is aware that CSX owns the tracks and VRE is obligated to follow CSX rules, but he also knows CSX can change their rules. After making contact with CSX, the freight railroad has agreed to not blow train horns between 11:00 PM and 4:30 AM. This has been a welcome relief but loud horn blasts are still a problem the rest of the time. He stated that Quintin Kendall is their CSX contact person.

Mr. Ayres explained that Waterford House is not able to gain relief legislatively with the "Train Horn Quiet Zone" federal regulation because it only applies to rail grade crossings at intersections with highways. There is no rail grade crossing in Crystal City. Mr. Ayres stated that specifically they would like VRE to study the feasibility and costs of installing an industry standard station-based warning system. He stated that if the cost of installing such a system is reasonable, Waterford House pledges to do its best to raise private funds to pay for it. Mr. Richard Krinsky of Waterford House also added that it would be helpful to have a contact person at VRE that they can work with to explore solutions to the problem.

[Mr. Naddoni arrived at 9:55 A.M.]

Ms. Bulova observed that it seems that according to Mr. Ayres, the worst times are Sunday mornings and she noted that VRE does not run service on the weekends. Mr. Ayres stated that if there was a station-based warning system then there would be no need for any horn blasts at any time. He stated that they are open to any ideas and solutions to the problem. Ms. Bulova explained that VRE is a tenant on the tracks, which are owned by CSX, but she is sure VRE is willing to contact CSX to explore solutions. Mr. Milde observed that this is a problem around any train station. Mr. Ayres noted that it is a particular problem at the Crystal City station because of the dense population and buildings surrounding the station. Mr. Milde asked how the noise compares to the airplane noise from nearby Reagan National Airport. Mr. Ayres responded that the jet noise is a minor annoyance compared to the piercing and high decibel intrusion of the train horn blasts. Mr. Allen stated that Greg Diebler, VRE's Safety Director, is the contact person at VRE who can work with Waterford House to seek solutions to the problem.

Mr. Dick Peacock thanked VRE for making its service a wonderful success with its new equipment, record on-time performance, record ridership, and the quick rebound from the federal government shutdown. Once the Spotsylvania Station is open, Mr. Peacock stated that VRE needs to expand service to Gainesville-Haymarket. He also observed that the Ride magazine is a great way to promote VRE.



Authorization to Forward the FY 2013 Audited Financial Statements and Auditor's Report – 8A

Chairman Smedberg reported that the VRE Operations Board is being asked to accept the FY 2013 Comprehensive Annual Financial Reports and associated information from the auditors and to authorize the CEO to forward this information to the Commissions for their consideration. Resolution #8A-11-2013 would accomplish this.

Mr. Allen reported that the Audit Committee met with VRE's auditors prior to this meeting. He introduced Mike Garber and Dwight Buracker from PB Mares, LLP, VRE's audit firm. Mr. Cook, who is the Chair of the Audit Committee, asked Mr. Garber to explain what is included in the scope of the audit. Mr. Garber stated that this is an audit of VRE's Financial Statement and entails looking at the Balance Sheet, Income Statement, Cash Flow, and footnotes that support these documents. PB Mares also looks at the controls in place that produce these documents as well as compliance requirements. He explained that the financial audit does not look at the structure of the VRE organization, management or day-to-day operations.

Mr. Garber reported that the audit of VRE's FY 2013 financial statements has been completed and PB Mares has issued an unqualified opinion. The opinion letter states that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best possible outcome of a financial audit. Mr. Garber explained that Footnote #11 discusses a restatement. He made it clear that there was no error by VRE staff and that the restatement was needed because of new accounting pronouncements.

Ms. Bulova asked if the breakdown for major sources of revenue found on Pages 11-12 include pass-through funding from federal programs as part of the Commonwealth's percentage. Mr. Garber replied that any pass-through funding shows up as federal.

Mr. Cook moved, with a second by Mr. Zimmerman, to approve Resolution #8A-11-2013. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

Mr. Cook then made a motion to direct VRE's CEO to work with VRE's auditors and the Audit Committee to implement the recommendations in the management letter. He pointed out that one of the recommendations is to develop a job description for the Audit Committee. Mr. Milde seconded the motion. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

Mr. Shorter requested that Board Members leave their audit reports because during the meeting staff realized that Page 12 is not the correct version. In response to a question from Mr. Milde, Ms. Boxer explained that it should read jurisdiction's percentage as 22.9

percent and not 0.3 percent. Mr. Shorter assured Board Members that a correct copy of the audit will be mailed to them.

#### Authorization to Amend the Contract for New Passenger Railcars – 8B

Mr. Allen explained that the VRE Operations Board is being asked to recommend that the Commissions authorize him to amend the contract with Sumitomo Corporation of America to place an option order for seven additional railcars and increase the contract by \$14,805,714 (from \$21,240,000 to \$36,045,714) plus a contingency of \$501,786, for a total not to exceed the amount of \$36,547,500. Resolution #8B-11-2013 would accomplish this.

Mr. Allen reported that VRE has recently been notified of a substantial increase in the level of federal funding that will be received in FY 2014, primarily from the additional funds that came to the Washington region through the MAP-21 new State of Good Repair program. The total additional amount of federal funds available in FY 2014 is \$14.9 million. An amendment to the FY 2014 budget incorporating the additional federal funding will be presented to the Operations Board in December. This authorization to purchase the seven railcars is requested at this time because the completion of the replacement of the Legacy railcars is VRE's top priority, state match funds and the bulk of VRE local match has already been provided, and VRE needs to take advantage of the favorable contract price from Sumitomo by January 2014.

Mr. Allen recognized Betsy Massie who did an outstanding job advocating for VRE for these funds. In response to a question from Mr. Way, Mr. Allen stated that VRE has already received the funding. Mr. Skinner asked if this will impact the NVRTA funding issue for railcars for non-NVRTA members. Mr. Allen stated that it will not have an impact. He explained that this particular funding needs to be used for State of Good Repair projects.

Mr. Naddoni asked a series of questions about whether VRE would consider looking at railcar redesign to allow for more seating on the top deck. Mr. Allen explained that the only other option with this type of railcar is to have lateral seating, which would not be desirable for VRE riders. Lateral seating would only add another 10 seats per railcar. He stated that it is important to keep these seven railcars consistent with the rest of the fleet for both parts and maintenance. Mr. Page also gave some historical background and explained that the open "key hole" design allows conductors to make one pass through the car to see both levels of seating when conducting ticket inspections. VRE would need more conductors to monitor two levels. Mr. Naddoni stated that with the new fare technology, VRE may want to consider redesign in the future.

Mr. Jenkins moved, with a second by Mr. Zimmerman, to approve Resolution #8B-11-2013. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

## Authorization to Extend the Amended Operating Access Agreement with Norfolk Southern – 8C

Mr. Allen reported that Resolution #8C-11-2013 would recommend that the Commissions authorize him as CEO to execute an extension of the existing Amended Operating Access Agreement with Norfolk Southern to June 30, 2014.

Mr. Allen stated that negotiations continue between VRE and Norfolk Southern representatives and Mr. Page has been helpful in the process. Work is currently underway to conclude discussions on a few outstanding issues. In response to a question from Mr. Kelley, Mr. Allen stated that this is the third extension but he believes that negotiations can conclude within this extension.

Ms. Bulova moved, with a second by Mr. Milde, to approve Resolution #8C-11-2013. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

Mr. Milde asked that future agenda items include the specific amount of funding being requested and not just that it has been budgeted in the approved budget.

## Authorization to Approve the 2014 VRE Legislative Agenda –8D

Mr. Allen reported that the VRE Operations Board is being asked to recommend that the Commissions approve the 2014 VRE Legislative Agenda and authorize him to actively pursue the elements set forth in the documents. Resolution #8D-11-2013 would accomplish this.

Mr. Allen stated that a key issue is track access fees, which is a significant issue because it comprises 10 percent of VRE's total operating budget. Staff does not anticipate any major federal legislative initiatives, although they will continue to monitor initiatives such as Positive Train Control (PTC). Chairman Smedberg stated that someone asked him about the weighted vote issue and he suggested that at a minimum, VRE should monitor any legislative initiatives concerning this issue. Mr. Kelly observed that since VRE now has an Audit Committee he asked if it would be appropriate to ask the General Assembly to hold off on taking any action on this issue until the Audit Committee can make some recommendations. Mr. Cook stated that the Audit Committee will not be looking at any governance issues since the Committee feels that this is an issue for the jurisdictions. Chairman Smedberg stated that it may be feasible to have a temporary VRE Legislative Committee during the General Assembly Session.

Mr. Kelly asked for an update on the weighted vote issue. He stated that the legislative changes are scheduled to go into effect July 1, 2014. Mr. MacIsaac stated that he would be more comfortable having this discussion in Closed Session, but he stated generally the law has been changed and VRE needs to comply with it irrespective of the existing Master Agreement. He stated that the orderly way to address the new requirements would be to

change all VRE agreements to conform to the law, but it would necessitate an amendment to the Master Agreement, which would require approval by all signatories. Mr. Harf stated that during last month's PRTC's discussion of its Legislative Agenda, DRPT Director Drake stated that the Commonwealth will not be introducing any further changes. Mr. Harf stated that it is his supposition that PRTC will keep the weighted voting issue in its Legislative Agenda since it is possible that new legislation could emanate from another source.

Mr. Milde stated that in regards to the weighted vote issue, VRE will need to comply with the law but there is the interpretation of whether pass-through federal funds should be considered as part of the state share, which would have an impact on the state's percentage of the vote. Mr. Milde stated that in his opinion VRE should not stay silent on this issue.

Mr. Harf stated that with regards to the track lease issue, TSDAC looked at the question of how alternative capital allocations impact future years of capital assistance. DRPT has stated that it presumes that the Commonwealth is going to participate at the full 80 percent level of funding for track lease costs from FY 2015 to FY 2019. He stated that VRE would be well advised to remind the incoming Administration that it is a stated assumption that VRE is relying on this funding and it is important for Richmond to honor this. Mr. Allen observed that these issues are not in conflict to VRE's Legislative Agenda.

Mr. Page noted that since 2007 DRPT's VRE representative has abstained from votes on Legislative Agendas and he will continue that practice today. He stated that the way the law is written there is a cap on votes. DRPT will not get a double weighting, but will be capped at the same level as the jurisdiction paying the highest share. Mr. Milde observed that this would be Prince William County with 30 percent of the weighted vote. Therefore, under the new legislation DRPT would also have a weighted vote of 30 percent.

In regards to the track lease issue, Mr. Page suggested that VRE not box itself in by asking for 80 percent because 80 percent could just be the floor and not the ceiling since there may be an opportunity for more funding. Mr. Milde suggested including the wording "at least 80 percent."

Mr. Zimmerman stated that in his opinion that is not good governance and it was entirely unwarranted. It is the jurisdictions that come up with funding every year when VRE needs to balance the budget. He stated that VRE should go on record calling for the repeal of this legislation because it is bad governance.

Ms. Bulova moved, with a second by Mr. Milde, to approve the VRE 2014 Legislative Agenda with the understanding that the Operations Board will conduct a Closed Session at its December meeting to discuss the weighted vote issue and possible amendments to the VRE Master Agreement and Legislative Agenda. The motion would also direct staff to include monitoring track lease access fees as part of the Legislative Agenda. In response to a question from Mr. Milde, Chairman Smedberg observed that the Legislative Agenda can always be amended in the future.

Mr. Kelly stated that he hopes the Operations Board will come out of the Closed Session in December with a plan of how to implement the weighted vote or take a position that VRE does not want it implemented and have a plan for a legislative solution. He stated that all options should be put on the table. Mr. Allen stated that staff will draft a possible action item to modify the Legislative Agenda for the Board to consider at the meeting.

The Operations Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman. Mr. Page abstained.

#### Authorization to Extend the Agreement for State Legislative Services – 8E

Mr. Allen stated that Resolution #8E-11-2013 would authorize him to extend the agreement with The Hillbridge Group of Richmond, Virginia for legislative services on a month to month basis through the conclusion of the 2014 legislative session and to increase the amount of the agreement by \$11,750, for a total amount not to exceed \$56,750.

Mr. Milde moved, with a second by Mr. Way, to approve Resolution #8E-11-2013.

Mr. Page stated that he is not sure that funding from the Commonwealth can be applied to lobbying services and he encouraged VRE to double check if the funding source can be run through the formula.

The Board then voted on the motion and it passed. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Skinner, Smedberg, Thomas, Way and Zimmerman. Mr. Page abstained.

#### Authorization to Execute a Lease Agreement for Parking at the Fredericksburg VRE Station Lot H – 8F

Mr. Allen reported that Resolution #8F-11-2013 would authorize him to execute a lease agreement with New City Fellowship for 127 parking spaces near the Fredericksburg Station at 200 Prince Edward Street for the amount of \$446,320 for a five-year term commencing January 1, 2014 through January 1, 2019.

Mr. Allen explained that the new lease agreement will be structured with a negotiated rate per space paid to New City Fellowship monthly. Over the course of the five-year term, the monthly rate will escalate at a rate of 3.5 percent annually. The base rate of \$55 per space per month is on par with what VRE currently is paying for other spaces in the immediate area. Mr. Allen observed that even with the Spotsylvania Station opening in the near future, VRE staff anticipates there will still be demand for these spaces. If not, there is an “out” clause in the agreement.

Mr. Kelly moved, with a second by Mr. Milde, to approve the resolution. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

#### Authorization to Issue an Invitation for Bids (IFB) for Locomotive Fuel Delivery Services – 8G

Mr. Allen explained that the VRE Operations Board is being asked to authorize him to issue an IFB for the delivery of fuel to the VRE locomotive fleet at the Broad Run and Crossroads maintenance and storage yards. Resolution #8G-11-2013 would accomplish this.

Mr. Page asked if VRE still requires a Snyder valve to be on the tank wagons, which restricted VRE in the past for fuel procurement. Mr. Dalton responded that VRE still has the same system with the valves but it is now a common system and there are no procurement issues.

Mr. Way observed that by using fixed pricing for fuel VRE saved \$100,000 over the last year. Ms. Boxer stated that the fact that VRE saved funds by hedging is a bonus but VRE could have also lost funds. VRE hedges for the purpose of locking in fuel costs to have predictability for the budget in a volatile market and not for speculating on the cost of the fuel. Mr. Way agreed that stabilization is important. He observed that if VRE began to continually lose money from fuel costs, the Board may want to look at this issue.

Ms. Bulova moved, with a second by Mr. Naddoni, to approve Resolution #8G-11-2013. The vote in favor was cast by Board Members Bulova, Cook, Jenkins, Kelly, Milde, Naddoni, Page, Skinner, Smedberg, Thomas, Way and Zimmerman.

#### Operations Board Members' Time –9

Mr. Allen introduced Joe Swartz who will start on Monday as VRE's new Chief of Staff. Mr. Swartz is completing his last day working for DRPT.

Mr. Kelly thanked staff for the written System Plan Update report, but he noted that it still doesn't answer the question of when the state will return VRE's train slots. He also stated that it would be good to have a quarterly update from DRPT. Mr. Allen stated that a discussion of the train slots is part of a later agenda item.

Mr. Skinner gave a brief update on the Spotsylvania Station. The County is looking to move forward with the third track work in early December and the station platform work beginning in early January 2014. Spotsylvania County submitted an offer for the land for the parking lot and hopefully the land owner will respond favorably by next week. He stated that he anticipates the station will be completed by a May/June timeframe.

Mr. Skinner also asked VRE to implement an orientation for new Board Members. He stated that with Mr. Zimmerman retiring from elected office, the Board will have at least one new member. Mr. Milde stated that he just recently heard that about Mr. Zimmerman's departure and stated that even though he and Mr. Zimmerman may sometimes have different views, he is sad to see Mr. Zimmerman leave. He observed the amazing tenure of the members on this Board. Mr. Cook agreed that a new member orientation is important. Staff should begin to implement this orientation process and the Management Audit will also look at this issue.

#### FY 2015 Budget Update – 10A

Mr. Shorter gave a briefing on the FY 2015 Budget process. He reported that the prior version of the budget presented to the Board in August showed unfunded costs of \$2.5 million. The current budget is now materially balanced. This is primarily due to revised department expenditures, additional state operating funds, the reduction of the eight-car Fredericksburg line train from 12 months to nine months of service, and the incorporation of additional federal and state capital funds. Currently, there are no plans for either a subsidy or fare increase.

Mr. Shorter stated that the next steps are to continue to work with the CAO Budget Task Force on the budget. A balanced budget should be brought to the Task Force for their review at their December 12<sup>th</sup> meeting. He explained that the Master Agreement Survey was delayed three weeks but the jurisdictional subsidy breakout should be completed by December 12<sup>th</sup>. The Operations Board will consider adoption of the budget at the December meeting.

Mr. Way asked if staff is confident that the State of Good Repair federal formula funding can be used for the projects VRE has designated. Mr. Shorter responded that some of the funding for these projects also comes from 5307 funding. Ms. Boxer stated that VRE has already received the State of Good Repair funding and the only project in question is the maintenance facility. VRE has contacted FTA for confirmation that State of Good Repair funding can be used for this project since it is an expansion of the current facility. She assured the Board that VRE staff will not expend funds until they receive confirmation.

#### VRE System Plan Update and DRPT Transportation Report – 10B

Mr. Page stated that it is good to be back at the VRE Operations Board meetings. He has been entrenched with TSDAC over the last six months. He reported that the Statewide Rail Update is in its final draft and will be released soon. All of the track capacity is included in this report and the Rail Resource Allocation Plan will also be released soon. He then provided a historical overview of the MOU with CSXT which resulted in an additional four trains slots that DRPT borrowed from VRE to initiate intercity passenger service. He stated that VRE can take part of the credit for the most successful regional intercity train (the Lynchburg service) in the United States.

Mr. Page stated that this has led the Commonwealth to move forward on the next generation of improvements, including Arkendale to Powell's Creek. He stated that the other piece is how the Commonwealth will work with VRE and CSX to identify new capital projects to "repay" the agreement.

Mr. Page stated that DRPT is happy to be part of the discussion where VRE is so successful that it needs its train slots back. He stated that the train slot issue cannot be resolved during the remaining time of the McDonnell Administration but it will allow a good opportunity for the new McAuliffe Administration to work hand-in-hand with VRE on this issue.

Mr. Kelly stated that it is good to hear that the Lynchburg intercity service is so successful, but he doesn't want it to be at the expense of this region's commuter rail service. There are people now commuting 2.5 hours up and down I-95, which impacts the economic ability for the City of Fredericksburg to maintain itself. It is important for VRE to know when it can start expanding its service. It is also important to understand how commuter rail, intercity rail and high-speed rail all fit together and how high-speed rail could impact VRE. He also would like to expand the conversation on how the state's overall rail plan will affect VRE.

Mr. Page stated that effective October 16, 2013, the Commonwealth took over six regional train services (except the Carolinian service). The Commonwealth subsidizes the service and Amtrak is contracted to operate it. He has initiated discussions with Amtrak and VRE regarding the Step-Up fares to try to increase other seating opportunities for VRE riders. There are seats VRE passengers can be using on the intercity trains while deliberations with CSX continue for Virginia to get more train slots. He is glad that this discussion has started and assured VRE that the Commonwealth understands that it has a commitment to return the train slots to VRE. Mr. Milde stated that this is a great start to resolving this issue. He observed that the people riding the intercity rail result in less people on our congested roadways.

Ms. Hoeffner then gave a presentation on the VRE System Plan, which will come back to the Operations Board for approval in December 2013. She reminded the Board that the System Plan includes three major initiatives, which could ultimately double ridership by 2040.

Ms. Hoeffner reviewed the three service initiatives that are part of the System Plan. The first initiative would maximize existing service, which would satisfy short-term growth in the existing VRE commuter markets. The second initiative focuses on long-term growth that would expand service beyond VRE's current system. It would encompass a two-pronged approach that would focus on increased service to the traditional "commute to work" market to the Core (more peak trains, express trains, Gainesville-Haymarket extension) and target new markets (reverse commute, off peak service). The third initiative would build a regional rail network.

Ms. Hoeffner stated that the last two phases is where VRE would see significant investments needed to accomplish the initiatives, including \$800 – 950 million investments



over a 20 year period, \$200 – 250 million for the Gainesville-Haymarket extension, \$1 billion for rail infrastructure, and significant increases in operating costs. The benefits could double VRE ridership. There are potential funding opportunities for the Gainesville-Haymarket extension project from new capital funding programs at both the federal and state levels, as well as potential NVTa funding. These improvements and expansion would set the stage to establish the foundation to make VRE part of a regional rail network.

Ms. Hoeffner observed that full implementation of the second and third initiatives may require a shift in VRE's business model. The Operations Board may wish to consider a shift from being a local provider to being a regional operator, which may enhance VRE's ability to attract regional funding partners.

Mr. Way asked a question if this is the System Plan that the APA audit stated that VRE did not have. Ms. Hoeffner replied in the affirmative.

Mr. Kelly noted that how VRE advances with the System Plan will be critical and an important component of that is that the Commonwealth needs to be a partner. He stated that by 2040 population estimates for the City of Fredericksburg are at 30,000. The pressure on the smaller jurisdictions will become greater and greater. He agreed that VRE governance probably needs to change in the future. Mr. Kelly also asked if the issue of storage is incorporated into the System Plan. Mr. Allen replied that storage is a major issue. The System Plan looks at different ways to add storage, including buying land and building storage, acquiring more train slots and/or running trains throughout the day instead of storing them. Mr. Page reminded the Board that CSX is planning on making this corridor a national gateway with significantly more freight traffic.

Ms. Bulova stated that the System Plan envisions VRE becoming a regional player but it would require VRE to acquire substantial funding. She reminded the Board that the Dulles Silver Line funding was complicated and difficult and basically resulted in a special tax district.

#### 2013 Disaster Training Drill –10C

Mr. Diebler reported that under federal requirements as well as VRE System Safety Plan requirements, VRE conducted its annual emergency response drill with first responders on November 9<sup>th</sup> on and around the railroad bridge that carries the Manassas Line over Lake Accotink Park in Fairfax County. It was a full-scale simulated disaster which included realistic emergency situations and was conducted at night in the dark to provide another level of training. Along with VRE staff, the Fairfax County Fire and Rescue, Fairfax Police Department, Norfolk Southern Corporation and Keolis participated in the drill.

Mr. Diebler stated that as part of the drill, emergency responders learned that an injured passenger had self-evacuated into the dense woods beyond the tracks. Unable to locate the passenger, a Fairfax County Police Helicopter Unit was summoned to perform an aerial search using infrared equipment and guide rescuers to the injured passenger.

### Adjournment

On a motion by Mr. Milde and a second by Mr. Kelly, the Board unanimously agreed to adjourn. Chairman Smedberg adjourned the meeting at 11:42 A.M.

Approved this 20<sup>th</sup> day of December, 2013.

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Paul Smedberg  
Chairman

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John Cook  
Secretary

### **CERTIFICATION**

This certification hereby acknowledges that the minutes for the November 15, 2013 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



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Rhonda Gilchrest



**Virginia Railway Express  
Operations Board**

**Resolution  
8A-11-2013**

**Authorization to Forward the FY 2013 Audited Financial  
Statements and Auditor's Report**

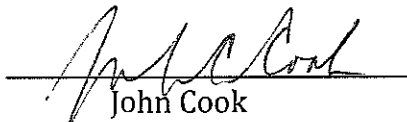
**WHEREAS**, the VRE Operations Board has contracted with the firm of PBMares, LLC (formally PBGH) for the audit of its financial statements; and,


**WHEREAS**, the audit of VRE's FY 2013 financial statements has been completed; and,

**WHEREAS**, the auditors have issued an unqualified opinion that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization.

**NOW, THEREFORE BE IT RESOLVED**, that the VRE Operations Board accepts the FY 2013 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8B-11-2013**

**Authorization to Amend the Contract for New Passenger Railcars**

**WHEREAS**, VRE has a need to replace the aging legacy railcars and enhance the state of good repair of VRE's passenger railcar fleet; and,

**WHEREAS**, VRE executed a Contract in March 2012 with Sumitomo Corporation of America for a base order of eight new passenger cars with an option for forty two additional railcars; and,


**WHEREAS**, VRE anticipates the delivery of the base order railcars in January and February of 2014; and,

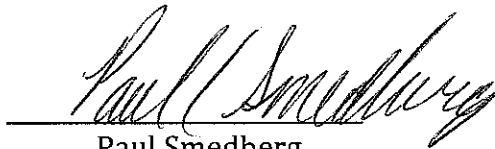
**WHEREAS**, the purchase of seven option railcars will allow VRE to retire the remaining legacy railcars; and,

**WHEREAS**, VRE has identified the funding to purchase the additional seven railcars.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to amend the contract with Sumitomo Corporation of America to place an option order for seven additional railcars and increase the contract by \$14,805,714, from \$21,240,000 to \$36,045,714, plus a contingency of \$501,786, for a total not to exceed amount of \$36,547,500.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8C-11-2013**

**Authorization to Extend the Amended Operating Access  
Agreement with Norfolk Southern**

**WHEREAS**, the Commissions currently have an Operating Access Agreement with Norfolk Southern, dated as of May 5, 2000, related to VRE operations in the Manassas to Washington corridor; and,

**WHEREAS**, this agreement, following several extensions, will expire on December 31, 2013; and,

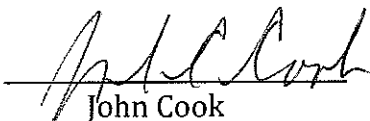
**WHEREAS**, staff has held negotiation sessions with Norfolk Southern representatives; and,


**WHEREAS**, staff recommends extending the existing agreement to June 30, 2014 to allow time to conclude negotiations and finalize a new agreement; and,

**WHEREAS**, necessary funding has been incorporated into the FY 2014 budget to allow VRE to continue its operations over Norfolk Southern tracks via this contract extension.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends the Commissions authorize the Chief Executive Officer to execute an extension of the existing May 5, 2000 Amended Operating/Access Agreement with Norfolk Southern to June 30, 2014.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8D-11-2013**

**Authorization to Approve the 2014 Legislative Agenda**

**WHEREAS**, VRE is an essential part of regional transportation network for the Northern Virginia and DC Metropolitan region; and,

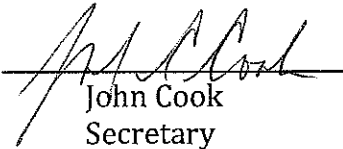
**WHEREAS**, VRE serves residents of thirty seven jurisdictions throughout the Commonwealth to provide a meaningful public transportation option; and,


**WHEREAS**, it is essential for VRE to advocate its funding needs and legislative concerns with members and staff in Congress, in the Virginia General Assembly and with the Governor; and,

**WHEREAS**, these legislative needs and goals are supportive of the transportation philosophy of the Northern Virginia region; and,

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends that the Commissions approve the 2014 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8E-11-2013**

**Authorization to Extend the Agreement for  
State Legislative Services**

**WHEREAS**, VRE issued a Request for Quotes in January 2013 for State Legislative Services; and

**WHEREAS**, The Hillbridge Group was selected to provide these services for a twelve month period ending January 21, 2014; and


**WHEREAS**, the agreement for the twelve month period was for \$45,000 and within the Chief Executive Officer's authority; and

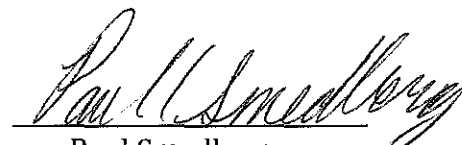
**WHEREAS**, an extension is requested to retain these services through the end of the 2014 legislative session; and

**WHEREAS**, an additional authorization is needed in the amount of \$11,750, for a total amount not to exceed \$56,750

**NOW, THEREFORE, BE IT RESOLVED**, that the VRE Operations Board authorizes the Chief Executive Officer to extend the agreement with The Hillbridge Group to provide state legislative services through the end of the 2014 legislative session and to increase the amount of the agreement by \$11,750, for a total amount not to exceed \$56,750.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman



**Virginia Railway Express  
Operations Board**

**Resolution  
8F-11-2013**

**Authorization to Execute a Lease Agreement for Parking at the  
Fredericksburg VRE Station Lot H**


**WHEREAS**, in July 2000, the Operations Board approved a twenty-five year lease with New City Fellowship for 127 parking spaces near the Fredericksburg Station at 200 Prince Edward Street; and,

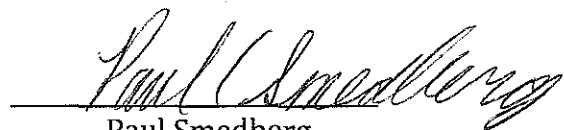
**WHEREAS**, VRE was notified in December 2012 of New City Fellowships' intent to terminate the agreement at the end of the fourteenth year as provided for in the agreement; and,

**WHEREAS**, VRE staff has worked with New City Fellowship to negotiate a new lease agreement.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board is being asked to authorize the Chief Executive Officer to execute a lease agreement with New City Fellowship for 127 parking spaces near the Fredericksburg Station at 200 Prince Edward Street in the amount of \$446,320 for a five (5) year term commencing January 1, 2014 through January 1, 2019.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8G-11-2013**

**Authorization to Issue an Invitation for Bids (IFB)  
for Locomotive Fuel Delivery Services**

**WHEREAS**, the contracts for the delivery of VRE's locomotive fuel expire in 2014;  
and,


**WHEREAS**, over the past years, VRE purchased the majority of its fuel via fixed price  
agreements with its fuel suppliers; and,

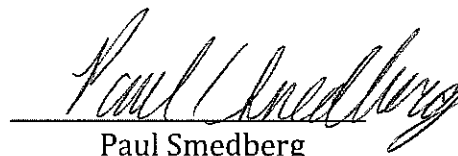
**WHEREAS**, to avoid an interruption in the purchase cycle of those fixed price  
arrangements it is necessary to award the fuel delivery contracts prior to the  
expiration of the current fuel delivery contracts; and,

**WHEREAS**, a solicitation for these services shall be initiated.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board authorizes  
the Chief Executive Officer to issue an Invitation for Bids (IFB) for the delivery of fuel  
to the VRE locomotive fleet at the Broad Run and Crossroads maintenance and  
storage yards.

Approved this 15<sup>th</sup> day of November 2013

  
John Cook  
Secretary

  
Paul Smedberg  
Chairman

**Agenda Item 10-B**  
**Information Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 15, 2013**

**Re: VRE System Plan Update and Virginia Department of Rail  
and Passenger Transportation Report**

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In follow-up to the presentation at the October VRE Operations Board meeting, an overview of the specific system investments recommended in the System Plan, including a preliminary estimate of capital costs, will be provided.

A discussion of available VRE capacity (train slots) and agreements related to the use of those slots will also be provided. As background to the presentation, a summary of the agreements addressing VRE capacity expansion follows:

The Operating/Access Agreement between CSX and VRE, executed in 1995 and most recently amended in 2011, outlines a commitment by VRE to build a parallel Third Mainline of Track within the railroad corridor from mile post (MP) CFP 53.2 (XR, also referred to as Crossroads) to MP 112.3 (Virginia Avenue Interlocking, also referred to as CP Virginia) to expand railroad capacity and make all three lines of track fully operable for mixed freight and passenger rail purposes.

The initial 1995 version of the Operating/Access Agreement required the completion of the entire Third Mainline Project from XR to Virginia Avenue Interlocking before any expansion in VRE service would be permitted. Subsequent discussions with CSX regarding this provision resulted in the 2002 CSX-VRE-DRPT Memorandum of Understanding (MOU) where the parties agreed to an incremental approach to constructing the Third Mainline (i.e., increasing railroad capacity) and incremental VRE and DRPT-contracted service expansion linked to completion of specific capacity improvements. DRPT participated in the MOU and joined in the commitment to the Third Mainline Project because of its interest in VRE service as well as the advancement of state-contracted intercity service each of which are facilitated by the Third Mainline Project.

The 2002 MOU identified an initial series of railroad capacity improvements towards the Third Mainline commitment, including:

- Quantico Creek Bridge
- VA Tunnel to L'Enfant Plaza Third Mainline
- Slaters Lane to RO Third Mainline
- AF to Franconia-Springfield Third Mainline
- Fredericksburg to HA Third Mainline

The MOU improvements have been completed and earned an additional eight daily trains or "slots"; six on the Fredericksburg Line and two on the Manassas Line. A slot is a one-way train trip. A round trip consists of two slots. By 2008, VRE was using two of the Fredericksburg Line slots (for train 301 and a northbound afternoon non-revenue train.)

DRPT requested an amendment to the MOU in 2008 to initiate the state-contracted intercity service. The First Amendment to the MOU, executed in 2009, permits DRPT to borrow four VRE slots; one round-trip on each line. The Amendment also permitted VRE to convert the existing Fredericksburg Line afternoon non-revenue train to Train 300, a new express morning revenue train.

The First Amendment also addresses the steps DRPT must take to return the slots it borrowed to VRE. It stipulates that DRPT will fund new rail capacity improvement project(s) to expand CSX Mainline capacity to replace the VRE slots. Those projects will receive priority for future year Commonwealth funding and no additional DRPT-contracted trains can be added until the slots are restored to VRE.

A process for implementing additional capacity improvements towards the Third Mainline commitment has been agreed upon by CSX, VRE and DRPT. That process includes the following steps:

- 1) Identify the specific railroad capacity improvements (e.g., track and related signals, switches and other infrastructure) which will advance the Third Mainline project;
- 2) Determine the effect of specific improvements on capacity and/or operations;
- 3) Establish the priority to be given to specific improvements;
- 4) Assess the benefits to passenger and freight rail service to be derived from the improvements;
- 5) Identify the source(s) of public funding for the construction and maintenance of the specific improvements; and
- 6) Determine the extent to which, if any, VRE service and DRPT-contracted intercity service may be expanded upon completion of the specified capital improvements

In addition to initiating state-sponsored intercity service, DRPT is also advancing planning for the Virginia portion of the Southeast High Speed Rail (SEHSR) initiative that will establish high speed rail service from Atlanta, GA, through Charlotte, NC and Richmond, VA to Washington, DC. Within the VRE service area, the SEHSR alignment follows the existing CSX rail corridor. DRPT is in the process of initiating work on a Tier

2 Environmental Impact Statement (EIS) to assess the potential impacts of the Richmond, VA to Potomac River segment (RAPS) of the SEHSR corridor. The EIS provides a detailed analysis on the impacts, including track location, station arrangement and detailed design. High speed rail trains will share the CSX rail corridor with VRE trains, Amtrak long distance trains, DRPT-contracted intercity trains and freight trains. While there have yet to be discussions with DRPT about how the SEHSR initiative should be coordinated with the VRE's commitment to a third mainline, it is anticipated this will occur sometime in the future.

# VRE SYSTEM PLAN

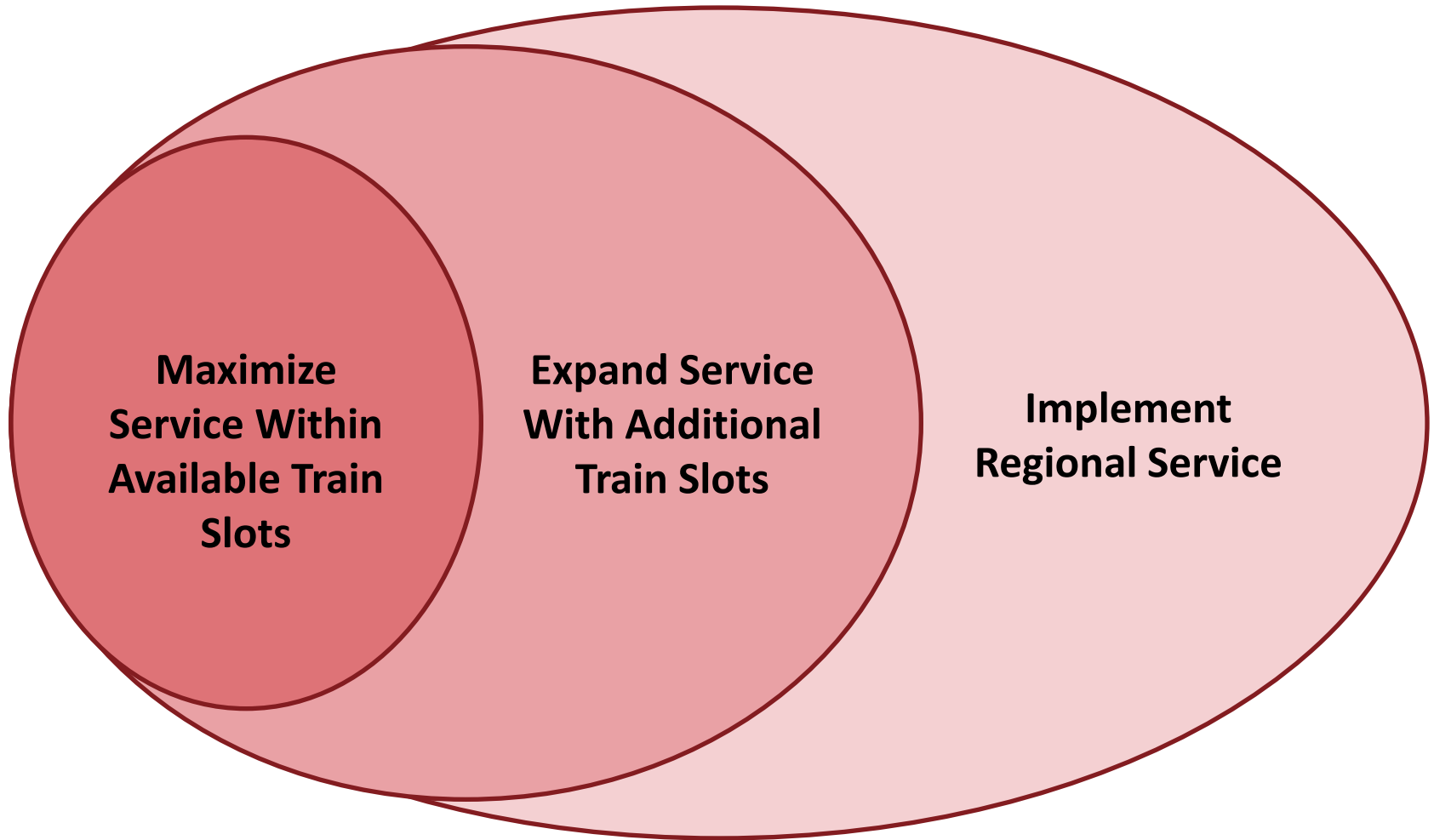
## DRAFT PLAN OVERVIEW



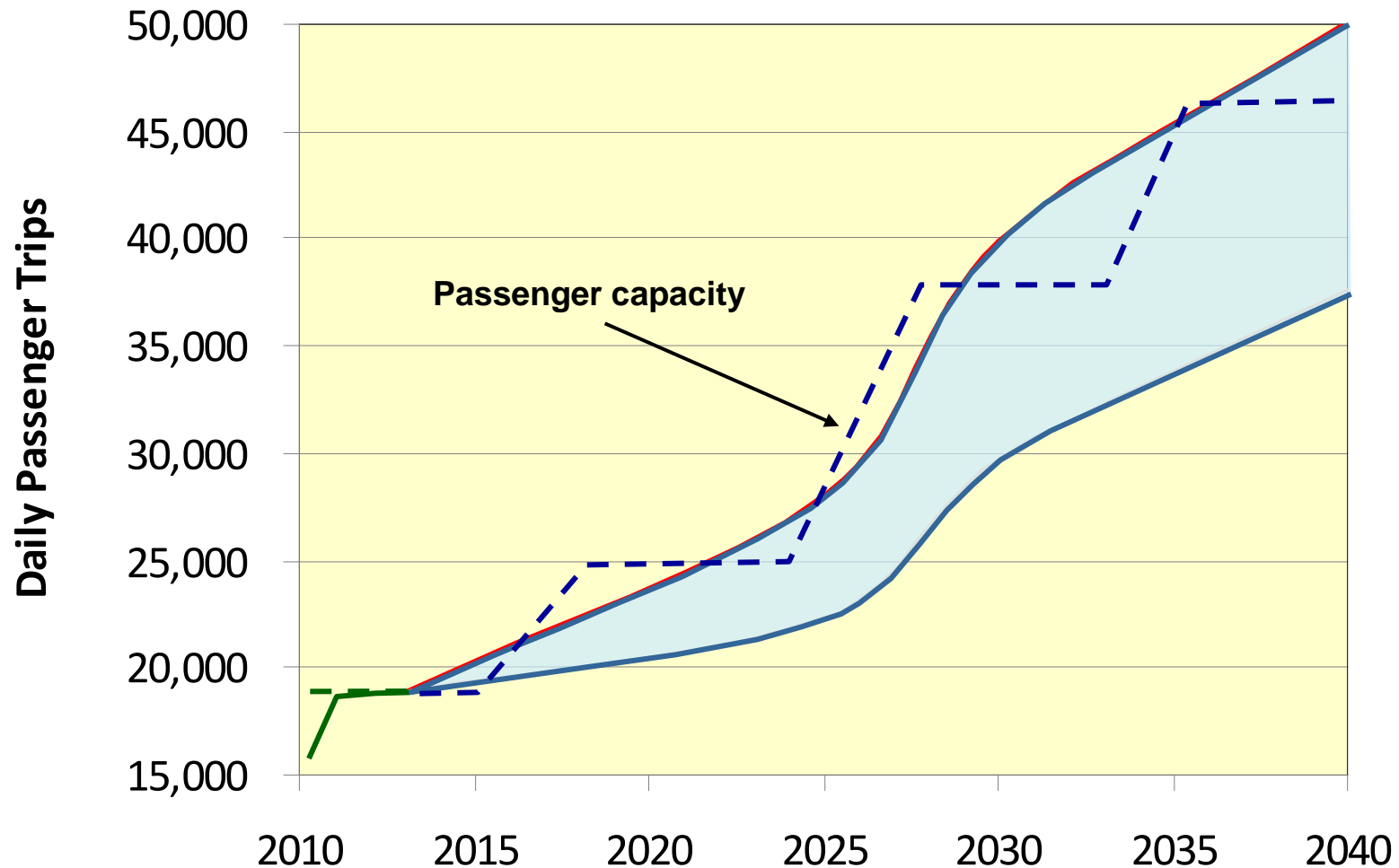
VRE Operations Board  
November 15, 2013



# System Plan Service Initiatives



# 2040 Vision

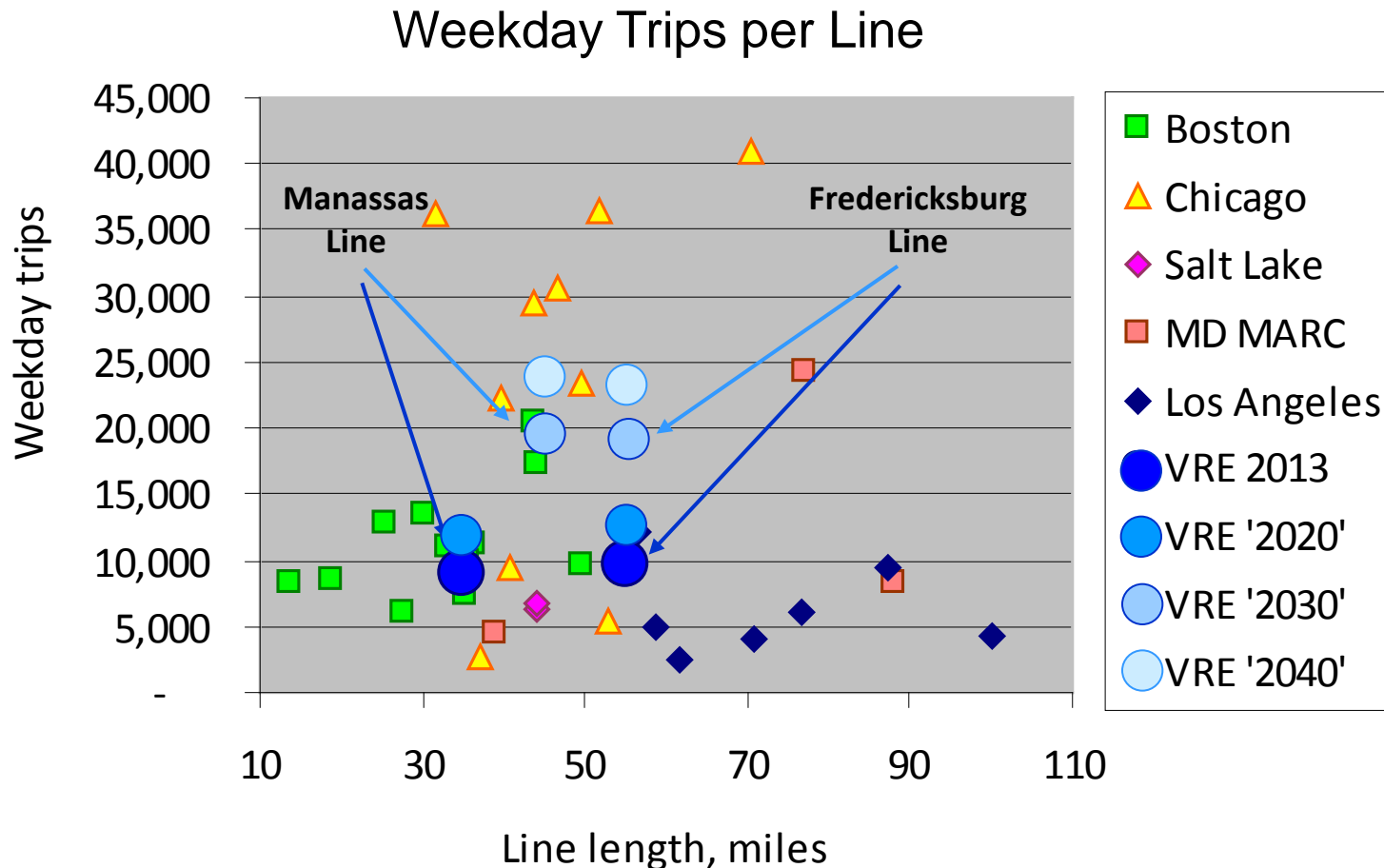




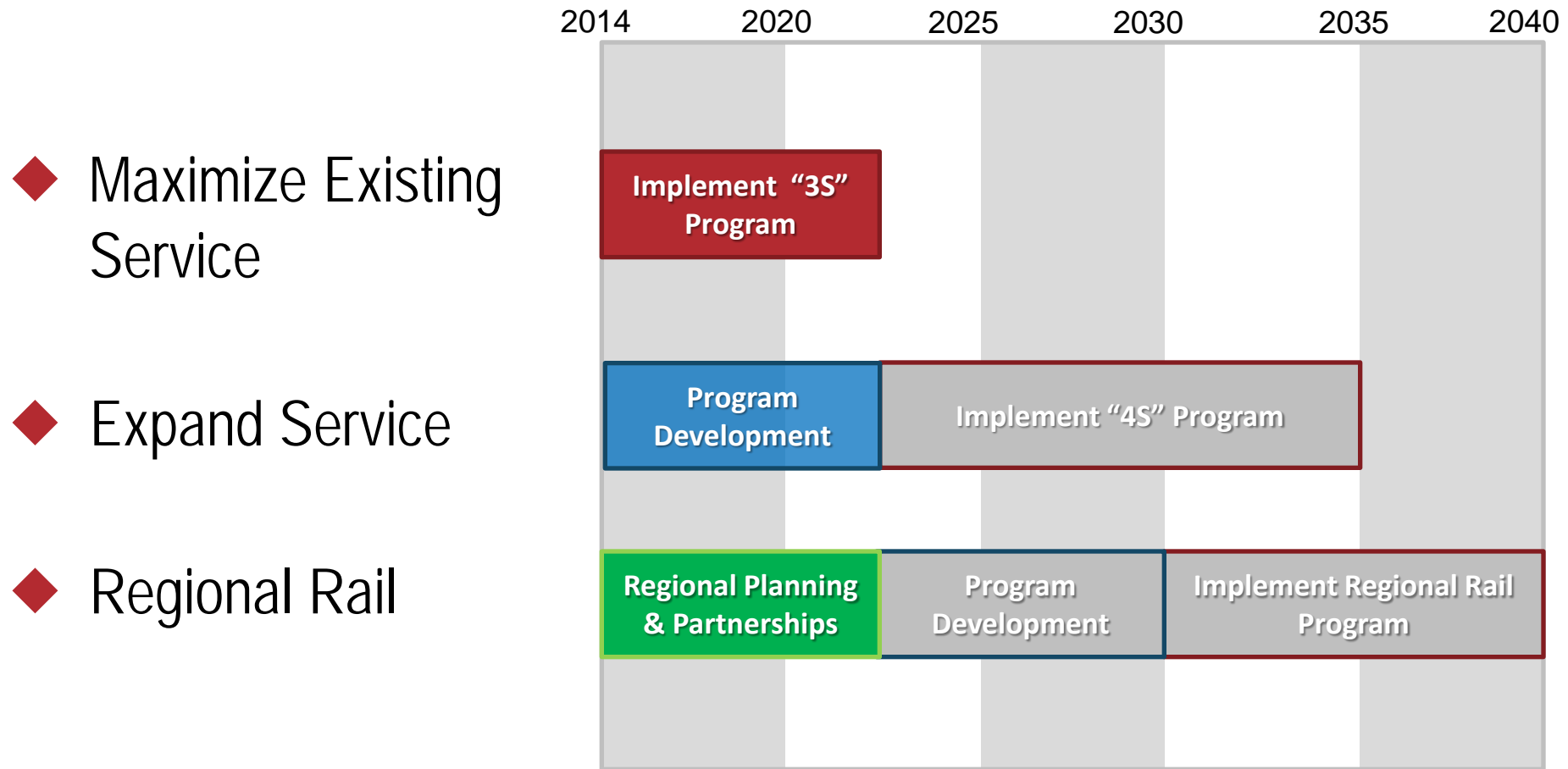
# VRE vs. Other Commuter Rail Systems



- ◆ System Plan investments raise VRE from middle of the pack to top tier for metro areas other than NY – Philadelphia

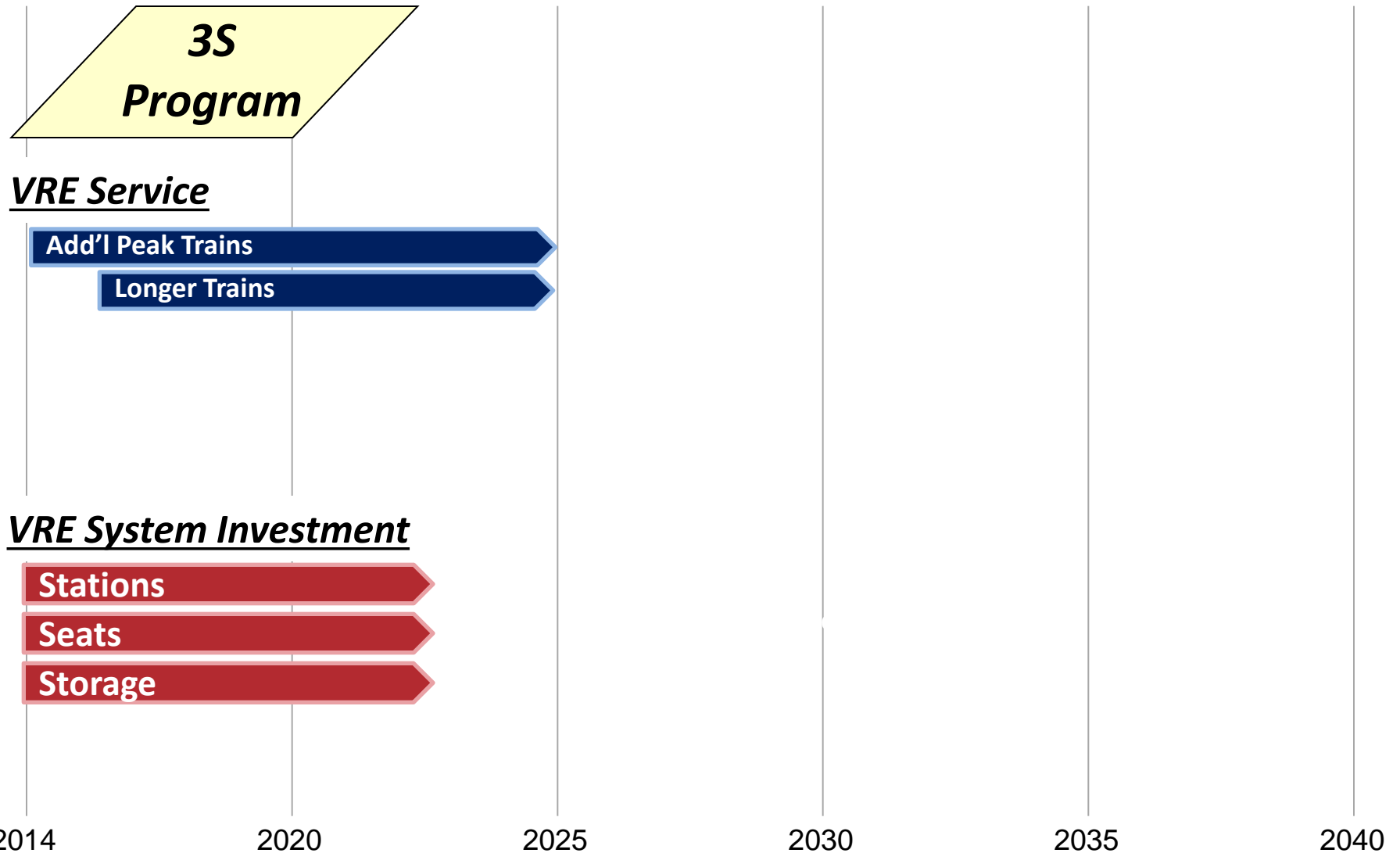


# System Plan Implementation Timeline





# VRE System Plan



# Phase I (2014-2020)

## Maximize Existing Service

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- ◆ *Add four more daily trains and lengthen consists*
- ◆ "3S" Seats-Stations-Storage
  - ◆ Additional bi-level coaches
  - ◆ Platform expansions
  - ◆ Additional station parking
  - ◆ Mid-day and overnight storage
- ◆ Capital cost \$200M (\$2013)
- ◆ Operating cost +\$6M per year (\$2013)

# Phase I (2014-2020)

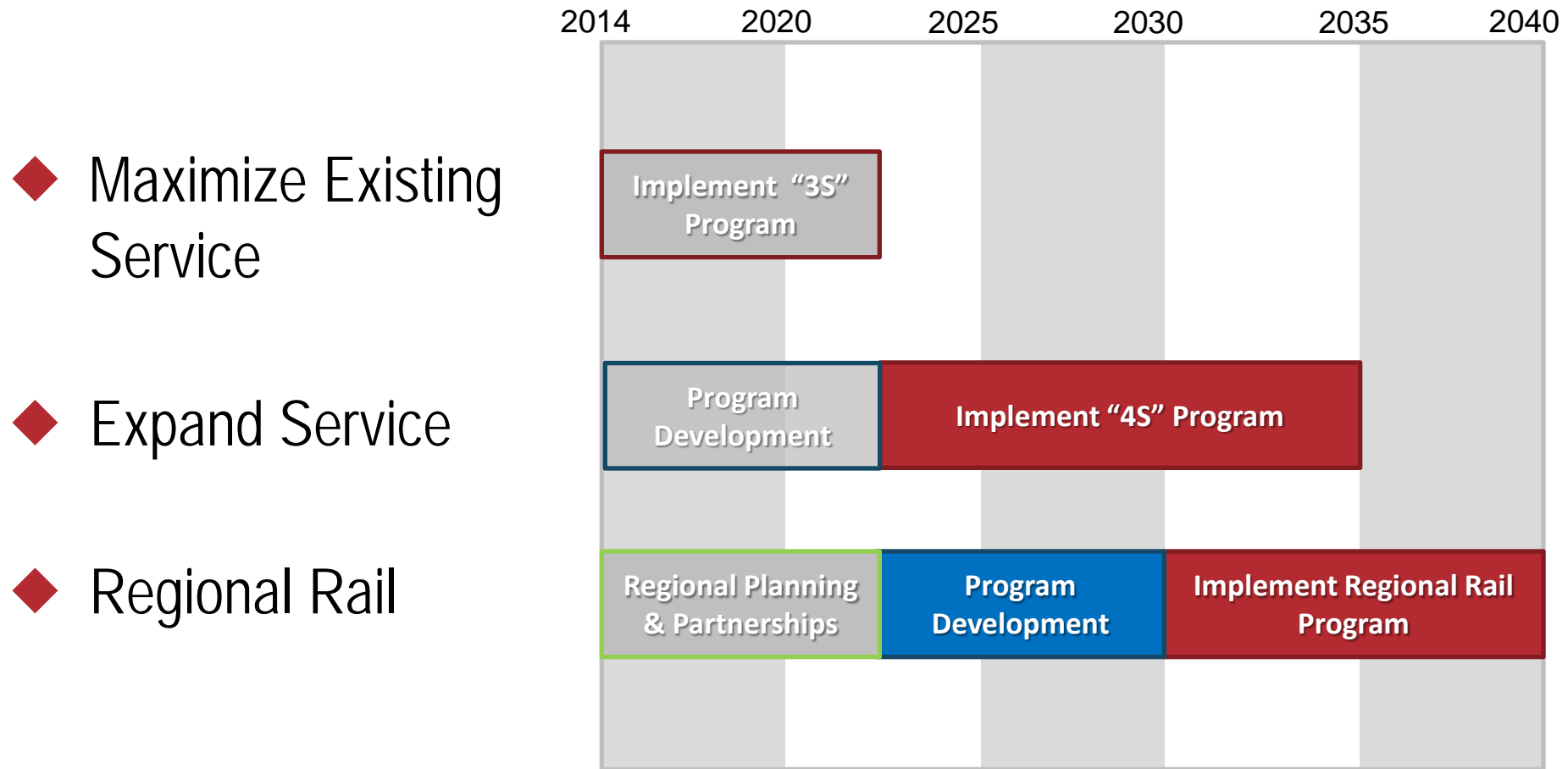
## Maximize Existing Service

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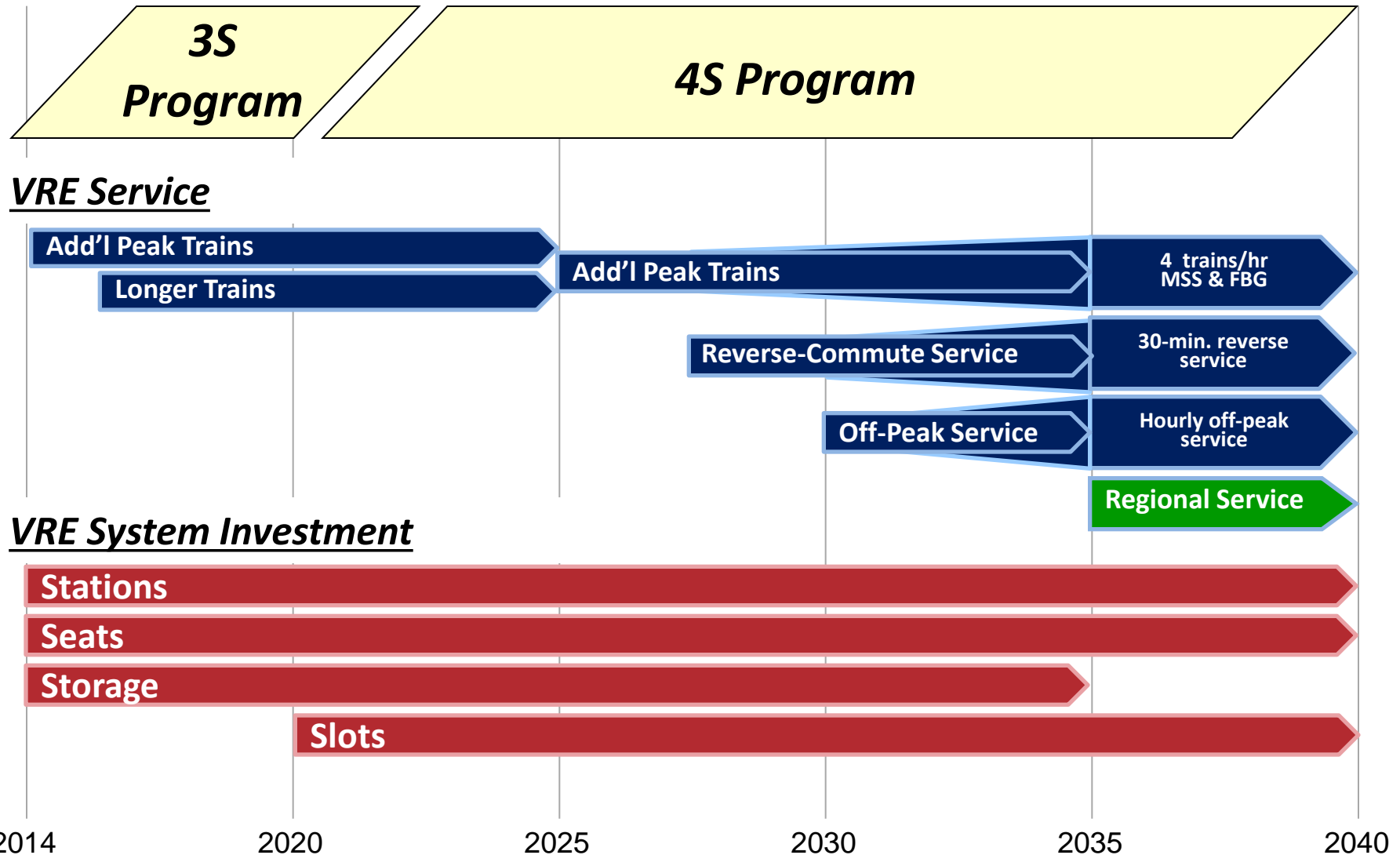
- ◆ Estimated ridership growth +30% to 25,000 daily trips
- ◆ Continue to focus on VRE core business (longer distance travel to Alexandria-Arlington-DC)
- ◆ "3S" program is achievable within expected VRE funding sources
- ◆ Implementation is largely under VRE control
- ◆ Provides capacity relief to 2025

# System Plan Implementation Timeline





# VRE System Plan



# Phases II and III (2020-2040)

## Expand Service



- ◆ *More peak trains, reverse- and off-peak trains, run-through service via timed transfers*
- ◆ Seats-Stations-Storage-Slots
  - ◆ Continues fleet, station and storage expansion
  - ◆ Gainesville-Haymarket Extension
  - ◆ Long Bridge corridor, Alexandria to Virginia Avenue
  - ◆ 3<sup>rd</sup> Fredericksburg Mainline track, Alexandria to Crossroads
- ◆ Significant system investment
  - ◆ Fleet, stations, storage capital cost \$850-900M (\$2013)
  - ◆ Gainesville-Haymarket capital cost \$200-250M (\$2013)
  - ◆ Rail infrastructure capital cost \$1B (\$2013)
  - ◆ Operating cost +\$60-100M per year (\$2013)



# Phases II and III (2020-2040)

## Expand Service

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- ◆ Doubles VRE ridership
- ◆ Exceeds current VRE funding levels
  - ◆ Non-rail elements are within reach
  - ◆ Gainesville-Haymarket extension is candidate for new capital funding programs
- ◆ Supports long-term regional mobility and congestion relief
- ◆ Establishes the foundation for a Regional Rail network
- ◆ Full implementation may require a shift in the VRE business model
  - ◆ Grow from “local” provider to a regional operator
  - ◆ May enhance ability to attract regional funding partners



# Elevate VRE as a Regional Transit Solution

- ◆ I-95 Express Lanes
  - ◆ Nearly \$1B construction cost for 29 miles of new express lanes capacity
  - ◆ Additional costs borne by the Commonwealth for park and ride lot expansion and transit service expansion
- ◆ Dulles Corridor Metrorail/Silver Line
  - ◆ \$5.25 billion total project cost, \$275M Commonwealth funding
  - ◆ 23 mile rail line from East Falls Church to Loudoun County
  - ◆ Up to 17,000 new daily riders
- ◆ CSX Virginia Avenue Tunnel/NS Crescent Corridor
  - ◆ \$130M Commonwealth contribution

# A New Perspective

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- ◆ VRE as part of a continuum of rail transportation options
  - ◆ State-sponsored intercity service
  - ◆ Future HSR service
  - ◆ Future NEC extension
  - ◆ Freight service
- ◆ VRE expansion as a Regional Rail MegaProject
  - ◆ Long Bridge Corridor + 3<sup>rd</sup> Fredericksburg Mainline track
  - ◆ 59 miles 3<sup>rd</sup> track
  - ◆ Up to 25,000 new daily riders
  - ◆ Equivalent capacity of 150 additional highway lane miles

## **RESOLUTION #2229**

**SUBJECT:** VRE FY 2013 Audited Financial Statements.

**WHEREAS:** The VRE Operations Board has contracted with the firm of PB Mares, LLC (formerly PBGH) for the audit of its financial statements;

**WHEREAS:** The audit for VRE's FY 2013 financial statements has been completed; and

**WHEREAS:** The auditors have issued an unqualified opinion that VRE's financial statements, in all material respects, fairly and accurately present the financial position of the organization.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission accepts VRE's FY 2013 Comprehensive Annual Financial Report (CAFR) and authorizes the VRE Chief Executive Officer to forward VRE's audited financial statements, and associated information to interested groups, firms and members of the public.

Approved this 5<sup>th</sup> day of December, 2013

---

Jeff McKay  
Chairman

---

David F. Snyder  
Secretary-Treasurer

**Agenda Item 8-A**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 15, 2013**

**Re: Authorization to Forward the FY 2013 Audited Financial Statements and Auditor's Report**

---

**Recommendation:**

The VRE Operations Board is being asked to accept the FY 2013 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and to authorize the Chief Executive Officer to forward this information to the Commissions for their consideration.

**Background:**

The audit of VRE's FY 2013 financial statements has been completed and the auditors have issued an unqualified opinion. Their opinion letter states that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best possible outcome of a financial audit.

The FY 2013 audit was conducted by the firm of PBMares, LLP. PBMares (formerly PBGH, LLC) has served as the auditors for VRE, PRTC and NVTC for the last several years. A new three year contract for the audit of the VRE and NVTC financial statements was approved in April 2008, with four years of optional renewals.

The audited financial statements and associated reports were forwarded to all members of the Operations Board prior to the November 15<sup>th</sup> meeting. The auditors met with the VRE Audit Committee on November 15, 2013, prior to the Operations Board meeting to review the statements and their opinion.

**Fiscal Impact:**

There is no financial impact to the VRE Operating Budget from the presentation of these audited financial statements.

**Virginia Railway Express  
Operations Board**

**Resolution  
8A-11-2013**

**Authorization to Forward the FY 2013 Audited Financial  
Statements and Auditor's Report**

**WHEREAS**, the VRE Operations Board has contracted with the firm of PBMares, LLC (formally PBGH) for the audit of its financial statements; and,

**WHEREAS**, the audit of VRE's FY 2013 financial statements has been completed; and,

**WHEREAS**, the auditors have issued an unqualified opinion that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization.

**NOW, THEREFORE BE IT RESOLVED**, that the VRE Operations Board accepts the FY 2013 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 15<sup>th</sup> day of November 2013

---

Paul Smedberg  
Chairman

---

John Cook  
Secretary

# Virginia Railway Express

A commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission. Headquartered in Alexandria, Virginia

## Comprehensive Annual Financial Report

For the years ended June 30, 2013 and 2012







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Virginia Railway Express**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

# **VIRGINIA RAILWAY EXPRESS**

**Comprehensive Annual Financial Report**

**YEARS ENDED JUNE 30, 2013 AND 2012**



Prepared by:

Department of Finance

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## Introductory Section







VIRGINIA RAILWAY EXPRESS

November 4, 2013

To the Honorable Operations Board Members and Commissioners  
The Virginia Railway Express  
The Northern Virginia Transportation Commission  
The Potomac and Rappahannock Transportation Commission

We are pleased to present the comprehensive annual financial report for fiscal year ended June 30, 2013 for the Virginia Railway Express (VRE), a commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). NVTC and PRTC are political subdivisions of the Commonwealth of Virginia. VRE is not a legal entity and is considered a joint venture of the two Commissions for accounting purposes. As used in this report, VRE refers to those activities that are carried out jointly or individually by NVTC and PRTC to operate the commuter rail activities described below.

The report consists of management's representations concerning the finances of VRE. Consequently, management assumes responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, VRE's management has established a comprehensive internal control framework that is designed to protect VRE's assets from loss, theft, or misuse and to gather sufficient reliable information for the preparation of VRE's financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

VRE's financial statements have been audited by PBMares, LLP, a firm of licensed certified public accountants, and have earned an unqualified opinion. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) is found immediately following the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **Profile of Virginia Railway Express**

VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia, and terminating at Union Station, Washington, DC. VRE began operations in 1992 with 16 trains and 1,800 average daily riders. During fiscal year 2013, VRE operated 32 trains and served an average daily ridership of 18,878, based on 250 days.



VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. PRTC is the recipient of federal grants for the rail service and NVTC is the recipient of state grants for the rail service, with certain minor exceptions. All non-contract staff are employees of PRTC.

In accordance with the Master Agreement that created VRE, the Operations Board must prepare and submit a preliminary annual budget to the Commissions and the contributing and participating jurisdictions by September 30 of the preceding fiscal year for review and comment. A final recommended budget is prepared by December 1 for consideration by the Operations Board and the Commissions by February 1, followed by transmittal to the jurisdictions for appropriation. In addition, the Operations Board is required to have an annual audit performed of the financial activities related to the commuter rail service.

## **Economic Conditions**

### **Major Initiatives**

During fiscal year 2013, VRE focused on improving systems that would ensure the future health of the rail line and allow for expansion as opportunities and funding become available.

VRE placed an order for the construction of eight Gallery railcars in fiscal year 2012 to replace existing equipment. Construction of the railcars continued during fiscal year 2013 and delivery is expected in February 2014. During fiscal year 2013 VRE completed the first phase of a Long Range Life Cycle Maintenance Action Plan for the VRE rolling stock and maintenance facilities; specific actions and recommendations will be incorporated into the fiscal year 2015 budget and capital plan.

The construction of additional parking at the Brooke and Leeland Stations and the construction of a warehouse facility at the Crossroads yard were completed during fiscal year 2013. The design of a new station in Spotsylvania County was completed during fiscal year 2013 and substantial progress was made on the design of the third track near the station. Construction of both the track and the station is scheduled to begin in fiscal year 2014.

Work continued on the selection of a Mobile Ticketing system which will enable passengers to purchase VRE fares via their cell phones. The mobile purchases will be able to be validated and presented to the conductors for visual inspection, just as in the current process, though other capabilities may be added as the system fully develops.

### **Long-Term Financial Planning**

In order to help prioritize future needs and address potential future growth, a Long-Range Strategic Plan was completed in 2004. The plan identified the projected ridership demand through 2025, and the capital and operating expenses necessary to meet that demand. It also examined potential network extensions, their impact on ridership, and the costs of such expansions and provided the technical underpinning for policy and planning decisions in the upcoming years. The cost and timing of the major capital projects included in the plan was updated in fiscal year 2012. The preparation of a VRE System Plan was initiated in April 2013. The System Plan will build upon the long-range vision outlined in the VRE Strategic Plan and provide a framework for system capital investments and actions VRE should pursue through 2040 to address projected system and regional travel needs. The System Plan will identify overall capital project costs and project timing over the life of the plan and form the basis for the ongoing annual development of the capital program. The annual budget includes both a multi-year capital program and a six-year forecast of revenue, expenses and funding sources.



A Transit Development Plan (TDP) was prepared in December 2011 and funded by the Virginia Department of Rail and Public Transportation (DRPT) to comply with DRPT requirements for recipients of state transit operating and capital assistance and to assist the agency in preparing inputs to the state Six-Year Improvement Program (SYIP) for transportation. The Plan is updated annually to reflect current agency priorities and costs and to extend the TDP financial plan an additional year to maintain a six-year planning horizon.

### **Financial Environment**

As the price of fuel has soared, environmental concerns increased, and highways became even more crowded, commuters have been drawn to transit alternatives. For VRE, ridership has been further strengthened by investments in new equipment and excellent on-time performance. As a result, VRE experienced its highest average daily ridership to date during the last two fiscal years. Although subsidy funds continue to be constrained, new sources of regional, state and federal revenue will be available to the system beginning in fiscal year 2014. As a result, future VRE budgets will reflect a balance between meeting service needs, setting fares at a reasonable price, and incorporating the new funding sources into the strategic direction set by the Operations Board and the Commissions.

The focus of the VRE Operations Board and VRE management continues to be the provision of safe, reliable commuter rail service to the citizens of Northern Virginia. With the Washington, DC metropolitan area designated as an ozone non-attainment area, public transit continues to play a vital role in addressing the area's need to improve air quality and reduce congestion. It is estimated that VRE takes the equivalent of over one full lane of traffic off of both Interstate 95 and Interstate 66 during morning and evening rush hour.

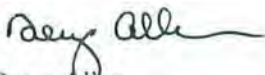
### **Awards and Acknowledgement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Railway Express for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report could not have been prepared without the dedicated cooperation of the entire Finance staff. We would also like to thank the VRE Operations Board and the Commissions for their continued support in planning and conducting the financial operations of VRE in a responsible, progressive fashion.

Respectfully submitted,



Doug Allen  
Chief Executive Officer



Donna Boxer, CPA  
Chief Financial Officer

## **DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL**

### **Operations Board**

#### Officers

Chairman	Hon. Paul Smedberg, City of Alexandria
Vice-Chairman	Hon. Paul Milde, Stafford County
Treasurer	Hon. Jonathan Way, City of Manassas
Secretary	Hon. John Cook, Fairfax County

#### Members

Hon. Sharon Bulova, Fairfax County  
Hon. Maureen Caddigan, Prince William County  
Hon. Wally Covington, Prince William County  
Hon. John Jenkins, Prince William County  
Hon. Matt Kelly, City of Fredericksburg  
Hon. Suhas Naddoni, City of Manassas Park  
Kevin Page, VDRPT  
Hon. Gary Skinner, Spotsylvania County  
Hon. Bob Thomas, Stafford County  
Hon. Christopher Zimmerman, Arlington County

#### Alternates

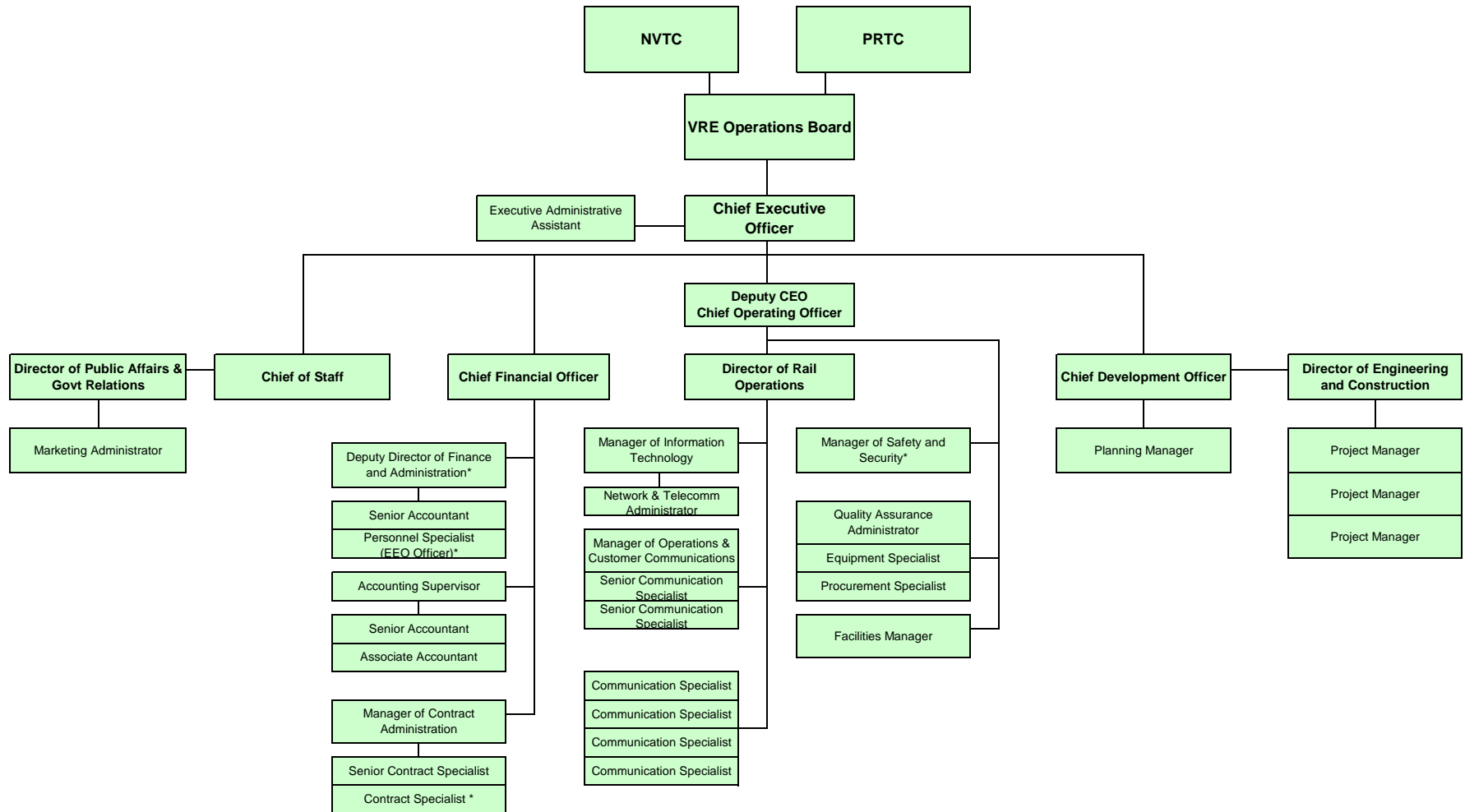
Hon. Marc Aveni, City of Manassas  
Hon. Bradford Ellis, City of Fredericksburg  
Hon. Jay Fisette, Arlington County  
Hon. Frank Jones, City of Manassas Park  
Hon. Michael May, Prince William County  
Hon. Jeff McKay, Fairfax County  
Hon. Martin Nohe, Prince William County  
David Awbrey, VDRPT  
Hon. Benjamin Pitts, Spotsylvania County  
Hon. Susan Stimpson, Stafford County

### **Management**

Chief Executive Officer  
Deputy CEO & Chief Operating Officer  
Chief Financial Officer  
Director, Rail Operations

Doug Allen  
Richard Dalton  
Donna Boxer, CPA  
Chris Henry

# Virginia Railway Express Organizational Chart



\* Note: Manager of Safety and Security reports to the CEO in matters related to safety and security  
 Personnel Specialist and Deputy Director of Finance and Administration report to the CEO in matters related to EEO  
 Contract Specialist reports to the CEO in matters related to their duties as DBE liason



## Financial Section





## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Commission Board Members  
The Northern Virginia Transportation Commission  
The Potomac and Rappahannock Transportation Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Virginia Railway Express (VRE), a joint venture of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to VRE's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VRE's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Railway Express, as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 8-16 and 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise VRE's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013 on our consideration of VRE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VRE's internal control over financial reporting and compliance.

## **Other Matter**

The financial statements of VRE as of June 30, 2012 were audited by PBGH, LLP, who merged with Witt Mares, PLC to form PBMares, LLP as of January 1, 2013, and whose report dated October 30, 2012, expressed an unmodified opinion on those financial statements.

PBMares, LLP

Harrisonburg, Virginia  
November 4, 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Virginia Railway Express' activities and performance provides the reader with an introduction and overview of the financial statements of the Virginia Railway Express (VRE) for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report and the financial statements which begin on page 17.

### Financial Operations and Highlights

- Operating revenues decreased by .2 percent compared to the prior year, from \$35,025,775 to \$34,972,487. Similarly, ridership decreased 2.7 percent from 4,771,987 annual trips to 4,643,898. This decrease is not considered significant for a system that is close to capacity during peak service periods.
- Operating expenses decreased by 1.5 percent from \$61,626,644 to \$60,719,529 as the result of decreases to fuel costs due to the implementation of a fuel conservation program, equipment maintenance costs and modest increases to CPI adjusted contractual agreements.
- Non-operating revenue and capital grants decreased by 10.1 percent from \$57,568,098 to \$51,777,668. This decrease reflects the completion in fiscal year 2012 of the purchase of locomotives which was reimbursed with large federal and state grants. In addition, there was minimal activity related to major construction projects during fiscal year 2013.
- The operating loss before depreciation was \$25,747,042, a decrease from the previous year of 3.2 percent. Local, federal and state support is accounted for as non-operating income and is used to offset these losses.
- VRE's total net position increased by \$6,882,088 from \$265,969,463 to \$272,851,551 primarily as the result of grants and contributions for capital improvements. At the end of the fiscal year, unrestricted net position was \$35,845,639.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, decreased by 2.9 percent, as the combined result of an overall decrease in new project construction, annual depreciation and amortization, and the sale of obsolete rolling stock.

### Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the Virginia Railway Express. VRE's basic financial statements also include notes that provide more detail for some of the information in the basic statements.

**Basic Financial Statements.** VRE's statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to an enterprise using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

VRE's basic financial statements are the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. Comparative data for the prior fiscal year is provided for all three statements.

The Statements of Net Position reports VRE's net position, the difference between assets and liabilities. Net position is one way to measure financial position, but the reader should also consider other indicators, such as the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions, and the age and condition of capital assets.

The Statements of Revenues, Expenses and Changes in Net Position report all of the revenues earned and expenses incurred during the reporting periods.

The Statements of Cash Flows provide information on cash receipts and cash payments during the reporting periods.

The basic financial statements can be found on pages 17-20 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 21-38 of this report.

## Financial Analysis

### Statements of Net Position

As noted earlier, net position may serve over time as an indicator of financial strength, although other indicators should be considered as well. A condensed summary of VRE's net position at June 30, 2013, 2012, and 2011 is shown below:

#### Condensed Statements of Net Position

	2013	2012	2011
<b>ASSETS:</b>			
Current and other assets	\$ 59,825,280	\$ 54,042,694	\$ 55,530,426
Capital assets, net	312,047,031	321,380,255	322,205,246
<b>Total assets</b>	<u>371,872,311</u>	<u>375,422,949</u>	<u>377,735,672</u>
<b>LIABILITIES:</b>			
Current portion of long-term debt	9,250,400	8,866,830	8,378,899
Other current liabilities	6,707,727	8,219,368	15,119,556
Non-current liabilities	83,062,633	92,367,288	99,337,506
<b>Total liabilities</b>	<u>99,020,760</u>	<u>109,453,486</u>	<u>122,835,961</u>
<b>NET POSITION:</b>			
Net investment in capital assets	220,007,440	220,396,390	213,710,235
Restricted	16,998,472	17,516,300	16,912,457
Unrestricted	35,845,639	28,056,773	22,967,688
<b>Total net position</b>	<u>\$ 272,851,551</u>	<u>\$ 265,969,463</u>	<u>\$ 253,590,380</u>

## **Current Year**

Net position increased by approximately \$6.9 million, or 2.6 percent during the current fiscal year, due mainly to capital contributions that were used to fund system improvements.

The largest portion of VRE's net position, \$220 million or 80.6 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of VRE's net position, \$17 million or 6.2 percent represents resources that are restricted for the liability insurance plan, debt service, and the purchase of replacement rolling stock.

Capital assets, net of accumulated depreciation and amortization, decreased approximately \$9.3 million or 2.9 percent as the result of a combination of lower expenditures on new projects, annual depreciation and amortization, and the sale of obsolete rolling stock.

Current liabilities decreased approximately \$1.1 million or 6.6 percent as the result of a decrease to accounts payable, accrued expenses and contract retainage at year end.

Noncurrent liabilities decreased approximately \$9.3 million or 10.0 percent because of scheduled bond and note repayments during the year.

Restricted net position decreased approximately \$.5 million or 3.0 percent.

## **Prior Year**

Net position, as restated, increased by approximately \$12.4 million, or 4.9 percent during the current fiscal year, due mainly to capital contributions that were used to fund rolling stock and facilities improvements.

The largest portion of VRE's net position, \$220.4 million or 82.9 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of VRE's net position, \$17.5 million or nearly 6.6 percent represents resources that are restricted for the liability insurance plan, debt service, and the purchase of replacement rolling stock.

Capital assets, net of accumulated depreciation and amortization, decreased approximately \$.82 million or 0.3 percent as the result of a combination of lower expenditures on new projects, annual depreciation and amortization, and the sale of obsolete rolling stock.

Current liabilities decreased approximately \$6.4 million or 27.3 percent as the result of a decrease to accrued expenses and contract retainage at year end, associated primarily with the completion of the locomotive replacement project.

Noncurrent liabilities decreased approximately \$7.0 million or 7.0 percent because of scheduled bond and note repayments during the year.

Restricted net position increased approximately \$.6 million or 3.6 percent.

## Statements of Revenues, Expenses and Changes in Net Position

The following financial information was derived from the Statements of Revenues, Expenses and Changes in Net Position and reflects how VRE's net position changed during the current and two prior fiscal years.

	2013	2012	2011
Operating revenues:			
Passenger revenue	\$ 34,733,106	\$ 34,721,591	\$ 32,368,123
Equipment rentals and other	239,381	304,184	200,069
<b>Total operating revenues</b>	<b>34,972,487</b>	<b>35,025,775</b>	<b>32,568,192</b>
Non-operating revenues and capital grants:			
Subsidies and grants:			
Commonwealth of Virginia	15,941,312	14,739,474	20,313,115
Federal – with PRTC as grantee	19,829,222	27,178,191	56,293,414
Federal – NVTC and other	-	-	3,308,513
Jurisdictional contributions	16,428,800	15,943,917	16,070,307
In-kind and local contributions	328,031	46,924	406,331
Interest income	19,345	17,974	15,059
Loss on disposal of assets	(769,042)	(358,382)	(271,606)
<b>Total non-operating revenues and capital grants</b>	<b>51,777,668</b>	<b>57,568,098</b>	<b>96,135,133</b>
<b>Total revenues</b>	<b>86,750,155</b>	<b>92,593,873</b>	<b>128,703,325</b>
Operating expenses:			
Contract operations and maintenance	21,751,488	21,093,606	21,405,930
Other operations and maintenance	12,785,223	14,594,826	12,949,155
Property leases and access fees	13,504,023	13,123,367	11,756,531
Insurance	4,022,072	3,491,620	4,049,906
Marketing and sales	1,872,344	2,211,354	1,502,434
General and administrative	6,784,379	7,111,871	5,964,956
<b>Total operating expenses</b>	<b>60,719,529</b>	<b>61,626,644</b>	<b>57,628,912</b>
Other expenses:			
Depreciation and amortization	14,465,444	13,373,129	12,218,203
Interest, financing costs and other	4,683,094	5,215,017	5,566,829
<b>Total other expenses</b>	<b>19,148,538</b>	<b>18,588,146</b>	<b>17,785,032</b>
<b>Total expenses</b>	<b>79,868,067</b>	<b>80,214,790</b>	<b>75,413,944</b>
<b>Change in net position</b>	<b>6,882,088</b>	<b>12,379,083</b>	<b>53,289,381</b>
Net position - beginning of year, as restated	265,969,463	253,590,380	200,300,999
Net position - end of year	<u><u>\$ 272,851,551</u></u>	<u><u>\$ 265,969,463</u></u>	<u><u>\$ 253,590,380</u></u>

## Revenues

### Current Year

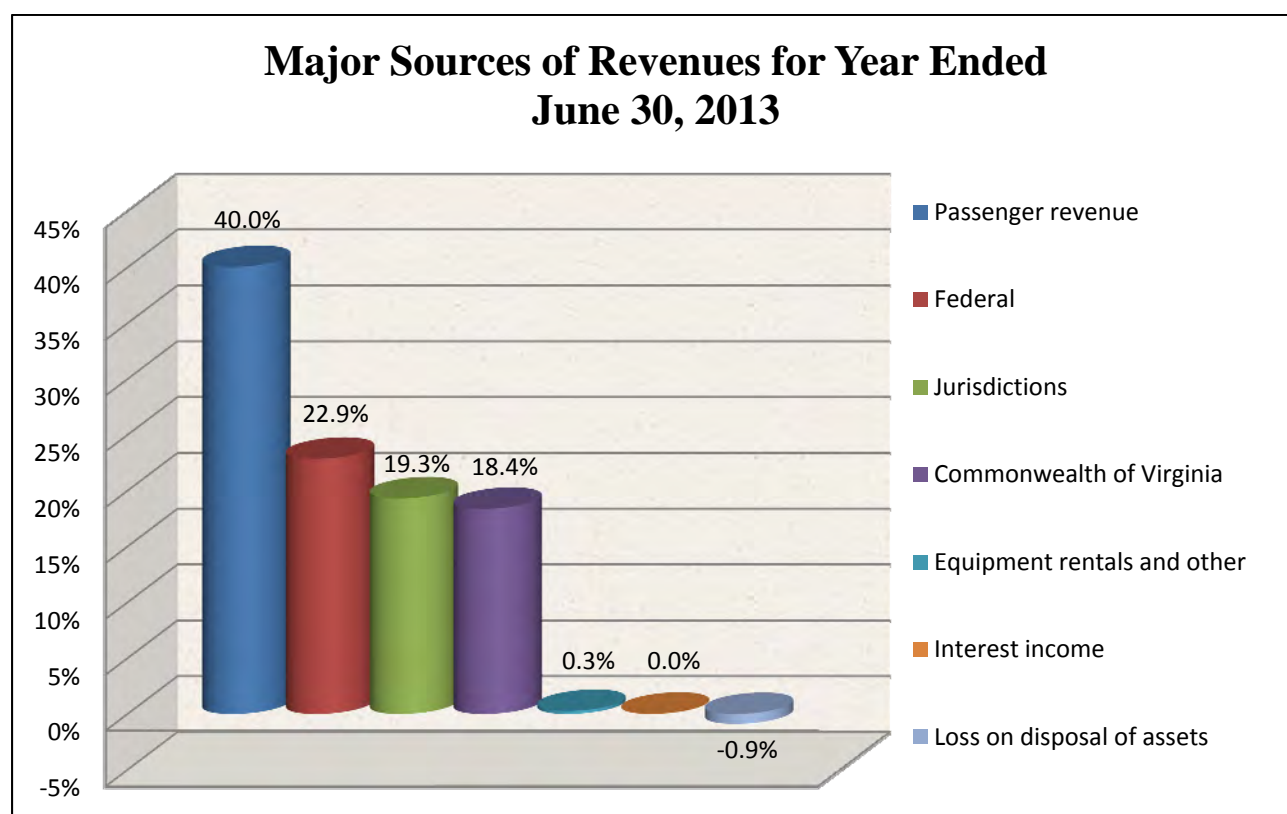
Total revenues for the current fiscal year decreased approximately \$5.8 million or 6.3 percent. Operating revenues totaled slightly less than \$35.0 million, a decrease of .2 percent from the prior year.

Passenger revenue increased approximately \$.01 million or .03 percent as the result of a decrease in ridership coupled with a fare increase.

	June 30,		
	2013	2012	2011
Ridership	4,643,898	4,771,987	4,517,366
% Increase (Decrease)	(2.7%)	5.6%	12%

Subsidies and capital grants decreased approximately \$6.1 million or 14.7 percent; this decrease is attributed to the completion of the locomotive purchase project in the prior fiscal year. Jurisdictional subsidies increased by \$.5 million or 3.0 percent.

The following chart shows the major sources of revenues for the year ended June 30, 2013:



## **Prior Year**

Total revenues for the current fiscal year decreased approximately \$36.1 million or 28.1 percent. Operating revenues totaled \$35.0 million, an increase of 7.6 percent from the prior year.

Passenger revenue increased approximately \$2.4 million or 7.3 percent as the result of an increase in ridership.

Subsidies and capital grants decreased approximately \$38.0 million or 47.6 percent; this decrease is attributed to large grants for the purchase of locomotives in the prior fiscal year. Jurisdictional subsidies decreased approximately \$.1 million or 0.8 percent.

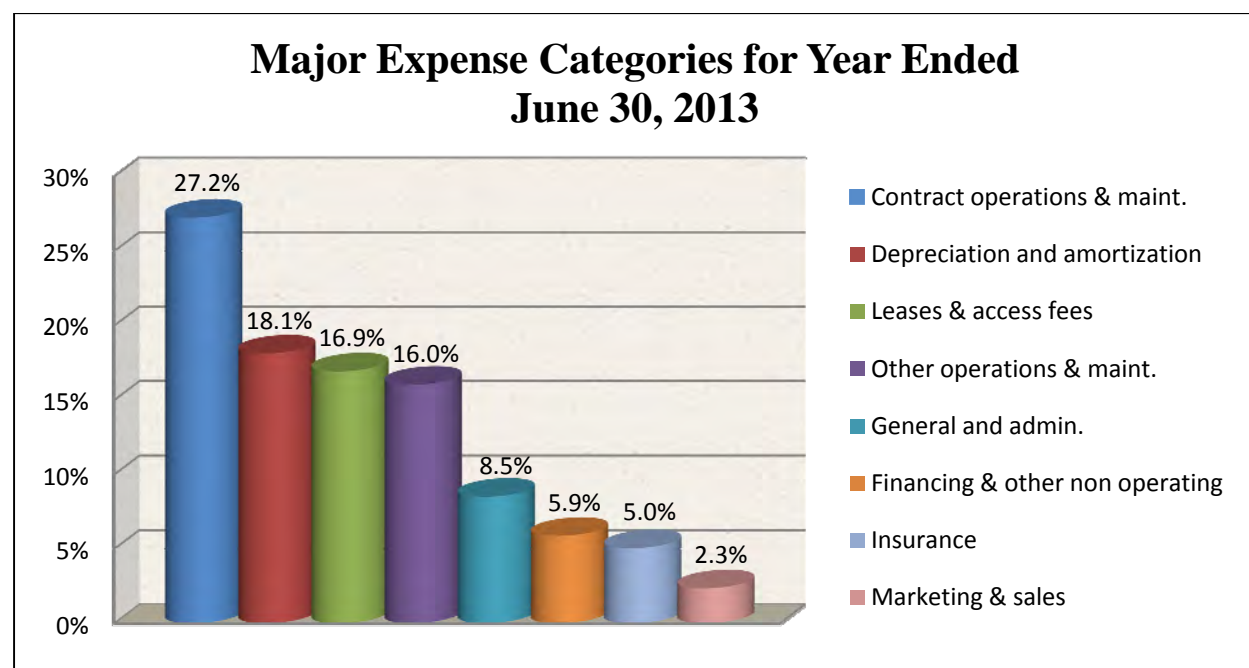
## **Expenses**

### **Current Year**

Total operating and other expenses, including depreciation and amortization, decreased approximately \$1.7 million or 2.0 percent. Operating expenses decreased by \$.9 million or 1.5 percent. Total operating expenses were approximately \$60.7 million compared to approximately \$61.6 million for the prior fiscal year.

Property lease and access fee costs increased by approximately \$.4 million or 2.9 percent as the result of regular contractual increases. Other operations and maintenance costs decreased by \$1.8 million or 12.4 percent due to decreases to fuel and equipment maintenance costs. Marketing and sales costs decreased by \$.34 million or 15.3 percent as the result of lower media advertising. General and administrative costs decreased by \$.33 million or 4.6%. Insurance costs increased by \$.53 million or 15.2 percent as a result of a premium credit in fiscal year 2012. Depreciation and amortization increased by approximately \$1.1 million or 8.2 percent and net interest and financing costs decreased by \$.5 million or 10.2 percent.

The following chart shows the major expense categories for the year ended June 30, 2013:



## Prior Year

Total operating and other expenses, as restated, increased approximately \$4.8 million or 6.4 percent. Operating and other expenses increased by \$6.1 million or 8.1 percent. Total operating expenses were approximately \$61.6 million compared to approximately \$57.6 million for the prior fiscal year.

Property lease and access fee costs increased by approximately \$1.4 million or 11.6 percent as the result of regular contractual increases, a revised contract with CSX and additional service added at the end of fiscal year 2011. Other operations and maintenance costs increased by \$1.6 million or 12.7 percent because of an increase to fuel and utilities costs of \$.68 million and an increase to rolling stock repair and maintenance costs of approximately \$1 million for materials and specialized repairs related to the older rolling stock and newer equipment no longer covered under warranty. Marketing and sales costs increased by \$.71 million or 47.2 percent as the result of higher ticket sales commission costs and additional targeted media advertising. General and administrative costs increased by \$1.1 million or 19.2 percent, reflecting VRE's share of the cost of a Master Plan for Washington Union Terminal of \$.86 million and higher salary and benefit costs of \$.2 million. Insurance costs decreased by \$.56 million or 13.8 percent as the result of a premium credit from prior years. Depreciation and amortization increased by approximately \$1.2 million or 9.5 percent and net interest and financing costs decreased by \$.35 million or 6.3 percent.

## **Capital Assets and Debt Administration**

### **Capital Assets**

VRE's investment in capital assets as of June 30, 2013 amounts to \$312 million (net of accumulated depreciation and amortization). This investment in capital assets includes rolling stock, stations and platforms, track and signal improvements, office facilities, equipment and software, and equity in local property. Acquisitions are funded using a variety of financing techniques, including loans and grants from various government agencies and other local sources.

	2013	2012	2011
Rolling stock	\$ 228,936,835	\$ 232,917,506	\$ 218,390,607
Vehicles	99,832	99,832	99,832
Facilities	101,909,065	94,688,877	92,335,553
Track and signal improvements	52,684,367	52,684,367	52,684,367
Equipment and software	8,933,997	8,739,939	8,393,438
Construction in progress	10,125,129	12,849,876	31,683,346
Equity in property of others	5,787,287	5,244,798	5,244,798
Furniture, equipment and software	5,461,502	5,409,010	3,760,116
	413,938,014	412,634,205	412,592,057
Less accumulated depreciation and amortization	(101,890,983)	(91,253,950)	(90,386,811)
<b>Total capital assets, net</b>	<b>\$ 312,047,031</b>	<b>\$ 321,380,255</b>	<b>\$ 322,205,246</b>



## **Current Year**

During fiscal year 2013, capital assets decreased approximately \$9.3 million or 2.9 percent, from the result of annual depreciation and amortization recognized, combined with an overall decrease in new project construction. Completed projects totaling approximately \$7.9 million were closed from construction in progress to their respective capital accounts and an additional \$.09 million was charged directly to the capital accounts. Two older locomotives were sold during the year for a net loss of approximately \$12,000.

The major completed projects were: the construction of additional parking at the Brooke and Leeland stations (\$3.8 million); the construction of a warehouse facility at the Crossroads yard (\$2.8 million); and the construction of a standby power supply at the Ivy City yard (\$.5 million). The major additions to construction in progress during the fiscal year were for the construction of replacement railcars, canopy improvements at Washington Union Terminal, the construction of a new station in Spotsylvania County, and the construction of a third track between Hamilton and Crossroads in Spotsylvania County.

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 10 to the financial statements.

## **Prior Year**

During fiscal year 2012, capital assets decreased approximately \$.82 million or 0.3 percent, as the result of the sale of older rolling stock combined with lower amounts of new project construction, and the result of annual depreciation and amortization recognized. Completed projects totaling approximately \$31.7 million were closed from construction in progress to their respective capital accounts and an additional \$.33 million was charged directly to the capital accounts. Seven older locomotives and ten older railcars were sold during the year for a combined net loss on sale in the amount of approximately \$255,000.

The major completed projects were: the manufacture of seven new locomotives (\$27.6 million); completion of the CDS computer system for communication with the new locomotives (\$1.6 million); construction of an extension to the platform at the Broad Run station (\$.89 million); construction of a "Kiss & Ride" facility at the Woodbridge station (\$.6 million); and a number of station, parking and yard lighting projects at various stations (\$.79 million). The major additions to construction in progress during the fiscal year were for the construction of the Crossroads warehouse, the construction of additional parking at the Brooke and Leeland stations, and lighting improvement projects at various stations.

## **Debt Administration**

At June 30, 2013, VRE had total debt outstanding of \$92,039,591. The revenue bond debt is issued under the name of the Northern Virginia Transportation Commission (NVTC). The bonds are secured by a pledge of VRE revenue and a debt service insurance policy guarantees payment of each bond series.

The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) are co-lessees of the capital lease for rolling stock, which is secured by the related equipment. The promissory note with the Federal Railroad Administration for the purchase of 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC are signatories. The note is secured by the revenues of VRE and the rolling stock.

	2013	2012	2011
Revenue bonds	\$ 12,775,000	\$ 18,685,000	\$ 24,295,000
Capital leases	17,668,825	18,751,762	19,786,652
Notes payable (includes RRIF)	61,595,766	63,729,659	63,685,611
<b>Total</b>	<b>\$ 92,039,591</b>	<b>\$ 101,166,421</b>	<b>\$ 107,767,263</b>

VRE has access to a line of credit of up to \$1 million with SunTrust Bank; the line was not utilized during 2013. For further information, please refer to Notes 7 and 8 of the financial statements.

## **Economic Factors and Next Year's Budget**

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

A fare increase of 4% will be implemented at the beginning of fiscal year 2014. The local subsidy for fiscal year 2014 was held constant at \$16,428,800. Additional sources of funding will be available in fiscal year 2014 from federal, state and regional sources, although the amounts received will continue to be variable from year to year.

## **Request for Information**

This financial report is designed to provide a general overview of VRE's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Virginia Railway Express, 1500 King Street, Alexandria, Virginia 22314-2730 or by e-mail to [dboxer@vre.org](mailto:dboxer@vre.org).

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF NET POSITION

June 30, 2013 and 2012

ASSETS	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 23,376,754	\$ 6,149,443
Accounts receivable:		
Due from PRTC - funded by FTA	9,838,627	20,453,692
Commonwealth of Virginia grants	3,748,152	3,631,920
Trade receivables, net of allowance for doubtful accounts	1,565,293	1,374,764
Other receivables	342,442	98,728
Inventory	3,515,707	4,272,638
Prepaid expenses and other	439,833	506,250
Restricted cash, cash equivalents and investments	16,998,472	17,555,259
<b>Total current assets</b>	<b>59,825,280</b>	<b>54,042,694</b>
Capital assets:		
Rolling stock	228,936,835	232,917,506
Vehicles	99,832	99,832
Facilities	101,909,065	94,688,877
Track and signal improvements	52,684,367	52,684,367
Equipment and software	8,933,997	8,739,939
Construction in progress	10,125,129	12,849,876
Equity in property of others	5,787,287	5,244,798
Furniture, equipment and software	5,461,502	5,409,010
	413,938,014	412,634,205
Less accumulated depreciation and amortization	(101,890,983)	(91,253,950)
<b>Total capital assets, net</b>	<b>312,047,031</b>	<b>321,380,255</b>
<b>Total assets</b>	<b>\$ 371,872,311</b>	<b>\$ 375,422,949</b>

<b>LIABILITIES AND NET POSITION</b>		<b>2013</b>	<b>2012</b>
<b>Current Liabilities:</b>			
Accounts payable	\$	<b>1,843,394</b>	\$ 2,714,790
Payable to Commissions		<b>880,808</b>	589,210
Compensated absences		<b>32,984</b>	29,909
Accrued expenses		<b>1,710,883</b>	2,563,735
Accrued interest		<b>601,145</b>	767,834
Unearned revenue		<b>1,609,214</b>	1,389,077
Contract retainage		<b>29,299</b>	164,813
Current portion of bonds payable		<b>6,220,000</b>	5,910,000
Current portion of capital lease obligations		<b>1,133,214</b>	1,082,937
Current portion of notes payable		<b>1,897,186</b>	1,873,893
<b>Total current liabilities</b>		<b>15,958,127</b>	17,086,198
<b>Noncurrent Liabilities:</b>			
Bonds payable, net		<b>6,555,000</b>	12,592,444
Capital lease obligations		<b>16,535,611</b>	17,668,825
Notes payable		<b>59,698,580</b>	61,855,766
Compensated absences		<b>273,442</b>	250,253
<b>Total noncurrent liabilities</b>		<b>83,062,633</b>	92,367,288
<b>Total liabilities</b>		<b>99,020,760</b>	109,453,486
<b>Net Position:</b>			
Net investment in capital assets		<b>220,007,440</b>	220,396,390
Restricted for liability insurance plan		<b>10,294,874</b>	10,156,492
Restricted for debt service and capital lease		<b>6,563,328</b>	6,408,466
Restricted grants or contributions		<b>140,270</b>	951,342
Unrestricted assets		<b>35,845,639</b>	28,056,773
<b>Total net position</b>		<b>272,851,551</b>	265,969,463
<b>Total liabilities and net position</b>	\$	<b>371,872,311</b>	\$ 375,422,949

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2013 and 2012

	2013	2012
Operating Revenues:		
Passenger revenue	\$ 34,733,106	\$ 34,721,591
Equipment rentals and other	239,381	304,184
<b>Total operating revenues</b>	<b>34,972,487</b>	<b>35,025,775</b>
Operating Expenses:		
Contract operations and maintenance	21,751,488	21,093,606
Other operations and maintenance	12,785,223	14,594,826
Property leases and access fees	13,504,023	13,123,367
Insurance	4,022,072	3,491,620
Marketing and sales	1,872,344	2,211,354
General and administrative	6,784,379	7,111,871
<b>Total operating expenses</b>	<b>60,719,529</b>	<b>61,626,644</b>
<b>Operating loss before depreciation and amortization</b>	<b>(25,747,042)</b>	<b>(26,600,869)</b>
Depreciation and amortization	(14,465,444)	(13,373,129)
<b>Operating loss</b>	<b>(40,212,486)</b>	<b>(39,973,998)</b>
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	14,967,197	12,711,602
Federal grants – with PRTC as grantee	18,559,490	17,181,121
Jurisdictional contributions	16,428,800	15,943,917
Interest income:		
Operating funds	18,573	16,813
Other restricted funds	772	1,161
Loss on disposal of assets	(769,042)	(358,382)
Interest, amortization and other nonoperating expenses, net	(4,683,094)	(5,215,017)
<b>Total nonoperating revenues, net</b>	<b>44,522,696</b>	<b>40,281,215</b>
Capital grants and assistance:		
Commonwealth of Virginia grants	974,115	2,027,872
Federal grants – with PRTC as grantee	1,269,732	9,997,070
Other local contributions	328,031	46,924
<b>Total capital grants and assistance</b>	<b>2,571,878</b>	<b>12,071,866</b>
<b>Change in net position</b>	<b>6,882,088</b>	<b>12,379,083</b>
Net Position, beginning, as restated	265,969,463	253,590,380
Net Position, ending	\$ 272,851,551	\$ 265,969,463

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities:		
Receipts from customers	\$ 35,018,388	\$ 37,418,130
Payments to suppliers	(56,830,733)	(57,114,663)
Payments to employees	(4,229,062)	(4,646,027)
<b>Net cash used in operating activities</b>	<b>(26,041,407)</b>	<b>(24,342,560)</b>
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	50,988,335	37,855,195
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(6,519,551)	(17,757,841)
Capital grants and assistance	11,777,856	14,257,114
Proceeds from sale of capital assets	240,000	507,555
Principal paid on capital lease obligations	(1,082,937)	(1,034,890)
Principal paid on notes	(2,133,893)	(1,770,591)
Principal paid on bonds	(5,910,000)	(5,610,000)
Interest paid on capital lease obligation	(848,420)	(896,467)
Interest paid on bonds and notes	(3,818,804)	(4,250,764)
<b>Net cash used in capital and related financing activities</b>	<b>(8,295,749)</b>	<b>(16,555,884)</b>
Cash Flows From Investing Activities:		
Interest received on investments	19,345	17,997
<b>Increase (decrease) in cash and cash equivalents</b>	<b>16,670,524</b>	<b>(3,025,252)</b>
Cash and Cash Equivalents, beginning	23,704,702	26,729,954
Cash and Cash Equivalents, ending	\$ 40,375,226	\$ 23,704,702
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (40,212,486)	\$ (39,973,998)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	14,465,444	13,373,129
Loss on disposal of assets	-	166,624
(Increase) decrease in:		
Accounts receivable	(190,529)	2,314,764
Other receivables	1,047	(3,064)
Inventory	(99,853)	332,350
Prepaid expenses and other	66,417	(18,897)
Increase (decrease) in:		
Accounts payable and accrued expenses	(306,830)	(614,123)
Unearned revenue	235,383	80,655
<b>Net cash used in operating activities</b>	<b>\$ (26,041,407)</b>	<b>\$ (24,342,560)</b>
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 564,294	\$ 1,174,609
Capital assets acquired through notes payable	-	1,814,639
Capital assets acquired through accrued liabilities	62,219	551,460
Capital assets acquired through in-kind contributions	-	13,177

## **VIRGINIA RAILWAY EXPRESS**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

##### **Reporting Entity**

The Virginia Railway Express (VRE) is accounted for as a joint venture of the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). Pursuant to a Master Agreement signed in 1989, NVTC and PRTC (the Commissions) jointly own and operate VRE. VRE provides commuter rail service on two railroad lines, one originating in Fredericksburg and one originating in Manassas, Virginia, and both terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation (CSX), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC and Amtrak provides the Commissions with access to storage at Union Station and other services.

Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. In order to present a full and accurate picture of VRE operations and in accordance with the Master Agreement and related Appendices that established VRE, all financial transactions related to the commuter rail program are combined in this report. In addition, an allocation of the VRE assets, liabilities and operations are reflected in the financial reports of the Commissions based on asset ownership, named entity on debt instruments, and sources of funding.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive operating income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan, a lease financing, Federal (with PRTC as grantee) and Commonwealth of Virginia grants, and jurisdictional contributions apportioned through a formula based on ridership, supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania and Stafford; and the cities of Manassas, Manassas Park and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia. In February 2010 the VRE Master Agreement was amended to include Spotsylvania County as a participating jurisdiction. Spotsylvania County's share of the VRE annual subsidy from February 2010 through the middle of fiscal year 2012 was deferred until 60 days after the beginning of fiscal year 2013.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the former 90 percent system ridership and 10 percent population formula. The amendment to the subsidy formula was phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting

VRE prepares its financial statements using the accrual basis of accounting. The activities of VRE are similar to those of proprietary funds of local jurisdictions. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Revenues and expenses:** VRE distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with VRE's principal ongoing operation. The principal operating revenues of VRE are charges to customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned.

Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities.

**Revenue recognition:** Intergovernmental revenues, consisting primarily of Federal (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) grants, designated for payment of specific expenses, are recognized at the time that the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Position when expended. VRE records monetary and in-kind contributions as it assesses matching obligations to the jurisdictions or other construction partners. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

**Cash and investments:** VRE considers all highly liquid investments with maturities of three months or less to be cash equivalents. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP or Pool), a 2a7-like pool, is reported at the Pool's share price.

**Restricted cash and cash equivalents:** Restricted cash, cash equivalents and investments of \$16,998,472 and \$17,555,259 at June 30, 2013 and 2012, respectively, are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, proceeds from the sale of rolling stock and a small liability claims account.

**Allowance for uncollectible accounts:** VRE calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance was \$174,000 at both June 30, 2013 and 2012.

**Inventory:** VRE has purchased an inventory of spare parts for rolling stock that is maintained and managed at the Commission's warehouse located at the Crossroads yard. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

**Prepaid expenses:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting (Continued)

**Capital assets:** For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the estimated fair market value as of the date of donation.

When assets are substantially complete and ready for use, these costs are transferred from construction in progress to property and equipment and depreciated or amortized. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such that net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investment in jurisdictional facilities ("equity in property of others") recognizes the right of access for commuter rail patrons granted to the Commissions. This category also represents investment in Amtrak infrastructure and facilities that provides primary benefit to the commuter rail service and for which VRE has an expectation of continued use.

VRE capitalizes assets that have an initial cost of \$5,000 or more per unit and a useable life of two or more years, with the exception of software purchases, which are only capitalized if the initial cost is \$15,000 or more.

Interest is capitalized on qualifying construction in progress projects until they have reached the point of substantial completion. For those projects financed with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the borrowing to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

Depreciation and amortization of all exhaustible equipment, buildings and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	30 years
Equipment and software	5 years
Equity in property of others	3-35 years
Furniture, equipment and software	3-10 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2013.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting (Continued)

**Compensated absences:** VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer. Employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

**Long-term obligations:** Bond premiums, discounts, and deferred losses, are deferred and amortized over the life of the bonds using the straight line method.

**Estimates and assumptions:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Note 2. Cash, Cash Equivalents and Investments

**Deposits.** Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Investments.** Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The VRE Operations Board has adopted a formal investment policy. The goal of the policy is to minimize risk and to ensure the availability of cash to meet VRE’s expenditures, while generating revenue from the use of funds which might otherwise remain idle. The primary objectives of VRE’s investment activities, in priority order, are: safety, liquidity and yield. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Cash, Cash Equivalents and Investments (Continued)

**Credit risk:** The investment policy specifies credit quality for certain types of investments, as described below, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Chief Financial Officer must conduct a quarterly review of the condition of each authorized financial institution and broker/dealer.

Investment	Credit Quality
Savings account or CD's of any bank or savings and loan association within the Commonwealth of Virginia	Bank or savings and loan association must be a "qualified public depository"
Bankers' acceptances	Institution must be "prime quality" as determined by one or more recognized rating services
Commercial paper	Must be "prime quality" as rated by two of the following: Moody's (prime 1); S&P (A-1); Fitch (F-1); Duff and Phelps (D-1)
Corporate notes	Must be "high quality" as defined by ratings of at least AA by S&P and Aa by Moody's
Negotiable certificates of deposit and negotiable bank deposit notes	Must have ratings of at least A-1 by S&P and P-1 by Moody's for short term instruments and AA by S&P and Aa by Moody's for long term instruments.

**Custodial credit risk:** For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, VRE may not recover its deposits. All cash of VRE is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. At June 30, 2013, the book balance of VRE's deposits with banks was \$2,875,042.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Cash, Cash Equivalents and Investments (Continued)

**Interest rate risk:** In accordance with its investment policy, VRE manages its exposure to declines in fair values by limiting the maturity of various investment vehicles, as indicated in the chart below.

**Concentration of credit risk:** VRE's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

The limitations provided in the investment policy for maximum maturity and percentage of the portfolio for each category of investment are as follows:

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CD's of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Cash, Cash Equivalents and Investments (Continued)

At June 30, 2013, VRE had investments of \$20,694,655 in the LGIP. The LGIP is a professionally managed money market fund that invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at the Treasury Board's regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. The LGIP has been assigned an "AAAm" rating by Standard & Poor's.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2013, VRE had \$10,241,951 invested in the Insurance Trust. Beginning with fiscal year 2011, any earnings on these investments are retained by the Commonwealth of Virginia.

Accumulated bond interest and principal payments in the amount of \$6,563,328 at June 30, 2013 were held by the bond trustee, U.S. Bank, in U.S. Treasury money market accounts. Investments in U. S. Treasury money market accounts at U.S. Bank have been assigned a "AAAm" rating by Standard & Poor's.

As of June 30, 2013, the carrying values and maturity of VRE's investments were as follows:

Investment Type	Fair Value	Maturities Less than 1 Year
LGIP	\$ 20,694,655	\$ 20,694,655
Insurance trust fund – pooled funds	10,241,951	10,241,951
Money market funds – U. S. Treasuries	6,563,328	6,563,328
Total investments	<u>\$ 37,499,934</u>	<u>\$ 37,499,934</u>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 12,849,876	\$ 5,196,573	\$ (7,921,320)	\$ 10,125,129
Capital assets being depreciated or amortized:				
Rolling stock	232,917,506	-	(3,980,671)	228,936,835
Vehicles	99,832	-	-	99,832
Facilities	94,688,877	-	7,220,188	101,909,065
Track and signal improvements	52,684,367	-	-	52,684,367
Equipment and software	8,739,939	8,895	185,163	8,933,997
Equity in property of others	5,244,798	26,521	515,968	5,787,287
Furniture, equipment and software	5,409,010	52,492	-	5,461,502
<b>Total capital assets being depreciated or amortized</b>	<b>399,784,329</b>	<b>87,908</b>	<b>3,940,648</b>	<b>403,812,885</b>
Less accumulated depreciation or amortization for:				
Rolling stock	38,199,341	8,914,153	(3,828,411)	43,285,083
Vehicles	66,127	12,287	-	78,414
Facilities	23,539,785	2,800,128	-	26,339,913
Track and signal improvements	16,066,795	1,791,703	-	17,858,498
Equipment and software	7,781,080	315,164	-	8,096,244
Equity in property of others	2,797,202	159,874	-	2,957,076
Furniture, equipment and software	2,803,620	472,135	-	3,275,755
<b>Total accumulated depreciation or amortization</b>	<b>91,253,950</b>	<b>14,465,444</b>	<b>(3,828,411)</b>	<b>101,890,983</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>308,530,379</b>	<b>(14,377,536)</b>	<b>7,769,059</b>	<b>301,921,902</b>
<b>Totals</b>	<b>\$ 321,380,255</b>	<b>\$ (9,180,963)</b>	<b>\$ (152,261)</b>	<b>\$ 312,047,031</b>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	(Deletions) Reclassifications	Ending Balance
Capital assets not being depreciated or amortized:				
Construction in progress	\$ 31,683,346	\$ 12,989,614	\$ (31,823,084)	\$ 12,849,876
Capital assets being depreciated or amortized:				
Rolling stock	218,390,607	-	14,526,899	232,917,506
Vehicles	99,832	-	-	99,832
Facilities	92,335,553	-	2,353,324	94,688,877
Track and signal improvements	52,684,367	-	-	52,684,367
Equipment and software	8,393,438	291,613	54,888	8,739,939
Equity in property of others	5,244,798	-	-	5,244,798
Furniture, equipment and software	3,760,116	39,001	1,609,893	5,409,010
<b>Total capital assets being depreciated or amortized</b>	<b>380,908,711</b>	<b>330,614</b>	<b>18,545,004</b>	<b>399,784,329</b>
Less accumulated depreciation or amortization for:				
Rolling stock	42,755,780	7,949,551	(12,505,990)	38,199,341
Vehicles	51,126	15,001	-	66,127
Facilities	20,878,476	2,661,309	-	23,539,785
Track and signal improvements	14,275,092	1,791,703	-	16,066,795
Equipment and software	7,309,949	471,131	-	7,781,080
Equity in property of others	2,647,350	149,852	-	2,797,202
Furniture, equipment and software	2,469,038	334,582	-	2,803,620
<b>Total accumulated depreciation or amortization</b>	<b>90,386,811</b>	<b>13,373,129</b>	<b>(12,505,990)</b>	<b>91,253,950</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>290,521,900</b>	<b>(13,042,515)</b>	<b>31,050,994</b>	<b>308,530,379</b>
<b>Totals</b>	<b>\$ 322,205,246</b>	<b>\$ (52,901)</b>	<b>\$ (772,090)</b>	<b>\$ 321,380,255</b>

### Note 4. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2013 and 2012, these payments included \$4,553,412 and \$4,350,169 of salary-related costs and \$5,090 and \$5,457 of administrative costs, respectively, which are functionally classified with similar payments made directly to vendors and contractors. In addition, VRE pays the Commissions for direct labor and associated indirect costs incurred for services rendered under budgeted activities for VRE. These staff support payments totaled \$70,000 and \$70,000 to NVTC and \$100,760 and \$88,700 to PRTC during 2013 and 2012, respectively.

VRE also contracts with PRTC for connecting bus service to selected stations on an as needed basis. PRTC bus service costs amounted to approximately \$5,435 and \$8,684 in 2013 and 2012, respectively. Amounts payable to NVTC and PRTC were \$6,306 and \$874,502 at June 30, 2013 and \$12,794 and \$576,416, respectively, at June 30, 2012.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Defined Benefit Pension Plan

##### A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment through PRTC. Benefits vest after five years of service credit. Members earn one month of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain period of leave and previously refunded VRS service as credit to their plan.

VRS administers two defined benefit plans for VRE (PRTC) employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 percent. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00 percent; under Plan 2, the COLA cannot exceed 6.00 percent. During years of no inflation or deflation, the COLA is 0.00 percent. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/pdf/publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Defined Benefit Pension Plan (Continued)

##### B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00 percent of their compensation toward their retirement. All or part of the 5.00 percent member contribution may be assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, VRE is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. VRE's contribution rate for the fiscal year ended June 30, 2013 was 8.04 percent of annual covered payroll and 1.19 percent for group life insurance.

##### C. Annual Pension Cost

For fiscal year 2013, VRE's annual pension cost of \$274,958 was equal to the VRE's required and actual contributions.

#### Three-Year Trend Information for VRE

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 334,185	100.0%	\$ -
June 30, 2012	344,169	100.0%	-
June 30, 2013	274,958	100.0%	-

The fiscal year 2013, required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.0 percent, (b) projected salary increases ranging from 3.75 percent to 6.20 percent per year for general government employees and 3.50 percent to 4.75 percent for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50 percent per year for Plan 1 employees and 2.25 percent for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50 percent. The actuarial value of the PRTC's assets is equal to the modified market value of assets (VRE's assets are not separated from PRTC's). This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five year period. PRTC's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 29 years.

## **VIRGINIA RAILWAY EXPRESS**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 5. Defined Benefit Pension Plan (Continued)**

##### **D. Funded Status and Funding Process**

As of June 30, 2012, the most recent actuarial valuation date, the plan was 83.30 percent funded. The actuarial accrued liability for benefits was \$10,544,864 and the actuarial value of assets was \$8,783,862, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,761,002. The covered payroll (annual payroll of active employees of the plan) was \$6,045,347 and the ratio of the UAAL to the covered payroll was 29.13 percent. The only other postemployment benefits offered by VRE are COBRA payments, which have been determined to be immaterial to the financial statements.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

#### **Note 6. Operating Leases and Agreements**

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the years ended June 30, 2013 and 2012, annual track usage fees totaled approximately \$7,991,000 and \$7,645,000, respectively, and facility and other identified costs totaled approximately \$465,000 and \$450,000, respectively.

The new agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on June 28, 2010. For the years ended June 30, 2013 and 2012, costs for track access and equipment storage totaled approximately \$5,392,000 and \$5,248,000, respectively, and mid-day maintenance, utility and other services totaled approximately \$3,817,000 and \$3,938,000, respectively. Cost adjustments will be made in future years to reflect changes to various published costs indices and the number of trains that have access to and are stored and serviced at the terminal.

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning June 25, 2010. The cost of train operations and maintenance for the years ended June 30, 2013 and 2012 totaled approximately \$17,945,000 and \$17,474,000, respectively. Costs are based on an annual budget prepared in advance. Costs in future years will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# **VIRGINIA RAILWAY EXPRESS**

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 7. Long-Term Debt Obligations**

The following is a summary of long-term liability activity for the year ended June 30, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Bonds	\$ 18,685,000	\$ -	\$ (5,910,000)	\$ 12,775,000	\$ 6,220,000
Capital Leases	18,751,762	-	(1,082,937)	17,668,825	1,133,214
Notes Payable	63,729,659	-	(2,133,893)	61,595,766	1,897,186
	101,166,421	-	(9,126,830)	92,039,591	9,250,400
Compensated Absences	280,162	240,826	(214,562)	306,426	32,984
	<u>\$ 101,446,583</u>	<u>\$ 240,826</u>	<u>\$ (9,341,392)</u>	<u>\$ 92,346,017</u>	<u>\$ 9,283,384</u>

The balance of deferred bond, lease and note costs at June 30, 2012 were written off to comply with GASB Statement No. 65 and are not reflected in interest expense in fiscal year 2013. Additional information is provided in Note 11. Federal arbitrage regulations apply to VRE's revenue bonds and the Gallery IV capitalized lease.

#### **Revenue Bonds:**

The 1998 Series Bonds are payable from a pledge of revenues attributable to VRE, including government grants, local jurisdictional contributions and passenger revenue. A debt service insurance policy guarantees payment of each bond series. Mandatory debt service requirements consist of the following:

Years Ending June 30,	Principal	Interest	Total Required
2014	\$ 6,220,000	\$ 519,494	\$ 6,739,494
2015	6,555,000	176,166	6,731,166
	<u>\$ 12,775,000</u>	<u>\$ 695,660</u>	<u>\$ 13,470,660</u>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Long-Term Debt Obligations (Continued)

The Indentures of Trust for the bonds require the maintenance of an operating reserve equivalent to one-third (33.3 percent) of annual budgeted operating expenses. As of June 30, 2013 and 2012, VRE designated \$42,826,808 and \$36,465,980 respectively, of its cash, inventory and receivables as this operating reserve. The reserves represented 66.63 percent and 62.17 percent and of budgeted operating expenses for June 30, 2013 and 2012, respectively.

Funds are invested by the Trustee pursuant to the Indentures of Trust and are classified as restricted. Funds held by the Trustee as of June 30, 2013 and 2012, are as follows:

	2013	2012
Bond Interest Fund	\$ 343,328	\$ 498,466
Bond Principal Fund	6,220,000	5,910,000
Total held by Trustee	<u>\$ 6,563,328</u>	<u>\$ 6,408,466</u>

#### Capitalized Lease - Gallery IV (11 cars)

\$25,100,000 capitalized lease obligation; \$965,679 due semi-annually, interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$20,806,067.

\$17,668,825

Future minimum lease payments as of June 30, 2013 are as follows:

Years Ending June 30,	Amount
2014	\$ 1,931,357
2015	1,931,357
2016	1,931,357
2017	1,931,357
2018	1,931,357
2019-2023	9,656,785
2024-2025	<u>3,862,714</u>
Total minimum lease payments	23,176,284
Lease amount representing interest	<u>5,507,459</u>
Present value of lease payments	<u>\$ 17,668,825</u>

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Debt Obligations (Continued)

Note Payable – Gallery IV (60 cars)

In fiscal year 2008, VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance on the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The carrying value of the railcars was \$93,152,215 at June 30, 2013.

\$63,844,842 Promissory Note; due in quarterly maturities of \$440,368 to \$1,195,258 through March 2033, plus quarterly interest at 4.74%	<u>\$ 61,595,766</u>
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Mandatory debt service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total Required
2014	\$ 1,897,186	\$ 2,886,327	\$ 4,783,513
2015	1,988,724	2,794,789	4,783,513
2016	2,080,914	2,702,599	4,783,513
2017	2,188,783	2,594,730	4,783,513
2018	2,290,688	2,492,825	4,783,513
2019-2023	13,221,616	10,695,946	23,917,562
2024-2028	16,732,721	7,184,841	23,917,562
2029-2033	21,195,134	2,722,429	23,917,563
	<u>\$ 61,595,766</u>	<u>\$ 34,074,486</u>	<u>\$ 95,670,252</u>

Note Payable – VRE Offices:

In June 2002, VRE entered into a borrowing with SunTrust Bank in the amount of \$900,000 to refinance a previous borrowing used to purchase the VRE offices. This note carried a repayment schedule of 15 years, with the terms of the note subject to revision in June 2007. In November 2007 a new note was signed in the amount of \$600,000 at 4.31 percent interest with a 10 year amortization and a balloon payment after five years. Principal of \$5,000 plus interest was payable monthly and the note was secured by the office condominium. The balance outstanding was \$320,000 for the year ended June 30, 2012. In November 2012, VRE paid off the remaining balance of the note.

#### Note 8. Short-Term Debt

VRE uses a revolving line of credit to finance certain grant-funded capital projects prior to the receipt of reimbursements from the granting agencies. The revolving line of credit was not used during the years ended June 30, 2013 and 2012. The line of credit is in NVTC's name and they are obligated for any outstanding balance.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Liability Insurance Plan

VRE is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to \$250,000,000 for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$226,000 at June 30, 2013 and \$240,000 at June 30, 2012.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the years ended June 30, 2013 and 2012 was as follows:

	2013	2012
Beginning balance, July 1	\$ 10,156,492	\$ 10,052,968
Contribution to reserves	4,100,000	3,619,260
Insurance premiums paid	(3,924,984)	(3,459,693)
Claims mitigation costs and losses incurred	(4,916)	(3,558)
Actuarial and administrative charges	(60,241)	(52,485)
Transfer to VRE for small liability claims	(24,400)	-
Ending balance, June 30	<u>\$ 10,241,951</u>	<u>\$ 10,156,492</u>

An actuarial study is performed annually to determine the adequacy of the Insurance Trust Fund for the risk retained and to determine the required contribution to reserves.

#### Note 10. Contingencies and Contractual Commitments

At June 30, 2013, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with PRTC as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenditures incurred as of June 30, 2013:

Stations and parking lots	\$ 1,697,350
Rolling Stock	22,371,958
Maintenance and layover yards	805,166
Track and signal improvements	879,555
Other administrative	<u>73,069</u>
<b>Total</b>	<u>\$ 25,827,098</u>

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Contingencies and Contractual Commitments (Continued)**

VRE has received proceeds from several federal (with PRTC as grantee) and state grant programs. In the event of an audit of these grants, certain costs may be questioned as not being appropriate expenses under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on VRE's policies and past experience, management believes that no refunds would be due in the case of an audit and, accordingly, no provision has been made in the accompanying financial statements for the refund of grant monies.

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000. At the end of fiscal year 2013, VRE was holding the proceeds of the sale of older equipment in the amount of \$140,270 in a restricted account, to be used for the purchase of replacement rolling stock.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds control the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state to be remitted.

#### **Note 11. Restatement of Beginning Net Position**

The following table shows the change to the beginning net position from the amounts previously reported:

Balance at June 30, 2011	\$ 254,899,711
Deferred bond and lease cost written off to comply with GASB Statement No. 65	<u>(1,309,331)</u>
Balance at June 30, 2011, as restated	<u>\$ 253,590,380</u>

#### **Note 12. Pending GASB Statements**

At June 30, 2013, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by VRE. The statements which might impact VRE are as follows:

GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, will improve financial reporting by state and local government pension plans. Statement No. 67 will be effective for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

## **VIRGINIA RAILWAY EXPRESS**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 12. Pending GASB Statements (Continued)**

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government /combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

#### **Note 13. Subsequent Events**

VRE entered into contracts at various times from February 2013 through September 2013 to purchase fuel at set prices for delivery in July 2013 through June 2014. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 714,000 gallons of fuel at a cost of approximately \$2.3 million.

In July 2013, VRE entered into contracts for the construction of a third track and a new station in Spotsylvania County amounting to \$8.1 million and \$2.3 million, respectively. In September 2013, the Operations Board authorized the Chief Executive Officer to execute an agreement with CSX Transportation for flagging and signal system and related construction for the Spotsylvania third track project in an amount not to exceed \$20.5 million.

In October 2013, the Commissions authorized the Chief Executive Officer of VRE to execute a sole source contract for positive train control equipment and installation services in an amount not to exceed \$7.4 million, following the recommendation of the Operations Board in September 2013.



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## **Required Supplementary Information**



## **VIRGINIA RAILWAY EXPRESS**

### **SCHEDULE OF FUNDING PROGRESS**

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#### Virginia Retirement System

The information below is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

Valuation as of June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
2012	\$ 8,783,862	\$ 10,544,864	\$ 1,761,002	83.30%	\$ 6,045,347	29.13%
2011	8,237,980	9,730,413	1,492,433	84.66%	5,751,116	25.95%
2010	7,503,689	8,539,776	1,036,087	87.87%	5,733,383	18.07%

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## Statistical Section





## STATISTICAL SECTION

This portion of Virginia Railway Express' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the entity's overall financial health. Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	41 - 45
<b>Other Statistical Information</b>	
These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	46 - 47
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	48 - 49



# **VIRGINIA RAILWAY EXPRESS**

## **SCHEDULE OF CHANGE IN NET POSITION/ASSETS**

### **Last Ten Fiscal Years**

**(Unaudited)**

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating Revenues:										
Passenger revenue	\$ 34,733,106	\$ 34,721,591	\$ 32,368,123	\$ 30,019,730	\$ 25,909,794	\$ 21,688,092	\$ 19,685,561	\$ 19,453,436	\$ 19,452,162	\$ 16,929,629
Equipment rentals and other	239,381	304,184	200,069	247,375	124,926	133,242	206,558	442,517	121,373	188,256
<b>Total operating revenues</b>	<b>34,972,487</b>	<b>35,025,775</b>	<b>32,568,192</b>	<b>30,267,105</b>	<b>26,034,720</b>	<b>21,821,334</b>	<b>19,892,119</b>	<b>19,895,953</b>	<b>19,573,535</b>	<b>17,117,885</b>
Nonoperating Revenues:										
Commonwealth of Virginia grants	15,941,312	12,711,602	12,806,509	13,153,781	13,482,816	10,795,443	12,269,884	13,137,477	7,613,022	7,453,276
Federal grants - with PRTC as grantee	19,829,222	17,181,121	16,157,284	14,525,795	12,784,123	12,522,868	12,741,069	10,721,335	8,124,763	6,226,445
Jurisdictional contributions	16,428,800	15,943,917	16,070,307	16,376,968	17,275,500	13,379,155	8,802,762	6,878,061	6,352,999	6,352,890
Capital Grants and Assistance:										
Commonwealth of Virginia grants	-	2,027,872	7,506,606	10,939,490	12,228,446	14,959,850	9,455,655	1,769,727	3,778,146	4,238,109
Federal grants - with PRTC as grantee	-	9,997,070	40,136,130	15,437,312	14,648,460	18,259,459	399,283	550,890	-	-
Federal grants - NVTC and other	-	-	3,308,513	402,355	53,738	939,088	10,363,653	12,245,939	9,824,036	6,689,765
Pass-through to Fairfax County	-	-	-	-	(4,456,818)	-	-	-	-	-
In-kind and other local contributions	328,031	46,924	406,331	680,631	1,903,284	925,338	-	-	266,148	3,143,319
Interest income:										
Operating funds	19,345	16,813	14,675	23,893	129,620	399,553	850,490	367,292	214,888	44,390
Insurance trust	-	-	-	65,164	241,003	400,204	329,252	721,919	688,816	837,583
Other restricted funds	-	1,161	384	586	36,232	535,093	41,038	840,383	49,860	-
Insurance proceeds	-	-	-	-	-	262,676	-	-	-	-
Loss on sale of assets	(769,042)	(358,382)	(271,606)	(393,419)	-	-	-	-	-	-
<b>Total nonoperating revenues</b>	<b>51,777,668</b>	<b>57,568,098</b>	<b>96,135,133</b>	<b>71,212,556</b>	<b>68,326,404</b>	<b>73,378,727</b>	<b>55,253,086</b>	<b>47,233,023</b>	<b>36,912,678</b>	<b>34,985,777</b>
<b>Total revenues</b>	<b>86,750,155</b>	<b>92,593,873</b>	<b>128,703,325</b>	<b>101,479,661</b>	<b>94,361,124</b>	<b>95,200,061</b>	<b>75,145,205</b>	<b>67,128,976</b>	<b>56,486,213</b>	<b>52,103,662</b>
Operating Expenses:										
Contract operations and maintenance	21,751,488	21,093,606	21,405,930	20,291,361	18,694,757	17,433,267	16,982,189	14,619,521	14,144,414	14,212,476
Other operations and maintenance	12,785,223	14,594,826	12,949,155	12,055,009	12,575,004	11,562,892	10,130,233	9,304,325	7,928,107	5,466,313
Property leases and access fees	13,504,023	13,123,367	11,756,531	9,482,367	8,686,385	8,279,505	8,636,947	8,986,974	8,769,866	8,163,632
Insurance	4,022,072	3,491,620	4,049,906	3,864,366	3,866,438	4,099,475	5,169,441	3,521,858	3,533,503	3,275,081
Marketing and sales	1,872,344	2,211,354	1,502,434	1,259,048	1,477,554	1,537,243	1,161,206	1,005,348	1,302,527	1,279,549
General and administrative	6,784,379	7,111,871	5,964,956	5,642,360	5,492,566	5,151,117	5,164,332	5,219,514	5,282,641	5,041,238
Depreciation and amortization	14,465,444	13,373,129	12,218,203	11,337,406	10,445,041	10,640,098	9,875,593	8,217,233	6,699,409	6,595,698
<b>Total operating expenses</b>	<b>75,184,973</b>	<b>74,999,773</b>	<b>69,847,115</b>	<b>63,931,917</b>	<b>61,237,745</b>	<b>58,703,597</b>	<b>57,119,941</b>	<b>50,874,773</b>	<b>47,660,467</b>	<b>44,033,987</b>

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Nonoperating (Revenues) Expenses:										
Interest and amortization	4,683,094	5,215,017	5,566,829	5,682,935	6,014,243	4,525,279	2,748,084	4,953,443	4,257,178	4,323,776
(Gain) loss on sale of assets	-	-	-	-	(4,218,641)	3,176,932	291,306	1,366,531	3,640,928	-
<b>Total nonoperating expenses, net</b>	<b>4,683,094</b>	<b>5,215,017</b>	<b>5,566,829</b>	<b>5,682,935</b>	<b>1,795,602</b>	<b>7,702,211</b>	<b>3,039,390</b>	<b>6,319,974</b>	<b>7,898,106</b>	<b>4,323,776</b>
<b>Total expenses</b>	<b>79,868,067</b>	<b>80,214,790</b>	<b>75,413,944</b>	<b>69,614,852</b>	<b>63,033,347</b>	<b>66,405,808</b>	<b>60,159,331</b>	<b>57,194,747</b>	<b>55,558,573</b>	<b>48,357,763</b>
 <b>Change in net assets</b>		<b>\$ 12,379,083</b>	<b>\$ 53,289,381</b>	<b>\$ 31,864,809</b>	<b>\$ 31,327,777</b>	<b>\$ 28,794,253</b>	<b>\$ 14,985,874</b>	<b>\$ 9,934,229</b>	<b>\$ 927,640</b>	<b>\$ 3,745,899</b>
<b>Change in net position</b>	<b>\$ 6,882,088</b>									

Notes:

(1) This table reports financial information based on the accrual basis of accounting. VRE implemented GASB Statement 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

(2) Years after fiscal year 2010 reflect change in classification of *Gain (loss) on sale of assets*.

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF COMPONENTS OF NET POSITION/ASSETS

#### Last Ten Fiscal Years

#### (Unaudited)

	June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net investment in capital assets	\$ 220,007,440	\$ 220,396,390	\$ 213,710,235	\$ 165,407,433	\$ 144,566,529	\$ 114,677,949	\$ 87,827,971	\$ 68,818,859	\$ 56,669,086	\$ 60,040,916
Restricted for liability insurance plan	10,294,874	10,156,492	10,052,968	9,511,797	8,229,082	7,470,123	6,524,971	10,204,517	12,439,017	15,290,158
Restricted for debt service and capital lease	6,563,328	6,408,466	6,259,239	5,980,313	5,850,112	7,287,789	7,213,804	7,008,351	6,873,135	6,856,446
Restricted grants or contributions	140,270	951,342	600,250	34,619	194,193	1,269,313	785,173	14,013	726,456	-
Unrestricted assets	35,845,639	28,056,773	22,967,688	20,676,168	10,905,605	7,712,570	7,251,572	8,571,877	7,975,694	1,568,228
<b>Total net assets</b>		<u>\$ 265,969,463</u>	<u>\$ 253,590,380</u>	<u>\$ 201,610,330</u>	<u>\$ 169,745,521</u>	<u>\$ 138,417,744</u>	<u>\$ 109,603,491</u>	<u>\$ 94,617,617</u>	<u>\$ 84,683,388</u>	<u>\$ 83,755,748</u>
<b>Total net position</b>	<u>\$ 52,844,111</u>									

#### Notes:

- (1) This table reports financial information based on the accrual basis of accounting. VRE implemented GASB Statement 63, the new reporting standard, in fiscal year 2013. This standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'
- (2) Method of reporting was revised for fiscal year 2011.
- (3) Fiscal year 2011 balance restated to comply with GASB Statement 65.

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF OUTSTANDING DEBT

### Last Ten Fiscal Years

### (Unaudited)

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenue Bonds:										
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ -	\$ -	\$ -	\$ 5,065,000	\$ 9,875,000	\$ 14,450,000	\$ 18,800,000	\$ 22,945,000	\$ 26,895,000	\$ 30,660,000
\$23,000,000 Commuter Rail Revenue Bond, Series 1997	-	-	-	-	-	14,635,000	15,690,000	16,690,000	17,645,000	18,555,000
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	<b>12,775,000</b>	18,685,000	24,295,000	24,425,000	24,550,000	24,670,000	24,785,000	24,895,000	25,000,000	25,100,000
Capital Leases:										
\$271,804 Capitalized Lease Obligation	-	-	-	-	-	-	164,600	-	-	-
\$2,717,409 Capitalized Lease Obligation	-	-	-	-	-	420,665	855,119	1,265,433	1,652,951	2,018,938
\$25,100,000 Capitalized Lease Obligation	<b>17,668,825</b>	18,751,762	19,786,652	20,775,627	21,720,726	22,623,892	23,486,988	24,311,791	25,100,000	-
Notes Payable:										
\$900,000 SunTrust Bank	-	320,000	380,000	440,000	500,000	560,000	605,000	660,000	720,000	780,000
\$68,953,914 FRA Notes (#1-#16)	<b>61,595,766</b>	63,409,659	63,305,611	63,749,851	56,122,937	26,970,555	-	-	-	-
Outstanding as of June 30	<b>\$ 92,039,591</b>	<b>\$ 101,166,421</b>	<b>\$ 107,767,263</b>	<b>\$ 114,455,478</b>	<b>\$ 112,768,663</b>	<b>\$ 104,330,112</b>	<b>\$ 84,386,707</b>	<b>\$ 90,767,224</b>	<b>\$ 97,012,951</b>	<b>\$ 77,113,938</b>
Debt per Capita:										
Outstanding as of June 30	<b>\$ 92,039,591</b>	<b>\$ 101,166,421</b>	<b>\$ 107,767,263</b>	<b>\$ 114,455,478</b>	<b>\$ 112,768,663</b>	<b>\$ 104,330,112</b>	<b>\$ 84,386,707</b>	<b>\$ 90,767,224</b>	<b>\$ 97,012,951</b>	<b>\$ 77,113,938</b>
Total Participating Jurisdictional Population	<b>N/A</b>	<b>N/A</b>	<b>2,188,656</b>	<b>2,146,227</b>	<b>2,116,826</b>	<b>2,079,204</b>	<b>2,045,670</b>	<b>2,026,082</b>	<b>2,000,311</b>	<b>1,966,534</b>
Debt per Capita	<b>N/A</b>	<b>N/A</b>	<b>\$ 49.24</b>	<b>\$ 53.33</b>	<b>\$ 53.27</b>	<b>\$ 50.18</b>	<b>\$ 41.25</b>	<b>\$ 44.80</b>	<b>\$ 48.50</b>	<b>\$ 39.21</b>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	<b>\$ 92,039,591</b>	<b>\$ 101,166,421</b>	<b>\$ 107,767,263</b>	<b>\$ 114,455,478</b>	<b>\$ 112,768,663</b>	<b>\$ 104,330,112</b>	<b>\$ 84,386,707</b>	<b>\$ 90,767,224</b>	<b>\$ 97,012,951</b>	<b>\$ 77,113,938</b>
Total Personal Income	<b>N/A</b>	<b>N/A</b>	<b>125,535,565,000</b>	<b>124,749,155,000</b>	<b>124,152,337,000</b>	<b>123,874,456,000</b>	<b>116,871,257,000</b>	<b>110,562,509,000</b>	<b>104,445,746,000</b>	<b>90,564,368,000</b>
Total Outstanding Debt as a Percentage of Personal Income	<b>N/A</b>	<b>N/A</b>	<b>0.09%</b>	<b>0.09%</b>	<b>0.09%</b>	<b>0.08%</b>	<b>0.07%</b>	<b>0.08%</b>	<b>0.09%</b>	<b>0.09%</b>

The population data for each participating jurisdiction can be found in the following reports.

- (1) Fairfax County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 253
- (2) Prince William County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 181
- (3) City of Manassas fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table XIII, page 122
- (4) City of Manassas Park fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 120
- (5) Stafford County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table S-14; page 111
- (6) City of Fredericksburg fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 136
- (7) Spotsylvania County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 137
- (8) City of Alexandria fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Tables XI & XIV, pages 132 & 134
- (9) Arlington County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table K, page 176

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS

#### Last Ten Fiscal Years

#### (Unaudited)

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fairfax County	\$ 4,511,265	\$ 4,876,961	\$ 4,906,693	\$ 4,995,535	\$ 5,507,805	\$ 4,700,508	\$ 3,935,736	\$ 3,159,643	\$ 2,963,820	\$ 2,972,946
City of Fredericksburg	339,064	420,566	405,980	508,503	482,764	330,713	111,115	73,827	57,544	68,276
City of Manassas	642,662	817,993	871,611	883,443	938,897	655,077	428,436	276,306	270,924	270,494
City of Manassas Park	441,702	566,504	544,763	537,496	567,082	359,574	183,686	179,422	149,758	129,178
Prince William County	4,761,324	5,859,007	6,384,660	6,173,028	6,511,839	4,624,876	2,961,241	2,236,676	2,061,006	1,956,546
Stafford County	1,892,640	2,505,805	2,634,002	2,971,727	2,974,507	2,429,735	917,147	699,424	609,222	726,297
Spotsylvania County	3,510,352	577,020	-	-	-	-	-	-	-	-
City of Alexandria	133,894	129,944	130,974	124,737	118,797	113,140	107,752	102,621	97,734	93,080
Arlington County	195,897	190,117	191,624	182,499	173,809	165,532	157,649	150,142	142,992	136,183
<b>Total contributions</b>	<b>\$ 16,428,800</b>	<b>\$ 15,943,917</b>	<b>\$ 16,070,307</b>	<b>\$ 16,376,968</b>	<b>\$ 17,275,500</b>	<b>\$ 13,379,155</b>	<b>\$ 8,802,762</b>	<b>\$ 6,878,061</b>	<b>\$ 6,353,000</b>	<b>\$ 6,353,000</b>

Source: VRE's Department of Finance.

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF MISCELLANEOUS STATISTICS

#### Last Ten Fiscal Years

#### (Unaudited)

	Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rolling Stock (Owned or Leased)										
Locomotives	20	22	25	20	21	18	19	20	20	19
Railcars	91	91	101	95	91	89	90	90	90	90
<b>Total rolling stock</b>	<b>111</b>	<b>113</b>	<b>126</b>	<b>115</b>	<b>112</b>	<b>107</b>	<b>109</b>	<b>110</b>	<b>110</b>	<b>109</b>
Stations	18	18	18	18	18	18	18	18	18	18
Parking Spaces	9,030	8,824	8,824	8,691	8,505	7,227	7,284	7,273	7,273	7,009
Employees	37	37	37	37	37	37	36	36	34	32
Ridership and Fare Revenue Data (1):										
Total Ridership	4,643,898	4,771,987	4,517,366	4,033,230	3,857,646	3,628,563	3,453,561	3,637,043	3,763,740	3,562,299
Average Daily Ridership	18,878	19,088	18,377	16,673	15,754	14,662	13,982	14,667	15,238	14,720
Average Fare per Trip	\$ 7.48	\$ 7.28	\$ 7.17	\$ 7.44	\$ 6.66	\$ 5.98	\$ 5.70	\$ 5.40	\$ 5.17	\$ 4.76

#### Note:

(1) The methodology for calculating passenger trips was changed during fiscal year 2011 and fiscal year 2012 to more accurately reflect boardings and detrainings prior to the inner city stations. This increased total ridership and decreased average fare per trip. The methodology for calculating Average Daily Ridership (ADR) was changed in fiscal year 2012 to count days with limited train service ("S" schedule). This resulted in a lower ADR than would have been calculated under the prior method.

Source: VRE staff



## VIRGINIA RAILWAY EXPRESS

### PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

Current Year and Nine Years Ago

(Unaudited)

Employers	2012			2003		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1) (2) (3) (4) (5)	1	63,424	N/A	1	43,082	N/A
Fairfax County Public Schools (1)	2	23,534	N/A	2	20,712	N/A
Fairfax County Government (1)	3	12,070	N/A	3	11,506	N/A
Arlington County Government (2)	4	10,777	N/A	5	9,674	N/A
Booz Allen Hamilton (1)	5	7,000-10,000	N/A	7	5,000-6,000	N/A
Inova Health System (1)	5	7,000-10,000	N/A	4	9,000-10,000	N/A
Science Applications International Corporation (1)	7	4,000-6,999	N/A	7	5,000-6,000	N/A
Federal Home Loan Mortgage (1)	7	4,000-6,999	N/A			
Northrop Grumman (1)	7	4,000-6,999	N/A	6	6,000-7,000	N/A
George Mason University (1)	7	4,000-6,999	N/A			
Computer Science Corporation (1)	-	-	-	9	4,000-5,000	N/A
Raytheon Company (1)	-	-	-	9	4,000-5,000	N/A

Sources:

(1) through (5) extracted and combined from the following sources:

- (1) County of Fairfax fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 254
- (2) County of Arlington fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table L, page 177
- (3) County of Prince William fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 17, page 182
- (4) County of Stafford fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table S-16, page 113
- (5) City of Alexandria fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 139



## VIRGINIA RAILWAY EXPRESS

### DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2003 to 2012

(Unaudited)

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (8)	Arlington County (9)
<b>2013 (all categories)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>2012</b>									
Population	N/A	419,006	39,060	15,332	132,133	25,691	124,789	144,301	216,004
Personal Income (in thousands)	N/A	N/A	N/A	\$419,100	\$5,586,980	\$1,011,840	N/A	\$10,758,922	\$17,273,192
Per Capita Personal Income	N/A	N/A	N/A	\$27,335	\$42,283	\$39,385	N/A	N/A	\$79,967
Unemployment Rate	N/A	4.9%	5.9%	4.7%	4.9%	8.8%	5.1%	4.6%	3.5%
<b>2011</b>									
Population	1,100,692	406,110	37,821	14,387	128,961	25,691	123,427	141,287	210,280
Personal Income (in thousands)	\$71,145,429	\$21,216,947	N/A	\$455,635	\$5,370,464	\$1,011,840	N/A	\$10,627,334	\$15,707,916
Per Capita Personal Income	\$64,637	\$43,076	N/A	\$31,670	\$41,644	\$39,385	\$31,141	N/A	\$74,700
Unemployment Rate	4.2%	5.3%	6.9%	5.2%	5.2%	10.3%	5.4%	4.8%	3.9%
<b>2010</b>									
Population	1,081,726	389,001	35,648	12,042	128,961	24,286	122,397	139,966	212,200
Personal Income (in thousands)	\$72,577,324	\$19,899,449	N/A	\$391,776	\$5,265,160	\$956,504	N/A	\$10,441,443	\$15,217,499
Per Capita Personal Income	\$67,094	\$43,346	N/A	\$32,534	\$40,828	\$39,385	\$28,589	\$76,362	\$71,713
Unemployment Rate	4.9%	5.7%	7.4%	5.8%	5.7%	9.6%	5.8%	4.8%	4.3%
<b>2009</b>									
Population	1,074,227	374,776	35,883	11,410	122,800	23,353	120,977	144,100	209,300
Personal Income (in thousands)	\$74,380,758	\$18,561,645	N/A	\$382,695	\$4,915,316	\$892,808	N/A	\$10,178,071	\$14,841,044
Per Capita Personal Income	\$69,241	\$42,254	N/A	\$33,540	\$40,027	\$38,231	\$29,593	\$70,846	\$70,908
Unemployment Rate	4.8%	5.9%	6.4%	6.5%	5.4%	9.2%	5.7%	2.8%	4.7%
<b>2008</b>									
Population	1,050,315	368,016	36,666	11,533	121,736	22,899	120,015	140,024	208,000
Personal Income (in thousands)	\$74,385,409	\$18,145,470	\$918,630	\$394,715	\$4,897,196	\$889,030	N/A	\$10,204,006	\$14,040,000
Per Capita Personal Income	\$70,822	\$42,960	\$25,054	\$34,225	\$40,228	\$38,824	\$31,060	\$72,220	\$67,500
Unemployment Rate	3.4%	3.4%	4.8%	3.2%	3.4%	5.7%	3.4%	2.9%	2.6%
<b>2007</b>									
Population	1,041,507	359,174	38,066	11,527	120,723	22,651	118,939	128,283	204,800
Personal income (in thousands)	\$70,500,650	\$17,200,916	\$904,067	\$390,604	\$4,497,535	\$865,154	N/A	\$9,507,531	\$13,004,800
Per capita personal income	\$67,691	\$41,382	\$23,750	\$33,886	\$37,255	\$38,195	\$29,611	\$70,632	\$63,500
Unemployment rate	2.2%	2.6%	2.7%	2.4%	2.6%	4.1%	2.5%	2.2%	2.3%
<b>2006</b>									
Population	1,037,311	350,612	38,066	11,652	120,170	22,044	117,718	128,283	200,226
Personal income (in thousands)	\$67,111,947	\$16,088,936	\$922,642	\$380,385	\$4,291,511	\$799,337	N/A	\$8,835,057	\$12,132,694
Per capita personal income	\$64,698	\$39,502	\$24,238	\$32,645	\$35,712	\$36,261	\$31,458	\$65,141	\$60,595
Unemployment rate	2.2%	2.6%	2.9%	2.3%	2.4%	4.0%	2.4%	2.6%	2.3%
<b>2005</b>									
Population	1,033,646	337,439	37,000	11,369	117,674	21,724	114,909	128,283	198,267
Personal income (in thousands)	\$63,917,568	\$15,012,664	\$909,336	\$361,406	\$4,021,156	\$746,914	N/A	\$7,776,966	\$11,699,736
Per capita personal income	\$61,837	\$37,577	\$24,577	\$31,789	\$34,172	\$34,382	\$31,720	\$61,147	\$59,010
Unemployment rate	2.5%	3.0%	2.8%	2.1%	2.7%	4.8%	2.3%	3.1%	2.5%

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (7)	Arlington County (8)
<b>2004</b>									
Population	1,022,298	323,377	36,500	10,930	114,513	21,342	110,552	128,283	198,739
Personal income (in thousands)	\$58,830,183	\$13,723,915	\$849,793	\$343,776	\$3,687,891	\$688,514	N/A	\$7,435,257	\$11,497,250
Per capita personal income	\$57,547	\$35,556	\$23,282	\$31,453	\$32,205	\$32,261	\$31,950	\$58,365	\$57,851
Unemployment rate	2.7%	3.1%	3.1%	2.0%	2.8%	5.1%	2.5%	3.2%	2.6%
<b>2003</b>									
Population	1,012,090	311,749	36,300	10,881	109,341	20,641	106,576	128,283	196,925
Personal income (in thousands)	\$54,771,275	\$12,399,884	\$843,820	\$321,394	\$3,320,030	\$635,536	N/A	\$7,165,859	\$11,106,570
Per capita personal income	\$54,117	\$33,424	\$23,246	\$29,537	\$30,364	\$30,790	\$30,211	\$53,711	\$56,400
Unemployment rate	3.1%	3.9%	3.5%	1.8%	3.1%	5.4%	2.8%	2.9%	2.3%

Sources:

- (1) Fairfax County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 253
- (2) Prince William County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 181
- (3) City of Manassas fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table XIII, page 122
- (4) City of Manassas Park fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 120
- (5) Stafford County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table S-14; page 111
- (6) City of Fredericksburg fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 136
- (7) Spotsylvania County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 137
- (8) City of Alexandria fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Tables XI & XIV, pages 132 & 134
- (9) Arlington County fiscal year 2012 Comprehensive Annual Financial Report, Statistical Section, Table K, page 176

N/A = Not Available

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# Compliance Section







**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Commission Board Members  
The Northern Virginia Transportation Commission  
The Potomac and Rappahannock Transportation Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Virginia Railway Express (VRE), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated November 4, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered VRE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VRE's internal control. Accordingly, we do not express an opinion on the effectiveness of VRE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of VRE's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether VRE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VRE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VRE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia  
November 4, 2013

## **RESOLUTION #2230**

**SUBJECT:** Authorization to Amend the VRE Contract for New Passenger Railcars.

**WHEREAS:** VRE has a need to replace the aging Legacy railcars and enhance the state of good repair of VRE's passenger railcar fleet;

**WHEREAS:** VRE executed a Contract in March 2012 with Sumitomo Corporation of America for a base order of eight new passenger cars with an option for 42 additional railcars;

**WHEREAS:** VRE anticipates the delivery of the base order railcars in January and February 2014;

**Whereas:** The purchase of seven option railcars will allow VRE to retire the remaining Legacy railcars.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to amend the contract with Sumitomo Corporation of America to place an option order for seven railcars and increase the contract by \$14,805,714, from \$21,240,000 to \$36,045,714, plus a contingency of \$501,786, for a total not to exceed the amount of \$36,547,500.

Approved this 5<sup>th</sup> day of December, 2013.

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Jeff McKay  
Chairman

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David F. Snyder  
Secretary-Treasurer



**Agenda Item 8-B**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 15, 2013**

**RE: Authorization to Amend the Contract for New Passenger Railcars**

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**RECOMMENDATION:**

The VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to amend the contract with Sumitomo Corporation of America (SCOA) to place an option order for seven additional railcars and increase the contract by \$14,805,714, from \$21,240,000 to \$36,045,714, plus a contingency of \$501,786, for a total not to exceed amount of \$36,547,500.

**BACKGROUND:**

In April 2011, the VRE Operations Board approved a funding plan, developed in conjunction with DRPT, for the purchase of fifteen new railcars to replace the remaining twenty legacy gallery railcars still in VRE service. Only fifteen new railcars are needed to replace the twenty legacy railcars primarily due to reduced maintenance cycles of the new cars and reduced spare ratios required by a standardized fleet. The cost of the fifteen railcars was estimated at \$36 million, or \$2.4 million per railcar, including contingency and engineering oversight costs.

In May 2011, the VRE Operations Board authorized the issuance of an RFP for the purchase of the railcars. On July 1, 2011, an RFP was issued for a base order of eight railcars with an option for up to forty-two railcars. The base order had to be limited to eight railcars due to the schedule for receiving federal formula funds. Responses to the RFP were due on September 1, 2011, and VRE received one response from

Sumitomo Corporation of America. The railcars proposed by SCOA are the same as those currently in VRE service with the exception of minor design changes required by new safety standards. The proposed price for the railcars exceeded the available funding primarily due to significant increases in the cost of rolled and stainless steel used in the construction of the frame and car shell. The funding plan was revised to \$42.8 million for the fifteen cars, and additional funds were identified by both DRPT and VRE.

In January of 2012, the VRE Operations Board authorized a Contract with SCOA for the base order of eight new railcars. In March of 2012, a Contract was executed and a Notice To Proceed (NTP) was issued to SCOA. Delivery is anticipated in January and February of 2014 for all eight base order railcars.

Based on experience to date, the expected cost to complete the first eight railcars is \$22.5 million or \$2.1 million less than anticipated. The cost for the seven additional railcars is \$16 million, for a total estimated cost of \$38.5 million. The additional seven cars were programmed in VRE's FY 2014 to FY 2019 CIP to be ordered at the beginning of FY 2016, following the receipt of sufficient federal funds over a multi-year period to complete the purchase.

VRE has recently been notified of a substantial increase in the level of federal funding that will be received in FY 2014, primarily from the additional funds that came to the Washington region through the MAP-21 new State of Good Repair program. The total additional amount of federal funds available in FY 2014 is \$14.9 million, of which \$6.5 million is needed to purchase the remaining seven railcars.

An amendment to the FY 2014 budget will be presented to the Operations Board in December, incorporating all of the additional federal funds. The authorization to purchase the additional seven railcars is requested at this time because the completion of the replacement of the older cars is our top CIP priority, state match funds and the bulk of the VRE local match has already been provided, and we have a favorable price from Sumitomo for an immediate purchase.

If authorized, the seven new railcars will be delivered in 18-24 months from the Notice To Proceed and will complete the replacement of the legacy railcars. These new railcars are not considered for expansion, but rather to enhance the state of good repair of VRE's railcar fleet.

VRE staff will return to the Operations Board with a separate action item to issue a task order with STV, VRE's mechanical engineering consultant, under the MEC V Contract for the required engineering oversight function.

**FISCAL IMPACT:** The table below identifies the project costs and funding sources for the option order for seven new railcars, including both the cost of the railcars and the required oversight.

Project Cost	
Description	Cost
Cost for 7 Option Cars	14,805,714
Contingency – Sumitomo	301,786
Engineering Oversight	850,000
Contingency - Oversight	42,500
<b>Total:</b>	<b>16,000,000</b>

Funding Sources	
Source	Amount
Federal (FY 13 and FY 14 formula funds)	10,030,712
State (FY 12 and FY 13 bond funds)	4,245,811
VRE (local match to formula funds and capital reserve)	1,723,477
<b>Total:</b>	<b>16,000,000</b>

**Notes:**

- (1) Total authorized contingency for the Sumitomo contract of \$501,786 includes \$200,000 for the eight railcar base order and \$301,786 for the seven railcar option order.
- (2) In order to accommodate a state requirement for equal percentages from all funding sources for the base order and the option order (not contemplated in the original funding plan), a portion of FY 2013 formula funds will be used for the eight car order.
- (3) Additional VRE funds of \$104,100 will be needed to complete the purchase. The revised FY 2014 Budget will identify the source of these funds, prior to the Notice To Proceed on the amended contract.

**Virginia Railway Express  
Operations Board**

**Resolution  
8B-11-2013**

**Authorization to Amend the Contract for New Passenger Railcars**

**WHEREAS**, VRE has a need to replace the aging legacy railcars and enhance the state of good repair of VRE's passenger railcar fleet; and,

**WHEREAS**, VRE executed a Contract in March 2012 with Sumitomo Corporation of America for a base order of eight new passenger cars with an option for forty two additional railcars; and,

**WHEREAS**, VRE anticipates the delivery of the base order railcars in January and February of 2014; and,

**WHEREAS**, the purchase of seven option railcars will allow VRE to retire the remaining legacy railcars; and,

**WHEREAS**, VRE has identified the funding to purchase the additional seven railcars.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board is being asked to recommend that the Commissions authorize the Chief Executive Officer to amend the contract with Sumitomo Corporation of America to place an option order for seven additional railcars and increase the contract by \$14,805,714, from \$21,240,000 to \$36,045,714, plus a contingency of \$501,786, for a total not to exceed amount of \$36,547,500.

Approved this 15<sup>th</sup> day of November 2013

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Paul Smedberg  
Chairman

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John Cook  
Secretary

## **RESOLUTION #2231**

**SUBJECT:** Extension of the Norfolk Southern Operating Access Agreement.

**WHEREAS:** The Commissions currently have an Operating/Access Agreement with Norfolk Southern dated as of May 5, 2000, related to VRE operations in the Manassas to Washington, D.C. corridor;

**WHEREAS:** This agreement, following several extensions, will expire December 31, 2013;

**WHEREAS:** VRE staff has held negotiation sessions with Norfolk Southern representatives;

**WHEREAS:** The VRE Operations Board recommends extending the existing new agreement to June 30, 2013 to allow time to conclude negotiations and finalize a new agreement; and

**WHEREAS:** Necessary funding has been incorporated into the FY 2014 budget to allow VRE to continue its operations over Norfolk Southern tracks via this contract extension.

**NOW, THEREFORE BE IT RESOLVED** that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an extension of the existing May 5, 2000 Amended Operating/Access Agreement with Norfolk Southern to June 30, 2013.

Approved this 5<sup>th</sup> day of December, 2013.

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Jeffrey McKay  
Chairman

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David Snyder  
Secretary-Treasurer

**Agenda Item 8-C**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 15, 2013**

**Re: Authorization to Extend the Amended Operating Access Agreement with Norfolk Southern**

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**Recommendation:**

The VRE Operations Board is being asked to recommend the Commissions authorize the Chief Executive Officer to execute an extension of the existing Amended Operating Access Agreement with Norfolk Southern to June 30, 2014.

**Background:**

VRE has an Operating Access Agreement with Norfolk Southern (NS) for VRE operations in the Manassas to Washington corridor. The agreement, dated as of May 5, 2000, has been amended and extended several times, most recently this past May, with an agreed upon extension to December 31, 2013. A further extension is being requested at this time to provide sufficient time to complete negotiations of a new agreement.

Negotiation sessions with VRE and Norfolk Southern representatives have been held and work is currently underway to conclude discussions on a few outstanding issues. VRE staff will return to the Operations Board once a final draft has been agreed upon.

**Fiscal Impact:**

Funding for the Norfolk Southern track access fee has been budgeted in the approved FY 2014 budget.

**Virginia Railway Express  
Operations Board**

**Resolution  
8C-11-2013**

**Authorization to Extend the Amended Operating Access  
Agreement with Norfolk Southern**

**WHEREAS**, the Commissions currently have an Operating Access Agreement with Norfolk Southern, dated as of May 5, 2000, related to VRE operations in the Manassas to Washington corridor; and,

**WHEREAS**, this agreement, following several extensions, will expire on December 31, 2013; and,

**WHEREAS**, staff has held negotiation sessions with Norfolk Southern representatives; and,

**WHEREAS**, staff recommends extending the existing agreement to June 30, 2014 to allow time to conclude negotiations and finalize a new agreement; and,

**WHEREAS**, necessary funding has been incorporated into the FY 2014 budget to allow VRE to continue its operations over Norfolk Southern tracks via this contract extension.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board recommends the Commissions authorize the Chief Executive Officer to execute an extension of the existing May 5, 2000 Amended Operating/Access Agreement with Norfolk Southern to June 30, 2014.

Approved this 15<sup>th</sup> day of November 2013

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Paul Smedberg  
Chairman

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John Cook  
Secretary



AGENDA ITEM #8

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kala Quintana and Claire Gron  
**DATE:** November 22, 2013  
**SUBJECT:** Northern Virginia Transportation Authority

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NVTA continues to ramp up operations. NVTA has hired Mike Longhi as its new Chief Financial Officer (CFO). Working groups continue to meet to negotiate Memoranda of Agreement (MOA's); prepare for disbursement of taxpayer funds to NVTA and the jurisdictions; develop the first two and a half years of a six year plan; finalize a legislative agenda; and coordinate with VDOT on legislative mandates for project selection (e.g. HB599).

Staff has included additional detail on these issues with an attached Supplemental Detail Memo.

**A. Update on Development of VDOT Rating and Ranking Model (attachment)**

**Recommended Action:** After discussion, authorization will be sought for the NVTC Chair to submit comments as appropriate on the development of VDOT Rating and Ranking Model to comply with HB599.

**Background:** VDOT recently enlisted a consultant and identified a group of stakeholders to assist them with the development of the process, and will work in consultation with the NVTA through its Project Implementation Working Group (PIWG). VDOT is currently developing a Project Selection Model (PSM) and NVTA and NVTC submitted comments on the draft PSM. VDOT will present a revised Project Selection Model on November 22<sup>nd</sup> to the stakeholders including NVTC and to the NVTC PIWG on December 3<sup>rd</sup>. VDOT is scheduled to seek input from the NVTA on December 12<sup>th</sup>. VDOT plans to conclude the study in December 2014.



Under HB2313 and HB599, the Virginia Department of Transportation (VDOT) must develop and implement a process for selecting, evaluating, and rating at least 25 highway, transit, and technology projects in Northern Virginia that will reduce congestion and improve mobility during homeland security emergencies. NVTA and the CTB will nominate the projects to be considered for evaluation and rating.

NVTA's Executive Director in concert with the JACC continues to recommend a full consideration of comments by VDOT and coordination on the definitions of "regional significance" and "congestion relief." TransAction 2040 has performance measures in place that measure regional significance and impact on congestion and recommends that definitions in the PSM be consistent with those definitions.

#### **B. Call for FY15 Projects and Six Year Improvement Program**

The Project Implementation Working Group (PIWG) will call for FY15 and FY16 projects beginning December 13, 2013 with a submission deadline of January 13, 2013. The first six year program will cover approximately 2.5 years. NVTC staff will provide planning support to the PIWG on the transit component of these efforts.

#### **C. NVTA Milestones**

December 12, 2013 - Next NVTA meeting  
December 2013 - Call for Six Year Program projects  
January 13, 2013 -Deadline for Six Year Program project submissions

#### **D. NVTC Support of NVTA**

NVTC staff continues to serve as NVTA Interim PIO, to support financial administration as NVTA transitions to its own, and to actively engage in the JACC, PIWG, and Financial Working Groups.

## **NVTA Supplemental Detail Memo**

### ***HB599***

The Jurisdictional Agency Coordinating Committee (JACC) continues to express concerns to VDOT about the lack of coordination and the aggressive timeline for the implementation of HB599. NVTA and JACC continue to push for greater elasticity in the timeline on the front end for comments and meetings to discuss definitions of “regional significance” and “congestion relief.” JACC and the Project Implementation Working Group (PIWG) also pointed out that TransAction 2040 already has performance measures in place that measure regional significance and impact on congestion. Therefore, by ignoring these existing criteria, VDOT is creating a second set of criteria which could possibly conflict. NVTC along with other regional partners submitted comments to VDOT on November 15, 2013.

### ***CLRP & Transit Constraint***

Due to a conflict with the December 13<sup>th</sup> deadline for CLRP submissions and the current work on NVTA’s SYP, the NVTA may opt to not submit projects for the FY15-FY16 cycle. If federal approval is not required for a project then VDOT has indicated that they believe there is no harm in delaying submission until the next cycle in November 2014. WMATA is asking to remove the Transit Ridership Constraint in the CLRP. From 2030-2040, transit ridership numbers are adjusted and shifted to highways because the funding for transit is not dedicated to accommodate the ridership demands. However in order to remove the constraint the region must identify funding to cover the basic costs of the increased ridership demand.

Requirements to remove constraint include maintaining the \$50M annually, fully funding eight car trains, vehicles and station improvements. This translates into billions of dollars of cost and subsidy increases to the Commonwealth and the region. The WMATA Board will take up the issue on December 5, 2013 and they are preparing to bring the proposal to Transportation Planning Board (TPB).

### ***2014 Legislative Program***

See attached draft of the legislative program, to be approved by NVTA on December 12, 2013.

### ***HB 2313 Implementation***

***Financial Working Group (FWG)*** - The FWG is creating a Fact Sheet for the jurisdictions regarding use of HB2313 Funds. The FWG is finalizing several Memoranda of Agreement (MOA) for the distribution of funds between the counties, cities, and towns; as well as VDOT and DRPT. The DRPT agreement is delayed. So far there is only agreement on the use of match for revenue

sharing but not from other sources. CAO's will need to sign agreements and then the distribution of funds will begin.

***Legal Working Group (LWG)*** - Delegate Bob Marshall filed a notice of appeal 10 days after appointed Circuit Court deadline. The Counsel of Councils will provide an update when available.

***Project Implementation Working Group (PIWG)*** – Will call for projects in December 2013 with a deadline of January 13, 2014. The first six year program will on cover 2.5 years. PIWG is looking for FY15 and FY16 by January 13, 2014 plus any other projects for FY 14. Next meeting will be December 2, 2013.

***Public Outreach Working Group (POWG)*** - No report except to note that the web maintenance duties have been fully transferred to NVTa paid staff and that the PIO is working with staff to continue knowledge transfer.

***Organizational Working Group (OWG)*** -The NVTa interim Executive Director is beginning a search for new office space which could accommodate the co-location of several organizations including NVTC. NVTC has provided feedback which includes ensuring that the new location is walking distance from a Metro station.

**Dates of interest:**

- SuperNoVA - November 21, 2013 at Manassas Battlefield Holiday Inn
- PIWG - December 2, 2013 at 10 am (FFX DOT)
- JACC - December 2, 2013 at 12:30 (FFX DOT)
- DRPT grant apps are due February 1, 2014



November 15, 2013

**Chairman**

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**Vice Chairman**

Hon. Paul Smedberg

**Secretary/Treasurer**

Hon. David Snyder

**Commissioners:**

**City of Alexandria**

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Sen. Richard Black

Sen. Mark Herring

Del. Barbara Comstock

Del. Joe T. May

Del. David Ramadan

Del. Thomas D. Rust

**Executive Director**

Kelley Coyner

Ms. Helen L. Cuervo, P.E.  
Northern Virginia District Administrator  
VDOT Northern Virginia Office  
4975 Alliance Drive  
Fairfax, VA 22030

Subject: VDOT Draft Project Selection Framework

Dear Ms. Cuervo:

Thank you for the opportunity to comment on the Virginia Department of Transportation's (VDOT) Draft Project Selection Framework dated November 1, 2013.

The Northern Virginia Transportation Commission (NVTC) has reviewed the draft Project Selection Framework and offers the following technical comments and suggestions for your consideration:

1. Thank you for the extension of the timeframe for comments.
2. The Northern Virginia Transportation Commission (NVTC) staff urges VDOT to carefully consider the comments and questions raised by the Northern Virginia Transportation Authority's (NVTA) Project Implementation Working Group (PIWG). It is our collective suggestion that VDOT use these comments to develop both academic definitions and an applied technical approach that meets the region's planning needs and allows them to meet its statutory obligations.
3. The PIWG, through the input of the Jurisdictional Agency Coordinating Committee (JACC), has incorporated NVTC's comments which highlight the need for VDOT to coordinate closely with NVTA and the PIWG to expand the number of projects that VDOT will evaluate and rate annually. In our experience, capping the number of projects to be considered at such a low level will stifle the ability of NVTA to meet the goal of the legislation and will undervalue the regional significance of a slate of smaller projects that may have a higher impact.

4. NVTC works closely with the NVTa to ensure that the investments in transit are balanced and meet the statutory criteria outlined in HB2313 and HB599. NVTC is particularly concerned about the definitions of “regional significance” and “congestion relief” and suggest that VDOT use the definitions included in TransAction 2040.
5. NVTC believes any definition of “regional significance” should be based on throughput as measured by person trips and not on whether a project crosses jurisdictional boundaries or is based on Virginia residency. Further, any definition of “congestion relief” should apply equally to transit as well as roads.

Again, we are hopeful that you will take time to consider the comprehensive feedback provided by NVTC, the NVTa’s PIWG and our respective member jurisdictions.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, reading "Kelley Coyner". The signature is written in a cursive, flowing style.

Kelley Coyner

# Evaluation and Rating of Significant Transportation Projects in Northern Virginia

## Draft Project Selection Framework

Date: November 1, 2013

Dear Agency Stakeholder:

You / your agency has been identified as an important stakeholder to participate in the joint Virginia Department of Transportation (VDOT) – Department of Rail and Public Transportation (DRPT) study evaluating a set of significant transportation projects in and near Northern Virginia (herein referred to as the Rating Study). The study team looks forward to working with you throughout the study starting with obtaining your input on the components of a Project Selection Model (PSM) during an input session to be held at 10:00 AM to noon on November 14<sup>th</sup> at the VDOT Northern Virginia office (4975 Alliance Drive in Fairfax).

### *Rating Study Background*

In 2012, the General Assembly of the Commonwealth of Virginia enacted a law, Section 33.1-13.03:1, mandating VDOT conduct a study to evaluate and rate at least 25 significant transportation projects in and near Northern Virginia. This is the study herein referred to as the Rating Study. The project evaluation and rating will be based on the project's ability to reduce congestion and, to the extent possible, improve regional mobility during a homeland security emergency. Highway, mass transit, and technology projects will be considered in the evaluation process.

### *Project Selection Model*

The legislative mandate for this study is to select projects that are consistent with the priorities established by the Commonwealth Transportation Board (CTB) and evaluate a minimum of 25 transportation projects that are regionally significant and reduce congestion. The Northern Virginia Transportation Authority (NVTA) and the CTB will nominate projects to be considered for evaluation and rating by this study. The time and resources available to the Rating Study team will allow for the detailed evaluation and rating of about 25 to 30 projects. In order to determine if a nominated project meets the three legislative criteria (CTB priority, regional significance and congestion reduction) and to be able to select no more than 30 such projects (from a potentially larger number of projects) the study team will be developing an analytical/quantitative methodology (model) herein referred to as the Project Selection Model (PSM). Simply stated the PSM is a defined matrix of criteria and project attributes that will be used to select 25 to 30 projects from a larger set of projects nominated by NVTA and the CTB.

### *Your Participation*

Since you have been identified as the transportation representative of your jurisdiction / agency to help VDOT and DRPT conduct the study, you are being invited to participate in developing the PSM. Your input will be gathered in two steps: first your comments on the draft structure and components of the PSM is being sought (through this memorandum) and second the relative importance of each component of the PSM to your jurisdiction / agency will be sought and recorded during the interactive input session on

November 14<sup>th</sup>. The input received during the interactive session will be used to assign relative weights to each criteria and project attribute that are considered more important in the selection process.

The purpose of this memorandum is to provide you with a detailed description of the Draft PSM proposed to be used in the Rating Study. The study team is asking you to review the proposed components of the project selection model and provide any comments or suggestions you may have to [Valerie.Pardo@VDOT.Virginia.Gov](mailto:Valerie.Pardo@VDOT.Virginia.Gov) by 5:00 PM on November 7<sup>th</sup>. This will ensure time for the study team to consider your comments before the meeting on the 14<sup>th</sup>.

The study team has prepared a web-based video to serve as a companion piece to this memo. We strongly encourage you to take the time to view this video, as it provides valuable information as to how your input will be collected during the input session and used in the study. The video can be found at the following link: <https://decisionlens.webex.com/decisionlens/lsr.php?AT=pb&SP=MC&rID=27377122&rKey=64dde1b2f118b26e>

### *Project Selection Model*

The proposed PSM has three assessment tiers.

Tier One will assess the project against the “priority principles” adopted by the CTB for this study. Since the legislation explicitly states CTB priorities as the objective/mandate, the first tier uses these priorities as the principal criterion that each project must meet. On October 17, 2013 the CTB adopted the following six priorities for this study. In adopting these six priorities the CTB resolved that the study will use these as overarching principles to be adapted to the regional context of the Rating Study. Each nominated project will be assessed to determine if it is consistent with at least one of these six priorities. Projects that meet this test will be advanced to the Tier Two assessment.

1. Preserve and Enhance Statewide Mobility Through the Region
2. Increase Coordinated Safety and Security Planning
3. Improve the Interconnectivity of Regions and Activity Centers
4. Reduce the Costs of Congestion to Virginia’s Residents and Businesses
5. Increase System Performance by Making Operational Improvements
6. Increase Travel Choices to Improve Quality of Life for Virginians

Tier Two assessments are based on the primary objectives defined by the legislation – projects should be regionally significant and reduce congestion. In recognition of the fact that regional significance and congestion reduction can be viewed from multiple perspectives, the Draft PSM includes several ways of identifying regional significance and congestion reduction. A proposed project does not need to satisfy all of the criteria, but projects that satisfy multiple criteria will have a higher probability of being selected.

Tier Three assessments will be used if more than 30 of the nominated projects advance past the Tier Two assessment (i.e., are found to be regionally significant and reduce congestion). Tier Three assessments are based on secondary objectives and priorities important to the region that can help in reducing the number of selected projects to no more than 30. Projects that satisfy several of the secondary criteria are more likely to be selected.

The Draft PSM presented below identifies a proposed set of project attributes to be used in measuring each criterion in the Tier Two and Tier Three assessments. *Please review the proposed set of attributes and provide your comments or suggest additional attributes for consideration by November 7<sup>th</sup> as noted above.*

### ***Tier Two Criteria***

The proposed criteria for the Tier Two assessments are summarized below. These criteria suggest five ways of gauging if a nominated project is regionally significant and three ways of estimating the likelihood that the project will reduce congestion. The proposed method of measuring and quantifying each of these criteria is outlined in the table provided later in this memo.

#### Regional Significance

1. The project affects residents from multiple jurisdictions.
2. The project affects a significant number of person trips.
3. The project connects regional activity centers (RAC).
4. The project connects regional travel facilities.
5. The project traverses multiple jurisdictions.

#### Congestion Reduction

1. The project improves travel on heavily congested facilities.
2. The project reduces the number of hours of heavy congestion.
3. The project has a high likelihood of significantly reducing congestion.

### ***Tier Three Criteria***

The proposed criteria for the Tier Three assessments are summarized below. These criteria suggest five ways of gauging the status or feasibility of a nominated project and potential ways of determining if the nominated project is consistent with multiple CTB priorities. The proposed method of measuring and quantifying each of these criteria is outlined in the table provided later in this memo.

#### Project Status and Feasibility

1. The project is included in a regional transportation plan.
2. The project is ready to implement.
3. The project can be completed relatively quickly.
4. The project's construction costs are affordable.
5. The decision to implement the project involves relatively few agencies.

#### Specific CTB Priorities

1. The project is on a state designated facility.
2. The project improves evacuation mobility or a safety deficiency.
3. The project addresses capacity bottlenecks between RACs.
4. The project reduces congestion costs to residences and businesses.
5. The project improves operations with smart system technologies.
6. The project provides additional travel options.



### *Methods of Measuring and Quantifying Project Attributes*

The proposed methods of measuring and quantifying the project selection criteria outlined above are defined in the table below. The table lists the specific criteria for the Tier Two and Tier Three assessments and a proposed set of project attributes under each criterion. A brief explanation of what is desired from each of these attributes is provided along with a proposed set of assessment values for each attribute. Note that a few of the proposed measures depend on data generated using the regional simulation model for existing and future baseline conditions. Corridor segment maps for Northern Virginia will be generated to show the distribution of trips based on the County of residents; the number of person trips in cars and transit vehicles; and the congestion severity and duration. These maps will be used to assist with project nomination and to quantify selection measures.

<b>Tier 2: Primary Selection Criteria</b>		
<b>2.A</b>	<b><u>Regional Significance</u></b>	
<b>2.A.1</b>	<i>The percentage of people traveling through the project site by jurisdiction of residence</i>	
	Projects that serve a high percentage of regional residents from multiple jurisdictions are preferred. (Alexandria, Arlington, Fairfax, Loudoun, Prince William, Other Virginia and DC/Maryland)	> 80% from one County/city area < 80% from one County/city area > 30% from two County/city areas > 20% from three plus County/city areas
<b>2.A.2</b>	<i>The number of person trips traveling through the project site</i>	
	Projects in Northern Virginia corridors with a high volume of auto, transit and truck use are preferred.	< 30,000 persons per day 30,000 - 100,000 100,000 - 200,000 > 200,000
<b>2.A.3</b>	<i>The viability of multi-modal connections between activity centers</i>	
	Projects that enhance or expand transit or HOV/HOT connections between major or multiple MWCOG regional activity centers (RACs) are preferred.	No transit/HOV between RACs Transit/HOV between minor RACs Transit/HOV between major RACs Transit/HOV between multiple RACs
<b>2.A.4</b>	<i>Improves connections between regional travel facilities</i>	
	Projects that enhance or complete connections between interstate highways, principal arterials or transit stations are preferred.	No connection Improves one connection Improves two or more connections
<b>2.A.5</b>	<i>The number of jurisdictions the project passes through</i>	
	Projects that traverse multiple Northern Virginia jurisdictions are preferred.	Located in one jurisdiction Located in two jurisdictions Located in three or more jurisdictions

## Tier 2: Primary Selection Criteria

2.B	<b><u>Congestion Reduction</u></b>	
2.B.1	<i>The current and future congestion severity at the project site</i>	
	Projects that attempt to address heavily congested locations are preferred. (Travel Time Index - TTI = congested travel time / free flow travel time)	No congestion (TTI < 1.15) Light congestion (TTI = 1.15 - 1.3) Moderate congestion (TTI = 1.3 - 2.0) Heavy congestion (TTI = 2.0 - 3.0) Severe congestion (TTI > 3.0)
2.B.2	<i>The current and future duration of congestion at the project site</i>	
	Projects that attempt to address locations that are heavily congested (TTI > 2.0) for many hours of the day are preferred.	< 2 hours of congestion per day 2 - 3 hours of congestion per day 3 - 5 hours of congestion per day 5 - 8 hours of congestion per day > 8 hours of congestion per day
2.B.3	<i>The likelihood that the project will significantly reduce congestion</i>	
	Projects with a high likelihood of reducing congestion by 25% or more are preferred.	Low likelihood Medium likelihood High likelihood

Tier 3: Secondary Selection Criteria		
3.A	<b><u>Project Status and Feasibility</u></b>	
3.A.1	<i>Is the project included in a regional transportation plan?</i>	
	Projects in the NoVA CLRP and TIP are preferred. Projects in TransAction 2040 are desirable.	Not in a regional plan
		Included in TransAction 2040
		Included in the CLRP or TIP
3.A.2	<i>What is the status of the project planning and development process?</i>	
	Projects further along in the project planning and development process are preferred.	No studies have been performed
		Completed feasibility studies
		Completed major regulatory reviews and/or public input processes
		Ready to move forward when funding becomes available
3.A.3	<i>How long will it take to complete the project?</i>	
	Projects that can be completed relatively quickly are preferred.	< 5 years
		5 - 10 years
		10 - 15 years
		> 15 years
3.A.4	<i>Is the project affordable?</i>	
	Projects that require less state and regional funding are preferred.	< \$5 million
		\$5 million - \$50 million
		\$50 million - \$500 million
		> \$500 million
3.A.5	<i>Does the project require coordination with other states or the District of Columbia?</i>	
	Projects that are wholly within Northern Virginia are preferred over projects that cross into Maryland or the District of Columbia.	Wholly in Northern Virginia
		Wholly in Virginia
		Partially in DC/Maryland

### Tier 3: Secondary Selection Criteria

3.B	<b><u>Specific CTB Priorities</u></b>	
3.B.1	<i>Preserve and Enhance Statewide Mobility through the Region</i>	
	Projects on NoVA facilities included in the Statewide Mobility System*, Corridors of Statewide Significance, and Super NoVA Corridors are preferred.	No Yes
3.B.2	<i>Increase Coordinated Safety and Security Planning</i>	
	Projects that improve mobility in the event of a Homeland Security emergency or address a significant safety deficiency are preferred.	No Yes
3.B.3	<i>Improve the Interconnectivity of Regions and Activity Centers</i>	
	Projects that address a capacity bottleneck between major activity centers are preferred.	No bottlenecks between RACs Bottlenecks between minor RACs Bottlenecks between major RACs Bottlenecks between multiple RACs
3.B.4	<i>Reduce the Cost of Congestion to Virginia's Residents and Businesses</i>	
	Projects that reduce travel times and accident rates for residents and businesses of Northern Virginia are preferred.	No cost reductions Reduces costs to residents Reduces costs to businesses Reduces costs to residents and businesses
3.B.5	<i>Increase System Performance by Making Operational Improvements</i>	
	Projects that invest in smart system technologies to improve operations and manage demand are preferred.	No technology improvements Technologies to improve operations Technologies to manage demand Technologies to improve operations and manage demand
3.B.6	<i>Increase Travel Choices to Improve Quality of Life for Virginians</i>	
	Projects that provide a new mode of travel or increase the frequency and coverage of transit service in Northern Virginia are preferred.	No new travel options Increases bus frequency or coverage Adds new transit/HOV options Adds high speed/high frequency transit options
<p>* SMS highways play an essential role in the movement of people and goods by ensuring that all regions of Virginia are reasonably accessible. The routes that comprise the SMS include National Highway System facilities, hurricane evacuation routes, multilane primaries that provide regional connectivity, as well as other primaries that serve vital links between jurisdictions.</p>		

### *Next Steps*

Based on your comments, the study team will review and update the PSM. At the meeting on November 14<sup>th</sup>, you, along with representatives from other jurisdictions / agencies in Northern Virginia, will participate in an interactive/moderated session during which you will provide input to the study team on the relative importance of each component (criteria and project attributes) of the PSM to you and your agency.

These individual preferences for each component will be combined to establish the relative importance of the group. The relative importance identified by the group will represent the quantifiable weights for each metric. The weighted matrix will be used to assess and assign a numeric score to each nominated project to determine which 25-30 projects will be further evaluated and assigned a rating.

Please note that the project selection model developed above will be shared with the CTB members from Northern Virginia and the NVTA Board before being presented to the CTB and used in the Rating Study. The NVTA's review of this proposed PMS is tentatively scheduled for November 22, 2013.



# Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

3060 Williams Drive ♦ Suite 510 ♦ Fairfax, VA 22031

[www.TheNoVaAuthority.org](http://www.TheNoVaAuthority.org)

## **Project Implementation Working Group Northern Virginia Transportation Authority**

November 14, 2013

Ms. Helen L. Cuervo, P.E.  
Northern Virginia District Administrator  
VDOT Northern Virginia Office  
4975 Alliance Drive  
Fairfax, VA 22030

Subject: VDOT Draft Project Selection Framework

Dear Ms. Cuervo:

Thank you for the opportunity to comment on the Virginia Department of Transportation's (VDOT) Draft Project Selection Framework dated November 1, 2013. The Northern Virginia Transportation Authority's (Authority) Project Implementation Working Group (PIWG) has reviewed the draft Project Selection Framework, and would like to offer the following technical comments and suggestions for your consideration.

### **Project Selection Framework**

#### **Ongoing Coordination with the Northern Virginia Transportation Authority**

The Authority has directed its Project Implementation Working Group (PIWG) to lead the discussion on the coordination with the VDOT on the implementation of HB599. As such, it is expected that any discussion related to the implementation of HB599 begin with this group. This includes but is not limited to the development of the project selection and project evaluation models, project selection framework, definition of baseline conditions, project solicitation and selection, project evaluation and analysis tools.

Section 33.1-13.03:1 of the Code of Virginia provides that the Virginia "Department of Transportation, in ongoing coordination with the Commonwealth Transportation Board, Department of Rail and Public Transportation, and the Northern Virginia Transportation Authority, shall evaluate all significant transportation projects." We remain concerned that VDOT developed the VDOT Study methodology without input from the Authority or its member jurisdictions prior to the Authority meeting on September 26, 2013. VDOT has had more than a year and a half to develop the implementation plan for the study, but did not have any meaningful discussions with the Authority prior to that meeting. We are now at the point where VDOT has developed an implementation schedule that provides little or no time for the Authority or its member jurisdictions



to react or provide input. Giving the Authority limited time to react to priorities and methodologies is not “coordination” nor shows any plan for “ongoing coordination.”

### **Critical Milestones**

Essential to our ability to work together effectively is an understanding on the part of all stakeholders of when decisions will be made and what information will be discussed at each respective decision point. Please provide updated dates and associated desired outcomes of all planned critical milestones throughout the VDOT Projects Ratings Study. Include a description of how VDOT intends to coordinate with the Project Implementation Working Group and subsequently, the Authority. Any subsequent changes to the schedule should be shared with the Authority in a timely manner.

### **Comment Period**

Thank you for extending the comment period on the draft VDOT Project Selection Framework (PSF) to 5:00pm on Friday, November 15, 2013. While we understand that VDOT is working under a tight study timeframe, it is important that sufficient time be provided to all stakeholders, including the PIWG, to comment. Providing less than a week to comment on critical aspects of the study framework, including the PSF, does not give stakeholders adequate time to discuss and fully coordinate their concerns, and as a result may sacrifice the quality of the end product. Like VDOT, the Authority must ensure the basis upon which projects are selected for funding enables us to meet our statutory obligations. Taking the time to make sure our work is properly coordinated will not only help us deliver a better outcome for Northern Virginia taxpayers, but is also necessary to comply with the law.

In the future, we encourage the Department to work with the PIWG in setting comment periods when soliciting information from the Northern Virginia on key study materials.

### **Project Selection Model**

#### **Project List**

We understand that VDOT intends on conducting a “detailed evaluation and rating of 25-30 projects” at least every two years. As proposed, rating 25-30 projects may restrict or otherwise limit the Authority’s ability to develop a Six-Year Program consistent with our priorities and goals. As you know, the Authority is required to maintain geographic equity with regards to our funding program. If VDOT does not rate a sufficient number of projects, the Authority’s ability to meet its legal requirements will be seriously impeded. In addition, some projects selected to be rated may score poorly, and/or may not be eligible for NVTA funding, further limiting the Authority’s ability to develop an effective Six-Year Program.

Section 33.1-13.03:1 of the Code of Virginia sets minimum requirements only, leaving the Department flexibility to rate as many projects with whatever frequency is needed. While we understand that there are funding constraints, we believe that sufficient resources should be made available so as not to impede the Authority’s ability to meet its statutory obligations.

#### **VDOT Study Methodology**

The original genesis for HB599 was a model that was prepared by VDOT’s Northern Virginia district staff, which was a relatively simple, straightforward approach to evaluating project benefits. The approach that VDOT is proposing to use for the Rating Study is overly complicated and unnecessarily time consuming. Since the Authority must rely on the study to identify highway projects to fund in the future, it is important that this study effort not be unduly burdensome or time

consuming. Further, using a straightforward approach would help address the previously stated concern about the insufficient number of projects, by allowing for additional ones to be evaluated.

The Project Selection Model (PSM) developed by VDOT staff introduces a complicated set of criteria in three tiers. The following are comments specific to each tier.

### **Tier One**

With regard to the Commonwealth Transportation Board's (CTB) Tier One priorities, we remain concerned that the "priority principles" are currently broadly described without specific reference to the Northern Virginia region. This is especially true with the priority "Preserve and Enhance Statewide Mobility through the Region," which does not specifically relate to improving regional mobility. As an alternative, we recommend modifying the priority to read as follows: "Preserve and Enhance Regional Mobility."

### **Tier Two**

Under the current proposal, VDOT states that it will use "two primary criteria to examine if a project is determined to be 1) regionally significant and 2) reduce congestion. These two criteria are directly derived from the legislative mandate for the study (to evaluate significant projects that reduce congestion)." Principal among the PIWG concerns with VDOT's project selection methodology is that it uses "congestion reduction" as a criterion to determine which projects it will rate in the study. This is not a legal requirement. Section 33.1-13.03:1 mandates the Department evaluate "all significant transportation projects." Once projects have been selected for evaluation, the Department shall then develop an "objective, quantitative rating for each project according to the degree to which the project is expected to reduce congestion and, to the extent feasible, the degree to which the project is expected to improve regional mobility in the event of a homeland security emergency." Put simply, using congestion reduction as a screening method to cull projects from a report studying congestion reduction puts the proverbial cart before the horse. We do not know the congestion reduction benefits of these projects until the study is complete.

In addition, using congestion reduction criteria to screen projects for rating duplicates similar activities already proposed in the Project Evaluation Model. It should also be noted that VDOT's proposed methodology makes no mention of screening projects for the other required study output, "improving regional mobility in the event of a homeland security emergency". In light of these facts, we request that VDOT remove the congestion reduction criteria from their Tier Two assessment, as it is inconsistent with the law.

### **Tier Two: Regional Significance**

The proposed criteria assume a definition of regional significance that is not consistent with the work of previous regional planning bodies, including the Metropolitan Washington Council of Governments (MWCOC), the Transportation Planning Board (TPB), the Authority, and the Washington Metropolitan Area Transit Authority (WMATA). The definition of a regionally significant project does not need to be defined again by VDOT. In November 2012, the Authority and eight of nine member jurisdictions adopted TransAction 2040, which was prepared as required by the Authority's authorizing statute. VDOT participated in the development of TransAction 2040 and its precursors. TransAction 2040 defines the projects that NVTA believes are regionally significant. In addition, TransAction 2040 already evaluated congestion reduction benefits of projects contained within the plan. The measures used to evaluate projects in the TransAction 2040 plan have been vetted by the Authority and its member jurisdictions and regional transportation agencies, including VDOT and DRPT. It does not appear necessary for VDOT to take time to evaluate the criteria in Tier Two, since the data is readily available and fairly current.



In general, the criteria should be based on the utilization of transportation resources in Northern Virginia. Person trips are the most appropriate and widely available measure of transportation resource utilization.

Additionally, bicycle and pedestrian projects can be regionally significant. Biking and walking are transportation modes, used for literally hundreds of thousands of trips every day, with a massive effect on our transportation system. For example, as many as 9,000 bicyclists and pedestrians cross the Key Bridge between Arlington and DC on weekdays. A majority of those trips occur during rush hour, which is higher than car counts on many roads. Not only are such projects absolutely essential for access to transit and circulation within activity centers, they are also likely to be the most important elements of any large-scale emergency evacuation of the national capital area. In such a homeland security emergency, given the geographic layout of the region, the most realistic means of large-scale evacuation are through walking, biking, and emergency transit traveling in temporarily dedicated facilities. In these instances, the normal driving habits of regional commuters would overwhelm the network to the point of gridlock, and would be unacceptably inefficient and ineffective.

In addition to the overarching comments stated above, attached please find PIWG's specific comments on the proposed Regional Significance criteria.

### **Tier Two: Congestion Reduction**

As stated previously, we recommend removing these criteria altogether from the Tier Two assessment. The following comments apply to Project Selection and Project Evaluation Models.

The measurement of congestion reduction is not simple and cannot be overly simplified down to a small number of criteria which only measure whether single-occupant vehicles are in free-flow conditions. Measures of congestion must address the entire transportation system, regardless of mode, and must not bias investment towards road expansion projects. Measures need to be broad enough to accurately reflect both the benefits and long-term costs of all modes, including transit. Under the current proposal transit's benefits and road expansion costs will likely be under-reported, which will distort the study outcomes.

Congestion measurement should include the quantitative and qualitative measures used to evaluate and prioritize projects in TransAction 2040. For the purposes of the HB599 VDOT Rating Study, it is recommended that the following measures utilized in TransAction 2040 be considered:

- Multimodal Choice 1 – Total Home Based Work non-SOV Productions and Attractions
- Multimodal Choice 2 – Change in Transit Vehicle Miles
- Person-Throughput 1 – Person Miles Traveled by non-SOV
- Person-Throughput 2 – Person Miles Traveled by SOV
- Travel Time – Person Hours Traveled

These measures are commonly used to assess congestion and mobility across the country. Further, they are multimodal and person-centric, two features that are repeatedly cited as necessary in other sources on transportation performance measures. In addition to the overarching comments stated above, attached please find specific comments related to the VDOT proposed criteria.

**Tier Three**

VDOT should not be creating new factors or new definitions of factors. The Authority has used criteria for project selection and ranking since 1999 as part of the adopted 2020 Northern Virginia Regional Transportation Plan. These criteria were updated and supplemented by TransAction 2030 and TransAction 2040. VDOT lead the 2020 Transportation Plan effort and actively participated in the TransAction 2030 and TransAction 2040 Plans. The factors in the current TransAction 2040 Plan have been well vetted and regionally accepted.

In addition to the statements above, please see attached comments related to the proposed secondary project selection criteria.

**Measures of Effectiveness**

As noted in Chairman Nohe's letter to you dated October 16, 2013, Virginia Code Section 33.1-13.03:1 provides that VDOT may rely on the results of transportation modeling performed by other entities, including the Authority, which suggests, at a minimum, the CTB should be informed of the Authority's work and be asked whether that work should be used. Prior to notifying the CTB, we ask that you seek input from the PIWG as you develop the Project Evaluation Model, not just the Measures of Effectiveness. As requested at the September 26, 2013, Authority meeting, we wish to understand all aspects of the model including assumptions used to evaluate the projects.

Again, it is both the legal requirement and our desire that the Authority be closely involved throughout this process. If you have any questions or would like to discuss any of these comments, please contact me at 703-228-3131.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Christopher Zimmerman', with a long horizontal flourish extending to the right.

Christopher Zimmerman, Chair  
Project Implementation Working Group



## COMMONWEALTH of VIRGINIA

Thelma D. Drake  
Director

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600 EAST MAIN STREET, SUITE 2102  
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VIRGINIA RELAY CENTER  
1-800-828-1120 (TDD)

TO: Chairman McKay and NVTC Commissioners

FROM: Commissioner Dyke

DATE: October 28, 2013

SUBJECT: DRPT Update

### DRPT Operations

Last month at NVTC there was considerable debate about the grant process and a “delay” in receiving the grants and now a delay for approval of those grants. NVTC, Jeff McKay and DRPT spoke in late November about this issue and the TSDAC capital allocation. There does appear to be some confusion on the grant process. As you recall two issues drove the change last year in providing the WMATA jurisdictions transit funding. One was that the jurisdictions were not signing the grants at that time and DRPT was sending funding directly to a 3<sup>rd</sup> party, non-transit provider to be disbursed in a manner different than was prescribed in the SYIP. The funds are now sent directly to NVTC to allow them to distribute funds under the SAM at the direction of the locality and supported by the submitted agent letter. However we have not determined an alternative to the locality signing the grant. We have heard from other localities that they ask for board approval on the projects as they appear in the SYIP, granting attorneys and/or transit GMs to approve the individual contracts. Another option to consider is that NVTC could become the transit operator for the jurisdictions and take on all these responsibilities. There is also some disagreement over the dates the grants were sent. This will be an ongoing discussion/fact finding mission to determine why the grants were delayed and if there is a process that meets the requirements of the state and the localities that would not be so time consuming. Some localities have signed and returned their grants and others have not.

Director Drake held a meeting with the NoVa region’s transit CEOs to discuss what is taking place at DRPT and to hear their concerns and suggestions. This was started over the summer and has moved across the state. It is the hope that this will continue quarterly now, by region, and that there would be an annual meeting of all transit operators during a VTA conference.

### **SuperNoVa Transit and TDM Action Plan**

DRPT and the project team held a Super NoVa Transit and TDM Action Plan Stakeholder Meeting on 11/21/13. The project team has completed and released the DRAFT Super NoVa Transit and TDM Action Plan to the stakeholders for their review and comment by 12/31/13. The project team are preparing for two public involvement meetings - December 11 in Alexandria and December 17 in Manassas. The next Super NoVa Transit and TDM Action Plan Stakeholder and Regional Consortium Meetings are expected to be held in the February/March timeframe pending availability of members due to the 2014 General Assembly session.

### **Route 1 Multimodal Alternatives Analysis**

DRPT and the project team held the second Executive Steering Committee Meeting (ESC) on 11/14/13. Presentation included review of the initial screening of alternatives, overview of funding mechanisms (i.e. FTA and FHWA funding programs), and review of funding assumptions and decisions that will need to be made in order to conduct the funding analysis. The project team is currently working on developing the detailed definition of alternatives, which will provide mode and alignment details that will advance to the detailed screening and evaluation. The project team has met with Fairfax County and Prince William County on the modeling and the land use analysis task items.

### **I-66 Tier I DEIS**

Nothing new to report

### **TSDAC (SB1140)**

DRPT and TSDAC are finalizing the Tiered Capital Allocation Methodology that will be taken to the CTB for action on December 4th. DRPT is working with consultants to initiate the Phase III work. TSDAC has provided the list of transit agency representatives that will serve on the working group.

### **TSDAC capital funding.**

CTB is expected to approve the resolution for the capital funding model. A tiering process is being established with expected percentages to be 68% for rolling stock, 34% for facilities and 17% for ancillary items. A reserve account will be established and the only item with disagreement was that the state funding will now be provided based on total cost of the project and not cost less federal funding. The impact for NoVa is that the state share of total capital funding will increase from the historic average of 82% of all state capital funding to 92.5%. The disagreement is that using the federal funding model would increase NoVa to 94% of all transit capital and subject the state's process to unwanted influence by the federal government's funding vacillations.

### **Rail**

DRPT has released the request for proposal for the Tier II EIS between the Richmond Area and Potomac River.

CSX and DRPT are working with FRA to continue work on the ARRA funded Arkendale to Powells Creek 11 mile third track project. CSX is evaluating the qualifications of four design build teams.





AGENDA ITEM #10

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** NVTC Staff  
**DATE:** November 22, 2013  
**SUBJECT:** Information Items

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**A. Regional Planning Update**

NVTC received briefings on a number of ongoing regional transportation planning efforts at the October meeting. Here are some updates on those and other projects.

Study	Next Milestone	Date
Rt. 1 Multimodal Alternatives Analysis	Development of refined alternatives	December/January
Rt. 7 Alternatives Analysis Phase 1	TAC meeting	December TBD
Fairfax County Countywide Transit Plan	Development of final recommendations	Adjusted to New .to allow for coordination with Rt. 1 and Rt. 7
VRE System Plan	Final System Plan presented to VRE Operations Board	January 2014
Regional Transportation Priorities Plan (RTPP)	Revised Plan & Comment	Tentative December Release
Super NoVA	Public Comment Sessions	December 11 and 17

The Metropolitan Council of Governments has just released a final draft of the Regional Transportation Priorities Plan:

[http://www.mwcog.org/transportation/priorities/files/RTPP\\_Draft\\_112113.pdf](http://www.mwcog.org/transportation/priorities/files/RTPP_Draft_112113.pdf)

**B. CLRP 2013 Performance Analysis** (attached)

MWCOG/TPB staff presented their analysis on the performance of the 2013 Constrained Long Range Plan (CLRP) to the TPB Technical Committee in November. Findings from the analysis include:

- By 2040, the population of NVTC jurisdictions will grow 29.4% (24.1% region wide);
- Employment will grow 40.2% in NVTC jurisdictions (35.4% region wide);
- The number of lane miles of congestion in the region (AM peak) will grow 71%, as the increase in roadway demand (trips) outpaces supply (additional lane miles). Broken down within the region, lane miles of congestion will grow 50% in the core, 56% in the inner suburbs, and 143% in the outer suburbs;
- Growth in the number of HOV/Carpool, transit, and bicycle/pedestrian trips will outpace growth in SOV trips.

**C. New USDOT/USHUD Location Affordability Portal**

In November, the U.S. Departments of Transportation (USDOT) and Housing and Urban Development (USHUD) released the Location Affordability Portal ([www.locationaffordability.info](http://www.locationaffordability.info)), a new online tool for estimating the cost of housing and transportation costs across the U.S. The tool is intended to assist consumers make decisions on where to live and work by providing them with information on the combined costs of housing and transportation.

**D. Washington Post Article “Virginia, Not Maryland, Is Where Transit Action Is Today”** (attached)**E. 2014 Calendar of Meetings**



The Financially Constrained

## **Long-Range Transportation Plan (CLRTP)**

For the **National Capital Region**

# **2013 Performance Analysis**

**Presentation to the TPB Technical Committee**

**November 1, 2013**

# Significant Changes from 2012

## **Changes to the Round 8.2a Population and Employment Forecasts:**

- Update includes results from the 2010 U.S. Census for all jurisdictions
- Forecast estimates have been reduced in early years, but the outer years (2030, 2040) remain similar to past rounds

## **Changes to the Version 2.3 Travel Model: 2012 -2013**

- Non-Motorized Trip rates were increased by 30% in densely populated areas based on results of the geographically focused household travel surveys completed in 2011 & 2012
- Time penalties were added to bridge crossings to better match estimated trip counts to observed trip counts
- Roadway functional classification in the network were adjusted based on substantial network review (i.e. expressway vs. freeway)

**The MOVES2010a emissions model was used for the first time for air quality conformity estimates**

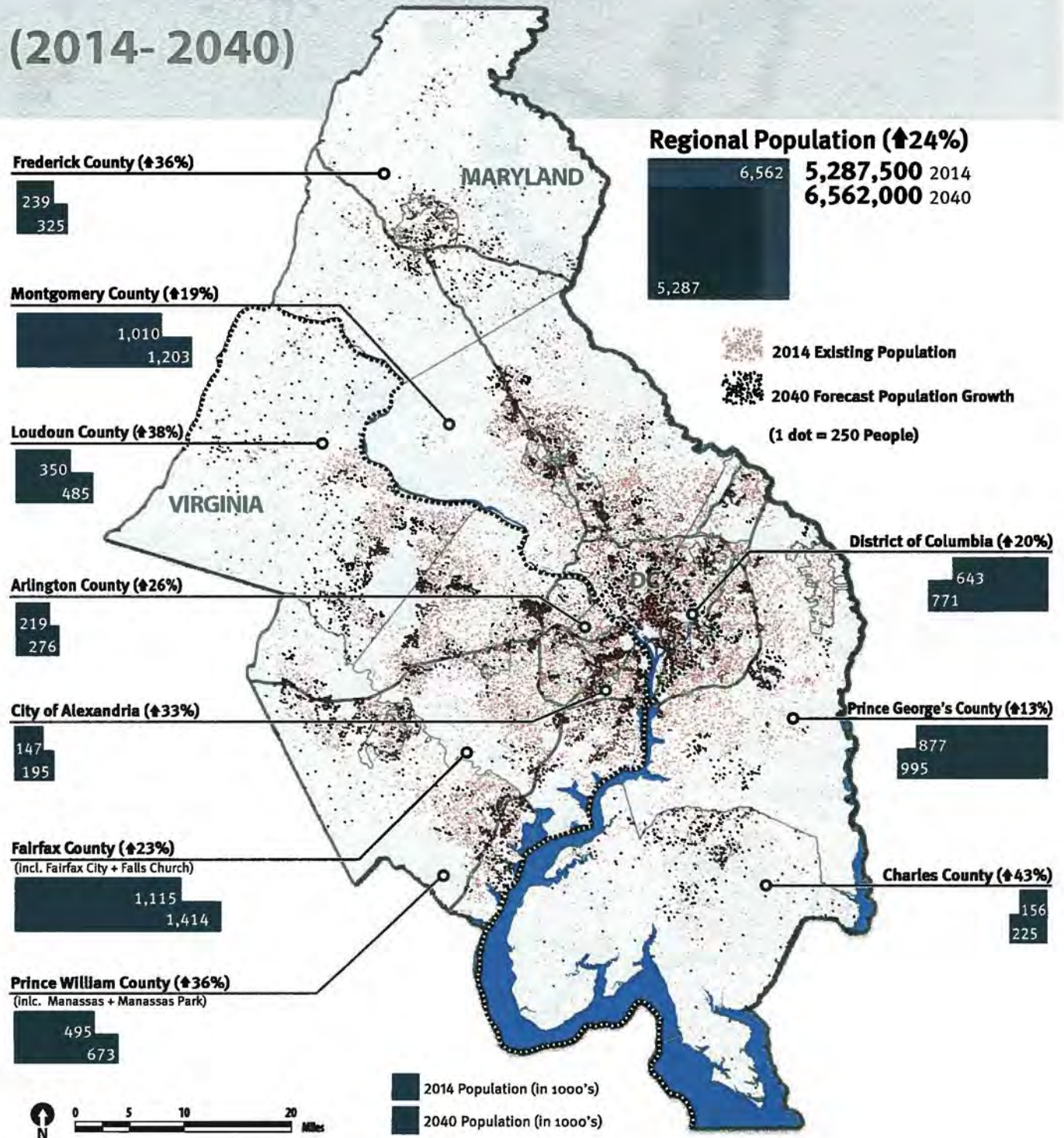


# Population Growth (2014- 2040)

By 2040 the region's population will grow by 24% to over 6.5 million people.

The population of the outer jurisdictions is expected to grow at a faster rate than the inner jurisdictions.

The inner jurisdictions will retain the majority of the region's population in 2040.



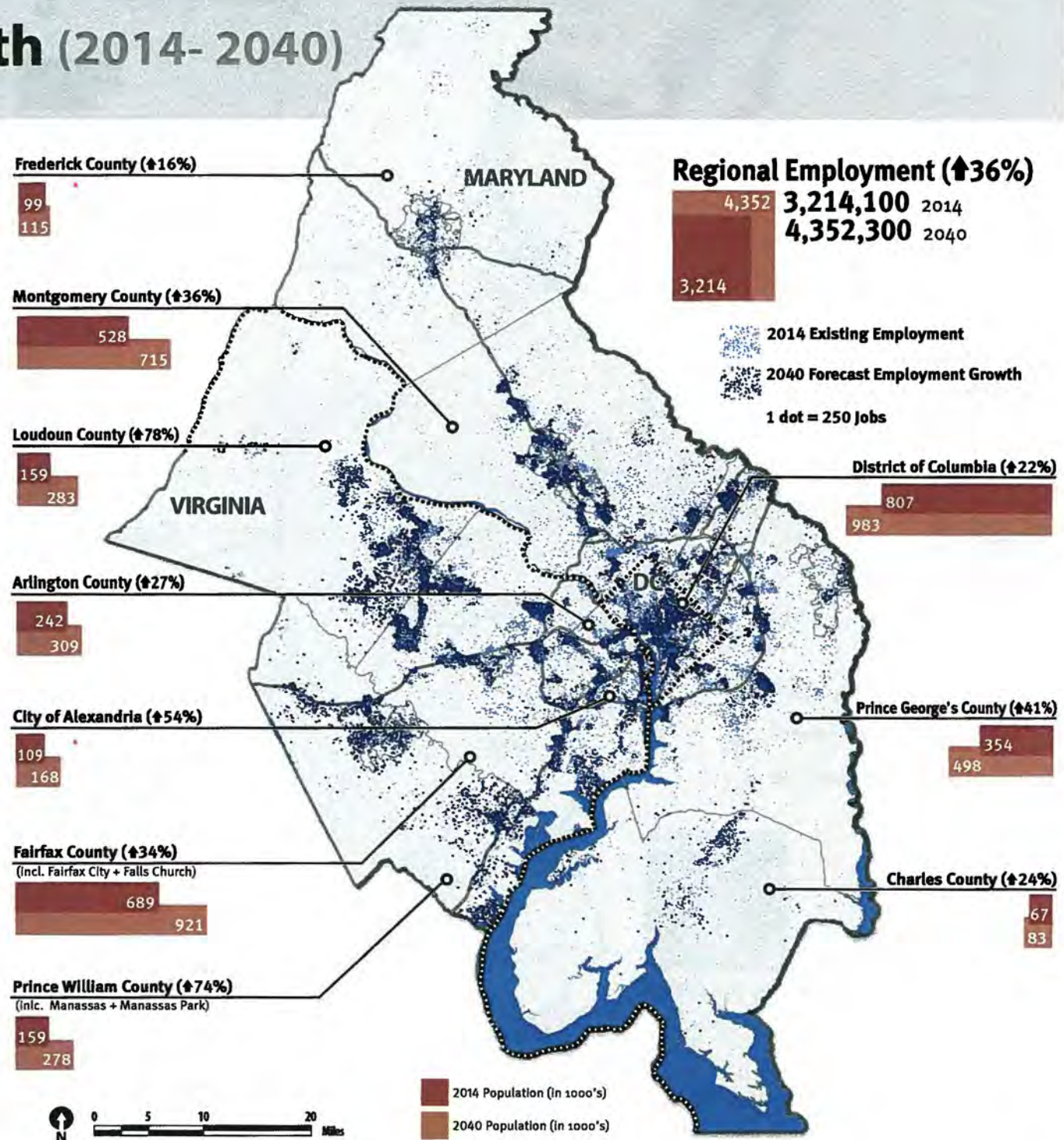


# Employment Growth (2014- 2040)

By 2040 the region's employment will grow by 36%.

Employment is expected to grow fastest in the outer jurisdictions of Virginia, but the highest concentration of jobs will be in the District of Columbia, Fairfax County, VA, and Montgomery County, MD in 2040.

In 2040 population will be slightly more dispersed than it is today, and jobs will continue to concentrate toward the western side of the region.



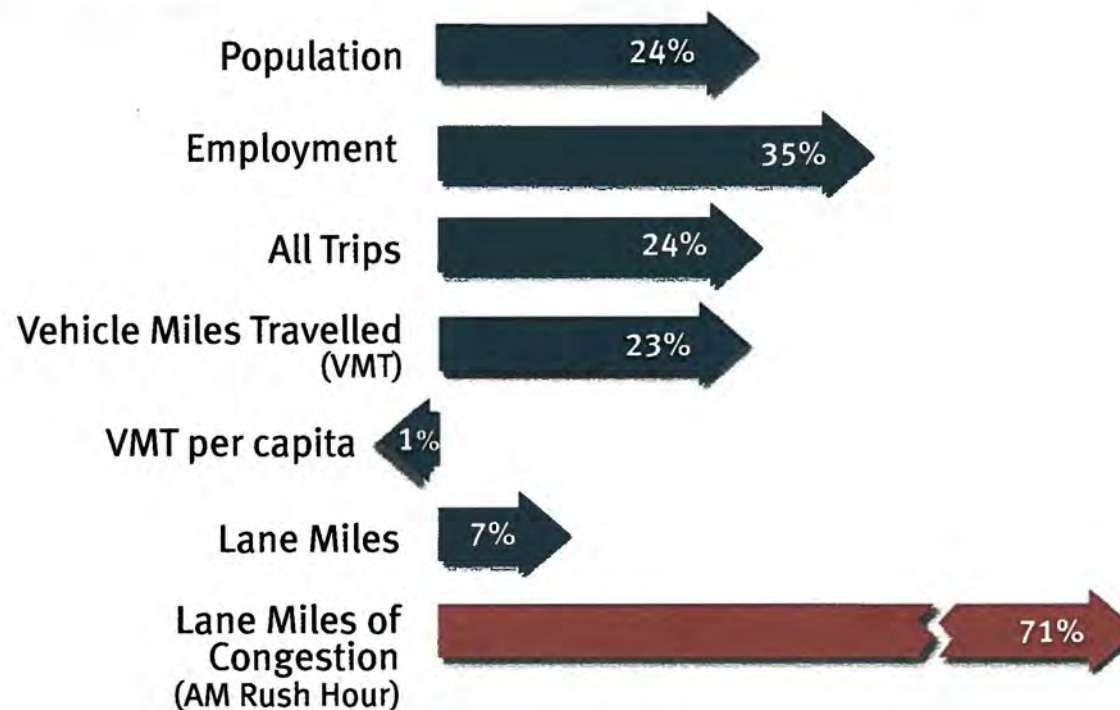


# Travel Demand (2014- 2040)

Region-wide the total number of trips taken is expected to increase by 24%. The overall amount of driving in the region (VMT) is expected to grow by 23%, slightly less than population, which means VMT per capita is forecast to drop by 1%.

The increase in demand on the roadways (+24% more trips) is forecast to outpace the increase in supply (+7% lane miles), leading to a significant increase in congestion (+71% lane miles of congestion).

## Change in Land Use and Travel Forecast 2014-2040

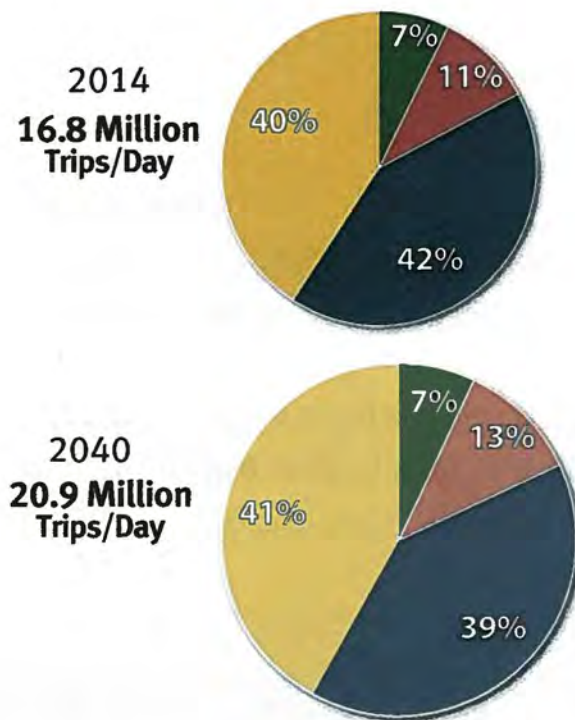


# Daily Travel (2014- 2040)

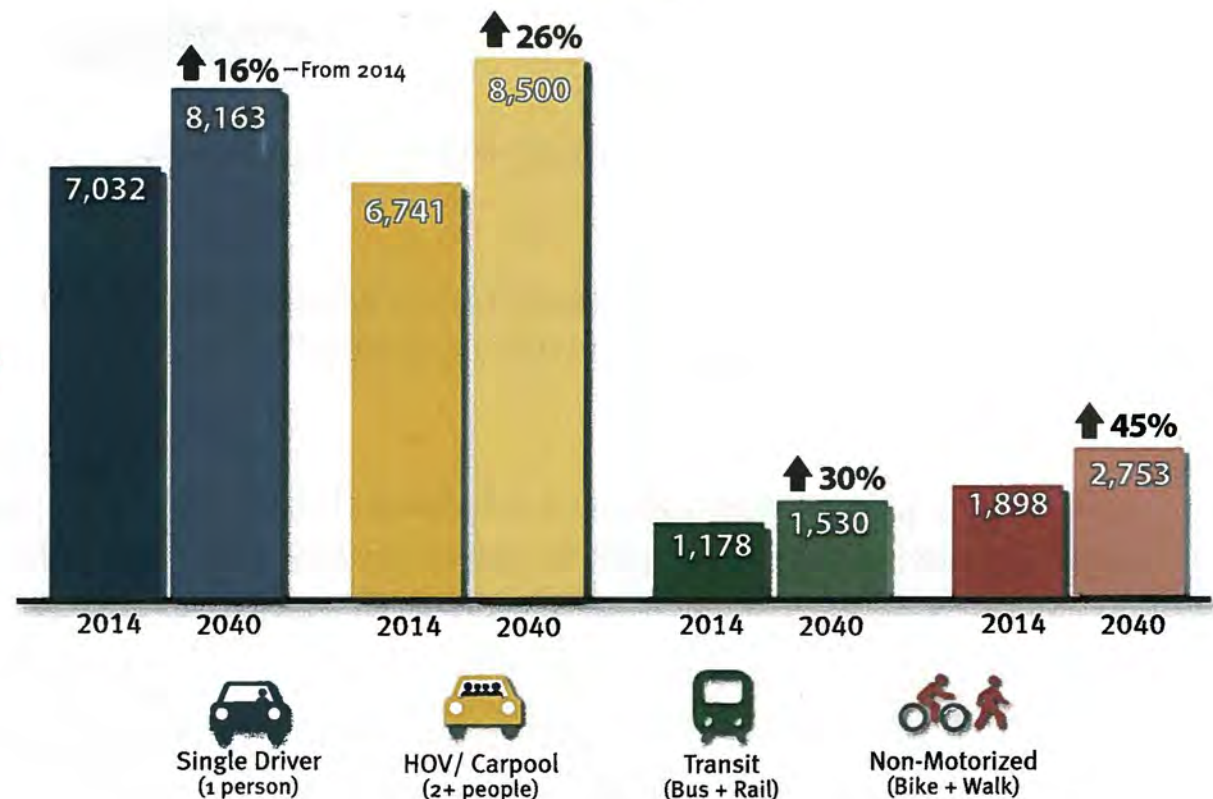
By 2040, trips made by drivers of single-occupant vehicles are expected to drop by a few percentage points, while carpool trips and non-motorized vehicle trips are expected to increase slightly.

Although mode share is not forecast to change significantly, the number of trips taken using each mode will go up substantially.

**Mode Share for All Trips**  
2014 to 2040



**Trips by Mode - All Travel**  
2014 to 2040  
(Trips in 1000's)



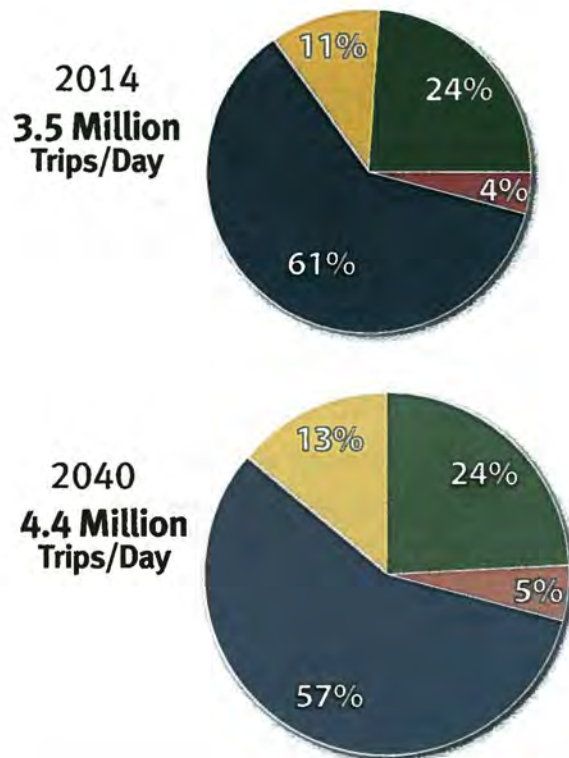


# Commute Travel (2014- 2040)

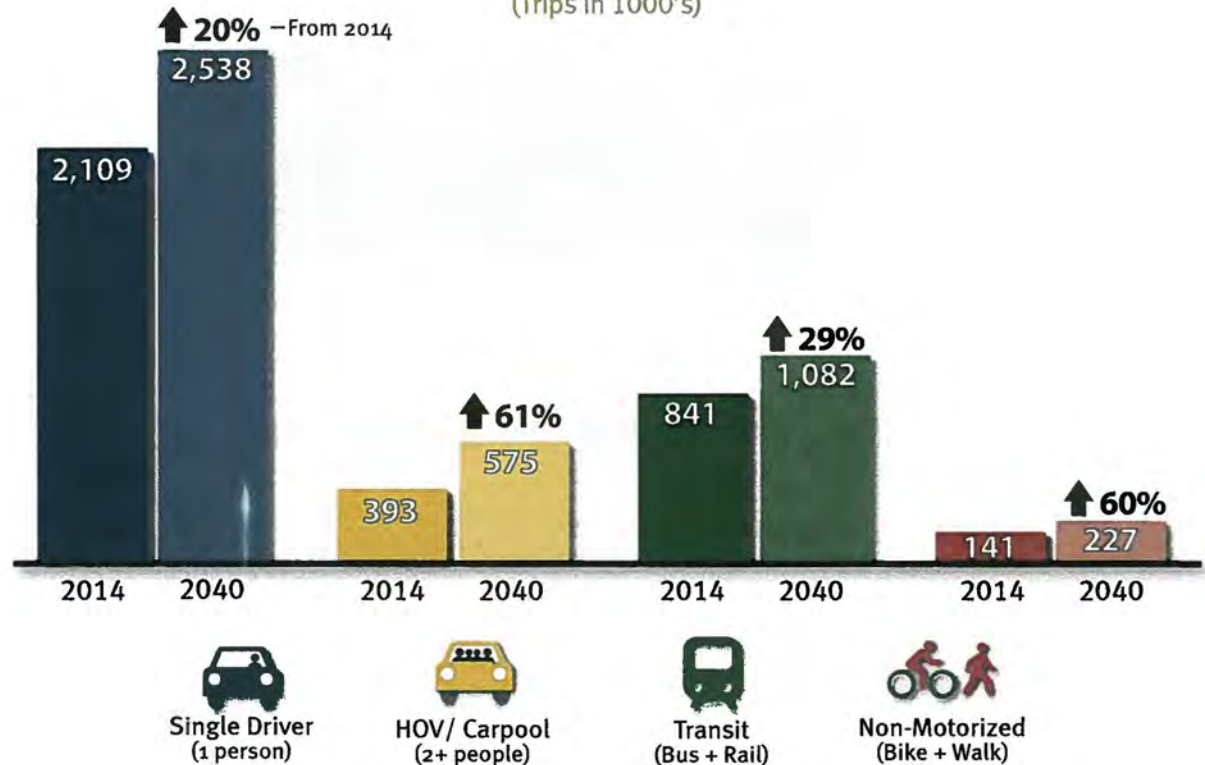
Population and job growth region-wide will lead to an increase in the total number of commute trips. Work trips are expected to account for 20% of all travel, but 40% of all vehicle miles travelled.

The share of works trips taken by single-occupant vehicles is expected to drop from 61% to 57%, carpool trips are expected to increase from 11% to 13%, and non-motorized trips from 4% to 5%.

**Mode Share for Commute Travel**  
2014 to 2040



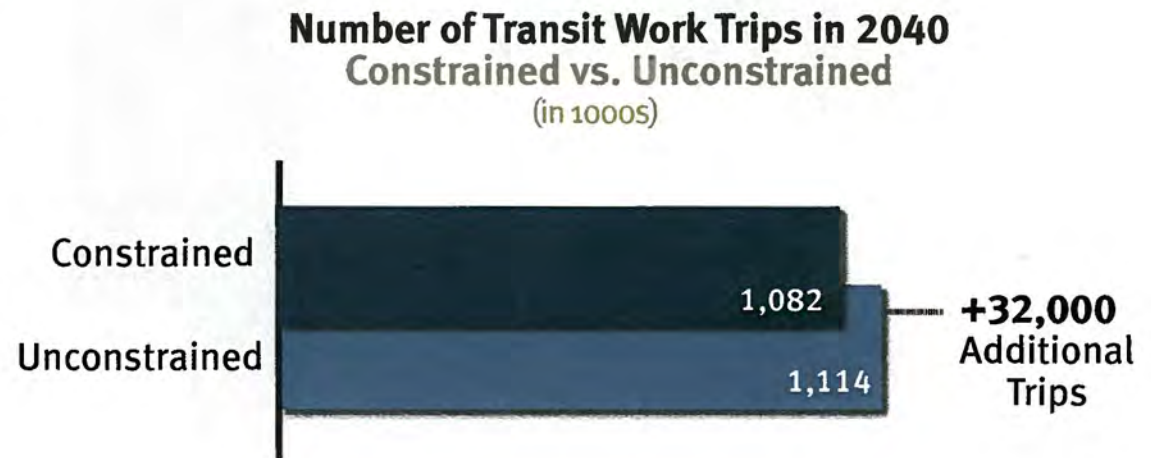
**Trips by Mode - Commute Travel**  
2014 to 2040  
(Trips in 1000's)



# Unconstrained Transit (2014- 2040)

To address the lack of identified funding for WMATA's future rehabilitation and maintenance needs beyond 2020, transit ridership to or through the core area was constrained to 2020 levels.

When this constraint on transit trips is lifted, there is an increase of 32,000 transit work trips in 2040. This brings the commute mode share for transit up to 25% from 24%.

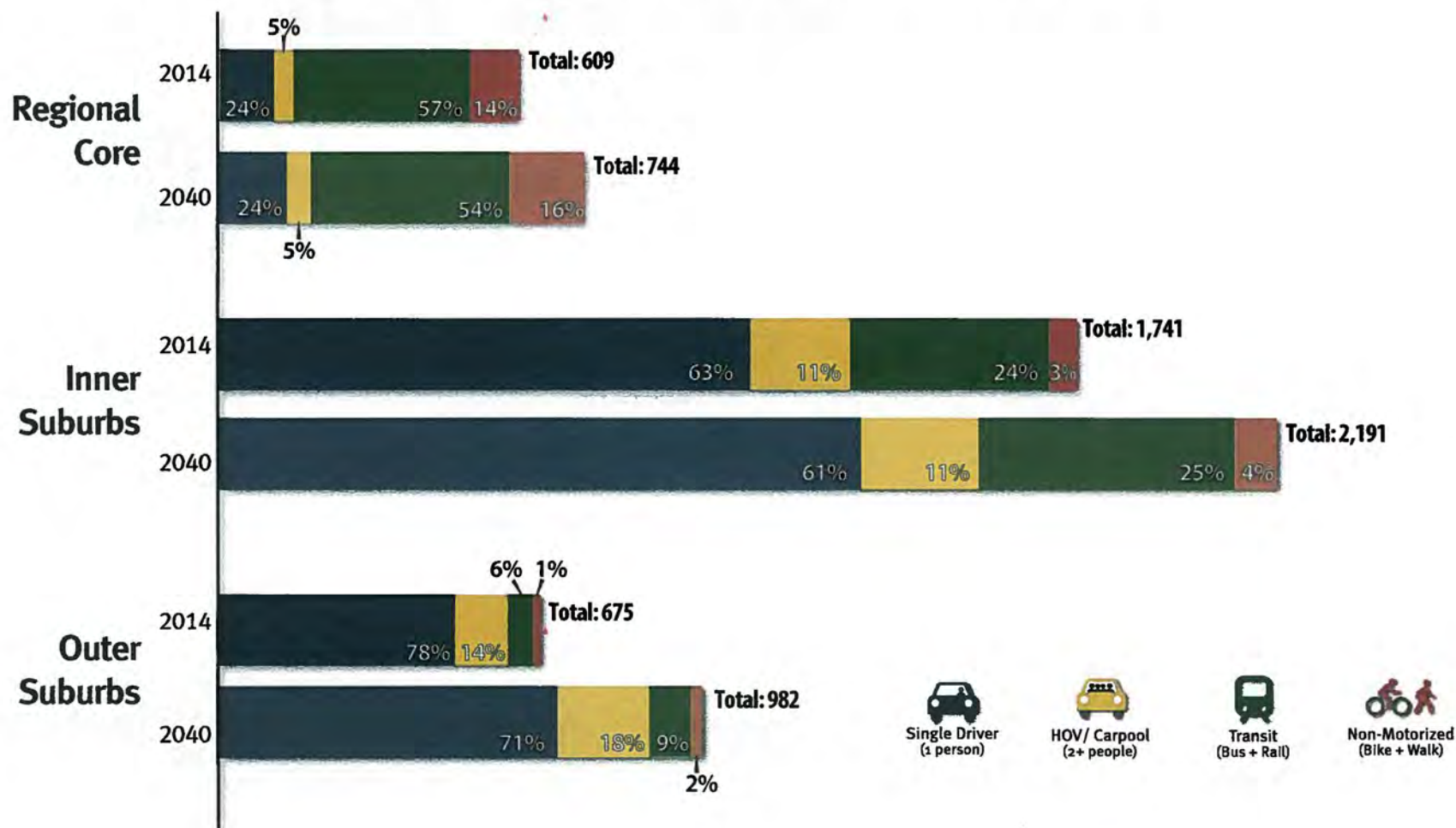




# Commute Mode Share (2014- 2040)

By regional core, inner suburbs, and outer suburbs

Today, commute mode share varies by geography and by 2040 slight changes in mode share are expected all three areas. In the regional core the share of transit trips is predicted to drop in favor of more walk and bike trips. In the inner suburbs single driver trips are expected to drop slightly in favor of slightly more transit and non-motorized trips. And in the outer suburbs, single driver trips are expected to go down while transit and carpool trips are expected to increase.

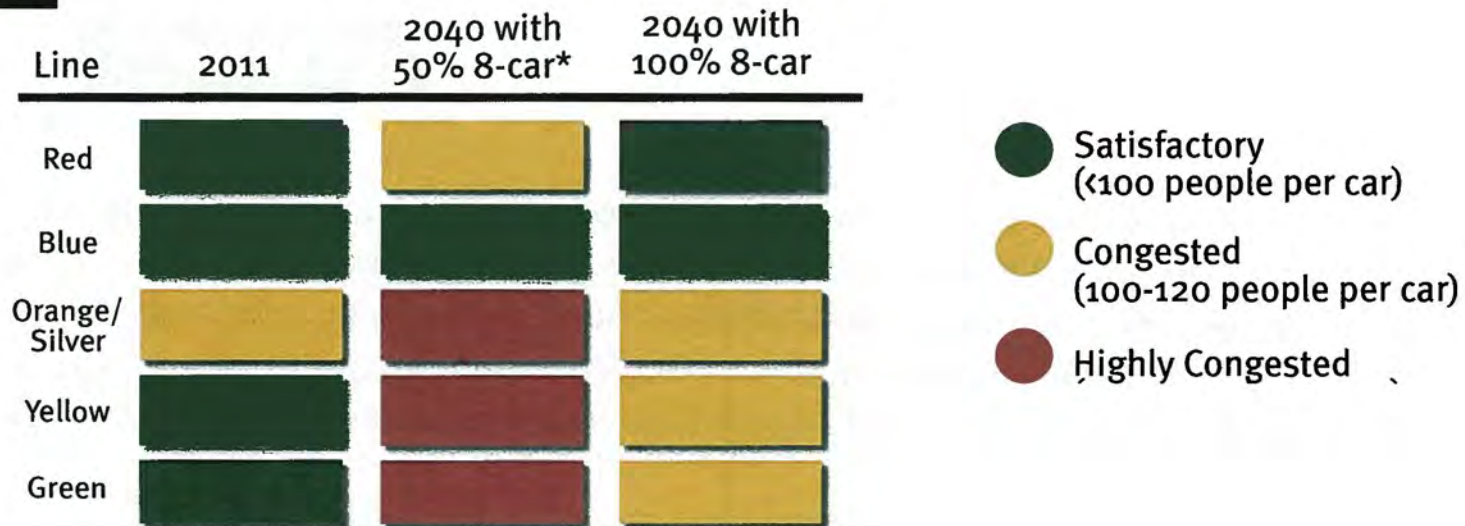


# Transit Congestion (2011- 2040)

The Metrorail system will likely reach capacity on trips to and through the regional core, due to lack of funding for capacity enhancements.

Without additional railcars beyond those currently funded, all lines entering the core will become congested by 2040.

## **M** MetroRail Congestion AM rush hour



\*The 2013 CLRP assumes 50% 8-car trains in 2040

Source: WMATA 2011

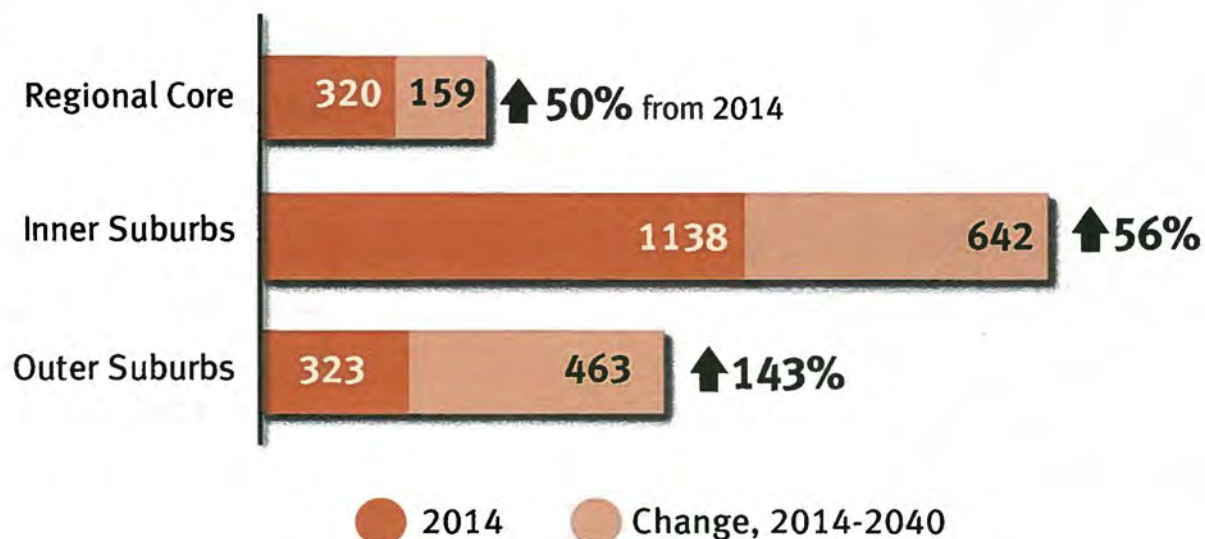


# Roadway Congestion (2014- 2040)

Severe stop-and-go congestion during the AM peak is expected to be prevalent throughout the entire region in 2040. Outer suburban jurisdictions are forecast to experience the greatest increase in congestion, while the already congested inner suburbs will experience the worst overall congestion.



## Lane Miles of Congestion AM rush hour

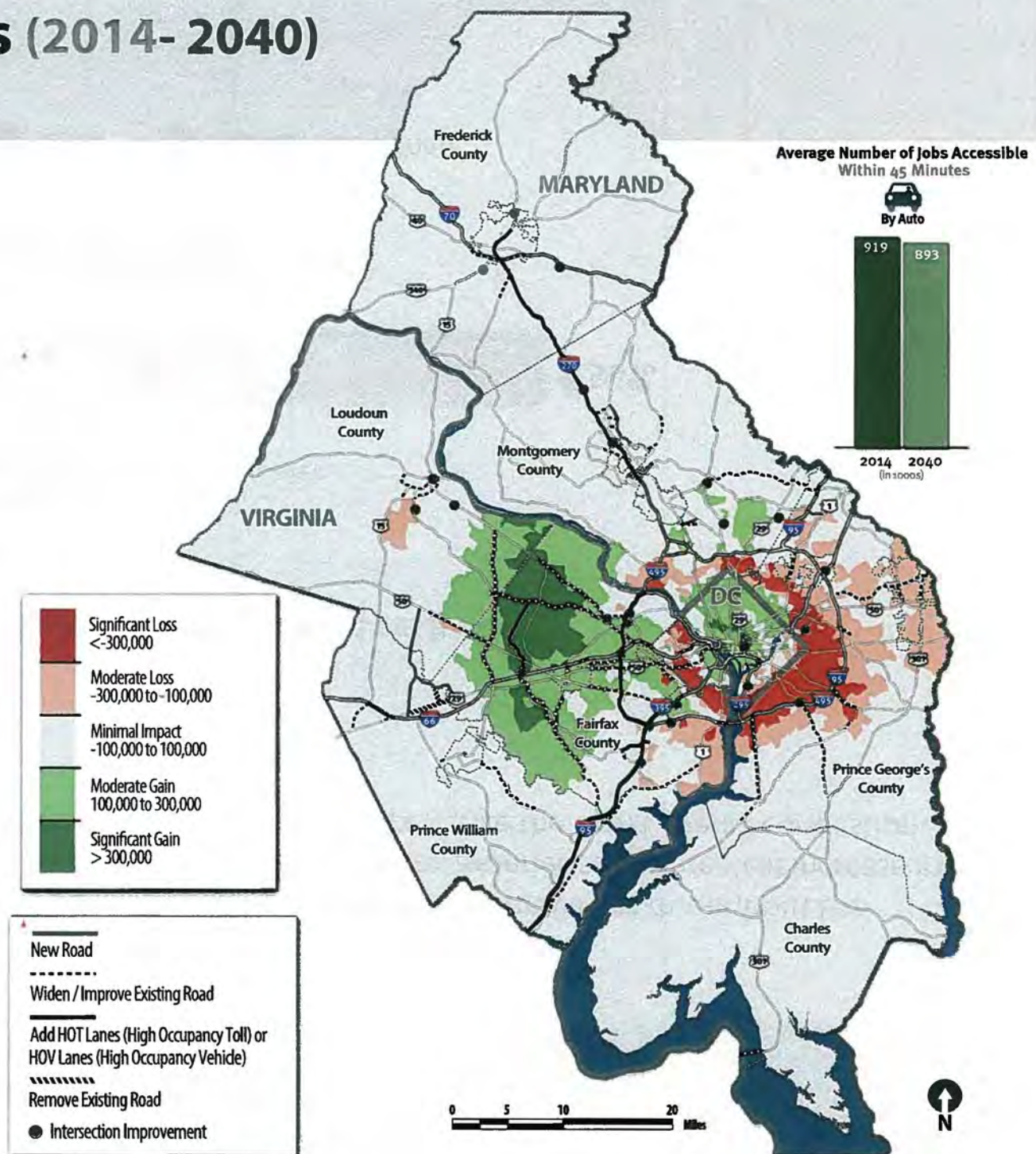


# Accessibility to Jobs (2014- 2040)

## By Automobile

The average number of jobs accessible within a 45 minute automobile commute is expected to go down slightly.

The greatest reductions in job accessibility are expected to be on the eastern side of the region, due to increases in congestion system-wide and a higher concentration of future jobs on the west side.

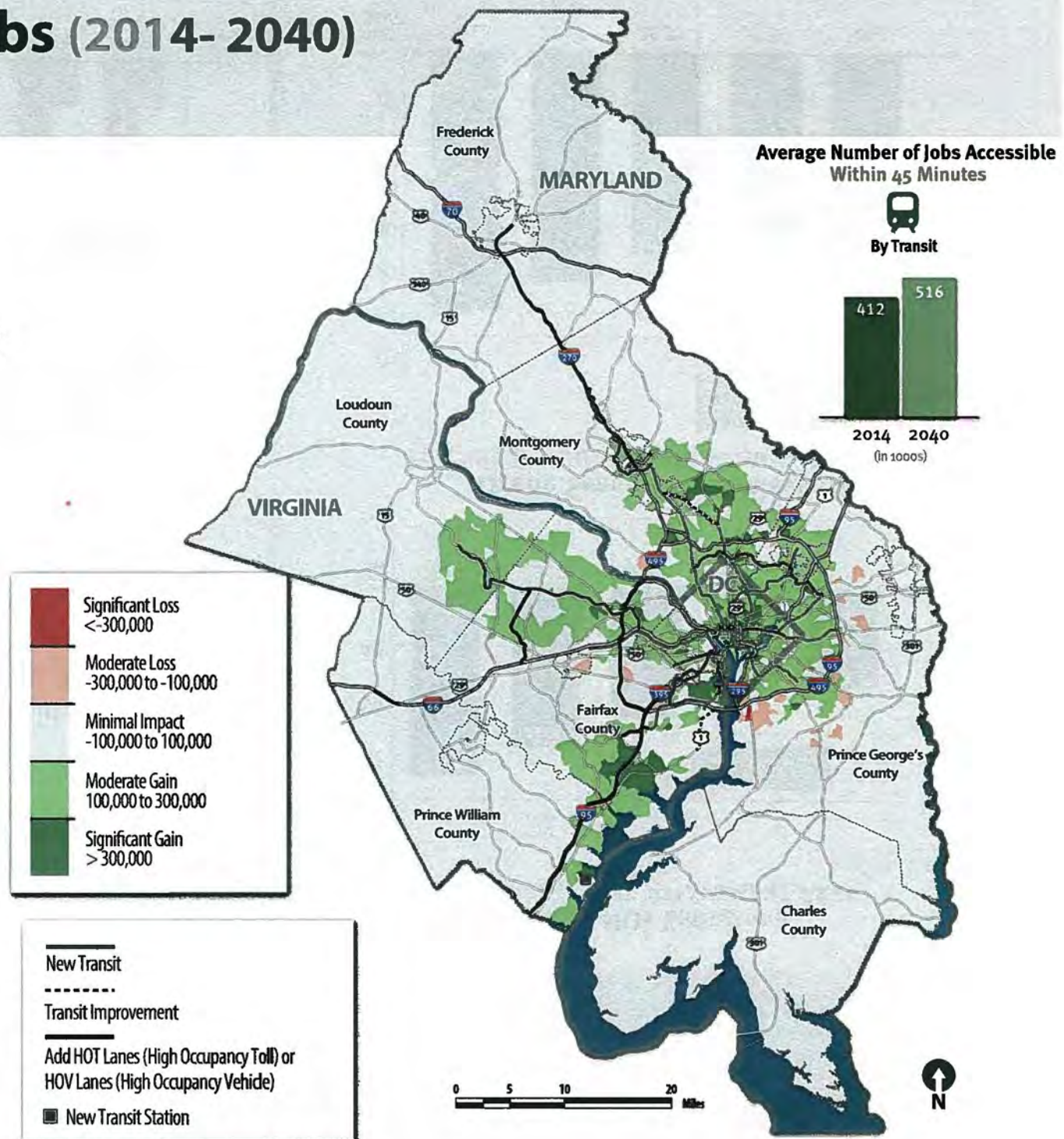




# Accessibility to Jobs (2014- 2040)

## By Transit

Average accessibility by transit is forecast to increase, but will remain significantly lower than by automobile.





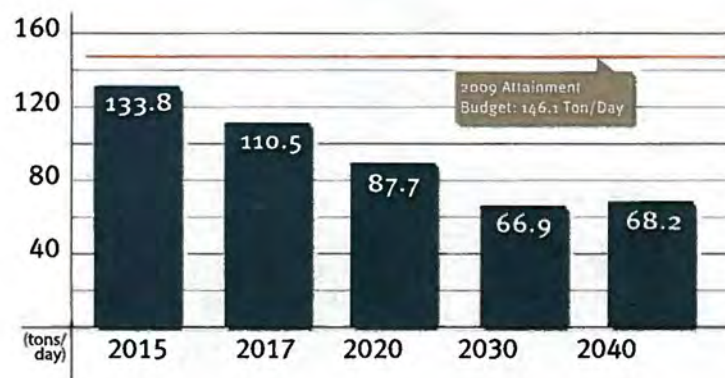
# Air Quality

## (2014- 2040)

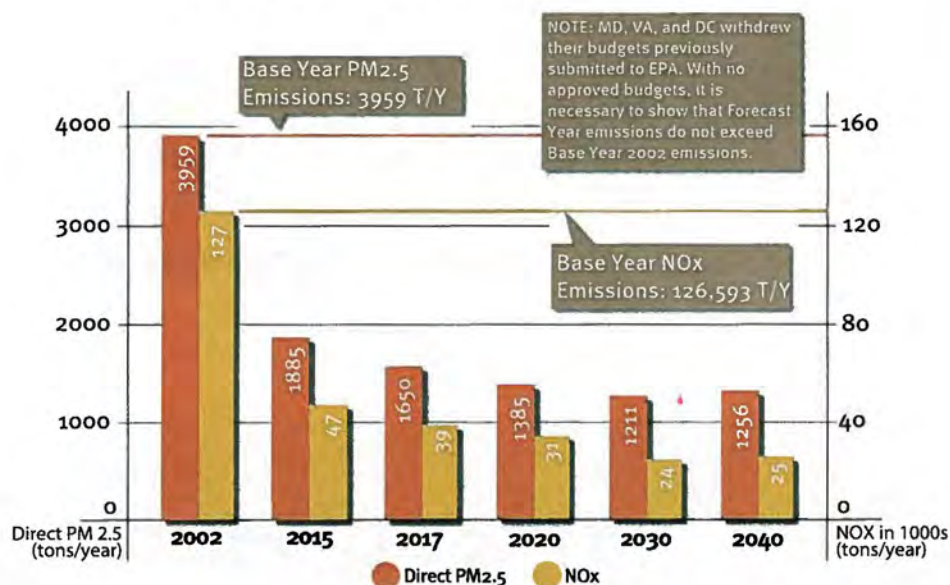
The CLRP shows substantial reductions in all main pollutants through 2020, with a very small uptick between 2030 and 2040.

Estimated emissions are well within the approved budget for each pollutant through 2040.

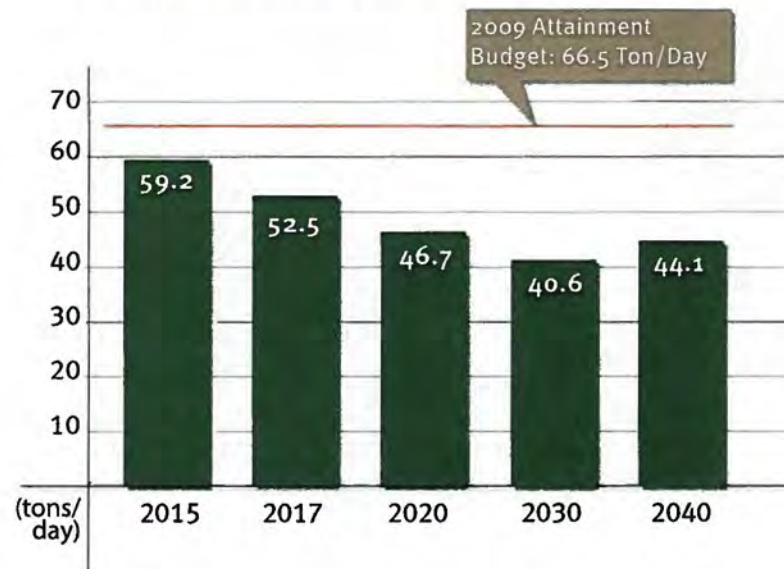
### Mobile Source NOx Emissions FOR THE 8-HOUR OZONE ATTAINMENT AREA



### PM2.5 and Precursor NOx Emissions



### Ozone Season VOC Emissions FOR THE 8-HOUR OZONE ATTAINMENT AREA



# Virginia, not Maryland, is where transit action is today

By Robert Thomson, Updated: November 13 at 2:01 pm

I sense there's a stereotype in thinking about the D.C. region's transportation plans. I say "Virginia," some people respond "roads." I say "Maryland," some people respond "transit." It's as though there were some Potomac River divide in philosophies on how to improve travel conditions.

Reality is much more complicated, as it needs to be in any metropolitan area.

I let my pet peeve on this show Tuesday night during a really fun forum held by the [Action Committee for Transit](#) on the role transit issues could play in Maryland's 2014 elections. Fellow panelists were Josh Kurtz, a longtime political reporter who writes for [Center Maryland](#), and [Ari Ashe](#), who covers transportation issues for WTOP radio. Our most excellent moderator was Kytja Weir, former transit reporter for the Examiner and now with the [Center for Public Integrity](#).

While Ashe was answering a question, and mentioning transportation projects in the two states, I blurted out my sense that Virginia doesn't get enough credit among transit advocates for being on the verge of opening one of the biggest transit projects in the nation, the first phase of the \$6 billion [Silver Line](#). Meanwhile, what's Maryland got? The biggest transportation project in recent years for the D.C. region is the [Intercounty Connector](#), scheduled to open its last link to Route 1 next year. Statewide, there's also the Express Toll Lanes project north of Baltimore.

What's the biggest thing actually happening in Maryland transit? It's probably the planned start in December of [weekend service on MARC](#). That's not exactly a Silver Line. Anything else? The [Purple Line](#) light rail, the [Corridor Cities Transitway](#) and bus rapid transit are important programs, but they're years away from operating. In fact, they're so far in the future that the [Silver Spring Transit Center](#) may be open first.

Meanwhile, in Virginia, we're on the verge of having five new Metrorail stations, including four that are the gemstones in an ambitious makeover for auto-dominated Tysons. Those stations have no Metro park-and-rides. To support them, the Fairfax Connector and Metrobus are undertaking a large-scale revamp of bus routes.

And what serves as one of the best models on the planet for transit-oriented development in Tysons? Transit-oriented development in Arlington County, Va.

And don't get me started on D.C.'s "war on cars." The District's biggest transportation project so far this century is the rebuilding of the 11th Street Bridge, opening up new freeway links across the Anacostia River.

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### **2014 NVTC Meeting Schedule**

[Meetings start at 8:00 P.M.]

<u>MONTH</u>	<u>DATE</u>
January	8*
February	6*
March	6
April	3
May	1
June	5
July	10**
August	N/A
September	4
October	2
November	6
December	4

\*Special meeting date due to New Year's holiday and NVTA 1/9/14 meeting.

\*\*Meeting in the General Assembly building in Richmond starting at 5:30 p.m. (to be confirmed).

\*\*Special meeting date due to July 4<sup>th</sup> holiday.

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