



MONTHLY COMMISSION MATERIALS

December 2015

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**NVTC COMMISSION MEETING
THURSDAY, DECEMBER 3, 2015
MAIN FLOOR CONFERENCE ROOM
2300 Wilson Blvd.
Arlington, VA 22201
8:00 P.M.**

7:00 P.M. Executive Committee (dinner is available at that time)

AGENDA

1. OPENING REMARKS
2. ACTION ITEM: Approve the Minutes of the November 5, 2015 NVTC Meeting
3. CONSENT AGENDA
 - A. ACTION ITEM: Authorize the Executive Director to Execute Five Year Lease and Services Agreement for a Multifunction Copier
4. FINANCIAL ITEMS
 - A. ACTION ITEM: Accept and Authorize Distribution of the FY2015 Audited Financial Statements and Compliance Reports
 - B. INFORMATION ITEM: Financial Items for October 2015
5. Executive Director Report
6. INFORMATION ITEM: Emergency Preparedness in Transit
7. ACTION ITEM: Resolution #2291: Authorize the Executive Director to Sign the I-66 Multimodal Project Framework Agreement

8. WMATA: Report of the Virginia Members of the Board of Directors

- A. Safety and Related Issues
- B. Financial Management
- C. Budget and Finance
- D. WMATA Virginia Ridership and Parking Facility Utilization
- E. Key WMATA Milestones/Dates

9. Virginia Railway Express

- A. VRE CEO Report and Minutes
- B. ACTION ITEM: Resolution #2292: Accept and Authorize Distribution of VRE's FY2015 Comprehensive Annual Financial Report (CAFR)

10. INFORMATION ITEM: Commonwealth and Regional Agency Reports

- A. Department of Rail and Public Transportation (DRPT)
- B. Commonwealth Transportation Board (CTB)
- C. Northern Virginia Transportation Authority (NVTa)
- D. Transportation Planning Board (TPB)

11. CLOSED SESSION



AGENDA ITEM #2

MINUTES NVTC COMMISSION MEETING – NOVEMBER 5, 2015 NAVY LEAGUE BUILDING – FIRST FLOOR CONFERENCE ROOM ARLINGTON, VIRGINIA

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

Members Present

Richard Black
Sharon Bulova
John Cook
Jay Fisette
John Foust
Catherine Hudgins
Mary Hynes
David LaRock
Jeff McKay
David Meyer (Alternate, City of Fairfax)
J. Randall Minchew
Jennifer Mitchell (Alternate, Commonwealth of Virginia)
Ken Reid
Paul Smedberg
David F. Snyder
J. Walter Tejada
Jennifer Wexton

Members Absent

Jim Corcoran
William Euille
Jeff Greenfield
James LeMunyon
Thomas D. Rust

Staff Present

Karen Finucan Clarkson
Kelley Coyner
Rhonda Gilchrest
Dan Goldfarb
Scott Kalkwarf
David Koch
Kate Mattice
Melissa Walker
Steve MacIsaac (legal counsel)
Todd Horsley (DRPT)
Doug Allen (VRE)
Joe Swartz (VRE)

Chairman's Remarks

Chairman Snyder stated the Executive Committee, serving as the Nominating Committee, is seeking nominations for 2016. Appointments to NVTC's Executive Committee, WMATA Board of Directors and VRE Operations Board will be presented for consideration at the January 7, 2016 meeting. He also highlighted several recent NVTC events, including a P3 policy forum three Envision Route 7 public meetings. NVTC held an informal roundtable at George Mason University on November 4th to discuss public private partnership (P3) concerns with national experts and Virginia transportation leaders in the General Assembly, business, and state and local governments. He also noted that last night NVTC held the first of three public meetings of the Envision Route 7 Project. Both Channel 4 and 7 ran brief stories. The next two public meetings will be held on November 10th and 18th.

Minutes of the October 1, 2015 NVTC Meeting and the Meeting Summary of the October 19, 2015 Budget Work Session

Chairman Snyder requested that the Minutes of the October 1, 2015 meeting be amended for clarification regarding the CTB Testimony by adding the following text on Page 2:

(Chairman's Note: The draft testimony identifies key issues for NVTC in VDOT's Six-Year Improvement Plan (FY 2017-2022). In addition, the draft testimony states, "Inside the Beltway, VDOT proposes express lanes that, when combined with consistent high-occupancy vehicle (HOV) requirements along the corridor, will maximize throughput and ease congestion. Virginia also proposes to use toll revenues to fund multimodal improvements in the corridor, allowing more people to travel more reliably along I-66. NVTC is excited to be designated by the Commonwealth to be a part of this project's implementation." The underlined statement does not address the Commonwealth's decision to impose tolls on I-66 in HOT lanes either Inside or Outside the Beltway. Accordingly, the statement does not endorse the Commonwealth's tolling decision. It only makes reference to Secretary Aubrey Layne's designation of NVTC as a partner to oversee the Multimodal Improvement Program that is part of the I-66 Inside the Beltway Project.)

Mr. Foust moved, with a second by Mrs. Hynes, to approve the amended Minutes of the October 1, 2015 NVTC Meeting as well as the Meeting Summary of the October 19, 2016 Budget Work Session. The vote in favor was cast by Commissioners Bulova, Fisette, Foust, Hudgins, Hynes, McKay, Minchew, Snyder, Tejada and Wexton. Commissioners Black, Cook, Reid and Smedberg abstained.

Consent Agenda

In introducing the Consent Agenda, Ms. Coyner clarified the status of the Federal and State Legislative and Policy Agenda, the Congressional letter regarding the

reauthorization of the surface transportation programs, and the written comments to the Commonwealth Transportation Board (CTB) on the FY2015 SYIP:

- The Federal and State Legislative and Policy Agenda was amended to delete an explanatory statement about the Marketplace Fairness Act of 2013. The change is editorial and does not reflect a change in NVTC's position.
- The congressional letter was updated to reflect the recent actions taken by Congress regarding the surface transportation reauthorization.
- The written comments to the Commonwealth Transportation Board (CTB) are for the record and replace the testimony voted on last month. The CTB will not receive testimony at the public forums scheduled across the Commonwealth in November, but will receive written comments. There is no reference to the I-66 Multimodal Project or project tolling in the draft comments for submission to the CTB.

Mrs. Hynes moved, with a second by Mr. Smedberg to approve the following Consent Agenda:

- A. Approve the 2016 Federal and State Legislative and Policy Agenda
- B. Authorize the Chairman to Send Letters to the Virginia Congressional Delegation Regarding the Reauthorization of the Surface Transportation Programs
- C. Authorize the Chairman to Submit Written Comments to the Commonwealth Transportation Board on the FY2015 SYIP

The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Minchew, Reid, Smedberg, Snyder, Tejada and Wexton. Senator Black abstained.

Delegate LaRock arrived at 8:22 P.M.

Executive Director Report

Ms. Coyner reviewed recent and upcoming events. NVTC is working to schedule two Regional Public Forums on WMATA for December 16th at Wakefield High School and December 17 at the Wiehle-Reston Station/Comstock Plaza. Commissioner participation is needed to help facilitate the roundtable discussions.

Ms. Coyner reported that NVTC staff has worked closely with VRE, PRTC, WMATA and congressional staff on several pieces of federal legislation, including the reauthorization of the surface transportation legislation and other key transit safety issues. On October 29, 2015 the Surface Transportation Act became law, which includes a three year Positive Train Control (PTC) extension to 2018.

Mr. Meyer arrived at 8:24 P.M.

Ms. Coyner gave an update on the status of the I-66 Multimodal Project Framework Agreement. At the request of Chairman Snyder, jurisdiction's mayors and chairs were asked to appoint a senior level program staff member and an attorney to the I-66 Working Group. On November 6th, the group will review a red-lined version of the Framework Agreement provided by the Commonwealth. It is anticipated that NVTC will consider the Framework Agreement at its December 3rd meeting and the Commonwealth Transportation Board will consider the Agreement on December 9th. In addition, the CTB will receive a recommendation on the financing of the I-66 Outside the Beltway Project and will hold a public hearing at George Mason High School the evening of December 8th.

Ms. Coyner reported that the Transportation Planning Board (TPB) adopted the 2015 Amendment to the Constrained Long Range Plan (CLRP) and its accompanying Air Quality Conformity Analysis. The amendment includes the addition of the I-66 Multimodal Project Inside the Beltway, the I-66 Outside the Beltway Corridor Improvements, and the U.S. Route 1 Bus Rapid Transit Project. As part of that action it includes the following whereas clause:

Whereas, the Commonwealth of Virginia will only implement the Transform 66, Inside the Beltway Project if the Commonwealth Transportation Board adopts a policy that: 1) ensures toll revenues are used to support multimodal improvements that benefit the users of the corridor; and 2) that the widening component of such project would only take place after an evaluation of the effectiveness of the tolling and multimodal components, and the performance of the facility including parallel roadways, to be conducted no sooner than two years after conversion to HOV-3.

Ms. Coyner stated that VDOT committed to further refining these projects and will present an update to the TPB at its January meeting.

WMATA

Mrs. Hudgins announced that today the WMATA Board named Paul Wiedefeld as WMATA's new General Manager/Chief Executive Officer. He will be formally appointed at the next WMATA Board of Directors meeting on November 19th.

Mrs. Hudgins also reported that today the Safety Operations Committee received a report on the traction power issue. Repairs continue to move forward and by the end of the year the traction power issue is expected to be resolved. Following a substation fire on September 21st WMATA currently only allows Blue Line trains to stop at the Stadium Armory station during peak periods on weekdays. Orange and Silver line trains pass through the station without stopping to reduce strain on the electrical system. Starting Monday, November 9th, WMATA will resume normal service at the Stadium-Armory station following power system upgrades. Mrs. Hudgins also called attention to the Vital Signs report provided in the meeting materials.

Mrs. Hynes reported that the WMATA Board has hired McKinsey and Company, supported by a team from Ernst & Young, to conduct an efficiency study that will provide a road map for the WMATA Board and the new GM/CEO moving forward. She also stated that the preliminary audit results for FY2015 are expected by the end of the calendar year.

Chairman Snyder observed that NVTC will host Regional Forums on WMATA to seek public input. Mrs. Hudgins noted that WMATA Board Members have also been doing station visits to speak with riders. Mr. Fisette stated that he has heard a strong message from the public to “do whatever it takes” to fix the problems. He also observed that the business community needs to play an enhanced role.

Mr. Reid asked if there is a reason some stations on the Silver Line only have escalators that go up and not down. The elevators seem to be underutilized and there are no benches. He asked if there is anything can be done to put funding for this in the Capital Funding Agreement. Mrs. Hudgins stated the correct place would be to seek funding through the project agreement. However, many benches throughout the system have been removed due to safety issues and the escalators are reversible. In response to another question from Mr. Reid about headways on the Silver Line, Mrs. Hudgins stated that headways will not be reduced until there are enough railcars and the traction power issue is resolved. Passengers will see more 7000 Series railcars as the eight-car trains are implemented. Mrs. Hynes reviewed details regarding the implementation of the eight-car trains.

Chairman Snyder stated that the Commission is being asked to approve Resolution #2284 which articulates NVTC’s interest in immediately addressing the safety and investment needs of WMATA. The resolution urges WMATA to prioritize investment in State of Good Repair projects and safety improvements and to enact policies and procedures that support and prioritize safety; supports the action of U.S. Department of Transportation to assume direct oversight of WMATA; urges the Commonwealth of Virginia to expedite the authorizing legislation required to establish the Metro Safety Commission; and requests that the U.S. Department of Transportation and the U.S. Congress provide resources required to complete its commitment to the PRIIA and renew the federal commitment to fund WMATA capital projects.

Mr. Smedberg moved, with a second by Mrs. Hynes, to approve Resolution #2284 (copy attached). The vote in favor was unanimous and cast by Commissioners Black, Bulova, Cook, Fisette, Foust, Hudgins, Hynes, LaRock, McKay, Meyer, Minchew, Reid, Smedberg, Snyder, Tejada and Wexton.

Virginia Railway Express

Report from the VRE Chief Executive Officer. Mr. Allen reviewed recent VRE safety and security measures, including training for first responders in Spotsylvania County. This is important since the new Spotsylvania Station will open on September 16th. Commissions are invited to attend the ribbon cutting ceremony at 10:00 A.M. He also stated that an additional train will be added to the Fredericksburg line before the end of the year. VRE’s new Mobile Ticketing App has had just over 10,000 downloads, which is a large

percentage of riders. The Gainesville-Haymarket Extension Project continues to pick up speed, with four levels of involvement: Policy Advisory Committee, Executive Committee, Technical Advisory Committee and Public Information meetings. VRE will continue to work with Norfolk Southern regarding this extension since it owns the right-of-way.

Ms. Mitchell arrived at 8:41 P.M.

In a response to a question from Chairman Snyder about the PTC deadline extension, Mr. Allen explained that it is a three-year extension to December 2018, with two additional one-year extensions available with approval from the Federal Rail Administration. VRE is not anticipating needing an extension beyond the three-year period. Chairman Snyder stated that it is important for VRE and the freight railroads to continue to make progress and not use the extension as an excuse to slow down. Mr. Allen agreed and stated that VRE is continuing with the implementation of PTC equipment on its locomotives and the host railroads are continuing with testing and implementation. CSX is currently testing PTC on a 20-mile segment of track. Mr. Cook commended VRE for taking the lead on the PTC issue and working hard to help get this extension legislation passed.

VRE 2016 Legislative Agenda. Mr. Cook moved, with a second by Mrs. Bulova, to approve Resolution #2285, which would approve VRE's 2016 Legislative Agenda. The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Tejada. Commissioners Black, LaRock, Reid and Wexton abstained.

Amendment to the CSX Operating Access Agreement and Master Facilities Agreement. Mr. Cook explained that the CSX agreements need amending to add the Spotsylvania Station and an additional train on the CSX line and to execute a Completion Agreement with CSX regarding completion of the third track project. Resolution #2286 would authorize the execution of these agreements.

Mr. Cook, moved with a second by Mrs. Bulova, to approve Resolution #2286. The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder, Tejada and Wexton. Commissioners Black, LaRock and Reid abstained.

Amendment to the Norfolk Southern Operating Access Agreement. Mr. Cook stated that Resolution #2287 would authorize VRE's CEO to execute an agreement to the Norfolk Southern Operating Access Agreement to reflect schedule changes for the VRE Manassas and Fredericksburg line trains due to the opening of the Spotsylvania Station and the addition of one roundtrip Fredericksburg line train.

Mr. Cook moved, with a second by Mrs. Bulova, to approve Resolution #2286 (Copy attached). The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder, Tejada and Wexton. Commissioners Black, LaRock and Reid abstained.

Amendment to the Amtrak Access and Storage Agreement. Mr. Cook reported that Resolution #2288 would authorize VRE's CEO to execute an amendment to the Amtrak

Access and Storage Agreement to reflect schedule changes for the VRE Manassas and Fredericksburg line trains due to the opening of the Spotsylvania Station.

Mr. Cook, moved with a second by Mrs. Bulova, to approve Resolution #2288. The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder, Tejada and Wexton. Commissioners Black, LaRock and Reid abstained.

Submission of a Request for Funding for Final Design for Parking Expansion at the Manassas Park VRE Station to NVT for FY2017 Funding Consideration. Mr. Cook stated Resolution #2289 would approve the submission of a request for funding (FY2017 program) to NVT for final design for parking expansion at the Manassas Park station.

Mr. Cook moved, with a second by Mrs. Bulova, to approve Resolution #2289. The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder, Tejada and Wexton. Commissioners Black, LaRock and Reid abstained.

VRE Personnel Item. Mr. Cook stated that the VRE Operations Board concluded an evaluation of Doug Allen for the second year of his service as VRE's Chief Executive Officer and the Board recommends that the Commissions approve an amendment to Mr. Allen's employment contract. Resolution #2290 would accomplish this. A copy of the amendment and resolution were handed out to Commissioners.

Mr. Cook moved, with a second by Mrs. Bulova, to approve Resolution #2290 (copy attached). The vote in favor was cast by Commissioners Black, Bulova, Cook, Fisette, Foust, Hudgins, Hynes, LaRock, McKay, Meyer, Minchew, Mitchell, Reid, Smedberg, Snyder, Tejada and Wexton.

Mr. McKay asked about two projects for the Lorton Station platform extension and second platform. Mr. Allen explained that the platform extension is on hold while VRE works through how the second platform and related track work would interface with the platform extension project. Mr. McKay asked about the timeline for completion. Mr. Allen replied that it would be approximately a year. He offered to provide more specifics to Commissioners. Mr. McKay explained that these questions came from Ft. Belvoir and he would like to give them the most accurate information.

NVTC Proposed FY2016 Amended and Proposed FY2017 General and Administrative Budgets

Ms. Coyner reviewed the budget process, which includes the key budget issues being presented in July, the proposed budgets being presented at the October meeting, a budget work session being conducted on October 19th, as well as a new jurisdictional staff committee being formed. She explained that the proposed FY2017 budget and the amendment to the FY2016 budget are current service budgets with the exception of additional resources that will allow NVTC to move forward with the implementation and management of the Commission's responsibilities with respect to the I-66 Multimodal

Funding Program pursuant to a 40-year agreement with the Commonwealth. Budget authority for these I-66 expenditures is contingent upon approval of the Framework Agreement. A copy of the new staff position was provided in the budget materials.

Mr. McKay moved, with a second by Mrs. Hynes, to approve the FY2016 Amended and FY2017 General and Administrative Budgets.

Delegate Minchew asked about the timing and questioned if action should wait until after the CTB votes on whether to move forward with the I-66 Multimodal Project. Ms. Coyner replied that the footnotes in the budget specify that until the Framework Agreement is approved by both the CTB and NVTC, this line item does not go forward. Delegate Minchew stated he does not agree with this course of action. A regular budget could be approved now and then a “supplemental budget item” could be brought to the Commission for action if the I-66 Multimodal Project is approved. Ms. Coyner stated that after consulting with legal counsel as well as the Chief Financial Officers of the jurisdictions, NVTC is following the approach consistent with the way the jurisdictions do it. Chairman Snyder observed that the I-66 line item is a placeholder in the budget and it is clear that it does not presume approval of the Framework Agreement and project.

The Commission then voted on the motion and it passed. The vote in favor was cast by Commissioners Bulova, Cook, Fisette, Foust, Hudgins, Hynes, McKay, Meyer, Mitchell, Smedberg, Snyder and Tejada. Commissioners Black, LaRock, Minchew, Reid and Wexton voting in opposition.

High Speed Rail Update

Ms. Coyner introduced Emily Stock, Project Manager of the High Speed Rail (DC2RVA) project. Ms. Stock provided an update on the Tier II Environmental Impact Statement (EIS) process currently underway for this 123-mile corridor. The corridor begins just south of Richmond and runs to the Long Bridge. This Tier II EIS was initiated in 2014 and is expected to be completed by 2017. Goals for this corridor are to relieve congestion, improve reliability of intercity passenger rail and other rail services, add service, and lower travel times.

Mr. Reid asked about funding for the EIS. Ms. Stock explained that 80 percent of the funding comes from a Federal Railroad Administration Rail Enhancement Grant (\$44 million), with the remainder coming from the Commonwealth (\$11 million) and CSX (\$3 million). Mr. Reid asked about cost estimates for alignments. Ms. Stock stated that this will be part of the study in the future.

Mr. Reid expressed his opinion that he would rather see the money put into freight railroad service because he doesn't see a lot of people using this service. Mrs. Bulova observed that it is a part of a larger rail network. Ms. Stock explained that this 123-miles is part of the southeast rail corridor. The entire east coast corridor goes from New York to Florida. The ultimate goal is to connect the entire corridor with High Speed Rail service. Mr. Reid stated that there are other ways to relieve congestion on I-95. This will cost billions of dollars and he is not sure the federal government has that kind of money. Ms. Stock stated

that it would certainly be a partnership with federal, state, Amtrak and CSX. She explained some of the benefits to Virginia, including that it is a key corridor serving the Port of Virginia.

Senator Black asked about the projected station stops. Ms. Stock stated that the study is looking at the following stations: Alexandria, Quantico, Fredericksburg, Ashland, Staples Mill, and Main Street Richmond. Also in response to a question from Senator Black, Ms. Stock stated that part of the study will analyze congestion relief. In response to a question from Mr. Fisette, Ms. Stock explained that the high speed service will be a premium service and the expectation is to run four daily trains.

Ms. Stock announced that DRPT will be holding three public meetings December 8th (Fredericksburg), December 9th (Springfield) and December 10th (Richmond) to solicit public comment on the screened alternatives.

NVTC FY2016 1st Quarter Ridership Report

Mr. Reid asked about what the numbers represent in the chart. Mr. Koch explained that the numbers are entries and exits added together for each station. Mr. Reid requested NVTC provide information on daily boardings and alightings for each station as well as average daily boardings.

Commonwealth and Regional Agency Reports

Ms. Mitchell encouraged Commissioners to read the written DRPT report. There were no questions or comments.

Financial Items for September 2015

The financial reports were provided to Commissioners and there were no questions.

Adjournment

On a motion by Mr. Fisette and a second by Mrs. Hynes, the Commission unanimously voted to adjourn. Chairman Snyder adjourned the meeting at 9:16 P.M.

Approved this 3rd day of December, 2015.

David F. Snyder
Chairman

Jeffrey McKay
Secretary-Treasurer



RESOLUTION #2285

SUBJECT: Approve VRE's 2016 Legislative Agenda

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

WHEREAS: VRE serves residents throughout the Commonwealth to provide a meaningful public transportation option;

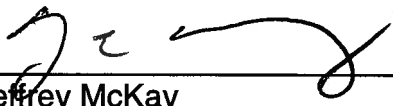
WHEREAS: It is essential for VRE to advocate its funding needs and legislative concerns with members and staff in Congress, in the Virginia General Assembly and with the Governor;

WHEREAS: VRE has coordinated its Legislative Agenda with the staffs of the Commissions and member jurisdictions; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED THAT, the Northern Virginia Transportation Commission hereby approves the 2016 VRE Legislative Agenda and authorizes the VRE Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David F. Snyder
Chairman



RESOLUTION #2286

SUBJECT: Authorize the Execution of Amendments to the CSX Operating Access Agreement and Master Facilities Lease Agreement

WHEREAS: VRE's current Operating Access Agreement with CSX was executed in July of 2011;

WHEREAS: The current Operating Access Agreement defines the train schedules and physical characteristics of the rail corridor in which VRE operates;

WHEREAS: The current train schedules and physical characteristics of the rail corridor need to be modified to include revised train schedules, the addition of a roundtrip train and update the physical characteristics due to adding the Spotsylvania Station to VRE's service corridor;

WHEREAS: VRE has a Master Facilities Lease Agreement with CSX for all stations on the CSX right of way;

WHEREAS: The Master Facilities Lease Agreement needs to be updated to include the Spotsylvania Station platform located in the CSX right of way and update the VRE Crossroads lead track lease;

WHEREAS: VRE is currently constructing a third track between Hamilton and Crossroads interlocks;

WHEREAS: VRE anticipates the third track project to be substantially completed by December 31, 2015;

WHEREAS: Before service to the Spotsylvania Station begins, CSX requires a Completion Agreement to outline a contingency plan if the third track project is not completed within a reasonable time after December 31, 2015; and

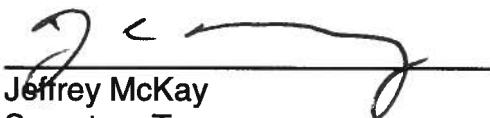
WHEREAS: The VRE Operations Board recommends the following Commission action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to execute an Amendment to the current CSX Operating Access Agreement in a form approved by legal counsel to 1) revise the current train schedules; 2) add track maintenance responsibilities; and 3) update the physical characteristics of the rail corridor.

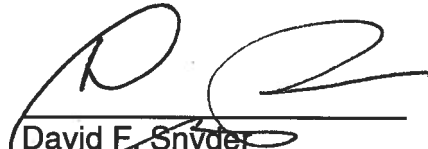
BE IT FURTHER RESOLVED that NVTC authorizes the VRE Chief Executive Officer to execute an Amendment to the current CSX Master Facilities Lease Agreement in a form approved by legal counsel to 1) include the Spotsylvania Station platform; and 2) update the lease of the VRE Crossroads lead track.

BE IT FURTHER RESOLVED that NVTC authorizes the VRE Chief Executive Officer to execute a Completion Agreement with CSX outlining a contingency plan if the Hamilton to Crossroads third track improvements are not completed within a reasonable time beyond December 31, 2015, in a form approved by legal counsel.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David F. Snyder
Chairman



RESOLUTION #2287

SUBJECT: Authorize the Execution of an Amendment to the Norfolk Southern Operating Access Agreement

WHEREAS: VRE has an Operating Access Agreement with Norfolk Southern Railway Company dated April of 2014 for a term of five years;

WHEREAS: The Operating Access Agreement, in part, identifies train schedules for the VRE Manassas line trains that intersect with CSX Transportation at the AF interlock;

WHEREAS: VRE will modify the train schedules with CSX Transportation to add an additional round trip Fredericksburg line train;

WHEREAS: The modified train schedules with CSX Transportation will directly affect the VRE Manassas line trains;

WHEREAS: In order to eliminate train schedule conflicts the VRE Manassas Line trains schedules need to be modified; and


WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED by the Northern Virginia Transportation Commission hereby authorizes the Chief Executive Officer to execute an Amendment to the Operating Access Agreement with Norfolk Southern Railway Company to modify the VRE Manassas Line train schedules in a form approved by legal counsel.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David F. Snyder
Chairman



RESOLUTION #2288

SUBJECT: Authorize the Execution of an Amendment to the Amtrak Access and Storage Agreement

WHEREAS: VRE has an Operating Access Agreement with Amtrak dated July 1, 2015;

WHEREAS: The Access and Storage Agreement, in part, identifies train schedules for the VRE Manassas and Fredericksburg line trains;

WHEREAS: VRE will modify the train schedules with CSX Transportation and Norfolk Southern Railway Company to add an additional round trip Fredericksburg line train;

WHEREAS: The modified train schedules will directly affect the arrival and departure schedules into and out of Washington Union Terminal;

WHEREAS: In order to incorporate the modified train schedules into the current Agreement an Amendment is required; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to execute an Amendment to the Access and Storage Agreement with Amtrak to modify the VRE Manassas and Fredericksburg Line train schedules in a form approved by legal counsel.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David F. Snyder
Chairman



RESOLUTION #2289

SUBJECT: Approve the Submission of a Request for Funding for Final Design for Parking Expansion at the Manassas Park VRE Station to NVTA for FY2017 Funding Consideration

WHEREAS: The passage of House Bill (HB) 2313 requires the Northern Virginia Transportation Authority (NVTA) to fund highway projects that have been both included in TransAction 2040 and evaluated for congestion relief and emergency evacuation by VDOT or mass transit capital projects that increase capacity;

WHEREAS: As NVTA approved \$500,000 to initiate study of the Manassas Park parking expansion as part of its Fiscal Year (FY) 2015-16 program in April 2015;

WHEREAS: An estimated additional \$2 million is needed to advance the full project development phase of the project through final design;

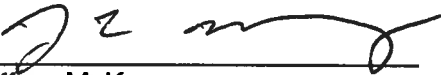
WHEREAS: NVTA has issued a Call for Projects to agencies and jurisdictions for consideration for funding with expected FY 2017 revenues; and

WHEREAS: The VRE Operations Board recommends the following action.

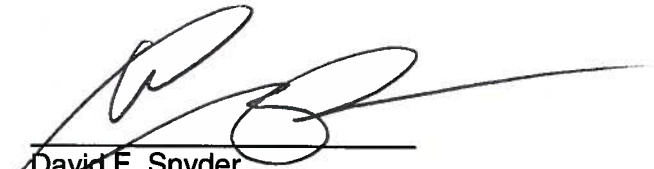
NOW, THEREFORE, BE IT RESOLVED by the Northern Virginia Transportation Commission hereby approves the submission of the Manassas Park parking expansion project, final design phase in the amount of \$2 million, to the NVTA for consideration for funding in FY 2017.

BE IT FURTHER RESOLVED that NVTC authorizes the VRE Chief Executive Officer to submit the approved project for funding, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David F. Snyder
Chairman



Resolution #2290

SUBJECT: Approve an Amendment to the VRE Chief Executive Officer's Employment Agreement.

WHEREAS: The Virginia Railway Express (VRE) Operations Board has concluded an evaluation of the VRE Chief Executive Officer's performance for the second year of his service;

WHEREAS: The VRE Operations Board is recommending an amendment to the VRE Chief Executive Officer's employment agreement ("the Second Amendment") based on its assessment of Mr. Allen's second year performance, and

WHEREAS: The Northern Virginia Transportation Commission has reviewed the VRE Operations Board recommendation and concurs.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission does hereby approve the Second Amendment to the employment agreement with Mr. Allen, and authorizes NVTC's Chairman to execute it on behalf of the Commission.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David F. Snyder
Chairman

TO: Chairman Snyder and NVTC Commissioners
FROM: Kelley Coyner
DATE: November 24, 2015
SUBJECT: Consent Agenda

A. ACTION ITEM: Authorize the Executive Director to Execute a Five-Year Lease and Services Agreement for a Multifunction Copier

The Commission is asked to authorize the Executive Director to execute a five-year lease and related maintenance services agreement for a multifunction copier.

On November 19th NVTC received two proposals in response to its RFP for the lease of a multifunction copier and related services agreement. NVTC staff is currently evaluating and ranking the proposals and testing the copier machines, and will have selected a firm and copier machine prior to the Commission meeting. Terms and costs of the agreements are expected to be similar to NVTC's current copier agreements, which expire at the end of December, 2015. Sufficient funding is included in the approved FY2016 and FY2017 budgets for the first eighteen months of the lease and service agreement.

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TO: Chairman Snyder and NVTC Commissioners
FROM: Kelley Coyner, Scott Kalkwarf and Colethia Quarles
DATE: November 24, 2015
SUBJECT: Financial Items

A. ACTION ITEM: Accept and Authorize Distribution of the FY 2015 Audited Financial Statements and Compliance Reports

The Commission is asked to accept the FY2015 Audited Financial Statements and Compliance reports and to authorize staff to release the information to the member jurisdictions, regulator agencies, and the public. The statements will be made available prior to the meeting.

NVTC's audit firm, PBMares, LLP issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly and accurately present the financial position of the organization. PBMares also issued a clean report on the internal control of NVTC's financial reporting, compliance and other matters. Because NVTC received federal assistance during FY2015, PBMares also issued a report on the compliance with requirements and internal control related to those federal funds. That report identified no findings. Further, PBMares did not make any internal control recommendations or other findings.

On December 3rd, representatives from PBMares will meet with the Executive Committee (serving as the Audit Committee) prior to the Commission meeting, and will be present at the full Commission meeting to describe the results of their annual audit.

B. INFORMATION ITEM: Financial Items for October 2015

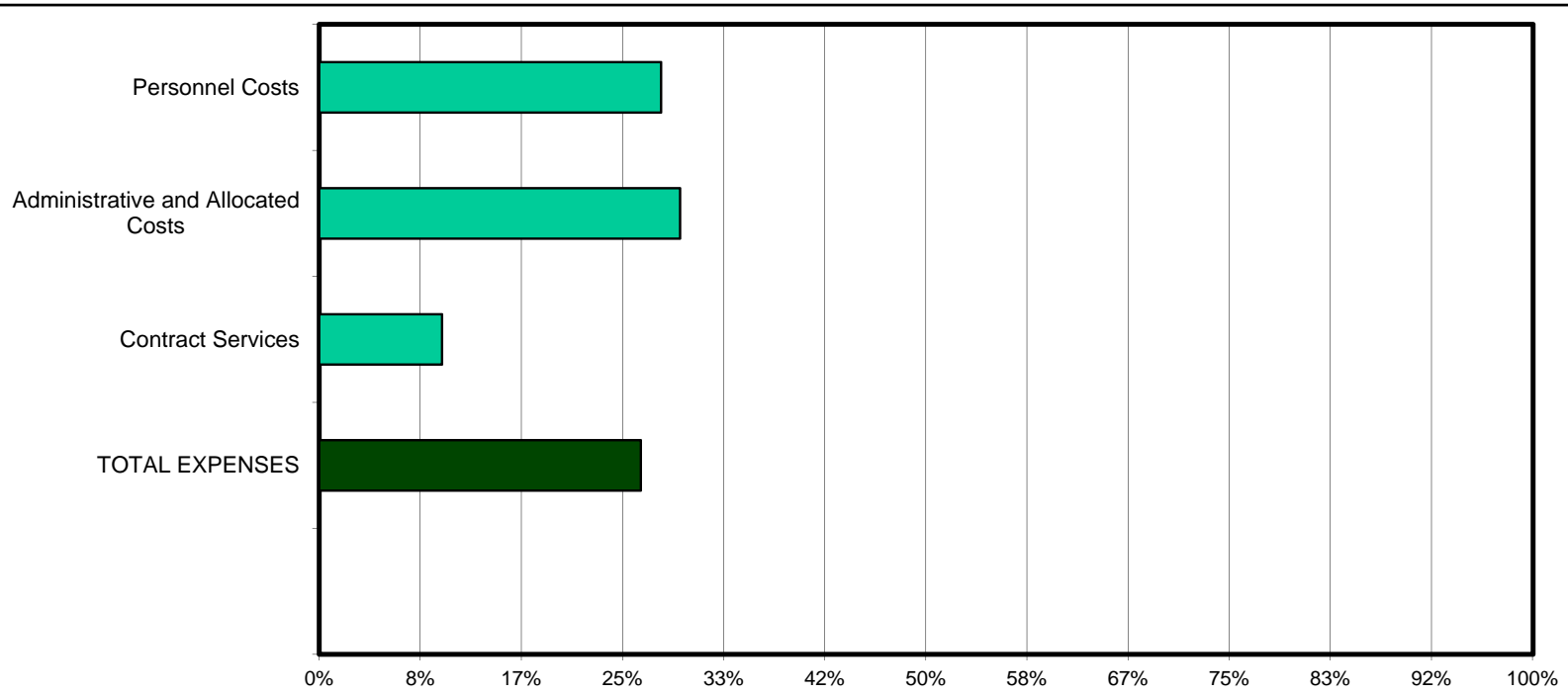
The [financial items](#) are provided for your information.

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Northern Virginia Transportation Commission

Financial Reports
October, 2015

Percentage of FY 2016 NVTC Administrative Budget Used
October 2015
(Target 33.34% or less)



Note: Refer to pages 2 and 3 for details

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October, 2015

	<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 and Contract Wages	\$ 95,286.50	\$ 341,916.93	\$ 1,133,200.00	\$ 791,283.07	69.8%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>95,286.50</u>	<u>341,916.93</u>	<u>1,133,200.00</u>	<u>791,283.07</u>	<u>69.8%</u>
<u>Benefits</u>					
Employer's Contributions:					
FICA	6,791.36	23,457.38	74,600.00	51,142.62	68.6%
Group Health Insurance	3,108.86	19,399.62	158,500.00	139,100.38	87.8%
Retirement	6,705.00	26,820.00	90,200.00	63,380.00	70.3%
Workmans & Unemployment Compensation	65.00	503.21	4,400.00	3,896.79	88.6%
Life Insurance	-	730.23	4,900.00	4,169.77	85.1%
Long Term Disability Insurance	428.88	1,554.54	5,300.00	3,745.46	70.7%
Total Benefit Costs	<u>17,099.10</u>	<u>72,464.98</u>	<u>337,900.00</u>	<u>265,435.02</u>	<u>78.6%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem	950.00	3,150.00	11,100.00	7,950.00	71.6%
<i>Rents:</i>	<i>17,724.70</i>	<i>70,919.39</i>	<i>223,700.00</i>	<i>152,780.61</i>	<i>68.3%</i>
Office Rent	16,814.00	67,064.44	208,000.00	140,935.56	67.8%
Parking & Transit Benefits	910.70	3,854.95	15,700.00	11,845.05	75.4%
<i>Insurance:</i>	<i>310.00</i>	<i>1,240.00</i>	<i>6,100.00</i>	<i>4,860.00</i>	<i>79.7%</i>
Public Official Bonds	-	-	2,300.00	2,300.00	100.0%
Liability and Property	310.00	1,240.00	3,800.00	2,560.00	67.4%
<i>Travel:</i>	<i>6,491.58</i>	<i>9,017.78</i>	<i>27,600.00</i>	<i>18,582.22</i>	<i>67.3%</i>
Conference / Professional Development	5,717.78	6,341.78	17,000.00	10,658.22	62.7%
Non-Local Travel	148.60	148.60	1,900.00	1,751.40	92.2%
Local Travel, Meetings and Related Expenses	625.20	2,527.40	8,700.00	6,172.60	70.9%
<i>Communication:</i>	<i>691.48</i>	<i>2,543.72</i>	<i>15,700.00</i>	<i>13,156.28</i>	<i>83.8%</i>
Postage	110.98	320.98	2,500.00	2,179.02	87.2%
Telephone and Data	580.50	2,222.74	13,200.00	10,977.26	83.2%
<i>Publications & Supplies</i>	<i>1,642.29</i>	<i>5,346.09</i>	<i>11,000.00</i>	<i>5,653.91</i>	<i>51.4%</i>
Office Supplies	259.49	1,742.42	2,500.00	757.58	30.3%
Duplication and Paper	1,382.80	3,603.67	8,000.00	4,396.33	55.0%
Public Information	-	-	500.00	500.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October, 2015

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	725.97	8,377.29	42,700.00	34,322.71	80.4%
Furniture and Equipment (Capital)	-	6,731.07	31,300.00	24,568.93	78.5%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computer Operations	725.97	1,646.22	10,400.00	8,753.78	84.2%
<i>Other General and Administrative:</i>	827.89	2,556.74	9,000.00	6,443.26	71.6%
Subscriptions	-	-	-	-	0.0%
Memberships	-	484.01	1,800.00	1,315.99	73.1%
Fees and Miscellaneous	577.89	1,822.73	5,600.00	3,777.27	67.5%
Advertising (Personnel/Procurement)	250.00	250.00	1,600.00	1,350.00	84.4%
Total Administrative Costs	<u>29,363.91</u>	<u>103,151.01</u>	<u>346,900.00</u>	<u>243,748.99</u>	<u>70.3%</u>
<u>Contracting Services</u>					
Auditing	9,000.00	9,000.00	29,000.00	20,000.00	69.0%
Contract Services and Support	2,500.00	13,162.50	155,000.00	141,837.50	91.5%
Legal	-	-	35,000.00	-	0.0%
Total Contract Services	<u>11,500.00</u>	<u>22,162.50</u>	<u>219,000.00</u>	<u>161,837.50</u>	<u>73.9%</u>
 Total Gross G&A Expenses	<u><u>\$ 153,249.51</u></u>	<u><u>\$ 539,695.42</u></u>	<u><u>\$ 2,037,000.00</u></u>	<u><u>\$ 1,462,304.58</u></u>	<u><u>71.8%</u></u>

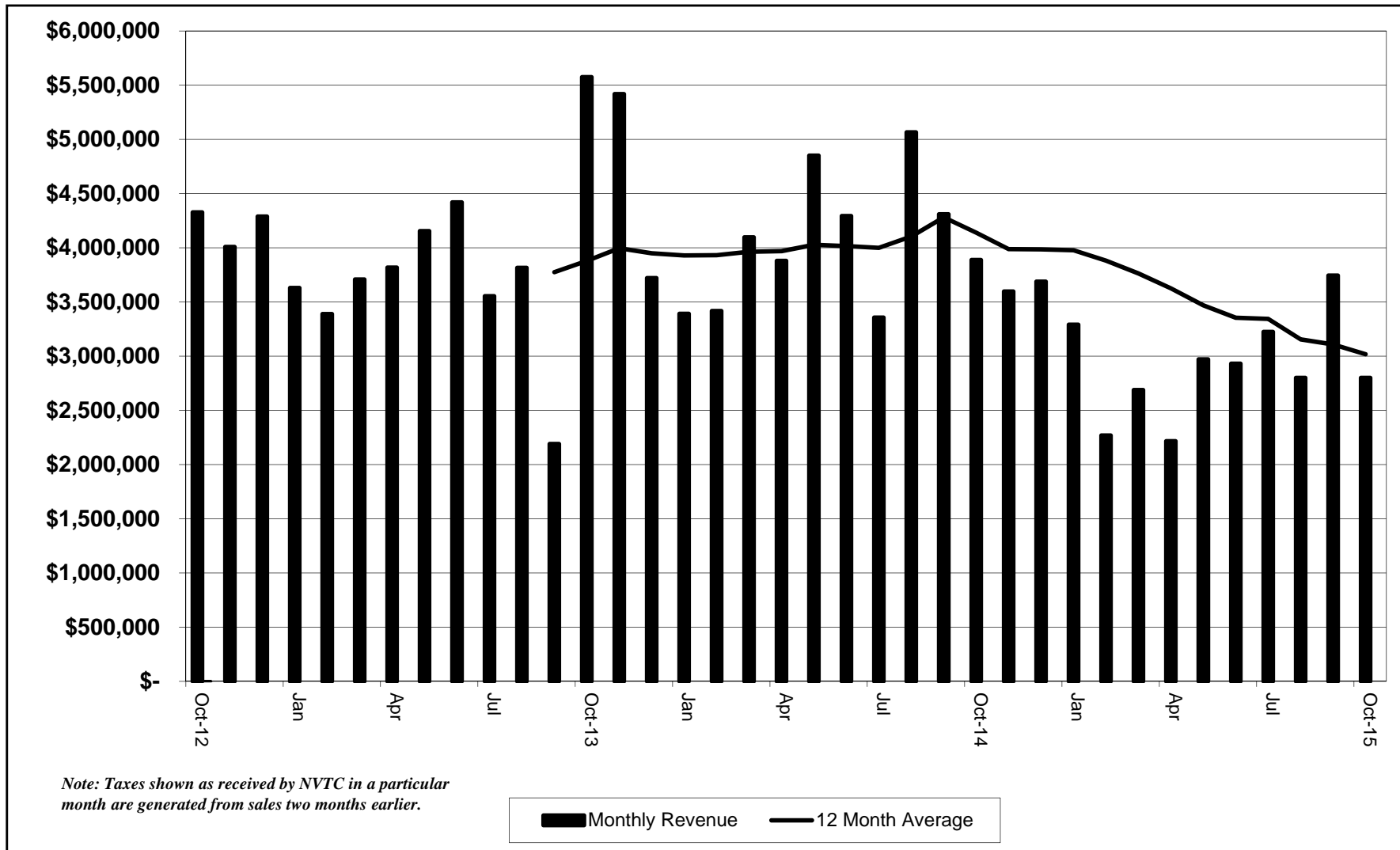
NVTC
RECEIPTS and DISBURSEMENTS
October, 2015

<u>Date</u>	<u>Payer/ Payee</u>	<u>Purpose</u>	<u>Wells Fargo (Checking)</u>	<u>Wells Fargo (Savings)</u>	<u>VA LGIP</u>	
					<u>G&A / Project</u>	<u>Trusts</u>
RECEIPTS						
1	City of Alexandria	G&A contribution		\$ 9,286.25		
5	DRPT	Grant receipt - City of Falls Church			10,463.00	
5	DRPT	Capital grant receipt - Arlington				6,425.00
5	DRPT	Capital grant receipt				62,674.00
5	DRPT	Capital grant receipt - Alexandria				165,754.00
5	DRPT	Capital grant receipt - City of Falls Church				8,079.00
5	DRPT	Capital grant receipts - Fairfax				463,230.00
6	DRPT	Capital grant receipt				71,627.00
6	DRPT	Operating assistance receipt - Fairfax				3,437,230.00
6	DRPT	Operating assistance receipt - City of Fairfax				148,868.00
7	DMV	Motor Vehicle Fuels Sales tax receipt				1,867.37
13	DRPT	Capital grant receipt - Arlington				33,943.00
14	DRPT	Capital grant receipt - VRE			2,297,314.00	
14	DRPT	Operating assistance receipt - WMATA				8,315,853.00
14	City of Alexandria	G&A contribution		9,286.25		
17	NVTA	Project funding receipt - Route 7		118,791.66		
23	FTA	Grant receipt - City of Falls Church			41,853.00	
23	FTA	Grant receipt - Alexandria			5,911.00	
23	DRPT	Operating assistance receipt - Arlington				578,480.00
26	DMV	Motor Vehicle Fuels Sales tax receipt				1,069.25
28	Arlington County	G&A contribution		27,783.50		
31	Banks	Interest earnings		3.44	72.99	21,722.36
			-	165,151.10	2,355,613.99	13,316,821.98
DISBURSEMENTS						
1-31	Various	G&A expenses	(113,413.03)			
1	WMATA	Bus operating				(21,697,620.00)
1	WMATA	Paratransit operating				(3,254,392.00)
1	WMATA	Rail operating				(16,304,756.00)
1	WMATA	CIP				(3,239,142.00)
1	WMATA	Project development				(206,250.00)
1	WMATA	Debt service				(26,468.00)
5	Stantec	Consulting - NTD data collection	(21,918.03)			
5	Parsons	Consulting - Route 7	(87,992.99)			
6	City of Falls Church	Other capital				(8,079.00)
6	City of Falls Church	Costs incurred			(10,463.00)	
6	City of Alexandria	Costs incurred			(165,754.00)	
14	VRE	Grant revenue			(2,297,314.00)	
17	Kimley-Horn	Consulting - NEPP	(40,000.00)			
23	City of Falls Church	Costs incurred			(41,853.00)	
23	City of Alexandria	Costs incurred			(5,911.00)	
26	City of Fairfax	Other operating				(318,864.46)
27	Stantec	Consulting - NTD data collection				
31	Banks	Service fees	(76.52)	(37.11)		
			(263,400.57)	(37.11)	(2,521,295.00)	(45,055,571.46)
TRANSFERS						
21	Transfer	From LGIP to LGIP - G&A contribution			1,546,253.00	(1,546,253.00)
21	Transfer	From LGIP to checking	250,000.00		(250,000.00)	
26	Transfer	From LGIP to LGIP - NTD project			15,274.09	(15,274.09)
			250,000.00	-	1,311,527.09	(1,561,527.09)
NET INCREASE (DECREASE) FOR MONTH			\$ (13,400.57)	\$ 165,113.99	\$ 1,145,846.08	\$ (33,300,276.57)

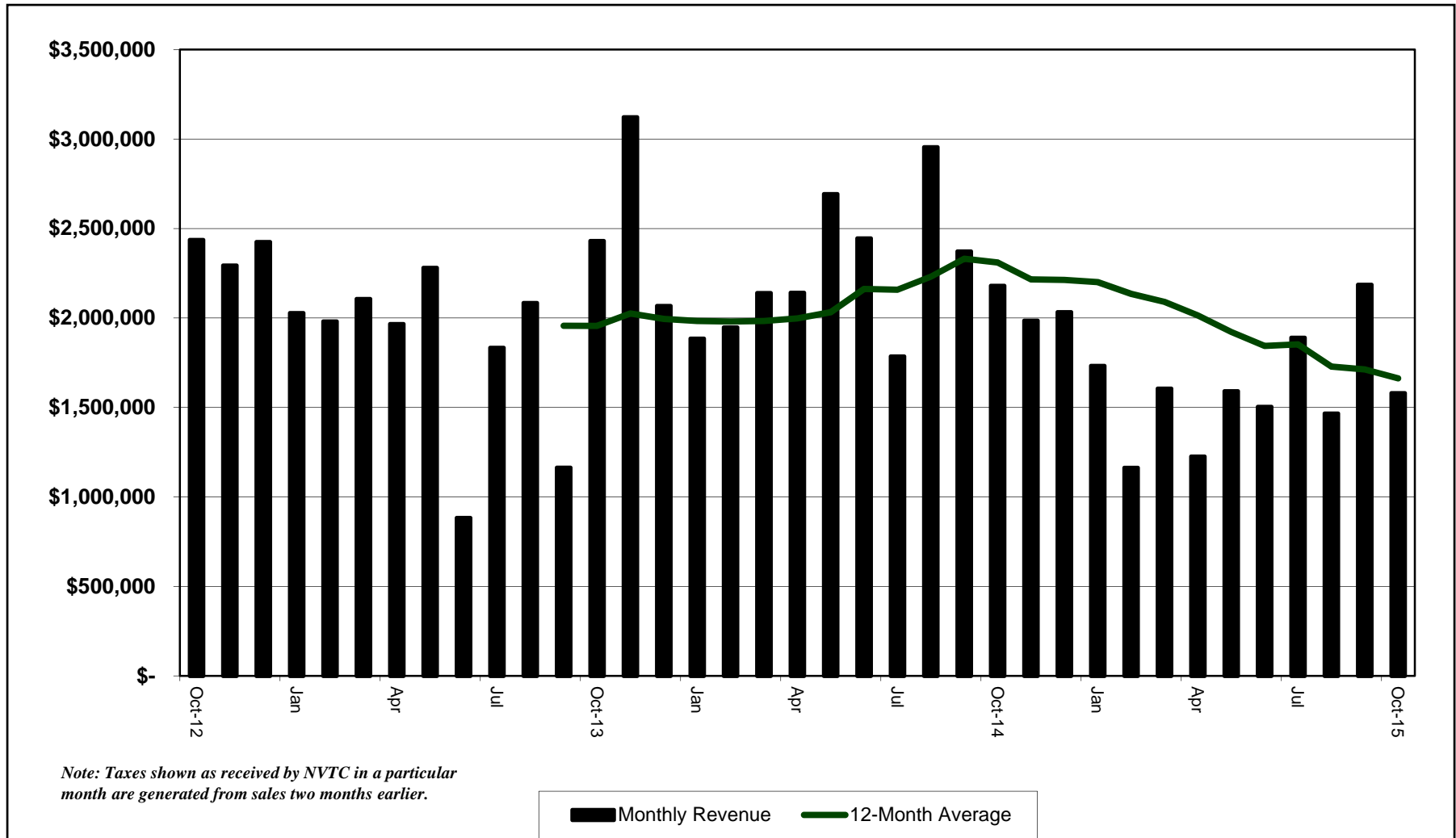
**NVTC
INVESTMENT REPORT
October, 2015**

Type	Rate	Balance 9/30/2015	Increase (Decrease)	Balance 10/31/2015	NVTC G&A/Project	Jurisdictions Trust Fund	Loudoun Trust Fund
<u>Cash Deposits</u>							
Wells Fargo: NVTC Checking	N/A	\$ 113,784.44	\$ (13,400.57)	\$ 100,383.87	\$ 100,383.87	\$ -	\$ -
Wells Fargo: NVTC Savings	0.200%	134,704.24	165,113.99	299,818.23	299,818.23	-	-
<u>Investments - State Pool</u>							
Bank of America - LGIP	0.184%	175,777,922.52	(32,154,430.49)	143,623,492.03	1,351,925.13	121,220,122.70	21,051,444.20
		<u>\$ 176,026,411.20</u>	<u>\$ (31,912,292.84)</u>	<u>\$ 144,023,694.13</u>	<u>\$ 1,752,127.23</u>	<u>\$ 121,220,122.70</u>	<u>\$ 21,051,444.20</u>

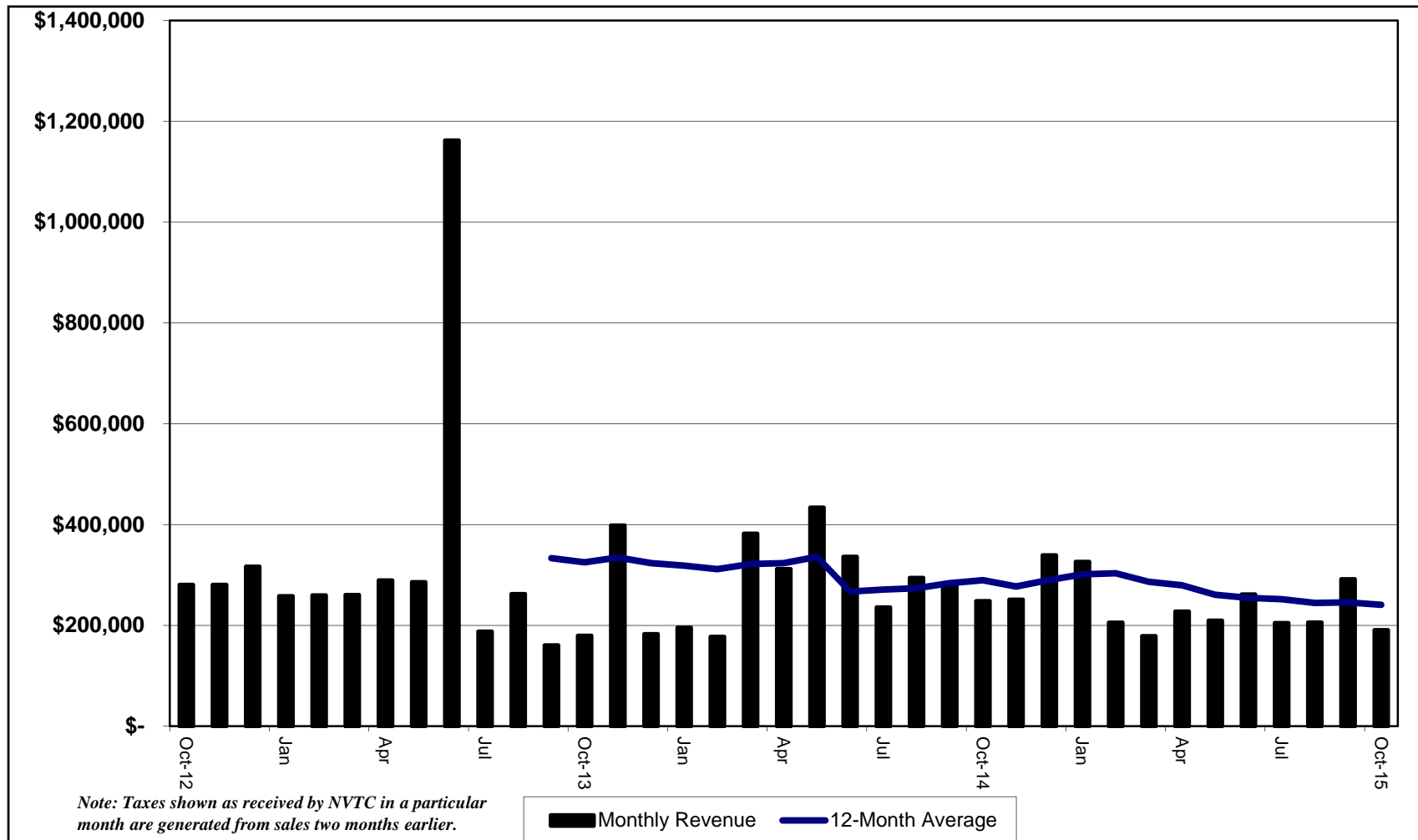
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2013-2016



NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2013-2016



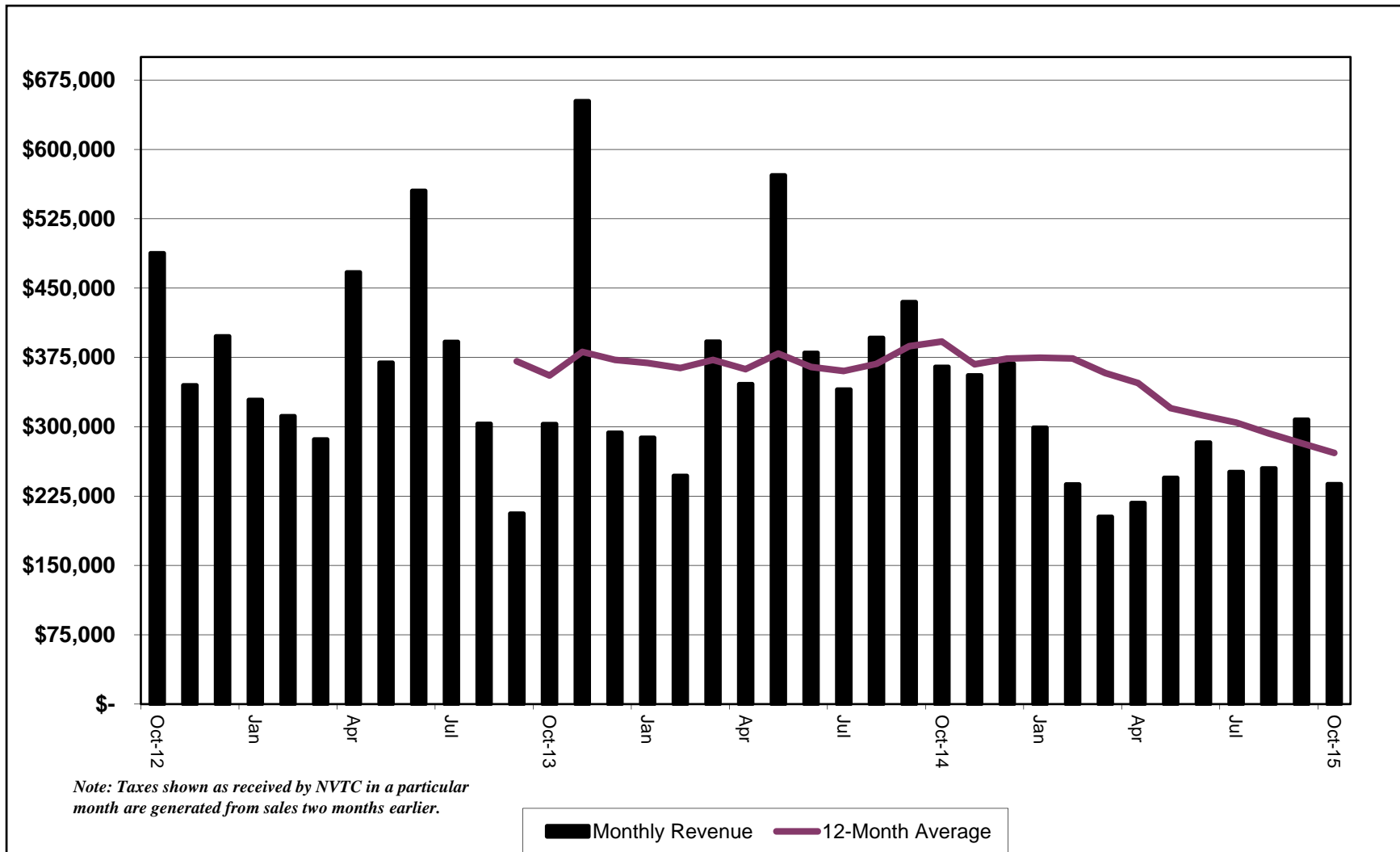
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2013-2016



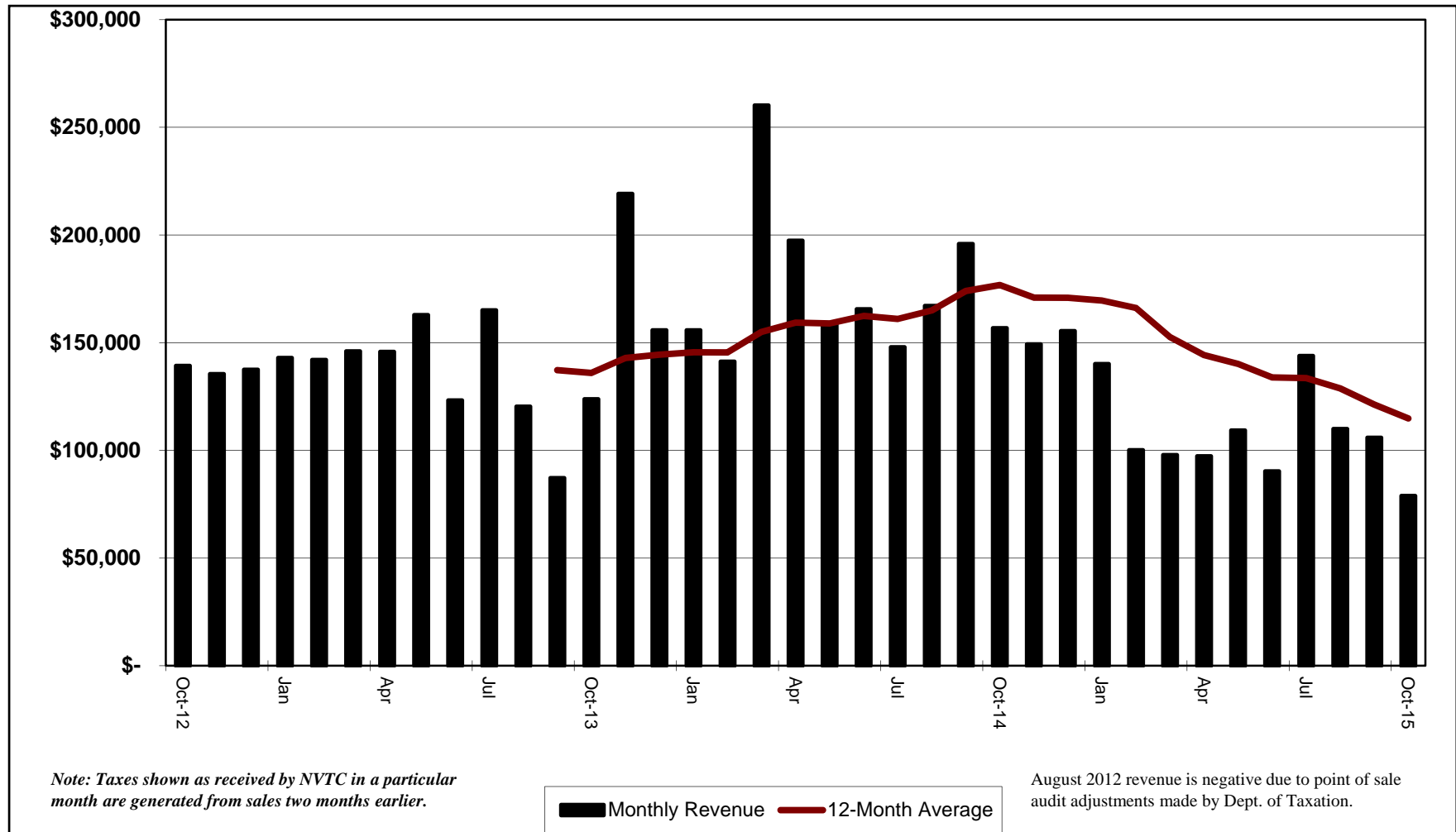
NVTC MONTHLY GAS TAX REVENUE

ARLINGTON COUNTY

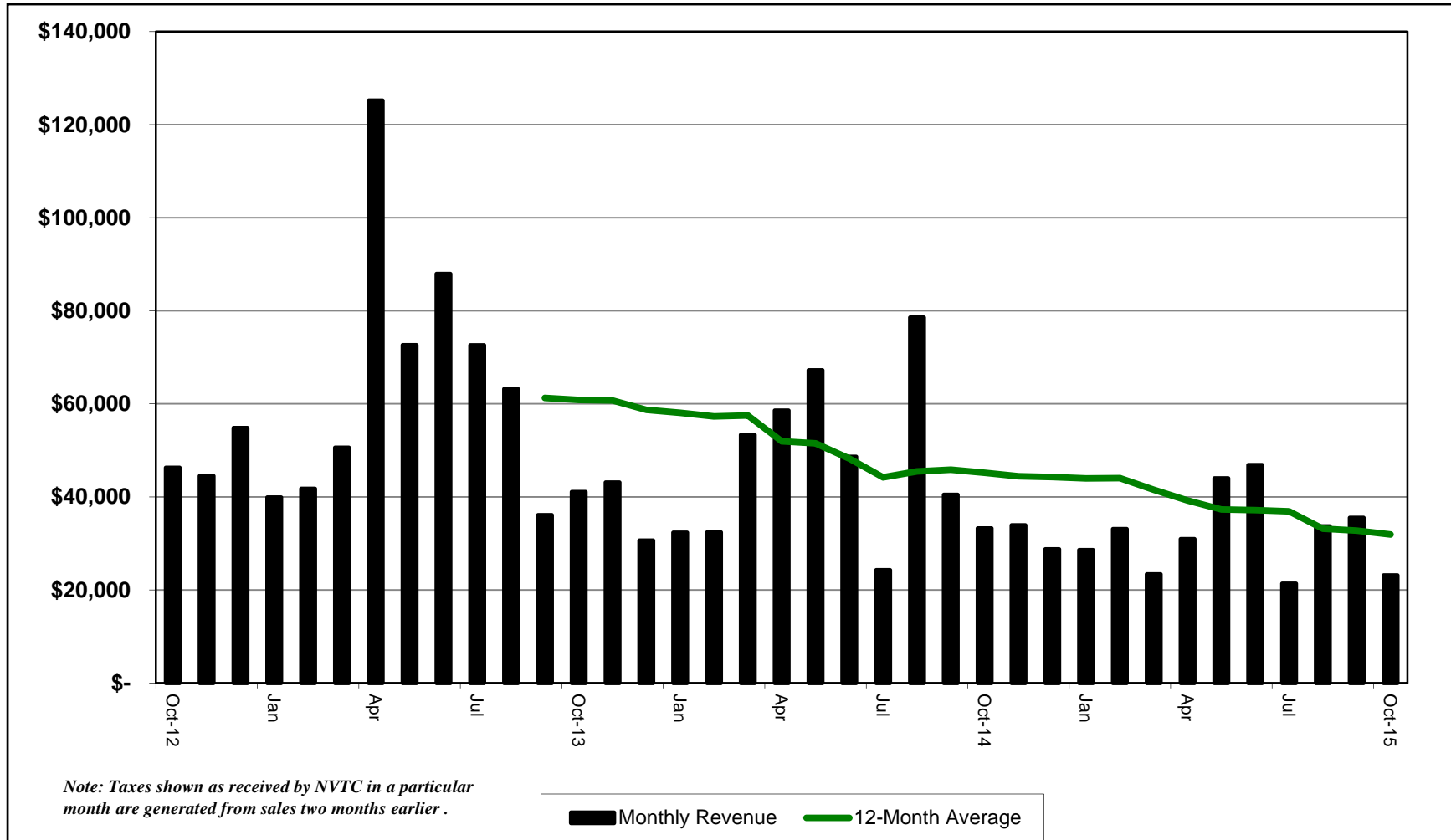
FISCAL YEARS 2013-2016



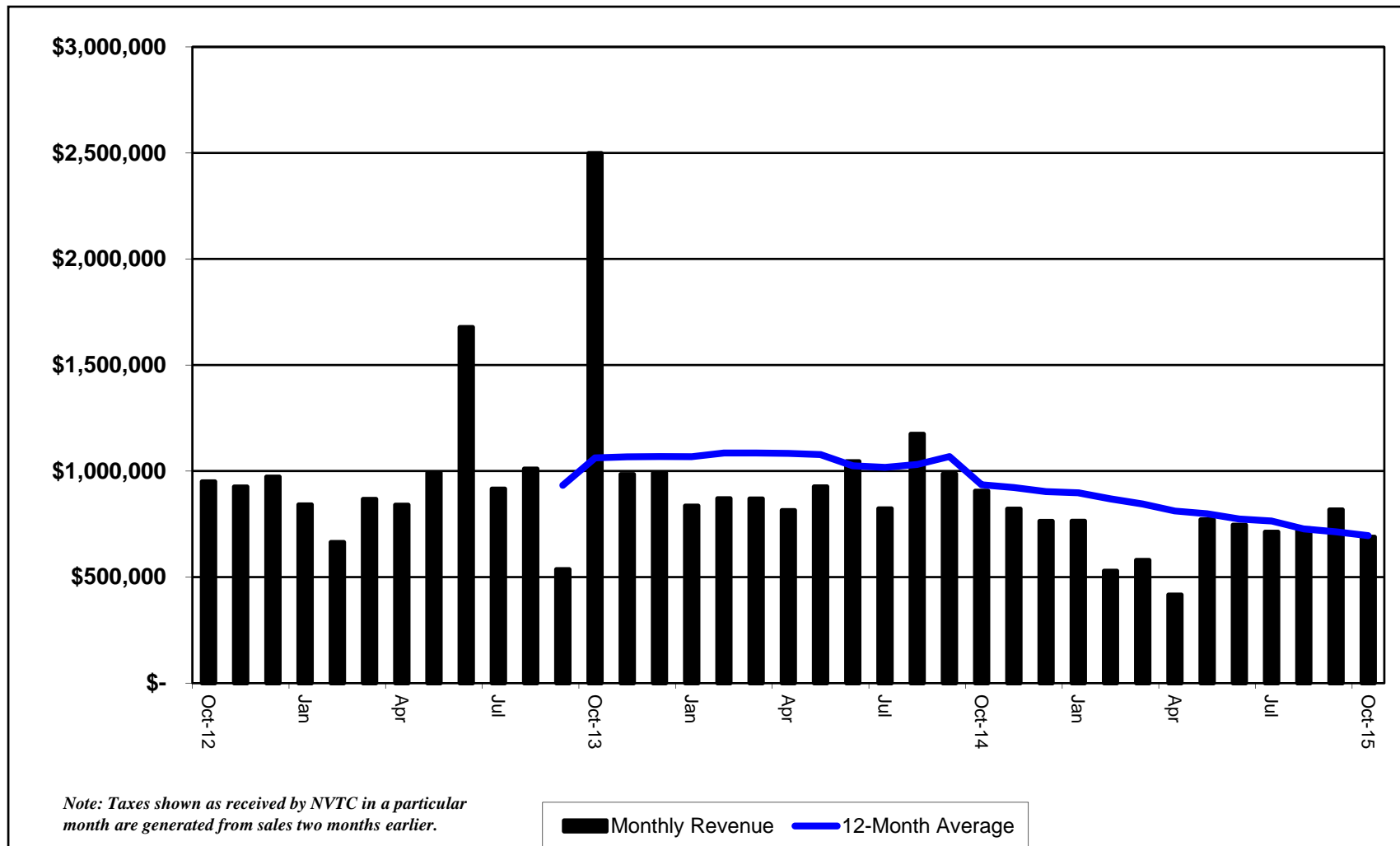
NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2013-2016



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2013-2016



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2013-2016



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TO: Chairman Snyder and NVTC Commissioners

FROM: Kelley Coyner

DATE: November 24, 2015

SUBJECT: Executive Director Report

WMATA Public Forums

On Wednesday, December 16th and Thursday, December 17th, [NVTC will host two public forums on WMATA](#) at Wakefield High School and Wiehle-Reston East Metro Station, respectfully. These regional forums will provide an opportunity for the public to ask questions and share recommendations on ways to ensure WMATA is able to meet the region's transportation needs in a safe and reliable manner. NVTC staff is working closely with jurisdictional staff on the scoping of these two events.

Envision Route 7

The NVTC project team recently wrapped up three public hearings that [shared findings on ridership and cost estimates for the second phase of the 14-mile Route 7 Transit Alternatives Study](#) to communities along the corridor in Alexandria, City of Falls Church, and Fairfax County. Attended by more than 100 community members and elected officials, NVTC provided information about the benefits and costs of light rail, bus rapid transit and improved standard bus service on Route 7. The presented material also addressed possible alignments including a connection to the East Falls Church Metrorail station as well as evaluating different termini of Mark Center or the Kings Street Metrorail Station. The public was given an opportunity to ask questions and comment on the study. The meetings were well attended and covered by local media including [an interview of Chairman Snyder on WTOP](#), and [an interview of Ms. Coyner on the project for WAMU](#).

The next step for the study will be to select a preferred alternative for the mode, alignment, and southern termini. Current activities involve development of a financial plan to help fund the project. The plan is looking at different funding sources both traditional and innovative. The study is planned to conclude in the spring of 2016.

NEPP

NVTC staff is actively evaluating the cost estimates and implementation schedule for regional implementation of WMATA's next generation fare payment system to determine next steps. On November 13th, NVTC received cost estimates from WMATA and its consultant for regional implementation of the NEPP system over the next four years. NVTC and the regional partners are currently in coordination with WMATA and other Washington, DC area transit systems to gain a better understanding of how the regional implementation fits within the overview scope and cost of WMATA's effort. NVTC is also working to understand the budget implications of the project in terms of magnitude and timing.

WMATA has accepted two elements of the NEPP pilot - Metrobus and Metrorail - but the parking garage pilot has yet to be completed. Full acceptance of all elements of the pilot is a prerequisite for WMATA to proceed with the project. At this time, a number of questions posed by the WMATA Board, NVTC, and regional jurisdiction still remain outstanding regarding the cost effectiveness and regional implementation of the project.

Emergency Preparedness

The NVTC Emergency Preparedness Program planning group has completed review of seven draft station plans (Rosslyn, Wiehle-East, National Airport, Tysons Corner, McLean, Pentagon City and Crystal City). The finalized schedule anticipates draft plans for all Northern Virginia Metro stations by fall 2016. The purpose of the plans is to ensure an integrated transportation response in the event of a Metrorail station evacuation. Each plan is designed to ensure the safety and mobility of passengers evacuated from Metro stations. The plan includes a communications tree, maps and turn sheets, and will be linked to local and regional emergency response plans. These plans will be included in drills, training and exercises. After the holidays, the group will begin the plan for the Pentagon Station.

VRE Ridership Survey

During the month of November, NVTC staff collaborated with PRTC to verify addresses reported by riders responding to VRE's annual ridership survey. This activity is one of the Commission's governance responsibilities as a co-owner of VRE. The survey results support the allocation of operating budget subsidies paid by VRE jurisdictions.

Federal and State Legislative Coordination

NVTC staff have been working closely with the Virginia Transit Association, VRE, PRTC, and staff from the Northern Virginia Congressional delegation on issues related to the reauthorization of surface transportation legislation. Key issues have included increasing the overall transit program funding level, protection of funding for buses running on HOT lanes, continued use of STP funding as a share of federal funds for major transit capital projects, and maintaining parity in minimum federal funding share between highway and transit capital projects. NVTC staff are also preparing to respond to questions in advance of the Virginia General Assembly session.

PRTC Strategic Retreat

On November 14th, Kate Mattice participated in the Potomac and Rappahannock Transportation Commission's strategic retreat aimed at identifying an immediate plan to address PRTC's funding crises. Following a discussion on the role public transit plays in Prince William County, Ms. Mattice provided a national perspective on how public transportation services are becoming more diverse in mode types, sources of funding, and the types of community being served. This retreat is a part of a larger effort to map a planning process to formulate a long-term strategy for sustainable transit funding for the Prince William County area.

NVTC Annual Commission Agenda

The 2016 [NVTC Annual Agenda is attached](#). This document provides a rolling agenda and planning document for the Commission on a monthly basis.

Save the Date

WMATA Regional Forums

DEC

16

7-9 p.m.
Wakefield High School
1325 South Dinwiddie Street
Arlington

DEC

17

7-9 p.m. (Time Is Tentative)
Reston Station
Wiehle-Reston East Metrorail Station
1862 Wiehle Avenue, Reston

**RSVP to the Northern Virginia
Transportation Commission**

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703-524-3322

www.novatransit.org



NORTHERN VIRGINIA TRANSPORTATION COMMISSION

2016 Annual Commission Agenda



JANUARY 7, 2016

- WMATA General Manager/CEO Presentation
- Election of Officers and Board Appointments
- Orientation for New Members
- Annual Report/Year in Review
- Public Comment
- Adoption of NVTC Selection Criteria for I-66 Multimodal Project*
- TransAction 2040 Presentation
- Bus Agenda & Performance Metrics Update
- FOIA Policy Review
- WMATA Report*
- VRE Report and Action Items
 - Approve VRE FY2017 Budget
 - Announce 2016 VRE Operations Board Officers
- NVTC Financial Report
- Committee Meetings: Executive Committee

* Monthly WMATA Report includes:

- Safety and Related Issues
- Financial Management
- Budget and Finance
- WMATA Virginia Ridership and Parking Facility Utilization
- Key WMATA Milestones/Dates

FEBRUARY 4, 2016 Richmond

- Submission of State Assistance Request to DRPT
- General Assembly Update
- Envision Route 7 Locally Preferred Alternative
- WMATA Report*
- VRE Report and Action Items
- NVTC Financial Report

MARCH 3, 2016

- Approve SYIP Testimony to the Commonwealth Transportation Board (CTB)
- NVTC FY2016 2nd Quarter Ridership Report
- Regional Bus Agenda Update
- Legislative and Policy Issues
- WMATA Report*
 - Quarterly WMATA System Performance (Vital Signs) – prepared by NVTC
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee

2016 Annual Commission Agenda

APRIL 7, 2016

- WMATA Budget Session (Scheduled Annually before Adoption of WMATA Budget)
- Legislative and Policy Issues
 - General Assembly Update
 - Federal Legislation
 - State Planning and Legislative Implementation Items
- NVTC Annual Transit Performance Update
- WMATA Report*
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee

* Monthly WMATA Report includes:

- Safety and Related Issues
- Financial Management
- Budget and Finance
- WMATA Virginia Ridership and Parking Facility Utilization
- Key WMATA Milestones/Dates

MAY 5, 2016

- Transit Means Business 2nd Annual Forum
- NTD Contract Renewal
- NVTC FY2016 3rd Quarter Ridership Report
- High-Speed Rail (DC2RVA) Update
- WMATA Report*
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee

JUNE 2, 2016

- VTRANS Update and Comment
- Regional Bus Agenda Update
- WMATA Report*
- Quarterly WMATA System Performance (Vital Signs) – prepared by NVTC
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee, Legislative and Policy Committee

JULY 7, 2016

- FY2018 Key Budget Issues
- WMATA Report*
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee, Legislative and Policy Committee, Funding Partners Working Group

AUGUST 2016 – No Commission Meeting

2016 Annual Commission Agenda

SEPTEMBER 8, 2016

- Regional Bus Agenda Gap Analysis & Performance Measures
- High Speed Rail (DC2RVA) Update
- FY2018 Key Budget Issues
- NVTC FY2016 4th Quarter Ridership Report
- WMATA Report*
 - Quarterly WMATA System Performance (Vital Signs) – prepared by NVTC
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee, Legislative and Policy Committee, Funding Partners Group

* Monthly WMATA Report includes:

- Safety and Related Issues
- Financial Management
- Budget and Finance
- WMATA Virginia Ridership and Parking Facility Utilization
- Key WMATA Milestones/Dates

OCTOBER 6, 2016

- Preliminary NVTC FY2018 Budget
- Notice of Direct Contributions to Jurisdictions
- Work Sessions on Preliminary Budgets
- Approve Pre-Allocation Testimony to the Commonwealth Transportation Board (CTB)
- Approve 2017 Meeting Schedule
- WMATA Report*
- VRE Report and Action Items
 - Forward VRE Budget to Jurisdictions
- NVTC Financial Report
- Committee Meetings: Executive Committee, Legislative and Policy Committee, Funding Partners Group

NOVEMBER 3, 2016

- FY2018 Budget Presented for Approval
- Approve NVTC Federal and State Legislative and Policy Agenda
- Call for Nominations
- High-Speed Rail (DC2VA) Update
- NVTC FY2017 1st Quarter Ridership Report
- WMATA Report*
- VRE Report and Action Items
 - Approve VRE Legislative Agenda
- NVTC Financial Report
- Committee Meetings: Executive Committee

DECEMBER 1, 2016

- NVTC and VRE Audit Presentations and Acceptance
- WMATA Report*
 - WMATA Preliminary Budget
 - Quarterly WMATA System Performance (Vital Signs) – prepared by NVTC
- VRE Report and Action Items
- NVTC Financial Report
- Committee Meetings: Executive Committee serving as Nominating Committee and Audit Committee

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Agenda Item #6: Emergency Preparedness in Transit



TO: Chairman Snyder and NVTC Commissioners

FROM: Kelley Coyner

DATE: November 24, 2015

SUBJECT: Emergency Preparedness in Transit

As requested by Chairman Snyder, NVTC staff will brief the Commission on important transit safety and security programs in the region, including: See Something, Say Something Initiative; NVTC's Regional Transit Emergency Preparedness Program; and the Northern Virginia Emergency Response System, also known as NVERS. Senior emergency management and response partners will be joining NVTC staff in this brief presentation.

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Agenda Item #7: I-66 Multimodal Project Framework Agreement



TO: Chairman Snyder and NVTC Commissioners

FROM: Kelley Coyner

DATE: November 24, 2015

SUBJECT: I-66 Multimodal Project Framework Agreement

ACTION REQUESTED: Resolution #2291: Authorize the Executive Director to Sign the I-66 Multimodal Project Framework Agreement

The Commission is asked to authorize the Executive Director to execute the Memorandum of Agreement “Transform66: Inside the Beltway Project.” This agreement would establish the terms and conditions of a partnership with the Commonwealth. Specifically, the agreement defines the roles and responsibilities of NVTC and the Commonwealth with respect to use of toll revenues, planning and implementing the multimodal improvements and evaluating the potential widening of I-66 between exits 67 and 71. As articulated in [Secretary Layne’s letter of designation dated March 25, 2015](#), NVTC, in cooperation with local jurisdictions, will:

- Plan potential multimodal improvements;
- Select multimodal improvements for funding, consistent with applicable laws and terms of the agreement;
- Coordinate with applicable agencies to ensure the efficient delivery of the projects; and
- Report to the Commonwealth on the use of funds to help improve person throughput in the corridor.

The [Commonwealth’s draft agreement received November 23rd](#) is attached for your review. The Commonwealth is currently considering the requests of the jurisdictions within the study area. A final draft will be provided prior to the Commission meeting on December 3rd along with Resolution #2291. On December 9th, the Commonwealth Transportation Board will consider the agreement and Secretary Layne will request authorization to execute this agreement.

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COMMONWEALTH of VIRGINIA

Office of the Governor

Aubrey L. Layne, Jr.
Secretary of Transportation

March 25, 2015

The Honorable Mary Hynes
Chairman
Arlington County Board of
Supervisors

The Honorable Sharon Bulova
Chairman
Fairfax County Board of
Supervisors

The Honorable David Tarter
Mayor
City of Falls Church

Dear Chairman Hynes, Chairman Bulova, and Mayor Tarter:

Thank you for your letter regarding the Transform I-66: Inside the Beltway project. The Commonwealth is excited about the opportunities that this project provides to improve person throughput in this critical, congested corridor.

As we have discussed, the Commonwealth believes that working with a regional partner to identify and help deliver the multimodal components of this project will help maximize the transportation benefits of this project, as measured by the number of persons that are able to travel through the corridor. This will also ensure that these multimodal components are consistent with regional plans and priorities. Based on your letter, I will direct my staff to work with staff at the Northern Virginia Transportation Commission to develop a framework agreement outlining a proposed partnership between the Commonwealth and the Commission on this project.


In high-level terms we envision a basic division of responsibilities as follows:

- Commonwealth will—
 - Manage the design and construct the tolling infrastructure;
 - Manage the maintenance and operations of the facility; and
 - Manage the design and construction of any future widening of the facility, if and when the applicable conditions are met.
- Northern Virginia Transportation Commission, in cooperation with local jurisdictions will—
 - Plan potential multimodal improvements;
 - Select multimodal improvements for funding, consistent with applicable laws and terms of the agreement;

- Coordinate with applicable agencies to ensure the efficient delivery of the projects; and
- Report to the Commonwealth on the use of funds to help improve person throughput in the corridor.

The Commonwealth looks forward to working with your jurisdictions and the Northern Virginia Transportation Commission to make this project a reality.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Layne, Jr.', written over the word 'Sincerely,'.

Aubrey L. Layne, Jr.

MEMORANDUM OF AGREEMENT
TRANSFORM66: INSIDE THE BELTWAY PROJECT

This Memorandum of Agreement (“MOA”) is entered into on _____, 2015, between the Commonwealth Transportation Board (“CTB”), and the Virginia Department of Transportation (“VDOT”), both acting by and through the Commissioner of Highways, and the Northern Virginia Transportation Commission (“NVTC”) (collectively, the “Parties”).

RECITALS

WHEREAS, the CTB, VDOT, and the Virginia Department of Rail and Public Transportation (“DRPT”) have embarked upon a multimodal transportation program, Transform66, which seeks to fund and implement solutions to move more people in the Interstate 66 (“I-66”) corridor between Haymarket, Virginia and Route 29 in the Rosslyn area of Arlington County, Virginia; and

WHEREAS, the Transform66 program is composed of two distinct projects: (1) the Transform66: Inside the Beltway Project, which involves multimodal transportation improvements in the I-66 corridor beginning at the intersection of I-66 and I-495 (the “Beltway”) and ending at U.S. Route 29 in the Rosslyn area of Arlington County, Virginia (the “Transform66: Inside the Beltway Project” or the “Project”), and (2) the Transform66: Outside the Beltway Project, which involves multimodal transportation improvements in the I-66 corridor beginning at Haymarket, Virginia, and ending at the Beltway; and

WHEREAS, the goals of the Transform66: Inside the Beltway Project are to (1) move more people; (2) enhance transportation connectivity; (3) improve transit service; (4) reduce roadway congestion; and (5) increase travel options (collectively, the “Improvement Goals”), all

of which are reasonably expected to benefit the users of the portion of I-66 beginning at the Beltway and ending at U.S. Route 29 in the Rosslyn area of Arlington County, Virginia (the “Facility”); and

WHEREAS, the Project will facilitate implementation of recommendations from VDOT’s June 2012 Final Report of the I-66 Multimodal Study Inside the Beltway, and the further refinements found in the August 2013 Supplemental Report, as well as recommendations from DRPT’s 2009 Transportation Demand Management/Transit Report, and projects in the region’s constrained long range plan, as such plan may be updated from time to time, including but not limited to multimodal transportation improvements to the roadways and associated transportation and transit facilities in the vicinity of the Facility (“Components”) as described in the aforesaid VDOT and DRPT reports and depicted in the diagram attached hereto and incorporated herein as Exhibit 1 (such area together with the Facility, the “Corridor”); and

WHEREAS, the Transform66: Inside the Beltway Project is intended to achieve the Improvement Goals by (1) converting the existing Facility to a tolled facility with dynamic tolling during the peak periods; (2) allowing mass transit and commuter buses to ride free at all times (3) permitting HOV-2 vehicles to ride free at all times until the later of 2020 or until any increase to HOV-3 occupancy requirements for HOV lanes of I-66 outside the Beltway; (4) thereafter permitting HOV-3 vehicles to ride free at all times; (5) improving transit services; and (6) improving the Facility, including widening of I-66 eastbound from two lanes to three lanes between Exit 67 at the Dulles Connector Road (“Exit 67”) and Exit 71, the Fairfax Drive/Glebe Road exit (“Exit 71”), subject to the conditions provided herein; and

WHEREAS, the multimodal transportation Components in the Transform66: Inside the Beltway Project must meet the criteria enunciated in this MOA; and

WHEREAS, VDOT, on behalf of the CTB, will control and manage tolling on the Facility, with the toll revenues being utilized and distributed according to this MOA, to support the tolling operations and tolling maintenance of the Facility, and to fund Components selected by NVTC and approved by the CTB for the Project designed specifically to attain the Improvement Goals; and

WHEREAS, subject to the conditions contained in this MOA, the CTB intends to finance the widening of the Facility between Exits 67 and 71 from toll revenues of the Facility; and

WHEREAS, the CTB desires to delegate to NVTC the authority to select and administer the implementation of Components designed specifically to attain the Improvement Goals to be financed from the portion of the toll revenues of the Facility transferred to NVTC as provided in this MOA; and

WHEREAS, the Parties wish to memorialize their agreement regarding the allocation and expenditure of certain toll revenue arising from travel on the Facility, the criteria for use of toll revenue to implement Components and the relationship between the Parties,.

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements contained herein, and the mutual benefit to the Parties of attaining the Improvement Goals, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. Nature of the Parties' Interest under This MOA

This MOA provides for the transfer to and use by NVTC of specified funds collected from the CTB's tolling of the Facility, as allowed by law and according to the terms of this MOA, for the selection and administration of Components to attain the Improvement Goals. This MOA is specifically subject to, and is governed by applicable state and federal laws concerning the allowable use of tolls, including but not limited to § 33.2-309 of the *Code of Virginia* (1950), as

amended (“Virginia Code”), 23 U.S.C. §§ 129 and 166 and the terms of any agreement by and between the Federal Highway Administration (“FHWA”) and VDOT that may be required in order to toll the Facility.

This MOA does not grant NVTC any authority over I-66 or any other roadways in the I-66 corridor. It also does not address toll revenues that may be derived from the tolling of I-66 outside the Beltway. It also does not obligate VDOT or the CTB to provide any specified amount of revenues beyond those toll revenues generated from the Facility, which have been appropriated by the General Assembly, allocated by the CTB in compliance with Virginia Code § 33.2-309 as provided in this MOA, and determined according to the terms of this MOA.

II. Basic Agreement; Roles and Responsibilities

A. VDOT and the CTB shall have the following roles and responsibilities:

- 1. Design and Construction of Dynamic Tolling Operation on I-66 Inside the Beltway.** VDOT shall be responsible for the design and construction of all improvements and facilities to convert the existing Facility to a tolled Facility. Funding to accomplish this conversion will be advanced from the Toll Facilities Revolving Account pursuant to Virginia Code § 33.2-1529 and repaid out of toll revenues collected from this facility.
- 2. Toll Collection and Establishment.** Subject to the necessary approvals of the CTB and FHWA, and in accordance with law, VDOT and the CTB, as applicable, shall establish, charge, modify and collect tolls throughout the term of this MOA for vehicles using the Facility during peak hours in the peak direction, which shall include dynamic pricing consistent with FHWA Value Pricing Pilot Program. The CTB reserves the right to make any changes to the tolling of the Facility that

increase the hours or directions of tolling and any toll revenue generated from any change shall be governed by this MOA.

3. **HOV Requirements.** In accordance with the long range plan adopted by the National Capital Region Transportation Planning Board, VDOT and the CTB shall take the required actions necessary to change the Project HOV-2 designation to HOV-3 the later of 2020 or upon any increase to HOV-3 occupancy requirements for HOV lanes of I-66 outside the Beltway

4. **Use of Toll Revenues.** VDOT shall include in the annual budget presented to the CTB for approval in June of each year, an estimate of the toll revenues anticipated to be collected in the upcoming year and the proposed allocation of all such toll revenues. Allocation of these toll revenues shall be provided as follows with the intent that after the allocations provided for in (a), (b), (c), and (e), all remaining toll revenues shall be made available for projects selected by NVTC in accordance with (d):

(a) costs and expenses of tolling operation and tolling maintenance, including reasonable reserves for major maintenance of tolling operations of the Facility,

(b) repayments to the Toll Facilities Revolving Account for any allocations advanced from the Toll Facilities Revolving Account to design and construct the dynamic tolling operation of the Facility and the initial allocation of \$5 million for the Project under the terms of the CTB resolution providing said allocations, which resolution shall provide for a

repayment schedule of not less than 25 years, and that annually commits not more than four percent of anticipated toll revenues to such repayment;

(c) NVTC financing payments and any cost of financing for Components selected by NVTC and approved by the CTB under the terms of this MOA; provided that annual financing payments, to include debt service reserves, and debt service does not exceed 40 percent of toll revenues remaining after the allocations described above in subparagraphs II.A.4(a) and (b);

(d) for Components selected by NVTC and approved by the CTB under the terms of this MOA, and any implementation costs related to Components as well as operating costs related to Components, provided not more than 20 percent of the toll revenues after the allocations described above in subparagraphs II.A.4(a) and (b) may be used for completed Component operating costs;

(e) costs and expenses incurred by VDOT for financing the widening from two to three lanes and related improvements to the eastbound lanes of the Facility between Exit 67 and Exit 71, if the conditions set forth in paragraph D are met; the term of such financing, subject to approval by the Treasury Board, shall not be less than 25 years; and such financing may encumber annually an amount not to exceed 40 percent of toll revenues remaining, after the allocations described above in subparagraphs II.A.4(a) and (b).

Such allocations shall begin upon a determination that the criteria which establishes the need for the widening, pursuant to the evaluation in paragraph D, has been met; however, an initial evaluation shall only be

made at the later date of either (i) five years from the date of commencement of tolling of the Facility, or (ii) two years after any increase in occupancy requirements for high-occupancy vehicles from two people to three people (which shall occur the later of 2020 or upon any increase to HOV-3 requirements for HOV lanes of I-66 outside the Beltway).

5. **Approval of Components of the Project.** Provided NVTC complies with the criteria established herein for selection of Components, and subject to paragraph 4 above, the CTB shall allocate toll revenue funding for such Components.

6. **Suspension of Tolling.** VDOT shall, in its sole discretion, and in accordance with Virginia Code § 33.2-613(B) as amended, have the right to order immediate suspension of Facility tolling in the event I-66 is required for use as an emergency mass evacuation route.. VDOT shall lift any such emergency toll suspension as soon as the need for emergency mass evacuation ceases. Neither the Commonwealth of Virginia, the CTB, nor VDOT shall have any liability to NVTC for any loss of toll revenues or any increase in costs and expenses attributable to any such toll suspension to facilitate emergency mass evacuation.

If I-66 is designated for immediate use as any alternate route for diversion of traffic from another highway or is temporarily closed to all lanes in one or both directions due to a significant incident or emergency, VDOT shall have the right to order the immediate suspension of tolling in the direction(s) of any diversion. Neither the Commonwealth of Virginia, the CTB, nor VDOT shall have any liability to NVTC for the loss of any toll revenues or any increase in costs and expenses attributable to the hours the toll suspension is in effect.

7. Duration of Tolling: Nothing in this MOA shall obligate or be construed as obligating VDOT to continue or cease tolls after the end of this MOA's term except as provided in III.

8. Financial Agreements. To the extent permitted by this MOA and subject to the limits on use of toll revenue in II.A.4, VDOT and the CTB retain all rights to enter into any financial agreements encumbering toll revenues derived from the Facility for the purposes specified in this MOA.

9. Operation and Maintenance of I-66. Except as set forth in II.A.4(a), VDOT shall throughout the term of this MOA, maintain and operate, or cause others to maintain and operate the Facility from Highway Maintenance and Operating Fund revenues.

10. Annual Budget Process. In preparation for the annual budget process, VDOT shall estimate toll revenues and anticipated allocation of the estimated toll revenues for the upcoming six-year period presented in the Six Year Financial Plan and Six Year Improvement Program and provide said estimates to NVTC not later than January 30th of each year.

11. Quarterly Payments. VDOT shall provide quarterly payments of actual toll revenues to NVTC of those toll revenues allocated pursuant to subparagraphs II.A.4(c) and (d) of this MOA by the 15th day after the end of each quarter. The quarterly payment shall be equal to the lesser of 25 percent of the amount appropriated and allocated under II.A.4(c) and (d), or the toll revenues available to make such payment. Neither VDOT nor DRPT shall deduct from such quarterly payments any administrative fee or other charges.

12. **Reports.** VDOT shall provide quarterly reports documenting the actual revenues and distributions of said toll revenues to NVTC.

B. NVTC shall have the following roles and responsibilities:

1. **Coordination and Development of Transportation Plan; Use of Toll Revenues; Compliance with Laws Limiting Use.** As part of the Six Year Improvement Program presented to the CTB for approval in June of each year, NVTC shall submit to the CTB, Components to be funded in whole or in part with Toll Revenues from the Facility, to be paid to NVTC as provided herein. Such Components shall be selected by NVTC in accordance with a process established by NVTC that complies with this MOA. Such Components shall be separately identified with supporting documentation as set forth in Exhibit 2. The CTB shall approve the Components selected by NVTC, and allocate toll revenues for them, pursuant to paragraph II.A.4, provided the Components meet the criteria below and are selected in accordance with NVTC's selection process described in II.B.2. Each proposed Component must meet each of the following five criteria:

- (a) Must benefit the toll-paying users of the Facility;
- (b) Must have the capacity to attain one or more of the Improvement Goals;
- (c) Must be one of the following multimodal transportation improvements serving the Corridor:
 - (i) New or enhanced local and commuter bus service, including capital and operating expenses (e.g., fuel, tires, maintenance, labor and insurance), subject to the limitations in paragraph II(A)(4), and transit priority improvements;

- (ii) Vanpool, and formal and informal carpooling programs and assistance;
- (iii) Capital improvements for Washington Metropolitan Area Transit Authority rail and bus service, including capital and operating expenses, subject to the limitations in paragraph II.A.4, and improved access to Metrorail stations and Metrobus stops;
- (iv) Park and ride lot(s) and access or improved access thereto;
- (v) Roadway improvements to address impacts from the dynamic tolling of the Facility on roadways in the Corridor (including but not limited to Routes 7, 29, 50, and 309, and Washington Boulevard, Wilson Boulevard, and Westmoreland Street);
- (vi) Roadway operational improvements in the Corridor;
- (vii) Transportation Systems Management and Operations as defined in 23 U.S.C. § 101(a)(30) on December 3, 2015;
- (ix) Projects identified in VDOT's June 2012 Final Report of the I-66 Multimodal Study Inside the Beltway and the August 2013 Supplemental Report, as well as recommendations from DRPT's 2009 Transportation Demand Management/Transit Report, and projects in the region's constrained long range plan, as such plan may be updated from time to time, and payments to a debt service reserve related to financing of such projects; and

- (d) For non-debt financed Components, must demonstrate the ability to obligate the toll revenues to the cost of the Component within two fiscal years and to expend

the toll revenues within five fiscal years of the fiscal year in which the funds are allocated by the CTB; and

(e) Must demonstrate that the Components will be in compliance with all applicable laws, rules and regulations and have received or will receive all required regulatory approvals.

Under no circumstances shall the aforesaid criteria be modified except by written amendment to this MOA agreed to in writing by the Parties.

NVTC shall have no right to use the Toll Revenues to pay any debt, obligation or liability unrelated to the Project, or for any purposes other than those specified in this MOA.

NVTC understands and agrees that in the selection and implementation of Components using the toll revenues, it is bound by the provisions of Virginia Code § 33.2-309 as well as all other state and federal laws and regulations that limit the use of toll revenues, and toll revenues from interstate highways specifically. Accordingly, NVTC agrees to provide VDOT access to all records relating to Components and the use of the toll revenues. Further, NVTC will provide all such records for inspection and audit by VDOT, DRPT and federal agencies, including but not limited to the United States Department of Transportation, the Federal Highway Administration, and the Federal Transit Administration, or their designees, upon reasonable notice at all times during the term of this MOA.

NVTC agrees to promptly furnish to VDOT and DRPT copies of all reports and notices it delivers to bondholders or any trustee relating to the use of the toll revenues.

2. Project Component Selection Process: Any such Component shall be selected by NVTC in accordance a process established by NVTC. Such process shall include the following three elements:

- (a) a request to submit proposed Components issued by NVTC to all jurisdictions and other public transportation providers in Planning District 8;
- (b) the evaluation, prioritization, and selection of proposed Components by NVTC, and the submission of selected Components by NVTC to the CTB; and
- (c) a public hearing held by NVTC prior to NVTC's selection of Components for submission to the CTB.

The CTB shall approve the Components selected by NVTC and allocate toll revenues for them, pursuant to paragraph II.A.4, provided the Components meet the criteria in paragraph II.B.1. As part of the list of Components submitted to the CTB for approval and allocation of toll revenues, NVTC may submit for CTB approval additional Components that exceed the annual estimated toll revenues for that year. Provided those Components meet the criteria in paragraph II.B.1, the CTB shall approve such additional Components and, pursuant to paragraph II.A.4 and subject to any other approvals that may be necessary, approve the allocation of toll revenues for such Components up to the amount of actual toll revenues for that year that are sufficient to fund one or more of those additional Components.

3. Financing of Components of the Project. NVTC may use toll revenues appropriated by the General Assembly and allocated by the CTB to NVTC to support the financing of approved Components, however, the amount of annual

debt service payments using toll revenues shall be limited as set forth in paragraph II.A.4(c).

NVTC is solely responsible for obtaining and repaying all debt and financing, at its own cost and risk, and without recourse to the Commonwealth of Virginia, the CTB, VDOT, and/or DRPT, for any Component for which toll revenues have been provided to NVTC under this MOA.

The Commonwealth of Virginia, the CTB, VDOT, and DRPT have no liability whatsoever for payment of the principal of or interest on any bonds or any other obligations issued or incurred by NVTC in connection with this MOA, or any interest accrued or any other sum secured by or accruing under any financing document entered into by NVTC as a result of this MOA. No financing document for the NVTC financing of any Component shall contain any provisions whereby a trustee would be entitled to seek any damages or other amounts from the Commonwealth of Virginia, CTB, or VDOT due to any breach of this MOA.

Each bond or promissory note evidencing Revenue bonds must include a conspicuous recital on its face stating: (a) payment of the principal and interest does not constitute a claim against VDOT's interest in I-66 or any part thereof; (b) payment is not an obligation of the Commonwealth of Virginia, VDOT, DRPT, the CTB, or any other agency, instrumentality or political subdivision of the Commonwealth of Virginia moral or otherwise; and (c) neither the full faith and credit nor the taxing power of the Commonwealth of Virginia, VDOT, DRPT, the CTB, or any other agency, instrumentality, or political subdivision of the

Commonwealth of Virginia and/or its member jurisdictions, is pledged to the payment of the principal and interest.

NVTC shall not enter into agreements with holders of any debt incurred by NVTC or its member jurisdictions that contain a pledge or claim on the toll revenues or NVTC's interest in the toll revenue under this MOA except such debt issued for the Project. If, despite such efforts, toll revenues are applied to satisfy any debt of NVTC that is not properly payable out of toll revenues in accordance with this MOA and state and federal law, NVTC shall reimburse in full any such toll revenues or accounts from any other available revenues other than the toll revenues.

4. Monitoring: NVTC shall provide an annual report to the CTB within 120 days of the end of NVTC's fiscal year. The report shall contain at a minimum the following three items:

- (a) A description of the Components selected for funding in the past fiscal year and the benefits that were the basis for evaluation and selection of each such Component;
- (b) Starting five years after the effective date of this MOA, a review of the Components funded in past fiscal years describing the degree to which the expected benefits were realized or are being realized; and,
- (c) In the event that a funded Component is not providing substantially similar benefits to those that were the basis for evaluation and selection of the Component, the report shall evaluate the viability of a plan to either (i) modify such Component

or (ii) redeploy assets in such Component to other eligible Components that are expected to provide greater benefits.

5. **Accounting.** NVTC shall receive and manage, as a fiduciary, the toll revenue appropriated by the General Assembly, allocated by the CTB, and distributed to it by VDOT. NVTC shall maintain all funds and accounts containing said toll revenues from this MOA separate and apart from all other funds and accounts of NVTC. The revenues and expenses relating to the use of the toll revenues, and the Components undertaken with the toll revenues from this MOA, shall not be commingled with any other funds, accounts, venues, or expenses of NVTC. NVTC shall create and maintain for the term of this MOA segregated accounting and financial reporting for the Components financed by toll revenues provided by this MOA and reported as a separate fund in NVTC's financial statements, and such accounting shall constitute a proprietary "special revenue fund" as defined by the Governmental Accounting Standards Board. Expenditures will be recorded and reported for each Component.

All toll revenues provided to NVTC pursuant to the terms of this MOA shall be held by NVTC in accounts with a financial institution under an arrangement that, to the extent reasonably practicable, preclude such funds from being an asset subject to the claims of creditors of NVTC, other than a holder of bonds, or other claims related to the Components undertaken in accordance with this MOA.

6. **Quality Management.** NVTC shall be responsible for all quality assurance and quality control activities necessary to properly manage the funding of the development, design, construction, purchases, acquisition, operation and

maintenance of any Component it has undertaken pursuant to this MOA, and will develop and provide to VDOT and DRPT for information purposes its manuals, policies, and procedures to accomplish the same.

7. **Public Information.** During the term of this MOA, NVTC shall provide information to the public concerning the Components it has undertaken, including any public meetings and public hearing that may be required by law or regulation.

8. **Regulatory Approvals.** NVTC shall obtain, keep in effect, maintain, and comply with all regulatory approvals necessary for funding the development, operation, and maintenance of any Components funded under this MOA.

9. **Contracting Practices.** During the term of this MOA, NVTC covenants and agrees, that with respect to the Components it has undertaken, it will comply with all requirements of state and federal laws relating to anti-discrimination, including but not limited to Titles VI and VII of the Civil Rights Act of 1964, as amended, and the Americans with Disabilities Act, and shall contractually require the same of all contractors, subcontractors, vendors, and recipients of any funding. NVTC recognizes the importance of the participation of minority, women-owned and small businesses through the federal and local Disadvantaged Business Enterprise programs and will abide by such programs in implementing Components.

NVTC shall comply with all applicable federal requirements, including those applicable to highways that are part of the National Highway System.

10. **Insurance and Indemnity by Contractors.** NVTC shall include the Commonwealth of Virginia, the CTB, VDOT, DRPT, and their officers, employees and agents, as additional insureds on NVTC's insurance policies so that they are

protected from and against any losses actually suffered or incurred, except for losses to the extent caused by the negligence or willful misconduct of such entity or person, from third party claims that are directly related to or arise out of: (a) any failure by NVTC to comply with, to observe or to perform in any material respect any of the covenants, obligations, agreements, terms or conditions in this MOA, or any breach by NVTC of its representations or warranties in this MOA; (b) any actual or willful misconduct or negligence of NVTC, its employees or agents in direct connection with the Project or any related Components; (c) any actual or alleged patent or copyright infringement or other actual or alleged improper appropriation or use of trade secrets, patents propriety information, know-how, trademarked or service-marked materials, equipment devices or processes, copyright rights or inventions by NVTC in direct connection with the Project or; (d) inverse condemnation, trespass, nuisance or similar taking of or harm to real property committed or caused by NVTC, its employees or agents in direct connection with the Project; or (e) any assumed liabilities. NVTC shall contractually require its contractors, subcontractors, vendors, and others working or performing services related to any Component it has funded to indemnify the Commonwealth of Virginia, the CTB, VDOT, DRPT, and their officers, employees and agents from the same losses.

All insurance purchased by NVTC or its contractors pursuant to this section shall name the Commonwealth of Virginia, the CTB, VDOT, DRPT, and their officers, employees and agents as additional insureds.

This provision shall survive the expiration or earlier termination of this MOA.

In the event any third-party claim to which this section applies is asserted in writing against the Commonwealth, the CTB, VDOT, DRPT, or their officers, employees, and agents, VDOT will as promptly as practicable notify NVTC in writing of such claim, which shall include a copy and any related correspondence or documentation from the third party asserting the claim. However, any failure to give such prompt notice shall not constitute a waiver of any rights of VDOT unless such failure limits or precludes the availability of those rights.

C. Initial Multimodal Transportation Improvements. NVTC shall undertake a project selection process upon execution of this MOA, and submit to the CTB a list of Components for an advanced allocation of funding in the amount of \$5 million (which shall be provided upon commencement of construction of the dynamic tolling of the Facility as provided in paragraph II.A.1, and shall be repaid as specified in paragraph II.A.4). Components shall be multimodal transportation improvements that meet the criteria set forth in paragraph II.B.1 and are capable of being obligated not later than at the time tolling begins on the Facility. In the event litigation is filed challenging the implementation of the Project, or a Component of the Project, prior to the initiation of tolling, or in the event any other action prohibits or restricts the ability to toll the Facility, then the CTB may withhold this funding until such time that the litigation or other event or action is resolved in a manner that allows the Project to be implemented. NVTC may choose to expend other funds after the execution of this MOA for Components identified through the selection process described in this MOA prior to the commencement of construction. Any such expenditures are at NVTC's risk but shall be reimbursable from the advanced allocation identified

in this paragraph provided the expenditures otherwise comply with the provisions of the MOA. NVTC may choose to expend up to an additional \$5 million for additional Components consistent with this subsection. Any such expenditures are at NVTC's risk but shall be reimbursable from toll revenues.

D. Widening and Related Improvements to I-66. At the later date of either (i) five years from the date of commencement of tolling of the Facility, or (ii) two years after the date of increase in occupancy requirements for high-occupancy vehicles from two people to three people (which increase shall occur the later of 2020 or the increase of occupancy requirements of HOV lanes of I-66 outside the Beltway), an evaluation of the need to widen the eastbound lanes of the Facility from two lanes to three lanes between the Dulles Connector Road and Exit 71 will be undertaken.

1. If the evaluation conducted by VDOT, in consultation with NVTC, of the effectiveness of the tolling and the multimodal improvements on the performance of the Facility and of traffic operations on roadways in the Corridor demonstrates one of the following has occurred, or is occurring, then those funds as set forth in paragraph II.A.4(e) shall be allocated by the CTB for such Facility widening and VDOT shall then begin the process to widen the Facility:

(a) The eastbound lanes of the Facility between the Dulles Connector Road and Exit 71 are operating at an average speed of less than 50 miles per hour for more than 10 percent of the time between the hours of 5:00am and 10:00am on weekdays over a 180-day period as determined using commonly accepted engineering practices and performance monitoring. Starting with the commencement of tolling

on the Facility, the average operating speed of I-66 will be reported every 180-days (bi-annually) to NVTC.

(b) The average travel times on the roadways listed below experience an average 10 percent increase on the eastbound lanes compared to the baseline performance of the following facilities:

- Route 50 from I-495 to Route 120 (Glebe Road);
- Route 29 from I-495 to Route 120 (Glebe Road);
- Route 237 (Washington Boulevard) from Route 29 to Route 120 (Glebe Road); and
- Route 7 from I-66 to Route 50.

A baseline performance of the Facility and the above roadways will be established for weekdays in a 180-day period following the commencement of tolling of the Facility using commonly accepted engineering practices and performance monitoring. Data will be collected daily and reported quarterly starting with the commencement of tolling on the Facility.

2. If the evaluation provided for in II.D.1 demonstrates the need for widening, the design for the widening shall be limited to increasing the number of eastbound lanes of the Facility from two lanes to three lanes consistent with an approved environmental document subject to the National Environmental Policy Act, and other laws and regulations applicable to the widening, and shall apply the principals of Context Sensitive Solutions as described in FHWA's Publication FHWA-HEP-07-014 as follows:

- Minimize or eliminate impacts to the parks, stream corridors, and vegetation along the corridor and within the right-of-way;

- Minimize or eliminate impacts to the W&OD Trail and the Custis Trail;
- Reduce the cost of this component of the Project; and
- Minimize or eliminate the need for acquisition of additional right-of-way.

If during the initial evaluation the conditions referenced in subparagraphs D.1 through D.2 do not exist, then VDOT shall every two years until the earlier of (i) the end of the term of the MOA conduct a further evaluation, or (ii) such time that one of the conditions referenced in such subparagraphs is found to exist, at which time the allocation of toll revenues pursuant to paragraph II.A.4(e) shall be made and the widening of the Facility will be undertaken by VDOT.

III. **Term.** Unless this MOA is otherwise terminated in accordance with Section VI, the term of this MOA shall commence on the date last signed by the Parties (“the Effective Date”) and shall expire on the 40th anniversary of the Effective Date. NVTC shall not enter into financing agreements or other financial obligations for approved Components that are dependent on toll revenue from the Project and which extend beyond the 40th anniversary of the Effective Date.

In event that this MOA is terminated in accordance with Section VI prior to the 40th Anniversary of the effective Date, and there are outstanding NVTC financing agreements for which toll revenues have been pledged for debt service payments or there are pay-go Components which are yet to be completed, and further provided the use of toll revenues for the financing agreement or pay-go Component is not a misuse of toll revenues under this MOA and the cause or basis of the termination, then, subject to CTB approval, toll revenues shall continue to be allocated in accordance with paragraph II.A.4(c) to pay debt service or to complete the Component. The CTB will not approve funding for pay-go Components for more than two fiscal years past the termination of the MOA in accordance with Section VI prior to the 40th Anniversary of the effective Date.

IV. Entire Agreement. This MOA constitutes the entire and exclusive agreement between the Parties relating to the specific matters covered. All prior written, and prior or contemporaneous verbal agreements, understandings, and representations are superseded, revoked, and rendered ineffective for any purpose.

V. Amendment. This MOA may be altered, amended or revoked only by an instrument in writing signed by all Parties or their permitted successor(s) or assignee(s).

VI. Termination. This MOA may be terminated (a) by a Party for non-compliance with this MOA which has not either been remedied, or a remedy commenced and diligently pursued thereafter, within 120 days after written notice from the other Party, and (b) by written agreement of the Parties. However, prior to any termination, the Parties shall meet and confer to make a good faith attempt to resolve any non-compliance issues as follows. Within 30 days of the notice, the Commissioner of Highways and the NVTC Executive Director shall meet to discuss resolution of the non-compliance issues. If a resolution cannot be reached within 30 days, the Secretary of Transportation and the Chairman of NVTC shall meet within 30 days to discuss resolution of the non-compliance issues. If a resolution cannot be agreed upon within 30 days, the termination shall be effective as set forth in the written notice.

VII. Notices. Notices shall be made in writing and shall not be effective for any purpose unless and until actually received by the addressee or unless served personally, by independent reputable overnight commercial courier, by facsimile transmission followed by a timely service of the original, or by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

If to NVTC:

Executive Director
Northern Virginia Transportation Commission

2300 Wilson Boulevard, Suite 620
Arlington, VA 22201
Fax:

If to VDOT:

Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219
Attn: Commissioner of Highways
Fax: (804) 786-2940

With a copy to:

Office of the Attorney General
Chief, Transportation Section
900 East Main Street
Richmond, Virginia 23219
Fax: (804) 692-1647

Any Party may, by notice as specified above, in writing designate an additional or a different entity or mailing address to which all such notices should be sent.

VIII. Relationship of the Parties. The relationship of NVTC to VDOT shall be one of an independent contractor, not an agent, partner, lessee, joint venture, or employee.

IX. No Third Party Beneficiaries. Nothing contained in this MOA is intended or shall be construed as creating or conferring any rights benefits or remedies upon or creating any obligations of the Parties toward any person or entity not a party to this MOA (except rights contained herein expressly for the benefit of bondholders and/or trustees).

X. Governing Law and Venue. This MOA shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

XI. Assignment. This MOA may be assigned only with the written approval of the other Party. In the event of an agreed assignment, there will be an amendment to this MOA to reflect the change in Parties.

XII. Survival. If any provisions in this MOA are rendered obsolete or ineffective, the Parties agree to negotiate in good faith appropriate amendments to, or replacement of such provisions, in order to restore and carry out the original purposes to the extent practicable. If any provision is rendered void or invalid, all remaining provisions shall survive.

XII. Notice of Legal Proceedings. The Parties agree to promptly notify each other if they become aware of any claim or legal proceeding that could impact the program, projects, and activities undertaken pursuant to this MOA.

XIII. Construction of Agreement. This MOA is intended by the Parties to be construed as a whole, and indivisible, and its meaning is to be ascertained from the entire instrument. All parts of the MOA are to be given effect with equal dignity, including but not limited to the recitals at the beginning of this MOA, and all such parts, including the recitals, are to be given full force and effect in construing this MOA. No provision of any recital shall be construed as being controlled by, or having less force and effect, than any other part of this MOA because the provision is set forth in a recital.

XIV. No Personal Liability. This Agreement shall not be construed as creating any personal liability on the part of any officer, employee, or agent of the Parties; nor shall it be construed as giving any rights or benefits to anyone other than the Parties.

XV. No Waiver of Sovereign Immunity. Nothing in this MOA shall be deemed a waiver of sovereign immunity.

XVI. **Appropriations.** All obligations of the CTB to allocate toll revenues are subject to appropriations by the Virginia General Assembly.

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DRAFT

In witness whereof, the Parties hereby cause this MOA to be executed, each by its duly authorized officers, as of the date below.

COMMONWEALTH TRANSPORTATION BOARD

The Honorable Aubrey L. Layne, Jr
Secretary of Transportation

Date: _____

VIRGINIA DEPARTMENT OF TRANSPORTATION

Charles A. Kilpatrick
Commissioner of Highways

Date: _____

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Kelley Coyner
Executive Director

Date: _____

Agenda Item #8: Report of the Virginia Members of the WMATA Board of Directors



TO: Chairman Snyder and NVTC Commissioners

FROM: Kelley Coyner and Laurel Hammig

DATE: November 24, 2015

SUBJECT: Report of the Virginia Members of the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors

Key WMATA related developments this month include:

- On November 19th, [WMATA appointed Paul Wiedefeld as its new General Manager and Chief Executive Officer](#). Mr. Wiedefeld's priorities are safety and security, reliability, and finances. Mr. Wiedefeld will start as of November 30th. NVTC is working with WMATA to feature the new General Manager in the Commission's Regional Public Forums on WMATA and anticipates his attendance at the January Commission Meeting.
- On November 19th, Interim General Manager Jack Requa previewed four conceptual options for the FY2017 operating budget and three high-level options for capital investment. The GM will present the Proposed FY2017 Budget on December 3rd.
- On November 19th, the Board adopted several advertising items designed to increase revenue from this source.
- In a related matter, we have included [the scope of the Management Audit](#) to be performed by McKinsey and Company/Ernest and Young as well as more [detailed ridership data](#) requested by Ken Reid.
- NVTC transmitted [Resolution #2284](#), which was adopted at the last Commission meeting, regarding safety oversight to WMATA's Chair and Interim General Manager, as well as the U.S. Secretary of Transportation, Federal Transit Administrator, members of the General Assembly, and members of the Northern Virginia Congressional Delegation.
- On November 12th, [FTA Acting Administrator Therese MacMillan spoke to the Metropolitan Washington Council of Governments](#), articulating the temporary role of FTA in oversight of WMATA and the need for swift legislative action to establish the Metro Safety Commission.
- Due to the terrorist attacks in Paris on November 13th, [WMATA increased visible patrols throughout the system](#). NVTC continues to update plans for each Metro station and is in discussion with regional emergency management on ways to better integrate regional and local transit into the full spectrum of emergency preparedness.
- On November 13th, NVTC received cost estimates from WMATA for regional implementation of the NEPP system. NVTC staff is actively evaluating the cost estimates and implementation schedule for regional implementation of WMATA's next generation fare payment system to determine next steps.

A. Safety and Related Issues

Due to the terrorist attacks in Paris on November 13th, [WMATA raised the visibility of patrols throughout the system](#). Metro Transit Police Chief Pavlik reported to the WMATA Board on November 19th that there is no credible threat to the system but WMATA staff is receiving regular security updates from federal partners.

National Transportation Safety Board (NTSB): L'Enfant Plaza Accident

[Secretary Foxx directed the Federal Transit Administration \(FTA\) to assume enhanced, independent safety oversight authority over Metrorail](#) relieving the Tri-State Oversight Commission of its direct oversight. This action rejected the NTSB's recommendation to shift safety oversight of Metrorail to the Federal Railroad Administration as called for by the National Transportation Safety Board on September 30th. The [NTSB's recommendation\(s\) are linked here](#). In a related development, the members of the region's Congressional delegation are pursuing legislation that would allow for funding of this special effort by reallocating funding that has been designated for a new independent regional safety organization. FTA is working with WMATA and the Virginia Department of Rail and Public Transportation to institute this change.

As the NTSB expects to complete its investigation into the smoke and electrical arcing accident at WMATA's L'Enfant Plaza Station. In the interim, WMATA is addressing four NTSB recommendations related to the January incident. The recommendations ([R-15-008](#), [R-15-009](#), [R-15-010](#) and [R-15-025](#)) call for WMATA to assess its tunnel ventilation system, develop and train staff in emergency tunnel ventilation procedures, and ensure that all power cable connector assemblies are properly constructed and installed in accordance with engineering design specifications.

Derailment Investigation

WMATA submitted the final derailment report to the Tri-State Oversight Committee and the Federal Transit Administration in early October on the August derailment of a non-passenger train near Smithsonian Station. The document will become public after the oversight entity completes its review. There is no estimated timeline for this, at this time. On September 3rd the WMATA Safety Committee examined the General Manager's operational investigation report of the August derailment of a non-passenger train near Smithsonian Station. Board members reviewed [technical issues](#) related to failure to correct a track condition "wide gauge" where the running rails are wider than the specified distance with a track geometry vehicle. The General Manager briefed them on immediate safety actions including a system-wide track inspection and steps to detect critical safety data. Three employees resigned following the incident: the operator of the track geometry vehicle, his supervisor, and the Chief Safety Officer Jim Dougherty.

FTA Safety Audit

Subsequent to assuming expanded safety oversight, the FTA issued [Safety Directive 16-1](#) on October 26th outlining how the FTA will exercise leadership over the Tri-State Oversight Committee as part of the FTA's direct oversight of the Metrorail system. WMATA continues to address the key issues raised in the [FTA Safety Management Inspection Report](#), namely improved compliance with WMATA's own safety program; adequate and timely safety training and certification for WMATA employees; and a better balance between safety-

critical track work and passenger service. WMATA has submitted the final corrective action plans for all 91 recommendations, as required by the Safety Management Inspection Report, to the Federal Transit Administration.

Metro Safety Commission

On November 12th, [FTA Acting Administrator Therese MacMillan spoke to the Washington Metropolitan Council of Governments](#), articulating the temporary role of FTA in oversight of WMATA and the need for swift legislative action to establish the Metro Safety Commission. This new entity, which will replace the Tri-State Oversight Commission (TOC), will be financially independent of WMATA and have investigative and enforcement authority. Establishment of the MSC is essential if the region is to receive \$4.5 million in federal grants. (Note: NVTC's draft Federal and State Legislative and Policy Agenda calls for approval of this legislation.) Under the expanded FTA safety oversight, the TOC will remain until the MSC is in place. WMATA is working closely with FTA on roles and responsibilities under the expanded oversight.

Wireless Service on Metrorail Platforms and Tunnels

WMATA has reached an agreement in principle with four major cellular carriers to improve cellular access across the Metrorail system. WMATA, MWCOC and Metrorail jurisdictions are working with the Cellular Carrier Team to pursue rapid reinstatement and an accelerated build of the Neutral Host System to improve cellular access across the Metrorail system. The importance of improved connectivity was highlighted following the January 12, 2015 incident when riders, stuck in a tunnel, were unable to reach 911 via cellphone. This work began in 2008 but faltered when a contractor hired by the wireless companies filed bankruptcy in 2013 before completing its work in Metro's tunnels. Under the new agreement, WMATA will wire the tunnels and receive reimbursement from the carriers. It is expected to take five years to complete.

B. Financial Management

Advertising Policy

The Board approved changes to the advertising policy: continuing the ban on issue-oriented advertisements; additional advertising inventory including an expansion of digital screens; and, providing new opportunities for generating advertising revenue, including a return to permitting alcohol advertising in the system. The ban on issue-oriented advertisement is compliant with free speech requirements and has resulted in a \$1.6 million reduction in advertising revenue. The increased inventory and the expansion of advertising content are designed to increase revenue from \$1.2 and \$5 million per year.

Financial Audit

WMATA provided a corrective action plan for all the findings identified in the [external audit of its FY2014 Financial Statement](#). WMATA had previously provided management responses and a corrective action plan for each finding related to the FY2014 Single Audit. [The Report on Compliance for Each Major Federal Internal Control](#) found ten "material weaknesses," three "significant deficiencies," and two compliance findings related to financial reporting. Most of the material weaknesses identified were already acknowledged through other audits.

Virginia Board member Jim Corcoran was named the chair of the Audits and Investigations Committee, succeeding Anthony Giancola.

Financial Management Oversight

WMATA is on track to submit six deliverables due in November to the FTA for Financial Management (FMO) Correction Action Plan (CAP) testing and validation plan reviews. In order for WMATA to be removed from restricted drawdown, FTA identified action items, due dates, testing completion goals and the testing process itself. WMATA submitted its second quarterly report in October to the Director of the Virginia Department of Rail and Public Transportation (DRPT) and the Chairmen of the Virginia House and Senator Transportation Committees on the actions taken to address recommendations cited in the FTA's Full Scope of Systems Review of WMATA.

C. Budget and Finance

FY2017 Budget Development

In preparation for the GM/CEO budget proposal in December, WMATA staff described four high-level options for the FY2017 operating budget and three high-level options for capital investment. After the budget proposal in December, there will be additional discussions prior to budget adoption in April 2016.

Capital Funding Agreement (CFA)

Discussions on the Capital Funding Agreement (CFA) will continue as the WMATA Board works through how to prioritize among the competing needs while ensuring investments benefit all users across the region. The CFA expires June 30, 2016. Key areas of the CFA include additional buses, Metrobus Priority Corridor Network, replacement and expansion of railcars and power upgrades, and station access/capacity improvements. Staff is targeting the execution of the renewed CFA in April 2016. The April deadline coincides with the adoptions of the FY2017 Annual Work Plan (AWP) and Capital Improvement Program (CIP).

A CFA working group completed most of the work on the administrative portion of the new CFA. Staff of WMATA Compact members along with Loudoun County and NVTC and DRPT staff participated in this working group.

Financial Dashboard

The following financial reports for FY2015 are now available. The April through June FY2015 reports are not yet available.

- [January FY2015](#)
- [February FY2015](#)
- [March FY2015](#)
- [July FY2015](#)
- [August FY2015](#)
- [September FY2015](#)
- [October FY2015](#)
- [November FY2015](#)
- [December FY2015](#)

D. WMATA Virginia Ridership and Parking Facility Utilization

WMATA Virginia Ridership October 2014 – 2015			
	October 2014	October 2015	Percent Change
Metrorail			
Total	10,220,292	9,290,695	-9.1%
Weekday Average	346,187	321,526	-7.1%
Metrobus			
Total	1,930,759	1,833,994	-5.0%
Weekday Average	75,271	73,427	-2.4%
MetroAccess			
Total	28,954	28,566	-1.3%

WMATA Virginia Parking Facility Usage October 2014 – 2015				
Station/Lot	October 2014	Y-T-D FY15	October 2015	Y-T-D FY16
Huntington	75%	73%	72%	70%
West Falls Church	67%	73%	58%	56%
Dunn Loring	88%	89%	81%	78%
Vienna	93%	94%	83%	82%
Franconia	73%	72%	71%	70%
Van Dorn	112%	112%	110%	110%
East Falls Church	116%	120%	119%	122%
Wiehle-Reston East	79%	72%	92%	90%
Northern Virginia Total	81%	81%	78%	76%

E. Key WMATA Milestones/Dates

DATE	MEETING	Key Issues
12/3	Customer Service and Operations	Bus Fleet Plan
12/3	Finance and Administration	General Manager's Proposed FY2017 Budgets
12/17	Safety and Security	FTA SMI Update Derailment Incident Report Update
12/17	Board of Directors	



November 19, 2015

Dear Metro Supporter and Partner:

I was pleased today to receive unanimous support from the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors to be the next General Manager and Chief Executive Officer. My first day at Metro will be November 30, 2015, and I am looking forward to working with you to make Metro the best it can be for this region, for our riders and for employees.

I pledge to work quickly to introduce myself to Metro's employees, our riders, and you. I know there are many challenges that need to be addressed right away, and I am prepared to work swiftly and aggressively so that we can get it right.

My immediate priority will be improving safety and service for our customers, while also spending time meeting and listening to our employees, customers and many of you to learn about your priorities and hopes for Metro. All of this will be especially important during WMATA's Fiscal Year 2017 budget approval process, which coincides with my start date.

I'll need your help, and the help of Metro's partners in each of the jurisdictions we serve, to provide this region with the safest and best transit service that it expects and deserves. I look forward to meeting and talking with you soon.

Sincerely,

Paul J. Wiedefeld
General Manager and
Chief Executive Officer

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
70, 71, 80, X2

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
SUPPLY AND SERVICE CONTRACT
RFP-CQ15241

TECHNICAL SPECIFICATIONS

Financial Systems and Management Operations Analysis

INTRODUCTION

The Washington Metropolitan Area Transit Authority (WMATA) was created by an interstate compact in 1967 to plan, develop, build, finance, and operate a regional transit system in the national capital area covering the District of Columbia and parts of the State of Maryland and the Commonwealth of Virginia. WMATA began building its rail system in 1969, acquired four regional bus systems in 1973, and began operating the first phase of Metrorail in 1976. Today, WMATA operate 24 hours a day, seven days a week providing multi-modal transit services within a 1,500-square mile area; serving a population of 5 million. These include Metrorail with 91 stations and 117 miles of track, Metrobus with 1,500 buses and MetroAccess which provides about 2.5 million trips per year.

PURPOSE

The WMATA's footprint and service requirements have changed significantly requiring WMATA to seek best practices and organizational efficiencies to drive agency missions (best practices include but are not limited to public sector, commercial sector, and global transportation best practices). By eliminating redundancies, leveraging technology to control cost, and maximizing revenue generation, WMATA will ensure a more efficient and effective transit service delivery.

Toward that end, WMATA will utilize advisory services to accomplish the objectives and tasks requested in this solicitation. WMATA will not exercise any supervision or control over Vendor personnel performing the services herein. Such Vendor personnel shall be accountable solely to the Vendor, who in turn, is responsible to WMATA.

OBJECTIVES

Using a phased approach methodology to determine whether efficiencies can be obtained, the contractor shall:

- a. Provide a combination of strategic and operational reviews to support WMATA's efforts to improve overall business operations, business operations, performance management, performance metrics, process and teaming, and financial effectiveness and efficiency through strategic transformation, rebalancing and realignment.
- b. Analyze current business processes and identify specific near term and longer-term opportunities for process improvements, enhanced communications, and overall effectiveness and efficiency; including strategies and methodologies that can drive sustainable, continuous improvement, in both financial systems (including capital program management) and business management operations, within WMATA. Organizational departments may include but are not limited to financial management, human resources, communications, information technology, and key line organizations throughout the bus/rail system.
- c. Evaluate WMATA's enterprise financial system and environment including practices, capacity and capabilities and recommend how best to optimize overall financial operation, including financial planning, treasury management, grants management, accounting and financial reporting to ensure organization realignment, human capital optimization and compensation to drive organizational transformation that leads to a best in

class financial organization to:

- Support management decision-making and enhanced operating efficiency;
 - Establish a strong foundation of best practice financial operations and internal controls that would be responsive to mission;
 - Meet Federal Transit Administration's and other compliance requirements to help advance WMATA's fiscal stewardship to the region.
- d. Evaluate WMATA's enterprise business procedures, operations workflow practices, internal and external communications effectiveness, performance management methods and key performance indicators and recommend how best to optimize, rebalance, and realign to drive organizational transformation.
- e. Identify new and enhanced methods of generating revenue from operations and ancillary activities
- f. Develop an implementation plan and provide resource support to WMATA for implementation of the tasks (a) through (e) of SCOPE / TASKS cited below.

SCOPE / TASKS

PHASE 1: This project consists of required tasks to be completed as Phase 1 deliverables. It also includes an option to conduct variable tasks and implementation support associated with the Scope of this engagement. The fixed tasks to be performed in Phase 1 are as follows:

- a. Conduct a business and financial analysis of WMATA's administrative, operating and capital activities, including finance operations and grants management and develop gap analysis and recommendations;
- b. Conduct a staffing analysis; using best in class transit agencies for peer comparison as benchmark; identifying unfavorable variances, contributing factors for success or failure of operations, and provide recommendations;
- c. Provide personnel cost containment assessment and recommendations to address employee attendance and productivity healthcare, salaries, fringe benefits, pension costs, workers' compensation claims and management;
- d. Evaluate WMATA's market and customer and identify opportunities to build ridership and revenues through better policies, pricing, use of technology, etc. in comparison to other world-class systems.
- e. Evaluate WMATA's current revenue sources to identify revenue enhancements and additional revenue opportunities.
- f. Plan and conduct focus group fact finding sessions with groups of executives, senior leaders, and key staff to identify barriers to effective operations and develop recommendations for break down silos, build trust, enhance communications and provide framework for problem resolution and integrated decision making.
- g. Develop an implementation plan and provide a fixed price for personnel resource support to WMATA for implementation of SCOPE Tasks (a) through (f). If reasonably acceptable to

WMATA, the personnel resource support to WMATA shall be tasked as part of Phase 2 option.

Vendor shall provide services specified in this solicitation based on an agreed-upon project plan and project deliverables. The project plan and deliverables will demonstrate vendor's capacity to accomplish WMATA's goal through the suggested steps including:

Note that Offerors may propose alternative steps or methods that meet the defined objectives and tasks.

Step 1: Environmental survey and pre-planning

Through an environmental survey, Vendor will gain a better understanding of WMATA's business processes, associated systems and effectiveness. The survey will assess internal, as well as external factors that affect WMATA operations, financial management and internal controls. It will also provide WMATA's leadership with initial observations on WMATA's current operation and financial management, risks and mitigation strategies.

This step will encompass pre-planning activities, including, but not limited to the following:

- Preliminary engagement activities (administrative – badges, network access, etc.) and client kickoff conference
- Communication with governance and leadership teams
- Developing entity profile and best in class peers
- Identification of significant provisions of laws and regulations

Step 2: Gap Assessment, including process mapping

Evaluate current business requirement and processes. Develop and implement a methodology to identify gaps in order to optimize efficiency. The Vendor will use Benchmarking, Peer reviews, Industry analysis and other techniques to conduct this task. The review shall include:

- a. **Scorecard** – The scorecard should compare processes, operations, and technology performance against leading peers and identify gaps between the current state of each core process area and best practices. The scorecard should contain both qualitative and quantitative information and identify the strengths and weaknesses of each core process compared to industry leading practices.
- b. **Financial Management Assessment** – The financial systems analysis management assessment tasks are critically important for accomplishment by the vendor. The financial management reviews will include, but are not limited to, Organizational Structure, Financial reporting and Decision Support. The segments within each component include:

Organizational structure

- Development of annual Management Action Plan, identifying measurable goals and objectives, with focus on 3-year and 1-year budget cycles, and assigning responsibility and time frames for completion and oversight.

- Clear organizational reporting structure which ensures timely communication of financial and operating results with comparisons to Plan or Budget.

Timely and Accurate Financial Reporting

- Monthly, Quarterly and year-to-date financial statements that meet FTA and Jurisdictional reporting requirement
- Management tool that provides financial and operational accountability based on key Statistical Indicators and volume measures
- Accuracy and Efficiency in transaction processing, including preparation of auditable annual statements
- Assess integrated project management and project financial management tools and recommended improvements to assure there is accountability and integrity in measuring results and proper billing procedures for capital work.

Enterprise Resource Planning system & Decision Support

- Robust financial system that is appropriate and effectively supports WMATA's financial environment (note: PeopleSoft application is the current enterprise solution application for financial management).
- Adequacy of business intelligence tools as well, system and ad hoc financial reporting tools.
- Efficient and effective in providing information that supports management decisions

- c. **Enterprise Business Management Operations Assessment** – The assessment of WMATA's enterprise business procedures, operations workflow practices, internal and external communications, and performance management methods and key performance indicators assessment tasks are critically important for accomplishment by the vendor. The reviews will include, but are not limited to, organizational structure, business processes and operations across the WMATA enterprise, communications effectiveness, and performance management. The segments within each component include:

Organizational structure

- Identify silos and fiefdoms that inhibit effective business operations; provide strategic rebalancing or restructuring opportunities;
- Identify measurable goals and objectives, with focus on WMATA's strategic plan objectives; and assigning responsibility and time frames for completion and oversight.
- Clear organizational reporting structure which ensures enhanced communications and actions that build trust relationships between the various WMATA business enterprise organizations.

Step 3: Impact Analysis

As part of Impact Analysis, Vendor shall identify causes of gaps, rank and assess their impact to the organization's operations including cost, efficiency and effectiveness to help establish value proposition.

- a. **Estimate of Financial and Operational Benefits:** Quantify cost deceleration and net revenue opportunities through an analysis that identifies the major areas and operations that, when redesigned, will increase operating efficiency or contribute to net revenue growth.
- b. **Prioritized List of Opportunities:** Create a prioritized list of opportunities outlining which findings will yield the highest Return on Investment (ROI) and the complexity of implementation; categorized into "Quick Wins" (under a 3-month impact) and those that are transformational (4-12 month impact).

Step 4: Recommendations

Based on the GAP analysis performed, Vendor shall make recommendations to optimize the current financial operations as a basis to support WMATA's mission and objectives. The recommendations shall be practical and include Implementable activities to streamline or improve operations and efficiency. They should also ensure service effectiveness and reliability while addressing near and long term risk factors. Each recommendation shall:

- a. Include potential impact as well as barriers to implementation
- b. Include a written report summarizing findings and analysis.
- c. Articulated in steps that lay out a clear path and schedule for implementation if necessary.

PHASE 2 (OPTIONAL TASKS)

Phase 2 consists of variable optional tasks to be performed, if and when ordered, by WMATA Contracting Officer, by issuance of an option exercise or a delivery order. The optional tasks include:

- Provide personnel resource to support WMATA's implementation of the plan developed in Phase 1, Task (g).
- Analyze WMATA's standard business functions including accounts payable, benefits administration, payroll, recruiting and medical services using publicly available data for private and public entities to ascertain feasibility for outsourcing of the functions. Analysis shall assess cost, complexity to outsource, and impact on WMATA customer's, including recommended priorities for implementation; projected implementation costs and potential savings, if any and change management plan.

PERIOD OF PERFORMANCE & DELIVERABLES FOR PHASE 1

The Phase 1 deliverables are cited below and shall be made within the six month period of performance for Phase 1 of this project, or sooner as proposed by the offeror.

- a. Vendor shall ensure adherence to all WMATA Safety Policies and Procedures.
- b. Vendor shall provide a project summary or "Project Charter" that includes project definitions, areas of focus and stakeholders (all drawn from the solicitation and from the kickoff meeting and discussions) for WMATA's approval prior to project initiation.
- c. Following approval of the Project Charter, Vendor shall prepare and deliver a detailed project plan containing the following types of information to be approved by WMATA before the rest of the engagement ensues:
 - o Vendor's understanding and description of the problem(s)
 - o Detailed project schedule with milestone dates and dates of deliverables, documents, etc.
 - o Project performance measurement and monitoring methodology that will be used to capture milestones, target vs. projected (budget, etc.), completion dates and responsible parties.
- d. Weekly executive level in process reviews. Progress reports, status reports, and briefings during the 6 month performance period of Phase 1;
- e. Draft report of findings and recommendations NLT 90 calendar days after award of the contract; and
- f. Final report of findings and recommendations NLT 160 calendar days after award of the contract.
- g. Vendor shall provide a project cost estimate of personnel resources required to support WMATA's implementation of the plan developed in Phase 1, Task (g). This estimate shall be delivered NLT 170 calendar days after award of the contract, Phase 1 tasking's.

PERIOD OF PERFORMANCE & DELIVERABLES FOR PHASE 2

There are two optional tasks in Phase 2. Either or both tasks may be ordered by the Contracting Officer. If tasked, the Phase 2 performance period will be a 12 month minimum performance period, unless otherwise shortened or extended by the Contracting Officer.

- a. Vendor shall ensure adherence to all WMATA Safety Policies and Procedures.
- b. Vendor shall provide recommended schedule(s) for in process reviews, discussions, and briefings to WMATA's Board of Directors.
- c. In accordance with (IAW) the cost estimate of resources provided in Phase 1, the vendor shall provide personnel resources to support WMATA's implementation of the plan developed in Phase 1, Task (g).
- d. Regarding the tasking to assess feasibility of outsourcing selected WMATA functions, the vendor shall provide a project summary or "Project Charter" that includes project definitions,

areas of focus and stakeholders (all drawn from the solicitation and from the kickoff meeting and discussions) for WMATA's approval prior to project initiation.

- e. Following approval of the Project Charter, Vendor shall prepare and deliver a detailed project plan containing the following types of information to be approved by WMATA before the rest of the engagement ensues:
 - Vendor's understanding and description of the problem(s)
 - Detailed project schedule with milestone dates and dates of deliverables, documents, etc.
 - Project performance measurement and monitoring methodology that will be used to capture milestones, target vs. projected (budget, etc.), completion dates and responsible parties.
- f. Weekly executive level process reviews, in process reviews, status reports, and briefings during the 12 month performance period of Phase 2;
- g. Draft report of findings and recommendations NLT 120 calendar days after award of the contract; and
- h. Final report of findings and recommendations NLT 210 calendar days after award of the contract.

Metrorail Ridership by Station in Virginia

1st Quarter FY2016

Average Daily Ridership and Total Entries & Exits

Station	Month	Daily average	Total entries	Total exits
ARLINGTON CEMETERY	July	5,607	225,262	229,988
	August	3,535	119,338	122,180
	September	2,582	96,145	102,060
BALLSTON	July	19,428	461,379	454,377
	August	16,843	378,709	380,917
	September	17,860	395,145	390,179
BRADDOCK ROAD	July	8,028	191,133	190,310
	August	7,003	152,866	155,849
	September	7,403	161,400	164,138
CLARENDON	July	8,546	226,500	237,389
	August	7,450	182,138	193,207
	September	7,682	193,154	209,004
COURT HOUSE	July	12,769	307,365	300,923
	August	10,849	241,580	237,627
	September	11,459	253,799	246,925
CRYSTAL CITY	July	21,640	546,839	529,203
	August	17,757	396,443	384,182
	September	18,554	413,741	402,842
DUNN LORING	July	7,279	175,468	172,855
	August	6,132	132,873	130,335
	September	6,643	145,621	145,619
EAST FALLS CHURCH	July	7,745	197,665	193,677
	August	6,220	134,817	105,289
	September	6,875	162,920	121,538
EISENHOWER AVENUE	July	3,276	85,082	79,041
	August	2,644	61,608	58,147
	September	2,664	61,851	57,759
FRANCONIA-SPRINGFLD	July	14,184	366,734	368,083
	August	11,908	273,611	279,042
	September	12,194	283,729	290,188
GREENSBORO	July	1,914	43,440	42,416
	August	1,584	33,137	32,134
	September	1,739	36,070	36,292
HUNTINGTON	July	13,613	328,411	318,387
	August	11,683	255,203	249,042
	September	12,010	264,755	259,712
KING STREET	July	15,628	417,041	431,056
	August	13,602	334,422	334,095
	September	13,904	342,716	349,205
McLEAN	July	3,015	441,962	349,967
	August	2,450	364,080	278,643
	September	2,646	373,652	285,717
NATIONAL AIRPORT	July	16,400	441,040	422,918
	August	14,547	374,215	359,596
	September	14,704	382,436	370,085
PENTAGON	July	23,377	723,286	699,143
	August	20,679	565,106	549,523
	September	21,926	584,733	563,423
ROSSLYN	July	26,332	647,959	605,033
	August	21,913	491,221	454,846
	September	22,649	511,734	475,499
SPRING HILL	July	2,604	70,325	66,922
	August	2,117	52,398	49,600
	September	2,087	51,932	49,789
TYSONS CORNER	July	6,632	197,274	200,271
	August	5,686	151,715	152,283
	September	5,573	159,755	163,355
VAN DORN STREET	July	5,693	138,517	135,958
	August	5,022	111,913	111,412
	September	5,189	114,008	113,039
VIENNA	July	19,146	458,976	450,558
	August	15,937	344,692	334,570
	September	17,322	389,366	382,255
VIRGINIA SQUARE-GMU	July	6,766	159,544	153,356
	August	5,901	130,737	128,587
	September	6,369	139,641	133,738
WEST FALLS CHURCH	July	4,849	111,875	111,076
	August	4,048	82,441	84,579
	September	4,484	93,421	94,362
WIEHLE-RESTON EAST	July	15,417	392,173	375,262
	August	12,799	289,929	276,310
	September	13,356	311,764	300,194



RESOLUTION #2284

SUBJECT: WMATA Safety Oversight and Compliance

WHEREAS: NVTC recognizes that independent oversight and enforcement combined with strong safety practices and regular dependable investment in ongoing maintenance and replacement of Metrorail's physical assets are essential to providing safe and reliable rail service;

WHEREAS: Effectively addressing required corrective action plans associated with recent events including the L'Enfant Plaza tunnel fire, the derailment of a non-revenue service train, the fire in the Stadium-Armory power substation, and continued operational issues with the original Series 1000 as well as 4000 train cars is essential to the Agency's future;

WHEREAS: In 2012, the federal Moving Ahead for Progress in the 21st Century Act (MAP-21) provided the Federal Transit Administration (FTA) with greatly enhanced, independent safety oversight authority over rail transit and required the FTA to strengthen the authority of all State Safety Oversight Agencies (SSOA) including the existing WMATA body, the Tri-State Oversight Committee (TOC);

WHEREAS: In 2014, the Governors of Maryland and Virginia and the Mayor of the District of Columbia directed the creation of an independent Metro Safety Commission (MSC) as a legal entity - independent from the three jurisdictions and WMATA - fully authorized to provide independent WMATA safety oversight and enforcement in compliance with MAP-21 to replace TOC;

WHEREAS: On October 16, 2015, the United States Secretary of Transportation directed the FTA to assume temporary independent safety oversight authority of WMATA Metrorail and provide leadership direction to TOC until the new MSC is fully operational;

WHEREAS: The safe and reliable operation of Metrorail depends upon WMATA to prioritize funding for State of Good Repair projects in the FY2017 budget, expeditiously implement needed upgrades, and address all systemic operational issues that jeopardize safety and reliability;

WHEREAS: Under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), Congress committed to appropriate \$150 million each year for ten years towards improving the state of good repair on the existing Metrorail system, provided that the region matches this contribution; and

WHEREAS: Passage of federal legislation that reauthorizes and increases the federal commitment to maintenance and expansion of the nation's surface transportation infrastructure is critically needed by all transit systems in the nation.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby urges WMATA to prioritize investments in State of Good Repair projects and safety improvements including addressing as priorities the corrective actions identified by the FTA, the National Transportation Safety Board, and the TOC, as these projects are fundamental to averting future safety problems.

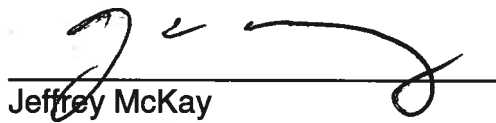
BE IT FURTHER RESOLVED that NVTC hereby urges WMATA to enact policies and procedures, at each level of the agency, that support and prioritize safety.

BE IT FURTHER RESOLVED that NVTC supports the action of U.S. Department of Transportation Secretary Anthony Foxx to assume direct oversight of WMATA Metrorail from the TOC until such time that the MSC has been established, as required by federal law.

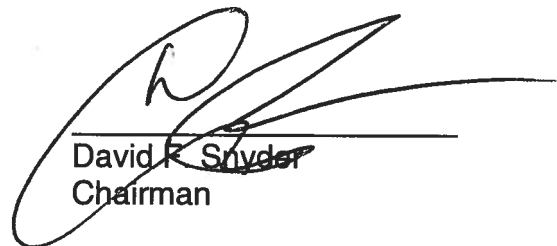
BE IT FURTHER RESOLVED that NVTC, unless Congress provides appropriate funding to the FTA to execute fully the responsibilities for oversight of WMATA's Metrorail, hereby urges the Commonwealth of Virginia to expedite the authorizing legislation required to establish the MSC in order to create an independent entity, separate from the three jurisdictions and WMATA, with the power to conduct and enforce safety oversight; and with the ability to secure federal formula funds required to conduct a bona fide safety oversight program.

BE IT FURTHER RESOLVED that the U.S. Department of Transportation and the U.S. Congress provide resources required to complete its commitment to PRIIA and renew the federal commitment to fund projects in order to provide a long-term, stable source of funding so that WMATA can safely and reliably serve all the riders in the Nation's Capital.

Approved this 5th day of November 2015.



Jeffrey McKay
Secretary-Treasurer



David R. Snyder
Chairman

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TO: Chairman Snyder and NVTC Commissioners

FROM: Kelley Coyner and Rhonda Gilchrest

DATE: November 24, 2015

SUBJECT: Virginia Railway Express

A. VRE CEO Report and Minutes

Mr. Allen will update the Commission on VRE highlights, including the opening of the Spotsylvania Station on November 16th. The [VRE CEO November 2015 Report](#) is attached. The minutes of the November 20th Operations Board Meeting will be provided at the Commission meeting.

B. ACTION ITEM: [Resolution #2292](#): Accept and Authorize Distribution of VRE's FY 2015 Comprehensive Annual Financial Report (CAFR)

The VRE Operations Board recommends that the Commissions accept [VRE's FY2015 Comprehensive Annual Financial Report and the associated information from the auditors](#) and authorize VRE's Chief Executive Officer to forward these documents to interested groups, firms and members of the public. The attached [VRE memorandum](#) provides more information about VRE's audit, which was conducted by PBMares, LLC. They issued an unqualified (clean) opinion, which is the best possible outcome of a financial audit.

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CEO REPORT

NOVEMBER 2015



OUR MISSION

The Virginia Railway Express, a joint project of the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission, will provide safe, cost effective, accessible, reliable, convenient, and customer responsive commuter-oriented rail passenger service. VRE contributes to the economic vitality of its member jurisdictions as an integral part of a balanced, intermodal regional transportation system.

MESSAGE FROM THE CEO – DOUG ALLEN

This fall, VRE has been completing major improvement and safety projects including final preparation for the opening of Spotsylvania Station. This will become the new end-of-the-line station on the Fredericksburg Line and the first extension of VRE service since operations began in 1992. Commencement of VRE service in Spotsylvania will begin the morning of November 16.

The station has 1,500 parking spaces and should considerably ease parking congestion at the Fredericksburg Station. To provide increased capacity on the Fredericksburg Line, an additional morning and evening train is planned to begin operating prior to the end of 2015. The station would not have been possible without the vision, dedication and leadership of Gary Skinner, VRE's current Vice-Chairman and Spotsylvania County Supervisor.

In anticipation of the commencement of VRE service at the Spotsylvania Station, VRE staff, Spotsylvania County Fire and Rescue, CSX and the Federal Railroad Administration have been involved to provide first responders a number of training opportunities to ensure they are not only prepared in the event of an emergency, but know how to ensure their own safety if called upon. A full-scale emergency simulation at the new Spotsylvania Station platform occurred on October 31.

On another important safety initiative, VRE is implementing Positive Train Control (PTC) technology, as it will further enhance the safety of our passengers and service. President Obama signed a short term surface transportation funding authorization bill that includes a three year extension to the December 31, 2015 deadline for implementation of PTC. This means that there will be no service disruption to VRE due to this issue. VRE continues to work with our host railroads to fully implement PTC.



VIRGINIA RAILWAY EXPRESS
A better way. A better life.

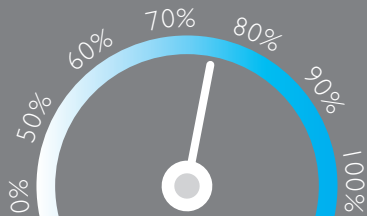
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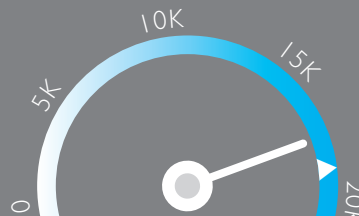
Virginia Railway Express | 1500 King Street | Alexandria, VA 22314 | 703.684.1001 | www.vre.org

SUCCESS AT-A-GLANCE



PARKING UTILIZATION

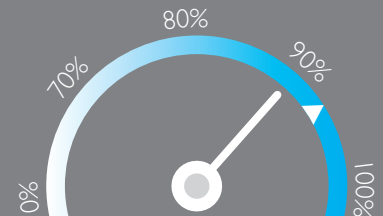
The total number of parking spaces used in the VRE system during the month, divided by the total number of parking spaces available.



AVERAGE DAILY RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings but excluding "S" schedule operating days.

▲ Same month, previous year.



ON-TIME PERFORMANCE

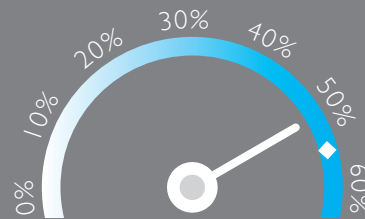
Percentage of trains that arrive at their destination within 5 minutes of the schedule.

▲ Same month, previous year.



SYSTEM CAPACITY

The percent of peak hour train seats occupied. The calculation excludes reverse flow and non-peak hour trains.



OPERATING RATIO

The monthly operating revenues divided by the monthly operating expenses which depicts the percent of operating costs paid by riders.

◆ Board-established goal.

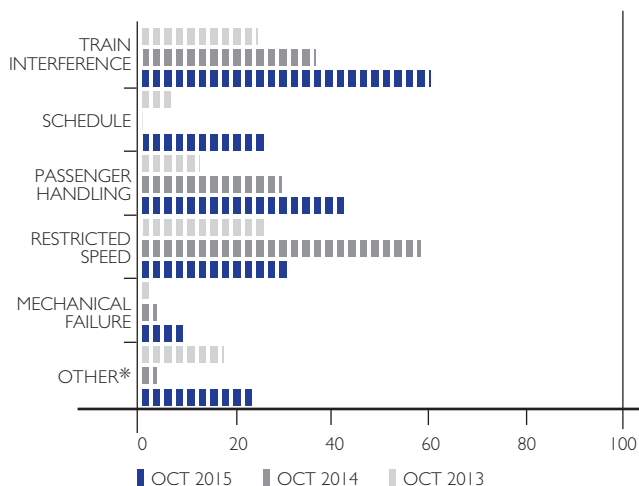
ON-TIME PERFORMANCE

OUR RECORD

	October 2015	September 2015	October 2014
Manassas Line	90%	91%	93%
Fredericksburg Line	89%	84%	93%
System Wide	90%	88%	93%

Train interference, passenger handling and restricted speed orders were the principal causes of delays and reduced overall OTP.

REASONS FOR DELAYS



In October, VRE operated 629 trains with 63 trains arriving over five minutes late to their final destinations. There were 32 late trains on the Manassas Line and 31 late trains on the Fredericksburg Line. There were a total of 190 delays during the month of October but only 63 late trains.

VRE experienced a significant increase in delayed trains as late Amtrak trains and freight trains interfered with scheduled VRE trains. An increase in passenger handling was also experienced as additional passengers needed assistance in boarding and deboarding trains.

* Includes those trains that were delayed due to late turns, weather and maintenance of way, etc.

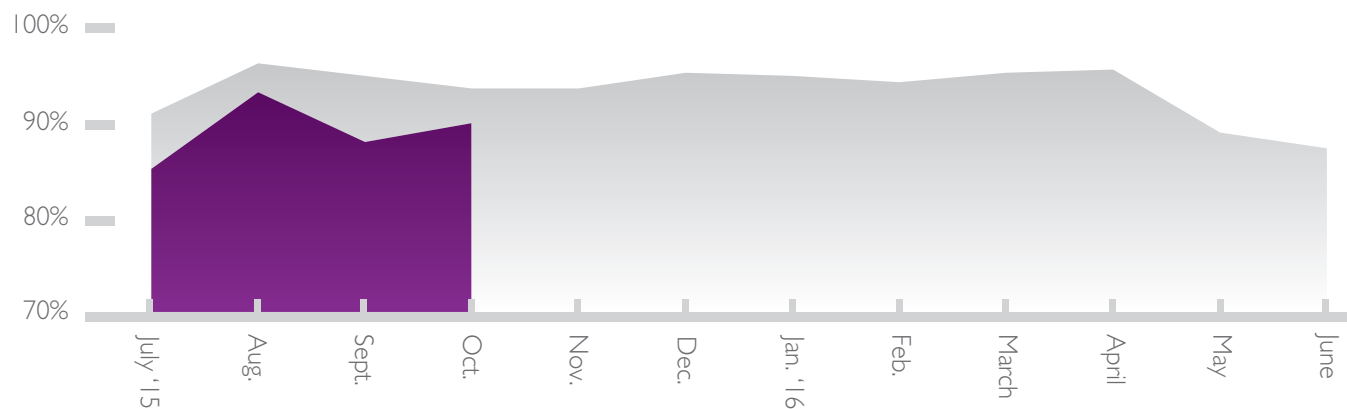
LATE TRAINS

	System-Wide			Fredericksburg Line			Manassas Line		
	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.
Total late trains	42	78	63	26	47	31	16	31	32
Average minutes late	39	18	12	44	16	13	32	20	10
Number over 30 minutes	10	11	3	4	5	2	6	6	1
On-time performance	93%	88%	90%	91%	84%	89%	95%	91%	90%
Heat restriction days / total days	4/21	5/21	0/21	—	—	—	—	—	—

ON-TIME PERFORMANCE

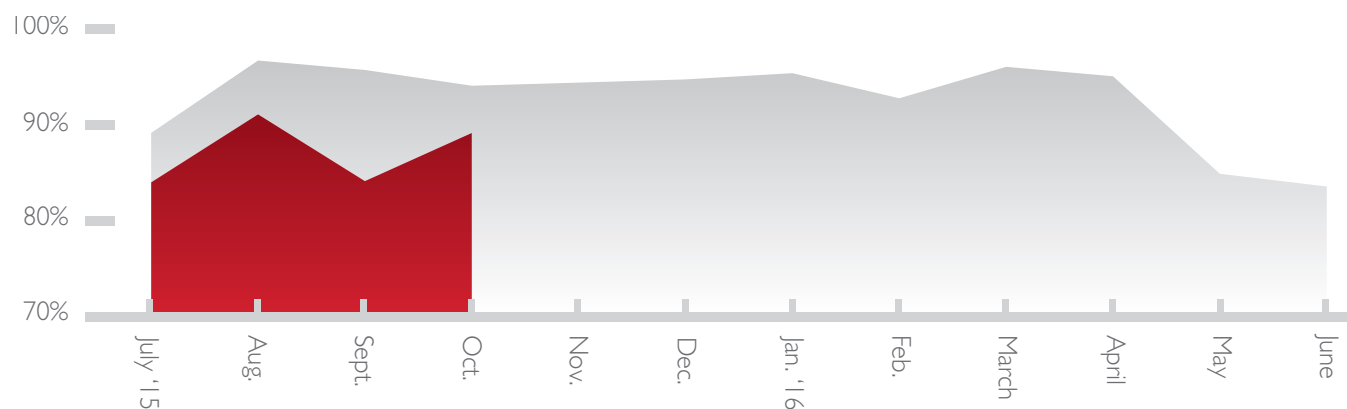
VRE SYSTEM

BOTH LINES ■ Current Stats ■ 3-Year Rolling Average

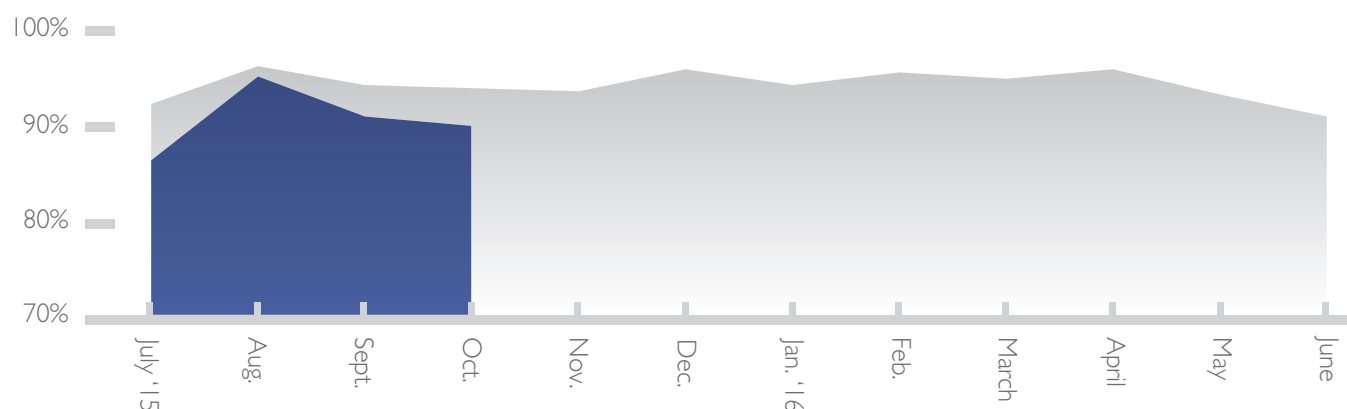


ON-TIME PERFORMANCE BY LINE

FREDERICKSBURG LINE ■ Current Stats ■ 3-Year Rolling Average



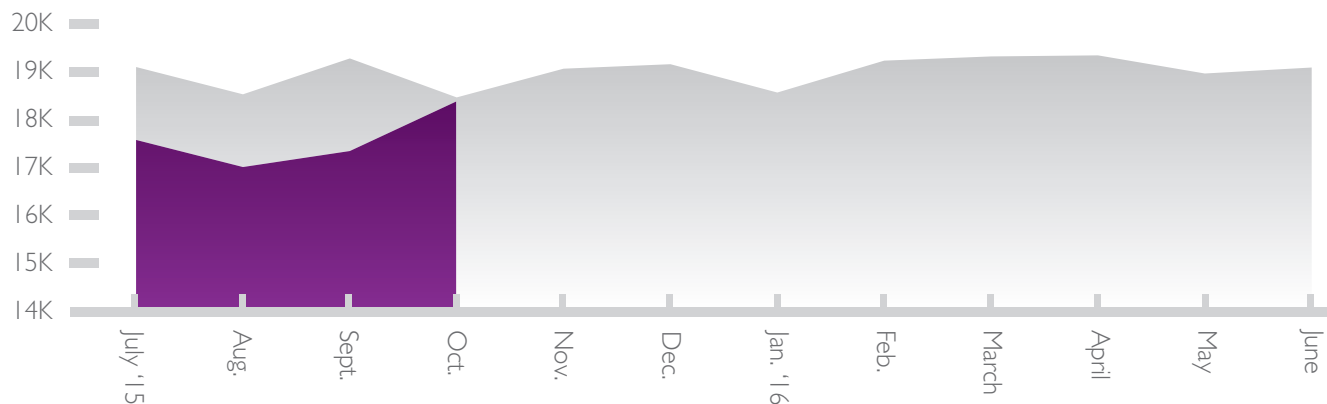
MANASSAS LINE ■ Current Stats ■ 3-Year Rolling Average



AVERAGE DAILY RIDERSHIP

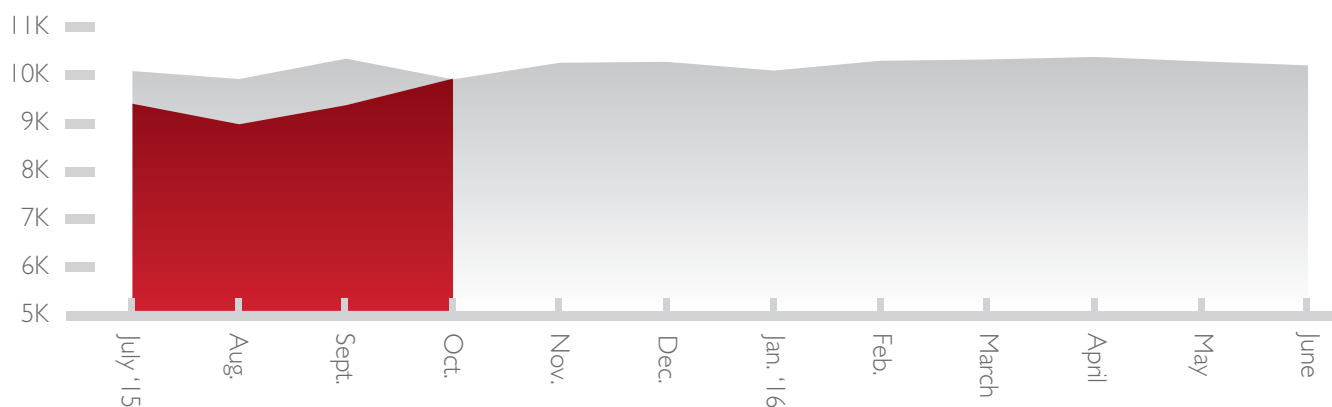
VRE SYSTEM

BOTH LINES ■ Current Stats ■ 3-Year Rolling Average

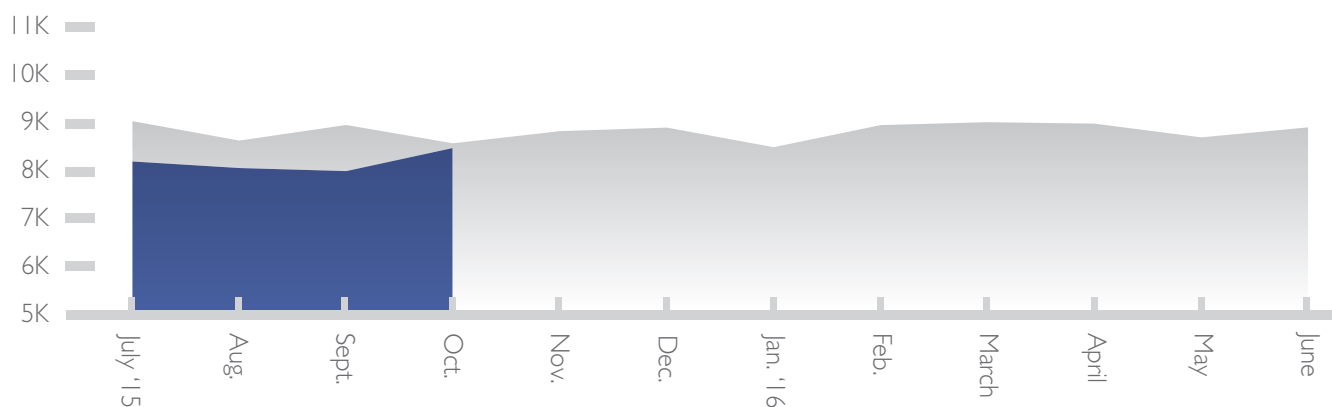


AVERAGE DAILY RIDERSHIP BY LINE

FREDERICKSBURG LINE ■ Current Stats ■ 3-Year Rolling Average



MANASSAS LINE ■ Current Stats ■ 3-Year Rolling Average



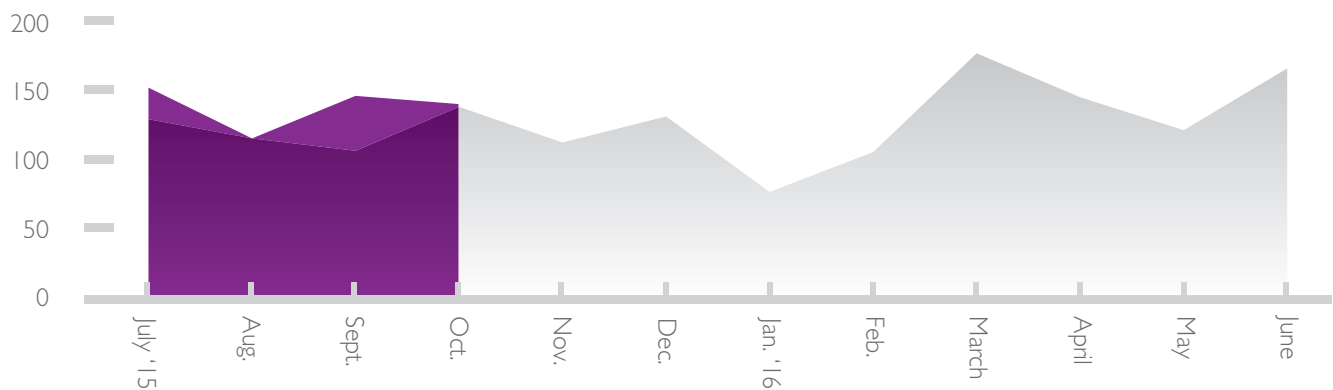
RIDERSHIP UPDATES



	Oct. 2015	Oct. 2014
Monthly Ridership	385,592	425,473
Average Daily Ridership	18,362	19,340
Full Service Days	21	22
"S" Service Days	—	—

CITATIONS

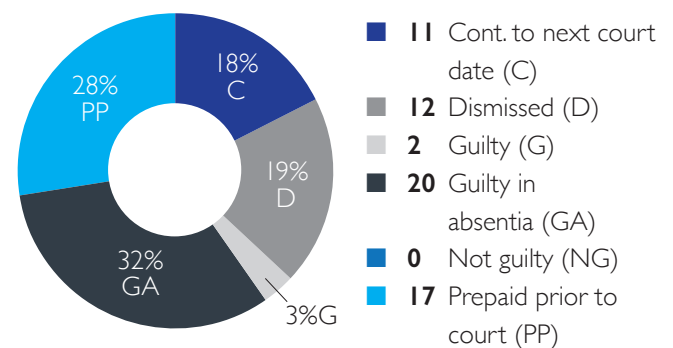
BOTH LINES ■ Current Stats ■ FY 2015



WAIVED CITATIONS

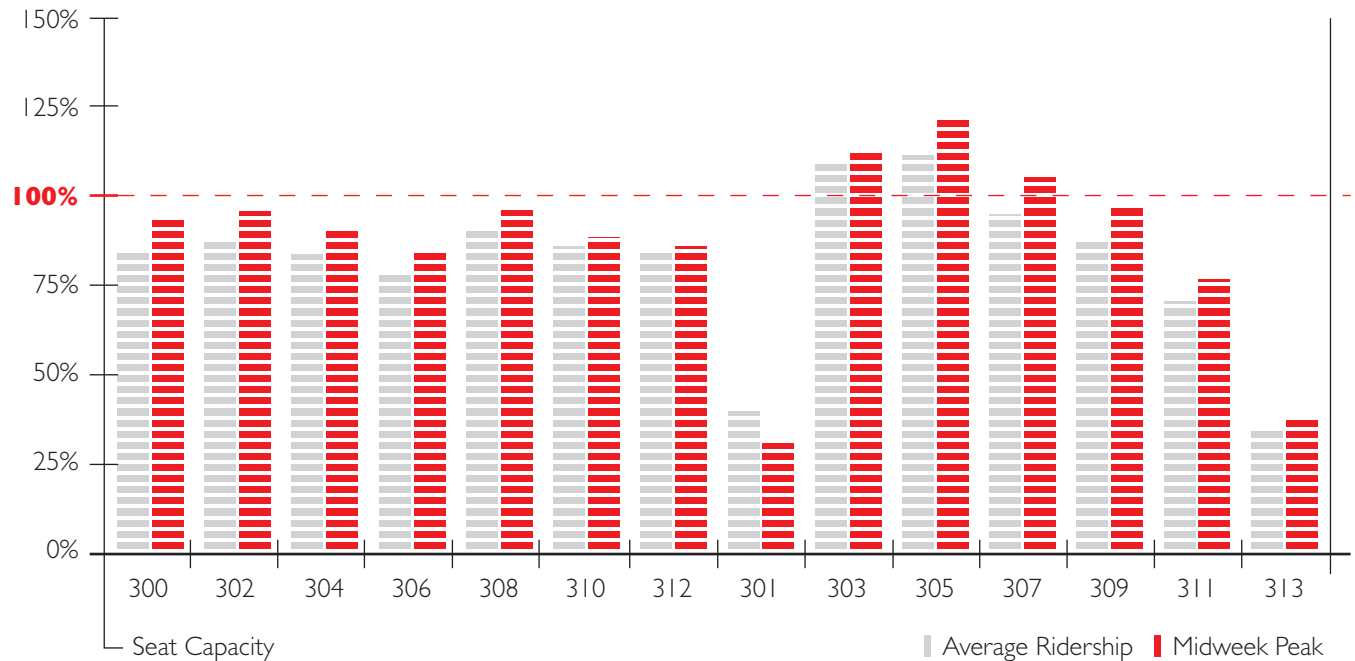
Reason for dismissal	Occurrences
Passenger showed proof of a monthly ticket	43
One-time courtesy	11
Per the request of the conductor	24
TVM error	—
Defective ticket	1
Per Ops Manager	2
Unique circumstances	0
Insufficient processing time	0
Insufficient information	0
Lost and found ticket	1
Other	0
Total Waived Citations	82

FARE EVASIONS COURT ACTIONS

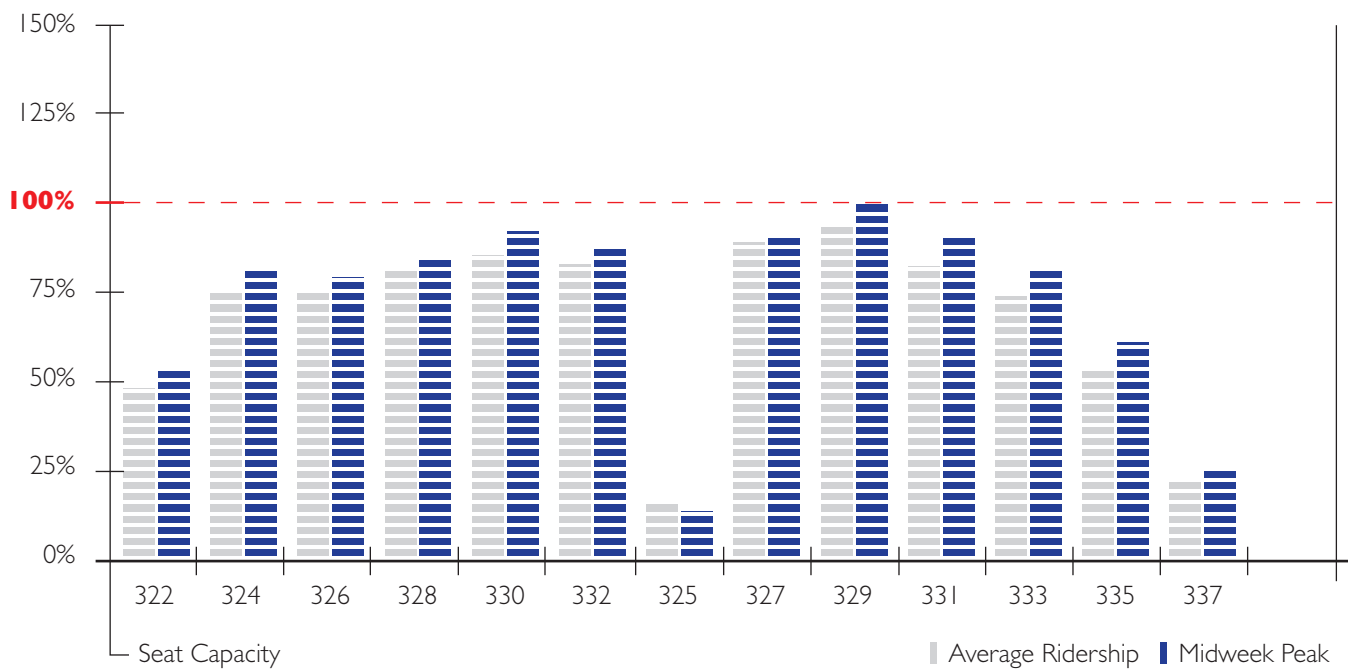


TRAIN UTILIZATION

FREDERICKSBURG LINE

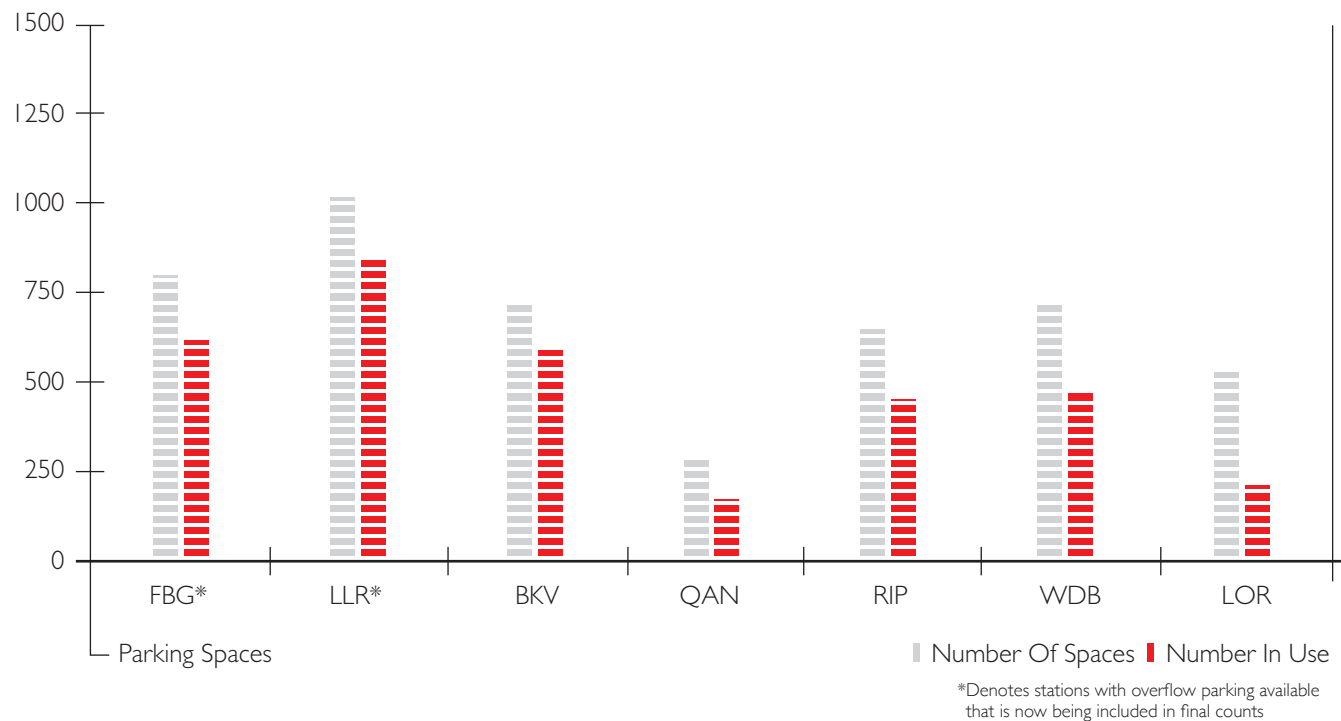


MANASSAS LINE

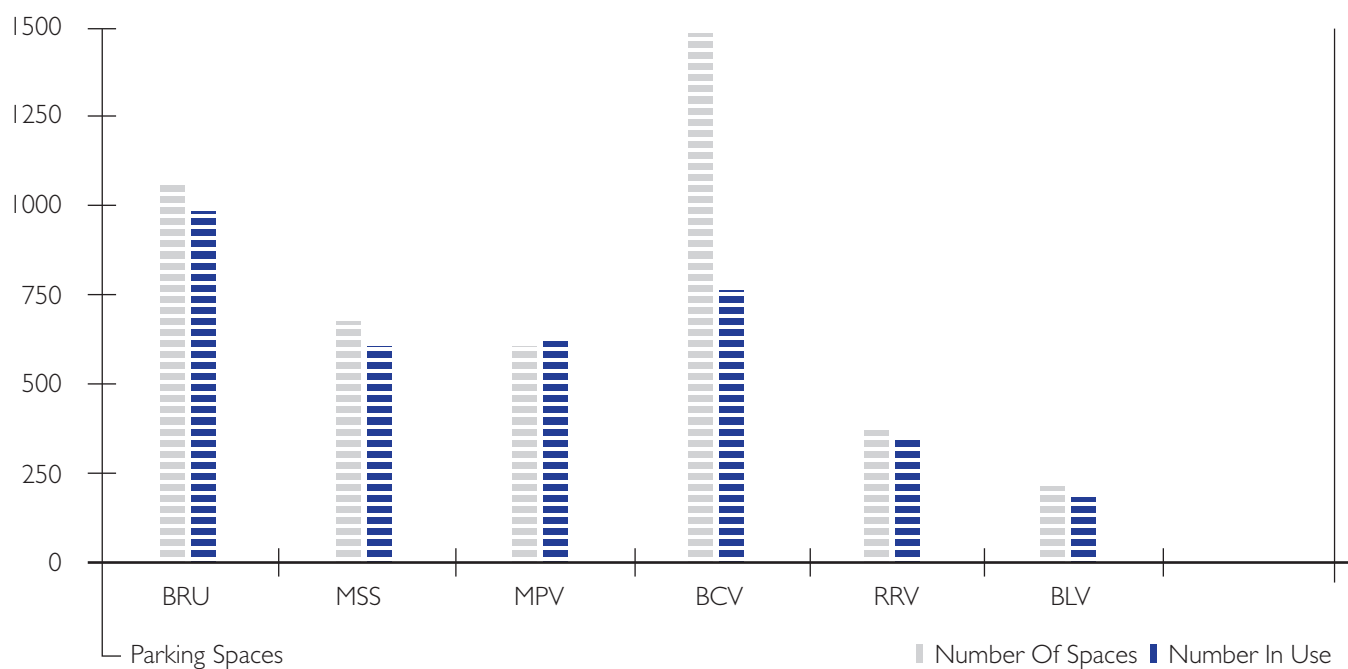


PARKING UTILIZATION

FREDERICKSBURG LINE



MANASSAS LINE



FINANCIAL REPORT

Fare income for the month was \$157,617 below the budget – an unfavorable variance of 4.86 percent. The cumulative variance for the year is 5.85 percent or \$577,817 below the adopted budget. Revenue for the third month of FY 2016 is down 1.5 percent compared to the same period in FY 2015. We will continue to monitor this closely over the next few months and amend the FY2016 budget as appropriate.

The operating ratio is 50 percent. The operating ratio is typically lower early in each fiscal year due to the payment into the Insurance Trust Fund in July. Our budgeted goal ratio for FY2016 is 50 percent.

These figures are preliminary and unaudited.

FY 2016 OPERATING BUDGET REPORT MONTH ENDED SEPTEMBER 30, 2015

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY16 BUDGET
OPERATING REVENUE (\$)							
Passenger Ticket Revenue	3,083,216	3,240,833	9,299,008	9,876,825	(577,817)	-5.9%	38,890,000
Other Operating Revenue	2,958	13,750	45,051	41,905	3,146	7.5%	165,000
Subtotal Operating Revenue	3,086,174	3,254,583	9,344,059	9,918,730	(574,671)	-5.8%	39,055,000
Jurisdict. Subsidy (1)	–	–	8,379,297	8,379,297	–	0.0%	12,991,760
Federal/State/Other	2,968,623	2,374,466	6,613,730	5,970,605	643,126	10.8%	28,979,851
Jurisdict. Subsidy Appn. from Res.	–	–	–	–	–	0.0%	1,070,000
Interest Income	4,075	1,667	11,530	5,079	6,451	127.0%	20,000
Total Operating Revenue	6,058,872	5,630,716	24,348,616	24,273,711	74,905	0.3%	82,116,611
OPERATING EXPENSES (\$)							
Deptml. Operating Expenses	5,014,263	5,660,019	18,732,772	21,210,032	2,477,260	11.7%	75,401,741
Debt Service	575,075	574,569	576,018	574,569	(1,449)	–	6,714,870
Other Non-Deptml. Expenses	–	–	137	–	(137)	–	–
Total Operating Expenses	5,589,338	6,234,588	19,308,927	21,784,601	2,475,674	11.4%	82,116,611
NET INC. (LOSS) . FROM OPS (\$)	469,534	(603,872)	5,039,689	2,489,110	2,550,579	–	–
CALCULATED OPERATING RATIO	–	–	50%	47%	–	Goal	50%

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



CAPITAL PROJECTS UPDATES

An Amtrak train rolls past the south end of L'Enfant storage track.

L'ENFANT STORAGE TRACK

With midday train storage at a premium in Washington, DC, this project will convert an existing siding into a midday storage track for a VRE train set immediately north of L'Enfant Station. CSX Transportation (CSXT) will install the necessary changes to track, turnouts, switches and signals, while VRE will install wayside power appliances on the storage track to permit heating and cooling of trains during layover without running the locomotive. The VRE Operations Board approved award of a contract to C3M Power Systems LLC for construction work.

CSXT has other track and signal work in the immediate vicinity of the storage track for a stub track and a communications box. A second set of plans approved by CSXT was required to be matched with the wayside power project, previously approved by CSXT. This review required an adjustment to the design shifting the power pedestal closer to the fence/property line. A separate property investigation confirmed that the 12 ft X 12 ft power pedestal building will be built on CSXT-owned property. There is a retaining wall in the area which marks the property line and our work will be within CSXT's property. The District of Columbia permitting hearing will be held on December 17 which will delay the opening of the storage track until the beginning of 2016.

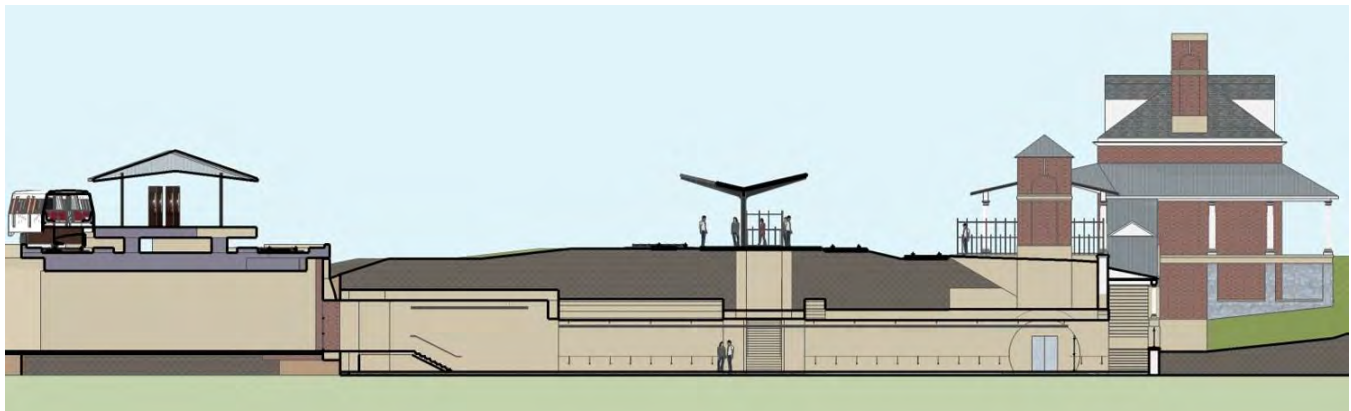
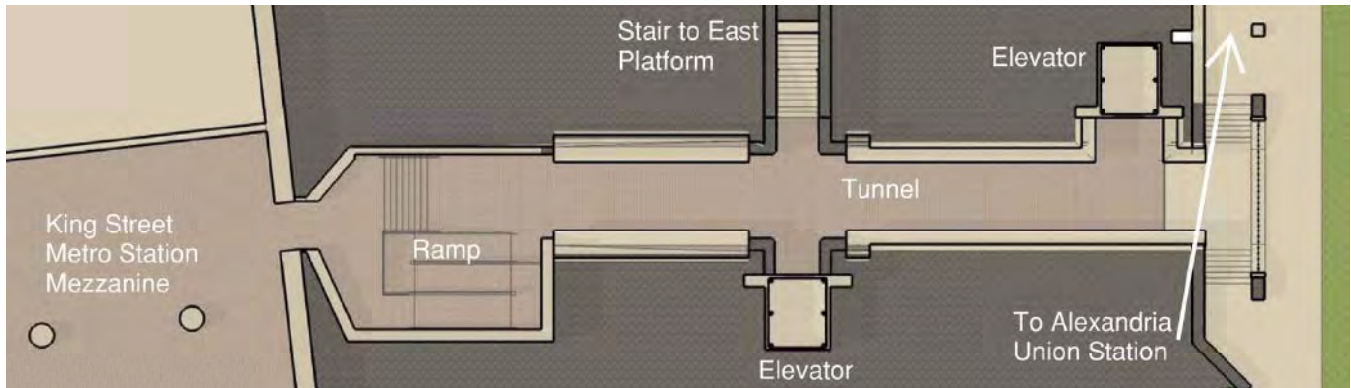
ALEXANDRIA UNION STATION PEDESTRIAN TUNNEL PROJECT

A new pedestrian tunnel at the Alexandria Union Station is planned to be constructed just north of and parallel to the original tunnel built in 1906, which will ultimately be removed from service and sealed. The new tunnel will be wider and longer than the existing tunnel and will connect directly to Metro's King Street station. The new tunnel will eliminate an at-grade crossing used by passengers between the station's east and west platforms. This access to the existing east platform will be the only access in compliance with the Americans with Disabilities Act.

The project will also widen the existing east platform allowing VRE and Amtrak trains to use Track 1 (the farthest track from the station), which is currently used almost exclusively by freight trains. By adding the tunnel with elevators and stairways, this project will greatly improve safety for passengers moving between the platforms and Metro, add operational flexibility for track usage and improve intermodal transfers between VRE and Metrorail, Metrobus and DASH buses.

Coordination of the design process continues. Virginia Department of Transportation (VDOT) is helping facilitate the Federal Highway Administration's partial funding of this project as a part of their at-grade railroad crossing elimination program. As such, VDOT design reviews at multiple levels are required for the project. VDOT is also providing the environmental documentation.

VRE held a working session with Amtrak to review new sign standards. VRE responded to eight recommendations generated by the VDOT Value Engineering team. One of those recommendations was to incorporate a Risk Assessment and Partnering into the Project. VRE is planning on conducting a Risk Analysis workshop prior to construction. Prior to progressing into the 60% design phase, VRE is seeking stakeholder consensus, as requested by VDOT. This includes community input which has been initiated informally with a review meeting with the City of Alexandria Board of Architectural Review and will continue with community association meetings with adjacent neighborhoods.



Cross-section and plan views of the new Alexandria Union Station pedestrian tunnel.

LIFECYCLE OVERHAUL AND UPGRADE FACILITY

In January 2014, the VRE Operations Board adopted a lifecycle maintenance strategy for VRE rolling stock. The basis of this strategy is to maintain VRE locomotives and passenger cars at the highest level of reliability throughout the life of the equipment. A new building at the Crossroads Maintenance and Storage Facility will be constructed to specifically perform this work and will be fully dedicated to these activities. The Board authorized award of a contract for engineering, environmental and construction services for the Lifecycle Overhaul and Upgrade (LOU) Facility to STV Group Inc. The new LOU building will be almost twice as large as the existing Service and Inspection building. A new Track 0 will be added and Tracks 2 and 3 will be reconfigured, with Track 3 ending as a stub track providing additional storage.

Early procurements for the Drop Table and Wheel Truing Machine, which require a long time to be manufactured, are underway. Having this equipment on-site will avoid sending equipment out to other facilities for heavy overhaul and repair. Refinement to the design plans for the building and track revisions continue. To streamline the schedule for review, the team held a day-long page-turn review for the 70 percent design plan submittal on October 20 which enabled all of the design disciplines to present the design refinements. This avoided the back-and-forth of comment reviews which commonly take more time. It also offered an opportunity for VRE reviewers to ask questions or to obtain clarifications immediately. Details on the mechanical, electrical, plumbing, material finishes, fire and life safety equipment were all reviewed, once again. In addition to the building and



Sheet piling being installed alongside the arches at Massaponax Creek.

site design, a session will be held to conduct a detailed review of the cost estimate and a separate review for the specifications. Environmental coordination is underway with the Federal Transit Administration.

SPOTSYLVANIA THIRD TRACK PROJECT

The VRE Phase I civil, site, drainage and trackbed work is complete and present work is focused on the final portion of the new third track. Project work continues on slope stabilization, retaining walls construction and on the Massaponax Creek Arch Extension. CSXT track workers completed their Phase 2 (New Track # 2) cut-in of new switches, signals, and track at Crossroad Interlocking over the weekend of September 26. The subsequent Phase 3 cut-in is presently scheduled for the weekend of November 14. The overall project completion is scheduled for the first quarter of 2016.

SPOTSYLVANIA STATION PROJECT

The Spotsylvania Station ribbon cutting and operations in-service date is scheduled for November 16. Spotsylvania County is completing work on the 1,500 space parking lot and road work associated with the station. Miscellaneous clean-up and project closeout will be complete by the end of the calendar year.



Slope stabilization, retaining wall work, and extension of the arch spanning Massaponax Creek.



New Spotsylvania Station and parking lot projects are nearing completion.



The new station platform and lights are ready for the start of revenue service on November 16.



The new station waiting area is being prepared for the start of revenue service on November 16.

ARKENDALE TO POWELLS CREEK THIRD TRACK PROJECT

The Virginia Department of Rail and Public Transportation and VRE are collaborating on the installation of 11 miles of new third track between Arkendale and Powell's Creek on the CSX Transportation RF&P Secondary. After several years of design and preparations, the project is proceeding with earthwork, retaining wall work, new structures as needed and corresponding signal and track work. Anticipated completion is slated for early 2017.

The project includes track re-alignment design to facilitate a new island platform and intermodal bus facility at Quantico Station. Permit processes for the new station facilities are ongoing, along with Marine Corp Base Quantico, Town of Quantico and other major stakeholder coordination. Parking coordination throughout the construction process, along with final parking and platform configurations is integral to the final efforts to minimize pedestrian traffic at the Potomac Avenue grade crossing. Design is scheduled to be complete in early 2016 with the new island platform scheduled to go into service with the new third track in early 2017. The new intermodal facility on the west side (base side) will be completed, along with an extension of the east platform, and the final parking solution on the east side later in calendar 2017.

Track re-alignment to facilitate the new Potomac Shores Station is also being incorporated into the third-track project. SoCal, the private developer providing the new station, continues to coordinate new station design with CSXT and VRE. Foundation plans have been submitted to Prince William County for review. Permit processes are ongoing, as well as Right of Way coordination at this location. Design is scheduled to be complete by early 2016 with the new station scheduled to go into service as soon as mid-2017.



Aerial view of looking north from Arkendale / Widewater where the new third track will be built.



Aerial view looking north from North Possum Point where the new third track will be built.

FACILITIES UPDATE

The following is a status update of VRE facilities projects:

Completed projects:

1. Painting of L'Enfant and Leeland Road stations
2. Restriping of far parking lot at Rippon Station and surface parking lot and east kiss and ride loop at Woodbridge Station
3. Replacement of remaining stair pans and landings at Rippon Station
4. Installation of revised signage in Manassas parking garage, in accordance with new parking agreement with City of Manassas

Projects scheduled to be completed this quarter:

1. Painting of Burke Centre Station
2. Painting of Backlick Road and/or Lorton stations
3. Restriping of select parking lots at Quantico and Broad Run Stations and Crossroads Yard
4. Issuance of Notice to Proceed for canopy roof and gutter replacement project at L'Enfant and Leeland Road stations
5. Issuance of Notice to Proceed for elevator modernization project at Franconia-Springfield and Rippon stations
6. Repair of water damaged Woodbridge Station west elevator
7. Installation of signage, benches and waste/recycling receptacles at Spotsylvania Station
8. Installation of platform warning tactile panels at Spotsylvania Station
9. Installation of right-of-way security fencing at Burke Centre Station (awaiting Norfolk Southern approval)
10. Repair of platform concrete deficiencies at Quantico Station
11. Replacement of benches at Alexandria Station east platform

Projects scheduled to be initiated this quarter:

1. Installation of upgraded light fixtures at Woodbridge Station west tower and pedestrian bridge
2. Installation of platform and inter-track warning signs at stations
3. Replacement of dying trees at Broad Run Station parking lot
4. Replacement of dying shrubs at Woodbridge Station
5. Renovations at Crossroads Warehouse office

Ongoing projects:

1. Renovations at Alexandria headquarters
2. Modification of wayside power pedestals at Broad Run and Crossroads yards to increase light visibility and improve cable storage
3. Replacement of worn or damaged signage at various stations
4. Correction of canopy drainage problem at Crystal City Station
5. Development of scope of work for tactile warning strip replacement IFB for various stations
6. Development of scope of work for platform concrete rehabilitation IFB for Fredericksburg Station

UPCOMING PROCUREMENTS

- Repair and Overhaul of Locomotive Rotating Electrical Equipment
- Engineering and Environmental Services for Platform Improvements at Five Fredericksburg Line Stations
- General Planning Consulting Services I
- Development of Design Guidelines and Standard Specifications
- Engineering and Environmental Services for the Rolling Road Station Platform Extension
- Replacement of Tactile Warning Strips at Station Platforms
- Automatic Parking Counter System
- Automatic Passenger Counter System
- Land Acquisition Services for the Crossroads Yard Expansion
- Drop Table for the Lifecycle Overhaul and Upgrade Facility
- Wheel Truing Machine for the Lifecycle Overhaul and Upgrade Facility
- Environmental and Design Services for the New York Avenue Yard
- Engineering and Environmental Services for the Manassas Park Station Parking Expansion
- Engineering and Environmental Services for Mid-Day Storage Facilities

PROJECTS PROGRESS REPORT

STATIONS AND PARKING LOTS

PROJECT	DESCRIPTION	PHASE					
		CD	PE	ES	RW	FD	CN
Union Station Improvements (Amtrak/VRE Joint Recapitalization Projects)	Station and coach yard improvements of mutual benefit to VRE and Amtrak.	◆	◆	◆	N/A	◆	●
Alexandria Station Improvements	Pedestrian tunnel to METRO, improve ADA access, and eliminate at-grade track crossing.	◆	◆	●	N/A	●	—
	Modify Slaters Lane Interlocking, track, and East Platform to accommodate trains on Track #1.	◆	●	—	N/A	—	—
	Extend East Platform for 8-car trains and elevate West Platform.	◆	—	—	N/A	—	—
Franconia - Springfield Station Improvements	Extend both platforms for 8-car trains and widen east platform for future third track.	◆	—	—	N/A	—	—
Lorton Station Improvements	Extend existing platform for 8-car trains.	◆	◆	◆	N/A	◆	■
	New second platform for 8-car trains.	◆	—	—	N/A	—	—
Quantico Station Improvements	New island platform, pedestrian bridge, bus facilities, trackwork and extend existing platform.	◆	◆	◆	N/A	—	—
Rippon Station Improvements	Extend existing platform and construct second platform for 8-car trains.	◆	—	—	N/A	—	—
Brooke Station Improvements	Extend existing platform and construct second platform for 8-car trains.	◆	—	—	N/A	—	—
Leeland Road Station Improvements	Extend existing platform and construct second platform for 8-car trains.	◆	—	—	N/A	—	—
Spotsylvania Station Improvements	New VRE station in Spotsylvania County near the Crossroads MSF.	◆	◆	◆	N/A	◆	●
Rolling Road Station Improvements	Extend existing platform by 250 feet for 8-car trains.	◆	—	—	N/A	—	—
Broad Run Station Improvements	Parking garage to expand parking by 700 spaces.	◆	◆	■	N/A	—	—

PHASE: CD - Conceptual Design PE - Preliminary Engineering ES - Environment Screening RW - Right of Way Acquisition

Total	ESTIMATED COSTS (\$)			COMPLETION		Date		STATUS
	Funded	Unfunded	Authorize	Expended	Percent			
3,201,176	3,201,176	—	3,201,176	2,077,547	90%	4th QTR 2015	●	Remaining work on platform canopies resumed in Fall 2015.
10,021,865	10,021,865	—	1,814,599	351,489	25%	1st QTR 2017	●	60% design under development.
7,000,000	7,000,000	—	—	—	5%	1st QTR 2017	●	Platform design underway. Preparing CXST agreement for track and signal work.
2,400,000	2,400,000	—	—	—	5%	1st QTR 2017	●	Additional funding needed for East Platform extension.
13,000,000	13,000,000	—	—	—	5%	TBD	●	Preparing RFP for PE and NEPA as part of Penta-Platforms Program.
1,864,000	1,864,000	—	—	—	50%	4th QTR 2016	■	NTP on hold pending CSXT flagging.
16,776,000	10,740,000	—	—	—	5%	3rd QTR 2017	●	Preparing RFP for PE and NEPA as part of Penta-Platforms Program.
6,680,968	6,681,338	—	—	—	40%	1st QTR 2017	●	Proceeding in conjunction with DRPT Arkendale-Powells Creek Third Track Project.
16,634,000	16,634,000	—	—	—	5%	1st QTR 2020	●	Preparing RFP for PE and NEPA as part of Penta-Platforms Program.
14,650,000	9,264,300	5,385,700	—	—	5%	3rd QTR 2020	●	Preparing RFP for PE and NEPA as part of Penta-Platforms Program.
14,000,000	9,264,300	4,735,700	—	—	5%	3rd QTR 2020	●	Preparing RFP for PE and NEPA as part of Penta-Platforms Program.
3,442,500	3,442,500	—	3,287,353	2,525,000	90%	4th QTR 2015	●	Completion coordinated with I500 space County-built parking lot.
2,000,000	2,000,000	—	—	—	5%	3rd QTR 2017	●	Preparing RFP for PE and NEPA.
24,420,000	3,420,000	21,000,000	2,031,263	393,120	30%	TBD	■	NEPA documents submitted to FTA for review.

FD - Final Design CN - Construction ◆ Completed ● Underway ■ On Hold

TBD

TRACK AND INFRASTRUCTURE

PROJECT	DESCRIPTION	PHASE					
		CD	PE	ES	RW	FD	CN
L'Enfant Wayside Storage Track	Conversion of existing siding into a midday train storage track.	◆	◆	◆	N/A	◆	●
Hamilton-to-Crossroads Third Track	2¼-miles of new third track with CSXT design and construction of signal and track tie-ins.	◆	◆	◆	N/A	◆	●

MAINTENANCE AND STORAGE FACILITIES

Broad Run Yard Train Wash	New train wash facility to be added to the Broad Run MSF.	◆	◆	◆	N/A	◆	●
Lifecycle Overhaul and Upgrade Facility	New LOU facility to be added to the Crossroads MSF.	◆	◆	◆	N/A	◆	●

ROLLING STOCK

Passenger Railcar Procurement	Acquisition of 29 new railcars. 8 cars in service. 7+5 in construction. 9 additional approved.	◆	N/A	N/A	N/A	◆	●
Positive Train Control	Implement Positive Train Control for all VRE locomotives and control cars.	◆	N/A	N/A	N/A	◆	●

PLANNING, COMMUNICATIONS, AND INFO. TECHNOLOGY

Gainesville - Haymarket Extension	NEPA and PE for an 11-mile extension of VRE service over the NS B-Line to I-66 near Haymarket.	◆	●	●	—	—	—
Mobile Ticketing	Implementation of a new mobile ticketing system.	◆	N/A	N/A	N/A	◆	●

PHASE: CD – Conceptual Design PE – Preliminary Engineering ES – Environment Screening RW – Right of Way Acquisition

Total	ESTIMATED COSTS (\$)				COMPLETION			STATUS
	Funded	Unfunded	Authorize	Expended	Percent	Date		
4,003,187	4,207,057	–	4,207,057	551,313	65%	1st QTR 2016	■	Construction on hold, ready to resume when District permitting is resolved.
32,500,000	32,823,227	–	32,823,227	22,144,991	–	1st QTR 2016	●	Work resumed after safety standdown. Second phase track and signal cut-in achieved 9/26/15.
2,494,711	307,513	2,187,198	283,421	174,875	60%	TBD	■	Design 90 percent complete.
22,500,000	22,500,000	–	3,146,403	526,558	30%	2nd QTR 2017	●	Design 30 percent complete. Procurement began on purchasing long-lead specialty equipment.
52,544,714	52,544,714	–	50,857,414	21,263,340	46%	4th QTR 2018	●	Base order of 8 cars 95 percent complete. 7-car option 22 percent complete. Engineering begun on 5-car option order.
10,821,989	10,821,989	–	7,980,877	51,475	–	–	●	Contract executed to install on-board equipment in January 2015. Awaiting definition of specifications.
265,000,000	5,823,052	–	5,902,501	1,170,364	13%	–	●	Work agreement executed with NS. First round of stakeholder and public outreach in October.
3,510,307	3,510,307	–	3,510,307	1,325,307	45%	–	●	Phase 2 is underway. Mobile now accounts for about 12% of monthly revenue, @ \$320k/month
FD - Final Design CN - Construction ◆ Completed ● Underway ■ On Hold								



VIRGINIA RAILWAY EXPRESS

1500 KING STREET • ALEXANDRIA VA 22314 • 703.684.1001

VRE.ORG





RESOLUTION #2292

SUBJECT: Accept and Authorize Distribution of VRE's FY2015 Comprehensive Annual Financial Report (CAFR)

WHEREAS: The VRE Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements;

WHEREAS: The audit of VRE's FY2015 financial statements has been completed;

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 commuter rail operation;

WHEREAS: The VRE Operations Board accepts the FY 2014 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby accepts VRE's FY 2015 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and authorizes the VRE Chief Executive Officer to forward these documents to interested groups, firms and members of the public.

Approved this third day of December 2015.

David F. Snyder
Chairman

Jeffrey McKay
Secretary-Treasurer



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 9-A
Action Item

To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: November 20, 2015

Re: Authorization to Forward the FY 2015 Audited Financial Statements and Auditor's Report

Recommendation:

The VRE Operations Board is asked to accept the FY 2015 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 2015 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 2015 audit was conducted by the firm of PBMares, LLP. PBMares has served as the auditors for VRE, PRTC and NVTC for the last several years. A new three year contract for the audits of the VRE, NVTC and PRTC financial statements was approved in April 2015, 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 20th meeting. The auditors met with the VRE



Northern Virginia
Transportation Commission
2300 Wilson Blvd, #620
Arlington, VA 22201
703.524.3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703.684.1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703.580.6121

Audit Committee on November 20, 2015, 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
9A-11-2015**

**Authorization to Forward the FY 2015 Audited
Financial Statements and Auditor's Report**

WHEREAS, the VRE Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements; and,

WHEREAS, the audit of VRE's FY 2015 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 commuter rail operation;

NOW, THEREFORE BE IT RESOLVED, that the VRE Operations Board accepts the FY 2015 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 20th day of November 2015

John C. Cook
Chairman

Paul Smedberg
Secretary

VIRGINIA RAILWAY EXPRESS

Comprehensive Annual Financial Report

YEARS ENDED JUNE 30, 2015 AND 2014



Prepared by:

Department of Finance

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Introductory Section



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VIRGINIA RAILWAY EXPRESS

November 12, 2015

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, 2015 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), collectively referred to as “the Commissions.” 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 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 unmodified 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 2015, VRE operated 32 trains and served an average daily ridership of 18,547, based on 249 service days.

VRE is owned by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of representatives of the Commissions who are also representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia’s Department of Rail and Public Transportation. The VRE is managed by the Chief Executive Officer, who is a contract employee of both Commissions. 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 2015, VRE focused on improving systems that would ensure the future health of the rail service and allow for expansion as opportunities and funding become available.

Eight new Gallery railcars were delivered in fiscal year 2015 and work continued on an additional seven railcars ordered in fiscal year 2014. Delivery of the seven rail cars is expected to occur in fiscal year 2016. Both sets of railcars will be used to replace existing equipment. In fiscal year 2015, VRE placed an order for the construction of five Gallery railcars, with delivery expected in fiscal year 2017. These five railcars, plus an additional nine more to be ordered in fiscal year 2016, will be used to expand the VRE service.

Construction of a third main track between Hamilton and Crossroads in Spotsylvania County and the construction of the new Spotsylvania station continued during fiscal year 2015 with completion of both projects expected in the first half of fiscal year 2016. The construction of second platforms at Lorton, Brooke, and Leeland stations are planned for the future. In addition, design is underway for the construction of a pedestrian tunnel at the Alexandria train station between the two station platforms and continuing to the adjacent WMATA King Street Station.

VRE's mobile ticketing system was launched at the end of fiscal year 2015. Mobile purchases made through the new system are validated and presented to VRE conductors for visual inspection, similar to the current process.

Long-Term Financial Planning

In order to help prioritize future needs and address potential future growth, the VRE System Plan 2040 was prepared and adopted by the VRE Operations Board in January 2014. The plan assesses the future long-term ridership demand for VRE service and identifies the service expansions and capital investments necessary to accommodate demand. As such, it provides a framework for VRE system investments and actions VRE should pursue through 2040 to best meet regional travel needs. The investments recommended in the System Plan are grouped into three phases between now and 2040. Phase I includes investments that will maximize the capacity of the existing VRE system. Phases II and III focus on major investments to expand system capacity to support long-range service expansion.

During fiscal year 2015, work was initiated on a companion Financial Plan to identify all costs and revenues associated with System Plan 2040 and several alternate service and capital investment profiles during the same timeframe. This Financial Plan will form the basis for the ongoing annual development of the VRE capital program in future years. 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 highways become even more crowded, commuters have been drawn to the commuter rail system. VRE ridership remains strong due to investments in new equipment and excellent on-time performance. Although subsidy funds are constrained, VRE continues to work with regional, state and federal partners to find additional revenue sources. As a result, future VRE budgets will reflect a balance between meeting service needs, setting fares at a reasonable price, and incorporating 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. Public transit continues to play a vital role in addressing the area's need to reduce congestion and improve air quality. VRE enhances regional mobility by removing the estimated equivalent of one full lane of traffic on both Interstate 95 and Interstate 66 during peak periods and improves air quality by reducing an estimated 50,000 metric tons of Carbon Dioxide and other emissions each year.

Awards and Acknowledgement

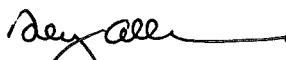
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Railway Express for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a 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.

During fiscal year 2015, the U.S. Department of Homeland Security's Transportation Security Administration (TSA) awarded VRE and four other rail and mass transit agencies the 2014 "Gold Standard"— their highest security rating. In addition, VRE's RIDE magazine received first place in the American Public Transportation Association (APTA) 2014 Annual AdWheel Awards competition for the print media category. VRE was recognized at a special ceremony during APTA's October 2014 Annual Meeting & EXPO in Houston.

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. John C. Cook, Fairfax County
Vice-Chairman	Hon. Gary Skinner, Spotsylvania County
Secretary	Hon. Paul Smedberg, City of Alexandria
Treasurer	Hon. Maureen Caddigan, Prince William County

Members

Hon. Sharon Bulova, Fairfax County
Hon. John Jenkins, Prince William County
Hon. Matt Kelly, City of Fredericksburg
Hon. Paul Milde, Stafford County
Jennifer Mitchell, VDRPT
Hon. Suhas Naddoni, City of Manassas Park
Hon. Marty Nohe, Prince William County
Hon. Walter Tejada, Arlington County
Hon. Bob Thomas, Stafford County
Jonathan Way, City of Manassas

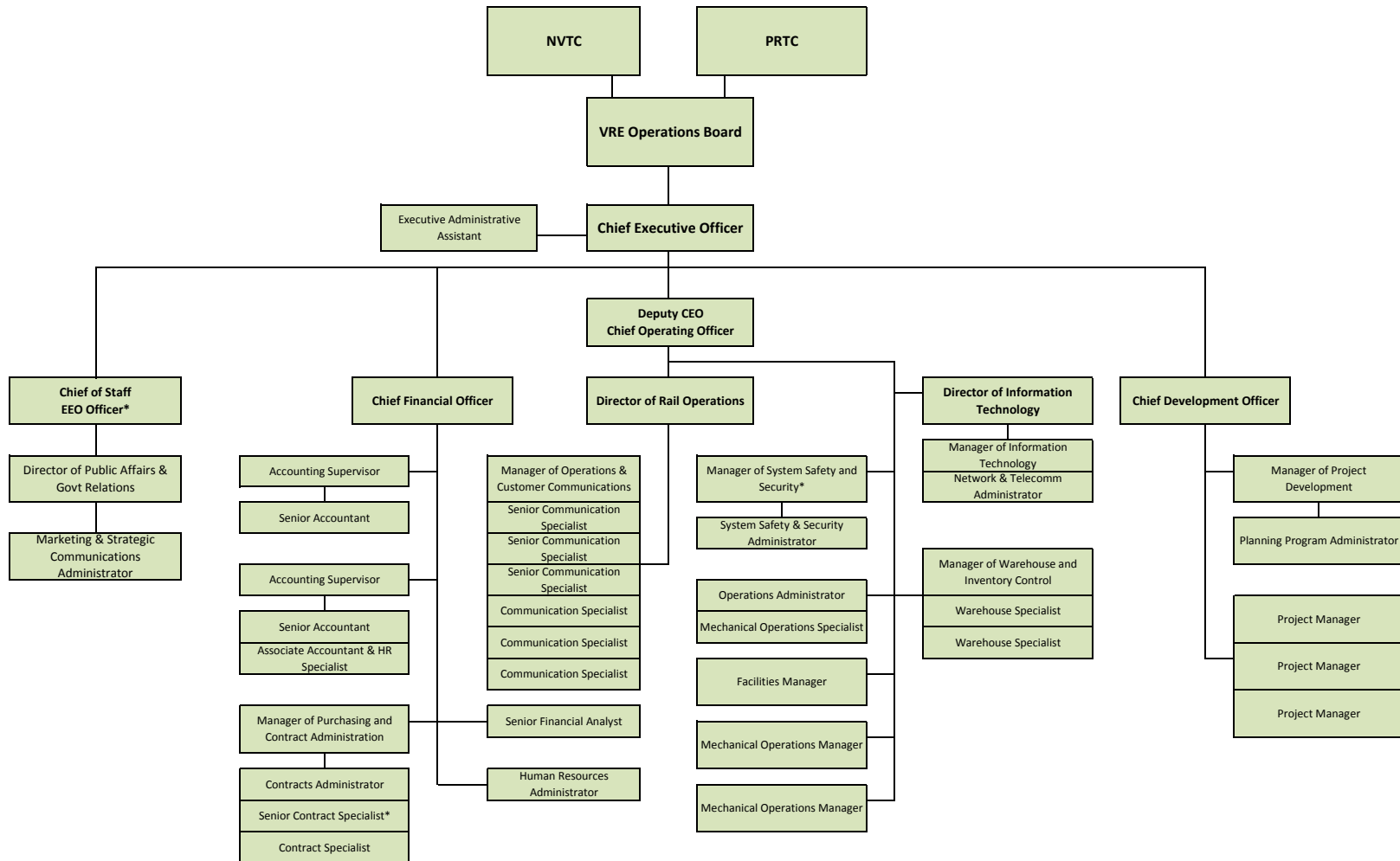
Alternates

Hon. Marc Aveni, City of Manassas
Hon. Meg Bohmke, Stafford County
Hon. Jay Fisette, Arlington County
Todd Horsley, VDRPT
Hon. Frank Jones, City of Manassas Park
Hon. Jeanine Lawson, Prince William County
Hon. Tim Lovain, City of Alexandria
Hon. Michael May, Prince William County
Hon. Jeff McKay, Fairfax County
Hon. Paul Trampe, Spotsylvania County
Hon. William Withers, City of Fredericksburg

Management

Chief Executive Officer	Doug Allen
Deputy CEO & Chief Operating Officer	Richard Dalton
Chief of Staff	Joe Swartz
Chief Financial Officer	Donna Boxer, CPA
Chief Development Officer	Tom Hickey
Director, Rail Operations	Chris Henry

**Virginia Railway Express
Organizational Chart
August 27, 2015**



* Note: Manager of Safety and Security reports to the CEO in matters related to safety and security
 Senior Contract Specialist reports to the CEO in matters related to their duties as DBE liason
 Chief of Staff reports to the CEO in matters related to EEO

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Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Operations Board Members and Commissioners
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 years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the 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 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 the 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 the 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 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 respective financial position of VRE, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 11 to the financial statements, VRE restated beginning net position to record the net pension asset and related components in accordance with the implementation of GASB Statements No. 68 and 71.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 8-16 and 50-51, 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 on them.

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 12, 2015 on our consideration of the 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 the VRE's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 12, 2015



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, 2015. We encourage readers to consider the information presented here in conjunction with additional information 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 .5 percent compared to the prior year, from \$37,291,391 to \$37,118,670. Ridership increased 1.5% percent from 4,547,911 to 4,618,169.
- Operating expenses decreased by .2 percent from \$65,764,181 to \$65,637,194, a reflection in part of track and canopy repairs and reclassifications from construction in progress to certain expense accounts in the prior fiscal year.
- Non-operating revenue decreased by 13.9 percent from \$51,720,337 to \$44,521,769, primarily as the result of a decrease to the state operating grant, and decreases to grant funding for debt service, access fees and station and yard repair projects.
- Capital grants and assistance increased by 218.7 percent from \$10,522,989 to \$33,538,921 as a result of the delivery of eight grant funded railcars and substantial work on a grant funded track project.
- The operating loss before depreciation was \$28,518,434, an increase from the previous year of .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 \$30,616,417 from \$284,168,027 (as restated) to \$314,784,444 primarily as the result of grants and contributions for capital improvements. At the end of the fiscal year, unrestricted net position was \$50,211,820.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, increased by 8.0 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization.

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 contained 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 deferred outflows of resources, and liabilities and deferred inflows of resources. 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 21-49 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 Statement of Net Position at June 30, 2015, 2014, and 2013 is shown below. We cannot restate the Statement of Net Position at June 30, 2013 to reflect the adoption of GASB Statements No. 68 and 71 due to the lack of available information.

Condensed Statements of Net Position

	2015	2014	2013
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current and other assets	\$ 74,796,036	\$ 74,448,857	\$ 60,093,368
Capital assets, net	327,209,068	302,858,587	312,047,031
Deferred outflows of resources	244,793	-	-
Total assets and deferred outflows of resources	402,249,897	377,307,444	371,872,311
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current portion of long-term debt	3,336,076	9,729,549	9,250,400
Other current liabilities	13,583,499	10,015,017	6,707,727
Non-current liabilities	70,144,263	73,334,759	83,062,633
Deferred inflows of resources	401,615	-	-
Total liabilities and deferred inflows resources	87,465,453	93,079,325	99,020,760
NET POSITION:			
Net investment in capital assets	254,085,092	220,069,396	220,007,440
Restricted	10,487,532	17,185,337	16,998,472
Unrestricted	50,211,820	46,973,386	35,845,639
Total net position	\$ 314,784,444	\$ 284,228,119	\$ 272,851,551

Current Year

Net position increased by approximately \$30.6 million, or 10.8 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, \$254 million or 80.7 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, \$10.5 million or 3.3 percent, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$24.4 million or 8.0 percent as the result of the delivery of eight additional railcars and the construction of the Hamilton to Crossroads third main track project.

Current liabilities decreased approximately \$2.8 million or 14.3 percent as the result of the repayment of the remaining revenue bonds on July 1, 2014 and an increase to contract retainage for ongoing capital projects.

Noncurrent liabilities decreased approximately \$3.2 million or 4.4 percent because of scheduled note repayments during the year.

Restricted net position decreased approximately \$6.7 million or 39.0 percent because of the repayment of the remaining revenue bonds on July 1, 2014.

Prior Year

Net position increased by approximately \$11.4 million, or 4.2 percent, due mainly to capital contributions that were used to fund system improvements.

The largest portion of VRE's net position, \$220 million or 77.4 percent, represents its investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets. 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, \$17.2 million or 6.1 percent, represents resources that are restricted for the liability insurance plan or future debt service payments.

Capital assets, net of accumulated depreciation and amortization, decreased approximately \$9.2 million or 2.9 percent as the result of a combination of new project construction, annual depreciation and amortization, and the write-off of certain prior year amounts.

Current liabilities increased approximately \$3.8 million or 23.7 percent as the result of an increase to accounts payable and accrued expenses, primarily related to the Hamilton to Crossroads third main track project.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$9.7 million or 11.7 percent because of scheduled bond and note repayments during the year.

Restricted net position increased approximately \$.2 million or 1.1 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.

	2015	2014	2013
Operating revenues:			
Passenger revenue	\$ 36,700,191	\$ 37,093,476	\$ 34,733,106
Equipment rentals and other	418,569	197,915	239,381
Total operating revenues	37,118,760	37,291,391	34,972,487
Non-operating revenues:			
Subsidies:			
Commonwealth of Virginia	14,401,957	19,330,105	14,967,197
Federal – with PRTC as grantee	13,688,723	15,931,876	18,559,490
Jurisdictional contributions	16,456,986	16,428,800	16,428,800
Interest income	34,396	28,056	19,345
Gain (loss) on disposal of assets	(60,293)	1,500	(769,042)
Total non-operating revenues, net	44,521,769	51,720,337	49,205,790
Total revenues	81,640,529	89,011,728	84,178,277
Operating expenses:			
Contract operations and maintenance	22,782,752	23,151,332	21,751,488
Other operations and maintenance	14,334,954	14,891,502	12,785,223
Property leases and access fees	14,318,788	13,924,017	13,504,023
Insurance	3,964,673	3,991,969	4,022,072
Marketing and sales	2,267,729	2,012,321	1,872,344
General and administrative	7,968,298	7,793,040	6,784,379
Total operating expenses	65,637,194	65,764,181	60,719,529
Other expenses:			
Depreciation and amortization	15,391,195	14,706,458	14,465,444
Interest, financing costs and other	3,534,644	4,026,724	4,683,094
Total other expenses	18,925,839	18,733,182	19,148,538
Total expenses	84,563,033	84,497,363	79,868,067
Excess (deficit) before capital contributions and extraordinary item	(2,922,504)	4,514,365	4,310,210
Capital grants and assistance:			
Commonwealth of Virginia	14,694,277	2,464,628	974,115
Federal – with PRTC as grantee	17,764,759	5,420,552	1,269,732
In-kind and other local contributions	1,079,885	2,637,809	328,031
Total capital grants and assistance	33,538,921	10,522,989	2,571,878
Extraordinary item	-	(3,660,768)	-
Change in net position	30,616,417	11,376,568	6,882,088
Net position – beginning of year, as restated	284,168,027	272,851,551	265,969,463
Net position – end of year	\$ 314,784,444	\$ 284,228,119	\$ 272,851,551

The earliest year presented has not been restated for implementation of GASB Statements No. 68 and 71 due to the lack of available information.

Revenues

Current Year

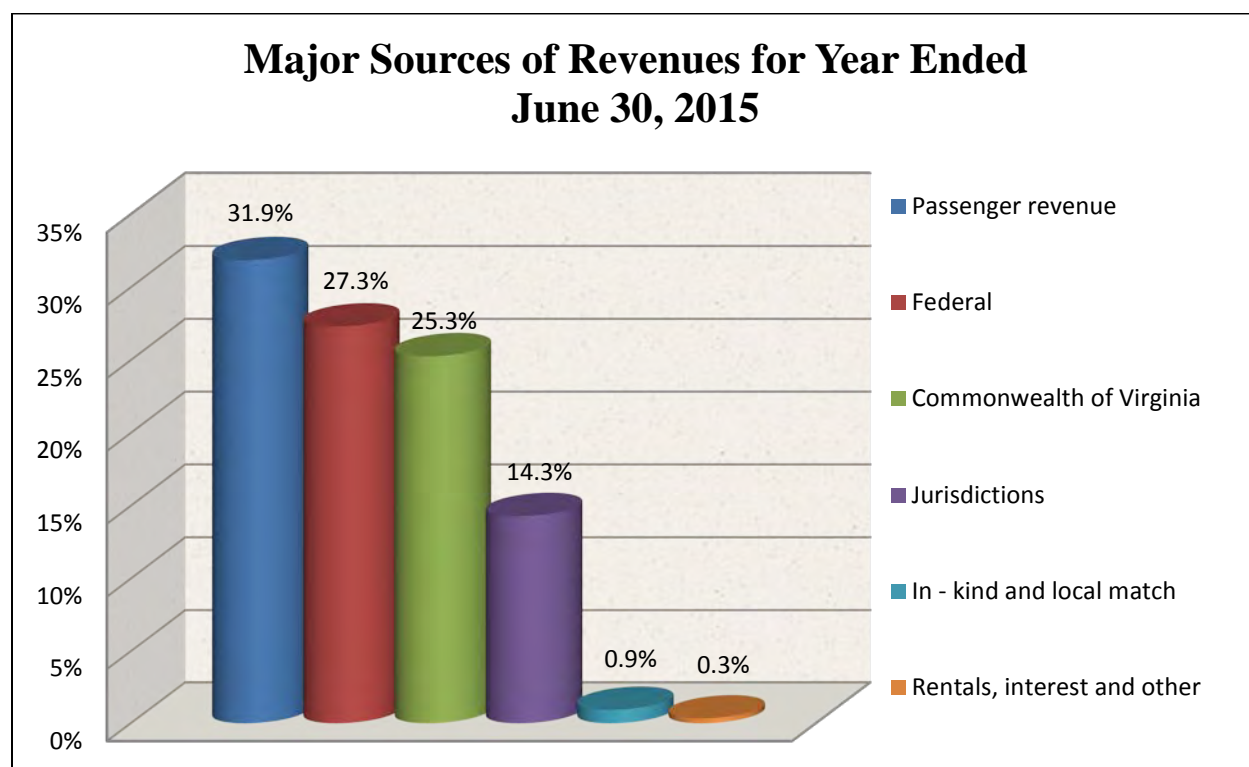
Total revenues for the current fiscal year decreased approximately \$7.4 million or 8.3 percent. Operating revenues totaled approximately \$37.1 million, a decrease of 0.5 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$28,000. State and federal subsidies decreased by \$7.2 million, primarily as the result of a decrease to the state operating grant, and decreases to grant funding for debt service, access fees and station and yard repair projects.

Passenger revenue decreased approximately \$.4 million or 1.1 percent, despite a small increase in ridership, due primarily to a decrease in the maximum employer provided monthly transit benefit from \$245 to \$130 in January 2014. With lower monthly benefits, some passengers reduced their out of pocket commuting costs by shifting from convenient monthly tickets to ticket types that more closely matched the actual days ridden.

	June 30,		
	2015	2014	2013
Ridership	4,618,169	4,547,911	4,643,898
% Increase (Decrease)	1.5%	(2.1%)	(2.7%)

Capital grants and assistance increased approximately \$23.0 million or 218.7 percent; this increase is attributed primarily to capital grant reimbursement activity related to the delivery of eight railcars and substantial work on the Hamilton to Crossroads third main track project.

The following chart shows the major sources of revenues for the year ended June 30, 2015:



Prior Year

Total revenues increased approximately \$4.8 million or 5.7 percent. Operating revenues totaled approximately \$37.3 million, an increase of 6.7 percent from the prior year. Jurisdictional subsidies were held constant between the two fiscal years, while state and federal subsidies increased by \$1.7 million. The major change to state and federal subsidies was a shift in the source of grant funds for track access costs, and increases to the state operating subsidy and grant-funded yard and station repair projects. Passenger revenue increased approximately \$2.4 million or 6.8 percent as the result of 4 percent fare increase coupled with changes to use of transit benefits and types of fare media.

Capital grants and assistance increased approximately \$8.0 million or 309.2 percent; this increase is attributed primarily to capital grant reimbursement activity and a \$2.5 million in-kind contribution related to the Hamilton to Crossroads third main track project.

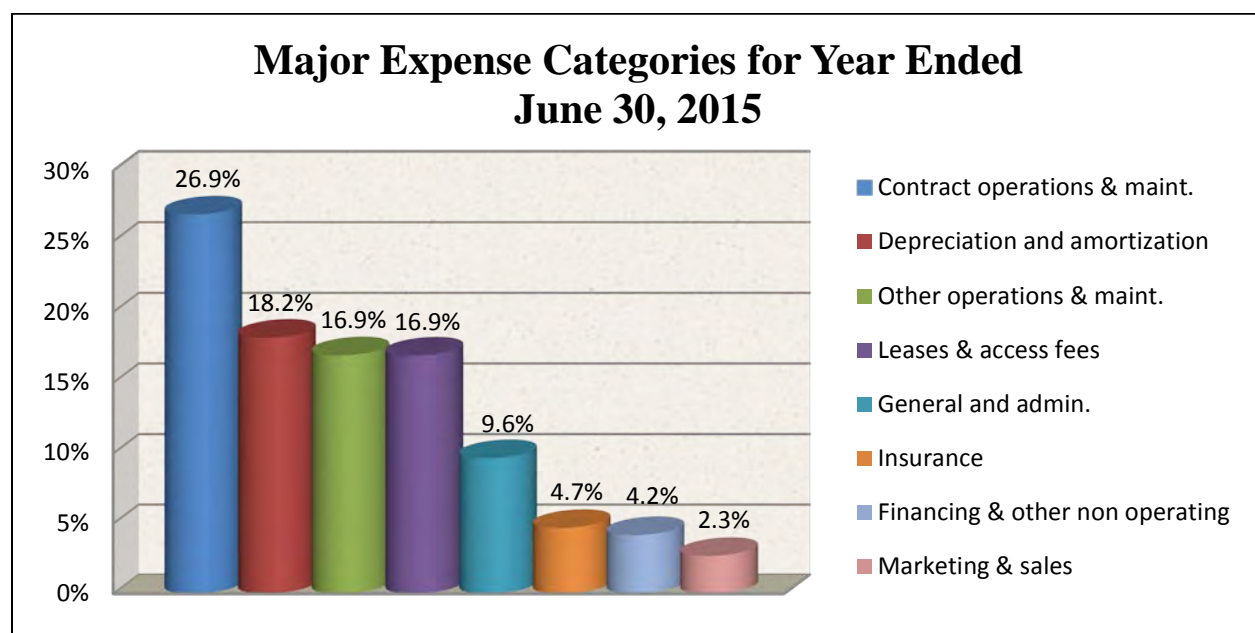
Expenses

Current Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$0.65 million or 0.1 percent. Operating expenses decreased by approximately \$127,000 or 0.2 percent. Total operating expenses were approximately \$65.6 million compared to approximately the same number for the prior fiscal year.

Property lease and access fee costs increased by approximately \$0.39 million or 2.8 percent as the result of regular contractual increases. Other operations and maintenance costs decreased by \$0.56 million or 3.7 percent due to a decrease in fuel costs and a reclassification to expense in the prior fiscal year. Contract operations and maintenance decreased by \$0.37 million or 1.6 percent due to regular contractual increases, and a canopy repair project during the prior fiscal year. General and administrative costs increased by \$0.18 million or 2.2 percent due to the addition of two staff positions formerly part of contract operations, the cost of additional office space added mid-year, higher legal fees and a reclassification to expense in the prior fiscal year. Marketing, sales and commissions increased by \$0.3 million or 12.7% due to an increase in credit and debit fees and marketing production costs. Depreciation and amortization increased by approximately \$0.7 million or 4.7 percent and net interest and financing costs decreased by \$0.5 million or 12.2 percent.

The following chart shows the major expense categories for the year ended June 30, 2015:



Prior Year

Total operating and other expenses, including depreciation and amortization, increased approximately \$4.6 million or 5.8 percent. Operating expenses increased by \$5.0 million or 8.3 percent. Total operating expenses were approximately \$65.8 million compared to approximately \$60.7 million for the prior fiscal year.

Property lease and access fee costs increased by approximately \$0.4 million or 3.1 percent as the result of regular contractual increases. Other operations and maintenance costs increased by \$2.1 million or 16.5 percent due to the beginning of a cycle of four year overhauls for the locomotive fleet, increased costs for data communication lines, the cost of a yard track replacement project, and a reclassification to expense of a station rehabilitation project. Contract operations and maintenance increased by \$1.4 million or 6.4 percent due to regular contractual increases, costs associated with the lengthening of certain trains and a canopy repair project at Washington Union Terminal. General and administrative costs increased by \$1.0 million or 14.9 percent as the result of a reclassification to professional services from the construction in progress account for studies completed in prior years. Depreciation and amortization increased by approximately \$0.2 million or 1.7 percent and net interest and financing costs decreased by \$.7 million or 14.0 percent.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2015 amounts to \$327 million (net of accumulated depreciation and amortization). Investment in capital assets includes the items identified in the table below. Acquisitions are funded using a variety of financing techniques, including loans and grants from various government agencies and other local sources.

	2015	2014	2013
Rolling stock	\$ 249,295,961	\$ 228,936,835	\$ 228,936,835
Vehicles	107,199	78,664	99,832
Facilities	102,449,961	102,449,961	101,909,065
Track and signal improvements	52,684,367	52,684,367	52,684,367
Equipment and software	11,996,876	10,342,844	8,933,997
Construction in progress	29,040,586	13,638,856	10,125,129
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	5,443,390	5,514,546	5,461,502
	456,805,627	419,433,360	413,938,014
Less accumulated depreciation and amortization	(129,596,559)	(116,574,773)	(101,890,983)
Total capital assets, net	\$ 327,209,068	\$ 302,858,587	\$ 312,047,031

Current Year

During fiscal year 2015, capital assets increased approximately \$24.4 million or 8.0 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$24.1 million were transferred from construction in progress to their respective capital accounts and an additional \$.25 million was charged directly to the capital accounts.

The major completed projects were the purchase of eight Gallery rail cars (\$22.5 million), and the implementation of phase one of the mobile ticketing system (\$1.4 million). The major additions to construction in progress during the fiscal year were for the construction of a third track between Hamilton and Crossroads in Spotsylvania County (\$12.8 million); the construction of the Spotsylvania VRE station (\$2.2 million); and the construction of a pedestrian tunnel at the Alexandria VRE station (\$.7 million).

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 2014, capital assets decreased approximately \$9.2 million or 2.9 percent, from the result of the recognition of annual depreciation and amortization and the write-off of certain prior year amounts, combined with new project construction. Completed projects totaling approximately \$1.9 million were transferred from construction in progress to their respective capital accounts and an additional \$.07 million was charged directly to the capital accounts.

The major completed projects were: the fare system upgrade project (\$.9 million); the lighting upgrade project at Franconia and Backlick stations (\$.4 million); and the installations of security cameras at various stations (\$.3 million). The major additions to construction in progress during the fiscal year were for the construction of a third track between Hamilton and Crossroads in Spotsylvania County (\$9.4 million); the construction of 15 replacement railcars (\$.6 million); and the development of a mobile ticketing system (\$.2 million).

During fiscal year 2014, \$1.9 million of costs recorded as construction in progress in prior years were reclassified from the capital accounts to maintenance expenses (\$.9 million) and professional services (\$1.0 million). In addition, \$3.6 million of costs recorded as construction in progress in prior years for preliminary engineering related to the Cherry Hill track project were expensed as an extraordinary item because the construction of the track will now be carried out by the Virginia Department of Rail and Public Transportation.

Debt Administration

At June 30, 2015, VRE had total debt outstanding of \$73,123,973. The revenue bonds debt was issued under the name of the Northern Virginia Transportation Commission (NVTC). The bonds were secured by a pledge of VRE revenue, and a debt service insurance policy guaranteed 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. The capital leases for three multifunction copiers are secured by the related equipment.

	2015	2014	2013
Revenue bonds	\$ -	\$ 6,555,000	\$ 12,775,000
Capital leases	15,414,117	16,535,611	17,668,825
Note payable (includes RRIF)	57,709,856	59,698,580	61,595,766
Total	\$ 73,123,973	\$ 82,789,191	\$ 92,039,591

The most recent line of credit with SunTrust Bank terminated on February 28, 2014 and the establishment of a new line with PNC Bank is in process. The line was not utilized during 2015. 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 3% was budgeted for fiscal year 2016. The last general fare increase was 4% in fiscal year 2014. The local subsidy for fiscal year 2016 was again held constant at \$16,428,800. Additional sources of funding will be available in fiscal year 2016 from federal, state and regional sources, although the amounts received will continue to vary 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.

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET POSITION

June 30, 2015 and 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 32,291,442	\$ 37,374,578
Accounts receivable:		
Due from PRTC – FTA and other	12,289,014	9,201,817
Commonwealth of Virginia grants	12,979,624	5,168,385
Trade receivables, net of allowance for doubtful accounts	1,705,049	1,636,321
Other receivables	752,881	71,171
Inventory	3,899,680	3,639,352
Prepaid expenses and other	122,934	171,896
Restricted cash, cash equivalents and investments	10,487,532	17,185,337
Total current assets	74,528,156	74,448,857
Noncurrent Assets:		
Pension asset	267,880	-
Capital assets:		
Rolling stock	249,295,961	228,936,835
Vehicles	107,199	78,664
Facilities	102,449,961	102,449,961
Track and signal improvements	52,684,367	52,684,367
Equipment and software	11,996,876	10,342,844
Construction in progress	29,040,586	13,638,856
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	5,443,390	5,514,546
	456,805,627	419,433,360
Less accumulated depreciation and amortization	(129,596,559)	(116,574,773)
Total capital assets, net	327,209,068	302,858,587
Total noncurrent assets	327,476,948	302,858,587
Total assets	402,005,104	377,307,444
Deferred Outflows of Resources:		
Pension plan	244,793	-
Total deferred outflows of resources	244,793	-
Total assets and deferred outflows of resources	\$ 402,249,897	\$ 377,307,444

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

	2015	2014
Current Liabilities:		
Accounts payable	\$ 3,785,342	\$ 2,883,264
Payable to Commissions	1,602,631	567,741
Compensated absences	30,373	45,965
Accrued expenses	4,909,394	4,137,679
Accrued interest	232,340	421,536
Unearned revenue	1,550,545	1,772,855
Contract retainage	1,472,874	185,977
Current portion of bonds payable	-	6,555,000
Current portion of capital lease obligations	1,255,162	1,185,825
Current portion of note payable	2,080,914	1,988,724
Total current liabilities	16,919,575	19,744,566
Noncurrent Liabilities:		
Capital lease obligations	14,158,955	15,349,786
Note payable	55,628,942	57,709,856
Compensated absences	356,366	275,117
Total noncurrent liabilities	70,144,263	73,334,759
Total liabilities	87,063,838	93,079,325
Deferred Inflows of Resources:		
Pension plan	401,615	-
Total deferred inflows of resources	401,615	-
Net Position:		
Net investment in capital assets	254,085,092	220,069,396
Restricted for liability insurance plan	10,487,532	10,454,171
Restricted for debt service and capital lease	-	6,731,166
Unrestricted assets	50,211,820	46,973,386
Total net position	314,784,444	284,228,119
Total liabilities, deferred inflows of resources and net position	\$ 402,249,897	\$ 377,307,444

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2015 and 2014

	2015	2014
Operating Revenues:		
Passenger revenue	\$ 36,700,191	\$ 37,093,476
Equipment rentals and other	418,569	197,915
Total operating revenues	37,118,760	37,291,391
Operating Expenses:		
Contract operations and maintenance	22,782,752	23,151,332
Other operations and maintenance	14,334,954	14,891,502
Property leases and access fees	14,318,788	13,924,017
Insurance	3,964,673	3,991,969
Marketing and sales	2,267,729	2,012,321
General and administrative	7,968,298	7,793,040
Total operating expenses	65,637,194	65,764,181
Operating loss before depreciation and amortization	(28,518,434)	(28,472,790)
Depreciation and Amortization	(15,391,195)	(14,706,458)
Operating loss	(43,909,629)	(43,179,248)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	14,401,957	19,330,105
Federal grants – with PRTC as grantee	13,688,723	15,931,876
Jurisdictional contributions	16,456,986	16,428,800
Interest income:		
Operating funds	34,337	27,860
Other restricted funds	59	196
Gain (loss) on disposal of assets	(60,293)	1,500
Interest, amortization and other nonoperating expenses, net	(3,534,644)	(4,026,724)
Total nonoperating revenues, net	40,987,125	47,693,613
Capital grants and assistance:		
Commonwealth of Virginia grants	14,694,277	2,464,628
Federal grants – with PRTC as grantee	17,764,759	5,420,552
In-kind and other local contributions	1,079,885	2,637,809
Total capital grants and assistance	33,538,921	10,522,989
Extraordinary item (Note 3)	-	(3,660,786)
Change in net position	30,616,417	11,376,568
Net Position, beginning of year, as restated July 1, 2014	284,168,027	272,851,551
Net Position, ending	\$ 314,784,444	\$ 284,228,119

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Receipts from customers	\$ 36,812,794	\$ 37,379,149
Payments to suppliers	(60,427,250)	(58,161,443)
Payments to employees	(4,223,127)	(5,001,139)
Net cash used in operating activities	(27,837,583)	(265,783,433)
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	38,917,943	55,901,311
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(37,039,637)	(5,748,875)
Capital grants and assistance	27,603,425	3,244,363
Proceeds from sale of capital assets	3,000	-
Principal paid on capital lease obligations	(1,194,919)	(1,133,214)
Principal paid on notes	(1,988,724)	(1,897,186)
Principal paid on bonds	(6,555,000)	(6,220,000)
Interest paid on capital lease obligation	(745,532)	(798,142)
Interest paid on bonds and notes	(2,978,310)	(3,408,191)
Net cash used in capital and related financing activities	(22,895,697)	(15,961,245)
Cash Flows From Investing Activities:		
Interest received on investments	34,396	28,056
Increase (decrease) in cash and cash equivalents	(11,780,941)	14,184,689
Cash and Cash Equivalents, beginning	54,559,915	40,375,226
Cash and Cash Equivalents, ending	\$ 42,778,974	\$ 54,559,915
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (43,909,629)	\$ (43,179,248)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	15,391,195	14,706,458
Pension expense	73,643	-
Loss on disposal of assets	(63,293)	1,945,039
(Increase) decrease in:		
Accounts receivable	(68,728)	(71,028)
Other receivables	(14,928)	(4,855)
Inventory	(260,327)	(62,849)
Prepaid expenses and other	48,961	267,937
Increase (decrease) in:		
Accounts payable and accrued expenses	1,187,883	451,472
Unearned revenue	(222,310)	163,641
Net cash used in operating activities	\$ (27,837,583)	\$ (25,783,433)
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 1,662,206	\$ 1,149,530
Capital assets acquired through accrued liabilities	3,022,716	2,193,678
Capital assets acquired through capital leases	73,425	-
Capital assets acquired through in-kind contributions	-	2,500,000
Inventory acquired through in-kind contributions	-	60,796

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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, lease financing, Federal (with PRTC as grantee) and Commonwealth of Virginia grants (with NVTC as grantee), 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.

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

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 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. 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 \$10,487,532 and \$17,185,337 at June 30, 2015 and 2014, respectively, are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, 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 \$184,000 and \$186,000 at June 30, 2015 and 2014, respectively.

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

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, 2015 and 2014.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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.

Deferred outflows/inflows of resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. VRE currently has one item that qualifies for reporting in this category. Accordingly, pension contributions is reported as a deferred outflow of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. VRE has only one item that qualifies for reporting in this category. Accordingly, earnings on pension plan investments is reported as a deferred inflow of resources.

Pensions: For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) VRE's Retirement Plan and the additions to/deductions from the VRS VRE's Retirement Plan net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Since VRE is combined with PRTC for reporting purposes to VRS, amounts and disclosures included in this report are for PRTC as a whole unless otherwise indicated.

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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash, Cash Equivalents and Investments (Continued)

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.

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, 2015 and 2014, the book balance of VRE’s deposits with banks was \$6,248,377 and \$3,394,834, respectively.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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

Note 2. Cash, Cash Equivalents and Investments (Continued)

At June 30, 2015 and 2014, VRE had investments of \$26,095,952 and \$34,032,571, respectively, 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, 2015 and 2014, VRE had \$10,434,495 and \$10,401,194, respectively, invested in the Insurance Trust. From fiscal year 2011 through fiscal year 2015, any earnings on these investments were retained by the Commonwealth of Virginia. Beginning in fiscal year 2016, earnings on the Insurance Trust will be credited to VRE. The Insurance Trust Fund has not been assigned a rating.

As of June 30, 2015 and 2014, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2015	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 26,095,952	\$ 26,095,952
Insurance trust fund – pooled funds	10,434,495	10,434,495
Total investments	<u>\$ 36,530,447</u>	<u>\$ 36,530,447</u>
Investment Type	2014	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 34,032,571	\$ 34,032,571
Insurance trust fund – pooled funds	10,401,194	10,401,194
Money market funds – U. S. Treasuries	6,731,166	6,731,166
Total investments	<u>\$ 51,164,931</u>	<u>\$ 51,164,931</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 13,638,856	\$ 39,489,678	\$ -	\$ (24,087,948)	\$ 29,040,586
Capital assets being depreciated or amortized:					
Rolling stock	228,936,835	-	(2,117,830)	22,476,956	249,295,961
Vehicles	78,664	28,535	-	-	107,199
Facilities	102,449,961	-	-	-	102,449,961
Track and signal improvements	52,684,367	-	-	-	52,684,367
Equipment and software	10,342,844	43,040	-	1,610,992	11,996,876
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	5,514,546	180,423	(251,579)	-	5,443,390
Total capital assets being depreciated or amortized	405,794,504	251,998	(2,369,409)	24,087,948	427,765,041
Less accumulated depreciation or amortization for:					
Rolling stock	52,206,709	9,334,704	(2,117,830)	-	59,423,583
Vehicles	67,652	11,149	-	-	78,801
Facilities	29,366,333	2,975,264	-	-	32,341,597
Track and signal improvements	19,648,232	1,791,703	-	-	21,439,935
Equipment and software	8,429,894	635,163	-	-	9,065,057
Equity in property of others	3,126,974	169,898	-	-	3,296,872
Furniture, equipment and software	3,728,979	473,314	(251,579)	-	3,950,714
Total accumulated depreciation or amortization	116,574,773	15,391,195	(2,369,409)	-	129,596,559
Total capital assets being depreciated or amortized, net	289,219,731	(15,139,197)	-	24,087,948	298,168,482
Totals	\$ 302,858,587	\$ 24,350,481	\$ -	\$ -	\$ 327,209,068

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 10,125,129	\$ 11,045,380	\$ (5,592,804)	\$ (1,938,849)	\$ 13,638,856
Capital assets being depreciated or amortized:					
Rolling stock	228,936,835	-	-	-	228,936,835
Vehicles	99,832	1,500	(22,668)	-	78,664
Facilities	101,909,065	-	-	540,896	102,449,961
Track and signal improvements	52,684,367	-	-	-	52,684,367
Equipment and software	8,933,997	10,894	-	1,397,953	10,342,844
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	5,461,502	53,044	-	-	5,514,546
Total capital assets being depreciated or amortized	403,812,885	65,438	(22,668)	1,938,849	405,794,504
Less accumulated depreciation or amortization for:					
Rolling stock	43,285,083	8,921,626	-	-	52,206,709
Vehicles	78,414	11,906	(22,668)	-	67,652
Facilities	26,339,913	3,026,420	-	-	29,366,333
Track and signal improvements	17,858,498	1,789,734	-	-	19,648,232
Equipment and software	8,096,244	333,650	-	-	8,429,894
Equity in property of others	2,957,076	169,898	-	-	3,126,974
Furniture, equipment and software	3,275,755	453,224	-	-	3,728,979
Total accumulated depreciation or amortization	101,890,983	14,706,458	(22,668)	-	116,574,773
Total capital assets being depreciated or amortized, net	301,921,902	(14,641,020)	-	1,938,849	289,219,731
Totals	\$ 312,047,031	\$ (3,595,640)	\$ (592,804)	\$ -	\$ 302,858,587

Note: During fiscal year 2014, projects totaling approximately \$5.6 million were expensed. \$3.7 million related to the Cherry Hill track project (recorded as an extraordinary item) was written off due to the Virginia Department of Rail and Public Transportation assuming responsibility for the project. The remaining \$1.9 million related to capitalized costs was reclassified to operating expenses.

Note 4. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2015 and 2014, these payments included \$5,377,262 and \$4,610,119 of salary-related costs and \$122,105 and \$5,523 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 \$80,000 to NVTC for both periods, and \$83,153 and \$88,320 to PRTC during 2015 and 2014, 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 \$1,649 and \$3,191 in 2015 and 2014, respectively. Amounts payable to NVTC and PRTC were \$45,327 and \$1,557,304, respectively, at June 30, 2015 and \$98,916 and \$468,825, respectively, at June 30, 2014.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of VRE are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees.*
<p>Hybrid Opt-In Election Non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<ul style="list-style-type: none"> • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p><u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component</u></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component</u></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.	<u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage Eligible political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are to a one-year waiting period before becoming eligible for non-work related disability benefits.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the highest of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.
		<u>Defined Contribution Component</u> Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	16
Inactive Members:	
Vested	16
Non-vested	23
Active elsewhere in VRS	8
Total inactive members	47
Active Members	82
Total covered employees	145

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. VRE elected to not phase in the increase, but rather provided a 5.00% salary increase to all employees on July 1, 2012.

VRE's contractually required contribution rate for the year ended June 30, 2015 was 6.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from VRE were \$244,793 for the year ended June 30, 2015.

B. Net Pension Asset

VRE's net pension asset was measured as of June 30, 2014. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions

The total pension asset for VRE's retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

B. Net Pension Asset (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Mortality Rates:	14% of deaths are assumed to be service related.
- Pre-retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.
- Post-retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
- Post-disablement:	RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

B. Net Pension Asset (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	1.26%
Developed Non-U.S. Equity	16.50%	1.04%
Emerging Market Equity	6.00%	0.60%
Fixed Income	15.00%	0.01%
Emerging Debt	3.00%	0.11%
Rate Sensitive Credit	4.50%	0.16%
Non-Rate Sensitive Credit	4.50%	0.23%
Convertibles	3.00%	0.14%
Public Real Estate	2.25%	0.14%
Private Real Estate	12.75%	0.91%
Private Equity	12.00%	1.25%
Cash	1.00%	-0.02%
Total	100.00%	5.83%
	Inflation	2.50%
	* Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

B. Net Pension Asset (Continued)

Discount Rate

The discount rate used to measure the total pension asset was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for VRE's retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension asset.

C. Changes in the Net Pension Asset

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
Balance at June 30, 2013	\$ 11,021,316	\$ 10,379,843	\$ 641,473
Changes for the Year:			
Service cost	722,134	-	722,134
Interest	763,704	-	763,704
Contributions – employer	-	528,296	(528,296)
Contributions – employee	-	414,844	(414,844)
Net investment income	-	1,697,173	(1,697,173)
Benefit payments, including refunds of employee contributions	(222,525)	(222,525)	-
Administrative expense	-	(8,482)	8,482
Other changes	-	89	(89)
Net changes	1,263,313	2,409,395	(1,146,082)
Balance at June 30, 2014	\$ 12,284,629	\$ 12,789,238	\$ (504,609)

Note: The information above is derived from the actuarial valuation report for the Potomac and Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE. VRE has recorded a percentage of the net pension asset on its Statements of Net Position based on contributions to the plan.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

C. Changes in the Net Pension Asset (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of VRE, using the discount rate of 7.00%, as well as what VRE's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's net pension (asset) liability	\$ 1,314,818	\$ (504,609)	\$ (1,995,757)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, VRE recognized pension expense of \$73,643. VRE also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 401,615
Employer contributions subsequent to the measurement date	244,793	-
Total	\$ 244,793	\$ 401,615

\$244,793 reported as deferred outflows of resources related to pensions resulting from VRE's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2016.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ 100,404
2017	100,404
2018	100,404
2019	100,403
	<hr/>
	\$ 401,615

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, 2015 and 2014, annual track usage fees totaled approximately \$8,550,200 and \$8,243,800, respectively, and facility and other identified costs totaled approximately \$520,600 and \$507,000, respectively.

The 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, 2015 and 2014, costs for track access and equipment storage totaled approximately \$5,592,000 and \$5,516,000, respectively, and mid-day maintenance, utility and other services totaled approximately \$4,177,000 and \$4,798,000, respectively. A new agreement will be in effect for the period beginning July 1, 2015. Cost adjustments will be made in fiscal year 2016 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

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, 2015 and 2014 totaled approximately \$18,609,000 and \$18,361,000, respectively. Costs are based on an annual budget prepared in advance. A new contract will be in effect for the period beginning July 1, 2015. Costs for fiscal year 2016 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, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Bonds	\$ 6,555,000	\$ -	\$ (6,555,000)	\$ -	\$ -
Capital Leases	16,535,611	73,425	(1,194,919)	15,414,117	1,255,162
Note Payable	59,698,580	-	(1,988,724)	57,709,856	2,080,914
	82,789,191	73,425	(9,738,643)	73,123,973	3,336,076
Compensated Absences	321,082	303,581	(237,924)	386,739	30,373
	\$ 83,110,273	\$ 377,006	\$ (9,976,567)	\$ 73,510,712	\$ 3,366,449

Federal arbitrage regulations apply to VRE's revenue bonds and the Gallery IV capitalized lease.

Revenue Bonds

The 1998 Series Bonds were payable from a pledge of revenues attributable to VRE, including government grants, local jurisdictional contributions and passenger revenue. A debt service insurance policy guaranteed payment of each bond series.

The Indentures of Trust for the bonds required the maintenance of an operating reserve equivalent to one-third (33.3 percent) of annual budgeted operating expenses. As of June 30, 2014, VRE designated \$57,263,520 of its cash, inventory and receivables as this operating reserve. The reserves represented 83.25 percent of budgeted operating expenses for the year ended June 30, 2014.

Funds were invested by the Trustee pursuant to the Indentures of Trust and were classified as restricted. Funds held by the Trustee as of June 30, 2014 were as follows:

	2014
Bond Interest Fund	\$ 176,166
Bond Principal Fund	6,555,000
Total held by Trustee	<u>\$ 6,731,166</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 \$18,552,350.

\$ 15,349,786

VIRGINIA RAILWAY EXPRESS**NOTES TO FINANCIAL STATEMENTS**

Note 7. Long-Term Debt Obligations (Continued)

Future minimum lease payments as of June 30, 2015 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 1,931,357
2017	1,931,357
2018	1,931,357
2019	1,931,357
2020	1,931,357
2021-2025	9,656,787
Total minimum lease payments	19,313,572
Less amount representing interest	3,963,786
Present value of lease payments	<u>\$ 15,349,786</u>

Capitalized lease – copiers

\$73,425 capitalized lease obligations; \$1,329 due monthly, interest at 9.39%, maturing in 2020; \$330 due monthly, interest at 11.73%, maturing in 2018, collateralized with three multifunction copiers with a carrying value of \$57,410.

\$ 64,331

Future minimum lease payments as of June 30, 2015 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 19,908
2017	19,908
2018	19,248
2019	15,948
2020	2,658
Total minimum lease payments	77,670
Less amount representing interest	13,339
Present value of lease payments	<u>\$ 64,331</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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 balances 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 \$83,926,935 at June 30, 2015.

\$63,844,842 Promissory Note; due in quarterly maturities of \$506,396 to
\$1,195,258 through March 2033, plus quarterly interest at 4.74% \$ 57,709,856

Mandatory debt service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total Required
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	2,401,211	2,382,302	4,783,513
2020	2,513,907	2,269,606	4,783,513
2021-2025	14,531,178	9,386,385	23,917,563
2026-2030	18,388,051	5,529,512	23,917,563
2031-2033	13,315,124	1,035,415	14,350,539
	<u>\$ 57,709,856</u>	<u>\$ 28,393,374</u>	<u>\$ 86,103,230</u>

Note 8. Short-Term Debt

VRE has established a revolving line of credit to finance certain grant-funded capital projects prior to the receipt of reimbursements from the grantor agencies. The most recent line of credit with SunTrust Bank terminated on February 28, 2014 and the establishment of a new line with PNC Bank is in process. The revolving line of credit was not used during the years ended June 30, 2015 or 2014.

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 VRE's own need for liability and property coverage. 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 \$184,000 at June 30, 2015 and \$213,000 at June 30, 2014.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 9. Liability Insurance Plan (Continued)

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, 2015 and 2014 was as follows:

	2015	2014
Beginning balance, July 1	\$ 10,401,194	\$ 10,241,951
Contribution to reserves	4,000,000	4,150,000
Insurance premiums paid	(3,883,676)	(3,925,246)
Claims mitigation costs and losses incurred	(16,551)	(10,049)
Actuarial and administrative charges	(66,472)	(55,462)
Ending balance, June 30	<u>\$ 10,434,495</u>	<u>\$ 10,401,194</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, 2015, 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 VRE 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 expenses incurred as of June 30, 2015:

Stations and parking lots	\$ 4,847,230
Rolling Stock	33,003,217
Maintenance and layover yards	2,514,875
Track and signal improvements	13,387,084
Other administrative	<u>1,953,362</u>
Total	<u>\$ 55,705,768</u>

The Commissions have received proceeds from several federal (with VRE 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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 10. Contingencies and Contractual Commitments (Continued)

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

Balance at June 30, 2014	\$ 284,228,119
Net adjustment for implementation of GASB Statements No. 68 and 71	<u>(60,092)</u>
Balance at June 30, 2014, as restated	<u>\$ 284,168,027</u>

Note 12. Pending GASB Statements

At June 30, 2015, 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. 72, *Fair Value Measurement and Application*, will improve measurement and application by state and local governments for fair value. Statement No. 72 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes of OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

VRE has not yet determined the effect of these statements on its financial statements.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 13. Subsequent Events

VRE entered into contracts at various times from June 2015 through September 2015 to purchase fuel at set prices for delivery in July 2015 through June 2016. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 1,008,000 gallons of fuel at a cost of approximately \$2.0 million.

In September 2015, the Commissions authorized the Chief Executive Officer of VRE to amend the contract with Sumitomo Corporation of America to place an order for nine additional Gallery railcars and to increase the contract value by \$18.9 million, following the recommendation of the Operations Board in July 2015.

On July 7, 2015 the Commonwealth of Virginia, Department of Transportation took by eminent domain the land and improvements associated with the Kiss and Ride facility at VRE's Woodbridge Station for the purpose of widening Route 1 and reconstructing the Route 1/123 Interchange. VRE is currently negotiating the price to be paid by the Commonwealth for the land and improvements. As the result of their participation in the purchase of land and construction costs associated with the Kiss and Ride facility, 80% of the appraised value must be returned to the Federal Transit Administration or used for a future eligible capital project.

A new five year agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance and other services went into effect on July 1, 2015. The agreement allows for an optional extension for an additional five year period. The first optional renewal of the Commissions' contract with Keolis Rail Services, Virginia, LLC for train operations and maintenance went into effect on July 1, 2015 for an additional five year period. The contract also provides for a second optional five year renewal at the end of the current five year period.

Required Supplementary Information

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VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

Fiscal Year
June 30, 2014

Contractually required contribution (CRC)	\$ 528,296
Contributions in relation to the CRC	<u>528,296</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 6,856,560
Contributions as a percentage of covered-employee payroll	7.70%

Notes to Schedule:

- 1) Valuation date: June 30, 2014
- 2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- 3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.25-2.50%
Projected salary increases	3.50%-5.35%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%
- 4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, VRE will present information for those years for which information is available.
- 5) The information on this schedule 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.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGES IN NET PENSION ASSET - VIRGINIA RETIREMENT SYSTEM

	As of June 30, 2014
Total Pension Liability	
Service cost	\$ 722,134
Interest	763,704
Benefit payments, including refunds of employee contributions	(222,525)
Net change in total pension liability	<u>1,263,313</u>
Total pension liability - beginning	11,021,316
Total pension liability - ending (a)	<u>\$ 12,284,629</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 528,296
Contributions - employee	414,844
Net investment income	1,697,173
Benefit payments, including refunds of employee contributions	(222,525)
Administrative expense	(8,482)
Other	89
Net change in plan fiduciary net position	<u>2,409,395</u>
Plan fiduciary net position - beginning	10,379,843
Plan fiduciary net position - ending (b)	<u>\$ 12,789,238</u>
PRTC's net pension asset - ending (a) - (b)	<u>\$ (504,609)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.11%
Covered-employee payroll	\$ 6,856,560
PRTC's net pension asset as a percentage of covered - employee payroll	7.36%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Increase in rates of withdrawal
 - d. Decrease in male and female rates of disability
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, VRE will present information for those years for which information is available.
- (4) The information 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.

Statistical Section



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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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	53 - 56
Other Statistical Information These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	57 - 58
Demographic and Economic Information These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	59 - 61

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGE IN NET POSITION

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues:										
Passenger revenue	\$ 36,700,191	\$ 37,093,476	\$ 34,733,106	\$ 34,721,591	\$ 32,368,123	\$ 30,019,730	\$ 25,909,794	\$ 21,688,092	\$ 19,685,561	\$ 19,453,436
Equipment rentals and other	418,569	197,915	239,381	304,184	200,069	247,375	124,926	133,242	206,558	442,517
Total operating revenues	37,118,760	37,291,391	34,972,487	35,025,775	32,568,192	30,267,105	26,034,720	21,821,334	19,892,119	19,895,953
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	14,401,957	19,330,105	14,967,197	12,711,602	12,806,509	13,153,781	13,482,816	10,795,443	12,269,884	13,137,477
Federal grants - with PRTC as grantee	13,688,723	15,931,876	18,559,490	17,181,121	16,157,284	14,525,795	12,784,123	12,522,868	12,741,069	10,721,335
Jurisdictional contributions	16,456,986	16,428,800	16,428,800	15,943,917	16,070,307	16,376,968	17,275,500	13,379,155	8,802,762	6,878,061
Capital Grants and Assistance:										
Commonwealth of Virginia grants	14,694,277	2,464,628	974,115	2,027,872	7,506,606	10,939,490	12,228,446	14,959,850	9,455,655	1,769,727
Federal grants - with PRTC as grantee	17,764,759	5,420,552	1,269,732	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
Pass-through to Fairfax County	-	-	-	-	-	-	(4,456,818)	-	-	-
In-kind and other local contributions	1,079,885	2,637,809	328,031	46,924	406,331	680,631	1,903,284	925,338	-	-
Interest income:										
Operating funds	34,337	27,860	18,573	16,813	14,675	23,893	129,620	399,553	850,490	367,292
Insurance trust	-	-	-	-	-	65,164	241,003	400,204	329,252	721,919
Other restricted funds	59	196	772	1,161	384	586	36,232	535,093	41,038	840,383
Insurance proceeds	-	-	-	-	-	-	-	262,676	-	-
Gain (loss) on sale of assets	(60,293)	1,500	(769,042)	(358,382)	(271,606)	(393,419)	-	-	-	-
Total nonoperating revenues	78,060,690	62,243,326	51,777,668	57,568,098	96,135,133	71,212,556	68,326,404	73,378,727	55,253,086	47,233,023
Total revenues	115,179,450	99,534,717	86,750,155	92,593,873	128,703,325	101,479,661	94,361,124	95,200,061	75,145,205	67,128,976
Operating Expenses:										
Contract operations and maintenance	22,782,752	23,151,332	21,751,488	21,093,606	21,405,930	20,291,361	18,694,757	17,433,267	16,982,189	14,619,521
Other operations and maintenance	14,334,954	14,891,502	12,785,223	14,594,826	12,949,155	12,055,009	12,575,004	11,562,892	10,130,233	9,304,325
Property leases and access fees	14,318,788	13,924,017	13,504,023	13,123,367	11,756,531	9,482,367	8,686,385	8,279,505	8,636,947	8,986,974
Insurance	3,964,673	3,991,969	4,022,072	3,491,620	4,049,906	3,864,366	3,866,438	4,099,475	5,169,441	3,521,858
Marketing and sales	2,267,729	2,012,321	1,872,343	2,211,354	1,502,434	1,259,048	1,477,554	1,537,243	1,161,206	1,005,348
General and administrative	7,968,298	7,793,040	6,784,379	7,111,871	5,964,956	5,642,360	5,492,566	5,151,117	5,164,332	5,219,514
Depreciation and amortization	15,391,195	14,706,458	14,465,445	13,373,129	12,218,203	11,337,406	10,445,041	10,640,098	9,875,593	8,217,233
Total operating expenses	81,028,389	80,470,639	75,184,973	74,999,773	69,847,115	63,931,917	61,237,745	58,703,597	57,119,941	50,874,773
Nonoperating (Revenues) Expenses:										
Interest and amortization	3,534,644	4,026,724	4,683,094	6,524,348	5,566,829	5,682,935	6,014,243	4,525,279	2,748,084	4,953,443
(Gain) loss on sale of assets	-	-	-	-	-	-	(4,218,641)	3,176,932	291,306	1,366,531
Total nonoperating expenses, net	3,534,644	4,026,724	4,683,094	6,524,348	5,566,829	5,682,935	1,795,602	7,702,211	3,039,390	6,319,974
Special Items	-	3,660,786	-	-	-	-	-	-	-	-
Total expenses	84,563,033	88,158,149	79,868,067	81,524,121	75,413,944	69,614,852	63,033,347	66,405,808	60,159,331	57,194,747
Change in net assets				\$ 11,069,752	\$ 53,289,381	\$ 31,864,809	\$ 31,327,777	\$ 28,794,253	\$ 14,985,874	\$ 9,934,229
Change in net position	\$ 30,616,417	\$ 11,376,568	\$ 6,882,088							

Note: Years after fiscal year 2010 reflect change in classification of *Gain (loss) on sale of assets*.

Interest costs in fiscal year 2012 restated to comply with GASB 65.

Source: VRE's Audited Financial Statements.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF COMPONENTS OF NET POSITION

Last Ten Fiscal Years (Unaudited)

	June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	\$ 254,085,092	\$ 220,069,396	\$ 220,007,440	\$ 220,396,390	\$ 213,710,235	\$ 165,407,433	\$ 144,566,529	\$ 114,677,949	\$ 87,827,971	\$ 68,818,859
Restricted for liability insurance plan	10,487,532	10,454,171	10,294,874	10,156,492	10,052,968	9,511,797	8,229,082	7,470,123	6,524,971	10,204,517
Restricted for debt service and capital lease	-	6,731,166	6,563,328	6,408,466	6,259,239	5,980,313	5,850,112	7,287,789	7,213,804	7,008,351
Restricted grants or contributions	-	-	140,270	951,342	600,250	34,619	194,193	1,269,313	785,173	14,013
Unrestricted assets	50,211,820	46,973,386	35,845,639	28,056,773	24,277,019	20,676,168	10,905,605	7,712,570	7,251,572	8,571,877
Total net assets				<u>\$ 265,969,463</u>	<u>\$ 254,899,711</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>
Total net position	<u>\$ 314,784,444</u>	<u>\$ 284,228,119</u>	<u>\$ 272,851,551</u>							

Note: Method of reporting was revised for fiscal year 2011.

Fiscal year 2012 balance restated to comply with GASB 65.

Source: VRE's Audited Financial Statements.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF OUTSTANDING DEBT

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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
\$23,000,000 Commuter Rail Revenue Bond, Series 1997	-	-	-	-	-	-	-	14,635,000	15,690,000	16,690,000
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	-	6,555,000	12,775,000	18,685,000	24,295,000	24,425,000	24,550,000	24,670,000	24,785,000	24,895,000
Capital Leases:										
\$271,804 Capitalized Lease Obligation	-	-	-	-	-	-	-	-	164,600	-
\$2,717,409 Capitalized Lease Obligation	-	-	-	-	-	-	-	420,665	855,119	1,265,433
\$25,100,000 Capitalized Lease Obligation	15,349,786	16,535,611	17,668,825	18,751,762	19,786,652	20,775,627	21,720,726	22,623,892	23,486,988	24,311,791
\$74,425 Capitalized Lease Obligation	64,331									
Notes Payable:										
\$900,000 SunTrust Bank	-	-	-	320,000	380,000	440,000	500,000	560,000	605,000	660,000
\$63,844,842 FRA Notes	57,709,856	59,698,580	61,595,765	63,409,659	63,305,611	63,749,851	56,122,937	26,970,555	-	-
Outstanding as of June 30	<u>\$ 73,123,973</u>	<u>\$ 82,789,191</u>	<u>\$ 92,039,590</u>	<u>\$ 101,166,421</u>	<u>\$ 107,767,263</u>	<u>\$ 114,455,478</u>	<u>\$ 112,768,663</u>	<u>\$ 104,330,112</u>	<u>\$ 84,386,707</u>	<u>\$ 90,767,224</u>
Debt per Capita:										
Outstanding as of June 30	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663	\$ 104,330,112	\$ 84,386,707	\$ 90,767,224
Total Participating Jurisdictional Population	N/A	N/A	2,272,215	2,238,627	2,189,988	2,159,228	2,116,826	2,079,204	2,045,670	2,026,082
Debt per Capita	<u>N/A</u>	<u>N/A</u>	<u>\$ 40.51</u>	<u>\$ 45.19</u>	<u>\$ 49.21</u>	<u>\$ 53.01</u>	<u>\$ 53.27</u>	<u>\$ 50.18</u>	<u>\$ 41.25</u>	<u>\$ 44.80</u>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663	\$ 104,330,112	\$ 84,386,707	\$ 90,767,224
Total Personal Income	N/A	N/A	131,211,580,000	135,296,802,000	126,548,575,000	125,509,757,000	125,018,523,000	124,410,734,000	117,524,050,000	111,259,434,000
Total Outstanding Debt as a Percentage of Personal Income	<u>N/A</u>	<u>N/A</u>	<u>0.07%</u>	<u>0.07%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.08%</u>	<u>0.07%</u>	<u>0.08%</u>

The population data for each participating jurisdiction can be found in the following reports.

- (1) Fairfax County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 253
- (2) Prince William County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 197
- (3) City of Manassas fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table XIII, page 154
- (4) City of Manassas Park fiscal year 2013 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 119
- (5) Stafford County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table S-14; page 126
- (6) City of Fredericksburg fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 142
- (7) Spotsylvania County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 137
- (8) City of Alexandria fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 146
- (9) Arlington County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table K, page 180

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fairfax County	\$ 4,852,953	\$ 4,747,684	\$ 4,511,265	\$ 4,876,961	\$ 4,906,693	\$ 4,995,535	\$ 5,507,805	\$ 4,700,508	\$ 3,935,736	\$ 3,159,643
City of Fredericksburg	581,244	427,728	339,064	420,566	405,980	508,503	482,764	330,713	111,115	73,827
City of Manassas	686,944	757,804	642,662	817,993	871,611	883,443	938,897	655,077	428,436	276,306
City of Manassas Park	401,762	574,709	441,702	566,504	544,763	537,496	567,082	359,574	183,686	179,422
Prince William County	5,485,333	5,748,203	4,761,324	5,859,007	6,384,660	6,173,028	6,511,839	4,624,876	2,961,241	2,236,676
Stafford County	1,401,382	2,529,281	1,892,640	2,505,805	2,634,002	2,971,727	2,974,507	2,429,735	917,147	699,424
Spotsylvania County	2,689,391	1,313,600	3,510,352	577,020	-	-	-	-	-	-
City of Alexandria	133,894	133,894	133,894	129,944	130,974	124,737	118,797	113,140	107,752	102,621
Arlington County	195,897	195,897	195,897	190,117	191,624	182,499	173,809	165,532	157,649	150,142
Total contributions	\$ 16,428,800	\$ 16,428,800	\$ 16,428,800	\$ 15,943,917	\$ 16,070,307	\$ 16,376,968	\$ 17,275,500	\$ 13,379,155	\$ 8,802,762	\$ 6,878,061

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF MISCELLANEOUS STATISTICS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	22	25	20	21	18	19	20
Railcars	93	91	91	91	101	95	91	89	90	90
Total rolling stock	113	111	111	113	126	115	112	107	109	110
Stations	18	18	18	18	18	18	18	18	18	18
Parking Spaces	9,243	9,030	9,030	8,824	8,824	8,691	8,505	7,227	7,284	7,273
Employees	39	37	37	37	37	37	37	37	36	36
Ridership and Fare Revenue Data (1):										
Total Ridership	4,618,169	4,547,911	4,643,898	4,771,987	4,517,366	4,033,230	3,857,646	3,628,563	3,453,561	3,637,043
Average Daily Ridership	18,547	18,119	18,878	19,088	18,377	16,673	15,754	14,662	13,982	14,667
Average Fare Per Trip	\$ 7.95	\$ 8.16	\$ 7.48	\$ 7.28	\$ 7.17	\$ 7.44	\$ 6.66	\$ 5.98	\$ 5.70	\$ 5.40

(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	2014			2005		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1) (2) (3) (4) (5)	1	67,385	N/A	1	69,550	N/A
Fairfax County Public Schools (1)	2	23,586	N/A	2	21,564	N/A
Fairfax County Government (1)	3	12,240	N/A	3	11,547	N/A
Inova Health System (1)	4	7,000-10,000	N/A	4	9,000-10,000	N/A
George Mason University (1)	5	5,000-10,000				
Arlington County Government and Schools (2)	6	7,555	N/A	5	7,280	N/A
Deloitte (2)	7	7,000	N/A			
Booz Allen Hamilton (1)	8	4,000-6,999	N/A	6	6,000-7,000	N/A
Science Applications International Corporation (1)	8	4,000-6,999	N/A	6	6,000-7,000	N/A
Federal Home Loan Mortgage (1)	8	4,000-6,999	N/A	9	3,000-4,000	N/A
Northrop Grumman (1)	8	4,000-6,999	N/A	6	6,000-7,000	N/A
General Dynamics (1)	8	4,000-6,999	N/A			
Computer Science Corporation (1)	-	-	-	9	3,000-4,000	N/A
Navy Federal Credit Union (1)	-	-	-	9	3,000-4,000	N/A

Sources:

(1) through (5) extracted and combined from the following sources:

- (1) County of Fairfax fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 254
- (2) County of Arlington fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table L, page 181
- (3) County of Prince William fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 17, page 198
- (4) County of Stafford fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table S-16, page 128
- (5) City of Alexandria fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 151

VIRGINIA RAILWAY EXPRESS

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2005 to 2014

(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)
2015 (all categories)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014									
Population	N/A	438,580	41,705	N/A	138,423	28,132	127,715	148,892	215,000
Personal Income (in thousands)	N/A	N/A	N/A	N/A	\$6,091,966	\$1,215,809	N/A	N/A	\$18,554,500
Per Capita Personal Income	N/A	N/A	N/A	N/A	\$44,010	\$43,218	N/A	N/A	\$86,300
Unemployment Rate	N/A	4.7%	4.8%	N/A	5.2%	5.9%	5.0%	4.6%	3.5%
2013									
Population	1,130,924	430,100	39,902	14,838	135,311	27,307	126,494	146,294	221,045
Personal Income (in thousands)	\$80,982,075	\$24,558,604	N/A	\$419,100	\$5,900,913	\$1,116,665	N/A	N/A	\$18,234,223
Per Capita Personal Income	\$71,607	\$48,617	N/A	\$28,245	\$43,610	\$40,893	N/A	N/A	\$82,491
Unemployment Rate	3.7%	4.7%	4.6%	5.0%	5.1%	8.2%	5.3%	4.7%	4.0%
2012									
Population	1,118,602	419,268	39,060	15,332	134,352	26,024	125,684	144,301	216,004
Personal Income (in thousands)	\$77,012,392	\$23,024,777	N/A	\$419,100	\$5,744,220	\$1,064,199	N/A	\$10,758,922	\$17,273,192
Per Capita Personal Income	\$68,847	\$47,309	N/A	\$27,335	\$42,755	\$40,893	\$43,218	\$83,242	\$79,967
Unemployment Rate	4.4%	4.9%	6.3%	4.7%	4.9%	8.8%	5.0%	4.6%	3.5%
2011									
Population	1,100,692	406,392	37,821	14,387	128,961	25,691	124,477	141,287	210,280
Personal Income (in thousands)	\$71,145,429	\$22,156,021	N/A	\$455,635	\$5,405,658	\$1,050,582	N/A	\$10,627,334	\$15,707,916
Per Capita Personal Income	\$64,637	\$46,719	N/A	\$31,670	\$41,917	\$40,893	\$40,893	\$82,491	\$74,700
Unemployment Rate	4.7%	5.3%	6.7%	5.2%	5.2%	10.3%	5.6%	4.8%	3.9%
2010									
Population	1,081,726	402,002	35,648	12,042	128,961	24,286	122,397	139,966	212,200
Personal Income (in thousands)	\$72,577,324	\$20,662,164	N/A	\$391,776	\$5,265,160	\$954,391	N/A	\$10,441,443	\$15,217,499
Per Capita Personal Income	\$67,094	\$44,995	N/A	\$32,534	\$40,828	\$39,298	\$39,298	\$76,362	\$71,713
Unemployment Rate	5.1%	5.7%	7.7%	5.8%	5.7%	9.6%	6.0%	4.8%	4.3%
2009									
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	\$19,428,508	N/A	\$382,695	\$4,915,316	\$892,131	N/A	\$10,178,071	\$14,841,044
Per Capita Personal Income	\$69,241	\$44,227	N/A	\$33,540	\$40,027	\$38,202	\$38,202	\$70,846	\$70,908
Unemployment Rate	4.9%	5.9%	7.4%	6.5%	5.4%	9.2%	5.7%	2.8%	4.7%
2008									
Population	1,050,315	368,016	36,666	11,533	121,736	22,899	120,015	140,024	208,000
-	\$74,385,409	\$18,681,748	\$918,630	\$394,715	\$4,897,196	\$889,030	N/A	\$10,204,006	\$14,040,000
Per Capita Personal Income	\$70,822	\$44,230	\$25,054	\$34,225	\$40,228	\$38,824	\$38,824	\$72,220	\$67,500
Unemployment Rate	2.8%	3.4%	4.2%	3.2%	3.4%	5.7%	3.4%	2.9%	2.6%
2007									
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	\$17,853,709	\$904,067	\$390,604	\$4,497,535	\$865,154	N/A	\$9,507,531	\$13,004,800
Per capita personal income	\$67,691	\$42,952	\$23,750	\$33,886	\$37,255	\$38,195	\$38,195	\$70,632	\$63,500
Unemployment rate	2.2%	2.6%	2.9%	2.4%	2.6%	4.1%	2.5%	2.2%	2.3%

	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)
2006									
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	\$16,785,861	\$922,642	\$380,385	\$4,291,511	\$799,337	N/A	\$8,835,057	\$12,132,694
Per capita personal income	\$64,698	\$41,213	\$24,238	\$32,645	\$35,712	\$36,261	\$36,261	\$65,141	\$60,595
Unemployment rate	2.2%	2.6%	2.6%	2.3%	2.4%	4.0%	2.4%	2.6%	2.3%
2005									
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	\$15,620,734	\$909,336	\$361,406	\$4,021,156	\$746,914	N/A	\$7,776,966	\$11,699,736
Per capita personal income	\$61,837	\$39,099	\$24,577	\$31,789	\$34,172	\$34,382	\$34,382	\$61,147	\$59,010
Unemployment rate	2.5%	3.0%	2.8%	2.1%	2.7%	4.8%	2.7%	3.1%	2.5%

Sources:

- (1) Fairfax County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 253
- (2) Prince William County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 197
- (3) City of Manassas fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table XIII, page 154
- (4) City of Manassas Park fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 119
- (5) Stafford County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table S-14; page 126
- (6) City of Fredericksburg fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 142
- (7) Spotsylvania County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 137
- (8) City of Alexandria fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 146
- (9) Arlington County fiscal year 2014 Comprehensive Annual Financial Report, Statistical Section, Table K, page 180

N/A = Not Available

Compliance Section



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**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 Operations Board Members and Commissioners
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, 2015, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated November 12, 2015.

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 12, 2015

Agenda Item #10: Commonwealth and Regional Agency Reports



TO: Chairman Snyder and NVTC Commissioners

FROM: Kelley Coyner

DATE: November 24, 2015

SUBJECT: Commonwealth and Regional Agency Reports

A. Department of Rail and Public Transportation (DRPT) (attachment)

B. Commonwealth Transportation Board (CTB)

During the month of November, the Commonwealth Transportation Board (CTB) held nine public meetings across the Commonwealth on prioritizing transportation projects. This year's meetings consisted of an open house format where attendees reviewed and provided feedback on the [list of proposed local and regional projects that localities submitted to be scored under a new prioritization process as legislated by HB2](#). The meetings highlighted the 321 applications for projects submitted by 131 local and regional governments across the state. The applications request \$6.95 billion in funding under HB2. Regional transit-related projects under consideration include the VRE Gainesville-Haymarket Extension, DASH Bus Technology, Ballston-MU Metrorail Entrance, ART (Arlington Transit) Bus Service Restructuring and Expansion, and TDM Strategies for the I-66 Corridor.

Project scoring is expected to be released in January and the CTB is expected to vote in March on a preferred scenario for funding projects. Once projects are scored and reviewed by the public, the CTB will then select which projects to fund and be included in the next Six-Year Improvement Program by June of 2016.

The CTB's next meeting will be on December 8th and 9th when it is expected to take action on the project delivery method on I-66 Outside the Beltway project and on the Framework Agreement for the I-66 Inside the Beltway Project. The meeting will be held in Alexandria at the Sheraton Mark Center.

C. Northern Virginia Transportation Authority (NVTA)

FY2017 Project Selection Process

On November 12th, the Authority approved the [FY2017 Project Selection Criteria](#) for projects to be considered for funding under HB2313. The FY2017 NVTA Program is the first in which all candidate projects – including highway and transit projects - will be

evaluated under the HB599 process. The preliminary estimate for available revenues for the FY2017 Program is \$220 million in PayGo funds, with the option for additional financing. Informal indications from jurisdictions and agencies suggest that approximately 25 candidate projects may be submitted for consideration, with an associated funding request of \$750 million.

NVTA approved to increase the weighting associated with the congestion reduction criterion from 35 percent to 45 percent. (This criterion will use the HB599 ratings for each project; the higher weighting is consistent with the congestion reduction weighting used in the Commonwealth's HB2 process.) NVTA also approved two changes to project eligibility to eliminate funding for planning studies and to require the project sponsor to commit to a first funding drawdown request to NVTA by no later than June 30, 2019.

[The NVTA FY2017 Program Call for Projects](#) was issued on September 28th with a deadline for responses by 5:00 pm on November 30, 2015. The NVTA's Project Implementation Working Group will review the list of candidate projects at its next meeting on December 2nd and will present its recommendations to the Authority at its meeting on December 10th. Subject to Authority approval, the recommended list of projects will be formally submitted to VDOT for HB599 evaluation.

Subsequent FY2017 NVTA Program milestones are as follows:

Mid-December 2015:	HB599 evaluations will commence (VDOT) NVTA evaluations will commence in parallel
April 2016:	HB599 and NVTA evaluations completed
May 2016:	Authority approval to post candidate project list for public comment
June 2016:	Public Hearing and associated Town Hall meetings
July 2016:	Authority adopts FY2017 Program

TransAction 2040

NVTC staff continues to participate in the development of the [TransAction 2040 Update](#). Current efforts focus on defining the goals and objectives for the study. Once the goals and objectives are finalized then a review of the performance metrics will be done. The performance measures will need to align with any changes or modifications in the study goals. As a resource, a literature review of other similar studies was conducted. The literature review will be used to guide in the development or modification of the previous study goals and objectives.

The study website will soon be launched. Along with the website being a means to support public comment, the consultant team completed a market survey to determine the public view on transportation in the region. A preliminary set of findings were presented at the November 12th NVTA meeting. The survey showed that some people are aware of the

study, and that Northern Virginia residents have different priorities for transportation projects that differ by age and geography.

D. Transportation Planning Board (TPB)

The Transportation Planning Board celebrated its [50th anniversary](#) prior to its November meeting. At the meeting, the Board received a briefing on the [draft Call for Projects](#) for the Air Quality Conformity Analysis of the 2016 Amendments to the Constrained Long Range Plan (CLRP) and the FY2017-2022 Transportation Improvement Program (TIP). Area transportation agencies must submit new projects for inclusion in the CLRP that add or remove highway or transit capacity. At its December meeting, the TPB plans to release the final Call for Projects. The Board also received informational briefings concerning WMATA, about [Metro Fundamentals](#) and the [Momentum Plan](#). A presentation on [Metrorail Safety Oversight](#) will be rescheduled.

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COMMONWEALTH of VIRGINIA

Jennifer L. Mitchell
Director

Virginia Department of Rail and Public Transportation
600 E. Main Street, Suite 2102
Richmond, VA 23219

Ph: 804-786-4440
Fax: 804-225-3752
Virginia Relay Center
800-828-1120 (TDD)

TO: Chairman Snyder and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: November 18, 2015

SUBJECT: DRPT Update

General Update

DRPT's grant application process for FY17 opens on December 1 and closes on February 1, 2016. Transit Development Plan (TDP) update letters will be due January 15. Transit agencies that completed a full update of their TDP in 2015 are not required to submit an annual update letter.

DRPT hosted three grantee workshops in October and November: Virginia Beach on October 28, Roanoke on November 9 and Fredericksburg on November 12. NVTC jurisdictions that attended one or more of the workshops were Arlington County, City of Alexandria, and Fairfax County. VRE, PRTC and NVTC also attended. The workshop presentation on Commonwealth transit funding and the new DRPT grant deobligation module training are available at www.olga.drpt.virginia.gov under the News & Information tab.

VDOT and DRPT are hosting a series of nine 2015 Fall Transportation Meetings in each of the VDOT districts beginning on November 2. The NoVA District meeting was held at 6 PM on November 16 at VDOT NoVA District Headquarters, 4975 Alliance Drive, Fairfax. The meeting was attended by approximately 100 people including staff from the City of Manassas, Fairfax County, Loudoun County, NVTA, NVTC, Prince William County and VRE. The meeting featured both an open house and a town hall type meeting with Commonwealth Transportation Secretary Aubrey Layne and other senior Commonwealth transportation officials. Comments on rail and transit projects can be sent to DRPT at drptpr@drpt.virginia.gov until December 11.

DRPT.Virginia.gov

Improving the mobility of people and goods while expanding transportation choices.

I-66 Corridor Improvements – Outside the Beltway

The CTB gave location approval of the preferred alternative on October 28 at its meeting in Virginia Beach. The CTB is expected to take action on the project delivery method at its December meeting, which will be held in Alexandria at the Sheraton Mark Center. The next formal step will be a Design Public Hearing in early 2017.

HB2 Implementation

The HB2 application process closed on September 30. The deadline for HB2 required resolutions of support by local jurisdictions for project applications is December 1st. A total of 321 applications were submitted, with \$6.95 billion in funding requested. The entire project list was distributed at the NoVA District SYIP public meeting on November 16 and is available on the project website at www.virginiahb2.org. Project scoring is expected to be released in January and the CTB is expected to vote in March on a preferred scenario for funding projects.

Southeast High Speed Rail (DC2RVA)

The DC2RVA Tier II Environmental Impact Statement (EIS) is proceeding with the alternatives screening process. Public meetings are scheduled to present passenger rail improvement alternatives and solicit feedback. The Northern Virginia meeting is scheduled for 5:00 to 7:30PM (presentation at 6:00) on Wednesday, December 9 at the Hilton Hotel, 6550 Loisdale Road in Springfield. Public meetings are also scheduled for December 8 in Fredericksburg and December 10 in Richmond, and a virtual public meeting will be available on the project website at www.dc2rvairail.com/online-meeting from December 7, 2015 to January 8, 2016. DRPT has been providing project updates to transportation planning organizations throughout the corridor in the month of November in advance of the public meetings. DRPT staff presented project updates to NVTC and PRTC on November 5, the Fredericksburg Area Metropolitan Planning Organization (FAMPO) Technical Advisory Committee on November 9, and the FAMPO Policy Board on November 16. DRPT will present to the NVTAs Jurisdiction and Agency Coordinating Committee (JACC) on November 19.