



## MONTHLY COMMISSION MATERIALS

December 2018

## MEETING OVERVIEW – December 6, 2018

### Action Items Include:

- 2019 Meeting Schedule
- Contract Amendment for Technical Consulting Support Services for I-66 Commuter Choice
- FY2018 Audited Financial Statements and Compliance Reports
- 2019 Legislative and Policy Agenda
- VRE's FY2018 Comprehensive Annual Financial Report (CAFR)
- VRE's 2019 Legislative Agenda

### Other Meeting Highlights:

- Report from NVTC's Auditors
- I-395 Express Lanes Project Briefing and MOA between NVTC and PRTC for the Distribution and Allocation of I-395 Annual Transit Investment Funds
- Proposed FY2020 G&A Budget and 2019 Work Plan
- Report from the Virginia WMATA Board Members
- Regional Bus Agenda Update
- FY2019 1<sup>st</sup> Quarter Transit Ridership Report

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**NVTC COMMISSION MEETING  
THURSDAY, DECEMBER 6, 2018**

**Please Note Different Location:**  
**2311 Wilson Blvd. - Second Floor Conference Room**  
**Arlington, VA 22201**

**7:00 P.M.**

**Meeting Logistics:**

Due to renovation construction of the Navy League Conference Room, the NVTC meeting will be temporarily relocated for the months of December and January to 2311 Wilson Blvd. (across the street). **Please allow extra time.** All attendees will need to check in at the security desk in the lobby of 2311 Wilson Blvd. **A photo ID will be required.**

Committee meetings and dinner for Commissioners/staff will be held in NVTC's offices, Suite #620 (2300 Wilson Blvd.)

**6:00 P.M. Dinner available for Commissioners and Staff – NVTC Office Suite #620**  
**6:15 P.M. Executive Committee Meeting – Suite #620**  
**7:00 P.M. Commission Meeting – 2311 Wilson Blvd. - 2<sup>nd</sup> Floor Conference Room**

**AGENDA**

1. Opening Remarks
2. **ACTION ITEM: Approve the Minutes of the November 1, 2018 NVTC Meeting**
3. **ACTION ITEM: Approve the CONSENT AGENDA (subject to approval by the Chairman)**
  - A. **Approve the 2019 Meeting Schedule**
  - B. **Authorize the Executive Director to Amend the I-66 Commuter Choice Technical Consulting Support Services Contract**
4. **ACTION ITEM: Accept and Authorize Distribution of NVTC's FY2018 Audited Financial Statements and Compliance Reports**
5. I-395 Express Lane Project
  - A. Overview of the I-395 Express Lanes Project (DRPT/VDOT Briefing)
  - B. Memorandum of Agreement between NVTC and PRTC for the Distribution and Allocation of I-395 Annual Transit Investment Funds (Discussion)

6. Proposed FY2020 General and Administrative Budget and 2019 Work Plan
7. Report from the Chair of the Legislative and Policy Committee
  - A. **ACTION ITEM: Approve NVTC's 2019 Legislative and Policy Agenda**
  - B. Joint NVTC-PRTC Legislative Briefing
8. Washington Metropolitan Area Transit Authority (WMATA)
  - A. Report from the Interim WMATA Committee
  - B. Report from the Virginia WMATA Board Members
9. Regional Bus Agenda Fall 2018 Update
10. Virginia Railway Express (VRE)
  - A. VRE CEO Report and Minutes
  - B. **ACTION ITEM: Resolution #2370: Accept and Authorize Distribution of VRE's FY2018 Comprehensive Annual Financial Report (CAFR)**
  - C. **ACTION ITEM: Resolution #2371: Approve the 2019 VRE Legislative Agenda**
  - D. VRE Transit Development Plan (TDP) Update
11. Department of Rail and Public Transportation (DRPT)
12. FY2019 1<sup>st</sup> Quarter Transit Ridership Report
13. Executive Director Report
  - A. Executive Director Newsletter
  - B. NVTC Financial Report



**MINUTES**  
**NVTC COMMISSION MEETING – NOVEMBER 1, 2018**  
**NAVY LEAGUE BUILDING – FIRST FLOOR CONFERENCE ROOM**  
**ARLINGTON, VIRGINIA**

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Smedberg at 7:08 P.M.

**Members Present**

Sharon Bulova  
John Cook  
Jim Corcoran  
Katie Cristol  
Christian Dorsey  
Adam Ebbin  
John Foust  
Libby Garvey  
Catherine Hudgins  
David LaRock  
James M. LeMunyon  
Jeff McKay  
David Meyer  
Ron A. Meyer  
Paul Smedberg  
David Snyder  
Raul “Danny” Vargas  
Jennifer Wexton

**Members Absent**

Matt Letourneau  
Tim Lovain  
M. David Skiles

**Staff Present**

Kate Mattice, Executive Director  
Matt Cheng  
Karen Finucan Clarkson  
Nobuhiko Daito  
Joey de St. Aubin  
Andrew D’huyvetter  
Allan Fye  
Rhonda Gilchrest  
Dan Goldfarb  
Scott Kalkwarf  
Aimee Perron Siebert  
Jae Watkins  
Steve MacIsaac (counsel)  
Doug Allen (VRE)

## Opening Remarks

Chairman Smedberg welcomed everyone to the November 1<sup>st</sup> meeting. He asked Commissioners to gather in the lobby for a Commission photograph.

When Commissioners returned, Chairman Smedberg reviewed the meeting's action items related to the I-66 Commuter Choice Program, including the new Project Selection Process, the FY2020 Call for Projects, and the Revised Commuter Choice Standard Project Agreement. He also announced that there will be two separate Closed Sessions to conduct performance evaluations for NVTC Executive Director Kate Mattice and VRE CEO Doug Allen.

Chairman Smedberg announced that the Fairfax City Council has appointed David Meyer as the principal member on NVTC, replacing Jeff Greenfield. Mr. Meyer has served as an NVTC alternate since 2014. The Fairfax City Council also appointed Jon Stehle as the city's new alternate.

Finally, Chairman Smedberg reminded Commissioners that there will be a call for nominations at the December meeting for officers, appointees to various boards, and committee membership for the following positions:

1. Officers – chair, vice-chair, and secretary-treasurer
2. Members of the WMATA Committee, Program Advisory Committee, and Legislative and Policy Committee
3. Appointments to the Virginia Transit Association Board

Chairman Smedberg explained that the VRE Operations Board appointments are selected by each VRE jurisdiction, but those appointed must be NVTC Commissioners. NVTC's four WMATA Board appointments will serve on the WMATA Committee and the two principal WMATA appointments will also serve on the Executive Committee as non-voting members.

## Minutes of the October 4, 2018 NVTC Commission Meeting

Ms. Bulova moved, with a second by Ms. Garvey, to approve the amended minutes. The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Garvey, Hudgins, LaRock, LeMunyon, McKay, Ron Meyer, Smedberg, Snyder, Vargas and Wexton.

## Closed Session – NVTC Executive Director Performance Evaluation

Ms. Bulova moved, with a second by Mr. Dorsey, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) of the Code of Virginia), the Northern Virginia Transportation Commission authorizes a Closed Session for the purpose of discussion of one personnel matter.

The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Garvey, Hudgins, LaRock, LeMunyon, McKay, Ron Meyer, Smedberg, Snyder, Vargas and Wexton.

The Commission entered into Closed Session at 7:20 P.M. and returned to Open Session at 8:11 P.M. Mr. Foust and Mr. David Meyer arrived during the Closed Session.

Chairman Smedberg moved, with a second by Mr. McKay, the following certification:

The Northern Virginia Transportation Commission certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session:

1. Only public business matters lawfully exempted from open meeting requirements under Chapter 37, Title 2.2 of the Code of Virginia were discussed; and
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.

The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LaRock, LeMunyon, McKay, David Meyer, Ron Meyer, Smedberg, Snyder, Vargas and Wexton.

Mr. McKay moved, with a second by Ms. Bulova, to approve the compensation changes for the executive director as discussed in Closed Session. The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LaRock, LeMunyon, McKay, David Meyer, Ron Meyer, Smedberg, Snyder, Vargas and Wexton.

#### Washington Metropolitan Area Transit Authority

Report from the Interim WMATA Committee. Chairman Smedberg reported that the Interim WMATA Committee met for the third time on October 17<sup>th</sup> and discussed WMATA's proposed updates to the WMATA "Use Regulations" as well as the FY2020 preliminary WMATA budget outlook. The committee also reviewed WMATA's proposed parking changes and directed staff to send NVTC's letter to WMATA on this topic. The next Interim WMATA Committee meeting is scheduled for November 8<sup>th</sup> at 8:30 A.M. in NVTC's offices.

Chairman Smedberg stated that there are no WMATA-related NVTC action items. Commissioners were provided with a final copy of NVTC's Report on the Performance and Condition of WMATA, which was approved last month. It has been sent to Governor Northam and the General Assembly.

Report from the Virginia WMATA Board Members. Mr. Corcoran reported that the WMATA General Manager introduced the proposed FY2020 budget, which was

discussed by the WMATA Finance Committee today. Mr. Corcoran reviewed several issues impacting the budget. As part of a major office consolidation plan, WMATA has announced a new headquarters location at L'Enfant Plaza. The selection of the new location is the first step in a consolidation strategy that will save \$130 million over the next 20 years. WMATA will downsize from 10 to seven facilities throughout the region. The WMATA Board will be asked to approve the sale later this month. Also, the FY2018 and FY2019 budgets were amended to reflect the recent arbitration decisions. The adjustments increase the FY2019 budget by \$89 million. Mr. Corcoran reported that General Manager Wiedefeld has agreed to make some changes to the proposed budget to stay within the three percent subsidy cap, which would be a budget just for current services. Mr. Wiedefeld also provided budget scenarios for additional and improved customer services to increase ridership if, in fact, jurisdictions want to fund it. Going forward, NVTC will have an opportunity to comment on the proposed budget.

Mr. Dorsey reported that over the last month WMATA has reconsidered dissolving the Metro Riders Advisory Council and instead it will be restructured. Hopefully it will provide greater value to WMATA. Regarding safety, he announced WMATA has passed the halfway mark in resolving the corrective action plans (CAP's) resulting from the 2015 L'Enfant smoke incident. The National Transportation Safety Board (NTSB) and the Federal Transit Administration (FTA) issued a total of 320 corrective action plans. In response to a question from Mr. Foust, Mr. Dorsey explained that there are still about 160 corrective action plans not certified. All 320 CAP's have been addressed but there is a process to resolve them. Since most of them were issued by FTA, the process includes WMATA submitting a plan to address the corrective action, FTA approves it, WMATA then implements the plan, and then FTA certifies final completion. There is no timetable for final certification. Mr. Dorsey reported that the good news is that WMATA is making consistent progress.

Mr. Dorsey also reported that the FTA certification process is underway for the Metro Safety Commission (MSC) and oversight is expected to be transferred to the MSC by April 2019. Mr. Corcoran reported another milestone of WMATA receiving a clean audit opinion for its FY2018 Financial Statement. He also reported that the Finance Committee is recommending WMATA Board approval of the Falls Church 3T bus extension. Ms. Mattice noted that I-66 Commuter Choice funds are being used for this project.

Ms. Cristol stated she is encouraged to hear that Mr. Wiedefeld is making adjustments to keep the budget within the three percent cap. She asked about options for additional services and how they would be funded. Mr. Corcoran reviewed some of the proposed service options (extending service hours, fare pass initiatives, weekend fares, etc.) but he noted that it still needs to be determined how they would be implemented and funded. Mr. Dorsey noted that there is no legal path to approve the general manager's budget as presented today, but they are policy decisions Mr. Wiedefeld left for the WMATA Board to consider over the next few months.

Mr. LeMunyon asked about funding for the new WMATA headquarters. Mr. Dorsey explained that funding will probably come from the capital program, which one-third comes from dedicated revenue sources. Mr. Corcoran stated there will be funds needed for upfront costs, but WMATA will save \$130 million over 20 years. Mr. LeMunyon asked if WMATA conducted an assessment of the pros and cons of leasing versus purchasing.

Mr. Corcoran replied that WMATA has this type of assessment already built into the guidelines for every real estate transaction. In response to a question from Mr. Foust, Mr. Corcoran stated that the assumption is that the current headquarters (Jackson Graham Building) will be sold or land-leased and those revenues will be used for the new headquarters.

Delegate LaRock asked about ongoing planning for the Rosslyn Tunnel and if there is a budget allocation for the tunnel. Mr. Dorsey stated that expansion of the existing tunnel or adding another tunnel is not in the current capital budget, although it is part of the strategic plan. Implementing eight-car trains and resuming automated trains could help traffic flow through the tunnel. Mr. McKay stated that expansion to an eight-car train set will move more people.

Mr. McKay stated that since NVTC did not receive a response from WMATA on NVTC's letter regarding parking, he hopes WMATA will consider the impact of non-rider parking fees on bus ridership. Mr. Dorsey stated NVTC and jurisdictional staff are closely monitoring this issue.

#### I-66 Commuter Choice Program

Ms. Mattice stated that to date, NVTC has funded more than \$22 million in transit, TDM, ITS and outreach programs that are benefiting toll payers from Loudoun to Gainesville, to Fairfax, Arlington and Falls Church as part of the I-66 Commuter Choice Program. She asked Allan Fye to present the action items in Ms. Happ's absence.

Mr. Fye explained that there are three actions being requested. The first is Commission approval of a new Project Selection Process for the I-66 Commuter Choice Program. NVTC staff, consultants, and jurisdictional staff conducted a five-month re-examination and improvement effort to improve the Project Selection Process for the I-66 Commuter Choice Program. Both the Jurisdictional Staff Working Group and the Commissioner Working Group discussed and refined the recommended Project Selection Process. The results of this re-examination were presented to the Commission in October 2018.

Mr. Fye explained that the new Project Selection Process refines the technical evaluation to reward projects that use the corridor most efficiently, establishes program priorities prior to the application period, and provides an overall quantitative project score. The refined scoring captures both the technical evaluation and the prioritization in a single quantitative project score, reflecting local and regionwide impact.

In response to a question from Delegate LaRock, Mr. Fye provided a comparison between the previous selection process and the new quantitative approach. In response to a question from Ms. Cristol, Ms. Mattice explained that the Memorandum of Agreement (MOA) allows NVTC to pay up to 100 percent of operating costs of a project for five years and after five years it is reduced 25 percent every year. Ms. Cristol asked if staff knows how many projects will be returning with funding requests. Ms. Mattice stated that staff will need to wait to see what applications are submitted.

Mr. McKay moved, with a second by Ms. Cristol, to approve the I-66 Commuter Choice Program Project Selection Process. The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LaRock, LeMunyon, McKay, David Meyer, Ron Meyer, Smedberg, Vargas and Wexton. Mr. Snyder abstained.

Mr. Fye also stated the Commission is being asked to approve the release of the I-66 Commuter Choice FY2020 Call for Projects. If approved, online applications will be accepted via NVTC's website from November 2, 2018 until January 16, 2019. The I-66 Commuter Choice Program follows the selection process prescribed in the MOA whereby eligible projects are evaluated, prioritized, selected and then submitted by NVTC to the CTB for approval. He noted that up to \$20 million will be available to fund projects that focus on the regional priorities of moving more people, maximizing cost effectiveness, maximizing transit operating funding, reducing single occupancy vehicle use, and improving transportation network connectivity.

Mr. Fye explained that NVTC staff have been conducting applicant briefing meetings with each eligible jurisdiction and agency to explain the program in detail and to discuss plans for applications. NVTC also held an Applicant Workshop on October 25, 2018.

In response to a question from Mr. LeMunyon, Ms. Mattice explained that the MOA dictates how the funds are used for operating. Mr. Fye also noted that the goal is to see the funds spent in a timely manner. Funds must be obligated within two years and spent by the fifth year.

Mr. Dorsey moved, with a second by Ms. Bulova, to authorize the FY2020 I-66 Commuter Choice Program Call for Projects. The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LaRock, LeMunyon, McKay, David Meyer, Ron Meyer, Smedberg, Snyder, Vargas and Wexton.

Mr. Fye stated that the Commission is being asked to approve the revised I-66 Commuter Choice Program Standard Project Agreement (SPA). The SPA establishes the funding recipient and NVTC obligations for projects funded through the I-66 Commuter Choice Program. The revised SPA now includes language that gives notice of possible NVTC actions if funds awarded to a project are not used in a timely manner prescribed by the MOA or the project is cancelled. The revised language will allow NVTC to take action if a project does not meet the financial spend down requirements of the agreement. The amended agreement has been reviewed by jurisdictions and agencies eligible for funding. If approved, the revised SPA will apply to projects beginning with those funded under the FY2020 I-66 Commuter Choice Program.

Mr. Dorsey moved, with a second by Ms. Cristol, to approve the revised I-66 Commuter Choice Program Standard Project Agreement. The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LaRock, LeMunyon, McKay, David Meyer, Ron Meyer, Smedberg, Snyder, Vargas and Wexton.

Mr. Ron Meyer requested an issue be addressed with VDOT regarding the high tolls, especially eastbound. People aren't getting the guaranteed speed even with the high tolls. He would like to see a type of refund to those that paid the toll but did not get any

benefit from it, similar to WMATA's Rush Hour Promise program. He realizes that many people are happy with the toll revenues, but he is not. Ms. Mattice stated that she will pass these comments along to VDOT.

### Report from the Chair of the Legislative and Policy Committee

Ms. Cristol, chair of the Legislative and Policy Committee, stated that the committee met last month to discuss DRPT's proposed changes to the way it funds transit operating assistance as well as the proposed NVTC 2019 Legislative and Policy Agenda.

Ms. Mattice gave a brief update on the work of the Transit Service Delivery Advisory Committee (TSDAC) regarding the DRPT operating assistance changes. This will impact all transit systems, except for WMATA. The next TSDAC meeting is scheduled for November 13<sup>th</sup>. NVTC may want to provide comments to the Commonwealth Transportation Board.

Ms. Cristol reviewed NVTC's legislative priorities for the upcoming year – at both the state and federal level – which are outlined in the proposed 2019 NVTC Legislative and Policy Agenda. The Commission will be asked to approve the agenda at next month's meeting.

Ms. Cristol observed that the 2018 General Assembly Session was full of activity related to transit, resulting in dedicated funding for WMATA and VRE, a fix to the regional gas tax, changes to the state transit funding program, and new responsibilities for NVTC. Going into the coming year, NVTC does not anticipate any specific "asks" to the General Assembly. That said, there are a number of things that should be kept on the radar for the future, such as restoring regional transportation funding and addressing the future state capital fiscal cliff.

Ms. Cristol stated that in the federal space, there may be several key legislative activities that NVTC will be following:

- The dedicated funding for WMATA (PRIIA) will expire next year; that will leave a \$300 million/year deficit;
- The federal transit program (and highway program) will be expiring in 2020. There will need to be a big push to get that funded, with controversy likely over how to pay for it; and
- A possible Infrastructure package that could include one or both of the items above.

Senator Ebbin asked if there is a cap to the federal commuter tax benefit and if it should be increased with inflation. Ms. Mattice explained that current legislation provides an annual escalation, similar to what is provided for the parking benefit.

Ms. Cristol noted that Aimee Perron Siebert was available to answer questions. Mr. Ron Meyer asked if there are any solutions floating around at the state level to address the fiscal cliff. Ms. Siebert observed that it is still far enough away that no single solution is being considered. Staff is continuing to monitor this issue. Mr. McKay stated that the

Transit Capital Project Revenue Advisory Board provided a full report to the General Assembly, which outlined options but there was no specific recommendation.

Ms. Cristol stated that the Legislative and Policy Committee discussed an internet sales tax. She stated that it will be important to remind the General Assembly that in 2013 when it was considering the outcome of a federal Market Place Fairness Act, the General Assembly explicitly earmarked any funds flowing from that federal action to be used for transportation and transit.

In response to a question from Ms. Garvey, Mr. Dorsey explained that the PRIIA funding is exclusive for WMATA. Without any further action, PRIIA funds will stop flowing in FY2020.

Ms. Cristol invited everyone to attend the December 10<sup>th</sup> Joint NVTC-PRTC Legislative Briefing in Springfield. There will be a moderated discussion with Deputy of Transportation Shannon Valentine (invited), WMATA General Manager Paul Wiedefeld, VRE CEO Doug Allen, among others. It will be great opportunity to hear from the region's transit general managers about how they are implementing the big changes from the transit legislation earlier this year.

Mr. Ron Meyer and Delegate LaRock left at 8:57 P.M. and did not return.

#### Envision Route 7 Conceptual Engineering Update

Mr. Goldfarb introduced Jamie Henson, from Kittelson & Associates, who gave an overview of the Phase III Conceptual Engineering Study. Mr. Henson stated that Phase III includes mapping demographics and travel conditions, identifying potential station locations, conceptually laying out the facility, and identifying potential rights of way. The study is trying to answer where and how much right of way is needed; can the stations connect to populations of needs and future land use; and how to avoid conflicts with utilities and with the National Environmental Policy Act (NEPA) process. Phase III is expected to conclude the summer of 2019.

Mr. McKay asked if there is any funding identified for final engineering. Mr. Goldfarb stated that Phase II included developing different funding strategies. A smaller traffic engineering study will most likely be the next step while funding streams are being lined up. Ms. Bulova observed that the Route 7 corridor is an environmentally sensitive corridor. Mr. Henson stated that the goal is to identify any environmental concerns so there are no surprises during the NEPA process.

Mr. Cook asked if any part of the project includes plans to convert existing lanes to bus-only lanes. Mr. Goldfarb stated the plan is not to convert existing lanes, but the study will look at what is out there and what is currently planned. NVTC's study is working in tandem with a Fairfax County study, which is going into more detail and includes traffic simulation. That study will most likely set the policy of when and how to repurpose lanes.



## NVTC FY2017 Regional Transit Performance Report

Mr. Daito provided an overview of the NVTC FY2017 Regional Transit Performance Report (previously referred to as NVTC's Annual Transit Performance Report). This report covers the performance of public transit systems in Northern Virginia for FY2017 (July 1, 2016 – June 30, 2017). The report summarizes data received from transit operators and the National Transit Database (NTD) FY2017 report, which was recently released by the Federal Transit Administration (FTA). The highlight of FY2017 was WMATA's SafeTrack work, which was an accelerated track work plan to address safety recommendations and rehabilitate the Metrorail system to improve safety and reliability. The program began in June 2016 and ended in June 2017, and much of the work involved single tracking and line segment shut downs on lines that serve Northern Virginia. The report reflects the impact of this work showing significantly lower ridership of Metrobus and other bus systems which complement Metrorail compared to FY2016. In FY2017, Northern Virginia transit providers experienced an overall ridership decline of -9 percent. Metrorail carries the bulk of the ridership decline (-12 percent) and other transit systems in Northern Virginia declined by an average rate of -2 percent. ART and VRE experienced ridership increases of +7 percent and +9 percent, respectively.

Mr. Daito then highlighted several of the figures. He noted that Figures 1 and 2 summarize key performance indicators of all operators in the region, and Figures 3 through 4C show aggregate and days of the week average ridership statistics of Metrorail by station. Figure 7 shows that the ridership of VRE increased in FY2017 compared to FY2016, which may be because commuters used VRE as an alternative to Metrorail during SafeTrack. Figures 9 through 12 summarize ridership of Metrobus, which shows an overall declining trend. Figures 13 through 18 are ridership trends of Northern Virginia transit operators.

## Department of Rail and Public Transportation

Chairman Smedberg stated DPRT Director Mitchell was unable to attend this meeting but she asked that Commissioners refer to the written DRPT Report. Clinton Edwards of DRPT was in the audience to answer any questions. There were no questions.

Senator Wexton left the room and did not return.

## Virginia Railway Express

VRE CEO Report. Mr. Allen reported that VRE continues to focus on safety and highlighted several training events. He reported that VRE continues to be on schedule to meet the December 31, 2018 Positive Train Control (PTC) deadline. VRE has submitted paperwork to the Federal Railroad Administration (FRA) for an extension just in case it is needed. He also reported that on-time performance (OTP) for July and August was impacted by extreme weather, but he was happy to report that OTP bounced back in September. He also noted that VRE conducted a system tour for new NVTC Commissioners Vargas and Skiles. Mr. Vargas thanked VRE staff for giving the tour, which was very informative.

Chairman Smedberg noted that there are no VRE action items this month.

Draft VRE 2019 Legislative Agenda. VRE's 2019 Legislative Agenda includes both state and federal issues. The VRE Operations Board is expected to take action at its November meeting to recommend the agenda to the Commissions for their approval at their December meetings.

VRE and the Role of the Commissions. Mr. Allen gave a presentation on VRE and the Role of the Commissions, outlining the work of VRE, its staff and the Operations Board. The VRE Management Audit (2015) recommended an annual training session for Commissioners on their roles and responsibilities with respect to their oversight of VRE. Mr. Allen stated that VRE is co-owned by NVTC and the Potomac and Rappahannock Transportation Commission (PRTC). The two Commissions own VRE's assets; bear all responsibility/risks; and are accountable for funds provided by federal/state/local sources. They appoint Commissioners to serve on the VRE Operations Board to monitor transit performance, agency finances, and compliance with local, state, and federal requirements on behalf of the Commissions and their member jurisdictions.

Mr. Allen reviewed the authority retained by the Commissions, which includes:

- Operating access agreements with CSX, Norfolk Southern (NS) and Amtrak
- Insurance
- Amendments to the Master Agreement
- Hiring and termination of the VRE CEO
- Statewide and federal grant applications
- Approval of legislative agendas
- Approval of strategic plans
- Sale or purchase of real property and equipment in the Commissions' name
- Approval of annual budgets/six-year financial plans
- Other major policies such as terms for new entrants

Mr. Allen explained that the Commissions have delegated authority to the VRE Operations Board to approve contractual agreements (not retained by Commissions), providing funding is included in the approved budget. Any item can be sent to the Commissions for approval at the request of an Operations Board member. The VRE CEO has contractual spending authority of up to \$100,000. Contracts above \$50,000 are reported as information items to the Operations Board following award.

Mr. Allen reviewed the work of his staff, ridership and demographics of VRE riders, and the System Plan 2040. A 2016 financial analysis showed a \$45 million annual need through 2040 to maintain current service levels. A new financial analysis is underway to update the information and assumptions. During the last General Assembly Session, legislation was passed that created a Commuter Rail Operating and Capital (C-ROC) Fund, which provides \$15 million annually with regional gas tax revenue.

Mr. Allen reviewed notable actions taken by the Operations Board over the last year, including:

- Authorized early phases to develop a new mid-day train storage facility;

- Helped guide and endorsed preferred concepts for station projects, including Crystal City Station improvements and the Broad Run Expansion project;
- Authorized a Financial Plan update incorporating a new financial modeling platform;
- Directed the development of the VRE Legislative Agenda which resulted in passage of C-ROC dedicated funding;
- Approved the recommendation to refinance the RIFF railcar loan and achieved net present value savings of 12 percent.

### Executive Director Report

Ms. Mattice reported that the Navy League will begin renovating the first-floor conference room space starting tomorrow. As was announced last month, NVTC's December and January meetings will be relocated across the street (2311 Wilson Blvd). Commissioners will still be able to park in this building and walk across the street. Committee meetings will be held in NVTC's Conference Room in Suite #620. All attendees will need to check in at the security desk in the lobby of the building across the street. A photo ID will be required.

The Financial Report for September 2018 was provided to Commissioners. There were no questions.

Mr. LeMunyon asked if NVTC received any comments back from General Assembly members regarding NVTC's Report on the Performance and Condition of WMATA. Ms. Mattice stated that the report was delivered to Governor Northam and General Assembly earlier this week, which included an invitation to meet with individual members. She also plans to brief the CTB at its December meeting.

### Closed Session – VRE CEO Performance Evaluation

Ms. Bulova moved, with a second by Senator Ebbin, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) of the Code of Virginia), the Northern Virginia Transportation Commission authorizes a Closed Session for the purpose of discussion of one personnel matter.

The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LeMunyon, McKay, David Meyer, Smedberg, Snyder and Vargas.

The Commission entered into Closed Session at 9:27 P.M. and returned to Open Session at 9:36 P.M.

Chairman Smedberg moved, with a second by Ms. Garvey, the following certification:

The Northern Virginia Transportation Commission certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session:

2. Only public business matters lawfully exempted from open meeting requirements under Chapter 37, Title 2.2 of the Code of Virginia were discussed; and
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.

The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LeMunyon, McKay, David Meyer, Smedberg, Snyder and Vargas.

Ms. Bulova moved, with a second by Mr. David Meyer, to approve the fifth amendment to Mr. Allen's contract as discussed during the Closed Session, which is reflected in Resolution #2369 (copy attached). Mr. Cook offered a friendly amendment for the Commission to endorse the comments made by the VRE Operations Board. Ms. Bulova agreed to this friendly amendment.

The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Garvey, Hudgins, LeMunyon, McKay, David Meyer, Smedberg, Snyder and Vargas.

### Adjournment

Without objection, Chairman Smedberg adjourned the meeting at 9:37 P.M.

Approved this 6<sup>th</sup> day of December 2018.

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Paul C. Smedberg  
Chairman

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Katie Cristol  
Secretary-Treasurer



## RESOLUTION #2369

**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 fifth year of his service;

**WHEREAS:** The VRE Operations Board is recommending an amendment to the VRE Chief Executive Officer's employment agreement ("the Fifth Amendment") based on an assessment of his 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 a Fifth Amendment to the employment agreement with Mr. Allen, in accordance with the materials provided in Closed Session, and authorizes NVTC's Chairman to execute it on behalf of the Commission.

Approved this 1<sup>st</sup> day of November 2018.

  
Katie Cristol  
Secretary-Treasurer

  
Paul C. Smedberg  
Chairman

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**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 29, 2018

**SUBJECT:** Consent Agenda (subject to approval by the Chairman)

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### **ACTION ITEM: Approve the CONSENT AGENDA**

#### **A. Approve the 2019 Meeting Schedule**

At the December meeting the Commission will be asked to approve the 2019 NVTC Meeting Schedule. Staff coordinated the 2019 calendar with major religious holidays and the General Assembly Session.

In the spring NVTC, along with the Northern Virginia Transportation Authority (NVTA), the Virginia Railway Express (VRE), and the Commonwealth Transportation Board (CTB), will hold a joint public meeting as required by HB1285 (2018). HB1285 amended the Code of Virginia by adding § 33.2-214.3:

*At least annually, the Northern Virginia Transportation Authority, the Northern Virginia Transportation Commission, the Virginia Railway Express, and the Commonwealth Transportation Board shall conduct a joint public meeting for the purposes of presenting to the public, and receiving public comments on, the transportation projects proposed and conducted by each entity in Planning District 8. Such presentation shall include documentation regarding how the combined project selection, timing, and revenue sources employed by the entities represents the most efficient use of revenue sources. Such presentation shall include any evaluations or analyses conducted by such entities pursuant to § **33.2-214.1** or **33.2-257** that relate to Planning District 8. Each entity shall have at least one designee physically assembled at such joint public meeting. Nothing herein shall require a quorum of each such entity to participate in such joint public meeting.*

The date for this joint meeting is still to be determined but will be coordinated with the Commonwealth Transportation Board's meeting schedule.

#### **B. Authorize the Executive Director to Amend the I-66 Commuter Choice Technical Consulting Support Services Contract**

The Commission will be asked to authorize the executive director to modify the existing I-66 Commuter Choice Technical Consulting Support Services contract with Kimley-Horn to add a new task for program management activities. The amendment cost will be

negotiated with Kimley-Horn based upon necessary labor hours to complete the tasks, with a total value not to exceed \$100,000 payable from I-66 Commuter Choice funds. The period of performance would remain the same as the original contract (through July 2019).

In June 2018 the Commission authorized the executive director to issue NVTC Contract #18-03 under the Department of Rail and Public Transportation (DRPT) [Contract 505-13-CC0007](#) to Kimley-Horn for technical support services for the I-66 Commuter Choice Program. The scope of the contract is currently focused on technical efforts associated with the project evaluation and selection process. Due to the growing management requirements for the I-66 Commuter Choice Program, including the administration of 23 project agreements, NVTC is seeking to add a program management support task to this contract until NVTC can hire additional staff.

The proposed amendment to the contract will include the following subtasks under Program Management: 1) project agreement/grant review and oversight; 2) jurisdictional and external stakeholder coordination; 3) development and documentation of Commuter Choice policies and procedures; and 4) outreach and presentations to working groups, NVTC management, stakeholders, the public, and the Commission.



## PROPOSED NVTC 2019 MEETING SCHEDULE

NVTC Commission meetings start at 7:00 P.M in the First Floor Main Conference Room of the Navy League Building, 2300 Wilson Blvd, Arlington, Virginia, unless otherwise noted. Executive Committee meets at 6:15 P.M. in the First Floor Small Conference Room.

**January 3, 2019** – Temporary meeting location during Navy League construction.  
Meeting to be held at 2311 Wilson Blvd., Second Floor Conference Room (across the street from the Navy League Building).

**February 7, 2019** – Meeting in Richmond at 4:00 PM  
(East Reading Room #1035 - Patrick Henry Building)

**March 7, 2019**

**April 4, 2019**

**May 2, 2019**

**June 6, 2019**

**July 11, 2019**

**August 2019** – No Commission Meeting

**September 5, 2019**

**October 3, 2019**

**November 7, 2019** (date subject to change)

**December 5, 2019**

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## Agenda Item #4: NVTC's FY2018 Audited Financial Statements and Compliance Reports



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice, Scott Kalkwarf and Colethia Quarles

**DATE:** November 29, 2018

**SUBJECT:** NVTC's FY2018 Audited Financial Statements and Compliance Reports

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### **ACTION ITEM: Accept and Authorize Distribution of NVTC's FY2018 Audited Financial Statements and Compliance Reports**

At the December meeting 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.

The Commission will be asked to accept the [FY2018 Audited Financial Statements and Compliance Reports](#) and to authorize staff to release the information to the member jurisdictions, regulatory agencies, and the public.

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 and changes in financial position of the organization. PBMAres also issued a clean report on the internal control of NVTC's financial reporting, compliance and other matters. Further, PBMAres did not identify any internal control deficiencies or other findings.

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# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**Financial and Compliance Reports**

**Year Ended June 30, 2018**



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ASSURANCE, TAX & ADVISORY SERVICES

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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 opinions 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 Commission'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 Commission'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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Commission, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 on our consideration of the Commission'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 solely 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 Commission's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
November 28, 2018

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

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

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2018. Please read it in conjunction with the accompanying financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

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

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

- NVTC's net position totaled \$160.7 million on a government-wide basis as of June 30, 2018. Of this total, \$160.3 million is for business-type activities with the balance for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$183.0 million. Expenses were approximately equal to revenue.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$61.5 million. Expenses amounted to \$49.4 million.

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

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

- NVTC's governmental funds reported an increase in fund balance of \$55,779 for fiscal year 2018, compared to an increase of \$70,961 for fiscal year 2017. The governmental funds balance as of June 30, 2018 totaled \$594,475 compared with \$538,696 the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$12.1 million, from \$148.2 million to \$160.3 million.
- NVTC's fiduciary fund reported a decrease of \$34.0 million in net position, held in trust for member jurisdictions, from \$178.5 million to \$144.5 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

NVTC maintains three governmental funds: the General Fund, the Special Revenue Fund – Jurisdiction Transit, and the Special Revenue Fund – I-66 Toll Revenue. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund – Jurisdiction Transit, reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the fiduciary fund. The Special Revenue Fund – I-66 Toll Revenue, reports Toll Revenue received from the Commonwealth of Virginia according to an agreement entered into between NVTC and the Commonwealth. The two statements included for the governmental funds are the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

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

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

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

## **Supplementary Information**

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

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

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2018 and 2017:

<b>Summary Statements of Net Position</b>						
<b>June 30,</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Assets:</b>						
Current and other assets	\$ 23,776,764	\$ 15,833,253	\$ 45,703,550	\$ 39,281,881	\$ 69,480,314	\$ 55,115,134
Capital assets, net	31,767	39,846	176,399,441	173,102,673	176,431,208	173,142,519
Deferred outflows	-	-	455,136	-	455,136	-
Total assets	23,808,531	15,873,099	222,558,127	212,384,554	246,366,658	228,257,653
<b>Liabilities:</b>						
Current and other liabilities	23,229,298	15,432,944	6,761,999	7,019,704	29,991,297	22,452,648
Long-term liabilities	177,492	76,665	55,503,121	57,127,126	55,680,613	57,203,791
Total liabilities	23,406,790	15,509,609	62,265,120	64,146,830	85,671,910	79,656,439
<b>Net position:</b>						
Net investment in capital assets	31,767	39,846	118,607,128	113,240,162	118,638,895	113,280,008
Restricted	-	-	7,811,835	5,624,864	7,811,835	5,624,864
Unrestricted	369,974	323,644	33,874,044	29,372,698	34,244,018	29,696,342
Total net position	\$ 401,741	\$ 363,490	\$ 160,293,007	\$ 148,237,724	\$ 160,694,748	\$ 148,601,214

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$160.7 million as of June 30, 2018, an increase of \$12.1 million over the previous fiscal year. The largest portion of net position, \$118.6 million or 73.8 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$7.8 million or 4.9 percent represents resources that are restricted, primarily for the commuter rail liability insurance plan.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments for the business-type activities. As of June 30, 2018, approximately \$19.9 million was due from the Commonwealth of Virginia, of which \$7.5 million is for motor vehicle fuel sales tax, \$2.5 million is for toll revenues, and \$9.9 million for grant revenue. This is a \$7.0 million increase from the previous fiscal year, of which grant revenue increased \$2.4 million, toll revenues increase \$2.5 million, and motor vehicle fuel sales tax receivables increased \$2.1 million. The increase in the receivable for grant revenue is primarily due to an increase in capital grant revenue not yet received at the end of the fiscal year for the business-type activities. As of June 30, 2018, \$10.0 million of the amount due from the Commonwealth was for the commuter rail service, with a small amount for the jurisdiction transit function of NVTC, and for general and administrative and projects. Cash and cash equivalents increased approximately \$1.7 million and totaled \$24.9 million as of June 30, 2018, of which all but \$559,418 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$20.9 million as of June 30, 2018, with \$7.8 million for business-type activities, and \$13.1 million for governmental activities. This is a \$5.4 million increase from the prior year, with \$3.2 million for toll revenue and related interest earnings for governmental activities, and \$2.2 million for business-type activities.

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

## Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2018 and 2017.

### Summary Statements of Changes in Net Position Years Ended June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 20,161,585	\$ 19,688,616	\$ 20,161,585	\$ 19,688,616
Operating grants and contributions	144,080,586	147,941,418	7,136,469	6,063,718	151,217,055	154,005,136
Capital grants and contributions	-	-	3,992,968	16,676,597	3,992,968	16,676,597
General revenues:						
Intergovernmental:						
Commuter rail	30,155,596	21,299,239	-	-	30,155,596	21,299,239
Motor vehicle fuel sales tax	35,552,756	30,581,805	-	-	35,552,756	30,581,805
Toll revenue	3,328,379	-	-	-	3,328,379	-
Interest	9,273	4,368	358,818	181,484	368,091	185,852
Other	-	-	(275,729)	1,750	(275,729)	1,750
Transfers	(30,155,596)	(21,299,239)	30,155,596	21,299,239	-	-
Total revenues	182,970,994	178,527,591	61,529,707	63,911,404	244,500,701	242,438,995
Expenses:						
General and administration	2,969,172	6,507,097	-	-	2,969,172	6,507,097
Jurisdiction transit	176,635,192	171,963,100	-	-	176,635,192	171,963,100
Toll funded project costs	3,328,379	-	-	-	3,328,379	-
Commuter rail	-	-	49,474,424	45,978,503	49,474,424	45,978,503
Total expenses	182,932,743	178,470,197	49,474,424	45,978,503	232,407,166	224,448,700
Change in net position	38,251	57,394	12,055,283	17,932,901	12,093,534	17,990,295
Beginning net position	363,490	306,096	148,237,724	130,304,823	148,601,214	130,610,919
Ending net position	\$ 401,741	\$ 363,490	\$ 160,293,007	\$ 148,237,724	\$ 160,694,748	\$ 148,601,214

For the fiscal year ended June 30, 2018, revenues totaled \$244.5 million, compared to \$242.4 million in the preceding year, an increase of \$2.1 million or 0.85 percent. Expenses increased \$8.0 million, or 3.6 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.



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

### **Governmental Funds**

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

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

As of June 30, 2018, the General Fund had a total fund balance of \$594,475 of which \$59,115 was nonspendable and \$535,360 was unassigned. The fund balance increased by \$55,779 or 10.4 percent from the preceding year due to a favorable budget variance, partially offset by budgeted drawdown of surplus funds.

During fiscal year 2018, NVTC's regional projects incurred a total of \$1.1 million in direct costs. Three of these projects were funded with federal, state and regional sources totaling \$938,126. The \$121,763 in other funding sources includes direct local contributions from the NVTC member jurisdictions and regional agencies, local contributions from allocated state assistance, and contributions from NVTC primarily in the form of payroll and payroll related costs.

**Special Revenue Fund – Jurisdiction Transit.** Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2018 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

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

Intergovernmental revenues increased approximately \$4.7 million or 2.7 percent from the previous fiscal year. The increase is composed of a \$0.3 million decrease, or 0.2 percent in state assistance, and a \$5.0 million increase, or 16.3 percent in motor vehicle fuel sales tax revenue.

**Special Revenue Fund – I-66 Toll Revenue.** As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 inside the Beltway. The agreement calls for NVTC to receive the toll revenues collected by the Commonwealth, net of certain costs charged against those funds, on a quarterly basis for multi-modal projects which benefit the toll payers of the I-66 inside the beltway facility. In accordance with the agreement, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities. The agreement also calls for the advance payment of up to \$10 million to fund an initial round of projects before tolling commences in December 2017.

During fiscal year 2017, NVTC rated, selected and approved projects totaling \$9.8 million, for which NVTC received an equal amount of advanced funding. During fiscal year 2018, NVTC approved another \$12.1 million in projects. In fiscal year 2018 NVTC received toll revenues of \$3.3 million and recognized a receivable of \$2.5 million for the fourth quarter payment. Revenue and interest earned on the funds is recognized as unearned until such time when the special revenue fund incurs project costs. During fiscal year 2018 the special revenue fund recognized \$3.3 million in project costs and related toll revenue. Deferred revenue totaled \$12.4 million as of June 30, 2018.

### **Proprietary Fund**

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

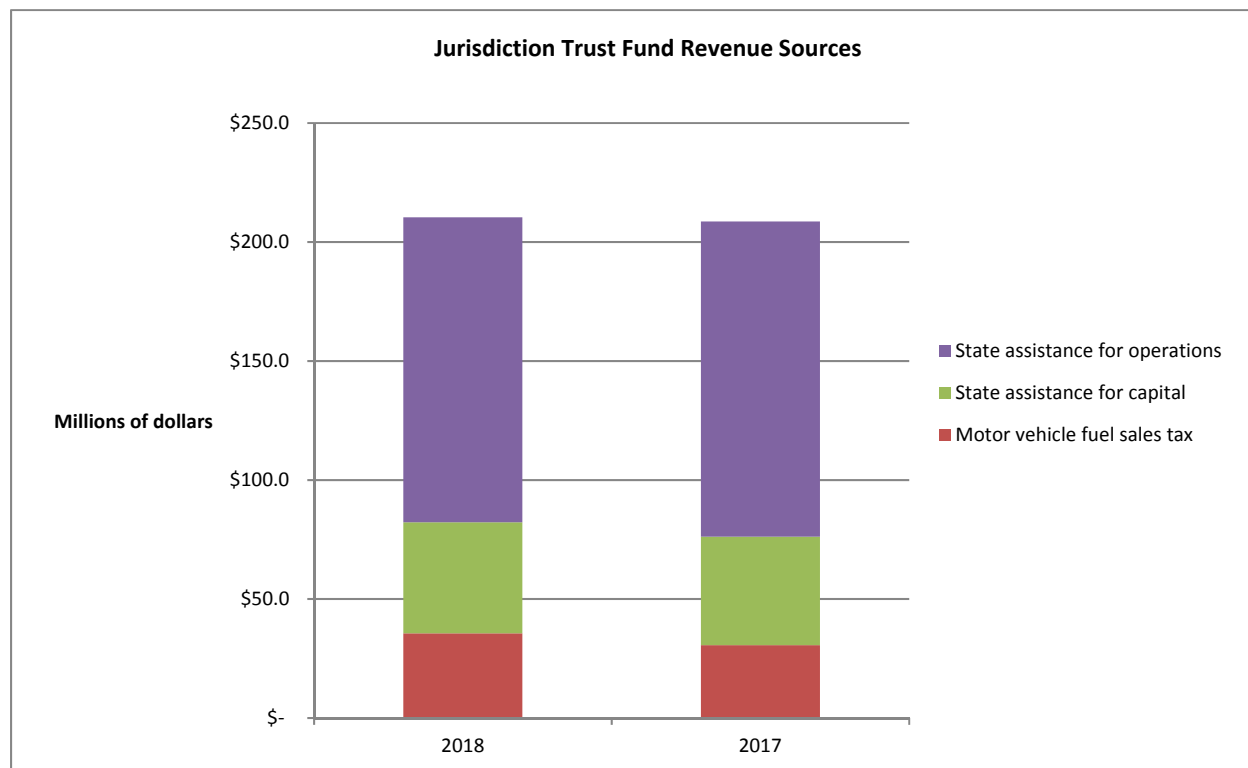
NVTC's share of operating revenue increased about \$0.5 million or 2.4 percent, while operating expenses increased approximately \$3.3 million or 9.7 percent. These increases on a percentage basis mirror the VRE operations as a whole, as NVTC's share of the activity remained relatively constant. Capital contributions and transfers decreased \$3.8 million or 10.1 percent.

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

## **Fiduciary Fund**

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

**Jurisdiction Trust Fund.** The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as fiscal year 2013 through fiscal year 2014 operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the state (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the fiscal year 2013 through fiscal year 2014 directly contracted revenue with the jurisdictions is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, increased by \$1.8 million, or 0.8 percent from the previous year. An analysis of this change is shown below.



State assistance for operations is revenue from the state operating formula assistance program. Operating assistance decreased approximately \$4.3 million, or 3.2 percent from the previous fiscal year, while the state-wide allocated operating assistance decrease by a similar percentage. The operating assistance program is funded at the statutory fixed rate of 73.5 percent of projected Mass Transit Trust Fund (MTTF) revenue up to \$160 million. Since fiscal year 2009, the operating program receives directly a portion of the state recordation tax to help fund the operating program. Beginning in fiscal year 2014 with increased statewide funding for transit, MTTF revenues above \$160 million are allocated using a performance based formula for operations.

State assistance for capital expenditures recognized by the Jurisdiction Trust Fund during fiscal year 2018 increased by \$1.1 million or 2.3 percent from the previous fiscal year. State assistance for capital expenditures during the fiscal year includes revenue from the Mass Transit Trust Fund and the Mass Transit Capital Fund. The state-wide capital program is funded at the statutory fixed rate of 25 percent of projected Mass Transit Trust Fund revenues. The fiscal year 2018 program allocated additional funding from the Mass Transit Capital Fund (Bond Funds) for state-wide needs.

Effective January 1, 2010, the Motor Vehicle Fuel Sales tax is levied on distributors of gasoline and diesel fuel for deliveries within NVTC's jurisdictions at the rate of 2.1 percent. Prior to this, the tax was levied on the retail sales at the rate of 2 percent. Motor Vehicle Fuel Sales tax revenue increased by \$5.0 million, or 16.3 percent from the previous year, which mirror the slight increase in the price of fuel. Other factors that influence the gas tax revenue include overall demand, price elasticity impacting demand, grade mix, and taxpayer compliance.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2018 and 2017 are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Rolling stock	\$ -	\$ -	\$ 142,639,959	\$ 135,474,546	\$ 142,639,959	\$ 135,474,546
Vehicles	-	-	58,521	83,711	58,521	83,711
Facilities	-	-	52,967,852	51,740,444	52,967,852	51,740,444
Track and signal improvements	-	-	41,717,264	41,742,675	41,717,264	41,742,675
Equipment and software	-	-	6,063,333	6,063,333	6,063,333	6,063,333
Construction in progress	-	-	13,648,999	11,952,082	13,648,999	11,952,082
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	135,851	129,490	2,855,606	2,775,076	2,991,457	2,904,566
	135,851	129,490	262,845,178	252,725,511	262,981,029	252,855,001
Less accumulated depreciation and amortization	104,084	89,644	86,445,737	79,622,838	86,549,821	79,712,482
<b>Total capital assets, net</b>	<b>\$ 31,767</b>	<b>\$ 39,846</b>	<b>\$ 176,399,441</b>	<b>\$ 173,102,673</b>	<b>\$ 176,431,208</b>	<b>\$ 173,142,519</b>

NVTC's investment in capital assets as of June 30, 2018 amounted to \$176.4 million (net of accumulated depreciation and amortization) which represents an increase of \$3.3 million or 1.9 percent over last year due to new project construction, offset in part by annual depreciation and amortization. A total of \$12.3 million was charged to construction in progress during the fiscal year. Completed projects totaling approximately \$10.6 million were closed from construction in progress to their respective capital accounts and an additional \$141,640 was charged directly to the capital accounts. \$2.2 million of fully depreciated railcars were sold in fiscal year 2018.

The major completed project during the fiscal year were the delivery of nine Gallery railcars (\$9.4 million) that were placed into service, and the Lorton Station main platform expansion (\$1.2 million).

The major additions to construction in progress during the fiscal year were costs related to acquisition of nine new Gallery railcars (\$9.2 million), the Lorton Station main platform expansion (\$0.6 million), work toward both the L'Enfant Storage Track North (\$0.4 million), ongoing work toward implementation of Positive Train Control (PTC) (\$0.4 million) and development work for the Mid-Day Storage Yard project (\$0.3 million).

## Debt Administration

At June 30, 2018, the Commissions had total debt outstanding of \$58.1 million for the VRE commuter rail service, of which \$52.4 million is reported by NVTC.

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

In fiscal year 2018, a financing agreement was entered into with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

	2018	2017
Bond payable	\$ 46,640,000	\$ -
Capital leases	5,734,601	6,422,352
Note payable (includes RRIF)	-	53,440,159
<b>Total</b>	<b>\$ 52,374,601</b>	<b>\$ 59,862,511</b>

## Economic Factors and Next Year's Budget

State assistance recognized by the Special Revenue fund is expected to increase slightly. This is due to an increase in operating and capital assistance for WMATA subsidies and local systems, slightly offset by a decrease in capital assistance for the local systems. Effective fiscal year 2019, the WMATA operating and capital assistance is a fixed 53.5 percent of the total statewide transit funding. This percentage was determined by the Commonwealth as the average WMATA capital and operating assistance compared to the statewide available funding over a four year period.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that establishes the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding to WMATA, and the Commuter Rail Operating and Capital Fund which benefits VRE. For fiscal year 2019, the gain is to be calculated as the difference between the monthly revenue to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Accordingly, the motor vehicle fuels sales tax revenue that NVTC will recognize in fiscal year 2019 will be equal to the revenue recognized in fiscal year 2018. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline.

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.

The VRE local subsidy for fiscal year 2019 increased by 3.0 percent. Fares were held constant for fiscal year 2019.

Additional sources of funding will be available in fiscal year 2019 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

## **REQUESTS FOR INFORMATION**

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 559,418	\$ 24,294,997	\$ 24,854,415
Due from other governments:			
Commonwealth of Virginia	19,889,303	-	19,889,303
Local jurisdictions	11,970	-	11,970
Trade accounts receivable, net	-	1,275,294	1,275,294
Other receivables	-	881,524	881,524
Inventory	-	1,560,890	1,560,890
Deposits and prepaid items	59,115	68,698	127,813
Restricted cash, cash equivalents and investments	13,067,270	7,811,835	20,879,105
Internal balances	(9,810,312)	9,810,312	-
Capital assets:			
Rolling stock	-	142,639,959	142,639,959
Vehicles	-	58,521	58,521
Facilities	-	52,967,852	52,967,852
Track and signal improvements	-	41,717,264	41,717,264
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	13,648,999	13,648,999
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	135,851	2,855,606	2,991,457
Less accumulated depreciation and amortization	(104,084)	(86,445,737)	(86,549,821)
Deferred outflows of resources, loss on refunding	-	455,136	455,136
Total assets and deferred outflows of resources	<u>23,808,531</u>	<u>222,558,127</u>	<u>246,366,658</u>



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2018

<b>LIABILITIES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 3,331,134	\$ 1,225,272	\$ 4,556,406
Accrued expenses	27,967	1,169,310	1,197,277
Accrued interest	-	524,024	524,024
Due to fiduciary fund	7,421,774	-	7,421,774
Unearned revenue	-	807,778	807,778
Deferred revenue	12,401,414	-	12,401,414
Noncurrent liabilities:			
Due within one year:			
Compensated absences	47,009	37,221	84,230
Bond payable	-	2,280,000	2,280,000
Capital lease obligation	-	718,394	718,394
Due in more than one year:			
Lease liability	83,613	-	83,613
Compensated absences	93,879	254,066	347,945
Bond payable	-	50,232,848	50,232,848
Capital lease obligation	-	5,016,207	5,016,207
Total liabilities	<u>23,406,790</u>	<u>62,265,120</u>	<u>85,671,910</u>
<b>NET POSITION</b>			
Net investment in capital assets	31,767	118,607,128	118,638,895
Restricted for liability insurance plan	-	5,268,168	5,268,168
Restricted for debt service	-	1,996,544	1,996,544
Restricted grants or contributions	-	547,123	547,123
Unrestricted assets	369,974	33,874,044	34,244,018
Total net position	<u>\$ 401,741</u>	<u>\$ 160,293,007</u>	<u>\$ 160,694,748</u>

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

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

Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary government:							
Governmental activities:							
General and administration	\$ 2,969,172	\$ -	\$ 2,998,150	\$ -	\$ 28,978	\$ -	\$ 28,978
Toll funded project costs	3,328,379	-	-	-	(3,328,379)	-	(3,328,379)
Jurisdiction transit	176,635,192	-	141,082,436	-	(35,552,756)	-	(35,552,756)
Total governmental activities	182,932,743	-	144,080,586	-	(38,852,157)	-	(38,852,157)
Business-type activities:							
Commuter rail	49,474,424	20,161,585	7,136,469	3,992,968	-	(18,183,402)	(18,183,402)
Total business-type activities	49,474,424	20,161,585	7,136,469	3,992,968	-	(18,183,402)	(18,183,402)
Total primary government	<u>\$ 232,407,167</u>	<u>\$ 20,161,585</u>	<u>\$ 151,217,055</u>	<u>\$ 3,992,968</u>	(38,852,157)	(18,183,402)	(57,035,559)
General revenues:							
Intergovernmental revenue - commuter rail					30,155,596	-	30,155,596
Intergovernmental revenue - motor vehicle fuel sales tax					35,552,756	-	35,552,756
Intergovernmental revenue - toll revenue					3,328,379	-	3,328,379
Loss on disposal of assets					-	(275,729)	(275,729)
Interest income					9,273	358,818	368,091
Transfers					(30,155,596)	30,155,596	-
Total general revenues					<u>38,890,408</u>	<u>30,238,685</u>	<u>69,129,093</u>
Change in net position					38,251	12,055,283	12,093,534
Net position, beginning of year					<u>363,490</u>	<u>148,237,724</u>	<u>148,601,214</u>
Net position, end of year					<u>\$ 401,741</u>	<u>\$ 160,293,007</u>	<u>\$ 160,694,748</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 559,418	\$ -	\$ -	\$ 559,418
Due from other governments:				
Commonwealth of Virginia	9,899,570	7,459,427	2,530,306	19,889,303
Local jurisdictions	11,970	-	-	11,970
Due from fiduciary fund	37,653	-	-	37,653
Due from proprietary fund	14,243	-	-	14,243
Restricted cash	-	-	13,067,270	13,067,270
Deposits and prepaid items	59,115	-	-	59,115
Total assets	<u>\$ 10,581,969</u>	<u>\$ 7,459,427</u>	<u>\$ 15,597,576</u>	<u>\$ 33,638,972</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 134,972	\$ -	\$ 3,196,162	\$ 3,331,134
Accrued salaries	27,967	-	-	27,967
Deferred revenue	-	-	12,401,414	12,401,414
Due to proprietary fund	9,824,555	-	-	9,824,555
Due to fiduciary fund	-	7,459,427	-	7,459,427
Total liabilities	<u>9,987,494</u>	<u>7,459,427</u>	<u>15,597,576</u>	<u>33,044,497</u>
<b>FUND BALANCES</b>				
Nonspendable				
Deposits and prepaid items	59,115	-	-	59,115
Unassigned	535,360	-	-	535,360
Total fund balance	<u>594,475</u>	<u>-</u>	<u>-</u>	<u>594,475</u>
Total liabilities and fund balance	<u>\$ 10,581,969</u>	<u>\$ 7,459,427</u>	<u>\$ 15,597,576</u>	<u>\$ 33,638,972</u>

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

Fund balances - governmental funds	\$ 594,475
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$135,851 and the accumulated depreciation and amortization is \$104,084.	31,767
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Lease liability only recognized in the government-wide financial statements.	(83,613)
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Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(140,888)
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Net position - governmental activities	<u>\$ 401,741</u>
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*The accompanying notes are an integral part of the financial statements.*

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2018

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Special Revenue Fund - Jurisdiction Transit</b>	<b>Special Revenue Fund - I-66 Toll Revenue</b>	<b>Total Governmental Funds</b>
Revenues:				
Intergovernmental revenues:				
Grants and contributions:				
Commonwealth of Virginia	\$ 32,250,055	\$ 141,082,436	\$ -	\$ 173,332,491
Federal	492,302	-	-	492,302
Local jurisdictions	331,389	-	-	331,389
Toll Revenue	-	-	3,328,379	3,328,379
Motor vehicle fuel sales tax	-	35,552,756	-	35,552,756
Project chargebacks	80,000	-	-	80,000
Interest income	9,273	-	-	9,273
Total revenues	<u>33,163,019</u>	<u>176,635,192</u>	<u>3,328,379</u>	<u>213,126,590</u>
Expenditures:				
Current:				
General and administration	1,881,736	-	-	1,881,736
Project costs	1,059,889	-	-	1,059,889
Toll funded project costs	-	-	3,328,379	3,328,379
Payments to fiduciary fund	-	176,635,192	-	176,635,192
Capital outlay	10,019	-	-	10,019
Total expenditures	<u>2,951,644</u>	<u>176,635,192</u>	<u>3,328,379</u>	<u>182,915,215</u>
Other financing uses:				
Transfer out	<u>(30,155,596)</u>	<u>-</u>	<u>-</u>	<u>(30,155,596)</u>
<b>Change in fund balances</b>	<b>55,779</b>	<b>-</b>	<b>-</b>	<b>55,779</b>
Fund balances, beginning of year	<u>538,696</u>	<u>-</u>	<u>-</u>	<u>538,696</u>
Fund balances, end of year	<u>\$ 594,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,475</u>

Change in fund balances - total governmental funds \$ 55,779

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

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

Add - capital outlay	10,019
Deduct - depreciation and amortization expense	(18,098)

Amortization of lease liability is only recognized in the government-wide financial statements.	16,465
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The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(25,914)
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Change in net position of governmental activities	<u>\$ 38,251</u>
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The accompanying notes are an integral part of the financial statements.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2018

	<u>Commuter Rail Service Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 24,294,997
Accounts receivable:	
Due from general fund	9,810,312
Trade receivables, net of allowance for doubtful accounts	1,275,294
Other receivables	881,524
Inventory	1,560,890
Prepaid expenses and other	68,698
Restricted cash, cash equivalents and investments	<u>7,811,835</u>
<b>Total current assets</b>	<u>45,703,550</u>
Capital assets:	
Rolling stock	142,639,959
Vehicles	58,521
Facilities	52,967,852
Track and signal improvements	41,717,264
Equipment and software	6,063,333
Construction in progress	13,648,999
Equity in property of others	2,893,644
Furniture, equipment and software	<u>2,855,606</u>
	262,845,178
Less accumulated depreciation and amortization	<u>(86,445,737)</u>
<b>Total capital assets, net</b>	<u>176,399,441</u>
Deferred Outflows of Resources:	
Loss on refunding	<u>455,136</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 222,558,127</u></u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2018

	<u>Commuter Rail Service Fund</u>
<b>LIABILITIES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable	\$ 1,225,272
Compensated absences	37,221
Accrued expenses	1,169,310
Accrued interest	524,024
Deferred revenue	807,778
Current portion of bonds payable	2,280,000
Current portion of capital lease obligations	<u>718,394</u>
<b>Total current liabilities</b>	<u>6,761,999</u>
Noncurrent Liabilities:	
Compensated absences	254,066
Bonds payable	50,232,848
Capital lease obligations	<u>5,016,207</u>
<b>Total noncurrent liabilities</b>	<u>55,503,121</u>
<b>Total liabilities</b>	<u>62,265,120</u>
Net Position:	
Net investment in capital assets	118,607,128
Restricted for liability insurance plan	5,268,168
Restricted for debt service	1,996,544
Restricted grants or contributions	547,123
Unrestricted assets	<u>33,874,044</u>
<b>Total net position</b>	<u>160,293,007</u>
<b>Total liabilities and net position</b>	<u><u>\$ 222,558,127</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2018

	<u>Commuter Rail Service Fund</u>
Operating Revenues:	
Passenger revenue	\$ 20,033,865
Equipment rentals and other	<u>127,720</u>
Total operating revenues	<u>20,161,585</u>
Operating Expenses:	
Contract operations and maintenance	12,772,155
Other operations and maintenance	8,299,976
Property leases and access fees	7,921,038
Insurance	1,787,119
Marketing and sales	1,200,195
General and administrative	<u>5,528,595</u>
Total operating expenses	<u>37,509,078</u>
Operating loss before depreciation and amortization	(17,347,493)
Depreciation and amortization	<u>(9,100,536)</u>
Operating loss	<u>(26,448,029)</u>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	6,445,581
Regional transportation funding	690,888
Interest income:	
Operating funds	292,400
Insurance trust	66,019
Other restricted funds	399
Loss on disposal of asset	(275,729)
Interest, amortization and other nonoperating expenses, net	<u>(2,864,810)</u>
Total nonoperating revenues, net	<u>4,354,748</u>
Loss before capital contributions and transfers	<u>(22,093,281)</u>
Capital contributions and transfers:	
Local contributions	12,842
Contribution from General Fund	3,980,126
Transfers in	<u>30,155,596</u>
Total capital contributions and transfers	<u>34,148,564</u>
Change in net position	12,055,283
Net Position, beginning	<u>148,237,724</u>
Net Position, ending	<u><u>\$ 160,293,007</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2018

	<u><b>Commuter Rail Service Fund</b></u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 19,804,403
Payments to suppliers	(33,165,990)
Payments to employees	(3,409,510)
Net cash used in operating activities	<u>(16,771,097)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>19,320,509</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(14,073,020)
Capital grants and assistance	15,652,241
Proceeds from sale of capital assets	1,750
Principal paid on capital lease obligations	(687,751)
Principal paid on note	(1,712,817)
Interest paid on capital lease obligation	(287,552)
Interest paid on bonds and note	(1,998,887)
Contribution from General Fund	3,980,126
Net cash provided by capital and related financing activities	<u>874,090</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>355,430</u>
Increase in cash and cash equivalents	3,778,932
Cash and Cash Equivalents, beginning	28,327,900
Cash and Cash Equivalents, ending	<u><u>\$ 32,106,832</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (26,448,029)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,100,536
(Increase) decrease in:	
Accounts receivable	(318,040)
Other receivables	24,632
Inventory	35,335
Prepaid items and other	(87)
Increase (decrease) in:	
Accounts payable and accrued expenses	898,330
Unearned revenue	(63,774)
Net cash used in operating activities	<u><u>\$ (16,771,097)</u></u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 196,193
Capital assets acquired through accrued liabilities	36,750
Deferred loss acquired via refinance	462,851
Note payable repaid via refinance	51,727,342

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



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2018

	<u><b>Jurisdiction Trust Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 134,597,510
Due from special revenue fund - Motor vehicle fuel sales tax	7,459,427
Due from other governments - Commonwealth of Virginia grants	<u>2,479,721</u>
Total assets	<u>144,536,658</u>
<b>LIABILITIES</b>	
Due to general fund	<u>37,653</u>
Total liabilities	<u>37,653</u>
<b>NET POSITION</b>	
Net position held in trust for member jurisdictions	<u><u>\$ 144,499,005</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
Year Ended June 30, 2018

	<u><b>Jurisdiction Trust Fund</b></u>
Additions:	
Contributions from government	\$ 176,635,192
Intergovernmental revenues	33,726,013
Investment income	1,649,713
Total additions	<u>212,010,918</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	30,448,989
Project development	454,562
Metrorail operating	76,445,800
Metrobus operating	98,291,091
Metroaccess operating	12,698,410
Metro debt service	52,944
Other funds disbursed:	
Other capital disbursements	3,057,174
Other operating disbursements	24,545,742
Total deductions	<u>245,994,712</u>
Change in net position	(33,983,794)
Net position held in trust for member jurisdictions:	
Beginning of year	178,482,799
End of year	<u><u>\$ 144,499,005</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

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

The NVTC and Potomac and Rappahannock Transportation Commission (PRTC) reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (collectively referred to as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing 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.

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

NVTC reports the following major enterprise fund:

##### Commuter Rail Service Fund

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

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

#### D. Budgeting

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

#### E. Other Significant Accounting Policies

##### 1. Cash and cash equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less. Investments in U.S. government securities and commercial paper are carried at fair value based on quoted market prices. The investment in the Local Government Investment Pool (LGIP) is reported at amortized cost.

##### 2. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to the Virginia Resources Authority (VRA) financing compliance requirements, the balance in the Liability Insurance Plan, a small liability claims account, and toll revenue. The investment in the Virginia State Non-Arbitrage Program (SNAP) for VRA financing is reported at amortized cost.

##### 3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$100,120 at June 30, 2018 for the proprietary fund.

##### 4. Inventory

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

5. Prepaid items

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

6. Capital assets

For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the estimated acquisition 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 the net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities ("equity in property of others") recognize the right of access for commuter rail patrons granted to the Commissions. This category also represents investment in Amtrak infrastructure and facilities that provides primary benefit to the commuter rail service and for which VRE has an expectation of continued use.

Interest is capitalized on qualifying construction in progress projects until they 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 properties of others	3-35 years
Office equipment, furniture 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, 2018.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 7. 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 resource (expenditure) until then. NVTC currently has one item that qualifies for reporting in this category. The deferred loss on refunding 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. NVTC currently has no items reported in this category.

##### 8. Compensated absences

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

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

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

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



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

9. Fund equity

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

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

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

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

10. Indirect expenditure allocation

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

11. Net position

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

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

12. Estimates and assumptions

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

13. Inter-fund transfers

Transactions among NVTC's funds would be treated as revenues and expenditures or expenses if they involved organizations external to NVTC government are accounted for as revenues and expenditures or expenses in funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which revenues are to be expended, are separately reported in the respective funds' operating statements.

14. Subsequent events

NVTC has evaluated subsequent events through November 28, 2018 which was the date the financial statements were available to be issued.

### Note 2. Deposits and Investments

At June 30, 2018, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 208,740	\$ 2,548,212	\$ -	\$ 2,756,952
LGIP	350,678	21,746,785	134,597,510	156,694,973
	559,418	24,294,997	134,597,510	159,451,925
Restricted:				
Cash	-	547,123	-	547,123
LGIP	13,067,270	27,216	-	13,094,486
SNAP	-	1,996,544	-	1,996,544
Insurance trust fund – pooled funds	-	5,240,952	-	5,240,952
	13,067,270	7,811,835	-	20,879,105
<b>Total</b>	<b>\$ 13,626,688</b>	<b>\$ 31,106,832</b>	<b>\$ 134,597,510</b>	<b>\$ 180,331,030</b>

Maturities of all investments are less than one year.

#### Deposits

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments

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

As of June 30, 2018, the reporting entity had investments of \$169,789,459 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, \$2 million was transferred into the DSRF from existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor’s maturing in under two (2) years and in the SNAP Fund, a AAAm rated local government investment pool that complies with GASB Statement 79. At June 30, 2018, the reporting entity had \$1,996,544 invested in the VRA Debt Service Reserve Fund.

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, 2018, a total of \$10,481,904 was invested in the Insurance Trust, of which \$5,240,952 is included in the NVTC reporting entity. From fiscal year 2011 through fiscal year 2015, any earnings on these investments were retained by the Commonwealth of Virginia. In fiscal year 2018, earnings on the Insurance Trust in the amount of \$132,037 were credited to VRE, of which \$66,019 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

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

LGIP	100%
U.S. Treasury Obligations	100%
Certificates of Deposit	75%
Bankers’ Acceptances	50%
Repurchase Agreements	35%
Commercial Paper	25%

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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

##### Investments (Continued)

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

##### Credit risk

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

##### Custodial credit risk

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

##### Interest rate risk

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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

##### Concentration of credit risk

The Commuter Rail Service Fund'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 the percentage of the portfolio allowed 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%

When applicable, NVTC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NVTC has the following investment subject to fair value measurement:

- U.S. Treasury securities of \$1,996,544 as of June 30, 2018, which are valued using quoted prices in an active market for identical assets (Level 1 inputs).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 3. Due From Other Governments

At June 30, 2018, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 7,459,427	\$ 7,459,427
Grants	9,899,570	-	9,899,570
Toll revenue	2,530,306	-	2,530,306
	<u>12,429,876</u>	<u>7,459,427</u>	<u>19,889,303</u>
Due from Local Jurisdictions:			
Local grant match	11,970	-	11,970
	<u>\$ 12,441,846</u>	<u>\$ 7,459,427</u>	<u>\$ 19,901,273</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$9,824,555 for commuter rail and \$2,605,321 for other projects.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 129,490	\$ 10,019	\$ (3,658)	\$ -	\$ 135,851
Less accumulated depreciation or amortization	89,644	18,098	(3,658)	-	104,084
<b>Governmental activities capital assets, net</b>	<b>\$ 39,846</b>	<b>\$ (8,079)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,767</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 11,952,082	\$ 12,281,076	\$ -	\$ (10,584,159)	\$ 13,648,999
Capital assets being depreciated or amortized:					
Rolling stock	135,474,546	-	(2,238,305)	9,403,718	142,639,959
Vehicles	83,711	14,143	(39,333)	-	58,521
Facilities	51,740,444	46,967	-	1,180,441	52,967,852
Track and signal improvements	41,742,675	-	(25,411)	-	41,717,264
Equipment and software	6,063,333	-	-	-	6,063,333
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	2,775,076	80,530	-	-	2,855,606
<b>Total capital assets being depreciated or amortized</b>	<b>240,773,429</b>	<b>141,640</b>	<b>(2,303,049)</b>	<b>10,584,159</b>	<b>249,196,179</b>
Less accumulated depreciation or amortization for:					
Rolling stock	37,593,599	5,612,367	(2,238,304)	-	40,967,662
Vehicles	52,588	10,291	(39,333)	-	23,546
Facilities	19,194,940	1,567,783	-	-	20,762,723
Track and signal improvements	13,281,696	1,407,083	-	-	14,688,779
Equipment and software	5,336,383	353,429	-	-	5,689,812
Equity in property of others	1,818,334	83,623	-	-	1,901,957
Office equipment, furniture and software	2,345,298	65,960	-	-	2,411,258
<b>Total accumulated depreciation or amortization</b>	<b>79,622,838</b>	<b>9,100,536</b>	<b>(2,277,637)</b>	<b>-</b>	<b>86,445,737</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>161,150,591</b>	<b>(8,958,896)</b>	<b>(25,412)</b>	<b>10,584,159</b>	<b>162,750,442</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 173,102,673</b>	<b>\$ 3,322,180</b>	<b>\$ (25,412)</b>	<b>\$ -</b>	<b>\$ 176,399,441</b>

Note: The chart above reflects the completion of the five new railcars project at a value of \$9.4 million, and the Lorton Station main platform expansion project at a value of \$1.2 million. VRE sold seven fully depreciated Gallery-style railcars to Foxville & Northern Railroad Company in Pelion, SC, in fiscal year 2018, with a value of \$4.5 million (\$2.25 million, NVTC reporting entity). Additionally, VRE traded in three fully depreciated vehicles at a value of approximately \$79,000 (\$39,500, NVTC reporting entity) toward the purchase of a single new replacement vehicle at a value of approximately \$28,000 (\$14,000, NVTC reporting entity).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 4. Capital Assets (continued)

The chart also reflects the reduction of \$25,500 in track and signal asset value for the NVTC reporting entity. The reduction is due to an over estimation and accrual of expected remaining project costs at the time of value adjustment in fiscal year 2017, and a refund of project costs in fiscal year 2018. Subsequent payment activity identified this over-accrual, leading to the reduction of the final asset cost.

Depreciation and amortization expenses for the year ended June 30, 2018 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary government:</b>		
General and administration	\$ 18,098	\$ -
Commuter rail	-	9,100,536

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

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

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

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

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

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

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of three commissioners appointed from each of NVTC and PRTC and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive net income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bond issues, lease financing, Federal and Commonwealth of Virginia grants, and local jurisdictional contributions based on a population/ridership formula that is supplemented by voluntary donations from contributing jurisdictions.



## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

### **NOTES TO THE FINANCIAL STATEMENTS**

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

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 July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the then current 90 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.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

Financial information from VRE's fiscal year 2018 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2018

##### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 51,186,348
Accounts receivable:	
Due from PRTC – FTA and other	13,007,142
Commonwealth of Virginia grants	9,824,555
Trade and other, net of allowance	4,463,823
Inventory	3,289,547
Prepaid expenses and other	144,779
Restricted cash, cash equivalents and investments	13,627,126
<b>Total current assets</b>	<b>95,543,320</b>
Noncurrent assets:	
Pension asset	292,569
Capital assets (net \$172,891,474 accumulated depreciation and amortization)	352,798,880
<b>Total noncurrent assets</b>	<b>353,091,449</b>
<b>Total assets</b>	<b>448,634,769</b>
Deferred outflows of resources	884,315
<b>Total assets and deferred outflows of resources</b>	<b>\$ 449,519,084</b>

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

Current liabilities:	
Accounts payable and accrued liabilities	\$ 6,861,929
Unearned revenue	1,702,378
Current portion of:	
Compensated absences	78,442
Bond payable	2,280,000
Capital lease obligations	1,436,789
<b>Total current liabilities</b>	<b>12,359,538</b>
Noncurrent liabilities:	
Other postemployment benefits	416,035
Capital lease obligations	10,032,413
Bond payable	50,232,848
Compensated absences	535,440
<b>Total noncurrent liabilities</b>	<b>61,216,736</b>
<b>Total liabilities</b>	<b>73,576,274</b>
Deferred inflows of resources	296,614
Net position:	
Net investment in capital assets	289,271,966
Restricted for liability insurance plan	10,536,336
Restricted for debt service	1,996,544
Restricted grants or contributions	1,094,246
Unrestricted assets	72,747,104
<b>Total net position</b>	<b>375,646,196</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 449,519,084</b>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Year Ended June 30, 2018

Operating revenues	\$ 42,490,170
Operating expenses	79,049,691
<b>Operating loss before depreciation and amortization</b>	<u>(36,559,521)</u>
Depreciation and amortization	(18,201,071)
<b>Operating loss</b>	<u>(54,760,592)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	17,145,270
Federal grants – with PRTC as grantee	15,362,802
Jurisdictional contributions	17,250,240
Regional transportation funding (NVT A)	766,586
Interest income:	
Operating funds	616,228
Insurance trust	132,037
Other restricted funds	797
Loss on disposal of assets	(551,457)
Interest, amortization and other nonoperating expenses, net	(3,147,164)
<b>Total nonoperating revenues, net</b>	<u>47,575,339</u>
Capital grants and assistance:	
Commonwealth of Virginia grants	13,010,326
Federal grants – with PRTC as grantee	9,559,056
Regional transportation funding (NVT A)	615,190
Local contributions	12,842
<b>Total capital grants and assistance</b>	<u>23,197,414</u>
<b>Change in net position</b>	16,012,161
Net position, beginning of year, as restated	<u>359,634,035</u>
Net position, ending	<u>\$ 375,646,196</u>

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

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

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

### **NOTES TO THE FINANCIAL STATEMENTS**

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

Employees of the reporting entity are covered under two separate plans. The NVTC Pension Trust covers eligible employees of the governmental activities of NVTC, while the Virginia Retirement System covers the eligible employees of the business-type activities of the VRE joint venture through employment with PRTC.

##### **NVTC – Target Benefit Plan**

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2018 totaled \$127,149 (12.5 percent of covered payroll). Required employee contributions for the year ended June 30, 2018 totaled \$20,954 (2.1 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2018 was approximately \$1,014,000.

#### **Note 8. Operating Leases and Agreements**

##### **Governmental activities**

NVTC leases office space under a 125-month agreement which commenced on January 1, 2011 and expires May 31, 2021. The lease provides for 3 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first five months of rent. For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for governmental activities as reported in the government-wide financial statements totals \$211,647 (\$228,112 paid less \$16,465 amortization). The Statement of Net Position reported a liability of \$83,613 related to the lease. The remaining liability will be amortized over the remaining lease.

On March 14, 2018 NVTC entered into the first amendment to the office space lease for additional space, effective March 1, 2019 and ending October 31, 2031, canceling the original lease on the effective date of the first amendment. The lease provides for 2.5 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first month of base rent for each of the first seven years of the lease.

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2020. Minimum monthly payments under these agreements equal \$406 per month, with payments totaling \$4,872 for the year ended June 30, 2018.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

As of June 30, 2018, the minimum long-term lease commitments were as shown below:

Years Ending June 30,	Amount
2019	\$ 212,768
2020	258,718
2021	262,628
2022	266,697
2023	273,364
2024-2028	1,556,612
2029-2032	1,188,573
Total	<u>\$ 4,019,360</u>

### Business-type activities

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2018, annual track usage fees totaled approximately \$9,888,000, of which \$4,692,000 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$571,000, of which \$271,000 is recognized by the NVTC reporting entity.

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 July 1, 2015. For the year ended June 30, 2018, costs for track access and equipment storage totaled approximately \$6,628,000, of which \$3,145,000 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,965,000, of which \$2,356,000 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2019 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 July 1, 2015. The cost of train operations and maintenance for the year ended June 30, 2018 totaled approximately \$22,060,000, of which \$10,467,000 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2018 reflect contractual increases and the addition of a new train during the fiscal year. Costs for fiscal year 2019 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 114,974	\$ 100,041	\$ 74,127	\$ 140,888	\$ 47,009
<b>Total governmental activities</b>	114,974	100,041	74,127	140,888	47,009
Business-type activities:					
Capital leases	6,422,352	-	687,751	5,734,601	718,394
Bond payable	-	46,640,000	-	46,640,000	2,280,000
Unamortized premium	-	5,972,388	99,540	5,872,848	-
Note payable	53,440,159	-	53,440,159	-	-
Compensated absences	257,458	201,263	167,434	291,287	37,221
<b>Total business-type activities</b>	60,119,969	52,813,651	54,394,884	58,538,736	3,035,615
<b>Total Primary Government</b>	<u>\$ 60,234,943</u>	<u>\$ 52,913,692</u>	<u>\$ 54,469,011</u>	<u>\$ 58,679,624</u>	<u>\$ 3,082,624</u>

Federal arbitrage regulations apply to VRE's Gallery IV capitalized lease.

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

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$15,198,141 (NVTC reporting entity, \$7,599,070)	<u>\$ 11,451,643</u>	<u>\$ 5,725,822</u>

Future minimum lease payments as of June 30, 2018 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2019	\$ 1,931,357	\$ 965,679
2020	1,931,357	965,678
2021	1,931,357	965,679
2022	1,931,357	965,678
2023	1,931,357	965,679
2024-2025	3,862,714	1,931,357
Total minimum lease payments	13,519,499	6,759,750
Lease amount representing interest	2,067,856	1,033,928
Present value of lease payments	<u>\$ 11,451,643</u>	<u>\$ 5,725,822</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Capitalized Lease – Copiers

	Total	NVTC Reporting Entity
\$73,425 capitalized lease obligation; \$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 \$12,690 (NVTC reporting entity, \$6,345)	\$ 17,559	\$ 8,779

Future minimum lease payments as of June 30, 2018 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2019	\$ 15,948	\$ 7,974
2020	2,658	1,329
Total minimum lease payments	18,606	9,303
Less amount representing interest	1,047	524
<b>Present value of lease payments</b>	<b>\$ 17,559</b>	<b>\$ 8,779</b>

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

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

In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA consolidated promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

VRA bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.83% to 5.13% through October 1, 2032. The carrying value of the railcars was \$70,031,124 at June 30, 2018.

\$ 46,640,000

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

Years Ending June 30,	Principal	Interest	Total Required
2019	\$ 2,280,000	\$ 2,010,993	\$ 4,290,993
2020	2,240,000	2,050,400	4,290,400
2021	2,350,000	1,939,481	4,289,481
2022	2,475,000	1,815,841	4,290,841
2023	2,605,000	1,685,666	4,290,666
2023-2028	15,235,000	6,222,272	21,457,272
2029-2033	19,455,000	2,001,384	21,456,384
Subtotal	46,640,000	17,726,037	64,366,037
Unamortized premium	5,872,848	-	-
<b>Total</b>	<b>\$ 52,512,848</b>	<b>\$ 17,726,037</b>	<b>\$ 64,366,037</b>

### Note 10. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) 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 \$140,000 at June 30, 2018, of which \$70,000 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2018 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,416,871	\$ 5,208,435
Contribution to reserves	3,700,000	1,850,000
Insurance premiums paid	(3,742,259)	(1,871,129)
Investment income	132,037	66,019
Actuarial and administrative charges	(24,745)	(12,373)
Ending balance, June 30	<u>\$ 10,481,904</u>	<u>\$ 5,240,952</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.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 11. Significant Commitments and Contingencies

NVTC and the VRE joint venture have received proceeds from several federal and state grant programs. In the event of an audit of these grants certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on the reporting entities policies and past experience, management believes 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.

#### Governmental activities

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

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

#### Business-type activities

At June 30, 2018, 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, 2018:

Stations and parking lots	\$ 3,723,340
Rolling stock	19,400,653
Maintenance and layover yards	1,956,777
Track and signal improvements	169,411
Other administrative	1,282,759
<b>Total</b>	<u><u>\$ 26,532,940</u></u>

### Note 12. Pending GASB Statements

At June 30, 2018, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. Statement No. 83 will be effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, will increase the usefulness of VRE's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### Note 12. Pending GASB Statements (continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt*, will improve the information that is disclosed in notes related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 will be effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for fiscal years beginning after December 15, 2018.

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

#### Note 13. Subsequent Events

In October 2018, NVTC entered into the second amendment to the office space lease for additional space, effective March 1, 2019 and ending October 31, 2031, canceling the original lease and the first amendment on the effective date of the amendment. The lease provides for 2.5 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first month of base rent for each of the first seven years of the lease, plus the first year of the additional space over the first lease amendment. Total base rent over the term of the lease, net of rent abatement, equals \$5,682,048.

In July 2018, the Commissions placed into service the L'Enfant North Storage Track, a capital improvement project. The project will be capitalized in fiscal year 2019.

In July 2018, the Commissions voted to approve a preferred design concept for the Broad Run Expansion project. While this approval has no immediate financial impact, the choice of a preferred concept will drive future decisions regarding this station location and the material costs and potential revenues related to its improvement.

In July 2018, the Commissions authorized the Chief Executive Officer to execute a Sole Source Contract with Meteorcomm LLC for five years in the amount of \$3,791,213 including contingency. Meteorcomm is the sole provider of software necessary for communications between VRE locomotives/cab control cars and the host railroads' wayside and back office systems, as required for the implementation and ongoing operations of Positive Train Control (PTC).

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION**  
**JURISDICTION TRUST FUND**  
Year Ended June 30, 2018

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Loudoun County	Totals
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 20,766,676	\$ 34,488,130	\$ 1,794,797	\$ 82,996,447	\$ 1,036,386	\$ -	\$ 141,082,436
Motor Vehicle Fuel Sales Tax	3,023,205	2,789,789	1,397,397	18,155,201	1,374,576	8,812,588	35,552,756
Intergovernmental revenues, grants:							
Commonwealth of Virginia	5,062,480	8,735,701	416,718	19,270,224	240,890	-	33,726,013
Investment income	178,349	208,311	47,360	912,890	14,325	288,478	1,649,713
Total additions	29,030,710	46,221,931	3,656,272	121,334,762	2,666,177	9,101,066	212,010,918
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	-	19,913,280	585,555	9,534,452	415,702	-	30,448,989
Project development	-	290,968	8,404	147,748	7,442	-	454,562
Metrail operating	5,049,401	16,024,429	1,187,103	53,515,156	669,711	-	76,445,800
Metrobus operating	19,229,240	18,603,480	664,549	58,637,094	1,156,728	-	98,291,091
Metroaccess operating	-	-	306,393	12,328,766	63,251	-	12,698,410
Metro debt service	-	-	-	-	52,944	-	52,944
Other funds disbursed:							
Other capital disbursements	-	1,176,406	-	89,251	10,454	1,781,063	3,057,174
Other operating disbursements	-	5,080,324	138,575	15,302,224	-	4,024,619	24,545,742
Total deductions	24,278,641	61,088,887	2,890,579	149,554,691	2,376,232	5,805,682	245,994,712
Change in net position	4,752,069	(14,866,956)	765,693	(28,219,929)	289,945	3,295,384	(33,983,794)
Net position held in trust for member jurisdictions:							
Beginning of year	17,074,975	33,097,804	3,711,116	103,291,195	918,054	20,389,655	178,482,799
End of year	\$ 21,827,044	\$ 18,230,848	\$ 4,476,809	\$ 75,071,266	\$ 1,207,999	\$ 23,685,039	\$ 144,499,005

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES**  
**GENERAL FUND**  
**Year Ended June 30, 2018**

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 1,744	\$ 1,744	\$ -
Audit and Legal	57,780	57,780	-
Capital outlay	10,019	10,019	-
Commissioners' per diem	13,350	13,350	-
Computer	7,120	7,120	-
Conference and training	14,787	14,787	-
Copier duplicating	10,437	10,437	-
Disability insurance	6,044	5,748	296
Employee group insurance	99,516	94,635	4,881
Employee retirement	127,149	120,913	6,236
Employer payroll taxes	83,655	79,552	4,103
Leave - annual, holiday, and sick	153,734	146,194	7,540
Memberships and subscriptions	1,770	1,770	-
Miscellaneous	5,969	5,969	-
Office supplies	3,361	3,361	-
Office rent	228,112	228,112	-
Insurance and liability bonds	6,032	6,032	-
Parking and Transit	17,621	17,621	-
Postage and shipping	1,060	1,060	-
Project consultants and other project costs	1,012,153	26,886	985,267
Public information	500	500	-
Salaries and wages	1,024,191	972,667	51,524
State liaison	37,553	37,553	-
Telephone and data	10,319	10,319	-
Travel and meetings	17,668	17,625	43
Total expenditures	<u>\$ 2,951,644</u>	<u>\$ 1,891,755</u>	<u>\$ 1,059,889</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT REVENUES AND EXPENDITURES**  
**GENERAL FUND**  
Year Ended June 30, 2018

	<b>Jurisdiction Grants &amp; Projects</b>	<b>NTD</b>	<b>Fare Collection</b>	<b>Route 7</b>	<b>Totals</b>
Revenues:					
Commonwealth of Virginia	\$ 306,892	\$ 91,788	\$ 47,144	\$ -	\$ 445,824
Federal	492,302	-	-	-	492,302
Local	-	-	47,142	-	47,142
NVTC match	-	8,842	32,671	33,108	74,621
Total revenue	<u>\$ 799,194</u>	<u>\$ 100,630</u>	<u>\$ 126,957</u>	<u>\$ 33,108</u>	<u>\$ 1,059,889</u>
Expenditures:					
Consultants	\$ -	\$ 91,788	\$ 94,285	\$ -	\$ 186,073
Costs incurred	799,194	-	-	-	799,194
Fringe benefits	-	2,733	10,087	10,235	23,055
Salaries and wages	-	6,109	22,542	22,873	51,524
Travel	-	-	43	-	43
Total expenditures	<u>\$ 799,194</u>	<u>\$ 100,630</u>	<u>\$ 126,957</u>	<u>\$ 33,108</u>	<u>\$ 1,059,889</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT REVENUES AND EXPENDITURES**  
**GENERAL FUND**  
Project Costs to Date - Active Projects  
Period Ended June 30, 2018

	<b>Jurisdiction Grants &amp; Projects</b>	<b>NTD and Bus Data Collection</b>	<b>Fare Collection</b>	<b>Route 7</b>	<b>Totals</b>
Revenues:					
Commonwealth of Virginia	\$ 1,852,948	\$ 1,767,357	\$ 235,144	\$ 43,500	\$ 3,898,949
Federal	9,921,929	113,067	-	349,537	10,384,533
Regional	-	-	-	834,665	834,665
Local	5,000	1,209,070	235,141	43,750	1,492,961
NVTC match	71,101	67,947	130,835	132,657	402,540
Total revenue	<u>\$ 11,850,978</u>	<u>\$ 3,157,441</u>	<u>\$ 601,120</u>	<u>\$ 1,404,109</u>	<u>\$ 17,013,648</u>
Expenditures:					
Advertising	\$ 306	\$ 1,210	\$ -	\$ -	\$ 1,516
Consultants	442,735	3,074,446	470,285	1,271,587	5,259,053
Copier duplicating	-	-	-	37	37
Costs incurred	11,337,140	-	-	-	11,337,140
Fringe benefits	22,963	24,424	39,272	39,714	126,373
Parking	8	60	360	144	572
Postage	-	960	-	307	1,267
Public information	-	-	-	362	362
Salaries and wages	47,718	55,970	91,001	91,419	286,108
Telephone	108	21	-	-	129
Travel	-	350	202	539	1,091
Total expenditures	<u>\$ 11,850,978</u>	<u>\$ 3,157,441</u>	<u>\$ 601,120</u>	<u>\$ 1,404,109</u>	<u>\$ 17,013,648</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS**  
Year Ended June 30, 2018

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2017	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2018	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2018	7/26/2017	73018-44	\$ 19,605,134	\$ -	\$ 18,242,756	\$ 18,242,756	\$ 18,242,756	\$ -	\$ 18,242,756
Fiscal Year 2018	7/26/2017	73018-45	18,872,150	-	17,561,950	17,561,950	17,561,950	-	17,561,950
Fiscal Year 2018	7/26/2017	73018-46	3,193,863	-	2,972,453	2,972,453	2,972,453	-	2,972,453
Fiscal Year 2018	7/26/2017	73018-48	140,250	-	105,413	105,413	105,413	-	105,413
Fiscal Year 2018	7/26/2017	73018-49	875,398	-	-	-	-	-	-
Fiscal Year 2017	12/13/2016	73017-45	19,535,598	-	-	-	-	-	18,044,177
Fiscal Year 2017	12/13/2016	73017-46	13,618,279	-	-	-	-	-	13,196,593
Fiscal Year 2017	12/13/2016	73017-47	1,902,644	-	-	-	-	-	1,842,333
Fiscal Year 2017	12/13/2016	73017-49	883,103	-	883,103	883,103	883,103	-	883,103
Fiscal Year 2016	8/3/2015	73016-57	889,893	-	889,893	889,893	889,893	-	889,893
Fiscal Year 2011	7/17/2012	72511-03	771,612	-	250,119	250,119	250,119	-	251,006
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	-	-	-	-
Fiscal Year 2011	11/30/2015	72511-07	757,000	-	-	-	-	-	399,928
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	-
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	-	-	-	-	79,636
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	556	556	556	-	17,033
Fiscal Year 2009	10/1/2010	72509-26	64,750	-	-	9,460	9,460	9,460	25,937
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	-	-	-	-	138,968
Fiscal Year 2009	7/2/2009	72508-10	100,320	2,041	2,041	-	-	-	19,904
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/5/2010	72508-13	59,500	-	-	46,266	46,266	46,266	59,500
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	4,729	5,220	491	491	-	84,658
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	30,820	30,820	30,820	-	40,968
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	34,049	34,049	34,049	-	105,483
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	51,410
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	-	-	-	-	-
Operating									
Fiscal Year 2018	7/6/2017	72018-22	105,430,024	-	105,430,024	105,430,024	105,430,024	-	105,430,024



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**  
Year Ended June 30, 2018

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2017</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Demonstration \ Experimental:									
Fiscal Year 2018:									
Rt. 7 Technical	5/25/2018	71318-04	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2015:									
Intern Program	11/14/2007	71218-04	40,000	-	19,812	25,269	25,269	5,457	25,269
Intern Program	8/3/2015	71216-03	40,000	10,033	15,146	5,113	5,113	-	40,000
Fiscal Year 2014:									
NEPP Technical Assist.	9/2/2014	71315-03	400,000	9,000	42,312	47,144	47,144	13,832	135,144
Other:									
FY 2016 WMATA Reconciliation			-	-	(5,189,682)	(5,189,682)	(5,189,682)	-	(5,189,682)
FY 2017 WMATA Reconciliation			-	-	121,658	121,658	121,658	-	121,658
<b>Total State Assistance - NVTC</b>			<u>190,617,245</u>	<u>25,803</u>	<u>141,417,643</u>	<u>141,466,855</u>	<u>141,466,855</u>	<u>75,015</u>	<u>175,576,265</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2018

Grant	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2017	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2018	Cumulative Expenditures
<b>Virginia Railway Express</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2018	N/A	73018-67	\$ 309,017	\$ -	\$ -	\$ 58,051	\$ 58,051	\$ 58,051	\$ 58,052
Fiscal Year 2018	N/A	73018-68	747,691	-	-	264,102	264,102	264,102	264,103
Fiscal Year 2018	N/A	73018-69	1,700,000	-	-	28,760	28,760	28,760	28,760
Fiscal Year 2018	N/A	73018-74	16,162	-	-	16,162	16,162	16,162	16,162
Fiscal Year 2017	5/1/2018	50022	4,872,200	-	-	3,467,897	3,467,897	3,467,897	3,467,897
Fiscal Year 2016	2/5/2018	73016-90	-	-	12,116	16,000	16,000	3,884	16,000
Fiscal Year 2016	2/5/2018	73016-91	-	-	-	16,000	16,000	16,000	16,000
Fiscal Year 2017	2/5/2018	73017-76	16,800	-	-	16,800	16,800	16,800	16,800
Fiscal Year 2017	2/5/2018	73017-77	192,000	-	47,954	47,954	47,954	-	47,954
Fiscal Year 2017	N/A	73017-78	-	-	-	308,820	308,820	308,820	308,820
Fiscal Year 2017	2/27/2018	73017-79	311,538	-	-	311,536	311,536	311,536	311,536
Fiscal Year 2017	2/27/2018	73017--81	64,000	-	-	64,400	64,400	64,400	64,400
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2017	12/7/2016	73017-83	19,461	-	-	-	-	-	-
Fiscal Year 2017	N/A	73117-61	436,153	-	-	592,627	592,627	592,627	592,627
Fiscal Year 2017	N/A	73117-62	46,368	-	-	34,619	34,619	34,619	34,619
Fiscal Year 2016	9/16/2015	50012	12,045,657	562,159	628,779	2,253,355	2,253,355	2,186,735	5,651,501
Fiscal Year 2016	2/26/2016	50013	16,065,000	208,703	12,077,440	11,943,929	11,943,929	75,192	12,276,523
Fiscal Year 2016	2/2/2016	72516-07	68,973	31,150	56,892	30,385	30,385	4,643	61,535
Fiscal Year 2016	10/14/2016	73016-84	867,200	66,341	-	218,017	218,017	284,358	388,890
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	242,585	241,755	29,605	29,605	30,435	272,190
Fiscal Year 2016	10/19/2016	73016-86	304,000	-	117,970	182,374	182,374	64,404	182,374
Fiscal Year 2016	2/15/2018	73016-87	-	-	-	3,994	3,994	3,994	3,994
Fiscal Year 2016	2/5/2018	73016-88	120,000	-	-	34,492	34,492	34,492	34,492
Fiscal Year 2016	10/14/2016	73016-92	309,017	96,456	96,456	-	-	-	309,017
Fiscal Year 2016	10/19/2016	73016-93	790,564	790,564	790,564	-	-	-	790,564
Fiscal Year 2015	8/3/2015	50002	4,539,850	285,274	285,274	-	-	-	4,539,850
Fiscal Year 2015	8/3/2015	50003	4,634,540	85,665	709,166	1,084,131	1,084,131	460,630	3,857,708
Fiscal Year 2015	10/14/2016	73015-93	320,000	215,537	173,940	76,643	76,643	118,240	292,180
Fiscal Year 2015	2/29/2016	73015-94	1,705,189	1,325,702	1,402,393	83,083	83,083	6,392	1,463,964
Fiscal Year 2015	2/8/2016	73015-95	840,000	155,277	157,082	93,946	93,946	92,141	325,301
Fiscal Year 2015	10/14/2016	73015-96	64,000	-	-	-	-	-	-
Fiscal Year 2015	10/19/2016	73015-97	96,981	96,981	96,981	-	-	-	96,981
Fiscal Year 2015	10/14/2016	73015-98	879,572	1,868	9,100	13,989	13,989	6,757	307,073
Fiscal Year 2015	10/14/2016	73015-99	309,017	-	-	-	-	-	309,017

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2018

Grant	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2017	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2018	Cumulative Expenditures
<b>Virginia Railway Express (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2014	2/2/2016	72514-07	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2014	10/13/2016	73014-70	55,000	6,518	6,518	-	-	-	55,000
Fiscal Year 2014	10/14/2016	73014-76	539,000	35,122	25,822	99,867	99,867	109,167	539,000
Fiscal Year 2013	1/6/2014	72513-12	400,000	29,338	43,967	27,777	27,777	13,148	64,113
Fiscal Year 2013	4/24/2013	73113-46	11,391,184	202,224	209,731	11,773	11,773	4,266	9,967,906
Fiscal Year 2012	1/6/2014	73012-79	108,000	89,195	108,000	18,805	18,805	-	108,000
Fiscal Year 2011	1/6/2014	72510-67	300,000	-	250,369	255,251	255,251	4,882	255,251
Fiscal Year 2011	7/22/2011	73111-20	135,899	41,114	41,114	-	-	-	107,192
Fiscal Year 2010	1/6/2014	72510-68	200,000	-	-	-	-	-	-
Fiscal Year 2010	6/10/2011	72510-74	50,000	-	50,000	50,000	50,000	-	50,000
Fiscal Year 2010	1/21/2011	72510-75	821,902	-	-	36,098	36,098	36,098	219,149
Fiscal Year 2009	3/23/2016	73109-51	418,540	333,426	360,798	27,372	27,372	-	418,540
Operating:									
Fiscal Year 2018	8/15/2017	72018-27	9,616,202		9,616,202	9,616,202	9,616,202	-	9,616,202
Rail Enhancement Fund:									
Gainesville-Haymarket	5/10/2013	76509-02	2,785,714	90,113	90,113	576,872	576,872	576,872	1,989,105
Potomac Shores	N/A	76517-01	2,821,600	-	-	342,213	342,213	342,213	342,213
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	184,319	34,112	21,912	21,912	172,119	13,348,117
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	2,233,938	-	(2,220,217)	(2,220,217)	13,719	(2,220,217)
<b>Total State Assistance - VRE</b>			<u>98,808,248</u>	<u>7,409,569</u>	<u>27,740,608</u>	<u>30,155,596</u>	<u>30,155,596</u>	<u>9,824,555</u>	<u>71,266,455</u>
<b>Total State Assistance - NVTC and VRE</b>			<u>\$ 289,425,493</u>	<u>\$ 7,435,372</u>	<u>\$ 169,158,251</u>	<u>\$ 171,622,451</u>	<u>\$ 171,622,451</u>	<u>\$ 9,899,570</u>	<u>\$ 246,842,720</u>

\*Contract date of "N/A" indicates grant was not executed as of June 30, 2018.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2018**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2017	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2018	Cumulative Expenditures
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2018:									
Arlington County	9/19/2017	73018-50	\$ 1,979,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	9/19/2017	73018-51	504,560	-	-	-	-	-	-
Arlington County	9/19/2017	73018-52	2,090,507	-	-	2,090,507	2,090,507	2,090,507	2,090,507
Arlington County	9/19/2017	73018-53	974,212	-	-	-	-	-	-
Arlington County	9/19/2017	73018-54	979,880	-	-	32,407	32,407	32,407	32,407
City of Alexandria	11/29/2017	73018-55	2,652,000	-	-	-	-	-	-
City of Alexandria	11/29/2017	73018-56	42,500	-	-	-	-	-	-
City of Fairfax	10/4/2017	73018-58	3,910	-	3,910	3,910	3,910	-	3,910
Fairfax County	12/14/2017	73018-60	8,500,000	-	-	-	-	-	-
Fairfax County	12/14/2017	73018-61	4,760,000	-	-	-	-	-	-
Fairfax County	12/14/2017	73018-62	21,250	-	-	-	-	-	-
Fairfax County	12/14/2017	73018-63	76,500	-	21,533	21,533	21,533	-	21,533
Fairfax County	12/14/2017	73018-64	2,305,200	-	42,221	42,221	42,221	-	42,221
Fairfax County	12/14/2017	73018-65	748,000	-	-	-	-	-	-
Fairfax County	12/14/2017	73018-66	4,000,000	-	-	-	-	-	-
Fiscal Year 2017:									
Arlington County	10/26/2016	73017-51	228,100	-	134,165	151,034	151,034	16,869	151,034
Arlington County	10/26/2016	73017-52	547,400	-	264,019	377,693	377,693	113,674	488,913
Arlington County	10/26/2016	73017-53	174,250	-	-	-	-	-	-
Arlington County	10/26/2016	73017-54	1,387,200	-	138,117	290,271	290,271	152,154	313,885
Arlington County	10/26/2016	73017-55	12,750	-	218	218	218	-	218
Arlington County	10/26/2016	73017-56	8,500	-	7,610	8,500	8,500	890	8,500
Arlington County	10/26/2016	73017-57	172,380	-	445	445	445	-	445
Arlington County	10/26/2016	73017-58	2,210,000	-	195,268	195,268	195,268	-	521,344
City of Alexandria	10/14/2016	73017-60	2,652,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-61	4,182,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-62	612,000	-	42,133	42,133	42,133	-	42,133
Fairfax County	10/14/2016	73017-63	680,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-64	124,100	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-65	306,000	-	284,867	284,867	284,867	-	284,867
Fairfax County	10/14/2016	73017-66	76,500	-	39,440	39,440	39,440	-	76,500
Fairfax County	10/14/2016	73017-67	12,750	-	12,750	12,750	12,750	-	12,750
Fairfax County	10/14/2016	73017-68	272,000	5,919	5,919	-	-	-	272,000

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**

Year Ended June 30, 2018

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2017	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2018	Cumulative Expenditures
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**Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)**

**Virginia Department of Rail and Public Transportation (DRPT) (continued)**

Capital (continued):

Fairfax County	10/14/2016	73017-69	\$ 340,000	\$ 37,359	\$ 209,571	\$ 172,212	\$ 172,212	\$ -	\$ 209,571
Fairfax County	10/14/2016	73017-70	2,176,000	-	822,091	822,091	822,091	-	2,124,186
Fairfax County	10/14/2016	73017-72	680,000	-	343,582	343,582	343,582	-	343,582
City of Alexandria	6/20/2017	73117-58	204,000	-	60,480	60,480	60,480	-	60,480

Fiscal Year 2016:

Arlington County	10/19/2015	73016-59	155,720	-	19,737	19,737	19,737	-	155,720
Arlington County	10/19/2015	73016-60	39,950	2,086	17,121	15,035	15,035	-	30,443
Arlington County	10/19/2015	73016-61	1,734,000	13,748	13,889	141	141	-	17,675
Arlington County	10/19/2015	73016-62	46,410	-	11,353	24,529	24,529	13,176	46,410
Arlington County	10/19/2015	73016-63	811,185	291,462	811,185	519,723	519,723	-	811,185
Arlington County	10/19/2015	73016-64	170,000	-	3,183	3,183	3,183	-	3,394
Arlington County	10/19/2015	73016-67	51,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-68	1,836,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-70	816,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-72	340,000	168,725	168,725	-	-	-	340,000
Fairfax County	9/24/2015	73016-73	1,870,000	105,849	220,637	114,788	114,788	-	561,448
Fairfax County	9/24/2015	73016-74	2,040,000	-	855,270	855,270	855,270	-	855,270
Fairfax County	9/24/2015	73016-75	408,000	-	151,111	151,111	151,111	-	151,111
Fairfax County	9/24/2015	73016-76	1,870,000	44,568	321,795	277,227	277,227	-	758,941
Fairfax County	9/24/2015	73016-77	850,000	-	30,277	30,277	30,277	-	224,534
Fairfax County	9/24/2015	73016-79	2,074,000	-	100,806	100,806	100,806	-	1,395,310
Fairfax County	9/24/2015	73016-81	42,500	-	31,738	31,738	31,738	-	31,738
Fairfax County	9/24/2015	73016-82	357,000	-	-	-	-	-	-
Fairfax County	4/22/2016	73116-62	3,400,000	-	3,092,235	3,092,235	3,092,235	-	3,092,235

Fiscal Year 2015:

Arlington County	9/12/2014	73015-56	538,220	1,610	6,990	19,236	19,236	13,856	26,748
Arlington County	9/12/2014	73015-57	17,000	-	3,902	3,902	3,902	-	7,531
Arlington County	9/12/2014	73015-59	44,880	-	44,880	44,880	44,880	-	44,880
City of Alexandria	9/2/2014	73015-68	170,000	170,000	170,000	-	-	-	170,000
City of Alexandria	9/2/2014	73015-69	2,380,000	-	564,506	564,506	564,506	-	2,380,000
Fairfax County	10/7/2014	73015-81	68,000	5,056	5,056	-	-	-	68,000
Fairfax County	10/7/2014	73015-83	850,000	-	42,614	42,614	42,614	-	222,599
Fairfax County	10/7/2014	73015-88	2,040,000	-	1,066,469	1,066,469	1,066,469	-	2,040,000

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2018**

<u>Grant / Contracted Jurisdiction</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2017</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cumulative Expenditures</u>
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**Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)**

**Virginia Department of Rail and Public Transportation (DRPT) (continued)**

Capital (continued):

Fiscal Year 2015 (continued):

Fairfax County	10/7/2014	73015-89	\$ 340,000	\$ -	\$ 38,733	\$ 38,733	\$ 38,733	\$ -	\$ 188,879
City of Falls Church	11/21/2014	73015-73	239,700	526	10,980	10,454	10,454	-	180,647

Fiscal Year 2014:

Arlington County	1/8/2014	73014-47	357,500	40,373	67,333	73,148	73,148	46,188	324,905
Fairfax County	4/23/2014	73014-63	2,200,000	-	312,123	312,123	312,123	-	2,194,125
Fairfax County	2/20/2014	73014-69	1,925,000	-	347,122	347,122	347,122	-	1,811,526

Operating:

Arlington County	9/19/2017	72018-23	2,924,813	-	2,924,813	2,924,813	2,924,813	-	2,924,813
City of Alexandria	11/29/2017	72018-24	3,587,887	-	3,587,887	3,587,887	3,587,887	-	3,587,887
City of Fairfax	10/4/2017	72018-25	777,670	-	777,670	777,670	777,670	-	777,670
Fairfax County	12/14/2017	72018-26	15,430,305	-	15,430,305	15,430,305	15,430,305	-	15,430,305

<b>Total State Assistance - Jurisdiction Trust Fund</b>			<b>\$ 99,498,329</b>	<b>\$ 887,281</b>	<b>\$ 33,878,784</b>	<b>\$ 35,471,224</b>	<b>\$ 35,471,224</b>	<b>\$ 2,479,721</b>	<b>\$ 47,956,915</b>
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**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/17</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/18</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,064,971
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	-	-	-	-	1,599,712
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	-	182,820
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	-	-	-	-	783,252
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	18,914	20,878	1,964	1,964	-	711,861
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	275,838	275,838	275,838	-	337,243
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	2,224	2,224	2,224	-	68,128
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	212,276	212,276	212,276	-	620,516
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	-	-	-	-	1,288,607
<b>Total Federal Assistance - NVTC</b>			<u>\$ 16,972,708</u>	<u>\$ 18,914</u>	<u>\$ 511,216</u>	<u>\$ 492,302</u>	<u>\$ 492,302</u>	<u>\$ -</u>	<u>\$ 6,657,110</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2018**





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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 28, 2018.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 28, 2018

**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 29, 2018

**SUBJECT:** I-395 Express Lanes Project

At the December meeting the Commission will be briefed on key elements related to the I-395 Express Lanes annual transit payment in anticipation of entering into a Memorandum of Agreement (MOA) with the Potomac and Rappahannock Transportation Commission (PRTC) on the administration of the funds. This MOA would establish a new Commuter Choice program that serves commuters along the I-395/95 corridor.

It is anticipated that the first annual transit payment of \$15 million would be available to the Commissions at the commencement of tolling on the I-395 Express Lanes in late 2019. As such, the Commission will be presented the I-395 Annual Transit Payment MOA for approval at the January meeting so that the plans for the initial program of projects can commence.

### A. Overview of the I-395 Express Lanes Project

Staff from the Virginia Department of Transportation (VDOT) will provide the Commission with an update on construction and the project schedule of the [extension of high occupancy toll \(HOT\) lanes along the I-395 Express Lanes](#). This presentation will be followed by an update from the Department of Rail and Public Transportation (DRPT) on the recently-completed [I-395/95 Transit/Transportation Demand Management \(TDM\) Study](#). DRPT's effort will help inform the potential projects that could apply for funding under the annual transit payment.

### Background

In June 2017 the Virginia Department of Transportation (VDOT) entered into an agreement with 95 Express Lanes, LLC, for the extension of approximately eight miles of HOT lanes between Turkeycock Run (near Edsall Road) and the vicinity of Eads Street in Arlington. Under this project, the two existing High Occupancy Vehicle

I-395 Express Lanes Project



Source: Virginia Department of Transportation

(HOV) lanes are being converted to express lanes and a third lane is being added, providing three reversible express lanes. As a part of the agreement, 95 Express Lanes LLC agreed to provide the Commonwealth with an annual payment for transit services of \$15 million per year, escalating by 2.5 percent per year, beginning on the commencement of tolling through the life of the 70-year agreement. Once the project is completed, vehicles with three or more people will be able to use the express lanes for free while vehicles with fewer than three people have the choice to pay a variable toll and use the express lanes. Construction began in August 2017, with the new extended lanes opening in fall 2019 and the entire project set for completion in summer 2020.

To align with the opening of the new HOT lanes, DRPT conducted a study to identify a comprehensive set of transit and Transportation Demand Management (TDM) investments on which future toll revenues from the I-395 Express Lanes may be spent. The study identified potential projects such as new and expanded bus and rail transit services, transit capital projects, commuter parking facilities, TDM program enhancements, and technology improvements that support transit and TDM – all with the intent of maximizing person throughput along the corridor. Many of these projects may be strong candidates for funding under the annual transit payment.

## **B. Memorandum of Agreement Between NVTC and PRTC for the Distribution and Allocation of I-395 Annual Transit Investment Funds**

The Commission will be briefed on the proposed approach for the joint administration of a new Commuter Choice program that would serve I-395/95 Express Lanes commuters. At the January meeting the Commission will be asked to approve a Memorandum of Agreement (MOA) with PRTC that outlines the distribution and allocation of the annual transit payment under the I-395 Express Lanes project. A staff draft of the MOA has been developed for review and consideration. This agreement would allow for the annual transit investment (ATI) funds to be administered under a joint arrangement, reducing program administration costs and facilitating greater regional cooperation in the selection of projects.

Through a separate [Memorandum of Agreement between the Commonwealth \(CTB, VDOT, DRPT\) and NVTC and PRTC](#), the Commonwealth agreed to provide \$15 million/year plus escalation to NVTC and PRTC to administer a program that funds multimodal projects along the I-395/95 Express Lanes corridor. The agreement includes the opportunity for NVTC and PRTC to mutually agree on a joint approach for selecting projects. The proposed MOA between NVTC and PRTC would allow the Commissions to collectively select projects, subject to the approval of the Commonwealth Transportation Board.

## **Background**

As a part of the agreement between VDOT and 95 Express Lanes, LLC, the Commonwealth secured an annual payment for transit services of \$15 million per year, escalating by 2.5 percent per year, beginning on the commencement of tolling through the life of the 70-year agreement. Tolling commencement is expected in late 2019.

Approved by NVTC and PRTC at their November 2017 meetings, and by the CTB at its December 2017 meeting, the MOA with NVTC and PRTC allocates \$15 million/year plus escalation to NVTC and PRTC to fund multimodal projects along the I-395/95 Express Lanes Corridor. The agreement proposes an allocation approach that would proportion annual funding based upon the populations of jurisdictions along the corridor. For NVTC, the population calculation is proposed to include the counties of Fairfax and Arlington and the City of Alexandria. For PRTC, the population calculation is proposed to include the counties of Prince William, Stafford, and Spotsylvania and the City of Fredericksburg. The agreement does permit NVTC and PRTC to develop an alternate funding approach, subject to approval by the Commonwealth.

Eligible applicants include all NVTC and PRTC jurisdictions and any public transit providers that serve those jurisdictions. Similar to the [Transform I-66 agreement](#) between NVTC and the Commonwealth, eligible projects would include transit capital and operations, park and ride lots, Transportation Demand Management (i.e., carpool/vanpool, transit incentives), and roadway operational improvements. Metrorail, Metrobus, and the Virginia Railway Express operations and capital are specifically called out as eligible projects in the proposed agreement.

As with the I-66 Commuter Choice Program, all projects would be required to benefit the toll payers of the corridor. Under the agreement with the Commonwealth, the corridor is inclusive of the entire I-395/95 37-mile Express Lanes corridor.

Selected projects would need to support the goals of the agreement, as follows:

1. Move more people;
2. Enhance transportation connectivity;
3. Improve transit service;
4. Reduce roadway congestion; and
5. Increase travel options.

## **Elements of the Proposed MOA**

The proposed Memorandum of Agreement will establish the implementation of this joint program, including how the annual transit funds are disbursed to the Commissions, and the process by which the Commissions will select projects for funding. Key elements of the proposed agreement are as follows:

### **1. Distribution of ATI Funds**

The proposed MOA designates NVTC as the recipient and manager of the annual transit investment (ATI) funds for purposes of jointly administering the program with PRTC.

### **2. Project Selection Process**

Each year, NVTC and PRTC would jointly agree upon a process for project selection in accordance with the MOA with the Commonwealth. The process shall include a time line such that the projects selected by the Commissions can be sent to the CTB for review at its May workshop and approval at its June meeting.

### 3. Reports

- a) The NVTC Executive Director and the PRTC Executive Director shall provide joint reports to the Commissions quarterly, and at such additional times as either PRTC or NVTC may request, about the status of project funds.
- b) Annually, and in advance of the required annual report to the CTB, the NVTC Executive Director and the PRTC Executive Director shall provide a joint report to the Commissions of the status of all funded projects.

The Commissions will be presented with the I-395 Annual Transit Payment MOA for approval at their January meetings. Upon enactment, NVTC and PRTC will jointly establish a program timeline and project selection process for the initial call for projects, anticipating selected projects would commence service on Toll Day One (as early as December 2019).

**AGREEMENT BETWEEN NVTC AND PRTC  
FOR DISTRIBUTION AND ALLOCATION OF  
I-395 ANNUAL TRANSIT INVESTMENT FUNDS**

THIS AGREEMENT is entered into the \_\_\_ day of \_\_\_\_\_, 2018, by and between the Northern Virginia Transportation Commission (“NVTC”) and the Potomac and Rappahannock Transportation Commission (“PRTC”), (together, the “Commissions”), for the distribution and allocation of the I-395 annual transit investment funds.

**WITNESSETH:**

**WHEREAS**, on July 31, 2012, VDOT and 95 Express Lanes, LLC (the “Concessionaire”) entered into a comprehensive agreement (the “Comprehensive Agreement”) under which the Concessionaire developed and, since December 2014, operates approximately 29 miles of high-occupancy toll lanes (“HOT Lanes”) in the median of Interstate 95 between the Route 610 interchange (Garrisonville Road) and Turkeycock Run (the “Original 95 HOT Lanes”); and

**WHEREAS**, on June 8, 2017, VDOT and the Concessionaire amended and restated the Comprehensive Agreement (the “ARCA”) to add in the median of Interstate 395 approximately eight miles of HOT Lanes between Turkeycock Run and the Washington D.C. Line (the “395 HOT Lanes”) so that, after the Concessionaire has designed and built the 395 HOT Lanes, the Original 95 HOT Lanes and the 395 HOT Lanes will be operated and maintained by the Concessionaire under the ARCA as a continuous and unified 37-mile HOT Lane facility (the “I-95/I-395 Project”);

**WHEREAS**, beginning upon service commencement of the 395 HOT Lanes, the ARCA requires the Concessionaire to pay to VDOT an annual transit investment (the “ATI”) from toll revenue attributable to the addition of the 395 HOT Lanes (the “395 Revenues”);

**WHEREAS**, the first-scheduled ATI payment is \$15,000,000 and each subsequent scheduled ATI payment escalates at 2.5%, as reflected in Exhibit A; and

**WHEREAS**, the parties entered into a Memorandum of Agreement with VDOT dated December 20, 2017, (the “DRPT MOA”) regarding the distribution and use of the ATI funds; and

**WHEREAS**, in accordance with the DRPT MOA, the parties intend to use the ATI funds for projects along the “Corridor” (herein defined as the stretch of Interstates 95 and 395 along which the Concessionaire operates and maintains HOT Lanes, including Route 1, Virginia Railway Express (“VRE”), and other adjacent and nearby routes) (the “ATI Funded Projects”) to achieve the following goals: (1) maximize person throughput in the Corridor; and (2) implement multimodal improvements to: (i) improve mobility along the Corridor, (ii) support new, diverse travel choices, and, (iii) enhance transportation safety and travel reliability ((1) and (2) collectively the “Improvement Goals”), each of which will benefit the users of the I-95/I-395 Project;

**WHEREAS**, to fund ATI Funded Projects designed to accomplish the Improvement Goals, VDOT desires to transfer periodically to DRPT, and DRPT desires to transfer periodically to NVTC and PRTC, the ATI funds received by VDOT under the ARCA; and

**WHEREAS**, such ATI Funded Projects would be funded in whole or in part from the ATI funds transferred from VDOT to DRPT, and, in accordance with the DRPT MOA, the CTB has delegated to NVTC and PRTC the authority to select and administer the ATI Funded Projects; and

**WHEREAS**, PRTC and NVTC have reached agreement on the manner in which funds from the ATI funds are disbursed to them, and the process by which they will select for CTB approval the specific projects funded with the ATI funds, all in accordance with the DRPT MOA, and wish to set forth that agreement hereafter.



**NOW, THEREFORE,** based upon the foregoing, and other good and valuable consideration, NVTC and PRTC agree as follows:

**1. Distribution of ATI Funds.**

- a. As provided in the DRPT MOA, the ATI funds shall be distributed annually to NVTC and PRTC in accordance with the population based allocation set forth in the DRPT MOA and as provided in Exhibit A. NVTC shall serve on behalf of the Commissions as the recipient of all ATI funds disbursed to them. NVTC shall notify the VDOT Commissioner and the DRPT Director, as well as the Secretary of Transportation, of NVTC's role in this respect, and shall request that the ATI funds be disbursed as directed by NVTC for the benefit of the Commissions. PRTC shall also provide such direction to the foregoing representatives of the Commonwealth regarding how disbursement of the ATI funds to PRTC shall be made as may be necessary for NVTC to be the recipient as described herein.
- b. NVTC shall establish a depository for ATI funds disbursed to the Commissions, and shall receive and manage such funds on behalf of the Commissions, separately accounting for those funds attributable to NVTC and those attributable to PRTC based on the population based allocation set forth in the DRPT MOA. NVTC shall invest those funds in accordance with applicable provisions of law. NVTC shall create and maintain all funds and accounts containing the ATI funds separate and apart from all other funds and accounts of NVTC and PRTC. Said funds shall constitute a "special revenue fund" as defined by the Governmental Accounting Standards Board. The revenues and expenses relating to the use of

the ATI funds and the ATI Funded Projects undertaken shall not be commingled with any other funds, accounts, venues, or expenses of NVTC or PRTC. NVTC and PRTC shall each report for the ATI Funded Projects financed by ATI funds and reported as an applicable special revenue fund within their financial statements. Expenditures will be recorded and reported for each ATI Funded Project and, for accounting purposes, shall be attributed to NVTC and PRTC based on allocation formula set forth in the DRPT MOA. All ATI funds transferred to NVTC and PRTC shall be held 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 and PRTC, except as provided in the DRPT MOA.

## **2. Project Selection Process.**

- a. In the years after the year in which tolling begins, by January 31st of each year, the Commissions shall establish a process to be used for the selection of capital and operating projects to be funded, in whole or in part, with the ATI funds anticipated to be disbursed to the Commissions as set forth in Exhibit A. ATI funds attributable to NVTC and to PRTC may be expended for ATI Funded Projects selected as provided herein without regard for whether the ATI Funded Project is located within NVTC or PRTC, and the ATI funds shall not be required to be spent in each Commission's based on the formula in which the ATI funds were distributed. The process shall include a time line such that the ATI Funded Projects selected by the Commissions can be sent to the CTB for review at its May workshop and approval at its June meeting, or such other meetings as the

CTB may prescribe from time to time. The process shall also include at least the following three elements:

(1) A request to the following entities to submit a list of their preferred proposed ATI Funded Projects to NVTC and PRTC:

- (i) all jurisdictions that are members of either NVTC or PRTC, and
- (ii) other public transportation providers providing services in those jurisdictions;

(2) The evaluation, prioritization, and selection of proposed ATI Funded Projects by NVTC and PRTC, the development of a funding strategy for each proposed ATI Funded Project, and the submission of proposed ATI Funded Projects (including a funding strategy for each) by NVTC and PRTC to the CTB, through DRPT; and

(3) A public hearing held by NVTC and PRTC prior to NVTC and PRTC's selection of proposed ATI Funded Projects for submission to the CTB.

b. Each ATI Funded Project selected by the Commissions shall meet each of the following four criteria (the "Project Criteria"):

(1) Must reasonably relate to or benefit the toll-paying users of the I-95/I-395 Project;

(2) Must have the capacity to attain one or more of the Improvement Goals;

(3) Must be one of the following types of multimodal transportation improvements serving the Corridor (which term, for the avoidance of doubt, includes adjacent and nearby routes):

- i. New or enhanced local and commuter bus service, including capital and operating expenses (*e.g.*, fuel, tires, maintenance, labor, and insurance), and transit priority improvements,
- ii. Expansion or enhancement of transportation demand management strategies, including without limitation, vanpool, and formal and informal carpooling programs and assistance,
- iii. Capital improvements for expansion or enhancement of Washington Metropolitan Area Transit Authority rail and bus service, including capital and operating expenses, and improved access to Metrorail stations and Metrobus stops,
- iv. New or enhanced park and ride lot(s) and access or improved access thereto,
- v. New or enhanced VRE improvements or services, including capital and operating expenses,
- vi. Roadway improvements in the Corridor (which term, for the avoidance of doubt, includes adjacent and nearby routes),
- vii. Transportation Systems Management and Operations as defined in 23 U.S.C. § 101(a)(30) on September 30, 2017, or
- viii. Projects identified in Commonwealth studies and plans or projects in the region's constrained long range plan (including without limitation the I-95/395 Transit and TDM Study) or regional transportation plans approved by the Northern Virginia

Transportation Authority, as any such plan may be updated from time to time; and

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

- c. Once an ATI Funded Project is approved, the authority to obligate and expend ATI funds for the ATI Funded Project shall be subject to execution of an agreement between the Commissions and the recipient of the ATI funds for the ATI Funded Project.
- d. The Commissions may agree to finance ATI Funded Projects with debt issued by one or both Commissions supported by the annual ATI funds and such other funds as the Commissions deem appropriate. Any such debt shall be subject to the provisions of the DRPT MOA.
- e. In the year in which tolling begins, the Commissions shall establish a process for selection of ATI Funded Projects that meet the foregoing criteria with the objective of implementing the ATI Funded Projects on or before the day tolling begins.

### **3. Reports.**

- a. Not less than semi-annually, and at such additional times as either PRTC or NVTC may request, the NVTC Executive Director and the PRTC Executive Director shall provide a joint report to the Commissions of the status of all ATI Funded Projects for which ATI funds have been allocated, which report shall

include, on a project by project basis, the amount of ATI funds authorized for expenditure on the ATI Funded Project, the amount expended, and the status of the project. Once presented to the Commissions, the annual report shall be provided to the Secretary of Transportation.

- b. NVTC and PRTC shall provide a joint annual report to the CTB within 120 days of the end of NVTC's and PRTC's fiscal year. The report shall contain at a minimum the following four items:

(1) A description of the ATI Funded Projects selected for funding in the past fiscal year and the benefits that were the basis for evaluation and selection of each such ATI Funded Projects;

(2) Starting five years after the effective date of this Agreement, a review of the ATI Funded Projects funded in past fiscal years describing the degree to which the expected benefits were realized or are being realized;

(3) In the event that an ATI Funded Project is not providing substantially similar benefits to those that were the basis for evaluation and selection of the ATI Funded Project, the report shall evaluate the viability of a plan to either (i) modify such ATI Funded Project, or (ii) redeploy assets in such ATI Funded Project to other eligible ATI Funded Projects that are expected to provide greater benefits; and

(4) The proposed uses of: (i) residual, unobligated balances of ATI funds carried over from prior years, and (ii) interest earned on such ATI funds.

4. **Insurance.** NVTC and PRTC shall each include the Commonwealth of Virginia, the CTB, VDOT, DRPT, and their officers, employees, and agents, (collectively "State

Indemnitees”) as additional insureds on NVTC and PRTC’s insurance policies so the State Indemnitees are protected from and against any losses as defined in the DRPT MOA. In addition, NVTC and PRTC shall contractually require their contractors, subcontractors, vendors, and others providing goods or performing services related to any ATI Funded Project to indemnify the State Indemnitees against any losses as defined in the DRPT MOA.

5. **Disputes.** In the event of a dispute under this Agreement, the Commissions’ Executive Directors agree to meet and confer in order to ascertain if the dispute can be resolved informally without the need of a third party or judicial intervention. If a resolution of the dispute is reached via a meet and confer dispute resolution method, it shall be presented to the Commissions for formal confirmation and approval, as necessary. If no satisfactory resolution can be reached via the meet and confer method, either Commission may pursue all remedies it may have at law, including all judicial remedies.
6. **Amendments.** This Agreement may be modified, in writing, upon mutual agreement of both Commissions.
7. **Incorporation of Recitals.** The recitals to this Agreement are hereby incorporated into this Agreement and are expressly made a part hereof. The Commissions acknowledge and agree that such recitals are true and correct.
8. **Governing Law.** This Agreement shall be governed by the laws of the Commonwealth of Virginia.

**IN WITNESS WHEREOF**, the Commissions have executed this Agreement by their duly authorized agent as of the date and year aforesaid.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

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Katherine A. Mattice, Executive Director

**POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

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Robert A. Schneider, Executive Director



## Agenda Item #6: Proposed FY2020 G&A Budget and 2019 Work Plan



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice and Scott Kalkwarf

**DATE:** November 29, 2018

**SUBJECT:** Proposed FY2020 G&A Budget and 2019 Work Plan

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At the December meeting the Commission will be briefed on the proposed FY2020 NVTC General and Administrative Budget and 2019 NVTC Work Plan. The budget has been reviewed by jurisdiction staff and was discussed by the Executive Committee in November. At the December 6<sup>th</sup> Executive Committee meeting, staff will request the committee approve the budget to be provided to the full Commission as presented. The Commission will be asked to approve the budget at the January 3<sup>rd</sup> meeting. Following public comment at the January meeting, the Commission will also be asked to approve the 2019 Work Plan.

The proposed budget totals \$3,674,500, including \$1,200,000 for the administration of the I-66 and I-395 Commuter Choice programs. Exclusive of Commuter Choice program costs, the preliminary budget proposes an increase of 4.5 percent from NVTC's FY2019 G&A budget.

The preliminary FY2020 G&A budget includes resources to accomplish the NVTC Work Plan, including the administration of the I-66 and the I-395 Commuter Choice programs, oversight of WMATA, and increased financial management activities. Total expenses are proposed to increase by \$506,800, or 16.0 percent over the approved revised FY2019 budget. Of this increase, \$400,000 is for administration of the Commuter Choice programs and is funded by toll revenues, leaving a net increase of \$106,800, or 4.5 percent, over the approved revised FY2019 budget for the balance of NVTC's operating program.

The increase in the Commuter Choice programs budget is due entirely to resources that will support the administration of the new I-395 program. Costs include contracted services for technical and outreach support. The budget assumes NVTC will administer the program for NVTC and PRTC, and that the first Call for Projects will be issued during FY2020. The anticipated costs of programs will be included in the Program of Projects for submission to the CTB for toll revenue funding.

The budget includes two new positions: 1) A new junior level staff assistant position is included in the budget to provide support to NVTC's financial and other staff; and 2) A new I-395 Commuter Choice Project Manager is included in the budget. Payroll and related costs for this position will be toll revenue funded. The budget also includes a provision for performance-based increases for existing staff.

Other notable items in the budget include an increase in funding available for Commissioner per diem to reflect the anticipated increase in meetings from the establishment of the NVTC WMATA and Program Advisory committees. The increase in rent is based on the amended lease for expanded office space that NVTC will occupy effective March 1, 2019. The conferences and professional development line includes resources for staff and includes funding for up to two Commission members to attend a national conference on behalf of NVTC. The increase in the Computer Operations line reflects the addition of staff and increasing software requirements. The Contract Services and Support line includes a provision for research and technical support efforts, human resources support, NVTC's state liaison activities contract, and non-payroll related costs for the Commuter Choice programs.

The budget is funded by contributions from the NVTC member jurisdictions and an amount taken off the top of state assistance as it becomes available to NVTC, as well as toll revenues from I-66 and I-395. Project chargebacks include revenue covering the budgeted Commuter Choice programs costs for anticipated staff time and contracted support. Appropriated surplus above NVTC's minimum operating requirement is also included as a source of revenue, which is the result of positive budget variances in prior years.

Detailed footnotes are included to provide additional information about the various lines, how amounts have been budgeted, and the reason for the more significant changes from the prior year.



**PROPOSED BUDGET**

**FISCAL YEAR  
2020**

**(July 1, 2019 – June 30, 2020)**

**December 6, 2018**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF REVENUE**  
**Proposed Budget FY 2020**

	<b><u>FY 2018 Actual</u></b>	<b><u>Approved Revised Budget FY 2019</u></b>	<b><u>Proposed Budget FY 2020</u></b>	<b><u>Increase (Decrease)</u></b>	<b><u>Percent Change</u></b>
Local Share from State Aid (Note 1)	\$ 1,618,253	\$ 1,764,453	\$ 1,903,253	\$ 138,800	
Local Direct Contributions (Note 1)					
Alexandria	38,378	39,689	39,016		
Arlington	55,451	57,815	61,616		
City of Fairfax	4,841	4,660	4,966		
Fairfax County	173,721	169,598	164,451		
Falls Church	2,270	2,325	2,291		
Loudoun	9,586	10,160	11,907		
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>	
Total Contributions	1,902,500	2,048,700	2,187,500	138,800	6.8%
Interest and Other Revenue	9,272	5,000	12,000	7,000	140.0%
Project Chargebacks (Note 2):					
I-66 Commuter Choice Program	-	800,000	800,000	-	0.0%
I-395 Commuter Choice Program	-	-	400,000	400,000	
VRE	80,000	80,000	80,000	-	0.0%
Project Grant Billings (Note 3)	30,382	40,000	40,000	-	0.0%
Appropriated Surplus (Note 4)	(29,866)	194,000	155,000	(39,000)	-20.1%
<b>Total Revenue</b>	<b><u>\$ 1,992,288</u></b>	<b><u>\$ 3,167,700</u></b>	<b><u>\$ 3,674,500</u></b>	<b><u>\$ 506,800</u></b>	<b><u>16.0%</u></b>
<i>Commuter Choice Programs (Note 25)</i>		<i>800,000</i>	<i>1,200,000</i>	<i>400,000</i>	<i>50.0%</i>
<i>Operating Program, Excluding I66/I395</i>	<u>\$ 1,992,288</u>	<u>\$ 2,367,700</u>	<u>\$ 2,474,500</u>	<u>\$ 106,800</u>	<u>4.5%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES**

	Proposed Budget FY 2020				
		Approved Revised	Proposed		
	FY 2018 Actual	Budget FY 2019	Budget FY 2020	Increase (Decrease)	Percent Change
<u>Personnel Costs</u>					
Salaries and Wages (Note 5)	\$ 1,168,480	\$ 1,584,700	\$ 1,831,500	\$ 246,800	15.6%
Fellow Program (Note 5)	35,358	50,000	50,000	-	0.0%
Total Personnel Costs	1,203,838	1,634,700	1,881,500	246,800	15.1%
<u>Benefits</u>					
Employer's Contributions					
FICA and Medicare (Note 6)	83,524	110,300	128,000	17,700	16.0%
Group Health Insurance (Note 7)	94,238	157,300	169,300	12,000	7.6%
Retirement (Note 8)	127,149	126,900	148,100	21,200	16.7%
Workers & Unemployment Comp.	1,914	5,600	6,000	400	7.1%
Life Insurance	3,495	6,200	6,900	700	11.3%
Long Term Disability Insurance	6,044	7,900	9,100	1,200	15.2%
Total Benefit Costs	316,364	414,200	467,400	53,200	12.8%
<u>Administrative Costs</u>					
Commissioners Per Diem (Note 9)	13,350	13,700	17,800	4,100	29.9%
<b>Rents:</b>	<b>245,733</b>	<b>256,000</b>	<b>303,700</b>	<b>47,700</b>	<b>18.6%</b>
Office Rent (Note 10)	228,112	236,300	283,400	47,100	19.9%
Parking / Metrochek	17,621	19,700	20,300	600	3.0%
<b>Insurance:</b>	<b>6,032</b>	<b>7,000</b>	<b>6,800</b>	<b>(200)</b>	<b>-2.9%</b>
Public Official Bonds	1,633	2,200	2,000	(200)	-9.1%
Liability and Property (Note 11)	4,399	4,800	4,800	-	0.0%
<b>Travel, Training and Development</b>	<b>32,456</b>	<b>35,900</b>	<b>42,800</b>	<b>6,900</b>	<b>19.2%</b>
Conferences / Prof. Devel (Note 12)	14,788	19,800	26,200	6,400	32.3%
Non-Local Travel	4,193	4,300	4,300	-	0.0%
Local Travel, Meetings (Note 13)	13,475	11,800	12,300	500	4.2%
<b>Communication:</b>	<b>11,379</b>	<b>14,700</b>	<b>13,800</b>	<b>(900)</b>	<b>-6.1%</b>
Postage (Note 14)	1,060	1,500	1,400	(100)	-6.7%
Telephone and Data (Note 15)	10,319	13,200	12,400	(800)	-6.1%
<b>Publications &amp; Supplies</b>	<b>13,457</b>	<b>32,000</b>	<b>25,600</b>	<b>(6,400)</b>	<b>-20.0%</b>
Office Supplies (Note 16)	2,519	2,700	2,700	-	0.0%
Duplication and Printing (Note 17)	10,438	9,300	10,900	1,600	17.2%
Public Engagement (Note 18)	500	20,000	12,000	(8,000)	-40.0%
<b>Operations:</b>	<b>18,046</b>	<b>36,800</b>	<b>36,500</b>	<b>(300)</b>	<b>-0.8%</b>
Furn.and Equip. (Capital) (Note 19)	10,860	20,100	14,600	(5,500)	-27.4%
Repairs and Maintenance	66	1,000	1,000	-	0.0%
Computer Operations (Note 20)	7,120	15,700	20,900	5,200	33.1%
<b>Other General and Administrative</b>	<b>8,400</b>	<b>8,700</b>	<b>9,300</b>	<b>600</b>	<b>6.9%</b>
Memberships	1,429	1,400	1,400	-	0.0%
Fees and Miscellaneous	6,242	5,800	6,400	600	10.3%
Advertising (Note 21)	729	1,500	1,500	-	0.0%
Total Administrative Costs	348,853	404,800	456,300	51,500	12.7%
<u>Contracting Services and Other</u>					
Auditing (Note 22)	22,780	31,200	23,800	(7,400)	-23.7%
Contract Services & Support (Note 23)					
Commuter Choice Technical	3,319	218,500	412,600	194,100	88.8%
Commuter Choice Outreach	-	309,300	277,900	(31,400)	-10.2%
Other Technical	62,134	120,000	120,000	-	0.0%
Legal (Note 24)	35,000	35,000	35,000	-	0.0%
Total Contract Services	123,233	714,000	869,300	155,300	21.8%
<b>Total Operating Program</b>	<b>\$ 1,992,288</b>	<b>\$ 3,167,700</b>	<b>\$ 3,674,500</b>	<b>\$ 506,800</b>	<b>16.0%</b>
Commuter Choice Programs (Note 25)	-	800,000	1,200,000	400,000	50.0%
Operating Program, Excluding I66/I395	\$ 1,992,288	\$ 2,367,700	\$ 2,474,500	\$ 106,800	4.5%

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

## **Notes to Fiscal Year 2020 Proposed Budget**

### **1. Revenue: Jurisdictional Contributions**

#### **Revenue from Local Direct Contributions**

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY2020 budget is based on the FY2018 revenue and Subsidy Allocation Model (SAM) formula.

#### **Revenue from State Assistance**

NVTC receives state operating and capital assistance for its WMATA compact members' annual commitments to WMATA and those jurisdictions' local transit systems. NVTC allocates this revenue among the jurisdictions based on NVTC's SAM and holds the funds in trust for the jurisdictions' transit use. Before the funding is allocated, NVTC's SAM resolution states that amounts are to be applied to certain NVTC projects, and a portion of the general and administrative budget of NVTC. The amount used for NVTC's general and administrative expenses is determined each year by NVTC's approved budget.

### **2. Revenue: Project Chargebacks**

This category includes reimbursable expenses related to the administration of the Commuter Choice programs, and charges for NVTC staff support for VRE and reimbursed from VRE's budget. Refer to note 25 for additional information regarding the I-66 Commuter Choice Program.

### **3. Revenue: Project Grant Billings**

The FY2020 budget assumes a grant from DRPT's Intern Program that provides funding at 80 percent of payroll and related costs of NVTC's Transit Fellows program.

### **4. Revenue: Appropriated Surplus**

Included as a source of revenue in the FY2020 budget is projected excess accumulated surplus that is available to offset the budget expenses, which is the result of prior year favorable budget variances. This available surplus is in excess of the Commission's anticipated minimum operating requirements.

### **5. Personnel Costs**

#### **Salaries and Wages**

The FY2020 budget includes a new junior level position which will provide support to NVTC's financial and other staff. The budget also adds an I-395 Commuter Choice Project Manager, which will be funded through toll revenues.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2020 Proposed Budget**

**Fellows Program**

The budget continues the NVTC Fellows Program, which began in FY2015, by building NVTC's technical capacity and strengthening its ties with members of the research network. The budget assumes grant funds from DRPT's Intern Program will be available to provide 80 percent of payroll and related costs of this program.

The Fellows Program provides a cost efficient and flexible way to employ new graduates and mid-career professional to complete specific short-term projects over a one- to six-month period. While the primary purpose is to provide high-priority technical expertise for specific projects and products, it has also served as a valuable recruitment tool and created opportunities to connect with university programs within Virginia and nationally.

**6. FICA and Medicare**

NVTC's budgeted share of FICA and Medicare taxes is a function of budgeted payroll and the current tax rates.

**7. Group Health Insurance**

A provision for health insurance coverage is included for all NVTC staff positions, with the exception of the Executive Director position, regardless of whether or not the current employees in those positions participate in NVTC's health insurance plan. Unless all eligible employees participate in NVTC's health insurance program, actual expenditures will be less than budgeted. The budgeted amount is based on actual rates with a provision for increasing premiums.

**8. Retirement**

The budgeted amount of employer pension contributions for the NVTC Target Benefit Pension Plan is based on actuarial formulas using budgeted staff and salary levels for FY2020. Because the formulas take into account factors in addition to payroll costs, such as years to retirement and investment return, changes in budgeted contributions do not necessarily change directly with budgeted payroll.

**9. Commissioners' Per Diem**

The FY2020 budget is based upon the FY2018 actual expenditures, recognizing additional per diem costs due to the establishment of the WMATA Committee and the Program Advisory Committee. Commissioners, other than senators and delegates, are paid by NVTC at the statutory rate of \$50.

**10. Office Rent**

The administrative office lease was renewed during FY2019 for a larger space effective March 1, 2019 to accommodate NVTC's increasing staff levels. Rent expense included in the FY2020 budget is based upon the fixed costs of the lease, with a provision for increases in pass-through expenses, and real estate taxes. Off-site file storage is also included in this line.

**11. Insurance: Liability and Property**

The FY2020 budget is based on the most recent premium year with a provision for increasing costs.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2020 Proposed Budget**

**12. Conference / Professional Development**

Included in this line for FY2020 are the estimated registration, travel and lodging costs for conferences, professional development, in-house training, and accreditation. The budget includes resources for up to two Commission members to attend a national conference on behalf of NVTC. The budget assumes NVTC staff will participate in the Governor's Transportation Conference, the Virginia Transit Association Conference, and represent the region in conferences hosted by a variety of organizations. With the initiation of the I-66 Commuter Choice Program, our engagement in WMATA reform and funding discussions, and our participation in state-level funding discussion, NVTC staff have been asked to speak at several conference and events outside the Washington, DC region. Wherever possible, NVTC will continue to minimize travel expenditures through locally-sponsored events and maximize opportunities to speak at events where the registration fee is waived for speakers.

**13. Local Travel, NVTC and Other Meetings**

This line includes the costs of NVTC Commission meetings, hosting regional meetings and events, and the costs of NVTC staff traveling to meetings elsewhere in the region.

**14. Postage**

This item is based on an average of prior years' actual costs.

**15. Telephone and Data**

This line includes the fixed contracted cost for phone and data service at NVTC's office, and mobile and data service for staff.

**16. Office Supplies**

The FY2020 budget for this item is based on the average of prior years' actual costs.

**17. Duplication and Printing**

During FY2016, NVTC negotiated a five-year copier lease and service contract. The FY2020 budget is based on these agreements and projected usage levels. The cost of paper and staples, which are not included in the contract, have been budgeted based upon prior year costs.

**18. Public Engagement**

The budget includes a provision for costs related to public engagement on WMATA matters as required by HB1539, costs related to public engagement as required by HB1285, and the costs to produce NVTC's annual report.

**19. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware.

**20. Computer Operating Expense**

Computer operating expenses include outside network consulting and services, software licensing fees, software upgrades and supplies, web hosting fees, hosted email, and a provision for disaster recovery efforts. The FY2020 budget is based on an average of prior year actual costs, recognizing an increase in NVTC's software requirements and staff levels.



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2020 Proposed Budget**

**21. Advertising (Personnel/Procurement)**

The FY2020 budget includes a provision for personnel and procurement advertising. An average of prior year costs was used to develop the budgeted amount as this category fluctuates from year to year based on needs.

**22. Auditing**

NVTC entered into a three-year contract for auditing services beginning with the audit of FY2015, with two, two-year options. The FY2020 budget is based on the costs included in this contract, while the FY2019 budget included the bi-annual pension plan audit.

**23. Contract Services and Support**

**Commuter Choice Programs**

I-66 Commuter Choice Program

As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 Inside the Beltway. In FY2017, NVTC launched the initial year of the I-66 Commuter Choice Program. The FY2020 budget assumes NVTC will continue to administer this program and provide all program administration and outreach. It is anticipated that the next Call for Projects will be issued during FY2020.

I-395 Commuter Choice Program

In 2017, NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) entered into a 66-year agreement with the Commonwealth of Virginia to fund a program of projects to be funded by revenues generated by the tolling of I-95/I-395. The FY2020 budget assumes NVTC will administer this program on behalf of both NVTC and PRTC and provide all program administration and outreach. It is anticipated that the first Call for Projects will be issued during FY2020.

**Other Technical**

The FY2020 budget includes a provision for research and technical support efforts, specialized analysis, related publications, and a provision for contracted human resource support. NVTC's state liaison activities contract is also funded in this line item.

Whenever possible, NVTC intends to leverage other funding sources and utilize contracts of other agencies in an effort to reduce costs.

**24. Legal**

In FY2015, the Commission appointed Arlington County's Counsel as Counsel to NVTC. Appointed Counsel has provided essential services in matters internal to the commission and in relation to the Commission's roles and responsibilities with regard to WMATA. In addition, Counsel has provided advice, drafting, and training with respect to compliance with Virginia FOIA and Open Meetings Act requirements, as well as review of contracts, agreements and board resolutions. NVTC's Counsel also serves as counsel for VRE.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2020 Proposed Budget**

**25. Commuter Choice Programs Costs**

As explained in Note 23, the General and Administrative budget includes costs for the I-66 and I-395 (beginning in FY2020) Commuter Choice programs, which are funded through toll revenues received by NVTC. These costs will be included in the Program of Projects for submission to the Commonwealth Transportation Board for funding under the I-66 and I-395 Commuter Choice programs. A summary of these costs is presented below:

	Approved Revised Budget FY2019	Preliminary Budget FY2020	Increase (Decrease)
Direct Payroll	\$ 190,000	\$ 349,100	\$ 159,100
Other Direct Payroll Costs	47,500	87,300	39,800
Contract Services and Support - Technical	218,500	412,600	194,100
Contract Services and Support - Outreach	309,300	277,900	(31,400)
Other Direct Expenses and Overhead	34,700	73,100	38,400
Total Commuter Choice Programs Costs	<u>\$ 800,000</u>	<u>\$ 1,200,000</u>	<u>\$ 400,000</u>

## Proposed NVTC 2019 Work Plan

January 2019 - June 2020

*The NVTC Work Plan serves as a guiding document for NVTC staff to support the mission of the Commission. This Work Plan identifies specific programs, projects, and tasks that NVTC staff intend to perform during the period from January 2019 through June 2020 (fiscal years FY2019 – 2020). This document supports NVTC's Strategic Framework, Implementation Plan, and Regional Bus Agenda, and was developed in consultation with the Management Advisory Committee. It is intended to be a living document that can be updated as priorities and projects change.*

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**NVTC's activities in the Work Plan are categorized into the following focus areas:**

- |  |                                 |
|--|---------------------------------|
| A. Planning & Programs                                       | E. Legislative & Policy Efforts |
| B. Financial Analysis  | F. Virginia Railway Express     |
| C. Grants Management, Trust Funds, Contracts<br>& Compliance | G. WMATA                        |
| D. Information & Engagement                                  | H. NVTC Internal Operations     |
|  | I. Commission Management        |
- 

### Northern Virginia Transportation Commission

**Mission:** As the premier transit organization in Northern Virginia, NVTC brings the region together to plan, coordinate, and secure funding for transit systems that are financially sustainable and high performing.

**Vision:** Northern Virginia businesses and residents are served by a high capacity, high quality network of transit systems that allows our diverse region to thrive economically.

#### NVTC Strategic Goals

1. Increase the capacity of the regional transit network by expanding and improving the quality, coverage, and frequency of new and existing systems, including Metro, VRE and new transit services.
2. Improve the access and mobility throughout Northern Virginia by connecting the regional and local transit systems.
3. Promote safe, reliable, and financially sound performance and management of regional transit systems.

## NVTC Work Plan

### A. PLANNING & PROGRAMS

Support and facilitate safe and reliable transit in Northern Virginia through transit planning, research, data analysis and regional coordination.

#### Actions:

#### **Data & Research**

##### 1) Regional Transit Performance Data Collection and Analysis

- a) Collect and analyze transit data and publish the annual Transit Performance Update. Provide jurisdictional and regional transit performance data through materials and presentations, and on NVTC's website. Work with local governments to coordinate collection of performance data for the Federal Transit Administration's (FTA) National Transit Database (NTD).
- b) Manage the contract for NTD data collection on behalf of Northern Virginia's transit systems. Oversee data collection efforts to facilitate the receipt of federal funds to the region.
- c) Report the Washington Metropolitan Area Transit Authority's (WMATA) monthly ridership and parking utilization to comply with the Department of Rail and Public Transportation's (DRPT) OLGA reporting requirements and report to NVTC Commissioners. Ensure that the data are consistent, timely and accurate.
- d) As requested, provide ad hoc data analysis for NVTC jurisdictions and the Commission on regional and national issues that impact transit planning, operations, organizations and ridership. Use technical tools to perform in-depth, regional and multijurisdictional analyses in support of Northern Virginia transit systems.

##### 2) Regional Bus Agenda 2.0

- a) Continue development and validation of jurisdictional transit network models for demand projection and operational planning analyses.
- b) Collect necessary data from sources including jurisdictions and effectively manage them to enable implementation of the demand projection model.
- c) In consultation with jurisdictions, analyze various operational scenarios including additions, eliminations and modifications of bus routes, service level changes (e.g., increases and cuts), and changes in external circumstances, including demographic changes, macroeconomic shocks and changes in networks of complementing transit systems.
- d) Disseminate findings through authoring reports and presentations.
- e) Enhance the model and conduct regionwide analyses.
- f) Document implementation procedure so any NVTC analyst can implement the model in the Northern Virginia context.

3) Commuter Choice Analyses

- a) Report on Transit Performance in the Corridor
  - i) Conduct annual analysis on the transit ridership and other metrics to understand the performance of transit along the I-66 Inside the Beltway Corridor.
  - ii) Scope potential transit performance analyses in support of the I-395 Express Lanes project and implementation of the I-395 Commuter Choice Program.
- b) Quantification of Transit Access and Transportation Demand Management Projects
  - i) Scope opportunities to quantify the impact of regional pedestrian, bike share, bicycle and TDM efforts on transit ridership and other outcomes on the Commuter Choice program.

**Commuter Choice Program (I-66 and I-395)**

1) I-66 Program Management and Administration

- a) Provide ongoing administration of funded projects to ensure performance and compliance with terms of project agreement.
- b) Continue to work with staff and legal counsel on policy decisions governing future calls for projects and project administration.
- c) Coordinate with eligible applicants and regional and state agencies that administer other competitive funding programs to align program milestones.
- d) Manage submission and evaluation of annual performance reports from grant recipients and reporting to the Commission and the Commonwealth Transportation Board (CTB).
- e) Continue to work with financial counsel and financial advisors on financing issues as needed.
- f) Review and approve requisitions for project reimbursements.

2) I-395 Commuter Choice Program Development

- a) Coordinate with PRTC and NVTC jurisdictional staff in the development of a memorandum of agreement between NVTC and PRTC on the selection and administration of the I-395 Commuter Choice Program.
- b) Scope and initiate implementation of the first round of project selections.
- c) Align program management and administration activities with the I-66 Commuter Choice Program, where appropriate.

3) Project Selection Process

- a) Prepare application materials received from the calls to secure Commission approval.
- b) Hold educational briefings with eligible applicants. Provide technical assistance and guidance during application process.
- c) Lead technical and jurisdictional working group and consultants in the eligibility determination, evaluation and scoring of project applications.

- d) Provide program updates at Commission meetings and present final program of projects for Commission approval. Forward Commission-approved projects to CTB for final approval.
  - e) Facilitate development of a regional priority list to be used in project selection. Develop project list scenarios for presentation to the staff and Commissioner working groups and consideration by the Commission.
  - f) Hold public meetings to explain projects to the public and answer questions about the program.
  - g) Prepare project list and supporting materials for Commission and CTB consideration.
  - h) Evaluate opportunity to transition Commuter Choice to multi-year programs.
- 4) Project Agreements
- a) Work with legal counsel, staff, MAC, and jurisdictional working group on updates to project agreements as needed.
  - b) Upon program approval, develop performance measures for each funded project. Work with recipients and MAC for concurrence on measures.
  - c) Work with funding recipients on performance and financial elements of project agreements (Appendix A and B).
  - d) Facilitate execution of agreements for approved projects with awarded jurisdictions and the Commission.
- 5) Outreach & Marketing
- a) Create, maintain and update the Commuter Choice website to explain the program to the public as well as provide application materials to entities.
    - i) Establish a web presence for the I-395 Commuter Choice Program in advance of the program launch anticipated in late-2019.
  - b) Plan and implement public meetings and public input process.
  - c) Plan and implement groundbreaking events in collaboration with local jurisdictions and transit providers.
  - d) Prepare a fiscal-year annual report to the CTB as required by the MOA.
  - e) Promote the Commuter Choice program and events through NVTC's social media and other venues.
  - f) Conduct a needs assessment to identify duplication of and/or gaps in existing marketing and outreach efforts and identify best practices among jurisdictions, transit agencies and transportation demand management programs in the corridor.

## Envision Route 7

- 1) Conceptual Engineering Study: Complete the technical and financial feasibility of a bus rapid transit (BRT) option in the Route 7 corridor in coordination with member jurisdictions.
  - a) Continue to coordinate with relevant jurisdictional staff to further the study of high quality transit on Route 7.

- b) Complete the conceptual engineering study to help facilitate continued study in the corridor, identify right-of-way needs, as well as preserve existing rights-of-way as redevelopment in the corridor occurs.
- c) Assist in identifying financial resources for continued study and programing for BRT along the Route 7 corridor.
- d) Continue advocating for high quality transit in the Route 7 corridor and inclusion of transit options for the corridor in regional planning studies.

### **Regional Fare Collection Program**

- 1) Farebox/Driver Control Unit (DCU) Upgrade Support:
  - a) Coordinate with WMATA and local jurisdictions on design, testing and procurement to deliver hardware and software upgrades for buses and bus garages.
    - i) Gather functional and technical requirements.
    - ii) Review plans and submittals, overseeing testing and evaluation.
    - iii) Support coordination with WMATA and NVTC jurisdictions through regular updates on activities, progress and analysis and actively seeking input on the entities' needs.
    - iv) Work with the jurisdictions to identify integration capabilities and to review the preferred integration approach from technical and contractual perspectives.
    - v) Identify and negotiate integration capabilities of existing fareboxes to the new Regional Fare Collection program.
    - vi) Review integration conceptual designs and contractual change documents related to this integration.
    - vii) Review pilot and testing activities, plans and results.
- 2) Off-Board Fare Collection:
  - a) Work with jurisdictions to coordinate regional off-board payment activities.
    - i) Analyze vendors and technologies.
    - ii) Assist in evaluation and selection of a strategy considering issues such as networking requirements, payment card industry data security standard compliance, and backend integration with the Regional Fare Collection program.
    - iii) Support procurement of selected technologies to include vendor oversight and coordination, design reviews, backend integration, testing and installation.
- 3) Next Generation Regional Fare Collection:
  - a) Collaborate with jurisdictions to plan a future fare collection system and keep the existing system operational.
    - i) Work with jurisdictions to understand future fare collection vision, needs and timelines.
    - ii) Communicate emerging fare collection technology.

- iii) Lead discussions of a long-term fare collection strategy to include fare collection as a service, mobile payments, payment convergence with other services as needed and other account-based approaches.
- iv) Examine the capabilities to leverage existing fare collection capabilities within the region including mobile ticketing applications.
- v) Coordinate discussions with WMATA and regional partners on fare collection initiatives including reporting system upgrades, new farebox procurement, retail network improvements, and new farebox procurement.
- vi) Coordinate with WMATA and regional partners on the expansion of WMATA's University Pass (U-Pass) Program including revenue sharing model, agreements, and rollout.
- vii) Represent the needs of Northern Virginia transit systems during the development and implementation of WMATA's mobile application initiative, including monitoring the progress of software development and testing, participating in user interface reviews, and assist with regional partner testing.

**Northern Virginia Transit Response Coordination** (formerly NVTC's Emergency Preparedness program)

1) Northern Virginia Bus Bridge Plans

- a) Finalize Northern Virginia Bus Bridge plans with Transit Response Coordination Group and jurisdictional emergency preparedness personnel.
- b) Facilitate meetings on future multijurisdictional bus bridge operation on completion of major capital projects such as Silver Line Phase 2.
- c) Work with WMATA and jurisdictional partners to ensure NVTC plans are consistent with WMATA's Emergency Response and Evacuation plans.

2) Service Disruption Mitigation Planning

- a) Facilitate the Northern Virginia Transit Response Coordination Group to discuss the impacts and mitigation efforts of WMATA's planned capital work or other major service disruption events on an as-needed basis.
- b) Conduct or participate in regularly scheduled after-action review from Metrorail service disruption mitigation activities with WMATA and jurisdictional staff.
- c) Document lessons learned and improvements of post-service disruption mitigation efforts. Compile an after-action summary for Commissioners and staff.
- d) Maintain database of all Northern Virginia transit facilities and operations to serve as a resource for planners and stakeholders in Metrorail disruption coordination efforts.
- e) Provide technical and planning assistance to jurisdictions and WMATA on regional service disruption mitigation coordination efforts.



### **Regional Collaboration**

- 1) Use NVTC's Management Advisory Committee (MAC) as a forum to facilitate cooperative regional solutions and keep local governments informed.
- 2) Participate with the Northern Virginia Transportation Authority (NVTA) on regional planning efforts in order to better provide for regional transit needs.
- 3) Participate and provide regionally focused contributions to technical committees assisting in planning, funding, preliminary engineering and environmental analysis for transit in the region, including but not limited to:
  - a) Transportation Planning Board (TPB) Technical Committee
  - b) TPB Long Range Planning Task Force
  - c) TPB Travel Forecasting Subcommittee
  - d) TPB Regional Public Transportation Subcommittee
  - e) NVTA's Regional Jurisdiction and Agency Coordinating Committee
  - f) DRPT's I-395 Transit/Transportation Demand Management Study Key Stakeholder Technical Advisory Group
  - g) VDOT/DPRT Transform 66 Inside and Outside the Beltway Stakeholder Technical Advisory Groups
  - h) VDOT VTrans, the Commonwealth's long-range transportation plan.
  - i) VRE Coordination Committee
  - j) VRE Chief Administrative Officer's Task Force
  - k) Washington Area Bus Transformation Project

## **B. FINANCIAL ANALYSIS**

Identify and implement cooperative strategies with member governments to maximize transit revenues aimed at achieving adequate, dedicated, stable and reliable financial support from the federal government, Commonwealth, region and private sector.

### Actions

- 1) Regional Gas Tax Revenues
  - a) Monitor NVTC's 2.1 percent gas tax receipts from the Division of Motor Vehicles (DMV) for reasonableness of collections in total and by jurisdiction.
    - i) Employ database and spreadsheet models to identify unanticipated discrepancies at the taxpayer level by jurisdiction and in total.
    - ii) Maintain communications with DMV in regard to both unusual activity identified by NVTC and DMV audit activity. Make suggestions for improving the program.
    - iii) Brief the MAC as needed on processes, issues and solutions.
- 2) Ensure the stability of the current sources of transit funding available to NVTC's local governments.
- 3) Serve as the central point of contact for Northern Virginia transit system financial information.
- 4) State Transit Revenues
  - a) Participate on the Transit Service Delivery Advisory Committee (TSDAC) to assist DRPT in reviewing the distribution process for transit capital and operating funds.
- 5) Transit Funding Opportunities
  - a) Produce financial projections and an analysis of the growing gap between transit operating and capital needs versus available financial resources.
  - b) Actively participate in regional and statewide efforts to define public transit needs and identify funding sources.
  - c) Identify and seek to implement stable, reliable, permanent and dedicated funding sources for operating and capital expenses for WMATA, VRE and local transit systems.
  - d) Help coordinate regional efforts and prepare analytic tools, communication materials and editorials to promote such funding.
  - e) Analyze funding proposals produced by regional and statewide studies and identify policy issues for consideration by the Commission.
  - f) Identify and help obtain funding for new transit projects that are recommended by NVTC's jurisdictions.

## **C. GRANTS MANAGEMENT, TRUST FUNDS, CONTRACTS & COMPLIANCE**

Facilitate the fair and equitable allocation of transit assistance among governments. Manage grants, contracts, and trust funds fairly and effectively, according to state and federal laws and NVTC's policies.

### Actions:

#### **State Assistance**

- 1) Prepare and submit state assistance applications through DRPT's Online Grant Administration (OLGA) system as grantee for the NVTC jurisdictions' share of WMATA operating subsidies and capital requirements.
- 2) Report WMATA annual ridership, operating expenses, performance metrics data, and other information requested by DRPT as a requirement for receiving state assistance. This data is utilized by DRPT in calculating NVTC's operating assistance.
- 3) Review and submit state operating and capital assistance applications for local systems through DRPT's OLGA system as agent for the NVTC jurisdictions.
- 4) Manage NVTC and NVTC jurisdiction state grants, including the preparation and review of timely grant invoicing.
- 5) Participate with VRE and NVTC jurisdictions in quarterly project status review meetings with DRPT.
- 6) Work with DRPT and grantees to achieve the maximum funding available.

#### **I-66 Commuter Choice**

- 1) Monitor and reconcile net toll revenue receipts from VDOT with actual collections and Commonwealth Transportation Board (CTB) approved project funding levels.
- 2) Review reimbursement requests for adequate support of eligible expenses; approve and disburse funds.
- 3) Ensure recipient compliance with project agreement provisions.
- 4) Account for direct costs of administering the program.
- 5) Properly account for and report toll revenue activity as a separate Special Revenue fund.

#### **NVTC Subsidy Allocation Model**

- 1) Maintain NVTC's subsidy allocation model (SAM) utilizing the most recent WMATA and local budget information on transit costs, revenues and subsidies.
- 2) Determine each local government's share of NVTC assistance using the annual SAM percentages.
- 3) Apportion shares of the direct local contributions to NVTC's administrative budget using the annual SAM percentages.
- 4) Provide projections and other analysis of annual transit assistance to the NVTC members for planning purposes.

### **NVTC Jurisdiction Trust Funds**

- 1) Allocate revenue to NVTC jurisdictions through the NVTC trust fund upon receipt using the annual SAM percentages.
- 2) Prepare timely and accurate quarterly cash flow forecasts of available transit assistance sources and uses for the NVTC jurisdictions.
- 3) Prepare quarterly reports of actual NVTC trust funds activity for use by NVTC jurisdictions.
- 4) Manage and invest trust funds according to NVTC policy by safeguarding assets while maximizing liquidity and investment return.

### **Commuter Rail Operations and Capital Fund (C-ROC)**

- 1) Monitor collections of all C-ROC Funds from the Department of Motor Vehicles (DMV).
- 2) Provide periodic reports to the Commissions about the funds in the C-ROC Fund, including monthly receipts, amounts expended, the amount of funds held and investment earnings.

### **Financial Reporting, Accounting, Audit, Compliance & Contracting**

- 1) Prepare the annual financial statements, disclosures, and supplementary information for NVTC's annual audit.
- 2) Manage a multi-year audit services contract.
- 3) Accomplish unqualified auditors' opinions and provide financial and compliance reports to the appropriate regulatory agencies.
- 4) Maintain up-to-date compilations of state and federal grant regulations and ensure staff is adequately trained in grant, contract and project management.
- 5) Maintain current documents and policies to facilitate prompt procurement in compliance with state and federal laws.
- 6) Perform internal accounting functions, including invoicing, accounts receivable, cash receipts, accounts payable, disbursements and transfers, payroll, general ledger and reconciliations.

### **Federal Grants**

- 1) Apply for and manage federal grants for member jurisdictions as required as a designated recipient for FTA funds. Currently, NVTC is the designated recipient of federal grants for the cities of Alexandria and Falls Church. For these grants, NVTC will:
  - a) Maintain both subrecipient agreements outlining terms, conditions and expectations, and an annual checklist outlining the range of tasks and corresponding completion dates.
  - b) Review reimbursement requests to ensure funding is for eligible activities and in compliance with FTA requirements.
  - c) Host quarterly project management meetings with the subrecipient and FTA.

- d) File quarterly financial and milestone reports (1/30, 4/30, 7/30, 10/30), biannual Disadvantaged Business Enterprise (DBE) reports (6/1, 12/1) and other required documentation in FTA's grants management system (TrAMS).
  - e) Close out completed grants.
- 2) Ensure NVTC and subrecipients are in compliance with all relevant FTA regulations and guidelines in numerous areas such as legal, financial, technical, continuing control, maintenance, procurement, DBE program, Title VI civil rights compliance, and National Transit Database.
  - a) Submit annual certifications and assurances to the FTA.
- 3) Actively administer Title VI and DBE programs with the FTA; manage programs and perform required reporting.

#### **D. INFORM & ENGAGE**

Improve the public's understanding and appreciation of transit's role in Northern Virginia and the Commonwealth and increase participation in transit-related decision-making.

##### Actions:

##### **Partnerships**

- 1) Identify opportunities to host or participate in transit-related events with Northern Virginia's chambers of commerce and other business representatives.
- 2) Identify opportunities to host a spring transit tour of Northern Virginia for state legislators.
- 3) Partner with government agencies, business groups, and national, state and local associations to promote transit through educational programs, complementary messaging and attendance at conferences, seminars and workshops.
- 4) Develop a network of jurisdictional and agency public information officers to facilitate the sharing of information, work on projects of mutual benefit, and leverage resources.
- 5) Serve on the Virginia Transit Association's (VTA) annual awards and conference planning committees.

##### **Internal & External Relations**

- 1) Serve as the point of contact for the news media, interest groups, U.S. Congress and Virginia General Assembly, and public for transit issues in Northern Virginia.
  - a) Keep the news media, interest groups and local jurisdictions apprised of Commission meetings and hearings, actions, analyses, research, reports and events.
  - b) Share transit-related information from external sources – print/broadcast media, online publications and bloggers, transit agencies and state/local governments – with Commissioners, MAC, agency public information officers, transit advocacy groups, and staff.
  - c) Participate and speak at chamber of commerce events, homeowner association meetings, and jurisdictional governing-body and committee meetings as requested.
- 2) Develop and distribute information and resources necessary for Commissioners to fulfill their responsibilities, including the annual member manual, NVTC website, e-newsletters and monthly Executive Director reports.
- 3) Develop and distribute written and visual communications, such as project fact sheets, issue briefs, web content, frequently asked questions, press releases and targeted e-mail communications on transit-related topics, as well as testimony for Commissioners and NVTC senior leadership.

##### **Online Communication**

- 1) Maximize NVTC's online presence to further its mission.
  - a) Continue to build NVTC's website as a research and information resource.
  - b) Continue to expand NVTC's social media presence to drive traffic to [novatransit.org](http://novatransit.org).

- c) Maintain up-to-date project information on the website to inform the public and Commissioners on the latest project news.
- d) Use online analytics and surveys to monitor the effectiveness of online communication and outreach efforts.
- e) Develop new content, such as podcasts and videos, to enhance NVTC's reputation as the primary source of transit-related information in Northern Virginia and improve the public's understanding of both transit and NVTC's role in the region.

### **Community Outreach**

- 1) Develop and implement communications plans and budgets for transit studies and multimodal grant programs.
  - a) Publicize and solicit public comment through multiple channels, such as meetings and hearings, advertising, pop-up events, online crowdsourcing, email, mail and telephone.
  - b) Plan and promote public meetings and hearings in consultation with local jurisdictions, transportation agencies and transit providers.
  - c) Design and create materials, such as flyers, handouts, infographics, email blasts, display boards, PowerPoint presentations, and videos.
  - d) Establish distinct project- and program-specific social media presence.
- 2) Plan and implement activities that engage the public and promote NVTC programs and initiatives, such as the Virginia WMATA Board Member Forums.

### **Title VI Civil Rights Compliance**

- 1) Ensure NVTC's compliance with the federal Title VI program.
  - a) Use GIS to conduct a demographic analysis to determine the location of concentrations of minority and limited English proficiency (LEP) persons.
  - b) Seek out and consider the viewpoints of minority, low-income and LEP persons during public outreach and involvement activities.
  - c) Strive to overcome linguistic, institutional, cultural, economic, historical or other barriers that might prevent minority, low-income and LEP persons from effectively participating in NVTC's decision-making process.
  - d) Target outlets that support or serve affected populations when soliciting public participation and/or comment.
  - e) Translate printed materials and advertisements into languages other than English and offer translators and sign-language interpreters at public meetings/hearings, when appropriate.

## **E. LEGISLATIVE & POLICY**

Devise, coordinate and implement legislative and policy strategies based on sound policy analysis in coordination with legislative staff from relevant jurisdictions, agencies and partner organizations.

### Actions:

#### **State & Federal Legislative Policy Agenda**

- 1) Assist NVTC's Legislative and Policy Committee with adopting a state and federal legislative and policy agenda to guide NVTC's legislative support in the coming year.
  - a) Develop strategies to effectively implement NVTC's annual legislative and policy agenda in collaboration with NVTC jurisdictions' legislative liaisons and the Virginia Transit Association (VTA).
  - b) Work with delegations in Richmond and Washington D.C. as needed to promote NVTC's approved agenda. Focus should include, but not be limited to long term, sustainable transit capital funding and maintenance of existing NVTC programs and authorities.
  - c) Identify transit issues that require policy decisions. Assemble data and perform policy analyses to facilitate those decisions (e.g. fare integration, development of new technology, service expansion, customer safety, system security and the business case for and value of public transit).
  - d) Conduct an annual joint NVTC and PRTC legislative briefing.
  - e) Develop messaging and a plan to educate the public about the need for transit funding in Virginia as well as the benefits of public transit throughout the Commonwealth.

#### **Virginia General Assembly Session**

- 1) Prepare and support NVTC legislative and policy efforts before and during the General Assembly.
  - a) Reach out to legislators to garner support for NVTC's legislative agenda and educate them about the benefits of public transportation.
  - b) Prepare informative district-specific legislative maps showing transit service and performance for all members of the Northern Virginia delegation.
  - c) Conduct NVTC's February meeting at the General Assembly in Richmond.
  - d) Use an online legislative monitoring service and share access with member jurisdictions.
  - e) Provide legislative alerts to Commissioners and local staff during the session.

#### **Commonwealth Transportation Board**

- a) Prepare written statements and deliver testimony at the CTB's semi-annual hearings on transit funding priorities and other hearings as appropriate.
- b) Advocate for NVTC's policies, including balanced transportation and stable and reliable funding.
- c) Support DRPT's Transit Service Delivery Advisory Committee (TSDAC) by following the Commonwealth transit funding reform process, facilitating discussions by jurisdictional staff, and relaying feedbacks of transit agencies to TSDAC discussions.



### Transit Industry Groups and Trade Associations

- 1) Participate in analysis and dialogs on local, state and national transit issues with state and national transit industry associations and other bodies, including:
  - a) Virginia Transit Association
    - i) Contribute to VTA's state legislative strategy for the transit industry and strengthen VTA's response to Northern Virginia's concerns.
    - ii) Provide technical and communications support regarding the economic benefits of transit.
    - iii) Co-chair VTA events and encourage NVTC Commissioners to serve as VTA officers.
    - iv) Serve as VTA's member of the Transit Service Delivery Advisory Committee (TSDAC), providing technical guidance on performance-based funding for transit capital and operations.
    - v) Serve on VTA's awards and conference planning committees.
  - b) American Public Transportation Association (APTA)
    - i) Provide technical assistance and feedback to APTA on federal transit program implementation issues.
    - ii) Participate in defining and implementing a federal legislative strategy as part of a broad, nationwide pro-transit coalition.
- 2) Provide technical assistance and policy analysis support to state and national boards and committees, including, but not limited to:
  - a) DRPT's Transit Service Delivery Advisory Committee (TSDAC)
  - b) VTA Executive Committee
  - c) The General Assembly's Joint Committee on Transportation Accountability
  - d) APTA Legislative Committee
  - e) APTA Policy and Planning Committee
  - f) APTA Public Private Partnership Committee
  - g) APTA Commuter Rail Committee
  - h) Institute for Transportation Engineers
  - i) Transit Cooperative Research Program (TCRP) Dissemination and Implementation of Research Findings Project Panel

## **F. VIRGINIA RAILWAY EXPRESS**

As co-owner of the Virginia Railway Express, provide oversight of the railway to promote safe, reliable and financially sound performance and management.

### Actions:

#### **VRE Operations Board Support**

- 1) Facilitate the annual appointment of NVTC's principal and alternate members of the VRE Operations Board. (January)
- 2) Provide staff support, in coordination with jurisdictional staff when necessary, to NVTC-appointed VRE Board members.
- 3) Actively participate on VRE's Coordination Committee (VCC) and Chief Administrative Officer's Task Force and attend VRE Operations Board meetings.
- 4) Review Operations Board materials for consistency with the Master Agreement and approved budgets. Maintain close communications with PRTC and VRE staff to coordinate the writing and presentation of VRE action items to the two Commissions.

#### **Budget and Financial Management**

- 1) Facilitate NVTC's approval of VRE's annual operating and capital budgets, including the prioritization of the Commuter Rail Operation and Capital (C-ROC) Fund. Participate and provide technical support at budget review sessions.
- 2) Apply and receive state and regional assistance on behalf of VRE, including DPRT transit capital and operating funding, Rail Enhancement Funds, and HB2/Smart Scale and NVTA funds.
- 3) Provide assistance to VRE planning staff on ridership, travel forecasting, federal funding programs, and other technical items.

#### **Annual Rider Survey**

- 1) Provide staff and technical support to VRE for the customer service surveys each spring by assisting with on-board survey distribution.
- 2) Provide staff and technical support to VRE for the annual ridership survey each fall by assisting with on-board survey distribution and conducting the survey address verification process using GIS technology.

#### **Technical and Communications Support**

- 1) Amplify and actively share VRE public communications through NVTC social media.
- 2) Serve on technical and policy advisory committees, as requested.

## **G. WMATA**

Exercise leadership through the appointment and support of Virginia's members of the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors to promote safe, reliable and financially sound performance and management of WMATA. Manage the NVTC WMATA Committee and facilitate and represent jurisdictional interests with NVTC's WMATA principal director.

### **Annual Report on the Performance and Condition of WMATA**

- 1) Develop and submit to the General Assembly and the Governor an annual report on the performance and condition of WMATA that includes the following:
  - a) The safety and reliability of the rapid heavy rail mass transportation system and bus network.
  - b) The financial performance of WMATA related to the operations of the rapid heavy rail mass transportation system, including farebox recovery, service per rider, and cost per service hour.
  - c) The financial performance of WMATA related to the operations of the bus mass transportation system, including farebox recovery, service per rider, and cost per service hour.
  - d) Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA operations.
  - e) Use of the funds provided from the Mass Transit Fund to improve the safety and condition of the rapid heavy rail mass transportation system.
  - f) Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.
- 2) Manage technical staff to ensure that the report will meet expectations of the Commission, the General Assembly, and the Administration.
- 3) Communicate and present this report to the Commonwealth Transportation Board, Governor's Office, General Assembly, and other interested stakeholders.
- 4) Publish the report and associated information on NVTC's website.

### **Annual Certification of WMATA Documents**

- 1) On an annual basis, request from WMATA the following documents:
  - a) Annual capital budget; annual independent financial audit;
  - b) National Transit Data annual profile; and
  - c) Single audit report issued in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R Part 200).
- 2) Certify the receipt of these documents to Commonwealth Comptroller no later than June 30 of each year.

### **WMATA Committee Support**

- 1) Manage and staff the NVTC WMATA Committee to provide a venue for discussion of WMATA issues directly affecting the NVTC region and NVTC jurisdictions.

- 2) Manage and lead a jurisdictional staff working group to provide staff support for NVTC's WMATA Board principal member and members of NVTC's WMATA Committee.
- 3) Keep NVTC Commissioners informed of pending WMATA Board decisions of regional significance.

#### **Virginia WMATA Board Member Support**

- 1) Facilitate the annual appointment of Virginia's two principal and two alternate members of the WMATA Board of Directors. (January)
- 2) Provide primary staff support on WMATA related meetings and issues to NVTC's WMATA Board principal member or their designed alternate.
- 3) Facilitate and lead NVTC WMATA Board member preparation calls in advance of WMATA Board and committee meetings. Participate in WMATA-run Board meeting preparation calls and provide input as necessary.
- 4) Ensure communication and facilitation between the Commonwealth and NVTC's principal WMATA Board members.
- 5) Provide staff support to WMATA Board members prior to NVTC Commission meetings.
- 6) Participate on WMATA's Jurisdictional Coordinating Committee (JCC).
  - a) Monitor and report on the development of WMATA's FY2020 budgets.
  - b) Coordinate with jurisdictional staff and DRPT on WMATA's compliance with CTB policy guidelines for the implementation of governance and funding reforms for WMATA.
  - c) Actively participate in the development of the Capital Funding Agreement.

#### **Support to Northern Virginia Jurisdictions**

- 1) Participate and provide reports on JCC deliberations and WMATA Board actions to Northern Virginia jurisdictions, as requested.
- 2) Facilitate jurisdictional issues with WMATA that rise to the attention of the NVTC WMATA Board principal member.
- 3) Assist Loudoun County as it transitions to full participation in WMATA leading up to the completion of the Silver Line Phase 2.

*See other NVTC WMATA-related efforts in Planning and Projects: Data Analysis; Northern Virginia Transit Response Coordination; Financial Analysis; and Grants Management, Trust Funds, Contracts & Compliance*

## **H. NVTC INTERNAL OPERATIONS**

Strengthen NVTC as an organization through improvements of internal policies to ensure a rewarding and equitable work environment.

### Actions:

#### **Human Resources and Administration**

- 1) In coordination with jurisdictional staff, develop the annual NVTC general and administrative (G&A) budget for consideration by the Commission in the fall.
- 2) Continue to leverage human resources support assistance to enhance and support human resource functions.
- 3) Continue NVTC Transit Fellows Program to attract talent to supplement NVTC staff on specific projects.
- 4) Develop and implement a professional development plan for staff, including appropriate training.
- 5) Develop and implement a staff earning structure and align job descriptions and benefits, such as health and retirement, with NVTC's jurisdictions.
- 6) Administer employee benefit programs, including retirement plan, 457 plan, group health insurance, group life insurance, disability insurance, flex benefit plan, bike share, and Zip Car.

#### **Telework and Office Space**

- 1) Relocate offices to 2<sup>nd</sup> floor including acquisition of furniture and supplies for additional offices.
- 2) Encourage staff utilization of transportation demand management techniques, such as the telework program.

#### **Information Technology**

- 1) Office Space Move and Expansion
  - a) Review phone and data cabling requirements, chose, and work with vendor for cable installation and setup of network system and infrastructure
  - b) Manage purchase and installation of new telecommunications system.
  - c) Manage logistics of relocation of all workstations, printers and copiers and verify that all equipment and lines are working properly.
- 2) Information Technology Management
  - a) Provide ongoing staff support, troubleshooting for all office software and hardware.
  - b) Provide ongoing information technology improvements to ensure a productive and secure working environment for staff.
  - c) Research, order or work with contractors to obtain staff equipment as requested.
  - d) Set up all new IT equipment for current or additional staff.

## **I. COMMISSION MANAGEMENT**

Provide staff support and execute duties to ensure the smooth running of day-to-day operations of the Commission.

### Actions:

- 1) Develop and distribute information and resources necessary for Commissioners to fulfill their responsibilities, including the annual member manual, NVTC website, e-newsletters and monthly Executive Director reports.
- 2) Prepare materials for monthly Commission meetings. Coordinate with external speakers to present to the Commission when appropriate.
- 3) Schedule, oversee and take and record minutes of Commission meetings, as well as other NVTC events.
- 4) Provide accurate and timely responses to Commissioners, jurisdictional staff and the public.
- 5) Support NVTC's committees, through the development of agendas, meeting summaries, and handouts.
- 6) Ensure the issuance of per diem payments for Commissioners.
- 7) Verify Commissioner compliance with state regulations regarding economic and financial disclosure statements.
- 8) Conduct new Commissioner orientations.
- 9) Maintain archival Commission materials and provide access to archival documentation when requested.
- 10) Respond to FOIA requests.

## Agenda Item #7: Report from the Chair of the Legislative and Policy Committee



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 29, 2018

**SUBJECT:** Report from the Chair of the Legislative and Policy Committee

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At the December meeting Katie Cristol, chair of NVTC's Legislative and Policy Committee, will present NVTC's proposed 2019 Legislative and Policy Agenda for Commission approval.

### **A. ACTION ITEM: Approve NVTC's 2019 Legislative and Policy Agenda**

The Legislative and Policy Committee prepared the [proposed 2019 NVTC Legislative and Policy Agenda](#), which focuses on state and federal legislative priorities. The agenda was presented for discussion at the November NVTC meeting. Below are the proposed priorities for the coming year:

#### **State Legislative Priorities:**

- ✓ Identify Future Revenues to Address Statewide Transit Capital Shortfall
- ✓ Restore Regional Transportation Revenues
- ✓ Preserve the Dedicated Funding for WMATA and VRE

#### **Federal Legislative Priorities:**

- ✓ Reauthorize Federal Funding for WMATA
- ✓ Ensure Labor Arbitration Commitments Reflect Budget Realities
- ✓ Incorporate Transit in a Federal Infrastructure Package
- ✓ Reauthorize the Federal Transit Program and Fully Fund the Mass Transit Account
- ✓ Continue the Commitment to Commuter Tax Benefits

### **B. Joint NVTC-PRTC Legislative Briefing**

The annual Joint NVTC-PRTC Legislative Briefing will be held on December 10<sup>th</sup> at 9:00 A.M. at the Embassy Suites by Hilton Springfield (new location). The event will provide an overview of federal and state issues affecting transit in Northern Virginia. Featured speakers include NVTC Chair Paul Smedberg and PRTC Chair Ruth Anderson, JGB Smith Chief Executive Officer Matt Kelly, DRPT Director Jennifer Mitchell, WMATA General Manager Paul Wiedefeld, VRE CEO Doug Allen, as well as NVTC Executive Director Kate Mattice and PRTC Executive Director Bob Schneider.

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## 2019 LEGISLATIVE AND POLICY AGENDA

Northern Virginia's economic growth and global competitiveness are directly tied to the region's transit network. With nearly 60 percent of jobs within a quarter-mile of a rail station or bus stop, Northern Virginia is among the nation's most transit-accessible areas.

High-quality transit not only brings economic benefits to Northern Virginia but to the entire Commonwealth. The high-capacity service offered by the Washington Metropolitan Area Transit

Authority's (WMATA) Metrorail and the Virginia Railway Express (VRE) provides more than \$600 million per year to the Commonwealth of Virginia in sales and income tax revenues<sup>1</sup>. This reflects a more than 250 percent return on investment to the Commonwealth for its support of these transit systems.

**\$600 M**  
in revenues to Virginia

**35.5M**  
Hours of  
congestion

Each work day, 550,000 Northern Virginians commute via transit, saving the region 35.5 million hours of congestion-related traffic delays annually. VRE riders, nearly 19,000 daily, take the equivalent of two lanes of traffic – one each on I-66 and I-95 – off the highways during rush hour. With six bus systems extending from Loudoun

County to the City of Alexandria and commuter- and fixed-rail systems, Northern Virginia continues to explore ways to better connect businesses, residents and visitors.

### Transit Systems that Serve NVTC's Communities



#### State Legislative Priorities:

- ✓ Identify Future Revenues to Address Statewide Transit Capital Shortfall
- ✓ Restore Regional Transportation Revenues
- ✓ Preserve the Dedicated Funding for WMATA and VRE

#### Federal Legislative Priorities:

- ✓ Reauthorize Federal Funding for WMATA
- ✓ Ensure Labor Arbitration Commitments Reflect Budget Realities
- ✓ Incorporate Transit in a Federal Infrastructure Package
- ✓ Reauthorize the Federal Transit Program and Fully Fund the Mass Transit Account
- ✓ Continue the Commitment to Commuter Tax Benefits

<sup>1</sup> NVTC, The Value of Metrorail and the Virginia Railway Express to the Commonwealth of Virginia, September 2017

### 1. Identify Future Revenues to Address Statewide Transit Capital Shortfall

NVTC supports a statewide solution to stem the future loss in revenues that fund transit capital statewide. An urgent and immediate threat to transit systems across the state will begin when the Commonwealth Transportation Board allocates the last revenues received from the 2007 Transportation Capital Project Revenue Bonds. These bond proceeds have been a key element in Virginia's funding for transit capital, representing 40 percent of the available revenue for transit capital investments across the state.

This loss of funding will be disastrous for Northern Virginia transit providers, affecting the reliability and service performance of our transit systems. With less state financial support, funding for transit will need to compete with core local services. The loss of state funds will affect all transit providers in Northern Virginia, including the six local bus systems and VRE commuter rail.

The transit shortfall will affect systems throughout the Commonwealth. More than 41 transit agencies across the state rely on these funds to maintain safe and reliable transit operations. In areas with limited local resources, a loss of more than 20 percent in state transit capital funding will be devastating.

This year, NVTC will work with fellow stakeholders to identify options for long-term, sustainable funding for the Commonwealth's transportation needs. These are imperative if we are to avoid the collapse of Virginia's transit capital program and, with it, transit operations.

### 2. Restore Regional Transportation Revenues

NVTC supports efforts in the future to restore regional (70%) revenues and local (30%) distribution revenues available to the Northern Virginia Transportation Authority (NVTA) repealed as a result of HB 1539/SB 856 (2018). NVTA is the entity in Northern Virginia responsible for allocating regional revenues for transportation projects – including transit projects - that reduce congestion. Due to the loss of 70% revenue funds, several regional transit projects or projects that increase improve access to transit received partial or no funding in NVTA's FY2018-2023 Six Year Program, including the City of Alexandria's West End Transitway, Fairfax County's Frontier Drive Extension, and Arlington County's Ballston Metrorail Station West Entrance and improvements to the Crystal City Metro Station. In addition, NVTC jurisdictions saw a marked reduction in their 30% revenues, which, in many cases, support transit operations. NVTC supports restoration of these funds as they are instrumental for multimodal regional and local transportation projects across Northern Virginia.

#### ***Internet Sales Revenue for Transit?***

*A critical factor this session could be changes in tax law and how Virginia could collect taxes on internet sales after the US Supreme Court's decision in the Wayfair case.*

*In 2013, the General Assembly had explicitly earmarked funds stemming from the passage of any federal Marketplace Fairness Act for transportation and transit.*

*While that is not what has happened, if the spirit of the intent remains, a portion of the new funds coming to Virginia should still be dedicated to transportation, including statewide transit capital.*

### 3. Preserve the Dedicated Funding for WMATA and VRE

**WMATA:** In 2018, the General Assembly, the Governor and the Northern Virginia region collaborated on a dedicated funding and reform package to ensure that WMATA's transit service would continue to serve as the backbone of the Washington, D.C. region's transportation network. All three jurisdictions – Virginia, Maryland and the District of Columbia – were able to dedicate the revenues that WMATA identified as essential for it to begin chipping away at decades of the aging system's unfunded capital needs. NVTC, in its expanded oversight

role, will continue to work with its local jurisdictions, the Governor and the General Assembly as funds become available to ensure strong stewardship, appropriate oversight, annual reporting, and future cost-saving strategies.

**VRE:** A second, critical part of the 2018 transit funding bill was regional dedicated funding for VRE. A new fund, the Commuter Rail Operating and Capital Fund (C-ROC), was created and \$15 million dollars annually will be deposited into the Fund from the new floor on the regional gas tax.

The C-ROC was modeled after Virginia's Intercity Passenger Rail Operating and Capital fund (IPROC) and designed to meet the financial needs that VRE identified in its long-term financial plan. In creating the C-ROC and dedicating funds, the legislature acknowledged that VRE is a critical piece of the Northern Virginia transportation system.



## 2019 FEDERAL LEGISLATIVE PROGRAM

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Facilitating efficient surface transportation, including public transportation, has long been recognized as a federal responsibility and is critical to U.S. global economic competitiveness. According to the American Public Transportation Association, 87 percent of the 35 million public transportation trips taken each day directly impacts the U.S. economy because Americans ride public transit to work or spend money at retail businesses and entertainment venues.

In Northern Virginia, federal funding for public transportation supports capital investments in WMATA and VRE, as do allocations made by the Commonwealth and local jurisdictions. Also, the tax benefits provided to large employers – most notably the federal government – play a key role in supporting commuters who utilize transit, which benefits all the transit providers in our region.

### 1. Reauthorize Dedicated Federal Funding for WMATA

NVTC strongly supports continued dedicated federal funding of WMATA, to support critical safety and state of good repair projects, that matches or exceeds the current 10-year commitment under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

WMATA is critical to the federal government. More than half of Metrorail stations serve federal facilities and approximately 40 percent of morning peak-period customers are federal employees. Further, WMATA enables special events in the Washington metropolitan region, such as festivals, sporting events, and inaugurations. Metrorail also allows for the evacuation of more than 120,000 people per hour during an emergency.

In 2008, Congress authorized a total of \$1.5 billion over 10 years to WMATA under PRIIA, leveraged by an equal match of funds from Virginia, Maryland and the District of Columbia. These funds have been crucial in supporting the major maintenance and capital rehabilitation activities that were necessary to restore the safety and reliability of the aging transit system.

### 2. Ensure Labor Arbitration Commitments Reflect Budget Realities

To control costs at WMATA, NVTC endorses an amendment to the federal Wolf Act (National Capital Area Interest Arbitration Standards Act of 1995, Pub L. 104-50) to require arbitrators in WMATA contract mediations to consider fiscal restrictions, such as the three percent cap in growth of annual operating subsidies, in all cases. Currently, the Wolf Act permits but does not mandate arbitration awards based upon financial condition.

Strengthening this language would allow management to keep labor costs aligned with the financial condition of the transit agency and its funding jurisdictions.

### **3. Incorporate Transit in Federal Infrastructure Package**

Since 2017, the President and Congress have discussed a \$1 trillion package to restore and renew infrastructure across the nation. Should Congress take up consideration of an infrastructure package, NVTC supports a strong transit component.

### **4. Reauthorize the Federal Transit Program and Fully Fund the Mass Transit Account**

The Fixing America's Surface Transportation (FAST) Act of 2015 provides \$61.1 billion over five fiscal years for programs administered by the Federal Transit Administration (FTA) and is authorized through 2020. NVTC supports Congressional reauthorization of the FAST Act in a timely manner to provide certainty and stability of federal funds to transit agencies in Northern Virginia, including WMATA and VRE.

The law, which will expire at the end of FY2020, currently authorizes up to \$12.6 billion nationwide per year for federal transit programs. It funds important transit programs that are used by systems in Northern Virginia, including Urbanized Area Formula Grants, grants for the Enhanced Mobility of Seniors & Individuals with Disabilities, Bus and Bus Facilities Grants Program, discretionary grant programs, and State of Good Repair Formula Grants. It also authorizes the Capital Investment Grants program, which supports new major transit expansion activities such as future bus rapid transit routes within Northern Virginia.

The legislation also authorizes the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing programs, as well as the multimodal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Program (CMAQ), all used on programs and projects currently active in Northern Virginia.

Close to 80 percent of the FTA's funds comes from the Mass Transit Account of the Highway Trust Fund, with resources derived primarily from federal gas tax revenues. Congress has not increased the federal gas tax since 1993, leading to a projected shortfall of the Highway Trust Fund (HTF) in the coming years. As solvency of the HTF is critical to funding a federal transportation authorization bill, NVTC supports Congressional efforts to address the long-term sustainability of the HTF.

### **5. Continue Commitment to Commuter Tax Benefits**

Nearly 90 percent of VRE passengers and 65 percent of Metro's Virginia riders rely on the commuter tax benefit, the tax relief program that was restored in 2015 to serve employees of federal agencies and private sector companies across the country. NVTC supports continuation of transit commuter benefits that are on par with the tax incentive provided for parking. Commuter tax benefits make transit service more attractive to commuters who currently drive alone. Further, NVTC encourages federal programs that support the use of carpools, vanpools, rideshare, bike share, and transportation demand management (TDM) as effective tools to eliminate traffic congestion.



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**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice and Andrew D'huyvetter

**DATE:** November 29, 2018

**SUBJECT:** Washington Metropolitan Area Transit Authority (WMATA)

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At the December meeting the Commission will receive reports from Virginia WMATA Board members. There are no NVTC actions related to WMATA anticipated at the December meeting.

**A. Report from the Interim WMATA Committee**

The previously scheduled November 8<sup>th</sup> meeting of the Interim WMATA Committee was cancelled.

**B. Report from the Virginia WMATA Board Members**

WMATA Board members will provide an update on recent WMATA actions and activities.

**1. WMATA Board Actions**

▪ *Approval of Revisions to the Riders' Advisory Council Bylaws*

On November 15<sup>th</sup> the WMATA Board [adopted revised bylaws for the Riders' Advisory Council \(RAC\)](#). The changes reduce the size of the RAC, focus appointments on diversity of experience and ridership over strict geographic diversity, reduce the term lengths, establish a Board-approved work plan that would more closely align the RAC's work with the WMATA Board, and creates the position of a Board RAC Liaison.

▪ *Authorization for Public Hearing on Heavy Repair and Overhaul Facility*

On November 15<sup>th</sup> the WMATA Board [authorized a public hearing for a Heavy Repair and Overhaul Facility](#) in Landover, Maryland. Current heavy repair and overhaul activities are conducted out of two existing maintenance yards, which displaces valuable space for day to day maintenance activities. Moving the heavy maintenance functions to a dedicated facility would improve the efficiency of these two yards.

▪ *City of Falls Church Request for Bus Service*

On November 15<sup>th</sup> the WMATA Board took action to allow the [extension of the Metrobus 3T route](#) between West Falls Church and East Falls Church to proceed. This extension



was requested by the City of Falls Church and will be paid for by a grant from the I-66 Commuter Choice Program.

- *Approval of WMATA Headquarters Office Building Purchase*

On November 15<sup>th</sup> the WMATA Board approved the [acquisition of an office building at L'Enfant Plaza](#) as a new WMATA headquarters building. As part of an overall office consolidation strategy, the move will decrease WMATA's required office square footage and save \$130 million over 20 years.

- *2018 General Revenue Bond Resolution and Bond Issue*

On November 15<sup>th</sup> the WMATA Board approved a resolution to [issue bonds not to exceed \\$262.7 million to support FY2019 capital projects](#). With the Commonwealth's use of dedicated capital funding in FY2019, this 2018 Project Supplemental Bond Resolution issuance is only on behalf of the District of Columbia and the State of Maryland. The cities of Alexandria, Falls Church, and Fairfax and the counties of Arlington and Fairfax all chose to opt-out of this debt issuance.

- *Amend FY2018 and FY2019 Budgets for Collective Bargaining and MetroAccess*

On November 15<sup>th</sup> the WMATA Board approved [amendments to the FY2018 and FY2019 budgets](#) that added funding for: 1) Increased personnel and contracted services expenses resulting from recently approved collective bargaining agreements; and 2) Newly awarded contracts for MetroAccess services that were higher than budgeted. The net impact is an additional regional subsidy amount of \$22.0 million in FY2018 and \$65.6 million in FY2019.

- *Approval of a Cash-Free Pilot Extension*

On November 15<sup>th</sup> the WMATA Board approved an [extension of the cash-free boarding pilot](#) on Route 79 MetroExtra along Georgia Avenue. The pilot began June 24, 2018 and the extension is to allow for additional data collection and analysis. The results of the public hearing, public input process, and the extended pilot will be presented to the WMATA Board in the spring of 2019.

- *Indemnification of Ground Leases for Potomac Yard Station*

On November 15<sup>th</sup> the WMATA Board [approved the indemnification of two ground leases in support of the construction of the Potomac Yard Metrorail Station](#) in the City of Alexandria.

## 2. WMATA Committee Items

- General Manager's Proposed FY2020 Budget and Budget Work Session

On November 15<sup>th</sup> the Finance and Capital Committee held a [work session](#) on the General Manager's [proposed FY2020 Budget](#). The work session included a presentation from staff on fare policy, service and new customer initiatives, operating subsidy, and the budget outlook. The posted presentation is followed by written answers to questions submitted by WMATA Board members, including those submitted by the Virginia WMATA Board members.

## 3. Other WMATA News

- FY2019 Q1 Metro Performance Report

WMATA recently released its [FY2019 Q1 Metro Performance Report](#). Just over 85 percent of Metrorail customers were on time during the first quarter, below the target of 88 percent. Significant track work related events lowered on time performance during the quarter, and on-time performance rebounded to 90 percent in September when those work periods were completed. This is the best on-time performance recorded in more than seven years. Railcar fleet reliability is the best in eight years, at almost 129,000 miles between delays. The 7000-series, the top performers of the fleet, represent half of the available railcar fleet.

Beginning in July 2018 Metrobus is piloting a new calculation for bus on time performance. The new calculation introduces a headway-based measure for routes 70, 79, X2, 90, 92, 16Y, and Metroway that measures the spacing between buses along these routes, as well as modifies the schedule-based measure for all other routes to include all timepoints along the route. Through the first quarter of fiscal year 2019, buses were on-time 79 percent. Buses serving customers along Metro's seven headway routes were on-time 72 percent while 79 percent of schedule-based buses were on-time. Metrobus is trying out new ways to make bus service faster and more reliable. On Route 79 MetroExtra along Georgia Avenue, operators are piloting headway gauges to keep buses evenly spaced between the bus ahead and bus behind with plans in development to roll out similar devices on all headway routes.

- 4<sup>th</sup> Quarter FY2018 Financial Report

WMATA posted a [4<sup>th</sup> Quarter FY18 Financial Update](#), which outlines capital and operating financial information for FY2018.

- Audit Reports

WMATA posted a [Comprehensive Annual Financial Report \(CAFR\) for the Fiscal Years Ended June 30, 2018 and 2017](#) and a [Single Audit Report for the Fiscal Year Ended June 30, 2018](#).

■ Preventative Maintenance and Major Capital Projects

- Yellow Line (November 26 – December 9)

To provide structural repairs and rail infrastructure improvements to the Yellow Line Bridge, the Yellow Line Bridge is closed for 14 days (10 commuting days). There will be no Yellow Line service. WMATA will run every other normally scheduled rush hour Blue Line train from Huntington rather than Franconia-Springfield at rush hour, providing trains every 16 minutes from each endpoint.



WMATA also scheduled [additional track work](#) that includes single tracking and weekend shutdowns. Like during SafeTrack, WMATA asked NVTC to again coordinate Northern Virginia jurisdictional response during times of major system disruption.



▪ Summer 2019 Blue and Yellow Line Shutdown

As part of WMATA's station platform reconstruction capital project, WMATA is embarking on a [three-year station platform reconstruction project](#) to address structural deficiencies and improve passenger safety at 20 of WMATA's 45 outdoor stations. The rebuilding process will require shutting down Blue and Yellow Line stations in Alexandria and Fairfax County (south of National Airport) from Memorial Day to Labor Day in 2019. WMATA staff will provide an update to the WMATA Board on the regional mitigation plan for the summer 2019 shutdown at the December WMATA Board meeting.

▪ Corrective Action Plan Monitoring and Tracking, Internal Reviews, and OIG Reports

WMATA updated its [Overview of Regulatory Compliance Actions](#) on November 9, 2018, and no new reports were added to WMATA's [Internal Reviews webpage](#) or [OIG Audit webpage](#).

#### 4. Virginia Ridership and Parking Facility Utilization

The following tables show WMATA ridership by mode in Virginia for October 2018.

WMATA Virginia Ridership October 2017 and 2018			
	October 2017	October 2018	Percent Change (2017-2018)
<b>Metrorail</b>			
Total <sup>1</sup>	8,282,512	8,708,380	+5%
Weekday Average <sup>2</sup>	292,870	298,791	+2%
Saturday Average <sup>2</sup>	129,574	125,228	-3%
Sunday Average <sup>2</sup>	107,597	120,843	+12%
<b>Metrobus</b>			
Total <sup>1</sup>	1,573,574	1,516,097	-4%
Weekday Average <sup>1</sup>	63,566	59,689	-6%
<b>MetroAccess<sup>1</sup></b>			
Total	30,395	32,616	+7%

1: Unlinked Passenger Trips

2: Based on station entries and exits

Source: WMATA

Parking utilization data for October 2018 was not available at the time of report publication.

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## Agenda Item #9: Regional Bus Agenda Fall 2018 Update



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice and Dan Goldfarb, P.E.

**DATE:** November 29, 2018

**SUBJECT:** Regional Bus Agenda Fall 2018 Update

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At the December meeting the Commission will be updated on the status and progress of [NVTC's Regional Bus Agenda](#), the umbrella effort for NVTC's research and technical support focused on Northern Virginia's bus network.

Launched in October 2015, NVTC's Regional Bus Agenda serves as a strategic framework for focusing NVTC efforts related to how bus services and systems can serve Northern Virginia. Current work under the Regional Bus Agenda includes the conceptual engineering analysis for Route 7 bus rapid transit (BRT), scoping other BRT opportunities in Northern Virginia, and providing technical assistance efforts to NVTC jurisdictions to optimize their bus systems.

### Background

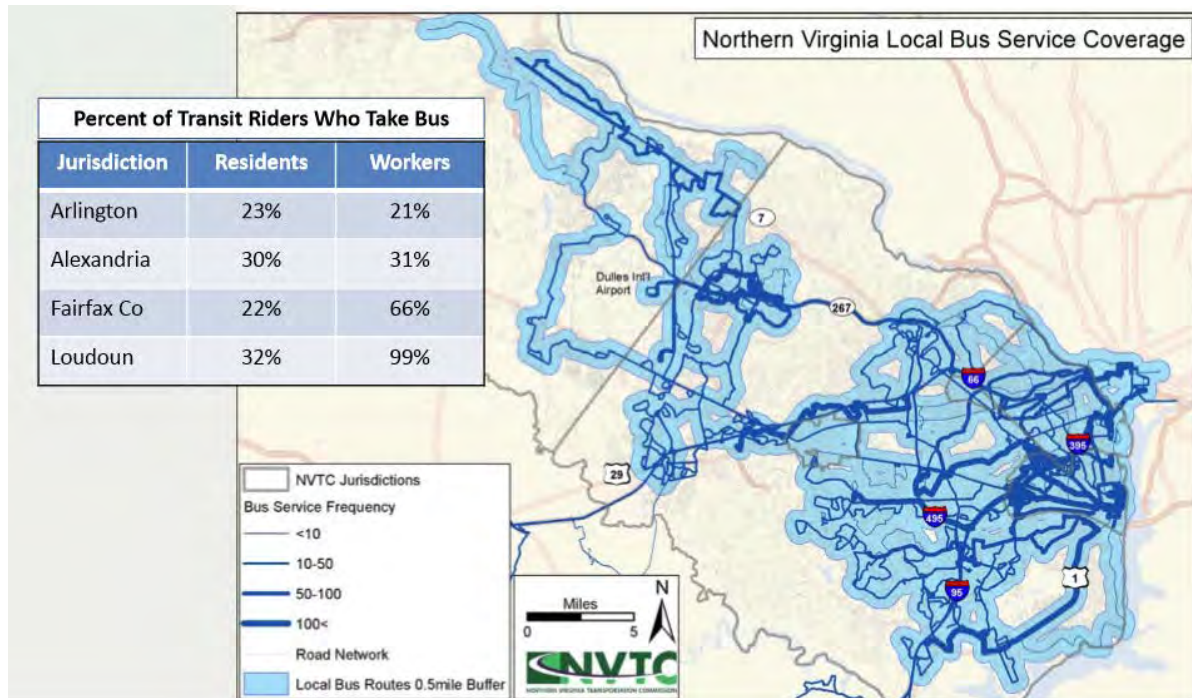
Northern Virginia has a vast network of bus services. As recently as FY2017, Northern Virginia's [seven bus operators provided more than 40 million trips a year \(30 percent of all transit trips\)](#), with approximately 75 percent of those trips connecting to Metrorail. From Loudoun County Transit, DASH, and ART to Fairfax Connector, Cue, and OmniRide, these trips are provided by more than 500 Northern Virginia-based buses a day, in addition to 445 buses owned and operated by WMATA.

Given this vast network of bus routes that connect within Northern Virginia, NVTC embarked on a focused research effort starting in 2015 aimed at better understanding the role of bus services in the Northern Virginia region. The resulting "[NVTC Regional Bus Agenda](#)," approved by the Commission in November 2015, serves as a framework for NVTC to identify opportunities to enhance existing or provide new bus service – often transcending jurisdictional boundaries – to connect communities.

The goal of [NVTC's Regional Bus Agenda](#) is to strengthen Northern Virginia's bus network by providing a greater understanding of existing bus operations; to provide technical support to jurisdictions' efforts to improve bus service; and to develop a comprehensive transit database to support both NVTC and jurisdiction led planning and research efforts.

## Initial Analytical Efforts

### **Current Bus Routes in Northern Virginia**



Source: Northern Virginia Transportation Commission 2017

In 2017 NVTC completed an initial analysis of bus operations to identify and understand gaps in existing service and to identify opportunities to address how the seven bus systems within Northern Virginia can better serve the region. The initial analysis showed that bus service in Northern Virginia:

- Plays a vital role in local and regional transportation;
- Covers the jurisdictions well, serving both lower and higher income populations;
- Provides good mobility and accessibility;
- Connects residents to many different types of opportunities;
- Provides a key link for commuters using both Metro and VRE;
- Contains no substantial gaps in service; and
- Creates a framework to form a high capacity transit system in the future.

As a part of that work, NVTC developed a series of products, including analyses and maps that highlighted:

- [Opportunities to Optimize Northern Virginia's Bus Network](#)
- [Northern Virginia Regional Bus Baseline Performance Data](#)
- [Existing, Planned and Proposed Bus Rapid Transit Projects in Northern Virginia](#)
- [Existing or Planned Express and HOV Lanes in Northern Virginia](#)
- [Transit Systems and Job Accessibility in Northern Virginia](#)

## Regional Bus Agenda 2.0

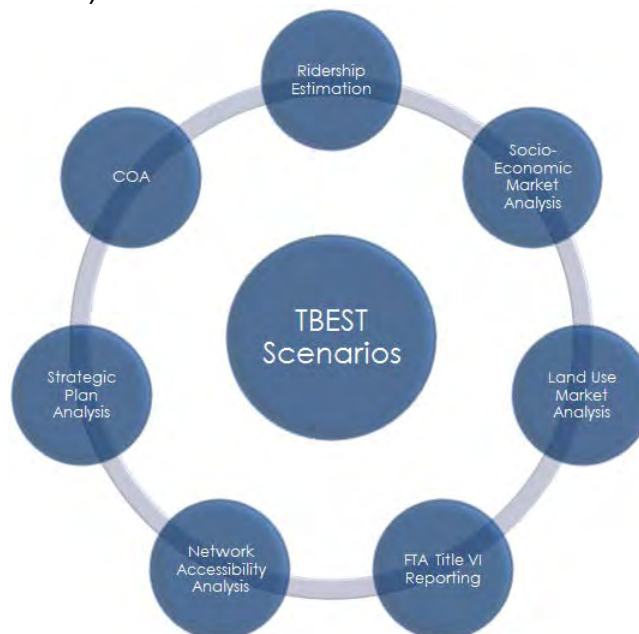
Since the initial analysis was conducted, NVTC has focused on ways to support jurisdictions' planning needs and add value to regional transit planning activities. The second phase of the Regional Bus Agenda has had three distinct, ongoing initiatives:

### 1. Envision Route 7 Bus Rapid Transit (BRT)

The first initiative is to continue planning and coordination on the [Envision Route 7](#) Bus Rapid Transit (BRT) effort. The Commission was briefed on the current activities and project status in November. NVTC is conducting a conceptual engineering study to determine what right-of-way is available and provide a guide for the jurisdictions in planning for the BRT.

### 2. Transit Database and TBEST

The second initiative under the Regional Bus Agenda 2.0 is developing a more extensive Geographic Information System (GIS) database for bus service in Northern Virginia and incorporates a transit planning tool, Transit Boarding Estimation and Simulation Tool (TBEST).



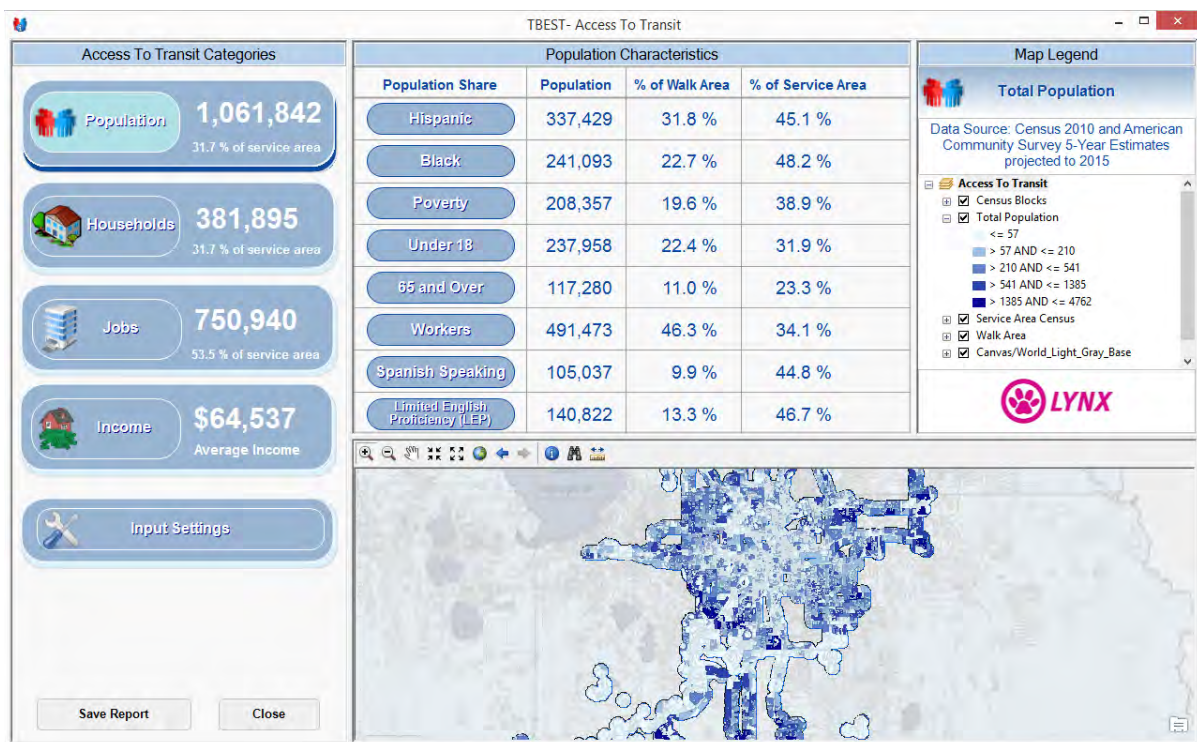
Source: Center for Urban Transportation Research | University of South Florida (<https://tbest.org/>)

TBEST was developed by the Florida Department of Transportation and is being used by many jurisdictions in Virginia, under a DRPT program. NVTC is coordinating with DRPT on development of TBEST in Northern Virginia. The TBEST model uses the land use and the current bus network as inputs to develop short-term ridership forecasts, calculate cost estimates, and perform Title IV environmental justice (EJ) analysis. (Title VI of the Civil Rights Act of 1964 protects people from discrimination based on race, color, and national origin in programs and activities receiving federal financial assistance. A Title VI analysis is required for the modification of transit routes, such as a new bus line.)



NVTC recently applied TBEST to assist WMATA staff in evaluating the EJ impacts of extending the [3T service from West Falls Church Metrorail station to East Falls Church Metrorail station](#), a project funded through the I-66 Commuter Choice Program. NVTC was able to quickly evaluate the demographics and socio-economic impacts of the route extension using TBEST. [WMATA's Title VI analysis](#) concluded that there were no EJ impacts and, as a result, the 3T service will be implemented in early 2019.

NVTC is currently working with the City of Alexandria and DASH on the city's [Transit Vision Plan](#). NVTC will take the transit service changes developed as part of the plan and test them using TBEST. NVTC already incorporated the data collected by the project team from the spring on-board survey and re-calibrated the model. In the coming weeks NVTC will begin testing different scenarios for this project. NVTC is able to provide this service as a value-added activity to the City of Alexandria by providing the project team with data to revise and improve their final recommendations.



Source: <https://tbest.org/access-to-transit/>

### 3. Future BRT in Northern Virginia

The third initiative is to support planning and collaboration on future BRT systems in the region in coordination with other regional and local jurisdictions. As part of this effort, NVTC staff are active in the Transportation Planning Board's (TPB) [Regional Public Transportation Subcommittee](#). NVTC is also working on evaluating a regional BRT system. The evaluation will focus on a future BRT network like what was presented in Northern Virginia Transportation Authority's (NVTA) [TransAction](#) plan. NVTC will develop ridership forecast, evaluate changes in transit mode share, and analyze impacts to regional mobility and accessibility.

In addition, NVTC staff are participating in WMATA's ongoing [Washington Area Bus Transformation Project](#) by providing feedback and input at both the technical and strategic levels. Kate Mattice is a member of the Strategy Advisory Panel and Dan Goldfarb is serving on the technical team. Staff will brief the Commission on the progress of this effort at key milestones in the coming year.

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**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 29, 2018

**SUBJECT:** Virginia Railway Express (VRE)

---

At the December meeting the VRE CEO will update the Commission on VRE activities. The Commission will be asked to approve two actions items, including the VRE FY2018 Comprehensive Annual Financial Report and the 2019 VRE Legislative Agenda.

**A. VRE CEO Report and Minutes**

VRE CEO Doug Allen will provide his report, including an update on VRE's implementation of Positive Train Control (PTC). The [Minutes of the November 16<sup>th</sup> VRE Operations Board Meeting](#) and the [VRE CEO Report for November 2018](#) are attached.

**B. ACTION ITEM: [Resolution #2370](#): Accept and Authorize Distribution of VRE's FY2018 Comprehensive Annual Financial Report (CAFR)**

The VRE Operations Board recommends Commission action to accept and authorize the distribution of [VRE's FY2018 Comprehensive Annual Financial Report \(CAFR\)](#). The audit firm of PBMares, LLP (auditor for VRE, NVTC and PRTC) met with the VRE Audit Committee prior to the November 16<sup>th</sup> Operations Board meeting and reviewed the audit findings. They also made a presentation to the full Operations Board. The audit opinion letter states the VRE statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit.

**C. ACTION ITEM: [Resolution #2371](#): Approve the 2019 VRE Legislative Agenda**

The VRE Operations Board recommends Commission approval of the [2019 VRE Legislative Agenda](#), which includes both state and federal issues. The agenda was presented as an information item at NVTC's November 1<sup>st</sup> meeting.

**D. VRE Transit Development Plan (TDP) Update**

The Operations Board was briefed at its November 16<sup>th</sup> meeting on the Transit Development Plan (TDP) in order to receive board feedback that will be incorporated into the final document, which will be presented for adoption at the January 2019 Operations Board meeting. The TDP provides an overview of all the major projects and initiatives and outlines VRE's short-term priorities as well as constraints and aspirations for the longer term. It also summarizes and coordinates activities and initiatives, and tracks progress

towards achievement of VRE's long range vision. VRE is required to periodically update its TDP in accordance with the Virginia Department of Rail and Public Transportation (DRPT) Transit Development Plan Minimum Requirements (dated February 2017) as a condition of receiving state funding. VRE's updated TDP encompasses two timeframes:

- A six-year (FY2020 - FY2025) fiscally-constrained plan; and
- A ten-year minimum (FY2020 - FY2029) fiscally-unconstrained plan identifying longer-term capital and operating needs.

The attached [presentation given at the Operations Board meeting](#) provides more information.



**Virginia Railway  
Express**

Martin E. Nohe  
Chairman

Katie Cristol  
Vice-Chairman

Maureen Caddigan  
Secretary

John C. Cook  
Treasurer

Sharon Bulova  
Mark Dudenhefer  
John D. Jenkins  
Matt Kelly  
Wendy Maurer  
Jennifer Mitchell  
Suhas Naddoni  
Pamela Sebesky  
Gary Skinner  
Paul C. Smedberg

#### Alternates

Ruth Anderson  
Pete Candland  
Jack Cavalier  
Hector Cendejas  
Libby Garvey  
Jason Graham  
Todd Horsley  
Jeanine Lawson  
Tim Lovain  
Jeff McKay  
Michael McLaughlin  
Cindy Shelton  
Paul Trampe  
Mark Wolfe

Doug Allen  
Chief Executive Officer

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

# MINUTES

VRE Operations Board Meeting  
PRTC Headquarters – Prince William County, Virginia  
November 16, 2018

Members Present	Jurisdiction
Maureen Caddigan (PRTC)	Prince William County
John Cook (NVTC)	Fairfax County
Katie Cristol (NVTC)	Arlington County
Mark Dudenhefer (PRTC)*	Stafford County
Matt Kelly (PRTC)	City of Fredericksburg
Wendy Maurer (PRTC)	Stafford County
Suhas Naddoni (PRTC)	City of Manassas Park
Martin E. Nohe (PRTC)	Prince William County
Pamela Sebesky (PRTC)	City of Manassas
Paul Smedberg (NVTC)	City of Alexandria

Members Absent	Jurisdiction
Sharon Bulova (NVTC)	Fairfax County
John D. Jenkins (PRTC)	Prince William County
Jennifer Mitchell	DRPT
Gary Skinner (PRTC)	Spotsylvania County

Alternates Present	Jurisdiction
Jeanine Lawson (PRTC)	Prince William County
Mike McLaughlin	DRPT

Alternates Absent	Jurisdiction
Ruth Anderson (PRTC)	Prince William County
Pete Candland (PRTC)	Prince William County
Jack Cavalier (PRTC)	Stafford County
Hector Cendejas (PRTC)	City of Manassas Park
Libby Garvey (NVTC)	Arlington County
Jason Graham (PRTC)	City of Fredericksburg
Todd Horsley	DRPT
Tim Lovain (NVTC)	City of Alexandria
Jeff McKay (NVTC)	Fairfax County
Cindy Shelton (PRTC)	Stafford County
Paul Trampe (PRTC)	Spotsylvania County
Mark Wolfe (PRTC)	City of Manassas

Staff and General Public	
Khadra Abdulle – VRE	Todd Johnson – First Transit
Doug Allen – VRE	Lezlie Lamb – VRE
Monica Backmon – NVTA	Bob Leibbrandt – Prince William County
Paolo Belito – Prince William County	Steve MacIsaac – VRE Legal Counsel
Alexander Buchanan – VRE	Betsy Massie – PRTC
Dwight Buracker – PBMAres	Kate Mattice – NVTC
Colin Burch – DRPT	Becky Merriner – PRTC
Matt Cheng – NVTC	Kristin Nutter – VRE
Rich Dalton – VRE	Pat Porzillo – HDR
John Duque – VRE	Renee Rosales – Stafford County
Julie Elliott – Stafford County	Dr. Bob Schneider – PRTC
Lucy Gaddis – VRE	Mark Schofield – VRE
Arnold Gilbo – Keolis	Steve Sindiong – City of Alexandria
Chris Henry – VRE	Sonali Soneji – VRE
Christine Hoeffner – VRE	Joe Swartz – VRE
Pierre Holloman – Arlington County	Michelle Trunam – Prince William County
Xavier Harmony – DRPT	Ann Warner – Ann Warner, LLC
Cindy King – VRE	

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

Chairman Nohe called the meeting to order at 9:11 A.M. Following the Pledge of Allegiance, Roll Call was taken.

### Approval of the Agenda – 3

Ms. Cristol moved, with a second by Mr. Kelly to approve the Agenda. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

### Approval of the Minutes of the September 21, 2018 Operations Board Meeting – 4

Ms. Caddigan moved, with a second by Mr. Kelly, to approve the Minutes. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, McLaughlin, Nohe, Sebesky, and Smedberg. Board Members Lawson, Maurer and Naddoni abstained.

[Mr. Dudenhefer arrived at 9:13 A.M.]

### Chairman's Comments –5

Chairman Nohe announced the Audit Committee met with Dwight Buracker, from the audit firm PBMares, to receive the FY 2018 Financial Statements and Audit Report and that Mr. Buracker would report to the rest of the Operations Board later in the meeting.

Chairman Nohe reminded Board Members that the date of the December Operations Board meeting was changed from the third Friday to the second Friday, December 14<sup>th</sup>, to avoid conflict with members holiday plans.

Chairman Nohe announced he was appointing Ms. Bulova and Ms. Caddigan to the nominating committee for the slate nominees for 2019 Operations Board Officers. The Board will vote on the nominees in December and the Officers will be installed at the January 2019 Operations Board meeting.

### Chief Executive Officer's Report –6

Mr. Allen reported VRE participation in Grade Crossing and Trespassing Prevention Summit hosted by FRA Administrator Ron Batory and Department of Transportation Secretary Elaine Chao. Leaders from major freight and commuter carriers were in attendance where experts presented outreach and enforcement programs similar to those employed by VRE.

Mr. Allen asked Mr. Dalton to report on Positive Train Control implementation efforts. Mr. Dalton reported VRE is making good progress toward PTC implantation. He detailed upcoming milestones involved with "interoperability testing" which need to be met over the course of the next six weeks. Mr. Dalton explained VRE has met all the statutory requirements, making it eligible for an "alternative schedule" if implantation slips past the first of the year. VRE is, nevertheless, proceeding with a planned implementation by the end of the year.

Mr. Allen reported ridership for October was around 19,000 daily riders and On-Time Performance was 86 percent. Mr. Allen observed On-time performance is trending up from issues experienced over the summer, but VRE is still being impacted by rail congestion due to the loss of the third track in Alexandria. The repairs to the track and bridge, caused by a freight derailment in May, is expected to be completed by the end of the year.

Mr. Allen reported VRE had taken new NVTC Commissioners on an abbreviated system tour to give them an overview of operations. Mr. Allen briefed the Board on the implications of the Amazon HQ2 announcement for VRE Crystal City Station. He reported VRE will also undertake an update of its System Plan 2040 with this and other recent developments in mind.

Mr. Allen informed the Board on progress being made on development of the Potomac Shores Station. VRE hosted a meeting with the developer and CSX to discuss modifications to the station concept to simplify its construction within railroad requirements. Ms. Caddigan thanked VRE staff for facilitating the coordination.

Mr. Allen announced the upcoming Operation Lifesaver Santa Trains and Toys for Tots holiday events. Onboard collection of new, unwrapped toys will take place on all morning trains on December 5<sup>th</sup>, and Santa Trains are scheduled for December 8<sup>th</sup>. Mr. Allen stated tickets would be sold to the public beginning at 9:00 A.M. on Monday, November 19<sup>th</sup>.

#### VRE Riders' and Public Comment – 7

There were no rider comments.

#### Consent Agenda - 8

On a motion by Mr. Kelly and a second by Ms. Maurer, the Operations Board unanimously approved the following Consent Agenda:

- Resolution #8A-11-2018: Authorization to Issue and Invitation for Bids for Delivery of Diesel Fuel for VRE locomotives
- Resolution #8B-11-2018: Approval of Correction to Resolution 9H-09-2017

The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

#### Authorization to Forward the FY 2018 Audited Financial Statements and Auditor's Report to the Commission – 9A

Chairman Nohe stated the Operations Board is asked to accept the FY 2018 Comprehensive Annual Financial Report and associated information from the auditors and to authorize the CEO to forward this information to the Commissions for their consideration. Resolution #9A-11-2018 would accomplish this.

Chairman Nohe invited Dwight Buracker from PBMAres, LLP, who met with the VRE Audit Committee prior to this meeting, to report the findings of the audit to the full Operations Board. Mr. Buracker stated PBMAres has issued an unmodified opinion, which is the best opinion. The opinion letter states the VRE financial statements, in all material respects, fairly and accurately present the financial position of the organization.

Mr. Cook moved to approve Resolution #9A-11-2018 with the following amendment: “and directs staff to report to the Board the recommendations in the auditor’s letter to engage a review of cyber vulnerabilities. Mr. Smedberg seconded the motion as amended. Mr. Buracker followed up by explaining that the recommendation was not a result of findings, but rather a standard recommendation his firm is making to all clients this year. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

#### Recommend Approval of the 2019 VRE Legislative Agenda – 9B

Mr. Allen stated the Operations Board is being asked to recommend the Commissions approve the 2019 VRE Legislative Agenda and authorize him to actively pursue the elements set forth.

Mr. Swartz reminded the Board that they had a thorough discussion on the development of the Legislative Agenda in October and there had been no changes.

Ms. Cristol stated she appreciated the feedback and thanked staff for their work on the development of the 2019 VRE Legislative Agenda.

Ms. Cristol moved, with a second by Mr. Cook, to approve Resolution #9B-11-2018. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

#### Authorization to Issue an MEC VI Task Order for National Transit Database and Asset Management Reporting, Phase IV – 9C

Mr. Allen stated the Operations Board is being asked to authorize him to issue a task order with STV, Incorporated, under the Mechanical Engineering Consulting Services contract for National Transit Database and Asset Management Reporting in an amount not to exceed \$452,709.

Mr. Kelly moved, with a second by Ms. Maurer, to approve Resolution #9C-11-2018. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

#### Authorization to Amend the Contract for the Rehabilitation of Wheelsets and Traction Motor Assemblies – 9D

Mr. Allen stated the Operations Board is being asked to authorize him to increase the amount authorized by \$1,420,101 for the remaining three option years on the contract with UTCRAS, LLC for Rehabilitation of Wheelsets and Traction Motor Assemblies in an amount not to exceed \$1,893,468, for the base year and three option years.

In response to a question from Mr. Smedberg, Mr. Allen stated that the amended authorization was for routine and ongoing maintenance.

Ms. Caddigan moved, with a second by Mr. Smedberg, to approve Resolution #9D-11-2018. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

#### Authorization to Execute a Contract for Facility Security Services – 9E

Mr. Allen asked the Board to authorize him to execute a contract with Sentry Force Security, LLC for facility security services in an amount not to exceed \$3,104,762 for a base year and for option years, with the CEO exercising the option years at his discretion.

In response to a question from Ms. Maurer, Mr. Allen confirmed that the firm is required to use guards licensed by the Virginia Department of Criminal Justice Services.

Mr. Smedberg moved, with a second by Mr. Naddoni, to approve Resolution #9E-11-2018. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Dudenhefer, Kelly, Lawson, Maurer, McLaughlin, Naddoni, Nohe, Sebesky, and Smedberg.

#### Information Items:

##### FY 2020 Budget Update – 10A

Mr. Allen reminded the Operations Board they will be asked in December to recommend approval of the Proposed FY 2020 Operating and Capital Budget to the Commissions and Localities and asked Mr. Schofield to provide a progress update.

Mr. Schofield reminded the Operations Board that the Preliminary Budget presented in September reflected an operating gap of \$1.9M and asked for a 3 percent fare increase. The Operations Board directed staff to hold public hearings on the proposed fare increase. VRE held ten public hearings and there had not been significant concerns expressed by riders on the proposal.

Mr. Schofield reported that at the time the November Agenda report had been written, the operating budget gap was around \$400K; but noted that at present that gap had been eliminated.

Mr. Schofield stated the Capital budget has not changed materially. Based on discussion at the September Operations Board meeting and in October with the Capital Committee meeting, staff will be proposing the L'Enfant Station and Fourth Track Project receive the first of the Commuter Rail Operating and Capital Fund (C-ROC) monies.

##### VRE Transit Development Plan Update – 10B

Mr. Allen reminded the Operations Board of VRE's development of an updated Transit Development Plan (TDP) that is required in accordance with the Virginia Department of Rail and Public Transportation Transit Development Plan Minimum Requirements, as a condition of receiving state funding.

Mr. Allen introduced Ms. Soneji to brief the Operations Board on the status of the TDP update. Ms. Soneji noted VRE's updated TDP will encompass two timeframes: A six-year

(FY 2020-2025) fiscally-constrained plan; and, a ten-year minimum (FY 2020-2029) fiscally unconstrained plan identifying longer-term capital and operating needs.

Ms. Soneji detailed the role of the TDP among other VRE planning activities and documents. The fiscally-constrained timeframe serves as an implementation plan for VRE's projects and initiatives, while the longer-term unconstrained plan charts a path toward achieving the vision plan set out in the System Plan 2040.

Ms. Soneji outlined various service needs that presently exist and how demand for VRE service is anticipated to increase in the future. Ms. Soneji's presentation summarized service and capital improvements required to meet existing and forecasted needs.

#### Spending Authority Report -10C

There was no discussion about the report.

#### Operations Board Member Time

There were no comments.

#### Adjournment

Without objection, Chairman Nohe adjourned the meeting at 10:12 A.M.

Approved this 14th day of December 2018.

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Martin Nohe  
Chairman

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Maureen Caddigan  
Secretary

#### **CERTIFICATION**

This certification hereby acknowledges the minutes for the October 19, 2018 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Lezlie M. Lamb



**Virginia Railway Express  
Operations Board**

**Resolution  
8A-11-2018**

**Authorization to Issue an Invitation for Bids for  
Delivery of Diesel Fuel for VRE Locomotives**

**WHEREAS**, the contracts for delivery of diesel fuel for VRE's locomotives will expire on June 30, 2019; and,

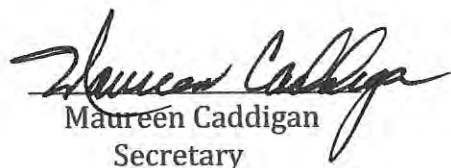
**WHEREAS**, to avoid an interruption in service it is necessary to solicit bids prior to expiration of the current fuel delivery contracts; and,

**WHEREAS**, the contracts will be structured to allow VRE to lock in future fixed prices for fuel; and,

**WHEREAS**, a solicitation for these services shall be initiated;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue an Invitation for Bids for the delivery of diesel fuel to the Broad Run and Crossroads maintenance and storage facilities for VRE's fleet of locomotives.

Approved this 16<sup>th</sup> day of November 2018

  
Maureen Caddigan  
Secretary

  
\_\_\_\_\_  
Martin Nohe  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8B-11-2018**

**Approval of Correction to Resolution 9H-09-2017**

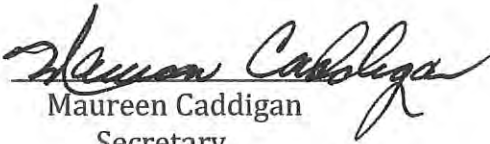
**WHEREAS**, the VRE Operations Board approved Resolution 9H-09-2017 (Authorization to Issue a Supplemental Task Order for the Crystal City Station Improvement Project) on September 15, 2017; and,


**WHEREAS**, the text of Resolution 9H-09-2017 includes a typographic error such that the total Board-authorized not-to-exceed amount is incorrect; and,

**WHEREAS**, a correction to the resolution is needed for VRE to utilize the full amount of the Board-authorized supplemental task order;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby approve a correction to Resolution 9H-09-2017 to update the total not-to-exceed amount from \$370,285 to \$376,285.

Approved this 16<sup>th</sup> day of November 2018

  
Maureen Caddigan  
Secretary

  
\_\_\_\_\_  
Martin Nohe  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9B-11-2018**

**Recommend Approval of the 2019 VRE Legislative Agenda**

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

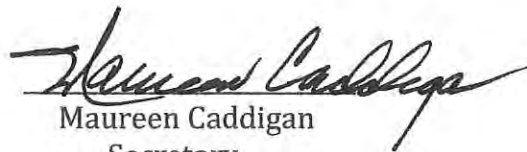
**WHEREAS**, VRE serves residents throughout the Commonwealth to provide a meaningful public transportation option; and,

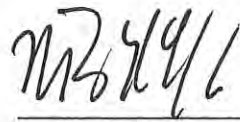
**WHEREAS**, it is essential for VRE to educate and advocate for desired legislative/regulatory outcomes with members of Congress and their staff, with staff of federal entities, in the Virginia General Assembly and with the Governor and his administration; and,

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

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the 2019 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the attached document.

Approved this 16<sup>th</sup> day of November 2018

  
Maureen Caddigan  
Secretary

  
\_\_\_\_\_  
Martin Nohe  
Chairman

## **Operations Board**

### **Resolution 9C-11-2018**

#### **Authorization to Issue an MEC VI Task Order for National Transit Database and Asset Management Reporting, Phase IV**

**WHEREAS**, VRE has a contract with STV Incorporated for mechanical engineering consulting services (MEC) VI; and,

**WHEREAS**, VRE has completed several initiatives resulting in strategies for managing VRE rolling stock and facilities assets and maintaining these assets in a continuous state of good repair; and,

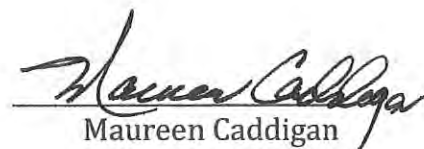
**WHEREAS**, VRE is required by the Federal Transit Administration to develop methodologies and processes to perform ongoing assessments of VRE rolling stock and facilities; manage and perform State of Good Repair projects and report transit asset management information; and,


**WHEREAS**, STV Incorporated has developed the framework and standardized processes to perform ongoing asset assessments as well as tools to prioritize funding for State of Good Repair projects consistent with the Transit Economics Requirements Model (TERM); and,

**WHEREAS**, STV Incorporated has developed processes for reporting asset management information to the Federal Transit Administration via the Nation Transit Database;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a MEC VI Task Order to STV Incorporated for further developing, implementing and executing processes for VRE's Transit Asset Management Plan (TAM) and National Transit Database (NTD) reporting compliance in the amount of \$411,553, plus a 10% contingency of \$41,156, for a total not to exceed \$452,709.

Approved this 16<sup>th</sup> day of November 2018

  
Maureen Caddigan  
Secretary

  
\_\_\_\_\_  
Martin Nohe  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9D-11-2018**

**Authorization to Amend the Contract for the  
Rehabilitation of Wheelsets and Traction Motor Assemblies**

**WHEREAS**, VRE rail cars and locomotives require traction motor/wheel/axle assembly services; and,


**WHEREAS**, VRE awarded a contract to UTCRAS to provide rehabilitation of wheelsets and traction motor assemblies; and,

**WHEREAS**, staff is requesting an increase in the contract authorization for a total amount not to exceed \$1,893,468, for the base year and three option years of the contract;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the contract with UTCRAS, LLC of Morton, PA for the Rehabilitation of Wheelsets and Traction Motor Assemblies to increase the amount authorized of \$473,367 (base year) by \$1,420,101 (three option years,) to a total amount not to exceed \$1,893,468, for the base year and three option years.

Approved this 16<sup>th</sup> day of November 2018

  
Maureen Caddigan  
Secretary

  
\_\_\_\_\_  
Martin Nohe  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9E-11-2018**

**Authorization to Execute a Contract for Facility Security Services**

**WHEREAS**, VRE remains committed to protecting passengers, employees and equipment from security risks at VRE facilities; and,

**WHEREAS**, on March 16, 2018, the VRE Operations Board authorized the CEO to issue an RFP for Facility Security Services in anticipation of the expiration of the current contract in November 2018; and,

**WHEREAS**, on August 13, 2018, a Request for Proposal was issued; and,

**WHEREAS**, on September 20, 2018, ten (10) proposals were received; and,

**WHEREAS**, the Technical Evaluation Team determined the proposal from Sentry Force Security of Fairfax, Virginia to be technically compliant and was selected to be the best value; and,


**WHEREAS**, the Operations Board's approval of this procurement does not represent its independent assessment of the candidate's responses to the solicitation or of each step in the procurement process followed by staff; rather, the Operations Board's action is premised upon its conclusion, after review of the information before it, that the process used by the staff was in accordance with law and that the staff recommendation appears to be reasonable;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Sentry Force, LLC of Fairfax, Virginia for Facility Security Services in the amount of \$2,822,511, plus a 10% contingency of \$282,251, for a total amount not to exceed \$3,104,762. The contract will be for a base year and four option years, with the VRE CEO exercising the option years at his discretion.

Approved this 16<sup>th</sup> day of November 2018



Martin Nohe  
Chairman



Maureen Caddigan  
Secretary



# CEO REPORT

NOVEMBER 2018



# 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.





CEO REPORT | NOVEMBER 2018

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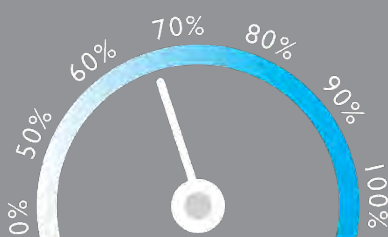


VIRGINIA RAILWAY EXPRESS  
A better way. A better life.



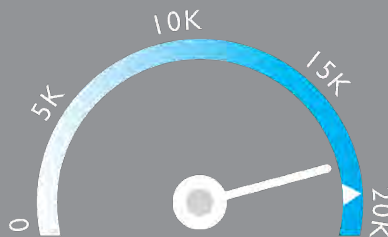
# SUCCESS AT A GLANCE

S



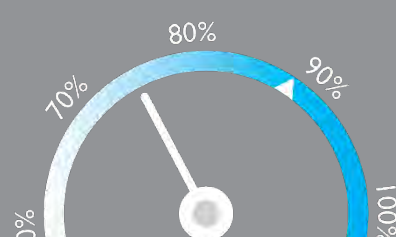
**PARKING  
UTILIZATION**

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



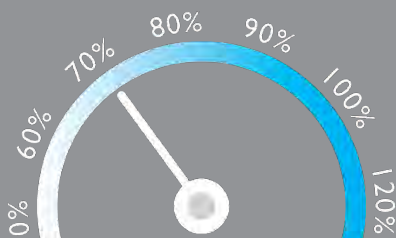
**AVERAGE DAILY  
RIDERSHIP**

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings but excluding "S" schedule operating days.  
▲ Same month, previous year.



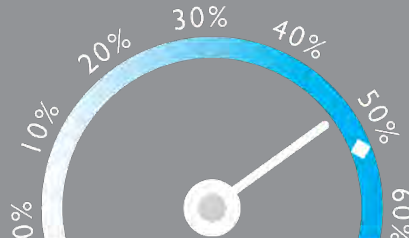
**ON-TIME  
PERFORMANCE**

Percentage of trains that arrive at their destination within five 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 the riders.  
◆ Board-established goal.

**SEPTEMBER 2018**

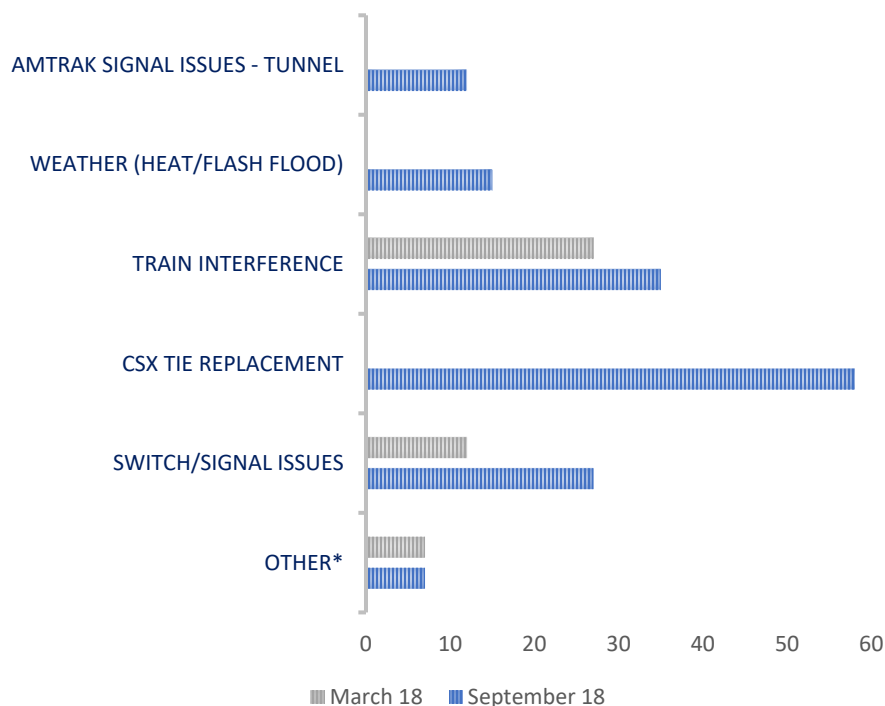


# ON-TIME PERFORMANCE

## OUR RECORD

	September 2018	August 2018	September 2017
Manassas Line	84%	81%	92%
Fredericksburg Line	65%	62%	87%
System Wide	75%	72%	89%

## REASONS FOR DELAYS



\*Includes trains that were delayed due to operational testing and passenger handling.

VRE operated 606 trains in September.

Our on-time rate for September was 75%.

One hundred fifty-four of the trains arrived more than five minutes late to their final destinations. Forty-nine of those late trains were on the Manassas Line (32%), and one hundred five of those late trains were on the Fredericksburg Line (68%).

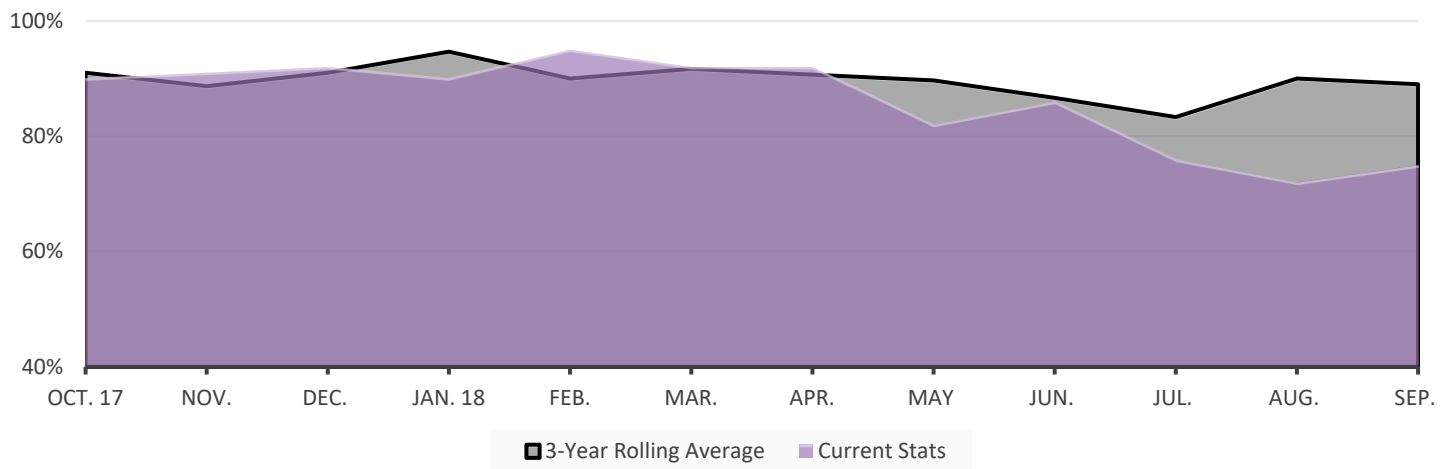
September numbers show a continuation of issues that were seen in August. As compared to March of this year, which was a typical month with 92% on-time performance, we can see that Amtrak tunnel signal problems, flood warnings (Florence), and the CSX tie replacement work south of Quantico all contributed to the lower than average on-time performance.

## LATE TRAINS

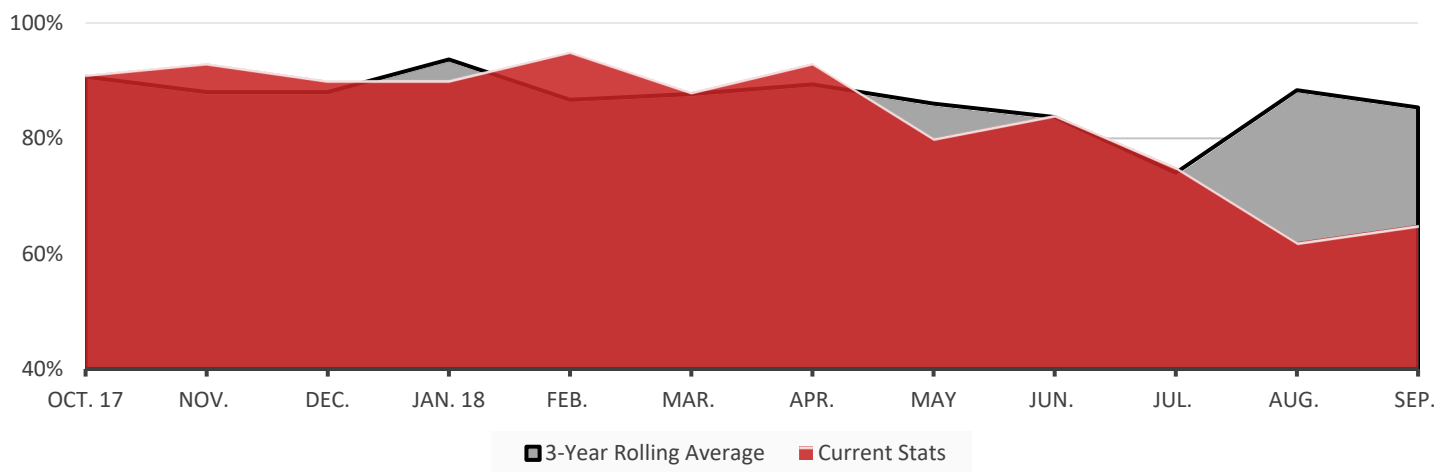
	System Wide			Fredericksburg Line			Manassas Line		
	Jul.	Aug.	Sep.	Jul.	Aug.	Sep.	Jul.	Aug.	Sep.
Total late trains	161	210	154	84	138	105	77	72	49
Average minutes late	21	21	15	19	21	15	23	21	16
Number over 30 minutes	40	31	13	19	22	6	21	9	7
Heat restriction days / total days	7/21	7/23	0/19						

## ON-TIME PERFORMANCE

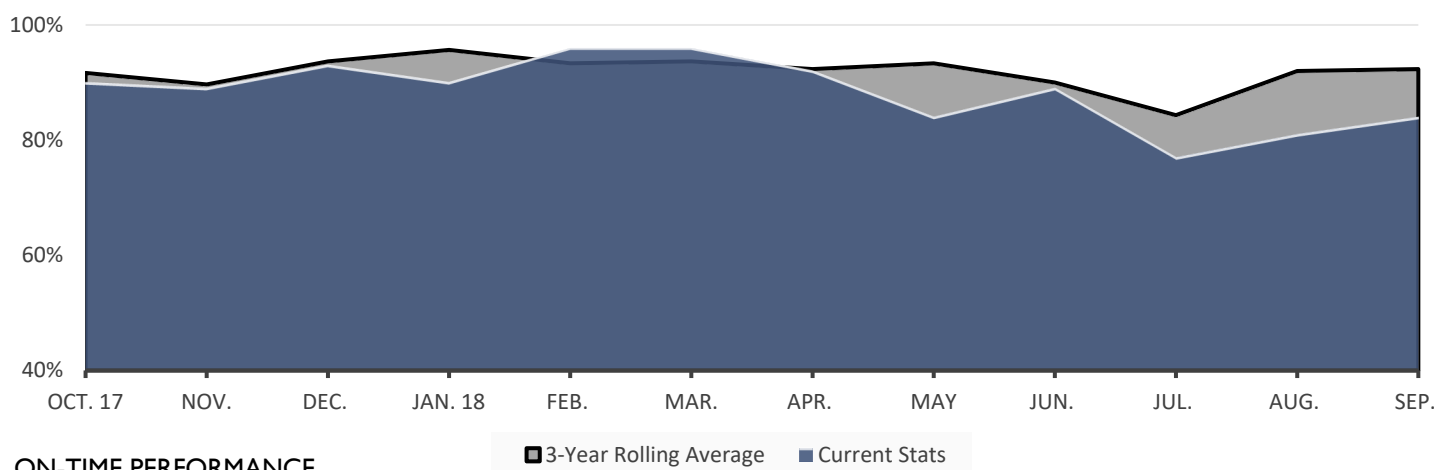
### VRE SYSTEM



### FREDERICKSBURG LINE

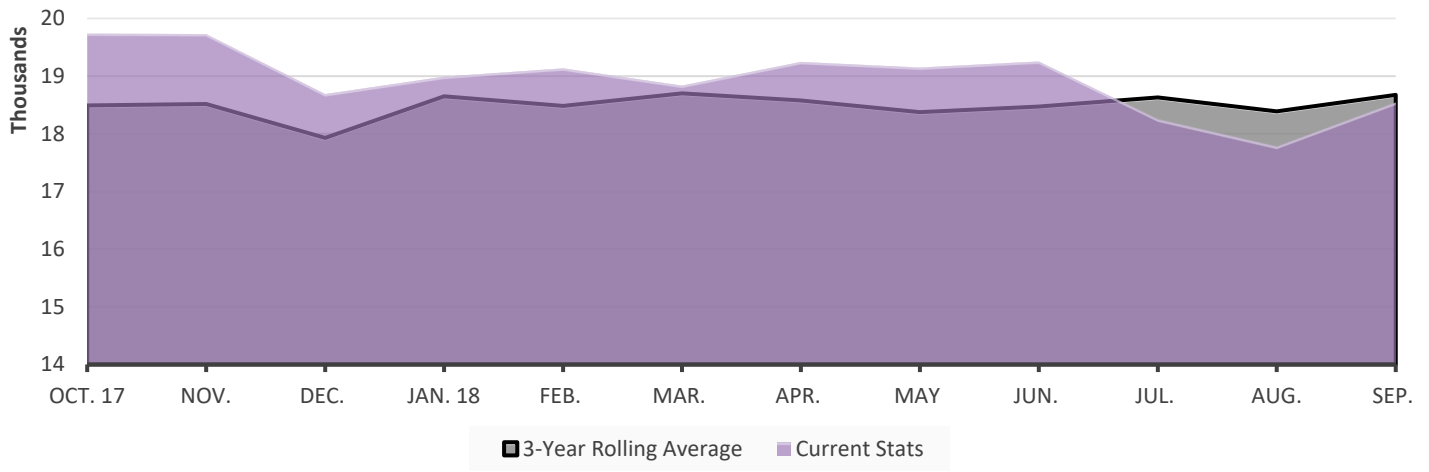


### MANASSAS LINE

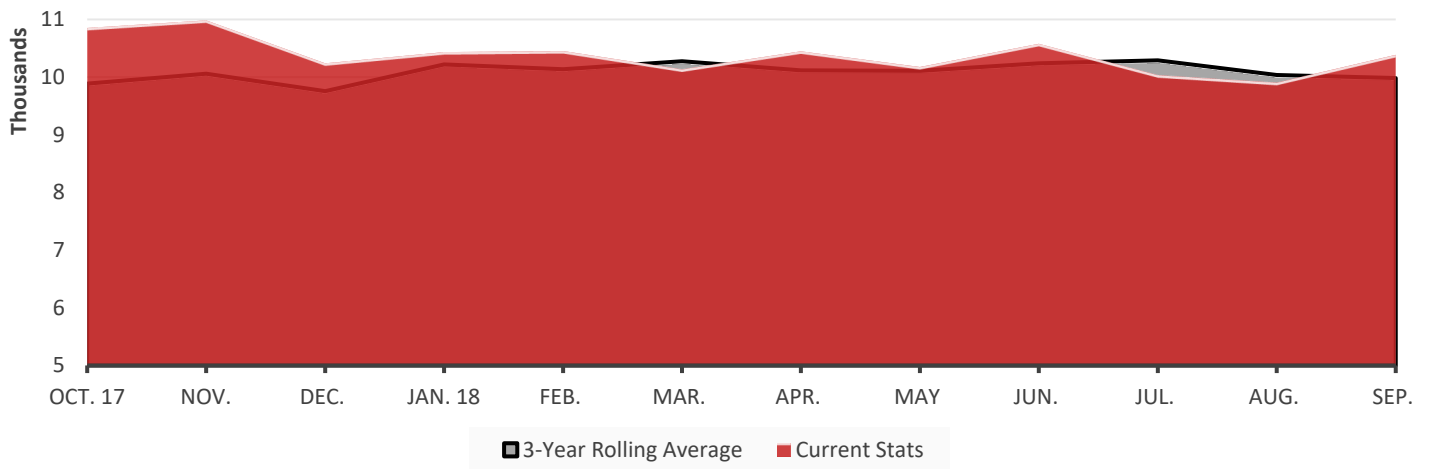


# AVERAGE DAILY RIDERSHIP

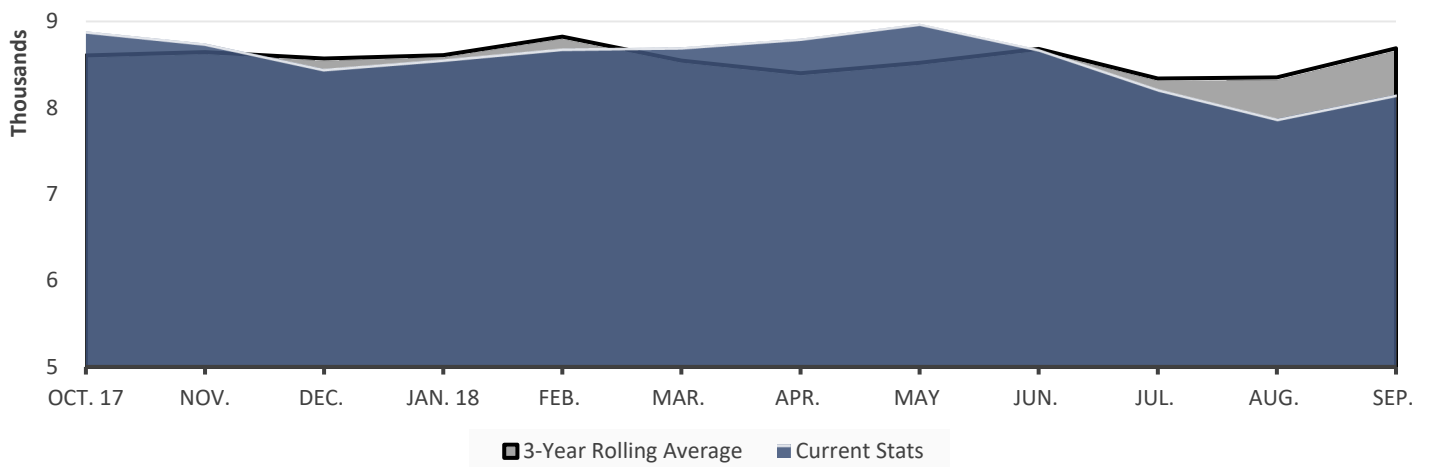
## VRE SYSTEM



## FREDERICKSBURG LINE



## MANASSAS LINE



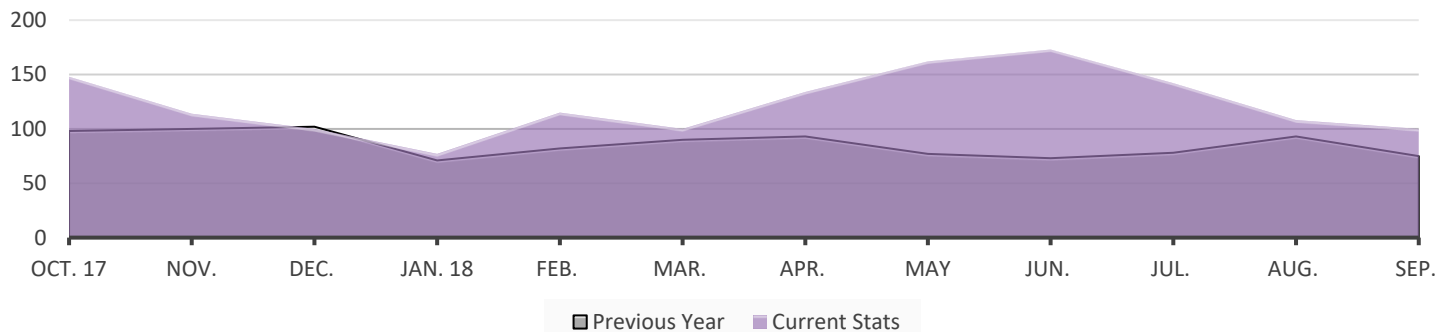
## RIDERSHIP UPDATES

Average daily ridership (ADR) in September was approximately 18,500.

	September 2018	August 2018	September 2017
Monthly Ridership	352,274	414,912	388,936
Average Daily Ridership	18,541	17,779	19,447
Full Service Days	19	23	20
"S" Service Days	0	0	0

## SUMMONSES ISSUED

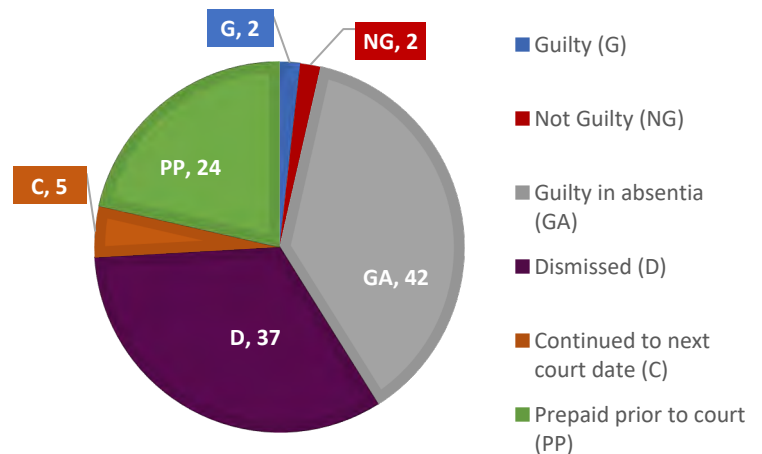
### VRE SYSTEM



### SUMMONSES WAIVED OUTSIDE OF COURT

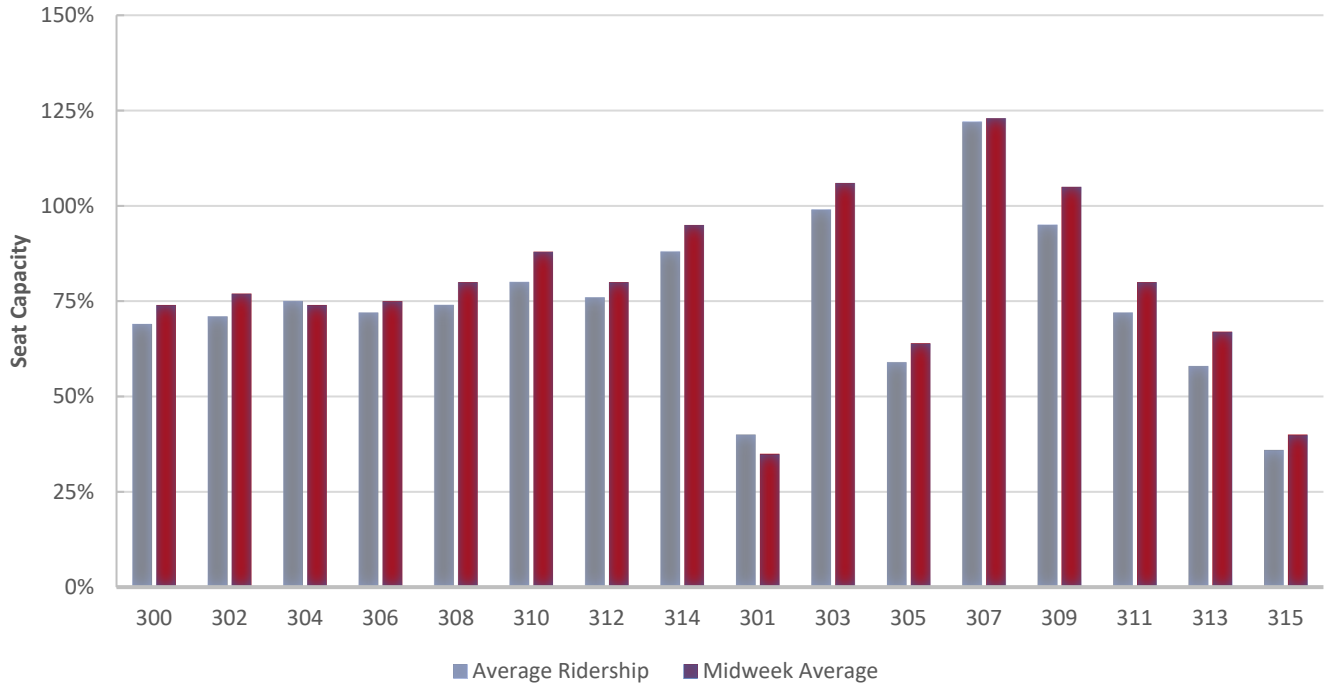
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	38
One-time courtesy	13
Per the request of the conductor	36
Defective ticket	2
Per Ops Manager	1
Unique circumstances	0
Insufficient information	2
Lost and found ticket	0
Other	1
<b>Total Waived</b>	<b>93</b>

### MONTHLY SUMMONSES COURT ACTION

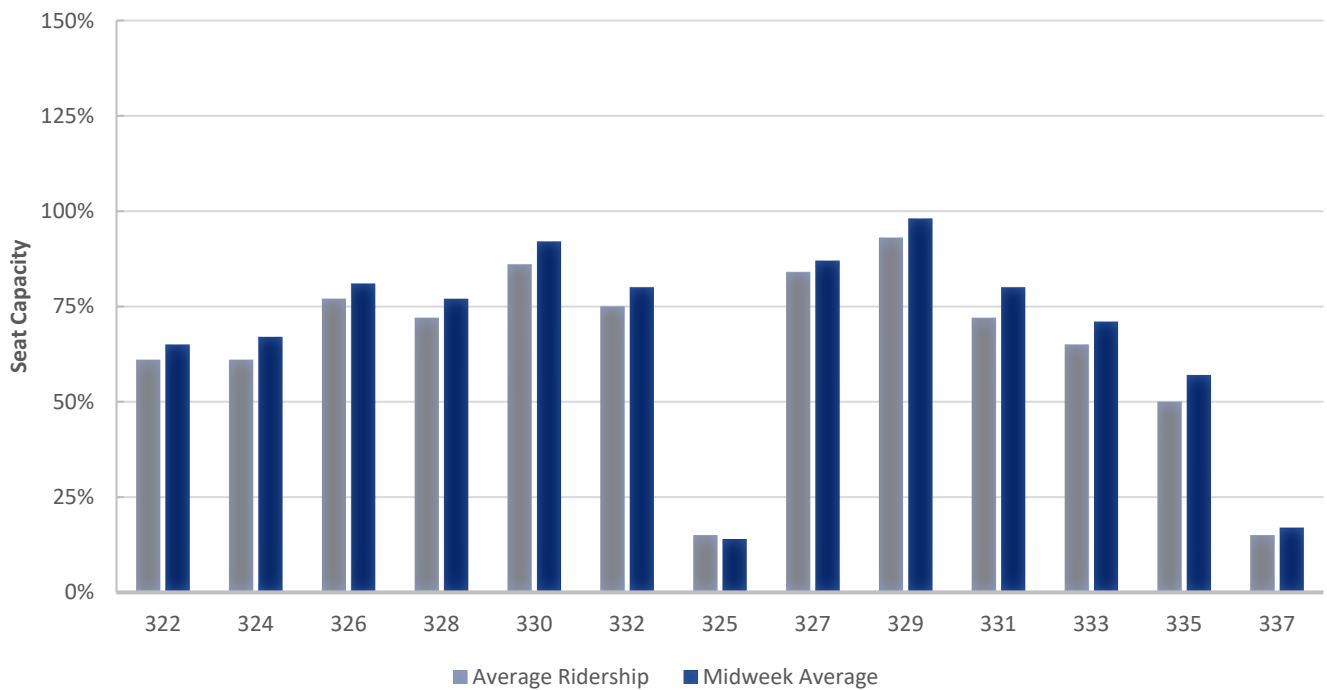


# TRAIN UTILIZATION

## FREDERICKSBURG LINE

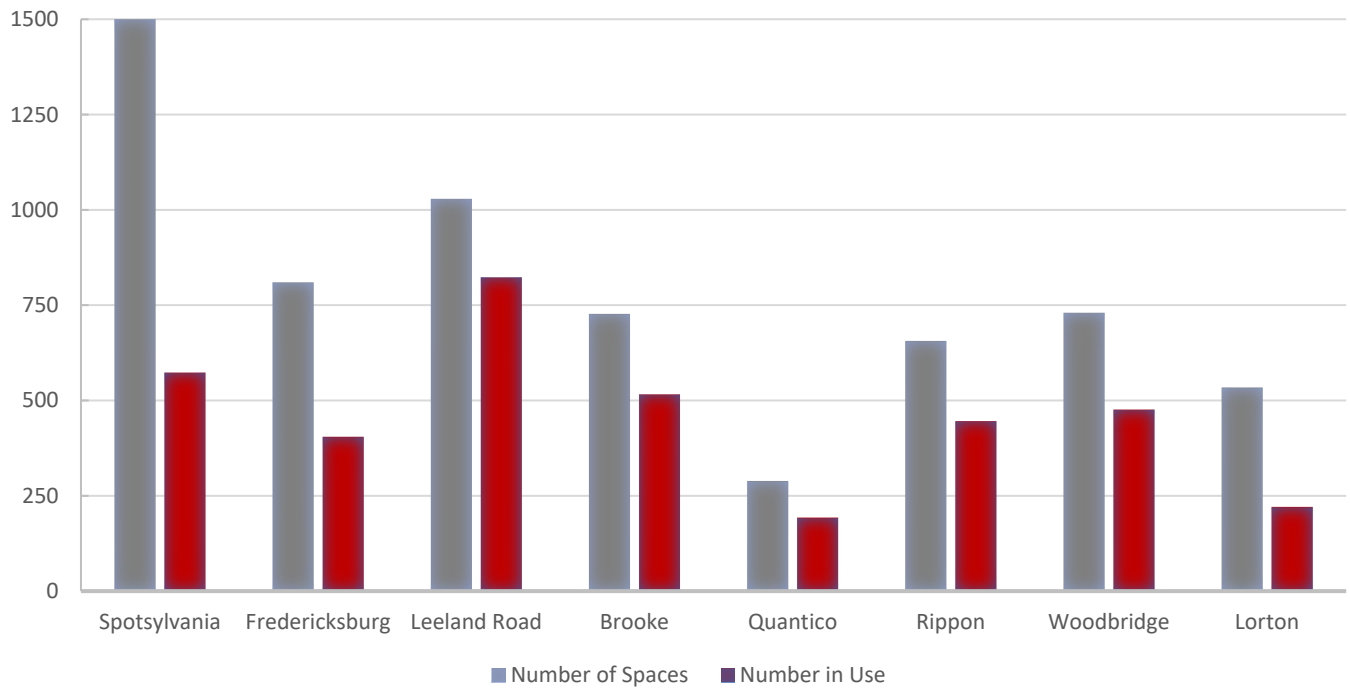


## MANASSAS LINE

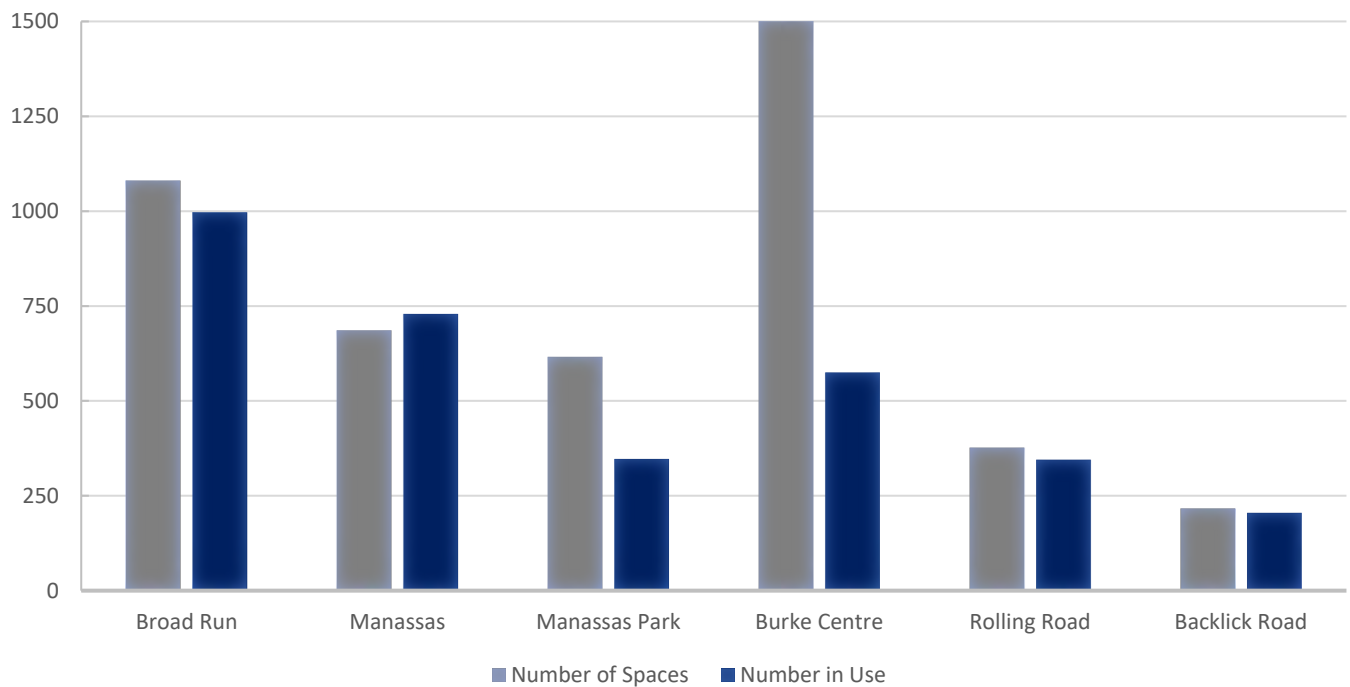


## PARKING UTILIZATION

### FREDERICKSBURG LINE



### MANASSAS LINE





# FINANCIAL REPORT

Fare revenue through the third month of FY 2019 is approximately \$76,000 below budget (an unfavorable variance of -0.7%) and is 0.2% below the same period in FY 2018.

The operating ratio through September is 49%. As in prior years, VRE's annual liability insurance premium was accounted for in full in July, which results in a lower operating ratio in the early months of the fiscal year. VRE remains on track to achieve the budgeted operating ratio for the full twelve months of FY 2019 of 52%.

A summary of the FY 2019 financial results through September follows, including information on the major revenue and expense categories. Please note that these figures are preliminary and unaudited.

FY 2019 Operating Budget Report							
Month Ended September 30, 2018							
	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY19 BUDGET
<b>Operating Revenue</b>							
Passenger Ticket Revenue	3,421,293	3,222,400	10,608,720	10,684,800	(76,080)	-0.7%	42,400,000
Other Operating Revenue	769	17,100	9,174	56,700	(47,527)	-83.8%	225,000
<b>Subtotal Operating Revenue</b>	<b>3,422,062</b>	<b>3,239,500</b>	<b>10,617,893</b>	<b>10,741,500</b>	<b>(123,607)</b>	<b>-1.2%</b>	<b>42,625,000</b>
Jurisdictional Subsidy (1)	-	-	9,119,260	9,062,209	57,051	0.6%	13,336,628
Federal/State/Other Jurisdictional Subsidy	2,711,067	2,526,065	7,951,556	7,780,275	171,281	2.2%	31,371,051
Appropriation from Reserve/Other Income	-	75,240	-	249,480	(249,480)	0.0%	990,000
Interest Income	89,353	15,200	271,568	50,400	221,168	438.8%	200,000
<b>Total Operating Revenue</b>	<b>6,222,482</b>	<b>5,856,005</b>	<b>27,960,278</b>	<b>27,883,864</b>	<b>76,414</b>	<b>0.3%</b>	<b>88,522,679</b>
<b>Operating Expenses</b>							
Departmental Operating Expenses	5,647,258	6,032,294	21,533,548	23,240,517	1,706,968	7.3%	81,761,809
Debt Service	518,529	559,573	1,555,971	1,678,718	122,746	7.3%	6,714,870
Other Non-Departmental Expenses	97,020	3,496	108,757	11,592	(97,165)	0.0%	46,000
<b>Total Operating Expenses</b>	<b>6,262,807</b>	<b>6,595,363</b>	<b>23,198,276</b>	<b>24,930,826</b>	<b>1,732,550</b>	<b>6.9%</b>	<b>88,522,679</b>
<b>Net income (loss) from Operations</b>	<b>(40,325)</b>	<b>(739,358)</b>	<b>4,762,001</b>	<b>2,953,038</b>	<b>1,808,964</b>		<b>0</b>
<b>Operating Ratio</b>			<b>49%</b>	<b>46%</b>	<b>Budgeted Goal</b>	<b>52%</b>	<b>50%</b>

(1) Total jurisdictional subsidy is \$17,767,748. Portion shown as budgeted is attributed to Operating Fund only.

# FACILITIES UPDATE

The following is a status update of VRE facilities projects:

## Completed projects:

1. Painting of Woodbridge Station
2. Repairs to Quantico Station pedestrian grade crossing
3. Replacement of Brooke Station pedestrian grade crossing
4. Repairs to fence at Rolling Road Station
5. Striping of Rolling Road Station parking lot

## Projects scheduled to be completed this quarter:

1. Replacement of tactile warning strip at L'Enfant Station
2. Repairs to fascia and soffit at Woodbridge Station east building
3. Cleaning of glass at Woodbridge Station elevator/stair towers
4. Repairs to potholes at Manassas Park Station
5. Replacement of electrical and communications conduits and partial replacement of lighting at Manassas Park Station
6. Repairs to platform concrete at Manassas Station
7. Installation of automated parking count system at stations with parking lots

## Projects scheduled to be initiated this quarter:

1. Design of platform widening at L'Enfant Station
2. Replacement of signage at additional stations (locations TBD)
3. Replacement of parking lot entrance signs at majority of stations
4. Replacement of waste and recycling receptacles throughout VRE system



*Rolling Road Station Fence Repair (Before)*



*Rolling Road Station Fence Repair (After)*

Ongoing projects:

1. Renovations to Alexandria Headquarters (leased Suite 201, adjacent to current VRE offices)
2. Weed control at L'Enfant storage track
3. Development of specifications for modernization of Woodbridge Station east elevator
4. Development of IFB for Canopy Roof Replacement at the Backlick Road Station and second station (TBD)
5. Replacement of station posters throughout VRE system

## UPCOMING PROCUREMENTS

- Purchase of Passenger Elevators
- Construction of the Lifecycle Overhaul and Upgrade Facility
- Construction Management Services for the Lifecycle Overhaul and Upgrade Facility
- Program Management Services
- Graphic Design Services
- Canopy Roof Replacement at the Backlick and Rolling Road Stations
- Modernization of VRE Woodbridge Station East Elevator
- Repair and Overhaul of Passenger Car HVAC Assemblies
- Passenger Car Wheelchair Lift Assemblies
- Seat Bottoms for Passenger Cars
- Construction of Benchmark Road Slope Stabilization
- Construction of Rolling Road Platform Extension
- Purchase of LED Light Fixtures
- Construction of L'Enfant South Storage Track Wayside Power
- Variable Messaging System Replacement

# CAPITAL PROJECTS UPDATES

AS OF October 12, 2018

## Broad Run Expansion Study (BRX)

- Preliminary engineering (PE) design and NEPA for maintenance and storage facility (MSF) expansion, platform modifications, 3rd track and tunnel underway; completion pending NS design comments
- NS design review agreement under development
- Draft agreements between VRE and Prince William County, City of Manassas regarding Broad Run parking expansion funding and other responsibilities under development
- Bi-weekly Project Management Team (PMT) meetings with BRX consultant
- Weekly schedule review meetings with BRX consultant

## Midday Storage Replacement Facility

- Draft Categorical Exclusion (CE) under development
- Framework/agreement pending for real estate, design and construction activities
- Site survey underway, owner permission for site access pending for private parcels
- Appraisal for Conrail property acquisition under legal review

## Rolling Road Platform Extension

- Final plans for platform extension complete
- VRE Operations Board authorized Invitation for Bids (IFB) for platform extension and rehabilitation pending 2019 construction season start
- Construction Management (CM) GEC task order pending notice to proceed (NTP)

## Crossroads Real Estate Acquisition

- Revised appraisal required

## Long Bridge Expansion Study

- Public information meeting scheduled for November 29, 2018
- Environmental Impact Statement (EIS) underway

## Quantico Station Improvements

- Completion of FD & construction pending execution of IPROC grant by DRPT

## Franconia-Springfield Station Improvements

- Preliminary engineering/30% design plans and environmental documents are currently under review by CSX

## Lorton Station Improvements (Second Platform)

- Preliminary engineering/30% design plans and NEPA documents are currently under review by CSX

## Rippon Station Improvements

- 30% design plans complete
- CSX design review agreement pending

#### Leeland Road Station Improvements

- DRPT LONP received; execution of REF grant pending
- 30% design underway
- CSX design review agreement pending

#### Brooke Station Improvements

- DRPT LONP received; execution of REF grant pending
- Conceptual design underway
- CSX design review agreement pending

#### Alexandria Pedestrian Tunnel Project

- Investigating alternative construction strategies
- Coordinating with FRA and CSX

#### Crossroads Lifecycle Overhaul & Upgrade Facility (LOU)

- Property negotiations continue to acquire property needed to the east and south of existing Crossroads Yard
- Design 100% complete

#### L'Enfant (South) Storage Track Wayside Power

- Invitation for Bids (IFB) for construction pending CSX force account agreement

#### Slaters Lane/Alexandria Track 1 Access

- Construction pending assignment of CSX resources

#### Manassas Park Station Parking Expansion

- Final design underway

#### Crystal City Station Improvements

- RFP for preliminary engineering design and NEPA under development
- Completion pending execution of REF grant by DRPT

#### L'Enfant Track and Station Improvement






- Phase I: Background Information technical memorandum is complete
- Initiation of additional work pending execution of REF grant by DRPT

#### VRE Transit Development Plan Update

- Draft TDP document under development
- Bi-weekly progress meetings with TDP consultant

## Projects Progress Report to Follow

## PASSENGER FACILITIES

PROJECT	DESCRIPTION	PHASE					
		CD	PD	EC	RW	FD	CN
Alexandria Station Improvements	Eliminate at-grade track crossing and pedestrian tunnel to Metro.	◆	◆	◆	N/A	●	
	Modify Slaters Lane Interlocking for passenger trains on Track #1.	◆	◆	◆	N/A	●	
	Extend and widen East Platform and elevate West Platform.	◆	◆	◆	N/A	●	
Franconia-Springfield Station Improvements	Extend both platforms and widen East Platform for future third track. 	◆	●	●	N/A		
Lorton Station Improvements	Construct new second platform with pedestrian overpass. 	◆	●	●	N/A		
Rippon Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. 	◆	●	●	N/A		
Potomac Shores Station Improvements	New VRE station in Prince William County provided by private developer.	◆	●	◆	N/A		
Quantico Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass.	◆	◆	◆	N/A	●	
Brooke Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. 	◆	●	●	N/A		
Leeland Road Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. 	◆	●	●	N/A		
Manassas Park Parking Expansion	Parking garage to increase parking capacity to 1,100 spaces.	◆	●	●	N/A		
Rolling Road Station Improvements	Extend existing platform.	◆	◆	◆	N/A	●	
Crystal City Station Improvements	Replace existing side platform with new, longer island platform.	◆	●	●	N/A		
L'Enfant Track and Station Improvements	Replace existing platform with wider, longer island platform. Add fourth track (VA-LE)	◆			N/A		

PHASE: CD - Conceptual Design PD - Preliminary Design EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction

STATUS: ◆ Completed ● Underway ■ On Hold  part of the "Penta-Platform" program

<sup>1</sup>Total project cost estimate in adopted FY2018 CIP Budget

<sup>2</sup> Does not include minor (< \$50,000) operating expenditures

\* \$2,181,630 authorization divided across five "Penta-Platform" program stations



Total <sup>1</sup>	ESTIMATED COSTS (\$)			Expended <sup>2</sup>	COMPLETION		STATUS
	Funded	Unfunded	Authorized		Percent	Date	
26,674,365	26,674,365	-	1,814,559	1,714,242	60%	4th QTR 2020	60% design complete. Investigating alternative construction strategies.
7,000,000	7,000,000	-	467,500	90,749	30%	4th QTR 2018	Construction start pending assignment of CSXT resources.
2,400,000	400,000	2,000,000	-	-	5%	4th QTR 2020	Design work on East Platform only. West Platform elevation funded.
13,000,000	13,000,000	-	*	337,165	25%	4th QTR 2021	Preliminary engineering plans under review by CSXT and anticipated to be complete in 4th QTR 2018.
16,150,000	16,150,000	-	*	414,788	25%	4th QTR 2021	Preliminary engineering plans under review by CSXT and anticipated to be complete in 4th QTR 2018.
16,632,716	16,632,716	-	*	328,521	20%	4th QTR 2022	30% design underway; CSXT design review agreement pending. Preliminary engineering anticipated complete 2nd QTR 2019.
No costs for VRE. Private developer providing station.					10%	TBD	Design resumed after resolution of DRPT/CSXT/FRA track project issues.
18,350,745	18,350,745	0	-	-	30%	TBD	Completion of FD & construction pending excution of IPROC grant by DRPT.
23,390,976	23,390,976	-	*	259,910	20%	4th QTR 2022	DRPT LONP received; execution of REF grant pending. 30% design underway.
15,527,090	15,527,090	-	*	273,761	20%	4th QTR 2022	DRPT LONP received; execution of REF grant pending. 30% design underway.
25,983,000	25,983,000	0	2,238,144	466,841	30%	4th QTR 2022	Final design initiated.
2,000,000	2,000,000	-	442,900	321,444	50%	3rd QTR 2020	Invitation for Bids (IFB) for platform extension and rehabilitation pending 2019 construction season start.
41,810,000	5,410,000	36,400,000	370,285	373,396	10%	2nd QTR 2023	Completion of PD & EC pending excution of REF grant by DRPT.
70,650,000	3,226,000	67,424,000	2,980,000	58,793	10%	2nd QTR 2023	Completion of PD & EC pending excution of REF grant by DRPT.

## TRACK AND INFRASTRUCTURE

PROJECT	DESCRIPTION	PHASE					
		CD	PD	EC	RW	FD	CN
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

L'Enfant South Storage Track and Wayside Power	Conversion of CSXT Temporary Track to VRE Storage Track (1,350 feet) and Associated Signal Work	◆	◆	◆	N/A	●	●
Lifecycle Overhaul and Upgrade Facility	New LOU facility to be added to the Crossroads MSF.	◆	◆	◆	N/A	◆	■
Crossroads Maintenance and Storage Facility Land Acquisition	Acquisition of 16.5 acres of land, construction of two storage tracks and stormwater retention and new	◆	N/A	N/A	●	N/A	N/A
Midday Storage	New York Avenue Storage Facility: Planning, environmental and preliminary engineering.	◆	●	●	●		

## ROLLING STOCK

Passenger Railcar Procurement	Acquisition of 29 new railcars.	◆	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 IT










Broad Run Expansion (was Gainesville-Haymarket Extension)	NEPA and PE for expanding commuter rail service capacity in Western Prince William County	◆	●	●	-	-	-
Mobile Ticketing	Implementation of a new mobile ticketing system.	◆	N/A	N/A	N/A	◆	●

PHASE: CD - Conceptual Design PD - Preliminary Design EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction

STATUS: ◆ Completed ● Underway ■ On Hold

<sup>1</sup> Total project cost estimate in adopted FY2018 CIP Budget

<sup>2</sup> Does not include minor (< \$50,000) operating expenditures

Total <sup>1</sup>	ESTIMATED COSTS (\$)				COMPLETION			STATUS
	Funded	Unfunded	Authorized	Expended <sup>2</sup>	Percent	Date		
32,500,000	32,500,000	-	33,285,519	30,578,003	100%	3rd QTR 2018		Close-out pending repair of storm damage to embankment.
3,965,000	3,965,000	-	2,937,323	1,672,293	50%	3rd QTR 2018		Invitation for Bids (IFB) for construction pending CSX force account agreement.
38,183,632	38,183,632	-	3,176,039	2,129,476	90%	TBD		Design 100% complete. On hold pending property acquisition.
2,950,000	2,950,000	-	2,950,000	139,154	95%	TBD		Revised appraisal required.
89,666,508	89,666,508	-	3,588,305	1,578,485	25%	4th QTR 2018		Site survey underway, owner permission for access pending for private parcels; Conrail appraisal under legal review.
75,264,693	75,264,693	-	69,457,809	47,915,644	95%	4th QTR 2020		All cars received. Completion date reflects end of warranty period.
10,553,000	10,553,000	-	10,294,079	7,984,451	80%	4th QTR 2018		Onboard installations ongoing.
137,230,000	83,825,501	53,404,499	5,208,845	4,216,582	22%	4th QTR 2022		Completion of preliminary engineering and NEPA review pending NS design review agreement and comments.
3,510,307	3,510,307	-	3,510,627	2,168,462	65%	2nd QTR 2019		Rate My Ride is live in app. Big Commerce/Moovel collaboration underway for web based ticketing portal.



## **VIRGINIA RAILWAY EXPRESS**

1500 KING STREET, SUITE 202 • ALEXANDRIA, VA 22314 • 703.684.1001

VRE.ORG





**RESOLUTION #2370**

**SUBJECT:** Accept and Authorize Distribution of VRE's FY2018 Comprehensive Annual Financial Report (CAFR)

**WHEREAS:** The Virginia Railway Express (VRE) Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements;

**WHEREAS:** The audit of the VRE FY2018 financial statements has been completed;

**WHEREAS:** The auditors have issued an unmodified opinion that the VRE statements, in all material respects, fairly and accurately present the financial position of the commuter rail operation; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission accepts VRE's FY2018 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the VRE Chief Executive Officer to forward these documents to interested groups, firms, and members of the public.

Approved this 6<sup>th</sup> day of December 2018.

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Paul C. Smedberg  
Chairman

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Katie Cristol  
Secretary-Treasurer

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# VIRGINIA RAILWAY EXPRESS **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017



A COMMUTER RAIL SERVICE JOINTLY OWNED AND OPERATED BY THE  
NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND  
THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION.  
HEADQUARTERED IN ALEXANDRIA, VA.



Government Finance Officers Association

**Certificate of  
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Presented to

**Virginia Railway Express**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



# **VIRGINIA RAILWAY EXPRESS**

**Comprehensive Annual Financial Report**

**YEARS ENDED JUNE 30, 2018 AND 2017**



Prepared by:

Department of Finance

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## **Introductory Section**



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VIRGINIA RAILWAY EXPRESS

October 30, 2018

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, 2018, 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. 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) can be 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 near Fredericksburg and Manassas, Virginia, and terminating at Union Station in Washington, DC. VRE began operations in 1992 with 16 trains and 1,800 average daily riders. During fiscal year 2018, VRE operated 32 trains in revenue service and carried an average daily ridership of 18,974, based on 248 service days.

VRE is owned by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists 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. 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 commuter rail service and NVTC is the recipient of state grants for the commuter 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 2018, VRE focused on improving its rolling stock, facilities, and systems in order to ensure the financial health and operational safety of the current rail service and to allow for future system expansion.

- **Rolling Stock:** Nine new Gallery railcars were delivered and placed into service in fiscal year 2018. These cars are the second part of a larger set of expansion railcars intended to grow the VRE fleet and provide additional capacity for carrying passengers. VRE placed an initial order for the construction of five Gallery railcars in fiscal year 2015 and ordered an additional nine railcars in fiscal year 2016. Together, these fourteen rail cars will allow expansion of the VRE service, primarily through the lengthening of existing trains.
- **Facilities:** Construction of the Lorton Station platform expansion was completed and entered service in fiscal year 2018. This is part of an ongoing plan to extend existing platforms and add new second platforms at stations on the Fredericksburg Line. Work continued in fiscal year 2018 on the L'Enfant Storage tracks (North and South) that will allow VRE to store some trains outside of Washington Union Terminal during the midday period. The North track went into service early in fiscal year 2019, and the South storage track is anticipated to enter service later in fiscal year 2019. Work continued on the Midday Storage Facility, a vital multi-year project to construct a replacement storage facility for VRE trains in Washington D.C.
- **Systems:** Substantial work continued in fiscal year 2018 on the installation of Positive Train Control (PTC) devices on VRE's locomotives and cab cars as VRE works towards full compliance with the mandates created by the Rail Safety Improvement Act of 2008. VRE launched its mobile ticketing system in fiscal year 2015, and by the end of fiscal year 2018, the mobile ticketing system now accounts for 27 percent of monthly revenue and 32 percent of monthly ticket sales. VRE also continues to move forward on implementation of automated systems to count both passengers on the trains and automobiles utilizing VRE parking facilities. These systems will provide real-time information to customers and staff and allow for more efficient utilization of VRE's capacity.

In July 2017, the Northern Virginia Transportation Authority recommended approval of \$118 million from the I-66 Outside the Beltway Concessionaire Payment for VRE's Manassas Line Capacity Expansion and Real-Time Traveler Information project, and the Commonwealth Transportation Board gave final approval to funding those projects in December 2017. These funds will support additional railcars, expansions of stations and parking facilities, storage and maintenance facility expansions, and real-time information along the I-66 corridor. Along with the Smart Scale funding for the Fredericksburg Line that was approved in late fiscal year 2017, these two awards have filled crucial near-term funding gaps for VRE and will allow these projects to move forward into construction. These projects are will increase capacity to carry additional riders while requiring only modest additional operating expense.

As part of the passage of HB1539 in March 2018, the Virginia legislature approved the creation of the new Commuter Rail Operating and Capital (C-ROC) Fund. C-ROC funding is dedicated to "retaining, maintaining, improving, and developing commuter rail-related infrastructure improvements and operations" that are "essential to the Commonwealth's continued economic growth, vitality, and competitiveness." VRE is the only commuter railroad currently operating in Virginia and the only eligible recipient of funding from the C-ROC Fund. C-ROC funding may be used to support the cost of commuter rail operations as well as to make necessary capital investments and improvements, either on a pay-as-you-go basis or through the issuance of debt. C-ROC funding may be used as matching funds for state and federal grants.



The legislature also authorized changes to the regional gasoline tax collected by the Commissions. These changes raised the gasoline price ‘floor’ used to determine the total tax collected. From the regional gasoline tax revenues that are generated, \$15 million annually is dedicated to the C-ROC Fund. This \$15 million of annual funding is then disbursed from the C-ROC Fund to VRE for its use on operating and capital projects. Funding of \$1.25 million per month began flowing into the C-ROC Fund on July 1, 2018.

### **Long-Term Financial Planning**

To help prioritize investment 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 that demand. The plan 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 1 includes near-term investments that will maximize the capacity of the existing VRE system (e.g., by lengthening existing trains and platforms), while Phases 2 and 3 are focused on investments to significantly expand system capacity to support long-term service and ridership growth. VRE is committed to major joint investments in the CSX corridor in Phases 2 and 3 that will relieve key capacity bottlenecks, including the Long Bridge crossing of the Potomac River. During fiscal year 2016, a companion Financial Plan was completed that identified the costs, revenues, and funding gaps associated with System Plan 2040 and several alternate service and capital investment profiles during the same timeframe. This Financial Plan was critical to making the case to the legislature for the creation of the C-ROC Fund during fiscal year 2018. VRE began work on a refresh of the Financial Plan in late fiscal year 2018 that will update the key assumptions in the modeling regarding ridership, costs, project schedules, and funding sources. The results of this refresh will be used to guide decision-making regarding the C-ROC funds in the fiscal year 2020 budget.

In December 2011, a Transit Development Plan (TDP) for VRE was prepared that complies with Virginia Department of Rail and Public Transportation (DRPT) requirements for recipients of state transit operating and capital assistance. The TDP assists the agency in preparing inputs to the state Six-Year Improvement Program (SYIP) for transportation. The TDP 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. VRE began work on a major update of the TDP in fiscal year 2018.

### **Financial Environment**

As the regional road network has become more crowded over the last 25 years – particularly in the critical Interstate 95/395 and Interstate 66 Corridors of Statewide Significance – the VRE commuter rail system has provided a competitive alternative for Virginia commuters. VRE ridership remains strong due to investments in new equipment, consistent on-time performance, and a focus on customer service, as well as growth in the overall economy of the Washington region.

Although subsidy funding from the local jurisdictions is constrained, VRE continues to work with regional, state, and federal partners to identify additional revenue sources. As a result, future VRE budgets will reflect a balance between meeting service needs, maintaining the system in a state of good repair, setting fares at a reasonable level, and incorporating new funding sources into the strategic direction set by the Operations Board and the Commissions. The new C-ROC dedicated funding offers VRE an opportunity to fund projects that may not be eligible for other sources of funding, as well as to provide a local match that can leverage state and federal funding for larger projects.

The focus of the VRE Operations Board and VRE management continues to be the provision of safe and reliable commuter rail service. Public transit plays a vital role in addressing the region’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. As noted by the Commonwealth Transportation Board (CTB) in its review of VRE’s Financial Plan, “VRE is an asset to the Commonwealth that by its own analysis is currently valued at over \$5.4 billion, and with additional investment could be worth up to \$14 billion.”

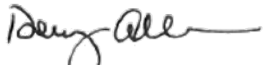
## Awards and Acknowledgement

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, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report could not have been prepared without the dedicated cooperation of the entire Finance staff. We would also like to thank the VRE Operations Board and the Commissions for their continued support in planning and conducting the financial operations of VRE in a responsible, progressive fashion.

Respectfully submitted,



Doug Allen  
Chief Executive Officer



Mark Schofield  
Chief Financial Officer



Alexander E. Buchanan  
Comptroller

## **DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL**

### **Operations Board**

#### Officers

Chairman	Hon. Marty Nohe, Prince William County
Vice-Chairman	Hon. Katie Cristol, Arlington County
Secretary	Hon. Maureen Caddigan, Prince William County
Treasurer	Hon. John Cook, Fairfax County

#### Members

Hon. Sharon Bulova, Fairfax County  
Hon. Mark Dudenhefer, Stafford County  
Hon. John Jenkins, Prince William County  
Hon. Matt Kelly, City of Fredericksburg  
Hon. Wendy Maurer, Stafford County  
Jennifer Mitchell, VDRPT  
Hon. Suhas Naddoni, City of Manassas Park  
Pamela Sebesky, City of Manassas  
Hon. Gary Skinner, Spotsylvania County  
Hon. Paul Smedberg, City of Alexandria

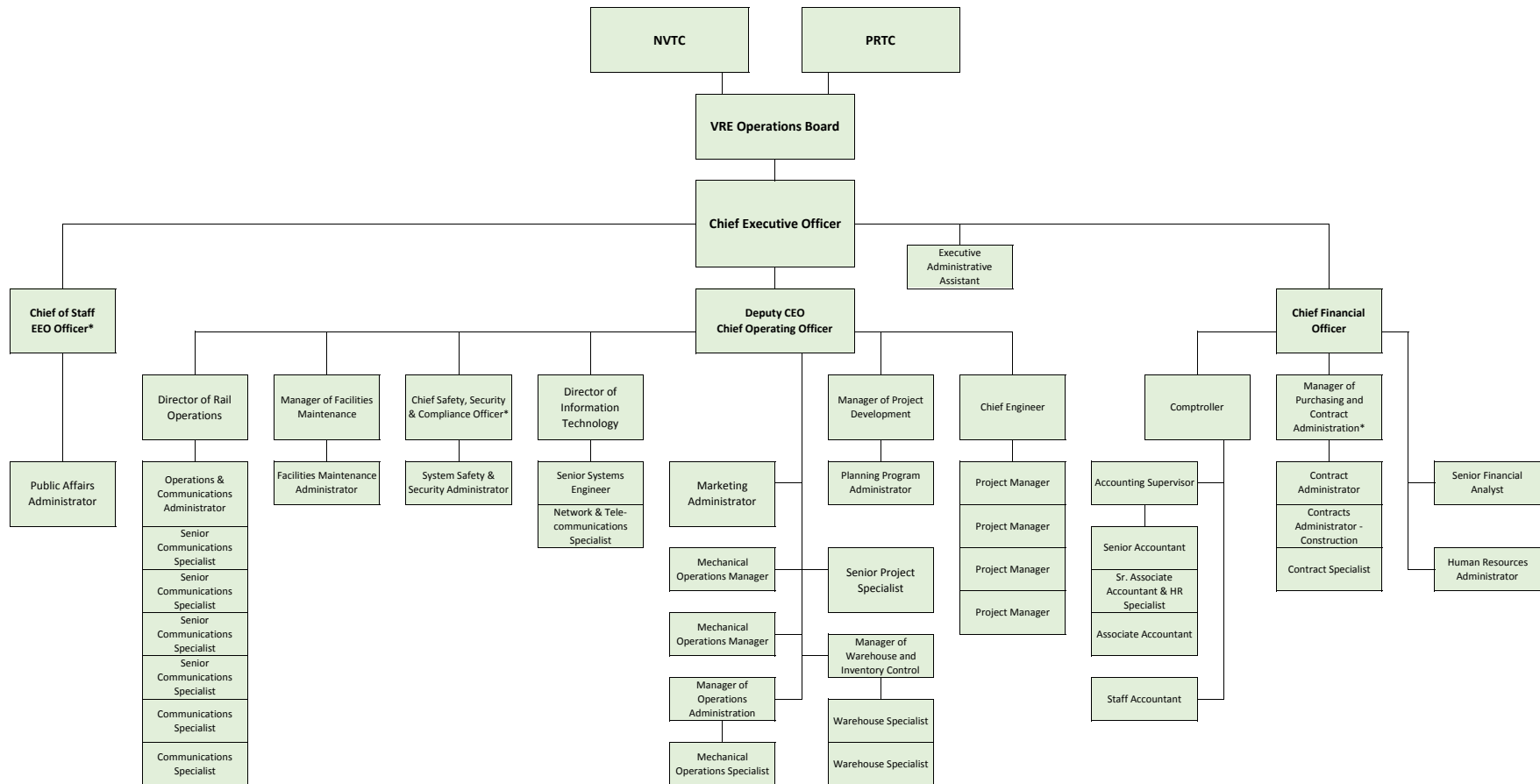
#### Alternates

Hon. Ruth Anderson, Prince William County  
Hon. Pete Candland, Prince William County  
Hon. Jack Cavalier, Stafford County  
Hon. Hector Cendejas, City of Manassas Park  
Hon. Libby Garvey, Arlington County  
Hon. Jason Graham, City of Fredericksburg  
Hon. Jeanine Lawson, Prince William County  
Hon. Tim Lovain, City of Alexandria  
Hon. Jeff Mcay, Fairfax County  
Mike McLaughlin, VDRPT  
Hon. Cindy Shelton, Stafford County  
Hon. Paul Trampe, Spotsylvania County  
Hon. Mark Wolfe, City of Manassas

### **Management**

Chief Executive Officer	Doug Allen
Deputy CEO & Chief Operating Officer	Richard Dalton
Chief of Staff	Joe Swartz
Chief Financial Officer	Mark Schofield
Comptroller	Alexander E. Buchanan
Director, Rail Operations	Chris Henry

**Virginia Railway Express  
Organizational Chart  
June 30, 2018**



\* Note: Chief Safety, Security and Compliance Officer reports to the CEO in matters related to safety and security  
 Manager of Purchasing and Contract Administration reports to the CEO in matters related to their duties as DBE liaison  
 Chief of Staff reports to the CEO in matters related to EEO

## **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, 2018 and 2017, 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 audits. We conducted our audits 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 audits 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, 2018 and 2017, 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 Principles*

As discussed in Note 11 to the financial statements, VRE restated beginning net position in order to record the other postemployment benefits and related components in accordance with the implementation of GASB Statement No. 75.

## **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 9-18 and 58-63, 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 audits 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 audits were 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 audits 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 October 30, 2018 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 solely 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  
October 30, 2018





## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides the reader with an overview of the activities and performance of the Virginia Railway Express (VRE) for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal on pages 1-4 of this report and the financial statements, which begin on page 19.

### Financial Operations and Highlights

- Operating revenues decreased by 0.2 percent compared to the prior year, from \$42,582,290 to \$42,490,170. Ridership decreased 1.2 percent from 4,761,035 to 4,705,529, reflecting three fewer service days in fiscal year 2018, and a year of generally stable and consistent service levels, transit subsidies and local transportation conditions. Average daily ridership was 18,974 in fiscal year 2018 compared to 18,968 in fiscal year 2017, or essentially unchanged.
- Operating expenses increased by 6.9 percent from \$73,979,660 to \$79,049,691, as the result of regular contractual increases; rising diesel fuel costs; increases in rolling stock repair and maintenance costs and increases in grant funded expenses for asset management and capital project planning and studies.
- Non-operating revenue decreased by 3.0 percent from \$52,302,892 to \$50,722,503 primarily as the result of a decrease to the state operating assistance grant and a reduction of debt service expense reimbursements related to the refinancing of the Federal Railroad Administration (FRA) Bond.
- Capital grants and assistance increased by 21.8 percent from \$19,052,133 to \$23,197,414 as a result of the delivery of nine grant funded railcars, compared to five in the prior year, and the completion of the Lorton Station main platform expansion project. VRE continues to have many capital projects in early stages of development that have not yet initiated major construction.
- The operating loss before depreciation and amortization was \$36,559,521, an increase from the previous year of 16.4 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 \$16,012,161 from \$359,634,035 (as restated) to \$375,646,196, primarily as the result of grants and contributions for capital improvements. At the end of the fiscal year, unrestricted net position was \$72,747,104, an increase of \$3,861,326.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, increased by 1.9 percent, as the combined result of the delivery of nine new railcars, the completion of the Lorton Station main platform expansion and the recognition of annual depreciation and amortization.

### Overview of the Basic Financial Statements

This discussion and analysis is 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 19-22 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 23-57 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 Statements of Net Position at June 30, 2018, 2017, and 2016 is shown below. VRE is not able to restate the Statement of Net Position at June 30, 2016 to reflect the adoption of GASB Statement No. 75 due to a lack of available information on other post-employment benefits (OPEB) provided by VRS.

#### Condensed Statements of Net Position

	2018	2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Current and other assets	\$ 95,835,889	\$ 91,338,135	\$ 81,123,071
Capital assets, net	352,798,880	346,205,344	343,924,549
Deferred outflows of resources	884,315	646,262	319,010
<b>Total assets and deferred outflows of resources</b>	<b>449,519,084</b>	<b>438,189,741</b>	<b>425,366,630</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Current portion of long-term debt	3,716,789	3,666,190	3,503,033
Other current liabilities	8,642,749	11,011,792	13,847,188
Noncurrent liabilities	61,216,736	63,455,771	66,780,894
Deferred inflows of resources	296,614	-	182,256
<b>Total liabilities and deferred inflows of resources</b>	<b>73,872,888</b>	<b>78,133,753</b>	<b>84,313,371</b>
<b>NET POSITION:</b>			
Net investment in capital assets	289,271,966	279,920,481	274,136,653
Restricted	13,627,126	11,249,729	11,219,213
Unrestricted	72,747,104	68,885,778	55,697,393
<b>Total net position, as restated</b>	<b>\$ 375,646,196</b>	<b>\$ 360,055,988</b>	<b>\$ 341,053,259</b>

## **Current Year**

Net position increased by approximately \$15.6 million, or 4.3 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements.

The largest portion of VRE's net position, \$289.3 million or 77.0 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 the capital assets themselves will be liquidated to pay liabilities.

Restricted net position increased approximately \$2.4 million or 21.1 percent, primarily related to establishment of the Virginia Resources Authority (VRA) debt service reserve as part of the refinancing of the Federal Railroad Administration (FRA) Bond. The majority of VRE's restricted net position, \$10.5 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$6.6 million or 1.9 percent as the result of the delivery of nine additional railcars, and the completion of the Lorton Station main platform expansion project.

Current liabilities decreased approximately \$2.3 million or 15.8 percent as the result of minor changes in various line items.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$1.9 million or 3.0 percent because of scheduled note and capital lease repayments during the year and the refinancing of the Federal Railroad Administration (FRA) Bond.

## **Prior Year**

Net position increased by approximately \$19.0 million, or 5.6 percent during the previous fiscal year, due mainly to capital contributions used to fund system improvements.

The largest portion of VRE's net position, \$279.9 million or 77.7 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 the capital assets themselves will be liquidated to pay liabilities.

Restricted net position increased approximately \$0.03 million or 0.3 percent. A portion of VRE's restricted net position, \$10.5 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$2.3 million or 0.7 percent as the result of the delivery of five additional railcars, and reduction in value of the Hamilton to Crossroads third main track project due to over-accrual of costs prior to capitalization in fiscal year 2016.

Current liabilities decreased approximately \$2.7 million or 15.4 percent as the result of minor changes in various line items.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$3.5 million or 5.3 percent because of scheduled note and capital lease repayments during the year.

## 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.

	2018	2017	2016
Operating revenues:			
Passenger revenue	\$ 42,221,002	\$ 42,280,669	\$ 37,696,913
Equipment rentals and other	269,168	301,621	240,052
<b>Total operating revenues</b>	<b>42,490,170</b>	<b>42,582,290</b>	<b>37,936,965</b>
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	17,145,270	18,265,581	16,572,077
Federal – with PRTC as grantee	15,362,802	15,937,225	13,917,534
Jurisdictional contributions	17,250,240	17,250,240	16,428,800
Regional transportation funding (NVTa)	766,586	461,889	542,671
Interest income	749,062	384,457	163,318
Gain (loss) on disposal of assets	(551,457)	3,500	-
<b>Total nonoperating revenues, net</b>	<b>50,722,503</b>	<b>52,302,892</b>	<b>47,624,400</b>
<b>Total revenues</b>	<b>93,212,673</b>	<b>94,885,182</b>	<b>85,561,365</b>
Operating expenses:			
Contract operations and maintenance	26,917,081	25,873,933	24,082,615
Other operations and maintenance	17,492,047	14,461,209	13,662,606
Property leases and access fees	16,693,442	16,236,606	15,175,732
Insurance	3,766,321	3,970,753	4,046,198
Marketing and sales	2,529,388	2,532,214	2,393,332
General and administrative	11,651,412	10,904,945	10,514,343
<b>Total operating expenses</b>	<b>79,049,691</b>	<b>73,979,660</b>	<b>69,874,826</b>
Other expenses:			
Depreciation and amortization	18,201,071	17,737,170	16,953,565
Interest, financing costs and other	3,147,164	3,217,756	3,384,762
<b>Total other expenses</b>	<b>21,348,235</b>	<b>20,954,926</b>	<b>20,338,327</b>
<b>Total expenses</b>	<b>100,397,926</b>	<b>94,934,586</b>	<b>90,213,153</b>
Deficit before capital contributions and extraordinary item	(7,185,253)	(49,404)	(4,651,788)
Capital grants and assistance:			
Commonwealth of Virginia grants	13,010,326	3,033,657	9,826,429
Federal grants – with PRTC as grantee	9,559,056	15,204,474	22,125,460
Regional transportation funding (NVTa)	615,190	651,163	-
In-kind and other local contributions	12,842	162,839	851,659
<b>Total capital grants and assistance</b>	<b>23,197,414</b>	<b>19,052,133</b>	<b>32,803,548</b>
Extraordinary item	-	-	(1,882,945)
<b>Change in net position</b>	<b>16,012,161</b>	<b>19,002,729</b>	<b>26,268,815</b>
Net position – beginning of year, as restated	359,634,035	341,053,259	314,784,444
Net position – end of year	\$ 375,646,196	\$ 360,055,988	\$ 341,053,259

The earliest year presented has not been restated for implementation of GASB Statement No. 75 due to a lack of available information on other postemployment benefits (OPEB – GLI) provided by VRS.

## Revenues

### Current Year

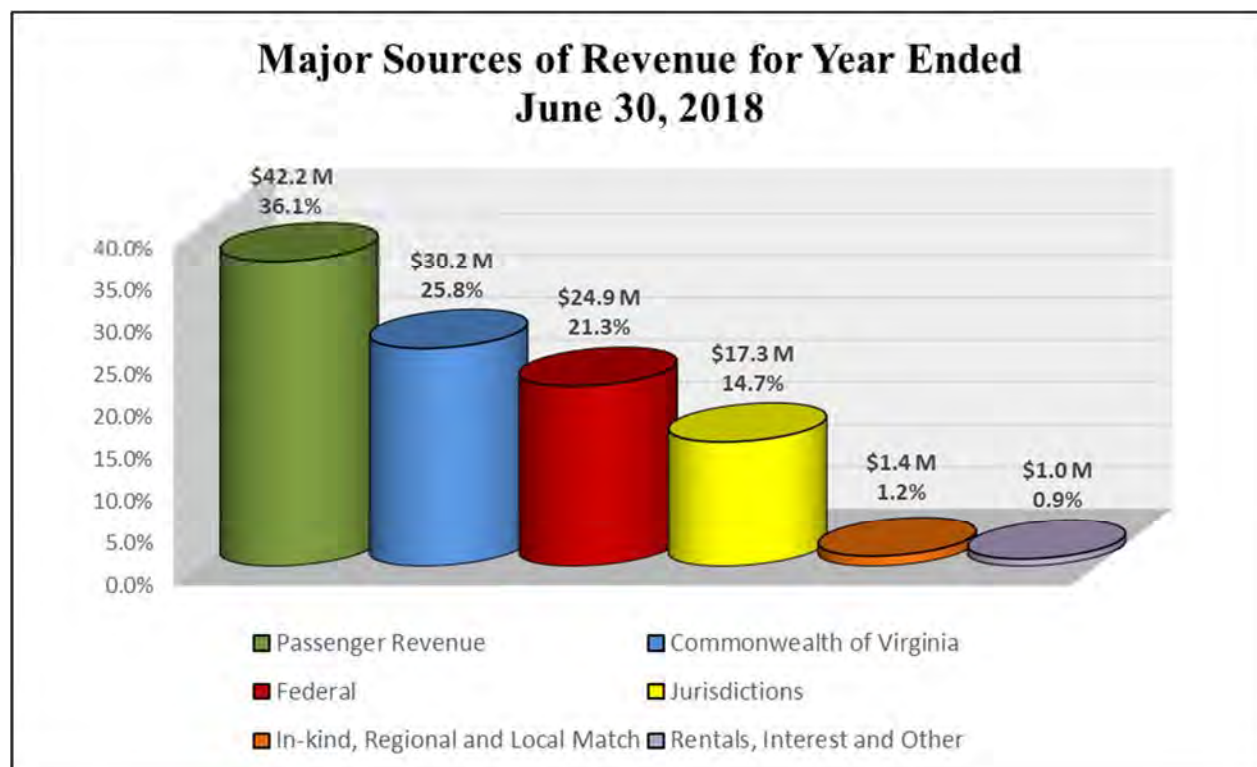
Total revenues for the current fiscal year decreased approximately \$1.7 million or 1.8 percent. Operating revenues totaled approximately \$42.5 million, a decrease of 0.2 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs were unchanged from fiscal year 2017. State, federal and regional subsidies decreased by \$1.4 million, primarily as the result of a decrease to the state operating assistance grant.

Passenger revenue decreased approximately \$0.05 million or 0.1 percent, reflecting three fewer service days in fiscal year 2018, and a year of generally stable and consistent service levels, transit subsidies and local transportation conditions. Ridership decreased by 1.2 percent as the result of the same factors. Average daily ridership was 18,974 in fiscal year 2018 compared to 18,968 in fiscal year 2017, or essentially unchanged.

	June 30,		
	2018	2017	2016
Ridership	4,705,529	4,761,035	4,441,858
% Increase (Decrease)	(1.2%)	7.2%	(3.8%)

Capital grants and assistance increased approximately \$4.1 million or 21.8 percent; this increase is attributed to the delivery of nine grant funded railcars, compared to five in the prior year, and the completion of the Lorton Station main platform expansion project. VRE continues to be in a period with many current projects in early stages of development and not yet having initiated major construction.

The following chart shows the major sources of revenues for the year ended June 30, 2018:



### **Prior Year**

Total revenues for the prior fiscal year increased approximately \$9.3 million or 10.9 percent. Operating revenues totaled approximately \$42.6 million, an increase of 12.2 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$821,000. State, federal and regional subsidies increased by \$3.6 million, primarily as the result of an increase to the state operating assistance grant and grant funding for asset management.

Passenger revenue increased approximately \$4.6 million or 12.2 percent, reflecting a full year of increased federal transit benefits started in January 2016, a full year of operation of the new Fredericksburg Line train begun mid-year in fiscal year 2016, as well as the effects of WMATA's SafeTrack program on VRE ridership. Ridership increased by 7.2 percent as the result of the same factors.

Capital grants and assistance decreased approximately \$13.8 million or 41.9 percent; this decrease is attributed to the delivery of five grant funded railcars, compared to seven in the prior year, with no other completed capital projects and with many current projects in early stages of development and not yet having initiated major construction.

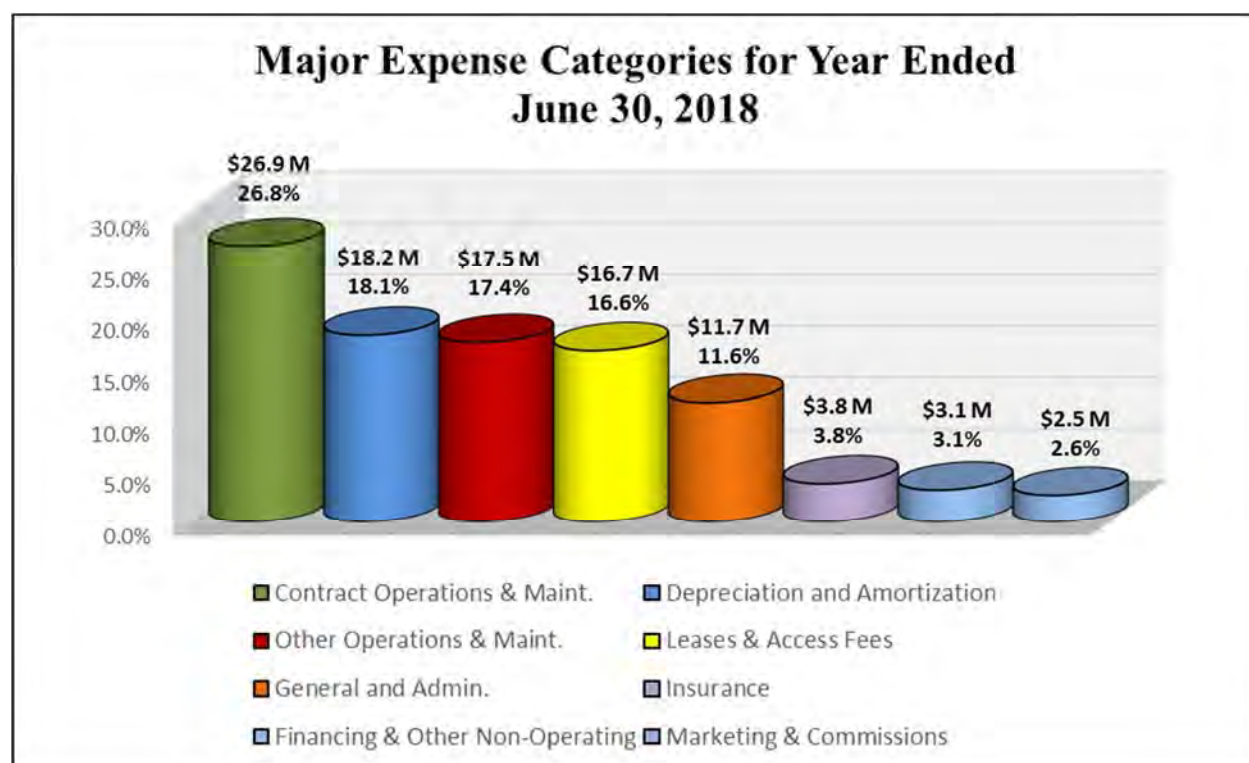
### **Expenses**

#### **Current Year**

Total operating and other expenses, including depreciation and amortization, increased by approximately \$5.5 million or 5.8 percent. Operating expenses increased by approximately \$5.1 million or 6.9 percent. Total operating expenses were approximately \$79.0 million compared to \$74.0 million for the prior fiscal year.

Contract operations and maintenance increased by approximately \$1.0 million or 4.0 percent, reflecting contractual increases, increased maintenance efforts and enhancements to train operations and maintenance services. Property lease and access fee costs increased by approximately \$0.5 million or 2.8 percent as the result of regular contractual increases and a generally stable level of service. Other operations and maintenance costs increased by \$3.0 million or 21.0 percent due primarily to an increase in asset management maintenance expenses, increases in diesel fuel costs and increased costs of railcar maintenance. General and administrative costs increased by \$0.7 million or 6.8 percent due to increased consulting and professional services costs. Depreciation and amortization increased by approximately \$0.5 million or 2.6 percent and net interest and financing costs decreased by approximately \$0.1 million or 2.2 percent.

The following chart shows the major expense categories for the year ended June 30, 2018:



### **Prior Year**

Total operating and other expenses, including depreciation and amortization, increased by approximately \$4.7 million or 5.2 percent in the previous year. Operating expenses increased by approximately \$4.1 million or 5.9 percent. Total operating expenses were approximately \$74.0 million compared to \$69.9 million for the prior fiscal year.

Contract operations and maintenance increased by approximately \$1.8 million or 7.4 percent, reflecting the first full fiscal year of a new Fredericksburg Line train, regular contractual increases and enhancements to train operations and maintenance services. Property lease and access fee costs increased by approximately \$1.1 million or 7.0 percent as the result of regular contractual increases and the first full year addition of a new train. Other operations and maintenance costs increased by \$0.8 million or 5.8 percent due primarily to an increase in asset management maintenance expenses. General and administrative costs increased by \$0.4 million or 3.7 percent due to the addition of four staff positions. Depreciation and amortization increased by approximately \$0.8 million or 4.6 percent and net interest and financing costs decreased by approximately \$0.2 million or 4.9 percent.

## Capital Assets and Debt Administration

### Capital Assets

VRE's investment in capital assets as of June 30, 2018 totals approximately \$353 million (net of accumulated depreciation and amortization). Investment in capital assets includes the items identified in the table below. Acquisitions are funded from a variety of sources, including loans and grants from various government agencies and other local sources.

	2018	2017	2016
Rolling stock	\$ 285,279,918	\$ 270,949,091	\$ 264,755,076
Vehicles	117,043	167,422	138,310
Facilities	105,935,704	103,480,888	103,494,551
Track and signal improvements	83,434,528	83,485,350	84,700,564
Equipment and software	12,126,666	12,126,666	12,126,666
Construction in progress	27,297,997	23,904,164	13,896,672
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	5,711,211	5,550,152	5,489,336
	<u>525,690,354</u>	<u>505,451,020</u>	<u>490,388,462</u>
Less accumulated depreciation and amortization	<u>(172,891,474)</u>	<u>(159,245,676)</u>	<u>(146,463,913)</u>
<b>Total capital assets, net</b>	<b><u>\$ 352,798,880</u></b>	<b><u>\$ 346,205,344</u></b>	<b><u>\$ 343,924,549</u></b>

### Current Year

During fiscal year 2018, capital assets increased approximately \$6.6 million or 1.9 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$21.2 million were transferred from construction in progress to their respective capital accounts and an additional \$0.3 million was charged directly to the capital accounts. Seven fully depreciated Gallery-style railcars were sold to Foxville & Northern Railroad Company in Pelion, SC, in fiscal year 2018.

The major completed projects during the fiscal year were the delivery of nine Gallery railcars (\$18.8 million) that were placed into service, and the Lorton Station main platform expansion (\$2.4 million).

The major additions to construction in progress during the fiscal year were costs related to acquisition of nine new Gallery railcars (\$18.3 million); the Lorton Station main platform expansion (\$1.3 million); work toward both the L'Enfant Storage Track North (\$0.8 million); ongoing work toward implementation of Positive Train Control (PTC) (\$0.8 million); and development work for the Midday Storage Yard project (\$0.6 million).

VRE sold obsolete and surplus inventory consisting of locomotive and railcar parts (a non-capital asset) in fiscal year 2018 for a net loss on sale of \$564,707. These parts were determined to be no longer useful to VRE, and VRE solicited offers from railroad operators and recycling firms to either sell or scrap the parts. VRE sold the surplus parts for \$1.00 to Foxville & Northern Railroad Company, which covered all costs of removing and transporting the surplus parts.

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 9 to the financial statements.



## **Prior Year**

During fiscal year 2017, capital assets increased approximately \$2.3 million or 0.7 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$11.1 million were transferred from construction in progress to their respective capital accounts and an additional \$0.1 million was charged directly to the capital accounts. Seven fully depreciated Gallery-style railcars were sold to Metra in Chicago in fiscal year 2017.

The major completed project during the fiscal year was the completion of five Gallery railcars (\$11.1 million) that were placed into service.

The major additions to construction in progress during the fiscal year were costs related to acquisition of five new Gallery railcars (\$10.5 million), ongoing work toward implementation of Positive Train Control (PTC) (\$2.9 million); work toward both the L'Enfant Storage Track North (\$1.5 million) and L'Enfant Storage Track South (\$1.4 million) and development work for the Midday Storage Yard project (\$1.0 million).

In addition, capital asset valuation adjustments were made to two projects capitalized in fiscal year 2016; Hamilton to Crossroads (Spotsylvania) Third Main Track project (a reduction of \$1.2 million) related to lower than expected actual costs compared to accrued costs; and the Spotsylvania Station project (a reduction of \$13,663) related to a refund of project related costs.

## **Debt Administration**

At June 30, 2018, VRE had total debt outstanding of \$58,109,202.

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 for the purchase of 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC were signatories. This note was previously designated to the Federal Railroad Administration (FRA) as lender but was delegated to the Build America Bureau of the United States Department of Transportation in fiscal year 2017. This delegation had no effect on the terms of the note. The note was secured by the revenues of VRE and the rolling stock.

In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

The capital leases for three multifunction copiers are secured by the related equipment.

	<b>2018</b>	2017	2016
Bond payable	<b>\$ 46,640,000</b>	\$ -	\$ -
Capital leases	<b>11,469,202</b>	12,844,704	14,158,954
Note payable	-	53,440,159	55,628,942
<b>Total</b>	<b>\$ 58,109,202</b>	\$ 66,284,863	\$ 69,787,896

See Note 4 for additional information related to long-term debt activity.

## **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 support 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.

The local subsidy for fiscal year 2019 increased by 3.0 percent to \$17,767,748. Fares were held constant; the last general fare increase was 3.0 percent in fiscal year 2018. In fiscal year 2019 VRE will begin to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital (C-ROC) Fund as a result of Virginia HB1539. Additional sources of funding will be available in fiscal year 2019 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

## **Requests 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, Suite 202, Alexandria, Virginia 22314-2730 or by e-mail to [mschofield@vre.org](mailto:mschofield@vre.org).

## **Basic Financial Statements**

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# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF NET POSITION

June 30, 2018 and 2017

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2018</b>	<b>2017</b>
Current Assets:		
Cash and cash equivalents	\$ 51,186,348	\$ 49,101,840
Accounts receivable:		
Due from PRTC – FTA and other	13,007,142	16,143,311
Commonwealth of Virginia grants	9,824,555	7,409,568
Trade receivables, net of allowance for doubtful accounts	2,687,658	2,017,394
Other receivables	1,776,165	1,342,975
Inventory	3,289,547	3,928,722
Prepaid expenses and other	144,779	144,596
Restricted cash, cash equivalents and investments	13,627,126	11,249,729
<b>Total current assets</b>	<b>95,543,320</b>	<b>91,338,135</b>
Noncurrent Assets:		
Pension asset	292,569	-
Capital assets:		
Rolling stock	285,279,918	270,949,091
Vehicles	117,043	167,422
Facilities	105,935,704	103,480,888
Track and signal improvements	83,434,528	83,485,350
Equipment and software	12,126,666	12,126,666
Construction in progress	27,297,997	23,904,164
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	5,711,211	5,550,152
	525,690,354	505,451,020
Less accumulated depreciation and amortization	(172,891,474)	(159,245,676)
<b>Total capital assets, net</b>	<b>352,798,880</b>	<b>346,205,344</b>
<b>Total noncurrent assets</b>	<b>353,091,449</b>	<b>346,205,344</b>
<b>Total assets</b>	<b>448,634,769</b>	<b>437,543,479</b>
Deferred Outflows of Resources:		
Loss on refunding	455,136	-
Pension plan	371,696	646,262
Other postemployment benefits	57,483	-
<b>Total deferred outflows of resources</b>	<b>884,315</b>	<b>646,262</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 449,519,084</b>	<b>\$ 438,189,741</b>

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

	2018	2017
Current Liabilities:		
Accounts payable	\$ 2,561,150	\$ 1,795,940
Payable to Commissions	1,390,585	2,706,596
Compensated absences	78,442	31,152
Accrued expenses	2,342,368	3,854,455
Accrued interest	567,826	204,412
Unearned revenue	1,702,378	1,836,781
Contract retainage	-	582,456
Current portion of bonds payable	2,280,000	-
Current portion of capital lease obligations	1,436,789	1,375,502
Current portion of note payable	-	2,290,688
<b>Total current liabilities</b>	<b>12,359,538</b>	<b>14,677,982</b>
Noncurrent Liabilities:		
Pension Liability	-	311,424
Other postemployment benefits	416,035	-
Bonds payable	50,232,848	-
Capital lease obligations	10,032,413	11,469,202
Note payable	-	51,149,471
Compensated absences	535,440	525,674
<b>Total noncurrent liabilities</b>	<b>61,216,736</b>	<b>63,455,771</b>
<b>Total liabilities</b>	<b>73,576,274</b>	<b>78,133,753</b>
Deferred Inflows of Resources:		
Pension plan	250,454	-
Other postemployment benefits	46,160	-
<b>Total deferred inflows of resources</b>	<b>296,614</b>	<b>-</b>
Net Position:		
Net investment in capital assets	289,271,966	279,920,481
Restricted for liability insurance plan	10,536,336	10,470,506
Restricted for debt service	1,996,544	-
Restricted grants or contributions	1,094,246	779,223
Unrestricted assets	72,747,104	68,885,778
<b>Total net position</b>	<b>375,646,196</b>	<b>360,055,988</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 449,519,084</b>	<b>\$ 438,189,741</b>

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenues:		
Passenger revenue	\$ 42,221,002	\$ 42,280,669
Equipment rentals and other	269,168	301,621
<b>Total operating revenues</b>	<b>42,490,170</b>	<b>42,582,290</b>
Operating Expenses:		
Contract operations and maintenance	26,917,081	25,873,933
Other operations and maintenance	17,492,047	14,461,209
Property leases and access fees	16,693,442	16,236,606
Insurance	3,766,321	3,970,753
Marketing and sales	2,529,388	2,532,214
General and administrative	11,651,412	10,904,945
<b>Total operating expenses</b>	<b>79,049,691</b>	<b>73,979,660</b>
<b>Operating loss before depreciation and amortization</b>	<b>(36,559,521)</b>	<b>(31,397,370)</b>
Depreciation and amortization	(18,201,071)	(17,737,170)
<b>Operating loss</b>	<b>(54,760,592)</b>	<b>(49,134,540)</b>
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	17,145,270	18,265,581
Federal grants – with PRTC as grantee	15,362,802	15,937,225
Jurisdictional contributions	17,250,240	17,250,240
Regional transportation funding (NVTa)	766,586	461,889
Interest income:		
Operating funds	616,228	285,495
Insurance trust	132,037	98,560
Other restricted funds	797	402
Gain (loss) on disposal of assets	(551,457)	3,500
Interest, amortization and other nonoperating expenses, net	(3,147,164)	(3,217,756)
<b>Total nonoperating revenues, net</b>	<b>47,575,339</b>	<b>49,085,136</b>
Capital Grants and Assistance:		
Commonwealth of Virginia grants	13,010,326	3,033,657
Federal grants – with PRTC as grantee	9,559,056	15,204,474
Regional transportation funding (NVTa)	615,190	651,163
Local contributions	12,842	162,839
<b>Total capital grants and assistance</b>	<b>23,197,414</b>	<b>19,052,133</b>
<b>Change in net position</b>	<b>16,012,161</b>	<b>19,002,729</b>
Net Position, beginning of year, as restated July 1, 2017	359,634,035	341,053,259
Net Position, ending	<u>\$ 375,646,196</u>	<u>\$ 360,055,988</u>

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF CASH FLOWS Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Receipts from customers	\$ 41,737,415	\$ 42,925,300
Payments to suppliers	(69,908,763)	(69,103,202)
Payments to employees	(8,269,352)	(6,125,806)
<b>Net cash used in operating activities</b>	<b>(36,440,700)</b>	<b>(32,303,708)</b>
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	39,309,935	57,169,240
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(28,146,040)	(21,636,193)
Capital grants and assistance	34,648,457	24,223,596
Proceeds from sale of capital assets	3,500	3,500
Principal paid on capital lease obligations	(1,375,502)	(1,314,250)
Principal paid on notes	(1,712,817)	(2,188,783)
Interest paid on capital lease obligation	(575,103)	(632,868)
Interest paid on bonds and notes	(1,998,887)	(2,598,877)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>843,608</b>	<b>(4,143,875)</b>
Cash Flows From Investing Activities:		
Interest received on investments	749,062	384,457
<b>Increase in cash and cash equivalents</b>	<b>4,461,905</b>	<b>21,106,114</b>
Cash and Cash Equivalents, beginning	60,351,569	39,245,455
Cash and Cash Equivalents, ending	\$ 64,813,474	\$ 60,351,569
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (54,760,592)	\$ (49,134,540)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	18,201,071	17,737,170
Pension benefit (expense)	87,465	(15,035)
Other postemployment benefits expense	10,061	-
(Increase) decrease in:		
Accounts receivable	(670,264)	162,883
Other receivables	51,912	31,035
Inventory	74,467	63,527
Prepaid expenses and other	(183)	(5,960)
Deferred outflows of resources – pension contributions	8,492	30,750
Deferred outflows of resources – other postemployment benefits contributions	(27,301)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	718,575	(1,322,630)
Unearned revenue	(134,403)	149,092
<b>Net cash used in operating activities</b>	<b>\$ (36,440,700)</b>	<b>(32,303,708)</b>
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 392,387	\$ 627,048
Capital assets acquired through accrued liabilities	73,500	2,563,245
Deferred loss acquired via refinance	462,851	-
Premium on bond acquired via refinance	5,972,388	-
Note payable repaid via refinance	51,727,342	-



# **VIRGINIA RAILWAY EXPRESS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies**

#### **Reporting Entity**

The Virginia Railway Express (VRE) is accounted for as a joint venture of the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). Pursuant to a Master Agreement signed in 1989, NVTC and PRTC (the Commissions) jointly own and operate VRE. VRE provides commuter rail service on two railroad lines, one originating in Fredericksburg and one originating in Manassas, Virginia, and both terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation (CSX), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station and other services.

Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. In order to present a full and accurate picture of VRE operations and in accordance with the Master Agreement and related Appendices that established VRE, all financial transactions related to the commuter rail program are combined in this report. In addition, an allocation of the VRE assets, liabilities and operations are reflected in the financial reports of the Commissions based on asset ownership, named entity on debt instruments, and sources of funding.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenue alone to produce positive operating income. In addition to fares, the system is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan (refinanced in fiscal year 2018 to a bond), lease financing, Federal (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) grants, NVTA regional grants, and jurisdictional contributions apportioned through a formula based on ridership, supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania and Stafford; and the cities of Manassas, Manassas Park and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria.

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting

VRE prepares its financial statements using the accrual basis of accounting. The activities of VRE are similar to those of proprietary funds of local jurisdictions. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Revenues and expenses:** VRE distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with VRE’s principal ongoing operation. The principal operating revenues of VRE are fares paid by 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), is reported at amortized cost.

**Restricted cash and cash equivalents:** Restricted cash, cash equivalents and investments of \$13,627,126 and \$11,249,729 at June 30, 2018 and 2017, respectively, are comprised of funds related to the balance in the Liability Insurance Plan, a small liability claims account, a debt service reserve fund for the VRA Bond and funds related to a property transfer with restricted future uses.

**Allowance for uncollectible accounts:** VRE calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance was \$211,000 and \$212,000 at June 30, 2018 and 2017, 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 and warehouse facility. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

**Capital assets:** For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the acquisition 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 the projects 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	3-5 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, 2018 and 2017.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

**Compensated absences:** VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer. Employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

**Deferred outflows/inflows of resources:** In addition to assets, the Statements 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 has five items that qualify for reporting in this category. The first item relates to the deferred loss on refinancing. The remaining four items relate to the pension plan and group life insurance program (GLI) other postemployment benefits (OPEB) plan. See Notes 5 and 6 for details regarding these items.

In addition to liabilities, the Statements 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 five items that qualify for reporting in this category. See Notes 5 and 6 for details regarding these items.

**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.

**Group life insurance program (GLI):** The VRS GLI is a multiple employer, cost-sharing OPEB plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

**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.

**Subsequent events:** VRE has evaluated subsequent events through October 30, 2018, which was the date the financial statements were available to be issued.

### **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 percent to 130 percent of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

**Credit risk:** The investment policy specifies credit quality for certain types of investments, as described below, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Chief Financial Officer must conduct a quarterly review of the condition of each authorized financial institution and broker/dealer.

Investment	Credit Quality
Savings account or CD's of any bank or savings and loan association within the Commonwealth of Virginia	Bank or savings and loan association must be a "qualified public depository"
Bankers' acceptances	Institution must be "prime quality" as determined by one or more recognized rating services
Commercial paper	Must be "prime quality" as rated by two of the following: Moody's (prime 1); S&P (A-1); Fitch (F-1); Duff and Phelps (D-1)
Corporate notes	Must be "high quality" as defined by ratings of at least AA by S&P and Aa by Moody's
Negotiable certificates of deposit and negotiable bank deposit notes	Must have ratings of at least A-1 by S&P and P-1 by Moody's for short term instruments and AA by S&P and Aa by Moody's for long term instruments

**Custodial credit risk:** For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, VRE may not recover its deposits. All cash of VRE is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. At June 30, 2018 and 2017, the book balance of VRE's deposits with banks was \$5,363,234 and \$9,977,646, respectively.

**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. Interest rate risk does not apply to LGIP since it is an external investment pool classified in accordance with GASB Statement No. 79.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

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

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

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, 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%

At June 30, 2018 and 2017, VRE had investments of \$46,971,792 and \$39,177,828, 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. VRE's investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

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, 2018 and 2017, VRE had \$10,481,904 and \$10,461,871, 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. In fiscal years 2018 and 2017, earnings on the Insurance Trust in the amount of \$132,037 and \$98,560, respectively, were credited to VRE. The Insurance Trust Fund has not been assigned a rating.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, VRE transferred \$2 million into the DSRF from its existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment by VRE of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79. At June 30, 2018 and 2017, VRE had \$1,996,544 and \$0, respectively, invested in the VRA Debt Service Reserve Fund.

As of June 30, 2018 and 2017, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2018	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 46,971,792	\$ 46,971,792
Insurance trust fund – pooled funds	10,481,904	10,481,904
VRA debt service reserve fund	1,996,544	1,996,544
<b>Total investments</b>	<b>\$ 59,450,240</b>	<b>\$ 59,450,240</b>

Investment Type	2017	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 39,177,828	\$ 39,177,828
Insurance trust fund – pooled funds	10,416,871	10,416,871
<b>Total investments</b>	<b>\$ 49,594,699</b>	<b>\$ 49,594,699</b>

When applicable, VRE categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

VRE has the following investment subject to fair value measurements:

- U.S. Treasury securities of \$1,996,544 as of June 30, 2018, which are valued using quoted prices in an active market for identical assets (Level 1 inputs).



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 23,904,164	\$ 24,562,151	\$ -	\$ (21,168,318)	\$ 27,297,997
Capital assets being depreciated or amortized:					
Rolling stock	270,949,091	-	(4,476,608)	18,807,435	285,279,918
Vehicles	167,422	28,286	(78,665)	-	117,043
Facilities	103,480,888	93,933	-	2,360,883	105,935,704
Track and signal improvements	83,485,350	-	(50,822)	-	83,434,528
Equipment and software	12,126,666	-	-	-	12,126,666
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	5,550,152	161,059	-	-	5,711,211
<b>Total capital assets being depreciated or amortized</b>	<b>481,546,856</b>	<b>283,278</b>	<b>(4,606,095)</b>	<b>21,168,318</b>	<b>498,392,357</b>
Less accumulated depreciation or amortization for:					
Rolling stock	75,187,199	11,224,734	(4,476,608)	-	81,935,325
Vehicles	105,175	20,580	(78,665)	-	47,090
Facilities	38,389,881	3,135,568	-	-	41,525,449
Track and signal improvements	26,563,391	2,814,168	-	-	29,377,559
Equipment and software	10,672,766	706,856	-	-	11,379,622
Equity in property of others	3,636,668	167,245	-	-	3,803,913
Furniture, equipment and software	4,690,596	131,920	-	-	4,822,516
<b>Total accumulated depreciation or amortization</b>	<b>159,245,676</b>	<b>18,201,071</b>	<b>(4,555,273)</b>	<b>-</b>	<b>172,891,474</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>322,301,180</b>	<b>(17,917,793)</b>	<b>(50,822)</b>	<b>21,168,318</b>	<b>325,500,883</b>
<b>Totals</b>	<b>\$ 346,205,344</b>	<b>\$ 6,644,358</b>	<b>\$ (50,822)</b>	<b>\$ -</b>	<b>\$ 352,798,880</b>

Note: The chart above reflects the completion of the nine new railcars project at a value of \$18.8 million and the Lorton Station main platform expansion project at a value of \$2.4 million. VRE sold seven fully depreciated Gallery-style railcars to Foxville & Northern Railroad Company in Pelion, SC, in fiscal year 2018, with a value of \$4.5 million. Additionally, VRE traded in three fully depreciated vehicles at a value of approximately \$79,000 toward the purchase of a single new replacement vehicle at a value of approximately \$28,000.

The chart also reflects a reduction of approximately \$51,000 in track and signal asset value. This reduction is due to an over estimation and accrual of expected remaining project costs at the time of value adjustment in fiscal year 2017, and a refund of project costs in fiscal year 2018. Subsequent payment activity identified this over-accrual, leading to the reduction of the final asset cost.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 13,896,672	\$ 21,156,914	\$ -	\$ (11,149,422)	\$ 23,904,164
Capital assets being depreciated or amortized:					
Rolling stock	264,755,076	-	(4,955,407)	11,149,422	270,949,091
Vehicles	138,310	29,112	-	-	167,422
Facilities	103,494,551	-	(13,663)	-	103,480,888
Track and signal improvements	84,700,564	-	(1,215,214)	-	83,485,350
Equipment and software	12,126,666	-	-	-	12,126,666
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	5,489,336	60,816	-	-	5,550,152
<b>Total capital assets being depreciated or amortized</b>	<b>476,491,790</b>	<b>89,928</b>	<b>(6,184,284)</b>	<b>11,149,422</b>	<b>481,546,856</b>
Less accumulated depreciation or amortization for:					
Rolling stock	69,517,009	10,625,597	(4,955,407)	-	75,187,199
Vehicles	90,335	14,840	-	-	105,175
Facilities	35,298,586	3,091,295	-	-	38,389,881
Track and signal improvements	23,765,242	2,798,149	-	-	26,563,391
Equipment and software	9,917,802	754,964	-	-	10,672,766
Equity in property of others	3,466,770	169,898	-	-	3,636,668
Furniture, equipment and software	4,408,169	282,427	-	-	4,690,596
<b>Total accumulated depreciation or amortization</b>	<b>146,463,913</b>	<b>17,737,170</b>	<b>(4,955,407)</b>	<b>-</b>	<b>159,245,676</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>330,027,877</b>	<b>(17,647,242)</b>	<b>(1,228,877)</b>	<b>11,149,422</b>	<b>322,301,180</b>
<b>Totals</b>	<b>\$ 343,924,549</b>	<b>\$ 3,509,672</b>	<b>\$ (1,228,877)</b>	<b>\$ -</b>	<b>\$ 346,205,344</b>

### Note 4. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Capital leases	\$ 12,844,704	\$ -	\$ (1,375,502)	\$ 11,469,202	\$ 1,436,789
Bond payable	-	46,640,000	-	46,640,000	2,280,000
Note payable	53,440,159	-	(53,440,159)	-	-
Unamortized premium	-	5,972,388	(99,540)	5,872,848	-
	66,284,863	52,612,388	(54,915,201)	63,982,050	3,716,789
Compensated absences	556,826	409,921	(352,865)	613,882	78,442
	\$ 66,841,689	\$ 53,022,309	\$ (55,268,066)	\$ 64,595,932	\$ 3,795,231

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Long-Term Debt Obligations (Continued)

Federal arbitrage regulations apply to the Gallery IV capitalized lease.

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

\$25,100,000 capitalized lease obligation; \$965,679 due semi-annually, including interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$15,198,141.

\$ 11,451,643

Future minimum lease payments as of June 30, 2018 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,931,357
2020	1,931,357
2021	1,931,357
2022	1,931,357
2023	1,931,357
2024-2025	<u>3,862,714</u>
Total minimum lease payments	13,519,499
Less amount representing interest	<u>2,067,856</u>
<b>Present value of lease payments</b>	<u><b>\$ 11,451,643</b></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 \$12,690.

\$ 17,559

Future minimum lease payments as of June 30, 2018 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2019	\$ 15,948
2020	<u>2,658</u>
Total minimum lease payments	18,606
Less amount representing interest	<u>1,047</u>
<b>Present value of lease payments</b>	<u><b>\$ 17,559</b></u>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Long-Term Debt Obligations (Continued)

#### Note Payable – Gallery IV (60 cars)/VRA Bond Payable

In fiscal year 2008, VRE entered into an agreement with the Federal Railroad Administration (FRA) 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 was secured by the revenues of VRE and the railcars.

In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA consolidated promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

VRA Bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.83% to 5.13% through October 1, 2032.

The carrying value of the railcars was \$70,031,124 at June 30, 2018. \$ 46,640,000

Mandatory debt service on Bond payable requirements are as follows:

Years Ending June 30,	Principal	Interest	Total Required
2019	\$ 2,280,000	\$ 2,010,993	\$ 4,290,993
2020	2,240,000	2,050,400	4,290,400
2021	2,350,000	1,939,481	4,289,481
2022	2,475,000	1,815,841	4,290,841
2023	2,605,000	1,685,666	4,290,666
2023-2028	15,235,000	6,222,272	21,457,272
2029-2033	19,455,000	2,001,384	21,456,384
Subtotal	46,640,000	17,726,037	64,366,037
Unamortized premium	5,872,848	-	-
<b>Total</b>	<b>\$ 52,512,848</b>	<b>\$ 17,726,037</b>	<b>\$ 64,366,036</b>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### 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 a 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
<b>About Plan 1</b>	<b>About Plan 2</b>	<b>About the Hybrid Retirement Plan</b>
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.	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.	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• 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.</li><li>• 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.</li></ul>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> 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>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</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>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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</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>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>	<p><b>Eligible Members</b> 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"> <li>• Political subdivision employees.*</li> <li>• 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.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <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>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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.	<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	<b>Retirement Contributions</b> 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.
<b>Creditable Service</b> 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.	<b>Creditable Service</b> Same as Plan 1.	<b>Creditable Service</b> <b><u>Defined Benefit Component</u></b> 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.  <b><u>Defined Contribution Component</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Vesting</b> 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.  Members are always 100% vested in the contributions they make.	<b>Vesting</b> Same as Plan 1.	<b>Vesting</b> <b><u>Defined Benefit Component</u></b> 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.  <b><u>Defined Contribution Component</u></b> 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.  Members are always 100% vested in the contributions they make.  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. <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul> Distribution is not required by law until age 70½.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit</b> 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><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component</u></b> See definition under Plan 1</p> <p><b><u>Defined Contribution Component</u></b> 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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> 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><b>Service Retirement Multiplier</b> 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><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component</u></b> 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><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component</u></b> 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
<b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.	<b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.  <b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	<b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of creditable service.	<b>Earliest Reduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> Age 60 with at least five years (60 months) of creditable service.  <b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The 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%.  <b><u>Eligibility:</u></b> 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.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The 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%.  <b><u>Eligibility:</u></b> Same as Plan 1	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.  <b><u>Defined Contribution Component</u></b> Not applicable.  <b><u>Eligibility:</u></b> 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
<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b>
<p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1.</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b>  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.</p>	<p><b>Disability Coverage</b>  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.</p>	<p><b>Disability Coverage</b>  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.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Purchase of Prior Service</b> 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. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <b><u>Defined Benefit Component</u></b> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <b><u>Defined Contribution Component</u></b> Not applicable.

#### B. Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	22
Inactive Members:	
Vested	18
Non-vested	27
Active elsewhere in VRS	9
<b>Total inactive members</b>	54
Active Members	91
<b>Total covered employees</b>	167

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Pension Plan (Continued)

#### C. 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, 2018 was 5.37% for Plan 1 and Plan 2 and 4.37% for the Hybrid Plan of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

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 \$237,355 and \$245,847 for the years ended June 30, 2018 and 2017, respectively.

#### D. Net Pension Asset/Liability

VRE's net pension asset/liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

#### E. Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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### Note 5. Pension Plan (Continued)

#### E. Actuarial Assumptions (Continued)

##### *Mortality Rates*

Mortality Rates:	15% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.00
- Post-disablement:	RP-2014 Disabled Life Mortality Table Projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period of July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change

#### F. 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)

#### F. Long-Term Expected Rate of Return (Continued)

##### Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Pension Plan (Continued)

#### G. 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, 2019, 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, 2019 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 liability.

#### H. Changes in the Net Pension (Asset) Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 15,244,599	\$ 14,713,522	\$ 531,077
Changes for the year:			
Service cost	756,831	-	756,831
Changes in benefit terms	-	-	-
Interest	1,051,830	-	1,051,830
Changes of assumptions	(243,263)	-	(243,263)
Difference between expected and expected and actual experience	38,724	-	38,724
Contributions – employer	-	419,283	(419,283)
Contributions – employee	-	407,825	(407,825)
Net investment income	-	1,829,732	(1,829,732)
Benefit payments, including refunds of employee contributions	(436,912)	(436,912)	-
Administrative expense	-	(9,970)	9,970
Other changes	-	(1,654)	1,654
Net changes	1,167,210	2,208,304	(1,041,094)
Balance at June 30, 2017	\$ 16,411,809	\$ 16,921,826	\$ (510,017)

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 net pension asset of \$292,569 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2017. VRE's percentage of total contributions to the plan was 57.36 percent. This percentage was used to allocate a portion of the net pension asset to VRE.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Pension Plan (Continued)

#### I. Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension asset/liability of VRE, using the discount rate of 7.00 percent, 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 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's net pension (asset) liability	\$ 1,834,373	\$ (510,017)	\$ (2,442,477)

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

For the year ended June 30, 2018, VRE recognized pension expense of (\$78,973). VRE also reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,341	\$ -
Changes of assumptions	-	107,467
Net difference between projected and actual earnings on pension plan investments	-	142,987
Employer contributions subsequent to the measurement date	237,355	-
<b>Total</b>	<b>\$ 371,696</b>	<b>\$ 250,454</b>

The \$237,355 reported as deferred outflows of resources related to pensions resulting from VRE's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ (60,707)
2020	46,485
2021	(2,213)
2022	(99,678)
	<b>\$ (116,113)</b>

#### K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Group Life Insurance Program

#### A. Plan Description

The VRS Group Life Insurance Program (GLI) is an other postemployment benefits (OPEB) plan. All full-time, salaried permanent employees of VRE are automatically covered by the GLI upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>	
<b>Eligible Employees</b>	<p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<b>Benefit Amounts</b>	<p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.</li><li>• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<b>Reduction in Benefit Amounts</b>	<p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b>	<p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and is currently \$8,111.</p>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Group Life Insurance Program (Continued)

#### B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from VRE were \$27,301 and \$26,631 for the years ended June 30, 2018 and June 30, 2017, respectively.

#### C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, VRE reported a liability of \$416,035 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was \$26,631 or 0.04678% as compared to \$23,665 or 0.4333% at June 30, 2016.

For the year ended June 30, 2018, VRE recognized GLI OPEB expense of \$10,061. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 9,469
Changes of assumptions	-	21,305
Net difference between projected and actual earning on GLI OPEB program investments	-	15,386
Changes in proportion	30,182	-
Employer contributions subsequent to measurement date	27,301	-
	<u>\$ 57,483</u>	<u>\$ 46,160</u>

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 net GLI OPEB liability of \$416,035 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2018. VRE's percentage of total contributions to the plan was 59.18 percent. This percentage was used to allocate a portion of the net GLI OPEB liability to VRE.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Group Life Insurance Program (Continued)

#### C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$27,301 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (4,143)
2020	(4,143)
2021	(4,143)
2022	(3,549)
	<u>\$ (15,978)</u>

#### D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Investment rate of return	7.0%, net of investment expenses, 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 the OPEB liabilities.

#### **Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Group Life Insurance Program (Continued)

#### D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change

#### E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the GLI is as follows (amounts expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB liability	\$ 2,942,426
Plan fiduciary net position	<u>1,437,586</u>
<b>Employers' net GLI OPEB liability</b>	<b><u>\$ 1,504,840</u></b>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Group Life Insurance Program (Continued)

#### F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
		Inflation	2.50%
		* Expected arithmetic nominal return	<b>7.30%</b>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

#### G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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, 2019, the rate contributed by VRE for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Group Life Insurance Program (Continued)

#### H. Sensitivity of VRE's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
VRE's proportionate share of the GLI net OPEB liability	\$ 538,538	\$ 516,035	\$ 317,205

#### I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

### Note 7. Operating Leases and Agreements

Operating Access Agreements with CSX Transportation 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 track access for commuter rail service. For the years ended June 30, 2018 and 2017, annual track usage fees totaled approximately \$9,888,000 and \$9,545,000, respectively, and facility and other identified costs totaled approximately \$571,000 and \$531,000, respectively. The increase in track usage fees primarily reflects both an annual increase to the base fee, and a one-time historical billing adjustment for Norfolk Southern in fiscal year 2017.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and midday services and electrical power became effective on July 1, 2015. For the years ended June 30, 2018 and 2017, costs for track access and equipment storage totaled approximately \$6,628,000 and \$6,502,000, respectively, and midday maintenance, utility and other services totaled approximately \$4,965,000 and \$4,636,000, respectively. Cost adjustments will be made in fiscal year 2019 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 are determined 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 signed a contract with Keolis Rail Services Virginia, LLC, for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. The cost of train operations and maintenance for the years ended June 30, 2018 and 2017 totaled approximately \$22,060,000 and \$21,331,000, respectively. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2018 reflect contractual increases, added services, including a focus on asset management programs, and additional repair and maintenance services. Costs for fiscal year 2019 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2018 and 2017, these payments included \$7,187,956 and \$7,011,684 of salary-related costs and \$6,131 and \$8,086 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 \$110,833 and \$87,131 to PRTC during 2018 and 2017, 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 \$66,273 and \$8,481 in 2018 and 2017, respectively. Amounts payable to NVTC and PRTC were \$7,168 and \$1,383,417, respectively, at June 30, 2018 and \$9,072 and \$2,697,523, respectively, at June 30, 2017.

### 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 the passenger rail liability cap (currently at \$295,000,000) 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 \$140,000 at June 30, 2018 and \$149,000 at June 30, 2017.

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, 2018 and 2017 was as follows:

	2018	2017
Beginning balance, July 1	\$ 10,416,871	\$ 10,386,757
Contribution to reserves	3,700,000	3,900,000
Insurance premiums paid	(3,742,259)	(3,909,349)
Investment income	132,037	98,560
Actuarial and administrative charges	(24,745)	(59,097)
Ending balance, June 30	<u>\$ 10,481,904</u>	<u>\$ 10,416,871</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.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Contingencies and Contractual Commitments

At June 30, 2018, 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 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, 2018:

Stations and Parking Lots	\$ 3,082,662
Rolling Stock	1,390,011
Maintenance and Layover Yards	3,319,017
Track and Signal Improvements	90,486
Other Administrative	<u>315,106</u>
<b>Total</b>	<b><u>\$ 8,197,282</u></b>

The Commissions have received proceeds from several federal and state grant programs. In the event of an audit of these grants, certain costs may be questioned as not being appropriate 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.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds controls 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, 2017	\$ 360,055,988
Net adjustment for implementation of GASB Statement No. 75	<u>(421,953)</u>
Balance at June 30, 2017, as restated	<b><u>\$ 359,634,035</u></b>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Pending GASB Statements

At June 30, 2018, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the VRE reporting entity. The statements which might impact VRE are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. Statement No. 83 will be effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 87, *Leases*, will increase the usefulness of VRE's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, will improve the information that is disclosed in notes related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 will be effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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

### Note 13. Subsequent Events

In July 2018, VRE placed into service the L'Enfant North Storage Track, a capital improvement project. The project will be capitalized in fiscal year 2019.

In July 2018, the Commissions voted to approve a preferred design concept for the Broad Run Expansion project. While this approval has no immediate financial impact, the choice of a preferred concept will drive future decisions regarding this station location and the material costs and potential revenues related to its improvement.

In July 2018, the VRE Operations Board authorized the Chief Executive Officer to execute a Sole Source Contract with Meteorcomm LLC for five years in the amount of \$3,791,213 including contingency. Meteorcomm is the sole provider of software necessary for communications between VRE locomotives/cab control cars and the host railroads' wayside and back office systems, as required for the implementation and ongoing operations of Positive Train Control (PTC).

# **VIRGINIA RAILWAY EXPRESS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 13. Subsequent Events (Continued)**

In September 2018, the VRE Operations Board authorized the Chief Executive Officer to execute a contract amendment with Vanasse Hangen Brustlin, Inc. (VHB), of Vienna, VA to exercise Option B of the Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project Contract, for final design, procurement support and construction administration services in the amount of \$1,744,827, including contingency.

In June 2018, VRE entered into contracts to purchase diesel fuel at set prices for delivery in July and August 2018. The total commitment was for 168,000 gallons of fuel at a total cost of approximately \$380,000. Similarly, in September 2018, VRE entered into contracts to purchase diesel fuel at set prices for delivery in October, November, and December 2018. The total commitment was for 252,000 gallons of fuel at a total cost of approximately \$640,000. In all cases the fuel is for use in the normal course of operations and is not being purchased for resale.

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## **Required Supplementary Information**

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# **VIRGINIA RAILWAY EXPRESS**

## **SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution (CRC)	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,765
Contributions in relation to the CRC	528,296	460,763	478,465	419,283	413,765
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,856,560	\$ 7,617,414	\$ 7,711,934	\$ 8,929,025	\$ 8,875,155
Contributions as a percentage of covered payroll	7.70%	6.05%	6.20%	4.70%	4.66%

### **Notes to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, PRTC will present information for those years for which information is available.
- (2) 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.

See Notes to Required Supplementary Information - Virginia Retirement System.

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831
Interest	763,704	850,266	942,652	1,051,830
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	-	-	(243,263)
Differences between expected and actual experience	-	92,275	284,843	38,724
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)
<b>Net change in total pension liability</b>	<b>1,263,313</b>	<b>1,409,867</b>	<b>1,550,103</b>	<b>1,167,210</b>
Total pension liability - beginning	11,021,316	12,284,629	13,694,496	15,244,599
Total pension liability - ending (a)	\$ 12,284,629	\$ 13,694,496	\$ 15,244,599	\$ 16,411,809
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283
Contributions - employee	414,844	494,240	375,574	407,825
Net investment income	1,697,173	603,590	259,738	1,829,732
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)
Other	89	(131)	(107)	(1,654)
<b>Net change in plan fiduciary net position</b>	<b>2,409,395</b>	<b>1,275,088</b>	<b>649,196</b>	<b>2,208,304</b>
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326	14,713,522
Plan fiduciary net position - ending (b)	\$ 12,789,238	\$ 14,064,326	\$ 14,713,522	\$ 16,921,826
PRTC's net pension (asset) liability - ending (a) - (b)	\$ (504,609)	\$ (369,830)	\$ 531,077	\$ (510,017)
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%	96.52%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885
PRTC's net pension (asset) liability as a percentage of covered payroll	7.67%	5.09%	-6.82%	5.91%

### Notes to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, PRTC will present information for those years for which information is available.
- (2) 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.

See Notes to Required Supplementary Information - Virginia Retirement System.



## **VIRGINIA RAILWAY EXPRESS**

### **SCHEDULE OF THE VRE'S SHARE OF NET OPEB LIABILITY - GROUP LIFE INSURANCE PROGRAM**

**For the Year Ended June 30, 2018<sup>(3)</sup>**

	Fiscal Year June 30, 2017
<hr/> <b>Total Group Life Insurance OPEB Liability</b>	
PRTC's Portion of the Net GLI OPEB Liability	0.04678%
PRTC's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000
PRTC's Covered Payroll	\$ 8,627,885
PRTC's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

#### **Notes to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the VRE will present information for those years for which information is available.
- (2) 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.
- (3) The amounts presented have a measurement date of the previous fiscal year.

See Notes to Required Supplementary Information - Other Postemployment Benefits.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF THE VRE'S CONTRIBUTIONS - OPEB -  
GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually required contribution (CRC)	\$ 20,291	\$ 20,469	\$ 25,277	\$ 25,929	\$ 34,313	\$ 34,887	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,150
Contributions in relation to the CRC	20,291	20,469	25,277	25,929	34,313	34,887	38,509	41,266	44,865	46,150
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,636,261	\$ 5,685,905	\$ 5,744,800	\$ 5,892,844	\$ 6,474,129	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,875,155	\$ 8,627,885
Contributions as a percentage of covered payroll	0.27%	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.51%	0.53%

**Notes to Schedule:**

- (1) 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.

See Notes to Required Supplementary Information - Other Postemployment Benefits.

## **VIRGINIA RAILWAY EXPRESS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2018**

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#### **Note 1. Changes of Benefit Terms**

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

#### **Note 2. Changes of Assumptions**

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ended June 30, 2016:

##### **Non-Hazardous Duty**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change

#### **Note 3. Contractually Required Contributions**

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

##### **Non-Hazardous Duty**

Mortality Rates:	15% of deaths are assumed to be service related.
Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

## **VIRGINIA RAILWAY EXPRESS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2018**

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#### **Note 1. Group Life Insurance Program**

##### **A. Changes of Benefit Terms**

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

##### **B. Changes of Assumptions**

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

#### **Non-Largest Ten Locality Employers – General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change

## 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 VRE's overall financial health. Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	65 – 68
<b>Other Statistical Information</b>	
These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	69 – 70
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	71 – 73

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF CHANGE IN NET POSITION

### Last Ten Fiscal Years

### (Unaudited)

	June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Passenger revenue	\$ 42,221,002	\$ 42,280,669	\$ 37,696,913	\$ 36,700,191	\$ 37,093,476	\$ 34,733,106	\$ 34,721,591	\$ 32,368,123	\$ 30,019,730	\$ 25,909,794
Equipment rentals and other	269,168	301,621	240,052	418,569	197,915	239,381	304,184	200,069	247,375	124,926
<b>Total operating revenues</b>	<b>42,490,170</b>	<b>42,582,290</b>	<b>37,936,965</b>	<b>37,118,760</b>	<b>37,291,391</b>	<b>34,972,487</b>	<b>35,025,775</b>	<b>32,568,192</b>	<b>30,267,105</b>	<b>26,034,720</b>
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	17,145,270	18,265,581	16,572,077	14,401,957	19,330,105	14,967,197	12,711,602	12,806,509	13,153,781	13,482,816
Federal grants - with PRTC as grantee	15,362,802	15,937,225	13,917,534	13,688,723	15,931,876	18,559,490	17,181,121	16,157,284	14,525,795	12,784,123
Jurisdictional contributions	17,250,240	17,250,240	16,428,800	16,456,986	16,428,800	16,428,800	15,943,917	16,070,307	16,376,968	17,275,500
Regional transportation funding (NVTa)	766,586	461,889	542,671							
Capital Grants and Assistance:										
Commonwealth of Virginia grants	13,010,326	3,033,657	9,826,429	14,694,277	-	-	-	-	-	-
Federal grants - with PRTC as grantee	9,559,056	15,204,474	22,125,460	17,764,759	5,420,552	1,269,732	9,997,070	40,136,130	15,437,312	14,648,460
Regional transportation funding (NVTa)	615,190	651,163	-	-	-	-	-	-	-	-
Federal grants - NVTC and other	-	-	-	-	-	-	-	3,308,513	402,355	53,738
Pass-through to Fairfax County	-	-	-	-	-	-	-	-	-	(4,456,818)
In-kind and other local contributions	12,842	162,839	851,659	1,079,885	2,637,809	328,031	46,924	406,331	680,631	1,903,284
Interest income:										
Operating funds	616,228	285,495	93,677	34,337	27,860	18,573	16,813	14,675	23,893	129,620
Insurance trust	132,037	98,560	69,444	-	-	-	-	-	65,164	241,003
Other restricted funds	797	402	197	59	196	772	1,161	384	586	36,232
Gain (loss) on sale of assets	(551,457)	3,500	-	(60,293)	1,500	(769,042)	(358,382)	(271,606)	(393,419)	-
<b>Total nonoperating revenues</b>	<b>73,919,917</b>	<b>71,355,025</b>	<b>80,427,948</b>	<b>78,060,690</b>	<b>59,778,698</b>	<b>50,803,553</b>	<b>55,540,226</b>	<b>88,628,527</b>	<b>60,273,066</b>	<b>56,097,958</b>
<b>Total revenues</b>	<b>116,410,087</b>	<b>113,937,315</b>	<b>118,364,913</b>	<b>115,179,450</b>	<b>97,070,089</b>	<b>85,776,040</b>	<b>90,566,001</b>	<b>121,196,719</b>	<b>90,540,171</b>	<b>82,132,678</b>
Operating Expenses:										
Contract operations and maintenance	26,917,081	25,873,933	24,082,615	22,782,752	23,151,332	21,751,488	21,093,606	21,405,930	20,291,361	18,694,757
Other operations and maintenance	17,492,047	14,461,209	13,662,606	14,334,954	14,891,502	12,785,223	14,594,826	12,949,155	12,055,009	12,575,004
Property leases and access fees	16,693,442	16,236,606	15,175,732	14,318,788	13,924,017	13,504,023	13,123,367	11,756,531	9,482,367	8,686,385
Insurance	3,766,321	3,970,753	4,046,198	3,964,673	3,991,969	4,022,072	3,491,620	4,049,906	3,864,366	3,866,438
Marketing and sales	2,529,388	2,532,214	2,393,332	2,267,729	2,012,321	1,872,343	2,211,354	1,502,434	1,259,048	1,477,554
General and administrative	11,651,412	10,904,945	10,514,343	7,968,298	7,793,040	6,784,379	7,111,871	5,964,956	5,642,360	5,492,566
Depreciation and amortization	18,201,071	17,737,170	16,953,565	15,391,195	14,706,458	14,465,445	13,373,129	12,218,203	11,337,406	10,445,041
<b>Total operating expenses</b>	<b>97,250,762</b>	<b>91,716,830</b>	<b>86,828,391</b>	<b>81,028,389</b>	<b>80,470,639</b>	<b>75,184,973</b>	<b>74,999,773</b>	<b>69,847,115</b>	<b>63,931,917</b>	<b>61,237,745</b>
Nonoperating (Revenues) Expenses:										
Interest and amortization	3,147,164	3,217,756	3,384,762	3,534,644	4,026,724	4,683,094	6,524,348	5,566,829	5,682,935	6,014,243
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-	(4,218,641)
<b>Total nonoperating expenses, net</b>	<b>3,147,164</b>	<b>3,217,756</b>	<b>3,384,762</b>	<b>3,534,644</b>	<b>4,026,724</b>	<b>4,683,094</b>	<b>6,524,348</b>	<b>5,566,829</b>	<b>5,682,935</b>	<b>1,795,602</b>
<b>Special Items</b>										
	-	-	1,882,945	-	3,660,786	-	-	-	-	-
<b>Total expenses</b>	<b>100,397,926</b>	<b>94,934,586</b>	<b>92,096,098</b>	<b>84,563,033</b>	<b>88,158,149</b>	<b>79,868,067</b>	<b>81,524,121</b>	<b>75,413,944</b>	<b>69,614,852</b>	<b>63,033,347</b>
<b>Change in net assets</b>						<b>\$ 5,907,973</b>	<b>\$ 9,041,880</b>	<b>\$ 45,782,775</b>	<b>\$ 20,925,319</b>	<b>\$ 19,099,331</b>
<b>Change in net position</b>	<b>\$ 16,012,161</b>	<b>\$ 19,002,729</b>	<b>\$ 26,268,815</b>	<b>\$ 30,616,417</b>	<b>\$ 8,911,940</b>					

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.

This table reports financial information based on the accrual basis of accounting. VRE implemented GASB Statement No. 63, the new reporting standard, in fiscal year 2014. The standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

Source: VRE's Audited Financial Statements.



## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF COMPONENTS OF NET POSITION

#### Last Ten Fiscal Years

#### (Unaudited)

	June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 289,271,966	\$ 279,920,481	\$ 274,136,653	\$ 254,085,092	\$ 220,069,396	\$ 220,007,440	\$ 220,396,390	\$ 213,710,235	\$ 165,407,433	\$ 144,566,529
Restricted for liability insurance plan	10,536,336	10,470,506	10,439,990	10,487,532	10,454,171	10,294,874	10,156,492	10,052,968	9,511,797	8,229,082
Restricted for debt service	1,996,544	-	-	-	6,731,166	6,563,328	6,408,466	6,259,239	5,980,313	5,850,112
Restricted grants or contributions	1,094,246	779,223	779,223	-	-	140,270	951,342	600,250	34,619	194,193
Unrestricted assets	72,747,104	68,885,778	55,697,393	50,211,820	46,973,386	35,845,639	28,056,773	24,277,019	20,676,168	10,905,605
<b>Total net assets</b>						<u>\$ 272,851,551</u>	<u>\$ 265,969,463</u>	<u>\$ 254,899,711</u>	<u>\$ 201,610,330</u>	<u>\$ 169,745,521</u>
<b>Total net position</b>	<u>\$ 375,646,196</u>	<u>\$ 360,055,988</u>	<u>\$ 341,053,259</u>	<u>\$ 314,784,444</u>	<u>\$ 284,228,119</u>					

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

Fiscal year 2012 balance restated to comply with GASB 63.

This table reports financial information based on the accrual basis of accounting. VRE implemented GASB Statement No. 63, the new reporting standard, in fiscal year 2014. The standard eliminated the use of the term 'net assets' and now refers to this measurement as 'net position.'

Source: VRE's Audited Financial Statements.

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF OUTSTANDING DEBT

#### Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue Bonds:										
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,065,000	\$ 9,875,000
\$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
Bonds Payable:										
\$46,640,000 Virginia Resources Authority (VRA) Bond 2018	46,640,000	-	-	-	-	-	-	-	-	-
\$5,972,388 Unamortized Premium on VRA Bond 2018	5,872,848	-	-	-	-	-	-	-	-	-
Capital Leases:										
\$25,100,000 Capitalized Lease Obligation	11,451,643	12,810,417	14,108,906	15,349,786	16,535,611	17,668,825	18,751,762	19,786,652	20,775,627	21,720,726
\$74,425 Capitalized Lease Obligation	17,559	34,287	50,048	64,331						
Notes Payable:										
\$900,000 SunTrust Bank	-	-	-	-	-	-	320,000	380,000	440,000	500,000
\$63,844,842 FRA Notes	-	53,440,159	55,628,942	57,709,856	59,698,580	61,595,765	63,409,659	63,305,611	63,749,851	56,122,937
Outstanding as of June 30	\$ 63,982,050	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663
Debt per Capita:										
Outstanding as of June 30	\$ 63,982,050	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663
Total Participating Jurisdictional Population	N/A	N/A	N/A	2,306,790	2,291,535	2,272,215	2,238,627	2,189,988	2,159,228	2,116,826
Debt per Capita	N/A	N/A	N/A	\$ 31.70	\$ 36.13	\$ 40.51	\$ 45.19	\$ 49.21	\$ 53.01	\$ 53.27
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 63,982,050	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663
Total Personal Income	N/A	N/A	N/A	146,270,466,309	140,364,871,240	137,666,132,000	135,296,802,000	126,548,575,000	125,509,757,000	125,018,523,000
Total Outstanding Debt as a Percentage of Personal Income	N/A	N/A	N/A	0.05%	0.06%	0.07%	0.07%	0.09%	0.09%	0.09%

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

- (1) Fairfax County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 287
- (2) Prince William County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 247
- (3) City of Manassas fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 140
- (4) City of Manassas Park fiscal year 2015 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 130
- (5) Stafford County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 154
- (6) City of Fredericksburg fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 175
- (7) Spotsylvania County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 151
- (8) City of Alexandria fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 206
- (9) Arlington County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table K, page 247

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS

#### Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fairfax County	\$ 6,099,300	\$ 5,160,910	\$ 4,847,284	\$ 4,852,953	\$ 4,747,684	\$ 4,511,265	\$ 4,876,961	\$ 4,906,693	\$ 4,995,535	\$ 5,507,805
City of Fredericksburg	417,278	483,524	439,366	581,244	427,728	339,064	420,566	405,980	508,503	482,764
City of Manassas	684,586	749,372	766,491	686,944	757,804	642,662	817,993	871,611	883,443	938,897
City of Manassas Park	474,718	511,777	576,699	401,762	574,709	441,702	566,504	544,763	537,496	567,082
Prince William County	5,363,372	5,968,406	5,309,674	5,485,333	5,748,203	4,761,324	5,859,007	6,384,660	6,173,028	6,511,839
Stafford County	2,344,514	2,647,222	2,855,607	2,689,391	2,529,281	1,892,640	2,505,805	2,634,002	2,971,727	2,974,507
Spotsylvania County	1,520,191	1,382,750	1,303,888	1,401,382	1,313,600	3,510,352	577,020	-	-	-
City of Alexandria	140,589	140,589	133,894	133,894	133,894	133,894	129,944	130,974	124,737	118,797
Arlington County	205,692	205,692	195,897	195,897	195,897	195,897	190,117	191,624	182,499	173,809
<b>Total contributions</b>	<b>\$ 17,250,240</b>	<b>\$ 17,250,240</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 15,943,917</b>	<b>\$ 16,070,307</b>	<b>\$ 16,376,968</b>	<b>\$ 17,275,500</b>

Source: VRE's Department of Finance

## VIRGINIA RAILWAY EXPRESS

### SCHEDULE OF MISCELLANEOUS STATISTICS

#### Last Ten Fiscal Years

#### (Unaudited)

	June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	20	22	25	20	21
Railcars	100	98	100	93	91	91	91	101	95	91
<b>Total rolling stock</b>	<b>120</b>	<b>118</b>	<b>120</b>	<b>113</b>	<b>111</b>	<b>111</b>	<b>113</b>	<b>126</b>	<b>115</b>	<b>112</b>
Stations	19	19	19	18	18	18	18	18	18	18
Parking Spaces	10,796	10,796	10,743	9,243	9,030	9,030	8,824	8,824	8,691	8,505
Employees	50	49	45	39	37	37	37	37	37	37
Ridership and Fare Revenue Data (1):										
Total Ridership	4,705,529	4,761,035	4,441,858	4,618,169	4,547,911	4,643,898	4,771,987	4,517,366	4,033,230	3,857,646
Average Daily Ridership	18,974	18,968	17,767	18,547	18,119	18,878	19,088	18,377	16,673	15,754
Average Fare Per Trip	\$ 8.97	\$ 8.88	\$ 8.49	\$ 7.95	\$ 8.16	\$ 7.48	\$ 7.28	\$ 7.17	\$ 7.44	\$ 6.66

(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	Rank	2017		2008		
		Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
U.S. Federal Government (1) (2) (3) (4) (5)	1	74,920 - 75,668+	N/A	1	49,087 - 49,586+	N/A
Fairfax County Public Schools (1)	2	24,688	N/A	2	22,994	N/A
Fairfax County Government (1)	3	12,438	N/A	3	12,263	N/A
Inova Health System (1) (5)	4	8,000 - 11,000+	N/A	6	7,000 - 10,000+	N/A
Arlington County Government & Schools (2)	5	10,000	N/A	5	10,264	N/A
George Mason University (1)	6	7,000 - 10,000	N/A	-	-	-
Booz-Allen Hamilton (1) (2)	7	5,600 - 8,599	N/A	4	8,203 - 11,203	N/A
Federal Home Loan Mortgage (1)	8	4,000 - 6,999	N/A	9	4,000 - 6,999	N/A
General Dynamics (1)	9	4,000 - 6,999	N/A	-	-	-
Accenture (2)	10	4,600	N/A	-	-	-
Northrop Grumman (1)	-	-	-	7	7,000 - 10,000	N/A
Lockheed Martin (1) (2)	-	-	-	8	5,533 - 8,532	N/A
Science Applications International Corp. (1)	-	-	-	10	4,000 - 6,999	N/A

Sources:

(1) through (9) extracted and combined from the following sources:

- (1) County of Fairfax fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 288
- (2) County of Arlington fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table L, page 248
- (3) County of Prince William fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 17, page 248
- (4) County of Stafford fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table S-17, page 156
- (5) City of Alexandria fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 211
- (6) City of Spotsylvania fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table S-14, page 152
- (7) City of Manassas fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 141, 2017 and 2008 data was not available.
- (8) City of Manassas Park fiscal year 2015 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 131, 2017 and 2008 data was not available.
- (9) City of Fredericksburg fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 176

## VIRGINIA RAILWAY EXPRESS

### DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2009 to 2018

(Unaudited)

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (8)	Arlington County (9)
<b>2018 (all categories)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>2017</b>									
Population	N/A	455,267	N/A	N/A	144,612	28,297	133,330	156,100	222,800
Personal Income (in thousands)	N/A	\$28,317,142	N/A	N/A	\$6,657,002	\$1,313,009	\$6,186,606	N/A	\$19,896,040
Per Capita Personal Income	N/A	\$52,917	N/A	N/A	\$46,034	\$46,401	\$46,401	N/A	\$89,300
Unemployment Rate	N/A	3.5%	3.4%	N/A	3.6%	4.6%	3.8%	2.9%	2.6%
<b>2016</b>									
Population	1,138,652	449,864	41,483	N/A	142,380	28,118	132,010	150,500	220,400
Personal Income (in thousands)	85,311,224	\$26,935,423	N/A	N/A	\$6,425,740	\$1,256,818	\$6,125,357	N/A	\$18,601,760
Per Capita Personal Income	74,923	\$51,600	N/A	N/A	\$45,131	\$44,698	\$46,401	N/A	\$84,400
Unemployment Rate	3.2%	3.7%	3.4%	N/A	4.0%	4.8%	4.2%	2.9%	2.9%
<b>2015</b>									
Population	1,142,234	441,627	41,764	15,700	142,299	28,213	130,603	147,650	216,700
Personal Income (in thousands)	\$85,675,546	\$25,621,125	\$2,101,356	\$700,000	\$6,296,162	\$1,201,676	\$6,060,071	N/A	\$18,614,530
Per Capita Personal Income	\$75,007	\$50,315	\$50,315	\$44,586	\$44,246	\$42,593	\$46,401	\$82,683	\$85,900
Unemployment Rate	3.1%	4.4%	4.1%	4.4%	5.2%	6.2%	4.8%	3.5%	3.4%
<b>2014</b>									
Population	1,137,538	433,621	42,081	15,174	138,423	28,132	129,318	144,000	215,000
Personal Income (in thousands)	\$81,620,627	\$24,377,908	\$2,042,822	\$694,362	\$6,091,966	\$1,215,809	\$5,766,877	N/A	\$18,554,500
Per Capita Personal Income	\$71,752	\$48,545	\$48,545	\$45,760	\$44,010	\$43,218	\$44,595	\$77,142	\$86,300
Unemployment Rate	3.5%	4.8%	5.0%	4.5%	5.2%	5.9%	5.5%	4.6%	3.5%
<b>2013</b>									
Population	1,130,924	425,681	41,725	14,838	135,311	27,307	127,779	142,000	221,045
Personal Income (in thousands)	\$80,982,075	\$23,468,904	\$1,973,426	\$419,100	\$5,900,913	\$1,116,665	\$5,570,826	N/A	\$18,234,223
Per Capita Personal Income	\$71,607	\$47,296	\$47,296	\$28,245	\$43,610	\$40,893	\$43,597	\$81,078	\$82,491
Unemployment Rate	3.7%	5.2%	5.4%	5.0%	5.1%	8.2%	6.3%	4.7%	4.0%
<b>2012</b>									
Population	1,118,602	418,107	40,742	15,332	134,352	26,024	126,194	140,800	216,004
Personal Income (in thousands)	\$77,012,392	\$23,464,178	\$1,965,150	\$419,100	\$5,744,220	\$1,064,199	\$5,562,025	N/A	\$17,273,192
Per Capita Personal Income	\$68,847	\$48,234	\$48,234	\$27,335	\$42,755	\$40,893	\$44,075	\$80,952	\$79,967
Unemployment Rate	4.4%	5.3%	5.6%	4.7%	4.9%	8.8%	6.5%	4.6%	3.5%

## VIRGINIA RAILWAY EXPRESS

### DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2009 to 2018

(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 (7)	Arlington County (8)
<b>2011</b>									
Population	1,100,692	410,454	39,358	14,387	128,961	25,691	124,835	140,100	210,280
Personal Income (in thousands)	\$71,145,429	\$22,755,668	\$1,888,948	\$455,635	\$5,405,658	\$1,050,582	\$5,375,789	N/A	\$15,707,916
Per Capita Personal Income	\$64,637	\$47,994	\$47,994	\$31,670	\$41,917	\$40,893	\$43,063	\$78,383	\$74,700
Unemployment Rate	4.7%	5.7%	6.1%	5.2%	5.2%	10.3%	7.0%	4.8%	3.9%
<b>2010</b>									
Population	1,081,726	402,002	37,821	12,042	128,961	24,286	122,397	139,993	212,200
Personal Income (in thousands)	\$72,577,324	\$21,375,534	\$1,761,021	\$391,776	\$5,265,160	\$954,391	\$5,074,874	N/A	\$15,217,499
Per Capita Personal Income	\$67,094	\$46,562	\$46,562	\$32,534	\$40,828	\$39,298	\$40,462	\$76,362	\$71,713
Unemployment Rate	5.1%	6.1%	7.0%	5.8%	5.7%	9.6%	7.0%	4.8%	4.3%
<b>2009</b>									
Population	1,074,227	392,900	36,514	11,410	122,800	23,353	120,977	N/A	209,300
Personal Income (in thousands)	\$74,380,758	\$20,209,890	\$1,679,863	\$382,695	\$4,915,316	\$892,131	\$4,942,717	N/A	\$14,841,044
Per Capita Personal Income	\$69,241	\$46,006	\$46,006	\$33,540	\$40,027	\$38,202	\$40,857	\$70,846	\$70,908
Unemployment Rate	4.9%	5.5%	7.3%	6.5%	5.4%	9.2%	5.7%	2.8%	4.7%

Sources:

- (1) Fairfax County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 287
- (2) Prince William County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 247
- (3) City of Manassas fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 140
- (4) City of Manassas Park fiscal year 2015 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 130
- (5) Stafford County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 154
- (6) City of Fredericksburg fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 175
- (7) Spotsylvania County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 151
- (8) City of Alexandria fiscal year 201 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 206
- (9) Arlington County fiscal year 2017 Comprehensive Annual Financial Report, Statistical Section, Table K, page 247

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, 2018, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated October 30, 2018.

**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  
October 30, 2018



A Transportation Partnership

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**RESOLUTION #2371**

**SUBJECT:** Approve the 2019 VRE Legislative Agenda

**WHEREAS:** The Virginia Railway Express (VRE) is an essential part of a 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 educate and advocate for desired legislative/regulatory outcomes with members of Congress and their staff, with staff of federal entities, in the Virginia General Assembly, and with the governor and his administration;

**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 does hereby approve the 2019 VRE Legislative Agenda and authorizes the VRE Chief Executive Officer to actively pursue the elements set forth in the 2019 VRE Legislative Agenda.

Approved this 6<sup>th</sup> day of December 2018.

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Paul C. Smedberg  
Chairman

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Katie Cristol  
Secretary-Treasurer

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# State Legislative Issues:

## **Commuter Rail Operating and Capital (C-ROC) Fund/Dedicated Funding**

- The creation of the C-ROC fund and annual \$15 million allocation of regional gas tax revenue was a clear acknowledgement of the critical role VRE plays in the regional transportation system and is an important first step in securing long term, dependable funding to maintain and increase commuter rail service.
- Staff is conducting an in-depth financial analysis that will inform how much additional funding is needed for VRE's financial security and which capital projects would best be considered for C-ROC funding in VRE's Capital Improvement Program.

### **Action:**

- Communicate to key legislators, administration officials, and staff members our appreciation for the creation and funding of C-ROC along with explaining how C-ROC funding is likely to be used in the short term based on the financial analysis.
- Defend against any attempts to decrease the \$15 million annually allocated to C-ROC.

## **Future Transportation Funding**

- The Commonwealth's Transit Capital Funding Program is facing a 40 percent decrease in revenues leaving an unfunded need of more than \$130 million annually in transit capital funding according to the Transit Capital Projects Revenue Advisory Board's recent report to the General Assembly. VRE relies on the Transit Capital Funding Program to match Federal funding for state-of-good-repair and expansion projects.
- VRE has developed a Financial Plan for implementation of its System Plan 2040 that identifies future capital and operating requirements needed to implement the plan. A key finding in the Financial Plan is the need for increased funding, even without any major expansion of service.
- VRE has developed a Financial Plan for implementation of its System Plan 2040, which is currently being updated, that identifies future capital and operating requirements needed to implement the plan. A key finding in the Financial Plan is the future need for increased funding, beyond the new \$15M in C-ROC, especially for any major expansion of service.
  - Note: the new financial analysis referenced above in State Legislative Issues is currently underway and will include updated assumptions and elements not present in the original analysis (e.g. C-ROC, SmartScale, I-66 Concessionaire funding, etc.) An updated Financial Plan will be available in the Fall allowing us to update the "needs" above.

### **Action:**

- VRE will join other transit providers and stakeholders in seeking future sustainable funding sources to shore up the Commonwealth's Transit Capital Funding Program.
- Stress the necessity that the General Assembly identify and secure long-term, dependable, state-wide funding sources for future commuter rail operating and capital costs.
- Advocate for the creation of an informal working group of House Appropriations and Senate Finance staff to investigate possible revenue sources for future additional dedicated commuter rail funding.



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Aimee Perron-Seibert – State Legislative Consultant, ☎ 804.647.3140 ✉ [aimee@commonwealthstrategy.net](mailto:aimee@commonwealthstrategy.net)

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**Long Bridge Corridor Project**

- The expansion of the Long Bridge is critical not just to VRE's future, but to the long-term operation of freight and intercity passenger rail along the East Coast. VRE is working closely with other stakeholders – including CSX, DRPT, DDOT, and federal agencies on this project.
- Preliminary design and environmental work on the Long Bridge Corridor project is nearing completion and work on final design, which is already partially funded, will soon begin.
- Federal funding for the construction phase of the project will be an essential component of a complete funding package. It is critical for stakeholders to formulate a management and funding plan for the construction and operation of an expanded Long Bridge corridor as part of any request for federal funding.

**Action:**

- Support and participate in the coalition of public and private stakeholders in the formulation of a management and funding plan for the expanded Long Bridge corridor.



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# Federal Legislative and Regulatory Issues:

## **Federal Grant Programs**

- Congress continues its support of Federal programs that fund transit capital investments, including commuter rail projects, through the Appropriations process.
- These discretionary programs include BUILD (formally TIGER) grants and Capital Investment Grants such as New Starts and Core Capacity.

### **Action:**

- Work with USDOT, U.S. Congressional delegation, relevant U.S. Congressional Committees, and regional stakeholders to educate and secure Administration and Congressional support for discretionary grant applications submitted by VRE.

## **Surface Transportation Board (STB) Authority**

- In August 2018, the STB issued its Decision in response to Chicago Metra's Petition filed in April 2018 confirming that the: 1) Board's jurisdiction extends to railroad properties previously owned by Chicago Union Station (CUS) and 2) Board may prescribe terms for Metra's use of CUS and mediate disputes concerning the use of CUS between Metra and the current owner of CUS, Amtrak. The Board, however, denied part of the Petition requesting current relief (in Metra's negotiations with Amtrak on a new lease/access agreement), determining that such an action would be premature. The Board, however, also stated it will provide guidance to the affected parties on issues that they should address in the event a similar petition is filed in the future.
- This ongoing matter could set precedent that would impact VRE's access agreements at Washington Union Station.

### **Action:**

- VRE submitted a letter of support for Metra's petition.
- Educate Congress and the Administration on the imperative of preserving STB's jurisdiction over VRE, and other common carrier commuter railroads.
- Monitor industry, Congressional and Administration efforts affecting the ability of VRE, and similar commuter railroads, to seek relief from the STB when negotiating with Amtrak.

## **FAST Act Reauthorization**

- The Fixing America's Surface Transportation Act (FAST Act), enacted in 2015, provides policies and funding levels for our nation's Federal-aid Highway (and Mass Transit) programs including passenger rail, highway safety, motor carrier safety, and hazardous materials programs. The FAST Act expires September 30, 2020.

### **Action:**

- VRE will partner with other stakeholders to advocate for appropriate funding levels and policies to support commuter rail and mass transit.



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**Watchlist: the following issues are being monitored for potential impacts to VRE.**

**Positive Train Control (PTC) Implementation**

- The Surface Transportation Extension Act of 2015 provides railroads an extension until at least December 31, 2018, to implement PTC systems.

**FAST Act Rulemaking**

- On December 4, 2015, the FAST Act was signed into law which includes new policies and programs, and changes to existing programs, that require various agencies to go through the federal rule making process.

**System Safety Program Final Rule**

- Passenger rail service providers have until December 4, 2018 to develop and implement a system safety program. This deadline extension announced on November 29, 2017, was the fifth issued by the Federal Railroad Administration and it's possible there will be another. There is still not clear guidance on how to deal with aspects related to host/tenant relationships.

**USDOT Rulemaking**

- On August 15, 2017, the President signed an Executive Order on "Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure." VRE will track and comment on proposed guidance, rulemakings, or requests for comment from USDOT helping to advance regulatory reforms applicable to VRE's operations and Capital Improvement Program.

**Amtrak On-Time-Performance**

- The Passenger Rail Investment and Improvement Act (PRIIA) of 2008 Sections 207(a) and 213(a), intended to improve the on-time performance (OTP) of Amtrak passenger trains by allowing host freight railroads to be fined if found responsible for Amtrak delays.
- In service areas where host freight railroads have both Amtrak and commuter rail tenants, the host railroads could prioritize Amtrak trains over commuter rail trains to avoid fines. In doing so, commuter services like VRE face the possibility of substantial degradation of service due to these dispatching decisions.
- Rulemaking continues for PRIIA of 2008 Section 207(a), including who has the authority to set OTP metrics and enforcement of the regulation.



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# VIRGINIA RAILWAY EXPRESS

## FY2020 - FY2025

## TRANSIT DEVELOPMENT PLAN

VRE Operations Board  
November 16, 2018



A BETTER WAY. A BETTER LIFE.

### ROLE OF THE TRANSIT DEVELOPMENT PLAN



#### Internal perspective (VRE)

**Summarizes** and **coordinates** near term actions and initiatives to achieve VRE's long range vision

#### External perspective (DRPT)

Commonwealth transit agencies **identify needs, service changes, required funding, and local priorities** to meet near and long term opportunities and challenges



VIRGINIA RAILWAY EXPRESS



# TDP UPDATE PROCESS



VIRGINIA RAILWAY EXPRESS

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**VRE MISSION:** *The Virginia Railway Express (VRE), a joint project of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, will provide safe, cost effective, accessible, reliable, convenient, and comfortable commuter-oriented rail passenger service. VRE will contribute to the economic development of its member jurisdictions as an integral part of a balanced, intermodal regional transportation system.*

## GOAL #1 – SERVICE DELIVERY

Deliver safe, secure, high-quality, and convenient service that is responsive to customer needs

## GOAL #2 – BUSINESS PRACTICES

Employ industry-leading business practices to drive operating efficiency, project delivery, regulatory compliance, and partnerships

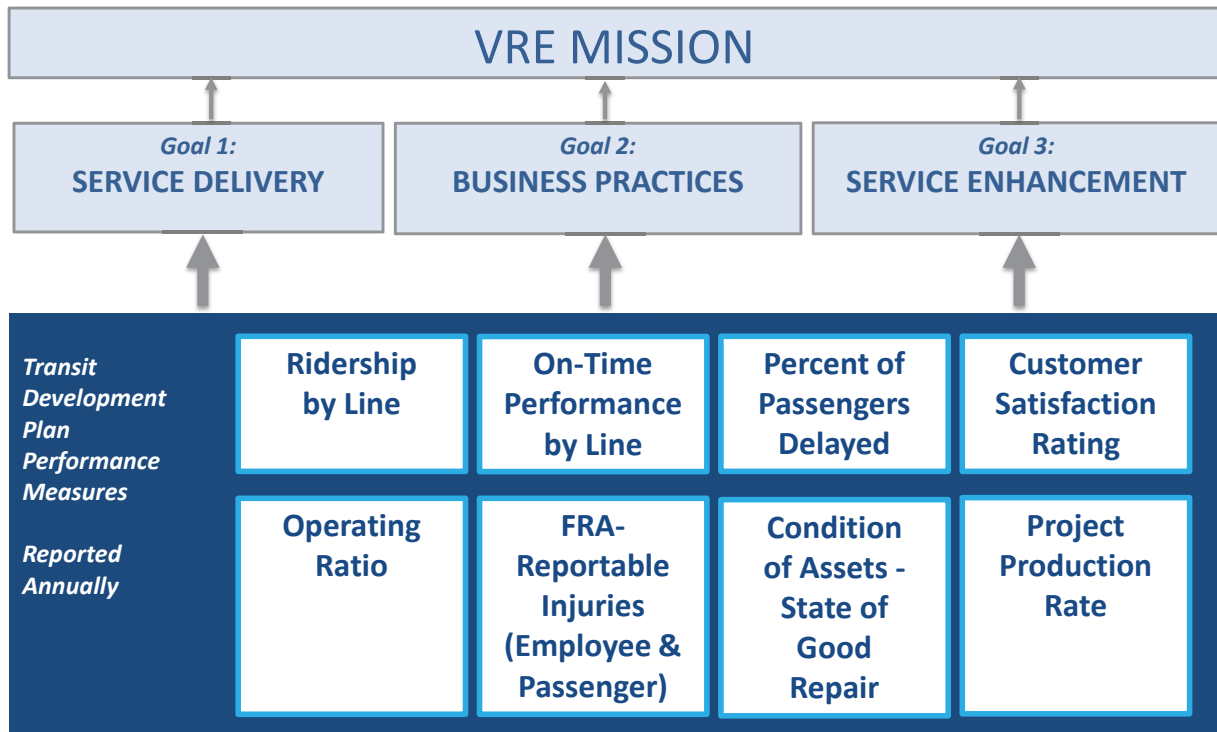
## GOAL #3 – SERVICE ENHANCEMENT

Expand VRE ridership efficiently and economically through operational enhancements, physical improvements, and coordinated intermodal integration throughout the region



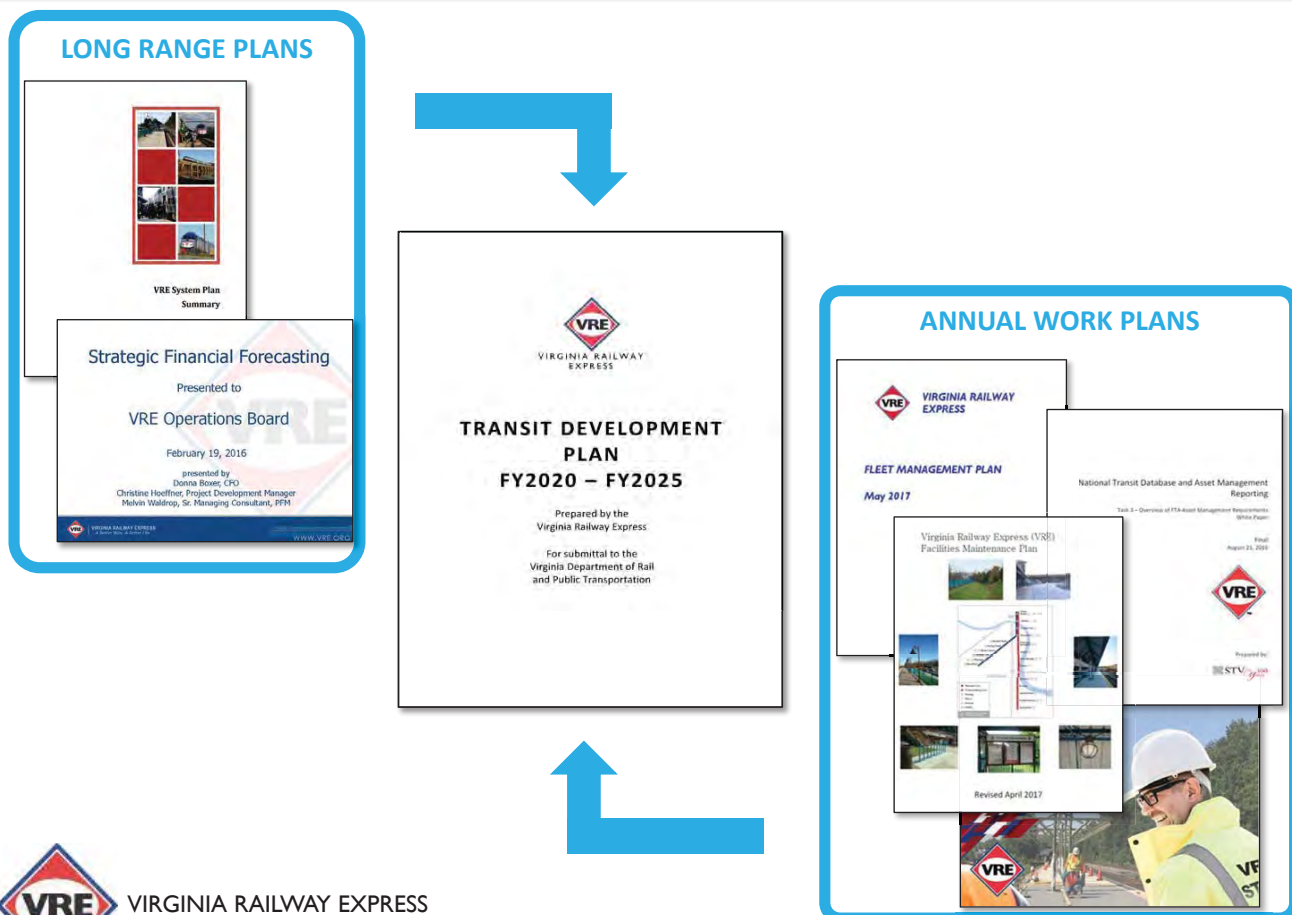
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# TDP TIMEFRAMES

## *FY 2020 – 2025 Fiscally-Constrained Plan*

- Outlines existing service and limited expansion consistent with the “Natural Growth” scenario
- Prioritizes implementation of projects and plans
- Identifies the financial plan for capital projects and operations

## *FY 2026 – 2029 Fiscally-Unconstrained Plan*

- Identifies current and future unfunded needs along with potential resources
- Summarizes ongoing planning/forecasting processes and initiatives

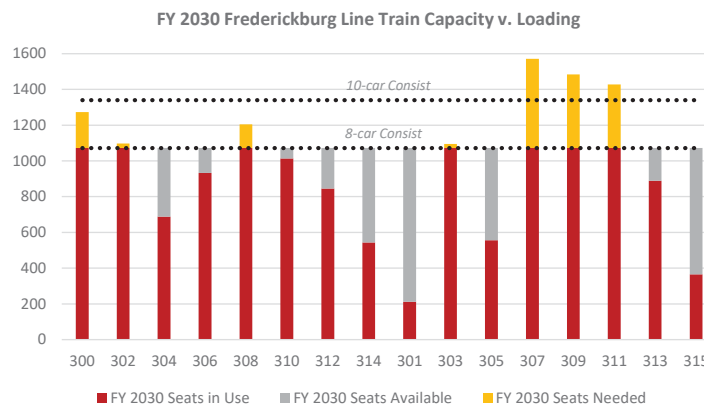


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## NEEDS – SEAT CAPACITY

- Some MSS Line trains are over-subscribed today
- Ridership modeling was conducted to identify long-term demand
- Results show 10-car trains on FBG Line will not meet 2030 peak hour demand



VIRGINIA RAILWAY EXPRESS

Source: FY 2018 VRE Master Agreement Boarding Counts (10/4/2017) and VRE Ridership Forecast, Natural Growth Scenario, VRE Travel Demand Model (11/17/17)

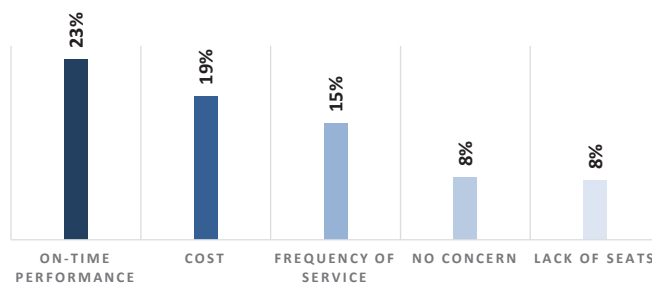
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## NEEDS – TIMING, FREQUENCY, MARKET

- VRE riders prefer earlier PM departures on both lines
- Modeling results show that new riders are attracted by higher frequency service, esp. MSS Line
- Frequency of service cited in VRE Customer Surveys
- Interest in reverse commute was expressed at the TDP workshop and other meetings

Top Five VRE Customer Survey Concerns (2015-2016)



VIRGINIA RAILWAY EXPRESS

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## SERVICE EXPANSION REQUIREMENTS

- Additional operating funding
- Additional capital funding (equipment, facilities, etc.)
- Expanded train storage capacity at VA and DC yards
- Expanded capacity at Washington Union Station at peak times
- Appropriate number & time of slots for each line



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## SERVICE PLANNING

### *FY 2020 – 2025 Fiscally-Constrained Plan*

- Extend existing FBG trains to 8 cars as needed (SMART SCALE)
- Extend existing MSS trains to 10 cars as needed (I-66 OTB)

### *FY 2026 – 2029 Fiscally-Unconstrained Plan*

- Develop a service plan to:
  - Adjust train timings and increase frequency using existing resources in the near term
  - Provide additional peak trips using new trainsets
  - Serve FBG reverse commute by cycling trainsets for new peak trips



VIRGINIA RAILWAY EXPRESS

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## CAPITAL PROJECTS

### *FY 2020 – 2025 Fiscally-Constrained Plan*

- Platform extensions, second platforms, & parking expansions
- Yard expansions in DC and VA to store extended trains
- Rolling stock (coaches) to extend trains
- Fourth Track segments between Alexandria and L'Enfant stations

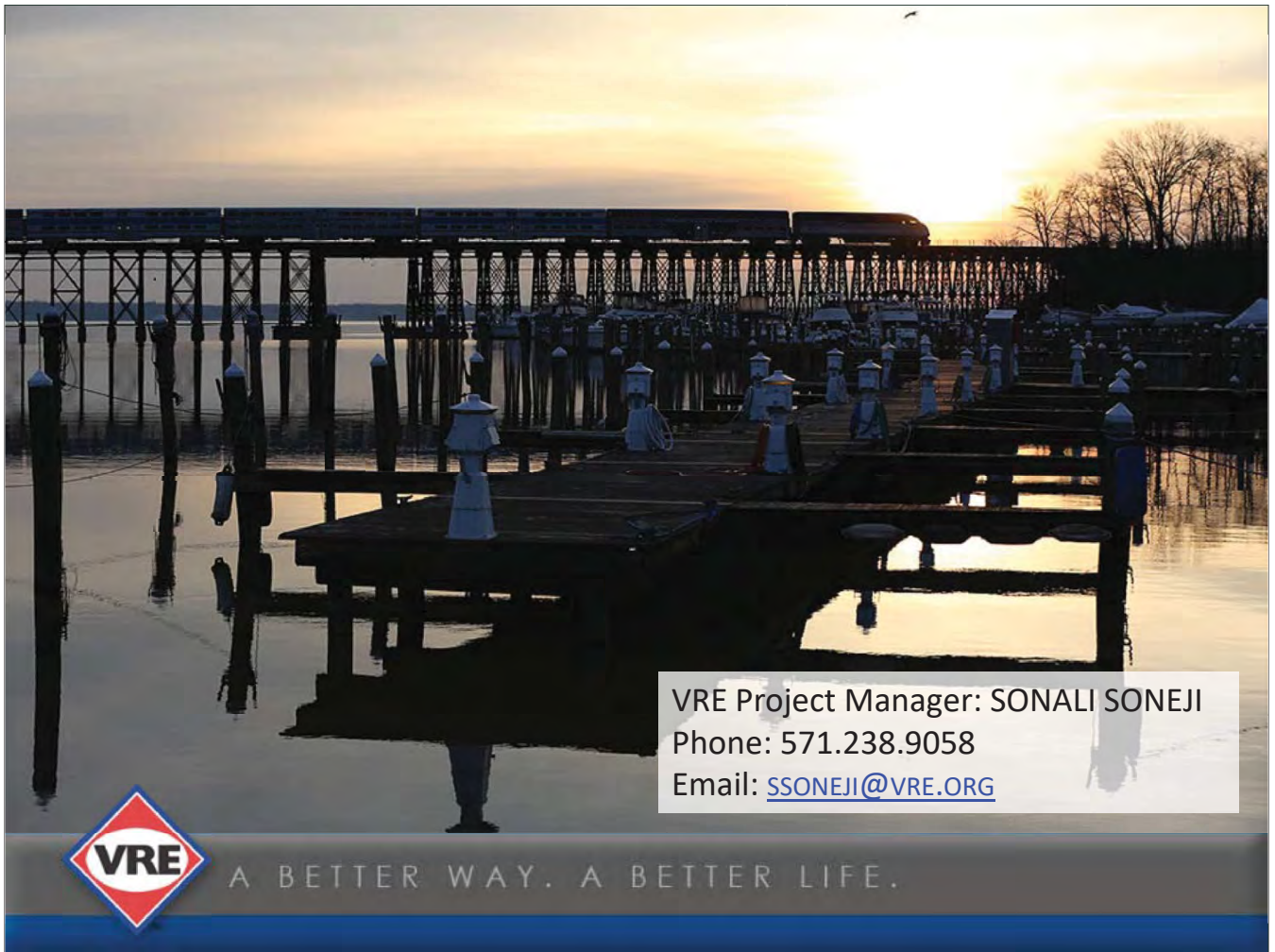
### *FY 2026 – 2029 Fiscally-Unconstrained Plan*

- Long Bridge expansion
- Third track south of the Occoquan river
- Locomotives and coaches for new trains
- Yard expansions to store new trains



VIRGINIA RAILWAY EXPRESS

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VRE Project Manager: SONALI SONEJI  
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**Agenda Item #11: Department of Rail and Public  
Transportation (DRPT)**



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 29, 2018

**SUBJECT:** Department of Rail and Public Transportation (DRPT)

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At the December meeting DRPT Director Jennifer Mitchell will give her report. The monthly [Department of Rail and Public Transportation \(DRPT\) Report](#) is attached.

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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  
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Virginia Relay Center  
800-828-1120 (TDD)

TO: Chairman Smedberg and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: November 27, 2018

SUBJECT: Virginia Department of Rail and Public Transportation (DRPT) Update

### General Update

At its meeting on October 30, the Commonwealth Transportation Board (CTB) approved DRPT's proposed policy related to the implementation of state transit capital funding prioritization and its proposed guidelines for urban transit agency strategic plans. Both of these items were requirements of HB 1539 from the 2018 General Assembly session. DRPT worked with the Transit Service Delivery Advisory Committee (TSDAC) to develop both items.

The December 2018 CTB Workshop and Meeting will be held in Richmond on December 4 & 5. DRPT will update the CTB on the development of the "Policy for the Implementation of Performance Based State Transit Operating Assistance" at the workshop on December 4. DRPT will provide another update on the policy to the CTB at its workshop on January 15 with final approval of the policy scheduled for the CTB meeting on February 20, 2019. Also scheduled for the CTB Workshop on December 4 is a presentation by Kate Mattice, NVTC Executive Director, on NVTC's "2018 Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority".

Two meetings of the TSDAC will have occurred between the November and December NVTC meetings. The TSDAC met in Richmond on November 13 and will meet there again on December 3. At both meetings the TSDAC continued discussions of the proposed revision of the state transit operating assistance allocation formula to a 100% performance based allocation formula as required by HB 1539. The proposed "Policy for the Implementation of Performance Based State Transit Operating Assistance" on which DRPT will update the CTB on December 4 is a product of the TSDAC's work.

The CTB's Fall 2018 Transportation Public Meeting in Northern Virginia will occur before the December NVTC meeting, but after this report is submitted. The meeting is scheduled for 5:30 p.m.

*[DRPT.Virginia.gov](http://DRPT.Virginia.gov)*

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

on Wednesday, November 28 at the VDOT District Office at 4975 Alliance Drive in Fairfax. The meeting will be preceded by an Open House. The Open House will include information on various state and regional transportation programs and initiatives.

DRPT's FY 20 Grant Application Cycle will open on December 1 and applications will be due to DRPT by February 1. FY 20 will be the first grant cycle during which DRPT will award funding in accordance with its new transit capital prioritization and performance based state transit operating assistance programs that were developed in conjunction with the TSDAC and approved by the CTB. Also beginning with the FY 20 grant cycle, DRPT has renamed/branded its revised grant programs as MERIT (Making Efficient and Responsible Investments in Transit).

To prepare grantees for applying for grants under the new MERIT programs, DRPT hosted an FY 20 Transit Grant Application Workshop on November 7 at the VDOT District Office in Fairfax. An FY 20 Transportation Demand Management (TDM) Grant Application Workshop was held the following day in the same location. DRPT will also host webinars on more in-depth grant application topics during December and January.

The Commonwealth received seven applications requesting approximately \$206 million in SMART SCALE funding from four Northern Virginia jurisdictions for which transit is the primary or only improvement by the August 8, 2018 application submission deadline. Several other applications were received for which transit would be a secondary beneficiary if those projects receive funding. Validation and final screening of applications is now complete and evaluation and scoring are underway. SMART SCALE application scores will be made available to the public on January 15, 2019. SMART SCALE awards will be incorporated into the FY 20-25 SYIP, which will be approved by the CTB in June 2019.

DRPT continues to work on moving various planning and pre-construction elements of the Atlantic Gateway Program forward, which will improve freight and passenger rail service in Northern Virginia, DC, and points south. This includes a third track project from Occoquan to Franconia, a fourth track in Alexandria and Arlington, and improvements to the Long Bridge, which will double train capacity over the Potomac. DRPT will provide updates on these projects as they become available.

DRPT continues to support the establishment of the Metro Safety Commission (MSC). The MSC is now meeting regularly at the MWCOC offices in Washington, DC. The MSC submitted all of the required certification documentation to the FTA by September 30, 2018 to allow for certification by the April 15, 2019 deadline.



## Agenda Item #12: FY2019 1<sup>st</sup> Quarter Transit Ridership Report



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice, Nobuhiko Daito, and Joey de St. Aubin

**DATE:** November 29, 2018

**SUBJECT:** FY2019 1<sup>st</sup> Quarter Transit Ridership Report

At the December meeting staff will present the FY2019 1<sup>st</sup> Quarter Transit Ridership Report, which shows that overall ridership among Northern Virginia transit agencies declined two percent in the 1<sup>st</sup> quarter of FY2019 (July through September 2018) when compared to the 1<sup>st</sup> quarter of FY2018. All agencies showed some level of decline in ridership, ranging from -1% (Metrorail) to -7% (Metrobus and Arlington Transit).

In August Metrorail saw a significant frequency reduction due to a maintenance program, resulting in a large drop in ridership that month compared to the same time the previous year. However, July 2018 experienced far greater ridership than July 2017, resulting in only a slight overall fall in ridership from quarter to quarter.

Ridership in Virginia by System: 1 <sup>st</sup> Quarter FY2019			
System	FY2018 Q1	FY2019 Q1	Percent Change (FY2018-19)
Arlington Transit	803,799	745,548	-7%
Alexandria DASH	1,046,294	1,022,348	-2%
Fairfax County Connector	2,186,629	2,162,978	-1%
Fairfax City CUE	157,392	150,233	-4%
Loudoun County Transit	440,006	439,333	0%
PRTC Omni Ride & Omni Link	629,512	613,959	-2%
Virginia Railway Express	1,197,707	1,155,492	-3%
Metrobus	4,607,003	4,301,263	-7%
Metrorail	23,172,631	23,036,104	-1%
<b>Total</b>	<b>34,240,973</b>	<b>33,627,258</b>	<b>-2%</b>

Source: WMATA, NVTC, and local and regional transit providers. Ridership is in unlinked passenger trips.

Average Weekday Ridership in Virginia: 1 <sup>st</sup> Quarter FY2019				
System	July FY2019	August FY2019	September FY2019	FY2019 Q1
Metrorail <sup>1</sup>	303,838	260,429	283,604	282,624
Metrobus <sup>2</sup>	57,372	58,393	58,890	58,218

1: Based on station entries and exits

2: Unlinked Passenger Trips

Source: WMATA and NVTC.

Attached is a [detailed breakdown of ridership by Metrorail station in Virginia for the 1<sup>st</sup> quarter of FY2019](#).

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**Metrorail Ridership by Station in Virginia**  
**4th Quarter FY2018**

Northern Virginia Metro Transportation Commission						Percent Change FY17-18
Line/Station	Year	April	May	June	Q4 Total	
Silver						
Greensboro	FY18	60,233	62,006	57,071	179,310	7.0%
	FY19	69,666	62,502	59,718	191,886	
McLean	FY18	83,614	83,926	77,572	245,111	10.4%
	FY19	97,807	87,630	85,131	270,568	
Spring Hill	FY18	66,954	60,276	57,161	184,391	-6.4%
	FY19	63,870	55,762	53,019	172,652	
Tysons Corner	FY18	181,356	180,538	166,558	528,452	4.3%
	FY19	199,256	185,150	166,995	551,402	
Wiehle-Reston East	FY18	384,429	382,040	354,864	1,121,333	1.6%
	FY19	423,280	364,060	352,400	1,139,739	
Total Silver Line	FY18	776,585	768,786	713,225	2,258,596	3.0%
	FY19	853,879	755,104	717,264	2,326,247	
Orange						
Dunn Loring	FY18	183,436	185,296	178,271	547,003	-3.3%
	FY19	193,630	167,452	167,997	529,079	
West Falls Church	FY18	112,662	112,814	109,520	334,996	1.1%
	FY19	126,111	103,032	109,526	338,669	
Vienna	FY18	450,674	450,044	435,225	1,335,943	-4.3%
	FY19	471,467	398,028	408,941	1,278,437	
Total Orange Line	FY18	746,772	748,154	723,017	2,217,942	-3.2%
	FY19	791,208	668,512	686,464	2,146,184	
Silver/Orange						
Ballston	FY18	453,428	456,364	437,708	1,347,500	-6.1%
	FY19	462,454	394,434	409,046	1,265,933	
Clarendon	FY18	200,485	203,016	201,686	605,187	3.1%
	FY19	225,992	191,116	206,943	624,051	
Court House	FY18	306,695	312,130	301,695	920,520	-4.2%
	FY19	325,911	268,282	287,438	881,631	
East Falls Church	FY18	198,234	194,672	192,120	585,026	-4.2%
	FY19	208,822	173,822	178,095	560,739	
Rosslyn	FY18	636,442	627,576	599,592	1,863,609	-2.2%
	FY19	689,324	543,940	589,059	1,822,323	
Virginia Square	FY18	171,423	177,470	172,957	521,850	0.5%
	FY19	189,942	162,422	172,236	524,600	
Total	FY18	1,966,706	1,971,228	1,905,757	5,843,692	-2.8%
	FY19	2,102,444	1,734,016	1,842,818	5,679,278	

Source: WMATA. Ridership is based on station entries and exits



Line/Station	Year	April	May	June	Q4 Total	Percent Change FY17-18
Blue						
Arlington Cemetery	FY18	142,917	94,578	70,599	308,094	-13.6%
	FY19	130,805	74,158	61,169	266,132	
Franconia Springfield	FY18	322,529	310,608	282,178	915,315	-1.7%
	FY19	341,876	287,052	270,522	899,450	
Van Dorn	FY18	131,163	132,616	124,515	388,294	-4.3%
	FY19	133,351	120,054	118,160	371,564	
Total	FY18	596,609	537,802	477,291	1,611,703	-4.6%
	FY19	606,032	481,264	449,851	1,537,147	
Yellow						
Eisenhower Avenue	FY18	76,629	76,880	80,686	234,195	20.4%
	FY19	104,155	94,644	83,112	281,912	
Huntington	FY18	333,458	340,600	322,646	996,704	0.8%
	FY19	354,386	340,592	309,903	1,004,881	
Total	FY18	410,087	417,480	403,333	1,230,899	4.5%
	FY19	458,542	435,236	393,015	1,286,793	
Blue/Yellow						
Braddock Road	FY18	193,678	198,110	194,765	586,553	4.6%
	FY19	215,450	200,464	197,611	613,525	
Crystal City	FY18	525,194	513,738	499,979	1,538,911	0.9%
	FY19	564,068	501,618	487,307	1,552,993	
King Street	FY18	382,419	364,278	348,899	1,095,596	-4.1%
	FY19	391,112	340,272	319,384	1,050,768	
National Airport	FY18	310,686	334,912	314,510	960,108	0.1%
	FY19	352,507	315,782	292,795	961,084	
Pentagon	FY18	579,392	619,840	584,106	1,783,338	0.1%
	FY19	615,883	600,716	568,162	1,784,762	
Pentagon City	FY18	659,164	639,036	607,604	1,905,804	0.0%
	FY19	695,213	617,970	593,117	1,906,300	
Total	FY18	2,650,533	2,669,914	2,549,863	7,870,310	0.0%
	FY19	2,834,233	2,576,822	2,458,377	7,869,432	
Total Virginia Stations	FY18	7,147,292	7,113,364	6,772,486	21,033,142	-0.9%
	FY19	7,646,337	6,650,954	6,547,789	20,845,080	

Source: WMATA. Ridership is based on station entries and exits



**TO:** Chairman Smedberg and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 29, 2018

**SUBJECT:** Executive Director Report

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At the December meeting the executive director will give an update on Commission and staff activities that occurred during the last month, as well as upcoming meetings and events.

### **A. Executive Director Newsletter**

NVTC's [Executive Director Newsletter](#) provides updates on specific NVTC projects and programs and highlights items of interest at the federal and state levels and among partners such as the Transportation Planning Board (TPB) and the Northern Virginia Transportation Authority.

This month's newsletter highlights the importance of transit to Amazon's second headquarters decision and two upcoming NVTC events, including a Mobile Ticketing Industry Day on December 5<sup>th</sup> and the Joint NVTC-PRTC Legislative Briefing on December 10<sup>th</sup>.

### **B. NVTC Financial Report**

The [October 2018 Financial Report](#) is provided for your information.

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# Executive Director Newsletter

December 2018



Amazon's selection of Northern Virginia as the site for half of its second headquarters will significantly impact the region's transportation network and offers opportunities for reimagining our transit network. More than a half billion dollars has been pledged by the Commonwealth, Arlington County and the City of Alexandria to improve transit. Plans for what Amazon is calling [National Landing](#) include an additional entrance to the Crystal City Metro station, a second entrance for the planned Potomac Yard station, a pedestrian bridge from Reagan National Airport to Crystal City, and expansion of Metroway, the region's only bus rapid transit system.

As NVTC begins to explore HQ2's impact on transit, we have lined up meetings with those who have a vested interest in improving bus and rail service in the region. Earlier this month, Allan Fye and I met with a representative of JBG Smith to learn about the real estate developer's interest in improving Metrorail access and connections between Virginia Railway Express and National Airport. These meetings will be key to helping us rethink a mass transportation network that is more robust, modern, high speed, and abundant.

The framework for this future world-class transit network is in place. This year's [landmark omnibus transit funding bill](#), which dedicated \$154 million annually to the Washington Metropolitan Area Transit Authority (WMATA) and \$15 million per year to Virginia Railway Express (VRE), demonstrated Virginia's commitment to elevating the level of rail service in the region. The new regional gas tax floor, which will allow the Commonwealth to commit to its share of dedicated funding for WMATA and provide NVTC and OmniRide/PRTC with an additional \$45.2 million annually, sent a similar message.

Moving forward, we must ensure that our bus systems have the funding they need to serve those who will fill the 25,000 new jobs that Amazon will bring to Northern Virginia over the next decade. Amazon's announcement also places a premium on funding [Virginia's Atlantic Gateway](#), a group of multimodal projects – including much-needed improvements to the Long Bridge – that would expedite travel along the I-95 corridor between Fredericksburg and Washington, D.C.

Given that both the District of Columbia and Maryland view Amazon's HQ2 as win for the region, we look forward to partnering with them and business and nonprofit organizations to ensure that our transit network is a viable and attractive option for commuters. Now is the time to think big and bold. We must explore all transit options – both local and cross-jurisdictional – to meet the transportation needs of our constituents.

**Executive Director**

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Northern Virginia Transportation Commission  
2300 Wilson Blvd., Ste. 620  
Arlington, VA 22201  
[www.novatransit.org](http://www.novatransit.org)



**NVTC's Dec. 6 meeting will be at 2311 Wilson Blvd. in Arlington. A photo ID will be required for admittance to the building.**

## Key Dates

Dec 4-5	<a href="#">CTB Monthly Meeting</a>
Dec 6	<a href="#">NVTC Monthly Meeting</a>
Dec 10	<a href="#">NVTC/PRTC Legislative Briefing</a>
Dec 13	<a href="#">WMATA Board Meeting</a>
Dec 13	<a href="#">NVTA Monthly Meeting</a>
Dec 14	<a href="#">VRE Operations Board Meeting</a>
Dec 19	<a href="#">TPB Monthly Meeting</a>
Jan 3	<a href="#">NVTC Monthly Meeting</a>



## Existing Transit Instrumental in Securing Amazon Second Headquarters

A cornerstone of Northern Virginia's successful bid for Amazon's second headquarters was the emphasis on existing public transportation as well as a promise of additional transit investment. Amazon's National Landing, which encompasses parts of Crystal City in Arlington County and the City of Alexandria, is served by commuter and heavy rail, bus rapid transit, local and commuter buses and bike share.

Transportation and mobility were among Amazon's key criteria for a new headquarters and Northern Virginia checked the boxes: direct access to mass transit, an international airport no more than 45 minutes away, and major highways or arteries within a few miles.

The region's selection is a testament to its robust transit network. Metro General Manager Paul J. Wiedefeld said Amazon officials made a point of riding Metro when they were touring the area during site visits. "That sent a signal that they were extremely serious about transit and they were extremely serious about Metro's role in the region," he said.

A review of available transportation services, facilities, and associated capacity by the Commonwealth indicates that the regional and local transit systems have significant unused capacity, even during peak travel periods. In Seattle, Amazon employees' transit costs are fully covered by company-subsidized passes. That's in part why transportation officials in Northern Virginia expect

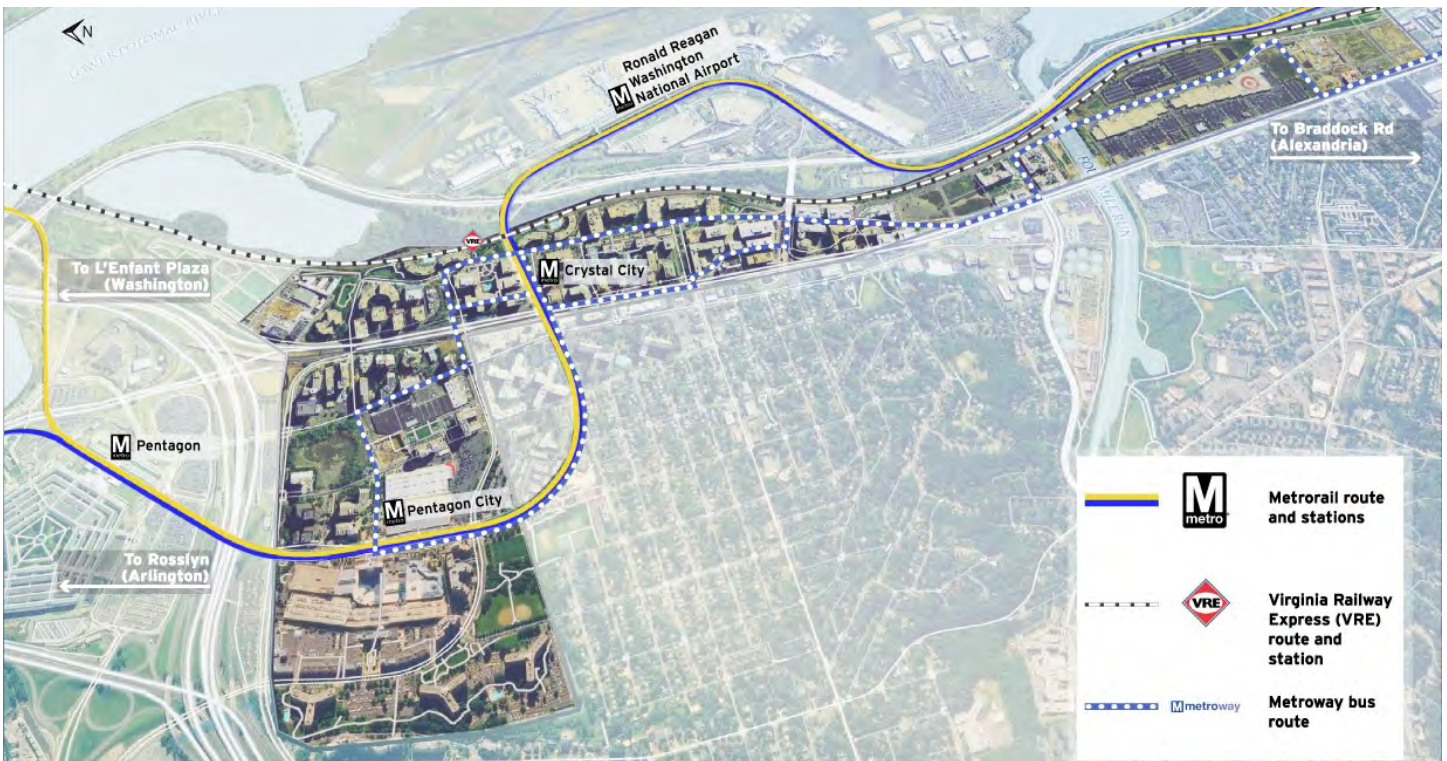
that most of Amazon's employees will utilize public transit, walk, bike, or carpool on their commutes each day. Here are some of their options.

**Metrorail** has two stations – Crystal City and Pentagon City – that provide access to National Landing and connections to National Airport and Washington, D.C. via the Blue and Yellow lines. Metrorail ridership in Virginia was more than 24.5 million in the fourth quarter of fiscal year 2018, a 4 percent increase over the same period in 2017, when SafeTrack was underway.

**Virginia Railway Express**, which NVTC co-owns, has a station in Crystal City that serves the commuter railroad's two lines. The 60-mile Fredericksburg Line runs north-south while the 35-mile Manassas Line runs east-west. VRE ridership in the fourth quarter of 2018 was over 1.2 million, a 1 percent increase over 2017.

**Metroway**, the region's only bus rapid transit system, runs between the Pentagon City Metro station in Arlington and Braddock Road station in Alexandria. Metroway has seen its weekly ridership climb to over 2,400 since it opened in 2014.

**Capital Bikeshare** has 500 stations, more than a dozen of which are in National Landing, and over 4,300 bicycles. With stations in the District, Maryland and Virginia, Capital Bikeshare has expanded rapidly since opening in 2010. It now has more than 32,000 members.





## NVTC to Host Mobile Ticketing Industry Day

To help Northern Virginia's seven transit agencies better understand current market trends and identify potential features and solutions for a regional fare collection mobile app, NVTC will hold a Mobile Ticketing Industry Day on December 5. The event at DASH's headquarters in Alexandria is part of a larger effort to coordinate mobile ticketing activities among Northern Virginia transit systems and promote seamless regional mobility. Several firms will present their solutions and capabilities for a regional, mobile-based fare collection system. Firms will focus on functions and features for a multi-transit mo-



bile app that would go beyond the basic cloud-hosted, ticket-purchase, and trip-planning features available today. They also will address administrative features, such as revenue distribution and new mode integration, personalized payments and trip planning. Each company will have 45 minutes to present its solution and concept. A 15-minute question and answer session will follow.



## NVTC/PRTC Annual Legislative Briefing

Join NVTC and PRTC Commissioners for an overview of federal and state issues affecting transit in Northern Virginia

*Monday, December 10, 2018 from 9-11 a.m.  
Embassy Suites by Hilton, 8100 Loisdale Road, Springfield, VA*

### Featuring

Remarks on the Importance of Transit in Securing Amazon's Second Headquarters  
**Matt Kelly, CEO, JBG Smith**

### What Recent Legislation Means for Transit in Northern Virginia

**Paul Wiedefeld**  
General Manager/CEO  
WMATA

**Jennifer Mitchell**  
Director  
Dept. of Rail and Public Transportation

**Doug Allen**  
CEO  
VRE

**Kate Mattice**  
NVTC Executive Director

**Bob Schneider**  
PRTC Executive Director

### Remarks

**Paul Smedberg**  
NVTC Chair

**Ruth Anderson**  
PRTC Chair

## Virginia to Help Localities Purchase All-Electric Buses

Virginia will invest \$14 million to fund the deployment of all-electric transit buses across the Commonwealth. The amount, [according to Governor Ralph Northam](#), represents 15 percent of Virginia's \$93.6 million settlement with Volkswagen. "Electric transportation is a critical part of our climate strategy to reduce pollution and advance the clean economy," he said. "This funding will support the move to 21st-century transit and help make Virginia an even better place to live, work, play, start a business, and raise a family."

"Not only does this program help ensure transit projects can provide the safe and reliable services our citizens deserve," said Transportation Secretary Shannon Valentine, "but it makes public transit in Virginia environmentally sustainable and cost-effective for years to come."

The Department of Environmental Quality will provide funds to replace heavy and medium-duty polluting vehicles with cleaner vehicles. The project will be part of the Department of Rail and Public Transportation's annual capital grant cycle known as MERIT (Making Efficient and Responsible Investments in Transit), which runs from December 1, 2018 through February 1, 2019.

While electric vehicles have no tailpipe emissions, their carbon footprint depends on the electricity grid that charges them. On average, electric vehicles in Virginia produce 70 percent fewer carbon emissions than their gasoline-powered counterparts, according to data from the U.S. Department of Energy. A study earlier this year by the Union of Concerned Scientists rated Virginia as one of the best places for electric buses based on carbon pollution. Diesel buses emit 200-300 percent more carbon pollution than electric buses in Virginia.

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## Construction at King Street-Old Town Metrorail Bus Loop Underway

Improvements to the King Street-Old Town Metrorail station bus loop began November 18. [The project will improve pedestrian access and safety, add three bus bays, and designate areas for bikes, shuttles, kiss-and-ride, taxis and car share.](#) Construction is expected to be completed by mid-2020. The project aligns with the city's Vision Zero initiative, designed to eliminate pedestrian and bicyclist fatalities. During construction, the King Street-Old Town Metrorail Station remains open with no impact to train service. There are, however, significant changes outside the station. This project will overlap with WMATA's planned closure of six stations

south of Reagan National Airport in summer 2019 to rehabilitate decaying station platforms.



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## NVTC Submits WMATA Report to Governor & General Assembly

As required by the [2018 omnibus transit funding bill](#), NVTC prepared and submitted its [Report on the Performance and Condition of the Washington Metropolitan Transit Authority](#) to the Commonwealth. The report, due each year by November 1, presents data vital to understanding how Metrorail and Metrobus are performing and articulates the Commission's priorities for controlling WMATA's operating costs. NVTC Executive Director Kate Mattice will present the report's findings at the December 4 Commonwealth Transportation Board meeting in Richmond.





## NVTC Briefs VTA Board on Proposed Changes to State Transit Funding

New [allocation formulas for state funding of transit capital and operations](#) was the topic of NVTC Executive Director Kate Mattice's presentation to the Virginia Transit Association (VTA) Board of Directors in early November. Mattice, who represents VTA on the Commonwealth's Transit Service Delivery Advisory Committee, noted that transit agencies need to prepare for changes to the amount they receive from the Department of Rail and Public Transportation (DRPT). [The Commonwealth Transportation Board has approved DRPT's recommendations for prioritizing requests for transit capital funds](#) and will be briefed on recommendations for a DRPT's proposed approach to allocating transit operating funds in December and January, with a vote on the measure in February. Equitable funding among transit systems and modes - be they urban, suburban, rural, bus or rail - remains a concern, Mattice noted in her presentation, but TSDAC is working with DRPT to ensure that different

transit service types, such as commuter buses, are not inadvertently disadvantaged by the proposed approach. DRPT is required to develop an allocation formula under the 2018 omnibus transit funding bill.



## NVTC Participates in Metro Emergency Drill in Springfield

NVTC's Matt Cheng, who coordinates Northern Virginia's emergency transit response, joined Metro Transit Police, Fairfax County and regional partners for a full-scale emergency drill at the Franconia-Springfield Metrorail Station on November 4. The exercise, which included the evacuation of a train on the roadway, was designed to gauge how well emergency responders handled the situation. Those participating in the drill included the Fairfax County Fire Department and Police, Alexandria Fire Department, Prince George's County Fire & EMS, Loudoun County Fire & Rescue, and Fort Belvoir Fire Department.



## NVTC Issues Call for Projects through I-66 Commuter Choice



Following Commission approval in November, NVTC began soliciting [projects for funding through its I-66 Commuter Choice program](#). NVTC anticipates that up to \$20 million will be available to fund capital improvements, operations and mobility initiatives to improve the efficiency and reliability of travel for I-66 toll payers between the Beltway and Potomac River. The program has funded more than \$22 million to support 25 projects in the I-66 corridor. Juris-

diction in Virginia Planning District 8 — which are the counties of Arlington, Fairfax, Loudoun and Prince William; the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park; and the towns of Dumfries, Herndon, Leesburg, Purcellville and Vienna — and the transit agencies that serve them (including Metro, Virginia Railway Express and OmniRide) may seek funds to improve commutes on and along I-66. Applications are due by January 16, 2019.

## WMATA



A continuous, 14-day capital improvement project will [close Metro's Yellow Line from November 26 to December 9](#). The project will include structural repairs and rail infrastructure improvements, such as grout pad reconstruction and fastener replacement along the Yellow Line bridge over the Potomac River. WMATA recommends that Virginia riders use the Blue Line when possible. NVTC has been working with WMATA and Northern Virginia transit agencies to help mitigate the closure with supplemental shuttles and other travel alternatives.



## Mobility Lab



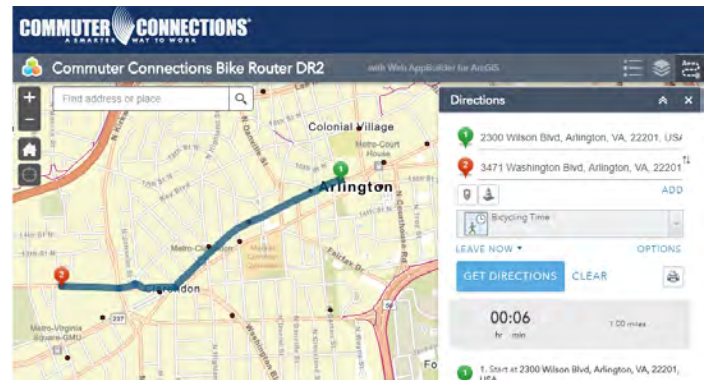
The annual D.C. installment of [Transportation Camp](#) is set for January 12 at George Mason University's Founders Hall. Transportation Camp provides a forum for experts and transportation-minded individuals to share their work and ideas and serves as an incubator for innovation. Hosted by Mobility Lab, the one-day event will feature attendee-led events, breakfast and lunch, and an evening reception. The camp, which occurs the day before the Transportation Planning Board Annual Meeting, will attract industry leaders, young professionals, and students from around the nation and world to Northern Virginia.



## Commuter Connections



Commuter Connections has [launched a new Bicycle Route Finder](#), a web service that makes getting around the metropolitan Washington region on a bicycle easier and more fun. The free database includes more than 2,150 miles of trails, on-street lanes, paths and facilities; 37,371 path segments; and 35,485 path junctions. It also allows users to check availability of bikes and bays at Capital Bikeshare locations. The Bicycle Route Finder is available to members on the [Commuter Connections' website](#). Membership is free and comes with a wide range of commuter options.



## Transportation Planning Board



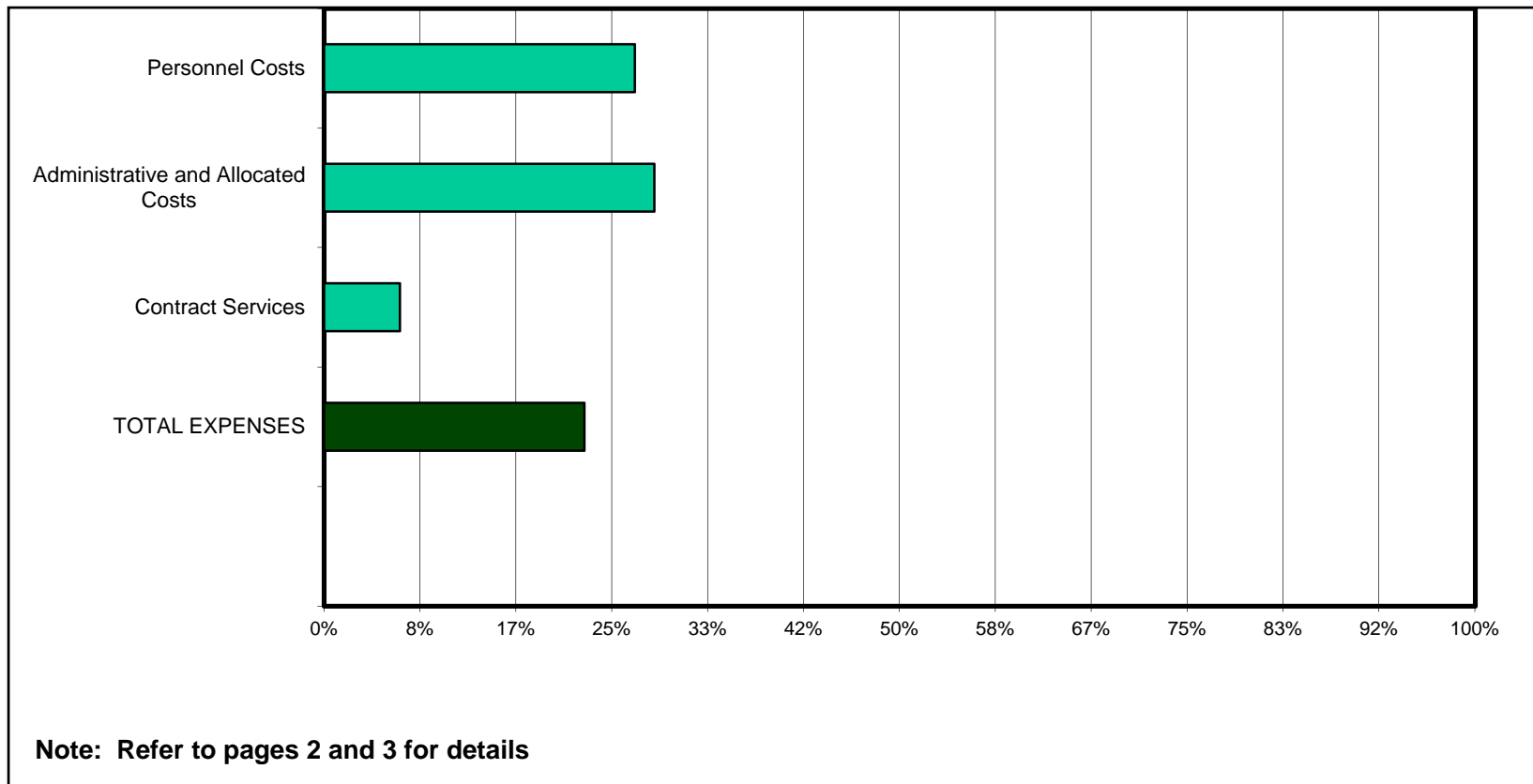
The TPB is recruiting for its [Citizens Advisory Committee](#) (CAC), which weighs in on specific proposals and provides guidance on public engagement. CAC members bring different perspectives from across the region to help the board and staff better explain how the transportation planning process works. The CAC has 15 voting members and nine non-voting alternate members, each of whom serve one-year terms. Members must either be elected by the outgoing CAC or appointed by the three incoming officers of the TPB. The application deadline is December 12 and new members will begin serving in February.



# Northern Virginia Transportation Commission

Financial Reports  
October, 2018

Percentage of FY 2019 NVTC Administrative Budget Used  
October 2018  
(Target 33.3% or less)



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2018**

	<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 Wages	\$ 134,329.12	\$ 438,973.07	\$ 1,634,700.00	\$ 1,195,726.93	73.1%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>134,329.12</u>	<u>438,973.07</u>	<u>1,634,700.00</u>	<u>1,195,726.93</u>	<u>73.1%</u>
<u>Benefits</u>					
Employer's Contributions:					
FICA	6,657.89	31,256.55	110,300.00	79,043.45	71.7%
Group Health Insurance	8,992.02	36,428.81	157,300.00	120,871.19	76.8%
Retirement	10,596.00	42,384.00	126,900.00	84,516.00	66.6%
Workmans & Unemployment Compensation	117.73	421.48	5,600.00	5,178.52	92.5%
Life Insurance	331.22	1,642.68	6,200.00	4,557.32	73.5%
Long Term Disability Insurance	569.78	2,098.92	7,900.00	5,801.08	73.4%
Total Benefit Costs	<u>27,264.64</u>	<u>114,232.44</u>	<u>414,200.00</u>	<u>299,967.56</u>	<u>72.4%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem	1,250.00	3,650.00	13,700.00	10,050.00	73.4%
<i>Rents:</i>	<i>20,993.53</i>	<i>84,504.09</i>	<i>256,000.00</i>	<i>171,495.91</i>	<i>67.0%</i>
Office Rent	19,225.33	78,076.94	236,300.00	158,223.06	67.0%
Parking & Transit Benefits	1,768.20	6,427.15	19,700.00	13,272.85	67.4%
<i>Insurance:</i>	<i>598.35</i>	<i>1,863.70</i>	<i>7,000.00</i>	<i>5,136.30</i>	<i>73.4%</i>
Public Official Bonds	300.00	400.00	2,200.00	1,800.00	81.8%
Liability and Property	298.35	1,463.70	4,800.00	3,336.30	69.5%
<i>Travel:</i>	<i>2,737.25</i>	<i>5,919.38</i>	<i>35,900.00</i>	<i>29,980.62</i>	<i>83.5%</i>
Conference / Professional Development	1,186.25	3,389.77	19,800.00	16,410.23	82.9%
Non-Local Travel	-	111.34	4,300.00	4,188.66	97.4%
Local Travel, Meetings and Related Expenses	1,551.00	2,418.27	11,800.00	9,381.73	79.5%
<i>Communication:</i>	<i>1,628.30</i>	<i>4,438.48</i>	<i>14,700.00</i>	<i>10,261.52</i>	<i>69.8%</i>
Postage	599.53	773.53	1,500.00	726.47	48.4%
Telephone and Data	1,028.77	3,664.95	13,200.00	9,535.05	72.2%
<i>Publications &amp; Supplies</i>	<i>2,128.78</i>	<i>3,907.43</i>	<i>32,000.00</i>	<i>28,092.57</i>	<i>87.8%</i>
Office Supplies	357.64	674.10	2,700.00	2,025.90	75.0%
Duplication and Paper	1,771.14	3,233.33	9,300.00	6,066.67	65.2%
Public Engagement	-	-	20,000.00	20,000.00	100.0%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2018**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	5,278.25	8,047.04	36,800.00	28,752.96	78.1%
Furniture and Equipment (Capital)	4,744.30	5,556.58	20,100.00	14,543.42	72.4%
Repairs and Maintenance	-	357.00	1,000.00	643.00	64.3%
Computer Operations	533.95	2,133.46	15,700.00	13,566.54	86.4%
<i>Other General and Administrative:</i>	514.42	3,850.92	8,700.00	4,849.08	55.7%
Memberships	100.00	586.50	1,400.00	813.50	58.1%
Fees and Miscellaneous	414.42	1,804.42	5,800.00	3,995.58	68.9%
Advertising (Personnel/Procurement)	-	1,460.00	1,500.00	40.00	2.7%
Total Administrative Costs	<u>35,128.88</u>	<u>116,181.04</u>	<u>404,800.00</u>	<u>288,618.96</u>	<u>71.3%</u>
<u>Contracting Services</u>					
Auditing	9,050.00	9,050.00	31,200.00	22,150.00	71.0%
Contract Services and Support	15,150.19	26,400.19	647,800.00	621,399.81	95.9%
Legal	2,916.67	11,666.68	35,000.00	23,333.32	66.7%
Total Contract Services	<u>27,116.86</u>	<u>47,116.87</u>	<u>714,000.00</u>	<u>666,883.13</u>	<u>93.4%</u>
 Total Gross G&A Expenses	<u><u>\$ 223,839.50</u></u>	<u><u>\$ 716,503.42</u></u>	<u><u>\$ 3,167,700.00</u></u>	<u><u>\$ 2,451,196.58</u></u>	<u><u>77.4%</u></u>



**NVTC**  
**RECEIPTS and DISBURSEMENTS**  
**October 2018**

			Virginia LGIP			
Date	Payer / Payee	Purpose	Wells Fargo Checking	Wells Fargo Savings	G&A / Project	Trusts
RECEIPTS						
2	DMV	Motor Vehicle Fuels Sales tax revenue				\$ 2,606,668.59
2	Alexandria	G&A contribution		\$ 9,922.25		
5	VRE	Reimbursement for staff support		7,154.59		
10	FTA	Grant receipt - Alexandria			32,028.00	
18	VRE	Reimbursement for staff support		6,969.16		
18	DRPT	Capital grants receipts - Alexandria			63,733.00	
18	DRPT	Capital grant receipt - Arlington				27,135.00
18	DRPT	Capital grant receipt - Fairfax				21,114.00
23	DRPT	Capital grant receipt - Alexandria				298,644.00
24	DRPT	Operating assistance - City of Fairfax				204,260.00
29	VDOT	Toll revenue receipt			3,841,760.00	
31	Banks	Investment earnings		24.10	29,048.03	116,958.47
			-	24,070.10	3,966,569.03	3,274,780.06
DISBURSEMENTS						
1-31	Various	G&A expenses	(246,716.91)			
1	WMATA	Metrobus operating				(17,880,915.00)
1	WMATA	Metroaccess operating				(3,346,351.00)
1	WMATA	Metrorail operating				(22,361,306.00)
1	WMATA	CIP				(625,507.00)
1	WMATA	Project development				(3,960.00)
1	WMATA	Debt service				(3,835,963.00)
10	City of Fairfax	Other operating				(228,000.00)
10	City of Fairfax	Other operating				(6,627.00)
11	Alexandria	Costs incurred			(32,028.00)	
19	Alexandria	Costs incurred			(63,733.00)	
25	Stantec	Consulting - NTD project	(5,295.89)			
31	Banks	Service charges	(47.29)	(11.73)		
			(252,060.09)	(11.73)	(95,761.00)	(48,288,629.00)
TRANSFERS						
15	Transfer	Savings to checking	150,000.00	(150,000.00)		
25	Transfer	LGIP to LGIP - NTD project			5,295.89	(5,295.89)
26	Transfer	Savings to checking	50,000.00	(50,000.00)		
			200,000.00	(200,000.00)	5,295.89	(5,295.89)
NET INCREASE (DECREASE) FOR MONTH			\$ (52,060.09)	\$ (175,941.63)	\$ 3,876,103.92	\$ (45,019,144.83)

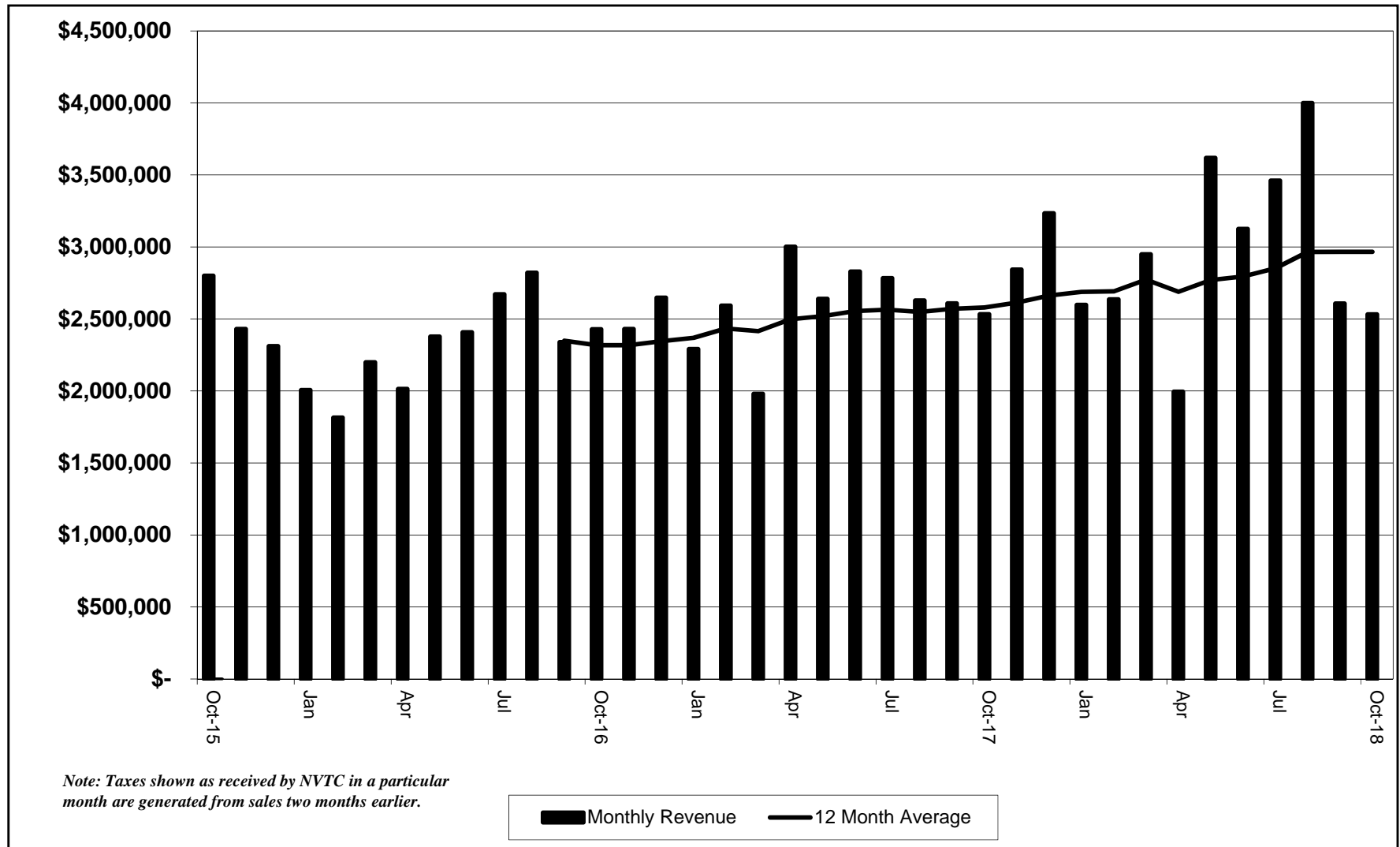
**NVTC  
INVESTMENT REPORT  
October 2018**

Type	Rate	Balance 9/30/2018	Increase (Decrease)	Balance 10/31/2018	Balance		
					NVTC G&A/Project	Jurisdictions Trust Fund	Loudoun Trust Fund
<b><u>Cash Deposits</u></b>							
Wells Fargo: NVTC Checking	N/A	\$ 92,734.43	\$ (52,060.09)	\$ 40,674.34	\$ 40,674.34	\$ -	\$ -
Wells Fargo: NVTC Savings	0.200%	210,807.83	(175,941.63)	34,866.20	34,866.20	-	-
<b><u>Investments</u></b>							
Bank of America: Virginia Local Government Investment Pool (LGIP)	2.316%	120,159,828.79	(41,143,040.91)	79,016,787.88	18,415,384.31	36,075,005.09	24,526,398.48
		<u>\$ 120,463,371.05</u>	<u>\$ (41,280,618.40)</u>	<u>\$ 79,092,328.42</u>	<u>\$ 18,490,924.85</u>	<u>\$ 36,075,005.09</u>	<u>\$ 24,526,398.48</u>

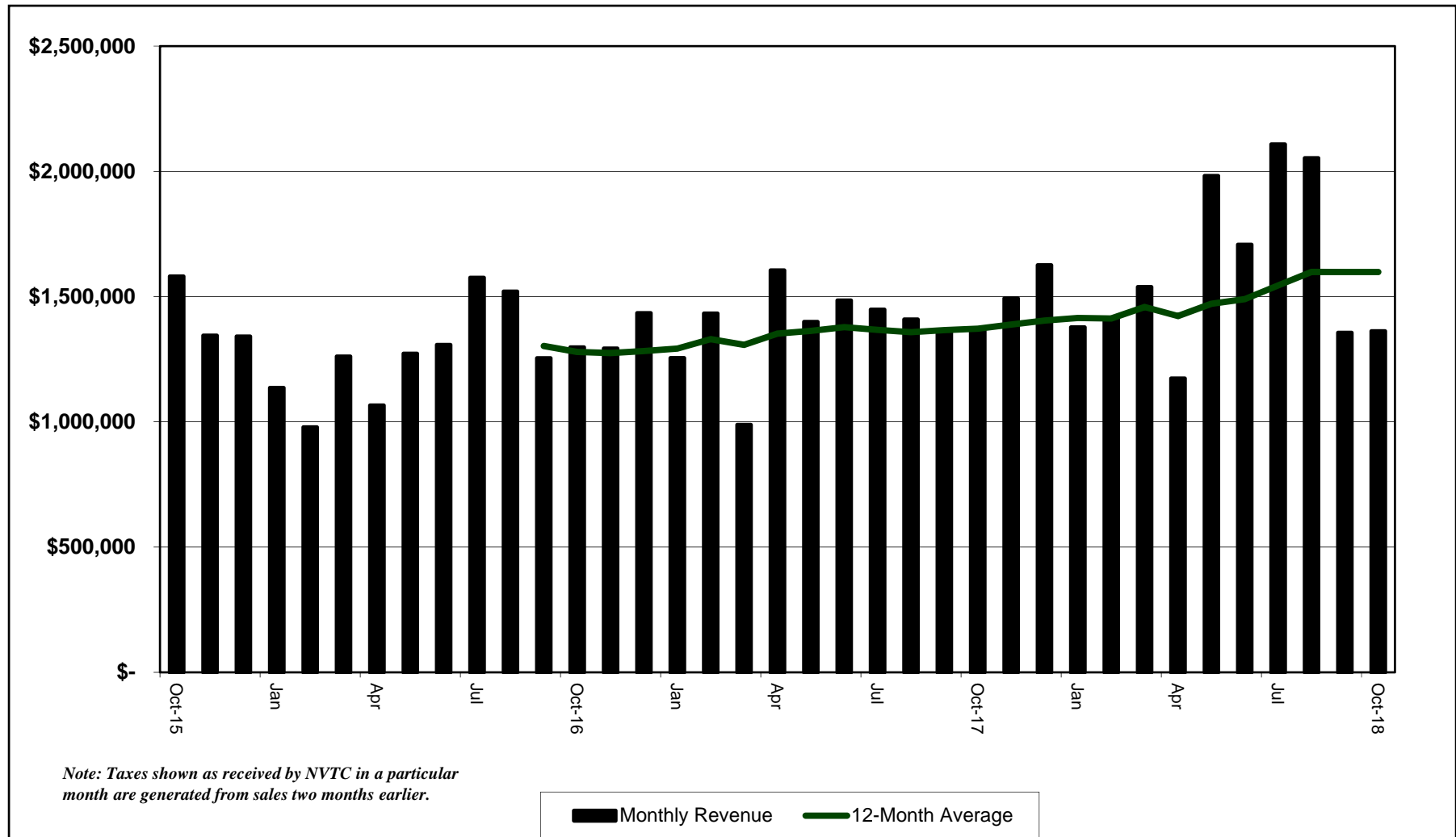
# NVTC MONTHLY GAS TAX REVENUE

## ALL JURISDICTIONS

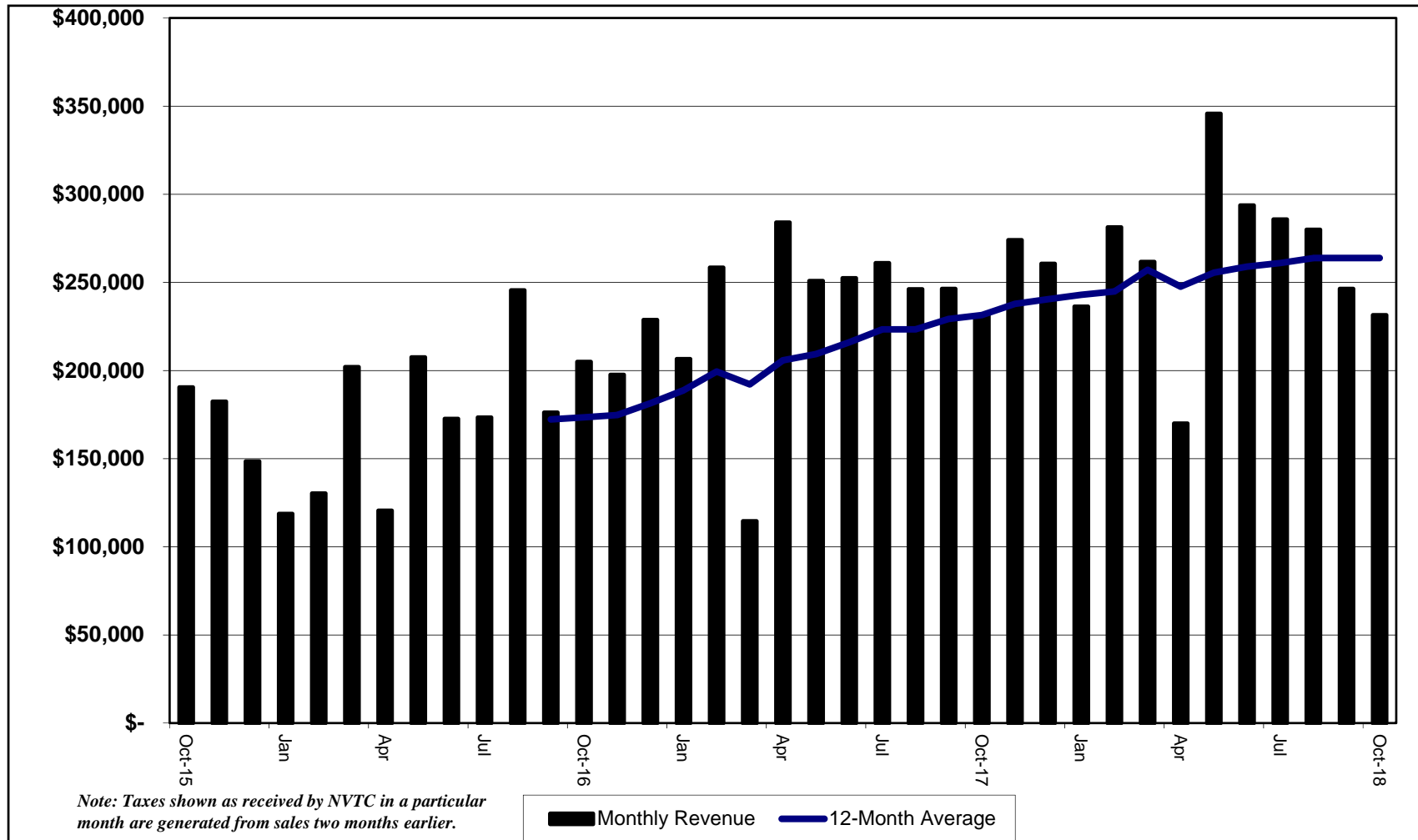
### FISCAL YEARS 2016-2019



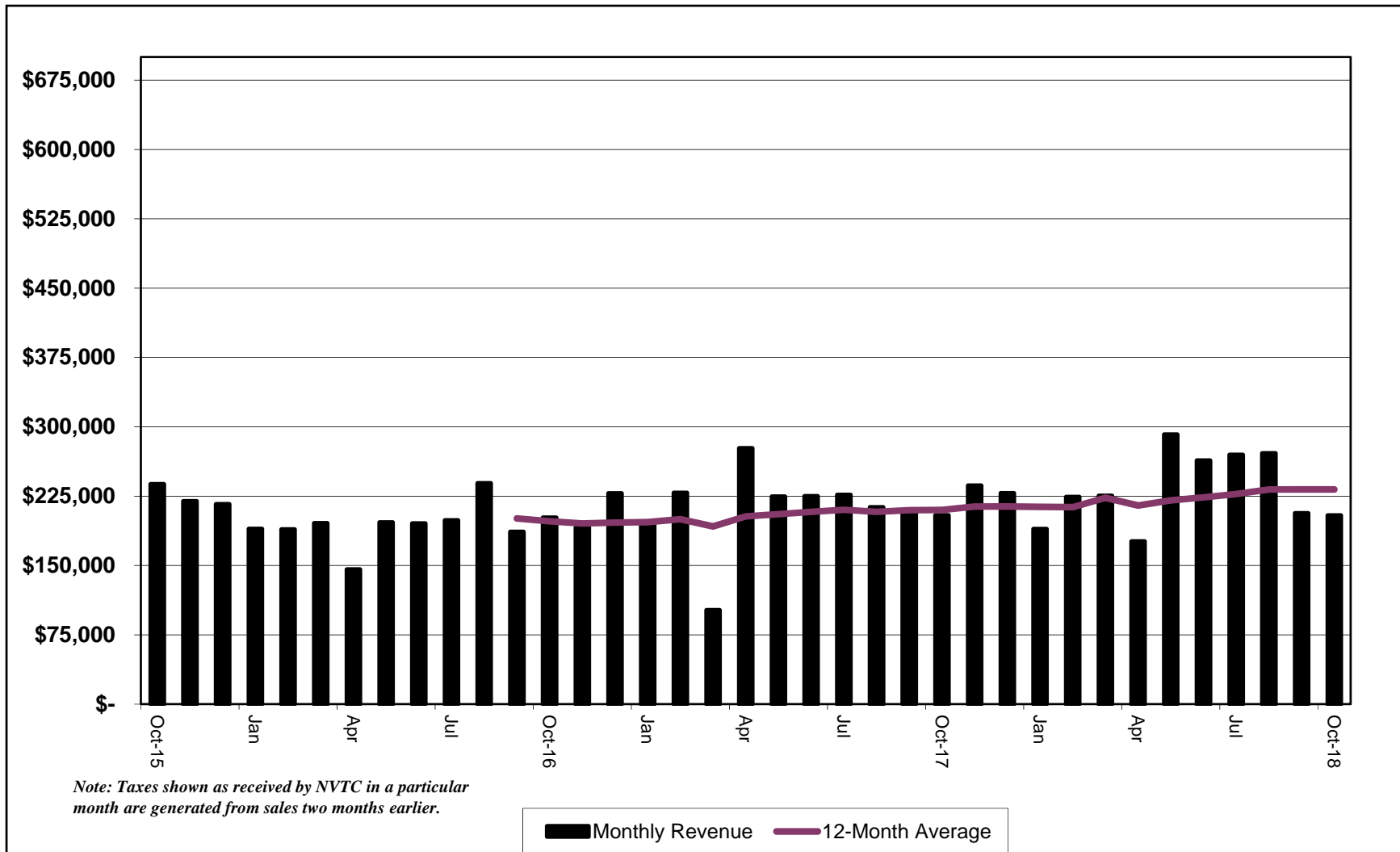
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2016-2019



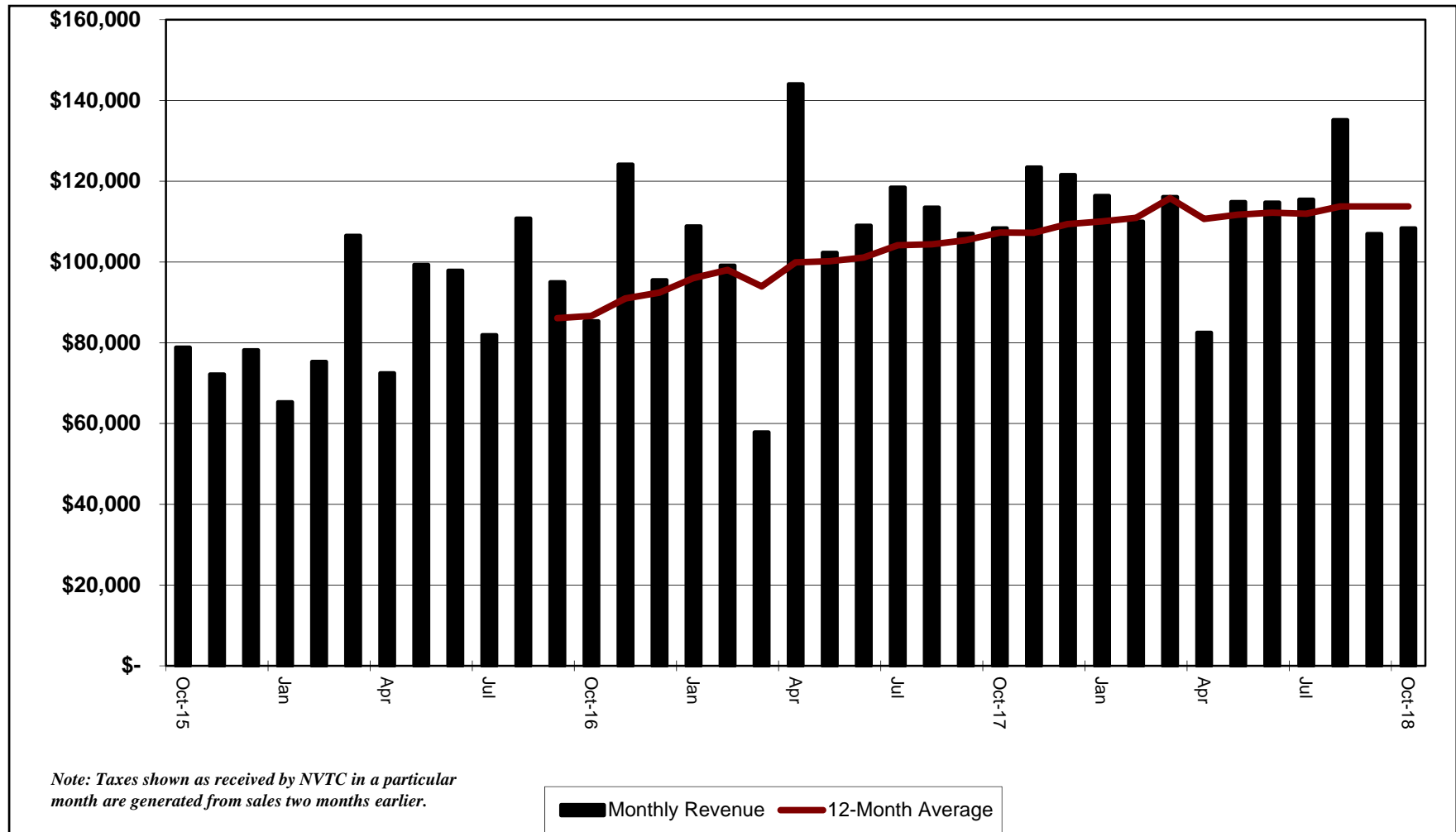
# NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2016-2019



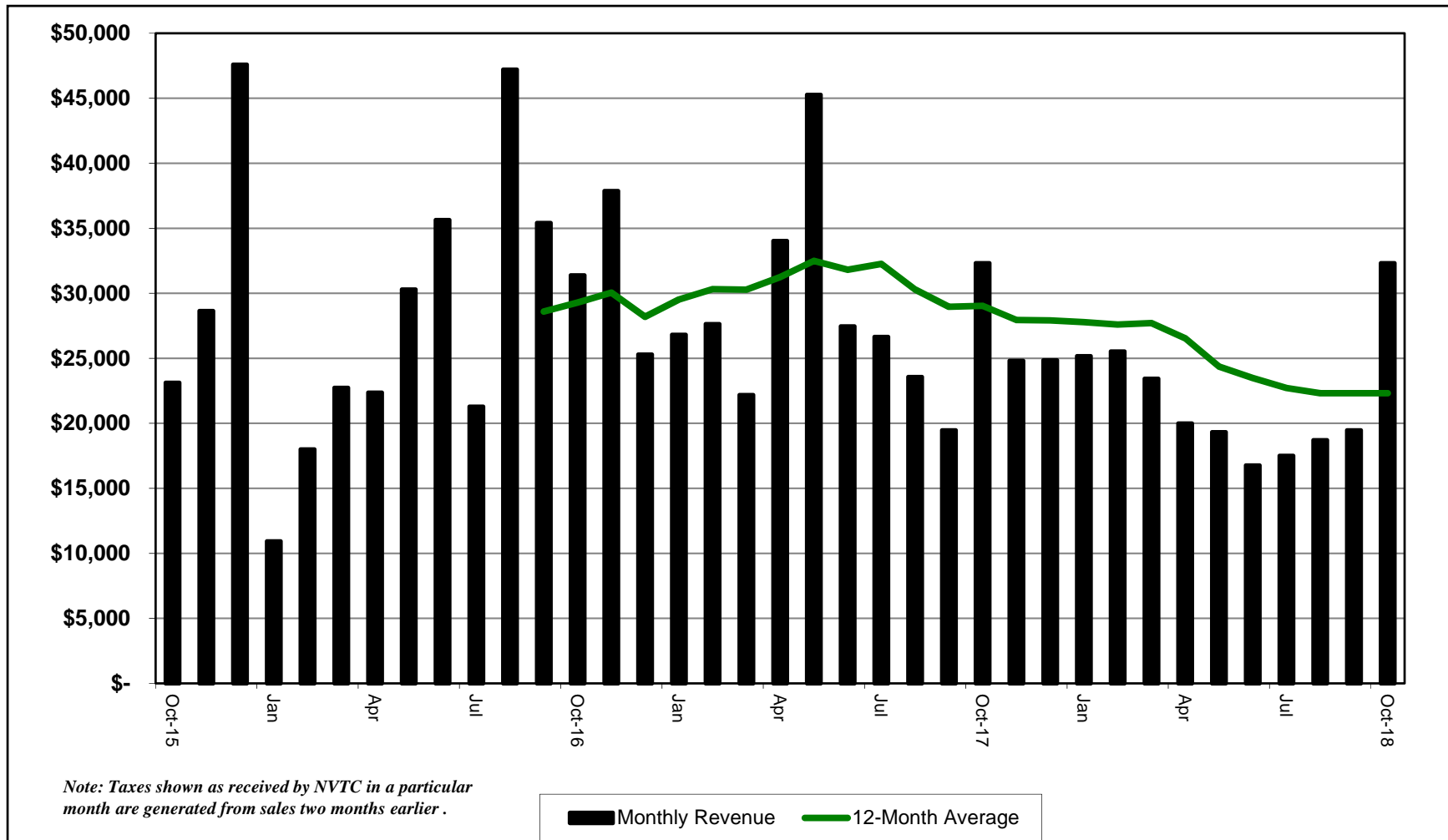
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2016-2019



# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2016-2019



# NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2016-2019





# NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2016-2019

