



MONTHLY COMMISSION MATERIALS

December 2019

MEETING OVERVIEW – December 5, 2019

Action Items Include:

- Request for Proposals for Creative Services
- NVTC's FY2019 Audited Financial Statements and Compliance Reports
- Ongoing Discussions to Modify the Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement (MOA)
- NVTC's 2020 Legislative and Policy Agenda
- VRE's FY2019 Comprehensive Annual Financial Report
- VRE's 2020 Legislative Agenda

Other Meeting Highlights:

- Recognition of Departing Commissioners
- Report from the NVTC WMATA Committee Chair and Virginia WMATA Board Members
- Post Summer 2019 Shutdown Lessons Learned
- Proposed FY2020 G&A Budget and Proposed 2020 Work Plan
- FY2020 1st Quarter Transit Performance and Parking Utilization Reports
- Reports from VRE and DRPT
- Closed Session

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**NVTC COMMISSION MEETING
THURSDAY, DECEMBER 5, 2019
MAIN FLOOR CONFERENCE ROOM
2300 Wilson Blvd.
Arlington, VA 22201**

7:00 P.M.

**5:50 P.M. Dinner will be available for Commissioners and staff
6:00 P.M. Executive Committee Meeting – First Floor Small Conference Room
6:45 P.M. Commission Photo – First Floor Lobby
7:00 P.M. Commission Meeting – First Floor Large Conference Room**

AGENDA

1. Pledge of Allegiance and Opening Remarks
2. **ACTION ITEM: Approve the Minutes of the November 14, 2019 NVTC Meeting**
3. Recognition of Departing Commissioners
4. **ACTION ITEM: Approve the Consent Agenda (Subject to Approval of the Chairman)**
 - A. Authorize the Executive Director to Issue a Request for Proposals for Creative Design Services
5. **ACTION ITEM: Accept and Authorize Distribution of NVTC's FY2019 Audited Financial Statements and Compliance Reports**
6. **ACTION ITEM: Approve Resolution #2396: Ongoing Discussions to Modify the 2017 Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement (MOA)**
7. Washington Metropolitan Area Transit Authority (WMATA)
 - A. Report from the Chair of the NVTC WMATA Committee
 - B. Report from the Virginia WMATA Board Members
 - C. Post Summer 2019 Shutdown Lessons Learned
 - D. Other WMATA News

8. Report from the Chair of the Legislative and Policy Committee

- A. **ACTION ITEM: Approve NVTC's 2020 Legislative and Policy Agenda**
- B. Joint NVTC-PRTC Legislative Briefing

9. Virginia Railway Express (VRE)

- A. VRE CEO Report and Minutes
- B. **ACTION ITEM: Approve Resolution #2397: Accept and Authorize Distribution of VRE's FY2019 Comprehensive Annual Financial Report (CAFR)**
- C. **ACTION ITEM: Resolution #2398: Approve the 2020 VRE Legislative Agenda**
- D. VRE FY2021 Budget Update

10. Department of Rail and Public Transportation (DRPT)

11. Proposed FY2021 NVTC General and Administrative Budget and Proposed 2020 Work Plan

12. NVTC Transit Resource Center

- A. FY2020 1st Quarter Transit Performance Report
- B. FY2020 1st Quarter Parking Utilization Report

13. Executive Director Report

- A. Executive Director Newsletter
- B. NVTC Financial Report

14. Closed Session

MINUTES

NVTC COMMISSION MEETING – NOVEMBER 14, 2019

NVTC Suite #230 – 2300 WILSON BLVD.

ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman Letourneau at 7:15 P.M.

Members Present

Canek Aguirre
Elizabeth Bennett-Parker
John Cook
Katie Cristol
Christian Dorsey
John Foust
Libby Garvey
Catherine Hudgins
David LaRock
James M. LeMunyon
Matt Letourneau
David Meyer
Ron A. Meyer
Jennifer Mitchell (Alternate, Commonwealth of Virginia)
M. David Skiles
David Snyder
Raul “Danny” Vargas

Members Absent

Richard Black
Sharon Bulova
Adam Ebbin
Jeff McKay
Paul Smedberg

Staff Present

Kate Mattice, Executive Director
Matt Cheng
Andrew D’huyvetter
Matt Friedman
Allan Fye
Rhonda Gilcrest
Dinah Girma
Dan Goldfarb
Patricia Happ
Scott Kalkwarf
Tenley O’Hara
Ben Owen
Zach Smith
Brittany Sumpter

Jae Watkins
Steve MacIsaac
Aimee Perron Siebert
Alex Thorup
Rich Dalton (VRE)
Joe Swartz (VRE)

Opening Remarks

Chairman Letourneau welcomed everyone to the November 14th NVTC meeting. He thanked Vice-Chair Cristol for chairing last month's meeting. He also congratulated those Commissioners who sought reelection for their respective offices. Following the Pledge of Allegiance, Chairman Letourneau reviewed the highlights and action items for the meeting. He welcomed Deputy Secretary of Transportation Nick Donohue, who will make a presentation on proposed changes to the I-66 Memorandum of Agreement. Chairman Letourneau also noted that there will be a Closed Session at the end of the meeting.

Minutes of the October 3, 2019 NVTC Commission Meeting

Mr. Ron Meyer moved, with a second by Mr. David Meyer, to approve the Minutes of the October 3, 2019 meeting. The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Foust, Hudgins, LaRock, LeMunyon, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas. Chairman Letourneau abstained.

Consent Agenda

Chairman Letourneau stated that the Consent Agenda has been amended to add #3F to reflect Arlington County's request for NVTC to send a letter of endorsement for the county's Ballston-MU Metrorail West Entrance Application to NVTA. The Commission is asked to approve the following Consent Agenda:

- A. Approve the 2020 Meeting Schedule
- B. Authorize the Chairman to Send a Letter of Endorsement for the City of Alexandria's Duke Street Bus Rapid Transit Project Application to NVTA
- C. Authorize the Chairman to Send a Letter of Endorsement for Arlington County's CC2DCA Intermodal Connector Project Application to NVTA
- D. Authorize the Chairman to Send a Letter of Endorsement for the City of Fairfax's Multimodal Applications to NVTA
- E. Authorize the Chairman to Send a Letter of Endorsement for Fairfax County's Multimodal Applications to NVTA
- F. Authorize the Chairman to Send a Letter of Endorsement for Arlington County's Ballston-MU Metrorail West Entrance Application to NVTA

In response to a question from Mr. LeMunyon, Ms. Mattice stated that NVTC staff did no formal assessment of these project applications. As in past practice, any jurisdiction can request NVTC endorse their project(s).

Ms. Cristol moved, with a second by Mr. Ron Meyer, to approve the Consent Agenda. The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Foust, Hudgins, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas. Delegate LaRock and Mr. LeMunyon abstained.

Commuter Choice Program

Chairman Letourneau stated that to accommodate Deputy Secretary Donohue's schedule, his presentation is being moved to the beginning of the Commuter Choice Agenda Item. There were no objections.

Chairman Letourneau reminded Commissioners that NVTC entered into an agreement with the Commonwealth back in 2015 to accept a portion of the revenues from I-66 Inside the Beltway to select and fund projects that move more commuters through that corridor. To date, NVTC has allocated more than \$40 million in toll revenue funding to 36 projects that are moving 8,000 people through the corridor each morning. In December 2017 the Commonwealth approached NVTC with a proposal to use a portion of the toll revenues to pay the debt service on major transit improvements that would include the Long Bridge and Metrorail improvements in Rosslyn. The Commission decided to postpone any decision at that time.

Chairman Letourneau stated that the Commonwealth's proposal which would, again, seek to use a portion of the toll revenues to fund capital projects – including the Long Bridge and Rosslyn Metrorail improvements. Any changes to the proposed MOA would require approval by the Commission and the Commonwealth Transportation Board at future meetings. Chairman Letourneau then introduced Deputy Secretary of Transportation Nick Donohue and welcomed him to the meeting.

Presentation by the Commonwealth on Proposed Changes to the I-66 Inside the Beltway Memorandum of Agreement. Deputy Secretary Donohue thanked NVTC for the opportunity to speak to the Commission. He stated that the Commonwealth appreciates its partnership with NVTC and remains committed to that partnership to find ways to move more people through Northern Virginia.

Deputy Secretary Donohue stated that the Commonwealth is proposing to use a portion of the toll revenues from I-66 Inside the Beltway to potentially pay the debt service on major transit improvements, such as the Long Bridge and Metrorail improvements in Rosslyn. A proposed amended MOA is currently being reviewed by NVTC's legal counsel and others.

Deputy Secretary Donohue provided some background information about the Long Bridge and its Draft Environmental Impact Study (DEIS) process. The Commonwealth of Virginia is a sponsor of the Long Bridge project and will be the main beneficiary after the project is completed. After the federal environmental approvals are completed, Virginia would be the lead entity advancing this project forward. The Commonwealth is currently working on a funding plan. The Long Bridge is not a stand-alone project and the total cost is estimated in the range of \$3.6-\$3.7 billion. He stated that Secretary of Transportation Shannon Valentine has spoken publicly that funding shares should be divided equally (one-third each) between the Commonwealth, the federal government, and the region. I-66 toll revenues would be considered as part of the regional funding, even though the Commonwealth would issue the bonds.

Deputy Secretary Donohue explained that the Commonwealth is asking NVTC to consider amendments to the I-66 Memorandum of Agreement (MOA) that would allow the

Commonwealth to issue bonds backed by the I-66 toll revenues to help support capital costs of major transit improvement projects. The Commonwealth would guarantee NVTC \$10 million in annual toll revenues (with a 2.5 percent inflation/escalation each year) from the I-66 Inside the Beltway. The Commonwealth also intends to reevaluate the use of toll revenues from I-66 Outside the Beltway to direct \$5 million to NVTC, which would add up to a \$15 million annual Commuter Choice program for NVTC to administer. If the Commonwealth decides not to sell debt for the Long Bridge, then nothing would change under the MOA.

Mr. LeMunyon asked if there has been any congestion reduction analysis. Secretary Donohue stated there is analysis currently being done for the I-95 corridor showing that adding a general-purpose lane on the I-95 corridor from the last exit in Spotsylvania County to the D.C. line would cost approximately \$12.5 billion. The modelling shows that it would improve congestion in the Fredericksburg region but by day two following completion congestion north of Occoquan would be essentially the same as it is now. This demonstrates that to move more people and provide faster and more reliable travel times, the region will need to rely on increased transit service. VRE can move 1,000 people on an eight-car train, which is equivalent to the number of people who travel on a general-purpose lane during rush hour. Each additional VRE train on the Manassas and Fredericksburg lines can move more people through those corridors. The Long Bridge project is essential to adding more VRE trains.

Mr. Cook stated that from a VRE standpoint, it would be impossible to overstate the importance of the Long Bridge project, which would allow VRE to fulfill its System Plan to increase its current 20,000 trips per day to 50,000 trips per day in the future. Analysis shows that if VRE does not grow its system, it cannot maintain its current level and won't be able to fund itself. The Long Bridge project is critical to VRE.

DRPT Director Mitchell stated that updated I-66 Outside the Beltway analysis shows that VRE service can be expanded on the Manassas Line with additional trains to carry three to four times more person throughput than the original I-66 Outside the Beltway analysis.

Ms. Cristol stated that initially she perceived that the Long Bridge project would be less value to the I-66 Corridor compared to the I-95 Corridor, but it is worth noting that the VRE Manassas Line travels through the Long Bridge, which is currently at 98 percent capacity. Since the Long Bridge is owned by CSX, as the need grows for more freight service, there is a potential for CSX to "kick-off" VRE. Both corridors would be significantly impacted.

Mr. Snyder asked about the current amount of toll revenues being generated for the Commuter Choice program. Ms. Mattice explained that the amount varies as NVTC receives funding projections from VDOT each January. Last year \$17 million was projected. Mr. Snyder stated from a regional perspective the Long Bridge project is important; however, he finds it remarkable that a major part of the funding would come out of one of the smallest pots of money, which is funding projects that are largely unfundable by other sources. He stated that it is fundamental to maintain the current level of funding to NVTC from the I-66 toll revenues. Mr. Donohue stated that the amendment plus funding from I-66 Outside the Beltway would stipulate that NVTC would receive \$15 million starting this year (with the 2.5 percent escalation each year). This is slightly

less than what NVTC is currently receiving, but it would provide additional rail service, which advances the Commuter Choice program.

Mr. Snyder observed that there has been no discussion about the Rosslyn Tunnel. Mr. Donohue stated that the Long Bridge and Rosslyn Tunnel projects are at different stages. Long Bridge is at 30 percent design and within two years the project can be put out to bid, with new trains running by the 2030-2031 timeframe. WMATA is still working on state of good repair and although there has been significant progress, the Rosslyn project is farther out, likely 10 plus years.

Mr. Letourneau stated that the Rosslyn project is important to Loudoun County. The Blue/Orange/Silver Capacity and Reliability Study is about 12 months from completion. He is concerned that NVTC maintains the ability to contribute to that project as well. He would like to see whatever is done for Long Bridge be the model for what is done for Rosslyn in the future. He asked about reverse tolling on I-66, which would dramatically change the revenue picture for that corridor. He requested updated performance data on I-66 for the December meeting.

Mr. Donohue stated that reverse tolling was discussed during the last two General Assembly Sessions, but the Commonwealth did not take a position on those bills. If the Commonwealth were to take a position, it would not do so until it conducted analysis on the impact to parallel routes and held public meetings. With the current performance data, VDOT is seeing a better outcome than anticipated on travel times for other parallel routes. Chairman Letourneau stated it is important for VDOT to look at I-66 post toll times. He noted that if revenues increase significantly through reverse tolling, the Commonwealth's proposal is less of a risk to NVTC. He is not opposed to using NVTC's I-66 toll revenue for big projects.

Mr. Dorsey stated that the Blue/Orange/Silver Capacity and Reliability Study is expected to result in preferred alternative(s) by Fall 2020. He stated that the Commonwealth's 10-year horizon of the Rosslyn Tunnel will actually be much less as WMATA begins seeking competitive funding much sooner than that for this project.

Mr. Vargas stated that the benefits of the Long Bridge project to VRE are self-evident. In response to his question about I-66 expanded lanes, Deputy Secretary Donohue stated that the investment revenue studies are showing that volume is expected to increase after the third lane is added. Similarly, when HOV-2 converts to HOV-3 (when I-66 Outside the Beltway tolling begins) there will be more capacity for solo drivers, which should result in lower toll rates.

Mr. Foust left the meeting at 7:49 P.M. and did not return.

Delegate LaRock stated that the I-66 toll revenues must benefit the toll users and the Long Bridge is not in the I-66 corridor. Deputy Secretary Donohue explained that the use of the toll revenues must comply with the Meeks Decision. By providing additional commuter bus or other transit service, it takes more people off the roads resulting in less demand and thus lower toll rates. The reason the Commonwealth believes that the Long Bridge project does benefit the I-66 toll user is because the Manassas VRE line parallels I-66 and runs through the Long Bridge. By providing more capacity on VRE, it benefits the I-66 Inside the Beltway corridor, as about 50 percent of the users of I-66 Inside the Beltway start their commute Outside the Beltway.

Mr. Ron Meyer stated that Long Bridge is a huge asset to the east coast. From a NVTC perspective, NVTC is representing commuters in the I-66 corridor. He hopes the Commonwealth will urge Washington DC to be a funding partner, as DC benefits economically by bringing more people into the District, just as NVTC jurisdictions are interested in bringing new business into their own jurisdictions. The Long Bridge project will also benefit the federal government. He asked if the Commonwealth issues bonds backed by I-66 toll revenues, does that lock the General Assembly from taking future action on the tolling formula. Deputy Secretary Donohue stated there is not a simple answer in that if the Commonwealth were to sell debt it would require General Assembly approval. A required revenue stream needs to be available for debt service, but it may be possible to make changes as long as it demonstrates to the bond holders that the Commonwealth can still service the debt. Any changes to the tolling formula for the first few years of bonding would be unlikely. Mr. Ron Meyer stated that it seems it would lock the General Assembly of the ability to lower tolls, but he also noted that for better or worse, the region does need these projects.

Mr. LeMunyon stated that in his opinion using I-66 toll revenues for the Long Bridge would violate the Meeks Decision. He asked if there are other provisions of federal law that speak to how tolls are spent on interstate highways. He also does not think the toll payer driving on I-66 will understand the benefit to them. Deputy Secretary Donohue explained that there are state and federal laws, but the Meek Decision is the most constraining on toll revenues. It is a unique provision for Virginia. The Commonwealth Attorney General's office has done extensive research on this issue and they feel confident it would not violate the Meeks Decision. He offered to provide federal code citations to staff to distribute to Commissioners.

Mr. Snyder stated the guarantee of maintenance of current funding is very important, especially for the smaller jurisdictions. He would like to see more data to support the argument of how the Long Bridge benefits I-66 toll users. He stated that Falls Church has seen increased traffic on parallel roads and asked for more data. He also asked if the sound walls along I-66 are being replaced since some of them are falling down. It is his understanding that they would be replaced as part of the I-66 project. Deputy Secretary Donohue stated that this is his understanding as well, but he will confirm this. Usually the sound walls are done at the end of a project. Regarding parallel routes, VDOT monitors key parallel routes. With the exception of the George Washington Parkway, VDOT has seen increased travel speed on parallel routes. Deputy Secretary Donohue offered to work with Mr. Snyder on which routes he is concerned about. Chairman Letourneau requested Deputy Donohue provide this information to the full Commission.

Ms. Garvey arrived at 8:05 P.M. and joined the discussion.

In response to a question from Delegate LaRock, Deputy Secretary Donohue stated that the new second Long Bridge (preferred alternative) would be owned by the Commonwealth of Virginia. The bridge will not be constructed if the Commonwealth does not receive agreement from the host railroads that VRE and Amtrak will be able to add capacity and have perpetual operating rights. Currently VRE does not have perpetual operating rights.

Mr. David Meyer stated that since the edge of the Potomac River on the Virginia side is the border between the District and Virginia, he asked if there is precedence of a state owning a bridge outside its borders. Deputy Secretary Donohue stated that this issue has been extensively

researched and the Commonwealth lawyers are confident that Virginia can own property outside of the Commonwealth as long as it has a rational benefit in relationship to governmental activities within the Commonwealth. There is a white paper on this issue. Mr. David Meyer asked if it would be protected by any potential lawsuits from the District. Deputy Secretary Donohue stated that the lawyers are confident that Virginia would win any lawsuit.

Mr. LeMunyon asked if CSX gets a benefit from a second bridge, is there any effort to request funding from CSX. Deputy Secretary Donohue stated that the benefit from CSX is for passenger trains to be running up and down their corridor using other capacity on a railroad where today they are saying we cannot use. This has been CSX's stated position for a long time that they do not want additional passenger rail service in their corridor. Ms. Mitchell stated that there is an economic value to CSX providing additional train slots and perpetual operating access. It may be more economic value to the Commonwealth than actual upfront funding.

Delegate LaRock stepped out of the room.

Chairman Letourneau urged Commissioners to provide any follow-up questions to staff to forward to the Commonwealth. Deputy Secretary Donohue is willing to speak with individual Commissioners as well. Chairman Letourneau stated that he will be working with the executive director on the timing of bringing the proposed MOA amendments back for Commission consideration, which could be as early as December. The Commonwealth Transportation Board would also have to approve the amendments.

I-66 Commuter Choice Program. Chairman Letourneau stated that there are two actions to consider for I-66 and an I-395/95 update. He stated that last month Ben Owen, the Commuter Choice program manager, presented the proposed changes to the Commuter Choice Technical Evaluation Criteria and the shift to a two-year call for projects beginning with Round Four of I-66 (covering FY2021 to FY2022).

Mr. Owen stated that over the spring and summer staff met with the Program Advisory Group (PAC) to discuss potential changes to how Commuter Choice projects are scored. Staff took that feedback and developed an updated scoring approach, which was presented to and endorsed by the PAC. The changes respond to direction from the PAC to account for the long-term benefits of capital projects with long-lived assets. Staff is proposing further changes to separate the technical evaluation process more clearly from the project prioritization that falls under the Commission's purview, and to encourage applicants to collaborate on projects. The proposed changes include:

1. Annualize the Cost Effectiveness measure
2. Remove the "Regional Priorities" criterion and reallocate its 20 points
3. Increase the Technical Merit weight
4. Create a new Interagency Collaboration criterion

Mr. Owen stated that should the Commission approve the changes, staff hopes to retain the new process without further substantive changes for at least the next five years.

Ms. Garvey moved, with a second by Ms. Mitchell, to approve the changes to the Commuter Choice Technical Evaluation Criteria. The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Garvey, Hudgins, LeMunyon, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas. (Delegate LaRock was not present for the vote.)

Chairman Letourneau stated that the Commission is being asked to authorize a call for projects for Round Four (FY2021-FY2022) of the I-66 Commuter Choice program. Projects selected for funding will be included in the Commonwealth's FY2021-FY2026 Six Year Improvement Program. Online applications will be accepted via the NVTC website from November 15, 2019 until January 31, 2020. NVTC staff will be hosting an application workshop in December to discuss changes to the application and to answer applicant questions.

Delegate LaRock returned to the discussion.

Mr. Snyder moved, with a second by Ms. Bennett-Parker to authorize the executive director to issue a call for projects for Round Four (FY2021-FY2022) of the I-66 Commuter Choice program. The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Garvey, Hudgins, LaRock, LeMunyon, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas.

I-395/95 Commuter Choice Program. Ms. Mattice reported that on October 17th the Commonwealth Transportation Board (CTB) approved NVTC and PRTC's I-395/95 Commuter Choice Inaugural Program of 10 projects, totaling \$19.0 million in toll revenues. Staff are working with recipients to execute a Standard Project Agreement (SPA) for each of the approved projects, all but one of which will be underway by Toll Day 1, scheduled for November 17, 2019. Mr. Owen stated that seven bus services funded under this program have started service, including five OmniRide services and two DASH bus services. Ms. Mattice observed that the new OmniRide route from Stafford had 24 passengers on its first bus at 4:30 A.M. last Monday.

Washington Metropolitan Area Transit Authority

Report from the Chair of the NVTC WMATA Committee. NVTC WMATA Committee Chair Cathy Hudgins stated that the committee did not meet in October and there is nothing new to report. The next meeting is scheduled for December 18th at 8:30 A.M.

Report from the Virginia WMATA Board Members. Mr. Dorsey reported that last week the WMATA Board held a special Board meeting resulting in his reassignment to the Safety and Rail Committee and being removed as chair of the Finance and Capital Committee due to a WMATA Ethics Committee reprimand for his failure to timely disclose a campaign contribution from Amalgamated Transit Union, Local 689. Mr. Dorsey stated that the campaign contribution was duly and properly reported to state campaign finance requirements but was an oversight on his part in not disclosing it in a timely fashion to WMATA. He did voluntarily disclose to WMATA after he recognized his oversight. The WMATA Ethics Committee required him to return the campaign contribution, which he is doing.

Mr. Dorsey reminded Commissioners that for a number of months several Commissioners have been asking for an update on fare technology and WMATA's progress on a mobile app. The WMATA General Manager has stated that he will update the Finance and Capital Committee in the near future. The NVTC WMATA Committee and staff will continue to work on this issue with WMATA staff to get this moving on behalf of Northern Virginia.

Mr. Dorsey also noted that the WMATA Executive Committee received a presentation on the FY2019 Financial Statement Audit and Single Audit Reports. This is the fourth year the audit was produced on time and WMATA received a clean finding.

Mr. Dorsey reported that the WMATA Finance and Capital Committee recommended that the WMATA Board approve a FY2020 operating budget amendment to provide additional bus service on Metrobus 3Y in Arlington County. Arlington County requested that WMATA provide additional service on Metrobus 3Y for two years, to be funded through Arlington County's receipt of NVTC's I-66 Commuter Choice Grant.

Mr. Dorsey noted that the Finance and Capital Committee received a quarterly update on fare evasion. The combined operating revenue loss on Metrobus and Metrorail attributed to fare evasion in FY2019 was nearly \$40 million. Fare evasion on Metrobus occurs significantly more often than on Metrorail. WMATA is designing upgraded faregates to improve customer service and prevent fare evasion on Metrorail. On Metrobus, WMATA will continue to offer de-escalation training for bus operators to deal with fare evaders. WMATA is looking at ways to create a greater culture of compliance given that the level of ability to enforce fare evasion since the District decriminalized fare evasion.

Mr. Dorsey stated that the Safety and Operations Committee received an update on WMATA's preventative maintenance program during overnight hours. Under the current service hours adopted in FY2018, capital renewal and preventive maintenance work has contributed to a seven-year high customer on time performance. WMATA has made significant progress in shifting from reactive to proactive maintenance work in the Metrorail system. Based on progress made to date, WMATA is proposing service changes to overnight hour and weekend service in the FY2021 budget. WMATA is proposing extending service by four hours a week: Monday through Thursday closing times extended to midnight (from 11:30 PM); and Friday and Saturday extended to 2AM (from 1AM). On Sunday, WMATA is proposing increasing the frequency of service to 12-min headways, matching Saturday service.

Mr. Dorsey stated that the WMATA General Manager has released his proposed FY2021 budget. The budget totals \$3.8 billion and complies with the three percent subsidy cap. This budget improves service and the customer experience, limits operating subsidy growth to the legislatively-mandated level and prioritizes the rehabilitation and replacement of assets to improve passenger and worker safety. WMATA will produce a more detailed draft budget book in December. Budget deliberations are anticipated in December through February with anticipated adoption of the FY2021 budget in March 2020. Staff will work with the NVTC WMATA Committee chair to prepare a draft letter of budget comments. The WMATA Committee will consider these comments at its December 18th meeting for Commission action in January.

Chairman Letourneau asked if the Metro Safety Commission (MSC) has weighed in on the proposed extended service hours. Mr. Dorsey replied that the MSC will presumably comment on this issue.

Mr. Snyder asked in order to benefit a few late-night riders, is WMATA in any way shifting less service or shutdowns at the expense of many more daily riders. Mr. Dorsey replied that this is a valid question and it is important to determine if WMATA is truly ready to deliver these extended hours and what the consequences will be. The Board is still waiting for assurances from WMATA staff that these proposed service hours will not require other shutdowns of the system. Mr. D’huyvetter stated that the long-term shutdowns are not the same type of work done during overnight maintenance work. With new hours, there would need to be some single tracking and line segment shutdowns after 10:00 P.M. for maintenance. Mr. Snyder expressed concern regarding any diminished service that would impact the majority of riders to benefit a smaller number of riders. Mr. Dorsey agreed that it is important to understand the impacts, which will be part of the budget discussions.

In response to a question from Ms. Cristol, Ms. Happ explained that NVTC is working on regional fare collection, including next generation fare payment. WMATA is currently working on a mobile app and a longer-term fare solution.

Mr. David Meyer asked why the federal government could not develop a universal fare payment system that all systems could use and be integrated. Ms. Mattice stated that the Federal Transit Administration (FTA) and the U.S. Department of Transportation (USDOT) have been sharing best practices in fare technology. However, there is a federal prohibition where FTA cannot be involved in fares. Open payments are an area of interest and is being currently piloted in New York City. Mr. Ron Meyer urged NVTC to get “squeakier” to be a little louder on open payments progress to get this moving forward. He observed that if he can do a mobile payment at a fast food restaurant, he should be able to do it to buy fares.

Delegate LaRock asked about the \$40 million in fare evasion and if WMATA has policing authority. Mr. Dorsey responded that the Metro Transit Police enforce laws, which vary across jurisdictions, and provide training to bus operators to de-escalate fare-related conflicts. The issue is that the District decriminalized fare evasion and has not set up an administrative procedure to deal with citations. On certain bus routes, one out of every three riders are evading fares. Virginia is only seeing two percent fare evasion. Mr. D’huyvetter stated that the estimates for revenues lost due to fare evasion is \$11 million for rail and \$29 million for bus. Mr. Snyder asked if there is any way to penalize the District, as Virginia and Maryland are basically subsidizing the revenue loss.

Mr. LeMunyon asked if WMATA has data on error rates on SmarTrip and failure of WMATA’s faregates to collect revenue. Mr. Dorsey replied he will ask. Mr. Vargas suggested looking at best practices of other systems regarding fare evasion. In response to a question from Ms. Garvey, Mr. Dorsey stated it is important to separate decriminalization and fare evasion. There is the issue with decriminalization to ensure that people aren’t being jailed for not paying a fare. The real issue is the adjudication of fare evaders with a civil penalty.

Mr. Cook stated that the Transdev employee strike at the Cinder Bed Bus Garage continues and Metrobus riders, mainly in Fairfax County, have had no service or significantly reduced service for the duration of the strike. He asked what is Transdev's obligation to WMATA and if there is a termination clause for non-performance or if the strike is in breach of contract. Mr. Dorsey stated that the contract does not speak directly to a labor action, but WMATA does have the ability to terminate the contract for non-performance. He will work with Mr. Smedberg and find out more information.

Chairman Letourneau thanked Mr. Dorsey with how helpful he was working through the Loudoun bus issues at WMATA last month on behalf of the county.

Report from the Chairman of the Legislative and Policy Committee

Legislative and Policy Committee Chairman David Meyer reported that the committee met at 5:00 P.M. prior to this meeting to review the proposed NVTC 2020 Legislative and Policy Agenda, which is being introduced tonight, followed by Commission action at the December meeting. He asked Ms. Perron-Siebert and Mr. Thorup to give a brief summary of how they perceive the upcoming General Assembly Session.

Ms. Perron-Siebert stated that as a result of the elections last week, House and Senate majority changed. New leadership for the House of Delegates includes Speaker of the House: Delegate Eileen Filler-Corn; Majority Leader: Delegate Charniele Herring; and Caucus Chair: Delegate Rip Sullivan. Other leadership positions will be decided soon. Several committee chairs have been announced: Delegate Vivian Watts, Chair of the Finance Committee; Delegate Luke Torian, Chair of the Appropriations Committee; Delegate Jeion Ward, Chair of the Commerce and Labor Committee; and Delegate Roslyn Tyler, Chair of the State Education Committee. Ms. Perron-Siebert stated that the Senate has not yet announced leadership appointments.

Ms. Perron-Siebert reminded the Commission of the December 9th Joint NVTC-PRTC Legislative Briefing at 8:30-11:00 A.M. in Springfield. Secretary of Transportation Shannon Valentine is the confirmed keynote speaker.

Mr. Smith gave a brief overview of the state and federal legislative priorities included in the NVTC 2020 Legislative and Policy Agenda. There were no questions.

Mr. David Meyer also announced that Virginia Transit Association's Legislative Day is January 27, 2020 and Virginia Association of Counties/Virginia Municipal League's Legislative Day is February 6, 2020.

At 8:58 P.M., Chairman Letourneau suggested the Commission take a 10-minute break. There were no objections. The Commission reconvened at 9:10 P.M.

NVTC Transit Resource Center

Chairman Letourneau stated that the Commission is being asked to take action to accept the Envision Route 7 Phase III Report. He reported that for the past several years, NVTC has been working with Fairfax County, Falls Church, Arlington, and Alexandria to develop the necessary planning and engineering for a future Bus Rapid Transit line that would run along Route 7 from Tysons to the Mark Center in Alexandria via the East Falls Church Metro station. NVTC staff have completed the final stages of the Phase III Conceptual Engineering Study, a key step to continue the planning and design for this 11-mile BRT.

Mr. Goldfarb, NVTC's program manager and staff lead on the Envision Route 7 project, introduced Jamie Henson, associate planner for Kittelson & Associates, who provided an overview of the Phase III Study. Mr. Henson stated that the Envision Route 7 project is planning for the implementation of exclusive-lane transit along the Route 7 corridor (from Tysons to the Mark Center) to provide high quality BRT service. The Phase III Study created layouts for the corridor, identified right-of-way needs and updated cost estimates to provide a path forward for NVTC and the jurisdictions to obtain right-of-way. Throughout the Phase III Study, NVTC staff and the consultants have worked closely with the technical advisory committee.

Ms. Garvey asked if there is potential for future expansion opportunities to provide BRT service from the Mark Center to the Amazon Headquarters, Pentagon and Innovation Center. Mr. Goldfarb responded that the Phase II Study showed the flexibility of BRT service, so it certainly could be expanded if demand warrants it. There has already been some discussion of connecting BRT service with the Van Dorn Metro Station and Columbia Pike.

Mr. Dorsey moved, with a second by Mr. Snyder, to accept the Envision Route 7 Phase III Final Report. The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Garvey, Hudgins, LaRock, LeMunyon, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas.

Department of Rail and Public Transportation

DRPT Director Mitchell announced that ridership for the statewide passenger rail service operated by Amtrak is up ten percent, with 924,000 riders statewide. She also reported that at its meeting on October 17, 2019 the CTB approved a resolution accepting DRPT's analysis and recommendations related to WMATA's compliance with Chapter 854 of the 2018 Virginia Acts of Assembly and the September 2018 CTB Policy and Guidelines for Implementation of Governance and Funding Reforms for FY2020. DRPT recommended no enforcement actions for FY2020 based upon its analysis of the information submitted by WMATA. Ms. Mitchell also announced the Governor's Transportation Conference is next week. There will be a tour of the Long Bridge.

Virginia Railway Express

Chairman Letourneau noted that there is a leadership transition underway at VRE. Since this is a subject identified for the Closed Session at the end of the meeting, he asked Commissioners to hold their questions until that time.

Ms. Cristol, who serves as the chair of the VRE Operations Board, reported that the VRE Operations Board announced on October 18th that CEO Doug Allen would be leaving VRE. The Operations Board will start a search for a new CEO with strong leadership qualities to move VRE to the next level. The Operations Board passed a resolution recommending both NVTC and PRTC take action to end the employment agreement with Mr. Allen and to delegate to the VRE Deputy Chief Executive Officer Rich Dalton all duties and responsibilities of the VRE CEO. The Commission will be asked to take action following the Closed Session at the end of this meeting. PRTC took action at its November 7th meeting.

Mr. Dalton gave a report on VRE activities. On-time performance (OTP) has rebounded over the last several months. However, for the month of October VRE has been operating with heat restrictions orders and there were a few major service disruptions near the end of the month, which impacted OTP. October's average daily ridership was about 19,000. At the direction from the Operations Board, VRE conducted a customer communication survey on October 30th to get direct feedback from riders, including the timeliness and quality of VRE communication to the passengers. The results will be presented to the VRE Operations Board. Finally, Mr. Dalton announced that VRE will run its annual Santa Trains on December 14th with tickets going on sale November 25th. VRE would be happy to provide tickets to NVTC Commissioners.

Chairman Letourneau noted that the VRE 2020 Legislative Agenda was provided as an information item and will be brought back for Commission action at the December meeting.

Executive Director Report

Ms. Mattice encouraged Commissioners to read her Executive Director Newsletter.

Ms. Mattice provided highlights of NVTC's Post -Shutdown Marketing Campaign. There has been a strong positive response to the NovaRides.org campaign – the marketing campaign focused on getting drivers to switch to public transit.

Ms. Mattice reviewed NVTC's on-line presence with this campaign. Since the September 16th launch, display ads managed by 2060 Digital, a partner of WTOP radio, have made 2.4 million impressions and led to 5,553 clicks to NoVaRides.org. NVTC's click through rate (CTR) is four times the national standard at 0.23 percent. Ads on Facebook and Instagram have provided a combined 3.5 million impressions with post engagement of 74,181, link clicks of 1,894 and a CTR of 0.05 percent. She stated that NVTC's own data shows that there have been 10,006 visits to NoVaRides.org people are spending an average of over five minutes on the page. Unique pageviews are 8,924. NVTC's 15 and 30 second YouTube ads have also performed well. From

September 20th through November 4th, they have been viewed 86,500 times and the percentage of people watching 100 percent of the videos is 48.63 percent.

Ms. Mattice noted that the success of this campaign would not have been possible without the financial support and partnership from DRPT and the local jurisdictions. NVTC plans to keep the NoVaRides.org running using its own social media efforts after the campaign concludes in a few weeks. The intent is to do a similar campaign after the Orange Line shutdown next summer.

Ms. Mattice also stated that she will be speaking to newly elected officials at a GMU Schar School Event on November 18th along with Deputy Secretary Donohue, Mayor of Fairfax David Meyer, and Monica Backmon of the Northern Virginia Transportation Authority. This will be an opportunity to provide a transit 101 to new local and state elected officials from Northern Virginia. She also noted that the Governor's Transportation Conference is being held next week at the Hyatt Regency Crystal City, where Transurban expects to present NVTC with a symbolic "check" for the I-395/95 toll revenue payment.

Ms. Mattice concluded her report by reviewing several upcoming NVTC meetings, committee meetings and events.

Ms. Mattice noted that the Financial Report for September 2019 was provided to Commissioners and there were no questions.

Mr. Ron Meyer stated that he would like to see more funding for social advertising to keep the NoVaRides.com campaign going and asked staff to look at including this as part of the FY2021 budget discussion.

Closed Session

Chairman Letourneau moved, with a second by Mr. Ron Meyer, the following motion:

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711A.1 of the Code of Virginia), the Northern Virginia Transportation Commission moves to convene a Closed Session to discuss personnel matters involving the employment agreement with the VRE Chief Executive Officer, the employment agreement of the NVTC executive director, and one appointee of NVTC.

The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Garvey, Hudgins, LaRock, LeMunyon, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas.

The Commission went into Closed Session at 9:33 P.M. and returned to Open Session at 10:13 P.M.

Mr. LeMunyon moved, with a second by Ms. Cristol, the following certification:

The Northern Virginia Transportation Commission Executive Committee 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 the Freedom of Information Act 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 Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Garvey, Hudgins, LaRock, LeMunyon, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas.

Ms. Cristol moved, with a second by Chairman Letourneau, to approve Resolution #2395, which would terminate Doug Allen's contract and appoint the Deputy Chief Executive Officer Rich Dalton to serve as Acting VRE CEO effective November 14, 2019.

Delegate LaRock asked if execution of this resolution excludes Mr. Allen seeking relief in the future. Mr. MacIsaac stated that Mr. Allen left on favorable terms so it would be hard to determine what possible cause of action he could take. Mr. Vargas called the question.

The Commission then voted on the resolution and it passed. The vote in favor was cast by Commissioners Aguirre, Bennett-Parker, Cook, Cristol, Dorsey, Garvey, Hudgins, LaRock, LeMunyon, Letourneau, D. Meyer, R. Meyer, Mitchell, Skiles, Snyder and Vargas. (A copy of the resolution is attached.)

Adjournment

Without objection, Chairman Letourneau adjourned the meeting at 10:17 P.M.

Approved this 5th day of December 2019.

Matthew F. Letourneau
Chairman

Sharon Bulova
Secretary-Treasurer



RESOLUTION #2395

- SUBJECT:** Termination of Employment Contract of VRE Chief Executive Officer
- WHEREAS:** The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) entered into an employment agreement with Doug Allen dated September 13, 2012, appointing Doug Allen as the Virginia Railway Express Chief Executive Officer;
- WHEREAS:** The Commissions delegated to the VRE Operations Board responsibility for oversight and evaluation of the performance of the VRE Chief Executive Officer;
- WHEREAS:** By resolution dated October 18, 2019, the Virginia Railway Express Operations Board recommended that the employment agreement with Doug Allen as the VRE Chief Executive Officer be terminated without cause; and
- WHEREAS:** By the aforesaid resolution, the VRE Operations Board placed Doug Allen on administrative leave with pay pending action by the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission on the Operations Board's aforesaid recommendation, and further delegated to the VRE Deputy Chief Executive Officer all duties and responsibilities of the VRE Chief Executive Office until further action by the Commissions.
- NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby terminates the employment agreement with Doug Allen as the VRE Chief Executive Officer, without cause, effective 11:00 P.M. on November 14, 2019.
- BE IT FURTHER RESOLVED** that NVTC hereby appoints the VRE Deputy Chief Executive Officer as the Acting Chief Executive Officer effective 11:00 P.M. on November 14, 2019, until further action by the Commissions.
- BE IT FURTHER RESOLVED** that the Acting Chief Executive Officer shall have all of the duties and responsibilities of the Chief Executive Officer, including all authority delegated to the Chief Executive Officer by the Commissions or the Operations Board, and the authority to sign documents, instruments, and the like to the extent the Chief Executive Officer has been authorized to do so.

Approved this 14th day of November 2019.

A handwritten signature in black ink, appearing to read "Sharon Bulova", is written over a horizontal line.

Sharon Bulova
Secretary-Treasurer

A handwritten signature in black ink, appearing to read "Matt Letourneau", is written over a horizontal line.

Matthew F. Letourneau
Chairman

TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice

DATE: November 26, 2019

SUBJECT: Recognition of Departing Commissioners

At the December meeting NVTC will recognize departing Commissioners, which include Chairman Sharon Bulova, Supervisor Cathy Hudgins, Supervisor John Cook, Supervisor Ron Meyer, Senator Richard Black, the Honorable Jim LeMunyon, Mr. David Skiles, and Mr. Raul “Danny” Vargas. Resolutions of commendation will be provided at the meeting for each departing Commissioner.

A. ACTION ITEM: Approve a Resolution Commending Sharon Bulova on Her Departure from NVTC

At the December meeting Fairfax County Board of Supervisors Chairman Sharon Bulova will be recognized for her service on NVTC. Ms. Bulova joined the Northern Virginia Transportation Commission in 1988, serving as chair in 1996 and as secretary-treasurer in 2019. When Ms. Bulova departs NVTC, she will be the Commission’s longest serving member, having made an indelible mark on transportation, especially public transit, in the region during her 30-plus years of service.

Ms. Bulova’s efforts in founding VRE; bringing Metrorail to Tysons and Dulles International Airport; and advocating for high-quality transportation have contributed greatly to Northern Virginia’s quality of life and economic vitality. She is known as a congenial and pragmatic elected official who builds consensus by working individually with each of her fellow Commissioners. She is a founding member and the longest-continuously serving member on the Virginia Railway Express (VRE) Operations Board, where she has been instrumental in helping VRE achieve remarkable growth and the ability to provide safe, cost effective, accessible, reliable, convenient and comfortable commuter rail services. She also worked with her colleagues as chair of the Fairfax County Board of Supervisors to obtain the largest Transportation Infrastructure Finance and Innovation Act loan ever issued by the federal government to help fund the \$5.8 billion Washington Metropolitan Transit Authority (WMATA) Silver Line project.

B. ACTION ITEM: Approve a Resolution Commending Catherine Hudgins on Her Departure from NVTC

At the December meeting Supervisor Catherine Hudgins will be recognized for her service on NVTC. Ms. Hudgins has represented Fairfax County on the Northern Virginia Transportation Commission since 2004, serving as the chair of the NVTC WMATA Committee in 2019.

As a thoughtful, steady and insightful leader who is a voice of reason and an agent for change, Ms. Hudgins has shown her dedication and advocacy for transit by serving as the NVTC principle director to the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors from 2008 – 2018, serving as Board chair in 2011 and 2012; and as the NVTC alternative director to the WMATA Board in 2004 and 2018. As WMATA Board chair in 2011, Ms. Hudgins spearheaded several changes to improve WMATA’s governance and oversaw a process in which the transit agency adopted its first-ever bylaws and modernized code of ethics during a turbulent time for the transit agency following a fatal train-on-train collision in 2009. She prioritized a safety culture, investing in the equipment, facilities and personnel needed to enhance safety, and establishing policies and procedures that enhance system safety during her tenure as WMATA Board chair. Ms. Hudgins also had a key role in ensuring the completion of the Metrorail Silver Line’s first phase to Reston and securing an agreement that allowed for construction of the second phase to Dulles International Airport and Loudoun County.

C. ACTION ITEM: Approve a Resolution Commending John Cook on His Departure from NVTC

At the December meeting Supervisor John Cook will be recognized for his service on NVTC. Mr. Cook has represented Fairfax County on the Northern Virginia Transportation Commission since 2010, serving as chair of the former Governance and Personnel Committee from 2017 – 2018.

Mr. Cook was also appointed to the VRE Operations Board from 2010 – 2019, serving as its chair in 2015 and secretary in 2019. While serving as chair of the VRE Operations Board, Mr. Cook guided the Board in implementing recommendations of the 2015 VRE Management Audit, which included new governance models for the commuter rail system that have been instrumental in helping VRE achieve remarkable growth and the ability to provide safe, cost effective, and comfortable commuter rail service in Northern Virginia. NVTC and VRE have benefitted from Mr. Cook’s ability to synthesize information and build consensus among his colleagues to reach the best conclusion to solve the most challenging issues facing the Northern Virginia region.

D. ACTION ITEM: Approve a Resolution Commending Ron Meyer on His Departure from NVTC

At the December meeting Supervisor Ron Meyer will be recognized for his service on NVTC. Mr. Meyer has served as a Commissioner of the Northern Virginia Transportation Commission since July 2016, filling Loudoun County’s second seat on the Commission created by HB181 (2016).

Mr. Meyer has been an advocate of smart investments in transportation infrastructure to reduce congestion and improve the economic outlook of the region. In addition to strong regional advocacy, he has been a strong advocate for the Washington Metropolitan Transit Authority’s (WMATA) Silver Line Phase 2 project and ensuring Loudoun County residents realized the maximum return on their investment in WMATA.

E. ACTION ITEM: Approve a Resolution Commending Richard Black on His Departure from NVTC

At the December meeting Senator Richard Black will be recognized for his service on NVTC. Senator Black has served as a member of the Virginia Senate since 2012 as the representative of the 13th District serving Loudoun and Prince William counties; and prior to that, he served as a

member of the Virginia House of Delegates for the 32nd District representing Loudoun County from 1998 to 2006. He was appointed by the Virginia Senate to serve as a Commissioner of the Northern Virginia Transportation Commission in 2019 (he previously served on NVTC from 2012-2016). Because Senator Black is a dedicated public servant and long-serving legislator in the Virginia General Assembly, he has been able to effortlessly navigate challenging regional issues during his tenure at NVTC.

F. ACTION ITEM: Approve a Resolution Commending James LeMunyon on His Departure from NVTC

The Honorable James M. LeMunyon was appointed by the Speaker of the House of Delegates in August 2018 to serve on the Northern Virginia Transportation Commission, with his term expiring on January 7, 2020. Prior to that, Mr. LeMunyon served on NVTC from 2014 – 2017 in his role as a member of the Virginia General Assembly representing the 67th District serving parts of Fairfax and Loudoun counties.

During his tenure in the General Assembly, Mr. LeMunyon patroned several bills that brought changes to the transit landscape of the Northern Virginia region, including HB2136 authorizing Virginia to become a signatory to the Washington Metrorail Safety Commission Interstate Compact, which establishes a state safety oversight authority for the Washington Metropolitan Area Transit Authority (WMATA) Rail System; HB2136 bringing NVTC to the table to participate in the discussion of WMATA reforms; and HB599 establishing responsibilities for long-range transportation planning for the Northern Virginia Transportation District and requiring projects to be rated and evaluated for congestion reduction among other measures. Mr. LeMunyon continues to be a strong advocate for transparency in all aspects of government, as well as an advocate for transit and regional coordination.

G. ACTION ITEM: Approve a Resolution Commending M. David Skiles on His Departure from NVTC

Mr. M. David Skiles was appointed by the Speaker of the House of Delegates in August 2018 to serve on the Northern Virginia Transportation Commission, with his term expiring on January 7, 2020. Mr. Skiles is a dedicated civic and community leader committed to improving the quality of life in Northern Virginia.

H. ACTION ITEM: Approve a Resolution Commending Raul “Danny” Vargas on His Departure from NVTC

Mr. Raul “Danny” Vargas was appointed by the Speaker of the House of Delegates in August 2018 to serve on the Northern Virginia Transportation Commission, with his term expiring on January 7, 2020. Mr. Vargas is known by his colleagues for his congeniality and strong commitment to regionalism, as well as promoting sound policies to address challenges facing our transportation network today and in the future.

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Agenda Item #4: Consent Agenda



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice

DATE: November 26, 2019

SUBJECT: Consent Agenda (Subject to Approval by the Chairman)

ACTION ITEM: Approve the CONSENT AGENDA

A. Authorize the Executive Director to Issue a Request for Proposals for Creative Design Services

At the December meeting the Commission will be asked to authorize the executive director to issue a Request for Proposals (RFP) to provide Creative Design Services for NVTC and its programs at a cost not to exceed \$30,000 for an initial period of one year beginning March 9, 2020, with the option to extend for four additional one-year periods at a cost not to exceed \$210,000 over the five-year period and subject to annual budget approval.

This RFP request reflects the growing outreach and communications needs of NVTC. It streamlines the process of engaging vendors for existing projects such as designing and printing the NVTC Annual Report, the Annual Report on the Performance and Condition of WMATA, the Commuter Choice Annual Report and informational brochures. It also provides graphic and digital design expertise for the development of other materials such as informational videos, public display banners and pop-up displays, promotional items and event invitations. It is important to note that the services provided through this RFP will use existing, approved funding.

The current process involves gathering budget estimates for each individual project. Engaging a single vendor would reduce the amount of time spent seeking and evaluating proposals. It would also give NVTC access to design expertise and tools that go beyond the current capabilities of staff.

The executive director anticipates returning to the Commission for authorization to award the contract at the March 5, 2020 Commission meeting.

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Agenda Item #5: NVTC's FY2019 Audited Financial Statements and Compliance Reports



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice, Scott Kalkwarf and Colethia Quarles

DATE: November 26, 2019

SUBJECT: NVTC's FY019 Audited Financial Statements and Compliance Reports

ACTION ITEM: Accept and Authorize Distribution of NVTC's FY2019 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 then make a presentation at the full Commission meeting to describe the results of their annual audit. The Commission will be asked to accept the [FY2019 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. Because NVTC received federal assistance during FY2019, PBMares also performed a Single Audit and issued a report on the compliance with the requirements of each federal program, and internal control over compliance related to those federal funds. That report identified no findings. 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, 2019



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, 2019, 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, 2019, 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 and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 Schedule of Expenditures of Federal Awards and supplementary information are 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 Schedule of Expenditures of Federal Awards and supplementary information are 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 22, 2019 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 22, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

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, 2019. 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 \$196.4 million on a government-wide basis as of June 30, 2019. Of this total, \$170.6 million is for business-type activities and \$25.8 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$220.2 million. Expenses totaled \$207.2 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$53.7 million. Expenses amounted to \$43.5 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 \$13.0 million for fiscal year 2019, compared to an increase of \$12.9 million for fiscal year 2018. The governmental funds balance as of June 30, 2019 totaled \$25.9 million compared with \$13.0 million (as restated) at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$10.3 million, from \$160.3 million to \$170.6 million.
- NVTC's fiduciary fund reported an increase of \$23.9 million in net position, held in trust for member jurisdictions, from \$144.5 million to \$168.4 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, 2019 and 2018 (as restated):

Summary Statements of Net Position						
June 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 34,178,087	\$ 23,776,764	\$ 58,683,230	\$ 45,703,550	\$ 92,861,317	\$ 69,480,314
Capital assets, net	103,148	31,767	170,998,515	176,399,441	171,101,663	176,431,208
Deferred outflows	-	-	424,280	455,136	424,280	455,136
Total assets	34,281,235	23,808,531	230,106,025	222,558,127	264,387,260	246,366,658
Liabilities:						
Current and other liabilities	8,285,782	10,827,884	7,404,973	6,761,999	15,690,755	17,589,883
Long-term liabilities	167,787	177,492	52,139,769	55,503,121	52,307,556	55,680,613
Total liabilities	8,453,569	11,005,376	59,544,742	62,265,120	67,998,311	73,270,496
Net position:						
Net investment in capital assets	103,148	31,767	116,571,900	118,607,128	116,675,048	118,638,895
Restricted	25,281,188	12,401,414	7,853,574	7,811,835	33,134,762	20,213,249
Unrestricted	443,330	369,974	46,135,809	33,874,044	46,579,139	34,244,018
Total net position	\$ 25,827,666	\$ 12,803,155	\$ 170,561,283	\$ 160,293,007	\$ 196,388,949	\$ 173,096,162

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$196.4 million as of June 30, 2019, an increase of \$23.3 million over the previous fiscal year. The largest portion of net position, \$116.7 million or 59.4 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, \$33.1 million or 16.9 percent represents resources that are restricted, which includes \$25.3 million of toll revenue and the balance for the commuter rail service.

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, 2019, approximately \$22.9 million was due from the Commonwealth of Virginia, of which \$6.3 million is for motor vehicle fuel sales tax, \$4.2 million is for toll revenues, and \$12.4 million for grant and other state revenue. This is a \$3.0 million increase from the previous fiscal year, of which grant revenue increased \$2.5 million, toll revenues increase \$1.7 million, and motor vehicle fuel sales tax receivables decreased \$1.2 million. The increase in the receivable for grant and other state revenue is primarily due to Commuter Rail Operating and Capital (CROC) fund revenue not yet received at the end of the fiscal year. As of June 30, 2019, \$11.8 million of the amount due from the Commonwealth was for the commuter rail service, \$6.3 million for jurisdiction transit funding, \$4.2 million for toll funded projects, and a small amount for general and administrative and projects. Cash and cash equivalents increased approximately \$10.7 million and totaled \$35.6 million as of June 30, 2019, of which all but \$480,319 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$29.3 million as of June 30, 2019, with \$21.4 million for governmental activities, and \$7.9 million for business-type activities. This is a \$8.4 million increase from the prior year, which is almost entirely due to toll revenue for governmental activities.

Net position of the jurisdiction trust fund is not reported in the entity-wide Statement of Net Position, as it is considered a fiduciary fund and is 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, 2019 and 2018 (as restated).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 19,455,993	\$ 20,161,585	\$ 19,455,993	\$ 20,161,585
Operating grants and contributions	170,294,620	144,080,586	5,839,717	7,136,469	176,134,337	151,217,055
Capital grants and contributions	-	-	3,769,460	3,992,968	3,769,460	3,992,968
General revenues:						
Intergovernmental:						
Commuter rail	23,405,864	30,155,596	-	-	23,405,864	30,155,596
Motor vehicle fuel sales tax	34,435,487	35,552,756	-	-	34,435,487	35,552,756
Toll revenue	15,367,040	5,743,394	-	-	15,367,040	5,743,394
Interest	440,572	161,274	826,447	358,818	1,267,019	520,092
Other	114,954	-	-	(275,729)	114,954	(275,729)
Transfers	(23,834,997)	(30,155,596)	23,834,997	30,155,596	-	-
Total revenues	220,199,028	185,538,010	53,726,614	61,529,707	273,950,154	247,067,717
Expenses:						
General and administration	15,785,238	2,969,172	-	-	15,785,238	2,969,172
Jurisdiction transit	188,926,744	176,635,192	-	-	188,926,744	176,635,192
Toll funded project costs	2,487,046	3,328,379	-	-	2,487,046	3,328,379
Commuter rail	-	-	43,458,338	49,474,474	43,458,338	49,474,424
Total expenses	207,199,028	182,932,743	43,458,338	49,474,474	250,657,366	232,407,167
Change in net position	13,024,512	2,605,267	10,268,276	12,055,283	23,292,788	14,660,550
Beginning net position	12,803,154	10,197,888	160,293,007	148,237,724	173,096,161	158,435,612
Ending net position	\$ 25,827,666	\$ 12,803,155	\$ 170,561,283	\$ 160,293,007	\$ 196,388,949	\$ 173,096,162

For the fiscal year ended June 30, 2019, revenues totaled \$273.9 million, compared to \$247.1 million in the preceding year, an increase of \$26.8 million or 12.0 percent. Expenses increased \$18.3 million, or 7.9 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, 2019, the General Fund had a total fund balance of \$659,792 of which \$56,118 was nonspendable and \$603,674 was unassigned. The fund balance increased by \$65,317 or 11.0 percent from the preceding year due to a favorable budget variance, partially offset by budgeted drawdown of surplus funds.

During fiscal year 2019, NVTC's regional projects incurred a total of \$3.3 million in direct costs. Three of these projects were funded with federal and state sources totaling \$3.0 million. The balance of 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 2019 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.

The fiscal year 2019 intergovernmental revenues totaled \$188.9 million, an increase approximately \$12.3 million or 7.0 percent from the previous fiscal year. The increase is composed of a \$13.4 million increase, or 9.5 percent in state assistance, and a \$1.1 million decrease, or 0.8 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 commenced in December 2017.

Through fiscal year 2019, NVTC has rated, selected and approved projects totaling \$41.5 million, including \$19.6 million for the fiscal year 2020 program of projects. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs. During fiscal year 2019, the special revenue fund recognized \$15.8 million in toll revenue and interest earnings, and \$2.9 million, including transfers to the general fund for NVTC sponsored projects, in project costs. As of June 30, 2019, the restricted fund balance totaled \$25.3 million, an increase of \$12.9 million over the prior year restated balance.

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.

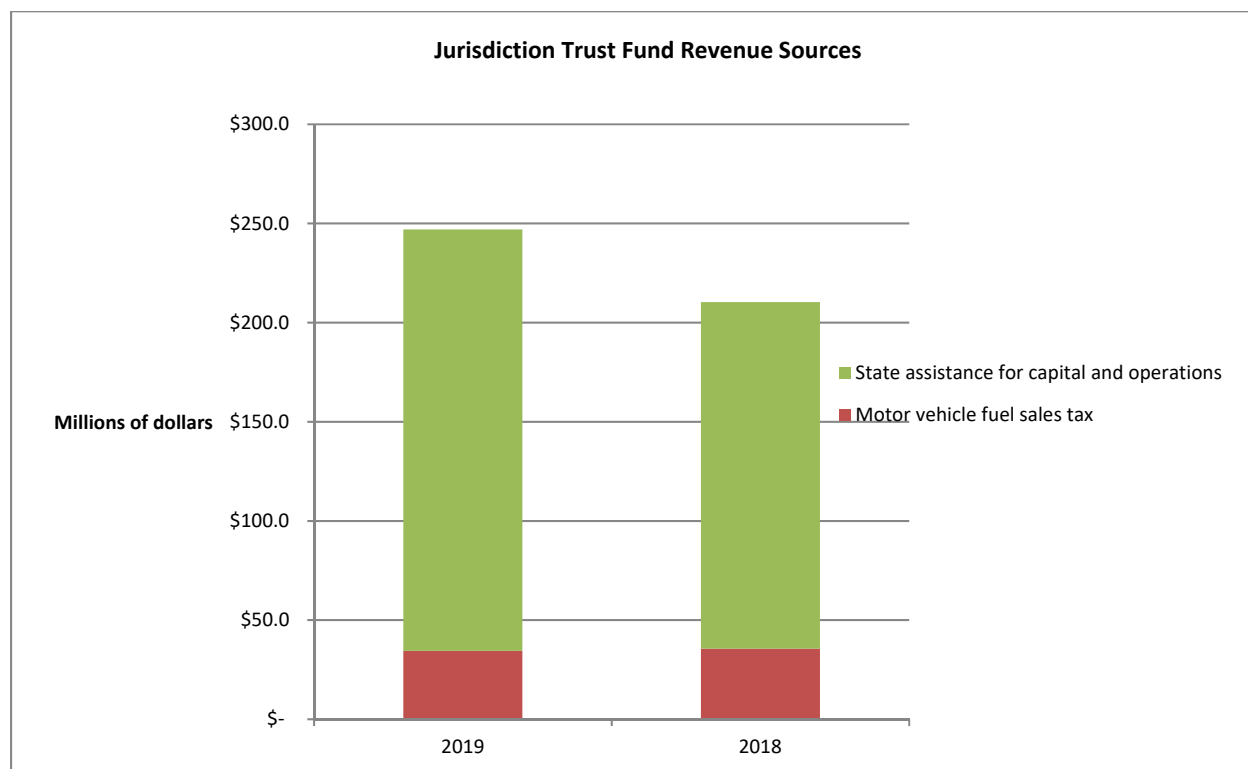
NVTC's share of operating revenue decreased about \$0.7 million or 3.6 percent, while operating expenses decreased approximately \$5.3 million or 14.0 percent. For VRE operations as a whole, operating revenue decreased 0.4 percent, while operating expenses decreased 1.7 percent. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

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 230, 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 \$36.6 million, or 17.4 percent from the previous year. An analysis of this change is shown below.



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a reimbursement program with established tiered funding percentages. Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set 53.5% of the funding available in the Commonwealth's Mass Transit Trust Fund.

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 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. 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. Motor Vehicle Fuel Sales tax revenue decrease by \$1.1 million, or 3.1 percent from the previous year. While the fiscal year 2019 collections mirrored that of fiscal year 2018 due to way the gain from the floor is calculated, it is not exact due to differences in timing between the collections subject to the floor gain calculation and when NVTC recognizes the revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The details of capital assets as of June 30, 2019 and 2018 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Rolling stock	\$ -	\$ -	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959
Vehicles	-	-	72,780	58,521	72,780	58,521
Facilities	-	-	54,925,893	52,967,852	54,925,893	52,967,852
Track and signal improvements	-	-	41,717,264	41,717,264	41,717,264	41,717,264
Equipment and software	-	-	6,063,333	6,063,333	6,063,333	6,063,333
Construction in progress	-	-	15,370,836	13,648,999	15,370,836	13,648,999
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	188,682	135,851	3,026,958	2,855,606	3,215,640	2,991,457
	188,682	135,851	266,710,667	262,845,178	266,899,349	262,981,029
Less accumulated depreciation and amortization	85,534	104,084	95,712,152	86,445,737	95,797,686	86,549,821
Total capital assets, net	\$ 103,148	\$ 31,767	\$ 170,998,515	\$ 176,399,441	\$ 171,101,663	\$ 176,431,208

NVTC's investment in capital assets as of June 30, 2019 amounted to \$171.1 million (net of accumulated depreciation and amortization) which represents a decrease of \$5.3 million or 3.0 percent over last year due to new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$2.1 million were closed from construction in progress to their respective capital accounts and an additional \$31,557 was charged directly to the capital accounts.

The major completed projects during the fiscal year were the L'Enfant North Storage (Yard) Track & Wayside Power (\$1.8 million), the VRE Headquarters Suite 201 Office Renovation (\$0.2 million) and the Automated Parking Counter (APC) system (\$0.1 million).

The major additions to construction in progress during the fiscal year were costs related to the Slater's Lane track improvements (\$0.7 million); ongoing work toward implementation of Positive Train Control (PTC) (\$0.7 million); work supporting fare collection EMV compliance (\$0.3 million), and ongoing development work for the Midday Storage Yard project (\$0.2 million).

Debt Administration

At June 30, 2019, the Commissions had total debt outstanding of \$59.8 million for the VRE commuter rail service, of which \$54.8 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.

	2019	2018
Bond payable	\$ 44,360,000	\$ 46,640,000
Capital leases	5,016,206	5,734,601
Total	\$ 49,376,206	\$ 52,374,601

Economic Factors and Next Year's Budget

In December 2017, NVTC entered into a 68 year agreement with the Commonwealth of Virginia and PRTC whereby the commissions will receive an Annual Transit Investment (ATI) from the operations of the 395 HOT Lanes scheduled to open during fiscal year 2020. The ATI equals \$15 million in the commencement year, increasing at 2.5% annually, and is to be used to fund transit and multimodal investments which will benefit users in the I-95/I-395 corridor. The agreement requires that a separate special revenue fund be established to recognize the ATI related activity. In January 2019, NVTC and PRTC entered into an agreement that among other things provides details of the commissions project selection process, specifies that NVTC will be the designated recipient of the ATI fund, and that NVTC will administer the program on behalf of the commissions.

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 2020 remained constant at \$17,767,748. Fares were increased by an average of 3.0 percent in fiscal year 2020; the previous general fare increase was 3.0 percent in fiscal year 2018. In fiscal year 2019 VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital Fund as a result of Virginia HB1539, which will continue in fiscal year 2020. Additional sources of funding will be available in fiscal year 2020 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 230, Arlington, Virginia 22201, or by email to scottkalkwarf@novatransit.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 480,319	\$ 35,081,208	\$ 35,561,527
Due from other governments:			
Commonwealth of Virginia	22,859,906	-	22,859,906
Federal	998,593	-	998,593
Local jurisdictions	15,838	-	15,838
Trade accounts receivable, net	-	1,442,142	1,442,142
Other receivables	83,911	1,159,598	1,243,509
Inventory	-	1,309,162	1,309,162
Deposits and prepaid items	56,118	80,023	136,141
Restricted cash, cash equivalents and investments	21,440,926	7,853,574	29,294,500
Internal balances	(11,757,523)	11,757,523	-
Capital assets:			
Rolling stock	-	142,639,959	142,639,959
Vehicles	-	72,780	72,780
Facilities	-	54,925,893	54,925,893
Track and signal improvements	-	41,717,264	41,717,264
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	15,370,836	15,370,836
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	188,682	3,026,958	3,215,640
Less accumulated depreciation and amortization	(85,534)	(95,712,152)	(95,797,686)
Deferred outflows of resources, loss on refunding	-	424,280	424,280
Total assets and deferred outflows of resources	<u>34,281,236</u>	<u>230,106,025</u>	<u>264,387,261</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2019

LIABILITIES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Accounts payable	\$ 1,871,598	\$ 1,492,767	\$ 3,364,365
Accrued expenses	35,702	1,487,371	1,523,073
Accrued interest	-	563,639	563,639
Due to fiduciary fund	6,287,302	-	6,287,302
Unearned revenue	-	863,172	863,172
Deferred revenue	42,506	-	42,506
Noncurrent liabilities:			
Due within one year:			
Compensated absences	48,674	12,776	61,450
Bond payable	-	2,240,000	2,240,000
Capital lease obligation	-	745,248	745,248
Due in more than one year:			
Lease liability	65,366	-	65,366
Compensated absences	102,422	274,122	376,544
Bond payable	-	47,594,689	47,594,689
Capital lease obligation	-	4,270,958	4,270,958
Total liabilities	<u>8,453,570</u>	<u>59,544,742</u>	<u>67,998,312</u>
NET POSITION			
Net investment in capital assets	103,148	116,571,900	116,675,048
Restricted for toll funded projects	25,281,188	-	25,281,188
Restricted for liability insurance plan	-	5,263,811	5,263,811
Restricted for debt service	-	2,029,382	2,029,382
Restricted grants or contributions	-	560,381	560,381
Unrestricted assets	443,330	46,135,809	46,579,139
Total net position	<u>\$ 25,827,666</u>	<u>\$ 170,561,283</u>	<u>\$ 196,388,949</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

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	\$ 15,785,238	\$ -	\$ 15,803,363	\$ -	\$ 18,125	\$ -	\$ 18,125
Toll funded project costs	2,487,046	-	-	-	(2,487,046)	-	(2,487,046)
Jurisdiction transit	188,926,744	-	154,491,257	-	(34,435,487)	-	(34,435,487)
Total governmental activities	207,199,028	-	170,294,620	-	(36,904,408)	-	(36,904,408)
Business-type activities:							
Commuter rail	43,458,338	19,455,993	5,839,717	3,769,460	-	(14,393,168)	(14,393,168)
Total business-type activities	43,458,338	19,455,993	5,839,717	3,769,460	-	(14,393,168)	(14,393,168)
Total primary government	\$ 250,657,366	\$ 19,455,993	\$ 176,134,337	\$ 3,769,460	(36,904,408)	(14,393,168)	(51,297,576)
General revenues:							
Intergovernmental revenue - commuter rail					23,405,864	-	23,405,864
Intergovernmental revenue - motor vehicle fuel sales tax					34,435,487	-	34,435,487
Intergovernmental revenue - toll revenue					15,367,040	-	15,367,040
Other revenue					114,954	-	114,954
Interest income					440,572	826,447	1,267,019
Transfers					(23,834,997)	23,834,997	-
Total general revenues					49,928,920	24,661,444	74,590,364
Change in net position					13,024,512	10,268,276	23,292,788
Net position, beginning of year, as restated					12,803,154	160,293,007	173,096,161
Net position, end of year					\$ 25,827,666	\$ 170,561,283	\$ 196,388,949

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	Major Funds			
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 480,319	\$ -	\$ -	\$ 480,319
Due from other governments:				
Commonwealth of Virginia	12,355,776	6,325,814	4,178,316	22,859,906
Federal	998,593	-	-	998,593
Local jurisdictions	15,838	-	-	15,838
Due from fiduciary fund	38,512	-	-	38,512
Due from proprietary fund	26,000	-	-	26,000
Due from special revenue fund	175,860	-	-	175,860
Other receivables	83,911	-	-	83,911
Restricted cash	-	-	21,440,926	21,440,926
Deposits and prepaid items	56,118	-	-	56,118
Total assets	<u>\$ 14,230,927</u>	<u>\$ 6,325,814</u>	<u>\$ 25,619,242</u>	<u>\$ 46,175,983</u>
LIABILITIES				
Accounts payable	\$ 1,709,404	\$ -	\$ 162,194	\$ 1,871,598
Accrued salaries	35,702	-	-	35,702
Deferred revenue	42,506	-	-	42,506
Due to general fund	-	-	175,860	175,860
Due to proprietary fund	11,783,523	-	-	11,783,523
Due to fiduciary fund	-	6,325,814	-	6,325,814
Total liabilities	<u>13,571,135</u>	<u>6,325,814</u>	<u>338,054</u>	<u>20,235,003</u>
FUND BALANCES				
Nonspendable				
Deposits and prepaid items	56,118	-	-	56,118
Restricted				
Toll Revenues	-	-	25,281,188	25,281,188
Unassigned	603,674	-	-	603,674
Total fund balance	<u>659,792</u>	<u>-</u>	<u>25,281,188</u>	<u>25,940,980</u>
Total liabilities and fund balance	<u>\$ 14,230,927</u>	<u>\$ 6,325,814</u>	<u>\$ 25,619,242</u>	<u>\$ 46,175,983</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 \$ 25,940,980

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 \$188,682 and the accumulated depreciation and amortization is \$85,534. 103,148

Lease liability only recognized in the government-wide financial statements. (65,366)

Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds. (151,096)

Net position - governmental activities \$ 25,827,666

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, 2019

	Major Funds			
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Total Governmental Funds
Revenues:				
Intergovernmental revenues:				
Grants and contributions:				
Commonwealth of Virginia	\$ 36,802,817	\$ 154,491,257	\$ -	\$ 191,294,074
Federal	1,856,140	-	-	1,856,140
Local jurisdictions	470,270	-	-	470,270
Toll Revenue	-	-	15,367,040	15,367,040
Motor vehicle fuel sales tax	-	34,435,487	-	34,435,487
Project chargebacks	80,000	-	-	80,000
Interest income	11,659	-	428,913	440,572
Other revenue	114,954	-	-	114,954
Total revenues	<u>39,335,840</u>	<u>188,926,744</u>	<u>15,795,953</u>	<u>244,058,537</u>
Expenditures:				
Current:				
General and administration	2,458,724	-	-	2,458,724
Project costs	3,279,149	-	-	3,279,149
Toll funded project costs	-	-	2,487,046	2,487,046
Payments to fiduciary fund	-	188,926,744	-	188,926,744
PRTC share of CROC funds	10,030,038	-	-	10,030,038
Capital outlay	96,748	-	-	96,748
Total expenditures	<u>15,864,659</u>	<u>188,926,744</u>	<u>2,487,046</u>	<u>207,278,449</u>
Other financing uses:				
Transfers	(23,405,864)	-	(429,133)	(23,834,997)
Change in fund balances	65,317	-	12,879,774	12,945,091
Fund balances, beginning of year, as restated	<u>594,475</u>	<u>-</u>	<u>12,401,414</u>	<u>12,995,889</u>
Fund balances, end of year	<u>\$ 659,792</u>	<u>\$ -</u>	<u>\$ 25,281,188</u>	<u>\$ 25,940,980</u>

Change in fund balances - total governmental funds \$ 12,945,091

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	96,748
Deduct - depreciation and amortization expense	(14,403)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, any proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net cost of assets disposed. (10,964)

Amortization of lease liability is only recognized in the government-wide financial statements. 18,248

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. (10,208)

Change in net position of governmental activities \$ 13,024,512

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

	<u>Commuter Rail Service Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	\$ 35,081,208
Accounts receivable:	
Due from general fund	11,757,523
Trade receivables, net of allowance for doubtful accounts	1,442,142
Other receivables	1,159,598
Inventory	1,309,162
Prepaid expenses and other	80,023
Restricted cash, cash equivalents and investments	<u>7,853,574</u>
Total current assets	<u>58,683,230</u>
Capital assets:	
Rolling stock	142,639,959
Vehicles	72,780
Facilities	54,925,893
Track and signal improvements	41,717,264
Equipment and software	6,063,333
Construction in progress	15,370,836
Equity in property of others	2,893,644
Furniture, equipment and software	<u>3,026,958</u>
	266,710,667
Less accumulated depreciation and amortization	<u>(95,712,152)</u>
Total capital assets, net	<u>170,998,515</u>
Deferred Outflows of Resources:	
Loss on refunding	<u>424,280</u>
Total assets and deferred outflows of resources	<u><u>\$ 230,106,025</u></u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

	<u>Commuter Rail Service Fund</u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 1,492,767
Compensated absences	12,776
Accrued expenses	1,487,371
Accrued interest	563,639
Unearned revenue	863,172
Current portion of bonds payable	2,240,000
Current portion of capital lease obligations	<u>745,248</u>
Total current liabilities	<u>7,404,973</u>
Noncurrent Liabilities:	
Compensated absences	274,122
Bonds payable	47,594,689
Capital lease obligations	<u>4,270,958</u>
Total noncurrent liabilities	<u>52,139,769</u>
Total liabilities	<u>59,544,742</u>
Net Position:	
Net investment in capital assets	116,571,900
Restricted for liability insurance plan	5,263,811
Restricted for debt service	2,029,382
Restricted grants or contributions	560,381
Unrestricted assets	<u>46,135,809</u>
Total net position	<u>170,561,283</u>
Total liabilities and net position	<u><u>\$ 230,106,025</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, 2019

	<u>Commuter Rail Service Fund</u>
Operating Revenues:	
Passenger revenue	\$ 19,311,476
Equipment rentals and other	<u>144,517</u>
Total operating revenues	<u>19,455,993</u>
Operating Expenses:	
Contract operations and maintenance	12,392,596
Other operations and maintenance	7,624,700
Property leases and access fees	7,679,823
Insurance	1,814,613
Marketing and sales	1,184,051
General and administrative	<u>1,552,589</u>
Total operating expenses	<u>32,248,372</u>
Operating loss before depreciation and amortization	(12,792,379)
Depreciation and amortization	<u>(9,271,403)</u>
Operating loss	<u>(22,063,782)</u>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	5,742,464
Regional transportation funding	97,253
Interest income:	
Operating funds	625,575
Insurance trust	110,592
Commonwealth Rail Operating and Capital (CROC) Fund	58,538
Other restricted funds	31,742
Interest, amortization and other nonoperating expenses, net	<u>(1,938,563)</u>
Total nonoperating revenues, net	<u>4,727,601</u>
Loss before capital contributions and transfers	<u>(17,336,181)</u>
Capital contributions and transfers:	
Regional transportation funding	1,152,103
Contribution from PRTC	2,617,357
Transfers in	<u>23,834,997</u>
Total capital contributions and transfers	<u>27,604,457</u>
Change in net position	10,268,276
Net Position, beginning	<u>160,293,007</u>
Net Position, ending	<u><u>\$ 170,561,283</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, 2019

	<u>Commuter Rail Service Fund</u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 19,219,180
Payments to suppliers	(32,446,875)
Net cash used in operating activities	<u>(13,227,695)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>28,641,709</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(2,749,050)
Principal paid on capital lease obligations	(718,395)
Principal paid on note	(2,280,000)
Interest paid on capital lease obligation	(255,258)
Interest paid on bonds and note	(2,010,993)
Contribution from General Fund	2,617,357
Net cash used in capital and related financing activities	<u>(5,396,339)</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>810,275</u>
Increase in cash and cash equivalents	10,827,950
Cash and Cash Equivalents, beginning	32,106,832
Cash and Cash Equivalents, ending	<u><u>\$ 42,934,782</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (22,063,782)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,271,403
(Increase) decrease in:	
Accounts receivable	(206,181)
Other receivables	(109,476)
Inventory	203,587
Prepaid items and other	(13,445)
Increase (decrease) in:	
Accounts payable and accrued expenses	(390,109)
Unearned revenue	80,308
Net cash used in operating activities	<u><u>\$ (13,227,695)</u></u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 963,136
Capital assets acquired through accrued liabilities	391,236

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2019

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 157,813,441
Due from special revenue fund - Motor vehicle fuel sales tax	6,285,629
Due from special revenue fund - Commonwealth of Virginia grants	40,185
Due from other governments - Commonwealth of Virginia grants	<u>4,883,742</u>
Total assets	<u>169,022,997</u>
LIABILITIES	
Due to member jurisdictions	610,917
Due to general fund	<u>38,512</u>
Total liabilities	<u>649,429</u>
NET POSITION	
Net position held in trust for member jurisdictions	<u><u>\$ 168,373,568</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, 2019

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 188,926,744
Intergovernmental revenues	58,010,723
Investment income	2,795,489
Total additions	<u>249,732,956</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	8,952,840
Project development	19,004
Metrorail operating	87,228,805
Metrobus operating	85,092,012
Metroaccess operating	13,839,758
Metro debt service	6,785,247
Other funds disbursed:	
Other capital disbursements	11,641,880
Other operating disbursements	12,298,847
Total deductions	<u>225,858,393</u>
Change in net position	23,874,563
Net position held in trust for member jurisdictions:	
Beginning of year	144,499,005
End of year	<u><u>\$ 168,373,568</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, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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 for 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

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

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 \$96,600 at June 30, 2019 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

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, 2019.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

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).

Restricted fund balance – amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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 in the financial statements.

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

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 22, 2019 which was the date the financial statements were available to be issued.

Note 2. Deposits and Investments

At June 30, 2019, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 122,693	\$ 1,789,151	\$ -	\$ 1,911,844
LGIP	357,626	33,292,057	157,813,441	191,463,124
	480,319	35,081,208	157,813,441	193,374,968
Restricted:				
LGIP	21,440,926	588,257	-	22,029,183
VRA debt service fund	-	2,029,382	-	2,029,382
Insurance trust fund – pooled funds	-	5,235,935	-	5,235,935
	21,440,926	7,853,574	-	29,294,500
Total	\$ 21,921,245	\$ 42,934,782	\$ 157,813,441	\$ 222,669,468

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

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, 2019, the reporting entity had investments of \$213,492,307 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, 2019, the reporting entity had \$2,029,382 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, 2019, a total of \$10,471,870 was invested in the Insurance Trust, of which \$5,235,935 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 2019, earnings on the Insurance Trust in the amount of \$221,184 were credited to VRE, of which \$110,592 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

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

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 \$2,029,382 as of June 30, 2019, 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

Note 3. Due From Other Governments

At June 30, 2019, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 6,285,629	\$ 6,285,629
Grants	12,355,776	40,185	12,395,961
Toll revenue	4,178,316	-	4,178,316
	16,534,092	6,325,814	22,859,906
Due from Federal Government:			
Grants	998,593	-	998,593
Due from Local Jurisdictions:			
Local grant match	15,838	-	15,838
	<u>\$ 17,548,523</u>	<u>\$ 6,325,814</u>	<u>\$ 23,874,337</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$11,783,523 for commuter rail and \$572,253 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, 2019 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 135,851	\$ 96,748	\$ (43,917)	\$ -	\$ 188,682
Less accumulated depreciation or amortization	104,084	14,403	(32,953)	-	85,534
Governmental activities capital assets, net	\$ 31,767	\$ 82,345	\$ (10,964)	\$ -	\$ 103,148
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 13,648,999	\$ 3,838,920	\$ -	\$ (2,117,083)	\$ 15,370,836
Capital assets being depreciated or amortized:					
Rolling stock	142,639,959	-	-	-	142,639,959
Vehicles	58,521	14,259	-	-	72,780
Facilities	52,967,852	4,097	-	1,953,944	54,925,893
Track and signal improvements	41,717,264	-	-	-	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	2,855,606	13,201	(4,988)	163,139	3,026,958
Total capital assets being depreciated or amortized	249,196,179	31,557	(4,988)	2,117,083	251,339,831
Less accumulated depreciation or amortization for:					
Rolling stock	40,967,662	5,800,441	-	-	46,768,103
Vehicles	23,546	13,129	-	-	36,675
Facilities	20,762,723	1,622,281	-	-	22,385,004
Track and signal improvements	14,688,779	1,408,355	-	-	16,097,134
Equipment and software	5,689,812	269,081	-	-	5,958,893
Equity in property of others	1,901,957	82,296	-	-	1,984,253
Office equipment, furniture and software	2,411,258	75,820	(4,988)	-	2,482,090
Total accumulated depreciation or amortization	86,445,737	9,271,403	(4,988)	-	95,712,152
Total capital assets being depreciated or amortized, net	162,750,442	(9,239,846)	-	2,117,083	155,627,679
Business-type activities capital assets, net	\$ 176,399,441	\$ (5,400,926)	\$ -	\$ -	\$ 170,998,515

Note: The chart above reflects the completion of the L'Enfant north storage track project at a value of \$3.7 million (NVTC reporting entity \$1.85 million), completion of the VRE Headquarters Suite 202 office renovation project at a value of \$326,000 (NVTC reporting entity \$163,000) and the completion of the Automated Parking Counter system project at a value of \$244,000 (NVTC reporting entity \$122,000).

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets (continued)

The chart also reflects a reduction of approximately \$5,000 in furniture, equipment and software asset value. This reduction is due to the expiration of a 3-year capital lease for an office copier machine. Subsequent to the end of the lease term, the copier was purchased by VRE for under \$5,000 and was not capitalized.

Depreciation and amortization expenses for the year ended June 30, 2019 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary government:		
General and administration	\$ 14,403	\$ -
Commuter rail	-	9,271,403

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 230, 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

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

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

Financial information from VRE's fiscal year 2019 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 75,278,280
Accounts receivable:	
Due from PRTC	13,690,788
Commonwealth of Virginia grants	8,033,524
Commonwealth Rail Operating and Capital (CROC) Fund	3,750,000
Trade and other, net of allowance	5,480,247
Inventory	2,846,838
Prepaid expenses and other	174,015
Restricted cash, cash equivalents and investments	13,677,765
Total current assets	122,931,457
Noncurrent assets:	
Pension asset	320,509
Capital assets (net \$191,424,304 accumulated depreciation and amortization)	341,997,029
Total noncurrent assets	342,317,538
Total assets	465,248,995
Deferred outflows of resources	840,915
Total assets and deferred outflows of resources	\$ 466,089,910

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 8,873,354
Unearned revenue	1,877,011
Current portion of:	
Compensated absences	27,783
Bonds payable	2,240,000
Capital lease obligations	1,490,497
Total current liabilities	14,508,645
Noncurrent liabilities:	
Other postemployment benefits	431,852
Capital lease obligations	8,541,916
Bonds payable	47,594,689
Compensated absences	596,091
Total noncurrent liabilities	57,164,548
Total liabilities	71,673,193
Deferred inflows of resources	214,069
Net position:	
Net investment in capital assets	282,554,207
Restricted for liability insurance plan	10,527,621
Restricted for debt service	2,029,382
Restricted grants or contributions	1,120,762
Unrestricted assets	97,970,676
Total net position	394,202,648
Total liabilities, deferred inflows of resources and net position	\$ 466,089,910

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, 2019

Operating revenues	\$ 42,304,835
Operating expenses	<u>77,681,532</u>
Operating loss before depreciation and amortization	(35,376,697)
Depreciation and amortization	<u>(18,542,805)</u>
Operating loss	(53,919,502)
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	17,447,509
Federal grants – with PRTC as grantee	15,229,460
Jurisdictional contributions	17,767,748
Commonwealth Rail Operating and Capital (CROC) Fund	15,000,000
Regional transportation funding (NVTa)	194,506
Interest income:	
Operating funds	1,360,241
Insurance trust	221,184
Commonwealth Rail Operating and Capital (CROC) Fund	117,075
Other restricted funds	63,483
Interest, amortization and other nonoperating expenses, net	<u>(2,188,383)</u>
Total nonoperating revenues, net	65,212,823
Capital grants and assistance:	
Commonwealth of Virginia grants	1,417,527
Federal grants – with PRTC as grantee	3,541,398
Regional transportation funding (NVTa)	<u>2,304,206</u>
Total capital grants and assistance	7,263,131
Change in net position	18,556,452
Net position, beginning of year	<u>375,646,196</u>
Net position, ending	<u><u>\$ 394,202,648</u></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

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, 2019 totaled \$140,971 (12.3 percent of covered payroll). Required employee contributions for the year ended June 30, 2019 totaled \$22,930 (2.0 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, 2019 was approximately \$1,144,870.

Note 8. Operating Leases and Agreements

Governmental activities

NVTC leased office space under a 125-month agreement which commenced on January 1, 2011 and was amended effective March 15, 2019. The lease provided 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 contained a provision for the abatement of the first five months of rent.

NVTC amended the lease under a 154-month agreement which commenced on March 15, 2019 and expires November 15, 2031, canceling the previous lease 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 after the first anniversary year. The lease contains a provision for the abatement of the first month's rent of the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first year.

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 \$273,107 (\$222,831 paid plus \$50,276 amortization). The Statement of Net Position reported a liability of \$65,366 related to 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, 2019.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Operating Leases and Agreements (continued)

As of June 30, 2019, the minimum long-term lease commitments were as shown below:

Years Ending June 30,	Amount
2020	\$ 282,129
2021	367,195
2022	373,884
2023	383,279
2024	392,844
2025-2029	2,275,257
2030-2032	1,202,655
Total	<u>\$ 5,277,243</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, 2019, annual track usage fees totaled approximately \$9,875,000, of which \$4,541,500 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$639,000, of which \$293,900 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, 2019, costs for track access and equipment storage totaled approximately \$6,628,000, of which \$3,048,200 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,965,000, of which \$2,283,400 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, 2019 totaled approximately \$22,512,000, of which \$10,353,300 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2019 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, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 140,888	\$ 119,598	\$ 109,390	\$ 151,096	\$ 48,674
Total governmental activities	140,888	119,598	109,390	151,096	48,674
Business-type activities:					
Capital leases	5,734,601	-	718,395	5,016,206	745,248
Bond payable	46,640,000	-	2,280,000	44,360,000	2,240,000
Unamortized premium	5,872,848	-	398,159	5,474,689	-
Compensated absences	291,287	178,440	182,829	286,898	12,776
Total business-type activities	58,538,736	178,440	3,579,383	55,137,793	2,998,024
Total Primary Government	\$ 58,679,624	\$ 298,038	\$ 3,688,773	\$ 55,288,899	\$ 3,046,698

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 \$14,072,353 (NVTC reporting entity, \$7,036,177)	\$ 10,029,785	\$ 5,014,892

Future minimum lease payments as of June 30, 2019 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2020	\$ 1,931,357	\$ 965,679
2021	1,931,357	965,679
2022	1,931,357	965,679
2023	1,931,357	965,678
2024	1,931,357	965,678
2025	1,931,357	965,678
Total minimum lease payments	11,588,142	5,794,071
Lease amount representing interest	1,558,357	779,179
Present value of lease payments	\$ 10,029,785	\$ 5,014,892

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (continued)

Capitalized Lease – Copiers

	Total	NVTC Reporting Entity
\$63,450 capitalized lease obligation; \$1,329 due monthly, interest at 9.39%, maturing in 2020; collateralized with two multifunction copiers with a carrying value of \$0.	\$ 2,628	\$ 1,314

Future minimum lease payments as of June 30, 2019 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2020	\$ 2,658	\$ 1,329
Total minimum lease payments	2,658	1,329
Less amount representing interest	30	15
Present value of lease payments	\$ 2,628	\$ 1,314

Notes Payable – Gallery IV (60 cars)/VRA Bond Payable

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 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$65,406,906 at June 30, 2019. \$ 44,360,000

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
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
2024	2,745,000	1,548,572	4,293,572
2025-2029	16,035,000	5,420,978	21,455,978
2030-2033	15,910,000	1,254,106	17,164,106
Subtotal	44,360,000	15,715,044	60,075,044
Unamortized premium	5,474,689	-	-
Total	\$ 49,834,689	\$ 15,715,044	\$ 60,075,044

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 \$133,000 at June 30, 2019, of which \$66,500 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, 2019 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,481,904	\$ 5,240,952
Contribution to reserves	3,700,000	1,850,000
Insurance premiums paid	(3,714,256)	(1,857,128)
Claims mitigation and losses incurred	(189,035)	(94,517)
Investment income	221,184	110,592
Actuarial and administrative charges	(27,927)	(13,964)
Ending balance, June 30	<u>\$ 10,471,870</u>	<u>\$ 5,235,935</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

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

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. Expenditures for jurisdiction grant funded and toll revenue funded projects are recognized when the reimbursement requests are submitted and approved by NVTC.

Business-type activities

At June 30, 2019, 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, 2019:

Stations and parking lots	\$	3,979,508
Rolling stock		6,650,353
Maintenance and layover yards		3,302,179
Track and signal improvements		102,601
Other administrative		451,160
Total	\$	14,485,801

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Interfund Transfers

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ (429,133)	\$ -	\$ (429,133)
General Fund	-	23,834,997	23,834,997
Total transferred in	\$ (429,133)	\$ 23,834,997	\$ 23,405,864

The transfer from the General Fund to the Commuter Rail Service Fund is for state grant activity in which NVTC serves as grantee on behalf of VRE.

The transfer from the Special Revenue Fund to the General Fund is for NVTC sponsored projects.

Note 13. Restatement of Beginning Net Position

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

Balance at June 30, 2018, as previously reported	\$ -
Net adjustment for change in method of accounting for toll revenue	<u>12,401,414</u>
Balance at June 30, 2018, as restated	<u><u>\$ 12,401,414</u></u>

Note 14. Pending GASB Statements

At June 30, 2019, 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. 87, *Leases*, will increase the usefulness of NVTC'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. 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 31, 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.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 15. Subsequent Events

In July 2019, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Simmons Machine Tool Corporation of Albany, New York, to fabricate, manufacture, install and test a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade (LOU) Facility for a total amount not to exceed \$2,540,438, inclusive of contingency.

In July 2019, the VRE Operations Board authorized the Chief Executive Officer to execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing Application. The contract is for one base year and four option years for an estimated cost of \$3,244,972, inclusive of contingency.

In August 2019, VRE was repaid \$1.37 million in Railroad Rehabilitation and Improvement Financing (RRIF) Loan Credit Risk Premium funds. This cost was previously expensed in fiscal year 2013 in accordance with implementation of GASB 65 and was not considered likely to be repaid to VRE. This repayment will be accounted for as an unusual event revenue in fiscal year 2020.

In September 2019, VRE, in collaboration with CSX, completed and placed into service the Slater's Lane Track Crossover project. This project will provide operational flexibility to VRE and other passenger and freight operations. The project will be capitalized in fiscal year 2020.

In September 2019, the VRE Operations Board authorized the Chief Executive Officer to amend the Passenger Tariff to replace the current 5-Day Pass with a 7-Day Pass and the Monthly Pass in VRE Mobile with a 31-Day Pass. The current estimate of the potential impact on annual fare revenue is slightly less than \$500,000 per year.

In September 2019, The VRE Operations Board was asked to authorize the Chief Executive Officer to execute a contract with Vanasse Hangen Brustlin (VHB) of Watertown, MA for the Base Task of preliminary engineering and environmental services for the VRE Crystal City Station Improvements Project for a total amount not to exceed \$1,368,716, inclusive of contingency.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2019

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Loudoun County	Totals
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 22,754,531	\$ 38,854,955	\$ 1,983,189	\$ 89,761,212	\$ 1,137,370	\$ -	\$ 154,491,257
Motor Vehicle Fuel Sales Tax	2,916,004	2,566,467	1,257,319	17,667,286	1,261,691	8,766,720	34,435,487
Intergovernmental revenues, grants:							
Commonwealth of Virginia	8,686,091	15,022,999	732,393	33,148,774	420,466	-	58,010,723
Investment income	489,627	391,136	91,538	1,160,437	31,401	631,350	2,795,489
Total additions	34,846,253	56,835,557	4,064,439	141,737,709	2,850,928	9,398,070	249,732,956
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	1,517,859	6,595,861	443,266	-	395,854	-	8,952,840
Project development	-	-	9,619	-	9,385	-	19,004
Metrail operating	14,686,914	16,449,253	1,295,637	54,191,089	605,912	-	87,228,805
Metrobus operating	13,076,736	15,051,146	784,220	55,089,023	1,090,887	-	85,092,012
Metroaccess operating	491,420	-	299,884	12,961,061	87,393	-	13,839,758
Metro debt service	886,678	-	111,358	5,608,396	178,815	-	6,785,247
Other funds disbursed:							
Other capital disbursements	-	10,694,402	-	312,872	45,074	589,532	11,641,880
Other operating disbursements	-	4,954,905	858,808	6,474,595	-	10,539	12,298,847
Total deductions	30,659,607	53,745,567	3,802,792	134,637,036	2,413,320	600,071	225,858,393
Change in net position	4,186,646	3,089,990	261,647	7,100,673	437,608	8,797,999	23,874,563
Net position held in trust for member jurisdictions:							
Beginning of year	21,827,044	18,230,848	4,476,809	75,071,266	1,207,999	23,685,039	144,499,005
End of year	\$ 26,013,690	\$ 21,320,838	\$ 4,738,456	\$ 82,171,939	\$ 1,645,607	\$ 32,483,038	\$ 168,373,568

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2019

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 2,479	\$ 2,479	\$ -
Audit and Legal	52,710	52,710	-
Capital outlay	96,748	96,748	-
Commissioners' per diem	13,122	13,122	-
Computer	15,596	15,596	-
Conference and training	18,375	18,375	-
Copier duplicating	11,063	11,063	-
Disability insurance	7,093	7,093	-
Employee group insurance	116,581	110,457	6,124
Employee retirement	140,971	133,952	7,019
Employer payroll taxes	102,088	97,005	5,083
Leave - annual, holiday, and sick	202,827	195,313	7,514
Memberships and subscriptions	1,589	1,589	-
Miscellaneous	11,906	11,906	-
Office supplies	4,135	4,135	-
Office rent	222,830	222,830	-
Insurance and liability bonds	6,426	6,426	-
Parking and Transit	21,157	21,157	-
Postage and shipping	1,364	1,364	-
Consulting, other project costs	3,456,789	264,913	3,191,876
Public information	18,199	18,199	-
Salaries and wages	1,232,906	1,171,545	61,361
State liaison	46,694	46,694	-
Telephone and data	13,621	13,621	-
Travel and meetings	17,352	17,180	172
Total expenditures	<u>\$ 5,834,621</u>	<u>\$ 2,555,472</u>	<u>\$ 3,279,149</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2019

	Jurisdiction Grants & Projects	NTD	Fare Collection	Route 7	Totals
Revenues:					
Commonwealth of Virginia	\$ 753,085	\$ 193,520	\$ 78,529	\$ 107,494	\$ 1,132,628
Federal	1,856,140	-	-	-	1,856,140
Local	-	-	78,529	107,494	186,023
NVTC match	-	6,947	52,096	45,315	104,358
Total revenue	<u>\$ 2,609,225</u>	<u>\$ 200,467</u>	<u>\$ 209,154</u>	<u>\$ 260,303</u>	<u>\$ 3,279,149</u>
Expenditures:					
Consultants	\$ -	\$ 193,520	\$ 157,060	\$ 214,988	\$ 565,568
Costs incurred	2,609,225	-	17,083	-	2,626,308
Fringe benefits	-	2,053	10,308	13,379	25,740
Salaries and wages	-	4,894	24,572	31,895	61,361
Travel	-	-	132	40	172
Total expenditures	<u>\$ 2,609,225</u>	<u>\$ 200,467</u>	<u>\$ 209,155</u>	<u>\$ 260,302</u>	<u>\$ 3,279,149</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-66 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-66 TOLL REVENUE
Year Ended June 30, 2019

Project Sponsor	Project Title	Project Number	Approved Toll Revenue Funds	Prior Expenditures	FY2019 Expenditures	Cumulative Expenditures	Remaining Balance
Arlington County	Peak Period Service Expansion to Metrobus Route 2S	013-01-020-17	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Arlington County	Peak Period Service Expansion to ART Bus Route 55	013-02-120-17	450,000	-	69,074	69,074	380,926
Arlington County	County Bus Stop Consolidation and Accessibility Improvements	013-03-010-17	462,000	75,104	114,853	189,957	272,043
Arlington County	Multimodal Real-Time Transportation Information	013-04-040-17	250,000	6,509	16,444	22,953	227,047
Arlington County	Expanded TDM Outreach	013-05-030-17	350,000	28,071	234,338	262,409	87,591
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	3,336,836	2,041,068	330,222	2,371,290	965,546
Loudoun County	County Stone Ridge Enhanced Transit	107-01-120-17	1,940,939	1,177,626	345,258	1,522,884	418,055
Loudoun County	County Transportation Demand Management	107-02-030-17	623,000	-	394,059	394,059	228,941
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	-	-	-	500,000
PRTC	Gainesville to Pentagon Commuter Service	664-01-120-17	887,900	-	455,786	455,786	432,114
Subtotal - Fiscal Year 2017 Program			9,800,675	3,328,378	1,960,034	5,288,412	4,512,263
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	-	-	-	3,452,618
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	-	277,142	277,142	1,428,898
PRTC	On-Demand Commuter Lot Shuttles in Prince William County	664-01-18	1,087,796	-	-	-	1,087,796
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	-	-	-	1,065,960
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	-	-	-	965,000
City of Falls Church	Metrobus Route 3T Extension and Service Expansion	610-01-18	845,754	-	211,000	211,000	634,754
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	-	-	-	497,100
Arlington County	I-66 Corridor Intelligent Transportation System Enhancements	013-01-18	400,000	-	-	-	400,000
Arlington County	Traffic Management Center	013-02-18	400,000	-	-	-	400,000
Arlington County	Expanded Transportation Demand Management Outreach to the I-66 Corridor	013-03-18	350,000	-	-	-	350,000
PRTC	Flexible Vanpool Program	664-02-18	317,600	-	-	-	317,600
PRTC	Linton Hall OmniRide Metro Direct Bus Service Enhancement	664-03-18	134,200	-	-	-	134,200
City of Manassas	Bicycle Parking Improvements at Manassas VRE Station	683-01-18	55,000	-	38,870	38,870	16,130
NVTC	I-66 Commuter Choice Marketing and Outreach	999-01-18	400,000	-	101,207	101,207	298,793
NVTC	Program Administration, Evaluation and Oversight	999-02-18	400,000	-	327,926	327,926	72,074
Subtotal - Fiscal Year 2018 Program			12,077,068	-	956,145	956,145	11,120,923
Total			\$ 21,877,743	\$ 3,328,378	\$ 2,916,179	\$ 6,244,557	\$ 15,633,186

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Expenditures for NVTC sponsored projects totaling \$429,133 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2019**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2018	7/26/2017	73018-44	\$ 19,605,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,242,756
Fiscal Year 2018	7/26/2017	73018-45	18,872,150	-	-	-	-	-	17,561,950
Fiscal Year 2018	7/26/2017	73018-46	3,193,863	-	-	-	-	-	2,972,453
Fiscal Year 2018	9/26/2017	73018-47	18,001	-	18,001	18,001	18,001	-	18,001
Fiscal Year 2018	7/26/2017	73018-48	140,250	-	-	-	-	-	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	2/15/2019	73016-83	1,641,316	-	17,083	17,083	17,083	-	17,083
Fiscal Year 2016	8/3/2015	73016-57	889,893	-	-	-	-	-	889,893
Fiscal Year 2016	11/30/2015	72513-34	460,561	-	177,813	452,813	452,813	275,000	452,813
Fiscal Year 2011	7/17/2012	72511-03	771,612	-	8,757	243,323	243,323	234,566	494,329
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	-	1,080	1,080	1,080	-	1,080
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	1,435	1,435	1,435	-	81,071
Fiscal Year 2014	1/7/2014	72510-15	221,540	-	52,135	60,811	60,811	8,676	60,811
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	-	8,007	8,007	8,007	-	25,040
Fiscal Year 2009	10/1/2010	72509-26	64,750	9,460	43,224	33,764	33,764	-	59,701
Fiscal Year 2009	7/2/2009	72508-10	100,320	-	80,416	80,416	80,416	-	100,320
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/5/2010	72508-13	59,500	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	-	6,338	10,017	10,017	3,679	94,675
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	624	1,865	1,865	1,241	42,833
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	8,809	8,809	8,809	-	114,292
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	2,646	2,646	2,646	54,056
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	18,036	48,304	48,304	30,268	48,304

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2019

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital and Operating - WMATA:									
Fiscal Year 2019	12/20/2018	73619-01	\$ 154,273,051	\$ -	\$ 154,273,051	\$ 154,273,051	\$ 154,273,051	\$ -	\$ 154,273,051
Demonstration \ Experimental:									
Fiscal Year 2018									
Rt. 7 Technical	5/25/2018	71318-04	150,000	-	69,048	107,496	107,496	38,448	107,496
Fiscal Year 2015									
Intern Program	10/18/2018	71219-03	40,000		13,377	20,823	20,823	7,446	20,823
Intern Program	11/14/2007	71218-04	40,000	5,457	8,246	2,789	2,789	-	28,058
Fiscal Year 2014									
Fare Collection Tech.	9/2/2014	71315-03	400,000	13,832	81,897	78,533	78,533	10,468	213,677
Total State Assistance - NVTC			<u>240,758,587</u>	<u>75,015</u>	<u>154,933,643</u>	<u>155,471,066</u>	<u>155,471,066</u>	<u>612,438</u>	<u>229,623,260</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2019

Grant	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
Virginia Railway Express									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2015-2018	8/3/2015	50003	\$ 4,634,540	\$ 460,630	\$ 963,830	\$ 503,200	\$ 503,200	\$ -	\$ 4,360,908
Fiscal Year 2016-2020	9/16/2015	50012	12,045,657	2,186,735	2,186,332	2,243,897	2,243,897	2,244,300	7,895,398
Fiscal Year 2016-2020	2/26/2016	50013	16,065,000	75,192	125,080	49,888	49,888	-	12,326,411
Fiscal Year 2017-2018	5/1/2018	50022	4,872,200	3,467,897	3,482,916	15,019	15,019	-	3,482,916
Fiscal Year 2019	8/20/2018	50029	2,730,200	-	870,870	2,478,011	2,478,011	1,607,141	2,478,011
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	-	-	511,315	511,315	511,315	511,315
Fiscal Year 2019	4/2/2019	72519-26	23,483,000	-	-	-	-	-	-
N/A	N/A	73018-67		58,052	-	250,965	250,965	309,017	309,017
N/A	N/A	73018-68		264,103	-	406,596	406,596	670,699	670,699
N/A	N/A	73018-69		28,760	-	(28,760)	(28,760)	-	-
Fiscal Year 2019	9/10/2018	73018-72	582,214	-	77,947	192,529	192,529	114,582	192,529
N/A	N/A	73018-73		-	-	16,162	16,162	16,162	16,162
N/A	N/A	73018-74		16,162	-	43,644	43,644	59,806	59,806
N/A	N/A	73117-62		34,619	-	58,161	58,161	92,780	92,780
N/A	N/A	73017-73		-	-	257,544	257,544	257,544	257,544
Fiscal Year 2019	9/10/2018	73017-74	4,284,000						
Fiscal Year 2017	2/5/2018	73017-76	16,800	16,800	16,800	-	-	-	16,800
Fiscal Year 2017	2/5/2018	73017-77	192,000	-	-	79,924	79,924	79,924	127,878
Fiscal Year 2017	9/10/2018	73017-78	309,017	308,820	309,017	136,374	136,374	136,177	445,194
Fiscal Year 2017	2/27/2018	73017-79	311,538	311,536	311,538	2	2	-	311,538
Fiscal Year 2017	2/27/2018	73017-81	64,000	64,400	64,400	7,917	7,917	7,917	72,317
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2017	12/7/2016	73017-83	19,461	-	-	-	-	-	-
Fiscal Year 2017	9/10/2018	73117-61	436,153	592,627	375,130	1	1	217,498	592,628
Fiscal Year 2016	2/2/2016	72516-07	68,973	4,643	12,081	7,438	7,438	-	68,973
Fiscal Year 2016	10/14/2016	73016-84	867,200	284,358	338,702	54,344	54,344	-	443,234
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	30,435	29,128	4,416	4,416	5,723	276,606
Fiscal Year 2016	10/19/2016	73016-86	304,000	64,404	73,478	50,626	50,626	41,552	233,000
Fiscal Year 2016	2/5/2019	73016-87	464,000	3,994	5,114	21,631	21,631	20,511	25,625
Fiscal Year 2016	2/5/2018	73016-88	120,000	34,492	38,359	4,600	4,600	733	39,092
Fiscal Year 2016	2/5/2018	73016-90	16,000	3,884	3,884	-	-	-	16,000
Fiscal Year 2016	2/5/2018	73016-91	16,000	16,000	16,000	-	-	-	16,000
N/A	N/A	78016-07		-	-	419,458	419,458	419,458	419,458
Fiscal Year 2015	10/14/2016	73015-93	320,000	118,240	146,060	27,820	27,820	-	320,000

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2019

Grant	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
Virginia Railway Express (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued)									
Fiscal Year 2015	2/29/2016	73015-94	\$ 1,705,189	\$ 6,392	\$ 10,494	\$ 9,720	\$ 9,720	\$ 5,618	\$ 1,473,684
Fiscal Year 2015	2/8/2016	73015-95	840,000	92,141	60,987	54,056	54,056	85,210	379,357
Fiscal Year 2015	10/14/2016	73015-96	64,000	-	-	9,252	9,252	9,252	9,252
Fiscal Year 2015	10/14/2016	73015-98	879,572	6,757	10,203	55,568	55,568	52,122	362,641
Fiscal Year 2019	9/10/2018	73115-72	2,720,428	-	-	-	-	-	-
Fiscal Year 2014	2/2/2016	72514-07	800,000	-	-	-	-	-	-
Fiscal Year 2014	10/14/2016	73014-76	539,000	109,167	109,167	-	-	-	539,000
Fiscal Year 2013	1/6/2014	72513-12	400,000	13,148	14,935	20,923	20,923	19,136	85,036
Fiscal Year 2013	4/24/2013	73113-46	11,391,184	4,266	4,493	227	227	-	9,968,133
Fiscal Year 2011	1/6/2014	72510-67	300,000	4,882	4,882	-	-	-	255,251
Fiscal Year 2010	1/6/2014	72510-68	200,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	36,098	-	122,600	122,600	158,698	341,749
Operating:									
Fiscal Year 2019	8/20/2018	72019-26	9,978,879	-	9,978,879	9,978,879	9,978,879		9,978,879
Rail Enhancement Fund:									
Potomac Shores	N/A	76517-01		342,213	-	140,947	140,947	483,160	483,160
Third Track Spotsylvani	5/10/2013	76513-11	13,856,292	172,119	180,933	8,814	8,814	-	13,356,931
Gainsville-Haymarket	5/10/2013	76509-02	2,785,714	576,872	834,428	574,148	574,148	316,592	2,563,253
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	13,717	-	77,180	77,180	90,896	77,180
Total State Assistance - VRE			127,078,406	9,824,555	20,656,067	18,865,036	18,865,036	8,033,523	75,951,345
Total State Assistance - NVTC and VRE			<u>\$ 367,836,993</u>	<u>\$ 9,899,570</u>	<u>\$ 175,589,710</u>	<u>\$ 174,336,102</u>	<u>\$ 174,336,102</u>	<u>\$ 8,645,961</u>	<u>\$ 305,574,605</u>

*N/A indicates contract not executed as of June 30, 2019.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2019**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2019									
Arlington County	11/8/2018	73019-32	\$ 306,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	11/8/2018	73019-33	5,962,928	-	-	-	-	-	-
Arlington County	11/8/2018	73019-34	1,020,000	-	-	-	-	-	-
Arlington County	11/8/2018	73019-35	148,000	-	13,789	33,019	33,019	19,230	33,019
Arlington County	11/8/2018	73019-36	190,000	-	-	12,820	12,820	12,820	12,820
Arlington County	11/8/2018	73019-37	126,310	-	-	-	-	-	-
City of Alexandria	6/20/2019	73019-38	2,635,680	-	-	1,575,322	1,575,322	1,575,322	1,575,322
City of Alexandria	1/28/2019	73019-39	34,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-40	15,300	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-41	2,210,000	-	59,057	59,057	59,057	-	59,057
Fairfax County	10/14/2018	73019-44	408,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-45	76,500	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-46	102,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	-	-	-	-	-	-
Arlington County	9/19/2017	73018-51	504,560	-	215,095	232,516	232,516	17,421	232,516
Arlington County	9/19/2017	73018-52	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	77,706	55,141	55,141	9,842	87,548
Arlington County	5/1/2018	73118-13	6,970,000	-	6,970,000	6,970,000	6,970,000	-	6,970,000
City of Alexandria	11/29/2017	73018-55	2,652,000	-	-	2,520,515	2,520,515	2,520,515	2,520,515
City of Alexandria	11/29/2017	73018-56	42,500	-	15,634	15,634	15,634	-	15,634
Fairfax County	12/14/2017	73018-60	8,500,000	-	5,946,998	6,177,379	6,177,379	230,381	6,177,379
Fairfax County	12/14/2017	73018-61	4,760,000	-	4,526,666	4,529,919	4,529,919	3,253	4,529,919
Fairfax County	12/14/2017	73018-62	21,250	-	-	12,196	12,196	12,196	12,196
Fairfax County	12/14/2017	73018-63	76,500	-	27,210	54,053	54,053	26,843	75,586
Fairfax County	12/14/2017	73018-64	2,305,200	-	166,272	218,086	218,086	51,814	260,307
Fairfax County	12/14/2017	73018-65	748,000	-	142,872	253,321	253,321	110,449	253,321
Fairfax County	12/14/2017	73018-66	4,000,000	-	-	-	-	-	-
Fiscal Year 2017									
Arlington County	10/26/2016	73017-51	228,100	16,869	93,935	77,066	77,066	-	228,100
Arlington County	10/26/2016	73017-52	547,400	113,674	172,161	58,487	58,487	-	547,400

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2019**

	Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2018	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2019	Cumulative Expenditures
<u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u>										
Virginia Department of Rail and Public Transportation (DRPT) (continued)										
Capital (continued):										
Fiscal Year 2017 (continued)										
	Arlington County	10/26/2016	73017-53	\$ 174,250	\$ -	\$ 46,245	\$ 46,245	\$ 46,245	\$ -	\$ 46,245
	Arlington County	10/26/2016	73017-54	1,387,200	152,154	205,506	181,289	181,289	127,937	495,174
	Arlington County	10/26/2016	73017-55	12,750	-	78	78	78	-	296
	Arlington County	10/26/2016	73017-56	8,500	890	890	-	-	-	8,500
	Arlington County	10/26/2016	73017-57	172,380	-	-	-	-	-	445
	Arlington County	10/26/2016	73017-58	2,210,000	-	125,698	125,698	125,698	-	647,042
	City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
	City of Alexandria	6/22/2018	72517-10	409,901	-	-	-	-	-	-
	City of Alexandria	10/14/2016	73017-60	2,652,000	-	2,577,023	2,577,023	2,577,023	-	2,577,023
	Fairfax County	10/14/2016	73017-61	4,182,000	-	4,181,232	4,182,000	4,182,000	768	4,182,000
	Fairfax County	10/14/2016	73017-62	612,000	-	82,601	82,601	82,601	-	124,734
	Fairfax County	10/14/2016	73017-63	680,000	-	670,222	673,706	673,706	3,484	673,706
	Fairfax County	10/14/2016	73017-64	124,100	-	-	-	-	-	-
	Fairfax County	10/14/2016	73017-65	306,000	-	21,114	21,114	21,114	-	305,981
	Fairfax County	10/14/2016	73017-69	340,000	-	130,429	130,429	130,429	-	340,000
	Fairfax County	10/14/2016	73017-70	2,176,000	-	-	-	-	-	2,124,186
	Fairfax County	10/14/2016	73017-72	680,000	-	-	-	-	-	343,582
	City of Alexandria	6/20/2017	73117-58	204,000	-	-	-	-	-	60,480
Fiscal Year 2016										
	Arlington County	10/19/2015	73016-61	1,734,000	-	6,062	10,025	10,025	3,963	27,700
	Arlington County	10/19/2015	73016-62	46,410	13,176	13,176	-	-	-	46,410
	City of Alexandria	11/2/2015	73016-68	1,836,000	-	1,836,000	1,836,000	1,836,000	-	1,836,000
	City of Alexandria	11/2/2015	73016-70	816,000	-	298,644	298,644	298,644	-	298,644
	Fairfax County	9/24/2015	73016-73	1,870,000	-	1,137,304	1,166,487	1,166,487	29,183	1,727,935
	Fairfax County	9/24/2015	73016-74	2,040,000	-	621,288	733,838	733,838	112,550	1,589,108
	Fairfax County	9/24/2015	73016-75	408,000	-	151,267	158,402	158,402	7,135	309,513
	Fairfax County	9/24/2015	73016-76	1,870,000	-	1,147,227	1,155,863	1,155,863	8,636	1,914,804
	Fairfax County	9/24/2015	73016-77	850,000	-	-	-	-	-	224,534
	Fairfax County	4/22/2016	73116-62	3,400,000	-	-	-	-	-	3,092,235
Fiscal Year 2015										
	Arlington County	9/12/2014	73015-56	538,220	13,856	16,276	2,420	2,420	-	29,168
	Arlington County	9/12/2014	73015-57	17,000	-	2,282	2,282	2,282	-	9,813

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2019**

<u>Grant / Contracted Jurisdiction</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2018</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2015 (continued)									
City of Falls Church	11/21/2014	73015-73	\$ 239,700	\$ -	\$ 45,074	\$ 45,074	\$ 45,074	\$ -	\$ 225,721
Fiscal Year 2014									
Arlington County	1/8/2014	73014-47	357,500	46,188	46,188	-	-	-	324,905
Operating									
Arlington County	11/8/2018	72019-22	3,645,029	-	3,645,029	3,645,029	3,645,029	-	3,645,029
City of Alexandria	2/6/2019	72019-23	3,883,069	-	3,883,069	3,883,069	3,883,069	-	3,883,069
City of Fairfax	10/18/2018	72019-24	817,039	-	817,039	817,039	817,039	-	817,039
Fairfax County	12/14/2018	72019-25	15,398,399	-	15,398,399	15,398,399	15,398,399	-	15,398,399
Total State Assistance - Jurisdiction Trust Fund			<u>\$ 108,137,729</u>	<u>\$ 2,479,721</u>	<u>\$ 57,623,264</u>	<u>\$ 60,027,285</u>	<u>\$ 60,027,285</u>	<u>\$ 4,883,742</u>	<u>\$ 73,010,566</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/18</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/19</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission</u>									
Federal Transit Administration									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ -	\$ 973,294	\$ 973,294	\$ 973,294	\$ 2,038,265
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	454,250	454,250	454,250	-	2,053,962
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	10,583	10,583	10,583	193,403
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	5,738	5,738	5,738	-	788,990
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	-	25,351	40,067	40,067	14,716	751,928
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	169,783	169,783	169,783	-	507,026
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	36,350	36,350	36,350	-	104,478
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	38,340	38,340	38,340	-	658,856
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	127,735	127,735	127,735	-	1,416,342
Total Federal Assistance - NVTC			<u>\$ 16,972,708</u>	<u>\$ -</u>	<u>\$ 857,547</u>	<u>\$ 1,856,140</u>	<u>\$ 1,856,140</u>	<u>\$ 998,593</u>	<u>\$ 8,513,250</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor / Program Title	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants:			
VA 04-0029	20.500	\$ 40,067	\$ 40,067
VA 03-0117	20.500	127,735	127,735
VA 04-0022	20.500	10,583	10,583
VA 04-0024	20.500	5,738	5,738
VA 04-0033	20.500	169,783	169,783
VA 04-0048	20.500	36,350	36,350
Total Federal Capital Investment Grants		<u>390,256</u>	<u>390,256</u>
Federal Transit Formula Grants:			
VA 95-0082	20.507	973,294	973,294
VA 95-0106	20.507	454,250	454,250
Total Federal Transit Formula Grants		<u>1,427,544</u>	<u>1,427,544</u>
Total Federal Transit Cluster		<u>1,817,800</u>	<u>1,817,800</u>
Alternatives Analysis Funding:			
VA 39-0004	20.522	38,340	38,340
Total Alternatives Analysis Funding		<u>38,340</u>	<u>38,340</u>
Total Department of Transportation		<u>1,856,140</u>	<u>1,856,140</u>
Total Expenditures of Federal Awards		<u>\$ 1,856,140</u>	<u>\$ 1,856,140</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

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

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

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

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

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

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Summary of Significant Accounting Policies (Continued)

For fiscal year 2019, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$787,557 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

Note 3. Indirect Cost Rate

NVTC has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**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, 2019, 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 22, 2019.

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 22, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on Compliance for Each Major Federal Program

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2019. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 22, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

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

Any audit findings disclosed that are required
to be reported in accordance with section
2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
Federal Transit Cluster:	
20.500	Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

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

Agenda Item #6: Proposed Amendments to the I-66 Memorandum of Agreement



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice

DATE: November 26, 2019

SUBJECT: Proposed Amendments to the I-66 Memorandum of Agreement

At the December meeting the Commission will be asked to approve a resolution that supports further discussions with the Commonwealth of Virginia on proposed amendments to the [2017 Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement \(MOA\)](#). The Commonwealth is proposing to allow for a portion of the revenues to be used for debt service and specific pay-go elements of the Long Bridge and/or improvements to the Rosslyn Metrorail Station area. The amendments also provide a guaranteed minimum NVTC payment and elimination of the transit operating assistance cap. As the Commonwealth continues to identify funding and financing opportunities for the Long Bridge project, the Commonwealth requests NVTC's support for ongoing discussions to amend this MOA.

ACTION ITEM: Approve Resolution #2396: Ongoing Discussions to Modify the 2017 Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement (MOA)

The Commonwealth of Virginia has proposed changes to the I-66 Inside the Beltway MOA that would 1) permit the Commonwealth to use revenues for debt service and pay-go expenses for specific transit capital improvements; 2) provide NVTC with a guaranteed minimum payment of \$10 million per year (with a 2.5% annual escalation) for the Commuter Choice program; and 3) provide additional funding to the Commuter Choice program after Commonwealth debt service payments are made. The proposed MOA and resolution are still under review by legal counsel and other partners but will be provided to Commissioners prior to any future action.

In addition to these new provisions, the Commonwealth proposes to eliminate the Commonwealth's restriction on the use of the funds for transit operations beyond five years for those projects that cross jurisdictional lines or connect to a VRE or Metrorail station. The proposed language would allow NVTC to have the discretion to set the duration of funding for transit operations. In all instances, ongoing transit operating funding would be limited to those projects that are performing and meeting the goals of the MOA.

Other proposed language in the amended I-66 MOA would align the language to be consistent with the [I-395 Annual Transit Payment MOA](#). The proposed amendment language includes documenting the formal role of the Department of Rail and Public Transportation (DRPT), as well

as technical and conforming language which will assist in making administration of the I-395 and I-66 programs more similar.

In addition, the Commonwealth has committed to working with NVTC to create an agreement that would provide an additional \$5 million per year (with a 2.5% annual escalation) for the Commuter Choice program from I-66 Outside the Beltway funds with advanced funding starting in FY2021.

This action permits staff to continue to work with the Commonwealth on amended language for consideration by the Commission and the Commonwealth Transportation Board at future meetings.



RESOLUTION #2396

- SUBJECT:** Ongoing Discussions to Modify the 2017 Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement (MOA)
- WHEREAS:** The *Transform66: Inside the Beltway Project* consists of dynamic tolling, conversion from HOV-2 to HOV-3, transit service, technology upgrades and infrastructure improvements to increase the number of people traveling in the corridor; and an evaluation of project effectiveness on I-66 and its related arterials;
- WHEREAS:** In 2015, Virginia Secretary of Transportation Aubrey Layne designated NVTC as the regional authority to identify and facilitate the delivery of the multimodal components of this project to maximize the transportation benefits of this project, as measured by the number of persons that are able to travel through the corridor;
- WHEREAS:** In January 2016, NVTC and the Commonwealth of Virginia entered into a Memorandum of Agreement (MOA) allowing NVTC to use toll revenues from I-66 Inside the Beltway to fund multimodal components that support the toll payers of this facility;
- WHEREAS:** In October 2016, NVTC and the Commonwealth of Virginia amended and restated the MOA to remove references to the use of tolls for widening the facility; modify language to enhance the credit-worthiness of the toll revenues; clarify the use of funds for transit operations; and address technical corrections identified by the Commonwealth, NVTC staff and NVTC jurisdictions;
- WHEREAS:** The Commonwealth has identified two projects that support the movement of people along the I-66 Inside the Beltway Corridor and satisfy the requirements for use of toll revenue by benefitting the toll paying users of I-66, which are a new bridge structure that crosses the Potomac River to expand the capacity for commuter and intercity passenger rail service, and new Metrorail-related improvements to, and serving, the Rosslyn Metrorail Station that would facilitate the movement of passengers and relieve train congestion on the Blue, Orange, and Silver Metrorail lines;
- WHEREAS:** NVTC and the Commonwealth continue to recognize that transit operations along I-66 provides the most beneficial option for moving more people through the corridor;
- WHEREAS:** NVTC seeks to ensure there is a minimum guaranteed funding available from the toll revenues to support at least \$10 million/year multimodal Commuter Choice program administered by NVTC through the life of the 40-year agreement;
- WHEREAS:** The Commonwealth has committed to work with NVTC on an agreement that would provide an additional \$5 million per year (with a 2.5% annual escalation) for the Commuter Choice program from I-66 Outside the Beltway funds with advanced funding starting in FY2021; and

WHEREAS: NVTC and Commonwealth continue to negotiate the terms of the MOA.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby supports ongoing discussions with the Commonwealth to amend the 2017 Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement to permit the use of a share of revenues for financing and/or pay-go of rail components related to the Long Bridge and/or Rosslyn Metrorail station.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the results of this discussion, in the form of a Second Amended and Restated Transform66 Inside the Beltway Project Memorandum of Agreement will be provided to the Commission for consideration at a future meeting.

Approved this 5th day of December 2019.

Matthew F. Letourneau
Chairman

Sharon Bulova
Secretary-Treasurer

Agenda Item #7: Washington Metropolitan Area Transit Authority (WMATA)



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice, Andrew D’huyvetter, Matt Cheng, and Zach Smith

DATE: November 26, 2019

SUBJECT: Washington Metropolitan Area Transit Authority (WMATA)

At the December meeting the Commission will receive reports from the chair of NVTC’s WMATA Committee as well as the Virginia WMATA Board members.

A. Report from the Chair of the NVTC WMATA Committee

The NVTC WMATA Committee did not meet in November. The next NVTC WMATA Committee meeting is scheduled for December 18, 2019 at 8:30 A.M. in NVTC Suite #230 Large Conference Room.

B. Report from the Virginia WMATA Board Members

1. WMATA Board Actions

- Approval of Revised 2019 Board Committee Membership

On November 7th the WMATA Board [approved revisions to its committee assignments](#) to remove Mr. Dorsey as chairman of the Finance and Capital Committee following violation of the Board Code of Ethics. The Board found that Mr. Dorsey failed to disclose to WMATA a campaign contribution from Amalgamated Transit Union Local 689 within the required 10 calendar days and did not recuse himself from several Board matters following receipt of the contribution. WMATA Board committee assignments effective November 7, 2019 are as follows:

Executive Committee:

Chair: Paul Smedberg
1st Vice Chair: Tom Bulger (interim)
2nd Vice Chair: Michael Goldman
Federal Representative: David Horner

Finance and Capital Committee:

Chair: Steve McMillin
Vice Chair: District of Columbia Representative
Pete Rahn
Paul Smedberg

Safety and Operations Committee:

Chair: Michael Goldman
Vice Chair: David Horner
Christian Dorsey
District of Columbia Representative

- Acceptance of an Inspector General's Report

On November 7th the WMATA Executive Committee accepted an [audit report from the Office of the Inspector General](#). The audit examined WMATA's Rail Performance Monitoring System. WMATA had a serious breakdown or weakness in its internal controls over a contract to acquire information technology services. The OIG report found that WMATA did not have a copy of the contract and individual task orders to acquire information technology services were missing from the contract file. WMATA is developing a new solicitation for a contract to replace this current contract with a potential award date of April 2020.

2. WMATA Committees

- Silver Line Phase 2 Update

On November 21st the WMATA Safety and Operations Committee received an [update on the Silver Line Phase 2](#). This update provided the status of construction quality issues and identified that testing of the tie-in of the Automatic Train Control system to Phase 1 will require 13 weekend outages of the Wiehle-Reston East Station scheduled between November 2019 and March 2020.

- FY2019 Financial Statement Audit and Single Audit

On October 25th the WMATA Executive Committee received a presentation on the [FY2019 Financial Statement Audit and Single Audit Reports](#). Both opinions were unmodified, and the auditors found two significant deficiencies related to internal controls over financial reporting.

- Discussion of Hours of Service and Preventative Maintenance

WMATA staff provided an update to the WMATA Safety and Operations Committee [on maintenance work completed in the Metrorail system during the overnight hours](#). Under the current service hours adopted in FY2018, capital renewal and preventive maintenance work has contributed to a seven-year high customer on time performance.

WMATA has made significant progress in shifting from reactive to proactive maintenance work in the Metrorail system, including investments in new technology and processes that reduce the amount of work required and increase efficiency of track access. These improvements have reduced demand for track time and may enable WMATA to expand service hours without impacting safety or service reliability.

Figure 1: Metrorail Overnight Service Hours

Increasing service without compromising safety and reliability requires:

1. Increasing **productivity** of crews
2. Increasing **efficiency** of ROW access
3. Increasing **effectiveness** of work: Achieving SOGR and right-sizing maintenance plans through Reliability Centered Maintenance

Source: WMATA [Hours of Service/Preventative Maintenance Discussion](#)

Based on progress made to date, WMATA is proposing service changes to overnight hour and weekend service in the FY2021 budget. WMATA is proposing extending service by four hours a week: Monday through Thursday closing times extended to midnight (from 11:30 PM); and Friday and Saturday extended to 2AM (from 1AM). On Sunday, in lieu of extending the service hours, WMATA is proposing increasing the frequency of service to 12-min headways, matching Saturday service. It is important to note that in order to continue all necessary maintenance and state of good repair programs as planned, WMATA expects to conduct additional single tracking and bus bridges after 10PM on all nights.

- Approval of Public Hearing Staff Report and Title VI Analysis for Proposed Bus Service Changes and FY2020 Budget

On November 7th the WMATA Finance and Capital Committee recommended that the WMATA Board approve [a FY2020 Operating Budget Amendment, Public Hearing Staff Report and Title VI Analysis](#). These bus service changes include additional bus service in Arlington County. Arlington County requested that WMATA provide additional service on Metrobus 3Y for two years, to be funded through Arlington County's receipt of a NVTC I-66 Commuter Choice grant. In compliance with Title VI, WMATA staff performed a Service and Fare Equity Analysis on proposed changes to mitigate the impacts on minority and low-income populations. This increase in service is considered an exception to Virginia's 3% cap requirements through [guidance issued by the Commonwealth Transportation Board](#).

- General Manager/CEO's Proposed FY2021 Budget

The WMATA Finance and Capital Committee received a presentation on the [General Manager/CEO's Proposed FY2021 Budget](#), which totals \$3.8 billion. The GM/CEO's budget further improves service and the customer experience, enhances fare options to drive ridership, implements innovative non-fare revenue initiatives, limits operating subsidy growth to the legislatively-mandated level, prioritizes the rehabilitation and replacement of assets to improve passenger and worker safety, evaluates asset condition and reliability for high performance to meet customer needs, and invests in technology to modernize how customers travel. WMATA will produce a more detailed proposed budget book in December. Budget deliberations are anticipated in December through February with anticipated adoption of the FY2021 budget in

March 2020. The NVTC WMATA Committee will consider comments on the FY2021 proposed WMATA budget at the December 18th committee meeting which will be referred to the January Commission meeting for consideration by the full Commission.

- Fare Evasion Quarterly Update

On November 7th WMATA staff [provided an update on fare evasion](#) to the Finance and Capital Committee. The combined operating revenue loss on Metrobus and Metrorail attributed to fare evasion in FY2019 was nearly \$40 million. Moreover, nearly 3% of Metrobus routes account for nearly 38% of fare evasion. The top 10 routes for fare evasion are W4, 92, X2, 70, P12, B2, A8, 90, A2, V2, which primarily serve customers in the D.C. and Maryland. Among the jurisdictions, the majority of fare evasion took place in D.C., with Virginia last. According to WMATA staff, eliminating fare evasion on Metrobus would increase Metrobus farebox recovery from 23% to 27%.

Figure 2: Fare Evasion by Mode

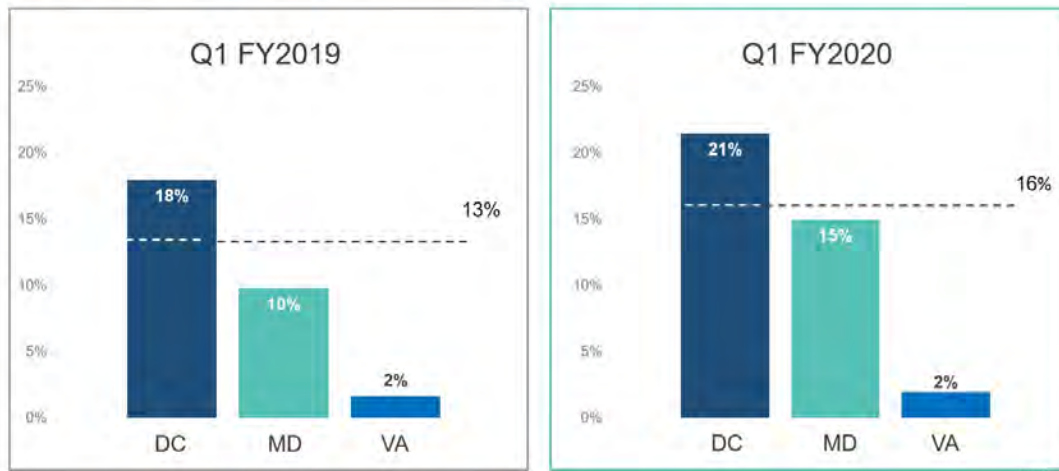


Source: WMATA [Fare Evasion Quarterly Update](#)

Fare evasion laws are different across the jurisdictions, with the act carrying both civil and criminal penalties in the Commonwealth of Virginia and the State of Maryland. Fare evasion is no longer considered a criminal offense in the District of Columbia. Metro Transit Police enforce laws and provide training to bus operators to de-escalate fare-related conflicts. WMATA measures fare evasion through several means including automatic and manual passenger counts, electronic gate sensors and fine issuances. Improvements in technology on Metrobus and Metrorail will enable better measurement and reporting of fare evasion.

Figure 3: Occurrence of Fare Evasion by Jurisdiction

Metrobus Fare Evasion Rates by Jurisdiction



Source: WMATA [Fare Evasion Quarterly Update](#)

WMATA is designing upgraded faregates to improve customer service and prevent fare evasion systemwide. On Metrobus, WMATA will continue to offer de-escalation training for bus operators to deal with fare evaders. WMATA is also implementing a dashboard system on Metrobuses to track fare evasion in real-time to develop a better understanding of where it is occurring. Metrobus now has automatic passenger counters, which also provide a good understanding of where fare evasion occurs on Metrobus.

C. Post Summer 2019 Shutdown Lessons Learned

On October 3rd NVTC hosted a debrief meeting for WMATA and local jurisdictional staff to review lessons learned from the [Summer 2019 Platform Improvement Project](#). Staff reviewed critical steps and events in the planning and coordination timeline, starting in May 2018 through the reopening of the stations in early September 2019.

The review focused on two major areas: supplemental mitigation services and communication strategies. The feedback on services such as the WMATA bus bridges and extra local service was found to be positive, with specific operational issues and customer feedback incorporated into service improvements. Local mitigation strategies such as discounts for transit and water taxi services, new park and ride locations and traffic monitoring were also found to be effective. Staff also found that the Commonwealth of Virginia's support both from mitigation funding from the CTB and DRPT as well as support from VDOT were critical in assisting jurisdictions with the shutdown.

WMATA conducted an unprecedented outreach and awareness campaign starting in January 2019 to alert customers of the Platform Improvement Project which resulted in 98.4% customer awareness of the project by June of 2019. Along with media placements, community engagement and [a dedicated project blog](#), in-person outreach in the form of street teams, trained transit employees and pop-up events were highlighted as effective ways at notifying and assisting riders during the shutdown.

In addition, staff reflected on opportunities to improve mitigation and communications for future regional capital projects or Metrorail shutdowns. While the coordination processes work well in the time and resource constraints leading up to the shutdown, the group agreed that inter-jurisdictional communication and dedicated coordination meetings must continue throughout the planning process. Improving TDM efforts by offering more flexible options such as telework for commuters could also be enhanced before and during the next shutdown. The group also recognized that more innovative mitigation strategies - such as dedicated bus lanes, transit signal priority and other improved transit options - could provide significant benefits for a future shutdown but would require extended lead time and funding.

D. Other WMATA News

- Transdev Employee Strike at Cinder Bed Bus Garage

As of mid-November, the Transdev Employee Strike at Cinder Bed Bus Garage continued into the fourth week. Metrobus riders, mainly in Fairfax County, have had no service or significantly reduced service for the duration of the strike. In mid-November, Transdev and Union officials [agreed to restart negotiations](#).

- Ridership and Parking Data

As noted last month WMATA ridership and parking data has transitioned from monthly reporting to quarterly reporting and can now be found in the regularly published Quarterly Ridership and Parking report from the Transit Resource Center (Agenda Item #12).

- Annual Certification of Certain Documents and Reports from WMATA

The Code of Virginia (§33.2-3402), pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly requires that NVTC request certain documents and reports from WMATA. NVTC must certify to the Virginia comptroller receipt of the following:

- WMATA's annual capital budget
- [WMATA's annual independent financial audit](#)
- WMATA's National Transit Data annual profile
- [WMATA's single audit reports issued in accordance with the Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards \(2 C.F.R. Part 200\)](#)

WMATA recently produced and provided an annual independent financial audit and single audit reports issued in accordance with uniform administrative requirements, cost principals, and audit requirements for federal awards (2 C.F.R. Part 200). NVTC staff anticipate release of NTD data in Winter 2019/2020 and receiving WMATA's annual capital budget book in June 2020. Upon receipt of all documents, the executive director will send a certification letter to the Comptroller of Virginia. Documents covering the FY2020 certification period are provided on [NVTC's website](#), as are [archived copies of last year's certification](#).

Agenda Item #8: Report from the Chair of the Legislative and Policy Committee



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice and Zachary Smith

DATE: November 26, 2019

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

At the December meeting David Meyer, chairman of NVTC's Legislative and Policy Committee, will present NVTC's proposed 2020 Legislative and Policy Agenda for Commission approval.

A. ACTION ITEM: Approve NVTC's 2020 Legislative and Policy Agenda

The Legislative and Policy Committee has prepared the proposed [NVTC 2020 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 NVTC legislative and policy priorities for the coming year:

State Legislative Priorities:

1. Preserve Dedicated Funding for Transit
2. Restore Northern Virginia's Regional Multimodal Funding
3. Secure Funding and Financing for Long Bridge
4. Identify Long-Term, Sustainable Transit Funding
5. Support Access to Employment through Transit
6. Create a Virginia Business Tax Deduction for Transit Commuter Benefits
7. Preserve NVTC's Role as the Transit Commission for Northern Virginia
8. Implement a Technical Fix to the WMATA Dedicated Funding Bill

Federal Legislative Priorities:

1. Reauthorize Dedicated Federal Funding for WMATA
2. Support Federal Investment in Transit including Reauthorizing FAST Act and Fixing the Highway Trust Fund
3. Secure Federal Funding and Financing for Long Bridge
4. Restore the Federal Funding Credit for Transit on HOT Lanes
5. Ensure Labor Arbitration Commitments Reflect Budget Realities
6. Preserve Tax Benefits for Transit Commuters

B. Joint NVTC-PRTC Legislative Briefing

The annual Joint NVTC-PRTC Legislative Briefing will be held on Monday, December 9th at 8:30 A.M. at the Embassy Suites by Hilton Springfield (8100 Loisdale Road, Springfield, VA). The event will provide an overview of federal and state issues affecting transit in Northern Virginia. Secretary of Transportation Shannon Valentine will be the keynote speaker. WMATA General Manager Paul Wiedefeld, VRE Acting CEO Rich Dalton, NVTC Executive Director Kate Mattice and PRTC Executive Director Bob Schneider will preview the policy issues and concerns of transit in Northern Virginia.



2020 LEGISLATIVE AND POLICY AGENDA

Northern Virginia's economic growth and global competitiveness are directly tied to the region's transit network. With more than 847,000 jobs located within a quarter mile of a rail station or bus stop, Northern Virginia is among the nation's most transit-accessible areas.

846K
NoVa jobs are
within ¼ mile of
transit

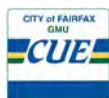
High-quality transit not only brings economic benefits to Northern Virginia but to the entire Commonwealth. The high-capacity service offered by the Washington Metropolitan Area Transit Authority's (WMATA) Metrorail and the Virginia Railway Express (VRE) provides more than \$600 million per year to the Commonwealth of Virginia in sales and income tax revenues. This reflects a more than 250% return on investment to the Commonwealth for its support of these transit systems.

>35M

Hours of congestion-related traffic delays SAVED because of transit service in Northern Virginia

Each workday, 275,000 Northern Virginians ride transit, saving the region 35.5 million hours of congestion-related traffic delays annually. VRE riders, 20,000 each day, 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



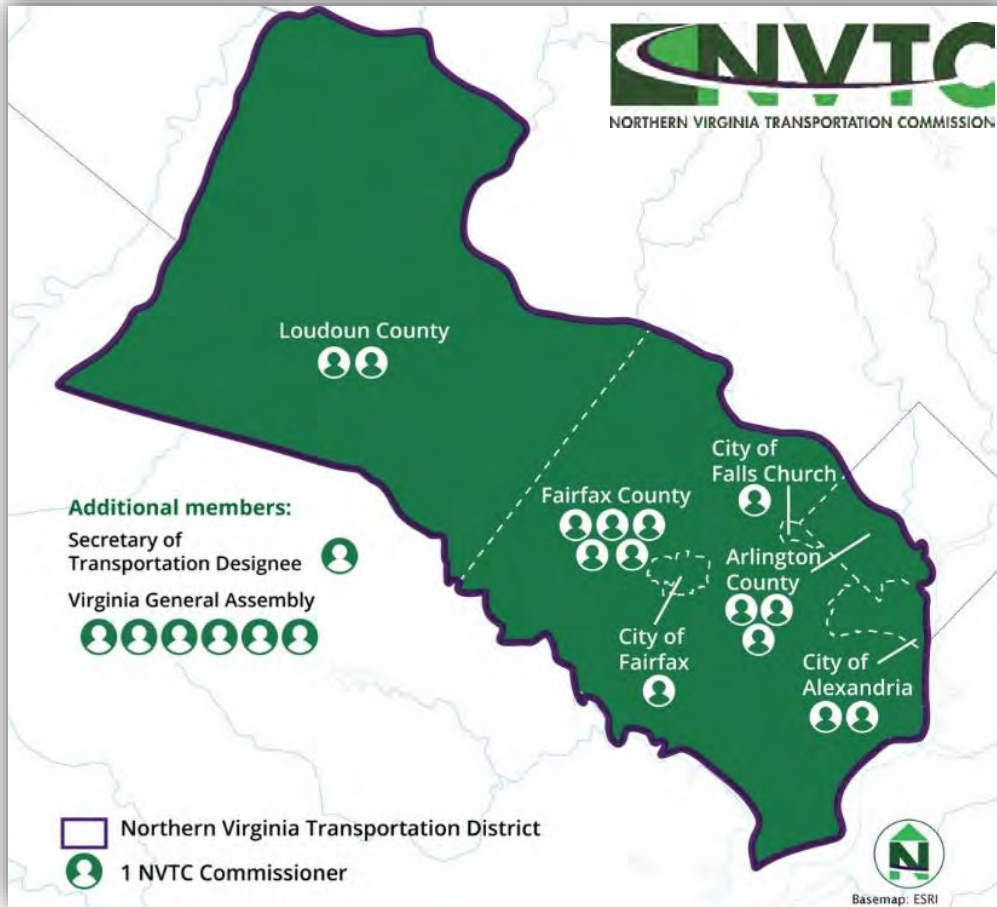
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NVTC is the Transit Commission for Northern Virginia



NVTC manages
\$300M/year
in Northern
Virginia transit
funding

Funds and provides oversight of WMATA and Virginia Railway Express

Manages state and regional funding for six local bus systems

Administers Commuter Choice
(I-66 Inside the Beltway + I-395/I-95 Express Lanes)

Facilitates regional transit coordination



2020 STATE LEGISLATIVE AGENDA

1. Preserve Dedicated Funding for Transit

NVTC supports preserving transit's revenue sources and dedicated funding for WMATA and VRE. The 2018 General Assembly made significant changes to WMATA's funding allocation. The General Assembly created the WMATA Capital Fund, which provides approximately \$154 million in dedicated capital funding to WMATA annually, and the Commuter Rail Operating and Capital (C-ROC) Fund which provides \$15 million to VRE annually. The General Assembly should not consider legislation that could affect these important funding streams.

>\$600M
in revenues to Virginia
generated each year because of
Northern Virginia's transit network

2. Restore Northern Virginia's Regional Multimodal Funding

NVTC supports restoring funding to the Northern Virginia Transportation Authority (NVTA) to address critical transportation challenges and support economic development in the region. NVTA lost a total of \$102 million annually as a result of the WMATA Capital Fund of 2018. The 2019 General Assembly Session provided \$20 million annually for NVTA until 2023 as part of the I-81 Corridor Improvement Funding Package. However, restoring the remaining \$82 million is necessary to continue to invest in transit and multimodal projects that will reduce congestion and grow the region's economy.

3. Secure Funding and Financing for Long Bridge

NVTC supports the Commonwealth's efforts to plan and secure funding and financing for the Long Bridge Project which would greatly support the expansion of passenger rail, including VRE services. An expanded Long Bridge is projected to achieve \$17 million in time savings for rail users and between \$24 – 59 million for road users per year by 2040. As the only rail crossing between Virginia and cities along the Northeast Corridor, Long Bridge is vital to the future of mobility and economic growth in Northern Virginia and throughout the Commonwealth.

4. Identify Long-Term, Sustainable Transit Funding

NVTC proposes identifying sustainable, long-term state transit capital and operating funding. As Northern Virginia grows, dependable transit funding is needed to deliver projects like an expanded Long Bridge, new Bus Rapid Transit routes, and an improved Rosslyn Tunnel to address growing challenges facing commuters today and to leverage new technologies that will allow the region to evolve in the future. However, stagnant growth in gas tax revenues, dwindling capital project revenue bonds and necessary maintenance and operating costs, should urge the Commonwealth to identify additional revenue streams to expand transit or incentivize ridership.

5. Support Access to Employment through Transit

NVTC supports appropriating a portion of surplus funds from Virginia's Temporary Assistance to Needy Families (TANF) program to provide low-income families with transit passes to access employment. The Virginia TANF program provides eligible families with financial support to meet their basic economic needs and will have a \$105.9 million surplus by the end of FY2020. The General Assembly should consider appropriating funds from TANF to develop a competitive grant program for social services organizations to partner with public

transportation systems to provide transit benefits to TANF recipients and those with incomes at or below 200% of the federal poverty level to access employment.

6. Create a Virginia Business Tax Deduction for Transit Commuter Benefits

NVTC proposes allocating funding to allow Virginia employers to claim transit or transportation demand (TDM) costs for employees as a business expense on state taxes. Changes to the federal Tax Cuts and Jobs Act of 2017 removed the ability for all employers to claim a business deduction for providing transit benefits for employees.

Prior to the federal legislation, employers could claim public transportation or transportation demand management expenses as a business expense. Allocating funds to allow Virginia employers to deduct transit or TDM benefits on their state taxes will make transit service more attractive to commuters who drive alone.

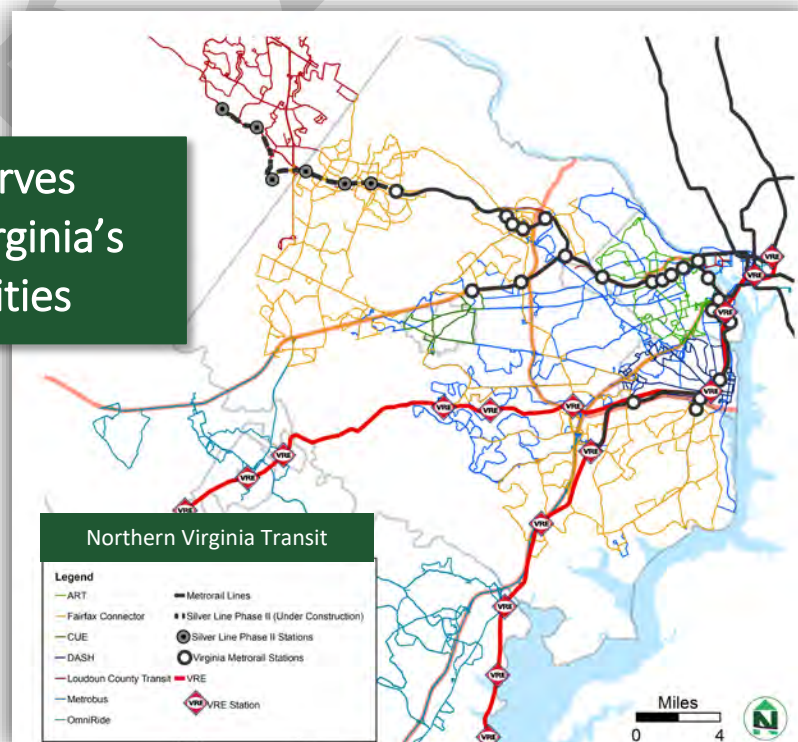
7. Preserve NVTC's Role as the Transit Commission for Northern Virginia

NVTC provides a venue and a model of policy coordination and program implementation that works in Northern Virginia and has the participation of its component jurisdictions and their elected leaders. As an experienced transit steward and regional partner to the Commonwealth, the General Assembly should continue to support NVTC's role in administering programs that promote transit and multimodal options that serve Northern Virginia.

8. Implement a Technical Fix to the WMATA Dedicated Funding Bill

NVTC proposes making a technical fix to Chapter 34 § 33.2-3403 of the Code of Virginia to move the due date of NVTC's *Annual Report on the Performance and Condition of WMATA* from November 1st to December 15th. As a condition of the dedicated capital funding for WMATA, NVTC reports annually to the Governor and General Assembly on WMATA's performance, uses of the dedicated capital funding, and strategies to control costs and improve operational efficiency. Currently, the deadline for the report November 1st, which occurs too early to include several of the latest performance data points and final audited financial data. Moving the date later by just six weeks will allow NVTC to include timely information the Governor and General Assembly.

Transit Serves
Northern Virginia's
Communities





2020 FEDERAL LEGISLATIVE AGENDA

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% of the 35 million public transportation trips taken each day directly impacts the U.S. economy.

In Northern Virginia, federal funding and financing for public transportation supports capital investments in WMATA and VRE, major transit capital expansion such as the Silver Line and Potomac Yard Metro station and could serve as funding sources future bus rapid transit lines and commuter rail services. 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 supports reauthorizing federal dedicated funding for WMATA. In 2008, Congress passed the Passenger Rail Investment and Improvement Act, which authorized dedicated funding of \$1.5 billion over 10 years to WMATA for needed capital and safety improvements. With these important federal funds, WMATA has been able to address key state of good repair needs such as replacement railcars, IT upgrades, and station platform rehabilitation. WMATA is a \$40 billion asset to our region, providing critical evacuation support during a homeland security emergency, serving as the commuting backbone for the federal government, and moving tourists throughout the National Capital region. These federal funds continue to be an important investment in sustaining and improvement WMATA's regional transit network.

2. Support Federal Investment in Transit *including Reauthorizing FAST Act and Fixing the Highway Trust Fund*

NVTC supports a strong transit component in any infrastructure package considered by Congress. Since 2017, the President and Congress have discussed a \$1 trillion package to restore and renew infrastructure across the nation. Federal investment in public transit should be a priority in those discussions and NVTC proposes reauthorizing the surface transportation bill funded by dedicated, sustainable revenues to ensure major transit investment programs are adequately funded.

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 set to expire at the end of FY2020. The next surface transportation bill should support major transit state of good repair investments, transit innovations and technologies, as well as expansion projects (i.e. Long Bridge, Rosslyn Tunnel Improvements, and roadway upgrades to support Bus Rapid Transit routes). Further, NVTC supports Congressional efforts to address the long-term sustainability of the Mass Transit Account of the Highway Trust Fund (HTF). The HTF shortfall must be addressed to best meet the needs of transit today and in the future.

3. Secure Federal Funding and Financing for Long Bridge

NVTC supports federal funding and financing opportunities for the Long Bridge Project which would greatly support the expansion of passenger rail, including VRE services. The Long Bridge Corridor plays an essential role in the Washington Metropolitan region, the east coast transportation network, and the national railroad network. Currently, Long Bridge is a chokepoint at 98% capacity, with 76 VRE, Amtrak and CSX trains crossing it

daily, growing to 192 total trains by 2040. The federal government should invest in expansion of the Long Bridge connections to facilitate the movement of people and goods along this corridor of local, regional and national significance.

4. Restore the Federal Funding Credit for Transit on HOT Lanes

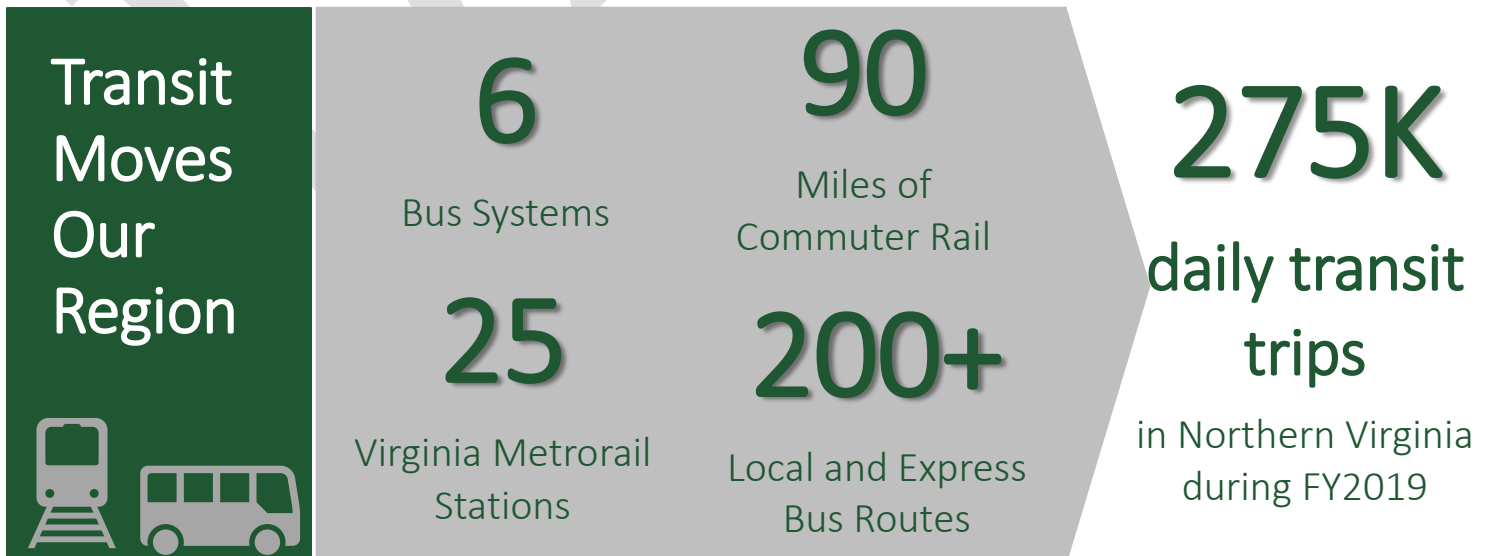
NVTC proposes amending FTA guidance to allow transit agencies to report directional route miles on High Occupancy Toll (HOT) Lanes to the National Transit Database (NTD). When highway agencies convert High Occupancy Vehicle Lanes to HOT Lanes, local transit agencies can no longer report directional miles to NTD once the new toll lanes are operational. These miles convert into funding credit under FTA's High Intensity Motor Bus Program (49 U.S.C. Section 5337). FTA's current policy negatively affects those Northern Virginia transit providers that run along I-66 Inside the Beltway and I-95 Express Lanes, where WMATA, Fairfax Connector and OmniRide are already losing \$2 million/year in federal funding credit. As more HOT lanes such as I-395/95 Express Lanes and the I-66 Outside the Beltway come online, these providers will lose additional federal funding credit.

5. Ensure Labor Arbitration Commitments Reflect Budget Realities

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 3% 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. Personnel costs represent a significant portion of WMATA's operating budget. In order to develop a more sustainable operating model, WMATA's true financial capacity should be reflected in labor arbitration. Strengthening this language in the Wolf Act would allow management to keep labor costs aligned with the financial condition of the transit agency and its funding jurisdictions.

6. Preserve Tax Benefits for Transit Commuters

NVTC supports restoring employer-provided transit benefits as a tax-deductible business expense. Nearly 90% of VRE passenger and 65% of WMATA's Virginia riders rely on the commuter tax benefit. Changes to the federal Tax Cuts and Jobs Act of 2017 removed the ability for all employers to claim a business deduction for providing transit benefits for employees. NVTC further encourages federal programs that support the use of carpools, vanpools, rideshare, bike share and TDM as effective tools to manage congestion.



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice and Rhonda Gilchrest

DATE: November 26, 2019

SUBJECT: Virginia Railway Express (VRE)

At the December meeting the Acting VRE Chief Executive Officer (CEO) will update the Commission on VRE activities. The Commission will be asked to 1) accept and authorize distribution of VRE's FY2019 Comprehensive Annual Financial Report; and 2) approve the 2020 VRE Legislative Agenda.

A. VRE CEO Report and Minutes

Acting CEO Rich Dalton will provide his report. The [Minutes of the November 15th VRE Operations Board meeting](#) and the [VRE CEO Report for November 2019](#) are attached.

B. ACTION ITEM: Approve [Resolution #2397](#): Accept and Authorize Distribution of VRE's FY2019 Comprehensive Annual Financial Report (CAFR)

The VRE Operations Board recommends Commission action to accept and authorize distribution of [VRE's FY2019 Comprehensive Annual Financial Report \(CAFR\)](#). The FY2019 audit was conducted by the firm of PBMares, LLP, the auditor for VRE, PRTC and NVTC for the last several years. PBMares reviewed the statements and presented their opinion to the VRE Audit Committee prior to the November 15th Operations Board meeting, followed by a presentation to the full Operations Board. The audit opinion letter states that 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: Approve [Resolution #2398](#): Approve the 2020 VRE Legislative Agenda

The VRE Operations Board recommends Commission approval of the [2020 VRE Legislative Agenda](#), which includes both state and federal issues. The agenda was presented as an information item at NVTC's November 14th meeting.

D. VRE FY2021 Budget Update

The preliminary FY2021 VRE budget presented to the Operations Board in September included a funding gap of \$2.1 million. Since that time, VRE staff was able to eliminate that funding gap and

the budget is now currently balanced. VRE staff will continue to refine the operating budget assumptions as needed, but no major changes are expected. The final budget will be presented to the Operations Board on December 20th to be recommended for Commission approval at NVTC and PRTC's January meetings.



MINUTES
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD MEETING

November 15, 2019

14700 Potomac Mills Road, Woodbridge, VA 22192

Members Present

*Preston Banks (PRTC)
 *Elizabeth Bennet-Parker (NVTC)
 *Sharon Bulova (NVTC)
 *Maureen Caddigan (PRTC)
 *Jeanine Lawson (PRTC)
 *Wendy Maurer (PRTC)
 *Jennifer Mitchell (DRPT)
 *Martin Nohe (PRTC)
 *Pamela Sebesky (PRTC)
 *Gary Skinner (PRTC)

Members Absent

John Cook (NVTC)
 Katie Cristol (NVTC)
 Mark Dudenhefer (PRTC)
 Matt Kelly (PRTC)

Alternates Present

Michael McLaughlin (DRPT)

Alternates Absent

Canek Aguirre (NVTC)
 Ruth Anderson (PRTC)
 Victor Angry (PRTC)
 Pete Candland (PRTC)
 Jack Cavalier (PRTC)
 Hector Cendejas (PRTC)
 Libby Garvey (NVTC)
 Jason Graham (PRTC)
 Jeff McKay (NVTC)
 Cindy Shelton (PRTC)
 Paul Trampe (PRTC)
 Mark Wolfe (PRTC)

Jurisdiction

City of Manassas Park
 City of Alexandria
 Fairfax County
 Prince William County
 Prince William County
 Stafford County
 Commonwealth of Virginia
 Prince William County
 City of Manassas
 Spotsylvania County

Fairfax County
 Arlington County
 Stafford County
 City of Fredericksburg

Commonwealth of Virginia

City of Alexandria
 Prince William County
 Prince William County
 Prince William County
 Stafford County
 City of Manassas Park
 Arlington County
 City of Fredericksburg
 Fairfax County
 Stafford County
 Spotsylvania County
 City of Manassas

*Voting Member

**Delineates arrival/departure following the commencement of the Operations Board Meeting. Notation of exact arrival/departure time is included in the body of the minutes.

Staff and General Public

Khadra Abdulle – VRE
Monica Backmon – NVT
Paolo Belito – Prince William County
Alexander Buchanan – VRE
Dwight Buracker - PBMares
Matt Cheng – NVTC
Rich Dalton – VRE
John Duque – VRE
Karen Finucan-Clarkson - VRE
Xavier Harmony - DRPT
Chris Henry – VRE
Christine Hoeffner – VRE
Pierre Holloman – Arlington County
Todd Johnson – First Transit
John Kerins – Keolis
Mike Lake – Fairfax County

Lezlie Lamb – VRE
Steve MacIsaac – VRE Legal Counsel
Betsy Massie – PRTC
Kate Mattice – NVTC
Ellie McCurdy – City of Alexandria
Ryan McManus – Prince William County
Kristin Nutter – VRE
Pat Porzillo - HDR
Dr. Bob Schneider – PRTC
Mark Schofield – VRE
Aimee Perron Siebert – Commonwealth
Strategy Group
Steve Sindiong – City of Alexandria
Sonali Soneji – VRE
Joe Swartz – VRE
David Westoff – Prince William County
Karen Youngbluth – Arlington County

Vice Chair Skinner called the meeting to order at 9:09 A. M. The Pledge of Allegiance and the Roll Call followed.

Approval of the Agenda – 3

Ms. Maurer moved, with a second by Ms. Caddigan to approve the agenda as presented.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Approval of the Minutes of the October 18, 2019 VRE Operations Board Meeting – 4

Ms. Bulova moved, with a second by Ms. Maurer, to approve the minutes from November 16, 2018.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Vice Chair's Comments – 5

- Vice Chair Skinner announced the Finance Committee meeting that had been rescheduled from November has been cancelled.
- Vice Chair Skinner stated the Audit Committee had met prior to the Executive Committee meeting and the Auditors would be presenting their report to the full Operations Board
- VRE held a Locomotive Naming Ceremony on November 9th in honor of the late Bill Greenup of the City of Fredericksburg and that Mr. Dalton would have more details on that during his report.
- Vice Chair Skinner announced the creation of the 2020 Operations Board Officers Nomination Committee that consists of Chair Bulova and Supervisor Caddigan.

Acting Chief Executive Officer's Report – 6

Mr. Dalton briefed the Operations Board on the following items of interest:

- Attended a celebratory luncheon with Keolis to mark three injury-free years at the Crossroads maintenance and storage facility and four injury-free years at the Broad Run maintenance and storage facility
- Between October 23rd and November 7th, VRE trains encountered several safety issues that disrupted service but did not result in any injuries.
 - A Manassas Line Train struck a truck that parked too close to the tracks
 - There were two unrelated bridge strikes on October 25th, one in the morning and one in the afternoon; both of which disrupted service on the Fredericksburg line.
 - A Manassas line train struck a downed tree just north of Manassas, damaging a train set.
- On-Time Performance was 79%
- Average Daily Ridership was 19.5K.
- VRE honored former VRE Operations Board Chairman, the late Bill Greenup of the City of Fredericksburg with a nameplate on locomotive V54.
- VRE initiated a “Let’s Talk on the Train” program which invites passengers to interact with VRE staff riding trains during their daily commute. Alerts are sent with information on which trains various staff members are riding and where on the train to find them.
- VRE conducted a Communications Survey on October 30th to solicit feedback on VRE communication efforts and provide suggestions for further improvements.
- The Annual Santa Trains are planned for December 14th and tickets will go on sale to the public at 9 A.M. on Monday, November 25th.
- Chief Safety and Security Officer, Greg Deibler, visited Manassas Park Elementary School to speak to students involved in their STEM program.
- Staff attended DRPT’s Rail Programs Workshop in Richmond to review policies and procedures involved in the rail grant application process.

Public Comment Time – 7

Vice Chair Skinner opened the floor for public comment time. There were no speakers. There were no electronically submitted comments.

Consent Agenda – 8

Ms. Caddigan moved, with a second by Ms. Maurer, to authorize the following Consent Agenda Items

Authorization to Issue an Invitation for Bids for Construction of Quantico Station Improvements – 8A

Authorization to Issue a Request for Proposals for Construction Management Services for the Quantico Station Improvements Project – 8B

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Action Items – 9

Accept the FY 2019 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions – 9A

Ms. Bulova moved, with a second by Ms. Sebesky, to accept the FY 2019 Comprehensive Annual Financial Report and associated information from the auditors and to authorize the Acting CEO to forward this information to the Commissions for their consideration.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Authorization to Reimburse CSX Transportation for Shared Costs of Positive Train Control Implementation -9B

Ms. Bulova moved, with a second by Ms. Maurer, to authorize the Acting CEO to reimburse CSX Transportation an amount not to exceed \$1,825,190 for shared costs related to the installation of infrastructure improvements necessary for the implementation of Positive Train Control.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Recommend Approval of the 2020 VRE Legislative Agenda – 9C

Ms. Bennett-Parker moved, with a second by Ms. Maurer, to recommend the Commissions approve the 2020 VRE Legislative Agenda and authorize the Acting CEO to actively pursue the elements set forth in it.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Authorization to Execute a Contract for State Government Relations Services – 9D

Ms. Lawson moved, with a second by Mr. Nohe, to authorize the Acting CEO to execute a contract with Commonwealth Strategy Group, LLC of Richmond, Virginia for State Government Relations Services for a base period of three years and two option years, in the amount of \$263,000, plus a ten percent contingency, for a total not to exceed \$289,300 over five years; amending the resolution to give the CEO discretion to exercise the option years after consultation* with the Operations Board.

*change from original language made by mover of the motion.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Authorization to Issue a Maintenance Services for Commuter Rail Task Order for Automatic Passenger Count System Installation – 9E

Ms. Bulova moved, with a second by Ms. Maurer, to authorize the Acting CEO to issue a Task Order under the Maintenance Services for Commuter Rail Contract, for Automatic Passenger Count System Installation in the amount of \$376,526, plus a ten percent contingency, for a total not to exceed \$414,178.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Authorization to Issue an MEC VI Task Order for National Transit Database and Asset Management Reporting, Phase V – 9F

Ms. Lawson moved, with a second by Ms. Maurer, to authorize the Acting CEO to issue an MEC VI Task Order to STV Incorporated for further developing, implementing and executing processes for VRE's Transit Asset Management Plan and National Transit Database reporting compliance in the amount of \$222,071, plus a ten percent contingency, for a total not to exceed \$244,278.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Authorization to Execute a Sole Source Contract for Prime Mover Layover Protection Systems – 9G

Ms. Maurer moved, with a second by Ms. Caddigan, to authorize the Acting CEO to execute a Sole Source Contract with Hotstart Sales LLC, for the purchase of twenty Prime Mover Layover Protection Systems in the amount of \$238,500, plus a ten percent contingency, for a total not to exceed \$262,350.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Resolution of Support for Arlington County's CC2DCA Intermodal Connector from Crystal City to Ronald Reagan Washington National Airport Application for the FY 2024-2025 NVTA Six Year Program Update – 9H

Ms. Bulova moved, with a second by Ms. Maurer, to support and endorse the application by Arlington County to the Northern Virginia Transportation Authority Fiscal Year 2024-2025 Six Year Program Update for the CC2DCA Intermodal Connector from Crystal City to Ronald Reagan Washington National Airport.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe, Sebesky, and Skinner.

Information Items – 10

FY 2021 Budget Update – 10A

- Since September, VRE Finance and Operations Staff have revised key assumptions in the budget based on updated information and projections and reviews of proposed departmental expenditures.
- The budget gap reflected in the preliminary FY 2021 budget has been eliminated and the budget is currently balanced.

Communications Survey – 10B

- Mr. Henry presented the results of the October 30th Communications Survey
- The survey solicited constructive, actionable feedback from passengers on improvements to communications

Spending Authority Report – 10C

In, the following purchases greater than \$50,000 but less than \$100,000 were made:

- On October 22, 2019, VRE issued a Purchase Order in the amount of \$65,755 to Roadway Worker Training, LLC to provide Federal Railroad Administration mandated Roadway Worker Protection Training to VRE staff and contracted personnel working within the CSX and/or Norfolk Southern Right of Way.
- On October 28, 2019, VRE amended an existing Mechanical Engineering Consulting Services Task Order, issued to STV Inc., for up-front support for the procurement of new rail cars to increase the total amount from \$49,608 to \$99,908. This Task Order includes review and clarification of specifications, assistance in providing responses to questions from prospective proposers, and technical reviews as needed.
- On October 28, 2019, VRE issued a Sole Source Purchase Order in the amount of \$61,100 to TransTech to acquire 20 new Gallery IV toilets to replace those toilets in VRE fleet that have reached the end of their useful life.
- On October 30, 2019, VRE amended an existing General Engineering Consulting Services Task Order, issued to HDR Engineering, Inc., for structural inspection services, to increase the total amount from \$77,500 to \$93,200. The scope of work for this Task Order was expanded to include inspection of VRE parking garages in addition to station pedestrian bridges.
- On October 30, 2019, VRE amended an existing Purchase Order with Powersolv, Inc. to provide support services for VRE's project controls software, e-Builder, to increase the total authorization from \$86,350 to \$99,999. Powersolv will continue to assist with data migration, system administration and training of end users.

DRPT Long Bridge Funding Plan Update – 10D

- Director Mitchell briefed the Operations Board on the funding plan for the Long Bridge Project.
- \$2B Long Bridge and a \$1.6B - \$1.9B investment in associated projects to maximize impact of long bridge project.
- The Bridge is expected to be a public asset.
- Funding plan will be roughly: 1/3 regional resources, 1/3 State resources, 1/3 Federal resources
- Asked that VRE consider allocating C-ROC funding as part of the regional resources.
- Amtrak expected to make a significant funding contribution.
- Request has been made to NVTC to change current MOA to allow the Commonwealth to leverage the Inside the Beltway I-66 concessionaire revenue.
- DPRT is reevaluating the Outside the Beltway I-66 revenues commitments for additional transit service that focused on commuter bus. With the added capacity of the Long Bridge and associated projects, commuter rail would significantly increase person through-put.

Closed Session – 11

Mr. Lawson moved, with a second by Ms. Maurer pursuant to the Virginia Freedom of Information Act (Section 2.2-3711.A.1, 8 and 29 of the Code of Virginia,) to convene a closed meeting for the purpose of

discussion of a personnel matter concerning an appointee of the Commissions supervised by the Operations Board; for consultation with legal counsel concerning the terms and conditions of a contract for executive search services; and for discussion of the award of a contract involving the expenditure of public funds, including the terms and scope of the contract, where discussion in public would adversely affect the bargaining position and negotiating strategy of the Operations Board.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Ms. Bulova moved, with a second by Ms. Maurer, to certify that to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and, 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 Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Vice Chair Skinner asked if there was any other business. There was none.

Ms. Lawson moved, with a second by Ms. Sebesky, to adjourn at 10:59 A.M.

The vote in favor was cast by Members Banks, Bennett-Parker, Bulova, Caddigan, Lawson, Maurer, Mitchell, Nohe Sebesky, and Skinner.

Approved this 20th day of December 2019

Katie Cristol
Chair

John Cook
Secretary

CERTIFICATION

This certification hereby acknowledges the minutes for the November 15, 2019 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Leslie M. Lamb

**Virginia Railway Express
Operations Board**

**Resolution
8A-11-2019**

**Authorization to Issue an Invitation for Bids for
Construction of Quantico Station Improvements**

WHEREAS, CSX Transportation, the Virginia Department of Rail and Public Transportation, and VRE are collaborating to construct 11 miles of third track between Arkendale and Powell's Creek in Prince William County; and,

WHEREAS, the Virginia Department of Rail and Public Transportation has requested VRE solicit bids for and subsequently manage construction of the Quantico Station Improvements Project with funding provided through their Intercity Passenger Rail Operating and Capital and Smart Scale programs; and,


WHEREAS, additional scope elements were subsequently added to station elements of the project in the vicinity of Quantico Station in order to reduce the scope of the overall third track project and expedite its completion; and,

WHEREAS, final design is nearing completion and the need for procurement of construction services is forthcoming;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue an Invitation for Bids for Construction of Quantico Station Improvements.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
8B-11-2019**

**Authorization to Issue a Request for Proposals for Construction
Management Services for the Quantico Station Improvements Project**

WHEREAS, CSX Transportation, the Virginia Department of Rail and Public Transportation (DRPT), and VRE are collaborating to construct approximately 11 miles of third track between Arkendale and Powell's Creek in Prince William County; and,

WHEREAS, DRPT has requested VRE manage final design and construction of the Quantico Station Improvements Project with funding provided through the Commonwealth's Intercity Passenger Rail Operating and Capital (IPROC) Fund and SMART SCALE programs; and,

WHEREAS, final design is nearing completion, and the need to solicit proposals for Construction Management Services is imminent;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue a Request for Proposals for Construction Management Services for the Quantico Station Improvements Project.

Approved this 15th day of November 2019



John Cook
Secretary



Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
9A-11-2019**

**Accept the FY 2019 Audited Financial Statements and Auditor's
Report and Authorization to Forward to the Commissions**


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

WHEREAS, the audit of the VRE FY 2019 financial statements has been completed; and,

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;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board accepts the FY 2019 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the Acting Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 15th day of November 2019


Katie Cristol
Chair


John Cook
Secretary

**Virginia Railway Express
Operations Board**

**Resolution
9B-11-2019**

**Authorization to Reimburse CSX Transportation for Shared
Costs of Positive Train Control Implementation**

WHEREAS, VRE was required to implement Positive Train Control as mandated by the Rail Safety Improvement Act of 2008; and,

WHEREAS, VRE was solely responsible for the installation and commissioning of onboard equipment for VRE locomotives and cab control cars; and,

WHEREAS, CSX Transportation notified VRE in 2017 of the requirement for VRE to share in the costs for the purchase and installation of the Positive Train Control wayside equipment in the territory VRE operates within on the CSX Transportation RF&P subdivision; and,

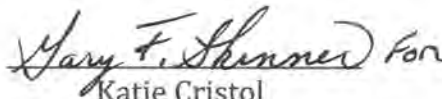
WHEREAS, VRE and CSX Transportation mutually agreed on a cost sharing methodology based on shared usage of the corridor; and,

WHEREAS, the work to install and implement Positive Train Control is now complete, the total costs have been identified, and VRE has verified the installation of the wayside equipment;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to reimburse CSX Transportation an amount not to exceed \$1,825,190 for shared costs related to the installation of infrastructure improvements necessary for the implementation of Positive Train Control.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
8A-11-2019**

**Authorization to Issue an Invitation for Bids for
Construction of Quantico Station Improvements**

WHEREAS, CSX Transportation, the Virginia Department of Rail and Public Transportation, and VRE are collaborating to construct 11 miles of third track between Arkendale and Powell's Creek in Prince William County; and,

WHEREAS, the Virginia Department of Rail and Public Transportation has requested VRE solicit bids for and subsequently manage construction of the Quantico Station Improvements Project with funding provided through their Intercity Passenger Rail Operating and Capital and Smart Scale programs; and,


WHEREAS, additional scope elements were subsequently added to station elements of the project in the vicinity of Quantico Station in order to reduce the scope of the overall third track project and expedite its completion; and,

WHEREAS, final design is nearing completion and the need for procurement of construction services is forthcoming;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue an Invitation for Bids for Construction of Quantico Station Improvements.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
8B-11-2019**

**Authorization to Issue a Request for Proposals for Construction
Management Services for the Quantico Station Improvements Project**

WHEREAS, CSX Transportation, the Virginia Department of Rail and Public Transportation (DRPT), and VRE are collaborating to construct approximately 11 miles of third track between Arkendale and Powell's Creek in Prince William County; and,

WHEREAS, DRPT has requested VRE manage final design and construction of the Quantico Station Improvements Project with funding provided through the Commonwealth's Intercity Passenger Rail Operating and Capital (IPROC) Fund and SMART SCALE programs; and,

WHEREAS, final design is nearing completion, and the need to solicit proposals for Construction Management Services is imminent;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue a Request for Proposals for Construction Management Services for the Quantico Station Improvements Project.

Approved this 15th day of November 2019



John Cook
Secretary



Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
9A-11-2019**

**Accept the FY 2019 Audited Financial Statements and Auditor's
Report and Authorization to Forward to the Commissions**


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

WHEREAS, the audit of the VRE FY 2019 financial statements has been completed; and,

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;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board accepts the FY 2019 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the Acting Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 15th day of November 2019


Katie Cristol
Chair


John Cook
Secretary

**Virginia Railway Express
Operations Board**

**Resolution
9B-11-2019**

**Authorization to Reimburse CSX Transportation for Shared
Costs of Positive Train Control Implementation**

WHEREAS, VRE was required to implement Positive Train Control as mandated by the Rail Safety Improvement Act of 2008; and,

WHEREAS, VRE was solely responsible for the installation and commissioning of onboard equipment for VRE locomotives and cab control cars; and,

WHEREAS, CSX Transportation notified VRE in 2017 of the requirement for VRE to share in the costs for the purchase and installation of the Positive Train Control wayside equipment in the territory VRE operates within on the CSX Transportation RF&P subdivision; and,

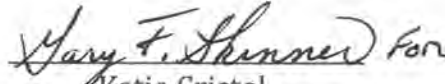
WHEREAS, VRE and CSX Transportation mutually agreed on a cost sharing methodology based on shared usage of the corridor; and,

WHEREAS, the work to install and implement Positive Train Control is now complete, the total costs have been identified, and VRE has verified the installation of the wayside equipment;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to reimburse CSX Transportation an amount not to exceed \$1,825,190 for shared costs related to the installation of infrastructure improvements necessary for the implementation of Positive Train Control.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
9C-11-2019**

Recommend Approval of the 2020 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 and 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 2020 VRE Legislative Agenda and authorize the Acting Chief Executive Officer to actively pursue the elements set forth in the attached document.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
9D-11-2019**

**Authorization to Execute a Contract for
State Government Relations Services**

WHEREAS, VRE has found it more expedient and effective to contract for government relations services than to employ staff to attempt to monitor the myriad of government and legislative activities in Richmond; and,


WHEREAS, professional government relations firms are also able to make and maintain the numerous contacts with elected officials and their staffs needed to effectively keep abreast of, analyze, and engage on issues related to VRE, public transportation, and rail; and,

WHEREAS, the current contract for State Legislative Services expires in December 2019; 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 Acting Chief Executive Officer to execute a contract with Commonwealth Strategy Group, LLC of Richmond, Virginia, for State Government Relations Services for a base period of three years and two option years, with the Chief Executive Officer exercising the option years at their discretion, in the amount of \$263,000, plus a 10% contingency of \$26,300, for a total amount over the five years not to exceed \$289,300.

Approved this 15th day of November 2019


Katie Cristol
Chair


John Cook
Secretary

**Virginia Railway Express
Operations Board**

**Resolution
9E-11-2019**

**Authorization to Issue a Maintenance Services for Commuter Rail Task
Order for Automatic Passenger Count System Installation**

WHEREAS, passenger counts are conducted daily on all VRE trains to comply with National Transit Database (NTD) requirements and VRE reporting needs; and,

WHEREAS, accurate and real-time passenger load data is critical for safety, operational and planning purposes; and,

WHEREAS, on May 18, 2018, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Infodev EDI Inc. for an Automatic Passenger Count System; and,

WHEREAS, the Infodev contract included installation of the APC system onboard eight passenger rail cars as well as training of VRE, KRSV and STV employees on installation methods onboard a ninth passenger rail car; and,

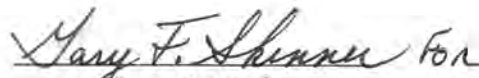
WHEREAS, the scope of services for this task order includes the installation, initialization and testing of the APC system onboard ninety-one passenger rail cars; and,

WHEREAS, KRSV is the Maintenance Services for Commuter Rail contractor and has presented an acceptable proposal to perform the requested installation services;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue a Maintenance Services for Commuter Rail Task Order to Keolis Rail Services Virginia, LLC for Automatic Passenger Count System Installation in the amount of \$376,526, plus a 10% contingency of \$37,652, for a total not to exceed \$414,178.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
9F-11-2019**

**Authorization to Issue an MEC VI Task Order for National Transit
Database and Asset Management Reporting, Phase V**

WHEREAS, VRE has a contract with STV Incorporated for Mechanical Engineering Consulting Services; 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,

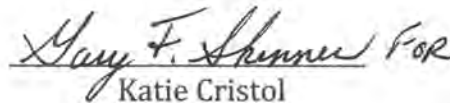
WHEREAS, STV Incorporated has developed the framework and standardized processes to perform ongoing asset assessments as well as tools to prioritize funding for State of Good Repair projects consistent with the Transit Economic Requirements Model; and,

WHEREAS, STV Incorporated has developed processes for reporting asset management information to the Federal Transit Administration via the National Transit Database;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue a Mechanical Engineering Consulting Services contract VI Task Order to STV Incorporated for further developing, implementing and executing processes for VRE's Transit Asset Management Plan and National Transit Database reporting compliance in the amount of \$222,071, plus a 10% contingency of \$22,207, for a total not to exceed \$244,278.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chairman

**Virginia Railway Express
Operations Board**

**Resolution
9G-11-2019**

**Authorization to Execute a Sole Source Contract for
Prime Mover Layover Protection Systems**

WHEREAS, age as well as wear and tear have caused the exiting Prime Mover Layover Protection Systems to reach the end of their useful life; and,


WHEREAS, VRE's lifecycle maintenance team recommends replacing the Prime Mover Layover Protection Systems to avoid associated heater and pump failures; and,

WHEREAS, in accordance with State and Federal requirements, and VRE Procurement Policies, a sole source determination has been made, and public notice thereof will be provided, that Hotstart Sales LLC is the only supplier that produces Prime Mover Layover Protection Systems compatible with VRE's MP-36 locomotives;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Operating Officer to execute a Sole Source Contract with Hotstart Sales LLC, for the purchase of twenty Prime Mover Layover Protection Systems in the amount of \$238,500, plus a 10% percent contingency of \$23,850, for a total amount not to exceed \$262,350.

Approved this 15th day of November 2019


John Cook
Secretary


Katie Cristol
Chair

**Virginia Railway Express
Operations Board**

**Resolution
9H-11-2019**

**Resolution of Support for Arlington County's CC2DCA Intermodal
Connector from Crystal City to Ronald Reagan Washington National
Airport Application for FY 2024-2025 NVT A Six Year Program Update**

WHEREAS, NVT A has issued a call for regional transportation projects to agencies and jurisdictions for consideration for funding for its FY2024-2025 Six Year Program update; and,

WHEREAS, Arlington County has submitted an application for the CC2DCA Intermodal Connector from Crystal City to Ronald Reagan Washington National Airport project (TransAction Project Title and ID: Crystal City Metrorail Station Second Entrance, 89); and,

WHEREAS, the Arlington County project will serve as an intermodal transfer facility between the VRE Crystal City commuter rail station, Ronald Reagan Washington National Airport, the planned Crystal City Metrorail Station East Entrance, and bus service on the Crystal City-Potomac Yard Transitway; and,

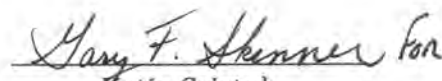
WHEREAS, the project complements the VRE Crystal City Station Improvements project, also submitted to NVT A for FY2024-2025 Six Year Program funding consideration;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby support and endorse Arlington County's NVT A FY2024-2025 Six Year Plan Update application for the CC2DCA Intermodal Connector from Crystal City to Ronald Reagan Washington National Airport project.

Approved this 15th day of November 2019



John Cook
Secretary



Katie Cristol
Chair

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CEO REPORT

NOVEMBER 2019



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 2019

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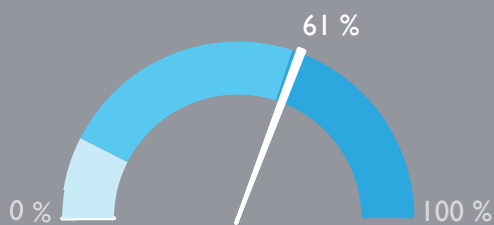
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VIRGINIA RAILWAY EXPRESS
A better way. A better life.

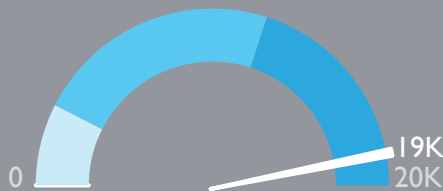


SUCCESS AT A GLANCE



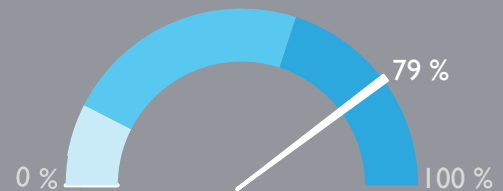
PARKING UTILIZATION

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



AVERAGE DAILY RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings but excluding "S" schedule operating days.
Same month, previous year: 18,500



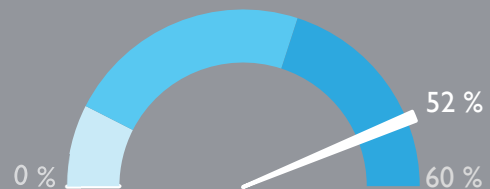
ON-TIME PERFORMANCE

Percentage of trains that arrive at their destination within five minutes of the schedule.
Same month, previous year: 75%



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: 52%

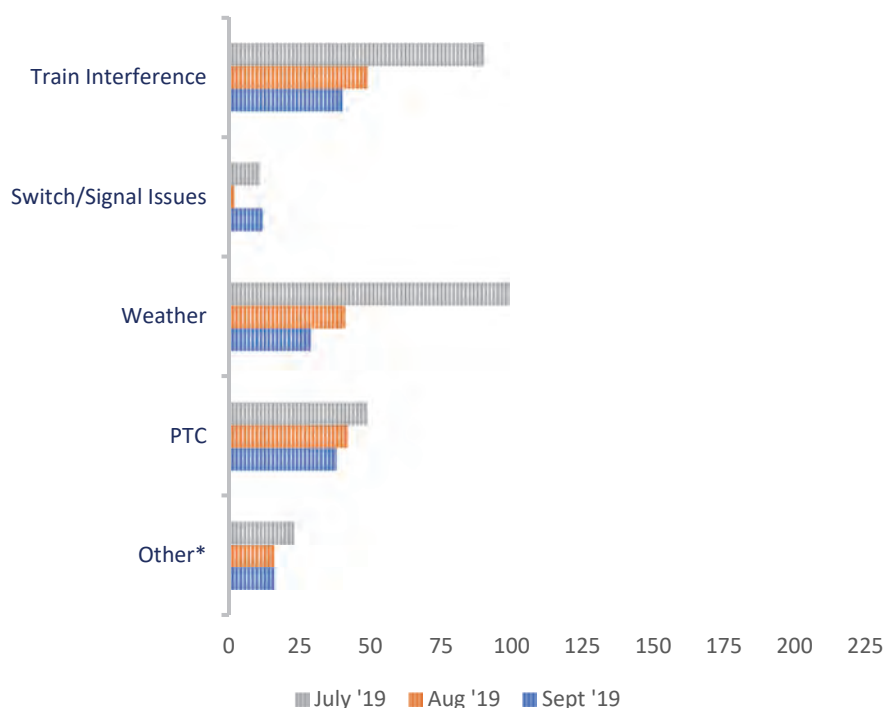
September 2019

ON-TIME PERFORMANCE

OUR RECORD

	September 2019	August 2019	September 2018
Manassas Line	77%	82%	84%
Fredericksburg Line	81%	76%	65%
System Wide	79%	79%	75%

PRIMARY REASON FOR DELAY



VRE operated 638 trains in September. Our on-time rate for September was 79 percent.

One hundred thirty-five trains arrived more than five minutes late to their final destinations. Of those late trains, 73 were on the Manassas Line (54 percent), and 62 were on the Fredericksburg Line (46 percent).

At 79 percent, systemwide on-time performance matched that of August. Slight improvements in three categories were offset by an increase in switch and signal issues.

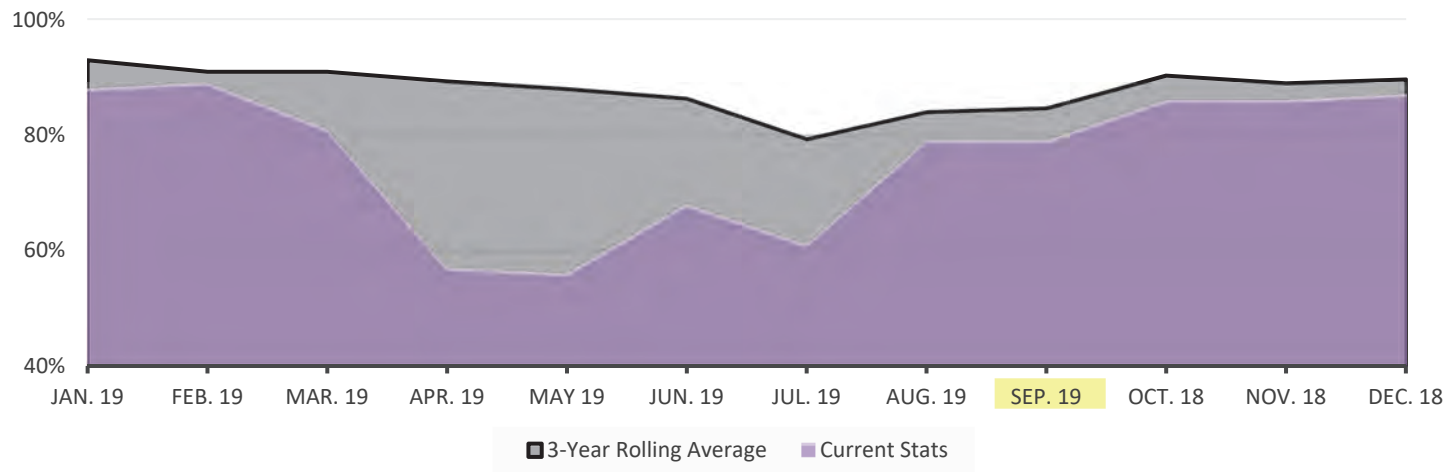
*Includes trains that were delayed due to operational testing and passenger handling.

LATE TRAINS

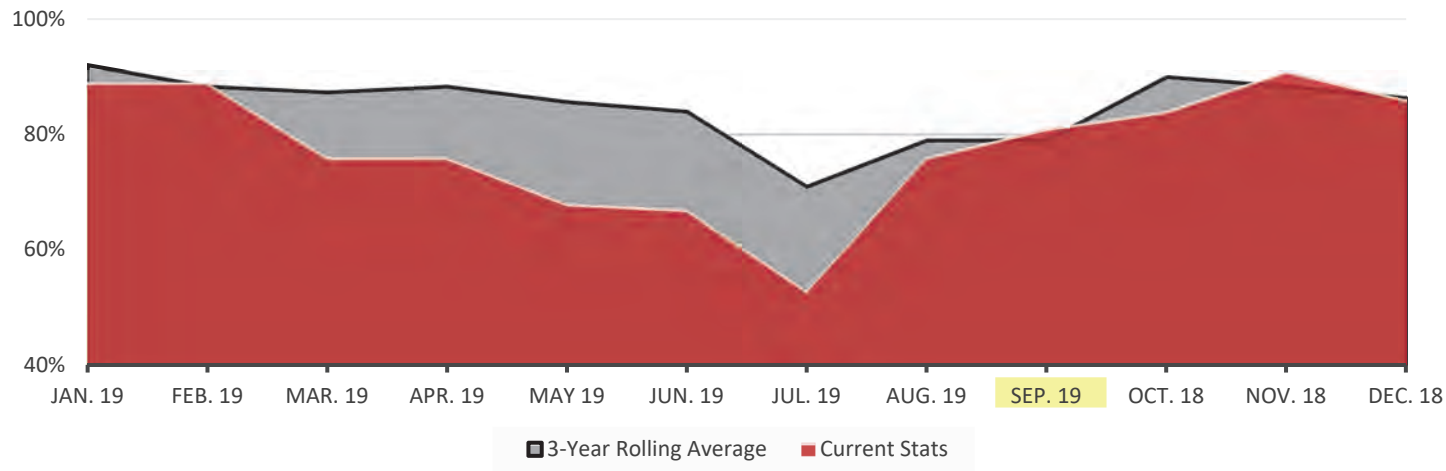
	System Wide			Fredericksburg Line			Manassas Line		
	July	August	Sept	July	August	Sept	July	August	Sept
Total late trains	272	150	135	166	85	62	106	65	73
Average minutes late	16	13	14	16	12	15	15	14	14
Number over 30 minutes	28	8	7	16	4	5	12	4	2
Heat restrictions	19	12	7	19	12	7			

ON-TIME PERFORMANCE

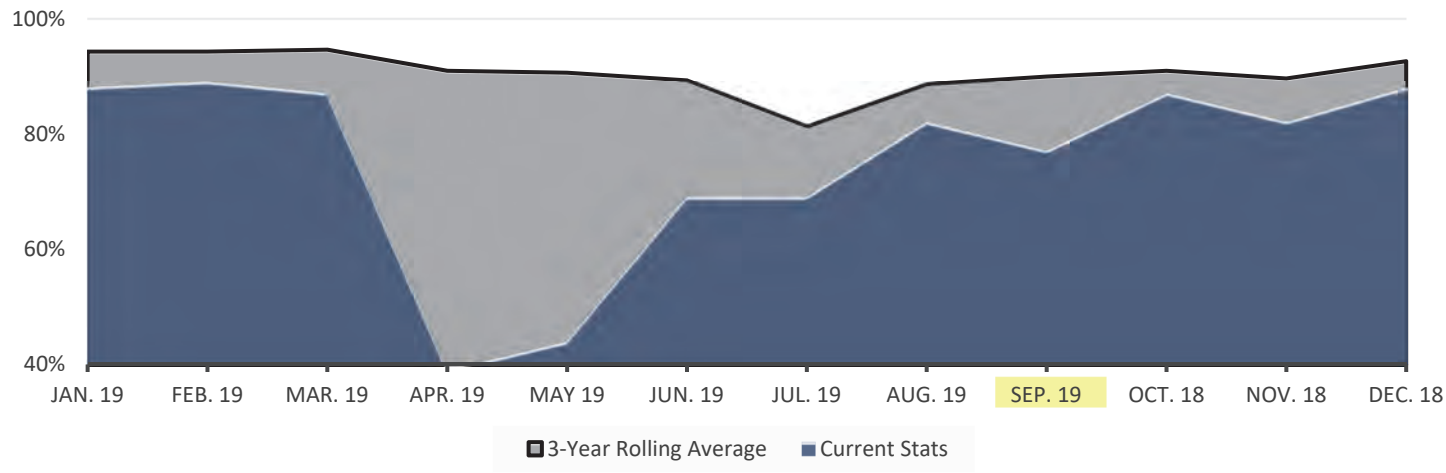
VRE SYSTEM



FREDERICKSBURG LINE

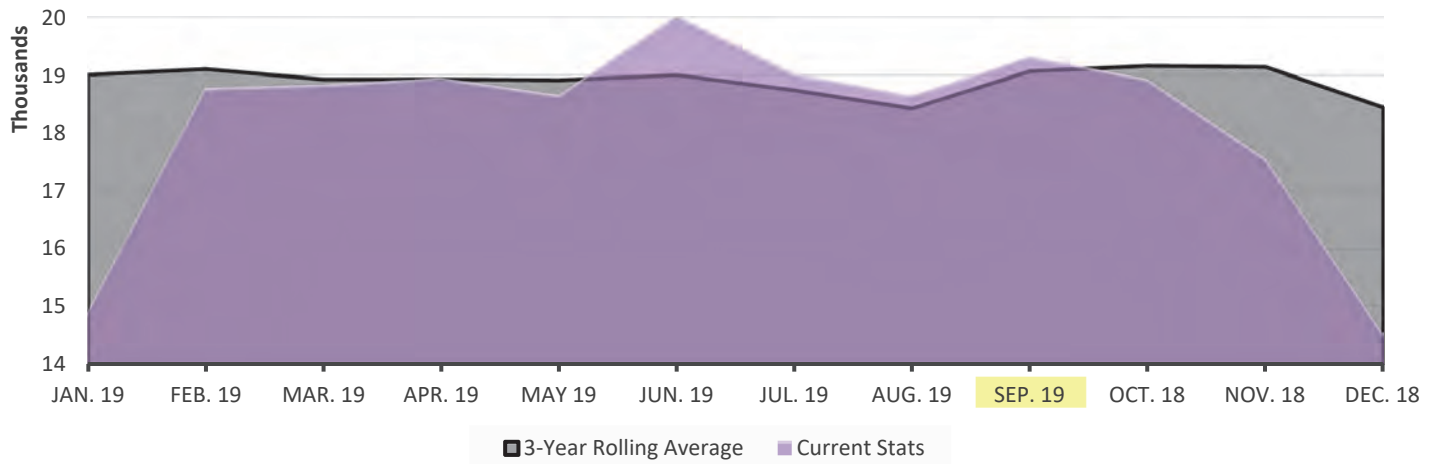


MANASSAS LINE

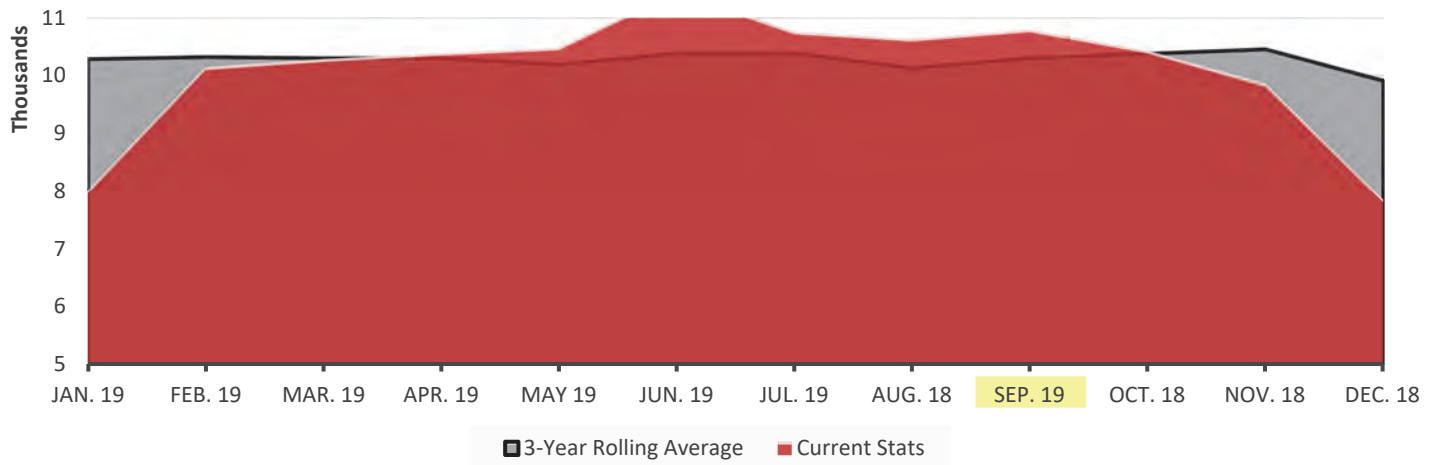


AVERAGE DAILY RIDERSHIP

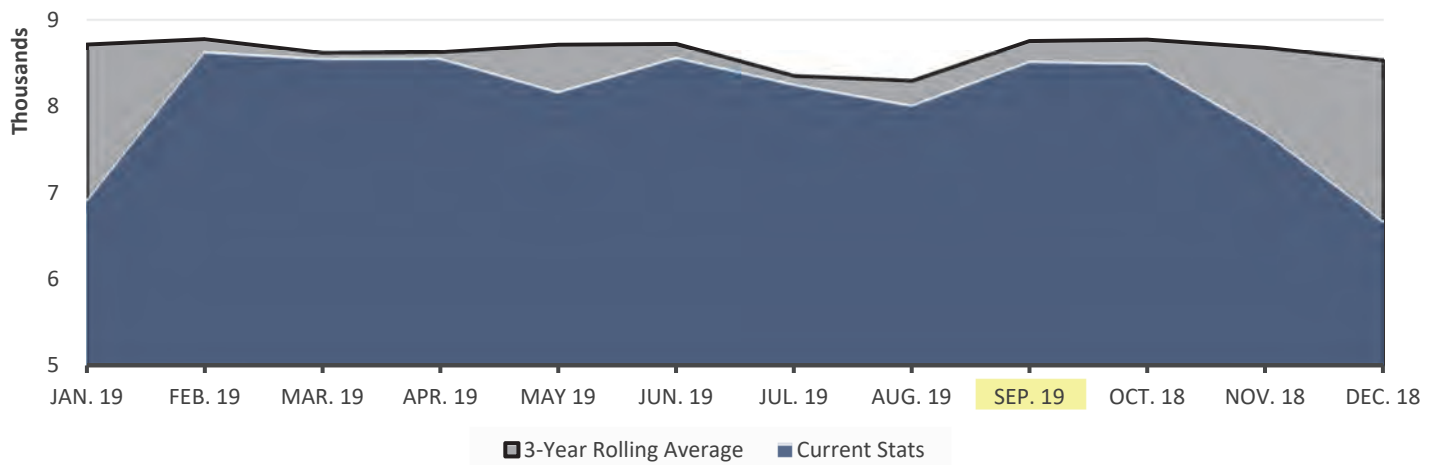
VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



NOVEMBER 2019

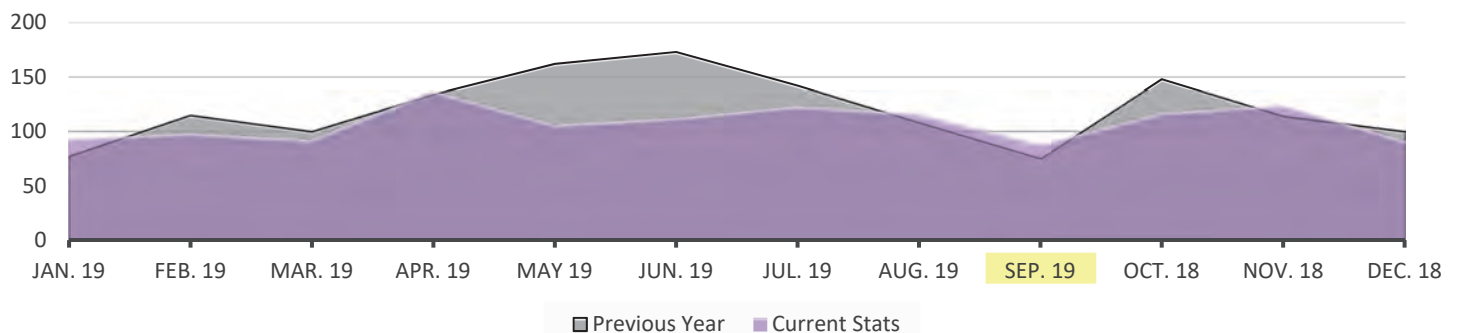
RIDERSHIP UPDATES

Average daily ridership (ADR) in September was approximately 19,300.

	September 2019	August 2019	September 2018
Monthly Ridership	386,384	410,334	352,274
Average Daily Ridership	19,319	18,652	18,541
Full Service Days	20	22	19
"S" Service Days	0	0	0

SUMMONSES ISSUED

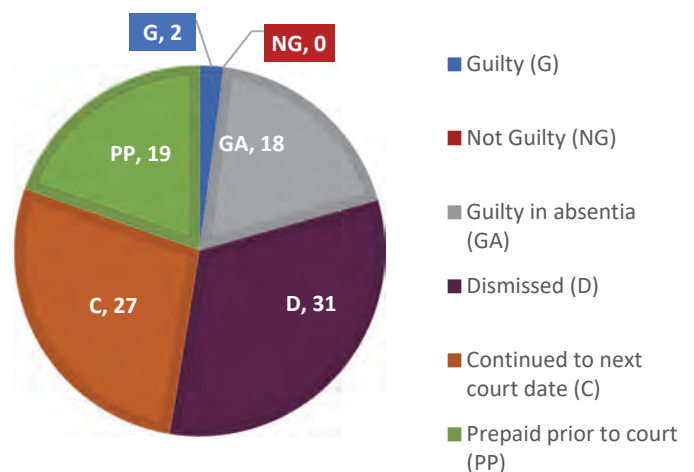
VRE SYSTEM



SUMMONSES WAIVED OUTSIDE OF COURT

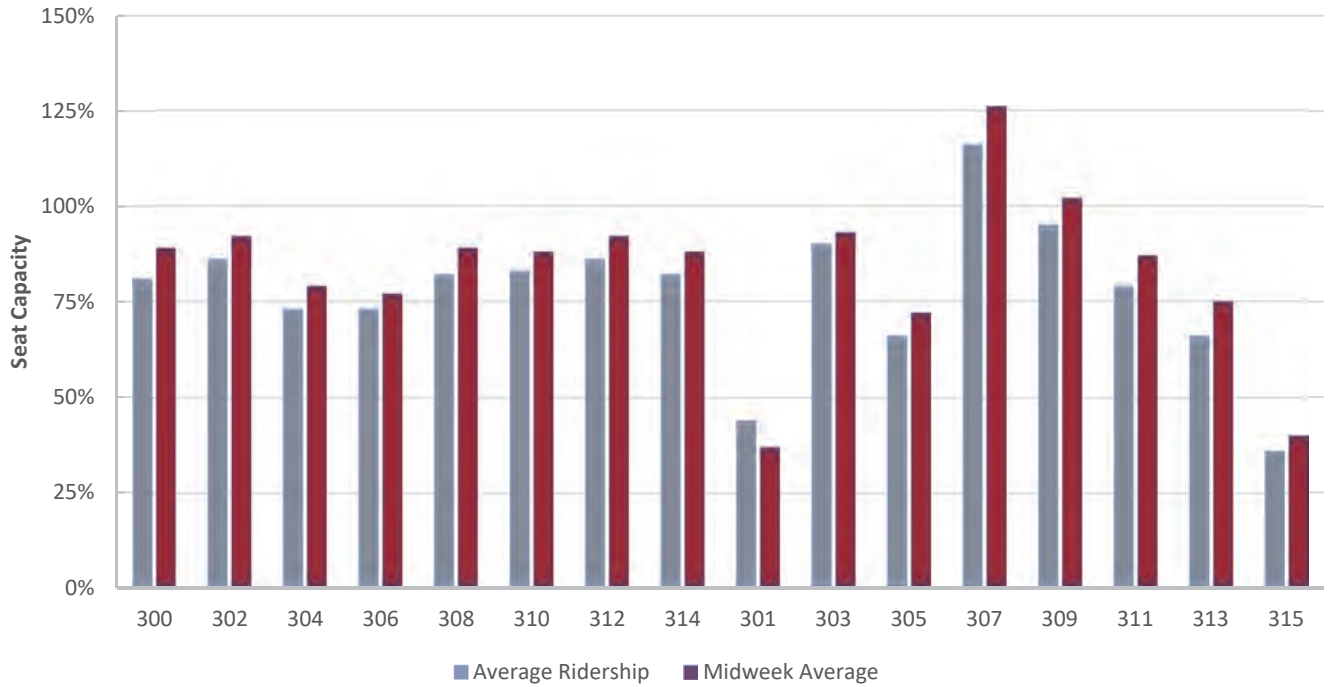
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	13
One-time courtesy	10
Per the request of the conductor	18
Defective ticket	0
Per ops manager	1
Unique circumstances	0
Insufficient information	4
Lost and found ticket	0
Other	1
Total Waived	47

MONTHLY SUMMONSES COURT ACTION

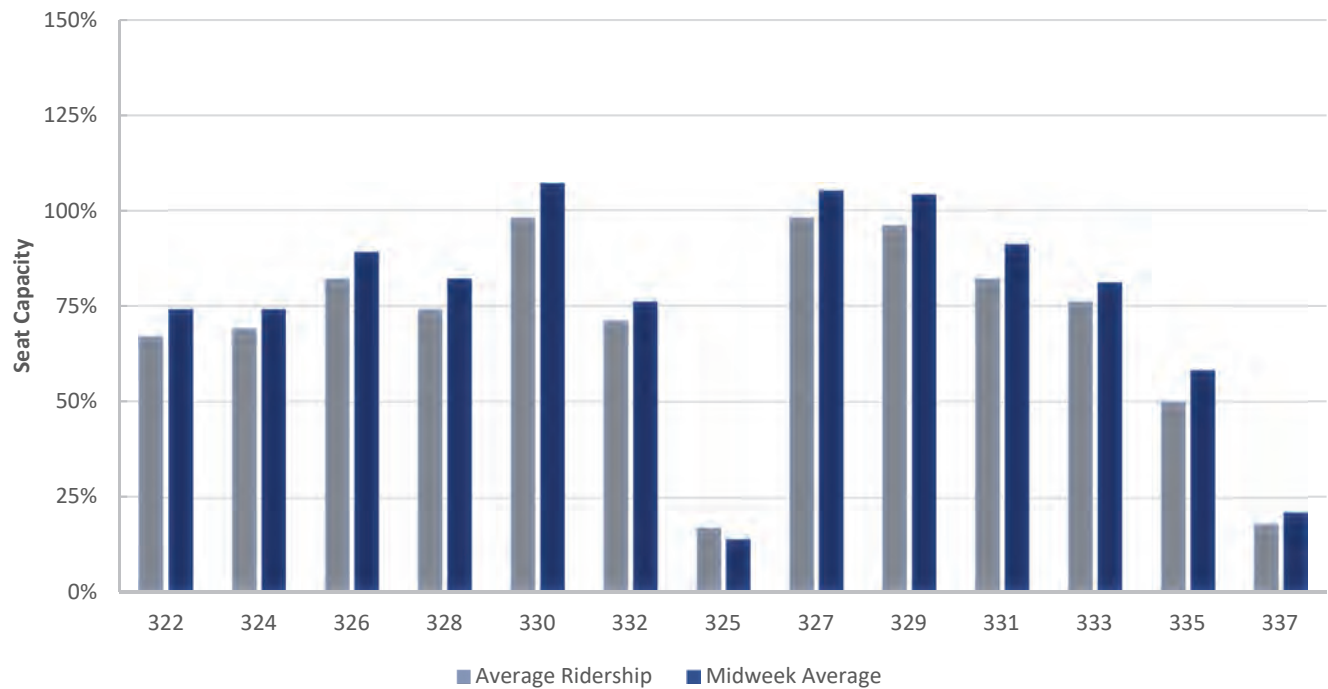


TRAIN UTILIZATION

FREDERICKSBURG LINE

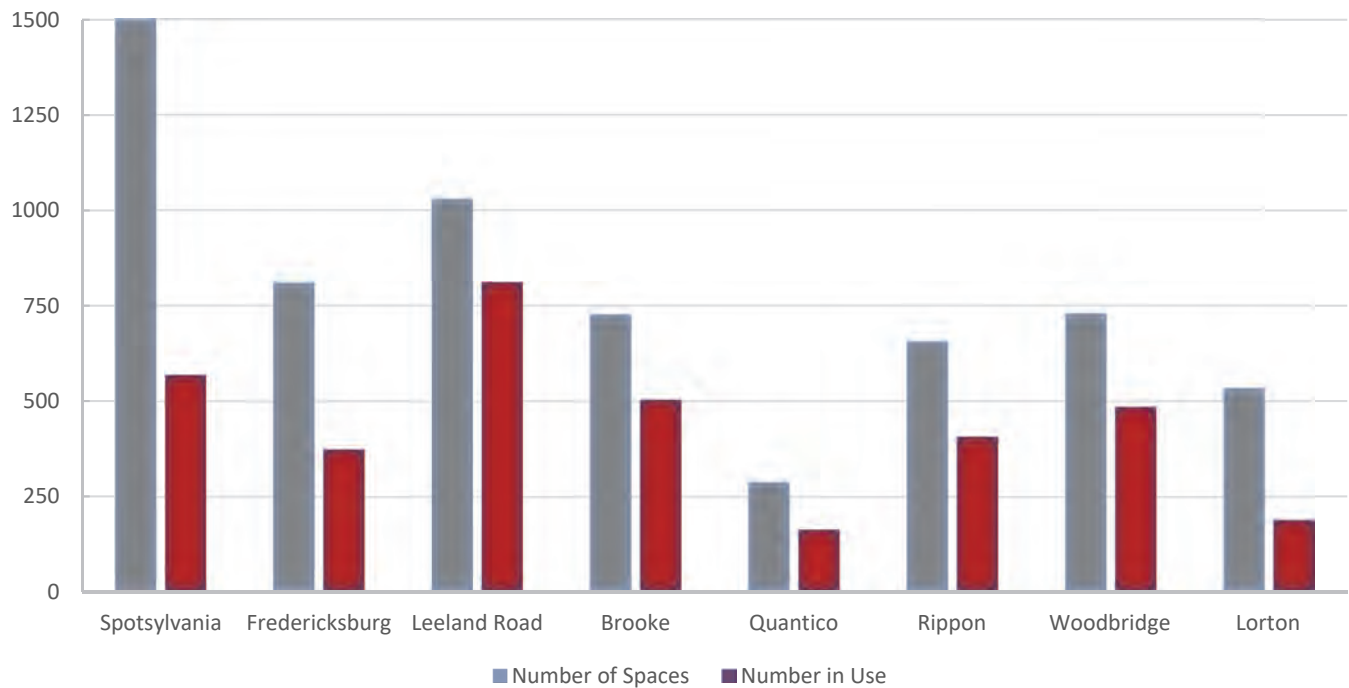


MANASSAS LINE

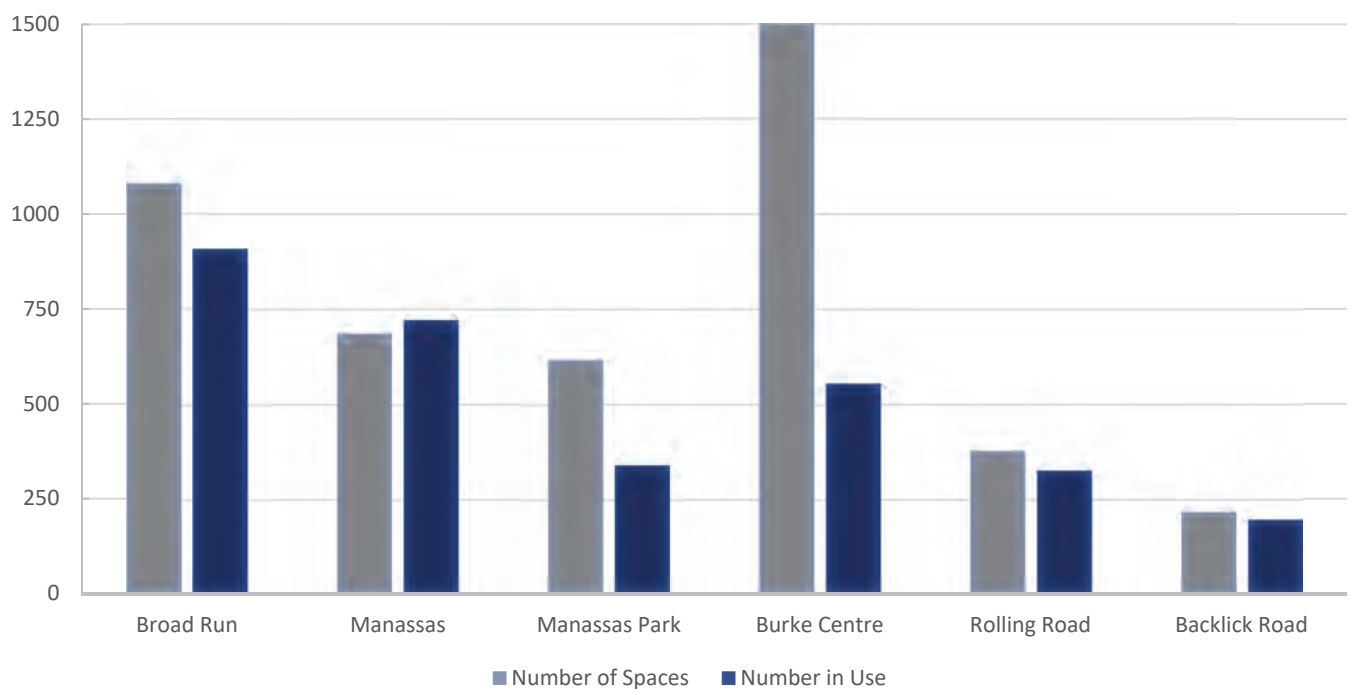


PARKING UTILIZATION

FREDERICKSBURG LINE



MANASSAS LINE



FINANCIAL REPORT

Fare revenue through the first quarter of FY 2020 is approximately \$124,000 above budget (a favorable variance of 1.1 percent) and is 6 percent above the same period in fiscal year 2019.

The operating ratio through September is 52 percent, which is slightly below VRE's budgeted operating ratio of 53 percent for the full 12 months of FY 2020. VRE is required to budget a minimum operating ratio of 50 percent.

A summary of the fiscal year 2020 financial results through September follows, including information on major revenue and expense categories. Please note that these figures are preliminary and unaudited.

FY 2020 Operating Budget Report							
Month Ended September 30, 2019							
	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY19 BUDGET
Operating Revenue							
Passenger Ticket Revenue	3,669,051	3,476,984	11,249,855	11,126,349	123,506	1.1%	43,810,000
Other Operating Revenue	700	17,857	67,965	57,143	10,822	18.9%	225,000
Subtotal Operating Revenue	3,669,751	3,494,841	11,317,820	11,183,492	134,328	1.2%	44,035,000
Jurisdictional Subsidy (1)	-	-	9,062,029	9,062,209	(180)	0.0%	13,230,397
Federal/State/Other Jurisdictional Subsidy	2,627,998	2,595,220	8,053,900	7,917,569	136,330	1.7%	31,462,978
Appropriation from Reserve/Other Income	-	-	-	-	-	0.0%	-
Interest Income	139,410	39,683	420,724	126,984	293,740	231.3%	500,000
Total Operating Revenue	6,437,159	6,129,743	28,854,472	28,290,254	564,218	2.0%	89,228,375
Operating Expenses							
Departmental Operating Expenses	4,990,400	6,176,424	21,630,851	23,558,808	1,927,957	8.2%	82,991,618
Debt Service	518,480	518,480	1,555,470	1,555,439	(30)	0.0%	6,221,757
Other Non-Departmental Expenses	-	1,190	15,000	3,810	(11,190)	0.0%	15,000
Total Operating Expenses	5,508,880	6,696,094	23,201,321	25,118,057	1,916,736	7.6%	89,228,375
Net income (loss) from Operations	928,279	(566,351)	5,653,152	3,172,198	2,480,954		-
Operating Ratio			52%	47%		Budgeted Goal	53% 50%

(1) Total jurisdictional subsidy is \$17,767,748. Portion shown as budgeted is attributed to Operating Fund only.

FACILITIES UPDATE

Completed projects:

1. Installation of “No Smoking” signage in bus shelter at Leeland Road Station
2. Trimming of landscaping to improve sight distance in driveway medians at Spotsylvania Station
3. Repairs to glass entrance door at Alexandria Headquarters Suite 201

Projects scheduled to be completed this quarter:

1. Installation of electrical conduits and conductors for Variable Messaging System (VMS) at Alexandria and Fredericksburg Stations
2. Design of signage replacements at Franconia-Springfield, Woodbridge and Leeland Road Stations
3. Development of IFB for modernization of east elevator at Woodbridge Station
4. Pressure washing of parking garage exterior at Woodbridge Station
5. Renovations to south space at Quantico Station in preparation for use as VRE construction office for Quantico Station Improvements office
6. Repairs to platform concrete at Manassas Station
7. Installation of “No Trespassing” signage on newly acquired property adjacent to Crossroads Maintenance and Storage Facility
8. Design of Phase 2 renovations to Alexandria Headquarters Suite 202
9. Cleaning of carpets at Alexandria Headquarters Suites 201, 202 and 302, and Fredericksburg VRE office



South space at Quantico prior to renovation



South space at Quantico prior to renovation

Projects scheduled to be initiated this quarter:

1. Issuance of GEC Task Order for design of platform widening at L’Enfant Station
2. Issuance of GEC Task Order for design of minor structural repairs at Franconia-Springfield, Woodbridge, Rippon and Brooke Stations
3. Issuance of GEC Task Order for design of Phase 2 renovations to Alexandria Headquarters Suite 201

Ongoing projects:

1. Development of IFB for canopy roof replacement at Backlick Road Station
2. Replacement of parking lot entrance signs at various stations
3. Replacement of waste and recycling receptacles at various stations

UPCOMING PROCUREMENTS

- Purchase of passenger elevators
- Construction of the Lifecycle Overhaul and Upgrade Facility
- Program management services
- Canopy roof replacement at the Backlick Road Station
- Modernization of VRE Woodbridge Station east elevator
- Passenger car wheelchair lift assemblies
- Seat bottoms for passenger cars
- Construction of Rolling Road Station platform extension
- Purchase of LED light fixtures
- Construction of L'Enfant south storage track wayside power
- Variable Messaging System replacement
- Tactile strip replacements
- Pavement repairs and striping at the Rippon and Leeland Road stations and Fredericksburg Lot G
- Franconia-Springfield Station painting services
- Website management services
- Purchase of forklift trucks
- Final design services for VRE Broad Run expansion
- Locomotive prime mover turbochargers
- Safety and security consulting services
- Renewal of locomotive head end power engine systems

CAPITAL PROJECTS UPDATES

The following is a status update of VRE capital projects.

Completed projects or major project milestones:

1. Long Bridge Project Environmental Impact Statement (*study by others*) – Draft environmental impact statement, which identifies a preferred alternative and examines its impacts, was released and published in the Federal Register; DDOT and FRA will be reviewing public comments to be addressed in the final environmental impact statement.
2. New York Avenue Midday Storage Replacement Facility – continuing due-diligence activities on potential property acquisitions; reviewing preliminary design effort and collaboration with Amtrak on project agreements.

Projects or project phases scheduled to be completed this quarter:

3. Franconia-Springfield Station Improvements (FRS) Draft 90% design plans
4. Lorton Station Second Platform (LOR) Draft 90% design plans
5. Rippon Station Improvements (RIP) Final 30% design plans
6. Brooke Station Improvements (BKV) Final 30% design plans
7. Brooke Station Improvements (BKV) Environmental Documentation
8. Leeland Road Station Improvements (LLR) Final 30% design plans
9. Leeland Road Station Second Platform (LLR) Environmental Documentation
10. Construction of temporary platform for Quantico Station Improvements
11. Broad Run Expansion (BRX) Section 106 Consultation
12. Construction of Benchmark Road Slope Stabilization (Hamilton to Crossroads closeout)

Projects or project phases scheduled to be initiated this quarter:

13. IFB for construction of Rolling Road Station Improvements
14. Request for proposals (RFP) advertised for LOU Construction Management
15. Crystal City Station Improvements 30% Design Plans and environmental documentation

Ongoing projects:

16. Broad Run Expansion (BRX)
17. Manassas Park Parking Improvements
18. Rolling Road Station Improvements
19. Crossroads Maintenance and Storage Facility (MSF) – land acquisition
20. Lifecycle Overhaul & Upgrade Facility (LOU)
21. Benchmark Road Slope Stabilization (Hamilton to Crossroads closeout)
22. Leeland Road Station Improvements
23. Brooke Station Improvements
24. Quantico Station Improvements
25. Rippon Station Improvements
26. Lorton Station Second Platform
27. Franconia-Springfield Station Improvements
28. Alexandria Station Improvements
29. Alexandria Station Track I Access (Slaters Lane)
30. Crystal City Station Improvements
31. L'Enfant Train Storage Track - South
32. L'Enfant Station Improvements
33. New York Avenue Midday Storage Facility
34. Potomac Shores VRE Station – *design by others*
35. Washington Union Station Improvements Environmental Impact Statement – *study by others*
36. DC2RVA Environmental Impact Statement – *study by others*

Projects Progress Report Follows

PASSENGER

PROJECT	DESCRIPTION	PHASE						
		CD	PD	EC	RW	FD	CN	
Alexandria Station Improvements	Eliminate at-grade track crossing, add elevators, modify platforms.	◆	◆	◆	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 and parking 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 Improvements	Parking garage to increase parking capacity to 1,100 spaces.	◆	◆	●	N/A			
Rolling Road Station Improvements	Extend existing platform and rehabilitate existing station	◆	◆	◆	N/A	●	●	
Crystal City Station Improvements	Replace existing side platform with new, longer island platform.	◆	●	●	N/A			
L'Enfant Station Improvements	Replace existing platform with wider, longer island platform. Add fourth track (VA-LE)	◆			N/A			

PHASE: CD - Conceptual Design PE - Preliminary Engineering EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction

STATUS: ◆ Completed ● Underway ■ On Hold ◆ part of the "Penta-Platform" program

¹ Total project cost estimate in adopted FY2020 CIP Budget; percentage complete based on VRE Operations Board authorization

² Does not include minor (< \$50,000) operating expenditures

* \$2,181,630 authorization divided across five "Penta-Platform" program stations

ESTIMATED COSTS (\$)						STATUS		
Total ¹	Funded	Unfunded	Authorized	Expended ²	Percent Complete ¹	Project Completion Date		
31,875,014	31,875,014	-	2,382,759	2,193,257	90%	4th QTR 2020	●	Design underway. Stakeholder meetings held 3/1 and 4/3.
7,000,000	7,000,000	-	467,500	270,487	60%	2nd QTR 2019	●	Materials continue to be delivered. Assembly of cross-over has begun.
2,400,000	400,000	2,000,000	-	-	5%	4th QTR 2020	●	Design work on east platform only; west platform improvements unfunded.
13,000,000	13,000,000	-	*	533,680	30%	4th QTR 2022	●	FD underway with anticipated completion 4th QTR 2019.
16,150,000	16,150,000	-	*	734,418	30%	4th QTR 2022	●	FD underway with anticipated completion 4th QTR 2019.
16,634,793	16,634,793	-	*	387,599	20%	4th QTR 2023	●	PE design/EC completion pending CSXT design review with anticipated completion in 4th QTR 2019.
No costs for VRE. Private developer providing station.					10%	TBD	●	Potomac Shores VRE Station design underway to include parking structure.
18,372,949	18,372,949	0	388,784	830,833	30%	TBD	●	FD start 1st QTR 2019. SMART SCALE grant agreement pending.
23,391,019	23,391,019	-	*	374,663	20%	4th QTR 2023	●	DRPT LONP received; REF grant pending. PE design/EC anticipated completion 4th QTR 2019.
15,527,090	15,527,090	-	*	339,844	20%	4th QTR 2023	●	DRPT LONP received; REF grant pending. PE design/EC anticipated completion 4th QTR 2019.
25,983,000	25,983,000	0	2,238,144	670,225	30%	4th QTR 2022	●	Meeting held with Governing Body on 4/3. FD continues.
2,000,000	2,000,000	-	640,503	418,887	70%	3rd QTR 2020	●	Invitation for Bids (IFB) pending NS Construction Agreement and Fairfax County Building Permit.
49,940,000	19,098,463	30,841,537	399,121	393,642	100%	2nd QTR 2023	■	DRPT LONP received. RFP posted for completion of PE & EC, with FD as an optional task.
70,650,000	62,465,721	8,184,279	130,501	65,150	50%	2nd QTR 2023	●	DRPT LONP received. Real estate research in progress under LONP.

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 Train Storage Track - South	Conversion of CSXT Temporary Track to VRE Storage Track (1,350 feet) and Associated Signal Work	◆	◆	◆	N/A	●	●
Lifecycle Overhaul & Upgrade Facility	New LOU facility to be added to the Crossroads MSF.	◆	◆	◆	N/A	◆	■
Crossroads Maintenance and Storage Facility - Land Acquisition	Acquisition of 19.5 acres of land, construction of two storage tracks and related site improvements.	◆	N/A	N/A	●	N/A	N/A
New York Avenue Midday Storage Replacement Facility	Midday storage facility replacement for Ivy City storage facility.	◆	●	●	●		

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 PE - Preliminary Engineering EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction

STATUS: ◆ Completed ● Underway ■ On Hold

¹ Total project cost estimate in adopted FY2020 CIP Budget; percentage complete based on VRE Operations Board authorization

² Does not include minor (< \$50,000) operating expenditures

Total ¹	ESTIMATED COSTS (\$)				Percent Complete ¹	Project Completion Date	STATUS	
	Funded	Unfunded	Authorized	Expended ²				
32,500,000	32,500,000	-	33,285,519	30,578,003	90%	3rd QTR 2018		Close-out pending repair of storm damage to embankment.
3,965,000	3,965,000	-	2,937,323	1,699,610	60%	4th QTR 2019		CSXT Construction Agreement received. CM underway.
38,183,632	38,183,632	-	3,176,039	2,143,583	70%	TBD		Completion of FD pending completion of land acquisition.
2,950,000	2,950,000	-	2,950,000	159,065	5%	TBD		Reviewing and updating closing documents for land acquisition.
89,666,508	89,666,508	-	3,588,305	1,715,298	50%	4th QTR 2021		Reviewing preliminary design and continuing to collaborate with Amtrak on agreements.
75,264,693	75,264,693	-	69,457,809	47,915,644	99%	4th QTR 2020		All cars received. Completion date reflects end of warranty period.
14,191,833	14,191,833	-	10,294,079	7,984,451	95%	4th QTR 2018		Implementation Completed. Final stabilization and familiarization phase in process.
110,700,000	82,526,398	28,173,602	5,855,650	4,539,446	80%	4th QTR 2024		PE design and EC underway. Property acquisition due diligence underway.
3,510,307	3,510,307	-	3,510,627	2,282,853	70%	3rd QTR 2019		Big Commerce/Moovel collaboration underway for web based ticketing portal. Uplift to new platform scheduled for mid-summer.



VIRGINIA RAILWAY EXPRESS

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VRE.ORG





RESOLUTION #2397

SUBJECT: Accept and Authorize the Distribution of VRE's FY2019 Comprehensive Annual Financial Report (CAFR)

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

WHEREAS: The audit of the VRE FY2019 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 FY2019 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the Acting VRE Chief Executive Officer to forward these documents to interested groups, firms, and members of the public.

Approved this 5th day of December 2019.

Matthew F. Letourneau
Chairman

Sharon Bulova
Secretary-Treasurer

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VIRGINIA RAILWAY EXPRESS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2018

Christopher P. Morrill

Executive Director/CEO

VIRGINIA RAILWAY EXPRESS

Comprehensive Annual Financial Report

YEARS ENDED JUNE 30, 2019 AND 2018



Prepared by:

Department of Finance

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Introductory Section



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VIRGINIA RAILWAY EXPRESS

October 29, 2019

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 the fiscal year ended June 30, 2019, for the Virginia Railway Express (VRE). VRE is a commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC), collectively referred to as “the Commissions.” NVTC and PRTC are political subdivisions of the Commonwealth of Virginia. VRE is not a legal entity and is considered a joint venture of the two Commissions for accounting purposes. As used in this report, VRE refers to those activities that are carried out jointly or individually by NVTC and PRTC to operate the commuter rail activities described below.

The report consists of management’s representations concerning the finances of VRE. Consequently, management assumes responsibility for the completeness and reliability of all 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) immediately follows 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 daily trains and 1,800 average daily ridership. During fiscal year 2019, VRE operated 32 daily trains in revenue service and carried an average daily ridership of 18,053 over 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, plus the Virginia Secretary of Transportation or their designee. 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 2019, 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.

- **Facilities:** Following completion of construction, the L'Enfant North Storage Track entered service in fiscal year 2019, creating mid-day storage space for one trainset and allowing for the elimination of two non-revenue train moves per day. VRE completed an expansion of its 1500 King Street offices, which created additional office space and an improved layout and infrastructure for staff. VRE also completed installation of a Parking Counter system, which provides real-time parking lot utilization data to customers and staff. Work continued on the Midday Storage Facility, a vital multi-year project to construct a replacement storage facility for VRE trains in Washington, DC. VRE made substantial progress toward the completion of the Slater's Lane Track Crossover project, which will provide operational flexibility to VRE and other passenger and freight operations. This project was subsequently completed and placed into service in September of 2019. Work also continued on the design and engineering for expansion of several VRE stations and station platforms to allow for future system growth.
- **Systems:** Substantial work continued in fiscal year 2019 on the installation of Positive Train Control (PTC) devices on VRE's locomotives and cab cars, as VRE works toward full compliance with the mandates created by the Rail Safety Improvement Act of 2008. VRE also continues to move forward on implementation of automated systems to count passengers on the trains. This system will provide real-time information to customers and staff and allow for more efficient utilization of VRE's capacity. VRE launched its mobile ticketing system in fiscal year 2015, and by the end of fiscal year 2019, the mobile ticketing system now accounts for 34 percent of passenger revenue.

VRE continues to advance the engineering, environmental clearances, and design work for both the Manassas Line Capacity Expansion project (funded primarily through the I-66 Outside the Beltway concessionaire payment) and the Fredericksburg Line Capacity Expansion project (funded primarily through the Commonwealth's SMART SCALE and Rail Enhancement Fund programs). Both expansion efforts have also received critical funding from the Northern Virginia Transportation Authority (NVTA). These expansions will provide new railcars for longer trains, additional parking facilities at key stations, longer platforms to speed passenger boarding and alighting, storage and maintenance facility expansions, and real-time information along the I-66 corridor. Taken together, these projects will increase VRE's 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.

\$15 million annually is dedicated to the C-ROC Fund from gasoline tax revenues that are generated in the NVTC and PRTC regions. This 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.

VRE received the first \$11.25 million of C-ROC funds in fiscal year 2019, with \$3.75 million in C-ROC receivables at the end of the fiscal year. To date, VRE has programmed \$45 million of current and future C-ROC funds (covering fiscal years 2019, 2020, and 2021) towards its L'Enfant and Crystal City station improvement projects.

Long-Term Financial Planning

In order to prioritize investment needs and identify future growth opportunities, 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. 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 through 2040. 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 during fiscal year 2018. VRE has refreshed the original Financial Plan to update the key assumptions in the modeling regarding ridership, costs, project schedules, and funding sources, and these results were used to guide programming and funding decisions for C-ROC in the fiscal year 2020 budget.

In February 2019, a major update to the six-year Transit Development Plan (TDP) for VRE was adopted by the Operations Board. The new TDP, which covers fiscal years 2020 through 2025, complies with Virginia Department of Rail and Public Transportation (DRPT) requirements for recipients of state transit operating and capital assistance and assists in the preparation of 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.

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 and regular maintenance of existing equipment, a focus on reliability and on-time performance, and strong 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 C-ROC dedicated funding offers VRE the 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.

As noted by the Commonwealth Transportation Board (CTB) in its review of VRE's Financial Plan, existing VRE service is equivalent to about 36 miles of interstate capacity, worth up to \$5.4 billion, and with additional investment could be worth up to \$14 billion and equivalent to 96 lane miles of travel demand if the full System Plan 2040 is implemented.

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, 2018. 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,



Rich Dalton
Deputy CEO and
Chief Operating Officer



Mark Schofield
Chief Financial Officer



Alexander E. Buchanan
Comptroller

DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL

Operations Board

Officers

Chairman	Hon. Katie Cristol, Arlington County
Vice-Chairman	Hon. Gary Skinner, Spotsylvania County
Secretary	Hon. John Cook, Fairfax County
Treasurer	Hon. Jeanine Lawson, Prince William County

Members

Hon. Preston Banks, City of Manassas Park
Hon. Elizabeth Bennett-Parker, City of Alexandria
Hon. Sharon Bulova, Fairfax County
Hon. Maureen Caddigan, Prince William County
Hon. Mark Dudenhefer, Stafford County
Hon. Matt Kelly, City of Fredericksburg
Hon. Wendy Maurer, Stafford County
Jennifer Mitchell, VDRPT
Hon. Martin Nohe, Prince William County
Hon. Pamela Sebesky, City of Manassas
Hon. Gary Skinner, Spotsylvania County

Alternates

Hon. Canek Aguirre, City of Alexandria
Hon. Ruth Anderson, Prince William County
Hon. Victor Angry, 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. Jeff McKay, 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

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    NVTC[NVTC] --- VRE_OB[VRE Operations Board]
    PRTC[PRTC] --- VRE_OB
    VRE_OB --- CEO[Chief Executive Officer]
    CEO --- EA[Executive Administrative Assistant]
    CEO --- DCEO[Deputy CEO  
Chief Operating Officer]
    CEO --- CFO[Chief Financial Officer]
    DCEO --- DIRM[Director of Information Technology]
    DCEO --- MSS[Manager Systems Engineer  
Network & Telecommunications Specialist]
    DCEO --- MA[Marketing Administrator]
    DCEO --- MOM1[Mechanical Operations Manager]
    DCEO --- MOM2[Mechanical Operations Manager]
    DCEO --- MOA[Manager of Operations Administration]
    DCEO --- MOS[Mechanical Operations Specialist]
    DCEO --- MPD[Manager of Project Development]
    MPD --- PPA[Planning Program Administrator]
    PPA --- SPS[Senior Project Specialist]
    SPS --- MWIC[Manager of Warehouse and Inventory Control]
    MWIC --- WS1[Warehouse Specialist]
    WS1 --- WS2[Warehouse Specialist]
    DCEO --- CE[Chief Engineer]
    CE --- PM1[Project Manager]
    PM1 --- PM2[Project Manager]
    PM2 --- PM3[Project Manager]
    PM3 --- PM4[Project Manager]
    CFO --- C[Comptroller]
    C --- AS[Accounting Supervisor]
    AS --- SA[Senior Accountant]
    SA --- SAA[Sr. Associate Accountant & HR Specialist]
    SAA --- AA[Associate Accountant]
    AA --- AGI[Accountant I: Grants]
    AGI --- SA2[Staff Accountant]
    CFO --- MCPCA[Manager of Purchasing and Contract Administration*]
    MCPCA --- CA[Contract Administrator]
    CA --- CACA[Contracts Administrator - Construction]
    CACA --- CS[Contract Specialist]
    CFO --- DHR[Director of Human Resources PRTC]
    DHR --- SFA[Senior Financial Analyst]
    SFA --- HRA[Human Resources Administrator]
  
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Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Operations Board Members and Commissioners
The Northern Virginia Transportation Commission
The Potomac and Rappahannock Transportation Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Railway Express (VRE), a joint venture of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, as of and for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, 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.

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 29, 2019 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 29, 2019



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, 2019. 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 0.4 percent compared to the prior year, from \$42,490,170 to \$42,304,835. Ridership decreased 4.9 percent from 4,705,529 to 4,477,266, reflecting the effects of the 2018-19 Federal Government shutdown and service disruptions related to implementation of Positive Train Control, as well as other service-related challenges. Average daily ridership was 18,053 in fiscal year 2019 compared to 18,974 in fiscal year 2018.
- Operating expenses decreased by 1.7 percent from \$79,049,691 to \$77,681,532, as the result of reduced State of Good Repair expenditures, offset by regular contractual increases; rising diesel fuel costs; and increases in rolling stock repair and maintenance costs.
- Non-operating revenue increased by 32.9 percent from \$50,722,503 to \$67,401,206 primarily as the result of the first year of the new \$15 million per year Commuter Rail Operating and Capital (C-ROC) Fund.
- Capital grants and assistance decreased by 68.9 percent from \$23,197,414 to \$7,263,131 as a result of not purchasing grant funded new railcars or major construction costs in fiscal year 2019. In fiscal year 2018 VRE received delivery of nine grant funded railcars and completed construction of the Lorton Station main platform extension 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 \$35,376,697, a decrease from the previous year of 3.2 percent. Local, federal, and state support is accounted for as non-operating income and is used to offset these losses.
- VRE's total net position increased by \$18,556,452 from \$375,646,196 to \$394,202,648, or 4.9 percent, primarily as the result of grants and contributions for capital improvements, and the effect of the Commuter Rail Operating and Capital (C-ROC) Fund. At the end of the fiscal year, unrestricted net position was \$97,970,676, an increase of \$25,223,572.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, decreased by 3.1 percent, as the combined result of low capital expenditures during the fiscal year 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, 2019, 2018, and 2017 is shown below. The earliest year presented was restated for implementation of GASB Statement No. 75.

Condensed Statements of Net Position

	2019	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current and other assets	\$ 123,251,966	\$ 95,835,889	\$ 91,338,135
Capital assets, net	341,997,029	352,798,880	346,205,344
Deferred outflows of resources	840,915	884,315	646,262
Total assets and deferred outflows of resources	466,089,910	449,519,084	438,189,741
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current portion of long-term debt	3,730,497	3,716,789	3,666,190
Other current liabilities	10,778,148	8,642,749	11,011,792
Noncurrent liabilities	57,164,548	61,216,736	63,455,771
Deferred inflows of resources	214,069	296,614	-
Total liabilities and deferred inflows of resources	71,887,262	73,872,888	78,133,753
NET POSITION:			
Net investment in capital assets	282,554,207	289,271,966	279,920,481
Restricted	13,677,765	13,627,126	11,249,729
Unrestricted	97,970,676	72,747,104	68,885,778
Total net position, as restated	\$ 394,202,648	\$ 375,646,196	\$ 360,055,988

Current Year

Net position increased by approximately \$18.6 million, or 4.9 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements and the new Commuter Rail Operating and Capital (C-ROC) Fund.

The largest portion of VRE's net position, \$282.6 million or 71.7 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 \$0.05 million or 0.4 percent. 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, decreased approximately \$10.8 million or 3.1 percent as the result of low capital expenditures during the fiscal year and the recognition of annual depreciation and amortization.

Current liabilities increased approximately \$2.1 million or 17.4 percent as the result of increases in Accounts Payable and Payables to Commissions, as well as other minor line items.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$4.1 million or 6.7 percent because of scheduled note and capital lease repayments during the year.

Prior Year

Net position increased by approximately \$15.6 million, or 4.3 percent during the previous 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.

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.

	2019	2018	2017
Operating revenues:			
Passenger revenue	\$ 41,990,599	\$ 42,221,002	\$ 42,280,669
Equipment rentals and other	314,236	269,168	301,621
Total operating revenues	42,304,835	42,490,170	42,582,290
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	17,447,509	17,145,270	18,265,581
Federal – with PRTC as grantee	15,229,460	15,362,802	15,937,225
Jurisdictional contributions	17,767,748	17,250,240	17,250,240
Commuter Rail Operating and Capital Fund	15,000,000	-	-
Regional transportation funding (NVTa)	194,506	766,586	461,889
Interest income	1,761,983	749,062	384,457
Gain (loss) on disposal of assets	-	(551,457)	3,500
Total nonoperating revenues, net	67,401,206	50,722,503	52,302,892
Total revenues	109,706,041	93,212,673	94,885,182
Operating expenses:			
Contract operations and maintenance	26,946,284	26,917,081	25,873,933
Other operations and maintenance	16,579,038	17,492,047	14,461,209
Property leases and access fees	16,698,897	16,693,442	16,236,606
Insurance	3,945,668	3,766,321	3,970,753
Marketing and sales	2,574,583	2,529,388	2,532,214
General and administrative	10,937,062	11,651,412	10,904,945
Total operating expenses	77,681,532	79,049,691	73,979,660
Other expenses:			
Depreciation and amortization	18,542,805	18,201,071	17,737,170
Interest, financing costs and other	2,188,383	3,147,164	3,217,756
Total other expenses	20,731,188	21,348,235	20,954,926
Total expenses	98,412,720	100,397,926	94,934,586
Surplus (Deficit) before capital contributions and extraordinary item	11,293,321	(7,185,253)	(49,404)
Capital grants and assistance:			
Commonwealth of Virginia grants	1,417,527	13,010,326	3,033,657
Federal grants – with PRTC as grantee	3,541,398	9,559,056	15,204,474
Regional transportation funding (NVTa)	2,304,206	615,190	651,163
In-kind and other local contributions	-	12,842	162,839
Total capital grants and assistance	7,263,131	23,197,414	19,052,133
Change in net position	18,556,452	16,012,161	19,002,729
Net position – beginning of year, as restated	375,646,196	359,634,035	341,053,259
Net position – end of year	\$ 394,202,648	\$ 375,646,196	\$ 360,055,988

The earliest year presented was restated for implementation of GASB Statement No. 75.

Revenues

Current Year

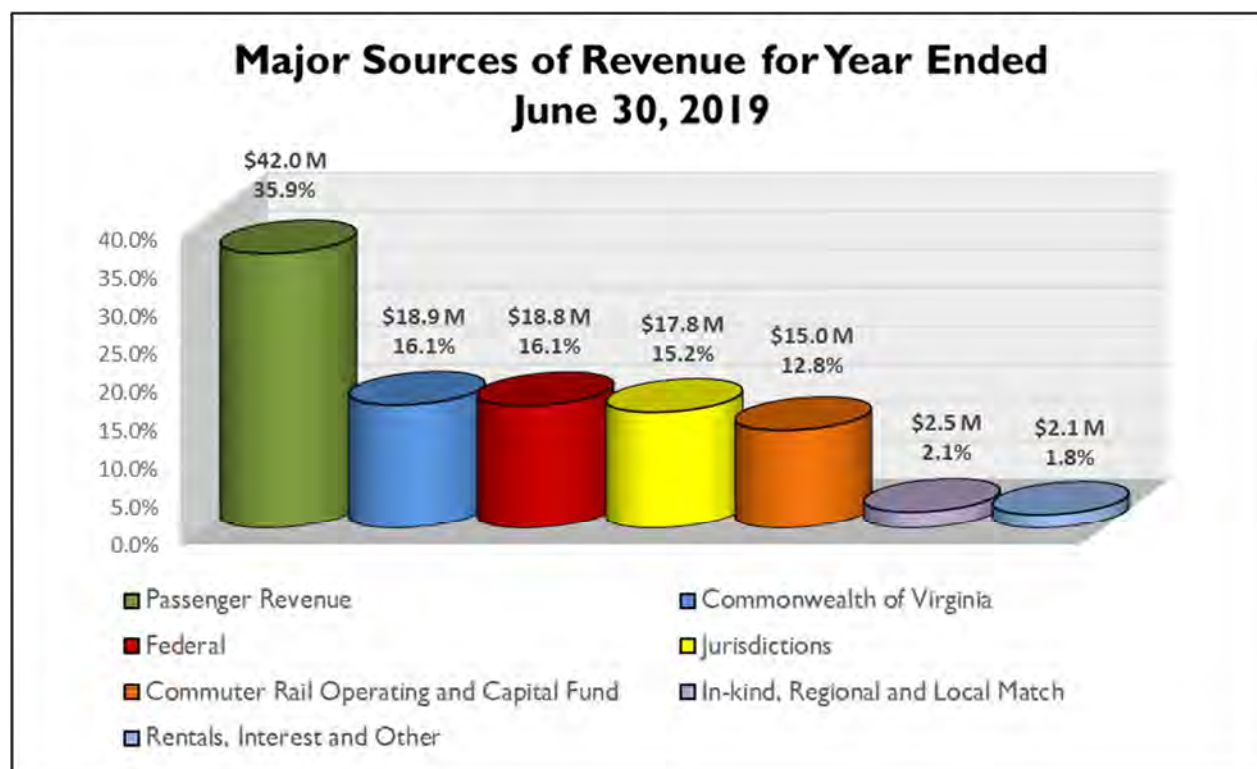
Total revenues for the current fiscal year increased approximately \$16.5 million or 17.7 percent. Operating revenues totaled approximately \$42.3 million, a decrease of 0.4 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by \$0.5 million. State, federal and regional subsidies decreased by \$0.4 million, primarily as the result of a decrease in regionally funded operating expenditures. Fiscal year 2019 was the first year of the Commuter Rail Operating and Capital (C-ROC) Fund, which totals \$15.0 million that VRE will receive each year going forward.

Passenger revenue decreased approximately \$0.2 million or 0.5 percent, reflecting the effects of the 2018-19 Federal Government shutdown and service disruptions related to implementation of Positive Train Control, as well as other service-related challenges. Ridership decreased by 4.9 percent as the result of the same factors. Average daily ridership was 18,053 in fiscal year 2019 compared to 18,974 in fiscal year 2018.

	June 30,		
	2019	2018	2017
Ridership	4,477,266	4,705,529	4,761,035
% Increase (Decrease)	(4.9%)	(1.2%)	7.2%

Capital grants and assistance decreased approximately \$15.9 million or 68.7 percent; this decrease is attributed to not purchasing grant funded new railcars nor incurring major construction costs in fiscal year 2019. In fiscal year 2018 VRE received delivery of nine grant funded railcars and completed construction of the Lorton Station main platform extension 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 revenue for the year ended June 30, 2019:



Prior Year

Total revenues for the previous 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.

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.

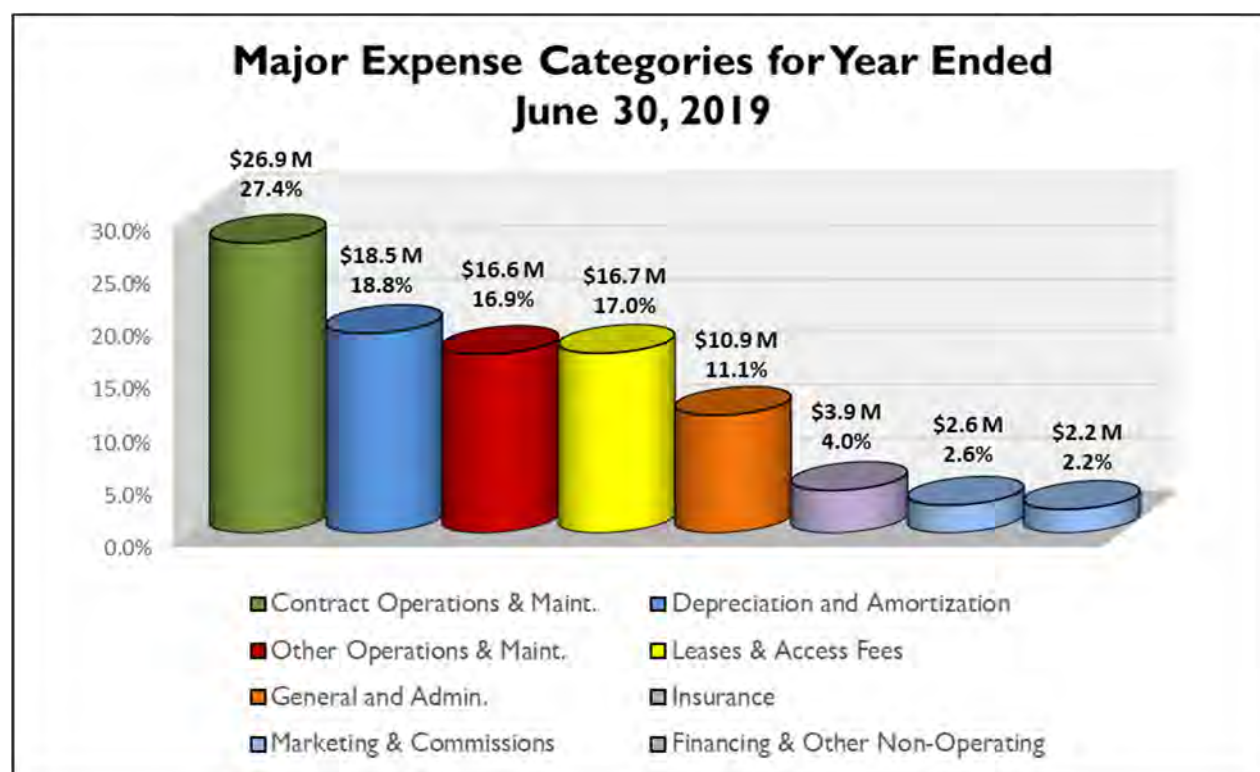
Expenses

Current Year

Total operating and other expenses, including depreciation and amortization, decreased by approximately \$2.0 million or 2.0 percent. Operating expenses decreased by approximately \$1.4 million or 1.7 percent. Total operating expenses were approximately \$77.7 million compared to \$79.0 million for the prior fiscal year.

Contract operations and maintenance increased by approximately \$29,000 or 0.1 percent, reflecting annual contractual increases offset by reductions in contracted maintenance task orders, reduced Amtrak Step-Up ticket costs and reduced earned incentive payments. Property lease and access fee costs were essentially flat as the result of regular contractual increases offset by elimination of two daily non-revenue trains due to completion of the L'Enfant North storage track, and a generally stable level of service. Other operations and maintenance costs decreased by \$0.9 million or 5.2 percent due primarily to an decrease in asset management maintenance expenses. General and administrative costs decreased by \$0.7 million or 6.1 percent due to decreased consulting and professional services costs. Depreciation and amortization increased by approximately \$0.3 million or 1.9 percent and net interest and financing costs decreased by approximately \$1.0 million or 30.5 percent, as a result of the Virginia Resources Authority (VRA) debt refinance in fiscal year 2019

The following chart shows the major expense categories for the year ended June 30, 2019:



Prior Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$5.5 million or 5.8 percent in the previous year. 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.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2019 totals approximately \$342 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.

	2019	2018	2017
Rolling stock	\$ 285,279,918	\$ 285,279,918	\$ 270,949,091
Vehicles	145,560	117,043	167,422
Facilities	109,851,787	105,935,704	103,480,888
Track and signal improvements	83,434,528	83,434,528	83,485,350
Equipment and software	12,126,666	12,126,666	12,126,666
Construction in progress	30,741,671	27,297,997	23,904,164
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	6,053,916	5,711,211	5,550,152
	<u>533,421,333</u>	<u>525,690,354</u>	<u>505,451,020</u>
Less accumulated depreciation and amortization	<u>(191,424,304)</u>	<u>(172,891,474)</u>	<u>(159,245,676)</u>
Total capital assets, net	<u>\$ 341,997,029</u>	<u>\$ 352,798,880</u>	<u>\$ 346,205,344</u>

Current Year

During fiscal year 2019, capital assets decreased approximately \$10.8 million or 3.1 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$4.2 million were transferred from construction in progress to their respective capital accounts and an additional \$63,115 was charged directly to the capital accounts. No capital assets were sold in fiscal year 2019.

The major completed projects during the fiscal year were the L'Enfant North Storage (Yard) Track & Wayside Power (\$3.7 million), the VRE Headquarters Suite 201 Office Renovation (\$0.3 million) and the Automated Parking Counter (APC) system (\$0.2 million).

The major additions to construction in progress during the fiscal year were costs related to the Slater's Lane track improvements (\$1.4 million); ongoing work toward implementation of Positive Train Control (PTC) (\$1.4 million); work supporting fare collection EMV compliance (\$0.5 million), and ongoing development work for the Midday Storage Yard project (\$0.5 million).

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 10 to the financial statements.

Prior Year

During fiscal year 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 can be found in Note 3 to the financial statements.

Debt Administration

At June 30, 2019, VRE had total debt outstanding of \$54,392,413.

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 multifunction copiers are secured by the related equipment.

	2019	2018	2017
Bond payable	\$ 44,360,000	\$ 46,640,000	\$ -
Capital leases	10,032,413	11,469,202	12,844,704
Note payable	-	-	53,440,159
Total	\$ 54,392,413	\$ 58,109,202	\$ 66,284,863

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 2020 remained constant at \$17,767,748. Fares were increased by an average of 3.0 percent in fiscal year 2020; the previous general fare increase was 3.0 percent in fiscal year 2018. In fiscal year 2019 VRE began to receive funding from the Commonwealth of Virginia Commuter Rail Operating and Capital (C-ROC) Fund as a result of Virginia HB1539, which will continue in fiscal year 2020. Additional sources of funding will be available in fiscal year 2020 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.

Basic Financial Statements

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VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 75,278,280	\$ 51,186,348
Accounts receivable:		
Due from PRTC	13,690,788	13,007,142
Commonwealth of Virginia grants	8,033,524	9,824,555
Commonwealth Rail Operating and Capital (C-ROC) Fund	3,750,000	-
Trade receivables, net of allowance for doubtful accounts	3,136,008	2,687,658
Other receivables	2,344,239	1,776,165
Inventory	2,846,838	3,289,547
Prepaid expenses and other	174,015	144,779
Restricted cash, cash equivalents and investments	13,677,765	13,627,126
Total current assets	122,931,457	95,543,320
Noncurrent Assets:		
Pension asset	320,509	292,569
Capital assets:		
Rolling stock	285,279,918	285,279,918
Vehicles	145,560	117,043
Facilities	109,851,787	105,935,704
Track and signal improvements	83,434,528	83,434,528
Equipment and software	12,126,666	12,126,666
Construction in progress	30,741,671	27,297,997
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	6,053,916	5,711,211
	533,421,333	525,690,354
Less accumulated depreciation and amortization	(191,424,304)	(172,891,474)
Total capital assets, net	341,997,029	352,798,880
Total noncurrent assets	342,317,538	353,091,449
Total assets	465,248,995	448,634,769
Deferred Outflows of Resources:		
Loss on refunding	424,280	455,136
Pension plan	340,985	371,696
Other postemployment benefits	75,650	57,483
Total deferred outflows of resources	840,915	884,315
Total assets and deferred outflows of resources	\$ 466,089,910	\$ 449,519,084

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

	2019	2018
Current Liabilities:		
Accounts payable	\$ 3,086,899	\$ 2,561,150
Payable to Commissions	2,030,009	1,390,585
Compensated absences	27,783	78,442
Accrued expenses	3,154,443	2,342,368
Accrued interest	602,003	567,826
Unearned revenue	1,877,011	1,702,378
Current portion of bonds payable	2,240,000	2,280,000
Current portion of capital lease obligations	1,490,497	1,436,789
Total current liabilities	14,508,645	12,359,538
Noncurrent Liabilities:		
Other postemployment benefits	431,852	416,035
Bonds payable	47,594,689	50,232,848
Capital lease obligations	8,541,916	10,032,413
Compensated absences	596,091	535,440
Total noncurrent liabilities	57,164,548	61,216,736
Total liabilities	71,673,193	73,576,274
Deferred Inflows of Resources:		
Pension plan	174,477	250,454
Other postemployment benefits	39,592	46,160
Total deferred inflows of resources	214,069	296,614
Net Position:		
Net investment in capital assets	282,554,207	289,271,966
Restricted for liability insurance plan	10,527,621	10,536,336
Restricted for debt service	2,029,382	1,996,544
Restricted grants or contributions	1,120,762	1,094,246
Unrestricted assets	97,970,676	72,747,104
Total net position	394,202,648	375,646,196
Total liabilities, deferred inflows of resources and net position	\$ 466,089,910	\$ 449,519,084

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues:		
Passenger revenue	\$ 41,990,599	\$ 42,221,002
Equipment rentals and other	314,236	269,168
Total operating revenues	42,304,835	42,490,170
Operating Expenses:		
Contract operations and maintenance	26,946,284	26,917,081
Other operations and maintenance	16,579,038	17,492,047
Property leases and access fees	16,698,897	16,693,442
Insurance	3,945,668	3,766,321
Marketing and sales	2,574,583	2,529,388
General and administrative	10,937,062	11,651,412
Total operating expenses	77,681,532	79,049,691
Operating loss before depreciation and amortization	(35,376,697)	(36,559,521)
Depreciation and Amortization	(18,542,805)	(18,201,071)
Operating loss	(53,919,502)	(54,760,592)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	17,447,509	17,145,270
Federal grants – with PRTC as grantee	15,229,460	15,362,802
Jurisdictional contributions	17,767,748	17,250,240
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	-
Regional transportation funding (NVTa)	194,506	766,586
Interest income:		
Operating funds	1,360,241	616,228
Insurance trust	221,184	132,037
Commonwealth Rail Operating and Capital (C-ROC) Fund	117,075	-
Other restricted funds	63,483	797
Loss on disposal of assets	-	(551,457)
Interest, amortization and other nonoperating expenses, net	(2,188,383)	(3,147,164)
Total nonoperating revenues, net	65,212,823	47,575,339
Capital Grants and Assistance:		
Commonwealth of Virginia grants	1,417,527	13,010,326
Federal grants – with PRTC as grantee	3,541,398	9,559,056
Regional transportation funding (NVTa)	2,304,206	615,190
Local contributions	-	12,842
Total capital grants and assistance	7,263,131	23,197,414
Change in net position	18,556,452	16,012,161
Net Position, beginning of year	375,646,196	359,634,035
Net Position, ending	\$ 394,202,648	\$ 375,646,196

See Notes to Financial Statements.

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Receipts from customers	\$ 41,793,057	\$ 41,737,415
Payments to suppliers	(70,609,174)	(69,908,763)
Payments to employees	(6,996,624)	(8,269,352)
Net cash used in operating activities	(35,812,741)	(36,440,700)
Cash Flows From Noncapital Financing Activities:		
Governmental subsidies	52,694,170	39,309,935
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(5,498,100)	(28,146,040)
Capital grants and assistance	17,235,557	34,648,457
Proceeds from sale of capital assets	-	3,500
Principal paid on capital lease obligations	(1,436,789)	(1,375,502)
Principal paid on notes	-	(1,712,817)
Principal paid on bonds	(2,280,000)	-
Interest paid on capital lease obligation	(510,516)	(575,103)
Interest paid on bonds and notes	(2,010,993)	(1,998,887)
Net cash provided by capital and related financing activities	5,499,159	843,608
Cash Flows From Investing Activities:		
Interest received on investments	1,761,983	749,062
Increase in cash and cash equivalents	24,142,571	4,461,905
Cash and Cash Equivalents, beginning	64,813,474	60,351,569
Cash and Cash Equivalents, ending	\$ 88,956,045	\$ 64,813,474
Reconciliation of Operating Loss to Net Cash Used In		
Operating Activities:		
Operating loss	\$ (53,919,502)	\$ (54,760,592)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	18,542,805	18,201,071
Pension benefit (expense)	(104,719)	87,465
Other postemployment benefit (expense)	(7,470)	10,061
(Increase) decrease in:		
Accounts receivable	(448,350)	(670,264)
Other receivables	(238,061)	51,912
Inventory	442,709	74,467
Prepaid expenses and other	(29,236)	(183)
Deferred outflows of resources – pension contributions	31,513	8,492
Deferred outflows of resources – other postemployment benefit contributions	(1,448)	(27,301)
Increase (decrease) in:		
Accounts payable and accrued expenses	(255,615)	718,575
Unearned revenue	174,633	(134,403)
Net cash used in operating activities	\$ (35,812,741)	\$ (36,440,700)
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 1,926,271	\$ 392,387
Capital assets acquired through accrued liabilities	728,471	73,500
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

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

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 \$13,677,765 and \$13,627,126 at June 30, 2019 and 2018, 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 \$210,000 and \$211,000 at June 30, 2019 and 2018, 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

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, 2019 and 2018.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

Compensated absences: VRE employees are granted vacation leave based on length of employment. Employees with less than ten years of service may carry over a total of 225 hours of leave from year to year, while those with more than ten years may carry over 300 hours. Excess leave may convert to sick leave or may be paid out with the approval of the Chief Executive Officer. Employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked. Compensated absences are accrued when incurred.

Deferred outflows/inflows of resources: In addition to assets, the 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

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 29, 2019, 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

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, 2019 and 2018, the book balance of VRE's deposits with banks was \$3,875,117 and \$5,363,234, 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, 2019 and 2018, VRE had investments of \$72,579,677 and \$46,971,792, 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, 2019 and 2018, VRE had \$10,471,870 and \$10,481,904, 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 2019 and 2018, earnings on the Insurance Trust in the amount of \$221,184 and \$132,037, 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, 2019 and 2018, VRE had \$2,029,382 and \$1,996,544, respectively, invested in the VRA Debt Service Reserve Fund.

As of June 30, 2019 and 2018, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2019	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 72,579,677	\$ 72,579,677
Insurance trust fund – pooled funds	10,471,870	10,471,870
VRA debt service reserve fund	2,029,382	2,029,382
Total investments	\$ 85,080,929	\$ 85,080,929

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
Total investments	\$ 59,450,240	\$ 59,450,240

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 \$2,029,382 as of June 30, 2019, 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, 2019 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 27,297,997	\$ 7,677,839	\$ -	\$ (4,234,165)	\$ 30,741,671
Capital assets being depreciated or amortized:					
Rolling stock	285,279,918	-	-	-	285,279,918
Vehicles	117,043	28,517	-	-	145,560
Facilities	105,935,704	8,195	-	3,907,888	109,851,787
Track and signal improvements	83,434,528	-	-	-	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	5,711,211	26,403	(9,975)	326,277	6,053,916
Total capital assets being depreciated or amortized	498,392,357	63,115	(9,975)	4,234,165	502,679,662
Less accumulated depreciation or amortization for:					
Rolling stock	81,935,325	11,600,882	-	-	93,536,207
Vehicles	47,090	26,260	-	-	73,350
Facilities	41,525,449	3,244,560	-	-	44,770,009
Track and signal improvements	29,377,559	2,816,709	-	-	32,194,268
Equipment and software	11,379,622	538,162	-	-	11,917,784
Equity in property of others	3,803,913	164,593	-	-	3,968,506
Furniture, equipment and software	4,822,516	151,639	(9,975)	-	4,964,180
Total accumulated depreciation or amortization	172,891,474	18,542,805	(9,975)	-	191,424,304
Total capital assets being depreciated or amortized, net	325,500,883	(18,479,690)	-	4,234,165	311,255,358
Totals	\$ 352,798,880	\$ (10,801,851)	\$ -	\$ -	\$ 341,997,029

Note: The chart above reflects the completion of the L'Enfant north storage track project at a value of \$3.7 million, completion of the VRE Headquarters Suite 202 office renovation project at a value of \$326,000 and the completion of the Automated Parking Counter system project at a value of \$244,000.

The chart also reflects a reduction of approximately \$10,000 in furniture, equipment and software asset value. This reduction is due to the expiration of a 3-year capital lease for an office copier machine. Subsequent to the end of the lease term, the copier was purchased by VRE for under \$5,000 and was not capitalized.

VRE did not sell or otherwise dispose of any assets in fiscal year 2019.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

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
Total capital assets being depreciated or amortized	481,546,856	283,278	(4,606,095)	21,168,318	498,392,357
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
Total accumulated depreciation or amortization	159,245,676	18,201,071	(4,555,273)	-	172,891,474
Total capital assets being depreciated or amortized, net	322,301,180	(17,917,793)	(50,822)	21,168,318	325,500,883
Totals	\$ 346,205,344	\$ 6,644,358	\$ (50,822)	\$ -	\$ 352,798,880

Note 4. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Capital leases	\$ 11,469,202	\$ -	\$ (1,436,789)	\$ 10,032,413	\$ 1,490,497
Bond payable	46,640,000	-	(2,280,000)	44,360,000	2,240,000
Unamortized premium	5,872,848	-	(398,159)	5,474,689	-
	63,982,050	-	(4,114,948)	59,867,102	3,730,497
Compensated absences	613,882	407,532	(397,540)	623,874	27,783
	\$ 64,595,932	\$ 407,532	\$ (4,512,488)	\$ 60,490,976	\$ 3,758,280

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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 \$14,072,353.

\$ 10,029,785

Future minimum lease payments as of June 30, 2019 are as follows:

Years Ending June 30,	Amount
2020	\$ 1,931,357
2021	1,931,357
2022	1,931,357
2023	1,931,357
2024	1,931,357
2025	<u>1,931,357</u>
Total minimum lease payments	11,588,142
Less amount representing interest	<u>1,558,357</u>
Present value of lease payments	<u>\$ 10,029,785</u>

Capitalized Lease – Copiers

\$63,450 capitalized lease obligations; \$1,329 due monthly, interest at 9.39%, maturing in 2020; collateralized with two multifunction copiers with a carrying value of \$0.

\$ 2,628

Future minimum lease payments as of June 30, 2019 are as follows:

Years Ending June 30,	Amount
2020	<u>\$ 2,658</u>
Total minimum lease payments	2,658
Less amount representing interest	<u>30</u>
Present value of lease payments	<u>\$ 2,628</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 3.13% to 5.13% through October 1, 2032.

The carrying value of the railcars was \$65,406,906 at June 30, 2019. \$ 44,360,000

Mandatory debt service on Bond payable requirements as of June 30, 2019 are as follows:

Years Ending June 30,	Principal	Interest	Total Required
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
2024	2,745,000	1,548,572	4,293,572
2025-2029	16,035,000	5,420,978	21,455,978
2030-2033	15,910,000	1,254,106	17,164,106
Subtotal	44,360,000	15,715,044	60,075,044
Unamortized premium	5,474,689	-	-
Total	\$ 49,834,689	\$ 15,715,044	\$ 60,075,044

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of VRE are automatically covered by 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
About Plan 1	About Plan 2	About the Hybrid Retirement Plan
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">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election Non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>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>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <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>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>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

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions 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.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting 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.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> 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. <u>Defined Contribution Component</u> 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">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. 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>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Normal Retirement Age Age 65.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p>	<p>Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility Defined Benefit Component Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Defined Contribution Component Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility Defined Benefit Component Age 60 with at least five years (60 months) of creditable service. Defined Contribution Component Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement 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%. Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Cost-of-Living Adjustment (COLA) in Retirement The 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%. Eligibility: Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component Same as Plan 2. Defined Contribution Component Not applicable. Eligibility: Same as Plan 1 and Plan 2.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Eligible political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</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
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component</u> Not applicable.

B. Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive Members or Their Beneficiaries Currently Receiving Benefits	23
Inactive Members:	
Vested	17
Non-vested	26
Active elsewhere in VRS	9
Total inactive members	52
Active Members	99
Total covered employees	174

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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. 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, 2019 was 4.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$205,842 and \$237,355 for the years ended June 30, 2019 and 2018, respectively.

D. Net Pension Asset/Liability

VRE's net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability (asset) was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

E. Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0 percent, net of pension plan 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 pension liabilities.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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
- 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, 2017 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in fiscal year 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue 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, 2017	\$ 16,411,809	\$ 16,921,826	\$ (510,017)
Changes for the year:			
Service cost	796,518	-	796,518
Interest	1,132,348	-	1,132,348
Difference between expected and expected and actual experience	108,387	-	108,387
Contributions – employer	-	413,760	(413,760)
Contributions – employee	-	411,106	(411,106)
Net investment income	-	1,265,980	(1,265,980)
Benefit payments, including refunds of employee contributions	(470,829)	(470,829)	-
Administrative expense	-	(10,415)	10,415
Other changes	-	(1,150)	1,150
Net changes	1,566,424	1,608,452	(42,028)
Balance at June 30, 2018	\$ 17,978,233	\$ 18,530,278	\$ (552,045)

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 \$320,509 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 58.06 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 VRE's portion of the net pension asset/liability, 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	\$ 1,149,458	\$ (320,509)	\$ (1,535,282)

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

For the year ended June 30, 2019, 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	\$ 135,143	\$ -
Changes of assumptions	-	76,301
Net difference between projected and actual earnings on pension plan investments	-	98,176
Employer contributions subsequent to the measurement date	205,842	-
Total	\$ 340,985	\$ 174,477

The \$205,842 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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 52,903
2021	3,616
2022	(95,027)
2023	(826)
	\$ (39,334)

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	
Eligible Employees	
The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.	
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 accumulated retirement member contributions and accrued interest.	
Benefit Amounts	
The benefits payable under the GLI have several components.	
<ul style="list-style-type: none">• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.• 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">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option	
Reduction in Benefit Amounts	
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.	
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)	
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 was increased to \$8,279 effective July 1, 2018.	

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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$28,749 and \$27,301 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, VRE reported a liability of \$431,852 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 28,120 or 0.04670% as compared to \$26,631 or 0.04678% at June 30, 2017.

For the year ended June 30, 2019, VRE recognized GLI OPEB expense of \$19,830. 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, 2019, 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	\$ 21,319	\$ 7,309
Changes of assumptions	-	18,274
Net difference between projected and actual earning on GLI OPEB program investments	-	14,009
Changes in proportion	25,582	-
Employer contributions subsequent to measurement date	28,749	-
	<u>\$ 75,650</u>	<u>\$ 39,592</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 \$431,852 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 60.9 percent. This percentage was used to allocate a portion of the net GLI OPEB liability to VRE.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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 \$28,749 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, 2020. 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
2020	\$ (609)
2021	(609)
2022	(609)
2023	3,044
2024	4,874
Thereafter	1,218
	<u>\$ 7,309</u>

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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, 2017 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 the measurement date of June 30, 2018, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB liability	\$ 3,113,508
Plan fiduciary net position	<u>1,594,773</u>
Employers' net GLI OPEB liability	<u>\$ 1,518,735</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%
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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%
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%.

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, 2018, 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 which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue 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

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	\$ 564,636	\$ 431,852	\$ 324,041

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2019 and 2018, annual track usage fees totaled approximately \$9,875,000 and \$9,888,000, respectively, and facility and other identified costs totaled approximately \$639,000 and \$571,000, respectively. The decrease in track usage fees primarily reflects both normal annual increases to the base fees, offset by the elimination of two non-revenue daily train movements as a result of the L'Enfant Storage Track North project entering service in fiscal year 2019.

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, 2019 and 2018, costs for track access and equipment storage totaled approximately \$6,597,000 and \$6,628,000, respectively, and midday maintenance, utility and other services totaled approximately \$4,515,000 and \$4,965,000, respectively. Cost adjustments will be made in fiscal year 2020 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, 2019 and 2018 totaled approximately \$22,512,000 and \$22,060,000, respectively. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2019 reflect contractual increases and added services, including a focus on asset management programs. Costs for fiscal year 2020 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2019 and 2018, these payments included \$7,643,259 and \$7,187,956 of salary-related costs and \$6,100 and \$6,131 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 \$119,881 and \$110,833 to PRTC during 2019 and 2018, 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 \$656 and \$9,624 in 2019 and 2018, respectively. Amounts payable to NVTC and PRTC were \$14,781 and \$2,015,228, respectively, at June 30, 2019 and \$7,168 and \$1,383,417, respectively, at June 30, 2018.

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 \$133,000 at June 30, 2019 and \$140,000 at June 30, 2018.

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, 2019 and 2018 was as follows:

	2019	2018
Beginning balance, July 1	\$ 10,481,904	\$ 10,416,871
Contribution to reserves	3,700,000	3,700,000
Insurance premiums paid	(3,714,256)	(3,742,259)
Claims mitigation and losses incurred	(189,035)	-
Investment income	221,184	132,037
Actuarial and administrative charges	(27,927)	(24,745)
Ending balance, June 30	<u>\$ 10,471,870</u>	<u>\$ 10,481,904</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

Note 10. Contingencies and Contractual Commitments

At June 30, 2019, 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, 2019:

Stations and Parking Lots	\$ 3,979,508
Rolling Stock	6,650,353
Maintenance and Layover Yards	3,302,179
Track and Signal Improvements	102,601
Other Administrative	<u>451,160</u>
Total	<u>\$ 14,485,801</u>

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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 11. Pending GASB Statements

At June 30, 2019, 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. 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. 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 31, 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.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

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

Note 12. Subsequent Events

In July 2019, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Simmons Machine Tool Corporation of Albany, New York, to fabricate, manufacture, install and test a Wheel Truing Machine for the Lifecycle Overhaul and Upgrade (LOU) Facility for a total amount not to exceed \$2,540,438, inclusive of contingency.

In July 2019, the VRE Operations Board authorized the Chief Executive Officer to execute a Sole Source Contract with REACH NOW for Maintenance and Hosting Support of the VRE Mobile Ticketing Application. The contract is for one base year and four option years for an estimated cost of \$3,244,972, inclusive of contingency.

In August 2019, VRE was repaid \$1.37 million in Railroad Rehabilitation and Improvement Financing (RRIF) Loan Credit Risk Premium funds. This cost was previously expensed in fiscal year 2013 in accordance with implementation of GASB 65 and was not considered likely to be repaid to VRE. This repayment will be accounted for as an unusual event revenue in fiscal year 2020.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events (Continued)

In September 2019, VRE, in collaboration with CSX, completed and placed into service the Slater's Lane Track Crossover project. This project will provide operational flexibility to VRE and other passenger and freight operations. The project will be capitalized in fiscal year 2020.

In September 2019, the VRE Operations Board authorized the Chief Executive Officer to amend the Passenger Tariff to replace the current 5-Day Pass with a 7-Day Pass and the Monthly Pass in VRE Mobile with a 31-Day Pass. The current estimate of the potential impact on annual fare revenue is slightly less than \$500,000 per year.

In September 2019, The VRE Operations Board was asked to authorize the Chief Executive Officer to execute a contract with Vanasse Hangen Brustlin (VHB) of Watertown, MA for the Base Task of preliminary engineering and environmental services for the VRE Crystal City Station Improvements Project for a total amount not to exceed \$1,368,716, inclusive of contingency.

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Required Supplementary Information

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VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543
Contributions in relation to the CRC	460,763	478,465	419,283	413,760	354,543
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294
Contributions as a percentage of covered payroll	6.34%	6.15%	4.86%	4.66%	3.91%

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, the Commission 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.

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	2018
Total Pension Liability					
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831	\$ 796,518
Interest	763,704	850,266	942,652	1,051,830	1,132,348
Changes of assumptions	-	-	-	(243,263)	108,387
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)	(470,829)
Net change in total pension liability	1,263,313	1,409,867	1,550,103	1,167,210	1,566,424
Total pension liability - beginning	11,021,316	12,284,629	13,694,496	15,244,599	\$ 16,411,809
Total pension liability - ending (a)	<u>\$ 12,284,629</u>	<u>\$ 13,694,496</u>	<u>\$ 15,244,599</u>	<u>\$ 16,411,809</u>	<u>\$ 17,978,233</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760
Contributions - employee	414,844	494,240	375,574	407,825	411,106
Net investment income	1,697,173	603,590	259,738	1,829,732	1,265,980
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)	(10,415)
Other	89	(131)	(107)	(1,654)	(1,150)
Net change in plan fiduciary net position	2,409,395	1,275,088	649,196	2,208,304	1,608,452
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326	14,713,522	16,921,826
Plan fiduciary net position - ending (b)	<u>12,789,238</u>	<u>14,064,326</u>	<u>14,713,522</u>	<u>16,921,826</u>	<u>18,530,278</u>
PRTC's net pension (asset) liability - ending (a) - (b)	<u>\$ (504,609)</u>	<u>\$ (369,830)</u>	<u>\$ 531,077</u>	<u>\$ (510,017)</u>	<u>\$ (552,045)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%	103.11%	103.07%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155
PRTC's net pension (asset) liability as a percentage of covered payroll	7.67%	5.09%	-6.82%	5.91%	6.22%

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 Commission 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.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF THE VRE'S SHARE OF NET OPEB LIABILITY - GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,	
	2017	2018
Total Group Life Insurance OPEB Liability		
The Commission's Portion of the Net GLI OPEB Liability	0.04678%	0.04626%
The Commission's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000	\$ 709,000
The Commission's Covered Payroll	\$ 8,627,885	\$ 8,875,155
The Commission's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%	7.99%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%

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 Commission 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.

VIRGINIA RAILWAY EXPRESS

**SCHEDULE OF AUTHORITY CONTRIBUTIONS - OPEB -
GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Contractually required contribution (CRC)	\$ 20,469	\$ 25,277	\$ 25,929	\$ 34,313	\$ 34,887	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,151	\$ 47,196	
Contributions in relation to the CRC	20,469	25,277	25,929	34,313	34,887	38,509	41,266	44,865	46,151	47,196	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 5,685,905	\$ 5,744,800	\$ 5,892,844	\$ 6,474,129	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	

Note 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.

VIRGINIA RAILWAY EXPRESS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2019

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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, 2019

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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	65 – 68
Other Statistical Information These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	69 – 70
Demographic and Economic Information These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	71 – 73
Debt Service Requirements These schedules provide information regarding the VRE's debt service requirements related to the 2018 Virginia Resource Authority Bonds.	74 – 75

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGE IN NET POSITION

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues:										
Passenger revenue	\$ 41,990,599	\$ 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
Equipment rentals and other	314,236	269,168	301,621	240,052	418,569	197,915	239,381	304,184	200,069	247,375
Total operating revenues	42,304,835	42,490,170	42,582,290	37,936,965	37,118,760	37,291,391	34,972,487	35,025,775	32,568,192	30,267,105
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	17,447,509	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
Federal grants - with PRTC as grantee	15,229,460	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
Jurisdictional contributions	17,767,748	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
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	-	-	-	-	-	-	-	-	-
Regional transportation funding (NVTa)	194,506	766,586	461,889	542,671	-	-	-	-	-	-
Capital Grants and Assistance:										
Commonwealth of Virginia grants	1,417,527	13,010,326	3,033,657	9,826,429	14,694,277	-	-	-	-	-
Federal grants - with PRTC as grantee	3,541,398	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
Regional transportation funding (NVTa)	2,304,206	615,190	651,163	-	-	-	-	-	-	-
Federal grants - NVTC and other	-	-	-	-	-	-	-	-	3,308,513	402,355
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
Interest income:										
Operating funds	1,360,241	616,228	285,495	93,677	34,337	27,860	18,573	16,813	14,675	23,893
Insurance trust	221,184	132,037	98,560	69,444	-	-	-	-	-	65,164
Commuter Rail Operating and Capital (C-ROC) Fund	117,075	-	-	-	-	-	-	-	-	-
Other restricted funds	63,483	797	402	197	59	196	772	1,161	384	586
Gain (loss) on sale of assets	-	(551,457)	3,500	-	(60,293)	1,500	(769,042)	(358,382)	(271,606)	(393,419)
Total nonoperating revenues	74,664,337	73,919,917	71,355,025	80,427,948	78,060,690	59,778,698	50,803,553	55,540,226	88,628,527	60,273,066
Total revenues	116,969,172	116,410,087	113,937,315	118,364,913	115,179,450	97,070,089	85,776,040	90,566,001	121,196,719	90,540,171
Operating Expenses:										
Contract operations and maintenance	26,946,284	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
Other operations and maintenance	16,579,038	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
Property leases and access fees	16,698,897	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
Insurance	3,945,668	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
Marketing and sales	2,574,583	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
General and administrative	10,937,062	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
Depreciation and amortization	18,542,805	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
Total operating expenses	96,224,337	97,250,762	91,716,830	86,828,391	81,028,389	80,470,639	75,184,973	74,999,773	69,847,115	63,931,917
Nonoperating (Revenues) Expenses:										
Interest and amortization	2,188,383	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
Total nonoperating expenses, net	2,188,383	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
Special items	-	-	-	1,882,945	-	3,660,786	-	-	-	-
Total expenses	98,412,720	100,397,926	94,934,586	92,096,098	84,563,033	88,158,149	79,868,067	81,524,121	75,413,944	69,614,852
Change in net assets							\$ 5,907,973	\$ 9,041,880	\$ 45,782,775	\$ 20,925,319
Change in net position	\$ 18,556,452	\$ 16,012,161	\$ 19,002,729	\$ 26,268,815	\$ 30,616,417	\$ 8,911,940				

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

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

Source: VRE's Audited Financial Statements.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF COMPONENTS OF NET POSITION

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	\$ 282,554,207	\$ 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
Restricted for liability insurance plan	10,527,621	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
Restricted for debt service	2,029,382	1,996,544	-	-	-	6,731,166	6,563,328	6,408,466	6,259,239	5,980,313
Restricted grants or contributions	1,120,762	1,094,246	779,223	779,223	-	-	140,270	951,342	600,250	34,619
Unrestricted assets	97,970,676	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
Total net assets							<u>\$ 272,851,551</u>	<u>\$ 265,969,463</u>	<u>\$ 254,899,711</u>	<u>\$ 201,610,330</u>
Total net position	<u>\$ 394,202,648</u>	<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.

Source: VRE's Audited Financial Statements.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF OUTSTANDING DEBT

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue Bonds:										
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,065,000
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	-	-	-	-	-	6,555,000	12,775,000	18,685,000	24,295,000	24,425,000
Bonds Payable:										
\$46,640,000 Virginia Resources Authority (VRA) Bond 2018	44,360,000	46,640,000	-	-	-	-	-	-	-	-
\$5,972,388 Unamortized Premium on VRA Bond 2018	5,474,689	5,872,848	-	-	-	-	-	-	-	-
Capital Leases:										
\$25,100,000 Capitalized Lease Obligation	10,029,785	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
\$74,425 Capitalized Lease Obligation	2,628	17,559	34,287	50,048	64,331	-	-	-	-	-
Notes Payable:										
\$900,000 SunTrust Bank	-	-	-	-	-	-	-	320,000	380,000	440,000
\$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
Outstanding as of June 30	<u>\$ 59,867,102</u>	<u>\$ 63,982,050</u>	<u>\$ 66,284,863</u>	<u>\$ 69,787,896</u>	<u>\$ 73,123,973</u>	<u>\$ 82,789,191</u>	<u>\$ 92,039,590</u>	<u>\$ 101,166,421</u>	<u>\$ 107,767,263</u>	<u>\$ 114,455,478</u>
Debt per Capita:										
Outstanding as of June 30	\$ 59,867,102	\$ 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
Total Participating Jurisdictional Population	N/A	N/A	2,338,048	2,318,029	2,306,144	2,291,535	2,272,215	2,238,627	2,189,988	2,159,228
Debt per Capita	<u>N/A</u>	<u>N/A</u>	<u>\$ 28.35</u>	<u>\$ 30.11</u>	<u>\$ 31.71</u>	<u>\$ 36.13</u>	<u>\$ 40.51</u>	<u>\$ 45.19</u>	<u>\$ 49.21</u>	<u>\$ 53.01</u>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 59,867,102	\$ 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
Total Personal Income	N/A	N/A	151,975,906,000	147,322,413,000	145,965,828,309	140,070,303,000	137,641,320,000	135,296,802,000	126,548,575,000	125,509,757,000
Total Outstanding Debt as a Percentage of Personal Income	<u>N/A</u>	<u>N/A</u>	<u>0.04%</u>	<u>0.05%</u>	<u>0.05%</u>	<u>0.06%</u>	<u>0.07%</u>	<u>0.07%</u>	<u>0.09%</u>	<u>0.09%</u>

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

- (1) Fairfax County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 295
- (2) Prince William County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 269
- (3) City of Manassas fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 163
- (4) City of Manassas Park fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 13, page 201
- (5) Stafford County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 196
- (6) City of Fredericksburg fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 209
- (7) Spotsylvania County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 165
- (8) City of Alexandria fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 230
- (9) Arlington County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table K, page 283

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS Last Ten Fiscal Years (Unaudited)

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Fairfax County	\$ 5,385,794	\$ 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
City of Fredericksburg	436,568	417,278	483,524	439,366	581,244	427,728	339,064	420,566	405,980	508,503
City of Manassas	785,898	684,586	749,372	766,491	686,944	757,804	642,662	817,993	871,611	883,443
City of Manassas Park	511,311	474,718	511,777	576,699	401,762	574,709	441,702	566,504	544,763	537,496
Prince William County	6,183,745	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
Stafford County	2,475,127	2,344,514	2,647,221	2,855,607	2,689,391	2,529,281	1,892,640	2,505,805	2,634,002	2,971,727
Spotsylvania County	1,632,635	1,520,191	1,382,749	1,303,888	1,401,382	1,313,600	3,510,352	577,020	-	-
City of Alexandria	144,807	140,589	140,589	133,894	133,894	133,894	133,894	129,944	130,974	124,737
Arlington County	211,863	205,692	205,692	195,897	195,897	195,897	195,897	190,117	191,624	182,499
Total contributions	\$ 17,767,748	\$ 17,250,240	\$ 17,250,240	\$ 16,428,800	\$ 16,428,800	\$ 16,428,800	\$ 16,428,800	\$ 15,943,917	\$ 16,070,307	\$ 16,376,968

Source: VRE's Department of Finance

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF MISCELLANEOUS STATISTICS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	20	20	22	25	20
Railcars	100	100	98	100	93	91	91	91	101	95
Total rolling stock	120	120	118	120	113	111	111	113	126	115
Stations	19	19	19	19	18	18	18	18	18	18
Parking Spaces	10,795	10,796	10,796	10,743	9,243	9,030	9,030	8,824	8,824	8,691
Employees	50	50	49	45	39	37	37	37	37	37
Ridership and Fare Revenue Data (1):										
Total Ridership	4,477,266	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
Average Daily Ridership	18,053	18,974	18,968	17,767	18,547	18,119	18,878	19,088	18,377	16,673
Average Fare Per Trip	\$ 9.38	\$ 8.97	\$ 8.88	\$ 8.49	\$ 7.95	\$ 8.16	\$ 7.48	\$ 7.28	\$ 7.17	\$ 7.44

(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.

(2) In fiscal year 2019, restriping of Leeland Road commuter parking lot occurred, resulting in one less available parking space.

Source: VRE staff



VIRGINIA RAILWAY EXPRESS

PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

Current Year and Nine Years Ago
(Unaudited)

Employers	2018			2009		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
U.S. Federal Government (1) (3) (4) (5)	1	42,580 - 53,077+	N/A	1	33,693 - 33,693	N/A
Fairfax County Public Schools (1)	2	24,715	N/A	2	23,014	N/A
Fairfax County Government (1)	3	12,552	N/A	4	11,393	N/A
Booz-Allen Hamilton (1) (2)	4	6,700 - 11,699	N/A	3	8,450 - 11,450	N/A
Inova Health System (1)	5	7,000 - 10,000	N/A	5	7,000 - 10,000	N/A
Capital One (1)	6	5,000 - 9,999	N/A	-	-	N/A
Federal Home Loan Mortgage (1)	7	5,000 - 9,999	N/A	8	4,000 - 6,999	N/A
General Dynamics (1)	8	5,000 - 9,999	N/A	10	1,000 - 3,999	N/A
George Mason University (1)	9	5,000 - 9,999	N/A	-	-	N/A
Deloitte (2)	10	9,400	N/A	-	-	N/A
Northrop Grumman (1)	-	-	N/A	6	7,000 - 10,000	N/A
Lockheed Martin (1) (2)	-	-	N/A	7	5,761 - 68,760	N/A
Science Applications International Corp. (1)	-	-	N/A	9	4,000 - 6,999	N/A

Sources:

(1) through (9) extracted and combined from the following sources:

- (1) County of Fairfax fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 296
- (2) County of Arlington fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table L, page 284
- (3) County of Prince William fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 17, page 270
- (4) County of Stafford fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table S-17, page 198
- (5) City of Alexandria fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 235
- (6) City of Spotsylvania fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table S-14, page 166
- (7) City of Manassas fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 164
- (8) City of Manassas Park fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 1202
- (9) City of Fredericksburg fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 210

VIRGINIA RAILWAY EXPRESS

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2010 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)
2018									
Population	N/A	460,457	N/A	16,528	145,699	28,360	133,783	154,500	225,200
Personal Income (in thousands)	N/A	\$29,405,835	N/A	\$489,906	\$6,841,181	\$1,339,442	\$6,318,518	N/A	\$19,814,447
Per Capita Personal Income	N/A	\$54,754	N/A	\$29,641	\$46,954	\$47,230	\$47,230	N/A	\$87,986
Unemployment Rate	N/A	2.9%	2.8%	2.8%	3.3%	4.3%	3.2%	2.4%	2.5%
2017									
Population	1,142,888	456,126	41,501	16,591	144,612	28,297	133,033	152,200	222,800
Personal Income (in thousands)	\$86,834,344	\$28,317,142	\$2,196,606	\$478,667	\$6,657,002	\$1,313,009	\$6,283,096	N/A	\$19,896,040
Per Capita Personal Income	\$75,978	\$53,969	\$52,929	\$28,851	\$46,034	\$46,401	\$47,230	N/A	\$89,300
Unemployment Rate	3.0%	3.5%	3.4%	3.4%	3.6%	4.6%	3.8%	2.9%	2.6%
2016									
Population	1,138,652	449,864	41,483	15,827	142,380	28,118	131,405	149,900	220,400
Personal Income (in thousands)	\$85,311,224	\$26,935,423	\$2,128,617	\$456,625	\$6,425,740	\$1,256,818	\$6,206,206	N/A	\$18,601,760
Per Capita Personal Income	\$74,923	\$52,546	\$51,313	\$28,851	\$45,131	\$44,698	\$47,230	\$83,167	\$84,400
Unemployment Rate	3.2%	3.7%	3.4%	3.9%	4.0%	4.8%	4.2%	2.9%	2.9%
2015									
Population	1,142,234	441,627	41,764	15,625	142,299	28,213	130,032	147,650	216,700
Personal Income (in thousands)	\$85,675,546	\$25,621,125	\$2,101,356	\$440,062	\$6,296,162	\$1,201,676	\$6,015,371	N/A	\$18,614,530
Per Capita Personal Income	\$75,007	\$50,315	\$50,315	\$28,164	\$44,246	\$42,593	\$46,261	\$82,253	\$85,900
Unemployment Rate	3.1%	4.4%	4.1%	4.4%	5.2%	6.2%	4.8%	3.5%	3.4%
2014									
Population	1,137,538	433,621	42,081	14,992	138,423	28,132	128,880	144,000	215,000
Personal Income (in thousands)	\$81,620,627	\$24,377,908	\$2,042,822	\$420,586	\$6,091,966	\$1,215,809	\$5,746,085	N/A	\$18,554,500
Per Capita Personal Income	\$71,752	\$48,545	\$48,545	\$28,054	\$44,010	\$43,218	\$44,595	\$80,506	\$86,300
Unemployment Rate	3.5%	4.8%	5.0%	4.5%	5.2%	5.9%	5.5%	4.6%	3.5%
2013									
Population	1,130,924	425,681	41,725	15,125	135,311	27,307	127,445	142,000	221,045
Personal Income (in thousands)	\$80,982,075	\$23,468,904	\$1,973,426	\$407,528	\$5,900,913	\$1,116,665	\$5,557,586	N/A	\$18,234,223
Per Capita Personal Income	\$71,607	\$47,296	\$47,296	\$26,944	\$43,610	\$40,893	\$43,608	\$77,419	\$82,491
Unemployment Rate	3.7%	5.2%	5.4%	5.0%	5.1%	8.2%	6.3%	4.7%	4.0%

	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)
2012									
Population	1,118,602	418,107	40,742	14,409	132,719	26,024	125,833	140,800	216,004
Personal Income (in thousands)	\$77,012,392	\$23,464,178	\$1,965,150	\$393,452	\$5,674,401	\$1,064,199	\$5,546,730	N/A	\$17,273,192
Per Capita Personal Income	\$68,847	\$48,234	\$48,234	\$27,306	\$42,755	\$40,893	\$44,080	\$81,896	\$79,967
Unemployment Rate	4.4%	5.3%	5.6%	4.7%	4.9%	8.8%	6.5%	4.6%	3.5%
2011									
Population	1,100,692	410,454	39,358	13,759	129,772	25,691	124,534	140,100	210,280
Personal Income (in thousands)	\$71,145,429	\$22,755,668	\$1,888,948	\$371,204	\$5,439,653	\$1,050,582	\$5,363,398	N/A	\$15,707,916
Per Capita Personal Income	\$64,637	\$47,994	\$47,994	\$26,979	\$41,917	\$40,893	\$43,068	\$78,383	\$74,700
Unemployment Rate	4.7%	5.7%	6.1%	5.2%	5.2%	10.3%	7.0%	4.8%	3.9%
2010									
Population	1,081,726	402,002	37,821	13,195	128,961	24,286	122,397	139,993	212,200
Personal Income (in thousands)	\$72,577,324	\$21,375,534	\$1,761,021	\$360,685	\$5,265,160	\$954,391	\$5,074,943	N/A	\$15,217,499
Per Capita Personal Income	\$67,094	\$46,562	\$46,562	\$27,335	\$40,828	\$39,298	\$41,463	\$76,362	\$71,713
Unemployment Rate	5.1%	6.1%	7.0%	5.8%	5.7%	9.6%	7.0%	4.8%	4.3%

Note; Data for participating jurisdictions not available for 2019.

Sources:

- (1) Fairfax County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 295
- (2) Prince William County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 269
- (3) City of Manassas fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 163
- (4) City of Manassas Park fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 13, page 201
- (5) Stafford County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 196
- (6) City of Fredericksburg fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 209
- (7) Spotsylvania County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 165
- (8) City of Alexandria fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 230
- (9) Arlington County fiscal year 2018 Comprehensive Annual Financial Report, Statistical Section, Table K, page 283

VIRGINIA RAILWAY EXPRESS

PLEDGED REVENUE COVERAGE

(unaudited)

Fiscal Year Ended				Net Revenues	Annual VRA	
June 30,	Revenues ⁽¹⁾	Less: Operating	Expenses ⁽²⁾	Available for	Debt Service	Coverage
				Debt Service		
2019	\$ 107,517,658	\$ 77,681,532	\$ 29,836,126	\$ 4,290,993	695%	
2018	90,065,509	79,049,691	11,015,818	n/a	n/a	

Notes:

(1) Includes operating and net non-operating revenues (subsidies and interest income)

(2) Net of depreciation and amortization

VIRGINIA RAILWAY EXPRESS

WORKING CAPITAL RESERVE FUND
(unaudited)

Fiscal Year Ended June 30,	Cash & Cash Equivalents	Operating Expenses	Less: Depreciation/ Amortization	Cash Expenses	90 Days of Cash Expenses (25%)	Ratio
2019	\$ 75,278,280	\$ 96,224,337	\$ 18,542,805	\$ 77,681,532	\$ 19,420,383	3.9x
2018	51,186,348	97,250,762	18,201,071	79,049,691	19,762,423	2.6x

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, 2019, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated October 29, 2019.

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 29, 2019



A Transportation Partnership

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RESOLUTION #2398

SUBJECT: Approval of the 2020 VRE Legislative Agenda

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

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

WHEREAS: It is essential for VRE to educate and advocate for desired legislative and 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 hereby approves the 2020 VRE Legislative Agenda and authorizes the Acting VRE Chief Executive Officer to actively pursue the elements set forth in the attached document.

Approved this 5th day of December 2019.

Matthew F. Letourneau
Chairman

Sharon Bulova
Secretary-Treasurer

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State Legislative Issues:

Protect Commuter Rail Operating and Capital (C-ROC) funding levels.

Continue to keep legislators and administration apprised of how we are allocating/spending the C-ROC funds.

Support Secretary of Transportation/Department of Rail and Public Transportation on a coordinated funding plan using state and federal funds for Long Bridge expansion project and the DC to RVA rail expansion project.

Support actions by Northern Virginia Transportation Authority (NVTA) and others to restore funding for NVTA.

Defend against legislative proposals that would decrease funding for VRE.

Watchlist Issues

Advocate for increasing overall state transit operating and capital funds to “increase the pie” to allow for greater support to commuter rail and transit.

Monitor the Virginia Transit Association and others’ proposals to increase funding for public transportation and create programs that will increase ridership.

Monitor proposals to create transportation authorities that would include VRE jurisdictions.



VRE Contacts:

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Ann Warner – Federal Relations Consultant, ☎ 202.230.8017 ✉ ann@annwarnerllc.com

Aimee Perron-Seibert – State Legislative Consultant, ☎ 804.647.3140 ✉ aimee@commonwealthstrategy.net

Federal Legislative and Regulatory Issues:

Federal Grant Programs

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.

FAST Act Reauthorization

VRE will partner with other stakeholders to advocate for appropriate funding levels and policies to support commuter rail and mass transit.

Surface Transportation Board (STB) Authority

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.

Amtrak On-Time-Performance (OTP)

Amtrak is working with the Federal Railroad Administration on developing OTP metrics and measurements which will then be enforced by the STB.

Watchlist Issues

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.



VRE Contacts:

Joe Swartz – Chief of Staff, ☎ 703.838.5425 ✉ jswartz@vre.org

Ann Warner – Federal Relations Consultant, ☎ 202.230.8017 ✉ ann@annwarnerllc.com

Aimee Perron-Seibert – State Legislative Consultant, ☎ 804.647.3140 ✉ aimee@commonwealthstrategy.net

Agenda Item #10: Department of Rail and Public Transportation (DRPT)



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice

DATE: November 26, 2019

SUBJECT: Department of Rail and Public Transportation (DRPT)

At the December meeting DRPT Director Jennifer Mitchell will give her report on DRPT activities. The [monthly 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
Fax: 804-225-3752
Virginia Relay Center
800-828-1120 (TDD)

TO: Chairman Letourneau and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: November 22, 2019

SUBJECT: Virginia Department of Rail and Public Transportation (DRPT) Update

DRPT is pleased to announce that Tim Roseboom will join DRPT on December 10 in the position of Senior Program Manager – Major Capital Investments. This new position will become DRPT's primary staff liaison to WMATA and will assist with the management of the Commonwealth's investments in WMATA. He will also provide staff support to the Commonwealth's appointee to the WMATA Board, Chairman Paul Smedberg. Tim joins DRPT from Arlington County where he serves as WMATA Service Coordinator.

The CTB met on November 20, 2019 before the start of the [2019 Governor's Transportation Conference and Innovation Summit](#) in Arlington at which it approved a resolution supporting DRPT's funding application to NVTA in the amount of \$100 million for the Franconia-Springfield Passenger Rail Bypass. The CTB will next meet on December 10 & 11 in Richmond.

DRPT's FY 21 public transportation grant application cycle opens on December 2, 2019. Grant applications are due on February 3, 2020. DRPT hosted a series of Transit and Mobility Programs Grant Workshops for its local and regional public transit agency partners across the Commonwealth in November, including a workshop in Arlington on November 21.

The Transit Service Delivery and Advisory Committee (TSDAC) will meet at 10 a.m. on December 13, 2019 at the DRPT Headquarters Office in Richmond. DRPT will update the TSDAC on its recent Capital Needs Assessment and the Economic Impacts of Transit report.

DRPT continues to be an active partner with the Virginia Office of Intermodal Planning and Investment (OIPI) and the Virginia Department of Transportation (VDOT) on the new [I-95 Corridor Improvement Plan](#) that the CTB was directed to undertake by the General Assembly.

DRPT.Virginia.gov

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

The CTB has initiated a data-driven study to develop the I-95 Corridor Improvement Plan that will identify key problem areas along the corridor and identify potential solutions and areas for additional review and study. The CTB is conducting a series of public meetings during the plan development process. The first round of public meetings focused on problem identification and was held in July. Draft recommendations were presented at the second round of public meetings in October. The CTB will conclude public meetings in 2019 with one final round of meetings in December and will report findings and recommendations to the General Assembly in 2020.

DRPT continues to work with regional partners on an update to the I-66 Corridor Transit/TDM Plan that was completed in 2015 as part of the planning and environmental work performed for the Transform 66: Outside the Beltway project. The purpose of this planning effort is to develop an updated program of Transit/TDM services to be funded with the annual dedicated revenues that are available through the project concession agreement. The current plan includes a program of significantly enhanced peak period, point-to-point commuter bus service in the I-66 corridor that will utilize the new Park & Ride Lots and Express Lanes that are being constructed outside the Beltway. The updated plan will give consideration to how it can complement NVTC's I-66 Commuter Choice Program as well as new consideration of commuter rail in the corridor. The next interaction with the Regional Stakeholder Group will be a web-based crowd sourcing exercise to receive comments on revised draft recommendations. DRPT plans to have an updated plan document completed by the end of the year.

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. On September 5, 2019, Federal Railroad Administration (FRA) and the District Department of Transportation (DDOT) published the [Draft Environmental Impact Statement \(DEIS\)](#) for the Long Bridge project. DRPT is the named Project Sponsor for future phases of the project. DRPT will continue to provide updates on the Atlantic Gateway Program projects as they become available.

On September 10, 2019, the FRA, in cooperation with DRPT, announced that the [Record of Decision \(ROD\)](#) for the DC2RVA Higher Speed Rail Project, has been signed, completing the Environmental Impact Statement (EIS) study process and making the project eligible to receive additional federal funding to advance project planning. DRPT will provide updates on the DC2RVA project as they become available.

Agenda Item #11: Proposed FY2021 NVTC G&A Budget and Proposed 2020 Work Plan



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice and Scott Kalkwarf

DATE: November 26, 2019

SUBJECT: Proposed FY2021 NVTC General and Administrative Budget and Proposed 2020 Work Plan

At the December meeting the Commission will be briefed on the proposed FY2021 NVTC General and Administrative Budget and the proposed 2020 NVTC Work Plan. The budget has been reviewed by jurisdiction staff and was discussed by the Executive Committee in November. At the December 5th 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 16th meeting. Following public comment at the January meeting, the Commission will also be asked to approve the 2020 Work Plan.

General and Administrative Budget

The proposed FY2021 NVTC General and Administrative Budget document contains a base budget, as well as an option for the addition of a new financial staff position as explained in more detail below. The Executive Committee requested that this option be provided to the Commission for consideration.

Proposed Base Budget

The proposed 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. The proposed budget totals \$3,656,100, including \$984,300 for the administration of the I-66 and I-395 Commuter Choice programs, which is funded entirely with toll related revenue, and \$2,671,800 for the remaining operating program which is funded by other sources, primarily from the member jurisdictions.

Total expenses are proposed to decrease by \$18,400, or 0.5% over the approved FY2020 budget. The budget for the administration of the Commuter Choice programs decreased by \$215,700, leaving a net increase of \$197,300, or 8.0%, over the approved FY2020 budget for the balance of NVTC's operating program.

The decrease in the Commuter Choice program is due to an expected decrease in contracted technical and outreach support. As the program matures, less outside technical help is anticipated as processes and products which have been developed in prior years will be utilized

in the future. The amount included in the prior year budget for outreach support did not materialize, as the budget assumed an earlier start date for the support.

The staffing plan presented at the June 2018 Commissioner Retreat included the addition of a new financial staff position. However, in an attempt to hold down jurisdiction-funded budget increases, the FY2021 proposed base budget maintains staff levels constant with the prior year. A provision for cost-of-living (COLA) and performance-based increases for existing staff is included. Other payroll related items of significance include NVTC's retirement plan contributions, which are expected to increase by 17.5% due to recently hired staff becoming eligible to fully participate in the retirement plan during FY2021.

Another notable item in the budget is the office rent. During FY2019, NVTC's office lease was renewed for a larger space effective March 15, 2019 to accommodate NVTC's growing staff levels. The lease calls for the base rent to increase at 2.5% annually. The lease contains two provisions for the abatement of rent. One provision abates the first month's rent each year for seven years, and the second provision abates the rent on approximately 29% of the leased space for the balance of the first lease year ending March 2020. The FY2021 budget shows a 29.1% increase, largely because the second abatement provision was fully recognized in FY2019 and FY2020.

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, contracted support and related costs. 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.

The \$197,300 increase from FY2020 to FY2021 in the balance of the operating program (which excludes Commuter Choice) is funded using \$66,200 of increased carryover funds, \$1,000 interest and other revenue, and \$130,100 (5.9%) of increased funding from member jurisdictions.

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.

Budget Option

As mentioned above, the staffing plan discussed at the June 2018 retreat includes the addition of a financial staff position which is not included in the proposed base budget. The Executive Committee asked that staff provide a budget including the costs of this position as an option for the Commission to consider. The position would provide needed assistance to the existing financial staff as NVTC's responsibilities and activity continue to grow. The position would also provide for some redundancy in performing a variety of financial tasks, as well as a mechanism for succession planning.

The new position would increase the operating program (excluding Commuter Choice) by \$107,400, or an additional 4.3% over the prior year, bringing the jurisdiction increase to 10.9%

instead of the 5.9 % as included in the base proposed budget. The details of these costs are included as an attachment to the proposed budget.

2020 Work Plan

The proposed [NVTC 2020 Work Plan](#), which covers the time period of January 2020 to June 2021, is consistent with the current 2019 Work Plan. The primary change to the Work Plan is the organization of the Work Plan to reflect the Transit Resource Center (a strategic re-organization of existing projects and technical assistance) and the Transit Technology Program (a consolidation of ongoing technology-based projects and coordination opportunities).

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PROPOSED BUDGET

**FISCAL YEAR
2021**

(July 1, 2020 – June 30, 2021)

December 5, 2019

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF REVENUE
Proposed Budget FY 2021

	<u>FY 2019 Actual</u>	<u>Approved Budget FY 2020</u>	<u>Proposed Budget FY 2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Local Share from State Aid (Note 1)	\$ 1,764,453	\$ 1,903,253	\$ 2,033,353	\$ 130,100	
Local Direct Contributions (Note 1)					
Alexandria	39,689	39,016	39,567	551	
Arlington	57,815	61,616	64,369	2,753	
City of Fairfax	4,660	4,966	4,651	(315)	
Fairfax County	169,598	164,451	163,471	(980)	
Falls Church	2,325	2,291	2,099	(192)	
Loudoun	10,160	11,907	10,090	(1,817)	
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>	
Total Contributions	2,048,700	2,187,500	2,317,600	130,100	5.9%
Interest and Other Revenue	11,659	12,000	13,000	1,000	8.3%
Project Chargebacks (Note 2):					
Commuter Choice Program	461,017	1,200,000	984,300	(215,700)	-18.0%
VRE	80,000	80,000	80,000	-	0.0%
Project Grant Billings (Note 3)	23,612	40,000	40,000	-	0.0%
Appropriated Surplus (Note 4)	(39,778)	155,000	221,200	66,200	42.7%
Total Revenue	<u>\$ 2,585,210</u>	<u>\$ 3,674,500</u>	<u>\$ 3,656,100</u>	<u>\$ (18,400)</u>	<u>-0.5%</u>
<i>Commuter Choice Programs</i>	<i>461,017</i>	<i>1,200,000</i>	<i>984,300</i>	<i>(215,700)</i>	<i>-18.0%</i>
<i>Operating Program, Excluding C.C.</i>	<u>\$ 2,124,193</u>	<u>\$ 2,474,500</u>	<u>\$ 2,671,800</u>	<u>\$ 197,300</u>	<u>8.0%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES**

Proposed Budget FY 2021

	<u>FY 2019 Actual</u>	<u>Approved Budget FY 2020</u>	<u>Proposed Budget FY 2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<u>Personnel Costs</u>					
Salaries and Wages (Note 5)	\$ 1,417,801	\$ 1,831,500	\$ 1,901,700	\$ 70,200	3.8%
Fellow Program (Note 5)	30,293	50,000	50,000	-	0.0%
Total Personnel Costs	1,448,094	1,881,500	1,951,700	70,200	3.7%
<u>Benefits</u>					
Employer's Contributions					
FICA and Medicare (Note 6)	99,781	128,000	133,100	5,100	4.0%
Group Health Insurance (Note 7)	110,810	169,300	169,500	200	0.1%
Retirement (Note 8)	140,971	148,100	174,000	25,900	17.5%
Workers & Unemployment Comp.	1,369	6,000	5,000	(1,000)	-16.7%
Life Insurance	4,555	6,900	6,600	(300)	-4.3%
Long Term Disability Insurance	7,093	9,100	9,500	400	4.4%
Total Benefit Costs	364,579	467,400	497,700	30,300	6.5%
<u>Administrative Costs</u>					
Commissioners Per Diem (Note 9)	13,122	17,800	14,600	(3,200)	-18.0%
Rents:	259,268	303,700	391,600	87,900	28.9%
Office Rent (Note 10)	238,111	283,400	366,000	82,600	29.1%
Parking / Metrochek	21,157	20,300	25,600	5,300	26.1%
Insurance:	6,426	6,800	6,800	-	0.0%
Public Official Bonds	2,000	2,000	2,000	-	0.0%
Liability and Property (Note 11)	4,426	4,800	4,800	-	0.0%
Travel, Training and Development	35,727	42,800	44,200	1,400	3.3%
Conferences / Prof. Devel (Note 12)	18,375	26,200	26,700	500	1.9%
Non-Local Travel	2,220	4,300	3,100	(1,200)	-27.9%
Local Travel, Meetings (Note 13)	15,132	12,300	14,400	2,100	17.1%
Communication:	14,985	13,800	15,500	1,700	12.3%
Postage (Note 14)	1,364	1,400	1,400	-	0.0%
Telephone and Data (Note 15)	13,621	12,400	14,100	1,700	13.7%
Publications & Supplies	25,634	25,600	28,700	3,100	12.1%
Office Supplies (Note 16)	3,874	2,700	2,800	100	3.7%
Duplication and Printing (Note 17)	11,063	10,900	10,900	-	0.0%
Public Engagement (Note 18)	10,697	12,000	15,000	3,000	25.0%
Operations:	34,993	36,500	37,200	700	1.9%
Furn.and Equip. (Capital) (Note 19)	18,503	14,600	13,600	(1,000)	-6.8%
Repairs and Maintenance	894	1,000	1,000	-	0.0%
Computer Operations (Note 20)	15,596	20,900	22,600	1,700	8.1%
Other General and Administrative	9,974	9,300	9,600	300	3.2%
Memberships	1,589	1,400	1,600	200	14.3%
Fees and Miscellaneous	6,465	6,400	6,500	100	1.6%
Advertising (Note 21)	1,920	1,500	1,500	-	0.0%
Total Administrative Costs	400,129	456,300	548,200	91,900	20.1%
<u>Contracting Services and Other</u>					
Auditing (Note 22)	17,710	23,800	24,500	700	2.9%
Contract Services & Support (Note 23)					
Commuter Choice	207,521	690,500	479,000	(211,500)	-30.6%
Other Technical	112,177	120,000	120,000	-	0.0%
Legal (Note 24)	35,000	35,000	35,000	-	0.0%
Total Contract Services	372,408	869,300	658,500	(210,800)	-24.2%
Total Operating Program	\$ 2,585,210	\$ 3,674,500	\$ 3,656,100	\$ (18,400)	-0.5%
Commuter Choice Programs	461,017	1,200,000	984,300	(215,700)	-18.0%
Operating Program, Excluding C.C.	<u>\$ 2,124,193</u>	<u>\$ 2,474,500</u>	<u>\$ 2,671,800</u>	<u>\$ 197,300</u>	<u>8.0%</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Notes to Fiscal Year 2021 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 FY2021 budget is based on the FY2019 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.

3. Revenue: Project Grant Billings

The FY2021 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 FY2021 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 FY2021 budget holds staff levels constant with the prior year budget. A provision is included for merit and COLA increases for existing staff.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Notes to Fiscal Year 2021 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, 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 FY2021. 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. Several employees hired in new positions established in FY2019 and FY2020 will become eligible to fully participate in the plan during FY2021, causing an increase in costs as compared to FY2020.

9. Commissioners' Per Diem

The FY2021 budget is based upon the FY2019 actual expenditures, which includes per diem costs of the WMATA and Program Advisory Committees, which began meeting in FY2019. 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 15, 2019 to accommodate NVTC's increasing staff levels. Rent expense included in the FY2021 budget is based upon the fixed costs of the lease, which increase at 2.5 percent per year. The lease contains a provision for the abatement of the first month's rent for the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first lease year ending March 14, 2020. Off-site file storage is also included in this budget line.

11. Insurance: Liability and Property

The FY2021 budget is based on the most recent premium year with a provision for increasing costs.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2021 Proposed Budget

12. Conference / Professional Development

Included in this line for FY2021 are the estimated registration, travel and lodging costs for conferences, professional development, in-house training, and accreditation. 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 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 FY2021 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 FY2021 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, the costs to produce NVTC's annual report, and other public outreach costs such as social media.

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 FY2021 budget is based on an average of prior year actual costs, recognizing an increase in NVTC's software requirements and staff levels with a provision for security enhancements.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2021 Proposed Budget

21. Advertising (Personnel/Procurement)

The FY2021 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 FY2021 budget is based on the costs included in this contract.

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 FY2021 budget assumes NVTC will continue to administer this program and provide all program administration and outreach.

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 FY2021 budget assumes NVTC will administer this program on behalf of both NVTC and PRTC and provide all program administration and outreach..

Other Technical

The FY2021 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
SCHEDULE OF REVENUE - ADDITIONAL POSITION OPTION
Proposed Budget FY 2021

	<u>FY 2019 Actual</u>	<u>Approved Budget FY 2020</u>	<u>Proposed Budget Option FY 2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Local Share from State Aid (Note 1)	\$ 1,764,453	\$ 1,903,253	\$ 2,140,753	\$ 237,500	
Local Direct Contributions (Note 1)					
Alexandria	39,689	39,016	39,567	551	
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Loudoun	10,160	11,907	10,090	(1,817)	
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>	
Total Contributions	2,048,700	2,187,500	2,425,000	237,500	10.9%
Interest and Other Revenue	11,659	12,000	13,000	1,000	8.3%
Project Chargebacks (Note 2):					
Commuter Choice Program	461,017	1,200,000	984,300	(215,700)	-18.0%
VRE	80,000	80,000	80,000	-	0.0%
Project Grant Billings (Note 3)	23,612	40,000	40,000	-	0.0%
Appropriated Surplus (Note 4)	(39,778)	155,000	221,200	66,200	42.7%
Total Revenue	<u>\$ 2,585,210</u>	<u>\$ 3,674,500</u>	<u>\$ 3,763,500</u>	<u>\$ 89,000</u>	<u>2.4%</u>
<i>Commuter Choice Programs</i>	<i>461,017</i>	<i>1,200,000</i>	<i>984,300</i>	<i>(215,700)</i>	<i>-18.0%</i>
<i>Operating Program, Excluding C.C.</i>	<u>\$ 2,124,193</u>	<u>\$ 2,474,500</u>	<u>\$ 2,779,200</u>	<u>\$ 304,700</u>	<u>12.3%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES - ADDITIONAL POSITION OPTION**

Proposed Budget FY 2021

	<u>FY 2019 Actual</u>	<u>Approved Budget FY 2020</u>	<u>Proposed Budget Option FY 2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<u>Personnel Costs</u>					
Salaries and Wages (Note 5)	\$ 1,417,801	\$ 1,831,500	\$ 1,991,700	\$ 160,200	8.7%
Fellow Program (Note 5)	30,293	50,000	50,000	-	0.0%
Total Personnel Costs	1,448,094	1,881,500	2,041,700	160,200	8.5%
<u>Benefits</u>					
Employer's Contributions					
FICA and Medicare (Note 6)	99,781	128,000	140,100	12,100	9.5%
Group Health Insurance (Note 7)	110,810	169,300	176,600	7,300	4.3%
Retirement (Note 8)	140,971	148,100	174,000	25,900	17.5%
Workers & Unemployment Comp.	1,369	6,000	5,100	(900)	-15.0%
Life Insurance	4,555	6,900	6,800	(100)	-1.4%
Long Term Disability Insurance	7,093	9,100	10,000	900	9.9%
Total Benefit Costs	364,579	467,400	512,600	45,200	9.7%
<u>Administrative Costs</u>					
Commissioners Per Diem (Note 9)	13,122	17,800	14,600	(3,200)	-18.0%
Rents:	259,268	303,700	393,400	89,700	29.5%
Office Rent (Note 10)	238,111	283,400	366,000	82,600	29.1%
Parking / Metrochek	21,157	20,300	27,400	7,100	35.0%
Insurance:	6,426	6,800	6,800	-	0.0%
Public Official Bonds	2,000	2,000	2,000	-	0.0%
Liability and Property (Note 11)	4,426	4,800	4,800	-	0.0%
Travel, Training and Development	35,727	42,800	44,600	1,800	4.2%
Conferences / Prof. Devel (Note 12)	18,375	26,200	27,100	900	3.4%
Non-Local Travel	2,220	4,300	3,100	(1,200)	-27.9%
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Communication:	14,985	13,800	15,500	1,700	12.3%
Postage (Note 14)	1,364	1,400	1,400	-	0.0%
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Publications & Supplies	25,634	25,600	28,700	3,100	12.1%
Office Supplies (Note 16)	3,874	2,700	2,800	100	3.7%
Duplication and Printing (Note 17)	11,063	10,900	10,900	-	0.0%
Public Engagement (Note 18)	10,697	12,000	15,000	3,000	25.0%
Operations:	34,993	36,500	37,500	1,000	2.7%
Furn.and Equip. (Capital) (Note 19)	18,503	14,600	13,600	(1,000)	-6.8%
Repairs and Maintenance	894	1,000	1,000	-	0.0%
Computer Operations (Note 20)	15,596	20,900	22,900	2,000	9.6%
Other General and Administrative	9,974	9,300	9,600	300	3.2%
Memberships	1,589	1,400	1,600	200	14.3%
Fees and Miscellaneous	6,465	6,400	6,500	100	1.6%
Advertising (Note 21)	1,920	1,500	1,500	-	0.0%
Total Administrative Costs	400,129	456,300	550,700	94,400	20.7%
<u>Contracting Services and Other</u>					
Auditing (Note 22)	17,710	23,800	24,500	700	2.9%
Contract Services & Support (Note 23)					
Commuter Choice	207,521	690,500	479,000	(211,500)	-30.6%
Other Technical	112,177	120,000	120,000	-	0.0%
Legal (Note 24)	35,000	35,000	35,000	-	0.0%
Total Contract Services	372,408	869,300	658,500	(210,800)	-24.2%
Total Operating Program	\$ 2,585,210	\$ 3,674,500	\$ 3,763,500	\$ 89,000	2.4%
Commuter Choice Programs	461,017	1,200,000	984,300	(215,700)	-18.0%
Operating Program, Excluding C.C.	\$ 2,124,193	\$ 2,474,500	\$ 2,779,200	\$ 304,700	12.3%

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Draft NVTC Work Plan

January 2020 to June 2021

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 2020 through June 2021 (fiscal years FY2020 – 2021). It is intended to be a living document that can be updated as priorities and projects change.

This document supports NVTC's Strategic Framework, Implementation Plan, and, and was developed in consultation with the Management Advisory Committee (MAC). The MAC is a forum to facilitate cooperative regional solutions, to keep local governments informed, and to solicit feedback on ongoing programs, projects, and initiatives.

NVTC's activities in the Work Plan are categorized in the following outline:

1. NVTC's Mission, Vision and Strategic Goals	2
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NVTC's Mission, Vision and Strategic Goals

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.

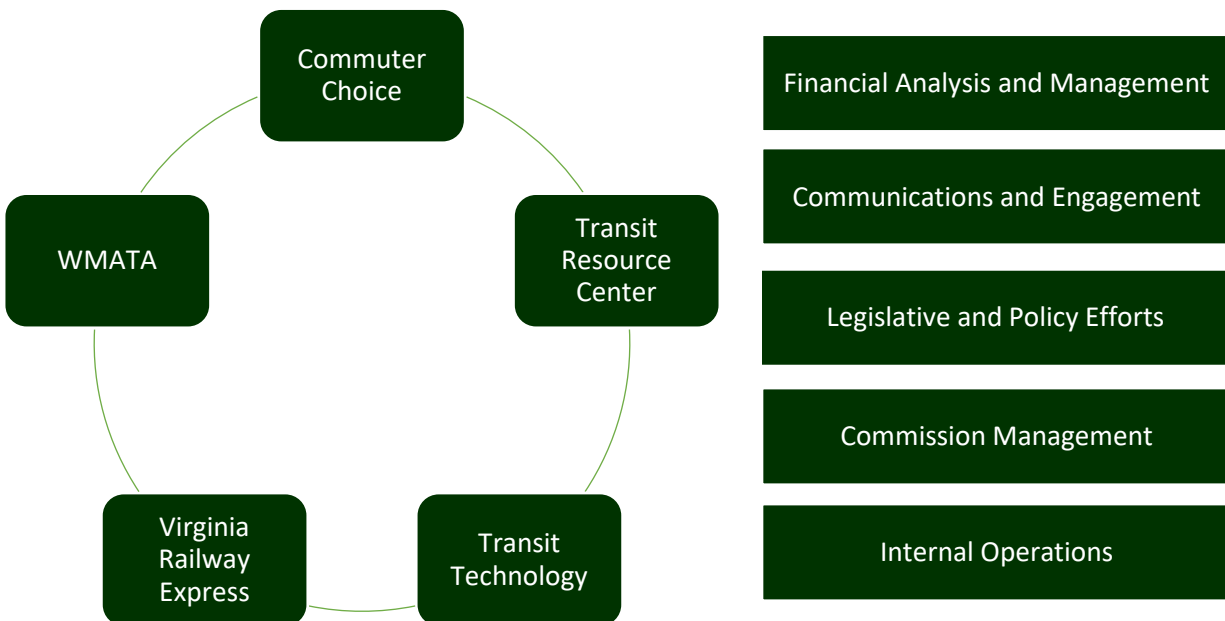
Vision: Northern Virginia businesses and residents are served by a high capacity, high quality network of transit systems that allows our diverse region to thrive economically.

Strategic Goals:

- 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.
- Improve the access and mobility throughout Northern Virginia by connecting the regional and local transit systems.
- Promote safe, reliable, and financially sound performance and management of regional transit systems.

Programs and Crosscutting Functions

NVTC has five programs that support the implementation of the Commission's mission and vision. These programs provide technical assistance, enable data collection and analysis, facilitate regional engagement and jurisdictional coordination, and manage a groundbreaking funding program. It is important to note that these programs interact with and support each other on a regular basis, enabling NVTC to provide comprehensive support to member jurisdictions, partner agencies, and to the Commission and to provide the best representation for our jurisdictions and to ensure NVTC's work adds value for Northern Virginia, the greater DC region, and the Commonwealth.



1. Programs

Program Advisory Committee Support

All the programs described below fall under the purview of the Program Advisory Committee (PAC), except for the WMATA program which falls under the NVTC WMATA Committee.

Per the Commission's By-Laws, the PAC is responsible for providing leadership and guidance in the development of Commission-administered programs. The PAC is convened as needed and in coordination with the PAC Chair.

NVTC staff is responsible for the development and distribution of Committee materials, meeting logistics (in coordination with the Commission Secretary), and all other responsibilities to support the needs of the Committee.

Commuter Choice

The Commuter Choice program is a groundbreaking program that invests toll revenue into transit service, transportation demand management, and other multimodal improvements along the I-66 Inside the Beltway and I-395/95 toll corridors. NVTC, in partnership with the Potomac and Rappahannock Transportation Commission (PRTC), Virginia Department of Transportation (VDOT), Virginia Department of Rail and Public Transportation (DRPT), and the Commonwealth Transportation Board (CTB), manages this competitive funding program through the tasks outlined in the section below.

1) Program Management and Administration

- a) Provide ongoing administration of the program to ensure compliance with relevant Memorandums of Agreement (MOAs).
 - i. Work with staff and legal counsel on policy decisions governing future calls for projects and program administration.
 - ii. Coordinate with regional and state agencies that administer other competitive funding programs to align program milestones.
 - iii. Coordinate with PRTC (as needed) on the ongoing management and administration of the I-395/95 Commuter Choice Program.
 - iv. Transition Commuter Choice to two-year calls for projects.
 - v. Work with financial counsel and financial advisors on financing issues as needed.
 - vi. Maintain and update the Commuter Choice program website to provide relevant, timely information for applicants, grantees, and stakeholders.
- b) Plan for future changes to program administration
 - i) Develop a framework for multiple-year funding commitments for capital projects.
 - ii) Evaluate program management software tools for applicability to and usefulness in managing the growing portfolio of funded projects.
- c) Prepare annual report and program updates
 - i) Prepare and submit the fiscal year report to the CTB as required by the MOA.

- ii) Prepare and update (as needed) a handbook for funding recipients that provides a comprehensive guide to Commuter Choice program eligibility, policies, and procedures.
- iii) Prepare and submit corridor transit reports to the Commission(s).

Deliverables: I-66 Round Four Call for Projects; Preparation for I-395/95 Round Two Call for Projects; Annual Report to the CTB; Corridor Transit Reports

2) Project Selection Process

- a) Prepare application materials received from the calls to secure Commission(s) approval.
- b) Hold educational briefings with eligible applicants. Provide technical assistance and guidance during application process.
- c) Lead technical consultants (in coordination with DRPT) in the eligibility determination, evaluation, and scoring of project applications.
- d) Provide program updates at Commission(s) meetings and present final program of projects for Commission(s) approval.
- e) Coordinate with DRPT to prepare project list and supporting materials for CTB consideration.
- f) Develop potential project list for presentation to the staff and Program Advisory Committee (PAC)/Joint Commission Working Group (JCWG) and consideration by the Commission(s).
- g) Hold public hearing and facilitate online public outreach efforts to explain projects to the public and answer questions about the program.

Deliverables: Eligibility screening workshop with DRPT; Workshops with eligible applicants; PAC and JCWG briefings

3) Standard Project Agreements (SPA)

- a) Work with legal counsel on updates to SPA as needed.
- b) Monitor funded projects to ensure performance and compliance with terms of SPA
- c) Work with funding recipients on performance measures and financial elements of SPA (Appendix A and B).
- d) Facilitate execution of SPAs for approved projects with awarded jurisdictions and the Commission(s).

Deliverables: Updated SPA for I-66 Round Four and I-395/95 Round Two

4) Reimbursement and Financial Reporting

- a) Host quarterly meetings with grantees to receive required project level reports and ensure projects are meeting implementation, reporting, and financial milestones.
- b) Review and approve project reimbursement requests.
- c) Track expenses and reimbursements by corridor, fiscal year program, project, grantee, etc.
- d) Coordinate with NVTC financial team.

5) Outreach and Marketing

- a) Plan and implement public meetings and public input process.

- b) Plan and implement groundbreaking events in collaboration with local jurisdictions and transit providers.
- c) Promote the Commuter Choice program and events through NVTC's social media and other venues.
- d) Create and maintain a Commuter Choice website focused on marketing of projects and programs to toll facility users and the general public (upon completion of the Needs Assessment Study).

Deliverables: Public outreach report for I-66 Round Four; Completion of Needs Assessment Study; RFP for Commuter Choice marketing website

Internal Coordination: Transit Resource Center, WMATA, Financial Analysis and Management, Communications and Engagement, Legislative and Policy, Commission Management

Transit Resource Center

The Transit Resource Center provides technical assistance to member jurisdictions; collects, analyzes, and reports data from all NVTC's programs; manages the Envision Route 7 Bus Rapid Transit (BRT) project; and supports coordination with other regional transportation organizations. An overview of the tasks within the Transit Resource Center are outlined below.

1) Regional Transit Performance Data Collection and Analysis

- a) Collect and analyze transit data.
 - a. Publish the Annual Transit Performance Report.
 - b. Provide jurisdictional and regional transit performance data through materials and presentations, and on NVTC's website.
 - c. Provide data analysis for NVTC jurisdictions and the Commission on regional and national issues that impact transit planning, operations, organizations and ridership.
 - d. Disseminate findings through authoring reports and presentations.
- b) Support Required data collection efforts.
 - a. 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.
- c) Develop and Maintain TBEST Model
 - a. Use technical tools to perform in-depth, regional and multijurisdictional analyses in support of Northern Virginia transit systems.
 - b. Develop and validate jurisdictional transit network models for demand projection and operational planning analyses.

- c. 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 (as requested by jurisdictions or transit providers).
- d. Document implementation procedure so any NVTC analyst can implement the model in the Northern Virginia context.
- e. Collect necessary data from sources including jurisdictions and effectively manage them to enable implementation of the demand projection model.

Deliverables: Annual Transit Performance Report; Model outputs for jurisdiction-led projects

2) Commuter Choice Corridor Analyses

- a) Report on Transit Performance in Commuter Choice Corridors
 - a. Conduct regular analysis on the transit ridership and other metrics to understand the performance of transit along the I-66 Inside the Beltway and I-395/95 Corridors.
 - b. Coordinate with VDOT and TPB to collect corridor-based data necessary for analyses.

Deliverables: Corridor Transit Report

3) Envision Route 7 Bus Rapid Transit (BRT) Study

- a) Complete Phase III work and close out of relevant contracts and grants.
- b) Apply for DRPT Technical Assistance grant to support Phase IV (Traffic Analysis along Virginia Route 7 from approximately I-66 to the Seven Corners area).
- c) Procure consultant services for Phase IV (pending grant and local match approval).
 - a. Continue to coordinate with relevant jurisdictional and stakeholder staff to further the study of high-quality transit on Route 7.
 - b. 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.

Deliverables: Scope of work and budget for Phase IV; Application to DRPT; RFP for Phase IV

4) Regional Coordination and Collaboration

- a) Provide technical support to the NVTA (Northern Virginia Transportation Authority) on regional planning efforts in order to better provide for regional transit needs.
- b) Participate regionally focused technical, program, or study committees assisting in planning, funding, preliminary engineering and environmental analysis for transit in the region, including but not limited to:
 - a. Transportation Planning Board
 - b. Potomac and Rappahannock Transportation Commission
 - c. Northern Virginia Transportation Authority
 - d. Northern Virginia Regional Commission
 - e. Virginia Department of Rail and Public Transportation

- f. Virginia Department of Transportation
- g. Virginia Railway Express
- h. Metropolitan Washington Council of Governments
- i. Washington Metropolitan Area Transit Authority

Internal Coordination: WMATA, Grants Management, Commuter Choice, Communications and Engagement, Legislative and Policy Efforts

Transit Technology

The Transit Technology program provides technical assistance related to fare collection, oversees the implementation of NVTC's Regional Fare Collection Strategic Plan, and engages with regional, state, and national transit technology stakeholders to build Commission knowledge about innovative transit mobility services and emerging technologies. An overview of the tasks within the Transit Technology Program are outlined below.

1) Implementation of the NVTC's Regional Fare Collection Strategic Plan

- a) Provide updates to the Program Advisory Committee and the Commission on the status of the Strategic Plan.
- b) Facilitate regional coordination through the Fare Collection Working Group.
- c) Identify areas of research/analysis that will support implementation of the Strategic Plan.

2) Regional Fare Collection

- a) Next Generation Regional Fare Collection:
 - i. Collaborate with jurisdictions to plan a future fare collection system and keep the existing system operational.
 - ii. Work with jurisdictions to understand future fare collection vision, needs and timelines.
 - 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. 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.
- b) Farebox/Driver Control Unit (DCU) Upgrade Support
 - i. Coordinate with WMATA and local jurisdictions on design, testing and procurement to deliver hardware and software upgrades for buses and bus garages.
 - ii. Gather functional and technical requirements.

- 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. Review pilot and testing activities, plans, and results.
 - c) **Off-Board Fare Collection**
 - i. Work with jurisdictions to coordinate regional off-board payment activities.
 - ii. Analyze vendors and technologies.
 - iii. 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.
 - iv. Support procurement of selected technologies to include vendor oversight and coordination, design reviews, backend integration, testing and installation.
- 3) **Grant Management**
- a) Manage DRPT grants that support the regional fare collection project: Technical Assistance (TA) Grant and Capital Grant.
 - b) Manage consultant support provided through TA grant, including approving work products and annual work plans, reviewing and approving invoices, coordinating with Northern Virginia DRPT grant staff, etc.

Internal Coordination: Transit Resource Center, WMATA, Financial Analysis and Management

Virginia Railway Express

NVTC, as co-owner (with the Potomac and Rappahannock Transportation Commission) of the Virginia Railway Express (VRE), provides oversight of the railway to promote safe, reliable and financially sound performance and management.

- 1) **VRE Operations Board Support**
- a) Facilitate the annual appointment of NVTC's principal and alternate members of the VRE Operations Board.
 - b) Provide staff support, in coordination with jurisdictional staff when necessary, to NVTC-appointed VRE Board members.
 - c) Participate on VRE's Coordination Committee (VCC) and Chief Administrative Officer's Task Force and attend VRE Operations Board meetings.
- 2) **Budget and Financial Management**
- a) 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.
 - b) Apply and receive state and regional assistance on behalf of VRE, including DPRT transit capital and operating funding, Rail Enhancement Funds, and Smart Scale and NVTA funds.

- c) Assist VRE planning staff on ridership, travel forecasting, federal funding programs, and other technical items.

3) VRE Surveys

- a) Provide staff and technical support to VRE for the customer service surveys each spring by assisting with on-board survey distribution.
- b) Provide staff and technical support to VRE for the Master Agreement Annual Ridership Survey each fall by assisting with on-board survey distribution and conducting the survey address verification process using GIS technology.

4) Technical and Communications Support

- a) Amplify and actively share VRE public communications through NVTC social media.
- b) Serve on technical and legislative advisory committees, as requested.
- c) 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.

Deliverables: Audited annual survey report and maps

Internal Coordination: WMATA, Legislative and Policy, Financial Analysis and Management

Washington Metropolitan Area Transit Authority

NVTC exercises 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, management, and oversight of WMATA. Staff supports the NVTC WMATA Committee to facilitate and represent jurisdictional interests and to ensure access to NVTC's WMATA principal director.

1) WMATA Committee Support

- a) Develop and implement the committee's annual work plan.
- b) Manage and staff the NVTC WMATA Committee to facilitate committee guidance and feedback, leading to committee endorsement and recommendation for the full Commission to approve of the *Annual Report on the Performance and Condition of WMATA*.
- c) Manage and staff the NVTC WMATA Committee to provide a venue for discussion of WMATA issues directly affecting the NVTC region and NVTC jurisdictions.
- d) 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.
- e) Inform NVTC Commissioners of pending WMATA Board decisions of regional significance.

2) Annual Report on the Performance and Condition of WMATA

- a) 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.
 - b) Manage technical staff to ensure that the report will meet expectations of the Commission, the General Assembly, and the Administration.
 - c) Communicate and present this report to the Commonwealth Transportation Board, Governor's Office, General Assembly, and other interested stakeholders.
 - d) Publish the report and associated information on NVTC's website.
- 3) Annual Certification of WMATA Documents
- a) Request the following documents from WMATA annually:
 - 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).
 - b) Certify the receipt of these documents to Commonwealth Comptroller no later than June 30 of each year.
- 4) Virginia WMATA Board Member Support
- a) Facilitate the annual appointment of Virginia's two principal and two alternate members of the WMATA Board of Directors (January).
 - b) Provide primary staff support on WMATA related meetings and issues to NVTC's WMATA Board principal member or their designed alternate.
 - c) 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.
 - d) Ensure communication and facilitation between the Commonwealth and NVTC's principal WMATA Board members.
 - e) Provide staff support to WMATA Board members prior to NVTC Commission meetings.
 - f) Participate on WMATA's Jurisdictional Coordinating Committee (JCC).

- a. Monitor and report on the development of WMATA's annual operating and capital budgets and multi-year CIP.
 - 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.
- 5) Support for Northern Virginia Jurisdictions
- a) Participate and provide reports on JCC deliberations and WMATA Board actions to Northern Virginia jurisdictions, as requested.
 - b) Facilitate jurisdictional issues with WMATA that rise to the attention of the NVTC WMATA Board principal member.
 - c) Assist Loudoun County as it transitions to full participation in WMATA leading up to the completion of the Silver Line Phase 2.
 - d) Participate in WMATA-led planning studies, including but not limited to the Metrobus Transformation Project, Blue-Orange-Silver Corridor Study, etc.
- 6) Northern Virginia Transit Response Coordination
- 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-need 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.

Deliverables: Annual Report on the Performance and Condition of WMATA; Lessons learned from the Summer 2020 Metrorail shutdown; Annual certification letter to Commonwealth

Internal Coordination: Transit Resource Center, Transit Technology, Commuter Choice, VRE, Legislative and Policy Efforts, Financial Analysis and Management, Commission Management

2. Financial Analysis and Administration

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. 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.

Support for Member Jurisdictions

- 1) Ensure the stability of the current sources of transit funding available to NVTC's local governments.
- 2) Serve as the central point of contact for Northern Virginia transit system financial information.
- 3) Analyze funding proposals produced by regional and statewide studies and identify policy issues for consideration by the Commission.
- 4) Identify and help obtain funding for new transit projects that are recommended by NVTC's jurisdictions.

Financial Analysis

1) Regional Gas Tax Revenues

- a) Monitor NVTC's regional gas tax receipts from the Division of Motor Vehicles (DMV) for reasonableness of collections in total and by jurisdiction.
- b) Employ database and spreadsheet models to identify unanticipated discrepancies at the taxpayer level by jurisdiction and in total.
- c) Maintain communications with DMV regarding both unusual activities identified by NVTC and DMV audit activity. Make suggestions for improving the program.
- d) Brief the MAC as needed on processes, issues and solutions.

2) 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.

3) 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) 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) Coordinate regional efforts and prepare analytic tools, communication materials and editorials to promote such funding.

Grants Management, Trust Funds, Contracts and Compliance

1) State Assistance

- a) 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.

- b) 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.
 - c) Review and submit state operating and capital assistance applications for local systems through DRPT's OLGA system as agent for the NVTC jurisdictions.
 - d) Manage NVTC and NVTC jurisdiction state grants, including the preparation and review of timely grant invoicing.
 - e) Participate with VRE and NVTC jurisdictions in quarterly project status review meetings with DRPT.
 - f) Work with DRPT and grantees to achieve the maximum funding available.
- 2) I-66 and I-395/95 Commuter Choice
- a) Monitor and reconcile net toll revenue receipts from VDOT with actual collections and Commonwealth Transportation Board (CTB) approved project funding levels.
 - b) Review reimbursement requests for adequate support of eligible expenses; approve and disburse funds.
 - c) Ensure recipient compliance with project agreement provisions.
 - d) Account for direct costs of administering the program.
 - e) Account for and report toll revenue activity as a separate Special Revenue fund.
- 3) NVTC Subsidy Allocation Model
- a) Maintain NVTC's subsidy allocation model (SAM) utilizing the most recent WMATA and local budget information on transit costs, revenues and subsidies.
 - b) Determine each local government's share of NVTC assistance using the annual SAM percentages.
 - c) Apportion shares of the direct local contributions to NVTC's administrative budget using the annual SAM percentages.
 - d) Provide projections and other analysis of annual transit assistance to the NVTC jurisdictions for planning purposes.
- 4) NVTC Jurisdiction Trust Funds
- a) Allocate revenue to NVTC jurisdictions through the NVTC trust fund upon receipt using the annual SAM percentages.
 - b) Prepare timely and accurate quarterly cash flow forecasts of available transit assistance sources and uses for the NVTC jurisdictions.
 - c) Prepare quarterly reports of actual NVTC trust funds activity for use by NVTC jurisdictions.
 - d) Manage and invest trust funds according to NVTC policy by safeguarding assets while maximizing liquidity and investment return.
- 5) Commuter Rail Operations and Capital Fund (C-ROC)
- a) Monitor collections of all C-ROC Funds from the Department of Motor Vehicles (DMV).
 - b) 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.

6) Financial Reporting, Accounting, Audit, Compliance and Contracting

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

7) Federal Grants

- a) Apply for federal grants on behalf of member jurisdictions and manage grants as the 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:
 - i. Maintain subrecipient agreements which outline terms, conditions and expectations.
 - ii. Ensure subrecipient agreements include all the information required by FTA and 2 CFR 200.
 - iii. Review reimbursement requests to ensure costs are reasonable, allocable, and allowable in accordance with 2 CFR 200 and terms of the award.
 - iv. Host quarterly project management meetings with the subrecipient and FTA.
 - v. File quarterly financial and milestone reports (1/30, 4/30, 7/30, 10/30), semi-annual Disadvantaged Business Enterprise (DBE) reports (6/1, 12/1) and other required documentation in FTA's grants management system (TrAMS).
 - vi. Monitor subrecipients to ensure proper stewardship of federal funds and performance goal attainment.
 - vii. Provide technical assistance as needed.
 - viii. Close out completed grants.
- b) Establish NVTC's FY2021-2023 DBE Overall Goal in accordance with 2 CFR 26.45.
- c) Administer Title VI and DBE Programs and provide technical assistance to subrecipients as needed.
- d) Ensure NVTC and subrecipients are in compliance with all relevant FTA regulations and guidelines in numerous areas such as legal, financial management, technical capacity, continuing control, maintenance, procurement, civil rights, and National Transit Database.
- e) Attend workshops and webinars presented by FTA to maintain awareness of changes in federal requirements and processes.
- f) Submit annual certifications and assurances to the FTA and maintain subrecipient's signed annual certifications and assurances on file.

Deliverables: Annual Audit(s); Annual NVTC Budget; Monthly Financial Report; FY2021-2023 DBE Overall Goal Submission

Internal Coordination: Commuter Choice, Transit Resource Center, Transit Technology, VRE, WMATA, Legislative and Policy Efforts

3. Communications and Engagement

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.

1) Partnerships

- a) Identify opportunities to host or participate in transit-related events with Northern Virginia's chambers of commerce and other business representatives.
- b) Identify and apply for grants, in partnership with local jurisdictions and transit agencies, to support a multi-faceted marketing campaign designed to increase bus and rail ridership in Northern Virginia.
- c) Identify opportunities to host a spring transit tour of Northern Virginia for state legislators.
- d) 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.
- e) 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.
- f) Serve on the Virginia Transit Association's (VTA) annual awards and conference planning committees.

2) Internal and External Relations

- a) 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.
 - i. Keep the news media, interest groups and local jurisdictions apprised of Commission meetings and hearings, actions, analyses, research, reports and events.
 - ii. 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.
 - iii. Participate and speak at chamber of commerce events, homeowner association meetings, and jurisdictional governing-body and committee meetings as requested.
- b) 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.
- c) 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.

3) Online Communication

- a) Maximize NVTC's online presence to further its mission.
 - a. Build NVTC's website as a research and information resource.
 - b. Expand NVTC's social media presence to drive traffic to novatransit.org and program pages.
 - 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.

4) Public Outreach

- a) 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.
- b) Plan and implement activities that engage the public and promote NVTC programs and initiatives.
- c) Participate in and support the annual public meeting for Northern Virginia transportation organizations, as required by HB1285 (2018).
- d) Support and coordinate with Commuter Choice program outreach and marketing efforts.
- e) Complete post-WMATA shutdown marketing effort to return riders to transit; analyze results to gain insights for potential future campaigns.
- f) Update and streamline NVTC website to ensure user friendliness and adherence to usability standards.
- g) Unify NVTC outreach materials to ensure consistent branding and messaging across all platforms.
- h) Expand in-person outreach efforts through networking and attendance at public events.

5) Title VI Civil Rights Compliance

- a) Ensure NVTC's compliance with the federal Title VI program.
 - i. Use GIS to conduct a demographic analysis to determine the location of concentrations of minority and limited English proficiency (LEP) persons.

- ii. Seek out and consider the viewpoints of minority, low-income and LEP persons during public outreach and involvement activities.
- iii. 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.
- iv. Target outlets that support or serve affected populations when soliciting public participation and/or comment.
- v. Translate printed materials and advertisements into languages other than English and offer translators and sign-language interpreters at public meetings/hearings, when appropriate.

Deliverables: Daily news clips; Website and social media posts; Post-2020 Metrorail shutdown marketing campaign scope, budget, and RFP; Presentations and handouts; Annual Title VI certification to FTA

Internal Coordination: Commuter Choice, WMATA, Legislative and Policy Efforts, Financial Analysis and Management

4. Legislative and Policy Efforts

Legislative and Policy Committee Support

Per the Commission's By-Laws, the Legislative and Policy Committee is responsible for the development of the annual legislative and policy agenda and serves as a venue for discussion of legislative and policy matters that directly affect NVTC programs, the NVTC region, and transit in Northern Virginia. The committee is typically convened regularly between October and March.

NVTC staff is responsible for the development and distribution of committee materials, meeting logistics (in coordination with the Commission Secretary), and all other responsibilities to support the needs of the committee.

Development of Legislative and Policy Agenda

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.

1) State and Federal Legislative Policy Agenda

- a) 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.
- b) 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).
- c) 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.
- d) 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).

- e) Conduct an annual joint NVTC and PRTC legislative briefing.
- f) 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.

2) Virginia General Assembly Session

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

3) 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.

4) Transit Industry Groups and Trade Associations

- a) Participate in analysis and dialogs on local, state and national transit issues with state and national transit industry associations and other bodies.
- b) Virginia Transit Association (VTA)
 - 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.
- c) 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.
- d) Provide technical assistance and policy analysis support to state and national boards and committees, including, but not limited to:

- i. DRPT's Transit Service Delivery Advisory Committee (TSDAC)
- ii. VTA Executive Committee
- iii. The General Assembly's Joint Committee on Transportation Accountability
- iv. APTA Legislative Committee
- v. APTA Policy and Planning Committee
- vi. APTA Public Private Partnership Committee
- vii. APTA Commuter Rail Committee
- viii. Institute for Transportation Engineers
- ix. Transit Cooperative Research Program (TCRP) Dissemination and Implementation of Research Findings Project Panel

Deliverables: Annual workplan for Legislative and Policy Committee; Joint NVTC/PRTC Legislative Briefing

Internal Coordination: WMATA, VRE, Commuter Choice, Communications and Engagement, Financial Analysis and Management, Commission Management

5. Commission Management

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

- 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 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 Freedom of Information Act (FOIA) requests.

Deliverables: Annual Commission Meeting Schedule; Monthly Commission kit

Internal Coordination: Commuter Choice, Transit Resource Center, Transit Technology, VRE, WMATA, Financial Analysis and Management, Communications and Engagement, Legislative and Policy Efforts

6. Internal Operations

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

1) Human Resources and Administration

- a) Develop the annual NVTC general and administrative (G&A) budget, in coordination with jurisdictional staff, for consideration by the Commission in the fall.
- b) Continue to leverage human resources support assistance to enhance and support human resource functions.
- c) Continue NVTC Transit Fellows Program to attract talent to supplement NVTC staff on specific projects.
- d) Develop and implement a professional development plan for staff, including appropriate training.
- e) Develop and implement a staff earning structure and align job descriptions and benefits, such as health and retirement, with NVTC's jurisdictions.
- f) 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.

2) Telework and Office Space

- a) Encourage staff utilization of transportation demand management techniques, such as the telework program.
- b) Resolve issues related to the office space (lease, maintenance, facilities, etc.).

3) Information Technology

- 1) Provide ongoing staff support, troubleshooting for all office software and hardware.
- 2) Provide ongoing information technology improvements to ensure a productive and secure working environment for staff.
- 3) Research, order or work with contractors to obtain staff equipment as requested.
- 4) Set up all new IT equipment for current or additional staff.

Internal Coordination: Communications and Engagement, Financial Analysis and Management

Agenda Item #12: NVTC Transit Resource Center



TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice, Dan Goldfarb, PE and Dinah Girma

DATE: November 26, 2019

SUBJECT: NVTC Transit Resource Center

At the December meeting the Commission will receive an update on the FY2020 1st Quarter Transit Performance Report and the FY2020 1st Quarter Parking Utilization Report.

NVTC's FY2020 Quarterly Transit Performance Report is a reframed effort that provides an overview of the transit service in Northern Virginia focused on quarterly ridership and parking utilization. The report is compiled at the end of each quarter during the current fiscal year and reflects transit boardings for all modes as well as quarterly fiscal year-to-date parking utilization at WMATA rail facilities. All WMATA related data is provided by WMATA; all local system and VRE data is submitted to Department of Rail and Public Transportation (DRPT) by transit agency staff.

A. FY2020 1st Quarter Transit Performance Report

Boardings in Virginia by System – 1 st Quarter FY2020 (July – September)			
System	FY19 Q1	FY20 Q1	Percent Change (2019-20)
Arlington Transit	745,548	815,512	9%
Alexandria DASH	1,022,348	923,564	-10%
Fairfax County Connector	2,162,978	2,153,065	0%
Fairfax City CUE	150,233	155,217	3%
Loudoun County Transit	439,333	480,173	9%
OmniRide	613,959	601,000	-2%
Virginia Railway Express	1,155,492	1,192,708	3%
Metrobus	4,301,263	4,454,560	4%
MetroAccess	88,701	88,033	1%
Total	10,679,855	10,863,832	2%

Source: OLGA and WMATA

Overall bus and commuter rail ridership in Virginia is trending upwards for this past quarter. DASH reported a 10% decline in ridership during the first quarter of FY2020. This decrease was caused by the 2019 Platform Improvement Project, which resulted in a 13% ridership decline during the closure, as well as a 60% decrease in Bus-to-Rail/Rail-to-Bus transfers. In addition, major construction at the King Street Metro Station bus loop that began in November 2018 has required

all buses at that location to be displaced to on-street stops on adjacent streets. Roughly 20% of DASH system-wide boardings occur at the King St. Metro, so this is creating another negative impact on ridership until the bus loop is reopened in Spring 2020. King Street Trolley ridership has also been in decline for the last two years due to a combination of construction at the King St. Metro and overall decrease in tourism activity in Old Town. Summer is peak tourism season in Old Town and peak Trolley ridership, so the decrease is particularly noticeable during the summer months and is subsequently partially reported during the 1st Quarter of FY2020.

In a change from past quarterly reports, Metrorail ridership is now being reported as station entries. The station entries approach will improve the accuracy of the data; simplify the collection and reporting process; improve understanding of the data; and provide an improved context and meaning of current ridership trends.

WMATA Metrorail Virginia Station Entries 1st Quarter FY2020 (July – September)			
	1st Quarter FY19	1st Quarter FY20	Percent Change (2019-2020)
Total	10,422,540	10,299,217	-1%
Weekday Average	282,624	275,261	-3%
Saturday Average	110,546	113,953	3%
Sunday Average	75,852	75,596	0%

Source: WMATA

It is important to note that several large capital projects likely impacted Metrorail ridership in the first quarters of both FY2019 and FY2020.

In the first quarter of FY2019, WMATA conducted around the clock construction on a segment of the Orange, Blue and Silver Lines through downtown D.C. Between August 11th and August 26, 2018, the Silver and Orange Lines were single-tracked and operated every 20-minutes all day. The Blue Line operated between Franconia-Springfield and Arlington Cemetery, with additional Yellow Line Trains operating between Franconia-Springfield and Greenbelt. For two weekends in August, there was a line segment shutdown between Farragut West and Metro Center. Also, in 2018, WMATA closed two stations on the Red Line in D.C. from July 21st to September 3, 2018.

Starting on May 25, 2019 and impacting the first quarter of FY2020 Metrorail ridership, stations on the Yellow and Blue Lines south of Ronald Reagan Washington National Airport Station were closed until September 8, 2019. WMATA also saw nearly 90% of customers return to Metrorail when the stations reopened near the end of the first quarter of FY2020 following the Platform Improvement Project.



Metrorail Ridership by Station in Virginia 1st Quarter FY2020

Line/Station	Year	July	August	September	Q1 Total	Percent Change FY19-FY20
Silver						
Greensboro	FY19	34,833	31,251	29,859	95,943	29.8%
	FY20	42,810	40,513	41,197	124,520	
McLean	FY19	48,903	43,815	42,566	135,284	39.1%
	FY20	66,157	60,683	61,375	188,215	
Spring Hill	FY19	31,935	27,881	26,510	86,326	14.7%
	FY20	35,808	32,110	31,112	99,030	
Tysons Corner	FY19	99,628	92,575	83,498	275,701	14.1%
	FY20	109,605	107,474	97,583	314,662	
Wiehle-Reston East	FY19	211,640	182,030	176,200	569,870	12.3%
	FY20	231,333	207,859	200,717	639,908	
Total Silver Line	FY19	426,939	377,552	358,632	1,163,123	17.5%
	FY20	485,712	448,639	431,984	1,366,335	
Orange						
Dunn Loring	FY19	96,815	83,726	83,999	264,539	13.2%
	FY20	106,252	97,521	95,768	299,541	
West Falls Church	FY19	63,056	51,516	54,763	169,334	15.5%
	FY20	69,325	61,806	64,495	195,626	
Vienna	FY19	235,734	199,014	204,471	639,218	8.3%
	FY20	246,697	221,938	223,844	692,479	
Total Orange Line	FY19	395,604	334,256	343,232	1,073,092	10.7%
	FY20	422,274	381,265	384,107	1,187,646	
Silver/Orange						
Ballston	FY19	231,227	197,217	204,523	632,967	22.0%
	FY20	268,869	250,068	253,518	772,455	
Clarendon	FY19	112,996	95,558	103,472	312,025	19.0%
	FY20	128,649	119,395	123,286	371,331	
Court House	FY19	162,956	134,141	143,719	440,816	15.1%
	FY20	176,448	162,520	168,439	507,407	
East Falls Church	FY19	104,411	86,911	89,048	280,370	10.2%
	FY20	108,845	98,171	101,878	308,894	
Rosslyn	FY19	344,662	271,970	294,529	911,161	16.4%
	FY20	377,037	335,701	347,761	1,060,499	
Virginia Square	FY19	94,971	81,211	86,118	262,300	15.6%
	FY20	105,065	97,245	100,910	303,220	
Total	FY19	1,051,222	867,008	921,409	2,839,639	17.1%
	FY20	1,164,914	1,063,100	1,095,792	3,323,806	

Source: WMATA. Ridership is based on station entries only





Line/Station	Year	July	August	September	Q1 Total	Percent Change FY19-20
Blue						
Arlington Cemetery	FY19	65,403	37,079	30,584	133,066	-2.3%
	FY20	58,236	39,580	32,239	130,055	
Franconia Springfield	FY19	170,938	143,526	135,261	449,725	-76.3%
	FY20	-	-	106,520	106,520	
Van Dorn	FY19	66,675	60,027	59,080	185,782	-77.3%
	FY20	-	-	42,242	42,242	
Total	FY19	303,016	240,632	224,925	768,573	-63.7%
	FY20	58,236	39,580	181,001	278,817	
Yellow						
Eisenhower Avenue	FY19	52,078	47,322	41,556	140,956	-78.8%
	FY20	-	-	29,875	29,875	
Huntington	FY19	177,193	170,296	154,951	502,440	-78.9%
	FY20	-	-	106,054	106,054	
Total	FY19	229,271	217,618	196,507	643,396	-78.9%
	FY20	-	-	135,930	135,930	
Blue/Yellow						
Braddock Road	FY19	107,725	100,232	98,806	306,763	-76.6%
	FY20	-	-	71,788	71,789	
Crystal City	FY19	282,034	250,809	243,653	776,497	22.2%
	FY20	354,511	312,946	281,733	949,190	
King Street	FY19	195,556	170,136	159,692	525,384	-78.4%
	FY20	-	-	113,331	113,331	
National Airport	FY19	176,253	157,891	146,398	480,542	24.8%
	FY20	225,000	203,756	170,839	599,595	
Pentagon	FY19	307,942	300,358	284,081	892,381	39.1%
	FY20	465,120	439,155	337,117	1,241,392	
Pentagon City	FY19	347,606	308,985	296,559	953,150	8.2%
	FY20	368,573	336,697	326,117	1,031,387	
Total	FY19	1,417,117	1,288,411	1,229,189	3,934,716	1.8%
	FY20	1,413,204	1,292,555	1,300,924	4,006,683	
Total Virginia Stations	FY19	3,881,942	3,396,564	3,347,246	10,625,752	-15.9%
	FY20	3,058,628	2,776,500	3,097,754	8,932,882	

Source: WMATA. Ridership is based on station entries and exits



B. FY2020 1st Quarter Parking Utilization Report

Parking Utilization Fiscal Year to Date (FYTD) data is shown for the first quarter of FY2020. Parking was available at no cost at Huntington, Van Dorn, and Franconia-Springfield Stations during the Summer 2019 Platform Improvement Project due to construction work and thus eliminated the ability to collect parking utilization data during that time period.

WMATA Virginia Parking Facility Usage (Average Weekday)							
1 st Quarter FY 2020							
Station/Lot	FYTD19 Lot Capacity	1 st Quarter FYTD19 Lot Usage		FYTD20 Lot Capacity	1 st Quarter FYTD20 Lot Usage		Percent Change (2019-2020)
		Percentage	Average		Percentage	Average	
Huntington*	2,732	75%	2,049	3,175	57%	1,810	-24%
West Falls Church	2,009	58%	1,165	2,009	67%	1,346	16%
Dunn Loring	1,964	46%	903	1,964	50%	982	9%
Vienna**	4,719	76%	3,586	5,169	70%	3,618	-8%
Franconia	5,069	55%	2,788	5,069	47%	2,382	-15%
Van Dorn	361	100%	361	361	78%	282	-22%
East Falls Church	422	116%	490	422	119%	502	3%
Wiehle-Reston East	2,300	98%	2,254	2,300	92%	2,116	-6%
Northern Virginia Total ¹	19,576	67%	13,116	20,469	64%	13,100	-4%

Source: WMATA

*Huntington South Garage closed in August 2018; Reopened in September 2019.

** Beginning in November 2018, WMATA began a rehabilitation project at the Park & Ride North Garage at Vienna Metrorail Station that is estimated to last 1½ years. Up to 450 daily parking spaces will be unavailable for use each day while the project is underway.

¹During the Blue and Yellow Shutdown, parking was available at no cost at Huntington, Van Dorn, and Franconia-Springfield Stations. Commuters are utilizing these parking facilities, but construction work at these stations has caused WMATA to suspend parking utilization data collection for the duration. Parking utilization statistics at these stations reported as zero, which is included July and August utilization percentages.

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TO: Chairman Letourneau and NVTC Commissioners

FROM: Kate Mattice

DATE: November 26, 2019

SUBJECT: Executive Director Report

At the December meeting the executive director will give an update on Commission and staff activities that occurred over the past 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 (NVTA).

The newsletter starts off with a recap of NVTC's accomplishments in 2019. The focus then moves to the WMATA proposed budget for FY2021, totally \$3.8 billion in operating and capital expenses. Also highlighted is the new OmniRide bus service from Stafford County and expanded DASH bus services which are being funded by the I-395/95 Commuter Choice program. There is also an update on how NVTC is using its TBEST transit planning simulation tool to benefit regional bus route performance.

B. NVTC Financial Report

The [October 2019 Financial Report](#) is provided for your information.

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Executive Director Newsletter

December 2019



Whether riding “shutdown shuttles,” hopping on new commuter buses or zipping through new toll lanes on I-395/95, commuters in Northern Virginia found new ways to get to work in 2019 and NVTC played a significant role in each. The summer shutdown of six WMATA stations created an unprecedented opportunity to coordinate resources across the region. NVTC joined WMATA and regional partners to figure out how to get people where they were going. WMATA added local and express shuttle buses, VRE offered discounted step up tickets for Amtrak, DASH and Fairfax Connector ran more buses. Behind the scenes, NVTC led countless coordination meetings and calls before, during and after the shutdown, with an eye toward future shutdowns in 2020 and 2021.

The shutdown presented another opening. NVTC worked with DRPT, VRE, Fairfax County, Alexandria and OmniRide to create a first-of-its-kind joint marketing campaign aimed at getting people back on transit once the shutdown ended. That led to the creation of novarides.org, a one-stop website showing all the transit options available in the region.

Commuter Choice grew significantly this year. We awarded almost \$19 million for projects in the initial round of I-395/95 corridor. Nearly \$20 million went toward projects in the I-66 corridor in its third round of grants. We also initiated a move to a two-year grant cycle to ease the administrative burden on prospective grantees.

NVTC grew as an organization in 2019. We created four new staff positions which reflect our growing program responsibilities. We also moved into larger offices to accommodate our expanded staff and our role as a center for regional coordination.

With the year nearly behind us, we’re already laying the groundwork for an even bigger 2020.

Executive Director

**Put your
commute back
in your hands.**

#NoVaRides



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Key Dates

- Dec. 9 NVTC-PRTC Legislative Briefing
- Dec. 10-11 CTB
- Dec. 18 NVTC WMATA Committee
- Dec. 20 VRE Operations Board Meeting
- Jan. 16 NVTC Commission Meeting
- Jan. 27 Virginia Transit Assn. Day in Richmond
- Feb. 6 Va. Assn. of Counties—
Va. Municipal League
Legislative Day

WMATA FY2021 budget process begins



WMATA General Manager Paul Wiedefeld recently released his proposed Fiscal Year 2021 budget totaling \$3.8 billion dollars. It includes \$2 billion in operating expenses and \$1.8 billion in capital expenses. The release of the budget begins a review process that is expected to wrap up in March 2020, with passage of a final budget. As part of that process, NVTC Commissioners and staff will review the proposal and share feedback with the Virginia members of the WMATA Board of Directors. The NVTC WMATA Committee will meet December 18 to deliberate on budget comments. In January 2020, the Commission is expected to draft a letter outlining its comments on the proposed budget to be submitted as part of the public comment period.



Courtesy: WMATA



Mr. Wiedefeld's proposed budget calls for number of changes including extending Metrorail hours until midnight weekdays and 2 a.m. Friday and Saturday, increasing Metrorail and some Metrobus frequency on Sundays, eliminating nine bus routes, reducing service on some bus routes, and increasing non-fare revenue through measures including Metrorail station naming rights. The budget also proposes a fare increase, eliminating the transfer fee between Metrobus and Metrorail, a flat fare on weekends and an additional charge for cash paying with cash or loading SmarTrip cards on Metrobus.



WMATA leaders testify on Capitol Hill

Virginia WMATA Board Member Paul Smedberg, WMATA General Manager Paul Wiedefeld, Washington Metrorail Safety Commission CEO David Mayer, and WMATA Inspector General Geoffrey Cherrington, recently appeared before



WMATA Board Chair Smedberg

the House Oversight Subcommittee on Government Operations. Rep. Gerry Connolly (D-Va.), who introduced the Metro Accountability and Investment Act providing WMATA with dedicated federal funding

to make necessary capital improvements, chairs the subcommittee.

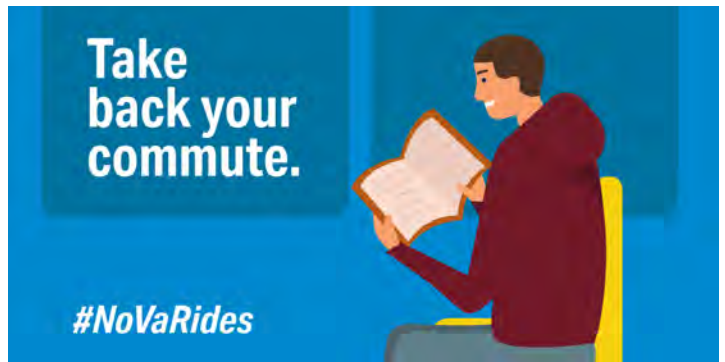
Connolly commended Wiedefeld on the preventative maintenance and safety work, improved on-time performance metrics and positive Metrorail ridership trends. Smedberg outlined his priorities, which include new ethics guidelines, making the case for reauthorizing federal dedicated funding for WMATA, implementing customer-focused improvements, and strengthening the Office of the Inspector General. The hearing was the first to examine how the Washington Metrorail Safety Commission is working with WMATA to prioritize safety recommendations and provide timelines for their implementation. Rep. Jennifer Wexton (D-Va.), a former NVTC Commissioner, also took part in the hearing.



Commuter Choice-funded buses start rolling

New I-395/95 Commuter Choice projects are already delivering improvements for commuters as part of the start of tolling on the I-395 Express Lanes. OmniRide launched five service enhancements, including the agency's first express bus services from Stafford County. The two new Stafford County routes, which are fare-free through the end of the year, connect the Route 610/Staffordboro commuter lot with the Pentagon and downtown D.C. The fast, comfortable and direct service creates an appealing option for Stafford County commuters and certain trips are already operating with a majority of seats taken. In Alexandria, DASH implemented extensive service enhance-

these routes further over the coming months with real-time arrival signs at busy stops.

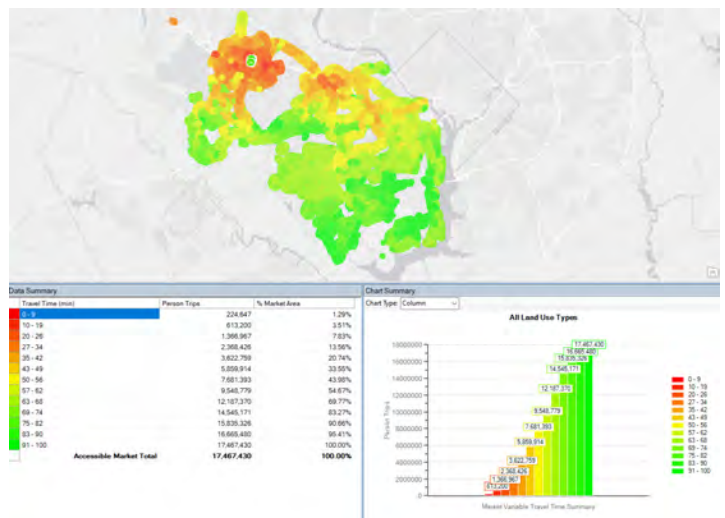


Using technology to improve transit performance

Program Analyst Matt Cheng recently joined Fairfax Connector staff and their consultant team to demonstrate the analysis possible with NVTC's TBEST model. TBEST is a transit planning simulation tool that helps planners and policy makers evaluate bus route performance and accessibility based on land use and socioeconomic factors. Fairfax Connector will use it to redesign bus routes. NVTC staff have developed this model over the past two years to feature regional and jurisdictional transit systems as well as parcel-level land use data, making in-depth, short term analyses of travel patterns and market potential possible. Other applications of this tool have been used to evaluate Commuter Choice projects, assist with the Alexandria Vision Plan and to support Title VI analysis. The image below shows an isochrone map modeled with TBEST shows transit-accessible parcels classified by travel time in Northern Virginia, starting from Reston Town Center.



ments on the AT-1 and AT-9 routes October 13. These local routes connect riders with Metrorail as well as express buses that operate along I-395. The improvements include more frequent service and longer service hours daily, including new Sunday service on the AT-9. DASH will improve



Transportation leaders hear from the public

Executive Director Kate Mattice took part in the the fall CTB public meeting as part of a transportation leadership panel that heard public comment about Commonwealth and Northern Virginia transportation funding programs. The panel included Secretary of Transportation Shannon Valentine, DRPT Director Jennifer Mitchell, NoVa District Engineer Helen Cervo, VDOT Commissioner Stephen Brich, CTB member Mary Hynes and NVTA Chairman Martin Nohe. The event gave Kate an opportunity to talk about the work NVTC is doing and to engage with transportation leadership on important transit issues in Northern Virginia.



NVTC's new human resources support



NVTC welcomed Becky Merriner as our part-time Director of Human Resources. Becky currently serves as the Director of Human Resources for VRE and OmniRide and will continue those activities while she supports NVTC at least two days a month. Becky will ensure NVTC staff are up to date on necessary training and

human resources requirements, as well as provide guidance and support on NVTC employee staff training and development, recruitment and onboarding, as well as performance management. We're delighted to have Becky support our growing team and provide a dedicated human resources expert for our staff.

Staff reviewing annual VRE survey

NVTC staff recently joined their colleagues from PRTC/OmniRide and Virginia Railway Express to administer the VRE Master Agreement Survey. PRTC coordinates the on-board collection of surveys and NVTC coordinates the address verification analysis. Since results from the annual VRE Master Agreement Survey help determine jurisdictional subsidies, it is important to make sure the survey results are verified. VRE receives funds from Arlington, Fairfax, Prince William, Stafford and Spotsylvania counties and the cities of Alexandria, Fredericksburg, Manassas and Manassas Park. NVTC staff have streamlined the verification process through the use of GIS coding. Rhonda Gilcrest manages the address verification with assistance from Matt Cheng who provides the GIS support.



VRE



Virginia Railway Express has introduced new fare passes. Seven-day and 31-day passes replace five-day and monthly passes. VRE officials say the 31-day pass gives riders more flexibility to use Free Ride Certificates and will only be available on the VRE mobile app. Seven-day passes are available on the app and in the form of paper tickets.



VRE

VRE's Santa train rides again December 14. Santa and his helpers will make 14 excursions that day aboard trains with names like "Dasher Express," "Vixen Express" and "Rudolph Express." This is the 23rd year for the popular event. VRE also encourages riders to donate a new toy to the Marine Corps Toys for Tots drive at departure stations.



Photo: VRE

WMATA & DASH

The bus loop recently reopened at the Van Dorn Street Metrorail station. The loop had been closed and temporarily relocated as part of WMATA's Platform Improvement Project.

On Sunday, November 10th, the Van Dorn St Metro Station bus loop will be re-opening.



Route	Destination	Bay
AT1	Seminary Plaza	B
AT5	Eisenhower Ave Metro	C
AT5	Braddock Road Metro	B
AT7	Landmark Mall	A
AT7	Lee Center	C
AT8	Old Town Alexandria	B



Image: DASH

NVTC AND PRTC PRESENT

ANNUAL LEGISLATIVE BRIEFING

Join our Commissioners for an overview of federal and state issues affecting transit in Northern Virginia



RSVP NOW!

December 9, 2019 | 8:30 AM-11 AM
Embassy Suites by Hilton
8100 Loisdale Rd, Springfield, VA



NORTHERN VIRGINIA TRANSPORTATION COMMISSION

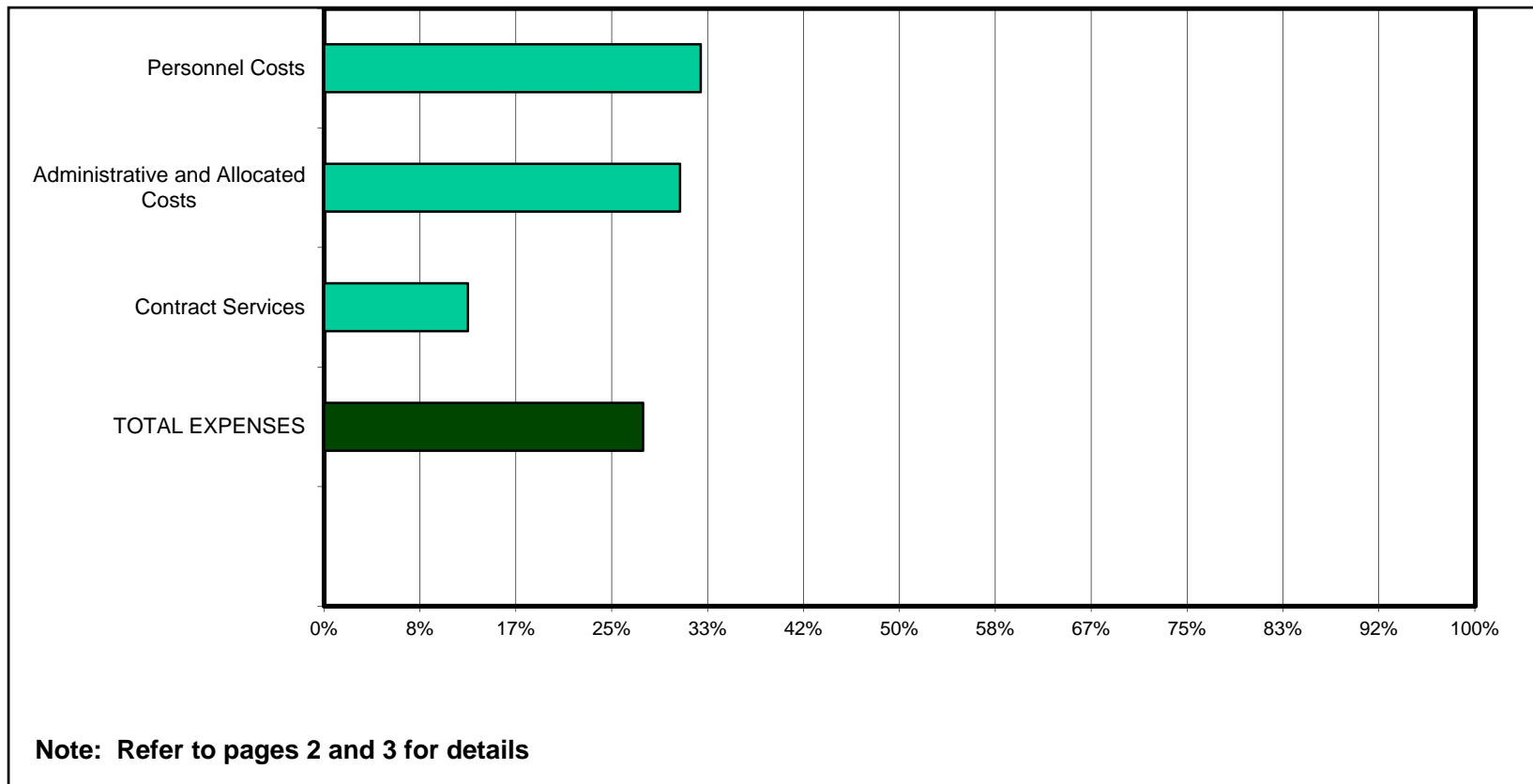


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Northern Virginia Transportation Commission

Financial Reports
October, 2019

Percentage of FY 2020 NVTC Administrative Budget Used
October 2019
(Target 33.3% or less)



NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October 2019

	<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	\$ 166,250.93	\$ 628,181.56	\$ 1,881,500.00	\$ 1,253,318.44	66.6%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	166,250.93	628,181.56	1,881,500.00	1,253,318.44	66.6%
<u>Benefits</u>					
Employer's Contributions:					
FICA	8,673.50	43,392.64	128,000.00	84,607.36	66.1%
Group Health Insurance	11,499.74	44,282.50	169,300.00	125,017.50	73.8%
Retirement	11,747.00	46,988.00	148,100.00	101,112.00	68.3%
Workmans & Unemployment Compensation	371.34	867.02	6,000.00	5,132.98	85.5%
Life Insurance	429.76	2,102.96	6,900.00	4,797.04	69.5%
Long Term Disability Insurance	797.98	3,038.17	9,100.00	6,061.83	66.6%
Total Benefit Costs	33,519.32	140,671.29	467,400.00	326,728.71	69.9%
<u>Administrative Costs</u>					
Commissioners Per Diem	1,174.24	3,301.27	17,800.00	14,498.73	81.5%
<i>Rents:</i>	<i>23,441.85</i>	<i>92,935.42</i>	<i>303,700.00</i>	<i>210,764.58</i>	<i>69.4%</i>
Office Rent	21,371.73	84,698.60	283,400.00	198,701.40	70.1%
Parking & Transit Benefits	2,070.12	8,236.82	20,300.00	12,063.18	59.4%
<i>Insurance:</i>	<i>468.03</i>	<i>2,174.08</i>	<i>6,800.00</i>	<i>4,625.92</i>	<i>68.0%</i>
Public Official Bonds	100.00	500.00	2,000.00	1,500.00	75.0%
Liability and Property	368.03	1,674.08	4,800.00	3,125.92	65.1%
<i>Travel:</i>	<i>4,470.48</i>	<i>21,773.70</i>	<i>42,800.00</i>	<i>21,026.30</i>	<i>49.1%</i>
Conference / Professional Development	2,713.54	16,934.42	26,200.00	9,265.58	35.4%
Non-Local Travel	874.73	1,140.30	4,300.00	3,159.70	73.5%
Local Travel, Meetings and Related Expenses	882.21	3,698.98	12,300.00	8,601.02	69.9%
<i>Communication:</i>	<i>1,096.27</i>	<i>5,185.32</i>	<i>13,800.00</i>	<i>8,614.68</i>	<i>62.4%</i>
Postage	-	767.22	1,400.00	632.78	45.2%
Telephone and Data	1,096.27	4,418.10	12,400.00	7,981.90	64.4%
<i>Publications & Supplies</i>	<i>1,197.18</i>	<i>5,323.90</i>	<i>25,600.00</i>	<i>20,276.10</i>	<i>79.2%</i>
Office Supplies	283.41	2,110.09	2,700.00	589.91	21.8%
Duplication and Paper	913.77	3,213.81	10,900.00	7,686.19	70.5%
Public Engagement	-	-	12,000.00	12,000.00	100.0%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October 2019

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	1,021.41	7,743.22	36,500.00	28,756.78	78.8%
Furniture and Equipment (Capital)	-	4,022.28	14,600.00	10,577.72	72.5%
Repairs and Maintenance	50.00	200.00	1,000.00	800.00	80.0%
Computer Operations	971.41	3,520.94	20,900.00	17,379.06	83.2%
 <i>Other General and Administrative:</i>	 608.59	 2,711.90	 9,300.00	 6,588.10	 70.8%
Memberships	128.67	634.68	1,400.00	765.32	54.7%
Fees and Miscellaneous	479.92	2,077.22	6,400.00	4,322.78	67.5%
Advertising (Personnel/Procurement)	-	-	1,500.00	1,500.00	100.0%
Total Administrative Costs	<u>33,478.05</u>	<u>141,148.81</u>	<u>456,300.00</u>	<u>315,151.19</u>	<u>69.1%</u>
 <u>Contracting Services</u>					
Auditing	-	16,250.00	23,800.00	7,550.00	31.7%
Contract Services and Support - Commuter Choice	20,792.05	64,548.30	690,500.00	625,951.70	90.7%
Contract Services and Support - Other	4,041.67	16,166.68	120,000.00	103,833.32	86.5%
Legal	2,916.67	11,666.68	35,000.00	23,333.32	66.7%
Total Contract Services	<u>27,750.39</u>	<u>108,631.66</u>	<u>869,300.00</u>	<u>760,668.34</u>	<u>87.5%</u>
 Total Gross G&A Expenses	<u><u>\$ 260,998.69</u></u>	<u><u>\$ 1,018,633.32</u></u>	<u><u>\$ 3,674,500.00</u></u>	<u><u>\$ 2,655,866.68</u></u>	<u><u>72.3%</u></u>

NVTC
RECEIPTS and DISBURSEMENTS
October 2019

October 2019			Virginia LGIP				
Date	Payer / Payee	Purpose	Wells Fargo Checking	Wells Fargo Savings	NVTC G&A / Project	Commuter Choice	Trusts
RECEIPTS							
1	Alexandria	G&A contribution		\$ 9,754.00			
2	DMV	CROC - VRE			1,250,000.00		
2	DMV	Motor Vehicle Fuels Sales tax					3,525,388.18
3	DRPT	Capital grant receipt - VRE			4,222.00		
7	Fairfax	G&A contribution		164,451.00			
7	DRPT	Capital grants receipts - VRE			1,410,776.00		
7	DRPT	Capital grant receipt - Alexandria			145.00		
10	DRPT	Capital grant receipt - Alexandria			186,329.00		
11	FTA	Grant receipt - Falls Church			4,689.00		
15	DRPT	Capital grant receipt - Falls Church			1,172.00		
16	VDOT	I-66 toll revenue				3,990,453.00	
22	DRPT	Operating assistance - Fairfax					4,067,229.00
22	DRPT	Operating assistance - Alexandria					1,048,739.00
22	DRPT	Capital grant receipt - Arlington					889,024.00
23	DRPT	Capital grants receipts - Arlington					4,620.00
23	DRPT	Capital grants receipts - Fairfax					78,680.00
25	VDOT	I-66 toll revenue				427,434.00	
28	DRPT	Capital and operating assistance - WMATA					14,126,865.00
29	DRPT	Capital grants receipts - Fairfax					1,014,452.00
29	DRPT	Capital grant receipt - VRE			27,420.00		
31	Banks	Investment earnings		35.25	2,608.63	46,482.06	202,072.77
			-	174,240.25	2,887,361.63	4,464,369.06	24,957,069.95
DISBURSEMENTS							
1-31	Various	G&A expenses	(247,150.04)				
1	WMATA	Metrobus operating					(15,974,063.00)
1	WMATA	Metroaccess operating					(4,142,661.00)
1	WMATA	Metrorail operating					(24,687,609.00)
1	WMATA	CIP					(2,313,532.00)
1	WMATA	Program development					(132,084.00)
1	WMATA	Debt service					(2,861,196.00)
1	Loudoun	Commuter Choice project reimbursement				(44,015.00)	
1	Arlington	Commuter Choice projects reimbursements				(271,995.40)	
1	City of Fairfax	Commuter Choice project reimbursement				(18,655.00)	
2	VRE	CROC			(1,250,000.00)		
3	VRE	Grant revenue			(4,222.00)		
7	VRE	Grant revenue			(1,410,776.00)		
10	Kimley-Horn	Consulting - Commuter Choice I-66	(13,249.48)				
10	2060 Digital	Post shut-down marketing campaign	(6,455.50)				
10	WTOP	Post shut-down marketing campaign	(14,690.00)				
10	Alexandria	Costs incurred			(186,474.00)		
10	Kimley-Horn	Consulting - Commuter Choice I-395	(1,767.57)				
11	Falls Church	Costs incurred			(5,861.00)		
25	Falls Church	Commuter Choice project reimbursement				(105,750.00)	
29	VRE	Grant revenue			(27,420.00)		
31	American University	Post shut-down marketing campaign	(22,560.08)				
31	Sagetipia	Post shut-down marketing campaign	(4,950.00)				
31	Kimley-Horn	Consulting - New fare collection	(28,784.74)				
31	SIR	Marketing - Commuter Choice I-66	(5,775.00)				
31	Banks	Service charges	(80.88)	(10.06)			
			(345,463.29)	(10.06)	(2,884,753.00)	(440,415.40)	(50,111,145.00)
TRANSFERS							
25	Transfer	From LGIP to checking	220,000.00		(220,000.00)		
			220,000.00	-	(220,000.00)	-	-
NET INCREASE (DECREASE) FOR MONTH			\$ (125,463.29)	\$ 174,230.19	\$ (217,391.37)	\$ 4,023,953.66	\$ (25,154,075.05)

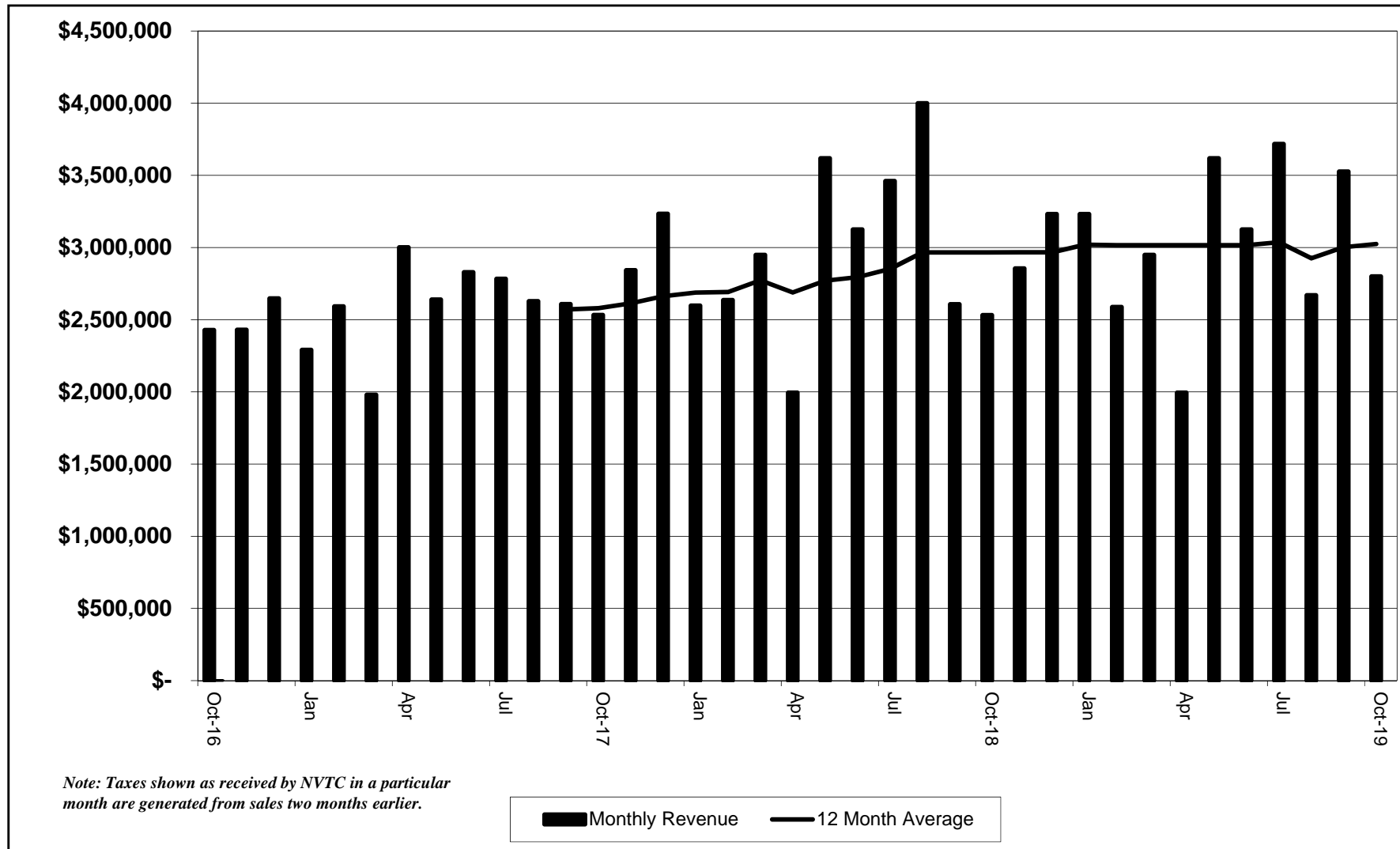
**NVTC
INVESTMENT REPORT
October 2019**

Type	Rate	Balance 9/30/2019	Increase (Decrease)	Balance 10/31/2019	Balance			
					NVTC G&A/Project	Commuter Choice	Jurisdictions Trust Fund	Loudoun Trust Fund
<u>Cash Deposits</u>								
Wells Fargo: NVTC Checking	N/A	\$ 197,207.52	\$ (125,463.29)	\$ 71,744.23	\$ 71,744.23	\$ -	\$ -	\$ -
Wells Fargo: NVTC Savings	0.170%	101,766.56	174,230.19	275,996.75	275,996.75	-	-	-
<u>Investments</u>								
Bank of America: Virginia Local Government Investment Pool	2.046%	187,057,962.48	(21,347,512.76)	165,710,449.72	1,319,716.25	29,210,044.36	101,556,902.68	33,623,786.43
		<u>\$ 187,356,936.56</u>	<u>\$ (21,298,745.86)</u>	<u>\$ 166,058,190.70</u>	<u>\$ 1,667,457.23</u>	<u>\$ 29,210,044.36</u>	<u>\$ 101,556,902.68</u>	<u>\$ 33,623,786.43</u>

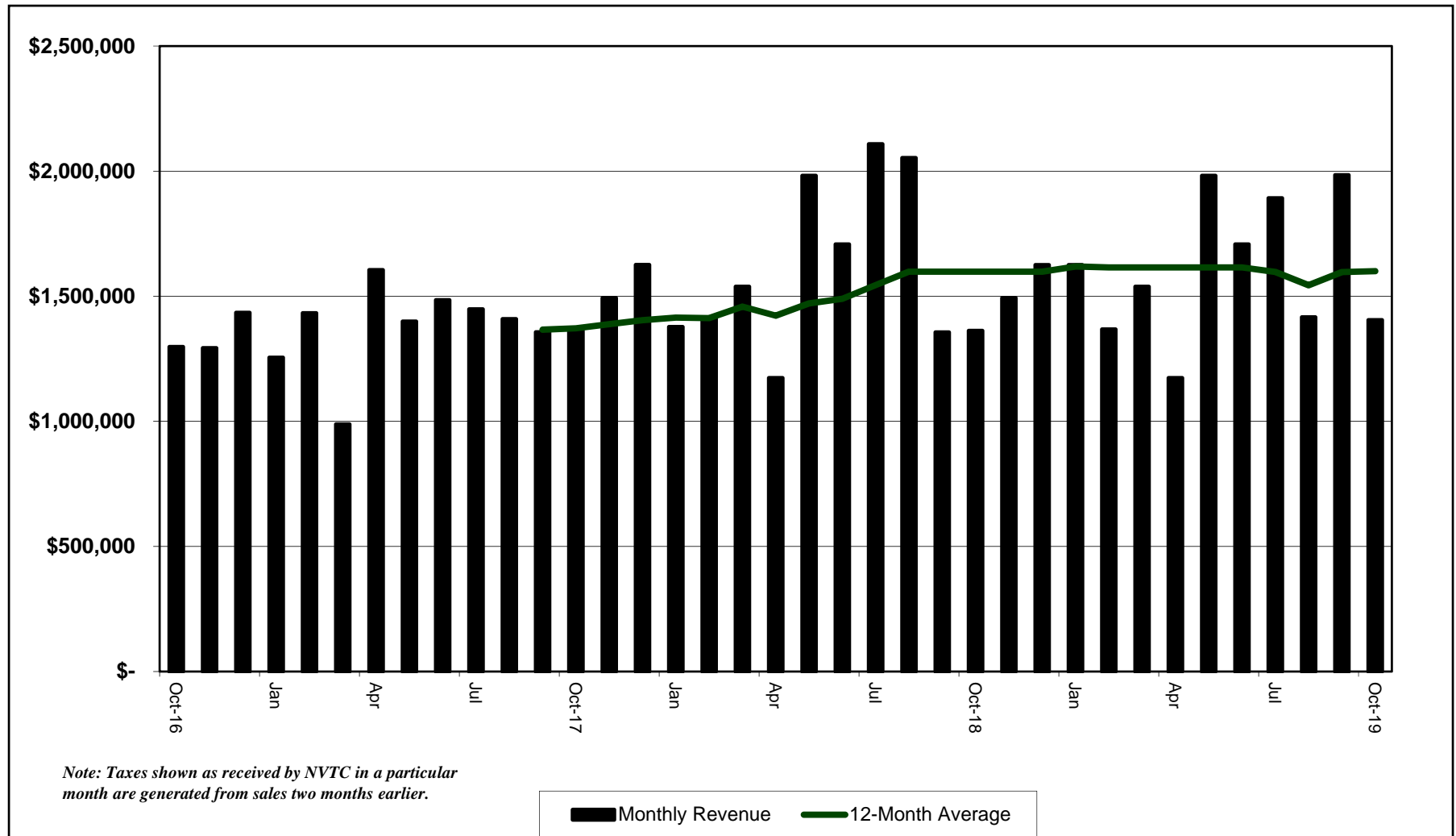
NVTC MONTHLY GAS TAX REVENUE

ALL JURISDICTIONS

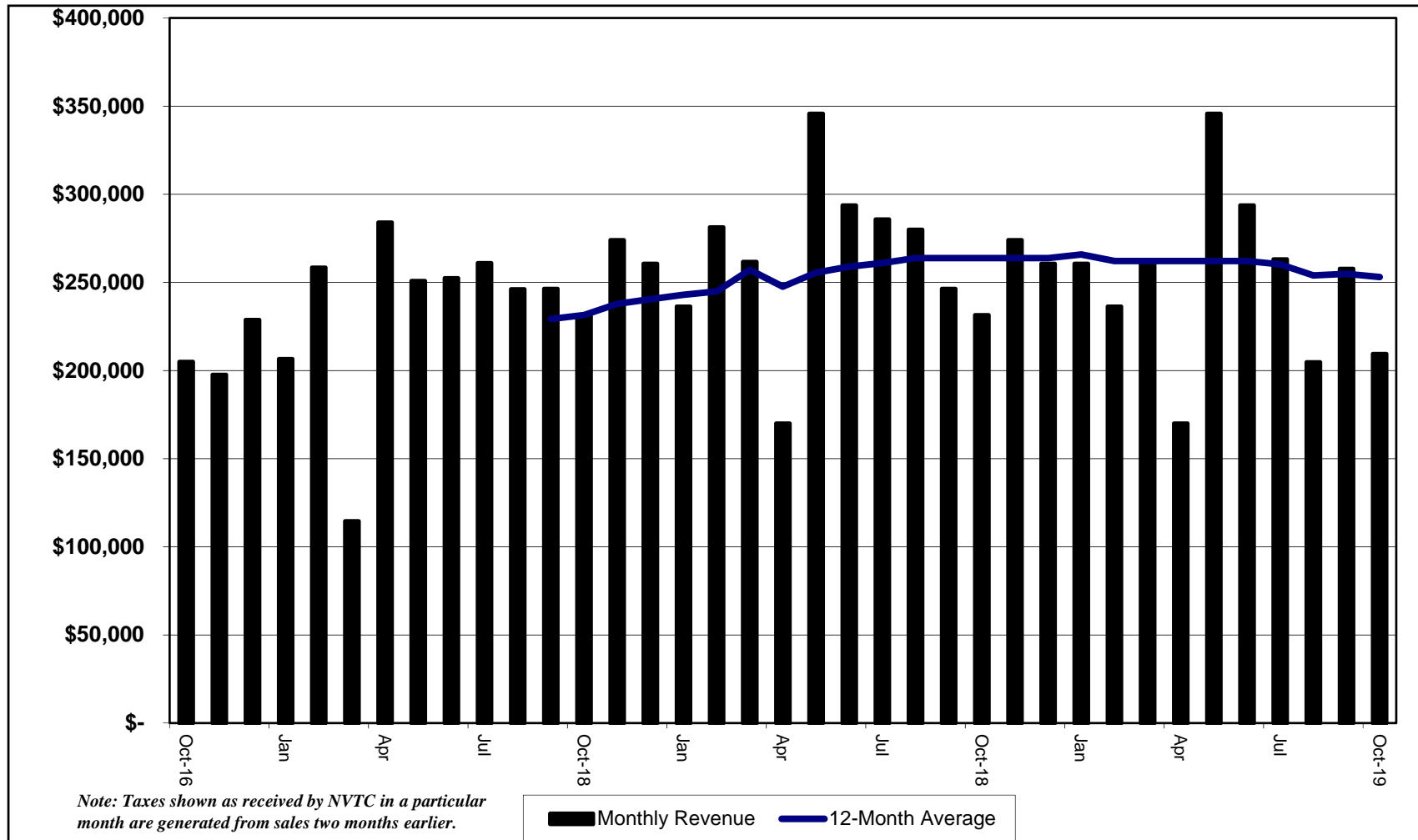
FISCAL YEARS 2017-2020



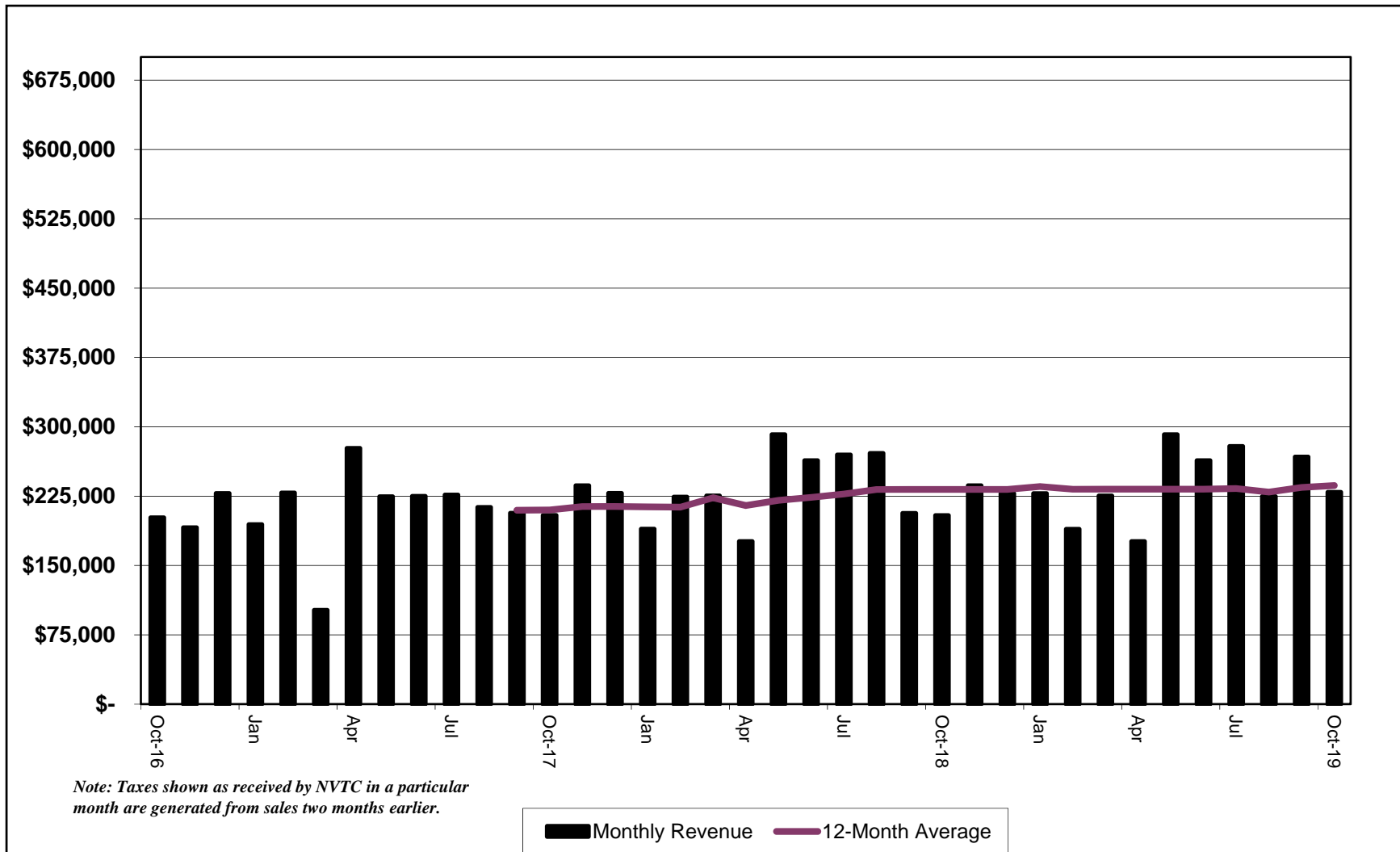
NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2017-2020



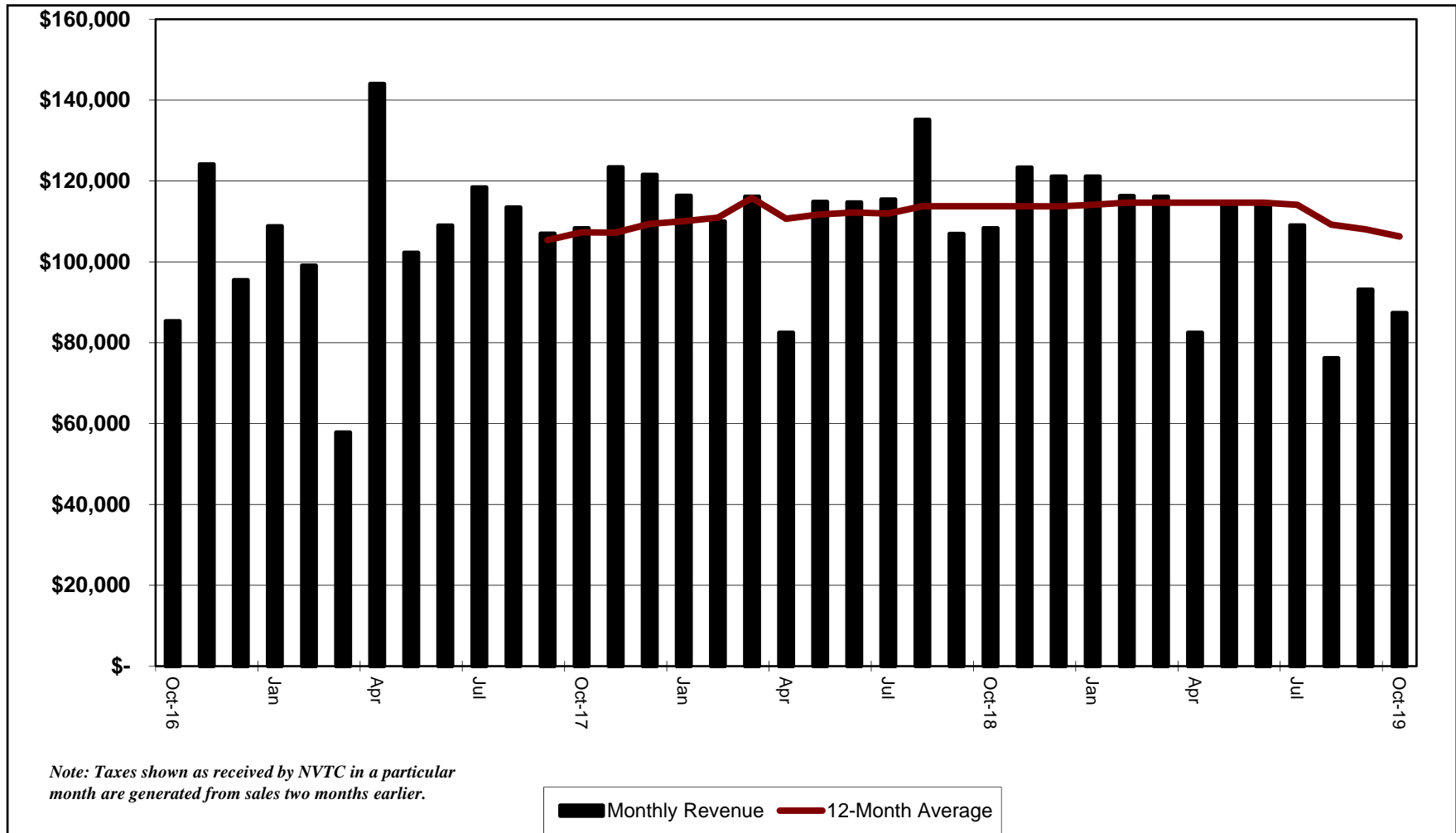
NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2017-2020



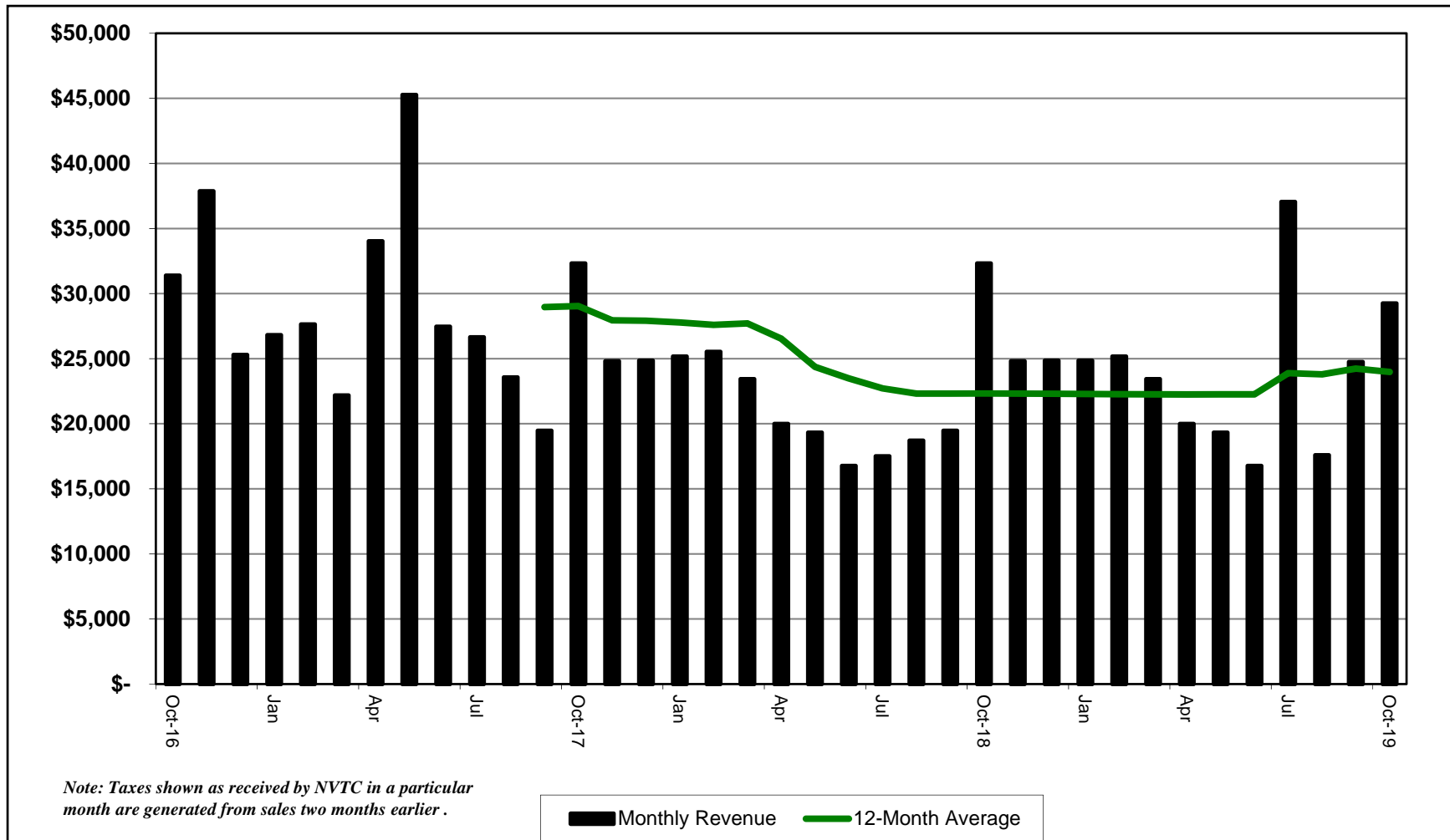
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2017-2020



NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2017-2020



NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2017-2020



NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2017-2020

