



MONTHLY COMMISSION MATERIALS

December 2020 – Electronic Meeting

MEETING OVERVIEW – December 3, 2020

NVTC’s December 3 meeting will be an electronic meeting, which is possible since Governor Northam signed into law a legislative amendment to provide authority for public bodies, such as NVTC, to conduct electronic meetings during a declared state of emergency when it is impracticable or unsafe to assemble a quorum in a single location. The public will be able to access the audio live stream through YouTube and Facebook Live.

Action Items:

- Resolution “Finding Need to Conduct the December 3 NVTC Meeting Electronically”
- NVTC and VRE Audited Financial Statements
- NVTC 2020 Annual Report on the Performance and Condition of WMATA
- NVTC and VRE 2021 Legislative Agendas
- VRE Parking Garage Agreement with the City of Manassas Park
- VRE and Virginia Passenger Rail Authority Agreements

Other Meeting Highlights:

- Public Comment Received during Declared Emergency
- Reports from the Virginia WMATA Board Members
- Presentation: Proposed 2021 Northern Virginia Regional Fare Collection Strategic Plan
- VRE Commission Orientation
- FY 2021 1st Quarter Transit Performance and Parking Utilization Reports
- Presentation: I-395 American Legion Bridge Transit/TDM Study

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**NVTC COMMISSION MEETING
THURSDAY, DECEMBER 3, 2020
Via Electronic Participation
Public Streaming via YouTube
7:00 P.M.**

AGENDA

NVTC is receiving public comment during the declared state of emergency. Persons wishing to provide written public comment should submit comments by 3:00 p.m. on December 3 via [NVTC's website](#). Comments will be provided to Commissioners prior to the December 3 meeting.

NVTC Executive Committee will meet at 5:30 p.m. via electronic participation.

1. Opening Remarks
2. **ACTION ITEM: Approve the CONSENT AGENDA** (subject to approval of the chair)
 - A. **Approve Resolution #2426: Finding Need to Conduct the December 3, 2020 NVTC Meeting Electronically**
 - Includes Public Comments Received During Declared Emergency
 - B. **Approve the 2021 NVTC Meeting Schedule**
3. **ACTION ITEM: Approve the Minutes of the November 5, 2020 NVTC Meeting**
4. **ACTION ITEM: Accept and Authorize Distribution of NVTC's FY 2020 Audited Financial Statements and Compliance Reports**
5. **Washington Metropolitan Area Transit Authority (WMATA)**
 - A. WMATA COVID-19 Response
 - B. Report from the Virginia WMATA Board Members
 - C. Other WMATA News
 - D. Report from the Chair of the NVTC WMATA Committee
 - **ACTION ITEM: Authorize the Executive Director to Send NVTC's 2020 Report on the Performance and Condition of WMATA to the Governor and the General Assembly**
6. Transit Technology Program
 - A. Presentation: 2021 Northern Virginia Regional Fare Collection Strategic Plan

7. Legislative Update

- A. Report from the Chair of the Legislative and Policy Committee
 - **ACTION ITEM: Approve the NVTC 2021 Legislative and Policy Agenda**
- B. Federal Update
- C. Annual Joint NVTC-PRTC Legislative Briefing

8. Virginia Railway Express (VRE)

- A. VRE Commission Orientation
- B. VRE COVID-19 Response
- C. VRE CEO Report and Minutes
- D. VRE FY 2022 Budget Update
- E. **ACTION ITEM: Approve Resolution #2427: Accept and Authorize Distribution of VRE's FY 2020 Comprehensive Annual Financial Report (CAFR)**
- F. **ACTION ITEM: Approve Resolution #2428: Approve the 2021 VRE Legislative Agenda**
- G. **ACTION ITEM: Approve Resolution #2429: Authorize the VRE CEO to Execute an Agreement with the City of Manassas Park for the Design, Construction, Operation and Maintenance of a Parking Garage at the VRE Manassas Park Station**
- H. **ACTION ITEM: Approve Resolution #2430: Authorize the VRE CEO to Execute an Agreement with the Virginia Passenger Rail Authority (VPRA), or Alternatively the Department of Rail and Public Transportation for Later Assignment to the VPRA, for Passenger Rail Operations and Access**
- I. **ACTION ITEM: Approve Resolution #2431: Authorize the VRE CEO to Execute an Agreement with the Virginia Passenger Rail Authority (VPRA), or Alternatively the Department of Rail and Public Transportation for Later Assignment to the VPRA, for Passenger Rail Improvements and Funding**

9. Department of Rail and Public Transportation (DRPT)

- A. DRPT Monthly Report
- B. Presentation: I-495 American Legion Bridge Transit/TDM Study
- C. Quarterly Updates on WMATA Reform

10. NVTC Transit Resource Center

- A. FY 2021 1st Quarter Transit Performance Report
- B. FY 2021 1st Quarter Parking Utilization Report

11. Executive Director Report

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

Agenda Item #2: Consent Agenda

TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice

DATE: November 25, 2020

SUBJECT: Consent Agenda (subject to approval by the chair)

ACTION ITEM: Approve the CONSENT AGENDA

A. Approve Resolution #2426: Finding Need to Conduct the December 3, 2020 NVTC Meeting Electronically

The Commission is asked to approve Resolution #2426, which allows NVTC to confirm that the current declared COVID-19 public health emergency makes it both impracticable and unsafe for the Commission to assemble in a single location on December 3, 2020, to discuss and transact the business of the Commission. Furthermore, the resolution states that the items on this meeting's agenda are statutorily required or necessary to continue operations of the Commission and the discharge of the Commission's lawful purposes, duties, and responsibilities. This is possible since Governor Northam signed legislation in response to the COVID-19 public health emergency to provide authority for public bodies, such as NVTC, to conduct electronic meetings during a declared state of emergency when it is impracticable or unsafe to assemble a quorum in a single location.

▪ Public Comments Received During Declared Emergency

According to the legislation signed by Governor Northam in response to the COVID-19 public health emergency ([budget amendment 137: Allow policy-making boards to meet virtually during emergency declarations, Item 4-0.01](#)), a public body or governing board convening a meeting in accordance with this subdivision shall make arrangements, if the means of communication allows, to provide the public with an opportunity to comment.

In advance of the December 3 meeting, NVTC solicited written comments from the public via [Google Forms through NVTC's website](#). Comments received by 3:00 p.m. on December 3 will be provided to Commissioners ahead of the meeting and Commissioners will have an opportunity to respond to the comments at the December 3 meeting.

B. Approve the 2021 NVTC Meeting Schedule

The Commission is asked to approve the proposed 2021 NVTC Meeting Schedule. With the Executive Committee concurring, staff is proposing that the April 1, 2021 meeting be canceled for several reasons: 1) the meeting date is during Passover Week and the day before Good Friday, as well as during spring break for the three largest public school systems (Arlington, Fairfax and Loudoun Counties); and 2) staff was unable to find a date in April to reschedule because of multiple jurisdictional budget hearings and meetings, as well as other agency meetings. Staff will coordinate any anticipated Commission actions to coincide with the March or May meetings. Also, NVTC traditionally holds its February meeting in Richmond during the General Assembly Session; however, for 2021 due to the COVID-19 pandemic, staff is recommending the February meeting be held in a virtual meeting format.



RESOLUTION #2426

- SUBJECT:** Finding Need to Conduct the December 3, 2020 Meeting Electronically
- WHEREAS:** On March 12, 2020, the Governor of Virginia declared a state of emergency in Virginia in response to the spread of novel coronavirus, or COVID-19, a communicable disease of public health threat as so declared by the State Health Commissioner on February 7, 2020 (“COVID-19”);
- WHEREAS:** In subsequent Executive Orders, particularly Executive Order Nos. 53 and 55, as amended, the Governor of Virginia, among other measures designed to ensure safe physical distancing between individuals, prohibited public and private in person gatherings of 10 or more individuals and ordered all individuals in Virginia to remain at their place of residence, with limited exceptions, to mitigate the impacts of COVID-19 and prevent its spread;
- WHEREAS:** The Northern Virginia Transportation Commission finds that it has a responsibility to demonstrate to the public, through the Commission’s conduct, the importance of maintaining proper physical distance from others and to avoid gathering in public where the risks of infection are highest, and to take measures that promote physical distancing in order to protect the public health and mitigate the impacts and spread of COVID-19, including, among others, conducting meetings electronically whenever possible;
- WHEREAS:** On April 22, 2020, the Virginia General Assembly adopted, and the Governor signed, budget bill amendments to HB 29 that expressly authorize “any public body, including any state, local, [or] regional body” to “meet by electronic means without a quorum of the public body . . . physically assembled at one location when the Governor has declared a state of emergency . . ., provided that (i) the nature of the declared emergency makes it impracticable or unsafe for the public body . . . to assemble in a single location; (ii) the purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the public body . . . and the discharge of its lawful purposes, duties, and responsibilities” among other provisions; and
- WHEREAS:** Several member jurisdictions of the Northern Virginia Transportation Commission have adopted continuity of government ordinances pursuant to Va. Code Ann. § 15.2-1413 which ordinances, among other provisions, authorize regional bodies of which the locality is a member may meet electronically to transact business essential to the continuity of government.
- NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby finds that meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Commission to assemble in a single location on December 3, 2020, to discuss and transact the business of the Commission listed on the December 3, 2020 Commission Meeting Agenda.

NOW, THEREFORE, BE IT FURTHER RESOLVED that NVTC that hereby finds that meeting by electronic means is authorized because the items on the December 3, 2020 Commission Meeting Agenda are statutorily required or necessary to continue operations of the Commission and the discharge of the Commission's lawful purposes, duties, and responsibilities.

NOW, THEREFORE, BE IT FURTHER RESOLVED that NVTC hereby finds that the items on the December 3, 2020 Commission Meeting Agenda are encompassed within the continuity of operations ordinances adopted by several member localities of the Northern Virginia Transportation Commission as essential to the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer



NVTC 2021 MEETING SCHEDULE

— Proposed for Approval at the December 3, 2020 Meeting —

NVTC Commission meetings start at 7:00 p.m. on the first Thursday of the month. Meetings are usually held in the First Floor Main Conference Room of the Navy League Building, 2300 Wilson Blvd, Arlington, Virginia, unless otherwise noted. **However, due to the COVID-19 public health emergency, NVTC is currently meeting virtually, with public livestreaming on [YouTube](#) for the public.** The Executive Committee currently meets virtually at 5:30 p.m. Please check NVTC's [meeting website page](#) for updates.

January 7, 2021

February 4, 2021

March 4, 2021

April 1, 2021 – No Commission Meeting

May 6, 2021

June 3, 2021

July 1, 2021

August 2021 – No Commission Meeting

September 2, 2021

October 7, 2021

November 4, 2021

December 2, 2021

Other NVTC Meetings:

May/June – Joint NVTC/VRE/CTB Public Meeting - date/location TBD

*December 6, 2021 – Joint NVTC-PRTC Legislative Briefing – Embassy Suites
Hotel, Springfield*

MINUTES
NVTC COMMISSION MEETING – NOVEMBER 5, 2020
Via Electronic Participation
Public Streaming via YouTube

The meeting of the Northern Virginia Transportation Commission was called to order by Chair Cristol at 7:01 P.M.

Members Present via Electronic Participation

Canek Aguirre
Walter Alcorn
John J. Bell
Elizabeth Bennett-Parker
Katie Cristol
Adam Ebbin
Eileen Filler-Corn
John Foust
Libby Garvey
Paul Krizek
Jeff McKay
David Meyer
Jennifer Mitchell (Alternate, Commonwealth of Virginia)
Dalia Palchik
David Reid
Paul Smedberg
David Snyder
Dan Storck (Alternate, Fairfax County)
Richard Sullivan
James Walkinshaw

Members Not Present

Matt de Ferranti
Matt Letourneau
Michael Turner

Staff Present via Electronic Participation

Kate Mattice, Executive Director
Matt Cheng
Andrew D’huyvetter
Allan Fye
Rhonda Gilchrest
Scott Kalkwarf
Ben Owen
Zachary Smith
Melissa Walker

Aimee Perron Seibert
Steve MacIsaac
Rich Dalton (VRE)
Mark Schofield (VRE)
Greg Potts (WMATA)

Opening Remarks

Chair Cristol welcomed everyone to the November 5 NVTC meeting. She stated that given the ongoing COVID-19 public health emergency, the meeting is being conducted electronically. This is possible because the governor signed into law on April 22, 2020 a legislative amendment to the budget bill to allow public bodies to meet electronically without a physical quorum present to discuss or transact the business statutorily required or necessary to continue operations of that public body. NVTC staff followed the procedures and guidelines in the legislation to give notice to the Commission, staff and the public.

Chair Cristol reviewed the procedures and instructions for the electronic meeting, including that all votes will be conducted by roll call vote. The only visual component of the meeting is the presentation slides which are being shown on Webex for Commissioners and on YouTube livestream for the public.

Commission Secretary Rhonda Gilchrest then called the roll and confirmed a quorum was present.

Chair Cristol noted that there is one change to the Agenda. VRE staff has requested that the action pertaining to the VRE agreement with the City of Manassas Park be removed from the Agenda and it is anticipated that it will be brought back for action at the December meeting. She then reviewed the action items and proposed the two Commuter Choice actions be voted on as a block vote. She also reminded Commissioners that there is a Closed Session at the end of the meeting.

Consent Agenda

Chair Cristol stated that there are two items on the Consent Agenda:

- A. Approve Resolution #2422: Finding Need to Conduct the November 5, 2020 NVTC Meeting Electronically
- B. Authorize the Executive Director to Send the NVTC Report on Virginia's 3% Cap on the Growth in Operating Assistance Payments to WMATA to the Chairs of the Virginia House Appropriations and Senate Finance and Appropriations Committees

Before the vote, Ms. Mattice reported that no public comments were received this month.

Mr. Bell moved, with a second by Mr. Ebbin, to approve the Consent Agenda. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bell, Bennett-Parker, Cristol, Ebbin, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Smedberg, Snyder, Sullivan and Walkinshaw.

Minutes of the October 1, 2020 NVTC Commission Meeting

Mr. Ebbin moved, with a second by Mr. Reid, to approve the minutes of the October 1, 2020 meeting. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bennett-Parker, Cristol, Ebbin, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Smedberg, Snyder, Sullivan and Walkinshaw. (Mr. Bell did not participate in the vote.)

Recommended Delay in Approval of the FY 2022 NVTC General and Administrative Budget

Chair Cristol stated that the Commission is being asked to approve Resolution #2423, which would authorize relief from NVTC's budget approval deadlines for the FY 2022 General and Administrative Budget. Ms. Mattice explained that according to the NVTC By-Laws, the executive director is to submit a proposed budget for the next fiscal year to the Executive Committee for approval prior to January, which is then submitted to the Commission for action by its January meeting. She explained that as a majority of NVTC's operating revenues come from state revenues received by our jurisdictions, NVTC relies on the projected DRPT funding in determining our budget. This year, because of economic uncertainties related to the COVID crises and changes in the state budget, staff expects updated DRPT projections in early December. By waiting until after December, NVTC staff will be able to use these updated projections to develop a budget with more certainty as to the state aid available to fund our operations.

Ms. Mattice explained that with the Commission's approval, NVTC staff would provide the FY 2022 General and Administrative Budget to the Executive Committee early in the new year and to the full Commission for approval no later than the March 2021 Commission meeting, which is well before the start of the fiscal year (July 2021).

Mr. Sullivan moved, with a second by Ms. Filler-Corn, to approve Resolution #2423 (copy attached). The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bell, Bennett-Parker, Cristol, Ebbin, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Smedberg, Snyder, Sullivan and Walkinshaw.

Washington Metropolitan Area Transit Authority

Report from Virginia WMATA Board Members. Mr. Smedberg reported that on October 8 the WMATA Board received an update on WMATA's Capital Improvement Program. WMATA is projected to invest nearly \$1.9 billion in FY 2021 capital projects, which includes this past summer's Platform Improvement Project at the Vienna, Dunn Loring, West Falls Church and East Falls Church Stations on the Orange Lines. The remaining FY 2021 and FY 2022 capital program will continue to focus on safety and state of good repair projects including design support for replacing the automatic train control room and the Yellow Line Tunnel, Phase 3 and 4 of the Platform Improvement Project, rehabilitating aerial Metrorail structures, replacement of the Rockville Metrorail station canopy and a pilot project to enhance the tunnel ventilation system.

Mr. Smedberg also noted that the WMATA Finance and Capital Committee received an update on the FY 2022 budget. WMATA staff project a potential funding gap of \$167 to \$345 million for FY 2022. This is in addition to the gap WMATA is facing for the remainder of FY 2021. The range in the potential FY 2022 gap is due to possible scenarios about ridership recovery, what service changes are included in the FY 2021 budget, and the level of proposed jurisdictional subsidy for WMATA. The General Manager will release his proposed budget in late November. He stated that WMATA is taking a very conservative approach to the budget and sensitive to the challenges the jurisdictions are facing as well.

Mr. Smedberg stated that WMATA received a clean audit for FY 2020, and two findings that were reported in the FY 2019 financial statements and Uniform Guidance audit were addressed by WMATA.

Mr. Smedberg stated that the public comment period on the FY 2021 budget closed on October 19. The WMATA Board is anticipated to take action on the advertised FY 2021 changes on November 19. CARES Act funding is anticipated to be exhausted by January 2021. These proposed changes are required to balance the budget for the remainder of FY 2021. These changes include reductions in rail service and bus service, as well as additional actions taken by management to close a \$212 million budget gap. In addition, Metrobus service would reinstate fares on January 1, 2021.

Report from the Chair of the NVTC WMATA Committee. NVTC WMATA Committee Chair Canek Aguirre reported that on October 29 the WMATA Committee received an update on COVID-19 and reviewed the chapter on Strategies to Reduce Costs and Improve Efficiencies and the chapter on the Uses of Virginia's Dedicated Capital Fund of the 2020 Annual Report on the Performance and Condition of WMATA. The same version of the report the committee discussed was provided to Commissioners in their meeting materials, but staff's presentation will incorporate the WMATA Committee's feedback.

Mr. Aguirre stated that the committee expressed general support for the recommended strategies, but also had a good discussion about topics outside the scope of the report such as equity and Metrobus. As the committee develops its workplan for 2021, he would like to see the committee continue those discussions with staff and the WMATA Board members, as appropriate. Staff are updating the data chapters of the report that will be provided to the Commission along with the full report in December. He announced that the next WMATA Committee meeting is scheduled for December 16 to review the WMATA GM/CEO's Proposed FY 2022 Budget and discuss a draft letter of comments.

Ms. Mattice gave a quick overview of the background of the report for the benefit of new Commissioners. In 2018 the General Assembly established the dedicated capital funding for WMATA and also directed NVTC to prepare an annual report on the performance and condition of WMATA. In addition to reporting the annual uses of the dedicated capital fund and reporting financial and operational performance data from WMATA, the legislation also directed NVTC to recommend strategies to WMATA to reduce the annual growth in operating costs and improve operational efficiency.

Ms. Mattice stated that the 2020 report is the third report from NVTC to the governor and General Assembly. In its first two reports, NVTC focused on opportunities to increase ridership by making the system easier through fare products, reducing costs through competitive contracting, and advancing non-fare revenues such as joint development. In its last two reports, NVTC has recommended dozens of strategies to WMATA to rebuild ridership and improve efficiency on bus and rail, increase non-fare revenues, and control cost escalation and enhance efficiency of the workforce.

Ms. Mattice stated that many of these strategies pertain to attracting new and retaining current riders by improving weekend rail service, development and expanding fare passes and other parking pass products, developing the next generation of fare collection technology, and making capital investments to improve rail and bus reliability. Several strategies aim to improve efficiency of Metrobus by reducing fare evasion, implementing pilot programs and other efforts to increase the speed of metrobus operations, and leveraging the expertise of local and regional partners to implement the bus transformation project recommendations.

Ms. Mattice stated that previous strategies also recommended that WMATA increase non-fare revenue from joint development, real estate, parking, and advertising, and that WMATA control cost escalation of the workforce by using the 3% cap on the annual growth in operating subsidies as a tool during labor negotiations and the annual budget development process. These previously recommended strategies are included in this 2020 annual report.

Mr. D'huyvetter gave a brief presentation on the new strategies of the report and the feedback from the WMATA Committee, which will be incorporated along with any comments from Commissioners, into the report. Staff will present the final report to the Commission for approval at the December 3 meeting.

Mr. D'huyvetter stated that this year's report includes language reiterating the impacts of the COVID-19 pandemic on WMATA's budget and ridership, emphasizes the recommendation to improve bus service overall, includes additional narrative on reliability and performance data and continuing to use other vehicles to communicate concerns or support to WMATA. He explained that earlier in the year, the WMATA Committee directed staff to include a COVID-19 context in the report. The report now extensively addresses the impacts of the pandemic to WMATA, CARES Act funding, and the potential impacts if no more federal aid is provided. He then reviewed the proposed strategies to reduce the growth in costs and improve efficiency at WMATA, which are strategies reconstructed from last year's report, with several new strategies such as communicate and encourage a fare return to transit post pandemic; adapt rail service to match demand during the pandemic and the recovery phase; the FY 2020 dedicated funding and capital program; and pre-pandemic performance data. Mr. D'huyvetter stated that staff will be updating the remaining chapters (Safety and Financial Performance) when the National Transit Database (NTD) data is available, as well as incorporating comments by the WMATA Committee and Commissioners. The full report will be presented at the December meeting.

Chair Cristol thanked staff for that presentation and noted that the report is responding to specific information being requested by the General Assembly. She opened the discussion up for Commissioner questions. Mr. Bell observed that the impacts of COVID-19 on transit are a nationwide problem and asked if WMATA is working with other transit agencies to present a

united front to seek federal funding. He noted that transit is a key component of an economic rebound strategy. Mr. Smedberg agreed and stated that this region is very fortunate to have a supportive federal delegation for Virginia, the District and Maryland. WMATA is working collaboratively with other large transit systems through the American Public Transit Association (APTA) to promote transit and seek federal aid.

Mr. Meyer stated that the impact is not just where transit operates, but other regions across the country are impacted, including those states where railcars and other components are manufactured. Ms. Mattice added that contractors, consulting firms and other transit related businesses are impacted.

Ms. Garvey asked for scenarios or options if the federal government does not provide additional CARES Act funding. Mr. Smedberg stated that for FY 2021 alone WMATA would need approximately \$210 million. Mr. Meyer stated that worst case scenario if there were layoffs of any magnitude there could be some short- and long-term safety implications. Mr. Smedberg agreed and stated it would be challenging. For a bigger picture, as the region comes out of the pandemic, the questions remains what will transit look like in the future, especially with increased teleworking.

Mr. Snyder expressed his support for WMATA's FY 2021 budget amendments and asked when WMATA will begin a dialogue with NVTC and its jurisdictions regarding contingency planning for the FY 2022 budget. From the City of Falls Church's perspective, there won't be more money for WMATA and there could actually be less. Mr. Smedberg stated that the WMATA General Manager will present his preliminary FY 2022 key budget issues to the WMATA Board on November 19. WMATA staff could then have a more thoughtful discussion with the jurisdictions. Mr. Snyder requested an update at the December 3 meeting. Chair Cristol expressed her appreciation to both Mr. Snyder and Mr. Letourneau for being clear in past meetings that the gap in the budget has to be solved on the expenditure side and not by jurisdictional subsidies.

Commuter Choice Program

Chair Cristol reminded Commissioners that she is proposing a block vote on the two action items at the end of the presentations and discussion. She then asked Mr. Snyder to give his report.

Report from the Chair of the Program Advisory Committee. Mr. Snyder stated that the Commission was briefed on the Commuter Choice program and the staff recommendations over the last several meetings. The Commission is being asked to approve Resolution #2424, which would approve the policy changes governing the Commuter Choice program in both corridors, I-66 Inside the Beltway and I-395/95, and Resolution #2425, which would adopt the Technical Evaluation Process for the Commuter Choice on the I-395/95 Corridor Program and authorize the executive director to issue a call for projects for I-395/95 Corridor Round Two (FY 2022-2023). He asked staff to speak to the requested actions.

Ms. Mattice explained that NVTC staff would like to implement four policy changes to the Commuter Choice program, which will ensure that NVTC is encouraging and supporting project

proposals that demonstrate clear, robust benefits to toll payers in the I-66 Inside the Beltway and I-395/95 corridors. She reviewed the changes:

- Establishing a framework for supporting more complex infrastructure projects within the structure of Commuter Choice, particularly around the program’s funding obligation and expenditure deadlines;
- Setting a minimum amount for Commuter Choice funding awards commensurate with funding recipients’ responsibilities under the program;
- Narrowing Commuter Choice support for transportation demand management (commuter information and incentive) campaigns to strategies that can be targeted exclusively to toll payers and with directly measurable outcomes; and
- Requiring upfront executive-, board- or council-level support documentation for proposed projects that depend on a third party for successful implementation.

Ms. Mattice stated that for the I-395/95 program, the Commission is being asked to approve the call for projects, affirming the use of the previously approved I-66 technical evaluation process for this next round. She stated that NVTC anticipates full funding (approximately \$15 million) for this program this coming year as a result of the Commonwealth’s agreement with Transurban.

Ms. Mattice also noted that staff presented the proposed list of Initial Round Four Commuter Choice Program of Projects for the I-66 Corridor to the Commonwealth Transportation Board (CTB) on October 20. The CTB was supportive of the Commission’s conservative approach and will likely take action on the program of projects at its December meeting.

Mr. Snyder reiterated the hope that additional funding will be available for the I-66 Commuter Choice program to move forward with funding the secondary list of already evaluated projects. Chair Cristol thanked Mr. Snyder for his leadership as chair of the Program Advisory Committee and for the work of the entire committee. In response to a question from Chair Cristol, Ms. Mattice explained that the support documentation for proposed projects could be a letter of support such as the letter from WMATA GM/CEO Paul Wiedefeld indicating WMATA’s support for the new entrance at the McLean Metrorail station.

Chair Cristol again asked if there were any objections to approving both Commuter Choice actions items as a block. There were none.

Mr. Snyder moved, with a second by Mr. Meyer, to approve the following actions:

- Approve Resolution #2424: Approve Policy Changes Governing the Commuter Choice Program in Both Corridors, I-66 Inside the Beltway and I-395/95
- Approve Resolution #2425: Adopt the Technical Evaluation Process for the Commuter Choice on the I-395/95 Corridor Program and Authorize the Executive Director to Issue a Call for Projects for I-395/95 Corridor Round Two (FY 2022-2023)

The vote was conducted by a roll call vote and it passed unanimously. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bell, Bennett-Parker, Cristol, Ebbin, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Smedberg, Snyder and Sullivan. (Mr. Walkinshaw did not participate in the vote.)

Legislative Update

Report from the Chair of the Legislative and Policy Committee. Mr. Meyer stated that the Legislative and Policy Committee met last month to review and discuss NVTC's priorities for the 2021 Legislative and Policy Agenda. The 2020 General Assembly's transportation omnibus bill included many structural changes to how transportation is funded in the Commonwealth benefitting the region's local transit operators, WMATA and VRE. This year, NVTC's Legislative and Policy Agenda is focused on protecting those programs and revenue streams at the state level. At the federal level, NVTC will seek continued support for transit, especially given the ongoing impact of COVID-19 on operating revenues.

Mr. Smith then gave a presentation on the proposed 2021 Legislative and Policy agenda. He explained that the agenda includes broad priorities and not necessarily legislative asks but can be used to tailor NVTC's position as legislation is introduced. NVTC's state priorities are focused on:

- Protecting Existing Transit Programs and Funding
- Connecting Riders to Opportunity through Transit
- Continuing Support for the Transforming Rail in Virginia Program
- Restoring Funding for the Northern Virginia Transportation Authority (NVTA)
- Preserving NVTC Stewardship of NVTC Programs
- Updating Remote Public Meeting Requirements

Mr. Smith then reviewed NVTC's federal priorities:

- Reauthorizing Dedicated Federal Funding for WMATA
- Continuing Support for COVID-19 Relief for Transit Agencies
- Reauthorizing the FAST Act and Fix the Highway Trust Fund
- Identifying Federal Funding and Financing for Long Bridge
- Continuing Support for Commuter Tax Benefits

Mr. Sullivan asked about the remote public meeting requirement priority. Mr. Smith stated that other agencies are taking the lead on remote meeting issues and NVTC is not proposing a specific legislative ask at this time. Ms. Mattice stated that several Commissioners have expressed interest in this issue. She stated that during the pandemic, NVTC has had almost 100% Commissioner participation with the virtual meeting format. Ms. Bennett-Parker stated that for those elected officials who serve on multiple boards, including NVTC and VRE, she would like to see the requirements change so that the number of times a member can participate remotely be determined by that particular body. For VRE, which is represented by a large geographic region, board members can travel a great distance to get to the meetings.

Mr. Sullivan stated that he wonders if the era of "zoom calls" will continue after the pandemic is over. There are clear benefits, as well as downsides, to conducting virtual meetings. Mr. Krizek sees it as two issues – remote meetings affecting quorum requirements and allowing a board to make the determination as to how many times a member can attend remotely without affecting quorum. Mr. Ebbin stated that likely any proposed legislation would be referred to the FOIA

Advisory Council for study. Ms. Perron Seibert stated that she has talked with the FOIA Advisory Council staff on this issue. She stated that there might not need to be a study resolution because council staff believe they can go ahead and study it under the 2021 interim study. Mr. Ebbin suggested the ask should be specific to the FOIA Advisory Council.

Ms. Garvey stated that she is supportive of the concept that a body or agency should decide how many times a member can participate remotely. Mr. Bell stated that as NVTC explores this issue, it is important to not lose sight of real-time public involvement and adequate notice.

Mr. Reid asked if there is a quantifiable figure as to how much NVTA funding needs to be restored. Mr. Smith stated that NVTA's Legislative Agenda is seeking \$32 million. Mr. McKay stated that the number is a little higher than what was originally determined, but it is meant to incorporate the lack of increased funding that was supposed to come to the region. Mr. Reid noted that the Northern Virginia delegation has been diligently working to restore NVTA funding.

Mr. Meyer stated that for the "Preserving NVTC Stewardship of NVTC Programs" state priority, he wants to make sure new Commissioners have the background information about the work NVTC does and to fully understand the differences between NVTC and other agencies, such as NVTA, in case any consolidation legislation is introduced. Regarding "Connecting Riders to Opportunity through Transit," Mr. Meyer noted that the City of Fairfax has its own bus system and when COVID-19 hit ridership plummeted. To make operations safer for operations, one of the initiatives included suspending fares. Ridership then stabilized to about 550 passengers a day. These riders had no other options to get to work. This demonstrated to the city that there is a baseline of ridership, particularly on bus, that is very much dependent on transit. It is a socio-economic issue. He would like the City of Fairfax make the free fares permanent. The transit systems exist for everyone, but it is critical for those that don't have other transit options.

Mr. McKay stated that NVTC participated in a study about 10 years ago looking at the consolidation issue. It was a lengthy and detailed study that pointed out the practical reasons why consolidation was not a good idea. He stated it might be worthwhile for staff to pull the study out of its files. Ms. Mattice stated that the study can be found on NVTC's website. Mr. Smedberg stated that the legislation that elevated NVTC with the Commuter Choice program would also be a good reference.

Mr. McKay stated that he applauds the City of Fairfax's willingness to look at free fares. Fairfax County staff is looking at the economic impact of doing something similar. It is a relevant issue as the region looks to the future to promote transit. Even if it was not permanent, it would help bring back riders to transit in the post pandemic recovery phase. Ms. Garvey expressed her support of a regional discussion of providing free fares. Ms. Mitchell stated that a program was established in the omnibus transportation bill called the Transit Ridership Incentive Program (TRIP) that can allocate funds for establishing regional routes of significance and support of low-fare or no-fare programs. DRPT is in the process of developing guidelines and anticipates applications will be available late spring, with funding in FY 2022.

Annual Joint NVTC-PRTC Legislative Briefing. Ms. Mattice announced that the annual Joint NVTC-PRTC Legislative Briefing is scheduled for December 7 at 9:00 a.m. The virtual event will provide an overview of federal and state issues affecting transit in Northern Virginia. Secretary

of Transportation Shannon Valentine is participating as the keynote speaker. Senator Warner and Senator Kaine have also been invited to participate.

Virginia Railway Express

VRE CEO Report and VRE COVID-19 Response. Mr. Dalton reported that VRE continues to operate at reduced service levels. He reviewed the measures VRE is taking to address the COVID-19 public health emergency, which include enhanced measures to be ready to welcome back riders. He stated that riders can view capacity of each train using VRE's train utilization webpage. Mr. Dalton reported that VRE is seeing incremental increases in ridership. For October, there were 1,400 daily trips. On-time performance for the month of October was 94% systemwide.

Draft 2021 VRE Legislative Agenda. Ms. Bennett-Parker reported that the draft 2021 VRE Legislative Agenda is provided as an information item and will be brought back for Commission approval at the December 3 meeting, following action taken by the Operations Board at its November 20 meeting. The VRE Legislative Agenda includes state and federal legislative priorities. VRE's state priorities include:

- COVID-19 Pandemic Response
- State Capital Funding
- Virginia Passenger Rail Authority
- Meetings Held Through Electronic Communications Means
- NVTA Funding
- Virginia Transit Association
- Transportation Authorities

Ms. Bennett-Parker then reviewed VRE's federal funding, legislative and regulatory issues:

- Surface Transportation Reauthorization
- Surface Transportation Board (STB) Authority
- Amtrak On-Time Performance
- Federal Grant Programs
- USDOT Rulemaking
- Liability Insurance Reform
- COVID-19 Relief

Virginia Passenger Rail Authority Agreements. Ms. Bennett-Parker reported that VRE staff have been working with DRPT staff, on behalf of the Virginia Passenger Rail Authority (VPRA), to develop an operating and access agreement allowing VRE to operate on right-of-way owned by the Commonwealth, as well as a passenger rail improvements and funding agreement for VRE contributions to the Transforming Rail in Virginia program. It is anticipated that the Operations Board will take action at its November 20 meeting, with Commission action requested at the December 3 NVTC and PRTC meetings. She asked Mr. Dalton to give more details about the proposed agreements.

Mr. Dalton gave a presentation on the rail operating agreements and VRE Chief Financial Officer Mark Schofield gave a presentation about the funding agreement. Mr. Dalton offered one-on-one briefings for Commissioners with VRE and DRPT staff prior to the December 3 meeting.

Mr. Snyder asked if there is any financial exposure to NVTC or any debt issuance/financial implication to this agreement. Mr. Schofield explained that VRE is not a legal entity and is co-owned by NVTC and PRTC. The Commissions would be the entities entering into the agreement with the Virginia Passenger Rail Authority, as well as doing any debt issuance. It would not revert to the jurisdictions. Mr. Snyder stated that he will want to see the agreement in writing and/or with NVTC legal counsel Steve MacIsaac that NVTC is not exposing the jurisdictions to any financial short- or long-term risk. He also asked if there is any danger that the funding would be pulled from other sources of funding that go to the jurisdictions. Mr. Schofield gave more information about the C-ROC fund, which is not a jurisdictional funding source.

DRPT Report

DRPT Director Mitchell encouraged Commissioners to read the written monthly DRPT Report. She stated that DRPT presented a revised Six-Year Improvement Program (SYIP) to the Commonwealth Transportation Board, with action expected at the December CTB meeting. For FY 2021, DRPT only allocated two quarters of funding in incremental amounts until the revenue forecasts were completed. DRPT expects the FY 2022 forecasts will be available in December. For the remaining FY 2021, DRPT will be allocating a total of \$173.6 million to NVTC for the yearly operating and capital support of WMATA. This is an increase of \$14.6 million over last year's amount. For statewide operating funds, DRPT will allocate \$101.6 million, of which \$29 million is for Northern Virginia transit systems.

Ms. Mitchell stated that there was an inaugural meeting of the Virginia Passenger Rail Authority (VPRA) and the next meeting will be held in December to present a draft budget and move forward on policy and procedures. An executive director search is underway. The VPRA is expected to meet monthly.

Executive Director Report

Ms. Mattice encouraged Commissioners to read her Executive Director Newsletter. She reported that a number of staff led sessions or participated in panels at a Virginia Chapter of the American Planning Association Conference earlier this month where they highlighted the work NVTC is doing with the Commuter Choice program and the Route 7 BRT project. She also noted that she participated in a virtual conference of the Metropolitan Planning Organization in Tampa, Florida, regarding express lanes and dynamic tolling. She was able to share Northern Virginia's successes with the Commuter Choice program.

Ms. Mattice reminded Commissioners again about the December 7 Joint NVTC-PRTC Legislative Briefing. Approximately 100 people have signed up so far for this virtual event.

Ms. Mattice also reported that the majority of staff continue to work from home, however, starting today several employees returned to the office to work on a limited basis (one or two days a week).

Ms. Mattice noted that the Financial Report for September 2020 was provided to Commissioners in their meeting materials. There were no questions from Commissioners.

Closed Session

Chair Cristol reviewed the Closed Session procedures for the benefit of the listening public. She stated that the livestream will resume when the committee returns to Open Session. Ms. Cristol moved, with a second by Mr. Sullivan, the following motion to go into Closed Session:

Pursuant to the Virginia Freedom of Information Act (Section 2.2-3711.A.1 of the Code of Virginia), the Northern Virginia Transportation Commission moves to convene a Closed Session to discuss personnel matters.

The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bell, Bennett-Parker, Cristol, Ebbin, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Smedberg, Snyder, Storck and Sullivan. (Mr. Walkinshaw did not participate in the vote and Mr. Storck voted in his absence).

The Commission entered into Closed Session at 9:06 p.m. in the Closed Session. The Commission invited Ms. Mattice to join the Closed Session part way through the session. The Commission returned to Open Session at 9:40 p.m. Mr. Ebbin left the meeting during the Closed Session.

Chair Cristol moved, with a second by Mr. Sullivan, the following certification:

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

- 1) Only public business matters lawfully exempted from open meeting requirements under 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 was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bell, Bennett-Parker, Cristol, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Snyder, Sullivan and Walkinshaw. (Mr. Smedberg did not participate in the vote).

Chair Cristol moved, with a second by Mr. Sullivan, to authorize an amendment to the executive director's contract to reflect the compensation adjustment discussed in Closed Session. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by

Commissioners Aguirre, Alcorn, Bell, Bennett-Parker, Cristol, Filler-Corn, Foust, Garvey, Krizek, McKay, Meyer, Palchik, Reid, Smedberg, Snyder, Sullivan and Walkinshaw.

Adjournment

Without objection, Chair Cristol adjourned the meeting at 9:46 p.m.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer



RESOLUTION #2422

SUBJECT: Finding Need to Conduct the November 5, 2020 Meeting Electronically

WHEREAS: On March 12, 2020, the Governor of Virginia declared a state of emergency in Virginia in response to the spread of novel coronavirus, or COVID-19, a communicable disease of public health threat as so declared by the State Health Commissioner on February 7, 2020 ("COVID-19");

WHEREAS: In subsequent Executive Orders, particularly Executive Order Nos. 53 and 55, as amended, the Governor of Virginia, among other measures designed to ensure safe physical distancing between individuals, prohibited public and private in person gatherings of 10 or more individuals and ordered all individuals in Virginia to remain at their place of residence, with limited exceptions, to mitigate the impacts of COVID-19 and prevent its spread;

WHEREAS: The Northern Virginia Transportation Commission finds that it has a responsibility to demonstrate to the public, through the Commission's conduct, the importance of maintaining proper physical distance from others and to avoid gathering in public where the risks of infection are highest, and to take measures that promote physical distancing in order to protect the public health and mitigate the impacts and spread of COVID-19, including, among others, conducting meetings electronically whenever possible;

WHEREAS: On April 22, 2020, the Virginia General Assembly adopted, and the Governor signed, budget bill amendments to HB 29 that expressly authorize "any public body, including any state, local, [or] regional body" to "meet by electronic means without a quorum of the public body . . . physically assembled at one location when the Governor has declared a state of emergency . . ., provided that (i) the nature of the declared emergency makes it impracticable or unsafe for the public body . . . to assemble in a single location; (ii) the purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the public body . . . and the discharge of its lawful purposes, duties, and responsibilities" among other provisions; and

WHEREAS: Several member jurisdictions of the Northern Virginia Transportation Commission have adopted continuity of government ordinances pursuant to Va. Code Ann. § 15.2-1413 which ordinances, among other provisions, authorize regional bodies of which the locality is a member may meet electronically to transact business essential to the continuity of government.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby finds that meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Commission to assemble in a single location on November 5, 2020, to discuss and transact the business of the Commission listed on the November 5, 2020 Commission Meeting Agenda.

NOW, THEREFORE, BE IT FURTHER RESOLVED that NVTC that hereby finds that meeting by electronic means is authorized because the items on the November 5, 2020 Commission Meeting Agenda are statutorily required or necessary to continue operations of the Commission and the discharge of the Commission's lawful purposes, duties, and responsibilities.

NOW, THEREFORE, BE IT FURTHER RESOLVED that NVTC hereby finds that the items on the November 5, 2020 Commission Meeting Agenda are encompassed within the continuity of operations ordinances adopted by several member localities of the Northern Virginia Transportation Commission as essential to the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19.

Approved this 5th day of November 2020.



Jeffrey C. McKay
Secretary-Treasurer



Katie Cristol
Chair



RESOLUTION #2423

- SUBJECT:** Authorize the Delay in Approving the NVTC FY 2022 General and Administrative Budget
- WHEREAS:** According to the NVTC By-Laws, the executive director is to submit a proposed budget for the succeeding fiscal year to the Executive Committee for approval prior to January, which is then submitted to the Commission for action by its January meeting;
- WHEREAS:** Revenues to support NVTC's general and administration budget come from direct contributions from the member jurisdictions, an amount taken off the top of state aid received by NVTC on behalf of its member jurisdictions, and from toll revenues from the Commuter Choice program;
- WHEREAS:** At its October 1, 2020 meeting, the Commission approved the notice of direct contributions for FY 2022 from its member jurisdictions;
- WHEREAS:** NVTC and the Commonwealth Transportation Board approve the administrative expenses associated with the Commuter Choice program on a schedule that aligns with the project selection process;
- WHEREAS:** State aid received by NVTC comes from a portion of the Department of Rail and Public Transportation (DRPT) operating and capital assistance for its WMATA compact members' annual commitments to WMATA and those jurisdictions' local transit systems;
- WHEREAS:** Due to the delay in statewide revenue projections as a result of the COVID-19 pandemic, DRPT is also delayed in providing updated FY 2022 projections for operating and capital assistance for its WMATA compact members' annual commitments to WMATA and those jurisdictions' local transit systems;
- WHEREAS:** NVTC is limited in its ability to prepare an informed FY 2022 General and administrative Budget until the release of the updated DRPT FY 2022 operating and capital assistance projections; and
- WHEREAS:** A delay in approving NVTC's FY 2022 General and Administrative Budget until March 2020 will not impact NVTC operations as FY 2022 does not commence until July 1, 2021.
- NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission, for the purposes of the Commission's FY 2022 General and Administrative Budget, hereby suspends the requirement in the NVTC By-Laws regarding the January deadline for submitting the proposed annual budget for Executive Committee and Commission action to allow for a delay in the budget approval process.

NOW, THEREFORE, BE IT FURTHER RESOLVED that NVTC authorizes the executive director to submit the proposed FY 2022 General and Administrative Budget to the Executive Committee and the Commission, following receipt of state assistance projections, to be submitted for action by the full Commission no later than the March 2020 Commission meeting.

Approved this 5th day of November 2020.



Jeffrey C. McKay
Secretary-Treasurer



Katie Cristol
Chair



RESOLUTION #2424

- SUBJECT:** Approve Policy Changes Governing the Commuter Choice Program in Both Corridors, I-66 Inside the Beltway and I-395/95
- WHEREAS:** The Second Amended and Restated Memorandum of Agreement – Transform66: Inside The Beltway Project (“I-66 MOA”) and Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes (“I-395/95 MOA”) require that any project proposed for Commuter Choice funding must benefit toll paying users of the I-66 Inside the Beltway or 95 and 395 Express Lanes facility, respectively;
- WHEREAS:** The I-66 MOA stipulates that any funded Commuter Choice project must have its funding obligated within two years of allocation and expended within five years of allocation, a stipulation that the Northern Virginia Transportation Commission (NVTC) also applies to the I-395/95 corridor for programmatic consistency;
- WHEREAS:** Receipt of Commuter Choice funding carries significant reporting and other administrative responsibilities to support NVTC in its program management responsibilities per the I-66 MOA and I-395/95 MOA;
- WHEREAS:** The I-66 MOA and I-395/95 MOA require NVTC to report annually to the Commonwealth on the performance of funded projects, which necessitates projects that have readily measurable outcomes;
- WHEREAS:** NVTC’s Standard Project Agreements require successful completion of projects as per the I-66 MOA and I-395/95 MOA, at risk of recipients needing to return Commuter Choice funds to NVTC; and
- WHEREAS:** The Commission has a strong interest in encouraging a portfolio of Commuter Choice projects that offer robust benefits to toll payers and that can successfully be implemented within the parameters of the I-66 MOA and I-395/95 MOA.
- NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby approves four policy changes to the Commuter Choice program in both the I-66 Inside the Beltway and I-395/95 corridors: 1) A framework for larger capital projects; 2) a minimum funding award amount; 3) a more defined set of guidelines and requirements for transportation demand management projects; and 4) a partner support documentation requirement.
- NOW, THEREFORE, BE IT FURTHER RESOLVED** that approval of these changes in relation to the I-395/95 corridor program is contingent upon the Potomac and Rappahannock Transportation Commission’s approval of a comparable resolution.

Approved this 5th day of November 2020.

A handwritten signature in dark ink, appearing to read "Jeff McKay", written over a horizontal line.

Jeffrey C. McKay
Secretary-Treasurer

A handwritten signature in dark ink, appearing to read "Katie Cristol", written over a horizontal line.

Katie Cristol
Chair



RESOLUTION #2425

SUBJECT: Adopt the Technical Evaluation Process for the Commuter Choice on the I-395/95 Corridor Program and Authorize the Executive Director to Issue a Call for Projects for I-395/95 Corridor Round Two (FY 2022-FY 2023)

WHEREAS: The agreement between the Commonwealth and 95 Express Lanes LLC secured an annual payment for transit services of \$15 million per year, escalating by 2.5% per year, to fund multimodal projects along the I-395/95 corridor;

WHEREAS: The Memorandum of Agreement adopted by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) in November 2017 and adopted by the Commonwealth Transportation Board (CTB) in December 2017, between the CTB, NVTC, PRTC, Department of Rail and Public Transportation (DRPT) and Virginia Department of Transportation (VDOT) requires:

1. A request for projects from all jurisdictions that are members of either NVTC or PRTC and other public transportation providers providing service in those jurisdictions.
2. The selection and technical evaluation of projects by NVTC/PRTC, the development of a funding strategy for each proposed project, and the submission of each proposed project by NVTC/PRTC to the CTB.
3. NVTC/PRTC to hold a public hearing prior to NVTC/PRTC's selection of projects for submission to the CTB.

WHEREAS: The Memorandum of Agreement between NVTC and PRTC for Distribution and Allocation of I-395 Annual Transit Investment Funds, adopted by both Commissions in January 2019, establishes that NVTC will administer the Commuter Choice program; and

WHEREAS: The Joint Commission Working Group, composed of members from NVTC and PRTC; the NVTC Program Advisory Committee; and applicant staff support the continued use of the Technical Evaluation Criteria from the Commuter Choice on the I-66 Corridor Round Four call for projects and their application to the I-395/95 Corridor program for sake of predictability and program consistency.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the executive director to initiate a call for projects for Commuter Choice on the I-395/95 Corridor Round Two (FY 2022-FY 2023) and adopts the Technical Evaluation Criteria for the program.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the adoption of the Technical Evaluation Criteria shall also apply to subsequent Commuter Choice calls for projects on the I-66 Inside the

Beltway and I-395/95 corridors until such time as the Commission wishes to revisit the criteria.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the elements of this authorization and adoption pertinent to the I-395/95 corridor program is contingent upon the Potomac and Rappahannock Transportation Commission's approval of a comparable resolution.

Approved this 5th day of November 2020.



Jeffrey C. McKay
Secretary-Treasurer



Katie Cristol
Chair

Agenda Item #4: NVTC's FY 2020 Audited Financial Statements and Compliance Reports



TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice, Scott Kalkwarf and Colethia Quarles

DATE: November 25, 2020

SUBJECT: NVTC's FY 2020 Audited Financial Statements and Compliance Reports

ACTION ITEM: Accept and Authorize Distribution of NVTC's FY 2020 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 [FY 2020 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 FY 2020, 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Financial and Compliance Reports

Year Ended June 30, 2020



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, 2020, 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, 2020, 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 4-13 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 23, 2020 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 23, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

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, 2020. 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 \$217.6 million on a government-wide basis as of June 30, 2020. Of this total, \$179.5 million is for business-type activities and \$38.1 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$218.4 million. Expenses totaled \$206.1 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$55.8 million. Expenses amounted to \$48.2 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 \$12.5 million for fiscal year 2020, compared to an increase of \$13.0 million for fiscal year 2019. The governmental funds balance as of June 30, 2020 totaled \$38.5 million compared with \$25.9 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$8.9 million, from \$170.6 million to \$179.5 million.
- NVTC's fiduciary fund reported an increase of \$18.4 million in net position, held in trust for member jurisdictions, from \$168.4 million to \$186.8 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, a proprietary fund and a fiduciary fund.

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 four governmental funds: The General Fund, the Special Revenue Fund – Jurisdiction Transit, the Special Revenue Fund – I-66 Toll Revenue, and the Special Revenue Fund – I-395/95 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 Special Revenue Fund – I-395/95 Toll Revenue, reports an annual transit investment received by the Commonwealth of Virginia from the facility's concessionaire toll revenue receipts for NVTC and PRTC according to an agreement entered into between NVTC, PRTC 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, 2020 and 2019:

Summary Statements of Net Position						
June 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 42,209,718	\$ 34,178,087	\$ 66,320,481	\$ 58,683,230	\$ 108,530,199	\$ 92,861,317
Capital assets, net	87,333	103,148	167,509,925	170,998,515	167,597,258	171,101,663
Deferred outflows	-	-	393,423	424,280	393,423	424,280
Total assets	42,297,051	34,281,235	234,223,829	230,106,025	276,520,880	264,387,260
Liabilities:						
Current and other liabilities	3,790,869	8,285,782	6,115,258	7,404,973	9,906,127	15,690,755
Long-term liabilities	348,041	167,787	48,631,573	52,139,769	48,979,614	52,307,556
Total liabilities	4,138,910	8,453,569	54,746,831	59,544,742	58,885,741	67,998,311
Net position:						
Net investment in capital assets	87,333	103,148	116,435,860	116,571,900	116,523,193	116,675,048
Restricted	37,897,537	25,281,188	8,439,810	7,853,574	46,337,347	33,134,762
Unrestricted	173,271	443,330	54,601,328	46,135,809	54,774,599	46,579,139
Total net position	\$ 38,158,141	\$ 25,827,666	\$ 179,476,998	\$ 170,561,283	\$ 217,635,139	\$ 196,388,949

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$217.6 million as of June 30, 2020, an increase of \$21.2 million over the previous fiscal year. The largest portion of net position, \$116.5 million or 53.5 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, \$46.3 million or 21.3 percent represents resources that are restricted, which includes \$37.9 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, 2020, approximately \$12.0 million was due from the Commonwealth of Virginia, of which \$1.8 million is for motor vehicle fuel sales tax, \$0.8 million is for toll revenues, and \$9.4 million for grant and other state revenue. This is a \$10.9 million decrease from the previous fiscal year, of which grant revenue decreased \$3.0 million, toll revenues decreased \$3.4 million, and motor vehicle fuel sales tax receivables decreased \$4.5 million. The decrease in the receivable for grant revenue is due a decrease in capital grant reimbursements due from the Commonwealth. The decrease in the receivable for toll revenue is due to the impact of COVID-19 on toll revenues in the fourth quarter, as was the decrease in motor vehicle fuel sales tax receivable.

As of June 30, 2020, \$9.2 million of the amount due from the Commonwealth was for the commuter rail service, \$1.8 million for jurisdiction transit funding, \$0.8 million for toll funded projects, and a small amount for general and administrative and projects. Cash and cash equivalents increased approximately \$10.9 million and totaled \$46.5 million as of June 30, 2020, of which all but \$341,749 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$47.9 million as of June 30, 2020, with \$38.8 million for governmental activities, and \$9.1 million for business-type activities. This is a \$18.6 million increase from the prior year, of which \$17.3 million is due to toll revenue for governmental activities and \$1.3 million is due to business-type 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, 2020 and 2019 (as restated).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 16,264,440	\$ 19,455,993	\$ 16,264,440	\$ 19,455,993
Operating grants and contributions	165,759,023	170,294,620	7,488,750	5,839,717	173,247,773	176,134,337
Capital grants and contributions	-	-	4,885,925	3,769,460	4,885,925	3,769,460
General revenues:						
Intergovernmental:						
Commuter rail	25,483,921	23,405,864	-	-	25,483,921	23,405,864
Motor vehicle fuel sales tax	27,444,860	34,435,487	-	-	27,444,860	34,435,487
Toll revenue	25,642,199	15,367,040	-	-	25,642,199	15,367,040
Interest	498,471	440,572	750,426	826,447	498,471	1,267,019
Other	-	114,954	-	-	-	114,954
Transfers	(26,396,564)	(23,834,997)	26,396,564	23,834,997	-	-
Total revenues	218,431,910	220,223,540	55,786,105	53,726,614	274,218,015	273,950,154
Expenses:						
General and administration	6,062,195	15,785,238	-	-	6,062,195	15,785,238
Jurisdiction transit	187,440,409	188,926,744	-	-	187,440,409	188,926,744
Toll funded project costs	12,598,831	2,487,046	-	-	12,598,831	2,487,046
Commuter rail	-	-	48,242,769	43,458,338	48,242,769	43,458,338
Total expenses	206,101,435	207,199,028	48,242,769	43,458,338	254,344,204	250,657,366
Change in net position	12,330,475	13,024,512	8,915,715	10,268,276	21,246,190	23,292,788
Beginning net position	25,827,666	12,803,154	170,561,283	160,293,007	196,388,949	173,096,161
Ending net position	\$ 38,158,141	\$ 25,827,666	\$ 179,476,998	\$ 170,561,283	\$ 217,635,139	\$ 196,388,949

For the fiscal year ended June 30, 2020, revenues totaled \$274.2 million, compared to \$273.9 million in the preceding year, an increase of \$0.3 million or 0.1 percent. Expenses increased \$3.7 million, or 1.5 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, 2020, the General Fund had a total fund balance of \$591,246 of which \$97,701 was nonspendable and \$493,545 was unassigned. The fund balance decreased by \$68,546 or 10.4 percent from the preceding year.

During fiscal year 2020, NVTC's regional projects incurred a total of \$2.8 million in direct costs. Three of these projects were funded with federal and state sources totaling \$2.1 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 2020 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 2020 intergovernmental revenues totaled \$187.4 million, a decrease of approximately \$1.5 million or 0.8 percent from the previous fiscal year. The decrease is composed of a \$5.5 million increase, or 3.4 percent in state assistance, and a \$7.0 million decrease, or 20.3 percent in motor vehicle fuel sales tax revenue due primarily to the COVID-19 Novel Coronavirus (COVID) pandemic during the fourth quarter of fiscal year 2020.

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 2020, NVTC has rated, selected and approved projects totaling \$41.5 million. 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 2020, the special revenue fund recognized \$11.1 million in toll revenue and interest earnings, and \$8.7 million in project costs, including transfers to the General Fund for NVTC administration of the program. Net toll revenues received in fiscal year 2020 were 39 percent less than estimated at the beginning of the year due mostly to the impact of the COVID pandemic. As of June 30, 2020, the restricted fund balance totaled \$27.0 million, an increase of \$1.7 million over the prior year balance.

Special Revenue Fund – I-395/95 Toll Revenue. 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 toll revenue from the operations of the I-395/95 HOT Lanes which commenced 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-395/95 corridor.

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. NVTC has established a special revenue fund to account for the ATI toll revenue and related projects for both Commissions, separately from the Commissions' other activities.

The agreement between the Commonwealth, NVTC and PRTC states that the ATI funds are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. Allocating the ATI in this manner results in \$10.0 million and \$5.0 million in revenues for NVTC and PRTC respectively, \$2.6 million and \$1.3 million in expenditures for NVTC and PRTC respectively, and \$7.3 million and \$3.7 million ending fund balance between NVTC and PRTC respectively.

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.

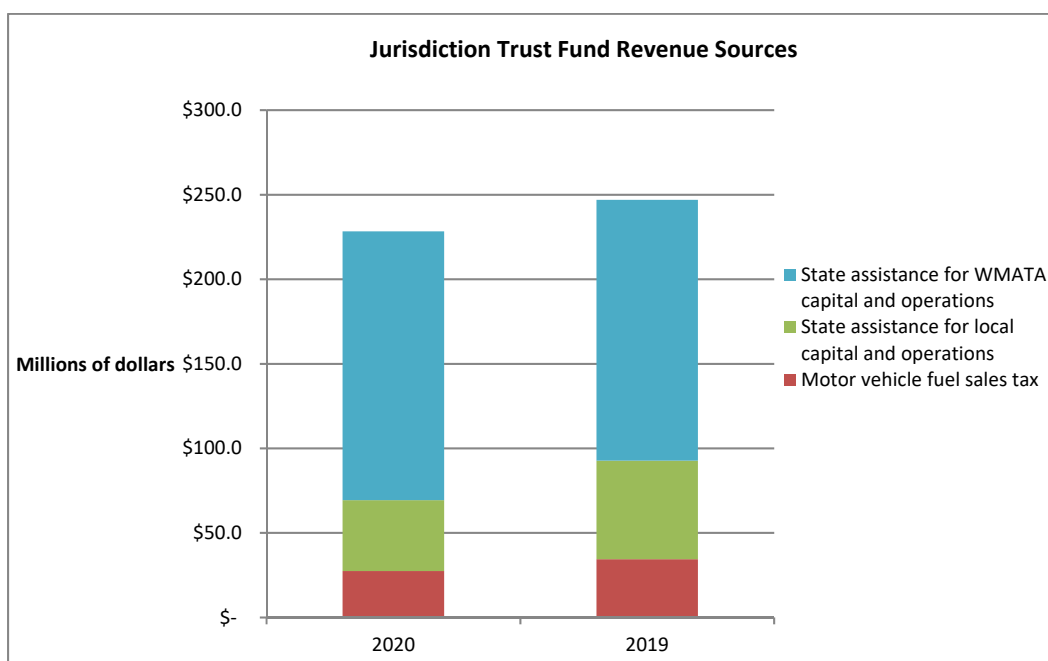
NVTC's share of operating revenue decreased about \$3.2 million or 16.4 percent, while operating expenses increased approximately \$4.3 million or 13.3 percent. For VRE operations as a whole, operating revenue decreased 17.3 percent, while operating expenses increased 1.1 percent. Ridership saw a decrease of 26.9 percent, reflecting the effects of the COVID-19 pandemic during the fourth quarter. 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 \$18.6 million, or 7.5 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 competitive reimbursement program. 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 was 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. Effective fiscal year 2020 the gain became fixed at the fiscal year 2019 level. 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 \$7.0 million, or 20.3 percent from the previous year due primarily to the COVID-19 pandemic during the fourth quarter of fiscal year 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The details of capital assets as of June 30, 2020 and 2019 are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Rolling stock	\$ -	\$ -	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959	\$ 142,639,959
Vehicles	-	-	72,780	72,780	72,780	72,780
Facilities	-	-	56,404,725	54,925,893	56,404,725	54,925,893
Track and signal improvements	-	-	49,764,479	41,717,264	49,764,479	41,717,264
Equipment and software	-	-	6,063,333	6,063,333	6,063,333	6,063,333
Construction in progress	-	-	12,001,865	15,370,836	12,001,865	15,370,836
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	193,619	188,682	3,194,727	3,026,958	3,388,346	3,215,640
	193,619	188,682	273,035,512	266,710,667	273,229,131	266,899,349
Less accumulated depreciation and amortization	106,286	85,534	105,525,587	95,712,152	105,631,873	95,797,686
Total capital assets, net	\$ 87,333	\$ 103,148	\$ 167,509,925	\$ 170,998,515	\$ 167,597,258	\$ 171,101,663

NVTC's investment in capital assets as of June 30, 2020 amounted to \$167.6 million (net of accumulated depreciation and amortization) which represents a decrease of \$3.5 million or 2.0 percent over last year due to new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$9.7 million were closed from construction in progress to their respective capital accounts and an additional \$7,493 was charged directly to the capital accounts.

The major completed projects during the fiscal year were the Positive Train Control project (\$6.75 million), completion of Slaters Lane Track Crossover Improvements (\$1.3 million) purchase of the Crossroads Maintenance Storage Facility Land (\$1.25 million), lighting upgrades at various stations (\$0.2 million) and the completion of SharePoint Development and Implementation project (\$0.2 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Maintenance Storage Facility Land Acquisition (\$1.2 million), completion of Positive Train Control (\$0.95 million), the Scheidt & Bachmann Fare Collection System EMV Compliance Upgrade (\$0.6 million), development of the Passenger Counter System (\$0.6 million), completion of the Slaters Lane Track Crossover Improvements (\$0.5 million), ongoing development of the Midday Storage Yard project (\$0.4 million), Alexandria Station Improvements (\$0.3 million), and the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$0.2 million).

Debt Administration

At June 30, 2020, the Commissions had total debt outstanding of \$50.7 million for the VRE commuter rail service, of which \$46.4 million is reported by NVTC.

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

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

	2020	2019
Bond payable	\$ 42,120,000	\$ 44,360,000
Capital leases	4,270,958	5,016,206
Total	\$ 46,390,958	\$ 49,376,206

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 long-term demand for VRE's service. The constraining factors to VRE growth in the near-term are the current COVID-19 pandemic and its effects, as well as station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The VRE local subsidy for fiscal year 2021 increased by 3.0 percent to \$18,300,780. Fares were held constant; the previous general fare increase was 3.0 percent in fiscal year 2020. 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 2021. Additional sources of funding will be available in fiscal year 2021 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, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 341,749	\$ 46,118,765	\$ 46,460,514
Due from other governments:			
Commonwealth of Virginia	11,961,732	-	11,961,732
Federal	189,285	-	189,285
Local jurisdictions	15,535	-	15,535
Trade accounts receivable, net	-	276,282	276,282
Other receivables	-	301,032	301,032
Inventory	-	1,279,805	1,279,805
Deposits and prepaid items	97,701	64,651	162,352
Restricted cash, cash equivalents and investments	38,750,493	9,133,169	47,883,662
Internal balances	(9,146,777)	9,146,777	-
Capital assets:			
Rolling stock	-	142,639,959	142,639,959
Vehicles	-	72,780	72,780
Facilities	-	56,404,725	56,404,725
Track and signal improvements	-	49,764,479	49,764,479
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	12,001,865	12,001,865
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	193,619	3,194,727	3,388,346
Less accumulated depreciation and amortization	(106,286)	(105,525,587)	(105,631,873)
Deferred outflows of resources, loss on refunding	-	393,423	393,423
Total assets and deferred outflows of resources	<u>42,297,051</u>	<u>234,223,829</u>	<u>276,520,880</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2020

LIABILITIES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Accounts payable	\$ 1,914,197	\$ 1,068,027	\$ 2,982,224
Accrued expenses	53,017	482,322	535,339
Accrued interest	-	532,598	532,598
Due to fiduciary fund	1,753,721	-	1,753,721
Unearned revenue	-	845,976	845,976
Contract retainage	-	7,853	7,853
Noncurrent liabilities:			
Due within one year:			
Compensated absences	69,934	50,009	119,943
Bond payable	-	2,350,000	2,350,000
Capital lease obligation	-	778,473	778,473
Due in more than one year:			
Lease liability	208,679	-	208,679
Compensated absences	139,362	292,558	431,920
Bond payable	-	44,846,530	44,846,530
Capital lease obligation	-	3,492,485	3,492,485
Total liabilities	<u>4,138,910</u>	<u>54,746,831</u>	<u>58,885,741</u>
NET POSITION			
Net investment in capital assets	87,333	116,435,860	116,523,193
Restricted for toll funded projects	37,897,537	-	37,897,537
Restricted for liability insurance plan	-	5,160,099	5,160,099
Restricted for debt service	-	2,016,642	2,016,642
Restricted grants or contributions	-	1,263,069	1,263,069
Unrestricted assets	173,271	54,601,328	54,774,599
Total net position	<u>\$ 38,158,141</u>	<u>\$ 179,476,998</u>	<u>\$ 217,635,139</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

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	\$ 6,062,195	\$ -	\$ 5,763,474	\$ -	\$ (298,721)	\$ -	\$ (298,721)
Toll funded project costs	12,598,831	-	-	-	(12,598,831)	-	(12,598,831)
Jurisdiction transit	187,440,409	-	159,995,549	-	(27,444,860)	-	(27,444,860)
Total governmental activities	206,101,435	-	165,759,023	-	(40,342,412)	-	(40,342,412)
Business-type activities:							
Commuter rail	48,242,769	16,264,440	7,488,750	4,885,925	-	(19,603,654)	(19,603,654)
Total business-type activities	48,242,769	16,264,440	7,488,750	4,885,925	-	(19,603,654)	(19,603,654)
Total primary government	\$ 254,344,204	\$ 16,264,440	\$ 173,247,773	\$ 4,885,925	(40,342,412)	(19,603,654)	(59,946,066)
General revenues:							
Intergovernmental revenue - commuter rail					25,483,921	-	25,483,921
Intergovernmental revenue - motor vehicle fuel sales tax					27,444,860	-	27,444,860
Intergovernmental revenue - toll revenue					25,642,199	-	25,642,199
Interest income					498,471	750,426	1,248,897
Transfers					(26,396,564)	26,396,564	-
Total general revenues					52,672,887	27,146,990	79,819,877
Extraordinary or special items					-	1,372,379	1,372,379
Change in net position					12,330,475	8,915,715	21,246,190
Net position, beginning of year					25,827,666	170,561,283	196,388,949
Net position, end of year					\$ 38,158,141	\$ 179,476,998	\$ 217,635,139

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Major Funds				
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 341,749	\$ -	\$ -	\$ -	\$ 341,749
Due from other governments:					
Commonwealth of Virginia	9,318,489	1,849,851	793,392	-	11,961,732
Federal	189,285	-	-	-	189,285
Local jurisdictions	15,535	-	-	-	15,535
Due from fiduciary fund	96,130	-	-	-	96,130
Due from proprietary fund	18,448	-	-	-	18,448
Due from special revenue funds	164,037	-	-	-	164,037
Restricted cash	-	-	27,713,707	11,036,786	38,750,493
Deposits and prepaid items	97,701	-	-	-	97,701
Total assets	\$ 10,241,374	\$ 1,849,851	\$ 28,507,099	\$ 11,036,786	\$ 51,635,110
LIABILITIES					
Accounts payable	\$ 431,886	\$ -	\$ 1,427,416	\$ 54,895	\$ 1,914,197
Due to general fund	-	-	116,671	47,366	164,037
Accrued salaries	53,017	-	-	-	53,017
Due to proprietary fund	9,165,225	-	-	-	9,165,225
Due to fiduciary fund	-	1,849,851	-	-	1,849,851
Total liabilities	9,650,128	1,849,851	1,544,087	102,261	13,146,327
FUND BALANCES					
Nonspendable					
Deposits and prepaid items	97,701	-	-	-	97,701
Restricted					
Toll Revenues	-	-	26,963,012	10,934,525	37,897,537
Unassigned	493,545	-	-	-	493,545
Total fund balance	591,246	-	26,963,012	10,934,525	38,488,783
Total liabilities and fund balance	\$ 10,241,374	\$ 1,849,851	\$ 28,507,099	\$ 11,036,786	\$ 51,635,110

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	\$ 38,488,783
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 \$193,619 and the accumulated depreciation and amortization is \$106,286.	87,333
Lease liability only recognized in the government-wide financial statements.	(208,679)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(209,296)
Net position - governmental activities	<u>\$ 38,158,141</u>

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, 2020

	Major Funds				
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	Total Governmental Funds
Revenues:					
Intergovernmental revenues:					
Grants and contributions:					
Commonwealth of Virginia, net of CROC funds attributable to PRTC	\$ 29,411,010	\$ 159,995,549	\$ -	\$ -	\$ 189,406,559
Federal	1,284,958	-	-	-	1,284,958
Local jurisdictions	471,427	-	-	-	471,427
Toll Revenue	-	-	10,642,199	15,000,000	25,642,199
Motor vehicle fuel sales tax	-	27,444,860	-	-	27,444,860
Project chargebacks	80,000	-	-	-	80,000
Interest income	12,847	-	451,280	34,344	498,471
Total revenues	<u>31,260,242</u>	<u>187,440,409</u>	<u>11,093,479</u>	<u>15,034,344</u>	<u>244,828,474</u>
Expenditures:					
Current:					
General and administration	3,062,199	-	-	-	3,062,199
Project costs	2,777,731	-	-	-	2,777,731
Toll funded project costs	-	-	8,724,710	3,874,121	12,598,831
Payments to fiduciary fund	-	187,440,409	-	-	187,440,409
Capital outlay	4,937	-	-	-	4,937
Total expenditures	<u>5,844,867</u>	<u>187,440,409</u>	<u>8,724,710</u>	<u>3,874,121</u>	<u>205,884,107</u>
Other financing uses:					
Transfers	(25,483,921)	-	(686,945)	(225,698)	(26,396,564)
Change in fund balances	(68,546)	-	1,681,824	10,934,525	12,547,803
Fund balances, beginning of year	<u>659,792</u>	<u>-</u>	<u>25,281,188</u>	<u>-</u>	<u>25,940,980</u>
Fund balances, end of year	<u>\$ 591,246</u>	<u>\$ -</u>	<u>\$ 26,963,012</u>	<u>\$ 10,934,525</u>	<u>\$ 38,488,783</u>
Change in fund balances - total governmental funds					\$ 12,547,803
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					4,937
Deduct - depreciation and amortization expense					(20,752)
Amortization of lease liability is only recognized in the government-wide financial statements.					(143,313)
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.					(58,200)
Change in net position of governmental activities					<u>\$ 12,330,475</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	<u>Commuter Rail Service Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	\$ 46,118,765
Accounts receivable:	
Due from general fund	9,146,777
Trade receivables, net of allowance for doubtful accounts	276,282
Other receivables	301,032
Inventory	1,279,805
Prepaid expenses and other	64,651
Restricted cash, cash equivalents and investments	<u>9,133,169</u>
Total current assets	<u>66,320,481</u>
Capital assets:	
Rolling stock	142,639,959
Vehicles	72,780
Facilities	56,404,725
Track and signal improvements	49,764,479
Equipment and software	6,063,333
Construction in progress	12,001,865
Equity in property of others	2,893,644
Furniture, equipment and software	<u>3,194,727</u>
	273,035,512
Less accumulated depreciation and amortization	<u>(105,525,587)</u>
Total capital assets, net	<u>167,509,925</u>
Deferred Outflows of Resources:	
Loss on refunding	<u>393,423</u>
Total assets and deferred outflows of resources	<u><u>\$ 234,223,829</u></u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	<u>Commuter Rail Service Fund</u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 1,068,027
Compensated absences	50,009
Accrued expenses	482,322
Accrued interest	532,598
Unearned revenue	845,976
Contract retainage	7,853
Current portion of bonds payable	2,350,000
Current portion of capital lease obligations	<u>778,473</u>
Total current liabilities	<u>6,115,258</u>
Noncurrent Liabilities:	
Compensated absences	292,558
Bonds payable	44,846,530
Capital lease obligations	<u>3,492,485</u>
Total noncurrent liabilities	<u>48,631,573</u>
Total liabilities	<u>54,746,831</u>
Net Position:	
Net investment in capital assets	116,435,860
Restricted for liability insurance plan	5,160,099
Restricted for debt service	2,016,642
Restricted grants or contributions	1,263,069
Unrestricted assets	<u>54,601,328</u>
Total net position	<u>179,476,998</u>
Total liabilities and net position	<u><u>\$ 234,223,829</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, 2020

	<u>Commuter Rail Service Fund</u>
Operating Revenues:	
Passenger revenue	\$ 16,139,879
Equipment rentals and other	124,561
	<hr/>
Total operating revenues	16,264,440
	<hr/>
Operating Expenses:	
Contract operations and maintenance	13,058,355
Other operations and maintenance	7,184,316
Property leases and access fees	8,104,794
Insurance	2,032,888
Marketing and sales	1,018,429
General and administrative	5,125,012
	<hr/>
Total operating expenses	36,523,794
	<hr/>
Operating loss before depreciation and amortization	(20,259,354)
	<hr/>
Depreciation and amortization	(9,845,160)
	<hr/>
Operating loss	(30,104,514)
	<hr/>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	6,609,692
Regional transportation funding	879,058
Interest income:	
Operating funds	469,577
Insurance trust	109,311
Commonwealth Rail Operating and Capital (CROC) Fund	147,088
Other restricted funds	24,450
Interest, amortization and other nonoperating expenses, net	(1,873,815)
	<hr/>
Total nonoperating revenues, net	6,365,361
	<hr/>
Loss before capital contributions and transfers	(23,739,153)
	<hr/>
Capital contributions and transfers:	
Contribution from General Fund	4,885,925
Transfers in	26,396,564
	<hr/>
Total capital contributions and transfers	31,282,489
	<hr/>
Extraordinary or special items	1,372,379
	<hr/>
Change in net position	8,915,715
	<hr/>
Net Position, beginning	170,561,283
	<hr/>
Net Position, ending	\$ 179,476,998
	<hr/>

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, 2020

	<u>Commuter Rail Service Fund</u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 17,542,981
Payments to suppliers	(36,835,019)
Net cash used in operating activities	<u>(19,292,038)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>35,783,218</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(7,280,823)
Capital grants and assistance	9,572,307
Principal paid on capital lease obligations	(745,248)
Principal paid on note	(2,240,000)
Interest paid on capital lease obligation	(221,390)
Interest paid on bonds and note	(2,050,400)
Contribution from General Fund	7,496,671
Refund of loan risk premium - unusual event	1,372,379
Net cash used in capital and related financing activities	<u>5,903,496</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>750,426</u>
Increase in cash and cash equivalents	23,145,102
Cash and Cash Equivalents, beginning	32,106,832
Cash and Cash Equivalents, ending	<u><u>\$ 55,251,934</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (30,104,514)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,845,160
Write off of CIP projects	338,753
(Increase) decrease in:	
Trade receivables	1,165,860
Other receivables	129,877
Inventory	(29,357)
Prepaid items and other	(15,372)
Increase (decrease) in:	
Accounts payable and accrued expenses	(660,918)
Compensated absences	55,669
Unearned revenue	(17,196)
Net cash used in operating activities	<u><u>\$ (19,292,038)</u></u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 443,215
Capital assets acquired through accrued liabilities	142,286

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2020

	<u>Jurisdiction Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 180,204,615
Due from special revenue fund - Motor vehicle fuel sales tax	1,820,087
Due from special revenue fund - Commonwealth of Virginia grants	29,764
Due from other governments - Commonwealth of Virginia grants	<u>4,883,845</u>
Total assets	<u>186,938,311</u>
LIABILITIES	
Due to member jurisdictions	30,432
Due to general fund	<u>96,130</u>
Total liabilities	<u>126,562</u>
NET POSITION	
Net position held in trust for member jurisdictions	<u><u>\$ 186,811,749</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, 2020

	<u>Jurisdiction Trust Fund</u>
Additions:	
Contributions from government	\$ 187,440,409
Intergovernmental revenues	40,890,500
Investment income	2,303,245
Total additions	<u>230,634,154</u>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	11,670,405
Project development	611,019
Metrorail operating	91,897,284
Metrobus operating	75,601,416
Metroaccess operating	16,962,940
Metro debt service	6,697,555
Other funds disbursed:	
Other capital disbursements	30,432
Other operating disbursements	8,724,922
Total deductions	<u>212,195,973</u>
Change in net position	18,438,181
Net position held in trust for member jurisdictions:	
Beginning of year	168,373,568
End of year	<u><u>\$ 186,811,749</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, 2020

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 governmental funds:

The General Fund is NVTC's primary operating fund and is considered a major fund. It accounts for all financial resources of NVTC except those required to be accounted for in another fund.

The Special Revenue Fund – Jurisdictional Transit Fund is used to account for intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA).

The Special Revenue Fund – I-66 Toll Revenue Fund is used to account revenues generated by the tolling of I-66 inside the Beltway to account for the toll revenue received at related projects.

The Special Revenue Fund – I-395/95 Toll Revenue Fund is used to account for the Annual Transit Investment (ATI) from toll revenue from the operations of the I-395/95 Hot Lanes and related projects for the NVTC and PRTC Commissions.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

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 \$80,500 at June 30, 2020 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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

6. Capital assets (Continued)

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	5-30 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, 2020.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

8. Compensated absences (Continued)

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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Net position

Net position represents the difference between assets, deferred outflows 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.

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 23, 2020, which was the date the financial statements were available to be issued.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments

At June 30, 2020, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 79,076	\$ 3,176,252	\$ -	\$ 3,255,328
LGIP	262,673	42,942,513	180,204,615	223,409,801
	341,749	46,118,765	180,204,615	226,665,129
Restricted:				
LGIP	38,750,493	1,984,757	-	40,735,250
VRA debt service fund	-	2,016,642	-	2,016,642
Insurance trust fund – pooled funds	-	5,131,770	-	5,131,770
	38,750,493	9,133,169	-	47,883,662
Total	\$ 39,092,242	\$ 55,251,933	\$ 180,204,615	\$ 274,548,791

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.

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, 2020, the reporting entity had investments of \$264,145,051 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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, \$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, 2020, the reporting entity had \$2,016,642 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, 2020, a total of \$10,263,540 was invested in the Insurance Trust, of which \$5,131,770 is included in the NVTC reporting entity. In fiscal year 2020, earnings on the Insurance Trust in the amount of \$218,621 were credited to VRE, of which \$109,311 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%

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of credit risk (Continued)

NVTC has the following investment subject to fair value measurement:

- U.S. Treasury securities of \$1,008,321 as of June 30, 2020, which are valued using quoted prices in an active market for identical assets (Level 1 inputs).

Note 3. Due From Other Governments

At June 30, 2020, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 1,820,087	\$ 1,820,087
Grants	5,568,489	29,764	5,598,253
CROC	3,750,000	-	3,750,000
Toll revenue	793,392	-	793,392
	<u>10,111,881</u>	<u>1,849,851</u>	<u>11,961,732</u>
Due from Federal Government:			
Grants	189,285	-	189,285
Due from Local Jurisdictions:			
Local grant match	15,535	-	15,535
	<u>\$ 10,316,701</u>	<u>\$ 1,849,851</u>	<u>\$ 12,166,552</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$9,165,225 for commuter rail and \$946,656 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, 2020 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 188,682	\$ 4,937	\$ -	\$ -	193,619
Less accumulated depreciation or amortization	85,534	20,752	-	-	106,286
Governmental activities capital assets, net	\$ 103,148	\$ (15,815)	\$ -	\$ -	87,333
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 15,370,836	\$ 6,687,830	\$ (338,753)	\$ (9,718,048)	12,001,865
Capital assets being depreciated or amortized:					
Rolling stock	142,639,959	-	-	-	142,639,959
Vehicles	72,780	-	-	-	72,780
Facilities	54,925,893	-	-	1,478,832	56,404,725
Track and signal improvements	41,717,264	-	-	8,047,215	49,764,479
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	3,026,958	7,493	(31,725)	192,001	3,194,727
Total capital assets being depreciated or amortized	251,339,831	7,493	(31,725)	9,718,048	261,033,647
Less accumulated depreciation or amortization for:					
Rolling stock	46,768,103	8,800,441	-	-	52,568,544
Vehicles	36,675	13,130	-	-	49,805
Facilities	22,385,004	1,664,874	-	-	24,049,878
Track and signal improvements	16,097,134	2,093,269	-	-	18,190,403
Equipment and software	5,958,893	101,442	-	-	6,060,335
Equity in property of others	1,984,253	82,296	-	-	2,066,549
Office equipment, furniture and software	2,482,090	89,708	(31,725)	-	2,540,073
Total accumulated depreciation or amortization	95,712,152	9,845,160	(31,725)	-	105,525,587
Total capital assets being depreciated or amortized, net	155,627,679	(9,837,667)	-	9,718,048	155,508,060
Business-type activities capital assets, net	\$ 170,998,515	\$ (3,149,8397)	\$ (338,753)	\$ -	167,509,925

The chart above reflects the Positive Train Control project at a value of \$13.5 million (NVTC reporting entity \$6.75 million), completion of Slaters Lane Track Crossover Improvements at \$2.6 million (NVTC reporting entity \$1.3 million), purchase of the Crossroads Maintenance Storage Facility Land at a value of \$2.5 million (NVTC reporting entity \$1.25 million), lighting upgrades at various stations at a value of \$0.4 million (NVTC reporting entity \$0.2 million) and the completion of SharePoint Development and Implementation project at a value of \$0.4 million (NVTC reporting entity \$0.2 million).

Due to the computer and software-based nature of Positive Train Control, this asset is being depreciated over five years, unlike most Track and Signal assets, which are typically depreciated over thirty years.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets (continued)

The chart also reflects a reduction of approximately \$678,000 (NVTC reporting entity \$338,753) in construction in progress reclassified to operating expenses. This was related to two older construction in progress projects related to Broad Run station and yard, both in the preliminary design phase, that were determined to be redundant due to newer development plans for this location, and were expensed.

The capital lease for two multifunction copier capital leases ended during fiscal year 2020. The units were subsequently purchased for under the capitalization threshold and have been removed from capital assets.

Depreciation and amortization expenses for the year ended June 30, 2020 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary government:		
General and administration	\$ 20,752	\$ -
Commuter rail	-	9,845,160

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

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

Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

In 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 2020 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 97,142,781
Accounts receivable:	
Due from PRTC	9,006,275
Federal CARES Act	2,688,095
Commonwealth of Virginia grants	5,415,225
Commonwealth Rail Operating and Capital (CROC) Fund	3,750,000
Trade and other, net of allowance	1,196,091
Inventory	2,751,678
Prepaid expenses and other	139,004
Restricted cash, cash equivalents and investments	14,862,978
Total current assets	136,952,127
Noncurrent assets:	
Capital assets (net of \$211,051,174 accumulated depreciation and amortization)	335,019,850
Total noncurrent assets	335,019,850
Total assets	471,971,977
Deferred outflows of resources	1,181,041
Total assets and deferred outflows of resources	\$ 473,153,018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 5,199,689
Unearned revenue	1,818,911
Current portion of:	
Compensated absences	107,523
Bonds payable	2,350,000
Capital lease obligations	1,556,946
Total current liabilities	11,033,069
Noncurrent liabilities:	
Pension liability	212,336
Other postemployment benefits	457,084
Capital lease obligations	6,984,969
Bonds payable	44,846,530
Compensated absences	629,021
Total noncurrent liabilities	53,129,940
Total liabilities	64,163,009
Deferred inflows of resources	174,555
Net position:	
Net investment in capital assets	279,674,828
Restricted for liability insurance plan	10,320,199
Restricted for debt service	2,016,642
Restricted grants or contributions	2,526,137
Unrestricted assets	114,277,648
Total net position	408,815,454
Total liabilities, deferred inflows of resources and net position	\$ 473,153,018

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, 2020

Operating revenues	\$ 34,969,771
Operating expenses	78,525,443
Operating loss before depreciation and amortization	<u>(43,555,672)</u>
Depreciation and amortization	(19,690,320)
Operating loss	<u>(63,245,992)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	18,712,734
Federal grants – with PRTC as grantee	15,271,669
Federal CARES Act	2,688,095
Jurisdictional contributions	17,767,748
Commonwealth Rail Operating and Capital (CROC) Fund	15,000,000
Interest income:	
Operating funds	1,009,626
Insurance trust	218,621
Commonwealth Rail Operating and Capital (CROC) Fund	294,176
Other restricted funds	48,899
Interest, amortization and other nonoperating expenses, net	(2,089,883)
Total nonoperating revenues, net	<u>68,921,685</u>
Capital grants and assistance:	
Commonwealth of Virginia grants	2,110,561
Federal grants – with PRTC as grantee	3,696,057
Regional transportation funding (NVTA)	1,758,116
Total capital grants and assistance	<u>7,564,734</u>
Extraordinary or Special Item	<u>1,372,379</u>
Change in net position	14,612,806
Net position, beginning of year	<u>394,202,648</u>
Net position, ending	<u>\$ 408,815,454</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, 2020 totaled \$154,446 (10.0 percent of covered payroll). Required employee contributions for the year ended June 30, 2020 totaled \$29,840 (1.9 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, 2020 was approximately \$1,538,912.

Note 8. Operating Leases and Agreements

Governmental activities

NVTC amended the current office space 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 \$415,946 (\$272,632 paid plus \$143,313 amortization). The Statement of Net Position reported a liability of \$208,679 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, 2020.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Operating Leases and Agreements (continued)

As of June 30, 2020, the minimum long-term lease commitments were as shown below:

Year(s) Ending June 30,	Amount
2021	\$ 367,195
2022	373,884
2023	383,279
2024	392,844
2025	402,654
2026-2030	2,370,346
2031-2032	704,912
Total	<u>\$ 4,995,114</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, 2020, annual track usage fees totaled approximately \$10,527,000, of which \$4,896,100 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$584,000, of which \$272,600 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 and ended June 30, 2020. A new agreement became effective on July 1, 2020. For the year ended June 30, 2020, costs for track access and equipment storage totaled approximately \$6,714,000, of which \$3,122,700 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,345,000, of which \$2,020,900 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2021 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. 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 year ended June 30, 2020 totaled approximately \$23,654,000, of which \$11,001,500 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2020 reflect contractual increases and added services, including a focus on asset maintenance programs. Costs for fiscal year 2021 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, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 151,096	\$ 154,652	\$ (96,452)	\$ 209,296	\$ 69,934
Total governmental activities	151,096	154,652	(96,452)	209,296	69,934
Business-type activities:					
Capital leases	5,016,206	-	(745,248)	4,270,958	778,473
Bond payable	44,360,000	-	(2,240,000)	42,120,000	2,350,000
Unamortized premium	5,474,689	-	(398,159)	5,076,530	-
Compensated absences	286,898	181,717	(126,048)	342,567	50,009
Total business-type activities	55,137,793	181,717	(3,509,455)	51,810,055	3,178,482
Total Primary Government	\$ 55,288,889	\$ 336,369	\$ (3,605,907)	\$ 52,019,351	\$ 3,248,416

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 \$12,946,565 (NVTC reporting entity, \$6,473,283)	\$ 8,541,916	\$ 4,270,958

Future minimum lease payments as of June 30, 2020 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
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	9,656,785	4,828,392
Lease amount representing interest	1,114,869	557,434
Present value of lease payments	\$ 8,541,916	\$ 4,270,958

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Long-Term Debt Obligations (continued)

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 \$60,782,688 at June 30, 2020. \$ 42,120,000

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

Year(s) Ending June 30,	Principal	Interest	Total Required
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	2,885,000	1,404,303	4,289,303
2026-2030	16,875,000	4,583,259	21,458,259
2031-2033	12,185,000	687,522	12,872,522
Subtotal	42,120,000	13,664,644	55,784,644
Unamortized premium	5,076,530	-	5,076,530
Total	\$ 47,196,530	\$ 13,664,644	\$ 60,861,174

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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 \$139,000 at June 30, 2020, of which \$69,500 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, 2020 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,471,870	\$ 5,235,935
Contribution to reserves	3,900,136	1,950,068
Insurance premiums paid	(4,256,144)	(2,128,072)
Claims mitigation and losses incurred	(55,493)	(27,747)
Investment income	218,621	109,311
Actuarial and administrative charges	(15,450)	(7,725)
Ending balance, June 30	\$ 10,263,540	\$ 5,131,770

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

Note 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 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 11. Significant Commitments and Contingencies (Continued)

Business-type activities

At June 30, 2020, 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, 2020:

Stations and parking lots	\$	3,712,524
Rolling stock		5,121,050
Maintenance and layover yards		2,179,043
Track and signal improvements		130,746
Other administrative		288,390
Total	\$	11,431,753

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

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

Note 12. Interfund Transfers

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 686,945	\$ -	\$ 686,945
Special Revenue Fund – I-395/95 toll revenue	225,698	-	285,698
General Fund	-	25,483,921	25,483,921
Total transferred in	\$ 912,643	\$ 25,483,921	\$ 26,396,564

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 Funds to the General Fund is for NVTC administration and outreach.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements

At June 30, 2020, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the NVTC reporting entity. The statements which might impact NVTC are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2019.

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 June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Pending GASB Statements (Continued)

GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

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

Note 14. Subsequent Events

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to execute a contract with Svanaco, Inc. (DBA Americaneagle.com) of Des Plaines, Illinois for Mobile Ticketing Services in the amount of \$988,630, plus a 10 percent contingency of \$98,863, for a total amount not to exceed \$1,087,493, for a base year and five option years, with the Chief Executive Officer exercising the option years at his discretion. This will replace VRE's existing mobile ticketing solution.

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to formally withdraw from existing Standard Project Agreements (SPAs) with the Northern Virginia Transportation Authority (NVTA) for the Lorton and Rippon station expansion projects. This is a result of the Commonwealth's Transforming Rail in Virginia program of planned capital investments and associated operating plan. Under the new operating plan, expansions of those two stations are not projected to be needed until 2030 or later. The SPA for Lorton Station had a value of \$7.9 million, and the SPA for Rippon Station had a value of \$10.0 million.

In September 2020, following a nationwide search and affirming the recommendation of the VRE Operations Board, the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportations Commission (PRTC) named the Acting Chief Executive Officer, Rich Dalton, to be the new Chief Executive Officer of VRE. Mr. Dalton was appointed VRE's acting CEO in November 2019. Prior to his appointment as Acting Chief Executive Officer, Mr. Dalton had been with VRE for 11 years as Deputy Chief Executive Officer and Chief Operating Officer.

In September 2020, the VRE Operations Board authorized an increase in the Chief Executive Officer's procurement authorization authority to \$1,000,000 and an increase in the Chief Executive Officer's contract award authority to \$200,000.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for Construction of the Lifecycle Overhaul and Upgrade (LOU) Facility in the amount of \$37,673,006, plus a 10% contingency of \$3,767,301, for a total amount not to exceed \$41,440,307.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 14. Subsequent Events (Continued)

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Archer Western Construction, LLC of Herndon, Virginia, for construction of Quantico Station Improvements in the amount of \$16,709,330, plus a 10% contingency of \$1,670,933, for a total amount not to exceed \$18,380,263. The VRE Operations Board also authorized the Chief Executive Officer (CEO) to execute a contract with Dewberry Engineers Inc. of Fairfax, Virginia, for Construction Management Services for the Quantico Station Improvements in the amount of \$1,868,776, plus a 10% contingency of \$186,878, for a total amount not to exceed \$2,055,654.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute contracts with HDR Engineering, Inc. (HDR) of Vienna, Virginia, for Project Design Services and STV Incorporated (STV) of Fairfax, Virginia, for Construction Management Services for a base year and four option years in an amount not to exceed \$6 million in aggregate per year for a total not to exceed amount of \$30 million in aggregate for the five-year term of the contract.

In October 2020, VRE Operations Board authorized the Chief Executive Officer to execute a contract with Sumter Contracting Corp. of Fairfax, Virginia, for Construction of Rolling Road Station Improvements in the amount of \$2,234,474, plus a 10 percent contingency of \$223,447, for a total amount not to exceed \$2,457,921.

Note 15. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which NVTC operates. While it is unknown how long these conditions will last, many NVTC activities were, and continue to be, affected.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2020

	City of Alexandria	Arlington County	City of Fairfax	Fairfax County	City of Falls Church	Loudoun County	Totals
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 24,948,209	\$ 40,923,253	\$ 2,034,146	\$ 90,948,500	\$ 1,141,441	\$ -	\$ 159,995,549
Motor Vehicle Fuel Sales Tax	2,286,747	2,051,879	968,622	13,662,003	1,083,717	7,391,892	27,444,860
Intergovernmental revenues, grants:							
Commonwealth of Virginia	6,471,807	10,621,934	557,759	22,975,797	263,203	-	40,890,500
Investment income	354,575	296,473	65,884	999,765	29,114	557,434	2,303,245
Total additions	34,061,338	53,893,539	3,626,411	128,586,065	2,517,475	7,949,326	230,634,154
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	880,490	9,392,794	729,503	-	667,618	-	11,670,405
Project development	-	75,524	9,518	518,818	7,159	-	611,019
Metrail operating	17,311,316	21,200,654	1,412,634	51,531,150	441,530	-	91,897,284
Metrobus operating	13,398,920	11,894,872	831,034	48,308,811	1,167,779	-	75,601,416
Metroaccess operating	1,155,587	-	411,040	15,284,766	111,547	-	16,962,940
Metro debt service	887,087	-	111,410	5,610,982	88,076	-	6,697,555
Other funds disbursed:							
Other capital disbursements	-	-	30,432	-	-	-	30,432
Other operating disbursements	-	632,789	14,879	8,077,254	-	-	8,724,922
Total deductions	33,633,400	43,196,633	3,550,450	129,331,781	2,483,709	-	212,195,973
Change in net position	427,938	10,696,906	75,961	(745,716)	33,766	7,949,326	18,438,181
Net position held in trust for member jurisdictions:							
Beginning of year	26,013,690	21,320,838	4,738,456	82,171,939	1,645,607	32,483,038	168,373,568
End of year	\$ 26,441,628	\$ 32,017,744	\$ 4,814,417	\$ 81,426,223	\$ 1,679,373	\$ 40,432,364	\$ 186,811,749

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2020

	Total	General and Administrative	Projects
Expenditures:			
Advertising	\$ 144	\$ 144	\$ -
Audit and Legal	65,300	65,300	-
Capital outlay	4,937	4,937	-
Commissioners' per diem	11,551	11,551	-
Computer	14,501	14,501	-
Copier duplicating	10,541	10,541	-
Disability insurance	9,587	8,803	784
Employee group insurance	145,234	133,363	11,871
Employee retirement	154,446	141,822	12,624
Employer payroll taxes	132,040	121,248	10,792
Leave - annual, holiday, and sick	225,388	202,208	23,180
Memberships and subscriptions	1,520	1,520	-
Miscellaneous	7,514	7,514	-
Office supplies	7,389	7,389	-
Office rent	274,870	274,870	-
Insurance and liability bonds	8,053	8,053	-
Parking and Transit	20,770	20,770	-
Postage and shipping	1,604	1,604	-
Consulting, other project costs	3,034,076	448,452	2,585,624
Public information	15,419	15,419	-
Salaries and wages	1,604,396	1,474,207	130,189
State liaison	45,823	45,823	-
Telephone and data	13,818	13,818	-
Training and conferences	21,619	19,086	2,533
Travel and meetings	14,327	14,193	134
Total expenditures	<u>\$ 5,844,867</u>	<u>\$ 3,067,136</u>	<u>\$ 2,777,731</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2020

	Jurisdiction Grants & Projects	NTD Collection	Fare Collection	Route 7	Post Platform Shutdown Marketing	Totals
Revenues:						
Commonwealth of Virginia	\$ 314,746	\$ 277,032	\$ 166,015	\$ 42,483	\$ 304,665	\$ 1,104,941
Federal	1,284,958	-	-	-	-	1,284,958
Local	-	-	77,029	42,506	67,645	187,180
NVTC match	-	4,347	123,200	46,426	26,679	200,652
	<u>-</u>	<u>4,347</u>	<u>123,200</u>	<u>46,426</u>	<u>26,679</u>	<u>200,652</u>
Total revenue	<u>\$ 1,599,704</u>	<u>\$ 281,379</u>	<u>\$ 366,244</u>	<u>\$ 131,415</u>	<u>\$ 398,989</u>	<u>\$ 2,777,731</u>
Expenditures:						
Consulting	\$ -	\$ 277,068	\$ 154,059	\$ 84,978	\$ -	\$ 516,105
Costs incurred	1,599,704	-	88,984	-	380,831	2,069,519
Fringe benefits	-	1,348	37,713	14,511	5,679	59,251
Salaries and wages	-	2,963	82,863	31,884	12,479	130,189
Training and conferences	-	-	2,533	-	-	2,533
Travel	-	-	92	42	-	134
	<u>-</u>	<u>-</u>	<u>92</u>	<u>42</u>	<u>-</u>	<u>134</u>
Total expenditures	<u>\$ 1,599,704</u>	<u>\$ 281,379</u>	<u>\$ 366,244</u>	<u>\$ 131,415</u>	<u>\$ 398,989</u>	<u>\$ 2,777,731</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, 2020

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Project Sponsor	Project Title	Project Number	Approved Toll Revenue Funds	Prior Expenditures	FY 2020 Expenditures	Cumulative Expenditures	FY 2020 Deobligations	Remaining Balance
Arlington County	Peak Period Service Expansion to Metrobus Route 2S	013-01-020-17	\$ 1,000,000	\$ -	\$ 981,603	\$ 981,603	\$ -	\$ 18,397
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	189,957	218,682	408,639	-	53,361
Arlington County	Multimodal Real-Time Transportation Information	013-04-040-17	250,000	22,953	65,831	88,784	-	161,216
Arlington County	Expanded TDM Outreach	013-05-030-17	350,000	262,409	87,591	350,000	-	-
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	3,336,836	2,371,290	466,610	2,837,900	-	498,936
Loudoun County	County Stone Ridge Enhanced Transit	107-01-120-17	1,940,939	1,522,884	(422,883)	1,100,001	840,938	-
Loudoun County	County Transportation Demand Management	107-02-030-17	623,000	394,059	89,462	483,521	139,479	-
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	-	126,275	126,275	-	373,725
PRTC	Gainesville to Pentagon Commuter Service	664-01-120-17	887,900	455,786	126,229	582,015	-	305,885
Subtotal - Fiscal Year 2017 Program			9,800,675	5,288,412	1,739,400	7,027,812	980,417	1,792,446
Arlington County	I-66 Corridor Intelligent Transportation System Enhancements	013-01-18	400,000	-	215,496	215,496	-	184,504
Arlington County	Traffic Management Center	013-02-18	400,000	-	90,537	90,537	-	309,463
Arlington County	Expanded Transportation Demand Management Outreach to the I-66 Corridor	013-03-18	350,000	-	283,159	283,159	-	66,841
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	-	2,294,148	2,294,148	-	1,158,470
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	-	-	-	-	497,100
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	277,142	56,797	333,939	-	1,372,101
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	-	565,092	565,092	-	500,868
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	-	42,830	42,830	-	922,170
City of Falls Church	Metrobus Route 3T Extension and Service Expansion	610-01-18	845,754	211,000	317,250	528,250	-	317,504
PRTC	On-Demand Commuter Lot Shuttles in Prince William County	664-01-18	1,087,796	-	-	-	-	1,087,796
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	235,649	336,856	-	63,144
NVTC	Program Administration, Evaluation and Oversight	999-02-18	400,000	327,926	72,074	400,000	-	-
Subtotal - Fiscal Year 2018 Program			12,077,068	956,145	4,173,032	5,129,177	-	6,947,891
Arlington County	Enhanced Bus Service on Metrobus 3Y: Lee Highway-Farragut Square	013-01-20	1,040,000	-	-	-	-	1,040,000
Arlington County	Expanded TDM Outreach to the I-66 Corridor	013-02-20	1,350,000	-	-	-	-	1,350,000
Fairfax County	Enhanced Bus Service from Government Center to DC	059-01-20	1,939,500	-	-	-	-	1,939,500
Fairfax County	New Bus Service from Stringfellow to L'Enfant Plaza	059-02-20	4,326,000	-	3,120,000	3,120,000	-	1,206,000
Loudoun County	Enhanced Bus Service from Stone Ridge to DC	107-01-20	532,031	-	-	-	-	532,031
Loudoun County	New Bus Service from Stone Ridge to Pentagon	107-02-20	1,257,226	-	-	-	-	1,257,226
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	-	-	-	-	949,482
Prince William County	New TDM Outreach to the I-66 Corridor	153-01-20	200,000	-	-	-	-	200,000
PRTC	Enhanced Bus Service from Gainesville to DC	664-01-20	1,519,100	-	-	-	-	1,519,100
PRTC	Enhanced Bus Service from Gainesville to Pentagon	664-02-20	4,671,700	-	-	-	-	4,671,700
PRTC	New Bus Service from Haymarket to Rosslyn	664-03-20	776,700	-	-	-	-	776,700
PRTC	I-66 Slug Line Campaign	664-04-20	287,800	-	-	-	-	287,800
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-01-20	800,000	-	379,223	379,223	-	420,777
Subtotal - Fiscal Year 2020 Program			19,649,539	-	3,499,223	3,499,223	-	16,150,316
Total			\$ 41,527,282	\$ 6,244,557	\$ 9,411,655	\$ 15,656,212	\$ 980,417	\$ 24,890,653

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 administration and outreach totaling \$686,945 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 I-395/95 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-395/95 TOLL REVENUE
Year Ended June 30, 2020

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2020 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2020 Deobligations</u>	<u>Remaining Balance</u>
Arlington County	Commuter Store at the Pentagon Transit Center	013-31-20	\$ 211,962	\$ -	\$ 54,895	\$ 54,895	\$ -	\$ 157,067
	New Bus Service to the Pentagon with Gambrill and Backlick North Park							
Fairfax County	and Ride Improvements	059-31-20	3,540,903	-	2,120,785	2,120,785	-	1,420,118
PRTC	Enhanced Bus Service from Dale City to Ballston	664-31-20	251,600	-	-	-	-	251,600
PRTC	Enhanced Bus Service on Prince William Metro Express	664-32-20	562,400	-	-	-	-	562,400
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	-	-	-	-	1,133,500
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	-	66,656	66,656	-	3,502,544
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	-	53,688	53,688	-	3,441,612
Alexandria Transit Co.	Enhanced Bus Service on AT-1 Plus: West End to Van Dorn Metro	997-31-20	3,040,000	-	948,148	948,148	-	2,091,852
Alexandria Transit Co.	Enhanced Bus Service on AT-9: Mark Center to Potomac Yard	997-32-20	1,949,000	-	539,770	539,770	-	1,409,230
NVRC	New TDM Outreach Campaign for Military Facilities	998-31-20	396,184	-	58,295	58,295	-	337,889
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-31-20	800,000	-	257,582	257,582	-	542,418
Subtotal - Fiscal Year 2020 Program			18,950,049	-	4,099,819	4,099,819	-	14,850,230
Total			\$ 18,950,049	\$ -	\$ 4,099,819	\$ 4,099,819	\$ -	\$ 14,850,230

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 administration and outreach totaling \$225,698 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 ALLOCATED SPECIAL REVENUE FUND - I-395/95 ACTIVITY
BETWEEN NVTC AND PRTC
Year Ended June 30, 2020

The agreement between the Commonwealth, NVTC and PRTC states the Annual Transit Investment funds ("ATI") from toll revenue are to be split pro rata based on each Commission's population as determined by the most recent population figures of the Weldon Cooper Center. Allocating the ATI in this manner results in the following split between the Commissions:

	<u>Total</u>	<u>NVTC</u>	<u>PRTC</u>
Revenues:			
Intergovernmental revenue:			
ATI funds (toll revenue)	\$ 15,000,000	\$ 9,961,234	\$ 5,038,766
Interest income	34,344	22,807	11,537
Total revenues	<u>15,034,344</u>	<u>9,984,041</u>	<u>5,050,303</u>
Expenditures:			
Current:			
Toll funded project costs	3,874,121	2,572,735	1,301,386
Total expenditures	<u>3,874,121</u>	<u>2,572,735</u>	<u>1,301,386</u>
Other financing uses:			
Transfers	<u>(225,698)</u>	<u>(149,882)</u>	<u>(75,816)</u>
Change in fund balance	10,934,525	7,261,424	3,673,101
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,934,525</u>	<u>\$ 7,261,424</u>	<u>\$ 3,673,101</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2020**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2018	7/26/2017	73018-49	\$ 875,398	\$ -	\$ 875,398	\$ 875,398	\$ 875,398	\$ -	\$ 875,398
Fiscal Year 2017	2/15/2019	73016-83	1,641,316	-	88,984	88,984	88,984	-	106,067
Fiscal Year 2016	11/30/2015	72516-05	68,500	-	399	39,496	39,496	39,097	39,496
Fiscal Year 2016	11/30/2015	72513-34	460,561	275,000	275,000	-	-	-	452,813
Fiscal Year 2016	11/30/2015	72513-18	164,624	-	-	-	-	-	-
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	-	-	-	-	-
Fiscal Year 2011	7/17/2012	72511-03	771,612	234,566	401,522	223,358	223,358	56,402	717,687
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	24,404	24,404	24,404	24,404
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	-	-	-	-	81,071
Fiscal Year 2014	1/7/2014	72510-15	221,540	8,676	40,401	32,429	32,429	704	93,240
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2014	1/2/2014	72510-40	400,000	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	-	1,149	1,149	1,149	26,189
Fiscal Year 2009	10/1/2010	72509-26	64,750	-	21,526	21,526	21,526	-	81,227
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	3,679	6,165	2,486	2,486	-	97,161
Fiscal Year 2008	4/5/2012	72508-52	320,000	1,241	3,511	4,933	4,933	2,663	47,766
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	-	-	-	-	114,292
Fiscal Year 2007	8/12/2008	72507-31	118,973	2,646	3,608	2,327	2,327	1,365	56,383
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	30,268	69,055	65,184	65,184	26,397	113,488
Capital and Operating - WMATA:									
Fiscal Year 2020	7/9/2019	73620-01	159,017,605	-	159,017,605	159,017,605	159,017,605	-	159,017,605
Special Projects:									
Fiscal Year 2020									
Regional Fare Collect.	8/2/2019	71320-03	210,000	-	59,696	77,031	77,031	17,335	77,031
Fiscal Year 2019									
Marketing Post Shut.	3/21/2019	71319-11	316,580	-	291,153	304,665	304,665	13,512	304,665
Fiscal Year 2018									
Rt. 7 Technical	5/25/2018	71318-04	150,000	38,448	80,931	42,483	42,483	-	149,979

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2020**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2020</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Special Projects (continued):									
Fiscal Year 2015									
Intern Program	10/18/2018	71219-03	\$ 40,000	\$ 7,446	\$ 13,698	\$ 6,252	\$ 6,252	\$ -	\$ 27,075
Intern Program	11/14/2007	71218-04	40,000	-	-	-	-	-	28,058
Fiscal Year 2014									
Fare Collection Tech.	9/2/2014	71315-03	400,000	10,468	10,468	-	-	-	213,677
Total State Assistance - NVTC			\$ 168,430,213	\$ 612,438	\$ 161,259,120	\$ 160,829,710	\$ 160,829,710	\$ 183,028	\$ 162,746,602

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2020

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Virginia Railway Express									
Virginia Department of Rail and Public Transportation (DRPT)									
Capital:									
Fiscal Year 2016-2020	9/16/2015	50012	\$ 11,469,882	\$ 2,244,300	\$ 3,774,411	\$ 2,281,599	\$ 2,281,599	\$ 751,488	\$ 10,176,997
Fiscal Year 2016-2020	2/26/2016	50013	16,065,000	-	111,364	111,364	111,364	-	12,437,775
Fiscal Year 2019	8/20/2018	50029	2,730,200	1,607,141	1,607,141	-	-	-	2,478,011
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	511,315	1,324,589	1,092,481	1,092,481	279,207	1,603,796
N/A	N/A	50031	-	-	-	163,317	163,317	163,317	163,317
Fiscal Year 2020	9/23/2019	50034	2,893,400	-	1,961,011	2,619,762	2,619,762	658,751	2,619,762
N/A	N/A	50037	-	-	-	710	710	710	710
Fiscal Year 2020	10/1/2020	73020-47	309,018	-	-	995,482	995,482	995,482	995,482
Fiscal Year 2019	4/2/2019	72519-26	23,483,000	-	-	-	-	-	-
Fiscal Year 2020	9/23/2019	73019-84	309,017	-	309,017	309,017	309,017	-	309,017
Fiscal Year 2020	9/23/2019	73019-85	670,707	-	670,707	670,707	670,707	-	670,707
N/A	N/A	73019-86	-	-	-	13,715	13,715	13,715	13,715
Fiscal Year 2020	9/23/2019	73018-67	309,017	309,017	58,052	(250,965)	(250,965)	-	58,052
Fiscal Year 2020	9/23/2019	73018-68	747,691	670,699	235,523	(435,176)	(435,176)	-	235,523
Fiscal Year 2019	9/10/2018	73018-72	582,214	114,582	433,955	321,602	321,602	2,229	514,131
N/A	N/A	73018-73	-	16,162	-	51,392	51,392	67,554	67,554
N/A	N/A	73018-74	-	59,806	-	-	-	59,806	59,806
Fiscal Year 2021	10/1/2020	73018-75	784,000	-	-	-	-	-	-
N/A	N/A	76518-04	-	-	-	35,547	35,547	35,547	35,547
N/A	N/A	76518-05	-	-	-	34,050	34,050	34,050	34,050
N/A	N/A	73117-62	-	92,780	-	(92,780)	(92,780)	-	-
N/A	N/A	73017-73	-	257,544	-	(82,581)	(82,581)	174,963	174,963
Fiscal Year 2019	9/10/2018	73017-74	4,284,000	-	-	-	-	-	-
Fiscal Year 2020	9/23/2019	73017-75	784,000	-	-	168,301	168,301	168,301	168,301
Fiscal Year 2017	2/5/2018	73017-77	192,000	79,924	79,924	-	-	-	127,878
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	217,498	-	(217,498)	(217,498)	-	375,130
N/A	N/A	73117-62	-	-	-	46,368	46,368	46,368	46,368
N/A	N/A	76517-01	-	-	-	420,637	420,637	420,637	420,637
Fiscal Year 2016	2/2/2016	72516-07	68,973	-	-	-	-	-	68,973
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	5,723	5,723	-	-	-	276,606
Fiscal Year 2016	10/19/2016	73016-86	304,000	41,552	112,552	71,000	71,000	-	304,000
Fiscal Year 2016	2/5/2019	73016-87	464,000	20,511	47,068	164,620	164,620	138,063	190,245
Fiscal Year 2016	2/5/2018	73016-88	120,000	733	830	781	781	684	39,873
N/A	N/A	78016-07	-	419,458	582,470	548,443	548,443	385,431	967,901

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)
Year Ended June 30, 2020

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	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	\$ 5,618	\$ 4,222	\$ (1,396)	\$ (1,396)	\$ -	\$ 1,472,288
Fiscal Year 2015	2/8/2016	73015-95	840,000	85,210	147,466	98,390	98,390	36,134	477,747
Fiscal Year 2015	10/14/2016	73015-96	64,000	9,252	-	(9,252)	(9,252)	-	-
Fiscal Year 2015	10/14/2016	73015-98	879,572	52,122	-	62,270	62,270	114,392	424,911
Fiscal Year 2019	9/10/2018	73115-72	2,720,428	-	-	-	-	-	-
Fiscal Year 2014	2/2/2016	72514-07	800,000	-	-	-	-	-	-
Fiscal Year 2013	1/6/2014	72513-12	400,000	19,136	34,494	20,822	20,822	5,464	105,858
Fiscal Year 2010	1/6/2014	72510-68	200,000	-	-	27,112	27,112	27,112	27,112
Fiscal Year 2010	1/21/2011	72510-75	821,902	158,698	57,467	36,084	36,084	137,315	377,833
Operating:									
Fiscal Year 2020	7/12/2019	72020-26	10,702,373		10,702,373	10,702,373	10,702,373		10,702,373
Fiscal Year 2020	3/26/2020	72120-26	1,144,866		1,144,866	1,144,866	1,144,866		1,144,866
Rail Enhancement Fund:									
Potomac Shores	N/A	76517-01	-	483,160	-	(483,160)	(483,160)	-	-
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	-	-	246,982	246,982	246,982	13,603,913
Gainsville-Haymarket	5/10/2013	76509-02	2,785,714	316,592	37,979	196,561	196,561	475,174	2,759,814
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	234,990	-	(258,641)	(258,641)	(23,651)	(37,367)
Total State Assistance - VRE			111,520,362	8,033,523	23,443,204	20,824,906	20,824,906	5,415,225	66,694,175
Total State Assistance - NVTC and VRE			<u>\$ 279,950,575</u>	<u>\$ 8,645,961</u>	<u>\$ 184,702,324</u>	<u>\$ 181,654,616</u>	<u>\$ 181,654,616</u>	<u>\$ 5,598,253</u>	<u>\$ 229,440,777</u>

*N/A indicates contract not executed as of June 30, 2020.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2020

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	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 2020									
Arlington County	10/11/2019	73020-26	\$ 350,200	\$ -	\$ 132,240	\$ 177,035	\$ 177,035	\$ 44,795	\$ 177,035
Arlington County	10/11/2019	73020-28	54,400	-	-	-	-	-	-
Arlington County	10/11/2019	73020-30	250,240	-	-	-	-	-	-
City of Alexandria	10/11/2019	73020-31	612,000	-	-	-	-	-	-
City of Alexandria	10/11/2019	73020-32	1,659,921	-	-	1,659,921	1,659,921	1,659,921	1,659,921
City of Alexandria	1/28/2020	73020-33	4,486,633	-	-	-	-	-	-
City of Alexandria	1/28/2020	73020-34	660,000	-	-	-	-	-	-
City of Fairfax	9/23/2019	73020-37	42,742	-	-	30,432	30,432	30,432	30,432
City of Fairfax	3/26/2020	73020-38	12,240	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-39	544,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-40	102,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-41	51,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-42	306,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-43	306,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-44	1,700,000	-	-	-	-	-	-
Fairfax County	10/11/2019	73020-45	326,400	-	260,016	260,016	260,016	-	260,016
Fairfax County	10/11/2019	73020-46	850,000	-	-	-	-	-	-
Fiscal Year 2019									
Arlington County	11/8/2018	73019-32	306,000	-	-	-	-	-	-
Arlington County	11/8/2018	73019-33	5,962,928	-	3,637,911	5,686,265	5,686,265	2,048,354	5,686,265
Arlington County	11/8/2018	73019-34	1,020,000	-	736	21,652	21,652	20,916	21,652
Arlington County	11/8/2018	73019-35	148,000	19,230	101,942	88,620	88,620	5,908	121,639
Arlington County	11/8/2018	73019-36	190,000	12,820	25,668	28,211	28,211	15,363	41,031
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	995,106	995,106	995,106	2,570,428
City of Alexandria	1/28/2019	73019-39	34,000	-	20,089	20,089	20,089	-	20,089
City of Alexandria	10/25/2019	72519-17	170,000	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-40	15,300	-	15,300	15,300	15,300	-	15,300
Fairfax County	12/14/2018	73019-41	2,210,000	-	1,136,649	1,136,649	1,136,649	-	1,195,706
Fairfax County	8/6/2019	73019-42	5,950,000	-	-	-	-	-	-
Fairfax County	8/6/2019	73019-43	3,740,000	-	1,705,366	1,705,366	1,705,366	-	1,705,366
Fairfax County	10/14/2018	73019-44	408,000	-	399,172	399,172	399,172	-	399,172
Fairfax County	12/14/2018	73019-45	76,500	-	-	-	-	-	-
Fairfax County	12/14/2018	73019-46	102,000	-	31,353	31,353	31,353	-	31,353
Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2020**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2019 (continued)									
Fairfax County	8/6/2019	73019-48	\$ 357,000	\$ -	\$ 123,271	\$ 123,271	\$ 123,271	\$ -	\$ 123,271
Fairfax County	4/20/2020	73019-88	1,124,651	-	-	-	-	-	-
Fairfax County	4/20/2020	73019-89	930,750	-	-	-	-	-	-
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	-	-	-	-	-	-
Arlington County	9/19/2017	73018-51	504,560	17,421	37,185	19,764	19,764	-	252,280
Arlington County	9/19/2017	73018-54	979,880	9,842	32,024	85,232	85,232	63,050	172,780
City of Alexandria	11/29/2017	73018-55	2,652,000	2,520,515	2,520,515	-	-	-	2,520,515
City of Alexandria	11/29/2017	73018-56	42,500	-	26,866	26,866	26,866	-	42,500
Fairfax County	12/14/2017	73018-60	8,500,000	230,381	2,421,534	2,191,153	2,191,153	-	8,368,532
Fairfax County	12/14/2017	73018-61	4,760,000	3,253	233,334	230,081	230,081	-	4,760,000
Fairfax County	12/14/2017	73018-62	21,250	12,196	12,196	-	-	-	12,196
Fairfax County	12/14/2017	73018-63	76,500	26,843	27,757	914	914	-	76,500
Fairfax County	12/14/2017	73018-64	2,305,200	51,814	51,814	-	-	-	260,307
Fairfax County	12/14/2017	73018-65	748,000	110,449	121,818	11,369	11,369	-	264,690
Fiscal Year 2017									
Arlington County	10/26/2016	73017-53	174,250	-	-	-	-	-	46,245
Arlington County	10/26/2016	73017-54	1,387,200	127,937	208,216	80,279	80,279	-	575,453
Arlington County	10/26/2016	73017-55	12,750	-	31	31	31	-	327
Arlington County	10/26/2016	73017-57	172,380	-	35,791	35,791	35,791	-	36,236
Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
City of Alexandria	6/22/2018	72517-10	409,901	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-61	4,182,000	768	768	-	-	-	4,182,000
Fairfax County	10/14/2016	73017-63	680,000	3,484	9,778	6,294	6,294	-	680,000
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	3,963	8,552	4,589	4,589	-	32,289
City of Alexandria	11/2/2015	73016-70	816,000	-	-	-	-	-	298,644
City of Alexandria	11/30/2015	72516-05	68,500	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-73	1,870,000	29,183	83,670	54,487	54,487	-	1,827,226
Fairfax County	9/24/2015	73016-74	2,040,000	112,550	186,949	74,399	74,399	-	1,663,507
Fairfax County	9/24/2015	73016-75	408,000	7,135	73,241	66,106	66,106	-	375,619
Fairfax County	9/24/2015	73016-76	1,870,000	8,636	8,636	-	-	-	1,870,000

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2020**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2019	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2020	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Technical Assistance									
City of Fairfax	7/20/2020	71320-12	\$ 89,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax County	8/6/2019	71319-09	231,200	-	188,638	188,638	188,638	-	188,638
Operating									
Arlington County	10/11/2019	72020-22	3,556,096	-	3,556,096	3,556,096	3,556,096	-	3,556,096
Arlington County	4/3/2020	72120-22	420,926	-	420,926	420,926	420,926	-	420,926
City of Alexandria	10/11/2019	72020-23	4,194,956	-	4,194,956	4,194,956	4,194,956	-	4,194,956
City of Alexandria	4/15/2020	72120-23	493,396	-	493,396	493,396	493,396	-	493,396
City of Fairfax	9/23/2019	72020-24	801,653	-	801,653	801,653	801,653	-	801,653
City of Fairfax	3/25/2020	72120-24	89,445	-	89,445	89,445	89,445	-	89,445
Fairfax County	10/11/2019	72020-25	16,268,916	-	16,268,916	16,268,916	16,268,916	-	16,268,916
Fairfax County	4/6/2020	72120-25	1,848,416	-	1,848,416	1,848,416	1,848,416	-	1,848,416
Total State Assistance - Jurisdiction Trust Fund			\$ 108,049,992	\$ 4,883,742	\$ 43,128,152	\$ 43,128,255	\$ 43,128,255	\$ 4,883,845	\$ 70,946,486

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2019</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2020</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	\$ 1,964,344	\$ 991,050	\$ 991,050	\$ -	\$ 3,029,315
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	-	-	-	-	2,053,962
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	10,583	14,430	9,309	9,309	5,462	202,712
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	-	-	-	-	788,990
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	14,716	24,663	9,947	9,947	-	761,875
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	90,829	270,054	270,054	179,225	777,080
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	-	4,598	4,598	4,598	109,076
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	-	-	-	-	658,856
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	-	-	-	-	1,416,342
Total Federal Assistance - NVTC			<u>\$ 16,972,708</u>	<u>\$ 998,593</u>	<u>\$ 2,094,266</u>	<u>\$ 1,284,958</u>	<u>\$ 1,284,958</u>	<u>\$ 189,285</u>	<u>\$ 9,798,208</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

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	\$ 9,947	\$ 9,947
VA 04-0022	20.500	9,309	9,309
VA 04-0033	20.500	270,054	270,054
VA 04-0048	20.500	4,598	4,598
Total Federal Capital Investment Grants		<u>293,908</u>	<u>293,908</u>
Federal Transit Formula Grants:			
VA 95-0082	20.507	<u>991,050</u>	<u>991,050</u>
Total Federal Transit Formula Grants		<u>991,050</u>	<u>991,050</u>
Total Federal Transit Cluster		<u>1,284,958</u>	<u>1,284,958</u>
Total Department of Transportation		<u>1,284,958</u>	<u>1,284,958</u>
Total Expenditures of Federal Awards		<u>\$ 1,284,958</u>	<u>\$ 1,284,958</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, 2020. The information in this Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133). 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 OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

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 OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for NVTC were determined using a risk-based approach in accordance with the OMB Circular A-133.

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

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following 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 OMB Circular A-133, 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 2020, 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, \$664,235 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 OMB Circular A-133.



**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, 2020, 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 23, 2020.

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 23, 2020



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

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on Compliance for Each Major Federal Program

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2020. 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require 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, 2020.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 23, 2020

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> √ </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> √ </u> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> √ </u> None Reported

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

Any audit findings disclosed that are required
to be reported in accordance with section
510(a) of Circular A-133?

 Yes √ 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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2020

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

Agenda Item #5: Washington Metropolitan Area Transit Authority (WMATA)



TO: Chair Cristol and NVTC Commissioners

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

DATE: November 25, 2020

SUBJECT: Washington Metropolitan Area Transit Authority (WMATA)

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic setting forth a series of actions at the federal, state, and local levels to combat and contain the spread of the virus during this public health emergency. Since that time, NVTC jurisdictional transit agencies, including WMATA and VRE, have implemented substantial changes to transit operations, many of which are being updated daily. The information provided in these staff reports reflect decisions as of the publication date and are subject to change.

At the December meeting the Commission will receive reports from the Virginia WMATA Board members and the chair of the NVTC WMATA Committee. The Commission will also be asked to take action on the 2020 Report on the Performance and Condition of WMATA.

A. WMATA COVID-19 Response

On March 13 WMATA implemented Phase 3 of its Pandemic Flu Plan. Phase 3 is the highest level of response and includes all subsequent mitigation steps required during a public health emergency. WMATA expects to be at Phase 3 until further notice and has [developed a website for customers to stay up-to-date with the latest information](#).

On May 11 WMATA announced its service focused recovery plan. In August, WMATA began the [managed re-entry phase](#) of its recovery plan and began providing rail service at approximately 90% of pre-COVID levels and bus service of approximately 75% pre-COVID levels. WMATA will begin a public health and education campaign in the fall of 2021 to assure riders who need or want to travel by Metro that it is safe to do so.

WMATA recently revised the date when it anticipates the exhaustion of CARES Act funding to March 2021, which is two months later than previously projected. In November the WMATA Board approved adjustments to the FY 2021 budget that are necessary to balance the budget for the remainder of FY 2021 since there has been no additional federal relief funding to date. Metrorail and Metrobus service changes are anticipated to begin in February 2021.

B. Report from the Virginia WMATA Board Members

▪ Approval of Public Hearing Staff Report and Amendment to the FY 2021 Budget

On November 19 the WMATA Board approved the public hearing staff report on an amendment to the FY 2021 budget. The Board previously authorized a compact public hearing on the proposed service changes on October 13, 2020.

Since the October WMATA Board meeting, WMATA has lowered its FY 2021 operating gap from a projected \$212 million gap to \$176.5 million through management actions and adjustments that will extend CARES Act utilization until March 2021, about two months longer than initially anticipated (Figure 1).

Figure 1: FY 2021 Operating Budget Recap

	FY2021 Budget ¹ Pre-Covid-19	FY2021 Budget ² May 28, 2020	FY2021 September Plan	FY2021 Revised Plan
<i>\$ and Trips in Millions</i>				
Ridership	313.9	150.6	61.0	61.0
Revenue	\$823.7	\$385.9	\$182.6	\$182.6
Expense	\$2,070.0	\$2,043.8	\$2,052.5	\$2,017.0
Operating Deficit	\$1,246.3	\$1,657.9	\$1,869.9	\$1,834.4
CARES Act		\$546.3	\$546.3	\$546.3
Funding Need	\$1,246.3	\$1,111.6	\$1,323.5	\$1,288.1
Subsidy Gap			(\$212.0)	(\$176.5)

1. FY2021 Budget Approved April 2, 2020 2. FY2021 Approved Budget, includes \$546.3 million of CARES Act Funds

Source: [WMATA Board Meeting FY 2021 Budget Revision](#)

Approximately \$116 million in cost savings would be generated from Metrobus and Metrorail service adjustments. The recommended service reductions are less than originally proposed in October 2020 and will take effect on February 13, 2021.

Metrorail service changes include the following:

- Adjusting rail service frequencies
 - Blue, Orange, Green, Yellow, and Silver Lines
 - Weekday peak and off-peak headways of 12 minutes
 - Weekend headways of 15 minutes on Saturdays and Sundays
 - Red Line
 - Weekday headways of 6 minutes all day
 - Weekend headways of 12 minutes
- Adjusting the opening of the Silver Line Phase 2 to July 1, 2021

Previous proposals to implement turnbacks on the Red and Yellow Lines and to close Metrorail earlier at 9:00 p.m. Monday- Thursday were not approved.

Metrobus service changes include the following:

- Maintaining the August Service Plan (the same Metrobus routes that are currently running now)
- Provide additional improvements to the August Metrobus schedule in Virginia to address crowding:
 - 1A: add weekday PM short trips from Ballston to Fairfax Hospital
 - 28A: restore the weekday schedule
 - REX: add earlier Weekday AM trips
 - Metroway: restore earlier weekday starting time
 - 16C, E: restore 16C to earlier weekday starting time, add late night westbound 16E trip on Saturday evening

The WMATA Board also previously approved the resumption of front-door boarding and fare collection on Metrobus starting in January 2021. This action also repeals the previously approved service and fare changes which were approved in April 2020 and would have taken effect on or around January 1, 2021 barring any further Board actions.

In addition to the service changes, the WMATA GM/CEO will generate \$30.5 million in savings through management actions and defer \$30 million in capital projects that do not impact safety or state of good repair to offset the remaining FY 2021 budget gap.

▪ Framework for Transit Equity: Sustainability

On November 19 the WMATA Executive Committee [received an update on WMATA's sustainability initiatives](#) and Zero Emission Bus Program. WMATA staff also presented the proposed sustainability vision and principles for discussion.

WMATA launched its Sustainability Initiative in 2014, setting three regional and seven internal targets to be achieved by 2025. The initiative provides measurable and manageable progress toward aggressive but achievable targets. In the same year, WMATA created the Sustainability Lab and Sustainability Awards to promote and recognize cost effective innovation and best practice adoption across the Authority. WMATA is on track and approximately 28% of the way toward meeting the 2025 energy savings target. When fully implemented, the plan is expected to net \$16 million annually in energy cost savings and another \$13 million annually in operations and maintenance savings by 2025.

WMATA updated the Executive Committee on the Zero Emission Bus Program. Actions to date include receiving a \$5 million federal Low or No-Emission (Low-No) Bus Grant and preparing to test and evaluate different electric bus manufacturers and charging technology at Shepherd Parkway Bus Garage in the District of Columbia in 2021.

WMATA staff also presented a proposed vision and proposed principles to guide its sustainability program. Draft principles include:

1. Develop and Implement an Action Plan with specific priorities, strategies and targets to advance sustainability at Metro and in the region.
2. Recognize that investments and operational decisions change lives. Make those decisions intentionally to address historical, social, environmental, and economic disparities and racial and social injustice.
3. Build, operate and maintain a resilient transportation system to improve livability, the environment, equity, and access to opportunity.
4. Leverage the special nature of Metro's service and its unique market position to advance regional goals.
5. Make cost-effective and data-driven business decisions that provide Metro and its partners with the best return on its investment,
6. Advance the region's efforts through leading transparent and authentic collaboration with stakeholders and community partners.
7. Foster a culture of sustainability and continual improvement through growing staff capacity and leveraging regional expertise and innovation.
8. Establish measurable performance indicators to track implementation and successes of Metro's strategies and actions.

WMATA staff anticipate presenting the sustainability vision and principles for Board adoption in Q3 FY 2021, presenting draft sustainability indicators and targets in Q4 FY 2021, and providing an update on its sustainability initiatives and the zero-emissions bus program in Q1 FY 2022.

▪ Metrorail Station Name Changes

On November 19 the WMATA Board [approved changes to two Metrorail station names](#). Tysons Corner Metrorail Station will become Tysons Metrorail Station, and Prince George's Plaza Metrorail Station will become Hyattsville Crossing Metrorail Station. The name changes coincide with planned updates to station signage and maps due to Silver Line Phase 2. In addition, Fairfax County and Prince George's County, MD has committed to fund the incremental \$332,000 needed to make the signage changes.

▪ Indemnification of Property Owners

On November 19 the WMATA Board [approved the indemnification of property owners and/or parking operators](#) to provide parking spaces for Metrorail station managers due to the elimination of early morning and late night "employee trains." WMATA is conducting a six-month pilot beginning in January 2021 to eliminate "employee trains" which transport WMATA employees prior to the start of daily service. WMATA anticipates this action will maximize nightly operational repair and maintenance hours and improve operational efficiency.

▪ Update on WMATA's Corrective Action Plans (CAPS)

On November 19 the Safety and Operations Committee received [an update on the status of WMATA's open Corrective Action Plans \(CAPS\)](#). CAPS can be issued from multiple sources including the National Transportation Safety Board (NTSB) and Washington Metrorail Safety

Commission (WMSC), which is WMATA's state safety oversight agency. In addition, WMATA tracks the status of each CAP [through an online portal](#).

There has been a total of 367 CAPS assigned to WMATA, and WMATA has closed 305 in the past five years. Of the remaining 62 CAPS that are open, 17 CAPs have been completed and submitted for closure and 45 CAPs are currently being implemented. However, the 22 CAPS identified in the recent [WMSC Rail Operations Control Center Audit](#) are currently under review and not included in the CAP tally.

C. Other WMATA News

- WMATA Announces Plan to Advance Safety Improvements on Blue Line in Virginia

On November 13 [WMATA announced plans to accelerate work](#) at the Alexandria Rail Yard. WMATA will replace all the major components of the signal system in the Alexandria Rail Yard where it connects to the Blue Line, including switches, signals, track circuits and signal control rooms. The signal upgrades are necessary to modernize WMATA's Automatic Train Control System, which is more than 40 years old. The work will take place over 10 weekends beginning Friday, November 27 and ending Sunday, March 14. In addition, WMATA will close Van Dorn and Franconia-Springfield Stations on weekdays from December 21 – 25 and December 28 – January 1 to leverage lower ridership. WMATA will use free local and express shuttle bus service to replace train service at Franconia-Springfield and Van Dorn St. Blue Line trains will operate between Huntington and Largo Town Center. WMATA estimates that closing the stations along with weekend track work will cut the project's completion time by half.

- WMATA Seeks Input on Two Metrorail Station Names in Virginia

On November 17 WMATA [released a survey seeking feedback on the names of two stations in Northern Virginia](#): the future station at Potomac Yard and the West Falls Church Station. The University of Virginia no longer has a presence near West Falls Church Station and the Fairfax County Board of Supervisors is requesting that 'UVA' be removed from the station's name in maps and signage. WMATA is also seeking feedback on formalizing the Potomac Yard Station as the name of the station currently under construction between the National Airport and Braddock Road Stations.

D. Report from the Chair of the NVTC WMATA Committee

At the December meeting NVTC WMATA Committee Chair Canek Aguirre will give an update on committee activities. The WMATA Committee is anticipated to meet on December 16 or a date (TBD) in January 2021 to review WMATA's proposed FY 2022 Budget.

- **ACTION ITEM: Authorize the Executive Director to Send NVTC's 2020 Report on the Performance and Condition of WMATA to the Governor and the General Assembly**

The Commission will be asked to authorize the Executive Director to send the [2020 Report on the Performance and Condition of WMATA](#) to the Governor and the General Assembly in advance of the December 15, 2020 due date. The complete report, which includes revisions based on

Commissioner feedback and NTD data that became available in November, is provided as an attachment. The Commission previously received a presentation on the 2020 report at the November meeting.

This year's report consolidates and restructures NVTC's recommendations around key priorities to improve efficiency and reduce costs, and these recommendations are even more important as WMATA and the region recover from the impacts of the COVID-19 pandemic. In the 2020 report, NVTC continues to press WMATA to encourage riders to return to the system, align service to demand, and work closely with our Northern Virginia transit operators to improve the efficiency of the bus transit network, all through the lens of the COVID-19 pandemic and the systemic challenges that will linger in the years ahead.

Key recommendations to WMATA from the 2020 report include:

- **Communicate and encourage a safe return to transit** by highlighting and promoting enhanced safety efforts during the COVID-19 pandemic and developing a long-term, post-pandemic marketing and communications strategy to rebuild ridership.
- **Adapt rail service to meet changing demands** during the COVID-19 pandemic and the region's subsequent recovery period while maintaining an equitable, baseline level of service across all Metrorail lines.
- **Leverage regional expertise to improve Northern Virginia's Bus Network** by working with local and state partners to improve the efficiency of the bus network, support implementation of bus priority projects, improve bus speeds, and optimize transit networks.
- **Continue focus on ongoing initiatives to reduce the growth in operating costs and improve operational efficiencies** using NVTC's previously recommended strategies in past annual reports on the performance and condition of WMATA.

The report also provides WMATA's FY 2020 expenditures of the Virginia's \$154 million in annual dedicated capital funding by CIP program area. The report also includes chapters on WMATA financial performance, safety, reliability, and ridership that were not available at the November Commission meeting.



2020 REPORT ON THE Performance & Condition

*of the Washington Metropolitan
Area Transit Authority*

Submitted to
the Governor and
General Assembly
December 2020



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Executive Summary

In its 2020 Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority (WMATA), the Northern Virginia Transportation Commission (NVTC) continues to press WMATA to encourage riders to return to the system, align service to demand and work closely with our Northern Virginia transit operators to improve the efficiency of the bus transit network, all through the lens of the COVID-19 pandemic and the systemic challenges that will linger in the years ahead. The report also presents the last annual set of performance and condition data prior to the stay at home orders issued in the region and travel changes stemming from the COVID-19 pandemic.

NVTC's Strategies for WMATA to Reduce Costs and Become More Efficient

The General Assembly requires NVTC to recommend potential strategies to WMATA to reduce the growth in operating costs and to improve the efficiency of operations. NVTC's 2020 Annual Report on WMATA includes recommended strategies for WMATA to become more financially sustainable and a more effective transit system and mobility provider by rebuilding ridership. Prior to the COVID-19 pandemic, WMATA made significant progress in implementing several of NVTC's past recommendations and had seen promising signs that improvements in system reliability were rebuilding customer confidence and that rail and bus ridership were not just stable but increasing.

This year's report consolidates and restructures NVTC's recommendations around key priorities to improve efficiency and reduce costs, making these recommendations even more important as WMATA and the region recover from the impacts of the COVID-19 pandemic.

NVTC's 2020 recommendations to WMATA:

- **Communicate and encourage a safe return to transit** by highlighting and promoting enhanced safety efforts during the COVID-19 pandemic and developing a long-term, post-pandemic marketing and communications strategy to rebuild ridership.
- **Adapt rail service to meet changing demands** during the COVID-19 pandemic and the region's subsequent recovery period while maintaining an equitable, baseline level of service across all Metrorail lines.
- **Leverage regional expertise to improve Northern Virginia's bus network** by working with local and state partners to improve the efficiency of the bus network, support implementation of bus priority projects, improve bus speeds and optimize transit networks.
- **Continue focus on ongoing initiatives to reduce the growth in operating costs and improve operational efficiencies** using NVTC's previously recommended strategies in past annual reports on the performance and condition of WMATA.

WMATA's FY 2020 Dedicated Capital Funding Investments

In FY 2020 WMATA invested \$1.7 billion in capital projects, \$154 million of which comes from Virginia's portion of WMATA's dedicated capital funding. Most of the capital budget was invested in state of good repair projects that keep the system safe and reliable such as:



Implemented Work-Efficiencies to Advance Capital Projects

WMATA leveraged low ridership due to the COVID-19 pandemic by combining the Summer 2020 Platform Improvement Project with a separate project of the Metropolitan Washington Airports Authority (MWAA) to connect Phase 2 of the Silver Line to the existing rail network.



Accepted the Final 7000-Series Rail Car

WMATA conditionally accepted its 748th and final 7000-Series rail car in the fourth quarter of FY 2020. The 7000-Series railcars have replaced legacy 1000, 4000 and 5000-Series rail cars, and WMATA has issued a Request for Proposals for 8000-Series Railcars.



Launched a New Mobile Payment App

Mobile fare payments are now accepted anywhere SmarTrip is used including Metrorail stations, Metrobus, Metro-owned parking garages and on all local bus systems with SmarTrip, including DASH, ART, Fairfax Connector, CUE, Loudoun County Transit and OmniRide.



West Falls Church Platform
Before Improvements



West Falls Church Platform
After Improvements

Completed Phase 2 of the Platform Improvement Project

WMATA completed Phase 2 of the Platform Improvement Project at East Falls Church, West Falls Church, Dunn Loring and Vienna Metrorail Stations.

With 24-hour access to the project sites, workers completed additional work beyond platform reconstruction. This work included platform shoring, installation of platform floor tiles, skylight installation, concrete crack repairs, CCTV camera installation, electrical conduit wiring, fire alarm wiring and fire standpipe installation at all stations.

As of September 2020, all four stations were rebuilt and reopened to the public with features such as slip resistant tiles, new platform shelters with charging stations, additional passenger information display screens and additional LED lighting.

Preface

The Northern Virginia Transportation Commission (NVTC)¹ is charged with the funding and stewardship of the Washington Metropolitan Area Transit Authority (WMATA) on behalf of the jurisdictions of Arlington County, City of Alexandria, City of Falls Church, Fairfax County, City of Fairfax and Loudoun County. Founded in 1964, in part to represent the interests of the Commonwealth during the creation of Metrorail, NVTC continues to serve as Virginia's voice on the WMATA Board of Directors² through its appointments to the panel. NVTC also manages more than \$159 million in state assistance to WMATA on behalf of its jurisdictions. Finally, NVTC ensures that all its jurisdictions' voices are represented on the WMATA Board, conducts Northern Virginia's regional transit response program, coordinates regional transit fare collection efforts and engages in regional transportation planning, data analysis, and reporting, which provides direct benefits to WMATA and the related Northern Virginia transit network.

This report fulfills the requirements of Section § 33.2-3402 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly, specifying that NVTC report annually on the performance and condition of WMATA, for both Metrorail and Metrobus. Per statute, the report addresses six elements:

- Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA operations
- Use of the dedicated capital funds authorized by the legislation to improve the safety and condition of the rapid heavy rail mass transportation system
- The safety and reliability of the rapid heavy rail mass transportation system and bus network
- 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
- 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
- Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system

Introduction

On March 11, 2020 the World Health Organization declared the COVID-19 virus a universal pandemic, setting in motion a series of actions at all levels of government that have impacted transit systems and riders in a way not experienced in generations.³ The executive actions imposed in the Commonwealth of Virginia, the State of Maryland and the District of Columbia – such as stay-at-home orders, mandatory business closures, social distancing requirements and office closures – resulted in a precipitous drop-off in both transit demand and ridership. Ridership for Northern Virginia’s two rail systems – WMATA and Virginia Railway Express (VRE) – declined as much as 95% within weeks of the first orders. Metrobus and the six local transit providers across Northern Virginia, which complement the heavy rail systems, also saw significant drops in ridership.⁴

With the sudden and significant loss of fare revenue, the additional and unplanned expenses to ensure the safety and cleanliness of transit and the abrupt loss of revenue to local jurisdictions that support transit in Northern Virginia, transit systems face significant financial shortfalls that will likely last for years.

Thanks to Congress’ passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act in March 2020, Northern Virginia jurisdictions that fund WMATA, VRE and local transit systems were able to receive short-term financial relief. However, WMATA, the largest recipient of CARES Act funding, projects those funds will be depleted by January 2021 even as WMATA continues to implement enhanced safety measures to respond to the COVID-19 pandemic.⁵ If Congress provides no additional federal funding, WMATA anticipates potential layoffs, Metrorail and Metrobus service cuts and additional cost saving measures.⁶

In addition, on March 17, 2020 the Commonwealth Transportation Board (CTB) provided emergency funding to maintain critical local transit service in Northern Virginia and across the Commonwealth.⁷ The Commonwealth continues to adapt to the challenging budget implications created by the public health emergency. The General Assembly passed an amendment to the 2020 – 2022 Budget that would allow CTB the flexibility to use transit capital and special funds for operating purposes, minimizing the impacts of the COVID-19 pandemic on local transit operators.⁸

The impact of the COVID-19 pandemic will be felt in the transit industry for several years to come. NVTC will continue to work with WMATA, as well as local transit operators and VRE, to safely get riders back on transit.⁹

How has WMATA responded to the COVID-19 pandemic?

Pandemic Flu Plan

On January 29, 2020 WMATA activated its Pandemic Task Force, an agency-wide team of senior-level officials from key departments.¹⁰ The task force initiated WMATA’s pre-existing Pandemic Flu Plan. The plan has four phases. The initial phase focuses on monitoring and preparedness, and Phase 2 ensures WMATA’s readiness to respond quickly in the event of an outbreak in the region. WMATA moved to Phase 3 of its Pandemic Flu Plan on March 13 and implemented emergency service changes and made other adjustments to protect employees and customers. WMATA implemented the following measures to protect the health and safety of the public and frontline employees¹¹:

- Daily cleaning and disinfecting of trains, buses and stations with mopping, wiping down high-touch surfaces or using electrostatic foggers
- Regular deep cleaning of stations
- Required all employees and customers to wear face masks
- Installed plexiglass barriers where appropriate
- Reconfigured office spaces to allow for proper physical distancing and implemented telework when possible
- Ensured handwashing facilities and/or hand sanitizer is available to employees
- Created a system for employees to report exposure to the COVID-19 virus
- Immediate disinfection of a train, bus or station once Metro receives a report of bodily fluids or an ill customer on the system
- Rear-door boarding and waived fares to provide a buffer between customers and Metrobus Operators. WMATA anticipates returning to front-door boarding and fare collection on Metrobus in February 2021
- Prior to the pandemic buses were equipped with Bus Operator safety shields to provide a physical barrier separating the Operator's compartment from customers

Phase 4 of the Pandemic Flu Plan is WMATA's return to normal operations after the situation is under control.

Recovery Plan

In May, WMATA released details of its COVID-19 recovery plan, which outlines a flexible blueprint for ramping up service.¹² The phases of the plan coincide with the relaxing of stay-at-home policies, return to workplaces and the widespread availability of testing, treatment and a vaccine, among other scenarios.¹³

- Stabilization Phase (May - August 2020): The stabilization service plan was implemented in May and adjusted in June to improve Metrobus route efficiency and reduce crowding. During this phase, Metrorail and Metrobus service represented 35% of normal peak service while implementing enhanced cleaning protocols for the COVID-19 pandemic.
- Managed Re-Entry Phase (Implemented August 2020): The managed re-entry phase was implemented in August as local governments begin to lift some COVID-19 pandemic restrictions. During this phase, Metrorail returned to regular opening times, closing at 11 p.m. each night with near-normal peak and off-peak service. WMATA restored Metrobus service to nearly 73% of pre-pandemic levels on weekdays, 87% on Saturdays and 86% on Sundays. WMATA currently anticipates being in the managed re-entry phase of the recovery plan for the remainder of 2020. In order to address expected budget gaps, following a public input period, the WMATA Board is anticipated to make additional adjustments to rail and bus service that will take effect in February 2021.

- Recovery Phase (Expected 2021): The recovery phase is the return of pre-pandemic service levels when social distancing and other supplemental safety measures is no longer necessary. The U.S. Centers for Disease Control and Prevention (CDC) guidance suggests that this phase is likely to occur in 2021.

Impact of the COVID-19 pandemic on WMATA's Capital Improvement Plan

Regional stay-at-home policies and federal guidance confirmed that construction activities were considered "essential services" during the COVID-19 pandemic. This designation allowed WMATA to leverage periods of low ridership to advance projects within its capital improvement program. In doing so, WMATA was able to combine the schedules of its two biggest capital priorities in Virginia: rebuilding Metrorail station platforms and connecting Silver Line Phase 2 to the existing rail network.

WMATA worked with its contractors to revise construction safety protocols to incorporate the CDC guidance for hand and tool washing, social distancing and wearing face coverings at project sites. The 2020 Platform Improvement Project to reconstruct platforms at four Orange Line stations combined schedules with a separate project of the Metropolitan Washington Airports Authority (MWAA) to connect Phases 1 and 2 of the Silver Line which necessitated the additional closure of the five existing Silver Line stations.¹⁴ Due to work proceeding faster than the original schedule, WMATA returned Silver Line service and reopened six Fairfax County Metrorail stations weeks earlier than originally planned. In August 2020, WMATA also began reconstructing the platform at Ronald Reagan Washington National Airport Station, which was previously scheduled to begin in fall 2022 or spring 2023.¹⁵

What does the COVID-19 pandemic mean for the 2020 report?

Initial impacts of the COVID-19 pandemic on WMATA's condition and performance are included in this report. However, it is important to provide context and inform readers that this and future reports will show the impacts of the COVID-19 pandemic. Below is an overview of the impact of the COVID-19 pandemic on different sections of the 2020 report:

Strategies to Reduce the Growth in Costs and Improve Operational Efficiencies (Chapter 1)

The General Assembly requires NVTC to recommend potential strategies to WMATA to reduce the growth in operating costs and improve operational efficiency. In the 2018 and 2019 NVTC reports to the General Assembly, the Commission made several policy and program recommendations that will help WMATA improve efficiency, increase ridership and increase revenue. The previous recommendations still stand and will help WMATA meet these goals.

The public health emergency has drastically impacted ridership and forced WMATA to either delay a number of policy initiatives or defer these initiatives to a future year when the policy would be more appropriate for the circumstances (i.e. post-pandemic). In addition, changes to travel behavior due to the rise in teleworking further necessitate NVTC's recommendations to rebuild Metrorail and Metrobus ridership. NVTC will continue to pursue the implementation of past recommendations through continued engagement with WMATA. However, the current magnitude of the financial crisis brought about by the COVID-19 pandemic is immense and requires solutions beyond these policy recommendations, namely additional federal aid.

Use of Dedicated Capital Funds (Chapter 2)

The COVID-19 pandemic impacted WMATA's capital improvement program. Due to a significant drop in ridership due to stay at home orders and overall reduced demand due to the pandemic, WMATA has been able to accelerate several aspects of the FY 2020 capital program. For example, the 2020 platform improvement work on the Orange Line was accelerated and some stations were re-opened several weeks sooner than planned; the work necessary to integrate Phase 2 of the Silver Line into the existing system was accelerated and reconstruction of the platforms at Reagan Washington National Airport station was started two years earlier than planned.

Safety, Reliability, Financial and Ridership Performance Data (Chapters 3 – 5)

A large portion of this report is dedicated to tracking the key safety, reliability, financial and ridership metrics shown in chapters three to five. Data included in the report (Table 1) come from the National Transit Database (NTD) and WMATA Metro Performance Reports (MPR). Some data points have a lag of 12 to 18 months, meaning that most of the data (except for reliability metrics) provided in the 2020 report will not reflect the impact of the COVID-19 pandemic.

Table 1: Data Sources and Years Presented in this Report

Report Category	Latest Year for which Data is Publicly Available	Data Source
Safety	Calendar Year 2019	NTD
Reliability	Fiscal Year 2020	MPR
Financial Performance	Fiscal Year 2019	NTD
Ridership	Fiscal Year 2019	NTD

In order to address this situation, each data chapter includes qualitative and quantitative data from sources not typically cited. This approach allows readers of this report to understand the impact that the pandemic has had on WMATA. Data in future reports will include the effects of COVID-19 pandemic.

¹ The Northern Virginia Transportation Commission (NVTC) was established to manage and control the functions, affairs and property of the Northern Virginia Transportation District, which was created by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, and the Transportation District Act. The purpose of the Act is to facilitate "planning and developing a transportation system for Northern Virginia and for the safety, comfort and convenience of its citizens and for the economical utilization of public funds" The duties and powers of the Commission are set in Sections §§ 33.2-1900 through 33.2-1934 of the Virginia Code.

² The WMATA Board of Directors, established through an interstate Compact between Virginia, Maryland and the District of Columbia, determines agency policy and provides oversight for funding, operations and the expansion of transit facilities.

³ World Health Organization. "World Health Organization's General Director's Opening Remarks on COVID-19." Pg. 1. March 11, 2020. <<https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>>

⁴ WMATA. "COVID-19 Recovery Planning Update." Pg. 3. May 14, 2020. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-COVID-19-Recovery-Final.pdf>>

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- ⁵ U.S. Department of Transportation. "Fiscal Year 2020 CARES Act Supplemental Public Transportation Apportionments and Allocations." Pg. 1. Accessed July 8, 2020. <<https://www.transit.dot.gov/cares-act-apportionments>>
- ⁶ WMATA. "FY 2021 Budget Update and FY 2022 Budget Outlook." Pg. 3 September 10, 2020. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/20200916-BOARD-3A-FY21-PH-Auth-and-Bus-Fare.pdf>>.
- ⁷ Commonwealth Transportation Board. Pg. 1. March 17, 2020. <<http://www.drpt.virginia.gov/media/3071/ctb-resolution-transit-support-for-covid-19-response-and-impacts-march-2020-v3.pdf>>
- ⁸ 2020 Acts of the General Assembly. "2020 - 2022 Budget." pg. 165. October 16, 2020. <<https://budget.lis.virginia.gov/get/amendmentpdf/4260/>>
- ⁹ NVTC has received a DRPT grant to support a "back to transit" marketing campaign that will focus on how to safely and confidently return riders to transit; this effort is anticipated to begin in early 2021 or as soon as practicable.
- ¹⁰ WMATA. "Approval of Dedicated Bond Resolution and Issuance." Pg. 197. April 23, 2020. <https://www.wmata.com/about_metro/board_of_directors/board_docs/TransmittalDocs/041720_Board_Full_Pkg_w_o_Debt_Policy_2020-04-27.pdf>
- ¹¹ WMATA. "Enhanced Cleaning Protocols for COVID-19." Pg. 1. Accessed September 10, 2020. <<https://www.wmata.com/service/covid19/covid19-cleaning.cfm>>.
- ¹² WMATA. "Metro's gradual recovery plan promotes safety first, while ramping up regional mobility." Pg. 1. May 11, 2020. <<https://www.wmata.com/about/news/covid-19-gradual-recovery-plan.cfm>>
- ¹³ Ibid
- ¹⁴ WMATA. "Silver Line service will return August 16, along with reopening of six stations in Fairfax County." Pg. 1. June 24, 2020. <<https://www.wmata.com/about/news/Silver-Line-reopening.cfm>>
- ¹⁵ WMATA. "Platform reconstruction at Reagan National Airport Station to begin August 7." Pg. 1. July 23, 2020. <<https://www.wmata.com/service/rail/PlatformProject/Platform-reconstruction-at-Reagan-National-Airport-Station-to-begin-August-7.cfm>>

1. Strategies to Reduce the Growth in Costs and Improve Operational Efficiencies

§ 33.2-1526 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly, requires WMATA to constrain the growth of its operating subsidy. For Virginia, the cities of Alexandria, Falls Church and Fairfax, as well as the counties of Arlington, Fairfax and Loudoun (with the start of Silver Line Metrorail Phase 2) are ultimately responsible for paying WMATA's capital and operating obligations. These jurisdictions have a vested interest in ensuring that WMATA reduces the growth in operating costs so that its annual operating subsidies increase in line with legislative requirements.¹⁶

The COVID-19 pandemic threatens to undermine transit agencies across the county, including WMATA. Prior to the pandemic, WMATA reported promising ridership statistics, highlighting a boost in customer confidence for WMATA's reliability and on-time performance. The pandemic has caused dramatic declines in WMATA's ridership and revenue, which have created significant budget gaps. The strategies presented in this chapter will not single-handedly address WMATA's challenges during and after the pandemic, but they should be viewed as mid- to long-term solutions that can aid in WMATA's pandemic recovery.

In previous annual reports on the performance and condition of WMATA, NVTC identified strategies to reduce WMATA's growth in costs and improve operational efficiencies. This chapter consolidates and restructures NVTC recommendations from previous reports into the following four categories:

- Rebuild Metrorail & Metrobus Ridership
- Improve the Operational Efficiency of Metrorail and Metrobus
- Increase Non-Fare Revenues
- Control Cost Escalation and Enhance Efficiency of the Workforce and Contracted Services

Each category includes 1) **Recommended Strategies** that the Commission believes are actionable by WMATA (i.e. study or implement) and 2) documentation of **Ongoing Efforts at WMATA** that support previous NVTC recommendations that are constantly recurring and do not have a fixed point of completion.

These recommendations include a mix of short and long-term operating strategies to improve efficiency. Some strategies can be implemented by the WMATA Board of Directors or the WMATA General Manager/CEO and many strategies can be implemented during the annual budget process where WMATA considers fiscal constraints, public hearing requirements and equity concerns. It is important to note that other recommendations may be outside of WMATA's purview and would require structural or legislative changes from other legislative bodies or agencies.

WMATA has made progress toward stabilizing its operating costs and improving efficiency in ways that reflect NVTC strategies. However, without changes to WMATA's operating model, operating cost increases are predicted to outpace revenue growth according to WMATA's 2019 adopted strategic plan.¹⁷

Strategy 1: Rebuild Metrorail & Metrobus Ridership

Over the past decade, overall WMATA ridership has declined and farebox recovery has decreased, so rebuilding Metrorail and Metrobus ridership is critical to improving the efficiency of the system and to controlling subsidy growth by increasing farebox revenue.

The following recommendations are intended to attract new riders or optimize revenues from existing riders. For many of these recommendations, WMATA has efforts underway in some form, but from the perspective of the Commission these efforts are not yet complete.

Recommendations by NVTC

Recommended Strategies to Rebuild Metrorail & Metrobus Ridership	
Communicate and encourage a safe return to transit	<ul style="list-style-type: none"> Continue to highlight and promote enhanced safety efforts during the pandemic Develop a long-term, post-pandemic marketing and communications strategy to rebuild ridership
Improve weekend rail service	<ul style="list-style-type: none"> Examine additional solutions to better balance maintenance activities and the impacts of service disruptions on weekend ridership Develop customer-focused service standards and operating procedures for planned weekend service disruptions in order to minimize disruptions to service
Optimize parking facilities	<ul style="list-style-type: none"> Assess and consider reducing parking rates at additional, underutilized WMATA-owned Metrorail parking facilities Work with local jurisdictions to use parking policy to encourage riders to park at underutilized stations to optimize revenue from parking facilities and the fare box
Develop, expand and enhance fare pass and other parking pass products to promote more frequent rail and bus ridership and increase customer satisfaction	<ul style="list-style-type: none"> Perform a study to identify fare pass products that address unmet market demand (ex. family passes) and make purchasing them easier to understand through improved marketing Develop a subscription-based parking pass for transit riders to increase revenues at Metrorail stations with parking facilities
Develop the next generation of fare collection technology and support strategic fare collection initiatives	<ul style="list-style-type: none"> Promote usage and expansion of mobile fare payment, which WMATA introduced in September 2020¹⁸ Coordinate fare collection modernization efforts and other initiatives such as all-door boarding or off-vehicle fare collection with NVTC's implementation of the priorities and actions outlined in the Northern Virginia Fare Collection Strategic Plan

Communicate and encourage a safe return to transit

WMATA has taken critical measures to safeguard riders and employees during the pandemic through free mask distribution, contactless fare payment with the new mobile app and aiming to provide enough service for social distancing. However, concerns surrounding the safety of the system remain as potential riders may still be unaware of WMATA's efforts to enhance safety. To

respond to those concerns, WMATA developed a communications strategy that began in the fall of 2020 to reassure customers that returning to transit is safe.¹⁹ NVTC is committed to supporting WMATA, as well as VRE and local transit operators in Northern Virginia, with efforts to get riders back on transit. Leveraging a DRPT grant, NVTC will launch a complementary “back to transit” marketing campaign in early 2021 to encourage the public to safely and confidently return to transit.

WMATA expects a gradual recovery and even indicated a potential scenario in which ridership could remain low after the introduction of a vaccine due to low acceptance and fear among the public.²⁰ Because the long-term impacts of the COVID-19 pandemic on riders’ perception of transit are unknown, WMATA must identify strategic and innovative methods to attract and retain riders after the COVID-19 pandemic subsides. While NVTC supports WMATA’s ongoing efforts to allay riders’ concerns and attract ridership during the pandemic, NVTC also encourages WMATA to develop a long-term, post-pandemic marketing and communications strategy to rebuild both ridership and confidence in transit.

Improve weekend rail service

NVTC proposes that WMATA examine additional solutions to better balance maintenance activities and the impacts of service disruptions on weekend ridership. Preventative maintenance and capital project work during operating hours on Metrorail are often accompanied by service disruptions, increased wait times for trains or additional transfers, all of which have a negative impact on service and weekend ridership.²¹ Capital improvement projects and rehabilitation work are critical to bringing the system to and maintaining a state of good repair. NVTC encourages WMATA to consider developing customer-focused service standards and operating procedures for planned weekend service disruptions in order to minimize impacts on riders. These could be similar to the guidelines WMATA established as part of its Platform Improvement Project, which included strategies to communicate disruptions to customers, retain riders during major shutdowns and ways to execute work more efficiently.^{22 23}

Optimize parking facilities

WMATA manages nearly 60,000 parking spaces at 44 Metrorail stations throughout the region and, prior to the COVID-19 pandemic, had both underutilized parking facilities and facilities that are at or over capacity during the weekday. NVTC proposes that WMATA assess and consider reducing parking rates at additional, underutilized WMATA-owned Metrorail parking facilities.²⁴ Parking utilization directly correlates to ridership at Metrorail stations and generates revenue from both the parking fees and rider fares.²⁵ WMATA successfully piloted and ultimately made permanent a lower parking rate of \$3 at the West Falls Church and Landover Metrorail Stations.²⁶ The pilot encouraged existing transit riders to ride the system more frequently and resulted in an overall increase in ridership and net revenue.²⁷ NVTC supports WMATA’s efforts to work with local jurisdictions to use parking policy to encourage riders to park at underutilized stations to optimize revenue from parking facilities and the fare box.

Develop, expand and enhance fare pass and other parking pass products to promote more frequent rail and bus ridership and increase customer satisfaction

WMATA operates in an increasingly competitive market and one way to make WMATA more competitive is to offer fare pass products that make it easier and more affordable to use the system.²⁸ WMATA currently offers a suite of fare pass products which range from one-day to monthly unlimited passes. Analysis of SmarTrip card data shows three primary groups of riders: core customers, day trippers and visitors; but only 10% of these primary riders have fare passes, creating an opportunity for WMATA to benefit by increasing fare pass utilization among these groups.²⁹ Riders have responded positively to fare pass products and making them easier to afford and understand will increase ridership and generate more revenue in the long-run.³⁰

NVTC proposes that WMATA perform a study to identify fare pass products that address unmet market demand and make purchasing them easier to understand. A comprehensive fare pass study could identify more markets (ex. monthly parkers, teleworkers, those on flexible work schedules and/or families with children) for WMATA's fare pass products to attract riders and ensure the agency captures the most revenue from its fare pass program. The recent introduction of a mobile payment app also offers the opportunity to increase the adoption of pass products by providing a convenient platform to buy, manage and market passes.

NVTC also proposes that WMATA develop a subscription-based parking pass for transit riders. This would expand customers' options for how they pay for parking, as well as encourage more trips from suburban stations because users could receive a small discount by pre-paying for parking for the month. WMATA currently offers a subscription-based transit pass to ride Metrobus and Metrorail at a discounted rate. With a subscription-based parking pass, a transit user could purchase this pass product for unlimited use of Metrorail parking facilities as a transit rider within a fixed period of time.³¹ As part of its COVID-19 Recovery Plan, WMATA proposed the concept of a more flexible pass for riders who also have some level of teleworking.³²

Ongoing Efforts at WMATA that Support Previous NVTC Recommendations

WMATA has made rebuilding Metrorail and Metrobus ridership a key component of its annual budget process and its strategic plan. There are numerous ongoing efforts that document WMATA's efforts to implement NVTC recommendations to rebuild ridership.

Ongoing Efforts at WMATA to Rebuild Metrorail & Metrobus Ridership

Pursue capital investments that increase the reliability of the system

- WMATA has scaled up its level of capital investment and reduced its state of good repair backlog from \$7.1 billion to \$5 billion.³³ The largest decreases were in vehicles and track and structures where substantial investments were made, including the delivery of 7000-series railcars, which improved railcar reliability, doubling the distance trains travel between delays in FY2019 from FY2018.³⁴
- For FY2020, 90% of Metrorail customers were on time, compared to 88% in FY2019.
- WMATA shutdown four Orange Line Metrorail stations to perform platform reconstruction during the summer of 2020.
- WMATA completed acquisition of its final 748th 7000-series railcar in February 2020.³⁵ In Q3 FY 2020 WMATA initiated

Ongoing Efforts at WMATA to Rebuild Metrorail & Metrobus Ridership

	evaluation of final proposals for its 8000-series next generation railcar due for award in FY 2021.
Pursue partnerships with the business community and other partners to provide easier access to transit for employees and visitors	<ul style="list-style-type: none"> The WMATA Board approved an extension of the Fairfax County Free Student Bus Program Pilot, where Fairfax County reimburses WMATA for eligible rides taken by students on Metrobus.³⁶ WMATA also entered a fare buy down agreement for students in Montgomery County.³⁷
Implement efforts on bus and rail to decrease fare evasion	<ul style="list-style-type: none"> WMATA secured emergency fare gates at Metrorail stations to decrease fare evasion.³⁸ WMATA is installing electronic gate sensors and other technology to better track and record fare evasion.³⁹ The WMATA Board approved a low-income fare pilot program with the District of Columbia, where the District will reimburse WMATA for rides taken by low-income riders who are enrolled in the pilot program.⁴⁰

Pursue capital investments that increase the reliability of the system

Continuing state of good repair investments is critical to maintain system reliability, maintaining current riders and attracting new riders. WMATA's research found that at least 30% of ridership losses in 2013 to 2016 were due to declining customer on-time performance and the state of good repair backlog at the time.⁴¹ Since then, WMATA implemented an intensive rebuilding effort to rehabilitate its aging infrastructure, which resulted in a \$2.1 billion reduction of its state of good repair backlog.⁴² Dedicated funding from Virginia, Maryland and Washington, D.C. allows WMATA to make even more investments in its capital improvement program to correct years of underinvestment, further reduce the state of good repair backlog and increase reliability.

The most visible expenditure of FY 2020 capital funds was the second phase of the Platform Improvement Project. In May 2020, WMATA closed four stations on the Orange Line for full platform reconstruction and station improvements. WMATA also closed the Silver Line during the Summer of 2020 to expedite the Silver Line Phase 2 tie in and simplify rail operations to improve construction efficiency and safety during the pandemic. Including the reconstruction of Metrorail stations in Virginia, WMATA invested over \$480 million in capital funding on platforms and structures in FY 2020.⁴³

WMATA spent over \$1.7 billion on capital projects in FY 2020, a significant increase in capital spending and more than double the \$714 million investment made five years prior in FY 2015.⁴⁴ The largest capital investments in FY 2020 were upgrading station and passenger facilities and completing the purchase of 7000-series railcars.⁴⁵ The delivery of 7000-series railcars dramatically improved railcar reliability, increasing the distance trains traveled without delays by 44% from FY 2019 to FY 2020.⁴⁶ 7000-series railcars accounted for 65% of all Metrorail car service in FY 2020.⁴⁷ WMATA is already seeing positive returns as it ramps up its capital investment and reduces its state of good repair backlog. For instance, more than 88% of Metrorail customers were on time during FY 2019, and Metrorail rider offloads declined by nearly 13% from FY 2019 - FY 2020.⁴⁸ In Q3 FY 2020, WMATA initiated a Request for Proposals for future 8000-series railcars. The contract award is anticipated to be finalized Q3 of FY 2021.⁴⁹ NVTC supports WMATA's continued investment in

its capital program to increase the reliability, safety and performance of the system and rebuild ridership.

Implement efforts on bus and rail to decrease fare evasion

WMATA estimates that, pre-pandemic, fare evasion on bus and rail costs the agency approximately \$40 million on an annual basis.⁵⁰ In addition to foregone fare revenue, this results in lower ridership counts which skews ridership metrics and reduces potential federal formula funding. Each state or local jurisdiction, not WMATA, makes the applicable laws surrounding fare evasion. WMATA has taken several steps to better measure fare evasion and is working to install electronic gate sensors and other technology to provide better data on occurrences. WMATA finalized the design of new faregates designated to be introduced in Q1 of FY 2021.⁵¹ The WMATA Board also approved a low-income fare pass pilot with the District of Columbia, which would administer the program and reimburse WMATA for trips taken by eligible riders⁵². The program, which would be funded and managed by the District, aims to lower the cost of transit for residents who are recipients of social assistance. The results of the pilot will be studied for impacts on ridership and fare evasion.⁵³ Implementation of the pilot is currently on hold due to the pandemic.⁵⁴ During the pandemic, WMATA has made Metrobus fare free in order to enhance the safety of bus operators.

Strategy 2: Improve the Operational Efficiency of Metrorail and Metrobus

While rebuilding ridership improves farebox recovery and contributes to improving efficiency, there are several areas where WMATA can deliver its service more efficiently. Some of these efforts are within WMATA's control, while many efforts – especially with Metrobus – require extensive coordination and support from local and state agencies. Improving operational efficiency yields costs savings for the agency and can also benefit customers. Since labor costs are approximately 70% of total operating costs, these recommendations focus on strategies that impact the non-labor portion of the operating budget (approximately 30%) and yield the most productivity and capacity out of existing service.⁵⁵

Recommendations by NVTC

Recommended Strategies to Improve the Operational Efficiency of Metrorail and Metrobus	
Adapt rail service to match demand during the pandemic and subsequent recovery period	<ul style="list-style-type: none"> • Monitor rail ridership to adapt rail service to match demand while maintaining an equitable, baseline level of service across all Metrorail lines. • As ridership rebuilds, run additional eight-car trains to meet demand during peak service to maximize capacity of the current Metrorail system, promote social distancing during the pandemic and achieve cost-effective operating efficiencies.
Leverage the expertise of local and regional partners to improve the efficiency of the bus network	<ul style="list-style-type: none"> • Work with local and state partners to improve the efficiency of the bus network, support implementation of bus priority projects, improve bus speeds and optimize transit networks • Engage NVTC, our jurisdictions, and transit operators before advancing or implementing Bus Transformation Project recommendations that will enhance bus service.

Adapt rail service to match demand during the pandemic and subsequent recovery period

During the COVID-19 pandemic, WMATA elected to run more eight-car train sets to assist riders in social distancing.⁵⁶ Installation of traction power upgrades to enable all eight-car operations continued in FY 2020 with additional work planned in FY 2021. NVTC recommends that WMATA monitor rail ridership and adapt rail service to match demand while maintaining an equitable, baseline level of service across all Metrorail lines. Post-pandemic, NVTC proposes that WMATA run all eight-car trains in a phased approach on lines with the most demand during peak hours to achieve operating efficiencies and grow ridership in a cost-effective manner.

Leverage the expertise of local and regional partners to improve the efficiency of the bus network

NVTC encourages WMATA to leverage the expertise of local and regional partners to improve the efficiency of the bus network, advance bus priority projects, improve bus speeds and optimize transit networks. The Bus Transformation Project is a multi-stakeholder effort led by WMATA staff that provides a set of strategies and recommendations to transform the region's bus network to provide frequent and convenient bus service, give buses priority on roadways, create excellent customer service and establish ongoing stewardship to transform the bus network regionally while enabling local action.⁵⁷ NVTC endorsed the Bus Transformation Project's vision, goals and strategy

and encouraged WMATA to include local jurisdictions and transit providers in the incorporation of the recommendations into policy and regional coordination activities and in the implementation of the action plan.⁵⁸

Ongoing Efforts at WMATA that Support NVTC's Previous Recommendations

WMATA has several ongoing programs and efforts that can yield efficiencies for both Metrobus and Metrorail. WMATA is actively pursuing capital investments that increase the reliability and efficiency of the system. NVTC also encourages WMATA to engage with state and local jurisdictions to implement and explore pilot programs and other efforts that can increase the speed and reliability of Metrobus operations.

Ongoing Efforts at WMATA to Improve the Operational Efficiency of Metrorail and Metrobus	
Pursue capital investments that increase the reliability and efficiency of the system	<ul style="list-style-type: none"> • WMATA is rebuilding and expanding bus garages and maintenance facilities to address state of good repair needs, improve bus efficiency and plan for future ridership growth. In FY 2020, WMATA took steps to acquire property to advance the reconstruction of the Bladensburg Bus Garage. The new facility will accommodate articulated buses for high-ridership routes, store and repair new buses and improve operational efficiency.⁵⁹ • WMATA invested \$114.4 million in rail traction power upgrades in FY 2020 and completed installation of equipment at Van Dorn and King street. WMATA will move to phase 2 of traction power upgrades in FY 2021.⁶⁰
Engage with jurisdictions to implement and explore pilot programs and other efforts to increase the reliability and speed of Metrobus operations	<ul style="list-style-type: none"> • WMATA and DDOT piloted both permanent and temporary floating bus stops. Floating bus stops have raised platforms that allow bus stops to pick up passengers without pulling out of travel lanes. These facilities help increase bus speeds and decrease conflicts with bicycles.⁶¹

Strategy 3: Increase Non-Fare Revenues

Non-fare revenues are those revenues derived by WMATA from sources other than fares, such as parking, joint development, advertising and other sources. Strategies to generate non-fare revenue leverage existing assets to help mitigate the challenges of having reduced ridership revenue. However, the pandemic has dramatically reduced both fare revenue and reduced traditional non-fare revenue collections as shown in WMATA's FY 2021 budget. While this immediate revenue shortfall is outside of WMATA's control, strong non-fare revenue policies take time to yield results and will help with the post-pandemic recovery.

NVTC supports WMATA's ongoing efforts to increase non-fare revenues since it provides WMATA with additional resources to maintain service, diversify funding sources and control cost growth.

Ongoing Efforts at WMATA that Support Previous NVTC Recommendations

Ongoing Efforts at WMATA to Increase Non-Fare Revenues	
Leverage value for assets WMATA owns by maximizing advertising revenues and optimizing parking revenues	<ul style="list-style-type: none"> • WMATA estimates \$20 million in parking revenue in FY 2021. However, parking revenues have declined due to the pandemic.⁶² • WMATA generated \$25.9 million in advertising sales in FY 2020 and, prior to the COVID-19 pandemic, WMATA expected to generate \$33 million in FY 2021.⁶³ • WMATA executed an agreement to lock in 25% more advertising revenue for the next 10 years.⁶⁴
Explore nontraditional revenue streams to optimize the value of Metrorail facilities	<ul style="list-style-type: none"> • In Q4 of FY 2020 WMATA negotiated the sale of surplus properties for \$8.76 million in revenue.⁶⁵
Pursue joint development opportunities on underutilized assets	<ul style="list-style-type: none"> • WMATA issued solicitations for joint development projects at New Carrollton and Hyattsville Metrorail stations and the Jackson Graham Headquarters building in Washington, D.C.⁶⁶ • WMATA initiated negotiations for a joint development ground lease for three million square feet of mixed-use development at West Falls Church.⁶⁷ • The WMATA Board approved a joint development agreement with a master developer at Huntington Station, which allow plans for the site to be considered in Fairfax County's Comprehensive Planning process and coordinated with the Richmond Highway Bus Rapid Transit project.⁶⁸ • Operating revenue from joint development projects is expected to increase by 3% in FY 2021 to generate \$11.4 million.⁶⁹
Pursue a real estate and sustainability strategy for WMATA facilities that generates operating efficiencies	<ul style="list-style-type: none"> • WMATA selected a developer to ground lease its existing headquarters as part of WMATA's strategy to move office staff to three new buildings in Virginia, Washington, D.C., and Maryland and decrease the number of office buildings from 10 to seven saving an estimated \$130 million over the next 20 years.⁷⁰ • WMATA signed a solar lease agreement for parking facilities at four stations that will provide annual lease revenue of up to \$50 million over 25 years.⁷¹

Leverage value for assets WMATA owns by maximizing advertising revenues and optimizing parking revenues

With 91 rail stations and nearly 60,000 parking spaces, WMATA has a large physical footprint across the region. WMATA is actively leveraging the value of these facilities by increasing advertising revenues. WMATA's advertising revenues were once the lowest among its peer transit agencies. In 2015, WMATA piloted digital advertising in Metrorail stations and subsequently implemented and expanded the program to generate revenue. In the FY 2021 budget, WMATA expects a 21% increase in advertising sales that will result in \$33.3 million in revenue.⁷² WMATA finalized a new 10-year contract valued at \$336 million which includes funding for new digital screens and advertising technology investments.⁷³

In FY 2019, the WMATA Board approved a number of new parking policies to take advantage of opportunities for additional revenue.⁷⁴⁷⁵ WMATA continues to advance its parking program, but parking revenues have declined significantly in the FY 2021 budget due to the pandemic and subsequent declines in rail ridership.⁷⁶

Pursue joint development opportunities on underutilized assets

NVTC sees continued opportunities for WMATA to pursue joint development projects on underutilized property to increase non-fare revenues. Joint development is a type of public-private partnership in which real estate developers co-locate private real estate near transit. WMATA has an active joint development program, completing more than 30 projects since 1975 to generate revenue for the system.⁷⁷ Increased development near Metrorail stations generates ridership and revenue for the system and has enabled WMATA to attract high-quality development near Metrorail stations. WMATA updated its joint development guidelines in FY 2019 to give the agency more flexibility to administer the program, and during FY 2020 the authority began joint development projects solicitations at its New Carrollton and Huntington Metrorail stations.⁷⁸ WMATA is also in final negotiations for a ground lease at West Falls Church Metrorail station that would bring 3 million square feet of mixed use development adjacent to the station.⁷⁹ All WMATA joint development projects are expected to generate \$11.4 million in operating revenue in FY 2021.⁸⁰

Pursue a real estate and sustainability strategy for WMATA facilities that generates operating efficiencies

WMATA is pursuing other real estate investment strategies to generate revenue and improve efficiencies. In FY 2020, the WMATA Board approved a joint development agreement as part of an initiative to redevelop its downtown D.C. headquarters under a long-term ground lease.⁸¹ WMATA will relocate staff from its current headquarters to three offices in Virginia, Maryland and Washington, D.C., which will decrease the number of buildings it owns from 10 to seven. WMATA will complete design and planning for its satellite offices in FY 2021. Strategically locating its facilities can help reduce operating costs in the long-term and is part of an overall office consolidation strategy approved by the WMATA Board in July 2018 to save the agency \$130 million over 20 years in capital and operating expenses.

WMATA is also making progress in its sustainability efforts, which yields both efficiencies and opportunities for additional revenue. WMATA implemented a station lighting improvement program which upgrades platform lighting and reduces energy use by 60% and saves \$25,000 on an annual basis per station.⁸² WMATA signed a 12-megawatt solar lease agreement in June 2020, which is anticipated to provide enough power for about 1,200 single family homes for one year.⁸³ This agreement will improve the parking facilities at four Metrorail stations in the District of Columbia and Prince George's County and provide annual lease revenue to WMATA.⁸⁴

Strategy 4: Control Cost Escalation and Enhance Efficiency of the Workforce and Contracted Services

Implementing cost and work efficiencies is only part of the solution to controlling cost escalation in WMATA's operating subsidy growth. The "Keeping Metro Safe, Reliable and Affordable" strategic plan identified labor costs as nearly 70% of WMATA's total operating expenditures.⁸⁵ NVTC adopted its *Principles for WMATA Reform* in 2017 and supports WMATA's efforts to implement cost-saving strategies.⁸⁶ As most employees at WMATA are covered by multi-year collective bargaining agreements, there are opportunities to control cost escalation in these negotiations. While most of these strategies are outside of WMATA's direct control, many of these strategies recommend that WMATA seek certain actions or conditions of external parties.

Ongoing Efforts at WMATA that Support Previous NVTC Recommendations

Ongoing Efforts at WMATA to Control Cost Escalation and Enhance Efficiency of the Workforce and Contracted Services

Adequately fund WMATA's Office of the Inspector General	<ul style="list-style-type: none"> WMATA increased funding for the OIG by 6.3% and added four staff positions within the department for FY 2021.⁸⁷ OIG issued 8 performance audits/evaluations identifying \$70.6 million that could be used more efficiently in FY 2020.⁸⁸
Improve productivity through strengthened management of employee absenteeism, overtime and worker's compensation	<ul style="list-style-type: none"> The Chief Operating Officer's Office assists operational departments in meeting manpower requirements through oversight of absenteeism policy and provide long-term absence management support.⁸⁹
Incentivize the workforce and contractors to deliver innovative solutions	<ul style="list-style-type: none"> With its shift towards a planned maintenance program, WMATA has better coordinated its rail outages to boost the efficiency of work crews and reduce the overall impact to the customer. WMATA agreed to a new four-year collective bargaining agreement with the largest union, Amalgamated Transit Union 689. This agreement includes, for the first time in WMATA's history, the first performance-based pay increase.⁹⁰
Use the 3% cap on annual growth in operating subsidies as a tool during labor negotiations and annual budget development	<ul style="list-style-type: none"> WMATA should continue to examine spending during the annual budget development process to adhere to the 3% cap on annual growth in operating subsidies WMATA agreed to a new four-year collective bargaining agreement with ATU Local 689. The agreement covers a broad range of issues and enables WMATA to operate within its legally required 3% subsidy growth cap.⁹¹ For the first time, this agreement provides WMATA with the ability to fill train operator and station manager vacancies by direct, external hire. Previously these positions had to be recruited from WMATA bus operators.⁹²

Ongoing Efforts at WMATA to Control Cost Escalation and Enhance Efficiency of the Workforce and Contracted Services

Seek amendments to the federal Wolf Act to require arbitrators in WMATA contract mediations to consider these fiscal restrictions in all cases	<ul style="list-style-type: none"> WMATA included reforming the Wolf Act in its strategic plan.⁹³
Identify and evaluate options to address unfunded OPEB liabilities	<ul style="list-style-type: none"> In the latest four-year collective bargaining agreement with ATU Local 689, WMATA will set up a trust funded by 1% of active members gross payroll for the purpose of funding post-retirement health care benefits for active members of the plan hired on or after January 2, 2010.⁹⁴

Incentivize the workforce and contractors to deliver innovative solutions

As WMATA has shifted from a reactive to a preventative maintenance program, it has replaced around-the-clock single tracking and unscheduled line-segment shutdowns with a better coordinated and scheduled maintenance cycle. The preventative maintenance program targets specific issues and maximizes the limited amount of non-operational track time available to perform these activities. For example, WMATA increased the size of its overnight crews and deployed them in more places throughout the system to improve work efficiency as they fix parts of the system in the poorest condition. The Platform Improvement Project is another example of how WMATA is working to optimize work efficiencies. The project is scheduled to be completed over a three-year period to reconstruct 20 outdoor Metrorail stations to address structural deficiencies and improve passenger safety. Closing stations to provide around-the-clock access for workers will reduce the overall project duration by 94%, whereas only making repairs when the system is closed would take up to 30 years to complete.⁹⁵

Use the 3% cap on annual growth in operating subsidies as a management tool during labor negotiations and annual budget development

NVTC recently formed a working group to review the impact of Virginia's 3% cap on the growth in operating assistance payments to WMATA. The working group's report found that while the cap has only been in place for two budget cycles, it appears to be a useful tool for WMATA to use in managing the growth in Virginia's operating subsidies. When negotiating through collective bargaining, NVTC encourages WMATA to include the 3% cap on annual operating subsidies in management's negotiating position and to seek greater authority for WMATA to make operational decisions that improve the systems cost effectiveness.

In December 2019, WMATA reached a negotiated agreement on a new four-year collective bargaining agreement with its largest union, ATU local 689. The legislatively imposed 3% cap was a key fiscal limitation cited by WMATA in the negotiations.⁹⁶ This agreement includes, for the first time in WMATA's history, the first performance-based pay increase. In years where WMATA's ridership improves by 2% or more over the previous year, there are provisions in the contract for an additional 1% wage increase.^{97 98} The collective bargaining agreement also provided WMATA the ability to fill train operator and station manager vacancies by direct external hire. The agreement allows for 30% of train operator and station manager vacancies (and 100% of new train operator and station manager vacancies in the first year of Silver Line Phase 2 service) to be filled

by direct, external hire. Under all previous labor contracts throughout WMATA's history, station managers and train operators could only be hired from the existing pool of bus operators.

Identify and evaluate options to address unfunded OPEB liabilities

WMATA will need to address its \$900 million unfunded pension liability and \$2.1 billion unfunded Other Post-Employment Benefits (OPEB) liability, which includes non-pension costs for retiree medical and prescription drug coverage and life insurance.⁹⁹ In the latest four-year collective bargaining agreement with ATU Local 689, WMATA will set up a trust funded by 1% of active members gross payroll for the purpose of funding post-retirement health care benefits for active members of the plan hired on or after January 1, 2010.¹⁰⁰

¹⁶ Commonwealth of Virginia. "Use of the Commonwealth Mass Transit Fund." 2018.

<law.lis.virginia.gov/vacode/title33.2/chapter15/section33.2-1526.1/>

¹⁷ WMATA. "Keeping Metro Safe, Reliable and Affordable." Pg. 14. January 2019.

<www.wmata.com/initiatives/strategic-plans/upload/KMSRA-Strategic-Plan-Jan-2019.pdf>

¹⁸ WMATA. "SmartTrip now available on iPhone and Apple Watch." September 1, 2020.

<<https://www.wmata.com/about/news/SmartTrip-now-available-on-iPhone-and-Apple-Watch.cfm>>

¹⁹ WMATA. "FY 2021 Budget Update and FY 2022 Outlook." Pg. 16. September 10, 2020.

<<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3B-Action-Item-FY21-and-FY22-Budgets-v6-2.pdf>>

²⁰ Ibid.

²¹ WMATA. "FY2020 Approved Budget." Pg.3. July 1, 2019.

<www.wmata.com/about/records/public_docs/upload/FY2020-Budget-Book-061219-FINAL-from-WEB-updated-20190828.pdf>

²² WMATA. "Major Outage Guidelines to Minimize Customer Impacts." Pg. 30. December 13, 2018.

<www.wmata.com/about/board/meetings/board-pdfs/upload/4A-FY2020-Station-Platforms-Project.pdf>

²³ Ibid.

²⁴ WMATA controls the following parking facilities in Virginia: East Falls Church, West Falls Church, Dunn-Loring, Vienna, Van Dorn, Huntington, Franconia-Springfield. Fairfax County controls the parking facilities at Wiehle-Reston Station. Fairfax and Loudoun Counties will control the parking facilities in their respective jurisdictions that are part of the Silver Line Phase 2 project.

²⁵ WMATA. "FY2020 Approved Budget." Pg.10. July 1, 2019.

<www.wmata.com/about/records/public_docs/upload/FY2020-Budget-Book-061219-FINAL-from-WEB-updated-20190828.pdf>

²⁶ WMATA. "Acceptance of Public Hearing Staff Report and Approval of Changes to Parking Programs." December 13, 2018. <www.wmata.com/about/board/meetings/board-pdfs/upload/11B-FIN-Parking-Programs-FINALIZED.pdf>

²⁷ Ibid.

²⁸ WMATA. "FY2020 Budget Work Session." Pg. 8-46. November 15, 2018.

<www.wmata.com/about/board/meetings/board-pdfs/upload/3A-FY2020-Budget-Work-Session-w-Memo-Rev.pdf>

²⁹ Ibid.

³⁰ WMATA. "FY2020 Approved Budget." Pg. 10. July 1, 2019.

³¹ Per WMATA's Parking Policy: a transit rider is a person who uses a WMATA fare product to pay fare on Metrorail within a two-hour (2) period between the origination of the transit trip and exiting the Park & Ride by paying parking rates with the same fare product.

³² WMATA. "COVID 19 Recovery Plan." May 14, 2020. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-COVID-19-Recovery-Final.pdf>>

³³ WMATA. "Quarterly Capital Plan Execution Update." Pg. 2. May 23, 2019.

<www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Quarterly-Capital-Update.pdf>

³⁴ WMATA. "Q4 FY2019 Metro Performance Report." Pg. 6. September 2019.

³⁵ WMATA. "Capital Improvement Program Update." Pg. 12. September 12, 2019

<<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Capital-Improvement-Program-Update.pdf>>

- ³⁶ WMATA. Fairfax County Student Bus Pass Program Pilot Extension. Pg. 2. July 23, 2020. <
<https://www.wmata.com/about/board/meetings/board-pdfs/upload/20200723-BOARD-12B-Fairfax-Student-Bus-Pass-FINALIZED.pdf>>
- ³⁷ WMATA. Montgomery County Kids Ride Free Program. July 23, 2020. <
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2. Use of Dedicated Capital Funds

Chapter 854 of the 2018 Virginia Acts of Assembly authorizes the Commonwealth to disburse \$154 million in revenues to the Washington Metropolitan Area Transit Authority Capital Fund (WMATA Capital Fund) in FY 2020, Virginia's portion of WMATA's \$500 million/year in regional dedicated capital funding.¹⁰¹ The State of Maryland and the District of Columbia provided the remaining portion of the regional dedicated capital funding.

Virginia's legislation allows WMATA to use the WMATA Capital Fund for any capital purpose across the system. As required by law, NVTC must include the uses of funds from the WMATA Capital Fund from the prior fiscal year in this report. Table 2 shows the actual expenditures of the Fund for FY 2020 by Capital Improvement Plan (CIP) Program. WMATA provides additional information on progress made in the overall capital program during FY 2020 in WMATA's Quarter 4 FY 2020 Financial Report.¹⁰²

Dedicated capital funding from the Commonwealth of Virginia, State of Maryland and the District of Columbia strengthens WMATA's ability to embark on large, multi-year capital investments designed to address significant state of good repair needs. Virginia's dedicated funding supports WMATA's capital investments and project delivery across the system. WMATA uses several sources to fund its capital program including federal funding, regional dedicated funding, state and local contributions and other sources.

In FY 2020, WMATA invested a record \$1.709 billion in its capital budget.¹⁰³ This is more than double the \$714 million capital investment made five years prior in FY 2015 and represents an aggressive delivery of capital projects to improve the safety and reliability of transit system.¹⁰⁴ The following expenditures and descriptions of work accomplished by capital investment category and program area are provided in WMATA's FY 2020 Financial Report.¹⁰⁵ This report is provided to the WMATA Board and the public and also provides preliminary, unaudited total expenditures for FY 2020.

In the **stations and passenger facilities investments category**, WMATA invested \$624.8 million in FY 2020. This work included testing of new faregates and finalization of software development of WMATA's new mobile app, which was introduced in September 2020. Additional work included the replacement of eight escalators, rehabilitation of 10 elevators and the installation of track bed lighting. WMATA also embarked on phase 2 of the [Platform Improvement Project](#), a four-year project to repair and reconstruct platforms at 20 outdoor Metrorail stations. The second phase of the Platform Improvement Project rehabilitated platforms at four outdoor stations at East Falls Church, West Falls Church, Dunn Loring and Vienna Metrorail stations, which required a shutdown of rail service on the Orange and Silver Lines west of Ballston during the summer of 2020. With 24-hour access to the project sites, workers completed additional work beyond platform reconstruction. This work included platform shoring, installation of platform floor tiles, skylight installation, concrete crack repairs, CCTV camera installation, electrical conduit wiring, fire alarm wiring and fire standpipe installation at all stations. As of September 2020, all four stations were rebuilt and reopened to the public with features such as slip resistant tiles, new platform shelters with charging stations, additional passenger information display screens and additional LED lighting.

In FY 2020, **railcar investments** totaled \$336.4 million. As of the end of the fourth quarter, all the planned 748 7000-series railcars were conditionally accepted by WMATA. WMATA continues to work with the manufacturer and sub-contractors on various outstanding modifications for software upgrades, railcar door wiring and training for railcar maintenance. The 7000-series railcars represent over 58% of WMATA's rail fleet and have driven year over year improvements in WMATA's rail fleet reliability. WMATA also installed LED lighting improvements to the Alexandria Service and Inspection shop, continued ongoing preventive maintenance of the rail fleet and completed 74 rehabilitations scheduled for the 2000/3000-series railcars and 84 planned rehabilitations for the 6000-series. Railcar rehabilitation encountered program delivery delays due to social distancing measures associated with the COVID-19 pandemic.

Rail systems investments totaled \$249.8 million in FY 2020. WMATA continued to install fiber cable as part of the Radio Infrastructure Replacement Project. When the project is completed in FY 2021, cellular carriers will be able to provide wireless service on all remaining underground portions of the Metrorail system. WMATA also completed installation of tie breaker station equipment at the Van Dorn Street and King Street stations and continued to install equipment at other stations. WMATA also began the installation of traction power substation equipment at Pentagon City and completed 20 switch replacements.

In FY 2020, WMATA expended \$127.7 million in **track and structures investments**. The track and structures rehabilitation program helps ensure a safe and reliable rail system through comprehensive inspection, maintenance and rehabilitation to enhance the conditions of the tracks, guideways and structures. WMATA replaced cross-ties, insulators and third rails and renewed direction fixation fasteners, tamped track and eliminated open rail joints. WMATA also rehabilitated structural components, deck joints, concrete, and grout pads that support the track structure, as well as replaced illegible roadway track signs, repaired leaks, rehabilitated drains and cleaned track beds.

WMATA expended \$130.5 million on **bus and paratransit investments** in FY 2020. This included the delivery of 89 new buses. WMATA also completed 80 bus rehabilitations, replaced 69 energy storage systems and 212 fare boxes, rebuilt 125 transmission assemblies and 75 engine assemblies and installed 300 operator shields to protect bus operators. WMATA also awarded contracts and continued to construct off-site parking that will allow for the replacement of the Bladensburg bus maintenance and operations facility.

Business support investments totaled \$239.4 million in FY 2020. As part of its office consolidation strategy, WMATA advanced design, planning work and construction for its new headquarters facility and additional office locations in Virginia and Maryland. WMATA also advanced work on roof rehabilitation at two maintenance facilities and continued planning for the construction of a new data center to replace the existing data center at the Jackson Graham building. WMATA also invested in data centers and data infrastructure, network and communications, customer electronic communications and outreach, management software, rail operations software and bus and rail asset management software. Overall, these projects support WMATA's business and financial control functions, enhance data protection and expand the capacity and scalability of WMATA's data infrastructure.

The FY 2020 Capital Budget demonstrates WMATA's focus on safety and state of good repair. Virginia's dedicated capital funding, in addition to other capital funding provided by the Federal

government, the District of Columbia, the State of Maryland, the Commonwealth of Virginia, the cities of Fairfax, Falls Church and Alexandria and the counties of Arlington, Fairfax and Loudoun, is a vital source of funds for WMATA's capital budget. Virginia's dedicated capital funding contributed to the above accomplishments by Capital Improvement Plan (CIP) program.

The following table shows the actual expenditures of Virginia's WMATA Capital Fund for FY 2020 by CIP Program. WMATA provides additional information in the FY 2020 Financial Report.

Table 2: FY 2020 Expenditures from the Virginia WMATA Capital Fund by CIP Program

CIP Category	CIP Program	FY 2020 Actual Expenditures (millions) ¹⁰⁶ (Totals may not add due to rounding)
Railcar Investments	Railcar Acquisition	\$2.9
	Railcar Maintenance/Overhaul	\$7.7
	Railcar Maintenance facilities	\$21.5
	Total	\$32.1
Rail Systems Investments	Propulsion	\$12.5
	Signals & Communication	\$16.2
	Total	\$28.7
Track and Structures Rehabilitation Improvements	Fixed Rail	\$11.4
	Structures	\$4.0
	Total	\$15.4
Stations and Passenger Facilities Investments	Platforms & Structures	\$11.3
	Vertical Transportation	\$3.4
	Station Systems	\$20.9
	Total	\$35.6
Bus and Paratransit Investments	Bus and Paratransit Acquisition ¹⁰⁷	\$0.0
	Bus Maintenance/Overhaul	\$0.4
	Bus Maintenance Facilities	\$7.8
	Bus Passenger Facilities/Investments	\$1.3
	Total	\$9.6
Business Support Investments	Information Technology	\$12.8
	Metro Transit Police Department ¹⁰⁸	\$0.0
	Support Equipment/Services	\$20.2
	Total	\$33.0
Total Capital Programs		\$154.3

Source: WMATA¹⁰⁹

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¹⁰⁷ Figure is rounded. Expenditures from Virginia's dedicated capital funding for Bus and Paratransit acquisition totaled \$7,706 in FY 2020

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3. Safety and Reliability

Passenger and employee safety and security is the highest priority for WMATA. WMATA consistently communicates that passenger and employee safety and security is its highest priority with a focus on minimizing the risk of death, injury, illness and property damage. The American Public Transportation Association (APTA) reported that public transit is one of the safest modes of transportation. Fatalities of urban mass rail transit and buses are 0.33 and 0.2 per billion person-miles respectively, whereas that of cars and light trucks (drivers and passengers) is 6.53.¹¹⁰ Nationally, the sum of all transit safety events decreased by 0.2 percent from 2017 to 2018.¹¹¹ The Washington Metrorail Safety Commission (WMSC) provides independent safety oversight of WMATA, supporting the WMATA Board of Directors' and General Manager's emphasis on system safety.¹¹²

Transit operators also seek to provide reliable service to passengers. Reliability can be measured in terms of a transit service's on-time performance, as well as the frequency of equipment break downs.

3.1 Safety

Transit systems seek to minimize the frequency of all safety events. The Safety & Security (S&S) Time Series present safety and security data reported to NTD, through the S&S-40 form (Major events) and the S&S-50 form (Non-Major monthly summary form). NTD measures transit safety by summarizing the total occurrences, to include both Major and Non-Major, of certain safety events for rail and bus operations:

1. Collision
2. Derailment (rail only)
3. Fatality [e.g. "A death or suicide confirmed within 30 days of a reported incident. Does not include deaths in or on transit property that are a result of illness or other natural causes]
4. Fire
5. Injury
6. Security event [e.g. "an occurrence of a bomb threat, bombing, arson, hijacking, sabotage, cyber security event, assault, robbery, rape, burglary, suicide, attempted suicide (not involving a transit vehicle), larceny, theft, vandalism, homicide, CBR (chemical/biological/radiological) or nuclear release or other event"]¹¹³

The NTD provides safety data on a calendar year basis, and not a fiscal year basis, unlike all other data presented in this report. The counts represented in Table 3 and Table 4 are total counts for each category from when they were accessed from NTD. This time series data is subject to a validation process and current and previous years' data may be revised by transit properties based upon additional data on its operations or upon request by NTD analysts.¹¹⁴ The following tables show the data as it was accessed in June 2020 and may show slightly different results for past

calendar years as shown in previous NVTC reports. The official NTD definitions for each term are provided in the Appendix.

Table 3 summarizes the total count of each type of Metrorail safety events for calendar years 2017, 2018 and 2019.

Table 3: Metrorail Safety

NTD Category	Safety Event	Frequency, CY 2017	Frequency, CY 2018	Frequency, CY 2019
Events	Collision	8	14	12
	Derailment	5	6	2
	Security Event	45	52	78
	Fire	101	65	71
Fatalities	Fatality	2	6	8
Injuries	Injury	323	350	389

Source: WMATA NTD Report, Form S&S-40 (Collision, Derailment and Security Event) and S&S-50 (Fire, Fatality and Injury)¹¹⁵

Table 4 summarizes the total count of each Metrobus safety event for calendar years 2017, 2018 and 2019.

Table 4: Metrobus Safety

NTD Category	Safety Event	Frequency, CY 2017	Frequency, CY 2018	Frequency, CY 2019
Events	Collision	166	210	203
	Derailment	N/A	N/A	N/A
	Security Event	38	51	59
	Fire	8	1	4
Fatalities	Fatality	0	0	0
Injuries	Injury	505	538	535

Source: WMATA NTD Report, Form S&S-40 (Collision, Derailment and Security Event) and S&S-50 (Fire, Fatality and Injury)¹¹⁶

3.2 Reliability

The reliability of a transit system may be measured by its punctuality and equipment dependability. Reliability metrics used by WMATA include:

1. **On-time performance (OTP)** is the rate at which a transit system carries passengers to their destination on time. Per the Metro Performance Report (MPR) published by WMATA, this metric is used to evaluate the timeliness of travel for both rail and bus operations.

2. **Mean distance between delays (MDBD)** is the average number of miles that are traveled between failures that delay rail service. MDBD indicates the reliability of the railcar used to transport passengers. Ideally, with no failures that delay rail service, the number of miles between a delay (MDBD) would be nearly infinite because the rail vehicles would never encounter a delay due to failure. On the other hand, if there are frequent failures that cause delay, then MDBD would be low since trains are disrupted by delays every few miles. The higher the MDBD value, the more reliable the rail system. Factors that influence railcar reliability are the age and design of the railcars, the amount the railcars are used, the frequency and quality of preventive maintenance and the interaction between railcars and the track.¹¹⁷
3. **Mean distance between failures (MDBF)** is the average number of miles that are traveled before a mechanical breakdown causes the bus to be removed from service or results in delays from schedule. Like MDBD (see above), the higher the MDBF, the more reliable the bus system. Factors that influence bus fleet reliability include vehicle age, quality of maintenance program, original vehicle quality and road conditions affected by inclement weather and road construction.¹¹⁸

Reliability data is obtained from the annual Metro Performance Reports, produced by WMATA, which reports data on a fiscal year basis. Data included in this report for fiscal years 2017, 2018 and 2019, covers the entire relevant fiscal year (from July 1 to June 30 of that respective fiscal year). Fiscal year 2020 data only includes the pre-pandemic time period of July 1, 2019 to March 15, 2020. WMATA has not provided NVTC with any reliability and on-time performance data from March 16, 2020 to June 30, 2020, a time period in which WMATA had to make drastic adjustments to rail and bus service due to the COVID-19 pandemic.

3.3 On-Time Performance

On-time performance (OTP) is reported for fiscal years 2017, 2018, 2019 and 2020 (pre-pandemic), which is defined as July 1, 2019 to March 15, 2020. OTP is measured differently for Metrorail and Metrobus.

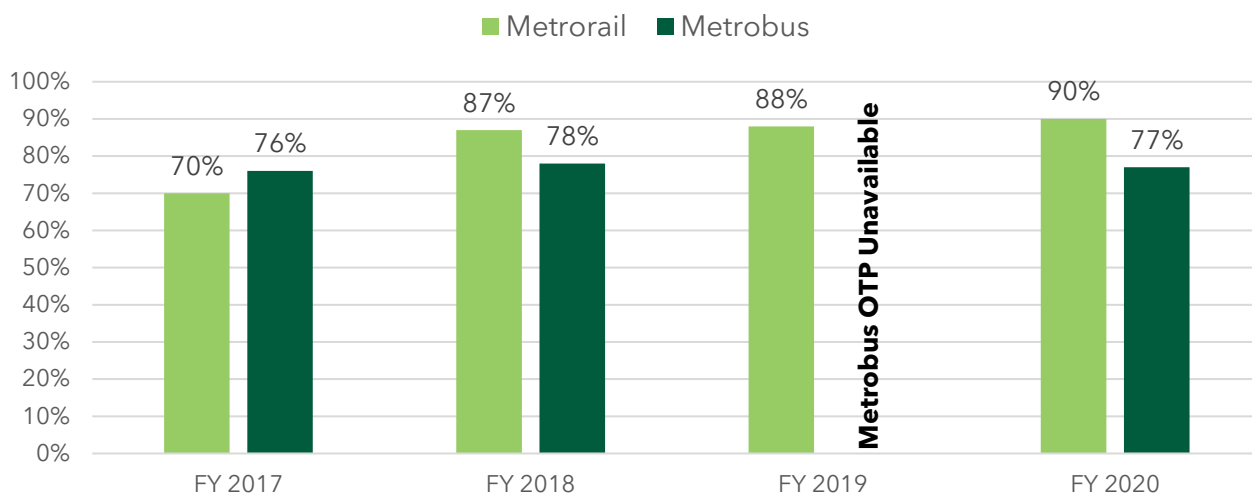
Metrorail customer on-time performance measures the percentage of customers who complete their journey within the maximum amount of time it should take per WMATA service standards. The maximum time is equal to the train run time + a headway (scheduled train frequency) + several minutes to walk between the fare gates and the platform. These standards vary by line, time of day, and day of the week. Actual journey time is calculated from the time a customer taps a SmarTrip card to enter the system, to the time when a SmarTrip card is tapped to exit. Reference Appendix for the standard WMATA definition. Factors that can affect OTP include railcar availability, fare gate availability, elevator and escalator availability, infrastructure conditions, speed restrictions, single-tracking around scheduled track work, railcar delays (e.g., doors) or delays caused by sick passengers.¹¹⁹

For FY 2017 and FY 2018, Metrobus on-time performance data was schedule based and reported on the number of bus vehicles arriving at a timepoint at or close to the scheduled arrival time, divided by the total number of vehicles arriving at timepoint, over a period (in this case, one year). In FY 2019, WMATA piloted a new calculation for Metrobus on-time performance that introduced a headway-based measure for several Metrobus routes and modified the schedule-based OTP to

include all timepoints (this previously had excluded all last timepoints). Due to errors in the data quality Metrobus OTP was not available for FY 2019 but was available in FY 2020 (pre-pandemic). Factors that can affect OTP include traffic congestion, detours, inclement weather, scheduling, vehicle reliability, operational behavior or delays caused by passengers.¹²⁰

Figure 1 summarizes Metrorail and Metrobus on-time performance in FY 2017, FY 2018, FY 2019 and FY 2020 (pre-pandemic). As previously noted, on-time performance data for FY 2020 is provided for a pre-pandemic period of July 1, 2019 to March 15, 2020, while previous fiscal year's data are provided for the full fiscal year.

Figure 1: On-Time Performance by Mode



Source: Metro Performance Report FY 2020

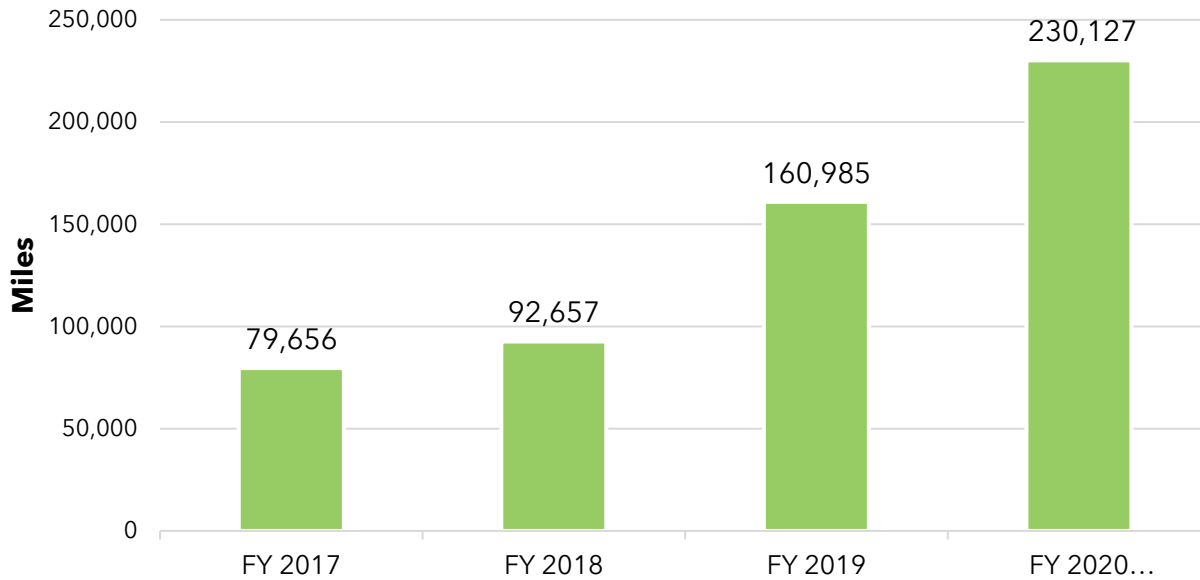
Note: FY 2020 data are for a pre-pandemic period of July 1, 2019 to March 15, 2020. All other data are reported for the full fiscal year. Metrobus on-time performance data is schedule based for FY 2017 and FY 2018 and headway based for FY 2020 (pre-pandemic).

3.4 Mean Distance between Delays/Failures

Mean distance between delays (MDBD) indicates the average number of miles traveled between vehicle failures that delay rail or bus service. Higher MDBD indicates greater reliability of Metro railcar mechanical equipment (e.g. doors, generators and engines). The Metro Performance Report (MPR) presents MDBD only for Metrorail. Therefore, the equivalent metric for Metrobus, mean distance between failures (MDBF), is presented for bus reliability.

Figure 2 and Figure 3 summarize the Metrorail and Metrobus reliability figures for FY 2017, FY 2018, FY 2019 and FY 2020 (pre-pandemic). When considering MDBD and MDBF for reliability, rail should have a substantially larger average number of miles than buses for two reasons: railcars travel substantially greater distances in a day relative to buses; and buses, like cars, may experience failure every few thousand miles. As previously noted, MDBD/MDBF for FY 2020 is provided for a pre-pandemic period of July 1, 2019 to March 15, 2020, while previous fiscal year's data are provided for the full fiscal year.

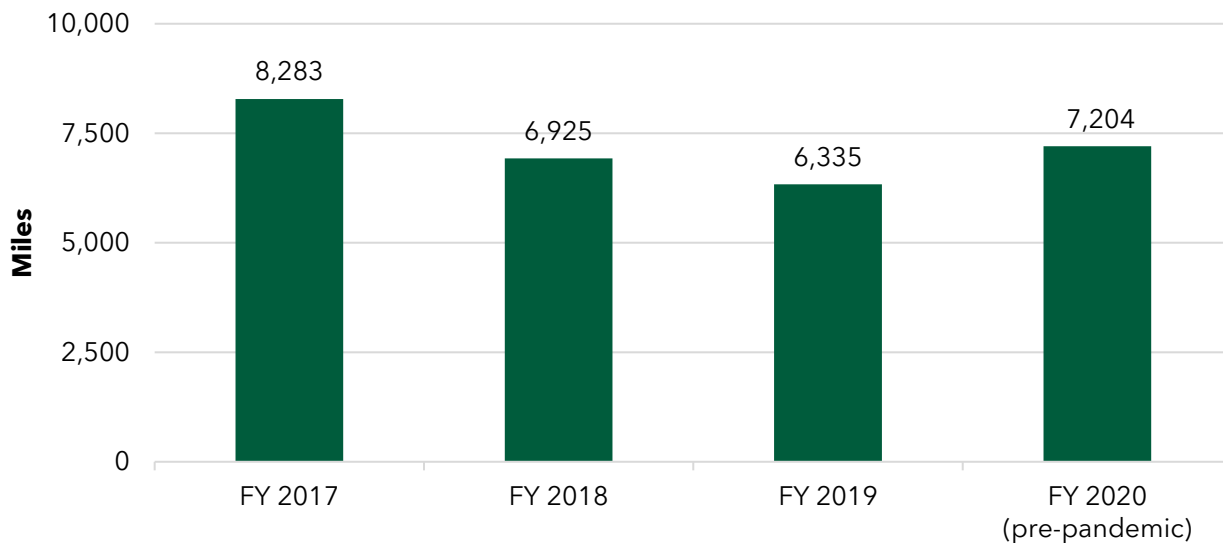
Figure 2: Equipment Reliability for Metrorail (MDBD)



Source: Metro Performance Report FY2020

Note: FY 2020 data are for a pre-pandemic period of July 1, 2019 to March 15, 2020. All other data are reported for the full fiscal year.

Figure 3: Equipment Reliability for Metrobus



Source: Metro Performance Report FY 2020

Note: FY 2020 data are for a pre-pandemic period of July 1, 2019 to March 15, 2020. All other data are reported for the full fiscal year.

Report Category Definitions and Notes

Metrobus On-Time Performance: For on-time performance in FY 2020, the results were presented are for a partial year, July 1, 2019 through March 15, 2020, the day before WMATA first adjusted service due to the pandemic.

Metrobus Calculation:

$$\frac{\text{Number of vehicles arriving at a timepoint at or close to the scheduled arrival time}}{\text{Total number of vehicles arriving at timepoint}}$$

Metrorail On-Time Performance: For on-time performance in FY 2020, the results were presented are for a partial year, July 1, 2019 through March 15, 2020, the day before WMATA first adjusted service due to the pandemic.

Metrorail Calculation:

$$\frac{\text{Number of Journeys completed on time}}{\text{Total number of journeys}}$$

Metrobus Mean Distance between Delays/Failures: For mean distance between delays/failures in FY 2020, the results were presented are for a partial year, July 1, 2019 through March 15, 2020, the day before WMATA first adjusted service due to the pandemic.

Metrorail Mean Distance between Delays/Failures: For mean distance between delays/failures in FY 2020, the results were presented are for a partial year, July 1, 2019 through March 15, 2020, the day before WMATA first adjusted service due to the pandemic.

¹¹⁰ American Public Transportation Association (APTA). "The Hidden Traffic Safety Solution: Public Transportation." September 2016. <<https://www.apta.com/wp-content/uploads/Resources/resources/reportsandpublications/Documents/APTA-Hidden-Traffic-Safety-Solution-Public-Transportation.pdf>>

¹¹¹ American Public Transportation Association (APTA). "2020 Public Transportation Fact Book. 71st Edition" p. 22. March 2020. <<https://www.apta.com/wp-content/uploads/APTA-2020-Fact-Book.pdf>>

¹¹² Virginia Compacts § 33.2-3101. Washington Metrorail Safety Commission Interstate Compact.

¹¹³ Federal Transit Administration. "National Transit Database (NTD) Glossary." May 20, 2020. <www.transit.dot.gov/ntd/national-transit-database-ntd-glossary>

¹¹⁴ Federal Transit Administration. "Safety & Security Time Series Data: Read Me." <www.transit.dot.gov/ntd/data-product/safety-security-time-series-data>

¹¹⁵ S&S-40 and S&S-50 are the NTD Report Forms <<https://www.transit.dot.gov/ntd/data-product/safety-security-time-series-data>> Reference "S&S-40, Major Event Report" and "S&S-50, Non-Major Event Report" in the Appendix.

¹¹⁶ Ibid.

¹¹⁷ WMATA. "Q3 FY 2020 Metro Performance Report." Pg. 14. July 2020. <<https://www.wmata.com/about/records/public-records.cfm>>

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

4. Metrorail and Metrobus Financial Performance

Metrorail financial performance measures are required by Section § 33.2-3401 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly. Transit agencies, as a public service, aim to minimize cost and deliver service as efficiently as possible, using the following three measures:

1. Metrorail Farebox Recovery and Metrobus Farebox Recovery
2. Metrorail Service per Rider and Metrobus Service per Rider
3. Cost per Metrorail Service Hour and Cost per Metrobus Service Hour

NTD FY 2019 data is reported for each of the above measures and includes calculations for both Metrorail and Metrobus. For Metrobus, data presented includes both services that are directly operated by WMATA and those which are operated by a contracted provider.¹²¹ It is also important to note that due to robust auditing and review processes, NTD data is typically released at least one year or more after the fiscal year it represents. Data provided in this section is from FY 2019 (July 1, 2018 to June 30, 2019) and will not reflect impacts on ridership that were incurred due to COVID-19 pandemic and implementation of safety protocols made by WMATA beginning in March 2020.

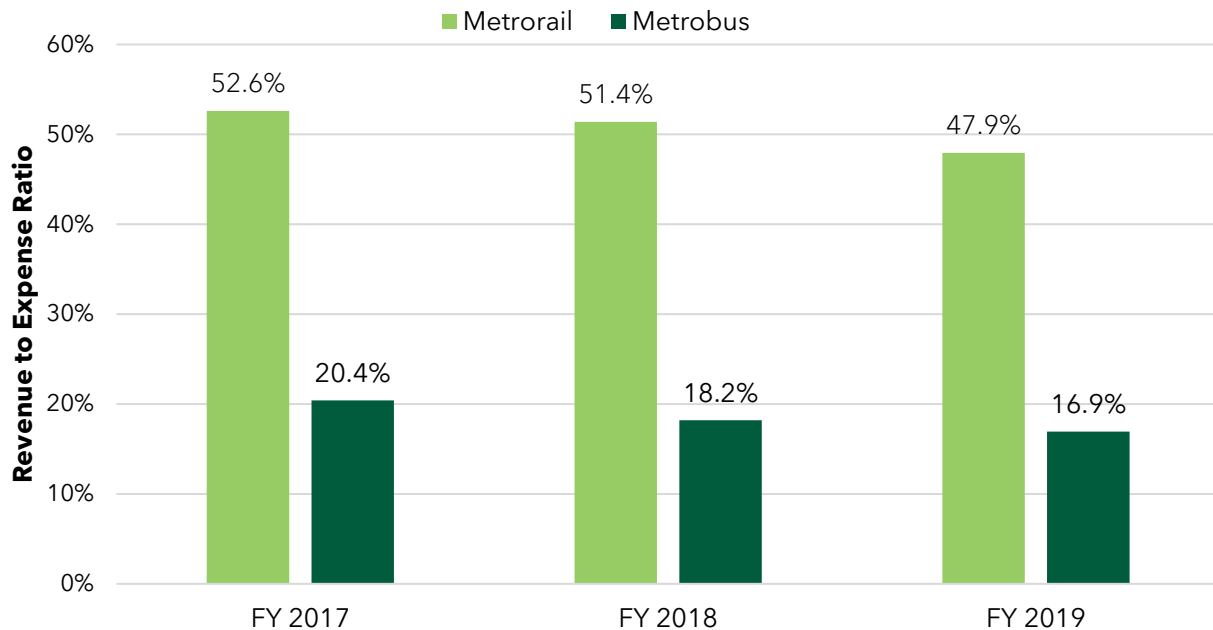
4.1 Metrorail and Metrobus Farebox Recovery

Farebox recovery indicates how much of an agency's operating costs are recovered through passenger fare revenues. This measure is used to identify how effectively an agency funds its operating costs. A higher recovery ratio indicates that the transit agency recoups a larger share of its operating costs through passenger revenue.

Farebox recovery ratios differ across transit modes. According to the American Public Transportation Association (APTA) 2020 Public Transportation Fact Book, rail services generally have higher farebox recovery rates than bus services in the United States, where the highest level of average revenue per unlinked passenger trip is generated by commuter rail and commuter bus, the modes that represent the longer trip lengths for passengers.¹²² Because rail systems generally have higher fares and higher ridership than bus systems, farebox recovery tends to be higher for rail systems than for bus systems.

Per Figure 4, Metrorail farebox recovery was 47.9 percent in FY 2019 and Metrobus farebox recovery was 16.9 percent in FY 2019.

Figure 4: Metrorail and Metrobus Farebox Recovery



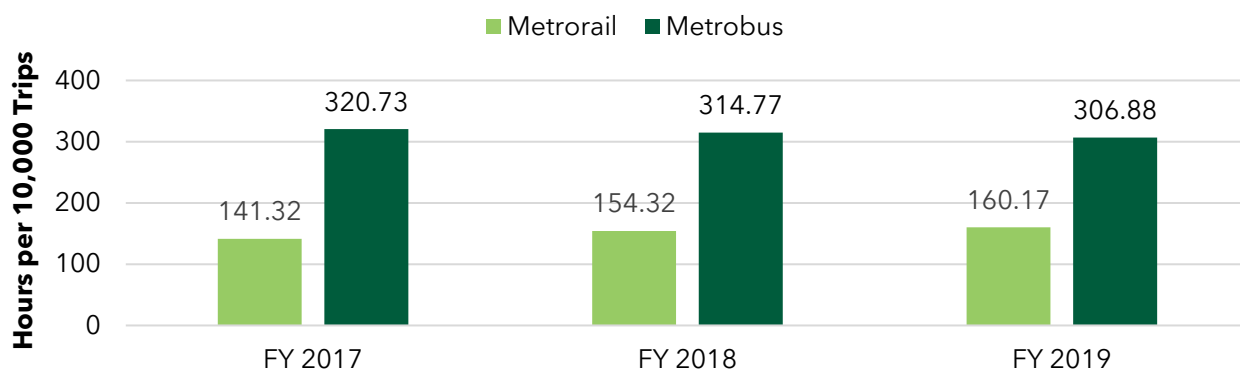
Source: WMATA NTD, Form F-10 & F-30¹²³

4.2 Metrorail and Metrobus Service Per Rider

Service per rider indicates the number of railcar or bus service hours offered per 10,000 passenger trips. This number summarizes how efficiently an agency is transporting passengers. Agencies strive to strike a balance between serving as many passengers as possible while providing service at a reasonable cost. A low service per rider number indicates that relatively few hours of service are required to serve 10,000 passengers, which indicates higher efficiency.

Per Figure 5, Metrorail service per rider was 160.17 hours per 10,000 trips in FY 2019 and Metrobus service per rider was 306.88 hours per 10,000 in FY 2019.

Figure 5: Metrorail and Metrobus Service Per Rider



Source: WMATA NTD, Form S-10¹²⁴

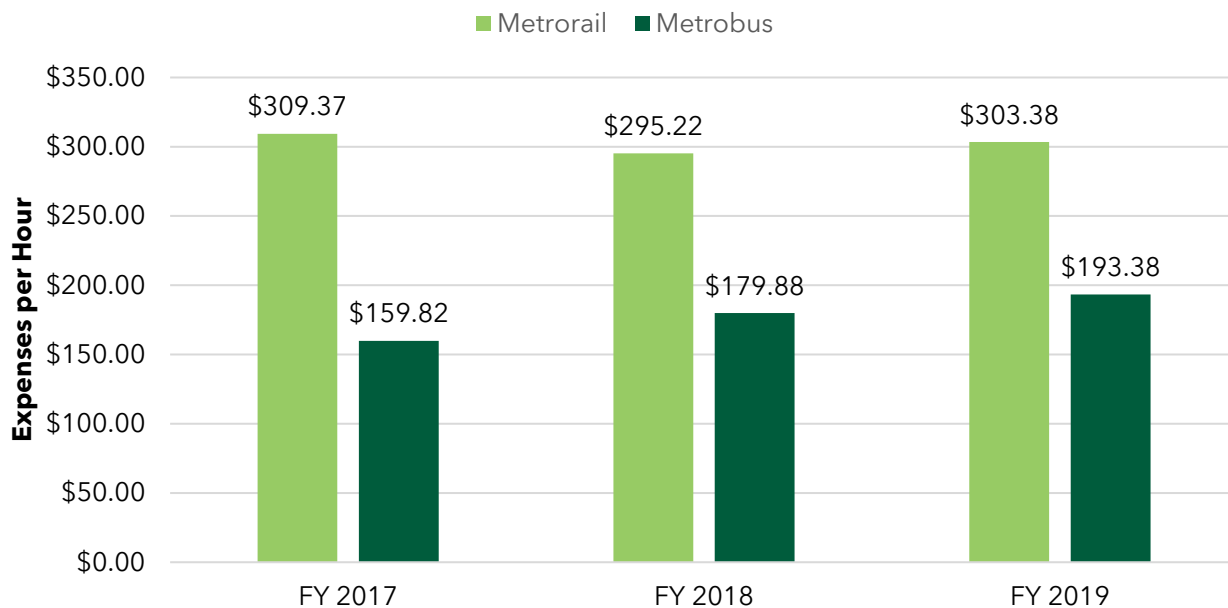
4.3 Cost Per Metrorail and Metrobus Service Hour

The cost per Metrorail service hour is the average cost associated with the operation and maintenance of one railcar for each hour of passenger revenue service. A lower number indicates a lower hourly cost to operate each railcar. Heavy rail services in the U.S. generally have a substantially higher cost per service hour than bus services because they use larger vehicles over shorter service miles.¹²⁵

The cost per Metrobus service hour is the approximate cost associated with the operation and maintenance of a vehicle for each hour of revenue service. A lower number indicates a lower average hourly cost to operate each bus.

Per Figure 6, the cost per Metrorail service hour was \$303.38 in FY 2019 and Metrobus service hour was \$193.38 in FY 2019.

Figure 6: Cost Per Metrobus and Metrorail Service Hour



Source: WMATA NTD, Form S-10¹²⁶ & F-30¹²⁷

Metrorail and Metrobus Financial Performance Definitions and Notes

Metrorail/Metrobus Farebox Recovery	Farebox recovery is calculated by dividing the funds earned (fare revenue) by the total operating expenses (e.g. labor, services for operating and maintaining the transit system, general administration). Reference the Appendix for the official NTD definition.
Metrorail/Metrobus Service per Rider	Service per rider is calculated for each mode by taking the total vehicle revenue hours divided by the number of unlinked trips and then multiplying the result by 10,000. Vehicle revenue hours are the duration that a vehicle travels for revenue generation. The factor of 10,000 in the calculation of service per rider is used for readability. Since service per rider is a relative metric, other scaling factors could be used. The cost per Metrorail service hour factors in a fully loaded operating and maintenance cost. Reference the Appendix for the official NTD definition.
Costs Per Metrorail/Metrobus Service Hour	Costs per service hour are calculated for each mode by taking the total operating expenses and dividing by total vehicle revenue hours. Vehicle revenue hours are the duration that the vehicle travels.

¹²¹ FY 2019 Metrobus data includes services operated by contracted provider.

¹²² American Public Transportation Association (APTA). "2020 Public Transportation Fact Book. 71st Edition" p. 22. March 2020. <<https://www.apta.com/wp-content/uploads/APTA-2020-Fact-Book.pdf>>

¹²³ Form F-10 is the NTD Sources of Funds – Funds Expended and Funds Earned form, Form F-30 is the NTD Operating Expenses form. <<https://www.transit.dot.gov/ntd/ntd-reporting-system-forms>>

¹²⁴ Form S-10 is the NTD Service form. <<https://www.transit.dot.gov/ntd/ntd-reporting-system-forms>>

¹²⁵ American Public Transportation Association (APTA). "2020 Public Transportation Fact Book. 71st Edition" p. 22. March 2020. <<https://www.apta.com/wp-content/uploads/APTA-2020-Fact-Book.pdf>>

¹²⁶ Ibid.

¹²⁷ Ibid.

4. Metrorail and Metrobus Ridership

Because public transit services exist to transport passengers, transit systems seek to maximize patronage, measured in passengers. This section summarizes Metrorail and Metrobus ridership, which is measured by the NTD using:

1. Unlinked Passenger Trips (UPT)
2. Passenger Miles Traveled (PMT)

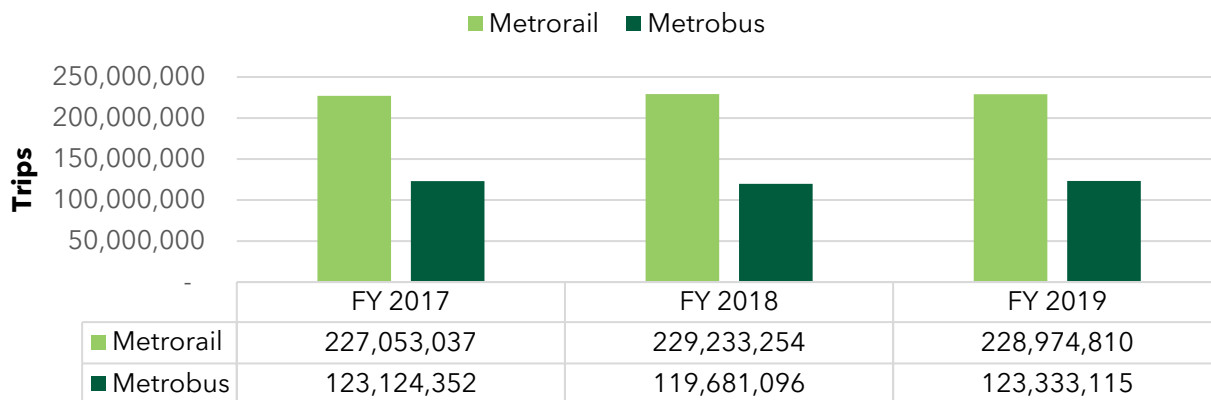
The meaning and significance of these two ridership measures are clarified in Sections 5.1 and 5.2. Data is reported for FY 2019 and is from the NTD. NTD FY 2019 data is reported for each of the above measures and includes calculations for both Metrorail and Metrobus. For Metrobus, data presented includes both services that are directly operated by WMATA and those which are operated by a contracted provider.¹²⁸ It is also important to note that due to robust auditing and review processes, NTD data is typically released at least one year or more after the fiscal year it represents. Data provided in this section is from FY 2019 (July 1, 2018 to June 30, 2019) and will not reflect impacts on ridership that were incurred due to COVID-19 pandemic and implementation of safety protocols made by WMATA beginning in March 2020.

5.1 Metrorail and Metrobus Unlinked Passenger Trips

Unlinked passenger trips (UPT) indicate the number of passengers boarding vehicles and demonstrates the overall number of passengers passing through the overall Metro system. A higher UPT reflects greater use of transit services. This section provides FY 2019 UPT data for Metrorail and Metrobus. The official NTD definition for this ridership metric is included in the Appendix.

In FY 2019, total ridership for Metrorail was 228,974,810 unlinked passenger trips and Metrobus was 123,333,115 unlinked passenger trips, as shown in Figure 7.

Figure 7: Metrobus and Metrorail Ridership, UPT



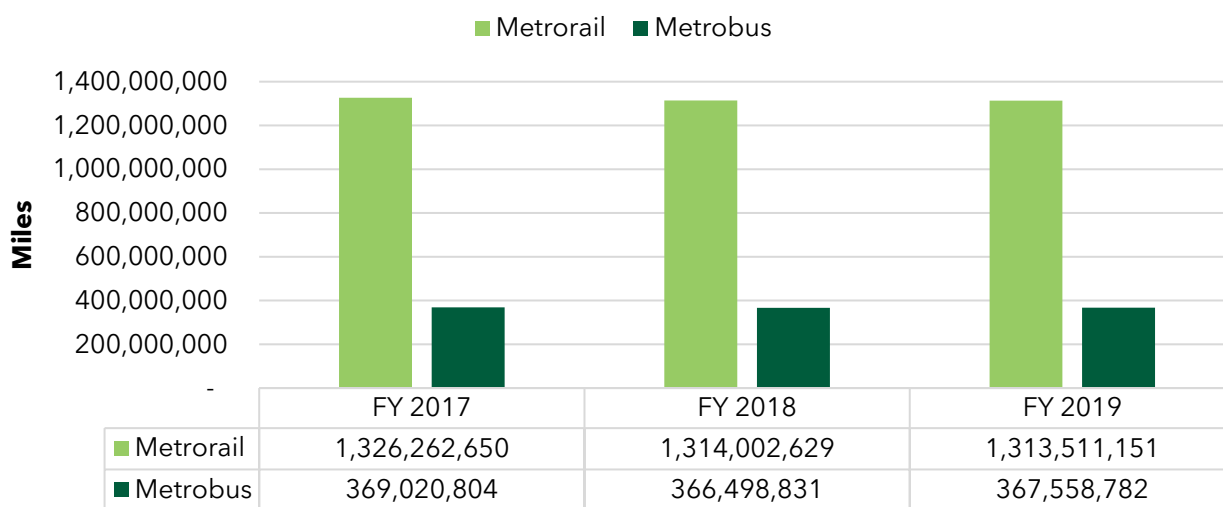
Source: WMATA NTD, Form S-10¹²⁹

5.2 Metrorail and Metrobus Passenger Miles Traveled

Passenger miles traveled (PMT) indicates the total sum of miles traveled by all passengers aboard the transit service. A single passenger traveling 10 miles by bus would count as 10 passenger miles traveled. As with UPT, a higher PMT figure indicates greater patronage of transit services, providing insight into both UPT and distances traveled by passengers.

In FY 2019, the total passenger miles traveled for Metrorail was 1,313,511,151 and Metrobus was 367,558,782 as shown in Figure 8. As mentioned previously, the data presented for passenger miles traveled is from NTD and represents a period of time before the onset of the COVID-19 pandemic.

Figure 8: Metrobus and Metrorail Ridership, PMT



Source: WMATA NTD, Form S-10¹³⁰

Metrorail and Metrobus Ridership Definitions and Notes

Metrorail Unlinked Passenger Trips

NTD reports ridership using the UPT metric, which reflects the number of passenger boardings. The trip of a passenger who boards two separate Metrorail trains, transferring from one Metrorail line onto a different line, would be counted as two UPTs.

Metrorail directly records and publishes linked passenger trips, which are adjusted to UPT using a statistical method based on a passenger survey. A linked passenger trip may include boarding two or more trains. This statistical adjustment from linked passenger trips to unlinked passenger trips implies that NTD Metrorail ridership figures for FY 2019 will not match those in the Metro Performance Report (MPR).

Metrobus Unlinked Passenger Trips

The NTD reports unlinked passenger trips (UPT), which is the number of passenger boardings. Metrobus directly records bus passenger boardings.

¹²⁸ FY 2019 Metrobus data includes services operated by contracted provider.

¹²⁹ Form S-10 is the NTD Service form. <<https://www.transit.dot.gov/ntd/ntd-reporting-system-forms>>

¹³⁰ Ibid.

Appendix

This appendix includes definitions and sources for the terminology used throughout the report.

Definitions

To provide a holistic picture of WMATA's safety, reliability, financial and ridership performance, the definitions below have been aggregated from the following sources as indicated in the footnotes:

1. When not indicated otherwise, definitions are taken directly from the NTD Glossary¹³¹.
2. For metrics without an NTD definition, a definition is taken from WMATA's FY 2020 Metro Performance Report (MPR)¹³². MPR definitions also include an explanation of what each metric mean[s] and why it is important to [their] strategy. These explanations are included along with the definitions.
3. To build a complete understanding of each MPR definition, WMATA provided NVTC with clarifications, which are denoted with the footnote "Provided by WMATA."

C

Collision

A vehicle/vessel accident in which there is an impact of a transit vehicle/vessel with: another transit vehicle, a non-transit vehicle, a fixed object, a person(s) (suicide/attempted suicide included), an animal, a rail vehicle, a vessel or a dock.

Cost per Service Hour¹³³

The average cost to operate one vehicle/passenger car for one hour of passenger service.

D

Deadhead (Miles and Hours)

The miles and hours that a vehicle travels when out of revenue service. Deadhead includes:

- Leaving or returning to the garage or yard facility
- Changing routes
- When there is no expectation of carrying revenue passengers

Deadhead does not include:

- Charter service
- School bus service
- Operator training
- Maintenance training

Derailments

Non-collision incidents in which one or more wheels of a vehicle unintentionally leaves the rails.

F

Failure, Metrobus

WMATA counts as failures those buses with interrupted trips due to mechanical problems that resulted in lost trips. Therefore, only bus maintenance chargeables (BMCs) are counted.

- Major failures are BMCs that may leave the bus stranded on the street or result in grossly unsafe operation. Examples: brakes, door interlock, generator, smoke/fire, large fluid leaks, engine or transmission shutdown, broken wipers on rainy days. ("Accidents" caused by mechanical failure (i.e. brakes not engaging) are counted as major.)
- Minor failures are BMCs that may be deemed unsafe by the operator, manufacturer or engineers to protect the bus from irreparable damage. Examples: engine/transmission malfunction indicators, windshield, mirrors, unsafe interior or exterior body issues.

Failure, Metrorail

WMATA defines a railcar failure as a mechanical failure that requires corrective maintenance. Failures related to operator error or customer behavior, e.g. doors that fail because they were held open by customers, are not counted. Not all failures prevent vehicles from completing scheduled revenue trips or starting the next scheduled revenue trips. In some cases, corrective maintenance can be conducted after the scheduled trips are completed.

Farebox Recovery Ratio¹³⁴

The portion of operating expenses that are paid for by fare revenues. This metric is calculated as: *Fare Revenue ÷ Operating Expenses*.

Fare Revenue

All income received directly from passengers, paid either in cash or through pre-paid tickets, passes, etc. It includes donations from those passengers who donate money on the vehicle. It includes the reduced fares paid by passengers in a user-side subsidy arrangement.

Fatality

A death or suicide confirmed within 30 days of a reported incident. Does not include deaths in or on transit property that are a result of illness or other natural causes.

Fire

Uncontrolled combustion made evident by flame that requires suppression by equipment or personnel.

Fringe Benefits

The payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments and accruals direct to an employee arising from something other than a piece of work. These payments are transit agency costs over and above labor costs, but still arising from the employment relationship.

H

Headway

The time interval between vehicles moving in the same direction on a route.

I

Injury

Any damage or harm to persons as a result of an event that requires immediate medical attention away from the scene.

L

Linked Passenger Trips¹³⁵

A linked passenger trip is counted when a customer enters through a faregate. In an example where a customer transfers between two trains to complete their travel one trip is counted. Metrorail reports linked passenger trips.

Labor (Cost)¹³⁶

The pay and allowances due employees in exchange for the labor they provide on behalf of the transit agency. The labor allowances include payments made directly to the employee arising from the performance of a piece of work.

M

Major Event Report (S&S-40)¹³⁷

The Major Event Report (S&S-40) captures detailed information on severe safety and security events that occur within a transit environment. Agencies must complete one S&S-40 per reportable event, regardless of how many thresholds an event meets.

A reportable event is one that meets any NTD reporting threshold (detailed below) and occurs:

- On transit right-of-way or infrastructure;
- At a transit revenue facility;
- At a maintenance facility or rail yard;
- During a transit-related maintenance activity, or
- Involves a transit revenue vehicle.

Mean Distance between Delays¹³⁸

The average number of miles traveled before a railcar experiences a failure that leads to a delay of four or more minutes. This is equivalently expressed as: *Total railcar revenue miles ÷ Number of failures during revenue service resulting in delays of four or more minutes.*

Some car failures result in inconvenience or discomfort but do not always result in a delay of service, such as hot cars. Mean distance between delays includes those failures that had an impact on customer on-time performance.

Mean Distance between Failures¹³⁹

The average number of miles traveled before a mechanical breakdown requiring the bus to be removed from service or deviate from the schedule. This can also be expressed as: *Total revenue miles ÷ Total number of failures.*

Mean distance between failures is used to monitor trends in vehicle breakdowns that cause buses to go out of service and to plan corrective actions. Factors that influence fleet reliability include vehicle age, quality of maintenance program, original vehicle quality, and road conditions affected by inclement weather and road construction.

N

Non-Major Monthly Summary (S&S-50)¹⁴⁰

The Non-Major Monthly Summary Report captures monthly summary information on minor fires and other less severe safety events that are not reportable as Major Events.

Non-Labor Costs

The costs associated with operating expenses less labor cost, including:¹⁴¹

1. Fuel/Lube
2. Tires/Tubes
3. Other Materials/Supplies
4. Utilities
5. Casualty/Liability Costs
6. Taxes

O

On-Time Performance (Metrobus)¹⁴²

Bus on-time performance (OTP) communicates the reliability of bus service, which is a key driver of customer satisfaction and ridership.

- For schedule-based routes, OTP measures adherence to the published route schedule for delivered service.
- For headway-based routes, OTP measures the adherence to headways, or the time customers wait between buses. Headway-based routes include routes 70, 79, X2, 90, 92, 16Y, and Metroway.

Factors that can affect OTP include: traffic congestion, detours, inclement weather, scheduling, vehicle reliability, operational behavior or delays caused by passengers. Measurements are calculated as follows:

Percentage of bus service delivered on-time

Schedule-based routes = Number of time points delivered on time based on a window of 2 minutes early and 7 minutes late ÷ Total number of time points delivered

Headway-based routes = Number of time points delivered

within the scheduled headway + 3 minutes ÷ Total number of time points delivered

On-Time Performance (Metrorail)¹⁴³

Train on-time performance measures the adherence to weekday headways, or the time customers wait between trains. Factors that can affect on-time performance include: infrastructure conditions, missed dispatches, railcar delays (e.g., doors), or delays caused by sick passengers. Station stops are tracked system-wide, with the exception of terminal and turn-back stations. Measurements are calculated as follows:

Number of station stops delivered within the scheduled headway plus 2 minutes during rush (AM/PM) service ÷ Total station stops delivered.

Number of station stops delivered up to 150% of the scheduled headway during non-rush (midday and evening) ÷ Total station stops delivered.

The peak and off-peak hours are:

1. **Peak periods:** AM rush (approximately 5-9:30 a.m.) and PM rush (approximately 3-7 p.m.)
2. **Off-peak periods:** Midday (approximately 930 a.m.-3 p.m.) and Night (approximately 7:00 p.m. to close)

Operating Expenses

These expenses include labor and non-labor costs, and services for operating and maintaining the mode, including general administration costs. Labor costs are fully loaded, meaning they include fringe benefit costs (directly paid to employees as well as indirectly, e.g. payments to pension funds) in addition to wages and salary costs.¹⁴⁴

P

Passenger Miles Traveled (PMT)¹⁴⁵

The cumulative sum of the distances ridden by each passenger.

R

Ridership

Ridership is a measure of total service consumed and an indicator of value to the region. Drivers of this indicator include service quality and accessibility.

Passenger trips are defined as follows:

- Metrorail reports passenger trips. A passenger trip is counted when a customer enters through a faregate. In an example where a customer transfers between two trains to complete their travel one trip is counted.
- Metrobus reports passenger boardings. A passenger boarding is counted via the onboard Automatic Passenger Counter (APC) when a customer boards a Metrobus. In an example where a customer transfers between two Metrobuses to complete their travel two trips are

counted. Metrobus totals also include shuttles* to accommodate rail station shutdowns and other track work.

Revenue Service (Hours)

The time when a vehicle is available to the public and there is an expectation of carrying passengers. These passengers either:

1. Directly pay fares
2. Are subsidized by public policy
3. Provide payment through some contractual arrangement

Vehicles operated in fare-free service are considered in revenue service. Revenue service includes:

1. Layover/recovery time

Revenue service excludes:

1. Deadhead¹⁴⁶
2. Vehicle maintenance testing
3. School bus service
4. Charter Service

S

Security Event

An occurrence of a bomb threat, bombing, arson, hijacking, sabotage, cyber security event, assault, robbery, rape, burglary, suicide, attempted suicide (not involving a transit vehicle), larceny, theft, vandalism, homicide, CBR (chemical/biological/radiological) or nuclear release or other event.

Service per Rider¹⁴⁷

A performance metric that measures the ratio of vehicle revenue hours to unlinked passenger trips. Note that in this report, this ratio is scaled by a factor of 10,000 for readability.

T

Time Point

A time point is an exact “point in time” at which Metro service is provided. Time points can be anywhere along the route, including an intersection. Adherence to schedule is measured as the bus leaves each time point except the last for each run. Time point is used in the definition of on-time performance for Metrobus.

U

Unlinked Passenger Trips (UPT)

The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

Passenger trips are defined as follows:¹⁴⁸

- Metrorail reports passenger trips. A passenger trip is counted when a customer enters through a faregate. In an example where a customer transfers between two trains to complete their travel one trip is counted.
- Metrobus reports passenger boardings. A passenger boarding is counted via the onboard Automatic Passenger Counter (APC) when a customer boards a Metrobus. In an example where a customer transfers between two Metrobuses to complete their travel, two trips are counted. Metrobus totals also include shuttles* to accommodate rail station shutdowns and other track work.

V

Vehicle Revenue Hours

The hours that a vehicle actually travels from the time it pulls out of its garage to enter passenger service to the time it returns. Vehicle revenue hours are often called platform time.

Vehicle revenue hours include:

- Layover / recovery time.

Vehicle revenue hours exclude:

- Deadhead;
- Operator training
- Vehicle maintenance testing; and
- School bus and charter services.

¹³¹ FTA. "National Transit Database (NTD) Glossary." May 20, 2020

¹³² WMATA. "Metro Performance Report." Fiscal Year 2020.

<https://www.wmata.com/about/records/scorecard/upload/MetroPerformanceReport_Q3FY2020.pdf>

¹³³ Federal Transit Administration (FTA). "2019 Metrics." <<https://www.transit.dot.gov/ntd/data-product/2019-metrics>>

¹³⁴ Instead of farebox recovery ratio, the Federal Transit Administration (FTA) uses the term 'recovery ratio' per the FTA 2019 Metrics: www.transit.dot.gov/ntd/data-product/2019-metrics. This definition is adapted from the FTA Metrics list.

¹³⁵ WMATA. "Metro Performance Report." Fiscal Year 2020.

¹³⁶ The NTD uses 'labor' as the metric for labor cost. < <https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary#S>>

¹³⁷ Adapted from: National Transit Database. "NTD Safety & Security Reporting Manual." pp. 16. 2020. < <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/ntd/146986/2020-ntd-safety-and-security-policy-manual.pdf> >

¹³⁸ WMATA. "Metro Performance Report." p. 49. Fiscal Year 2020.

<https://www.wmata.com/about/records/scorecard/upload/MetroPerformanceReport_Q3FY2020.pdf>

¹³⁹ Ibid

¹⁴⁰ Adapted from: National Transit Database. "NTD Safety & Security Reporting Manual." pp. 55. 2020. < <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/ntd/146986/2020-ntd-safety-and-security-policy-manual.pdf> >

¹⁴¹ Categories under Operating Expenses are based on NTD Definition. Federal Transit Administration. "The 2020 Reporting Policy Manual for the National Transit Database." October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

¹⁴² WMATA. Washington Metropolitan Area Transit Authority. "Metro Performance Report." p. 48. Fiscal Year 2019. <https://www.wmata.com/about/records/scorecard/upload/MetroPerformanceReport_Q3FY2020.pdf>

¹⁴³ Ibid.

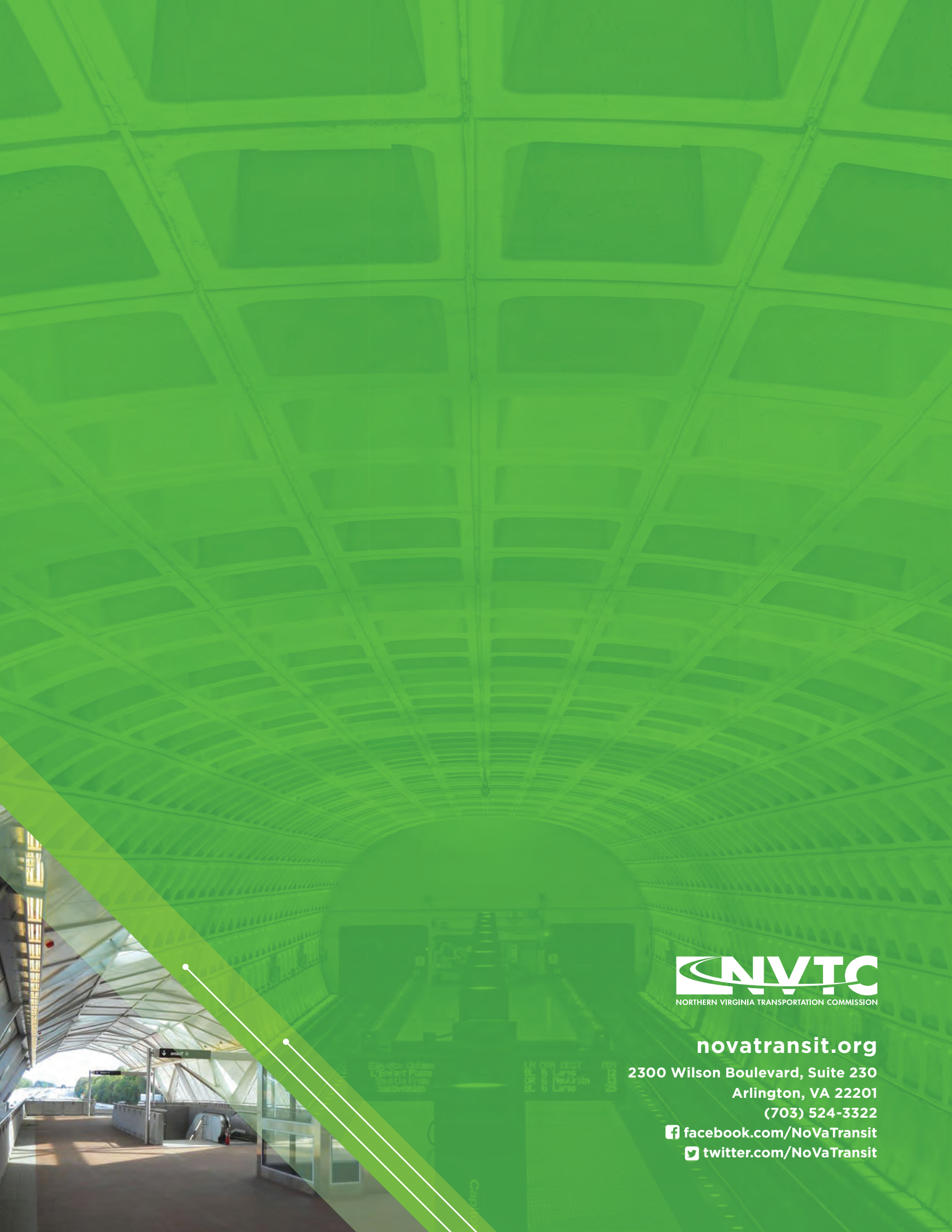
¹⁴⁴ Federal Transit Administration. "The 2020 Reporting Policy Manual for the National Transit Database." p. 90. October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

¹⁴⁵ Federal Transit Administration. "The 2020 Reporting Policy Manual for the National Transit Database." p. 129. October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

¹⁴⁶ Federal Transit Administration. "The 2020 Reporting Policy Manual for the National Transit Database." p. 114. October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

¹⁴⁷ Department of Rail and Public Transportation (DRPT). "Review of WMATA Operating, Governance and Financial Conditions." March 2018. <www.drpt.virginia.gov/media/2320/full-report.pdf>

¹⁴⁸ WMATA. Washington Metropolitan Area Transit Authority. "Metro Performance Report." p. 44. Fiscal Year 2019. <https://www.wmata.com/about/records/scorecard/upload/MetroPerformanceReport_Q3FY2020.pdf>



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TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice and Patricia Happ

DATE: November 25, 2020

SUBJECT: Transit Technology Program

At the December meeting the Commission will receive a presentation on the proposed 2021 Northern Virginia Regional Fare Collection Strategic Plan which articulates NVTC's vision for an enhanced regionally integrated fare collection system and identifies NVTC's role in supporting and coordinating implementation of fare collection initiatives in the region. Following the incorporation of feedback from the Commission, the Strategic Plan will be presented to the Commission for acceptance in January 2021.

A. Proposed 2021 Northern Virginia Regional Fare Collection Strategic Plan

The proposed [2021 Northern Virginia Regional Fare Collection Strategic Plan](#), developed by NVTC staff with input from regional partner transit agencies, documents the vision for an enhanced regionally integrated fare collection system and identifies NVTC's role in supporting and coordinating implementation of fare collection initiatives in the region. Considerable progress and innovation have been realized since the adoption and implementation

of the 2018 strategic plan. Moving forward, the 2021 plan will address new challenges and maintain a state of good repair while modernizing the regional fare collection system.

A principal takeaway from the strategic planning process was that continued NVTC support is needed to coordinate the enhancement of regional fare collection systems. The strategic plan establishes thirteen actions for NVTC's support grouped by implementation timeframe into immediate, near-term (from CY 2021 through 2022), and longer-term projects (beyond CY 2022.)

Regional Fare Collection Vision Statement:

Northern Virginia transit systems envision an enhanced regionally integrated fare collection system with local flexibility to meet evolving customer expectations.

The proposed plan sets forth the following actions for NVTC's support:

Table 1: Immediate NVTC Actions (through Calendar Year [CY] 2021)

	NVTC Action	Description
A.	Continue Farebox State of Good Repair	NVTC will continue working with partners and WMATA to implement the farebox state of good repair upgrade to mitigate end-of-life issues of the current bus fareboxes.
B.	Support Immediate Mobile Payment Needs	NVTC will work with WMATA and partners on implementation and promotion of the SmarTrip App and mobile wallet. NVTC will also monitor local mobile ticketing activity to minimize regional fragmentation.
C.	Facilitate Information Exchange on Installation of Bus Operator Safety Barriers	NVTC will facilitate information exchange between partners on bus operator barrier installation, as related to resuming front door boarding and fare collection during the COVID-19 public health emergency.

Table 2: Near-Term NVTC Actions (through CY 2022)

	NVTC Action	Description
D.	Coordinate and Support New Farebox Procurement and Implementation (Including Rear-Door Payment and All-Door Boarding)	NVTC will represent the Northern Virginia's needs in WMATA's project for new bus fareboxes with standalone SmarTrip validators to enable rear-door payment and all-door boarding.
E.	Coordinate and Support Procurement of Off-Board Fare Collection System	NVTC will support partners implementing off-board fare collection solutions for bus rapid transit services, and coordinate with WMATA, other regional partners and vendors to develop cost effective and SmarTrip-compatible solutions.
F.	Coordinate and Support Fare Capping Implementation Analysis	NVTC will participate in planning discussions for regional back office systems upgrades to enable fare capping, as implementation requires technology and policy changes.
G.	Monitor Mobile Payment Trends	NVTC will gather input and data from partners on adoption rates and impacts of mobile payments on the regional fare collection system in order to guide future system enhancements.
H.	Coordinate, Support and Market New Fare Products and Programs	NVTC will facilitate information exchange between partners and WMATA on new fare products and programs to attract customers to transit.

Table 3: Long-Term NVTC Actions (beyond CY 2022)

	NVTC Action	Description
I.	Coordinate and Support Expansion of Retail Network	NVTC will represent partner needs in WMATA's planned project to expand the retail network that can be used by customers to load money to fare payment cards or accounts using cash.
J.	Coordinate and Support Planning for Contactless Open Payments	NVTC will represent partner needs in planning for contactless open payments, which would enable customers to use contactless bankcards and mobile wallets to pay for transit with a tap of the card or device they already have—just like they can at many retailers.
K.	Coordinate and Support Upgrades to WMATA's Back Office System	NVTC will represent partner needs during WMATA's transition to a new SmarTrip back office system.
L.	Coordinate and Support Integration of VRE with SmarTrip	NVTC will support integration of VRE into the SmarTrip program as part of WMATA's transition to a new back office system.
M.	Coordinate and Support SmarTrip App Enhancements	NVTC will work with WMATA and partners to develop additional app features to address customer and local transit system needs.

NVTC staff also identified the following overarching or cross-cutting needs to be considered when implementing each of the actions:

- Increase ease of use and improve customer experience
- Keep pace with technology and customer expectations
- Expand fare payment options equitably

While the strategic plan update provides a projected schedule, the priorities and timelines will be regularly revisited and will necessarily be refined to align with funding availability and policy updates.

Next Steps

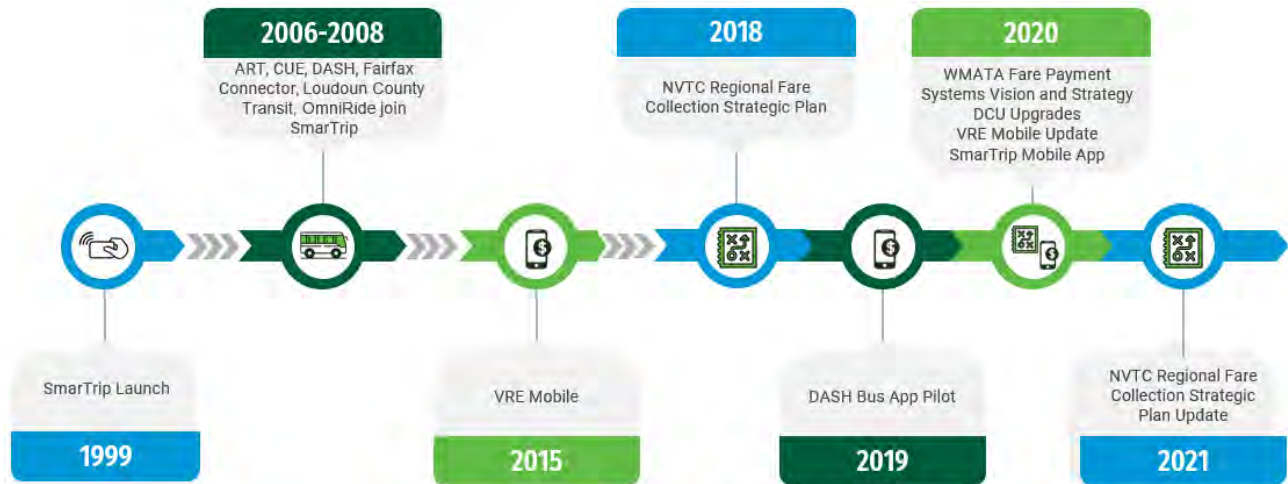
The final 2021 Northern Virginia Fare Collection Strategic Plan will be brought to the Commission for approval at the January 2021 meeting.

Background

The region's transit agencies have seen dramatic acceleration of fare collection progress and new projects since 2018 as shown in Figure 1: Regional Fare Collection Timeline. Notable recent developments include WMATA completing its Fare Payment System Vision and Strategy in 2020, and expansion of mobile apps and payments. The onset of the COVID-19 public health emergency presented multiple challenges for fare collection, including paused fare collection and implementation of safety measures like rear-door boarding and driver barrier doors. The crisis has also spurred regional innovation with NVTC's support, including accelerating regional implementation of fare payment technology for rear-door validation and mobile payments.

The six-month process to develop the strategic plan involved detailed online partner surveys followed by individual work sessions designed to discern partners' fare collection needs and priorities. There was also an extensive review of industry trends, and interviews with peer transit agencies throughout the country. This research concluded that technical assistance and coordination from regional organizations, such as NVTC, allow local transit agencies to focus attention on their service operations while keeping pace with fare collection improvements.

Figure 1: Regional Fare Collection Timeline





2021 Northern Virginia Regional Fare Collection Strategic Plan

January 2021

DRAFT for Commission Consideration on December 3, 2020

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Executive Summary

The 2021 Northern Virginia Regional Fare Collection Strategic Plan update, developed by the Northern Virginia Transportation Commission (NVTC) with Northern Virginia transit agencies, documents the vision for an enhanced regionally integrated fare collection system and identifies NVTC's role in supporting and coordinating implementation of fare collection initiatives in the region. While considerable progress and innovation was accomplished through implementation of the 2018 strategic plan, the need to meet new challenges and maintain state of good repair while modernizing the regional fare collection system continues.

Since 2018, there have been notable developments in the region including the Washington Metropolitan Area Transit Authority (WMATA) completing its Fare Payment System Vision and Strategy in 2020, expansion of mobile payments, and the onset of the COVID-19 public health emergency. The public health emergency presented multiple challenges for fare collection, including paused fare collection and implementation of safety measures like rear-door boarding and driver barrier doors. The crisis has also spurred innovation, accelerating regional implementation of fare payment technology including rear-door validation and mobile payments.

As such, the 2021 plan establishes the following actions for NVTC's support over the coming years:

Immediate (through calendar year [CY] 2021)

- A. Continue Farebox State of Good Repair:** NVTC and Northern Virginia transit systems will continue working with WMATA to implement the farebox state of good repair upgrade solution to mitigate end-of-life issues of the current bus fareboxes.
- B. Support Immediate Mobile Payment Needs:** NVTC will work with WMATA and the transit systems on implementation and promotion of the SmarTrip App and mobile wallet as a new self-service payment option. NVTC will also monitor local mobile ticketing activity for ways to minimize regional fragmentation.
- C. Facilitate Information Exchange on Installation of Bus Operator Safety Barriers:** NVTC will facilitate the exchange of information between transit systems on their experiences with installation of bus operator barriers, which is viewed by many as a prerequisite to resuming front door boarding and fare collection during the COVID-19 public health emergency.

Near-Term (through CY 2022)

- D. Coordinate and Support New Farebox Procurement and Implementation (Including Rear-Door Payment and All-Door Boarding):** NVTC will represent the Northern Virginia's needs in WMATA's project for new bus fareboxes with standalone SmarTrip validators to enable rear-door payment and all-door boarding.

- E. Coordinate and Support Procurement of Off-Board Fare Collection System:** NVTC will support transit systems implementing off-board fare collection solutions for bus rapid transit services. Regional coordination is needed with WMATA, other regional partners and vendors for developing solutions that are cost effective and compatible with SmarTrip.
- F. Coordinate and Support Fare Capping Implementation Analysis:** NVTC will participate in planning discussions for regional back office systems upgrades to enable fare capping, as implementation requires technology and policy changes. Fare capping promotes equity and simplifies fares by allowing riders to “pay-as-you-go,” automatically issuing a pass after meeting the fare payment equivalent of a daily, weekly or monthly pass.
- G. Monitor Mobile Payment Trends:** NVTC will gather input and data from transit systems on customer adoption rates and impacts of mobile payments on the regional fare collection system in order to guide future system enhancements.
- H. Coordinate, Support and Market New Fare Products and Programs:** NVTC will facilitate information exchange between transit systems and WMATA on new fare products offerings and programs to attract customers to transit.

Long-Term (beyond CY 2022)

- I. Coordinate and Support Expansion of Retail Network:** NVTC will represent the transit systems’ needs in WMATA’s planned project to expand the retail network that can be used by customers to load money to fare payment cards or accounts using cash.
- J. Coordinate and Support Planning for Contactless Open Payments:** NVTC will represent transit systems’ needs in planning for contactless open payments, which would enable customers to use contactless bankcards and mobile wallets to pay for transit with a tap of the card or device they already have—just like they can at many retailers
- K. Coordinate and Support Upgrades to WMATA’s Back Office System:** NVTC will represent transit systems’ needs during WMATA’s transition to a new SmarTrip back office system.
- L. Coordinate and Support Integration of VRE with SmarTrip:** NVTC will support the integration of Virginia Railway Express (VRE) into the SmarTrip program as part of WMATA’s transition to a new back office system.
- M. Coordinate and Support SmarTrip App Enhancements:** NVTC will work with WMATA and transit systems to develop additional features, which will address customer and local transit system needs.

While this Strategic Plan update provides a proposed schedule, priorities and timelines will need to be regularly revisited and refined by NVTC as projects are implemented and evaluated to align with funding availability and updates to policy priorities.

1. Introduction

The Northern Virginia Transportation Commission (NVTC), in coordination with Northern Virginia transit agencies, developed this strategic plan to guide fare collection near-term initiatives for Northern Virginia from 2021 through 2022, while also identifying longer-term initiatives for beyond 2022. It establishes thirteen actions for NVTC's support to Northern Virginia transit agencies during enhancement of the regional fare collection system. This is the first update to the Northern Virginia Regional Fare Collection Strategic Plan ("the plan", or "Strategic Plan") adopted by NVTC in 2018. The original plan resulted in considerable progress on fare collection initiatives in the region. Moving forward, there remains the need to incrementally replace or upgrade the regional fare collection system as components near end of life, and to keep pace with customer expectations and changing technology.

This plan serves as a roadmap for supporting the study, development and implementation these upgrades. This plan was developed as a collaborative effort with regional partners, and the process included regional partner surveys and work sessions, as well as an extensive industry review. It establishes the vision, needs, and actions of NVTC's Regional Fare Collection Program. The actions of the plan will support and promote the enhancement of the fare collection systems used by the seven Northern Virginia transit systems and the Washington Metropolitan Area Transit Authority (WMATA). The following vision statement was developed by NVTC and the transit systems as a guide for decision-making in alignment with regional fare collection goals:

Regional Fare Collection Vision Statement:

Northern Virginia transit systems envision an enhanced regionally-integrated fare collection system with local flexibility to meet evolving customer expectations.

The intended audience of this plan includes leadership, planners, implementers and operators of transit fare collection systems in Northern Virginia.

In August of 2017, Northern Virginia's transit systems entered into a Memorandum of Agreement (MOA) for NVTC to coordinate upgrades and explore options and enhancements for the regional fare collection initiatives. This plan outlines the specific actions to be taken by NVTC and the transit systems through the MOA to advance fare collection in the region such as supporting and guiding improvement to the existing regional fare collection system.

NVTC manages federal, state, and regional funding for five local bus systems, WMATA, and Virginia Railway Express (VRE), which it co-owns. It also facilitates the planning and

development of transit systems in Northern Virginia and provides technical assistance to its member jurisdictions. As such, NVTC is working with the Northern Virginia transit systems to ensure current and future needs for regional fare collection are met and assist in coordination with the WMATA, the driving partner in regional fare collection, and other regional partners.

NVTC implements fare collection coordination through a Regional Fare Collection Working Group to gather needs and provide directions for improvements. The working group includes staff from the following transit systems:

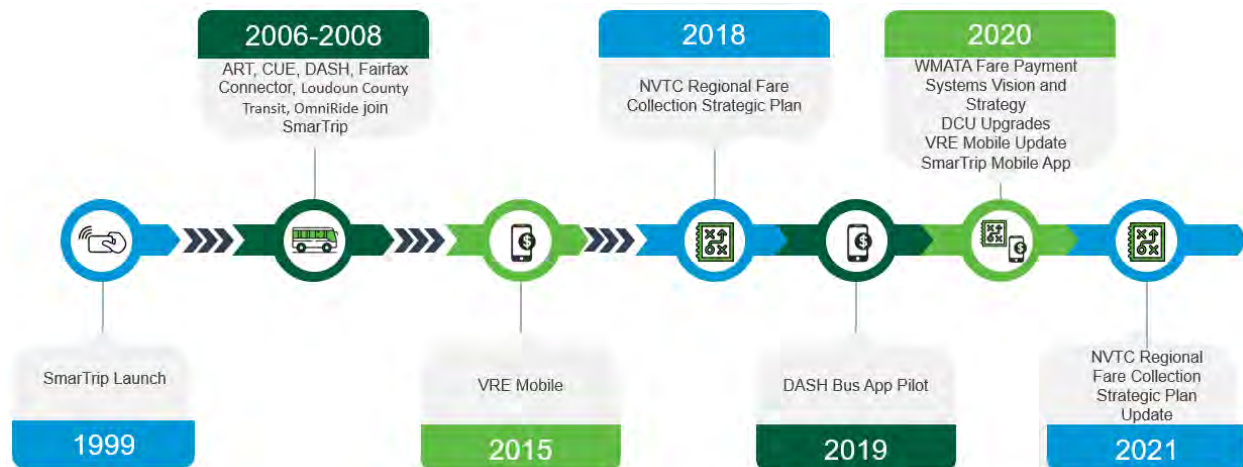
- Arlington Transit (ART)
- City of Fairfax City-University Energysaver (CUE)
- Alexandria Transit Company DASH
- Fairfax (County) Connector
- Loudoun County Transit
- OmniRide
- VRE
- WMATA

Members of the group represent their respective transit system on fare collection and collaborate on ongoing activities and provided input to NVTC to develop this plan.

2. Background

The Northern Virginia bus systems (ART, CUE, DASH, Fairfax Connector, Loudoun County Transit and OmniRide) collect fares through the regional SmarTrip system managed by WMATA. SmarTrip, deployed by WMATA in 1999, is a smart-card-based fare collection system that also supports cash payment on buses. VRE uses an independent paper and mobile phone ticketing-based fare collection systems, but participates in the regional transit benefits program, SmartBenefits, which also is operated by WMATA and linked to SmarTrip. The system was expanded to other regional partners, with many Northern Virginia transit systems joining in 2006.

Figure 1: Fare Collection History



In 2018, the Strategic Plan was created to guide efforts on fare collection system across the region. This effort was necessary as the region was facing the following challenges:

- Obsolete equipment for the existing fare collection system
- Cost inefficiencies from uncoordinated enhancements
- Reduced ability to collect fares due to failing equipment
- Inability to expand revenue vehicle fleet due to unavailability of obsolete equipment for purchase
- Falling short of customer expectations for a convenient and modern fare payment experience

The plan identified activities required to deliver on the Northern Virginia vision statement, an integral part of which is supporting the local implementation of and providing guidance to the detailed implementation elements of WMATA's strategy. In addition, WMATA completed its

Fare Payment Systems Vision and Strategy (FPSVS) in 2020. Developed with input from NVTC and WMATA's regional partners, the document established long-term goals, vision and business objectives related to improving and modernizing fare payment operations and technology for the SmarTrip system. The WMATA FPSVS outlines the following guiding principles:

- Design for frictionless customer experience, access and equity
- Improve cost-effectiveness and reduce operational demands
- Promote open architecture for flexible and futureproof solutions
- Improve WMATA, partner and customer data and reporting

WMATA's strategy, which was inspired by NVTC's Strategic Plan, provides a phased approach for implementing the desired upgrades and changes to the system. The document provides the following major program phases:

- Equipment upgrades and replacement for bus and rail
- Fare equity and simplification
- New payment options and cash reduction
- Back office upgrades
- New consumer and institutional website

This Strategic Plan update also aligns with strategies and recommendations from the Washington Area Bus Transformation Project¹ including:

- **Recommendation 2A: Commitment to prioritize bus** – elements of this recommendation include establishing regional guidelines on bus priority treatments, such as off-board fare payment and all-door boarding to decrease dwell time at stops.
- **Recommendation 3B: Fare payment** – elements of this recommendation make paying for bus fares easier such as reduced fare options for low-income riders, a mobile solution to plan and pay for trips in one place, and development of regional passes that work across all providers and make bus fares clear and understandable.

This Strategic Plan update process included a survey and work sessions with regional partners, as well as an extensive industry review. Details of the update process were documented in a technical memorandum. In the survey, the transit systems were asked to respond with their level of interest and desired timeline for implementing potential fare collection enhancements. These potential enhancements were compiled from past regional planning efforts (original Strategic Plan, WMATA's Fare Payment Systems Vision and Strategy, Washington Area Bus Transformation Project) and strategies gathered through the industry review.

¹https://bustransformationproject.com/wp-content/uploads/2019/09/Bus_Transformation_Strategy_and_Recommendations_2019-09-05.pdf

3. NVTC Actions to Support Fare Collection Needs

This document serves as the first update to the 2018 Northern Virginia Regional Fare Collection Strategic Plan and reflects advancements made in the region and industry during that time. Like the 2018 Strategic Plan, the 2021 Regional Fare Collection Strategic Plan was developed by NVTC as a collaborative effort with regional partners. The actions for NVTC support are organized into immediate (through calendar year 2021), near-term (through calendar year 2022) and long-term (beyond calendar year 2022) timeframes, based on timelines provided by partners during plan development, and ordered based on NVTC priority. Actual implementation timelines are subject to change due to policy and funding considerations as well as WMATA's implementation timeline for actions in support of its projects. Overarching non-phased needs are also identified to be employed throughout future enhancements to the fare collection system.

3.1 Actions

To address unique transit partner needs and timelines, NVTC developed the following actions to support all transit systems in maintaining and enhancing fare collection within a framework of broader regional developments.²

Immediate Action (through calendar year [CY] 2021)

- A. Continue Farebox State of Good Repair
- B. Support Immediate Mobile Payment Needs
- C. Facilitate Information Exchange on Installation of Bus Operator Safety Barriers

Near-Term Actions (through CY 2022)

- D. Coordinate and Support New Farebox Procurement and Implementation (Including Rear-Door Payment and All-Door Boarding)
- E. Coordinate and Support Procurement of Off-Board Fare Collection System
- F. Coordinate and Support Fare Capping Implementation Analysis
- G. Monitor Mobile Payment Trends
- H. Coordinate, Support and Market New Fare Products and Programs

Long-Term Actions (beyond CY 2022)

- I. Coordinate and Support Expansion of Retail Network
- J. Coordinate and Support Planning for Contactless Open Payments
- K. Coordinate and Support Upgrades to WMATA's Back Office System
- L. Coordinate and Support Integration of VRE with SmarTrip

² Timelines are subject to ongoing policy and funding considerations and are based on dates provided by partners during plan development.

M. Coordinate and Support SmarTrip App Enhancements

The following tables describe each action with the following parameters:

- Description with listing of tasks and activities
- Estimated timeframe
- Whether the action is linked to or dependent on WMATA activity
- Anticipated transit system role
- NVTC priority based on proposed role and anticipated impact
- Transit system priority based on survey
- Anticipated NVTC level of effort

A. Continue Farebox State of Good Repair

*Immediate
(through CY 2021)*

Description:



Bus transit systems need support with coordination of installing, testing and commissioning of the fare collection Driver Control Unit (DCU) upgrade hardware as well as support for garage infrastructure and new replacement farebox procurement. NVTC and Northern Virginia transit systems will continue working with WMATA to implement the farebox/DCU solution to mitigate obsolescence of the current fareboxes.


NVTC Tasks and Activities:

- Coordinate WMATA support to transit systems during installation and configuration of the farebox upgrades and supporting garage infrastructure
- Provide technical review of plans and processes for supporting DCU operation (including software patching and updates) and coordinate transit system feedback
- Monitor progress of implementation of upgrades and share lessons learned between transit systems
- Identify mitigation strategies and support transit systems in exploring these strategies where schedule, scope, or cost risks occur
- Continue coordination with WMATA on farebox modernization procurement initiative

Link to WMATA: This action is related to WMATA Fare Payment Systems Vision and Strategy, which includes procurement of a complete new farebox solution based on the DCU strategy. WMATA will be responsible for testing future updates to the DCU solution and offering support to the transit systems during installation and configuration.

Role of Transit System(s): Participate in coordination efforts and share information on any issues or enhancements which would improve system performance.

NVTC Priority:  **Transit Systems Priority:** 

NVTC Level of Effort: 

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ● = Very High

B. Support Immediate Mobile Payment Needs

*Immediate
(through CY 2021)*

Description:

WMATA has launched the SmarTrip App that allows customers to manage their SmarTrip card(s) and pay fares using near-field communication (NFC)-based virtual cards on iPhone, Apple Watch, and Android phones (under development for future expansion). Bus transit systems will require support in promoting the SmarTrip App as an additional payment and self-service option as fare collection resumes. NVTC will work with WMATA and the transit systems on implementation and promotion of this new payment option on bus service.

Aside from SmarTrip, several Northern Virginia transit systems have ongoing interests in local mobile ticketing solutions (VRE Mobile, DASH Bus App pilot) when needs cannot be met by the SmarTrip App. NVTC will monitor this activity for ways to minimize regional fragmentation.

NVTC Tasks and Activities:

- Facilitate information exchange to prepare transit systems for acceptance of mobile payments from customers using SmarTrip App/mobile wallet
- Coordinate promotion of SmarTrip App and mobile payment for bus services between transit systems and WMATA
- Coordinate required bus technology upgrades to support mobile payments
- Assist transit agencies in identifying opportunities to incentivize mobile payments over ticket vending machine usage and onboard payment
- Monitor and coordinate with VRE Mobile enhancements
- Monitor and coordinate with local mobile ticketing projects (e.g., DASH Bus App, potential OmniRide deployment) and encourage a uniform regional approach to mobile payments
- Monitor mobile payments industry trends

Link to WMATA: This action is related to WMATA's strategy for new payment options. WMATA is leading the development and implementation of the SmarTrip App.

Role of Transit System(s): Participate in coordination efforts and promote SmarTrip App for mobile payments for transit in the region. Identify opportunities to incentivize mobile payments over ticket vending machine usage and onboard payment.

NVTC Priority:



**Transit Systems
Priority:**



**NVTC Level of
Effort:**



Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ● = Very High

C.

Facilitate Information Exchange on Installation of Bus Operator Safety Barriers

*Immediate
(through CY 2021)*

Description:

To ensure safety of operators and customers during and after the COVID-19 public health emergency, the bus transit systems in the region are installing transparent barriers between the customers and operators. NVTC will facilitate the exchange of information between transit systems on their experiences with installation of bus operator barriers, which is viewed by many as a prerequisite to resuming front door boarding and fare collection. Regular discussions on the subject and any other safety measures related to fare collection can help transit systems learn from others and potentially reduce costs through joint procurement.

NVTC Tasks and Activities:

- Facilitate coordination between transit systems to share resources and experiences as they move ahead with installation of bus operator barriers
- Monitor industry trends to identify other safety measures being undertaken to protect customers, operators and transit agency staff during fare collection-related activities
- Monitor timeline for resumption of fare collection across the region

Link to WMATA: This action is not dependent on WMATA activity.

Role of Transit System(s): Participate in coordination efforts and share information on measures being taken to ensure safety of riders and operators.

NVTC Priority:



**Transit Systems
Priority:**



**NVTC Level of
Effort:**



Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

D. Coordinate and Support New Farebox Procurement and Implementation (Including Rear-Door Payment and All-Door Boarding)

*Near-Term
(through CY 2022)*

Description:

NVTC will represent the Northern Virginia's needs in WMATA's project for new bus fareboxes with standalone validators to enable rear-door payment and all-door boarding. This support will include reviewing technical documents provided by the vendor, collecting and providing feedback from the transit systems on the system design and testing, and coordinating fare inspection policy. Bus transit systems need also need support with coordination of procuring, installing, and configuring any new garage infrastructure needed to support the bus fareboxes.

NVTC Tasks and Activities:

- Coordinate, through all phases of WMATA activity, as a full partner including concept analysis, strategy development, planning, procurement, and contracting for new fareboxes with separate validators to facilitate all-door boarding
- Review and provide feedback on system design and testing documents
- Monitor progress of testing
- Support transit systems with development of an implementation plan
- Coordinate WMATA support to transit systems during installation and configuration of supporting garage infrastructure
- Explore and coordinate funding and contracting mechanisms for transit systems to purchase and install solution
- Support development of uniform regional policy for fare inspection of rear-door SmarTrip payment and all-door boarding
- Continue coordination with WMATA on farebox modernization initiatives

Link to WMATA: This action is related to WMATA's bus farebox strategy, which consists of a procurement and design for new bus fareboxes. WMATA is leading procurement, design review and testing.

Role of Transit System(s): Participate in coordination efforts, provide feedback on procurement and develop implementation plan.

NVTC Priority:



**Transit Systems
Priority:**



**NVTC Level of
Effort:**



Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

E. Coordinate and Support Procurement of Off-Board Fare Collection System

*Near-Term
(through CY 2022)*

Description:




Transit systems implementing Bus Rapid Transit (BRT) services have identified a need for off-board fare collection solutions (platform validators, small footprint ticket vending machines, inspection devices) for those services. This includes Arlington County, City of Alexandria and Fairfax County. Since the SmarTrip program does not currently include appropriate equipment options, there is a need for regional coordination to work with WMATA, other regional partners and vendors for developing solutions that are cost effective and compatible with SmarTrip. NVTC will support these transit systems with procurement, system design reviews and coordination with WMATA to ensure system compatibility with SmarTrip.

NVTC Tasks and Activities:

- Continue quarterly Off-Board Fare Collection Working Group meetings to facilitate information exchange
- Coordinate with Maryland and District of Columbia transit systems and WMATA in developing a unified regional approach for off-board fare collection implementation
- Coordinate with WMATA to integrate regional solution with SmarTrip as appropriate
- Monitor WMATA's rail ticket vending machine project and represent regional needs in the ticket vending machine procurement
- Assist transit systems in the development of technical requirements
- Assist transit systems in issuing a request for proposal for off-board fare collection equipment
- Support development of unified regional policy for fare inspection
- Support the implementation of off-board fare collection

Link to WMATA: This action is not tied to a WMATA strategy or project but will require a leading role of WMATA as administrator of the SmarTrip system. WMATA's fare vendor project and strategy for new rail ticket vending machines is related to this action, and may potentially create a vehicle for transit systems to procure fare vending machines.

Role of Transit System(s): Participate in coordination efforts. Share information on technical requirements, procurement and implementation of the off-board fare collection system with the other transit agencies in the region.

NVTC Priority:		Transit Systems Priority:	
NVTC Level of Effort:			

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

F. Coordinate and Support Fare Capping Implementation Analysis

*Near-Term
(through CY 2022)*

Description:

Northern Virginia transit systems are interested in exploring implementation of fare capping, and WMATA has identified the project for future policy consideration. Fare Capping allows riders to “pay-as-you-go,” automatically issuing a pass after meeting the fare payment equivalent of a daily, weekly or monthly pass. Fare capping could also help the region realize a Bus Transformation Project transit equity goal. Fare capping would provide fare equity, customer loyalty, and fare simplification as part of a broader back office upgrade. NVTC will participate in planning discussions prior to the region upgrading back office systems to enable fare capping, as it requires changes to fare collection technology and policy.

NVTC Tasks and Activities:

- Facilitate coordination and provide feedback to WMATA and transit systems in identifying technology and policy needs to support fare capping
- Facilitate coordination and provide feedback to WMATA and transit systems in evaluating costs and benefits of fare capping

Link to WMATA: This action is linked to WMATA’s strategy for back office upgrades and transition to an account-based system. WMATA identified fare capping implementation as a future policy consideration in its Fare Payment Systems Vision and Strategy.

Role of Transit System(s): Participate in coordination efforts. Support WMATA in identifying technology and policy needs to support fare capping. Support WMATA and transit agencies in evaluating costs and benefits of fare capping.

NVTC Priority:  **Transit Systems Priority:** 

NVTC Level of Effort: 

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

G. Monitor Mobile Payment Trends

*Near-Term
(through CY 2022)*

Description:




NVTC will gather input and data from transit systems on customer adoption rates and impacts of mobile payments on the regional fare collection system. Findings, observations and needs will be included in discussions with WMATA and regional partners to support mobile payment enhancements to support local needs.

NVTC Tasks and Activities:

- Coordinate with transit systems and WMATA to gather usage data on SmarTrip App, DASH Bus App and VRE Mobile performance
- Review WMATA analysis of impact of SmarTrip App on ticket vending machine usage
- Synthesize performance data and share findings with regional partners
- Monitor mobile payments industry trends
- Identify potential future enhancements to the SmarTrip App to address local needs for mobile payments (institutional partnerships, fast and flexible fare product implementation)

Link to WMATA: This action is related to WMATA's strategy for new payment options. WMATA is leading the development and implementation of the SmarTrip App.

Role of Transit System(s): Participate in coordination efforts. Share information on mobile app performance and customer feedback.

NVTC Priority:		Transit Systems Priority:	
NVTC Level of Effort:			

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

H. Coordinate, Support and Market New Fare Products and Programs

*Near-Term
(through CY 2022)*

Description:

NVTC will facilitate information exchange between transit systems and WMATA on new fare products offerings to attract customers to transit. Discussions will be geared towards learning about new fare products, marketing strategies for new products, policy needed for adoption and fare product management. This will help with identifying issues with introduction of new fare products and removing barriers to fare product management. One area of interest for several transit systems are new reduced fare or low-income fare programs.

NVTC Tasks and Activities:

- Coordinate with transit systems and WMATA to share information on new fare products and programs
- Support regional studies to research new fare products and explore feasibility and impacts of fare product offerings
- Identify compatibility of SmarTrip to accommodate needed fare products
- Coordinate with WMATA on potential back office enhancements to support fare product management
- Identify opportunities to provide more local transit system control of fare products
- Coordinate with WMATA to improve speed and ease of implementation, and local transit system flexibility in testing and implementing new fare products using SmarTrip

Link to WMATA: This action is not directly linked to a WMATA strategy or project. WMATA is the administrator of the SmarTrip system and any new fare product has to be tested and implemented through the WMATA AFC engineering team.

Role of Transit System(s): Participate in coordination efforts, support regional research studies and identify opportunities to optimize the system for greater control improving management of fare products.

NVTC Priority:



**Transit Systems
Priority:**



**NVTC Level of
Effort:**



Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

I. Coordinate and Support Expansion of Retail Network

*Long-Term
(beyond CY 2022)*

Description:




As additional electronic payment methods are introduced, there will be a need to provide options for cash customers and to support the chosen payment methods adopted by those who are underbanked. One area of need is expanding and improving the retail network that can be used by cash customers to load money to fare payment cards or accounts using cash. There are limited retail locations in Northern Virginia where value can be added to SmarTrip cards. Cash digitization services will allow cash reloading of SmarTrip (physical or virtual cards) at an extensive retail network. NVTC will represent the transit systems' needs in WMATA's planned project to expand the retail network.

NVTC Tasks and Activities:

- Identify how regional transit systems can promote and coordinate expansion and mitigate barriers to expansion
- Work with WMATA to identify SmarTrip improvements needed to address barriers to retail expansion
- Review technical functionality and monitor WMATA's implementation of new Compact Point of Sale (CPOS) and Multi-Function Point of Sale (MPOS) devices
- Assist agencies in identifying opportunities for customer marketing, promotion and incentives to expand network
- Identify opportunities to continue to allow cash payment in support unbanked and underbanked customers

Link to WMATA: This action is related to WMATA's strategy for new payment options. WMATA will lead the retail expansion efforts and initiate contracts.

Role of Transit System(s): Participate in coordination efforts. Identify opportunities for customer marketing, promotion and incentives to expand network.

NVTC Priority:		Transit Systems Priority:	
NVTC Level of Effort:			

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

J. Coordinate and Support Planning for Contactless Open Payments

*Long-Term
(beyond CY 2022)*

Description:



There is interest in expanding payment options through contactless open payments, which would enable customers to use contactless bankcards and mobile wallets to pay for transit with a tap of the card or device they already have—just like they can at many retailers. NVTC will represent transit systems' needs in planning for contactless open payments. Close coordination with WMATA will be required, and initiating planning early will provide enough time for transit systems to prepare for the updates and work on policies to support open payments to ensure timely deployment of this technology.


NVTC Tasks and Activities:

- Support WMATA and transit systems in identifying technology and policy needs to support open payments
- Support WMATA and transit systems in evaluating costs and benefits of open payments
- Support implementation of open payments

Link to WMATA: This action is related to WMATA's strategy for back office upgrades and transition to an account-based system. WMATA will lead the back office upgrade efforts that will enable acceptance of contactless open payments.

Role of Transit System(s): Participate in coordination efforts and support WMATA with development of this functionality.

NVTC Priority:  **Transit Systems Priority:** 

NVTC Level of Effort: 

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

K. Coordinate and Support Upgrades to WMATA's Back Office System

*Long-Term
(beyond CY 2022)*

Description:



WMATA plans to migrate to an account-based system, by upgrading the existing back office infrastructure to support the new system. NVTC will represent transit systems' needs during WMATA's transition to a new back office system. The transition would enable features such as fare capping, open payments and flexibility to integrate new technologies in the future through an open architecture.


NVTC Tasks and Activities:

- Coordinate, through all phases of WMATA activity, as a full partner including concept analysis, strategy development, planning, procurement and contracting for back office upgrades
- Review technical documents, collect and share feedback from the transit systems and provide input to WMATA during the implementation process
- Identify mitigation strategies and support transit systems in exploring these strategies where schedule, scope or cost risks occur
- Coordinate necessary updates of local garage back office hardware and software
- Gather regional requirements for the implementation of regional data analytics/reporting platform
- Coordinate integration of VRE to the SmarTrip program

Link to WMATA: This action is related to WMATA's strategy for back office upgrades and transition to an account-based system. WMATA will lead the back office upgrade efforts.

Role of Transit System(s): Participate in coordination efforts and participate in development of the new back office system by providing feedback on technical documents and develop implementation plan.

NVTC Priority:  **Transit Systems Priority:** 

NVTC Level of Effort: 

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

L. Coordinate and Support Integration of VRE with SmarTrip

*Long-Term
(beyond CY 2022)*

Description:

There is a need to facilitate ongoing discussions between VRE and WMATA to identify technology and policy needs to potentially integrate VRE into SmarTrip, especially as WMATA pursues SmarTrip system upgrades and modernization. VRE is the only Northern Virginia transit system that does not accept SmarTrip. However, SmartBenefits can currently be directed for payment of VRE fares, a process that VRE and WMATA are working on to make more seamless for the customer. For an integrated system that promotes regional multimodal travel, it would also benefit customers if SmarTrip could be used to pay VRE fares. NVTC will support the integration of VRE into the SmarTrip program. This would occur as part of the transition to an account-based back office system with open architecture to enable integration of VRE.

NVTC Tasks and Activities:

- Support WMATA and VRE in identifying technology and policy needs to integrate VRE into SmarTrip
- Seek the use of open architecture during the planning, procurement, design, implementation, and expansion of the new back office system that will enable third-party devices/system integration

Link to WMATA: This action is related to WMATA's strategy for back office upgrades and transition to an account-based system. WMATA will lead the back office upgrade efforts and support VRE.

Role of VRE: Lead development of concept and procure or modify system(s) for integration with the enhanced regional system.

NVTC Priority:  **Transit Systems Priority (VRE):** 

NVTC Level of Effort: 

Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

M. Coordinate and Support SmarTrip App Enhancements

*Long-Term
(beyond CY 2022)*

Description:

As new technology is developed and customer preferences change, there will be a need to enhance the SmarTrip App to address unmet needs. This includes expanding institutional partnerships (for example, social service agencies), fast and flexible fare product implementation, and potential acceptance by VRE. NVTC will work with WMATA and transit systems to develop additional features, which will address customer and local transit system needs.

NVTC Tasks and Activities:

- Coordinate with transit systems and identify unmet mobile needs payment needs from the system and those expressed by their customers
- Coordinate with WMATA and express mobile payment needs of transit systems
- Work with WMATA and its app developer to find solutions to address needs
- Support promotion and marketing of app enhancements to customers

Link to WMATA: This action is related to WMATA's strategy for new payment options. WMATA is leading the development and implementation of the SmarTrip App.

Role of Transit System(s): Participate in coordination efforts. Share customer feedback on mobile app and work with WMATA on app enhancements. Promote use of SmarTrip app to customers.

NVTC Priority:



**Transit Systems
Priority:**



**NVTC Level of
Effort:**



Key:

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

3.2 Cross-Cutting Needs and Guiding Principles

As a part of the strategic planning and survey process, several overarching needs were identified which should be considered while delivering NVTC support to meet the specific fare collection needs. These needs have been categorized as the following cross-cutting needs:

- **Increase ease of use and improve customer experience:** As customer preferences change and new technology is developed, there will be a need to improve customer experience and fine tune the system to increase efficiency and ease of use. Transit systems do not want the fare payment process to be a barrier to choosing to ride transit.
- **Keep pace with technology and customer expectations:** Transit systems need support with monitoring new technology and industry trends. One of the issues identified in the Washington Area Bus Transformation Project was that bus systems don't appear to be keeping up with the technology innovations. The mobility landscape is constantly changing with new products that impact all aspects of transit services and new payment technologies and platforms can impact customer expectations of fare payment options. There is a need for regular discussions between agencies and with agencies to develop solutions which will better serve the customers. NVTC has fostered exchange of information between agencies for ongoing projects will continue to support this need as a part of its long-term efforts.
- **Expand fare payment options equitably:** Transit systems need to ensure that options are made available to all customers as new fare payment options are introduced. Easy and ubiquitous cash payment options remain extremely important for most transit systems in the context of a general industry preference towards reducing cash collection activities to lower costs and improve efficiency. The region has advanced several options for customers to pay for transit which include expanding retail network and accepting prepaid cards to add value to SmarTrip accounts on WMATA SmarTrip app.

While the cross-cutting needs are not included in specific actions that follow in this section, they have been incorporated into guiding principles as follows:

- **Support updates of the regional SmarTrip fare collection system:** Maintain and enhance the regional multi-transit system fare collection system (SmarTrip) according to WMATA's Fare Payment Systems Vision and Strategy.
- **Support local transit systems in deploying fare collection solutions to meet local needs:** Identify ways to meet local needs through enhancement of the SmarTrip system to minimize fragmentation, promote a consistent customer experience and control regional costs while maximizing benefits.
- **Continue regional coordination between WMATA, Northern Virginia, District of Columbia and Maryland transit systems:** Continue information sharing through regular meetings of the Regional Fare Collection Working Group as well as through other regional channels such as WMATA's monthly regional SmarTrip meetings. NVTC

has been fostering coordination in the region and has an off-board fare collection working group to facilitate exchange of information and learnings between agencies and will continue to work on additional efforts to facilitate information on an ongoing basis for different aspects of fare collection.

- **Support WMATA's centralized role of operating a regional fare collection system and providing support services to regional transit systems:** Facilitate coordination of technical needs between transit systems and WMATA and provide tracking and oversight of development.
- **Maintain role of Northern Virginia transit systems in WMATA fare collection planning:** Ensure NVTC involvement in all stages of fare collection enhancements that impact the region including formulation of concepts, development of technical requirements, planning, procurement, and contracting and as a full partner with WMATA so that Northern Virginia transit systems and NVTC have full visibility into the WMATA fare collection initiatives.
- **Continue to identify opportunities to coordinate fare collection procurements:** Continue coordination of fare collection procurements among regional transit systems and the use of contract riders to allow transit systems in the region to benefit from regional pricing, consistency between systems, and economies of scale.

4. Resource Needs

The Strategic Plan is intended to help NVTC and the transit systems plan resources to support the implementation of fare collection upgrades. **Table 1** summarizes the relative technical assistance level of effort needed to carry out the actions of the Strategic Plan. The table also indicates which actions are fare policy-related and those that will require marketing resources to promote to customers. The funding strategy is to seek funds to support the implementation of the Strategic Plan through statewide public transportation grant programs. NVTC will help transit systems track regional cost estimates for enhancements.

Table 1: NVTC Level of Effort per Action

Action		NVTC Technical Assistance	Fare Policy Related	Marketing Related
Immediate (Through CY 2021)	A Continue Farebox State of Good Repair	○		
	B Support Immediate Mobile Payment Needs	◐		X
	C Facilitate Information Exchange on Installation of Bus Operator Safety Barriers	○		
Near-Term (Through-CY 2022)	D Coordinate and Support New Farebox Procurement and Implementation (Including Rear-Door Payment and All-Door Boarding)	◑	X	X
	E Coordinate and Support Procurement of Off-Board Fare Collection System	◑	X	
	F Coordinate and Support Fare Capping Implementation Analysis	◐	X	
	G Monitor Mobile Payment Trends	◐		
	H Coordinate, Support and Market New Fare Products and Programs	◐	X	X
Long-Term (Beyond CY 2022)	I Coordinate and Support Expansion of Retail Network	◐		X
	J Coordinate and Support Planning for Contactless Open Payments	◐	X	
	K Coordinate and Support Upgrades to WMATA's Back Office System	◐		
	L Coordinate and Support Integration of VRE with SmarTrip	◐	X	
	M Coordinate and Support SmarTrip App Enhancements	◐		X

○ = Very Low, ◐ = Low, ◑ = Medium, ◒ = High, ◓ = Very High

5. Progress and Impacts Since 2018

NVTC implementation of the 2018 Strategic Plan resulted in significant progress by regional partners on fare collection. In addition, there have been major changes in the fare collection industry. Moreover, the COVID-19 public health emergency presented new challenges for fare collection and has shaped considerations for safe fare collection operations. This section provides an overview of changes necessitating an update to the strategic plan.

5.1 Regional Progress

Regional progress resulting from NVTC support outlined in the 2018 Strategic Plan includes the following:

- **Farebox state of good repair support:** NVTC provided input on WMATA's farebox driver control unit (DCU) upgrade project to ensure regional needs are met, coordinated orders and funding for hardware kits and provided input to WMATA's new farebox procurement. WMATA completed design and testing of the DCU upgrade project with support from several Virginia transit systems and several upgraded fareboxes have been put into production in Virginia. WMATA also initiated a procurement for new bus fareboxes for the region and incorporated several recommendations from NVTC and other regional partners to enhance the solicitation.
- **DASH Bus App:** DASH launched a pilot of mobile ticketing in June 2019. NVTC organized a mobile ticketing industry day in 2018, assisted DASH in preparing specifications that ensure the platform could serve regional needs and be used by other transit systems in the region, assisted in evaluating proposals and coordinated with DASH and WMATA on SmartBenefits integration.
- **VRE Mobile upgrade:** VRE replaced its mobile ticketing system. NVTC provided regional requirements to VRE that ensure the platform could be used other transit systems in the region if needed in the future.
- **Off-Board/All-Door Fare Collection Working Group:** NVTC facilitated quarterly coordination meetings of regional partners planning to implement off-board and all-door fare collection solutions.
- **WMATA Fare Payment Systems Vision and Strategy:** WMATA developed this strategy document to provide a roadmap for WMATA's fare payment systems upgrades and was developed with input from NVTC and regional partners.
- **SmarTrip App:** WMATA developed and launched the app and mobile wallet in September 2020, which enables payment using iPhone and Apple Watch via virtual SmarTrip cards, as well as mobile account management. NVTC and regional partners participated in demonstrations and testing.

5.2 Industry Progress

The fare collection industry has seen changes in technology, vendor business models, as well as preferences of customers, transit agencies and vendors since the 2018 Strategic Plan was approved. Fare collection equipment has evolved to accommodate the growing demand for electronic validation of mobile tickets, mobile payments and contactless credit/debit cards.

5.2.1 Farebox Technology

The next generation of fareboxes installed by several transit agencies across the country are being equipped with barcode and NFC readers. Mobile ticketing vendors are expanding from visual validation (showing the ticket to the bus operator) to hardware integration providing electronic validation on the vehicles. Alas, the pace of advancement of mobile ticketing systems has been slower than was anticipated several years ago and has not been as widely adopted as more conventional fare collection methods.

5.2.2 Account-Based and Open Payment Systems

Transit systems across the country are continuing to upgrade their fare collection back office software with a majority now moving to account-based systems. These systems support additional types of fare media and include features like fare capping, which can automatically upgrade customers to a pass product after they meet the fare payment equivalent of a daily, weekly or monthly pass. New back office systems are being designed on an open architecture to accommodate integration with other mobility providers and offer flexibility for the rapid changes in the industry. Several transit systems have leveraged NFC readers and upgraded central software to deploy open payments allowing fare payment by the tap of a contactless credit/debit card or mobile payment wallet such as Android or Apple pay.

5.2.3 Multipurpose Mobile Ticketing

In the area of mobile ticketing, there have been organizational restructuring and changes in business priorities with some new vendors entering the market. There is an increasing trend of combining mobile ticketing products with other mobility platforms, such as multimodal trip planning, that allow customers to plan their trip and pay their fares within a single app. Agencies are providing real-time information on their services through third-party apps like Transit App, Moovit and Google.

5.2.4 Lessons from Peer Regions

The industry review also included interviews with peers consisting of regional transit agencies or coordinating regional organizations similar to NVTC. Key takeaways from the interviews show benefits of regional collaboration that have also been experienced in Northern Virginia through NVTC's support. Some takeaways from the industry review include:

- Regional coordination of procurements reduce cost to allows transit agencies to obtain better pricing and benefit from economies of scale
- Regional coordination of fare collection improvements enhances customer convenience by providing a consistent experience across multiple transit systems

- Regional technical assistance allows local transit systems to focus their attention on their transit operations while keeping pace with fare collection improvements occurring in the region

The interviews also showed alignment of planned enhancements of the regional fare collection system with industry trends, including:

- Implementing mobile payments
- Analyzing impacts of customer adoption of mobile payments before implementing upgrades to more traditional fare collection hardware such as ticket vending machines
- Providing additional purchase channels to allow customers to buy from their preferred channel (e.g., via transit agency app, via third-party apps, online, at retail locations, at ticket vending machines)
- Upgrading to an account-based back office software

5.3 COVID-19 Public Health Emergency Impacts

Beginning in early 2020, the COVID-19 public health emergency presented new challenges for many aspects of public transit operation including fare collection. Many transit systems suspended fare collection during the public health emergency and implemented rear-door boarding for bus services to provide additional driver safety. Across the country, reduced revenues due to depressed ridership, paused fare collection, and reduced tax revenues, together with increased operating costs to protect workers and riders, are straining public transit agency budgets.

Operational challenges related to traditional fare collection revealed during COVID-19 include transit vehicle operator interaction with customers, customer interaction with shared fare collection equipment, manual requirements for cash handling by transit agency personnel and the need for flexible fare passes due to changing travel patterns. These factors have resulted in agencies pushing forward contactless fare collection and consideration of all-door fare payment.

While the public health emergency has created challenges, transit agencies have also been working on technology and policy innovation with new urgency. These include new fare technologies to provide rider confidence. As agencies are looking for solutions which make it safer for employees and for the rider to use transit with resumed fare collection, efforts have focused on installation of driver barriers. Agencies have placed greater consideration on technology and processes which would help reduce interaction of riders with fare equipment.

Locally, COVID-19 has also accelerated fare payment technology and innovation. For example, WMATA accelerated their planned SmarTrip mobile app for the iPhone and Apple Watch and released the new “touchless” payment capability in September 2020, with plans for Android and Google Pay within a few months thereafter. The effort involved WMATA and regional partners upgrading readers and validators. The new mobile app also offers the capability for riders to pay without interacting with ticket vending machines.

Additionally, most regional partners implemented rear door boarding during the crisis, which facilitated speeding up rear-door validation, another planned project. In the new farebox procurement, WMATA had planned to add capability for future rear-door validation. Due to the public health emergency, WMATA accelerated the procurement of rear-door validators by several months. Additionally, regional partners are installing driver barrier doors to reduce contact between operators and passengers.

VRE is also developing a new mobile payment app that will include passenger-counting features to inform riders about train car occupancy so they can board a less-crowded car.

NVTC support is required to implement each of these initiatives. This progress in the region and industry, as well as changes due to the public health emergency, highlight a need for an update of the Strategic Plan.

6. Assessment

NVTC will continually measure progress and report to the transit systems as the actions of the 2021 Strategic Plan are taken. It will be important to achieve the plan goals while remaining flexible to changes in needs, technology and funding availability. NVTC will assess progress based on how the overall purpose and need of the Strategic Plan is being addressed. **Table 3** illustrates the annual assessment and reporting cycle that NVTC will use with support from the transit systems and WMATA is as follows, beginning upon implementation of this plan:

Table 3: Annual Assessment and Reporting Cycle

Quarter:	1	2	3	4
Provide a roadmap for advancing fare collection in the region <ul style="list-style-type: none"> Complete and adopt 2021 Strategic Plan (Year 1) Track actions from Strategic Plan Report progress on actions to Commission and transit systems every six months; reflect changes to needs, technology and resource needs 	●	Ongoing		
Provide input into WMATA fare collection modernization initiatives <ul style="list-style-type: none"> Document and report quarterly to transit systems on coordination efforts with WMATA 	●	●	●	●
Replace or upgrade the system as components near end of life <ul style="list-style-type: none"> Gather input from each transit systems quarterly on completed replacements and upgrades; document schedule to reflect changes to needs, technology and funding 	●	●	●	●
Keep pace with customer expectations <ul style="list-style-type: none"> Monitor customer feedback gathered by transit systems 		Ongoing		
Keep pace with changing technology <ul style="list-style-type: none"> Attend relevant industry conferences and report on findings Produce best practice research, as needed, to reflect changes in technology 		Ongoing		
		Ongoing		

Agenda Item #7: Legislative Update

TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice, Zach Smith and Aimee Perron Seibert

DATE: November 25, 2020

SUBJECT: Legislative Update

At the December meeting the Commission will be briefed on any updates on Congressional actions related to public transit. Also, the Commission will be asked to take action to approve the 2021 NVTC Legislative and Policy Agenda.

A. Report from the Chair of the NVTC Legislative and Policy Committee

▪ **ACTION ITEM: Approve the 2021 NVTC Legislative and Policy Agenda**

At the December meeting Legislative and Policy Committee Chair David Meyer will present for Commission action the NVTC 2021 Legislative and Policy Agenda, which focuses on state and federal legislative priorities. Included in the agenda are talking points on the continued importance of investing in transit to our region. The Legislative and Policy Committee prepared the agenda over the last several months and it was presented for discussion at the November meeting.

Below are the proposed state and federal legislative priorities for the coming year:

State Legislative Priorities:	Federal Legislative Priorities:
<ul style="list-style-type: none">➤ Protect Existing Transit Programs and Funding➤ Connect Riders to Opportunity through Transit➤ Continue Support for the Transforming Rail in Virginia Program➤ Restore Funding for NVT➤ Preserve NVTC Stewardship of NVTC Programs➤ Update Remote Public Meeting Requirements	<ul style="list-style-type: none">➤ Reauthorize Dedicated Federal Funding for WMATA➤ Continue Support for COVID-19 Relief for Transit Agencies➤ Reauthorize the FAST Act and Fix the Highway Trust Fund➤ Identify Federal Funding and Financing for Long Bridge➤ Continue Support for Commuter Tax Benefits

B. Federal Update

NVTC along with other local and national organizations signed on to a [letter of support](#) for the [Long Bridge Act of 2020](#) to direct the National Park Service to work with the Commonwealth of Virginia and the District of Columbia to transfer land needed to improve and expand the Long Bridge.

On November 10 the Senate Appropriations Committee released its [FY 2021 appropriations bills](#) including the Transportation, Housing and Urban Development and Related Agencies Appropriations Act (THUD Appropriations bill). The THUD Appropriations bill provides \$13 billion for public transportation and \$2.6 billion for passenger rail. The House THUD Appropriations bill provides \$23.9 billion for public transportation and \$15.9 billion for passenger rail. The House and Senate Appropriations Committee staffs have begun negotiating the differences between the two bills, and Congress anticipates action on the appropriations bills in December 2020.

President-elect Biden has named members to various transition teams including the 18-person [transportation team](#) to prepare for the transition between the current and new administration. Several of the members of the transportation transition team are from the Washington, DC area as well as many others who were active in promoting public transit policy in the Obama Administration.

C. Annual Joint NVTC-PRTC Legislative Briefing

<p>NVTC AND PRTC PRESENT</p> <h1>ANNUAL LEGISLATIVE BRIEFING</h1> <p>Join transit leaders and special guests for a virtual overview of federal and state issues affecting transit in Northern Virginia</p>	<p>RSVP NOW!</p> <p>Monday, December 7, 2020 9:00 AM-11:30 AM Online Meeting</p> 
<p>SPECIAL GUEST SPEAKERS</p> <p>Senator Mark Warner Senator Tim Kaine</p>	
	<p>KEYNOTE SPEAKER</p> <p>Virginia Secretary of Transportation Shannon Valentine</p>
<p>REGIONAL TRANSIT LEADERS</p>	<p>Paul Wiedefeld, WMATA General Manager/CEO Richard Dalton, VRE Chief Executive Officer Bob Schneider, PRTC Executive Director Kate Mattice, NVTC Executive Director Monica Backmon, NVRTA Executive Director</p>

The annual Joint NVTC-PRTC Legislative Briefing is scheduled for Monday, December 7 from 9:00 to 11:30 a.m. The event will be held as a webinar and will provide an overview of federal and state issues affecting transit in Northern Virginia. Virginia Senators Mark Warner and Tim Kaine will offer their priorities for 2021 and prospects for potential federal infrastructure legislation as special guest speakers. Secretary of Transportation Shannon Valentine will be the keynote speaker. Additional speakers include WMATA General Manager Paul Wiedefeld, VRE Chief Executive Officer Rich Dalton, PRTC Executive Director Bob Schneider, NVTC Executive Director Kate Mattice and NVRTA Executive Director Monica Backmon.



2021 LEGISLATIVE AND POLICY AGENDA STATE PRIORITIES



Protect Existing Transit Programs and Funding

NVTC supports protecting existing transit program and revenue sources and supports protecting dedicated funding for WMATA and VRE. The 2020 General Assembly adopted an historic transportation omnibus bill last spring that streamlined Virginia's transportation funding allocation model and secured sustainable revenues for local transit operators.



Connect Riders to Opportunity through Transit

NVTC supports programs and initiatives that reduce barriers to transit. Accessible, affordable transportation is critical to helping people reach jobs, education and health care. In addition to transit's well-documented environmental and economic benefits, transit can be a powerful tool to advance racial equity and social justice.



Continue Support for the Transforming Rail in Virginia Program

NVTC encourages continued support for the Transforming Rail in Virginia program. Across Virginia, drivers experience 230 million hours of delay resulting in \$6.5 billion in annual congestion costs, and the Long Bridge is at 98% capacity during peak periods. The Long Bridge project along with some of Governor Northam's other rail initiatives are projected to generate nearly \$370 million in annual economic benefits and remove an additional 165 million passenger miles from the state's roadways.



Restore Funding to the Northern Virginia Transportation Authority (NVTA)

NVTC proposes restoring funding for NVTA. Two of the NVTA's three revenue streams were redirected due to the implementation of the WMATA Capital Fund in 2018. The General Assembly passed legislation to secure additional revenue for NVTA, but prior funding levels have not been restored. The loss of these revenues directly affects funding available for transit capital, as well as the local revenues to support transit operations.



Preserve NVTC Stewardship of NVTC Programs

NVTC supports preserving its programs and interests in Northern Virginia. NVTC provides a venue for and is 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 steward of transit funding 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.



Update Remote Public Meetings Language

NVTC supports efforts to provide public bodies with greater flexibility to hold open and transparent meetings electronically and for members to participate remotely outside of a declared state of emergency. In addition, NVTC seeks approval to permanently allow greater use of virtual public meetings and hearings with robust public engagement and feedback, including those that may be joint with other regional and state entities. This includes support for increasing or removing the state limit on how often members may participate electronically when there is a physical quorum present while retaining NVTC's authority to govern such participation with additional guidelines or restrictions.

2021 LEGISLATIVE AND POLICY AGENDA FEDERAL PRIORITIES

Reauthorize Dedicated Federal 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. These federal funds continue to be an important investment in sustaining and improving WMATA's regional transit network. NVTC urges Congress to reauthorize dedicated federal funding for both operating expenses and capital and state of good repair needs for WMATA of at least \$150 million per year.

Continue support for COVID-19 Relief for Transit Agencies

Thanks to the passage of the CARES Act, WMATA saw short-term financial relief due to this infusion of federal aid. Due to the prolonged recovery from the pandemic and subsequent shortfalls in ridership and fare revenue, WMATA anticipates additional financial and operating challenges without more federal support. NVTC urges Congress to provide additional COVID-19 relief funding for transit agencies increased costs and revenue losses.

Reauthorize the FAST Act and Fix the Highway Trust Fund

The Fixing America's Surface Transportation (FAST) Act of 2015 provided \$61.1 billion over five fiscal years for programs administered by the Federal Transit Administration (FTA). 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). NVTC urges Congress to reauthorize the surface transportation bill funded by dedicated, sustainable revenues to ensure major transit investment programs are adequately funded. Further, NVTC supports Congressional efforts to fix structural issues and address the long-term sustainability of the Mass Transit Account of the Highway Trust Fund (HTF). The HTF shortfall must be addressed to meet the needs of transit today and in the future.

Identify Federal Funding and Financing for Long Bridge

NVTC supports federal funding and financing for the Long Bridge expansion project. The Long Bridge Corridor plays an essential role in the Washington metropolitan region, the east coast transportation network, and the national railroad network. An expanded Long Bridge is projected to achieve \$17 million in time savings for rail users and between \$24 - 59 million in time savings 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 communities along the East Coast.

Continue Support for Commuter Tax Benefits

Commuter tax benefits make transit service more attractive to commuters who currently drive alone. NVTC supports the continuation of federal transit commuter benefits that are on par with the tax incentive provided for parking. Further, NVTC encourages federal programs that support the use of carpools, vanpools, rideshare, bike share, and transportation demand management (TDM) as effective tools to eliminate traffic congestion.

2021 LEGISLATIVE AND POLICY AGENDA

Making the Case for a Thriving Transit Network

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. However, the COVID-19 pandemic has had a significant impact on travel behavior and transit ridership. Below are a few messages that underscore why transit still matters in Northern Virginia during and beyond the pandemic:

- During the coronavirus (COVID-19) outbreak, public transit agencies across the country continue to work tirelessly to provide safe and efficient service and working to secure the health and safety of riders, the public, and transit employees.
- This crisis has thrown into the spotlight the importance of public transportation in keeping our society working and how important it will be to the economic recovery of our communities and the nation.
- Transit provides much-needed access for workers who don't have paid leave and still rely on transit. We also have loved ones, friends and neighbors who need transit to get to supermarkets, pharmacies, and medical facilities.
- Transit provides an economic foundation for Northern Virginia. Amazon HQ2 and other businesses have moved to the region partly due to the extensive transit network.
- Our region invested billions of dollars in building, maintaining and repairing the Metrorail system. We must continue to support the system now or we face the prospect of costly repairs in the future.
- Our region has adopted aggressive environmental goals which include reducing single occupancy car traffic and expanding transit. A robust transit system encourages people to drive less and reduces vehicle emissions. Furthermore, we cannot afford to add a traffic crisis on top of the current crises our nation is facing.

Public transportation in Northern Virginia is as vital now as ever. The pandemic has revealed much about our region, but one revelation is the critical importance of effective, well-funded public transportation that connects us.

Transit Systems that Serve NVTC's Communities



November 17, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington D.C. 20515

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steve Scalise
Minority Whip
U.S. House of Representatives
Washington, DC 20515

The Honorable Nita Lowey
Chairwoman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Quigley
Chairman
Appropriations Subcommittee of
Financial Services & General Government
U.S. House of Representatives
Washington, DC 20515

The Honorable Steve Womack
Ranking Member
Appropriations Subcommittee of
Financial Services & General Government
U.S. House of Representatives
Washington, DC 20515

The Honorable Betty McCollum
Chairwoman
Appropriations Subcommittee on Interior,
Environment, and Related Agencies
U.S. House of Representatives
Washington, DC 20515

The Honorable David Joyce
Ranking Member
Appropriations Subcommittee on Interior,
Environment, and Related Agencies
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy, and Representatives Hoyer, Scalise, Lowey, Granger, Quigley, Graves, McCollum, and Joyce:

The undersigned organizations support passage of the Long Bridge Act (H.R. 7489) this year. Specifically, H.R. 7489 will authorize the transfer of National Park Service (NPS) lands necessary for the construction of the Long Bridge project. We also support efforts in Congress to include the necessary language in the FY2021 Interior and Financial Services appropriations bills in order to move this project forward. We thank you for your effort and energy to work collaboratively with the delegations in Virginia, the District of Columbia, and Maryland to ensure Long Bridge's construction is completed on time.

Nearly 50 percent of the Capital Region's commuters wake up in one jurisdiction and go to work in another, and 20 percent cross a state border. Our region's residents demand easy and safe multimodal connections that tie our region together. However, due to key infrastructure bottlenecks our region's rail network is not integrated allowing for one-seat connections for residents to cross between Virginia and Maryland, and back again.

Virginia announced a \$3.7 Billion rail investment in December 2019, including \$2 billion to build the new Long Bridge. Long Bridge is not just a bottleneck for the region, but also the nation's rail system,

comprising a two-track freight and passenger rail crossing constructed in 1904 over the Potomac River connecting the District of Columbia to Virginia, and points to the Southeast and Midwest. The bridge is at capacity during peak period today, and it must be expanded in order to meet the estimated 150 percent growth in passenger and freight service over the next 20 years from 76 trains a day today to more than 190 trains a day. Congressional support is critical in moving this project forward.

We are enthusiastic to see strong bi-partisan support from Virginia, the District of Columbia, and Maryland for this project, as well as passenger and freight rail advocates and stakeholders from our region's transportation leaders, as well as the business, bicycle, smart growth, labor and environmentalist communities. In short, we cannot have the future integrated rail system our region demands without completion of this mega-project.

Therefore, we support all efforts this Congress takes to enable delivery of this critical infrastructure investment.

Thank you for your leadership.

Sincerely,

Baltimore Penn Station
MARC Riders Group

Stephen Courtien, President
Baltimore-DC Metro Building and Construction
Trades Council

Herbert Harris, Jr., Chairman/State
Representative – DC
Brotherhood of Locomotive Engineers &
Trainmen/Rail Conference - IBT

Coalition for Smarter Growth

Jeff Marootian, Director, District
Department of Transportation

Federal City Council

Greater Washington Partnership

Greater Washington Board of Trade

Lawrence Kasecamp, Director - Maryland
International Association of Sheet Metal, Air,
Rail & Transportation Workers – Transportation
Division

JBG Smith

Maryland General Assembly Transit Caucus

Northern Virginia Chamber of Commerce

Virginia Diamond, President
Northern Virginia Labor Federation, AFL-CIO

Northern Virginia Transportation Alliance

Northern Virginia Transportation Authority

Northern Virginia Transportation Commission

Rail Passengers Association

Larry Willis, President
Transportation Trades Department, AFL-CIO

Doris Crouse-Mays, President
Virginia, AFL-CIO

Virginians for High Speed Rail

Rich Dalton, CEO
Virginia Railway Express

Virginia Transit Association

Washington Area Bicyclist Association

cc: Representative Robert Wittman, U.S. Congressman
Representative Don Beyer
Senator Mark Warner, U.S. Senate
Senator Tim Kaine, U.S. Senate
Senator Ben Cardin, U.S. Senate
Senator Chris VanHollen, U.S. Senate
Representative Marcy Kaptur
Representative Rosa DeLauro
Representative Debbie Wasserman Schultz
Representative Eleanor Norton-Holmes, U.S. Congresswoman
Representative Andy Harris
Representative C.A. Dutch Ruppersberger
Representative John P. Sarbanes
Representative Steve Scalise
Representative Anthony Brown
Representative David Trone
Representative Kweisi Mfume
Representative Jamie Raskin
Representative Elaine Luria
Representative Robert C. Scott
Representative Donald McEachin
Representative Denver Riggleman
Representative Ben Cline
Representative Abigail Spanberger
Representative Morgan Griffith
Representative Jennifer Wexton
Representative Gerald E. Connolly
Secretary Shannon Valentine, Virginia Department of Transportation
Secretary Greg Slater, Maryland Department of Transportation

TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice

DATE: November 25, 2020

SUBJECT: Virginia Railway Express (VRE)

On March 11, 2020 the World Health Organization declared COVID-19 a pandemic setting forth a series of actions at the federal, state, and local levels to combat and contain the spread of the virus during this public health emergency. Since that time, NVTC jurisdictional transit agencies, including WMATA and VRE, have implemented substantial changes to transit operations, many of which are being updated daily. The information provided in these staff reports reflect decisions as of the publication date and are subject to change.

At the December 3 meeting VRE CEO Rich Dalton will give the annual VRE orientation as well as update the Commission on VRE's response to the COVID-19 public health emergency and other activities. The Commission will be asked to take to action on five items: 1) to accept and authorize distribution of VRE's FY 2020 Comprehensive Annual Financial Report; 2) to approve the 2021 VRE Legislative Agenda; 3) to authorize the VRE CEO to execute an agreement with the City of Manassas Park for the design, construction, operation and maintenance of a parking garage at the VRE Manassas Park Station; 4) to authorize the VRE CEO to execute the Virginia Passenger Rail Authority (VPRA) operating and access agreement; and 5) to authorize the VRE CEO to execute the VPRA funding agreement.

A. VRE Commission Orientation

At the December meeting VRE CEO Rich Dalton will give an orientation on VRE and the role of the Commissions, outlining the work of VRE, its staff and the Operations Board. VRE is wholly owned by NVTC and the Potomac and Rappahannock Transportation Commission (PRTC). The two Commissions own VRE's assets; bear all responsibility/risks; and are accountable for funds provided by federal/state/local sources. They appoint Commissioners to serve on the VRE Operations Board to monitor transit performance, agency finances, and compliance with local, state, and federal requirements on behalf of the Commissions and their member jurisdictions.

The [VRE Management Audit, Phase II Final Report](#), published January 9, 2015, recommended an annual training session for Commissioners on their roles and responsibilities with respect to their oversight of VRE. The Management Audit also reviewed VRE's governance structure. The Commissions have delegated authority to the VRE Operations Board to execute most contractual

agreements, provided funding is included in the approved budget. The Delegation of Authority from Commissions to the VRE Operations Board includes the exceptions that remain the responsibility of the Commissions.

B. VRE COVID-19 Response

At the December meeting the VRE CEO will brief the Commission on VRE's continued response to the COVID-19 public health emergency. On March 17 VRE began operating on an "S" schedule, which is traditionally used on holidays and during inclement weather, due to the significant drop in ridership as a result of the COVID-19 public health emergency. A written update from the VRE CEO is also attached that highlights VRE service changes, ridership and the steps VRE is implementing to help contain the spread of the coronavirus.

C. VRE CEO Report and Minutes

At the December meeting VRE CEO Rich Dalton will provide his report. The Minutes of the October 16, 2020 VRE Operations Board meeting and the VRE CEO Report for November 2020 are attached.

D. VRE FY 2022 Budget Update

At the December meeting the VRE CEO will give an update on the FY 2022 budget process. The Commission will be asked to approve the revised FY 2021 VRE budget and the proposed FY 2022 budget at its January 2021 meeting. The key budget assumptions and projections initially presented as part of the preliminary FY 2022 budget have not changed, and daily ridership and passenger revenue have remained steady at reduced levels throughout the fall. Federal CARES Act funding remains available to backstop lost passenger revenue and support VRE operations through FY 2022. Staff presented to the Operations Board how the ongoing pandemic will require deviations from normal budget adoption processes (e.g., allocation of jurisdictional subsidy based on the previous year's budget rather than the results of the Master Agreement survey). The attached VRE memorandum provides more information about the budget and the FY 2022-2027 Capital Improvement Program (CIP).

E. ACTION ITEM: Approve Resolution #2427: Accept and Authorize Distribution of VRE's FY 2020 Comprehensive Annual Financial Report (CAFR)

At the December meeting the Commission will be asked to approve Resolution #2427, which is an action recommended by the VRE Operations Board, to accept and authorize distribution of VRE's FY 2020 Comprehensive Annual Financial Report (CAFR). The FY 2020 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 20 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.

F. ACTION ITEM: Approve Resolution #2428: Approve the 2021 VRE Legislative Agenda

At the December meeting the Commission will be asked to approve Resolution #2428, which is an action recommended by the VRE Operations Board, to approve the 2021 VRE Legislative Agenda. At its November 20 meeting, the VRE Operations Board amended the 2021 VRE Legislative Agenda to add the following language under the *Meetings Held Through Electronic Communication Means* section of the state legislative agenda: “This includes support for removing the state limit on how often members may participate electronically when there is a physical quorum present, while retaining VRE’s authority to govern such participation with additional guidelines or restrictions.”

The VRE Legislative Agenda will serve as general guidance for VRE staff and the contracted legislation liaisons during the legislative session but does not preclude engaging on other issues as they arise. In addition, the Legislative Agenda includes federal legislative and regulatory issues that are relevant to transit and commuter rail in the U.S. and to VRE specifically. The VRE Legislative Agenda was presented as an information item at NVTC’s November meeting.

G. ACTION ITEM: Approve Resolution #2429: Authorize the VRE CEO to Execute an Agreement with the City of Manassas Park for the Design, Construction, Operation and Maintenance of a Parking Garage at the VRE Manassas Park Station

At the December meeting the Commission will be asked to approve Resolution #2429, which is an action recommended by the VRE Operations Board, to authorize the VRE CEO to execute an agreement with the City of Manassas Park for the design, construction, operation and maintenance of a parking garage at the VRE Manassas Park Station, as well as authorize the VRE CEO to execute all deeds and other documents required to accept the conveyance of real property by the city to the Commissions.

At the October 16 VRE Operations Board meeting the Operations Board recommended that the Commissions authorize the VRE CEO to execute an agreement for design, construction, operation, and maintenance of a parking garage at the VRE Manassas Park Station. At that time, VRE and City of Manassas Park staff were working through final contract language in preparation for authorization of the final agreement by the Commissions at their November 5 meetings. The final contract language was not finalized in time for the Commission meetings and the resolution was removed from both Commissions’ agendas.

VRE and City of Manassas Park staff have worked collaboratively to address the city’s request to have the ability to reacquire the garage parcel used for the construction of the parking garage in the event VRE service at the Manassas Park Station is discontinued. VRE and city staff are proposing a ground lease of the garage parcel, and other requirements of the city in the event VRE service is discontinued. The attached VRE memorandum includes more information, including the text from the section of the agreement addressing this issue.

Prior to soliciting for construction of the parking garage, staff will bring to the VRE Operations Board a recommendation to the Commissions for authorization of a ground lease with the City of Manassas Park.

H. ACTION ITEM: Approve Resolution #2430: Authorize the VRE CEO to Execute an Agreement with the Virginia Passenger Rail Authority (VPRA), or Alternatively the Department of Rail and Public Transportation for Later Assignment to the VPRA, for Passenger Rail Operations and Access

At the December meeting the Commission will be asked to approve Resolution #2430, which is an action recommended by the VRE Operations Board, to authorize the VRE CEO to execute an agreement with the Virginia Passenger Rail Authority (VPRA), or alternatively DRPT for later assignment to the VPRA, for Passenger Rail Operations and Access. As VRE staff and legal counsel are still finalizing the agreement, Commissioners will receive a red-lined final version of the agreement prior to the December 3 meeting.

The Passenger Rail Operations and Access Agreement includes provisions to enable VRE trains to operate on right-of-way acquired by the Commonwealth of Virginia from CSX Transportation (CSXT); to provide the right for VRE to manage VRE station facilities located in the right-of-way; and to increase VRE service once planned improvements within the railroad corridor are completed. It is anticipated the Agreement will be executed with DRPT and later assigned to the VPRA when practical.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority, will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

As co-owners of VRE, the two Commissions (NVTC and PRTC) currently have Operations and Access Agreements in place with CSXT, Norfolk Southern Railway (NS) and Amtrak. The agreement with VPRA will be similar in nature permitting operations and access to the newly acquired right-of-way. The attached VRE memorandum provides more information about the following key sections of the agreement:

- Operations
- Term of the Agreement
- Track Dispatching and Maintenance Fee
- Passenger Station Facility Lease
- Planned Improvements
- Planned Indemnity/Liability/Default Provisions
- Assignment

The track dispatching and maintenance fees paid by VRE to the VPRA are expected to be the same or less than the track access fees currently paid to CSXT. Thus, the funding currently provided in the approved FY 2021 budget for CSXT track access fees should be sufficient for both CSXT and Rail Authority fees under the new access arrangement. The VRE FY 2022 budget will reflect any additional information that is available regarding the allocation of access costs between CSXT and

the Rail Authority, but the total budgeted expense will incorporate normal annual cost increases (e.g., inflation) over the FY 2021 value.

VRE currently pays 100% of contractual access fees to all three of its host railroads (CSXT, Norfolk Southern, and Amtrak) and then is reimbursed by the Commonwealth for 84% of those fees from grant funding sources. This leaves the net 16% to be funded directly from VRE passenger fares and local subsidy. While this grant funding arrangement is expected to continue with the three existing host railroads, the VPRA may pursue a modified arrangement where only a net fee is charged to VRE for dispatching and maintenance and no grant reimbursement is required.

I. ACTION ITEM: Approve Resolution #2431: Authorize the VRE CEO to Execute an Agreement with the Virginia Passenger Rail Authority (VPRA), or Alternatively the Department of Rail and Public Transportation for Later Assignment to the VPRA, for Passenger Rail Improvements and Funding

At the December meeting the Commission will be asked to approve Resolution #2431, which is an action recommended by the VRE Operations Board, to authorize the VRE CEO to execute an agreement with the Virginia Passenger Rail Authority (VPRA), or alternatively DRPT for later assignment to the VPRA, for Passenger Rail Improvements and Funding. As VRE staff and legal counsel are still finalizing the agreement, Commissioners will receive a red-lined final version of the agreement prior to the December 3 meeting.

The Passenger Rail Improvements and Funding Agreement includes provisions for the two Commissions (NVTC and PRTC) to fund a portion of the planned improvements and the purchase of real property for right-of-way acquired by the Commonwealth from CSXT. The Commissions will utilize Commuter Rail Operating and Capital (CROC) funds for both a debt issuance and on a pay-as-you-go (PAYGO) basis as the source of the funding commitment. Once complete, the planned improvements will allow a significant increase in VRE service in accordance with the term of a separate Operating and Access Agreement with the Virginia Passenger Rail Authority (see Section H of this memo). Finally, it is anticipated the agreement will be executed with DRPT and later assigned to the VPRA when practical.

Under the proposed funding agreement, the Commissions will issue CROC-backed debt as permitted under Va. Code § 33.2-3502. The proceeds from the CROC-backed debt will be transferred to the VPRA and will be used to purchase real property within the VRE service area from CSXT. The Commissions will use best efforts to issue the CROC-backed debt no later than November 15, 2021, and shall issue the CROC-backed debt no later than November 15, 2022, provided the Commissions and the VPRA both agree the issuance of the CROC-backed debt will generate sufficient proceeds and otherwise reasonably satisfy the objectives of the funding agreement. Future action by the Commissions will be required before CROC-backed debt could be issued.

In addition to the one-time commitment of proceeds from the CROC-backed debt, VRE and the Commissions will also contribute CROC funds to the VPRA on an ongoing basis. Beginning in FY 2022 and continuing through FY 2031 (10 years total), any available CROC amounts not already committed to debt service will be transferred on a quarterly basis to the Rail Authority to support key elements of the rail improvement program. The Commissions may substitute an alternative

capital funding source in place of the CROC funds for all or part of any required CROC PAYGO Contribution to the VPRA, provided the total equivalent amount of the required CROC PAYGO Contribution is otherwise provided. The attached VRE memorandum includes background information, as well as more information about the proposed CROC-backed debt and PAYGO contributions.

There is no immediate fiscal impact from the funding agreement, which only identifies the general structure of the funding contribution VRE will make to the VPRA in support of the Transforming Rail in Virginia Program. Once additional financial analysis and due diligence work is completed, the VRE Operations Board and the Commissions will be asked to approve a more detailed financing structure for the CROC-backed debt issuance.



**DELEGATION OF AUTHORITY FROM COMMISSIONS
TO THE VRE OPERATIONS BOARD**

Effective July 1, 2008

(Updated with CEO spending authority limits effective September 2020)

- Full authority of spending, provided the amount is included in the annual budget and six-year financial plan
- Approval of fare changes (tariffs)
- All contractual agreements, provided funding is included in the approved budget, with the exception of any operation agreements (including CSX and NS) and Insurance Agreements.
- Responsibilities not delegated:
 - a. Amendments to the Master Agreement
 - b. Hiring and termination of the Chief Executive Officer
 - c. Statewide and federal grant applications
 - d. Approval of legislative agendas
 - e. Approval of strategic plan
 - f. Sale or purchase of real property and equipment in the Commissions' name
 - g. Other major policies such as terms for new entrants
 - h. Other actions reserved for the Commissions by the Master Agreement, such as approving annual budgets/six-year financial plans.

VRE Operations Board approved spending authority delegated to VRE CEO:

- VRE CEO's authorization limit to award contracts up to \$200,000 and procurement authorizations up to \$1,000,000 (effective September 2020)



VIRGINIA RAILWAY EXPRESS

TO: Northern Virginia Transportation Commission Chair Cristol and Commissioners

FROM: Rich Dalton, Chief Executive Officer

DATE: November 23, 2020

SUBJECT: VRE Monthly Update

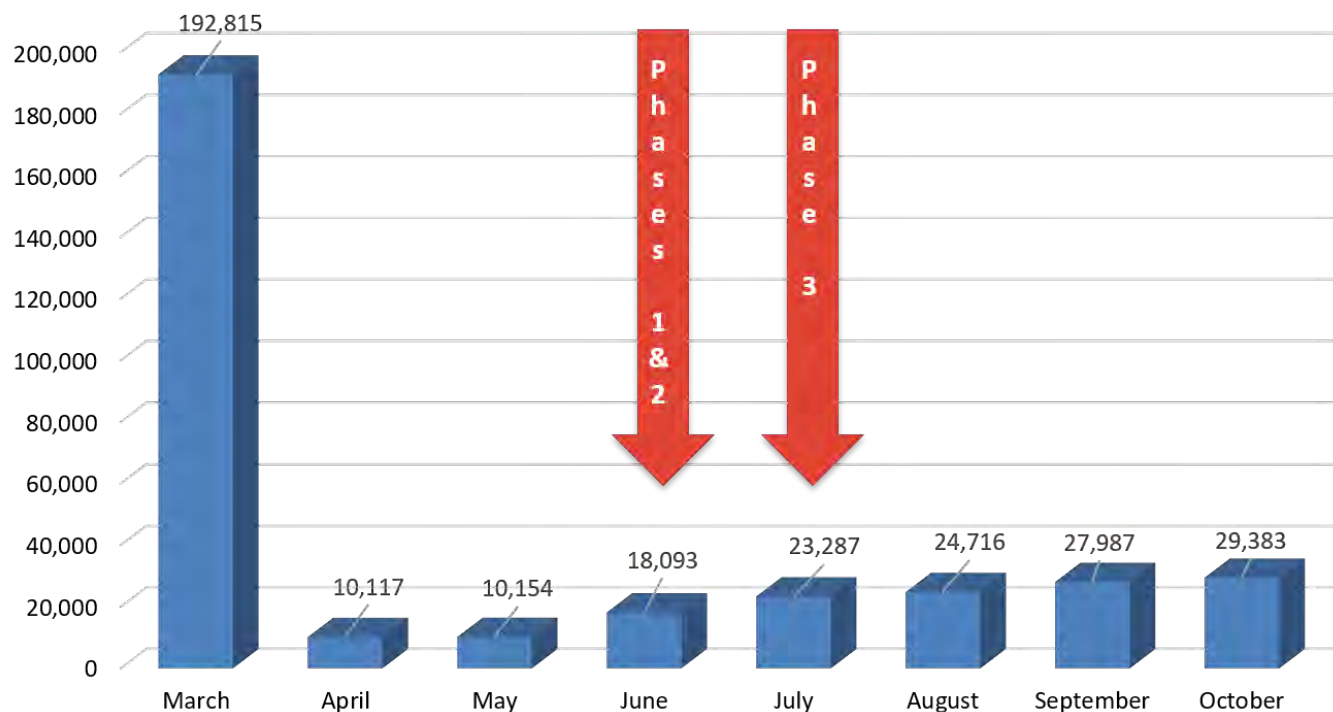
Ridership declined slightly over the past month and will likely continue to do so through the end of the holiday season. Here's what ridership looks like over the past four weeks compared to the same weeks in 2019.

Week Ending	2020 Ridership	2020 Average Daily Ridership	2019 Ridership	Numeric Difference	Percentage Difference
October 30	7,158	1,432	96,788	-89,630	-92.6%
November 6	6,288	1,258	91,889	-85,601	-93.2%
November 13	*5,522	1,381	*76,416	-70,894	-92.8%
November 20	6,815	1,363	94,612	-87,797	-92.8%

*Four days of service

MONTHLY RIDERSHIP

March - October 2020



We continue to operate an S+ schedule and monitor ridership to allow for social distancing. Given current ridership levels, we have no immediate plans to add trains. We regularly update and improve our [train utilization web page](#), which is a great tool for riders looking to maximize their social distance.

Our multi-pronged ridership recovery campaign continues to evolve, as we emphasize the measures we have taken to protect the health and safety of our riders and train crews. We have [added a 3-D train tour to our website](#), which allows passengers to move from platform to rail car, letting them know what to expect and instilling a level of confidence in our efforts to ensure social distancing.

VRE Mobile, [an upgrade of which will be available in the coming weeks](#), provides passengers with a contactless way to purchase and validate tickets. Future app upgrades will include trip-planning tools, and real-time info on parking availability and Amtrak arrivals.

Our Continuity of Operations team meets virtually each day and is in constant contact. VRE's supply chain, staffing, business processes, and other functional areas remain in good shape.

There are several VRE items that will come before the commission in December, including two agreements – one for operating/access and another for funding – with the newly created Virginia Passenger Rail Authority (Rail Authority). I briefly shared an overview of these agreements with commissioners in November. [A more detailed presentation is available for viewing on VRE's YouTube channel](#). I would encourage you to take a few minutes and look at the presentation, as these agreements are somewhat complicated and may engender questions. I am available to chat, one-on-one, in advance of the commission's December 3 meeting and answer any questions you may have about VRE's relationship with the Rail Authority and the proposed agreements.



MINUTES
VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD MEETING
November 20, 2020
 Via WebEx

Members Present

*Walter Alcorn (NVTC)
 *Andrea Bailey (PRTC)
 *Preston Banks (PRTC)
 *Elizabeth Bennet-Parker (NVTC)
 *Meg Bohmke (PRTC)
 *Katie Cristol (NVTC)
 *Margaret Franklin (PRTC)
 *Jeanine Lawson (PRTC)
 *Jennifer Mitchell (DRPT)**
 *Gary Skinner (PRTC)
 *Ralph Smith (PRTC)
 *Dan Storck (NVTC)
 *James Walkinshaw (NVTC)

Members Absent

Matt Kelly (PRTC)
 Cindy Shelton (PRTC)

Alternates Present

Alternates Absent

Canek Aguirre (NVTC)
 Victor Angry (PRTC)
 Pete Candland (PRTC)
 Hector Cendejas (PRTC)
 Deborah Frazier (PRTC)
 Libby Garvey (NVTC)
 Jason Graham (PRTC)
 Michael McLaughlin (DRPT)
 Jeff McKay (NVTC)
 Pam Sebesky (PRTC)

Jurisdiction

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

City of Fredericksburg
 Stafford County

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

Dwight Buracker - PBMares

Rich Dalton – VRE

John Duque - VRE

Chris Henry – VRE

Robert Hostelka – VRE

Lezlie Lamb – VRE

Steve MacIsaac – VRE Legal Counsel

Kate Mattice – NVTC

Kristin Nutter – VRE

Dr. Bob Schneider – PRTC

Mark Schofield – VRE

Joe Swartz – VRE

Chairman Skinner called the meeting to order at 9:01 a.m. The Roll Call followed.

Resolution Finding Need to Conduct November 20, 2020 Meeting Electronically – 3

Mr. Dalton briefed the Operations Board on the Resolution Finding Need to Conduct November 20, 2020 Meeting Electronically.

Ms. Bailey moved, with a second by Ms. Bennett-Parker to approve Resolution #03-11-2020, Finding Need to Conduct November 20, 2020 Meeting Electronically.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

Approval of the Agenda – 4

Ms. Bohmke moved, with a second by Ms. Bennett-Parker to approve the agenda as presented. There was no discussion on the motion.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

Approval of the Minutes of the October 16, 2020 VRE Operations Board Meeting – 5

Ms. Lawson moved, with a second by Ms. Bennett-Parker to approve the Minutes from October 16, 2019.

The vote in favor was cast by Members Alcorn, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw. Ms. Bailey abstained.

Chairman's Comments – 6

The Chairman reminded the Board that the Nominating Committee is working to develop a slate of VRE Operations Board Officers for 2021, which the Board will be asked to vote on at the December Operations Board meeting.

Chief Executive Officer's Report – 7

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

- Safety/ COVID-19 update
- Ridership
- Performance
- Project Spotlight: Enterprise Resource Planning
- "Welcome Back" initiative

- Staff Appreciation

Public Comment Time – 8

The Chairman noted public comments were accepted through the Public Comments form available on the VRE website November Agenda page. The Public Comment period began on Friday, November 13th and closed at 8:00 a.m. the morning of the meeting. The Chairman asked the Clerk to read into the record any comments that had been received.

Ms. Lamb read a comment submitted by Karen Williams of Fairfax:

It appears all the senior leadership at VRE (Directors and above) are white. What will VRE, NVTC and PRTC do to ensure racial diversity in senior management positions at VRE? Shouldn't leadership look like a representation of the people?

Action Items - 9

Accept the FY 2020 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions – 9A

Ms. Lawson moved, with a second by Mr. Bailey, to accept the FY 2020 Comprehensive Annual Financial Report and associated information from the auditor's and to authorize the Chief Executive Officer (CEO) to forward this information to the Commissions for their consideration.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

Recommend Authorization to Execute a Passenger Rail Operations and Access Agreement – 9B

Ms. Cristol moved, with a second by Ms. Bailey, to recommend the Commissions authorize the CEO to execute an agreement with the Virginia Passenger Rail Authority, or alternatively, the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

Recommend Authorization to Execute a Passenger Rail Improvements and Funding Agreement– 9C

Ms. Bailey moved, with a second by Mr. Storck, to recommend the Commissions authorize the CEO to execute an agreement with the Virginia Passenger Rail Authority, or alternatively, with the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

Recommend the Commissions Approve the 2021 VRE Legislative Agenda – 9D

Ms. Bennett-Parker moved to amend the 2021 Legislative Agenda to "include support for removing the state limit on how often Members may participate electronically when there is a physical quorum present, while retaining VRE's authority to govern such participation with additional guidelines or restrictions"; and to recommend the Commissions approve the 2021 VRE Legislative Agenda as

amended, and authorize the CEO to actively pursue the elements set forth. There was no objection to the amendment, and Ms. Bennett-Parker's motion was seconded by Ms. Franklin.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

[Jennifer Mitchell joined the meeting at 10:09 a.m.]

Authorization to Amend the Contract for Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project – 9E

Mr. Banks moved, with a second by Ms. Bennett-Parker, to authorize the CEO to execute a contract amendment with Vanesse Hangen Brustlin, Inc for Engineering and Environmental Services for the Manassas Park Station Parking Expansion project in the amount of \$525,947, plus a ten percent contingency for a total of \$578,542, for 60 percent relocation design of the parking garage, increasing the total authorization to an amount not to exceed \$2,784,986.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw. Ms. Mitchell did not respond.

Authorization to Issue a GEC VIII Task Order for Construction Management Services for the Rolling Road Station Improvement Project – 9F

Ms. Bailey moved, with a second by Ms. Bennett-Parker, to authorize the CEO to issue a GEC VIII Task Order to STV, Inc. for Construction Management Services for the Rolling Road Station Improvement project in the amount of \$487,817, plus a ten percent contingency, for a total not to exceed \$536,599.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

Authorization to Amend the Contracts for the Delivery of Diesel Fuel for VRE Locomotives – 9G

Ms. Bohmke moved, with a second by Ms. Lawson, to authorize the CEO to amend the two contracts for the Delivery of Diesel Fuel for VRE locomotives, to exercise the second option year on each contract. The contract option with James River Solution is in the amount of \$1,785,000, with a ten percent contingency, for a total not to exceed \$1,963,500 for a period of one year; and the contract option with Griffith Energy Services, Inc. is in the amount of \$1,190,000, with a ten percent contingency, for a total not to exceed \$1,309,000, for a period of one year, beginning July 1, 2021.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Information Items – 10

FY 2022 Budget Update – 10A

Staff provided an update to the VRE Operations Board on the status of the FY 2022 Operating and Capital Budgets.

Spending Authority Report – 10B

The following purchases greater than \$50,000, but less than \$200,000 were made in October:

- VRE amended an existing Task Order with STV Incorporated under the Mechanical Engineering Consulting Services (MEC) VII contract for National Transit Database (NTD) and Asset Management Reporting, Phase VI. To increase the total commitment for this Task Order to \$147,939 and expanded the scope of work to include mobilization for facility condition assessments and Transit Asset Management (TAM) related SOP updates.
- VRE issued a Task Order in the amount of \$95,232 to NVE, Inc. under the Maintenance Services for VRE Facilities contract to renovate the reception area at the VRE Alexandria Headquarters Office.
- VRE amended an existing Task Order with Fresh Air Duct Cleaning, LLC under the Custodial and Seasonal Services for VRE Facilities contract for specialized cleaning services in response to the COVID-19 pandemic at VRE's Alexandria Headquarters Office, Fredericksburg Office, and Crossroads Warehouse. The amendment extended the term of this Task Order by 36 weeks and increased the total commitment to an amount not to exceed \$97,940.

Update: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station – 10C

At the October 16, 2020 VRE Operations Board meeting the Operations Board recommended the Commissions authorize the CEO to execute an agreement for design, construction, operation, and maintenance of a parking garage at the Manassas Park VRE Station. At the time, VRE and City staff were working through final language in preparation for authorization by the Commissions at their November 5, 2020 meetings. The language was not finalized in time and the Recommendation was removed from both Commissions' November 5th meeting Agendas; but is expected to go forward to both Commissions for authorization at their December 3, 2020 Commission meetings.

Closed Session – 11

Ms. Bennett-Parker moved, with a second by Ms. Bailey, pursuant to the Virginia Freedom of Information Act (Section 2.2-3711.A (1) of the Code of Virginia,) to convene a closed meeting for the purpose of discussing one personnel matter involving an appointee of the Board.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Ms. Bennett-Parker moved, with a second by Ms. Cristol, 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 Alcorn, Banks, Bennett-Parker, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Board Members' Time -12

Ms. Bennett-Parker asked staff to explore capability to enable video participation during the Board Meetings.

Ms. Cristol stated it had been a while since Railcars had been discussed and asked for a future update on the procurement VRE is participating on with Metra.

Ms. Franklin assured the public VRE Operations Board Members take the need for diversity at all levels of management very seriously. She stated diversity in Transportation is an ongoing discussion and expressed hope to engage further on the topic.

Ms. Lawson followed up on the efforts of the Nominating Committee.

Mr. Storck supported Ms. Franklin's comments on the importance of diversity at VRE and noted the Board's efforts in the CEO recruiting activities earlier this year produced a diverse slate of candidates.

There were no further remarks.

Ms. Bennett Parker moved, with a second by Ms. Mitchell, to adjourn the meeting.

The vote in favor was cast by Members Alcorn, Banks, Bennett-Parker, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Approved this 18th day of December 2020

Gary Skinner
Chair

Jeanine Lawson
Secretary

CERTIFICATION

This certification hereby acknowledges the minutes for the November 20, 2020 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Leslie M. Lamb

CEO REPORT

NOVEMBER 2020



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 2020

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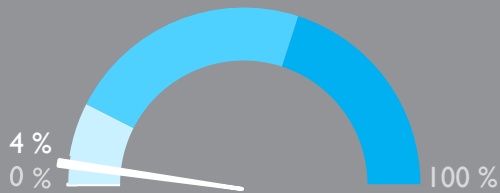
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VIRGINIA RAILWAY EXPRESS
A better way. A better life.

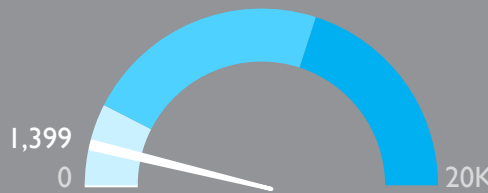


SUCCESS AT A GLANCE



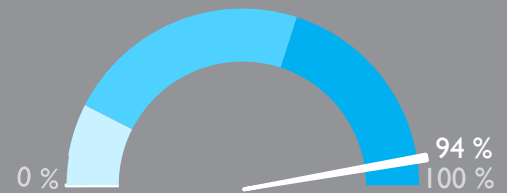
PARKING UTILIZATION

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



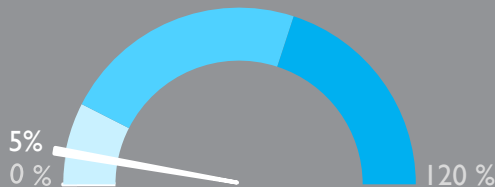
AVERAGE DAILY RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings and reduced, "S" schedule, service.
Same month, previous year: 19,593



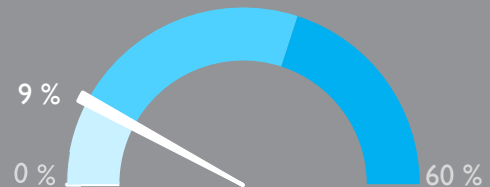
ON-TIME PERFORMANCE

Percent of trains arriving at their destination within five minutes of the schedule.
Same month, previous year: 79%



SYSTEM CAPACITY

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



OPERATING RATIO

Through September 2020

Year-to-date operating revenues divided by year-to-date operating expenses, which represents the share of operating costs paid by the riders.
Board-approved goal: 52%

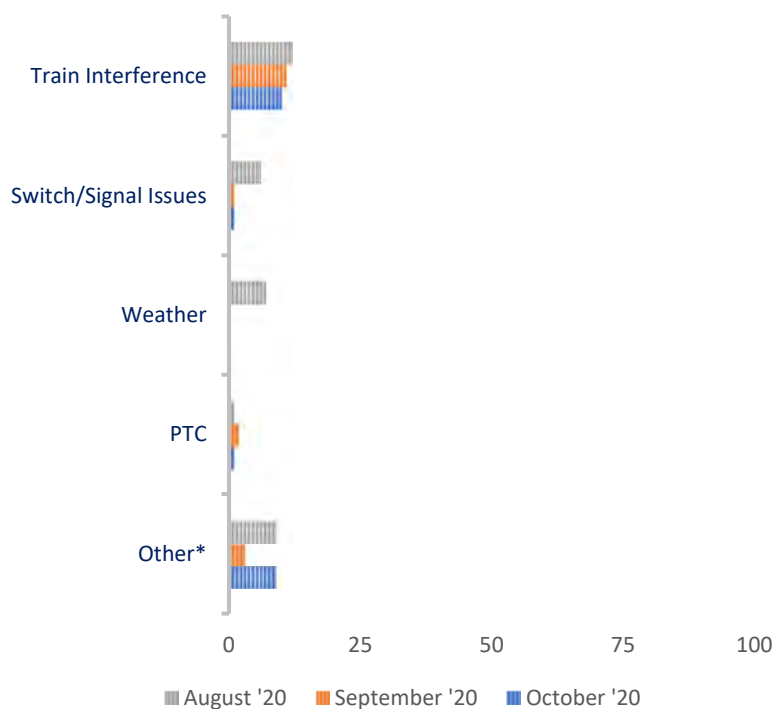
October 2020

ON-TIME PERFORMANCE

OUR RECORD

	October 2020	September 2020	October 2019
Manassas Line	95%	96%	77%
Fredericksburg Line	94%	95%	81%
Systemwide	94%	96%	79%

PRIMARY REASON FOR DELAY



VRE operated 378 trains in October. Our on-time rate for October was 94 percent.

Twenty-one trains arrived more than 5 minutes late to their final destinations. Of those late trains, nine were on the Manassas Line (43 percent), and 12 were on the Fredericksburg Line (57 percent).

Overall, on-time performance for the month was 94%. Congestions remains the biggest driver of delays.

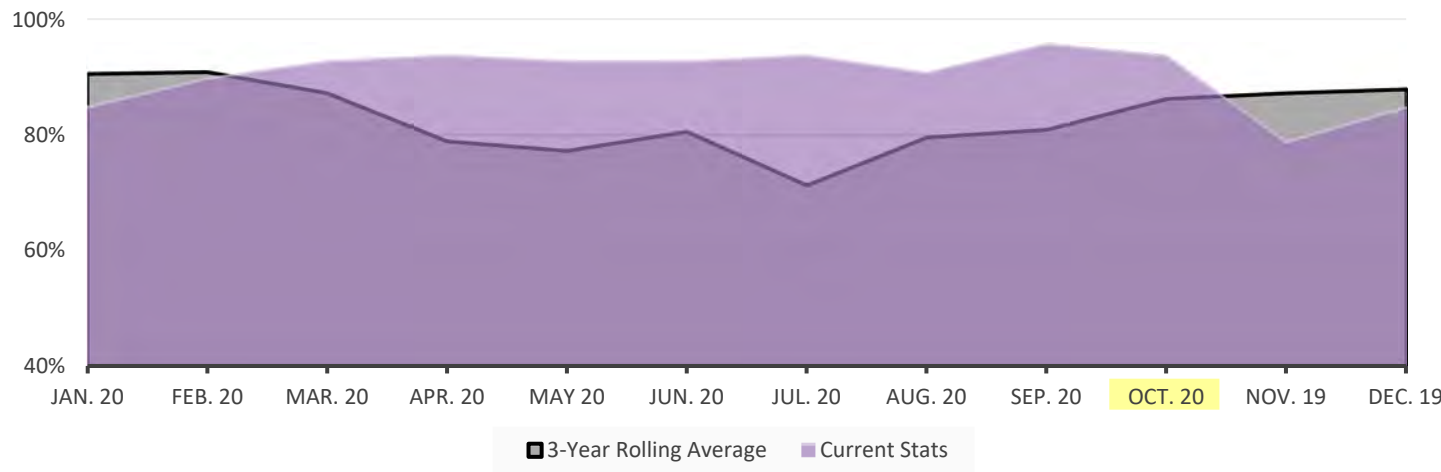
*Includes trains that were delayed due to operational testing and passenger handling.

LATE TRAINS

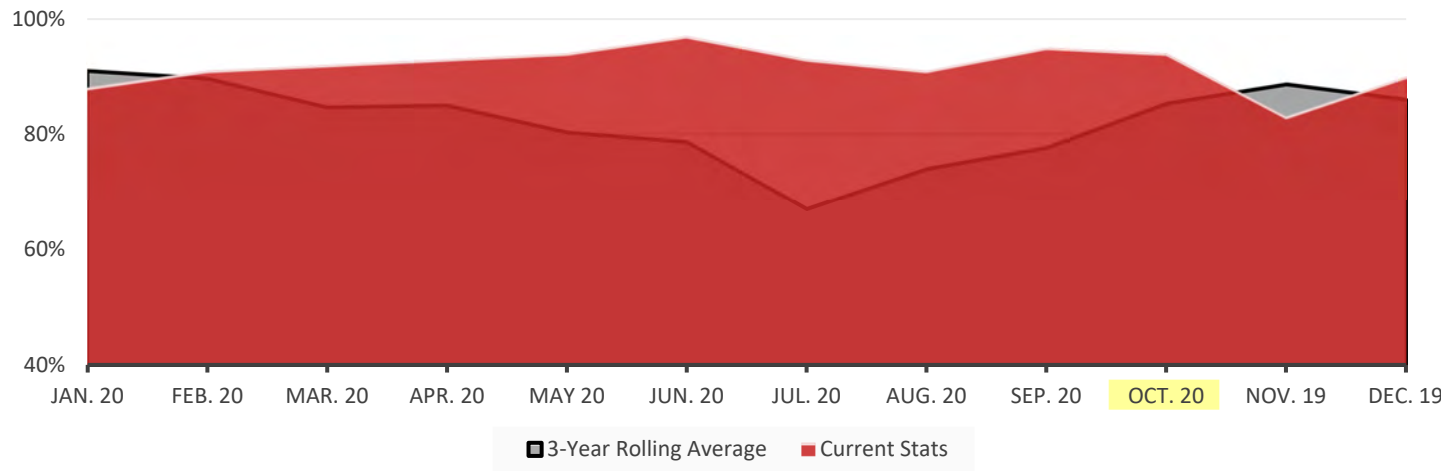
	System Wide			Fredericksburg Line			Manassas Line		
	Aug	Sept	Oct	Aug	Sept	Oct	Aug	Sept	Oct
Total late trains	37	17	21	20	11	12	17	6	9
Average minutes late	26	13	12	17	13	13	36	14	11
Number over 30 minutes	8	0	0	3	0	0	5	0	0
Heat restrictions	8	2	0	8	2	0	0	0	0

ON-TIME PERFORMANCE

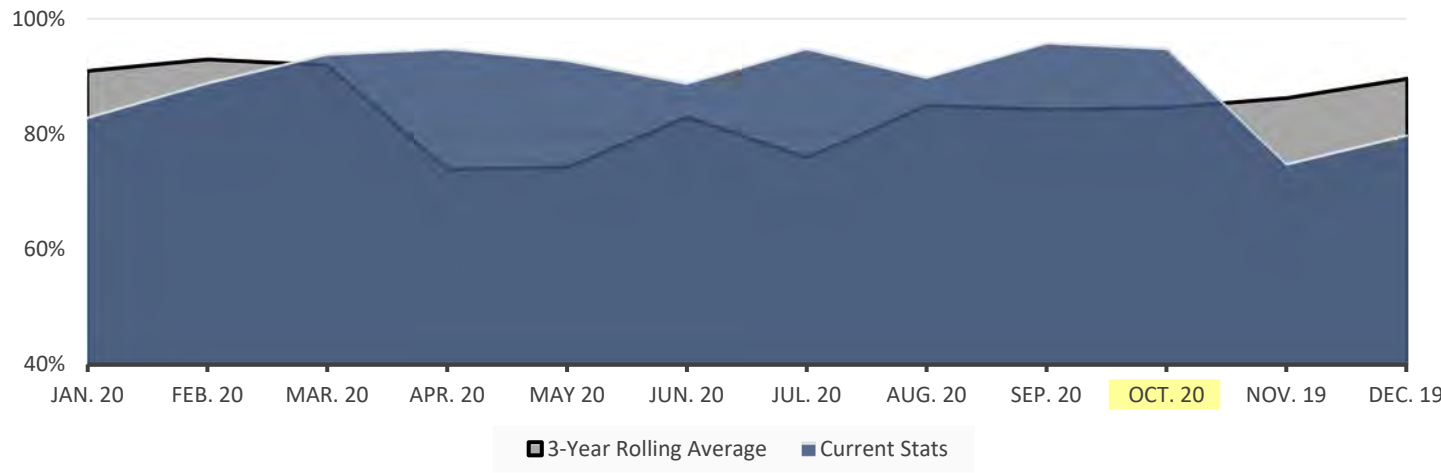
VRE SYSTEM



FREDERICKSBURG LINE

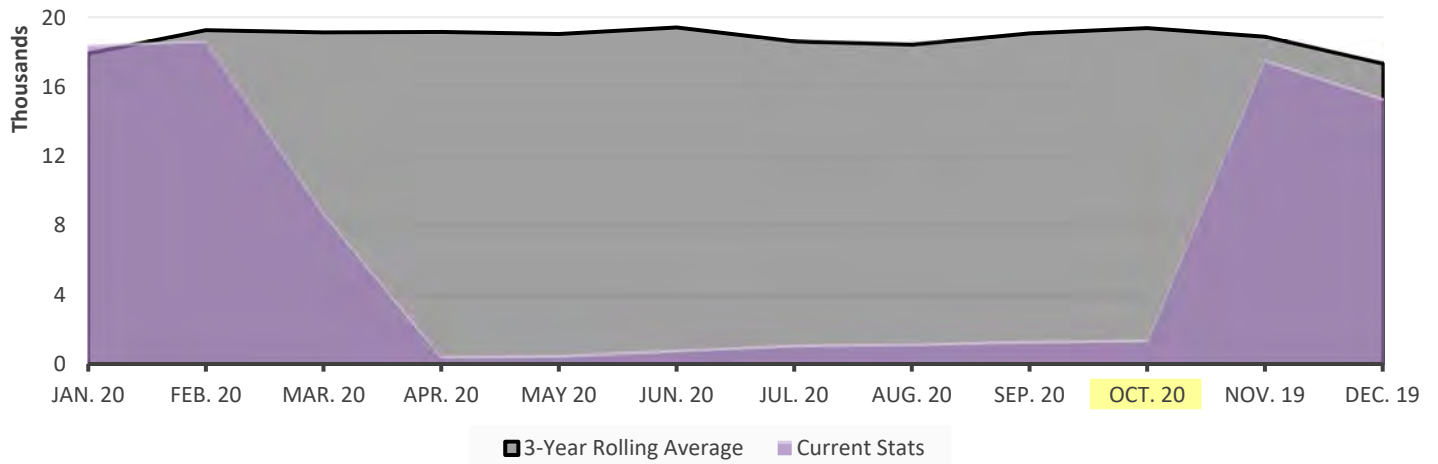


MANASSAS LINE

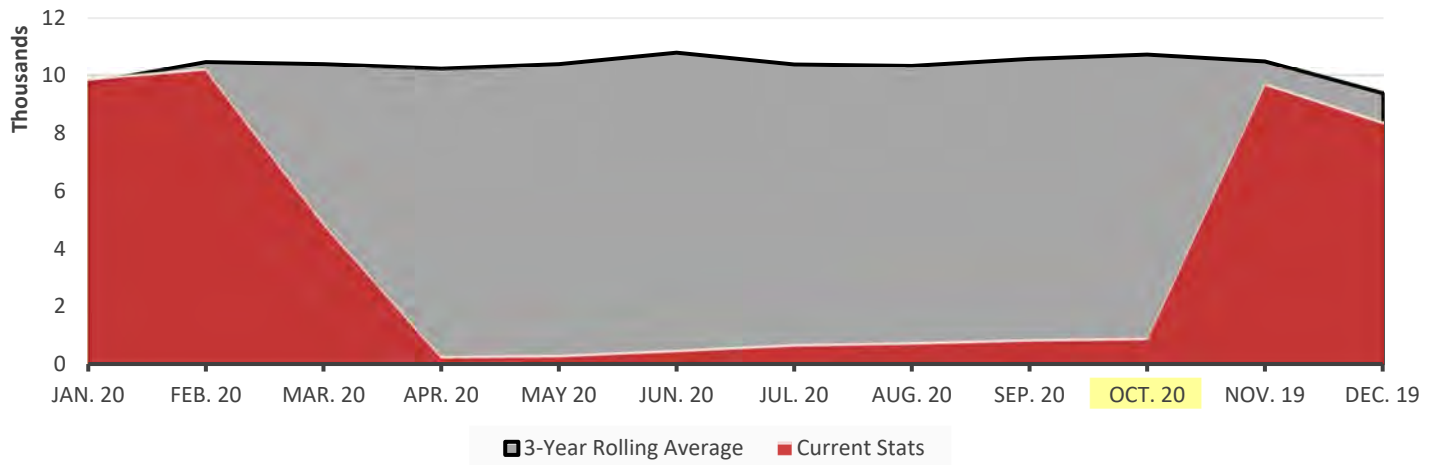


AVERAGE DAILY RIDERSHIP

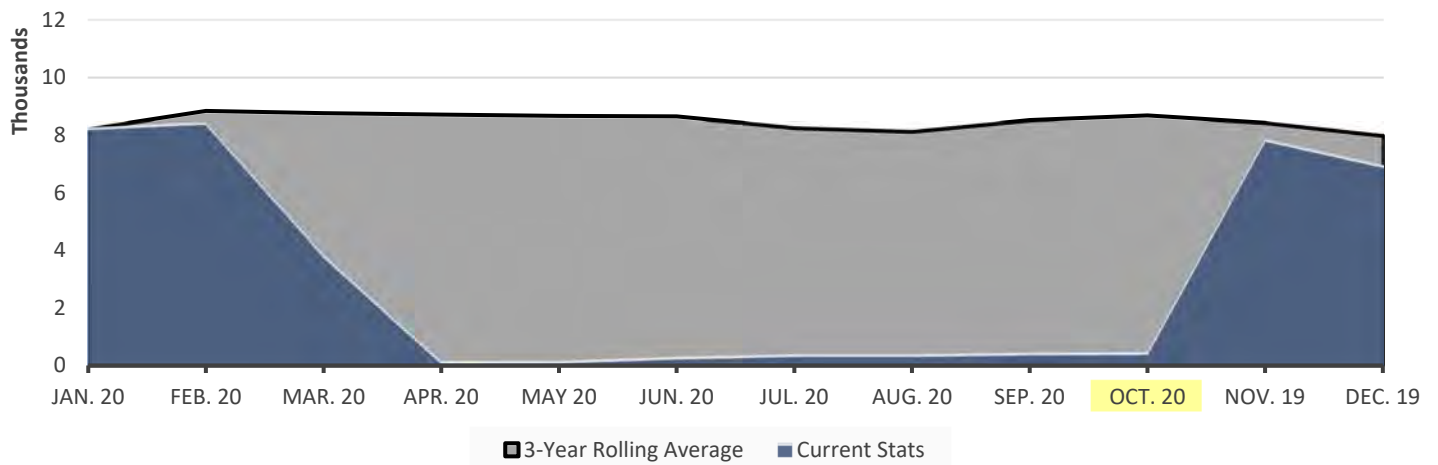
VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



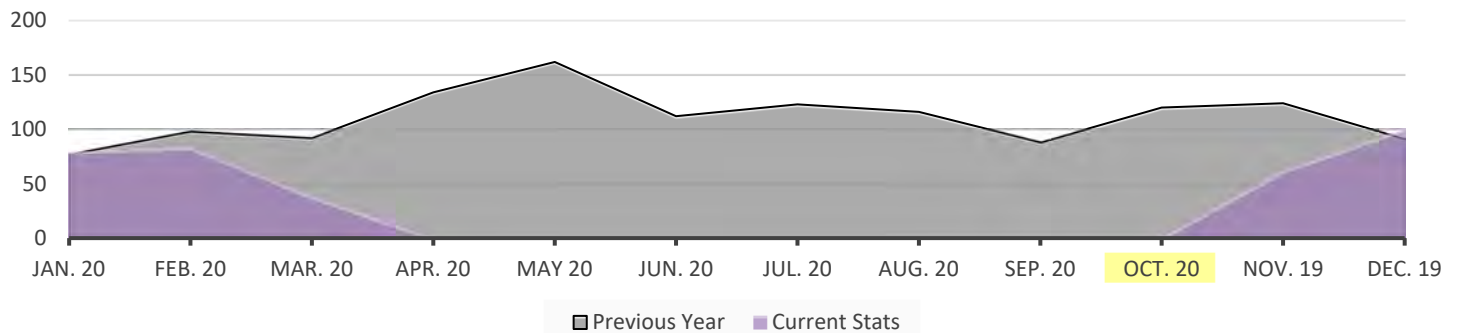
RIDERSHIP UPDATES

Average daily ridership (ADR) in October was 1,399. ADR continues to trend upward month over month. We continue to operate an “S” Schedule Plus (which includes trains 300 and 307), as necessitated by the COVID-19 pandemic.

	October 2020	September 2020	October 2019
Monthly Ridership	29,383	27,987	431,045
Average Daily Ridership	1,399	1,333	19,593
Full Service Days	0	0	22
“S” Service Days	21	21	0

SUMMONSES ISSUED

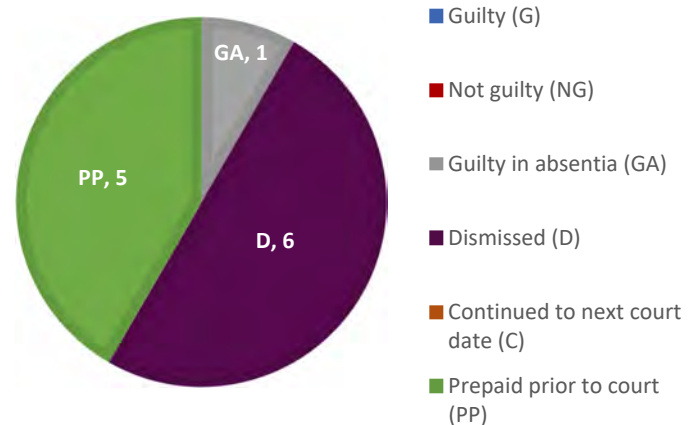
VRE SYSTEM



SUMMONSES WAIVED OUTSIDE OF COURT

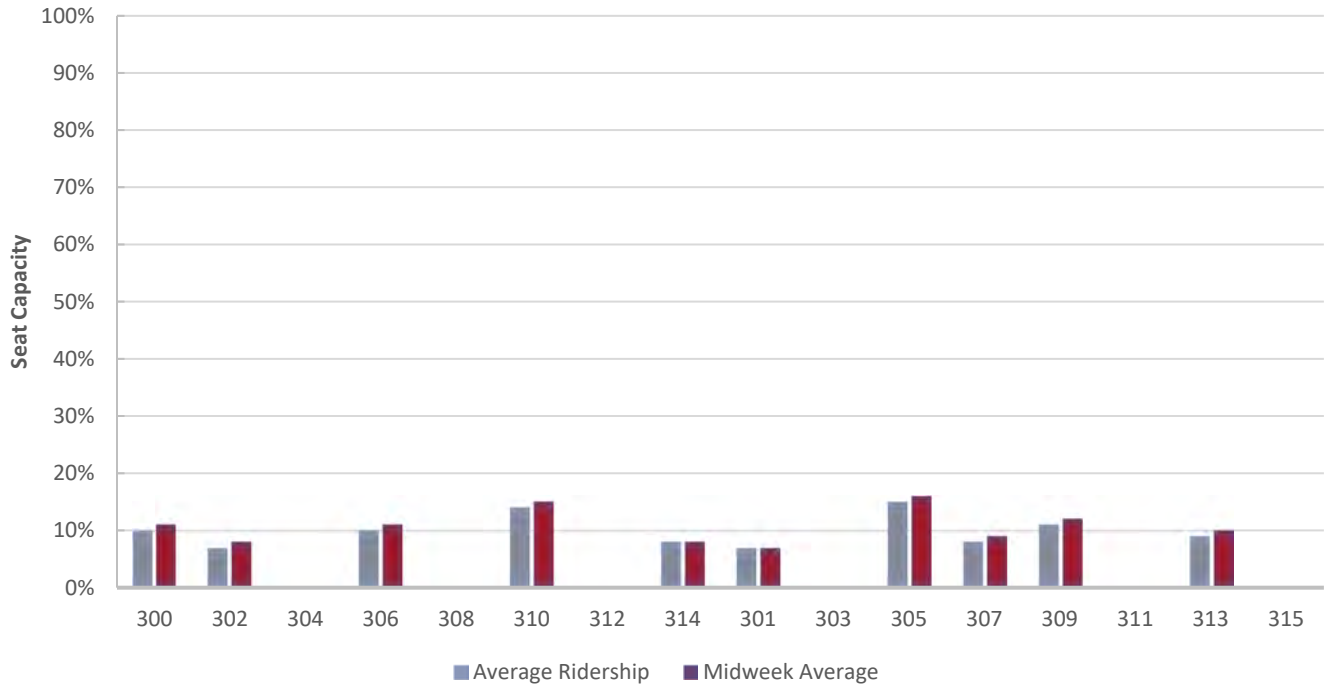
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	0
One-time courtesy	0
Per the request of the conductor	0
Defective ticket	0
Per ops manager	0
Unique circumstances	0
Insufficient information	0
Lost and found ticket	0
Other	0
Total Waived	0

MONTHLY SUMMONSES COURT ACTION

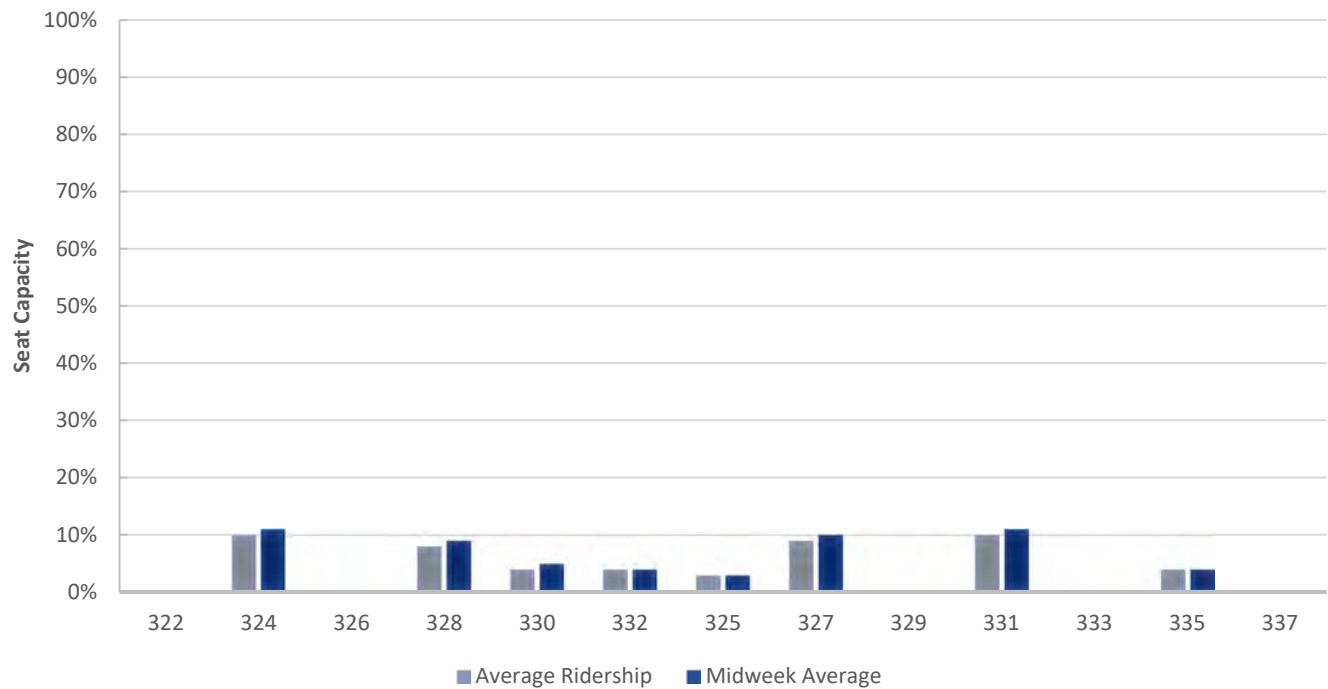


TRAIN UTILIZATION

FREDERICKSBURG LINE

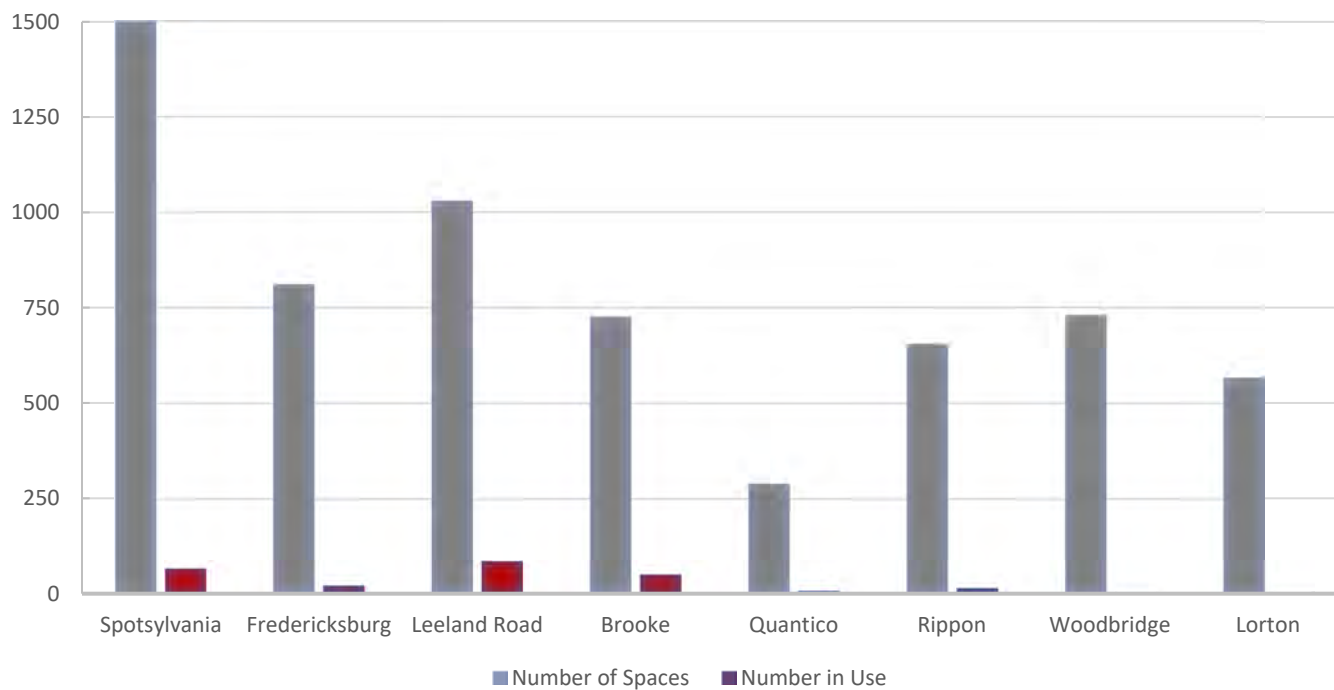


MANASSAS LINE

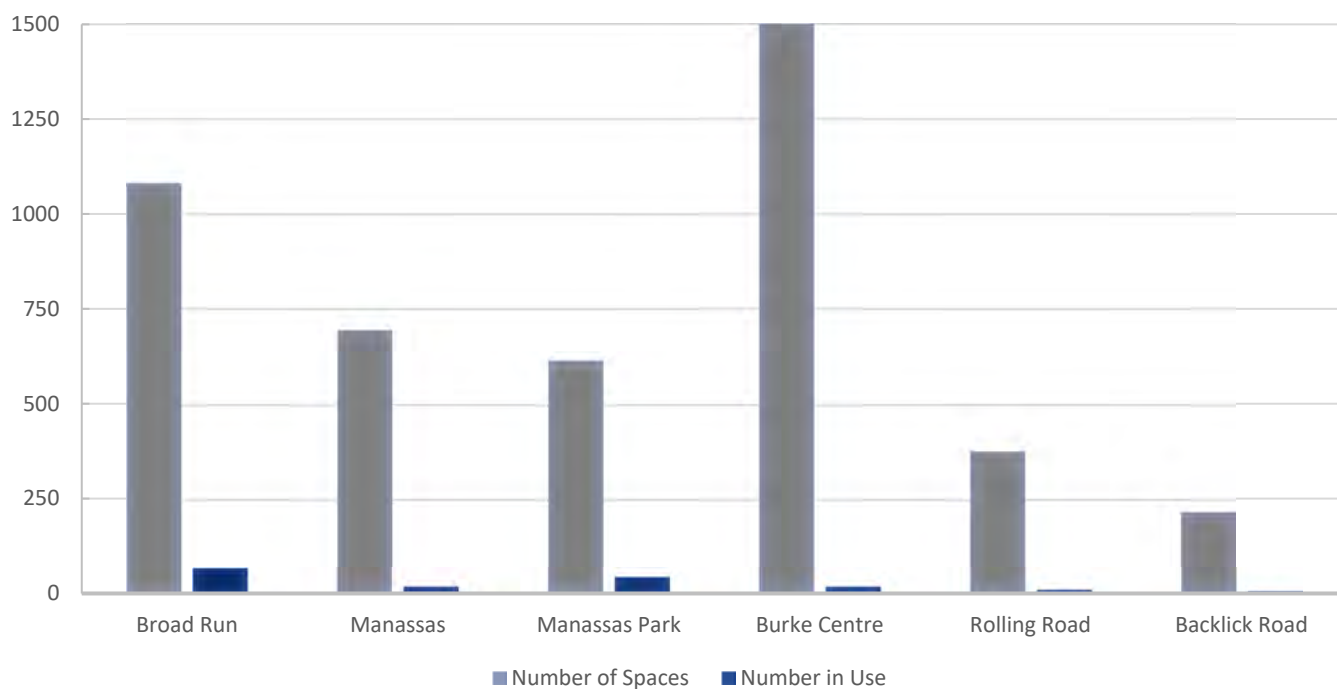


PARKING UTILIZATION

FREDERICKSBURG LINE



MANASSAS LINE



FINANCIAL REPORT FOR SEPTEMBER 2020

Fare revenue through the first quarter (July-September) of FY 2021 is approximately \$9.1 million below budget (an unfavorable variance of -81%) and is also 81% below the same period in FY 2020.

The coronavirus (COVID-19) pandemic continues to have a material negative impact on VRE ridership. Average daily ridership has been slowly increasing during the quarter, with ridership in September at 1,333 trips per day, as compared to 1,177 for August and 1,109 for July. Ridership remains well below pre-pandemic levels – average daily ridership was 18,692 in February 2020 (the last full month not affected by the pandemic). We expect to report significant impacts related to the pandemic throughout FY 2021.

The operating ratio through the first quarter of FY 2021 is 9%, which is below VRE's budgeted operating ratio of 52% for the full twelve months of the fiscal year. VRE is required to budget a minimum operating ratio of 50%. The final operating ratio for the year will depend on whether and when ridership rebounds, but it is unlikely that the 50% threshold will be reached.

A summary of the FY 2021 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, 2020							
	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY19 BUDGET
Operating Revenue							
Passenger Ticket Revenue	639,044	3,688,805	2,147,673	11,242,072	(9,094,398)	-80.9%	44,090,000
Other Operating Revenue	-	25,100	42,208	76,494	(34,286)	-44.8%	300,000
Subtotal Operating Revenue	639,044	3,713,904	2,189,882	11,318,566	(9,128,684)	-80.7%	44,390,000
Jurisdictional Subsidy (1)	-	-	9,334,076	9,334,075	1	0.0%	13,817,632
Federal/State/Other Jurisdictional Subsidy	2,610,251	2,680,153	7,845,907	8,040,450	(194,543)	-2.4%	31,879,656
Appropriation from Reserve/Other Income	-	-	-	-	-	0.0%	-
Interest Income	15,966	108,765	46,080	331,474	(285,394)	-86.1%	1,300,000
Total Operating Revenue	3,265,261	6,502,822	19,415,944	29,024,565	(9,608,621)	-33.1%	91,387,287
Operating Expenses							
Departmental Operating Expenses	5,808,259	6,614,136	23,491,429	24,267,049	775,620	3.2%	85,137,449
Debt Service	518,403	518,403	1,555,210	1,555,210	-	0.0%	6,220,838
Other Non-Departmental Expenses	-	2,426	-	7,394	7,394	0.0%	29,000
Total Operating Expenses	6,326,663	7,134,965	25,046,639	25,829,653	783,015	3.0%	91,387,287
Net income (loss) from Operations	(3,061,401)	(632,143)	(5,630,694)	3,194,911	(8,825,606)		-
Operating Ratio							
			9%	47%		Budgeted Goal	52% 50%

(1) Total jurisdictional subsidy is \$18,300,780. Portion shown as budgeted is attributed to Operating Fund only.

COMMUTER RAIL OPERATING AND CAPITAL (C-ROC) FUND QUARTERLY REPORT

Background

Dedicated C-ROC funding for VRE began on July 1, 2018. The C-ROC Fund receives \$15 million annually (\$1.25 million monthly) from fuel taxes collected in the NVTC and PRTC regions. C-ROC funds are received from the Department of Motor Vehicles (DMV) and are held by NVTC/VRE in a separate account, in accordance with §33.2-1525.A of the Code of Virginia. The VRE Operations Board and Commissions approve the projects that are to be funded in whole or in part by the C-ROC, and VRE provides a quarterly report on the C-ROC Fund, including disbursements received, amounts expended, the purpose of the expenditures, and investment and interest earnings.

C-ROC Fund as of September 30, 2020

A summary of the C-ROC Fund through the first quarter of FY 2021 is presented below. Due to lags in the determination of total fuel tax revenue by DMV and the transfer of funds from DMV to NVTC/VRE, total C-ROC funds received may be less than total funds earned. As of September 30, 2020, no FY 2021 C-ROC funding has yet been received by NVTC/VRE.

C-ROC Fund as of September 30, 2020

Period	Funds Earned	Funds Received	Interest Earned	Expenditures	C-ROC Account Balance
FY 2021 (Jul-Sep)	\$3,750,000	\$0	\$19,373	\$0	
Life to Date	\$33,750,000	\$30,000,000	\$430,625	\$0	\$30,430,625

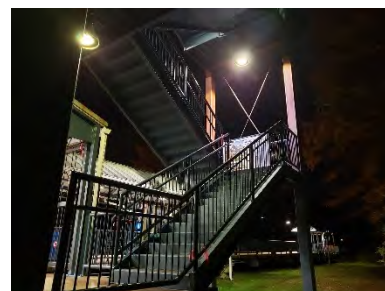
The VRE Operations Board and the Commissions have approved the commitment of \$45 million in C-ROC funding to key capital projects – \$30 million for the L’Enfant Station and Fourth Track project and \$15 million for the Crystal City Station Improvements project. This commitment reflects three years of projected C-ROC funding (FY 2019 through FY 2021), and expenditures will be reflected above when construction commences on these projects.

FACILITIES UPDATE

The following is a status update of VRE facilities projects.

Completed projects:

1. Minor steel repairs to stairs at Rippon Station
2. Repairs to damaged pedestrian crossing at Quantico Station
3. Repairs to damaged tactile warning strip at Fredericksburg Station



Freshly painted stairs at Rippon.

Projects scheduled to be completed this quarter:

1. Submission of IFB package for canopy roof replacement at Backlick Road Station
2. Caulking and painting of stairs at Rippon Station
3. Submission of IFB package for replacement of tactile warning strips at various stations



Repairs to pedestrian crossing at Quantico

Projects scheduled to be initiated this quarter:

1. Issuance of GEC Task Orders for design of minor structural repairs at Franconia-Springfield, Woodbridge, Rippon, Brooke and Manassas Stations
2. Repair of minor cracks in west platform at Woodbridge Station
3. Repair of platform sealer delamination at Spotsylvania Station
4. Issuance of general signage services Request for Quotes

Ongoing projects:

1. Design of waiting area at L'Enfant Station
2. Replacement of signage at Franconia-Springfield, Woodbridge and Leeland Road stations
3. Replacement of waste and recycling receptacles at various stations
4. Design of renovations to Alexandria headquarters

UPCOMING PROCUREMENTS

- Program management services
- Canopy roof replacement at the Backlick Road Station
- Modernization of VRE Woodbridge Station east elevator
- Passenger car wheelchair lift assemblies
- 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
- Final design services for VRE Broad Run expansion
- Renewal of locomotive head end power engine systems
- Overhaul of emergency generators
- Headquarters renovations
- Website management services

CAPITAL PROJECTS UPDATE

The following is a status update of VRE capital projects.

Completed projects or major project milestones:

1. Long Bridge Project (*study by others*) – Virginia and the District of Columbia have concluded the environmental planning process. DRPT is evaluating responses to its RFP for architectural/engineering consulting services.
2. The Franconia-Springfield Station Improvements draft 90% complete plans and draft specifications were submitted by the consultant team. The documents are being evaluated internally by VRE prior to submittal to CSXT for review and comment.

Projects or project phases scheduled to be completed this quarter:

3. Franconia-Springfield Station Improvements final 90% complete plans
4. Rippon Station Improvements draft 30% complete plans
5. Brooke Station Improvements draft 30% complete plans
6. Leeland Road Station Improvements draft 30% complete plans
7. Broad Run Expansion (BRX) Section 106 Consultation
8. Construction of Benchmark Road Slope Stabilization Complete (Hamilton to Crossroads overall project/funding closeout and stakeholder concurrence anticipated this quarter)

Projects or project phases scheduled to be initiated this quarter:

9. Execution of Contract for Construction of Quantico Station Improvements and Pre-NTP activities - NTP forthcoming
10. Execution of Contract for Construction of Lifecycle Overhaul & Upgrade Facility (LOU) and Pre-NTP activities - NTP forthcoming
11. Board Authorization, Execution of Contract for Construction of Rolling Road Station Improvements and Pre-NTP activities – NTP forthcoming
12. Execution of Contract and NTP for CM for Construction of Quantico Station Improvements

Ongoing projects:


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

Projects Progress Report Follows

PASSENGER

PROJECT	DESCRIPTION	PHASE						
		CD	PE	EC	RW	FD	CN	
Alexandria Station Improvements	Eliminate at-grade track crossing, add elevators, modify platforms.	◆	◆	◆	N/A	●		
Franconia-Springfield Station Improvements	Extend both platforms and widen East Platform for future third track. 	◆	◆	◆	N/A	●		
Rippon Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. ^À	◆	●	●	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. ^À	◆	●	●	N/A			
Leeland Road Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. ^À	◆	●	●	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	-	2382759	2193257	90%	2nd QTR 2023	● Design underway. CSX and City of Alexandria review progressing.
13,000,000	13,000,000	-	*	708,564	35%	4th QTR 2023	● FD underway with anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
16,634,793	16,634,793	-	*	406,008	20%	4th QTR 2030	● PE design/EC anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
No costs for VRE. Private developer providing station.					20%	TBD	● Potomac Shores VRE Station design underway to include parking structure. 60% Re-Design Submittal received and under review by CSX and VRE.
18,372,949	18,372,949	0	830,833	683,892	60%	TBD	● Final Funding Agreements forthcoming. Execution of Construction and CM contracts forthcoming, and pre-NTP activities anticipated 3rd Quarter 2020. NTP to follow.
23,391,019	23,391,019	-	*	397,501	20%	4th QTR 2030	● DRPT LONP received; REF grant pending. PE design/EC anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
15,527,090	15,527,090	-	*	390,285	20%	4th QTR 2026	● DRPT LONP received; REF grant pending. PE design/EC anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
25,983,000	25,983,000	0	2,238,144	670,225	30%	4th QTR 2022	● Design due to site relocation to start in December 2020.
5,000,000	2,000,000	3,000,000	640,503	418,887	70%	4th QTR 2021	● Contractor has been selected. Construction to begin 1st QTR 2021.
49,940,000	19,098,463	30,841,537	1,584,619	397,848	30%	2nd QTR 2024	● PE & EC initiated in Oct 2019 and anticipated completion 3rd QTR 2020.
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

PHASE

PROJECT	DESCRIPTION	CD	PE	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

ESTIMATED COSTS (\$)						STATUS	
Total ¹	Funded	Unfunded	Authorized	Expended ²	Percent Complete ¹	Project Completion Date	
32,500,000	32,500,000	-	33,285,519	30,578,003	100%	3rd QTR 2018	Overall Project and Stakeholder Concurrence Close-out forthcoming. Benchmark Slope project complete.
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	FD completion pending Final Electrical Design Coordination with REC. IFB anticipated 2nd Quarter 2020, upon
2,950,000	2,950,000	-	2,950,000	163,565	100%	1st QTR 2020	Land acquisition has been completed.
89,666,508	89,666,508	-	3,588,305	2,257,455	90%	4th QTR 2021	Preliminary design has been completed 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%	4th QTR 2020	American Eagle working on redesign with uplift to new platform projected for fall 2020.



VIRGINIA RAILWAY EXPRESS

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VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 10-A
Information Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: November 20, 2020

Re: FY 2022 Budget Update

Staff will provide an update to the VRE Operations Board on the status of the FY 2022 Operating and Capital budgets, following the formal presentation of the preliminary FY 2022 budget in September and the informational update in October.

The key assumptions and projections initially presented as part of the preliminary FY 2022 budget have not changed, and daily ridership and passenger revenue have remained steady at reduced levels throughout the fall. Federal CARES Act funding remains available to backstop lost passenger revenue and support VRE operations through FY 2022. Staff will discuss how the ongoing pandemic will require deviations from normal budget adoption processes (e.g., allocation of jurisdictional subsidy based on the previous year's budget rather than the results of the Master Agreement survey).

Staff will also provide additional detail on the FY 2022-2027 Capital Improvement Program (CIP). As noted previously, VRE has moved from a period of project planning and development (where new projects were frequently being added to the CIP) into a period of project implementation that will last for a number of years. At the same time, the Commonwealth's "Transforming Rail in Virginia" Program will ultimately separate freight and passenger rail operations in the Fredericksburg Line corridor, which has resulted in a number of VRE's planned station projects being reduced or eliminated. Taken together, these changes result in a smaller and more focused CIP, with fewer projects and greater focus on construction.



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
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VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121



RESOLUTION #2427

SUBJECT: Accept and Authorize the Distribution of VRE's FY 2020 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 FY 2020 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 FY2020 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the VRE Chief Executive Officer to forward these documents to interested groups, firms, and members of the public.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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.

VIRGINIA RAILWAY EXPRESS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Virginia Railway Express

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

VIRGINIA RAILWAY EXPRESS

Comprehensive Annual Financial Report

YEARS ENDED JUNE 30, 2020 AND 2019

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Prepared by:

Department of Finance

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Introductory Section



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VIRGINIA RAILWAY EXPRESS

November 3, 2020

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, 2020, 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 2020, VRE operated 32 daily trains in revenue service and carried an average daily ridership of 12,922 over 252 service days. Ridership in the fourth quarter of fiscal year 2020 was negatively affected by the COVID-19 Novel Coronavirus pandemic.

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 2020, 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:** In fiscal year 2020, VRE purchased real property adjacent to the Crossroads Yard facility in Spotsylvania County, as part of the ongoing expansion of that facility. VRE completed work on the Slaters Lane Track Crossover project, which has provided operational flexibility to VRE and other passenger and freight operations. Work was also completed on upgrades to the lighting at several VRE stations. Development efforts continued towards the Midday Storage Facility, a vital multi-year project to construct a replacement storage facility for VRE trains in Washington, DC. Work also continued towards the design and engineering for expansion of several VRE stations and station platforms to allow for future system growth.
- **Systems:** In fiscal year 2020, installation of Positive Train Control (PTC) devices on VRE's locomotives and cab cars was completed, as well as back office implementation. The system is fully in service and compliant with the mandates created by the Rail Safety Improvement Act of 2008. Substantial upgrade work on VRE's Scheidt & Bachmann fare collection system was done in fiscal year 2020, with completion expected in fiscal year 2021. VRE is also in the process of developing its next generation mobile ticketing system heading into fiscal year 2021. VRE completed development of a SharePoint web-based collaborative platform system during fiscal year 2020. 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 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 program and various state rail programs). Both expansion efforts have also received critical regional funding from the Northern Virginia Transportation Authority (NVTA). These expansion efforts 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 traveler information. Taken together, these projects will increase VRE's capacity to carry riders while requiring only modest additional operating expense.

In 2018, the Virginia legislature created the 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 fuel tax revenues 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 \$15 million in C-ROC funds in fiscal year 2020, including \$3.75 million in receivables from fiscal year 2019. VRE ended fiscal year 2020 with \$3.75 million in C-ROC receivables. 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 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. During fiscal year 2016, a companion Financial Plan was completed that identified the costs, revenues, and funding gaps associated with System Plan 2040. This Financial Plan was critical to making the case to the legislature for the creation of the C-ROC.

In December 2019, Governor Ralph Northam announced the Transforming Rail in Virginia program, which includes a landmark agreement between the Commonwealth and CSX Transportation (CSXT) for the acquisition of railroad right-of-way in the RF&P Corridor. This ambitious program of capital improvements, which includes the construction of a new passenger-dedicated two-track Long Bridge across the Potomac River, will occur in phases over the next decade and beyond. The investments will improve the capacity and reliability of both commuter (VRE) and intercity passenger (Amtrak) services while maintaining freight interoperability in the corridor.

The program of projects will address many of the needs identified in VRE's System Plan 2040, and VRE is currently in discussions with the Commonwealth on an agreement to contribute C-ROC funds in order to advance key early priorities of the program. The agreement between the Commonwealth and CSXT also will result in changes to operations in the corridor, with passenger and freight traffic being largely segregated. This in turn has changed VRE's plans for station expansions on the Fredericksburg Line, and VRE staff are currently updating the scopes, schedules, and budgets for those station projects.

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 has remained 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. The Transforming Rail in Virginia program recently undertaken by the Commonwealth will address many of the major investment needs identified in VRE's System Plan 2040 – most notably, providing additional passenger capacity across the Potomac River – and will position VRE for continued long-term growth.

However, the near-term financial outlook is uncertain given the COVID-19 pandemic. The pandemic has been challenging for individuals and organizations of all types, and transportation providers are no exception. As of October 2020, daily ridership on VRE remains down over 90 percent from normal levels. Some riders are choosing to drive rather than ride the train, but many others simply do not have to travel and are able to work away from the office (sometimes called 'telework'). Until the federal government and other employers begin to bring significant numbers of employees back to their offices, which may not happen until a vaccine is widely available, VRE ridership is expected to remain low.

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, 2019. 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
Chief Executive Officer



Mark Schofield
Chief Financial Officer



Alexander E. Buchanan
Comptroller

DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL

Operations Board

Officers

Chairman	Hon. Gary Skinner, Spotsylvania County
Vice-Chairman	Hon. Elizabeth Bennett-Parker, City of Alexandria
Secretary	Hon. Jeanine Lawson, Prince William County
Treasurer	Hon. James Walkinshaw, Fairfax County

Members

Hon. Walter Alcorn, Fairfax County
Hon. Andrea Bailey, Prince William County
Hon. Preston Banks, City of Manassas Park
Hon. Meg Bohmke, Stafford County
Hon. Katie Cristol, Arlington County
Hon. Margaret Franklin, Prince William County
Hon. Matthew Kelly, City of Fredericksburg
Jennifer Mitchell, VDRPT
Hon. Cindy Shelton, Stafford County
Hon. Ralph Smith, City of Manassas
Hon. Dan Storck, Fairfax County

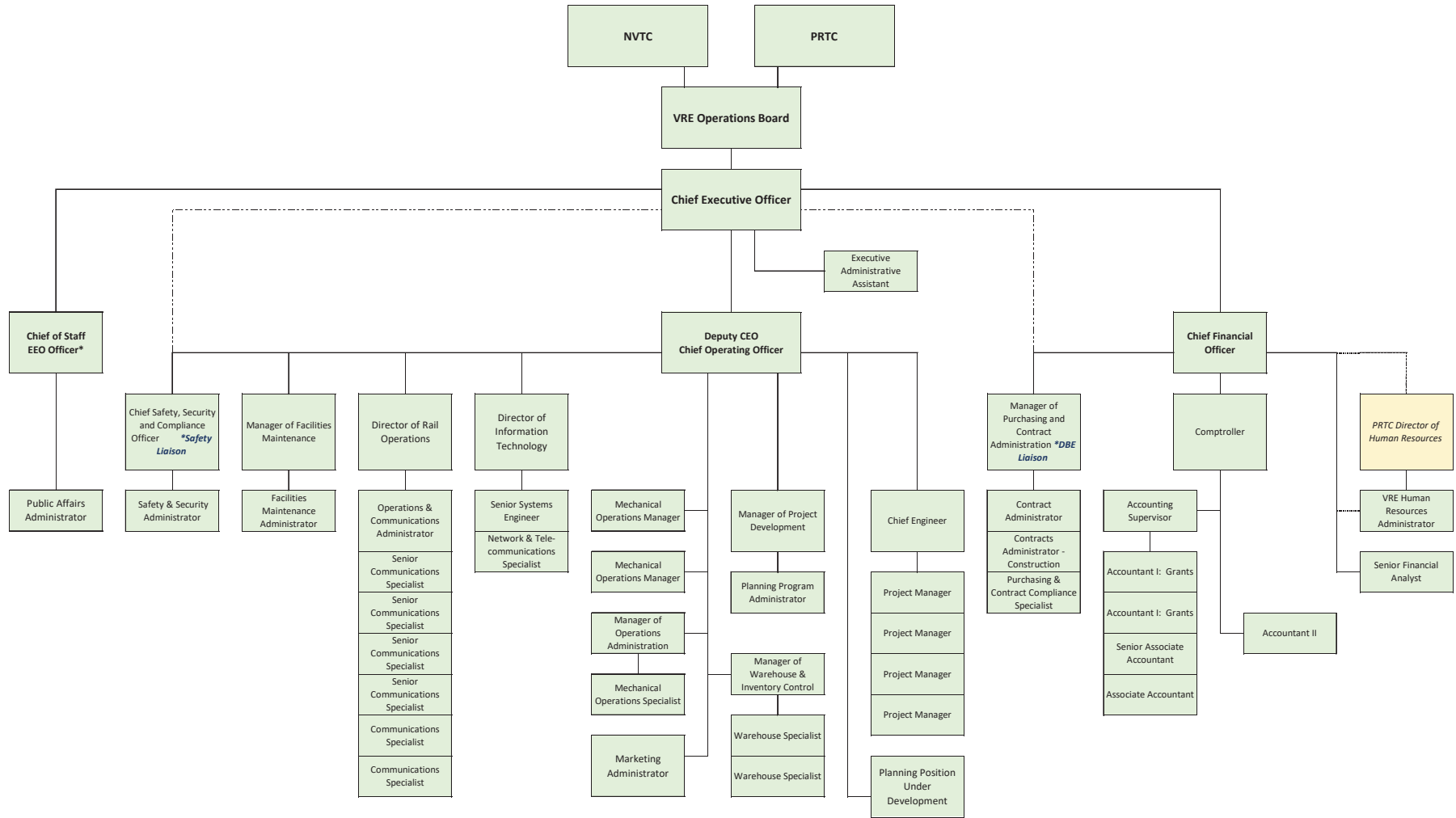
Alternates

Hon. Canek Aguirre, City of Alexandria
Hon. Victor Angry, Prince William County
Hon. Pete Candland, Prince William County
Hon. Hector Cendejas, City of Manassas Park
Hon. Deborah Frazier, Spotsylvania County
Hon. Libby Garvey, Arlington County
Hon. Jason Graham, City of Fredericksburg
Hon. Jeff McKay, Fairfax County
Michael McLaughlin, VDRPT
Hon. Pamela Sebesky, City of Manassas
Hon. Gary Snellings, Stafford County
Hon. Ann Wheeler, Prince William County

Management

Chief Executive Officer	Richard Dalton
Chief of Staff	Joe Swartz
Chief Financial Officer	Mark Schofield
Comptroller	Alexander E. Buchanan
Director, Rail Operations	Chris Henry

Virginia Railway Express
Organizational Chart
As of June 30, 2020



* Note: Chief Safety, Security and Compliance Officer reports to the CEO in matters related to safety and security

Manager of Purchasing and Contract Administration reports to the CEO in matters related to their duties as DBE liaison

Chief of Staff reports to the CEO in matters related to EEO

VRE HR Administrator reports to PRTC Director of HR, who then reports to CFO in matters related to VRE human resources

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, 2020 and 2019, 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, 2020 and 2019, 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 60-65, 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 November 3, 2020 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 the effectiveness of VRE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the VRE's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 3, 2020



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, 2020. 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 17.3 percent compared to the prior year, from \$42,304,835 to \$34,969,771. Ridership decreased 26.9 percent from 4,477,266 to 3,273,884, reflecting the effects of the COVID-19 Novel Coronavirus (COVID) pandemic during the fourth quarter of fiscal year 2020. Average daily ridership was 12,992 in fiscal year 2020 compared to 18,053 in fiscal year 2019. Average daily ridership in fiscal year 2020 was 18,329 through the end of February 2020, the last month prior to the negative ridership effects of COVID.
- Operating expenses increased by 1.1 percent from \$77,681,532 to \$78,525,443, as the result of increased State of Good Repair expenditures, regular contractual increases for operations, maintenance and access fees, and increased insurance costs, offset by decreases in most other operating expenses.
- Non-operating revenue increased by 5.4 percent from \$67,401,206 to \$71,011,568 primarily as the result of additional COVID-related operating aid from the Commonwealth of Virginia and accrued operating support related to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Capital grants and assistance increased by 4.2 percent from \$7,263,131 to \$7,564,734 as a result of increased capital project spending. 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 \$43,555,673, an increase from the previous year of 23.1 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 \$14,612,806 from \$394,202,648 to \$408,815,454, or 3.7 percent, primarily as the result of grants and contributions for capital improvements, the effect of the Commuter Rail Operating and Capital (C-ROC) Fund, and the additional operating support from the Commonwealth of Virginia and the CARES Act due to COVID-19. At the end of the fiscal year, unrestricted net position was \$114,277,648, an increase of \$16,306,972.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, decreased by 2.0 percent, as the combined result of low capital expenditures during the fiscal year, the write-off to expense of two discontinued CIP projects 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 23-59 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, 2020, 2019, and 2018 is shown below. The earliest year presented was restated for implementation of GASB Statement No. 75.

Condensed Statements of Net Position

	2020	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current and other assets	\$ 136,952,127	\$ 123,251,966	\$ 95,835,889
Capital assets, net	335,019,850	341,997,029	352,798,880
Deferred outflows of resources	1,181,041	840,915	884,315
Total assets and deferred outflows of resources	473,153,018	466,089,910	449,519,084
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current portion of long-term debt	3,906,946	3,730,497	3,716,789
Other current liabilities	7,126,123	10,778,148	8,642,749
Noncurrent liabilities	53,129,940	57,164,548	61,216,736
Deferred inflows of resources	174,555	214,069	296,614
Total liabilities and deferred inflows of resources	64,337,564	71,887,262	73,872,888
NET POSITION:			
Net investment in capital assets	279,674,828	282,554,207	289,271,966
Restricted	14,862,978	13,677,765	13,627,126
Unrestricted	114,277,648	97,970,676	72,747,104
Total net position, as restated	\$ 408,815,454	\$ 394,202,648	\$ 375,646,196

Current Year

Net position increased by approximately \$14.6 million, or 3.7 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements and the Commuter Rail Operating and Capital (C-ROC) Fund.

The largest portion of VRE's net position, \$279.7 million or 68.4 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 \$1.2 million or 8.7 percent, primarily related to the repayment of \$1.37 million of credit risk premium related to the extinguished FRA loan. The majority of VRE's restricted net position, \$10.3 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, decreased approximately \$7.0 million or 2.0 percent as the result of low capital expenditures during the fiscal year, the write-off to expense of two discontinued CIP projects and the recognition of annual depreciation and amortization.

Current liabilities decreased approximately \$3.5 million or 24.0 percent as the result of decreases in Accounts Payable, Accrued Expenses and Payables to Commissions.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$4.0 million or 7.1 percent because of scheduled note and capital lease repayments during the year.

Prior 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.

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.

	2020	2019	2018
Operating revenues:			
Passenger revenue	\$ 34,701,955	\$ 41,990,599	\$ 42,221,002
Equipment rentals and other	267,816	314,236	269,168
Total operating revenues	34,969,771	42,304,835	42,490,170
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	18,712,734	17,447,509	17,145,270
Federal – with PRTC as grantee	15,271,669	15,229,460	15,362,802
Federal – CARES Act	2,688,095	-	-
Jurisdictional contributions	17,767,748	17,767,748	17,250,240
Commuter Rail Operating and Capital Fund	15,000,000	15,000,000	-
Regional transportation funding (NVTa)	-	194,506	766,586
Interest income	1,571,322	1,761,983	749,062
Gain (loss) on disposal of assets	-	-	(551,457)
Total nonoperating revenues, net	71,011,568	67,401,206	50,722,503
Total revenues	105,981,339	109,706,041	93,212,673
Operating expenses:			
Contract operations and maintenance	28,076,445	26,946,284	26,917,081
Other operations and maintenance	15,446,821	16,579,038	17,492,047
Property leases and access fees	17,425,916	16,698,897	16,693,442
Insurance	4,370,863	3,945,668	3,766,321
Marketing and sales	2,189,698	2,574,583	2,529,388
General and administrative	11,015,700	10,937,062	11,651,412
Total operating expenses	78,525,443	77,681,532	79,049,691
Other expenses:			
Depreciation and amortization	19,690,320	18,542,805	18,201,071
Interest, financing costs and other	2,089,883	2,188,383	3,147,164
Total other expenses	21,780,203	20,731,188	21,348,235
Total expenses	100,305,646	98,412,720	100,397,926
Surplus (Deficit) before capital contributions and extraordinary item	5,675,693	11,293,321	(7,185,253)
Capital grants and assistance:			
Commonwealth of Virginia grants	2,110,561	1,417,527	13,010,326
Federal grants – with PRTC as grantee	3,696,057	3,541,398	9,559,056
Regional transportation funding (NVTa)	1,758,116	2,304,206	615,190
In-kind and other local contributions	-	-	12,842
Total capital grants and assistance	7,564,734	7,263,131	23,197,414
Extraordinary or Special Item	1,372,379	-	-
Change in net position	14,612,806	18,556,452	16,012,161
Net position - beginning of year, as restated	394,202,648	375,646,196	359,634,035
Net position - end of year	\$ 408,815,454	\$ 394,202,648	\$ 375,646,196

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

Revenues

Current Year

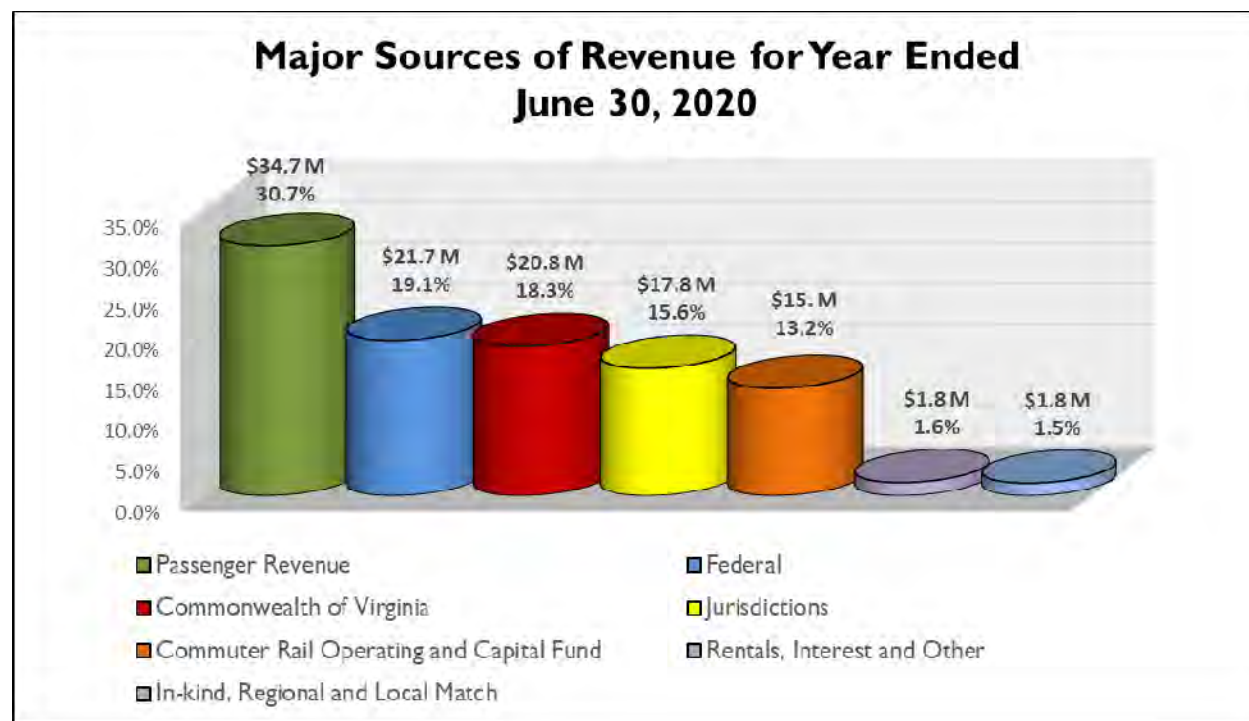
Total revenues for the current fiscal year decreased approximately \$3.7 million or 3.4 percent. Operating revenues totaled approximately \$35.0 million, a decrease of 17.3 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs were unchanged from fiscal year 2019. State, federal and regional subsidies increased by \$3.8 million, primarily as the result of additional aid from the Commonwealth of Virginia and an accrual of CARES Act funding, both related to the COVID-19 pandemic. Fiscal year 2020 is the second year of the Commuter Rail Operating and Capital (C-ROC) Fund, with \$15.0 million due to VRE each year.

Passenger revenue decreased approximately \$7.3 million or 17.4 percent, reflecting the effects of the COVID-19 pandemic in fourth quarter of fiscal year 2020. Total ridership decreased by 26.9 percent as the result of the same factor. Average daily ridership was 12,992 in fiscal year 2020 compared to 18,053 in fiscal year 2019.

	June 30,		
	2020	2019	2018
Ridership	3,273,884	4,477,266	4,705,529
% Increase (Decrease)	(26.90%)	(4.90%)	(1.20%)

Capital grants and assistance increased approximately \$0.3 million or 4.15 percent; this increase is attributed to increases in capital project spending in fiscal year 2020. 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, 2020:



Prior Year

Total revenues for the previous 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.

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.

Expenses

Current Year

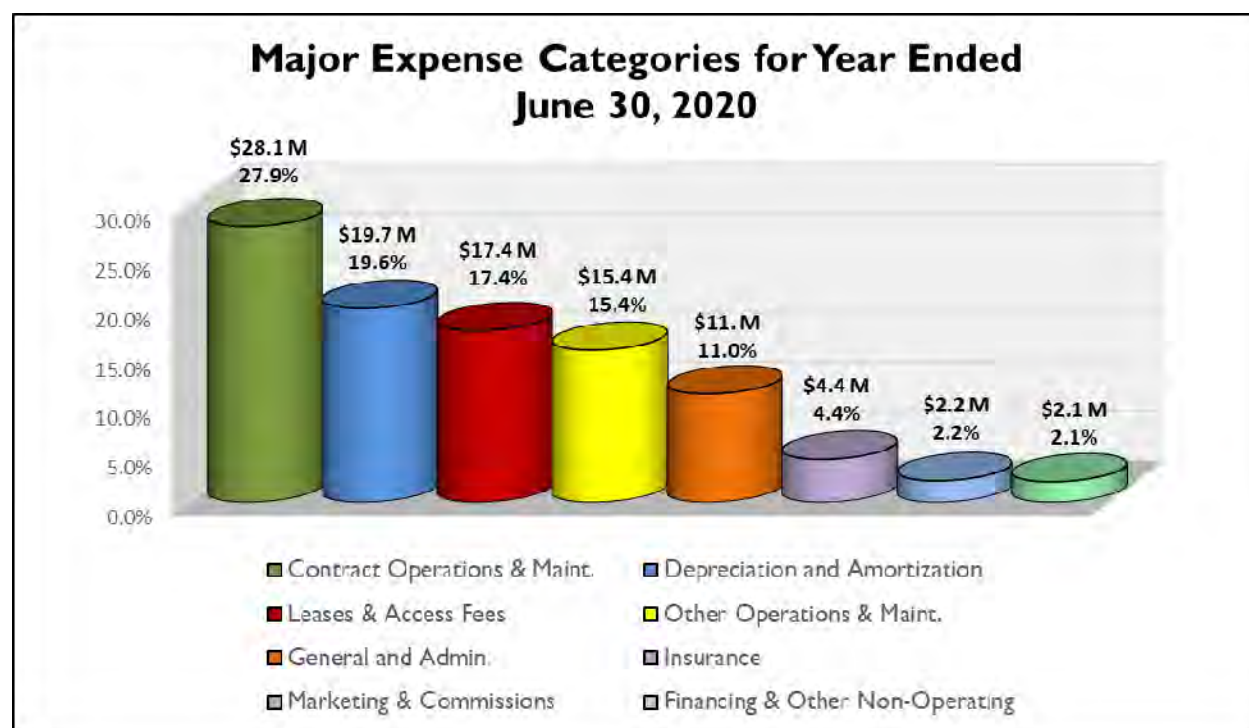
Total operating and other expenses, including depreciation and amortization, increased by approximately \$1.9 million or 1.9 percent. Operating expenses increased by approximately \$0.8 million or 1.1 percent. Total operating expenses were approximately \$78.5 million compared to \$77.7 million for the prior fiscal year.

Contract operations and maintenance increased by approximately \$1.1 million or 4.2 percent, reflecting annual contractual increases, increased incentives earned, and additional COVID-19 related task order work, offset by reduced Amtrak Step-Up ticket costs. Insurance costs increased by \$0.4 million or 10.8 percent due to changes in the global insurance market for commuter railroads. Property lease and access fee costs increased by \$0.7 million or 4.4 percent due to annual contractual increases.

Other operations and maintenance costs decreased by \$1.1 million or 6.8 percent due primarily to a decrease in diesel fuel costs and various other operating costs due to reductions of service during the COVID-19 pandemic. General and administrative costs remained effectively flat, increasing by less than \$0.1 million or 0.7 percent, primarily due to decreased consulting and professional services costs offset by the write off to expense of two old discontinued CIP projects.

Depreciation and amortization increased by approximately \$1.1 million or 6.2 percent and net interest and financing costs decreased by approximately \$0.1 million or 4.5 percent.

The following chart shows the major expense categories for the year ended June 30, 2020:



Prior Year

Total operating and other expenses, including depreciation and amortization, decreased by approximately \$2.0 million or 2.0 percent in the previous year. 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 a 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.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2020 totals approximately \$335 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.

	2020	2019	2018
Rolling stock	\$ 285,279,918	\$ 285,279,918	\$ 285,279,918
Vehicles	145,560	145,560	117,043
Facilities	112,809,451	109,851,787	105,935,704
Track and signal improvements	99,528,959	83,434,528	83,434,528
Equipment and software	12,126,666	12,126,666	12,126,666
Construction in progress	24,003,731	30,741,671	27,297,997
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	6,389,452	6,053,916	5,711,211
	546,071,024	533,421,333	525,690,354
Less accumulated depreciation and amortization	(211,051,174)	(191,424,304)	(172,891,474)
Total capital assets, net	\$ 335,019,850	\$ 341,997,029	\$ 352,798,880

Current Year

During fiscal year 2020, capital assets decreased approximately \$7.0 million or 2.0 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$19.4 million were transferred from construction in progress to their respective capital accounts and an additional \$14,986 was charged directly to the capital accounts. No capital assets were sold in fiscal year 2020. Two older construction in progress projects related to Broad Run station and yard, both in the preliminary design phase, were determined to be redundant due to newer development plans for this location, and were written off to expense, totaling \$0.7 million.

The major completed projects during the fiscal year were Positive Train Control (\$13.5 million), the Slaters Lane Track Crossover Improvements (\$2.6 million), the Crossroads Maintenance Storage Facility Land Acquisition (\$2.5 million), Lighting Upgrades at various stations (\$0.4 million) and SharePoint Development and Implementation (\$0.4 million).

Due to the computer and software-based nature of Positive Train Control, this asset is being depreciated over five years, unlike most Track and Signal projects, which are typically depreciated over thirty years.

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Maintenance Storage Facility Land Acquisition (\$2.4 million), completion of Positive Train Control (\$1.9 million), the Scheidt & Bachmann Fare Collection System EMV Compliance Upgrade (\$1.2 million), development of the Passenger Counter System (\$1.2 million), completion of the Slaters Lane Track Crossover Improvements (\$1.1 million), ongoing development of the Midday Storage Yard project (\$0.7 million), Alexandria Station Improvements (\$0.6 million), and the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$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 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.

Debt Administration

At June 30, 2020, VRE had total debt outstanding of \$50,661,916.

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 from the proceeds of 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 were secured by the related equipment and ended in fiscal year 2020.

	2020		2019		2018
Bond payable	\$ 42,120,000	\$	44,360,000	\$	46,640,000
Capital leases	8,541,916		10,032,413		11,469,202
Total	\$ 50,661,916	\$	54,392,413	\$	58,109,202

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 long-term demand for VRE's service. The constraining factors to VRE growth in the near-term are the current COVID-19 pandemic and its effects, as well as station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The local subsidy for fiscal year 2021 increased by 3.0 percent to \$18,300,780. Fares were held constant; the previous general fare increase was 3.0 percent in fiscal year 2020. 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 2021. Additional sources of funding will be available in fiscal year 2021 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, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 97,142,781	\$ 75,278,280
Accounts receivable:		
Federal Due from PRTC	9,006,275	13,690,788
Federal CARES Act	2,688,095	-
Commonwealth of Virginia grants	5,415,225	8,033,524
Commonwealth Rail Operating and Capital (C-ROC) Fund	3,750,000	3,750,000
Trade receivables, net of allowance for doubtful accounts	594,027	3,136,008
Other receivables	602,064	2,344,239
Inventory	2,751,678	2,846,838
Prepaid expenses and other	139,004	174,015
Restricted cash, cash equivalents and investments	14,862,978	13,677,765
Total current assets	136,952,127	122,931,457
Noncurrent Assets:		
Pension asset	-	320,509
Capital assets:		
Rolling stock	285,279,918	285,279,918
Vehicles	145,560	145,560
Facilities	112,809,451	109,851,787
Track and signal improvements	99,528,959	83,434,528
Equipment and software	12,126,666	12,126,666
Construction in progress	24,003,731	30,741,671
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	6,389,452	6,053,916
	546,071,024	533,421,333
Less accumulated depreciation and amortization	(211,051,174)	(191,424,304)
Total capital assets, net	335,019,850	341,997,029
Total noncurrent assets	335,019,850	342,317,538
Total assets	471,971,977	465,248,995
Deferred Outflows of Resources:		
Loss on refunding	393,423	424,280
Pension plan	680,256	340,985
Other postemployment benefits	107,362	75,650
Total deferred outflows of resources	1,181,041	840,915
Total assets and deferred outflows of resources	\$ 473,153,018	\$ 466,089,910

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET POSITION (Continued) June 30, 2020 and 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2020	2019
Current Liabilities:		
Accounts payable	\$ 2,229,822	\$ 3,086,899
Payable to commissions	1,383,673	2,030,009
Compensated absences	107,523	27,783
Accrued expenses	1,005,217	3,154,443
Accrued interest	565,271	602,003
Unearned revenue	1,818,911	1,877,011
Contract retainage	15,706	-
Current portion of bonds payable	2,350,000	2,240,000
Current portion of capital lease obligations	1,556,946	1,490,497
Total current liabilities	11,033,069	14,508,645
Noncurrent Liabilities:		
Pension liability	212,336	-
Other postemployment benefits	457,084	431,852
Bonds payable	44,846,530	47,594,689
Capital lease obligations	6,984,969	8,541,916
Compensated absences	629,021	596,091
Total noncurrent liabilities	53,129,940	57,164,548
Total liabilities	64,163,009	71,673,193
Deferred Inflows of Resources:		
Pension plan	141,890	174,477
Other postemployment benefits	32,665	39,592
Total deferred inflows of resources	174,555	214,069
Net Position:		
Net investment in capital assets	279,674,828	282,554,207
Restricted for liability insurance plan	10,320,199	10,527,621
Restricted for debt service	2,016,642	2,029,382
Restricted grants or contributions	2,526,137	1,120,762
Unrestricted assets	114,277,648	97,970,676
Total net position	408,815,454	394,202,648
Total liabilities, deferred inflows of resources and net position	\$ 473,153,018	\$ 466,089,910

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues:		
Passenger revenue	\$ 34,701,955	\$ 41,990,599
Equipment rentals and other	267,816	314,236
Total operating revenues	34,969,771	42,304,835
Operating Expenses:		
Contract operations and maintenance	28,076,445	26,946,284
Other operations and maintenance	15,446,821	16,579,038
Property leases and access fees	17,425,916	16,698,897
Insurance	4,370,863	3,945,668
Marketing and sales	2,189,698	2,574,583
General and administrative	11,015,700	10,937,062
Total operating expenses	78,525,443	77,681,532
Operating loss before depreciation and amortization	(43,555,672)	(35,376,697)
Depreciation and Amortization	(19,690,320)	(18,542,805)
Operating loss	(63,245,992)	(53,919,502)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	18,712,734	17,447,509
Federal grants – with PRTC as grantee	15,271,669	15,229,460
Federal CARES Act	2,688,095	-
Jurisdictional contributions	17,767,748	17,767,748
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	15,000,000
Regional transportation funding (NVT A)	-	194,506
Interest income:		
Operating funds	1,009,626	1,360,241
Insurance trust	218,621	221,184
Commonwealth Rail Operating and Capital (C-ROC) Fund	294,176	117,075
Other restricted funds	48,899	63,483
Interest, amortization and other nonoperating expenses, net	(2,089,883)	(2,188,383)
Total nonoperating revenues, net	68,921,685	65,212,823
Capital Grants and Assistance:		
Commonwealth of Virginia grants	2,110,561	1,417,527
Federal grants – with PRTC as grantee	3,696,057	3,541,398
Regional transportation funding (NVT A)	1,758,116	2,304,206
Total capital grants and assistance	7,564,734	7,263,131
Extraordinary or Special Items	1,372,379	-
Change in net position	14,612,806	18,556,452
Net Position, beginning of year	394,202,648	375,646,196
Net Position, ending	\$ 408,815,454	\$ 394,202,648

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Receipts from customers	\$ 37,686,271	\$ 41,793,057
Payments to suppliers	(71,274,746)	(70,609,174)
Payments to employees	(8,297,670)	(6,996,624)
Net cash used in operating activities	(41,886,145)	(35,812,741)
Cash Flows from Noncapital Financing Activities:		
Governmental subsidies	59,460,186	52,694,170
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(14,912,680)	(5,498,100)
Capital grants and assistance	23,669,068	17,235,557
Principal paid on capital lease obligations	(1,490,498)	(1,436,789)
Principal paid on bonds	(2,240,000)	(2,280,000)
Interest paid on capital lease obligation	(443,518)	(510,516)
Interest paid on bonds and notes	(2,050,400)	(2,010,993)
Extraordinary or special events	1,372,379	-
Net cash provided by capital and related financing activities	3,904,351	5,499,159
Cash Flows from Investing Activities:		
Interest received on investments	1,571,322	1,761,983
Increase in cash and cash equivalents	23,049,714	24,142,571
Cash and Cash Equivalents, beginning	88,956,045	64,813,474
Cash and Cash Equivalents, ending	\$ 112,005,759	\$ 88,956,045
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (63,245,992)	\$ (53,919,502)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	19,690,320	18,542,805
Pension benefit (expense)	142,704	(104,719)
Other postemployment expense	(13,822)	(7,470)
Write-off of construction in progress to expense	677,504	-
(Increase) decrease in:		
Accounts receivable	2,541,981	(448,350)
Other receivables	232,620	(238,061)
Inventory	95,160	442,709
Prepaid expenses and other	35,011	(29,236)
Deferred outflows of resources – pension contributions	18,281	31,513
Deferred outflows of resources – other postemployment benefit contributions	415	(1,448)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,002,227)	(255,615)
Unearned revenue	(58,100)	174,633
Net cash used in operating activities	\$ (41,886,145)	\$ (35,812,741)
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 886,430	\$ 1,926,271
Capital assets acquired through accrued liabilities	284,571	728,471

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 \$14,862,978 and \$13,677,765 at June 30, 2020 and 2019, 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, funds from the refund of the credit risk premium related to the retired RRIF loan 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 \$173,000 and \$210,000 at June 30, 2020 and 2019, 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	5-30 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, 2020 and 2019.

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 eight items that qualify for reporting in this category. The first item relates to the deferred loss on refinancing. The remaining seven 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 six items that qualify for reporting in this category. See Notes 5 and 6 for details regarding these items.

Pensions: The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the VRE's retirement plan) is a multi-employer, agent plan. 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.

Net position flow assumption: Sometimes the VRE will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 November 3, 2020, 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, 2020 and 2019, the book balance of VRE's deposits with banks was \$6,813,744 and \$3,875,117, 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, 2020 and 2019, VRE had investments of \$92,911,834 and \$72,579,677, 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, 2020 and 2019, VRE had \$10,263,540 and \$10,471,870, respectively, invested in the Insurance Trust. In fiscal years 2020 and 2019, earnings on the Insurance Trust in the amount of \$218,621 and \$221,184, 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, 2020 and 2019, VRE had \$2,016,642 and \$2,029,382, respectively, invested in the VRA Debt Service Reserve Fund.

As of June 30, 2020 and 2019, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2020	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 92,911,834	\$ 92,911,834
Insurance trust fund - pooled funds	10,263,540	10,263,540
VRS debt service reserve fund	2,016,642	2,016,642
Total investments	\$ 105,192,016	\$ 105,192,016

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
VRS debt service reserve fund	2,029,382	2,029,382
Total investments	\$ 85,080,929	\$ 85,080,929

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 \$2,016,642 as of June 30, 2020, 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, 2020 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 30,741,671	\$ 13,375,659	\$ (677,504)	\$ (19,436,095)	\$ 24,003,731
Capital assets being depreciated or amortized:					
Rolling stock	285,279,918	-	-	-	285,279,918
Vehicles	145,560	-	-	-	145,560
Facilities	109,851,787	-	-	2,957,664	112,809,451
Track and signal improvements	83,434,528	-	-	16,094,431	99,528,959
Equipment and software	12,126,666	-	-	-	12,126,666
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	6,053,916	14,986	(63,450)	384,000	6,389,452
Total capital assets being depreciated or amortized	502,679,662	14,986	(63,450)	19,436,095	522,067,293
Less accumulated depreciation or amortization for:					
Rolling stock	93,536,207	11,600,882	-	-	105,137,089
Vehicles	73,350	26,259	-	-	99,609
Facilities	44,770,009	3,329,747	-	-	48,099,756
Track and signal improvements	32,194,268	4,186,538	-	-	36,380,806
Equipment and software	11,917,784	202,883	-	-	12,120,667
Equity in property of others	3,968,506	164,593	-	-	4,133,099
Furniture, equipment and software	4,964,180	179,418	(63,450)	-	5,080,148
Total accumulated depreciation or amortization	191,424,304	19,690,320	(63,450)	-	211,051,174
Total capital assets being depreciated or amortized, net	311,255,358	(19,675,334)	-	19,436,095	311,016,119
Total capital assets	\$ 341,997,029	\$ (6,299,675)	\$ (677,504)	\$ -	\$ 335,019,850

The chart above reflects the completion of the Positive Train Control project at a value of \$13.5 million, completion of the Slaters Lane Track Crossover Improvements at \$2.6 million, purchase of the Crossroads Maintenance Storage Facility Land at a value of \$2.5 million, lighting upgrades at various stations at a value of \$0.4 million and completion of the SharePoint Development and Implementation project at a value of \$0.4 million.

Due to the computer and software-based nature of Positive Train Control, this asset is being depreciated over five years, unlike most Track and Signal assets, which are typically depreciated over thirty years.

The chart also reflects a reduction of approximately \$678,000 in construction in progress reclassified to operating expense. This was related to two older construction in progress projects related to Broad Run station and yard, both in the preliminary design phase, that were determined to be redundant due to newer development plans for this location, and were expensed.

The capital lease for two multifunction copier capital leases ended during fiscal year 2020. The units were subsequently purchased by VRE for under \$5,000 per unit, our capitalization threshold and have been removed from capital assets.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

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
Total capital assets	\$ 352,798,880	\$ (10,801,851)	\$ -	\$ -	\$ 341,997,029

Note 4. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2020:

	Beginning Balance	Increases	Deletions	Ending Balance	Due Within One Year
Capital leases	\$ 10,032,413	\$ -	\$ (1,490,498)	\$ 8,541,915	\$ 1,556,946
Bond payable	44,360,000	-	(2,240,000)	42,120,000	2,350,000
Unamortized premium	5,474,689	-	(398,159)	5,076,530	-
	59,867,102	-	(4,128,657)	55,738,445	3,906,946
Compensated absences	623,874	390,705	(278,035)	736,544	107,523
	\$ 60,490,976	\$ 390,705	\$ (4,406,692)	\$ 56,474,989	\$ 4,014,469

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 \$12,946,565.

\$ 8,541,916

Future minimum lease payments as of June 30, 2020 are as follows:

Years Ending June 30,	Amount
2021	\$ 1,931,357
2022	1,931,357
2023	1,931,357
2024	1,931,357
2025	1,931,357
Total minimum lease payments	<u>9,656,785</u>
Less amount representing interest	<u>1,114,869</u>
Present value of lease payments	<u>\$ 8,541,916</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. Leases retired in fiscal year 2020, and the copiers purchased at under \$5,000 per unit.

\$ -

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 \$60,782,688 at June 30, 2020.

\$ 42,120,000

Mandatory debt service on Bond payable requirements as of June 30, 2020 are as follows:

Years Ending June 30,	Principal	Interest	Total Required
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	2,885,000	1,404,303	4,289,303
2026-2030	16,875,000	4,583,259	21,458,259
2031-2033	12,185,000	687,522	12,872,522
Subtotal	42,120,000	13,664,644	55,784,644
Unamortized premium	5,076,530	-	5,076,530
Total	\$ 47,196,530	\$ 13,664,644	\$ 60,861,174

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan 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, service credit 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><i>Hybrid Opt-In Election</i> VRS 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. 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>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><i>Hybrid Opt-In Election</i> 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. 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><i>*Non-Eligible Members</i> 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
<p>Retirement Contributions Members contribute 5% of their compensation each month to their member contribution account through a pretax 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.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined Contribution Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1. <i>Defined Contribution Component:</i> 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: 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%.	Service Retirement Multiplier VRS: 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 service credit earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <i>Defined Benefit Component:</i> VRS: The retirement multiplier for the defined benefit component is 1.0%. For members that 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.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Not applicable.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.
Political subdivision hazardous duty employees: Age 60.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.	Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.
Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.	Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit.
Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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 The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, 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 service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. 	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%. <i>Eligibility:</i> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component:</i> Same as Plan 2. <i>Defined Contribution Component:</i> Not applicable. <i>Eligibility:</i> Same as Plan 1 and Plan 2. <i>Exceptions to COLA Effective Dates:</i> 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) <u>Exceptions to COLA Effective Dates (continued):</u> <ul style="list-style-type: none"> • 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. 		
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.	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.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit 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 <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component:</i> Not applicable.

B. Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	28
Inactive members:	
Vested	21
Non-vested	24
Active elsewhere in VRS	9
Total inactive members	54
Active members	95
Total covered employees	177

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, 2020 was 4.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018.

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 \$187,561 and \$205,842 for the years ended June 30, 2020 and 2019, respectively.

D. Net Pension Asset/Liability

VRE's net pension liability 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, 2019. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

E. Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% 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, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
			7.63%

* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

G. Discount Rate

The discount rate used to measure the total pension asset was 6.75%. 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, 2019, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2018, actuarial valuations, whichever was greater. From July 1, 2019 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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

H. Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
Balances at June 30, 2018	\$ 17,978,233	\$ 18,530,278	\$ (552,045)
Changes for the Year:			
Service cost	747,243	-	747,243
Interest	1,233,409	-	1,233,409
Assumption changes	631,239	-	631,239
Difference between expected and actual experience	312,560	-	312,560
Contributions – employer	-	354,543	(354,543)
Contributions – employee	-	414,063	(414,063)
Net investment income	-	1,249,744	(1,249,744)
Benefit payments, including refunds of employee contributions	(716,216)	(716,216)	-
Administrative expense	-	(11,937)	11,937
Other changes	-	(791)	791
Net changes	2,208,235	1,289,406	918,829
Balances at June 30, 2019	\$ 20,186,468	\$ 19,819,684	\$ 366,784

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 liability of \$212,336 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2019. VRE's percentage of total contributions to the plan was 57.89 percent. This percentage was used to allocate a portion of the net pension asset to VRE.

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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
VRE's net pension liability (asset)	\$ 3,069,540	\$ 366,784	\$ (1,775,482)

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

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

For the year ended June 30, 2020, VRE recognized pension expense of (\$160,987). 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	\$ 211,658	\$ -
Change in assumption	281,037	(43,705)
Net difference between projected and actual earnings on pension plan investments	-	(98,185)
Employer contributions subsequent to the measurement date	187,561	-
Total	\$ 680,256	\$ (141,890)

The \$187,561 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 135,437
2022	37,077
2023	131,008
2024	47,283
	\$ 350,805

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 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. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

The VRS Group Life Insurance Program (GLI) is another 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
<p><i>Eligible Employees</i></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><i>Benefit Amounts</i></p> <p>The benefits payable under the GLI have several components.</p> <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
<p><i>Reduction in Benefit Amounts</i></p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. 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 \$28,334 and \$28,749 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, VRE reported a liability of \$457,084 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2019 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was \$28,634 or 0.04626% as compared to \$28,120 or 0.04670% at June 30, 2018.

For the year ended June 30, 2020, VRE recognized GLI OPEB expense of \$14,927. 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, 2020, 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
Differences between expected and actual experience	\$ 30,399	\$ (5,929)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(9,389)
Change in assumptions	28,858	(13,783)
Changes in proportion	19,771	(3,564)
Employer contributions subsequent to the measurement date	28,334	-
Total	\$ 107,362	\$ (32,665)

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 \$457,084 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2019. VRE's percentage of total contributions to the plan was 60.7 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 \$28,334 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, 2021. 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
2021	\$ 6,700
2022	6,700
2023	10,677
2024	11,154
2025	8,737
Thereafter	2,395
Total	\$ 46,363

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Investment rate of return	6.75%, 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 assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

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, 2019, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,390,238
Plan fiduciary net position	<u>1,762,972</u>
GLI net OPEB liability	<u>\$ 1,627,266</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 52.00%

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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
	Inflation		2.50%
			7.63%

* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by employers for the VRS GLI OPEB Plan 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 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 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 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
VRE	\$ 600,482	\$ 457,084	\$ 340,792

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/Pdf/Publications/2019-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, 2020 and 2019, annual track usage fees totaled approximately \$10,527,000 and \$9,875,000, respectively, and facility and other identified costs totaled approximately \$584,000 and \$639,000, respectively. The increase in track usage fees primarily reflects normal annual increases to the base fees.

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 and ended June 30, 2020. A new agreement became effective on July 1, 2020. For the years ended June 30, 2020 and 2019, costs for track access and equipment storage totaled approximately \$6,714,000 and \$6,597,000, respectively, and midday maintenance, utility and other services totaled approximately \$4,345,000 and \$4,515,000, respectively. Cost adjustments will be made in fiscal year 2021 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, 2020 and 2019 totaled approximately \$23,654,000 and \$22,512,000, respectively. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2020 reflect contractual increases and added services, including a focus on asset maintenance programs. Costs for fiscal year 2021 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 2020 and 2019, these payments included \$7,767,519 and \$7,643,259 of salary-related costs and \$30,395 and \$6,100 of administrative costs, respectively, which are functionally classified with similar payments made directly to vendors and contractors. In addition, VRE pays the Commissions for direct labor and associated indirect costs incurred for services rendered under budgeted activities for VRE. These staff support payments totaled \$80,000 to NVTC for both periods, and \$110,696 and \$119,881 to PRTC during 2020 and 2019, respectively.

VRE also contracts with PRTC for connecting bus service to selected stations on an as needed basis. PRTC bus service costs amounted to approximately \$1,666 and \$656 in 2020 and 2019, respectively. Amounts payable to NVTC and PRTC were \$11,268 and \$1,372,405, respectively, at June 30, 2020 and \$14,781 and \$2,015,228, respectively, at June 30, 2019.

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 \$139,000 at June 30, 2020 and \$133,000 at June 30, 2019.

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, 2020 and 2019 was as follows:

	2020	2019
Beginning balance, July 1	\$ 10,471,870	\$ 10,481,904
Contribution to reserves	3,900,136	3,700,000
Insurance premiums paid	(4,256,144)	(3,714,256)
Claims mitigation and losses incurred	(55,493)	(189,035)
Investment income	218,621	221,184
Actuarial and administrative charges	(15,450)	(27,927)
Ending balance, June 30	<u>\$ 10,263,540</u>	<u>\$ 10,471,870</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, 2020, 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, 2020:

Stations and Parking Lots	\$ 3,712,524
Rolling Stock	5,121,050
Maintenance and Layover Yards	2,179,043
Track and Signal Improvements	130,746
Other Administrative	<u>288,390</u>
Total	<u>\$ 11,431,753</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, 2020, 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. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 87, *Leases*, will increase the usefulness of the 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 June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associate with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 11. Pending GASB Statements (Continued)

GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

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

Note 12. Subsequent Events

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to execute a contract with Svanaco, Inc. (DBA Americaneagle.com) of Des Plaines, Illinois for Mobile Ticketing Services in the amount of \$988,630, plus a 10 percent contingency of \$98,863, for a total amount not to exceed \$1,087,493, for a base year and five option years, with the Chief Executive Officer exercising the option years at his discretion. This will replace VRE's existing mobile ticketing solution.

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to formally withdraw from existing Standard Project Agreements (SPAs) with the Northern Virginia Transportation Authority (NVTA) for the Lorton and Rippon station expansion projects. This is a result of the Commonwealth's Transforming Rail in Virginia program of planned capital investments and associated operating plan. Under the new operating plan, expansions of those two stations are not projected to be needed until 2030 or later. The SPA for Lorton Station had a value of \$7.9 million, and the SPA for Rippon Station had a value of \$10.0 million.

In September 2020, following a nationwide search and affirming the recommendation of the VRE Operations Board, the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportations Commission (PRTC) named the Acting Chief Executive Officer, Rich Dalton, to be the new Chief Executive Officer of VRE. Mr. Dalton was appointed VRE's acting CEO in November 2019. Prior to his appointment as Acting Chief Executive Officer, Mr. Dalton had been with VRE for 11 years as Deputy Chief Executive Officer and Chief Operating Officer.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events (Continued)

In September 2020, the VRE Operations Board authorized an increase in the Chief Executive Officer's procurement authorization authority to \$1,000,000 and an increase in the Chief Executive Officer's contract award authority to \$200,000.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for Construction of the Lifecycle Overhaul and Upgrade (LOU) Facility in the amount of \$37,673,006, plus a 10% contingency of \$3,767,301, for a total amount not to exceed \$41,440,307.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Archer Western Construction, LLC of Herndon, Virginia, for construction of Quantico Station Improvements in the amount of \$16,709,330, plus a 10% contingency of \$1,670,933, for a total amount not to exceed \$18,380,263. The VRE Operations Board also authorized the Chief Executive Officer (CEO) to execute a contract with Dewberry Engineers Inc. of Fairfax, Virginia, for Construction Management Services for the Quantico Station Improvements in the amount of \$1,868,776, plus a 10% contingency of \$186,878, for a total amount not to exceed \$2,055,654.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute contracts with HDR Engineering, Inc. (HDR) of Vienna, Virginia, for Project Design Services and STV Incorporated (STV) of Fairfax, Virginia, for Construction Management Services for a base year and four option years in an amount not to exceed \$6 million in aggregate per year for a total not to exceed amount of \$30 million in aggregate for the five-year term of the contract.

In October 2020, VRE Operations Board authorized the Chief Executive Officer to execute a contract with Sumter Contracting Corp. of Fairfax, Virginia, for Construction of Rolling Road Station Improvements in the amount of \$2,234,474, plus a 10 percent contingency of \$223,447, for a total amount not to exceed \$2,457,921.

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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	2020
Contractually required contribution (CRC)	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989
Contributions in relation to the CRC	460,763	478,465	419,283	413,760	354,543	323,989
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619
Contributions as a percentage of covered payroll	6.34%	6.15%	4.86%	4.66%	3.91%	3.61%

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	2019
Total Pension Liability						
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831	\$ 796,518	\$ 747,243
Interest	763,704	850,266	942,652	1,051,830	1,132,348	1,233,409
Changes of assumptions	-	-	-	(243,263)	108,387	631,239
Differences between expected and actual experience	-	92,275	284,843	38,724	-	312,560
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)
Net change in total pension liability	1,263,313	1,409,867	1,550,103	1,167,210	1,566,424	2,208,235
Total pension liability - beginning	11,021,316	12,284,629	13,694,496	15,244,599	16,411,809	17,978,233
Total pension liability - ending (a)	\$ 12,284,629	\$ 13,694,496	\$ 15,244,599	\$ 16,411,809	\$ 17,978,233	\$ 20,186,468
Plan Fiduciary Net Position						
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543
Contributions - employee	414,844	494,240	375,574	407,825	411,106	414,063
Net investment income	1,697,173	603,590	259,738	1,829,732	1,265,980	1,249,744
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)	(10,415)	(11,937)
Other	89	(131)	(107)	(1,654)	(1,150)	(791)
Net change in plan fiduciary net position	2,409,395	1,275,088	649,196	2,208,304	1,608,452	1,289,406
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326	14,713,522	16,921,826	18,530,278
Plan fiduciary net position - ending (b)	12,789,238	14,064,326	14,713,522	16,921,826	18,530,278	19,819,684
PRTC's net pension (asset) liability - ending (a) - (b)	\$ (504,609)	\$ (369,830)	\$ 531,077	\$ (510,017)	\$ (552,045)	\$ 366,784
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%	103.11%	103.07%	98.18%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294
PRTC's net pension (asset) liability as a percentage of covered payroll	7.67%	5.09%	-6.82%	5.91%	6.08%	-4.04%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2020

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except that change in the discount rate, which was VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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
Discount Rate	Decrease rate from 7.00% to 6.75%

VIRGINIA RAILWAY EXPRESS

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

	Fiscal Year June 30,		
	2017	2018	2019
Total Group Life Insurance OPEB Liability			
The Commission's Portion of the Net GLI OPEB Liability	0.04678%	0.04670%	0.04626%
The Commission's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000	\$ 709,000	\$ 752,773
The Commission's Covered Payroll	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294
The Commission's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%	7.99%	8.29%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%

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 CONTRIBUTIONS – OPEB GROUP LIFE INSURANCE PROGRAM

Last Ten Fiscal Years

	Fiscal Year June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (CRC)	\$ 25,277	\$ 25,929	\$ 34,313	\$ 34,887	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,151	\$ 47,196	\$ 46,663
Contributions in relation to the CRC	25,277	25,929	34,313	34,887	38,509	41,266	44,865	46,151	47,196	46,663
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 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	\$ 8,973,619
Contributions as a percentage of covered payroll	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	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 – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2020

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except that change in the discount rate, which was VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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
Discount Rate	Decrease rate from 7.00% to 6.75%

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.	67 – 70
Other Statistical Information	
These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	71 – 72
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.	73 – 75
Debt Service Requirements	
These schedules provide information regarding the VRE's debt service requirements related to the 2018 Virginia Resource Authority Bonds.	76 – 77

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGE IN NET POSITION

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues:										
Passenger revenue	\$ 34,701,955	\$ 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
Equipment rentals and other	267,816	314,236	269,168	301,621	240,052	418,569	197,915	239,381	304,184	200,069
Total operating revenues	34,969,771	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
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	18,712,734	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
Federal grants - with PRTC as grantee	15,271,669	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
CARES Act Federal Aid	2,688,095	-	-	-	-	-	-	-	-	-
Jurisdictional contributions	17,767,748	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
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	15,000,000	-	-	-	-	-	-	-	-
Regional transportation funding (NVTa)	-	194,506	766,586	461,889	542,671	-	-	-	-	-
Capital Grants and Assistance:										
Commonwealth of Virginia grants	2,110,561	1,417,527	13,010,326	3,033,657	9,826,429	14,694,277	-	-	-	-
Federal grants - with PRTC as grantee	3,696,057	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
Regional transportation funding (NVTa)	1,758,116	2,304,206	615,190	651,163	-	-	-	-	-	-
Federal grants - NVTC and other	-	-	-	-	-	-	-	-	-	3,308,513
In-kind and other local contributions	-	-	12,842	162,839	851,659	1,079,885	2,637,809	328,031	46,924	406,331
Interest income:										
Operating funds	1,009,626	1,360,241	616,228	285,495	93,677	34,337	27,860	18,573	16,813	14,675
Insurance trust	218,621	221,184	132,037	98,560	69,444	-	-	-	-	-
Commuter Rail Operating and Capital (C-ROC) Fund	294,176	117,075	-	-	-	-	-	-	-	-
Other restricted funds	48,899	63,483	797	402	197	59	196	772	1,161	384
Gain (loss) on sale of assets	-	-	(551,457)	3,500	-	(60,293)	1,500	(769,042)	(358,382)	(271,606)
Total nonoperating revenues	78,576,302	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
Total revenues	113,546,073	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
Operating Expenses:										
Contract operations and maintenance	28,076,445	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
Other operations and maintenance	15,446,821	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
Property leases and access fees	17,425,916	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
Insurance	4,370,863	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
Marketing and sales	2,189,698	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
General and administrative	11,015,700	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
Depreciation and amortization	19,690,320	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
Total operating expenses	98,215,763	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
Nonoperating (Revenues) Expenses:										
Interest and amortization	2,089,883	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
Total nonoperating expenses, net	2,089,883	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
Special items	(1,372,379)	-	-	-	1,882,945	-	3,660,786	-	-	-
Total expenses	98,933,267	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
Change in net assets								<u>\$ 5,907,973</u>	<u>\$ 9,041,880</u>	<u>\$ 45,782,775</u>
Change in net position	<u>\$ 14,612,806</u>	<u>\$ 18,556,452</u>	<u>\$ 16,012,161</u>	<u>\$ 19,002,729</u>	<u>\$ 26,268,815</u>	<u>\$ 30,616,417</u>	<u>\$ 8,911,940</u>			

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	\$ 279,674,828	\$ 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
Restricted for liability insurance plan	10,320,199	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
Restricted for debt service	2,016,642	2,029,382	1,996,544	-	-	-	6,731,166	6,563,328	6,408,466	6,259,239
Restricted grants or contributions	2,526,137	1,120,762	1,094,246	779,223	779,223	-	-	140,270	951,342	600,250
Unrestricted assets	114,277,648	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
Total net assets								\$ 272,851,551	\$ 265,969,463	\$ 254,899,711
Total net position	\$ 408,815,454	\$ 394,202,648	\$ 375,646,196	\$ 360,055,988	\$ 341,053,259	\$ 314,784,444	\$ 284,228,119			

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue Bonds:										
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	-	-	-	-	-	-	6,555,000	12,775,000	18,685,000	24,295,000
Bonds Payable:										
\$46,640,000 Virginia Resources Authority (VRA) Bond 2018	42,120,000	44,360,000	46,640,000	-	-	-	-	-	-	-
\$5,972,388 Unamortized Premium on VRA Bond 2018	5,076,530	5,474,689	5,872,848	-	-	-	-	-	-	-
Capital Leases:										
\$25,100,000 Capitalized Lease Obligation	8,541,916	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
\$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
\$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
Outstanding as of June 30	<u>\$ 55,738,446</u>	<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>
Debt per Capita:										
Outstanding as of June 30	\$ 55,738,446	\$ 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
Total Participating Jurisdictional Population	N/A	N/A	2,359,496	2,337,817	2,317,895	2,306,056	2,291,535	2,272,215	2,238,627	2,189,988
Debt per Capita	<u>N/A</u>	<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>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 55,738,446	\$ 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
Total Personal Income	N/A	N/A	153,972,487,000	151,441,311,000	146,772,212,000	145,936,939,309	140,076,022,000	137,635,549,000	135,296,802,000	126,548,575,000
Total Outstanding Debt as a Percentage of Personal Income	<u>N/A</u>	<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>

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

- (1) Fairfax County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 297
- (2) Prince William County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 271
- (3) City of Manassas fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 143
- (4) City of Manassas Park fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 13, page 172
- (5) Stafford County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 194
- (6) City of Fredericksburg fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 195
- (7) Spotsylvania County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 192
- (8) City of Alexandria fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 228
- (9) Arlington County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table K, page 278

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS Last Ten Fiscal Years (Unaudited)

	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fairfax County	\$ 6,253,022	\$ 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
City of Fredericksburg	321,028	436,568	417,278	483,524	439,366	581,244	427,728	339,064	420,566	405,980
City of Manassas	694,742	785,898	684,586	749,372	766,491	686,944	757,804	642,662	817,993	871,611
City of Manassas Park	405,485	511,311	474,718	511,777	576,699	401,762	574,709	441,702	566,504	544,763
Prince William County	6,098,311	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
Stafford County	2,352,820	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
Spotsylvania County	1,285,670	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	144,807	140,589	140,589	133,894	133,894	133,894	133,894	129,944	130,974
Arlington County	211,863	211,863	205,692	205,692	195,897	195,897	195,897	195,897	190,117	191,624
Total contributions	\$ 17,767,748	\$ 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

Source: VRE's Department of Finance

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF MISCELLANEOUS STATISTICS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	20	20	20	22	25
Railcars	100	100	100	98	100	93	91	91	91	101
Total rolling stock	120	120	120	118	120	113	111	111	113	126
Stations	19	19	19	19	19	18	18	18	18	18
Parking Spaces (2)	10,763	10,795	10,796	10,796	10,743	9,243	9,030	9,030	8,824	8,824
Employees	50	50	50	49	45	39	37	37	37	37
Ridership and Fare Revenue Data (1):										
Total Ridership	3,273,884	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
Average Daily Ridership	12,922	18,053	18,974	18,968	17,767	18,547	18,119	18,878	19,088	18,377
Average Fare Per Trip	\$ 10.60	\$ 9.38	\$ 8.97	\$ 8.88	\$ 8.49	\$ 7.95	\$ 8.16	\$ 7.48	\$ 7.28	\$ 7.17

(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 2020, VRE performed a full survey of parking facilities including space counts, resulting in minor changes to multiple station counts.

(3) Ridership in the fourth quarter of fiscal year 2020 was negatively affected by the COVID-19 Novel Coronavirus pandemic.

Source: VRE staff



VIRGINIA RAILWAY EXPRESS

PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

Current Year and Nine Years Ago
(Unaudited)

Employers	Rank	2019		2010		
		Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1) (4) (6) (3)	1	50,521 - 55,520+	N/A	1	28,070 - 48,569	N/A
Fairfax County Public Schools (1)	2	24,936	N/A	2	22,852	N/A
Inova Health System (1) (6)	3	11,700 - 12,700	N/A	6	7,000 - 10,000	N/A
Fairfax County Government (1)	4	11,860	N/A	4	11,184	N/A
Booz-Allen Hamilton (1) (2)	5	6,800 - 11,799	N/A	3	8,370 - 11,370	N/A
George Mason University (1)	6	7,000 - 9,999	N/A	9	4,000 - 6,999	N/A
Capital One (1)	7	5,000 - 9,999	N/A	0	-	N/A
Science Applications International Corporation (1)	8	5,000 - 9,999	N/A	0	-	N/A
Deloitte (2)	9	9,400	N/A	0	-	N/A
Accenture (2)	10	5,000	N/A	0	-	N/A
Lockheed Martin (1) (5)	-	-	N/A	5	7,236 - 10,235	N/A
Alexandria City Public Schools (6)	-	-	N/A	7	2,000 - 10,000	N/A
City of Alexandria (6)	-	-	N/A	8	2,000 - 10,000	N/A
Northrop Grumman (1)	-	-	N/A	10	4,000 - 6,999	N/A

Sources:

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

- (1) County of Fairfax fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 298
- (2) County of Arlington fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table L, page 279
- (3) County of Prince William fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 17, page 272
- (4) County of Stafford fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table S-17, page 196
- (5) County of Spotsylvania fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table S-14, page 193
- (6) City of Alexandria fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 233
- (7) City of Manassas fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 144
- (8) City of Manassas Park fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 173
- (9) City of Fredericksburg fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 196

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2010 to 2019

(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)
2019									
Population	N/A	466,496	N/A	17,307	149,110	29,144	135,000	156,800	226,400
Personal Income (in thousands)	N/A	\$29,610,860	N/A	\$512,997	\$7,141,369	\$1,422,897	\$6,591,119	N/A	\$20,259,857
Per Capita Personal Income	N/A	\$54,201	N/A	\$29,641	\$47,893	\$48,823	\$48,823	N/A	\$89,487
Unemployment Rate	N/A	2.6%	2.6%	2.1%	2.7%	3.5%	3.2%	2.2%	2.0%
2018									
Population	1,152,873	460,457	41,641	16,528	145,699	28,360	134,238	154,500	225,200
Personal Income (in thousands)	\$90,357,574	\$28,576,021	N/A	\$489,906	\$6,841,181	\$1,339,442	\$6,553,916	N/A	\$19,814,447
Per Capita Personal Income	\$78,376	\$53,556	N/A	\$29,641	\$46,954	\$47,230	\$48,823	N/A	\$87,986
Unemployment Rate	2.4%	2.9%	2.8%	2.7%	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	132,802	152,200	222,800
Personal Income (in thousands)	\$86,834,344	\$27,581,837	\$2,196,606	\$478,667	\$6,657,002	\$1,313,009	\$6,483,806	N/A	\$19,896,040
Per Capita Personal Income	\$75,978	\$52,929	\$52,929	\$28,851	\$46,034	\$46,401	\$48,823	\$84,079	\$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	131,271	149,900	220,400
Personal Income (in thousands)	\$85,311,224	\$26,379,952	\$2,128,617	\$456,625	\$6,425,740	\$1,256,818	\$6,211,476	N/A	\$18,601,760
Per Capita Personal Income	\$74,923	\$51,313	\$51,313	\$28,851	\$45,131	\$44,698	\$47,318	\$83,167	\$84,400
Unemployment Rate	3.2%	3.7%	3.4%	3.9%	4.0%	4.8%	4.3%	2.9%	2.9%
2015									
Population	1,142,234	441,627	41,764	15,625	142,299	28,213	129,944	147,650	216,700
Personal Income (in thousands)	\$85,675,546	\$25,582,348	\$2,101,356	\$440,062	\$6,296,162	\$1,201,676	\$6,025,259	N/A	\$18,614,530
Per Capita Personal Income	\$75,007	\$50,278	\$50,315	\$28,164	\$44,246	\$42,593	\$46,368	\$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	128,804	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	\$5,751,804	N/A	\$18,554,500
Per Capita Personal Income	\$71,752	\$48,545	\$48,545	\$28,054	\$44,010	\$43,218	\$44,655	\$80,506	\$86,300
Unemployment Rate	3.5%	4.8%	5.0%	4.5%	5.2%	5.9%	5.5%	4.6%	3.5%

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2010 to 2019

(Unaudited)

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (7)	Arlington County (8)
2013									
Population	1,130,924	425,681	41,725	15,125	135,311	27,307	127,385	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	\$5,551,815	N/A	\$18,234,223
Per Capita Personal Income	\$71,607	\$47,296	\$47,296	\$26,944	\$43,610	\$40,893	\$43,583	\$77,419	\$82,491
Unemployment Rate	3.7%	5.2%	5.4%	5.0%	5.1%	8.2%	6.2%	4.7%	4.0%
2012									
Population	1,118,602	418,107	40,742	14,409	132,719	26,024	125,808	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	\$5,543,858	N/A	\$17,273,192
Per Capita Personal Income	\$68,847	\$48,234	\$48,234	\$27,306	\$42,755	\$40,893	\$44,066	\$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	124,516	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	\$5,360,518	N/A	\$15,707,916
Per Capita Personal Income	\$64,637	\$47,994	\$47,994	\$26,979	\$41,917	\$40,893	\$43,051	\$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	\$5,078,745	N/A	\$15,217,499
Per Capita Personal Income	\$67,094	\$46,562	\$46,562	\$27,335	\$40,828	\$39,298	\$41,494	\$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 2020.

Sources:

- (1) Fairfax County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 4.0, page 297
- (2) Prince William County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 271
- (3) City of Manassas fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 143
- (4) City of Manassas Park fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 13, page 172
- (5) Stafford County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 194
- (6) City of Fredericksburg fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 195
- (7) Spotsylvania County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 192
- (8) City of Alexandria fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 228
- (9) Arlington County fiscal year 2019 Comprehensive Annual Financial Report, Statistical Section, Table K, page 278

VIRGINIA RAILWAY EXPRESS

PLEDGED REVENUE COVERAGE

Beginning Fiscal Year 2018

(Unaudited)

Fiscal Year Ended June 30,	Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Revenues Available for Debt Service	Annual VRA Debt Service	Coverage
2020	\$ 103,891,456	\$ (78,525,443)	\$ 25,366,013	\$ 4,290,400	5.91
2019	107,517,658	(77,681,532)	29,836,126	4,290,993	6.95
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

Beginning Fiscal Year 2018

(Unaudited)

Fiscal Year Ended June 30,	Cash & Cash Equivalents	Operating Expenses	Less: Depreciation/ Amortization	Cash Expenses	90 Days of Cash Expenses (25%)	Ratio
2020	\$ 97,142,781	\$ 98,215,763	\$ (19,690,320)	\$ 78,525,443	\$ 19,631,361	4.9x
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, 2020, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated November 3, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 3, 2020

A Transportation Partnership



**RESOLUTION #2428**

SUBJECT: Approve the 2021 VRE Legislative Agenda

WHEREAS: VRE is an essential part of 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 2021 VRE Legislative Agenda and authorizes the Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer

Amended 11-20-20

**Virginia Railway Express
2021 Legislative Agenda
State Funding and Legislative Issues**

COVID-19 Pandemic Response

Monitor, evaluate and respond to legislative proposals pertaining to the COVID-19 pandemic that would impact VRE's operations, such as sick leave policies, hazard pay, and employee liability issues.

Support the maintenance of state funding and any necessary flexibility needed for public transportation in general, and VRE specifically, as the Commonwealth deals with the fiscal impact of the pandemic.

State Capital Funding

Protect state funding for the Long Bridge expansion plan and *Transforming Rail in Virginia* projects passed in the 2020 legislative session.

Safeguard funding for the Commuter Rail Operating and Capital (C-ROC) fund to ensure the Long Bridge expansion project continues to move forward and mitigate VRE revenue impacts resulting from lower ridership throughout the COVID-19 pandemic.

Virginia Passenger Rail Authority (VPRA)

Engage with and educate the staff of and gubernatorial appointees to VPRA about VRE's operations. Monitor, analyze and respond to proposed legislation or VPRA policy affecting VRE's fiscal or operational position. Support VRE's CEO in his capacity as an ex-officio member of VPRA.

Meetings Held Through Electronic Communication Means

Coordinate with VRE's parent commissions and other stakeholders on legislative proposals that would increase the flexibility of VRE and other public bodies to make policies that better accommodate the needs of their board members while remaining open and transparent to the public. This includes support for removing the state limit on how often Members may participate electronically when there is a physical quorum present, while retaining VRE's authority to govern such participation with additional guidelines or restrictions.

Northern Virginia Transportation Authority (NVTa) Funding

Support actions by NVTa and others to fully restore funding for NVTa.

Virginia Transit Association (VTA)

Analyze VTA and others' proposals to increase funding for public transportation and create programs that will increase ridership.

Transportation Authorities

Monitor, evaluate and respond to proposals to create additional transportation authorities that would include VRE jurisdictions.

**Virginia Railway Express
2021 Legislative Agenda
Federal Funding, Legislative and Regulatory Issues**

Surface Transportation Reauthorization

Partner with industry stakeholders and associations to advocate for robust funding levels and appropriate policies to support commuter rail and mass transit. Efforts will include, but are not limited to, participating in association committee meetings, providing comments to policy and regulatory position documents, and collaborating on legislative advocacy.

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. This will come in the form of letters to Members of Congress and committees of jurisdiction, as well as in-person or virtual meetings to discuss VRE's position and circumstance.

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. As necessary, submit comments to regulatory bodies to advocate for preserving STB jurisdiction over VRE.

Amtrak On-Time-Performance

Monitor and, as needed, submit comments to Amtrak and the Federal Railroad Administration regarding joint efforts to develop on-time-performance metrics and measurements which will be enforced by the STB.

Federal Grant Programs

Work with the U.S. Department of Transportation (DOT), Virginia's congressional delegation, relevant congressional committees, and regional stakeholders to educate and secure administration and congressional support for discretionary grant applications submitted by VRE or with VRE as a key partner.

U.S. DOT Rulemaking

Track and comment on proposed guidance, rulemakings, or requests for comment from U.S. DOT helping to advance permit streamlining and regulatory reforms applicable to VRE's operations and Capital Improvement Program.

Liability Insurance Reform

Coordinate with the American Public Transportation Association and other stakeholders to investigate potential liability insurance reforms, with the goal of producing research on possible legislative and regulatory solutions to the industry's current struggles with attaining sufficient insurance to meet regulatory mandates and the increasing cost of doing so.

COVID-19 Relief

Monitor and, as appropriate, advocate for congressional and administration support for commuter rail and mass transit as the industry manages the impacts of COVID-19. Track and provide comments on congressional action specifically for front-line transit workers, including but not limited to, hazard pay for essential workers.



RESOLUTION #2429

- SUBJECT:** Authorize the VRE CEO to Execute an Agreement for Design, Construction, Operations and Maintenance of a Parking Garage at the VRE Manassas Park Station
- WHEREAS:** The City of Manassas Park originally provided parking for VRE riders by constructing a 300-space surface parking lot;
- WHEREAS:** As VRE ridership grew, and available parking spaces diminished, the City of Manassas Park agreed to convey a 4.8-acre parcel owned by the city to VRE to construct an additional 300-parking space lot adjacent to the city's original surface parking lot, which the VRE constructed;
- WHEREAS:** As VRE ridership has continued to increase, VRE and the City of Manassas Park have collaborated on developing additional parking capacity at the VRE Manassas Park Station;
- WHEREAS:** VRE and the City of Manassas Park have obtained funding for the design and construction of additional parking capacity;
- WHEREAS:** VRE and the City of Manassas Park have collaborated to determine the location and conceptual design - including the estimated number of additional parking spaces - and the responsibilities for the ongoing operation and maintenance; and
- WHEREAS:** The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer execute an Agreement for the Design, Construction, Operation and Maintenance of a Parking Garage at the VRE Manassas Park Station, subject to approval as to form by legal counsel.

BE IT FURTHER RESOLVED that NVTC authorizes the VRE Chief Executive Officer to execute all deeds and other documents required to accept the conveyance of real property by the City of Manassas Park to the Commissions.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer

**AGREEMENT FOR DESIGN, CONSTRUCTION,
OPERATION, USE, AND MAINTENANCE OF
PARKING GARAGE AND CONVEYANCE OF
EXPANSION PARKING LOT
AT MANASSAS PARK
VIRGINIA RAILWAY EXPRESS STATION**

This Agreement is entered into the ____ day of _____, 2020, between and among the POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION (the “PRTC”) and the NORTHERN VIRGINIA TRANSPORTATION COMMISSION (the “NVTC”), (collectively, the “COMMISSIONS”), together known as hereinafter referred to as the VIRGINIA RAILWAY EXPRESS (the “VRE”), and the CITY OF MANASSAS PARK, VIRGINIA (the “City”).

WITNESSETH:

WHEREAS, the VRE operates commuter rail service into Washington, D.C., providing service to stations located within various jurisdictions including a station in the City (the “Manassas Park Station”); and

WHEREAS, the Manassas Park Station originally provided parking for commuter rail patrons in a 300-space parking lot constructed by the City with City funds (the “City Lot”); and

WHEREAS, because of the increased ridership on VRE, the City subsequently agreed to create, through subdivision, and convey to the VRE a parcel of land of approximately 4.8 acres from City-owned property adjacent to both the City Lot and the Manassas Park Station (the “Expansion Lot Parcel”), on which the VRE agreed to construct an additional 300-space parking lot (the “Expansion Lot”); and

WHEREAS, although the VRE paid to the City the agreed upon purchase price of \$116,000 for the Expansion Lot Parcel and subsequently constructed the Expansion Lot, the Expansion Lot Parcel was never created nor was a deed of conveyance for the Expansion Lot Parcel ever recorded among the land records of Prince William County, Virginia (the “Land Records”); and

WHEREAS, because demand for parking at the Manassas Park Station has continued to increase, exceeding the capacity of the City Lot and the Expansion Lot, the City and the VRE began work on a joint project for the design and construction of a parking garage on City-owned property located across the Norfolk Southern railroad tracks from the Expansion Lot near the City Hall, for which project the VRE expended costs and expense to advance the garage design to approximately the 60% stage; and

WHEREAS, subsequently, the City requested, and the VRE agreed, subject to recoupment of some of its previously expended costs, to change the location of the project to a different, preferred site located directly across the Norfolk Southern railroad tracks from the Manassas Park Station; and

WHEREAS, in furtherance of the project at the preferred location, the City acquired property directly across the Norfolk Southern railroad tracks from the Manassas Park Station and created therefrom a parcel of land of 2.50337 acres, more or less (the "Garage Parcel"), as more particularly shown and described on a plat entitled "PLAT SHOWING LOTS 3-2, 4-2, 5-1 & 6, CONNER CENTER A BOUNDARY LINE ADJUSTMENT OF LOTS 1B, 3-1, 5A, 5B & 5C & AREAS 1, 1A, 2, 2A & 2B CONNER CENTER DEED BOOK 1235 PAGE 1422, DEED BOOK 1542 PAGE 1931, DEED BOOK 1909 PAGE 563 & INSTRUMENT# 202004150029572", dated May 5, 2020, revised through July 31, 2020, prepared by Land Design Consultants of Woodbridge, Virginia, and recorded as Instrument No. 202008030065197, together with that Deed of Boundary Line Adjustment recorded as Instrument No. 202008030065196, both among the Land Records; and

WHEREAS, the City has agreed to convey to the VRE the Garage Parcel, on which the VRE will design and construct a structured parking garage with three levels at and above ground level and one level below ground (the "Garage"), with approximately 544 parking spaces at and above ground level for the VRE's use (the "VRE Parking Levels") and approximately 131 parking spaces below grade on a lower level for the City's use (the "City Parking Level"); and

WHEREAS, the VRE and the City desire to enter into this Agreement to memorialize their understandings concerning the creation and conveyance of the Expansion Lot Parcel and the Garage Parcel and the design and construction of the Garage, and to provide for the operation, use, and maintenance of the Garage.

NOW, THEREFORE, in consideration of the foregoing recitals, each of which are hereby incorporated herein, the sum of one dollar (\$1.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the VRE and the City agree as follows:

1. Expansion Lot Parcel.

- a. The VRE will complete the preparation of a subdivision plat creating the Expansion Lot Parcel for review and approval by the City.
- b. The City will convey fee simple title to the Expansion Lot Parcel to the VRE, at no cost to the VRE beyond the sum already paid by the VRE, by special warranty deed in the form attached hereto and incorporated herein.
- c. The operation, use, and maintenance of both the City Lot and the Expansion Lot shall continue to be governed by existing agreements between the City and the VRE.

2. Garage Parcel.

- a. The City and the VRE will enter into a ground lease for the Garage Parcel, whereby the VRE will lease the Garage Parcel for the purposes of constructing, operating and maintaining the Garage. The term of such ground lease will continue for as long as the VRE uses the Garage for commuter rail patron parking. The ground lease must be fully executed prior to issuance by the VRE of a competitive solicitation for construction of the Garage.

- b. The ground lease for the Garage Parcel will include a provision that, if the VRE either (i) determines that it no longer requires use of the Garage Parcel for commuter rail patron parking and provides written notice to the City of the same, or (ii) the VRE does not use the Garage for commuter rail patron parking for a period of one year, then the ground lease will terminate and the City will acquire ownership of all improvements constructed on the Garage Parcel, including the Garage, at no additional cost, subject to the requirement that the City will thereafter use the Garage in accordance with the conditions imposed by the grant funding entities that provided funds to design and construct the Garage.
3. Design and Construction of Garage.
- a. The VRE will be responsible for the design and construction of the Garage.
 - b. The City and the VRE will cooperate on the design and construction of the Garage to ensure that the City Parking Level is constructed in conjunction with construction of the Garage.
 - c. The City will be responsible for all costs required to advance the Garage project to 60% design, subject to a not to exceed amount of \$678,764.90, inclusive of the costs incurred prior to the execution of this Agreement necessary to advance the Garage project to 10% conceptual design and previously authorized by a Letter of No Prejudice from the City dated April 9, 2020, in the amount of \$182,085.00. If additional design funding is required above the foregoing amounts to reach 60% design, the VRE will notify the City of the need for further funding by the City.
 - d. The VRE will expend a maximum amount of \$1,169,270.00 to advance the Garage project from 60% design to 100% design, which represents the funds remaining under the VRE's Standard Project Agreement with the Northern Virginia Transportation Authority for Final Design of a Manassas Park VRE parking garage.
 - e. If additional design funding beyond \$1,169,270.00 is required to reach 100% design, the VRE will notify the City of the need for further funding and the VRE and the City will work cooperatively in seeking other sources of funding.
 - f. The VRE will provide design drawings for review and comment by the City at not less than the following design points: 30% design, 60% design, and 100% design.
 - g. The VRE will expend a maximum amount of \$23.5 million for construction of the Garage using I-66 Outside the Beltway concessionaire funds previously awarded to the VRE.
 - h. The City will be responsible for all costs of construction of the Garage in excess of the aforesaid \$23.5 million provided by the VRE. Prior to issuance by the VRE of a competitive solicitation for construction of the Garage, the VRE shall work cooperatively with the City to identify portions of the Garage project located on the Garage Parcel that could be constructed by the City's development partner, Norton Scott LLC and its affiliates and subsidiaries ("Norton Scott"), or Norton Scott's

contractor, and which could be included in the solicitation as add alternates, the purpose being to allow the add alternates to be constructed by Norton Scott if it can do so at a cost that is less than the add alternate price in the winning bid received by the VRE. The number of add alternates, however, shall not exceed a maximum of three. Permission to use Norton Scott in such situations will not be unreasonably denied by the VRE.

- i. The City and the VRE shall agree upon a method for the City to provide its share of such costs during the design and construction phases based on invoices submitted not more than monthly by VRE to the City and payable by the City within thirty (30) days of receipt.
 - j. The Garage will not be equipped for attendant or mechanically controlled access or paid parking.
 - k. The VRE shall not issue a competitive solicitation for construction of the Garage unless the Expansion Parcel has been conveyed to the VRE.
4. Garage Operations and Maintenance.
- a. The VRE will be responsible for all maintenance and operation of the VRE Parking Levels of the Garage, including but not limited to snow removal during times VRE service is operated (“VRE Service Hours”). Snow removal during times outside of VRE Service Hours may be provided at the City’s cost upon prior arrangement with the VRE. The City’s Police Department will provide additional periodic patrol of the VRE Parking Levels as requested by the VRE. The VRE reserves the right to close the VRE Parking Levels for purposes of maintenance and repair, and will provide the City with not less than 30 days’ advance notice thereof.
 - b. Maintenance of the City Parking Level will be performed by the VRE as part of overall Garage maintenance, with the City paying the VRE for its pro rata share of such maintenance. The City will be responsible for the operation and use of the City Parking Level, including the designation of all or a portion of the parking spaces on the City Parking Level for use as determined by the City Manager.
 - c. The VRE and the City will each be responsible for providing clean-up of the Garage Parcel as required due to the use of the Garage by the invitees, patrons, employees, officers, or agents of the VRE and the City, respectively.
 - d. Parking on the VRE Parking Levels of the Garage will be primarily for the use of commuter rail patrons during VRE service hours (“VRE service hours”). Outside of VRE service hours and on days that VRE service does not operate, the VRE Parking Levels of the Garage may be used for public parking by the City.
 - e. The VRE may take reasonable measures to ensure that commuter rail patrons are given the first priority for use of the VRE Parking Levels of the Garage. The VRE and the City shall agree upon a means to count use of the Garage spaces by

commuter rail patrons and non-commuter rail patrons outside of VRE service hours and on days that VRE service does not operate.

- f. At such time as the daily parking occupancy on the VRE Parking Levels of the Garage regularly exceeds 90% during VRE service hours on average over a twenty-eight (28) day period, the VRE and the City will jointly conduct a survey using agreed upon methodology to determine the proportion of parking spaces being used by commuter rail patrons and non-commuter rail patrons on the VRE Parking Levels and the City Parking Level of the Garage during VRE service hours. The VRE and the City will thereafter conduct an annual survey to determine the proportion of commuter rail patrons and non-commuter rail patrons using the VRE Parking Levels and the City Parking Level.
 - i. If any survey shows that more than twenty percent (20%) of the spaces in the VRE Parking Levels of the Garage are being used by non-commuter rail patrons during VRE service hours, the costs of maintenance and operation of the Garage will be apportioned between the VRE and the City based on the average use of commuter rail patrons and non-commuter rail patrons.
 - ii. If any survey shows that more than twenty percent (20%) of the spaces in the City Parking Level are being used by commuter rail patrons during VRE service hours, the costs of maintenance and operation of the City Parking Level will be apportioned between the VRE and the City based on the average use of commuter rail patrons and non-commuter rail patrons.
 - iii. The City and the VRE may install signs to discourage non-commuter rail patron use of the VRE Parking Levels of the Garage and commuter rail patron use of the City Parking Level during VRE service hours.

5. Miscellaneous Provisions.

- a. Notice. Any notice which may be or is required to be given pursuant to this Agreement shall be delivered or sent by certified mail, prepaid, return receipt requested, and addressed to the following:

To the VRE: Virginia Railway Express
1500 King Street, Suite 202
Alexandria, Virginia 22314
Attention: Chief Executive Officer

To the City: Manassas Park City Hall
One Park Center Court
Manassas Park, Virginia 20111-2395
Attention: City Manager

- b. Term. The term of this Agreement shall commence on the date it has been signed by both the VRE and the City and shall expire on June 30, 2025. The term shall automatically extend for additional five (5) year terms, each commencing on July 1

and expiring on the following June 30, unless a party provides written notice to the other party not less than ninety (90) days prior to the expiration of the then-current term that the party does not wish to automatically extend the term, in which case this Agreement will terminate on the last day of such term and will have no further force or effect, except for those provisions that by definition necessarily survive the termination of this Agreement.

- c. Dispute Resolution. In the event of a disagreement concerning the provisions of this Agreement or regarding the maintenance, use, or operation of the Garage generally, the parties shall use their best efforts to reach a mutually agreed resolution of the disagreement. As necessary, the disagreement shall be brought to the VRE Chief Executive Office and the City Manager for discussion and resolution.
- d. Default. The failure of either party to perform its obligations hereunder in accordance with the terms of this Agreement shall constitute a default, and in the event of such, the non-defaulting party may either (i) bring an action in the appropriate court to enforce the defaulting party's obligations, or (ii), after the provision of not less than 30 days' notice and an opportunity to cure, the period for such cure being reasonable under the circumstances, and assuming the failure to perform is not the subject of ongoing efforts of dispute resolution (see Subsection 5c above), terminate this Agreement.
- e. Governing Law; Venue. This Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia, and all actions to interpret or enforce its terms shall be instituted in Circuit Court of Prince William County, Virginia, or the United State District Court for the Eastern District of Virginia, Alexandria Division.
- f. Claims. Neither the City nor the VRE will be responsible for claims arising out of the other party's use of Garage. The foregoing will not, however, be construed as a waiver by the City or the VRE of any defenses, legal or statutory, that the City or the VRE can use in response to claims being asserted against them.
- g. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be in violation of any applicable law, and such declares such provision to be unlawful, void, illegal or unenforceable, the provision shall be severable, and the remainder of this Agreement shall continue in full force and effect.
- h. Non-Waiver. The failure of either the VRE or the City to insist upon or enforce any of its rights hereunder shall not constitute a waiver thereof.
- i. Force Majeure. In the event either party is prevented from meeting its obligations hereunder, through no fault of its own, because of circumstances beyond its control, including, but not limited to, acts of God, strikes, and governmental and other approvals, then the party shall be excused from meeting its obligations for the pendency of those circumstances.

- j. Incorporation. This Agreement constitutes the final expression of, and contains the entire agreement between, the VRE and the City with respect to the subject matter hereof and shall not be amended except by a written instrument executed on behalf of both the City and the VRE.
- k. Counterparts. This Agreement may be executed in counterparts which, taken together, shall constitute one and the same instrument, either of which may be deemed the original agreement.
- l. No Third Party Rights. This Agreement shall not be construed as creating any rights in third parties not a party to this Agreement.

{Signature page follow}

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives effective the date and year aforesaid.

City of Manassas Park, Virginia

Jeanette Rishell, Mayor

Northern Virginia Transportation Commission and
Potomac and Rappahannock Transportation
Commission, together, the Virginia Railway
Express

Rich Dalton, Chief Executive Officer



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 10-C
Information Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: November 20, 2020

Re: Update: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station.

At the October 16, 2020, VRE Operations Board meeting the Operations Board recommended to the Commissions authorization to execute an agreement for design, construction, operation, and maintenance of a parking garage at the VRE Manassas Park Station – *Resolution 9C-10-2020*. At that time, VRE and City staff were working through final contract language in preparation for authorization of the final agreement by the Commissions at their November 5, 2020, meeting. The final contract language was not finalized in time for the Commission meetings and the resolution was removed from both Commissions agenda.

VRE and City staff have worked collaboratively to address the City's request to have the ability to reacquire the Garage Parcel used for the construction of the parking garage in the event VRE service at the Manassas Park Station was discontinued. VRE and City staff are proposing a ground lease of the Garage Parcel, and other requirements of the City, in the event VRE service was discontinued. The Section of the Agreement addressing this issue is below:

Section 2 Garage Parcel

- a. The City and the VRE will enter into a ground lease for the Garage Parcel, whereby the VRE will lease the Garage Parcel for the purposes of constructing, operating and maintaining the Garage. The term of such ground lease will continue for as long as the VRE uses the Garage for commuter rail patron parking. The ground lease must be fully executed prior to issuance by the VRE of a competitive solicitation for construction of the Garage.



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703-684-1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121

- b. The ground lease for the Garage Parcel will include a provision that, if the VRE either (i) determines that it no longer requires use of the Garage Parcel for commuter rail patron parking and provides written notice to the City of the same, or (ii) the VRE does not use the Garage for commuter rail patron parking for a period of one year, then the ground lease will terminate and the City will acquire ownership of all improvements constructed on the Garage Parcel, including the Garage, at no additional cost, subject to the requirement that the City will thereafter use the Garage in accordance with the conditions imposed by the grant funding entities that provided funds to design and construct the Garage.

Prior to soliciting for construction of the parking garage, staff will bring to the VRE Operations Board a recommendation to the Commissions to authorize a ground lease with the City of Manassas Park as identified in Section 2a.

Unless otherwise directed, VRE staff will bring the final agreement to both Commissions for approval at their December 3, 2020, meetings.

**RESOLUTION #2430**

- SUBJECT:** Authorize the VRE CEO to Execute an Agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for Later Assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access
- WHEREAS:** The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) (the “Commissions”) currently have an Amended and Restated Operating/Access Agreement with CSX Transportation relating to VRE operations in the Fredericksburg to Washington corridor;
- WHEREAS:** In December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth;
- WHEREAS:** During the 2020 Virginia General Assembly Session, the Virginia Passenger Rail Authority (“Rail Authority”) was established;
- WHEREAS:** The Rail Authority will manage the right-of-way acquired by the Commonwealth in the Fredericksburg to Washington corridor, including the Operating and Access agreement with VRE;
- WHEREAS:** Once the right-of-way is acquired by the Commonwealth, the Commissions will need to have an Operating and Access Agreement in place with the Rail Authority;
- WHEREAS:** Executing this agreement will ensure continued seamless operation of VRE service; and
- WHEREAS:** The VRE Operations Board recommends the following action.
- NOW, THEREFORE, BE IT RESOLVED,** that the Northern Virginia Transportation Commission authorizes the VRE Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access, subject to approval as to form by legal counsel.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer

PASSENGER RAIL OPERATIONS AND ACCESS AGREEMENT

Between

THE VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

and

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND POTOMAC AND
RAPPAHANNOCK TRANSPORTATION COMMISSION, OWNERS AND
OPERATORS OF THE VIRGINIA RAILWAY EXPRESS**

CONCERNING COMMUTER PASSENGER RAIL SERVICE

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1 NTD: Section headings updated. Final headings and page numbers to be updated for execution version.

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EXHIBIT LIST

EXHIBIT	TITLE
A	<u>THE PLAN</u> (<i>The Northern Virginia and Potomac and Rappahannock Transportation Commissions Commuter Rail Operations Liability Insurance Plan</i>)
B	<u>SERVICE PLAN</u>
C	<u>PLANNED IMPROVEMENTS</u>
D	<u>PASSENGER STATION FACILITY LEASE AGREEMENT</u>

PREAMBLE

THIS PASSENGER RAIL OPERATIONS AND ACCESS AGREEMENT ("**Agreement**") is dated [●], 2020 and is between the (i) the Virginia Department of Rail and Public Transportation, a body corporate and political subdivision of the Commonwealth of Virginia, and (ii) the NORTHERN VIRGINIA TRANSPORTATION COMMISSION and the POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION, bodies politic and corporate and political subdivisions of the Commonwealth of Virginia, established under the provisions of the Transportation District Act of 1964, as amended, and having principal places of business at 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, and 14700 Potomac Mills Road, Woodbridge, Virginia 22192, respectively (hereinafter, individually, a "**Commission**" and, collectively, the "**Commissions**").

EXPLANATORY STATEMENT

A. Since 1992, the Commissions have been engaged in operating and planning the expansion of a public commuter passenger rail system known as the Virginia Railway Express ("**VRE**") that operates within the railroad right-of-way, which right-of-way contains certain railroad tracks and other railroad assets, generally between Washington, D.C. and Richmond (the "**RF&P Corridor**"); the RF&P Corridor is currently owned by CSX Transportation, Inc. ("**CSXT**").

B. The Commissions currently have in place an *Amended and Restated Operating/Access Agreement* with CSXT dated July 1, 2011, as amended (the "**CSXT Operating Agreement**"), which, among other things, permits current VRE commuter passenger rail service within the RF&P Corridor.

C. The Commissions and CSXT, by agreement in 2002, established a corridor improvement program, overseen by a corridor task force which included representatives of the Commonwealth of Virginia, the purpose of which was to identify and fund capital improvement projects in the RF&P Corridor which would increase capacity to enable additional passenger rail service.

D. The Commonwealth of Virginia ("**Commonwealth**"), acting through the Department, has worked collaboratively with the Commissions to advance commuter rail service in the RF&P Corridor,

and also, beginning in 2009, currently sponsors inter-city passenger rail transportation in the RF&P Corridor through an agreement with the National Railroad Passenger Corporation ("NRPC"), which itself operates its own inter-city passenger rail service in the Corridor.

E. The Commonwealth, acting through the Department, has entered into a comprehensive rail agreement ("Comprehensive Rail Agreement") with CSXT under which the Commonwealth intends to purchase approximately half of CSXT's interest in the railroad tracks and other railroad assets along the RF&P Corridor (the "Virginia-Acquired RF&P Assets"), splitting the RF&P Corridor longitudinally and sharing it with CSXT.

F. Under the Comprehensive Rail Agreement, the Commonwealth and CSXT intend to execute a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the RF&P Corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities.

G. By separating freight and passenger operations within the RF&P Corridor, the Commonwealth desires to continue to work collaboratively with the Commissions to facilitate improved inter-city and commuter passenger rail service between Richmond and Washington, D.C., including continuing to make the Virginia-

Acquired RF&P Assets available to the Commissions for VRE operations, and to facilitate the expansion of VRE service.

H. Accordingly, the parties agree to continuation of the Commissions' existing commuter passenger rail service and the terms on which such service will be expanded after the Commonwealth acquires the Virginia-Acquired RF&P Assets, all as more particularly set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto agree as follows:

ARTICLE ONE

DEFINITIONS

1.1 DEFINITIONS. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the meanings hereafter specified:

Agreement: Defined in the Preamble.

Claim: Any and all claims, disputes, disagreements, causes of action, demands, suits, or other proceedings, in all cases related in any way to (i) the Commissions' operation of Passenger Station Facilities or (ii) the Commissions' provision of the Service (or failure to provide the Service) under this Agreement.

Commissions: Defined in the Preamble.

Commission Fiscal Year: The fiscal year of the Commissions beginning July 1.

Comprehensive Rail Agreement: Defined in paragraph B of the Explanatory Statement.

Contract Fee: The Track Dispatching and Maintenance Fee plus the Station Lease Payments, payable by the Commissions to the Department.

CSXT: Defined in paragraph A of the Explanatory Statement.

CSXT Operating Agreement: Defined in paragraph E of the Explanatory Statement.

CSXT-Retained RF&P Assets: The portion of the RF&P Corridor that is retained by CSXT, whether owned by CSXT or under its primary control through an agreement with a third party owner other than the Commonwealth, the Department, or an agency, authority, or other instrumentality of the Commonwealth.

CSXT Tracks: The railroad tracks that are included within the CSXT-Retained RF&P Assets, including but not limited to signaling facilities.

Department: The Virginia Department of Rail and Public Transportation.

Division: The Division of Risk Management of the Commonwealth of Virginia.

Effective Date: The date the last party to this Agreement executes it by signing the signature page.

Emergency: Any unplanned event within RF&P Corridor that:
(i) presents an immediate or imminent threat to the long term integrity of any part of the Tracks or other railroad assets, to

the environment, to property adjacent to the RF&P Corridor, or to the safety of rail workers, customers, or passengers; (ii) has jeopardized the safety of rail workers, customers, or passengers; (iii) is a declared state of emergency pursuant to Commonwealth or federal law, or (iv) is recognized or declared by any law enforcement agency or any other governmental entity as an emergency.

Equipment: The locomotives and cars complying with Section 2.4 of this Agreement which are at any time used by the Commissions, or either of them, or by an agent or Operator, to provide the Service over the Tracks.

Existing Service: The Service existing immediately prior to the Effective Date, and excluding the Planned Additional Service.

Force Majeure Event: The occurrence of any of the following events that materially and adversely affects the performance of either party's obligations, provided that such events (or effects of such events) could not have been avoided by the exercise of reasonable caution, due diligence, or efforts by the affected party: (a) war (including civil war and revolution), invasion, armed conflict, violent acts of a foreign enemy, military or armed blockage, or military or armed takeover of a project, in each case occurring within the Commonwealth of Virginia; (b) any act of

terrorism or sabotage that causes direct physical damage to Virginia-Acquired RF&P Assets or otherwise directly causes interruption to construction or direct losses during operation; (c) nuclear explosion or contamination, in each case causing direct physical damage to the Virginia-Acquired RF&P Assets or radioactive contamination of them; (d) riot and civil commotion on or in the immediate vicinity of the Virginia-Acquired RF&P Assets; (e) flood, earthquake, hurricane, tornado and other significant storm or weather occurrence, in each case that causes directly physical damage to the Virginia-Acquired RF&P Assets; (f) a pandemic; (g) federal or state declared emergency; and (h) fire or explosion not attributable to the Commissions or any Operator that directly impacts a material element of the physical improvements to the Virginia-Acquired RF&P Assets.

Improvements: Changes in, additions and betterments to the Tracks or other railroad assets within the RF&P Corridor. Improvements are not limited to the Virginia-Acquired RF&P Assets, but may also be made to the CSX-Retained RF&P Assets.

Losses: With respect to any Virginia Indemnatee, any losses, liabilities, judgments, damages, fees (including the costs of legal defense and other legal fees), penalties, fines, sanctions, charges, or out-of-pocket and documented costs of any kind or nature, or expenses actually suffered or incurred by such Virginia

Indemnatee, including as a result of any injury to or death of persons or damage to or loss of property, as a sanction assessed by a governmental or quasi-governmental entity, in all cases, (i) related in any way to the Commissions' operation of passenger facilities, (ii) related in any way to the Commissions' provision of the Service (or failure to provide the Service) under this Agreement, or (iii) which is exacerbated by the operation of the Service over the Tracks, or by the presence of cars, Equipment, personnel, contractors, agents, or passengers of the Commissions or an Operator on or about the RF&P Corridor.

NRPC: National Railroad Passenger Corporation.

Operator: Any person, firm, corporation, or other legal entity contracting with or utilized by the Commissions to operate all or any part of the Service or to be responsible for providing and supervising on-train personnel for operation of the Equipment and Trains.

Passenger Station Facilities: Passenger stations, station platforms, and certain additional, ancillary facilities located on platforms, including, among others, canopies elevators, stairways, and elevated walkways, and including real property parcels on which such facilities may be located, in all cases owned by the Department and leased to the Commissions for the Commissions to

pick up and discharge passengers in its provision of the Service. The Passenger Station Facilities are listed in the Passenger Station Facility Lease Agreement.

Passenger Station Facility Lease Agreement: The separate *Passenger Station Facility Lease Agreement* between the Commissions and the Department, for the leasing of certain real property for the operation of those Passenger Station Facilities enumerated in **EXHIBIT D** (Passenger Station Facility Lease Agreement), as amended from time to time.

Plan: The *Northern Virginia and Potomac and Rappahannock Transportation Commissions Commuter Rail Operations Liability Insurance Plan* established by the Division in accordance with Section 2.2-1839 of the Code of Virginia, and attached hereto as **EXHIBIT A** (The Plan), as such may be amended from time to time.

Planned Additional Service: The additional commuter passenger rail service (*i.e.*, in addition to the Existing Service) to be added to the Service pursuant to the Comprehensive Rail Agreement by the Department and the Commissions incrementally (i) as the Department acquires the Virginia-Acquired RF&P Assets, and (ii) as the Planned Improvements are completed. The Planned Additional Service is depicted, along with the Existing Service, in **EXHIBIT B** (Service Plan).

Planned Additional Service Long Stop Date: For any component(s) of the Planned Additional Service for which the Department has provided to the Commissions written notice that they may begin such component(s) of the Planned Additional Service, the date that is twelve months after such notice.

Planned Improvements: Those Improvements listed in **EXHIBIT C** (Planned Improvements), which the Department intends to carry out, in cooperation with CSXT, and with funding from the Commissions among other sources, after acquiring the Virginia-Acquired RF&P Assets so that the Commissions may incorporate components of the Planned Additional Service.

RF&P Corridor: Defined in paragraph A of the Explanatory Statement, and includes both the Virginia-Acquired RF&P Assets as well as the CSXT-Retained RF&P Assets.

Service: The commuter passenger rail service operating within the RF&P Corridor by the Commissions under the authority granted by the CSXT Operating Agreement and this Agreement. Service includes the movement of Trains operated at the times, between the mile posts, with the frequencies, and Equipment specified in **EXHIBIT B**, attached hereto, and the movement of Special Trains allowed pursuant to Section 3.2. Service may be amended at any time by written agreement of the parties, including

adding components of the Planned Additional Service when permitted under the Comprehensive Rail Agreement.

Special Train: Any Train that is in addition to the regularly-scheduled commuter passenger rail service permitted under this Agreement, such as excursion trains or tourist trains, in each case as may be allowed pursuant to Section 3.2 of this Agreement.

Station Lease Payments: Periodic rental payments paid by the Commissions to the Department under the Passenger Station Facility Lease Agreement.

Substitute Operating Period: A period of time selected by the Department for up to five years as an initial term, during which the Department contracts with an entity other than the Commissions to provide passenger rail service with respect to unused Planned Additional Service components pursuant to Section 2.10. The Substitute Operating Period may be extended by the Department for successive periods of no longer than one year each. However, if at least one hundred-eighty (180) days prior to either (a) the expiration of an initial up-to-five-year Substitute Operating Period, or (b) the expiration of any extended Substitute Operating Period, the Commissions confirm they are willing and able to utilize the applicable unused Planned Additional Service

components for the Service, then the Department may not extend the applicable Substitute Operating Period beyond the then-current term.

Track Dispatching and Maintenance Fee: The periodic fee paid by the Commissions to the Department covering the Department's [costs to dispatch and maintain]² the Virginia Tracks (and other railroad assets made available by the Department and utilized by the Commissions) attributable to the Service. The Track Dispatching and Maintenance Fee will equal the (i) the amounts charged by CSXT or other contractors to the Department for dispatching and maintenance performed by CSXT or such other contractors on the Virginia-Acquired RF&P Assets within the VRE territory pursuant to the Comprehensive Rail Agreement, minus (ii) any portion of such amounts paid to the Department by NRPC as incremental costs attributable to inter-city passenger rail service over the Virginia Tracks.

Tracks: The railroad tracks that are included within the Virginia-Acquired RF&P Assets and the CSXT-Retained RF&P Assets, including but not limited to signaling facilities.

² **NOTE TO VRE:** Virginia working on obtaining maintenance and dispatching cost estimate from CSX.

Train: A locomotive unit, or more than one unit coupled, with or without cars, whether or not carrying passengers, having not less than 4.0 horsepower per trailing ton, displaying markers or carrying an end of train device, and capable of adhering to the schedule standards specified for the Service.

Trust Fund: The Commuter Rail Operations Liability Insurance Trust Fund administered by the Division pursuant to the Plan.

Virginia Indemnitees: The Commonwealth of Virginia, the Commonwealth Transportation Board, the Department, and any of the officers, directors, employees, agents, or servants of such entities.

Virginia-Acquired RF&P Assets: The portion of the railroad line between Richmond, Virginia, and Washington, D.C. that is owned (or under its primary control through an agreement with an owner party other than CSXT) by the Commonwealth, the Department, or an agency, authority, or other instrumentality thereof. The Virginia-Acquired RF&P Assets may increase as the Planned Improvements, or other Improvements, are completed and the Commonwealth, the Department, or an agency, authority, or other instrumentality thereof acquires (i) new railroad assets within

the RF&P Corridor, or (ii) existing assets from CSXT within the RF&P Corridor.

Virginia Tracks: The railroad tracks that are included within the Virginia-Acquired RF&P Assets, including but not limited to signaling facilities. The Virginia Tracks shall include such other parallel or related railroad operating facilities of the Commonwealth, the Department, or an agency, authority, or other instrumentality thereof as may at the instruction of the Department from time to time be temporarily used for the operation of the Service. The rail facilities within the definition of Virginia Tracks may be further changed at any time by written agreement of the parties.

VRE: Defined in paragraph A of the Explanatory Statement.

ARTICLE TWO

CONDITIONS

2.1 Other Operating Agreements. The Commissions acknowledge that they have executed the CSXT Operating Agreement and separate agreements with Norfolk Southern Railway and NRPC, which agreements grant the Commissions the right to operate commuter passenger rail service over the lines of each of those railroads. The Commissions shall promptly provide the Department with current copies of such agreements and any subsequent amendments thereto, upon the execution of such agreements or amendments.

2.2 More Favorable Provisions. In the event that the terms and provisions of any agreement described in Section 2.1 shall at any time be interpreted, modified, or amended so as to become more favorable to the named counter-parties than the terms and provisions of this Agreement are to the Department, in the sole judgment of the Department, then the Department may request the Commissions' agreement to modify this Agreement so as to incorporate such interpretation, modification, or amendment, in whole or in part, by amendment to this Agreement.

2.3 Operator. The Commissions shall not self-operate the Service, but shall operate the Service through one or more

Operators. The Commissions will be free to select an Operator at their discretion based upon criteria, developed in consultation with the Department, designed to obtain an Operator qualified to operate trains on property of Class One railroads. An Operator must comply at all times with all applicable provisions of this Agreement. The Commissions shall not have the right to assign this Agreement or any portion hereof to any other person or entity, or to permit any person or entity other than an Operator to exercise such rights or enter upon the property of the Department without the written consent of the Department. The retention of an Operator by the Commissions shall not relieve the Commissions of any of their obligations under this Agreement. If at any time an Operator becomes unacceptable to the Department, the Department shall notify the Commissions and the Parties shall thereafter meet and confer within a reasonable time to develop a mutually-agreed resolution to the objections raised by the Department, which resolution may include removal and replacement of the Operator.

2.4 Inspection of Equipment. The Department shall have no responsibility, but shall have the right, to cause a third party to perform an audit-style inspection (*i.e.*, a spot inspection and not a comprehensive inspection), itself or through a contractor, of any Equipment of the Commissions used in the Service to ensure compliance with this Agreement

and federal law. Such inspections shall be at the Department's sole cost and expense, and shall not be done more than once each year. However, the parties agree that any such inspection shall not be construed to shift any liability for any such Equipment from Commissions to the Department, nor shall any such inspection be construed to reduce the Commissions' duty to indemnify the Virginia Indemnitees under Article 9. The Department shall have no responsibility to maintain, service, or repair any of the Equipment of the Commissions, but all such Equipment shall at all times comply with applicable federal (including without limitation the federal Locomotive Inspection Act and the Federal Safety Appliance Acts, each as amended, and with all regulations adopted pursuant to either Act), state, and local laws, regulations and requirements.

2.5 Operating and Safety Rules. (a) Operation of the Service shall at all times comply with CSXT's operating rules, safety rules, instructions, and other regulations until such time as Complete Separation or Maximum Feasible Separation (each as defined within the Comprehensive Rail Agreement) is achieved between the Virginia Acquired RF&P Assets and the CSXT-Retained RF&P Assets. At such time, the Department and the Commissions may agree upon specific operating rules that are

different than, or supplemental to, CSXT's operating rules. CSXT's operating rules shall continue in effect until different or supplemental rules are agreed upon. The Commissions, an Operator, and all personnel of either who are present on the Equipment at any time shall comply fully with the applicable laws, regulations or rules, whether federal, state, or local, covering the operation, maintenance, condition, inspection, testing, or safety of personnel or Equipment employed in the maintenance and operation of any of the Trains.

(b) **Operating Personnel**. The Commissions shall ensure that all persons operating Equipment or Trains over the Tracks are fully competent, trained, and qualified for the tasks they are performing in accordance with standards applicable to operation of trains on property of class one railroads.

(c) **Radios**. The Commissions, at their sole expenses, shall obtain, install, and maintain, in all locomotives used with Commission's Trains operating over the Tracks, functioning radios to transmit and receive appropriate frequencies, as necessary.

(d) **Investigations**. Any investigation or hearing concerning the violation of any operating rule or safety rule of the Department by any of the employees of the Commissions or of

its Operator may be attended by any official of the Commissions or of the Operator designated by the Commissions.

(e) **Right to Exclude Personnel.** The Department shall have the right to exclude from the Virginia Tracks or other Virginia-Acquired RF&P Assets any employee of the Commissions or its Operator found to be in violation of applicable law. The exercise of such right, and any and all Losses that may arise therefrom shall be excluded from the indemnification provisions of Article Nine of this Agreement when such an employee is excluded by the Department.

2.6 Modifications to Service. The Department retains exclusive authority to approve or reject, in its sole discretion, any proposed modification of the Service (other than the components of the Planned Additional Service to which the Department is entitled under the Comprehensive Rail Agreement and which are identified as being for commuter rail service) or of its scheduled operations. In addition, the Department retains the right to require the construction of additional Improvements, and appropriate modification to the Contract Fee, whenever the Commissions propose modifications to the Service or to its scheduled operations, other than components of the Planned Additional Service, provided such additional Improvements are necessary to enable the requested

modifications to the Service or scheduled operations. However, in the event of an Emergency that requires a short-term modification to the Service for which prior approval cannot be obtained reasonably, the Commissions may make such reasonable modifications as are necessary to continue the Service in a safe and reliable manner in coordination with the entity that is responsible for dispatching the relevant portion of Tracks. If the Commissions implement such a short-term modification, they shall: (i) within 24 hours of the event or occurrence giving rise to the emergency conditions notify the Department of the emergency in writing, and (ii) within five business days of the event or occurrence giving rise to the emergency conditions provide to the Department for its approval or rejection a written plan to continue the Service in a safe and reliable manner for the expected duration of the emergency condition. Notwithstanding the foregoing, the Commissions shall have the right to annul Trains and to provide less than the full Service for limited periods necessitated by unforeseen circumstances including but not limited to weather events, Equipment malfunctions, conflicts with NRPC, freight, and other trains, and government holidays and work cancellations.

2.7 Regulatory Approvals. In the event that operation of any portion of the Service requires the prior approval of or exemption from regulations by the Surface Transportation Board, the Federal Railroad Administration, or any other governmental agency, securing such approval or exemptions shall be the exclusive responsibility of the Commissions. The Department will make reasonable efforts to support the actions which the Commission may initiate pursuant to this Section.

2.8 Other Trains. The Department shall in no event be responsible for or liable to the Commissions, or its Operator, or any passenger for the consequences of any delays or cancellations of the Service due to conflicts with CSXT's freight service, NRPC's inter-city passenger service, weather, labor difficulties, track or equipment failure, conflicting schedules or missed connections of NRPC trains or of trains of CSXT, or from other causes. Notwithstanding the foregoing, the Department acknowledges the importance to the Commissions' commuter rail service of on-time performance and agrees to endeavor to provide an average monthly on-time performance of 90% within the Virginia-Acquired RF&P Assets and, to the extent reasonably possible, the RF&P Corridor. In the event an average on-time performance of 90% is not met

in any month, the parties shall meet during the next month to discuss the reasons why the aforesaid on-time performance average was not met and what steps can be taken to meet or exceed that average.

2.9 Planned Improvements. After acquiring the Virginia-Acquired RF&P Assets, the Department will endeavor to complete the Planned Improvements as described more completely in **EXHIBIT C**.

2.10 Planned Additional Service. The parties acknowledge and agree that the Comprehensive Rail Agreement makes available certain future passenger rail service slots identified in **EXHIBIT B** (Service Plan), and that the Department has the right to such slots designated for commuter rail service, subject to the Comprehensive Rail Agreement, and the Department will make available to the Commissions under the terms of this Agreement the additional slots identified in **EXHIBIT B** (Service Plan) for commuter rail service. As the Planned Improvements are completed incrementally, the Department will provide written notice to the Commissions of their right to begin the corresponding components of the Planned Additional Service by using those service slots associated with the completed Planned Improvements. However, the Department does not guarantee the completion of any or all of the

Planned Improvements, or the start of the Planned Additional Service and the Planned Additional Service may be suspended under the conditions provided in the Comprehensive Rail Agreement. For the avoidance of doubt, the Commissions shall have no right to commence any component of the Planned Additional Service unless the Department provides written notice to the Commissions that they may begin such component. Upon delivery by the Department to the Commissions of written notice of the completion of certain Planned Improvements and the Commissions' right to begin operating certain components of the Planned Additional Service, the Commissions shall: (i) on or before the Planned Additional Service Long Stop Date, adopt a budget allocating funds to support the corresponding components of the Planned Additional Service, and (ii) begin such corresponding components of the Planned Additional Service no later than the beginning of the Fiscal Year immediately following the Fiscal Year during which the budget in (i) was adopted. If the conditions of (i) and (ii) in the preceding sentence are not met, the Department may, upon written notice to the Commissions, elect to receive and use the unused Planned Additional Service components for commuter or inter-city passenger rail service. The Department may utilize such components for a Substitute Operating Period. The Commissions and the Department shall work in good faith to agree upon access and use of any

Commission-owned passenger rail facilities for such commuter or inter-city passenger rail service during any Substitute Operating Period. If the Commissions do not meet conditions (i) and (ii) above because the Department does not discount the Contract Fee as provided in Section 5.1(d) in the Fiscal Year in which the Planned Additional Service component(s) is required to begin, then the Commissions' obligation to meet conditions (i) and (ii) shall be tolled until the Fiscal Year in which the full eighty four percent (84%) Contract Fee discount is provided.

2.11 Improvements. The Commissions at any time may propose to the Department Improvements to the Virginia-Acquired RF&P Assets. Upon such a proposal being made the parties will confer to discuss whether to develop such proposed Improvements, cost sharing for such proposed Improvements, and other related issues. However, no Improvements will be made to the Virginia-Acquired RF&P Assets without the express written consent of the Department.

ARTICLE THREE

ACCESS

3.1 Commissions' Access Rights. The Department hereby grants to the Commissions, subject to the terms and conditions of this Agreement, the right to use (i) the Virginia-Acquired RF&P Assets, including the Virginia Tracks, and (ii) those passenger rights that the Department enjoys over the CSXT-Retained RF&P Assets, in both cases with the Trains to provide the Service. Except as provided in Section 2.10 with respect to unused components of the Planned Additional Service, the Commissions shall have the exclusive right to operate commuter rail service using the Virginia-Acquired RF&P Assets, including the Virginia Tracks, and shall be the sole provider of such services on the Virginia-Acquired RF&P Assets, including the Virginia Tracks, unless otherwise agreed by the Commissions and the Department. The Department expressly reserves the right to construct future assets within the Virginia-Acquired RF&P Corridor from which the Commissions may be excluded.

3.2 Special Trains. In addition to the rights stated in Section 3.1 above, the Department may permit the operation of Special Trains by the Commissions in addition to those **EXHIBIT B** (Service Plan), as well as those necessary to qualify an Operator, provide employee training, and test Equipment and Trains, which permission

shall not be unreasonably withheld. The Commissions shall submit their requests for Special Trains in writing to the Department at least seven business days prior to the proposed date of operations. No Special Train shall be run without the prior written agreement of the Department and the Commissions and on reasonable terms and conditions and with such proof of insurance and indemnification as are satisfactory to the Department but not more than those provided for in Article Nine.

3.3 Limitation of Access Rights. The rights granted to the Commissions herein shall relate solely to use of the Virginia Tracks and other Virginia-Acquired RF&P Assets required for the operation of Trains in the provision of the Service.

3.4 Passenger Station Facility Lease Agreement. Contemporaneously with the execution and delivery of this Agreement, the Department will execute and deliver the Passenger Stations Facility Lease Agreement in substantially the form of **EXHIBIT D** (Passenger Stations Facility Lease Agreement), whereby the Department will lease to the Commissions certain real property for the operation of each of the Passenger Stations Facilities enumerated in that exhibit. It is contemplated that the Passenger Stations Facility Lease Agreement may be amended or restated concerning the construction, maintenance, and use, during the term

of this Agreement, of additional Passenger Stations Facilities. The Passenger Stations Facility Lease Agreement and other amendments or restatements shall impose no liability on the Department (or its officers, agents, or employees).

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ARTICLE FOUR

TERM

4.1 Effective Date and Expiration. This Agreement shall become effective and shall commence as of the Effective Date, and unless terminated earlier in accordance with its provisions, or with the written consent of both parties, shall continue in effect until the Commissions cease to operate the Service. At or about the fifth anniversary of this Agreement, representatives of the Commissions and the Department shall meet to review operation of this Agreement and discuss possible modifications thereof. Modifications agreed upon by the parties shall be set forth in a written amendment to this Agreement signed by the parties.

4.2 Termination by Commissions. The Commissions shall have the right to terminate this Agreement only (i) if (whether due to lack of funding, inability to obtain the required insurance, or otherwise) they become unable to provide the Service, and (ii) upon 12 months' prior written notice to the Department. Upon any such termination notice delivered to the Department, the Commissions shall cooperate with the Department, and if the Department elects to procure a replacement entity to provide the Service, use their best efforts to assist the Department to procure such replacement entity, with any necessary modifications to the Service. The Department shall have a right of first refusal (but

not the duty) to purchase any Equipment and/or Passenger Station Facilities sold by the Commissions after the delivery of a termination notice to the Department.

4.3 Liabilities after Termination. Termination or expiration of this Agreement for any cause shall not relieve any of the parties hereto from any obligations or liabilities accrued under this Agreement as of the time such termination becomes effective. Without limiting the foregoing, it is specifically recognized that any obligation on the part of a party to assume financial responsibility, to indemnify and insure or to make a payment of money shall survive termination or expiration of this Agreement. It is further recognized that grant funding providers of the Commissions, including but not limited to the Federal Transit Administration and the Federal Railroad Administration, may retain an interest in Improvements funded in whole or in part with grant funds which interests shall run with the Improvements upon termination or expiration of this Agreement.

ARTICLE FIVE

PAYMENT

5.1 General Premise. (a) The premise upon which the Department and the Commissions have agreed to the Service pursuant to this Agreement is that the Department will permit operation of the Service (i) over the Virginia Tracks and other Virginia-Acquired RF&P Assets, and (ii) subject to those passenger rights that the Department enjoys over the CSXT-Retained RF&P Assets, with the following conditions: (1) the Commissions will make payment to the Department of the Contract Fee; and (2) Virginia Indemnitees will incur no Losses or potential Losses arising from the Service (or failure of Commissions to provide the Service) in any way and the Commissions will indemnify the Virginia Indemnitees against any Losses or potential Losses, and will defend any Claims, related to the Service, in accordance with and as more fully described in Article Nine.

(b) **Contract Fee.** The Commissions agree to pay the Department a Contract Fee (comprised of the Track Dispatching and Maintenance Fee and the Station Lease Payments). The parties agree that, as the Planned Improvements are completed incrementally, and as other Improvements may be completed, the mileage of the Virginia Tracks may increase and the number of Passenger Station Facilities leased to the Commissions by the Department may increase.

Accordingly, the parties agree the Contract Fee may increase as the mileage of the Virginia Tracks increases and as the Department leases to the Commissions additional property for Passenger Station Facilities. If the basis upon which the Contract Fee is assessed is modified, resulting in likely cost increases to the Commissions, the Department shall provide to the Commissions notice of such modification not less than one hundred-eighty (180) days prior to the start of the Commissions' Fiscal Year during which such modification will be applied. The Commissions shall pay the applicable components of the Contract Fee to the Department no more than 30 days after the Department submits a proper invoice to the Commissions for such applicable components.

(c) **Audit**. The basis for the amounts payable to the Department under this Agreement shall be subject to audit or review by either party for up to three years following payment thereof. Notwithstanding the foregoing, the Track Dispatching and Maintenance Fee shall be subject to audit and review only to the extent necessary to verify (i) the amounts charged by CSXT or other contractor to the Department for dispatching and maintenance performed by CSXT or other contractor on the Virginia-Acquired RF&P Assets within the VRE territory pursuant to the Comprehensive Rail Agreement, and/or (ii) any portion of such amounts paid to

the Department by NRPC as incremental costs attributable to inter-city passenger rail service over the Virginia Tracks.

(d) Track Dispatching and Maintenance Fee Discount.

In its sole discretion, the Department may discount the Track Dispatching and Maintenance Fee by up to eighty-four percent (84%).

5.2 Conditional Payments - NRPC. In addition to the payments specified hereinabove, the Commissions shall also pay to the Department monthly, within thirty (30) days of demand when supported by appropriate documentation, that portion of any amounts which the Department shall have been forced to pay to NRPC pursuant to an operating agreement between the Department and NRPC (as it may from time to time be amended) governing the operation of inter-city passenger service over Virginia Tracks which is attributable to the abnormal operation or the malfunction of the Service.

5.3 Other Payments. In addition to the payments specified elsewhere in this Article Five, the Commissions shall also pay to the Department, within thirty (30) days of demand, when supported by appropriate documentation, any amounts which become due to be so paid pursuant to the provisions of Article Two and Article Nine.

ARTICLE SIX

MAINTENANCE AND DISPATCHING

6.1 Track Maintenance. The Department shall, during the term of this Agreement, cause CSXT or other contractors to maintain the Virginia Tracks in a condition that will accommodate the operation of the Service, and no less than that required to prevent any downgrade to the Virginia Tracks below Class 4 pursuant to 49 C.F.R. § 213.9 (or any successor regulation). However, the Department shall have no duty to maintain the CSXT Tracks, and the Department does not guarantee the condition of the Virginia Tracks or that the Service will not be delayed or interrupted. If the Commissions contend the Department has failed to cause CSXT or other contractors to maintain the Virginia Tracks as anticipated by this Article Six, the Commissions may submit written notice of such contention to the Department, and within 30 days of such written notice the parties shall meet and confer to address and resolve such failure. If such meeting and conference does not finally resolve the issues noticed in the written notice submitted by the Commissions, either party may submit the matter pursuant to the dispute resolution provisions of this Agreement. However, in no event shall such failure, including but not limited to any FRA findings or reports, impose any liability on any of the Virginia Indemnitees except as provided by Article Nine hereof with respect

to gross negligence, nor shall any such failure absolve the Commissions of any of the obligations imposed upon them by Article Nine hereof.

6.2 CSXT's Performance of Track Maintenance. The parties acknowledge their mutual expectation that, notwithstanding Section 6.1, CSXT (as a contractor to the Department) will undertake maintenance of all of the Virginia Tracks on behalf of the Department at least until Phase 2 of the Planned Improvements is complete. At such time as the Department decides to procure a contractor other than CSXT to perform Track Maintenance, it shall consult with the Commissions on criteria for contractor selection to the end of ensuring the interests of the Department and the Commissions are protected.

6.3 Clearing Wrecked Equipment. The Commissions will clear any crippled, disabled, or wrecked Trains or Equipment of the Commissions impeding traffic on the Virginia Tracks.

6.4 Passenger Station Facilities Maintenance. The Commissions shall be responsible to perform, at their own costs and expense, all maintenance and operation activities with respect to the Passenger Station Facilities used by the Commissions with respect to the Service, except to the extent maintenance obligations are imposed upon other users of those Passenger Station

Facilities, as noted in the Passenger Station Facility Lease Agreement.

6.5 Dispatching. The Department shall, during the term of this Agreement, cause CSXT or other contractors to dispatch the Virginia Tracks. The Parties acknowledge and agree that, because such dispatching services will be undertaken by parties other than the Department, the Department is not able to guarantee any outcomes with respect to such dispatching services. At such time as the Department decides to procure a contractor other than CSXT or NRPC to perform track dispatching, it shall consult with the Commissions on criteria for contractor selection to the end of ensuring the interests of the Department and the Commissions are protected.

ARTICLE SEVEN

CLAIMS SERVICE

7.1 Claims Service. The provision of Claims handling service in connection with any aspect of the Service shall be the exclusive responsibility of the Commissions, and in no event shall the Commissions or its Operator assert any right to require provision of such Claims handling service from the Department or any affiliate thereof.

ARTICLE EIGHT

LAW ENFORCEMENT SERVICES

8.1 Police. The provision of law enforcement services in connection with any aspect of the commuter passenger rail service shall be the exclusive responsibility of the Commissions, and in no event shall the Commissions or any Operator assert any right to require provision of the services of such law enforcement services from the Department. The Department shall be responsible for providing law enforcement services, including the policing of trespassers, on the Virginia Tracks and other Virginia-Acquired RF&P Assets. The Commissions will use reasonable efforts to have the local law enforcement personnel with whom the Commissions work to cooperate with the Department's and CSXT's law enforcement personnel with regard to the Department's and CSXT's policing of trespassers within the RF&P Corridor.

ARTICLE NINE

RISK OF LIABILITY

9.1 General Indemnity and Duty to Defend.

The Commissions shall indemnify the Virginia Indemnitees against any Losses or potential Losses by a Virginia Indemnatee, related in any way to or arising from the Commissions' acts or failure to act (i) related in any way to the Commissions' operation of passenger facilities, or (ii) in providing the Service, including, without limitation, for the Commissions' failure to comply with this Agreement or applicable law. The Commissions shall indemnify the Virginia Indemnitees under this Article Nine whether or not such Losses or potential Losses are caused, in whole or in part, by the negligence, regardless of its character or degree, of a Virginia Indemnatee, and whether the damages are compensatory, punitive, or exemplary, provided, however, the Commissions shall not be required to indemnify Commonwealth employees and contractors in their individual capacities with respect to their own gross negligence (*i.e.*, wanton and willful misconduct). In addition, the Commissions shall defend the Virginia Indemnitees against all Claims asserted by third parties against a Virginia Indemnatee (i) related in any way to the Commissions' operation of passenger facilities, (ii) related in any way to or arising from the Commissions' acts or failure to act in providing the Service,

or (iii) which are exacerbated by the operation of the Service over the Tracks, or by the presence of cars, Equipment, personnel, contractors, agents, or passengers of the Commissions or an Operator on or about the RF&P Corridor.

9.2 (a) Commuter Rail Operations Liability Insurance Plan.

To guarantee payment of their obligations under this Article Nine, the Commissions shall, subject to the approval and continuing supervision of the Division, procure and at all times maintain a policy or policies of liability insurance, with annual aggregate limits of at least \$295,000,000.00 (or with such additional limits as may be required by the provisions of Section 9.3 hereof) covering the liability assumed by the Commissions under this Article Nine. Such insurance may consist of a program of self-insurance approved and administered by the Division for up to Five Million Dollars (\$5,000,000.00), with the balance of the coverage (at least \$290,000,000.00 in excess of the \$5,000,000.00 self-insured retention) to be obtained through commercial insurance. All insurance policies shall name the Department as an additional insured, shall provide liability insurance covering the liabilities assumed by the Commissions under this Agreement, and shall be endorsed to provide that the insurance company will give the Department thirty (30) days prior written notice if the policies are to be terminated or modified during the term of this

Agreement. The Commissions shall provide the Department with copies of all commercial insurance policies, including all current endorsements, carried by the Commissions pursuant to this Section 9.2, and a copy of all agreements, including amendments thereto, between the Commissions and the Division relating to the coverage, structure, administration, or funding of the Commissions' insurance program at least ten (10) business days before the commencement of any such policy, including all current endorsements. Such copy shall be delivered to:

Director

Virginia Department of Rail and Public Transportation

600 East Main Street, Suite 2102

Richmond, VA 23219

Counsel for the Department of Rail and Public Transportation

Transportation Section

Office of the Attorney General

202 North 9th Street

Richmond, VA 23219

(b) **The Plan**. In accordance with Section 2.2-1839 of the Code of Virginia, the Division has established the Plan, a copy of which is attached as **EXHIBIT A** (The Plan). [As soon as

practicable after the execution of this Agreement, and in all cases prior to the Commissions operating trains on any tracks owned by the Department, the Parties shall cooperate in good faith, working with the Division, to add the Virginia Indemnitees to the Plan as insureds (or collectively as an insured), whether through an endorsement or through another means satisfactory to the Department. Thereafter, the Parties shall collaborate in good faith, working with other stakeholders, to update the Plan itself for accuracy. The Plan is and shall be maintained by the Commissions and administered by the Division. It is the intention of the parties that the Plan provides coverage for all liability which is or may be imposed upon or assumed by the Commissions under this Article Nine. The parties further agree that, subject to the additional criteria set forth in this Article Nine (including, but not limited to Sections 9.2 and 9.3), the Plan is sufficient, as of the date hereof, to fulfill the obligations of the Commissions with respect to the procurement and maintenance of liability insurance pursuant to Section 9.2(a). Subject to the limits of Virginia law, the Commissions' obligation set forth herein is absolute and Commissions shall be obligated to indemnify all Virginia Indemnitees for all Losses, potential Losses, and obligated to defend Claims as set forth in Section 9.1(a) of this

Agreement. The Plan shall not be amended without the agreement of the Department evidenced by amendment of this Agreement.

(c) **Plan Reports**. The Commissions shall provide to the Department a copy of all reports which are submitted pursuant to the Plan. The reports to be made pursuant to the Plan shall include the balance sheets and income statements of the Trust Fund.

(d) **Insurance Coverage Floor**. If, at any time, the total insurance coverage applicable to the liabilities assumed by the Commissions under this Article Nine falls below \$295,000,000.00 or, because of pending Claims, is reasonably expected to fall below \$295,000,000.00 (or, in each case, such greater coverage as may be required by the provisions of Section 9.3), or such coverage is otherwise subject to challenge or diminution for any reason (including, without limitation, court decisions or applicable laws or regulations affecting the validity or enforceability of the Plan or this Article Nine), the Commissions will ensure that notice of such fact is provided promptly by the Division to the Commissions, the Department, and the Operator. If the Commissions fail to immediately (*i.e.*, the day of such notice) restore the available insurance coverage to \$295,000,000.00 (or such higher level as may be required by the provisions of Section 9.3), or to otherwise obtain relief from any

other causes which may diminish such coverage for any reason, the Service and all rights granted the Commissions under Article Three of this Agreement shall be immediately suspended and shall not be resumed until the full \$295,000,000.00 in insurance coverage (or such higher levels as may be required by the provisions of Section 9.3) has been obtained; provided, however, the suspension of passenger service shall not occur until after the Department has consulted with the Commissions and determined that the coverage specified herein will not be promptly restored. Any increase in the amount of insurance coverage which results from the application of Section 9.3 shall automatically cause a proportionate adjustment to the limits specified in this Subsection 9.2(d).

(e) **Trust Fund**. The Division administers the Trust Fund for the purposes of implementing and funding the Commissions' obligations under the Plan and this Article Nine. The Commissions shall ensure that, at all times, the Trust Fund is solvent and adequately funded for the purposes contemplated by this Article Nine, and shall arrange for a review by the Division of the financial condition of such Trust Fund and the commercial insurance and self-insurance maintained under the Plan, from time to time, as requested by the Department. Such review shall include a written certification to the Department that the Trust Fund is solvent, and that if the Plan's insurance program fails to comply with the

requirements of this Article Nine, or the Trust Fund is not adequately funded, the Division shall promptly give notice of such fact to the Department, the Commissions, and the Operator. If the Department determines that the Trust Fund is not adequately funded, the Department may give notice of such fact to the Commissions. If the Commissions fail to immediately (*i.e.*, the day of such notice by the Division or the Department) provide funding in amounts determined by the Division or by the Department to be adequate or obtain the required insurance, the Service and all rights of the Commissions under Article Three of this Agreement shall be immediately suspended until such funding and/or insurance is provided; provided, however, the suspension of the Service shall not occur until after the Department has consulted with the Commissions and determined that adequate funding and/or insurance will not be promptly restored. Notwithstanding the foregoing, in the event that the Division fails to comply with any of the requirements of this Agreement, including but not limited to those set forth in this Article Nine, the Commissions shall take all actions, including the commencement of litigation and/or direct purchase of policies of insurance, to prevent a breach of such requirement.

(f) **Material Breach for Failure to Comply with Insurance Requirements.** In the event that the Department

determines that either this Article Nine or the Plan (or the insurance coverage provided thereunder) is invalid or unenforceable for any reason, or that the Commissions have otherwise failed to comply with their obligations under this Article Nine, such determination shall constitute a material breach of this Agreement.

9.3 Increases in Insurance Amounts under the Plan and Liability Limits under the Agreement. (a) If, as a result of any statute enacted by the Commonwealth of Virginia or the federal government, the maximum liability limitation of Commissions is increased to an amount in excess of \$295,000,000.00, then the minimum liability limit of \$295,000,000.00 set forth in Section 9.2 of this Article shall be automatically increased to the new maximum statutory liability of the Commissions and the liability insurance shall be amended to reflect such higher amount. If the exposure of any Virginia Indemnatee to liability under this Agreement or under the Passenger Station Facility Lease Agreement is increased by statute or judicial decision, the limits on the liability of the Commissions pursuant to this Agreement shall be increased proportionately and the limits of the liability insurance carried by the Commissions shall be increased to reflect such increased exposure. As a condition to employing self-insurance to cover such higher amount of increased exposure, the

Commissions agree to obtain the advance approval of the Division. In the event the Commissions fail to obtain and maintain the insurance required by this Section for any reason (including the unavailability of such insurance), then either party shall have the right to suspend the Service immediately upon delivery of written notice to the other.

(b) **Review of Claims; Adjustments**. At any time during the term of this Agreement, upon the Department's request, the parties hereto will review and evaluate the number and cost of Claims which have been made against the insurance carried by the Commissions, the actual and potential liabilities incurred by the Commissions for death, personal injury, or property damage, any relevant judicial decisions, inflation and current trends in the cost of tort claims, and the likelihood and potential cost of future Claims. Based on this review and evaluation, the parties will determine whether there are reasonable grounds to increase the limits and expand the coverage of the insurance required to be carried by the Commissions under Subsection 9.2(a) and Subsection 9.2(d) hereof. If the parties are unable to agree, the dispute shall be handled pursuant to Article Eleven hereof; provided, however, that in no event shall the liability of the Commissions or the amount of insurance to be carried by the Commissions be reduced below the limits required by Sections 9.2 and 9.3 hereof.

9.4 Passenger Station Facility Lease Agreement; Indemnity.

The rights granted to the Commissions in this Agreement relate to use of the Virginia Tracks for the operation of Trains. Immediately upon the execution and delivery of this Agreement, the parties shall execute and deliver the Passenger Stations Facility Lease Agreement with respect to the Passenger Station Facilities enumerated in **EXHIBIT D** (Passenger Stations Facility Lease Agreement). It is contemplated that the Passenger Stations Facility Lease Agreement may be amended or restated concerning the construction, maintenance, use, and removal of additional platforms or certain ancillary facilities located on platforms, including, among others, canopies, elevators, stairways, elevated walkways, for the accommodation of the Commissions' passengers. It is understood that the indemnification and insurance provisions of this Article Nine of this Agreement shall apply with respect to such construction, maintenance, use, and removal by the Commissions, any Operator, its or their employees, agents, contractors, passengers, invitees, and the general public of all Passenger Station Facilities used by the Commissions with respect to the Service.

9.5 Environmental Conditions; Indemnity. The Commissions expressly understand and agree that their obligations to indemnify the Virginia Indemnitees under the provisions of this Article Nine

also extend to and include the obligation to indemnify against any and all Losses or potential Losses, and to defend Claims suffered by or asserted against a Virginia Indemnatee, as a direct or indirect result of or due to the presence or escape of any hazardous materials, substances, wastes, or other environmentally regulated substances on or from the Tracks, a Train, or Equipment which presence or escape is attributable in any way to, or is exacerbated by, the operation of the Service over the Tracks or the presence of the Commissions' or any Operator's Equipment, personnel, or passengers on or about the Corridor.

9.6 Notice of Third-Party Claims. (a) The Department shall give notice to the Division and to the Commissions as soon as reasonably practicable whenever it receives credible notice from any third party that it is the intention of such third party to hold a Virginia Indemnatee responsible for an incident for which the Commissions are potentially liable under Article Nine.

(b) **Duty to Cooperate.** The Department agrees: (1) to cooperate in the defense of Claims of which it gives the Division notice hereunder; (2) to allow the Division, within its sole discretion (subject to Section 2.2-514 of the Code of Virginia), to settle or defend any such Claim; and (3) to execute all documents reasonably required to enable the Division to recover

amounts paid by the Division on behalf of the Commissions to persons other than the Department.

CURRENT DRAFT

ARTICLE TEN

RISK OF LABOR CLAIMS

For the avoidance of doubt, under Article Nine, the Commissions will indemnify and defend the Virginia Indemnitees against any Losses or potential Losses flowing from collective bargaining agreements to which the Commissions are a party or employee protective conditions imposed by a governmental agency on the Commissions.

ARTICLE ELEVEN

DISPUTE RESOLUTION

11.1 Efforts to Resolve; Advisory Opinions. The parties hereto shall make every reasonable effort to settle any dispute arising out of this Agreement without resorting to litigation. If the parties so agree, they may retain a disinterested person experienced in railroad operations, or an accountant or attorney if appropriate, to render his or her objective advice and opinions, which shall be advisory only and not binding unless the parties agree in writing to be bound by his or her judgment in a particular instance.

11.2 Legal Actions. Any claims or controversy between the Commissions and the Department, except matters which are within the discretion or judgment of the Department, which cannot be resolved by the parties concerning the interpretation, application, or implementation of this Agreement, may be resolved by either party filing a legal action. All litigation between the parties arising out of or pertaining to this Agreement shall be filed, heard, and decided in either (i) a Virginia Circuit Court with jurisdiction, or (ii) the United States District Court for the Eastern District of Virginia.

11.3 Duty to Continue Performance. Pending final resolution of any dispute, the parties will continue to fulfill their respective obligations under this Agreement.

11.4 Dispute Resolution Costs. Each party shall bear the costs and expenses incurred by it in connection with any litigation, and neither party will seek or accept an award of attorneys' fees or costs incurred in connection with the resolution of a dispute pursuant to this Article Eleven.

ARTICLE TWELVE

MATERIAL BREACH

12.1 Material Breach - Safety. Failure on the part of the Commissions or its Operator to comply with the conditions of Article Two related to safety of operations or as provided in Subsection 2.5(a) of Article Two, or failure to comply with any other conditions of Article Two shall constitute a material breach by the Commissions.

12.2 Material Breach - Plan. Failure on the part of the Commissions to comply with the material provisions of Article Nine hereof, including their obligation to obtain and maintain insurance for the benefit of the Department, shall constitute a material breach by the Commissions.

12.3 Material Breach - General. Failure on the part of the Commissions to substantially comply with any material obligation under this Agreement shall constitute a material breach by the Commissions.

12.4 Suspension and Termination for Material Breach. If the Commissions are in material breach of this Agreement, the Department may among other remedies available to it at law or in

equity, upon written notice to the Commissions, immediately suspend the Service until the Commissions have effected a cure with respect to the material breach, or until the Commissions have commenced a cure and are diligently pursuing completion thereof - in either case to the reasonable satisfaction of the Department. Upon any written notice provided by the Department to the Commissions of material breach by the Commissions (and even if the Department has not elected to suspend the Service) the parties shall meet and confer with respect to the cure to be pursued by the Commissions. The Department may terminate this Agreement if the Commissions have failed to cure or to commence a cure and diligently pursue the completion thereof within 180 days of the applicable notice of material breach delivered by the Department. However, even if this Agreement is not terminated, nothing shall compel the Department to lift any suspension of the Service until the Commissions have effected a cure with respect to the applicable material breach, or until the Commissions have commenced a cure and are diligently pursuing completion thereof - in either case to the reasonable satisfaction of the Department.

ARTICLE THIRTEEN

NOTICES

13.1 Notice. Any report, notice, or other communication required or permitted hereunder shall, unless otherwise specified, be in writing and shall be delivered (i) by email with a return email by the recipient acknowledging receipt, (ii) by hand, or (iii) deposited in the United States mail, postage prepaid, addressed as follows:

If to the Department:

Director

Virginia Department of Rail and Public Transportation

600 East Main Street, Suite 2102

Richmond, VA 23219

Counsel for the Department of Rail and Public Transportation

Transportation Section

Office of the Attorney General

202 North 9th Street

Richmond, VA 23219

If to Commissions:

Chief Executive Officer

Virginia Railway Express

1500 King Street, Suite 202

Alexandria, Virginia 22314

[add email]

(With a copy to the

County Attorney of Arlington County

2100 Clarendon Boulevard, Suite 403

Arlington, Virginia 22201)

Either party may change the address at which it shall receive communications and notifications hereunder by notifying the other party in writing of such change.

ARTICLE FOURTEEN

MISCELLANEOUS

14.1 Force Majeure. Each party will be excused from performance of any of its obligations hereunder (except Article Nine), to the other party, where such nonperformance is occasioned by a Force Majeure Event, provided that the party excused hereunder shall use all reasonable efforts to minimize its nonperformance and to overcome, remedy or remove such event in the shortest practical time. The Department and the Commissions shall promptly undertake and complete the repair, restoration, or replacement of any their respective property which is necessary for the provision of the Service, or for the performance of any of one another's obligations hereunder which is damaged or destroyed as a result of a Force Majeure Event.

14.2 Headings. The article and section headings herein are for convenience only and shall not affect the construction hereof.

14.3 Written Modifications. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by all of the parties hereto, unless a specific provision hereof expressly permits one party to effect termination, amendment, supplementation, waiver or modification hereunder, in which case

such change shall be made in accordance with the terms of such provision.

14.4 Exhibits. All exhibits attached hereto, and as they may be amended, are integral parts of this Agreement and the provisions set forth in the exhibits shall bind the parties hereto to the same extent as if such provisions had been set forth in their entirety in the main body of this Agreement.

14.5 Severability. In the event that any provision of this Agreement is found to be invalid or unenforceable in any respect, the remaining provisions shall remain in full force and effect as if the unenforceable provision were deleted.

14.6 No Waiver. The failure of either party to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy in this Agreement, shall not impair any such right or remedy to be construed as a waiver or relinquishment thereof.

14.7 No Third-Party Beneficiaries. Except (for the purposes of Article Nine only) for those Virginia Indemnitees and the CSXT Indemnitees that are not a party to this Agreement, this Agreement and each and every provision hereof are for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be construed as creating or

increasing any right in any third party to recovery by way of damages or otherwise against either of the parties hereto.

14.8 Assignment. The Department may assign all of its duties and rights under this Agreement to the Virginia Passenger Rail Authority, without the prior consent of the Commissions. Otherwise, the rights and obligations of the Department and the Commissions hereunder may be assigned only with the prior consent of the other parties. The Department may continue to use its staff to support the Virginia Passenger Rail Authority in performing or exercising its duties and rights under this Agreement, even after this Agreement has been assigned to the Virginia Passenger Rail Authority.

14.9 Joint and Several Liability - Commissions. While it is understood and agreed that the Commissions shall act together in all matters affecting the Service, the rights and obligations of the Commissions hereunder shall be shared jointly and severally.

14.10 Governing Laws. This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard for conflict of laws principles.

IN WITNESS WHEREOF, the Department and the Commissions have caused their names to be signed hereto by their officers thereunto duly authorized and their seals, duly attested, to be hereunto affixed as of the day and year first above written.

[SIGNATURES PAGES FOLLOW]

CURRENT DRAFT

Attest:

VIRGINIA DEPARTMENT OF RAIL AND
PUBLIC TRANSPORTATION

Secretary

By: _____
Title: _____

CURRENT DRAFT

Attest:

NORTHERN VIRGINIA TRANSPORTATION
COMMISSION

Secretary

By: _____
Title:

Attest:

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION

Secretary

By: _____
Title:

EXHIBIT A - THE PLAN

[TO COME]

CURRENT DRAFT

EXHIBIT B - SERVICE PLAN

[NOT YET FINALIZED]

CURRENT DRAFT

EXHIBIT C – PLANNED IMPROVEMENTS

Project Name	Project Limits
L'Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7
Woodford to Milford Third Track – Siding B	CFP 43.5 – CFP 40.4
Hanover Third Track – Siding C	CFP 18.7 – CFP 15.5

Exhibit D

Passenger Station Facility Lease Agreement

PASSENGER STATION FACILITY LEASE AGREEMENT

THIS PASSENGER STATION FACILITY LEASE AGREEMENT (“Lease Agreement”) is made and entered into this [●] day of [●], 2020, by and between the VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION (“DRPT”) as Lessor, and THE NORTHERN VIRGINIA TRANSPORTATION COMMISSION and THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION, jointly and severally, as Lessee, bodies politic and corporate and political subdivisions of the Commonwealth of Virginia, established under provisions of the Transportation District Act of 1964, as amended (each a “Commission” and, collectively, the “Commissions”).

WITNESSETH:

WHEREAS, DRPT is the owner of certain interests in real estate in the Commonwealth of Virginia and other improvements on such land; and

WHEREAS, the real estate acquired by DRPT included, among improvements, passenger rail facility improvements made by the Commissions (“VRE Stations Sites”) and passenger rail facility improvements made prior to the start of the Commissions’ commuter rail service in 1992 (“Legacy Station Sites”); and

WHEREAS, the parties have entered into a Passenger Rail Operations and Access Agreement dated [●], 2020 (the “Operating Agreement”) under which they have agreed to enter into this Lease Agreement; and

WHEREAS, the purpose of this Lease Agreement is to set forth the terms and conditions on which the Commissions shall lease certain real property and certain improvements owned by DRPT, including the Legacy Station Sites, from DRPT, for the construction, maintenance, and operation of commuter rail facilities.

NOW THEREFORE, for and in consideration of the rents or sums of money hereinafter agreed to be paid by the Commissions, and of the covenants upon the part of the Commissions to be kept and performed, as hereinafter expressed, it is agreed between the parties hereto as follows:

1. PREMISES

Subject to the terms of this Lease Agreement, DRPT hereby leases to the Commissions the rights described herein to each of the properties more particularly described on Appendix A, as amended from time to time (hereinafter referred to collectively, as the “Premises” and, individually, either as a VRE Station Site or a Legacy Station Site). The parties may agree, from time to time, to amend this Lease Agreement to provide for the leasing of additional property by DRPT to the Commissions. In such event, any such additional property shall also be referred

to as a “VRE Station Site,”¹ the term “Premises” shall include such additional property, and the rent due hereunder shall be adjusted accordingly, as provided by Section 3(c) hereof.

2. TERM

(a) This Lease Agreement shall become effective as of [●] (the “Commencement Date”) and shall continue in effect for the life of, and be coterminous with, the Operating Agreement. The period between the Commencement Date and the expiration or early termination of this Lease Agreement shall be the “Term.”

(b) At any time during the Term, either party may deliver notice to the other party of such party’s wish to arrange a meeting of representatives of the Commissions and DRPT to review this Lease Agreement and to discuss possible modifications thereof. However, neither DRPT nor the Commissions shall be obligated to modify this Lease Agreement, except as provided in Section 3.

3. RENT

(a) During the Term, the Commissions will pay to DRPT rental amounts as shown on Appendix B on a yearly basis for the use and occupancy of the premises, which rental shall be payable in arrears. Rental payments will be due during the month of July covering the annual period between (i) July 1 of the immediately-prior calendar year, and (ii) June 30 of the then-current calendar year.

(b) In the event of the addition of property to this Lease Agreement pursuant to Section 1, Appendix B shall be amended to reflect the annual rent attributable to such property, and the Commissions shall pay prorated annual rent proportional to the partial year the Commissions had use of such property under this Lease Agreement.

(c) [reserved]

(d) [reserved]

(e) During the Term, if the Commissions’ use of the premises materially changes or if DRPT otherwise deems it necessary to adjust the rental amounts, then DRPT may provide written notice to the Commissions no later than 180 days prior to the beginning of the Commissions’ next-occurring fiscal year that DRPT intends to modify the annual rental amounts upon the start of such upcoming fiscal year. Thereafter, the parties may meet and confer in good faith with respect to the appropriate modifications to the annual rental amounts. However, after such meeting and conference, DRPT, acting reasonably, shall have the unilateral right to modify the annual rental amounts for the upcoming fiscal year and shall notify the Commissions of its final determination with respect to such modifications no later than 60 days prior to the beginning of the fiscal year during which the modifications will take effect. [In no event shall the annual rental amount for any component of the Premises exceed the rental amount paid by the

Commissions to CSXT with respect to such component of the Premises as of December 1, 2020, escalated by three percent (3%) on each anniversary of December 1, 2020.]²

(f) If the Commissions shall default in the payment of rent for a period of thirty (30) days after the same shall be due as herein provided, the Commissions shall pay DRPT a late charge at the rate of one and one-half percent (1.5%) per month on the amount in default until all defaults in payments are cured. Any subsequent rent shall be applied first toward any unpaid penalty amounts and payments in default, then the balance, if any, shall be applied toward such subsequent rent obligations then due. The provisions of this Subsection (f) of Section 3 shall be in addition to the rights of DRPT provided in Section 12 hereof.

(g) Acceptance of rent by DRPT, even though the Commissions are in default of other terms of this Lease Agreement, shall not be deemed a waiver by DRPT of a default of any other provision of this Lease Agreement.

4. USE

(a) The Commissions will occupy and use the premises only for the purposes permitted by this Section 4. No assignment or sublease of this Lease Agreement or any part of the term shall be made by the Commissions without the prior written consent of DRPT, which consent may be withheld for any reason. Occupation, use and possession of the VRE Station Sites shall be by the Commissions and those to whom the Commissions grant permission to occupy and use the premises, and no other person or corporation. Occupation, use and possession of the Legacy Station Sites shall be by the Commissions and those to whom the DRPT grants permission to occupy and use the Legacy Station Sites.

(b) Unauthorized use by the Commissions of the premises or DRPT's adjoining property, if any, shall constitute a default and, at the option of DRPT, shall be cause for termination in accordance with Section 12(a) hereof.

(c) The premises shall be used by the Commissions solely for the construction of the commuter rail station and related facilities and improvements, and subject to the provisions of Section 7 hereof, the maintenance and operation of such improvements and the premises, and the embarking and debarking of passengers on the Virginia Railway Express (as defined in the Operating Agreement) commuter service and the passengers of other passenger rail service providers permitted by the Commissions to use the VRE Station Sites. In addition, portions of the VRE Station Sites may be used for commercial activities including but not limited to the following: (1) passenger ticket sales by a vending-type machine and (2) newspaper and periodicals vending sales, provided such activities do not unreasonably interfere with DRPT's use of its property or pose an unreasonably safety risk to freight or passenger rail operations.

5. USE OF PROPERTY; HAZARDOUS SUBSTANCE

(a) The Commissions shall not cause or permit any Hazardous Substance to be used, stored, generated or disposed of on or in the premises by the Commissions, their agents, employees, contractors or invitees, without first obtaining DRPT's written consent, which consent

may be withheld for any reason. The Commissions shall indemnify and hold harmless the “Virginia Indemnitees” (as defined in the Operating Agreement), pursuant to the terms of Section 10 hereof, from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses, arising from the use, generation or disposal of Hazardous Substances or the contamination of the premises in any manner caused or permitted by the Commissions, the Operator (as defined in the Operating and Access Agreement), or the Commissions’ passengers or invitees. This indemnification includes, without limitation, any and all costs incurred by DRPT because of any investigation of the premises or any cleanup, removal or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if the Commissions cause or permit the presence of any Hazardous Substance on the premises that results in contamination, the Commissions shall promptly, at their sole expense, take any and all necessary actions to return the premises to the condition reasonably equivalent to that existing on the premises at the commencement of the Lease term. The Commissions shall first obtain DRPT’s approval for any such remedial action; however, this requirement shall not limit the Commissions’ right to take immediate remedial action to mitigate damages caused by Hazardous Substances.

(b) As used herein, “Hazardous Substance” means any substance that is toxic, ignitable, reactive or corrosive and that is regulated by any local government, the Commonwealth of Virginia, or the United States government. “Hazardous Substance” includes any and all materials or substances that are defined as “hazardous waste”, “extremely hazardous waste” or a “hazardous substance” pursuant to state, federal, or local governmental law. “Hazardous Substance” includes, but it not restricted to, asbestos, polychlorinated biphenyls (PCBs), petroleum, solvents, printing inks, pesticides, solvents, and leads.

6. RIGHTS RESERVED BY DRPT

(a) DRPT reserves unto itself, its licensees, successors and assigns: (1) working in coordination with the Commissions, the right to use the airspace above existing and future stations owned by DRPT for residential, commercial, and office purposes, and to use airspace above any Segment it acquires to access train stations and platforms and to construct new train stations and platforms; and (2) the right to enter, or to have its contractors enter, upon the premises after reasonable advance notice except in the event emergency circumstances necessitate lesser notice in which case notice practicable under the circumstances shall be provided, for the purpose of maintaining and operating railroad track or tracks, signal and communication facilities and any other DRPT owned apparatus, equipment and facilities located on or adjacent to the premises.

(b) In its exercise of the rights reserved in Section 6(a), DRPT shall use its best efforts not to unreasonably interfere with the Commissions’ use of the premises. If DRPT believes that it will significantly interfere with the Commissions’ use of the premises, DRPT will give the Commissions as much advance notice as is practicable under the circumstances.

(c) [reserved]³.

(d) In the event that DRPT grants rights to, or enters into agreements with, easement grantees, licensees, or other third parties affecting the premises, subsequent to the date

of this Lease Agreement, such rights and agreements shall be consistent with, and shall not unreasonably interfere with, the Commissions' existing use of the affected premises under this Lease Agreement. The Commissions shall not be responsible for any costs or expenses incurred in the exercise of the aforesaid rights, including those that would not have been necessary but for the Commissions use and occupation of the premises.

7. IMPROVEMENTS AND ALTERATIONS

(a) Unless otherwise agreed by the parties, any improvements to or alterations of the VRE Station Sites shall be made by, and at the expense of the Commissions, but only with prior written approval of DRPT which approval shall not be unreasonably withheld. All such improvements and alterations shall be made in a good and workmanlike manner and in compliance with all applicable laws and regulations, and shall conform to the plans and specifications approved by DRPT. The Commissions will secure all necessary permits or licenses in any way connected with said improvements or structures and will pay any and all taxes levied against such improvements or structures; said improvements or structures being the sole property of the Commissions. The Commissions shall also be responsible for taxes, licenses, permits, etc., required in connection with any business conducted by or for the Commissions on the premises. If in DRPT's sole discretion the use of a flagman is required for the construction and maintenance of any improvements or the premises, the Commissions shall provide a flagman at the Commissions' expense.

(b) The Commissions shall pay the full amount of any and all taxes levied or assessed on account of personal property placed on the premises by the Commissions and any penalties in connection therewith. The Commissions shall be responsible for all listing and other duties in connection with the taxation of said improvements and personal property.

8. CONDITION AND MAINTENANCE

The Commissions have inspected the premises prior to execution of this Lease Agreement and accept the premises as is. The Commissions shall maintain the VRE Station Sites, including all improvements and any structures thereon, in accordance with the transit asset management standards promulgated by the Federal Transit Administration. The Commissions shall maintain the Legacy Station Sites, in whole or in part, according to the allocation of maintenance responsibilities described in other agreements with third parties. The VRE Station Sites and any improvements or structures hereafter erected by the Commissions on the VRE Station Sites or the Legacy Station Sites shall be maintained by and at the Commissions' sole expense.

9. UTILITIES

The Commissions shall pay for all utilities incident to its use and occupation of the premises, including special or other tax assessments related thereto. DRPT will cooperate, at no cost to the Commissions, in the expeditious approval of utilities located on the premises necessary for the Commissions' use and occupation of the premises.

10. RISK OF LIABILITY AND INSURANCE

It is understood and agreed that, as contemplated by Article 9 of the Operating Agreement, the Commissions' obligation to indemnify and insure Virginia Indemnitees pursuant to the provisions of Article 9 of the Operating Agreement (which provisions shall survive for the purposes of this Lease Agreement notwithstanding the prior expiration or termination of the Operating Agreement) shall extend to and include all losses, costs, expenses, damages and liability which is attributable to, or exacerbated by, the construction, maintenance, and use of the premises and all improvements to the premises and all other activities undertaken on or about the premises by the Commissions, any Operator (as defined by the Operating Agreement), and their respective employees, agents, contractors, passengers, and invitees.

11. CONDEMNATION

In the event a station site is condemned by public authority through the exercise of eminent domain, or is sold to or acquired by any public authority under threat of condemnation, thereupon vesting the title in said public authority, this Lease Agreement shall immediately terminate with respect to such station site. In such event, the Commissions shall have no claim or right to share in compensation attributable to DRPT's property and improvements other than for improvements made at the cost of the Commissions. The foregoing shall in no manner limit the Commissions' right to all compensation for and damages to all structures, other improvements and the contents thereof owned or placed by the Commissions, or in which the Commissions have any interest, which are attributable to the exercise of eminent domain or other acquisition by a public authority. DRPT shall not be liable for any inconvenience or damage to the Commissions caused by the aforesaid action of a public authority.

12. TERMINATION

(a) If the Commissions shall default in the timely payment of any installment of rent, or shall fail to keep and perform any of its covenants and agreements herein contained, and if any such default shall continue for a period of thirty (30) days from the date the Commissions receive written notice from DRPT to cure such default, or in the alternative, the Commissions fail to undertake such measures within such 30 days as will reasonably cure such default, the Commissions' rights under this Lease Agreement may be suspended by written notice of DRPT and such suspension shall be lifted by DRPT upon the cure of such breach to DRPT's reasonable satisfaction, or upon earlier written notice of DRPT.

(b) Upon expiration or termination of the Operating Agreement, unless otherwise agreed by the parties, the Commissions shall promptly vacate the premises and remove therefrom all structures, other improvements and contents thereof owned or placed thereon or therein by the Commissions, or in which the Commissions have any interest, including the debris from the removal thereof, and restore the premises to a condition satisfactory to DRPT, all to be completed at the Commissions' cost and expense within twelve (12) months after the date of said termination. It is hereby agreed that the standard for such restoration shall be a condition equal to or better than that of the premises on the date such premises were first leased to the Commissions, reasonable wear and tear of structures excluded, but specifically including a requirement for grading and seeding of disturbed areas. In the event of failure of the Commissions to comply, after specific notice to the Commissions, all such structures, improvements and contents thereof are to be considered and treated as having been abandoned by the Commissions and, at the option of

DRPT, the ownership of same is to be considered surrendered to DRPT, to be removed, used, destroyed or otherwise as DRPT sees fit and without waiving or reducing the right of DRPT, hereby agreed to, to seek and obtain judgment against the Commissions for any delinquent rental payment, or for any expense and damages resulting from failure of the Commissions to keep and perform its covenants and agreements herein contained.

(c) Termination or expiration of this Lease Agreement shall not deprive DRPT or the Commissions of any other action or remedy against the other which existed prior to such termination. It is expressly understood and agreed that the provisions of Section 10, the obligations of the Commissions to pay amounts accrued under this Lease Agreement, and the provisions of Section 12(b) shall survive the termination or expiration of this Lease Agreement for any reason.

13. DAMAGE OR DESTRUCTION BY FIRE OR NATURAL CAUSES

(a) If during the Term, one or more of the station sites on the premises are damaged by fires, floods, windstorms, earthquakes, explosions, hurricanes, tornadoes, strikes, acts of public enemy, incidences of terrorism, wars or riots, civil disturbances, acts of God, or other casualty, so that the same are rendered unsuitable for the operation of the Commissions' business, and if said station sites cannot be repaired within one hundred eighty (180) days from the time of said damage, then this Lease Agreement shall terminate with respect to the locations so damaged or destroyed, as of the date of such damage or destruction. In such event, the parties shall amend this Lease Agreement to remove the damaged or destroyed station sites from the description of the premises in Appendix A, with a corresponding reduction in the rent. However, if the premises can with reasonable diligence be repaired, or a repair commenced, within one hundred eighty (180) days, the station sites shall be, by the Commissions, repaired as quickly as is reasonably possible, and this Lease Agreement shall remain in full force and effect.

(b) No compensation or claim or diminution of rent will be allowed or paid by DRPT by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the premises or any portion thereof, however the necessity may occur. The Commissions understand and agree that for this reason they will have adequate insurance available to protect their interests in the event of such a casualty.

14. LIMITATIONS

Any approval or permission given by DRPT hereunder or failure of DRPT to object to work done on the premises or use made thereof, including but not limited to the failure of DRPT to object to any material used or method of construction, or plans and specifications for any improvements to, or replacements, restorations or alterations of the premises, shall not be construed as an admission of responsibility by DRPT, or as a waiver of any obligations of the Commissions under this Lease Agreement.

15. GENERAL PROVISIONS

(a) This Lease Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia, without regard for conflict of laws principles.

(b) This Lease Agreement may be amended only by a written instrument executed and delivered by both parties.

(c) This Lease Agreement, including Appendices annexed to this Lease Agreement, and including the Operating Agreement, constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior or contemporaneous, oral or written, agreements or understandings with respect to such subject matter.

(d) This Lease Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns; provided, however, that the Commissions may not assign or sublease the premises or improvements to the premises, without the prior written consent of DRPT, which consent may be withheld for any reason.

(e) All notices, requests, consents and approvals required or permitted under this Lease Agreement shall be in writing and shall be deemed delivered upon personal delivery or upon mailing to the parties at the addresses set forth below or such other addresses as the parties may designate by delivery of prior notice to the other party:

If to DRPT:

[•]

With a copy to:

[•]

If to Commissions:

Virginia Railway Express

With a copy to:

(f) Each Commission shall be jointly and severally liable for payment of rent and other sums due under this Lease Agreement, and for performance of all other terms and conditions of this Lease Agreement. DRPT may exercise any or all remedies it may have against either or both Commissions.

(g) This Lease Agreement may be assigned by DRPT to the Virginia Passenger Rail Authority to undertake DRPT's obligations and activities contemplated by this Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Master Lease Agreement as of the day and year first above written.

VIRGINIA PASSENGER RAIL AUTHORITY, LESSOR

By: _____
Name: _____
Title: _____

NORTHERN VIRGINIA
TRANSPORTATION COMMISSION, LESSEE

By: _____
Name: _____
Title: _____

POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION, LESSEE

By: _____
Name: _____
Title: _____

APPENDIX A

STATION SITE	ADDRESS	LEASED FACILITIES	EXHIBIT ⁴
Leeland	275 Leeland Road Falmouth, VA 22405	Land	
Brooke	1721 Brooke Road Stafford, VA 22554	Land	
Rippon	15511 Farm Creek Drive Woodbridge, VA 22191	Land	
Woodbridge	1040 Express Way Woodbridge, VA 22191	Land ⁵ ; East and West Platforms	
Fredericksburg	200 Lafayette Boulevard Fredericksburg, VA 22401	East and West Platforms	
Quantico	550 Railroad Avenue Quantico, VA 22134	Station Building and Land ⁶	
Lorton	8990 Lorton Station Boulevard Lorton, VA 22079	Land	
Franconia-Springfield	6880 Frontier Drive Springfield, VA 22150	Land	
Crystal City	1503 Crystal Drive Arlington, VA 22202	Land	
Alexandria	110 Callahan Drive Alexandria, VA 22301	East and West Platforms	
L'Enfant	6th and 7th Street at C Street, SW Washington, DC 20024	Land	
L'Enfant Storage Tracks	Washington, DC	Land	
Spotsylvania	9442 Crossroads Parkway Fredericksburg, VA 22408	Land	

⁴ NTD: Need to ultimately incorporate descriptive exhibits for each station site.

⁵ NTD: CSX to retain land under platform on CSX-retained side of corridor.

⁶ NTD: CSX to retain land under platform on CSX-retained side of corridor.

APPENDIX - B

ANNUAL RENTAL AMOUNTS

Annual rental amounts shall be one dollar per year per station site, unless and until such rental amounts are modified according to the terms of the Lease Agreement.

CURRENT DRAFT



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 9-B
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: November 20, 2020

**Re: Recommend Authorization to Execute a Passenger Rail
Operations and Access Agreement**

Recommendation:

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access.

Summary:

The Agreement includes provisions to enable VRE trains to operate on right-of-way acquired by the Commonwealth of Virginia from CSX Transportation. The Agreement also provides the right for VRE to manage VRE station facilities located in the right-of-way and to increase VRE service once planned improvements within the railroad corridor are completed. Finally, it is anticipated the Agreement will be executed with the Department of Rail and Public Transportation (DRPT) and later assigned to the Rail Authority when practical.

Background:

Since 1992, the Commissions have been engaged in operating and planning the expansion of service for the Virginia Railway Express (VRE). In 2002, the Commissions and CSX Transportation (CSXT) established a corridor improvement program overseen by a corridor task force which included representatives of the Commonwealth of Virginia. The purpose of the corridor task force was to identify and fund capital improvement projects in the RF&P corridor to expand passenger rail. The Commonwealth of Virginia, acting through the Department of Rail and Public Transportation (DRPT), has worked collaboratively with



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703-684-1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121

the Commissions to advance commuter rail service, and beginning in 2009, began sponsoring the additional inter-city passenger rail service through the 'Amtrak Virginia' program.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority ("Rail Authority"), will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

VPRA Agreement:

The Commissions currently have Operations and Access Agreements in place with CSXT, Norfolk Southern Railway (NS) and Amtrak. The agreement with the Rail Authority will be similar in nature permitting operations and access to the newly acquired right-of-way. The agreement includes the following key Sections:

Operations

The Commissions shall operate the Service through one or more Operators. The Commissions will be free to select an Operator at their discretion, in consultation with the Rail Authority, based upon criteria designed to obtain an Operator qualified to operate trains on property of Class One railroads. Operation of the Service shall at all times comply with CSXT's operating rules for the near term, CSXT will continue to dispatch, provide maintenance of way and all other services to operate the right-of-way owned by the Commonwealth. As such, VRE will continue to have an Access agreement with CSXT as the Planned Improvements (e.g. 3rd and 4th tracks) have not been constructed. As the Planned Improvements are completed (e.g. Long Bridge, Franconia-Springfield Bypass), VRE will operate less on CSXT right-of-way and more on Rail Authority owned right-of-way.

The Rail Authority shall not be responsible for or liable to the Commissions, or its Operator, or any passenger for the consequences of any delays or cancellations of the Service due to conflicts with CSXT's freight service, Amtrak's inter-city passenger service, weather, labor difficulties, track or equipment failure, conflicting schedules or missed connections of Amtrak trains or of trains of CSXT, or from other causes.

The Rail Authority acknowledges the importance to the Commissions' commuter rail service of on-time performance and agrees to endeavor to provide an average monthly on-time performance of 90%. In the event an average on-time performance of 90% is not met in any month, the parties shall meet during the next month to discuss the reasons why the on-time performance average was not met and what steps can be taken to meet or exceed that average.

Term

This Agreement shall continue in effect until the Commissions cease to operate VRE service. At or about the fifth anniversary of this Agreement, representatives of the Commissions and the Rail Authority shall meet to review operation of this Agreement and discuss possible modifications. Modifications agreed upon by the parties shall be set forth in a written amendment to this Agreement.

Track Dispatching and Maintenance Fee

The periodic fee paid by the Commissions to the Rail Authority covering the Rail Authority's costs to dispatch and maintain the Rail Authority owned tracks (and other railroad assets made available by the Rail Authority and utilized by the Commissions) attributable to the Service. The Track Dispatching and Maintenance Fee will equal the amounts charged by CSXT or other contractors to the Rail Authority for dispatching and maintenance within the VRE territory minus any portion of such amounts paid to the Rail Authority by Amtrak. The fees are projected to be at or below the current fees VRE pays to CSXT.

Passenger Station Facility Lease

The Passenger Station Facility Lease Agreement is part of the Passenger Operations and Access Agreement. The purpose of this Lease Agreement is to establish the terms and conditions on which the Commissions shall lease certain real property and certain improvements owned by the Rail Authority, including the Legacy Station Sites, and for the construction, maintenance, and operation of commuter rail facilities.

The term of this Lease Agreement will be coterminous with the Passenger Operations and Access Agreement. Annual rental amounts shall be one dollar per year per station site.

STATION SITE	ADDRESS	LEASED FACILITIES
Leeland	275 Leeland Road Falmouth, VA 22405	Land
Brooke	1721 Brooke Road Stafford, VA 22554	Land
Rippon	15511 Farm Creek Drive Woodbridge, VA 22191	Land
Woodbridge	1040 Express Way Woodbridge, VA 22191	Land
Fredericksburg	200 Lafayette Boulevard Fredericksburg, VA 22401	East Platform
Quantico	550 Railroad Avenue Quantico, VA 22134	Station Building and Land
Lorton	8990 Lorton Station Boulevard Lorton, VA 22079	Land
Franconia-Springfield	6880 Frontier Drive Springfield, VA 22150	Land

Crystal City	1503 Crystal Drive Arlington, VA 22202	Land
Alexandria	110 Callahan Drive Alexandria, VA 22301	East Platform
L'Enfant	6th and 7th Street at C Street, SW Washington, DC 20024	Land
L'Enfant Storage Tracks	Washington, DC	Land
Spotsylvania	9442 Crossroads Parkway Fredericksburg, VA 22408	Land

Planned Improvements

The table below list the Planned Improvements the Rail Authority intends to carry out, in cooperation with CSXT, and with funding from the Commissions and other sources:

Project Name	Project Limits
L'Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7

Planned Additional Service

The Rail Authority will make available to the Commissions train slots identified in the Service Plan. As the Planned Improvements are completed, the Rail Authority will provide additional train slots to the Commissions.

Timeline	Fredericksburg Line	Manassas Line
Post-Acquisition	One Round Trip	One Round Trip
Phase 1 – 2026*	Two Round Trips	Three Round Trips
Phase 1 – 2026* (Weekend Service)	Two Round Trips	Two Round Trips
Phase 2 – 2030*	Two Round Trips	

**Estimated completion of Planned Improvements*

As the Planned Improvements are completed, the Rail Authority will provide written notice to the Commissions of their right to begin additional service. The Commissions in turn shall: (i) on or before the Planned Additional Service Long Stop Date (12 months after notice), adopt a budget allocating funds to support the corresponding components of the Planned Additional Service, and (ii) begin such corresponding components of the Planned Additional Service no later than the beginning of the Fiscal Year immediately following the Fiscal Year during which the budget in (i) was adopted.

If the conditions of (i) and (ii) are not met, the Rail Authority may elect, unilaterally, to use the unused Planned Additional Service components for commuter or inter-city passenger rail service. The Rail Authority may utilize the train slots for a Substitute Operating Period – up to five-years.

The Commissions and the Rail Authority shall work in good faith to agree upon access and use of any Commission-owned passenger rail facilities for such commuter or inter-city passenger rail service during any Substitute Operating Period. If the Commissions do not meet conditions (i) and (ii) above because the Rail Authority does not discount the Contract Fee in the Fiscal Year in which the Planned Additional Service component(s) is required to begin, then the Commissions' obligation to meet conditions (i) and (ii) shall be tolled until the Fiscal Year in which the full eighty four percent (84%) Contract Fee discount is provided.

Indemnity/Liability/Default Provisions

The Commissions shall indemnify the Virginia Indemnitees [*The Commonwealth of Virginia, the Commonwealth Transportation Board, the Rail Authority, and any of the officers, directors, employees, agents, or servants of such entities*] against any Losses or potential Losses by a Virginia Indemnatee, related in any way to or arising from the Commissions' acts or failure to act (i) related in any way to the Commissions' operation of passenger facilities, or (ii) in providing the Service, including, without limitation, for the Commissions' failure to comply with this Agreement or applicable law.

Similar to existing Operating Access Agreements with CSXT, NS and Amtrak the Commissions maintain a policy or policies of liability insurance, with annual aggregate limits of at least \$295,000,000.00 or as otherwise modified by law. All insurance policies shall name the Rail Authority as an additional insured. The Plan is administered by the Depart of Risk Management for the Commonwealth in accordance with Section 2.2-1839 of the Code of Virginia.

If the Commissions are in material breach of this Agreement for Safety, not obtaining the required insurance coverages or substantial lack of adherence to other general provisions, the Rail Authority may suspend the Service until the Commissions have commenced or effected a cure to the reasonable satisfaction of the Rail Authority. The Rail Authority may terminate this Agreement if the Commissions have failed to cure or to commence a cure within 180 days of the notice of material breach. However, even if this Agreement is not terminated, nothing shall compel the Rail Authority to lift any

suspension of the Service until the Commissions have effected a cure with respect to the applicable material breach, or until the Commissions have commenced a cure and are diligently pursuing completion – in either case to the reasonable satisfaction of the Rail Authority.

Assignment

This Agreement may be initially with DRPT and then assigned by DRPT to the Rail Authority which would be responsible for all obligations and activities contemplated by this Agreement.

Fiscal Impact:

As noted above, the track dispatching and maintenance fees paid by VRE to the Rail Authority are expected to be the same or less than the track access fees currently paid to CSXT. Thus, the funding currently provided in the approved FY 2021 budget for CSXT track access fees should be sufficient for both CSXT and Rail Authority fees under the new access arrangement. The FY 2022 budget that will be presented to the Operations Board for recommendation in December will reflect any additional information that is available regarding the allocation of access costs between CSXT and the Rail Authority, but the total budgeted expense will incorporate normal annual cost increases (e.g., inflation) over the FY 2021 value.

VRE currently pays 100 percent of contractual access fees to all three of its host railroads (CSXT, Norfolk Southern, and Amtrak) and then is reimbursed by the Commonwealth for 84 percent of those fees from grant funding sources. This leaves the net 16 percent to be funded directly from VRE passenger fares and local subsidy. While this grant funding arrangement is expected to continue with the three existing host railroads, the Rail Authority may pursue a modified arrangement where only a net fee is charged to VRE for dispatching and maintenance and no grant reimbursement is required.

**Virginia Railway Express
Operations Board**

**Resolution
9B-11-2020**

**Recommend Authorization to Execute a Passenger
Rail Operations and Access Agreement**

WHEREAS, the Commissions currently have an Amended and Restated Operating/Access Agreement with CSX Transportation relating to VRE operations in the Fredericksburg to Washington corridor; and,

WHEREAS, in December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and,

WHEREAS, during the 2020 Virginia General Assembly session, the Virginia Passenger Rail Authority (“Rail Authority”) was established; and,

WHEREAS, the Rail Authority will manage the right-of-way acquired by the Commonwealth in the Fredericksburg to Washington corridor, including the Operating and Access agreement with VRE; and,

WHEREAS, once the right-of-way is acquired by the Commonwealth, the Commissions will need to have an Operating and Access Agreement in place with the Rail Authority; and,

WHEREAS, executing this agreement will ensure continued seamless operation of VRE service.

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board’s lawful purposes, duties, and responsibilities; and further find that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by member localities of the Virginia Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board recommends the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access, subject to approval as to form by legal counsel.

Approved this 20th day of November 2020

Gary Skinner
Chairman

Jeanine Lawson
Secretary



RESOLUTION #2431

- SUBJECT:** Authorize the VRE CEO to Execute an Agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding
- WHEREAS:** In December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth;
- WHEREAS:** During the 2020 Virginia General Assembly Session, the Virginia Passenger Rail Authority (“Rail Authority”) was established;
- WHEREAS:** Once the right-of-way is acquired by the Commonwealth, the Rail Authority will work collaboratively with CSX Transportation to construct Planned Improvements, in part, for the benefit of additional VRE service;
- WHEREAS:** The Northern Virginia Transportation Commission (NVTC) and the Potomac Rappahannock Transportation Commission (PRTC) (the “Commissions”) will provide a funding contribution to the Rail Authority to fund a portion of the Supported Program Elements and the purchase of real property;
- WHEREAS:** The Commissions will commit annual Commuter Rail Operating and Capital (CROC) funds for a CROC-Backed Debt issuance as well as pay-as-you-go contributions; and
- WHEREAS:** The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding, subject to approval as to form by legal counsel.

Approved this 3rd day of December 2020.

Katie Cristol
Chair

Jeffrey C. McKay
Secretary-Treasurer

PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT

Dated [●], 2020

between

NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND POTOMAC AND
RAPPAHANNOCK TRANSPORTATION COMISSION
as Virginia Rail Express

and

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

EXHIBIT TABLE

EXHIBIT	TITLE
EXHIBIT A	DEFINITIONS
EXHIBIT B	PHASES 1 AND 2 OF PROGRAM PROJECTS
EXHIBIT C	SUPPORTED PROGRAM ELEMENTS

CURRENT DRAFT

PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT

This PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT (this “Agreement”) is made and entered into this [●] day of [●], 2020 and is between the (i) Virginia Department of Rail and Public Transportation (“DRPT”), a an agency of the Commonwealth of Virginia (“Commonwealth”) and (ii) The Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, bodies politic and corporate and political subdivisions of the Commonwealth, established under the provisions of the Transportation District Act of 1964, as amended, and having principal places of business at 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, and 14700 Potomac Mills Road, Woodbridge, Virginia 22192, respectively (hereinafter, individually, a “Commission” and collectively the “Commissions”, which together DRPT and the Commissions shall be referred to as the “Parties”).

RECITALS

WHEREAS, the Commissions are engaged in planning and operating a public transportation rail system known as the Virginia Railway Express (“VRE”) that operates over certain railroad tracks and other railroad assets between Washington, D.C. and Spotsylvania, Virginia, pursuant to the Master Agreement for Provision of Commuter Rail Services in Northern Virginia dated October 3, 1989, as amended (the “Master Agreement”), among the Commissions, the Participating Jurisdictions and the Contributing Jurisdictions (each as defined below);

WHEREAS, the Parties are committed to a substantial increase in commuter passenger rail service provided by VRE between Washington, DC and Virginia cities; and

WHEREAS, to achieve this increase in commuter passenger rail service and enhanced utility, DRPT will acquire the Real Property, and undertake a program of capital projects (such program of capital projects referred to as the “Program”) as set forth in **EXHIBIT B**.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Program Objective; Effectiveness.

- 1.1 One of the principal objectives of DRPT acquiring the Real Property and undertaking the Program Projects is to increase commuter rail services along the RF&P Corridor, while maintaining freight interoperability.
- 1.2 The Parties agree that conditions precedent to the effectiveness of this Agreement are (i) DRPT and CSXT successfully negotiating and entering into the definitive agreements implementing the Term Sheet and the closing of the conveyance from CSXT to DRPT of a passenger easement (later to be converted to fee title or other interest from CSXT to DRPT) over the portion of the RF&P Corridor being conveyed to DRPT, and (ii) the execution of a definitive agreement between DRPT and the Commissions for operation of commuter rail services within the RF&P Corridor.

2. Program Funding Responsibilities.

- 2.1. Commissions Funding Commitment. The Commissions will pay to DRPT the (i) CROC-Backed Debt Proceeds and (ii) CROC Pay-Go Contributions, in each case in support of the Supported Program Elements identified in **EXHIBIT C**, as may be amended by the Parties from time to time.

Collectively, the CROC-Backed Debt Proceeds and the CROC Pay-Go Contributions shall be the “Commissions Funding Commitment”. It is expected that the Commissions’ CROC-Backed Debt debt service obligations shall extend for approximately 30 years, or for such other term as may achieve the objectives of this Agreement. The Commissions’ CROC Pay-GO Contributions shall not exceed 10 years unless such contributions are extended: (i) through the Reserve Recapture Date in accordance with Section 4.5 of this Agreement, or (ii) upon mutual agreement in writing by the Parties. In addition, the Commissions will continue to employ good faith efforts to secure sources of third-party funding that may be used in support of the Program Costs, and any such additional sources of funding shall not displace the CROC funds committed under this Agreement, but shall be supplemental and in addition to the Commissions Funding Commitment.

- 2.2. DRPT Funding Responsibilities. DRPT will be responsible for sourcing the balance of funding needed in excess of the Commissions Funding Commitment to fund the Program Costs, whether through local, regional, state, federal, or other non-Commissions funding sources. However, upon the request of either Party, the Parties will meet and confer to determine if, subject to the approval of the respective boards of the Commissions any Commissions-sourced funding in addition to the Commissions Funding Commitment may be made available to support the Program Costs, provided that, in no case shall the Commissions supply more than ten percent (10%) of the Program Costs, unless expressly agreed in writing by the Parties.

3. Source of Commissions Funding Commitment.

The Parties agree the source of the Commissions Funding Commitment shall be the Commuter Rail Operating and Capital Fund (the “CROC”) established under Va. Code § 33.2-3500(B).

4. CROC-Backed Debt.

- 4.1. Subject to the approvals required under Section 9, the Commissions, for the benefit of VRE, will issue CROC-Backed Debt as permitted under Va. Code § 33.2-3502. The Commissions will use best efforts to issue the CROC-Backed Debt no later than November 15, 2021; and the Commissions shall issue the CROC-Backed Debt no later than November 15, 2022, provided that the Parties agree that the issuance of the CROC-Backed Debt will generate sufficient proceeds and otherwise reasonably satisfy the objectives of this Agreement. The Parties shall collaborate on the structuring and offering of the CROC-Backed Debt, including but not limited to undertaking tax due diligence, developing information for offering documents, cooperating in bond validation proceedings, if any, and preparing various bond closing documents. Financing structures may include, but shall not be limited to, public bonds, privately-placed bonds, bank financing, financings under federal or state programs which may include, but shall not be limited to, TIFIA, RRIF and Virginia Resources Authority (VRA). The CROC-Backed Debt may be credit enhanced, supported by reserves, issued in one or more taxable or tax-exempt series, or otherwise structured and offered so as to achieve the objectives of this Agreement.
- 4.2. The CROC-Backed Debt Proceeds will be used for the Supported Program Elements set forth in **EXHIBIT C**, as may be amended by the Parties from time to time, and are expected to be fully expended for Supported Program Elements within eighteen months following issuance, except for such reasonably required reserves as may be used to enhance the marketability of the CROC-

Backed Debt. Specifically, the Parties intend the CROC-Backed Debt Proceeds to support acquisition costs of the Real Property within the VRE operating territory. DRPT shall submit a requisition to the Commissions at least 20 days in advance of any planned Real Property installment payment for which the CROC-Backed Debt Proceeds will be used, along with such supporting documentation relating to the acquisition as may be required by the CROC-Back Debt documents. Following receipt of any such requisition which satisfies the requirements of the documents related to the CROC-Backed Debt, the Commissions shall cause to be transferred to DRPT or its order the requisitioned amount of CROC-Backed Debt Proceeds. If the Commissions are unable to transfer the CROC-Backed Debt Proceeds in advance of any such Real Property installment payment because the Commissions have not yet issued the CROC-Backed Debt at the time of the Real Property installment payment, then DRPT will follow the same requisition process after the Commissions have issued the CROC-Backed Debt. DRPT agrees to fully cooperate with the Commissions with respect to any post-issuance securities disclosure, tax, reporting and other compliance as may be required for the CROC-Backed Debt. Depending on the financing structure, this reporting may require information on the progress and delivery of all elements of the Program as described in Exhibit B, not just the Supported Program Elements.

- 4.3. Unless otherwise agreed to in writing by the Parties, the annual CROC-Backed Debt Service payments during the first ten years following the Commissions' first CROC Pay-Go Contribution payment to DRPT shall not exceed the statutory maximum identified in Va. Code § 33.2-3502. After the first ten years following the Commissions' first CROC Pay-Go Contribution payment to DRPT, annual CROC-Backed Debt Service payments shall not exceed \$7,500,000, unless otherwise agreed to in writing by the Parties. CROC-Backed Debt Service payments shall be the highest priority use of the CROC funds. However, the Parties acknowledge that the specific annual amounts of CROC-Backed Debt Service payments and CROC Pay-Go Contributions may vary depending upon general market conditions at the time of the issuance of the CROC-Backed Debt, financing methods available to the Commissions, the achievable credit rating(s) of the proposed CROC-Backed Debt and other factors to be considered by the Commissions in structuring the CROC-Backed Debt offering so as to best achieve the objectives of this Agreement.
- 4.4. The Commissions will strive to maximize the CROC-Backed Debt Proceeds provided in support of the Program, subject to market considerations, overall prudent fiscal management that protects the interests of current and future VRE riders and the member jurisdictions who support VRE, and applicable provisions of this Agreement. VRE's current Financial and Debt Management Principles (adopted November 2013) do not contemplate the issuance of debt backed by a funding source such as CROC. Prior to any CROC-Backed Debt issuance, the Commissions will develop and approve updated Financial and Debt Management Principles, and the process of issuing CROC-Backed Debt will be conducted in accordance with those principles.
- 4.5. If reserve funds are reasonably required by lenders or investors as part of the CROC-Backed Debt issuance, or if reserve funds will enhance creditworthiness in support of the effort to maximize debt proceeds, such reserve funds may be funded with a cash contributions from the CROC or may be funded from the CROC-Backed Debt Proceeds. More generally, prudent fiscal management may require the Commissions to fund reasonable additional reserve funds to ensure adequate liquidity, manage cashflows, and support ongoing costs related to the debt issuance. To the extent the funding of any such reserves (i) reduces one or more quarterly CROC Pay-Go Contribution

payments, or (ii) is funded from the CROC-Backed Debt Proceeds (the amount of any such reductions under (i) and amounts under (ii), in aggregate, being the “Reserve-Displaced Amount”), the Commission’s duty to pay to DRPT the CROC Pay-Go Contributions will be extended beyond Fiscal Year 2031 through the Reserve Recapture Date. However, any such Reserved-Displaced Amount payments shall be subordinate to the repayment of any CROC-Backed Debt obligations.

- 4.6. As they become due, Commissions shall be solely responsible for, and shall make, all CROC-Backed Debt Service payments pursuant to the corresponding financing agreements. The Commonwealth and DRPT shall have no liability for any CROC-Backed Debt or any other sum secured by or accruing under any financing agreement entered into by the Commissions as a result of this Agreement. No document evidencing CROC-Backed Debt shall contain any provisions whereby a trustee or other person would be entitled to seek payment of such CROC-Backed Debt or any related damages or other amounts from the Commonwealth or DRPT. The Parties acknowledge and agree that the CROC-Backed Debt shall be payable solely from CROC payments received by the Commissions and any other amounts provided therefor in the CROC-Backed Debt documents, which may include, but not shall not necessarily be limited to, reserves, bond insurance, other credit enhancements or, if agreed to in writing, federal, state or local governmental support.
- 4.6.1. Each bond, promissory note, or other document evidencing CROC-Backed Debt must include a conspicuous recital on its face stating: (i) payment of the principal and interest does not constitute a claim against DRPT’s interest in the Rail Facilities, or any part thereof; (ii) payment of the principal and interest is not an obligation of the Commonwealth or DRPT, or any other agency, instrumentality, or political subdivision of the Commonwealth, moral or otherwise; and (iii) neither the full faith and credit nor the taxing power of the Commonwealth, DRPT, or any other agency, instrumentality, or political subdivision of the Commonwealth is pledged to the payment of the principal and interest on the CROC-Backed Debt; and (iv) the CROC-Backed Debt is a limited obligation of the Commissions payable solely from CROC payments received by the Commissions and other amounts pledged therefor. Nothing herein shall preclude the Commissions from making any clarifications to the foregoing recital that may be reasonably necessary to address any liability of the Commissions themselves.
- 4.6.2. Each bond, promissory note, or other document evidencing CROC-Backed Debt must also include an affirmative statement to the effect that the trustee’s or bondholders’ sole interest is in the pledged CROC funds, and the trustee and bondholders have no rights by lien or otherwise against DRPT’s title to or real property interest in the Rail Facilities or any other facilities owned by DRPT. Similarly, the trustee and bondholders will have no rights by lien or otherwise against the Commissions (except as specifically described in the CROC-Backed Debt documents), the Participating Jurisdictions or the Contributing Jurisdictions.
- 4.7. If interest on the CROC-Backed Debt is determined to be exempt from federal income taxation, the Parties will take all such actions as may be reasonably required to confirm and thereafter preserve such tax exemption, including, but not limited to:

- 4.7.1. Mutually agreeing upon a debt term that is appropriate given the useful life of the asset(s) being purchased or constructed and otherwise complies with applicable federal law of tax-exempt obligations;
- 4.7.2. Assisting with the tax due diligence to be conducted by the Commissions' tax and bond counsel; and
- 4.7.3. Cooperating with post-issuance reporting and other compliance relating to the use of the CROC-Backed Debt Proceeds and other matters in order to satisfy all tax-exempt issuance requirements, including arbitrage rebate.

5. CROC Pay-Go Contributions.

- 5.1. In addition to the CROC-Backed Debt Proceeds, for each fiscal quarter during a Collection Period, the Commissions shall pay to DRPT twenty-five percent (25%) of the applicable Annual CROC Pay-Go Contribution, or such lesser amount of CROC funds as the Commissions may actually receive during such fiscal quarter.
- 5.2. The payments described in Section 5.1 may be made by the Commissions to DRPT up to one hundred eighty (180) days after the first day of the applicable fiscal quarter during which the applicable CROC funds are received by the Commissions. For example, the quarterly CROC Pay-Go Contribution payment covering the first fiscal quarter of Fiscal Year 2022 may be paid by the Commissions to DRPT on any date prior to one hundred eighty (180) days after the first day of Fiscal Year 2022. In addition, quarterly CROC Pay-Go Contribution payments shall not be reduced by any amount of CROC-Backed Debt Service payments allocable to CROC-Backed Debt incurred after the final day of the applicable Collection Period.
- 5.3. Upon mutual agreement of the Parties, the Commissions may seek Commonwealth-Transportation-Board-controlled funding to support their commitment under this Agreement. Upon mutual agreement of the Parties, the Commissions may substitute such Commonwealth-Transportation-Board-controlled sources in place of the CROC funds for all or part of any required CROC Pay-Go Contribution to DRPT, provided that the total equivalent amount of the required CROC Pay-Go Contribution is otherwise provided in accordance with the terms of this Agreement. The Commissions may, at their discretion, substitute any alternative non-Commonwealth-Transportation-Board-controlled capital funding source in place of the CROC funds for all or part of any required CROC Pay-Go Contribution to DRPT, provided that the total equivalent amount of the required CROC Pay-Go Contribution is otherwise provided in accordance with the terms of this Agreement.
- 5.4. The CROC Pay-Go Contributions will be used by DRPT for the purposes established in **EXHIBIT C**.

6. Supported Program Elements; Quarterly Reports.

Unless otherwise mutually agreed in writing by the Parties, the Commissions Funding Commitment will be used to fund Supported Program Elements identified in **EXHIBIT C** attached to this Agreement.

Quarterly, DRPT shall generate and deliver to the Commissions a report demonstrating the application of the CROC-Backed Debt Proceeds and CROC Pay-Go Contributions received by DRPT from the Commissions. Such report shall demonstrate the application of such sources during the period covered by the report, and the application of such sources in aggregate with respect to the Program. Such report shall also demonstrate any unused balances of CROC-Backed Debt Proceeds and/or CROC Pay-Go Contributions held by DRPT.

7. Acknowledgment of Commissions' Planned Station Improvements.

In addition to, but separate from, the Program, the Commissions will independently undertake a series of capital project investments in the RF&P Corridor focused primarily (but not exclusively) on passenger station improvements. The Commissions' funding for those passenger station improvements is separate and distinct from the Commissions Funding Commitment contemplated in this Agreement; provided, however, that nothing in this Agreement shall prohibit the Commissions from using CROC payments not otherwise committed to DRPT hereunder to finance future capital improvements of any type. The estimated (but not capped) cost of the Commissions' phase 1 and phase 2 station projects in the RF&P Corridor is \$211,000,000.

8. Continued Use Requirement.

In accordance with Va. Code § 33.2-3501(B), the Parties will collaborate to ensure those assets funded by the Commissions Funding Commitment shall be subject to the continuing use of the Commissions for the useful life of such assets.

9. Appropriation and Approvals.

- 9.1 DRPT'S PAYMENT OF ANY AMOUNTS DUE PURSUANT TO THIS AGREEMENT, OR ITS COMMITMENT TO FUND ANY PROGRAM PROJECTS HEREUNDER, IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY AND ALLOCATION BY THE COMMONWEALTH TRANSPORTATION BOARD.
- 9.2 THE COMMISSIONS' DUTY TO MAKE THE CROC-BACKED DEBT SERVICE PAYMENTS AND THE CROC PAY-GO CONTRIBUTIONS ARE SUBJECT TO APPROPRIATION AND RECEIPT OF CROC FUNDS FROM THE COMMONWEALTH AND ANNUAL APPROPRIATIONS BY THE COMMISSIONS' BOARDS. IN ADDITION, THE ISSUANCE OF THE CROC-BACKED DEBT IS SUBJECT TO THE APPROVAL BY THE COMMISSIONS OF THE FINAL TERMS THEREOF. .

10. Governing Law.

This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard for conflict of laws principles.

11. Compliance with Law.

The Parties will comply with all applicable state, federal, and local laws and regulations in the performance of this Agreement. The Commissions certify they do not and shall not during the performance of this Agreement knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

12. Entire Agreement; Amendment and Modification.

This Agreement between the Parties shall supersede all prior communications and negotiations concerning the subject matter herein. This Agreement may not be modified or amended, except pursuant to a written agreement that is duly authorized, executed and delivered by both Parties.

13. Severability.

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder shall not be affected thereby and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Sovereign Immunity.

Notwithstanding any contrary language, none of the Commonwealth, DRPT or the Commissions waive or abrogate their sovereign immunity, in part or in whole, in any manner, under any theory, hereunder.

15. Assignment.

DRPT may assign this Agreement to the Virginia Passenger Rail Authority, provided that the Virginia Passenger Rail Authority shall assume all the rights and duties of DRPT hereunder, and provide any reasonable documentation requested by the Commissions relating to such assignment, including documentation relating to preserving the tax-exempt status, if any, of the CROC-Backed Debt. Otherwise, this Agreement shall not be assigned by any Party unless express written consent is given by the other Party.

16. Effective Date; Expiration.

This Agreement will be effective upon the satisfaction of the conditions stated in Section 1.2. It will expire ninety (90) days after the Reserve Recapture Date.

17. Dispute Resolution.

17.1. Efforts to Resolve; Advisory Opinions. The Parties hereto shall make every reasonable effort to settle any dispute arising out of this Agreement without resorting to litigation. If the Parties so agree, they may retain a disinterested person experienced in railroad operations, including, but not limited to, the financing of railroads, or an accountant or attorney if appropriate, to render his or her objective advice and opinions, which shall be advisory only and not binding unless the Parties agree in writing to be bound by his or her judgment in a particular instance.

17.2. Legal Actions. Any claims or controversy between the Commissions and DRPT may be resolved by either party filing a legal action. All litigation between the Parties arising out of or

pertaining to this Agreement shall be filed, heard, and decided in either the Circuit Court for the City of Richmond, Virginia, Division I.

17.3. Duty to Continue Performance. Except as may be ordered or permitted by a court of competent jurisdiction, pending final resolution of any dispute, the Parties will continue to fulfill their respective obligations under this Agreement.

17.4. Dispute Resolution Costs. Each party shall bear the costs and expenses incurred by it in connection with any litigation, and neither party will seek or accept an award of attorneys' fees or costs incurred in connection with the resolution of a dispute pursuant to this Article Eleven.

18. Notices.

All notices or communications with respect to this Agreement shall be in writing and shall be deemed delivered upon delivery by hand, upon the next Business Day if sent prepaid overnight delivery service, or on the third Business Day following mailing by U.S. Mail, certified, postage prepaid, return receipt requested, to the addresses set forth below or by email that clearly is marked notice in both the text and the subject line. The representatives and/or addresses set forth herein may be changed at any time by written notice to the other Parties sent by a below-listed representative, his/her designee, or interim replacement.

For the Commissions: Chief Financial Officer
Virginia Railway Express
1500 King Street, Suite 2020
Alexandria, VA 22314

Chief Executive Officer
Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314

Counsel for the Commissions
1500 King Street, Suite 202
Alexandria, VA 22314

For DRPT: Chief Financial Officer
Virginia Department of Rail and Public Transportation
600 East Main Street, Suite 2102
Richmond, VA 23219

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

Counsel for the Department of Rail and Public Transportation
Transportation Section
Office of the Attorney General
202 North 9th Street

Richmond, VA 23219

[SIGNATURE PAGE FOLLOWS]

CURRENT DRAFT

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

By: _____

Witness: _____

POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

By: _____

Witness: _____

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

By: _____

Jennifer Mitchell
Director

Witness: _____

[SIGNATURE PAGE TO PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT]

DEFINITIONS

“Agreement” is defined in the first paragraph preceding the recitals.

“Annual CROC Pay-Go Contribution” means, for a given Fiscal Year, \$15,000,000 minus any CROC-Backed Debt Service payments paid or scheduled to be paid by the Commissions during that same Fiscal Year, and minus any CROC Funds (but excluding CROC-Backed Debt Proceeds) used during that same Fiscal Year to fund any reserve funds required by lenders with respect to the CROC-Backed Debt. For example, if the CROC-Backed Debt Service for a given Fiscal Year is \$8,000,000, then (assuming no funding of reserve funds during the applicable Fiscal Year) the Annual CROC Pay-Go Contribution for that same Fiscal Year will be \$7,000,000 (paid in equal quarterly payments of \$1,750,000).

“Business Day” means Monday through Friday except federal or Commonwealth holidays.

“Collection Period” means each fiscal quarter beginning in Fiscal Year 2022 and going through the end the Reserve Recapture Date.

“Commissions” is defined in the first paragraph preceding the recitals.

“Commissions Funding Commitment” is defined in Section 2.1.

“Contributing Jurisdictions” means Alexandria and Arlington.

“CROC” is defined in Section 3 and means the Commuter Rail Operating and Capital Fund established under Va. Code §§ 33.2-3500, *et seq.*

“CROC-Backed Debt” means debt incurred by the Commissions in support of the Program and secured by a pledge of CROC funds.

“CROC-Backed Debt Proceeds” means the net proceeds of the CROC-Backed Debt.

“CROC-Backed Debt Service” means for a Fiscal Year or other measurement period, the aggregate of the payments to be made in respect of the principal of and interest on any CROC-Backed Debt and the associated financing costs and expenses, including, but not limited to, trustee’s fees or charges.

“CROC Pay-Go Contributions” means the cash payments from the Commissions to DRPT pursuant to Section 5.1, and collectively will equal the aggregate of all of the Annual CROC Pay-Go Contributions, including as such contributions may be extended through the Reserve Recapture Date.

“CSXT” means CSX Transportation, Inc., a Virginia Corporation.

“Fiscal Year” means July 1 to June 30 of any given year.

“Participating Jurisdictions” means Fairfax, Fredericksburg, Manassas, Manassas Park, Prince William, Spotsylvania and Stafford.

“Parties” is defined in the first paragraph preceding the recitals.

“Program” is defined in the third recitals.

“Program Costs” means DRPT’s actual costs to complete the Program Projects, inclusive of the costs to acquire the Real Property, currently estimated to be (but not capped at) \$3,700,000,000.

“Program Project(s)” means those projects listed in **EXHIBIT B**.

“Rail Facilities” means the railroad tracks on which VRE passenger rail service operates, and those stations, platforms, and other railroad assets that are utilized by the VRE passenger rail service.

“Real Property” means, collectively, Segments 1, 2, and 3 as defined in the *Comprehensive Rail Agreement between CSX Transportation, Inc. and the Virginia Department of Rail and Public Transportation*, the execution of which is a condition precedent to the effectiveness of this Agreement.

“Reserve-Displaced Amount” is defined in Section 4.5.

“Reserve Recapture Date” means the first date after the end of Fiscal Year 2031, that the Commissions have paid in full to DRPT the Reserve-Displaced Amount through continued quarterly CROC Pay-Go Contributions payments, or by any other means agreed by the Parties.

“RF&P Corridor” means the railroad right-of-way (most of which was previously owned by the Richmond, Fredericksburg and Potomac Railroad Company) generally about 100 feet wide extending approximately 144.8 miles from about CSXT milepost at CFP 112 at the turn off point for Union Station in Washington, D.C. to about CSXT milepost A 29.04, and includes both (i) the right-of-way to be acquired by DRPT plus (ii) the remaining portion of right-of-way to be retained by CSXT adjacent to DRPT’s right-of-way.

“Term Sheet” means the binding term sheet between the Virginia Department of Rail and Public Transportation and CSXT dated December 16, 2019, as amended.

“Virginia Railway Express” or “VRE” is defined in the first recital.

“DRPT” is defined in the first paragraph preceding the recitals.

EXHIBIT B**PHASE 1 AND 2 OF PROGRAM OF PROJECTS**

Project Name	Project Limits
L'Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7
Woodford to Milford Third Track – Siding B	CFP 43.5 – CFP 40.4
Hanover Third Track – Siding C	CFP 18.7 – CFP 15.5

SUPPORTED PROGRAM ELEMENTS

- I. CROC-Backed Debt Proceeds shall be used by DRPT to support acquisition costs of the Real Property within the VRE operating territory. However, if in the reasonable opinion of the Commissions' tax and bond counsel, such use of the CROC-Backed Debt Proceeds jeopardizes the tax-exempt status of the CROC-Backed Debt, then the Parties may collaborate in good faith to agree on alternative uses of the CROC-Backed Debt Proceeds, which uses shall maximize the amount the CROC-Backed Debt Proceeds available to support the Program Costs or otherwise achieve the objectives of this Agreement.
- II. CROC Pay-Go Contributions shall be used to support the following Program Projects, and this list of Program Projects supported by the CROC Pay-Go Contributions may be amended in the future, as needed from time to time, upon mutual agreement of the Parties:
 - a. New Long Bridge for Passenger Rail;
 - b. Alexandria Fourth Track; and
 - c. Franconia Springfield Bypass.



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 9-C
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: November 20, 2020

Re: Recommend Authorization to Execute a Passenger Rail Improvements and Funding Agreement

Recommendation:

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding.

Summary:

The Passenger Rail Improvements and Funding Agreement ("Funding Agreement") includes provisions for the Commissions to fund a portion of the Planned Improvements and the purchase of real property for right-of-way acquired by the Commonwealth from CSX Transportation (CSXT). The Commissions will utilize Commuter Rail Operating and Capital (CROC) funds for both a debt issuance and on a pay-as-you-go (PAYGO) basis as the source of the funding commitment. Once complete, the Planned Improvements will allow a significant increase in VRE service in accordance with the term of a separate Operating and Access Agreement with the Virginia Passenger Rail Authority ("Rail Authority"). Finally, it is anticipated the Agreement will be executed with the Department of Rail and Public Transportation (DRPT) and later assigned to the Rail Authority when practical.

Background:

Since 1992, the Commissions have been engaged in operating and planning the expansion of service for the Virginia Railway Express (VRE). In 2002, the Commissions and CSX



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703-684-1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121

Transportation (CSXT) established a corridor improvement program overseen by a corridor task force which included representatives of the Commonwealth of Virginia. The purpose of the corridor task force was to identify and fund capital improvement projects in the RF&P corridor to expand passenger rail. The Commonwealth of Virginia, acting through the Department of Rail and Public Transportation (DRPT), has worked collaboratively with the Commissions to advance commuter rail service, and beginning in 2009, began sponsoring the additional inter-city passenger rail service through the 'Amtrak Virginia' program.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority ("Rail Authority"), will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

Recognizing the benefits to VRE of this agreement and the expected gains in reliability and capacity, VRE and DRPT began discussions last year on a VRE funding contribution. When VRE's FY 2021 budget was adopted by the Operations Board, staff were directed to continue discussions and develop an agreement with DRPT that would utilize a mix of debt proceeds and cash to contribute towards the Planned Improvements – identified below as Supported Program Elements.

Commuter Rail Operating and Capital (CROC) Fund

CROC was created by the General Assembly in 2018 for the benefit of commuter railroads in the Commonwealth of Virginia. CROC funds can be used for commuter rail operations, for capital projects on a cash or PAYGO basis, and as the backing for a debt issuance. By law, no more than 66 percent of annual CROC funding can be committed to debt service.

CROC is currently funded at \$15 million per year from fuel taxes collected in NVTC and PRTC regions. VRE and the Commissions have already committed the FY 2019-2021 CROC funds (3 years x \$15 million = \$45 million total) to the VRE Crystal City and L'Enfant Station capital projects on a PAYGO basis. No commitments have yet been made for CROC funds in FY 2022 and beyond.

CROC-Backed Debt

Under the proposed Funding Agreement, the Commissions will issue CROC-Backed Debt as permitted under Va. Code § 33.2-3502. The proceeds from the CROC-Backed Debt will be transferred to the Rail Authority and will be used to purchase real property within the VRE service area from CSXT. The Commissions will use best efforts to issue the CROC-Backed Debt no later than November 15, 2021, and shall issue the CROC-Backed Debt no later than November 15, 2022, provided the Commission and the Rail Authority both agree the

issuance of the CROC-Backed Debt will generate sufficient proceeds and otherwise reasonably satisfy the objectives of the Funding Agreement. Future action by the Commissions will be required before CROC-Backed Debt could be issued.

Financing structures for the CROC-Backed Debt may include public bonds, privately-placed bonds, bank financing, and financings under federal or state programs such as TIFIA, RRIF and the Virginia Resources Authority (VRA). The CROC-Backed Debt may be credit enhanced, supported by reserves, issued in one or more taxable or tax-exempt series, or otherwise structured and offered so as to achieve the objectives of the Funding Agreement. The Commissions shall be solely responsible for and make all debt service payments from appropriated CROC funds pursuant to the final financing agreements. The Commonwealth and the Rail Authority shall have no liability for any CROC-Backed Debt, nor will member jurisdictions of the Commissions.

CROC PAYGO Contributions

In addition to the one-time commitment of proceeds from the CROC-Backed Debt, VRE and the Commissions will also contribute CROC funds to the Rail Authority on an ongoing basis. Beginning in FY 2022 and continuing through FY 2031 (ten years total), any available CROC amounts not already committed to debt service will be transferred on a quarterly basis to the Rail Authority to support key elements of the rail improvement program (see below). The Commissions may substitute an alternative capital funding source in place of the CROC funds for all or part of any required CROC PAYGO Contribution to the Rail Authority, provided the total equivalent amount of the required CROC PAYGO Contribution is otherwise provided.

Supported Program Elements

CROC-Backed Debt Proceeds will be used by the Rail Authority to support acquisition costs of the Real Property within the VRE operating territory. However, if in the reasonable opinion of the Commissions' tax and bond counsel, such use of the CROC-Backed Debt Proceeds jeopardizes the tax-exempt status of the CROC-Backed Debt, then the Commissions and the Rail Authority may collaborate in good faith to agree on alternative uses of the CROC-Backed Debt Proceeds.

CROC PAYGO Contributions will be used to support the following Supported Program Elements, and this list of program elements supported by the CROC PAYGO Contributions may be amended in the future upon mutual agreement of the Commissions and the Rail Authority:

- a. New Long Bridge for Passenger Rail
- b. Alexandria Fourth Track
- c. Franconia Springfield Bypass

In accordance with Va. Code § 33.2-3501(B), the Commissions and the Rail Authority will collaborate to ensure those assets funded by the Commissions through this Funding

Agreement shall be subject to the continuing use of the Commissions for the useful life of such assets.

Assignment

This Agreement may be initially entered into with DRPT and later assigned by DRPT to the Rail Authority which would be responsible for all obligations and activities contemplated by this Agreement.

Fiscal Impact:

There is no immediate fiscal impact from recommending the Funding Agreement to the Commissions. The Funding Agreement only identifies the general structure of the funding contribution VRE will make to the Rail Authority in support of the Transforming Rail in Virginia Program. Once additional financial analysis and due diligence work is completed, the Operations Board and the Commissions will be asked to approve a more detailed financing structure for the CROC-Backed Debt Issuance.

However, the Funding Agreement does represent a significant step toward a major financial commitment by VRE and the Commissions to the Rail Authority and to improved passenger rail service in Virginia. In broad terms, VRE will be committing the entire \$15 million of its annual CROC funds for a ten year period (approximately FY 2022 to FY 2031), plus up to half of its annual CROC funds (\$7.5 million per year) for an additional twenty years after that as debt service. During the first ten years, CROC will be unavailable as a funding source to support existing or new services, unless a replacement source for the required PAYGO contribution can be identified. After the first ten years (i.e., once the PAYGO contributions are complete), a portion of the CROC funds will revert to VRE and be available to support new and expanded service.

**Virginia Railway Express
Operations Board**

**Resolution
9C-11-2020**

**Recommend Authorization to Execute a Passenger
Rail Improvements and Funding Agreement**

WHEREAS, in December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and,

WHEREAS, during the 2020 Virginia General Assembly session, the Virginia Passenger Rail Authority ("Rail Authority") was established; and,

WHEREAS, once the right-of-way is acquired by the Commonwealth, the Rail Authority will work collaboratively with CSX Transportation to construct Planned Improvements, in part, for the benefit of additional VRE service; and,

WHEREAS, the Commissions will provide a funding contribution to the Rail Authority to fund a portion of the Supported Program Elements and the purchase of real property; and,

WHEREAS, the Commissions will commit annual Commuter Rail Operating and Capital (CROC) funds for a CROC-Backed Debt issuance as well as pay-as-you-go contributions,

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board's lawful purposes, duties, and responsibilities; and further find that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by member localities of the Virginia Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public

Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding, subject to approval as to form by legal counsel.

Approved this 20th day of November 2020

Jeanine Lawson
Secretary

Gary Skinner
Chairman

Agenda Item #9: Department of Rail and Public Transportation (DRPT)



TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice

DATE: November 25, 2020

SUBJECT: Department of Rail and Public Transportation (DRPT)

At the December meeting DRPT Director Jennifer Mitchell will give her report, including an update on the impacts of the COVID-19 public health emergency on state transit funding. DRPT Chief of Public Transportation Jennifer Debruhl will also give a presentation on the I-495 American Legion Bridge Transit/TDM Study.

A. DRPT Monthly Report

At the December meeting the DRPT Director will give her report. The [monthly DRPT Report](#), which provides updates on DRPT programs and initiatives, is attached.

B. Presentation: I-495 American Legion Bridge Transit/TDM Study

At the December meeting DRPT staff will give a presentation on the [I-495 American Legion Bridge Transit/TDM Study](#). The purpose of the study is to identify a range of current and future multimodal solutions that can be implemented to reduce congestion, improve trip reliability and regional connections, and enhance existing and planned multimodal mobility and connectivity.

C. Quarterly Updates on WMATA Reform

Secretary of Transportation Shannon Valentine provided NVTC with a [quarterly update on activity taken to revise the WMATA Compact and implement other reforms at WMATA](#). These reports are sent to the chairs of the House and Senate Transportation Committees in accordance with an enactment clause to [HB2136](#) which was passed in 2017.



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: Chair Cristol and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: November 24, 2020

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

The Commonwealth Transportation Board (CTB) met on November 24 with a limited agenda. The next scheduled business meeting is December 9.

DRPT released the [draft FY21 Six Year Improvement Program \(SYIP\)](#), including Construction District detail, on October 29. The CTB is expected to approve the FY21 SYIP at its December meeting. [Written comments](#) are being accepted through December 3. The CTB also received public feedback on the draft SYIP via telephone comments at its meeting on November 24.

DRPT's FY22 [Making Efficient and Responsible Investments in Transit \(MERIT\)](#) grant application process opens on December 1. DRPT released updated FY21 and 22 Grant Administration Procedures this month. The "[Purple Book](#)" is available on DRPT's [Online Grant Administration \(OLGA\) website](#). DRPT is also hosting a virtual workshop on the FY 22 MERIT application cycle for local and regional public transportation agencies on December 1. The [10 AM session](#) is focused on transit and special programs, and the [1 PM session](#) is on commuter assistance and special programs. Each workshop is two hours and advance registration is required.

The [Transit Service Delivery Advisory Committee \(TSDAC\)](#) met on November 13 in a virtual format. Meeting materials, including an [archived ZOOM recording](#), are available on DRPT's website.

DRPT issued a [Request for Ideas \(RFI\)](#) and hosted a November 18 webinar on the new Transit Ridership Incentive Program (TRIP). The archived webinar and presentation can be found on DRPT's [website](#). Submissions in response to the RFI are due on December 15. Completing the RFI does not serve as an application for funding, but it will help to inform the development of

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

policies and procedures for TRIP. TRIP was created by the passing of [House Bill 1414](#) in the 2020 General Assembly session. The program is designed to aid two distinct efforts: 1. Enhancing the regional connectivity by supporting regional transit of urban areas with population excess of 100,000 and 2. Increasing the equity and accessibility of transit systems statewide by supporting zero fare and low income pilot programs. DRPT intends to issue a call for TRIP project applications next year.

A joint DRPT/VDOT virtual public meeting was held on November 18. This meeting featured presentations on [the I-495 American Legion Bridge Transit and TDM Study](#) and the [I-495 Northern Extension \(NEXT\) project](#), while providing opportunities for public input and questions on both efforts. Meeting materials, including an archived YouTube presentation, are available on 495 NEXT's [public meeting page](#). DRPT intends to present draft recommendations from the transit and TDM study at the December CTB meeting. The draft report will be available for public comment in December and another public meeting will be held, prior to finalizing the study in early 2021.



COMMONWEALTH of VIRGINIA

Office of the Governor

Shannon Valentine
Secretary of Transportation

November 18, 2020

The Honorable Dave W. Marsden, Chairman
Senate Transportation Committee
Post Office Box 10889
Burke, Virginia 22009

The Honorable Delores McQuinn, Chairman
House Transportation Committee
Post Office Box 406
Richmond, Virginia 23218

Dear Senator Marsden and Delegate McQuinn,

Virginia Code § 33.2-3102 requires the Secretary of Transportation to provide a quarterly update on Virginia's efforts to work with its counterparts in Maryland and the District of Columbia, as well as the Northern Virginia Transportation Commission (NVTC), on necessary reforms of the Washington Area Metropolitan Transit Authority (WMATA) to support a viable transit system. This letter serves as the update for the quarter ending September 30, 2020.

- I) **Legal and organizational structure of WMATA**
- II) **Composition and qualifications of the WMATA Board of Directors and the length of terms of its members**

WMATA Board Membership: Chapter 429 of the 2018 Acts of Assembly directed the Secretary of Transportation to conduct a review of the WMATA Board of Directors (Board) membership provisions to determine whether the criteria used for membership eligibility serves the Commonwealth's best interests, and to determine whether any changes to such representation can be made without an amendment to the WMATA Compact. A copy of this report is on DRPT's website. DRPT determined that existing requirements in the *Code of Virginia* regarding Commonwealth representation on the Board sufficiently serve the best interest of the state.

Role of Alternates: The WMATA Board amended its bylaws in 2018 to clarify roles of alternate directors, including prohibiting their participation in official actions when primary Board members are present. At the September 2020 CTB meeting, DRPT verified that WMATA had complied with this bylaw for Fiscal Year 2020. Additionally, alternates participated in an agency safety training at a September Safety and Operations Committee meeting and are scheduled to participate in an ethics training in November. Participation in trainings is allowed under the revised bylaws.

III) Labor costs and labor relations

IV) Measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits

Budget Reductions: On September 19, 2020, the WMATA Board submitted a public hearing docket regarding several major and significant proposed reductions to its Fiscal Year 2021 budget, including up to \$160 million in service cuts. WMATA General Manager Paul Wiedefeld stated that WMATA has lost roughly \$2 million in fare box revenue each weekday since it put service reductions in place in March in response to the COVID-19 pandemic. While federal CARES Act funding has mitigated the revenue loss to date, WMATA will run out of CARES Act funding later this year, while fare box revenue is not expected to recover until later. For these reasons, the WMATA Board has proposed revising its Fiscal Year 2021 budget to reflect significant reductions in revenue that are anticipated to continue through the balance of the fiscal year. Absent any further action, a deficit of \$90 million per month may begin as soon as January 2021.

WMATA also expects a total reduction-in-force of 1,700 employees. Layoff notices will be sent out 60 days in advance. During this quarter, the Board also voted to reinstate bus fares effective January 1, 2021.

V) Measures Necessary to Better Ensure the Safety of Riders and Employees

Washington Metrorail Safety Commission: On March 18, 2019, the Federal Transit Administration (FTA) announced the certification of the Washington Metrorail Safety Commission (WMSC) State Safety Oversight Program. With this certification, independent responsibility for direct safety oversight of the WMATA Metrorail system immediately transferred from the FTA to the Commission. On June 29, 2020, the WMSC submitted its annual report to DRPT Director Jennifer Mitchell and me.

On September 7, 2020, the Washington Metrorail Safety Commission released an audit initiated in January 2020 of the WMATA Rail Operations Control Center (ROCC). Among the 21 specific findings requiring corrective action, the audit alleged significant management issues, including "unprofessional behavior such as attempts to manipulate safety event investigations and toxic culture," all resulting in "unacceptable safety risks." **Virginia and its jurisdictional partners created the new WMSC and specifically empowered it to hold WMATA and its Board accountable for the safety of its customers and Virginia citizens.** While the audit findings are troubling, Virginia will continue to work with Maryland and D.C. to ensure WMATA is safe. We support of the personnel and management changes at the ROCC that have already been announced. The full written response from WMATA is due October 23, 2020. To date, WMATA has submitted, and the WMSC accepted, two Corrective Action Plans (CAPs).

COVID-19: During the first quarter of Fiscal Year 2021, WMATA began to return service to pre-pandemic levels while maintaining safety precautions for its riders and employees. As of September 25, 2020, approximately 2,000 WMATA employees have tested positive for COVID-19

The Honorable Dave W. Marsden
The Honorable Delores McQuinn
November 18, 2020
Page 3

and 1,864 of those employees have returned to work since the beginning of the pandemic. WMATA's total workforce is more than 12,700 employees.

Beginning August 16, 2020, WMATA added additional trains and buses, and increased its hours of service. These actions restored most service to pre-pandemic levels while also maintaining essential safety and response postures related to COVID-19. Metrorail increased service hours, including a return to normal opening hours and a two-hour delay of closing hours.

On August 23, 2020, Metrobus restored approximately 75 percent of pre-pandemic service. Weekday schedules improved on 174 routes, with most routes operating close to normal, and buses operating an additional hour longer (until midnight). Additionally, WMATA announced a significant investment to support the region's overnight workers, doubling the discount customers receive when using Lyft during Metro off-hours.

Platform Improvement Program: During the first quarter of Fiscal Year 2021, WMATA completed its second phase of the platform reconstruction plan. The East Falls Church, Dunn Loring, and Vienna stations reopened with restored platforms and other improvements after being closed since May 23, 2020.

The final two Virginia stations whose platforms will be improved are Reagan National Airport and Arlington National Cemetery. The Reagan National Airport station remains open for service while WMATA is working on the platforms. Restoration of the platform at Arlington National Cemetery station is scheduled to begin in February 2021.

VI) Financial and operational improvements necessary to ensure that WMATA's performance is at least as efficient as its closest comparable transit system in the United States

Metro Transit Police Department (MTPD): As discussed in the previous quarterly report, the WMATA Board approved a new seven-member independent oversight panel of the Metro Transit Police Department. This new panel will be comprised of citizens and police members from Virginia, Maryland, and the District of Columbia. It will review police investigations and report quarterly, offering recommended policy changes.

As always, I am grateful for your continued engagement with WMATA.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SA', with a long horizontal line extending to the right.

Shannon Valentine

Agenda Item #10: NVTC Transit Resource Center



Revised Version

TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice and Dan Goldfarb, PE and Dinah Girma

DATE: December 2020

SUBJECT: NVTC Transit Resource Center

At the December meeting the Commission will receive an update on the FY 2021 1st Quarter Transit Performance Report and the FY 2021 1st Quarter Parking Utilization Report (Average Weekday).

A. FY 2021 1st Quarter Transit Ridership Report¹

Transit usage continues to be dramatically lower than last year for the region. Transit modes that primarily serve commuter trips (long haul bus, commuter rail, Metrorail) show the highest loss of ridership as compared to last year at this time. As reported in the [MWCOC 2020 Employer Telework Survey](#), this reflects the 82% of survey respondents that reported in June that they have been teleworking since COVID-19 pandemic began, versus 36% pre-pandemic. The levels of telework continue to impact ridership through the 1st quarter of FY 2021.

Transit Boardings in Virginia by System 1 st Quarter FY 2020 (July-September)			
System	FY 20 Q1	FY 21 Q1	Percent Change (2020-2021)
Arlington Transit*	815,512	382,648	-53%
Alexandria DASH	923,564	359,519	-61%
Fairfax County Connector	2,153,065	1,127,328	-48%
Fairfax City CUE	155,217	74,972	-52%
Loudoun County Transit	480,173	77,515	-84%
Omni Ride	601,000	171,014	-72%
Virginia Railway Express	1,192,708	75,990	-94%
Metrobus	4,454,560	1,525,827	-66%
MetroAccess	88,033	30,435	-65%
Total	10,863,832	3,825,248	-65%

Source: OLGA and WMATA | * September data for Arlington Transit was estimated based on existing trends. The data was not available at the time of preparing this report.

¹ NVTC's FY2021 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 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.

Transit ridership increased by 9% from July to August. A typical, non-pandemic August usually sees ridership drop due to end of summer travel, so an overall increase in transit ridership during the pandemic indicates that some people are returning to transit. September showed ridership increases of 23% over August, some of which may be related to the start of school since some schools in the region did have in-person classes. However, during the pandemic it is more difficult to accurately determine ridership trends.

Fairfax County showed the lowest percent decrease as compared to this time last year. Metrobus has higher ridership than Metrorail for this quarter, the opposite of non-pandemic ridership trends. Generally speaking, transit providers report weekday ridership is around 30% to 40% of typical ridership, while weekend ridership is almost equal to pre-pandemic levels. Most providers anticipate resuming fare collection in early 2021 (consistent with Metrobus which resumes fare collection on January 1, 2021) and are installing equipment now to provide safety for drivers and allowing front door boarding.

WMATA Metrorail Virginia Station Entries 1st Quarter FY 2021 (July – September)			
	1st Quarter FY 2020	1st Quarter FY 2021	Percent Change (2020-2021)
Total	10,299,217	1,180,689	-89%
Weekday Average	137,457	3,719	-97%
Saturday Average	56,505	2,298	-96%
Sunday Average	37,884	1,743	-95%

Source: WMATA

Metrorail ridership in Virginia is still significantly impacted due to the COVID-19 pandemic, but Metrorail experienced a 6% increase in ridership when comparing the previous quarter (FY 2020 Q4). To allow for social distancing, WMATA added more buses and trains in August throughout the system which was 75% of pre-pandemic service. WMATA continues to implement its COVID-19 cleaning protocols which include high-touch surfaces wiped down and disinfected and routine deep-cleaning at stations.

Although the pandemic impacted ridership, WMATA took the opportunity of reduced ridership to complete the second round of platform reconstruction at six stations in Fairfax County that had been closed since May 2020; stations were reopened in August and September 2020.



Platform reconstruction work at Ronald Reagan Washington National Airport Station is underway through December 2020; the station will remain open throughout construction.

The attached [Metrorail Ridership by Station in Virginia](#) provides data for the first quarter of FY 2021. The following chart shows those Virginia stations and the change in Metrorail ridership compared to first quarter of FY 2019 and first quarter of FY 2020.

Metrorail Ridership by Virginia Station	
Station	Change from FY 2019 Q1 to FY 2020 Q1
Vienna	-98%
Pentagon	-91%
Dunn Loring	-97%
McLean	-96%
East Falls Church	-96%
Wiehle-Reston East	-96%
Arlington Cemetery	-97%
Crystal City	-92%
Virginia Square	-93%
Greensboro	-94%
Court House	-92%
Spring Hill	-93%
Rosslyn	-90%
Tysons Corner	-93%
Clarendon	-92%
West Falls Church	-89%
Ballston	-84%
Pentagon City	-86%
National Airport	-88%
Eisenhower Avenue	-47%
Franconia Springfield	-31%
Van Dorn	-35%
Braddock Road	-38%
Huntington	-27%
King Street	-35%

Source: WMATA. Ridership is based on station entries only.



B. FY 2021 1st Quarter Parking Utilization Report

The data table below provides a broader comparison of parking usage daily averages between FY 2020 and FY 2021. The map on the following page shows the average daily percent of parking being used at Metro stations in Northern Virginia.

WMATA Virginia Parking Facility Usage (Average Weekday)							
1 st Quarter FY 2021							
Station/Lot	FY 20 Lot Capacity	1 st Quarter FY 20 Lot Usage		FY 21 Lot Capacity	1 st Quarter FY 21 Lot Usage		Utilization Percent Change (2020- 2021)
		Percentage	Daily Average		Percentage	Daily Average	
Huntington*	2,732	19%	519	2,732	3%	91	-82%
West Falls Church	2,009	63%	1,266	1,520	1%	20	-98%
Dunn Loring	1,964	50%	982	1,964	1%	26	-97%
Vienna**	4,719	73%	3,461	4,240	1%	57	-98%
Franconia	5,069	16%	794	5,069	4%	186	-77%
Van Dorn	361	26%	94	361	8%	30	-68%
East Falls Church	422	119%	502	422	1%	6	-99%
Wiehle- Reston East	2,300	94%	2,162	2,300	4%	84	-96%
Northern Virginia Total ¹	19,576	50%	9,780	18,608	3%	500	-95%

Source: WMATA


*Huntington South Garage closed August 2018

**Garage rehab at Vienna NG, 450 spaces; Vienna Lot 1, 479 spaces as of 3/15/20

¹Parking lots at following stations were used to stage equipment since March: Vienna, Dunn Loring, West Falls Church, East Falls Church




Metrorail Ridership by Station in Virginia
1st Quarter FY 2021

Line/Station	Year	July	August	September	Q1 Total	Percent Change FY 20-21
Silver						
Greensboro	FY20	42,810	40,513	41,197	124,520	-94.1%
	FY21	21	2,226	5,051	7,298	
McLean	FY20	66,157	60,683	61,375	188,215	-95.9%
	FY21	45	1,984	5,632	7,660	
Spring Hill	FY20	35,808	32,110	31,112	99,030	-92.5%
	FY21	17	2,231	5,187	7,435	
Tysons Corner	FY20	109,605	107,474	97,583	314,662	-92.7%
	FY21	162	7,274	15,399	22,835	
Wiehle-Reston East	FY20	231,333	207,859	200,717	639,908	-96.1%
	FY21	14	7,898	17,277	25,189	
Total	FY20	485,712	448,639	431,984	1,366,335	-94.8%
	FY21	260	21,613	48,545	70,418	
Orange						
Dunn Loring	FY20	106,252	97,521	95,768	299,541	-97.3%
	FY21	-	4	8,007	8,011	
West Falls Church	FY20	69,325	61,806	64,495	195,626	-89.4%
	FY21	-	10,629	10,140	20,769	
Vienna	FY20	246,697	221,938	223,844	692,479	-97.7%
	FY21	-	-	15,815	15,815	
Total	FY20	422,274	381,265	384,107	1,187,646	-96.2%
	FY21	-	10,633	33,962	44,595	
Silver/Orange						
Ballston	FY20	268,869	250,068	253,518	772,455	-84.3%
	FY21	48,815	39,210	33,337	121,362	
Clarendon	FY20	128,649	119,395	123,286	371,331	-91.5%
	FY21	7,536	9,915	13,970	31,421	
Court House	FY20	176,448	162,520	168,439	507,407	-91.5%
	FY21	12,201	13,376	17,364	42,941	
East Falls Church	FY20	108,845	98,171	101,878	308,894	-96.3%
	FY21	-	2,103	9,234	11,337	
Rosslyn	FY20	377,037	335,701	347,761	1,060,499	-90.4%
	FY21	29,693	32,336	39,843	101,873	
Virginia Square	FY20	105,065	97,245	100,910	303,220	-92.6%
	FY21	5,679	6,864	9,924	22,467	
Total	FY20	1,164,914	1,063,100	1,095,792	3,323,806	-90.0%
	FY21	103,924	103,804	123,671	331,400	
Source: WMATA. Ridership is based on station entries only.						

Source: WMATA. Ridership is based on station entries only.

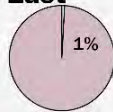


Line/Station	Year	July	August	September	Q1 Total	Percent Change FY 20-21
Blue						
Arlington Cemetery	FY20	58,236	39,580	32,239	130,055	-96.8%
	FY21	71	852	3,224	4,147	
Franconia Springfield	FY20	-	-	106,520	106,520	-30.7%
	FY21	21,565	24,092	28,159	73,816	
Van Dorn	FY20	-	-	42,242	42,242	-35.4%
	FY21	7,212	8,996	11,088	27,296	
Total	FY20	58,236	39,580	181,001	278,817	-62.2%
	FY21	28,848	33,940	42,471	105,260	
Yellow						
Eisenhower Avenue	FY20	-	-	29,875	29,875	-46.7%
	FY21	3,892	5,256	6,764	15,912	
Huntington	FY20	-	-	106,054	106,054	-27.2%
	FY21	24,357	25,270	27,615	77,242	
Total	FY20	-	-	135,930	135,930	-31.5%
	FY21	28,249	30,526	34,378	93,153	
Blue/Yellow						
Braddock Road	FY20	-	1	71,788	71,789	-38.4%
	FY21	12,763	14,135	17,293	44,191	
Crystal City	FY20	354,511	312,946	281,733	949,190	-91.7%
	FY21	21,884	25,268	31,795	78,947	
King Street	FY20	-	-	113,331	113,331	-34.9%
	FY21	22,415	24,062	27,287	73,764	
National Airport	FY20	225,000	203,756	170,839	599,595	-87.5%
	FY21	21,484	25,060	28,639	75,183	
Pentagon	FY20	465,120	439,155	337,117	1,241,392	-90.5%
	FY21	31,322	37,107	49,207	117,636	
Pentagon City	FY20	368,573	336,697	326,117	1,031,387	-85.8%
	FY21	44,059	47,622	54,459	146,141	
Total	FY20	1,413,204	1,292,555	1,300,924	4,006,683	-86.6%
	FY21	153,928	173,254	208,681	535,863	
Total Virginia Stations	FY20	3,544,341	3,225,139	3,529,738	10,299,217	-88.5%
	FY21	315,209	373,770	491,710	1,180,689	
Source: WMATA. Ridership is based on station entries only						

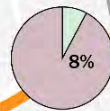


FY 2021 **WMATA Virginia Parking Utilization Rate** **(Average Weekday)**

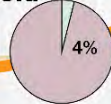
Wiehle-Reston East



West Falls Church-VT/UVA



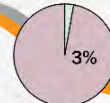
Dunn Loring-Merrifield



Vienna/Fairfax-GMU



East Falls Church*



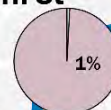
Legend



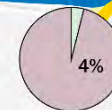
% FY2021 Utilized Parking by Station

Station	FY21 Lot Capacity
Huntington	2,732
West Falls Church-VT/UVA	2,009
Dunn Loring-Merrifield	1,964
Vienna/Fairfax-GMU	4,240
Franconia-Springfield	5,069
Van Dorn Street	361
East Falls Church	422
Wiehle-Reston East	2,300
Northern Virginia Total	19,097

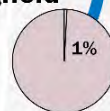
Van Dorn St



Huntington



Franconia-Springfield



TO: Chair Cristol and NVTC Commissioners

FROM: Kate Mattice

DATE: November 25, 2020

SUBJECT: Executive Director Report

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).

This month the Executive Director Newsletter features approval and publication of the Report on Virginia's 3% Cap on the Growth in Operating Assistance Payments to the Washington Metropolitan Area Transit Authority, the start of work for the Virginia Passenger Rail Authority and look at how riders can check out a VRE train virtually.

B. NVTC Financial Report

The [October 2020 Financial Report](#) is provided as information.



Executive Director Newsletter

December 2020

While the 2020 presidential election process was far from calm, we now have a sense of affirmation that it will be a Biden-Harris administration, one that could be the most transit-friendly in American history. We learned from President-Elect Biden's time in the Senate and as vice-president that he's an ardent supporter of Amtrak, earning the nickname "Amtrak Joe" and has been a champion for investments in public transportation throughout his career. Biden will take office as the Commonwealth's game-changing Transforming Rail in Virginia project moves forward. The multi-billion-dollar deal will enable a doubling of Amtrak state-supported service and VRE Fredericksburg Line service by 2030.

The president-elect's transition website outlines a bold vision for public transit as part of his plans to combat climate change: "Provide every American city with 100,000 or more residents with high-quality, zero-emissions public transportation options through flexible federal investments with strong labor protections that create good, union jobs and meet the needs of these cities – ranging from light rail networks to improving existing transit and bus lines to installing infrastructure for pedestrians and bicyclists."

The Biden Transition's Agency Review Teams include a couple of regional names that should be familiar. Current and former District Department of Transportation Directors Jeff Marootian and Gabe Klein are helping the incoming Biden Administration's efforts at the federal Department of Transportation. I also had the pleasure of working closely with Therese MacMillan, Polly Trottenberg, Vinn White and others who served at the USDOT and FTA during the Obama Administration. I can assure you that public transit needs will be well served by the Biden Transportation Transition team.

While the leadership of the Administration will be key to move a transit-friendly agenda, the role of the U.S. Senate is still uncertain. That balance of power will be decided by two runoff elections in Georgia in early January. Both seats are currently held by Republicans.

In the meantime, the clock does tick on Congressional action to provide additional relief funding to transit agencies across the country, including our own WMATA, VRE, and Omniride. The U.S. House of Representatives in October passed a revised HEROES Act, H.R. 925. \$2.2 trillion COVID-19 bill. The bill includes \$32 billion of COVID-19 emergency transit funding, more than double the transit funding provided in the May version of the bill. Alas, that legislation will expire if the U.S. Senate does not take action before January 3, 2021.

We'll be watching closely to see what happens.


Executive Director

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Northern Virginia Transportation Commission
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[NoVaTransit.org](https://www.NoVaTransit.org)
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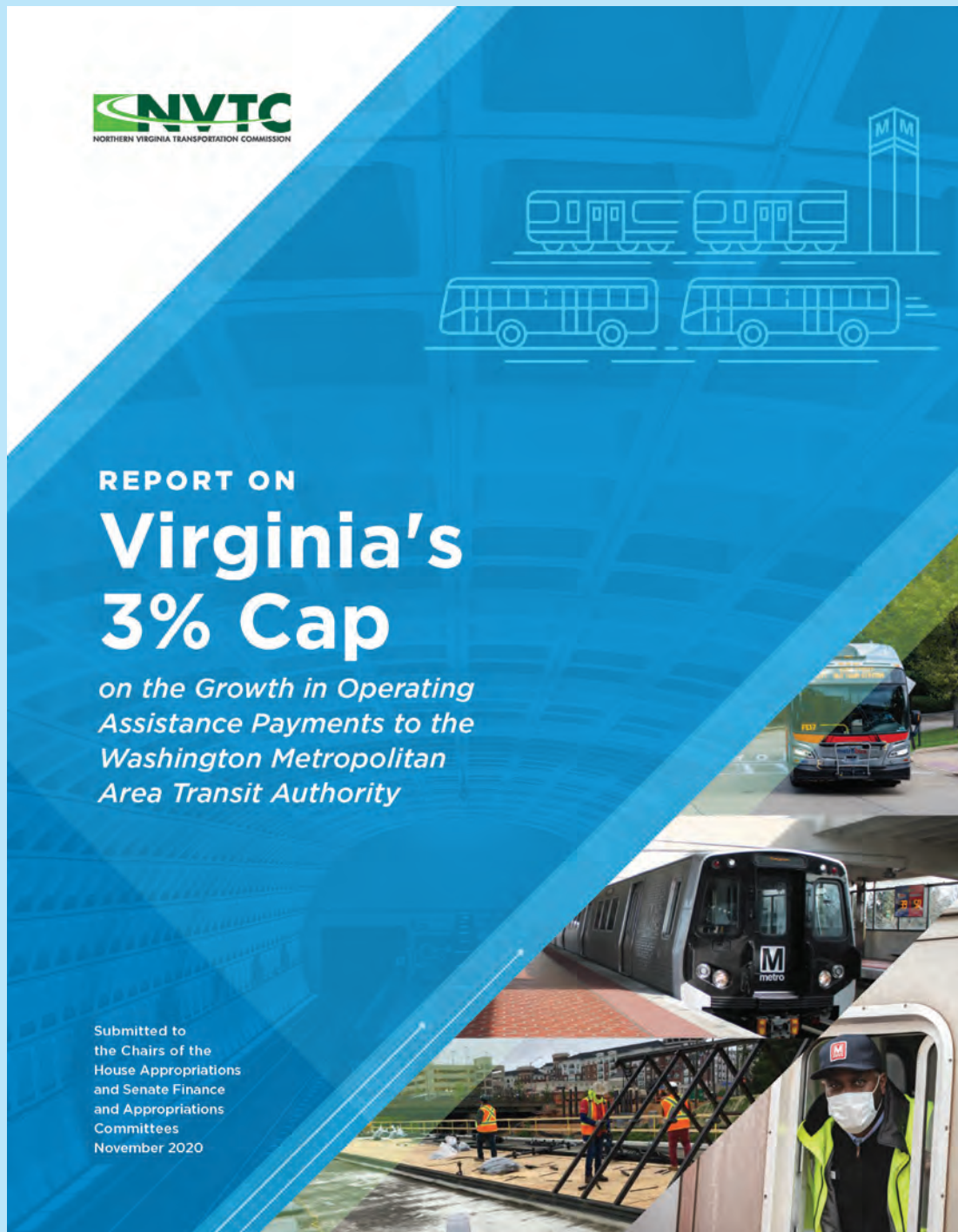
Key Dates

- Dec. 7 - NVTC-PRTC Joint Legislative Briefing
- Dec. 8 - Joint Regional Public Meeting
- Dec. 8 - 9 - CTB Meetings
- Dec. 16 - NVTC WMATA Committee
- Dec. 18 - VRE Operations Board
- Jan. 7 - NVTC Executive Committee
- Jan. 7 - Commission Meeting

NVTC releases report on Virginia's cap on Metro's budget

NVTC approved release of the [Report](#) on Virginia's 3% Cap on the Growth in Operating Assistance Payments to the Washington Metropolitan Area Transit Authority (WMATA) to the Virginia General Assembly. The General Assembly directed NVTC to spearhead this report during its regular session this year. We convened a working group made up of representatives from NVTC jurisdictions, private sector stakeholders and the Director of the Department of Rail and Public Transportation and interviewed key leaders at Metro.

In 2018, the General Assembly imposed a 3% cap on growth on Virginia's annual operating subsidy to WMATA as a part of its commitment to a dedicated source of capital funding. In any year where the annual increase in the approved WMATA operating subsidy approved by Virginia exceeds 3% (apart from legislative exemptions), the legislation directs the Commonwealth



Transportation Board (CTB) to withhold 35% of state funding allocated to NVTC as capital and operating assistance to help its local jurisdictions meet their financial obligations to WMATA. In 2020, the General Assembly directed the formation of NVTC's 3% Cap Working Group to examine the 3% cap and assess its usefulness and whether additional exemptions to the cap should be considered.

NVTC's 3% Cap Working Group found that Virginia's 3% cap appears to be a useful tool to manage the growth in Virginia's operating subsidy. With only two years of WMATA budget development since the passage and implementation of the 3% cap, the working group recommends:

- No changes be made to the existing 3% cap legislation at this time
- No additional exclusions should be considered
- NVTC work with the Department of Rail and Public Transportation to clarify existing state policy guidance regarding the current legislative exclusions to the cap
- NVTC continue to explore potential modifications to Virginia's 3% cap legislation, with the scope and timing of such an effort to be determined by the Commission

Metro Board approves budget changes



Metro's Board of Directors approved [budget](#) changes in November that reflect ongoing financial constraints presented by the COVID-19 pandemic. General Manager Paul Wiedefeld noted that federal assistance from the CARES Act will last longer than anticipated and is now expected to run out in March. That reduced the FY 2021 operating budget gap from \$212 million to \$176.5 million. The amended FY 2021 calls for closing the Metrorail system at 11 p.m. Sunday through Thursday, two hours later than first proposed, increasing Metrorail headways, and opening the Silver Line Phase 2 on July 1, 2021. The budget also calls for retaining and making slight improvements to the current level of Metrobus service. Front-door boarding and fare collection will resume on Metrobus starting January 1st.

"No board in recent history has faced the challenges this board has faced, for sure. Unfortunately, without additional federal funds the board will be further challenged in the development of the Fiscal Year 2022 budget, with the process starting next month," said Wiedefeld.

Metro Board Chair Paul Smedberg said, "We are getting a sense of what the jurisdictions can afford, and support for Fiscal Year 22, but the outlook is grim. While we must be practical about the economic realities, we are committed to Metro being a strong partner in our region's recovery, which means providing safe, reliable and equitable service."

TSDAC reconvenes after long break, reviews state transit funding

After a nine month break, NVTC Executive Director Kate Mattice joined colleagues on the Transit Service Delivery Advisory Committee (TSDAC) to hear an overview of the current and projected revenues affecting transit capital and operating throughout the Commonwealth. The online [meeting](#) included a review of the FY 2021 Virginia Department of Rail and Public Transportation (DRPT) funding process and recommendations for FY 2022 as well as DPRT's Six Year Improvement Program and other DPRT program updates.

WMATA Committee reviews key report on Metro

NVTC's WMATA Committee reviewed the 2020 Update to NVTC's Annual Report on the Performance and Condition of WMATA, our annual report set forth in the Virginia legislation that created the dedicated capital fund for Metro. This year's report describes the impacts of COVID-19 on Metro and the dire financial conditions that Metro faces without additional federal aid. The report also updates NVTC's recommended strategies to reduce cost growth and improve efficiency, as required by the legislation, and provides examples where Metro has made progress in their ongoing efforts in these areas. New or highlighted strategies from the 2020 report recommend that Metro:

- Communicate and encourage a safe return to transit
- Adapt rail service to match demand during the pandemic and subsequent recovery period
- Leverage the expertise of local regional partners to improve the efficiency of the bus network

In addition, the report presents key financial, operating and service performance data on Metro and shows the annual expenditures from Virginia's dedicated capital funding. During the meeting, committee members discussed public concerns about maintaining key Northern Virginia bus routes and ensuring equity in access to transit. At the direction of the committee, the draft document will continue to evolve and highlight opportunities to continually improve bus service as well as include additional context on the performance data elements. The Commission received a briefing on the report at the November meeting and Commissioners will be asked at the December meeting to send the report to the Governor and General Assembly by the December 15 deadline.

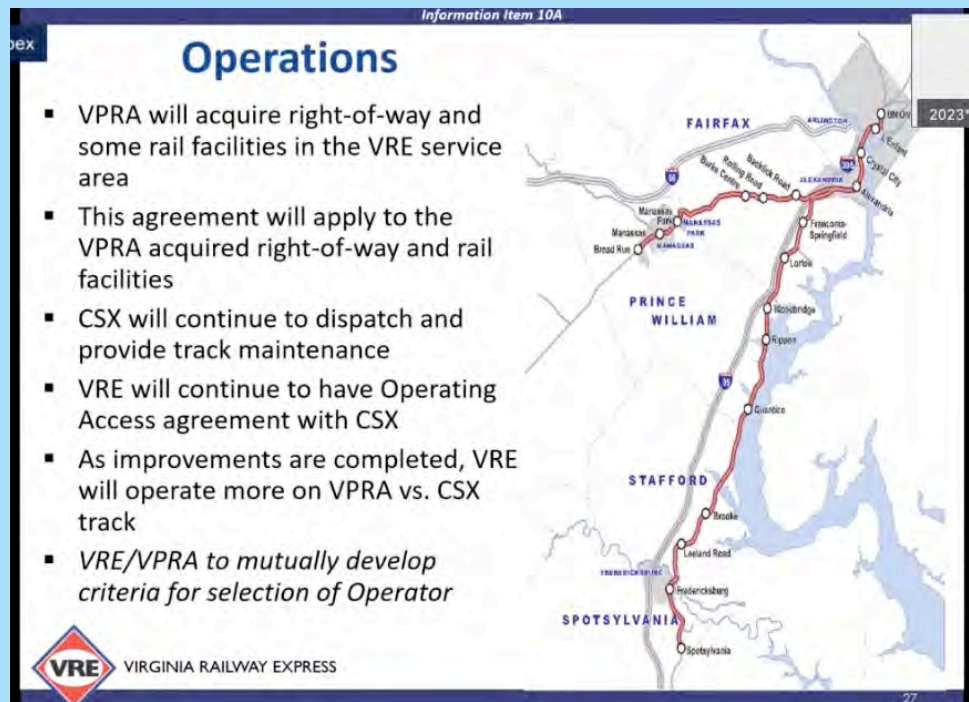
Virginia Passenger Rail Authority starts work

The [Virginia Passenger Rail Authority](#) (VPRA), which is responsible for promoting, sustaining and expanding the availability of passenger and commuter rail service in the Commonwealth, met for the first time in November. Once fully operational, the new authority will assume all administrative and fiduciary responsibilities for Virginia's state-supported passenger rail services, including the current six daily round trip Amtrak Northeast Regional. Moving forward, the VPRA will also administer all capital

Purpose of the VPRA

- Promote new approaches to economic development through an increase in passenger rail capacity.
- Promote, sustain, and expand the availability of passenger and commuter rail service to increase ridership by connecting population centers.
- Own rail right-of-way and infrastructure assets.
- Oversee passenger rail operations statewide (not an operator).
- Operate independently of some state requirements to provide flexibility in delivering the TRV Program.

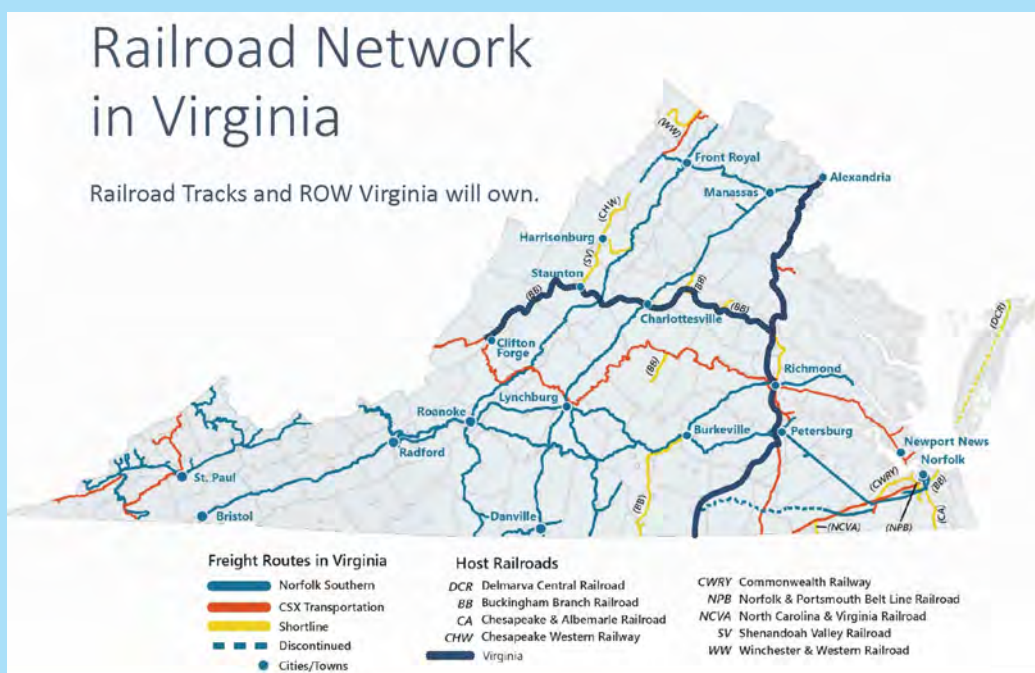




expansion projects, infrastructure and land acquisitions related to Gov. Ralph Northam's \$3.7 billion Transforming Rail in Virginia initiative, which will double Amtrak and VRE service in Virginia over the next decade. The initial meeting included an overview of the VRPA's duties and the need for more rail capacity.

The Virginia Railway Express (VRE) Operations Board met later in the month to consider two agreements – one for operating/access and another for funding – with the VRPA. VRE CEO Rich Dalton shared an overview of these agreements with commissioners at the November Commission meeting. A more detailed presentation is available for viewing on VRE's YouTube channel.

Jennifer Mitchell, Director of the Department of Rail and Public Transportation chairs the authority. The board includes former Commissioners Sharon Bulova and Jay Fiset.



Metro accelerates Blue Line capital work in Northern Virginia

Metro says it will start work to modernize the signal system in the Alexandria Rail Yard the day after Thanksgiving. The agency says it will consolidate the project into a shorter series of outages that will close two stations – Franconia-Springfield and Van Dorn Street.

The work will take place over 10 weekends, beginning November 27, 2020 and ending Sunday, March 14, 2021. In addition, a two-week shutdown will take place during the winter holiday period when ridership typically drops even further than the current levels driven by the COVID-19 pandemic. Shuttle bus service will replace train service at Franconia-Springfield and Van Dorn Street. Blue Line trains will operate between Huntington and Largo Town Center. The schedule includes several breaks in work for major events.

During construction, Metro will replace all of the major components of the signal system in the Alexandria Rail Yard where it connects to the Blue Line, including switches, signals, track circuits and signal control rooms. The signal upgrades are necessary to modernize Metro's Automatic Train Control System (ATC) which is more than 40 years old. This work cannot be done safely with trains in service and is best done with a shutdown.

Metro says it decided on the series of shutdowns because completing the same work with weekend single tracking could more than double the time for completion, while providing severely limited rail service with waits up to 36 minutes between trains.



NVTC AND PRTC PRESENT

ANNUAL LEGISLATIVE BRIEFING

Join transit leaders and special guests for a virtual overview of federal and state issues affecting transit in Northern Virginia

RSVP NOW!

*Monday, December 7, 2020
9:00 AM-11:30 AM | Online Meeting*



SPECIAL GUEST SPEAKERS

*Senator Mark Warner
Senator Tim Kaine*



KEYNOTE SPEAKER

*Virginia Secretary of Transportation
Shannon Valentine*

REGIONAL TRANSIT LEADERS

Paul Wiedefeld,
WMATA General Manager/CEO
Richard Dalton,
VRE Chief Executive Officer
Bob Schneider,
PRTC Executive Director
Kate Mattice,
NVTC Executive Director
Monica Backmon,
NVTA Executive Director

Valentine: Virginia committed to maintaining transportation priorities

Virginia Secretary of Transportation Shannon Valentine joined her counterparts from Maryland and the District for 2020 Capital Region Transportation Forum. The annual event, hosted by the Greater Washington Board of Trade and Greater Washington Partnership, brought the DMV's transportation leaders together to discuss the region-wide efforts to sustain and improve transit and transportation systems. Secretary Valentine noted the groundbreaking transportation omnibus bill passed by the General Assembly early this year, which includes the creation of the Virginia Passenger Rail Authority. She noted that the Commonwealth is committed to keeping the \$3.7 billion Transforming Rail in Virginia project on schedule and that Virginia remains committed to maintaining transportation priorities, despite challenges presented by the COVID-19 pandemic. A number of NVTC staff members joined me in taking part in this year's virtual event.



Moderator Tanya Snyder, Politico (top left); Virginia Secretary of Transportation Shannon Valentine (top right); Maryland Secretary of Transportation Greg Slater (bottom left); Jeff Marootian, District Director of Transportation (bottom right)

RM3P efforts begin to take shape

NVTC staff joined stakeholders from across Northern Virginia at the Regional Multi-Modal Mobility Program ([RM3P](#)) Stakeholder Summit and in technical focus groups to gather comments on their proposed initiative. RM3P, administered jointly by the Virginia Department of Transportation (VDOT) and the Northern Virginia Transportation Authority (NVTA), is focused on improving commuter travel by providing dynamic information that can be used by travelers to help manage congestion along the road and transit networks in Northern Virginia. The center of the RM3P effort is a data exchange platform where NVTC will be able to both provide data inputs and expertise, as well as use the results of these efforts to help NVTC's regional transit analysis as well as our Commuter Choice programmatic efforts.

Data-Exchange Platform

Viewing Aafiya Shah's screen



The Data-Exchange Platform (DEP) will be a reliable, continuously updated, cloud-based data storage and exchange system. It will be used by regional partners and third-party providers to capture, process, and exchange information on real-time and historic multi-modal travel conditions. This platform will feed necessary data to other RM3P program elements and disseminate value-added and full-grown data produced by these elements.

AI-Based Decision Support System



The AI-Based Decision Support System (AI-DSS) will help predict the impact of disruptions to the transportation network and provide coordinated response options to agencies. The automated tool for operators will use travel data to monitor emerging conditions and recommend plans for coordinated, multi-agency responses to congestion, incidents, and events.



Presenting: Amy McElwain, RM3P Program Manager

Regional Multi-Modal Mobility Program

Commuter Parking Information System



The Commuter Parking Information System (CPIS) will entail a real-time, app-based parking availability information system that provides reliable information about parking space availability at lots serving bus, vanpool, and carpool commuters.



Multi-Modal Analytical Planner

The Multi-Modal Analytical Planner (MMAP) will be a collaboration tool for transportation service providers to pinpoint unmet needs in the transportation network. This highly interactive tool will enable mobility providers to study the impacts of "what-if" scenarios and better plan for travel demand by identifying underserved areas, especially during disruptive events.



Dynamic Incentivization

Dynamic Incentivization (DI) will be a data-driven system offering the public incentives to modify their travel choices and behaviors in response to real-time travel conditions. The incentives will be offered by regional agencies and third-party providers.



16

Regional bus ridership trends and pandemic recovery discussed

NVTC staff participated in the WMATA Regional Bus Ridership Workshop as WMATA staff discussed the challenges that Metrobus has faced due to the COVID-19 pandemic and provided updates on ridership trends, the ongoing recovery marketing campaign, and survey data from regional partners. WMATA staff reinforced that social distancing is an important safety strategy that has been implemented, alongside operational operation and service changes such as rear door boarding and providing more capacity on high volume routes. As Metrobus continues to navigate providing safe, efficient and clean service, the next steps include preparing for eventual increased ridership and adjusting service to meet demand safely.

In-System Signage



WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY



Ride the rails virtually with VRE

Thanks to Google Street View, you can now ride VRE from the comfort of your couch -- or home office. The service, available in Google Maps, provides 3D walk-throughs of station platforms and rail cars. Check out the [Crystal City](#) station on Google Maps for the full, immersive experience.

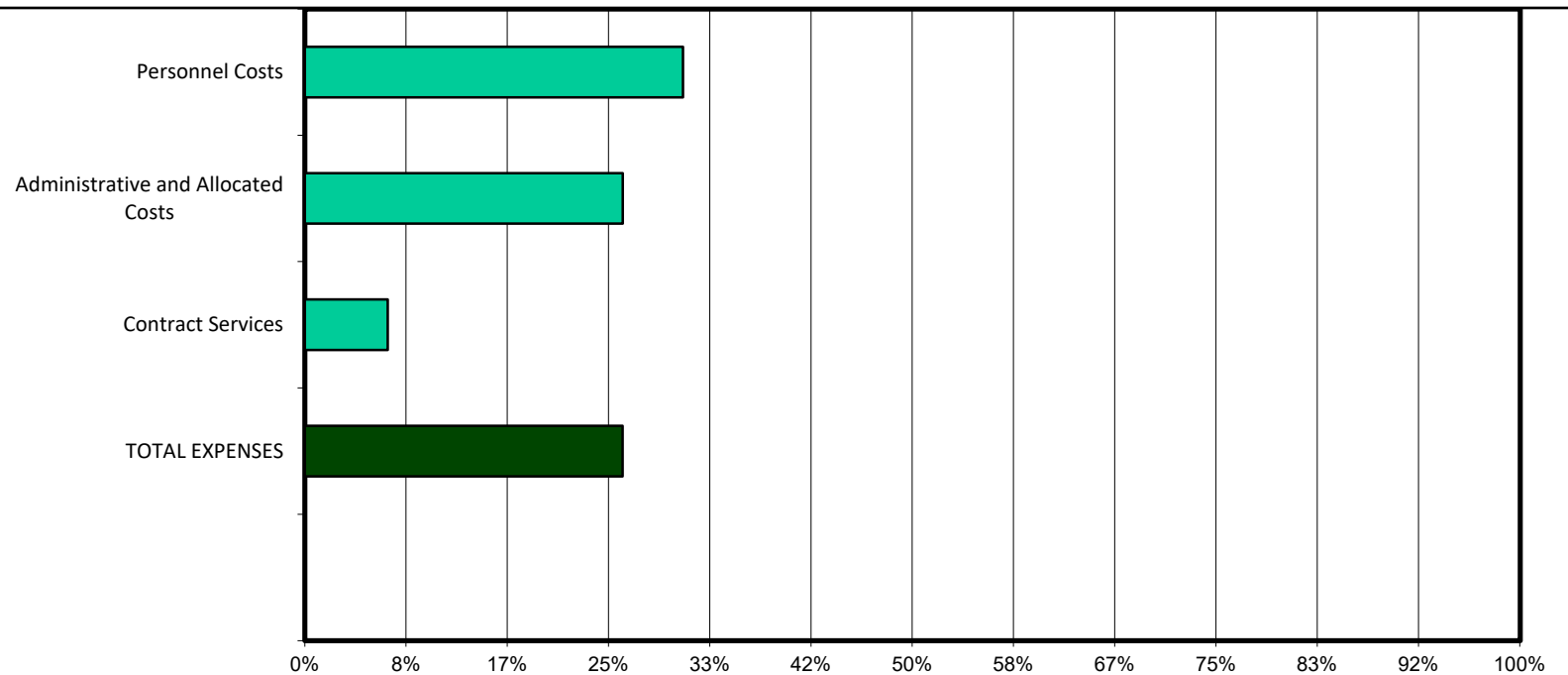




Northern Virginia Transportation Commission

Financial Reports
October 2020

Percentage of FY 2021 NVTC Administrative Budget Used
October 2020
(Target 33.3% or less)



Note: Refer to pages 2 and 3 for details

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October 2020

	<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	\$ 158,698.31	\$ 636,256.36	\$ 2,041,700.00	\$ 1,405,443.64	68.8%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>158,698.31</u>	<u>636,256.36</u>	<u>2,041,700.00</u>	<u>1,405,443.64</u>	<u>68.8%</u>
<u>Benefits</u>					
Employer's Contributions:					
FICA	8,928.73	44,729.51	140,100.00	95,370.49	68.1%
Group Health Insurance	12,021.79	46,961.75	176,600.00	129,638.25	73.4%
Retirement	16,415.00	61,040.00	174,000.00	112,960.00	64.9%
Workmans & Unemployment Compensation	136.00	544.00	5,100.00	4,556.00	89.3%
Life Insurance	678.61	1,957.21	6,800.00	4,842.79	71.2%
Long Term Disability Insurance	-	3,390.06	10,000.00	6,609.94	66.1%
Total Benefit Costs	<u>38,180.13</u>	<u>158,622.53</u>	<u>512,600.00</u>	<u>353,977.47</u>	<u>69.1%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem	1,450.00	4,950.00	14,600.00	9,650.00	66.1%
<i>Rents:</i>	<i>30,380.38</i>	<i>121,500.27</i>	<i>393,400.00</i>	<i>271,899.73</i>	<i>69.1%</i>
Office Rent	30,372.63	121,490.52	366,000.00	244,509.48	66.8%
Parking & Transit Benefits	7.75	9.75	27,400.00	27,390.25	100.0%
<i>Insurance:</i>	<i>369.76</i>	<i>1,643.16</i>	<i>6,800.00</i>	<i>5,156.84</i>	<i>75.8%</i>
Public Official Bonds	100.00	-	2,000.00	2,000.00	100.0%
Liability and Property	269.76	1,643.16	4,800.00	3,156.84	65.8%
<i>Travel:</i>	<i>495.70</i>	<i>1,497.24</i>	<i>44,600.00</i>	<i>43,102.76</i>	<i>96.6%</i>
Conference / Professional Development	475.00	1,158.80	27,100.00	25,941.20	95.7%
Non-Local Travel	-	-	3,100.00	3,100.00	100.0%
Local Travel, Meetings and Related Expenses	20.70	338.44	14,400.00	14,061.56	97.6%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
October 2020

	<u>Current</u> <u>Month</u>	<u>Year</u> <u>To Date</u>	<u>Annual</u> <u>Budget</u>	<u>Balance</u> <u>Available</u>	<u>Balance</u> <u>%</u>
<i>Communication:</i>	1,091.41	4,842.22	15,500.00	10,657.78	68.8%
Postage	-	453.46	1,400.00	946.54	67.6%
Telephone and Data	1,091.41	4,388.76	14,100.00	9,711.24	68.9%
<i>Publications & Supplies</i>	439.94	2,404.01	28,700.00	26,295.99	91.6%
Office Supplies	23.32	113.65	2,800.00	2,686.35	95.9%
Duplication and Paper	416.62	2,290.36	10,900.00	8,609.64	79.0%
Public Engagement	-	-	15,000.00	15,000.00	100.0%
<i>Operations:</i>	1,020.90	4,344.81	37,500.00	33,155.19	88.4%
Furniture and Equipment (Capital)	-	-	13,600.00	13,600.00	100.0%
Repairs and Maintenance	-	50.00	1,000.00	950.00	95.0%
Computer Operations	1,020.90	4,294.81	22,900.00	18,605.19	81.2%
<i>Other General and Administrative:</i>	535.84	2,894.03	9,600.00	6,705.97	69.9%
Memberships	80.75	816.72	1,600.00	783.28	49.0%
Fees and Miscellaneous	455.09	2,077.31	6,500.00	4,422.69	68.0%
Advertising (Personnel/Procurement)	-	-	1,500.00	1,500.00	100.0%
Total Administrative Costs	<u>35,783.93</u>	<u>144,075.74</u>	<u>550,700.00</u>	<u>406,624.26</u>	<u>73.8%</u>
<u>Contracting Services</u>					
Auditing	-	-	24,500.00	24,500.00	100.0%
Contract Services and Support - Commuter Choice	10,194.56	10,769.56	479,000.00	468,230.44	97.8%
Contract Services and Support - Other	5,583.33	22,533.33	120,000.00	97,466.67	81.2%
Legal	2,916.67	11,666.68	35,000.00	23,333.32	66.7%
Total Contract Services	<u>18,694.56</u>	<u>44,969.57</u>	<u>658,500.00</u>	<u>613,530.43</u>	<u>93.2%</u>
 Total Gross G&A Expenses	 <u><u>\$ 251,356.93</u></u>	 <u><u>\$ 983,924.20</u></u>	 <u><u>\$ 3,763,500.00</u></u>	 <u><u>\$ 2,779,575.80</u></u>	 <u><u>73.9%</u></u>

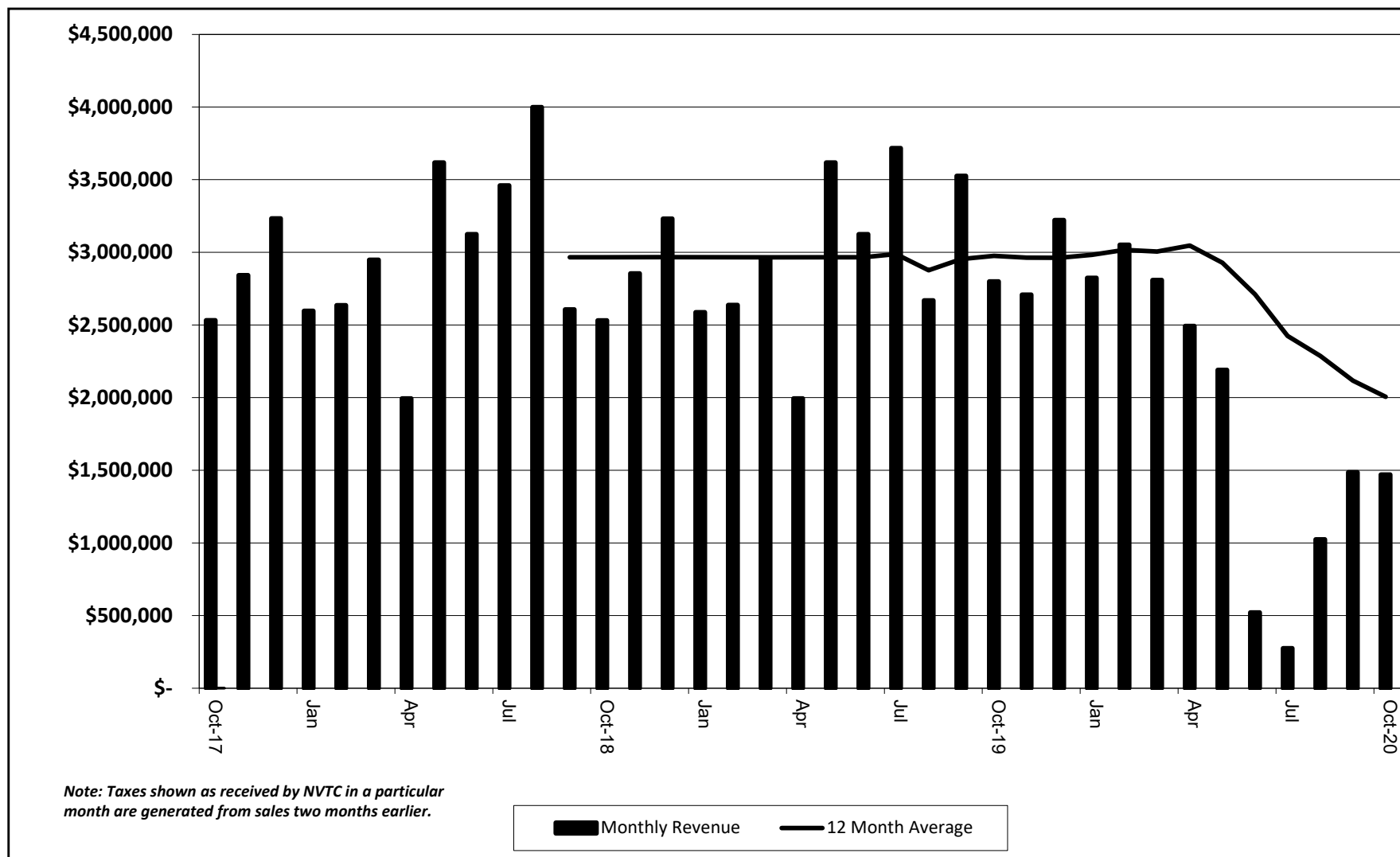
NVTC
RECEIPTS and DISBURSEMENTS
October 2020

October 2020			Virginia LGIP				
Date	Payer / Payee	Purpose	Wells Fargo Checking	Wells Fargo Savings	NVTC G&A / Project	Commuter Choice	Trusts
RECEIPTS							
1	DMV	Motor Vehicle Fuels Sales tax					\$ 1,485,813.84
1	DMV	C-ROC			\$ 1,250,000.00		
1	City of Alexandria	G&A contribution		9,891.75			
2	VRE	Staff support		14,175.29			
13	DRPT	Operating assistance - City of Fairfax					188,915.00
13	DRPT	Capital grant receipt - VRE			262,131.00		
13	DRPT	Operating assistance - VRE			2,418,033.00		
21	DRPT	Capital and operating assistance - WMATA					13,251,467.00
22	DRPT	Capital grants receipts - VRE			46,515.00		
26	DRPT	Capital grant receipt			7,748.00		
26	DRPT	Capital grant receipt - Alexandria					29,017.00
28	DRPT	Capital grant receipt - VRE			213,120.00		
28	DRPT	Capital grant receipt - Arlington					1,964.00
28	DRPT	Capital grant receipt					21,619.00
28	DRPT	Capital grant receipt - Fairfax					31,698.00
29	DRPT	Capital grant receipt - VRE			61,824.00		
29	DRPT	Capital grant receipt					316.00
31	Banks	Investment earnings		7.29	105.06	5,809.20	24,049.18
			-	24,074.33	4,259,476.06	5,809.20	15,034,859.02
DISBURSEMENTS							
1-31	Various	G&A expenses	(211,729.47)				
1	WMATA	Metrobus operating					(14,605,726.00)
1	WMATA	Metroaccess operating					(4,009,437.00)
1	WMATA	Metrorail operating					(26,380,288.00)
1	WMATA	CIP					(5,020,149.00)
1	WMATA	Project planning					(165,890.00)
1	WMATA	Debt service					(925,032.00)
1	VRE	C-ROC			(1,250,000.00)		
2	Stantec	Consulting - Data collection project	(1,920.67)				
2	Kimley-Horn	Consulting - Fare collection project	(35,687.90)				
2	Kimley-Horn	Consulting - Commuter Choice	(10,194.56)				
2	Arlington	Commuter Choice I-66 projects reimbursement				(105,277.00)	
2	NVRC	Commuter Choice I-395/95 project reimbursement				(28,345.00)	
2	City of Alexandria	Commuter Choice I-395/95 projects reimbursement				(240,013.00)	
2	Arlington	Commuter Choice I-395/95 project reimbursement				(50,644.00)	
9	City of Falls Church	Commuter Choice I-66 project reimbursement				(37,115.00)	
9	Arlington	Commuter Choice I-66 projects reimbursement				(152,354.00)	
9	Loudoun	Commuter Choice I-66 projects reimbursement				(111,041.00)	
9	City of Alexandria	Commuter Choice I-395/95 projects reimbursement				(167,834.00)	
13	VRE	Grant revenue			(2,680,164.00)		
22	VRE	Grant revenue			(46,515.00)		
28	VRE	Grant revenue			(213,120.00)		
29	VRE	Grant revenue			(61,824.00)		
30	City of Alexandria	Costs incurred			(7,748.00)		
31	Banks	Service charges	(55.76)	(3.29)			
			(259,588.36)	(3.29)	(4,259,371.00)	(892,623.00)	(51,106,522.00)
TRANSFERS							
2	Transfer	From LGIP to checking	200,000.00		(200,000.00)		
2	Transfer	From LGIP to LGIP (G&A contribution)			1,000,000.00		(1,000,000.00)
26	Transfer	From LGIP to checking	200,000.00		(200,000.00)		
			400,000.00	-	600,000.00	-	(1,000,000.00)
NET INCREASE (DECREASE) FOR MONTH			\$ 140,411.64	\$ 24,071.04	\$ 600,105.06	\$ (886,813.80)	\$ (37,071,662.98)

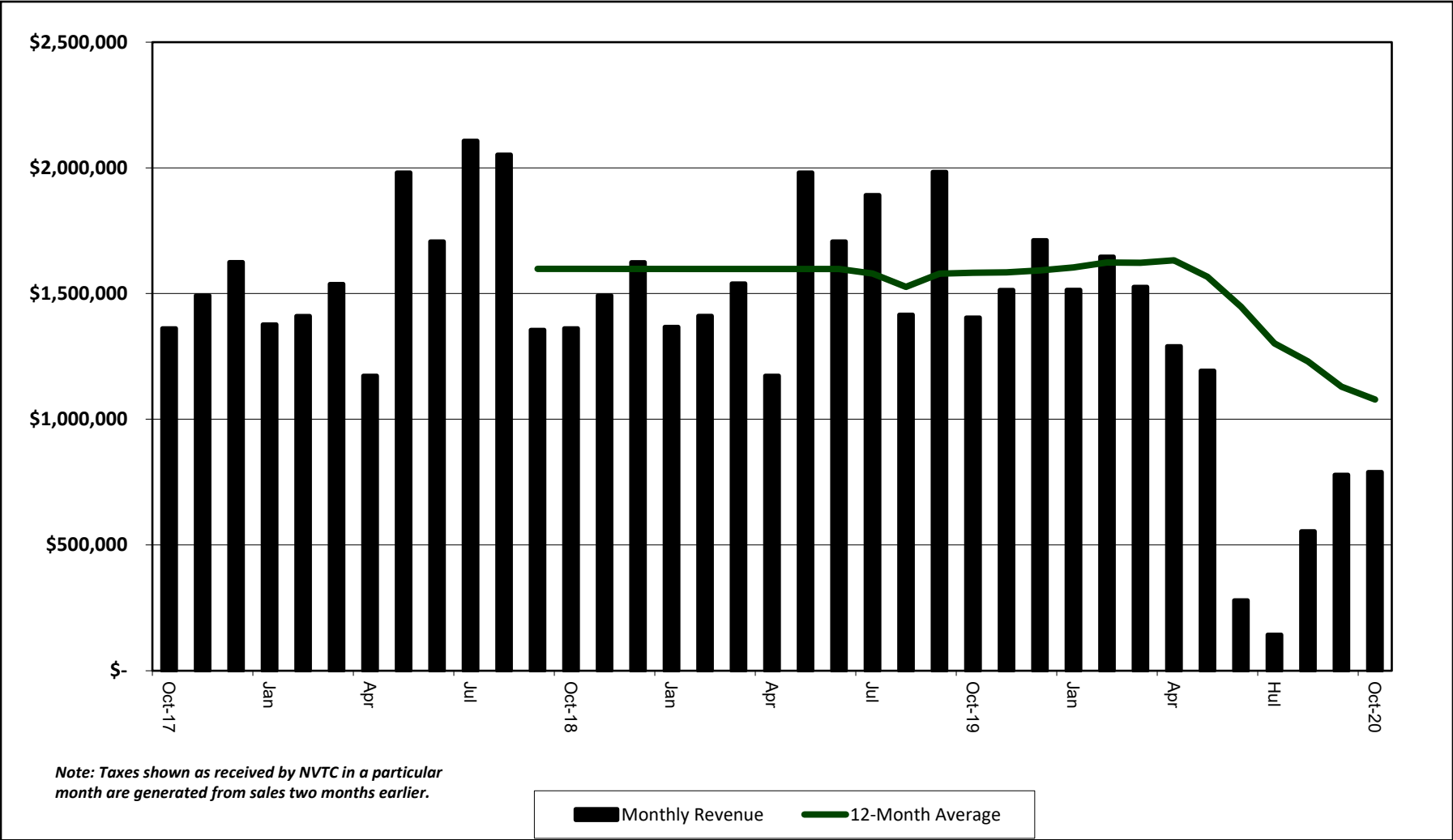
**NVTC
INVESTMENT REPORT
October 2020**

Type	Rate	Balance 9/30/2020	Increase (Decrease)	Balance 10/31/2020	Balance				
					NVTC G&A/Project	Commuter Choice	Jurisdictions Trust Fund	Loudoun Trust Fund	
<u>Cash Deposits</u>									
Wells Fargo: NVTC Checking	N/A	\$ 22,784.48	\$ 140,411.64	\$ 163,196.12	\$ 163,196.12	\$ -	\$ -	\$ -	
Wells Fargo: NVTC Savings	0.010%	31,512.21	24,071.04	55,583.25	55,583.25	-	-	-	
<u>Investments</u>									
Bank of America: Virginia Local Government Investment Pool	0.187%	234,577,893.58	(37,358,371.72)	197,219,521.86	605,231.83	36,284,629.84	119,437,995.22	40,891,664.97	
		<u>\$ 234,632,190.27</u>	<u>\$ (37,193,889.04)</u>	<u>\$ 197,438,301.23</u>	<u>\$ 824,011.20</u>	<u>\$ 36,284,629.84</u>	<u>\$ 119,437,995.22</u>	<u>\$ 40,891,664.97</u>	

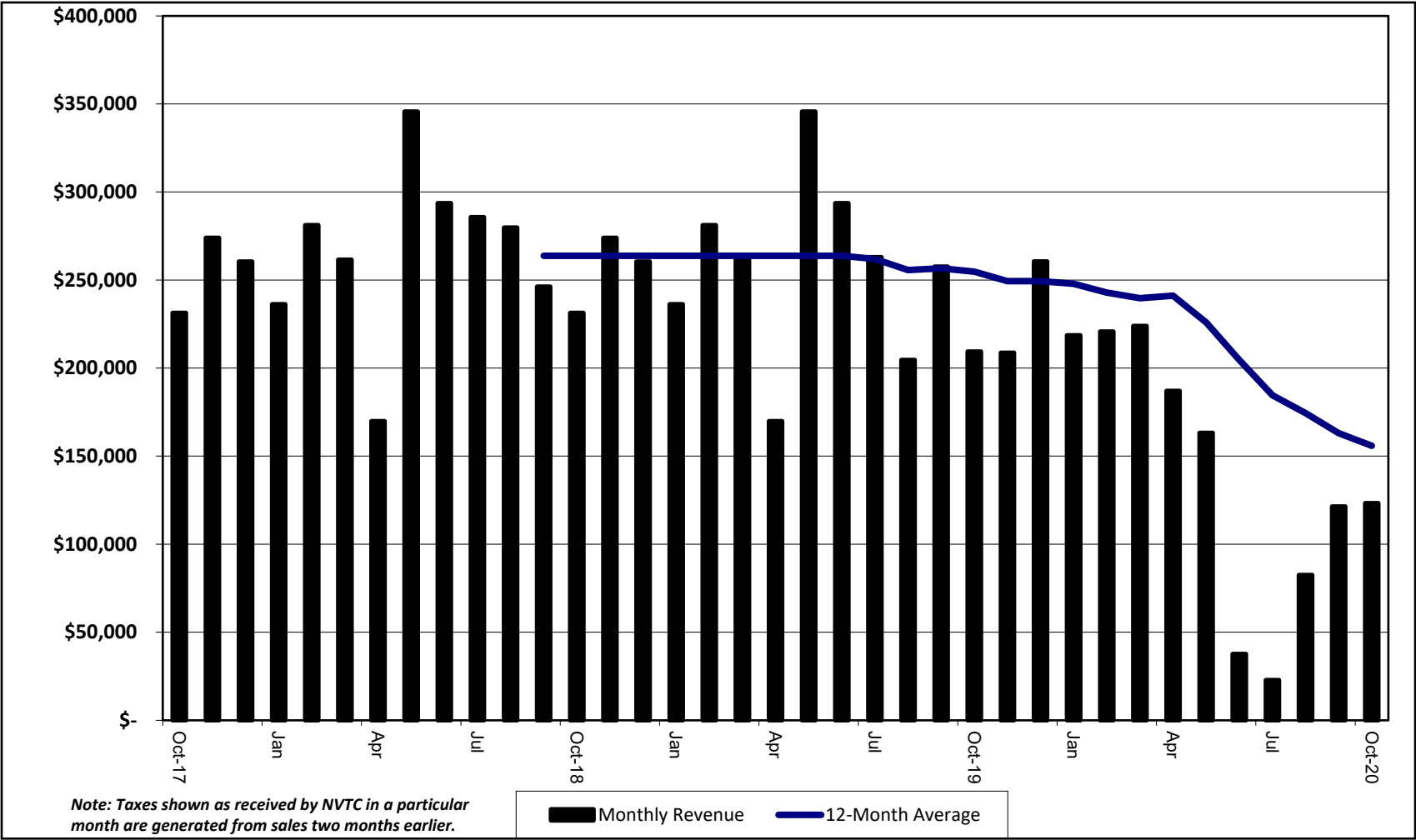
NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2018-2021



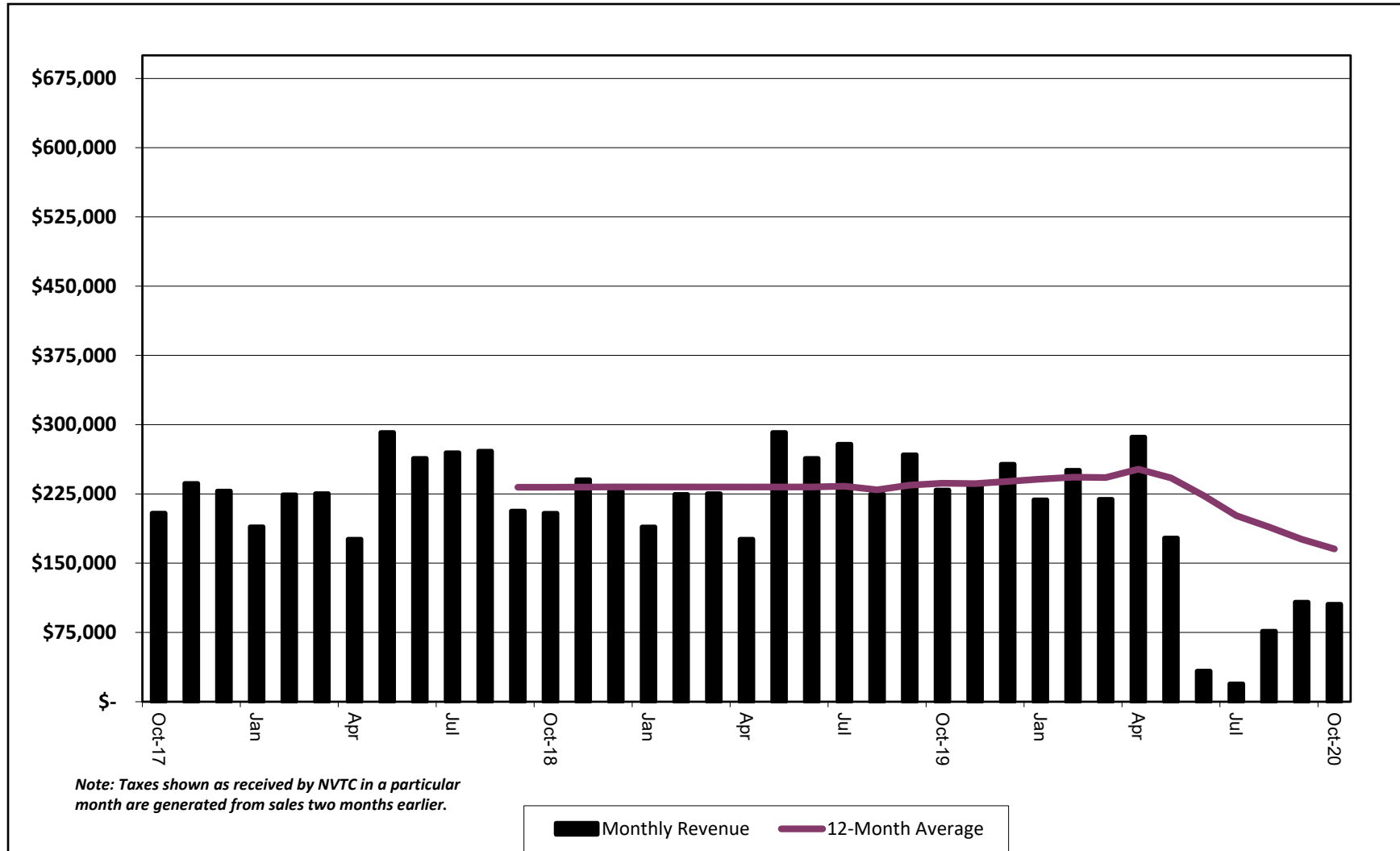
NVTC MONTHLY GAS TAX REVENUE
FAIRFAX COUNTY
FISCAL YEARS 2018-2021



NVTC MONTHLY GAS TAX REVENUE
CITY OF ALEXANDRIA
FISCAL YEARS 2018-2021



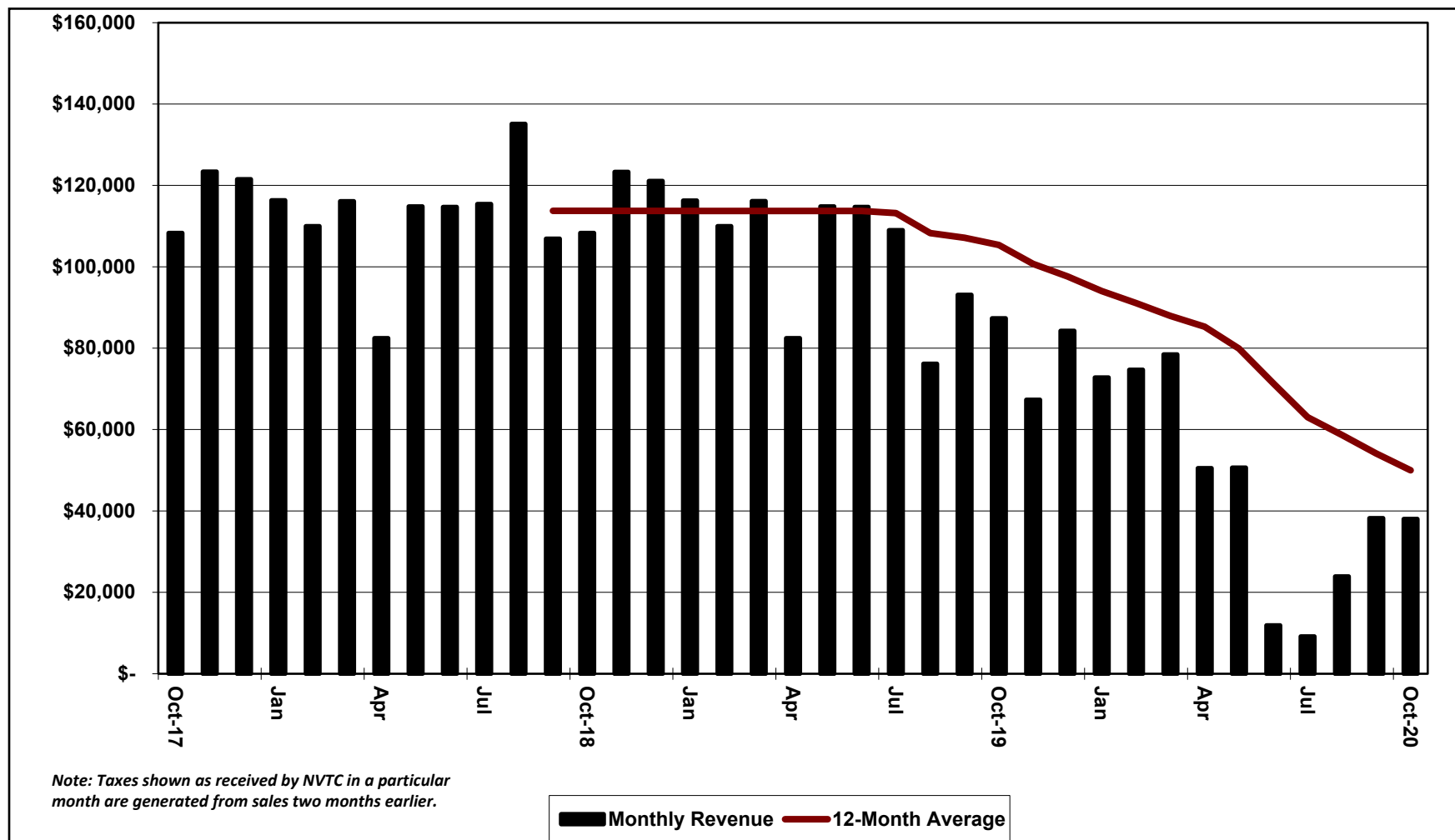
NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2018-2021



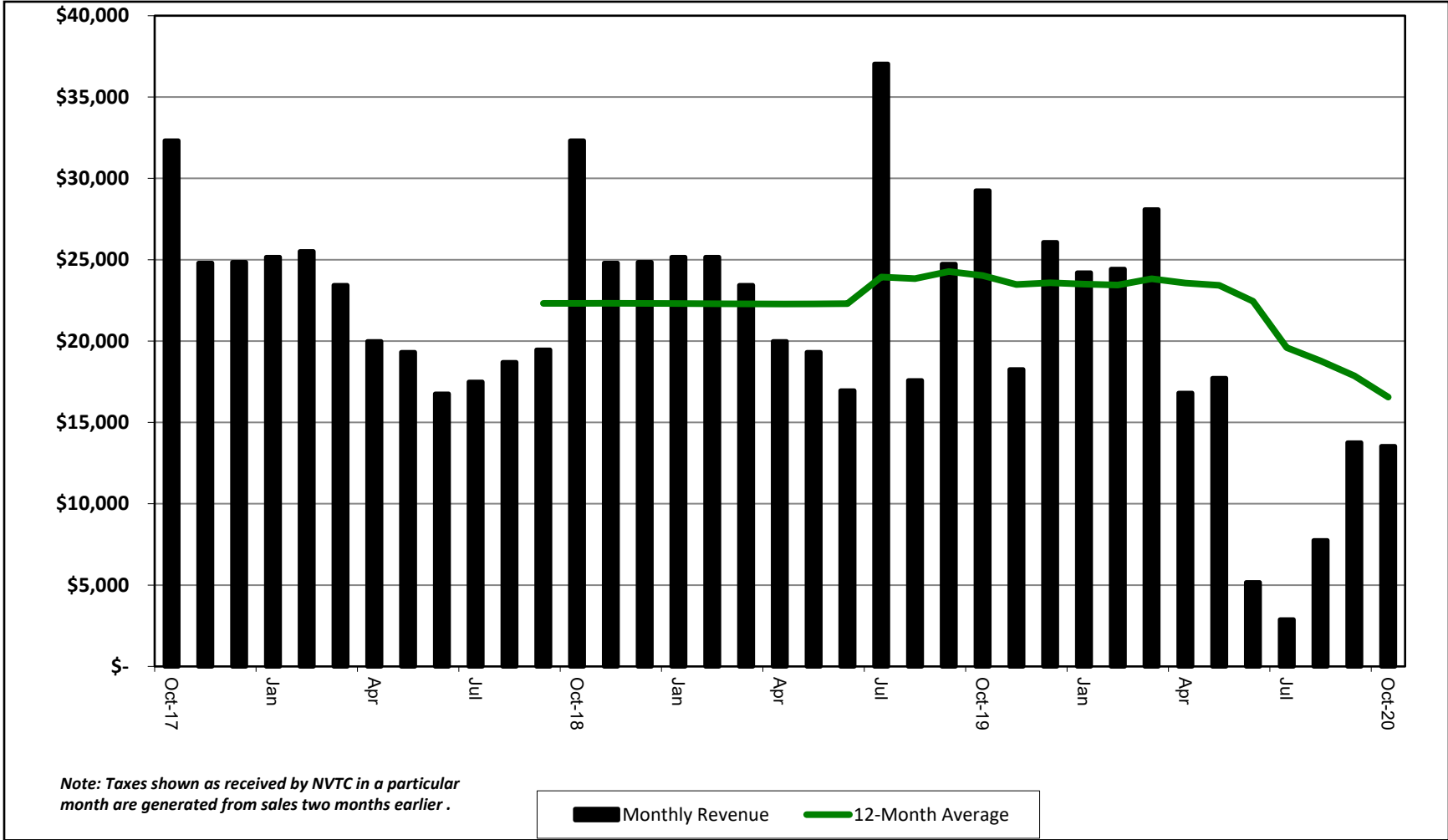
NVTC MONTHLY GAS TAX REVENUE

CITY OF FAIRFAX

FISCAL YEARS 2018-2021



NVTC MONTHLY GAS TAX REVENUE
CITY OF FALLS CHURCH
FISCAL YEARS 2018-2021



NVTC MONTHLY GAS TAX REVENUE
LOUDOUN COUNTY
FISCAL YEARS 2018-2021

