



# Commission Meeting Materials

*December 1, 2022*



**novatransit.org**

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# Meeting Overview

NVTC's December 1, 2022 meeting will be an in-person meeting. It can also be viewed via the [NVTC YouTube Link](#).

## Action Items

- Resolution of Commendation for David Meyer
- Contract Award for the Northern Virginia Zero-Emission Bus Strategic Plan
- Annual Report on the Performance and Condition of WMATA
- NVTC and VRE Audit Statements
- NVTC and VRE Legislative Agendas
- Request Proposals for the Role of Metrobus White Paper
- Request Proposals for Technical and Analysis Support for the WMATA Operating Funding and Reform Working Group
- Boundary Line Adjustment Deed and Plat for Conveyance of Manassas Park Property

## Other Meeting Highlights

- Public Comment Received
- Presentation: NVTC FY 2024 Budget and Work Plan
- Reports from the WMATA Board Members, VRE CEO and DRPT Director
- Closed Session

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**NVTC COMMISSION MEETING  
THURSDAY, DECEMBER 1, 2022  
MAIN FLOOR CONFERENCE ROOM  
2300 Wilson Blvd., Arlington, VA 22201  
[Public Streaming Via YouTube](#)  
7:00 p.m.**

**AGENDA**

*Masks are no longer required at NVTC. Attendees may choose to wear a mask based on their own personal preference.*

**5:15 p.m. Boxed Dinners Available for Commissioners Only**

**5:30 p.m. Executive Committee Meeting – NVTC Suite #230 Conference Room**

**7:00 p.m. Commission Meeting – First Floor Large Conference Room ([public streaming](#))**

*NVTC is also receiving general public comment. **The deadline for written public comments is 3:00 p.m., Thursday, December 1 via [NVTC's website](#).** Comments will be provided to Commissioners prior to the November 3 meeting.*

1. Opening Remarks
  - General Public Comments Received
2. Recognition of Departing Commissioner
  - A. **ACTION: Approve a Resolution Commending the Honorable David L. Meyer on His Departure from NVTC**
3. **ACTION: Approve the Minutes of the November 3, 2022 NVTC Meeting**
4. **ACTION: Approve the CONSENT AGENDA** (subject to chair approval)
  - A. **ACTION: Authorize the Executive Director to Award the Contract for the Northern Virginia Zero-Emission Bus Strategic Plan**
5. **ACTION: Accept and Authorize Distribution of NVTC's FY 2022 Audited Financial Statements and Compliance Reports**
6. NVTC FY 2024 General and Administrative Budget and 2023-2024 Work Plan

## 7. Washington Metropolitan Area Transit Authority (WMATA)

- A. Report from the Virginia WMATA Board Members
- B. **Report from the Chair of the NVTC WMATA Committee**
  - **ACTION: Authorize the Executive Director to Send NVTC's 2022 Report on the Performance and Condition of WMATA to the Governor and the General Assembly**
  - **ACTION: Authorize the Executive Director to Request Proposals via the DRPT General Planning Contract for the Role of Metrobus White Paper and to Execute the Associated Contract**
  - **ACTION: Authorize the Executive Director to Request Proposals via the DRPT General Planning Contract for Technical and Analysis Support for NVTC's WMATA Operating Funding and Reform Working Group and to Execute the Associated Contract**
- C. Other WMATA News

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

- A. **ACTION: Approve the NVTC 2023 Legislative and Policy Agenda**
- B. General Assembly 2023 Session Look Ahead
- C. Annual Joint NVTC-PRTC Legislative Forum

## 9. Transit Resource Center

- A. NoVaTransit Data Dashboard

## 10. Virginia Railway Express (VRE)

- A. VRE CEO Report and Minutes
- B. **ACTION: Approve Resolution #2489: Accept and Authorize Distribution of VRE's FY 2022 Annual Comprehensive Financial Report**
- C. **ACTION: Approve Resolution #2490: Approve the 2023 VRE Legislative Agenda**
- D. **ACTION: Approve Resolution #2491: Approve a Boundary Line Adjustment Deed and Plat for Conveyance of Manassas Park Property to the Commissions**
- E. **Charge to the Operations Board Officers Nominating Committee Regarding Subordinate Officers**

## 11. Department of Rail and Public Transportation (DRPT)

## 12. Executive Director Report

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

## 13. Closed Session



**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**SUBJECT:** Recognition of Departing Commissioner

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At the December meeting, the Commission will recognize departing Commissioner David Meyer.

**A. Recognition of Departing Commissioner**

- **ACTION: Approve a Resolution Commending the Honorable David L. Meyer on His Departure from NVTC**

At the December meeting, David Meyer will be recognized for his service on NVTC. He has served on NVTC since 2014 representing the City of Fairfax. He served as an Alternate for his first four years at NVTC and then in 2018 he became a Principal Commissioner. Mr. Meyer has served as chair of the Legislative and Policy Committee and as well as a member of all the other NVTC committees, including the Executive Committee, NVTC WMATA Committee and the Program Advisory Committee. Mr. Meyer did not seek re-election, so his term on NVTC will end in December.

## RESOLUTION OF COMMENDATION

**SUBJECT:** Commending the Honorable David L. Meyer on His Departure from NVTC

**WHEREAS:** The Northern Virginia Transportation Commission (NVTC) serves as the voice of public transit in Northern Virginia, promoting the region's transit network through effective and efficient public transit and ridesharing programs to foster economic vitality in the region and the Commonwealth;

**WHEREAS:** The Honorable David L. Meyer was first elected to the City of Fairfax City Council in 2008 and served five terms before being elected as Mayor from 2017-2022;

**WHEREAS:** Mr. Meyer was appointed to NVTC in 2014 as an Alternate and then appointed as a Principal Commissioner in 2018;

**WHEREAS:** Mr. Meyer served as the chair of the NVTC Legislative and Policy Committee and led the committee to develop NVTC's annual Legislative and Policy Agendas and NVTC's federal and state legislative advocacy strategies;

**WHEREAS:** Mr. Meyer also served on NVTC's Executive Committee, WMATA Committee and the Program Advisory Committee;

**WHEREAS:** Mr. Meyer has been an advocate for a strong safety culture at WMATA, a voice for transit equity by spearheading efforts to make the CUE system fare-free, and a champion for the environmental benefits of transit; and

**WHEREAS:** As Mr. Meyer did not seek re-election, his term on NVTC is ending at the end of 2022.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby commends the Honorable David L. Meyer for his many years of service to the citizens of Northern Virginia and to the Commonwealth of Virginia.

**BE IT FURTHER RESOLVED** that NVTC prepare a copy of this resolution for presentation to Mr. Meyer as an expression of its gratitude and in appreciation for his work on the Commission in promoting and funding public transit and ridesharing in Northern Virginia.

Approved this 1<sup>st</sup> day of December 2022.

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Canek Aguirre  
Chair

MINUTES  
NVTC COMMISSION MEETING –NOVEMBER 3, 2022  
FIRST FLOOR LARGE CONFERENCE ROOM – 2300 WILSON BLVD.  
ARLINGTON, VIRGINIA

The meeting of the Northern Virginia Transportation Commission was called to order by Chair Aguirre at 7:03 p.m.

Members Present

Canek Aguirre  
Walter Alcorn (*via electronic participation*)  
Sarah Bagley  
Nick Clemente (*via electronic participation*)  
Katie Cristol  
Matt de Ferranti  
Jennifer DeBruhl (Alternate, Commonwealth of Virginia) (*via electronic participation*)  
Adam Ebbin  
John Foust  
Libby Garvey (*via electronic participation*)  
Matt Letourneau  
Jeff McKay  
David Meyer  
Dalia Palchik  
Paul Smedberg  
David Snyder  
Mike Turner  
James Walkinshaw

Members Not Present

John J. Bell  
Aimee S. Gilroy  
M. David Skiles  
John C. Tuck III

Staff Present

Kate Mattice, Executive Director  
Monique Blyther  
Genoveva Cutrell  
Matt Friedman  
Allan Fye  
Rhonda Gilchrest  
Xavier Harmony  
Tenley O'Hara  
Ben Owen  
Ann McGrane  
Melissa Walker  
Ronnetta Zack-Williams

Aimee Perron Siebert (*via electronic participation*)  
Steve MacIsaac (VRE)  
Joe Swartz (VRE)

## Opening Remarks

Chair Aguirre welcomed everyone to the November 3, 2022 NVTC meeting and noted that the meeting is being livestreamed for the public on YouTube.

Chair Aguirre stated that several Commissioners are participating electronically via Zoom. DRPT Director DeBruhl is participating from Richmond under the provision of a member living 60 or more miles away from the meeting location. Mr. Clemente is participating from Loudoun County due to a medical reason. Mr. Alcorn is also participating from Fairfax County due to a medical reason. Commission Secretary Rhonda Gilchrest confirmed an in-person quorum was present.

Chair Aguirre noted that next month the Executive Committee meeting will start at 5:30 p.m. since there will be a full agenda related to the budget, financial audit and a Closed Session for the executive director's annual performance review. He encouraged Commissioners to complete and return the executive director's performance review survey to him by November 18.

Ms. Mattice stated that NVTC did not receive any public comments this month.

## Minutes of the October 6, 2022 NVTC Meeting

Ms. Bagley moved, with a second by Ms. Garvey, to approve the Minutes of the October 6, 2022 meeting. The vote in favor was cast by Commissioners Bagley, de Ferranti, Ebbin, Foust, Garvey, Letourneau, Palchik, Smedberg, Snyder and Turner. Commissioners Aguirre, Cristol, McKay and Meyer abstained. A roll call vote followed for Commissioners participating electronically and Mr. Alcorn and Mr. Clemente voted in the affirmative. The motion passed.

## NVTC 2023 Meeting Schedule

Chair Aguirre stated that the 2023 Meeting Schedule is being presented for action. He noted that normally the February meeting is held in Richmond to align with the Virginia Association of Counties (VACo) and the Virginia Municipal League (VML) advocacy day, which for 2023 will take place several weeks earlier in January. As such, the recommendation is to keep the February meeting here in Northern Virginia. However, the Virginia Transit Association (VTA) is holding their annual transit day in Richmond on Monday, January 23 and all Commissioners are invited to participate for the day as well as the evening reception planned at Richmond's Main Street Station.

Chair Aguirre also stated that the staff recommendation is to cancel the April 6, 2023 Commission meeting due to multiple jurisdictional budget hearings and meetings during the month of April. Staff will coordinate any anticipated Commission actions to coincide with the March or May meetings. He also noted that the December 7, 2023 meeting is a candidate to be held as an All-Virtual meeting. This could be helpful for staff as next year's Legislative Forum is expected to be held the same week on that Monday, December 4. He stated that the Commission can decide next fall to keep it an All-Virtual meeting. With the new Freedom of Information Act (FOIA) legislation, NVTC now can hold at least two All-Virtual meetings each calendar year, as long as



they are not back-to-back meetings. Ms. Bagley observed a typographical error in the Meeting Schedule regarding the September meeting date. Staff confirmed the September meeting date is September 7, 2023.

Ms. Bagley moved, with a second by Ms. Palchik, to approve the corrected 2023 Meeting Schedule. The vote in favor was cast by Commissioners Aguirre, Bagley, Cristol, de Ferranti, Ebbin, Foust, Garvey, Letourneau, McKay, Meyer, Palchik, Smedberg, Snyder and Turner. A roll call vote followed for Commissioners participating electronically and Mr. Alcorn voted in the affirmative. (Mr. Clemente did not participate in the vote due to audio issues.) The motion passed.

### Commuter Choice Program

Chair Aguirre announced that there are two Commuter Choice action items for Commission consideration, including authorizing staff to open the I-395/95 Commuter Choice FY 2024-2025 call for projects and adopting minor changes to the Commuter Choice technical evaluation process. He asked Mr. Owen to provide more information.

FY 2024 – FY 2025 Call for Projects for the I-395/95 Corridor. Mr. Owen stated that staff expect \$45-\$48 million to be available for transit and other transportation improvements that benefit I-395/95 toll payers by moving more people and establishing effective additional travel options. Projects selected for funding will be included in the Commonwealth's FY 2024 - FY 2029 Six-Year Improvement Program (SYIP). The call for projects notice will be issued next Monday and NVTC will accept online applications starting November 7, 2022 until January 27, 2023.

Mr. Owen stated that staff are expecting strong interest in this round of funding. NVTC staff began to engage with eligible applicants over the summer about the upcoming funding round and ideas for capital projects that would represent transformative uses of the larger-than-usual amount of funding available (about \$30 million would typically be available per two-year program). Discussions will continue in the coming weeks with one-on-one workshops with eligible applicants.

Mr. McKay moved, with a second by Ms. Cristol, to authorize staff to open the I-395/95 Commuter Choice FY 2024-2025 call for projects. The vote in favor was cast by Commissioners Aguirre, Bagley, Cristol, de Ferranti, Ebbin, Foust, Garvey, Letourneau, McKay, Meyer, Palchik, Smedberg, Snyder and Turner. A roll call vote followed for Commissioners participating electronically and Mr. Alcorn and Mr. Clemente voted in the affirmative. The motion passed.

Commuter Choice Technical Evaluation Process Changes. Mr. Owen explained that Resolution #2487 would enact minor changes to the Commuter Choice technical evaluation process, last updated in 2019. The changes would apply to the I-395/95 Commuter Choice FY 2024-2025 funding cycle and subsequent funding cycles in both Commuter Choice corridors until such time as the Commissions desire to revisit the process. PRTC is also scheduled to act on both I-395/95 actions (call for projects and evaluation process changes) at their November 3 meeting. Staff briefed both Commissions on the proposed changes during their October meetings.

Mr. McKay moved, with a second by Ms. Cristol, to approve Resolution #2487 (copy attached). The vote in favor was cast by Commissioners Aguirre, Bagley, Cristol, de Ferranti, Ebbin, Foust, Garvey, Letourneau, McKay, Meyer, Palchik, Smedberg, Snyder and Turner. A roll call vote followed for Commissioners participating electronically and Mr. Alcorn and Mr. Clemente voted in the affirmative. The motion passed.

#### Washington Metropolitan Area Transit Authority (WMATA)

Chair Aguirre asked the WMATA Board members, Paul Smedberg and Matt Letourneau, as well as NVTC WMATA Committee Chair, Walter Alcorn, to give their reports.

Report from the WMATA Board Members. Mr. Smedberg announced that the opening of the Silver Line Extension will be on November 15. U.S. Secretary of Transportation Pete Buttigieg and other dignitaries will participate in the ribbon cutting and grand opening celebration. He acknowledged Senators Kaine and Warner for their assistance in helping to move the Silver Line Phase 2 project forward to completion.

Mr. Smedberg also reported that today the WMATA Board received a summary of service restoration on rail and bus and the return of the 7000-series trains. This allows for more reliable service at a pivotal time as stations south of National Airport on the Blue Line reopen this weekend and of the Silver Line opening on November 15. Throughout November Metro will gain additional trains to reduce crowding and by December 5 WMATA expects peak headways to reduce crowding. On the bus side, WMATA restored service frequency on routes that were temporarily reduced in September 2022 due to operator shortages. WMATA will continue to improve service as operator availability increases.

Mr. Smedberg announced that the WMATA Board appointed Rene Febles as Inspector General (he was serving as Acting Inspector General). Mr. Febles will serve a three-year term, with automatic extensions for successive one-year terms. Mr. Letourneau stated that the Inspector General's office oversees WMATA's audit process. The WMATA Board received today the official audit report and it was a clean audit.

Mr. Walkinshaw arrived at 7:16 p.m.

Mr. Letourneau reported that starting November 1 WMATA began issuing verification citations, this follows the month-long warning campaign advertised throughout the system. Citations with associated fines may be issued to anyone jumping fare gates, improperly using emergency gates, or not tapping fare boxes on Metrobuses. WMATA is also exploring other methods that will prevent customers from entering rail stations without paying.

Mr. Letourneau reported that last month the WMATA Board's Finance and Capital Committee received an update from staff on options to close the FY 2024 budget gap, which is currently at \$184.7 million. WMATA staff proposed service reductions, fare increases and a preventive maintenance transfer to bring it down to \$146.2 million. Over the next month, the WMATA Board will provide staff with guidance on what options or combination of options to formally propose to close the remaining operating budget gap. He stated that the Board is also looking at potential

future service and fare concepts that could change the way WMATA provides service and collects fares. Staff provided revenue, subsidy and ridership estimates as well as other policy considerations for a variety of fare and service concepts. The fare concepts included adopting a fare-free, flat fare or zone-based fare structure, simplifying the existing distance-based rail fare structure, and additional fare optimization concepts including changes to fare levels, changing or eliminating time of day price differences, and offering discounts for low-income customers. Service concepts could include Increasing service on the Green and Yellow Lines with Yellow Line short turns, Improving Red Line transfers with additional service between Grosvenor-Strathmore and Silver Spring, and Optimizing Blue, Orange and Silver Line service, including improving Orange Line service and potential Silver Line express trains. He stated that some of these could be considered new service and not part of the 3% subsidy cap. It is important to note that these fare and service concepts are intended to facilitate policy guidance from the Board and region and are not formal proposals. Mr. Letourneau stated that there was also a discussion about hours of operation. The concern he and Mr. Smedberg have is the maintenance hours. WMATA is working on a proposal to streamline maintenance and reduce down-time hours.

Mr. Letourneau stated that from a process standpoint, the General Manager's budget will be released later in December. Mr. Smedberg clarified that preventive maintenance is not state of good repair. In response to a question from Ms. Cristol, Mr. Letourneau clarified that the transfer of preventive maintenance funds is a one-time thing to close the budget gap, but to continually transfer funds over multiple years is not sustainable.

Mr. McKay stated that these are not necessarily new budget options for WMATA. He expressed concern about turn-backs because they reduce service since they might be considered new service, but it is coming from somewhere. This is troubling for him because there are some Metro lines that are under performing and reduced service will further marginalize them. Mr. Letourneau stated that only the Red Line is being considered for turn-backs. The proposal would be to get all the lines to budgeted service levels so all lines would have service increases, so that no line would receive less service than what was budgeted for in FY 2023. Mr. McKay stated that in normal times this may have been easier to accept but with what the region has been through over the past few years, there are other explanations for lower ridership.

Mr. Snyder stated that it's a real credit to everyone that the region is finally seeing the Silver Line Extension opening. He congratulated WMATA.

Ms. Bagley asked about free parking as an inducement. Mr. Letourneau stated that free parking was available during the shutdown but is not part of the budget discussion. The challenge is the number of private garages that serve Metro stations and other contractual issues with the jurisdictions.

Mr. Letourneau also stated that in regard to the WMATA Strategic Transformation Plan, there is potential to have it presented at the December 1 Commission meeting.

Report from the Chair of the NVTC WMATA Committee. Mr. Alcorn stated that at the last WMATA Committee meeting, the committee received an update on NVTC staff research on peer transit agency operating funding. The agencies that were reviewed include BART (San Francisco Bay Area), CTA (Chicago), LA Metro (Los Angeles), MARTA (Atlanta), MBTA (Boston), NY MTA

(New York), PATCO (New Jersey), PATH (New York/New Jersey), and St. Louis Metro and staff examined their FY 2022 budget and dedicated operating funding sources. Staff also looked at agencies that have an interstate compact similar to WMATA. This research is intended to complement NVTC's WMATA Operating Funding and Reform Working Group, which is a strategy of the 2022 Report on the Performance and Condition of WMATA. The committee also reviewed NVTC staff's proposed strategies to reduce the growth in costs and improve efficiencies for the 2022 report. He asked Mr. Fye and Ms. Zack-Williams to speak to the report.

Ms. Zack-Williams stated that the 2018 state legislation which created dedicated capital funding for WMATA also included a legislative mandate for NVTC to produce an annual report to the Governor and General Assembly on the Performance and Condition of WMATA. NVTC tasked the WMATA Committee to provide guidance to staff on the annual update to the report. The structure of the report is guided by the legislation.

Ms. Zack-Williams stated that the introduction gives context and background of the operating budget, as well as highlights new services and the first chapter will focus on the strategies to Reduce the Growth in Costs and Improve Operational Efficiency. The second chapter is on the uses of the dedicated capital funds, specifically Virginia's \$154 million share of the \$500 million in annual dedicated capital funding to WMATA from the region. The last four chapters are on safety, reliability, ridership and financial performance data that NVTC collects from the National Transit Database and WMATA's performance reports.

Ms. Zack-Williams reviewed the first five strategies from the 2022 report which are directed to WMATA:

- Rebuild customer confidence by continuing the return of the 7000-series trains to service and offer frequent and reliable rail service. (This point was slightly adjusted with the recent news of the Washington Metrorail Safety Commission (WMSC) approving Metro's return to service plan for the 7000-series trains.) This strategy also focuses on safety to make sure customers feel safe riding the system as well as a reformed safety culture within WMATA as an organization.
- Enforce fare payment uniformly across the system – the core of this strategy is that everyone should pay their fares and enforcement is needed. The strategy is primarily framed around public safety and security and the welfare of transit operators, who have experienced an increase in assaults. Jurisdictionally sponsored and funded low-income fare products are available options to address equity concerns.
- Implement a simple and convenient fare structure by exploring simple concepts like a flat or zone fare and recognizing that there are revenue and ridership implications to any such move. It also calls for simplifying the customer experience to make sure that it's easy to pay for fares and easy to manage transit benefits, passes and/or other types of fare products. And lastly it calls for integrating local and regional transit providers into WMATA's fare structure and fare payment systems.



- Increase non-fare revenues from real estate and advertising, with a strong focus for WMATA to continue its joint development efforts in the region to gain ridership and revenues from fares and real estate.
- Manage labor costs, focusing recommendations on amendment to the federal Wolf Act that would increase considerations of budget constraints in labor negotiations.

Mr. Fye stated that following guidance from the WMATA Committee, staff included two new recommendations directed to NVTC:

- Explore the implications of local transit agencies assuming the operation of Metrobus services in Northern Virginia.
- Examine and develop options for a new financial operating model for WMATA that understand the unique dynamics of Virginia.

Mr. Fye went into further detail about some of the future work on these recommendations, including Identify the challenges and opportunities of local transit agencies assuming the operation of Metrobus services in Northern Virginia. This effort will produce a White Paper on the Role of Metrobus that can be used by local jurisdictions to inform policy decisions, as well as NVTC convening a WMATA Operating Funding and Reform Working Group to explore Virginia-focused options to attain sustainable operating funding. The Commission will be asked to take action at the December 1 meeting to authorize submission of the annual report to the Governor and General Assembly, which is due by December 15; authorize consultant support to develop the white paper; and authorize technical support for the funding working group.

Mr. de Ferranti stated that he appreciates the safety component in the report. He also stated that for the big picture, now that 7000-series railcars are coming back and service levels are improving, there is a narrative that can be developed that the “system is getting back.” He is hopeful that if WMATA continues to develop better service, ridership will increase. He noted that this comment is probably outside the scope of the report.

Ms. Palchik observed that there are some exciting opportunities to look into an operating model that is Virginia specific, as well as looking at Metrobus options. Ms. Garvey stated that Arlington County has three different bus systems: Metrobus, ART system and the school bus system. She stated that the county is looking at options to get students using the other bus systems. She asked if the option of using transit buses to transport students is being considered by NVTC. Mr. Fye stated that many of the jurisdictions have discounted fare programs to get people using transit at an early age, many of whom work with the schools and Metro.

Mr. Foust stated that looking beyond the next fiscal year and the looming budget deficit, he asked about the 3% cap [on the annual growth in operating subsidy in Virginia]. Mr. Letourneau stated that WMATA cannot increase the subsidies higher than the 3% cap. Mr. Smedberg stated that there will need to be a robust regional discussion on how to fund Metro. Commissioners discussed the pros and cons of a subsidy cap. Mr. Turner stated that he has been on NVTC for three years and still hasn’t heard a plan to fix the funding issue. He would like to see a marker laid down to start the discussion. He asked if these problems are unique to WMATA and if other

large transit systems are having the same issues. Mr. Letourneau stated that other systems, such as New York and Boston, have the same budget issues. He stated that there needs to be a federal government component. Mr. Smedberg stated that New York's deficit is much larger than WMATA's. Mr. Walkinshaw observed that in regard to Strategy #6, one factor to consider is that not everyone in Virginia rides Metro and they may not be invested in the success of the system. This makes it difficult to build support for the system.

Ms. Cristol asked in regard to streamlining the fare structure, is there a way to do it in a way that is fiscally neutral. Mr. Letourneau stated that he can send some slides from a previous WMATA meeting that show revenue impacts from fare and service changes. He believes that there is a way to do it that is fiscally neutral.

Mr. Meyer stated that the pre-pandemic argument that investment in the Metro system raises the economic activity in the region still somewhat resonates post-pandemic for those areas of high-density around Metro stations. Mr. McKay stated that there are two benefits of Metro service – environmental benefits and congestion relief on the roads. The region is already way behind on starting the discussion about solutions to the looming budget deficit problem. He stated that there needs to be a federal component to the solution, but even with a federal solution it doesn't get the region off the hook for a long-term solution. He stated that for those jurisdictions that hope for expansion, this won't happen without dedicated funding as a solution. If the Metro system is going to grow, the region is going to have to stop its reliance on cars, address environmental impacts, and continue economic success along these corridors. For those that don't ride Metro, it benefits them as it gets cars off the roads. These are the kinds of things to be conveyed to people about the benefit of transit service. He expressed his concern that the clock is ticking and WMATA needs federal help but also a long-term solution. Now is the time to have the conversation. Metro is no different than other systems facing the same issues, but what makes it different is that local governments in Northern Virginia have to pay for the system because there is no dedicated operating funding. There needs to be a strategy of which entity/agency should spearhead the message (and it's probably not WMATA or NVTC) that has credibility with the business community. Mr. Smedberg agreed and stated that WMATA needs to get its house in order, which he believes WMATA is close to doing. Many of the things the WMATA Board and management are doing will be helpful. Mr. Letourneau agreed that the private sector needs to be actively involved, but WMATA has a credibility problem with them. Over the last several months, WMATA has worked hard to rebuild their trust and confidence. Ms. Garvey stated that the 3% cap is important and Virginia needs to hold the line on it.

Mr. de Ferranti left the meeting at 8:11 p.m.

Ms. Bagley asked about environmental issues. The transition to electric vehicles and federal and local Vision Zero commitments will address many of the safety and environmental concerns. These themes can support the long-term vision of the need for transit. Mr. Snyder stated that he does not want a repeat of the [Northern Virginia Transportation Authority] funding referendum failure in 2002. This region has had many changes, including generational changes among riders. He suggested some entity conduct survey work to know people's opinions in order to know how to pitch the message. Mr. Smedberg also noted that there are also misperceptions about Metro. There are also a whole new group of players, especially within the Silver Line corridor, who weren't there in the earlier days of Metro.

Mr. Foust stated that the region needs solutions and a plan. He questioned if Commuter Choice funds could be used as a dedicated Metro funding source. Ms. Mattice responded that the revenues are legally linked to support those corridors in which they are tolled. NVTC has funded individual Metrobus and local bus routes that benefit toll payers in those corridors. Mr. MacIsaac stated that the funds would be in jeopardy unless federal legislation regarding the use of toll funds was changed.

Mr. Meyer stated that in regard to the private sector, he recalls a meeting back in 2017 with other local officials at the Washington Board of Trade to discuss strategies to get state of good repair initiative across the finish line in all three jurisdictions (Maryland, Virginia and the District). The goal and ask were well defined, which is what Metro needs now. Whatever the ask will be, he believes the business community and chambers of commerce will respond. Chair Aguirre stated that the Washington Board of Trade and Washington Partnership are holding an annual transportation event in Crystal City on November 9. Ms. Mattice stated that it is her understanding that WMATA General Manager Randy Clarke and Secretary of Transportation Shep Miller are panelists.

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

Chair Aguirre asked Mr. Meyer to give his report. Mr. Meyer reported that the Legislative and Policy Committee met on September 29 to discuss the draft 2023 NVTC Legislative and Policy Agenda. This year there are a several new items for both state and federal legislative priorities. As a reminder, the final 2023 Legislative and Policy Agenda will be presented for action at the December Commission meeting. He asked Ms. Mattice to provide additional information.

Draft 2023 Legislative and Policy Agenda. Ms. Mattice stated that following feedback from the last Legislative and Policy Committee meeting, staff prepared the Draft 2023 NVTC Legislative and Policy Agenda. State and federal priorities in 2023 include:

- Restore lost transportation funding from the grocery tax (NEW) as well as restore full funding to NVTA
- Work with VRE to support legislation to remove their operating funding from the bus-based state formula model (NEW)
- Protect existing state transit funding, programs, and authorities that benefit Northern Virginia transit operators, WMATA and VRE
- Support funding and reducing barriers to implementing transit technologies such as zero- emission buses
- Continued support for the Transforming Rail in Virginia Program
- Continued support for flexibility for remote public meetings to allow for greater accessibility and participation

On the federal front, Ms. Mattice reviewed the following legislative initiatives:

- Secure project funding to complete planning and NEPA for the Route 7 BRT (NEW)

- Identify opportunities to leverage federal funding to address WMATA operational funding cliff (NEW)
- Encourage federal return to work policies that can maximize our local transit network and leverage transit benefits (NEW)
- Continued support of federal initiatives to maximize the region's access to opportunities in the new infrastructure bill, including awarding of USDOT and FTA discretionary funding
- Continued support for commuter tax benefits
- Identify long-term structural fix to provide a solution to ensure the long-term solvency and sustainability of the Mass Transit Account of the Highway Trust Fund (HTF)

Mr. Meyer stated that the peer review that NVTC did regarding WMATA shows that WMATA is unique in that it serves the nation's capital. The message that Washington DC, in concept, is a city that belongs to the nation, may resonate with Congress. National security, tourism or other factors can be put that into context. Mr. Walkinshaw expressed his opinion that it is important to communicate with the federal government the importance of spreading out telework policies and days. It is difficult to run a transit system for everyone who wants to ride on Wednesdays but not on other days of the week, for example. Mr. Turner agreed and suggested adding to the Legislative and Policy Agenda "encourage the Office of Personnel Management (OPM) to establish procedures to spread out telework schedules."

Value of Transit in Northern Virginia to the Commonwealth Study. Ms. Mattice stated that in September staff kicked off the Value of Transit in Northern Virginia to the Commonwealth study, which will quantify and visualize the overall economic benefits and revenue that bolster the Commonwealth due to investments in Northern Virginia's transit systems. This is an update to NVTC's 2016 study.

Mr. Fye provided an overview of the study and noted the many changes in transit since the 2016 study, including:

- Metrorail in Virginia has grown by six stations along the Silver Line (extending into Loudoun County) and the Potomac Yard infill station in Alexandria will open soon.
- VRE has invested heavily in expanding station capacity and facilities and the Commonwealth's Transforming Rail in Virginia program will significantly increase VRE's evolution from a peak-hour, commuter-based service to a regional rail style service that operates throughout the day, seven days a week.
- NVTC's jurisdictions and transit providers have continued to invest heavily in local bus transit operations and capital (new and replacement buses, technology upgrades, new and expanded bus maintenance and storage facilities, fleet electrification, etc.) and while also planning for several Bus Rapid Transit (BRT) lines that will involve significant investment (The One in Fairfax County; West End Transitway and Duke Street Transitway in Alexandria; Envision Route 7 in the Cities of Alexandria and Falls Church and Arlington and Fairfax Counties).

Mr. Fye explained that the goals of the study are to quantify the economic value of Northern Virginia's multi-modal transit system to the Commonwealth; leverage the findings to inform



NVTC's legislative efforts; and educate public and private stakeholders to support long-term, sustainable investments in transit by the Commonwealth.

Mr. Fye outlined the next steps of the study, which include engaging with technical and policy staff, jurisdictions and NVTC's legislative liaison; briefing the Legislative and Policy Committee and Commission at key milestones; and wrapping up the study in mid-2023.

In response to a question from Ms. Bagley, Mr. Fye stated that the study will capture transit-oriented development.

Annual Joint NVTC-PRTC Legislative Forum. Mr. Meyer announced that the annual Joint NVTC-PRTC Legislative Forum will be held on Monday, December 5 at 8:30 a.m. at the Embassy Suites by Hilton in Springfield. Ms. Mattice stated that Congressman Don Beyer is confirmed to give the welcome message and DRPT Director Jen DeBruhl will be the keynote speaker. Other confirmed speakers include NVTC Chair Canek Aguirre, PRTC Chair Victor Angry, WMATA General Manager/CEO Randy Clarke, VRE Chief Executive Officer Rich Dalton, PRTC Executive Director Bob Schneider and NVTC Executive Director Kate Mattice.

#### Virginia Railway Express (VRE)

Chair Aguirre stated that VRE CEO Rich Dalton was unable to attend the meeting, but VRE Operations Board Vice-Chair Walkinshaw will present the action and information items.

Amendment to Site Lease Agreement with Qwest Corporation of Delaware. Mr. Walkinshaw stated that the VRE Operations Board recommends Commission approval of Resolution #2488, which will authorize the VRE Chief Executive Officer to execute an amendment to the Site Lease Agreement with Qwest Corporation of Delaware for property owned by the Commissions adjacent to the railroad right-of-way and VRE Fredericksburg Office. This action will extend the term of the Lease by 10 years for a total of \$60,000 due to VRE for rent. He noted that VRE General Counsel Steve MacIsaac was present to answer specific questions. There were no questions.

Mr. Walkinshaw moved, with a second by Ms. Palchik, to approve Resolution #2488 (copy attached). The vote in favor was cast by Commissioners Aguirre, Bagley, Cristol, Ebbin, Foust, Garvey, Letourneau, McKay, Meyer, Palchik, Smedberg, Snyder, Turner and Walkinshaw. A roll call vote followed for Commissioners participating electronically and Mr. Alcorn and Mr. Clemente voted in the affirmative. The motion passed.

VRE Free Fares Initiatives Update. Mr. Walkinshaw reported that VRE offered Fare Free September, which allowed passengers to ride VRE for free during the month of September to promote VRE service and build ridership, as well as a thank you to those riders who stayed with VRE throughout the pandemic. Additionally, the free fare promotion allowed VRE to serve as a major contributor to the regional mitigation efforts during the Metrorail Blue and Yellow Lines shutdown south of Reagan National Airport. VRE continued to provide free fares during October for riders traveling between Zones 1, 2 and 3 until Metrorail service south of the airport reopens.

Mr. Walkinshaw noted that for the month of September, ridership increased by 21% compared to the previous month. VRE conducted a rider survey that showed the Fare Free September promotion was especially successful in getting riders who took VRE pre-pandemic back on the service.

Mr. Walkinshaw also stated that the shutdown of the Blue and Yellow Lines south of Reagan National Airport was originally expected to end in October. As VRE staff was notified the shutdown would extend into November, the Operations Board took action to continue offering free fares for Zone 2 and 3. The Operations Board also approved extending the promotional initiative after the Blue Line service resumes by offering a reduced fare between Zones 1, 2 and 3 until Yellow Line service resumes, scheduled for Spring of 2023.

Draft VRE 2023 Legislative Agenda. Mr. Walkinshaw stated that VRE has drafted a 2023 Legislative Agenda, which will be brought to the Commission for action at next month's meeting. VRE's Legislative Agenda is compatible with NVTC's Legislative and Policy Agenda.

VRE System Plan 2050 Update. Mr. Walkinshaw stated that VRE is in Phase 1 of updating the System Plan. The draft System Plan 2050 outlines the visioning and goals-setting process that will form the planning context with which Operations Board members can make decisions on future service planning and infrastructure and operating scenario concepts. He reviewed the draft System Plan goals: 1) Safety and Reliability; 2) Market Growth and Financial Stability; 3) Regional System Integration and Equitable Service; and 4) Sustainability and Resiliency. Mr. Walkinshaw stated that the next steps will include a comprehensive market analysis and ridership forecast. The 2025 System Plan will be brought to the Commission for action in 2023.

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

DRPT Director DeBruhl announced that DRPT's new Chief of Transportation Zach Trogon started on October 25. She also reported that DRPT is entering the typical application cycle for FY 2024 grants, with submissions being accepted starting December 1.

#### Executive Director Report

Ms. Mattice encouraged Commissioners to read her Executive Director Newsletter, which highlights some of NVTC's recent efforts and events including staff getting out in the community, engaging with professional colleagues and learning the latest and greatest in transit issues. Staff held a Route 7 public meeting and pop-up events in and around Falls Church, participated in committees and sessions at the APTA Annual Conference, spoke at a national zero-emission bus conference, presented to the Transportation Planning Board technical committee, and participated in a Women in Transportation technology event. Earlier this week, Transit Technology Senior Program Manager Ann McGrane hosted a day-long workshop with NVTC's jurisdictional partners to focus on the latest information sharing on zero-emissions bus implementation as well as regional fare collection. Staff plan to come to the Commission in the near future to approve a contractor for the regional zero-emission strategic plan work.

Ms. Mattice announced that the next Commission meeting is December 1, which will include the roll-out of the new “NoVaTransit Data Dashboard” – NVTC’s new online tool that will show a wealth of ridership, access to transit and performance measures on the transit systems that serve Northern Virginia. She also reminded Commissioners that the Annual Joint NVTC-PRTC Legislative Forum will be held on December 5.

Ms. Mattice noted that the September 2022 Financial Report was provided in the written meeting materials. Commissioners had no questions.

### Adjournment

Without objection, Chair Aguirre adjourned the meeting at 8:52 p.m.

Approved this 1<sup>st</sup> day of December 2022.

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Canek Aguirre  
Chair

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Matt de Ferranti  
Secretary-Treasurer



## RESOLUTION #2487

**SUBJECT:** Adopt Commuter Choice Technical Evaluation Process Changes

**WHEREAS:** The Third Amended and Restated Memorandum of Agreement – Transform66: Inside The Beltway Project (“I-66 MOA”) and the Amended and Restated Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes (“I-395/95 MOA”) require that the Northern Virginia Transportation Commission (NVTC) and, on the I-395/95 corridor, the Potomac and Rappahannock Transportation Commission (PRTC) develop and maintain criteria for project selection;

**WHEREAS:** The current Commuter Choice technical evaluation process was approved in 2019 and includes Technical Merit (70 points), Annualized Cost Effectiveness (15), Applicant Preference (10) and Interagency Collaboration (5) criteria;

**WHEREAS:** The Commissions (NVTC and PRTC) wish to emphasize the measurable elements of the evaluation process which assess projects’ ability to support the corridor improvement goals identified in the MOAs;

**WHEREAS:** The current technical evaluation process includes the Accessibility sub-criterion within Technical Merit which evaluates a project’s ability to link regional activity centers; and

**WHEREAS:** The Commissions wish to add equity considerations into the evaluation process in a straightforward way by adding Metropolitan Washington Council of Governments’ designated Equity Emphasis Areas to the regional activity centers currently used in evaluation.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby approves two technical evaluation process changes to the Commuter Choice program in both the I-66 Inside the Beltway and I-395/95 corridors: 1) removing the Interagency Collaboration criterion and redistributing points to Technical Merit (75), Annualized Cost Effectiveness (20) and Applicant Preference (5) and 2) adding Equity Emphasis Areas to the list of regional activity centers within the Accessibility sub-criterion.

**BE IT FURTHER RESOLVED** that approval of these changes in relation to the I-395/95 corridor program is contingent upon PRTC’s approval of a comparable resolution.

Approved this 3<sup>rd</sup> day of November 2022.

A handwritten signature in black ink, reading "Matt de Ferranti".

Matt de Ferranti  
Secretary-Treasurer

A handwritten signature in black ink, reading "Canek Aguirre".

Canek Aguirre  
Chair





## **RESOLUTION #2488**

**SUBJECT:** Authorize the VRE CEO to Execute an Amendment to the Site Lease Agreement with Qwest Corporation of Delaware

**WHEREAS:** A Site Lease Agreement was executed by and between the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission (the "Commissions") and Qwest Corporation of Delaware in September 1999 for a term of 20 years for property owned by the Commissions adjacent to the railroad right-of-way and the Virginia Railway Express (VRE) Fredericksburg, Virginia office;

**WHEREAS:** The leased property is utilized by Qwest to operate and maintain its communication equipment and facilities;

**WHEREAS:** Qwest and VRE wish to amend and reinstate the Lease retroactively to September 21, 2019;

**WHEREAS:** A market rent analysis was recently prepared and demonstrates that the proposed rent associated with the amendment is both fair and reasonable; 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 amendment to the Site Lease Agreement with Qwest Corporation of Delaware for property used for communications equipment and facilities in Fredericksburg, Virginia to extend the term of the Lease by 10 years for a total of \$60,000 due VRE in rent.

Approved this 3<sup>rd</sup> day of November 2022.

A handwritten signature in black ink, reading "Matt de Ferranti".

Matt de Ferranti  
Secretary-Treasurer

A handwritten signature in black ink, reading "Canek Aguirre".

Canek Aguirre  
Chair

**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**SUBJECT:** Consent Agenda

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At the December meeting, the Commission will be asked to approve the Consent Agenda, which includes one action item to authorize the executive director to execute a contract for the NVTC Zero-Emission Bus Strategic Plan.

**A. ACTION: Authorize the Executive Director to Award the Contract for the Northern Virginia Zero-Emission Bus Strategic Plan**

The Commission will be asked to authorize the executive director to execute a contract with Parsons Transportation Group Inc to prepare the Northern Virginia Regional Zero-Emission Bus Strategic Plan. This effort will:

1. Develop actionable strategies for both NVTC (as a coordination and convening organization) and individual partner agencies to achieve the plan's goals and objectives;
2. Utilize individual agency goals and plans and stakeholder input to identify opportunities for coordinated planning, purchasing and implementation that leverage regional economies of scale;
3. Develop transition recommendations for each NVTC district partner agency that support local and regional zero-emission bus (ZEB) efforts; and
4. Identify regional, Commonwealth and federal funding opportunities to accomplish the goals laid out in the Strategic Plan and other emerging ZEB challenges and opportunities.

The contract will not exceed \$466,295 and is expected to take approximately 16 months from the Notice to Proceed. This effort is funded through a DRPT Technical Assistance grant in the Commonwealth Transportation Board's FY 2023-2028 Six-Year Improvement Plan (SYIP).

The Commission authorized the release of the Request for Proposals (RFP) at the June 2022 Commission meeting and subsequently received 12 proposals. Staff followed NVTC's Administrative Regulations and the Virginia Public Procurement Act, which details the procedures to competitively procure consultant services, and recommends contract award to Parsons Transportation Group Inc.

**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice, Scott Kalkwarf and Coletha Quarles  
**DATE:** November 22, 2022  
**SUBJECT:** NVTC's FY 2022 Audited Financial Statements and Compliance Reports

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At the December meeting, NVTC's auditor PBMares will present the results of the FY 2022 audit and the Commission will be asked to accept and authorize distribution of the FY 2022 Audited Financial Statements and Compliance Reports.

▪ **ACTION: Accept and Authorize Distribution of NVTC's FY 2022 Audited Financial Statements and Compliance Reports**

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 to the full Commission to describe the results of their annual audit. The Commission will be asked to accept the FY 2022 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 of the governmental activities, the business-type activities, each major fund, and the remaining fund information, and changes in financial position of NVTC.

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 2022, 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, 2022**



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ASSURANCE, TAX & ADVISORY SERVICES

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

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

#### ***Opinion***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 aggregate fund information of the Commission, as of June 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-15 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards 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 18, 2022 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 18, 2022

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**

## **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, 2022. 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 \$288.6 million on a government-wide basis as of June 30, 2022. Of this total, \$235.5 million is for business-type activities and \$53.1 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$327.0 million. Expenses totaled \$324.6 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$132.2 million. Expenses amounted to \$69.6 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 \$11.7 million for fiscal year 2022, compared to an increase of \$3.2 million for fiscal year 2021. The governmental funds balances as of June 30, 2022 totaled \$53.4 million compared with \$41.7 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$62.6 million, from \$172.9 million to \$235.5 million.
- NVTC's fiduciary funds reported an increase of \$175.2 million in net position. The Jurisdiction Trust Fund increased \$175.3 million. The Pension Trust Fund decreased \$0.1 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 Funds.** The Fiduciary Funds are used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments, and the participants of NVTC pension trust. Additions to the jurisdiction 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 jurisdiction fiduciary fund are disbursements directed by the individual member jurisdictions for restricted purposes. Additions to the pension fiduciary fund consists of participant and employer contributions and the increase in fair value of investments. Deductions from the pension trust fiduciary fund are distributions to plan participants. The accounting methods used for the fiduciary funds are much like that used for proprietary funds. The two statements included for the fiduciary funds 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, 2022 and 2021:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Assets:						
Current and other assets	\$ 68,957,780	\$ 47,785,206	\$ 238,975,066	\$ 60,776,560	\$ 307,932,846	\$ 108,561,766
Capital assets, net	3,737,499	71,954	177,085,683	163,002,885	180,823,182	163,074,839
Other non-current assets	-	-	701,475	-	701,475	-
Total assets	72,695,279	47,857,160	416,762,224	223,779,445	489,457,503	271,636,605
Deferred outflows	-	-	331,710	362,566	331,710	362,566
Total assets and deferred outflows	72,695,279	47,857,160	417,093,934	224,142,011	489,789,213	271,999,171
Liabilities:						
Current and other liabilities	15,923,119	6,201,640	13,211,403	6,278,161	29,134,522	12,479,801
Long-term liabilities	3,623,528	419,539	167,683,153	44,929,100	171,306,681	45,348,639
Total liabilities	19,546,647	6,621,179	180,894,556	51,207,261	200,441,203	57,828,440
Total deferred inflows	-	-	701,475	-	701,475	-
Total liabilities and Deferred inflows	19,546,647	6,621,179	181,596,031	51,207,261	201,142,678	57,828,440
Net position:						
Net investment in capital assets	(42,300)	71,954	126,324,041	115,424,594	126,281,741	115,496,548
Restricted	52,635,382	41,065,681	139,561,666	8,389,995	192,197,048	49,455,676
Unrestricted	555,550	98,346	(30,387,804)	49,120,161	(29,832,254)	49,218,507
Total net position	\$ 53,148,632	\$ 41,235,981	\$ 235,497,903	\$ 172,934,750	\$ 288,646,535	\$ 214,170,731

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$288.6 million as of June 30, 2022, an increase of \$74.5 million over the previous fiscal year. The largest portion of net position, \$192.2 million or 66.6 percent, represents restricted net assets, which includes \$133.3 million for debt service, \$52.6 million for the Commuter Choice program, \$5.0 million for liability insurance plan, and \$1.3 million for grants or contributions. The next largest portion of net position, \$126.3, represents the net investment in capital assets (e.g., land, right-to-use assets, building, improvements, rolling stock, equipment and software), net of accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used primarily 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.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental and business-type activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments. As of June 30, 2022, approximately \$39.6 million was due from the Commonwealth of Virginia, of which \$3.8 million is for motor vehicle fuel sales tax, \$35.1 million for grant and other state revenue, and \$0.7 million of toll revenues. This is a \$28.4 million increase from the previous fiscal year, of which grant and other state revenue increased \$27.5 million, toll revenues increased \$0.7 million, and motor vehicle fuel sales tax receivables increased \$0.2 million. The increase in the receivable for grant and other state revenue is due mainly attributable to the business-type activities. The increase in the receivable for toll revenue is due to the impact of COVID-19 on toll revenues in the fourth quarter of the prior year, and the increase in motor vehicle fuel sales tax receivable is due to rebounding revenues compared to the prior year.

As of June 30, 2022, \$32.5 million of the amount due from the Commonwealth was for the commuter rail service, and \$2.4 million for general and administrative and projects. Cash and cash equivalents increased approximately \$19.2 million and totaled \$63.3 million as of June 30, 2022, of which all but \$341,974 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$192.9 million as of June 30, 2022, with \$52.6 million for governmental activities, and \$140.3 million for business-type activities. This is a \$142.2 million increase from the prior year, of which \$11 million is due to toll revenue for governmental activities, and 131.2 million primarily due to debt issues for business-type activities.

The net positions of the jurisdiction trust fund and the pension trust fund are not reported in the entity-wide Statement of Net Position, as they are considered fiduciary funds and held for others than the NVTC reporting entity. The jurisdiction trust fund resources are held in trust for the NVTC member jurisdictions restricted use, while the pension trust fund resources are held for the participants of the pension trust.

## 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, 2022 and 2021.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 7,250,314	\$ 2,857,134	\$ 7,250,314	\$ 2,857,134
Operating grants and contributions	290,309,427	181,924,631	2,191,395	7,010,421	292,500,822	188,935,052
Capital grants and contributions	-	-	69,529,815	5,307,713	69,529,815	5,307,713
General revenues:						
Intergovernmental:						
Commuter rail	53,109,699	21,237,702	-	-	53,109,699	21,237,702
Motor vehicle fuel sales tax	22,519,329	17,674,274	-	-	22,519,329	17,674,274
Toll revenue	23,562,375	15,375,000	-	-	23,562,375	15,375,000
Interest	128,254	60,985	126,599	103,836	254,853	164,821
Other	-	77	-	-	-	77
Transfers	(53,109,699)	(21,980,341)	53,109,699	21,980,341	-	-
Total revenues	327,048,975	214,292,328	132,207,822	37,259,445	468,727,207	251,551,773
Expenses:						
General and administration	25,312,389	8,136,261	-	-	25,312,389	8,136,261
Jurisdiction transit	287,725,699	191,553,814	-	-	287,725,699	191,553,814
Toll funded project costs	11,568,646	11,524,413	-	-	11,568,646	11,524,413
Commuter rail	-	-	69,644,669	43,801,693	69,644,669	43,801,693
Total expenses	324,606,734	211,214,488	69,644,669	43,801,693	394,251,403	255,016,181
Change in net position	11,912,651	3,077,840	62,563,153	(6,542,248)	74,475,804	(3,464,408)
Beginning net position	41,235,981	38,158,141	172,934,750	179,476,998	214,170,731	217,635,139
Ending net position	\$ 53,148,632	\$ 41,235,981	\$ 235,497,903	\$ 172,934,750	\$ 288,646,535	\$ 214,170,731

For the fiscal year ended June 30, 2022, revenues totaled \$468.7 million, compared to \$251.6 million in the preceding year, an increase of \$217.1 million or 82.6 percent. Expenses increased \$139.2 million, or 54.6 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

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

### **Governmental Funds**

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

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

As of June 30, 2022, the General Fund had a total fund balance of \$762,899 of which \$149,939 was nonspendable and \$612,960 was unassigned. The fund balance increased by \$172,468 or 29.2 percent from the preceding year.

**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 2022 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 2022 intergovernmental revenues totaled \$287.7 million, an increase of approximately \$96.1 million or 50.2 percent from the previous fiscal year. The increase is composed of a \$91.3 million increase, or 52.5 percent in state assistance due to step up funding and a change in the state-wide allocation percentages, and a \$4.8 million increase, or 27.1 percent in motor vehicle fuel sales tax revenue due to the COVID-19 Novel Coronavirus (COVID) pandemic in the prior year combined with an increase in the tax rate which is indexed to the CPI.

**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. The agreement was amended effective fiscal year 2021 for NVTC to instead receive a \$10 million annual payment escalated each year by 2.5%, totaling \$10.250 million for fiscal year 2022, but subject to available toll revenue. In addition to toll revenue, the amended agreement calls for an annual concessionaire payment of \$5 million escalated each year by 2.5%, which is effective with fiscal year 2022.

Through fiscal year 2022, NVTC has rated, selected and approved projects totaling \$47.4 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 2022, the special revenue fund recognized approximately \$7.8 million in revenue comprised of \$2.8 million of available toll revenue and a \$5.0 million concessionaire payment. The full \$10.250 million was not received because of insufficient toll revenues as a result of the COVID-19 Novel Coronavirus (COVID) pandemic's continuing impact on commuter patterns. The special revenue fund recognized \$5.3 million in project costs, including transfers to the General Fund for NVTC administration of the program. As of June 30, 2022, the restricted fund balance totaled \$22.2 million, an increase of \$2.6 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.

Through fiscal year 2022, NVTC has rated, selected and approved projects totaling \$41.7 million. 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. In fiscal year 2022, NVTC received \$15,759,375 in ATI funds, as specified in the agreement. The allocation of the funds between NVTC and PRTC results in \$10.3 million and \$5.5 million in revenues for NVTC and PRTC respectively. The fund recognized \$6.8 million in project costs, including transfers to the General Fund for NVTC administration of the program. The allocation of the expenditures between NVTC and PRTC equals \$4.5 million and \$2.3 million respectively. The activity to date results in an ending fund balance of \$30.4 million, with \$20.1 million allocated to NVTC and \$10.3 million allocated to PRTC.



## **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 revenue increased approximately \$94.9 million or 255.1 percent, while operating expenses increased approximately \$25.8 million or 59.0 percent. For VRE operations as a whole, operating revenue increased 43.4 percent, while operating expenses increased 0.6 percent. Ridership saw an increase of 140.5 percent. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

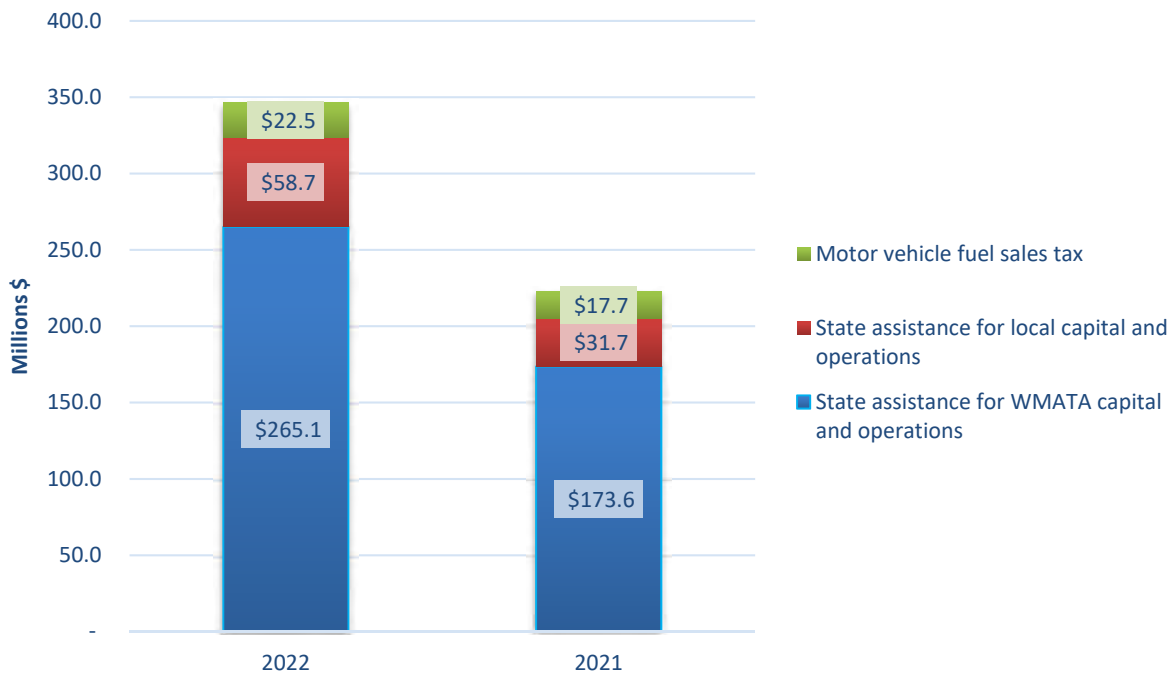
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 230, Arlington, VA 22201.

## **Fiduciary Funds**

**Jurisdiction Trust Fund.** The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the Commonwealth (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the jurisdiction contracted revenue 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 \$123.4 million, or 55.3 percent from the previous year. An analysis of this change is shown below.

## Jurisdiction Trust Fund Revenue Sources



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 percentage of the funding available through the Commonwealth's Mass Transit Trust Fund. Both the state assistance for local operations and the state assistance for WMATA capital and operations received step up funding in fiscal year 2022.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that established 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 (C-ROC) 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. Effective fiscal year 2021 the amount withheld for the WMATA Capital Fund was fixed at \$22.183 million per year, an increase of approximately \$7.2 over the prior amount from the "gain". Motor vehicle fuel sales tax revenue increased by \$4.8 million, or 27.4 percent from the previous year due to an increase in consumption combined with a 1.4% increase in the tax rate.

**Pension Trust Fund.** The Pension Trust Fund holds the assets contributed by NVTC on behalf of the pension plan participants, and the required plan participant contributions. Investments are participant directed in one or more separate investments available through the plan sponsor. Net assets available for benefits at the end of fiscal year 2022 equaled \$2.1 million, a decrease of \$138,077, or 6.1 percent over the prior year. This decrease is the net result of a \$329,655 decrease in fair value of investments and \$197,120 in plan contributions.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2022 and 2021 are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Right-to-use leased buildings	\$ 4,064,461	\$ -	\$ 692,516	\$ -	\$ 4,756,977	\$ -
Right-to-use leased parking lots	-	-	289,664	-	289,664	-
Right-to-use leased tower	-	-	49,790	-	49,790	-
Rolling stock	-	-	142,651,538	142,639,959	142,651,538	142,639,959
Vehicles	-	-	72,780	72,780	72,780	72,780
Facilities	-	-	56,489,589	56,404,725	56,489,589	56,404,725
Track and signal improvements	-	-	50,054,134	50,054,134	50,054,134	50,054,134
Equipment and software	-	-	6,685,145	6,515,559	6,685,145	6,515,559
Construction in progress	-	-	40,170,393	16,592,210	40,170,393	16,592,210
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	212,054	198,931	3,129,921	3,129,324	3,341,975	3,328,255
	4,276,515	198,931	303,179,114	278,302,335	307,455,629	278,501,266
Less accumulated depreciation and amortization	539,016	126,977	126,093,431	115,299,450	126,632,447	115,426,427
<b>Total capital assets, net</b>	<b>\$ 3,737,499</b>	<b>\$ 71,954</b>	<b>\$ 177,085,683</b>	<b>\$ 163,002,885</b>	<b>\$ 180,823,182</b>	<b>\$ 163,074,839</b>

NVTC's investment in capital assets as of June 30, 2022 amounted to \$180.8 million (net of accumulated depreciation and amortization) which represents an increase of \$17.7 million or 10.9 percent over last year due to new project construction, recognition of right-to-use leased assets and the recognition of annual depreciation and amortization.

The major completed projects during the fiscal year were the S&B Fare Collection System Validators purchase (\$0.3 million) and the Broad Run and Crossroads LED Yard Lighting Replacement (\$0.2 million). The major additions to construction in progress during the fiscal year were costs related to the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$19.4 million), the twenty-one New Railcars project (\$13.1 million), the Quantico station improvement project (\$6.7 million), the Rolling Road station platform extension project (\$2.7million), the Broad Run station improvement project (\$1.7 million), the VRE Headquarters Office Renovation project (\$0.9 million), the Manassas Park parking expansion project (\$0.8 million) and the Enterprise Resource Planning (ERP) system development (\$0.7 million).

### **Debt Administration**

At June 30, 2022, the Commissions had total debt outstanding of approximately \$160.0 million for the VRE commuter rail service, of which all but \$0.8 million is reported by NVTC. In addition, the governmental activities of NVTC has a lease liability of approximately \$3.8 million, for \$163.8 million total debt for the entity as a whole.

The NVTC and PRTC are co-lessees of the private placement note payable for rolling stock, which is secured by the related equipment. The promissory note for the purchase of the 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC were signatories. This note was previously designated to the Federal Railroad Administration (FRA) as lender but was delegated to the Build America Bureau of the United States Department of Transportation in fiscal year 2017. This delegation had no effect on the terms of the note. The note was secured by the revenues of VRE and the rolling stock.

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

In fiscal year 2022, NVTC issued, on behalf of VRE, \$115,670,000 (par value) in Transportation District Special Obligation Revenue Bonds ("Series 2022 Bonds"). The bonds are limited obligations of NVTC and payable solely from pledged revenues of the Commuter Operating and Capital Fund (C-ROC), a special non-reverting fund in the state treasury of the Commonwealth of Virginia. The bond proceeds will be used to finance contributions to the Virginia Passenger Rail Authority (VPRA) to assist with VPRA's purchase of rail right-of-way from CSX Transportation, to fund a debt service reserve for the Series 2022 Bonds, and to pay issuance and finance costs of the Series 2022 Bonds.

	2022	2021
Bonds payable	\$ 152,965,000	\$ 39,770,000
Private placement note payable	5,355,739	6,984,969
Leases payable	1,640,618	-
<b>Total</b>	<b>\$ 159,961,357</b>	<b>\$ 46,754,969</b>

### **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 effects on ridership stemming from the 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 2023 increased by \$8,787,464 or 184.7 percent to \$13,544,122. 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, which will continue in fiscal year 2023. Additional sources of funding will be available in fiscal year 2023 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](mailto:scottkalkwarf@novatransit.org).

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 341,974	\$ 62,962,964	\$ 63,304,938
Due from other governments:			
Commonwealth of Virginia	39,560,718	-	39,560,718
Federal	8,444,264	-	8,444,264
Local jurisdictions	346,544	-	346,544
Trade accounts receivable, net	-	320,059	320,059
Other receivables	-	458,446	458,446
Inventory	-	2,146,834	2,146,834
Deposits and prepaid items	149,939	323,477	473,416
Restricted cash, cash equivalents and investments	52,619,738	140,257,889	192,877,627
Internal balances	(32,505,397)	32,505,397	-
Capital assets:			
Right-to-use leased buildings	4,064,461	692,516	4,756,977
Right-to-use leased parking lots	-	289,664	289,664
Right-to-use leased tower	-	49,790	49,790
Rolling stock	-	142,651,538	142,651,538
Vehicles	-	72,780	72,780
Facilities	-	56,489,589	56,489,589
Track and signal improvements	-	50,054,134	50,054,134
Equipment and software	-	6,685,145	6,685,145
Construction in progress	-	40,170,393	40,170,393
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	212,054	3,129,921	3,341,975
Less accumulated depreciation and amortization	(539,016)	(126,093,431)	(126,632,447)
Leases receivable, noncurrent portion	-	701,475	701,475
Total assets	<u>72,695,279</u>	<u>416,762,224</u>	<u>489,457,503</u>
Deferred outflows of resources, loss on refunding	-	331,710	331,710
Total assets and deferred outflows of resources	<u>72,695,279</u>	<u>417,093,934</u>	<u>489,789,213</u>



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2022

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Accounts payable	\$ 11,503,902	\$ 4,157,348	\$ 15,661,250
Accrued expenses	68,509	1,114,401	1,182,910
Accrued interest	7,612	460,546	468,158
Due to fiduciary fund	3,723,658	-	3,723,658
Unearned revenue	263,430	819,922	1,083,352
Contract retainage	-	781,994	781,994
Noncurrent liabilities:			
Due within one year:			
Lease payable	292,712	179,912	472,624
Compensated absences	63,296	89,845	153,141
Bond payable	-	4,755,000	4,755,000
Private placement note payable	-	852,435	852,435
Due in more than one year:			
Lease payable	3,487,087	640,397	4,127,484
Compensated absences	136,441	590,845	727,286
Bond payable	-	164,626,477	164,626,477
Private placement note payable	-	1,825,434	1,825,434
Total liabilities	<u>19,546,647</u>	<u>180,894,556</u>	<u>200,441,203</u>
Deferred inflows of resources, leases	<u>-</u>	<u>701,475</u>	<u>701,475</u>
<b>NET POSITION</b>			
Net investment in capital assets	(42,300)	126,324,041	126,281,741
Restricted for toll funded projects	52,635,382	-	52,635,382
Restricted for liability insurance plan	-	5,011,452	5,011,452
Restricted for debt service	-	133,281,926	133,281,926
Restricted grants or contributions	-	1,268,288	1,268,288
Unrestricted	<u>555,550</u>	<u>(30,387,804)</u>	<u>(29,832,254)</u>
Total net position	<u>\$ 53,148,632</u>	<u>\$ 235,497,903</u>	<u>\$ 288,646,535</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

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	\$ 25,312,389	\$ -	\$ 25,103,057	\$ -	\$ (209,332)	\$ -	\$ (209,332)
Toll funded project costs	11,568,646	-	-	-	(11,568,646)	-	(11,568,646)
Jurisdiction transit	287,725,699	-	265,206,370	-	(22,519,329)	-	(22,519,329)
Total governmental activities	324,606,734	-	290,309,427	-	(34,297,307)	-	(34,297,307)
Business-type activities:							
Commuter rail	69,644,669	7,250,314	2,191,395	69,529,815	-	9,326,855	9,326,855
Total business-type activities	69,644,669	7,250,314	2,191,395	69,529,815	-	9,326,855	9,326,855
Total primary government	\$ 394,251,403	\$ 7,250,314	\$ 292,500,822	\$ 69,529,815	(34,297,307)	9,326,855	(24,970,452)
General revenues:							
Intergovernmental revenue - commuter rail					53,109,699	-	53,109,699
Intergovernmental revenue - motor vehicle fuel sales tax					22,519,329	-	22,519,329
Intergovernmental revenue - toll revenue					23,562,375	-	23,562,375
Interest					128,254	126,599	254,853
Transfers					(53,109,699)	53,109,699	-
Total general revenues					46,209,958	53,236,298	99,446,256
Change in net position					11,912,651	62,563,153	74,475,804
Net position, beginning of year					41,235,981	172,934,750	214,170,731
Net position, end of year					\$ 53,148,632	\$ 235,497,903	\$ 288,646,535

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 341,974	\$ -	\$ -	\$ -	\$ 341,974
Due from other governments:					
Commonwealth of Virginia	35,038,480	3,821,488	700,750	-	39,560,718
Federal	8,444,264	-	-	-	8,444,264
Local jurisdictions	346,544	-	-	-	346,544
Due from fiduciary fund	97,830	-	-	-	97,830
Due from proprietary fund	15,881	-	-	-	15,881
Due from special revenue funds	224,763	-	-	-	224,763
Restricted cash	-	-	21,639,779	30,979,959	52,619,738
Deposits and prepaid items	149,939	-	-	-	149,939
<b>Total assets</b>	<b>\$ 44,659,675</b>	<b>\$ 3,821,488</b>	<b>\$ 22,340,529</b>	<b>\$ 30,979,959</b>	<b>\$ 101,801,651</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,043,559	\$ -	\$ -	\$ 460,343	\$ 11,503,902
Accrued salaries	68,509	-	-	-	68,509
Unearned revenue	263,430	-	-	-	263,430
Due to general fund	-	-	150,908	73,855	224,763
Due to proprietary fund	32,521,278	-	-	-	32,521,278
Due to fiduciary fund	-	3,821,488	-	-	3,821,488
<b>Total liabilities</b>	<b>43,896,776</b>	<b>3,821,488</b>	<b>150,908</b>	<b>534,198</b>	<b>48,403,370</b>
<b>FUND BALANCES</b>					
Nonspendable					
Deposits and prepaid items	149,939	-	-	-	149,939
Restricted					
Toll Revenues	-	-	22,189,621	30,445,761	52,635,382
Unassigned	612,960	-	-	-	612,960
<b>Total fund balance</b>	<b>762,899</b>	<b>-</b>	<b>22,189,621</b>	<b>30,445,761</b>	<b>53,398,281</b>
<b>Total liabilities and fund balance</b>	<b>\$ 44,659,675</b>	<b>\$ 3,821,488</b>	<b>\$ 22,340,529</b>	<b>\$ 30,979,959</b>	<b>\$ 101,801,651</b>

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	\$ 53,398,281
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and right to use assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,276,515 and the accumulated depreciation and amortization is \$539,016.	3,737,499
Lease payable is only recognized in the government-wide financial statements	(3,779,799)
Interest payable is only recognized in the government-wide financial statements	(7,612)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(199,737)
Net position - governmental activities	<u>\$ 53,148,632</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, 2022

	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	\$ 52,860,429	\$ 265,206,370	\$ -	\$ -	\$ 318,066,799
Commonwealth of Virginia - CROC	15,000,000	-	-	-	15,000,000
Federal	9,869,063	-	-	-	9,869,063
Local jurisdictions	403,264	-	-	-	403,264
Toll Revenue	-	-	7,803,000	15,759,375	23,562,375
Motor vehicle fuel sales tax	-	22,519,329	-	-	22,519,329
Project chargebacks	80,000	-	-	-	80,000
Interest	882	-	58,681	68,691	128,254
Total revenues	<u>78,213,638</u>	<u>287,725,699</u>	<u>7,861,681</u>	<u>15,828,066</u>	<u>389,629,084</u>
Expenditures:					
Current:					
General and administration	3,050,337	-	-	-	3,050,337
Project costs	12,949,001	-	-	-	12,949,001
PRTC share of CROC funds	9,470,410	-	-	-	9,470,410
Toll funded project costs	-	-	4,924,140	6,644,506	11,568,646
Payments to fiduciary fund	-	287,725,699	-	-	287,725,699
Capital outlay	13,123	-	-	-	13,123
Total expenditures	<u>25,482,871</u>	<u>287,725,699</u>	<u>4,924,140</u>	<u>6,644,506</u>	<u>324,777,216</u>
Other financing uses:					
Transfers in	551,400	-	(356,494)	(194,906)	-
Transfers out	(53,109,699)	-	-	-	(53,109,699)
<b>Change in fund balances</b>	<b>172,468</b>	<b>-</b>	<b>2,581,047</b>	<b>8,988,654</b>	<b>11,742,169</b>
Fund balances, beginning of year	590,431	-	19,608,574	21,457,107	41,656,112
Fund balances, end of year	<u>\$ 762,899</u>	<u>\$ -</u>	<u>\$ 22,189,621</u>	<u>\$ 30,445,761</u>	<u>\$ 53,398,281</u>

Change in fund balances - total governmental funds \$ 11,742,169

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	13,123
Deduct - depreciation and amortization expense	(412,039)

Interest expense payable on lease liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund (7,612)

Principal payments on lease agreement is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position 284,662

Amortization of lease liability is only recognized in the government-wide financial statements 264,492

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. 27,856

Change in net position of governmental activities \$ 11,912,651

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2022

	<u>Commuter Rail Service Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets:	
Cash and cash equivalents	\$ 62,962,964
Accounts receivable:	
Due from general fund	32,505,397
Trade receivables, net of allowance for doubtful accounts	320,059
Other receivables	458,446
Inventory	2,146,834
Prepaid expenses and other	323,477
Restricted cash, cash equivalents and investments	<u>140,257,889</u>
<b>Total current assets</b>	<u>238,975,066</u>
Noncurrent Assets:	
Capital assets:	
Right-to-use leased buildings	692,516
Right-to-use leased parking lots	289,664
Right-to-use leased tower	49,790
Rolling stock	142,651,538
Vehicles	72,780
Facilities	56,489,589
Track and signal improvements	50,054,134
Equipment and software	6,685,145
Construction in progress	40,170,393
Equity in property of others	2,893,644
Furniture, equipment and software	<u>3,129,921</u>
	303,179,114
Less accumulated depreciation and amortization	<u>(126,093,431)</u>
<b>Total capital assets, net</b>	177,085,683
Lease receivable, noncurrent portion	<u>701,475</u>
<b>Total noncurrent assets</b>	177,787,158
Deferred Outflows of Resources:	
Loss on refunding	<u>331,710</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 417,093,934</u></u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2022

	<u>Commuter Rail Service Fund</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable	\$ 4,157,348
Compensated absences	89,845
Accrued expenses	1,114,401
Accrued interest	460,546
Unearned revenue	819,922
Contract retainage	781,994
Current portion of bonds payable	4,755,000
Current portion of private placement note payable	852,435
Leases payable	179,912
	<hr/>
<b>Total current liabilities</b>	<b>13,211,403</b>
	<hr/>
Noncurrent Liabilities:	
Compensated absences	590,845
Bonds payable	164,626,477
Private placement note payable	1,825,434
Lease payable	640,397
	<hr/>
<b>Total noncurrent liabilities</b>	<b>167,683,153</b>
	<hr/>
<b>Total liabilities</b>	<b>180,894,556</b>
	<hr/>
Deferred Inflows of Resources:	
Leases	701,475
	<hr/>
Net Position:	
Net investment in capital assets	126,324,041
Restricted for liability insurance plan	5,011,452
Restricted for debt service	133,281,926
Restricted grants or contributions	1,268,288
Unrestricted assets	(30,387,804)
	<hr/>
<b>Total net position</b>	<b>235,497,903</b>
	<hr/>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 417,093,934</b>
	<hr/> <hr/>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2022

	<u><b>Commuter Rail Service Fund</b></u>
Operating Revenues:	
Passenger revenue	\$ 7,170,641
Equipment rentals and other	<u>79,673</u>
Total operating revenues	<u>7,250,314</u>
Operating Expenses:	
Contract operations and maintenance	19,428,396
Other operations and maintenance	12,111,234
Property leases and access fees	11,783,830
Insurance	5,067,084
Marketing and sales	542,567
General and administrative	<u>7,199,021</u>
Total operating expenses	<u>56,132,132</u>
Operating loss before depreciation and amortization	(48,881,818)
Depreciation and amortization	<u>(10,776,384)</u>
Operating loss	<u>(59,658,202)</u>
Nonoperating Revenues (Expenses):	
Subsidies:	
Jurisdictional contributions	1,753,492
Regional transportation funding	437,903
Interest income:	
Operating funds	39,088
Insurance trust	9,726
Commonwealth Rail Operating and Capital (CROC) Fund	69,604
Leases	14,587
Other restricted funds	(6,406)
Interest, amortization and other nonoperating expenses, net	<u>(2,736,153)</u>
Total nonoperating expenses, net	<u>(418,159)</u>
Loss before capital contributions and transfers	<u>(60,076,361)</u>
Capital contributions and transfers:	
Contribution from PRTC	69,529,815
Transfers in	<u>53,109,699</u>
Total capital contributions and transfers	<u>122,639,514</u>
Change in net position	<u>62,563,153</u>
Net Position, beginning	<u>172,934,750</u>
Net Position, ending	<u><u>\$ 235,497,903</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**Year Ended June 30, 2022**

	<b>Commuter Rail Service Fund</b>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 7,217,275
Payments to suppliers	(49,577,378)
Payments to employees	(5,432,695)
Net cash used in operating activities	<u>(47,792,798)</u>
Cash Flows From Noncapital Financing Activities:	
Governmental subsidies	<u>69,529,815</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(21,372,694)
Proceeds from bond issuance	129,521,695
Proceeds from sale of capital assets	9,000
Private placement note payable	(814,615)
Principal paid on bonds	(2,475,000)
Leases payable	(211,661)
Interest paid on private placement note payable	(151,064)
Interest paid on bond and notes	(1,784,984)
Interest paid on leases	(25,469)
Bond issuance cost	(1,147,071)
Contribution from General Fund	27,095,311
Net cash provided by capital and related financing activities	<u>128,643,448</u>
Cash Flows From Investing Activities:	
Interest received on investments	<u>126,599</u>
Increase in cash and cash equivalents	150,507,064
Cash and Cash Equivalents, beginning	<u>52,713,789</u>
Cash and Cash Equivalents, ending	<u><u>\$ 203,220,853</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (59,658,202)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	10,776,384
(Increase) decrease in:	
Trade receivables	(209,435)
Other receivables	(333,412)
Inventory	(1,036,122)
Prepaid items and other	(98,087)
Increase (decrease) in:	
Accounts payable and accrued expenses	1,896,055
Compensated absences	360,215
Unearned revenue	509,806
Net cash used in operating activities	<u><u>\$ (47,792,798)</u></u>
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 2,377,616
Capital assets acquired through accrued liabilities	281,411
Capital assets acquired through leases	1,031,970
Premium on bond acquired via debt issuance	12,136,265

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



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2022

	<u>Jurisdiction Trust Fund</u>	<u>Pension Trust Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 344,383,797	\$ -
Due from special revenue fund - Motor vehicle fuel sales tax	3,821,488	-
Due from other governments - Commonwealth of Virginia grants	16,197,803	-
Investments held in trust at fair value	-	2,107,319
	<u>364,403,088</u>	<u>2,107,319</u>
Total assets		
	<u>364,403,088</u>	<u>2,107,319</u>
<b>LIABILITIES</b>		
Due to member jurisdictions	24,480	-
Due to general fund	97,830	-
	<u>122,310</u>	<u>-</u>
Total liabilities		
	<u>122,310</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for:		
Member jurisdictions	364,280,778	-
Plan participants	-	2,107,319
	<u>364,280,778</u>	<u>2,107,319</u>
Total net position	<u>\$ 364,280,778</u>	<u>\$ 2,107,319</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
Year Ended June 30, 2022

	<u>Jurisdiction Trust Fund</u>	<u>Pension Trust Fund</u>
Additions:		
Contributions from government	\$ 287,725,699	\$ -
Intergovernmental revenues	58,632,522	-
Pension fund contributions		
Participants	-	30,637
Employer	-	166,483
	<u>346,358,221</u>	<u>197,120</u>
Total additions		
	<u>346,358,221</u>	<u>197,120</u>
Investment income		
(Decrease) in fair value of investments	-	(329,655)
Interest earned on investments	800,915	-
	<u>800,915</u>	<u>(329,655)</u>
Total income from investment activities		
	<u>800,915</u>	<u>(329,655)</u>
Deductions:		
Funds disbursed to WMATA:		
Capital improvement program	13,790,106	-
Project development	703,282	-
Metrorail operating	56,610,187	-
Metrobus operating	37,982,049	-
Metroaccess operating	12,955,226	-
Metro debt service	4,782,716	-
Other funds disbursed:		
Other capital disbursements	31,636,930	-
Other operating disbursements	13,354,170	-
Distributions	-	5,542
	<u>171,814,666</u>	<u>5,542</u>
Total deductions		
	<u>171,814,666</u>	<u>5,542</u>
Change in net position	175,344,470	(138,077)
Net position:		
Beginning of year	188,936,308	2,245,396
End of year	<u>\$ 364,280,778</u>	<u>\$ 2,107,319</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, 2022**

# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

The Northern Virginia Transportation District (the District) was created by the 1964 Acts of Assembly of the Commonwealth of Virginia, Chapter 630, to assume the powers and purposes of transportation districts under the Act. The transportation district comprises the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax and Loudoun, and has all the powers granted transportation districts in the Act. The Act was created for the purpose of developing transportation systems necessary 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

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

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

NVTC reports the following major 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 Funds** – The financial statements of the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. The Commission maintains two fiduciary funds, the Jurisdictional Trust Fund and Pension Trust Fund.

#### D. Budgeting

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

#### E. Other Significant Accounting Policies

##### 1. Cash and cash equivalents

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

##### 2. Investments

Investments are stated at fair value based on quoted market prices.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

3. 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; a debt service reserve fund, cost of issuance (COI) fund and revenue stabilization fund for the Series 2022 bonds; a project fund for the net proceeds from sale of the Series 2022 bonds, to be requisitioned by the Virginia Passenger Rail Authority in fiscal year 2023.

4. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$36,100 at June 30, 2022, for the proprietary fund.

5. 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.

6. 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.

7. 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

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

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

##### 7. Capital assets (Continued)

Depreciation and amortization of all exhaustible equipment, buildings and intangibles, including leased assets, 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, 2022.

##### 8. 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 one item reported in this category.

##### 9. Leases

###### **Lessee:**

NVTC is the lessee for building office space, with a term of thirteen and a half years. The lease does not include a renewal option.

VRE is the lessee for leases of certain buildings, parking lots and a tower. Most leases have terms that range from one to fifteen years. The exercise of lease renewal options is at VRE's discretion.

For new or modified contracts, NVTC determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), NVTC records a lease asset and lease obligation which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not readily determinable, NVTC will use the applicable incremental borrowing rate in the calculation of the present value of the lease payments.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 9. Leases (Continued)

Leases with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the lease term. At the commencement of a lease, NVTC measures the lease liability at the present value of payments expected to be made during the lease term and then reduces the liability by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, then amortized on a straight line basis over a period that is the shorter of the lease term or the useful life of similar capital assets. Lease payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

Key estimates and judgements related to the leases include the determination of a discount rate, lease term, lease payments, and residual value guarantees or other provisions as follows:

**Discount Rate:** When readily available or easily determinable, the interest rate charged by the lessor is used. If not readily available or easily determinable, the estimated incremental borrowing rate is used.

**Lease Term:** The lease term includes the non-cancellable period of the lease.

**Lease Payments:** Lease payments included in the measurement of the lease liability are comprised of fixed payments, and, if applicable, the purchase option price that is reasonably certain to be exercised.

Lease assets are reported with other capital assets as right-to-use leased assets and lease liabilities are reported with current and noncurrent liabilities on the statement of net position.

#### **Lessor:**

For new or modified contracts, NVTC determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), NVTC will record a lease receivable and a deferred inflow of resources which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not clear, NVTC may apply the guidance for imputation of interest as a means of determining the interest rate.

NVTC will not recognize a lease receivable and a deferred inflow of resources for leases with a noncancellable term of less than 12 months, and income is recognized as incurred.

At the commencement of a lease, NVTC will measure the lease receivable as the present value of payments expected to be received during the lease term and will reduce the receivable by the principal portion of lease payments received after satisfaction of accrued interest on the lease receivable, calculated using the effective interest method. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, then recognized on a straight-line basis as revenue over the lease term.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 9. Leases (Continued)

VRE is a lessor for a lease related to communication towers. The leases term is for 55 years. The exercise of lease renewal options is at VRE's discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

Key estimates and judgements related to leases include the determination of a discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts:

Discount Rate: When readily available or easily determinable, the interest rate charged by the lessor is used. If not readily available or easily determinable, the estimated incremental borrowing rate is used.

Lease Term: The lease term includes the non-cancellable period of the lease.

Lease Payments: Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee

##### 10. Compensated absences

Annual leave for NVTC employees is granted to all full and part-time employees and is earned, generally, based upon the length of employment. Employees with zero through nine years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years of service, the maximum carryover is 360 hours of leave.

The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The Executive Director may authorize the conversion of excess vacation leave to sick leave.

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

10. Compensated absences (Continued)

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.

11. 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.

12. 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.

13. 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.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

14. 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.

15. 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.

16. Subsequent events

NVTC has evaluated subsequent events through November 18, 2022, 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, 2022, cash, cash equivalents, and investments consisted of the following, stated at fair value.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash	\$ 156,243	\$ 2,999,814	\$ -	\$ 3,156,057
LGIP	185,731	59,963,150	344,383,797	404,532,678
Unit investment trusts – mutual funds	-	-	1,824,258	1,824,258
Unit investment trusts – group annuity contract	-	-	283,061	283,061
	<u>341,974</u>	<u>62,962,964</u>	<u>346,491,116</u>	<u>409,796,054</u>
Restricted:				
LGIP	52,619,738	1,992,958	-	54,612,696
Series 2022 bond proceeds	-	119,159,195	-	119,159,195
Series 2022 debt service reserve fund	-	7,500,000	-	7,500,000
Series 2022 revenue stabilization fund	-	3,750,000	-	3,750,000
Series 2022 certificate of indebtedness fund	-	887,500	-	887,500
VRA debt service reserve fund	-	1,985,231	-	1,985,231
Insurance trust fund – pooled funds	-	4,983,005	-	4,983,005
	<u>52,619,738</u>	<u>140,257,889</u>	<u>-</u>	<u>192,877,627</u>
<b>Total</b>	<b>\$ 52,961,712</b>	<b>\$ 203,220,853</b>	<b>\$ 346,491,116</b>	<b>\$ 602,673,681</b>

Maturities of all investments are less than one year.

### Deposits

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

### 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, 2022, the reporting entity had investments of \$459,145,374 in the LGIP for governmental activities, business-type activities, and the fiduciary funds. 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

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

#### Investments (Continued)

In accordance with the issuance of the Northern Virginia Transportation Commission (NVTC) Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia Program) Series 2022 (Green Bonds), a Debt Service Reserve Fund (DSRF), Revenue Stabilization fund (RS) and Cost of Issuance (COI) fund were established for the benefit of NVTC. On the closing date of the bond issuance, VRE transferred \$7.5 million into the DSRF from the proceeds of the bond issuance. The funds in the DSRF and RS shall be used solely to cure any deficiencies in the payment by NVTC of any principal, premium, or interest associated with the NVTC financing. The funds held in COI are for payment of issuance costs incurred. At June 30, 2022, VRE had \$7,500,000 invested in the Debt Service Reserve Fund, \$3,750,000 in the Revenue Stabilization Fund and \$887,500 in the Cost of Issuance Fund. The funds in the DSRF, RS, and COI were held in custody by U.S. Bank and were invested in a JP Morgan US Government Money Market Fund.

Subsequent to year-end in July, the DSRF, RS, and COI funds were transferred to the Virginia State NonArbitrage Program (SNAP), with management of the funds provided by PFM Asset Management LLC. 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.

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, 2022, the reporting entity had \$1,985,231 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, 2022, a total of \$9,966,010 was invested in the Insurance Trust, of which \$4,983,005 is included in the NVTC reporting entity. In fiscal year 2022, earnings on the Insurance Trust in the amount of \$19,451 were credited to VRE, of which \$9,726 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

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

LGIP	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.

The NVTC Pension Trust allows for participant-directed investments in one or more of 12 separate unit investment trusts through the National Employers Retirement Trust (NERT). Each unit trust, with the exception of the MetLife Stable Value Fund, has a registered mutual fund that is the underlying investment and is reported at fair value based on the unit prices quoted by the fund. The Stable Value Fund is sponsored by the Metropolitan Life Insurance Company (MetLife) and is 100% invested in a MetLife group annuity contract which is held as part of the general assets of MetLife. The Stable Value Fund is reported at contract value as determined by MetLife.

#### Credit risk

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

#### Custodial credit risk

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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

##### Interest rate risk

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

##### Concentration of credit risk

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 CDs 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%

##### Concentration of credit risk

##### Fair Value Measurement

NVTC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described below.

<b>Level 1</b>	Valuation based on quoted prices in active markets for identical assets or liabilities.
<b>Level 2</b>	Valuation based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.
<b>Level 3</b>	Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities.



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows NVTC's investments by fair value level as of June 30, 2022:

Investments by Fair Value Level	June 30, 2022	Level 1	Level 2	Level 3
Mutual funds (Pension Trust Fund)	\$ 1,824,258	\$ 1,824,258	\$ -	\$ -
Immediate Participation Guarantee Contract (Pension Trust Fund)	283,061	-	-	283,061
U.S. Treasury Securities (Commuter Rail)	133,281,926	133,281,926	-	-

### Note 3. Due From Other Governments

At June 30, 2022, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 3,821,488	\$ 3,821,488
Grants	32,538,480	-	32,538,480
CROC	2,500,000	-	2,500,000
Toll revenue	700,750	-	700,750
	<u>35,739,230</u>	<u>3,821,488</u>	<u>39,560,718</u>
Due from Federal Government:			
Grants	8,444,264	-	8,444,264
Due from Local Jurisdictions:			
Local match	346,544	-	346,544
	<u>\$ 44,530,038</u>	<u>\$ 3,821,488</u>	<u>\$ 48,351,526</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$32,521,279 for commuter rail and \$3,217,951 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, 2022 was as follows:

	Beginning Balance*	Increases	Deletions	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 198,931	\$ 13,123	\$ -	\$ -	\$ 212,054
Right-to-use leased building	4,064,461	-	-	-	4,064,461
Less accumulated depreciation or amortization	126,977	412,039	-	-	539,016
<b>Governmental activities capital assets, net</b>	<b>\$ 4,136,415</b>	<b>\$ (398,916)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,737,499</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 16,592,210	\$ 23,896,715	\$ (66,085)	\$ (252,447)	\$ 40,170,393
Capital assets being depreciated or amortized:					
Right-to-use leased buildings	692,516	-	-	-	692,516
Right-to-use leased parking lots	289,664	-	-	-	289,664
Right-to-use leased tower	49,790	-	-	-	49,790
Rolling stock	142,639,959	-	-	11,579	142,651,538
Vehicles	72,780	-	-	-	72,780
Facilities	56,404,725	-	(9,000)	93,864	56,489,589
Track and signal improvements	50,054,134	-	-	-	50,054,134
Equipment and software	6,515,559	5,550	-	164,036	6,685,145
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	3,129,324	-	-	597	3,129,921
<b>Total capital assets being depreciated or amortized</b>	<b>262,742,095</b>	<b>5,550</b>	<b>(9,000)</b>	<b>270,076</b>	<b>263,008,721</b>
Less accumulated depreciation or amortization for:					
Right-to-use leased buildings	-	67,638	-	-	67,638
Right-to-use leased parking lots	-	146,448	-	-	146,448
Right-to-use leased tower	-	19,274	-	-	19,274
Rolling stock	58,368,986	5,800,442	-	11,579	64,181,007
Vehicles	59,952	7,136	-	-	67,088
Facilities	25,721,688	1,538,266	-	5,421	27,265,375
Track and signal improvements	20,973,414	2,787,976	-	-	23,761,390
Equipment and software	5,460,727	251,359	-	-	5,712,086
Equity in property of others	2,148,846	82,297	-	-	2,231,143
Office equipment, furniture and software	2,565,837	75,548	-	597	2,641,982
<b>Total accumulated</b>	<b>115,299,450</b>	<b>10,776,384</b>	<b>-</b>	<b>17,597</b>	<b>126,093,431</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>147,442,645</b>	<b>(10,770,834)</b>	<b>(9,000)</b>	<b>252,479</b>	<b>136,915,290</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 164,034,855</b>	<b>\$ 13,125,881</b>	<b>\$ (75,085)</b>	<b>\$ 12</b>	<b>\$ 177,085,683</b>

\*The beginning balance was restated for the implementation of GASB 87. Leased assets at June 30, 2022 consists of three building leases, two parking lot leases, and one tower lease.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4. Capital Assets (continued)

The chart above reflects the purchase of several S&B fare collection system ticket validator units at a value of \$0.3 million (NVTC reporting entity \$0.15 million, the completion of the Broad Run and Crossroads LED Yard Lighting Replacement project at a value of \$0.2 million (NVTC reporting entity \$0.1 million, and work on the Variable Message System (VMS) Proof of Concept project at a value of \$15,272 (NVTC reporting entity \$7,636). The chart also reflects the direct purchase of \$11,100 (NVTC reporting entity \$5,550) in rolling stock maintenance tools.

The chart also represents the sale to the United States Department of the Navy of a small parcel (0.12 acre) of Commission-owned land for construction of a new Base facility adjacent to the VRE Quantico Station for \$18,000.

Finally, the chart also reflects several asset-related adjustments completed as part of VRE's transition of financial systems in fiscal year 2022.

Depreciation and amortization expenses for the year ended June 30, 2022 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary government:</b>		
General and administration	\$ 412,039	\$ -
Commuter rail	-	10,776,384

### Note 5. Leases

#### 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. NVTC is required to make monthly principal and interest payments ranging from \$33,796 to \$43,276 through November 2031. The lease has an interest rate of 2.5% over the term of the lease, and calls for the pass-through of a proportionate share of common building expenses after the first anniversary year. The lease contains a provision for the abatement of the first month's payment for the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first year.

For the government-wide financial statements, an initial lease liability was recorded in the amount of \$4,064,461 during the current fiscal year. The building has an estimated useful life of approximately ten and a half years. The value of the right-to-use leased asset as of the end of the current fiscal year was \$3,674,273, and had accumulated amortization of \$390,188. The lease liability outstanding at the end of the current fiscal year was \$3,779,799.

The following table summarizes the total minimum lease payments due as of June 30, 2022:

Year(s) Ending June 30,	Principal	Interest
2023	\$ 292,712	\$ 91,000
2024	309,804	83,483
2025	327,579	75,531
2026	383,615	66,893
2027	404,673	57,063
2028-2032	2,061,416	120,252
Total	\$ 3,779,799	\$ 494,222

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5. Leases (continued)

#### Business-type activities

	Total	NVTC Reporting Entity
Lease obligation for a building. VRE is required to make monthly principal and interest payments of \$1,697 through July 2022. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$21,740 (\$10,870) during the current fiscal year. The building has an estimated one-year useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$1,673 (\$837) and had accumulated amortization of \$20,067 (\$10,034).	\$ 1,693	\$ 847
Lease obligation for a tower. VRE is required to make monthly principal and interest payments ranging from \$3,222 to \$3,418 through January 2024. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$99,581 (\$49,790) during the current fiscal year. The tower has an estimated useful life of thirty-one months. The value of the right-to-use leased asset as of the end of the current fiscal year was \$61,034 (\$30,517) and had accumulated amortization of \$38,547 (\$19,274).	62,665	31,332
Lease obligation for a building. VRE is required to make monthly principal and interest payments ranging from \$9,708 to \$13,438 through April 2033. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$1,363,291 (\$681,645) during the current fiscal year. The building has an estimated twelve-year useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$1,248,083 (\$624,041) and had accumulated amortization of \$115,208 (\$57,604).	1,282,558	641,279
Lease obligation for a parking lot. VRE is required to make monthly principal and interest payments ranging from \$9,070 to \$9,717 through December 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$273,503 (\$136,752) during the current fiscal year. The parking lot has an estimated thirty-month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$164,102 (\$82,051) and had accumulated amortization of \$109,401 (\$54,700).	168,852	84,426
Lease obligation for a parking lot. VRE is required to make monthly principal and interest payments ranging from \$15,473 to \$15,782 through February 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$305,825 (\$152,913) during the current fiscal year. The parking lot has an estimated thirty-month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$122,330 (\$61,165) and had accumulated amortization of \$183,495 (\$91,748).	124,850	62,425
	<u>\$ 1,640,618</u>	<u>\$ 820,309</u>

Note: Amounts shown parenthetically are the values reported by the NVTC Reporting Entity.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5. Leases (continued)

Years(s) Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2023	\$ 359,824	\$ 43,671	\$ 179,912	\$ 21,836
2024	170,928	35,508	85,464	17,754
2025	95,944	31,992	47,972	15,996
2026	102,753	29,021	51,376	14,510
2027	109,887	25,841	54,944	12,921
2028-2032	668,729	73,484	334,364	36,741
2033	132,553	1,829	66,277	915
Total minimum lease payments	\$ 1,640,618	\$ 241,346	\$ 820,309	\$ 120,673

### Note 6. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2022:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Leases payable	\$ 4,064,461	\$ -	(284,662)	\$ 3,779,799	\$ 292,712
Compensated absences	227,593	158,065	(185,921)	199,737	63,296
<b>Total governmental activities</b>	<b>4,292,054</b>	<b>158,065</b>	<b>(470,583)</b>	<b>3,979,536</b>	<b>356,008</b>
Business-type activities:					
Leases payable	1,031,970	-	(211,661)	820,309	179,912
Private placement note payable	3,492,484	-	(814,615)	2,677,869	852,435
Bond payable	39,770,000	115,670,000	(2,475,000)	152,965,000	4,755,000
Unamortized premium	4,678,371	12,136,265	(398,159)	16,416,477	470,476
Compensated absences	320,475	558,870	(198,655)	680,690	89,845
<b>Total business-type activities</b>	<b>48,261,330</b>	<b>128,365,135</b>	<b>(3,886,429)</b>	<b>172,740,036</b>	<b>6,347,668</b>
<b>Total Primary Government</b>	<b>\$ 52,553,384</b>	<b>\$ 128,523,200</b>	<b>\$ (4,357,012)</b>	<b>\$ 176,719,572</b>	<b>\$ 6,703,676</b>

\*Note: The beginning balance was restated for the implementation of GASB 87.

Private Payment Placement Note Payable - Gallery IV (11 cars)	Total	NVTC Reporting Entity
\$25,100,000 private placement note payable (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 \$10,694,992 (NVTC reporting entity, \$5,347,461)	\$ 5,355,739	\$ 2,677,869

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 6. Long-Term Debt Obligations (continued)

Future minimum payments as of June 30, 2022 are as follows:

Year Ending June 30,	Total	NVTC Reporting Entity
2023	\$ 1,704,870	\$ 852,435
2024	1,784,022	892,011
2025	1,866,847	933,423
	<u>\$ 5,355,739</u>	<u>\$ 2,677,869</u>

Note: Federal arbitrage regulations apply to the Gallery IV private payment placement note payable.

### 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 \$51,534,250 at June 30, 2022. \$ 37,295,000

### NVTC Transportation District Special Obligation Revenue Bonds, Series 2022

NVTC Bond payable, \$115,670,000 Bond, due in variable annual amounts, plus a bi-annual interest rate of 5.00% through June 1, 2052. \$ 115,670,000

Mandatory debt service on Bonds payable requirements as of June 30, 2022 are as follows:

Years Ending June 30,	NVTC Bond		VRA Bond		Total Required	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,150,000	\$ 5,349,738	\$ 2,605,000	\$ 1,685,666	\$ 4,755,000	\$ 7,035,404
2024	1,820,000	5,676,000	2,745,000	1,548,572	4,565,000	7,224,572
2025	1,910,000	5,585,000	2,885,000	1,404,303	4,795,000	6,989,303
2026	2,010,000	5,489,500	3,040,000	1,252,475	5,050,000	6,741,975
2027	2,110,000	5,389,000	3,200,000	1,092,575	5,310,000	6,481,575
2028-2032	12,235,000	25,253,500	18,610,000	2,845,200	30,845,000	28,098,700
2033-2037	15,610,000	21,874,000	4,210,000	80,531	19,820,000	21,954,531
2038-2042	19,925,000	17,561,250	-	-	19,925,000	17,561,250
2043-2047	25,440,000	12,054,750	-	-	25,440,000	12,054,750
2048-2052	32,460,000	5,027,000	-	-	32,460,000	5,027,000
Subtotal	115,670,000	109,259,738	37,295,000	9,909,322	152,965,000	119,169,060
Unamortized premium	4,280,212	-	12,136,265	-	16,416,477	-
<b>Total</b>	<b>\$119,950,212</b>	<b>\$109,259,738</b>	<b>\$ 49,431,265</b>	<b>\$ 9,909,322</b>	<b>\$169,381,477</b>	<b>\$229,209,950</b>

## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

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

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#### **Note 7. 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 is not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state be remitted.

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

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

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 7. Joint Venture – Virginia Railway Express (continued)

Financial information from VRE's fiscal year 2022 audited financial statements is shown below.

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2022

##### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 92,348,142
Accounts receivable:	
Due from PRTC	22,615,359
Federal CARES Act	4,637,278
Commonwealth of Virginia grants	30,021,278
Commonwealth Rail Operating and Capital (CROC) Fund	2,500,000
Trade and other, net of allowance	2,072,675
Inventory	3,148,774
Prepaid expenses and other	474,445
Restricted cash, cash equivalents and investments	145,841,405
<b>Total current assets</b>	<b>303,659,356</b>
Noncurrent assets:	
Capital assets (net of \$252,186,861 accumulated depreciation and amortization)	354,171,361
Leases receivable, noncurrent portion	1,402,949
Net pension assets	891,393
<b>Total noncurrent assets</b>	<b>356,465,703</b>
<b>Total assets</b>	
Deferred outflows of resources	1,455,938
<b>Total assets and deferred outflows of resources</b>	<b>\$ 661,580,997</b>

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

Current liabilities:	
Accounts payable and accrued liabilities	\$ 12,907,535
Unearned revenue	1,202,584
Current portion of:	
Compensated absences	131,776
Bonds payable	4,755,000
Leases payable	359,824
Private placement note payable	1,704,870
<b>Total current liabilities</b>	<b>21,061,589</b>
Noncurrent liabilities:	
Other postemployment benefits	305,585
Private placement note payable	3,650,869
Bonds payable	164,626,477
Leases payable	1,280,794
Compensated absences	866,596
<b>Total noncurrent liabilities</b>	<b>170,730,321</b>
<b>Total liabilities</b>	<b>191,791,910</b>
Deferred inflows of resources	3,305,618
Net position:	
Net investment in capital assets	290,402,387
Restricted for liability insurance plan	10,022,903
Restricted for debt service	133,281,926
Restricted grants or contributions	2,536,576
Unrestricted assets	30,239,677
<b>Total net position</b>	<b>466,483,469</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 661,580,997</b>



# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 7. Joint Venture – Virginia Railway Express (Continued)

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Year Ended June 30, 2022

Operating revenues	\$ 10,634,078
Operating expenses	82,329,324
<b>Operating loss before depreciation and amortization</b>	<u>(71,695,246)</u>
Depreciation and amortization	(21,552,764)
<b>Operating loss</b>	<u>(93,248,010)</u>
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	21,975,609
Federal grants – with PRTC as grantee	8,070,012
Federal CARES Act	47,232,405
Jurisdictional contributions	4,756,658
Commonwealth Rail Operating and Capital (CROC) Fund	15,000,000
Interest income:	
Operating funds	101,474
Insurance trust	19,451
Commonwealth Rail Operating and Capital (CROC) Fund	139,208
Leases	29,174
Other restricted funds	(12,812)
Interest, amortization and other nonoperating expenses, net	(2,908,408)
<b>Total nonoperating revenues, net</b>	<u>94,402,771</u>
Capital grants and assistance:	
Commonwealth of Virginia grants	25,604,500
Federal grants – with PRTC as grantee	17,603,912
Regional transportation funding (NVTa)	875,805
Local contribution	62,269
<b>Total capital grants and assistance</b>	<u>44,146,486</u>
<b>Change in net position</b>	45,301,247
Net position, beginning of year	<u>421,182,222</u>
Net position, ending	<u>\$ 466,483,469</u>

### Note 8. Intergovernmental Revenues, Commonwealth of Virginia

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 9. 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 established by NVTC, contributory target benefit pension plan covering all employees who have elected to participate. 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, 2022 totaled \$166,483 (12.1 percent of covered payroll). Required employee contributions for the year ended June 30, 2022 totaled \$28,891 (2.1 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. During the plan year ending June 30, 2022 there were 12 participants. NVTC's payroll for employees covered by the plan for the year ended June 30, 2022 was \$1,379,422.

### Note 10. Agreements

#### Business-type activities

Operating Access Agreements with the 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 tracks for commuter rail service. For the year ended June 30, 2022, annual track usage fees totaled approximately \$11,207,000, of which \$7,641,000 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$443,000, of which \$302,000 is recognized by the NVTC reporting entity.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015. A new agreement became effective on July 1, 2020. For the year ended June 30, 2022, costs for track access and equipment storage totaled approximately \$6,060,000, of which \$4,132,000 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$4,095,000, of which \$2,792,000 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2023 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).

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 10. Agreements (continued)

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. In May 2020, the Commissions authorized the Chief Executive Officer to amend the contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the second five-year option period, effective July 1, 2020 through June 30, 2025.

Subsequently, in May 2021, the Commissions authorized the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the first five-year option period, effective July 1, 2021 through June 30, 2026. The cost of train operations and maintenance for the year ended June 30, 2022 total approximately \$24,450,000 of which \$16,670,000 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2023 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

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

NVTC and the VRE commuter rail operation are 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 approximately \$323 million) 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 \$65,300 at June 30, 2022, of which \$32,650 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to the 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, 2022 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,196,192	\$ 5,098,096
Insurance premiums paid	(6,950)	(3,475)
Claims mitigation and losses incurred	(216,187)	(108,094)
Investment income	19,451	9,726
Actuarial and administrative charges	(26,496)	(13,248)
Ending balance, June 30	<u>\$ 9,966,010</u>	<u>\$ 4,983,005</u>

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 12. Significant Commitments and Contingencies

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

#### Governmental activities

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

All project expenditures are expensed as incurred, including expenditures for tangible assets, as the equipment becomes the property of the transit systems upon completion of the contract. Expenditures for jurisdiction grant funded and toll revenue funded projects are recognized when the reimbursement requests are submitted and approved by NVTC.

#### Business-type activities

At June 30, 2022, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with PRTC as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2022:

Stations and parking lots	\$ 24,789,712
Rolling stock	72,667,523
Maintenance and layover yards	18,428,988
Other administrative	688,236
<b>Total</b>	<u><u>\$ 116,574,459</u></u>

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 is not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state to be remitted.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 13. Interfund Transfers

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 356,494	\$ -	\$ 356,494
Special Revenue Fund – I-395/95 toll revenue	194,906	-	194,906
General Fund	-	53,109,699	53,109,699
Total transferred in	\$ 551,400	\$ 53,109,699	\$ 53,661,099

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

The transfers from the Special Revenue Funds to the General Fund are for NVTC administration and outreach.

### Note 14. Pending GASB Statements

At June 30, 2022, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the VRE reporting entity. The statements which might impact NVTC are as follows:

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. 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, 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.

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.

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### Note 14. Pending GASB Statements (Continued)

GASB Statement No. 99, *Omnibus 2022*, provides guidance to enhance comparability in accounting and financial reporting for derivative instruments, leases, financial guarantees, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain GASB statements. The requirements related to GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* are effective upon issuance. The requirements related to GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the NVTC beginning with its year ending June 30, 2023. The requirements related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be effective for NVTC beginning with its year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Statement 100 will be effective for NVTC beginning with its year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for the NVTC beginning with its year ending June 30, 2025.

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

#### Note 15. Subsequent Events

In July 2022, VRE undertook a number of actions related to the sale of the Series 2022 Bonds which closed on June 28, 2022. In accordance with the Funding Agreement between the two parties, and following a formal requisition by VPRA, the net proceeds of approximately \$119.2 million from the transaction were transferred to VPRA to assist in the purchase of railroad right-of-way from CSX Transportation. VRE also undertook the first transfer of C-ROC funds to the bond Trustee (U.S. Bank), as required by the Indenture and other bond documents. Transfers to the Trustee in the amount of \$1,250,000 are now occurring monthly. VRE also initiated payment of bond issuance costs from the Cost of Issuance (COI) fund. Following payment of all eligible costs, any excess funds in the COI fund will be applied by the Trustee to pay debt service on the Series 2022 Bonds, and the COI fund will be closed.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to offer fare-free travel for all VRE riders in September 2022 and fare-free travel between zones 1, 2 and 3 in October 2022. The fare-free travel initiatives are intended to show appreciation for the core group of VRE riders who stayed with the service throughout the pandemic; promote VRE service and attract new riders; and support the region's transportation network during scheduled Metrorail service disruptions.

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### **Note 15. Subsequent Events (continued)**

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for construction of Fredericksburg Station Rehabilitation in the amount of \$7,918,581, plus a 10 percent contingency of \$791,858, for a total amount not to exceed \$8,710,439.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Gannett Fleming, Inc. of Fairfax, Virginia for Construction Management (CM) Services for the Manassas Park Parking Expansion Project in the amount of \$3,231,139, plus a 10 percent contingency of \$323,114, for a total amount not to exceed \$3,554,253.

In August 2022, the VRE Operations Board authorized the Chief Executive Officer to issue a Mechanical Engineering Consulting Services Task Order to STV Inc. for Engineering Oversight for New Passenger Railcars II in the amount of \$1,359,164, plus a 10 percent contingency of \$135,916, for a total not to exceed \$1,495,080.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION**  
**JURISDICTION TRUST FUND**  
Year Ended June 30, 2022

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 42,046,094	\$ 67,064,557	\$ 3,392,596	\$ 150,789,933	\$ 1,913,190	\$ -	\$ 265,206,370
Motor Vehicle Fuel Sales Tax	1,767,905	1,588,910	557,589	11,245,542	857,653	6,501,730	22,519,329
Intergovernmental revenues, grants:							
Commonwealth of Virginia	9,682,902	14,690,920	1,488,621	32,359,259	410,820	-	58,632,522
Investment income	86,157	183,444	16,703	382,677	4,419	127,515	800,915
Total additions	<u>53,583,058</u>	<u>83,527,831</u>	<u>5,455,509</u>	<u>194,777,411</u>	<u>3,186,082</u>	<u>6,629,245</u>	<u>347,159,136</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	3,641,129	6,036,622	713,407	3,398,948	-	-	13,790,106
Project development	-	205,244	8,600	489,438	-	-	703,282
Metrorail operating	15,890,343	10,593,946	634,772	28,638,682	852,444	-	56,610,187
Metrobus operating	4,685,499	6,000,000	391,954	25,552,380	1,352,216	-	37,982,049
Metroaccess operating	2,049,824	-	297,966	10,514,879	92,557	-	12,955,226
Metro debt service	1,775,510	-	111,494	2,807,606	88,106	-	4,782,716
Other funds disbursed:							
Other capital disbursements	1,904,986	-	-	29,731,944	-	-	31,636,930
Other operating disbursements	-	56,719	1,380,480	11,916,971	-	-	13,354,170
Total deductions	<u>29,947,291</u>	<u>22,892,531</u>	<u>3,538,673</u>	<u>113,050,848</u>	<u>2,385,323</u>	<u>-</u>	<u>171,814,666</u>
Change in net position	23,635,767	60,635,300	1,916,836	81,726,563	800,759	6,629,245	175,344,470
Net position held in trust for member jurisdictions:							
Beginning of year	<u>21,768,346</u>	<u>34,518,365</u>	<u>5,816,230</u>	<u>79,855,260</u>	<u>1,569,742</u>	<u>45,408,365</u>	<u>188,936,308</u>
End of year	<u>\$ 45,404,113</u>	<u>\$ 95,153,665</u>	<u>\$ 7,733,066</u>	<u>\$ 161,581,823</u>	<u>\$ 2,370,501</u>	<u>\$ 52,037,610</u>	<u>\$ 364,280,778</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES**  
**GENERAL FUND**  
**Year Ended June 30, 2022**

	Total	General and Administrative	Projects
Expenditures:			
Audit and Legal	\$ 54,355	\$ 54,355	\$ -
Capital outlay	13,123	13,123	-
Commissioners' per diem	12,450	12,450	-
Computer	18,209	18,209	-
Copier duplicating	8,785	8,785	-
Disability insurance	9,806	9,543	263
Employee group insurance	151,413	147,360	4,053
Employee retirement	166,483	162,027	4,456
Employer payroll taxes	137,356	133,679	3,677
Leave - annual, holiday, and sick	297,392	290,177	7,215
Memberships and subscriptions	1,534	1,534	-
Miscellaneous	9,069	9,069	-
Office supplies	2,504	2,504	-
Office rent	386,407	386,407	-
Insurance and liability bonds	7,344	7,344	-
Parking and transit	1,786	1,786	-
Postage and shipping	1,289	1,289	-
Consulting, other project costs	13,040,271	152,880	12,887,391
Public information	11,932	11,932	-
Salaries and wages	1,587,075	1,545,129	41,946
State liaison	47,538	47,538	-
Telephone and data	15,325	15,325	-
Training and conferences	19,809	19,809	-
Travel and meetings	11,206	11,206	-
Total expenditures	<u>\$ 16,012,461</u>	<u>\$ 3,063,460</u>	<u>\$ 12,949,001</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2022**

	<b>Jurisdiction Grants &amp; Projects</b>	<b>NTD Collection</b>	<b>Fare Collection</b>	<b>Route 7</b>	<b>Post Platform Shutdown Marketing</b>	<b>Totals</b>
Revenues:						
Commonwealth of Virginia	\$ 2,445,124	\$ 231,234	\$ 32,448	\$ -	\$ 138,751	\$ 2,847,557
Federal	9,869,063	-	-	-	-	9,869,063
Local	-	-	32,447	-	34,821	67,268
NVTC match	-	6	45,291	119,816	-	165,113
	<u>-</u>	<u>6</u>	<u>45,291</u>	<u>119,816</u>	<u>-</u>	<u>165,113</u>
Total revenue	<u>\$ 12,314,187</u>	<u>\$ 231,240</u>	<u>\$ 110,186</u>	<u>\$ 119,816</u>	<u>\$ 173,572</u>	<u>\$ 12,949,001</u>
Expenditures:						
Consulting	\$ -	\$ 231,240	\$ 64,893	\$ 103,499	\$ -	\$ 399,632
Costs incurred	12,314,187	-	-	-	173,572	12,487,759
Fringe benefits	-	-	14,456	5,208	-	19,664
Salaries and wages	-	-	30,837	11,109	-	41,946
	<u>-</u>	<u>-</u>	<u>30,837</u>	<u>11,109</u>	<u>-</u>	<u>41,946</u>
Total expenditures	<u>\$ 12,314,187</u>	<u>\$ 231,240</u>	<u>\$ 110,186</u>	<u>\$ 119,816</u>	<u>\$ 173,572</u>	<u>\$ 12,949,001</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, 2022**

<b>Project Sponsor</b>	<b>Project Title</b>	<b>Project Number</b>	<b>Approved Toll Revenue Funds</b>	<b>Prior Expenditures</b>	<b>FY 2022 Expenditures</b>	<b>Cumulative Expenditures</b>	<b>FY 2022 Deobligations</b>	<b>Remaining Balance</b>
Fairfax County	Express Service from Government Center to State Department/Foggy Bottom	059-01-120-17	\$ 3,336,836	\$ 3,300,260	\$ 36,576	\$ 3,336,836	\$ -	\$ -
City of Falls Church	Expanded Transit Access through Bikeshare	610-01-010-17	500,000	217,468	126,969	344,437	-	155,563
<b>Subtotal - Fiscal Year 2017 Program</b>			<b>3,836,836</b>	<b>3,517,728</b>	<b>163,545</b>	<b>3,681,273</b>	<b>-</b>	<b>155,563</b>
Arlington County	Traffic Management Center	013-02-18	400,000	281,675	105,096	386,771	13,229	-
Fairfax County	Express Bus Service - Vienna/Fairfax-GMU and Pentagon Metrorail Stations	059-01-18	3,452,618	2,681,374	379,611	3,060,985	-	391,633
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	497,100	54,849	-	54,849	-	442,251
Loudoun County	Transit Metro Connection Route 88X Extension to Dulles South	107-01-18	1,706,040	333,939	-	333,939	1,372,101	-
Loudoun County	Transit Metro Connection from New Purcellville Park and Ride	107-02-18	1,065,960	892,271	164,992	1,057,263	-	8,697
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	133,068	22,011	155,079	-	809,921
PRTC	Linton Hall OmniRide Metro Direct Bus Service Enhancement	664-03-18	134,200	81,992	52,208	134,200	-	-
<b>Subtotal - Fiscal Year 2018 Program</b>			<b>8,220,918</b>	<b>4,459,168</b>	<b>723,918</b>	<b>5,183,086</b>	<b>1,385,330</b>	<b>1,652,502</b>
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	233,412	328,054	561,466	-	788,534
Fairfax County	Enhanced Bus Service from Government Center to DC	059-01-20	1,939,500	520,000	575,187	1,095,187	-	844,313
Fairfax County	New Bus Service from Stringfellow to L'Enfant Plaza	059-02-20	4,326,000	3,120,000	501,024	3,621,024	-	704,976
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	640,000	263,858	903,858	-	353,368
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	639,630	151,269	790,899	-	158,583
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	91,986	88,839	180,825	-	1,338,275
PRTC	Enhanced Bus Service from Gainesville to Pentagon	664-02-20	4,671,700	3,054,700	1,542,049	4,596,749	-	74,951
PRTC	New Bus Service from Haymarket to Rosslyn	664-03-20	776,700	185,629	492,522	678,151	-	98,549
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-01-20	800,000	713,627	86,373	800,000	-	-
<b>Subtotal - Fiscal Year 2020 Program</b>			<b>19,361,739</b>	<b>9,198,984</b>	<b>4,029,175</b>	<b>13,228,159</b>	<b>-</b>	<b>6,133,580</b>
Arlington County	Lee Highway HOV and Bus-Only Lane in Rosslyn	013-61-21	710,000	-	-	-	-	710,000
Fairfax County	McLean Metrorail Station North Entrance	059-61-21	1,000,000	-	-	-	-	1,000,000
Loudoun County	Renewal of Purcellville Metro Connection Bus Service	107-61-21	709,030	-	93,875	93,875	-	615,155
City of Fairfax	City of Fairfax Bike Share Implementation	600-61-21	460,000	-	-	-	-	460,000
PRTC	Renewal of Bus Service from Gainesville to Pentagon/Navy Yard	664-61-21	461,100	-	-	-	-	461,100
PRTC	Renewal of Bus Service from Haymarket to Rosslyn	664-62-21	137,100	-	-	-	-	137,100
NVTC	Program Administration and Oversight	999-01-21	300,000	-	270,121	270,121	-	29,879
<b>Subtotal - Fiscal Year 2021 Program</b>			<b>3,777,230</b>	<b>-</b>	<b>363,996</b>	<b>363,996</b>	<b>-</b>	<b>3,413,234</b>
PRTC	TDM Strategy - I-66 Corridor Vanpool Parking Benefit	664-61-22	85,000	-	-	-	-	85,000
Fairfax County	New Bus Service from Reston South to Crystal City	059-61-22	5,110,800	-	-	-	-	5,110,800
Fairfax County	Fare Buy-Down on Bus Service from Reston North to Crystal City	059-62-22	154,500	-	-	-	-	154,500
NVTC	Program Administration and Oversight	999-01-22	400,000	-	-	-	-	400,000
<b>Subtotal - Fiscal Year 2022 Program</b>			<b>5,750,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,750,300</b>
<b>Total</b>			<b>\$ 40,947,023</b>	<b>\$ 17,175,880</b>	<b>\$ 5,280,634</b>	<b>\$ 22,456,514</b>	<b>\$ 1,385,330</b>	<b>\$ 17,105,179</b>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2022 activity. Expenditures for NVTC administration and outreach totaling \$356,494 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, 2022

Project Sponsor	Project Title	Project Number	Approved Toll Revenue Funds	Prior Expenditures	FY 2022 Expenditures	Cumulative Expenditures	FY 2022 Deobligations	Remaining Balance
Fairfax County	New Bus Service to the Pentagon with Gambrill and Backlick North Park and Ride Improvements	059-31-20	\$ 3,540,903	\$ 2,283,169	\$ 557,816	\$ 2,840,985	\$ -	\$ 699,918
PRTC	Enhanced Bus Service from Dale City to Ballston	664-31-20	251,600	72,774	178,826	251,600	-	-
PRTC	Enhanced Bus Service on Prince William Metro Express	664-32-20	562,400	198,923	244,565	443,488	-	118,912
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	237,033	333,801	570,834	-	562,666
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	223,117	546,083	769,200	-	2,800,000
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	168,899	326,401	495,300	-	3,000,000
Alexandria Transit Co.	Enhanced Bus Service on AT-1 Plus: West End to Van Dorn Metro	997-31-20	3,040,000	2,830,521	209,479	3,040,000	-	-
Alexandria Transit Co.	Enhanced Bus Service on AT-9: Mark Center to Potomac Yard	997-32-20	1,949,000	1,949,000		1,949,000	-	-
NVRC	New TDM Outreach Campaign for Military Facilities	998-31-20	396,184	194,489	70,388	264,877	-	131,307
NVTC	Program Administration, Evaluation, Oversight, Marketing and Outreach	999-31-20	800,000	602,672	194,906	797,578	-	2,422
<b>Subtotal - Fiscal Year 2020 Program</b>			<b>18,738,087</b>	<b>8,760,597</b>	<b>2,662,265</b>	<b>11,422,862</b>	<b>-</b>	<b>7,315,225</b>
Fairfax County	Renewal of Route 396 Express Bus Service: Backlick North Park and Ride to Pentagon	059-31-22	\$ 1,386,000	\$ -	\$ -	\$ -	\$ -	\$ 1,386,000
Fairfax County	Enhanced Bus Service for Route 371: Lorton to Franconia - Springfield Metro	059-32-22	2,496,529	-	-	-	-	2,496,529
Prince William County	Horner Road Park and Ride Lot Expansion	153-31-22	2,800,000	-	-	-	-	2,800,000
Spotsylvania County	New Park and Ride Lot in Massaponax	177-31-22	1,100,000	-	-	-	-	1,100,000
City of Fredricksburg	New Bus Service from Route 208 Park and Ride Lot to Fredericksburg VRE	630-31-22	1,218,800	-	-	-	-	1,218,800
PRTC	Renewal of Enhanced Bus Service from Dale City to Ballston	664-31-22	291,831	-	75,691	75,691	-	216,140
PRTC	Renewal of Enhanced Bus Service on Prince William Metro Express: OmniRide Transit Center to Franconia-Springfield Metro	664-32-22	434,776	-	-	-	-	434,776
PRTC	Renewal of Enhanced Bus Service on Route 1 Local: Quantico to Woodbridge VRE	664-33-22	541,169	-	-	-	-	541,169
PRTC	Renewal of Bus Service from Staffordboro to Downtown D.C.	664-34-22	968,308	-	106,617	106,617	-	861,691
PRTC	Renewal of Bus Service from Staffordboro to the Pentagon	664-35-22	704,773	-	9,762	9,762	-	695,011
PRTC	TDM Strategy-- I-395/95 Corridor Vanpool Monthly Incentive	664-36-22	604,800	-	-	-	-	604,800
Alexandria Transit Co.	Enhanced Bus Service from Van Dorn Metro to the Pentagon	997-31-22	5,734,000	-	2,580,378	2,580,378	-	3,153,622
Alexandria Transit Co.	Enhanced Bus Service from Mark Center to Potomac Yard	997-32-22	3,650,000	-	1,404,699	1,404,699	-	2,245,301
NVTC	NVTC Program Administration of Oversight	999-31-22	800,000	-	-	-	-	800,000
<b>Subtotal - Fiscal Year 2022 Program</b>			<b>22,730,986</b>	<b>-</b>	<b>4,177,147</b>	<b>4,177,147</b>	<b>-</b>	<b>18,553,839</b>
<b>Total</b>			<b>\$ 41,469,073</b>	<b>\$ 8,760,597</b>	<b>\$ 6,839,412</b>	<b>\$ 15,600,009</b>	<b>\$ -</b>	<b>\$ 25,869,064</b>

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2022 activity. Expenditures for NVTC administration and outreach totaling \$194,906 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, 2022**

The agreement between the Commonwealth, NVTC and PRTC states that 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)	\$ 15,759,375	\$ 10,324,713	\$ 5,434,662
Interest income	68,691	45,003	23,688
Total revenues	<u>15,828,066</u>	<u>10,369,716</u>	<u>5,458,350</u>
Expenditures:			
Current:			
Toll funded project costs	6,644,506	4,353,131	2,291,375
Total expenditures	<u>6,644,506</u>	<u>4,353,131</u>	<u>2,291,375</u>
Other financing uses:			
Transfers	<u>(194,906)</u>	<u>(127,692)</u>	<u>(67,214)</u>
Change in fund balance	8,988,654	5,888,893	3,099,761
Fund balance, beginning of year	<u>21,457,107</u>	<u>14,232,776</u>	<u>7,224,331</u>
Fund balance, end of year	<u>\$ 30,445,761</u>	<u>\$ 20,121,669</u>	<u>\$ 10,324,092</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS**  
Year Ended June 30, 2022

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2021	5/2/2022	72521-14	\$ 5,000,000	\$ -	\$ -	\$ 2,111,066	\$ 2,111,066	\$ 2,111,066	\$ 2,111,066
Fiscal Year 2020	10/25/2019	72519-17	170,000	170,000	170,000	-	-	-	170,000
Fiscal Year 2018	6/16/2018	72517-09	406,318	118,201	118,201	233,993	233,993	233,993	352,194
Fiscal Year 2018	6/22/2018	72517-10	409,901	409,901	409,901	-	-	-	409,901
Fiscal Year 2017	2/15/2019	73016-83	1,641,316	-	-	-	-	-	221,105
Fiscal Year 2016	11/30/2015	72516-05	68,500	-	-	-	-	-	39,496
Fiscal Year 2016	11/30/2015	72513-18	164,624	164,624	164,624	-	-	-	164,624
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	6,785	6,785	6,785	-	6,785
Fiscal Year 2011	7/17/2012	72511-03	771,612	53,925	53,925	-	-	-	771,612
Fiscal Year 2011	10/5/2010	72511-04	100,000	60,358	60,358	-	-	-	84,762
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2014	1/7/2014	72510-15	221,540	-	40,745	40,745	40,745	-	156,538
Fiscal Year 2010	12/28/2010	72510-18	221,540	50,058	139,746	91,595	91,595	1,907	223,363
Fiscal Year 2014	1/2/2014	72510-40	400,000	-	205,295	205,295	205,295	-	205,295
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	1,685	1,685	1,685	-	26,725
Fiscal Year 2008	8/12/2008	72508-09	175,560	-	23,361	23,361	23,361	-	164,596
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	-	-	-	-	-	102,190
Fiscal Year 2008	4/5/2012	72508-52	320,000	4,666	14,570	9,904	9,904	-	85,700
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	56,963
Capital and Operating - WMATA:									
Fiscal Year 2022	9/2/2021	73622-01	177,101,785	-	177,101,785	177,101,785	177,101,785	-	177,101,785
Fiscal Year 2022 Amended	2/10/2022	73622-01	87,995,148	-	87,995,148	87,995,148	87,995,148	-	87,995,148
Special Projects:									
Fiscal Year 2022									
Regional Mktg Camp.	6/1/2021	71422-16	400,000	-	55,408	138,751	138,751	83,343	138,751
Fiscal Year 2021									
Regional Mktg Camp.	9/1/2020	71321-01	320,000	14,517	14,517	-	-	-	319,280
Fiscal Year 2020									
Regional Fare Collect.	8/2/2019	71320-03	210,000	23,690	34,873	32,448	32,448	21,265	179,287
Envision Rt 7 BRT Stud.	12/17/2020	71321-09	280,000	-	-	58,783	58,783	58,783	58,783

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2022**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2021</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2022</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Special Projects (continued):									
Fiscal Year 2021									
Intern Program	12/17/2020	71221-03	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2020									
Intern Program	11/17/2019	71220-04	40,000	2,534	10,417	14,727	14,727	6,844	17,261
<b>Total State Assistance - NVTC</b>			<u>\$ 277,898,402</u>	<u>\$ 1,072,474</u>	<u>\$ 266,621,344</u>	<u>\$ 268,066,071</u>	<u>\$ 268,066,071</u>	<u>\$ 2,517,201</u>	<u>\$ 271,165,040</u>



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2022

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b>Virginia Railway Express</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) &amp; Virginia Passenger Rail Authority (VPRA)</b>									
Capital:									
Fiscal Year 2016-2020	12/13/17, 9/16/15	50012	\$ 11,469,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,176,999
Fiscal Year 2019-2023	8/20/2018	50030	5,756,328	-	-	-	-	-	1,603,797
Fiscal Year 2016	N/A	10021-72	600,000	-	-	251,290	251,290	251,290	251,290
Fiscal Year 2022-2023	1/6/2014	10021-63 / 72513-12	400,000	33,583	10,102	266,023	266,023	289,504	400,000
Fiscal Year 2021-2023	3/10/2021	10021-23,24 / 50031	10,350,857	-	-	3,065,187	3,065,187	3,065,187	3,065,187
Fiscal Year 2020	9/23/2019	50034	2,893,400	-	-	-	-	-	2,619,763
Fiscal Year 2021-2026	2/4/2021	50043	5,569,390	-	843,388	1,134,209	1,134,209	290,821	1,959,183
Fiscal Year 2022-2023	10/13/2021	50045	34,294,442	-	-	6,885,971	6,885,971	6,885,971	6,885,971
Fiscal Year 2021	12/11/220	73021-65	374,000	-	-	-	-	-	-
Fiscal Year 2020	10/1/2020	73020-47	309,018	154,509	-	(154,509)	(154,509)	-	309,018
Fiscal Year 2019	4/2/2019	10021-35 / 72519-26	23,483,000	-	-	-	-	-	-
Fiscal Year 2020	6/11/2021	72519-20	28,120,000	-	-	6,260,212	6,260,212	6,260,212	6,260,212
Fiscal Year 2020	5/27/2020	10021-32 / 72519-22	64,287,000	-	-	468,665	468,665	468,665	468,665
Fiscal Year 2020	4/9/2020	72519-24	9,125,000	-	-	-	-	-	-
N/A	N/A	73019-86	-	78,317	-	(78,317)	(78,317)	-	-
Fiscal Year 2021	10/1/2020	73019-87	477,970	-	-	-	-	-	-
Fiscal Year 2019	N/A	73119-01	7,004,428	125,466	-	5,259,260	5,259,260	5,384,726	5,259,260
N/A	N/A	73018-71	-	-	-	70,789	70,789	70,789	70,789
Fiscal Year 2019	9/10/2018	73018-72	582,214	-	-	-	-	-	529,336
N/A	N/A	73018-74	-	-	-	50,925	50,925	50,925	50,925
Fiscal Year 2021	10/1/2020	73018-75	784,000	-	-	868,224	868,224	868,224	868,224
N/A	N/A	73017-73	-	114,815	-	(9,944)	(9,944)	104,871	209,742
Fiscal Year 2020	9/23/2019	73017-75	784,000	352,872	-	(352,872)	(352,872)	-	158,085
Fiscal Year 2017	10/14/2016	73017-82	497,005	-	-	-	-	-	-
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	-	-	10,875	10,875	10,875	287,391
Fiscal Year 2016	2/5/2019	73016-87	464,000	-	-	15,054	15,054	15,054	240,595
Fiscal Year 2016	2/5/2018	73016-88	120,000	-	-	-	-	-	39,336
N/A	N/A	73015-75	-	207,571	-	(207,571)	(207,571)	-	-
Fiscal Year 2015	2/29/2016	73015-94	1,705,189	-	-	-	-	-	1,472,288
Fiscal Year 2015	2/8/2016	73015-95	840,000	41,054	-	(41,054)	(41,054)	-	457,416

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)**  
Year Ended June 30, 2022

Grant*	Contract Date*	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b>Virginia Railway Express (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) &amp; Virginia Passenger Rail Authority (VPRA) (continued)</b>									
Capital (continued)									
Fiscal Year 2015	10/14/2016	73015-98	\$ 879,572	\$ 917,610	\$ 205,399	\$ (917,610)	\$ (917,610)	\$ (205,399)	\$ 674,173
Fiscal Year 2014	3/29/21, 2/2/16	10021-30 / 72514-07	200,000	-	-	-	-	-	-
Fiscal Year 2010	3/29/21, 1/6/14	10021-28 / 72510-68	200,000	-	-	12,296	12,296	12,296	12,296
Fiscal Year 2010	1/21/2011	10021-29 / 72510-75	821,902	194,142	118,819	(90,564)	(90,564)	(15,241)	481,223
Operating:									
Fiscal Year 2022	7/2/2021	72022-25	12,278,878	-	12,278,878	12,278,878	12,278,878	-	12,278,878
Fiscal Year 2022	4/1/2022	72022-25 Amend.	8,118,381	-	8,118,381	8,118,381	8,118,381	-	8,118,381
IPROC									
N/A	N/A	10021-17 / 78016-07	10,350,857	364,169	-	3,497,272	3,497,272	3,861,441	4,889,304
Rail Enhancement Fund:									
N/A	N/A	10021-04 / 76518-04	707,000	693,093	-	(693,093)	(693,093)	-	-
N/A	N/A	10021-05 / 76518-05	2,226,000	29,644	-	345,338	345,338	374,982	374,982
Third Track Spotsylvani	5/10/2013	10021-39 / 76513-11	13,856,292	-	-	-	-	-	13,619,062
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	709,292	-	1,266,793	1,266,793	1,976,085	1,983,054
<b>Total State Assistance - VRE</b>			261,250,965	4,016,137	21,574,967	47,580,108	47,580,108	30,021,278	86,074,825
<b>Total State Assistance - NVTC and VRE</b>			<b>\$ 539,149,367</b>	<b>\$ 5,088,611</b>	<b>\$ 288,196,311</b>	<b>\$ 315,646,179</b>	<b>\$ 315,646,179</b>	<b>\$ 32,538,479</b>	<b>\$ 357,239,865</b>

\*N/A indicates contract not executed as of June 30, 2022.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS**  
Year Ended June 30, 2022

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2022									
Arlington County	12/9/2021	73022-30	\$ 9,288,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	12/9/2021	73022-31	750,000	-	-	44,541	44,541	44,541	44,541
City of Fairfax	7/15/2021	73022-32	2,040,000	-	-	-	-	-	-
City of Fairfax	7/15/2021	73022-33	23,800	-	-	-	-	-	-
City of Fairfax	11/18/2021	73022-98	86,518	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-34	51,000	-	-	51,000	51,000	51,000	51,000
Fairfax County	12/3/2021	73022-35	408,000	-	-	104,659	104,659	104,659	104,659
Fairfax County	12/3/2021	73022-36	816,000	-	-	111,992	111,992	111,992	111,992
Fairfax County	12/3/2021	73022-37	11,644,625	-	-	10,074,267	10,074,267	10,074,267	10,074,267
Fairfax County	12/3/2021	73022-38	816,000	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-39	586,245	-	-	-	-	-	-
Fairfax County	12/3/2021	73022-40	2,725,592	-	-	-	-	-	-
Fiscal Year 2021									
Arlington County	3/7/2021	73021-53	312,800	-	85,185	275,799	275,799	190,614	275,799
Arlington County	3/7/2021	73021-54	353,600	-	102,871	108,182	108,182	5,311	108,182
Arlington County	3/7/2021	73021-55	503,880	44,572	404,031	393,936	393,936	34,477	438,508
Arlington County	3/7/2021	73021-56	1,647,923	-	90,920	333,373	333,373	242,453	333,373
City of Alexandria	5/2/2022	72521-14	5,000,000	-	-	-	-	-	-
City of Fairfax	2/8/2021	73021-57	2,040,000	-	-	-	-	-	-
City of Fairfax	2/8/2021	73021-58	24,480	-	-	24,480	24,480	24,480	24,480
Fairfax County	3/5/2021	73021-59	170,000	-	-	-	-	-	-
Fairfax County	3/5/2021	73021-60	816,000	-	-	-	-	-	352,435
Fairfax County	3/5/2021	73021-61	1,955,000	-	-	1,412,509	1,412,509	1,412,509	1,412,509
Fairfax County	3/5/2021	73021-62	102,000	-	39,223	58,582	58,582	19,359	58,582
Fairfax County	3/5/2021	73021-63	68,000	-	-	68,000	68,000	68,000	68,000
Fairfax County	3/5/2021	73021-64	102,000	-	-	-	-	-	96,154
Fiscal Year 2020									
Arlington County	10/11/2019	73020-30	250,240	-	103,911	103,911	103,911	-	250,240
City of Alexandria	10/11/2019	73020-31	612,000	-	42,435	73,651	73,651	31,216	225,483
City of Alexandria	1/28/2020	73020-33	4,486,633	2,239,258	2,239,098	(160)	(160)	-	4,486,473
City of Alexandria	1/28/2020	73020-34	660,000	-	660,000	660,000	660,000	-	660,000
Fairfax County	10/11/2019	73020-40	102,000	-	-	-	-	-	33,459
Fairfax County	10/11/2019	73020-41	51,000	-	18,286	18,286	18,286	-	18,286
Fairfax County	10/11/2019	73020-42	306,000	-	45,150	45,150	45,150	-	45,150
Fairfax County	10/11/2019	73020-44	1,700,000	-	-	1,695,354	1,695,354	1,695,354	1,695,354
Fairfax County	10/11/2019	73020-45	326,400	-	-	-	-	-	260,016

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)**  
Year Ended June 30, 2022

	Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2021	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2022	Cumulative Expenditures
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</b>										
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>										
Capital (continued):										
Fiscal Year 2019										
	Arlington County	11/8/2018	73019-32	\$ 306,000	\$ -	\$ 306,000	\$ 306,000	\$ 306,000	\$ -	\$ 306,000
	Arlington County	11/8/2018	73019-34	1,020,000	24,207	24,207	866,203	866,203	866,203	1,020,000
	Arlington County	11/8/2018	73019-36	190,000	71,754	71,753	(1)	(1)	-	203,436
	Fairfax County	12/14/2018	73019-41	2,210,000	-	982,596	982,596	982,596	-	2,210,000
	Fairfax County	8/6/2019	73019-42	5,950,000	-	-	295,349	295,349	295,349	1,588,404
	Fairfax County	8/6/2019	73019-43	3,740,000	-	32,580	48,864	48,864	16,284	1,817,738
	Fairfax County	12/14/2018	73019-47	1,020,000	-	-	-	-	-	-
	Fairfax County	8/6/2019	73019-48	357,000	-	116,205	149,366	149,366	33,161	352,660
	Fairfax County	4/20/2020	73019-88	1,124,651	-	-	842,443	842,443	842,443	842,443
	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	73018-54	979,880	-	72,637	106,768	106,768	34,131	406,146
	Fairfax County	12/14/2017	73018-60	8,500,000	-	-	-	-	-	8,498,026
Fiscal Year 2017										
	Arlington County	10/26/2021	73017-54	1,387,200	-	48,001	48,001	48,001	-	48,001
	Arlington County	10/26/2016	73017-57	172,380	-	106,084	106,084	106,084	-	159,503
	Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
	City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
Fiscal Year 2016										
	Fairfax County	9/24/2015	73016-73	1,870,000	-	-	-	-	-	1,846,406
Operating										
Fiscal Year 2022										
	Arlington County	12/9/2021	72022-21	3,840,395	-	3,840,395	3,840,395	3,840,395	-	3,840,395
	Arlington County	4/1/2022	72022-21	1,761,851	-	1,761,851	1,761,851	1,761,851	-	1,761,851
	City of Alexandria	8/23/2021	72022-22	4,804,729	-	4,804,729	4,804,729	4,804,729	-	4,804,729
	City of Alexandria	6/12/2022	72022-22	2,519,958	-	2,519,958	2,519,958	2,519,958	-	2,519,958
	City of Fairfax	7/15/2021	72022-23	857,184	-	857,184	857,184	857,184	-	857,184
	City of Fairfax	4/7/2022	72022-23	534,140	-	534,140	534,140	534,140	-	534,140
	Fairfax County	12/3/2021	72022-24	16,444,697	-	16,444,697	16,444,697	16,444,697	-	16,444,697
	Fairfax County	6/1/2022	72022-24	10,905,211	-	10,905,211	10,905,211	10,905,211	-	10,905,211
<b>Total State Assistance - Jurisdiction Trust Fund</b>				<u>\$ 126,848,017</u>	<u>\$ 2,379,791</u>	<u>\$ 47,259,338</u>	<u>\$ 61,077,350</u>	<u>\$ 61,077,350</u>	<u>\$ 16,197,803</u>	<u>\$ 82,842,912</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022**

	<b>Federal Assistance Listing Number</b>	<b>Grant Number</b>	<b>Grant Award</b>	<b>Accrued (Deferred) Revenue 6/30/2021</b>	<b>Cash Received</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>	<b>Accrued (Deferred) Revenue 6/30/2022</b>	<b>Cumulative Expenditures</b>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,144,941
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	-	-	-	-	2,053,962
Eisenhower Ave. South Entrance	20.507	VA 95-0107	1,840,000	-	27,138	27,138	27,138	-	27,138
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	-	205,032
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	-	-	-	-	788,990
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	200,230	558,983	358,753	358,753	-	1,667,816
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	3,624	3,624	3,624	-	780,704
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	6,742	6,742	6,742	-	118,846
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
King Street Metrorail Station Improvements	20.507	VA 2017-021	2,468,105	783,338	1,811,880	1,028,542	1,028,542	-	2,228,106
Potomac Yard Metrorail Station	20.507	VA 2021-007	20,000,000	-	-	8,444,264	8,444,264	8,444,264	8,444,264
<b>Total Federal Assistance - NVTC</b>			<b>\$ 41,280,813</b>	<b>\$ 983,568</b>	<b>\$ 2,408,367</b>	<b>\$ 9,869,063</b>	<b>\$ 9,869,063</b>	<b>\$ 8,444,264</b>	<b>\$ 22,534,997</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2022**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

<b>Federal Grantor / Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Department of Transportation			
Direct Payments			
Federal Transit Cluster:			
Federal Transit Capital Investment Grants:			
VA 04-0029	20.500	\$ 358,753	\$ 358,753
VA 04-0033	20.500	3,624	3,624
VA 04-0048	20.500	6,742	6,742
Total Federal Capital Investment Grants		<u>369,119</u>	<u>369,119</u>
Federal Transit Formula Grants:			
VA 2017-021	20.507	1,028,542	1,028,542
VA 2021-007	20.507	8,444,264	8,444,264
VA 95-0107	20.507	27,138	27,138
Total Federal Transit Formula Grants		<u>9,499,944</u>	<u>9,499,944</u>
Total Federal Transit Cluster		<u>9,869,063</u>	<u>9,869,063</u>
Total Department of Transportation		<u>9,869,063</u>	<u>9,869,063</u>
Total Expenditures of Federal Awards		<u>\$ 9,869,063</u>	<u>\$ 9,869,063</u>

*The accompanying note is an integral part of this financial statement.*

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **Note 1. 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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance.

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

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

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

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

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

#### **Note 2. Summary of Significant Accounting Policies**

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



## **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

For fiscal year 2022, 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, \$9,869,063 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

#### **Note 3. Indirect Cost Rate**

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



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2022, 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 18, 2022.

**Report on 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) as a basis for designing 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.

## **Report on 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 financial statements. 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 18, 2022



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission

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

***Opinion on Each Major Federal Program***

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2022. 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.

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 each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each of the federal programs as a whole.

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 18, 2022

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

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### I. SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

#### Federal Awards

Internal control over major programs:

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

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

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

☐ Yes ☒ No

Identification of major programs:

Federal Assistance Listing 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, 2022**

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



**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice, Scott Kalkwarf and Allan Fye  
**DATE:** November 22, 2022  
**SUBJECT:** NVTC FY 2024 General and Administrative Budget and 2023-2024 Work Plan

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At the December meeting, staff will present the proposed FY 2024 General and Administrative Budget and 2023-2024 Work Plan to the Commission for discussion. The Commission will be asked to take action on the budget and Work Plan at the January meeting following a public hearing.

### **General and Administrative Budget**

The proposed FY 2024 General and Administrative Budget includes resources to accomplish the NVTC Work Plan, including the administration of the I-66 and the I-395/95 Commuter Choice programs, oversight of WMATA, and management of the next phase of the Envision Route 7 BRT.

The proposed budget totals \$4,394,650, including \$691,200 for the administration of the Commuter Choice program, which is funded entirely with toll related revenue, and \$157,800 for management of the Envision Route 7 BRT project, funded from the related project budget. The balance of the program is funded primarily by the member jurisdictions through direct contributions and state aid received by NVTC that would otherwise be available to the jurisdictions for other transit purposes, which totals \$3,243,650, a 4.4% increase over the final approved FY 2023 Budget. Other revenue sources include interest earnings, project chargebacks and grant billings, and a carryover of prior period favorable net budget variances in excess of minimum operating requirements.

Total expenses are proposed to increase by \$314,650, or 7.7% over the FY 2023 Budget. The FY 2024 Budget includes a new program analyst position to provide additional support for NVTC's programs. A new project manager position is also included to manage the next phase of the Envision Route 7 BRT project and will be funded by the Route 7 project budget. A provision for cost-of-living (COLA) and performance-based increases for existing staff is included.

A research support line for \$200,000, which was first included in the FY 2023 Budget at the Commission's request, is maintained in the Proposed FY 2024 Budget. This line is to provide funding for NVTC in-house research efforts, which for FY 2023 includes an update to the Value of the Northern Virginia Transit Network to the Commonwealth study, the Role of Metrobus in Northern Virginia white paper, and technical support and analysis for NVTC's WMATA Operating Funding and Reform Working Group. Staff will continue to seek direction and approval from the Commission for the individual projects to be undertaken in FY 2024.

The contracted support line for the Commuter Choice program shows an \$82,200 decrease from the FY 2023 Budget, to \$152,500 for FY 2024. As the program continues to mature, the reliance on this outside support continues to decline.

## 2023-2024 Work Plan

The proposed [NVTC 2023-2024 Work Plan](#) provides an overview of the programmatic and operational work conducted by staff to support the goals and objectives of the Commission. The proposed Work Plan covers the period from January 2023 to June 2024 reflecting comments from the Management Advisory Committee. A public hearing for the Work Plan will be held at the January 5, 2023 Commission meeting.

Proposed NVTC staff deliverables for 2023 and 2024 include the following:

## NVTC 2023-2024 Work Plan Deliverables



### Commuter Choice

- I-395/95 FY 2024/2025 scoring and program development
- I-66 FY 2025/2026 Call for Projects
- Annual Report to CTB

### NVTC Oversight of WMATA

- Annual Report on the Performance and Condition of WMATA
- WMATA budget letters and testimony
- Role of Metrobus in Northern Virginia White Paper
- Convene WMATA Operating Funding & Reform Working Group

### Transit Technology

- Northern Virginia Low/Zero-Emission Bus Strategic Plan and Working Group
- Conclude Regional Fare Collection Strategic Plan tasks

### NVTC Staff Support to VRE

- Audited annual ridership survey and GIS analysis

### Transit Resource Center

- Maintain and update NoVa Transit Data Dashboard
- Post-COVID Transportation Analyses
- Lead Northern Virginia Regional Bus Analysis Study
- Complete Route 7 BRT Phase 4I Analysis
- Initiate next phase of Route 7 BRT funded through Congressional Community Project Funding grant

### Legislative and Policy Efforts

- Joint NVTC-PRTC Legislative Forum
- Annual Legislative and Policy Agenda
- Policy briefs and tracking reports

### Communications

- Public outreach for Commuter Choice and Route 7 BRT program milestones
- Daily headlines, weekly and monthly newsletters
- Post-Yellow Line Bridge Shutdown marketing campaign

### Financial Analysis and Reporting

- Administer annual WMATA subsidy and local transit funding
- Annual allocation of regional gas tax
- Financial projections and analysis
- DRPT grant applications and grant agreements
- Commuter Choice reimbursements
- Annual updates to SAM formula
- Federal grant management and reporting
- Title VI certification to FTA

### Commission Management

- Monthly materials
- Annual agenda and meeting schedule

### Internal Operations

- General and Administrative Budget and Work Plan
- Telework and IT support

Northern Virginia Transportation Commission



**PROPOSED BUDGET**

**FISCAL YEAR  
2024**

**(July 1, 2023 – June 30, 2024)**

**December 1, 2022**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF REVENUE**  
**Proposed Budget FY 2024**

	<b>FY 2022 Actual</b>	<b>Approved Revised Budget FY 2023</b>	<b>Proposed Budget FY 2024</b>	<b>Increase (Decrease)</b>
Local Share from State Aid (Note 1)	\$ 2,359,253	\$ 2,823,453	\$ 2,959,403	\$ 135,950
Local Direct Contributions (Note 1)				
Alexandria	41,964	44,387	43,665	(722)
Arlington	66,434	66,211	68,483	2,272
City of Fairfax	4,453	4,788	3,879	(909)
Fairfax County	160,006	160,532	160,796	264
Falls Church	2,064	2,067	2,087	20
Loudoun	9,325	6,262	5,337	(925)
Total Local Direct	284,246	284,247	284,247	-
Total Contributions	2,643,499	3,107,700	3,243,650	135,950
Interest and Other Revenue	881	3,000	22,000	19,000
Project Chargebacks (Note 2):				
Commuter Choice Program	551,400	754,300	691,200	(63,100)
VRE	80,000	80,000	80,000	-
Envision Route 7 BRT	-	-	157,800	157,800
Project Grant Billings (Note 3)	21,760	40,000	40,000	-
Appropriated Surplus (Note 4)	(199,686)	95,000	160,000	65,000
<b>Total Revenue</b>	<b>\$ 3,097,854</b>	<b>\$ 4,080,000</b>	<b>\$ 4,394,650</b>	<b>\$ 314,650</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES**

Proposed Budget FY 2024

		Approved Revised Budget FY 2023	Proposed Budget FY 2024	Increase (Decrease)
	FY 2022 Actual			
<u>Personnel Costs</u>				
Salaries and Wages (Note 5)	\$ 1,829,411	\$ 2,246,500	\$ 2,594,000	\$ 347,500
Fellow Program (Note 5)	27,200	50,000	50,000	-
Total Personnel Costs	1,856,611	2,296,500	2,644,000	347,500
<u>Benefits</u>				
Employer's Contributions				
FICA and Medicare (Note 6)	133,967	155,300	180,700	25,400
Group Health Insurance (Note 7)	144,313	200,400	205,900	5,500
Retirement (Note 8)	166,483	170,000	170,000	-
Workers & Unemployment Comp.	4,827	5,100	6,000	900
Life Insurance	5,662	6,600	6,800	200
Long Term Disability Insurance	9,806	12,500	15,000	2,500
Total Benefit Costs	465,058	549,900	584,400	34,500
<u>Administrative Costs</u>				
Commissioners Per Diem (Note 9)	12,450	14,700	14,000	(700)
<b>Rents:</b>	<b>388,831</b>	<b>419,100</b>	<b>433,000</b>	<b>13,900</b>
Office Rent (Note 10)	387,045	394,900	408,800	13,900
Parking / Metrochek	1,786	24,200	24,200	-
<b>Insurance:</b>	<b>7,344</b>	<b>7,300</b>	<b>8,000</b>	<b>700</b>
Public Official Bonds	2,500	2,300	2,500	200
Liability and Property (Note 11)	4,844	5,000	5,500	500
<b>Travel, Training and Development</b>	<b>31,016</b>	<b>65,800</b>	<b>64,800</b>	<b>(1,000)</b>
Conferences / Prof. Devel (Note 12)	19,809	47,100	47,100	-
Non-Local Travel	701	2,500	2,500	-
Local Travel, Meetings (Note 13)	10,506	16,200	15,200	(1,000)
<b>Communication:</b>	<b>16,614</b>	<b>17,200</b>	<b>17,800</b>	<b>600</b>
Postage (Note 14)	1,289	1,400	1,400	-
Telephone and Data (Note 15)	15,325	15,800	16,400	600
<b>Publications &amp; Supplies</b>	<b>22,499</b>	<b>28,900</b>	<b>29,500</b>	<b>600</b>
Office Supplies (Note 16)	2,504	2,500	2,500	-
Duplication and Printing (Note 17)	8,785	8,900	9,500	600
Public Engagement (Note 18)	11,210	17,500	17,500	-
<b>Operations:</b>	<b>32,229</b>	<b>53,300</b>	<b>59,700</b>	<b>6,400</b>
Furn.and Equip. (Capital) (Note 19)	13,123	25,500	25,500	-
Repairs and Maintenance	897	1,000	1,000	-
Computer Operations (Note 20)	18,209	26,800	33,200	6,400
<b>Other General and Administrative</b>	<b>10,426</b>	<b>10,000</b>	<b>11,100</b>	<b>1,100</b>
Memberships	1,534	1,600	1,600	-
Fees and Miscellaneous	8,170	6,900	8,000	1,100
Advertising (Note 21)	722	1,500	1,500	-
Total Administrative Costs	521,409	616,300	637,900	21,600
<u>Contracting Services and Other</u>				
Auditing (Note 22)	24,355	27,600	25,850	(1,750)
Contract Services & Support (Note 23)				
Commuter Choice	120,087	234,700	152,500	(82,200)
Research Support (Note 24)	-	200,000	200,000	-
Other Technical	80,334	120,000	120,000	-
Legal (Note 25)	30,000	35,000	30,000	(5,000)
Total Contract Services	254,776	617,300	528,350	(88,950)
<b>Total Operating Program</b>	<b>\$ 3,097,854</b>	<b>\$ 4,080,000</b>	<b>\$ 4,394,650</b>	<b>\$ 314,650</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2024 Proposed Budget**

**1. Revenue: Jurisdictional Contributions**

**Revenue from Local Direct Contributions**

Each NVTC jurisdiction is assigned a share of the local portion of NVTC's administrative budget based on its share of revenue received by NVTC on behalf of jurisdictions from all sources in the previous year. This procedure is required by state statute and results in changes in contributions from one year to another that vary for each jurisdiction depending on relative shares of revenue received. The allocation in this FY 2024 budget is based on the FY 2022 revenue and Subsidy Allocation Model (SAM) formula.

**Revenue from State Assistance**

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

**2. Revenue: Project Chargebacks**

**Commuter Choice Program**

The general and administrative budget is reimbursed by the Commuter Choice program for costs incurred in administering the program in both the I-66 and I-395/95 corridors.

**Virginia Railway Express**

NVTC receives revenue from VRE as reimbursement for staff support and other expenses.

**Envision Route 7 BRT**

Included in the general and administrative budget is a line for reimbursements from the Envision Route 7 BRT project budget for payroll and related expenses that are expected to be incurred in managing the next phase of the project. The project budget includes Federal, state and local funding sources, although it is expected only state and local sources will be available to reimburse the general and administrative budget.

**3. Revenue: Project Grant Billings**

The FY 2024 budget assumes a grant from DRPT's Intern Program that provides funding at 80% of payroll and related costs of NVTC's Transit Fellows program.

**4. Revenue: Appropriated Surplus**

Included as a source of revenue in the FY 2024 budget is projected excess accumulated surplus that is available to offset the budget expenses, which is the result of prior year

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2024 Proposed Budget**

favorable budget variances. This available surplus is in excess of the Commission's anticipated minimum operating requirements.

**5. Personnel Costs**

**Salaries and Wages**

The FY 2024 budget adds a new Program Analyst position to provide additional program support to WMATA, transit technology and the transit resource center, as well as NVTC's policy research efforts. In addition, a new Project Manager position is included to manage the next phase of the Envision Route 7 BRT project. That position will be funded entirely through the Envision Route 7 BRT project budget. The salaries and wages line includes a provision for Merit and COLA increases for existing staff.

**Fellows Program**

The budget continues the NVTC Fellows Program, which began in FY 2015, by building NVTC's technical capacity and strengthening its ties with members of the research network. The budget assumes grant funds from DRPT's Intern Program will be available to provide 80% of payroll and related costs of this program.

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

**6. FICA and Medicare**

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

**7. Group Health Insurance**

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

**8. Retirement**

The budgeted amount of employer pension contributions for the NVTC Target Benefit Pension Plan is based on actuarial formulas using budgeted staff and salary levels for FY 2024. Because the formulas take into account factors in addition to payroll costs, such as years to

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2024 Proposed Budget**

retirement and investment return, changes in budgeted contributions do not necessarily change directly with budgeted payroll. The estimated liability is reduced by non-vested funds that were forfeited by former plan participants and are expected to be available during the fiscal year. The plan functions as a defined contribution plan and is fully funded each fiscal year.

**9. Commissioners' Per Diem**

The FY 2024 budget is based upon the FY 2022 actual expenditures with a provision for increased Commission and committee meeting attendance. Commissioners, other than senators and delegates, are paid by NVTC at the statutory rate of \$50.

**10. Office Rent**

The administrative office lease was renewed during FY 2019 for a larger space effective March 15, 2019 to accommodate NVTC's increasing staff levels. Rent expense included in the FY 2023 budget is based upon the fixed costs of the lease, which increase at 2.5% per year, plus an estimate of pass-through expenses and real estate taxes. The lease contains a provision for the abatement of the first month's rent for the first seven years of the lease, and the additional abatement of approximately 29% of the leased space for the balance of the first lease year ending March 14, 2020. Off-site file storage is also included in this budget line.

**11. Insurance: Liability and Property**

The FY 2024 budget is based on the most recent premium year with a provision for increasing costs and coverage.

**12. Conference / Professional Development**

Included in this line for FY 2024 are the estimated registration fees for conferences, professional development, in-house training, and accreditation and related travel costs. The budget assumes NVTC staff will participate in training opportunities and speaking engagements at the Governor's Transportation Conference, the Virginia Transit Association Conference, the Transportation Research Board, and the Virginia chapter of the American Planning Associations, as well as represent the Commission at events hosted by a variety of organizations. These funds will also allow our professional staff to maintain the required trainings to keep their professional accreditations as well as funding for executive development and special opportunities. Wherever possible, NVTC will continue to minimize travel expenditures through locally sponsored events, online conferences, and events where the registration fee is discounted or waived.

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

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



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
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**14. Postage**

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

**15. Telephone and Data**

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

**16. Office Supplies**

The FY 2024 budget for this item is based on the average of prior years' actual costs.

**17. Duplication and Printing**

During FY 2016, NVTC negotiated a five-year copier lease and service contract. The FY 2024 budget is based on these agreements and projected usage levels.

**18. Public Engagement**

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

**19. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware, and the migration of NVTC's server to a cloud-based structure.

**20. Computer Operating Expense**

Computer operating expenses include outside network consulting and services, software licensing fees, software upgrades and supplies, web hosting fees, hosted email, video conferencing services, cyber security assessment, and a provision for disaster recovery efforts. The FY 2024 budget is based on an average of prior year actual costs, recognizing an increase in NVTC's subscriptions for software and virtual meeting services, with a provision for increased third party network support.

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

The FY 2024 budget includes a provision for personnel and procurement advertising.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2024 Proposed Budget**

**22. Auditing**

NVTC entered into a three-year contract for auditing services beginning with the audit of FY 2022, with two, two-year options. The FY 2024 budget is based on the costs included in this contract.

**23. Contract Services and Support**

**Commuter Choice Programs**

I-66 Commuter Choice Program

As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 Inside the Beltway. In FY 2017 NVTC launched the initial year of the I-66 Commuter Choice Program.

I-395 Commuter Choice Program

In 2017, NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) entered into a 66-year agreement with the Commonwealth of Virginia to fund a program of projects to be funded by revenues generated by the tolling of I-95/I-395.

**Other Technical**

The FY 2024 budget includes a provision for technical support efforts, specialized analysis, related publications, contracted human resource support, and strategic planning efforts. NVTC's state liaison contract is also funded in this line item.

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

**24. Research Support**

This budget line added in FY2023 includes a provision for NVTC funded policy research and required local match for grants funded projects. Staff will seek approval from the Commission for these projects. FY 2023 efforts include: 1) an update to the *Value of the Northern Virginia Transit Network to the Commonwealth* study, 2) the *Role of Metrobus in Northern Virginia* white paper, and 3) technical support and analysis for the New Financial Model for WMATA Working Group. Projects planned for FY 2024 potentially include additional policy and industry research related to zero-fare and reduced-fare transit as well as other topics identified during Commission discussions.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2024 Proposed Budget**

**25. Legal**

In FY 2021, NVTC entered into an agreement with VRE to receive counsel services on all legal matters.



# NVTC Work Plan

**January 2023 to June 2024**

*The NVTC Work Plan serves as a guiding document for NVTC staff to support the mission of the Commission. This Work Plan identifies specific programs, projects and tasks that NVTC staff intend to perform during the period from January 2023 through June 2024 (FY 2024). It is intended to be a living document that can be updated as priorities and projects change.*

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

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## NVTC's Mission, Vision and Strategic Goals

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

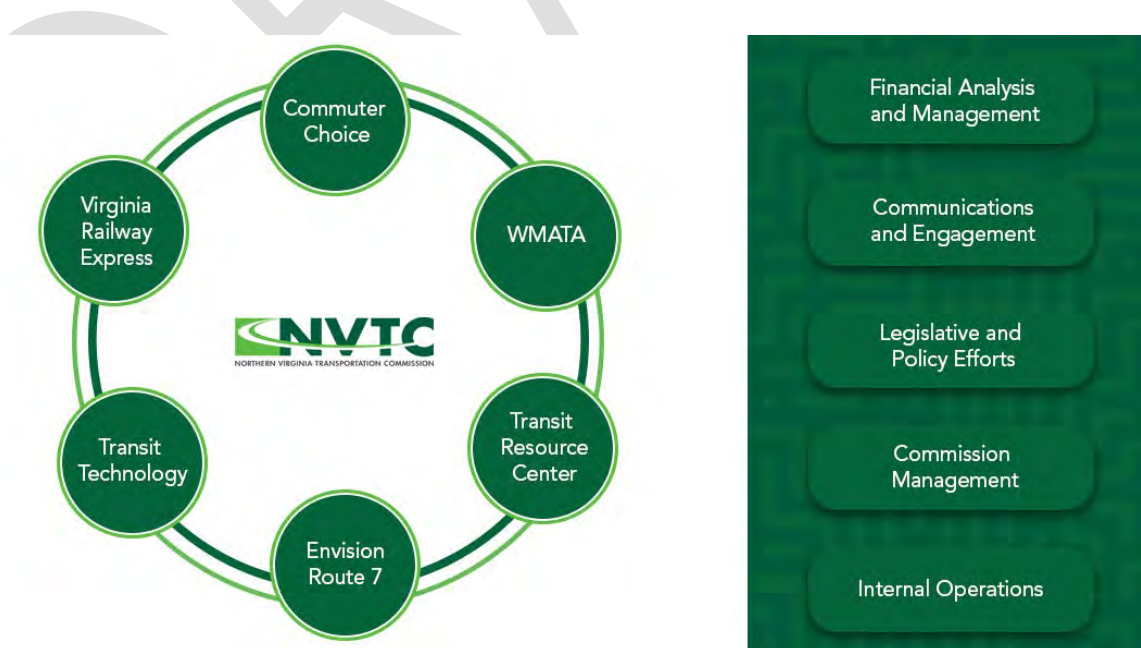
**Vision:** Northern Virginia businesses and residents are served by a high capacity, high quality network of transit systems that allows our diverse region to thrive economically.

### Strategic Goals:

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

## Programs and Crosscutting Functions

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



## **A. NVTC Committee Structure**

NVTC has three standing committees. In addition to the Executive Committee, NVTC has the Program Advisory Committee (PAC), the WMATA Committee and the Legislative and Policy Committee. The scope of each of these committees is articulated in NVTC's By-Laws.

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

## **B. NVTC Programs**

### **Commuter Choice**

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

#### **1) Program Management and Administration**

- a) Provide ongoing administration of I-66 Commuter Choice and I-395/95 Commuter Choice to ensure compliance with relevant Memorandums of Agreement (MOAs).
  - i. Work with staff and legal counsel on policy changes and decisions governing future calls for projects and program administration.
  - ii. Coordinate with PRTC (as needed) on the ongoing management and administration of I-395/95 Commuter Choice.
  - iii. Work with the NVTC finance team and, if applicable, financial counsel and financial advisors to ensure sufficient cash flow for projects and address any financing arrangements should NVTC issue debt to fund projects.
  - iv. Maintain and update the Commuter Choice program website to provide relevant, timely information for applicants, recipients and stakeholders.
  - v. Monitor program operations and communications with recipients to identify any needed policy changes or updates.
  - vi. Execute Standard Project Agreements (SPA) and ensure that projects comply with all SPA requirements.
  - vii. Coordinate with NVTC's WMATA program to develop policy guidance as needed to enable WMATA-operated/Commuter Choice-funded projects to be considered in WMATA's annual budget process, including potential adoption of policy guidance by the WMATA Board and/or Commission(s).
  - viii. Support and participate in recipient-led events to highlight major project milestones, such as groundbreakings and openings.

- ix. Ensure that, for completed projects, Commuter Choice-funded assets remain in use in a manner benefiting corridor toll payers by obtaining annual asset management certifications from the corresponding funding recipients.
- b) Prepare Commuter Choice annual report and program updates
  - i. Prepare and submit the fiscal year report to the CTB as required by the MOAs.
  - ii. In coordination with NVTC's Transit Resource Center, prepare Corridor Transit Reports (subject to data availability) describing travel trends in the two program corridors for presentation to the PAC and Commission(s).
  - iii. Update (as needed) recipient handbook that provides a comprehensive guide to Commuter Choice program eligibility, policies, and procedures.

**Deliverables:** Commuter Choice Annual Report to the CTB; biennial Corridor Transit Report updates (in even calendar years) reflecting the latest fall traffic volume and transit ridership data; updated program guidance materials as applicable; SPAs distributed to recipients for funded projects

## 2) Call for Projects and Project Selection Process

- a) Prepare Commuter Choice application materials and secure Commission(s) approval to open calls for projects.
- b) Hold workshops with eligible applicants while calls for projects are open. Provide technical assistance and guidance during application process.
- c) Conduct (in coordination with DRPT) the initial eligibility screening, evaluation and scoring of project applications.
- d) Provide program updates at Commission(s) meetings and present final program of projects for Commission(s) approval.
- e) Coordinate with DRPT to receive Commonwealth Attorney General project eligibility concurrence and to prepare project list and supporting materials for CTB consideration.
- f) Develop staff-recommended program of projects for consideration by the Program Advisory Committee (PAC)/Joint Commission Working Group (JCWG) and consideration by the Commission(s).
- g) Hold a public meeting or hearing, in person or online, and facilitate online public outreach efforts in English and Spanish to explain proposed projects to the public, answer questions about the program and maximize public input.

**Deliverables:** I-395/95 Commuter Choice FY 2024-2025, Project Evaluation and Scoring, and Program Development and Selection, including eligibility screening workshop with DRPT and JCWG briefings; I-66 Commuter Choice FY 2025-2026 Call for Projects, Project Evaluation and Scoring, and Program Development and Selection, including eligibility screening workshop with DRPT and PAC briefings.

### 3) Reimbursement and Financial Reporting

- a) Host quarterly meetings with recipients to receive required project level reports and ensure projects are meeting implementation, reporting and financial milestones.
- b) Review and approve project reimbursement requests.
- c) Track expenses and reimbursements by corridor, fiscal year program, project, recipient, etc.
- d) Coordinate with NVTC financial team to develop policy/programmatic solutions for financial-related questions/issues.

## **NVTC Oversight of Washington Metropolitan Area Transit Authority**

NVTC exercises leadership through the appointment and support of Virginia's members of the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors to promote safe, reliable and financially sound performance, management and oversight of WMATA. Staff supports the NVTC WMATA Committee to facilitate and represent jurisdictional interests and to ensure access to NVTC's WMATA principal member.

### 1) WMATA Committee Support

- a) Work with the NVTC WMATA Committee chair to develop and implement the committee's annual work plan.
- b) Manage and staff the NVTC WMATA Committee to facilitate committee guidance and feedback on NVTC's priorities for WMATA, leading to committee endorsement and recommendation for the full Commission to approve the annual *Report on the Performance and Condition of WMATA*.
- c) Manage and staff the NVTC WMATA Committee to provide a venue for discussion of WMATA issues directly affecting the NVTC region and NVTC jurisdictions including but not limited to: annual WMATA budget comments, fare policy and comments on any major WMATA studies.
- d) Manage and lead a jurisdictional staff working group to provide staff support for NVTC's WMATA Board principal member and members of NVTC's WMATA Committee.
- e) Provide the WMATA Committee with a summary of the NVTC Peer Transit Agency Operating Funding Models research done by Summer 2022 Transit Fellow.
- f) Inform NVTC Commissioners of pending WMATA Board decisions of regional significance.

### 2) Annual Report on the Performance and Condition of WMATA

- a) Develop and submit to the General Assembly and the Governor by December 15 an annual report on the performance and condition of WMATA that includes the following:
  - i. The safety and reliability of the rapid heavy rail mass transportation system and bus network.
  - ii. 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.



- iii. 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.
  - iv. Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA operations.
  - v. Use of the funds provided from the Mass Transit Fund to improve the safety and condition of the rapid heavy rail mass transportation system.
  - vi. Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.
  - vii. Any other areas of NVTC WMATA Committee interest or priority for that year's annual report.
- b) Manage technical staff to ensure that the report will meet expectations of the Commission, the General Assembly and the administration.
  - c) Support the executive director's presentation of this report to the Commonwealth Transportation Board, Governor's Office, General Assembly and other interested stakeholders.
  - d) Coordinate with Communications team to publicize (press, social media, etc.) the recommendations and other relevant elements of the report.
  - e) Publish the report and associated information on NVTC's website.
- 3) Annual Certification of WMATA Documents
- a) Request the following documents from WMATA annually:
    - i. Annual capital budget; annual independent financial audit;
    - ii. National Transit Data annual profile; and
    - iii. Single audit report issued in accordance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R Part 200).
  - b) Certify the receipt of these documents to the Commonwealth Comptroller no later than June 30 of each year.
- 4) Virginia WMATA Board Member Support
- a) Support the executive director's role in facilitating the Commission's annual appointment of Virginia's two principal and two alternate members of the WMATA Board of Directors (January).
  - b) Provide primary staff support on WMATA related meetings and issues to NVTC's WMATA Board principal member or their designated alternate.
  - c) Facilitate and lead NVTC WMATA Board member staffing calls in advance of or after WMATA Board and committee meetings.
  - d) Ensure communication and coordination between the Commonwealth and NVTC's principal WMATA Board members.

- e) Provide staff support and talking points to WMATA Board members prior to NVTC Commission meetings.
- f) Participate on WMATA's Joint Coordinating Committee (JCC).
  - i. Monitor and report on the development of WMATA's annual operating and capital budgets and multi-year CIP.
  - ii. Coordinate with jurisdictional staff and DRPT on WMATA's compliance with CTB policy guidelines for the implementation of governance and funding reforms for WMATA as needed.
  - iii. Actively participate in the development, negotiations and any updates to the Capital Funding Agreement. The next CFA update is not expected during the period of this work plan.

5) Support for Northern Virginia Jurisdictions

- a) Participate in JCC meetings and follow WMATA Board actions and share key items/actions with Northern Virginia jurisdictional staff (as needed) in conjunction with recurring WMATA Board member/staff calls.
- b) Facilitate jurisdictional issues with WMATA that rise to the attention of the NVTC WMATA Board principal member.
- c) Represent NVTC's interests and coordinate internal communications and comments at key points of WMATA-led planning studies, including but not limited to the *Bus Network Redesign, Blue/Orange/Silver Capacity and Reliability Study*, etc.

6) Facilitate Northern Virginia Transit Response Coordination Group

- a) Facilitate regional calls with WMATA and affected stakeholders to coordinate mitigation efforts and communications strategies around large transit disruptions due to planned Metrorail work.
- b) Track and resolve issues identified during planning meetings and coordination calls.
- c) Brief the Commission prior to and throughout the shutdown (as requested or needed) and document lessons learned from Major Blue and Yellow Line Construction.

7) Implement NVTC-focused Recommendations from the 2022 *Report on the Performance and Condition of WMATA*

- a) Develop a scope of work, identify funding, and procure consultant support for the *Role of Metrobus and Local Transit Operators in Northern Virginia* study.
- b) Develop a scope of work, framework, list of deliverables and schedule for the creation of NVTC's WMATA Operating Funding and Reforms Working Group.
- c) Brief the NVTC WMATA Committee, Legislative and Policy Committee and Commission at key milestones and deliverables.

**Deliverables:** NVTC *Report on the Performance and Condition of WMATA*; Annual certification letter to the Commonwealth; Letters of Comment from the Commission, as necessary

## Envision Route 7

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

#### a) Complete the *Envision Route 7 Phase 4-1 Mobility Study*

- i. Engage public stakeholders in Spring 2023 to solicit feedback on the impacts of BRT in the City of Falls Church.
- ii. Brief elected officials and other official stakeholder groups (Commissions, Councils, Advisory Boards, etc.) along the entire project corridor.
- iii. Present findings to the MAC, Program Advisory Committee, Commission and other elected bodies. Prepare written updates as needed.
- iv. Complete Phase 4-1 Final Report for Commission acceptance (Summer/Fall 2023).
- v. Continue to coordinate with relevant jurisdictional and stakeholder staff to further the study of high-quality transit on Route 7.
- vi. Manage consultant contract and coordinate with NVTC staff regarding study-related public outreach efforts.
- vii. Assist in identifying financial resources for continued study and programming for BRT along the Route 7 Corridor.

#### b) Conduct the *Envision Route 7 BRT Project Strategic Framework*

- i. Develop the Envision Route 7 BRT strategic framework that identifies key policy, governance and funding steps necessary to successfully design, construct and operate the system.
- ii. Facilitate one-on-one and regional workshops with senior leadership from jurisdictions along the corridor and other key stakeholders (DRPT, VDOT, WMATA).
- iii. Brief elected officials and other official stakeholder groups (Commissions, Councils, Advisory Boards, etc.) along the entire project corridor.
- iv. Present findings to the MAC, Program Advisory Committee, Commission and other elected bodies. Prepare written updates as needed.
- v. Complete Strategic Framework Final Report for Commission acceptance (Summer/Fall 2023).
- vi. Manage consultant contract to ensure all deliverables are met.
- vii. Identify staff, technical and financial resources to implement the Strategic Framework.

#### c) Initiate Next Project Phase of Route 7 (Phase 2 of the Mobility Study, Preliminary Design and Environmental Efforts)

- i. Secure Congressional Community Project Funding Grant and coordinate with Finance and Administration team to execute the grant.

- ii. Apply for FY 2024 DRPT Technical Assistance Grant as part of the local match to the federal grant and coordinate with local jurisdictions for local match to the DRPT grant.
  - iii. Prepare scope of work and budget for the next phase of analysis (complete mobility analysis, preliminary design and environmental efforts) and identify staffing needs.
  - iv. Lead procurement of technical consultant services and seek Commission approval to award a contract for the next phase of analysis in coordination with the Finance and Administration team.
  - v. Coordinate with relevant jurisdictional and stakeholder staff to advance Route 7 BRT to implementation.
  - vi. Initiate discussions with the Federal Transit Administration (FTA) to identify the appropriate level of environmental review.
  - vii. Develop scope of work for specific project phases to align with available funding and phases.
  - viii. Identify staff resources needed to advance the project through the next phase of analysis (complete mobility analysis, preliminary design, and environmental efforts) and identify staffing needs.
- d) Brief the MAC, PAC and Commission at key milestones and decision points; prepare written updates as needed.
  - e) Coordinate with the NVTC Communications team to promote and publicize Route 7 progress, milestones, and projects.
  - f) Publish reports and associated information on NVTC's website.

**Deliverables:** Phase 4-1 Deliverables (per scope), Envision Route 7 BRT Project Roadmap deliverables (per scope), Phase 4-2 Project Deliverables (per scope), Preliminary Design and Environmental deliverables (per scope)

## Transit Resource Center

The Transit Resource Center provides technical assistance to member jurisdictions; collects, analyzes and reports data from all NVTC's programs and supports coordination with other regional transportation organizations. An overview of the tasks within the Transit Resource Center are outlined below.

### 1) Regional Transit Data Collection, Analysis and Visualization

- a) Launch the NOVaTransit Data Dashboard which serves as a repository of historical and current transit data metrics and allows users to interact with the data to identify trends and conduct analysis.
  - i. Regularly update and maintain the dashboard to ensure accurate, up-to-date data is available, reliable operation, and ease of use for the public and partners.
  - ii. Collect and manage regional transit and related data, with work including:

- (1) Cataloging, collecting and cleaning data that can be shared with stakeholders/archived for future use; and
  - (2) Identifying opportunities to use data sources to communicate NVTC's transit policies, positions and storytelling.
- iii. Report the Washington Metropolitan Area Transit Authority's (WMATA) monthly ridership and parking utilization to comply with the Department of Rail and Public Transportation's (DRPT) OLGA reporting requirements.
- iv. Coordinate with NVTC's Communications team and external communications partners to share data analysis and visualization through reports, presentations, etc.
- b) Complete *NVTC's Regional Bus Analysis Study*
  - i. Assess and analyze the regional impact of individual jurisdictional and transit system strategic plans, including WMATA, DASH, Fairfax Connector, CUE, ART, Loudoun County Transit and OmniRide (services in the NVTC district).
  - ii. Identify regional bus transit gaps and opportunities, including potential for high-capacity transit corridors that may require additional analysis in the future.
  - iii. Identify opportunities for shared infrastructure and opportunities to leverage DRPT's TRIP funding related to interjurisdictional services.
  - iv. Coordinate with NVTC, jurisdiction and transit agency staff regarding study-related stakeholder engagement, including the creation of a Technical Advisory Committee (TAC).
  - v. Manage the DRPT grant and consultant contract.
  - vi. Provide updates to the MAC, Program Advisory Committee and Commission at key milestones.
- c) Conduct and Support Regional Transit Analysis
  - i. Develop scope of work, budget and funding plan to support NVTC-led transit policy analysis efforts, contingent on funding. FY 2024 efforts may include a study on the environmental benefits of Northern Virginia transit and/or a study on bicycle and transit connections in Northern Virginia.
  - ii. Conduct additional post-COVID and recovery-related analysis for presentation to the MAC, PAC and Commission.
  - iii. Provide jurisdictional and regional transit performance data through materials and presentations, and post standardized, downloadable data on NVTC's website.
  - iv. Provide data analysis for NVTC jurisdictions and the Commission on regional and national issues that impact transit planning, operations, organizations and ridership.
  - v. Disseminate findings through authoring reports and presentations.

## 2) Commuter Choice Corridor Analyses

- a) Coordinate with Commuter Choice Program team to conduct annual analysis on the transit ridership and other metrics to understand the performance of transit along the I-66 Inside the Beltway and I-395/95 Corridors, including the impacts of COVID-19 and recovery efforts (pending data availability).
- b) Coordinate with VDOT, Transurban and Transportation Planning Board to collect corridor-based data necessary for analyses.

## 3) Manage NVTC NTD Technical Assistance

- a) Work with local governments to coordinate collection of performance data for the Federal Transit Administration's (FTA) National Transit Database (NTD).
- b) Manage the contract for NTD data collection on behalf of Northern Virginia's transit systems. Oversee data collection efforts to facilitate the receipt of federal funds to the region.

## 4) Regional Coordination and Collaboration

- a) Ensure NVTC transit performance research complements and does not duplicate other regional analyses through the participation in regionally focused technical, program or study committees assisting in planning, funding, preliminary engineering and environmental analysis for transit in the region, including but not limited to:
  - i. Transportation Planning Board
  - ii. Potomac and Rappahannock Transportation Commission
  - iii. Northern Virginia Transportation Authority
  - iv. Virginia Department of Rail and Public Transportation
  - v. Virginia Department of Transportation
  - vi. Virginia Railway Express
  - vii. Metropolitan Washington Council of Governments
  - viii. Washington Metropolitan Area Transit Authority

**Deliverables:** NOVaTransit Data Dashboard; Data and Policy Analysis Reports; Regional Bus Analysis Final Report (per scope)

## **Transit Technology**

The Transit Technology program engages with regional, state and national transit technology stakeholders to build Commission knowledge about innovative transit mobility services and emerging technologies. An overview of the tasks within the Transit Technology Program are outlined below.

### 1) Regional Low/Zero-Emission Bus Coordination

- a) Manage the development of the NVTC Regional Zero-Emission Bus Strategic Plan including procuring contractor support and working closely with the NVTC Zero-

Emission Bus Working Group and Northern Virginia transit providers in implementing zero-emission buses and associated technology and infrastructure.

- b) Facilitate NVTC's Zero-Emission Bus Working Group to assist regional partners in low/zero-emission bus implementation, including coordination, technical assistance and/or procurement coordination.
- c) Attend regional meetings on low/zero-emission bus efforts, including but not limited to TPB, WMATA, PRTC, APTA, DRPT and NVTA.

2) Zero/Reduced Fare Research

- a) Identify additional research and analysis opportunities that are related to and build off NVTC's existing work.
- b) Identify potential funding opportunities and other necessary resources.

3) Implementation of the NVTC's Regional Fare Collection Strategic Plan

- a) Provide updates to the MAC, PAC and Commission on the status of milestones in the 2021 Strategic Plan.
- b) Support Northern Virginia transit operators by facilitating regional coordination through the Regional Fare Collection Working Group, including coordination, planning, exchange of information as well as facilitating future plans.

4) Technology-related Symposia

- a) Plan, implement and deliver at least two symposia per year on transit technology topics that are timely and relevant to the mission of the Commission.
- b) Provide regular updates to the MAC, PAC and Commission on technology-related topics.
- c) Attend regional meetings on transit technology, including but not limited to TPB, WMATA, DRPT and NVTA.

**Deliverables:** Scopes of work, budgets and grant application materials (for DRPT-funded efforts); Annual Work Plan for Transit Technology Program

## **NVTC Support of Virginia Railway Express**

NVTC, as co-owner (with the Potomac and Rappahannock Transportation Commission) of the Virginia Railway Express (VRE), provides oversight of the railway to promote safe, reliable and financially sound performance and management.

1) VRE Operations Board Support

- a) Facilitate the annual appointment of NVTC's principal and alternate members of the VRE Operations Board.
- b) Provide staff support, in coordination with jurisdictional staff when necessary, to NVTC-appointed VRE Board members.
- c) Participate on VRE's Coordination Committee (VCC) and Chief Administrative Officer's Task Force and attend VRE Operations Board meetings.

## 2) Budget and Financial Management

- a) Facilitate NVTC's approval of VRE's annual operating and capital budgets, including the prioritization of the Commuter Rail Operation and Capital (C-ROC) Fund. Participate and provide technical support at budget review sessions.
- b) Apply and receive state and regional assistance on behalf of VRE, including DPRT transit capital and operating funding, Rail Enhancement, VPRA Funding, SmartScale and NVTA funds.
- c) Assist VRE planning staff on planning studies, federal funding programs and other technical items.

## 3) VRE Customer Service and Annual Ridership Surveys

- a) Provide staff and technical support to VRE for the customer service surveys each spring by assisting with on-board survey distribution.
- b) Provide staff and technical support to VRE for the Master Agreement Annual Ridership Survey each fall by assisting with on-board survey distribution and conducting the survey address verification process using GIS software.

## 4) Technical and Communications Support

- a) Amplify and actively share VRE public communications through NVTC social media.
- b) Serve on technical and legislative advisory committees, as requested.
- c) Review Operations Board materials for consistency with the Master Agreement and approved budgets. Maintain close communications with PRTC and VRE staff to coordinate the writing and presentation of VRE action items to the two Commissions.

**Deliverables:** Audited annual survey report and maps

# C. Financial Analysis and Administration

Identify and implement cooperative strategies with member governments to maximize transit revenues aimed at achieving adequate, dedicated, stable and reliable financial support from the federal government, Commonwealth, region and private sector. Facilitate the fair and equitable allocation of transit assistance among governments. Manage grants, contracts and trust funds fairly and effectively, according to state and federal laws and NVTC's policies.

## Support for Member Jurisdictions

- 1) Ensure the stability of the current sources of transit funding available to NVTC's local governments.
- 2) Serve as the central point of contact for Northern Virginia transit system financial information.
- 3) Analyze funding proposals produced by regional and statewide studies and identify policy issues for consideration by the Commission.
- 4) Identify and help obtain funding for new transit projects that are recommended by NVTC's jurisdictions.



**Deliverables:** Provide NVTC funding, local system and WMATA subsidy data to interested parties.

## **Financial Analysis**

### 1) Regional Gas Tax Revenues

- a) Monitor NVTC's regional gas tax receipts from the Division of Motor Vehicles (DMV) for reasonableness of collections in total and by jurisdiction.
- b) Employ database and spreadsheet models to identify unanticipated discrepancies at the taxpayer level by jurisdiction and in total.
- c) Maintain communications with DMV regarding both unusual activities identified by NVTC and DMV audit activity. Make suggestions for improving the program.
- d) Brief the MAC as needed on processes, issues and solutions.

### 2) State Transit Revenues

- a) Participate in the Transit Service Delivery Advisory Committee (TSDAC) to assist DRPT in reviewing the distribution process for transit capital and operating funds.

### 3) Transit Funding Opportunities

- a) Produce financial projections and an analysis of the growing gap between transit operating and capital needs versus available financial resources.
- b) Participate in regional and statewide efforts to define public transit needs and identify funding sources.
- c) Identify and seek to implement stable, reliable, permanent and dedicated funding sources for operating and capital expenses for WMATA, VRE and local transit systems.
- d) Coordinate regional efforts and prepare analytic tools, communication materials and editorials to promote such funding.

**Deliverables:** Annual formula for allocation of gas tax revenue; Input to the DRPT funding process; Financial analysis and projections, as needed

## **Financial and Grants Management, Trust Funds, Contracts and Compliance**

### 1) State Assistance

- a) Review and monitor DRPT assistance calculations of WMATA assistance to NVTC as grantee for NVTC jurisdictions' share of WMATA operating subsidies and capital requirements.
- b) Report WMATA annual ridership, and other information requested by DRPT as a requirement for receiving state assistance.
- c) Review and submit state operating and capital assistance applications for local systems through DRPT's Online Grant Administration (OLGA) system as agent for the NVTC jurisdictions.
- d) Manage NVTC and NVTC jurisdiction state grants, including the preparation, review and submission of timely grant invoicing.

- e) Track project funding activity, submit extension requests and de-obligate projects as needed.
  - f) Participate with VRE and NVTC jurisdictions in quarterly project status review meetings with DRPT.
  - g) Work with DRPT and grantees to achieve the maximum funding available.
- 2) Commuter Choice in the I-66 and I-395/95 Corridors
- a) Monitor and reconcile net toll revenue receipts from VDOT with actual collections and Commonwealth Transportation Board (CTB) approved project funding levels.
  - b) Review reimbursement requests for adequate support of eligible expenses; approve and transfer funds.
  - c) Ensure recipient compliance with project agreement provisions.
  - d) Account for direct costs of administering the program.
  - e) Account for and report toll revenue activity as separate Special Revenue funds for each corridor.
- 3) NVTC Subsidy Allocation Model
- a) Maintain NVTC's subsidy allocation model (SAM) utilizing the most recent WMATA and local budget information on transit costs, revenues and subsidies.
  - b) Determine each local government's share of NVTC assistance using the annual SAM percentages.
  - c) Apportion shares of the direct local contributions to NVTC's administrative budget using the annual SAM percentages.
  - d) Provide projections and other analysis of annual transit assistance to the NVTC jurisdictions for planning purposes.
- 4) NVTC Jurisdiction Trust Funds
- a) Allocate revenue to NVTC jurisdictions through the NVTC trust fund upon receipt using the annual SAM percentages.
  - b) Prepare timely and accurate quarterly cash flow forecasts of available transit assistance sources and uses for the NVTC jurisdictions.
  - c) Prepare quarterly reports of actual NVTC trust funds activity for use by NVTC jurisdictions.
  - d) Manage and invest trust funds according to NVTC policy by safeguarding assets while maximizing liquidity and investment return.
- 5) Commuter Rail Operations and Capital Fund (CROC)
- a) Monitor and direct collections of CROC Funds from the Department of Motor Vehicles (DMV).
  - b) Provide periodic reports to the Commissions about the funds in the CROC Fund, including monthly receipts, amounts expended, the amount of funds held and investment earnings.

6) Financial Reporting, Accounting, Audit, Compliance and Contracting

- a) Prepare the annual financial statements for the seven NVTC funds and on an entity-wide basis, disclosures, Management's Discussion and Analysis, and supplementary information for NVTC's annual audit.
- b) Prepare the Schedule of Expenditures of Federal Awards and related notes for NVTC's annual federal compliance audit.
- c) Manage a multi-year audit services contract.
- d) Accomplish unqualified auditors' opinions on the fair presentation of the financial statements, internal control over financial reporting and compliance and other matters, and compliance for each major federal program and internal control over compliance.
- e) Provide financial and compliance reports to the appropriate regulatory agencies.
- f) Maintain up-to-date compilations of state and federal grant regulations and ensure staff is adequately trained in grant, contract and project management.
- g) Attend procurement education seminars to remain apprised of state and federal purchasing techniques, theory and best practices.
- h) Maintain current documents and policies to facilitate prompt and competitive procurement in compliance with state and federal laws.
- i) Perform internal accounting functions, including DRPT and FTA project tracking, Commuter Choice reimbursement request tracking, local match invoicing, accounts receivable, cash receipts, accounts payable, disbursements, internal fund transfers, payroll, general ledger and reconciliations.

7) Federal Grants

- a) Apply for federal grants on behalf of member jurisdictions and manage grants as the designated recipient for FTA funds. Currently, NVTC is the designated recipient of federal grants for the cities of Alexandria and Falls Church and is anticipating a planning grant award in 2023 for the Envision Route 7 BRT project. For these grants, NVTC will:
  - i. Maintain any subrecipient agreements which outline terms, conditions and expectations.
  - ii. Ensure any subrecipient agreements include all the information required by FTA and 2 CFR 200.
  - iii. Review reimbursement requests to ensure costs are reasonable, allocable and allowable in accordance with 2 CFR 200 and terms of the award.
  - iv. Drawdown approved reimbursement requests and transfer funds to subrecipients, if applicable.
  - v. Host quarterly project management meetings with the subrecipient, if applicable, and FTA.
  - vi. File quarterly financial and milestone reports (1/30, 4/30, 7/30, 10/30), semi-annual Disadvantaged Business Enterprise (DBE) reports (6/1, 12/1) and other required documentation in FTA's grants management system (TrAMS).

- vii. Monitor subrecipients to ensure proper stewardship of federal funds and performance goal attainment.
- viii. Provide technical assistance as needed.
- ix. Close out completed grants.
- b) Report on NVTC's FFY 2024-2026 Overall DBE Goal attainment in accordance with 2 CFR 26.45.
- c) Administer and ensure NVTC's compliance with Title VI and DBE Programs and provide technical assistance to subrecipients as needed.
- d) Ensure NVTC and subrecipients comply with all relevant FTA regulations and guidelines in numerous areas such as legal, financial management, technical capacity, continuing control, maintenance, procurement, civil rights and National Transit Database.
- e) Attend workshops and webinars presented by FTA to maintain awareness of changes in federal requirements and processes.
- f) Submit annual certifications and assurances to the FTA and maintain subrecipient's signed annual certifications and assurances on file.

**Deliverables:** DRPT grant applications and grant agreements for local and WMATA assistance; Commuter Choice program reimbursements; annual updates to SAM formula; Trust Fund revenue projections and reporting; annual audited financial statements and single audit reports; submit NVTC's FFY 2024-2026 Triennial DBE Goal to FTA

## D. Communications and Engagement

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

### 1) Partnerships

- a) Identify opportunities to host or participate in transit-related events with Northern Virginia's chambers of commerce and other business representatives.
- b) Identify and apply for grants, in partnership with local jurisdictions and transit agencies, to support a multi-faceted marketing campaign designed to increase bus and rail ridership in Northern Virginia.
- c) Identify opportunities to host one or more transit tours of Northern Virginia for state legislators.
- d) Partner with government agencies, business groups and national, state and local associations to promote transit through educational programs, complementary messaging and attendance at conferences, seminars and workshops.
- e) Partner with WMATA, VRE and local transit agencies to promote advances in fare collection and innovative transit technology initiatives.
- f) Leverage network of jurisdictional and agency public information officers to facilitate the sharing of information, work on projects of mutual benefit and leverage resources.

- g) Serve on the Virginia Transit Association's (VTA) annual awards and conference planning committees.

2) Internal and External Relations

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

3) Commuter Choice Outreach and Marketing

- a) Plan and implement public meetings and public input process.
- b) Plan and implement groundbreaking events in collaboration with local jurisdictions and transit providers.
- c) Promote the Commuter Choice program and events through NVTC's social media and other venues.
- d) Support ongoing updates and maintenance of the Commuter Choice sections of NVTC's website to provide both programmatic information as well as marketing resources for grantees, stakeholders, etc.

4) Envision Route 7 Outreach and Marketing

- a) Work closely with contractor to implement public meetings and public input process.
- b) Promote Envision Route 7 events and public comment periods through NVTC's social media and other venues.
- c) Support ongoing updates and maintenance of the Transit Resource Center section of NVTC's website to provide both programmatic information as well as marketing resources for grantees, stakeholders, etc.

**Deliverables:** Public outreach report for I-66 and I-395/95 Programs of Projects; Public outreach for Envision Route 7.

5) Online Communication

- a) Maximize NVTC's online presence to further its mission.
  - i. Provide regular updates to the information, data and tools on NVTC's website to maintain it as a research and information resource.
  - ii. Expand NVTC's social media presence to drive traffic to novatransit.org and program pages; raise NVTC's profile and promote discussion of regional transit issues.
  - iii. Maintain up-to-date project information on the website to inform the public and Commissioners on the latest project news.
  - iv. Use online analytics and surveys to monitor the effectiveness of online communication and outreach efforts.
  - v. Develop new content, such as podcasts and videos, to enhance NVTC's reputation as the primary source of transit-related information in Northern Virginia and improve the public's understanding of both transit and NVTC's role in the region.

6) Public Outreach

- a) Develop and implement communications plans and budgets for transit studies and multimodal grant programs.
  - i. Publicize and solicit public comment through multiple channels, such as meetings and hearings, advertising, pop-up events, online crowdsourcing, email, mail and telephone.
  - ii. Plan and promote public meetings and hearings in consultation with local jurisdictions, transportation agencies and transit providers.
  - iii. Design and create materials, such as flyers, handouts, infographics, email blasts, display boards, PowerPoint presentations and videos.
- b) Plan and implement activities that engage the public and promote NVTC programs and initiatives.
- c) NVTC 60<sup>th</sup> Anniversary.
  - i. Develop promotional and potential marketing plan for the 60th anniversary in 2024 of the founding of NVTC to include, but not limited to, pop-up events, historical lookbacks, social media engagement, news releases and paid marketing efforts.
  - ii. Seek out paid sponsorship opportunities, if appropriate, to support event planning, marketing and other outreach activities.
- d) Participate in and support the annual public meeting for Northern Virginia transportation organizations, as required by HB1285 (2018).
- e) Support and coordinate with Commuter Choice program outreach and marketing efforts.

- f) Update and streamline NVTC website to ensure user friendliness and adherence to usability standards.
- g) Unify NVTC outreach materials to ensure consistent branding and messaging across all platforms.
- h) Expand in-person outreach efforts through networking and attendance at public events.

**Deliverables:** Daily headlines email; Weekly updates for Commissioners and jurisdictional staff; Monthly newsletter; Annual organizational report; News releases and media relations; Website and social media posts; Marketing campaign(s) scope and budget; Presentations and handouts

## **E. Legislative and Policy Efforts**

### **Legislative and Policy Committee Support**

Per the Commission's By-Laws, the Legislative and Policy Committee is responsible for the development of the annual legislative and policy agenda and serves as a venue for discussion of legislative and policy matters that directly affect NVTC programs, the NVTC region and transit in Northern Virginia. The committee is typically convened regularly between October and March.

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

### **Development of Legislative and Policy Agenda**

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

#### **1) State and Federal Legislative Policy Agenda**

- a) Assist NVTC's Legislative and Policy Committee with adopting a state and federal legislative and policy agenda to guide NVTC's legislative support in the coming year.
- b) Develop strategies to effectively implement NVTC's annual legislative and policy agenda in collaboration with NVTC jurisdictions' legislative liaisons and the Virginia Transit Association (VTA).
- c) Work with delegations in Richmond and Washington D.C. as needed to promote NVTC's approved agenda. Focus should include, but not be limited to long term, sustainable transit capital funding and maintenance of existing NVTC programs and authorities.
- d) Identify transit issues that require policy decisions. Assemble data and perform policy analyses to facilitate those decisions (e.g. fare integration, development of new

technology, service expansion, customer safety, system security and the business case for and value of public transit).

- e) Conduct an annual joint NVTC and PRTC legislative forum.
- f) Develop messaging and a plan to educate the public about the need for transit funding in Virginia as well as the benefits of public transit throughout the Commonwealth.

2) Value of Northern Virginia's Transit to the Commonwealth

- a) Publish and distribute NVTC's latest study to quantify and visualize the overall economic benefits and revenue that bolster the Commonwealth due to investments in Northern Virginia's transit systems.
- b) This update to NVTC's 2016 study will expand the scope of analysis to include the economic benefit to the Commonwealth of the entire transit network in Northern Virginia - Metrorail, VRE, Metrobus, DASH, ART, CUE, Fairfax Connector and Loudoun County Transit. (Spring/Summer 2023)
- c) Manage consultant contract.
- d) Provide updates to MAC, Legislative and Policy Committee, and Commission at key milestones.

3) Virginia General Assembly Session

- a) Prepare and support NVTC legislative and policy efforts before and during the General Assembly.
- b) Reach out to legislators to garner support for NVTC's legislative agenda and educate them about the benefits of public transportation, including identifying opportunities for tours of Northern Virginia transit investments (as noted in D.1.c above).
- c) Conduct NVTC's February meeting during the General Assembly Session in Richmond, when it can be coordinated with other agency's legislative advocacy days.
- d) Use an online legislative monitoring service and share access with member jurisdictions.
- e) Provide legislative alerts to Commissioners and local staff during the General Assembly Session.

4) Commonwealth Transportation Board

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



5) Transit Industry Groups and Trade Associations

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

**Deliverables:** Joint NVTC/PRTC Legislative Forum; policy briefs and supporting information to support legislative priorities; legislative tracking reports

## F. Commission Management

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

- 1) Day to Day Commission Management
  - a) Develop and distribute information and resources necessary for Commissioners to fulfill their responsibilities, including the annual member manual, NVTC website, newsletters and monthly executive director reports.
  - b) Plan strategically Commission actions, meetings and events throughout the year using an Annual Agenda and other planning tools.
  - c) Prepare materials for monthly Commission meetings. Coordinate with external speakers to present to the Commission when appropriate.
  - d) Schedule, oversee and record minutes of Commission meetings, as well as other NVTC events.
  - e) Provide accurate and timely responses to Commissioners, jurisdictional staff and the public.
  - f) Support NVTC's committees, through the development of agendas, meeting summaries and handouts.
  - g) Ensure the issuance of per diem payments for Commissioners.
  - h) Verify Commissioner compliance with state regulations regarding economic and financial disclosure statements.
  - i) Conduct new Commissioner orientations.
  - j) Maintain archival Commission materials and provide access to archival documentation when requested.
  - k) Respond to Freedom of Information Act (FOIA) requests.
  - l) Ensure NVTC is complying with Code requirements regarding Freedom of Information Act (FOIA) and records management.
- 2) NVTC 60th Anniversary/Strategic Visioning Exercise
  - a) Scope and implement strategic planning and/or visioning effort to align with NVTC's 60th anniversary celebration.

**Deliverables:** Annual Commission Meeting Schedule; Monthly Commission materials

## G. Internal Operations

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

- 1) Human Resources and Administration
  - a) Develop the annual NVTC general and administrative (G&A) budget, in coordination with jurisdictional staff, for consideration by the Commission.

- b) Leverage human resources support assistance to enhance and support human resource functions.
- c) Administer NVTC Transit Fellows Program to attract talent to supplement NVTC staff on specific projects.
- d) Refine and implement a professional development plan for staff, including offering appropriate training.
- e) Continue to refine the staff earning structure and align job descriptions and benefits, such as health and retirement, with NVTC's jurisdictions.
- f) Administer a performance management system that aligns individuals with organizational performance in a meaningful and transparent manner.
- g) Manage employee benefit programs, including retirement plan, 457 plan, group health insurance, group life insurance, disability insurance, flex benefit plan, bike share and Zip Car.

2) Procurement

- a) Solicit Proposals and implement a multiyear on-call consulting contract to support policy and other research.
- b) Administer a competitive procurement process, which includes, but is not limited to, the following:
  - i. Develop the Requests for Proposals (RFP) indicating the services that will be procured, the factors that will be used to evaluate proposals, and the applicable contractual terms and conditions.
  - ii. Distribute the RFP to the NVTC website and other public platforms to maximize public interest and participation.
  - iii. Host a pre-proposal meeting to allow potential offerors an opportunity to ask questions and receive answers about the solicitation.
  - iv. Conduct an initial administrative review of the proposals received to ensure that they are timely and responsive to the requirements set forth in the RFP.
  - v. Oversee and protect the integrity of the formal evaluation of proposals by ensuring that the evaluation team renders impartial, technically sound, and objective advice throughout the selection process.
  - vi. Prepare the final binding contractual documents and present the award to the selected firm.

3) Telework and Office Space

- a) Provide technical support to staff to enable telework and other remote work activities.
- b) Resolve issues related to the office space (lease, maintenance, facilities, etc.).

4) Information Technology

- a) Provide ongoing strategy, operation, maintenance and enhancement of computer, communication and information systems as an essential support function to enable NVTC to accomplish its objectives.

- b) Acquire, implement and maintain new information technology systems, software and services to support business operations and programs.

5) Procedures Manual

- a) Implement, maintain and regularly update a procedures manual for on-boarding new staff of procedures for office (Style Guide, safety procedures, templates, contacts, etc.).

**Deliverables:** NVTC General and Administrative Budget; NVTC Work Plan

DRAFT

**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice, Andrew D’huyvetter and Ronnetta Zack-Williams  
**DATE:** November 22, 2022  
**SUBJECT:** Washington Metropolitan Area Transit Authority (WMATA)

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#### Blue Line Derailment Update

On October 12, 2021, a 7000-series Blue Line train derailed and after the start of a National Transportation Safety Board (NTSB) investigation, the Washington Metrorail Safety Commission (WMSC) [ordered WMATA](#) to remove the 7000-series railcars from service. WMATA has begun implementing a three-step return to service plan that includes: 1) restoring 6000-series railcars to service; 2) daily inspection of 7000-series trains using a digital gauge; and 3) installation of multiple Automatic Wayside Inspection System (AWIS) that will permit a gradual restoration of 7000-series trains.

On October 25, the WMSC agreed to a revised return to service plan that allows WMATA to gradually restore trains to service. The plan allowed WMATA to have enough trains to open the Silver Line Phase 2 on November 15. WMATA has provided a phased return to service plan and anticipates returning to budgeted FY 2023 service levels in May 2023 after the Yellow Line reopens. WMATA has created a [web page for service updates and a blog on the 7000-series railcars](#).

At the December meeting, the Commission will receive reports from the Virginia WMATA Board members and the NVTC WMATA Committee Chair. The Commission will also consider several action items related to the 2022 Annual Report on the Performance and Condition of WMATA and its recommendations for NVTC.

#### **A. Report from the Virginia WMATA Board Members**

##### ▪ FY 2023 First Quarter Operating Budget Results

On November 17, the WMATA Board received an update on [WMATA’s FY 2023 First Quarter Operating Budget Results](#). WMATA’s net operating position is favorable to budget by \$48.2 million. Operating expenses were \$56.3 million below budget, primarily due to lower-than-expected paratransit trips, services and materials and supplies expenses. Operating revenues were \$8.1 million below budget, primarily due to lower-than-expected Metrorail ridership. Metrobus ridership continues to exceed Metrorail ridership, but passenger revenue recovery remains dependent on rail.

- FY 2023 First Quarter Capital Budget Update

On November 17, the WMATA Board received an update on WMATA's [FY 2023 First Quarter Capital Budget](#). Through Q1 FY 2023, WMATA has invested \$582 million and is on course to deliver \$2.5 billion for FY 2023. Increased federal support and regional dedicated capital funding made this level of expenditures and investments possible. WMATA anticipates an FY 2023 dedicated capital funding bond issuance in the spring of 2023.

- Appointment of the Inspector General

On November 3, the WMATA Board [appointed Rene Febles as the Inspector General](#). Mr. Febles served as Acting Inspector General from April 2022 until this appointment. The WMATA Board also amended the Inspector General's term to three years with automatic extensions for successive one-year terms unless within 60 days of the end of any term the Board notifies the Inspector General that his or her term will not be extended.

- FY 2022 Financial Statement Audit and Single Audit

On October 27, the audit consultant issued unmodified opinions on the [WMATA's financial statements for the years ended June 30, 2022 and 2021](#) and the [Single Audit for the year ended June 30, 2022](#). On November 3, the Executive Committee of the WMATA Board accepted the final reports, which constitutes the Board's authorization to post them on the OIG website.

- Bus and Rail Restoration Plan

On November 3, WMATA staff provided the WMATA Board with an [update on bus and rail service](#). On October 25, the WMSC approved a revised return to service plan that allows for gradual steps to allow more trains into service. This allowed WMATA to open the Silver Line Phase 2 on November 15, which was not possible before the return to service plan was approved. Throughout November, WMATA will gain additional trains which will be used in supplemental service to reduce crowding. Around December 5, WMATA expects to improve peak headways to reduce crowding. In late December, WMATA will implement a new labor pick, which will include staff that will enable increasing peak headways on the Red, Blue, Orange and Silver Lines. In May, WMATA anticipates running FY 2023 budgeted rail service after the Yellow Line reopens. WMATA will also restore service frequencies on several Metrobus lines that were temporarily reduced in September 2022 due to operator shortages.

## **B. Report from the Chair of the NVTC WMATA Committee**

- **ACTION: Authorize the Executive Director to Send NVTC's 2022 Report on the Performance and Condition of WMATA to the Governor and the General Assembly**

At the December meeting, NVTC WMATA Committee Chair Walter Alcorn will give an update on committee activities. The Commission will also be asked to authorize the executive director to send the [2022 Report on the Performance and Condition of WMATA](#) to the Governor and the General Assembly in advance of the December 15, 2022 due date.

The Commission received a presentation on the 2022 Report at the November meeting, and prior to that in October the NVTC WMATA Committee reviewed the draft strategies to reduce the growth in costs and improve efficiencies at WMATA. This year's report provides an update on WMATA's recovery from the pandemic and frames the short-term and long-term operating budget gaps as part of the structural operating budget challenges that were accelerated by the pandemic. Key recommendations from the 2022 Report include the following directed to WMATA:

- Rebuild customer confidence
- Enforce fare payment uniformly across the system
- Implementing a simple and convenient fare structure
- Increase non-fare revenues from real estate and advertising
- Manage labor costs

And the following recommendations directed to NVTC:

- Explore the implications of local transit agencies assuming the operation of Metrobus services in Northern Virginia
- Examine and develop options for a new financial operating model for WMATA

The report also provides WMATA's FY 2022 expenditures by CIP program area of the Virginia's \$154 million in annual dedicated capital funding. The report also includes chapters on WMATA financial performance, safety, reliability and ridership that were not available at the November Commission meeting.

- **ACTION: Authorize the Executive Director to Request Proposals via the DRPT General Planning Contract for the Role of Metrobus White Paper and to Execute the Associated Contract**

The Commission will be asked to 1) authorize the executive director to issue a Request for Proposals (RFP) for the Role of Metrobus White Paper and 2) authorize the executive director to execute a contract with the selected firm. This effort will implement Strategy 6 of NVTC's 2022 Annual Report on the Performance and Condition of WMATA.

The white paper will explore and evaluate the policy, funding, capital facility, governance, labor and other considerations of Northern Virginia local transit agencies assuming the operation of Metrobus services in Northern Virginia. Five local transit operators (DASH, ART, CUE, Loudoun County Transit and Fairfax Connector) and Metrobus provide local bus service in the Northern Virginia Transportation District. Local transit operators provide 62% of all local transit service in Northern Virginia and each jurisdiction balances local and Metrobus service in different ways. Some jurisdictions, like Loudoun County, have no Metrobus service and rely on their local operator, while others, like the City of Falls Church, do not have a local operator and rely on Metrobus. The remaining NVTC jurisdictions fall somewhere in between. The white paper will take into consideration other ongoing planning and policy efforts by NVTC and WMATA and may be used by NVTC jurisdictions to make policy decisions regarding transit in their respective jurisdiction.

For this procurement, staff will use the Virginia Department of Rail and Public Transportation's (DRPT) on-call General Planning Contract (GPC). DRPT's GPC was established through a competitive process that meets all the rules and requirements of the Virginia Public Procurement Act. This procurement will also comply with NVTC's Administrative Regulations regarding procurement. Staff anticipate the white paper to be completed within six to eight months from Notice to Proceed.

This effort is funded through the Research and Analysis line item in the FY 2023 NVTC General and Administrative Budget.

FY 2023 Research and Analysis			
Title	Description	Budget	Notes
White Paper: Role of Metrobus in Northern Virginia	Strategy #6 of 2022 WMATA Annual Report on the Performance and Condition of WMATA	\$ 60,000	Pending Commission Authorization - <b>December 2022</b>

- **ACTION: Authorize the Executive Director to Request Proposals via the DRPT General Planning Contract for Technical and Analysis Support for NVTC's WMATA Operating Funding and Reform Working Group and to Execute the Associated Contract**

The Commission will be asked to 1) authorize the executive director to issue a Request for Proposals (RFP) for Technical and Analysis Support of NVTC's WMATA Operating Funding and Reform Working Group and 2) authorize the executive director to execute a contract with the selected firm. This effort will implement Strategy 7 of NVTC's 2022 Annual Report on the Performance and Condition of WMATA.

The pandemic has accelerated a structural disconnect between expense and revenue growth that was present before the pandemic. With a loss of fare and non-fare revenues due to the pandemic, federal COVID aid has balanced the operating budget since FY 2020. WMATA operating budget deficits are predicted to grow significantly over the next few years, which will ultimately require some difficult decisions to be made regarding fares and levels of service for Metrorail and Metrobus. These challenges would come during a critical period in WMATA's post-pandemic recovery and are potentially devastating to ridership recovery and the economic health of Northern Virginia.

WMATA's pre-pandemic financial model, relying on high farebox recovery from peak-period, long-distance commuters, is gone, and WMATA, Virginia and the region must develop a new model and a sustainable approach to aligning WMATA's expense and revenues in a way that is financially sustainable for NVTC jurisdictions and in a way that holds WMATA accountable to its funding partners.

The selected consultant team will support NVTC in convening and facilitating NVTC's WMATA Operating Funding and Reform Working Group as well as provide technical and policy research to support the working group. The working group would be composed of key jurisdictional and DRPT staff and would report its findings to the Commission and its component committees.



Consultant tasks will generally include:

- Evaluating WMATA's short-term and structural operating budget gaps within the context of Virginia's unique jurisdictional funding and modal relationship with WMATA
- Examining existing and new operating revenues
- Exploring opportunities to reform WMATA policies and state and federal laws or policies around WMATA budget and subsidy
- Facilitation of Working Group meetings and support developing meeting materials
- Support with a draft and final report
- Additional areas of analysis requested by the Working Group (pending scope and budget)

For this procurement, staff will use the Virginia Department of Rail and Public Transportation's (DRPT) on-call General Planning Contract (GPC). DRPT's GPC was established through a competitive process that meets all the rules and requirements of the Virginia Public Procurement Act. This procurement will also comply with NVTC's Administrative Regulations regarding procurement. Staff anticipate the working group effort to be completed within six to eight months from Notice to Proceed.

This effort is funded through the Research and Support line item in the FY 2023 NVTC General and Administrative Budget.

FY 2023 Research and Analysis			
Title	Description	Budget	Notes
Technical and Analysis Support of NVTC's WMATA Operating and Funding Reform Working Group	Strategy #7 of 2022 WMATA Annual Report on the Performance and Condition of WMATA	\$ 70,000	Pending Commission Authorization - <b>December 2022</b>

### C. Other WMATA News

#### ▪ Silver Line Phase 2 Opens

On November 15, WMATA [opened the Silver Line Phase 2](#). The extension opens six new stations and completes the final phase of the full 23-mile expansion that began construction in 2009. The extension includes a brand-new rail maintenance and service yard which became the largest rail yard in the Metrorail system. On November 10, the [WMSC concurred on Metrorail's safety certification of the Silver Line Phase 2](#).



December 15, 2022

**Chair**

Hon. Canek Aguirre

**Vice Chair**

Hon. Dalia Palchik

**Secretary-Treasurer**

Hon. Matt de Ferranti

**City of Alexandria**

Hon. Canek Aguirre

Hon. Sarah Bagley

**Arlington County**

Hon. Katie Cristol

Hon. Matt de Ferranti

Hon. Libby Garvey

**Fairfax County**

Hon. Walter L. Alcorn

Hon. John Foust

Hon. Jeffrey C. McKay

Hon. Dalia A. Palchik

Hon. James R. Walkinshaw

**City of Fairfax**

Hon. David Meyer

**City of Falls Church**

Hon. David F. Snyder

**Loudoun County**

Hon. Matthew Letourneau

Hon. Michael R. Turner

**Commonwealth of Virginia**

Hon. Paul C. Smedberg

**Virginia General Assembly****Senate**

Hon. John J. Bell

Hon. Adam Ebbin

**House of Delegates****Appointees**

Mr. Nick Clemente

Ms. Aimee S. Gilroy

Mr. M. David Skiles

Mr. John C. Tuck III

**Executive Director**

Katherine A. Mattice

On behalf of the Northern Virginia Transportation Commission (NVTC), I am pleased to submit the *2022 Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority (WMATA)* as directed by Virginia code.

This year's report presses upon WMATA to improve service, safety and security, enforce fare payment, simplify the fare structure, increase non-fare revenues and manage labor costs. The year's report also directs NVTC staff to explore the implications of Northern Virginia local transit agencies assuming operations of Metrobus services and to examine and develop options for a new financial operating model for WMATA, including potential reforms and additional oversight. We expect these two efforts to start in the new year.

WMATA faces structural financial challenges that were accelerated by the COVID-19 pandemic and subsequent decline in ridership. New management at WMATA presents an opportunity to reevaluate current processes and systems. NVTC's strategies to WMATA offer recommendations to examine these challenges and work with funding partners and stakeholders - including the Commonwealth - to execute functional solutions and in turn restore rider confidence and provide safe and reliable service to Virginians.

Further, the report outlines the expenditures of the Commonwealth's WMATA Capital Fund, which provided \$154 million in dedicated capital funding in FY 2022 as part of WMATA's \$2.05 billion capital budget to support state of good repair improvements. The report also contains safety and reliability, financial performance and ridership data on Metrorail and Metrobus.

We look forward to working with our partners in the Commonwealth to help WMATA navigate a path toward its vision of the future while also ensuring transparency and accountability at WMATA.

Sincerely,

A handwritten signature in black ink, appearing to be "CA", written over a large, light gray watermark of the letter "D".

Canek Aguirre  
Chair

## Acknowledgements and Credits

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### **NVTC WMATA Committee Members**

Walter Alcorn, Chair

Canek Aguirre

Matt de Ferranti

Matt Letourneau

David Meyer

Paul Smedberg

David Snyder

### **NVTC Management Team**

Kate Mattice, Executive Director

Allan Fye, Director of Programs and Policy

Scott Kalkwarf, Director of Finance and Administration

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Sophie Spiliotopoulos, Program Analyst

Monique Blyther, Marketing and Engagement Manager

Matt Friedman, Communications and Public Affairs Manager

Tenley O'Hara, Legislative & Administrative Assistant

Special thanks to staff of our jurisdictional and state partners and WMATA for their comments and technical feedback.

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## 2022 Report on the Performance and Condition of WMATA

NVTC's 2022 *Report on the Performance and Condition of WMATA* includes strategies for Metro to improve operational efficiency and reduce the growth in costs, the uses of Virginia's dedicated capital funding, recent major accomplishments in the capital program, and reliability, ridership and financial performance data.

Photos  
courtesy  
of Metro

### Highlights of NVTC's Recommendations to Metro:

**Rebuild customer confidence** by **continuing the return of the 7000-series railcars to service** and offering frequent and reliable rail service, improving the **physical safety and security** of customers and **reforming the management and safety culture**.

Work with partner jurisdictions **to enforce fare payment uniformly across the system** to address customer safety and security.

**Implement a simple and convenient Metrorail fare structure** and customer experience that makes it easy to pay fares, manage transit benefits and transfer to other systems.

**Continue to increase non-fare revenues** from real estate and advertising.

**Seek to manage labor cost** escalation in collective bargaining and seek amendments to the Wolf Act.

### Recommendations for the Commission:

Explore the implications, challenges and opportunities of **local transit agencies assuming the operation of Metrobus services** in Northern Virginia.

**Develop options for a new financial operating model** for Metro that reflects Virginia's unique funding and modal relationship with Metro, examines existing and potentially new revenues and explores opportunities to reform federal, state and/or Metro laws or policies around Metro budget and subsidy.





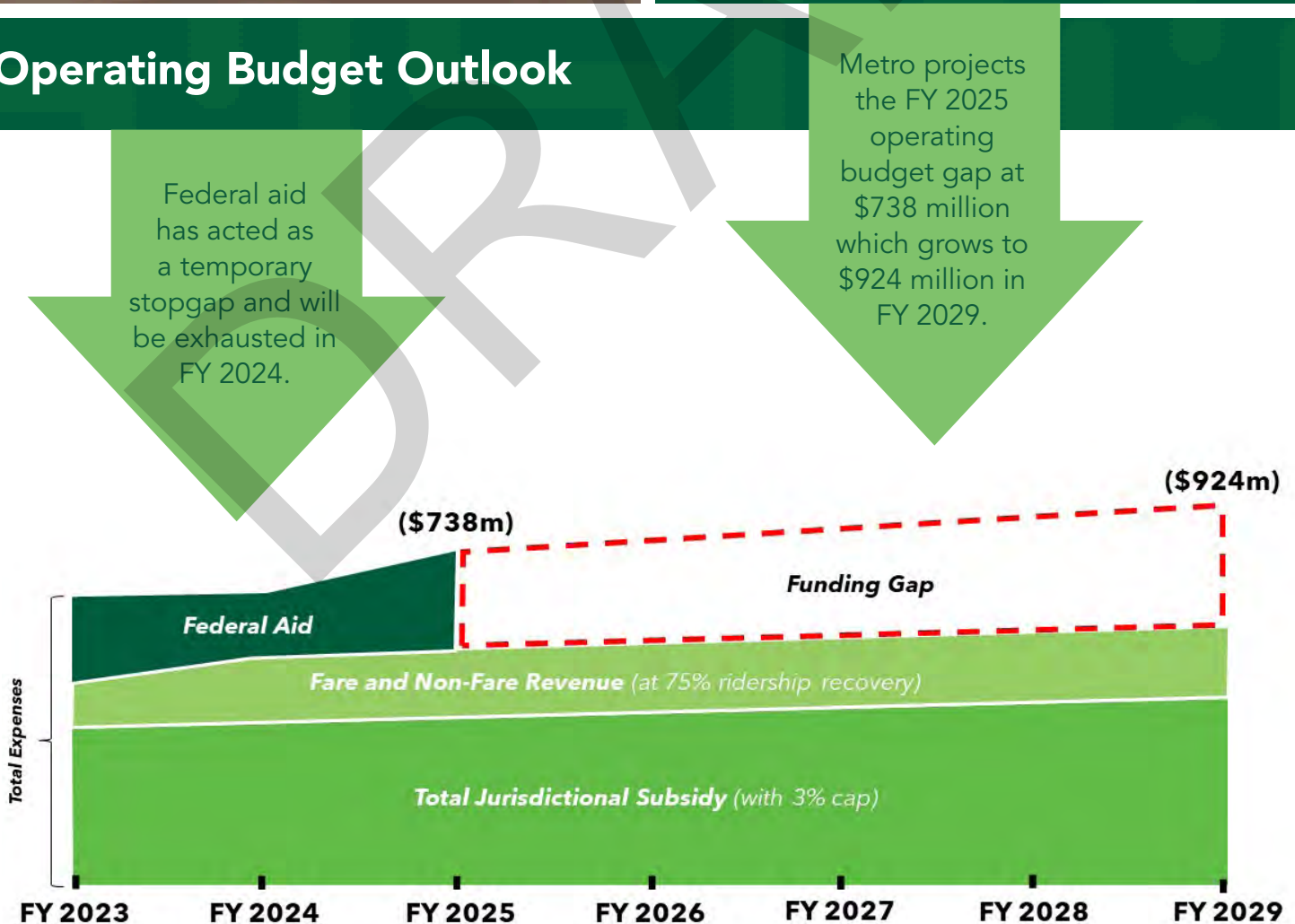


## Future Operating Budget Gaps

The pandemic has accelerated the structural challenges to Metro's financial operating model, which will result in future operating gaps as federal COVID aid is exhausted. This long-term operating funding gap is partially due to slow ridership recovery, but it will persist with a moderately smaller gap even if ridership recovered to 100% of pre-pandemic levels.

Solving these multi-year operating gaps will necessitate some difficult choices. NVTC is working with our local, Commonwealth and federal partners to support Metro as it evolves to meet the Northern Virginia transit needs of a post-pandemic transit world.

## Operating Budget Outlook



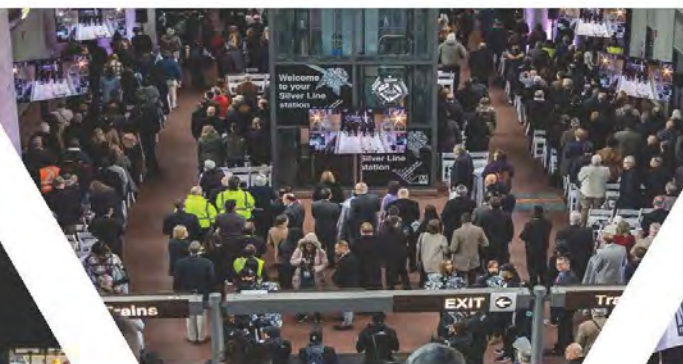




# SILVER LINE EXTENSION

Photos courtesy of Metro

The Silver Line Extension opened on November 15. The extension includes six new stations in Loudoun and Fairfax Counties and provides the region with direct service to Washington Dulles International Airport.









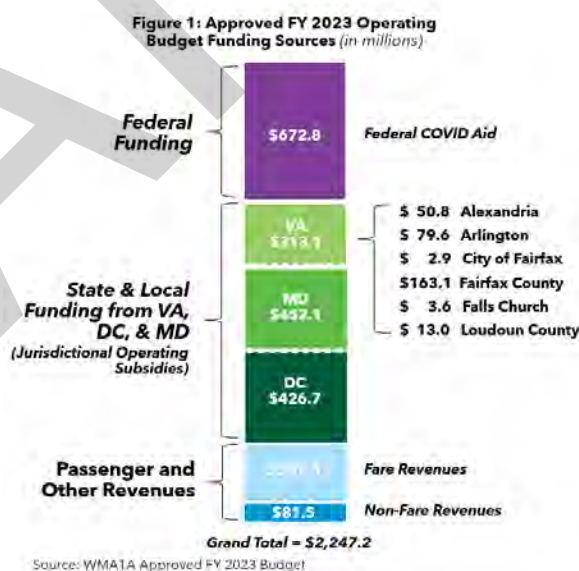
## Introduction

The Washington Metropolitan Area Transit Authority (WMATA) operates heavy rail (Metrorail), bus (Metrobus) and paratransit (MetroAccess) services across the Washington, D.C. region and in the Commonwealth of Virginia. WMATA is the third busiest rail transit system and the sixth busiest bus system in the United States. The COVID-19 pandemic resulted in a steep and sudden drop-off in both transit demand and ridership in Northern Virginia and the Washington, D.C. region. WMATA is highly dependent on farebox revenues - especially from Metrorail - to fund operations and reduce pressure on the growth of jurisdictional operating subsidies.

With the emergence of new post-pandemic travel patterns and teleworking in the Washington Metropolitan region remaining substantially higher than pre-COVID levels, both WMATA and transit systems across the United States face a gradual recovery of transit ridership and revenue. In addition, an extended period of reduced service on Metrorail due to the October 2021 Blue Line derailment and subsequent removal and gradual reintroduction of the 7000-series railcars from service has impeded both ridership and revenue recovery.

### WMATA's FY 2023 operating revenues

WMATA's operating budget is mainly funded by fare revenues and jurisdictional operating subsidies. The largest category of funding that WMATA receives is the jurisdictional operating subsidies from Virginia, Maryland and the District of Columbia (Figure 1).<sup>1</sup> In Virginia, these jurisdictional operating subsidies are the responsibility of the six local governments encompassed by the Northern Virginia Transportation Commission - the counties of Arlington, Fairfax and Loudoun and the cities of Alexandria, Falls Church and Fairfax - who use a variety of funds, including the regional gas tax, state aid and their general funds to meet their obligations.



Since FY 2020, federal COVID-19 aid from the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSSA) and American Rescue Plan Act of 2021 (ARPA) has provided WMATA with over \$2.6 billion<sup>2</sup> in federal COVID aid that is projected to be exhausted in WMATA's FY 2024 operating budget. WMATA is not the only major rail transit system experiencing a slow return of ridership and farebox revenues, transit systems across the United States are faced with difficult decisions, including service cuts, to close anticipated budget gaps at a critical time for ridership recovery.

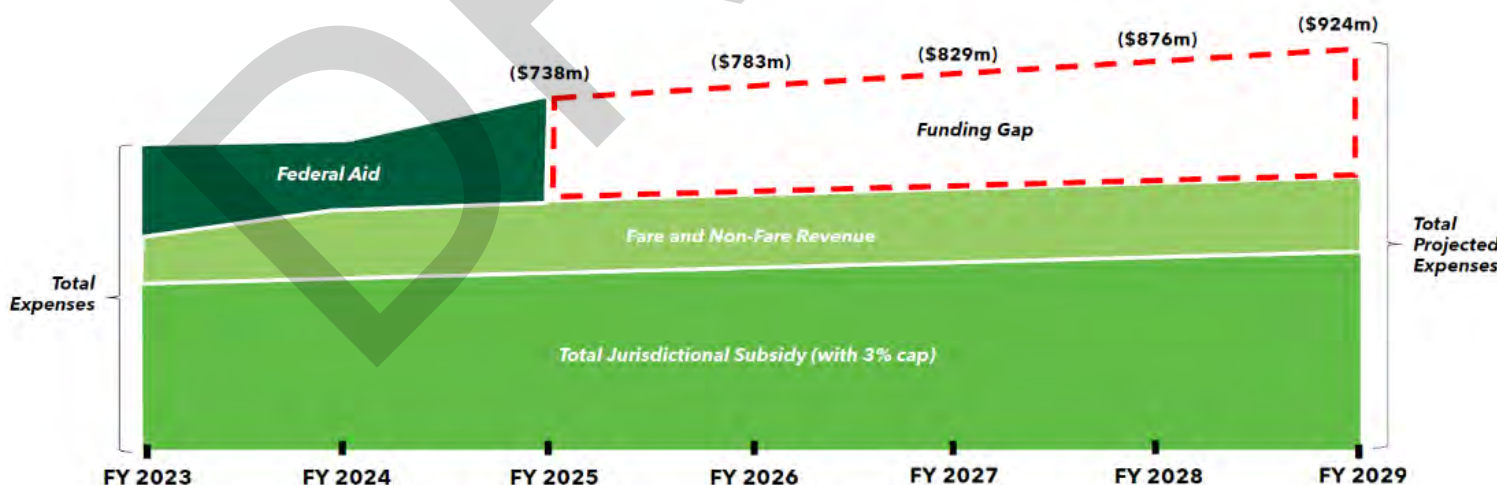
### WMATA's FY 2024 operating funding gap

In FY 2024, WMATA will see a significant increase in expenses, primarily due to increasing costs and contractually obligated wage increases related to inflation. On the revenue side, ridership and revenues are expected to continue a gradual recovery (but not to pre-pandemic levels) and jurisdictional annual subsidy growth is constrained by the legislative 3% caps in Virginia and Maryland. This leaves an operating budget funding gap of approximately \$184.7 million - which will largely have to be met through a combination of passenger and non-passenger revenue increases, fare increases, expense reductions, service reductions and shifting some operating expenses to the capital program for preventive maintenance.<sup>3</sup> By the time this report is published, the WMATA Board will have begun work sessions to further explore these issues in order to approve a budget in Spring 2023. The WMATA Compact requires that the WMATA Board adopt a balanced budget.<sup>4</sup>

### WMATA's FY 2025 (and beyond) operating funding gaps

While the FY 2024 gap will be challenging, the operating budget still benefits from federal COVID aid, which will not be available in the FY 2025 budget. Assuming a limited long-term ridership recovery, WMATA currently projects the FY 2025 operating budget gap at \$738 million which grows to \$924 million by FY 2029 (Figure 2).<sup>5</sup> This long-term operating funding gap is partially due to slow ridership recovery, but it would persist with a moderately smaller gap even if ridership recovered to 100% of pre-pandemic levels. These long-term operating gaps are the result of structural challenges to WMATA's operating budget which have been accelerated by the pandemic. Federal aid has acted as a temporary stopgap, and these multi-year operating gaps will necessitate some difficult choices about how to balance expenses and revenues while maintaining momentum on a slow but steady ridership recovery.

**Figure 2: WMATA's Long-Term Budget Outlook**



Source: WMATA Finance and Capital Committee Meeting September 2022

### WMATA's structural operating challenges

The passage of the landmark 2018 transit omnibus legislation in Virginia (and mirrored in Maryland and the District) created dedicated capital funding for WMATA and has provided the means to accelerate the capital program to address the state of good repair backlog.<sup>6</sup> While capital funding is currently on stable footing, WMATA's long-term operating financial model faces immediate challenges in its customer revenue structure, cost structure and subsidy structure - structural challenges which have all been accelerated by the pandemic.<sup>7</sup>

#### *Customer revenue structure*

In FY 2011, Metrorail had a farebox recovery of 70.2% that dropped to 51.6% in FY 2019. Metrobus had a similar decline, from 26.6% in FY 2011 to 18.7% in FY 2019.<sup>8</sup> <sup>9</sup> WMATA's pre-pandemic financial model was based on high farebox recovery on Metrorail which was itself based on collecting higher peak fares from long-distance commuters. WMATA's pre-pandemic FY 2021 budget assumed that 81% of a total \$677.8 million in fare revenue was generated by Metrorail, 64% of which was estimated to come from Metrorail peak fares.<sup>10</sup> This financial model was gradually challenged during the 2010s as low gas prices, gradual increases to telework, fare evasion, the subsidized rise of transportation network companies like Uber and Lyft and Metrorail service reliability issues from deferred maintenance caused declines in ridership.<sup>11</sup> Benefiting from years of state of good repair investments, made possible by dedicated capital funding, Metrorail showed a ridership rebound in early 2020 that was cut short by the onset of the pandemic.<sup>12</sup>

Fare and parking revenues plummeted during the pandemic and have begun a slow and uneven recovery. WMATA's ridership and revenue profile in June 2020 showed a smaller share of ridership and revenue from long-distance and peak hour Metrorail trips when compared to pre-pandemic travel.<sup>13</sup> Teleworking, which was slowly increasing prior to the pandemic, now shapes commuting patterns. In the Washington region, teleworkers and professionals who work a compressed schedule rose from 10% in 2019 to 48% in 2022. Of returned riders, WMATA takes in less revenue than it previously did per ride. This is in part due to increasing fare evasion across the system, which is most notable in the District where fare evasion accounts for 42% of trips on Metrobus.<sup>14</sup>

#### *Cost structure*

Given the diverse array of available transportation options in Northern Virginia, customers and the community expect a high level of transit service. As a result, transit is a very labor-intensive operation and approximately 70% of WMATA's operating expenses are related to personnel. For context, in 2021 WMATA had 12,664 authorized positions, approximately 79% of which are covered by a collective bargaining unit.<sup>15</sup> At peak service, WMATA operates 991 buses, 720 MetroAccess vehicles and 998 railcars.<sup>16</sup>

On the expense side, WMATA's structural operating challenges are driven by inflation, contractually obligated and inflation-linked wage increases, substantial unfunded legacy commitments on pensions (net pension liability of \$142.6 million in FY 2021) and other post-employment benefits (net OPEB liability of \$2.2 billion in FY 2021) and high MetroAccess costs.<sup>17</sup> For FY 2023, the largest multi-year collective bargaining agreements include 2.5% wage increases, with additional increases tied to the rate of inflation as measured by the Consumer Price Index (CPI) each May.



### *Subsidy structure*

WMATA has no dedicated operating revenues and relies on its funding jurisdictions to pay operating subsidies on an annual basis. High annual percentage increases in jurisdictional operating subsidies are unsustainable for Virginia jurisdictions to maintain as they are reliant on a limited number of fiscal tools and have many competing priorities as local governments. Between FY 2011 and FY 2019, increases in jurisdictional operating subsidies averaged approximately 10% per year for Virginia.<sup>18</sup> Most of the jurisdictional operating subsidy increases during this decade were to offset declining farebox recovery rates for Metrorail while maintaining service levels and bringing Silver Line Phase 1 online. Year-over-year, this structural disconnect was managed in the budget process via increased jurisdictional subsidy, fare increases, minor service reductions and management actions to find cost savings.

Since the implementation of the 3% cap on operating subsidies (which includes specific legislative exclusions), jurisdictional operating subsidy increases have been much more modest.<sup>19</sup> However, these fiscal year operating budgets were buoyed by significant pre-pandemic fare revenues and/or federal COVID aid. The 3% cap on the annual growth in operating subsidies simultaneously limits WMATA's ability to increase jurisdictional subsidies and protects our jurisdictions from subsidy increases they cannot afford. However, in the context of the larger structural challenges at play in the operating budget, it is one factor in the current fiscally unsustainable path forward.

### WMATA's post-pandemic future

The COVID-19 pandemic accelerated teleworking trends and altered regional and commuting travel patterns in an unprecedented manner. WMATA has taken several immediate steps to realign its services with post-pandemic travel patterns on Metrorail and Metrobus:

- 1) Established a frequent all-day Metrorail service plan, adopting rail service standards that set minimum train frequencies at 12 minutes for most lines (seven days a week from opening to 9:30 p.m.), with flexibility to increase frequencies during peak hours.<sup>20</sup>
- 2) Implemented a frequent Metrobus network of 12-minute headways on 20 lines and 20-minute headways on 16 lines from 7:00 a.m. to 9:00 p.m., seven days a week.
- 3) Started the multi-year Bus Network Redesign, which will collaboratively redesign the Metrobus, Fairfax City CUE, and Prince George's County bus networks - in coordination with other local transit providers - to be more efficient and customer friendly. This effort, like the network redesign of Richmond's bus network in 2018 and Alexandria's DASH in 2021, will better align service with travel patterns and realign the bus network to respond to post-pandemic travel patterns.

With new leadership and the gradual restoration of 7000-series trains to the Metrorail system, WMATA has the momentum to bring back riders and serve new customers along the Silver Line Phase 2 in Loudoun and Fairfax Counties and the Potomac Yard Station in Alexandria. WMATA is an essential driver of the region's prosperity, mobility, land use and economic growth, but the pandemic has accelerated structural trends present in WMATA's operating financial model to reach an inflection point over the next two years. Barring any additional federal operating support, the next two years will be critical in establishing what the WMATA of the future will look like, how

it will operate service and how it will be funded. NVTC looks forward to working with our jurisdictions, our partners in the General Assembly and the Youngkin Administration.

## Safety, Reliability, Financial and Ridership Performance Data

A large portion of this report is dedicated to tracking the key safety, reliability, financial and ridership metrics shown in chapters 3-5. 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 for this report all current data sources will cover some time period that reflects the impacts of the COVID-19 pandemic, with some data sources covering more than others. The pandemic has impacted each metric in different ways which will be further discussed in chapters 3-5.

**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 2021 (January 1, 2021 to December 30, 2021)	NTD
Reliability	Fiscal Year 2022 (July 1, 2021 to June 30, 2022)	MPR
Financial Performance	Fiscal Year 2021 (July 1, 2020 to June 30, 2021)	NTD
Ridership	Fiscal Year 2021 (July 1, 2020 to June 30, 2021)	NTD

## Legislative Requirement for this Report

This report fulfills the requirements of §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 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

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

This chapter offers policy recommendations that will help to reduce the growth in costs and improve operational efficiencies at WMATA, as directed by Virginia code. These strategies are generally aimed at either controlling expenses and/or boosting revenues, mostly through increased ridership. New to this year's report are two recommendations for NVTC, which are uniquely suited to the Commission's policy, funding and coordination role. These efforts could result in strategies directed at WMATA in future reports.

## Strategy 1: WMATA should rebuild customer confidence

### Continue the return of the 7000-series railcars to service and offer frequent and reliable rail service



Increasing ridership and revenue are dependent on WMATA's efforts to rebuild trust with riders and this starts with continuing the return of the 7000-series railcars to service and providing frequent and reliable rail service. Since the Blue Line derailment in October 2021, riders have been faced with greatly reduced service and declines in on-time performance and reliability, resulting in a drop in customer satisfaction. While efforts to restore 7000-series railcars are underway and showing positive momentum, Northern Virginia riders have experienced over a year of long waits between trains, all while offices started to implement their return to office plans and residents were eager to attend regional events. Restoring frequent and reliable rail service will rebuild rider confidence and attract new and returning riders.

### Improve the physical safety and security of customers



Customers should feel safe on Metro. Rising crime, perceptions of crime and misconduct in and around our region is spilling onto Metrorail and Metrobus systems, deterring current and potential riders. Crimes against persons are higher than pre-pandemic levels and parallel with trends seen regionally and nationally, causing concerns for employees and riders.<sup>21</sup> WMATA should continue to enhance its safety and security efforts to engage the community, target enforcement efforts and increase police visibility on buses and trains and in stations.<sup>22 23</sup> Another element related to improving the physical safety and security of riders is enforcing fare payment, which is detailed further in Strategy #2.

## Reform the management and safety culture



In 2022, WMATA faced safety and management challenges including the restoration of the 7000-series railcars, lack of train operator recertification and unsafe third rail power operations.<sup>24 25</sup> As a result of these setbacks, there is a broad lack of confidence that WMATA fosters an organization-wide safety culture. WMATA's own internal investigation into the lack of train operator certification found that WMATA's "independent oversight of the training and certification functions was immature" and that decisions were made within certain parts of the organization that were not shared more broadly.<sup>26</sup> With a new General Manager hired by the WMATA Board of Directors, WMATA needs to show real, sustained progress on overhauling WMATA's management and safety cultures.

DRAFT



## Strategy 2: WMATA should enforce fare payment uniformly across the system

### Work with partner jurisdictions to enforce fare payment to address customer safety and security



Riders who came back to WMATA in 2022 found a system that is less safe and secure than what they experienced pre-pandemic. When comparing the first two quarters of FY 2021 to the same time period in FY 2022, employee injuries due to stress and assault tripled. Seventy frontline staff were threatened or assaulted and over 30 more witnessed violence or a shooting.<sup>27</sup> Crimes against persons are higher than pre-pandemic levels and parallel with trends seen regionally and nationally, causing concerns for employees and riders.<sup>28</sup> The Metro Transit Police Department (MTPD), not bus operators or station managers, are responsible for enforcing fare payment, and MTPD must follow the fare evasion laws of each respective state or local government within which they operate. These laws vary from a civil or a criminal offense in Virginia and Maryland jurisdictions, depending on the city or county. In Washington, D.C., fare evasion was a criminal offense until the District decriminalized fare evasion to a civil offense in 2019. After nearly four years, the District only recently created an adjudication process to allow MTPD to enforce fare evasion as a civil fine. On October 4, WMATA announced the launch of a warning campaign aimed at deterring fare evasion, with enforcement efforts that began in November.<sup>29</sup>



This uneven enforcement shows up in the data. Estimates prior to the coronavirus pandemic show that for Metrobus systemwide, fare evasion was 17% in the first and second quarters of FY 2020 (pre-pandemic) and 34% in the first and second quarters of FY 2022.<sup>30</sup> The distribution of this increase is extremely uneven, with the District increasing from 22% to 42%, Maryland increasing from 16% to 34% and Virginia increasing from 2% to 6% during the same time period.<sup>31</sup> New faregates are capable of recording occurrences of fare evasion, and NVTC encourages WMATA to release their findings as soon as possible. WMATA is also piloting faregate designs that better deter fare evasion. WMATA conservatively estimates revenue losses due to fare evasion totaling \$40 million in FY 2022.<sup>32</sup> Enforcing fare payment is critical to creating a safe, secure and financially sustainable transit system.





## Engage partner jurisdictions to offer jurisdictionally sponsored low-income fare products



For riders who may be unable to afford their transit fare, funding jurisdictions have the option to enter into fare buy-down agreements with WMATA to provide a fare subsidy to specific groups of riders.<sup>33</sup> The District uses this model to offer free transit to all students who sign up for the DC Kids Ride Free Program, and Montgomery County and Fairfax County also offer similar programs to eligible students.<sup>34</sup> <sup>35</sup> Arlington County has a similar program for students to ride free on Arlington Transit, while the City of Alexandria and City of Fairfax are paying for fare free service for all riders on DASH and CUE. The District has also started a low-income fare pilot that offers fare subsidies to low-income riders.<sup>36</sup> Successful implementation of fare buy-down agreements, however, relies on riders tapping their cards when riding transit to secure accurate faregate ridership data. This is critical to ensuring that these programs are being appropriately billed to the sponsoring jurisdiction and that WMATA is accurately counting and submitting its ridership statistics to the FTA, which is an important factor in how much federal funding WMATA receives. WMATA should continue to engage its jurisdictional partners to conduct education and outreach on these programs and the importance of properly using subsidized fare media.

## Strategy 3: WMATA should implement a simple and convenient Metrorail fare structure

Overhaul the fare structure and customer experience to be simple, customer-focused and built to drive ridership and revenue



WMATA should explore a flat or zone-based fare system to attract new riders and new types of riders in a changing transportation landscape. In 2021 and 2022, WMATA instituted a weekend rail and late-night (after 9:30 p.m.) flat rail fare of \$2 and implemented free transfers between Metrobus and Metrorail.<sup>37</sup> The enactment of the \$2 weekend and late-night flat fare provided a simple fare structure to attract riders back to the system and serve changing travel patterns; however, they required budgetary offsets to mitigate the lost revenue from enacting these fare discounts. While pursuing this strategy, WMATA must balance fare simplification with the need to generate enough fare revenue to maintain services.



Metrorail offers a distance-based fare system with rates that vary based on the day of the week and time of day. Fares range from \$2.25 to \$6.00 and from \$2.00 to \$3.85 during peak and off-peak hours, respectively.<sup>38</sup> This structure creates a confusingly large number of fare combinations, depending on which stations a rider is traveling to and from, and the time of day. While confusing, this fare structure historically created high levels of farebox recovery, as many long-distance riders have transit benefits through their employers (which is often the federal government). However, changing travel patterns and a significantly higher amount of telework during post-pandemic recovery severely undermines this model. In the Washington region, teleworkers and professionals who work a compressed work schedule rose from 10% in 2019 to 48% in 2022.<sup>39</sup>



Create a seamless and convenient customer experience that makes it easy to pay fares and manage transit benefits

In order for a new fare structure to be successful and drive ridership and revenue, it must be customer-friendly and seamless. As employees return to the office and come back to transit, WMATA should make their return as easy as possible, including how they receive and manage their transit benefits. Prior to the pandemic, 48% of riders were federal employees on an average weekday.<sup>40</sup> Making fare payment as frictionless as possible for all types of riders, including those using transit benefits and passes, is critical to bringing back ridership.



## Integrate local and regional transit providers into WMATA's fare structure and fare payment systems

Beyond WMATA, all transit service providers in Northern Virginia are part of the regional fare collection SmarTrip system, except Virginia Railway Express (VRE), the Commonwealth's only commuter rail system. Riders, however, are agnostic to providers and WMATA should accelerate its efforts at creating revenue agreements and the appropriate fare policy infrastructure to integrate VRE (and MARC in Maryland) into a fully integrated fare and pass system.

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## Strategy 4: WMATA should continue to increase non-fare revenues from real estate and advertising

Continue to partner with local jurisdictions and maximize the transformative opportunities for joint development on WMATA land



Transit agencies across the U.S. rely on a host of funding sources to manage their operating budgets. Non-fare revenues are one of the tools used by transit agencies to increase revenues and make the system more efficient. In FY 2023, non-fare revenues were budgeted to account for 4% of operating expenses and totaled \$81.4 million.<sup>41</sup> Non-fare revenue for WMATA includes joint development, advertising, parking, fiber optics and property leases. WMATA's joint development program involves private real estate development on WMATA owned property in conjunction with the construction and/or modernization of public transit facilities. The joint development program delivers valuable benefits such as increased ridership, new revenue from fares and real estate proceeds. New housing and business opportunities near transit generate new state and local taxes on formerly undeveloped and tax-exempt land. Since 1975, WMATA has completed 55 joint development projects on 17 million square feet of mixed-use development that generate \$194 million in annual state and local tax revenue and close to five million additional Metro trips annually.<sup>42</sup> Completed joint development projects accumulate between \$8-11 million in annual lease revenue to WMATA.<sup>43</sup>



In April of 2022, WMATA released its 10-Year Strategic Plan for Joint Development which seeks to implement 20 new joint development agreements by 2032.<sup>44</sup> The 10-year plan seeks to accelerate development that generates new Metro ridership and revenues, prioritizes Metro planning and investments, aligns WMATA and jurisdictional interests and attracts private sector investment. It is estimated that future joint development will produce 9 million new annual Metro trips, \$40 million in new annual Metro fares and \$50 million in new potential annual lease revenue.<sup>45</sup> WMATA should continue to partner with local jurisdictions and maximize the transformative opportunities for joint development on WMATA owned land.



## Strategy 5: WMATA should seek to manage labor costs

### Manage labor cost escalation in collective bargaining



Personnel costs account for 68% of WMATA's operating expenses.<sup>46</sup> Most WMATA employees are unionized and covered by a collective bargaining agreement (CBA). Collective bargaining agreements set forth the wage increases, benefits and other employment conditions with that specific bargaining unit. For FY 2023, the largest multi-year collective bargaining agreements include 2.5% wage increases, with additional increases tied to the rate of inflation as measured by the Consumer Price Index (CPI) each May. High levels of inflation required WMATA to amend the FY 2022 operating budget to account for an additional \$20.9 million in wage increases beyond what was budgeted.<sup>47</sup> This increase was offset by using additional federal aid, which reduced WMATA's ability to manage future operating budget gaps.

### Seek amendments to the National Capital Area Interest Arbitration Standard Act (Wolf Act) of 1995



Collective bargaining agreements (CBA) are negotiated between management and labor, and if both parties agree, the result is called a negotiated CBA. If both sides cannot agree, then the WMATA Compact calls for both parties to enter binding arbitration, where, if negotiations continue at an impasse, an arbitration panel will determine the outcome.<sup>48</sup>

The Wolf Act governs the actions of arbiters in the arbitration of labor disputes involving transit agencies operating in the national capital area.<sup>49</sup> WMATA has found that in prior cases the arbiter has not adequately considered WMATA's financial capacity and the ability of the jurisdictions to pay. Amending the Wolf Act to tighten these provisions to require consideration of WMATA's financial capacity and the ability of the jurisdictions to pay as part of the arbitration process is an important component of resolving the long-term structural operating gap that WMATA faces.

## Strategy 6: NVTC should explore the implications of local transit agencies assuming the operation of Metrobus services in Northern Virginia

Identify the challenges and opportunities of local transit agencies assuming the operation of Metrobus services in Northern Virginia



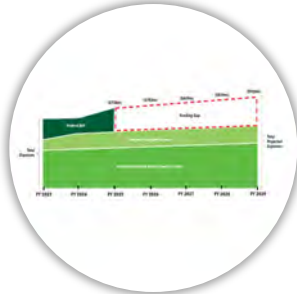
Five local transit operators (DASH, ART, CUE, Loudoun County Transit and Fairfax Connector) and Metrobus provide local bus service in the Northern Virginia Transportation District.<sup>50</sup> Local transit operators provide 62% of all local transit service in Northern Virginia<sup>51</sup> and each jurisdiction balances local and Metrobus service in different ways. Some jurisdictions, like Loudoun County, have no Metrobus service and rely on their local operator, while others, like the City of Falls Church, do not have a local operator and rely on Metrobus. The remaining NVTC jurisdictions fall somewhere in between. Over the last 10-20 years, Virginia has typically added transit service through local bus operators and/or through service takeovers from Metrobus, resulting in a steady increase in the overall share of local transit provided by Northern Virginia operators.

While the amount of local transit service provided in Northern Virginia has increased over time, the amount of Metrobus service provided to Virginia has decreased from FY 2016 to FY 2023. Historically, the amount of Metrobus service provided across the region has been largely stable, but the distribution of this service has shifted away from Virginia over time as service patterns have been changed to respond to post-pandemic travel patterns. The results of WMATA's Bus Network Redesign in late 2023 will inform the future direction of the allocation of Metrobus service within Virginia, Washington, D.C. and Maryland.<sup>52</sup>

With local transit agencies assuming the operation of Metrobus services, WMATA can reduce expenses while the jurisdictions could see reduced operating subsidies. Such a direction, however, may generate a host of intended or unintended policy implications that must be considered and explored. NVTC staff should evaluate the policy, funding, capital facility, governance, labor and other considerations of Northern Virginia local transit agencies assuming the operation of Metrobus services in Northern Virginia. The results of such an effort would help jurisdictions and NVTC chart a course on the role of Metrobus and local transit operators in Northern Virginia.

## Strategy 7: NVTC should examine and develop options for a new financial operating model for WMATA

Evaluate WMATA's short-term and structural operating budget gaps within the context of Virginia's unique jurisdictional funding and modal relationship with WMATA



The pandemic has accelerated a structural disconnect between expense and revenue growth that was present before the pandemic. With a loss of fare and non-fare revenues due to the pandemic, federal COVID aid has balanced the operating budget since FY 2020 and will continue to be available until the FY 2024 budget, where it will only cover some of the operating funding gap. The FY 2024 operating budget funding gap of \$184.7 million will entail some difficult decisions to resolve, which may involve service reductions. The gap grows to \$738 million in FY 2025, and this magnitude of a funding gap would entail severe reductions to bus and rail service. These service reductions would be during a critical period in WMATA's recovery and are potentially devastating to ridership recovery and the economic health of Northern Virginia.



WMATA's pre-pandemic financial model, relying on high farebox recovery from peak-period, long-distance commuters, is gone, and WMATA, Virginia and the region must develop a new model and a sustainable approach to aligning WMATA's expense and revenues. Riders want frequent and reliable, high quality transit service that meets their needs in a competitive transportation landscape. NVTC wants WMATA to succeed given its role in mobility, congestion relief and economic development. The funding jurisdictions also need to be protected against unsustainable subsidy increases that cannot be maintained through existing general fund revenues. Given the complicated governance and funding relationship Virginia has with WMATA, NVTC will begin this conversation with the creation of a WMATA Operating Funding and Reform Working Group comprised of jurisdictional and DRPT staff experts and key stakeholders.

### Examine existing and new operating revenues



The NVTC WMATA Operating Funding and Reform Working Group would examine how to align expenses with revenues at WMATA with a focus on existing and new revenue sources. As the operating budget continues to face long-term challenges, WMATA and the funding jurisdictions should look to develop a new financial operating model including the creation of a new stable funding stream to sustain the system. Local jurisdictions are reliant primarily on property taxes for generating local revenues, and they cannot sustain significant year-over-year subsidy increases.

## Explore opportunities to reform WMATA policies and state and federal laws or policies around WMATA budget and subsidy



The NVTC WMATA Operating Funding and Reform Working Group would evaluate all related WMATA policies and state and federal laws or policies related to the WMATA budget, subsidy process and broader funding model. At the state level, this may include the 3% cap on the annual growth in operating subsidy and associated Commonwealth Transportation Board (CTB) policies. At WMATA, this may include the way Metrobus subsidies are allocated and how WMATA implements the 3% cap on the annual growth in operating subsidy. At the federal level, it may include federal support (directly or indirectly) for transit operations, most notably the role of transit benefits and the federal workforce.

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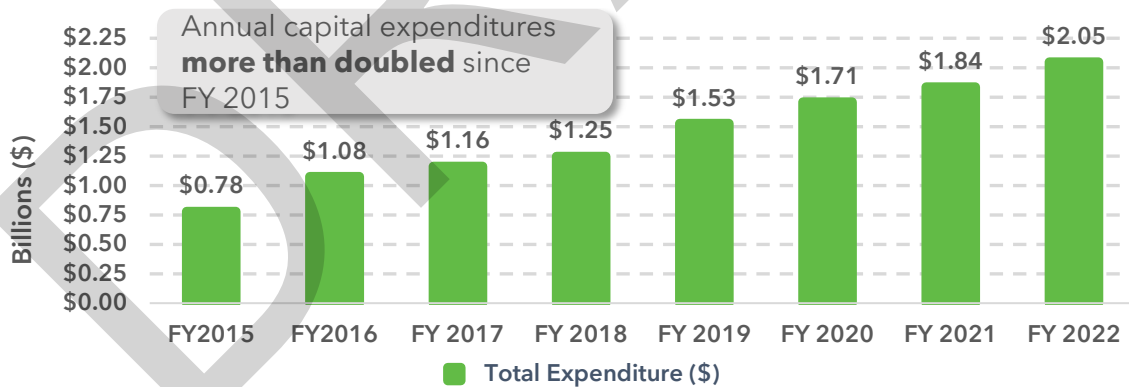


## 2. Use of Dedicated Capital Funds

In 2018, the Commonwealth of Virginia, the State of Maryland and the District of Columbia worked together to commit \$500 million a year in dedicated funding for capital investments at WMATA. Virginia's annual portion of this dedicated capital funding is approximately \$154 million, with the District of Columbia and State of Maryland providing the remaining portions. This dedicated capital funding strengthens WMATA's ability to embark on large, multi-year capital investments designed to address significant state of good repair needs. Virginia's dedicated capital funding supports WMATA's capital investments and project delivery across the system and can be used for any capital purpose. Of the \$154 million from Virginia, approximately \$124.5 million per year is bondable.

Prior to securing dedicated capital funding, WMATA's state of good repair backlog was estimated at \$7.1 billion in 2016. By FY 2019, WMATA's state of good repair backlog was estimated at approximately \$5 billion, and if sufficient funding is made available could be reduced to \$1.2 billion by FY 2032.<sup>53</sup> In FY 2015, WMATA spent \$780 million on its capital program. Over the last seven years, WMATA has ramped up its annual capital expenditures to address this backlog and other modernization needs. With a sustained focus on capital renewal made possible by the ability to issue bonds backed by dedicated capital funding, WMATA has more than doubled its capital expenditures to a record high \$2.05 billion in FY 2022 (Figure 1). Since the funding's inception, WMATA has authorized over \$1.4 billion in dedicated capital funding bonds, which will be paid for with future dedicated capital funding revenues. Dedicated capital funding will continue to support the capital program in the upcoming FY 2024 to FY 2029 CIP, during which time WMATA will reevaluate the continuing availability of dedicated capital funding as a source for debt service.

**Figure 1: WMATA Annual Capital Expenditures from FY 2015 to FY 2022**



Source: WMATA FY 2015-2022 financial reports

WMATA uses several sources to fund its capital program including federal funding, regional dedicated funding, state and local contributions and other sources. As required by law, NVTC must include the uses of funds from the WMATA Capital Fund (Virginia's dedicated capital funding) from the prior fiscal year in this report. Table 2 shows the actual expenditures of the fund for FY 2022 by Capital Improvement Plan (CIP) Program Area. WMATA provides additional information on progress made in the overall capital program during FY 2022 in WMATA's Quarter 4 FY 2022 Capital Improvement Program Progress Report.<sup>54</sup>

**Table 2: FY 2022 Expenditures from the Virginia WMATA Capital Fund by CIP Program**

CIP Category	CIP Program	FY 2022 Actual Expenditures (millions)
<b>Railcar Investments</b>	Railcar Acquisition	\$10.85
	Railcar Maintenance/Overhaul	\$13.19
	Railcar Maintenance Facilities	\$4.45
	<b>Total</b>	<b>\$31.31</b>
<b>Rail Systems Investments</b>	Power	\$7.42
	Signals & Communication	\$10.49
	<b>Total</b>	<b>\$17.91</b>
<b>Track and Structures Rehabilitation Improvements</b>	Fixed Rail	\$9.98
	Structures	\$15.81
	<b>Total</b>	<b>\$25.79</b>
<b>Stations and Passenger Facilities Investments</b>	Platforms & Structures	\$6.18
	Vertical Transportation	\$2.85
	Station Systems	\$27.28
	<b>Total</b>	<b>\$36.30</b>
<b>Bus and Paratransit Investments</b>	Bus and Paratransit Acquisition	\$1.19
	Bus Maintenance/Overhaul	\$4.80
	Bus Maintenance Facilities	\$2.13
	Bus Passenger Facilities/Investments	\$2.89
	<b>Total</b>	<b>\$11.01</b>
<b>Business Support Investments</b>	Information Technology	\$13.23
	Metro Transit Police Department	\$0.34
	Support Equipment/Services	\$10.86
	<b>Total</b>	<b>\$24.44</b>
<b>Total Capital Programs</b>		<b>\$146.76</b>

Source: WMATA <sup>55</sup>

Note: Totals may not add due to rounding. Due to the timing of the publication of this report, these expenditures are preliminary and do not represent final audited expenditures. Approximately \$6.8 million of debt service is obligated against this funding source but has not yet been recognized in Metro's accounting system. When this amount is added to the expenditures through June 30, 2022 approximately \$153.6 million has been spent of the \$154.5 million Virginia dedicated capital funding contribution.

In FY 2022, WMATA invested more than \$2 billion in capital projects with a priority to invest in state of good repair projects. Significant FY 2022 capital accomplishments included:

### **Near completion of platform rehabilitation program**

As of June 30, 2022, the four-year Platform Improvement Project was nearly complete with 17 outdoor stations rehabilitated and improved. In the first quarter of FY 2023, all 20 stations will be substantially completed, 11 of which were in Virginia. In FY 2022, WMATA also rehabilitated 6 elevators and 21 escalators and completely replaced 17 escalators.

*CIP program category: Stations and Passenger Facilities Investments*

### **Increased Metrobus fleet reliability**

In FY 2022, WMATA acquired 119 new clean diesel 40-ft buses, completed 83 bus rehabilitations and rebuilt 230 fareboxes, 99 transmission assemblies and 65 engine assemblies. Metrobus fleet reliability has been above target for FY 2021 and FY 2022. <sup>56</sup>

*CIP program category: Bus and Paratransit Investments*

### **Launched tunnel ventilation improvements pilot**

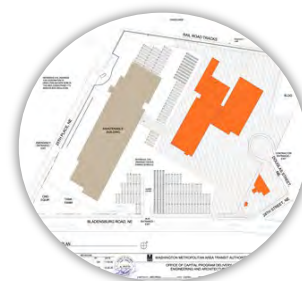
WMATA began construction of mezzanine platforms over Metrorail tracks on the Red Line to support upgraded ventilation fans and electrical systems, which will increase station and tunnel safety in the event of a smoke or fire emergency. This pilot project and results will be used to inform designs for potential future tunnel ventilation improvements across the Metrorail system.

*CIP program category: Track and structures rehabilitation*

### **Advanced bus garage modernization program**

WMATA is aggressively reconstructing and upgrading bus facilities. The Bladensburg bus maintenance and operations facility has advanced through demolition activities and will begin construction in FY 2023. When completed, the facility will accommodate up to 300 buses with capabilities to support electric vehicle charging infrastructure and equipment. Pre-construction activities have advanced at the Northern Bus Garage Facility, which will be rebuilt to accommodate up to 150 buses and will support electric bus operations and maintenance.

*CIP program category: Bus and paratransit investments*



### Upgraded power and automatic train control systems

In FY 2022, WMATA completed the Rosslyn cable tray replacement and installation of additional switchgear equipment. This work will facilitate operation of more eight-car trains in passenger service, reduce potential speed restrictions and reduce the risk of safety incidents. The major replacement work of the Alexandria Yard Automatic Train Control (ATC) system was also completed. This system helps with the automatic control of train speed and spacing.

*CIP program category: Rail systems investments*



### Addressed high priority track rehabilitation work

Using planned shutdowns and other forms of track availability, WMATA 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 addressed structural issues at Minnesota Avenue aerial structure, the Grosvenor aerial structure, and at eight segmental bridges. The Yellow Line Tunnel and Bridge Rehabilitation project was awarded in Q4 2022 and will address the structural degradation of the Yellow Line tunnel and bridge.

*CIP program category: Track and structures rehabilitation investments*



### Opened new headquarters at L'Enfant Plaza

In FY 2022, WMATA began use of its new headquarters in Washington, D.C. Completion of the Virginia and Maryland offices is expected in FY 2023 as part of the Office Consolidation Strategy. This will allow WMATA to downsize from ten office buildings to four, reducing operating expenses and improving operations.

*CIP program category: Business and operations support investments*



### Continued railcar fleet rehabilitation and acquisition

Throughout FY 2022, WMATA rehabilitated two 2000-series, 52 3000-series and 28 6000-series railcars as part of its rail vehicle maintenance program. The investigation of the 7000-series wheelsets continued in FY 2022, and WMATA resumed work on other components of 7000-series railcar maintenance. WMATA also installed eight railcar training simulators and advanced conceptual design work on the 8000-series railcars, which will replace the aging 2000 and 3000-series railcars.

*CIP program category: Railcar and railcar facilities investments*





### 3. Safety and Reliability

Documentation of the safety and reliability of Metrorail and Metrobus is required by §33.2-3402 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly. Safety data are collected by each individual transit agency and reported to the National Transit Database (NTD) which provides common definitions, reporting definitions and has a robust data quality assurance and auditing process. Reliability data are collected and reported by each individual transit agency and reliability data in this report are from the FY 2022 Metro Performance Report.<sup>57</sup>

#### 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 events). NTD measures transit safety by summarizing the total occurrences, Major and Non-Major, of certain safety events for rail and bus operations that include collisions, derailments (for rail only), fatalities,<sup>58</sup> fire, injuries<sup>59</sup> and security events.<sup>60</sup>

The NTD provides safety data on a calendar year basis, unlike all other data presented in this report which is reported on a fiscal year basis. 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 agencies based upon additional data on its operations or upon request by NTD analysts.<sup>61</sup> The following tables show the data as it was accessed in August 2022 and may show slightly different results for past calendar years as shown in previous NVTC reports. It is important to note that safety data provided in this section includes 2020 and 2021, both of which reflect ridership and service impacts due to the COVID-19 pandemic.

Table 3 summarizes the total count of each type of Metrorail safety event for calendar years 2017, 2018, 2019, 2020 and 2021.

**Table 3: Metrorail Safety**

NTD Category	Safety Event	Count, CY 2018	Count, CY 2019	Count, CY 2020	Count, CY 2021
<b>Events</b>	Collision	14	12	10	9
	Derailment	6	2	2	4
	Security Event	52	78	49	70
	Fire	65	71	39	43
<b>Fatalities<sup>62</sup></b>	Fatality	6	8	6	6
<b>Injuries</b>	Injury	350	389	188	205

Source: WMATA NTD Report, Form S&S-40 (Collision, Derailment and Security Event) and S&S-50 (Fire, Fatality and Injury).<sup>63</sup> Accessed August 30, 2022.

Table 4 summarizes the total count of each Metrobus safety event for calendar years 2017, 2018, 2019, 2020, and 2021.

**Table 4: Metrobus Safety**

NTD Category	Safety Event	Count, CY 2018	Count, CY 2019	Count, CY 2020	Count, CY 2021
<b>Events</b>	Collision	210	203	98	137
	Derailment	N/A	N/A	N/A	N/A
	Security Event	51	59	31	36
	Fire	1	4	1	4
<b>Fatalities<sup>64</sup></b>	Fatality	0	0	1	6
<b>Injuries</b>	Injury	538	535	238	330

Source: WMATA NTD Report, Form S&S-40 (Collision, Derailment and Security Event) and S&S-50 (Fire, Fatality and Injury).<sup>65</sup> Accessed August 30, 2022.

## 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 and 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 by four or more minutes. MDBD indicates the reliability of the railcar used to transport passengers.<sup>66</sup>
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 during a trip or before the start of its next scheduled trip.<sup>67</sup>

Reliability data is obtained from the annual Metro Performance Reports, produced by WMATA, which report data on a fiscal year basis. The data included in this report is for fiscal years 2019, 2020, 2021 and 2022 and covers the entire relevant fiscal year (from July 1 to June 30 of that respective fiscal year) unless otherwise noted.

## On-Time Performance

On-time performance (OTP) is reported for fiscal years 2019, 2020, 2021 and 2022. OTP is measured differently for Metrorail and Metrobus.

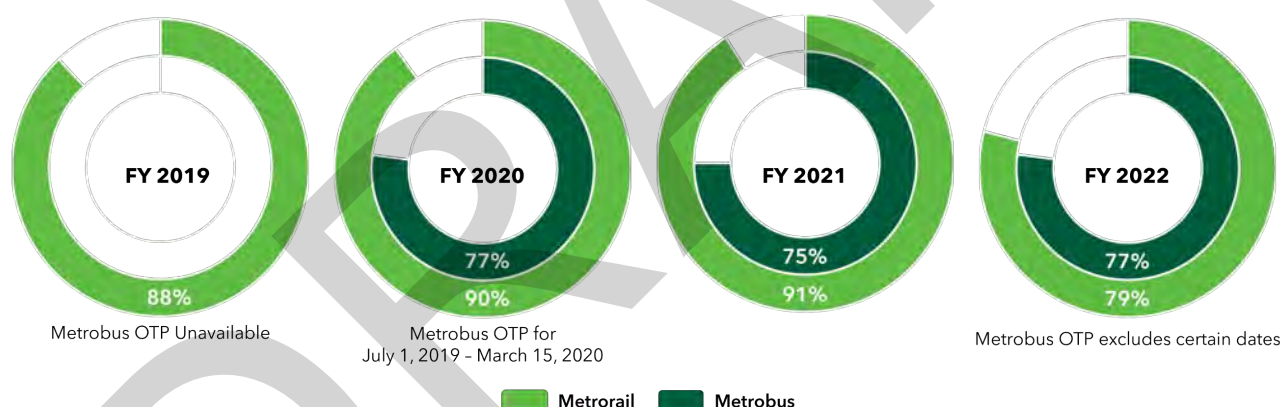
Metrorail customer OTP measures the percentage of customers who complete their journey within the maximum amount of time it should take per WMATA service standards. These standards vary by line, time of day and day of the week, and are informed by a customer's entry and exit from the system. Additional information on how this is measured is contained in the appendix.<sup>68</sup> Figure 2

summarizes Metrorail OTP in FY 2019, FY 2020, FY 2021 and FY 2022. Following the October 2021 derailment and removal of 7000-series trains from service, WMATA saw a decrease in Metrorail OTP from 91% in FY 2021 to 79% in FY 2022. Wait times were doubled as Metrorail service was cut in half, although on-time performance improved in February 2022 with increased service frequency as some of the 7000-series fleet was restored to service.

Metrobus OTP data is schedule and headway-based for FY 2020, FY 2021 and FY 2022. FY 2019 Metrobus OTP was not available due to data quality errors. FY 2020 Metrobus data are for a pre-pandemic period of July 1, 2019 to March 15, 2020. FY 2022 data excludes three days of data due to data collection errors<sup>69</sup> as well as data from January 1, 2022 to February 6, 2022 due to operator absences from the Omicron surge that required a quick move to a Saturday schedule during the week that prevented accurate measurement of on-time performance. All other data are reported for the full fiscal year. Additional information on how this is measured is contained in the appendix.

Figure 2 summarizes Metrobus OTP in FY 2019, FY 2020, FY 2021 and FY 2022. Metrobus OTP increased from 75% in FY 2021 to 77% in FY 2022. Effects of the pandemic have changed traffic conditions and staffing availability, both of which impact Metrobus OTP. Metro continues to adjust schedules and staffing plans to adapt to the changing environment.

**Figure 2: On-Time Performance by Mode**



Source: Metro Performance Report FY 2022

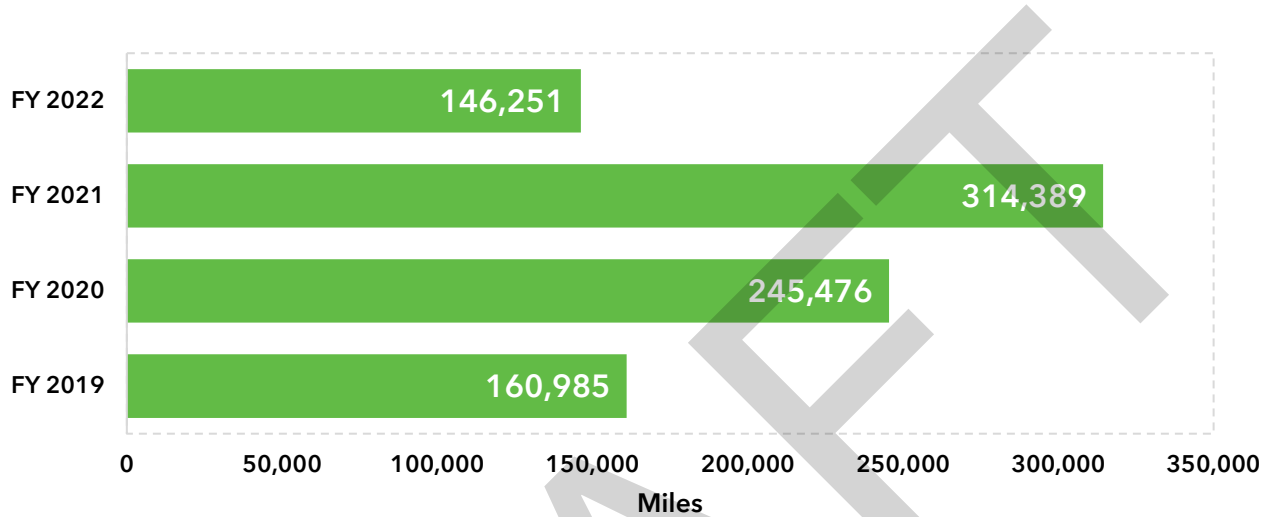
## Mean Distance between Delays/Failures

Mean distance between delays (MDBD) or mean distance between failure (MDBF) indicates the average number of miles traveled between vehicle failures that delay rail or bus service. The Metro Performance Report presents MDBD only for Metrorail and the equivalent metric for Metrobus reliability is mean distance between failures (MDBF). Higher MDBD/MDBF indicates greater reliability of Metro railcar and bus equipment.

Figure 3 and Figure 4 summarize the Metrorail and Metrobus reliability figures for FY 2019, FY 2020, FY 2021 and FY 2022. Metrorail equipment reliability saw a decline in FY 2022 due to the Blue Line derailment and removal of 7000-series railcars. The older 2000- and 3000-series railcars have provided most of the Metrorail service since that incident, and although these railcars typically perform less reliably, they performed the best in decades in FY 2022. Metrobus

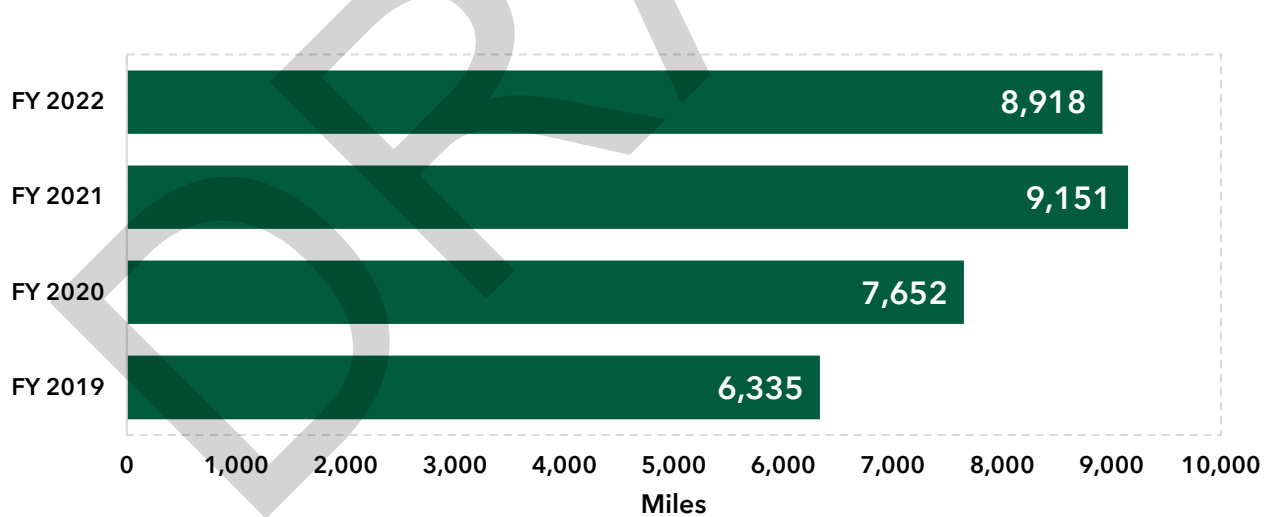
equipment reliability exceeded FY 2022 targets, in part due to the strong performance of the fleet procurement program to replace aging buses and overhaul vehicles to improve performance in the second half of their life.

**Figure 3: Metrorail Equipment Reliability, MDBD**



*Source: Metro Performance Report FY 2022*

**Figure 4: Metrobus Equipment Reliability, MDBF**



*Source: Metro Performance Report FY 2022*



## 4. Metrorail and Metrobus Financial Performance

Metrorail and Metrobus financial performance measures are required by §33.2-3401 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly. Financial and ridership data are collected by each individual transit agency and reported to the National Transit Database (NTD) which provides common definitions, reporting definitions, and has a robust data quality assurance and auditing process. Financial performance measures include 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 2021 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.<sup>70</sup> It is also important to note that due to robust auditing and review processes, NTD data is typically released at least one or more years after the fiscal year it represents. Data provided in this section is from the full FY 2021 (July 1, 2020 to June 30, 2021) and reflects impacts on service and ridership due to the COVID-19 pandemic.

The pandemic had a major impact on both Metrobus and Metrorail service in FY 2021. At various points during the pandemic, WMATA adjusted Metrorail and Metrobus service levels to respond to COVID safety protocols, workforce availability, and the demand for service amidst significantly reduced ridership. This resulted in a decline of Metrorail and Metrobus service hours in FY 2020 and 2021 when compared to pre-pandemic years.

Following the initial stay at home orders in March 2020, WMATA provided 35% of normal peak service for Metrorail and Metrobus. In August 2020, WMATA provided near-normal peak and off-peak service on Metrorail and restored Metrobus to 73% of pre-pandemic levels on weekdays. As additional COVID aid became available, WMATA gradually restored Metrobus service and normalized weekday peak and off-peak Metrorail frequencies in the remainder of FY 2021. In addition, WMATA waived Metrobus fares for over 10 months as part of early pandemic safety protocols. The data provided in this section represents the total of service provided for all of FY 2021 which includes numerous service changes and schedule adjustments due to the pandemic.

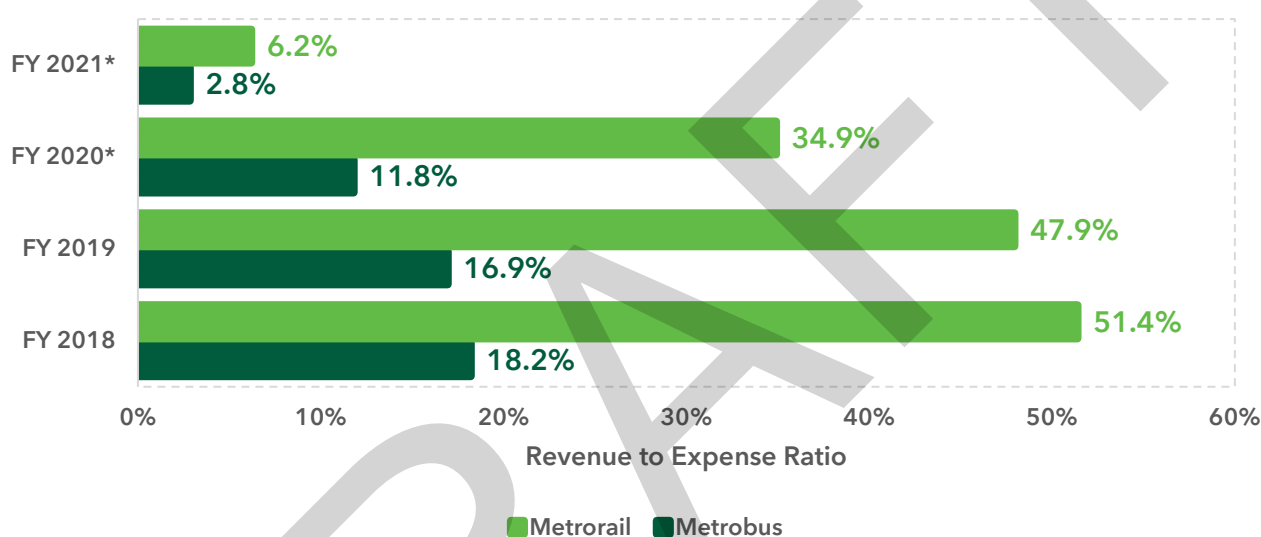
### Metrorail and Metrobus Farebox Recovery

Farebox recovery indicates how much of an agency's operating costs are recovered through passenger fare revenues. A higher recovery ratio indicates that the transit agency recoups a larger share of its operating costs through passenger revenue. 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 5, Metrorail farebox recovery was 6.2% in FY 2021 and Metrobus farebox recovery was 2.8% in FY 2021. The COVID-19 pandemic had a major impact on both Metrobus and Metrorail

passenger revenues in FY 2021, as WMATA utilized federal COVID aid to offset losses in fare revenues and provide service levels for most of the year to ensure the movement of essential workers while ridership remained low. Due to the pandemic, WMATA ridership was at its lowest point in FY 2021 at 26% of pre-pandemic levels. In FY 2021, Metrorail ridership declined more than Metrobus ridership, resulting in Metrobus carrying nearly twice as many riders as Metrorail.<sup>71</sup> Additionally, as a COVID safety precaution, Metrobus instituted rear-door boarding and waived fares from March 2020 until January 2021.<sup>72</sup> In FY 2021, revenues were also at their lowest point totaling \$166.6 million (compared to \$784.6 million in FY 2019).<sup>73</sup>

**Figure 5: Metrorail and Metrobus Farebox Recovery**



\*In FY 2020 and FY 2021, Metrorail and Metrobus ridership, service and revenue were significantly impacted by the COVID-19 pandemic.

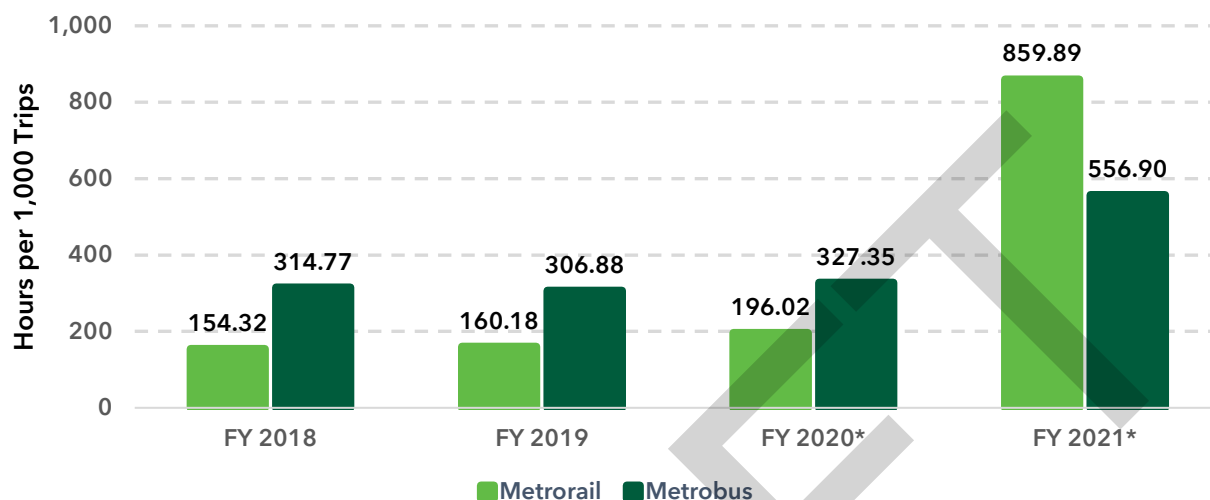
Source: WMATA NTD<sup>74</sup>

## 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 6, Metrorail service per rider was 859.89 hours per 10,000 trips in FY 2021 and Metrobus service per rider was 556.90 hours per 10,000 in FY 2021. The increase in service per rider in FY 2021 is a result of WMATA providing essential bus and rail service throughout the year even though ridership dropped significantly. Providing that level of service was a condition of WMATA utilizing federal COVID aid which required WMATA to avoid layoffs. It also ensured the reliable movement of essential workers during the peak of the pandemic. Due to the pandemic, WMATA ridership was at its lowest point in FY 2021.<sup>75</sup>

**Figure 6: Metrorail and Metrobus Service per Rider**



\*In FY 2020 and FY 2021, Metrorail and Metrobus ridership, service and revenue were significantly impacted by the COVID-19 pandemic.

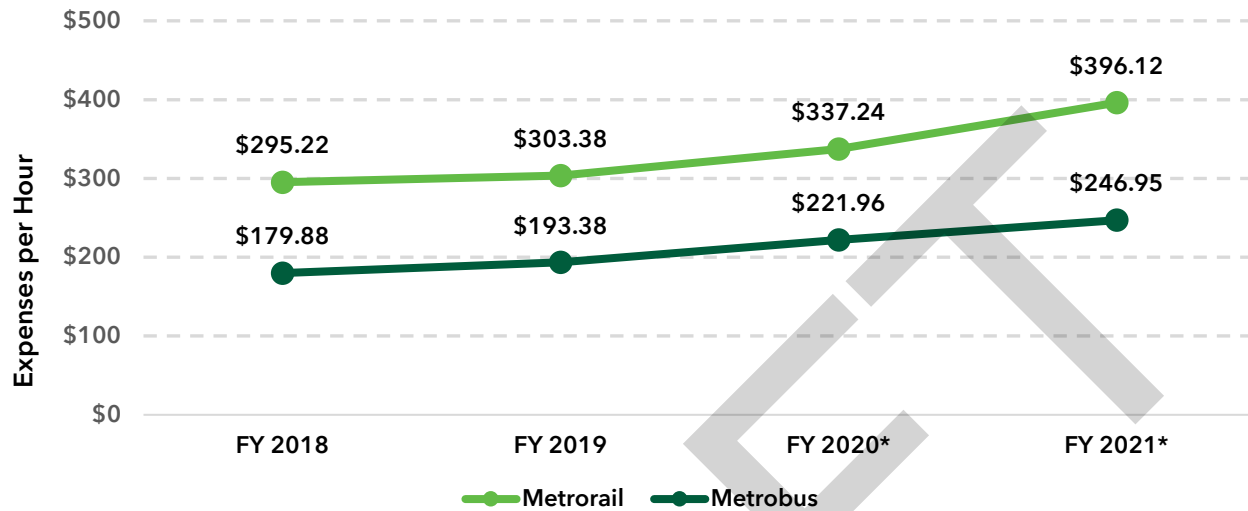
Source: WMATA NTD<sup>76</sup>

## 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.<sup>77</sup> 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 7, the cost per Metrorail service hour was \$396.12 in FY 2021 and Metrobus service hour was \$246.95 in FY 2021. Metrorail and Metrobus costs per service hour rose in FY 2021 as expenses increased (due to additional expenses incurred from inflation, COVID safety efforts, and the need to avoid layoffs as a requirement of federal COVID aid) and service levels declined (when compared to pre-pandemic levels) due to the COVID-19 pandemic. The pandemic had a major impact on both Metrobus and Metrorail revenue service hours in FY 2021. At various points during FY 2020 and FY 2021, WMATA adjusted Metrorail and Metrobus service levels to respond to COVID safety protocols, workforce availability, and the demand for service amidst significantly reduced ridership. This resulted in a decline of Metrorail and Metrobus service hours in FY 2020 and 2021 when compared to pre-pandemic years. WMATA utilized federal COVID aid to provide service for most of the year to ensure the movement of essential workers and avoid layoffs.

**Figure 7: Metrorail and Metrobus Cost per Service Hour**



\*In FY 2020 and FY 2021, Metrorail and Metrobus ridership, service and revenue were significantly impacted by the COVID-19 pandemic.

Source: WMATA NTD<sup>78</sup>

## 5. Metrorail and Metrobus Ridership

Documentation of Metrorail and Metrobus ridership is required by §33.2-3401 of the Code of Virginia, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly. Financial and ridership data are collected by each individual transit agency and reported to the National Transit Database (NTD) which provides common definitions, reporting definitions, and has a robust data quality assurance and auditing process. 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)

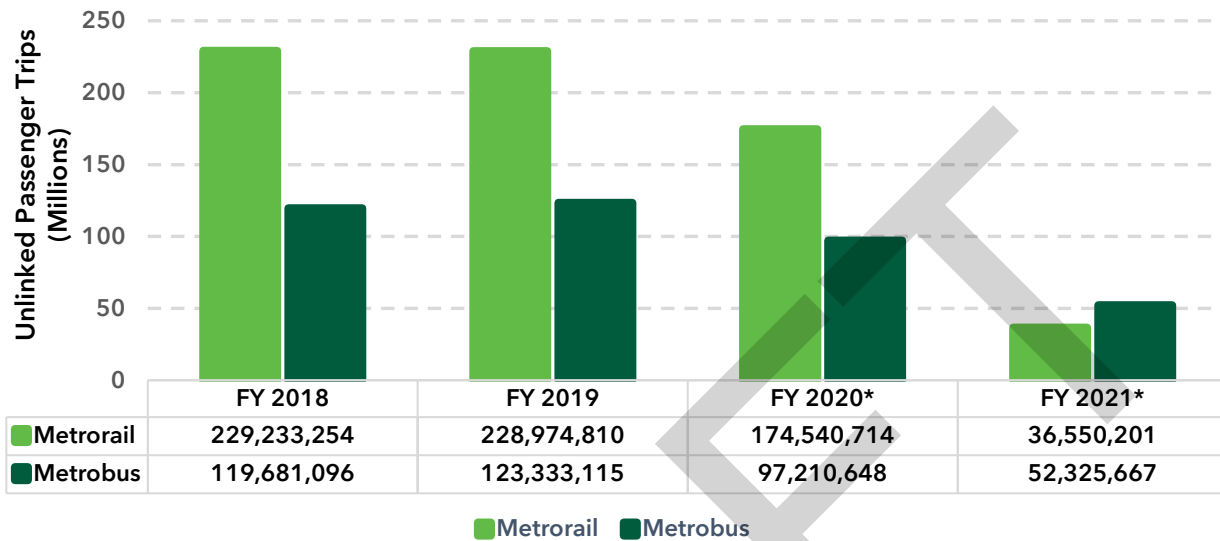
The meaning and significance of these two ridership measures are clarified in Chapter 5. For Metrobus, data presented includes both services that are directly operated by WMATA and those which are operated by a contracted provider.<sup>79</sup> It is also important to note that due to robust auditing 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 include FY 2020 and FY 2021 and reflect impacts on ridership due to the COVID-19 pandemic and implementation of safety protocols by WMATA beginning in March 2020.

### 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 2021 UPT data for Metrorail and Metrobus. The official NTD definition for this ridership metric is included in the Appendix.

There were 36,550,201 Metrorail unlinked passenger trips and 52,325,667 Metrobus unlinked passenger trips in FY 2021. Both Metrobus and Metrorail experienced steep declines in ridership due to the impacts of the COVID-19 pandemic.

**Figure 8: Metrorail and Metrobus Ridership, UPT**



\*In FY 2020 and FY 2021, Metrorail and Metrobus ridership, service and revenue were significantly impacted by the COVID-19 pandemic.

Source: WMATA NTD<sup>80</sup>

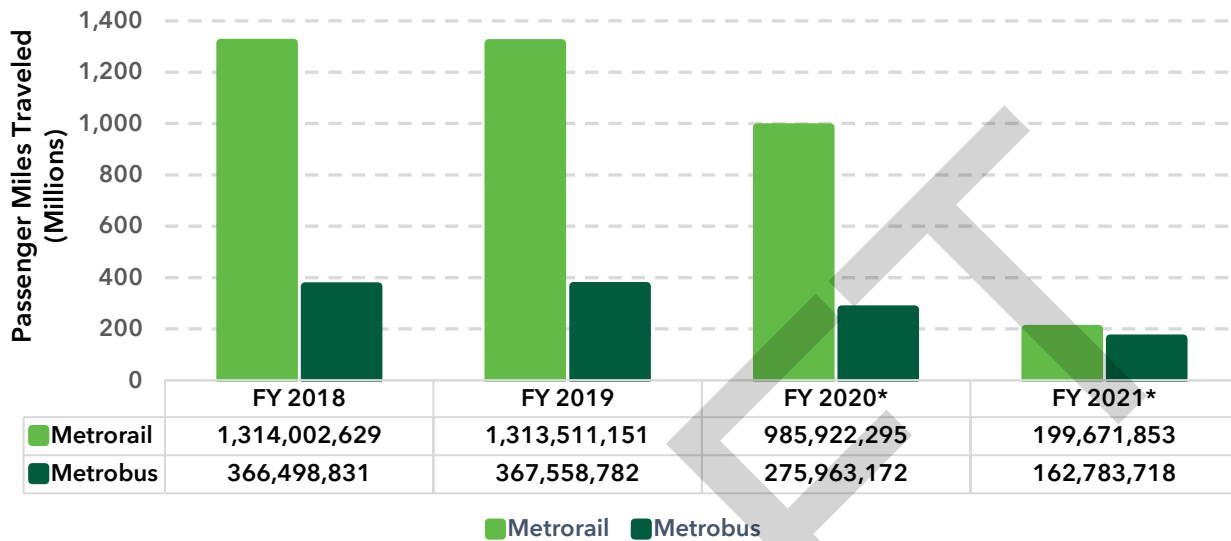
## Metrorail and Metrobus Passenger Miles Traveled

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 2021 the total passenger miles traveled for Metrorail was 199,671,853 and Metrobus was 162,783,718 as shown in Figure 9. Both Metrobus and Metrorail experienced steep declines in ridership due to the impacts of the COVID-19 pandemic.



**Figure 9: Metrorail and Metrobus Ridership, PMT**



\*In FY 2020 and FY 2021, Metrorail and Metrobus ridership, service and revenue were significantly impacted by the COVID-19 pandemic.

Source: WMATA NTD<sup>81</sup>

## Appendix

This appendix includes definitions and sources for the terminology used throughout the report. 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 Glossary.<sup>82</sup>
2. For metrics without an NTD definition, a definition is taken from WMATA's Metro Performance Report (MPR).<sup>83</sup> 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."

### 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 Hour<sup>84</sup>

The average cost to operate one vehicle/passenger car for one hour of passenger service. Calculated for each mode by taking the total operating expenses and dividing by total vehicle revenue hours.

### 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 and when there is no expectation of carrying revenue passengers. Deadhead does not include charter service, school bus service, operator training or maintenance training.

### Derailments

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

### Failure, Metrobus

WMATA counts buses as failures due to mechanical problems that resulted in lost or interrupted 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. A delay is a failure that causes a train to hold in place for more than four minutes.

### Farebox Recovery Ratio<sup>85</sup>

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.



### Headway

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

### Injury

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

### Linked Passenger Trips<sup>86</sup>

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)<sup>87</sup>

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.

### Major Event Report (S&S-40)<sup>88</sup>

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 Delays<sup>89</sup>

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 Failures<sup>90</sup>

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.

### Non-Major Monthly Summary (S&S-50)<sup>91</sup>

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 including fuel/lube, tires, tubes, utilities, casualty/liability costs, taxes and other materials.<sup>92</sup>

### On-Time Performance (Metrobus)<sup>93</sup>

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.

Metrobus measured OTP using schedule-based methodology until FY 2020. After a pilot in FY 2019, OTP was measured using a blended schedule- and headway-based methodology beginning in FY 2020 and continuing through September 2021. Beginning in October 2021, Metro returned to measuring all routes on a schedule-based methodology.

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*

Fiscal Year	Methodology	Data Availability
<b>FY 2019</b>	Schedule-based OTP*	Not available due to quality errors
<b>FY 2020</b>	Schedule- and Headway-based OTP	Available from July 1, 2019 until March 15, 2020, as the beginning of the pandemic significantly reduced service
<b>FY 2021</b>	Schedule- and Headway-based OTP	Available for entire fiscal year
<b>FY 2022</b>	Schedule and Headway-based OTP through September; Schedule-based from October - June	Excludes data from 9/6/2021, 1/1/2022 – 2/6/2022, 3/3/2022, and 5/30/2022

\* 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).

#### **On-Time Performance (Metrorail)<sup>94</sup>**

Metrorail customer OTP measures the percentage of customers who complete their journey within the maximum amount of time it should take per WMATA service standards. 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. Factors that can affect OTP include infrastructure conditions, missed dispatches, railcar delays (e.g., doors), or delays caused by sick passengers. Station stops are tracked system-wide, except for terminal and turn-back stations. Measurements are calculated as follows:

*Number of customer trips with travel times less than or equal to expected travel times ÷ number of customer trips*

#### **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.<sup>95</sup>

#### **Passenger Miles Traveled (PMT)<sup>96</sup>**

The cumulative sum of the distances ridden by each passenger.

#### **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 directly, pay fares, are subsidized by public policy, or provide payment through some contractual arrangement. Vehicles operated in fare-free service are considered in revenue service. Revenue service includes layover and recovery time and excludes deadhead,<sup>97</sup> vehicle maintenance testing, school bus service, and charter service.

#### **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 Rider<sup>98</sup>

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. The metric is calculated as:  $(Total\ Vehicle\ Revenue\ Hours \div Number\ of\ Unlinked\ Trips) \times 10,000$ .

### Time Point

A time point is a bus stop where there are frequent boardings and alighting that has a scheduled time that the bus should arrive for each trip. The Metrobus schedule is built by calculating the running time between each time point. Adherence to schedule is measured as the bus leaves each time point except the last timepoint for each run. Time point is used in the definition of on-time performance for Metrobus.

### 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:<sup>99</sup>

- 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 two unlinked passenger trips are 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.

### Vehicle Revenue Hours

Vehicle revenue hours are the amount of time the bus operates in revenue service. Vehicle revenue hours include layover and recovery time and exclude deadhead, operator training, vehicle maintenance testing, and school bus and charter services.

- <sup>1</sup> Figure 1 includes reimbursables but does not include debt service from the jurisdictions.
- <sup>2</sup> Federal COVID relief funds provided WMATA with \$2.9 billion in funding, and this included funding that was provided as a credit of non-federal funding to the jurisdictions to maintain local transit service. The \$2.6 billion shown in this report is the net amount to WMATA.
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- <sup>4</sup> WMATA. "WMATA Compact." October 2022. <[https://wmata.com/about/board/upload/Compact\\_Annotated\\_2009\\_final.pdf](https://wmata.com/about/board/upload/Compact_Annotated_2009_final.pdf)>
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- <sup>6</sup> Virginia Legislative Information Services. "Virginia Acts of Assembly - 2018 Reconvened Session, Chapter 854" May 2018. <<https://lis.virginia.gov/cgi-bin/legp604.exe?181+ful+CHAP0854+pdf>>
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- <sup>12</sup> WMATA. "Metro Ridership Snapshot." February 2020. <<https://www.wmata.com/initiatives/ridership-portal/upload/February-2020-Ridership-Snapshot.pdf>>
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- <sup>54</sup> WMATA. "Capital Improvement Program Progress Report - Fiscal Year 2022 Quarter 4." October 2021.  
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- <sup>55</sup> WMATA. "Capital Improvement Program Progress Report - FY 2021 4th Quarter." September 2021. <<https://www.wmata.com/initiatives/capital-improvement-program/upload/FY2021-Q4-CIP-Report-Final.pdf>>
- <sup>56</sup> WMATA. "FY 2022 Metro Performance Report." October 2022. <<https://wmata.com/about/board/meetings/board-pdfs/upload/3B-FY2022-Metro-Performance-Report.pdf>>
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- <sup>61</sup> Federal Transit Administration. "Safety & Security Time Series Data: Read Me." <[www.transit.dot.gov/ntd/data-product/safety-security-time-series-data](http://www.transit.dot.gov/ntd/data-product/safety-security-time-series-data)>
- <sup>62</sup> NTD reported fatalities include suicides.
- <sup>63</sup> 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
- <sup>64</sup> NTD reported fatalities include suicides.
- <sup>65</sup> 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
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<sup>79</sup> FY 2019 Metrobus data includes services operated by contracted provider.

<sup>80</sup> WMATA NTD data from form TS2.1-Service Data and Operating Expenses time Series by Mode <<https://www.transit.dot.gov/ntd/data-product/ts21-service-data-and-operating-expenses-time-series-mode-2>>

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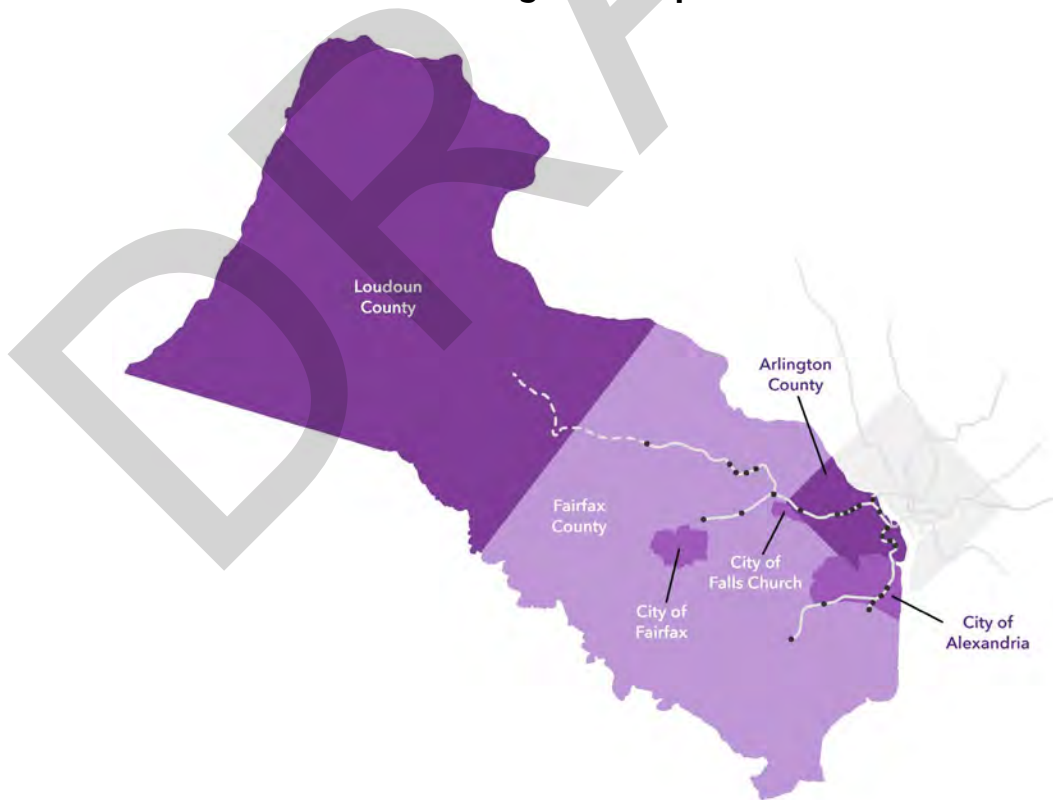
## About NVTC

The Northern Virginia Transportation Commission (NVTC) was established to manage the Northern Virginia Transportation District and 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 Directors through its appointments to the panel. The WMATA Board determines the authority's policy and provides oversight for funding, operations and the expansions of transit facilities.

NVTC also manages more than \$200 million in state assistance to WMATA on behalf of its jurisdictions. NVTC ensures that all its jurisdictions' voices are represented on the WMATA Board, coordinates regional transit efforts that directly affect systems serving Northern Virginia and engages in regional transportation planning, data analysis and reporting, which provides direct benefits to WMATA and the related Northern Virginia transit network.

NVTC also administers the Commuter Choice Program, which invests toll revenue into multi-modal and transit projects along the I-66 Inside the Beltway and I-395/95 corridors, and co-owns the Virginia Railway Express (VRE), which provides commuter rail service connecting Northern Virginia to the District of Columbia.

### The Northern Virginia Transportation District



**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**SUBJECT:** Report from the Chair of the Legislative and Policy Committee

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At the December meeting, the chair of NVTC's Legislative and Policy Committee will present the proposed NVTC 2023 Legislative and Policy Agenda for Commission action. The Commission will also be briefed on a General Assembly 2023 Session look ahead.

**A. ACTION: Approve the NVTC 2023 Legislative and Policy Agenda**

The Commission will be asked to approve the [NVTC 2023 Legislative and Policy Agenda](#). 2023 priorities include:

State

- Protect existing state transit funding, programs, and authorities that benefit Northern Virginia transit operators, WMATA and VRE
- Restore lost transportation funding from the grocery tax as well as restore full funding to NVTAA\*
- Work with VRE to support legislation to remove their operating funding from the bus-based state formula model\*
- Support funding and reducing barriers to implementing transit technologies such as zero- emission buses
- Continue support for the Transforming Rail in Virginia Program
- Continue to support flexibility for remote public meetings to allow for greater accessibility and participation

Federal

- Maximize the region's access to opportunities in the new infrastructure bill, including awarding of USDOT and FTA discretionary funding
- Secure project funding to complete planning and NEPA for the Route 7 BRT\*
- Identify opportunities to leverage federal funding to address WMATA operational funding cliff\*
- Encourage federal return to work policies that can maximize our local transit network and leverage transit benefits\*
- Continue support for commuter tax benefits
- Identify long-term structural fix to provide a solution to ensure the long-term solvency and sustainability of the Mass Transit Account of the Highway Trust Fund (HTF)

\*New for 2023



## B. General Assembly 2023 Session Look Ahead

The runway to the General Assembly 2023 Session begins with the deadline for bills to be drafted on December 1, followed closely by the much-anticipated Youngkin administration budget being released on December 15. Just as a reminder, Governor Youngkin and his administration will be presenting amendments to the two-year budget that was finally signed in June of 2022. The overall outlook for the financial state of the Commonwealth is good, but with a lot of warnings that the growth seen over the last two years will not be repeated moving forward and that any spending should take that into account. NVTC's legislative liaison will be attending the budget roll out when the Joint House Appropriations, House Finance and Senate Finance and Appropriations meet to receive the Governor's budget and our eyes will be on the transportation and transit sections.

## C. Annual Joint NVTC-PRTC Legislative Forum

The annual Joint NVTC-PRTC Legislative Forum will be held on Monday, December 5 at 8:30 a.m. at the Embassy Suites by Hilton (8100 Loisdale Road, Springfield, VA). The event will highlight the priorities and outlook for federal and state public transportation issues to Northern Virginia elected officials, members of the business community, environmental and transit stakeholders, and others working in public transportation in the region.

Confirmed speakers include NVTC Chair Canek Aguirre, PRTC Chair Victor Angry, Congressman Don Beyer, DRPT Director Jen DeBruhl, NVTC Executive Director Kate Mattice, PRTC Executive Director Bob Schneider, WMATA General Manager/CEO Randy Clarke and VRE Chief Executive Officer Rich Dalton.

**NVTC AND PRTC PRESENT:**

# ANNUAL LEGISLATIVE FORUM

Join transit leaders and special guests for an in-person overview of federal and state issues affecting transit in Northern Virginia.

Moderated by NVTC Executive Director Kate Mattice alongside DRPT Director and keynote speaker Jen DeBruhl.

**RSVP — Today —**

8:30 a.m. - 11 a.m.  
Monday, December 5, 2022

Embassy Suites by Hilton  
8100 Loisdale Rd. Springfield, VA

**Welcome to the District:**  
Rep. Don Beyer

**Keynote Speaker:**  
Jen DeBruhl

Welcome from NVTC Chair Canek Aguirre and PRTC Chair Victor Angry, and featuring our transit leader panel, Metro GM/CEO Randy Clarke, Virginia Railway Express CEO Rich Dalton and OmniRide Executive Director Bob Schneider.

**Speakers:**  
Canek Aguirre, Victor Angry, Kate Mattice, Randy Clarke, Rich Dalton, Bob Schneider



## PROPOSED 2023 LEGISLATIVE & POLICY AGENDA

### 2023 STATE PRIORITIES



#### **Protect Existing Transit Programs and Funding**

NVTC supports continuing the existing state transit programs and revenue sources that benefit our local transit providers and protecting the state dedicated funding for WMATA and VRE. In 2018, the General Assembly established dedicated funding for both WMATA and VRE, setting forth a continued investment in these two transit systems. In 2020, the General Assembly adopted an historic transportation omnibus bill that streamlined Virginia's transportation funding allocation model, secured sustainable revenues for local transit operators, created the Transit Ridership Incentive Program and the Virginia Passenger Rail Authority and restored \$30 million/year to the Northern Virginia Transportation Authority. NVTC strongly supports the continued implementation of these historic legislative packages and will continue to seek full realization of anticipated revenue levels.



#### **Restore Transportation Revenue Gap Resulting from the Elimination of the State Sales and Use Tax on Groceries**

NVTC supports identification of revenues to replace the loss of transportation funding as a result of the elimination of state sales and use tax on groceries passed by the General Assembly in 2022. The elimination of this revenue source was estimated to result in a \$190 million reduction in the Commonwealth Transportation Fund in the 2022-2024 biennial budget and a \$741.4 million loss over the Six-Year Improvement Plan (SYIP). If not addressed, this funding loss will negatively impact all transportation programs in the Commonwealth, including highways, rail and public transit.



#### **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.



### **Modify Approach to State Operating Support for Virginia Railway Express**

NVTC supports VRE-advanced legislation that would create a direct allocation for commuter rail from the Mass Transit Fund to reflect the distinct operational differences of a commuter rail system, considering that the Commonwealth's Transit Operating Assistance Program continues to be based upon a bus-focused formula.



### **Restore Funding to the Northern Virginia Transportation Authority (NVTA)**

NVTC continues to support restoration of the revenue losses to the Northern Virginia Transportation Authority as a result of several General Assembly actions. In 2019 and 2020, the General Assembly passed legislation to secure additional revenue for NVTA, but prior funding levels have still not been restored. NVTC continues to advocate for restoring full funding to NVTA. Two of the NVTA's three revenue streams were redirected due to the implementation of the WMATA Capital Fund in 2018. In 2019 and 2020, the General Assembly passed legislation to secure additional revenue for NVTA, but prior funding levels have not been restored. To return to the pre-2018 revenue levels, the Authority requires dedicated funding of \$38.5 million. The loss of these revenues directly affects funding available for transit capital, as well as the local revenues to support transit operations.



### **Support Funding to Implement Zero and Low-Emission Public Transit**

NVTC endorses legislation that will provide funding and remove barriers for public transit operators to implement innovative transit technology, such as zero and low-emission vehicles, zero and low-emission required infrastructure and training for the necessary workforce to implement zero and low-emission transit vehicles. NVTC supports ongoing and comprehensive coordination between the state and federal government on this issue.



### **Continue Support for the Transforming Rail in Virginia Program**

NVTC encourages continued support for state funding initiatives for the Long Bridge expansion and Transforming Rail in Virginia projects and protection of funds currently allocated for those projects. Furthermore, NVTC supports requiring that future gubernatorial appointees to the Virginia Passenger Rail Authority Board of Directors for the NVTC/PRTC districts are selected from lists provided by the NVTC and PRTC boards of commissioners.



### **Continue to Support Flexibility for Remote Public Meetings**

In 2022, the General Assembly passed legislation that allows certain public bodies to conduct all-virtual public meetings where all of the members who participate do so remotely and that the public may access through electronic communications means. NVTC stands by efforts to maintain flexibility for public bodies to conduct all virtual public meetings, allowing greater access to the public and opportunities for members to participate remotely outside of a declared state of emergency.

## 2023 FEDERAL PRIORITIES



### **Secure Project Funding for the Route 7 Bus Rapid Transit Project**

As community-based projects as well as federal discretionary funding becomes available, NVTC will continue to seek federal support to complete important milestones in the development and implementation of the Route 7 bus rapid transit project.



### **Identify Operational Funding Opportunities for WMATA**

NVTC supports innovative approaches to leverage federal funding in support of local transit operations in light of changing commuting patterns. As the region adjusts to pandemic influenced travel patterns, WMATA face an operating deficit while trying to remain a key player in the Washington, D.C. regional transportation network. While WMATA needs to redefine its operational funding model, NVTC seeks to identify innovative opportunities to leverage federal funding to address the operational funding gap.



### **Encourage Federal Return-to-Work Policies Focused on Transit Use**

As the federal government reexamines their telework policies, NVTC supports the active encouragement of transit use – and the maximum flexibility of transit benefits – for those employees who return to their offices. NVTC will stay engaged with actions affecting federal in-office and work-from-home policies and encourage commuting days to be spread uniformly across the work week. These strategies will help ensure that our regional transit systems run in a more efficient and balanced way by evening out the current mid-week bell curve that our transit systems are currently experiencing.



### **Continue Support for Commuter Tax Benefits**

Commuter tax benefits make transit service more attractive to commuters in single occupancy vehicles. 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.



### **Identify Long Term Structural Fix to the Highway Trust Fund and Mass Transit Account**

While the IIJA authorized major investment in surface transportation, it did not provide a solution to ensure the long-term solvency and 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 ensure needs can be sufficiently addressed in the future.



## Maximize the Region's Access to Funding under the Infrastructure Investment and Jobs Act

NVTC applauds the enactment of the Infrastructure Investment and Jobs Act (IIJA) which authorizes up to \$108 billion, including \$91 billion in guaranteed funding for public transportation. In Northern Virginia, WMATA, VRE and PRTC/OmniRide immediately benefited from formula funding changes. Other local transit systems may wish to participate in competitive grant funding opportunities.

As the Federal Transit Administration implements the IIJA, NVTC supports the following:

- Timely and transparent implementation of the latest programs and changes to existing programs.
- Opportunities for local transit systems to participate in discretionary federal funding programs without unnecessary administrative burdens, such as requiring system-wide audits or other expansive federal oversight efforts that may overwhelm jurisdictional resources.
- Access to competitive and formula funding opportunities for zero and low-emission public transit vehicles and supporting infrastructure, as well as workforce training.
- Funding opportunities to support major capital investments, such as the Long Bridge, a second Metrorail station/additional tunnel at Rosslyn and both the Envision Route 7 and Richmond Corridor bus rapid transit systems.

## Transit Systems that Serve NVTC's Communities





**TO:** Chair Aguirre and NVTC Commissioners

**FROM:** Kate Mattice, Xavier Harmony and Sophie Spiliotopoulos

**DATE:** November 22, 2022

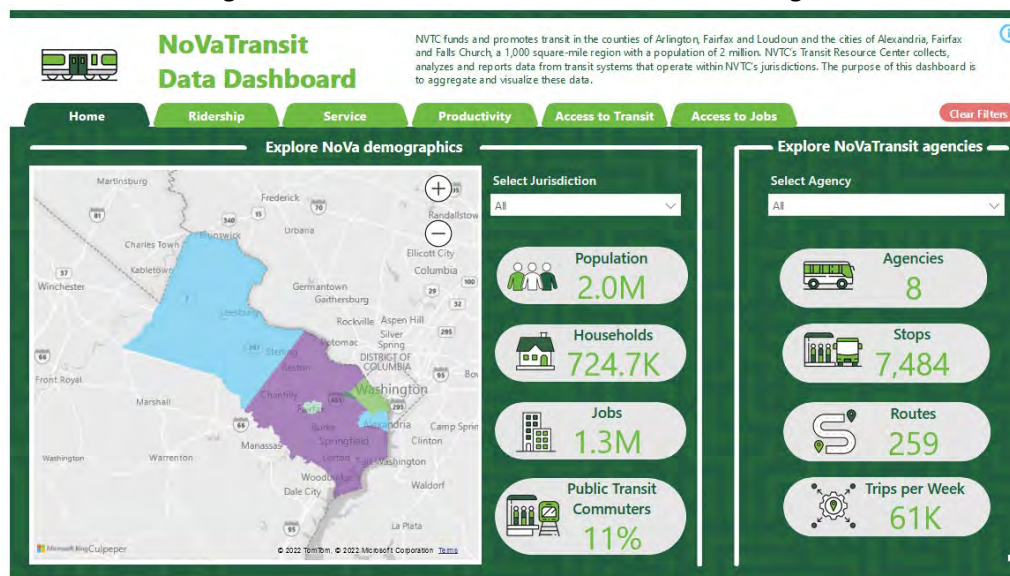
**SUBJECT:** Transit Resource Center

At the December meeting, the Commission will receive an overview of NVTC's new NoVaTransit Data Dashboard, an interactive tool that makes an immense amount of data on public transit servicing Northern Virginia usable and accessible to the public.

### A. NoVaTransit Data Dashboard

NVTC's Transit Resource Center (TRC) organizes, analyzes and reports data about the eight transit systems that operate within NVTC's jurisdictions, including WMATA (Metrobus and Metrorail), DASH, ART, Fairfax Connector, Loudoun County Transit, VRE, CUE and OmniRide. The purpose of the NoVaTransit Data Dashboard is 1) to aggregate and visualize these data in a publicly accessible way and 2) to make the region's transit data more accessible and transparent to both the public as well as professionals who might find the data useful for their own work.

**Figure 1: NoVaTransit Data Dashboard Home Page**

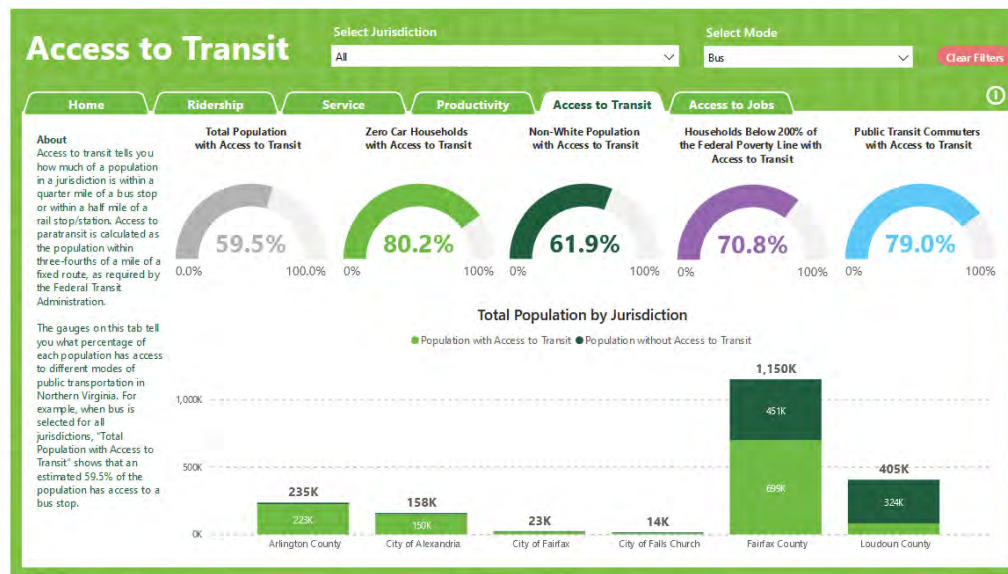


The dashboard has six data pages:

- **Home:** The home page gives an overview of NVTC's jurisdictions as well as the transit agencies that operate within these jurisdictions.
- **Ridership:** This page describes transit monthly ridership by operator, mode and year.

- **Service:** Transit service is the activity of buses, trains and other transit vehicles when a vehicle is available to the public and there is an expectation of carrying passengers. Transit service is split into two main categories:
  - Scheduled service - what a transit agency plans to provide (i.e., what you see on transit schedules)
  - Actual service - a record of the service actually provided
- **Productivity:** Transit productivity is the relationship between transit output (ridership) and transit input (service). It helps the user understand how transit service might affect ridership as well as better understand service efficiency.
- **Access to Transit:** The access to transit page reports the number/percent of the jurisdiction's population with access to either a transit stop or station.
  - Access is defined as being within a quarter mile of a bus stop, half mile of a Metrorail station, or a mile of a VRE commuter rail station. Access to paratransit is calculated as the population within three-fourths of a mile of a fixed route, as required by the Federal Transit Administration (FTA).
- **Access to Jobs:** The access to jobs page reports the number/percent of jobs in a jurisdiction with access to either a transit stop or station.
  - Access is defined as being within a quarter mile of a bus stop, half mile of a heavy rail station, or a mile of a commuter rail station. Access to paratransit is calculated as the population within three-fourths of a mile of a fixed route, as required by the Federal Transit Administration (FTA).

**Figure 2: NoVaTransit Data Dashboard Access to Transit Page**



All data used for these data visualizations comes from publicly available sources, including:

- Ridership and operational metrics from the Virginia Department of Rail and Public Transportation (DRPT) data portal
- Transit schedules and service data agency general transit feed specification (GTFS)
- Population and household demographics from census data
- Employment data from the Metropolitan Washington Council of Governments (MWCOC)

This dashboard is intended to be a living source of the region's transit data. To that end, data will be updated on a reoccurring basis. DRPT data will be updated every two months, GTFS data will be updated every six months to account for schedule changes, and census data will be updated annually as new data is released. Staff will also update the data pages with new visualizations and pages as more data becomes available or as NVTC receives requests for more types of transit information.

Staff intend to go live with the NoVaTransit Data Dashboard on December 16. This will enable any final comments to be incorporated into the dashboard.



**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**SUBJECT:** Virginia Railway Express (VRE)

---

At the December meeting, VRE CEO Rich Dalton will update the Commission on recent VRE activities. The Commission will be asked to take action to approve VRE's FY 2022 Annual Comprehensive Financial Report, VRE's 2023 Legislative Agenda and a Boundary Line Adjustment Deed and Plat.

**A. VRE CEO Report and Minutes**

VRE CEO Rich Dalton will provide his report. The [Minutes of the November 18, 2022 VRE Operations Board meeting](#) and the [VRE CEO Report for November 2022](#) are attached.

**B. ACTION: Approve [Resolution #2489](#): Accept and Authorize Distribution of VRE's FY 2022 Annual Comprehensive Financial Report**

On the recommendation from the VRE Operations Board, the Commission will be asked to approve [Resolution #2489](#), which will accept [VRE's FY 2022 Annual Comprehensive Financial Report \(ACFR\)](#) and associated information from the auditors and authorize the VRE CEO to distribute the ACFR.

The audit of VRE's FY 2022 financial statements has been completed and the auditing firm of PBMares, LLP, has issued an unmodified opinion. The opinion letter states the VRE statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit. The auditors met with the VRE Audit Committee on November 18, 2022 to review the statements and their opinion, which was followed by a presentation at the full Operations Board meeting.

**C. ACTION: Approve [Resolution #2490](#): Approve the 2023 VRE Legislative Agenda**

On the recommendation from the VRE Operations Board, the Commission will be asked to approve [Resolution #2490](#), which will approve the [2023 VRE Legislative Agenda](#) and authorize the VRE CEO to actively pursue the elements set forth in the document. The VRE Legislative Agenda will serve as guidance for staff and the contracted legislation liaisons during the legislative session. In addition, the Legislative Agenda includes federal legislative and regulatory issues that are relevant to transit and commuter rail in the U.S., and VRE specifically.

**D. ACTION: Approve Resolution #2491: Approve a Boundary Line Adjustment Deed and Plat for Conveyance of Manassas Park Property to the Commissions**

On the recommendation from the VRE Operations Board, the Commission will be asked to approve Resolution #2491, which will approve a Boundary Line Adjustment Deed and Plat for the conveyance of Manassas Park property to the Commissions and authorize the VRE CEO to execute the boundary line adjustment deed and plat on behalf of the Commissions.

The Manassas Park VRE station currently has two contiguous 300-space surface parking lots, one owned by the City of Manassas Park and one owned by VRE. The city and VRE's joint parking garage project will require permanent fixtures within the city-owned lot immediately adjacent to the station platform. Instead of the City of Manassas Park conveying easements to VRE, it was agreed the city should convey to VRE an 8,075 square foot strip of land adjacent to the platform so the fixtures would be on VRE property and not the city's. Conveyance of the strip of land would be achieved through an adjustment of the boundary line between the city property and the VRE property. Commission approval is required for a boundary line adjustment deed and plat. Additional background information is included in the attached VRE memorandum.

**E. Charge to the Operations Board Officers Nominating Committee Regarding Subordinate Officers**

At its November 18 meeting, the Operations Board approved a Charge to the 2023 Operations Board Officers Nominating Committee Regarding Subordinate Officers. Along with VRE Chair Franklin, the Bylaws Committee met several times during the past year to discuss whether changes to the VRE Operations Board Bylaws were needed to adjust the membership of the Executive Committee to better ensure a balance is maintained of the interests of the two Commissions, that the interests of the citizens patronizing the VRE are better represented, and/or to better ensure a balance is maintained of the interests of all VRE jurisdictions and their citizens.

Ultimately, the committee found changes to the Bylaws were not warranted, but rather the Operations Board Officers Nominating Committee should take those issues into consideration each year when presenting a slate of nominations for VRE Operations Board officers and consider if additional subordinate officers would help balance the Executive Committee.



## MINUTES

### VIRGINIA RAILWAY EXPRESS OPERATIONS BOARD MEETING

November 18, 2022

14700 Potomac Mills Road, Woodbridge, VA 22192

#### **Members Present**

\*Walter Alcorn (NVTC)  
\*Sarah Bagley (NVTC)  
\*Andrea Bailey (PRTC)  
\*Meg Bohmke (PRTC)  
\*Margaret Franklin (PRTC)  
\*Libby Garvey (NVTC) \*\*  
\*Monica Gary (PRTC)  
\*Lori Hayes (PRTC)  
\*Matt Kelly (PRTC)  
\*Jeanine Lawson (PRTC)  
\*Michael McLaughlin (VPRA)  
\*Alanna Mensing (PRTC)  
\*Daniel G. Storck (NVTC)  
\*James Walkinshaw (NVTC)

#### **Jurisdiction**

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

#### **Members Absent**

Ralph Smith (PRTC)

City of Manassas

#### **Alternates Present**

#### **Alternates Absent**

Canek Aguirre (NVTC)  
Victor Angry (PRTC)  
Pete Candland (PRTC)  
Katie Cristol (NVTC)  
Deborah Frazier (PRTC)  
Jason Graham (PRTC)  
Jeffrey C. McKay (NVTC)  
Darryl Moore (PRTC)  
Pam Sebesky (PRTC)  
Emily Stock (DRPT)  
Ann Wheeler (PRTC)  
Pamela Yeung (PRTC)

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

\*Voting Member

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

### **Staff and General Public**

Khadra Abdulle – VRE

Alexander Buchanan – VRE

Cindy Bullock – VRE

Rich Dalton – VRE

Mark DeGrush - VRE

Chet Dunston - VRE

John Duque – VRE

Paul Garnet - Keolis

Chris Henry – VRE

Christine Hoeffner - VRE

Lezlie Lamb – VRE

Steve MacIsaac – VRE Chief Counsel

Kate Mattice – NVTC

Dallas Richards - VRE

Mark Schofield – VRE

Dwight Buracker – PB Mares

Joe Stainsby – PRTC

Alex Sugatan - VRE

Joe Swartz – VRE

Chair Franklin called the meeting to order at 9:05 a.m. The roll call followed.

### **Safety Moment – 3**

Rich Dalton briefed attendees on safety procedures and assigned specific tasks to qualified staff members in case of an emergency.

### **Approval of the Agenda - 4**

Mr. Kelly moved, with a second by Ms. Bailey, to approve the agenda as presented. There was no discussion on the motion. The vote in favor was cast by Members Bagley, Bailey, Bohmke, Franklin, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

### **Approval of the Minutes of the October 21, 2022 VRE Operations Board Meeting – 5**

Ms. Garvey moved, with a second by Mr. Kelly, to approve the Minutes from October 21, 2022. The vote in favor was cast by Members Bagley, Bailey, Bohmke, Franklin, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

[Ms. Garvey arrived at 9:08 a.m.]

### **Chair's Comments – 6**

Chair Franklin welcomed attendees to the November meeting and asked that side conversations be kept to a minimum.

Chair Franklin announced the appointment of Mr. Storck, Ms. Lawson, and Ms. Garvey to the Nominating Committee to bring a slate of nominees for 2023 VRE Operations Board Officers for a vote in December. The Chair reminded Members there would be a closed session later in the meeting; a group photo after adjournment; and a Finance Committee meeting to follow that.

### **Chief Executive Officer's Report – 7**

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

- Safety
- Performance
- Ridership
- Return of Santa Trains
- New Staff Introduction

[Mr. Alcorn arrived at 9:13 a.m.]

[Chair Franklin left the room at 9: 15 a.m.]

[Chair Franklin re-entered the room at 9:33 a.m.]

### **Public Comment Time – 8**

The Chair opened the floor for public comments. There were no speakers. Written comments submitted were read to the Board and are attached.

### **Action Items – 9**

#### **Acceptance of the FY 2022 Audited Financial Statements and the Auditor’s Report and Authorization to Forward to the Commissions – 9A**

Mr. Kelly moved, with a second by Ms. Bailey, to accept the FY 2022 Audited Financial Statements and authorize the CEO to forward to the Commissions. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

#### **Authorization to Issue a Request for Proposals for Insurance Brokerage Services – 9B**

Ms. Bailey moved, with a second by Mr. Kelly, to authorize the Chief Executive Officer issue an RFP for Insurance Brokerage Services. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

#### **Approval of Amended VRE Operations Board Bylaws – 9C**

Ms. Bailey moved, with a second by Ms. Garvey, to approve the amended VRE Operations Board Bylaws. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

#### **Charge to the 2023 Operations Board Officers Nominating Committee Regarding Subordinate Officers – 9D**

Mr. Kelly moved, with a second by Mr. Alcorn, to charge the 2023 Operations Board Officers Nominating Committee with considerations regarding subordinate officers. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

#### **Authorization to Provide a Letter of Support for VPRA’s CRISI Grant Application – 9E**

Mr. Kelly moved, with a second by Ms. Bailey, to authorize the CEO to provide a letter of support for Virginia Passenger Rail Authority’s application to the Federal Railroad Administration’s FY 2022 Consolidated Rail Infrastructure and Safety Improvements discretionary infrastructure grant program for the Franconia-Springfield Bypass Project. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

#### **Approve Subrecipient Agreement with Manassas Park for Use of NVTC Grant Funds for Parking Garage at Manassas Park VRE Station – 9F**

Ms. Bailey moved, with a second by Ms. Mensing, to approve a Subrecipient Agreement with Manassas Park for use of NVTC grant funds for a parking garage at the Manassas Park VRE Station. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

Recommend Approval of a Boundary Line Adjustment Deed and Plat for Conveyance of Manassas Park Property to Commissions – 9G

Ms. Mensing moved, with a second by Ms. Bailey, to recommend the Commissions approve a boundary line adjustment deed and plat for conveyance of Manassas Park property to the Commissions. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Storck, and Walkinshaw.

Recommend the Commissions Approve the 2023 VRE Legislative Agenda – 9H

Ms. Bailey moved, with a second by Ms. Mensing, to recommend the Commissions approve the 2023 VRE Legislative Agenda with a minor wording change on the Federal Legislative Agenda document from “consultants” to “contractors”. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, Lawson, McLaughlin, Mensing, Smith, and Walkinshaw.

**Information Items – 10**

Crossroads Yard Master Plan Overview – 10A

Mr. Dalton directed the Board’s attention to the Crossroads Yard Master Plan—established to provide guiding design precepts for the expansion of the Crossroads Yard Maintenance and Storage Facility.

FY 2024 Budget Update – 10B

VRE Staff updated the Board on the ongoing development of the Fiscal Year 2024 Operating and Capital Budget.

Spending Authority Report – 10C

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

- On October 7, 2022, VRE issued a Sole Source Purchase Order in the amount of \$50,740 to Wabtec Global Services to purchase a new 26-LU-L locomotive bracket assembly. VRE’s fleet of MP36PH-3C locomotives utilize an air brake system which incorporates the 26-LU-L bracket assembly. In July 2022, this part failed on one of VRE’s locomotives and was shipped to Wabtec, the original equipment manufacturer, for repair. After inspection, it was determined the assembly could not be repaired thus requiring replacement.
- On October 14, 2022, VRE issued a Task Order in the amount of \$145,694 to NVE, Inc. under the Maintenance Services for VRE Facilities contract to complete pavement repairs at the Woodbridge and Rippon stations.
- On October 24, 2022, VRE issued a Sole Source Blanket Purchase Order in an amount not to exceed \$77,000 to Knorr-Bremse Powertech Corp. to perform repairs on an as-needed basis to the low voltage power supply units utilized to provide electrical power for the LED message signs, wheelchair lifts, outlets, etc. on board VRE’s passenger railcars.

- On October 28, 2022, VRE issued a Task Order in the amount of \$61,928 to STV Incorporated under the Mechanical Engineering Consulting Services contract to conduct a ground power study encompassing both the Crossroads and Broad Run Maintenance and Storage Facilities (MSF). Beyond the initial study/analysis of the current systems and VRE's wayside power needs, STV will be responsible for the design of a new system for both MSF, including the preparation of plans and specifications to be used for procurement purposes.

#### Closed Session – 11

Mr. Walkinshaw moved, with a second by Mr. Alcorn, 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 relating to the performance of the General Counsel. The vote in favor was cast by Members Alcorn, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, McLaughlin, Mensing, Smith, Storck, and Walkinshaw.

Mr. Walkinshaw moved, with a second by Ms. Bailey, that the VRE Operations Board certifies 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, Bagley, Bailey, Bohmke, Franklin, Garvey, Gary, Hayes, Kelly, McLaughlin, Mensing, Smith, and Walkinshaw.

#### Members Time – 12

There were no Member remarks.

Without objection, Chair Franklin adjourned the meeting.

Approved this 16<sup>th</sup> day of December 2022

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Margaret Franklin  
Chair

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Sarah Bagley  
Secretary

#### CERTIFICATION

This certification hereby acknowledges the minutes for the November 18, 2022 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Lezlie M. Lamb



# CEO REPORT

NOVEMBER 2022





# 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 2022

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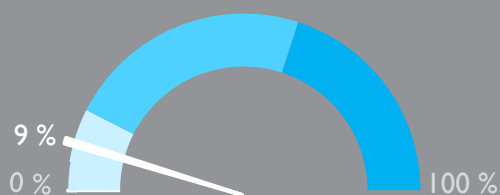
CAPITAL PROJECTS UPDATES .....13



VIRGINIA RAILWAY EXPRESS  
A better way. A better life.

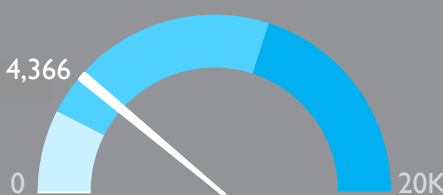


# PERFORMANCE AT A GLANCE



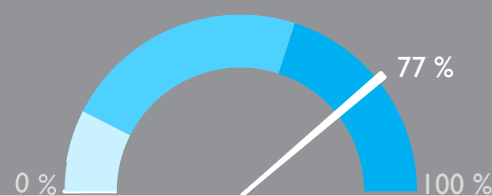
PARKING  
UTILIZATION

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



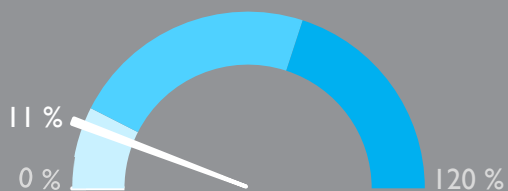
AVERAGE DAILY  
RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings and reduced, "S" schedule, service.  
Same month, previous year: 2,949



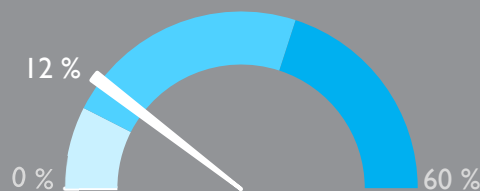
ON-TIME  
PERFORMANCE

Percent of trains arriving at their destination within 5 minutes of the schedule.  
Same month, previous year: 86%



SYSTEM CAPACITY

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



OPERATING RATIO

*Through June 2022*

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 2022

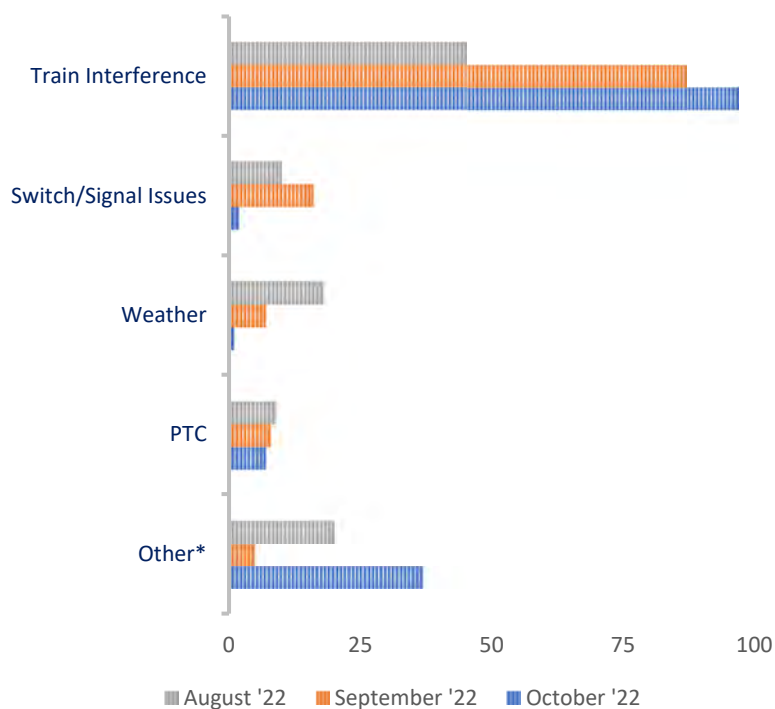


# ON-TIME PERFORMANCE

## OUR RECORD

	October 2022	September 2022	October 2021
Manassas Line	75%	77%	83%
Fredericksburg Line	80%	86%	89%
Systemwide	77%	81%	86%

## PRIMARY REASON FOR DELAY



VRE operated 638 trains in October. On-time performance (OTP) for October was 77 percent.

One hundred forty-four trains arrived more than 5 minutes late to their final destinations. Of those late trains, 80 were on the Manassas Line (56 percent), and 64 were on the Fredericksburg Line (44 percent).

Train interference continued to be the main cause of delay to VRE trains. This includes significant congestion at Union Station causing late arrivals in the morning and departures in the afternoon.

There was also a spike in other” delays. These include isolated occurrences that don’t necessarily mark trends driving the OTP percentages.

\*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	102	123	144	31	48	64	71	75	80
Average minutes late	31	23	14	38	22	14	28	23	13
Number over 30 minutes	20	25	8	7	9	4	13	16	4
Heat restrictions	8	0	0	8	0	0	0	0	0

ON-TIME PERFORMANCE

VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



# AVERAGE DAILY RIDERSHIP

## VRE SYSTEM



## FREDERICKSBURG LINE



## MANASSAS LINE



## RIDERSHIP UPDATES

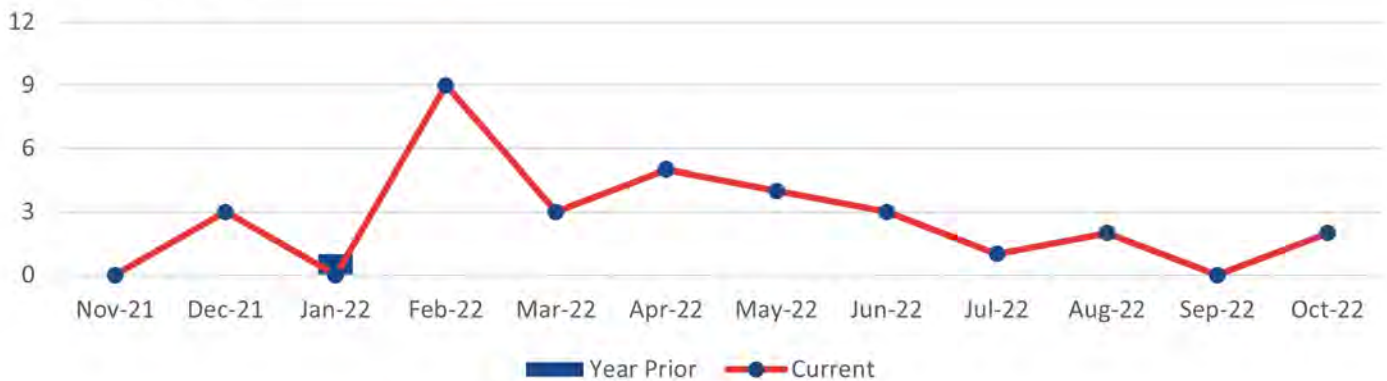
Average daily ridership in October was 6,149.  
There were 20 service days.

Following the bump from “Fare Free September,” October’s ridership showed an increase in step with previous months.

	October 2022	September 2022	October 2021
Monthly Ridership	122,984	142,102	58,989
Average Daily Ridership	6,149	6,767	2,949
Full Service Days	20	21	20
“S” Service Days	0	0	0

## SUMMONSES ISSUED

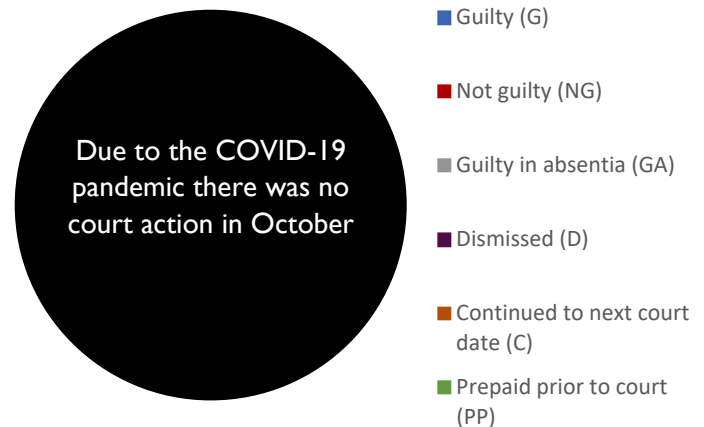
### VRE SYSTEM



### SUMMONSES WAIVED OUTSIDE OF COURT

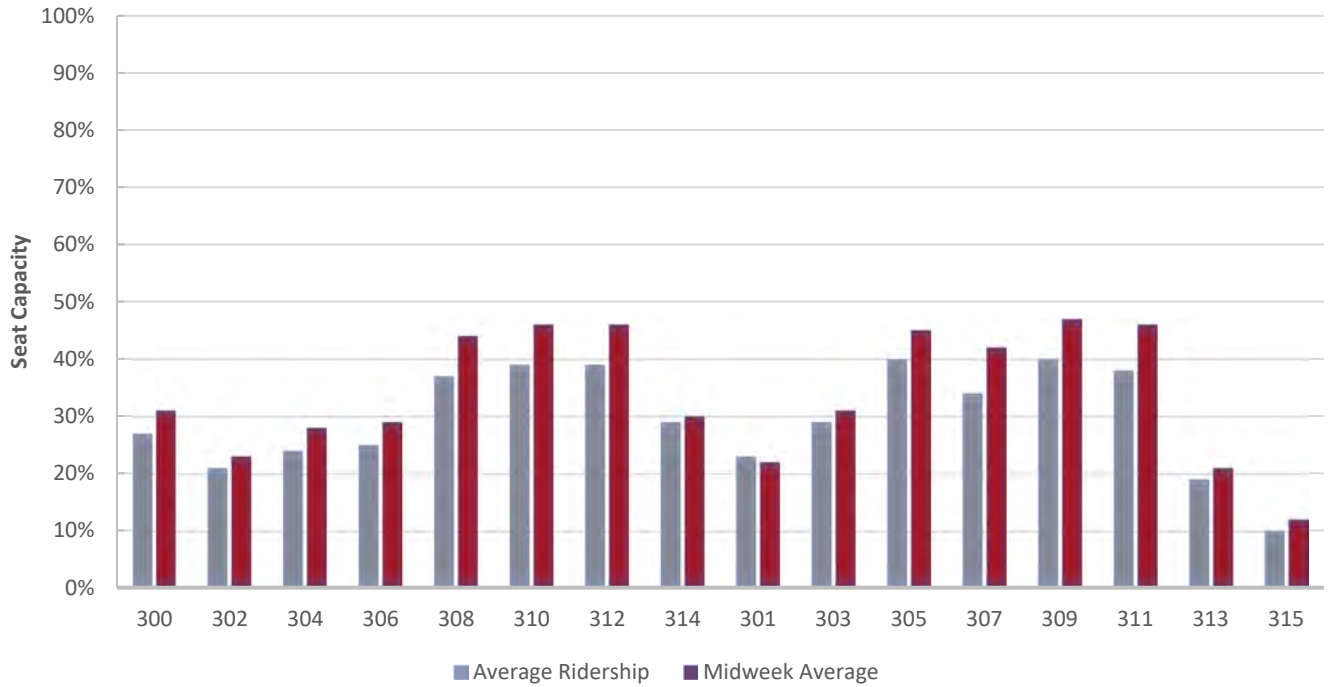
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	0
One-time courtesy	0
Per the request of the conductor	0
Defective ticket	0
Per ops manager	0
Unique circumstances	0
Insufficient information	0
Lost and found ticket	0
Other	0
<b>Total Waived</b>	<b>0</b>

### MONTHLY SUMMONSES COURT ACTION

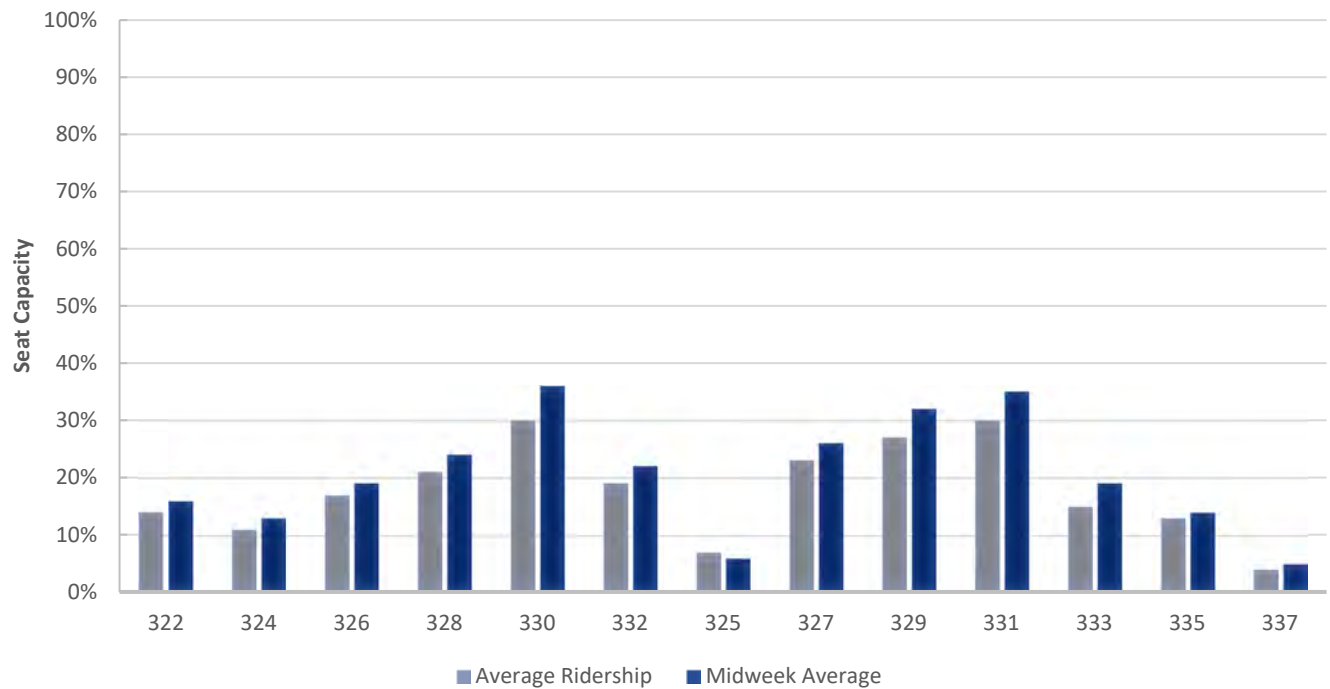


# TRAIN UTILIZATION

## FREDERICKSBURG LINE



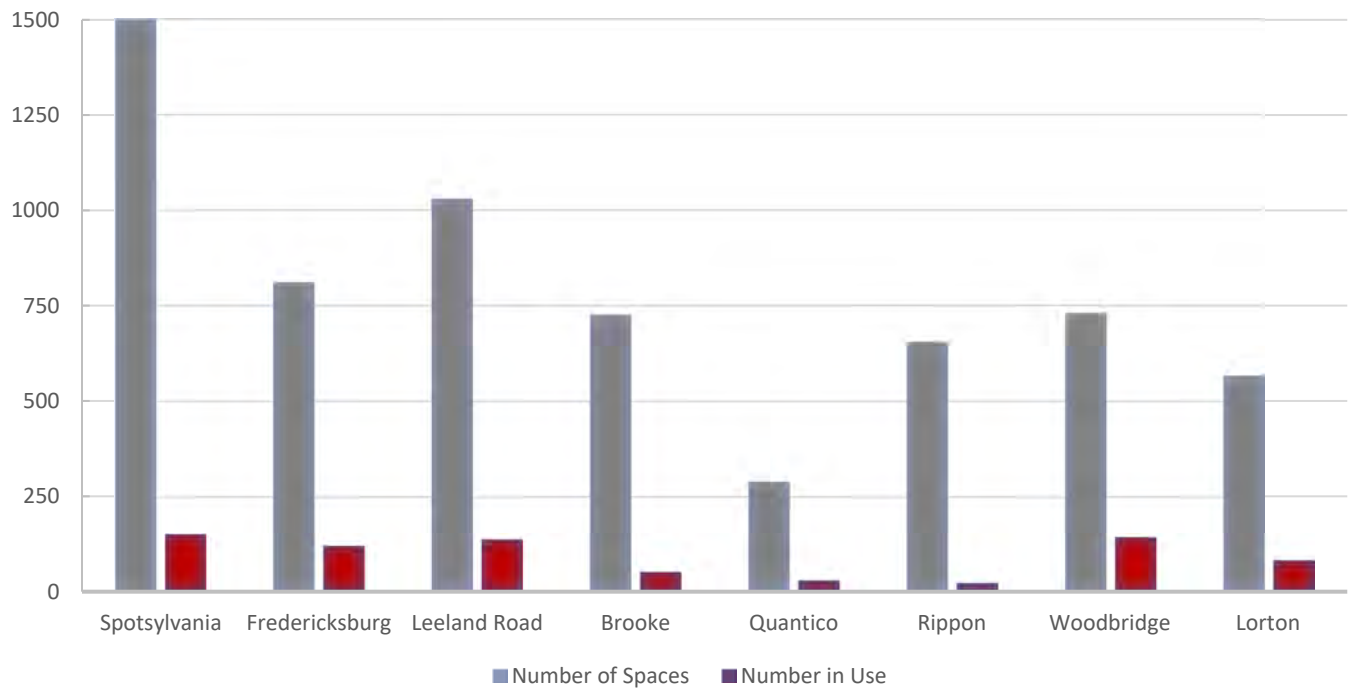
## MANASSAS LINE



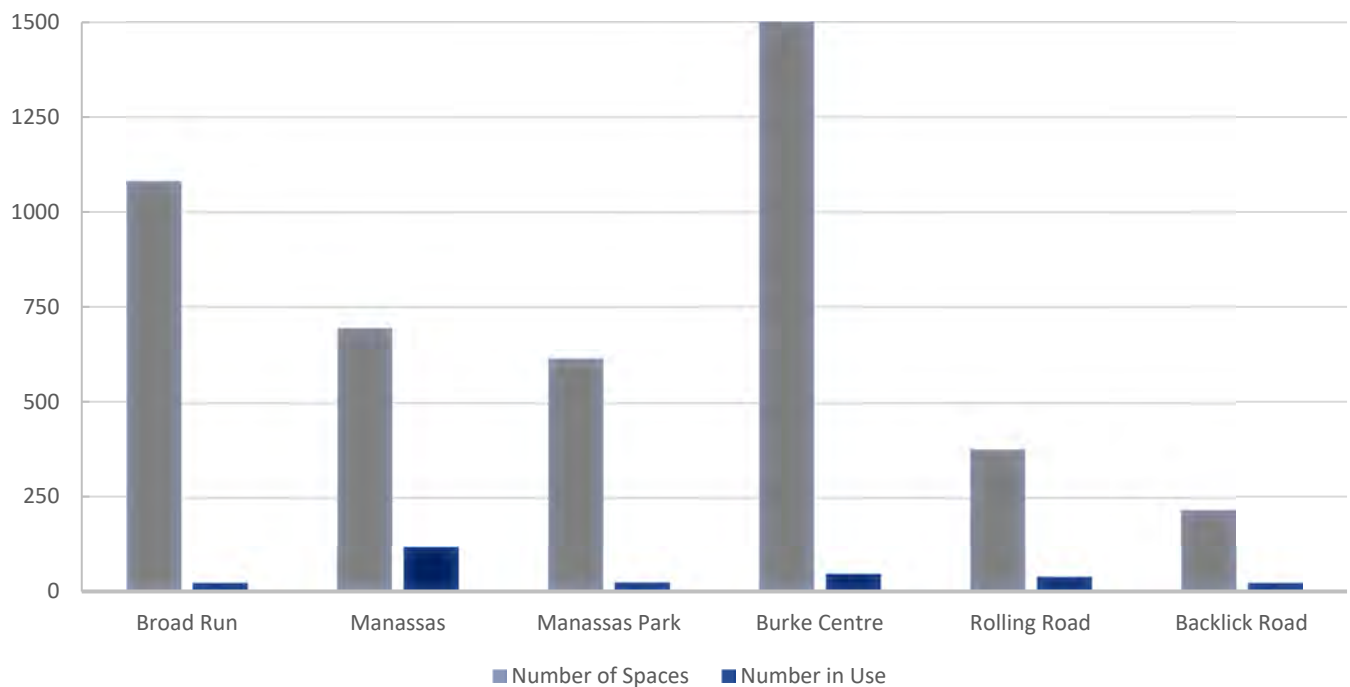


## PARKING UTILIZATION

### FREDERICKSBURG LINE



### MANASSAS LINE



# FINANCIAL REPORT

Fare revenue through the first quarter of FY 2023 (September 2022) is approximately \$3.9 million below budget (an unfavorable variance of -61%) and is 5% above the same period in FY 2022.

Although many sectors of the economy have rebounded following the coronavirus (COVID-19) pandemic, changes in employment and commuting patterns caused by the pandemic continue to have a significant impact on VRE. Ridership has remained well below pre-pandemic levels during the first quarter of FY 2023, with average daily ridership of 4,956 in July, 5,125 in August and 6,767 in September as compared to average daily ridership of well over 18,000 in February 2020 (the last full month not affected by the pandemic). We continue to coordinate with federal government representatives regarding potential changes to remote work policies while also expanding marketing and other outreach efforts to encourage new riders.

As part of those outreach efforts, in September 2022, VRE offered "Fare Free September" as a way to show appreciation to the core group of VRE riders who stayed with the service throughout the pandemic; to promote VRE service and attract new riders; and to show support to the region's transportation network during scheduled Metrorail service disruptions. This initiative was a major driver of the 30% increase in average daily ridership from August to September.

The operating ratio for the first quarter of FY 2023 is 10%, which is below VRE's budgeted operating ratio of 28% for the full twelve months of the fiscal year. VRE is normally required to budget a minimum operating ratio of 50%, but this requirement has been waived for FY 2023 as recovery from the pandemic continues.

A summary of the FY 2023 financial results through September 2022 follows, including information on major revenue and expense categories. Please note that these figures are preliminary and unaudited.

FY 2023 Operating Budget Report							
Month Ended September 30, 2022							
	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY23 BUDGET
<b>Operating Revenue</b>							
Passenger Ticket Revenue	161,333	2,108,000	2,510,744	6,424,381	(3,913,637)	-60.9%	25,296,000
Other Operating Revenue	-	16,667	72,251	50,794	21,457	42.2%	200,000
<b>Subtotal Operating Revenue</b>	<b>161,333</b>	<b>2,124,667</b>	<b>2,582,995</b>	<b>6,475,175</b>	<b>(3,892,180)</b>	<b>-60.1%</b>	<b>25,496,000</b>
Jurisdictional Subsidy (1)	-	-	4,658,036	4,658,036	-	0.0%	9,132,741
Federal/State/Other Jurisdictional Subsidy	3,961,876	2,893,238	11,745,135	8,747,775	2,997,360	34.3%	34,469,353
Appropriation from Reserve/Other Income	4,257,583	1,744,901	10,078,679	12,897,792	(2,819,113)	-21.9%	28,518,808
Interest Income	193,570	12,500	519,384	38,095	481,288	1263.4%	150,000
<b>Total Operating Revenue</b>	<b>8,574,362</b>	<b>6,775,305</b>	<b>29,584,229</b>	<b>32,816,873</b>	<b>(3,232,644)</b>	<b>-9.9%</b>	<b>97,766,901</b>
<b>Operating Expenses</b>							
Departmental Operating Expenses	7,164,626	6,656,292	26,910,047	28,542,657	1,632,610	5.7%	91,444,879
Debt Service	522,412	518,502	1,555,506	1,555,506	-	0.0%	6,222,023
Other Non-Departmental Expenses	-	-	-	-	-	0.0%	100,000
<b>Total Operating Expenses</b>	<b>7,687,039</b>	<b>7,174,794</b>	<b>28,465,552</b>	<b>30,098,163</b>	<b>1,632,610</b>	<b>5.4%</b>	<b>97,766,901</b>
<b>Net income (loss) from Operations</b>	<b>887,323</b>	<b>(399,489)</b>	<b>1,118,676</b>	<b>2,718,711</b>	<b>(1,600,034)</b>		<b>-</b>
<b>Operating Ratio</b>			<b>10%</b>	<b>23%</b>		<b>Budgeted Goal</b>	<b>28% 50%</b>

(1) Total jurisdictional subsidy is \$13,544,122. Portion shown as budgeted and actual are attributed to Operating Fund only.

## FACILITIES UPDATE

The following is a status update of VRE facilities projects.

### Completed projects:

1. Replacement of fluorescent lighting with LED lighting in tunnel at Alexandria station
2. Spot painting of east platform and walkway canopy structural steel at Woodbridge station
3. Repairs and joint sealant installation in main sidewalk at Spotsylvania station



*New LED light fixtures at Alexandria station tunnel*



*Crossing to be removed and reinstalled at Alexandria station*

### Projects scheduled to be completed this quarter:

1. Repairs to parking lot pavement at Rippon station
2. Minor repairs to steel elements at Leeland Road station
3. Partial restriping of parking lot at Manassas Park station
4. Replacement of waste and recycling receptacles at various stations
5. Installation of additional storage cabinetry at Alexandria headquarters
6. Replacement of fluorescent lighting with LED lighting at Fredericksburg office
7. Replacement of ceiling tiles at Fredericksburg office
8. Replacement/installation of pathfinder signage for Franconia-Springfield, Lorton, Woodbridge, Rippon, Quantico, Brooke, Leeland Road, Backlick Road, Rolling Road, Burke Centre, Manassas Park, Manassas and Broad Run stations
9. Installation of 988 Suicide & Crisis Lifeline signage at station platforms
10. Removal and reinstallation of timber pedestrian crossings at Alexandria and Crystal City stations to accommodate CSX tie replacement

### Projects scheduled to be initiated this quarter:

1. Minor repairs to concrete at Alexandria station
2. Modernization of east elevator at Woodbridge station
3. Replacement of windscreen plexiglass panels at Lorton and Woodbridge stations
4. Minor repairs to concrete at Burke Centre station
5. Replacement of existing lighting with LED lighting at Manassas station parking garage

6. Replacement of platform benches at various stations
7. Replacement of parking lot entrance signs at various stations

Ongoing projects:

1. Issuance of construction task order for minor structural concrete repairs at Woodbridge station parking garage, pending permit issuance
2. Procurement of construction contract for L'Enfant station waiting area project, pending permit issuance
3. Procurement of new five-year maintenance/custodial and seasonal services for VRE facilities contracts

## UPCOMING PROCUREMENTS

1. Station security camera upgrade
2. Forklift trucks
3. Modernization of VRE Woodbridge station east elevator
4. Tactile strip replacements
5. Construction manager/general contractor for the Alexandria station improvements project
6. Broad Run and Crossroads security camera system power and network infrastructure upgrade
7. Locomotive master controllers
8. Disaster management services

CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget		Project Notes
Alexandria Station Improvements	Passenger safety will be improved by replacing an at-grade pedestrian track crossing with elevators to connect the two platforms. The elevators and the current and proposed stairs, will connect to the existing tunnel between the two platforms. Adjustments to platform elevation will eliminate the need for step-boxes to access VRE and Amtrak trains. The center platform will be widened and lengthened to accommodate trains on both tracks.	Final Design	\$	30,975,014.00	Coordinating phasing with CSX. City permits nearly done. CM/GC Procurement documents underway. (Nov.) Permit coordination ongoing with City of Alexandria. Design coordination ongoing with CSX Alexandria 4th Track Project. CM/GC procurement documents being prepared for construction (Oct.)
Broad Run Expansion	To accommodate forecasted ridership growth and increase service reliability, improvements are needed at both the Maintenance and Storage Facility (MSF) and station. An enlarged MSF can store longer trains and additional equipment. That requires shifting the existing platform and adding a pedestrian tunnel between the platform and existing and proposed parking lots. A second, 600-space lot and third main track will be constructed.	Final Design	\$	137,230,000.00	VRE comments provided to consultant on the updated 30% design package. Design is beginning to advance to 60% level (Nov.) Reviewing updated 30% design package from Transystems team with transition to new VRE project manager (Oct.)
Brooke Station Improvements	Design and construction of a platform extension up to 700 feet to accommodate full-length VRE trains.	Development	\$	9,284,208.00	VRE has reengaged this project and returned it to the CIP budget for future years. Project schedule updates pending input from various stakeholders. (Oct. & Nov.)
Crossroads MSF - Storage Expansion, Short-term	The project constructs additional storage tracks at the Crossroads Maintenance and Storage Facility (MSF) adjacent to the existing facility.	Development	\$	8,365,765.00	VPRA has signed a LONP, allowing development and design work to proceed. (Oct. & Nov.)
Crystal City Station Improvements	Improved station access and service reliability will result from a new station. The platform at the relocated station will allow for the simultaneous boarding of two full-length trains. The station's design will accommodate a future pedestrian/bicycle connection between the station and the airport.	Development	\$	50,114,624.00	Coordinating proposed phasing and track geometry with CSXT. When key elements are set, design may more broadly progress to 60%. (Nov.) Final design efforts are underway as package advances toward the 60% deliverable. (Oct.)
Franconia-Springfield Station Improvements	Extended platforms will be able to accommodate eight-car trains, eliminating the need for passengers near the rear to move to a different railcar when disembarking. Enhanced passenger safety and reduced station dwell times will result. The longer platforms will increase operational flexibility and capacity. The design will allow for a future third mainline track.	Final Design	\$	13,000,000.00	NEPA Class of Action recommendation has been prepared, and will be coordinated with FTA to confirm class of action. (Nov.) Wetlands delineation findings being verified. Platform design review will determine updates necessary to accommodate CSX 3rd Track and pedestrian tunnel. (Oct.)

CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget	Project Notes
Fredericksburg Station Rehabilitation	The rehabilitation of platforms, stairs and bridges will improve passenger safety and better accommodate the boarding and disembarking of riders from VRE and Amtrak trains. New stairs will allow passengers to move between the platform and a parking lot without crossing the street at grade level. New signage, sidewalks, lighting and paint are included, as is installation of a low-clearance warning sign to a bridge that has experienced numerous vehicle strikes.	Construction	\$ 3,000,000.00	Execution of contract on Oct. 20. Pre-construction scheduled for Nov. 10. Notice to proceed anticipated this month. (Nov.) Clark insurance approved by CSX. Anticipate execution of contract this month. NTP anticipated January 2023. (Oct.)
HQ Office Renovations	The project will improve employee safety and security and maximize workspace efficiency at VRE Headquarters, and will include modifications to kitchen, supply room, mail room, bathroom/shower, office and cubicle areas in the north and south wings. The east wing will be modified to include additional offices.	Construction	\$ 250,000.00	Awaiting revised shop drawings for additional cabinetry in reception area and break room. (Oct. & Nov.)
Leeland Road Parking Improvements	This project will expand the surface parking lot at the Leeland Road station by approximately 225 spaces to accommodate future demand.	Development	\$ 5,519,178.00	The project is funded through Virginia SMART SCALE. Funding is allocated for FY20 and 22. A funding agreement is pending. (Sept. & Oct.)
Leeland Road Station Improvements	Design and construction of a platform extension to accommodate full-length VRE trains.	Development	\$ 6,736,091.00	VRE has reengaged this project and returned it to the CIP budget for future years. Project schedule updates pending input from various stakeholders. (Sept. & Oct.)
L'Enfant Station Waiting Area	The existing platform at the L'Enfant station experiences overcrowding during the evening service period. The proposed project will create an additional paved area behind the existing platform, currently landscaped with shrubs and grass, for riders to wait for trains or to bypass riders waiting on the platform.	Final Design	\$ 350,000.00	Received draft agreement from Boston Properties (BP), adjacent property owner, for brief use of loading dock during construction. VRE legal counsel provided comments (Nov.) Met onsite with BP to discuss brief use of loading dock. Awaiting draft agreement. (Oct.)
L'Enfant Track and Station Improvements	Expansion of the VRE L'Enfant Station to provide two platform edges and serve full-length trains. Add a new mainline track between LE and VA interlockings.	Development	\$ 79,980,000.00	Conceptual design for a preferred alternative is underway and is scheduled to be complete Sept. 2022. (Oct. & Nov.)

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CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget	Project Notes
Fredericksburg Station Rehabilitation	The rehabilitation of platforms, stairs and bridges will improve passenger safety and better accommodate the boarding and disembarking of riders from VRE and Amtrak trains. New stairs will allow passengers to move between the platform and a parking lot without crossing the street at grade level. New signage, sidewalks, lighting and paint are included, as is installation of a low-clearance warning sign to a bridge that has experienced numerous vehicle strikes.	Construction	\$ 3,000,000.00	Execution of contract on Oct. 20. Pre-construction scheduled for Nov. 10. Notice to proceed anticipated this month. (Nov.) Clark insurance approved by CSX. Anticipate execution of contract this month. NTP anticipated January 2023. (Oct.)
HQ Office Renovations	The project will improve employee safety and security and maximize workspace efficiency at VRE Headquarters, and will include modifications to kitchen, supply room, mail room, bathroom/shower, office and cubicle areas in the north and south wings. The east wing will be modified to include additional offices.	Construction	\$ 250,000.00	Awaiting revised shop drawings for additional cabinetry in reception area and break room. (Oct. & Nov.)
Leeland Road Parking Improvements	This project will expand the surface parking lot at the Leeland Road station by approximately 225 spaces to accommodate future demand.	Development	\$ 5,519,178.00	The project is funded through Virginia SMART SCALE. Funding is allocated for FY20 and 22. A funding agreement is pending. (Sept. & Oct.)
Leeland Road Station Improvements	Design and construction of a platform extension to accommodate full-length VRE trains.	Development	\$ 6,736,091.00	VRE has reengaged this project and returned it to the CIP budget for future years. Project schedule updates pending input from various stakeholders. (Sept. & Oct.)
L'Enfant Station Waiting Area	The existing platform at the L'Enfant station experiences overcrowding during the evening service period. The proposed project will create an additional paved area behind the existing platform, currently landscaped with shrubs and grass, for riders to wait for trains or to bypass riders waiting on the platform.	Final Design	\$ 350,000.00	Received draft agreement from Boston Properties (BP), adjacent property owner, for brief use of loading dock during construction. VRE legal counsel provided comments (Nov.) Met onsite with BP to discuss brief use of loading dock. Awaiting draft agreement. (Oct.)
L'Enfant Track and Station Improvements	Expansion of the VRE L'Enfant Station to provide two platform edges and serve full-length trains. Add a new mainline track between LE and VA interlockings.	Development	\$ 79,980,000.00	Conceptual design for a preferred alternative is underway and is scheduled to be complete Sept. 2022. (Oct. & Nov.)

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# CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget	Project Notes
Quantico Station Improvements	Service and safety will be enhanced through the construction of a new center platform, ADA-compliant pedestrian bridges, existing platform extension, and third track. These improvements will allow the station to accommodate additional passengers and more frequent and longer trains and operations flexibility with three boardable platform edges.	Construction	\$ 23,973,061.00	Platform concrete and canopy installation progressing on both platforms. Structural steel welding nearing completion. Soil nail wall progressing. (Nov.) Platform concrete and canopy installation progressing on both platforms. Structural steel welding nearing completion. Soil nail wall progressing. (Oct.)
Rippon Station Improvements	Extend existing platform with a second pedestrian overpass.	Development	\$ 16,634,794.00	VRE has reengaged this project and returned it to the CIP budget for future years. Project schedule updates pending input from various stakeholders. (Oct. & Nov.)
Rolling Road Station Improvements	An extended platform will accommodate eight-car trains, eliminating the need for passengers near the rear to move to a different railcar when disembarking. Enhanced passenger safety and reduced station dwell times will result. Rehabilitation and repair of the existing platform, replacement of stairs and the existing canopy roof, and an upgrade of the lighting and communication systems are planned.	Construction	\$ 5,000,000.00	Project work is substantially complete, with punchlist items being completed. (Oct. & Nov.)

For more information about VRE capital projects, visit <https://projects.vre.org/list>



## VIRGINIA RAILWAY EXPRESS

1500 KING STREET, SUITE 202 • ALEXANDRIA, VA 22314 • 703.684.1001

[VRE.ORG](http://VRE.ORG)



**RESOLUTION #2489**

**SUBJECT:** Accept and Authorize Distribution of VRE's FY 2022 Annual Comprehensive Financial Report

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

**WHEREAS:** The audit of the VRE FY 2022 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 hereby accepts the FY 2022 Annual Comprehensive Financial Report (ACFR) and associated information from the auditors and hereby authorizes the VRE Chief Executive Officer to forward this information to interested groups, firms and members of the public.

Approved this 1<sup>st</sup> day of December 2022.

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Canek Aguirre  
Chair

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Matt de Ferranti  
Secretary-Treasurer





# ANNUAL COMPREHENSIVE FINANCIAL REPORT

*FOR THE YEARS ENDED JUNE 30, 2022 AND 2021*

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A COMMUTER RAIL SERVICE JOINTLY OWNED AND OPERATED BY THE NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION. HEADQUARTERED IN ALEXANDRIA, VIRGINIA.



# **VIRGINIA RAILWAY EXPRESS**

**Annual Comprehensive Financial Report**

**YEARS ENDED JUNE 30, 2022 AND 2021**



Prepared by:

Department of Finance

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## **Introductory Section**





VIRGINIA RAILWAY EXPRESS

November 7, 2022

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 annual comprehensive financial report for the fiscal year ended June 30, 2022, 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 2022, VRE operated 32 daily trains in revenue service and carried an average daily ridership of 3,314 over 248 service days. Ridership throughout fiscal year 2022 was materially and negatively affected by ongoing impacts from the COVID-19 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 2022, VRE focused on improving its facilities, rolling stock, 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 2022, work was completed on the Broad Run and Crossroads LED Yard Lighting Replacement project. Substantial progress continued on the construction of the Lifecycle Overhaul and Upgrade (LOU) Facility project at Crossroads Yard, a new rolling stock lifecycle maintenance facility that will significantly expand VRE's equipment maintenance capabilities. Construction work continued as well on the Quantico and Rolling Road station improvement projects. Development efforts continued on several VRE expansion projects that will allow for future system growth, including the Broad Run, Crystal City & L'Enfant station expansions and new structured parking at Manassas Park. Substantial work was also completed on the renovation of the VRE headquarters office in Alexandria.
- **Rolling Stock:** In fiscal year 2022, VRE continued efforts towards the delivery of twenty-one new, modern design passenger railcars from Alstom Transportation Inc. These cars will provide an expanded railcar fleet and the opportunity for longer trains and/or additional service. The cars are expected to be completed and ready for revenue service by fiscal year 2027.
- **Systems:** In fiscal year 2022, VRE completed work on the Scheidt & Bachmann fare collection system validator equipment project, which provides additional equipment for several ongoing station expansion projects as well as a more robust capital spare inventory. VRE also completed the Variable Message Sign (VMS) proof of concept project, the first phase of the future system-wide upgrade of the VRE transit display system and train information portal. Additional development and implementation work on the new Enterprise Resource Management (ERP) System, Munis, continued this year. 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, design, and construction for both the Manassas Line Capacity Expansion program (funded primarily through the I-66 Outside the Beltway concessionaire payment) and the Fredericksburg Line Capacity Expansion program (funded primarily through the Commonwealth's SMART SCALE program). Both expansion efforts have also received crucial regional funding from the Northern Virginia Transportation Authority (NVTA). The component projects within these programs will provide new railcars for expanded carrying capacity, additional parking facilities at key stations, expanded station platforms to improve passenger boarding and alighting, storage and maintenance facility expansions, and real-time traveler information. Taken together, these programs will increase VRE's capacity as well as its ability to provide new services.

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 region, which is then available 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.

In December 2019, Governor Ralph Northam announced the Transforming Rail in Virginia (TRV) program, which included 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 and intercity passenger rail services while maintaining freight interoperability in the corridor.

To date, VRE has programmed \$45 million of C-ROC funds (covering fiscal years 2019, 2020, and 2021) towards its L’Enfant and Crystal City station improvement projects. In March 2021, VRE entered into a Funding Agreement with the Virginia Department of Rail and Public Transportation (DRPT), which was subsequently assigned to the new Virginia Passenger Rail Authority (VPRA). The Funding Agreement commits VRE to use C-ROC funds to support the TRV program in two ways – through the issuance of debt to assist in the CSXT right-of-way purchase and through ten years of pay-as-you-go contributions to the Long Bridge or other planned capital investments in the VRE service area.

In accordance with the requirements of the Funding Agreement, on June 28, 2022, VRE and NVTC (with NVTC as the Issuer) closed the sale of the Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia) Series 2022 (Green Bonds). The sale of these double-A rated tax-exempt bonds generated approximately \$119 million in net proceeds that were then available for transfer to VPRA in July 2022.

### ***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 to best meet long-term regional travel needs. During fiscal year 2016, a companion Financial Plan was completed that identified the costs, revenues, and funding gaps associated with System Plan 2040. The Financial Plan was critical to making the case to the legislature for the creation of the C-ROC Fund.

The TRV program of projects will address many of the needs identified in VRE’s System Plan 2040, and VRE will contribute C-ROC funds to support key TRV projects in the VRE service area. 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 has resulted in changes to VRE’s original plans for station expansions on the Fredericksburg Line.

In June 2022, VRE staff initiated the System Plan 2050 update process to reflect the planned TRV investments as well as significant changes in regional travel patterns since 2014. The scope of this comprehensive update is structured into three discrete phases that will take place over eighteen months and will allow VRE to identify ways to serve a greater number of people and support a variety of regional travel needs.



## ***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 an important travel alternative for Virginia commuters. VRE has remained competitive over time 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 Commonwealth's TRV program 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.

The near and medium-term environment remains uncertain given the COVID-19 pandemic and its impact on travel patterns. As of October 2022, midweek ridership on VRE remains down approximately 65 percent from pre-pandemic levels. Ridership did grow steadily in fiscal year 2022 as more employees returned to working in offices, and ridership is expected to continue to grow in fiscal year 2023. However, remote work is still being heavily utilized in the Washington region, with some public and private sector organizations remaining fully remote while many others have transitioned to a 'hybrid' approach. The ultimate impact on VRE's ridership will depend on many factors – economic, political, and organization-specific – that are not directly within VRE's control. VRE is focused on a wide range of actions, including marketing, promotional fares, and potential service modifications to expand beyond the traditional peak-hour federal employee commute market and grow ridership.

## **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, 2020. Due to delays at GFOA in reviewing submissions, VRE has not yet received the results of its submission of the annual comprehensive financial report for the fiscal year ended June 30, 2021. However, VRE anticipates earning the Certificate of Achievement for the fiscal year ended June 30, 2021, submission.

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. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA for review.

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

Chair	Hon. Margaret Franklin, Prince William County
Vice - Chair	Hon. James Walkinshaw, Fairfax County
Secretary	Hon. Sarah Bagley, City of Alexandria
Treasurer	vacant

#### Members

Hon. Walter Alcorn, Fairfax County  
Hon. Andrea Bailey, Prince William County  
Hon. Meg Bohmke, Stafford County  
Hon. Libby Garvey, Arlington County  
Hon. Monica Gary, Stafford County  
Hon. Lori Hays, Spotsylvania County  
Hon. Matthew Kelly, City of Fredericksburg  
Hon. Jeanine Lawson, Prince William County  
Michael McLaughlin, Commonwealth of Virginia  
Hon. Ralph Smith, City of Manassas  
Hon. Daniel Storck, Fairfax County

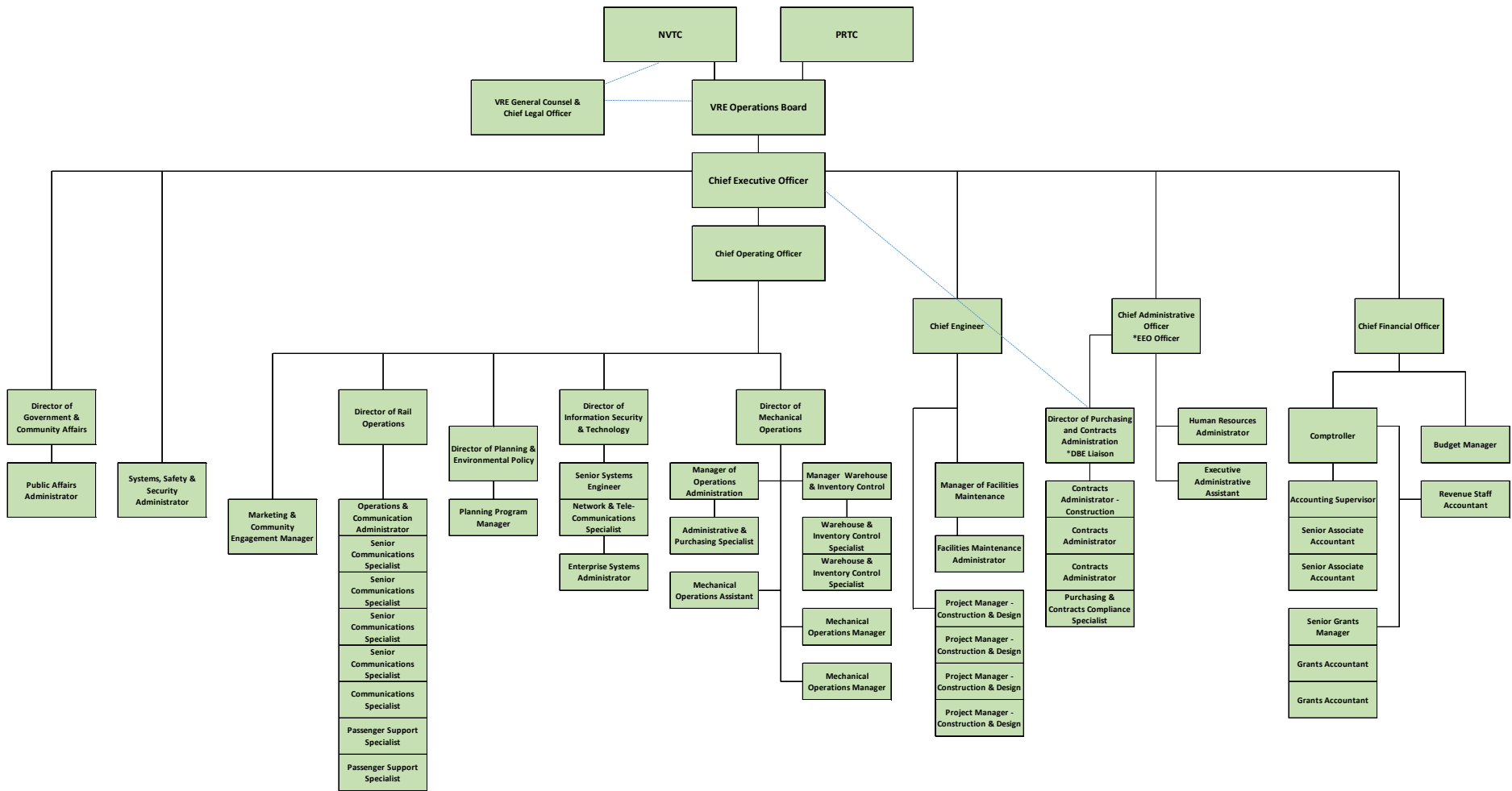
#### Alternates

Hon. Canek Aguirre, City of Alexandria  
Hon. Victor Angry, Prince William County  
Hon. Pete Candland, Prince William County  
Hon. Katie Cristol, Arlington County  
Hon. Deborah Frazier, Spotsylvania County  
Hon. Jason Graham, City of Fredericksburg  
Hon. Jeff McKay, Fairfax County  
Hon. Darrell Moore, City of Manassas Park  
Hon. Pamela Sebesky, City of Manassas  
Emily Stock, Commonwealth of Virginia  
Hon. Ann Wheeler, Prince William County

#### Management

Chief Executive Officer	Richard Dalton
Chief Financial Officer	Mark Schofield
Chief Administrative Officer	Cynthia D. Bullock
Chief Legal Officer	Stephen A. MacIsaac
Comptroller	Alexander E. Buchanan
Director, Government and Community Affairs	Joseph Swartz
Director, Rail Operations	Chris Henry

Virginia Railway Express  
Organizational Chart  
As of June 30, 2022



\* Note: Director of Purchasing and Contracts Administration reports to the CEO in matters related to their duties as DBE liaison

Chief Administrative Officer - primary EEO Officer for VRE

COO position is currently being re-evaluated for reporting lines

VRE General Counsel & Chief Legal Officer reports to the Operations Board and also assists the NVTC Commission with legal matters

Yellow blocks indicate position currently vacant

## **Financial Section**





## **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 Audit of the Financial Statements**

#### ***Opinion***

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the VRE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of VRE, as of June 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the VRE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the VRE's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the VRE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***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 10-19 and 65-70, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 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 7, 2022





## 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, 2022. 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 20.

### Financial Operations and Highlights

- Operating revenues increased by 43.4 percent compared to the prior year, from \$7,417,274 to \$10,634,078. Ridership increased 140.5 percent from 341,662 to 821,828, reflecting the return of ridership following the COVID-19 Coronavirus pandemic throughout fiscal year 2021 and 2022. Average daily ridership was 3,314 in fiscal year 2022 compared to 1,389 in fiscal year 2021. 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 0.6 percent from \$81,823,228 to \$82,329,324, as the result of increased costs for diesel fuel, increased costs of insurance, increased grant funded state of good repair equipment maintenance costs and regular contractual increases for operations, maintenance, and access fees, offset by reductions in railcar maintenance costs and the effects of implementation of the GASB 87 Leases Standard.
- Non-operating revenue decreased by 0.4 percent from \$97,671,776 to \$97,311,179 primarily as the result of increased operating support related to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act offset by reduction in jurisdictional subsidy and changes in federal and state operating grant funding.
- Capital grants and assistance increased by 264.1 percent from \$12,123,680 to \$44,146,486 as a result of increased capital project spending. VRE continues to have many capital projects in various stages of development, several of which are in the major construction phase in fiscal year 2022.
- The operating loss before depreciation and amortization was \$71,695,246, a decrease from the previous year of 3.6 percent. Local, state, and federal support is accounted for as non-operating income and is used to offset these losses.
- VRE's total net position increased by \$45,301,247 from \$421,182,222 to \$466,483,469, or 10.8 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 provided by federal COVID-19 pandemic relief grants. At the end of the fiscal year, unrestricted net position was \$30,239,677, a decrease of \$101,226,082, primarily related to the effects of a completed bond issuance at the end of fiscal year 2022.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, increased by 8.6 percent, as the combined result of increased capital expenditures during the fiscal year and the recognition of annual depreciation and amortization.

### Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the Virginia Railway Express. VRE's basic financial statements also include notes that provide more detail for some of the information contained in the basic statements.

**Basic Financial Statements.** VRE's statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to an enterprise using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. VRE's basic financial statements are the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. Comparative data for the prior fiscal year is provided for all three statements.

The Statements of Net Position reports VRE's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is one way to measure financial position, but the reader should also consider other indicators, such as the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions, and the age and condition of capital assets.

The Statements of Revenues, Expenses and Changes in Net Position report all 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 20-23 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 24-64 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, 2022, 2021, and 2020 is shown below.

### Condensed Statements of Net Position

	2022	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current and other assets	\$ 305,953,698	\$ 155,541,220	\$ 136,952,127
Capital assets, net	354,171,361	326,005,769	335,019,850
<b>Total assets</b>	<b>660,125,059</b>	<b>481,546,989</b>	<b>471,971,977</b>
Deferred outflows of resources	1,455,938	1,718,418	1,181,041
<b>Total assets and deferred outflows of resources</b>	<b>661,580,997</b>	<b>483,265,407</b>	<b>473,153,018</b>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current portion of long-term debt	6,819,694	4,104,230	3,906,946
Other current liabilities	14,241,895	8,215,879	7,126,123
Noncurrent liabilities	170,730,321	49,715,447	53,129,940
<b>Total liabilities</b>	<b>191,791,910</b>	<b>62,035,556</b>	<b>64,163,009</b>
Deferred inflows of resources	3,305,618	47,629	174,555
<b>Total liabilities and deferred inflows of resources</b>	<b>195,097,528</b>	<b>62,083,185</b>	<b>64,337,564</b>
NET POSITION:			
Net investment in capital assets	290,402,387	274,934,995	279,674,828
Restricted	145,841,405	14,781,470	14,862,978
Unrestricted	30,239,677	131,465,757	114,277,648
<b>Total net position, as restated</b>	<b>\$ 466,483,469</b>	<b>\$ 421,182,222</b>	<b>\$ 408,815,454</b>

## **Current Year**

Net position increased by approximately \$45.3 million, or 10.8 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements, the issuance of a Transportation District Special Obligation Revenue Bond, the Commuter Rail Operating and Capital (C-ROC) Fund and operating support related to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The largest portion of VRE's net position, \$290.4 million or 62.3 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, right-to-use assets 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 \$131.1 million or 886.7 percent, primarily related to the issuance of a Transportation District Special Obligation Revenue Bond in June 2022. The majority of VRE's restricted net position, \$133.3 million, represents resources that are restricted bond proceeds and for debt service.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$28.2 million or 8.6 percent as the result of increased construction in progress (CIP) project expenditures and the recognition of annual depreciation and amortization.

Current liabilities increased approximately \$8.7 million or 71.0 percent as the result of increases in the current portion of Bonds Payable, as a result of the issuance of the Series 2022 Bonds, as well as increases in Accounts Payable, Accrued Expenses and Contract Retainage.

Noncurrent liabilities and deferred inflows of resources increased approximately \$124.3 million or 111.2 percent primarily because of the issuance of a Transportation District Special Obligation Revenue Bond in June 2022 offset by recognition of the elimination of pension liability and scheduled bond and capital lease repayments during the year.

## **Prior Year**

Net position increased by approximately \$12.4 million, or 3.0 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements, the Commuter Rail Operating and Capital (C-ROC) Fund and operating support related to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The largest portion of VRE's net position, \$274.9 million or 65.3 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 decreased approximately \$81,000 or 0.6 percent, primarily related to minor decreases in the liability insurance fund and the VRA debt service reserve. The majority of VRE's restricted net position, \$10.2 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, decreased approximately \$9.0 million or 2.7 percent as the result of the disposal of several capital assets no longer in service, the write-off to expense of four discontinued construction in progress (CIP) projects and the recognition of annual depreciation and amortization.

Current liabilities increased approximately \$1.3 million or 11.7 percent as the result of increases in Accounts Payable, Payables to Commissions and Contract Retainage, offset by a decrease to Deferred Revenue.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$3.5 million or 6.6 percent because of scheduled bond 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.

	2022	2021	2020
Operating revenues:			
Passenger revenue	\$ 10,517,221	\$ 7,251,796	\$ 34,701,955
Equipment rentals and other	116,857	165,478	267,816
<b>Total operating revenues</b>	<b>10,634,078</b>	<b>7,417,274</b>	<b>34,969,771</b>
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	21,975,609	14,110,733	18,712,734
Federal – with PRTC as grantee	8,070,012	21,741,238	15,271,669
Federal – CARES Act	47,232,405	28,305,131	2,688,095
Jurisdictional contributions	4,756,658	18,300,780	17,767,748
Commuter Rail Operating and Capital Fund	15,000,000	15,000,000	15,000,000
Interest income	276,495	213,894	1,571,322
<b>Total nonoperating revenues, net</b>	<b>97,311,179</b>	<b>97,671,776</b>	<b>71,011,568</b>
<b>Total revenues</b>	<b>107,945,257</b>	<b>105,089,050</b>	<b>105,981,339</b>
Operating expenses:			
Contract operations and maintenance	28,495,740	28,125,410	28,076,445
Other operations and maintenance	17,763,617	15,603,856	15,446,821
Property leases and access fees	17,283,411	17,354,979	17,425,916
Insurance	7,431,921	7,100,216	4,370,863
Marketing and sales	795,787	979,335	2,189,698
General and administrative	10,558,848	12,659,432	11,015,700
<b>Total operating expenses</b>	<b>82,329,324</b>	<b>81,823,228</b>	<b>78,525,443</b>
Other expenses:			
Depreciation and amortization	21,552,764	21,118,165	19,690,320
Interest, financing costs and other	2,908,408	1,904,569	2,089,883
<b>Total other expenses</b>	<b>24,461,172</b>	<b>23,022,734</b>	<b>21,780,203</b>
<b>Total expenses</b>	<b>106,790,496</b>	<b>104,845,962</b>	<b>100,305,646</b>
Surplus before capital contributions and extraordinary item	1,154,761	243,088	5,675,693
Capital grants and assistance:			
Commonwealth of Virginia grants	25,604,500	2,339,034	2,110,561
Federal grants – with PRTC as grantee	17,603,912	8,738,493	3,696,057
Regional transportation funding (NVT A)	875,805	528,067	1,758,116
In-kind and other local contributions	62,269	518,086	-
<b>Total capital grants and assistance</b>	<b>44,146,486</b>	<b>12,123,680</b>	<b>7,564,734</b>
Extraordinary or Special Item	-	-	1,372,379
<b>Change in net position</b>	<b>45,301,247</b>	<b>12,366,768</b>	<b>14,612,806</b>
Net position - beginning of year	421,182,222	408,815,454	394,202,648
Net position - end of year	\$ 466,483,469	\$ 421,182,222	\$ 408,815,454

## Revenues

### Current Year

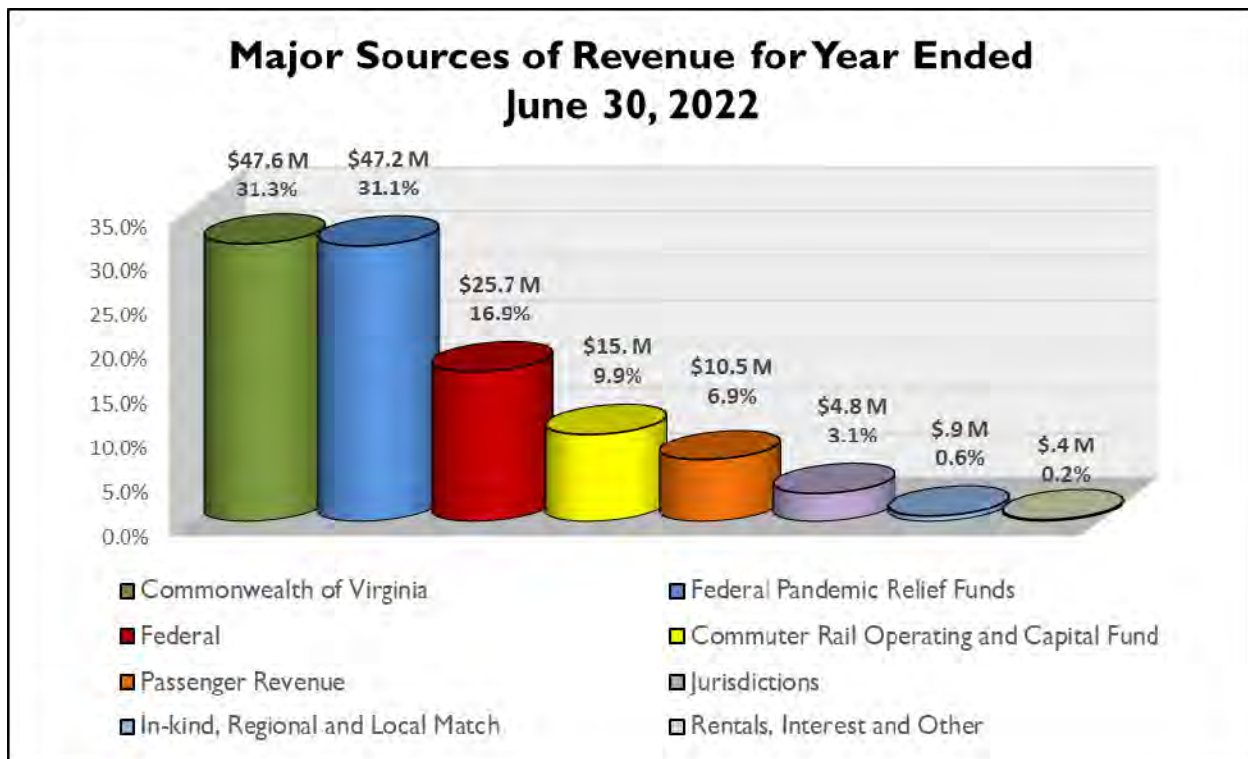
Total revenues for the current fiscal year increased approximately \$2.9 million or 2.7 percent. Operating revenues totaled approximately \$10.6 million, an increase of 43.4 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs decreased by approximately \$13.5 million. State, federal and regional subsidies increased by \$13.1 million, primarily as the result of an additional \$18.9 million in CARES Act funding related to the COVID-19 pandemic and an additional \$8.4 million in state operating subsidy, offset by reductions in federal and state operating support for railroad access fees. Fiscal year 2022 is the fourth year of the Commuter Rail Operating and Capital (C-ROC) Fund, with \$15.0 million contributed to VRE each year.

Passenger revenue increased approximately \$3.3 million or 45.0 percent, reflecting the effects of the return of ridership in the early period following the COVID-19 pandemic. Total ridership increased by 140.5 percent as the result of the same factor. Average daily ridership was 3,314 in fiscal year 2022 compared to 1,389 in fiscal year 2021 and 12,992 in fiscal year 2020.

	June 30,		
	2022	2021	2020
Ridership	821,828	341,662	3,273,884
% Increase (Decrease)	140.5%	(89.6%)	(26.9%)

Capital grants and assistance increased approximately \$32.0 million or 264.1 percent; this increase is attributed to increases in capital project spending in fiscal year 2022. VRE continues to have many capital projects in various stages of development, several of which are in the major construction phase in fiscal year 2022.

The following chart shows the major sources of revenue for the year ended June 30, 2022:



## **Prior Year**

Total revenues for the current fiscal year decreased approximately \$892,000 or 0.8 percent. Operating revenues totaled approximately \$7.4 million, a decrease of 78.8 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$533,000. State, federal, and regional subsidies increased by \$27.5 million, primarily as the result of an additional \$25.6 million in CARES Act funding related to the COVID-19 pandemic. Fiscal year 2021 is the third year of the Commuter Rail Operating and Capital (C-ROC) Fund, with \$15.0 million contributed to VRE each year.

Passenger revenue decreased approximately \$27.6 million or 78.8 percent, reflecting the effects of the COVID-19 pandemic throughout fiscal year 2021. Total ridership decreased by 89.6 percent as the result of the same factor. Average daily ridership was 1,389 in fiscal year 2021 compared to 12,992 in fiscal year 2020.

Capital grants and assistance increased approximately \$4.6 million or 60.3 percent; this increase is attributed to increases in capital project spending in fiscal year 2021. VRE continues to be in a period with many capital projects in the development and design phases, some of which have transitioned into 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 \$0.5 million or 0.6 percent. Total operating expenses were approximately \$82.3 million compared to \$81.8 million for the prior fiscal year.

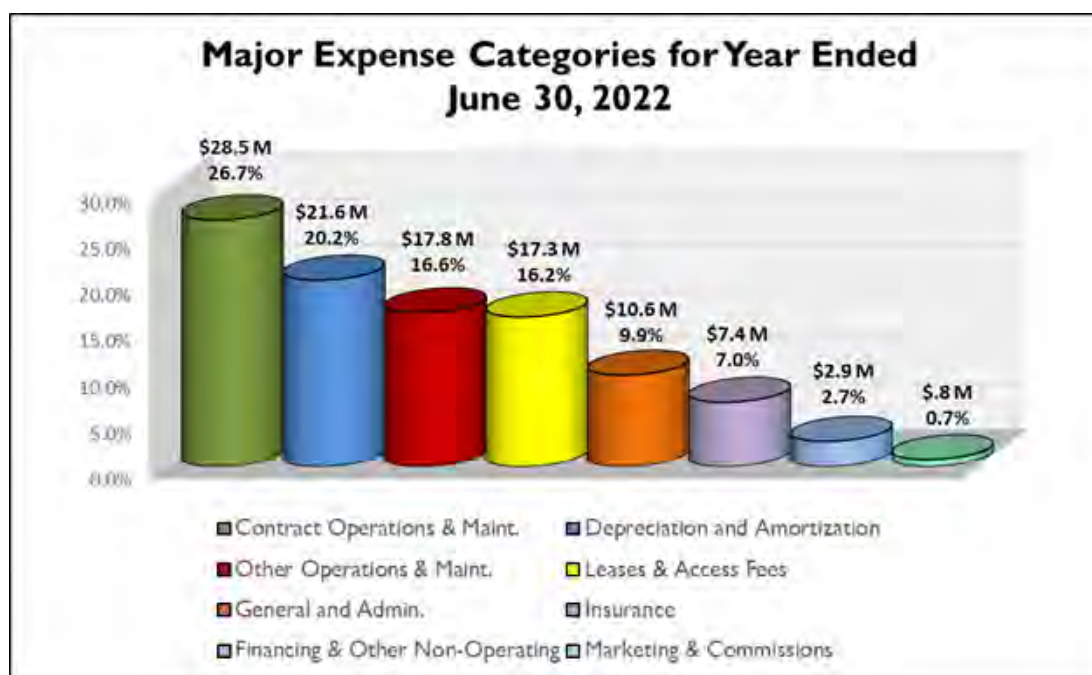
Insurance costs increased by \$0.3 million or 4.7 percent due to ongoing changes in the global insurance market for commuter railroads. General and administrative costs decreased by \$2.1 million or 16.6 percent, primarily due to increases in salaries, software costs, information technology repair and maintenance costs and office maintenance costs, offset by the effects of the implementation of the GASB 87 Lease standard related to Office and Parking costs, and the year-to-year variance caused by the write off to expense of four discontinued CIP projects in fiscal year 2021 and not in fiscal year 2022.

Contract operations and maintenance increased by approximately \$0.3 million or 1.3 percent. Contract, property lease and access fee costs remained effectively flat, decreasing by less than \$0.1 million or 0.4 percent, in part due to cost reductions for Amtrak access fees related to federal COVID relief. Other operations and maintenance costs increased by \$2.2 million or 13.8 percent, primarily due to an increase in diesel fuel costs of \$2.4 million due to resumption of full service and rising fuel prices during the fiscal year. All other costs in this category decreased by \$0.2 million or 1.4% combined.

Marketing and sales costs decreased by \$0.2 million or 18.7 percent, primarily due to decreased costs related to reduced costs related to mitigation of COVID.

Depreciation and amortization increased by approximately \$0.4 million or 2.1 percent and net interest and financing costs increased by approximately \$1.0 million or 52.7 percent, related to the costs of issuance for the Series 2022 Bonds.

The following chart shows the major expense categories for the year ended June 30, 2022:



### **Prior Year**

Total operating and other expenses, including depreciation and amortization, increased by approximately \$4.5 million or 4.5 percent. Operating expenses increased by approximately \$3.3 million or 4.2 percent. Total operating expenses were approximately \$81.8 million compared to \$78.5 million for the prior fiscal year.

Insurance costs increased by \$2.7 million or 62.4 percent due to changes in the global insurance market for commuter railroads. General and administrative costs increased by \$1.6 million or 14.9 percent, primarily due to the write off to expense of four discontinued CIP projects offset by expense decreases in most other administrative categories.

Contract operations and maintenance remained effectively flat, increasing by less than \$0.1 million or 0.2 percent. Property lease and access fee costs also remained effectively flat, decreasing by less than \$0.1 million or 0.4 percent, in part due to cost reductions for Amtrak access fees related to federal COVID relief. Other operations and maintenance costs remained effectively flat, increasing by less than \$0.2 million or 1.0 percent, primarily to a decrease in diesel fuel costs due to reduced operations and various other operating costs due to reductions of service during the COVID-19 pandemic, offset by increases in winter weather preparation costs.

Marketing and sales costs decreased by \$1.2 million or 55.3 percent, primarily due to decreased costs directly related to reduced ridership and ticket sales, specifically sales commissions, bank fees and payment card settlement costs.

Depreciation and amortization increased by approximately \$1.4 million or 7.3 percent and net interest and financing costs decreased by approximately \$185,000 or 8.9 percent.



## Capital Assets and Debt Administration

### Capital Assets

VRE's investment in capital assets as of June 30, 2022 totals approximately \$354 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.

	2022	2021	2020
Right-to-use leased buildings	\$ 1,385,031	\$ -	\$ -
Right-to-use leased parking lots	579,328	-	-
Right-to-use leased tower	99,581	-	-
Rolling stock	285,303,075	285,279,918	285,279,918
Vehicles	145,560	145,560	145,560
Facilities	112,979,178	112,809,451	112,809,451
Track and signal improvements	100,108,269	100,108,269	99,528,959
Equipment and software	13,370,290	13,031,118	12,126,666
Construction in progress	80,340,785	33,184,419	24,003,731
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	6,259,838	6,258,646	6,389,452
	<b>606,358,222</b>	<b>556,604,668</b>	<b>546,071,024</b>
Less accumulated depreciation and amortization	<b>(252,186,861)</b>	<b>(230,598,899)</b>	<b>(211,051,174)</b>
<b>Total capital assets, net</b>	<b>\$ 354,171,361</b>	<b>\$ 326,005,769</b>	<b>\$ 335,019,850</b>

### Current Year

During fiscal year 2022, capital assets increased approximately \$28.1 million or 8.6 percent, as the combined result of new project construction, implementation of the GASB 87 Lease standard and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$0.5 million were transferred from construction in progress to their respective capital accounts and an additional \$11,100 was charged directly to the capital accounts. A small parcel of real property (land) was sold at the Quantico station for \$18,000 in fiscal year 2022.

The major completed projects during the fiscal year were the S&B Fare Collection System Validators purchase (\$0.3 million) and the Broad Run and Crossroads LED Yard Lighting Replacement (\$0.2 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$19.4 million), the twenty-one New Railcars project (\$13.1 million), the Quantico station improvement project (\$6.7 million), the Rolling Road station platform extension project (\$2.7 million), the Broad Run station improvement project (\$1.7 million), the VRE Headquarters Office Renovation project (\$0.9 million), the Manassas Park parking expansion project (\$0.8 million) and the Enterprise Resource Planning (ERP) system development (\$0.7 million).

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 11 to the financial statements.

## **Prior Year**

During fiscal year 2021, capital assets decreased approximately \$9.0 million or 2.7 percent, as the combined result of new project construction, the reclassification to expense of several discontinued construction in progress projects and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$2.9 million were transferred from construction in progress to their respective capital accounts and an additional \$69,005 was charged directly to the capital accounts. No capital assets were sold in fiscal year 2021, but several fully depreciated capital assets totaling approximately \$1.6 million were retired from service and disposed, including the original VRE Mobile Ticket System at a value of \$1.4 million and several computer assets at a combined value of approximately \$0.1 million.

Approximately \$2.1 million in construction in progress was reclassified to operating expense. This reduction was primarily related to three projects, all in the preliminary design and development phase, for second platforms at VRE's Brooke, Leeland Road and Lorton stations, at a total value of \$1.5 million. The Commonwealth of Virginia has acquired half of the CSX Transportation right of way in the VRE service area, with the objective of achieving near-total separation of freight and passenger rail service. With that change to operations in the corridor, these second platform projects were determined to be no longer necessary, and work on those design efforts was terminated. The additional \$0.6 million that was reclassified was for ongoing phase two development work on the original Mobile Ticketing System that was not completed or in-service at the time that system was retired from service.

The major completed projects during the fiscal year were the Fare Collection EMV Compliance Upgrade project (\$2.1 million), completion of the Crossroads to Hamilton Third Track Slope Stabilization project (\$0.6 million), and implementation of the new VRE Mobile Ticketing System (\$0.2 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$8.8 million), development of the Crystal City station project (\$0.8 million), development of the Munis Enterprise Resource Planning (ERP) System (\$0.6 million), the Quantico station improvement project (\$0.6 million), the Broad Run station improvement project (\$0.5 million) the Alexandria station improvements project (\$0.6 million), development of the Franconia/Springfield platform project (\$0.5 million), development of the Manassas Park parking expansion project (\$0.5 million) and the VRE Headquarters Office Renovation project (\$0.3 million).

## **Debt Administration**

At June 30, 2022, VRE had total debt outstanding of \$159,961,357.

The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) are co-lessees of the private placement note payable for rolling stock, which is secured by the related equipment.

The promissory note for the purchase of 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC were signatories. This note was previously designated to the Federal Railroad Administration (FRA) as lender but was delegated to the Build America Bureau of the United States Department of Transportation in fiscal year 2017. This delegation had no effect on the terms of the note. The note was secured by the revenues of VRE and the rolling stock.

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

In fiscal year 2022, VRE and NVTC successfully issued \$115,670,000 (par value) in Transportation District Special Obligation Revenue Bonds ("Series 2022 Bonds"). The bonds are limited obligations of NVTC and payable solely from pledged revenues of the Commuter Operating and Capital Fund (C-ROC), a special non-reverting fund in the state treasury on the Commonwealth of Virginia. The bond proceeds will be used to fund a debt service reserve for the Series 2022 Bonds, to pay issuance and finance costs of the Series 2022 Bonds, and to finance contributions to the Virginia Passenger Rail Authority (VPRA) to assist with VPRA's purchase of rail right-of-way from CSX Transportation.

	2022	2021	2020
Bond payable	\$ 152,965,000	\$ 39,770,000	\$ 42,120,000
Private placement note payable	5,355,739	6,984,969	8,541,915
Leases payable	1,640,618	-	-
<b>Total</b>	<b>\$ 159,961,357</b>	<b>\$ 46,754,969</b>	<b>\$ 50,661,915</b>

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 effects on ridership stemming from the 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 2023 increased by \$8,787,464 or 184.7 percent to \$13,544,122. 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, which will continue in fiscal year 2023. Additional sources of funding will be available in fiscal year 2023 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

## Requests for Information

This financial report is designed to provide a general overview of VRE's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Virginia Railway Express, 1500 King Street, Suite 202, Alexandria, Virginia 22314-2730 or by e-mail to [mschofield@vre.org](mailto:mschofield@vre.org).

## **Basic Financial Statements**

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF NET POSITION

June 30, 2022 and 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 92,348,142	\$ 113,216,933
Accounts receivable:		
Federal Due from PRTC	22,615,359	11,002,685
Federal CARES Act	4,637,278	5,403,201
Commonwealth of Virginia grants	30,021,278	4,016,137
Commonwealth Rail Operating and Capital (C-ROC) Fund	2,500,000	2,500,000
Trade receivables, net of allowance for doubtful accounts	469,433	287,189
Other receivables	1,603,242	865,011
Inventory	3,148,774	2,883,469
Prepaid expenses and other	474,445	585,125
Restricted cash, cash equivalents and investments	145,841,405	14,781,470
<b>Total current assets</b>	<b>303,659,356</b>	<b>155,541,220</b>
Noncurrent Assets:		
Capital assets:		
Right-to-use leased buildings	1,385,031	-
Right-to-use leased parking lots	579,328	-
Right-to-use leased tower	99,581	-
Rolling stock	285,303,075	285,279,918
Vehicles	145,560	145,560
Facilities	112,979,178	112,809,451
Track and signal improvements	100,108,269	100,108,269
Equipment and software	13,370,290	13,031,118
Construction in progress	80,340,785	33,184,419
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	6,259,838	6,258,646
	606,358,222	556,604,668
Less accumulated depreciation and amortization	(252,186,861)	(230,598,899)
<b>Total capital assets, net</b>	<b>354,171,361</b>	<b>326,005,769</b>
Leases receivable, noncurrent portion	1,402,949	-
Net pension assets	891,393	-
<b>Total noncurrent assets</b>	<b>356,465,703</b>	<b>326,005,769</b>
<b>Total assets</b>	<b>660,125,059</b>	<b>481,546,989</b>
Deferred Outflows of Resources:		
Loss on refunding	331,710	362,566
Pension plan	1,032,127	1,250,435
Other postemployment benefits	92,101	105,417
<b>Total deferred outflows of resources</b>	<b>1,455,938</b>	<b>1,718,418</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 661,580,997</b>	<b>\$ 483,265,407</b>

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF NET POSITION (Continued) June 30, 2022 and 2021

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

	2022	2021
Current Liabilities:		
Accounts payable	\$ 7,370,602	\$ 3,460,577
Payable to the Commissions	1,687,982	2,107,906
Compensated absences	131,776	110,631
Accrued expenses	1,801,975	843,834
Accrued interest	482,987	523,251
Unearned revenue	1,202,584	805,079
Contract retainage	1,563,989	364,601
Current portion of bonds payable	4,755,000	2,475,000
Leases payable	359,824	-
Current portion of private placement note payable	1,704,870	1,629,230
<b>Total current liabilities</b>	<b>21,061,589</b>	<b>12,320,109</b>
Noncurrent Liabilities:		
Pension liability	-	1,228,984
Other postemployment benefits	305,585	436,013
Bonds payable	164,626,477	41,973,371
Private placement note payable	3,650,869	5,355,739
Leases payable	1,280,794	-
Compensated absences	866,596	721,340
<b>Total noncurrent liabilities</b>	<b>170,730,321</b>	<b>49,715,447</b>
<b>Total liabilities</b>	<b>191,791,910</b>	<b>62,035,556</b>
Deferred Inflows of Resources:		
Leases	1,402,949	-
Pension plan	1,761,605	11,412
Other postemployment benefits	141,064	36,217
<b>Total deferred inflows of resources</b>	<b>3,305,618</b>	<b>47,629</b>
Net Position:		
Net investment in capital assets	290,402,387	274,934,995
Restricted for liability insurance plan	10,022,903	10,252,938
Restricted for debt service	133,281,926	1,998,519
Restricted grants or contributions	2,536,576	2,530,013
Unrestricted assets	30,239,677	131,465,757
<b>Total net position</b>	<b>466,483,469</b>	<b>421,182,222</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 661,580,997</b>	<b>\$ 483,265,407</b>

# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues:		
Passenger revenue	\$ 10,517,221	\$ 7,251,796
Equipment rentals and other	116,857	165,478
<b>Total operating revenues</b>	<b>10,634,078</b>	<b>7,417,274</b>
Operating Expenses:		
Contract operations and maintenance	28,495,740	28,125,410
Other operations and maintenance	17,763,617	15,603,856
Property leases and access fees	17,283,411	17,354,979
Insurance	7,431,921	7,100,216
Marketing and sales	795,787	979,335
General and administrative	10,558,848	12,659,432
<b>Total operating expenses</b>	<b>82,329,324</b>	<b>81,823,228</b>
<b>Operating loss before depreciation and amortization</b>	<b>(71,695,246)</b>	<b>(74,405,954)</b>
Depreciation and Amortization	(21,552,764)	(21,118,165)
<b>Operating loss</b>	<b>(93,248,010)</b>	<b>(95,524,119)</b>
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	21,975,609	14,110,733
Federal grants – with PRTC as grantee	8,070,012	21,741,238
Federal CARES Act	47,232,405	28,305,131
Jurisdictional contributions	4,756,658	18,300,780
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	15,000,000
Interest income:		
Operating funds	101,474	89,187
Insurance trust	19,451	67,921
Commonwealth Rail Operating and Capital (C-ROC) Fund	139,208	50,085
Leases	29,174	-
Other restricted funds	(12,812)	6,701
Interest, amortization and other nonoperating expenses, net	(2,908,408)	(1,904,569)
<b>Total nonoperating revenues, net</b>	<b>94,402,771</b>	<b>95,767,207</b>
Capital Grants and Assistance:		
Commonwealth of Virginia grants	25,604,500	2,339,034
Federal grants – with PRTC as grantee	17,603,912	8,738,493
Regional transportation funding (NVTa)	875,805	528,067
Local contributions	62,269	518,086
<b>Total capital grants and assistance</b>	<b>44,146,486</b>	<b>12,123,680</b>
<b>Change in net position</b>	<b>45,301,247</b>	<b>12,366,768</b>
Net Position, beginning of year	421,182,222	408,815,454
Net Position, ending	\$ 466,483,469	\$ 421,182,222



# VIRGINIA RAILWAY EXPRESS

## STATEMENTS OF CASH FLOWS Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Receipts from customers	\$ 10,054,329	\$ 6,656,559
Payments to suppliers	(73,135,971)	(72,895,656)
Payments to employees	(8,496,495)	(6,621,920)
<b>Net cash used in operating activities</b>	<b>(71,578,137)</b>	<b>(72,861,017)</b>
Cash Flows from Noncapital Financing Activities:		
Governmental subsidies	83,196,830	82,375,026
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(43,893,625)	(12,449,305)
Capital grants and assistance	20,423,389	24,934,882
Proceeds from bond issuance	129,521,695	-
Proceeds from sale of capital assets	18,000	-
Private placement note payable	(1,629,230)	(1,556,946)
Principal paid on bonds	(2,475,000)	(2,350,000)
Leases payable	(423,322)	-
Interest paid on private placement note payable	(302,128)	(347,694)
Interest paid on bonds and notes	(1,716,641)	(1,966,196)
Interest paid on leases	(50,937)	-
Bond issuance cost	(1,147,071)	-
<b>Net cash provided by capital and related financing activities</b>	<b>98,325,130</b>	<b>6,264,741</b>
Cash Flows from Investing Activities:		
Interest received on investments	247,321	213,894
<b>Increase in cash and cash equivalents</b>	<b>110,191,144</b>	<b>15,992,644</b>
Cash and Cash Equivalents, beginning	127,998,403	112,005,759
Cash and Cash Equivalents, ending	\$ 238,189,547	\$ 127,998,403
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (93,248,010)	\$ (95,524,119)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	21,552,764	21,118,165
Write-off of construction in progress to expense	-	2,129,654
(Increase) decrease in:		
Accounts receivable	(182,244)	306,838
Other receivables	-	(53,721)
Inventory	(265,305)	(131,791)
Prepaid expenses and other	110,680	(446,121)
Deferred outflows of resources – pension	218,309	(570,179)
Deferred outflows of resources – other postemployment benefits	13,316	1,945
Deferred inflows of resources - pension	1,750,193	(130,478)
Deferred inflows of resources - other postemployment benefits	104,847	3,552
Pension liability	(2,120,377)	1,016,648
Other postemployment benefits	(130,428)	(21,071)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,015,623	453,493
Unearned revenue	(397,505)	(1,013,832)
<b>Net cash used in operating activities</b>	<b>\$ (71,578,137)</b>	<b>\$ (72,861,017)</b>
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 4,755,232	\$ 2,053,853
Capital assets acquired through accrued liabilities	562,821	552,686
Capital assets acquired through leases	2,063,940	-
Premium on bond acquired via debt issuance	12,136,265	-

# **VIRGINIA RAILWAY EXPRESS**

## **NOTES TO FINANCIAL STATEMENTS**

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

#### **Reporting Entity**

The Virginia Railway Express (VRE) is accounted for as a joint venture of the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). Pursuant to a Master Agreement signed in 1989, NVTC and PRTC (the Commissions) jointly own and operate VRE. VRE provides commuter rail service on two railroad lines, one originating in Fredericksburg and one originating in Manassas, Virginia, and both terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation (CSX), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station and other services.

Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. In order to present a full and accurate picture of VRE operations and in accordance with the Master Agreement and related Appendices that established VRE, all financial transactions related to the commuter rail program are combined in this report. In addition, an allocation of the VRE assets, liabilities and operations are reflected in the financial reports of the Commissions based on asset ownership, named entity on debt instruments, and sources of funding.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenue alone to produce positive operating income. In addition to fares, the system is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan (refinanced in fiscal year 2018 to a bond), lease financing, Federal (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) grants, NVTA regional grants, and jurisdictional contributions apportioned through a formula based on ridership, supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania and Stafford; and the cities of Manassas, Manassas Park and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria.

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting

VRE prepares its financial statements using the accrual basis of accounting. The activities of VRE are similar to those of proprietary funds of local jurisdictions. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Revenues and expenses:** VRE distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with VRE’s principal ongoing operation. The principal operating revenues of VRE are fares paid by customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned.

Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities.

**Revenue recognition:** Intergovernmental revenues, consisting primarily of Federal (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) grants, designated for payment of specific expenses, are recognized at the time the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Position when expended. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

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

**Restricted cash and cash equivalents:** Restricted cash, cash equivalents and investments of \$145,841,404 and \$14,781,469 at June 30, 2022 and 2021, 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 2018 financing; a debt service reserve fund, cost of issuance (COI) fund and revenue stabilization fund for the Series 2022 Bonds; a project fund for the net proceeds from sale of the Series 2022 bonds, to be requisitioned by the Virginia Passenger Rail Authority in fiscal year 2023; 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 \$53,000 and \$36,000 at June 30, 2022 and 2021, respectively.

**Inventory:** VRE has purchased an inventory of spare parts for rolling stock that is maintained and managed at the Commission’s warehouse located at the Crossroads yard and warehouse facility. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

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

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

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

VRE capitalizes assets that have an initial cost of \$5,000 or more per unit and a useable life of two or more years, with the exception of software purchases, which are only capitalized if the initial cost is \$15,000 or more.

Depreciation and amortization of all exhaustible equipment, buildings and intangibles including leased assets, 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, 2022 and 2021.

**Lessee:** For new or modified contracts, VRE determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), VRE records a lease asset and lease obligation which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not readily determinable, VRE will use the applicable incremental borrowing rate in the calculation of the present value of the lease payments.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

**Lessee (continued):** Leases with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the lease term. At the commencement of a lease, VRE measures the lease liability at the present value of payments expected to be made during the lease term and then reduces the liability by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, then amortized on a straight line basis over a period that is the shorter of the lease term or the useful life of similar capital assets. Lease payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

Key estimates and judgements related to leases include the determination of a discount rate, lease term, lease payments, and residual value guarantees or other provisions as follows:

Discount Rate:	When readily available or easily determinable, VRE uses the interest rate charged by the lessor. If not readily available or easily determinable, VRE uses its estimated incremental borrowing rate.
Lease Term:	The lease term includes the non-cancellable period of the lease.
Lease Payments:	Lease payments included in the measurement of the lease liability are comprised of fixed payments and, if applicable, the purchase option price VRE is reasonably certain to exercise.

Leased assets are reported with other capital assets as right-to-use leased assets and lease liabilities are reported with current and noncurrent liabilities on the statement of net position.

**Lessor:** For new or modified contracts, VRE determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), VRE will record a lease receivable and a deferred inflow of resources which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not clear, VRE may apply the guidance for imputation of interest as a means of determining the interest rate.

VRE will not recognize a lease receivable and a deferred inflow of resources for leases with a noncancellable term of less than 12 months, and income is recognized as incurred.

At the commencement of a lease, VRE will measure the lease receivable as the present value of payments expected to be received during the lease term and will reduce the receivable by the principal portion of lease payments received after satisfaction of accrued interest on the lease receivable, calculated using the effective interest method. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, then recognized on a straight-line basis as revenue over the lease term.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

**Lessor (continued):** Key estimates and judgements related to leases include the determination of a discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

Discount Rate:	When readily available or easily determinable, VRE uses the interest rate charged by the lessor. If not readily available or easily determinable, VRE uses its estimated incremental borrowing rate.
Lease Term:	The lease term includes the non-cancellable period of the lease.
Lease Payments:	Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee.

**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 several items that qualify for reporting in this category. The first item relates to the deferred loss on refinancing. The remaining items relate to the pension plan and group life insurance program (GLI) other postemployment benefits (OPEB) plan. See Notes 6 and 7 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 several items that qualify for reporting in this category. See Notes 5, 6 and 7 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 fiduciary net 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

**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 fiduciary net 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.

**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.

**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 7, 2022, 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).



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

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

**Credit risk:** The investment policy specifies credit quality for certain types of investments, 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, 2022 and 2021, the book balance of VRE's deposits with banks was \$4,399,846 and \$13,884,441, 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, 2022 and 2021, VRE had investments of \$90,541,767 and \$101,919,252, 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

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, 2022 and 2021, VRE had \$9,966,010 and \$10,196,192, respectively, invested in the Insurance Trust. In fiscal years 2022 and 2021, earnings on the Insurance Trust in the amount of \$19,451 and \$67,921, respectively, were credited to VRE. The Insurance Trust Fund has not been assigned a rating.

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, 2022 and 2021, VRE had \$1,985,231 and \$1,998,519, respectively, invested in the VRA Debt Service Reserve Fund.

In accordance with the issuance of the Northern Virginia Transportation Commission (NVTC) Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia Program) Series 2022 (Green Bonds), a Debt Service Reserve Fund (DSRF), Revenue Stabilization fund (RS) and Cost of Issuance (COI) fund were established for the benefit of NVTC. On the closing date of the bond issuance, VRE transferred \$7.5 million into the DSRF from the proceeds of the bond issuance. The funds in the DSRF and RS shall be used solely to cure any deficiencies in the payment by NVTC of any principal, premium, or interest associated with the NVTC financing. The funds held in COI are for payment of issuance costs incurred. At June 30, 2022, VRE had \$7,500,000 invested in the Debt Service Reserve Fund, \$3,750,000 in the Revenue Stabilization Fund and \$887,500 in the Cost of Issuance Fund. The funds in the DSRF, RS, and COI were held in custody by U.S. Bank and were invested in a JP Morgan US Government Money Market Fund.

Subsequent to year-end in July, the DSRF, RS, and COI funds were transferred to the Virginia State Non-Arbitrage Program (SNAP), with management of the funds provided by PFM Asset Management LLC. 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

As of June 30, 2022 and 2021, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2022	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 90,541,767	\$ 90,541,767
Insurance trust fund - pooled funds	9,966,010	9,966,010
Series 2022 bond proceeds	119,159,195	119,159,195
Series 2022 debt service reserve fund	7,500,000	7,500,000
Series 2022 revenue stabilization fund	3,750,000	3,750,000
Series 2022 certificate of indebtedness fund	887,500	887,500
VRA debt service reserve fund	1,985,231	1,985,231
<b>Total investments</b>	<b>\$ 233,789,703</b>	<b>\$ 233,789,703</b>

Investment Type	2021	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 101,919,252	\$ 101,919,252
Insurance trust fund - pooled funds	10,196,192	10,196,192
VRA debt service reserve fund	1,998,519	1,998,519
<b>Total investments</b>	<b>\$ 114,113,963</b>	<b>\$ 114,113,963</b>

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

VRE has the following investment subject to fair value measurements:

- U.S. Treasury securities of \$133,281,926 as of June 30, 2022, 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, 2022 was as follows:

	Beginning Balance *	Increases	Deletions	Transfers/ Adjustments	Ending
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 33,184,419	\$ 47,793,430	\$ (132,169)	\$ (504,895)	\$ 80,340,785
Capital assets being depreciated or amortized:					
Right-to-use leased buildings	1,385,031	-	-	-	1,385,031
Right-to-use leased parking lots	579,328	-	-	-	579,328
Right-to-use leased tower	99,581	-	-	-	99,581
Rolling stock	285,279,918	-	-	23,157	285,303,075
Vehicles	145,560	-	-	-	145,560
Facilities	112,809,451	-	(18,000)	187,727	112,979,178
Track and signal improvements	100,108,269	-	-	-	100,108,269
Equipment and software	13,031,118	11,100	-	328,072	13,370,290
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	6,258,646	-	-	1,192	6,259,838
<b>Total capital assets being depreciated or amortized</b>	<b>525,484,189</b>	<b>11,100</b>	<b>(18,000)</b>	<b>540,148</b>	<b>526,017,437</b>
Less accumulated depreciation or amortization for:					
Right-to-use leased buildings	-	135,275	-	-	135,275
Right-to-use leased parking lots	-	292,986	-	-	292,986
Right-to-use leased tower	-	38,547	-	-	38,547
Rolling stock	116,737,972	11,600,883	-	23,157	128,362,012
Vehicles	119,903	14,272	-	-	134,175
Facilities	51,443,376	3,076,532	-	10,849	54,530,757
Track and signal improvements	41,946,828	5,575,952	-	-	47,522,780
Equipment and software	10,921,450	502,718	-	-	11,424,168
Equity in property of others	4,297,692	164,593	-	-	4,462,285
Furniture, equipment and software	5,131,678	151,096	-	1,192	5,283,966
<b>Total accumulated depreciation or amortization</b>	<b>230,598,899</b>	<b>21,552,854</b>	<b>-</b>	<b>35,198</b>	<b>252,186,951</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>294,885,290</b>	<b>(21,541,754)</b>	<b>(18,000)</b>	<b>504,950</b>	<b>273,830,486</b>
<b>Total capital assets</b>	<b>\$ 328,069,709</b>	<b>\$ 26,251,676</b>	<b>\$ (150,169)</b>	<b>\$ 55</b>	<b>\$ 354,171,271</b>

\*The beginning balance was restated for the implementation of GASB 87. Lease assets at June 30, 2022 consists of two building leases, two parking lot leases and one tower lease in the amount of \$1,385,031, \$579,327, and \$99,581 respectively.

Note: The chart above reflects the purchase of several S&B fare collection system ticket validator units at a value of \$0.3 million, the completion of the Broad Run and Crossroads LED Yard Lighting Replacement project at a value of \$0.2 million, and work on the Variable Message System (VMS) Proof of Concept project at a value of \$15,272. The chart also reflects the direct purchase of \$11,100 in rolling stock maintenance tools.

The chart also represents the sale to the United States Department of the Navy of a small parcel (0.12 acre) of Commission-owned land for construction of a new Base facility adjacent to the VRE Quantico Station for \$18,000.

Finally, the chart also reflects several asset-related adjustments completed as part of VRE's transition of financial systems in fiscal year 2022.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 24,003,731	\$ 14,164,735	\$ (2,129,654)	\$ (2,854,393)	\$ 33,184,419
Capital assets being depreciated or amortized:					
Rolling stock	285,279,918	-	-	-	285,279,918
Vehicles	145,560	-	-	-	145,560
Facilities	112,809,451	-	-	-	112,809,451
Track and signal improvements	99,528,959	-	-	579,310	100,108,269
Equipment and software	12,126,666	69,003	(1,439,634)	2,275,083	13,031,118
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	6,389,452	-	(130,806)	-	6,258,646
Total capital assets being depreciated or amortized	522,067,293	69,003	(1,570,440)	2,854,393	523,420,249
Less accumulated depreciation or amortization for:					
Rolling stock	105,137,089	11,600,883	-	-	116,737,972
Vehicles	99,609	20,294	-	-	119,903
Facilities	48,099,756	3,343,620	-	-	51,443,376
Track and signal improvements	36,380,806	5,566,022	-	-	41,946,828
Equipment and software	12,120,667	240,417	(1,439,634)	-	10,921,450
Equity in property of others	4,133,099	164,593	-	-	4,297,692
Furniture, equipment and software	5,080,148	182,336	(130,806)	-	5,131,678
Total accumulated depreciation or amortization	211,051,174	21,118,165	(1,570,440)	-	230,598,899
Total capital assets being depreciated or amortized, net	311,016,119	(21,049,162)	-	2,854,393	292,821,350
Total capital assets	\$ 335,019,850	\$ (6,884,427)	\$ (2,129,654)	\$ -	\$ 326,005,769

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Long-Term Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2022:

	Beginning Balance *	Increases	Decreases	Ending Balance	Due Within One Year
Private placement note payable	\$ 6,984,969	\$ -	\$ (1,629,230)	\$ 5,355,739	\$ 1,704,870
Bonds payable	39,770,000	115,670,000	(2,475,000)	152,965,000	4,755,000
Premiums	4,678,371	12,136,265	(398,159)	16,416,477	470,476
Leases payable	2,063,940	-	(423,322)	1,640,618	359,824
	53,497,280	127,806,265	(4,925,711)	176,377,834	7,290,170
Compensated absences	831,971	457,769	(291,368)	998,372	131,776
	<u>\$ 54,329,251</u>	<u>\$ 128,264,034</u>	<u>\$ (5,217,079)</u>	<u>\$ 177,376,206</u>	<u>\$ 7,421,946</u>

\*The beginning balance was restated for the implementation of GASB 87.

Federal arbitrage regulations apply to the Gallery IV private payment placement note payable.

#### Private Payment Placement Note Payable – Gallery IV (11 cars)

\$25,100,000 private payment placement note payable; \$965,679 due semi-annually, including interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$10,694,992.

\$ 5,355,739

Future minimum payments as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 1,704,870	\$ 226,487
2024	1,784,022	147,356
2025	1,866,847	64,506
	<u>\$ 5,355,739</u>	<u>\$ 438,349</u>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Long-Term 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 \$51,534,250 at June 30, 2022. \$ 37,295,000

NVTC Bond payable, \$115,670,000 Bond, due in variable annual amounts, plus a bi-annual interest rate of 5.00% through June 1, 2052. \$ 115,670,000

Mandatory debt service on Bonds payable requirements as of June 30, 2022 are as follows:

Years Ending June 30,	NVTC Bond		VRA Bond		Total Required	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,150,000	\$ 5,349,738	\$ 2,605,000	\$ 1,685,666	\$ 4,755,000	\$ 7,035,404
2024	1,820,000	5,676,000	2,745,000	1,548,572	4,565,000	7,224,572
2025	1,910,000	5,585,000	2,885,000	1,404,303	4,795,000	6,989,303
2026	2,010,000	5,489,500	3,040,000	1,252,475	5,050,000	6,741,975
2027	2,110,000	5,389,000	3,200,000	1,092,575	5,310,000	6,481,575
2028-2032	12,235,000	25,253,500	18,610,000	2,845,200	30,845,000	28,098,700
2033-2037	15,610,000	21,874,000	4,210,000	80,531	19,820,000	21,954,531
2038-2042	19,925,000	17,561,250	-	-	19,925,000	17,561,250
2043-2047	25,440,000	12,054,750	-	-	25,440,000	12,054,750
2048-2052	32,460,000	5,027,000	-	-	32,460,000	5,027,000
Subtotal	115,670,000	109,259,738	37,295,000	9,909,322	152,965,000	119,169,060
Unamortized premium	4,280,212	-	12,136,265	-	16,416,477	-
<b>Total</b>	<b>\$ 119,950,212</b>	<b>\$ 109,259,738</b>	<b>\$ 49,431,265</b>	<b>\$ 9,909,322</b>	<b>\$ 169,381,477</b>	<b>\$ 229,209,950</b>



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Leases

Details of leases in which VRE is the lessee are as follows:

Lease obligation for a building. VRE is required to make monthly principal and interest payments of \$1,697 through July 2022. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$21,740 during the current fiscal year. The building has an estimated one year useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$1,673 and had accumulated amortization of \$20,067.

\$ 1,693

Lease obligation for a tower. VRE is required to make monthly principal and interest payments ranging from \$3,222 to \$3,418 through January 2024. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$99,581 during the current fiscal year. The tower has an estimated useful life of thirty-one months. The value of the right-to-use leased asset as of the end of the current fiscal year was \$61,034 and had accumulated amortization of \$38,547.

62,665

Lease obligation for a building. VRE is required to make monthly principal and interest payments ranging from \$9,708 to \$13,438 through April 2033. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$1,363,291 during the current fiscal year. The building has an estimated twelve year useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$1,248,083 and had accumulated amortization of \$115,208.

1,282,558

Lease obligation for a parking lot. VRE is required to make monthly principal and interest payments of ranging from \$9,070 to \$9,717 through December 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$273,503 during the current fiscal year. The parking lot has an estimated thirty month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$164,102 and had accumulated amortization of \$109,401.

168,852

Lease obligation for a parking lot. VRE is required to make monthly principal and interest payments of ranging from \$15,473 to \$15,782 through February 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$305,825 during the current fiscal year. The parking lot has an estimated thirty month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$122,330 and had accumulated amortization of \$183,495.

124,850

\$ 1,640,618

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Leases (Continued)

The following table summarized the total minimum lease payments due:

Years Ending June 30,	Principal	Interest
2023	\$ 359,824	\$ 43,671
2024	170,928	35,508
2025	95,944	31,992
2026	102,753	29,021
2027	109,887	25,841
2028-2032	668,729	73,484
2033	132,553	1,829
<b>Total minimum lease payments</b>	<b>\$ 1,640,618</b>	<b>\$ 241,346</b>

VRE is a lessor for a lease related to a communication tower. The lease term is for 55 years. The exercise of lease renewal options is at VRE's discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable. VRE will receive monthly payments of \$34,218 through October 2062. An initial lease receivable was recorded in the amount of \$1,437,167.

VRE has a deferred inflow of resources associated with its lease that will be recognized as revenue over the term of the lease. As of June 30, 2022, the balance of the deferred inflow was \$1,402,949. Lease revenue for the year ended June 30, 2022 was \$34,218 and lease interest income for the same year was \$29,174.

Future minimum lease amounts as of June 30, 2022 are as follows:

Years Ending June 30,	Principal	Interest
2023	\$ (6,844)	\$ 42,088
2024	(5,992)	42,294
2025	(5,082)	42,474
2026	(4,133)	42,626
2027	(3,081)	42,749
2028-2032	2,479	214,443
2033-2037	39,497	211,976
2038-2042	88,243	203,283
2043-2047	151,515	186,444
2048-2052	232,703	159,083
2053-2057	335,911	118,277
2058-2062	466,092	60,437
2063	111,641	3,351
<b>Total minimum lease payments</b>	<b>\$ 1,402,949</b>	<b>\$ 1,369,525</b>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. 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 (professional) 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
<b>About Plan 1</b> 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.	<b>About Plan 2</b> Same as Plan 1	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Members 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><b>Eligible Members</b> Members 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><b>Eligible Members</b> Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees.*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><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"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Retirement Contributions</b> 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><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b> 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><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <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 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of 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><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required, except as governed by law.</p>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Calculating the Benefit</b> 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.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <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.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> <i>VRS:</i> 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%.	<b>Service Retirement Multiplier</b> <i>VRS:</i> 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.	<b>Service Retirement Multiplier</b> <i>Defined Benefit Component:</i> <i>VRS:</i> 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Normal Retirement Age</b> <b>VRS:</b> Age 65.	<b>Normal Retirement Age</b> <b>VRS:</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> <b>VRS:</b> Same as Plan 2.
<b>Earliest Unreduced Retirement Eligibility</b> <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> <b>VRS:</b> 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.	<b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <b>VRS:</b> 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.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> </ul>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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.  <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <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 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <b><u>Exceptions to COLA Effective Dates (continued):</u></b> <ul style="list-style-type: none"> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>		
<b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	<b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	<b>Disability Coverage</b> 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 6. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as 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.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <i>Defined Contribution Component:</i> Not applicable.

#### B. Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	38
Inactive members:	
Vested	25
Non-vested	26
Active elsewhere in VRS	8
<b>Total inactive members</b>	59
Active members	91
<b>Total covered employees</b>	188

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. 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's contractually required contribution rate for the year ended June 30, 2021 was 6.23% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$272,381 and \$245,700 for the years ended June 30, 2022 and 2021, respectively.

#### D. Net Pension Asset/Liability

VRE's net pension asset/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 was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

#### E. Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Pension Plan (Continued)

#### E. Actuarial Assumptions (Continued)

##### *Mortality Rates*

Mortality Rates:	15% of deaths are assumed to be service-related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

#### F. Long-Term Expected Rate of Return

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

#### F. Actuarial Assumptions (Continued)

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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
<b>Total</b>	<b>100.00%</b>		<b>4.89%</b>
	Inflation		2.50%
	* Expected arithmetic nominal return		7.39%

\*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, 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 at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

#### 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, 2021, 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, 2021 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 6. Pension Plan (Continued)

#### H. Changes in the Net Pension (Assets)/Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension (Asset) Liability
Balances at June 30, 2020	\$ 22,360,057	\$ 20,252,417	\$ 2,107,640
Changes for the Year:			
Service cost	718,141	-	718,141
Interest	1,481,325	-	1,481,325
Changes of assumptions	803,822	-	803,822
Difference between expected and actual experience	(221,363)	-	(221,363)
Contributions – employer	-	421,362	(421,362)
Contributions – employee	-	399,479	(399,479)
Net investment income	-	5,570,288	(5,570,288)
Benefit payments, including refunds of employee contributions	(829,005)	(829,005)	-
Administrative expense	-	(13,494)	13,494
Other changes	-	530	(530)
<b>Net changes</b>	<b>1,952,920</b>	<b>5,549,160</b>	<b>(3,596,240)</b>
Balances at June 30, 2021	\$ 24,312,977	\$ 25,801,577	\$ (1,488,600)

The information above is derived from the actuarial valuation report for the Potomac and Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE. VRE has recorded a net pension asset of \$891,393 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2022. VRE's percentage of total contributions to the plan was 59.88 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)	\$ 1,102,939	\$ (891,393)	\$ (2,527,544)

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Pension Plan (Continued)

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

For the year ended June 30, 2022, VRE recognized pension expense of \$120,773. At June 30, 2022, 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	\$ 293,458	\$ (96,436)
Change in assumptions	466,288	-
Net difference between projected and actual earnings on pension plan investments	-	(1,665,169)
Employer contributions subsequent to the measurement date	272,381	-
<b>Total</b>	<b>\$ 1,032,127</b>	<b>\$ (1,761,605)</b>

The \$272,381 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, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (49,510)
2024	(136,111)
2025	(312,762)
2026	(503,476)
	<u>\$ (1,001,859)</u>

#### K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://www.varetire.org), or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. 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:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b><i>Eligible Employees</i></b></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><b><i>Benefit Amounts</i></b></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.</li><li>• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Seat belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<p><b><i>Reduction in Benefit Amounts</i></b></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><b><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></b></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 \$8,722 as of June 30, 2022.</p>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 7. 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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$32,036 and \$28,691 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, VRE reported a liability of \$305,585 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was \$32,036 or 0.04294% as compared to \$28,691 or 0.04360% at June 30, 2020.

For the year ended June 30, 2022, VRE recognized GLI OPEB expense of \$12,497. 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, 2022, 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	\$ 34,853	\$ (2,328)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(72,937)
Change in assumptions	16,847	(41,810)
Changes in proportionate share	8,365	(23,989)
Employer contributions subsequent to the measurement date	32,036	-
<b>Total</b>	<b>\$ 92,101</b>	<b>\$ (141,064)</b>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. 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 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 \$305,585 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2021. VRE's percentage of total contributions to the plan was 61.12 percent. This percentage was used to allocate a portion of the net GLI OPEB liability to VRE.

The \$32,036 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, 2023. 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
2023	\$ (15,075)
2024	(14,856)
2025	(17,302)
2026	(27,635)
2027	(6,131)
<b>Total</b>	<u><u>\$ (80,999)</u></u>

#### D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Locality – general employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Group Life Insurance Program (Continued)

#### D. Actuarial Assumptions (Continued)

Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Group Life Insurance Program (Continued)

#### 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, 2021, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,577,346
Plan fiduciary net position	2,413,074
<b>GLI net OPEB liability</b>	<b>\$ 1,164,272</b>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 67.45%

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.

#### 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)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
<b>Total</b>	<b>100.00%</b>		<b>4.89%</b>
	Inflation		2.50%
			<b>7.39%</b>

\* Expected arithmetic nominal return

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Group Life Insurance Program (Continued)

\* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

#### 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, 2020, 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, 2021, 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.

#### 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	\$ 446,292	\$ 305,585	\$ 191,736

#### I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2021-annual-report.pdf](http://varetire.org/Pdf/Publications/2021-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

# **VIRGINIA RAILWAY EXPRESS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 8. 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, 2022 and 2021, annual track usage fees totaled approximately \$11,207,000 and \$10,830,000, respectively, and facility and other identified costs totaled approximately \$443,000 and \$583,000, respectively. The increase in track usage fees primarily reflects normal annual increases to the base fees. The decrease in facility and other costs is primarily due to changes in station lease agreements with CSX and VPRA.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and midday services and electrical power became effective on July 1, 2015. For the years ended June 30, 2022 and 2021, costs for track access and equipment storage totaled approximately \$6,060,000 and \$6,349,000, respectively, and midday maintenance, utility and other services totaled approximately \$4,095,000 and \$3,868,000, respectively. Cost adjustments will be made in fiscal year 2023 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. In May 2020, the Commissions authorized the Chief Executive Officer to amend the contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the second five-year option period, effective July 1, 2020 through June 30, 2025.

Subsequently, in May 2021, the Commissions authorized the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the first five-year option period, effective July 1, 2021 through June 30, 2026. The cost of train operations and maintenance for the years ended June 30, 2022 and 2021 totaled approximately \$24,450,000 and \$24,375,000, respectively. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2023 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Related Party Transactions

VRE reimburses the Commissions for expenses made on behalf of VRE. During 2022 and 2021, these payments included \$8,182,937 and \$7,445,930 of salary-related costs and \$10,826 and \$19,667 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 \$74,034 and \$103,451 to PRTC during 2022 and 2021, 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 \$1,397 and \$1,886 in 2022 and 2021, respectively. Amounts payable to NVTC and PRTC were \$14,187 and \$1,673,796, respectively, at June 30, 2022 and \$6,918 and \$2,100,989, respectively, at June 30, 2021.

### Note 10. 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 approximately \$323 million) 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 \$65,300 at June 30, 2022 and \$123,000 at June 30, 2021.

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, 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
Beginning balance, July 1	<b>\$ 10,196,192</b>	\$ 10,263,540
Contribution to reserves	-	6,781,555
Insurance premiums paid	<b>(6,950)</b>	(6,788,505)
Claims mitigation and losses incurred	<b>(216,187)</b>	(92,862)
Investment income	<b>19,451</b>	67,921
Actuarial and administrative charges	<b>(26,496)</b>	(35,457)
Ending balance, June 30	<b><u>\$ 9,966,010</u></b>	<u>\$ 10,196,192</u>

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



# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Contingencies and Contractual Commitments

At June 30, 2022, 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, 2022:

Stations and Parking Lots	\$ 24,789,712
Rolling Stock	72,667,523
Maintenance and Layover Yards	18,428,988
Other Administrative	<u>688,236</u>
<b>Total</b>	<b><u>\$ 116,574,459</u></b>

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

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

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

### Note 12. Pending GASB Statements

At June 30, 2022, 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. 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

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.

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. 99, *Omnibus 2022*, provides guidance to enhance comparability in accounting and financial reporting for derivative instruments, leases, financial guarantees, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain GASB statements. The requirements related to GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* are effective upon issuance. The requirements related to GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the PRTC beginning with its year ending June 30, 2023. The requirements related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be effective for the PRTC beginning with its year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Statement 100 will be effective for the VRE beginning with its year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for the VRE beginning with its year ending June 30, 2025.

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

# **VIRGINIA RAILWAY EXPRESS**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 13. Subsequent Events**

In July 2022, VRE undertook a number of actions related to the sale of the Series 2022 Bonds which closed on June 28, 2022. In accordance with the Funding Agreement between the two parties, and following a formal requisition by VPRA, the net proceeds of approximately \$119.2 million from the transaction were transferred to VPRA to assist in the purchase of railroad right-of-way from CSX Transportation. VRE also undertook the first transfer of C-ROC funds to the bond Trustee (U.S. Bank), as required by the Indenture and other bond documents. Transfers to the Trustee in the amount of \$1,250,000 are now occurring monthly. VRE also initiated payment of bond issuance costs from the Cost of Issuance (COI) fund. Following payment of all eligible costs, any excess funds in the COI fund will be applied by the Trustee to pay debt service on the Series 2022 Bonds, and the COI fund will be closed.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to offer fare-free travel for all VRE riders in September 2022 and fare-free travel between zones 1, 2 and 3 in October 2022. The fare-free travel initiatives are intended to show appreciation for the core group of VRE riders who stayed with the service throughout the pandemic; promote VRE service and attract new riders; and support the region's transportation network during scheduled Metrorail service disruptions.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for construction of Fredericksburg Station Rehabilitation in the amount of \$7,918,581, plus a 10 percent contingency of \$791,858, for a total amount not to exceed \$8,710,439.

In July 2022, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Gannett Fleming, Inc. of Fairfax, Virginia for Construction Management (CM) Services for the Manassas Park Parking Expansion Project in the amount of \$3,231,139, plus a 10 percent contingency of \$323,114, for a total amount not to exceed \$3,554,253.

In August 2022, the VRE Operations Board authorized the Chief Executive Officer to issue a Mechanical Engineering Consulting Services Task Order to STV Inc. for Engineering Oversight for New Passenger Railcars II in the amount of \$1,359,164, plus a 10 percent contingency of \$135,916, for a total not to exceed \$1,495,080.

## **Required Supplementary Information**

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989	\$ 421,362	\$ <b>454,868</b>
Contributions in relation to the CRC	460,763	478,465	419,283	413,760	354,543	323,989	421,362	<b>454,868</b>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711	\$ <b>9,705,606</b>
Contributions as a percentage of covered payroll	6.34%	6.15%	4.86%	4.66%	3.91%	3.61%	4.75%	<b>4.69%</b>

### 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	2020	2021
Total Pension Liability								
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831	\$ 796,518	\$ 747,243	\$ 766,964	\$ 718,141
Interest	763,704	850,266	942,652	1,051,830	1,132,348	1,233,409	1,339,757	1,481,325
Changes of assumptions	-	-	-	(243,263)	108,387	631,239	-	803,822
Differences between expected and actual experience	-	92,275	284,843	38,724	-	312,560	743,287	(221,363)
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)	(676,419)	(829,005)
<b>Net change in total pension liability</b>	<b>1,263,313</b>	<b>1,409,867</b>	<b>1,550,103</b>	<b>1,167,210</b>	<b>1,566,424</b>	<b>2,208,235</b>	<b>2,173,589</b>	<b>1,952,920</b>
Total pension liability - beginning	11,021,316	12,284,629	13,694,496	15,244,599	16,411,809	17,978,233	20,186,468	22,360,057
Total pension liability - ending (a)	<u>\$ 12,284,629</u>	<u>\$ 13,694,496</u>	<u>\$ 15,244,599</u>	<u>\$ 16,411,809</u>	<u>\$ 17,978,233</u>	<u>\$ 20,186,468</u>	<u>\$ 22,360,057</u>	<u>\$ 24,312,977</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989	\$ 421,362
Contributions - employee	414,844	494,240	375,574	407,825	411,106	414,063	419,869	399,479
Net investment income	1,697,173	603,590	259,738	1,829,732	1,265,980	1,249,744	378,372	5,570,288
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)	(676,419)	(829,005)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)	(10,415)	(11,937)	(12,621)	(13,494)
Other	89	(131)	(107)	(1,654)	(1,150)	(791)	(457)	530
<b>Net change in plan fiduciary net position</b>	<b>2,409,395</b>	<b>1,275,088</b>	<b>649,196</b>	<b>2,208,304</b>	<b>1,608,452</b>	<b>1,289,406</b>	<b>432,733</b>	<b>5,549,160</b>
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326	14,713,522	16,921,826	18,530,278	19,819,684	20,252,417
Plan fiduciary net position - ending (b)	<u>12,789,238</u>	<u>14,064,326</u>	<u>14,713,522</u>	<u>16,921,826</u>	<u>18,530,278</u>	<u>19,819,684</u>	<u>20,252,417</u>	<u>25,801,577</u>
PRTC's net pension (asset) liability - ending (a) - (b)	<u>\$ (504,609)</u>	<u>\$ (369,830)</u>	<u>\$ 531,077</u>	<u>\$ (510,017)</u>	<u>\$ (552,045)</u>	<u>\$ 366,784</u>	<u>\$ 2,107,640</u>	<u>\$ (1,488,600)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%	103.11%	103.07%	98.18%	90.57%	106.12%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711
PRTC's net pension (asset) liability as a percentage of covered payroll	-7.67%	-5.09%	6.82%	-5.91%	-6.22%	4.04%	23.49%	-16.79%

### 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, 2022**

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#### **Note 1. Changes of Benefit Terms**

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

#### **Note 2. Changes of Assumptions**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

# VIRGINIA RAILWAY EXPRESS

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

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
<b>Total Group Life Insurance OPEB Liability</b>					
The Commission's Portion of the Net GLI OPEB Liability	0.04678%	0.04670%	0.04626%	0.04360%	0.04294%
The Commission's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000	\$ 709,000	\$ 752,773	\$ 727,613	\$ 499,938
The Commission's Covered Payroll	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711
The Commission's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%	7.99%	8.29%	8.11%	5.64%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.64%	52.64%

### 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 34,313	\$ 34,887	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,151	\$ 47,196	\$ 46,660	\$ 47,879	\$ 52,410
Contributions in relation to the CRC	34,313	34,887	38,509	41,266	44,865	46,151	47,196	46,660	47,879	52,410
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,474,129	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711	\$ 9,705,606
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%

### **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, 2022

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#### Note 1. Group Life Insurance Program

##### A. Changes of Benefit Terms

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

##### B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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## Statistical Section



## STATISTICAL SECTION

This portion of Virginia Railway Express' Annual Comprehensive 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 Annual Comprehensive Financial Reports for the relevant year.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	72– 75
<b>Other Statistical Information</b>	
These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	76 – 77
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	78 – 80
<b>Debt Service Requirements</b>	
These schedules provide information regarding the VRE's debt service requirements related to the 2018 Virginia Resource Authority Bonds.	81 – 82

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF CHANGE IN NET POSITION

### Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenues:										
Passenger revenue	\$ 10,517,221	\$ 7,251,796	\$ 34,701,955	\$ 41,990,599	\$ 42,221,002	\$ 42,280,669	\$ 37,696,913	\$ 36,700,191	\$ 37,093,476	\$ 34,733,106
Equipment rentals and other	116,857	165,478	267,816	314,236	269,168	301,621	240,052	418,569	197,915	239,381
<b>Total operating revenues</b>	<b>10,634,078</b>	<b>7,417,274</b>	<b>34,969,771</b>	<b>42,304,835</b>	<b>42,490,170</b>	<b>42,582,290</b>	<b>37,936,965</b>	<b>37,118,760</b>	<b>37,291,391</b>	<b>34,972,487</b>
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	21,975,609	14,110,733	18,712,734	17,447,509	17,145,270	18,265,581	16,572,077	14,401,957	19,330,105	14,967,197
Federal grants - with PRTC as grantee	8,070,012	21,741,238	15,271,669	15,229,460	15,362,802	15,937,225	13,917,534	13,688,723	15,931,876	18,559,490
CARES Act Federal Aid	47,232,405	28,305,131	2,688,095	-	-	-	-	-	-	-
Jurisdictional contributions	4,756,658	18,300,780	17,767,748	17,767,748	17,250,240	17,250,240	16,428,800	16,456,986	16,428,800	16,428,800
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	15,000,000	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	25,604,500	2,339,034	2,110,561	1,417,527	13,010,326	3,033,657	9,826,429	14,694,277	-	-
Federal grants - with PRTC as grantee	17,603,912	8,738,493	3,696,057	3,541,398	9,559,056	15,204,474	22,125,460	17,764,759	5,420,552	1,269,732
Regional transportation funding (NVTa)	875,805	528,067	1,758,116	2,304,206	615,190	651,163	-	-	-	-
In-kind and other local contributions	62,269	518,086	-	-	12,842	162,839	851,659	1,079,885	2,637,809	328,031
Interest income:										
Operating funds	101,474	89,187	1,009,626	1,360,241	616,228	285,495	93,677	34,337	27,860	18,573
Insurance trust	19,451	67,921	218,621	221,184	132,037	98,560	69,444	-	-	-
Commuter Rail Operating and Capital (C-ROC) Fund	139,208	50,085	294,176	117,075	-	-	-	-	-	-
Lease	29,174	-	-	-	-	-	-	-	-	-
Other restricted funds	(12,812)	6,701	48,899	63,483	797	402	197	59	196	772
Gain (loss) on sale of assets	-	-	-	-	(551,457)	3,500	-	(60,293)	1,500	(769,042)
<b>Total nonoperating revenues</b>	<b>141,457,665</b>	<b>109,795,456</b>	<b>78,576,302</b>	<b>74,664,337</b>	<b>73,919,917</b>	<b>71,355,025</b>	<b>80,427,948</b>	<b>78,060,690</b>	<b>59,778,698</b>	<b>50,803,553</b>
<b>Total revenues</b>	<b>152,091,743</b>	<b>117,212,730</b>	<b>113,546,073</b>	<b>116,969,172</b>	<b>116,410,087</b>	<b>113,937,315</b>	<b>118,364,913</b>	<b>115,179,450</b>	<b>97,070,089</b>	<b>85,776,040</b>
Operating Expenses:										
Contract operations and maintenance	28,495,740	28,125,410	28,076,445	26,946,284	26,917,081	25,873,933	24,082,615	22,782,752	23,151,332	21,751,488
Other operations and maintenance	17,763,617	15,603,856	15,446,821	16,579,038	17,492,047	14,461,209	13,662,606	14,334,954	14,891,502	12,785,223
Property leases and access fees	17,283,411	17,354,979	17,425,916	16,698,897	16,693,442	16,236,606	15,175,732	14,318,788	13,924,017	13,504,023
Insurance	7,431,921	7,100,216	4,370,863	3,945,668	3,766,321	3,970,753	4,046,198	3,964,673	3,991,969	4,022,072
Marketing and sales	795,787	979,335	2,189,698	2,574,583	2,529,388	2,532,214	2,393,332	2,267,729	2,012,321	1,872,343
General and administrative	10,558,848	12,659,432	11,015,700	10,937,062	11,651,412	10,904,945	10,514,343	7,968,298	7,793,040	6,784,379
Depreciation and amortization	21,552,764	21,118,165	19,690,320	18,542,805	18,201,071	17,737,170	16,953,565	15,391,195	14,706,458	14,465,445
<b>Total operating expenses</b>	<b>103,882,088</b>	<b>102,941,393</b>	<b>98,215,763</b>	<b>96,224,337</b>	<b>97,250,762</b>	<b>91,716,830</b>	<b>86,828,391</b>	<b>81,028,389</b>	<b>80,470,639</b>	<b>75,184,973</b>
Nonoperating (Revenues) Expenses:										
Interest and amortization	2,908,408	1,904,569	2,089,883	2,188,383	3,147,164	3,217,756	3,384,762	3,534,644	4,026,724	4,683,094
<b>Total nonoperating expenses, net</b>	<b>2,908,408</b>	<b>1,904,569</b>	<b>2,089,883</b>	<b>2,188,383</b>	<b>3,147,164</b>	<b>3,217,756</b>	<b>3,384,762</b>	<b>3,534,644</b>	<b>4,026,724</b>	<b>4,683,094</b>
<b>Special items</b>	<b>-</b>	<b>-</b>	<b>(1,372,379)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,882,945</b>	<b>-</b>	<b>3,660,786</b>	<b>-</b>
<b>Total expenses</b>	<b>106,790,496</b>	<b>104,845,962</b>	<b>98,933,267</b>	<b>98,412,720</b>	<b>100,397,926</b>	<b>94,934,586</b>	<b>92,096,098</b>	<b>84,563,033</b>	<b>88,158,149</b>	<b>79,868,067</b>
<b>Change in net assets</b>										<b>\$ 5,907,973</b>
<b>Change in net position</b>	<b>\$ 45,301,247</b>	<b>\$ 12,366,768</b>	<b>\$ 14,612,806</b>	<b>\$ 18,556,452</b>	<b>\$ 16,012,161</b>	<b>\$ 19,002,729</b>	<b>\$ 26,268,815</b>	<b>\$ 30,616,417</b>	<b>\$ 8,911,940</b>	

Note: 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net investment in capital assets	\$ 290,402,387	\$ 274,934,995	\$ 279,674,828	\$ 282,554,207	\$ 289,271,966	\$ 279,920,481	\$ 274,136,653	\$ 254,085,092	\$ 220,069,396	\$ 220,007,440
Restricted for liability insurance plan	10,022,903	10,252,938	10,320,199	10,527,621	10,536,336	10,470,506	10,439,990	10,487,532	10,454,171	10,294,874
Restricted for debt service	133,281,926	1,998,519	2,016,642	2,029,382	1,996,544	-	-	-	6,731,166	6,563,328
Restricted grants or contributions	2,536,576	2,530,013	2,526,137	1,120,762	1,094,246	779,223	779,223	-	-	140,270
Unrestricted assets	30,239,677	131,465,757	114,277,648	97,970,676	72,747,104	68,885,778	55,697,393	50,211,820	46,973,386	35,845,639
<b>Total net assets</b>										<u>\$ 272,851,551</u>
<b>Total net position</b>	<u>\$ 466,483,469</u>	<u>\$ 421,182,222</u>	<u>\$ 408,815,454</u>	<u>\$ 394,202,648</u>	<u>\$ 375,646,196</u>	<u>\$ 360,055,988</u>	<u>\$ 341,053,259</u>	<u>\$ 314,784,444</u>	<u>\$ 284,228,119</u>	

Note: 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue Bonds:										
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,555,000	\$ 12,775,000
Bonds Payable:										
\$46,640,000 Virginia Resources Authority (VRA) Bond 2018	37,295,000	39,770,000	42,120,000	44,360,000	46,640,000	-	-	-	-	-
\$5,972,388 Unamortized Premium on VRA Bond 2018	4,280,212	4,678,371	5,076,530	5,474,689	5,872,848	-	-	-	-	-
\$115,670,000 Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia) Series 2022 (Green Bonds)	115,670,000	-	-	-	-	-	-	-	-	-
\$12,136,265 Unamortized Premium on Series 2022 Bonds	12,136,265	-	-	-	-	-	-	-	-	-
Private Placement Notes Payable:										
\$25,100,000 Private Placement Note - Gallery IV Cars	5,355,739	6,984,969	8,541,916	10,029,785	11,451,643	12,810,417	14,108,906	15,349,786	16,535,611	17,668,825
\$74,425 Private Placement Note - Equipment	-	-	-	2,628	17,559	34,287	50,048	64,331	-	-
Leases Payable:										
\$1,385,031 Right-to-use asset - buildings	1,284,251	-	-	-	-	-	-	-	-	-
\$579,327 Right-to-use asset - parking lots	293,702	-	-	-	-	-	-	-	-	-
\$99,581 Right-to-use asset - tower	62,665	-	-	-	-	-	-	-	-	-
Notes Payable:										
\$900,000 SunTrust Bank	-	-	-	-	-	-	-	-	-	-
\$63,844,842 FRA Notes	-	-	-	-	-	53,440,159	55,628,942	57,709,856	59,698,580	61,595,765
Outstanding as of June 30	<u>\$ 176,377,834</u>	<u>\$ 51,433,340</u>	<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>
Debt per Capita:										
Outstanding as of June 30	\$ 176,377,834	\$ 51,433,340	\$ 55,738,446	\$ 59,867,102	\$ 63,982,050	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590
Total Participating Jurisdictional Population	N/A	N/A	2,408,454	2,386,893	2,358,778	2,337,754	2,317,876	2,306,060	2,291,535	2,272,215
Debt per Capita	<u>N/A</u>	<u>N/A</u>	<u>\$ 23.14</u>	<u>\$ 25.08</u>	<u>\$ 27.13</u>	<u>\$ 28.35</u>	<u>\$ 30.11</u>	<u>\$ 31.71</u>	<u>\$ 36.13</u>	<u>\$ 40.51</u>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 176,377,834	\$ 51,433,340	\$ 55,738,446	\$ 59,867,102	\$ 63,982,050	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590
Total Personal Income	N/A	N/A	183,648,652,000	175,406,597,000	168,531,401,000	163,383,278,000	158,911,737,000	157,776,294,309	152,996,485,000	150,795,929,000
Total Outstanding Debt as a Percentage of Personal Income	<u>N/A</u>	<u>N/A</u>	<u>0.03%</u>	<u>0.03%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.05%</u>	<u>0.05%</u>	<u>0.06%</u>

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

- (1) County of Fairfax fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 4.2, page 306
- (2) County of Arlington fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table L, page 283
- (3) County of Prince William fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 17, page 277
- (4) County of Stafford fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table S-17, page 220
- (5) County of Spotsylvania fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table S-14, page 213
- (6) City of Alexandria fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table XIX, page 233
- (7) City of Manassas fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 199
- (8) City of Manassas Park fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 198
- (9) City of Fredericksburg fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 202



# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS Last Ten Fiscal Years (Unaudited)

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fairfax County	\$ 1,658,006	\$ 6,379,017	\$ 6,253,022	\$ 5,385,794	\$ 6,099,300	\$ 5,160,910	\$ 4,847,284	\$ 4,852,953	\$ 4,747,684	\$ 4,511,265
City of Fredericksburg	95,412	367,089	321,028	436,568	417,278	483,524	439,366	581,244	427,728	339,064
City of Manassas	209,813	807,234	694,742	785,898	684,586	749,372	766,491	686,944	757,804	642,662
City of Manassas Park	121,735	468,364	405,485	511,311	474,718	511,777	576,699	401,762	574,709	441,702
Prince William County	1,541,501	5,930,777	6,098,311	6,183,745	5,363,372	5,968,406	5,309,674	5,485,333	5,748,203	4,761,324
Stafford County	643,856	2,477,175	2,352,820	2,475,127	2,344,514	2,647,221	2,855,607	2,689,391	2,529,281	1,892,640
Spotsylvania County	390,849	1,503,754	1,285,670	1,632,635	1,520,191	1,382,749	1,303,888	1,401,382	1,313,600	3,510,352
City of Alexandria	38,767	149,151	144,807	144,807	140,589	140,589	133,894	133,894	133,894	133,894
Arlington County	56,719	218,219	211,863	211,863	205,692	205,692	195,897	195,897	195,897	195,897
<b>Total contributions</b>	<b>\$ 4,756,658</b>	<b>\$ 18,300,780</b>	<b>\$ 17,767,748</b>	<b>\$ 17,767,748</b>	<b>\$ 17,250,240</b>	<b>\$ 17,250,240</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>

Source: VRE's Department of Finance

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF MISCELLANEOUS STATISTICS

### Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	20	20	20	20	20
Railcars	100	100	100	100	100	98	100	93	91	91
<b>Total rolling stock</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>118</b>	<b>120</b>	<b>113</b>	<b>111</b>	<b>111</b>
Stations	19	19	19	19	19	19	19	18	18	18
Parking Spaces (1)	10,842	10,763	10,763	10,795	10,796	10,796	10,743	9,243	9,030	9,030
Employees	56	55	50	50	50	49	45	39	37	37
Ridership and Fare Revenue Data (2):										
Total Ridership	821,828	341,662	3,273,884	4,477,266	4,705,529	4,761,035	4,441,858	4,618,169	4,547,911	4,643,898
Average Daily Ridership	3,314	1,389	12,922	18,053	18,974	18,968	17,767	18,547	18,119	18,878
Average Fare Per Trip	\$ 12.82	\$ 21.23	\$ 10.60	\$ 9.38	\$ 8.97	\$ 8.88	\$ 8.49	\$ 7.95	\$ 8.16	\$ 7.48

(1) In fiscal year 2021, VRE performed a full survey of parking facilities including space counts, resulting in minor changes to multiple station counts.

(2) Ridership in the fourth quarter of fiscal year 2020 was negatively affected by the COVID-19 Novel Coronavirus pandemic.  
Ridership continued to be impacted by the COVID-19 Novel Coronavirus pandemic in fiscal year 2021 and 2022.

Source: VRE staff



## VIRGINIA RAILWAY EXPRESS

### PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

Current Year and Nine Years Ago  
(Unaudited)

Employers	2021			2012		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1) (3) (4) (6)	1	53,043	N/A	1	29,361-30,359	N/A
Fairfax County Public Schools (1)	2	25,389	N/A	2	23,534	N/A
Fairfax County Government (1)	3	12,128	N/A	3	12,070	N/A
Inova Health System (1)	4	10,000-12,000	N/A	5	7,000-10,000	N/A
Amazon (1)	5	5,000-9,999	N/A	-	-	N/A
Booz-Allen Hamilton (1)	6	5,000-9,999	N/A	4	7,000-10,00	N/A
Capital One (1)	7	5,000-9,999	N/A	-	-	N/A
Federal Home Loan Mortgage (1)	8	5,000-9,999	N/A	7	4,000-6,999	N/A
George Mason University (1)	9	5,000-9,999	N/A	8	4,000-6,999	N/A
Science Applications International Corp. (1)	10	5,000-9,999	N/A	10	4,000-6,999	N/A
Mary Washington Healthcare (9)	-	-	N/A	6	4,250	N/A
Northrop Grumman (1)	-	-	N/A	9	4,000-6,999	N/A

Sources:

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

- (1) County of Fairfax fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 4.2, page 306
- (2) County of Arlington fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table L, page 283 - Number of Employees not Included
- (3) County of Prince William fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 17, page 277
- (4) County of Stafford fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table S-17, page 220
- (5) County of Spotsylvania fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table S-14, page 213
- (6) City of Alexandria fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table XIX, page 233
- (7) City of Manassas fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 199
- (8) City of Manassas Park fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 198
- (9) City of Fredericksburg fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 202

## DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2012 to 2021

(Unaudited)

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (8)	Arlington County (9)
<b>2021</b>									
Population	N/A	488,629	N/A	17,219	153,392	28,500	139,971	164,650	240,200
Personal Income (in thousands)	N/A	\$33,168,415	N/A	\$591,059	\$6,779,926	\$1,569,964	\$7,300,517	14,665,740	23,877,561
Per Capita Personal Income	N/A	\$58,765	N/A	\$34,326	\$44,200	\$55,077	\$52,157	N/A	99,407
Unemployment Rate	N/A	4.5%	4.4%	4.3%	4.3%	5.3%	4.4%	4.3%	4.3%
<b>2020</b>									
Population	1,171,848	467,935	42,772	17,478	151,689	28,532	137,200	159,200	231,800
Personal Income (in thousands)	\$100,944,159	\$31,075,084	2,558,279	\$549,159	\$7,410,183	\$1,449,140	\$6,968,418	10,627,334	22,066,896
Per Capita Personal Income	\$86,141	\$56,238	59,812	\$31,420	\$48,851	\$50,790	\$50,790	N/A	95,198
Unemployment Rate	5.6%	8.9%	8.8%	9.9%	7.5%	9.4%	8.1%	7.8%	1.9%
<b>2019</b>									
Population	1,166,965	463,867	41,085	17,307	149,110	29,144	136,215	156,800	226,400
Personal Income (in thousands)	\$96,205,762	\$29,870,606	\$2,315,797	\$512,997	\$7,141,369	\$1,422,897	\$6,918,390	\$10,758,922	\$20,259,857
Per Capita Personal Income	\$82,441	\$55,356	\$56,366	\$29,641	\$47,893	\$48,823	\$50,790	N/A	\$89,487
Unemployment Rate	2.3%	2.6%	2.6%	2.1%	2.7%	3.5%	3.1%	2.2%	2.0%
<b>2018</b>									
Population	1,152,873	459,966	41,641	16,528	145,699	28,360	134,011	154,500	225,200
Personal Income (in thousands)	\$90,357,574	\$28,845,521	\$2,276,430	\$489,907	\$6,841,181	\$1,339,443	\$6,806,448	\$11,760,450	\$19,814,447
Per Capita Personal Income	\$78,376	\$54,740	\$54,668	\$29,641	\$46,954	\$47,230	\$50,790	\$88,088	\$87,986
Unemployment Rate	2.4%	3.0%	2.8%	2.7%	3.3%	4.3%	3.2%	2.4%	2.5%
<b>2017</b>									
Population	1,142,888	456,126	41,501	16,591	144,612	28,297	132,739	152,200	222,800
Personal Income (in thousands)	\$86,834,344	\$27,420,200	\$2,196,606	\$478,667	\$6,657,002	\$1,313,009	\$6,472,198	\$12,115,212	\$19,896,040
Per Capita Personal Income	\$75,978	\$52,555	\$52,929	\$28,851	\$46,034	\$46,401	\$48,759	\$84,079	\$89,300
Unemployment Rate	3.0%	3.5%	3.4%	3.4%	3.6%	4.6%	3.8%	2.6%	2.6%
<b>2016</b>									
Population	1,138,652	449,864	41,483	15,827	142,380	28,118	131,252	149,900	220,400
Personal Income (in thousands)	\$85,311,224	\$26,426,685	\$2,128,617	\$456,625	\$6,425,740	\$1,256,818	\$6,232,417	\$12,071,851	\$18,601,760
Per Capita Personal Income	\$74,923	\$51,354	\$51,313	\$28,851	\$45,131	\$44,698	\$47,484	\$83,167	\$84,400
Unemployment Rate	3.2%	3.7%	3.4%	3.9%	4.0%	4.8%	4.3%	2.9%	2.9%

## DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2012 to 2021

(Unaudited)

	County (1)	County (2)	Manassas (3)	Park (4)	County (5)	Fredericksburg (6)	County (7)	Alexandria (7)	County (8)
<b>2015</b>									
Population	1,142,234	441,627	41,764	15,625	142,299	28,213	129,948	147,650	216,700
Personal Income (in thousands)	\$85,675,546	\$25,621,570	\$2,101,356	\$440,063	\$6,296,162	\$1,201,676	\$6,035,568	\$11,789,823	\$18,614,530
Per Capita Personal Income	\$75,007	\$50,355	\$50,315	\$28,164	\$44,246	\$42,593	\$46,446	\$82,253	\$85,900
Unemployment Rate	3.1%	4.4%	4.1%	4.4%	5.2%	6.2%	4.8%	3.5%	3.4%
<b>2014</b>									
Population	1,137,538	433,621	42,081	14,992	138,423	28,132	128,804	144,000	215,000
Personal Income (in thousands)	\$81,620,627	\$24,587,457	\$2,042,822	\$420,586	\$6,091,966	\$1,215,809	\$5,769,970	\$12,692,748	\$18,554,500
Per Capita Personal Income	\$71,752	\$48,962	\$48,545	\$28,054	\$44,010	\$43,218	\$44,797	\$80,506	\$86,300
Unemployment Rate	3.5%	4.8%	5.0%	4.5%	5.2%	5.9%	5.5%	4.6%	3.5%
<b>2013</b>									
Population	1,130,924	425,681	41,725	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%
<b>2012</b>									
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%

Note: Data for participating jurisdictions not available for 2021.

Sources:

- (1) Fairfax County fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 4.0-D, page 305
- (2) Prince William County fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 276
- (3) City of Manassas fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 198
- (4) City of Manassas Park fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 13, page 197
- (5) Stafford County fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table S-15; page 218
- (6) City of Fredericksburg fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 201
- (7) Spotsylvania County fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table S-13, page 212
- (8) City of Alexandria fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table XI and Table XIV, page 226 and Page 228
- (9) Arlington County fiscal year 2021 Annual Comprehensive Financial Report, Statistical Section, Table K, page 282

## **VIRGINIA RAILWAY EXPRESS**

### **PLEDGED REVENUE COVERAGE**

**Beginning Fiscal Year 2018**

**(Unaudited)**

Fiscal Year Ended June 30,	Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Revenues Available for Debt Service	Annual VRA Debt Service	Coverage
2022	\$ 105,036,849	\$ (82,329,324)	\$ 22,707,525	\$ 4,290,841	5.29
2021	103,184,481	(81,823,229)	21,361,252	4,289,481	4.98
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:		90 Days of Cash Expenses (25%)	Ratio
			Depreciation/ Amortization	Cash Expenses		
2022	\$ 92,348,143	\$ 103,882,088	\$ (21,552,764)	\$ 82,329,324	\$ 20,582,331	4.5x
2021	113,216,934	102,941,394	(21,118,165)	81,823,229	20,455,807	5.5x
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





**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 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, 2022, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated November 7, 2022.

**Report on 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) as a basis for designing 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.

## **Report on 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 financial statements. 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 7, 2022



A TRANSPORTATION PARTNERSHIP



**RESOLUTION #2490**

**SUBJECT:** Approve the 2023 VRE Legislative Agenda

**WHEREAS:** VRE is an essential part of the regional transportation network for the Northern Virginia and the 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 2023 VRE Legislative Agenda and authorizes the VRE Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 1<sup>st</sup> day of December 2022.

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Canek Aguirre  
Chair

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Matt de Ferranti  
Secretary-Treasurer

***State Operating Support***

Advance legislation that would remove VRE from the Commonwealth's Transit Operating Assistance Program and instead create a direct, percentage-based allocation from the Mass Transit Fund for VRE operations.

***Commuter Rail Operating and Capital Fund (C-ROC)***

Safeguard funding for C-ROC to protect the revenue source of the VRE bonds and the ability of VRE to use funding for pay-as-you-go projects that support the Commonwealth's Transforming Rail in Virginia Program and VRE's Capital Improvement Program.

Explore ways to diversify C-ROC revenue sources to include sustainable options that will reduce reliance on the gas tax.

***Virginia Passenger Rail Authority (VPRA)***

Continue to identify opportunities to require that future gubernatorial appointees to the Virginia Passenger Rail Authority Board of Directors for the Northern Virginia Transportation Commission (NVTC)/ Potomac and Rappahannock Transportation Commission (PRTC) districts are selected from lists provided by the NVTC and PRTC boards of commissioners and potential voting status for the CEO of VRE.

Engage with staff and gubernatorial appointees to the VPRA Board.

Monitor, analyze and respond to any proposed VPRA-related legislation or policy affecting VRE's fiscal or operational position.

***Restoration of Lost Transportation Revenue Resulting from the Elimination of the State Sales and Use Tax on Groceries.***

Support efforts to develop a plan to restore lost transportation revenue resulting from the elimination of the state sales and use tax on groceries. Elimination of the state sales and use tax on groceries reduced funding to public transportation by \$83 million over the SYIP and \$27 million for Virginia's passenger and freight rail programs.

***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.

***Freedom of Information Act***

Coordinate with VRE's parent commissions and other stakeholders on legislative proposals that would maximize the flexibility of VRE and other public bodies to make policies on the conduct of electronic meetings that allow greater access to the public and opportunities for members to participate, while remaining open and transparent to the public.

**Virginia Railway Express  
Draft 2023 Legislative Agenda  
Federal Funding, Legislative and Regulatory Issues:**

***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 partner.

***Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law Implementation and Yearly Appropriations***

Continue to partner with industry stakeholders and associations to advocate for robust annual appropriations, funding levels at or above the authorized levels, and appropriate implementation policies to support commuter rail and mass transit. Engaging with the Virginia congressional delegation, providing comments on policy and regulatory position documents and collaborating on legislative advocacy will be necessary to ensure commuter rail interests are reflected in yearly funding levels.

***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.

***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.

***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.

***Federal Workforce***

Follow legislative and administration actions focused on federal workforce return to in-office work and permanent work-from-home policies, identifying opportunities to request strategies spreading the days federal workers and consultants are physically in the office throughout the workweek. These strategies would increase efficiency of the entire transportation system that currently sees peak usage and congestion mid-week and under-utilization on Mondays and Fridays.

***Transit Benefits***

Engage with relevant stakeholders on a proposal to increase and/or restructure transit benefits.

**RESOLUTION #2491**

**SUBJECT:** Approve a Boundary Line Adjustment Deed and Plat for Conveyance of Manassas Park Property to the Commissions

**WHEREAS:** The Manassas Park VRE station currently has two contiguous 300-space surface parking lots, one owned by the City of Manassas Park and one owned by VRE;

**WHEREAS:** In order to provide additional parking at the Manassas Park VRE Station, the City of Manassas Park and VRE have been working on a joint project for the design and construction of a parking garage located near the City Hall across the Norfolk Southern railroad tracks from the above-described existing parking;

**WHEREAS:** The parking garage project will require permanent fixtures within the city owned lot immediately adjacent to the station platform;

**WHEREAS:** Instead of the City of Manassas Park conveying easements to VRE, it was agreed the city should convey to VRE an 8,075 square foot strip of land adjacent to the platform so the fixtures would be on VRE property and not the city's;

**WHEREAS:** Conveyance of the strip of land would be achieved through an adjustment of the boundary line between the city property and the VRE property;

**WHEREAS:** Commission approval is required for a boundary line adjustment deed and plat; and

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

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby approves the boundary line adjustment deed and plat for conveyance of Manassas Park property to the Commissions and authorizes the Chief Executive Officer to execute the boundary line adjustment deed and plat on behalf of the Commissions.

Approved this 1<sup>st</sup> day of December 2022.

---

Canek Aguirre  
Chair

---

Matt de Ferranti  
Secretary-Treasurer



EXEMPT FROM RECORDATION AND GRANTOR TAXES AND FEES  
PURSUANT TO VIRGINIA CODE §§ 58.1-811.A.3, 58.1-811.C.4, AND 17.1-279.E

**DEED OF BOUNDARY LINE ADJUSTMENT AND CONVEYANCE**

THIS DEED OF BOUNDARY LINE ADJUSTMENT AND CONVEYANCE (this “Deed”) is made this \_\_\_\_ day of October, 2022, by and between the CITY OF MANASSAS PARK, a Virginia municipal corporation, its successors and assigns (together, the “City”); and the NORTHERN VIRGINIA TRANSPORTATION COMMISSION (“NVTC”) and the POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION (“PRTC”), transportation commissions established under Virginia law, together the owners and operators of the VIRGINIA RAILWAY EXPRESS, their successors and assigns (together, the “VRE”).

**RECITALS**

R-1. The City is the owner of certain real property situate in the City of Manassas Park, Virginia, containing 9.35275 acres (407,406 square feet) of land (the “City Property”), with tax map number 29-(A)-1, as shown on the plat recorded as Instrument No. 202201190005448, having acquired the Property by deed recorded in Deed Book 660, at Page 386, both among the land records of Prince William County, Virginia (the “Land Records”).

R-2. The VRE is the owner of certain real property situate in the City of Manassas Park, Virginia, known as Outlot “E”, containing 5.76853 acres (251,277 square feet) of land (the “VRE Property”), with tax map number 25-(A)-E, as shown on the plat recorded as Instrument No. 202201190005448, having acquired the Property by deed recorded as Instrument No. 202201190005447, both among the Land Records.

R-3. It is the desire and intent of the City and the VRE to adjust the boundary line between the City Property and the VRE Property, whereby the City will convey 0.18538 acres (8,075 square feet) of land (the “City Property Portion”) to the VRE, in accordance with the plat attached hereto and incorporated herein by this reference (Project No: 38595.03) dated September 14, 2022, titled “Boundary Line Adjustment Between City of Manassas Park And Virginia Railway Express”, and prepared by Vanasse Hangen Brustlin, Inc. of Williamsburg, Virginia (the “Plat”).

NOW, THEREFORE, WITNESSETH, that for and in consideration of the premises, the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, that parties hereto agree as follows:

**INCORPORATION OF RECITALS**

The foregoing Recitals are hereby incorporated into this Deed by this reference as if set forth herein in their entirety.

**CONVEYANCE AND BOUNDARY LINE ADJUSTMENT**

The City and the VRE hereby adjust the boundary line between the City Property and the VRE Property in accordance with the Plat, and the City hereby grants, bargains, sells, and conveys,

with Special Warranty of Title, unto the VRE, the City Property Portion pursuant to such boundary line adjustment, thereby revising the areas of the two parcels as follows:

- (i) Outlot “E”, containing 5.95390 acres (259,352 square feet) of land and owned by the VRE; and
- (ii) A residue (the “Residue”) containing 9.16738 acres (399,331 square feet) of land and owned by the City.

The conveyance of the City Property Portion to the VRE is made subject to the restriction, running with the land, that if Outlot E ceases to be used as a parking lot in support of commuter rail service to the rail station in the City of Manassas Park for one (1) year or longer, then at any time thereafter, upon receipt of a written notice from the City, the VRE must sell Outlot “E” to the City at the then-appraised fair market value of Outlot “E” (or at such value necessary to extinguish any remaining Federal interest in Outlot “E” and improvements if such value is higher than the appraised fair market value), less the pro rata value of the 0.18538 acres (8,075 square feet) of the City Property conveyed to the VRE hereby. The City’s right to repurchase Outlot “E” shall arise immediately and automatically upon the passage of said time period and shall be exercisable in the City’s sole discretion, and such sale shall occur within sixty (60) days of the City and VRE reaching agreement on the fair market value of Outlot “E” and improvements. The City’s right to repurchase Outlot “E” shall be extinguished, however, if the VRE recommences a commuter rail service prior to the City’s provision of written notice demanding the sale of Outlot “E” as described above.

FURTHER subject to all covenants, conditions, restrictions, agreements, rights-of-way and easements of record, including the easements granted and reserved herein.

TOGETHER with all improvements located in or on the City Property Portion.

#### GENERAL PROVISIONS

The parties agree that the agreements and covenants stated above are not covenants personal to the City or the VRE, but are covenants running with the land, which are and shall be binding upon the City and the VRE, their personal representatives, successors and assigns, as owners of the Residue and Outlot “E”, respectively.

The term “City”, as used in this Deed, shall mean the person, department, agency, board, commission, committee, or other sub-unit of the City having the legal obligation or right to act on behalf of the City, as the context may require.

This Deed is made in accordance with the statutes made and provided in such cases; with the approval of the proper authorities of the City of Manassas Park, Virginia, as shown by the signatures affixed to this Deed and the Plat, and is with the free consent and in accordance with the desires of the City and the VRE, owners and proprietors of the land within the bounds of the Residue and Outlot “E”, respectively.

This document may be executed in counterparts, which, taken together, shall constitute one and the same instrument.

[Signature pages follow]

FURTHER WITNESS THE FOLLOWING SIGNATURES AND SEALS.

CITY OF MANASSAS PARK,  
a Virginia municipal corporation

By: \_\_\_\_\_  
Jeanette Rishell, Mayor

COMMONWEALTH OF VIRGINIA  
CITY OF MANASSAS PARK, to-wit:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of October, 2022,  
by Jeanette Rishell, Mayor of the City of Manassas Park.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Dean H. Crowhurst, City Attorney

THE NORTHERN VIRGINIA TRANSPORTATION  
COMMISSION and THE POTOMAC AND  
RAPPAHANNOCK TRANSPORTATION  
COMMISSION, transportation commissions established  
under Virginia law, together the owners and operators of  
the VIRGINIA RAILWAY EXPRESS

By: \_\_\_\_\_  
Rich Dalton, Chief Executive Officer

COMMONWEALTH OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_, to-wit:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of October, 2022,  
by Rich Dalton, Chief Executive Officer for the Virginia Railway Express, on behalf of the  
Potomac and Rappahannock Transportation Commission and the Northern Virginia  
Transportation Commission.

\_\_\_\_\_  
Notary Public

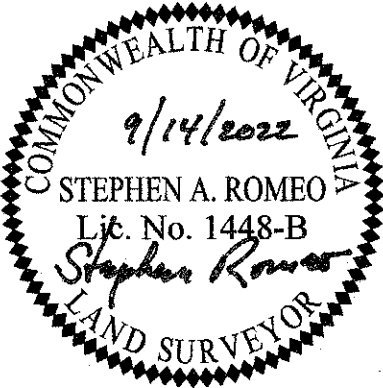
My Commission Expires: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Stephen A. MacIsaac, General Counsel

Surveyor's Certification

I, STEPHEN A. ROMEO, A DULY LICENSED LAND SURVEYOR IN THE COMMONWEALTH OF VIRGINIA, DO HEREBY CERTIFY THAT THIS PLAT IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF; THAT IT IS THE PROPERTY ACQUIRED BY CITY OF MANASSAS PARK, BY DEED RECORDED IN DEED BOOK 660 AT PAGE 386 AND PROPERTY ACQUIRED BY NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION BY DEED RECORDED IN INSTR.NO.202201190005447, ALL AMONG THE LAND RECORDS OF PRINCE WILLIAM COUNTY, VIRGINIA.



THIS SURVEY IS BASED ON A CURRENT FIELD SURVEY LIMITED TO THE BOUNDARIES PROXIMATE TO THE BOUNDARY LINE ADJUSTMENT AREA AND COMPILATION OF INFORMATION OF RECORD (INSTRUMENT NO. 202201190005447 AND INSTRUMENT NO. 202201190005448), AS PROVIDED FOR IN 18VAC 10-20-370.D.2.R

I FURTHER CERTIFY THAT THIS PLAT CLOSES WITH A PRECISION RATIO GREATER THAN 1:10,000.

OWNER'S CERTIFICATE: TAX MAP NO. 29-A-1  
THE BOUNDARY LINE ADJUSTMENT OF THE PROPERTY AS SHOWN HEREON IS WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF THE UNDERSIGNED OWNER.  
THE CITY OF MANASSAS PARK.

BY: \_\_\_\_\_  
MAYOR DATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
I, \_\_\_\_\_, A NOTARY PUBLIC  
IN AND FOR THE COUNTY AND STATE AFORESAID, DO HEREBY CERTIFY THAT THE PERSON(S) WHOSE NAME IS SIGNED TO THE FOREGOING WRITING HAS ACKNOWLEDGE THE SAME BEFORE ME IN MY CITY AND STATE AFORESAID.

GIVEN UNDER MY HAND THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_  
MY COMMISSION EXPIRES \_\_\_\_\_

NOTARY PUBLIC \_\_\_\_\_

OWNER'S CERTIFICATE: OUTLOT E  
THE BOUNDARY LINE ADJUSTMENT OF THE PROPERTY AS SHOWN HEREON IS WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF THE UNDERSIGNED OWNER.  
NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_ DATE

TITLE: \_\_\_\_\_

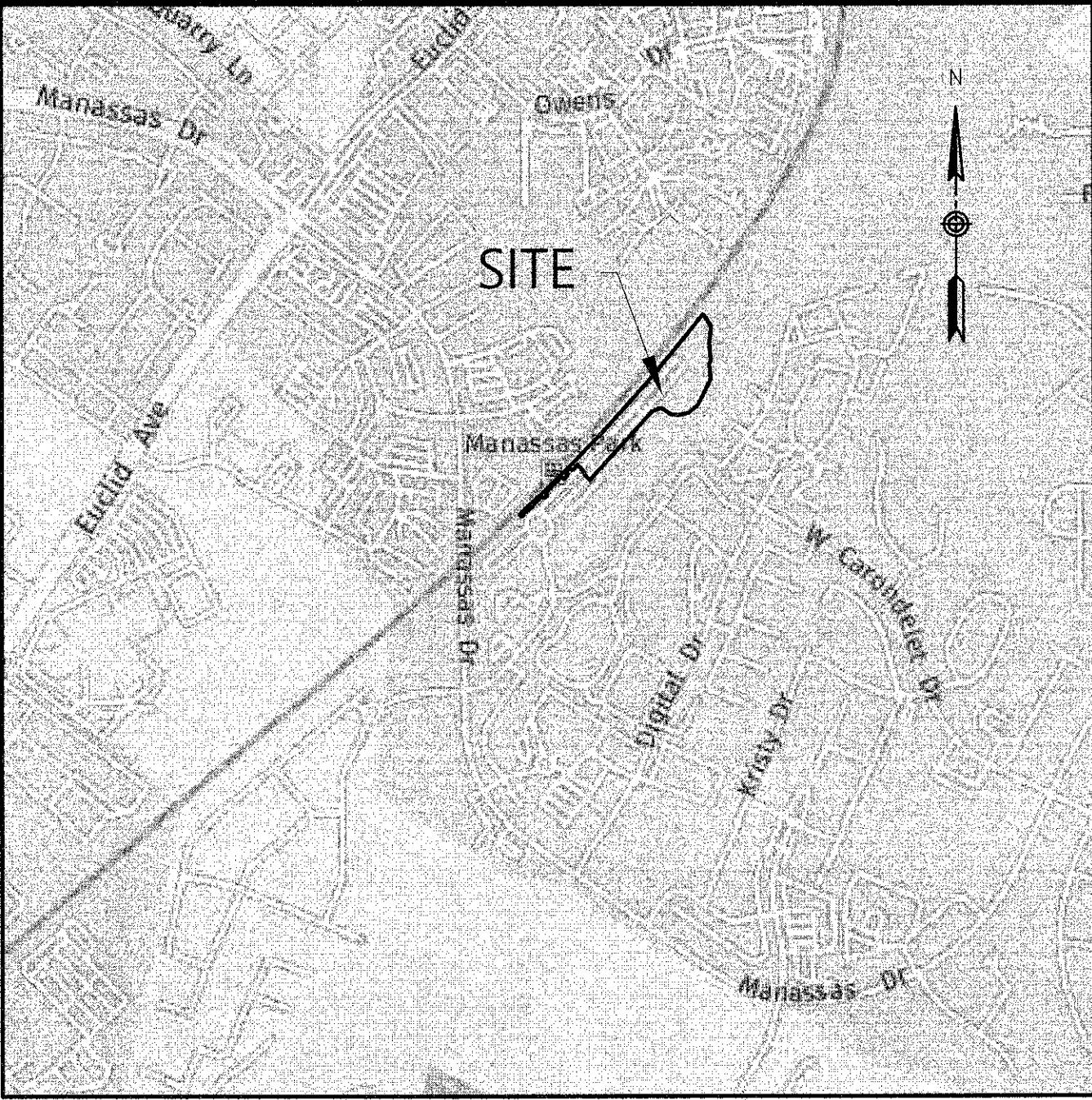
STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
I, \_\_\_\_\_, A NOTARY PUBLIC  
IN AND FOR THE COUNTY AND STATE AFORESAID, DO HEREBY CERTIFY THAT THE PERSON(S) WHOSE NAME IS SIGNED TO THE FOREGOING WRITING HAS ACKNOWLEDGE THE SAME BEFORE ME IN MY CITY AND STATE AFORESAID.

GIVEN UNDER MY HAND THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_  
MY COMMISSION EXPIRES \_\_\_\_\_

NOTARY PUBLIC \_\_\_\_\_

PARCEL AREA TABULATION

PARCEL	OLD AREA	NEW AREA
TAXMAP NO. 29-A-1	407,406 SQ. FT./ 9.3528 AC.	339,331 SQ. FT./ 9.1674 AC.
OUTLOT "E"	251,277 SQ. FT./ 5.7685 AC.	259,352 SQ. FT./ 5.9539



Vicinity Map  
1"=1,000'

OWNER'S CERTIFICATE: OUTLOT E  
THE BOUNDARY LINE ADJUSTMENT OF THE PROPERTY AS SHOWN HEREON IS WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF THE UNDERSIGNED OWNER.  
POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_ DATE

TITLE: \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
I, \_\_\_\_\_, A NOTARY PUBLIC  
IN AND FOR THE COUNTY AND STATE AFORESAID, DO HEREBY CERTIFY THAT THE PERSON(S) WHOSE NAME IS SIGNED TO THE FOREGOING WRITING HAS ACKNOWLEDGE THE SAME BEFORE ME IN MY CITY AND STATE AFORESAID.

GIVEN UNDER MY HAND THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_  
MY COMMISSION EXPIRES \_\_\_\_\_

NOTARY PUBLIC \_\_\_\_\_

General Notes

- ON-THE-GROUND SURVEY PERFORMED BY VHB DURING AUGUST 2022.
- ALL IMPROVEMENTS NOT SHOWN.
- HORIZONTAL DATUM IS BASED ON VIRGINIA STATE PLANE NORTH ZONE, NAD 1983.
- THE SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A CURRENT TITLE REPORT AND IS SUBJECT TO INFORMATION IN SUCH.
- THE PROPERTIES SHOWN ON THIS PLAT LIE WITHIN ZONE "X" ACCORDING TO THE FLOOD INSURANCE RATE MAPS FOR PRINCE WILLIAM COUNTY, VIRGINIA, MAP NUMBER 51153C0114D EFFECTIVE DATE JANUARY 5, 1995.

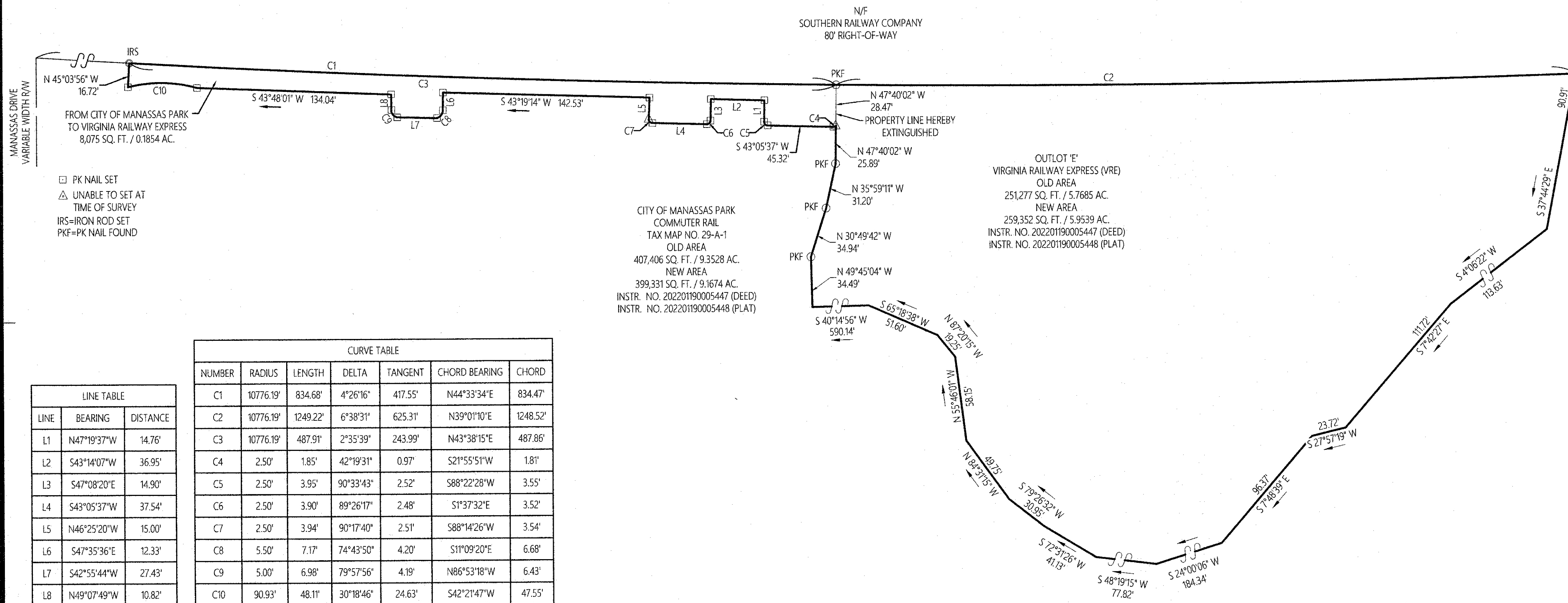
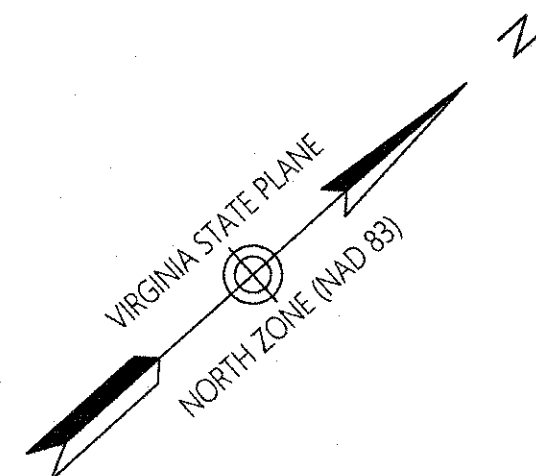
Boundary Line Adjustment  
Between City of Manassas Park  
And Virginia Railway Express  
City of Manassas Park, Virginia

DATE: Sept. 14, 2022	SHEET 1 OF 2	
PROJECT NO: 38595.03	DRAWN BY: CRO	CHECKED BY: SAR



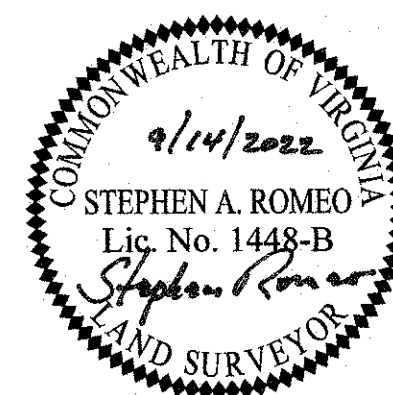
Transportation  
Land Development  
Environmental Services

351 McLaws Circle, Suite 3  
Williamsburg, Virginia 23185  
757 220 0500 • FAX 757 903 2794



LINE TABLE		
LINE	BEARING	DISTANCE
L1	N47°19'37"W	14.76'
L2	S43°14'07"W	36.95'
L3	S47°08'20"E	14.90'
L4	S43°05'37"W	37.54'
L5	N46°25'20"W	15.00'
L6	S47°35'36"E	12.33'
L7	S42°55'44"W	27.43'
L8	N49°07'49"W	10.82'

CURVE TABLE						
NUMBER	RADIUS	LENGTH	DELTA	TANGENT	CHORD BEARING	CHORD
C1	10776.19'	834.68'	4°26'16"	417.55'	N44°33'34"E	834.47'
C2	10776.19'	1249.22'	6°38'31"	625.31'	N39°01'10"E	1248.52'
C3	10776.19'	487.91'	2°35'39"	243.99'	N43°38'15"E	487.86'
C4	2.50'	1.85'	42°19'31"	0.97'	S21°55'51"W	1.81'
C5	2.50'	3.95'	90°33'43"	2.52'	S88°22'28"W	3.55'
C6	2.50'	3.90'	89°26'17"	2.48'	S1°37'32"E	3.52'
C7	2.50'	3.94'	90°17'40"	2.51'	S88°14'26"W	3.54'
C8	5.50'	7.17'	74°43'50"	4.20'	S11°09'20"E	6.68'
C9	5.00'	6.98'	79°57'56"	4.19'	N86°53'18"W	6.43'
C10	90.93'	48.11'	30°18'46"	24.63'	S42°21'47"W	47.55'



## Boundary Line Adjustment Between City of Manassas Park And Virginia Railway Express

City of Manassas Park, Virginia

DATE: Sept. 14, 2022	SHEET 2 OF 2	SCALE: 1"=50'
PROJECT NO: 38595.03	DRAWN BY: CRO	CHECKED BY: SAR



Transportation  
Land Development  
Environmental Services

351 McLaws Circle, Suite 3  
Williamsburg, Virginia 23185  
757 220 0500 • FAX 757 903 2794





VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-G**  
**Action Item**

**To: Chair Franklin and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 18, 2022**

**Re: Recommend Approval of a Boundary Line Adjustment Deed and Plat for Conveyance of Manassas Park Property to Commissions**

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**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions approve a boundary line adjustment deed and plat for the conveyance of Manassas Park property to the Commissions and authorize the Chief Executive Officer to execute the boundary line adjustment deed and plat on behalf of the Commissions.

**Summary:**

The Manassas Park VRE station currently has two contiguous 300-space surface parking lots, one owned by the city and one owned by VRE. The City and VRE's joint parking garage project will require permanent fixtures within the city-owned lot immediately adjacent to the station platform. Instead of the City conveying easements to VRE, it was agreed the City should convey to VRE an 8,075 square foot strip of land adjacent to the platform so the fixtures would be on VRE property and not the City's. Conveyance of the strip of land would be achieved through an adjustment of the boundary line between the City property and the VRE property. Commission approval is required for a boundary line adjustment deed and plat, which are attached to the report.

**Background:**

Parking for commuter rail patrons at the Manassas Park VRE Station is currently provided in a city-owned 300-space parking lot and an adjacent VRE-owned 300-space parking lot. VRE maintains both lots. To provide additional parking at the Manassas Park VRE Station, the City and VRE have been working on a joint project for the design and construction of a



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



parking garage located near the City Hall across the Norfolk Southern railroad tracks from the above-described existing parking.

The parking garage project, which is in final design, will require permanent fixtures within the city-owned lot immediately adjacent to the station platform for the elevators and overhead pedestrian bridge. Rather than the City conveying easements to VRE, it was agreed the City should convey to VRE the 8,075 square foot strip of land adjacent to the platform so the fixtures would be on VRE property and not the City's. The conveyance of the strip of land would be achieved through an adjustment of the boundary line between the City property and the VRE property. The strip conveyed by the City would be subject to a reversion such that the strip returns to the City in the event the property ceases to be used as a parking lot in support of the commuter rail service for more than one year.

**Fiscal Impact:**

Conveyance of the 8,075 square foot strip by the City of Manassas Park is at no cost to VRE.

**Virginia Railway Express  
Operations Board Resolution**

**9G-11-2022**

**Recommend Approval of a Boundary Line Adjustment Deed and Plat  
for Conveyance of Manassas Park Property to Commissions**

**WHEREAS**, the Manassas Park VRE station currently has two contiguous 300-space surface parking lots, one owned by the City of Manassas Park and one owned by VRE; and,

**WHEREAS**, in order to provide additional parking at the Manassas Park VRE Station, the City and VRE have been working on a joint project for the design and construction of a parking garage located near the City Hall across the Norfolk Southern railroad tracks from the above-described existing parking; and,

**WHEREAS**, the parking garage project will require permanent fixtures within the city owned lot immediately adjacent to the station platform; and,

**WHEREAS**, instead of the City conveying easements to VRE, it was agreed the City should convey to VRE an 8,075 square foot strip of land adjacent to the platform so the fixtures would be on VRE property and not the City's; and,

**WHEREAS**, conveyance of the strip of land would be achieved through an adjustment of the boundary line between the City property and the VRE property; and,

**WHEREAS**, Commission approval is required for a boundary line adjustment deed and plat;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend that the Commissions approve the boundary line adjustment deed and plat for conveyance of Manassas Park property to the Commissions and authorize the Chief Executive Officer to execute the boundary line adjustment deed and plat on behalf of the Commissions.

Approved this 18<sup>th</sup> day of November 2022

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Margaret Franklin  
Chair

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Sarah Bagley  
Secretary

**OPERATIONS BOARD CHARGE TO THE 2023 OPERATIONS BOARD OFFICERS  
NOMINATING COMMITTEE REGARDING SUBORDINATE OFFICERS**

November 18, 2022

Article III of the Operations Board Bylaws provides for the election of officers and the duties thereof. Section 1 of Article III of the Bylaws provides that the officers shall consist of a Chair, a Vice Chair, a Secretary, a Treasurer, the Immediate Past Chair, and such subordinate officers as may from time to time be elected by the Operations Board. Article III, Section 3 of the Bylaws provides for the annual appointment by the Chair of a Nominating Committee that will submit to the Operations Board nominees for each office to be filled. The Operations Board provides the following guidance and direction to the Nominating Committee in the Committee's discharge of its duties in recommending candidates for election as officers of the Operations Board.

The Nominating Committee shall adhere to the requirements for officers provided for in the Operations Board Bylaws and the Master Agreement for the Provision of Commuter Rail Services in Northern Virginia. This includes, among other provisions:

1. Offices shall be held only by Operations Board members.
2. Each Commission shall provide two officers from among its Operations Board members.
3. The Chair and the Vice Chair shall not be members representing the same jurisdictions.
4. The Chair and Vice Chair shall not be members representing the same Commission.
5. The Chair shall be rotated each year between the two Commissions.

In considering whether to recommend the appointment of subordinate officers, the Nominating Committee shall take into consideration the following:

Recognizing that the Operations Board is a joint committee of NVTC and PRTC, would the appointment of one or more subordinate officers better ensure that a balance is maintained of the interests of the Commissions, and that the interests of VRE are protected generally?

Recognizing that the Operations Board membership is based upon ridership, such that the jurisdictions with the highest ridership have more members on the Operations Board, would the appointment of one or more subordinate officers better ensure that the interests of the citizens patronizing the VRE are represented, and that the interests of VRE are protected generally?

Recognizing that the Operations Board members encompass a large and diverse geographic area, would the appointment of one or more subordinate officers better ensure a balance is maintained of the interests of all VRE jurisdictions and their citizens, and that the interests of VRE are protected generally?

**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**SUBJECT:** Department of Rail and Public Transportation (DRPT)

---

At the December meeting, DRPT Director Jen DeBruhl will give her report. The monthly DRPT Report, which provides updates on DRPT programs and initiatives, is attached.



## COMMONWEALTH of VIRGINIA

Jennifer B. DeBruhl  
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION  
600 EAST MAIN STREET, SUITE 2102  
RICHMOND, VA 23219-2416

(804) 786-4440  
FAX (804) 225-3752  
Virginia Relay Center  
800-828-1120 (TDD)

TO: Chair Aguirre and NVTC Commissioners

FROM: Jennifer DeBruhl, Director

DATE: November 21, 2022

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

The next Commonwealth Transportation Board (CTB) meeting is scheduled for December 6 and 7 in Richmond. DRPT anticipates taking funding recommendations for the FY23 mid-cycle Transit Ridership Incentive Program ([TRIP](#)) grant program to both the CTB workshop and action meeting in December. The CTB did not meet in November.

The FY24 application cycle for all of DRPT's grant programs opens on December 1 and closes on February 1, 2023. DRPT held a webinar for Commuter Assistance Programs ([CAP](#)) on November 15 and Making Efficient and Responsible Investments in Transit ([MERIT](#)) grant programs on November 16. The presentations, archived recordings, and application guidance for each program can be found at the links above.

DRPT is celebrating the one year anniversary of the launch of the Highlands Rhythm [Virginia Breeze](#) route in November. The Highlands Rhythm route carried 10,729 passengers in its first year, exceeding expectations. It operates between Bristol, Virginia and Washington D.C. with stops in Wytheville, Radford, Christiansburg, Harrisonburg, Dulles International Airport, and the West Falls Church Metrorail station. The Virginia Breeze service was launched in December 2017 and has three other routes: the Valley Flyer, which connects Blacksburg and Washington, D.C.; the Piedmont Express, which connects Danville and Washington, D.C.; and the Capital Connector, which serves Martinsville, Richmond, and Washington, D.C. The combined routes have carried nearly 39,000 passengers in 2022 and over 131,000 since the service was launched.

**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**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).

The November Executive Director Newsletter will be provided to Commissioners at the Commission meeting and posted online at <https://novatransit.org/news-and-media/newsletter/>.

**B. NVTC Financial Report**

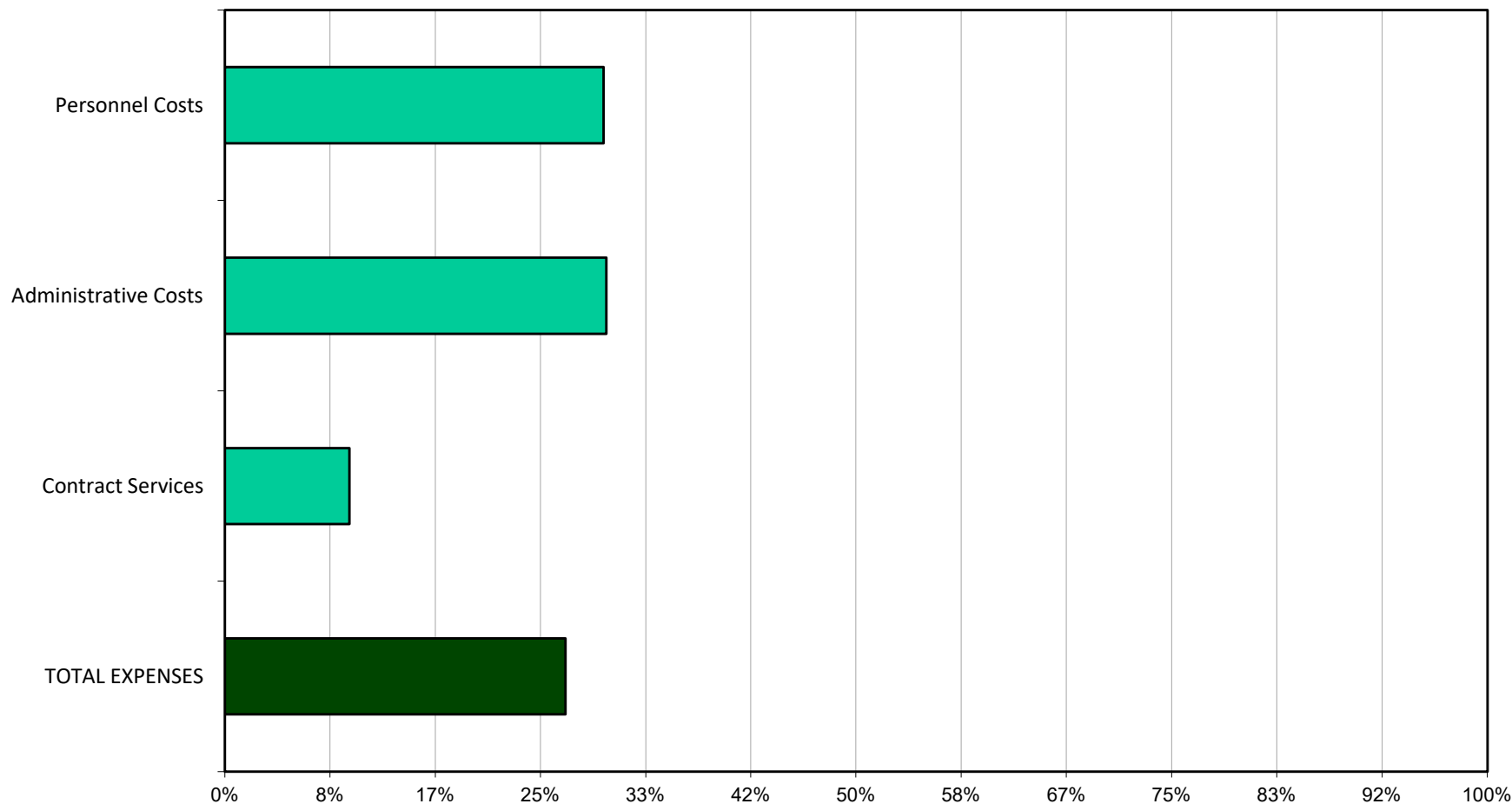
The [October 2022 Financial Report](#) is provided as information.



# Northern Virginia Transportation Commission

Financial Reports  
October 2022

PERCENTAGE OF FY 2023 NVTC ADMINISTRATIVE BUDGET USED  
October 2022  
(TARGET 33.3% OR LESS)



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



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2022**

	<b><u>Current Month</u></b>	<b><u>Year To Date</u></b>	<b><u>Annual Budget</u></b>	<b><u>Balance Available</u></b>	<b><u>Balance %</u></b>
<b><u>Personnel Costs</u></b>					
Salaries and Wages	\$ 173,618.10	\$ 692,398.27	\$ 2,296,500.00	\$ 1,604,101.73	69.8%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>173,618.10</u>	<u>692,398.27</u>	<u>2,296,500.00</u>	<u>1,604,101.73</u>	<u>69.8%</u>
<b><u>Benefits</u></b>					
Employer's Contributions:					
FICA	10,398.95	49,400.33	155,300.00	105,899.67	68.2%
Group Health Insurance	12,238.65	48,233.92	200,400.00	152,166.08	75.9%
Retirement	15,734.00	57,356.00	170,000.00	112,644.00	66.3%
Workmans & Unemployment Compensation	250.15	748.82	5,100.00	4,351.18	85.3%
Life Insurance	(454.69)	1,112.94	6,600.00	5,487.06	83.1%
Long Term Disability Insurance	1,001.32	4,439.67	12,500.00	8,060.33	64.5%
Total Benefit Costs	<u>39,168.38</u>	<u>161,291.68</u>	<u>549,900.00</u>	<u>388,608.32</u>	<u>70.7%</u>
<b><u>Administrative Costs</u></b>					
Commissioners Per Diem	1,400.00	4,500.00	14,700.00	10,200.00	69.4%
<i>Rents:</i>	<i>37,033.88</i>	<i>137,779.18</i>	<i>419,100.00</i>	<i>281,320.82</i>	<i>67.1%</i>
Office Rent	36,295.88	136,079.03	394,900.00	258,820.97	65.5%
Parking & Transit Benefits	738.00	1,700.15	24,200.00	22,499.85	93.0%
<i>Insurance:</i>	<i>400.00</i>	<i>1,902.05</i>	<i>7,300.00</i>	<i>5,397.95</i>	<i>73.9%</i>
Public Official Bonds	-	100.00	2,300.00	2,200.00	95.7%
Liability and Property	400.00	1,802.05	5,000.00	3,197.95	64.0%
<i>Travel:</i>	<i>9,143.61</i>	<i>18,907.39</i>	<i>65,800.00</i>	<i>46,892.61</i>	<i>71.3%</i>
Conference / Professional Development	8,207.20	15,338.79	47,100.00	31,761.21	67.4%
Non-Local Travel	-	693.94	2,500.00	1,806.06	72.2%
Local Travel, Meetings and Related Expenses	936.41	2,874.66	16,200.00	13,325.34	82.3%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
**October 2022**

	<b><u>Current</u></b> <b><u>Month</u></b>	<b><u>Year</u></b> <b><u>To Date</u></b>	<b><u>Annual</u></b> <b><u>Budget</u></b>	<b><u>Balance</u></b> <b><u>Available</u></b>	<b><u>Balance</u></b> <b><u>%</u></b>
<i>Communication:</i>	(229.02)	5,032.99	17,200.00	12,167.01	70.7%
Postage	39.36	190.53	1,400.00	1,209.47	86.4%
Telephone and Data	(268.38)	4,842.46	15,800.00	10,957.54	69.4%
<i>Publications &amp; Supplies</i>	1,750.77	3,323.15	28,900.00	25,576.85	88.5%
Office Supplies	327.26	476.17	2,500.00	2,023.83	81.0%
Duplication and Paper	730.17	1,989.14	8,900.00	6,910.86	77.7%
Public Engagement	693.34	857.84	17,500.00	16,642.16	95.1%
<i>Operations:</i>	3,025.89	10,851.92	53,300.00	42,448.08	79.6%
Furniture and Equipment (Capital)	-	-	25,500.00	25,500.00	100.0%
Repairs and Maintenance	52.70	2,538.70	1,000.00	(1,538.70)	-153.9%
Computer Operations	2,973.19	8,313.22	26,800.00	18,486.78	69.0%
<i>Other General and Administrative:</i>	472.31	3,768.87	10,000.00	6,231.13	62.3%
Memberships	85.67	642.68	1,600.00	957.32	59.8%
Fees and Miscellaneous	386.64	2,807.19	6,900.00	4,092.81	59.3%
Advertising (Personnel/Procurement)	-	319.00	1,500.00	1,181.00	78.7%
Total Administrative Costs	<u>52,997.44</u>	<u>186,065.55</u>	<u>616,300.00</u>	<u>430,234.45</u>	<u>69.8%</u>
<u>Contracting Services</u>					
Auditing	9,750.00	9,750.00	27,600.00	17,850.00	64.7%
Contract Services and Support					
Commuter Choice	18,763.61	19,558.19	234,700.00	215,141.81	91.7%
Research Support	-	-	200,000.00	200,000.00	100.0%
Other Technical	2,274.42	21,536.66	120,000.00	98,463.34	82.1%
Legal	<u>2,500.00</u>	<u>10,000.00</u>	<u>35,000.00</u>	<u>25,000.00</u>	<u>71.4%</u>
Total Contract Services	<u>33,288.03</u>	<u>60,844.85</u>	<u>617,300.00</u>	<u>556,455.15</u>	<u>90.1%</u>
 Total Gross G&A Expenses	 <u>\$ 299,071.95</u>	 <u>\$ 1,100,600.35</u>	 <u>\$ 4,080,000.00</u>	 <u>\$ 2,979,399.65</u>	 <u>73.0%</u>

NVTC  
RECEIPTS and DISBURSEMENTS  
October 2022

October 2022			Virginia LGIP				
Date	Payer / Payee	Purpose	Wells Fargo Checking	Wells Fargo Savings	NVTC G&A / Project	Commuter Choice	Trusts
RECEIPTS							
3	DMV	Motor Vehicle Fuels Sales tax					\$ 1,876,394.27
3	DMV	CROC			1,250,000.00		
3	Alexandria	G&A contribution		11,096.75			
12	DRPT	Capital grant receipt - Fairfax					66,384.00
14	DRPT	Capital grant receipts - Arlington					352,483.00
19	VDOT	Toll revenue				2,503,585.00	
19	Arlington	G&A contribution		66,211.00			
21	DRPT	Capital grant receipts					43,682.00
21	DRPT	Capital grant receipts - City of Fairfax					88,046.00
24	DRPT	Interest				7,327.00	
24	DRPT	Capital and operating assistance - WMATA					26,057,596.53
27	DRPT	Capital grant receipts - Fairfax					312,443.00
27	DRPT	Capital grant receipts - City of Fairfax					2,056,780.00
28	DRPT	Capital and operating assistance - WMATA					16,736,688.00
28	VRE	Local match - regional transit marketing		20,000.00			
31	Banks	Investment earnings		22.02	7,223.93	153,302.12	848,703.50
TOTAL RECEIPTS			-	97,329.77	1,257,223.93	2,664,214.12	48,439,200.30

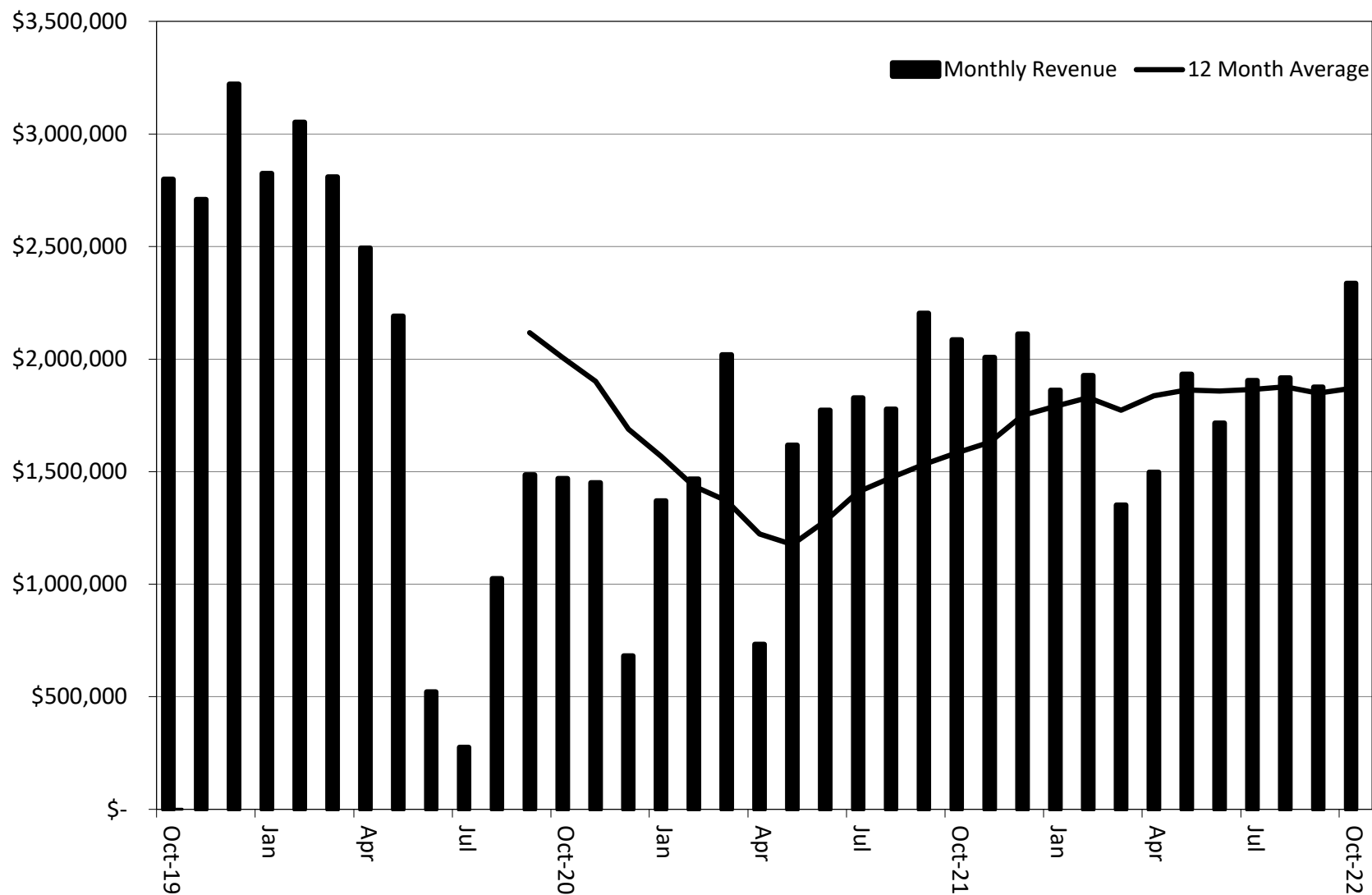
NVTC  
RECEIPTS and DISBURSEMENTS  
October 2022

October 2022			Virginia LGIP				
Date	Payer / Payee	Purpose	Wells Fargo Checking	Wells Fargo Savings	NVTC G&A / Project	Commuter Choice	Trusts
DISBURSEMENTS							
1-31	Various	G&A expenses	(265,607.50)				
3	WMATA	MetroBus operating					(23,978,360.00)
3	WMATA	Metroaccess operating					(4,238,704.00)
3	WMATA	MetroRail operating					(17,662,323.00)
3	WMATA	CIP					(4,535,578.00)
3	WMATA	Project planning					(204,733.00)
3	WMATA	Debt service					(3,841,104.00)
3	VRE	CROC			(1,250,000.00)		
6	Alpha Media	Regional transit marketing campaign	(58,820.00)				
6	Kittelson	Consulting - Envision Route 7	(39,211.17)				
6	Kimley Horn	Consulting - Fare collection project	(2,403.79)				
20	WAMU	Regional transit marketing campaign	(68,895.14)				
20	Kimley Horn	Consulting - Commuter Choice program	(18,763.61)				
20	Kittelson	Consulting - Envision Route 7	(22,546.83)				
31	Banks	Service charges	(12.58)	(61.47)			
TOTAL DISBURSEMENTS			(476,260.62)	(61.47)	(1,250,000.00)	-	(54,460,802.00)
TRANSFERS							
7	Transfer	From LGIP to checking	160,000.00		(160,000.00)		
21	Transfer	From LGIP to checking	170,000.00		(170,000.00)		
NET TRANSFERS			330,000.00	-	(330,000.00)	-	-
NET INCREASE (DECREASE) FOR MONTH			\$ (146,260.62)	\$ 97,268.30	\$ (322,776.07)	\$ 2,664,214.12	\$ (6,021,601.70)

# NVTC MONTHLY GAS TAX REVENUE

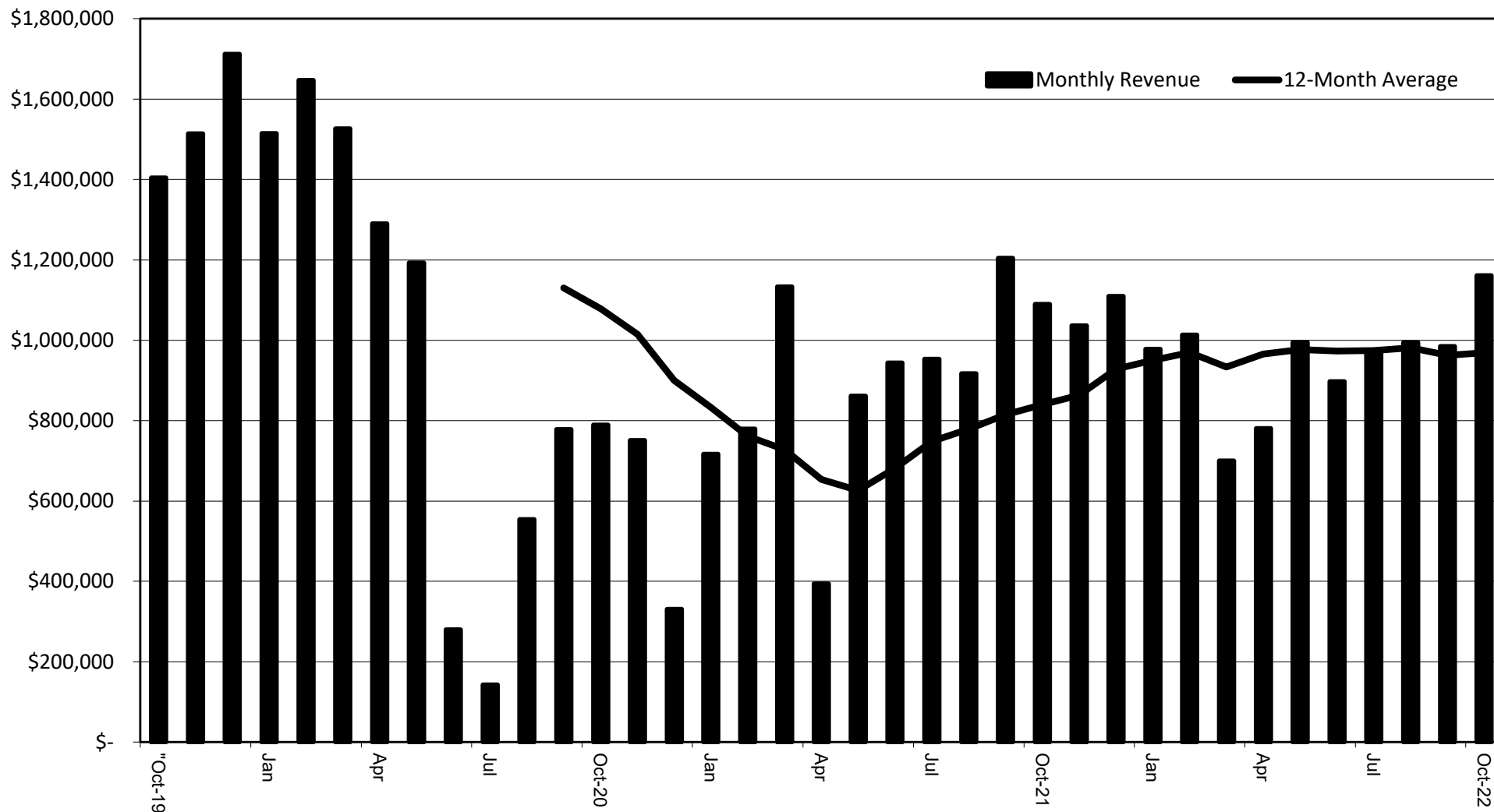
## ALL JURISDICTIONS

### FISCAL YEARS 2020-2023



Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.

# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2020-2023

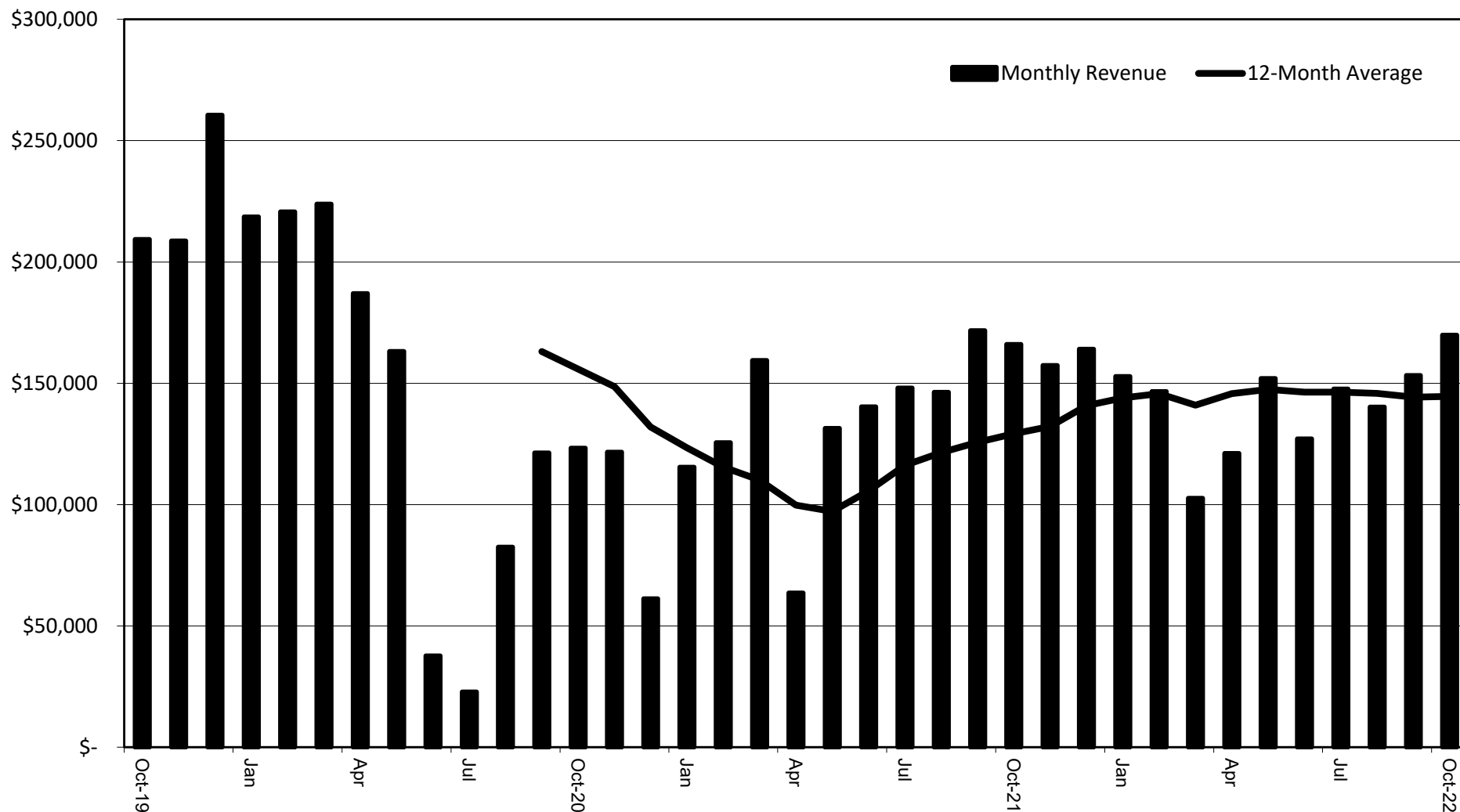


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# NVTC MONTHLY GAS TAX REVENUE

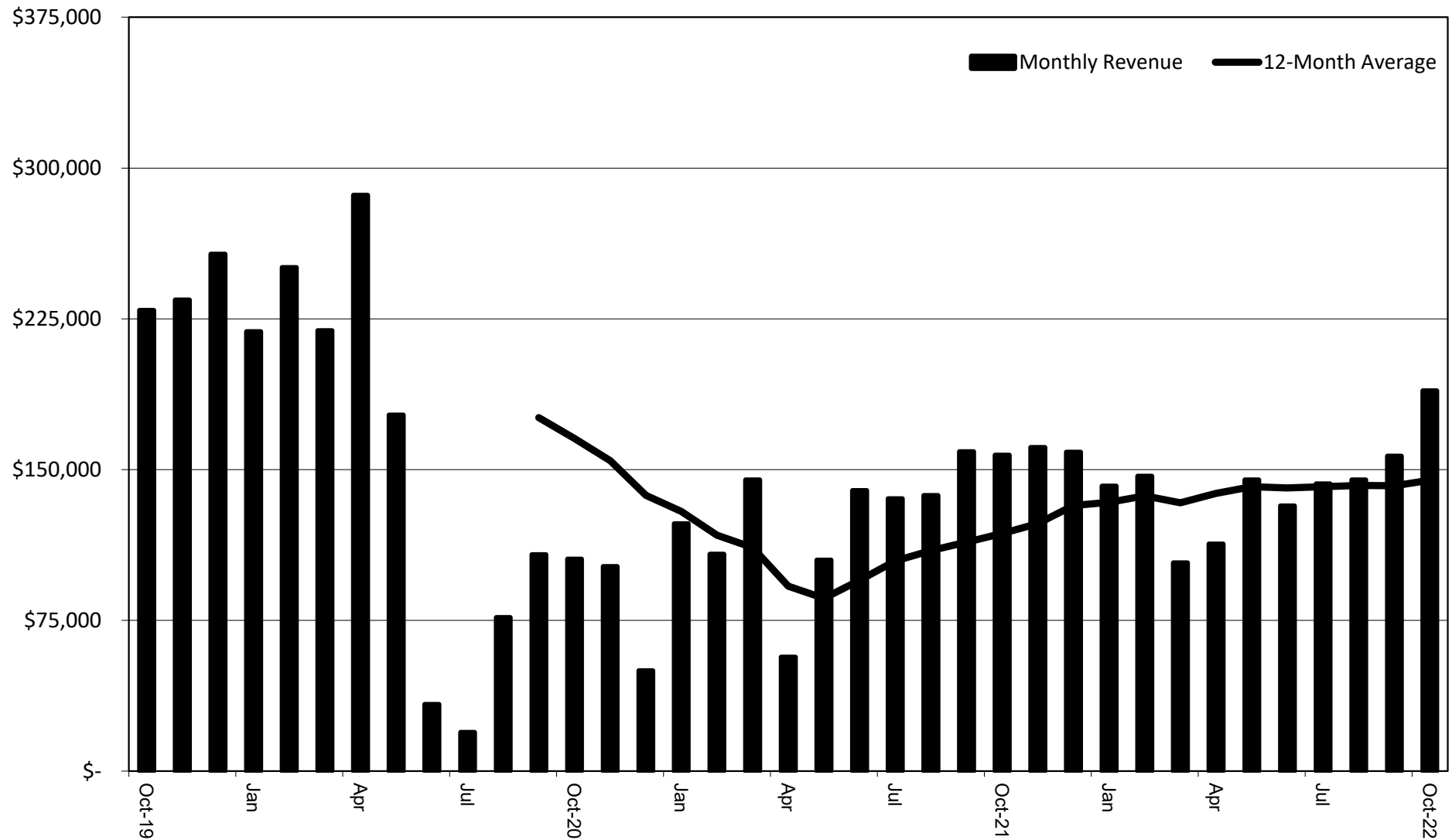
## CITY OF ALEXANDRIA

### FISCAL YEARS 2020-2023



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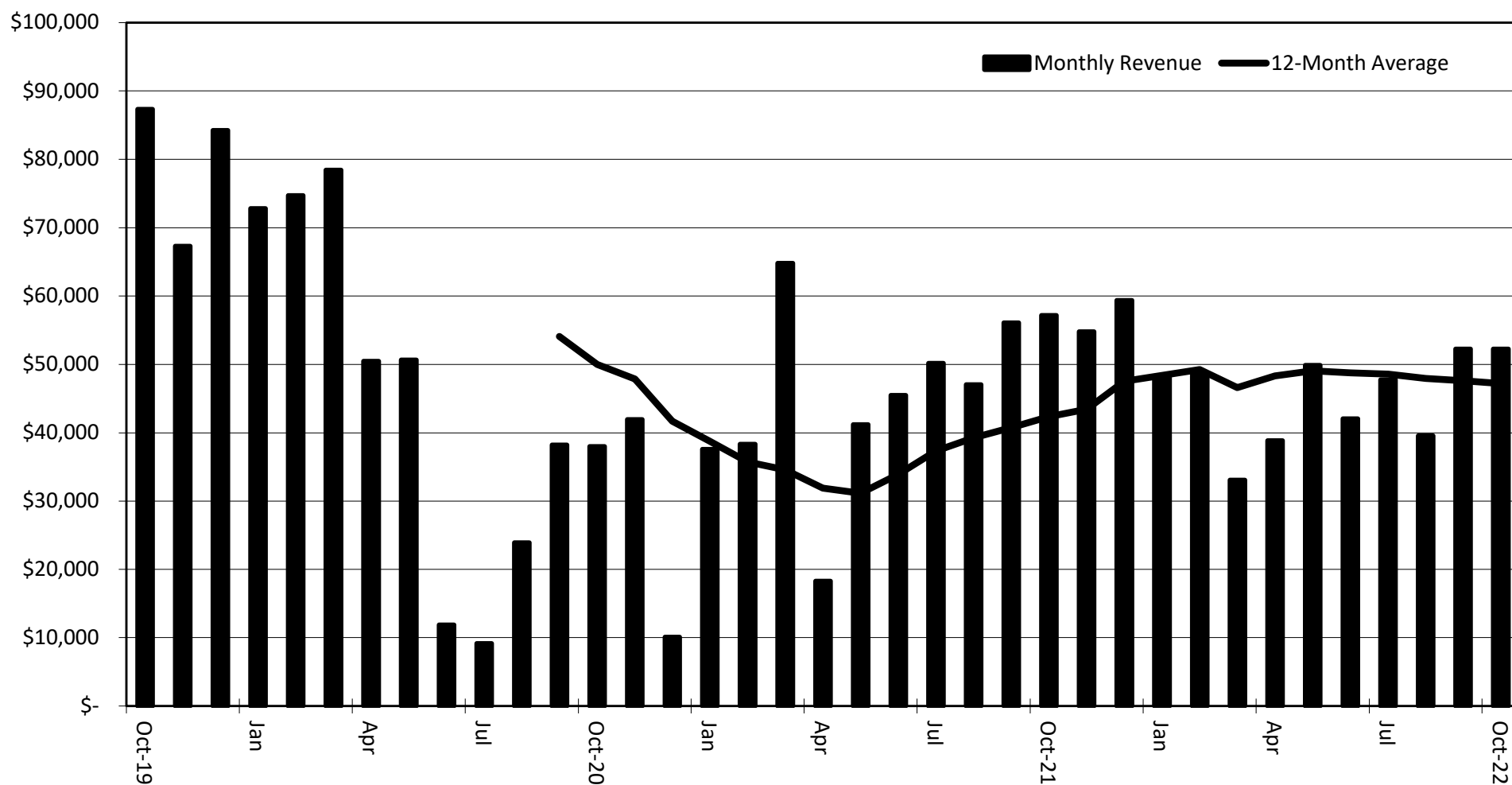
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2020-2023



*Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.*



# NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2020-2023

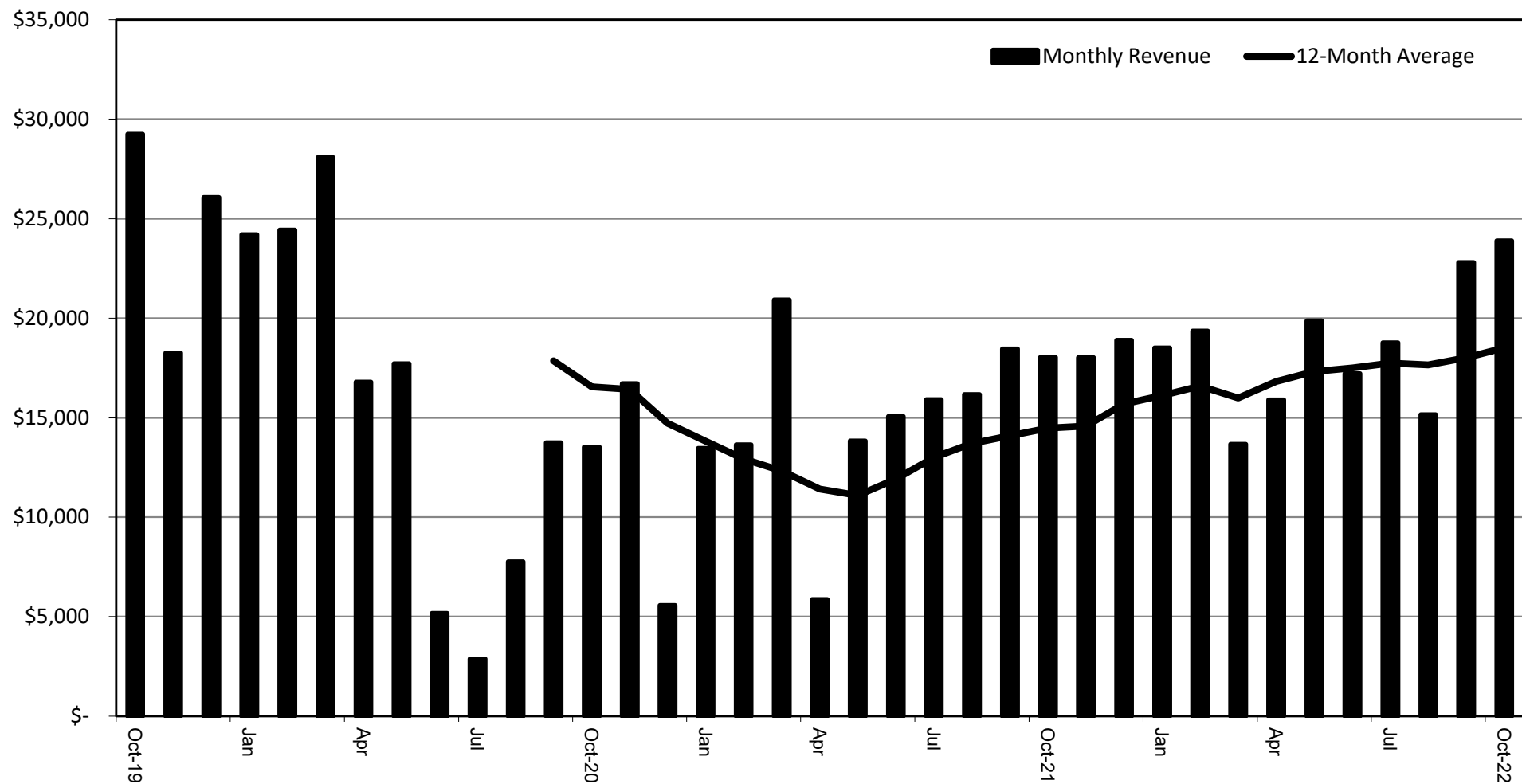


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# NVTC MONTHLY GAS TAX REVENUE

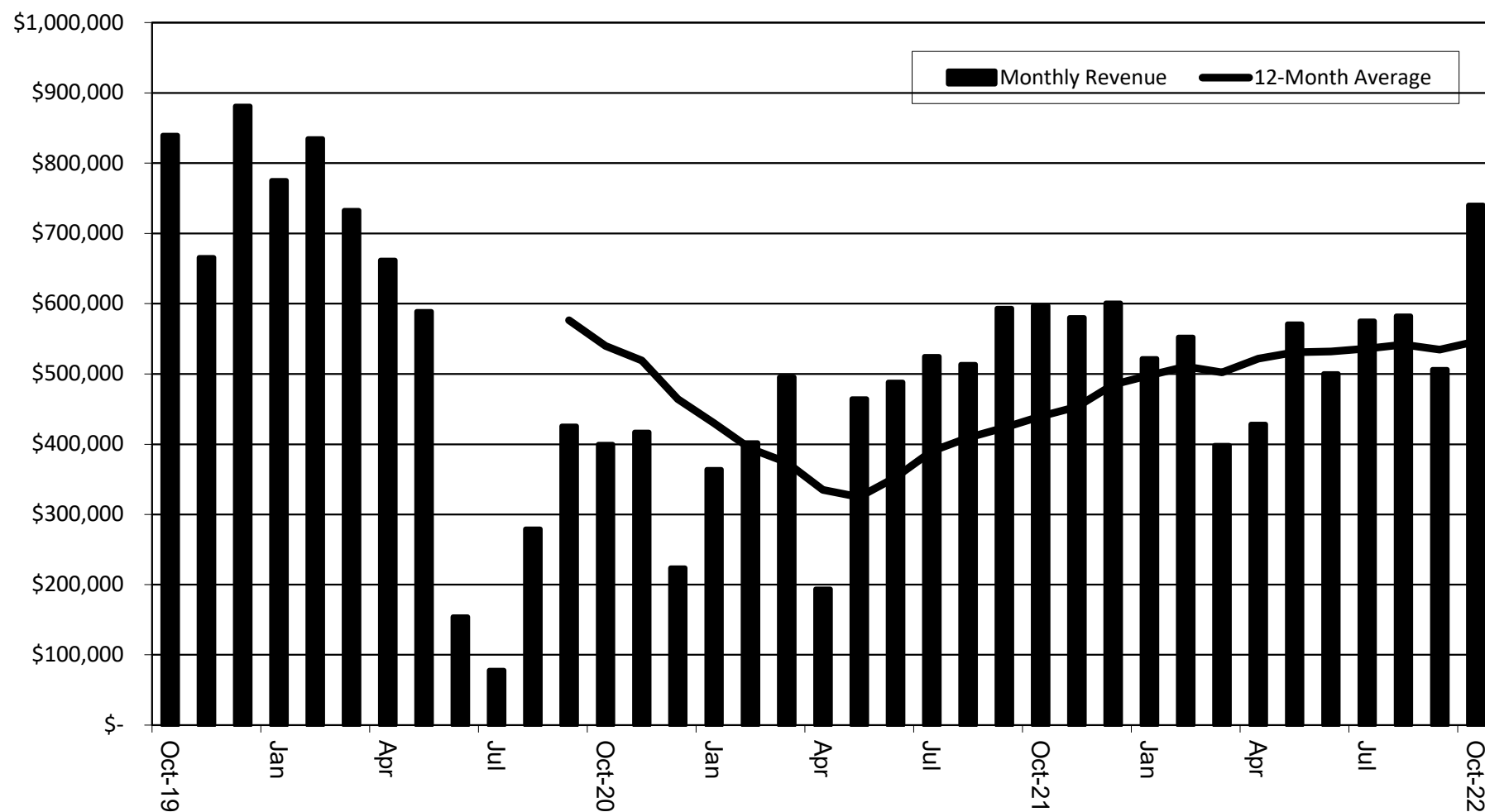
## CITY OF FALLS CHURCH

### FISCAL YEARS 2020-2023



*Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier .*

# NVTC MONTHLY GAS TAX REVENUE LOUDOUN COUNTY FISCAL YEARS 2020-2023



*Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.*

**TO:** Chair Aguirre and NVTC Commissioners  
**FROM:** Kate Mattice  
**DATE:** November 22, 2022  
**SUBJECT:** Closed Session

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At the December meeting, the Commission will convene a Closed Session to discuss the executive director's annual performance review.

Motion to Enter into Closed Session:

Pursuant to the Virginia Freedom of Information Act, Section 2.2-3711.A.1 of the Code of Virginia, I move that the Northern Virginia Transportation Commission convene a closed meeting for discussion of a personnel matter concerning the performance of the executive director.

Motion for Certification Coming out of Closed Session:

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.