



Commission Meeting Materials

January 6, 2022



novatransit.org

2300 Wilson Boulevard, Suite 230 • Arlington, VA 22201 • (703) 524-3322

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NVTC’s January 6, 2022 meeting will be an in-person meeting. The meeting can also be viewed via the audio live stream on [NVTC’s YouTube Link](#).

Action Items

- 2022 Officers, Board Appointments, Committee Membership and Signatories
- Amendment to the MOA Regarding the Annual Transit Investment from the 395 HOT Lanes
- Amendment to the Envision Route 7 Phase IV Contract
- FY 2023 General and Administrative Budget and Work Plan (following public comment)
- VRE FY 2021 Annual Comprehensive Financial Report
- VRE Proposed FY 2023 Budget and Revised FY 2022 Budget

Other Meeting Highlights

- General Public Comment Received and Public Hearing on Work Plan
- Recognition of New and Departing Commissioners, as well as Outgoing Chair
- NVTC 2021 Year in Review
- Legislative Update
- Reports from the Virginia WMATA Board Members, VRE CEO and DRPT Director

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**NVTC COMMISSION MEETING
THURSDAY, JANUARY 6, 2022
MAIN FLOOR CONFERENCE ROOM
2300 Wilson Blvd., Arlington, VA 22201
Public Streaming Via YouTube
7:00 p.m.**

AGENDA

NVTC has returned to in-person meetings. NVTC will continue with its current safety protocols until further notice. We ask that all attendees wear a face mask that must cover both the nose and mouth. Commissioners are asked to wear a mask when not speaking or actively eating. The meeting can also be viewed via the [NVTC YouTube Link](#).

5:45 p.m. Boxed Dinners Available for Commissioners Only

6:00 p.m. Executive Committee Meeting – Suite #230 Conference Room

7:00 p.m. Commission Meeting – First Floor Large Conference Room

For the public: There will be a public hearing on the 2022 Work Plan during the Commission meeting. More information on how to provide comment can be found in [Agenda Item #7](#) or on [NVTC's website](#).

*NVTC is also receiving general public comment. Persons wishing to provide **written public comments should submit them by 3:00 p.m. on Thursday, January 6** via [NVTC's website](#). Comments will be provided to Commissioners prior to the January 6 meeting.*

1. Opening Remarks
 - General Public Comments Received
2. Recognition of New and Departing Commissioners
 - A. Oath of Office for New Commissioners
 - B. Recognition of Departing Commissioner
 - **ACTION ITEM: Approve a Resolution of Commendation for Elizabeth Bennett-Parker**
3. Minutes and Meeting Summary
 - A. **ACTION ITEM: Approve the Minutes of the December 2, 2021 NVTC Meeting**
 - B. **ACTION ITEM: Approve the Meeting Summary of the December 6, 2021 Joint NVTC-PRTC Legislative Briefing**

4. Annual Leadership and Governance

- A. **ACTION ITEM: Approve the Recommended Slate of Officers for 2022**
- B. **ACTION ITEM: Approve a Resolution Commending the Honorable Katie Cristol for Her Service as Chair of the Northern Virginia Transportation Commission for 2020 and 2021**
- C. **ACTION ITEM: Approve Resolution #2466: Selection of NVTC Representatives to Various Boards**
- D. **ACTION ITEM: Approve the Recommended NVTC Committee Membership**
- E. **ACTION ITEM: Approve Resolution #2467: Designation of NVTC Signatories and Pension Trustees**

5. **ACTION ITEM: Approve the Consent Agenda (subject to approval of chair)**

- A. **Approve Resolution #2468: Approve the Amended and Restated Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes**
- B. **Authorize the Executive Director to Amend the Envision Route 7 Phase IV Contract with Kittleson and Associates**

6. NVTC 2021 Year in Review

7. **NVTC FY 2023 General and Administrative Budget and 2022 Work Plan**

- A. Public Comment on NVTC's 2022 Work Plan
- B. **ACTION ITEM: Approve NVTC's FY 2023 General and Administrative Budget and 2022 Work Plan**

8. Washington Metropolitan Area Transit Authority (WMATA)

- A. Report from the Virginia WMATA Board Members
- B. Other WMATA News
- C. NVTC WMATA Committee Meeting - January 20, 2022

9. Legislative Update

- A. General Assembly Update
- B. Federal Update

10. **Virginia Railway Express (VRE)**

- A. VRE CEO Report and Minutes
- B. **ACTION ITEM: Approve Resolution #2469: Accept and Authorize Distribution of VRE's FY 2021 Annual Comprehensive Financial Report**
- C. **ACTION ITEM: Approve Resolution #2470: Adopt and Refer VRE's FY 2022 Revised and FY 2023 Recommended Budgets to the Jurisdictions**
- D. 2022 VRE Operations Board Officers

11. Department of Rail and Public Transportation (DRPT)

12. Executive Director Report

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

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Recognition of New and Departing Commissioners

At the January 2022 meeting, the Commission will welcome new Commissioners and recognize departing Commissioner Elizabeth Bennett-Parker.

A. Oath of Office for New Commissioners

At the January meeting the ceremonial oath of office will be administered to new Commissioners. NVTC staff anticipate that the City of Alexandria will appoint two new Commissioners to replace Elizabeth Bennett-Parker (Commissioner) and Mo Seifeldin (Alternate).

Oath of Office

I do solemnly swear that I will support the Constitution of the United States and the Commonwealth of Virginia and that I will faithfully discharge all the duties incumbent upon me as a member of the Northern Virginia Transportation Commission, according to the best of my ability.

B. Recognition of Departing Commissioner

▪ **ACTION ITEM: Approve a Resolution of Commendation for Elizabeth Bennett-Parker**

At the January meeting Elizabeth Bennett-Parker will be recognized for her service on NVTC. Ms. Bennett-Parker has served as a NVTC Commissioner since January 2019, representing the City of Alexandria. In 2021 during a challenging year due to the COVID-19 pandemic, Ms. Bennett-Parker served as Chair of the VRE Operations Board and under her leadership VRE continued to provide safe and frequent service for its riders. She also served as an Alternate on the Virginia Transit Association Board of Directors. In 2021 Ms. Bennett-Parker advocated for legislative changes to the Virginia Freedom of Information Act, which has broadened the ability of elected officials to participate electronically in public meetings, which has had an impact on NVTC's meetings.

In November 2021, Ms. Bennett-Parker was elected to serve in the Virginia House of Delegates representing the 45th District. NVTC looks forward to continuing to work with her in her new role to advance transit for the citizens of Northern Virginia.



RESOLUTION OF COMMENDATION

SUBJECT: Commending the Honorable Elizabeth Bennett-Parker on Her 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 Elizabeth Bennett-Parker was first elected to the Alexandria City Council as Vice-Mayor in November 2018 and is the youngest woman elected to the Council in Alexandria's history;

WHEREAS: Ms. Bennett-Parker was appointed to NVTC in January 2019;

WHEREAS: Ms. Bennett-Parker has represented NVTC and the City of Alexandria on several regional bodies including the Virginia Railway Express (VRE) Operations Board, the Virginia Transit Association and the Northern Virginia Regional Commission;

WHEREAS: In 2021 Ms. Bennett-Parker championed for legislative changes to the Virginia Freedom of Information Act, which has broadened the ability of elected officials to participate electronically in public meetings; and

WHEREAS: In 2021 during a challenging year due to the COVID-19 pandemic, Ms. Bennett-Parker served as Chair of the VRE Operations Board and under her leadership VRE continued to provide safe and frequent service for its riders;

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby congratulates the Honorable Elizabeth Bennett-Parker on her election to the Virginia House of Delegates and looks forward to continuing to work with her in her new role to advance transit for the citizens of Northern Virginia.

BE IT FURTHER RESOLVED that NVTC hereby commends the Honorable Elizabeth Bennett-Parker for her 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 Ms. Bennett-Parker as an expression of its gratitude and in appreciation for her work on the Commission in promoting and funding public transit and ridesharing in Northern Virginia.

Approved this 6th day of January 2022.

Chair

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: NVTC Minutes and Meeting Summary

At the January 2022 meeting the Commission will be asked to approve the minutes of the December 2, 2021 NVTC meeting and the meeting summary of the December 6, 2021 Legislative and Policy Briefing.

A. ACTION ITEM: Approve the Minutes of the December 2, 2021 NVTC Meeting

At the January meeting the Commission will be asked to approve the [Minutes of the December 2, 2021 NVTC Meeting](#).

B. ACTION ITEM: Approve the Meeting Summary of the December 6, 2021 Joint NVTC-PRTC Legislative Briefing

At the January meeting the Commission will be asked to approve the [Meeting Summary of the December 6, 2021 Joint NVTC-PRTC Legislative Briefing](#).

The annual Joint NVTC-PRTC Legislative Briefing was held at the Embassy Suites Hotel in Springfield on Monday, December 6, 2021. Almost 100 people participated, representing local and state elected officials, both current and newly elected, as well as staff from U.S. congressional members, jurisdictions and other transit agencies, and the public.

This year's Joint Legislative Briefing took place at a time when public transit agencies in this region and across the country are reevaluating how to best serve riders as they continue to recover from the effects of the COVID-19 pandemic. Attendees heard from Under Secretary of Transportation for Policy at the U.S. Department of Transportation Carlos Monje and Virginia Deputy Secretary of Transportation Nick Donohue. Their remarks were followed by a transit leader panel discussion moderated by NVTC Executive Director Kate Mattice with WMATA Board Chairman Paul Smedberg, VRE Chief Executive Officer Rich Dalton and PRTC Executive Director Bob Schneider.

**MINUTES
NVTC COMMISSION MEETING – DECEMBER 2, 2021
FIRST FLOOR LARGE CONFERENCE ROOM – 2300 WILSON BLVD.
ARLINGTON, VIRGINIA**

The meeting of the Northern Virginia Transportation Commission was called to order by Chair Cristol at 7:02 p.m.

Members Present

Canek Aguirre
Walter Alcorn
John J. Bell (*via electronic participation*)
Elizabeth Bennett-Parker (*via electronic participation*)
Katie Cristol
Matt de Ferranti
Adam Ebbin
John Foust
Libby Garvey
Paul Krizek
Matt Letourneau (*via electronic participation*)
Jeff McKay
David Meyer
David Reid
David Snyder
Richard Sullivan
Mike Turner
James Walkinshaw

Members Not Present

Eileen Filler-Corn
Dalia Palchik
Paul Smedberg

Staff Present

Kate Mattice, Executive Director	Sophie Spiliotopoulos
Monique Blyther	Melissa Walker
Andrew D’huyvetter	Ronnetta Zack-Williams
Allan Fye	Rich Dalton (VRE)
Matt Friedman	Steve MacIsaac (VRE)
Rhonda Gilchrest	Mark Schofield (VRE)
Adam Hager	Tim Roseboom (DRPT)
Scott Kalkwarf	JoAnne Carter (PFM)
Tenley O’Hara	Mike Garber (PBMares)
Ben Owen	Greg Potts (WMATA) (<i>via electronic participation</i>)
Aimee Perron Seibert	

Opening Remarks

Chair Cristol welcomed everyone to the December 2, 2021 NVTC meeting, which is also being shown on YouTube livestream for the public.

Chair Cristol noted that Commissioners Bell and Letourneau are participating electronically due to medical reasons. Ms. Bennett-Parker had a conflict tonight, but she may join the meeting electronically later in the agenda. Commission Secretary Rhonda Gilcrest confirmed a quorum was present.

Chair Cristol reminded Commissioners that each January NVTC approves a slate of officers, committee memberships and board appointments. She encouraged Commissioners to communicate with her or the executive director if they wish to change their committee participation or wish to be considered for an officer or board appointment role. A proposed slate of officers and appointments will be included in the January meeting materials which will be distributed prior to the holidays.

Chair Cristol also congratulated David Snyder, who was recognized last night with an award from the George Mason Schar School for excellence in regional leadership.

Chair Cristol reported that NVTC received one public comment asking if other transit systems will be instituting fare free transit service opportunities in Northern Virginia. This comment was passed along to Commissioners prior to the meeting. Chair Cristol noted that there is useful information on NVTC's website, including the *White Paper on Zero-Fare and Reduced-Fare Options for Northern Virginia Transit Providers*. Mr. Meyer stated that Fairfax CUE Bus has been fare free since March 2020 and the Fairfax City Council will be making a decision in the near future if it will become permanent.

Minutes of the November 4, 2021 NVTC Commission Meeting

Mr. McKay moved, with a second by Mr. Sullivan, to approve the minutes of the November 4, 2021 meeting. The vote in favor was cast by Commissioners Alcorn, Cristol, de Ferranti, Ebbin, Foust, Garvey, Krizek, McKay, Meyer, Reid, Snyder, Sullivan and Walkinshaw. Mr. Aguirre abstained. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell and Letourneau cast affirmative votes. The motion passed.

Consent Agenda

Chair Cristol stated that there is one action on the Consent Agenda:

- A. Authorize the Executive Director to Issue a Request for Proposals for Audit Services

Ms. Garvey moved, with a second by Mr. Krizek, to approve the Consent Agenda. The vote in favor was cast by Commissioners Aguirre, Alcorn, Cristol, de Ferranti, Ebbin, Foust, Garvey,

Krizek, McKay, Meyer, Reid, Snyder, Sullivan and Walkinshaw. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell and Letourneau cast affirmative votes. The motion passed.

Mr. Turner joined the meeting.

NVTC's FY 2021 Audited Financial Statements and Compliance Reports

Chair Cristol stated that the Commission is being asked to accept and authorize distribution of NVTC's FY 2021 Audited Financial Statements and Compliance Reports. She welcomed Mike Garber, who represents NVTC's audit firm PBMares. He is a partner at PBMares, which is also the firm in charge of audits for VRE and PRTC as well.

Mr. Garber stated that he met with the Executive Committee, serving as the Audit Committee, prior to this meeting to give a more thorough presentation of the audit. He stated that the financial audit includes three opinions on the financial statements, internal controls and federal compliance. All three received clean or unmodified opinions, which are the highest that can be issued.

Mr. Garber also noted that the financial statement now includes a column on the pension plan. There were no audit adjustments this year and no past adjustments. He thanked NVTC staff for their cooperation, especially in light of the audit needing to be remote due to the pandemic. The remote audit went very smoothly. Commissioners had no questions.

Mr. Ebbin moved, with a second by Mr. Reid, to accept and authorize the distribution of NVTC's FY 2021 Audited Financial Statements and Compliance Reports. The vote in favor was cast by Commissioners Aguirre, Alcorn, Cristol, de Ferranti, Ebbin, Foust, Garvey, Krizek, McKay, Meyer, Reid, Snyder, Sullivan, Turner and Walkinshaw. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell and Letourneau cast affirmative votes. The motion passed.

NVTC FY 2023 General and Administrative Budget and 2022 Work Plan

Ms. Mattice and Mr. Kalkwarf gave a presentation on the proposed FY 2023 General and Administrative Budget. Ms. Mattice explained that staff is looking for feedback from Commissioners this month and will come back requesting action in January. In general, the budget approach is to continue strong support of Commission priorities, fulfill state and federal reports and requirements, reduce financial management exposure, retain and train highly skilled staff, continue robust regional technical and coordination efforts, continue staff coordination of WMATA efforts including support to WMATA Board members, leverage opportunities for additional federal and/or state funding, sustain human resources, legal and legislative support and align COLA/merit expectations with peers/jurisdictions. Per the direction of the Commission at last month's meeting, Ms. Mattice explained that the budget includes additional funding for policy research.

Mr. Kalkwarf gave an overview of budget cost drivers, which includes salaries and benefits (69%), rent (10%), contracted services (16%) and all other expenses (5%). NVTC budget revenue sources include off the top of state aid to the jurisdictions (68%), Commuter Choice revenue (19%), direct contributions from the jurisdictions (7%), appropriated surplus (3%) and other revenue (3%). He stated that in FY 2023 NVTC expects to manage \$232 million in state aid on behalf of the jurisdictions while NVTC's "overhead" is less than 1.2% of state aid. He then reviewed more details about the budget. The total proposed budget is \$3,920,200, which is a 2.3% increase over last year's budget. He also noted that the budget includes \$15,000 for AV/technical equipment for NVTC's conference room.

Ms. Mattice stated that the Work Plan is a companion piece to the budget and identifies the products and deliverables staff work on throughout the year. She gave a quick overview of the Work Plan. As directed by the By-Laws, NVTC is required to hold a public hearing on the Work Plan every year, which will occur at the January 2022 meeting. Although NVTC is receiving public comment at every Commission meeting, this is a special opportunity for the public to comment on NVTC's Work Plan for the coming year.

Ms. Garvey asked for more information about the policy research. Ms. Mattice stated that NVTC was able to use some funds this year to conduct research on low-emission/zero-emission buses. In past years, NVTC has done research on the economic value to transit to the region and the Commonwealth. Having funding already in the budget will allow staff to immediately to do in-house or contracted research.

Mr. Snyder stated that with increased federal funding from the infrastructure bill and significant increases in federal discretionary grant programs, is NVTC positioned to take maximum advantage to benefit the public. Ms. Mattice stated that NVTC is well positioned to be receiving and understanding the federal programs. NVTC is a member of several valuable trade associations, which provide helpful information. The American Public Transportation Association (APTA) is a good example. If jurisdictions want to seek federal funds for some of these discretionary grants, the question is whether NVTC would take a role in that. If NVTC were to serve as a federal grantee, that should be a conversation to come back to the Commission for discussion because there would be financial implications. Chair Cristol stated that the Executive Committee discussed reaching out the jurisdictions, especially the smaller jurisdictions, to gauge their interest in the federal discretionary grant programs and if NVTC should play a role. There are strings attached to acquiring federal grant funds that need to be taken into consideration.

Chair Cristol noted that Ms. Mattice and Mr. Kalkwarf would welcome any further questions, so she encouraged Commissioners to reach out directly to staff if they have additional questions about the budget or Work Plan.

Washington Metropolitan Area Transit Authority

Report from Virginia WMATA Board Members. Mr. Letourneau noted that Mr. Smedberg was unable to attend the meeting. Mr. Letourneau reported that the Bus Transformation Project

was launched by WMATA in 2018 with the goal of creating a collaborative action plan for the future of bus in the region. Last month, the WMATA Board received an update on the region's progress towards the goals of the Bus Transformation Project, which the Commission endorsed in early 2020. He highlighted two recommendations that WMATA staff are working towards. First, WMATA staff have established a Bus Priority program and are working with jurisdictional staff to implement bus priority treatments like bus lanes, transit signal priority, queue jumps, and violation and detection and enforcement policies. Second, WMATA staff have coordinated with jurisdictional staff on the scope of a bus network redesign effort which is anticipated to launch next year.

Mr. Letourneau also reported that next week the WMATA Board will authorize a public comment period and public hearings on the general manager's Proposed FY 2023 Operating and Capital Budget. The proposed operating budget assumes a gradual ridership recovery, maintains current budgeted service levels and offers several permanent and temporary fare discounts meant to drive ridership. He reviewed the proposed fare changes and reminded Commissioners that there are just recommendations and will need to be approved.

Mr. Letourneau stated that with ridership still well below pre-pandemic levels, the FY 2023 operating budget contains a \$715 million budget gap which is entirely offset with federal aid. Initial estimates show that only \$151 million in federal aid will be left for FY 2024, creating an operating gap of \$519 million in that fiscal year. The FY 2023 budget process is just getting started. The Board will have a number of budget work sessions and WMATA will receive public comment on the proposed budget. It is anticipated that budget approval will occur in March 2022.

Mr. Letourneau stated that WMATA is continuing to work with the National Transportation Safety Board (NTSB) regarding the 7000-series railcars. This week the NTSB issued a safety advisory calling for greater inspections of the wheelsets. There is a plan in place for WMATA to increase inspections and bring older series cars back into service, which should result in gradual improvement in service as railcars come online. WMATA is also experiencing some supply chain issues so that is impacting getting some of the railcars back into service.

Mr. Letourneau announced that the Metropolitan Washington Airports Authority (MWAA) announced substantial completion of the rail yard for the Silver Line Phase 2 project. As WMATA approaches the new Silver Line service date, WMATA is ramping up hiring new personnel.

Report from the Chair of the NVTC WMATA Committee. Mr. Aguirre stated that the WMATA Committee was previously scheduled to meet in December, but the meeting is being rescheduled to January 20 at 6:00 p.m. At that meeting the committee will review the proposed FY 2023 budget and relay any comments to the Commission for approval at its February meeting. He encouraged all Commissioners to attend.

Mr. Aguirre stated that tonight the Commission is being asked to authorize the executive director to send the 2021 Report on the Performance and Condition of WMATA to the Governor and General Assembly. The Commission saw a preview of this report at the November Commission

meeting. The final version of the report incorporates WMATA Committee and Commission feedback to date. Commissioners were provided with a copy of the executive summary.

Mr. Aguirre reviewed the highlights of the 2021 recommendations in the report:

- Leverage federal coronavirus relief aid
- Communicate and encourage a safe return to transit
- Implement fare and parking policy changes
- Adapt rail service to anticipate demand
- Continue focus on ongoing initiatives to reduce the growth in operating costs and improve operational efficiencies

Mr. Aguirre noted that the report also includes major capital accomplishments for FY 2021 by WMATA, which include:

- Platform rehabilitation program nearly complete
- Metrorail and Metrobus fleet reliability were at an all-time high
- Mobile App and new fare technology introduced across the system
- Cellular data service available in all Metrorail tunnels
- Track rehabilitation work yields dividends

Chair Cristol thanked staff for their hard work drafting this report. She stated that it is easy to forget all the progress WMATA has made and the importance of the dedicated funding and its impact on the Metro system.

Ms. Garvey asked about the mobile app. Mr. Letourneau stated that it seems to be going smoothly, although he has not seen any data on it. There is some data related to the promotions WMATA offered in September and the promotions were heavily used. Mr. Potts stated he can work with NVTC staff to provide more specifics about the mobile app usage.

Mr. Snyder asked if there is any place in the report that references low-emission buses and greenhouse gas requirements. Mr. D'huyvetter stated that there is some narrative text on page 10. He stated that there is always opportunity to update the report each year on these types of issues.

In response to a question from Mr. de Ferranti, Mr. D'huyvetter explained that the cover letter will include a reference to the Blue Line derailment and the 7000-series railcar issue.

Mr. Aguirre moved, with a second by Mr. de Ferranti, to authorize the executive director to send the 2021 Report on the Performance and Condition of WMATA to the Governor and General Assembly. The vote in favor was cast by Commissioners Aguirre, Alcorn, Cristol, de Ferranti, Ebbin, Foust, Garvey, Krizek, McKay, Meyer, Reid, Snyder, Sullivan, Turner and Walkinshaw. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell and Letourneau cast affirmative votes. The motion passed.

Legislative Update

Legislative and Policy Committee Chair David Meyer reported that the committee met on November 12 and received updates on both the federal and the Commonwealth's "state of play" to help guide NVTC's strategy for 2022. The committee agreed that it is important to continue to tell the success story of the region's strong transit network and how it supports jobs and households. NVTC staff will be looking to update the economic value of transit policy research this coming year as well as work with DRPT to fully understand the impact of any changes to funding streams that may occur with the change administration.

Mr. Meyer stated that Kate Mattice will continue to serve on the Transit Service Delivery Advisory Committee (TSDAC) where this coming year will involve a deep reexamination of DRPT funding for the local systems. She will report back to the Commission and Legislative and Policy Committee as the deliberations occur.

Ms. Bennett-Parker joined the meeting via electronic participation at 7:45 p.m.

Mr. Meyer stated that the Commission is asked to approve the 2022 Legislative Agenda. He gave a quick overview of the priorities. In general, the state program reflects a desire to stay the course with the various funding packages that were passed by the General Assembly in 2018 and 2020. It includes support for maximum flexibility for electronic and hybrid public meetings, as well as restoring funding for NVTA as well as expanded opportunities for funding zero emission infrastructure. The agenda aligns with the Virginia Transit Association as well as the jurisdictions and other regional bodies.

Mr. Meyer stated that the federal program recognizes the major investment opportunities posed by the federal infrastructure bill and focuses on transparent and timely implementation of the new programs. It also continues NVTC's support for transit benefits as well as other opportunities to leverage federal funding for public transit now and in the future.

Mr. Reid asked if the state priorities are ranked in order of priority. Ms. Mattice stated that they are not ranked but the most important one is to preserve what we have, especially what was passed in the Omnibus Transportation Bill. As of right now, there are no "big asks" for this upcoming General Assembly Session. Ms. Perron Seibert agreed that the focus will be to "stay the course." In response to a question from Mr. Turner, Ms. Perron Seibert stated that she has not heard anything about NVTC being in any "cross hairs."

Mr. McKay stated that with a new administration and new legislators, it is important to convey the importance of NVTC and what it does. The Commonwealth has mandated NVTC to do certain things, which are so important. He suggested including in a cover letter accompanying the Legislative and Policy Agenda more information about NVTC and the magnitude of what it does. This can be an educational opportunity. He also stated that it will be important to monitor the gas tax issue. He suggested including the amount of funding NVTC receives from the gas tax.

Although it does not impact NVTC directly, Mr. McKay stated that he is hearing some conversations about potential legislation that would dictate how the Northern Virginia

Transportation Authority (NVTA) would be able to use their funds by requiring certain funding amounts be used for bicycle and pedestrian-specific projects. He stated that more restrictions limit the Authority's ability to use its funds and causes local governments to scramble. It is important to preserve local authority to leverage a myriad of funding sources to make projects happen. He stated it will be important to watch this. In response to a question from Mr. Reid, Mr. McKay stated that he is not suggesting including this in the Legislative and Policy Agenda and that it is just something to monitor.

Mr. Krizek agreed that including NVTC's role and accomplishments is a good idea, especially since there is a new administration. Mr. Meyer stated that the Long Bridge project is a good example of the region working together on a mega-project.

Ms. Garvey moved, with a second by Mr. McKay, to approve the 2022 Legislative and Policy Agenda. The vote in favor was cast by Commissioners Aguirre, Alcorn, Cristol, de Ferranti, Ebbin, Foust, Garvey, Krizek, McKay, Meyer, Reid, Snyder, Sullivan, Turner and Walkinshaw. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell, Bennett-Parker and Letourneau cast affirmative votes. The motion passed.

Ms. Mattice announced that the annual Joint NVTC-PRTC Legislative Briefing will be held on Monday, December 6 at 8:30 a.m. at the Embassy Suites by Hilton Springfield. 140 people have rsvp'd. The event will provide an overview of federal and state issues affecting transit in Northern Virginia. NVTC is honored to have both the Undersecretary of Transportation for Policy for the U.S. Department of Transportation Carlos Monje and Virginia Deputy Secretary of Transportation Nick Donohue to give remarks. In addition, Ms. Mattice will moderate a panel discussion with WMATA Board Chair Paul Smedberg, OmniRide Executive Director Bob Schneider and VRE Chief Executive Officer Rich Dalton to share their transit policy issues and concerns for the coming year.

Virginia Railway Express

Chair Cristol stated that following the VRE CEO Report, Ms. Bennett-Parker, who serves as chair of the VRE Operations Board, will present the action items. Chair Cristol thanked Ms. Bennett-Parker for her service to NVTC and VRE as she will be leaving to start her term in the House of Delegates.

VRE CEO Report. Mr. Dalton reported that systemwide on-time performance was 80% for the month of November. Ridership continues to slowly increase to about 60,000 monthly riders. VRE staff continues to primarily work remotely. In response to a question from Mr. Reid, Mr. Dalton provided more information about ridership numbers. Until there is a mass opening of the federal government calling workers back, VRE expects ridership to only slowly increase. Chair Cristol asked about SmartBenefits usage for VRE. Mr. Dalton stated that it continues to stay about 60%. Mr. Walkinshaw stated that the 60% understates the impact. VRE should see a boost in ridership when the federal government workers return to the office, but they all won't return. Teleworking will still have a big impact on ridership. One of the challenges for VRE for service is what the future looks like. Mr. Aguirre agreed and stated that it will be important to adapt and target other markets. Chair Cristol stated that VRE is constrained in the amount of service it can

provide, but the Operations Board has directed staff to look at potential pilots for service such as weekend or evening service.

In response to a question from Mr. Foust, Mr. Dalton provided more information about VRE's plan to bring staff back on-site. Mr. Dalton stated that some necessary staff and contracted service providers have remained on-site. One issue that has delayed more staff returning to the office is that the VRE headquarters is being renovated, which has been delayed due to supply chain issues.

Mr. Krizek asked the hypothetical question of worst-case scenario if VRE ridership does not bounce back. Mr. Dalton stated that it is important to allow time to figure out what the new normal will be once the federal government does open up, which is what all the local transit systems are having to do. If bringing back more riders means providing more frequent service, VRE has the opportunity to do that. The Transforming Rail in Virginia program is banking on VRE service to mitigate weekend rail congestion. VRE's long-term plan calls for weekend service starting in 2026. Five years out might sound like a long time, but for the rail industry, that is right around the corner.

Chair Cristol noted that no federal agency has fully called back workers even to one day a week, so there's a chasm between the current state of ridership and the future of what VRE ridership will look like, even with increased teleworking. Mr. Alcorn stated that the federal relief funding has provided a lifeline to the local transit systems, so VRE has some time to see what the new normal will be and how to respond to it. Mr. Walkinshaw stated that if VRE did not exist, traffic on I-95 would be a parking lot. The question is how to make sure it survives and thrives. He does not think VRE can wait four-five years to lay a path forward. VRE already knows that the ridership profile will change and VRE should start looking at that now.

Mr. Foust expressed his opinion that waiting for the federal government to open is passive and asked what VRE will do to market its service to respond to traffic congestion on I-95. Those people sitting in traffic are potential VRE riders. Mr. Dalton stated that VRE staff is currently working on new marketing initiatives. VRE is also looking at marketing to capture riders outside of the VRE service area. Mr. Turner observed that NVTC can play a leadership role in modeling what transit will look like in the coming years, even if the data isn't complete. It is important to start looking at this now. Mr. Alcorn cautioned that VRE is unique and built for a specific mission and VRE should not abandon its core mission.

VRE 2022 Legislative Agenda. Ms. Bennett-Parker stated that VRE's 2022 Legislative Agenda serves as guidance for staff and contracted legislative liaisons during the legislative session. It covers both state and federal issues. VRE's Legislative Agenda aligns with NVTC's Legislative and Policy Agenda, which was also approved earlier in tonight's agenda. She stated that the Legislative Agenda was updated after the VRE Operations Board amended the section "*Meetings Held by Electronic Communications Means.*" The wording change is red lined in the meeting materials. Resolution #2646 will approve the VRE Legislative Agenda.

Ms. Bennett-Parker moved, with a second by Mr. Ebbin, to approve Resolution #2464 (copy attached). The vote in favor was cast by Commissioners Aguirre, Alcorn, Cristol, de Ferranti,

Ebbin, Foust, Garvey, Krizek, McKay, Meyer, Reid, Snyder, Sullivan, Turner and Walkinshaw. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell, Bennett-Parker and Letourneau cast affirmative votes. The motion passed.

VRE Debt Issuance. Ms. Bennett-Parker stated that the Commission is asked to approve Resolution #2465, which would authorize VRE staff to advance a public bond issuance backed by the Commuter Rail Operating and Capital (C-ROC) Fund. She stated that VRE committed to this issuance as part of the Funding Agreement that was executed in March 2021 between VRE and the DRPT (since assigned to the Virginia Passenger Rail Authority). The financing analysis is being led by VRE's Financial Advisor, PFM. VRE Chief Financial Officer Mark Schofield is present to make a brief presentation on the proposed CROC-backed debt issuance. JoAnne Carter from PFM and VRE Chief Legal Counsel Steve MacIsaac are available to answer any questions.

Mr. Schofield stated that VRE and the Commissions have committed to this debt as part of the funding agreement between VRE and the Virginia Rail Passenger Authority (VPRA) earlier this year. The C-ROC funding will be the only resource to pay the debt and there will be no back-stop from VRE or other resources, local jurisdictions or the Commonwealth. The credit assessment shows that the C-ROC debt issuance would receive an AA credit rating and as of November, would generate \$130 million in available project revenue. The revenues would be transferred to VPRA to be used for right-of-way acquisition as part of the Transforming Rail in Virginia program.

Mr. Schofield explained next steps following action by the Commissions, will include work with outside bond counsel on due diligence, choosing an underwriter, pursuing indicative ratings from the credit agencies, which will be followed by the entire team structuring the bond documents. At that time, staff will come back to the Operations Board and Commissions for final approval, which should occur in late winter/early spring. A formal legal opinion will be provided at that time that makes it clear that the bond holders have no legal recourse against the jurisdictions, the Commissions or VRE.

Mr. Schofield stated that regarding risks, this proposed debt would be similar in many aspects to other special tax bonds that have been implemented in the Commonwealth using regional taxes, such as I-81 bonds, NVRTA bonds, Hampton-Roads bonds, etc. The ratings agency's methodologies and VRE's own analysis take into consideration those key risks which were discussed at the November meeting, including both potential political and financial risks. The bottom line is that when these bonds are issued the risk of repayment default will be judged to be very low. If the landscape changes dramatically, VRE would come back to the Commissions for more discussion.

Mr. Snyder asked about the written legal opinion he asked for at last month's meeting on financial and legal risks to NVTC and its jurisdictions. He asked Mr. MacIsaac to comment. Mr. MacIsaac explained that tonight's action is to only authorize VRE to move forward to structure the bond package. That work will answer Mr. Snyder's questions and a written legal opinion will be provided prior to the Commissions being asked to authorize the debt issuance.

Mr. Walkinshaw thanked Mr. Schofield for providing these multiple presentations to both Commissions and the VRE Operations Board. Chair Cristol stated that the reality is without this debt issuance, the region cannot do the work, which will impact the Long Bridge project.

Ms. Bennett-Parker moved, with a second by Mr. Aguirre, to approve Resolution #2465 (copy attached). The vote in favor was cast by Commissioners Aguirre, Alcorn, Cristol, de Ferranti, Ebbin, Foust, Garvey, Krizek, McKay, Meyer, Reid, Snyder, Sullivan, Turner and Walkinshaw. A roll call vote followed for those Commissioners participating electronically. Commissioners Bell, Bennett-Parker and Letourneau cast affirmative votes. The motion passed

Mr. McKay left the meeting at 8:33 p.m. and did not return.

Department of Rail and Public Transportation

Chair Cristol noted that DRPT Director Mitchell could not attend but asked DRPT Northern Virginia Senior Program Manager Major Capital Investments Tim Roseboom to give her report. Mr. Roseboom encouraged Commissioners to read the written DRPT Report. He announced that grant submissions for FY 2023 can be submitted to DRPT through February 1, 2022. Selected projects will be included in the Six-Year Improvement Program (SYIP), which is expected to be adopted by the Commonwealth Transportation Board in June 2022. DRPT expects the proposed funding levels from the governor's proposed budget to be available later in December.

Executive Director Report

Ms. Mattice encouraged Commissioners to read her Executive Director Newsletter. She introduced two new NVTC staff members. Monique Blyther is the newest member of the NVTC communications team. Monique is an award-winning video journalist and digital marketer who is passionate about storytelling and all things transportation. For the past four years she served the region as a communications specialist for VDOT, Northern Virginia district and as Traffic Reporter for WTOP 103.5 FM. Now that she's made the switch to transit, Monique will be leading NVTC's visual communications and engagement initiatives and expanding the use of video and digital tools in support of NVTC's mission.

Ms. Mattice also introduced Adam Hager, who recently served as a Transportation Planner at FAMPO, the Fredericksburg Area Metropolitan Planning Organization, where he managed their most recent long range transportation plan update and coordinated FAMPO's SMARTSCALE applications. Adam will be supporting both day-to-day operations as well as strategic planning for NVTC's growing Commuter Choice Program.

Ms. Mattice also reviewed some upcoming NVTC meetings:

- The NVTC/PRTC Joint Legislative Briefing is being held in-person at the Embassy Suites Hotel on December 6 starting at 8:30 a.m.
- The WMATA Committee meeting has been changed to Thursday, January 20, 2022 at 6:00 p.m.
- The next Commission meeting is on January 6, 2022 at 7:00 p.m. Executive Committee will meet at 6:00 p.m.

Ms. Mattice stated that NVTC just received notice that DRPT has granted NVTC funds for a regionwide marketing campaign with all its jurisdictions. This will launch early in 2022.

Ms. Mattice noted that the Financial Report for October 2021 was provided to Commissioners in their meeting materials. There were no questions from Commissioners.

Adjournment

Without objection, Chair Cristol adjourned the meeting at 8:37 p.m.

Approved this 6th day of January 2022.

Chair

Secretary-Treasurer



RESOLUTION #2464

SUBJECT: Approve the 2022 VRE Legislative Agenda

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

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

WHEREAS: It is essential for VRE to educate and advocate for desired legislative and regulatory outcomes with members of Congress and their staff, with staff of federal entities, in the Virginia General Assembly and with the Governor and his administration;

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

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby approves the 2022 VRE Legislative Agenda and authorizes the VRE Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 2nd day of December 2021.

A handwritten signature in cursive script, appearing to read "Katie Cristol", is written in black ink above a horizontal line.

Katie Cristol
Chair

A handwritten signature in cursive script, appearing to read "Dalia Palchik", is written in black ink above a horizontal line.

Dalia Palchik
Secretary-Treasurer



RESOLUTION #2465

SUBJECT: Authorize VRE Staff to Advance Public Bond Issuance Backed by the Commuter Rail Operating and Capital (C-ROC) Fund

WHEREAS: In March 2021 VRE entered into an Agreement for Passenger Rail Improvements and Funding (“Funding Agreement”) with the Virginia Department of Rail and Public Transportation, which was subsequently assigned to the Virginia Passenger Rail Authority;

WHEREAS: The Funding Agreement includes provisions for the Commissions to fund a portion of the Planned Improvements of the Transforming Rail in Virginia Program, as well as the purchase of real property for right-of-way acquired by the Commonwealth;

WHEREAS: The Commissions will utilize Commuter Rail Operating and Capital funds for both a debt issuance and on a pay-as-you-go basis as the source of the funding commitment;

WHEREAS: In September 2021 the Commissions approved updated and amended Financial and Debt Management Principles for VRE to guide the issuance of debt backed by the Commuter Rail Operating and Capital Fund;

WHEREAS: A financing analysis conducted by VRE’s financial advisor has determined that a public bond issuance is the most advantageous option for issuing this debt in accordance with the Funding Agreement, and that an investment grade credit rating would be expected from the major credit rating agencies for such debt; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes VRE staff to advance a public bond issuance backed by the Commuter Rail Operating and Capital Fund including selection of an underwriter and a trustee, completion of required legal due diligence, formal engagement with the credit rating agencies, and to return to the Operations Board and the Commissions in the second half of FY 2022 for approval of final bond documents and a final authorization to proceed to sale and issuance of the bonds.

Approved this 2nd day of December 2021.

A handwritten signature in black ink that reads "Katie Cristol".

Katie Cristol
Chair

A handwritten signature in blue ink that reads "Dalia Palchik".

Dalia Palchik
Secretary-Treasurer

**MEETING SUMMARY
JOINT NVTC-PRTC LEGISLATIVE BRIEFING
DECEMBER 6, 2021
Embassy Suites Hotel – Springfield, Virginia
9:00 A.M.**

NVTC Members Present

Canek Aguirre
Walter Alcorn
Katie Cristol
Matt de Ferranti
Libby Garvey
Jeff McKay
David Meyer
Jennifer Mitchell (Alternate, Commonwealth of Virginia)
Paul Smedberg
David Snyder
Rip Sullivan
Michael Turner
James Walkinshaw

NVTC Members Absent

John Bell
Elizabeth Bennett-Parker
Adam Ebbin
Eileen Filler-Corn
John Foust
Paul Krizek
Matt Letourneau
Dalia Palchik
David Reid

NVTC Staff Present

Kate Mattice, Executive Director
Monique Blyther
Andrew D’huyvetter
Matt Friedman
Allan Fye
Rhonda Gilchrest
Adam Hager
Patricia Happ
Scott Kalkwarf
Becky Merriner
Tenley O’Hara
Ben Owen
Aimee Perron Seibert
Sophie Spiliotopoulos
Brittany Sumpter
Colethia Quarles
Melissa Walker
Ronnetta Zack-Williams

PRTC Members Present

Victor Angry
Andrea Bailey
George Barker
Kenny Boddye
Margaret Franklin
Todd Horsley (Alternate, Commonwealth of Virginia)
Jennifer Mitchell
Jeanette Rishell
Pamela Sebesky
Ralph J. Smith (Alternate, Prince William County)
Ann Wheeler (Alternate, Prince William County)

PRTC Members Absent

Tinesha Allen
Lee Carter
Deborah Frazier
Elizabeth Guzman
Matthew Kelly
Cindy Shelton Lamb
Jeanine Lawson
Gary Skinner
Yesli Vega

PRTC Staff Present

Bob Schneider, Executive Director
Ivanna Baez
Althea Evans
Alyssa Ludwiczak
Becky Merriner
Holly Morello
Perrin Palistrant
Christine Rodrigo
Joe Stainsby
Barbara Murdock (Keolis)
Carolyn Narh (Keolis)

Opening Remarks

Katie Cristol, Chair of the Northern Virginia Transportation Commission (NVTC) and member of the Arlington County Board, and Margaret Franklin, Chair of the Potomac and Rappahannock Transportation Commission (PRTC) and member of the Prince William County Board of Supervisors, welcomed attendees to the annual NVTC-PRTC Joint Legislative Briefing.

NVTC Chair Cristol stated that it is good to be back to meeting in person this year. This event is NVTC and PRTC's annual opportunity for the Commissions and local transit leaders to share with the region's elected officials an overview of legislative priorities that are vital to maintaining support for transit in Northern Virginia.

NVTC Chair Cristol observed that it has been an exciting year for NVTC as the Commission worked hard with the local systems to pivot and respond to the changing transportation environment. She is particularly proud of NVTC's work to help the region leverage the federal funding provided from Congress to maintain strong public transit service during the COVID-19 pandemic. She also noted that NVTC released a study that seeks to fully understand the impact and opportunities of providing zero- and reduced-fare transit opportunities, launched a multi-year effort to help the entire region implement zero-emission buses and announced two new rounds of Commuter Choice projects that will provide important transit services along I-66 and I-395/95 express lanes.

NVTC Chair Cristol recognized NVTC Commissioners in attendance. She then turned the podium over to PRTC Chair Franklin.

PRTC Chair Franklin stated that there is a wonderful slate of speakers today to provide their perspectives on public transit at the federal, state and regional levels. She noted that this has been another challenging year for the region's transit agencies, but federal support has helped keep these agencies moving and with high vaccination rates in Virginia, it is hoped that in the future more people will be riding transit. She stated that Dr. Bob Schneider will be giving an overview of the major efforts at OmniRide as part of the panel discussion, but she is excited to say that OmniRide has been responding to the changing needs of its riders and seeing a strong rebound in many of its transit routes.

PRTC Chair Franklin recognized PRTC Commissioners and PRTC/OmniRide staff in attendance. She also recognized other elected officials, as well as their staff, from many elected offices, including members of Congress, Virginia House of Delegates and Senate.

NVTC Executive Director Kate Mattice, moderator for the event, presented an overview of the event's agenda, which is in three parts starting with the federal level, where attendees will hear from Under Secretary of Transportation for Policy of the U.S. Department of Transportation Carlos Monje, followed by reflections on Virginia Governor Northam's administration with Deputy Secretary of Transportation Nick Donohue. The event will conclude with a panel discussion by leaders from three of the region's transit systems – with Washington Metropolitan Area Transit Authority (WMATA) Board Chair Paul Smedberg, Virginia Railway Express (VRE) Chief Executive Officer Rich Dalton and PRTC/OmniRide's Executive Director Bob Schneider.

Special Guest Speaker: Under Secretary of Transportation for Policy Carlos Monje

NVTC Executive Director Kate Mattice introduced the first speaker, Under Secretary of Transportation for Policy of the U.S. Department of Transportation Carlos Monje, who was participating virtually. She noted that Under Secretary Monje is the number three official at the U.S. Department of Transportation and a true champion for public transit and multimodalism in the administration. She observed that the strong public transit network in the Washington, DC region is critical to the strength of the economy and quality of life. While many of the local bus systems are not formula funding recipients of the Federal Transit Administration (FTA), they are all connected to the Metro system, VRE and PRTC's OmniRide – and are keenly interested in major investments in new passenger rail, bus rapid transit routes and in ways to make the bus transit fleets even cleaner. She stated that the region is excited about the passage of the federal infrastructure bill and looks forward to hearing more about it from Under Secretary Monje.

Under Secretary Moje thanked NVTC and PRTC for giving him the opportunity to speak at this event. He gave a breakdown of how the Infrastructure Investment and Jobs Act (IIJA) will boost transit and other transportation infrastructure. This bi-partisan legislation will give the administration the ability to reverse the trend of falling behind (U.S. ranked 13th in worldwide infrastructure) and modernize the infrastructure after decades of systemic under investment. It will provide new jobs; make major investments in roads, bridges, rail, transit and airports; improve safety; and address the climate crisis. He provided some specifics on funding opportunities in some of these areas.

Under Secretary Monje also reviewed some of the benefits of President Biden's landmark Build Back Better Act, which was passed by the House last month. It includes \$10 billion to improve transit access for low-income families and for high-speed rail corridor assistance to support planning and development of public high-speed rail projects.

Following his remarks, there was a time for event attendees to ask Under Secretary Monje questions.

Special Guest Speaker: Virginia Deputy Secretary of Transportation Nick Donohue

NVTC Executive Director Mattice welcomed Deputy Secretary Nick Donohue, who is participating virtually from Richmond. She noted that the Northern Virginia region has truly benefited from Mr. Donohue's work with Secretary Valentine and the Northam Administration on both rail and public transportation, leading the implementation of both the dedicated funding for Metro and for VRE, the passage of the Omnibus Transportation legislation in 2020 that provides stability and growth to Virginia's transportation infrastructure, the transformation of passenger rail in Virginia with major investments in rail right of way and additional track that will be game changing for VRE, and the establishment of the Commuter Choice program which will continue to benefit travelers along I-66 and I-395/95 for decades.

Deputy Secretary Donohue stated that it has been a pleasure working with NVTC, PRTC and the local transit agencies such as VRE, WMATA and OmniRide over the last eight years. It has shown how successful a state and regional partnership can help advance transit goals. He spoke of the

significant transportation investment and policy decisions made over the last eight years during the administrations of Governors Ralph Northam and Terry McAuliffe. He stated that this last four years was very eventful with the first ever dedicated funding for WMATA in 2018. He rode Metro recently and can see the changes and it was an impressive ride. Clearly there is still more work to be done, but Virginia led the way in clarifying how WMATA compared to other transit systems and providing dedicated funding for the system. In 2019 the Commonwealth shifted focus to the I-81 Corridor and although that legislation was not successful it ultimately resulted in an interstate bill, which raised \$280 million annually for Virginia's interstate. This led to the Commonwealth recognizing the need for reform and refocus of the state's planning process.

Deputy Secretary Donohue stated that the General Assembly directed a study on the I-95 Corridor which found that once \$12 billion in improvements were completed (adding another lane taking 10 years to complete), it would not improve travel speeds compared to 2019 travel speeds. This got the administration really looking at accelerating rail planning through the I-95 Corridor, including the Long Bridge Project and an historic partnership with CSXT. He also spoke about studying the sustainability of transit revenues in Virginia, which ultimately resulted in the Omnibus Transportation Bill in 2020. That bill also created the Virginia Passenger Rail Authority and authorized bonds to help acquire the rail right-of way. Mr. Donohue then noted that three days after the Omnibus Bill passed, the state went into lock down due to the COVID-19 pandemic. He gave some highlights on how the Commonwealth responded to the pandemic.

Mr. Donohue then spoke about the significant impact to Virginia from the federal infrastructure bill. Virginia is expected to receive \$300 million more each year in construction bonds that the Commonwealth Transportation Board will use for state of good repair projects. Transit agencies in Virginia will receive an additional \$100 million each year. The federal discretionary grant program totals \$36 billion to expand intercity passenger rail. Virginia is well positioned to compete for some of these funds. He is also optimistic of the state revenue forecasts, which will be released in the near future.

Following his remarks, there was a time for event attendees to ask Deputy Secretary Donohue questions. Fairfax County Board Chair Jeff McKay concluded with a heartfelt thank you to Mr. Donohue for all his hard work over the last eight years and his service to this region and the entire Commonwealth.

Transit Panel of Regional Transit Operators: Paul Smedberg (WMATA), Rich Dalton (VRE) and Bob Schneider (PRTC/OmniRide)

NVTC Executive Director Mattice introduced the regional transit panel members including WMATA Board Chair Paul Smedberg, Virginia Railway Express (VRE) Chief Executive Officer Rich Dalton and PRTC/OmniRide Executive Director Bob Schneider.

WMATA Board Chair Smedberg gave an overview of Metro service during the COVID-19 pandemic. He thanked the Congressional delegation for working to provide federal aid to all transit system to get them through the pandemic. He also acknowledged Loudoun County Board Supervisor Matt Letourneau, who partners with him as the two Virginia representatives on the WMATA Board. Mr. Smedberg addressed the recent Blue Line derailment and the National

Transit Safety Board's investigation. All 7000-series railcars were taken out of service and current service levels will continue at least through the end of 2021.

Mr. Smedberg also observed that travel patterns have changed due to the pandemic and WMATA is considering how to respond to these changes. Looking towards the future, he stated that it is important to remember how transit is central to the economic success to the region and that it is essential as many people are dependent on transit. WMATA is also focusing on zero-emission buses.

Mr. Smedberg acknowledged DRPT Director Jennifer Mitchell for her outstanding contribution to WMATA and the region. She has been a great partner to the entire region. He also acknowledged DPRT staff Tim Roseboom and Todd Horsley, and NVTC staff Andrew D'huyvetter.

VRE CEO Rich Dalton stated that the COVID-19 pandemic has not been kind to transit, regionally and nationwide. To date, VRE daily ridership is down 85% from pre-pandemic levels. In June 2020 VRE returned to normal service levels because riders needed more frequent service. With several federal relief packages, VRE is on sound financial ground. VRE continues to monitor return to work plans throughout the region. VRE is looking for un-tapped markets to reach new riders. He reviewed some of VRE's capital projects that are currently underway. He also thanked DRPT Director Mitchell for her partnership with VRE.

PRTC/OmniRide Executive Director Bob Schneider announced that the Transportation Security Administration (TSA) honored OmniRide with the prestigious BASE Gold Standard Award. The award is the top recognition TSA can give to a transit agency for demonstrating outstanding performance in enhancing their security programs. OmniRide is the first and only bus-only transit system in the National Capital Region to earn this recognition. The Virginia Transit Association (VTA) also honored OmniRide with the Exceptional Safety Award at this year's annual VTA Conference. Dr. Schneider also recognized PRTC/OmniRide staff and operators who went through seven service changes over the past year. OmniRide never reduced its local service and within 90 days of the pandemic hitting, local service recovered by about 65%. PRTC/OmniRide is once again looking at double decker buses because it solves several issues including the labor shortage and emissions reduction. OmniRide is also looking at reclaimed natural gas and other low-emission options.

Ms. Mattice asked about what the federal infrastructure legislations means to each of the transit systems. Mr. Dalton stated that for VRE it expects to receive 30% more in federal formula funding, and the expanded discretionary grant programs could bring more funds for specific projects. Mr. Smedberg stated that federal assistance will help WMATA continue with state of good repair projects and the opportunity to apply for grants for different projects. Dr. Schneider stated that for capital projects the federal infrastructure bill is not a "game changer" for OmniRide since VRE receives more of those formula funds. But OmniRide is more competitive in the discretionary grant programs. With more federal dollars available for big projects, there may be some benefit as policy makers decide how to use their funds in different ways.

Ms. Mattice asked about the state funding program and its impact on each system. Dr. Schneider stated that OmniRide is eligible for Commuter Choice funding opportunities, as well as receiving

direct operating funds for local service. Everything up to now has been about “through-put” but with the pandemic, the region is seeing the need for different travel patterns. Once the I-66 Outside the Beltway project is finished, state funding will open up new travel from Prince William to Reston or to Dulles Airport. Mr. Smedberg stated that the state funding has been very important to WMATA. It has helped with state of good repair projects, station rehabilitations, and modernization of other elements. Mr. Dalton stated that state funding, especially the Commuter Rail Operating and Capital Fund (C-ROC), has benefited VRE. C-ROC funds will be leveraged into a debt issuance to fund projects for the Transforming Rail in Virginia project.

Ms. Mattice recognized the economic value of transit and asked what messages the transit systems have to the business community for the future. Mr. Dalton stated that leveraging off of VRE’s previous successes, VRE asks the business community to continue to advocate for transit to the General Assembly and the new administration, and to advocate for the ability to enhance current mobility solutions to increase economic benefit and environmentally sound ways to move people around the region. Mr. Smedberg stated that despite the challenges right now, if one looks at where all the commercial and residential development is happening, it is happening within a ¼ mile of a transit station or transit center. The business community values transit and sees the importance of transit, especially Metro. Dr. Schneider stated that transit brings workers to where we buy our coffee, and it brings the workers to this hotel to set up for this event. Providing great transit service is important. He also encouraged everyone to get out and ride transit.

Ms. Mattice asked what else is important for attendees to know about each system. Mr. Dalton stated that for VRE, the reality is that there will be some changes over the next few years coming out of the pandemic including ridership and travel patterns and those will need to be redefined. He asked for patience as the transit systems leverage off their collective experiences. Mr. Smedberg called for stabilization for the next few years and to begin to look at new travel patterns and behaviors and how people will be using transit in possibly new ways, and how all the transit systems will need to adapt and adjust. It will produce challenges but also tremendous opportunity. Dr. Schneider stated that PRTC/OmniRide will look at the behavior of its riders. He called for a new focus on “purpose driven travel” designed to serve all riders who use transit for all trips, not for just those going to and from work. When OmniRide understands the purpose of travel, it can respond with service. A key difference for bus service compared to rail service, is that it allows them to be responsive to changing needs. OmniRide can provide service to where it is needed.

Ms. Mattice thanked Mr. Smedberg, Mr. Dalton and Dr. Schneider, as well as those other local transit systems not represented on stage, for their hard work and perseverance over the last year taking good care of their employees and continuing to provide transit service to the region.

Closing Remarks

Due to the time, Ms. Mattice encouraged attendees to stay and ask questions directly to the panelists. She also encouraged attendees to take a briefing folder, which includes legislative agendas for NVTC, PRTC and VRE, as well as other information. She also thanked NVTC and PRTC staff for their work in making this event a success.

Approved this 6th day of January 2022.

Chair

Secretary-Treasurer

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Annual Leadership and Governance

At the January 2022 meeting the Commission will be asked to take actions to appoint new officers, committee and board appointments, and signatories and pension trustees. Chair Cristol will be recognized for her outstanding service for the last two years as chair of NVTC.

A. ACTION ITEM: Approve the Recommended Slate of Officers for 2022

At the January meeting the Commission will be asked to approve the recommended slate of officers for 2022:

Canek Aguirre, Chair
Dalia Palchik, Vice-Chair
Matt de Ferranti, Secretary-Treasurer

B. ACTION ITEM: Approve a Resolution Commending the Honorable Katie Cristol for Her Service as Chair of the Northern Virginia Transportation Commission for 2020 and 2021

Outgoing Chair Katie Cristol will be recognized at the January meeting for her outstanding leadership during 2020 and 2021. A Resolution of Commendation will be presented to her at the meeting.

C. ACTION ITEM: Approve Resolution #2466: Selection of NVTC Representatives to Various Boards

At the January meeting the Commission will be asked to approve Resolution #2466 to approve the appointments to the WMATA Board of Directors, Virginia Railway Express (VRE) Operations Board and Virginia Transit Association (VTA) Board of Directors.

The resolution affirms the appointments of the WMATA Board members and their terms. Member terms and requirements are subject to the Code of Virginia §33.2-1907.4. VRE Operations Board appointments are selected by each VRE jurisdiction and then appointed by NVTC. Some of these actions may be contingent on subsequent action by local boards and councils as their NVTC appointments may not be known by January 6, 2022. Resolution #2466 reflects the recommended appointments as of December 22, 2021. The resolution will be updated as a blue item as the City of Alexandria needs to appoint a new NVTC Commissioner to replace Elizabeth

Bennett-Parker and select a representative for the VRE Operations Board. The recommended appointments are as follows:

NVTC’s WMATA Board of Directors

Principals:

Paul Smedberg (Commonwealth Appointee)
Term expires 01-05-2026

Matt Letourneau (NVTC Appointee)
Term expires 01-03-2023

Alternates:

Canek Aguirre
Term expires 01-07-2025

Walter Alcorn
Term expires 01-04-2024

Virginia Railway Express (VRE) Operations Board

Principals:

Fairfax County:

Walter Alcorn
Daniel Storck
James Walkinshaw

City of Alexandria:

Arlington County:

Libby Garvey

Alternates:

Fairfax County:

Jeff McKay

City of Alexandria:

Canek Aguirre

Arlington County:

Katie Cristol

Virginia Transit Association (VTA) Board of Directors

Principals:

David Snyder
Kate Mattice

Alternates:

Katie Cristol

D. ACTION ITEM: Approve the Recommended NVTC Committee Membership

At the January meeting the Commission will be asked to approve the recommended appointments to NVTC’s committees, including the Executive Committee, WMATA Committee, Legislative and Policy Committee and Program Advisory Committee. The [NVTC By-Laws](#) determine the membership of the Executive Committee and also speak to the make-up of the other committees. One major change to the committee roster is the appointment of Walter Alcorn to serve as chair of the WMATA Committee replacing Mr. Aguirre. Per NVTC’s By-Laws, the NVTC chair cannot serve as the WMATA Committee chair, and the By-Laws also identifies that one of the WMATA Board Alternates must serve as the chair. Mr. Alcorn will also become a member of the Executive Committee.

Some of these actions may be contingent on subsequent action by local boards and councils as their NVTC appointments may not be known by January 6, 2022. The following committee roster reflects the recommended appointments as of December 22, 2021. The roster will be updated as a blue item as the City of Alexandria needs to appoint a new NVTC Commissioner to replace Elizabeth Bennett-Parker.

The following committee roster is recommended for approval:

NVTC Executive Committee

Chair, Canek Aguirre*
Vice-Chair, Dalia Palchik*
Secretary-Treasurer, Matt de Ferranti*
Legislative & Policy Committee Chair, David Meyer
Program Advisory Committee Chair, David Snyder
WMATA Committee Chair, Walter Alcorn
Immediate Past Chair, Katie Cristol
General Assembly Member, Eileen Filler-Corn
Non-Voting Members:
WMATA Principal Member, Paul Smedberg
WMATA Principal Member, Matt Letourneau
**Nominated*

NVTC Legislative and Policy Committee

Chair, David Meyer
Commission Members:
(drawn from member jurisdictions in a representative manner)
City of Alexandria, Canek Aguirre
Arlington County, Libby Garvey
City of Falls Church, David Snyder
Fairfax County, James Walkinshaw
Loudoun County, Matt Letourneau
Non-Voting Member:
General Assembly Member, Adam Ebbin

NVTC WMATA Committee

Chair, WMATA Alternate Member, Walter Alcorn
WMATA Principal Member, Matt Letourneau
WMATA Principal Member, Paul Smedberg
WMATA Alternate Member, Canek Aguirre
Commission Members:
(drawn from member jurisdictions in a representative manner)
Arlington County, Matt de Ferranti
City of Falls Church, David Snyder
City of Fairfax, David Meyer

NVTC Policy Advisory Committee

Chair, David Snyder
Commission Members:
(drawn from member jurisdictions in a representative manner)
City of Alexandria, _____
Arlington County, Libby Garvey
City of Fairfax, David Meyer
Fairfax County, John Foust
Loudoun County, Michael Turner

E. ACTION ITEM: Approve Resolution #2467: Designation of NVTC Signatories and Pension Trustees

At the January meeting the Commission will be asked to approve Resolution #2467 to designate NVTC signatories and pension trustees. The Commission each January authorizes the executive director, director of finance and administration, and the newly elected secretary-treasurer to serve as signatories for financial transactions exceeding \$5,000. These persons plus the NVTC comptroller are selected to serve as NVTC's employees' pension trustees. The resolution will be updated to its final version after the election of officers. Matt de Ferranti has been nominated to serve as the secretary-treasurer for 2022.

RESOLUTION OF COMMENDATION

SUBJECT: Commending the Honorable Katie Cristol for Her Service as Chair of the Northern Virginia Transportation Commission for 2020 and 2021

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 Katie Cristol was elected chair of the Northern Virginia Transportation Commission for 2020 and 2021;

WHEREAS: Ms. Cristol has been an advocate of balanced transit investments in the region, transportation infrastructure enhancements, emergency preparedness, economic development, improved transit service, pedestrian-friendly initiatives, reduced-fare initiatives and transportation equity;

WHEREAS: In 2020, Ms. Cristol led NVTC during its 56th year of operations and, as chair, she led the Commission's rapid shift to a 100% virtual environment following the unprecedented shutdown caused by the COVID-19 pandemic, all while ensuring Commission business was conducted in a timely and effective manner;

WHEREAS: Ms. Cristol helped NVTC communicate the Commission's support and encouragement for WMATA as it managed pandemic-related budget and ridership challenges;

WHEREAS: Ms. Cristol championed WMATA and NVTC's efforts to coordinate effective transit options for riders while many Orange, Silver and Blue Line Metrorail stations were closed for major rehabilitation and upgrades;

WHEREAS: Ms. Cristol engaged with the NVTC WMATA Committee, local jurisdictional leaders, and regional stakeholders to develop and submit two major WMATA policy documents to the Virginia Legislature - *Report of Virginia's 3% Cap on the Growth in Operating Assistance Payments to WMATA*, as well as the *3rd and 4th Annual Reports on the Performance and Condition of WMATA*;

WHEREAS: Ms. Cristol supported a thoughtful and strategic approach to award limited I-66 Inside the Beltway toll revenue under the fourth round of I-66 Commuter Choice funding while facilitating policy adjustments to provide grantees with maximum flexibility to implement vital transit projects during the peak of the pandemic;

WHEREAS: Ms. Cristol advocated for improved investments in transit technology, resulting in a successful regional launch of the SmarTrip mobile app and a vital update to the Northern Virginia Regional Fare Collection Strategic Plan;

WHEREAS: Ms. Cristol supported NVTC's efforts to market transit to a diverse and growing Northern Virginia audience, resulting in NVTC receiving the Outstanding Public Transportation Marketing Award from the Virginia Transit Association for a regionwide marketing campaign;

WHEREAS: Due to the challenges of the pandemic and the Commission holding virtual and hybrid meetings, as well as welcoming 10 new NVTC Commissioners in 2020, the Commission elected Chair Cristol to continue as chair throughout 2021.

WHEREAS: In 2021, Ms. Cristol led NVTC during its 57th year of operations and, as chair, saw the region through many more milestones, including returning to in-person hybrid Commission and committee meetings, enhancing the collaboration and relationship-building for which NVTC is known;

WHEREAS: Ms. Cristol continued to support NVTC's cautious yet strategic approach to investing toll revenue, resulting in the approval of the supplemental fourth round of I-66 Commuter Choice funding and a second round of the I-395/95 Commuter Choice funding;

WHEREAS: Ms. Cristol continued to advocate for high-quality, high-capacity transit in Northern Virginia, resulting in NVTC receiving a DRPT grant to continue vital work on the Envision Route 7 Bus Rapid Transit project;

WHEREAS: Ms. Cristol supported NVTC's timely discussion of both zero- and reduced-fare transit programs resulting in a widely distributed policy White Paper and NVTC's effort to help the region be strategic in its transition to zero/low-emission bus fleets; and

WHEREAS: Ms. Cristol championed the Transforming Rail in Virginia initiative that aims to dramatically improve VRE and freight rail service in the region.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby commends the Honorable Katie Cristol for her leadership of NVTC for 2020 and 2021 and her 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 Ms. Cristol as an expression of its gratitude and in appreciation for her leadership and work on the Commission in promoting and funding public transit and ridesharing in Northern Virginia.

Approved this 6th day of January 2022.

Chair



RESOLUTION #2466

SUBJECT: Selection of NVTC Representatives to Various Boards

WHEREAS: NVTC is empowered to make appointments to the Board of Directors of the Washington Metropolitan Area Transit Authority (WMATA), the Virginia Railway Express (VRE) and the Virginia Transit Association (VTA);

WHEREAS: Some of NVTC's jurisdictions may not formally appoint their NVTC members prior to NVTC's January meeting and some may not be ready with recommendations for appointment to various boards; and

WHEREAS: Secretary Shannon Valentine designated Paul C. Smedberg to be the Secretary's designee on NVTC and the WMATA Board, which became effective January 1, 2019 with the term expiring January 4, 2022, and has designated him again for a term starting on January 4, 2022 and expiring January 5, 2026;

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby appoints and confirms the following persons to serve as principals and alternates to the WMATA Board of Directors, subject to possible subsequent action by NVTC's jurisdictions that alters their NVTC members for 2022 and their recommendations for members of the various boards:

WMATA Board of Directors:

Principals

Paul C. Smedberg
(Commonwealth Appointee)
Term expires 01-05-2026

Matthew F. Letourneau
(NVTC Appointee)
Term expires 01-03-2023

Alternates

Canek Aguirre
Term expires 01-07-2025

Walter Alcorn
Term expires 01-04-2024

BE IT FURTHER RESOLVED that NVTC hereby appoints the following persons to serve on the VRE Operations Board, subject to possible subsequent action by NVTC's jurisdictions that alters their NVTC members for 2022 and their recommendations for members of the various boards:

VRE Operations Board:

Principals

Walter Alcorn
Daniel G. Storck
James Walkinshaw
Libby Garvey
_____ (Alexandria)

Alternates

Jeffrey C. McKay

Katie Cristol
Canek Aguirre

BE IT FURTHER RESOLVED that NVTC hereby appoints the following persons to serve on the Virginia Transit Association Board, subject to possible subsequent action by NVTC's jurisdictions that alters their NVTC members for 2022 and their recommendations for members of the various boards:

Virginia Transit Association Board:

Principals

David F. Snyder

Katherine A. Mattice

Alternates

Katie Cristol

Approved this 6th day of January 2022.

Chair

Secretary-Treasurer



RESOLUTION #2467

SUBJECT: Designation of NVTC Signatories and Pension Trustees

WHEREAS: The Honorable Matt de Ferranti (nominated) has been elected secretary-treasurer of NVTC for 2022; and

WHEREAS: NVTC desires that the person holding the office of secretary-treasurer be designated as an official signatory as well as a pension trustee.

NOW, THEREFORE BE IT RESOLVED that the Northern Virginia Transportation Commission hereby selects the following persons to serve as NVTC signatories (who are eligible to sign individually for any transaction of less than \$5,000 and with one other signatory for transactions of \$5,000 or greater):

Hon. Matt de Ferranti (nominated)	Secretary-Treasurer
Katherine A. Mattice	Executive Director
Scott C. Kalkwarf	Director of Finance and Administration

BE IT FURTHER RESOLVED that the individuals listed above shall serve as NVTC employees' pension trustees, with the addition of NVTC's Comptroller Colethia Quarles.

Approved this 6th day of January 2022.

Chair

Secretary-Treasurer

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Consent Agenda (subject to approval of chair)

At the January 2022 meeting the Commission will be asked to approve the Consent Agenda, which includes two actions.

ACTION ITEM: Approve the CONSENT AGENDA

A. Approve Resolution #2468: Approve the Amended and Restated Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes

The Commission is asked to approve Resolution #2468, which would approve the Amended and Restated Memorandum of Agreement Regarding the Annual Transit Investment (ATI) from the 395 HOT Lanes and authorize the executive director to execute the agreement, to which the Potomac and Rappahannock Transportation Commission (PRTC) and Commonwealth are also parties, on behalf of the Commission. The primary change would support NVTC's efforts to align policy between Commuter Choice's I-66 and I-395/95 Corridor programs as much as possible – specifically by making the 50% cap on program funds that can be spent on transit operations to be measured over nine consecutive fiscal years rather than five. The nine-year period would match the I-66 Corridor MOA and allow program applicants more flexibility to pursue funding for transit service improvements. The text in the affected section of the MOA (II.C.6) would change from the following:

Neither NVTC nor PRTC may expend more than 50% of the ATI funds (as a percentage of the overall ATI funds transferred to either NVTC or PRTC, as applicable, during the preceding five-fiscal-year period) for operating costs.

To the following (change indicated in bold):

*Neither NVTC nor PRTC may expend more than 50% of the ATI funds (as a percentage of the overall ATI funds transferred to either NVTC or PRTC, as applicable, during the preceding **nine**-fiscal-year period) for operating costs.*

The only other change would update NVTC's mailing address for any notices regarding the agreement to reflect the current office address (Section VIII).

Given the minor extent of the proposed changes, PRTC's Executive Committee is expected at its January 6, 2022 meeting to authorize the PRTC executive director to execute the MOA. Pending the respective NVTC and PRTC authorizations to execute the MOA, NVTC staff would transmit the MOA to the Commonwealth for final consideration and action by the Commonwealth Transportation Board. The proposed changes to the MOA with the Commonwealth would not necessitate any changes to the [separate MOA between NVTC and PRTC](#) that defines the two Commissions' roles and responsibilities in administering the I-395/95 Corridor program.

B. Authorize the Executive Director to Amend the Envision Route 7 Phase IV Contract with Kittelson and Associates

The Commission is asked to authorize the executive director to amend the existing Envision Route 7 Phase IV Contract with Kittelson and Associates (Kittelson). The amendment will provide an additional not to exceed \$43,200 to Kittelson to perform travel demand and traffic modeling technical analysis that was originally planned to be performed in-house at NVTC. Due to staffing changes at NVTC and following discussions with Kittelson to ensure the work can be accomplished within existing resources, staff recommends that the funds be added to the existing contract.

Since the travel demand and traffic modeling technical analysis was already part of the overall project, there is no additional cost for project jurisdictions. The total project cost (\$560,000), DRPT grant amount (\$280,000), and local match (\$280,000) is unchanged.



RESOLUTION #2468

- SUBJECT:** Approve the Amended and Restated Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes
- WHEREAS:** In July 2012, the Virginia Department of Transportation (VDOT) and 95 Express Lanes, LLC entered into a comprehensive agreement under which the latter developed and now operates high-occupancy toll lanes (“HOT Lanes”) in the median of Interstate 95 between the Route 610 interchange and Turkeycock Run;
- WHEREAS:** In June 2017, VDOT and 95 Express Lanes, LLC amended and restated the comprehensive agreement to add in the median of Interstate 395 approximately eight miles of HOT Lanes between Turkeycock Run and the Washington D.C. Line (the “395 HOT Lanes”), resulting in a continuous and unified HOT Lanes facility along I-395/95;
- WHEREAS:** The amended and restated comprehensive agreement between VDOT and 95 Express Lanes LLC secured an annual payment of \$15 million per year, escalating by 2.5% per year, to fund multimodal projects along the I-395/95 Corridor, with the initial payment made upon service commencement of the 395 HOT Lanes in November 2019;
- WHEREAS:** The Commonwealth delegated the responsibility for selecting and administering multimodal projects funded through the payments to the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC), as reflected in the *Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes* executed in January 2019 and branded as Commuter Choice on the I-395/95 Corridor;
- WHEREAS:** Projects funded under Commuter Choice on the I-395/95 Corridor must support goals identified in this memorandum of agreement, which are to (1) maximize person throughput and (2) implement multimodal improvements to (i) improve mobility along the corridor, (ii) support new, diverse travel choices and (iii) enhance transportation safety and travel reliability;
- WHEREAS:** According to the subsequent *Agreement between NVTC and PRTC for Distribution and Allocation of I-395 Annual Transit Investment Funds*, NVTC is responsible for Commuter Choice project evaluation; financing and financial management; compliance, including evaluation, reporting, and quality assurance; and providing information to the public;
- WHEREAS:** NVTC desires to make investment policies as consistent as possible between Commuter Choice on the I-395/95 Corridor and its complementary toll revenue-funded Commuter Choice program on the I-66 Corridor, and allow program

applicants flexibility to propose multimodal transportation improvements that confer substantial benefits to I-395/95 toll payers; and

WHEREAS: NVTC thus seeks to make the 50% cap on I-395/95 Corridor program funds that can be spent on transit operations measured over nine consecutive fiscal years rather than five, for consistency with the I-66 Corridor program's memorandum of agreement and to allow program applicants more flexibility to pursue funding for transit service improvements that support the program goals.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby approves the attached *Amended and Restated Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes* and authorizes the executive director to execute the agreement on behalf of the Commission, subject to the Potomac and Rappahannock Transportation Commission and Commonwealth Transportation Board also approving the amendment.

Approved this 6th day of January 2022.

Chair

Secretary-Treasurer

NVTC MARKUP 12/20/2021

1 **AMENDED AND RESTATED**
2 **MEMORANDUM OF AGREEMENT REGARDING THE**
3 **ANNUAL TRANSIT INVESTMENT FROM THE 395 HOT LANES**
4

5 This Amended and Restated Memorandum of Agreement (“MOA”) is dated ~~December~~
6 ~~20, 2017~~[insert execution date], 2022 and is among: (i) the Commonwealth Transportation
7 Board (“CTB”), (ii) the Virginia Department of Transportation (“VDOT”), (iii) the Northern
8 Virginia Transportation Commission (“NVTC”), (iv) the Potomac and Rappahannock
9 Transportation Commission (“PRTC”), and (v) the Virginia Department of Rail and Public
10 Transportation (“DRPT”) ((i), (ii), (iii), (iv), and (v) collectively, the “Parties”).

11 **RECITALS**

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

17 WHEREAS, the Original 95 HOT Lanes have been in operation since December 2014;

18 WHEREAS, on June 8, 2017, VDOT and the Concessionaire amended and restated the
19 Comprehensive Agreement (the “ARCA”) to add in the median of Interstate 395 approximately
20 eight miles of HOT Lanes between Turkeycock Run and the Washington D.C. Line (the “395
21 HOT Lanes”);

22 WHEREAS, after the Concessionaire has designed and built the 395 HOT Lanes, the
23 Original 95 HOT Lanes and the 395 HOT Lanes will be operated and maintained by the
24 Concessionaire under the ARCA as a continuous and unified 37-mile HOT Lane facility (the
25 “I-95/I-395 Project”);

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

29 WHEREAS, the parties desire to use the ATI funds for improvements along the
30 “Corridor” (herein defined as the stretch of Interstates 95 and 395 along which the
31 Concessionaire operates and maintains HOT Lanes, including Route 1, Virginia Railway
32 Express (“VRE”), and other adjacent and nearby routes);

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

35 WHEREAS, the goals of the ATI-Funded Projects (defined below) are to: (1) maximize
36 person throughput in the Corridor; and (2) implement multimodal improvements to: (i) improve
37 mobility along the Corridor, (ii) support new, diverse travel choices, and, (iii) enhance
38 transportation safety and travel reliability ((1) and (2) collectively the “Improvement Goals”),
39 each of which will benefit the users of the I-95/I-395 Project;

40 WHEREAS, to fund projects designed to accomplish the Improvement Goals, VDOT
41 desires to transfer periodically to DRPT, and DRPT desires to transfer periodically to NVTC
42 and PRTC, the ATI funds received by VDOT under the ARCA; ~~and~~

43 WHEREAS, such projects (“ATI-Funded Projects”) would be funded in whole or in
44 part from the ATI funds transferred from VDOT to DRPT, and the CTB desires to delegate to
45 NVTC and PRTC the authority to select and administer the ATI-Funded Projects; ~~and~~

46 WHEREAS, the Parties entered into a Memorandum of Agreement Regarding the
47 Annual Transit Investment from the 395 HOT Lanes, dated December 20, 2017, and now wish

48 to amend and restate that agreement for the purpose of amending provisions relating to payment
49 of operating expenses as an ATI-Funded Project.

50

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52

53

AGREEMENT

54

NOW THEREFORE, the Parties agree as follows:

55

I. Purpose of this MOA

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This MOA provides for the transfer of the ATI funds received by VDOT under the ARCA to DRPT. It also provides for the transfer of the ATI funds received by DRPT under this MOA to NVTC and PRTC. NVTC and PRTC will select and administer ATI-Funded Projects, which must be approved by the CTB.

60

This MOA does not grant DRPT, NVTC, or PRTC any authority over: (i) Interstate 95 or Interstate 395, (ii) the tolling of Interstate 95 or Interstate 395, or (iii) any other roadways. It also does not obligate VDOT or the CTB to transfer any funds to DRPT other than the ATI funds. It obligates VDOT to transfer the ATI funds to DRPT only to the extent VDOT actually receives such ATI funds from the Concessionaire (or its successor) under the ARCA.

65

II. Basic Agreement

66

A. VDOT and the CTB shall have the following rights and duties:

67

1. Annual Transfers by VDOT. VDOT shall transfer the ATI funds it receives, if any, to DRPT once per year, within 30 days of VDOT's receipt of the ATI funds from the Concessionaire under the ARCA. A schedule of the expected ATI funds for each year of this MOA is attached hereto as **EXHIBIT A**. VDOT will not deduct any administrative fee or other charges from the ATI funds it receives.

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2. Duration of Tolling: Nothing in this MOA shall obligate or be construed as obligating VDOT to continue or cease tolls after this MOA terminates, except as provided in Section IV.

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74

75 **3. CTB Annual Budget Process.** In preparation for the CTB’s annual budget process,
 76 VDOT will ensure the Six Year Financial Plan reflects ATI funds due to VDOT from
 77 the Concessionaire under the ARCA.

78 The CTB, working through VDOT and DRPT, agrees to do the following:

79 (a) Each year and in accordance with the schedule of the Department of
 80 Planning and Budget of the Commonwealth, the CTB, working through
 81 VDOT and DRPT, or the CTB's designee shall request the Governor to
 82 include in the budget to be delivered to the General Assembly during its
 83 next session a provision that the anticipated ATI funds be appropriated
 84 to fund the ATI-Funded Projects during the next succeeding fiscal year
 85 or biennial period, as applicable.

86 (b) The CTB, working through VDOT and DRPT, shall use its best
 87 efforts to have (i) the Governor include, in each biennial or any
 88 supplemental budget that is presented to the General Assembly, the
 89 amounts described in (a) above and (ii) the General Assembly deposit,
 90 appropriate, and re-appropriate, as applicable, such amounts.

91 (c) The CTB, working through VDOT and DRPT, shall take all actions
 92 necessary to have payments which are made pursuant to (b) above
 93 charged against the proper appropriation made by the General Assembly.

94 (d) The CTB, working through VDOT and DRPT, shall notify NVTC
 95 and PRTC promptly upon becoming aware of any failure by the General
 96 Assembly to appropriate for the next succeeding fiscal year or biennial
 97 period, as applicable, amounts described in (a).

98 B. DRPT shall have the following rights and duties:

99 **1. DRPT Annual Budget.** DRPT shall include in its annual budget presented
100 to the CTB for approval in June of each year the ATI funds expected to be
101 transferred to it from VDOT in the upcoming year, and the proposed allocation
102 of all such ATI funds, including to pay any NVTC ATI-Related Debt Service
103 and/or PRTC ATI-Related Debt Service (each as defined below) in the
104 upcoming year.

105 **2. Proportion of ATI Funds Available; Annual Transfers by DRPT.** Each
106 year DRPT shall transfer the ATI funds it receives from VDOT to NVTC and
107 PRTC within 30 days of its receipt of the ATI funds from VDOT. DRPT will
108 divide and transfer the ATI funds between NVTC and PRTC *pro rata*, based on
109 each commission's population as determined by the most recent population
110 figures of the Weldon Cooper Center. The populations of all member
111 jurisdictions of each commission will be included in determining the availability
112 of ATI funds as between NVTC and PRTC under this MOA except the
113 populations of the following jurisdictions will not be counted: (i) the County of
114 Loudoun, (ii) the City of Falls Church, (iii) the City of Fairfax, (iv) the City of
115 Manassas, and (v) the City of Manassas Park. For any year during the life of
116 this MOA, during the project approval process established in II.D.1. and II.D.2.,
117 NVTC and PRTC may agree on an alternate mechanism of designating the
118 proportion of ATI funds available to either NVTC or PRTC under this MOA
119 and use this mechanism in the selecting the projects they recommend for CTB
120 approval. DRPT will not deduct any administrative fee or other charges from
121 the ATI funds it receives. Subject to the other requirements of this MOA, no

122 geographic restrictions apply to either NVTC's or PRTC's use of the ATI funds;
123 each of NVTC and PRTC is free to spend its share of the ATI funds on ATI-
124 Funded Projects that are beyond the geographic bounds (in whole or in part) of
125 its respective member jurisdictions.

126 **3. DRPT Assistance; Presentation to CTB.** DRPT may provide technical
127 assistance to NVTC and PRTC during the selection and implementation of ATI-
128 Funded Projects. DRPT will provide the CTB with an analysis of whether the
129 proposed ATI-Funded Projects meet the requirements of this MOA, and will
130 provide a copy of the analysis to NVTC and PRTC for review and input at least
131 fifteen working days prior to DRPT sending it to the CTB.

132 C. Limits on the Use of ATI Funds:

133 **1. Limits on Use of Toll Revenues.** Because the ATI funds are paid out of 395
134 Revenues, this MOA is governed by applicable state and federal laws restricting
135 the use of toll revenues, including (without limitation) Va. Code § 33.2-309, 23
136 U.S.C. §§ 129 and 166, and the terms of any agreement between the Federal
137 Highway Administration ("FHWA") and VDOT required to toll the I-95/I-395
138 Project. The Parties agree that the ATI funds may be used for programs and
139 projects reasonably related to or benefiting the toll paying users of the entire I-
140 95/I-395 Project since the 395 Revenues, as defined under the ARCA, are
141 inclusive of the incremental increase in toll revenue generated on the Original
142 95 HOT Lanes, which incremental increase is attributable to the addition of the
143 395 HOT Lanes.

144 **2. Priority of Use of ATI Funds.** ATI funds transferred to NVTC must first
145 be used to pay any NVTC ATI-Related Debt Service and thereafter may be used

146 to fund ATI-Funded Projects. ATI funds transferred to PRTC must first be used
147 to pay any PRTC ATI-Related Debt Service and thereafter may be used to fund
148 ATI-Funded Projects.

149 **"NVTC ATI-Related Debt"** means (i) any bonds, promissory notes,
150 loan, financing or credit agreements under which NVTC is obligated to repay
151 money borrowed and secured primarily by ATI Funds to finance an ATI-Funded
152 Project, and (ii) all installment sales, conditional sales, and capital lease
153 obligations incurred or assumed by NVTC and secured primarily by ATI Funds
154 to finance an ATI-Funded Project. The term "incurred" as used in the MOA
155 with respect to NVTC ATI-Related Debt shall also mean issued or assumed.

156 **"NVTC ATI-Related Debt Service"** means for a fiscal year or other
157 measurement period the aggregate of the payments to be made in respect of the
158 principal of and interest on NVTC ATI-Related Debt and the associated
159 financing or trustee's fees or charges and required deposits to any reserve funds.

160 **"PRTC ATI-Related Debt"** means (i) any bonds, promissory notes,
161 loan, financing or credit agreements under which PRTC is obligated to repay
162 money borrowed and secured primarily by ATI Funds to finance an ATI-Funded
163 Project, and (ii) all installment sales, conditional sales, and capital lease
164 obligations incurred or assumed by PRTC and secured primarily by ATI Funds
165 to finance an ATI-Funded Project. The term "incurred" as used in the MOA
166 with respect to PRTC ATI-Related Debt shall also mean issued or assumed.

167 **"PRTC ATI-Related Debt Service"** means for a fiscal year or other
168 measurement period the aggregate of the payments to be made in respect of the

169 principal of and interest on PRTC ATI-Related Debt and the associated
170 financing or trustee's fees or charges and required deposits to any reserve funds.

171 **3. NVTC ATI-Related Debt Limits.** No NVTC ATI-Related Debt may be
172 incurred unless the annual amount of NVTC ATI-Related Debt Service
173 payments will be less than 60% of the ATI funds expected to be transferred from
174 DRPT to NVTC in each year such debt service payments will be paid. In
175 addition, no NVTC ATI-Related Debt may be incurred unless the ATI funds
176 expected to be transferred from DRPT to NVTC in the fiscal year prior to the
177 fiscal year the NVTC ATI-Related Debt would be incurred is at least two times
178 the maximum annual scheduled NVTC ATI-Related Debt Service (in the then-
179 current or any future fiscal year) on: (i) all outstanding NVTC ATI-Related
180 Debt, plus (ii) the proposed new NVTC ATI-Related Debt.

181 **4. PRTC ATI-Related Debt Limits.** No PRTC ATI-Related Debt may be
182 incurred unless the annual amount of PRTC ATI-Related Debt Service payments
183 will be less than 60% of the ATI funds expected to be transferred from DRPT to
184 PRTC in each year such debt service payments will be paid. In addition, no
185 PRTC ATI-Related Debt may be incurred unless the ATI funds expected to be
186 transferred from DRPT to PRTC in the fiscal year prior to the fiscal year the
187 PRTC ATI-Related Debt would be incurred is at least two times the maximum
188 annual scheduled Debt Service (in the then-current or any future fiscal year) on:
189 (i) all outstanding PRTC ATI-Related Debt, plus (ii) the proposed new PRTC
190 ATI-Related Debt.

191 **5. Use of ATI Funds Limited to ATI-Funded Projects.** The Commonwealth,
192 NVTC, and PRTC shall have no right to use the ATI funds to pay any debt,

193 obligation, or liability unrelated to a CTB-approved ATI-Funded Project, or for
 194 any purposes other than those specified in this MOA. Interest earned on ATI
 195 funds held by NVTC and PRTC shall be considered ATI funds and may only be
 196 used for the purposes specified in this MOA.

197 **6. Limit on Operating Costs.** Neither NVTC nor PRTC may expend more
 198 than 50% of the ATI funds (as a percentage of the overall ATI funds transferred
 199 to either NVTC or PRTC, as applicable, during the preceding ~~five~~nine-fiscal-
 200 year period) for operating costs. In addition, with respect to operating costs,
 201 NVTC and PRTC may only use the ATI funds:

202 (a) to pay operating costs for individual ATI-Funded Projects that are
 203 transit operations and are regional in nature because: (i) the service crosses
 204 jurisdictional boundaries and/or (ii) the service provides a direct connection to
 205 Metrorail or VRE commuter rail stations; and

206 (b) to pay operating costs for all other individual ATI-Funded Projects
 207 only in the following maximum amounts: (i) up to 100% of operating costs for
 208 the first five years, (ii) up to 75% of operating costs for year six, (iii) up to 50%
 209 of operating costs for year seven, (iv) up to 25% of operating costs for year eight,
 210 and (v) 0% of operating costs after year eight.

211 D. NVTC and PRTC shall have the following rights and duties:

212 **1. Project Criteria and CTB Approval of ATI-Funded Projects.** Each year,
 213 NVTC and PRTC shall submit to DRPT a list of proposed ATI-Funded Projects
 214 for presentation by DRPT, NVTC and PRTC at a regularly-scheduled CTB
 215 workshop. Such proposed ATI-Funded Projects shall be selected by NVTC and
 216 PRTC in accordance with a process established by written agreement between

217 NVTC and PRTC consistent with the terms of this MOA. In addition, NVTC
218 and PRTC must provide to DRPT for DRPT's review and input any draft written
219 materials, presentations, or recommendations that NVTC and PRTC intend to
220 provide to the CTB for any workshop relating to proposed ATI-Funded projects
221 at least fifteen working days before NVTC and PRTC finalize any such written
222 materials, presentations, or recommendations. Each proposed ATI-Funded
223 Project presented to the CTB for approval shall be identified separately with
224 supporting documentation, including a description of the benefits that were the
225 basis for evaluation and selection of each such proposed ATI-Funded Project.
226 If the proposed ATI-Funded Projects are selected in accordance with NVTC and
227 PRTC's selection process described in II.D.2, and the proposed ATI-Funded
228 Projects meet the Project Criteria (defined below), then the CTB will consider
229 and approve the proposed ATI-Funded Projects by an affirmative vote and,
230 subject to appropriation by the General Assembly, allocate ATI funds for such
231 ATI-Funded Projects. To be approved by the CTB, each proposed ATI-Funded
232 Project must meet each of the following four criteria (the "Project Criteria"):

- 233 (a) Must reasonably relate to or benefit the toll-paying users of the
234 I-95/I-395 Project;
- 235 (b) Must have the capacity to attain one or more of the Improvement
236 Goals;
- 237 (c) Must be one of the following types of multimodal transportation
238 improvements serving the Corridor (which term, for the avoidance of
239 doubt, includes adjacent and nearby routes):

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

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

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

267 Under no circumstances shall the Project Criteria be modified except by
268 written amendment to this MOA.

269 **2. Proposed ATI-Funded Project Selection Process.** Any ATI-Funded Project
270 to be proposed for CTB approval shall be selected by NVTC and PRTC through
271 a process established by written agreement between NVTC and PRTC. Such
272 process shall include at least the following three elements:

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

275 (i) all jurisdictions that are members of either NVTC or PRTC,
276 and

277 (ii) other public transportation providers providing services in
278 those jurisdictions;

279 (b) The evaluation, prioritization, and selection of proposed ATI-Funded
280 Projects by NVTC and PRTC, the development of a funding strategy for
281 each proposed ATI-Funded Project, and the submission of proposed
282 ATI-Funded Projects (including a funding strategy for each) by NVTC
283 and PRTC to the CTB, through DRPT; and,

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

287 **3. Financing of ATI-Funded Projects; No Recourse against**
288 **Commonwealth.** NVTC and PRTC may use ATI funds appropriated by the
289 General Assembly and allocated by the CTB to NVTC and PRTC to support the
290 financing of approved ATI-Funded Projects.

291 NVTC and PRTC, respectively, are solely responsible for obtaining and
292 repaying all NVTC ATI-Related Debt and PRTC ATI-Related Debt at their own
293 respective cost and risk, and without recourse to the Commonwealth of Virginia,
294 the CTB, VDOT, and/or DRPT, for any ATI-Funded Project.

295 The Commonwealth of Virginia, the CTB, VDOT, and DRPT shall have
296 no liability for any (i) NVTC ATI-Related Debt or NVTC ATI-Related Debt
297 Service, (ii) PRTC ATI-Related Debt or PRTC ATI-Related Debt Service, or
298 (iii) any other sum secured by or accruing under any financing document entered
299 into by NVTC or PRTC as a result of this MOA. No document evidencing or
300 associated with any NVTC ATI-Related Debt or PRTC ATI-Related Debt shall
301 contain any provisions whereby a trustee would be entitled to seek any damages
302 or other amounts from the Commonwealth of Virginia, CTB, VDOT, or DRPT
303 due to any breach of this MOA.

304 Each bond, promissory note, or other document evidencing NVTC ATI-
305 Related Debt or PRTC ATI-Related Debt must include a conspicuous recital on
306 its face stating: (a) payment of the principal and interest does not constitute a
307 claim against VDOT's interest in I-95, I-395, or any part thereof; (b) payment is

308 not an obligation of the Commonwealth of Virginia, VDOT, DRPT, the CTB,
309 or any other agency, instrumentality, or political subdivision of the
310 Commonwealth of Virginia (including NVTC's or PRTC's member
311 jurisdictions, as applicable), moral or otherwise; and (c) neither the full faith and
312 credit nor the taxing power of the Commonwealth of Virginia, VDOT, DRPT,
313 the CTB, or any other agency, instrumentality, or political subdivision of the
314 Commonwealth of Virginia, (including NVTC's or PRTC's member
315 jurisdictions, as applicable) is pledged to the payment of the principal and
316 interest on such NVTC ATI-Related Debt or PRTC ATI-Related Debt.

317 NVTC and PRTC shall not enter into agreements with holders of any
318 NVTC ATI-Related Debt or PRTC ATI-Related Debt incurred by NVTC,
319 PRTC, or their member jurisdictions that contain a pledge or claim on the ATI
320 funds or NVTC or PRTC's interest in the ATI funds under this MOA except
321 such debt issued for ATI-Funded Projects. If, despite such efforts, ATI funds
322 are applied to satisfy any debt of NVTC or PRTC that is not properly payable
323 out of ATI funds in accordance with this MOA and state and federal law, NVTC
324 or PRTC as applicable shall reimburse DRPT (which in turn shall reimburse
325 VDOT an equal amount) in full any such ATI funds or accounts from any other
326 available revenues other than the ATI funds.

327 **4. Monitoring.** NVTC and PRTC shall provide jointly an annual report to the
328 CTB within 120 days of the end of NVTC's and PRTC's fiscal year. The report
329 shall contain at a minimum the following four items:

- 330 (a) A description of the ATI-Funded Projects selected for funding in the
 331 past fiscal year and the benefits that were the basis for evaluation and
 332 selection of each such ATI-Funded Projects;
- 333 (b) Starting five years after the effective date of this MOA, a review of
 334 the ATI-Funded Projects funded in past fiscal years describing the
 335 degree to which the expected benefits were realized or are being realized;
- 336 (c) In the event that an ATI-Funded Project is not providing substantially
 337 similar benefits to those that were the basis for evaluation and selection
 338 of the ATI-Funded Project, the report shall evaluate the viability of a
 339 plan to either (i) modify such ATI-Funded Project, or (ii) redeploy assets
 340 in such ATI-Funded Project to other eligible ATI-Funded Projects that
 341 are expected to provide greater benefits; and,
- 342 (d) The proposed uses of: (i) residual, unobligated balances of ATI funds
 343 carried over from prior years, and (ii) interest earned on such ATI funds.

344 **5. Accounting.** NVTC and PRTC shall each receive and manage, as a fiduciary,
 345 the ATI funds appropriated by the General Assembly, allocated by the CTB, and
 346 transferred to them by DRPT. NVTC and PRTC shall each create and maintain
 347 all funds and accounts containing the ATI funds separate and apart from all other
 348 funds and accounts of NVTC and PRTC. Said funds shall constitute a “special
 349 revenue fund” as defined by the Governmental Accounting Standards Board.
 350 The revenues and expenses relating to the use of the ATI funds and the ATI-
 351 Funded Projects undertaken shall not be commingled with any other funds,
 352 accounts, venues, or expenses of NVTC or PRTC. NVTC and PRTC shall each
 353 report for the ATI-Funded Projects financed by ATI funds provided by this

354 MOA and reported as an applicable special revenue fund within their financial
355 statements. Expenditures will be recorded and reported for each ATI-Funded
356 Project.

357 All ATI funds transferred to NVTC and PRTC pursuant to the terms of
358 this MOA shall be held by NVTC and PRTC in accounts with a financial
359 institution under an arrangement that, to the extent reasonably practicable,
360 preclude such funds from being an asset subject to the claims of creditors of
361 NVTC and PRTC, other than (i) a holder of NVTC ATI-Related Debt or PRTC
362 ATI-Related Debt, or (ii) other claims related to the ATI-Funded Projects
363 undertaken in accordance with this MOA.

364 **6. Quality Management.** NVTC and PRTC shall be responsible for all quality
365 assurance and quality control activities necessary to properly manage the
366 funding of the development, design, construction, purchases, acquisition,
367 operation, and maintenance of any ATI-Funded Project they have undertaken
368 pursuant to this MOA, and will develop and provide to VDOT and DRPT for
369 information purposes NVTC's and PRTC's manuals, policies, and procedures.

370 **7. Public Information.** During the term of this MOA, NVTC and PRTC shall
371 provide information to the public concerning the ATI-Funded Projects they have
372 undertaken, including any public meetings and public hearing that may be
373 required by law or regulation.

374 **8. Regulatory Approvals.** NVTC and PRTC shall obtain, keep in effect,
375 maintain, and comply with all regulatory approvals necessary to fund the
376 development, design, construction, purchases, acquisition, operation, and
377 maintenance of any ATI-Funded Projects.

378 **9. Contracting Practices.** During the term of this MOA, NVTC and PRTC
379 covenant and agree that, with respect to the ATI-Funded Projects they have
380 undertaken, they will comply with all requirements of state and federal laws
381 relating to anti-discrimination, including (without limitation) Titles VI and VII
382 of the Civil Rights Act of 1964, as amended, and the Americans with Disabilities
383 Act, and shall contractually require the same of all contractors, subcontractors,
384 vendors, and recipients of any ATI funds. NVTC and PRTC recognize the
385 importance of the participation of minority, women-owned and small businesses
386 through the federal and local Disadvantaged Business Enterprise programs and
387 will abide by such programs in implementing ATI-Funded Projects.

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

391 **10. Losses.** "Losses" are losses actually suffered or incurred arising from: (a)
392 any failure by NVTC or PRTC to comply with, to observe or to perform in any
393 material respect any of the covenants, obligations, agreements, terms or
394 conditions in this MOA, or any breach by NVTC or PRTC of its representations
395 or warranties in this MOA; (b) any actual or willful misconduct or negligence
396 of NVTC or PRTC, their employees or agents in direct connection with the I-
397 95/I-395 Project or any related ATI-Funded Projects; (c) any actual or alleged
398 patent or copyright infringement or other actual or alleged improper
399 appropriation or use of trade secrets, patents, proprietary information, know-
400 how, trademarked, or service-marked materials, equipment devices or processes,
401 copyright rights or inventions by NVTC or PRTC in direct connection with the

402 I-95/I-395 Project or any related ATI-Funded Projects; (d) any inverse
403 condemnation, trespass, nuisance, or similar taking of or harm to real property
404 committed or caused by NVTC or PRTC, their employees, or agents in direct
405 connection with the I-95/I-395 Project; or (e) any assumed liabilities.

406 NVTC and PRTC shall each include the Commonwealth of Virginia, the
407 CTB, VDOT, DRPT, and their officers, employees, and agents, (collectively
408 “State Indemnites”) as additional insureds on NVTC and PRTC’s insurance
409 policies so the State Indemnites are protected from and against any Losses.

410 In addition, NVTC and PRTC shall contractually require their
411 contractors, subcontractors, vendors, and others providing goods or performing
412 services related to any ATI-Funded Project to indemnify the State Indemnites
413 against any Losses.

414 All insurance purchased by NVTC and PRTC or their contractors
415 pursuant to this section shall name each of the State Indemnites as additional
416 insureds. This provision shall survive the expiration or earlier termination of
417 this MOA.

418 In the event any third-party claim to which this section II.D.10 applies is
419 asserted in writing against a State Indemnitee, VDOT and/or DRPT will as
420 promptly as practicable notify NVTC and PRTC in writing of such claim, which
421 shall include a copy and any related correspondence or documentation from the
422 third party asserting the claim. However, any failure to give such prompt notice
423 shall not constitute a waiver of any rights of any State Indemnitee unless such
424 failure limits or precludes the availability of those rights.

425 **11. Records.** NVTC and PRTC agree to provide DRPT and VDOT
426 access to all records relating to ATI-Funded Projects. Further, NVTC and PRTC
427 will provide all such records for inspection and audit by VDOT, DRPT, and
428 federal agencies including (without limitation) the United States Department of
429 Transportation, the FHWA, and the Federal Transit Administration, or their
430 designees, upon reasonable notice at all times during the term of this MOA.
431 NVTC and PRTC agree promptly to furnish to VDOT and DRPT copies of all
432 reports and notices they deliver to bondholders or other credit providers or any
433 trustee relating to the use of the ATI funds.

434 **III. Term.** Unless this MOA is otherwise terminated in accordance with Section VII below,
435 the term of this MOA shall commence on the date last signed by the Parties (“the Effective
436 Date”) and shall expire concurrent with the expiration or termination of the ARCA (as may be
437 amended and restated from time to time).

438 **IV. Temporal Limit on Debt and Pay-As-You_Go Financing.** NVTC and PRTC shall not
439 incur any NVTC ATI-Related Debt or PRTC ATI-Related Debt that is dependent on ATI funds
440 and which matures or extends beyond the term of this MOA. If this MOA is terminated in
441 accordance with Section VII, or expires due to the termination of the ARCA, and there is
442 outstanding NVTC ATI-Related Debt or PRTC ATI-Related Debt for which ATI funds have
443 been pledged to pay NVTC ATI-Related Debt Service or PRTC ATI-Related Debt Service, or
444 there are pay-as-you-go ATI-Funded Projects that are not complete (and provided the use of
445 ATI funds to pay NVTC ATI-Related Debt Service or PRTC ATI-Related Debt Service or the
446 costs of the pay-as-you-go ATI-Funded Projects is not a misuse of ATI funds under this MOA
447 and the cause or basis of the termination), then tolls shall continue to be imposed on the I-95/I-
448 395 Project (in the case of expiration of this MOA due to the termination of the ARCA, the

449 continuation of such tolls being subject to CTB approval) and the CTB will allocate 395
450 Revenues in an amount sufficient, if available, to pay NVTC ATI-Related Debt Service or
451 PRTC ATI-Related Debt Service, as applicable, or to complete the pay-as-you-go ATI-Funded
452 Projects. However, for pay-as-you-go ATI-Funded Projects the CTB will not approve funding
453 for more a two-year period after termination of the MOA. For pay-as-you-go ATI-Funded
454 Projects that are capital improvement projects with completion dates more than two years past
455 the termination of the MOA, NVTC and/or PRTC, as applicable, shall use best efforts to obtain
456 additional funding necessary to complete the project. If NVTC and/or PRTC knows it will not
457 be able to obtain additional funding to complete such a project, it shall terminate the project as
458 soon as practicable after gaining such knowledge. No new projects may be funded with the ATI
459 funds after any delivery of a written notice of termination under Section VII.

460 **V. Entire Agreement.** This MOA constitutes the entire and exclusive agreement among the
461 Parties relating to the specific matters covered. All prior written, and prior or contemporaneous
462 verbal agreements, understandings, and representations are superseded, revoked, and rendered
463 ineffective for any purpose.

464 **VI. Amendment.** This MOA may be modified only in writing signed by all Parties or their
465 permitted successor(s) or assignee(s).

466 **VII. Termination.** This MOA may be terminated (a) by a non-breaching Party for material
467 non-compliance with this MOA that has not either been remedied, or a remedy commenced and
468 diligently pursued thereafter, within 120 days after written notice to the breaching Party from a
469 non-breaching Party, or (b) by written agreement of the Parties. However, prior to any
470 termination, the Parties shall meet and confer to make a good faith attempt to resolve any non-
471 compliance issues as follows. Within 30 days of the notice, the Commissioner of Highways,

472 the Director of DRPT, the NVTC Executive Director, and the PRTC Executive Director shall
473 meet to discuss resolution of the non-compliance issues. If a resolution cannot be reached
474 within 30 days, the Secretary of Transportation and the Chairman of NVTC and the Chairman
475 of PRTC shall meet within 30 days to discuss resolution of the non-compliance issues. If a
476 resolution cannot be agreed within 30 days, the termination shall be effective as set forth in the
477 written notice and in accordance with this MOA.

478 **VIII. Notices.** Notices shall be in writing and addressed as follows:

479 **If to NVTC:**

480 Executive Director
481 Northern Virginia Transportation Commission
482 2300 Wilson Boulevard, Suite ~~230620~~
483 Arlington, VA 22201
484 Fax: (703) 524-1756
485

486 **If to PRTC:**

487 Executive Director
488 Potomac and Rappahannock Transportation Commission
489 14700 Potomac Mills Road
490 Woodbridge, VA 22192
491 Fax: (703) 583-1377
492

493 **If to VDOT:**

494 Virginia Department of Transportation
495 1401 East Broad Street
496 Richmond, Virginia 23219
497 Attn: Commissioner of Highways
498 Fax: (804) 786-2940
499

500 *With a copy to:*
501 Office of the Attorney General
502 Chief, Transportation Section
503 202 North Ninth Street
504 Richmond, Virginia 23219
505 Fax: (804) 692-1647
506

507 **If to DRPT:**

508

509 Department of Rail & Public Transportation
510 600 East Main Street
511 Richmond, VA 23219
512 Attn: Director
513 Fax: 804 225 3752
514

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

517 **IX. Relationship of the Parties.** The relationship of each Party to each other Party shall be
518 one of an independent contractor, not an agent, partner, lessee, joint venturer, or employee.

519 **X. No Third Party Beneficiaries.** Nothing contained in this MOA is intended or shall be
520 construed as creating or conferring any rights benefits or remedies upon or creating any
521 obligations of the Parties toward any person or entity not a party to this MOA.

522 **XI. Governing Law.** This MOA shall be governed and construed in accordance with the laws
523 of the Commonwealth of Virginia, without regard for conflict of laws principles.

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

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

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

534 **XV. Construction of Agreement.** This MOA is intended by the Parties to be construed as a
535 whole, and indivisible, and its meaning is to be ascertained from the entire instrument. All parts

536 of the MOA are to be given effect with equal dignity, including but not limited to the recitals at
537 the beginning of this MOA, and all such parts, including the recitals, are to be given full force
538 and effect in construing this MOA. No provision of any recital shall be construed as being
539 controlled by, or having less force and effect, than any other part of this MOA because the
540 provision is set forth in a recital.

541 **XVI. No Personal Liability.** This MOA shall not be construed as creating any personal
542 liability on the part of any officer, employee, or agent of the Parties.

543 **XVII. No Waiver of Sovereign Immunity.** Nothing in this MOA shall be deemed a waiver
544 of sovereign immunity by any Party.

545 **XVIII. Appropriations.** All obligations of the CTB to allocate ATI funds are subject to
546 appropriation by the Virginia General Assembly.

547 *[SIGNATURE PAGES TO FOLLOW]*

COMMONWEALTH TRANSPORTATION BOARD

The Honorable Shannon Valentine
Secretary of Transportation

Date: _____

[MEMORANDUM OF AGREEMENT REGARDING THE ANNUAL TRANSIT INVESTMENT FROM THE 395 HOT LANES
SIGNATURE PAGE]

VIRGINIA DEPARTMENT OF TRANSPORTATION

Stephen C. Brich, P.E.
Commissioner of Highways

Date: _____

[MEMORANDUM OF AGREEMENT REGARDING THE ANNUAL TRANSIT INVESTMENT FROM THE 395 HOT LANES
SIGNATURE PAGE]

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Katherine A. Mattice
Executive Director

Date: _____

[MEMORANDUM OF AGREEMENT REGARDING THE ANNUAL TRANSIT INVESTMENT FROM THE 395
HOT LANES SIGNATURE PAGE]

POTOMAC AND RAPPAHANNOCK TRANSPORTATION
COMMISSION

Robert Schneider
Executive Director

Date: _____

[MEMORANDUM OF AGREEMENT REGARDING THE ANNUAL TRANSIT INVESTMENT FROM THE 395 HOT
LANES SIGNATURE PAGE]

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Jennifer Mitchell

Director

Date: _____

[MEMORANDUM OF AGREEMENT REGARDING THE ANNUAL TRANSIT INVESTMENT FROM THE 395 HOT LANES SIGNATURE PAGE]

EXHIBIT A

PART A – ANNUAL TRANSIT INVESTMENT FORM			
Payment Due Date	Annual Transit Investment (\$ Nominal)	Payment Due Date	Annual Transit Investment (\$ Nominal)
395 Service Commencement Date	\$15,000,000	+ 35 year	\$35,598,078
+ 1 year	15,375,000	+ 36 year	36,488,030
+ 2 year	15,759,375	+ 37 year	37,400,230
+ 3 year	16,153,359	+ 38 year	38,335,236
+ 4 year	16,557,193	+ 39 year	39,293,617
+ 5 year	16,971,123	+ 40 year	40,275,958
+ 6 year	17,395,401	+ 41 year	41,282,857
+ 7 year	17,830,286	+ 42 year	42,314,928
+ 8 year	18,276,043	+ 43 year	43,372,801
+ 9 year	18,732,945	+ 44 year	44,457,121
+ 10 year	19,201,268	+ 45 year	45,568,549
+ 11 year	19,681,300	+ 46 year	46,707,763
+ 12 year	20,173,332	+ 47 year	47,875,457
+ 13 year	20,677,666	+ 48 year	49,072,343
+ 14 year	21,194,607	+ 49 year	50,299,152
+ 15 year	21,724,472	+ 50 year	51,556,631
+ 16 year	22,267,584	+ 51 year	52,845,547
+ 17 year	22,824,274	+ 52 year	54,166,685
+ 18 year	23,394,881	+ 53 year	55,520,852
+ 19 year	23,979,753	+ 54 year	56,908,874
+ 20 year	24,579,247	+ 55 year	58,331,596
+ 21 year	25,193,728	+ 56 year	59,789,885
+ 22 year	25,823,571	+ 57 year	61,284,633
+ 23 year	26,469,160	+ 58 year	62,816,748
+ 24 year	27,130,889	+ 59 year	64,387,167
+ 25 year	27,809,161	+ 60 year	65,996,846
+ 26 year	28,504,391	+ 61 year	67,646,767
+ 27 year	29,217,000	+ 62 year	69,337,937
+ 28 year	29,947,425	+ 63 year	71,071,385
+ 29 year	30,696,111	+ 64 year	72,848,170
+ 30 year	31,463,514	+ 65 year	74,669,374
+ 31 year	32,250,102	+ 66 year	76,536,108
+ 32 year	33,056,354	+ 67 year	78,449,511
+ 33 year	33,882,763	+ 68 year	80,410,749
+ 34 year	34,729,832		
		Term of ARCA	\$2,696,840,696

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: NVTC 2021 Year in Review

At the January 2022 meeting the executive director will review the Commission's accomplishments during 2021 which will be converted into a digital report following the Commission meeting. The presentation will provide an overview of NVTC's financial position and disbursements for the year. It details the programs managed by NVTC, ranging from WMATA policy and governance to significant new investments in transit through Commuter Choice, including three major reports to the General Assembly and Commonwealth Transportation Board. It will also highlight NVTC's ongoing work on Transit Technology, data analysis by the Transit Resource Center, and the many public engagement efforts undertaken by NVTC staff. The 2021 Year in Review report will be provided to Commissioners and posted on NVTC website when it is completed.

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice, Scott Kalkwarf and Allan Fye
DATE: December 22, 2021
SUBJECT: NVTC FY 2023 General and Administrative Budget and 2022-2023 Work Plan

At the January 2022 meeting the Commission will receive public comments and be asked to approve NVTC's FY 2023 General and Administrative Budget and 2022 Work Plan.

A. Public Comment on NVTC's 2022 Work Plan

At each January meeting the public is given an opportunity to provide comments to the Commission regarding NVTC's upcoming Work Plan. The proposed [NVTC 2022 Work Plan](#), which covers the time period of January 2022 to June 2023, is consistent with the previous 2021 Work Plan.

NVTC has multiple ways the public can provide comments on the Work Plan. **The public comment period on the draft Work Plan will be open from December 20, 2021 until 12:00 p.m. (noon) on January 6, 2022.**

In-Person:

NVTC will accept in-person public comment on its Work Plan during the January 2022 Commission meeting. The public hearing will be located on the first-floor conference room of 2300 Wilson Boulevard, Arlington, Virginia 22201. This location is transit accessible. The closest Metro station is Court House and Metrobus and Arlington Transit have bus stops nearby.

For those wishing to speak, please arrive before the 7:00 p.m. meeting to add your name to the sign-up sheet. The chair will open the meeting for public comment and ask if anyone in the audience wishes to address the Commission on NVTC's 2022 Work Plan. During the public comment period, any interested parties may step forward to the podium. Speakers must state their name and which city or county where they live for the record and will be provided three (3) minutes to speak. We kindly ask members of the public who wish to attend the meeting to wear a mask.

Speakers may also submit a written statement for the record. If they wish for a written statement to be distributed to Commissioners, speakers should provide twenty-five (25) copies to NVTC staff prior to the start of the meeting. Audio-visual equipment is not available for public use.

Other Options for Comment Submission:

There are multiple ways for the public to provide comment:

- Complete a [digital comment form](#).
- Email your written comments to nvtc@novatransit.org. Please provide your name and tell us where you live (example: Arlington County, City of Fairfax, etc.).
- Leave a voicemail message at: 703-957-8274. Time limit: Three (3) minutes.
- Send a pre-recorded video: Visit <https://wettransfer.com> and upload the video to nvtc@novatransit.org. Time limit: Three (3) minutes, Size limit: 2GB

Written comments will be read aloud at the January 6, 2022 Commission meeting with a limit of three (3) minutes per submission. Voicemail and video messages will be played at the Commission meeting with a maximum playback time of three (3) minutes. **The deadline to submit public comment is January 6 at 12:00 p.m. (noon).**

B. ACTION ITEM: Approve NVTC's FY 2023 General and Administrative Budget and 2022 Work Plan

Following public comment, Commissioners will be asked to approve [NVTC's FY 2023 General and Administrative Budget](#) and [2022 Work Plan](#). At the December meeting the Commission was briefed on the proposed budget and NVTC Work Plan. The Executive Committee has approved both documents to be provided to the full Commission as presented for action. Since the last Commission meeting, staff added a new proposed option that will be presented at the January 6 Executive Committee and full Commission meetings.

General and Administrative Budget

The proposed FY 2023 General and Administrative Budget document includes the budget as presented to the Commission at the December 2 meeting, along with a new proposed option that would fund an additional position. The budget including this option can be found on pages 8 - 9 of the budget documents.

Proposed Budget

As presented to the Commission in December, the [proposed FY 2023 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 increased financial management activities. The proposed budget totals \$3,920,200, including \$754,300 for the administration of the Commuter Choice program, which is funded entirely with toll related revenue, and \$3,165,900 for the remaining operating program, which is funded by other sources, primarily from state aid to the member jurisdictions.

Total expenses are proposed to increase by \$86,700, or 2.3% over the approved FY 2022 budget. The FY 2023 budget maintains staff levels constant with the prior year. A provision for cost-of-living (COLA) and performance-based increases for existing staff is included.

At the Commission's direction, a new line is included in FY 2023 to provide funding for NVTC in-house research efforts. Staff will seek direction and approval from the Commission for the individual projects to be undertaken. Also at the Commission's direction is an increase in the professional development line to aid in staff retention and to provide funding for executive development and special opportunities.

The budget is funded by direct contributions from the NVTC member jurisdictions, and an amount taken off the top of state assistance as it becomes available to NVTC, as well as toll revenues from the Commuter Choice program. Project chargebacks include revenue covering the budgeted Commuter Choice program costs for anticipated staff time, contracted support and related costs. Appropriated surplus above NVTC's minimum operating requirement is also included as a source of revenue, which is the result of positive budget variances in prior years. The \$304,400 increase in jurisdiction contributions as compared to the FY 2022 approved budget is comprised of \$94,400 in funding for the increase in the base operating program (excluding Commuter Choice), plus the addition of the Commission directed new research support line and additional professional development totaling \$210,000.

Proposed Budget Option

The proposed budget option includes funding for a new position of Executive Assistant to the Executive Director. As NVTC's mission and responsibilities have grown, the current administrative workload is exceeding the capacity of existing staff. This position will provide focused administrative support to the Executive Director by managing schedules and communications, gathering documents to prepare for meetings with outside parties, coordinating travel arrangements, composing and preparing correspondence, assisting with special projects, coordinating with member jurisdictions and other agencies, and completing expense and administrative reports.

The proposed budget option would provide an additional \$109,800 in funding for salary, benefits and additional administrative costs. This would result in a total increase in jurisdiction contributions of \$414,200 over the FY 2022 approved budget, which would be provided off the top of state assistance to NVTC. The increase is comprised of \$94,400 (3.6%) in the base program, \$210,000 (8.0%) for Commission directed new research support line and professional development, and \$109,800 (4.2%) for the new position option.

2022-2023 Work Plan

The proposed [NVTC 2022-2023 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 2022 to June 2023 reflecting comments from the Management Advisory Committee.

Proposed NVTC staff actions and deliverables for 2022 and 2023 include the following:

Commuter Choice

- I-66 Round Five scoring and program development
- I-395/95 Round Three 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, when appropriate
- Yellow Line Bridge Shutdown Coordination

Transit Technology

- *Proposed Northern Virginia Low-/Zero-Emission Bus Strategic Plan*
- Implementation of Regional Fare Collection Strategic Plan tasks

NVTC Staff Support to VRE

- Audited annual ridership survey and GIS analysis

Transit Resource Center

- Annual Transit Performance Report
- Post-COVID Transportation Analyses
- *Proposed Northern Virginia Transit Strategic Plan*
- Route 7 BRT Phase VI Analysis

Legislative and Policy Efforts

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

Communications

- Public outreach for Commuter Choice program milestones
- Daily headlines, weekly and monthly newsletters
- Post-COVID and 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



PROPOSED BUDGET

**FISCAL YEAR
2023**

(July 1, 2022 – June 30, 2023)

January 6, 2022

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF REVENUE
Proposed Budget FY 2023

	FY 2021 Actual	Approved Budget FY 2022	Proposed Budget FY 2023	Increase (Decrease)
Local Share from State Aid (Note 1)	\$ 2,140,753	\$ 2,359,253	\$ 2,663,653	\$ 304,400
Local Direct Contributions (Note 1)				
Alexandria	39,567	41,964	44,387	2,423
Arlington	64,369	66,434	66,211	(223)
City of Fairfax	4,651	4,453	4,788	335
Fairfax County	163,471	160,006	160,532	526
Falls Church	2,099	2,064	2,067	3
Loudoun	10,090	9,325	6,262	(3,063)
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>
Total Contributions	2,425,000	2,643,500	2,947,900	304,400
Interest and Other Revenue	865	10,000	3,000	(7,000)
Project Chargebacks (Note 2):				
Commuter Choice Program	742,639	960,000	754,300	(205,700)
VRE	80,000	80,000	80,000	-
Project Grant Billings (Note 3)	2,534	40,000	40,000	-
Appropriated Surplus (Note 4)	19,730	100,000	95,000	(5,000)
Total Revenue	<u>\$ 3,270,768</u>	<u>\$ 3,833,500</u>	<u>\$ 3,920,200</u>	<u>\$ 86,700</u>
<i>Commuter Choice Programs (Note 25)</i>	742,639	960,000	754,300	(205,700)
<i>Operating Program, Excluding C.C.</i>	<u>\$ 2,528,129</u>	<u>\$ 2,873,500</u>	<u>\$ 3,165,900</u>	<u>\$ 292,400</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES
Proposed Budget FY 2023

	FY 2021 Actual	Approved Budget FY 2022	Proposed Budget FY 2023	Increase (Decrease)
<u>Personnel Costs</u>				
Salaries and Wages (Note 5)	\$ 1,891,420	\$ 2,052,700	\$ 2,115,300	\$ 62,600
Fellow Program (Note 5)	3,168	50,000	50,000	-
Total Personnel Costs	<u>1,894,588</u>	<u>2,102,700</u>	<u>2,165,300</u>	<u>62,600</u>
<u>Benefits</u>				
Employer's Contributions				
FICA and Medicare (Note 6)	133,668	144,000	148,500	4,500
Group Health Insurance (Note 7)	144,205	183,100	191,000	7,900
Retirement (Note 8)	194,141	170,000	170,000	-
Workers & Unemployment Comp.	4,005	5,500	4,900	(600)
Life Insurance	5,893	6,800	6,600	(200)
Long Term Disability Insurance	10,441	11,000	11,900	900
Total Benefit Costs	<u>492,353</u>	<u>520,400</u>	<u>532,900</u>	<u>12,500</u>
<u>Administrative Costs</u>				
Commissioners Per Diem (Note 9)	14,000	14,500	14,700	200
Rents:	372,891	408,200	418,400	10,200
Office Rent (Note 10)	372,046	379,600	394,900	15,300
Parking / Metrochek	845	28,600	23,500	(5,100)
Insurance:	6,439	7,400	7,300	(100)
Public Official Bonds	2,100	2,300	2,300	-
Liability and Property (Note 11)	4,339	5,100	5,000	(100)
Travel, Training and Development	3,248	44,000	55,800	11,800
Conferences / Prof. Devel (Note 12)	2,301	27,100	37,100	10,000
Non-Local Travel	-	2,500	2,500	-
Local Travel, Meetings (Note 13)	947	14,400	16,200	1,800
Communication:	14,060	16,000	16,700	700
Postage (Note 14)	632	1,400	1,400	-
Telephone and Data (Note 15)	13,428	14,600	15,300	700
Publications & Supplies	18,601	28,900	28,900	-
Office Supplies (Note 16)	656	3,000	2,500	(500)
Duplication and Printing (Note 17)	5,075	10,900	8,900	(2,000)
Public Engagement (Note 18)	12,870	15,000	17,500	2,500
Operations:	24,697	37,700	52,900	15,200
Furn.and Equip. (Capital) (Note 19)	6,374	13,000	25,500	12,500
Repairs and Maintenance	747	1,000	1,000	-
Computer Operations (Note 20)	17,576	23,700	26,400	2,700
Other General and Administrative	8,884	10,000	10,000	-
Memberships	1,463	1,600	1,600	-
Fees and Miscellaneous	7,421	6,900	6,900	-
Advertising (Note 21)	-	1,500	1,500	-
Total Administrative Costs	<u>462,820</u>	<u>566,700</u>	<u>604,700</u>	<u>38,000</u>
<u>Contracting Services and Other</u>				
Auditing (Note 22)	23,925	25,100	27,600	2,500
Contract Services & Support (Note 23)				
Commuter Choice	290,332	463,600	234,700	(228,900)
Research Support (Note 24)	-	-	200,000	200,000
Other Technical	74,667	120,000	120,000	-
Legal (Note 25)	32,083	35,000	35,000	-
Total Contract Services	<u>421,007</u>	<u>643,700</u>	<u>617,300</u>	<u>(26,400)</u>
Total Operating Program	<u>\$ 3,270,768</u>	<u>\$ 3,833,500</u>	<u>\$ 3,920,200</u>	<u>\$ 86,700</u>
<i>Commuter Choice Programs</i>	<i>742,639</i>	<i>960,000</i>	<i>754,300</i>	<i>(205,700)</i>
<i>Operating Program, Excluding C.C.</i>	<u>\$ 2,528,129</u>	<u>\$ 2,873,500</u>	<u>\$ 3,165,900</u>	<u>\$ 292,400</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2023 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 2022 budget is based on the FY 2020 revenue and Subsidy Allocation Model (SAM) formula.

Revenue from State Assistance

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

2. Revenue: Project Chargebacks

This category includes reimbursable expenses related to the administration of the Commuter Choice programs, and charges for NVTC staff support for VRE and reimbursed from VRE's budget.

3. Revenue: Project Grant Billings

The FY 2023 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 2023 budget is projected excess accumulated surplus that is available to offset the budget expenses, which is the result of prior year favorable budget variances. This available surplus is in excess of the Commission's anticipated minimum operating requirements.

5. Personnel Costs

Salaries and Wages

The FY 2023 budget holds staff levels constant with the prior year budget and includes a provision for Merit and COLA increases for existing staff.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2023 Proposed Budget

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 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 2023. Because the formulas take into account factors in addition to payroll costs, such as years to retirement and investment return, changes in budgeted contributions do not necessarily change directly with budgeted payroll. 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.

9. Commissioners' Per Diem

The FY 2023 budget is based upon the FY 2021 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2023 Proposed Budget

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 2023 budget is based on the most recent premium year with a provision for increasing costs.

12. Conference / Professional Development

Included in this line for FY 2023 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.

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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2023 Proposed Budget

16. Office Supplies

The FY 2023 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 2023 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.

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 2023 budget is based on an average of prior year actual costs, recognizing an increase in NVTC's software and service requirements, with a provision for security enhancements.

21. Advertising (Personnel/Procurement)

The FY 2023 budget includes a provision for personnel and procurement advertising.

22. Auditing

NVTC entered into a three-year contract for auditing services beginning with the audit of FY 2015, with two, two-year options. The FY 2023 budget is based on the costs included in this contract.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2023 Proposed Budget

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. The FY 2023 budget assumes less need for outside contract services and support for the administration and outreach efforts.

I-395 Commuter Choice Program

In 201, NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) entered into a 66-year agreement with the Commonwealth of Virginia to fund a program of projects to be funded by revenues generated by the tolling of I-95/I-395. The FY 2023 budget assumes less need for outside contract services and support for the administration and outreach efforts.

Other Technical

The FY 2023 budget includes a provision for technical support efforts, specialized analysis, related publications, and contracted human resource support. NVTC's state liaison activities contract is also funded in this line item.

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

24. Research Support

This new budget line includes a provision for NVTC funded policy research and required local match for grant funded projects. Staff will seek approval from the Commission for these projects.

25. Legal

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF REVENUE - NEW POSITION OPTION
Proposed Budget FY 2023

	FY 2021 Actual	Approved Budget FY 2022	Proposed Budget Option FY 2023	Increase (Decrease)
Local Share from State Aid (Note 1)	\$ 2,140,753	\$ 2,359,253	\$ 2,773,453	\$ 414,200
Local Direct Contributions (Note 1)				
Alexandria	39,567	41,964	44,387	2,423
Arlington	64,369	66,434	66,211	(223)
City of Fairfax	4,651	4,453	4,788	335
Fairfax County	163,471	160,006	160,532	526
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Loudoun	10,090	9,325	6,262	(3,063)
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>
Total Contributions	2,425,000	2,643,500	3,057,700	414,200
Interest and Other Revenue	865	10,000	3,000	(7,000)
Project Chargebacks (Note 2):				
Commuter Choice Program	742,639	960,000	754,300	(205,700)
VRE	80,000	80,000	80,000	-
Project Grant Billings (Note 3)	2,534	40,000	40,000	-
Appropriated Surplus (Note 4)	19,730	100,000	95,000	(5,000)
Total Revenue	<u>\$ 3,270,768</u>	<u>\$ 3,833,500</u>	<u>\$ 4,030,000</u>	<u>\$ 196,500</u>
<i>Commuter Choice Programs (Note 25)</i>	742,639	960,000	754,300	(205,700)
<i>Operating Program, Excluding C.C.</i>	<u>\$ 2,528,129</u>	<u>\$ 2,873,500</u>	<u>\$ 3,275,700</u>	<u>\$ 402,200</u>

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

Proposed Budget FY 2023

	FY 2021 Actual	Approved Budget FY 2022	Proposed Budget Option FY 2023	Increase (Decrease)
<u>Personnel Costs</u>				
Salaries and Wages (Note 5)	\$ 1,891,420	\$ 2,052,700	\$ 2,206,500	\$ 153,800
Fellow Program (Note 5)	3,168	50,000	50,000	-
Total Personnel Costs	<u>1,894,588</u>	<u>2,102,700</u>	<u>2,256,500</u>	<u>153,800</u>
<u>Benefits</u>				
Employer's Contributions				
FICA and Medicare (Note 6)	133,668	144,000	155,300	11,300
Group Health Insurance (Note 7)	144,205	183,100	200,400	17,300
Retirement (Note 8)	194,141	170,000	170,000	-
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Life Insurance	5,893	6,800	6,600	(200)
Long Term Disability Insurance	10,441	11,000	12,500	1,500
Total Benefit Costs	<u>492,353</u>	<u>520,400</u>	<u>549,900</u>	<u>29,500</u>
<u>Administrative Costs</u>				
Commissioners Per Diem (Note 9)	14,000	14,500	14,700	200
Rents:	372,891	408,200	419,100	10,900
Office Rent (Note 10)	372,046	379,600	394,900	15,300
Parking / Metrochek	845	28,600	24,200	(4,400)
Insurance:	6,439	7,400	7,300	(100)
Public Official Bonds	2,100	2,300	2,300	-
Liability and Property (Note 11)	4,339	5,100	5,000	(100)
Travel, Training and Development	3,248	44,000	55,800	11,800
Conferences / Prof. Devel (Note 12)	2,301	27,100	37,100	10,000
Non-Local Travel	-	2,500	2,500	-
Local Travel, Meetings (Note 13)	947	14,400	16,200	1,800
Communication:	14,060	16,000	17,200	1,200
Postage (Note 14)	632	1,400	1,400	-
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Public Engagement (Note 18)	12,870	15,000	17,500	2,500
Operations:	24,697	37,700	53,300	15,600
Furn. and Equip. (Capital) (Note 19)	6,374	13,000	25,500	12,500
Repairs and Maintenance	747	1,000	1,000	-
Computer Operations (Note 20)	17,576	23,700	26,800	3,100
Other General and Administrative	8,884	10,000	10,000	-
Memberships	1,463	1,600	1,600	-
Fees and Miscellaneous	7,421	6,900	6,900	-
Advertising (Note 21)	-	1,500	1,500	-
Total Administrative Costs	<u>462,820</u>	<u>566,700</u>	<u>606,300</u>	<u>39,600</u>
<u>Contracting Services and Other</u>				
Auditing (Note 22)	23,925	25,100	27,600	2,500
Contract Services & Support (Note 23)				
Commuter Choice	290,332	463,600	234,700	(228,900)
Research Support (Note 24)	-	-	200,000	200,000
Other Technical	74,667	120,000	120,000	-
Legal (Note 25)	32,083	35,000	35,000	-
Total Contract Services	<u>421,007</u>	<u>643,700</u>	<u>617,300</u>	<u>(26,400)</u>
Total Operating Program	<u>\$ 3,270,768</u>	<u>\$ 3,833,500</u>	<u>\$ 4,030,000</u>	<u>\$ 196,500</u>
Commuter Choice Programs	742,639	960,000	754,300	(205,700)
Operating Program, Excluding C.C.	<u>\$ 2,528,129</u>	<u>\$ 2,873,500</u>	<u>\$ 3,275,700</u>	<u>\$ 402,200</u>



NVTC Work Plan

January 2022 to June 2023

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 2022 through June 2023 (FY 2023). 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.

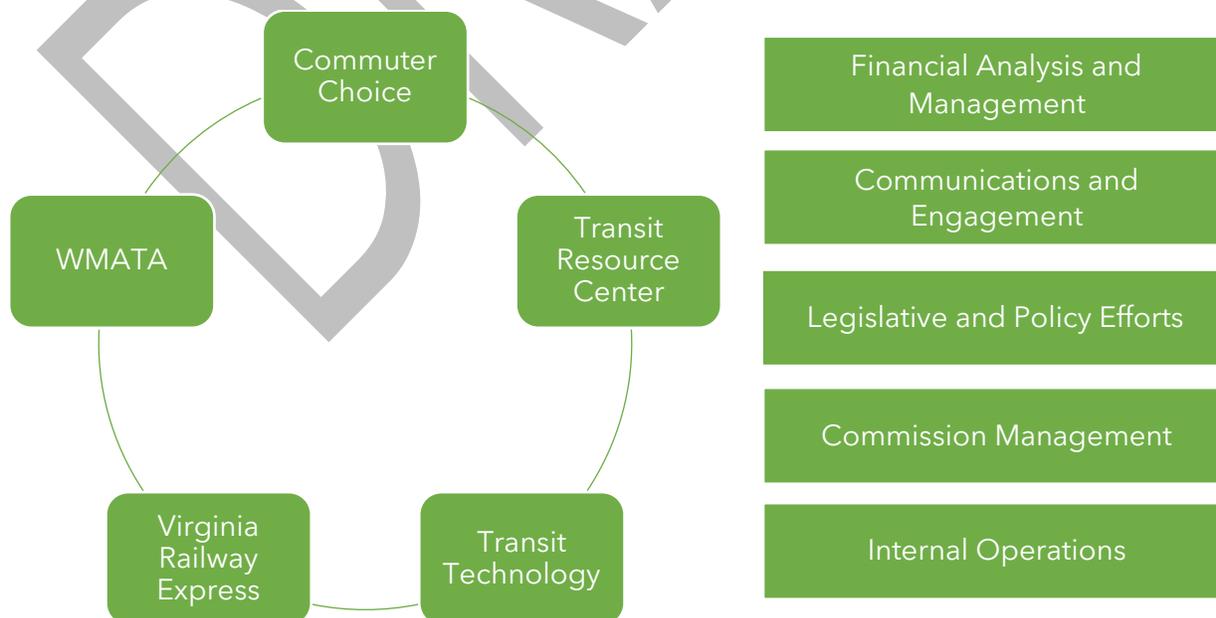
Vision: Northern Virginia businesses and residents are served by a high capacity, high quality network of transit systems that allows our diverse region to thrive economically.

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

Programs and Crosscutting Functions

NVTC has five programs that support the implementation of the Commission’s mission and vision. These programs provide technical assistance, enable data collection and analysis, facilitate regional engagement and jurisdictional coordination 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 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

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

1) Program Management and Administration

- a) Provide ongoing administration of the Commuter Choice program (I-66 Inside the Beltway and I-395/95 Corridors) 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 regional and state agencies that administer other competitive funding programs to align program milestones.
 - iii. Coordinate with PRTC (as needed) on the ongoing management and administration of the Commuter Choice in the I-395/95 Corridor Program.
 - iv. Work with financial counsel and financial advisors on financing issues as needed.
 - v. Maintain and update the Commuter Choice program website to provide relevant, timely information for applicants, grantees, and stakeholders.
 - vi. Monitor program operations and communications with grantees to identify any needed policy changes or updates.
 - vii. Execution of Standard Project Agreements (SPA) and ongoing monitoring and reporting to ensure compliance with all SPA requirements.
 - viii. Coordinate with NVTC's WMATA program to further policy guidance 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).

- ix. Support and participate in grantee-led events to highlight major project milestones, such as groundbreakings and openings.
- b) Prepare Commuter Choice annual report and program updates
 - i) Prepare and submit the fiscal year report to the CTB as required by the MOA.
 - 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) grantee handbook that provides a comprehensive guide to Commuter Choice program eligibility, policies, and procedures.
- 2) **Deliverables:** Commuter Choice Annual Report to the CTB; Corridor Transit Report update reflecting fall 2021 traffic volume and transit ridership data; updated program guidance materials as applicable; SPAs distributed to recipients for funded projects
- 3) 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 public hearings or virtual town hall meetings and facilitate other online public outreach efforts to explain proposed projects to the public, answer questions about the program and maximize public input.

Deliverables: I-395/95 Round Three Call for Projects, Project Evaluation and Scoring, and Program Development and Selection, including workshops with eligible applicants, eligibility screening workshop with DRPT and PAC and JCWG briefings; begin preparations for I-66 Round Six Call for Projects
- 4) Reimbursement and Financial Reporting
 - a) Host quarterly meetings with grantees to receive required project level reports and ensure projects are meeting implementation, reporting and financial milestones.
 - b) Review and approve project reimbursement requests.
 - c) Track expenses and reimbursements by corridor, fiscal year program, project, grantee, etc.

- d) Coordinate with NVTC financial team to develop policy/programmatic solutions for financial-related questions/issues.

Internal Coordination: Transit Resource Center, NVTC's WMATA program, Financial Analysis and Management, Communications and Engagement, Legislative and Policy, Commission Management and Internal Operations

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 director.

1) WMATA Committee Support

- a) Develop and implement the committee's annual work plan.
- b) Manage and staff the NVTC WMATA Committee to facilitate committee guidance and feedback, leading to committee endorsement and recommendation for the full Commission to approve of the *Annual Report on the Performance and Condition of WMATA*.
- c) Manage and staff the NVTC WMATA Committee to provide a venue for discussion of WMATA issues directly affecting the NVTC region and NVTC jurisdictions.
- d) Manage and lead a jurisdictional staff working group to provide staff support for NVTC's WMATA Board principal member and members of NVTC's WMATA Committee.
- e) Inform NVTC Commissioners of pending WMATA Board decisions of regional significance.

2) Annual Report on the Performance and Condition of WMATA

- a) Develop and submit to the General Assembly and the Governor by December 15 an annual report on the performance and condition of WMATA that includes the following:
 - a. The safety and reliability of the rapid heavy rail mass transportation system and bus network.
 - b. The financial performance of WMATA related to the operations of the rapid heavy rail mass transportation system, including farebox recovery, service per rider and cost per service hour.
 - c. The financial performance of WMATA related to the operations of the bus mass transportation system, including farebox recovery, service per rider and cost per service hour.
 - d. Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA operations.
 - e. Use of the funds provided from the Mass Transit Fund to improve the safety and condition of the rapid heavy rail mass transportation system.
 - f. Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.

- b) Manage technical staff to ensure that the report will meet expectations of the Commission, the General Assembly and the Administration.
 - c) As needed, communicate and present this report to the Commonwealth Transportation Board, Governor's Office, General Assembly and other interested stakeholders.
 - d) Publish the report and associated information on NVTC's website.
- 3) Annual Certification of WMATA Documents
- a) Request the following documents from WMATA annually:
 - a. Annual capital budget; annual independent financial audit;
 - b. National Transit Data annual profile; and
 - c. Single audit report issued in accordance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 C.F.R Part 200).
 - b) Certify the receipt of these documents to Commonwealth Comptroller no later than June 30 of each year.
- 4) Virginia WMATA Board Member Support
- a) Facilitate and support NVTC officers' and 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 preparation calls in advance of WMATA Board and committee meetings. Participate in WMATA-run Board meeting preparation calls and provide input as necessary.
 - d) Ensure communication and facilitation between the Commonwealth and NVTC's principal WMATA Board members.
 - e) Provide staff support to WMATA Board members prior to NVTC Commission meetings.
 - f) Participate on WMATA's Jurisdictional Coordinating Committee (JCC).
 - a. Monitor and report on the development of WMATA's annual operating and capital budgets and multi-year CIP.
 - b. Coordinate with jurisdictional staff and DRPT on WMATA's compliance with CTB policy guidelines for the implementation of governance and funding reforms for WMATA.
 - c. Actively participate in the development of the Capital Funding Agreement.
- 5) Support for Northern Virginia Jurisdictions
- a) Participate and provide summaries on JCC deliberations and WMATA Board actions to Northern Virginia jurisdictions, as requested.
 - b) Facilitate jurisdictional issues with WMATA that rise to the attention of the NVTC WMATA Board principal member.

- c) Participate in WMATA-led planning studies, including but not limited to the Bus Transformation Project, Blue-Orange-Silver Capacity and Reliability Study, etc.
- 6) Fall 2022 Yellow Line Bridge Closure Coordination
 - a) Facilitate regional calls with WMATA and affected stakeholders to coordinate mitigation efforts and communications strategies.
 - 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 lesson learned.

Deliverables: Annual Report on the Performance and Condition of WMATA; Annual certification letter to Commonwealth

Internal Coordination: Transit Resource Center, Transit Technology, Commuter Choice, VRE, Legislative and Policy Efforts, Financial Analysis and Management and Internal Operations

Transit Resource Center

The Transit Resource Center provides technical assistance to member jurisdictions; collects, analyzes and reports data from all NVTC's programs; manages the Envision Route 7 Bus Rapid Transit (BRT) project; and supports coordination with other regional transportation organizations. An overview of the tasks within the Transit Resource Center are outlined below.

- 1) Regional Transit Data Collection, Analysis, and Visualization
 - a) Support data collection and visualization efforts.
 - a. 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.
 - b. Develop a short and long-term plan to 1) catalog, systematize and collect data that can be shared with stakeholders/archived for future use and 2) identify opportunities to use data sources to communicate NVTC's transit policies, positions and storytelling.
 - c. Coordinate with NVTC's communications team and external communications partners to share data analysis and visualization through reports, presentations, etc.
 - b) Conduct and Support Regional Transit Analysis
 - a. Perform in-depth regional and multijurisdictional analyses in support of Northern Virginia transit systems.
 - b. Develop scope of work, budget and funding plan to support NVTC-led transit policy analysis efforts, contingent on funding. FY 2023 efforts may include a Northern Virginia Regional Transit Strategic Plan and/or an update to NVTC's 'Value of Metrorail and VRE' study.
 - c. Conduct additional post-COVID and recovery-related analysis for presentation to the MAC, PAC, and Commission.

- d. Provide jurisdictional and regional transit performance data through materials and presentations, and post standardized, downloadable data on NVTC's website.
- e. Provide data analysis for NVTC jurisdictions and the Commission on regional and national issues that impact transit planning, operations, organizations and ridership.
- f. Disseminate findings through authoring reports and presentations.

Deliverables: Annual Transit Performance Report; Post-COVID Transportation Analysis Reports; Data and Policy Analysis Reports

2) Commuter Choice Corridor Analyses

- a) Coordinate with Commuter Choice Program Manager 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) Envision Route 7 Bus Rapid Transit (BRT) Study

- a) Manage Phase IV-1 Study.
 - a. Continue to coordinate with relevant jurisdictional and stakeholder staff to further the study of high-quality transit on Route 7.
 - b. Manage consultant contract and coordinate with NVTC staff regarding study-related public outreach efforts.
 - c. Assist in identifying financial resources for continued study and programing for BRT along the Route 7 Corridor.
- b) Manage the Envision Route 7 BRT Project Roadmap effort
 - a. Identify funding to support the development of a strategic framework that identifies key policy, governance and funding steps necessary to successfully design, construct and operate the system.
 - c. Brief the MAC, PAC and Commission at key milestones and decision points; prepare written updates as needed.

Deliverables: Phase IV-1 Deliverables (per scope), Envision Route 7 BRT Project Roadmap deliverables (per scope)

4) Regional Coordination and Collaboration

- a) Monitor NVTA (Northern Virginia Transportation Authority) regional planning efforts to ensure regional transit needs are included in their regional transportation plan (TRANSACTION).
- b) Participate regionally focused technical, program or study committees assisting in planning, funding, preliminary engineering and environmental analysis for transit in the region, including but not limited to:
 - a. Transportation Planning Board
 - b. Potomac and Rappahannock Transportation Commission
 - c. Northern Virginia Transportation Authority

- d. Northern Virginia Regional Commission
- e. Virginia Department of Rail and Public Transportation
- f. Virginia Department of Transportation
- g. Virginia Railway Express
- h. Metropolitan Washington Council of Governments
- i. Washington Metropolitan Area Transit Authority

Internal Coordination: NVTC's WMATA program, Grants Management, Commuter Choice, Communications and Engagement, Legislative and Policy Efforts and Internal Operations

Transit Technology

The Transit Technology program oversees the implementation of NVTC's Regional Fare Collection Strategic Plan and engages with regional, state and national transit technology stakeholders to build Commission knowledge about innovative transit mobility services and emerging technologies. An overview of the tasks within the Transit Technology Program are outlined below.

- 1) Implementation of the NVTC's 2021 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 and Off-Board/All-Door Fare Collection Working Groups, including coordination, planning, exchange of information as well as facilitating future plans.
 - c) Manage NVTC Technical Assistance: Transition and support the close-out of Technical Support Services for the Regional Fare Collection Program contract, transition strategic plan support and tasks in-house.
- 2) Regional Low/Zero-Emission Bus Coordination
 - a) Identify funding to support the development of a Northern Virginia Low/Zero-Emission Bus Strategic Plan; if funded, develop a scope of work, procure contractor support, and manage the project.
 - b) Facilitate regional discussions and information sharing related to the planning, funding, and implementation of low/zero-emission bus efforts.
 - c) Attend regional meetings on low/zero-emission bus efforts, including but not limited to TPB, WMATA, PRTC, APTA, and NVTA.
 - d) Identify role for NVTC to assist regional partners in regional implementation of low/zero-emission bus implementation, including coordination, technical assistance, and/or procurement coordination.
- 3) Zero/Reduced Fare Implementation Guide
 - a) Identify funding to support the development of a Northern Virginia-focused guide.
 - b) Develop scope of work, budget, and funding plan to procure technical support for the implementation guide (based on funding availability). If funded, develop a scope of work, procure contractor support, and manage the project. If not funded, develop the guide in-house.

4) Technology-related Symposia

- a) Plan, implement, and deliver at least two symposia per year on 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, and NVTA.

5) 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.

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

Internal Coordination: NVTC's WMATA program, NVTC's VRE Support, Financial Analysis and Management, Transit Resource Center, Communications and Outreach and Internal Operations

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 Funds, SmartScale and NVTA funds.
- c) Assist VRE planning staff on ridership, travel forecasting, 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 technology.

4) Technical and Communications Support

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

Deliverables: Audited annual survey report and maps

Internal Coordination: NVTC's WMATA program, Legislative and Policy, Financial Analysis and Management, Transit Resource Center, Transit Technology and Internal Operations

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

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 and review of timely grant invoicing.
- e) Participate with VRE and NVTC jurisdictions in quarterly project status review meetings with DRPT.
- f) Work with DRPT and grantees to achieve the maximum funding available.

- 2) 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 disburse funds.
 - c) Ensure recipient compliance with project agreement provisions.
 - d) Account for direct costs of administering the program.
 - e) Account for and report toll revenue activity as a separate Special Revenue fund.
- 3) NVTC Subsidy Allocation Model
 - a) Maintain NVTC's subsidy allocation model (SAM) utilizing the most recent WMATA and local budget information on transit costs, revenues and subsidies.
 - b) Determine each local government's share of NVTC assistance using the annual SAM percentages.
 - c) Apportion shares of the direct local contributions to NVTC's administrative budget using the annual SAM percentages.
 - d) Provide projections and other analysis of annual transit assistance to the NVTC jurisdictions for planning purposes.
- 4) NVTC Jurisdiction Trust Funds
 - a) Allocate revenue to NVTC jurisdictions through the NVTC trust fund upon receipt using the annual SAM percentages.
 - b) Prepare timely and accurate quarterly cash flow forecasts of available transit assistance sources and uses for the NVTC jurisdictions.
 - c) Prepare quarterly reports of actual NVTC trust funds activity for use by NVTC jurisdictions.
 - d) Manage and invest trust funds according to NVTC policy by safeguarding assets while maximizing liquidity and investment return.
- 5) Commuter Rail Operations and Capital Fund (C-ROC)
 - a) Monitor collections of all C-ROC Funds from the Department of Motor Vehicles (DMV).
 - b) Provide periodic reports to the Commissions about the funds in the C-ROC Fund, including monthly receipts, amounts expended, the amount of funds held and investment earnings.
- 6) Financial Reporting, Accounting, Audit, Compliance and Contracting
 - a) Prepare the annual financial statements, disclosures and supplementary information for NVTC's annual audit.
 - b) Manage a multi-year audit services contract.
 - c) Accomplish unqualified auditors' opinions and provide financial and compliance reports to the appropriate regulatory agencies.

- d) Maintain up-to-date compilations of state and federal grant regulations and ensure staff is adequately trained in grant, contract and project management.
- e) Maintain current documents and policies to facilitate prompt procurement in compliance with state and federal laws.
- f) Perform internal accounting functions, including invoicing, accounts receivable, cash receipts, accounts payable, disbursements and transfers, payroll, general ledger, and reconciliations.

7) Federal Grants

- a) Apply for federal grants on behalf of member jurisdictions and manage grants as the designated recipient for FTA funds. Currently, NVTC is the designated recipient of federal grants for the cities of Alexandria and Falls Church. For these grants, NVTC will:
 - i. Maintain subrecipient agreements which outline terms, conditions and expectations.
 - ii. Ensure subrecipient agreements include all the information required by FTA and 2 CFR 200.
 - iii. Review reimbursement requests to ensure costs are reasonable, allocable and allowable in accordance with 2 CFR 200 and terms of the award.
 - iv. Host quarterly project management meetings with the subrecipient and FTA.
 - v. File quarterly financial and milestone reports (1/30, 4/30, 7/30, 10/30), semi-annual Disadvantaged Business Enterprise (DBE) reports (6/1, 12/1) and other required documentation in FTA's grants management system (TrAMS).
 - vi. Monitor subrecipients to ensure proper stewardship of federal funds and performance goal attainment.
 - vii. Provide technical assistance as needed.
 - viii. Close out completed grants.
- b) Report on NVTC's FFY 2021-2023 Overall DBE Goal attainment in accordance with 2 CFR 26.45.
- c) Prepare and submit NVTC's FFY 2023-2026 Title VI Program to FTA, which is required once every three years.
- d) Administer and ensure NVTC's compliance with Title VI and DBE Programs and provide technical assistance to subrecipients as needed.
- e) 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.
- f) Attend workshops and webinars presented by FTA to maintain awareness of changes in federal requirements and processes.
- g) 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 including reporting by funds; submit NVTC's FFY 2023-2026 Title VI program to FTA

Internal Coordination: Commuter Choice, Transit Resource Center, Transit Technology, NVTC's VRE support, NVTC's WMATA program, Legislative and Policy Efforts, Commission Management and Internal Operations

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, e-newsletters and monthly Executive Director reports.
 - c) Develop and distribute written and visual communications, such as project fact sheets, issue briefs, web content, frequently asked questions, 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.

Deliverables: Public outreach report for I-66 Round Five and I-395/95 Round Three Programs of Projects; Content development for Commuter Choice Marketing website

- 4) Online Communication
- a) Maximize NVTC's online presence to further its mission.
 - a. Build NVTC's website as a research and information resource.
 - b. Expand NVTC's social media presence to drive traffic to novatransit.org and program pages; raise NVTC's profile and promote discussion of regional transit issues.
 - c. Maintain up-to-date project information on the website to inform the public and Commissioners on the latest project news.
 - d. Use online analytics and surveys to monitor the effectiveness of online communication and outreach efforts.
 - e. Develop new content, such as podcasts and videos, to enhance NVTC's reputation as the primary source of transit-related information in Northern Virginia and improve the public's understanding of both transit and NVTC's role in the region.
- 5) Public Outreach
- a) Develop and implement communications plans and budgets for transit studies and multimodal grant programs.

- a. Publicize and solicit public comment through multiple channels, such as meetings and hearings, advertising, pop-up events, online crowdsourcing, email, mail and telephone.
- b. Plan and promote public meetings and hearings in consultation with local jurisdictions, transportation agencies and transit providers.
- c. Design and create materials, such as flyers, handouts, infographics, email blasts, display boards, PowerPoint presentations and videos.
- b) Plan and implement activities that engage the public and promote NVTC programs and initiatives.
- c) Participate in and support the annual public meeting for Northern Virginia transportation organizations, as required by HB1285 (2018).
- d) Support and coordinate with Commuter Choice program outreach and marketing efforts.
- e) If awarded, implement FY 2022 DRPT grant for COVID-rebound marketing effort to return riders to transit (pending grant approval); analyze results to gain insights for potential future campaigns.
- f) Identify and apply for FY 2023 DRPT grant to support post-Yellow Line bridge marketing campaign (pending Commission approval).
- g) Update and streamline NVTC website to ensure user friendliness and adherence to usability standards.
- h) Unify NVTC outreach materials to ensure consistent branding and messaging across all platforms.
- i) 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

Internal Coordination: NVTC Programs, Legislative and Policy Efforts, Financial Analysis and Management and Internal Operations

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 briefing.
- f) Develop messaging and a plan to educate the public about the need for transit funding in Virginia as well as the benefits of public transit throughout the Commonwealth.

2) Virginia General Assembly Session

- a) Prepare and support NVTC legislative and policy efforts before and during the General Assembly.
- b) Reach out to legislators to garner support for NVTC's legislative agenda and educate them about the benefits of public transportation, including identifying opportunities for tours of Northern Virginia transit investments (as noted in D.1.c above).
- c) Conduct NVTC's February meeting at the General Assembly in Richmond, pending an in-person General Assembly has resumed.
- 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.

3) 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 feedbacks of transit agencies to TSDAC discussions.

4) Transit Industry Groups and Trade Associations

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

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

Internal Coordination: NVTC Programs, Communications and Engagement, Financial Analysis and Management, Commission Management and Internal Operations

F. Commission Management

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

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

Deliverables: Annual Commission Meeting Schedule; Monthly Commission kit

Internal Coordination: NVTC Programs, Financial Analysis and Management, Communications and Engagement, Legislative and Policy Efforts and Internal Operations

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 in the fall.
- b) Continue to leverage human resources support assistance to enhance and support human resource functions.
- c) Continue NVTC Transit Fellows Program to attract talent to supplement NVTC staff on specific projects.
- d) Develop and implement a professional development plan for staff, including appropriate training.
- e) Develop and implement a staff earning structure and align job descriptions and benefits, such as health and retirement, with NVTC's jurisdictions.
- f) Administer employee benefit programs, including retirement plan, 457 plan, group health insurance, group life insurance, disability insurance, flex benefit plan, bike share and Zip Car.

2) Telework and Office Space

- a) 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.).

3) Information Technology

- 1) Provide ongoing staff support, troubleshooting for all office software and hardware.
- 2) Provide ongoing information technology improvements to ensure a productive and secure working environment for staff, virtually and in the office.
- 3) Research, order or work with contractors to obtain staff equipment as requested.
- 4) Set up all new IT equipment for current or additional staff.

Deliverables: NVTC General and Administrative Budget; NVTC Work Plan

Internal Coordination: NVTC Programs, Communications and Engagement, Financial Analysis and Management; Commission Management

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice, Andrew D’huyvetter and Ronnetta Zack-Williams
DATE: December 22, 2021
SUBJECT: Washington Metropolitan Area Transportation Authority (WMATA)

Blue Line Derailment Update

On October 12 a 7000-series Blue Line train derailed between the Arlington Cemetery and Rosslyn Stations. On October 13 WMATA, the National Transportation Safety Board (NSTB), Federal Transit Administration (FTA) and Washington Metrorail Safety Commission (WMSC) launched an investigation into the derailment. The wheel assembly on the 7000-series railcar is suspected to be a factor in the derailment. On October 17 the [WMSC ordered WMATA](#) to remove the 7000-series railcars from service, and the reduction in the active railcar fleet caused WMATA to run reduced service.

On December 14, [WMATA announced that it would begin to restore 7000-series trains to service](#). After the WMSC informed WMATA it had no technical objections to final plan to return the 7000-series service, WMATA will gradually return nearly half of the 7000-series railcars to passenger service with the metered release of no more than 336 railcars. This will provide an additional 42 trains for additional service. WMATA will pause for 90 days without further release of additional railcars until all aspects of the new inspection cycle are established. Trains will be inspected every seven days to meet WMSC requirements. Previously, railcars underwent this type of inspection every 90 days. WMATA has created a [web page on the derailment investigation and related service impacts](#).

At the January 2022 meeting the Commission will receive reports from the Virginia WMATA Board members.

A. Report from the Virginia WMATA Board Members

- Annual Board Audit Awareness Training

On December 9 WMATA Board Members were provided with [training to increase awareness of internal controls with a specific focus on Board oversight responsibilities](#). This is an annual training that will fulfill the Board’s audit awareness training. This training covered the Committee of Sponsoring Organizations (COSO’s) Internal Control-Integrated Framework and its guidance on Board oversight responsibilities, as well as risk management as a part of a strong internal control environment using information from the COSO framework – Enterprise Risk Management - Integrating with Strategy and Performance.

▪ Small Business Program Update

On December 9 WMATA staff presented the Board with an update of the Women and Minority Business Enterprise (WMBE) Program, focusing on the [Small Business Program \(SBP\) and the Micro-Business Program \(MBP\)](#) components which were implemented on November 1, 2021. The purpose of this program is to enable small, minority and women-owned businesses to compete, on a level playing field, for WMATA's non-federally funded contracting opportunities, either as a prime contractor or indirectly through subcontracting. The program is a priority for WMATA as it supports WMATA's contribution to regional success and is funded by local operating and capital dollars. Ongoing initiatives to strengthen the program include: implementing internal and external marketing campaigns to small businesses and other entities; including small businesses already certified by WMATA's other programs; developing training initiatives for customers; and, creating a policy for targeting credit card purchases. Furthermore, the Small Business Program Office hired a third party to conduct a disparity study to examine the availability and utilization of minority and women-owned businesses under WMATA's procurement and contracting activities and expects to receive results in the first quarter of 2022.

▪ Authorization of Public Hearings on FY 2023 Operating Budget and FY 2023-2028 Capital Improvement Program

On December 9 the WMATA Board [authorized public hearings on the proposed FY 2023 Operating Budget and FY 2023-2028 Capital Improvement Program](#). The proposed FY 2023 Operating Budget maintains budgeted service levels and continues all fare and service proposals previously approved by the WMATA board as pilots. The proposed FY 2023 Operating Budget includes operating expenses for the Silver Line Phase 2 and the opening of the Potomac Yard Station. WMATA has proposed several new permanent and temporary fare changes for the FY 2023 Operating Budget to encourage ridership.

Proposed new permanent changes for the FY 2023 Operating Budget include:

- Discounting the cost of monthly passes. This would reduce the price range from \$72 to \$216 to \$64 to \$192 depending on distance selected.
- Reducing the price of Metrorail to a flat \$2 rate after 9:30 p.m.

Proposed new temporary changes for a six-month promotional period in the FY 2023 Operating Budget include:

- Discounting the price of the 7-day unlimited pass from \$58 to \$29.
- Providing an "add value bonus" which would reward customers who add funds to their SmarTrip card. For every \$25 placed on a SmarTrip card, an additional \$5 would be added to the card.

The WMATA Board authorized numerous fare and service changes for public comment in order to gain feedback on the proposed FY 2023 Capital and Operating Budgets as well as any service or fare proposals that require Title VI equity analysis, which includes a requirement for public participation (Figure 1). Several of these fare and service proposals that are being advertised

were previously approved by the WMATA Board in June 2021 as pilots and implemented in September 2021 (\$2 transfer discount between bus and rail, \$2 one-way weekend trips on Metrorail, \$12 7-day regional bus pass, increased weekday and weekend frequency on Metrorail, extended Metrorail operating hours, and the frequent Metrobus service network). The proposed FY 2023 Operating Budget would make these fare and service pilots permanent.

Figure 1: Capital Improvement Program Overview

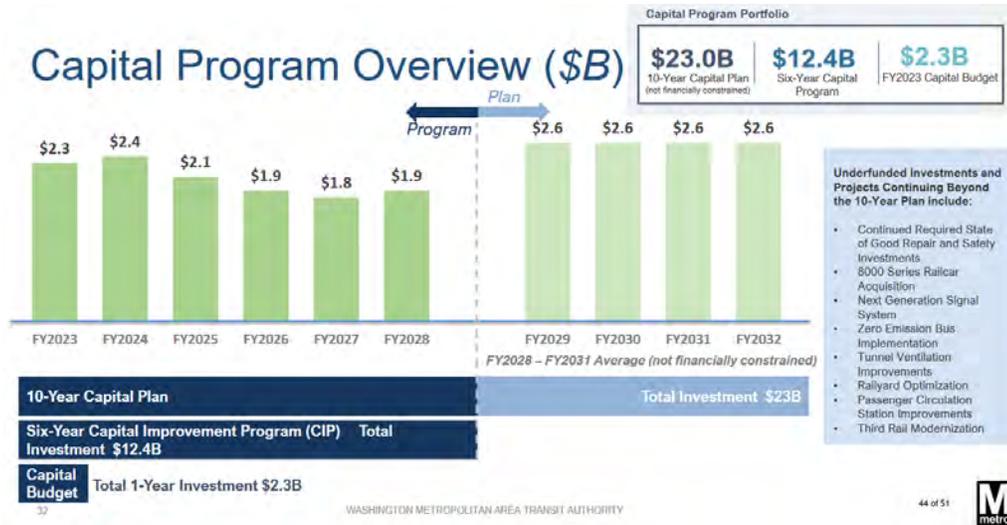
Proposals requiring Public Hearing (FTA § 5307 & VA Dedicated Funding):	
Capital Budget	
<ul style="list-style-type: none"> FY23 capital budget and FY2023 – 2028 CIP 	
Proposals requiring Title VI equity analysis including public participation:	
Fare Proposals	Service Proposals
<p>Continue discounts implemented in September</p> <ul style="list-style-type: none"> Free Metrobus/Metrorail transfers (\$2 transfer discount) \$2 one-way weekend trips on Metrorail \$12 7-day regional bus pass <p>New discounts</p> <ul style="list-style-type: none"> \$2 one-way trips on Metrorail after 9:30 p.m. Discounted monthly unlimited passes <p>Metro Sales Office close and relocate</p> <p>Promotional fares (discounted pass, \$5 add value)</p>	<p>Continue FY2022 Approved Service</p> <ul style="list-style-type: none"> Increased weekday and weekend frequency on all Metrorail lines Extended Metrorail operating hours Various Metrobus improvements, including Frequent Service Network <p>Additional Service Improvements</p> <ul style="list-style-type: none"> Silver Line Phase 2 Potomac Yard

Source: [WMATA December 9 Finance and Capital Committee](#)

The proposed FY 2023 Operating Budget projects a gradual ridership recovery that results in reduced passenger revenue when compared to pre-pandemic ridership. Increasing expenses and reduced revenue results in an estimated operating gap of \$715.8 million after the legislatively mandated 3% growth cap is applied. This gap is filled with federal aid, but it only leaves \$151 million in federal aid available in FY 2024, resulting in a projected FY 2024 operating budget gap of over \$500 million.

The proposed FY 2023 Capital Budget includes approximately \$2.3 billion, and the proposed six-year CIP includes \$12.4 billion in investments in ongoing safety and state of good repair programs and projects and prioritized system preservation and renewal projects (Figure 2). Several jurisdictional projects are included in the CIP as reimbursable projects, including the Potomac Yard infill station and the Silver Line Phase 2.

Figure 2: Capital Improvement Program Investments



Source: [WMATA December 9 Finance and Capital Committee](#)

The Proposed CIP includes Federal Transit Administration (FTA) funding which requires public hearings prior to authorization. Once the Board provides authorization, WMATA staff will hold public hearings in late January and February of 2022 to receive public input regarding the CIP and FTA grant funds. Following the public hearings, the Board will consider the hearings and outreach findings in March of 2022 before adopting the FY 2023 Operating Budget and FY 2023-2028 CIP and Title VI equity analysis (Figure 3).

Figure 2: FY 2023 Operating Budget Timeline



Source: [WMATA December 9 Finance and Capital Committee](#)

▪ Approval of Metrorail and Metrobus Fleet Plans and Rail Service Standards

On December 9 the WMATA Board approved the updated [Metrorail and Metrobus Fleet Plans and Rail Service Standards](#). The fleet plans are long-term planning documents that outline anticipated service levels, vehicle procurement, facility requirements and coordination of associated capital investments.

The updated Metrobus Fleet Management Plan includes the following:

- A phased transition to a 100% zero-emission fleet
- An expanded articulated bus fleet that increases the share of articulated buses from 4% to 12% by 2028
- Maintaining the current fleet size at 1,593 vehicles
- Increasing the spare ratio from 18.5% to 19.5% in order to support the bus technology transition, the increase in articulated buses, garage and fleet flexibility, and capital program needs

The updated Metrorail Fleet Management Plan includes a framework of investments necessary to achieve:

- 100% eight-car train operations
- 7-minute headways system-wide by 2030

The plan includes the fleet expansion of the 8000-series railcars, storage and shop capacity expansions and reconfigurations. The rail service standards provide the framework for adding and adjusting service to respond to demand. The updated Metrorail service standards set minimum train frequencies, passenger load standards, and directs staff to strive to operate 100% eight-car trains in passenger service. Minimum train frequencies standards are as follows:

- From opening to 9:30 p.m., seven days a week:
 - 12 minutes on the Blue, Orange, Silver, Green and Yellow Lines
 - 6 minutes on the Red Line
- From 9:30 p.m. to close, seven days a week:
 - 15 minutes on the Blue, Orange, Silver, Green and Yellow Lines
 - 10 minutes on the Red Line

Ultimately, Metrorail service frequencies are adopted by the WMATA Board during each relevant budget year.

▪ Status of Safety Corrective Action Plans

On December 9 the Safety and Operations Committee presented the [status of open Safety Corrective Actions Plans \(CAP\)](#). The presentation describes the actions WMATA will take to correct nonconforming conditions and reduce risks. CAPs were developed as a response to safety investigations, inspections and audits of the Metrorail system conducted by the Washington Metrorail Safety Commission (WMSC) and National Transportation Safety Board (NTSB) to address a safety recommendation or finding. There have been 436 CAPs assigned to WMATA and 340 have been closed over the past five years. 20 CAPs have been implemented and submitted to the WMSC or NTSB for review and closure. CAPs may also have multiple actions items. There are 1,868 multiple action items CAPs and 1,398 have been approved and closed. The remaining 255 have been developed and are currently in the implementation process.

- Office of Inspector General Reforms

With the passing of the Infrastructure Investment and Jobs Act of 2021, Congress requires the [WMATA Board to adopt certain reforms to the WMATA Office of Inspector General \(OIG\)](#) as stated in Section 30019(c) of the Infrastructure Act. These reforms are a condition of funding provided to WMATA through the Act (i.e. the continuation of PRIIA funding to WMATA). The reforms foster additional independence and funding for the WMATA OIG. As part of these reforms, the Governor of Virginia, President of the Virginia Senate, Speaker of the Virginia House of Delegates, and Chair of NVTC – in addition to others across the region and federal government – will receive reports from the OIG on WMATA.

B. NVTC WMATA Committee Meeting – January 20, 2022

The next NVTC WMATA Committee Meeting is scheduled for January 20, 2022 at 6:00 p.m. The preliminary agenda is discussion and comment on WMATA’s proposed FY 2023 budget.

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Legislative Update

At the January 2022 meeting, staff will update the Commission on recent legislative progress in the General Assembly and Congress.

A. General Assembly Update

NVTC's Legislative Liaison Aimee Perron Seibert will provide an update on proposed legislation that is of interest to NVTC. The 2022 General Assembly Session is scheduled to convene on January 12, 2022 and adjourn on March 12, 2022.

The NVTC Legislative and Policy Committee will be meeting on February 17 at 5:00 p.m., which is right after crossover, to discuss the status of proposed legislation that may impact NVTC.

B. Federal Update

Executive Director Kate Mattice will provide on update on federal legislative issues.

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Virginia Railway Express (VRE)

At the January 2022 meeting VRE CEO Rich Dalton will update the Commission on recent VRE activities. The Commission will be asked to take action on VRE's FY 2021 Annual Comprehensive Financial Report (ACFR) and VRE's FY 2022 Amended and FY 2023 Recommended Budgets.

A. VRE CEO Report and Minutes

At the January meeting VRE CEO Rich Dalton will provide his report. The [VRE CEO Report for December 2021](#) is attached. The Minutes of the December 17, 2021 VRE Operations Board meeting will be provided as a blue-sheeted item prior to the January 6 meeting.

B. ACTION ITEM: Approve [Resolution #2469](#): Accept and Authorize Distribution of VRE's FY 2021 Annual Comprehensive Financial Report

As recommended by the VRE Operations Board, the Commission is asked to approve [Resolution #2469](#), which would accept the [FY 2021 Annual Comprehensive Financial Report \(ACRF\)](#) and associated information from the auditors and to authorize the Chief Executive Officer to distribute it.

The FY 2021 audit was conducted by the firm of PBMares, LLP, which is the same firm that conducted audits for NVTC and PRTC. The audit of VRE's FY 2021 financial statements has been completed and the auditors have issued an unmodified opinion. Their opinion letter states the VRE statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit.

C. ACTION ITEM: Approve [Resolution #2470](#): Adopt and Refer VRE's FY 2022 Revised and FY 2023 Recommended Budgets to the Jurisdictions

As recommended by the VRE Operations Board, the Commission is asked to approve [Resolution #2470](#), which would adopt the Amended FY 2022 VRE Operating and Capital Budget and the Recommended FY 2023 VRE Operating and Capital Budget and refer them to the jurisdictions for their formal review and adoption. The resolution would also authorize the executive directors of NVTC and PRTC to take the necessary actions to apply for federal and state grant funding.

At the December 17 Operations Board meeting, a floor amendment was approved that reduced the total FY 2023 jurisdictional subsidy amount to \$13,544,122 (from \$18,300,780). The attached

[updated FY 2023 subsidy chart](#) shows the resulting subsidy breakdown by jurisdiction. VRE staff are currently updating the Recommended FY 2023 VRE Operating and Capital Budget to reflect these changes. The updated budget book will be provided to Commissioners prior to the January 6 meeting.

Despite the challenges presented by the ongoing COVID-19 pandemic, the recommended budget is balanced, with no funding gap, and with all projected uses of funding in FY 2023 supported by reasonably expected sources of funding. The FY 2023 budget includes no changes to passenger fares as compared to FY 2022 and a total jurisdictional subsidy contribution of \$13.5 million.

The recommended FY 2023 VRE Operating and Capital Budget totals \$185.5 million. The budget projects average daily ridership of 8,000 trips, which results in a total of \$25.3 million of passenger fare revenue. This projection represents an increase over FY 2022 but is still significantly lower than previous years due to the effects of the ongoing COVID-19 pandemic. The total jurisdictional subsidy of \$13,544,122 represents an increase of \$8.8 million over the July 2021 amended FY 2022 budget amount of \$4,756,658. The FY 2023 budget also includes no changes to passenger fares.

The recommended FY 2023 operating budget of \$97.8 million (which includes \$6.2 million in debt-related expenses) represents an increase of \$8.1 million or 9.0% over the approved FY 2022 operating budget. The detailed operating budget assumptions are provided in the FY 2023 Recommended Budget document, but the key assumptions include:

- No increase in passenger fares, including the Amtrak Step-Up fare (which is currently suspended due to the COVID-19 pandemic). Fare revenue is budgeted at \$25.3 million based on a projected average daily ridership of 8,000 and 32 daily revenue trains.
- State operating assistance is projected at \$11.0 million, a decrease of \$1.3 million from the actual amount received in FY 2022, but an increase of \$1.0 million over the amount originally projected in the approved FY 2022 budget.
- Diesel fuel costs are projected at \$4.6 million, based on an average cost per gallon of \$2.70 and projected usage of 1.70 million gallons. This is an increase of \$1.6 million over the original FY 2022 budgeted amount.
- Track access fees across all three host railroads (CSX Transportation, Norfolk Southern and Amtrak) total \$20.3 million, based on estimated or actual contractual amounts. Grant funding from all sources for track access fees is at 84%, or \$17.1 million.
- No staff additions are proposed in FY 2023.
- Required contractual increases for train operations and maintenance of equipment are budgeted at a net increase of \$1.9 million reflecting projected cost revisions, increased services, and a CPI increase of 6.2%.
- Operating contingency returns to 2.0% of the operating budget, up from the 1.0% budgeted for FY 2022, and an increase of \$889,000.
- Budgeted insurance premium costs increased by \$0.4 million, or 5.8%, due to ongoing changes in the global insurance marketplace.

Capital Budget and Six-Year Capital Improvement Program

The FY 2023 – 2028 VRE Capital Improvement Program (CIP) is an integrated set of projects and programs that will improve passenger safety and operational efficiency, maintain the system in a state of good repair, and expand capacity. The six-year CIP includes both fully- and partially-funded projects.

The overall outlook for the FY 2023 to FY 2028 CIP is generally positive, despite the ongoing COVID-19 pandemic. Political and legislative actions over the past few years including the creation of the dedicated C-ROC Fund at \$15 million per year, the commitment by the Commonwealth to continue current levels of reimbursement for track access fees, and the creation of the Virginia Passenger Rail Authority as part of the Transforming Rail in Virginia (TRV) program – have created an environment that is supportive of VRE’s long-term growth.

Some funding challenges do remain, particularly beyond the immediate six-year period. On the capital side, certain key near-term projects like the Broad Run Expansion and the L’Enfant Station and Fourth Track are still partially unfunded, and while internal funds may be available to fill some gaps, an ongoing VRE priority for FY 2023 will be to continue to work with local, state, and other partners on securing additional funding for the commuter rail system.

In addition, this six-year CIP includes new projects to expand VRE’s rolling stock (both locomotives and coaches). This expansion is currently programmed for roughly the FY 2028 to FY 2032 period, with the first major expenditures expected in FY 2028, which is why they are included in this six-year plan. This fleet expansion is currently unfunded and represents a significant majority of the total unfunded amount in the CIP.

Given current estimates, total project costs for projects in the FY 2023-FY 2028 CIP (including all costs to complete) are approximately \$1.109 billion. Committed funding for these projects currently totals \$736.4 million (66% funded) from a range of federal, state, regional, and local sources. This figure includes life-to-date funding through FY 2022.

The attached [chart breaks out the Capital Improvement Program by program areas](#).

Ridership and Fare Revenue

The ridership outlook for FY 2023 remains highly uncertain as the COVID-19 pandemic approaches two years’ duration. As of November 2021, VRE ridership continues to increase incrementally each month, but the discovery and spread of virus variants has repeatedly delayed “return to work” plans for both public and private sector employees. A substantial return of VRE ridership is not expected until federal government agencies begin to require employees to return to the office. While there are tentative signs that this may begin in January 2022, no specific guidance has been forthcoming.

The FY 2022 amended operating budget (which is described in further detail below) assumes average daily ridership increases to slightly more than 4,000 by the end of the fiscal year. This

ridership outlook results in total projected fare revenue for FY 2022 of \$10.8 million, down from the original projection of \$18.2 million.

From that baseline, the FY 2023 recommended budget assumes steady growth in ridership over the course of the fiscal year as the pandemic recedes and employees continue to return to the office in greater numbers. However, ridership and fare revenue are still projected to be below normal at the end of the fiscal year. (Average daily ridership in February 2020, immediately prior to the pandemic, was approximately 18,700.) Averaged over the course of the entire year, daily ridership is expected to be 8,000 trips, which corresponds to total projected fare revenue for the year of \$25.3 million. Although this reflects a higher average fare paid per trip – due to both changing usage patterns for monthly pass holders as well as a shift to longer average trips – it still represents less than 60% of pre-pandemic annual fare revenue.

FY 2023 Jurisdictional Subsidy Allocation Process

In September 2020 the VRE Operations Board directed staff to forgo the VRE Master Agreement survey that is normally conducted in October each year. The Operations Board found the survey would be both challenging to administer in the current environment and unlikely to produce reliable results on which to base an updated jurisdictional subsidy allocation for FY 2022. In place of an updated subsidy allocation calculation, the Operations Board directed staff to allocate jurisdictional subsidy using the same allocation percentages from the approved FY 2021 budget. Subsequently, during the recent FY 2023 budget process, the Operations Board found that the same challenges to the administration and reliability of a Master Agreement survey remained as a result of the pandemic. Therefore, staff was directed to again forgo the survey and use the percentages from the approved FY 2021 budget for the FY 2023 subsidy allocation. At the December 17 Operations Board meeting, the Board approved a floor amendment that reduces the overall subsidy amount. The attached [chart shows the updated FY 2023 subsidy amounts by jurisdiction](#).

The attached [VRE memorandum](#) provides more information about the FY 2023 budget as it relates to VRE's federal pandemic relief funding, Six-Year Financial Forecast, Capital Budget and Six-Year Capital Improvement Program and the Commuter Rail Operating and Capital (C-ROC) Fund.

FY 2022 Amended Budget

As part of the annual process of adopting the budget for the upcoming fiscal year, VRE also revises the current year budget to reflect updated projections for revenues and expenses and changes to capital funding sources. In most years, this is a relatively technical process of adjusting specific line items that were unknown at the time of adoption, and it does not usually result in significant changes to the overall budget. However, given the COVID-19 pandemic and the challenges of projecting ridership and fare revenue, the amended FY 2022 operating budget is substantially different from the original approved version, particularly with respect to revenues. The major revisions to the FY 2022 budget are identified below:

Operating Budget

Revenue

- Decrease in passenger fare revenue in the amount of \$7.4 million, to reflect the ongoing effects of the COVID-19 pandemic on VRE ridership. Total projected passenger fare revenue is reduced from \$18.2 million to \$10.8 million
- Increase in state operating assistance in the amount of \$2.3 million to reflect a higher funding amount than originally projected
- A decrease in interest income of \$0.3 million due to lower interest rates
- Increase in the utilization of federal pandemic relief funds, including Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) funds, totaling \$5.3 million to supplement lost passenger revenue

Expenses

FY 2022 operating contingency was reduced by \$754,699 for various additions and revisions of current year operating and capital costs and revenue. The notable expense changes are:

- An increase in diesel fuel costs of \$1.025 million
- An increase in costs related to the creation of the General Counsel Division of \$390,600
- An increase in costs related to IT and Fare Collection systems of \$285,000
- An increase in costs for Design and Construction consulting and staff education of \$92,000
- An increase in costs for Facilities inspections of \$50,000
- An increase in costs for Human Resources staff events of \$25,000
- A reduction of salary and fringe costs for vacant and delayed FTE positions of \$612,316
- A reduction of ticket sales commission, bank fees and Amtrak Step-Up costs of \$417,000 due to the COVID-19 pandemic effect on ridership and ticket sales
- A reduction of anticipated costs for LOU Facility fixtures and finishing items of \$149,000 due to the expected completion date of that project

The remaining operating contingency of \$65,415 was eliminated as part of the determination of projected CARES Act funding.

Capital Budget

Capital project obligations were increased by \$1.3 million to reflect two previously authorized uses of capital reserve:

- Capital Reserve funds of \$962,000 allocated for the VRE Headquarters Office Renovations project
- Capital Reserve funds of \$355,000 allocated for the VRE Website Redesign project

D. 2022 VRE Operations Board Officers

At its December 17, 2021 meeting, the VRE Operations Board approved the nominees for the 2022 VRE officers as recommended by the VRE Nominating Committee:

Chair: Margaret Franklin (PRTC)
Vice-Chair: James Walkinshaw (NVTC)
Secretary: Preston Banks (PRTC)
Treasurer: _____ (NVTC)

Installation of the 2022 VRE officers will occur at the January 21, 2022 VRE Operations Board meeting. According to the VRE Bylaws, each of the Commissions provide two officers from among its Operations Board Members. The office of chair is rotated each year between the two Commissions, with the vice-chair representing the other Commission.

CEO REPORT

DECEMBER 2021



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.



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CEO REPORT | DECEMBER 2021

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VIRGINIA RAILWAY EXPRESS
A better way. A better life.



PERFORMANCE AT A GLANCE



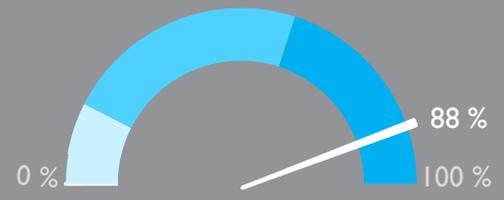
PARKING UTILIZATION

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: 1,291



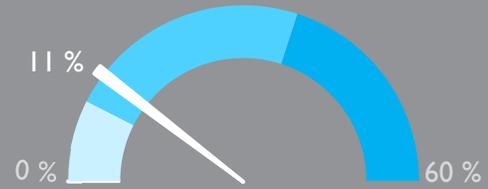
ON-TIME PERFORMANCE

Percent of trains arriving at their destination within 5 minutes of the schedule.
Same month, previous year: 93%



SYSTEM CAPACITY

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



OPERATING RATIO
Through October 2021

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%

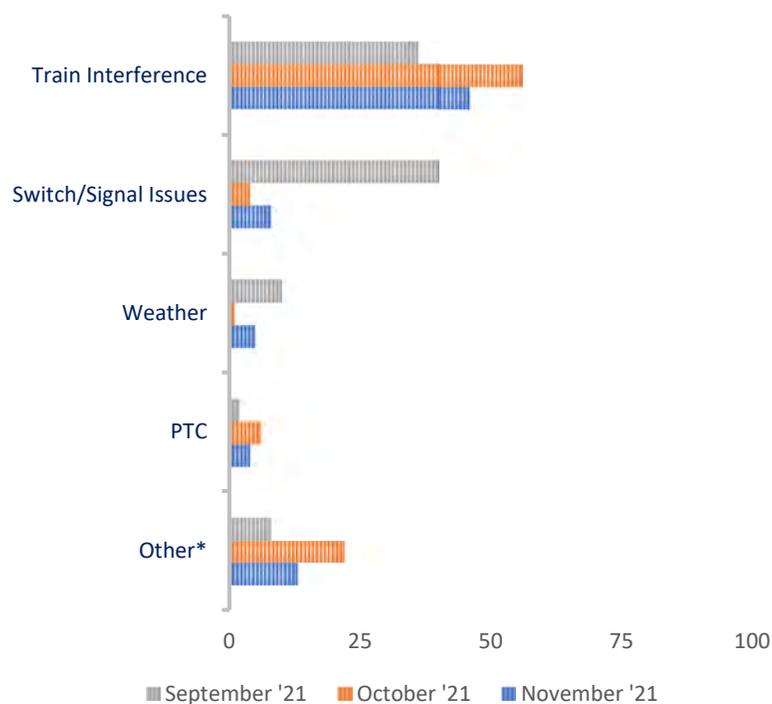
November 2021

ON-TIME PERFORMANCE

OUR RECORD

	November 2021	October 2021	November 2020
Manassas Line	83%	83%	94%
Fredericksburg Line	92%	89%	92%
Systemwide	88%	86%	93%

PRIMARY REASON FOR DELAY



VRE operated 608 trains in November. The on-time rate for November was 88 percent.

Seventy-six trains arrived more than 5 minutes late to their final destinations. Of those late trains, 52 were on the Manassas Line (68 percent), and 24 were on the Fredericksburg Line (32 percent).

Train Interference continues to be the main challenge to meeting our OTP goal.

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

LATE TRAINS

	System Wide			Fredericksburg Line			Manassas Line		
	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
Total late trains	96	89	76	42	36	24	54	53	52
Average minutes late	14	25	12	13	27	12	14	24	11
Number over 30 minutes	2	23	3	1	10	2	1	13	1
Heat restrictions	0	0	0	0	0	0	0	0	0

ON-TIME PERFORMANCE

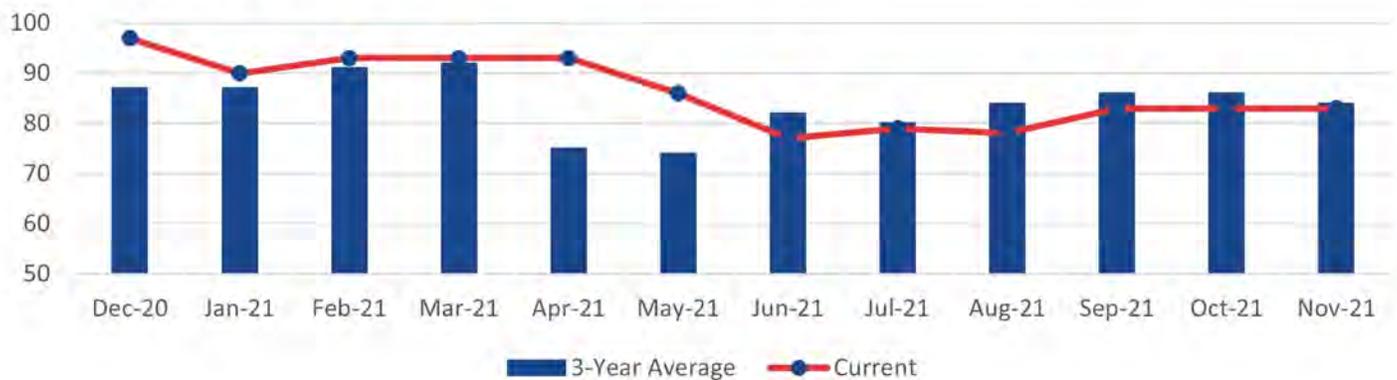
VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



AVERAGE DAILY RIDERSHIP

VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



RIDERSHIP UPDATES

Average daily ridership in November was 3,036. During November, we ran a full-service schedule with 32 trains daily.

	November 2021	October 2021	November 2020
Monthly Ridership	57,688	58,989	23,242
Average Daily Ridership	3,036	2,949	1,291
Full Service Days	19	20	18
“S” Service Days	0	0	0

SUMMONSES ISSUED

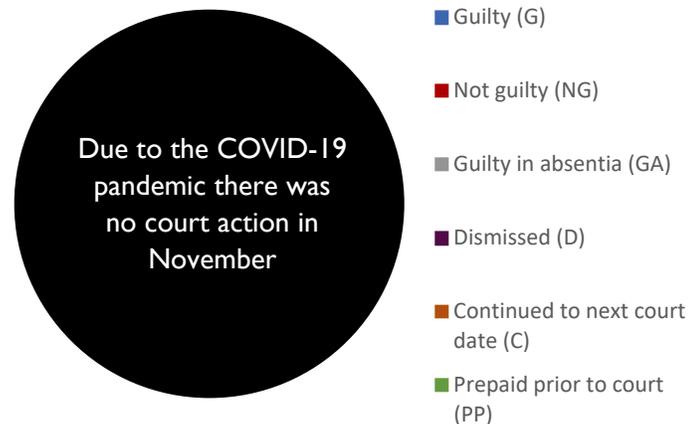
VRE SYSTEM



SUMMONSES WAIVED OUTSIDE OF COURT

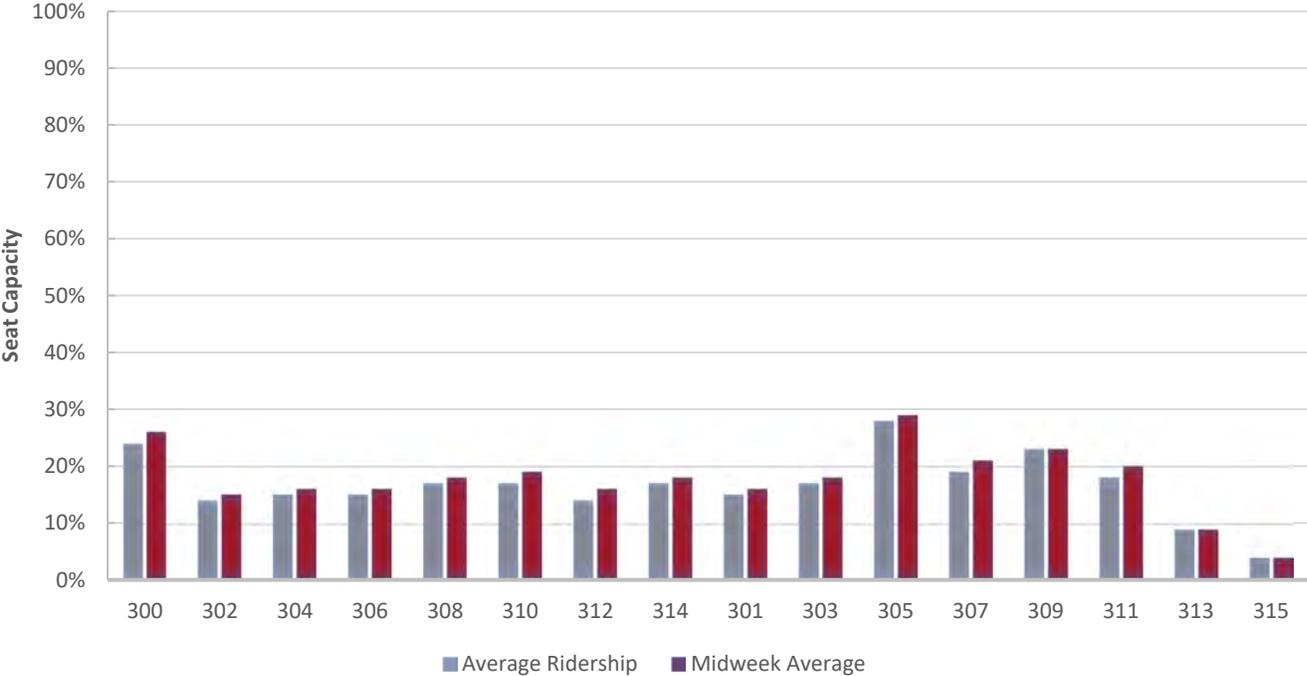
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	0
One-time courtesy	0
Per the request of the conductor	0
Defective ticket	0
Per ops manager	0
Unique circumstances	0
Insufficient information	0
Lost and found ticket	0
Other	0
Total Waived	0

MONTHLY SUMMONSES COURT ACTION

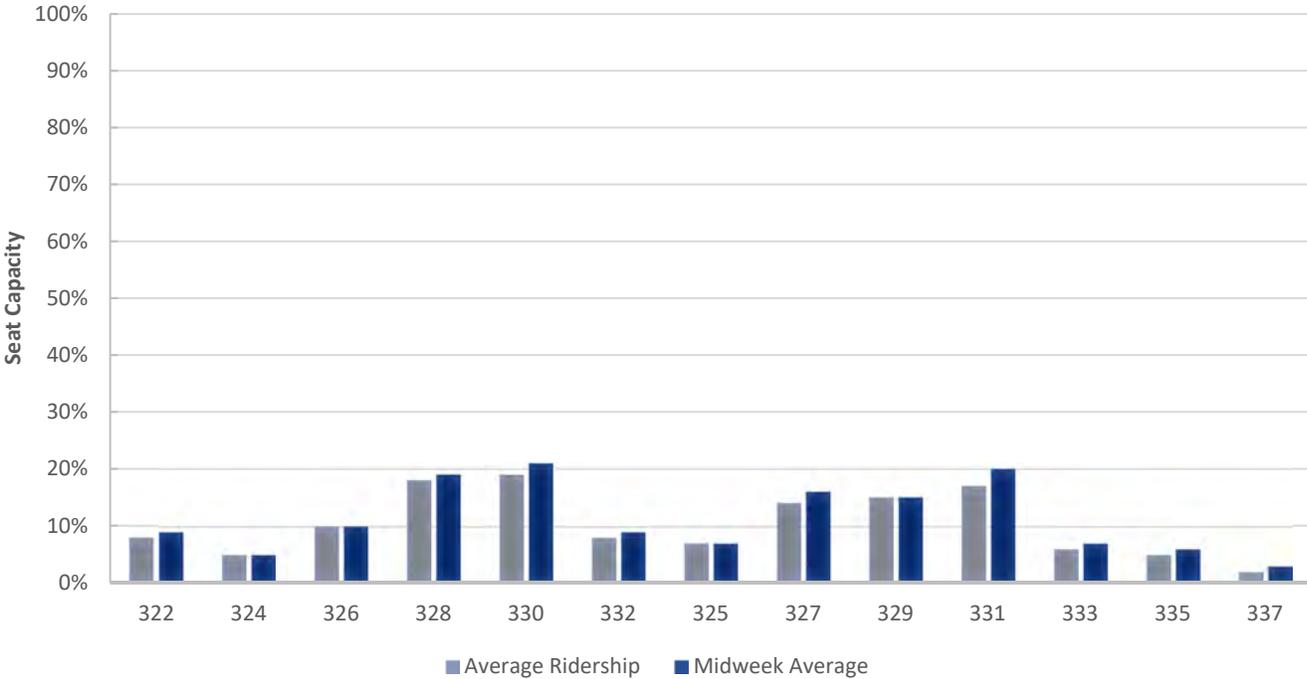


TRAIN UTILIZATION

FREDERICKSBURG LINE

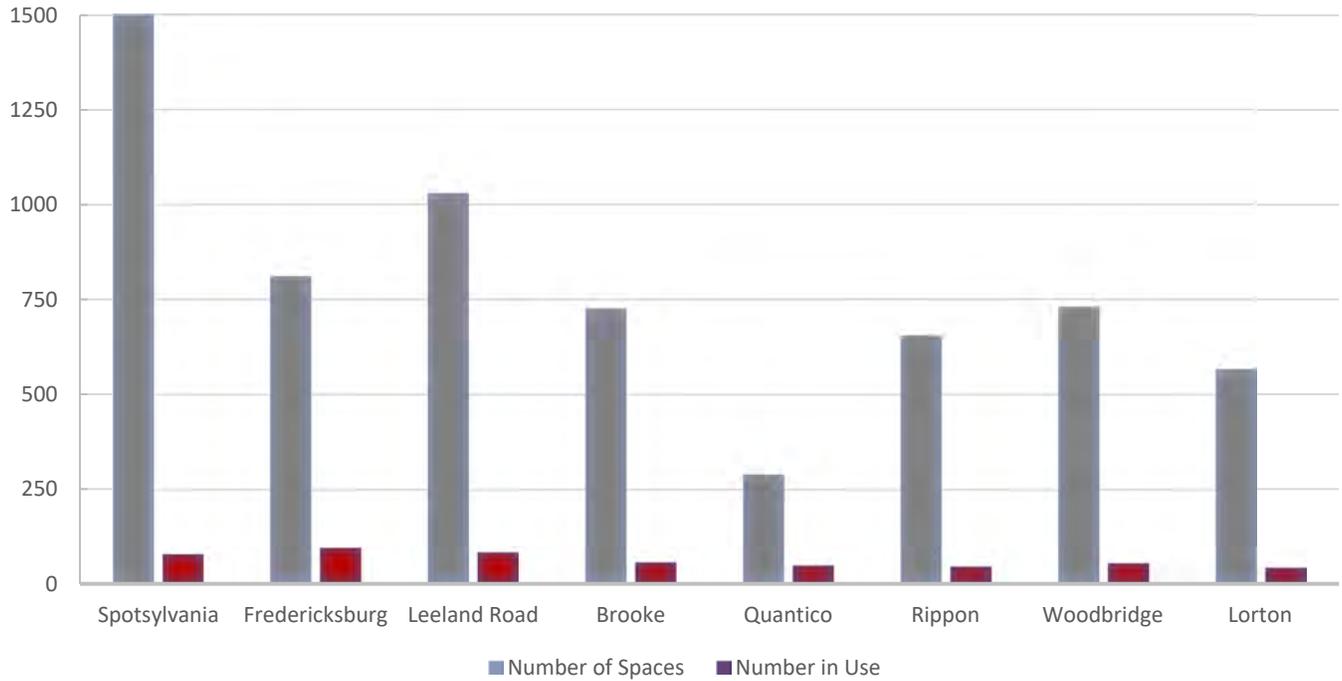


MANASSAS LINE

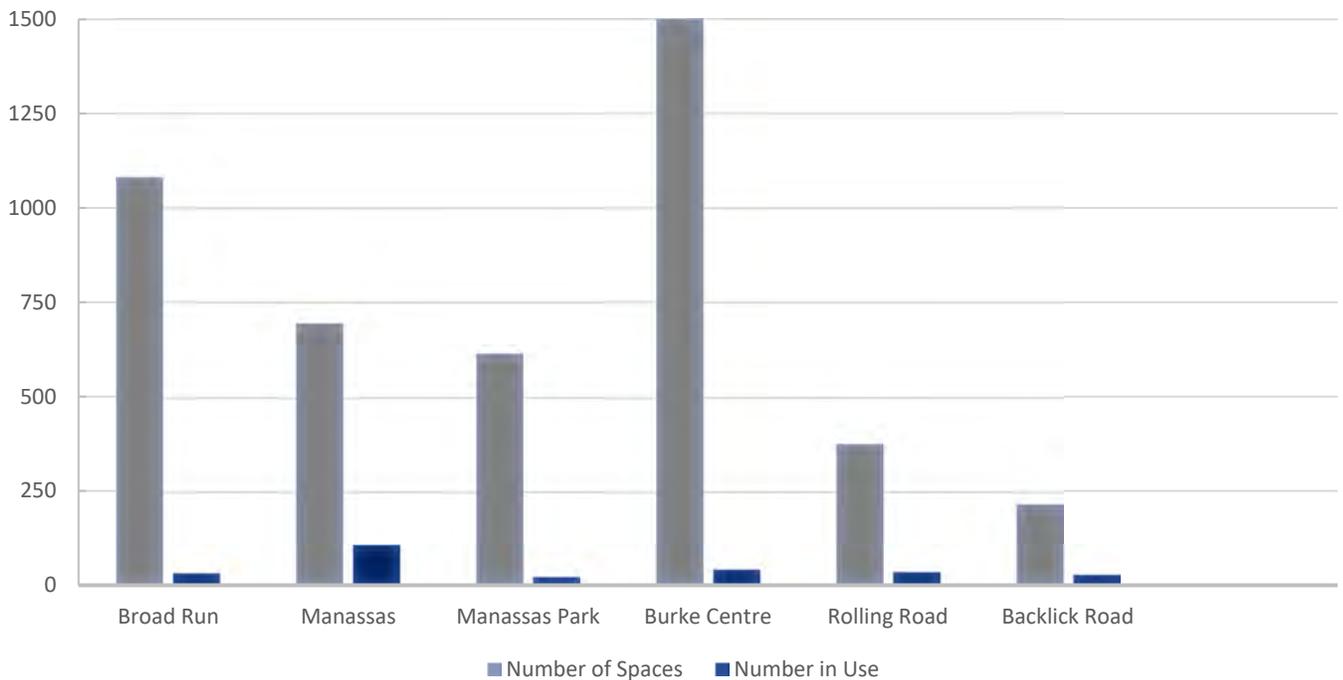


PARKING UTILIZATION

FREDERICKSBURG LINE



MANASSAS LINE



FACILITIES UPDATE

The following is a status update of VRE facilities projects.

Completed projects:

1. Painting of Franconia-Springfield station
2. Testing of dry standpipes at Woodbridge and Manassas station parking garages
3. Painting of stairwells, railings and platform steel at Manassas station parking garage
4. Overhaul of emergency generator at Manassas station parking garage
5. Installation of cubicle furniture at Alexandria headquarters
6. Cleaning of HVAC ductwork at Alexandria headquarters



Installation of cubicle furniture at Alexandria headquarters



Temporary emergency generator at the Fredericksburg office

Projects scheduled to be completed this quarter:

1. Design of waiting area at L'Enfant station
2. Replacement of existing west platform and canopy lighting with LED lighting at Woodbridge station
3. Replacement of fluorescent lighting with LED lighting at Alexandria headquarters and Fredericksburg office
4. Replacement of ceiling tiles at Alexandria headquarters Suite 201
5. Replacement of vertical blinds with window shades at Alexandria headquarters
6. Delivery of air purifiers at Alexandria headquarters, Fredericksburg office, Crossroads MASF buildings and Broad Run MASF buildings

Projects scheduled to be initiated this quarter:

1. Submission of IFB package for waiting area at L'Enfant station
2. Minor structural concrete repairs at Woodbridge station parking garage
3. Modernization of east elevator at Woodbridge station
4. Minor structural concrete bridge repairs at Rippon and Brooke stations
5. Repair of platform sealer delamination at Spotsylvania station
6. Repair of concrete stairs at Burke Centre station
7. Replacement of existing lighting with LED lighting at Manassas station parking garage

8. Replacement of existing yard lighting with LED lighting at Crossroads MASF and Broad Run MASF
9. Overhaul of emergency generator at Fredericksburg office
10. Issuance of general signage services request for quotes

Ongoing projects:

1. Overhaul of emergency generators at Woodbridge and Manassas stations, Alexandria headquarters and Fredericksburg office
2. Procurement of waste and recycling receptacles for station platforms
3. Procurement of benches for station platforms
4. Procurement of contract for continued Roadway Worker Protection (RWP) railroad safety training services

UPCOMING PROCUREMENTS

1. Locomotive master controller
2. Renewal of locomotive head end power engine systems
3. Program management consulting services
4. Modernization of VRE Woodbridge Station east elevator
5. Forklift trucks
6. Passenger car wheelchair lift assemblies
7. Purchase of LED light fixtures
8. Variable messaging system replacement
9. Tactile strip replacements
10. Construction management services for Fredericksburg station platform rehabilitation
11. Construction of Fredericksburg station platform rehabilitation
12. Construction Manager / General Contractor for the Alexandria station improvements project
13. Broad Run and Crossroads security camera system power and network infrastructure upgrade

CAPITAL PROJECTS UPDATES

The following is a status update of VRE capital projects.

Completed projects or major project milestones:

1. Limited notice to proceed issued to Broad Run Expansion final design consultant
2. Construction initiated on Lifecycle Overhaul & Upgrade Facility (LOU) and Rolling Road and Quantico station improvements

Projects or project phases scheduled to be completed this quarter:

3. Manassas Park parking garage site plan submission to city
4. Potomac Shores station final design plans submitted to Prince William County for approval and permits

Ongoing projects:

5. Alexandria Station Improvements
6. Broad Run Expansion (BRX)
7. Brooke Station Improvements
8. Crossroads Maintenance and Storage Facility (MSF)
9. Crystal City Station Improvements
10. Franconia-Springfield Station Improvements
11. Fredericksburg Station Rehabilitation
12. Headquarters Office Renovation
13. Manassas Park Parking Improvements
14. Manassas Station Improvements
15. Lifecycle Overhaul & Upgrade Facility (LOU)
16. L'Enfant Track and Station Improvements
17. L'Enfant Station Waiting Area
18. Leeland Road Parking Improvements
19. Leeland Road Station Improvements
20. New York Avenue Midday Storage Facility
21. Potomac Shores VRE Station – *design by others*

DECEMBER 2021

- 22. Quantico Station Improvements
- 23. Rippon Station Improvements
- 24. Rolling Road Station Improvements

Projects Progress Report Follows

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, along with 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	Permit coordination ongoing with the City of Alexandria.
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. The MSF will be enlarged to store longer trains and additional equipment. That will require shifting the existing platform to the east and adding a pedestrian tunnel between the platform and the existing and proposed parking lots. A second, 600-space parking lot and third main track will also be constructed.	Final Design	\$ 137,230,000.00	Final design consultant Transystems received limited notice to proceed.
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
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	SMART SCALE funding for this project is allocated in FY 2022 and 2023. A funding agreement is pending.
Crystal City Station Improvements	Improved station access and service reliability will result from construction of a new, expanded 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 Ronald Reagan National Airport.	Development	\$ 50,114,624.00	Addressing final round of comments from FTA as we approach the close of the preliminary engineering phase.
Facilities Design Guidelines Update	Update to the 2019 VRE Facility Design Guidelines.	Final Design	\$ 80,000.00	Design guideline drawings being updated to incorporate preferred design elements from recent station projects.
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	VRE is performing an underground utility investigation for the pedestrian tunnel. The platform design is on hold pending tunnel investigation.

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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.	Final Design	\$ 3,000,000.00	VRE continues to finalize the invitation-for-bids design package, while also developing draft agreements for the upcoming construction phase.
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	Initial task order work complete. Cubicle furniture delivered November 30.
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.
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.
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	Consultant continues preparation of draft specifications.
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	A property boundary and topographical survey is underway. Alternatives analysis and concept design to define a preferred alternative initiated.

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CAPITAL PROJECTS UPDATE

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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	Jack and bore for island platform drainage was scheduled to begin 12/7/2021. Pits and corresponding shoring installed week ending 12/3/2021.
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.
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	Electrical work in progress.

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



RESOLUTION #2469

SUBJECT: Accept and Authorize Distribution of VRE's FY 2021 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 2021 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 2021 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 6th day of January 2022.

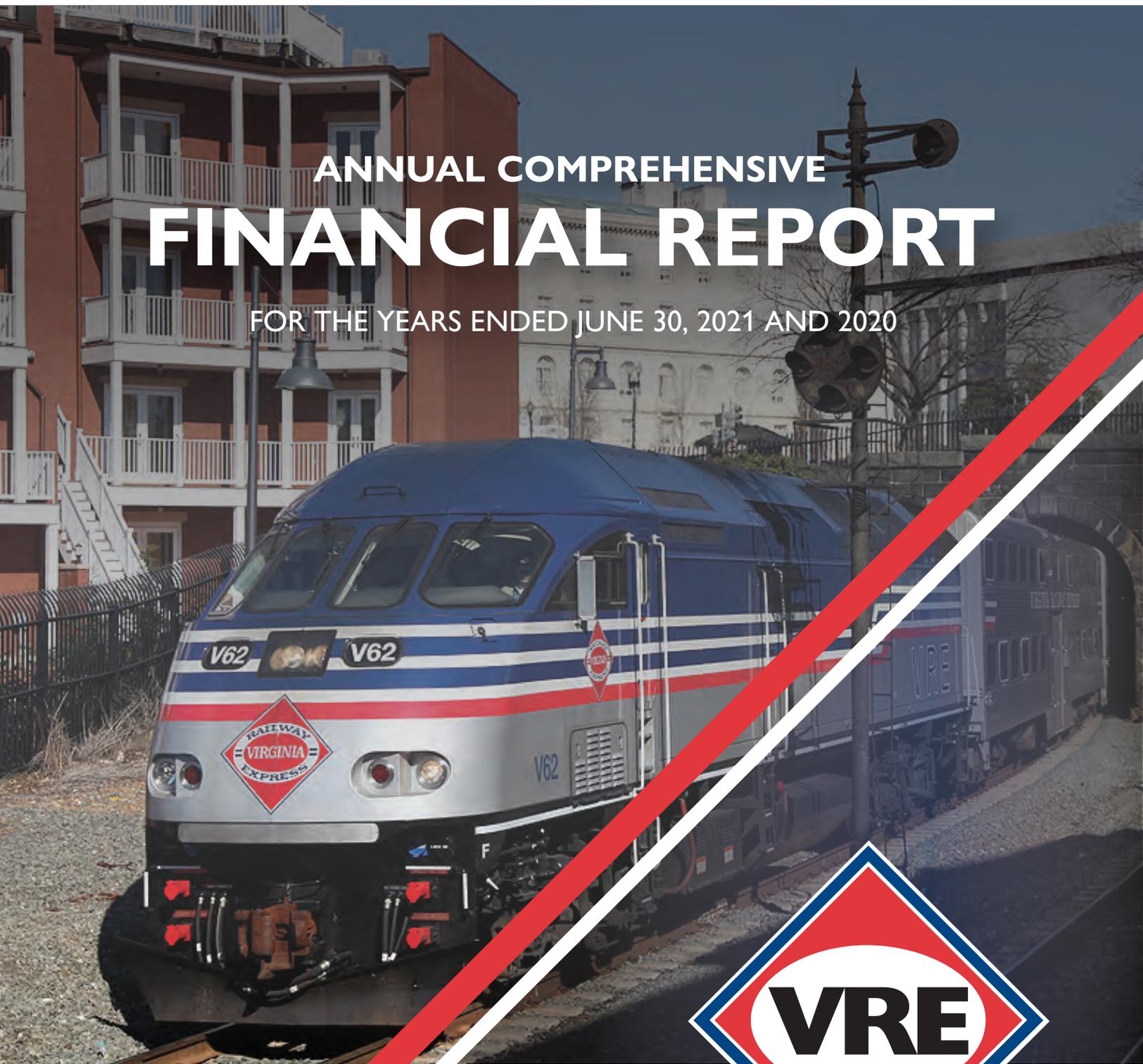
Chair

Secretary-Treasurer

VIRGINIA RAILWAY EXPRESS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020



A COMMUTER RAIL SERVICE JOINTLY OWNED AND OPERATED BY THE NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION. HEADQUARTERED IN ALEXANDRIA, VA.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Virginia Railway Express

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

VIRGINIA RAILWAY EXPRESS

Annual Comprehensive Financial Report

YEARS ENDED JUNE 30, 2021 AND 2020



Prepared by:

Department of Finance

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Introductory Section





VIRGINIA RAILWAY EXPRESS

November 3, 2021

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, 2021, 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 most of fiscal year 2021, VRE operated 18 daily trains in revenue service and carried an average daily ridership of 1,389 over 246 service days. VRE returned to full service of 32 daily trains on June 1, 2021. Ridership throughout fiscal year 2021 was negatively affected by the COVID-19 Novel Coronavirus pandemic.

VRE is owned by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of the Commissions who are also representatives of all contributing and participating jurisdictions, plus the Virginia Secretary of Transportation or their designee. VRE is managed by the Chief Executive Officer, who is a contract employee of both Commissions. PRTC is the recipient of federal grants for the commuter rail service, and NVTC is the recipient of state grants for the commuter rail service, with certain minor exceptions. All non-contract staff are employees of PRTC.

In accordance with the Master Agreement that created VRE, the Operations Board must prepare and submit a preliminary annual budget to the Commissions and the contributing and participating jurisdictions by September 30 of the preceding fiscal year for review and comment. A final recommended budget is prepared by December 1 for consideration by the Operations Board and the Commissions by February 1, followed by transmittal to the jurisdictions for appropriation. In addition, the Operations Board is required to have an annual audit performed of the financial activities related to the commuter rail service.

Economic Conditions

Major Initiatives

During fiscal year 2021, VRE focused on improving its rolling stock, facilities and systems in order to ensure the financial health and operational safety of the current rail service and to allow for future system expansion.

- **Facilities:** In fiscal year 2021, work was completed on the Crossroads to Hamilton 3rd Track Slope Stabilization project. Substantial progress continued on the construction of the Lifecycle Overhaul and Upgrade (LOU) Facility project, a new rolling stock lifecycle maintenance facility that will greatly expand VRE's equipment maintenance capabilities. Construction was initiated on the Quantico and Rolling Road station improvement projects. Development efforts continued on the design and engineering for several VRE expansion projects that will allow for future system growth, including the Broad Run, Crystal City, Alexandria and Franconia/Springfield station expansions and new structured parking at Manassas Park. Finally, substantial work was completed on the renovation of the VRE headquarters office in Alexandria.
- **Systems:** In fiscal year 2021, VRE completed work on the Scheidt & Bachmann fare collection system EMV (Europay, MasterCard and Visa) compliance project, which modernizes VRE's on-platform fare collection systems. VRE also completed design, implementation, and revenue service rollout of a new mobile (application based) Ticketing System, which upgrades mobile options for ticket purchases by riders. Development and implementation of a new Enterprise Resource Management (ERP) System, Munis, was substantially completed this year and went into service in early fiscal year 2022. 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 project (funded primarily through the I-66 Outside the Beltway concessionaire payment) and the Fredericksburg Line Capacity Expansion project (funded primarily through the Commonwealth's SMART SCALE program). Both expansion efforts have also received crucial regional funding from the Northern Virginia Transportation Authority (NVTA). These expansion efforts will provide new railcars for expanded carrying capacity, additional parking facilities at key stations, longer platforms to speed passenger boarding and alighting, storage and maintenance facility expansions, and real-time traveler information. Taken together, these projects will substantially increase VRE's ability to carry riders.

In 2018, the Virginia legislature created the Commuter Rail Operating and Capital (C-ROC) Fund. C-ROC funding is dedicated to "retaining, maintaining, improving, and developing commuter rail-related infrastructure improvements and operations" that are "essential to the Commonwealth's continued economic growth, vitality, and competitiveness." VRE is the only commuter railroad currently operating in Virginia and the only eligible recipient of funding from the C-ROC Fund. C-ROC funding may be used to support the cost of commuter rail operations as well as to make necessary capital investments and improvements, either on a pay-as-you-go basis or through the issuance of debt. C-ROC funding may be used as matching funds for state and federal grants.

\$15 million annually is dedicated to the C-ROC Fund from fuel tax revenues generated in the NVTC and PRTC regions. This funding is then disbursed from the C-ROC Fund to VRE for its use on operating and capital projects. Funding of \$1.25 million per month began flowing into the C-ROC Fund on July 1, 2018.

VRE received \$15 million in C-ROC funds in fiscal year 2020, including \$3.75 million in receivables from fiscal year 2019. VRE ended fiscal year 2020 with \$3.75 million in C-ROC receivables. To date, VRE has programmed \$45 million of 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). In accordance with this agreement, VRE will contribute \$15 million of annual C-ROC funding for a ten-year period as either debt service or pay-as-you-go capital to support the Transforming Rail in Virginia program of projects (see below). As of October 2021, VRE is undertaking financial analysis of various debt issuance options that would be backed by C-ROC revenues.

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.

In December 2019, Governor Ralph Northam announced the Transforming Rail in Virginia (TRV) program, which includes a landmark agreement between the Commonwealth and CSX Transportation (CSXT) for the acquisition of railroad right-of-way in the RF&P Corridor. This ambitious program of capital improvements, which includes the construction of a new passenger-dedicated two-track Long Bridge across the Potomac River, will occur in phases over the next decade and beyond. The investments will improve the capacity and reliability of both commuter and intercity passenger (Amtrak) rail services while maintaining freight interoperability in the corridor.

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.

Financial Environment

As the regional road network has become more crowded over the last 25 years, particularly in the critical Interstate 95/395 and Interstate 66 Corridors of Statewide Significance, the VRE commuter rail system has provided a competitive alternative for Virginia commuters. VRE ridership has remained strong 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 TRV program recently undertaken by the Commonwealth will address many of the major investment needs identified in VRE's System Plan 2040 – most notably, providing additional passenger capacity across the Potomac River – and will position VRE for continued long-term growth.

However, the near-term financial outlook remains uncertain given the COVID-19 pandemic. As of October 2021, daily ridership on VRE remains down approximately 85 percent from pre-pandemic levels. Until the federal government and other employers bring significant numbers of employees back to their offices (which is currently expected to begin in early calendar 2022), VRE ridership is expected to remain low.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Railway Express for its annual comprehensive financial report for the fiscal year ended June 30, 2020. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report could not have been prepared without the dedicated cooperation of the entire Finance staff. We would also like to thank the VRE Operations Board and the Commissions for their continued support in planning and conducting the financial operations of VRE in a responsible, progressive fashion.

Respectfully submitted,



Rich Dalton
Chief Executive Officer



Mark Schofield
Chief Financial Officer



Alexander E. Buchanan
Comptroller

DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL

Operations Board

Officers

Chairman	Hon. Elizabeth Bennett-Parker, City of Alexandria
Vice-Chairman	Hon. Jeanine Lawson, Prince William County
Secretary	Hon. James Walkinshaw, Fairfax County
Treasurer	Hon. Preston Banks, Manassas Park

Members

Hon. Walter Alcorn, Fairfax County
Hon. Andrea Bailey, Prince William County
Hon. Meg Bohmke, Stafford County
Hon. Katie Cristol, Arlington County
Hon. Margaret Franklin, Prince William County
Hon. Matthew Kelly, City of Fredericksburg
Hon. Cindy Lamb, Stafford County
Jennifer Mitchell, VDRPT
Hon. Gary Skinner, Spotsylvania County
Hon. Ralph Smith, City of Manassas
Hon. Dan Storck, Fairfax County

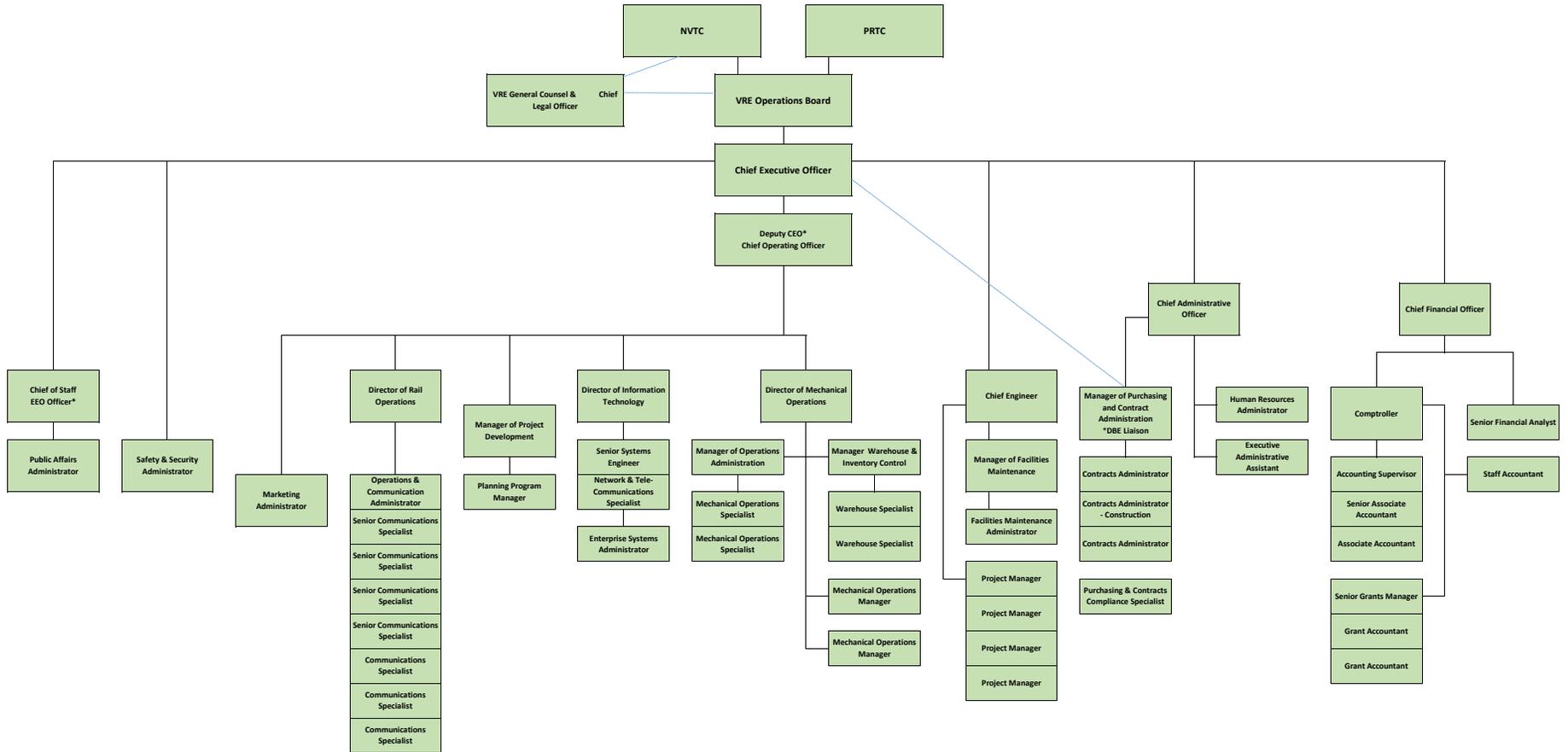
Alternates

Hon. Canek Aguirre, City of Alexandria
Hon. Victor Angry, Prince William County
Hon. Pete Candland, Prince William County
Hon. Alonna Mensing, City of Manassas Park
Hon. Deborah Frazier, Spotsylvania County
Hon. Libby Garvey, Arlington County
Hon. Jason Graham, City of Fredericksburg
Hon. Jeff McKay, Fairfax County
Michael McLaughlin, VDRPT
Hon. Pamela Sebesky, City of Manassas
Hon. Gary Snellings, Stafford County
Hon. Ann Wheeler, Prince William County

Management

Chief Executive Officer	Richard Dalton
Chief Financial Officer	Mark Schofield
Chief Administrative Officer	Cynthia D. Bullock
Chief Legal Officer	Stephen A. MacIsaac
Comptroller	Alexander E. Buchanan
Chief of Staff	Joseph Swartz
Director of Rail Operations	Chris Henry

Virginia Railway Express
Organizational Chart
As of June 30, 2021



* Note: Manager of Purchasing and Contract Administration reports to the CEO in matters related to their duties as DBE liaison
 Chief of Staff - primary EEO Officer for VRE
 Deputy CEO/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

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 Financial Statements

We have audited the accompanying financial statements of the Virginia Railway Express (VRE), a joint venture of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the VRE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the VRE's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VRE's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of VRE, as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 9-18 and 60-65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise VRE's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of the VRE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VRE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the VRE's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 3, 2021



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, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal on pages 1-4 of this report and the financial statements, which begin on page 19.

Financial Operations and Highlights

- Operating revenues decreased by 79.8 percent compared to the prior year, from \$34,969,771 to \$7,417,274. Ridership decreased 89.6 percent from 3,273,884 to 341,662, reflecting the effects of the ongoing COVID-19 Novel Coronavirus pandemic throughout fiscal year 2021. Average daily ridership was 1,389 in fiscal year 2021 compared to 12,992 in fiscal year 2020. 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 4.2 percent from \$78,525,443 to \$81,823,228, as the result of increased costs of insurance, a reduction of approximately \$2.1 million in construction in progress reclassified to operating expense, regular contractual increases for operations, maintenance, and access fees and increased winter weather related costs.
- Non-operating revenue increased by 37.5 percent from \$71,011,568 to \$97,671,776 primarily as the result of operating support related to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Capital grants and assistance increased by 60.3 percent from \$7,564,734 to \$12,123,680 as a result of increased capital project spending. VRE continues to have many capital projects in various stages of development, some of which have recently transitioned into major construction.
- The operating loss before depreciation and amortization was \$74,405,954, an increase from the previous year of 70.8 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 \$12,366,768 from \$408,815,454 to \$421,182,222, or 3.0 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 CARES Act due to COVID-19. At the end of the fiscal year, unrestricted net position was \$131,465,757, an increase of \$17,188,109.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, decreased by 2.7 percent, as the combined result of the reclassification to expense of several discontinued construction in progress projects and the recognition of annual depreciation and amortization.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Virginia Railway Express. VRE's basic financial statements also include notes that provide more detail for some of the information contained in the basic statements.

Basic Financial Statements. VRE's statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to an enterprise using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

VRE's basic financial statements are the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. Comparative data for the prior fiscal year is provided for all three statements.

The Statements of Net Position reports VRE's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is one way to measure financial position, but the reader should also consider other indicators, such as the rate of growth of operating subsidies, passenger fare levels, ridership, general economic conditions, and the age and condition of capital assets.

The Statements of Revenues, Expenses and Changes in Net Position report all the revenues earned, and expenses incurred, during the reporting periods.

The Statements of Cash Flows provide information on cash receipts and cash payments during the reporting periods.

The basic financial statements can be found on pages 19-22 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 23-59 of this report.

Financial Analysis

Statements of Net Position

As noted earlier, net position may serve over time as an indicator of financial strength, although other indicators should be considered as well. A condensed summary of VRE's Statements of Net Position at June 30, 2021, 2020, and 2019 is shown below.

Condensed Statements of Net Position

	2021	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current and other assets	\$ 155,541,220	\$ 136,952,127	\$ 123,251,966
Capital assets, net	326,005,769	335,019,850	341,997,029
Total assets	481,546,989	471,971,977	465,248,995
Deferred outflows of resources	1,718,418	1,181,041	840,915
Total assets and deferred outflows of resources	483,265,407	473,153,018	466,089,910
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current portion of long-term debt	4,104,230	3,906,946	3,730,497
Other current liabilities	8,215,879	7,126,123	10,778,148
Noncurrent liabilities	49,715,447	53,129,940	57,164,548
Total liabilities	62,035,556	64,163,009	71,673,193
Deferred inflows of resources	47,629	174,555	214,069
Total liabilities and deferred inflows of resources	62,083,185	64,337,564	71,887,262
NET POSITION:			
Net investment in capital assets	274,934,995	279,674,828	282,554,207
Restricted	14,781,470	14,862,978	13,677,765
Unrestricted	131,465,757	114,277,648	97,970,676
Total net position, as restated	\$ 421,182,222	\$ 408,815,454	\$ 394,202,648

Current 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.

Prior Year

Net position increased by approximately \$14.6 million, or 3.7 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements and the Commuter Rail Operating and Capital (C-ROC) Fund.

The largest portion of VRE's net position, \$279.7 million or 68.4 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

Restricted net position increased approximately \$1.2 million or 8.7 percent, primarily related to the repayment of \$1.37 million of credit risk premium related to the extinguished FRA loan. The majority of VRE's restricted net position, \$10.3 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, decreased approximately \$7.0 million or 2.0 percent as the result of low capital expenditures during the fiscal year, the write-off to expense of two discontinued CIP projects and the recognition of annual depreciation and amortization.

Current liabilities decreased approximately \$3.5 million or 24.0 percent as the result of decreases in Accounts Payable, Accrued Expenses and Payables to Commissions.

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

Statements of Revenues, Expenses and Changes in Net Position

The following financial information was derived from the Statements of Revenues, Expenses and Changes in Net Position and reflects how VRE's net position changed during the current and two prior fiscal years.

	2021	2020	2019
Operating revenues:			
Passenger revenue	\$ 7,251,796	\$ 34,701,955	\$ 41,990,599
Equipment rentals and other	165,478	267,816	314,236
Total operating revenues	7,417,274	34,969,771	42,304,835
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	14,110,733	18,712,734	17,447,509
Federal – with PRTC as grantee	21,741,238	15,271,669	15,229,460
Federal – CARES Act	28,305,131	2,688,095	-
Jurisdictional contributions	18,300,780	17,767,748	17,767,748
Commuter Rail Operating and Capital Fund	15,000,000	15,000,000	15,000,000
Regional transportation funding (NVTA)	-	-	194,506
Interest income	213,894	1,571,322	1,761,983
Total nonoperating revenues, net	97,671,776	71,011,568	67,401,206
Total revenues	105,089,050	105,981,339	109,706,041
Operating expenses:			
Contract operations and maintenance	28,125,410	28,076,445	26,946,284
Other operations and maintenance	15,603,856	15,446,821	16,579,038
Property leases and access fees	17,354,979	17,425,916	16,698,897
Insurance	7,100,216	4,370,863	3,945,668
Marketing and sales	979,335	2,189,698	2,574,583
General and administrative	12,659,432	11,015,700	10,937,062
Total operating expenses	81,823,228	78,525,443	77,681,532
Other expenses:			
Depreciation and amortization	21,118,165	19,690,320	18,542,805
Interest, financing costs and other	1,904,569	2,089,883	2,188,383
Total other expenses	23,022,734	21,780,203	20,731,188
Total expenses	104,845,962	100,305,646	98,412,720
Surplus before capital contributions and extraordinary item	243,088	5,675,693	11,293,321
Capital grants and assistance:			
Commonwealth of Virginia grants	2,339,034	2,110,561	1,417,527
Federal grants – with PRTC as grantee	8,738,493	3,696,057	3,541,398
Regional transportation funding (NVTA)	528,067	1,758,116	2,304,206
In-kind and other local contributions	518,086	-	-
Total capital grants and assistance	12,123,680	7,564,734	7,263,131
Extraordinary or Special Item	-	1,372,379	-
Change in net position	12,366,768	14,612,806	18,556,452
Net position - beginning of year	408,815,454	394,202,648	375,646,196
Net position - end of year	\$ 421,182,222	\$ 408,815,454	\$ 394,202,648

Revenues

Current Year

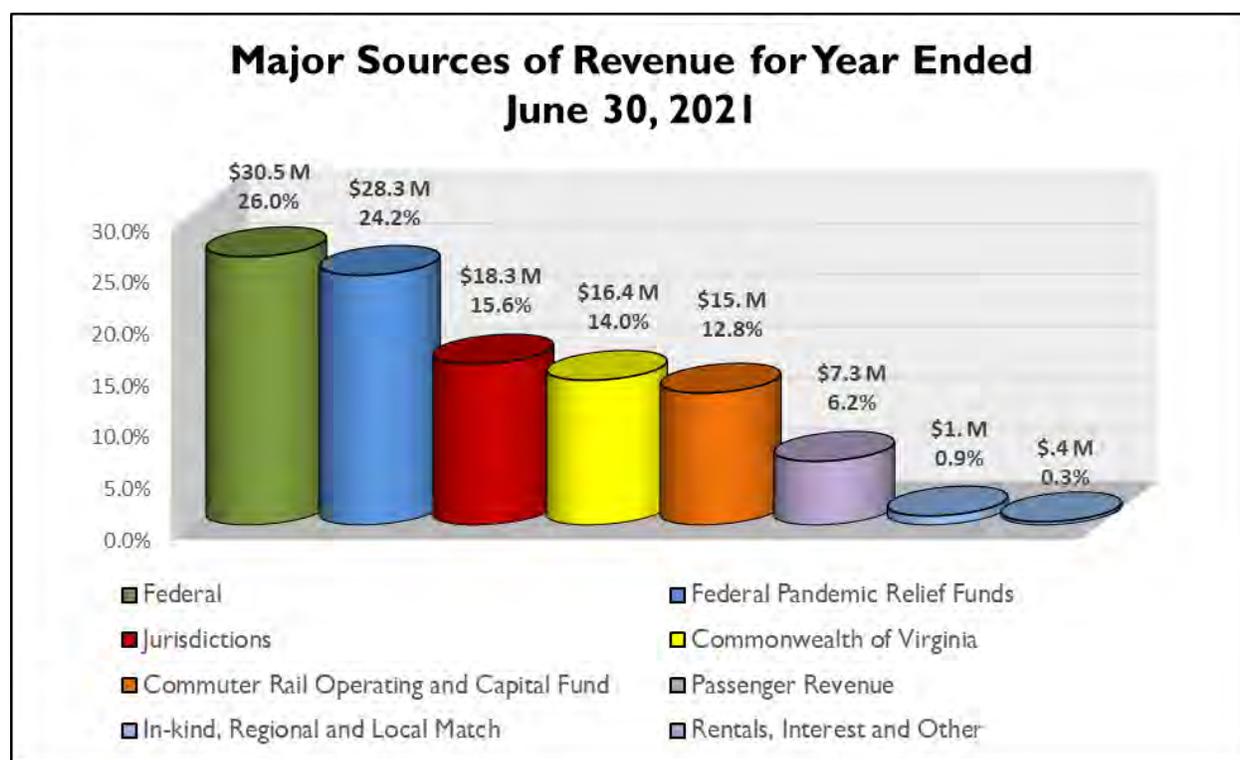
Total revenues for the current fiscal year decreased approximately \$892,000 or 0.8 percent. Operating revenues totaled approximately \$7.4 million, a decrease of 78.8 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$533,000. 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 due 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.

	June 30,		
	2021	2020	2019
Ridership	341,662	3,273,884	4,477,266
% Increase (Decrease)	(89.56%)	(26.90%)	(4.90%)

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.

The following chart shows the major sources of revenue for the year ended June 30, 2021:



Prior Year

Total revenues for the current fiscal year decreased approximately \$3.7 million or 3.4 percent. Operating revenues totaled approximately \$35.0 million, a decrease of 17.3 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs were unchanged from fiscal year 2019. State, federal and regional subsidies increased by \$3.8 million, primarily as the result of additional aid from the Commonwealth of Virginia and an accrual of CARES Act funding, both related to the COVID-19 pandemic. Fiscal year 2020 is the second year of the Commuter Rail Operating and Capital (C-ROC) Fund, with \$15.0 million due to VRE each year.

Passenger revenue decreased approximately \$7.3 million or 17.4 percent, reflecting the effects of the COVID-19 pandemic in fourth quarter of fiscal year 2020. Total ridership decreased by 26.9 percent as the result of the same factor. Average daily ridership was 12,992 in fiscal year 2020 compared to 18,053 in fiscal year 2019.

Capital grants and assistance increased approximately \$0.3 million or 4.15 percent; this increase is attributed to increases in capital project spending in fiscal year 2020. VRE continues to be in a period with many current projects in early stages of development and not yet having initiated major construction.

Expenses

Current 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.

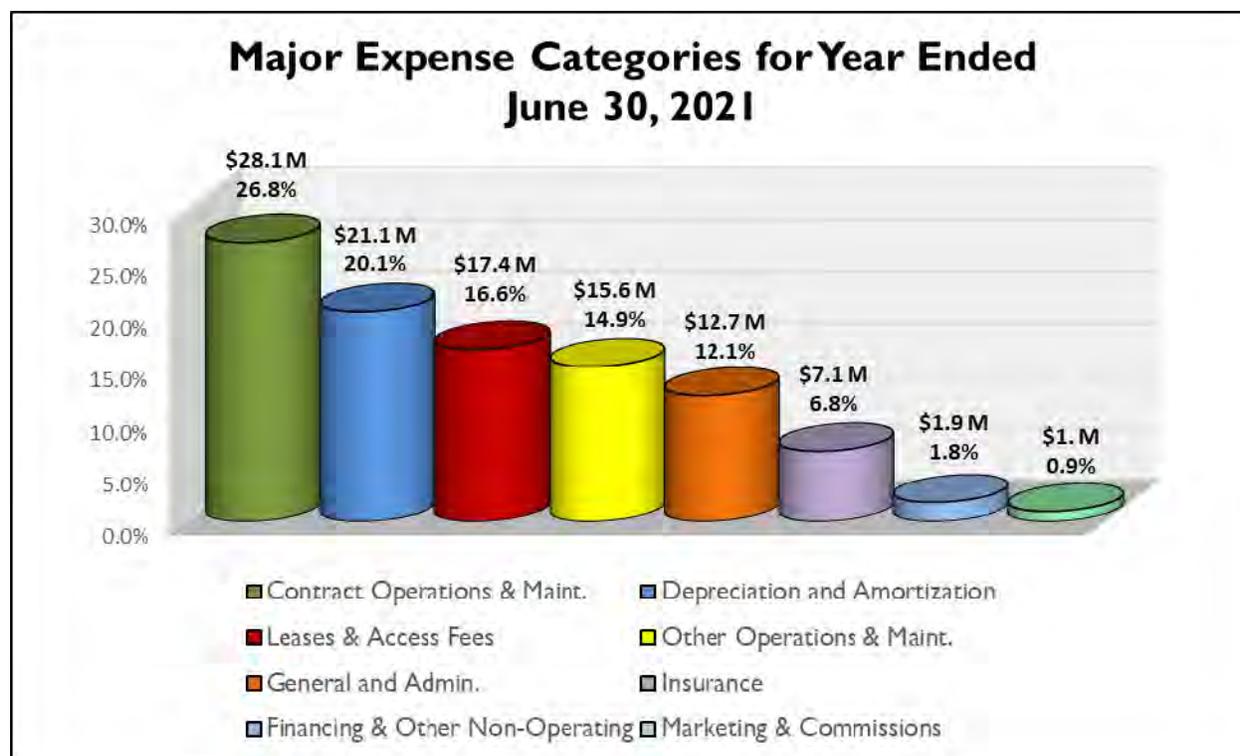
Insurance costs increased by \$2.7 million or 62.4 percent due to changes in the global insurance market for commuter railroads. General and administrative costs increased by \$1.6 million or 14.9 percent, primarily due to the write off to expense of four discontinued CIP projects offset by expense decreases 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.

The following chart shows the major expense categories for the year ended June 30, 2021:



Prior Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$1.9 million or 1.9 percent. Operating expenses increased by approximately \$0.8 million or 1.1 percent. Total operating expenses were approximately \$78.5 million compared to \$77.7 million for the prior fiscal year.

Contract operations and maintenance increased by approximately \$1.1 million or 4.2 percent, reflecting annual contractual increases, increased incentives earned, and additional COVID-19 related task order work, offset by reduced Amtrak Step-Up ticket costs. Insurance costs increased by \$0.4 million or 10.8 percent due to changes in the global insurance market for commuter railroads. Property lease and access fee costs increased by \$0.7 million or 4.4 percent due to annual contractual increases.

Other operations and maintenance costs decreased by \$1.1 million or 6.8 percent due primarily to a decrease in diesel fuel costs and various other operating costs due to reductions of service during the COVID-19 pandemic. General and administrative costs remained effectively flat, increasing by less than \$0.1 million or 0.7 percent, primarily due to decreased consulting and professional services costs offset by the write off to expense of two discontinued CIP projects.

Depreciation and amortization increased by approximately \$1.1 million or 6.2 percent and net interest and financing costs decreased by approximately \$0.1 million or 4.5 percent.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2021 totals approximately \$326 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.

	2021	2020	2019
Rolling stock	\$ 285,279,918	\$ 285,279,918	\$ 285,279,918
Vehicles	145,560	145,560	145,560
Facilities	112,809,451	112,809,451	109,851,787
Track and signal improvements	100,108,269	99,528,959	83,434,528
Equipment and software	13,031,118	12,126,666	12,126,666
Construction in progress	33,184,419	24,003,731	30,741,671
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	6,258,646	6,389,452	6,053,916
	556,604,668	546,071,024	533,421,333
Less accumulated depreciation and amortization	(230,598,899)	(211,051,174)	(191,424,304)
Total capital assets, net	\$ 326,005,769	\$ 335,019,850	\$ 341,997,029

Current 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 approximately \$69,000 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 is in the process of acquiring 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).

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

Prior Year

During fiscal year 2020, capital assets decreased approximately \$7.0 million or 2.0 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$19.4 million were transferred from construction in progress to their respective capital accounts and an additional \$14,986 was charged directly to the capital accounts. No capital assets were sold in fiscal year 2020. Two older construction in progress projects related to Broad Run station and yard, both in the preliminary design phase, were determined to be redundant due to newer development plans for this location, and were written off to expense, totaling \$0.7 million.

The major completed projects during the fiscal year were Positive Train Control (\$13.5 million), the Slaters Lane Track Crossover Improvements (\$2.6 million), the Crossroads Maintenance Storage Facility Land Acquisition (\$2.5 million), Lighting Upgrades at various stations (\$0.4 million) and SharePoint Development and Implementation (\$0.4 million).

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

The major additions to construction in progress during the fiscal year were costs related to the Crossroads Maintenance Storage Facility Land Acquisition (\$2.4 million), completion of Positive Train Control (\$1.9 million), the Scheidt & Bachmann Fare Collection System EMV Compliance Upgrade (\$1.2 million), development of the Passenger Counter System (\$1.2 million), completion of the Slaters Lane Track Crossover Improvements (\$1.1 million), ongoing development of the Midday Storage Yard project (\$0.7 million), Alexandria Station Improvements (\$0.6 million), and the Crossroads Lifecycle and Overhaul and Upgrade Facility (\$0.5 million).

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

Debt Administration

At June 30, 2021, VRE had total debt outstanding of \$46,754,969.

The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) are co-lessees of the capital lease for rolling stock, which is secured by the related equipment.

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

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

	2021	2020	2019
Bond payable	\$ 39,770,000	\$ 42,120,000	\$ 44,360,000
Capital leases	6,984,969	8,541,915	10,032,413
Total	\$ 46,754,969	\$ 50,661,915	\$ 54,392,413

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 ongoing 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 2022 decreased by \$13,544,122 or 74.0 percent to \$4,756,658. 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 2022. Additional sources of funding will be available in fiscal year 2022 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

Requests for Information

This financial report is designed to provide a general overview of VRE’s finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Virginia Railway Express, 1500 King Street, Suite 202, Alexandria, Virginia 22314-2730 or by e-mail to mschofield@vre.org.

Basic Financial Statements

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET POSITION

June 30, 2021 and 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 113,216,934	\$ 97,142,781
Accounts receivable:		
Federal Due from PRTC	11,002,685	9,006,275
Federal CARES Act	5,403,201	2,688,095
Commonwealth of Virginia grants	4,016,137	5,415,225
Commonwealth Rail Operating and Capital (C-ROC) Fund	2,500,000	3,750,000
Trade receivables, net of allowance for doubtful accounts	287,189	594,027
Other receivables	865,011	602,064
Inventory	2,883,469	2,751,678
Prepaid expenses and other	585,125	139,004
Restricted cash, cash equivalents and investments	14,781,469	14,862,978
Total current assets	155,541,220	136,952,127
Noncurrent Assets:		
Capital assets:		
Rolling stock	285,279,918	285,279,918
Vehicles	145,560	145,560
Facilities	112,809,451	112,809,451
Track and signal improvements	100,108,269	99,528,959
Equipment and software	13,031,118	12,126,666
Construction in progress	33,184,419	24,003,731
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	6,258,646	6,389,452
	556,604,668	546,071,024
Less accumulated depreciation and amortization	(230,598,899)	(211,051,174)
Total capital assets, net	326,005,769	335,019,850
Total noncurrent assets	326,005,769	335,019,850
Total assets	481,546,989	471,971,977
Deferred Outflows of Resources:		
Loss on refunding	362,566	393,423
Pension plan	1,250,435	680,256
Other postemployment benefits	105,417	107,362
Total deferred outflows of resources	1,718,418	1,181,041
Total assets and deferred outflows of resources	\$ 483,265,407	\$ 473,153,018

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET POSITION (Continued) June 30, 2021 and 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2021	2020
Current Liabilities:		
Accounts payable	\$ 3,460,577	\$ 2,229,822
Payable to commissions	2,107,906	1,383,673
Compensated absences	110,631	107,523
Accrued expenses	843,834	1,005,217
Accrued interest	523,251	565,271
Unearned revenue	805,079	1,818,911
Contract retainage	364,601	15,706
Current portion of bonds payable	2,475,000	2,350,000
Current portion of capital lease obligations	1,629,230	1,556,946
Total current liabilities	12,320,109	11,033,069
Noncurrent Liabilities:		
Pension liability	1,228,984	212,336
Other postemployment benefits	436,013	457,084
Bonds payable	41,973,371	44,846,530
Capital lease obligations	5,355,739	6,984,969
Compensated absences	721,340	629,021
Total noncurrent liabilities	49,715,447	53,129,940
Total liabilities	62,035,556	64,163,009
Deferred Inflows of Resources:		
Pension plan	11,412	141,890
Other postemployment benefits	36,217	32,665
Total deferred inflows of resources	47,629	174,555
Net Position:		
Net investment in capital assets	274,934,995	279,674,828
Restricted for liability insurance plan	10,252,938	10,320,199
Restricted for debt service	1,998,519	2,016,642
Restricted grants or contributions	2,530,013	2,526,137
Unrestricted assets	131,465,757	114,277,648
Total net position	421,182,222	408,815,454
Total liabilities, deferred inflows of resources and net position	\$ 483,265,407	\$ 473,153,018

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues:		
Passenger revenue	\$ 7,251,796	\$ 34,701,955
Equipment rentals and other	165,478	267,816
Total operating revenues	7,417,274	34,969,771
Operating Expenses:		
Contract operations and maintenance	28,125,410	28,076,445
Other operations and maintenance	15,603,856	15,446,821
Property leases and access fees	17,354,979	17,425,916
Insurance	7,100,216	4,370,863
Marketing and sales	979,335	2,189,698
General and administrative	12,659,432	11,015,700
Total operating expenses	81,823,228	78,525,443
Operating loss before depreciation and amortization	(74,405,954)	(43,555,672)
Depreciation and Amortization	(21,118,165)	(19,690,320)
Operating loss	(95,524,119)	(63,245,992)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	14,110,733	18,712,734
Federal grants – with PRTC as grantee	21,741,238	15,271,669
Federal CARES Act	28,305,131	2,688,095
Jurisdictional contributions	18,300,780	17,767,748
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	15,000,000
Interest income:		
Operating funds	89,187	1,009,626
Insurance trust	67,921	218,621
Commonwealth Rail Operating and Capital (C-ROC) Fund	50,085	294,176
Other restricted funds	6,701	48,899
Interest, amortization and other nonoperating expenses, net	(1,904,569)	(2,089,883)
Total nonoperating revenues, net	95,767,207	68,921,685
Capital Grants and Assistance:		
Commonwealth of Virginia grants	2,339,034	2,110,561
Federal grants – with PRTC as grantee	8,738,493	3,696,057
Regional transportation funding (NVTA)	528,067	1,758,116
Local contributions	518,086	-
Total capital grants and assistance	12,123,680	7,564,734
Extraordinary or Special Items	-	1,372,379
Change in net position	12,366,768	14,612,806
Net Position, beginning of year	408,815,454	394,202,648
Net Position, ending	\$ 421,182,222	\$ 408,815,454

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Receipts from customers	\$ 6,656,559	\$ 37,686,271
Payments to suppliers	(72,895,656)	(71,274,746)
Payments to employees	(6,621,920)	(8,297,670)
Net cash used in operating activities	(72,861,017)	(41,886,145)
Cash Flows from Noncapital Financing Activities:		
Governmental subsidies	82,375,026	59,460,186
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(12,449,305)	(14,912,680)
Capital grants and assistance	24,934,882	23,669,068
Principal paid on capital lease obligations	(1,556,946)	(1,490,498)
Principal paid on bonds	(2,350,000)	(2,240,000)
Interest paid on capital lease obligation	(347,694)	(443,518)
Interest paid on bonds and notes	(1,966,196)	(2,050,400)
Extraordinary or special events	-	1,372,379
Net cash provided by capital and related financing activities	6,264,741	3,904,351
Cash Flows from Investing Activities:		
Interest received on investments	213,894	1,571,322
Increase in cash and cash equivalents	15,992,644	23,049,714
Cash and Cash Equivalents, beginning	112,005,759	88,956,045
Cash and Cash Equivalents, ending	\$ 127,998,403	\$ 112,005,759
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (95,524,119)	\$ (63,245,992)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	21,118,165	19,690,320
Write-off of construction in progress to expense	2,129,654	677,504
(Increase) decrease in:		
Accounts receivable	306,838	2,541,981
Other receivables	(53,721)	232,620
Inventory	(131,791)	95,160
Prepaid expenses and other	(446,121)	35,011
Deferred outflows of resources – pension	(570,179)	(339,271)
Deferred outflows of resources – other postemployment benefits	1,945	(31,712)
Deferred inflows of resources - pension	(130,478)	(32,587)
Deferred inflows of resources - other postemployment benefits	3,552	(6,927)
Pension liability	1,016,648	532,845
Other postemployment benefits	(21,071)	25,230
Increase (decrease) in:		
Accounts payable and accrued expenses	453,493	(2,002,227)
Unearned revenue	(1,013,832)	(58,100)
Net cash used in operating activities	\$ (72,861,017)	\$ (41,886,145)
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 2,053,853	\$ 886,430
Capital assets acquired through accrued liabilities	552,686	284,571

See Notes to Financial Statements.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Virginia Railway Express (VRE) is accounted for as a joint venture of the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC). Pursuant to a Master Agreement signed in 1989, NVTC and PRTC (the Commissions) jointly own and operate VRE. VRE provides commuter rail service on two railroad lines, one originating in Fredericksburg and one originating in Manassas, Virginia, and both terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation (CSX), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station and other services.

Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. In order to present a full and accurate picture of VRE operations and in accordance with the Master Agreement and related Appendices that established VRE, all financial transactions related to the commuter rail program are combined in this report. In addition, an allocation of the VRE assets, liabilities and operations are reflected in the financial reports of the Commissions based on asset ownership, named entity on debt instruments, and sources of funding.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenue alone to produce positive operating income. In addition to fares, the system is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan (refinanced in fiscal year 2018 to a bond), lease financing, Federal (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) grants, NVTA regional grants, and jurisdictional contributions apportioned through a formula based on ridership, supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania and Stafford; and the cities of Manassas, Manassas Park and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the former 90 percent system ridership and 10 percent population formula. The amendment to the subsidy formula was phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting

VRE prepares its financial statements using the accrual basis of accounting. The activities of VRE are similar to those of proprietary funds of local jurisdictions. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Revenues and expenses: VRE distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from providing services in connection with VRE’s principal ongoing operation. The principal operating revenues of VRE are fares paid by customers which result in passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for services in advance is deferred until earned.

Operating revenues and expenses also include all revenues and expenses not associated with capital and related financing, noncapital financing, subsidies, or investing activities.

Revenue recognition: Intergovernmental revenues, consisting primarily of Federal (with PRTC as grantee) and Commonwealth of Virginia (with NVTC as grantee) grants, designated for payment of specific expenses, are recognized at the time the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and other contributions are included in the Statements of Revenues, Expenses and Changes in Net Position when expended. Any excess of grant revenues or expenses at year end are recorded as unearned revenue or accounts receivable, respectively.

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

Restricted cash and cash equivalents: Restricted cash, cash equivalents and investments of \$14,781,469 and \$14,862,978 at June 30, 2021 and 2020, respectively, are comprised of funds related to the balance in the Liability Insurance Plan, a small liability claims account, a debt service reserve fund for the VRA Bond, funds from the refund of the credit risk premium related to the retired RRIF loan and funds related to a property transfer with restricted future uses.

Allowance for uncollectible accounts: VRE calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance was \$36,000 and \$173,000 at June 30, 2021 and 2020, respectively.

Inventory: VRE has purchased an inventory of spare parts for rolling stock that is maintained and managed at the Commission’s warehouse located at the Crossroads yard and warehouse facility. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

Capital assets: For constructed assets, all costs necessary to bring assets to the condition and location necessary for the intended use are capitalized. Asset costs include allocation of certain common construction costs based on the relationship of associated direct costs. Assets constructed directly by jurisdictions in satisfaction of system financial responsibilities have been capitalized at the acquisition value as of the date of donation.

When assets are substantially complete and ready for use, these costs are transferred from construction in progress to property and equipment and depreciated or amortized. Major improvements and replacements of property are capitalized. Maintenance, repairs and minor improvements and replacements are expensed.

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such that net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investment in jurisdictional facilities (“equity in property of others”) recognizes the right of access for commuter rail patrons granted to the Commissions. This category also represents investment in Amtrak infrastructure and facilities that provides primary benefit to the commuter rail service and for which VRE has an expectation of continued use.

VRE capitalizes assets that have an initial cost of \$5,000 or more per unit and a useable life of two or more years, with the exception of software purchases, which are only capitalized if the initial cost is \$15,000 or more.

Interest is capitalized on qualifying construction in progress projects until the projects have reached the point of substantial completion. For those projects financed with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the borrowing to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

Depreciation and amortization of all exhaustible equipment, buildings and intangibles is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	5-30 years
Equipment and software	3-5 years
Equity in property of others	3-35 years
Furniture, equipment and software	3-10 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2021 and 2020.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

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

Deferred outflows/inflows of resources: In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. VRE has 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 5 and 6 for details regarding these items.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. VRE has several items that qualify for reporting in this category. See Notes 5 and 6 for details regarding these items.

Pensions: The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the VRE's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) VRE's Retirement Plan and the additions to/deductions from the VRS VRE's Retirement Plan 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.

Net position flow assumption: Sometimes the VRE will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Group life insurance program (GLI): The VRS GLI is a multiple employer, cost-sharing OPEB plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

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

Subsequent events: VRE has evaluated subsequent events through November 3, 2021, which was the date the financial statements were available to be issued.

Note 2. Cash, Cash Equivalents and Investments

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

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

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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

Credit risk: The investment policy specifies credit quality for certain types of investments, as described below, in accordance with the *Code of Virginia*, and the policy specifies the qualifications for institutions providing depository and investment services. In addition, the Chief Financial Officer must conduct a quarterly review of the condition of each authorized financial institution and broker/dealer.

Investment	Credit Quality
Savings account or CD's of any bank or savings and loan association within the Commonwealth of Virginia	Bank or savings and loan association must be a "qualified public depository"
Bankers' acceptances	Institution must be "prime quality" as determined by one or more recognized rating services
Commercial paper	Must be "prime quality" as rated by two of the following: Moody's (prime 1); S&P (A-1); Fitch (F-1); Duff and Phelps (D-1)
Corporate notes	Must be "high quality" as defined by ratings of at least AA by S&P and Aa by Moody's
Negotiable certificates of deposit and negotiable bank deposit notes	Must have ratings of at least A-1 by S&P and P-1 by Moody's for short term instruments and AA by S&P and Aa by Moody's for long-term instruments

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, VRE may not recover its deposits. All cash of VRE is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. With the ability to make additional assessments, the multiple bank collateral pool functions similarly to depository insurance. The Commonwealth of Virginia Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. At June 30, 2021 and 2020, the book balance of VRE's deposits with banks was \$13,884,441 and \$6,813,744, 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, 2021 and 2020, VRE had investments of \$101,919,252 and \$92,911,834, respectively, in the LGIP. The LGIP is a professionally managed money market fund that invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at the Treasury Board's regularly scheduled monthly meetings. VRE's investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2021 and 2020, VRE had \$10,196,192 and \$10,263,540, respectively, invested in the Insurance Trust. In fiscal years 2021 and 2020, earnings on the Insurance Trust in the amount of \$67,921 and \$218,621, respectively, were credited to VRE. The Insurance Trust Fund has not been assigned a rating.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, VRE transferred \$2 million into the DSRF from its existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment by VRE of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79. At June 30, 2021 and 2020, VRE had \$1,998,519 and \$2,016,642, respectively, invested in the VRA Debt Service Reserve Fund.

As of June 30, 2021 and 2020, the carrying values and maturity of VRE's investments were as follows:

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
VRS debt service reserve fund	1,998,519	1,998,519
Total investments	\$ 114,113,963	\$ 114,113,963

Investment Type	2020	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 92,911,834	\$ 92,911,834
Insurance trust fund - pooled funds	10,263,540	10,263,540
VRS debt service reserve fund	2,016,642	2,016,642
Total investments	\$ 105,192,016	\$ 105,192,016

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

VRE has the following investment subject to fair value measurements:

- U.S. Treasury securities of \$1,998,519 as of June 30, 2021, 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, 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

Note: The chart above reflects the completion of the Fare Collection EMV Compliance Upgrade project at a value of \$2.1 million, completion of the Crossroads to Hamilton Third Track Slope Stabilization project at \$0.6 million, and implementation of the new Mobile Ticketing System at a value of \$0.2 million. The chart also reflects the direct purchase of approximately \$69,000 in heavy duty utility carts.

The chart also represents the retirement of the original Mobile Ticketing System at a fully depreciated value of \$1.4 million as well as the retirement of various fully depreciated software and IT equipment assets at a collective value of \$0.1 million.

Finally, the chart also reflects a reduction of approximately \$2.1 million in construction in progress 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 is in the process of acquiring 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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 30,741,671	\$ 13,375,659	\$ (677,504)	\$ (19,436,095)	\$ 24,003,731
Capital assets being depreciated or amortized:					
Rolling stock	285,279,918	-	-	-	285,279,918
Vehicles	145,560	-	-	-	145,560
Facilities	109,851,787	-	-	2,957,664	112,809,451
Track and signal improvements	83,434,528	-	-	16,094,431	99,528,959
Equipment and software	12,126,666	-	-	-	12,126,666
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	6,053,916	14,986	(63,450)	384,000	6,389,452
Total capital assets being depreciated or amortized	502,679,662	14,986	(63,450)	19,436,095	522,067,293
Less accumulated depreciation or amortization for:					
Rolling stock	93,536,207	11,600,882	-	-	105,137,089
Vehicles	73,350	26,259	-	-	99,609
Facilities	44,770,009	3,329,747	-	-	48,099,756
Track and signal improvements	32,194,268	4,186,538	-	-	36,380,806
Equipment and software	11,917,784	202,883	-	-	12,120,667
Equity in property of others	3,968,506	164,593	-	-	4,133,099
Furniture, equipment and software	4,964,180	179,418	(63,450)	-	5,080,148
Total accumulated depreciation or amortization	191,424,304	19,690,320	(63,450)	-	211,051,174
Total capital assets being depreciated or amortized, net	311,255,358	(19,675,334)	-	19,436,095	311,016,119
Total capital assets	\$ 341,997,029	\$ (6,299,675)	\$ (677,504)	\$ -	\$ 335,019,850

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2021:

	Beginning Balance	Increases	Deletions	Ending Balance	Due Within One Year
Capital leases	\$ 8,541,915	\$ -	\$ (1,556,946)	\$ 6,984,969	\$ 1,629,230
Bond payable	42,120,000	-	(2,350,000)	39,770,000	2,475,000
Unamortized premium	5,076,530	-	(398,159)	4,678,371	-
	55,738,445	-	(4,305,105)	51,433,340	4,104,230
Compensated absences	736,544	421,285	(325,858)	831,971	110,631
	<u>\$ 56,474,989</u>	<u>\$ 421,285</u>	<u>\$ (4,630,963)</u>	<u>\$ 52,265,311</u>	<u>\$ 4,214,861</u>

Federal arbitrage regulations apply to the Gallery IV capitalized lease.

Capitalized Lease – Gallery IV (11 cars)

\$25,100,000 capitalized lease obligation; \$965,679 due semi-annually, including interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$11,820,777.

\$ 6,984,969

Future minimum lease payments as of June 30, 2021 are as follows:

Year Ending June 30,	Amount
2022	\$ 1,931,357
2023	1,931,357
2024	1,931,357
2025	1,931,357
Total minimum lease payments	<u>7,725,428</u>
Less amount representing interest	<u>740,459</u>
Present value of lease payments	<u><u>\$ 6,984,969</u></u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Debt Obligations (Continued)

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

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

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

VRA Bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$56,158,470 at June 30, 2021. \$ 39,770,000

Mandatory debt service on Bond payable requirements as of June 30, 2021 are as follows:

Years Ending June 30,	Principal	Interest	Total Required
2022	\$ 2,475,000	\$ 1,815,841	\$ 4,290,841
2023	2,605,000	1,685,666	4,290,666
2024	2,745,000	1,548,572	4,293,572
2025	2,885,000	1,404,303	4,289,303
2026	3,040,000	1,252,475	4,292,475
2027-2031	17,745,000	3,713,197	21,458,197
2032-2033	8,275,000	305,109	8,580,109
Subtotal	39,770,000	11,725,163	51,495,163
Unamortized premium	4,678,371	-	4,678,371
Total	\$ 44,448,371	\$ 11,725,163	\$ 56,173,534

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members 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>Eligible Members 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>Eligible Members 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">• Political subdivision employees.*• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><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.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier <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%.</p>	<p>Service Retirement Multiplier <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.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component:</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>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.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><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.</p> <p>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.</p> <p><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:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued) <u>Exceptions to COLA Effective Dates (continued):</u></p> <ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage 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.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage 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.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component:</i> Not applicable.</p>

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:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>32</u>
Inactive members:	
Vested	25
Non-vested	24
Active elsewhere in VRS	<u>8</u>
Total inactive members	<u>57</u>
Active members	<u>91</u>
Total covered employees	<u><u>180</u></u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

C. Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. VRE elected to not phase in the increase, but rather provided a 5.00% salary increase to all employees on July 1, 2012.

VRE's contractually required contribution rate for the year ended June 30, 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, 2020.

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 \$245,700 and \$187,561 for the years ended June 30, 2021 and 2020, respectively.

D. Net Pension Asset/Liability

VRE's net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability 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, 2019 rolled forward to the measurement date of June 30, 2020.

E. Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates

Mortality Rates:	14% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90
- Post-disablement:	RP-2014 Disabled Life Mortality Table Projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

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 5. 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

H. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Balances at June 30, 2019	\$ 20,186,468	\$ 19,819,684	\$ 366,784
Changes for the Year:			
Service cost	766,964	-	766,964
Interest	1,339,757	-	1,339,757
Changes of assumptions	-	-	-
Difference between expected and actual experience	743,287	-	743,287
Contributions – employer	-	323,989	(323,989)
Contributions – employee	-	419,869	(419,869)
Net investment income	-	378,372	(378,372)
Benefit payments, including refunds of employee contributions	(676,419)	(676,419)	-
Administrative expense	-	(12,621)	12,621
Other changes	-	(457)	457
Net changes	2,173,589	432,733	1,740,856
Balances at June 30, 2020	\$ 22,360,057	\$ 20,252,417	\$ 2,107,640

The information above is derived from the actuarial valuation report for the Potomac and Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE. VRE has recorded a net pension liability of \$1,228,984 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 58.31 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 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:

	Current		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
VRE's net pension liability (asset)	\$ 5,038,705	\$ 2,107,640	\$ (312,053)

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Pension Plan (Continued)

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

For the year ended June 30, 2021, VRE recognized pension expense of \$315,991. 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	\$ 449,108	\$ -
Change in assumptions	198,066	(11,412)
Net difference between projected and actual earnings on pension plan investments	357,561	-
Employer contributions subsequent to the measurement date	245,700	-
Total	\$ 1,250,435	\$ (11,412)

The \$245,700 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, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 254,907
2023	349,519
2024	265,188
2025	123,709
	<u>\$ 993,323</u>

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

The VRS Group Life Insurance Program (GLI) is another postemployment benefits (OPEB) plan. All full-time, salaried permanent employees of VRE are automatically covered by the GLI upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i> The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><i>Benefit Amounts</i> The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i> The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i> 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 \$8,616 as of June 30, 2021.</p>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from VRE were \$28,691 and \$28,334 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, VRE reported a liability of \$436,013 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was \$28,634 or 0.04360% as compared to \$28,120 or 0.04626% at June 30, 2019.

For the year ended June 30, 2021, VRE recognized GLI OPEB expense of \$13,474. 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, 2021, 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	\$ 27,966	\$ (3,917)
Net difference between projected and actual earnings on GLI OPEB program investments	13,098	-
Change in assumptions	21,805	(9,104)
Changes in proportionate share	13,857	(23,196)
Employer contributions subsequent to the measurement date	28,691	-
Total	<u>\$ 105,417</u>	<u>\$ (36,217)</u>

The information above is derived from the actuarial valuation report for the Potomac and Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE. VRE has recorded a net GLI OPEB liability of \$436,013 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2019. VRE's percentage of total contributions to the plan was 60.7 percent. This percentage was used to allocate a portion of the net GLI OPEB liability to VRE.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$28,691 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, 2022. 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
2022	\$ 8,129
2023	11,828
2024	12,094
2025	9,700
2026	(594)
Thereafter	(648)
Total	<u><u>\$ 40,509</u></u>

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the liabilities.

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change

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, 2020, NOL amounts for the GLI are as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$3,523,938,338
Plan fiduciary net position	<u>1,855,102,041</u>
GLI net OPEB liability	<u>\$1,668,836,297</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 52.64%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.39%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
		* Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Group Life Insurance Program (Continued)

H. Sensitivity of VRE's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents VRE's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what VRE's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
VRE	\$ 573,137	\$ 436,013	\$ 324,606

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 7. Operating Leases and Agreements

Operating Access Agreements with CSX Transportation and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing track access for commuter rail service. For the years ended June 30, 2021 and 2020, annual track usage fees totaled approximately \$10,830,000 and \$10,527,000, respectively, and facility and other identified costs totaled approximately \$583,000 and \$584,000, respectively. The increase in track usage fees primarily reflects normal annual increases to the base fees.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and midday services and electrical power became effective on July 1, 2015 and ended June 30, 2020. A new agreement became effective on July 1, 2020. For the years ended June 30, 2021 and 2020, costs for track access and equipment storage totaled approximately \$6,349,000 and \$6,714,000, respectively, and midday maintenance, utility and other services totaled approximately \$3,868,000 and \$4,345,000, respectively. Cost adjustments will be made in fiscal year 2022 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access are determined in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions signed a contract with Keolis Rail Services Virginia, LLC, for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. The cost of train operations and maintenance for the years ended June 30, 2021 and 2020 totaled approximately \$24,375,000 and \$23,816,000, respectively. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2022 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Related Party Transactions

VRE reimburses the Commissions for expenses made on behalf of VRE. During 2021 and 2020, these payments included \$7,445,930 and \$7,767,519 of salary-related costs and \$19,667 and \$30,395 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 \$103,451 and \$110,696 to PRTC during 2021 and 2020, 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 \$1,886 and \$1,666 in 2021 and 2020, respectively. Amounts payable to NVTC and PRTC were \$6,918 and \$2,100,989, respectively, at June 30, 2021 and \$11,268 and \$1,372,405, respectively, at June 30, 2020.

Note 9. Liability Insurance Plan

VRE is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and VRE's own need for liability and property coverage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$123,000 at June 30, 2021 and \$139,000 at June 30, 2020.

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, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance, July 1	\$ 10,263,540	\$ 10,471,870
Contribution to reserves	6,781,555	3,900,136
Insurance premiums paid	(6,788,505)	(4,256,144)
Claims mitigation and losses incurred	(92,862)	(55,493)
Investment income	67,921	218,621
Actuarial and administrative charges	(35,457)	(15,450)
Ending balance, June 30	<u>\$ 10,196,192</u>	<u>\$ 10,263,540</u>

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 10. Contingencies and Contractual Commitments

At June 30, 2021, 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, 2021:

Stations and Parking Lots	\$ 23,954,513
Rolling Stock	86,402,535
Maintenance and Layover Yards	34,640,018
Track and Signal Improvements	85,926
Other Administrative	<u>583,283</u>
Total	<u><u>\$ 145,666,275</u></u>

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

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

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 11. Pending GASB Statements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the VRE reporting entity. The statements which might impact VRE are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the VRE's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

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

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

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

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

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

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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 11. Pending GASB Statements (Continued)

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

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

Note 12. Subsequent Events

In July 2021, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with UTCRAS, LLC of Morton, Pennsylvania, for Rehabilitation of Wheelsets and Traction Motor Assemblies in the amount of \$2,949,765, plus a 10 percent contingency of \$294,977, for a total amount not to exceed \$3,244,742. The contract will be for a base year and four option years, with the Chief Executive Officer exercising the option years at his discretion.

In July 2021, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with TranSystems Corporation of Kansas City, Missouri, for Final Design for the VRE Broad Run Expansion Project in the amount of \$8,113,484, plus a 10 percent contingency of \$811,348, for a total amount not to exceed \$8,924,832.

In July 2021, the VRE Operations Board adopted “Relocation Processes and Procedures of the Virginia Railway Express” addressing the administration of the relocation assistance program for persons impacted by the acquisition of real property for VRE use. It is anticipated that multiple businesses will be displaced in conjunction with property acquisition for the Broad Run Expansion project and will be eligible for relocation assistance payments. These processes and procedure will ensure compliance with applicable federal and state law and ensure the consistent application of those requirements to those displaced and requiring relocation.

In July 2021, the VRE Operations Board recommended that the Commissions approve amended “Financial and Debt Management Principles,” which were originally adopted in 2013. The creation of the new Commuter Rail Operating and Capital (C-ROC) Fund in 2018 and the authorization for a debt issuance backed by C-ROC revenues warrants such a policy update. The objectives for updating and amending the Principles included aligning with the authorizing elements of the C-ROC statutes; reflecting the key provisions of the March 2021 Funding Agreement with the Virginia Department of Rail and Public Transportation; identifying parameters and guidelines for debt issuance; setting thresholds for affordability, such as debt service coverage; and ultimately supporting investment grade credit ratings. The amended Principles were subsequently approved by the Commission in September 2021.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events (Continued)

In July 2021, the VRE Operations Board recommended that the Commissions approve and authorize the Chief Executive Officer to execute a Memorandum of Understanding with the Department of the Navy regarding an exchange of Commission owned property and Department owned property in the vicinity of the VRE Quantico Station in accordance with the terms of the Memorandum of Understanding

In September 2021, the VRE Operations Board authorized the Chief Executive Officer to execute a Contract Amendment for additional design services for the Lifecycle Overhaul and Upgrade Facility, with STV Incorporated of Fairfax, VA, in the amount of \$703,883, plus a 10% contingency of \$70,388, for a total contract value not to exceed \$4,379,310.

In September 2021, the VRE Operations Board authorized the Chief Executive Officer to amend the contract for Engineering and Environmental Services for VRE Crystal City Station Improvements to Vanasse Hangen Brustlin, Inc., to exercise Option A for Final Engineering Design Services in the amount of \$1,029,207, plus a 10 percent contingency of \$102,921, for a total increase of \$1,132,128. This will increase the authorization for this Task Order from \$1,368,716 to a total amount not to exceed \$2,500,844.

Note 13. Reclassification

Certain prior year amounts in the statement of cash flows have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Required Supplementary Information

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989	\$ 421,362
Contributions in relation to the CRC	460,763	478,465	419,283	413,760	354,543	323,989	421,362
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
Contributions as a percentage of covered payroll	6.34%	6.15%	4.86%	4.66%	3.91%	3.61%	4.75%

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
Total Pension Liability							
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831	\$ 796,518	\$ 747,243	\$ 766,964
Interest	763,704	850,266	942,652	1,051,830	1,132,348	1,233,409	1,339,757
Changes of assumptions	-	-	-	(243,263)	108,387	631,239	-
Differences between expected and actual experience	-	92,275	284,843	38,724	-	312,560	743,287
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)	(676,419)
Net change in total pension liability	1,263,313	1,409,867	1,550,103	1,167,210	1,566,424	2,208,235	2,173,589
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
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>
Plan Fiduciary Net Position							
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989
Contributions - employee	414,844	494,240	375,574	407,825	411,106	414,063	419,869
Net investment income	1,697,173	603,590	259,738	1,829,732	1,265,980	1,249,744	378,372
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)	(676,419)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)	(10,415)	(11,937)	(12,621)
Other	89	(131)	(107)	(1,654)	(1,150)	(791)	(457)
Net change in plan fiduciary net position	2,409,395	1,275,088	649,196	2,208,304	1,608,452	1,289,406	432,733
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
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>
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>
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%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619
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%

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, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except that change in the discount rate, which was VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

VIRGINIA RAILWAY EXPRESS

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

	Fiscal Year June 30,			
	2017	2018	2019	2020
Total Group Life Insurance OPEB Liability				
The Commission's Portion of the Net GLI OPEB Liability	0.04678%	0.04670%	0.04626%	0.04360%
The Commission's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000	\$ 709,000	\$ 752,773	\$ 727,613
The Commission's Covered Payroll	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619
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%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 25,929	\$ 34,313	\$ 34,887	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,151	\$ 47,196	\$ 46,660	\$ 47,879
Contributions in relation to the CRC	25,929	34,313	34,887	38,509	41,266	44,865	46,151	47,196	46,660	47,879
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,892,844	\$ 6,474,129	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	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, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except that change in the discount rate, which was VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	67 – 70
Other Statistical Information These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	71 – 72
Demographic and Economic Information These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	73 – 75
Debt Service Requirements These schedules provide information regarding the VRE's debt service requirements related to the 2018 Virginia Resource Authority Bonds.	76 – 77

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGE IN NET POSITION

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenues:										
Passenger revenue	\$ 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	\$ 34,721,591
Equipment rentals and other	165,478	267,816	314,236	269,168	301,621	240,052	418,569	197,915	239,381	304,184
Total operating revenues	7,417,274	34,969,771	42,304,835	42,490,170	42,582,290	37,936,965	37,118,760	37,291,391	34,972,487	35,025,775
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	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	12,711,602
Federal grants - with PRTC as grantee	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	17,181,121
CARES Act Federal Aid	28,305,131	2,688,095	-	-	-	-	-	-	-	-
Jurisdictional contributions	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	15,943,917
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000	15,000,000	15,000,000	-	-	-	-	-	-	-
Regional transportation funding (NVT A)	-	-	194,506	766,586	461,889	542,671	-	-	-	-
Capital Grants and Assistance:										
Commonwealth of Virginia grants	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	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	9,997,070
Regional transportation funding (NVT A)	528,067	1,758,116	2,304,206	615,190	651,163	-	-	-	-	-
In-kind and other local contributions	518,086	-	-	12,842	162,839	851,659	1,079,885	2,637,809	328,031	46,924
Interest income:										
Operating funds	89,187	1,009,626	1,360,241	616,228	285,495	93,677	34,337	27,860	18,573	16,813
Insurance trust	67,921	218,621	221,184	132,037	98,560	69,444	-	-	-	-
Commuter Rail Operating and Capital (C-ROC) Fund	50,085	294,176	117,075	-	-	-	-	-	-	-
Other restricted funds	6,701	48,899	63,483	797	402	197	59	196	772	1,161
Gain (loss) on sale of assets	-	-	-	(551,457)	3,500	-	(60,293)	1,500	(769,042)	(358,382)
Total nonoperating revenues	109,795,456	78,576,302	74,664,337	73,919,917	71,355,025	80,427,948	78,060,690	59,778,698	50,803,553	55,540,226
Total revenues	117,212,730	113,546,073	116,969,172	116,410,087	113,937,315	118,364,913	115,179,450	97,070,089	85,776,040	90,566,001
Operating Expenses:										
Contract operations and maintenance	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	21,093,606
Other operations and maintenance	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	14,594,826
Property leases and access fees	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	13,123,367
Insurance	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	3,491,620
Marketing and sales	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	2,211,354
General and administrative	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	7,111,871
Depreciation and amortization	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	13,373,129
Total operating expenses	102,941,393	98,215,763	96,224,337	97,250,762	91,716,830	86,828,391	81,028,389	80,470,639	75,184,973	74,999,773
Nonoperating (Revenues) Expenses:										
Interest and amortization	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	6,524,348
Total nonoperating expenses, net	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	6,524,348
Special items	-	(1,372,379)	-	-	-	1,882,945	-	3,660,786	-	-
Total expenses	104,845,962	98,933,267	98,412,720	100,397,926	94,934,586	92,096,098	84,563,033	88,158,149	79,868,067	81,524,121
Change in net assets										
Change in net position	\$ 12,366,768	\$ 14,612,806	\$ 18,556,452	\$ 16,012,161	\$ 19,002,729	\$ 26,268,815	\$ 30,616,417	\$ 8,911,940	\$ 5,907,973	\$ 9,041,880

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	\$ 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	\$ 220,396,390
Restricted for liability insurance plan	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	10,156,492
Restricted for debt service	1,998,519	2,016,642	2,029,382	1,996,544	-	-	-	6,731,166	6,563,328	6,408,466
Restricted grants or contributions	2,530,013	2,526,137	1,120,762	1,094,246	779,223	779,223	-	-	140,270	951,342
Unrestricted assets	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	28,056,773
Total net assets									\$ 272,851,551	\$ 265,969,463
Total net position	\$ 421,182,222	\$ 408,815,454	\$ 394,202,648	\$ 375,646,196	\$ 360,055,988	\$ 341,053,259	\$ 314,784,444	\$ 284,228,119		

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue Bonds:										
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,555,000	\$ 12,775,000	\$ 18,685,000
Bonds Payable:										
\$46,640,000 Virginia Resources Authority (VRA) Bond 2018	39,770,000	42,120,000	44,360,000	46,640,000	-	-	-	-	-	-
\$5,972,388 Unamortized Premium on VRA Bond 2018	4,678,371	5,076,530	5,474,689	5,872,848	-	-	-	-	-	-
Capital Leases:										
\$25,100,000 Capitalized Lease Obligation	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	18,751,762
\$74,425 Capitalized Lease Obligation	-	-	2,628	17,559	34,287	50,048	64,331	-	-	-
Notes Payable:										
\$900,000 SunTrust Bank	-	-	-	-	-	-	-	-	-	320,000
\$63,844,842 FRA Notes	-	-	-	-	53,440,159	55,628,942	57,709,856	59,698,580	61,595,765	63,409,659
Outstanding as of June 30	\$ 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	\$ 101,166,421
Debt per Capita:										
Outstanding as of June 30	\$ 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	\$ 101,166,421
Total Participating Jurisdictional Population	N/A	N/A	2,386,893	2,358,778	2,337,754	2,317,876	2,306,060	2,291,535	2,272,215	2,238,627
Debt per Capita	N/A	N/A	\$ 25.08	\$ 27.13	\$ 28.35	\$ 30.11	\$ 31.71	\$ 36.13	\$ 40.51	\$ 45.19
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 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	\$ 101,166,421
Total Personal Income	N/A	N/A	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	135,296,802,000
Total Outstanding Debt as a Percentage of Personal Income	N/A	N/A	0.03%	0.04%	0.04%	0.04%	0.05%	0.05%	0.06%	0.07%

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

- (1) Fairfax County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 4.0, page 303
- (2) Prince William County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 277
- (3) City of Manassas fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 216
- (4) City of Manassas Park fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 13, page 187
- (5) Stafford County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table S-15; page 222
- (6) City of Fredericksburg fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 193
- (7) Spotsylvania County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table S-13, page 202
- (8) City of Alexandria fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table XI and Table XIV, page 222 and Page 224
- (9) Arlington County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table K, page 286

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fairfax County	\$ 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	\$ 4,876,961
City of Fredericksburg	367,089	321,028	436,568	417,278	483,524	439,366	581,244	427,728	339,064	420,566
City of Manassas	807,234	694,742	785,898	684,586	749,372	766,491	686,944	757,804	642,662	817,993
City of Manassas Park	468,364	405,485	511,311	474,718	511,777	576,699	401,762	574,709	441,702	566,504
Prince William County	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	5,859,007
Stafford County	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	2,505,805
Spotsylvania County	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	577,020
City of Alexandria	149,151	144,807	144,807	140,589	140,589	133,894	133,894	133,894	133,894	129,944
Arlington County	218,219	211,863	211,863	205,692	205,692	195,897	195,897	195,897	195,897	190,117
Total contributions	\$ 18,300,780	\$ 17,767,748	\$ 17,767,748	\$ 17,250,240	\$ 17,250,240	\$ 16,428,800	\$ 16,428,800	\$ 16,428,800	\$ 16,428,800	\$ 15,943,917

Source: VRE's Department of Finance

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF MISCELLANEOUS STATISTICS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	20	20	20	20	22
Railcars	100	100	100	100	98	100	93	91	91	91
Total rolling stock	120	120	120	120	118	120	113	111	111	113
Stations	19	19	19	19	19	19	18	18	18	18
Parking Spaces (1)	10,763	10,763	10,795	10,796	10,796	10,743	9,243	9,030	9,030	8,824
Employees	55	50	50	50	49	45	39	37	37	37
Ridership and Fare Revenue Data (2):										
Total Ridership	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	4,771,987
Average Daily Ridership	1,389	12,922	18,053	18,974	18,968	17,767	18,547	18,119	18,878	19,088
Average Fare Per Trip	\$ 21.23	\$ 10.60	\$ 9.38	\$ 8.97	\$ 8.88	\$ 8.49	\$ 7.95	\$ 8.16	\$ 7.48	\$ 7.28

(1) In fiscal year 2020, 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.

Source: VRE staff



VIRGINIA RAILWAY EXPRESS

PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS Current Year and Nine Years Ago (Unaudited)

Employers	2020			2012		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1) (2) (3) (4) (6)	1	78,533	N/A	1	61,712-62,710	N/A
Fairfax County Public Schools (1)	2	25,041	N/A	2	22,939	N/A
Booz-Allen Hamilton (1) (2)	3	7,420-12,419	N/A	4	8,370-11,370	N/A
Local Government (2)	4	12,300	N/A	5	10,504	N/A
Fairfax County Government (1)	5	12,224	N/A	3	11,871	N/A
Inova Health System (1)	6	10,000-11,000	N/A	6	7,000-10,000	N/A
Amazon (1) (2)	7	6,000-10,999	N/A	-	-	N/A
Capital One (1)	8	5,000-9,999	N/A	-	-	N/A
Federal Home Loan Mortgage (1)	9	5,000-9,999	N/A	7	4,000-6,999	N/A
George Mason University (1)	10	5,000-9,999	N/A	8	4,000-6,999	N/A
Northrop Grumman (1)	-	-	N/A	9	4,000-6,999	N/A
Science Applications International Corp. (1)	-	-	N/A	10	4,000-6,999	N/A

Sources:

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

- (1) County of Fairfax fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 4.2, page 2304
- (2) County of Arlington fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table L, page 287
- (3) County of Prince William fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 17, page 278
- (4) County of Stafford fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table S-17, page 224
- (5) County of Spotsylvania fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table S-14, page 203
- (6) City of Alexandria fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table XIX, page 229
- (7) City of Manassas fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 217
- (8) City of Manassas Park fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 188
- (9) City of Fredericksburg fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 194

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2010 to 2020

(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)
2020									
Population	N/A	467,935	N/A	17,478	151,689	28,532	137,200	159,200	231,800
Personal Income (in thousands)	N/A	\$31,075,084	N/A	\$549,159	\$7,410,183	\$1,449,140	\$6,968,418	10,627,334	22,066,896
Per Capita Personal Income	N/A	\$56,238	N/A	\$31,420	\$48,851	\$50,790	\$50,790	N/A	95,198
Unemployment Rate	N/A	8.9%	8.8%	9.9%	7.5%	9.4%	8.1%	7.8%	1.9%
2019									
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%
2018									
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%
2017									
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%
2016									
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%
2015									
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%

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS
Fiscal Years 2010 to 2020
(Unaudited)

	County (1)	County (2)	Manassas (3)	Park (4)	County (5)	Fredericksburg (6)	County (7)	Alexandria (7)	County (8)
2014									
Population	1,137,538	433,621	42,081	14,992	138,423	28,132	128,804	144,000	215,000
Personal Income (in thousands)	\$81,620,627	\$24,587,457	\$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%
2013									
Population	1,130,924	425,681	41,725	15,125	135,311	27,307	127,385	142,000	221,045
Personal Income (in thousands)	\$80,982,075	\$23,468,904	\$1,973,426	\$407,528	\$5,900,913	\$1,116,665	\$5,551,815	N/A	\$18,234,223
Per Capita Personal Income	\$71,607	\$47,296	\$47,296	\$26,944	\$43,610	\$40,893	\$43,583	\$77,419	\$82,491
Unemployment Rate	3.7%	5.2%	5.4%	5.0%	5.1%	8.2%	6.2%	4.7%	4.0%
2012									
Population	1,118,602	418,107	40,742	14,409	132,719	26,024	125,808	140,800	216,004
Personal Income (in thousands)	\$77,012,392	\$23,464,178	\$1,965,150	\$393,452	\$5,674,401	\$1,064,199	\$5,543,858	N/A	\$17,273,192
Per Capita Personal Income	\$68,847	\$48,234	\$48,234	\$27,306	\$42,755	\$40,893	\$44,066	\$81,896	\$79,967
Unemployment Rate	4.4%	5.3%	5.6%	4.7%	4.9%	8.8%	6.5%	4.6%	3.5%
2011									
Population	1,100,692	410,454	39,358	13,759	129,772	25,691	124,516	140,100	210,280
Personal Income (in thousands)	\$71,145,429	\$22,755,668	\$1,888,948	\$371,204	\$5,439,653	\$1,050,582	\$5,360,518	N/A	\$15,707,916
Per Capita Personal Income	\$64,637	\$47,994	\$47,994	\$26,979	\$41,917	\$40,893	\$43,051	\$78,383	\$74,700
Unemployment Rate	4.7%	5.7%	6.1%	5.2%	5.2%	10.3%	7.0%	4.8%	3.9%

Note: Data for participating jurisdictions not available for 2021.

Sources:

- (1) Fairfax County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 4.0, page 303
- (2) Prince William County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 277
- (3) City of Manassas fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 216
- (4) City of Manassas Park fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 13, page 187
- (5) Stafford County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table S-15; page 222
- (6) City of Fredericksburg fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 193
- (7) Spotsylvania County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table S-13, page 202
- (8) City of Alexandria fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table XI and Table XIV, page 222 and Page 224
- (9) Arlington County fiscal year 2020 Annual Comprehensive Financial Report, Statistical Section, Table K, page 286

VIRGINIA RAILWAY EXPRESS

PLEDGED REVENUE COVERAGE

Beginning Fiscal Year 2018

(Unaudited)

Fiscal Year Ended June 30,	Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Revenues Available for Debt Service	Annual VRA Debt Service	Coverage
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		
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 the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Virginia Railway Express (VRE), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise VRE’s basic financial statements, and have issued our report thereon dated November 3, 2021.

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.

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 3, 2021



A TRANSPORTATION PARTNERSHIP



**RESOLUTION #2470**

SUBJECT: Adopt and Refer VRE's FY 2022 Revised and FY 2023 Recommended Budgets to the Jurisdictions

WHEREAS: The VRE Master Agreement requires the Commissions be presented with a fiscal year budget for their consideration at their respective January meetings prior to the commencement of the subject fiscal year;

WHEREAS: The VRE Chief Executive Officer has provided the VRE Operations Board with the recommended FY 2023 Operating and Capital Budget within the guidelines developed in cooperation with the staff representatives of the local jurisdictions;

WHEREAS: The Amended FY 2022 and Recommended FY 2023 budgets reflect the impact of the COVID-19 pandemic which began in March 2020 and has substantially reduced VRE's ridership;

WHEREAS: The VRE Operations Board found that a Master Agreement survey for the purposes of collecting rider data for subsidy allocation would have been challenging to safely administer in the current environment and unlikely to produce reliable results, and so the planned October 2021 survey was cancelled;

WHEREAS: The VRE Operations Board finds that the availability of emergency federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) allows for VRE to supplement lost passenger revenues and achieve a balanced budget without requiring fare increases, service reductions or increases in jurisdictional subsidy;

WHEREAS: VRE staff recommends a budget based on a service level of 32 daily revenue trains and average daily ridership of 8,000 trips;

WHEREAS: The FY 2023 budget recommends no changes to current passenger fares, including the Amtrak Step-Up fare, which is currently suspended;

WHEREAS: The FY 2023 budget recommends a total jurisdictional subsidy contribution of \$13,544,122; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby adopts the FY 2023 VRE Operating and Capital Budget in the following amounts and forward this budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the Master Agreement:

Operating Budget	\$ 97,766,901
Capital Budget	\$ 87,710,687
Total Operating and Capital	\$185,477,588

BE IT FURTHER RESOLVED that NVTC hereby adopts the amended FY 2022 Operating and Capital Budget in the following amounts:

Operating Budget	\$ 89,598,387
Capital Budget	\$ 97,515,922
Total Operating and Capital	\$187,114,309

BE IT FURTHER RESOLVED that, having cancelled the October 2021 Master Agreement Survey, the Northern Virginia Transportation Commission does hereby recommend the jurisdictional subsidy in the FY 2023 Operating and Capital Budget be allocated among the nine jurisdictions in the same proportions used in the FY 2021 budget.

BE IT FURTHER RESOLVED that, given the availability of federal pandemic relief funding to supplement lost passenger revenues, the Northern Virginia Transportation Commission does hereby recommend that it is in the best interests of the Commissions and the riders of VRE the Amended FY 2022 and Recommended FY 2023 Operating Budgets do not achieve a 50% recovery of operating expenses from passenger fares.

BE IT FURTHER RESOLVED that, given the current difficulty of accurately projecting future ridership, tax revenues, and other key inputs, the Northern Virginia Transportation Commission acknowledges the FY 2023 Operating and Capital Budget does not include a formal six-year financial forecast, and staff will resume presenting such financial forecasts in future budgets when there is less uncertainty over the pandemic recovery and potential changes to commuting behavior.

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission does hereby authorize the Executive Directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, applications for Transit Improvement Program and grants for FY 2022 and FY 2023, the anticipated revenues from which have already been incorporated in the budgets.

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission does hereby authorize the Executive Director of NVTC to submit to the Commonwealth the approved budget as part of the FY 2023 state aid grant applications.

Approved this 6th day of January 2022.

Chair

Secretary-Treasurer

AMENDED

FY 2023 Subsidy by Jurisdiction

Jurisdiction	FY 2021		FY 2022 Amended		FY 2023 Amended	
	Subsidy	Percent	Subsidy	Percent	Subsidy	Percent
Fairfax County	\$ 6,379,017	34.9%	\$ 1,658,006	34.9%	\$ 4,721,011	34.9%
Prince William County	5,930,777	32.4%	1,541,501	32.4%	4,389,276	32.4%
Stafford County	2,477,175	13.5%	643,856	13.5%	1,833,319	13.5%
Spotsylvania County	1,503,754	8.2%	390,849	8.2%	1,112,905	8.2%
Manassas	807,234	4.4%	209,813	4.4%	597,421	4.4%
Manassas Park	468,364	2.6%	121,735	2.6%	346,629	2.6%
Fredericksburg	367,089	2.0%	95,412	2.0%	271,677	2.0%
Arlington	218,219	1.2%	56,719	1.2%	161,500	1.2%
Alexandria	149,151	0.8%	38,767	0.8%	110,384	0.8%
TOTAL	\$ 18,300,780	100%	\$ 4,756,658	100%	\$ 13,544,122	100%

Capital Improvement Program by Program Area *(amounts in millions of \$)*

Program Name	Project Name	Life-To-Date	FY 2022 Amended Budget	FY 2023 Proposed Budget	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Future	Total
Asset Management/State of Good Repair	Automatic Passenger Counters	1.3	1.6								2.9
	Enhancement Grant - Security	0.7	0.3	0.1	0.1	0.1	0.1	0.1	0.1		1.7
	Equipment Asset Management Program	9.5	6.6	10.9	9.4	4.2	2.3	2.2	2.1		47.4
	Facilities Asset Management Program	4.1	3.0	2.6	1.5	1.7	0.7	0.5	0.7		14.9
	Fredericksburg Station Rehabilitation	0.5	1.4	3.2							5.0
	Security Cameras	1.2	0.3	0.6	0.3						2.4
	Realtime Multimodal Traveler Information		0.4	1.0	2.1						3.5
	Asset Management/State of Good Repair Total		17.4	13.6	18.4	13.4	6.1	3.1	2.8	2.9	
Information Technology	ERP Implementation	0.9	0.8	1.1							2.8
	TRIP /VMS Upgrade	0.5	0.5								1.0
	Website Redesign		0.4								0.4
Information Technology Total		1.3	1.7	1.1							4.1
Passenger Station Facilities	Alexandria Station Improvements	3.8	0.2	5.0	16.0	6.6					31.6
	Backlick Road Station Improvements				0.3	0.2	0.5	1.3	3.8		6.0
	Brooke Station Improvements	0.5						0.4	1.3	6.5	8.8
	Crystal City Station Improvements	1.5	1.3	2.8	14.8	14.8	14.8				50.1
	Franconia-Springfield Station Improvements	1.1	0.4	0.8	5.7	6.9	3.9				18.9
	Leeland Road Station Improvements	0.4			0.3	0.3	1.3	2.6	1.3		6.3
	L'Enfant Station Improvements	0.5	0.4	2.0	4.1	3.0	24.6	25.0	25.0		84.6
	Quantico Station Improvements	1.6	8.9	8.8	4.7						24.0
	Rolling Road Station Improvements	0.8	4.2								5.0
	Washington Union Station Improvements		24.8	10.0	10.0	10.0					54.8
	Woodbridge Station Improvements					1.4	1.4				2.7
	Manassas Station Improvements		0.0	0.3	1.6	3.2	4.0				9.1
	Passenger Station Facilities Total		10.1	40.3	29.7	57.5	46.5	50.6	29.3	31.4	6.5
Rolling Stock Equipment	Fleet Expansion Coaches (21 New Railcars)		16.1	6.5	3.2	0.8		56.4		1.6	84.6
	Fleet Expansion Locomotives - Manassas Line								5.8	53.0	58.8
	Fleet Expansion Coaches - Fredericksburg Line								22.0	198.7	220.7
Rolling Stock Equipment Total			16.1	6.5	3.2	0.8		56.4	27.8	253.3	364.1
Station Parking	Leeland Road Parking Improvements		0.2	0.4	2.5	2.5					5.5
	Manassas Park Parking Improvements	1.9	1.0	2.5	25.0						30.4
Station Parking Total		1.9	1.2	2.9	27.5	2.5					36.0
Train Maintenance and Storage Facilities	Crossroads MSF Storage Expansion		0.3	0.4	2.4	5.3					8.4
	Life-Cycle Overhaul and Upgrade Facility	11.5	18.0	22.7							52.2
	New York Avenue Midday Storage Facility	2.9	2.7	39.5	18.1	18.1	18.1				99.4
	Broad Run Expansion (BRX)	6.0	26.0	29.2	40.0	40.0	22.8				164.0
Train Maintenance and Storage Facilities Total		20.5	47.0	91.8	60.5	63.4	40.8				323.9
Misc. (Multiple Categories)	Forklifts purchase		0.3								0.3
	Office Renovation - Suite 202	0.5	1.0								1.4
Misc. (Multiple Categories) Total		0.5	1.2								1.7
Grand Total		51.6	121.2	150.3	162.2	119.2	94.5	88.5	62.1	259.8	1,109.4

Capital Improvement Program by Committed Funding Source *(amounts in millions of \$)*

Source	Funding Source	Life-To-Date	FY 2022 Amended Budget	FY 2023 Proposed Budget	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Federal - Formula Grants	Federal - Formula Grants	168.8	25.1	25.1	20.4	8.6	2.7	0.7	0.1	251.5
	Federal State Match	56.4	8.8	8.8	6.2	3.8	0.5	0.1	0.0	84.8
	VRE Local Match	9.6	1.4	1.4	1.1	0.6	0.1	0.0	0.0	14.3
Federal - Formula Grants Total		234.8	35.3	35.3	27.8	13.1	3.4	0.9	0.1	350.7
Discretionary Grants & Other	State - Smart Scale	25.6	39.6	27.5						92.6
	I-66 OTB Concession Payment	128.5								128.5
	NVTA	21.4				7.9	7.9			37.2
	Federal - CMAQ/STP/RSTP	24.3	3.6	6.3	5.2	0.9				40.3
	Federal CARES Act	0.9								0.9
	Federal Funds - Other	9.3								9.3
	Federal -Other	1.0		0.6	1.1					2.8
	IPROC	13.6								13.6
	State CROC	45.0								45.0
	VRE Capital Reserve	6.4	1.3		0.0					7.7
	REF	7.0								7.0
	City of Manassas Park	0.7								0.7
	VRE Capital Planning Fund (98)	0.1								0.1
Discretionary Grants & Other Total		283.8	44.4	34.4	6.4	8.8	7.9			385.8
Grand Total		518.6	79.7	69.7	34.2	21.9	11.3	0.9	0.1	736.4



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 9C
Action Item

To: Chair Bennett-Parker and the VRE Operations Board

From: Rich Dalton

Date: December 17, 2021

Re: Referral of the Amended FY 2022 and Recommended FY 2023 VRE Operating and Capital Budgets to the Commissions and Jurisdictions

Recommendation:

The VRE Operations Board is asked to adopt the amended FY 2022 VRE Operating and Capital Budget and the recommended FY 2023 VRE Operating and Capital Budget and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption; and to recommend the Commissions authorize the Executive Directors of NVTC and PRTC to take the necessary actions to apply for federal and state grant funding.

Summary:

Following the presentation of the preliminary FY 2023 budget in September and the budget updates in October and November, staff is presenting the recommended FY 2023 operating and capital budget for adoption and referral. Despite the challenges presented by the ongoing COVID-19 pandemic, the recommended budget is balanced, with no funding gap, and with all projected uses of funding in FY 2023 supported by reasonably expected sources of funding. The FY 2023 budget includes no changes to passenger fares as compared to FY 2022 and a total jurisdictional subsidy contribution of \$18.3 million.

Background:

In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the key issues to be addressed in the FY 2023 budget were presented to the VRE Operations Board for discussion in July 2021, and the preliminary FY 2023



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

budget was prepared for review and referral at the September 2021 Operations Board meeting. Additional discussions and reviews were undertaken with the Operations Board, the members of the Finance Committee, and staff members of the jurisdictions through the VRE Coordinating Committee (VCC).

Discussion:

The recommended FY 2023 Operating and Capital Budget totals \$185.5 million. The budget projects average daily ridership of 8,000 trips, which results in a total of \$25.3 million of passenger fare revenue. This projection represents an increase over FY 2022 but is still significantly lower than previous years due to the effects of the ongoing COVID-19 pandemic. The total jurisdictional subsidy of \$18,300,780 is the same as the approved subsidy amount for FY 2021 and represents an increase of \$13.5 million over the July 2021 amended FY 2022 budget amount of \$4,756,658. The FY 2023 budget also includes no changes to passenger fares.

The recommended FY 2023 operating budget of \$97.8 million (which includes \$6.2 million in debt-related expenses) represents an increase of \$8.1 million or 9.0% over the approved FY 2022 operating budget. The detailed operating budget assumptions are provided in the FY 2023 Recommended Budget document, but the key assumptions include:

- No increase in passenger fares, including the Amtrak Step-Up fare (which is currently suspended due to the COVID-19 pandemic). Fare revenue is budgeted at \$25.3 million based on a projected average daily ridership of 8,000 and 32 daily revenue trains.
- State operating assistance is projected at \$11.0 million, a decrease of \$1.3 million from the actual amount received in FY 2022, but an increase of \$1.0 million over the amount originally projected in the approved FY 2022 budget.
- Diesel fuel cost is projected at \$4.6 million, based on an average cost per gallon of \$2.70 and projected usage of 1.70 million gallons. This is an increase of \$1.6 million over the original FY 2022 budgeted amount.
- Track access fees across all three host railroads (CSX Transportation, Norfolk Southern, and Amtrak) total \$20.3 million, based on estimated or actual contractual amounts. Grant funding from all sources for track access fees is at 84%, or \$17.1 million.
- No staff additions are proposed in FY 2023.
- Required contractual increases for train operations and maintenance of equipment are budgeted at a net increase of \$1.9 million reflecting projected cost revisions, increased services, and a CPI increase of 6.2%.
- Operating contingency returns to 2.0% of the operating budget, up from the 1.0% budgeted for FY 2022, and an increase of \$889,000.
- Budgeted insurance premium costs increased by \$0.4 million, or 5.8%, due to ongoing changes in the global insurance marketplace.

Ridership and Fare Revenue

The ridership outlook for FY 2023 remains highly uncertain as the COVID-19 pandemic approaches two years' duration. As of November 2021, VRE ridership continues to increase

incrementally each month, but the discovery and spread of virus variants has repeatedly delayed “return to work” plans for both public and private sector employees. A substantial return of VRE ridership is not expected until federal government agencies begin to require employees to return to the office. While there are tentative signs that this may begin in January 2022, no specific guidance has been forthcoming.

The FY 2022 amended operating budget (which is described in further detail below) assumes average daily ridership increases to slightly more than 4,000 by the end of the fiscal year. This ridership outlook results in total projected fare revenue for FY 2022 of \$10.8 million, down from the original projection of \$18.2 million.

From that baseline, the FY 2023 recommended budget assumes steady growth in ridership over the course of the fiscal year as the pandemic recedes and employees continue to return to the office in greater numbers. However, ridership and fare revenue are still projected to be below normal at the end of the fiscal year. (Average daily ridership in February 2020, immediately prior to the pandemic, was approximately 18,700.) Averaged over the course of the entire year, daily ridership is expected to be 8,000 trips, which corresponds to total projected fare revenue for the year of \$25.3 million. Although this reflects a higher average fare paid per trip – due to both changing usage patterns for monthly pass holders as well as a shift to longer average trips – it still represents less than 60% of pre-pandemic annual fare revenue.

FY 2023 Jurisdictional Subsidy Allocation

In September 2020, the Operations Board directed staff to forgo the VRE Master Agreement survey that is normally conducted in October each year. The Operations Board found the survey would be both challenging to administer in the current environment and unlikely to produce reliable results on which to base an updated jurisdictional subsidy allocation for FY 2022. In place of an updated subsidy allocation calculation, the Operations Board directed staff to allocate jurisdictional subsidy using the same allocation percentages from the approved FY 2021 budget.

Subsequently, during the recent FY 2023 budget process, the Operations Board found that the same challenges to the administration and reliability of a Master Agreement survey remained as a result of the pandemic. Therefore, staff was directed to again forgo the survey and use the percentages from the approved FY 2021 budget for the FY 2023 subsidy allocation. At the proposed total subsidy of \$18.30 million, this means that each jurisdiction has the identical subsidy amount in FY 2023 that it had in FY 2021.

Federal Pandemic Relief Funding

VRE has been the recipient of pandemic relief funding from three separate pieces of federal legislation: \$86.1 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020; \$70.1 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in December 2020; and \$118.7 million from the American Rescue Plan (ARP) Act in March 2021. The funds from each act are treated like 5307

Urbanized Area funds, but there is no local match requirement. Each allocation has a required 1% set-aside for safety and security investments, but otherwise the funds are intended to help transit agencies mitigate the increased costs and decreased revenues associated with the COVID-19 pandemic.

The recommended FY 2023 budget projects approximately \$23.8 million of federal pandemic relief will be needed to offset lost passenger revenue. Currently, VRE has programmed both CARES and CRRSAA funding to be used entirely for operating support (except for the required 1% set-aside, which has been programmed for the upgrade and expansion of VRE's security camera network). Based on current projections for the second half of FY 2022, the CARES funding will be fully expended near the end of FY 2022, at which time draws on the CRRSAA funding will begin and carry into FY 2023. ARP funding is currently being held aside for potential strategic capital investments.

Given currently projected ridership levels and the desire to maintain a continuity of operations and high-quality service, the Operations Board has directed staff to recommend a balanced budget that does not achieve a 50 percent farebox recovery ratio (i.e., 50 percent of operating expenses covered by passenger fares). The budget achieves balance through the use of federal pandemic relief funds (CARES and CRRSAA), rather than through higher fares, reduced service, or increased jurisdictional subsidy contributions.

Six-Year Financial Forecast

The annual budget normally includes a financial forecast for the five years following the year of adoption (six years in total). This forecast includes projections for ridership, planned fare increases and total fare revenue, grant and subsidy funding, operating expenses, and capital expenditures. The forecast is intended to demonstrate the projected sustainability of VRE's budget beyond the initial year and to highlight areas of potential risk so they can be addressed in advance.

Given the continued uncertainty facing not just VRE but the entire regional and national economy, this year's budget (like the FY 2022 budget) does not include a six-year forecast. Such a forecast would reflect highly uncertain estimates on many key variables, particularly ridership, and would not serve as a reliable basis for Operations Board decision-making. As the recovery from the pandemic proceeds and the outlook for commuting and VRE ridership is clarified, staff will return to the Operations Board with additional information.

Capital Budget and Six-Year Capital Improvement Program

The FY 2023 – 2028 VRE Capital Improvement Program (CIP) is an integrated set of projects and programs that will improve passenger safety and operational efficiency, maintain the system in a state of good repair, and expand capacity. The six-year CIP includes both fully- and partially-funded projects.

The overall outlook for the FY 2023 to FY 2028 CIP is generally positive, despite the ongoing COVID-19 pandemic. Political and legislative actions over the past few years –

including the creation of the dedicated C-ROC Fund at \$15 million per year, the commitment by the Commonwealth to continue current levels of reimbursement for track access fees, and the creation of the Virginia Passenger Rail Authority as part of the Transforming Rail in Virginia (TRV) program – have created an environment that is supportive of VRE’s long-term growth.

Some funding challenges do remain, particularly beyond the immediate six-year period. On the capital side, certain key near-term projects like the Broad Run Expansion and the L’Enfant Station and Fourth Track are still partially unfunded, and while internal funds may be available to fill some gaps, an ongoing VRE priority for FY 2023 will be to continue to work with local, state, and other partners on securing additional funding for the commuter rail system.

In addition, this six-year CIP includes new projects to expand VRE’s rolling stock (both locomotives and coaches). This expansion is currently programmed for roughly the FY 2028 to FY 2032 period, with the first major expenditures expected in FY 2028, which is why they are included in this six-year plan. This fleet expansion is currently unfunded and represents a significant majority of the total unfunded amount in the CIP.

Given current estimates, total project costs for projects in the FY 2023-FY 2028 CIP (including all costs to complete) are approximately \$1.109 billion. Committed funding for these projects currently totals \$736.4 million (66% funded) from a range of federal, state, regional, and local sources. This figure includes life-to-date funding through FY 2022.

FY 2023 to 2028 Capital Improvement Program

Project Type	Project Cost	Funded	Unfunded
Asset Management	\$77.8	\$77.8	
Expansion	\$894.9	\$521.9	\$373.0
Replacement and Rehabilitation	\$135.0	\$135.0	
Other	\$1.7	\$1.7	
Total	\$1,109.4	\$736.4	\$373.0

(Amounts in millions)

Further details on the CIP by project and by funding source are provided in the attachments.

Commuter Rail Operating and Capital (C-ROC) Fund

In March 2021, VRE executed a Funding Agreement with DRPT (which was subsequently assigned to the Virginia Passenger Rail Authority) for a contribution to the TRV program using C-ROC funds. The agreement lays out a basic structure whereby VRE will issue debt backed by the C-ROC (with an expected term of 30 years) and contribute the proceeds of the debt issuance to the Commonwealth for the purchase of rail right-of-way from CSXT. In addition, for a period of ten years, VRE will contribute any remaining C-ROC funds not

being used for debt service on a pay-as-you-go (PAYGO) basis to the Commonwealth for use on critical rail projects in VRE's service territory, including the Long Bridge, the Alexandria Fourth Track, and the Springfield Bypass. In December 2021, VRE received approval from the Commissions to proceed to the implementation phase of the debt issuance. Pending final approval of the debt documents from the Operations Board and the Commissions, sale of the debt is expected in the spring of 2022.

FY 2022 Amended Budget

As part of the annual process of adopting the budget for the upcoming fiscal year, VRE also revises the current year budget to reflect updated projections for revenues and expenses and changes to capital funding sources. In most years, this is a relatively technical process of adjusting specific line items that were unknown at the time of adoption, and it does not usually result in significant changes to the overall budget.

However, given the COVID-19 pandemic and the challenges of projecting ridership and fare revenue, the amended FY 2022 operating budget is substantially different from the original approved version, particularly with respect to revenues. The major revisions to the FY 2022 budget are identified below:

Operating Budget

Revenue

- Decrease in passenger fare revenue in the amount of \$7.4 million, to reflect the ongoing effects of the COVID-19 pandemic on VRE ridership. Total projected passenger fare revenue is reduced from \$18.2 million to \$10.8 million
- Increase in state operating assistance in the amount of \$2.3 million to reflect a higher funding amount than originally projected
- A decrease in interest income of \$0.3 million due to lower interest rates
- Increase in the utilization of federal pandemic relief funds, including Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) funds, totaling \$5.3 million to supplement lost passenger revenue

Expenses

FY 2022 operating contingency was reduced by \$754,699 for various additions and revisions of current year operating and capital costs and revenue. The notable expense changes are:

- An increase in diesel fuel costs of \$1.025 million
- An increase in costs related to the creation of the General Counsel Division of \$390,600
- An increase in costs related to IT and Fare Collection systems of \$285,000
- An increase in costs for Design and Construction consulting and staff education of \$92,000
- An increase in costs for Facilities inspections of \$50,000
- An increase in costs for Human Resources staff events of \$25,000

- A reduction of salary and fringe costs for vacant and delayed FTE positions of \$612,316
- A reduction of ticket sales commission, bank fees and Amtrak Step-Up costs of \$417,000 due to the COVID-19 pandemic effect on ridership and ticket sales
- A reduction of anticipated costs for LOU Facility fixtures and finishing items of \$149,000 due to the expected completion date of that project

The remaining operating contingency of \$65,415 was eliminated as part of the determination of projected CARES Act funding.

Capital Budget

Capital project obligations were increased by \$1.3 million to reflect two previously authorized uses of capital reserve:

- Capital Reserve funds of \$962,000 allocated for the VRE Headquarters Office Renovations project
- Capital Reserve funds of \$355,000 allocated for the VRE Website Redesign project

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Department of Rail and Public Transportation (DRPT)

At the January 2022 meeting DRPT Director Jennifer Mitchell will give her report. The [monthly DRPT Report](#), which provides updates on DRPT programs and initiatives, is attached.



COMMONWEALTH of VIRGINIA

Jennifer L. Mitchell
Director

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

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

TO: Chair Cristol and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: December 21, 2021

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

The Commonwealth Transportation Board (CTB) met on December 7 and 8 at the VDOT Auditorium in Richmond. At the [action meeting](#), the CTB [approved](#) the addition of seven Transit Ridership Incentive Program (TRIP) projects to the FY22-27 Six Year Improvement Program (SYIP). NVTC jurisdiction projects include \$7.2 million to the City of Alexandria for three years of no fares on DASH and \$5.5 million to Fairfax County for subsidizing SmarTrip cards for low-income residents. Also at the action meeting, the CTB [approved](#) the addition of \$39.8 million to the DRPT SYIP from FY 21 surplus Priority Transportation Funds for capital project applications that DRPT was not able to fund in the original SYIP that was approved in June. Major Expansion capital projects added to the SYIP include \$20.6 million in state funding to Arlington County for the new ART Operations and Maintenance Facility at Shirlington and \$2.2 million in state funding to VRE for its Lifecycle Overhaul and Upgrade facility in Spotsylvania County. New Minor Enhancement capital projects added to the SYIP for NOVA transit systems include new passenger shelters and ADA bus stop improvements for Arlington County, new passenger shelters, fare collection equipment and service vehicles for Fairfax County, and new security cameras and facility repairs for OmniRide.

At the [workshop](#), the CTB received an [update](#) on the [HJ542](#) Virginia Transit Equity and Modernization Study. DRPT completed the data collection phase of the study in the late summer and will complete the baseline conditions phase with the submission of the Interim Study Report to the General Assembly this winter. DRPT recently completed an assessment of over 700 bus stops across the Commonwealth as part of the baseline conditions. The Final Study Report is due to the General Assembly in August 2022. More information can be found on the study [website](#).

FY23 applications for DRPT's statewide transit grant program, [MERIT](#) (Making Efficient + Responsible Investments in Transit) are open until February 1, 2022. Projected five year capital

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

needs are also due February 1. Transit agencies are required to update their data in DRPT's Transit Asset Management system (TransAM) by January 15, and Transit Development Plan (TDP) update letters are due January 18, 2022.

Finally, DRPT is currently recruiting for an [Engineering Manager](#) and a [Senior Finance Advisor](#). Both positions are Richmond-based. The Finance Advisor closes on December 27. Also the Virginia Passenger Rail Authority (VPRA) is recruiting for [several positions](#) in finance, administration, engineering, planning, program management, and communications. A [VRE Projects Manager](#) will allow work from multiple locations including the DRPT office in Alexandria. Additionally a [Project Engineer](#) and [Planning Manager](#) will work from multiple locations, and a [Planning Specialist](#) position will be Alexandria-based.

TO: Chair Cristol and NVTC Commissioners
FROM: Kate Mattice
DATE: December 22, 2021
SUBJECT: Executive Director Report

A. Executive Director Newsletter

NVTC's Executive Director Newsletter provides updates on specific NVTC projects and programs and highlights items of interest at the federal and state levels and among partners such as the Transportation Planning Board (TPB) and the Northern Virginia Transportation Authority (NVTA).

This month the [Executive Director Newsletter](#) reports on the successful return of the in person NVTC-PRTC Legislative Briefing, the rollout of the 2021 *Annual Report on the Performance and Condition of WMATA* and the presentation of the Commuter Choice program at the annual Joint Public Meeting held with transportation entities from across Northern Virginia.

B. NVTC Financial Report

The [November 2021 Financial Report](#) is provided as information.



Executive Director Newsletter



January 2022



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Ste. 230
Arlington, VA 22201

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A Message from Kate Mattice

With 2021 in the rear-view mirror, we can reflect on the important work we accomplished at NVTC. While the COVID-19 pandemic continued to dampen public transit in Northern Virginia, we saw signs of hope as people across the region lined up to get vaccinated and some sense of normalcy returned to life.

In July we resumed in person Commission meetings, allowing us to gather face-to-face for the first time since before the pandemic. And thanks to technology, we were able to provide new flexibility for commissioners to participate virtually, when needed.

Despite the changes the pandemic brought us to the way we work, they never stopped us from moving forward. As the grantee or agent, NVTC managed \$277 million in funding received during FY 2021. That includes more than \$15 million awarded as part of the Commuter Choice program.

At Metro we saw the selection of Paul Smedberg serve a third term a chair of the board and Matt Letourneau to lead the board's finance and capital committee. Through our board appointments, we continue to advocate for Virginia's interests. That includes the use of three rounds of pandemic relief federal funding to keep vital Metrobus and Metrorail service running.

It was an exciting year for our Transit Technology Program. We published the 2021 Northern Virginia Regional Fare Collection Strategic Plan, a white paper on zero reduced-fares and hosted a symposium on zero-emissions buses.

We pushed forward with our Envision Route 7 Bus Rapid Transit study, awarding a contract to implement the next phase of work.

We also welcomed several new staff members to help us accomplish even more in 2022.

As we approach the third year of the pandemic, we know there will be more uncertainty ahead, but I'm confident we are well positioned for continued success in the new year.



Executive Director

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Save
the
Date

January 9-13

Transportation Research
Board Annual Meeting

January 11-12

Commonwealth
Transportation Board

January 12

General Assembly
Session opens

January 20

NVTC WMATA Committee

January 21

VRE Operations Board

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Joint Legislative Briefing returns in person, sounds hopeful note on future of transit

This year's NVTC-PRTC [Joint Legislative Briefing](#) took place at a time when public transit agencies in our region and across the country are reevaluating how to best serve riders as they continue to recover from the effects of the COVID-19 pandemic. Nearly a hundred people gathered in Springfield December 6 to hear from Under Secretary of Transportation for Policy at the U.S. Department of Transportation Carlos Monje, Virginia Deputy Transportation Secretary Nick Donohue, Metro Board Chair Paul Smedberg, VRE CEO Rich Dalton and PRTC Executive Director Bob Schneider. Under Secretary Monje gave a breakdown of how the Infrastructure Investment and Jobs Act (IIJA) boosts transit and other transportation infrastructure.

Deputy Secretary Donohue spoke of the significant transportation investments and policy decisions made during the administrations of Govs. Ralph Northam and Terry McAuliffe while Board Chair Smedberg, CEO Dalton and Executive Director Schneider detailed the service changes and financial challenges presented by the major shift in commuting patterns. Schneider called out a new focus on "purpose driven travel" designed to serve all riders who use transit for all trips, not just for those going to and from work. I also want to thank Chair Katie Cristol, as well as PRTC Chair Margaret Franklin for their help in kicking off the event, as well as the many staff folks who worked hard to create and host the briefing.

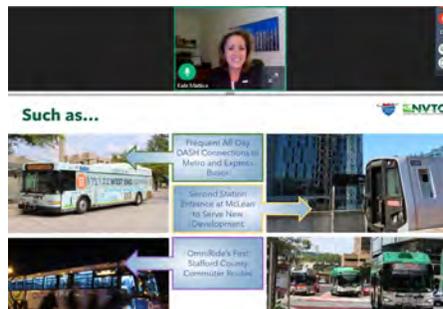




Commuter Choice highlighted at NoVa regional public meeting

Executive Director Kate Mattice joined transportation representatives from across Northern Virginia December 15 as part of an annual public meeting to showcase projects from across the region. It was an opportunity to highlight the work of NVTC's Commuter Choice program. The other agencies participating were the Virginia Department of Transportation, Virginia Department of Rail and Public Transportation, Northern Virginia Transportation Authority and Virginia Railway Express. More than a hundred people registered for the virtual event which also gave elected officials and members of the public a chance to provide comment on the projects presented by each agency. There's still time to weigh in.

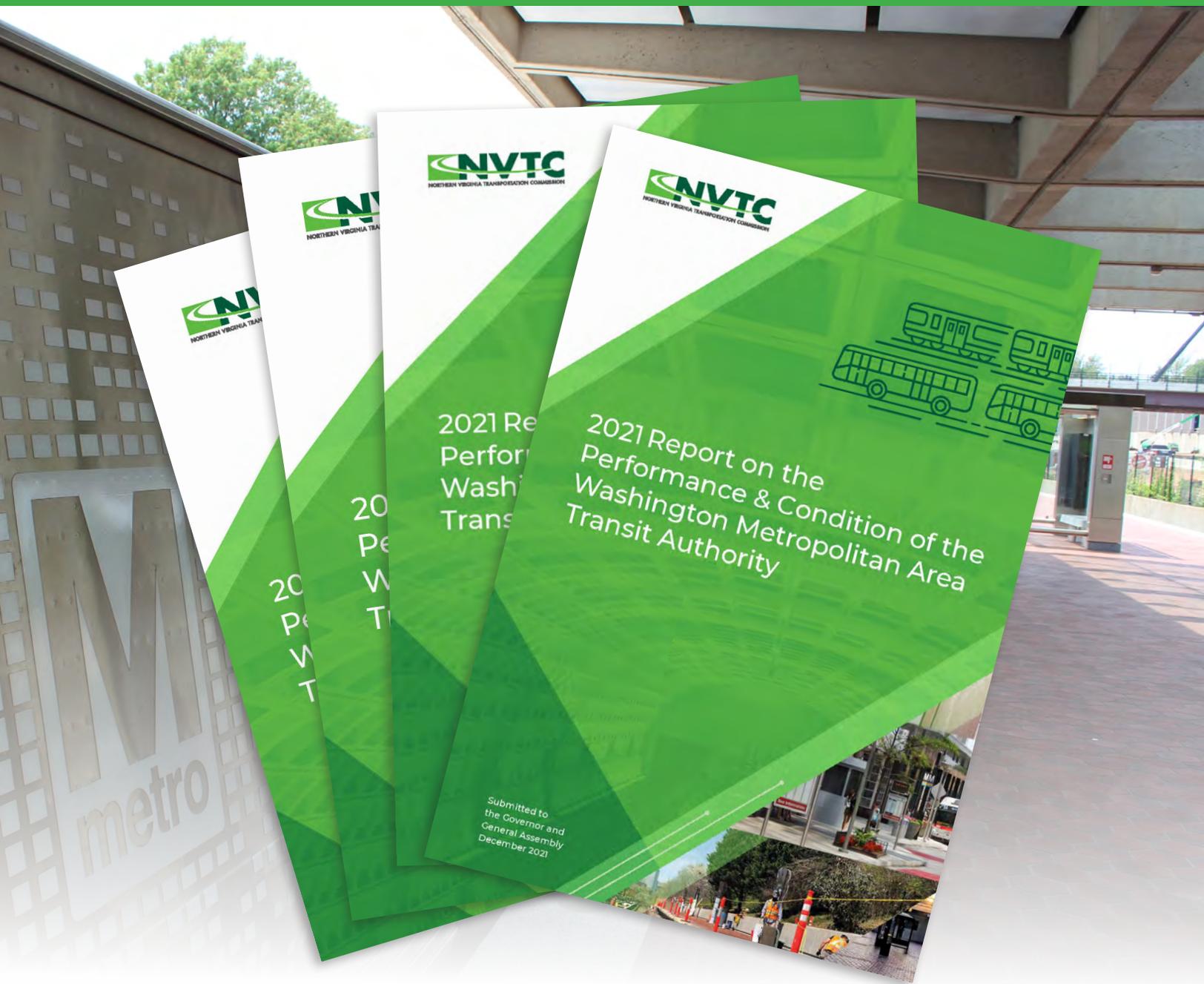
Comments may also be submitted through January 7, 2022 via this online [comment form](#), by voicemail to 703- 721-8270, by email to meetingcomments@vdot.virginia.gov (please reference "Northern Virginia Joint Transportation Meeting" in the subject line) or by mail to Ms. Maria Sinner, VDOT, 4975 Alliance Drive, Fairfax, VA 22030.



NVTC receives 'clean' audit findings

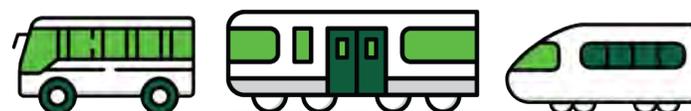
Commissioners met with representatives from PBMares as part of December's Executive Committee and December Commission [meetings](#) to review the results of NVTC's annual audit. PBMares issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly and accurately 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 2021, 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.



NVTC's recommendations for Metro as the agency recovers from the pandemic

NVTC released the 2021 Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority (WMATA) in December, which includes key recommendations to leverage federal pandemic relief aid and communicate and encourage a safe return to public transit. This year's report includes 18 recommended strategies for Metro to become more financially sustainable and a more effective transit system and mobility provider. Each of these strategies are framed through the lens of the COVID-19 pandemic, with an understanding that altered travel patterns will likely linger in the years ahead.



NVTC's 2021 recommendations to Metro include:

- Leverage federal coronavirus relief aid to prevent layoffs, sustain and improve service levels throughout a multi-year recovery period and position WMATA for a sustainable long-term ridership and revenue recovery.
- Communicate and encourage a safe return to transit by highlighting and promoting enhanced safety efforts during the COVID-19 pandemic and developing a long-term, post-pandemic marketing and communications strategy to rebuild ridership.
- Implement fare and parking policy changes that improve revenue and ridership, remove barriers to access and retain newly returning riders
- Adapt rail service to anticipate demand during the COVID-19 pandemic and the region's subsequent recovery period while maintaining an equitable, baseline level of service across all Metrorail lines.
- Continue focus on ongoing initiatives to reduce the growth in operating costs and improve operational efficiencies using NVTC's previously recommended strategies in past annual reports on the performance and condition of WMATA.

Major capital accomplishments

The report also notes that Metro's FY 2021 Capital program was the largest in history. Dedicated capital funding has allowed Metro to continue its aggressive ramp up and delivery of capital projects to address long overdue state of good repair needs.

- Platform rehabilitation program nearly complete. The four-year project to rebuild 20 outdoor Metrorail station platforms is nearly complete. Major construction work at Arlington Cemetery and Addison Road stations concluded in the summer with 17 stations completed in total by the fall of 2021
- Metrorail and Metrobus fleet reliability were at an all-time high. Prior to the October 2021 Blue Line derailment, Metrorail and Metrobus saw their highest fleet reliability performance in FY 2021, mainly due to the state of good repair program
- Mobile App and new fare technology introduced across the system. Metro expanded its mobile app to include Android and began installing new faregates at rail stations in FY 202

This is the fourth annual report in response to NVTC's responsibilities for Metro oversight as established in the Code of Virginia and was made possible by the team lead by Senior Program Manager Andrew D'huyvetter with major contributions from Program Analysts Sophie Spiliotopoulos and Ronnetta Zack-Williams, and Legislative and Administrative Assistant Tenley O'Hara. Read the full report [here](#).



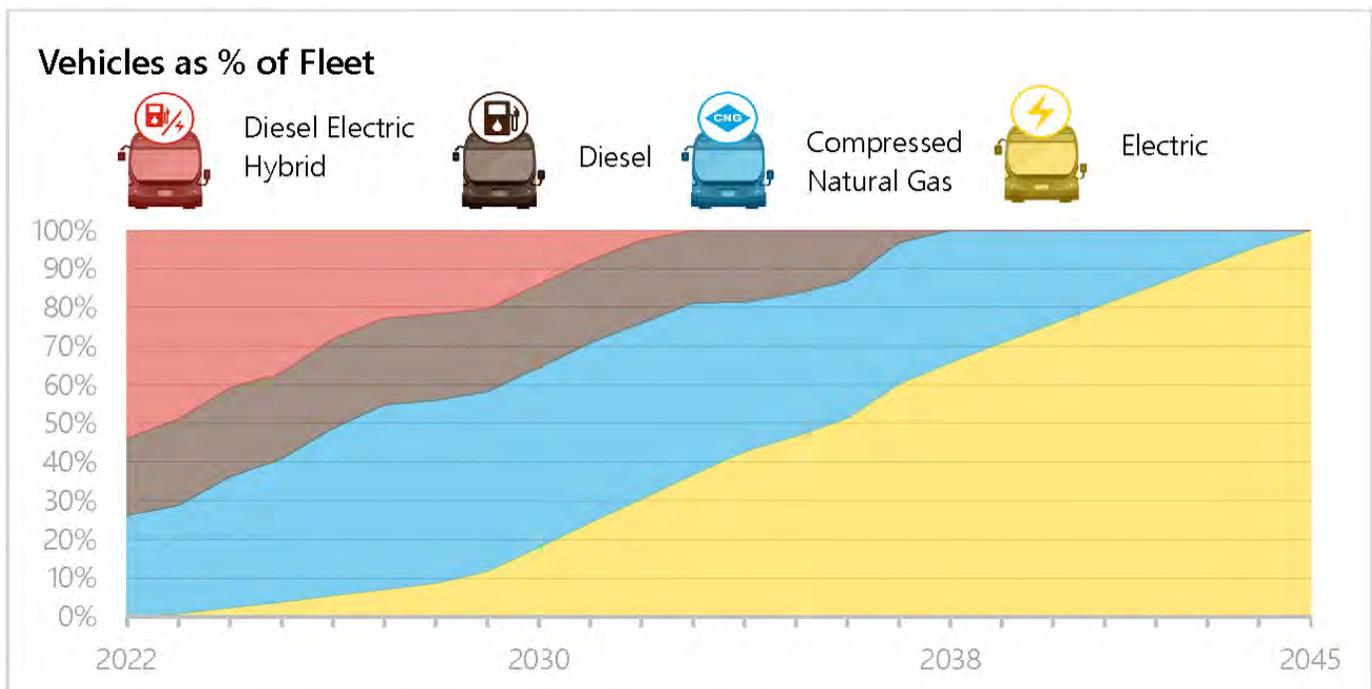
Metro Board adopts new Metrobus, Metrorail fleet plans, Metrorail service standards

The Metro Board of Directors approved several measures December 9 designed to reduce carbon emissions and expand Metrorail service.

Highlights of the Metrobus and Metrorail Fleet Management Plans and Metrorail service standards:

- The Metrobus Fleet Management Plan includes a phased transition to a 100% zero-emission fleet, an expanded articulated bus fleet and a total fleet size of 1,593 vehicles
- The Metrorail Fleet Management Plan outlines the investments required to move to 100% eight-car train operations and 7-minute headways system-wide by 2030, which would include fleet expansion through purchase options in the 8000-Series railcar procurement as well as storage and shop capacity expansions and reconfigurations
- Updated Metrorail service standards set minimum train frequencies, update passenger load standards and direct staff to strive to operate 100% eight-car trains in passenger service

Figure E-3: Projected Share of Vehicles in Metrobus Fleet by Propulsion Technology





NVTC staff swap cookies, presents at holiday celebration

After taking a break last year, we were able to gather staff December 9 to celebrate the holidays. The event featured a cookie swap and the always-fun white elephant gift exchange. We even had a surprise visit from Chair Katie Cristol who celebrated alongside staff. After nearly two years working through the pandemic, it was nice to take a few minutes to celebrate our successes and look forward to a brighter new year.



WELCOME Adam Hager



I want to welcome Adam Hager who joined our staff in December as Senior Program Analyst. Adam most recently served as a Transportation Planner at FAMPO, the Fredericksburg Area Metropolitan Planning Organization, where he managed their most recent long range transportation plan update and coordinated FAMPO's SMART SCALE applications. Adam will be supporting both day-to-day operations as well as strategic planning for our growing Commuter Choice Program and joins us as we work our way through the I-66 Round Five application period.

Chair Katie Cristol and
Commissioners pose
for a group photo
December 2021



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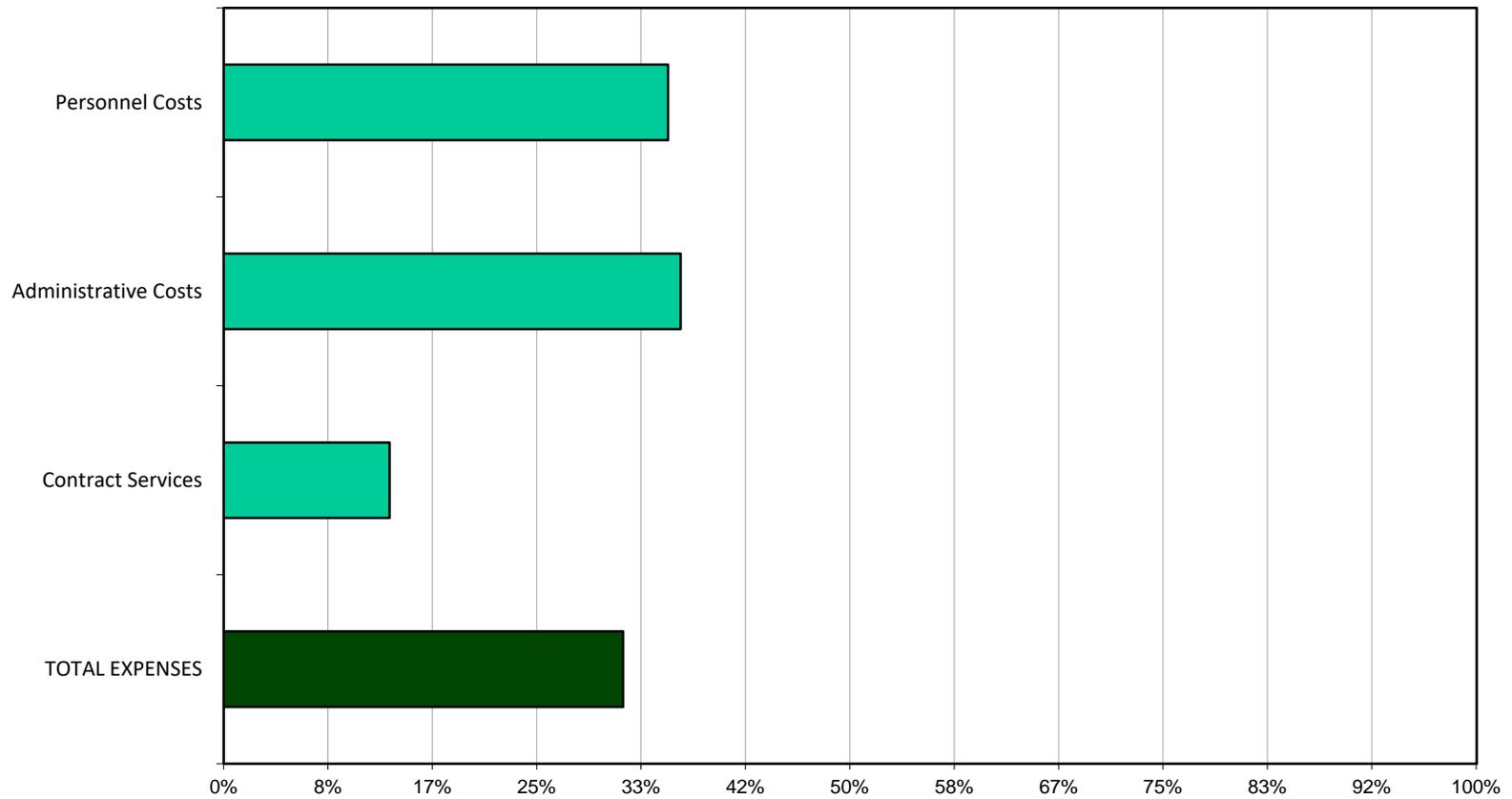
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Northern Virginia Transportation Commission

Financial Reports
November 2021

PERCENTAGE OF FY 2022 NVTC ADMINISTRATIVE BUDGET USED
November 2021
(TARGET 41.7% OR LESS)



Note: Refer to pages 2 and 3 for details

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
November 2021**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<u>Personnel Costs</u>					
Salaries and Wages	\$ 150,910.94	\$ 741,432.96	\$ 2,102,700.00	\$ 1,361,267.04	64.7%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>150,910.94</u>	<u>741,432.96</u>	<u>2,102,700.00</u>	<u>1,361,267.04</u>	<u>64.7%</u>
<u>Benefits</u>					
Employer's Contributions:					
FICA	8,561.79	52,398.08	144,000.00	91,601.92	63.6%
Group Health Insurance	11,392.14	59,260.65	183,100.00	123,839.35	67.6%
Retirement	13,874.00	69,370.00	170,000.00	100,630.00	59.2%
Workmans & Unemployment Compensation	183.04	1,128.50	5,500.00	4,371.50	79.5%
Life Insurance	421.75	2,827.13	6,800.00	3,972.87	58.4%
Long Term Disability Insurance	717.57	3,991.35	11,000.00	7,008.65	63.7%
Total Benefit Costs	<u>35,150.29</u>	<u>188,975.71</u>	<u>520,400.00</u>	<u>331,424.29</u>	<u>63.7%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem	950.00	4,750.00	14,500.00	9,750.00	67.2%
<i>Rents:</i>	<i>34,858.24</i>	<i>163,361.10</i>	<i>408,200.00</i>	<i>244,838.90</i>	<i>60.0%</i>
Office Rent	34,839.04	162,527.02	379,600.00	217,072.98	57.2%
Parking & Transit Benefits	19.20	834.08	28,600.00	27,765.92	97.1%
<i>Insurance:</i>	<i>1,166.66</i>	<i>3,136.06</i>	<i>7,400.00</i>	<i>4,263.94</i>	<i>57.6%</i>
Public Official Bonds	600.00	700.00	2,300.00	1,600.00	69.6%
Liability and Property	566.66	2,436.06	5,100.00	2,663.94	52.2%
<i>Travel:</i>	<i>5,977.22</i>	<i>10,058.62</i>	<i>44,000.00</i>	<i>33,941.38</i>	<i>77.1%</i>
Conference / Professional Development	3,174.30	6,680.01	27,100.00	20,419.99	75.4%
Non-Local Travel	281.92	281.92	2,500.00	2,218.08	88.7%
Local Travel, Meetings and Related Expenses	2,521.00	3,096.69	14,400.00	11,303.31	78.5%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
G&A BUDGET VARIANCE REPORT
November 2021**

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Communication:</i>	1,816.10	5,362.88	16,000.00	10,637.12	66.5%
Postage	158.10	158.10	1,400.00	1,241.90	88.7%
Telephone and Data	1,658.00	5,204.78	14,600.00	9,395.22	64.4%
<i>Publications & Supplies</i>	3,626.24	5,483.15	28,900.00	23,416.85	81.0%
Office Supplies	609.48	784.86	3,000.00	2,215.14	73.8%
Duplication and Paper	1,092.27	2,756.87	10,900.00	8,143.13	74.7%
Public Engagement	1,924.49	1,941.42	15,000.00	13,058.58	87.1%
<i>Operations:</i>	3,046.31	10,254.77	37,700.00	27,445.23	72.8%
Furniture and Equipment (Capital)	1,217.93	3,815.93	13,000.00	9,184.07	70.6%
Repairs and Maintenance	-	200.00	1,000.00	800.00	80.0%
Computer Operations	1,828.38	6,238.84	23,700.00	17,461.16	73.7%
<i>Other General and Administrative:</i>	826.60	4,318.80	10,000.00	5,681.20	56.8%
Memberships	80.75	915.47	1,600.00	684.53	42.8%
Fees and Miscellaneous	586.85	3,085.33	6,900.00	3,814.67	55.3%
Advertising (Personnel/Procurement)	159.00	318.00	1,500.00	1,182.00	78.8%
Total Administrative Costs	<u>52,267.37</u>	<u>206,725.38</u>	<u>566,700.00</u>	<u>359,974.62</u>	<u>63.5%</u>
<u>Contracting Services</u>					
Auditing	9,750.00	9,750.00	25,100.00	15,350.00	61.2%
Contract Services and Support - Commuter Choice	10,521.60	29,922.52	463,600.00	433,677.48	93.5%
Contract Services and Support - Other	6,211.91	31,059.55	120,000.00	88,940.45	74.1%
Legal	2,916.67	14,583.35	35,000.00	20,416.65	58.3%
Total Contract Services	<u>29,400.18</u>	<u>85,315.42</u>	<u>643,700.00</u>	<u>558,384.58</u>	<u>86.7%</u>
 Total Gross G&A Expenses	 <u>\$ 267,728.78</u>	 <u>\$ 1,222,449.47</u>	 <u>\$ 3,833,500.00</u>	 <u>\$ 2,611,050.53</u>	 <u>68.1%</u>

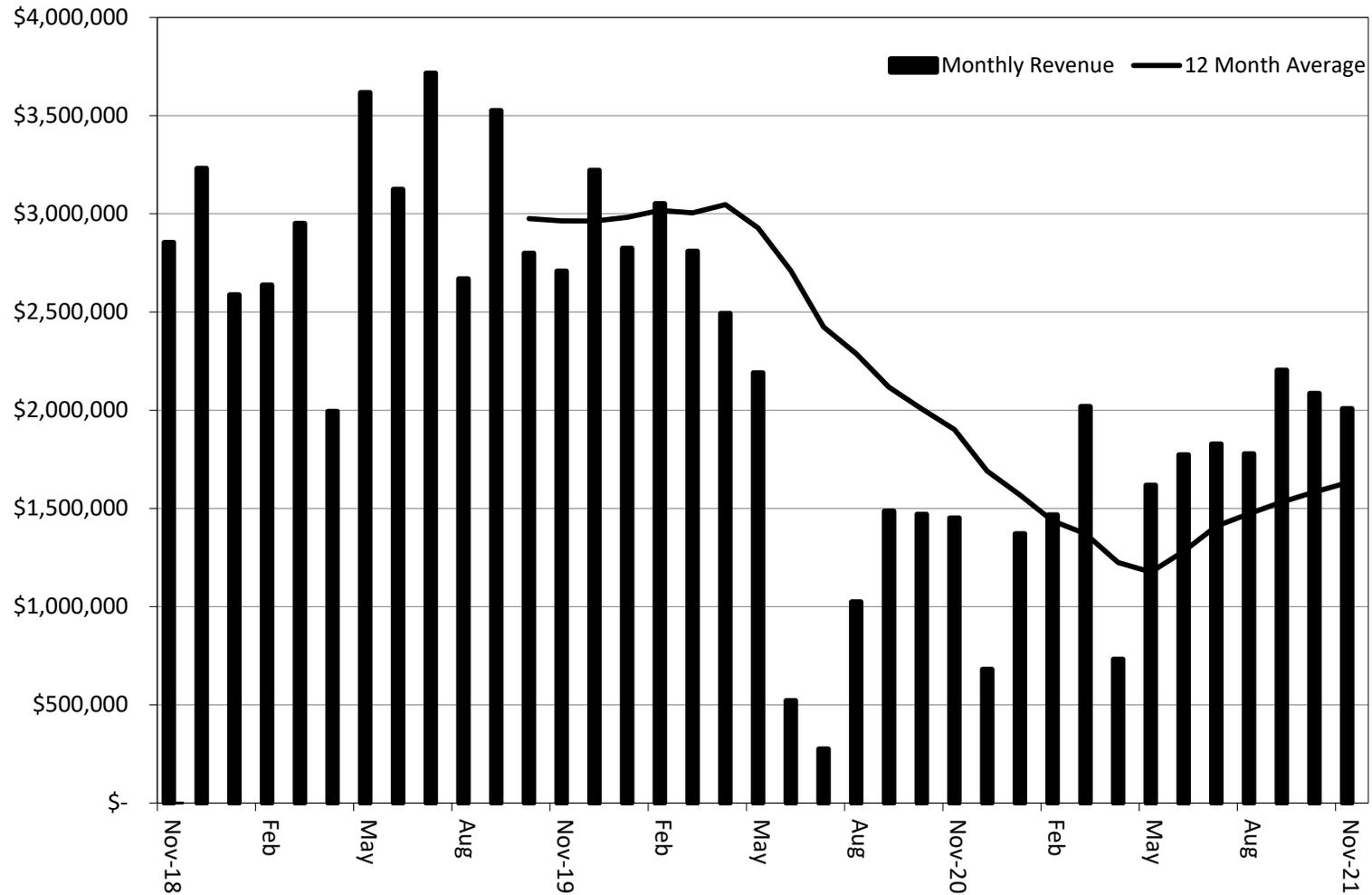
NVTC
RECEIPTS and DISBURSEMENTS
November 2021

Date	Payer / Payee	Purpose	Wells Fargo Checking	Wells Fargo Savings	Virginia LGIP		
					NVTC G&A / Project	Commuter Choice	Trusts
RECEIPTS							
2	DMV	Motor Vehicle Fuels Sales tax receipt					\$ 2,085,781.94
2	DMV	C-ROC receipt			1,250,000.00		
5	DRPT	Grant receipt - Alexandria			53,925.00		
15	DRPT	Grant receipt - Alexandria			60,358.00		
15	DRPT	Operating assistance - City of Fairfax					214,296.00
15	DRPT	Operating assistance - Alexandria					1,201,182.00
15	DRPT	Operating assistance - VRE			3,069,720.00		
17	DRPT	Technical assistance - Fare collection project			11,183.00		
17	DRPT	Capital grant receipts - Fairfax					92,969.00
23	DRPT	Capital and operating grant receipt - WMATA					14,758,482.00
23	DRPT	Capital grant receipt - Fairfax					32,580.00
24	DRPT	Capital grant receipt					9,904.00
24	DRPT	Capital grant receipt - Arlington					25,966.00
26	DRPT	Capital grant receipt - Fairfax					982,596.00
30	Banks	Investment earnings		7.25	24.97	2,318.35	10,534.56
			-	7.25	4,445,210.97	2,318.35	19,414,291.50
DISBURSEMENTS							
1-30	Various	G&A expenses	(230,510.39)				
2	VRE	C-ROC			(1,250,000.00)		
4	Kimley-Horn	Consulting - Commuter Choice program	(6,132.27)				
15	VRE	Grant revenue			(3,069,720.00)		
12	Alexandria	Costs incurred			(53,925.00)		
16	Kimley-Horn	Consulting - Fare collection project	(4,241.75)				
17	Alexandria	Costs incurred			(60,358.00)		
30	Banks	Service charges	(55.78)	(56.78)			
			(240,940.19)	(56.78)	(4,434,003.00)	-	-
TRANSFERS							
4	Transfer	From LGIP to LGIP (G&A contribution)			500,000.00		(500,000.00)
4	Transfer	From LGIP to checking	130,000.00		(130,000.00)		
16	Transfer	From LGIP to checking	150,000.00		(150,000.00)		
			280,000.00	-	220,000.00	-	(500,000.00)
NET INCREASE (DECREASE) FOR MONTH			\$ 39,059.81	\$ (49.53)	\$ 231,207.97	\$ 2,318.35	\$ 18,914,291.50

**NVTC
INVESTMENT REPORT
November 2021**

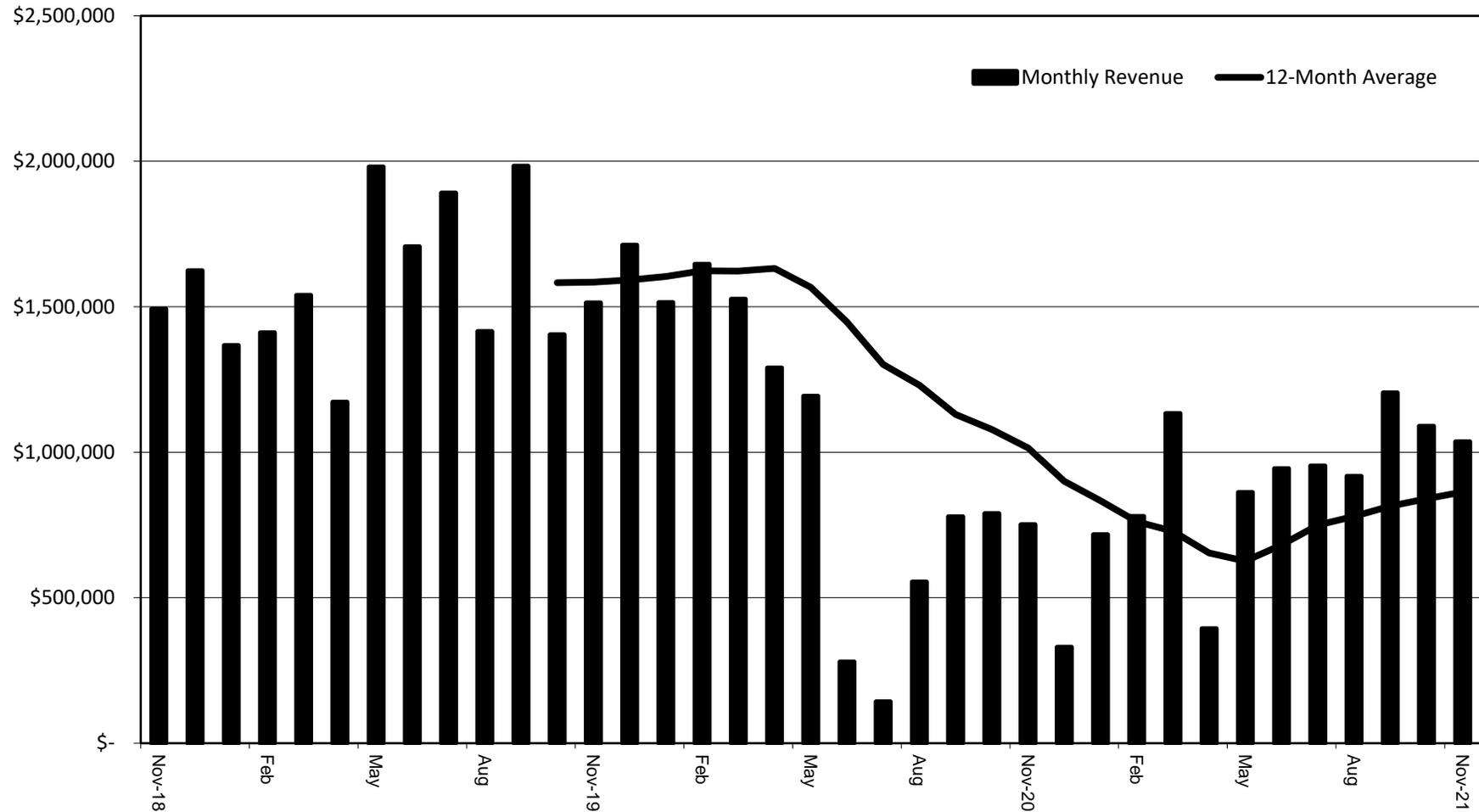
<u>Type</u>	<u>Rate</u>	<u>Balance 10/31/2021</u>	<u>Increase (Decrease)</u>	<u>Balance 11/30/2021</u>	<u>Balance</u>			
					<u>NVTC G&A/Project</u>	<u>Commuter Choice</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun Trust Fund</u>
<u>Cash Deposits</u>								
Wells Fargo: NVTC Checking	N/A	\$ 19,865.81	\$ 39,059.81	\$ 58,925.62	\$ 58,925.62	\$ -	\$ -	\$ -
Wells Fargo: NVTC Savings	0.160%	55,169.27	(49.53)	55,119.74	55,119.74	-	-	-
<u>Investments</u>								
Bank of America: Virginia Local Government Investment Pool	0.065%	234,642,013.50	19,147,817.82	253,789,831.32	471,642.61	43,356,349.09	163,351,418.18	46,610,421.44
		<u>\$ 234,717,048.58</u>	<u>\$ 19,186,828.10</u>	<u>\$ 253,903,876.68</u>	<u>\$ 585,687.97</u>	<u>\$ 43,356,349.09</u>	<u>\$ 163,351,418.18</u>	<u>\$ 46,610,421.44</u>

NVTC MONTHLY GAS TAX REVENUE ALL JURISDICTIONS FISCAL YEARS 2019-2022



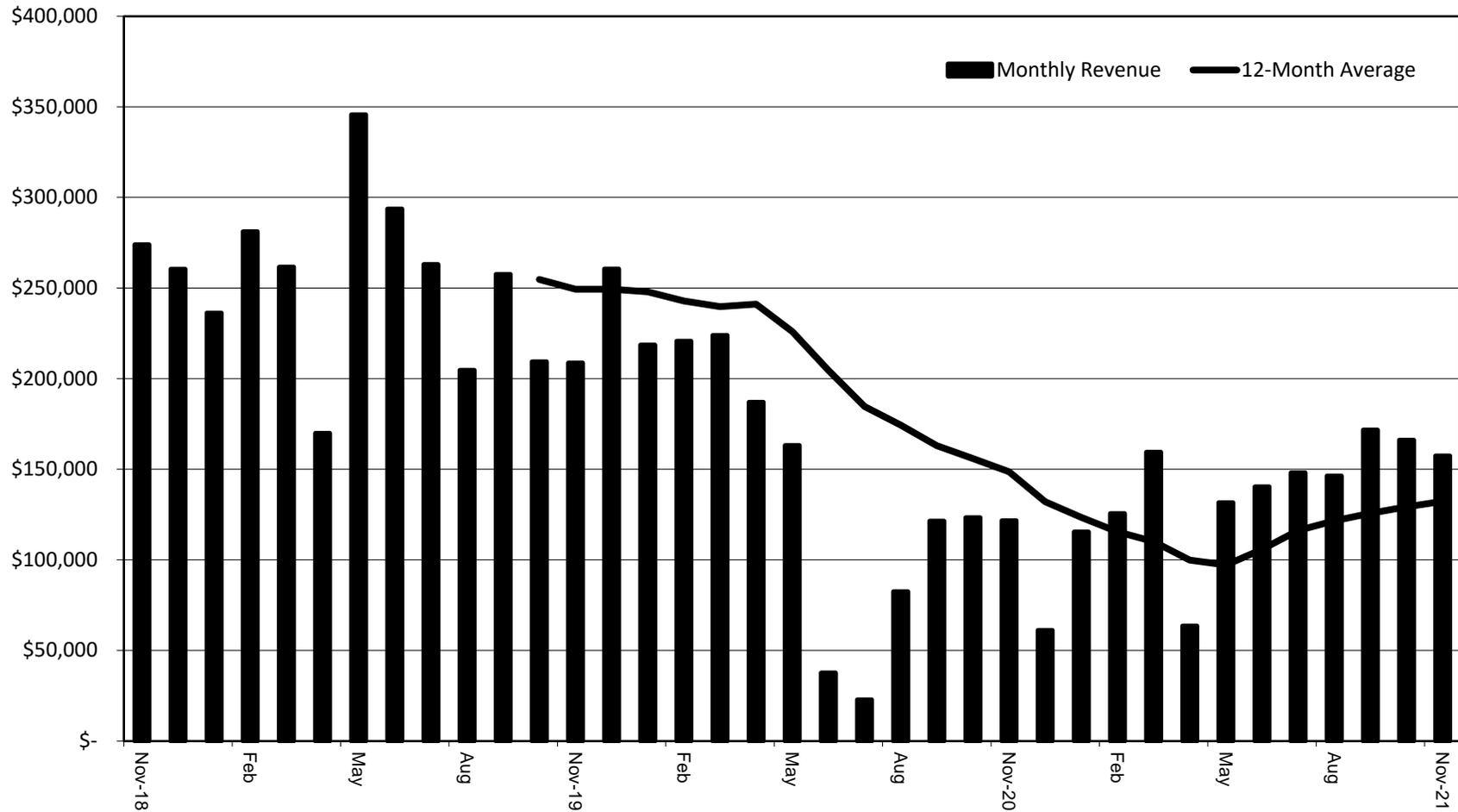
Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.

NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2019-2022



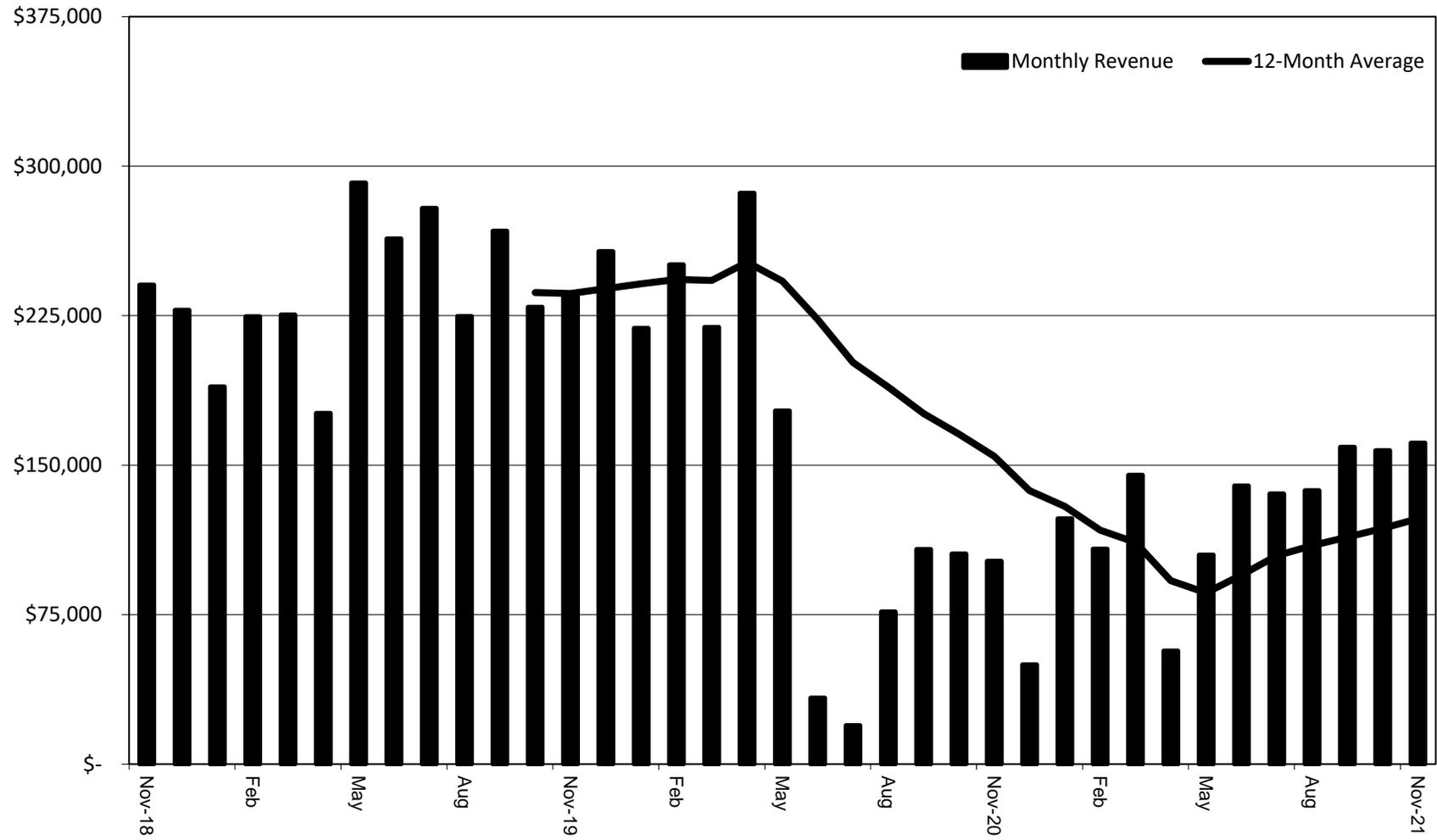
Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.

NVTC MONTHLY GAS TAX REVENUE CITY OF ALEXANDRIA FISCAL YEARS 2019-2022



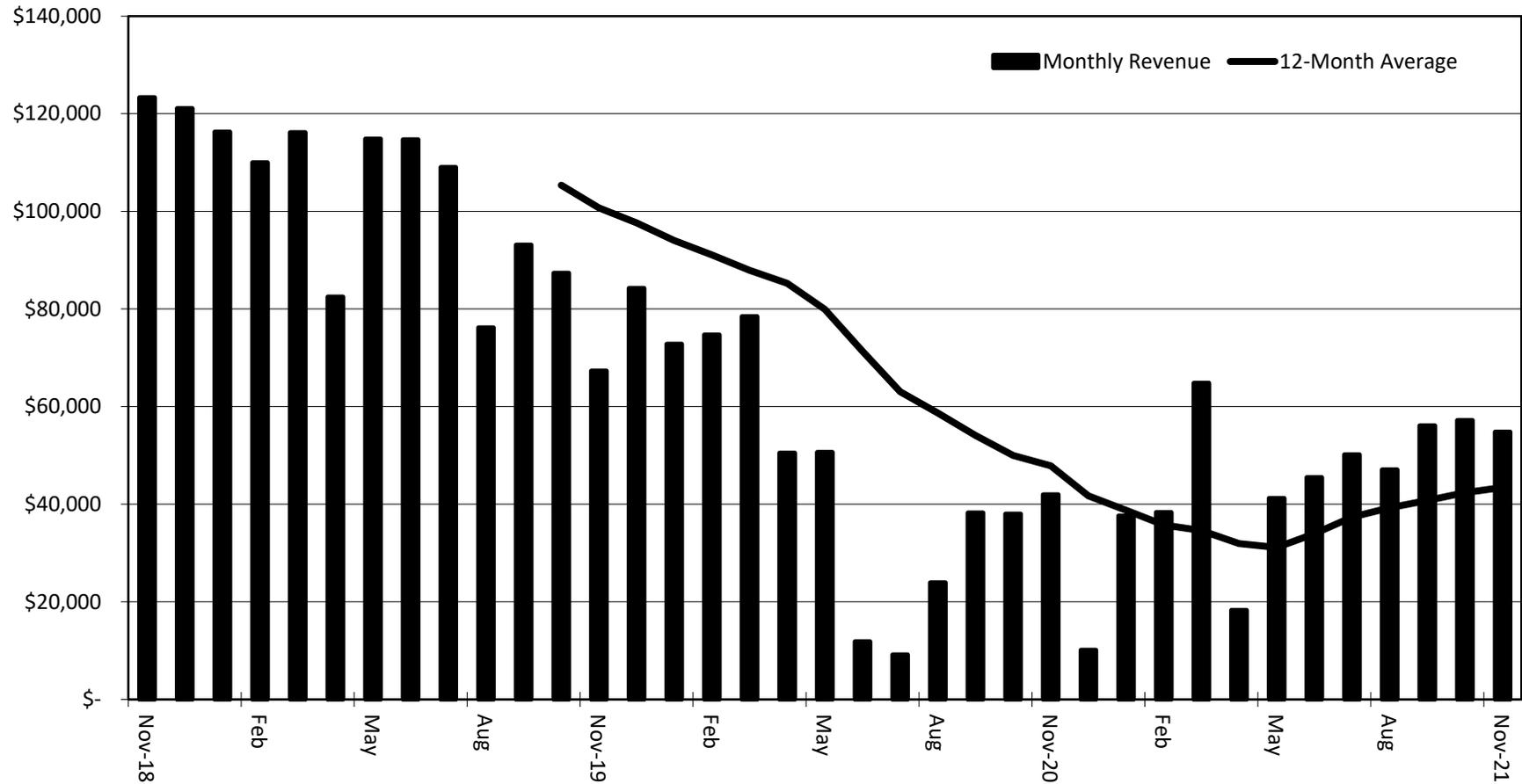
Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.

NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2019-2022



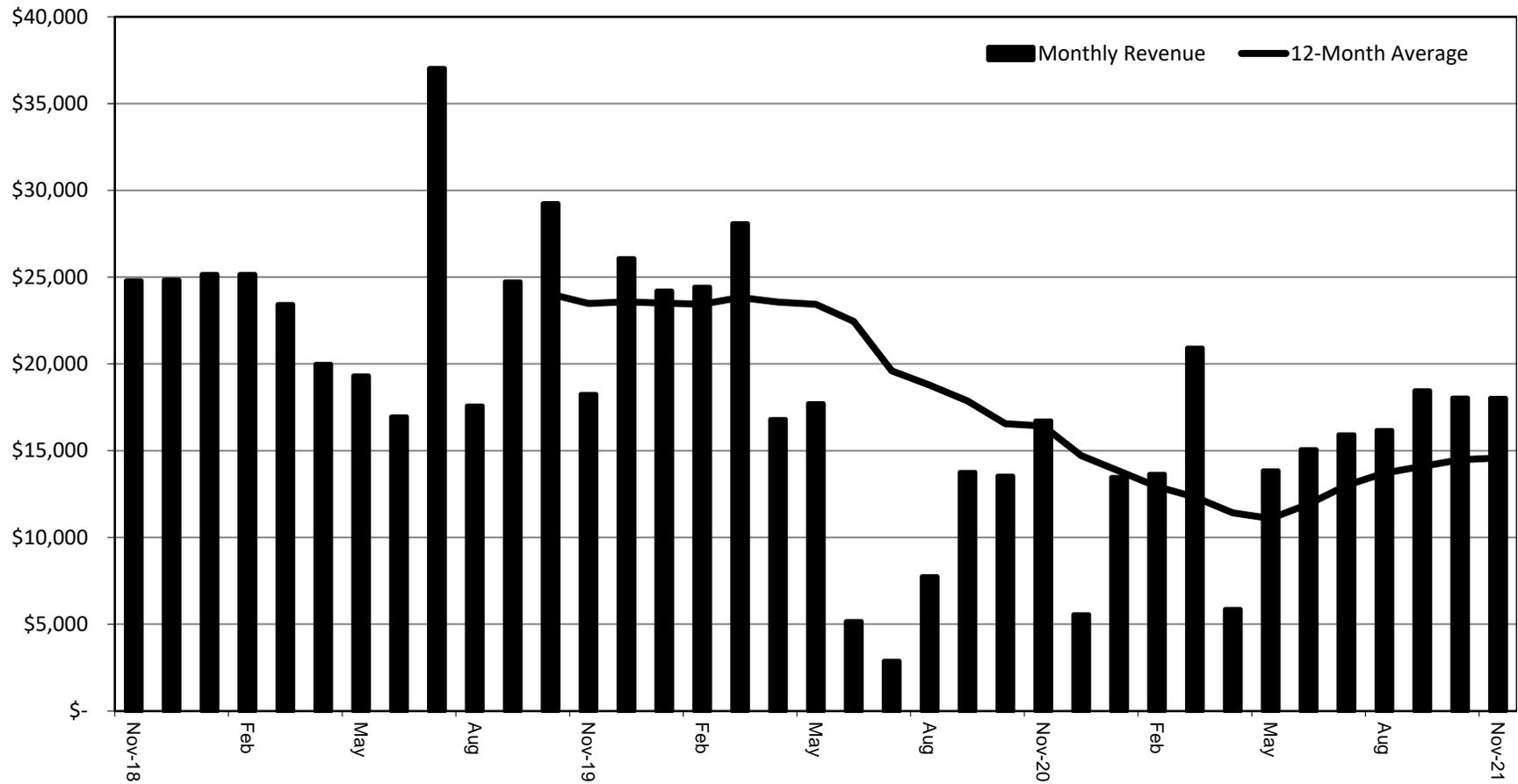
Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.

NVTC MONTHLY GAS TAX REVENUE CITY OF FAIRFAX FISCAL YEARS 2019-2022



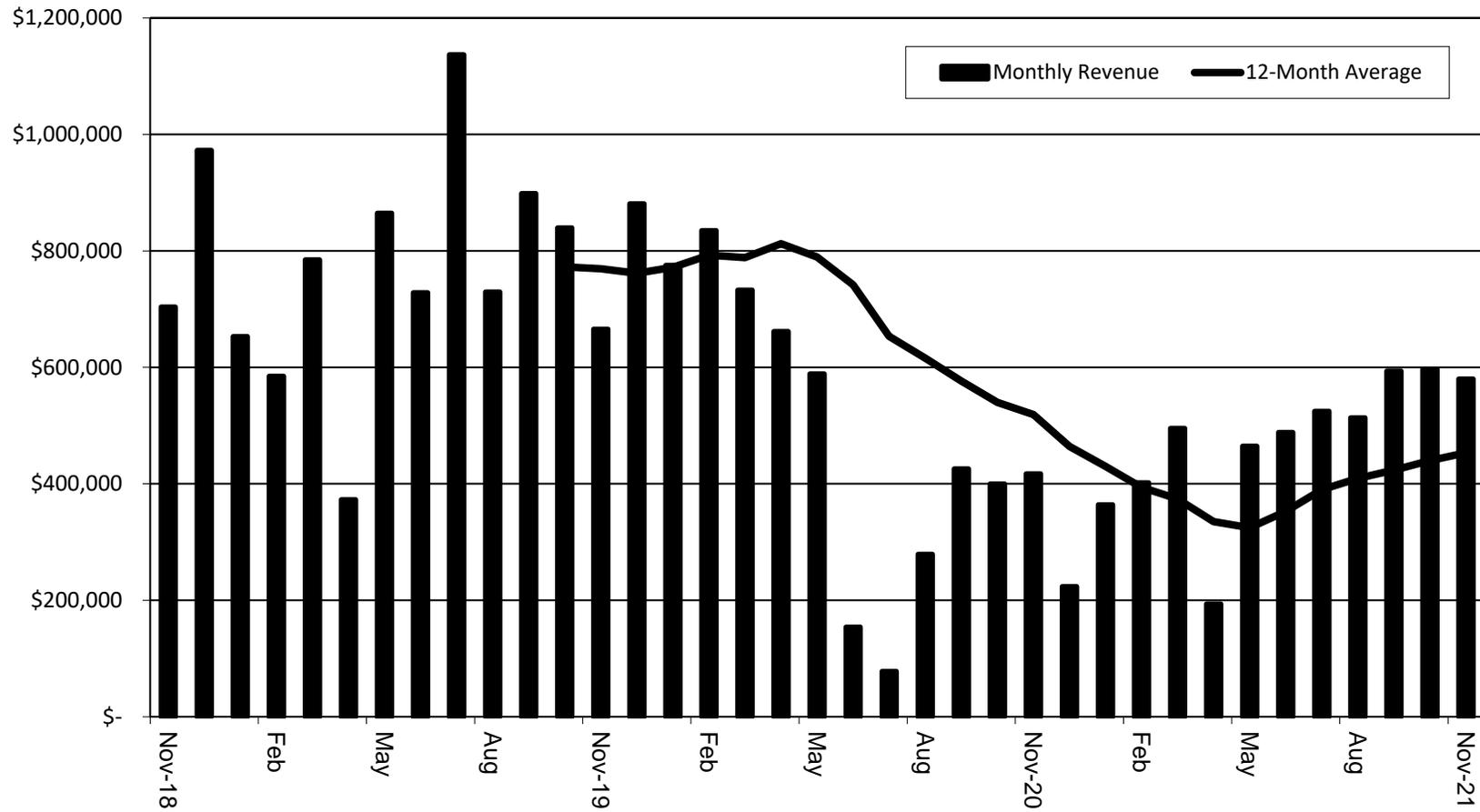
Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.

NVTC MONTHLY GAS TAX REVENUE CITY OF FALLS CHURCH FISCAL YEARS 2019-2022



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 2019-2022



Note: Taxes shown as received by NVTC in a particular month are generated from sales two months earlier.