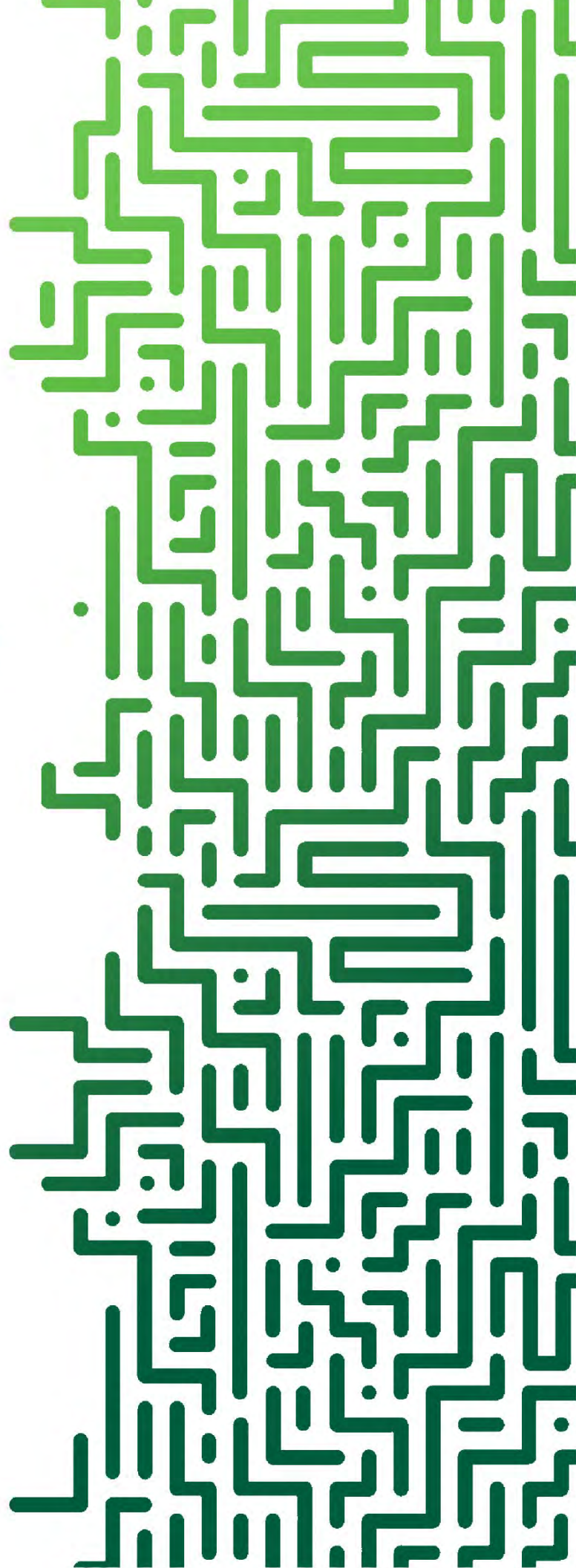




Commission Meeting Materials

December 5, 2024

NoVaTransit.org | @NoVaTransit
2300 Wilson Boulevard, Suite 230
Arlington, VA 22201
(703) 524-3322





Meeting Overview

NVTC’s December 5, 2024 meeting will be an in-person meeting and includes a Public Hearing. It can also be viewed via the [NVTC YouTube Link](#).

Action Items

- Recognition of Departing Commissioner Libby Garvey
- Resolution to Extend WMATA Board Appointment
- Route 7 BRT Strategic Implementation Plan
- RFP for Phase 4-2 of the Route 7 BRT Project
- FY 2024 Audited Financial Statements and Compliance Reports
- 2024 Report on the Performance and Condition of WMATA
- NVTC and VRE Legislative Agendas
- VRE FY 2024 Audit and Application to the I-395/95 Commuter Choice FY 2026-2027 Program

Other Meeting Highlights

- Report from NVTC’s Auditor
- Draft Resolution: NVTC’s Guiding Principles for Future Transit Funding
- Proposed FY 2026 G&A Budget and 2025-2026 Work Plan
- Public Hearing: Work Plan/Draft Resolution “NVTC’s Guiding Principles for Future Transit Funding”
- Reports from NVTC Committee Chairs
- Reports from the Virginia WMATA Board Members, VRE CEO and DRPT Director
- Closed Session for VRE CEO and General Counsel Performance Review

Table of Contents

NVTC December 5, 2024 Meeting Agenda.....	3
Agenda Item 1 Opening Remarks	
Agenda Item 2 Minutes	6
Agenda Item 3 Consent Agenda	16
Agenda Item 4 Recognition of Departing Commissioner	43
Agenda Item 5 NVTC FY 2024 Audited Financial Statements	45
Agenda Item 6 Washington Metropolitan Area Transit Authority (WMATA)	122
Agenda Item 7 Report from the Chairs of the WMATA/Legislative and Policy Committees .	132
Agenda Item 8 NVTC Budget and Work Plan.....	194
Agenda Item 9 Public Hearing	232
Agenda Item 10 Virginia Railway Express (VRE).....	234
Agenda Item 11 Department of Rail and Public Transportation (DRPT)	382
Agenda Item 12 Executive Director Report	386
Agenda Item 13 Closed Session	387



**NVTC COMMISSION MEETING
THURSDAY, DECEMBER 5, 2024
MAIN FLOOR CONFERENCE ROOM
2300 Wilson Blvd., Arlington, VA 22201
[Public Streaming Via YouTube](#)
7:00 p.m.**

AGENDA

5:45 p.m. Boxed Dinners Available for Commissioners
6:00 p.m. Executive Committee Meeting – NVTC Suite #230 Conference Room
7:00 p.m. Commission Meeting – First Floor Large Conference Room ([public streaming](#))

For the Public: There will be a **Public Hearing** on the 2025-2026 Work Plan (Agenda #8B) and the Draft Resolution “NVTC’s Guiding Principles for Future Transit Funding” (Agenda #7C) during the Commission meeting. More information on how to provide comment can be found in [Agenda Item #9](#) or on [NVTC’s website](#).

NVTC is also receiving general public comment NOT specifically related to the above topics. The deadline for written general public comments is 3:00 p.m., Thursday, December 5, 2024 via [NVTC’s website](#). Comments will be provided to Commissioners prior to the December 5 meeting.

1. Opening Remarks
 - **ACTION: Approve Commissioners Participating Electronically (if needed)**
 - General Public Comments Received
2. **ACTION: Approve the Minutes of the November 7, 2024 NVTC Meeting**
3. **ACTION: Approve the Consent Agenda (subject to approval of the chair)**
 - A. **Approve Resolution #2544: Extend Term of NVTC Alternate to the WMATA Board of Directors**
 - B. **Approve the Envision Route 7 BRT Strategic Implementation Plan**
 - C. **Authorize the Executive Director to Issue a Request for Proposals (RFP) for Phase 4-2 of the Route 7 BRT Project**
4. **Recognition of Departing Commissioner**
 - A. **ACTION: Approve a Resolution Commending the Honorable Libby Garvey on Her Departure from NVTC**

5. NVTC's FY 2024 Audited Financial Statements and Compliance Reports

- A. Report from NVTC's Auditors
- B. ACTION: Accept and Authorize Distribution of NVTC's FY 2024 Audited Financial Statements and Compliance Reports**

6. Washington Metropolitan Area Transit Authority (WMATA)

- A. Virginia WMATA Board Members Report
- B. Other WMATA News

7. Report from the Chairs of the WMATA Committee/Legislative and Policy Committee

- A. ACTION: Authorize the Executive Director to Send NVTC's 2024 Report on the Performance and Condition of WMATA to the Governor and the General Assembly**
- B. NVTC Work Towards Long-Term Sustainable Dedicated Funding
 - SJ 28: Joint Subcommittee to Study Growing Transit Needs in Northern Virginia
 - *DMVMoves*
- C. Draft Resolution: NVTC's Guiding Principles for Future Transit Funding
- D. ACTION: Approve NVTC's 2025 Legislative and Policy Agenda**
- E. General Assembly State of Play
- F. Federal Update
- G. Joint NVTC-PRTC-VRE Legislative Forum

8. NVTC FY 2026 General and Administrative Budget and 2025-2026 Work Plan

- A. Proposed FY 2026 General and Administrative Budget
- B. Proposed 2025-2026 Work Plan

9. Public Hearing on NVTC's Proposed 2025-2026 Work Plan and Draft Resolution "NVTC's Guiding Principles for Future Transit Funding"

10. Virginia Railway Express (VRE)

- A. VRE CEO Report and Minutes
- B. ACTION: Approve Resolution #2545: Approve the VRE 2025 Legislative Agenda**
- C. ACTION: Approve Resolution #2546: Accept and Authorize Distribution of VRE's FY 2024 Annual Comprehensive Financial Report**
- D. ACTION: Approve Resolution #2547: Authorize the VRE CEO to Submit, on Behalf of the Commissions, VRE Applications to the I-395/95 Commuter Choice FY 2026-2027 Program**
- E. Proposed VRE FY 2026 Budget

11. Department of Rail and Public Transportation (DRPT)

12. Executive Director Report

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

13. Closed Session

MINUTES
NVTC COMMISSION MEETING – NOVEMBER 7, 2024
Via Electronic Participation
Public Streaming via YouTube

The meeting of the Northern Virginia Transportation Commission was called to order by Chair de Ferranti at 7:01 p.m.

Members Present via Electronic Participation

Canek Aguirre
Walter Alcorn
Sarah Bagley
James Bierman, Jr.
Matt de Ferranti
Adam Ebbin
Libby Garvey
Takis Karantonis
Paul Krizek
Dalia Palchik
Catherine Read
David Reid
Saddam Azlan Salim
Mark Sickles
Paul Smedberg
David Snyder
Daniel Storck
Zach Trogden (Alternate, Commonwealth of Virginia)
James Walkinshaw

Members Absent

Juli Briskman
Matt Letourneau
Alfonso Lopez

Staff Present via Electronic Participation

Kate Mattice, Executive Director
Andrew D’huyvetter
Rhonda Gilchrest
Adam Hager
Scott Kalkwarf
Ann McGrane
Daniel Knickelbein
Tenley O’Hara
Vikram Sinha
Melissa Walker
Aimee Perron Seibert
Rich Dalton (VRE)
Steve Maclsaac (VRE)

Opening Remarks

Chair de Ferranti welcomed everyone to the all-virtual November 7, 2024 NVTC meeting and noted that staff followed the procedures and guidelines in NVTC's Electronic Participation Policy to give notice to the Commission, staff and the public. This meeting is simultaneously being broadcast to the public on YouTube. He reviewed the procedures for the electronic meeting, including that all votes will be conducted by roll call vote and reminded Commissioners about the new Code requirements and the importance of keeping their cameras on to constitute a quorum.

Board Administrator Rhonda Gilchrest called the role and confirmed quorum.

Chair de Ferranti spoke to the challenges the region faces in light of Tuesday's election results. As public servants working on transportation issues, it is important to recognize that the residents of this region are front line workers who need transit and many often don't have the resources for other means of transportation. In his opinion, elected officials will need to use analytical and reasoning skills to convey how much residents need public transit. He expressed concern for immigrant communities and for respect for issues that impact women.

Chair de Ferranti congratulated Senator Adam Ebbin and Delegate Mark Sickles for receiving the Northern Virginia Transportation Alliance's 2024 Legislative Advocacy Award for their work on transportation issues in the region. The Alliance presented them their awards a few weeks back at their 20th Annual What You Need to Know About Transportation Event.

Ms. Mattice stated that NVTC received no general public comments this month. She announced that NVTC will be receiving public comment on the Work Plan at the December 5 meeting.

Minutes of the October 3, 2024 Meeting

Ms. Palchik moved, with a second by Ms. Garvey, to approve the Minutes of the October 3, 2024 NVTC Commission meeting. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bagley, Bierman, de Ferranti, Ebbin, Garvey, Karantonis, Krizek, Palchik, Reid, Salim, Smedberg, Snyder, Storck and Walkinshaw. (Although she was present, Ms. Read did not participate in the vote as the board administrator inadvertently missed her name on the roll call roster.)

Consent Agenda

Chair de Ferranti stated that the Consent Agenda includes two action items:

- A. Approve the 2025 NVTC Meeting Schedule
- B. Authorize the Executive Director to Issue a Request for Proposals for Creative Services

Mr. Alcorn moved, with a second by Mr. Salim, to approve the Consent Agenda.

Mr. Snyder asked staff to clarify the meaning of “creative services.” Ms. Mattice explained that creative services covers publications and graphic design that cannot be done in-house, such as reports sent to the General Assembly and other publications for the general public. NVTC has had a creative services contract for the last three years, and now it is time for a new procurement.

The Commission then voted on the motion. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bagley, Bierman, de Ferranti, Ebbin, Garvey, Karantonis, Krizek, Palchik, Read, Reid, Salim, Smedberg, Snyder, Storck and Walkinshaw.

Washington Metropolitan Area Transit Authority (WMATA)

Chair de Ferranti asked Mr. Smedberg to give the WMATA Board Member Report.

Report from the WMATA Board Members. Mr. Smedberg reported that earlier this month, the WMATA Board approved two agreements for more Metrobus service in DC. Earlier today, WMATA’s Finance and Capital Committee and Safety and Operations Committee met and reviewed two key initiatives that will come to the Board for action later this month: restructured Metrobus and Metrorail operating subsidy allocation formulas and the Better Bus 2025 Network Redesign. Regarding the proposed operating subsidy formulas, it is a complex topic but one that WMATA staff have taken on with a great deal of input from the Board, NVTC and the jurisdictions. This is the first true overhaul of the subsidy allocation formulas since the late 1970s for rail and 1990s for bus. The new, restructured formulas will provide some benefits that address some longstanding issues, specifically increased transparency, better alignment between benefits and costs, incentives for jurisdictions to encourage paid ridership, and improved fiscal predictability for the funding jurisdictions. As far as potential fiscal impacts, WMATA staff presented how the restructured formulas would change overall subsidy contributions after the approval of the 2025 Better Bus Network, which redistributes service across the region. Virginia’s overall share of subsidy would decrease by just under \$6 million while Maryland and the District of Columbia would see marginal increases.

Mr. Smedberg stated that the upcoming approval of the 2025 Better Bus Network Redesign follows over two years of extensive planning and engagement in order to modernize WMATA’s bus network. Once implemented, the Better Bus Network could attract 13,000 more daily weekday trips with existing resource levels. WMATA received over 13,000 comments this summer and made changes to more than half of the proposed routes as a result of the public’s feedback. Once the Board approves the 2025 Network, WMATA staff will be working closely with jurisdictional staff on the various implementation steps between now and next summer.

Mr. Smedberg stated that there are some long-term state of good repair challenges based on current levels of funding. Thanks to the additional investments from Virginia for FY 2025 and FY 2026, significant operating funding challenges aren’t expected until FY 2027. Looking ahead, the WMATA Board will have a discussion on the FY 2026 operating and capital budgets on November 21 before the general manager presents his FY 2026 Proposed Budget in December.

Mr. Sickles joined the discussion.

Ms. Palchik stated that she is pleased to see that the Better Bus Redesign is straightforward and focused on connectivity and being a regional network that is needed. She appreciates that WMATA is listening to the community. Mr. Karantonis agreed and observed that the public input process was well done.

Report from the Chairs of the WMATA Committee/Legislative and Policy Committee

WMATA Committee Chair Walter Alcorn stated that the draft 2024 Annual Report on the Performance and Condition of WMATA is in the meeting materials. Adam Hager, NVTC's new WMATA program manager, will give a brief presentation on this year's report, which will come back next month for action. That will be followed by updates from the executive director and the new director of programs and policy on the various work NVTC is supporting to find a long-term, sustainable, dedicated funding solution for the region. Mr. Alcorn also announced that the WMATA Committee/Legislative and Policy Committee will hold a joint all-virtual meeting on November 21 at 6:00 pm.

Draft 2024 Annual Report on the Performance and Condition of WMATA. Mr. Hager reviewed the structure of the Annual Report on the Performance and Condition of WMATA, which NVTC is required by state code to submit this report each year to the governor and General Assembly by December 15. Staff have been working with the WMATA Committee since the spring to develop this report which advances many of the themes in last year's report. He provided a few highlights of several key recommendations:

- Recommendation #1: A long-term funding solution is needed to address future challenges with WMATA's operating and capital budgets. The region collectively came up with a temporary solution that addressed WMATA's FY 2025 budget but there remains a need for a long-term, sustainable solution. WMATA presented their long-term operating and capital outlooks in October which are covered in the report.
- Recommendation #2: The need to preserve the additional state aid and operating cap rebaselining contained in the state's Biennium Budget. The Commonwealth included just over \$60 million in FY 2025 and \$84.5 million in FY 2026 in additional state aid to help close WMATA's operating budget shortfall.
- Recommendation #3: Establish a revised operating assistance growth cap. In Virginia, the 3% cap is suspended in the two-year state budget. As SJ 28 moves forward, the report recommends a hard look at whether the 3% cap is the right cost containment tool, especially as WMATA works on new subsidy allocation formulas this fall.
- Recommendations #4 and #5: Continue to see ridership growth and for WMATA to establish a reserve fund at the right time just like every major transit agency in the country.
- Recommendations #6-10: Several of these are carryovers from last year. Recommendations #7 and #8 are two that are central to the DMVMoves effort which has really worked to identify ways to coordinate technology and transit policies across the region to benefit riders and find cost savings.

Mr. Hager noted that the report also includes the progress WMATA has made on a handful of important priorities including fare evasion, cost savings measures, and the Better Bus Network. The report will come back for the Commission's consideration and approval on December 5. Once approved, the report will be submitted to the governor and General Assembly by the December 15 deadline.

Mr. Alcorn thanked staff for their work on the report, including adding references to what is being covered by SJ 28 and DMVMoves. Mr. Walkinshaw asked about Recommendation #9 and what are the industry standards with collective bargaining agreements. Mr. Smedberg stated that he will work with Mr. Hager to provide this information to Mr. Walkinshaw. Chair de Ferranti encouraged Commissioners to think about if any of the recommendations should be shifted or ranked in light of the election. Commissioners have until November 15 to provide comments to staff.

SJ 28 Joint Subcommittee/DMVMoves. Ms. Mattice introduced NVTC's new Director of Policy and Programs Andrew D'huyvetter, who is replacing Allan Fye who left NVTC to take a job at the Federal Transit Administration. Mr. D'huyvetter is now serving as the new chair of the SJ 28 Joint Subcommittee's staff level technical working group.

Mr. D'huyvetter stated that the work of the SJ 28 Joint Subcommittee is incredibly important. While DMVMoves is having regional conversations about customer experience, seamlessness, and a regional funding framework, SJ 28 is getting down to details on the Virginia part of this regional solution.

Mr. D'huyvetter reported that Virginia has the most transit agencies, and the most complicated funding and governance structure when compared to its peers across the river. Using information collected in DMVMoves, SJ 28 is developing a large menu of revenue options that can be part of Virginia's solution within the larger regional framework with DC and Maryland. The Joint Subcommittee's work this month and last month is intended to provide an expanded menu of up to 15 revenue sources at the NVTC, PRTC and statewide levels. The next and final SJ 28 Joint Subcommittee meeting of 2024 is scheduled for November 12 at 10:00 a.m.

Mr. D'huyvetter explained that the work of the SJ 28 Subcommittee primarily rests on NVTC staff. Given NVTC staff capacity constraints, once the Subcommittee finalizes the expanded menu of revenue options, NVTC staff are seeking Commission approval for consultant support to generate revenue estimates and perform other policy and research related tasks to help support the effort. The next agenda item is an action to authorize the NVTC executive director to request proposals to support that effort.

Mr. D'huyvetter stated that funding for this work is already included in NVTC's budget and is being supported by contributions from VRE and PRTC. NVTC staff will use the DRPT General Planning Contract, which was competitively procured, to request proposals for technical support. Using this approach allows for the timelier acquisition of consultants, which is important given the overall fast and compressed timeline of the SJ 28 study process.

Mr. D'huyvetter asked SJ 28 Joint Subcommittee Chair Senator Adam Ebbin for any comments. Mr. Ebbin stated that the Joint Subcommittee has had a very busy year, but there is still important

work to do in finalizing the list of revenue options so staff can develop estimates. Because of meeting timing, he doesn't have a significant update for the Commission tonight, but he will brief the Commission at the December 5 meeting on the SJ 28 Joint Subcommittee's workplan for 2025 and the path ahead.

Mr. Ebbin moved, with a second by Ms. Palchik, to authorize the executive director to issue a Request for Proposals via the DRPT General Planning Contract to provide technical support to NVTC for analysis related to the SJ 28 Joint Subcommittee and to execute the associated contract. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bagley, Bierman, de Ferranti, Ebbin, Garvey, Karantonis, Krizek, Palchik, Read, Reid, Salim, Sickles, Smedberg, Snyder, Storck and Walkinshaw.

Draft 2025 Legislative and Policy Agenda. Legislative and Policy Committee Chair Canek Aguirre reported that the proposed 2025 Legislative and Policy Agenda doesn't include a heavy ask for this General Assembly Session, but NVTC will be monitoring important legislation that affects transit. Before diving into the presentation on the proposed agenda, he asked the executive director to share the potential impacts to transit from Tuesday's general election.

Ms. Mattice stated that NVTC will continue to monitor the federal space in light of the changes in the administration and Senate leadership. For near-term funding, the formula funds to WMATA, VRE and other transit systems are Trust Funds and not subject to appropriations, so there won't be any changes. However, there could potentially be changes in the competitive grant programs, which could have an impact on bus rapid transit (BRT) and rail. The PRIIA funding for WMATA is also subject to appropriations. On a positive note, there were local transit funding referendums that passed across the country, in particular in Pheonix, Arizona; Seattle, Washington; and Columbus, Ohio. Hopefully there can be lessons learned from their experience and success at the polls.

Mr. Aguirre introduced NVTC's new Commuter Choice and Policy Program Manager Daniel Knickelbein, to give the presentation on the 2025 Legislative and Policy Agenda. Mr. Knickelbein stated that many of the 2025 state and federal legislative priorities are the same or similar to last year. This year's Legislative and Policy Agenda will be setting the groundwork for a robust legislative package in 2026, especially with the SJ 28 Joint Subcommittee and *DMVMoves* wrapping up next year. The state legislative agenda is centered on advocating for long-term, sustainable, dedicated funding for WMATA, VRE and all Northern Virginia transit systems, which is similar to past years. This year, there is also a focus on preserving the additional state aid for WMATA and operating cap re-baselining that was included in the two-year state budget passed last year.

On the federal side, Mr. Knickelbein stated that NVTC's priorities remain largely the same, with a continued emphasis on maximizing the region's access to federal funding (both formula and competitive) for transit. An added priority references the need to address challenges in domestic bus manufacturing that was recently highlighted by an American Public Transportation Association (APTA) task force report. Local transit providers have conveyed the importance of ensuring a sustainable future for domestic bus manufacturing. Since programs authorized by the Infrastructure Investment and Jobs Act (IIJA) are set to expire in 2026, NVTC will remain engaged

with its federal delegation as discussions around the next re-authorization bill start to heat up next year.

Mr. Knickelbein stated that in terms of next steps, staff will take any feedback received from Commissioners at this meeting and refine the proposed agenda in advance of the December Commission meeting, when the Commission will take formal action to approve the agenda.

Mr. Sickles suggested adding a bullet point about the efficiency improvements made at WMATA over the last two years, including Better Bus Network Redesign, fare evasion, labor negotiations, etc. He noted that WMATA is always being accused of being inefficient, so it is important to promote the things it is doing to be more efficient. He thinks this should be the first bullet point and included in any materials NVTC hands out on what is being done to save the Metro system. People won't know unless they are told. Mr. Snyder agreed. He also noted that he doesn't see a specific mention of WMATA funding in the bullet points. It should be a fundamental objective. Mr. Knickelbein responded that staff can add more language.

Chair de Ferranti asked Mr. Smedberg to engage with staff on any other WMATA efficiencies that should be included. Mr. Smedberg stated that more things can be amplified on what WMATA Board and staff have done to improve the organization and bring efficiency. He offered to work with NVTC staff on this. Ms. Garvey stated that she supports Mr. Sickle's recommendation as it is so important to educate and help people "connect the dots." Ms. Mattice noted that the bullet points in the slides are short form and the actual Legislative and Policy Agenda includes more information.

Joint NVTC-PRTC-VRE Legislative Forum. Ms. Mattice announced that NVTC's 2024 Legislative Forum is scheduled for Friday, December 13 at 8:30 a.m. at George Mason University's Mason Square campus in Arlington. This event is held annually in partnership with PRTC and VRE, and this year's event will shine a spotlight on Northern Virginia transit's vital role within the greater Washington area, showcasing key public transportation priorities at both the state and federal levels. Confirmed panelists include Senator Jennifer Boysko, Senator Adam Ebbin, Delegate Mark Sickles, Fairfax County Board Chair Jeff McKay and moderator Nick Donohue.

Report from the Chair of the Program Advisory Committee

Program Advisory Committee Chair Dalia Palchik stated that staff will give a quick presentation on the Route 7 BRT Strategic Implementation Plan, which will come back for action at the December meeting.

Senior Program Manager Vikram Sinha briefed the Commission on the Envision Route 7 Bus Rapid Transit (BRT) Strategic Implementation Plan. The draft Plan reflects both Commission and stakeholder feedback to accelerate delivery of bus improvements that enables BRT on the Route 7 corridor and recognizing the growing ridership of the existing 28A Metrobus route. The Route 7 BRT project wants to build on that success through a two-pronged approach. For the short-term, the approach is to layer bus improvements and increase frequency on Metrobus 28A and build toward a long-term vision of an eventual BRT system.

Mr. Sinha stated that along with the Strategic Plan, staff plan to start the next phase of the project. Staff will return next month to seek authorization to issue a Request for Proposals (RFP) for Envision Route 7 Planning services (Phase 4-2). The Phase 4-2 Mobility Analysis Study will examine the segment from Seven Corners in Fairfax County to the Mark Center in Alexandria, as well as do a deeper dive on operational options in the City of Falls Church, completing the corridor's mobility analysis. Phase 4-2 will build off previous analysis by NVTC and the Fairfax County Department of Transportation and include the following study objectives (preliminary):

- Define the mobility benefits of BRT and facilitate an understanding of the BRT project.
- Understand the operational impact of BRT along the study corridor.

Virginia Railway Express (VRE)

Chair de Ferranti asked VRE CEO Rich Dalton to give his report followed by VRE Operations Board Vice-Chair Bagley to present the information item. There are no VRE actions this month.

VRE CEO Report. Mr. Dalton encouraged Commissioners to read his written CEO Report. He reported that for October ridership reached 6,900 daily riders and on-time performance hovered at 76%, due to rail congestion and freight traffic being rerouting around North Carolina following the hurricane.

Draft 2025 VRE Legislative Agenda. Ms. Bagley stated that the draft VRE 2025 Legislative Agenda will serve as guidance for staff and the contracted legislation liaisons during the upcoming legislative session. It also includes federal legislative and regulatory issues that are relevant to transit and commuter rail in the U.S., and VRE specifically. NVTC's Legislative and Policy Agenda aligns with VRE's Legislative Agenda. For the state level, in addition to making sure there is ample funding to support VRE's future plans, the agenda includes efforts to advance Commuter Rail Exemptions for Virginia State Tax on Surplus Lines Insurance. On the federal level, in addition to securing and holding onto federal funding for rail as authorized in the IIJA, we will urge Congress to make changes to the timeline for implementation of increases to the Rail Passenger Transportation Liability Cap as well as monitor activities related to the maintenance and upgrade of Amtrak's First Street Tunnel. The Commissions will be asked to approve the VRE Legislative Agenda at their respective December meetings.

Department of Rail and Public Transportation (DRPT)

Acting DRPT Director Zach Trogon reported that DRPT's annual grant application period will start December 1 and run through February 1, 2025. He also announced that Governor Youngkin has appointed Tiffany P. Robinson as the new DRPT Director starting November 10. Ms. Robinson is currently a deputy chief of staff in the governor's office.

Executive Director Report

Ms. Mattice encouraged Commissioners to read her Executive Director Newsletter, which highlights some of NVTC's recent efforts and events. She reviewed upcoming meetings:

- Joint WMATA Committee / Legislative and Policy Committee - November 21 at 6:00 p.m. all-virtual
- Next Commission Meeting – December 5 7:00 p.m. (with a public hearing on the Work Plan) - Executive Committee at 6:00 p.m.
- Joint Legislative Forum hosted by NVTC, PRTC and VRE – December 13 8:30 a.m. GMU Schar School

Ms. Mattice stated that with the recent departure of two staff members (Allan Fye and Ben Owen) there have been some staff promotions, including Director of Policy and Programs Andrew D'huyvetter, WMATA Program Manager Adam Hager, Commuter Choice and Policy Program Manager Daniel Knickelbein, and Data Visualization Program Manager Sophie Spiliotopoulos.

Ms. Mattice stated that the September Financial Reports were provided in the meeting materials. There were no comments or questions.

Closed Session

Chair de Ferranti stated that the Commission needs to go into Closed Session for the executive director's annual performance review. He explained that for the benefit of the listening public, the Commission will return to Open Session. The meeting will resume live when NVTC returns to Open Session.

Chair de Ferranti moved, with a second by Ms. Bagley, the following motion:

“Pursuant to the Virginia Freedom of Information Act, Section 2.2-3711.A.1 of the Code of Virginia, the Northern Virginia Transportation Commission authorizes discussion in Closed Session concerning the executive director's performance evaluation.”

The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bagley, Bierman, de Ferranti, Ebbin, Garvey, Karantonis, Krizek, Palchik, Reid, Salim, Smedberg, Snyder, Storck and Walkinshaw.

The Commission entered into Closed Session at 8:13 p.m. and returned to Open Session at 8:53 p.m. The live stream feed was restored for public viewing. Mr. Ebbin left the meeting during the Closed Session and did not return.

Ms. Bagley moved, with a second by Chair de Ferranti, the following certification:

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

- 1) Only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and
- 2) Only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered.

The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bagley, Bierman, de Ferranti, Garvey, Karantonis, Krizek, Palchik, Reid, Salim, Smedberg, Snyder, Storck and Walkinshaw.

Chair de Ferranti moved, with a second by Ms. Palchik, to approve an amendment to the executive director's contract as discussed in Closed Session. The vote was conducted by a roll call vote and the motion passed. The vote in favor was cast by Commissioners Aguirre, Alcorn, Bagley, Bierman, de Ferranti, Garvey, Karantonis, Krizek, Palchik, Reid, Salim, Smedberg, Snyder, Storck and Walkinshaw.

Adjournment

Without objection, Chair de Ferranti adjourned the meeting at 8:56 p.m.

Approved this 5th day of December 2024.

Matt de Ferranti
Chair

Sarah Bagley
Secretary-Treasurer



TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice, Vikram Sinha and Brittany Sumpter
DATE: November 27, 2024
SUBJECT: Consent Agenda (subject to approval of the chair)

The Consent Agenda includes three actions including approval of a resolution to extend a WMATA Board appointment, the Envision Route 7 BRT Strategic Implementation Plan, and the issuance of a RFP for the next phase of the Route 7 BRT mobility analysis.

ACTION: Approve the Consent Agenda

A. Approve Resolution #2544: Extend Term of NVTC Alternate to the WMATA Board of Directors

The Commission is asked to approve Resolution #2544, which will extend Canek Aguirre’s term as an alternate on the WMATA Board until NVTC makes its formal appointments at its first 2025 Commission meeting. Mr. Aguirre’s term on the WMATA Board expires on January 7, 2025; however, NVTC is not scheduled to meet until January 16, 2025 when the Commission is expected to take action on its board and committee appointments. This action is requested to ensure continuity of Virginia representation on the WMATA Board as the Board plans to meet before January 16.

B. Approve the Envision Route 7 BRT Strategic Implementation Plan

The Commission is asked to approve the Envision Route 7 Strategic Implementation Plan, which adopts a phased approach to bus priority and bus improvements in the Route 7 corridor, allowing the project to enhance the customer experience through targeted bus improvements that address critical areas along Route 7, laying the foundation for the more extensive BRT construction and eventual service. The Strategic Implementation Plan documents tactical improvements to bus service that each jurisdiction and the Metrobus 28A bus operator (Washington Metropolitan Area Transit Authority or Metro) are committed to delivering. With jurisdictional and roadway owner concurrence, context sensitive, multi-modal treatments that support local needs and expectations can be advanced to increase the efficiency of bus service and enhance passenger experience.

To simultaneously advance the Bus Rapid Transit (BRT) component of the project, the next major phase of work is the Phase 4-2 Mobility Analysis, which examines the segment from Seven Corners in Fairfax County to the Mark Center area in Alexandria. The work will collect data for the corridor to identify traffic congestion and resulting bus delays, while including extensive community conversations around Bus Rapid Transit.

C. Authorize the Executive Director to Issue a Request for Proposals (RFP) for Consulting Services for the Route 7 Phase 4-2 Mobility Analysis

The Commission is asked to authorize the executive director to issue a Request for Proposals (RFP) for consulting services for the Route 7 Phase 4-2 Mobility Analysis Study, which will have an expected contract term of 18 months. The study will examine the segment from Seven Corners in Fairfax County to the Mark Center area in Alexandria.

The selected firm will be responsible for an analysis of the corridor to:

- Identify trends and examine issues related to traffic congestion by collecting data to analyze and understand the operational impacts of BRT along the study corridor.
- Facilitate community conversations around BRT on the project corridor.
- Conduct analysis in the City of Falls Church regarding Business Access and Transit (BAT) vs. HOV, queue jump layout/cross-section.
- Identify Alexandria BRT southern terminus (Southern Towers vs. Mark Center).

The findings will provide staff and policymakers with the information to determine what type of BRT facility will best serve the region. The deliverables for the study are reports focused on each jurisdiction and the options for change.

Following the procurement process and a formal evaluation of the proposing firms, staff will return in March 2025 to seek Commission authorization to award a contract. These services will be funded through the combination of a federal Community Project Funding grant, DRPT funds, and local matches provided by the City of Alexandria, City of Falls Church, Arlington County and Fairfax County.



RESOLUTION #2544

SUBJECT: Extend Term of NVTC Alternate to the WMATA Board of Directors

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: NVTC formally acts on these appointments at the Commission’s January meeting;

WHEREAS: NVTC Commissioner Canek Aguirre’s term as an alternate to the WMATA Board of Directors expires on January 7, 2025;

WHEREAS: NVTC’s first meeting in 2025 is scheduled for January 16, 2025 but the WMATA Board is scheduled to meet prior to that date; and

WHEREAS: To ensure continuity of Virginia representation on the WMATA Board, staff recommend Mr. Aguirre’s term be extended.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby extends Canek Aguirre’s term as an alternate on the WMATA Board of Directors until the meeting at which NVTC makes its official appointments to the WMATA Board, now planned for January 16, 2025.

Approved this 5th day of December 2024.

Matt de Ferranti
Chair

Sarah Bagley
Secretary-Treasurer



ENVISION ROUTE 7

Strategic Implementation Plan

Better Bus Now:

A New Approach to BRT on Route 7

Executive Summary

The Northern Virginia Transportation Commission (NVTC) leads the planning process for Envision Route 7, a Bus Rapid Transit (BRT) system designed to connect the Mark Center in Alexandria to Tysons in Fairfax County via Bailey’s Crossroads, Seven Corners and Falls Church along the Route 7 corridor. NVTC seeks to expedite bus improvements on Route 7 to reflect the increasing ridership of WMATA’s Metrobus Route 28A and enhance transit service as a foundational step toward full BRT implementation.

To date, there are 10 capital projects that have been funded that have a direct link to improving bus transit service along the proposed Route 7 BRT corridor. These projects, and those identified in future planning activities, are key to providing better bus improvements to riders well in advance of the opening of the BRT line.

Envision Route 7 Strategic Implementation Plan Objectives:

- Prioritize implementation of context sensitive bus priority treatments in each jurisdiction
- Transform Route 7 and Metrobus 28A into a “Better Bus Now” (Figure 1)
- Continue longer-term planning to realize a full BRT system along the corridor

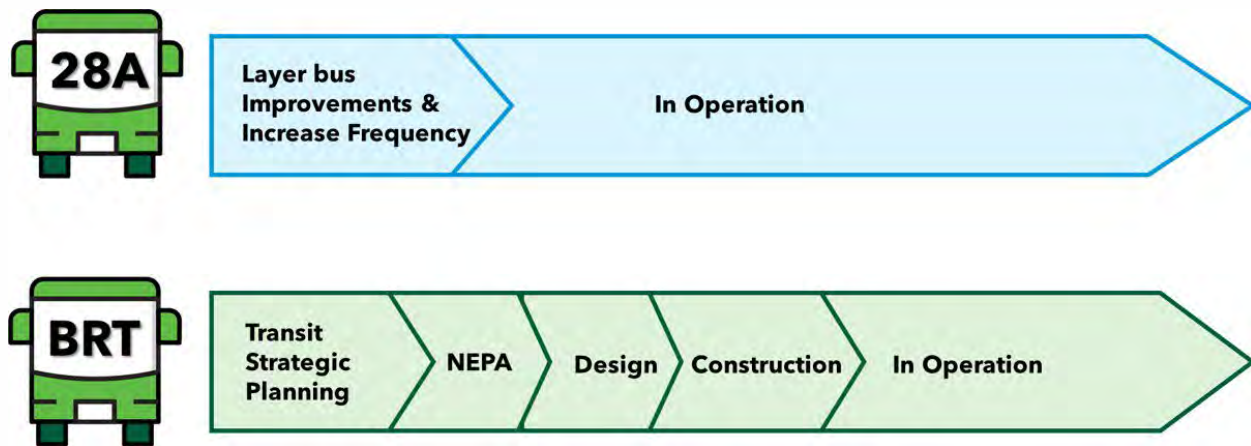


Figure 1: Proposed Strategy for Envision Route 7 BRT

Envision Route 7 Corridor:

The corridor comprises a varied roadway and urban treatments within a 14-mile project corridor in four jurisdictions (Alexandria, Falls Church, Fairfax County, and Arlington County). Route 7 contains diverse communities, connects residents to jobs and opportunities, and is currently served by the 12-minute daytime frequency Metrobus service (Metrobus 28A). The next phase of planning work in the corridor is NVTC’s 4-2 Mobility Study, which will further planning towards eventual construction of a high-frequency, high-capacity bus rapid transit service that includes enhanced bus stops and boarding islands.

Better Bus Now on Route 7:

Rather than wait years for the long-term construction and build-out of a BRT system on Route 7, the Envision Route 7 Strategic Implementation Plan establishes a phased approach that accelerates the customer experience through targeted bus improvements that can be implemented while longer-term planning efforts continue (Figure 2). The Plan calls for jurisdictions and bus operators to implement smaller-scale, tactical capital projects and operational enhancements that will lay the foundation for the more extensive BRT construction and eventual service. These projects include smaller-scale, tactical projects such as transit signal priority (TSP), dedicated vehicles lanes for buses, and improved bus stops.

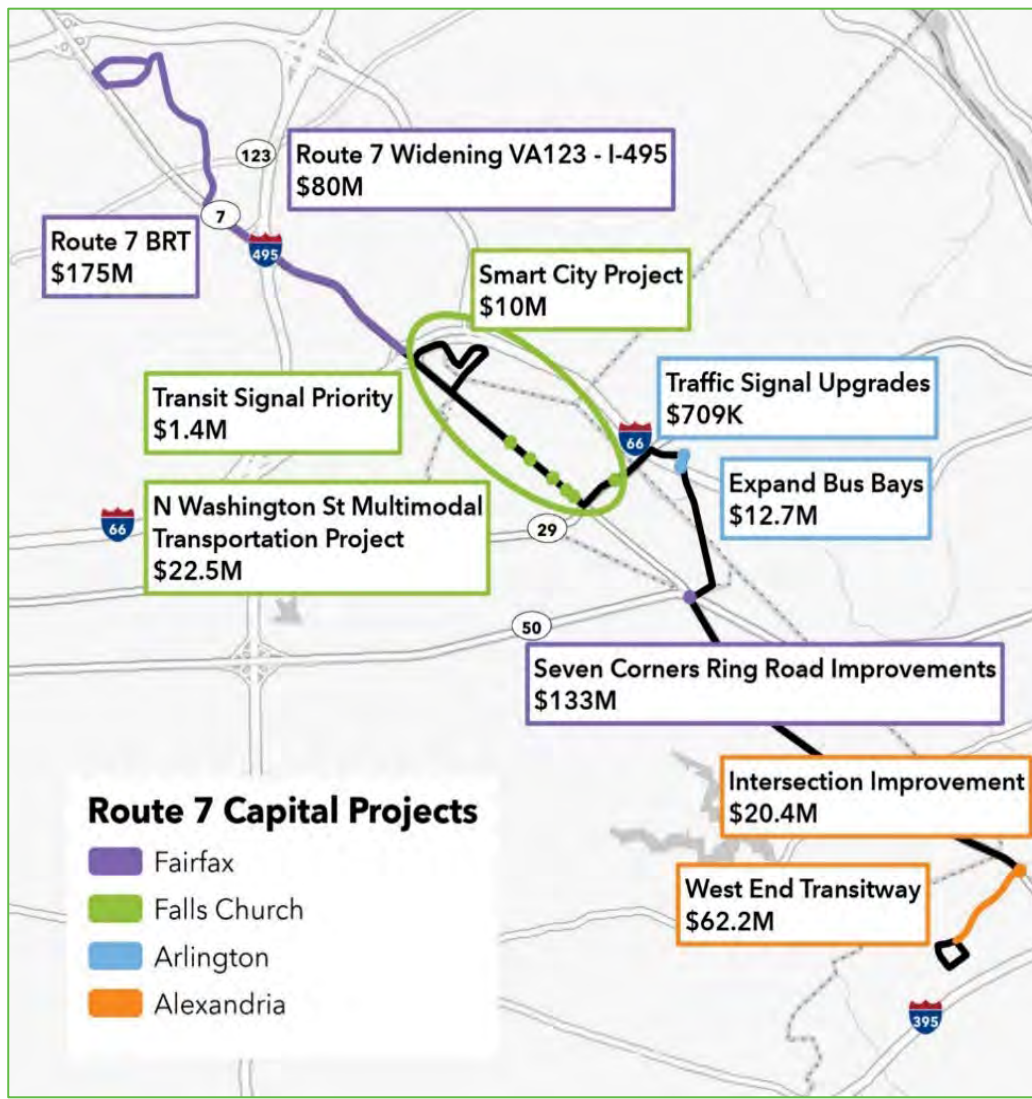


Figure 2: Planned and Funded Metrobus 28A Capital Projects



Table of Contents

- Executive Summary ii
- Table of Contents..... iv
- 1. Overview..... 1
 - NVTC’s Role on the Corridor2
- 2. Envision Route 7 BRT Project2
- 3. Project Planning to Date3
 - Phase 4-05
 - Phase 4-15
 - Phase 4-26
- 4. Project Planning Funding to Date6
- 5. Metrobus 28A Alignment7
- 6. Better Bus Now: Tactical Near-Term Improvements9
- 7. Projects by Jurisdiction..... 11
 - Fairfax County 11
 - City of Falls Church..... 13
 - Arlington County..... 14
 - City of Alexandria..... 15
- 8. Funding Timeline..... 16
- 9. External Agency Coordination..... 17
 - Washington Metropolitan Area Transit Authority (WMATA)..... 17
 - Federal Transit Administration (FTA)..... 18
 - National Capital Area Transportation Planning Board (TPB)..... 18
 - The Virginia Department of Rail and Public Transportation (DRPT) 18
 - The Virginia Department of Transportation (VDOT) 18
 - The Northern Virginia Transportation Authority (NVTA) 18
- 10. Future Funding Opportunities 18
- 11. Strategic Implementation Plan: A Living Document20

Acknowledgements

This report was authored by Vikram Sinha with editing and design assistance from Andrew D'huyvetter, Sophie Spiliotopoulos and Colie Touzel. The author thanks Daniel Knickelbein and Tenley O’Hara for their review and comments. The author also thanks NVTC’s Kate Mattice and Allan Fye for their feedback and guidance. Any errors are NVTC’s alone.

1. Overview

The Northern Virginia Transportation Commission (NVTC) leads the planning process for Envision Route 7, a Bus Rapid Transit (BRT) system designed to connect the Mark Center in Alexandria to Tysons in Fairfax County via Bailey’s Crossroads, Seven Corners and Falls Church along the Route 7 corridor. NVTC has identified the next steps for bus service improvements along the Route 7 BRT corridor that the jurisdictions are committed to delivering. This Plan documents tactical improvements to bus service that each jurisdiction and the Metrobus 28A bus operator (Washington Metropolitan Area Transit Authority or Metro) are committed to delivering. With jurisdictional



agreement, context sensitive, multi-modal treatments that support local needs and expectations can be advanced to increase the efficiency of bus service and enhance passenger experience. These improvements will improve not only the current Metrobus 28A that runs along the corridor, but other Metrobus routes and those operated by Fairfax Connector and Alexandria’s DASH that intersect.

By layering enhancements, bus service can improve with targeted improvements that deliver faster service in the near-term. These treatments include Transit Signal Priority, painted bus lanes, queue jumps, enhanced bus stops, and simplified routing that renders faster and more efficient bus service (see Figure 4). NVTC, working in

Figure 3: Metrobus 28A in Falls Church

partnership with WMATA and the local jurisdictions, can improve service on the existing Metrobus 28A route with a smaller cost and time footprint. Furthermore, NVTC, through its remaining Phase 4-2 Mobility Study noted below, will identify additional opportunities for near-term improvements, all while continuing to lay the groundwork for the more capital-intensive BRT service on Route 7.

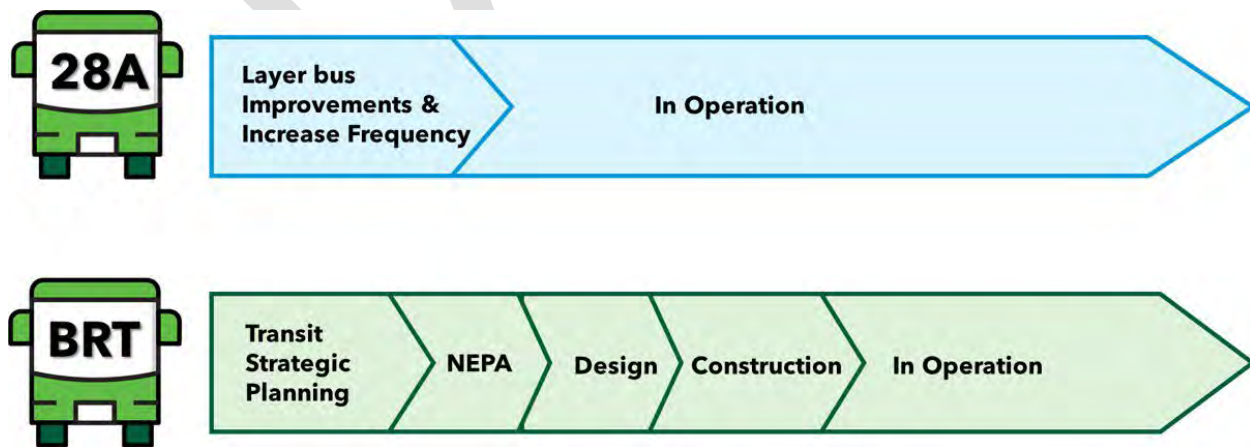


Figure 4: Proposed Strategy for Envision Route 7 BRT

NVTC's Role on the Corridor

Since 2010, NVTC has served as the primary planning agency for the Route 7 BRT project, overseeing and coordinating Envision Route 7 efforts from the outset. This leadership includes managing planning studies and stakeholder governance, particularly critical in the project's initial stages. Additionally, NVTC has successfully integrated the Route 7 BRT project into key regional and state plans, an essential step in securing and activating significant grant funding.

Because NVTC serves as a regional coordinator and advocate for the region's transit operators and jurisdictions, it is well positioned to ensure the Plan reflects the evolution on the corridor. As a result, NVTC has identified the next steps to both improve bus service in the short term and will work closely with key stakeholders to advance future BRT on Route 7. Accomplishing this requires identifying challenges and roadblocks and documenting steps to resolve them. The document will evolve as discussions continue with stakeholders and policy makers.

2. Envision Route 7 BRT Project

The Envision Route 7 BRT will be a high-capacity, high-frequency service that runs primarily along Virginia State Route 7 serving riders in four jurisdictions: Fairfax County, the City of Falls Church, Arlington County and the City of Alexandria (see Figure 5). Designed with rail-like features such as dedicated lanes, enhanced stations with off-board fare collection and branded vehicles, BRT will deliver fast, frequent and reliable transit service along a fixed route with the inherent flexibility of a bus.

Specifically, the planned Route 7 BRT service will operate from the Spring Hill Metro Station in Tysons through Falls Church, via the East Falls Church Metro Station and Seven Corners, down through Bailey's Crossroads to its proposed terminus at Southern Towers / Mark Center in Alexandria. It will integrate with the City of Alexandria's proposed West End Transitway BRT, fostering a seamless regional network. The project will upgrade bus transit service along the 14-mile corridor and connect to major job centers, multiple Metro stations and one future BRT service, serving more than 7,500 transit-dependent riders each weekday. By 2040, corridor population and job growth are expected to grow by 35%. As this area grows, BRT is expected to generate approximately 30,000 boardings each day, 25% of those are new trips and two-thirds of which will be for shopping and recreation.

Currently, this portion of Route 7 is one of the busiest transit corridors in Northern Virginia. Metrobus Route 28A, covering much of this route, has seen a 60% rise in ridership over pre-pandemic levels, defying nationwide trends towards telework and the resulting weakened demand for commuter-oriented transit. The corridor links essential services -- education, healthcare, goods and services -- while supporting the regional economy by connecting workers to employment hubs. Transit investments are critical to improving regional employment accessibility, which can lead to positive social equity by unlocking employment opportunities for the transit-dependent, and more generally the transportation-disadvantaged. BRT, with features similar



Figure 5: Project Corridor in the region

to light rail, offers a more reliable and faster alternative to traditional bus service, avoiding delays that can slow traditional service like traffic congestion or negative impacts from legacy route choices.

Given that the project spans multiple jurisdictions and requires approval from various local, state and federal entities, close coordination with key planning, funding and policy partners is essential. NVTC works with the following partners now and will continue to do so through the project development process:

- Fairfax County
- City of Falls Church
- Arlington County
- City of Alexandria
- Washington Metropolitan Area Transit Authority (WMATA)
- Transportation Planning Board (TPB)
- Virginia Department of Rail and Public Transportation (DRPT)
- Virginia Department of Transportation (VDOT)
- Federal Transit Administration (FTA)
- Northern Virginia Transportation Authority (NVTA)

Metrobus Route 28A, or the Leesburg Pike Line, currently serves the Route 7 corridor with some deviations, further detailed in the section: “Metrobus 28A Route Alignment.” The 28A provides 12-minute frequencies from 8am to 8pm, and 30-minute frequency at night, covering the entire route in approximately 90 minutes. With 78,730 riders in 2023, the 28A is the second busiest bus route in Northern Virginia, averaging 6,500 daily riders and demonstrating steady growth since 2020, indicating the corridor’s high demand.

3. Project Planning to Date

Since the project’s inception in 2014, NVTC and its partners have made noteworthy progress. Phases 1 through 3 involved identifying the need for transit, selecting the mode of transit (bus or rail), determining the alignment of a transit facility, and assessing right-of-way requirements (see Table 1). Falls Church provided the initial impetus for Envision Route 7 and Fairfax County conducted its own traffic study related to the project’s implementation in Tysons, which is recognized as Phase 4-0 in NVTC planning documents (see Figure 6 and Table 2).



Figure 6: Envision Route 7 BRT Phase 4 Mobility Study Segments

Table 1: Corridor Level Planning and Analysis

Phase 1 (2014)	Feasibility Study and Alternatives Analysis – Assessed the existing conditions and issues and identified a suite of potential transit options to improve mobility and accessibility along the Route 7 corridor.
Phase 2 (2017)	Mode and Alignment – Identified a preferred alignment for the project and selected BRT as the optimal transit mode for the corridor.
Phase 3 (2019)	Conceptual Engineering – Developed planning level drawings, identified right of way needs, refined cost estimates, and documented planning considerations and challenges to be resolved.

Phase 4 analysis divides the corridor into three geographical segments to define BRT’s mobility benefits, facilitate an understanding of the BRT project and assess its operational impacts along the study corridor. Using microsimulation, the analysis will evaluate and determine the benefits and impacts of the proposed BRT on the alignment. This phase contributes to the planning stage prior to design and construction in the implementation phase.

Table 2: Segment Level Planning and Analysis

Phase 4-0 (2023)	Spring Hill Metro Station in Tysons to the Intersection of Route 7 and I-66
Phase 4-1 (2023)	Intersection of Route 7 and I-66 through the City of Falls Church to Seven Corners in Fairfax County
Phase 4-2 (Starting in 2025)	Seven Corners in Fairfax County to Southern Towers/Mark Center in Alexandria

Phase 4-0

In 2023, Fairfax County formally adopted Route 7 (BRT) in its Comprehensive Plan in 2023, endorsing bus priority infrastructure from Spring Hill Metro Station, via International Drive to Route 7, continuing south to I-66 and reaching the West Falls Church Metro Station. NVTC has recognized this work as Phase 4-0, allowing this work to be included in the ongoing planning efforts. In this portion of the corridor, BRT will operate in median running lanes on Route 7 and International Drive, operate in Business Access and Transit (BAT) lanes on the Spring Hill Road and Tyco Road couplet and operate in mixed traffic in the remaining segments around Tysons Urban Center. This infrastructure plan will require the widening of Route 7 (from four lanes to six lanes) from Haycock Road to I-495 to maintain existing service commitments.

Phase 4-1

Phase 4-1, led by NVTC and completed in fall 2023, provided a detailed mobility analysis of approximately 3.5 miles of the project corridor from just south of Interstate 66 (I-66) through the City of Falls Church and Arlington County to the Seven Corners area. The study developed three bus priority scenarios that document a range of improvements to bus operations along the segment. NVTC is working closely with the City of Falls Church and Arlington County to integrate the bus priority treatments identified in Phase 4-1 into their own jurisdictional plans. This Strategic Implementation

Plan includes additional future analysis and coordination efforts that will be covered in a later section of this document.

Phase 4-2

In 2025, NVTC will launch the Phase 4-2 Mobility Analysis Study which will examine the segment from Seven Corners in Fairfax County to the Mark Center in Alexandria, completing the corridor's mobility analysis. This phase supports the Plan's strategy to identify near-term targeted enhancements to existing bus service on Route 7 and detail opportunities for funding those improvements, while continuing to lay the groundwork for the more capital-intensive work to implement true BRT service on Route 7 in the future. Phase 4-2 will build off previous analysis by NVTC and the Fairfax County Department of Transportation and include the following study objectives (preliminary):

- Define the mobility benefits of BRT and facilitate an understanding of the BRT project.
- Understand the operational impact of BRT along the study corridor.

NVTC is responsible for managing the Community Project Funding and DRPT grant that support this work and will include future scoping of Environmental Analysis work as part of the planning process. NVTC will undertake the Phase 4-2 mobility study and its subtasks:

1. Identify Alexandria BRT southern terminus (Southern Towers vs. Mark Center).
2. Investigate in Falls Church restricted vehicle lane treatments: Business Access and Transit (BAT) vs. HOV and queue jump layout/cross-section.

Additionally, during this work NVTC will work with its project partners by providing a coordination forum to resolve:

- a. Sycamore/Roosevelt bus priority in Arlington.
- b. 28A and BRT alignments in Fairfax County and Alexandria.
- c. Transit connectivity between Columbia Pike and Route 7 bus routes.

Determining the benefits and impact of the Envision Route 7 BRT on future roadway operations along the corridor is important for building consensus and support in the community. For the BRT to be a success, the communities impacted need to see the benefits. To better understand the operations and impacts, a traffic model will be used to determine a set of measure(s) of effectiveness that includes queue length and travel times. This data can be leveraged to identify existing pain points in bus operation and determine solutions. NVTC will initiate work on Phase 4-2 in early 2025 with an estimated completion date of summer 2026.

3. Project Planning Funding to Date

The project also has significant commitments and financial support from key stakeholders at all levels of government. The four involved jurisdictions — the City of Falls Church, the City of Alexandria, Fairfax County and Arlington County — have all put local contributions into the project's planning process. United States Congressional Representatives Don Beyer and Gerry Connolly awarded NVTC \$2 million from the fiscal year (FY) 2023 Community Project Funding Program, which was matched by a grant from Virginia's Department of Rail and Public Transportation. This federal funding will be allocated towards final planning and NEPA analysis.

Table 3: Segment Planning Phase Funding Sources

Funding Source	Amount	Fiscal Year Approved
Federal Community Project Funding	\$2,000,000	Fiscal Year 2023
DRPT Technical Assistance Grant	\$500,000	Fiscal Year 2024
Local Match	\$500,000	Fiscal Year 2024 and 2025
TOTAL	\$3,000,000	

4. Metrobus 28A Alignment

The current Metrobus 28A route does differ from the proposed BRT route that was identified as the preferred route in earlier NVTC studies. As noted in Figure 7, the Metrobus 28A route has two major deviations from the proposed BRT route at the northwest section. Fairfax County’s plan for BRT in the Tyson’s area extends service north of Tyson’s on International Drive and connect two Metro stations. The service would begin at the Spring Hill Metro Station, while the current Metrobus 28A begins its service at Tyson’s Metro Station and proceeds south.

WMATA Bus Network Redesign

The Better Bus Network Redesign is a WMATA initiative to rethink and modernize bus service to better serve the needs of customers in the region. As part of the 2025 Better Bus Network that reshapes the Metrobus system within existing (FY 2025) resource levels, the 28A will be renamed the F20 without any changes to the current route. NVTC is working with WMATA to develop solutions for the RT 7 corridor that will meet the region's current and future travel needs.

In Alexandria, there are substantial differences between the Metrobus 28A route and proposed BRT route, beginning just east of Bailey’s Crossroads at the intersection of Rt 7 and Rt 244, or Columbia Pike. The Metrobus 28A runs briefly on Columbia Pike where it turns on Carlin Springs Roads and proceeds south, passing Rt 7, and following on Seminary Road east until it enters Alexandria. In Alexandria, the bus takes Filmore Ave to serve the residential complex at Southern Towers. The bus stops within the parking lot for the complex and then proceeds east on Seminary Road, taking North Howard Street south and eventually taking Duke Street east to terminate at the Old Town Metro Station. The BRT’s future alignment within

Alexandria will be decided in Phase 4-2, with the goal of finding a simplified route for the Metrobus 28A as well as leveraging the two planned high frequency bus corridors (Envision Route 7 and West End Transitway) to enhance the customer experience.

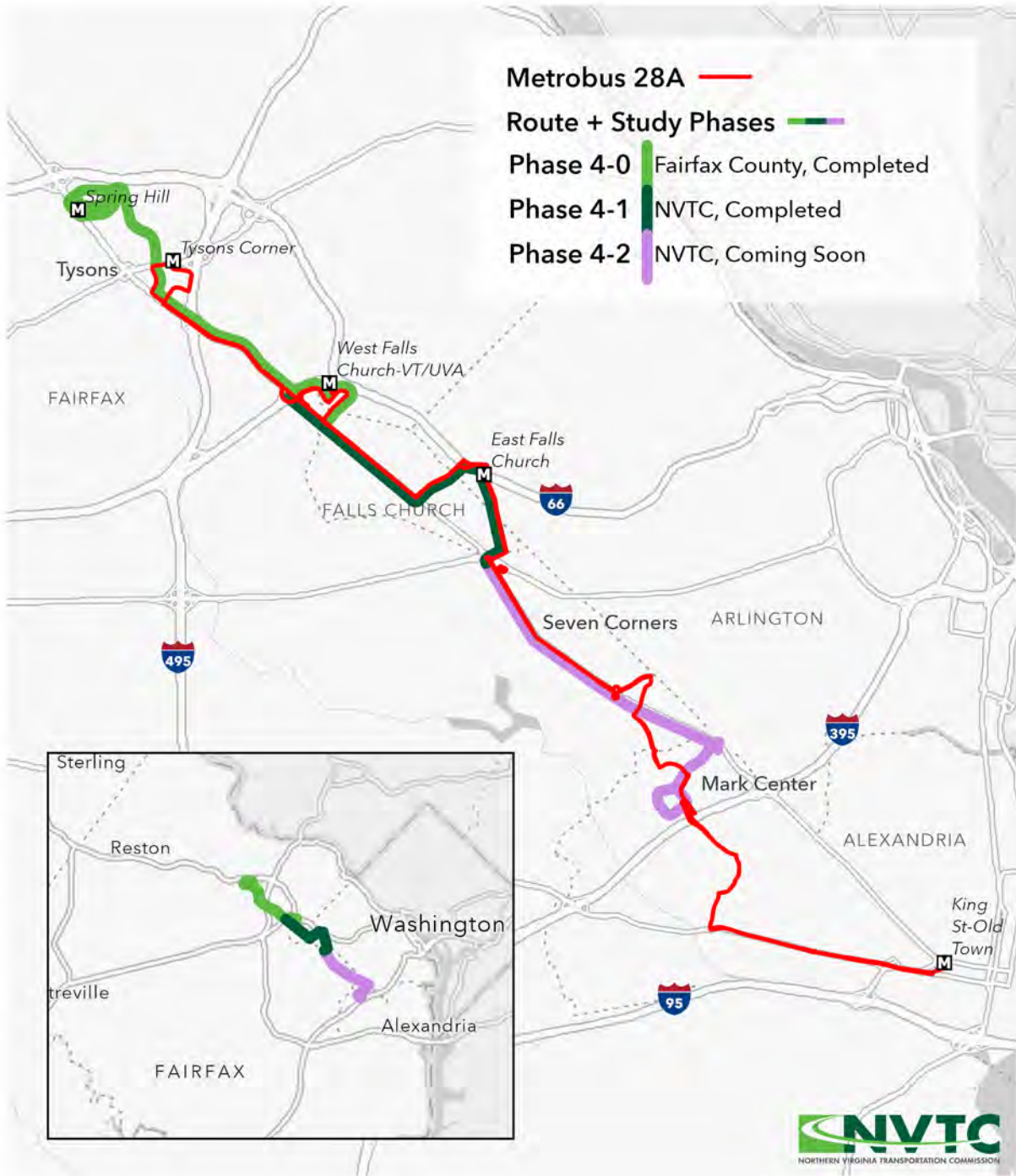


Figure 7: Map of Envision Route 7 BRT versus the Route for Metrobus 28A

5. Better Bus Now: Tactical Near-Term Improvements

To implement improvements more quickly to bus service on Route 7, NVTC proposes inverting the traditional transit capital project delivery model. This model entails multiple phases of planning, design and ultimately construction that can take decades to result in revenue service. While this purposeful approach ensures large infrastructure project delivery by progressing development and applying for federal funding, this comes at the risk of a lengthy period of planning leading to construction. This process may be circumvented by identifying the most challenging locations for bus service and delivering improvements that come at a smaller physical as well as financial cost. This is feasible and advisable due to multiple levers on cost, including coordination amongst four jurisdictions, variations in roadway design in different sections of the corridor, along with complications caused by legacy infrastructure.

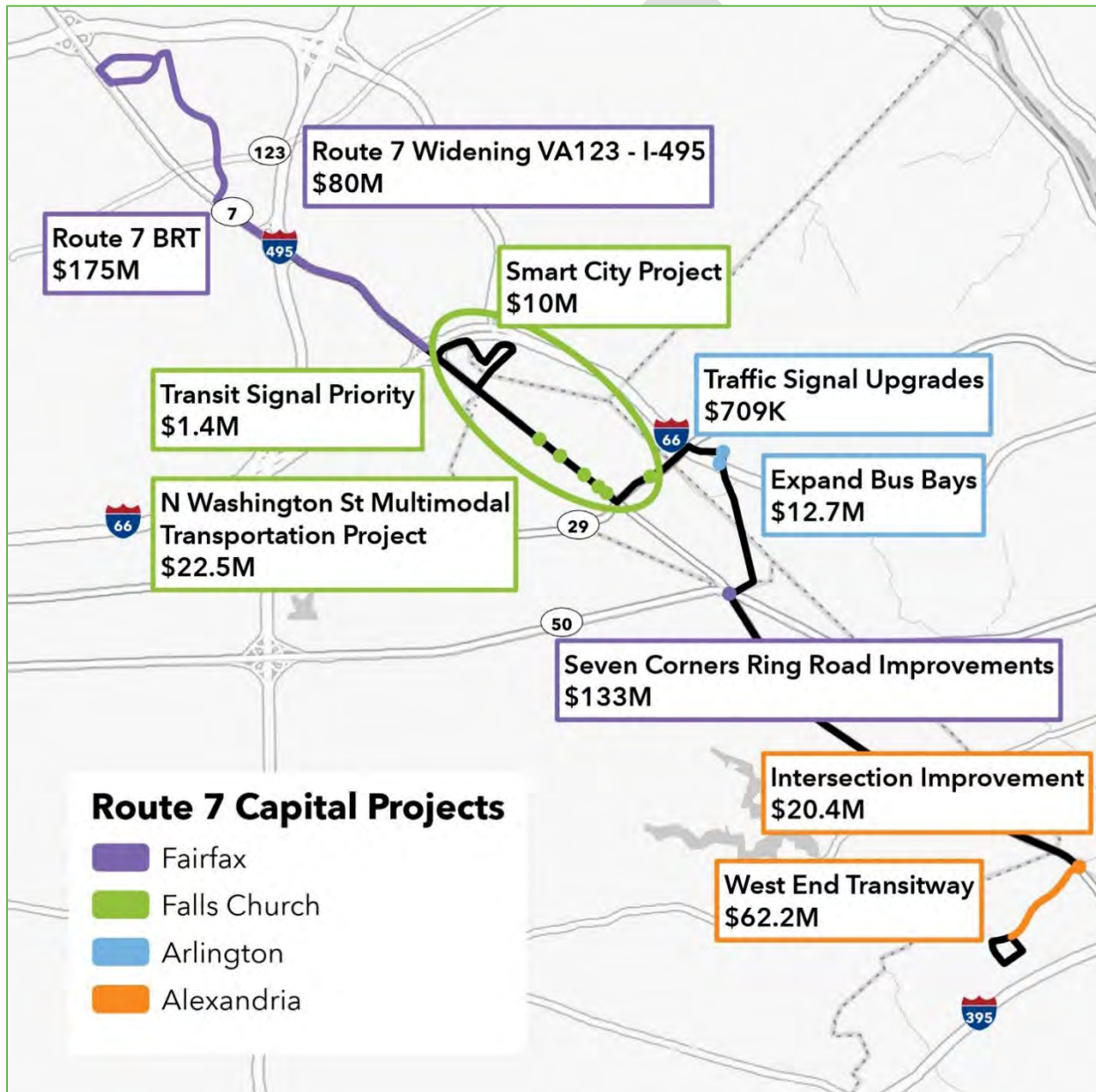


Figure 8: Map of Planned and Funded Metrobus 28A Capital Projects

Rather than funding improvements to bus service on Route 7 as a large-scale, single package that moves step-by-step through a detailed and lengthy capital project process, NVTC proposes that the jurisdictions and bus operators implement smaller-scale, tactical capital projects and operational enhancements to improve bus service on Route 7 such as transit-signal priority, queue jumps and bus stop amenities. Figures 8 and 9 deliver the same information, capital funding on the project corridor, with Figure 8 showing the projects by geographic location and Figure 9 providing details on when the funding becomes available for construction.

These projects are jurisdictionally sponsored and administered and were conceived to meet primarily local needs. However, together these individual projects form a program of projects that will create context sensitive improvements for bus services along the proposed BRT corridor. These projects reflect the different approaches of funding transportation infrastructure in the medium and long term for the region, comprising of a mixture of funding types (NVTA 70% and 30%, state and local) with some federal funding. This extensive list of capital projects shows that the region is not waiting for a larger capital project to improve bus service and is pursuing a more agile stance to transit improvements to provide bus improvements more quickly for the region.

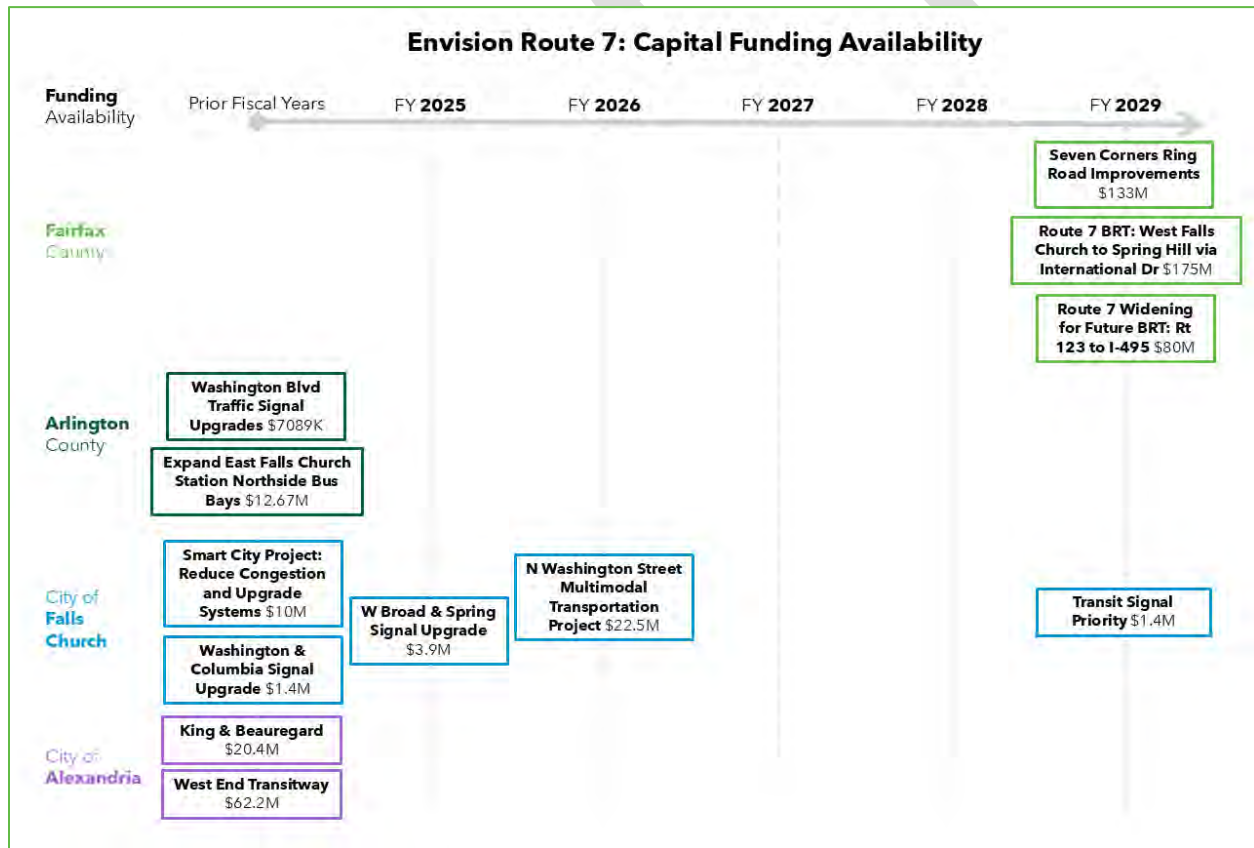


Figure 9: Planned and Funded Metrobus 28A Capital Projects by Funding Year

6. Projects by Jurisdiction

NVTC has identified specific capital and operational projects within each jurisdiction that will improve bus service on the corridor. The projects listed provide direct benefits to Metrobus 28A; some of the listed improvements with higher capital amounts also enable or deliver BRT along the corridor. NVTC, working with each jurisdiction, has identified next steps for escalation and resolution by the jurisdiction. By working across jurisdictional boundaries with the local governments that would be responsible for constructing the improvements identified below, NVTC aims to serve as a regional coordinating entity to advance individual projects on Route 7 that establishes a foundation for future BRT in the corridor while also improving existing bus service.

Fairfax County

Capital Funding Awarded		
Project	Amount	Source
Route 7 widening for Future BRT (Route 123 to I-495)	\$80 M	State, Local and NVTA 70% Funds
Route 7 BRT, from West Falls Church to Spring Hill, via International Drive <ul style="list-style-type: none"> Construct median-running BRT along Route 7 and International Drive 	\$175 M	State, Local and NVTA 70% Funds
Seven Corners Ring Road Improvements	\$133 M	State, Local and NVTA 70% Funds

This data was compiled from the Fairfax County FY 2024 - FY 2028 Advertised Capital Improvement Program (CIP) and NVTA Transaction Plan and verified by jurisdiction staff:

<https://www.fairfaxcounty.gov/budget/fy-2024-fy-2028-advertised-capital-improvement-program-cip>

Fairfax County has the following projects included in their respective area plans:

1. Coordinate with NVTC for environmental analysis of Phase 4-0 and analyze Right-of-Way impacts and lane configuration along the BRT corridor.
2. Advance transportation improvements in the Seven Corners area for all roadway users.

Fairfax County Department of Transportation's (FCDOT) completion of their 10% conceptual plans for BRT from West Falls Church to Spring Hill Metro Station will provide a better understanding of right-of-way impacts and create a foundation for advancing the design into preliminary engineering and examining environmental impacts. For Seven Corners, a phasing analysis was completed in 2023 to determine the projected order in which transportation improvements should be implemented in the Seven Corners area to improve operations and mobility for all roadway users, including transit.

FCDOT staff have been focused on implementing the Richmond Highway BRT project (RHBRT), which is forecasted to be complete in 2031. Lessons learned from RHBRT will benefit the continued development of Envision Route 7 BRT, ranging from VDOT coordination to funding considerations.

Additionally, the completion of RHBRT will allow for additional staff resources to advance the Route 7 BRT into implementation.

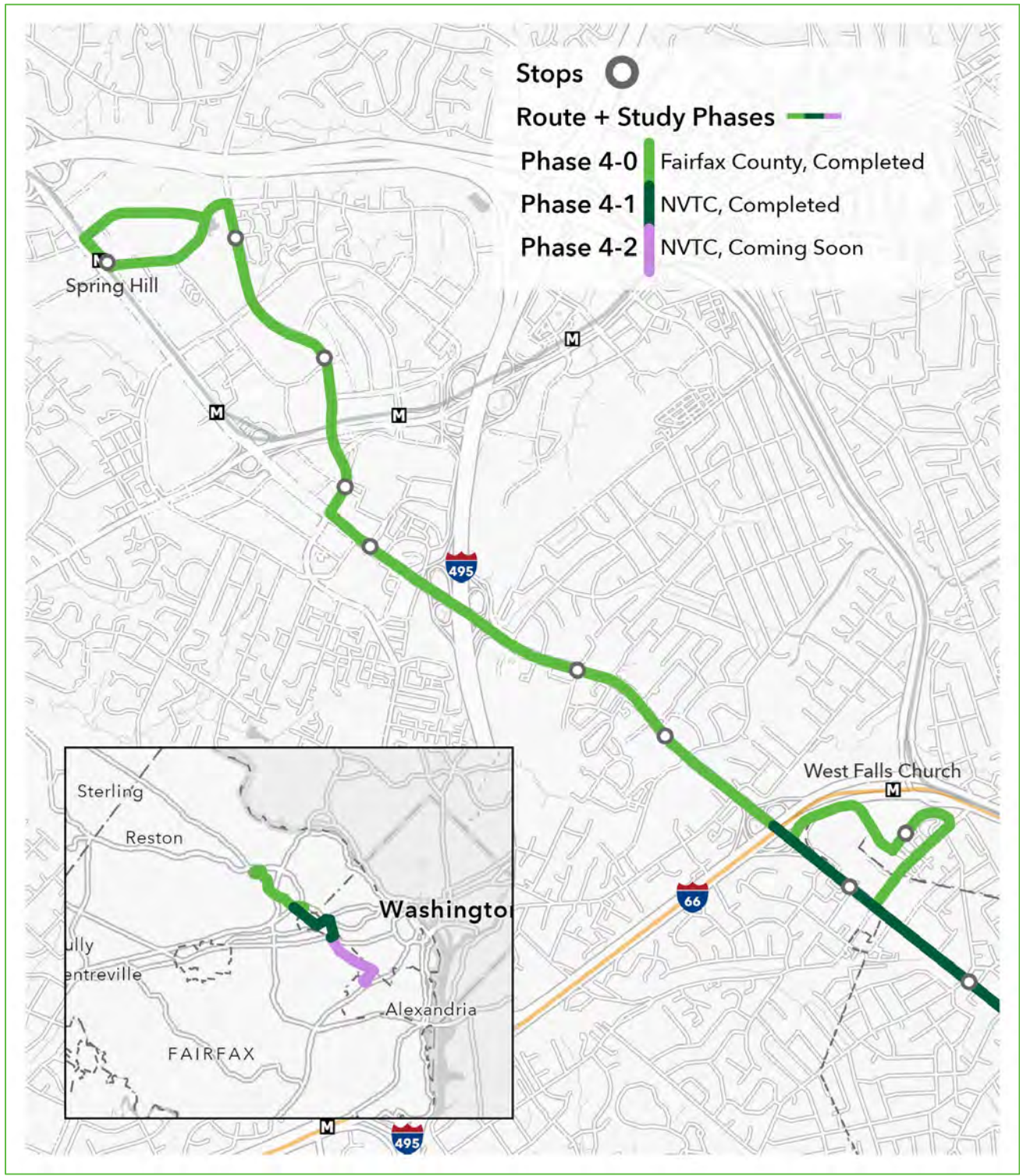


Figure 10: Envision Route 7 BRT within Fairfax County north and west of Falls Church

City of Falls Church

Capital Funding Awarded		
Project	Amount	Source
Smart City Project - Reduce congestion and upgrade systems	\$10 M	Federal and State
Transit Signal Priority	\$1.4 M	NVTA 70% Funds
North Washington Street Multimodal Transportation Project	\$22.5 M	NVTA 70% Funds
Washington & Columbia Signal Upgrade	\$1.4 M	State and Local
W Broad & Spring Signal Upgrade	\$1.8 M	State and Local

This data was compiled from City of Falls Church CIP and verified by jurisdiction staff:

<https://www.fallschurchva.gov/1519/Capital-Improvements-Program-CIP>

Falls Church and NVTC are working together on a follow-up analysis to determine what form of restricted traffic lane could apply in the jurisdiction. This analysis will:

1. Coordinate with NVTC on analysis for Transit and Multi-modal improvements to benefit Metrobus 28A (BAT vs. HOV; layout for queue jump and feasibility for bike/bus lanes.
 - a. Note: Falls Church is evaluating options, including but not limited to HOV hours of operation, impacts of BAT lanes and potential for shared bike/bus lane.

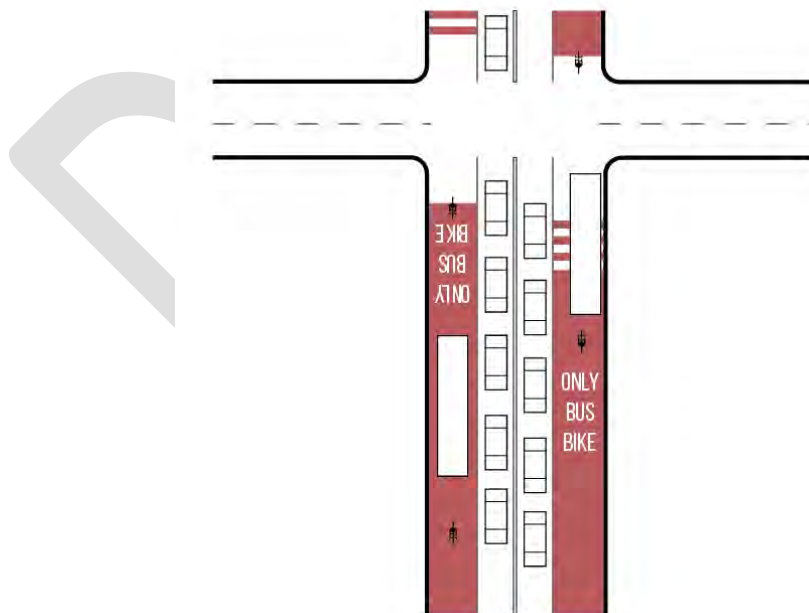


Figure 11: Artist Illustration of Shared Bus/Bike Facility, courtesy of National Association of City Transportation Officials (NACTO)

Arlington County

Capital Funding Awarded		
Project	Amount	Source
Traffic Signal Upgrades - Washington Blvd	\$709 K	Local and NVTA 30% Funds
Expand bus bays by 75%	\$12.67 M	Local and NVTA 30% Funds

This data was compiled from Arlington County CIP and verified by jurisdiction staff:

<https://susmo.org/cip-2024>

Arlington County and NVTC are collaborating with applicable partners to accomplish the following based on issues identified during the previous planning process:

1. Resolve bus slowdown at Washington Blvd. and N. Sycamore Street
2. Investigate short- and long-term bus bay capacity at East Falls Church Metro

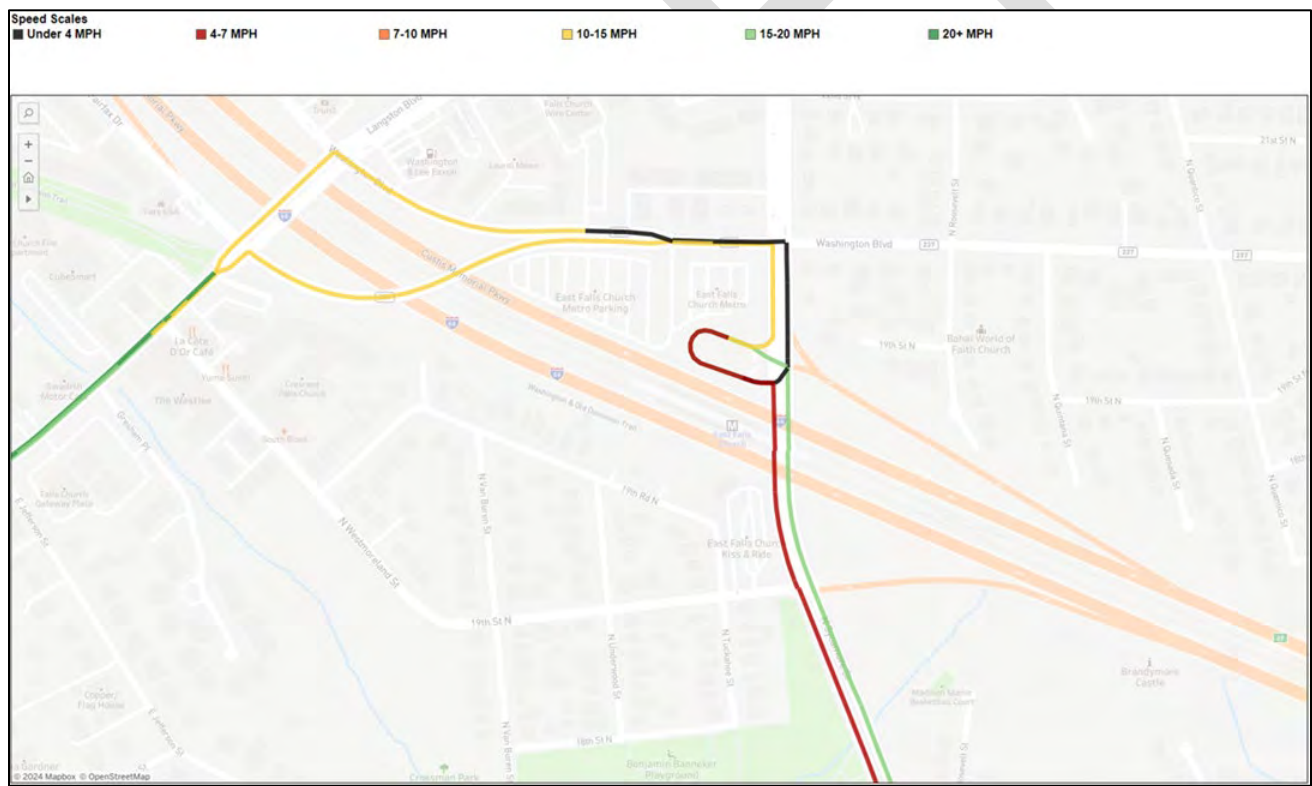


Figure 12: WMATA Map Utilizing Bus Speed Data to illustrate congestion around East Falls Church

City of Alexandria

Capital Funding Awarded		
Project	Amount	Source
King & Beauregard Intersection Enhancements	\$20.4 M	Federal, State, and Local
West End Transitway	\$62.2 M	State, Local and NVTA 70% Funds

This data was compiled from the City of Alexandria CIP and verified by jurisdiction staff:
<https://www.alexandriava.gov/budget/fy-2024-approved-operating-and-cip-budget-documents>

The City of Alexandria and NVTC are working together to resolve these identified concerns:

1. Identify the Northbound BRT station at intersection of King and Beauregard
2. Identify southern terminus for BRT (Southern Towers or Mark Center)

The West End Transitway BRT project is a 5.3-mile corridor running from the Van Dorn Street Metro Station in the south to the Pentagon Metro Station in the north. The project includes fifteen stations with stops at key destinations including the Shirlington Transit Center and the Mark Center. Currently in design, completion of the West End Transitway by 2027 will provide the Metrobus 28A riders with the benefits of enhanced transit service and amenities to improve service to the Mark Center. Important considerations are coordinating the Metrobus 28A route with other bus routes on the corridor and maintaining the level of service and coverage.

7. Funding Timeline

Fairfax County								
Capital Funding Awarded								
Project	Amount	Source	Prior FY	FY 25	FY 26	FY 27	FY 28	FY 29
Route 7 widening for Future BRT (Route 123 to I-495) Design of BRT and bike/pedestrian facilities	\$80M	State, Local and NVTA 70% Funds						\$80M
Route 7 BRT Route 7, from West Falls Church to Spring Hill, via International Drive	\$175M	State, Local and NVTA 70% Funds						\$175M
Seven Corners Ring Road Improvements	\$133M	State, Local and NVTA 70% Funds						\$133M
Falls Church								
Capital Funding Awarded								
Project	Amount	Source	Prior FY	FY 25	FY 26	FY 27	FY 28	FY 29
Smart City Project - Reduce congestion and upgrade systems	\$10M	Federal and State	\$10M					
North Washington Street Multimodal Transportation project	\$22.5M	NVTA 70% Funds			\$22.5M			
Washington & Columbia Signal Upgrade	\$1.4M	State and Local	\$1.4M					
W Broad & Spring Signal Upgrade	\$3.9M	State and Local		\$1.8M	\$1.8M	\$328K		
Transit Signal Priority	\$1.4M	NVTA 70% Funds						\$1.4M

Arlington County								
Capital Funding Awarded								
Project	Amount	Source	Prior FY	FY 25	FY 26	FY 27	FY 28	FY 29
Traffic Signal Upgrades - Washington Blvd	\$ 709K	Local and NVTA 30% Funds	\$709K					
Expand bus bays from Four to Seven - East Falls Church Station north side	\$12.67M	Local and NVTA 30% Funds	\$12.67M					
City of Alexandria								
Capital Funding Allocated								
Project	Amount	Source	Prior FY	FY 25	FY 26	FY 27	FY 28	FY 29
King & Beauregard	\$20.4M	Federal, State and Local	\$19.9M	\$1.5M				
West End Transitway	\$62.2M	State, Local and NVTA 70% Funds	\$24.5M	\$32.6M	\$5.0M			

8. External Agency Coordination

Since the inception of the Envision Route 7 BRT project, NVTC has actively coordinated with many regional, state and federal partners to ensure the successful planning and eventually delivery of the Envision Route 7 BRT. In each of these instances, NVTC has included and will continue to include staff from the following partnering agencies on its technical advisory committees.

Washington Metropolitan Area Transit Authority (WMATA)

NVTC is coordinating with WMATA to enhance Metrobus 28A service as well as any future skip stop or express service that could augment existing bus service on the corridor. This includes incorporating NVTC's BRT alignment into the Better Bus Network Redesign effort and investigating the feasibility of higher frequency bus service with an associated funding mechanism to enable additional service. While the Metrobus 28A has high ridership and frequent service, it makes frequent stops which causes delays as it moves through the corridor. NVTC and WMATA aim to address these and any other operational pain points to improve bus service and coordination with operations staff.

WMATA has undertaken the first comprehensive redesign of the entire Metrobus network since its creation. The proposed 2025 Better Bus Network represents WMATA's commitment to improving

service and connections using resources currently available. As staff considers where, when and how people travel in the region, there is an opportunity to align the Metrobus 28A (anticipated to be renamed the F20) as part of the overall effort. With a vision map released in May 2024 and community conversations ongoing, there is an opportunity to integrate Envision Route 7 within the redesign effort to deliver improved bus operations in the near term.

Federal Transit Administration (FTA)

FTA administers NVTC's \$2 million FY 2023 Community Project Funding grant for the Phase 4-2 planning efforts. Because of the potential for future federal funding, NVTC is actively engaged in discussion with FTA on additional funding opportunities and partnership models, including best practices for effective project management and regional coordination. Both the FTA and its parent organization, the Department of Transportation (USDOT), stand as critical potential partners for the implementation stages, with various funding pathways that require detailed planning and documentation to meet eligibility criteria.

National Capital Area Transportation Planning Board (TPB)

TPB has the Envision Route 7 Bus Rapid Transit included in the May 2024 Transportation Improvement Program (TIP) with TIP ID: T13608. The TIP establishes federal funding eligibility for Envision Route 7 and is required to activate the federal FY 2023 Community Project Funding.

The Virginia Department of Rail and Public Transportation (DRPT)

DRPT is sponsoring the study for inclusion in TPB's TIP, alongside providing a local grant to leverage federal funding during the planning phases. DRPT not only serves as a crucial support partner in advancing this regional project but is also a potential funding partner for its implementation.

The Virginia Department of Transportation (VDOT)

VDOT plays an integral role in the Envision Route 7 BRT project, as the Route 7 roadway is owned and maintained by the Virginia Department of Transportation (VDOT) except through the cities of Falls Church and Alexandria.

The Northern Virginia Transportation Authority (NVTA)

NVTA develops a long-range transportation plan for Northern Virginia, called TransAction, that outlines a vision to address traffic congestion and other regional transportation priorities. TransAction is updated every five years. Inclusion in TransAction is a prerequisite for future Authority funding, as noted below. The Route 7 BRT is currently included in NVTA's latest TransAction plan and is expected to be included in the future update to be developed in 2025. NVTA previously funded Phase 2 of Envision Route 7, the Travel Demand Analysis Mode and Alignment in 2017.

9. Future Funding Opportunities

For future funding, there are multiple grant programs available to fund either design or construction work for each jurisdiction to fund their respective Envision Route 7 BRT features. Listed below are state and regional grant opportunities, however there are also federal sources, such as the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant that could provide additional resources to advance transportation in the region.

1. The U.S. Department of Transportation (USDOT)'s Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grant program may be a candidate for future Envision Route 7 planning and/or capital project funding. The latest criteria were established by the Biden Administration to fund a diverse slate of communities with projects of local and regional significance. Funding is split equally between urban and rural areas, and a large percentage of grants support regions defined as historically disadvantaged or areas of persistent poverty. The eligibility requirements of RAISE allow project sponsors, including state and local governments, counties, Tribal governments, transit agencies, and port authorities, to pursue multi-modal and multi-jurisdictional projects that are more difficult to fund through other grant programs. The future of this program does depend on Congressional appropriations support as well as the administration's priorities.
2. The Federal Transit Administration (FTA) is a potential funding partner for engineering design and construction phases of the project, with the possibility of entering the Capital Investment Grants (CIG) program. While the CIG program funds transit heavy rail, commuter rail, light rail, streetcars and bus rapid transit, agencies seeking CIG funding to complete a series of steps over several years. The future funding available to this program does depend on the availability of Congressional appropriations.
3. The Department of Rail and Passenger Transportation (DRPT) operates the Making Efficient and Responsible Investments in Transit (MERIT) program. This is a statewide grants program that provides financial assistance to support public transportation services throughout Virginia. Within the grant program there are options for Operating Assistance, Capital Assistance, and Demonstration Project Assistance and Technical Assistance. DRPT also operates the Transit Ridership Incentive Program (TRIP), which provides funding for the purpose of creating more accessible, safe and regionally significant transit networks. TRIP funds four project categories: zero and reduced fare, regional connectivity, public safety, and passenger amenities and facilities. DRPT accepts applications for Capital Assistance on October 1st and other portions of the program on December 1st.
4. The Office of the Virginia Secretary of Transportation administers the SMART SCALE (System for the Management and Allocation of Resources for Transportation and SCALE referring to the six evaluation factors - Safety, Congestion mitigation, Accessibility, Land Use, and Economic development and environment) program that funds capital projects focused on capacity and operational improvements for roadways, transit, bicycle and pedestrian programs, and transportation demand management. The program is a tool that allows the state to balance transportation needs and prioritize investments by using a transparent and objective scoring system for planned projects included in Virginia's long-range transportation plan or VTrans. Project selection is based upon criteria associated with Safety, Congestion reduction, Accessibility, Land use, and Economic development and the Environment, with funding for projects approved by the Commonwealth Transportation Board (CTB). The Application window opens in April of even-numbered years through August. After the application window closes, submissions are screened by staff and scored with public hearings to follow, culminating in the CTB selecting projects by the summer of the odd-numbered year, with the cycle repeating the next even-numbered year.
5. Northern Virginia Transportation Commission (NVTC) operates the I-66 Commuter Choice program which funds transit and other transportation improvements that move more people,

enhance mobility, expand commuters' travel options, and increase travel safety and reliability along I-66 and parallel routes. Bus priority improvements – such as signal priority, dedicated lanes, and queue jumps – would be eligible for program support to the extent that they have a nexus to I-66 Inside the Beltway peak-period, peak-direction travel, and further program goals. This funding source can augment operation funding to provide more frequent service. Projects are selected through a competitive process and applications are anticipated to begin in the fall of 2025 and adhere to a two-year cycle.

6. Northern Virginia Transportation Authority (NVTA) has two funding mechanisms which provide funding for both long- and short-range projects. “70% Regional Revenue,” is allocated by the Authority for regional transportation projects selected by a competitive process and “30% Local Distribution Revenue” is distributed to jurisdictions for eligible transportation projects and purposes. This financing source may only fund capital expansion projects that support congestion reduction; 70% funding cannot be used for operations. Either the 70% Regional Revenue funding stream or the 30% Local Distribution Revenue could be leveraged by local jurisdictions to construct improvements on Route 7.
7. Additionally, NVTA is responsible for recommending the allocation of federal funds from two key programs: The Congestion Mitigation and Air Quality (CMAQ) Improvement Program and the Regional Surface Transportation Program (RSTP). Both types of federal funds can be used on transit capital projects. Projects considered for funding under these programs come directly from the jurisdictions.

10. Strategic Implementation Plan: A Living Document

NVTC's Strategic Implementation Plan will continue to evolve with input from local jurisdictions regarding responsibilities for construction, operation and maintenance. NVTC's ultimate strategy is to have BRT operational on the corridor, with bus priority treatments constructed on the route on an independent timeline. The Plan helps achieve this by identifying near-term targeted enhancements to existing bus service on Route 7 and detail opportunities for funding those improvements, while continuing to lay the groundwork for the more capital-intensive work to implement true BRT service on Route 7 in the future. With multiple jurisdictions, it would be challenging to coordinate design, procurement and construction across the region as one project. The Plan allows for flexibility by respecting each jurisdiction's competing needs and priorities with an overall goal of improving bus service on the corridor.

NVTC will continue to update the NVTC Commission (including adoption actions), the NVTC Program Advisory Committee and the Management Advisory Committee along with city/county boards, as invited. Lastly, NVTC will oversee the execution of the Strategic Implementation Plan and its progress.



AGENDA ITEM #4 Recognition of Departing Commissioner

TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice
DATE: November 27, 2024
SUBJECT: Recognition of Departing Commissioner

At the December 2024 meeting, the Commission will recognize departing Commissioner Libby Garvey.

A. Approve a Resolution of Commendation for the Honorable Libby Garvey on Her Departure from the Northern Virginia Transportation Commission

The Commission will be asked to approve a resolution commending departing Commissioner Libby Garvey, who is retiring from public service as a member of the Arlington County Board. She has served on NVTC since 2017. Ms. Garvey most recently served as an alternate on the VRE Operations Board and as a member of NVTC's Legislative and Policy Committee and the Program Advisory Committee.

Ms. Garvey is currently chair of the Arlington County Board. She was elected to the Arlington County Board in March 2012, after serving on the Arlington County School Board for 15 years, including five times as chair. She has served twice before as chair of the Arlington County Board. Ms. Garvey also serves on the Northern Virginia Regional Commission (NVRC) and the Metropolitan Washington Council of Governments (COG) Board.



RESOLUTION OF COMMENDATION

SUBJECT: Commending the Honorable Libby Garvey on Her Departure from the Northern Virginia Transportation Commission

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 Libby Garvey was elected to the Arlington County Board in March 2012 and is currently serving as the chair of the Board;

WHEREAS: The Honorable Libby Garvey has served on NVTC since 2017 representing Arlington County;

WHEREAS: During her tenure on NVTC, Ms. Garvey served as a member of the Program Advisory Committee, offering thoughtful insights and support for many NVTC initiatives, including the Envision Route 7 Bus Rapid Transit (BRT) project, the Commuter Choice program, zero-emission bus strategic planning, and zero- and reduced-fare initiatives;

WHEREAS: Ms. Garvey also served on NVTC's Legislative and Policy Committee, helping to develop legislative initiatives to advocate for safe and reliable transit and long-term sustainable transit funding solutions, and she understood the importance of educating legislators and the public on the challenges this region faces to provide a safe, reliable transportation system; and

WHEREAS: Ms. Garvey also served as a principal member of the Virginia Railways Express Operations Board for multiple years, finishing her tenure as an alternate member.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby commends the Honorable Libby Garvey for her many years of service to the citizens of Northern Virginia and to the Commonwealth of Virginia.

BE IT FURTHER RESOLVED that NVTC prepare a copy of this resolution for presentation to the Honorable Libby Garvey 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 5th day of December 2024.

Matt de Ferranti
Chair



AGENDA ITEM #5 NVTC's FY 2024 Audited Financial Statements and Compliance Reports

TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice, Scott Kalkwarf and Colethia Quarles
DATE: November 27, 2024
SUBJECT: NVTC's FY 2024 Audited Financial Statements and Compliance Reports

At the December meeting, NVTC's auditor, PBMares, will present the results of the FY 2024 audit and the Commission will be asked to accept and authorize distribution of the FY 2024 Audited Financial Statements and Compliance Reports.

A. Report from NVTC's Auditors

Representatives from PBMares will meet with the Executive Committee (serving as the Audit Committee) prior to the Commission meeting and will then make a presentation to the full Commission to describe the results of their annual audit.

NVTC's audit firm, PBMares, LLP, issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly and accurately present the financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information, and changes in financial position of NVTC.

PBMares also issued a clean report on the internal control of NVTC's financial reporting, compliance and other matters. A Single Audit report was not issued for FY 2024 since NVTC's federal assistance activity was below the threshold established by the federal Office of Management and Budget requiring an audit.

B. ACTION: Accept and Authorize Distribution of NVTC's FY 2024 Audited Financial Statements and Compliance Reports

Following the report from the auditors, the Commission will be asked to accept the [FY 2024 Audited Financial Statements and Compliance Reports](#) and to authorize staff to release the information to the member jurisdictions, regulatory agencies and the public.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Financial and Compliance Reports

Year Ended June 30, 2024



ASSURANCE, TAX & ADVISORY SERVICES

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Required Supplementary Information:	
Management's Discussion and Analysis	4 - 15
Basic Financial Statements:	
Statement of Net Position	16 - 17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Statement of Net Position - Proprietary Fund	21 - 22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26
Notes to the Financial Statements	27 - 54
Supplementary Information:	
Schedule of Changes in Fiduciary Net Position by Jurisdiction - Jurisdiction Trust Fund	55
Schedule of General, Administrative and Project Expenditures - General Fund	56
Schedule of Project Revenues and Expenditures - General Fund	57
Schedule of I-66 Commuter Choice Toll Funded Projects and Expenditures - Special Revenue Fund I-66 Toll Revenue	58
Schedule of I-395/95 Commuter Choice Toll Funded Project and Expenditures – Special Revenue Fund 1-395/95 Toll Revenue	59

	Page
Schedule of Allocated Special Revenue Fund – I-395/95 Activity between NVTC and PRTC	60
Schedules of Expenditures of Commonwealth of Virginia Awards	61 - 65
Supplemental Schedule of Expenditures of Federal Awards	66
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 <i>Government Auditing Standards</i>	67 – 68



INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Commission, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 15, 2024

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

NORTHERN VIRGINIA TRANSPORTATION COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northern Virginia Transportation Commission's (NVTC) financial performance provides an overview of NVTC's financial activities for the fiscal year that ended on June 30, 2024. Please read it in conjunction with the accompanying financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- NVTC's net position totaled \$309.5 million on a government-wide basis as of June 30, 2024. Of this total, \$195.0 million is for business-type activities and \$114.5 million for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$311.4 million. Expenses totaled \$272.9 million.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$61.2 million. Expenses amounted to \$71.6 million.

Highlights for Fund Financial Statements

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

- NVTC's governmental funds reported an increase in fund balance of \$38.6 million for fiscal year 2024, compared to an increase of \$23.0 million for fiscal year 2023. The governmental funds balance as of June 30, 2024 totaled \$115.0 million compared with \$76.4 million at the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position decreased by \$10.4 million, from \$205.4 million to \$195.0 million.
- NVTC's fiduciary funds reported an increase of \$40.0 million in net position. The Jurisdiction Trust Fund increased \$39.4 million, and the Pension Trust Fund increased \$0.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

NVTC maintains four governmental funds: The General Fund, the Special Revenue Fund – Jurisdiction Transit, the Special Revenue Fund – I-66 Toll Revenue, and the Special Revenue Fund – I-395/95 Toll Revenue. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for each of these funds. The General Fund includes the administrative, planning and project activities of NVTC. The Special Revenue Fund – Jurisdiction Transit, reports the intergovernmental revenue received by NVTC and allocated to the member jurisdictions by a formula maintained by NVTC. Once the allocation is determined, the funds are remitted to the fiduciary fund. The Special Revenue Fund – I-66 Toll Revenue, reports toll related revenue received from the Commonwealth of Virginia according to an agreement entered into between NVTC and the Commonwealth. The Special Revenue Fund – I-395/95 Toll Revenue, reports an annual transit investment received by the Commonwealth of Virginia from the facility's concessionaire toll revenue receipts for NVTC and PRTC according to an agreement entered into between NVTC, PRTC and the Commonwealth. The two statements included for the governmental funds are the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

Fiduciary Funds. The Fiduciary Funds are used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments, and the participants of NVTC pension trust. Additions to the jurisdiction fiduciary fund consist of revenue remitted from the Special Revenue Fund, state operating and capital assistance for transit contracted directly with the NVTC WMATA Compact member jurisdictions, and investment income. Deductions from the jurisdiction fiduciary fund are disbursements directed by the individual member jurisdictions for restricted purposes. Additions to the pension fiduciary fund consists of participant and employer contributions and the increase in fair value of investments. Deductions from the pension trust fiduciary fund are distributions to plan participants. The accounting methods used for the fiduciary funds are much like that used for proprietary funds. The two statements included for the fiduciary funds are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

Notes to the Basic Financial Statements

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

Supplementary Information

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

FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE

Statement of Net Position

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2024 and 2023:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 122,366,567	\$ 82,957,370	\$ 97,990,783	\$ 130,902,234	\$ 220,357,350	\$ 213,859,604
Capital assets, net	2,957,256	3,356,319	270,110,940	251,347,987	273,068,196	254,704,306
Other non-current assets	-	-	532,448	529,864	532,448	529,864
Total assets	125,323,823	86,313,689	368,634,171	382,780,085	493,957,994	469,093,774
Deferred outflows	-	-	269,996	300,853	269,996	300,853
Total assets and Deferred outflows	125,323,823	86,313,689	368,904,167	383,080,938	494,227,990	469,394,627
Liabilities:						
Current and other liabilities	7,329,439	6,553,361	18,126,779	15,347,660	25,456,218	21,901,021
Long-term liabilities	3,448,760	3,703,484	155,278,929	161,856,448	158,727,689	165,559,932
Total liabilities	10,778,199	10,256,845	173,405,708	177,204,108	184,183,907	187,460,953
Deferred inflows	-	-	509,752	514,723	509,752	514,723
Total liabilities and Deferred inflows	10,778,199	10,256,845	173,915,460	177,718,831	184,693,659	187,975,676
Net position:						
Net investment in capital assets	(220,028)	(130,769)	100,213,255	79,430,092	99,993,227	79,299,323
Restricted	113,973,250	75,413,265	24,898,294	29,030,897	138,871,544	104,444,162
Unrestricted	792,402	774,348	69,877,158	96,901,118	70,669,560	97,675,466
Total net position	\$ 114,545,624	\$ 76,056,844	\$ 194,988,707	\$ 205,362,107	\$ 309,534,331	\$ 281,418,951

As noted earlier, net position may serve as a useful indicator of a government’s financial position. As shown above, net position totaled \$309.5 million as of June 30, 2024, an increase of \$28.1 million over the previous fiscal year. The largest portion of net position, \$138.9 million or 44.9 percent, represents restricted net assets, which includes \$14.0 million for debt service, \$114.0 million for the Commuter Choice program, \$5.3 million for liability insurance plan, and \$5.6 million for grants or contributions. Net investment in capital assets (e.g., land, intangible right-to-use assets, building, improvements, rolling stock, equipment and software), net of accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets represents \$100.0 million. These assets are used primarily to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental and business-type activities, non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments. As of June 30, 2024, approximately \$55.8 million was due from the Commonwealth of Virginia, of which \$5.3 million is for motor vehicle fuel sales tax, \$47.8 million for grant and other state revenue, and \$2.7 million of toll revenues. This is a \$9.9 million increase from the previous fiscal year, of which grant and other state revenue increased \$9.0 million, toll revenues increased \$0.2 million, and motor vehicle fuel sales tax receivables increased \$0.7 million. The increase in the receivable for grant and other state revenue is due mainly attributable to the business-type activities.

Cash and cash equivalents decreased approximately \$36.4 million and totaled \$22.3 million as of June 30, 2024, of which all but \$603,284 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$138.6 million as of June 30, 2024, with \$113.0 million for governmental activities, and \$25.6 million for business-type activities. This is a \$34.2 million net increase from the prior year, of which \$38.3 million increase is due to toll revenue for governmental activities, and \$4.1 million decrease primarily due to a change in the reserve funds related to debt issues for business-type activities.

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

Statement of Activities

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2024 and 2023.

Summary of Changes in Net Position Years Ended June 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 6,545,048	\$ 10,330,009	\$ 6,545,048	\$ 10,330,009
Operating grants and contributions	225,451,832	258,094,618	14,853,821	14,559,783	240,305,653	272,654,401
Capital grants and contributions	-	-	1,138,837	-	1,138,837	-
General revenues:						
Intergovernmental:						
Commuter rail	36,327,295	58,648,784	-	-	36,327,295	58,648,784
Motor vehicle fuel sales tax	31,368,575	25,702,954	-	-	31,368,575	25,702,954
Toll revenue	49,669,388	31,292,699	-	-	49,669,388	31,292,699
Interest	4,898,003	2,589,438	2,294,767	2,142,140	7,192,770	4,731,578
Other	23,847	-	51,018	11,478	74,865	11,478
Transfers	(36,327,295)	(58,648,784)	36,327,295	58,648,784	-	-
Total revenues	311,411,645	317,679,709	61,210,786	85,692,194	372,622,431	403,371,903
Expenses:						
General and administration	15,420,790	29,371,347	-	-	15,420,790	29,371,347
Jurisdiction transit	242,070,427	254,874,778	-	-	242,070,427	254,874,778
Toll funded project costs	15,348,740	10,434,960	-	-	15,348,740	10,434,960
Interest - lease	82,908	90,412	-	-	82,908	90,412
Commuter rail	-	-	71,584,186	115,827,990	71,584,186	115,827,990
Total expenses	272,922,865	294,771,497	71,584,186	115,827,990	344,507,051	410,599,487
Change in net position	38,488,780	22,908,212	(10,373,400)	(30,135,796)	28,115,378	(7,227,584)
Beginning net position	76,056,844	53,148,632	205,362,107	235,497,903	281,418,953	288,646,535
Ending net position	\$ 114,545,624	\$ 76,056,844	\$ 194,988,707	\$ 205,362,107	\$ 309,534,331	\$ 281,418,951

For the fiscal year ended June 30, 2024, revenues totaled \$372.6 million, compared to \$403.4 million in the preceding year, a decrease of \$30.8 million or 7.6 percent. Expenses decreased \$66.1 million, or 16.1 percent. A discussion of the key components of these revenue and expense changes is included in the funds analysis.

FINANCIAL ANALYSIS OF THE REPORTING ENTITY'S FUNDS

Governmental Funds

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

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

As of June 30, 2024, the General Fund had a total fund balance of \$1,070,326 of which \$103,318 was nonspendable and \$967,008 was unassigned. The fund balance increased by \$72,559 or 7.3 percent from the preceding year.

Special Revenue Fund – Jurisdiction Transit. Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2024 the special revenue fund recognized state operating and capital assistance for WMATA, capital assistance contracted with NVTC prior to fiscal year 2013, and the motor vehicle fuel sales tax.

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

The fiscal year 2024 intergovernmental revenues totaled \$242.1 million, a decrease of approximately \$12.8 million or 5.0 percent from the previous fiscal year. The net decrease is comprised of an \$18.5 million decrease, or 8.1 percent, in state assistance due to \$26.1 in supplemental funding received in the prior year, offset in part by an \$7.9 million increase in the state assistance received in fiscal year 2024 through the regular allocation formula. This decrease is offset in part by a \$5.7 million or 22.0% increase in motor vehicle fuel sales tax revenue due to greater consumption, combined with an increase in the tax rate which is indexed to the CPI.

Special Revenue Fund – I-66 Toll Revenue. As part of a 40-year agreement with the Commonwealth of Virginia, NVTC has been assigned the authority to administer a program of projects to be funded using revenue generated by the tolling of I-66 inside the Beltway. The agreement calls for NVTC to receive the toll revenues collected by the Commonwealth, net of certain costs charged against those funds, on a quarterly basis for multi-modal projects which benefit the toll payers of the I-66 inside the beltway facility. In accordance with the agreement, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities. The agreement was amended effective May 2021 for NVTC to receive a minimum \$10 million annual payment escalated each year by 2.5%, but subject to available toll revenue. The amended agreement also calls for an annual concessionaire payment of \$5 million escalated each year by 2.5%, which is effective with fiscal year 2022.

Through fiscal year 2024, NVTC has rated, selected and approved projects totaling \$62.6 million. Toll revenue and interest earned in excess of project costs incurred is classified as a restricted fund balance. This balance is available exclusively for the reimbursement of approved project costs.

During fiscal year 2024, the special revenue fund recognized approximately \$33.1 million in revenue comprised of \$11.3 million of fiscal year 2024 toll revenue (fiscal year 2024 guaranteed minimum is \$10.8 million), a \$5.3 million concessionaire payment, and \$16.6 million for prior periods when no or reduced revenue was received. The special revenue fund recognized \$3.7 million in project costs, including transfers to the General Fund for NVTC administration of the program. As of June 30, 2024, the restricted fund balance totaled \$66.0 million, an increase of \$31.9 million over the prior year balance.

Special Revenue Fund – I-395/95 Toll Revenue. In December 2017, NVTC entered into a 68- year agreement with the Commonwealth of Virginia and PRTC whereby the commissions will receive an annual transit investment (ATI) from toll revenue from the operations of the I-395/95 HOT Lanes which commenced during fiscal year 2020. The ATI equals \$15 million in the commencement year, increasing at 2.5% annually, and is to be used to fund transit and multimodal investments which will benefit users in the I-395/95 corridor.

In January 2019, NVTC and PRTC entered into an agreement that among other things provides details of the commissions project selection process, specifies that NVTC will be the designated recipient of the ATI fund, and that NVTC will administer the program on behalf of the commissions. NVTC has established a special revenue fund to account for the ATI toll revenue and related projects for both Commissions, separately from the Commissions' other activities.

Through fiscal year 2024, NVTC has rated, selected and approved projects totaling \$90.1 million. The agreement between the Commonwealth, NVTC and PRTC states that the ATI funds are to be split pro rata based on each commission's population as determined by the most recent population figures of the Weldon Cooper Center. In fiscal year 2024, NVTC received \$16.6 million in ATI funds, as specified in the agreement. The allocation of the funds between NVTC and PRTC results in \$10.8 million and \$5.8 million in revenues for NVTC and PRTC respectively. The fund recognized \$12.0 million in project costs, including transfers to the General Fund for NVTC administration of the program. The allocation of the expenditures between NVTC and PRTC equals \$7.8 million and \$4.2 million respectively. The activity to date results in an ending fund balance of \$48.7 million, with \$32.0 million allocated to NVTC and \$16.7 allocated to PRTC.

Proprietary Fund

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

NVTC's share of operating revenue increased approximately \$3.8 million or 36.6 percent, while operating expenses decreased approximately \$23.8 million or 35.7 percent. For VRE operations as a whole, operating revenue increased 13.5 percent, while operating expenses increased 15.2 percent. Ridership saw an increase of 8.4 percent. The difference between the NVTC share and the VRE operations as a whole is the result of how the operations are split between the commissions.

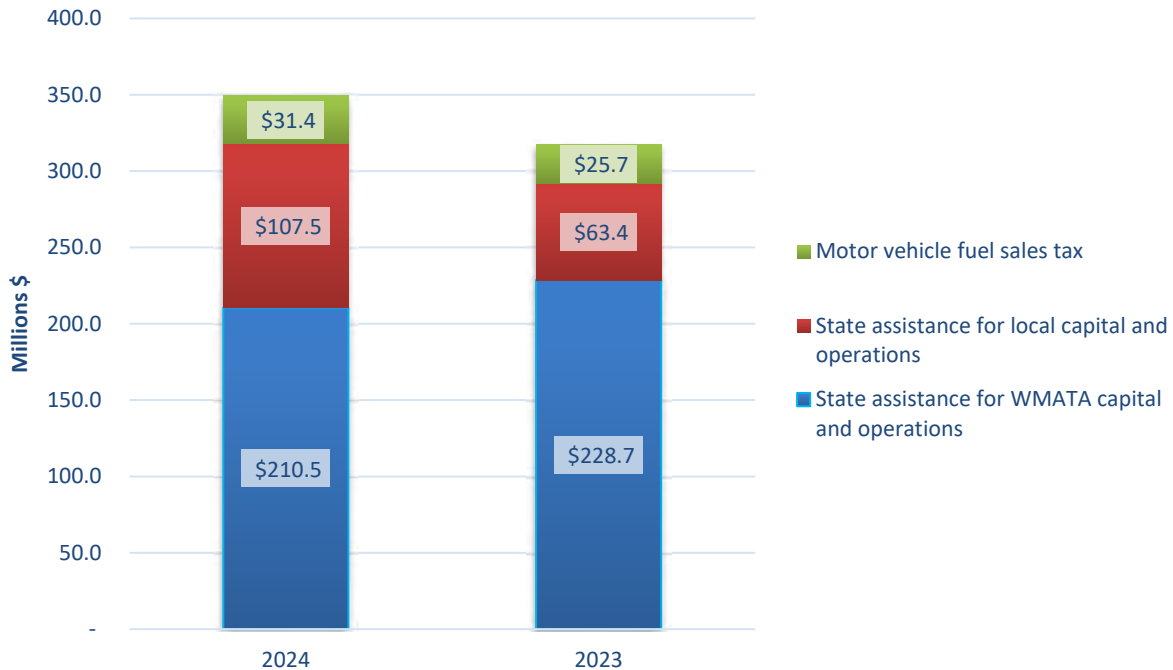
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained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

Fiduciary Funds

Jurisdiction Trust Fund. The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the Commonwealth (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the jurisdiction contracted revenue is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions.

The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund. The total additions to the Trust Fund, excluding investment income, increased by \$31.6 million, or 9.9 percent from the previous year. An analysis of this change is shown below.

Jurisdiction Trust Fund Revenue Sources



State assistance for local system operations is revenue from the state operating formula assistance program, which is a performance-based formula program. State assistance for local system capital expenditures is a competitive reimbursement program.

Effective fiscal year 2019, the amount of funding NVTC receives for WMATA capital and operating needs is determined by a set percentage of the funding available through the Commonwealth's Mass Transit Fund. The fiscal year 2023 WMATA capital and operating assistance includes \$26.1 million in supplemental funding, while the amount of assistance received in fiscal year 2024 increased by \$7.9 million under the allocation formula.

Effective fiscal year 2019, a minimum price floor was established for the motor vehicle fuel sales tax. The Virginia Code section that established the floor states that any gain attributable to the floor will revert to the Commonwealth as a funding source for the new WMATA Capital Fund for dedicated funding, and the Commuter Rail Operating and Capital Fund (C-ROC) which benefits VRE. For fiscal year 2019, the gain was calculated as the difference between the monthly revenue to NVTC in fiscal year 2018 as compared to the actual collections for the same month in fiscal year 2019. Effective fiscal year 2020 the gain became fixed at the fiscal year 2019 level. Furthermore, the legislation changed the tax from a sales tax to an excise tax with a market price adjustment equal to the statewide distributor price for a gallon of regular gasoline. Effective fiscal year 2021, the amount withheld for the WMATA Capital Fund was fixed at \$22.183 million per year, an increase of approximately \$7.2 over the prior amount from the "gain".

Motor Vehicle Fuel Sales tax revenue to NVTC increased by \$5.7 million, or 22.0 percent from the previous year due to an increase in consumption combined with an increase in the tax rate which is tied to inflation.

Pension Trust Fund. The Pension Trust Fund holds the assets contributed by NVTC on behalf of the pension plan participants, and the required plan participant contributions. Investments are participant directed in one or more separate investments available through the plan sponsor. Net assets available for benefits at the end of fiscal year 2024 equals \$2.9 million, an increase of \$596,690, or 25.7 percent over the prior year. This increase is the net result of a \$419,300 increase in fair value of investments, \$214,871 in plan contributions and distributions of \$37,481.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The details of capital assets as of June 30, 2024 and 2023 are as follows:

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Intangible right-to-use lease buildings	\$ 4,064,461	\$ 4,064,461	\$ 731,785	\$ 731,785	\$ 4,796,246	\$ 4,796,246
Intangible right-to-use leased parking lots	-	-	-	136,751	-	136,751
Intangible right-to-use lease tower	-	-	105,571	49,790	105,571	49,790
Intangible right-to-use subscription assets	-	-	907,985	767,262	907,985	767,262
Rolling stock	-	-	143,388,695	143,388,695	143,388,695	143,388,695
Vehicles	-	-	150,681	75,670	150,681	75,670
Facilities	-	-	91,812,860	59,514,401	91,812,860	59,514,401
Track and signal improvements	-	-	50,054,134	50,054,134	50,054,134	50,054,134
Equipment and software	-	-	7,455,988	6,958,573	7,455,988	6,958,573
Construction in progress	-	-	57,971,971	60,601,428	57,971,971	60,601,428
Equity in properties of others	-	-	62,473,241	62,473,241	62,473,241	62,473,241
Office equipment, furniture and software	230,738	243,507	3,708,204	3,766,000	3,938,942	4,009,507
	4,295,199	4,307,968	418,761,115	388,517,730	423,056,314	392,825,698
Less accumulated depreciation and amortization	1,337,943	951,649	148,650,175	137,169,743	149,988,118	138,121,392
Total capital assets, net	\$ 2,957,256	\$ 3,356,319	\$ 270,110,940	\$ 251,347,987	\$ 273,068,196	\$ 254,704,306

NVTC's investment in capital assets as of June 30, 2024 amounted to \$273.1 million (net of accumulated depreciation and amortization) which represents an increase of \$18.4 million or 7.2 percent over last year as the result of new project construction, existing asset improvements, direct asset purchases, and a new GASB 87 right-to-use lease asset and the recognition of annual depreciation and amortization.

The major completed projects the fiscal year were the Crossroads LOU Lifecycle Facility (\$26.3 million), the Fredericksburg Station rehab project (\$6.0 million), and the Website Redesign project (\$0.3 million).

The major additions to construction in progress during the fiscal year were costs related to the Manassas Park Parking Expansion project (\$7.9 million), Equity in VPRA Long Bridge (\$7.2 million), the Quantico Station Improvements project (\$3.0 million), the 21 New Railcars project (\$3.1 million), the Broad Run Expansion project (\$0.9 million), the Franconia-Springfield Station Improvements project (\$0.6 million), the L'Enfant Station Improvements project (\$0.5 million), the Alexandria Station Improvements project (\$0.6 million), the Crystal City Station Improvements project (\$0.5 million), and the Crossroads Long Term Expansion Project (\$0.5 million).

Debt Administration

At June 30, 2024, the Commissions had total debt outstanding of approximately \$147.0 million for the VRE commuter rail service, of which all but \$1.7 million is reported by NVTC. In addition, the governmental activities of NVTC has a lease liability of approximately \$3.2 million, for \$148.5 million total debt for the reporting entity as a whole.

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

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

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

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

	2024	2023
Bonds payable	\$ 143,645,000	\$ 148,210,000
Private placement note payable	1,866,848	3,650,870
Leases payable	1,399,668	1,381,122
Subscription liability	106,486	302,044
Total	\$ 147,018,002	\$ 153,544,036

Economic Factors and Next Year’s Budget

Population growth in Northern Virginia, especially in the outer suburbs served by VRE, continues to remain robust. Traffic congestion on many major highways has returned to or even surpassed pre-pandemic levels, which should continue to support long-term demand for VRE’s service as an alternative travel option. The constraining factors to VRE growth in the near-term are the effects on ridership demand resulting from increased use of remote work, as well as train scheduling, yard storage capacity, and the availability of operating funds to support changes in service to address new markets and travel patterns.

The local subsidy for fiscal year 2024 increased by \$2,455,878 or 18.1 percent to \$16,000,000. 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 (CROC) Fund, which will continue in fiscal year 2024. Additional sources of funding will be available in fiscal year 2024 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of NVTC’s finances for all those interested. If you have any questions about this report or need additional financial information, contact the Director of Finance and Administration, Northern Virginia Transportation Commission, 2300 Wilson Boulevard, Suite 230, Arlington, Virginia 22201, or by email to scottkalkwarf@novatransit.org.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 603,284	\$ 21,654,167	\$ 22,257,451
Due from other governments:			
Commonwealth of Virginia	53,288,027	2,503,433	55,791,460
Local jurisdictions	596,251	-	596,251
Trade accounts receivable, net	-	138,236	138,236
Other receivables	4,000	1,152,920	1,156,920
Inventory	-	1,445,539	1,445,539
Deposits and prepaid items	103,318	240,618	343,936
Restricted cash, cash equivalents and investments	112,964,704	25,662,853	138,627,557
Internal balances	(45,193,017)	45,193,017	-
Capital assets:			
Intangible right-to-use lease buildings	4,064,461	731,785	4,796,246
Intangible right-to-use lease tower	-	105,571	105,571
Intangible right-to-use subscriptions	-	907,985	907,985
Rolling stock	-	143,388,695	143,388,695
Vehicles	-	150,681	150,681
Facilities	-	91,812,860	91,812,860
Track and signal improvements	-	50,054,134	50,054,134
Equipment and software	-	7,455,988	7,455,988
Construction in progress	-	57,971,971	57,971,971
Equity in property of others	-	62,473,241	62,473,241
Office equipment, furniture and software	230,738	3,708,204	3,938,942
Less accumulated depreciation and amortization	(1,337,943)	(148,650,175)	(149,988,118)
Leases receivable, noncurrent portion	-	532,448	532,448
Total assets	125,323,823	368,634,171	493,957,994
Deferred outflows of resources, loss on refunding	-	269,996	269,996
Total assets and deferred outflows of resources	125,323,823	368,904,167	494,227,990

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2024

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Accounts payable	\$ 1,795,522	\$ 7,393,766	\$ 9,189,288
Accrued expenses	95,037	2,628,114	2,723,151
Accrued interest	6,448	844,881	851,329
Due to fiduciary fund	5,234,551	-	5,234,551
Unearned revenue	197,881	517,234	715,115
Contract retainage	-	867,704	867,704
Noncurrent liabilities:			
Due within one year:			
Lease liability	327,579	69,683	397,262
Subscription liability	-	53,243	53,243
Compensated absences	87,461	23,730	111,191
Bond payable	-	4,795,000	4,795,000
Private placement note payable	-	933,424	933,424
Due in more than one year:			
Lease liability	2,849,705	630,151	3,479,856
Compensated absences	184,015	354,774	538,789
Bond payable	-	154,294,004	154,294,004
Total liabilities	<u>10,778,199</u>	<u>173,405,708</u>	<u>184,183,907</u>
Deferred inflows of resources, leases	-	509,752	509,752
Total liabilities and deferred inflows of resources	<u>10,778,199</u>	<u>173,915,460</u>	<u>184,693,659</u>
NET POSITION			
Net investment in capital assets	(220,028)	100,213,255	99,993,227
Restricted for toll funded projects	113,973,250	-	113,973,250
Restricted for liability insurance plan	-	5,276,503	5,276,503
Restricted for debt service	-	14,073,320	14,073,320
Restricted grants or contributions	-	5,548,471	5,548,471
Unrestricted assets	<u>792,402</u>	<u>69,877,158</u>	<u>70,669,560</u>
Total net position	<u>\$ 114,545,624</u>	<u>\$ 194,988,707</u>	<u>\$ 309,534,331</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government
Primary government:							
Governmental activities:							
General and administration	\$ 15,420,790	\$ -	\$ 14,749,980	\$ -	\$ (670,810)	\$ -	\$ (670,810)
Toll funded project costs	15,348,740	-	-	-	(15,348,740)	-	(15,348,740)
Jurisdiction transit	242,070,427	-	210,701,852	-	(31,368,575)	-	(31,368,575)
Interest - lease	82,908	-	-	-	(82,908)	-	(82,908)
Total governmental activities	<u>272,922,865</u>	<u>-</u>	<u>225,451,832</u>	<u>-</u>	<u>(47,471,033)</u>	<u>-</u>	<u>(47,471,033)</u>
Business-type activities:							
Commuter rail	71,584,186	6,545,048	14,853,821	1,138,837	-	(49,046,480)	(49,046,480)
Total business-type activities	<u>71,584,186</u>	<u>6,545,048</u>	<u>14,853,821</u>	<u>1,138,837</u>	<u>-</u>	<u>(49,046,480)</u>	<u>(49,046,480)</u>
Total primary government	<u>\$ 344,507,051</u>	<u>\$ 6,545,048</u>	<u>\$ 240,305,653</u>	<u>\$ 1,138,837</u>	<u>(47,471,033)</u>	<u>(49,046,480)</u>	<u>(96,517,513)</u>
General revenues:							
Intergovernmental revenue - commuter rail					36,327,295	-	36,327,295
Intergovernmental revenue - motor vehicle fuel sales tax					31,368,575	-	31,368,575
Intergovernmental revenue - toll revenue					49,669,388	-	49,669,388
Increase in fair value of investments					-	80,908	80,908
Loss on disposal of assets					-	(29,890)	(29,890)
Other revenue					23,847	-	23,847
Interest					4,898,003	2,294,767	7,192,770
Transfers					(36,327,295)	36,327,295	-
Total general revenues					<u>85,959,813</u>	<u>38,673,080</u>	<u>124,632,893</u>
Change in net position					38,488,780	(10,373,400)	28,115,380
Net position, beginning of year					<u>76,056,844</u>	<u>205,362,107</u>	<u>281,418,951</u>
Net position, end of year					<u>\$ 114,545,624</u>	<u>\$ 194,988,707</u>	<u>\$ 309,534,331</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
ASSETS					
Cash and cash equivalents	\$ 603,284	\$ -	\$ -	\$ -	\$ 603,284
Due from other governments:					
Commonwealth of Virginia	45,324,962	5,270,838	2,692,227	-	53,288,027
Local jurisdictions	596,251	-	-	-	596,251
Other receivables	4,000	-	-	-	4,000
Due from fiduciary fund	36,287	-	-	-	36,287
Due from proprietary fund	22,273	-	-	-	22,273
Due from special revenue funds	82,128	-	-	-	82,128
Restricted cash	-	-	63,914,372	49,050,332	112,964,704
Deposits and prepaid items	103,318	-	-	-	103,318
Total assets	\$ 46,772,503	\$ 5,270,838	\$ 66,606,599	\$ 49,050,332	\$ 167,700,272
LIABILITIES					
Accounts payable	\$ 193,969	\$ -	\$ 525,266	\$ 1,076,287	\$ 1,795,522
Accrued salaries	95,037	-	-	-	95,037
Unearned revenue	197,881	-	-	-	197,881
Due to general fund	-	-	56,292	25,836	82,128
Due to proprietary fund	45,215,290	-	-	-	45,215,290
Due to fiduciary fund	-	5,270,838	-	-	5,270,838
Total liabilities	45,702,177	5,270,838	581,558	1,102,123	52,656,696
FUND BALANCES					
Nonspendable					
Deposits and prepaid items	103,318	-	-	-	103,318
Restricted					
Toll Revenues	-	-	66,025,041	47,948,209	113,973,250
Unassigned	967,008	-	-	-	967,008
Total fund balance	1,070,326	-	66,025,041	47,948,209	115,043,576
Total liabilities and fund balance	\$ 46,772,503	\$ 5,270,838	\$ 66,606,599	\$ 49,050,332	\$ 167,700,272

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

Fund balances - governmental funds	\$ 115,043,576
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and intangible right-to-use assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,295,199 and the accumulated depreciation and amortization is \$1,337,943.	2,957,256
Lease liability recognized in the government-wide financial statements	(3,177,284)
Accrued interest recognized in the government-wide financial statements	(6,448)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(271,476)
Net position - governmental activities	<u>\$ 114,545,624</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	Special Revenue Fund - I-395/95 Toll Revenue	
Revenues:					
Intergovernmental revenues:					
Grants and contributions:					
Commonwealth of Virginia	\$ 35,193,864	\$ 210,701,852	\$ -	\$ -	\$ 245,895,716
Commonwealth of Virginia - CROC	15,000,000	-	-	-	15,000,000
Federal	132,501	-	-	-	132,501
Local jurisdictions	670,910	-	-	-	670,910
Toll revenue	-	-	33,112,195	16,557,193	49,669,388
Motor vehicle fuel sales tax	-	31,368,575	-	-	31,368,575
Project chargebacks	80,000	-	-	-	80,000
Other revenue	23,847	-	-	-	23,847
Interest	47,444	-	2,538,252	2,312,307	4,898,003
Total revenues	<u>51,148,566</u>	<u>242,070,427</u>	<u>35,650,447</u>	<u>18,869,500</u>	<u>347,738,940</u>
Expenditures:					
Current:					
General and administration	3,306,599	-	-	-	3,306,599
Project costs	1,603,846	-	-	-	1,603,846
PRTC share of CROC funds	10,040,532	-	-	-	10,040,532
Toll funded project costs	-	-	3,304,643	12,044,097	15,348,740
Payments to fiduciary fund	-	242,070,427	-	-	242,070,427
Debt service:					
Principal retirement - lease	309,804	-	-	-	309,804
Interest - lease	83,483	-	-	-	83,483
Capital outlay	15,670	-	-	-	15,670
Total expenditures	<u>15,359,934</u>	<u>242,070,427</u>	<u>3,304,643</u>	<u>12,044,097</u>	<u>272,779,101</u>
Other financing sources (uses):					
Transfers in	611,222	-	-	-	611,222
Transfers out	<u>(36,327,295)</u>	<u>-</u>	<u>(412,066)</u>	<u>(199,156)</u>	<u>(36,938,517)</u>
Change in fund balances	72,559	-	31,933,738	6,626,247	38,632,544
Fund balances, beginning of year	<u>997,767</u>	<u>-</u>	<u>34,091,303</u>	<u>41,321,962</u>	<u>76,411,032</u>
Fund balances, end of year	<u>\$ 1,070,326</u>	<u>\$ -</u>	<u>\$ 66,025,041</u>	<u>\$ 47,948,209</u>	<u>\$ 115,043,576</u>

Change in fund balances - total governmental funds \$ 38,632,544

Amounts reported for governmental activities in the Statement of Activities are different because:
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Add - capital outlay	15,670
Deduct - depreciation and amortization expense	(24,545)

Decrease in accrued interest payable, reduces interest in the Statement of Activities. 575

Principal payments on lease agreement is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position. 309,804

Amortization of intangible right-to-use lease building. (390,188)

The change in compensated absences included in the expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (55,080)

Change in net position of governmental activities \$ 38,488,780

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

	Commuter Rail Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	\$ 21,654,167
Accounts receivable:	
Due from general fund	45,193,017
Commonwealth of Virginia grants	2,503,433
Trade receivables, net of allowance for doubtful accounts	138,236
Other receivables	1,152,920
Inventory	1,445,539
Prepaid expenses and other	240,618
Restricted cash, cash equivalents and investments	25,662,853
Total current assets	97,990,783
Noncurrent Assets:	
Capital assets:	
Construction in progress	57,971,971
Intangible right-to-use lease buildings	731,785
Intangible right-to-use lease tower	105,571
Intangible right-to-use subscription assets	907,985
Rolling stock	143,388,695
Vehicles	150,681
Facilities	91,812,860
Track and signal improvements	50,054,134
Equipment and software	7,455,988
Equity in property of others	62,473,241
Furniture, equipment and software	3,708,204
	418,761,115
Less accumulated depreciation and amortization	(148,650,175)
Total capital assets, net	270,110,940
Lease receivable, noncurrent portion	532,448
Total noncurrent assets	270,643,388
Deferred Outflows of Resources:	
Loss on refunding	269,996
Total assets and deferred outflows of resources	\$ 368,904,167

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

	<u>Commuter Rail Service Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 7,393,766
Compensated absences	23,730
Accrued expenses	2,628,114
Accrued interest	844,881
Unearned revenue	517,234
Contract retainage	867,704
Current portion of bonds payable	4,795,000
Current portion of private placement note payable	933,424
Lease liability	69,683
Subscriptions payable	53,243
Total current liabilities	18,126,779
Noncurrent Liabilities:	
Compensated absences	354,774
Bonds payable	154,294,004
Lease liability	630,151
Total noncurrent liabilities	155,278,929
Total liabilities	173,405,708
Deferred Inflows of Resources:	
Leases	509,752
Net Position:	
Net investment in capital assets	100,213,255
Restricted for liability insurance plan	5,276,503
Restricted for debt service	14,073,320
Restricted grants or contributions	5,548,471
Unrestricted assets	69,877,158
Total net position	194,988,707
Total liabilities, deferred inflows of resources and net position	\$ 368,904,167

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2024

	Commuter Rail Service Fund
Operating Revenues:	
Passenger revenue	\$ 6,373,024
Equipment rentals and other	172,024
Total operating revenues	6,545,048
Operating Expenses:	
Contract operations and maintenance	13,574,797
Other operations and maintenance	10,691,553
Property leases and access fees	8,259,087
Insurance	3,189,941
Marketing and sales	565,911
General and administrative	6,645,959
Total operating expenses	42,927,248
Operating loss before depreciation and amortization	(36,382,200)
Depreciation and Amortization	(11,774,122)
Operating loss	(48,156,322)
Nonoperating Revenues (Expenses):	
Subsidies:	
Commonwealth of Virginia grants	9,527,090
Jurisdictional contributions	5,326,731
Contribution to PRTC	(10,083,900)
Interest income:	
Operating funds	282,216
Insurance trust	222,473
Commonwealth Rail Operating and Capital (CROC) Fund	1,264,435
Leases	16,015
Other restricted funds	509,628
Interest, amortization and other nonoperating expenses, net	(6,798,916)
Increase in fair value of investments	80,908
Loss on disposal of assets	(29,890)
Total nonoperating revenues, net	316,790
Loss before capital contributions and transfers	(47,839,532)
Capital Contributions and Transfers:	
Commonwealth of Virginia grants	185,215
Regional Transportation Funding	953,622
Transfers in	36,327,295
Total capital contributions and transfers	37,466,132
Change in net position	(10,373,400)
Net Position, beginning	205,362,107
Net Position, ending	\$ 194,988,707

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2024

	Commuter Rail Service Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 6,765,080
Payments to suppliers	(38,915,468)
Payments to employees	(4,332,681)
Net cash used in operating activities	(36,483,069)
Cash Flows From Noncapital Financing Activities:	
Transfer to PRTC	(10,083,900)
Governmental subsidies	13,647,884
Net cash used in noncapital financing activities	3,563,984
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(26,415,760)
Capital grants and assistance	1,138,837
Principal paid on private placement note payable	(892,011)
Principal paid on bonds	(4,565,000)
Principal paid on lease liability	(96,299)
Principal paid on subscription liability	(97,779)
Interest paid on private placement note payable	(73,668)
Interest paid on capital lease obligation	(20,223)
Interest paid on bonds	(7,224,570)
Interest paid on subscription liability	(2,468)
Transfer from General Fund	28,332,736
Net cash used in capital and related financing activities	(9,916,205)
Cash Flows From Investing Activities:	
Interest received on leases	16,015
Interest received on investments	2,359,660
Cash provided by investing activities	2,375,675
Decrease in cash and cash equivalents	(40,459,615)
Cash and Cash Equivalents, beginning	87,776,635
Cash and Cash Equivalents, ending	\$ 47,317,020
Reconciliation of Operating Loss to Net Cash Used In	
Operating Activities:	
Operating loss	\$ (48,156,322)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	11,774,122
Write-off of construction in progress to expense	(49,188)
(Increase) decrease in:	
Trade receivables	132,875
Other receivables	495,470
Inventory	849,452
Prepaid items and other	174,535
Lease receivable	(2,584)
Increase (decrease) in:	
Accounts payable and accrued expenses	(960,040)
Compensated absences	(335,660)
Unearned revenue	(400,758)
Deferred inflow - lease	(4,971)
Net cash used in operating activities	\$ (36,483,069)
Schedule of Noncash Capital Activities	
Capital assets acquired through accounts payable	\$ 6,092,247
Capital assets acquired through accrued liabilities	2,432,225
Intangible right-to-use assets acquired through subscriptions	105,572

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2024

	Jurisdiction Trust Fund	Pension Trust Fund
ASSETS		
Cash and cash equivalents	\$ 439,286,314	\$ -
Due from special revenue fund - Motor vehicle fuel sales tax	5,270,838	-
Due from other governments - Commonwealth of Virginia grants	28,110,845	-
Investments held in trust at fair value	-	2,916,507
	<u>472,667,997</u>	<u>2,916,507</u>
Total assets		
LIABILITIES		
Due to member jurisdictions	6,561,636	-
Due to general fund	36,287	-
	<u>6,597,923</u>	<u>-</u>
Total liabilities		
NET POSITION		
Restricted for:		
Member jurisdictions	466,070,074	-
Plan participants	-	2,916,507
	<u>\$ 466,070,074</u>	<u>\$ 2,916,507</u>
Total net position		

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2024

	Jurisdiction Trust Fund	Pension Trust Fund
Additions:		
Contributions from government	\$ 242,070,427	\$ -
Intergovernmental revenues	107,306,910	-
Pension fund contributions		
Participants	-	43,031
Employer	-	171,840
	349,377,337	214,871
Investment income		
Increase in fair value of investments	-	419,300
Interest earned on investments	23,151,537	-
	23,151,537	419,300
Deductions:		
Funds disbursed to WMATA:		
Capital improvement program	14,857,802	-
Project development	629,282	-
Metrorail operating	106,793,527	-
Metrobus operating	82,825,597	-
Metroaccess operating	16,649,542	-
Metro debt service	6,796,821	-
Other funds disbursed:		
Other capital disbursements	78,496,454	-
Other operating disbursements	26,079,834	-
Distributions	-	37,481
	333,128,859	37,481
Total deductions	333,128,859	37,481
Change in net position	39,400,015	596,690
Net position:		
Beginning of year	426,670,059	2,319,817
End of year	\$ 466,070,074	\$ 2,916,507

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The NVTC and Potomac and Rappahannock Transportation Commission (PRTC) reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express (VRE) commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (collectively referred to as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation (CSX), and the Norfolk Southern Railway Company under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station.

B. Government-wide and Fund Financial Statements

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

NVTC reports the following major governmental funds:

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

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

The Special Revenue Fund – I-66 Toll Revenue Fund is used to account for revenues generated by the tolling of I-66 inside the Beltway, supplemented by an annual concessionaire payment, and the related projects.

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

NVTC reports the following major enterprise fund:

Commuter Rail Service Fund

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

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

D. Budgeting

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

E. Other Significant Accounting Policies

1. Cash and cash equivalents

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

2. Investments

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

3. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to a property transfer with restricted future uses; a refund of the credit risk premium of a retired Railroad Rehabilitation & Improvement Financing (RRIF) loan; a small liability claims account; a debt service reserve fund for the Virginia Resources Authority (VRA) 2018A financing; a Liability Insurance Plan; a revenue fund, bond debt service fund, debt service reserve fund, and revenue stabilization fund related to the Series 2022 bond issuance; and a residual fund containing excess funds from the Series 2022 bond revenue fund that are restricted in use in accordance with the Funding Agreement between VRE and the Virginia Passenger Rail Authority (VPRA).

4. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$32,000 at June 30, 2024, for the proprietary fund.

5. Inventory

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

6. Prepaid items

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

7. Capital assets

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

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

Costs of improvements to track, stations and signal facilities owned by the railroads have been capitalized in recognition of the increased efficiency afforded VRE operations over their useful lives. The Commissions retain a residual interest in these assets such that net salvage value will be reimbursed by the railroads upon cessation of commuter rail service. Similarly, shared investments in jurisdictional facilities and other infrastructure ("equity in property of others") recognizes the right of access for commuter rail patrons granted to the Commissions. This category represents investments in Amtrak infrastructure and facilities, as well as the recent contributions to the Virginia Passenger Rail Authority (VPRA) for the CSX right-of-way purchase and Long Bridge project, all which provide primary benefit to the commuter rail service and an expectation of continued use by the VRE.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

7. Capital assets (Continued)

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

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	5-30 years
Equipment and software	5 - 10 years
Equity in properties of others	3-35 years
Office equipment, furniture and software	3-10 years
Intangible right-to-use lease assets and subscription assets	2-15 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, 2024.

8. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resource (expenditure) until then. NVTC currently has one item that qualifies for reporting in this category. The item relates to the deferred loss on refinancing.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. NVTC currently has one item that qualifies for reporting in this category.

9. Leases

Lessee:

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Leases (Continued)

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

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

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

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

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

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

Lessor:

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

9. Leases (Continued)

VRE is a lessor for a lease related to communication towers. The lease term is for 518 months. The exercise of lease renewal options is at the Lessees discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

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

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

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

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

10. Subscription based information technology arrangements (SBITAs)

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

NVTC recognizes a subscription liability and subscription asset on the Statements of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

At the commencement of a SBITA, NVTC measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

11. Compensated absences

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

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

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

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

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

12. Fund equity

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

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

12. Fund equity (Continued)

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

13. Indirect expenditure allocation

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

14. Net position

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

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

15. Estimates and assumptions

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

16. Inter-fund transfers

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Other Significant Accounting Policies (Continued)

17. Subsequent events

NVTC has evaluated subsequent events through November 15, 2024, which was the date the financial statements were available to be issued.

Note 2. Deposits and Investments

At June 30, 2024, cash, cash equivalents, and investments consisted of the following, stated at fair value.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash	\$ 151,745	\$ 2,399,271	\$ -	\$ 2,551,016
LGIP	451,539	19,254,896	439,286,314	458,992,749
Unit investment trusts – mutual funds	-	-	2,613,627	2,613,627
Unit investment trusts – group annuity contract	-	-	302,880	302,880
	<u>603,284</u>	<u>21,654,167</u>	<u>442,202,821</u>	<u>464,460,272</u>
Restricted:				
LGIP	112,964,704	6,344,269	-	119,308,973
Series 2022 debt service fund	-	644,646	-	644,646
Series 2022 debt service reserve fund	-	7,610,664	-	7,610,664
Series 2022 revenue stabilization fund	-	3,768,463	-	3,768,463
VRA debt service reserve fund	-	2,049,547	-	2,049,547
Insurance trust fund – pooled funds	-	5,245,264	-	5,245,264
	<u>112,964,704</u>	<u>25,662,853</u>	<u>-</u>	<u>138,627,557</u>
Total	<u>\$ 113,567,988</u>	<u>\$ 47,317,020</u>	<u>\$ 442,202,821</u>	<u>\$ 603,087,829</u>

Maturities of all investments are less than one year.

Deposits

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

Investments

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2024, the reporting entity had investments of \$578,301,722 in the LGIP for governmental activities, business-type activities, and the fiduciary funds. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

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, NVTC 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 NVTC 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, 2024, NVTC had \$2,049,547 invested in the VRA Debt Service Reserve Fund.

In accordance with the issuance of the Northern Virginia Transportation Commission (NVTC) Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia Program) Series 2022 (Green Bonds), a Debt Service Reserve Fund (DSRF), Revenue Stabilization fund (RS) and Cost of Issuance (COI) fund were established for the benefit of NVTC. The DSRF and RS are held in custody by U.S. Bank as the Trustee for the Series 2022 bonds. On the closing date of the bond transaction, VRE transferred \$7.5 million into the DSRF from the proceeds of the bond issuance. The funds in the DSRF and RS shall be used solely to cure any deficiencies in the payment by NVTC of any principal, premium, or interest associated with the NVTC financing. At June 30, 2024, NVTC had \$7,610,664 invested in the Debt Service Reserve Fund, \$3,768,463 in the Revenue Stabilization Fund.

At June 30, 2022, the funds in the DSRF and RS were invested in a JP Morgan US Government Money Market Fund. In July 2022, the DSRF and RS were re-invested in the Virginia State Non-Arbitrage Program (SNAP), with management of the funds provided by PFM Asset Management LLC. The COI funds were invested in SNAP as of the closing of the bond transaction. 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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2024, a total of \$10,490,529 was invested in the Insurance Trust, of which \$5,245,264 is included in the NVTC reporting entity. In fiscal year 2024, earnings on the Insurance Trust in the amount of \$444,946 were credited to VRE, of which \$222,473 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

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

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

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

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

Credit risk

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Custodial credit risk

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

Interest rate risk

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

Concentration of credit risk

The Commuter Rail Service Fund's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

The limitations provided in the investment policy for maximum maturity and the percentage of the portfolio allowed for each category of investment are as follows:

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CDs of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Fair Value Measurement

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

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

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following table shows NVTC's investments by fair value level as of June 30, 2024:

Investments by Fair Value Level	June 30, 2024	Level 1	Level 2	Level 3
Mutual funds (Pension Trust Fund)	\$ 2,613,627	\$ 2,613,627	\$ -	\$ -
Immediate Participation Guarantee Contract (Pension Trust Fund)	302,880	-	-	302,880
Securities issued or guaranteed by the U.S. government and other commercial instruments (Commuter Rail)	14,073,320	14,073,320	-	-

Note 3. Due From Other Governments

At June 30, 2024, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 5,270,838	\$ 5,270,838
Grants	42,824,962	-	42,824,962
CROC	2,500,000	-	2,500,000
Toll revenue	2,692,227	-	2,692,227
	<u>48,017,189</u>	<u>5,270,838</u>	<u>53,288,027</u>
Due from Local Jurisdictions:			
Local match	596,251	-	596,251
	<u>\$ 48,613,440</u>	<u>\$ 5,270,838</u>	<u>\$ 53,884,278</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$45,215,290 for commuter rail and \$2,801,899 for other projects.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 243,507	\$ 15,670	\$ (28,439)	\$ -	\$ 230,738
Intangible right-to-use lease building	4,064,461	-	-	-	4,064,461
Less accumulated depreciation or amortization	(951,649)	(414,733)	28,439	-	(1,337,943)
Governmental activities capital assets, net	\$ 3,356,319	\$ (399,063)	\$ -	\$ -	\$ 2,957,256
Business-type activities:					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 60,601,428	\$ 30,311,517	\$ -	\$ (32,940,974)	\$ 57,971,971
Capital assets being depreciated or amortized:					
Intangible right-to-use buildings	731,785	-	-	-	731,785
Intangible right-to-use lease parking lots	136,751	-	(136,751)	-	-
Intangible right-to-use lease tower	49,790	105,572	(49,791)	-	105,571
Intangible right-to-use subscription assets	767,262	-	(121,978)	262,701	907,985
Rolling stock	143,388,695	-	-	-	143,388,695
Vehicles	75,670	75,011	-	-	150,681
Facilities	59,514,401	41,453	-	32,257,006	91,812,860
Track and signal improvements	50,054,134	-	-	-	50,054,134
Equipment and software	6,958,573	76,148	-	421,267	7,455,988
Equity in property of others	62,473,241	-	-	-	62,473,241
Office equipment, furniture and software	3,766,000	3,609	(61,405)	-	3,708,204
Total capital assets being depreciated or amortized	327,916,302	301,793	(369,925)	32,940,974	360,789,144
Less accumulated depreciation or amortization for:					
Intangible right-to-use lease buildings	116,043	60,947	-	-	176,990
Intangible right-to-use lease parking lots	109,401	27,350	(136,751)	-	-
Intangible right-to-use lease tower	38,548	20,041	(49,791)	-	8,798
Intangible right-to-use subscription assets	249,142	324,426	(45,743)	-	527,825
Rolling stock	70,018,306	5,874,155	-	-	75,892,461
Vehicles	71,643	9,505	-	-	81,148
Facilities	28,884,593	2,036,910	-	-	30,921,503
Track and signal improvements	26,549,229	2,787,838	-	-	29,337,067
Equipment and software	6,039,395	409,748	-	-	6,449,143
Equity in property of others	2,313,439	82,297	-	-	2,395,736
Office equipment, furniture and software	2,780,004	140,905	(61,405)	-	2,859,504
Total accumulated depreciation or amortization	137,169,743	11,774,122	(293,690)	-	148,650,175
Total capital assets being depreciated or amortized, net	190,746,559	(11,472,329)	(76,235)	32,940,974	212,138,969
Business-type activities capital assets, net	\$ 251,347,987	\$ 18,839,188	\$ (76,235)	\$ -	\$ 270,110,941

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Capital Assets (Continued)

Depreciation and amortization expenses for the year ended June 30, 2024 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
Primary government:		
General and administration	\$ 414,733	\$ -
Commuter rail	-	11,774,122

Note 5. Leases

Governmental activities

NVTC amended the current office space lease under a 154-month agreement which commenced on March 15, 2019 and expires November 15, 2031. NVTC is required to make monthly principal and interest payments ranging from \$33,796 to \$43,276 through November 2031. The lease has an interest rate of 2.5% over the term of the lease, and calls for the pass-through of a proportionate share of common building expenses after the first anniversary year. The lease contains a provision for the abatement of the first month's payment for the first seven years of the lease, and the additional abatement of approximately 29 percent of the leased space for the balance of the first year.

For the government-wide financial statements, an initial lease liability was recorded in the amount of \$4,064,461 during fiscal year 2022. The office space has an estimated useful life of approximately ten and a half years. The value of the intangible right-to-use lease asset as of the end of the current fiscal year was \$4,064,461, and had accumulated amortization of \$1,170,565. The lease liability outstanding at the end of the current fiscal year was \$3,177,284.

The following table summarizes the total minimum lease payments due as of June 30, 2024:

Year(s) Ending June 30,	Principal	Interest
2025	\$ 327,579	\$ 75,531
2026	383,615	66,893
2027	404,673	57,063
2028	426,621	46,696
2029	449,334	35,773
2030-2032	1,185,462	36,438
Total	<u>\$ 3,177,284</u>	<u>\$ 318,394</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Leases (Continued)

Business-type activities

	Total	NVTC Reporting Entity
<p>Lease liability for a building. VRE is required to make monthly principal and interest payments ranging from \$10,608 to \$13,438 through April 2033. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$1,363,291 (\$681,645). The building has an estimated 141 month useful life. The value of the intangible right-to-use leased asset as of the end of the current fiscal year was \$1,363,291 (\$681,645) and had accumulated amortization of \$345,623 (\$172,812).</p>	\$ 1,110,167	\$ 555,084
<p>Lease liability for a building roof. VRE is required to make monthly principal and interest payments ranging from \$650 to \$787 through March 2038. The lease has an interest rate of 3.40%. An initial lease liability was recorded in the amount of \$100,214 (\$50,107). The building roof has an estimated 180-month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$100,277 (\$50,139) and had accumulated amortization of \$8,356 (\$4,178).</p>	94,317	47,158
<p>Lease liability for a tower. VRE is required to make monthly principal and interest payments ranging from \$3,521 to \$3,963 through January 2029. The lease has an interest rate of 2.43%. An initial lease liability was recorded in the amount of \$211,144 (\$105,572). The tower has an estimated sixty month useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$211,144 (\$105,572) and had accumulated amortization of \$17,595 (\$8,797).</p>	195,184	97,592
	\$ 1,399,668	\$ 699,834

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Leases (Continued)

Years(s) Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2025	\$ 139,366	\$ 39,450	\$ 69,683	\$ 19,725
2026	148,280	35,358	74,140	17,679
2027	157,918	30,996	78,959	15,498
2028	168,191	26,350	84,095	13,175
2029	158,839	21,475	79,420	10,738
2030-2034	593,889	42,887	296,944	21,443
2035-2038	33,185	2,207	16,593	1,104
Total minimum lease payments	\$ 1,399,668	\$ 198,723	\$ 699,834	\$ 99,362

VRE is a lessor for a lease related to a communication tower. The lease term is for 518 months. The exercise of lease renewal options is at the Lessees discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable. VRE will receive annual payments ranging from \$27,421 to \$86,843 (NVTC reporting entity, \$13,710 to \$43,421) through December 2063. An initial lease receivable was recorded in the amount of \$1,437,167 (NVTC reporting entity, \$718,583). During fiscal year 2023, there was a remeasurement of the lease receivable due to a contract amendment that resulted in a lease receivable of \$1,054,723 (NVTC reporting entity, \$527,362).

VRE has a deferred inflow of resources associated with its lease that will be recognized as revenue over the term of the lease. As of June 30, 2024, the balance of the deferred inflow was \$1,019,503 (NVTC reporting entity, \$509,752). Lease revenue for the year ended June 30, 2024 was \$9,942 net of the remeasurement of deferred inflows of resources of \$15,250 and lease interest income for the same year was \$32,030 (NVTC reporting entity, \$4,971, \$7,625 and \$16,015 respectively).

Future minimum lease amounts as of June 30, 2024 are as follows:

Year(s) Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2025	\$ (4,526)	\$ 31,947	\$ (2,263)	\$ 15,973
2026	(3,839)	32,083	(1,920)	16,041
2027	(3,107)	32,198	(1,554)	16,099
2028	(2,327)	32,291	(1,164)	16,146
2029	(1,498)	32,361	(749)	16,180
2030-2034	6,845	161,925	3,422	80,963
2035-2039	36,428	159,223	18,214	79,612
2040-2044	75,261	151,552	37,631	75,776
2045-2049	125,539	137,398	62,770	68,699
2050-2054	189,925	114,892	94,963	57,446
2055-2059	271,637	81,730	135,819	40,865
2060-2064	374,558	35,088	187,279	17,544
Total minimum lease amounts	\$ 1,064,896	\$ 1,002,688	\$ 532,448	\$ 501,344

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Leases liability	\$ 3,487,088	\$ -	\$(309,804)	\$ 3,177,284	\$ 327,579
Compensated absences	216,396	221,805	(166,725)	271,476	87,461
Total governmental activities	3,703,484	221,805	(476,529)	3,448,760	415,040
Business-type activities:					
Lease liability	690,561	105,572	(96,299)	699,834	69,683
Subscription liability	151,022	-	(97,779)	53,243	53,243
Private placement note payable	1,825,435	-	(892,011)	933,424	933,424
Bonds payable	148,210,000	-	(4,565,000)	143,645,000	4,795,000
Premiums	15,946,000	-	(501,996)	15,444,004	-
Compensated absences	714,164	319,103	(654,763)	378,504	23,730
Total business-type activities	167,537,182	424,675	(6,807,848)	161,154,009	5,875,080
Total Primary Government	\$ 171,240,666	\$ 646,480	\$(7,284,377)	\$ 164,602,769	\$ 6,290,120

Private Payment Placement Note Payable - Gallery IV (11 cars)

\$25,100,000 private placement note payable (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$8,443,412 (NVTC reporting entity, \$4,221,706)

	Total	NVTC Reporting Entity
	\$ 1,866,848	\$ 933,424

Future minimum payments as of June 30, 2024 are as follows:

Year Ending June 30,	Total		NVTC Reporting Entity	
	Principal	Interest	Principal	Interest
2025	\$ 1,866,848	\$ 64,509	\$ 933,424	\$ 32,254
	\$ 1,866,848	\$ 64,509	\$ 933,424	\$ 32,254

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Long-Term Debt Obligations (Continued)

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

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

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

VRA bond payable, \$46,640,000 Bond, due in variable bi-annual amounts, plus a bi-annual variable interest rate of 3.13% to 5.13% through October 1, 2032. The carrying value of the railcars was \$42,285,815 at June 30, 2024. \$ 31,945,000

NVTC Transportation District Special Obligation Revenue Bonds, Series 2022

NVTC Bond payable, \$115,670,000 Bond, due in variable annual amounts, plus a bi-annual interest rate of 5.00% through June 1, 2052. \$ 111,700,000

Mandatory debt service on Bonds payable requirements as of June 30, 2024 are as follows:

Years Ending June 30,	NVTC Bond		VRA Bond		Total Required	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,910,000	\$ 5,585,000	\$ 2,885,000	\$ 1,404,303	\$ 4,795,000	\$ 6,989,303
2026	2,010,000	5,489,500	3,040,000	1,252,475	5,050,000	6,741,975
2027	2,110,000	5,389,000	3,200,000	1,092,575	5,310,000	6,481,575
2028	2,215,000	5,283,500	3,365,000	924,347	5,580,000	6,207,847
2029	2,325,000	5,172,750	3,545,000	747,278	5,870,000	5,920,028
2030-2034	13,485,000	23,999,500	15,910,000	1,254,106	29,395,000	25,253,606
2035-2039	17,210,000	20,274,000	-	-	17,210,000	20,274,000
2040-2044	21,975,000	15,518,750	-	-	21,975,000	15,518,750
2045-2049	28,045,000	9,447,250	-	-	28,045,000	9,447,250
2050-2052	20,415,000	2,074,750	-	-	20,415,000	2,074,750
Subtotal	111,700,000	98,234,000	31,945,000	6,675,084	143,645,000	104,909,084
Unamortized premium	11,960,111	-	3,483,893	-	15,444,004	-
Total	\$ 123,660,111	\$ 98,234,000	\$ 35,428,893	\$ 6,675,084	\$ 159,089,004	\$ 104,909,084

Subscriptions Liability

During the current fiscal year, VRE had multiple subscription agreements as lessee for software ranging from two to three years. As of June 30, 2024, the balance of the subscription liability was \$106,486 (NVTC reporting entity, \$53,243).

VRE is required to make annual principal and interest payments ranging from \$2,240 to \$106,762. The subscriptions have an interest rate ranging from 2.35% to 2.8%. The value of the intangible right-to-use subscription assets as of the end of the current fiscal year was \$1,815,971 and had accumulated amortization of \$1,055,650 (NVTC reporting entity, \$907,985 and \$527,825 respectively).

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 230, Arlington, VA 22201.

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

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

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

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

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

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

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

Financial information from VRE's fiscal year 2024 audited financial statements is shown below.

VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 53,492,961
Accounts receivable:	
Due from PRTC	44,268,636
Federal Pandemic Relief Funds	5,801,627
Commonwealth of Virginia grants	47,722,157
Commonwealth Rail Operating and Capital (CROC) Fund	2,500,000
Trade and other, net of allowance	3,326,266
Inventory	3,571,025
Prepaid expenses and other	594,414
Restricted cash, cash equivalents and investments	31,567,568
Total current assets	<u>192,844,654</u>
Noncurrent assets:	
Capital assets (net of \$297,300,351 accumulated depreciation and amortization)	540,221,879
Leases receivable, noncurrent portion	1,064,896
Total noncurrent assets	<u>541,286,775</u>
Total assets	734,131,429
Deferred outflows of resources	925,701
Total assets and deferred outflows of resources	<u>\$ 735,057,130</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 26,129,192
Unearned revenue	1,277,762
Current portion of:	
Compensated absences	58,622
Bonds payable	4,795,000
Subscription liability	106,486
Lease liability	139,366
Private placement note payable	1,866,848
Total current liabilities	<u>34,373,276</u>
Noncurrent liabilities:	
Pension liability	70,526
Other postemployment benefits	367,853
Bonds payable	154,294,004
Lease liability	1,260,302
Compensated absences	876,425
Total noncurrent liabilities	<u>156,869,110</u>
Total liabilities	<u>191,242,386</u>
Deferred inflows of resources	1,382,536
Net position:	
Net investment in capital assets	359,245,516
Restricted for liability insurance plan	10,553,006
Restricted for debt service	14,073,320
Restricted grants or contributions	6,941,242
Unrestricted net position	151,619,124
Total net position	<u>542,432,208</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 735,057,130</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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

**VIRGINIA RAILWAY EXPRESS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2024**

Operating revenues	\$ 16,168,731
Operating expenses	106,046,460
Operating loss before depreciation and amortization	(89,877,729)
Depreciation and amortization	(23,548,243)
Operating loss	(113,425,972)
Nonoperating revenues (expenses):	
Subsidies:	
Commonwealth of Virginia grants	26,759,223
Federal grants – with PRTC as grantee	12,962,716
Federal Pandemic Relief Funds	37,488,029
Jurisdictional contributions	16,000,000
Commonwealth Rail Operating and Capital (CROC) Fund	7,496,000
Interest income:	
Operating funds	697,180
Insurance trust	444,946
Commuter Rail Operating and Capital (CROC) Fund	2,528,870
Leases	32,030
Other restricted funds	1,019,254
Interest, amortization and other nonoperating expenses, net	(6,887,155)
Increase in fair value of investments	199,873
Loss on disposal of assets	(59,780)
Total nonoperating revenues, net	98,681,186
Capital grants and assistance:	
Commonwealth of Virginia grants	24,118,298
Federal grants – with PRTC as grantee	10,844,459
Commuter Rail Operating and Capital (CROC) Fund	7,504,000
Regional transportation funding (NVTA)	1,907,243
Total capital grants and assistance	44,374,000
Change in net position	29,629,214
Net position, beginning of year	512,802,994
Net position, ending	\$ 542,432,208

Note 8. Intergovernmental Revenues, Commonwealth of Virginia

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Pension Plans

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

NVTC – Target Benefit Plan

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2024 totaled \$215,840 (12.7 percent of covered payroll). Required employee contributions for the year ended June 30, 2024 totaled \$43,031 (2.1 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. During the plan year ending June 30, 2024 there were 17 participants. NVTC's payroll for employees covered by the plan for the year ended June 30, 2024 was \$2,301,576.

Note 10. Agreements

Business-type activities

Operating Access Agreements with the CSX Transportation and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2024, annual track usage fees totaled approximately \$12,411,000, of which \$5,024,000 is recognized by the NVTC reporting entity, and facility and other identified costs totaled approximately \$492,000, of which \$199,000 is recognized by the NVTC reporting entity. The increase in track usage fees and other direct services primarily reflects annual contract escalations.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day service and electrical power became effective on July 1, 2015. For the year ended June 30, 2024, costs for track access and equipment storage totaled approximately \$7,992,000, of which \$3,235,000 is recognized by the NVTC reporting entity and mid-day maintenance, utility and other services totaled approximately \$5,226,000, of which \$2,116,000 is recognized by the NVTC reporting entity. Cost adjustments will be made in fiscal year 2024 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).

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 10. Agreements (Continued)

The Commissions signed a contract with Keolis Rail Services Virginia, LLC, for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. In May 2020, the Commissions authorized the Chief Executive Officer to amend the contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the second five-year option period, effective July 1, 2020 through June 30, 2025.

Subsequently, in May 2021, the Commissions authorized the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the first five-year option period, effective July 1, 2021 through June 30, 2026. The cost of train operations and maintenance for the year ended June 30, 2024 totaled approximately \$28,391,000 of which \$11,493,000 is recognized by the NVTC reporting entity. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2025 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

Note 11. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently approximately \$323 million) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$78,700 at June 30, 2024, of which \$31,900 was included in the NVTC reporting entity.

The Division of Risk Management manages the Insurance Trust Fund pursuant to the provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2024 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,088,248	\$ 5,044,124
Insurance premiums paid	(7,310)	(3,655)
Claims mitigation and losses incurred	(4,808)	(2,404)
Investment income	444,946	222,473
Actuarial and administrative charges	(30,547)	(15,274)
Ending balance, June 30	<u>\$ 10,490,529</u>	<u>\$ 5,245,264</u>

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

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Significant Commitments and Contingencies

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

Governmental activities

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

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

Business-type activities

At June 30, 2024, 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, 2024:

Stations and parking lots	\$	23,341,105
Rolling stock		63,553,737
Maintenance and layover yards		1,436,028
Track and Signal Improvements		176,000
Other administrative		186,283
Total	\$	<u>88,693,153</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 NVTC'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.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 12. Significant Commitments and Contingencies (Continued)

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

Note 13. Interfund Transfers

	General Fund	Commuter Rail	Total Transferred Out
Transfer from fund:			
Special Revenue Fund – I-66 toll revenue	\$ 412,066	\$ -	\$ 412,066
Special Revenue Fund – I-395/95 toll revenue	199,156	-	199,156
General Fund	-	36,327,295	36,327,295
Total transferred in	\$ 611,222	\$ 36,327,295	\$ 36,938,517

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

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

Note 14. Pending GASB Statements

At June 30, 2024, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the NVTC reporting entity. The statements which might impact NVTC are as follows:

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for NVTC beginning with its year ending June 30, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*, requires NVTC to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires VRE to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If NVTC determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement 102 will be effective for NVTC beginning with its year ending June 30, 2025.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Note 14. Pending GASB Statements (Continued)

GASB Statement No. 103, *Financial Reporting Model Improvements*, provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 will be effective for NVTC beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

The requirements related to Statement No. 104 will be effective for NVTC beginning with its year ending June 30, 2026.

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

Note 15. Subsequent Events

In September 2024, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Gannett Fleming, Inc. of Fairfax, Virginia, for Construction Management Services for the Alexandria Station Improvements Project in the amount of \$9,353,863, plus a 10 percent contingency of \$935,386, for a total amount not to exceed \$10,289,249.

In September 2024, the VRE Operations Board authorized the Chief Executive Officer to execute a General Engineering Consulting Services VIII Task Order with HDR Engineering, Inc. for Engineering Support for the Crossroads Maintenance and Storage Facility Administrative and Employee Welfare Building Project in the amount of \$1,351,300, plus a 10 percent contingency of \$135,130, for a total not to exceed \$1,486,430.

On September 5, 2024, the Virginia Passenger Rail Authority (VPRA) purchased approximately 24 miles of the Manassas Line from Norfolk Southern Corporation (NS). Through this new agreement, VPRA also gained access to the railroad's main line (N-Line) in Christiansburg, Virginia, a key component to the Commonwealth's planned intercity rail service expansion to the New River Valley. VRE and VPRA staff have developed a draft Funding Agreement laying out the parameters for VRE's financial participation in the Manassas Line transaction, which is expected to include acquisition by VRE of four separate property interests (Seminary Yard in Alexandria; the Broad Run Corridor in Manassas; permanent easements for five existing Manassas Line station platforms; and a permanent commuter rail operating easement over the line). In October 2024, the Commissions approved a new operating access agreement between VRE and NS covering the small sections of the Manassas Line retained by NS for an initial annual fee of \$750,000, subject to escalations. Commission approvals of the Manassas Line Funding Agreement and a long-term Manassas Line operating access agreement between VRE and VPRA are expected in the November 2024 to January 2025 timeframe.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION
JURISDICTION TRUST FUND
Year Ended June 30, 2024**

	<u>City of Alexandria</u>	<u>Arlington County</u>	<u>City of Fairfax</u>	<u>Fairfax County</u>	<u>City of Falls Church</u>	<u>Loudoun County</u>	<u>Totals</u>
Additions:							
Contributions from government:							
Commonwealth of Virginia	\$ 35,623,699	\$ 50,708,719	\$ 3,084,459	\$ 112,978,584	\$ 1,507,303	\$ 6,799,088	\$ 210,701,852
Motor Vehicle Fuel Sales Tax	2,315,852	2,308,007	908,318	15,128,392	1,658,085	9,049,921	31,368,575
Intergovernmental revenues, grants:							
Commonwealth of Virginia	38,434,593	20,325,530	1,537,647	43,876,591	568,442	2,564,107	107,306,910
Investment income	3,406,032	5,871,540	342,709	9,803,472	129,689	3,598,095	23,151,537
Total additions	<u>79,780,176</u>	<u>79,213,796</u>	<u>5,873,133</u>	<u>181,787,039</u>	<u>3,863,519</u>	<u>22,011,211</u>	<u>372,528,874</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	1,000,000	10,558,518	749,872	-	-	2,549,412	14,857,802
Project development	-	134,576	8,506	486,200	-	-	629,282
Metrorail operating	18,756,915	19,349,507	1,637,087	59,433,618	1,304,000	6,312,400	106,793,527
Metrobus operating	17,621,861	17,582,430	810,586	45,026,163	1,784,557	-	82,825,597
Metroaccess operating	1,220,358	265,677	816,888	14,153,811	192,808	-	16,649,542
Metro debt service	888,567	-	111,595	5,620,343	176,316	-	6,796,821
Other funds disbursed:							
Other capital disbursements	25,000,000	6,648,972	18,185	34,829,476	-	11,999,821	78,496,454
Other operating disbursements	-	4,993,030	1,476,227	7,291,217	-	12,319,360	26,079,834
Total deductions	<u>64,487,701</u>	<u>59,532,710</u>	<u>5,628,946</u>	<u>166,840,828</u>	<u>3,457,681</u>	<u>33,180,993</u>	<u>333,128,859</u>
Change in net position	15,292,475	19,681,086	244,187	14,946,211	405,838	(11,169,782)	39,400,015
Net position held in trust for member jurisdictions:							
Beginning of year	<u>68,446,996</u>	<u>102,741,067</u>	<u>6,421,384</u>	<u>182,136,365</u>	<u>2,741,662</u>	<u>64,182,585</u>	<u>426,670,059</u>
End of year	<u>\$ 83,739,471</u>	<u>\$ 122,422,153</u>	<u>\$ 6,665,571</u>	<u>\$ 197,082,576</u>	<u>\$ 3,147,500</u>	<u>\$ 53,012,803</u>	<u>\$ 466,070,074</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES
GENERAL FUND
Year Ended June 30, 2024

	Total	General and Administrative	Projects
Expenditures:			
Audit and legal	\$ 54,994	\$ 54,994	\$ -
Capital outlay	15,670	15,670	-
Commissioners' per diem	14,550	14,550	-
Computer	36,177	36,177	-
Copier duplicating	10,107	10,107	-
Disability insurance	16,183	15,363	820
Employee group insurance	179,437	170,340	9,097
Employee retirement	171,840	163,128	8,712
Employer payroll taxes	178,703	169,644	9,059
Leave - annual, holiday, and sick	340,082	320,050	20,032
Memberships and subscriptions	1,489	1,489	-
Miscellaneous	10,771	10,771	-
Office supplies	4,455	4,455	-
Office rent *	393,287	393,287	-
Insurance and liability bonds	7,023	7,023	-
Parking and transit	16,289	16,289	-
Postage and shipping	1,294	1,294	-
Consulting, other project costs	1,598,001	145,501	1,452,500
Public information	35,737	35,737	-
Salaries and wages	2,092,325	1,988,839	103,486
State liaison	52,671	52,671	-
Telephone and data	17,397	17,397	-
Training and conferences	47,935	47,935	-
Travel and meetings	22,985	22,845	140
Total expenditures	\$ 5,319,402	\$ 3,715,556	\$ 1,603,846

* \$393,287 included in office rent reported as debt service on the Statement of Revenues, Expenditures and Change in Fund Balances. \$309,804 reported as principal retirement and \$83,483 reported as interest expense.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2024**

	<u>Jurisdiction Grants & Projects</u>	<u>NTD Collection</u>	<u>Route 7</u>	<u>WMATA Working Group</u>	<u>Strategic Policy Rd Map</u>	<u>Regional Bus</u>	<u>Regional Marketing</u>	<u>Value of Transit</u>	<u>Zero Emission Bus</u>	<u>Totals</u>
Revenues:										
Commonwealth of Virginia	\$ 29,004	\$ 159,489	\$ 85,677	\$ -	\$ -	\$ 116,366	\$ 356,467	\$ -	\$ 87,297	\$ 834,300
Federal	132,501	-	-	-	-	-	-	-	-	132,501
Local	-	-	93,721	-	-	116,365	89,280	-	87,297	386,663
NVTC match	-	-	40,875	84,547	128,517	-	(6,436)	2,879	-	250,382
Total revenue	<u>\$ 161,505</u>	<u>\$ 159,489</u>	<u>\$ 220,273</u>	<u>\$ 84,547</u>	<u>\$ 128,517</u>	<u>\$ 232,731</u>	<u>\$ 439,311</u>	<u>\$ 2,879</u>	<u>\$ 174,594</u>	<u>\$ 1,603,846</u>
Expenditures:										
Consulting	\$ -	\$ 159,489	\$ 69,067	\$ 84,547	\$ 128,517	\$ 232,731	\$ -	\$ 2,739	\$ 174,594	\$ 851,684
Costs incurred	161,505	-	-	-	-	-	439,311	-	-	600,816
Fringe benefits	-	-	47,720	-	-	-	-	-	-	47,720
Salaries and wages	-	-	103,486	-	-	-	-	-	-	103,486
Travel and meetings	-	-	-	-	-	-	-	140	-	140
Total expenditures	<u>\$ 161,505</u>	<u>\$ 159,489</u>	<u>\$ 220,273</u>	<u>\$ 84,547</u>	<u>\$ 128,517</u>	<u>\$ 232,731</u>	<u>\$ 439,311</u>	<u>\$ 2,879</u>	<u>\$ 174,594</u>	<u>\$ 1,603,846</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-66 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-66 TOLL REVENUE
Year Ended June 30, 2024

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2024 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2024 Deobligations</u>	<u>Remaining Balance</u>
Fairfax County	I-66 Corridor Vienna/Merrifield Bike Share Expansion	059-02-18	\$ 497,100	\$ 180,673	\$ 305,675	\$ 486,348	\$ 10,752	\$ -
City of Fairfax	CUE Access and Technology Improvements	600-01-18	965,000	155,079	202,796	357,875	-	607,125
Subtotal - Fiscal Year 2018 Program			1,462,100	335,752	508,471	844,223	10,752	607,125
Arlington County	Expanded TDM Outreach to the I-66 Corridor	013-02-20	1,350,000	783,764	-	783,764	-	566,236
Loudoun County	Enhanced Bus Service from Stone Ridge to DC	107-01-20	532,031	242,361	289,670	532,031	-	-
Loudoun County	New Bus Service from Stone Ridge to Pentagon	107-02-20	1,257,226	1,174,583	82,643	1,257,226	-	-
Loudoun County	New Bus Service from Purcellville to DC	107-03-20	949,482	904,226	45,256	949,482	-	-
Prince William County	New TDM Outreach to the I-66 Corridor	153-01-20	200,000	-	182,425	182,425	-	17,575
PRTC	Enhanced Bus Service from Gainesville to DC	664-01-20	1,519,100	259,341	59,759	319,100	-	1,200,000
Subtotal - Fiscal Year 2020 Program			5,807,839	3,364,275	659,753	4,024,028	-	1,783,811
Arlington County	Lee Highway HOV and Bus-Only Lane in Rosslyn	013-61-21	710,000	-	-	-	-	710,000
Fairfax County	McLean Metrorail Station North Entrance	059-61-21	1,000,000	-	-	-	-	1,000,000
Loudoun County	Renewal of Purcellville Metro Connection Bus Service	107-61-21	709,030	336,282	372,748	709,030	-	-
City of Fairfax	City of Fairfax Bike Share Implementation	600-61-21	460,000	-	231,336	231,336	-	228,664
PRTC	Renewal of Bus Service from Haymarket to Rosslyn	664-62-21	137,100	128,734	8,366	137,100	-	-
Subtotal - Fiscal Year 2021 Program			3,016,130	465,016	612,450	1,077,466	-	1,938,664
PRTC	TDM Strategy - I-66 Corridor Vanpool Parking Benefit	664-61-22	85,000	-	-	-	-	85,000
Fairfax County	New Bus Service from Reston South to Crystal City	059-61-22	5,110,800	-	-	-	-	5,110,800
Fairfax County	Fare Buy-Down on Bus Service from Reston North to Crystal City	059-62-22	154,500	-	-	-	-	154,500
NVTC	Program Administration and Oversight	999-01-22	400,000	167,374	232,626	400,000	-	-
Subtotal - Fiscal Year 2022 Program			5,750,300	167,374	232,626	400,000	-	5,350,300
Fairfax County	Renewal of Bus Service from Vienna Metrorail Station to Pentagon	059-61-23	1,232,850	-	582,934	582,934	-	649,916
Fairfax County	Trail Access to Vienna Metrorail Station	059-62-23	2,200,000	-	-	-	-	2,200,000
Prince William County	TDM Strategy - Fare Buy-Down on I-66 Commuter Bus Service	153-61-23	650,000	-	191,010	191,010	-	458,990
Arlington County	Ballston-MU Metrorail West Entrance	013-61-23	4,500,000	-	-	-	-	4,500,000
City of Manassas Park	Manassas Park VRE Station Parking Garage	685-61-23	2,500,000	-	-	-	-	2,500,000
PRTC	Renewal of Bus Service from Gainesville to Pentagon and Navy Yard	664-61-23	2,560,449	-	625,121	625,121	-	1,935,328
PRTC	Renewal of Bus Service from Haymarket to Rosslyn	664-62-23	947,554	-	124,904	124,904	-	822,650
NVTC	Program Administration	999-61-23	525,000	-	179,440	179,440	-	345,560
Subtotal - Fiscal Year 2023 - 2024 Program			15,115,853	-	1,703,409	1,703,409	-	13,412,444
Total			\$ 31,152,222	\$ 4,332,417	\$ 3,716,709	\$ 8,049,126	\$ 10,752	\$ 23,092,344

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2024 activity. Expenditures for NVTC administration and outreach totaling \$199,156 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF I-395/95 COMMUTER CHOICE TOLL FUNDED PROJECTS AND EXPENDITURES
SPECIAL REVENUE FUND I-395/95 TOLL REVENUE
Year Ended June 30, 2024**

<u>Project Sponsor</u>	<u>Project Title</u>	<u>Project Number</u>	<u>Approved Toll Revenue Funds</u>	<u>Prior Expenditures</u>	<u>FY 2024 Expenditures</u>	<u>Cumulative Expenditures</u>	<u>FY 2024 Deobligations</u>	<u>Remaining Balance</u>
Fairfax County	New Bus Service to the Pentagon with Gambrill and Backlick North Park and Ride Improvements	059-31-20	\$ 3,540,903	\$ 3,419,143	\$ 5,154	\$ 3,424,297	\$ -	\$ 116,606
PRTC	Enhanced Bus Service on Route 1 Local	664-33-20	1,133,500	608,500	507,569	1,116,069	-	17,431
PRTC	New Bus Service from Staffordboro to Downtown D.C.	664-34-20	3,569,200	769,200	2,762,872	3,532,072	-	37,128
PRTC	New Bus Service from Staffordboro to the Pentagon	664-35-20	3,495,300	495,300	2,762,872	3,258,172	-	237,128
Subtotal - Fiscal Year 2020 Program			11,738,903	5,292,143	6,038,467	11,330,610	-	408,293
Fairfax County	Renewal of Route 396 Express Bus Service: Backlick North Park and Ride to Pentagon	059-31-22	1,386,000	234,890	-	234,890	-	1,151,110
Fairfax County	Enhanced Bus Service for Route 371: Lorton to Franconia - Springfield Metro	059-32-22	2,496,529	-	176,287	176,287	-	2,320,242
Prince William County	Horner Road Park and Ride Lot Expansion	153-31-22	2,800,000	-	84,491	84,491	-	2,715,509
Spotsylvania County	New Park and Ride Lot in Massaponax	177-31-22	1,100,000	-	900,000	900,000	-	200,000
City of Fredericksburg	New Bus Service from Route 208 Park and Ride Lot to Fredericksburg VRE	630-31-22	1,218,800	-	-	-	-	1,218,800
PRTC	Renewal of Enhanced Bus Service from Dale City to Ballston	664-31-22	291,831	207,042	84,242	291,284	-	547
PRTC	Renewal of Enhanced Bus Service on Prince William Metro Express: OmniRide Transit Center to Franconia-Springfield Metro	664-32-22	434,776	92,142	196,484	288,626	-	146,150
PRTC	Renewal of Enhanced Bus Service on Route 1 Local: Quantico to Woodbridge VRE	664-33-22	541,169	265,220	-	265,220	-	275,949
PRTC	Renewal of Bus Service from Staffordboro to Downtown D.C.	664-34-22	968,308	611,279	-	611,279	-	357,029
PRTC	Renewal of Bus Service from Staffordboro to the Pentagon	664-35-22	704,773	386,631	-	386,631	-	318,142
PRTC	TDM Strategy-- I-395/95 Corridor Vanpool Monthly Incentive	664-36-22	604,800	16,000	-	16,000	-	588,800
Alexandria Transit Co.	Enhanced Bus Service from Van Dorn Metro to the Pentagon	997-31-22	5,734,000	4,908,350	778,602	5,686,952	-	47,048
Alexandria Transit Co.	Enhanced Bus Service from Mark Center to Potomac Yard	997-32-22	3,650,000	2,949,068	670,932	3,620,000	-	30,000
NVTC	NVTC Program Administration	999-31-22	800,000	411,273	199,156	610,429	-	189,571
Subtotal - Fiscal Year 2022 - 2023 Program			22,730,986	10,081,895	3,090,194	13,172,089	-	9,558,897
Arlington County	Metrobus 16M Service Enhancement: Skyline to Crystal City	013-31-24	5,000,000	-	-	-	-	5,000,000
Alexandria Transit Co.	DASH Line 35 Service Enhancement: Van Dorn Street Station to the Pentagon (Continuation)	997-31-24	7,290,000	-	1,976,788	1,976,788	-	5,313,212
Alexandria Transit Co.	DASH Line 36A/B Service Enhancement: Mark Center to Potomac Yard-VT Station (Continuation)	997-32-24	3,774,000	-	1,137,804	1,137,804	-	2,636,196
Alexandria Transit Co.	DASH Line 35 Bus Fleet Capacity Expansion with Electric Buses: Van Dorn Street Station to the Pentagon	997-33-24	3,452,000	-	-	-	-	3,452,000
Fairfax County	Fairfax Connector Route 396: Backlick North Park and Ride to the Pentagon (Continuation)	059-31-24	1,750,915	-	-	-	-	1,750,915
Fairfax County	Richmond Highway Bus Rapid Transit Implementation: Fort Belvoir to Huntington Station	059-32-24	10,000,000	-	-	-	-	10,000,000
PRTC	OmniRide Route D-200 Service Enhancement: Dale City to Ballston (Continuation)	664-31-24	304,626	-	-	-	-	304,626
PRTC	OmniRide Prince William Metro Express Service Enhancement: Dale City to Franconia-Springfield Station (Continuation)	664-32-24	671,678	-	-	-	-	671,678
PRTC	OmniRide Route 1 Local Service Enhancement: Quantico to Woodbridge Station (Continuation)	664-33-24	755,020	-	-	-	-	755,020
PRTC	OmniRide Route 543: Staffordboro to Downtown Washington, D.C. (Continuation)	664-34-24	1,025,441	-	-	-	-	1,025,441
PRTC	OmniRide Route 942: Staffordboro to the Pentagon (Continuation)	664-35-24	1,638,926	-	-	-	-	1,638,926
VRE	TDM Strategy: Amtrak Step-Up Reinstatement on VRE Fredericksburg Line	990-31-24	1,477,065	-	-	-	-	1,477,065
VRE	Crystal City Station Expansion	990-32-24	10,786,281	-	-	-	-	10,786,281
NVTC	Program Administration	999-31-24	500,000	-	-	-	-	500,000
Subtotal - Fiscal Year 2024 - 2025 Program			48,425,952	-	3,114,592	3,114,592	-	45,311,360
Total			\$ 82,895,841	\$ 15,374,038	\$ 12,243,253	\$ 27,617,291	\$ -	\$ 55,278,550

Note: Expenditures are reimbursements made by NVTC to the sponsoring entity. Additional project expenditures may have been incurred by the sponsor, but not yet submitted for program reimbursement. Schedule does not reflect closed-out projects without FY 2024 activity. Expenditures for NVTC administration and outreach totaling \$412,006 in the table above are reported as transfers in the "Statement of Revenues, Expenditures and Change in Fund Balance."

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF ALLOCATED SPECIAL REVENUE FUND - I-395/95 ACTIVITY
BETWEEN NVTC AND PRTC
Year Ended June 30, 2024**

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

	<u>Total</u>	<u>NVTC</u>	<u>PRTC</u>
Revenues:			
Intergovernmental revenue:			
ATI funds (toll revenue)	\$ 16,557,193	\$ 10,748,211	\$ 5,808,982
Interest income	2,312,307	1,501,049	811,258
Total revenues	<u>18,869,500</u>	<u>12,249,260</u>	<u>6,620,240</u>
Expenditures:			
Current:			
Toll funded project costs	12,044,097	7,818,505	4,225,592
Total expenditures	<u>12,044,097</u>	<u>7,818,505</u>	<u>4,225,592</u>
Other financing uses:			
Transfers	199,156	129,283	69,873
Change in fund balance	6,626,247	4,301,472	2,324,775
Fund balance, beginning of year	<u>41,321,962</u>	<u>27,198,786</u>	<u>14,123,177</u>
Fund balance, end of year	<u>\$ 47,948,209</u>	<u>\$ 31,500,258</u>	<u>\$ 16,447,952</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2024**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2023	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2024	Cumulative Expenditures
-------	---------------	--------------	-------------	--------------------------------------	---------------	--------------------	--------------	--------------------------------------	-------------------------

Northern Virginia Transportation Commission

Virginia Department of Rail and Public Transportation (DRPT)

Capital:

Fiscal Year 2021	5/2/2022	72521-14	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Fiscal Year 2016	11/30/2015	72516-05	68,500	-	-	29,004	29,004	29,004	68,500
Fiscal Year 2015	11/12/2015	72512-08	460,000	-	-	-	-	-	6,785
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	1,080
Fiscal Year 2010	1/7/2014	72510-14	197,505	-	13,096	13,096	13,096	-	13,096
Fiscal Year 2014	1/7/2014	72510-15	221,540	-	4,633	4,633	4,633	-	216,287
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	223,363
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	163,412	163,412	163,412	-	190,190
Fiscal Year 2009	10/1/2010	72509-25	200,600	-	-	-	-	-	26,725
Fiscal Year 2008	8/12/2008	72508-09	175,560	-	-	-	-	-	175,221
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	-	-	-	-	269,700
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	56,963

Capital and Operating - WMATA:

Fiscal Year 2024		73624-01	210,520,711	-	210,520,711	210,520,711	210,520,711	-	210,520,711
------------------	--	----------	-------------	---	-------------	-------------	-------------	---	-------------

Special Projects:

Fiscal Year 2024

Workforce Development	8/23/2023	71224-05	40,000	-	24,396	35,755	35,755	11,359	35,755
Envision Rt 7	8/23/2023	71324-08	500,000	-	-	56,498	56,498	56,498	56,498

Fiscal Year 2023

Zero Emission Bus	8/4/2022	71323-03	240,000	93,755	172,659	87,296	87,296	8,392	181,051
Regional Bus	8/4/2022	71323-04	150,000	23,949	135,897	116,366	116,366	4,418	140,315
Regional Mktng Camp.	7/19/2023	71123-14	400,000	42,780	399,247	356,467	356,467	-	399,247
Workforce Development	8/4/2022	71223-04	32,000	21,584	18,163	(3,421)	(3,421)	-	32,000

Fiscal Year 2020

Regional Fare Collect.	8/2/2019	71320-03	210,000	3,997	3,997	-	-	-	185,971
Envision Rt 7 BRT Stud.	12/17/2020	71321-09	280,000	102,990	132,169	29,179	29,179	-	284,217

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2024**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Deferred) Revenue 6/30/2023</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/2024</u>	<u>Cumulative Expenditures</u>
<u>Northern Virginia Transportation Commission (continued)</u>									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Total State Assistance - NVTC			\$ 219,941,594	\$ 289,055	\$ 211,588,380	\$ 211,408,996	\$ 211,408,996	\$ 109,671	\$ 218,084,425
Total State Assistance - VRE			<u>261,250,965</u>	<u>34,728,130</u>	<u>23,380,666</u>	<u>31,367,827</u>	<u>31,367,827</u>	<u>42,715,291</u>	<u>139,194,019</u>
Total State Assistance - NVTC and VRE			<u>\$ 481,192,559</u>	<u>\$ 35,017,185</u>	<u>\$ 234,969,046</u>	<u>\$ 242,776,823</u>	<u>\$ 242,776,823</u>	<u>\$ 42,824,962</u>	<u>\$ 357,278,444</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS
Year Ended June 30, 2024**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2023	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2024	Cumulative Expenditures
------------------------------------	------------------	-----------------	----------------	---	------------------	-----------------------	--------------	---	----------------------------

Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)

Virginia Department of Rail and Public Transportation (DRPT)

Capital:

Arlington County	10/23/2023	73024-41	\$ 3,264,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	10/23/2023	73024-39	7,720,370	-	-	-	-	-	-
Arlington County	10/23/2023	73024-40	429,760	-	-	-	-	-	-
City of Fairfax	11/9/2023	73024-44	27,200	-	-	-	-	-	-
City of Fairfax	11/9/2023	73024-45	42,840	-	-	-	-	-	-
Fairfax County	3/15/2024	73024-46	448,800	-	-	-	-	-	-
Fairfax County	3/15/2024	73024-48	748,000	-	-	-	-	-	-
Fairfax County	3/15/2024	73024-49	816,000	-	-	-	-	-	-
Fairfax County	3/15/2024	73024-47	1,224,000	-	-	-	-	-	-
Fairfax County	3/15/2024	73024-50	170,000	-	-	-	-	-	-
Fairfax County	3/15/2024	73024-51	21,241,873	-	-	10,112,623	10,112,623	10,112,623	10,112,623
Fairfax County	3/15/2024	73024-52	1,767,999	-	-	501,932	501,932	501,932	501,932
Fairfax County (TRIP)	3/15/2024	71702-01	11,200,000	-	-	-	-	-	-
Fairfax County (TRIP)	3/15/2024	50053-03	969,762	-	16,708	16,708	16,708	-	16,708
Fairfax County	3/15/2024	73024-53	122,400	-	-	-	-	-	-

Fiscal Year 2023

Arlington County	11/21/2022	73023-37	710,000	68,209	237,679	411,249	411,249	241,779	482,800
Arlington County	11/21/2022	73023-38	652,000	-	297,852	371,501	371,501	73,649	443,361
Arlington County	11/21/2022	73023-39	421,000	-	-	-	-	-	-
Arlington County	11/21/2022	73023-40	463,000	-	8,078	8,078	8,078	-	8,078
Arlington County	11/21/2022	73023-41	550,000	-	-	37,196	37,196	37,196	37,196
Arlington County	7/22/2022	50068	20,611,000	4,748,158	4,748,158	10,915,715	10,915,715	10,915,715	16,112,926
City of Alexandria	8/10/2023	72523-29	1,194,538	-	-	-	-	-	-
City of Alexandria	3/30/2023	73023-43	3,284,926	-	-	-	-	-	-
City of Fairfax	8/4/2022	73023-44	18,185	-	18,185	18,185	18,185	-	18,185
City of Fairfax	8/4/2022	73023-45	34,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-46	85,000	-	64,826	64,826	64,826	-	64,826
Fairfax County	11/21/2022	73023-47	2,618,000	-	1,968,454	1,968,454	1,968,454	-	2,618,000
Fairfax County	11/21/2022	73023-48	12,775,794	-	11,572,939	11,572,939	11,572,939	-	11,572,939
Fairfax County	11/21/2022	73023-49	448,800	-	341,333	355,534	355,534	14,201	355,534
Fairfax County	11/21/2022	73023-50	628,999	-	478,508	478,508	478,508	-	478,508
Fairfax County	11/21/2022	73023-51	442,000	-	263,833	263,833	263,833	-	263,833
Fairfax County	11/21/2022	73023-52	816,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-53	1,496,000	-	39,371	39,371	39,371	-	39,371
Fairfax County	11/21/2022	73023-54	147,557	-	-	46,492	46,492	46,492	46,492
Fairfax County	11/21/2022	73023-55	176,800	-	14,411	14,411	14,411	-	14,411
Fairfax County	11/21/2022	73023-56	1,428,000	-	-	-	-	-	-
Fairfax County	11/21/2022	73023-57	775,200	-	84,395	84,395	84,395	-	658,669

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2024**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2023	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2024	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fairfax County	8/5/2022	73122-40	\$ 1,456,068	\$ -	\$ 1,456,068	\$ 1,456,068	\$ 1,456,068	\$ -	\$ 1,456,068
Fairfax County	8/5/2022	73122-53	816,000	-	357,993	689,458	689,458	331,465	811,795
Fairfax County	8/5/2022	73122-54	204,004	-	94,755	94,755	94,755	-	203,943
Fiscal Year 2022									
Arlington County	12/9/2021	73022-30	9,288,800	-	489,979	489,979	489,979	-	8,939,407
Arlington County	12/9/2021	73022-31	750,000	-	94,746	94,746	94,746	-	229,536
Fairfax County	12/3/2021	73022-34	51,000	-	51,000	51,000	51,000	-	51,000
Fairfax County	12/3/2021	73022-35	408,000	-	60,946	60,946	60,946	-	391,463
Fairfax County	12/3/2021	73022-36	816,000	-	2,975	48,252	48,252	45,277	746,332
Fairfax County	12/3/2021	73022-38	816,000	-	178,825	237,566	237,566	58,741	237,566
Fairfax County	12/3/2021	73022-40	2,725,592	-	1,269,524	1,269,524	1,269,524	-	1,269,524
Fiscal Year 2021									
Arlington County	3/7/2021	73021-56	1,647,923	-	-	-	-	-	1,586,398
City of Fairfax	2/8/2021	73021-57	2,040,000	-	-	-	-	-	44,787
Fairfax County	3/5/2021	73021-59	170,000	-	-	-	-	-	15,935
Fairfax County	3/5/2021	73021-62	102,000	-	-	-	-	-	64,306
Fairfax County	3/5/2021	73021-63	68,000	-	32,949	32,949	32,949	-	32,949
Fairfax County	3/5/2021	73021-64	102,000	-	-	-	-	-	98,897
Fiscal Year 2020									
Arlington County	11/30/2020	73020-29	14,604,694	-	-	556,390	556,390	556,390	556,392
City of Alexandria	10/11/2019	73020-31	612,000	30,884	30,884	-	-	-	225,151
Arlington County	11/30/2020	73020-35	25,000,000	-	19,894,365	25,000,000	25,000,000	5,105,635	25,000,000
Fairfax County	10/11/2019	73020-41	51,000	-	32,714	32,714	32,714	-	51,000
Fairfax County	10/11/2019	73020-42	306,000	-	57,824	57,824	57,824	-	215,644
Fairfax County	10/11/2019	73020-44	1,700,000	-	-	-	-	-	1,695,354
Fiscal Year 2019									
Fairfax County	8/6/2019	73019-42	5,950,000	-	-	-	-	-	1,575,026
Fairfax County	8/6/2019	73019-43	3,740,000	-	-	-	-	-	1,817,738
Fairfax County	8/6/2019	73019-48	357,000	-	-	-	-	-	352,660
Fairfax County	4/20/2020	73019-88	1,124,651	-	-	-	-	-	842,443
Fairfax County	4/20/2020	73019-89	930,750	-	137,986	137,986	137,986	-	137,986
Fiscal Year 2018									
Arlington County	9/19/2017	73018-50	1,979,140	22,899	22,899	-	-	-	334,726
Arlington County	9/19/2017	73018-54	979,880	-	93,920	163,670	163,670	69,750	662,410
Fairfax County	12/14/2017	73018-60	8,500,000	-	-	-	-	-	8,498,026

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)
Year Ended June 30, 2024**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2023	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2024	Cumulative Expenditures
Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)									
Virginia Department of Rail and Public Transportation (DRPT) (continued)									
Capital (continued):									
Fiscal Year 2017									
Arlington County	10/26/2016	73017-57	\$ 172,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,305
Arlington County	10/26/2016	73017-58	2,210,000	-	-	-	-	-	647,042
City of Alexandria	6/22/2018	72517-09	406,315	-	-	-	-	-	-
Fiscal Year 2016									
Fairfax County	9/24/2015	73016-73	1,870,000	-	-	-	-	-	1,846,406
Operating									
Fiscal Year 2024									
Arlington County	10/23/2023	72024-21	6,545,690	-	6,545,690	6,545,690	6,545,690	-	6,545,690
City of Alexandria	8/28/2023	72024-22	8,180,859	-	8,180,859	8,180,859	8,180,859	-	8,180,859
City of Fairfax	7/10/2023	72024-23	1,539,916	-	1,539,916	1,539,916	1,539,916	-	1,539,916
Fairfax County	3/5/2024	72024-24	26,403,560	-	26,403,560	26,403,560	26,403,560	-	26,403,560
Total State Assistance - Jurisdiction Trust Fund			<u>\$ 234,595,025</u>	<u>\$ 4,870,150</u>	<u>\$ 87,185,107</u>	<u>\$ 110,425,802</u>	<u>\$ 110,425,802</u>	<u>\$ 28,110,845</u>	<u>\$ 147,339,632</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024**

	Federal Assistance Listing Number	Grant Number	Grant Award	Accrued (Deferred) Revenue 6/30/2023	Cash Received	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2024	Cumulative Expenditures
<u>Northern Virginia Transportation Commission</u>									
Federal Transit Administration									
	Eisenhower Ave. South Entrance	20.507	VA 95-0107	\$ 1,840,000	\$ -	\$ -	\$ -	\$ -	\$ 27,138
	Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	205,032
	Falls Church Intermodal	20.500	VA 04-0029	1,668,154	-	338	338	-	1,668,154
	Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	132,163	132,163	-	912,867
	Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	-	-	-	118,846
	Total Federal Assistance - NVTC			\$ 8,352,057	\$ -	\$ 132,501	\$ 132,501	\$ -	\$ 2,932,037

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

COMPLIANCE SECTION

YEAR ENDED JUNE 30, 2024



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

To the Honorable Commission Board Members
Northern Virginia Transportation Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 15, 2024

TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice, Andrew D’huyvetter, Adam Hager and Mirna Armanious
DATE: November 27, 2024
SUBJECT: Washington Metropolitan Area Transit Authority (WMATA)

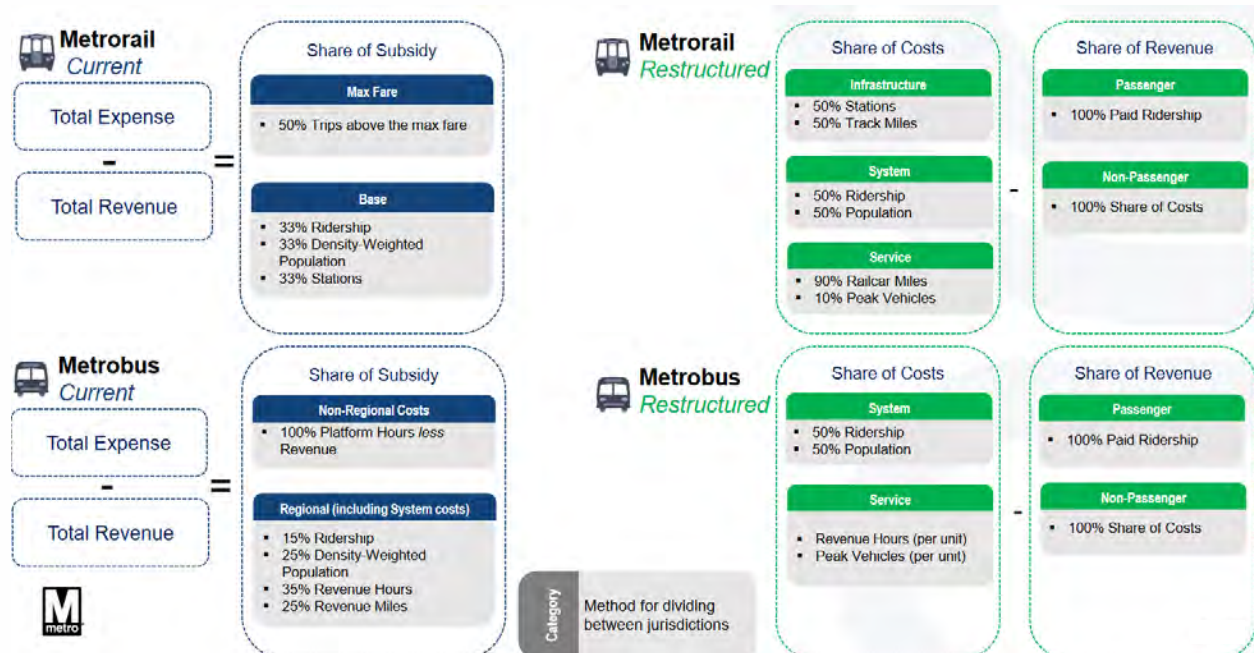
At the December 2024 meeting, the Commission will receive a report from the Virginia WMATA Board members.

A. Virginia WMATA Board Members Report

- Approval of Restructuring Metrobus and Metrorail Operating Subsidy Allocation Formulas

On November 21, the WMATA Board [approved new, restructured Metrobus and Metrorail operating subsidy allocation formulas](#). WMATA’s existing subsidy allocation formulas date back to 1977 and 1998 for rail and bus, respectively, although the WMATA Board adopted modified formulas to address Virginia’s and Maryland’s 3% cap legislation from FY 2020 to FY 2024. While both prior formulas allocate costs after total revenues are subtracted from total expenses, the approved restructured formulas allocate both costs and revenues to better align service delivered with jurisdictional investments and to provide incentives to continue addressing fare evasion (Figure 1).

Figure 1: Approved Subsidy Allocation Changes Overview



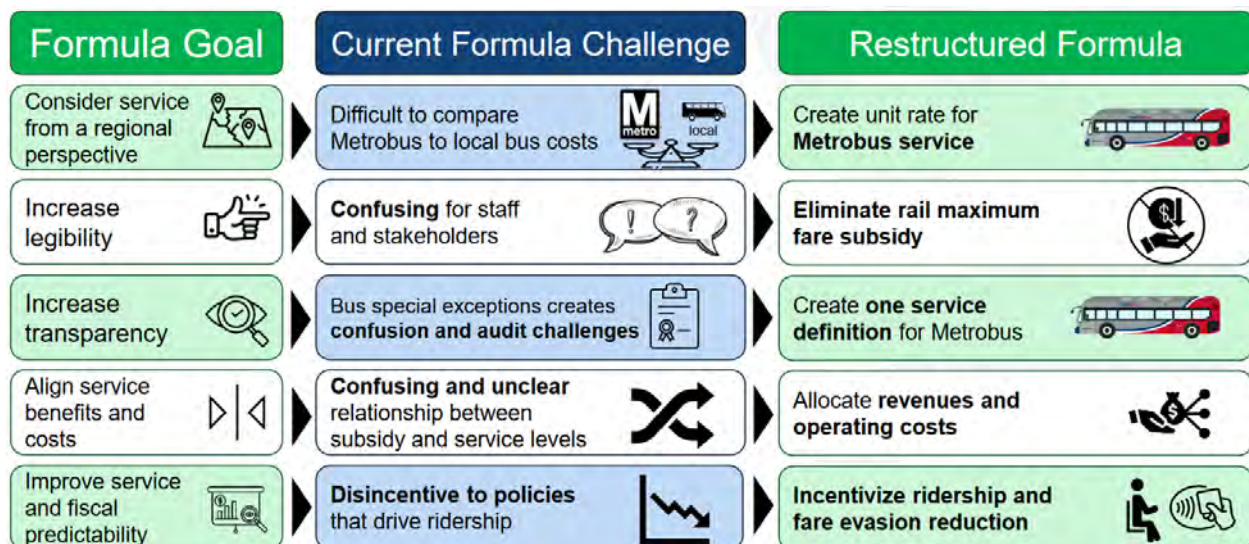
Source: [October 10, 2024 WMATA Finance and Capital Committee Meeting](#)

Key features of the restructured subsidy formulas include:

- Better alignment between service delivered and the region’s investment in WMATA;
- Financial incentives for ridership and revenue growth;
- Less confusing, more legible inputs;
- A single bus service definition;
- A bus service unit rate to enable the purchase of Metrobus service;
- Incorporation of rail service and cost variables;
- Financial incentives to continue to address fare evasion; and
- Greater predictability and transparency.

The approved formulas also address other challenges associated with the current formulas (Figure 2). On the bus side, for example, it has been difficult to compare Metrobus costs to local bus costs and for jurisdictions to financially plan for additional Metrobus service. The new Metrobus formula generates a unit rate for Metrobus service which enables jurisdictions to make informed decisions about how Metrobus service and local bus service can best serve their residents. The new Metrorail formula eliminates the maximum fare subsidy, a confusing component of the current formula. A key enhancement of the proposed restructured formula is a better alignment between benefits and costs. Under the prior formula, it was difficult to predict how subsidy levels might change when service levels change. With the approved formula, both revenues and operating costs are allocated to the funding jurisdictions, offering more predictability in subsidy changes when service levels are adjusted or new service is added to the system.

Figure 2: How the Restructured Proposal Addresses Prior Formula Challenges







Source: [October 10, 2024 WMATA Finance and Capital Committee Meeting](#)

To minimize subsidy impacts on Virginia’s smaller cities, WMATA staff developed a series of suballocation adjustments in Virginia (Figure 3). These adjustments include treating airports as regional assets where allocations are shared equally among the six Northern Virginia

jurisdictions, suballocating Virginia’s rail non-passenger revenue based on each jurisdiction’s share of track miles and sharing service costs for Metrobus in the two smaller cities.

Figure 3: Restructure Suballocation within Virginia Jurisdictions

- 
Airports As Northern Virginia Regional Assets
 - Airport trips come from many jurisdictions
 - Approach: Allocate National and Dulles Airport stations equally among the six Northern Virginia jurisdictions
- 
Align Rail Non-Passenger Revenue Sharing
 - Align rail non-passenger revenues to rail infrastructure
 - Approach: Sub-allocate Virginia rail non-passenger revenue based on each Virginia jurisdiction's share of rail track miles
- 
Establish City/County Metrobus Service Costs Sharing
 - Revise cost-sharing for Cities of Fairfax and Falls Church
 - Approach: Share Metrobus revenue miles and peak vehicle allocations:
 - City of Fairfax (20%) and Fairfax County (80%)
 - City of Falls Church (50%), Arlington County (25%) and Fairfax County (25%)



Virginia
Jurisdictions
Formula
Suballocation

Source: [November 7, 2024 WMATA Finance and Capital Committee meeting](#)

▪ **Better Bus 2025 Network Redesign Approval**

On November 21, the WMATA Board [approved the Better Bus 2025 Network Redesign](#). The 2025 Network will increase the number of frequent service routes from 37 to 48 across the network with buses every 12-minutes or better and/or 20-minutes or better, 7 days a week and provide 20,000 more residents with access to weekend service, all within existing resources. The 2025 Better Bus Network could attract nearly 13,000 more daily weekday trips and avoid almost 4,300 metric tons of greenhouse gas emissions a year.

WMATA anticipates implementing the 2025 Better Bus Network starting in the summer of 2025. The major tasks needed for implementation include planning and scheduling, training for operations and communications staff, customer information including bus stop flags, maps, and website, and ensuring our systems and data are updated to provide accurate customer information and to enable analysis and supervision of the new network with new route names (Figure 4).

Figure 4: 2025 Better Bus Network Implementation

Planning & Scheduling	Training & Service Delivery	Customer Info & Communications	Systems and Data
<ul style="list-style-type: none"> ● Planning <ul style="list-style-type: none"> • Route schematics ● Scheduling <ul style="list-style-type: none"> • Complete schedules ● Integration with Partner Providers <ul style="list-style-type: none"> • Engage and partner with local operators also implementing new networks (TheBus, Ride On, etc.) 	<ul style="list-style-type: none"> ● Operator Training <ul style="list-style-type: none"> • Operator training ● Bus Transportation/ Fleet <ul style="list-style-type: none"> • Street Operations and division staff readiness • Fleet and maintenance staffing readiness ● MICC-Bus Controllers <ul style="list-style-type: none"> • Specialists and MICC comms staff trained 	<ul style="list-style-type: none"> ● Bus stop flag <ul style="list-style-type: none"> • Design and installation • Day 1 changeover plan ● Customer Information <ul style="list-style-type: none"> • Map product creation • Timetable/schedule info • Website • Customer service and outreach staff training • Customer Outreach and Education 	<ul style="list-style-type: none"> ● Bus Route Name and Destination signs <ul style="list-style-type: none"> • Web-based customer info • On-Board announcements • Bus Performance and Ridership reporting • Bus Stop IDs and numbering

Source: [November 7, 2024 WMATA Safety and Operations Committee meeting](#)

▪ FY 2026 Operating Budget Discussion

On November 21, the WMATA Finance and Capital Committee [reviewed and discussed the FY 2026 operating budget](#). In preparation for the FY 2026 Proposed Budget, scheduled to be presented to the Board in December, WMATA staff shared a series of revenue and expense drivers, service optimization concepts and methods to close what currently stands as a budget gap of \$217 million. Primary budget drivers include ridership growth, funding constraints, inflation and new labor agreements (Figure 5).

Figure 5: FY 2026 and FY 2027 Budget Drivers

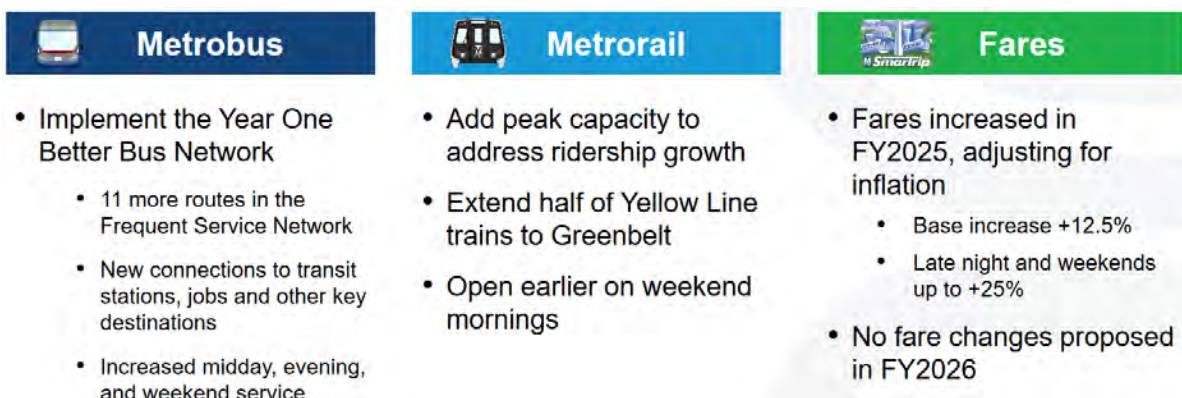


*Recovery percentage based on FY2019 Actuals of 301.5 million trips for Pre-Covid Ridership
 **Additional stipulations for cost-of-living adjustments (COLA). Total adjustments capped at 5% including GWI.

Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

In the FY 2026 operating budget, WMATA intends to implement the Year One (2025) Better Bus Network to enhance Metrobus service, add peak capacity in several places and extend half of the Yellow Line to Greenbelt on the Metrorail system and maintain FY 2025 fares (Figure 6). There are also plans to open the Metrorail system an hour earlier on the weekends and maintain the MetroAccess service area at FY 2025 levels.

Figure 6: Metrobus, Metrorail and MetroAccess Plans for FY 2026



Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

As ridership continues to grow across the Metrorail system and peak-period crowding becomes a larger issue, several service optimization concepts could address peak capacity and other enhancements such as more efficient rail operations and expanded hours of operation. WMATA is in the process of returning to automated operations (Automatic Door Operations, Automatic Train Operations, and Return to Design Speeds) for safer and more reliable operation of the system (Figure 7).

Figure 7: Rail Automation is Safer and Can Reduce Travel Times

Automated Operations (Automatic Door Operations, Automatic Train Operations, Return to Design Speeds) enable safer, faster, and more reliable operations.

- **More reliable:** reduces variation in manual operation
- **More efficient:** time savings enables same service level with fewer resources
- **Drives ridership growth:** shorter travel times encourage more trips, increasing access to destinations

Line	Scheduled Runtime (min)	Estimated Runtime Savings (min)			Total Est. Savings (min)	Percent Savings
		Automatic Door Operation	Automatic Train Operation	Original Design Speed		
YL	27	0.5	1.2	0.2	1.9	7%
GR	50	0.8	2	N/A	2.8	6%
SV	92	1.4	3.3	2.6	7.3	8%
OR	61	1.0	2.5	2.3	5.8	10%
BL	68	1.1	2.7	2.0	5.8	9%
RD	70	1.1	2.6	2.9	6.6	9%

*Estimates as of October 2024 and incorporate data from latest test runs.

Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

One service optimization concept affecting Virginia is the possibility of additional Silver Line “Super Peak” service in the core (Figure 8). At a net budget impact of \$0.5 million, WMATA would add additional trains eastbound in the morning and westbound in the afternoon to provide extra capacity during the busiest parts of the peak periods. The cost savings generated from rail automation and train length optimization would effectively cover the costs of the service optimization concepts proposed by WMATA staff, including the “Super Peak” service, in the FY 2026 budget.

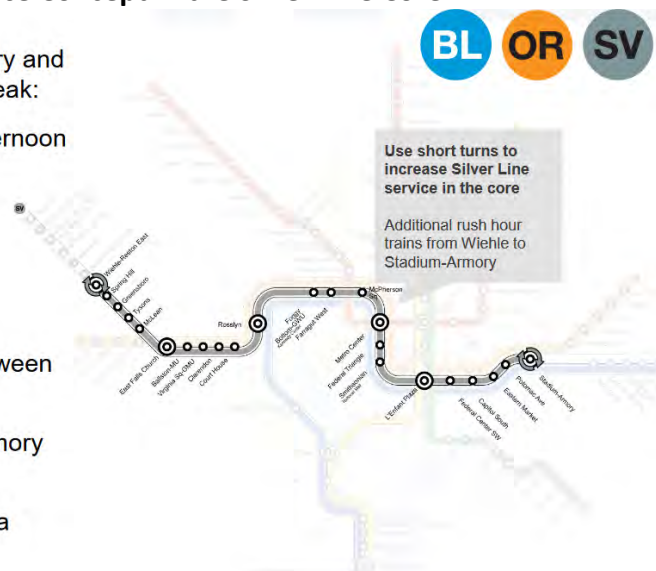
Figure 8: “Super Peak” Service Concept in the Silver Line Core

Additional Silver line trains between Stadium Armory and Wiehle in one direction during busiest part of the peak:

- Eastbound in the morning; Westbound in the afternoon
- Combined with more 8-car trains for additional capacity

Key Considerations

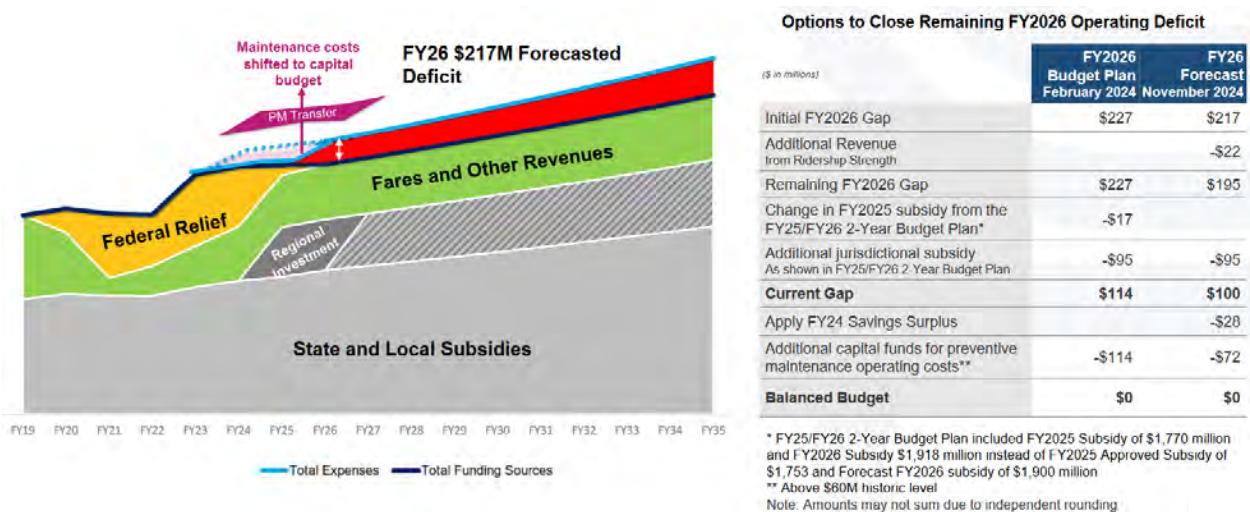
- Requires additional peak trains
- Provides extra capacity during limited period between regular service
- Reliability of D&G pocket track after Stadium-Armory with current peak service schedules
- Customer communication on destinations of extra Silver service



Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

WMATA is facing a \$217 million forecasted operating budget deficit in FY 2026 (Figure 9) largely due to the expiration of pandemic-era federal aid (\$95 million in the FY 2025 budget) and less reliance on preventive maintenance expense transfers from the capital budget. As first projected in the FY 2025 budget process, WMATA anticipates additional jurisdictional subsidy of \$95 million, application of one-time savings from FY 2024 (\$28 million), and \$72 million in additional (above the historical \$60 million) preventive maintenance transfers to close the \$217 million gap. Virginia’s share of the additional jurisdictional subsidies for FY 2026 was included in the Commonwealth’s biennium budget. However, beginning in FY 2027, no funding has been identified that would continue Virginia’s share – split between the Commonwealth and NVTC jurisdictions – of the additional regional investments necessary to keep WMATA’s operating budget fully funded.

Figure 9: Operating Budget Deficit and Closing the Gap in FY 2026



Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

■ FY 2025 Quarter 1 Financial Results

On November 21, the WMATA Finance and Capital Committee received a briefing on WMATA’s FY 2025 first quarter financial results. The first quarter of FY 2025 showed both revenue and expense favorability relative to budget totaling \$46.4. Total revenue for Q1 was \$16.6 million higher than budgeted levels, while total expenses were favorable to budget by \$29.7 million (Figure 10).

Figure 10: Budget Favorability for Revenue and Expenses Totaling \$46.4 Million

(\$ in millions)	Budget	Actual	Var \$*	Var %
Passenger Revenue	\$98.3	\$107.7	\$9.3	9.5%
Non-Passenger Revenue	\$24.0	\$31.3	\$7.3	30.4%
Total Revenue	\$122.3	\$139.0	\$16.6	13.6%
Personnel	\$450.5	\$438.5	\$12.0	2.7%
Non-Personnel	\$180.0	\$162.3	\$17.7	9.8%
Total Expenses	\$630.5	\$600.8	\$29.7	4.7%
Gross Subsidy	\$508.1	\$461.8	\$46.4	9.1%

Passenger Revenue

Passenger Revenue was favorable to budget due to higher paid ridership on Rail

Non-Passenger Revenue

Parking and other revenue were favorable to budget due to higher rail ridership and investment income

Personnel Expenses

Salaries, wages, and related fringe benefits were favorable to budget but partially offset by higher overtime due to recurring vacancies

Non-Personnel Expenses

Favorability related to materials & supplies, fuel, and lower professional & technical services

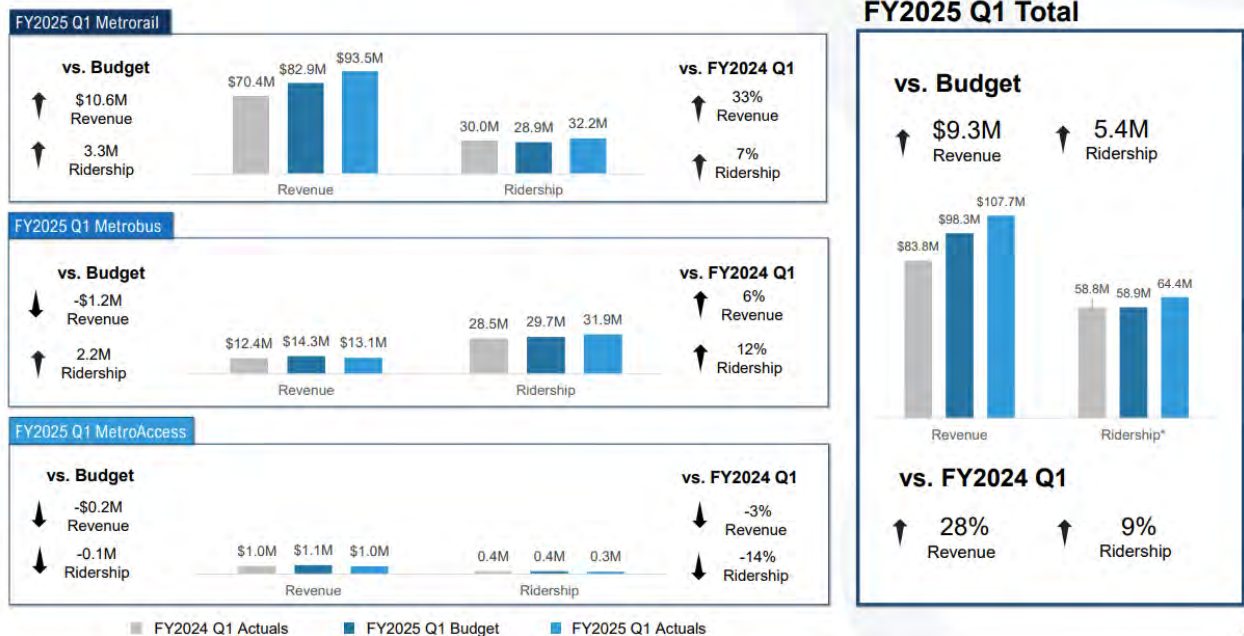
Favorable / (Unfavorable)

All figures exclude reimbursables
 * Positive numbers denote favorable variance to budget; negative numbers denote unfavorable variance to budget
 Note: Amounts may not sum due to independent rounding

Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

Total ridership continued to increase and ended 9% above projected levels for the quarter. Metrorail revenue was \$10.6 million above budget thanks to strong ridership and Metrobus was just over \$1 million below budget despite increases in ridership, highlighting higher levels of bus fare evasion (Figure 11). WMATA staff will continue to track ridership, revenue and expense trends as the FY 2026 proposed budget is developed.

Figure 11: FY 2025 First Quarter Financial Results



Source: [November 21, 2024 WMATA Finance and Capital Committee meeting](#)

▪ FY 2025 Quarter 1 Service Excellence Report

On November 21, the WMATA Safety and Operations Committee received a briefing on WMATA's FY 2025 first quarter Service Excellence Report. Service Excellence is one of WMATA's four goals in its Strategic Transformation Plan and the quarterly report provides a snapshot across a

multitude of safety, security, reliability and customer convenience performance measures. There were several notable highlights in the first quarter (Figure 12). Rail customer satisfaction continued to trend upward and reached 92% in Q1, achieving a new record level for the second consecutive quarter. The most significant improvements from the previous quarter were related to reliability/consistency and cleanliness, which increased from 82% to 86%, and from 68% to 74%, respectively. WMATA is investing in automation to make rail trips faster and reliable.

Figure 12: FY 2025 First Quarter Service Excellence Report Highlights

- Record high customer satisfaction on rail and bus
 - 92% Rail Customer Satisfaction
 - 83% Bus Customer Satisfaction
- Ridership grew 9% in FY25 Q1, marking 42 consecutive months of growth
- Serious crime across the bus and rail system is down 40% compared to FY24 Q1
- Service reliability remains an area of focus, with rail automation and bus priority targeting improvements
- Bus and rail real-time prediction accuracy improved

Source: [November 21, 2024 WMATA Safety and Operations Committee meeting](#)



▪ Approval of the WMATA FY 2025 and FY 2026 Virginia State Operating Funding Agreement

On November 21, the WMATA Board [approved the WMATA FY 2025 and FY 2026 Virginia state operating funding agreement](#). Required by the Virginia Department of Rail and Public Transportation (DRPT), the agreement provides \$60.2 million in FY 2025 and \$84.5 million in FY 2026 to support WMATA’s operating budget. The agreement details WMATA’s requirement to complete a benchmarking assessment as described in Virginia’s biennial budget and an operational analysis funded by \$500,000 of the FY 2025 funding amount provided to WMATA.

▪ FY 2024 Financial Statement Audit and Single Audit

On November 21, the WMATA Executive Committee [accepted](#) the FY 2024 Financial Statement Audit and Single Audit.

▪ Annual Board Member Ethics Training

On November 21, the Executive Committee received [Annual Board Member Ethics Training](#). As required by Article XIV of the Board’s Code of Ethics, most recently amended in September 2019, the training covered definitions and examples of fiduciary duties, conflicts of interest, gifts and disclosure obligations.

- Annual Audit Awareness Training

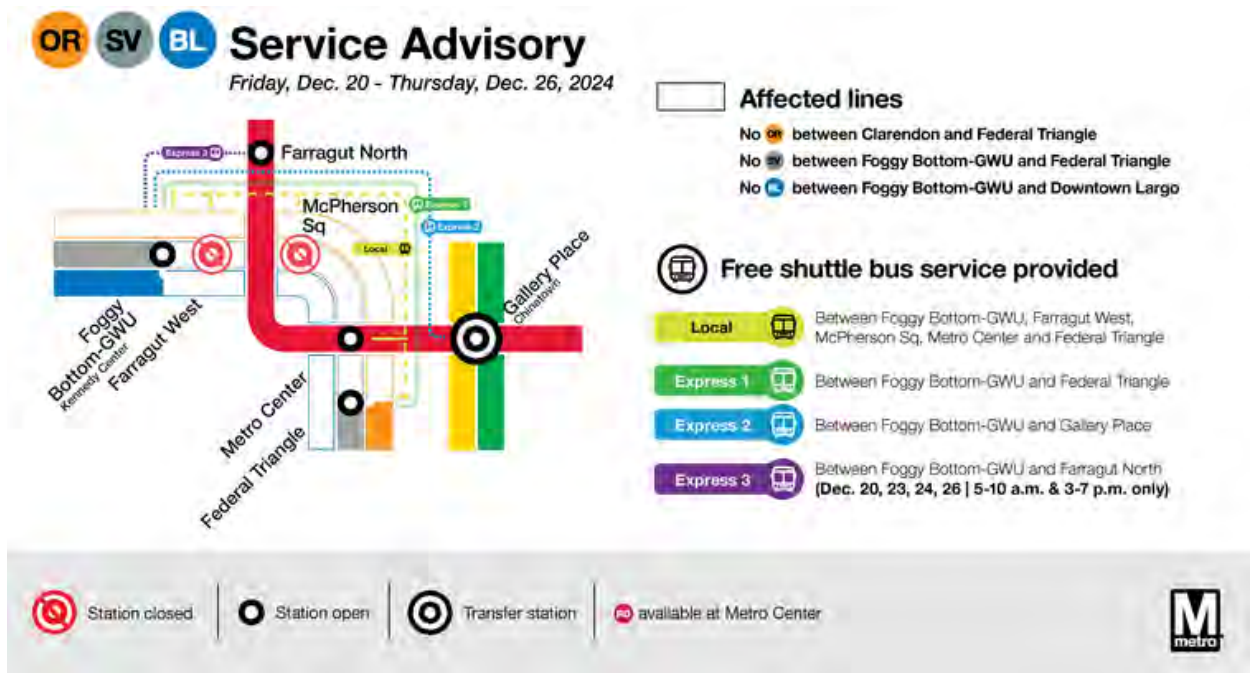
On November 21, the Executive Committee received [Annual Audit Awareness Training](#). The training fulfilled the Board’s audit awareness training requirement and focused on the Board’s role and responsibility in internal control and risk management. Facilitated by the Audit and Compliance department, the training session covered the Committee of Sponsoring Organizations’ (COSO’s) Internal Control-Integrated Framework and Board oversight responsibilities.

B. Other WMATA News

- Shuttle Plan Released for Blue, Orange and Silver Line Construction Work

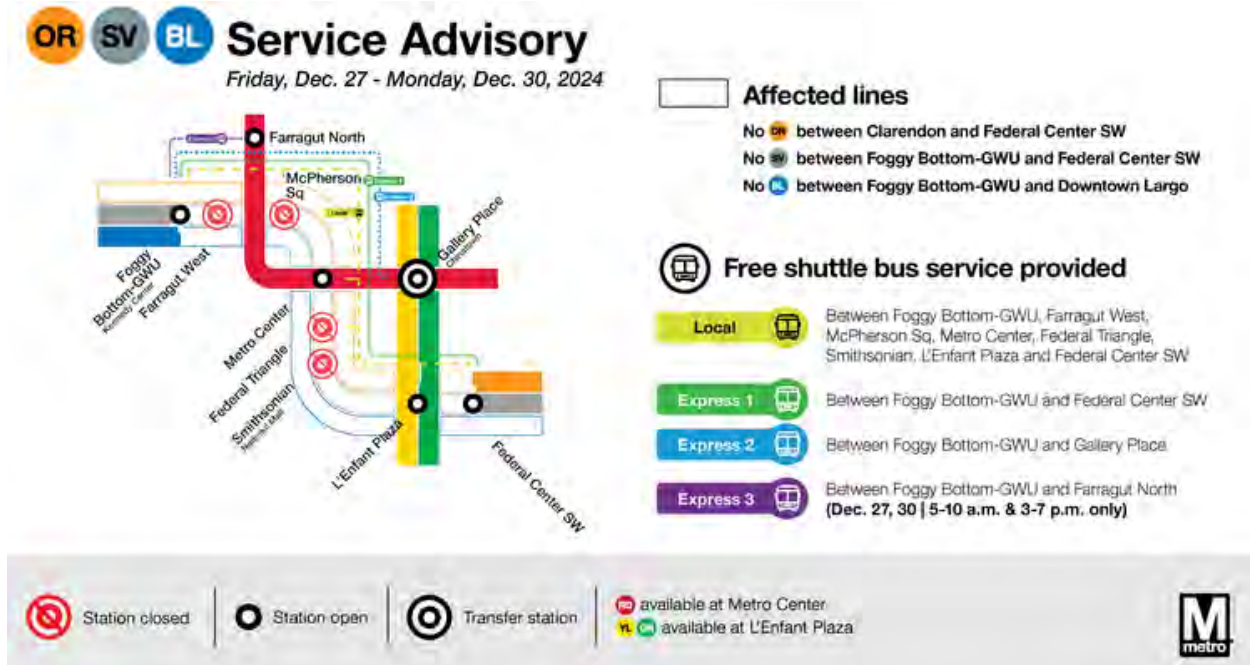
On November 12, WMATA [released its shuttle bus plan](#) for December’s planned construction work that will impact service on the Blue, Orange, and Silver lines. During the 11-day project, free local and express buses will replace trains with frequencies between eight and 12 minutes. The project will be completed in two phases from December 20-30 (Figure 13 and Figure 14). More information on the construction project can be found on WMATA’s [Major Construction website](#).

Figure 13: December 20-26 Service Advisory



Source: [WMATA News Release, November 12, 2024](#)

Figure 14: December 27-30 Service Advisory



Source: [WMATA News Release, November 12, 2024](#)



AGENDA ITEM #7

Report from the Chairs of the WMATA/ Legislative and Policy Committee

TO: Chair de Ferranti and NVTC Commissioners

FROM: Kate Mattice, Andrew D’huyvetter, Adam Hager and Daniel Knickelbein

DATE: November 27, 2024

SUBJECT: Reports from the Chairs of the WMATA Committee/Legislative and Policy Committee

At the December 2024 meeting, the Commission will receive a report from the chairs of the WMATA Committee/Legislative and Policy Committee who will introduce three actions. First, the Commission will be asked to authorize the executive director to send NVTC’s 2024 Report on the Performance and Condition of WMATA to the governor and General Assembly followed by approval of a resolution affirming NVTC’s principles for long-term, dedicated transit funding. The Commission will also be asked to approve the NVTC 2025 Legislative and Policy Agenda.

A. ACTION: Authorize the Executive Director to Send NVTC’s 2024 Report on the Performance and Condition of WMATA to the Governor and the General Assembly

Having received a briefing at its November meeting, the Commission will be asked to authorize the executive director to send the [2024 Report on the Performance and Condition of WMATA](#) to Governor Youngkin and the General Assembly in advance of the December 15, 2024 due date.

Following the structure of the [2023 Report on the Performance and Condition of WMATA](#), the 2024 NVTC report builds upon NVTC’s work over the last several years, such as NVTC’s [Metro Operating Funding and Reform Working Group Report](#), and contains a series of recommendations directed to WMATA and other entities to address WMATA’s structural cost growth, operational and financial accountability, oversight, structural funding deficit as well as capital and other focus areas (Table 1). Several recommendations, as noted, are already advancing as a part of the independent [DMVMoves](#) and [SJ 28](#) initiatives.

Table 1: NVTC Recommendations in the 2024 Report on the Performance and Condition of WMATA

Recommendation	Directed to	
1. Continue to work with federal, state, regional and local funding partners to develop long term, sustainable, dedicated funding to meet Metro’s capital and operating needs.	VA, MD, DC and NVTC	DMVMoves SJ 28
2. Preserve additional state aid (FY 2026) and operating cap re-baselining contained in the two-year state budget.	VA	
3. Establish a revised Virginia and Maryland legislative operating assistance growth cap.	VA, MD and WMATA Board	SJ 28

Recommendation	Directed to	
4. Sustain rail and bus service levels to continue an ongoing ridership recovery.	WMATA	
5. Establish a reserve fund and associated fiscal management policies at Metro.	WMATA Board and funding jurisdictions	
6. Return federal workers to the office and secure a replacement for the region’s losses in fares from riders using federal transit benefits.	Federal government	
7. Identify opportunities to coordinate transit technology and associated policies across the region to benefit riders and find cost savings.	WMATA, VRE and transit agencies	DMVMoves
8. Formalize the functions and scope of a WMATA Board audit committee to enhance oversight via a coordinated jurisdictional audit.	VA, MD, DC and WMATA Board	DMVMoves
9. Manage labor cost escalation through reforms to pension and other post-employment benefits (OPEB). <ul style="list-style-type: none"> • Increase worker contributions to pensions and OPEB to reflect national averages. • Limit or prohibit overtime earnings towards retirement pay. • Implement OIG findings to improve controls and governance and explore alternative retirement plans for new employees in the next collective bargaining process. 	WMATA and labor unions	SJ 28
10. Require consideration of Metro’s fiscal condition in binding arbitration.	U.S. Congress	

Source: Draft 2024 Report on the Performance and Condition of WMATA

The 2024 report also provides updates and examples of WMATA’s ongoing efforts and accomplishments around mitigating fare evasion, enhancing security, the Better Bus Network, progress on updating the subsidy allocation formulas, improving transparency and finding cost savings. WMATA made great strides over the last year in identifying cost savings in its operating and capital budgets by reducing administrative costs, tackling fare evasion on the Metrorail system with the installation of new faregates and, perhaps most notably, the execution of the new collective bargaining agreement with Amalgamated Transit Union (ATU) Local 689 – the largest of WMATA’s labor unions – featuring a wage freeze for FY 2025 and further cost controls thereafter.

B. NVTC Work Towards Long-Term Sustainable Dedicated Funding

- SJ 28: Joint Subcommittee to Study Growing Transit Needs in Northern Virginia

Senator Ebbin, chair of the [SJ 28 Joint Subcommittee](#), and Andrew D’huyvetter, chair of SJ 28 Technical Working Group, will provide a verbal overview of the SJ 28 joint subcommittee’s 2024 work to date.

The General Assembly’s joint subcommittee established by SJ 28 to study the growing needs of public transit in Northern Virginia held its [final meeting](#) of the year at NVTC’s offices on Tuesday, November 12. Staff from the Virginia Transit Association, Metropolitan Washington Council of Governments and NVTC provided several presentations to the joint subcommittee on statewide

transit funding, the impact of telework on transit and post-pandemic transit trends in the region. In addition to the 10 revenue sources identified in NVTC’s Metro Operating Funding and Reform Working Group [Report](#), the joint subcommittee selected five [additional sources](#) to develop an expanded menu of revenue estimates in 2025:

1. Regional highway use fee
2. Regional income tax
3. Retail delivery fee
4. I-66 Inside the Beltway tolling outside of peak-period and peak direction
5. Regional motor vehicle rental tax

SJ 28 Joint Subcommittee member Senator Surovell, requested additional information from the Technical Working Group on what level of effort would be required to provide estimates on value capture options (i.e. special property tax assessment districts) and a fee or tax per parking spot.

The joint subcommittee also approved a [work plan](#) for 2025 which includes four meetings between March/April and November.

- *DMVMoves*

The Commission will receive a verbal report from Mr. Smedberg on the latest work of the [DMVMoves initiative](#), which is scheduled to meet on Monday, December 2 to review and discuss potential funding scenarios.

The *DMVMoves* advisory groups, including the Government Partners Advisory Group in which NVTC staff participate, have continued to meet and are in the process of setting up subcommittees to advance a series of action plans to implement policy recommendations (fare policy, service guidelines, wayfinding, bus priority strategies, shared procurements, consistent training and certification, etc.).

C. Draft Resolution: NVTC’s Guiding Principles for Future Transit Funding

NVTC staff will present a [draft resolution “NVTC’s Guiding Principles for Future Transit Funding”](#) for discussion and public comment at the December Commission meeting. The purpose of the resolution is to document the Commission’s priorities related to addressing future regional transit funding needs and to inform the SJ 28 Joint Subcommittee and *DMVMoves* initiatives as they identify long-term, sustainable, dedicated funding solutions for public transit in this region.

As *DMVMoves* continues to explore regional scenarios to address future, regional transit needs and the SJ 28 Joint Subcommittee generates NVTC, PRTC and statewide revenue estimates to potentially support Northern Virginia’s transit agencies, both efforts will develop options regarding the structure and mechanics of possible funding solutions. NVTC plays a vital role in developing a Virginia-consensus position and the Commission will discuss a draft resolution of guiding principles for future transit funding which aims to document the Commission’s priorities related to addressing future regional transit funding needs.

Following discussion by the Commission, NVTC's public hearing, and receipt of public comments through December 27, the Commission will be asked to approve the resolution at its January 16, 2025 meeting.

D. ACTION: Approve NVTC's 2025 Legislative and Policy Agenda

The Commission is asked to approve [NVTC's 2025 Legislative and Policy Agenda](#). Each year, the Commission adopts a set of federal and state legislative priorities to guide NVTC's legislative work for the U.S. Congress and Virginia General Assembly. The proposed Agenda was reviewed by the Legislative and Policy Committee at its September and November meetings, and Commissioners provided feedback at last month's Commission meeting.

At last month's Commission meeting, several Commissioners expressed interest in ensuring legislators were provided information on cost-cutting and efficiency measures that WMATA has undertaken in recent years. NVTC staff are developing an issue brief separate from the 2025 Legislative and Policy Agenda to highlight these achievements, which will be shared with Commissioners, stakeholders and legislators once it is finalized.

NVTC's proposed state legislative priorities are focused on advocating for long-term, sustainable, dedicated funding for WMATA and all Northern Virginia transit providers, as well as preserving the additional state aid for WMATA and operating cap re-baselining contained in the two-year state budget. NVTC's proposed federal legislative priorities emphasize maximizing the region's access to federal transportation funding programs, with federal programs funded at or above those authorized in the Bipartisan Infrastructure Law (BIL). The full set of state and federal priorities can be found in the draft 2025 Legislative and Policy Agenda document.

E. General Assembly State of Play

NVTC Legislative Liaison Aimee Perron-Seibert will provide an update in advance of convening of the Virginia General Assembly Session, scheduled for January 8, 2025.

F. Federal Update

The 2024 federal general election saw former President Donald Trump elected to a second term, with Republicans winning back control of the Senate and maintaining a narrow majority in the House. With these victories, Republicans will have a trifecta in Washington for the first time since 2020, with the party in control of both chambers of the legislature and the executive branch. The committees that oversee transit and transportation will see significant upcoming changes in both partisan composition and leadership. In the Senate, Banking Committee Chairman Sen. Sherrod Brown (Ohio) lost his re-election bid, while Environment and Public Works (EPW) Committee Sen. Chairman Tom Carper (Delaware) is retiring. In the House, Transportation and Infrastructure Committee Chairman Rep. Sam Graves (Missouri), may be prevented from continuing as committee chairman due to Republican Caucus rules.

While the larger impact of the 2024 federal election on transit and transportation is largely unknown at this time, funding programs included in the Infrastructure Investment and Jobs Act (IIJA) are authorized through FY 2026. Certain U.S. DOT discretionary grant programs that are

subject to the annual Congressional appropriations process such as the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Program and Federal Transit Administration's (FTA) Low or No Emission Grant Program, as well as the annual PRIIA state of good repair capital funding for WMATA, could see funding reduced or eliminated in future appropriations bills.

While the funding outlook at the federal level is uncertain, public transit continues to perform well on the local level at the ballot box. Out of the 33 transit ballot initiatives that the American Public Transit Association (APTA) was tracking, 24 were wins for public transit, which will result in tens of billions in new revenue for transit capital and operations across the country. Successful ballot measures supporting additional funding for transit include:

- Maricopa County (Phoenix), where the County's existing half-cent sales tax to pay for transit and transportation improvements was extended for another 20 years.
- Nashville, which approved a new half-cent sales tax increase to expand transit service including the development of several bus-rapid transit (BRT) lines.
- Columbus, Ohio, where voters approved a half-cent sales tax increase to fund the *LinkUs* plan, which will increase service levels and build several new BRT routes.

Here in Northern Virginia, both Arlington and Fairfax County voters approved bond measures to fund transportation, including funding for WMATA.

G. Joint NVTC-PRTC-VRE Legislative Forum

The annual Joint [NVTC-PRTC-VRE Legislative Forum](#) will be held on Friday, December 13 at 8:30 a.m. at the George Mason University Mason Square Multipurpose Room (3351 Fairfax Drive, Arlington, VA 22201). The event will feature special guest speakers, and two panels: Transit Leaders panel and Future of Transit Funding panel. This year's focus will be on key policy issues in the coming year and efforts to secure long-term sustainable transit funding.

Confirmed speakers include Senator Louise Lucas, Senator Jennifer Boysko, Senator Adam Ebbin, Delegate Mark Sickles, Fairfax County Board Chair Jeff McKay, NVTC Chair Matt de Ferranti, PRTC Chair Victor Angry, NVTC Commissioner and WMATA Vice Chair Paul Smedberg, Principal of Capitol Transportation Consulting, Nick Donohue, NVTC Executive Director Kate Mattice, PRTC Executive Director Bob Schneider, DASH CEO Josh Baker, WMATA General Manager/CEO Randy Clarke and VRE Chief Executive Officer Rich Dalton.



2024

Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority

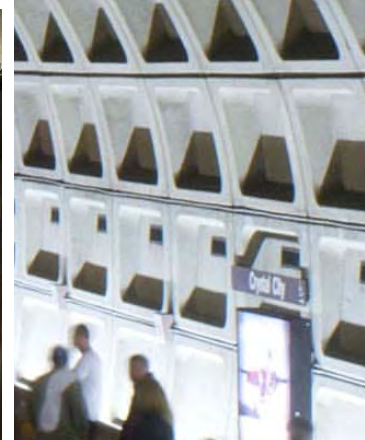


NoVaTransit.org

2300 Wilson Blvd. Suite 230

Arlington, VA 22201

(703) 524-3322   @NoVaTransit



Metro System Map

wmata.com
 Information: 202-637-7000 | TTY: 202-962-2033
 Metro Transit Police: 202-962-2121 | Text: MYMTPD (696873)

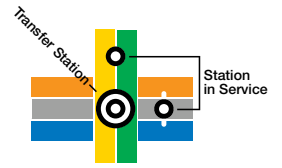
Legend

- RD** Red Line • Glenmont / Shady Grove
- OR** Orange Line • New Carrollton / Vienna
- BL** Blue Line • Franconia-Springfield / Downtown Largo
- GR** Green Line • Branch Ave / Greenbelt
- YL** Yellow Line • Huntington / Mt Vernon Sq
- SV** Silver Line • Ashburn / Downtown Largo

Station Features

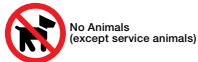
- P** Parking
- H** Hospital
- A** Airport

Connecting Rail Systems



Metro is accessible.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY © 2023





December 15, 2024

Chair

Hon. Matt de Ferranti

Vice-Chair

Hon. David Snyder

Secretary-Treasurer

Hon. Sarah Bagley

City of Alexandria

Hon. Canek Aguirre

Hon. Sarah Bagley

Arlington County

Hon. Matt de Ferranti

Hon. Libby Garvey

Hon. Takis Karantonis

Fairfax County

Hon. Walter L. Alcorn

Hon. James N. Bierman, Jr.

Hon. Dalia A. Palchik

Hon. Daniel G. Storck

Hon. James R. Walkinshaw

City of Fairfax

Hon. Catherine Read

City of Falls Church

Hon. David F. Snyder

Loudoun County

Hon. Juli Briskman

Hon. Matt Letourneau

Commonwealth of Virginia

Hon. Paul C. Smedberg

Virginia General Assembly**Senate**

Hon. Adam Ebbin

Hon. Saddam Salim

House of Delegates

Hon. Paul Krizek

Hon. Alfonso Lopez

Hon. David Reid

Hon. Mark Sickles

Executive Director

Katherine A. Mattice

On behalf of the Northern Virginia Transportation Commission (NVTC), I am pleased to submit the *2024 Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority (WMATA)* as directed by Virginia Code.

Transit agencies nationwide face unparalleled budget deficits as once reliable revenue streams struggle to keep pace with increased costs as a result of the COVID-19 pandemic which upended ridership and brought historic levels of inflation across all industries. To help WMATA avoid drastic service cuts and maintain its ridership recovery, Northern Virginia jurisdictions, in partnership with the Commonwealth of Virginia, crafted a two-year funding solution for WMATA's operating budget in FY 2025 and FY 2026. Through this joint partnership, the NVTC jurisdictions and the Commonwealth matched and committed additional subsidy and pressed WMATA to aggressively manage its costs, find operating and capital savings, and improve efficiency.

With FY 2027 looming on the horizon, several key initiatives are underway in an effort to develop long-term, sustainable, dedicated funding solutions for WMATA and Northern Virginia's other public transit agencies who face similar conditions. WMATA, in partnership with the Metropolitan Washington Council of Governments (MWCOG), commenced the DMVMoves effort to identify long-term funding needs and possible funding mechanisms. Virginia's General Assembly established a Joint Subcommittee through SJ 28 to study Virginia's share of those future needs and ways to meet them with new, potential revenues and cost containment measures.

As NVTC supports this vital work, this report contains recommendations directed to WMATA and other stakeholders intended to offer a framework for the continued regional funding and reform discussions that will take place over the next year. The report also outlines expenditures of the Commonwealth's WMATA Capital Fund and safety, reliability, financial performance and ridership data as required by state code. We look forward to continuing to work with our partners in the Commonwealth to ensure a stable and accountable financial future for Metro.

Sincerely,

Matt de Ferranti
Chair

Acknowledgements and Credits

NVTC WMATA Committee Members

Walter Alcorn, Chair
Canek Aguirre
Matt de Ferranti
Matt Letourneau
Paul Smedberg
David Snyder

NVTC Management Team

Kate Mattice, Executive Director
Andrew D’huyvetter, Director of Programs and Policy
Allan Fye*, Director of Programs and Policy
Scott Kalkwarf, Director of Finance and Administration

NVTC Project Team

Adam Hager, WMATA Program Manager
Sophie Spiliotopoulos, Data Visualization Program Manager
Monique Blyther, Marketing and Engagement Manager
Matt Friedman, Communications and Public Affairs Manager
Colie Touzel, Communications Specialist
Tenley O’Hara, Legislative & Administrative Assistant
Mirna Armanious, Transit Fellow

**Former staff member at the time of Commission approval*

Legislative Requirement of This Report

This report fulfills the requirements of § 33.2-3403 of the Code of Virginia specifying that NVTC report annually on the performance and condition of WMATA, for both Metrorail and Metrobus. Per statute, the report addresses the following elements:

- Potential strategies to reduce the growth in costs and to improve the efficiency of WMATA operations.
- Use of the dedicated capital funds authorized by the legislation to improve the safety and condition of the rapid heavy rail mass transportation system.
- The safety and reliability of the rapid heavy rail mass transportation system and bus network.
- The financial performance of WMATA related to the operations of the rapid heavy rail mass transportation system and bus mass transportation system, including farebox recovery, service per rider and cost per service hour.
- The ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.



Table of Contents

- Acknowledgements and Creditsi
- Legislative Requirement of This Reporti
- 1. Introduction..... 1
- 2. Metro Funding, Accountability and Reform Recommendations2
- Ongoing Efforts and Accomplishments at WMATA 12
- 3. Use of Dedicated Capital Funds 17
- WMATA’s Capital Fund 17
- Sources of Revenue 17
- WMATA’s Capital Program 18
- 4. Safety, Reliability, Financial Performance and Ridership Data 23
- Safety 23
- Reliability 25
- On-Time Performance 25
- Mean Distance between Failures 26
- Financial Performance 28
- Farebox Recovery 28
- Service per Rider 29
- Cost per Service Hour 31
- Ridership 32
- Unlinked Passenger Trips 32
- Passenger Miles Traveled 33
- Appendix 34

1. Introduction

In this seventh Annual Report on the Performance and Condition of the Washington Metropolitan Area Transit Authority (WMATA), the Northern Virginia Transportation Commission (NVTC) is proud to continue advancing public transit in Northern Virginia by presenting timely policy recommendations as the region develops strategies to address long-term, sustainable funding for WMATA. At varying scales and timelines, transit agencies nationwide face unparalleled budget deficits as once reliable revenue streams struggle to keep pace with increased costs as a result of the COVID-19 pandemic which upended ridership and brought historic levels of inflation across all industries. WMATA faces unprecedented deficits in its operating and capital budgets should a long-term funding solution not be realized.

In June 2023, WMATA announced a forecasted FY 2025 operating budget gap of \$750 million. Working closely with regional partners including NVTC and the Commonwealth of Virginia, WMATA successfully closed its operating budget gap using several budget tools, including preventive maintenance transfers, fare increases, targeted service adjustments and significantly higher levels of additional jurisdictional contributions from Virginia, Maryland and the District of Columbia.

Northern Virginia jurisdictions, in partnership with the Commonwealth through its biennium budget, successfully crafted a two-year funding solution that ensures WMATA's continued post-pandemic ridership recovery. For FY 2025, Virginia has agreed to provide an additional \$119 million and for FY 2026, an additional \$169 million, both split between local jurisdictions in Northern Virginia and the Commonwealth.

As the region collectively worked to develop a temporary funding solution, additional clarity on the post-pandemic funding needs of other transit agencies shifted the focus to finding long-term, sustainable, dedicated funding solution for WMATA and Northern Virginia's other public transit agencies. WMATA, in partnership with the Metropolitan Washington Council of Governments (MWCOCG), commenced the DMVMoves effort to identify long-term funding needs and possible funding mechanisms while Virginia's General Assembly established a Joint Subcommittee to study Virginia's share of those future needs and ways to meet them with new potential revenues and cost containment measures.

Front and center in the regional conversations taking place regarding long-term funding are strategies to contain cost growth, as evidenced in this report. WMATA made great strides over the last year in identifying cost savings in its operating and capital budgets by reducing administrative costs, tackling fare evasion on the Metrorail system with the installation of new faregates and, perhaps most notably, the execution of the new collective bargaining agreement with Amalgamated Transit Union (ATU) Local 689 – the largest of WMATA's labor unions – featuring a wage freeze for FY 2025 and further cost controls thereafter. WMATA has communicated these cost containment measures effectively to its funding jurisdictions and the public.

Time is of the essence: NVTC recognizes the opportunity at hand and offers the recommendations in this report to continue advancing a better transit future for Northern Virginia and its residents who deserve a robust and well-funded public transportation network.

2. Metro Funding, Accountability and Reform Recommendations

Following the structure of the “2023 Annual Report on the Performance and Condition of WMATA”, this report builds upon NVTC’s work over the last several years and contains a series of recommendations directed to WMATA and other entities to address WMATA’s structural cost growth, operational and financial accountability, oversight, structural funding deficit as well as capital and other focus areas. Most of these recommendations are directed to WMATA, either for management or the WMATA Board’s consideration, but many are also directed to federal, state and local partners, including NVTC, who play important roles in the aforementioned areas and enable or constrain WMATA’s ability to take certain actions. At a minimum, these recommendations aim to satisfy the legislative requirement of this report to document potential strategies to reduce the growth in costs and to improve the efficiency of WMATA operations. More broadly, these recommendations are intended to offer WMATA, the Commonwealth and the region a framework for the continued regional funding and reform discussions that will take place over the next year.

Long-Term, Sustainable Funding Forums

Several key initiatives focused on a long-term financial solution for WMATA and other transit agencies in the region began this year. In May, WMATA and MWCOG launched **DMVMoves**, a project that seeks to develop a vision for world-class transit, identify the scale of the financial need for WMATA and other transit agencies and offer sustainable funding concepts for the region. In July, a Joint Subcommittee of Virginia’s General Assembly, formed by Senate Joint Resolution 28 (**SJ 28: Northern Virginia Growing Needs of Public Transit Joint Subcommittee**) in the 2024 session, began exploring new potential revenue sources and cost savings measures to meet the growing needs of WMATA and other public transit operators in Northern Virginia.

Recommendation	Directed to	
1. Continue to work with federal, state, regional and local funding partners to develop long term, sustainable, dedicated funding to meet Metro’s capital and operating needs.	VA, MD, DC and NVTC	DMVMoves SJ 28
2. Preserve additional state aid (FY 2026) and operating cap re-baselining contained in the two-year state budget.	VA	
3. Establish a revised Virginia and Maryland legislative operating assistance growth cap.	VA, MD and WMATA Board	SJ 28
4. Sustain rail and bus service levels to continue an ongoing ridership recovery.	WMATA Board and funding jurisdictions	
5. Establish a reserve fund and associated fiscal management policies at Metro.	WMATA Board and funding jurisdictions	
6. Return federal workers to the office and secure a replacement for the region’s losses in fares from riders using federal transit benefits.	Federal government	
7. Identify opportunities to coordinate transit technology and associated policies across the region to benefit riders and find cost savings.	WMATA, VRE and transit agencies	DMVMoves
8. Formalize the functions and scope of a WMATA Board audit committee to enhance oversight via a coordinated jurisdictional audit.	VA, MD, DC and WMATA Board	DMVMoves

Recommendation	Directed to	
<p>9. Manage labor cost escalation through reforms to pension and other post-employment benefits (OPEB).</p> <ul style="list-style-type: none"> • Increase worker contributions to pensions and OPEB to reflect national averages. • Limit or prohibit overtime earnings towards retirement pay. • Implement OIG findings to improve controls and governance and explore alternative retirement plans for new employees in the next collective bargaining process. 	WMATA and labor unions	SJ 28
<p>10. Require consideration of Metro’s fiscal condition in binding arbitration.</p>	U.S. Congress	

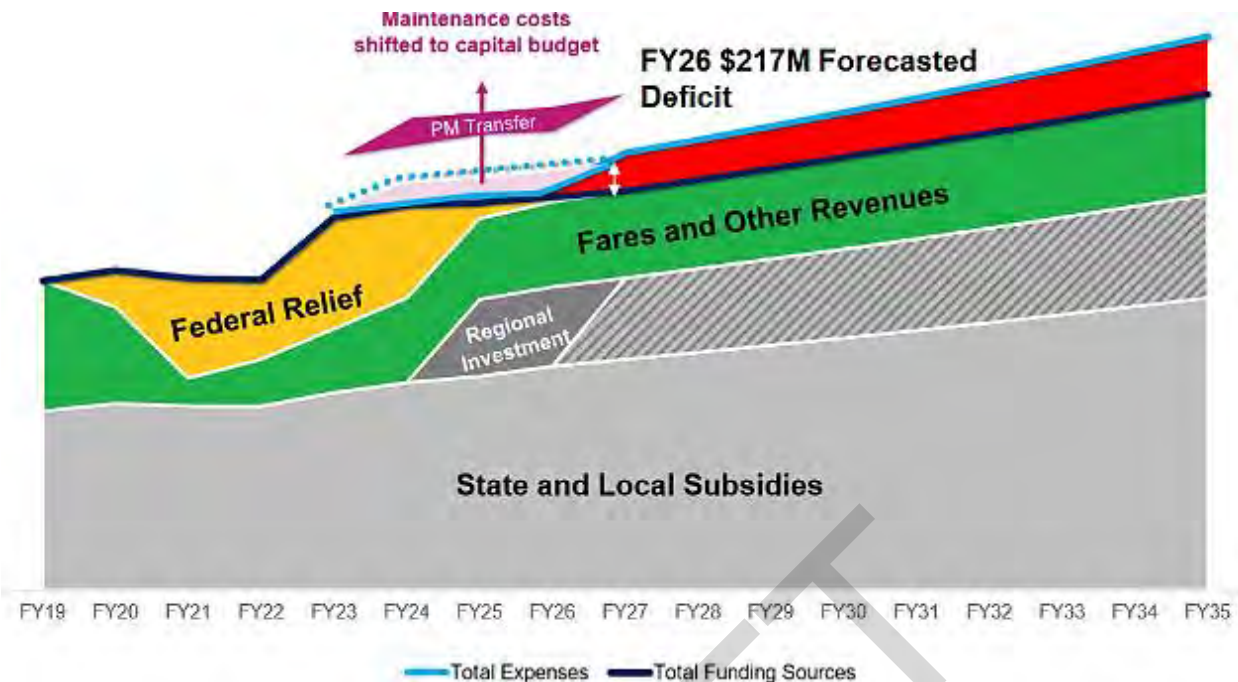
Several recommendations are already advancing via the **DMVMoves** and **SJ 28** initiatives.

1. Continue to work with federal, state, regional and local funding partners to develop long term, sustainable, dedicated funding to meet Metro’s capital and operating needs.

Recommendation directed to the Commonwealth of Virginia, State of Maryland, District of Columbia and NVTC.

While the greater Metropolitan Washington region came together to address WMATA’s FY 2025 budget gap with substantial, additional investments from each funding jurisdiction, a shifting of maintenance costs from the operating budget to the capital budget, increased fares and modest service adjustments, Virginia, Maryland and the District of Columbia must continue working toward a long-term, sustainable, dedicated funding solution for WMATA’s operating and capital needs. NVTC’s primary, near-term 2023 recommendations – re-baselining operating subsidy and seeking additional state aid to help local jurisdictions meet their funding obligations to WMATA – only provide a temporary solution to WMATA’s operating funding gap. WMATA’s underlying, structural operating funding model still presents a long-term concern that must be solved if Northern Virginia and the Commonwealth are going to maintain the quality of life, economic competitiveness and ability to mitigate congestion and climate change afforded by WMATA’s presence (Figure 1).

In FY 2026, WMATA is forecasting a \$217 million deficit which is anticipated to be closed with additional jurisdictional subsidies resulting from the exhaustion of pandemic-era federal aid (\$95 million), preventive maintenance transfers from the capital to the operating budget (\$94 million) and one-time savings from FY 2024 (\$28 million). Virginia’s share of the additional jurisdictional subsidies for FY 2026 (\$169 million) was included in the Commonwealth’s biennium budget. However, beginning in FY 2027, no funding has been identified that would continue Virginia’s share – split between the Commonwealth and NVTC jurisdictions – of the additional regional investments necessary to keep WMATA’s operating budget fully funded.



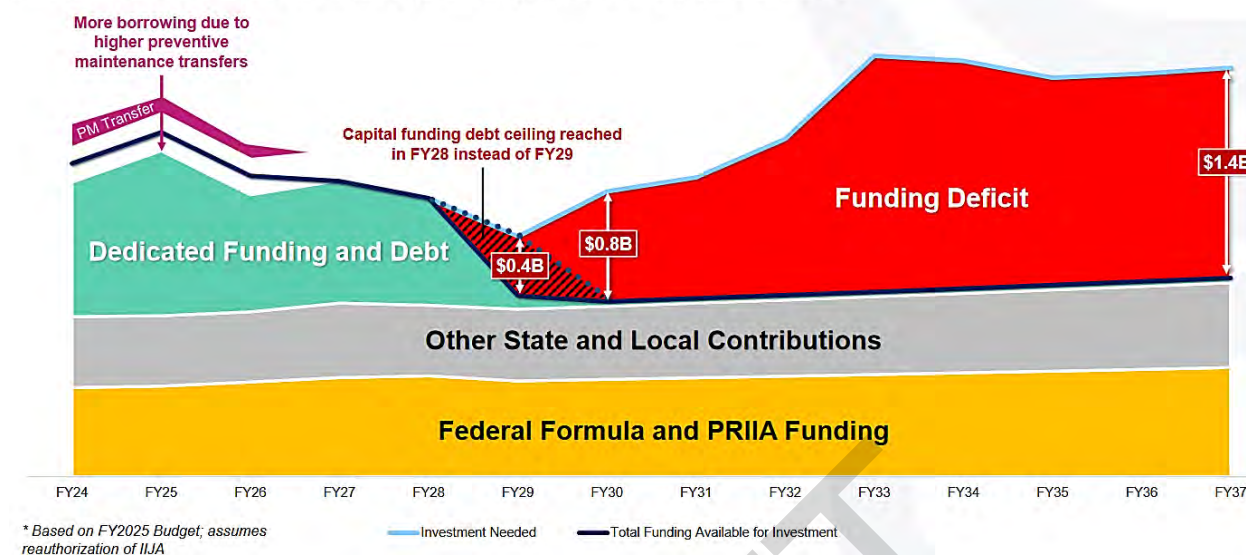
Source: WMATA, as of October 2024¹

Figure 1: WMATA Structural Operating Deficit

Beyond WMATA’s operating funding needs, a capital funding cliff looms on the horizon with dedicated capital funding bond capacity projected to be exhausted in FY 2028 (Figure 2). WMATA has made significant progress in addressing overdue state of good repair needs, reducing backlog from nearly \$7 billion in FY 2016 to \$4 billion in FY 2024. Because the 2018 regional dedicated capital funding was not indexed to inflation, its value has eroded over time. Recent transfers of preventive maintenance expenses above historical averages and higher than historic levels of inflation have also accelerated the exhaustion point of dedicated capital funding bond capacity where a significant majority of the funding will go to debt service payments. While this debt ceiling is anticipated to be reached in FY 2028, WMATA is already operating in a fiscally constrained capital environment. If its capital funding deficit is not addressed, WMATA will see its state of good repair backlog grow, declining reliability, a worse customer experience and increased safety risks.

As the region explores long-term, sustainable, dedicated funding, NVTC plays a vital role by providing a forum to advance these critical conversations, providing technical expertise and coordinating a Virginia consensus position on all matters related to transit funding. Virginia, with support from NVTC, Maryland, and the district must remain laser-focused on developing their long-term, sustainable, dedicated funding solutions for WMATA over the next year in preparation for the FY 2027 budget process.

Dedicated capital funding borrowing capacity projected to be exhausted in ~FY2028 and new capital funding will be needed to address ongoing system safety, renewal and modernization needs



Source: WMATA, as of October 2024²

Figure 2: WMATA Capital Program Deficit

2. Preserve additional state aid (FY 2026) and operating cap re-baselining contained in the two-year state budget.

Recommendation directed to the Virginia General Assembly and Governor.

Maintaining its role as a 50-50 partner with local jurisdictions in funding WMATA, the Commonwealth of Virginia included \$60.2 million in FY 2025 and \$84.5 million in FY 2026 in additional state aid to help close WMATA’s operating budget shortfall.³ As this funding is matched by NVTC jurisdictions, this additional funding collectively represents Virginia’s commitment to the region in funding WMATA. As Virginia operates on a two-year budget cycle, it will be critical to NVTC’s local jurisdictions that the General Assembly and governor preserve the \$84.5 million in additional state funding for FY 2026. Without this substantial commitment from the Commonwealth in FY 2026, Northern Virginia jurisdictions would be forced to face closing the operating gap on their own, potentially requiring severe service cuts and jeopardizing matching funding from regional partners in the district and Maryland.

Virginia’s biennium budget also included language that temporarily suspended (for FY 2025 and FY 2026) the 3% cap on year-over-year growth in the Commonwealth’s subsidy allocation. The 3% cap, described in detail below, was implemented in FY 2020 as a cost containment tool for WMATA and a means to provide stability and predictability to Northern Virginia jurisdictions regarding annual subsidy payments. WMATA has aggressively managed its expenses, and it was able to defer and utilize \$95 million in pandemic relief funding in the FY 2025 budget.⁴ Since this funding will not be available in FY 2026, additional jurisdictional subsidies will be required to offset this pandemic relief funding. It is therefore essential to not only preserve the additional \$84.5 million in state aid but also maintain a suspended 3% cap through FY 2026 as the region develops a long-term funding solution.

3. Establish a revised Virginia and Maryland legislative operating assistance growth cap.

Recommendation directed to the Commonwealth of Virginia, State of Maryland and WMATA Board.

A Post-Pandemic 3% Cap

Through the “2023 Metro Operating and Reform Working Group Report,” NVTC and its jurisdictions found that the 3% cap is a useful tool, but it should be revised to accommodate a new post-pandemic financial model and to resolve its unintended consequences. While Virginia has suspended the cap for two years, Maryland has suspended the cap for three years. With the cap remaining suspended in FY 2026, it will be necessary to maintain ongoing coordination and engagement with Maryland, the Commonwealth and WMATA to develop a mechanism that can effectively contain cost growth into the future.

Virginia’s 3% cap on the increase in annual operating assistance to WMATA was included as part of the 2018 dedicated capital funding legislation.⁵ Maryland implemented a nearly identical cap at the same time, while the district has no cap on growth in operating assistance to WMATA. When the cap was implemented, WMATA had a pre-pandemic financial model of relatively high farebox revenues (over \$700 million in fare revenues in FY 2019) and low inflation (below 3%). While the 3% cap has been an effective tool in controlling WMATA’s cost growth as evidenced by the agency’s 4.8% average annual operating budget growth from FY 2019 to FY 2024 (lower than the regional peer average of 7%), several unintended consequences from the implementation of the cap arose that affect Virginia.⁶

Specifically, the 3% cap altered WMATA’s subsidy allocation process in a way that distorted the amount of subsidy owed from the amount of service received, reducing transparency and accountability to the funding jurisdictions in the budget process. The 3% percent cap is the primary driver, in addition to an outdated Metrobus subsidy allocation formula, behind why Virginia has paid more for Metrobus service while getting less service.⁷ As a result of this disconnect, Virginia paid more in fiscal years 2022 through 2024 via the 3% cap allocation than would have been required if the traditional formula allocation were run under those circumstances. As WMATA is a regional system, it is not possible to cap one jurisdiction’s operating subsidy growth without directly or indirectly capping the entire system. Addressing these unintended consequences is important because NVTC jurisdictions need to understand the true costs of WMATA services so they can make informed decisions about local bus and/or paratransit services.

4. Sustain rail and bus service levels to continue an ongoing ridership recovery.

Recommendation directed to the WMATA Board and funding jurisdictions.

WMATA is in the middle of a sustained and gradual post-pandemic ridership recovery for both bus and rail, with 42 consecutive months of ridership growth year-over-year. Metrorail saw 123.3 million trips in FY 2024, representing a 27% increase over FY 2023 and a 64% recovery relative to 2019 levels. Metrobus meanwhile saw 117.5 million trips which was 15% higher than FY 2023 and 96% of 2019 levels. Metrobus leads the nation in ridership recovery, and Metrorail had the fastest ridership growth in the last 12 months among 40 of the world’s biggest rail systems. WMATA should sustain its service levels as ridership continues to grow in Virginia and across the region.

As a cost saving measure, WMATA implemented targeted rail service adjustments in FY 2025 by scheduling peak service periods to align with ridership levels, operating more six-car trains where they could provide sufficient capacity, earlier opening for Metrorail on weekends, and reduced service on select holidays where historical ridership was relatively lower. However, as ridership has continued to grow, crowding on Metrorail and Metrobus grew, especially during peak periods and

along key bus corridors such as the 18P and 16Y that serve areas of Northern Virginia. As FY 2025 ridership and revenue trends upwards, WMATA should look for opportunities to address crowding with more eight-car trains, extra trips for special events, more buses in busy corridors and opening Metrorail earlier on weekends to support workers and those traveling to the region's airports. Looking ahead, WMATA's 2025 Better Bus Network is scheduled to be implemented by summer 2025.⁸ This 2025 Network, which uses existing (FY 2025) resource levels, presents an exciting opportunity to reach new communities with better restructured service, continuing to attract more riders while finding system efficiencies.

5. Establish a reserve fund and associated fiscal management policies at Metro.

Recommendation directed to the WMATA Board and funding jurisdictions.

Unlike most peer transit agencies or state and local governments in Virginia, WMATA does not have an operating contingency reserve fund. This means that WMATA is poorly positioned to handle unpredictable financial shocks and in those circumstances is reliant on its funding jurisdictions, who have placed an (albeit temporarily suspended) operating assistance cap on WMATA, to weather these unforeseen circumstances. Since WMATA does not have dedicated operating funding, the funding jurisdictions all appropriate funding to WMATA through their annual budget processes. An unforeseen ask of WMATA to its funding jurisdictions creates budgetary unpredictability that is challenging for all parties and could present legal difficulties with the legislative operating caps. In addition, an operating contingency reserve fund is an example of sound financial management, which bond ratings agencies look for in evaluating agencies in rating their bonds. Sound financial management is a critical component in achieving a higher bond rating, which could save WMATA and its funders valuable capital dollars.

As part of its oversight role to WMATA, the WMATA Board should establish a Board directed operating contingency reserve fund and adopt associated management policies that set parameters for WMATA staff to follow. A rainy-day fund was identified in WMATA's 2019 strategic plan, "Keeping Metro, Safe, Reliable, and Affordable," but was not implemented by the region.

6. Return federal workers to the office and secure a replacement for the region's losses in fares from riders using federal transit benefits.

Recommendation directed to the Federal Government.

Prior to the pandemic, federal employees were the backbone of WMATA's ridership and fare revenue, accounting for approximately 40% of WMATA's daily commuters. WMATA estimates that it received \$100 million in fare revenue from federal employees in FY 2019. Since 2020, federal employee ridership recovery has lagged behind other customers returning to WMATA. Each additional day per week that federal employees ride WMATA services represents an additional \$20 million in annual fare revenue. If federal employee ridership were to return to prior levels, WMATA would receive approximately \$50 million in additional fare revenue in FY 2025.

Federal agencies continue to budget for and provide transit benefits to their employees which provide a tremendous incentive for federal employees to ride transit to work. These transit benefits are used across the major transit providers in the region: WMATA, the Maryland Area Rail Commuter (MARC), Virginia Railway Express (VRE), OmniRide and other local transit agencies. Transit agencies only receive this revenue if federal employees ride and tap to pay their fare. The significant expansion

of telework among federal employees has greatly reduced their use of WMATA and transit in general, and unused transit benefits are recouped by each respective agency.

NVTC encourages federal return-to-office policies that encourage transit use throughout the work week and for the federal government to secure a replacement for the region's losses in fares from riders using federal transit benefits. It is important for the federal government to maintain its competitiveness and allow for some hybrid work, but to make transit the mode of choice as federal workers continue returning to the office.

7. Identify opportunities to coordinate transit technology and associated policies across the region to benefit riders and find cost savings

Recommendation directed to WMATA, the Virginia Railway Express and transit agencies.

As NVTC, the Commonwealth and the Greater Washington region identify new potential revenue streams to support public transit, it is important to identify opportunities for streamlining and cost savings. The DMVMoves initiative, as well as transit agency and government staff-level conversations hosted by NVTC, began discussing concepts to advance low-cost, high-impact policies that would better serve the region's transit users. NVTC supports the following strategies that can provide a more seamless customer experience and potentially offer cost savings through joint procurement:

- Integrating and aligning fare policies to provide seamless customer experience.
 - While all bus agencies in Northern Virginia that currently charge fares participate in SmarTrip, offering a seamless fare payment experience with WMATA, our region's bus agencies are not currently included in WMATA's rail pass products. The WMATA Board approved the inclusion of local bus agencies in WMATA pass products in 2021, pending a revenue sharing agreement between providers.
- Accelerating back-office upgrades to ensure SmarTrip is capable of handling emerging fare products and policies, such as fare capping, and being a viable option for commuter rail transit agencies.
 - Fare capping gives frequent riders the savings of a monthly, weekly or daily pass without having to pay the full cost of that pass up front. It is automatically applied after a rider has spent a certain amount over a given time period, ensuring that all riders are able to take advantage of existing pass discounts through a pay-as-you-go model.
 - WMATA announced in September 2024 a goal to implement an open payment system by World Pride 2025.⁹
- Coordinating among regional partners to enhance real-time bus information, including integration and technical support, across transit agencies.
- Ensuring that joint procurements for transit technologies do not monetarily penalize smaller agencies for purchasing fewer units.

While joint procurement already exists with WMATA and transit agencies in Northern Virginia, they should collaboratively continue to explore opportunities to participate in joint procurements that find cost efficiencies and improve a seamless customer experience while maintaining local agency autonomy.

8. Formalize the functions and scope of a WMATA Board audit committee to enhance oversight via a coordinated jurisdictional audit.

Recommendation directed to the Commonwealth of Virginia, State of Maryland, District of Columbia and the WMATA Board.

WMATA, as a federally funded public transit agency, is subject to a number of audits and oversight efforts by external organizations. For example, congressionally mandated oversight actions are guided by and/or directly conducted by the Federal Transit Administration and include procurement, asset management and financial management oversight. WMATA also has an independent OIG and an internal function for quality assurance, internal compliance and oversight.¹⁰ The funding jurisdictions of the WMATA Compact exercise oversight through their WMATA Board members, and the funding jurisdictions also have the right to conduct audits of WMATA. In any organization, it is important to have the appropriate controls in place to ensure that staff are following the proper procedures. Auditing is a vital component of oversight and, in a complex funding and governance structure like WMATA, the funding jurisdictions have a role to play in auditing areas of jurisdictional concern, namely WMATA's jurisdictional subsidy and budget process.

In the past, these kinds of jurisdictionally directed audits typically covered the subsidy allocation process. For WMATA, audits directed by individual funding jurisdictions have historically been intermittent and lacked coordination among the other Compact funding jurisdictions. At present, jurisdictional audits lack consistent objectives, do not share the same scope of work and have the potential to yield different findings with conflicting recommendations. Multiple uncoordinated audits also pose an additional administrative burden for WMATA, who must spend staff time responding to jurisdictional audits which often ask for the same information.

As conversations on the topic advance at DMVMoves, NVTC recommends the funding jurisdictions exercise their audit rights in a coordinated fashion that adds value and minimizes WMATA's administrative burden. To accomplish this, one option is for the WMATA Board to create an advisory committee (which is allowable per the Compact and would require either action by the Board or amendments to the WMATA Board Bylaws) composed of key regional financial staff. This advisory committee would represent a steering committee of jurisdictional interests in any audit effort that could be managed by WMATA staff. As part of this effort, the WMATA Board could formalize its already active and ongoing audit activities by amending its bylaws accordingly and assigning the audit committee the responsibility to liaise with a new jurisdictional audit committee.

9. Manage labor cost escalation through reforms to pension and other post-employment benefits (OPEB).

Recommendation directed to WMATA and labor unions.

WMATA made significant progress in managing labor cost escalation in early FY 2025 by negotiating and executing a new four-year (FY 2025 to FY 2028) collective bargaining agreement (CBA) with Amalgamated Transit Union (ATU) Local 689, the largest of WMATA's labor unions.¹¹ The CBA stipulates a wage freeze for the first year (matching the wage freeze for non-represented employees) while years two and three provide for a 3.0% general wage increase and year four includes a 3.5% wage increase. While no cost-of-living adjustment (COLA) is provided in the first year of the agreement, years two through four will see a COLA paid only if the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) exceeds the general wage increase for the relevant year up to a maximum combined total increase of 5.0%. Other CBA provisions include a limit for hours worked to align with industry standards, enhanced healthcare benefits and elimination of the work

train (which carried station managers to and from their assigned locations before the station opens and after it closes). Elimination of the work train allows for WMATA to more efficiently conduct railway maintenance during the overnight maintenance window.

While the new CBA with ATU Local 689 made progress in controlling cost growth through wages, there remain opportunities to address longstanding issues with pension and other post-employment benefits as additional contracts are negotiated. Prior reports on WMATA, like the “Review of Operating, Governance, and Financial Conditions at the Washington Metropolitan Area Transit Authority” authored by former Transportation Secretary Ray LaHood in 2017 (“2017 LaHood report”), found that WMATA’s hourly labor costs are mostly average when compared to large peer transit agencies but recommended several areas to manage costs and increase productivity in labor contracts that remain largely unfulfilled today.¹²

- **Increase worker contributions to pensions and OPEB to reflect national averages**

The 2017 LaHood report found that WMATA’s unionized workers contribute about 3% of pay towards their pension, which is well below the national average for workers with similar pensions.¹³

- **Limit or prohibit overtime earnings towards retirement pay.**

The 2017 LaHood report found that WMATA counts workers’ overtime earnings toward retirement benefits with no cap, which many other agencies either cap or prohibit.¹⁴

- **Implement OIG findings to improve controls and governance and explore alternative retirement plans for new employees in the next collective bargaining agreement.**

In 2022, WMATA’s OIG found that improvements were needed in governance of WMATA’s defined benefit pension plans and that examination of alternative retirements for new employees was needed. WMATA staff agreed with the findings and recommendations of this investigation and noted that it would need to be addressed in the next round of collective bargaining, which is currently in progress.¹⁵

Beyond improvements to pension management and OPEB in collaboration with labor unions, WMATA also has significant opportunities to control labor costs through reducing overtime hours and more closely aligning overtime expenses with budgeted amounts. In FY 2023, overtime expenses were 91% over budget and totaled \$169.6 million.¹⁶ Through the third quarter of FY 2024, overtime pay comprised 10% (\$113.4 million) of personnel expenses and were 42% over budget.¹⁷ WMATA budgeted for \$118.7 million for overtime expenses in its FY 2025 budget which represents a 21.3% increase from FY 2024 budgeted levels but significantly less than actual expenses in FY 2024. The inclusion of limits to overtime in the recent CBA offers WMATA an opportunity to continue managing overtime expenses.

10. Require consideration of Metro’s fiscal condition in binding arbitration.

Recommendation directed to Congress.

CBAs are negotiated between management and labor, and if both parties agree, the result is called a negotiated CBA. If both sides cannot agree, then the Compact calls for both parties to enter binding arbitration, where, if negotiations continue at an impasse, an arbitration panel will determine the

outcome.¹⁸ The National Capital Area Interest Arbitration Standards Act of 1995, known as the “Wolf Act,” governs the actions of arbiters in labor disputes involving transit agencies operating in the national capital area.¹⁹ WMATA has found that in prior cases the arbiter has not adequately considered WMATA’s financial capacity. While not often used, amending the Wolf Act to require consideration of WMATA’s fiscal condition as part of the arbitration process is an important long-term component in resolving the long-term structural operating gap that WMATA faces.

DRAFT

Ongoing Efforts and Accomplishments at WMATA

The recommendations in this report offer WMATA and the region strategies to address long-term funding, cost containment and growing revenues. Over the last six years, NVTC through its annual report has advocated for a series of strategies to reduce the growth in costs and to improve the efficiency of WMATA operations. The efforts and accomplishments in this section offer insights into how WMATA has been responsive to NVTC’s recommendations over time.

Ongoing Efforts and Accomplishments at WMATA

1. Communicate the results of efforts to find cost savings and efficiencies.
2. Continue to increase non-fare revenues.
3. Mitigate and report on the occurrence and fiscal impacts of fare evasion.
4. Redesign the Metrobus network to find efficiencies and cost savings.
5. Update the way WMATA allocates Metrobus subsidies.
6. Continue to enhance the physical safety and security of customers.
7. Continue efforts to improve transparency and reporting.

1. Communicate the results of efforts to find cost savings and efficiencies.

WMATA has made significant progress in demonstrating its commitment to reducing costs and finding savings in the areas it can control. A critical means to provide confidence to its funders, WMATA has communicated the ways in which it has sought cost savings both in its FY 2025 budget process and thereafter, including to the General Assembly’s SJ 28 Joint Subcommittee.²⁰

In FY 2024, WMATA made progress in installing new, higher fare gates at all 98 Metrorail stations and 1,500 new fare boxes on its buses which both provide opportunities to capture more revenue. The FY 2025 budget includes targeted service reductions on holidays, adjusting peak service to align with ridership and operating more six-car trains. The Better Bus Network will bring efficiencies on the bus side by increasing ridership without additional costs.²¹

WMATA has also shared strategies the agency is pursuing to continue to advance cost savings through technology, space efficiency (e.g. call center

Cost Savings Strategies at WMATA

Recurring savings from management action



Source: WMATA

FY 2025 fare increases on rail and bus



Source: WMATA

consolidation), procurement and operations such as automatic train operation and returning to design speeds across the Metrorail system.

2. Continue to increase non-fare revenues.

Non-fare revenues account for a small portion of operating revenues for transit agencies in the U.S. yet offer a useful tool to lower the required subsidy. In FY 2025, WMATA's non-fare revenues were budgeted to account for 4.3% of operating expenses and totaled \$100.5 million.²² Non-fare revenues for WMATA include joint development projects, advertising, parking, fiber optics, property leases and other non-transit revenues.

WMATA has one of the most robust joint development programs in the U.S. among transit agencies. However, unlike most joint development efforts elsewhere, WMATA's program raises minimal revenues directly for its operating budget. The localities in which joint development projects occur benefit from increases in property tax revenues among other benefits. As of 2022, WMATA completed 55 joint development projects that collectively generate \$194 million in annual state and local tax revenue and close to five million additional Metro trips annually.²³ Completed joint development projects accumulate between \$8-22 million in annual lease revenue to WMATA.²⁴ In FY 2024, WMATA approved two more joint development agreements, opened three solicitations and received four unsolicited proposals in addition to beginning construction on three projects.²⁵ WMATA should continue to expand joint development as well as advertising and parking revenues by utilizing its 10-Year Strategic Plan for Joint Development and growing ridership trends. Jurisdictional partners play a role in expanding joint development by providing supportive land use and zoning tools and policies, investing in site infrastructure and providing other incentives.

WMATA should explore revenue generating opportunities such as physical and data infrastructure enhancements. Land is WMATA's most valuable physical asset and while progress has been made through the various joint development projects over the years, there is an opportunity to convert underutilized parking lots not slated for joint development. WMATA could lease or rent parking spaces to fleet operators, to tour bus companies or for special events on weekends. WMATA's most valuable data comes from SmarTrip cards and accounts. There are six million SmarTrip cards in circulation²⁶ and the SmarTrip app generates valuable information to advertisers and can be monetized. There will be many factors to consider like ensuring this effort does not violate privacy policies, but there is potential in this space to create a revenue stream for WMATA.

3. Mitigate and report on the occurrence and fiscal impacts of fare evasion.

Enforcing fare payment is critical to creating a safe, secure and financially sustainable transit system. Along with the sharp decline in ridership during the pandemic, WMATA also saw an increase in fare evasion. Between January 2023 and June 2023, average monthly percentage of Metrorail riders who evade the fare hovered near 12%, but this figure dropped to 9% in FY 2024 (12.6% in Maryland, 8.9% in the district and 5.3% in Virginia) and continued to fall to just under 4% in early FY 2025.²⁷ This was achieved by fare enforcement and the installation of new, higher fare gates across the entire Metrorail system in FY 2024 which led to an 82% drop in fare evasion.²⁸

WMATA also installed new fareboxes on 1,500 buses, replacing many malfunctioning fareboxes that did not offer the ability to pay even for riders who wanted to. As of September 2024, the Metro Transit Policy Department (MTPD) issued over 10,000 fare evasion citations, arrested more than 250 individuals stopped for fare evading and found to have open warrants and recovered 16 guns in the

Mitigating Fare Evasion

New faregates at all Metrorail stations



Source: [WMATA](#)

New fareboxes to capture more revenue



Source: [WMATA](#)

calendar year.²⁹ While progress is being made on fare evasion on Metrorail, fare evasion on Metrobus approaches 70% systemwide, which is nearly double the 34% systemwide fare evasion rate that occurred between July 1, 2021 and December 31, 2021.³⁰

The MTPD, not bus operators or station managers, is responsible for enforcing fare payment, and the MTPD must follow the fare evasion laws of each respective state or local government within which they operate. These laws vary from a civil or a criminal offense in Virginia and Maryland jurisdictions, depending on the city or county. While the pandemic accelerated fare evasion trends, increasing levels of fare evasion were underway due to the policy changes in the district.

Fare enforcement policy in the district has varied greatly over the last five years. In the district, fare evasion was a criminal offense until the Council of the District of Columbia decriminalized fare evasion to a civil offense in 2019. Between 2019 and 2022, fare evasion in the district was unenforceable by MTPD because the district had not completed an adjudication process to allow MTPD to enforce fare evasion as a civil fine. When fare enforcement restarted in November 2022 after the completion of

this process, MTPD could engage an individual in the district who did not pay the fare but were unable to compel compliance, severely limiting enforcement efforts.³¹ With the passage of the Secure DC bill in 2024, MTPD has been able to require those stopped for fare evasion to provide their true name and address, allowing officers to issue civil citations.

WMATA should continue to report on the occurrence and fiscal impacts of fare evasion so that the WMATA Board, funding partners and policymakers can make informed policy decisions. NVTC recommends WMATA provide periodic briefings to the Finance and Capital Committee on the fiscal impacts of fare evasion by mode and by jurisdiction. In the fall of 2023, WMATA began providing data on the occurrence of fare evasion on Metrorail on its public data portal.³² NVTC encourages WMATA to extend this commitment to transparency on fare evasion data on Metrobus.

4. Redesign the Metrobus network to find efficiencies and cost savings.

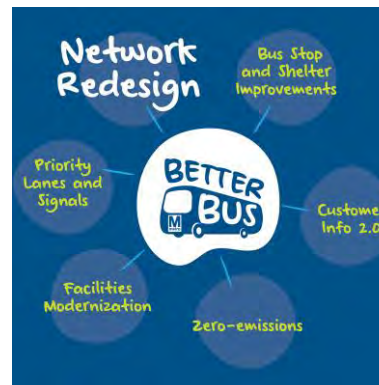
Historically, Metrobus and Metrorail have operated as two separate systems.³³ This was driven by relatively low fares for Metrobus, a partial transfer discount that penalized transfers between bus and rail and policy decisions by the region and the WMATA Board that intentionally operated Metrobus routes that duplicated Metrorail service. The 2017 LaHood report recommended a comprehensive reset of the Metrobus system that re-examines the entire system of bus routes, schedules and operating practices to find efficiencies, save money and improve service.³⁴ WMATA began a comprehensive redesign process with the launch of the Better Bus Network Redesign³⁵ in the fall of

2022, which aims to build a more efficient bus network for Metrobus in collaboration with regional transit agencies.

In 2023, the Better Bus Network Redesign developed a draft visionary network toward which the region could grow incrementally as resources become available. In 2024, WMATA began engagement with the region on a resource-neutral 2025 Better Bus Network that offers the WMATA Board the opportunity to achieve the goals set out in the LaHood report. With a fully funded transfer discount between bus and rail, the Bus Network Redesign can allow WMATA to move from two siloed transit systems into a more integrated transit system. After Board approval in November 2024, WMATA intends to begin implementation of the Year One Network in summer 2025.

Redesigning Metrobus

The Better Bus Initiative



Source: [WMATA](#)

5. Update the way WMATA allocates Metrobus subsidies.

Since its founding, WMATA has used a subsidy allocation formula to determine how costs to operate Metrobus service are allocated among the Compact funding jurisdictions. The Metrobus service network has changed significantly since the last major formula update in 1998, and it has changed even further with recent changes during and after the COVID-19 pandemic. The underlying fundamentals of the formula created a broken system that is inconsistent and unpredictable to partners, provided distorted incentives around service provision, inhibited the use of external grant sources to pay for service, disincentivized jurisdictions from taking action on fare evasion and made targeted service changes and how they were paid for unnecessarily complex and fraught with veto points. The 3% operating subsidy cap exacerbated many of these issues and significant Metrobus service changes since the pandemic have resulted in an even greater distortion between service provision and individual jurisdictions' subsidies.

After extensive engagement with the funding jurisdictions, the WMATA Board approved new subsidy allocation formulas for both Metrobus and Metrorail in November 2024. The new Metrobus subsidy allocation formula, which better links levels of service with the amount of subsidy provided and offers incentives for paid ridership, is a critical component of the Better Bus Network Redesign, another key initiative approved in November 2024.

6. Continue to enhance the physical safety and security of customers.

WMATA and the MTPD have implemented specific crime-reduction strategies to address crime and disorder within the entire WMATA system.³⁶ Specifically, these include increased police visibility, enforcement activities, local partnerships, enhanced community relations programs and the continued problem-oriented policing approach to address crime and public safety. In February 2023, District of Columbia Mayor Muriel Bowser and WMATA General Manager Randy Clarke announced a joint partnership between MTPD and the DC Metropolitan Police Department to increase police presence throughout the WMATA system, particularly during rush hour.³⁷

The MTPD has hired crisis intervention specialists who are deployed daily throughout the system, with priority locations driven by police data. The crisis intervention team adds more visibility to the system, conducts wellness checks and provides resources to customers experiencing a mental health crisis.³⁸ In addition, all MTPD officers carry naloxone, a lifesaving drug to prevent death and

drug overdoses.³⁹ WMATA also holds monthly Youth Advisory Council Meetings and pop-up events in the community and delivered 210 anti-theft steering wheel locks.⁴⁰ In FY 2024, WMATA deployed over 100 special police officers on trains and platforms, had its crisis intervention specialists handle over 11,800 interactions and held over 730 community outreach events in partnership with local police agencies.⁴¹ As a result of these efforts, Part I crime (larceny, motor vehicle theft, robbery, aggravated assault) fell 14% between FY 2023 and FY 2024.

WMATA should continue its focus on enhancing safety and security efforts by engaging the community, targeting enforcement efforts and increasing police visibility on buses, trains and in stations as well as continuing partnerships with local jurisdictions to tackle crime on the system.

7. Continue efforts to improve transparency and reporting.

Since 2018, WMATA has provided or improved upon data and reporting, most notably through the following:

- Capital Program Documents: Quarterly Capital Improvement Plan (CIP) Progress reports, Capital Needs Forecast, Detailed CIPs, etc.⁴²
- Ridership Data Portal: Metrorail, Metrobus, and parking ridership data, trends, and snapshots, including tap and no-tap data for Metrorail.⁴³
- MetroPulse: An interactive web tool that provides real-time customer info and system performance data.⁴⁴
- Financial and Performance Quarterly Reports: Improvements to the quality and quantity of Quarterly Financial reports and Performance reports.⁴⁵
- Metrobus Annual Line Performance Report: reporting on the performance of bus service against the metrics in the Metrobus Service guidelines.⁴⁶
- Open Data Hub: links to interactive dashboards, performance reporting, downloadable data and guidance on how to get the most out of Metro's data resources.⁴⁷

Through legislation, grant agreements, and Board direction, WMATA provides a great deal of reporting to federal, state, regional and local stakeholders. NVTC recommends that WMATA continue its ongoing efforts to improve transparency and reporting. NVTC suggests that WMATA continue publishing information in open data portals, as this promotes transparency and can reduce the administrative burden of generating reports. When compared to peers, an area for improvement is for WMATA to continue making its website more user-friendly for the volume of reports and data it generates. New York MTA's website provides a peer example with a transparency landing page that consolidates performance data and related information.⁴⁸

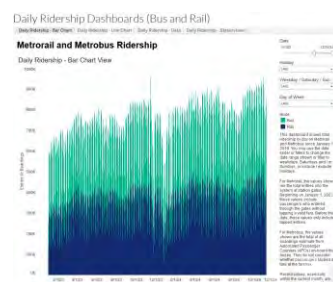
Improving Transparency and Reporting

Quarterly Progress Reports



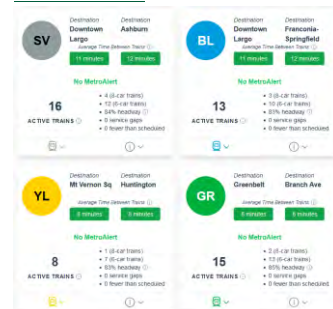
Source: [WMATA](#)

Daily Ridership Dashboard



Source: [WMATA](#)

MetroPulse



Source: [WMATA](#)

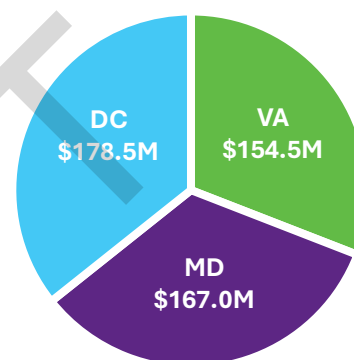
3. Use of Dedicated Capital Funds

In 2018, the Commonwealth of Virginia, the State of Maryland and the district worked together to commit \$500 million a year in dedicated funding for capital investments at WMATA. Virginia's annual portion of this dedicated capital funding is \$154.5 million, with the district and Maryland providing the remaining portions. While this dedicated capital funding strengthens WMATA's ability to embark on large, multi-year capital investments designed to address significant state of good repair needs, it is not inflation adjusted and has seen its purchasing power eroded over time, contributing to WMATA's pending capital program funding cliff. WMATA provides detailed reporting and information about its capital program on its website.⁴⁹

WMATA's Capital Fund

The WMATA Capital Fund is Virginia's share of regional dedicated capital funding that was established in 2018. Virginia's dedicated capital funding supports WMATA's capital investments and project delivery across the system and can be used for any capital purpose. Of the \$154.5 million from Virginia, most of the funding is bondable and is provided to an unrestricted account at WMATA. Funding that is not bondable is provided to a restricted account at WMATA. The WMATA Capital Fund is established in and protected by state code. DRPT manages and provides the funding directly to WMATA through a grant agreement that ensures a predictable and reliable flow of funding.⁵⁰

Regional Share of the \$500 Million in Dedicated Capital Funding



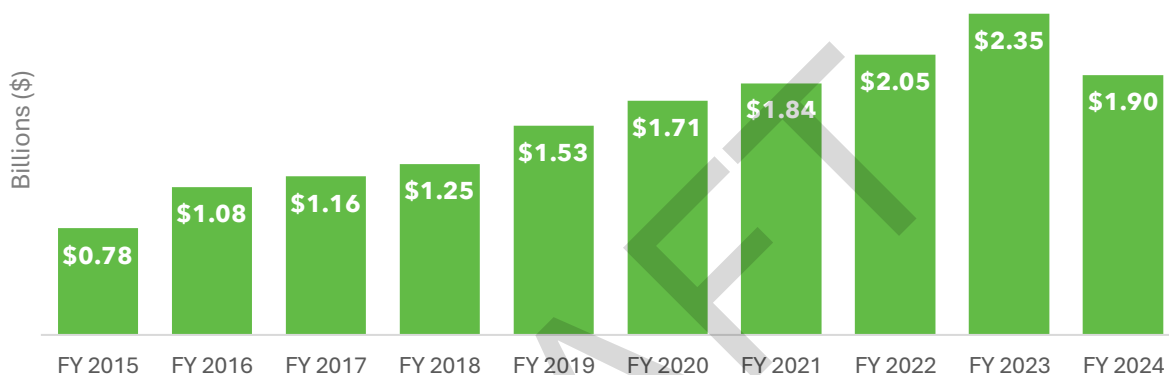
Sources of Revenue

The WMATA Capital Fund is administered by DRPT and is primarily comprised (about 80%) of local revenues or regional revenue streams generated from the Northern Virginia Transportation District. On an annual basis, the WMATA Capital Fund consists of the following sources:

- Local Support:** The cities of Alexandria, Fairfax and Falls Church and the counties of Arlington, Fairfax and Loudoun directly contribute a total of \$27.12 million in local funding directly to DRPT. The allocation of the \$27.12 million between the cities and counties is determined by their respective shares of WMATA's capital budget.
- Regional Gas Tax:** A fixed portion, \$22.183 million, of the regional gas tax in the Northern Virginia Transportation District is directed to the WMATA Capital Fund.
- Regional Grantors Tax and Regional Transit Occupancy Tax:** Within the Northern Virginia Transportation District, the revenues created by a 3% transient occupancy tax and \$0.10 per \$100 of assessed value grantor's tax are directed to the WMATA Capital Fund. These sources are revenue streams, so they do not provide a fixed amount into the fund.
- Restricted Account:** This account is not bondable and is comprised of state funds. It includes a fixed \$20 million in state-wide recordation taxes from the Northern Virginia Transportation District Fund and a portion of the state-wide Motor Vehicle Rental Tax.

WMATA's Capital Program

In FY 2016, WMATA's overdue state of good repair needs were estimated at \$6.5 billion and were estimated to drop to \$4.1 billion by FY 2024.⁵¹ Over the last decade, however, WMATA ramped up its annual capital expenditures to deliver major construction projects that address the state of good repair backlog and other modernization needs. With a sustained focus on capital renewal made possible by the ability to issue bonds backed by dedicated capital funding, WMATA has more than doubled its capital expenditures to a record high \$2.35 billion in FY 2023 before a drop to \$1.9 billion in FY 2024 (Figure 3).⁵²



Source: WMATA Capital Improvement Program Progress Report Fiscal Year 2024 Quarter 4

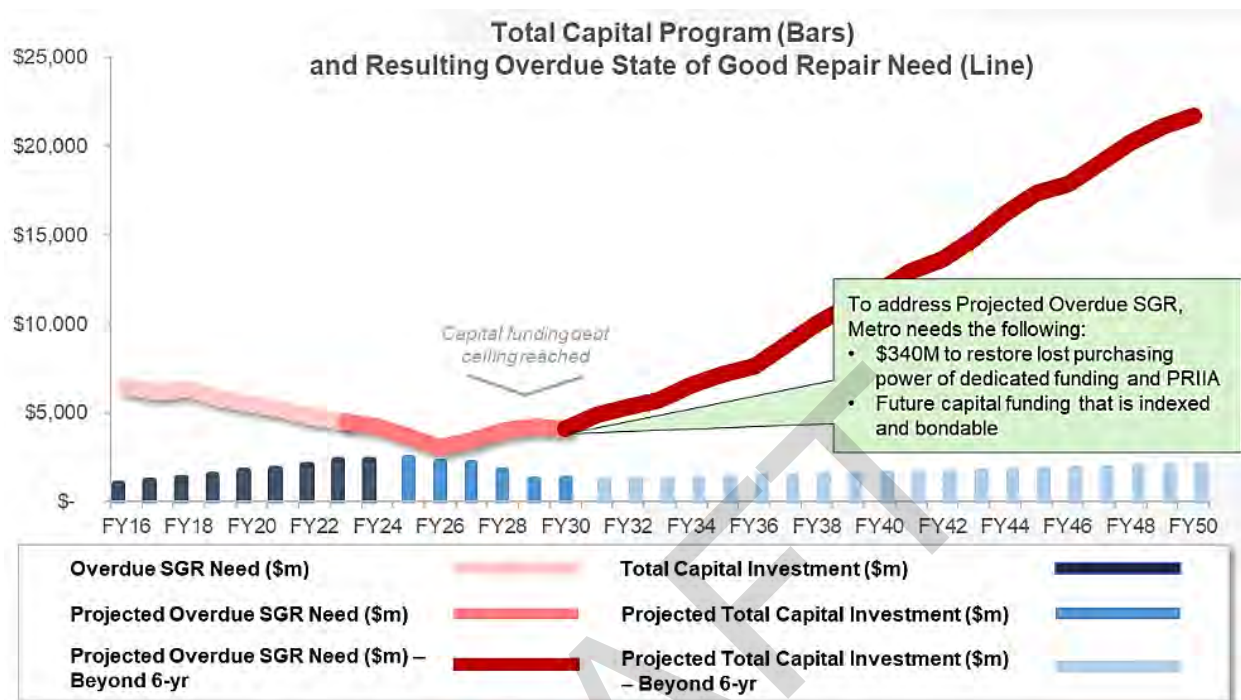
Figure 3: WMATA Annual Capital Expenditures from FY 2015 to FY 2024

Since the funding's inception, WMATA has authorized over \$3.6 billion in dedicated capital funding bonds, which will be paid for with current and future dedicated capital funding revenues.⁵³ Dedicated capital funding debt capacity is anticipated to be exhausted by about FY 2028. At this exhaustion point the dedicated funding revenue streams will be almost entirely allocated to paying debt service and will not be able to support further state of good repair and modernization work in the capital program.

Although WMATA is not projected to reach its debt ceiling until about FY 2028, limited future capital funding has an impact on the agency's current capital budget. WMATA's current, proactive approach within its capital program enabled planning for asset replacement before failure. Without additional funding to support the capital program, WMATA will be forced to return to a reactive approach – as was done before the 2018 Dedicated Funding Agreement – which will require prioritizing corrective maintenance actions over preventive maintenance. After approximately FY 2028, WMATA would see its overdue state of good repair needs grow significantly after a steady decline from FY 2016 to FY 2024 (Figure 4).

WMATA uses several sources to fund its capital program including federal funding, regional dedicated funding, state and local contributions and other sources. As required by law, NVTC must include the uses of funds from the WMATA Capital Fund (Virginia's share of the dedicated capital funding) from the prior fiscal year in this report. Table 1 shows the actual expenditures of the fund for FY 2024 by Capital Improvement Plan (CIP) Program Area attributable to Virginia's portion of the dedicated

capital funding. WMATA provides additional information on progress made in the overall capital program during FY 2024 in WMATA’s Quarter 4 FY 2024 Capital Improvement Program Progress Report.⁵⁴



Source: WMATA Finance and Capital Committee Presentation, October 24, 2024

Figure 4: Forecasted Capital Program Deficit Threatens State of Good Repair Progress

Table 1: FY 2024 Expenditures from the Virginia WMATA Capital Fund by CIP Program

CIP Category	CIP Program	FY 2024 Expenditures (millions)
Railcar Investments	Acquisition	\$0.2
	Maintenance/Overhaul	\$31.2
	Maintenance Facilities	\$0.8
	Subtotal	\$32.2
Rail System Investments	Power	\$4.5
	Signals & Communications	\$10.0
	Subtotal	\$14.4
Track and Structures Rehabilitation Improvements	Fixed Rail	\$10.2
	Structures	\$2.8
	Subtotal	\$12.9
Stations and Passenger Facilities Investments	Platforms & Structures	\$5.6
	Vertical Transportation	\$1.0
	Station Systems	\$15.5
	Subtotal	\$22.0
Bus and Paratransit Investments	Acquisition	\$0.6
	Maintenance/Overhaul	\$6.9
	Facilities	\$0.1
	Passenger Facilities/Systems	\$1.4
	Subtotal	\$9.0
Business Support Investments	Information Technology	\$10.6
	MTPD	\$0.2
	Support Equipment/Services	\$10.5
	Subtotal	\$21.4
Total Virginia Dedicated Funding expended through June 30, 2024		\$112.0
FY 2024 Dedicated Funding expended		\$102.7
Prior Year Dedicated Funding expended		\$9.2
Debt Service		\$51.0
Remainder of FY 2024 Dedicated Capital Funding expended after FY 2024		\$0.7
Total FY 2024 Virginia Share of Dedicated Funding		\$154.5

Source: WMATA Quarter 4 FY 2024 Capital Improvement Program Progress Report

Note: Totals may not add due to rounding. Due to the timing of the publication of this report, these expenditures are preliminary and do not represent final audited expenditures.

In FY 2024, WMATA invested \$1.9 billion in capital projects with a priority to invest in state of good repair projects. Significant FY 2024 capital accomplishments supported by dedicated capital funding included:

Station and Passenger Facilities Investments

CIP program category: Stations and passenger facilities

WMATA made significant progress across several efforts in FY 2024 related to station and passenger facilities. WMATA completed installation of over 1,500 new fareboxes on buses and new fare gates at all 98 stations across the Metrorail system. Each Metrorail station now has more secure, retrofitted faregates that has, as of early FY 2025, led to an 82% drop in fare evasion.⁵⁵

Under WMATA's Bike Parking Equipment Project, seven station restorations were completed including two in Virginia: Tysons Corner and Greensboro. More stations are planned for restorations in FY 2025, improving access to the Metrorail stations.

In FY 2024, the Vertical Transportation Program replaced 33 escalators while 30 are still in progress, and three were rehabilitated. Escalator availability, a metric tracked in WMATA's Service Excellence Report, reached 94.5% availability in Q4 while elevator availability in the rail system reached 98.2% availability, largely driven by faster repair times.

Metrobus Fleet Reliability

CIP program category: Bus, bus facilities and paratransit

In FY 2024, 41 new, clean-diesel 40-ft buses were delivered along with three battery-electric 60-ft buses which improve customer experience and enhance operational savings by replacing buses at the end of their useful life. WMATA is in the process of working on a new bus contract.

Regarding bus maintenance, WMATA successfully rehabilitated 98 buses in FY 2024 out of a planned 100. Metrobus maintenance investments ensures state of good repair in which it supports the performance goal of 8,000 miles between failures for bus reliability.

Bus Garage Modernization Program

CIP program category: Bus, bus facilities and paratransit

Construction activities continued at the Northern Bus Garage Facility, which will be rebuilt to accommodate up to 150 buses and will support electric bus operations and maintenance. Foundation work started in May, while steel work is set to start in Q1 FY 2025. This project replaces the obsolete Northern Bus Garage to address structural deficiencies and improve use of limited facility space. The new facility will be designed to achieve LEED certification and retain the historical

Battery Electric Buses

[WMATA received three battery-electric buses in FY 2024](#)



Source: Northern Virginia Transportation Commission

façade, provide multiple access points and parking for approximately 150 buses and incorporate potential retail or public space.

Radio Project and Automatic Train Operation

CIP program category: Rail systems investments

WMATA continued to advance several signals and communications projects in FY 2024. The 800MHz radio system for Arlington County is ongoing with targeted completion in FY 2025. This project will provide voice and data communications in above- and below-ground sections of the WMATA operating area for both WMATA and first emergency responders.

Another critical rail systems project is the return to Automatic Train Operation (ATO), which aligns with WMATA's safety goals. ATO will lead to a decrease in red signal overturns and provide energy-saving enhancements through optimized acceleration and braking. The project is on track to complete testing on the Red Line in Q1 FY 2025 after having passed all safety-critical milestones in FY 2024. The target completion timeframe for ATO on all Metrorail lines is Q4 FY 2025.

Track and Structures Rehabilitation Work

CIP program category: Track and structures rehabilitation

While progress was made in track and structures rehabilitation work, only \$236.7 million of a planned \$397.1 million was expended in FY 2024. WMATA met or exceeded its target completion percentage in 11 of 15 component activities including third rail insulator replacement, joint elimination and track stabilization. All structure rehabilitation work met its target completion percentage in FY 2024 which includes enhancements such as grout pad rehabilitation and track signage.

Railcar Fleet Rehabilitation and Acquisition

CIP program category: Railcar and railcar facilities

In FY 2024 the 7000-series Wheelset Replacement Program (WRP) completed a total of 220 cars, exceeding the planned 180 for the year. The program is expected to be completed within three years, which is progressing ahead of schedule. 2000-series railcars were officially retired in FY 2024 having fulfilled their expected useful life after being introduced into the system in the 1980s.

WMATA made progress in the acquisition of 8000-series railcars in FY 2024 which are designed to enhance customer experience with open gangways and modernized technology. Due to scope changes in the open gangway system and Enterprise Video System (EVS) to align WMATA with peer transit systems around the world, the project milestones and timeline are under review with Hitachi.

4. Safety, Reliability, Financial Performance and Ridership Data

This chapter provides reporting on key safety, reliability, financial and ridership metrics. Data included in this chapter (Table 2) come from the National Transit Database (NTD) and WMATA performance reports. Until FY 2024, WMATA published Metro Performance Reports (MPR) but now publish quarterly and annual Service Excellence Reports (SER) to align with its Strategic Transformation Plan (STP), adopted in January 2023.⁵⁶ While this report uses the most recently available data, some NTD data lag 12 to 18 months due to the extensive auditing of these data.

Table 2: Data Sources and Years Presented

Category	Most Recent Data Available	Source
Safety	Calendar Year 2023	NTD
Reliability	Fiscal Year 2024 (July 1, 2023 – June 30, 2024)	SER
Financial Performance	Fiscal Year 2023 (July 1, 2022 – June 30, 2023)	NTD
Ridership	Fiscal Year 2023 (July 1, 2022 – June 30, 2023)	NTD

Safety

Safety data are collected by each transit agency and reported to the NTD, which provides common reporting definitions and has a robust data quality assurance and auditing process. Transit systems seek to minimize the frequency of all safety events. The Safety & Security (S&S) Time Series presents safety and security data through the S&S-40 form (Major events) and the S&S-50 form (Non-Major events). NTD measures transit safety by summarizing the total occurrences, Major and Non-Major, of certain safety events for rail and bus operations that include collisions, derailments (for rail only), fatalities, fire, injuries and security events.

The counts represented in Table 3 and Table 4 are totals for each category from when they were accessed from NTD. This time series data is subject to a validation process and current and previous years' data may be revised by transit agencies based upon additional information or upon request by NTD analysts.⁵⁷ The following tables show the data as it was accessed in September 2024 and may show slightly different results for earlier calendar years than those shown in previous NVTC reports. It is important to note that safety data provided in this section includes calendar years 2020, 2021 and 2022, which reflect ridership and service impacts due to the COVID-19 pandemic. CY 2021 and CY 2022 data included the October 2021 Blue Line derailment and subsequent removal of 7000-series railcars from service.

Table 3 and Table 4 summarize the total count of each type of Metrorail and Metrobus safety event and incidence per ten million revenue miles (VRM) for calendar years 2020 through 2023.

Table 3: Metrorail Safety

NTD Category	Safety Event	CY 2020	CY 2021	CY 2022	CY 2023	CY 2020 – CY 2023 Rate over Time
Events	Collision	10	9	7	11	1.50, 1.30, 1.31, 1.20
	Derailment	4	4	5	7	0.60, 0.58, 0.94, 0.76
	Security Event	49	70	72	96	7.37, 10.11, 13.52, 10.48
	Fire	39	43	39	37	5.86, 6.21, 7.33, 4.04
Fatalities	Fatality	6	6	3	8	0.90, 0.87, 0.56, 0.87
Injuries	Injury	188	205	229	261	28.27, 29.61, 43.01, 28.48

Source: WMATA NTD Report, Forms S&S-40 and S&S-50. Accessed September 11, 2024.

Table 4: Metrobus Safety

NTD Category	Safety Event	CY 2020	CY 2021	CY 2022	CY 2023	CY 2020 – CY 2023 Rate over Time
Events	Collision	98	137	149	180	37.56, 40.52, 39.91, 47.34
	Derailment	N/A	N/A	N/A	N/A	
	Security Event	31	36	43	61	11.88, 10.65, 11.52, 16.04
	Fire	1	4	3	0	0.38, 1.18, 0.80, 0.00
Fatalities	Fatality	1	6	4	1	0.38, 1.77, 1.07, 0.26
Injuries	Injury	238	330	320	391	91.21, 97.60, 85.71, 102.83

Source: WMATA NTD Report, Forms S&S-40 and S&S-50. Accessed September 11, 2024.

Reliability

Reliability data are obtained from WMATA's Service Excellence Report and accompanying data file published to the WMATA website.⁵⁸

The data included in this report cover the fiscal years (July 1 - June 30) 2021 to 2024 unless otherwise noted. The reliability of a transit system may be measured by its punctuality and equipment dependability. Reliability metrics used by WMATA include:

1. **On-time performance (OTP)** is the rate at which a transit system carries passengers to their destination on time and is used to evaluate the timeliness of travel for both rail and bus operations.
2. **Mean distance between failures (MDBF)** is the average number of miles traveled before a railcar or bus experiences a failure. Some railcar failures do not result in a delay of service. For Metrobus, a failure implies an interruption of revenue service.

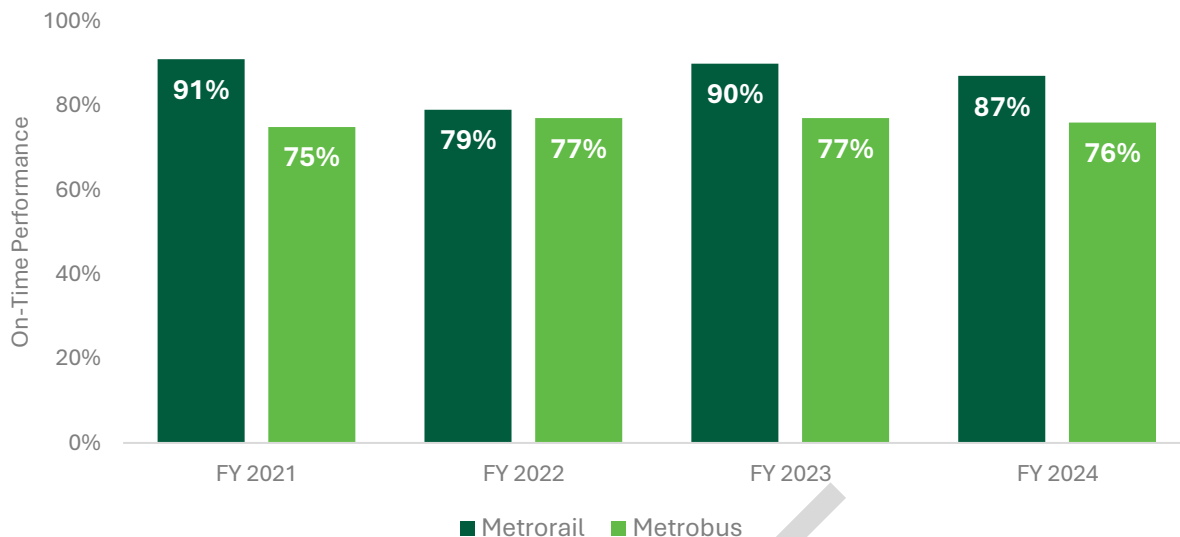
On-Time Performance

OTP is measured differently for Metrorail and Metrobus. Metrorail customer OTP measures the percentage of customers who complete their journey within the maximum amount of time it should take per WMATA service standards. These standards vary by line, time of day and day of the week and are informed by a customer's entry and exit from the system. A description of the measurement methodology is contained in the appendix. Figure 5 summarizes Metrorail OTP in FYs 2021 to 2024.

Following the October 2021 derailment and removal of 7000-series trains from service, WMATA saw a decrease in Metrorail OTP from 91% in FY 2021 to 79% in FY 2022. Wait times were doubled as Metrorail service was cut in half, but OTP began to recover as 7000-series trains were reintroduced and service increased in the second half of FY 2022 and into FY 2023. This improvement is reflected in the FY 2023 Metrorail OTP of 90%. Despite a slight drop to 87% in FY 2024, WMATA implemented systemwide automatic door operation in July 2024 and announced plans to roll out automatic train operations in 2025 which will create significant time savings across the Metrorail system.⁵⁹

FY 2022 Metrobus data exclude three days of data due to data collection errors as well as data from January 1, 2022 to February 6, 2022 due to operator absences from the COVID-19 Omicron surge that required a shift to Saturday service schedules during the week that prevented accurate measurement of on-time performance. All other data are reported for the full fiscal year.⁶⁰

Metrobus OTP remained approximately level at 76% OTP in FY 2024, just below WMATA's target of 77%. Despite just missing the target for FY 2024, WMATA cited increasing bus speeds from 2-5% on routes benefitting from the Clear Lanes project in the district, highlighting the importance of dedicated travel lanes for buses for on-time performance.⁶¹ Clear Lanes is an initiative between WMATA and the District Department of Transportation (DDOT) that aims to improve bus travel times and enhance bus stop safety by using camera technology to identify illegally parked and stopped vehicles in dedicated bus lanes.



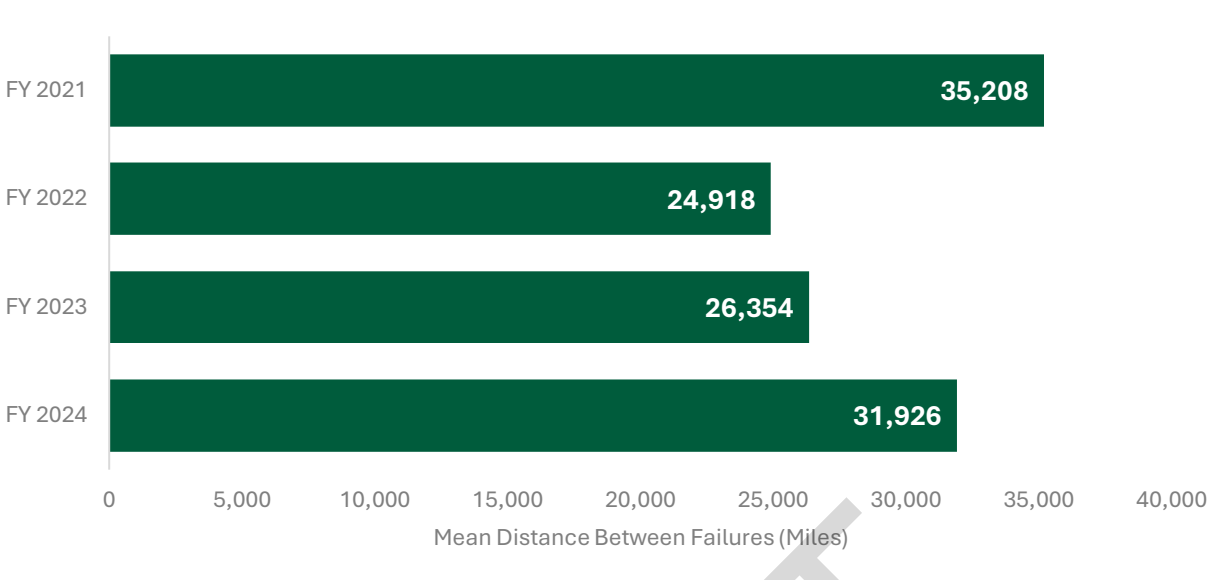
Source: WMATA FY 2024 Service Excellence Report

Figure 5: On-Time Performance by Mode

Mean Distance between Failures

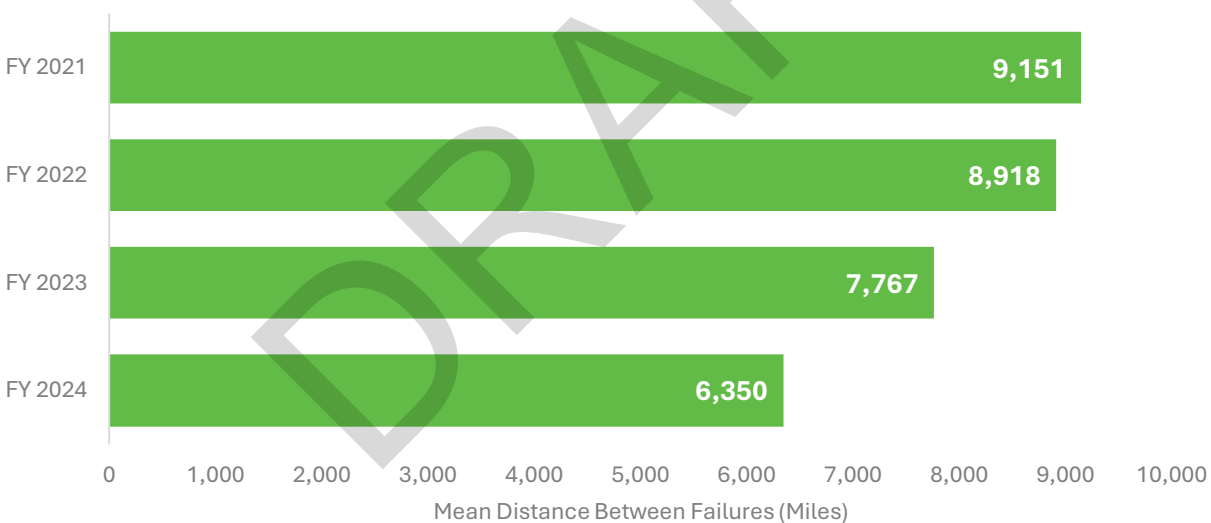
Mean distance between failure (MDBF) indicates the average number of miles traveled between vehicle failures. For rail, a car failure can occur without disrupting service or causing delay, instead resulting in discomfort or inconvenience. A bus failure is defined by a mechanical failure that interrupts revenue service and the following figures show MDBF for all years from FY 2021 to FY 2024. For Metrorail and Metrobus, total mileage was used for FY 2024. Federal Transit Administration (FTA) guidance on Safety Performance Targets and WMATA's federally mandated Agency Safety Plan define MDBF as revenue miles between failures, not total miles.⁶² A higher MDBF values indicates greater reliability of Metro railcar and bus equipment.

Figure 6 and Figure 7 summarize the Metrorail and Metrobus reliability figures for FY 2021 to FY 2024. Metrorail fleet reliability increased again in FY 2024, recovering from a decline in FY 2022 due to the Blue Line derailment and removal of 7000-series railcars. As the 7000-series cars were gradually returned to service in FY 2023, Metrorail fleet reliability increased as these cars are more reliable than the older 2000-, 3000- and 6000-series railcars that Metrorail relied on after the derailment. This trend is expected to continue as WMATA announced the retirement of all 2000-series railcars in FY 2024. Metrobus equipment reliability for FY 2024 continued a downward trend from FY 2023. Total bus miles remained roughly the same as FY 2023 levels but mechanical incidents increased. WMATA continues to take action to improve fleet reliability by replacing aging buses and overhauling vehicles to improve performance in the second half of their life.



Source: WMATA FY 2024 Service Excellence Report

Figure 6: Metrorail Equipment Reliability, MDBF (Miles)



Source: WMATA FY 2024 Service Excellence Report

Figure 7: Metrobus Equipment Reliability, MDBF (Miles)

Financial Performance

Financial and ridership data are collected by each individual transit agency and reported to the NTD which provides common definitions, reporting definitions, and has a robust data quality assurance and auditing process. Financial performance measures include the following three measures:

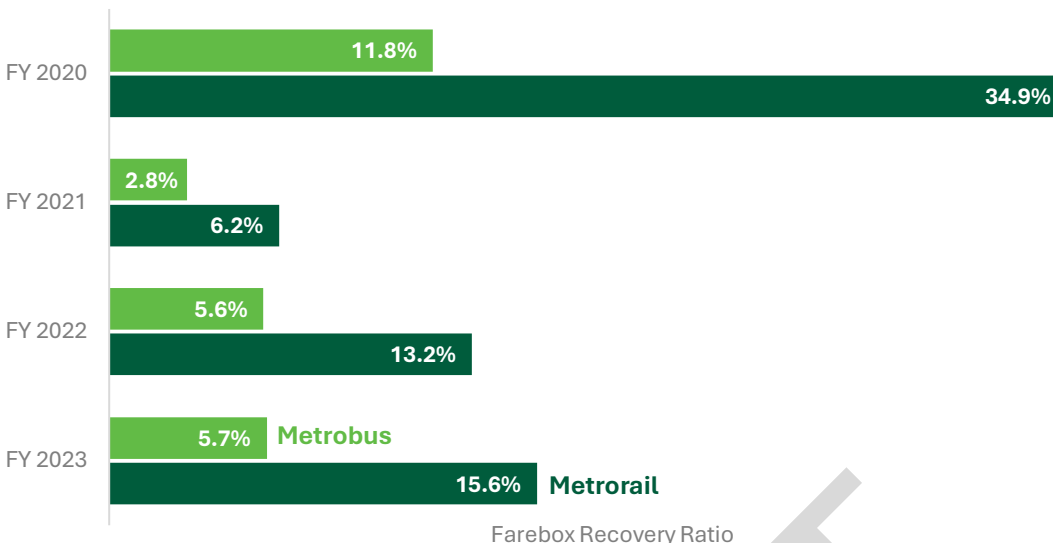
1. Metrorail Farebox Recovery and Metrobus Farebox Recovery.
2. Metrorail Service per Rider and Metrobus Service per Rider.
3. Cost per Metrorail Service Hour and Cost per Metrobus Service Hour.

NTD FY 2023 data is reported for each of the above measures and includes calculations for both Metrorail and Metrobus. For Metrobus, data presented includes both services that are directly operated by WMATA and those which are operated by a contracted provider. It is also important to note that due to robust auditing and review processes, NTD data are typically released at least one or more years after the fiscal year they represent. Data provided in this section include fiscal years 2020 through 2022 and these years reflect the COVID-19 pandemic's impacts on service and ridership. At various points during the pandemic, WMATA adjusted Metrorail and Metrobus service levels to respond to healthcare and safety protocols, workforce availability and the demand for service amidst significantly reduced ridership. This resulted in an overall decline of Metrorail and Metrobus service hours in FY 2020 and 2021 when compared to pre-pandemic years. These data also reflect the impacts of the October 2021 Blue Line derailment and subsequent removal from service of the 7000-series railcars. WMATA began a gradual and phased reintroduction of the 7000-series railcars in June 2022.

Farebox Recovery

Farebox recovery indicates how much of an agency's operating costs are recovered through passenger fare revenues. A higher recovery ratio indicates that the transit agency recoups a larger share of its operating costs through passenger revenue. Because rail systems generally have higher fares and higher ridership than bus systems, farebox recovery tends to be higher for rail systems than for bus systems.

Metrorail farebox recovery was 15.6% and Metrobus farebox recovery was 5.7% in FY 2023 (Figure 8). The COVID-19 pandemic had a major impact on the entire Metro system's passenger revenues as ridership dropped to its lowest point in FY 2021. Additionally, as a COVID safety precaution, Metrobus instituted rear-door boarding and waived fares from March 2020 until January 2021.⁶³ In FY 2022, the system began to recover with both Metrorail and Metrobus farebox recovery increasing from the previous year, but this recovery was slowed due to the Blue Line derailment in October 2021 and the subsequent removal of the 7000-series railcars from service. In FY 2023, farebox recovery slightly improved from FY 2022 levels. Metrobus fare recovery remains low due largely to significant fare evasion on the bus system.



Source: National Transit Database FY 2023

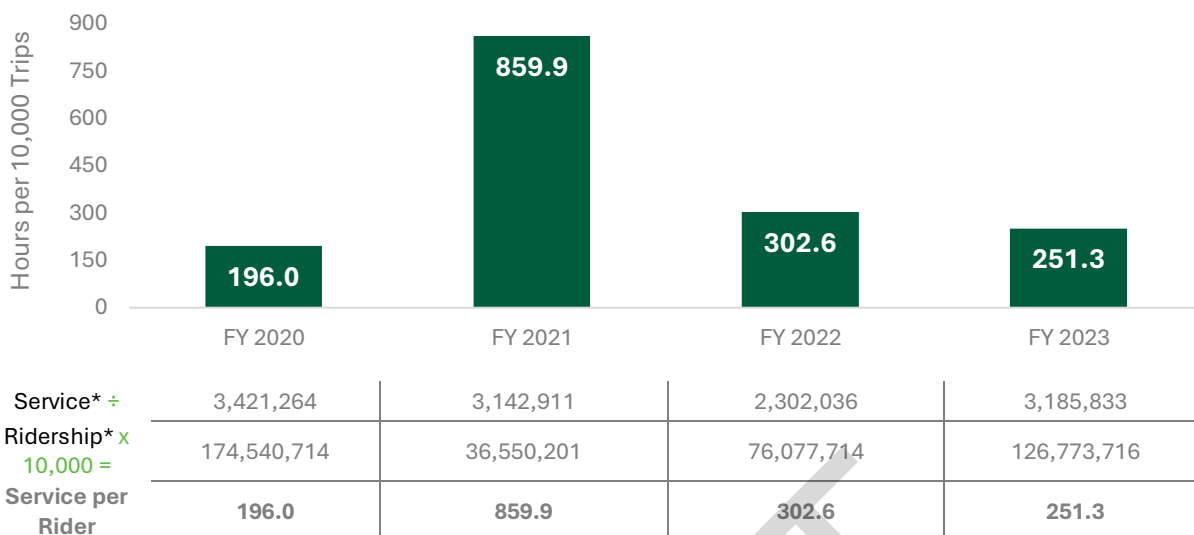
Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 8: Metrorail and Metrobus Farebox Recovery

Service per Rider

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

Figure 9 and Figure 10 depict Metrorail and Metrobus service per rider for the four most recent fiscal years available. FY 2023 Metrorail service per rider was 251.3 hours per 10,000 trips, and Metrobus service per rider was 366.9 hours per 10,000 trips. Since this ratio reflects the total hours of service divided by the number of riders, significant changes to either input will cause corresponding increases or decreases to the service per rider metric. In FY 2021, service per rider increased for both Metrorail and Metrobus, as ridership dropped significantly for both modes due to the pandemic but more dramatically for Metrorail. While there were COVID-19 related service disruptions in FY 2021 as WMATA adjusted its service patterns, WMATA ran relatively high service levels for most of FY 2021 to provide bus and rail service for essential workers. With the Blue Line derailment in October 2021 and the subsequent removal of the 7000-series railcars from service, WMATA ran significantly less service on Metrorail in FY 2022 than in FY 2021. In FY 2023, service per rider trended further downward indicating that WMATA was able to continue operating more efficiently across its Metrorail and Metrobus systems.

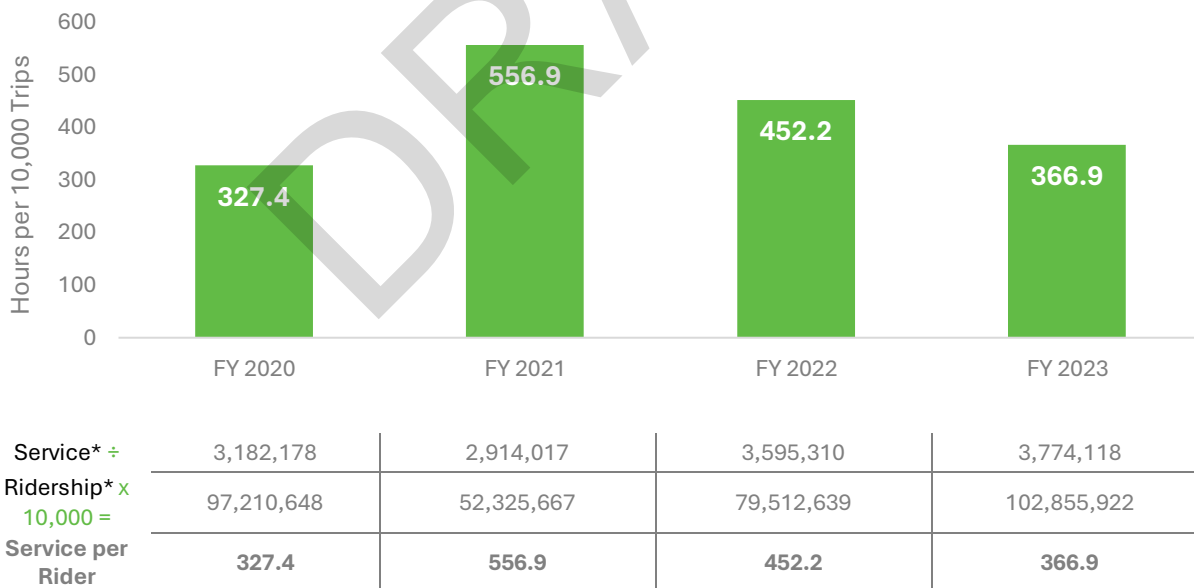


*Service is measured by vehicle revenue hours. Ridership is measured by unlinked passenger trips.

Source: National Transit Database FY 2023

Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 9: Metrorail Service per Rider



*Service is measured by vehicle revenue hours. Ridership is measured by unlinked passenger trips.

Source: National Transit Database FY 2023

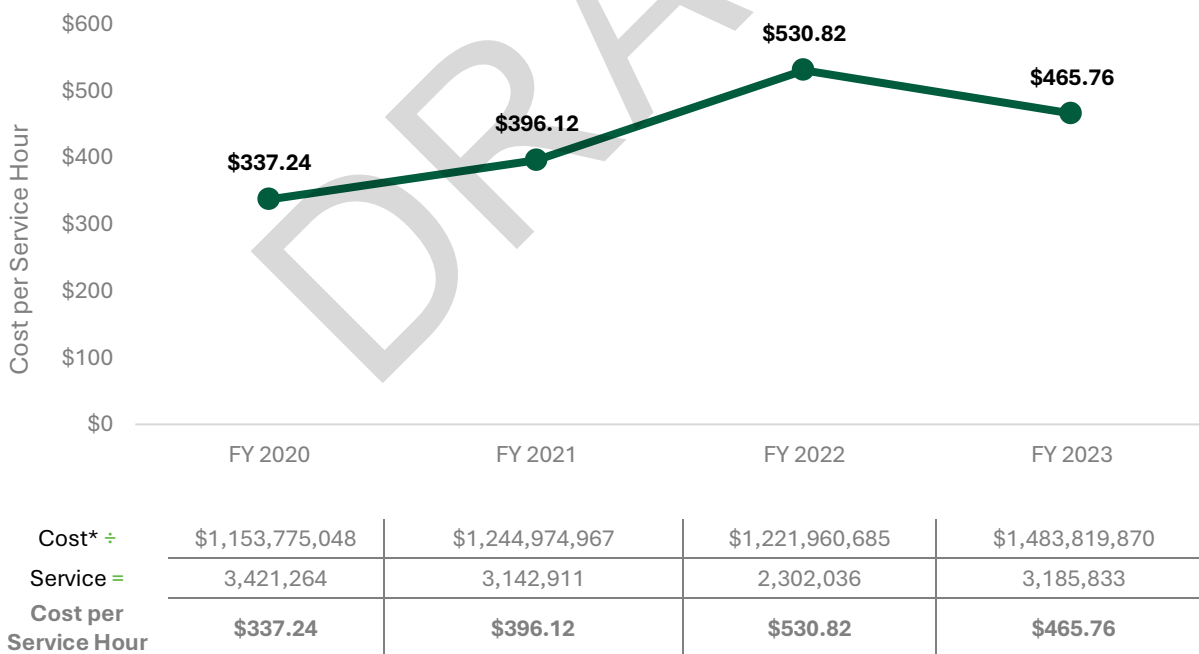
Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 10: Metrobus Service per Rider

Cost per Service Hour

The cost per Metrorail service hour is the average cost associated with the operation and maintenance of one railcar for each hour of passenger revenue service. A lower number indicates a lower hourly cost to operate each railcar. Heavy rail services in the U.S. generally have a substantially higher cost per service hour than bus services because they use larger vehicles over shorter service miles.⁶⁴ The cost per Metrobus service hour is the approximate cost associated with the operation and maintenance of a vehicle for each hour of revenue service. A lower number indicates a lower average hourly cost to operate each bus.

The cost per Metrorail service hour was \$465.76 (Figure 11) and the cost per Metrobus service hour was \$256.39 in FY 2023 (Figure 12). Since this ratio reflects the total expenses divided by the number of revenue service hours, significant changes to either input will cause corresponding increases or decreases to cost per service hour metric. The increase in Metrorail cost per service hour between FY 2021 and FY 2022 reflects the October 2021 derailment and the subsequent removal of 7000-series trains from service. With 7000-series cars removed from service, the total Metrorail service hours decreased for FY 2022, causing the cost per service hour to increase. The cost per Metrobus service hour decreased between FY 2021 and FY 2022. It is important to note that the congressional intent of federal pandemic aid for transit agencies was to avoid layoffs, so in fiscal years in which WMATA was utilizing federal pandemic aid even if less service was being run it would not yield significant cost savings. In FY 2023, Metrorail cost per service hour fell 12% to \$465.76 after a peak of \$530.82 per service hour in FY 2022. Metrobus cost per service hour increased 9% in FY 2023 to \$256.39.

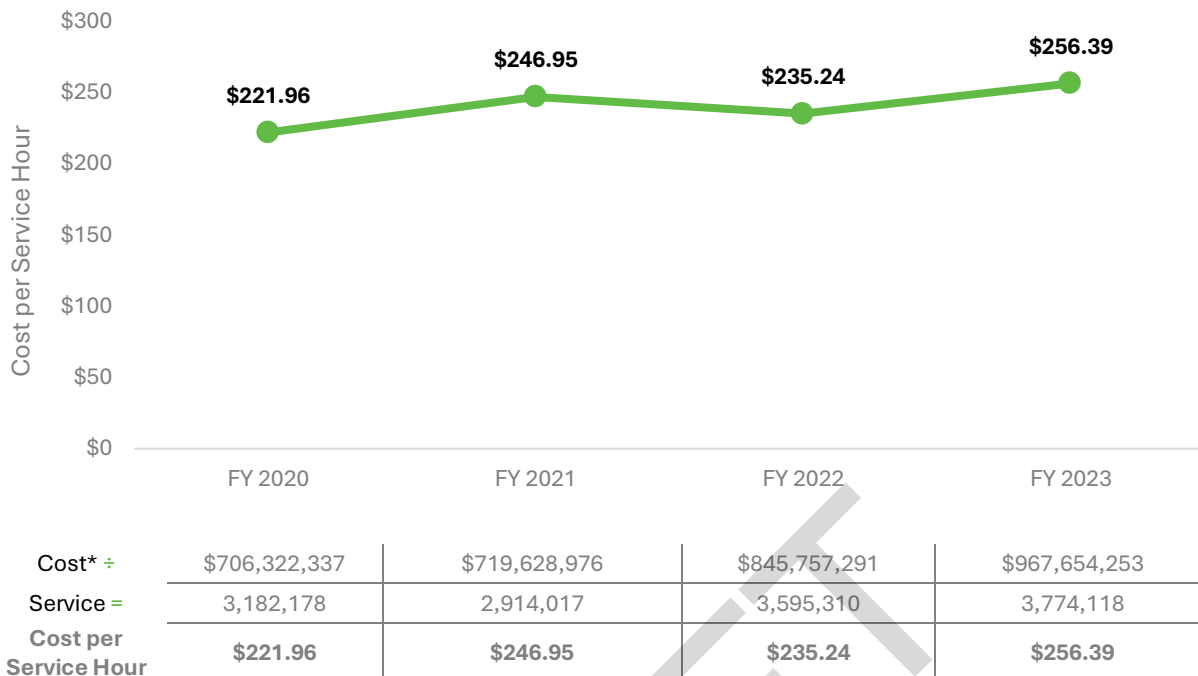


* Cost is measured by total operating expenses. Service is measured by vehicle revenue hours.

Source: National Transit Database FY 2023

Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 11: Metrorail Cost per Service Hour



* Cost is measured by total operating expenses. Service is measured by vehicle revenue hours.

Source: National Transit Database FY 2023

Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 12: Metrobus Cost per Service Hour

Ridership

Financial and ridership data are collected by each transit agency and reported to the NTD which provides common and reporting definitions and has a robust data quality assurance and auditing process. Because public transit services exist to transport passengers, transit systems seek to maximize patronage, measured in passengers. This section summarizes Metrorail and Metrobus ridership, which is measured by the NTD using:

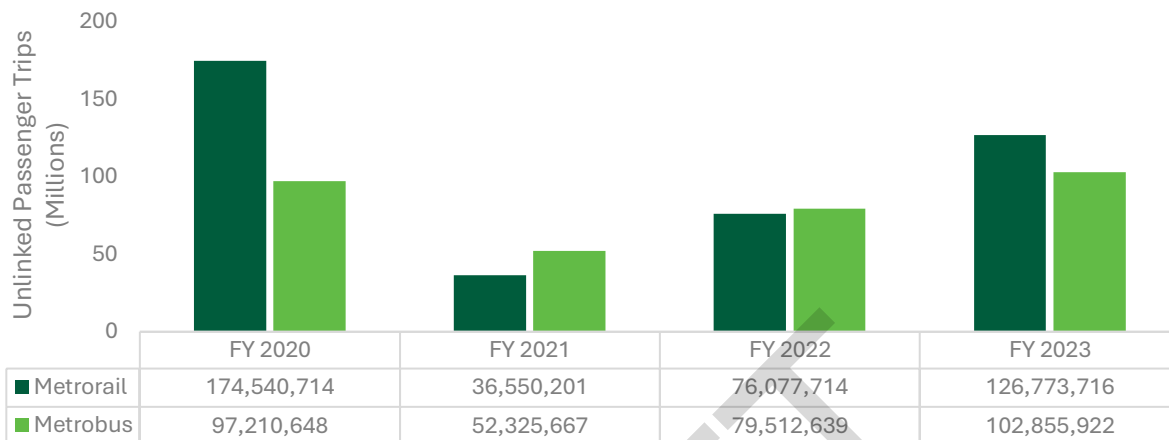
1. Unlinked Passenger Trips (UPT)
2. Passenger Miles Traveled (PMT)

For Metrobus, data presented includes both services that are directly operated by WMATA and those which are operated by a contracted provider. Due to robust auditing and review processes, NTD data are typically released at least one year or more after the fiscal year they represent. Data provided in this section include fiscal years 2020 through 2023 and reflect impacts on ridership due to the COVID-19 pandemic and implementation of healthcare and safety protocols by WMATA beginning in March 2020.

Unlinked Passenger Trips

UPT indicates the number of passengers boarding vehicles and illustrates the overall number of passengers passing through the total Metro system. A higher UPT reflects greater use of transit

services. This section provides FY 2023 UPT data for Metrorail and Metrobus. The official NTD definition for this ridership metric is included in the Appendix. There were 126,773,716 Metrorail unlinked passenger trips and 102,855,922 Metrobus unlinked passenger trips in FY 2023 (Figure 13) which both increased from FY 2022. Notably, Metrobus UPT exceeded FY 2020 levels in FY 2023.



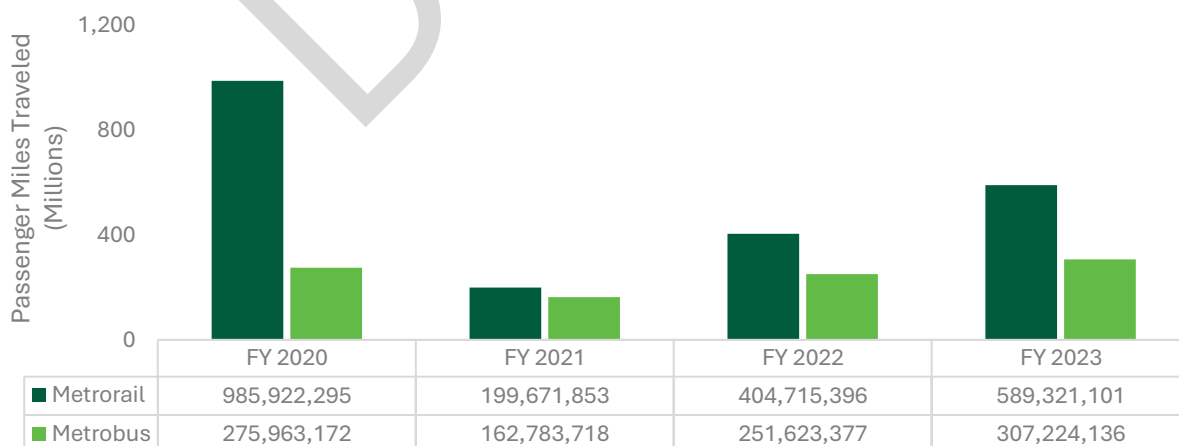
Source: National Transit Database

Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 13: Metrorail and Metrobus Ridership, UPT

Passenger Miles Traveled

PMT indicates the total sum of miles traveled by all passengers aboard the transit service. A single passenger traveling 10 miles by bus would count as 10 passenger miles traveled. As with UPT, a higher PMT figure indicates greater patronage of transit services, providing insight into both UPT and distances traveled by passengers. Total passenger miles traveled for Metrorail was 589,321,101 and Metrobus was 307,224,136 in FY 2023 (Figure 14).



Source: National Transit Database

Note: In March 2020, the COVID-19 pandemic began affecting service and ridership. In October 2021, the Blue Line derailment and subsequent temporary removal of 7000-series railcars impacted service.

Figure 14: Metrorail and Metrobus Ridership, UPT

Appendix

This appendix includes definitions and sources for the terminology used throughout the report. To provide a holistic picture of WMATA’s safety, reliability, financial and ridership performance, the definitions below have been aggregated from the following sources as indicated in the endnotes:

1. When not indicated otherwise, definitions are taken directly from the NTD Glossary.⁶⁵
2. For metrics without an NTD definition, a definition is taken from WMATA’s Service Excellence Report (known as Metro Performance Report (MPR) until FY 2025). These definitions also include an explanation of what each metric means and why it is important to their strategy. The explanations are included with the definitions.
3. To build a complete understanding of each definition, WMATA provided NVTC with clarifications, which are denoted with the footnote “Provided by WMATA.”

Collision

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

Cost per Service Hour

The average cost to operate one vehicle/passenger car for one hour of passenger service. Calculated for each mode by taking the total operating expenses and dividing by total vehicle revenue hours.

Derailments

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

Failure, Metrobus

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

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

Failure, Metrorail

WMATA defines a railcar failure as a mechanical failure that requires corrective maintenance. Failures related to operator error or customer behavior, e.g., doors that fail because they were held open by customers, are not counted. Not all failures prevent vehicles from completing scheduled

revenue trips or starting the next scheduled revenue trips. In some cases, corrective maintenance can be conducted after the scheduled trips are completed. A delay is a failure that causes a train to hold in place for more than four minutes.

Farebox Recovery Ratio⁶⁶

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

Fare Revenue

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

Fatality

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

Fire

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

Headway

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

Injury

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

Linked Passenger Trips⁶⁷

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

Labor (Cost)⁶⁸

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

Major Event Report (S&S-40)⁶⁹

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

regardless of how many thresholds an event meets. A reportable event is one that meets any NTD reporting threshold (detailed below) and occurs on transit right-of-way or infrastructure, at a transit revenue facility, at a maintenance facility or rail yard, during a transit-related maintenance activity, or involves a transit revenue vehicle.

Mean Distance between Failures

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

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

National Transit Database

A reporting system run by the Federal Transit Administration that collects public transportation financial and operating information.

Non-Major Monthly Summary (S&S-50)⁷⁰

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

Non-Labor Costs

The costs associated with operating expenses including fuel/lube, tires, tubes, utilities, casualty/liability costs, taxes and other materials.⁷¹

On-Time Performance (Metrobus)

Bus on-time performance (OTP) communicates the reliability of bus service, which is a key driver of customer satisfaction and ridership. For schedule-based routes, OTP measures adherence to the published route schedule for delivered service. For headway-based routes, OTP measures the adherence to headways, or the time customers wait between buses. Headway-based routes include routes 70, 79, X2, 90, 92, 16Y and Metroway.

Metrobus measured OTP using schedule-based methodology until FY 2020. After a pilot in FY 2019, OTP was measured using a blended schedule- and headway-based methodology beginning in FY 2020 and continuing through September 2021. Beginning in October 2021, WMATA returned to measuring all routes on a schedule-based methodology.

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

Percentage of bus service delivered on-time

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

Headway-based routes = Number of time points delivered within the scheduled headway + 3 minutes ÷ Total number of time points delivered.

Fiscal Year	Data Availability
FY 2021	Available for entire fiscal year
FY 2022	Excludes data from 9/6/2021, 1/1/2022 – 2/6/2022, 3/3/2022, and 5/30/2022
FY 2023	Available for entire fiscal year
FY 2024	Available for entire fiscal year

On-Time Performance (Metrorail)

Metrorail customer OTP measures the percentage of customers who complete their journey within the maximum amount of time it should take per WMATA service standards. Actual journey time is calculated from the time a customer taps a SmarTrip card to enter the system, to the time when a SmarTrip card is tapped to exit. Factors that can affect OTP include infrastructure conditions, missed dispatches, railcar delays (e.g., doors), or delays caused by sick passengers. Station stops are tracked system-wide, except for terminal and turn-back stations. Measurements are calculated as follows:

Number of customer trips with travel times less than or equal to expected travel times ÷ number of customer trips.

Operating Expenses

These expenses include labor and non-labor costs and services for operating and maintaining the mode, including general administration costs. Labor costs are fully loaded, meaning they include fringe benefit costs (directly paid to employees as well as indirectly, e.g., payments to pension funds) in addition to wages and salary costs.⁷²

Passenger Miles Traveled (PMT)⁷³

The cumulative sum of the distances ridden by each passenger.

Ridership

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

Passenger trips are defined as follows:

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

Revenue Service (Hours)

The time when a vehicle is available to the public and there is an expectation of carrying passengers. These passengers either directly, pay fares, are subsidized by public policy, or provide payment through some contractual arrangement. Vehicles operated in fare-free service are considered in revenue service. Revenue service includes layover and recovery time and excludes deadhead,⁷⁴ vehicle maintenance testing, school bus service and charter service.

Security Event

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

Service per Rider

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

$$(Total\ Vehicle\ Revenue\ Hours \div Number\ of\ Unlinked\ Trips) \times 10,000.$$

Time Point

A time point is a bus stop where there are frequent boardings and alighting that has a scheduled time that the bus should arrive for each trip. The Metrobus schedule is built by calculating the running time between each time point. Adherence to schedule is measured as the bus leaves each time point except the last timepoint for each run. Time point is used in the definition of on-time performance for Metrobus.

Unlinked Passenger Trips (UPT)

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

Passenger trips are defined as follows:

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

Vehicle Revenue Hours

Vehicle revenue hours are the amount of time the bus operates in revenue service. Vehicle revenue hours include layover and recovery time and exclude deadhead, operator training, vehicle maintenance testing, and school bus and charter services.

DRAFT

Sources

- ¹ WMATA. Presentation to the Virginia Joint Subcommittee to Study Growing Transit Needs in Northern Virginia (SJ 28), September 26, 2024. <<https://studies.viriniageneralassembly.gov/meetings/1898>>
- ² Ibid.
- ³ Virginia State Budget. 2024 Special Session I. HB 6001 (Chapter 2), Item 433. <<https://budget.lis.virginia.gov/item/2024/2/HB6001/Chapter/1/433/>>
- ⁴ WMATA. "FY 2025 Approved Budget." July 1, 2024. <<https://www.wmata.com/initiatives/budget/upload/Remediated-FY2025-Approved-Budget-FINAL.pdf>>
- ⁵ Virginia Legislative Information System. Virginia Acts of Assembly – 2018 Reconvened Session. Chapter 854. <<https://lis.virginia.gov/cgi-bin/legp604.exe?181+ful+CHAP0854+pdf#page=1&zoom=auto,-175,792.>>. Complete and current code is provided in Section 33.2-1526.1 of the Virginia Code <<https://law.lis.virginia.gov/vacode/title33.2/chapter15/section33.2-1526.1/>>
- ⁶ WMATA. Finance and Capital Committee presentation, December 14, 2023. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/4A-GM-Proposed-FY25-Budget-11Dec23.pdf#page=25>>
- ⁷ NVTC. NVTC WMATA Committee Presentation, September 21, 2023. <<https://novatransit.org/uploads/meetings/2023/WMATASept2023presentation.pdf>>
- ⁸ WMATA. Better Bus Network Redesign. <<https://www.wmata.com/initiatives/plans/Better-Bus/index.cfm>>
- ⁹ WMATA. Board of Directors meeting, September 26, 2024. <https://www.wmata.com/about/board/meetings/board-pdfs/upload/9-GM-Board-Report_-9-26-24.pdf>
- ¹⁰ WMATA Office of Inspector General. <<https://wmataoig.gov/>>
- ¹¹ WMATA. Metro, ATU Local 689 agree to new four-year collective bargaining agreement. August 21, 2024. <<https://www.wmata.com/about/news/Metro-ATU-Local-689-agree-to-new-collective-bargaining-agreement.cfm>>
- ¹² "LaHood Report". December 5, 2017. <<https://novatransit.org/uploads/LinkedDocs/2017/LaHood%20Report%20Final.pdf>>
- ¹³ WMATA. "Agreement Between Washington Metropolitan Area Transit authority and Local Union 689 of the Amalgamated Transit Union AFL-CIO." July 1, 2020. <<https://www.wmata.com/about/records/upload/L689-CBA-2020-2024-2.pdf>>
- ¹⁴ "LaHood Report." December 5, 2017. <<https://novatransit.org/uploads/LinkedDocs/2017/LaHood%20Report%20Final.pdf>>
- ¹⁵ Office of the Inspector General. "Audit of WMATA's Defined Benefit Pension Plans." July 28, 2022. <https://wmataoig.gov/wp-content/uploads/2022/07/Audit-of-WMATAs-Defined-Benefit-Pension-Plans-IG-Final_Redacted.pdf>; WMATA. FY 2026 and FY 2027 Operating Outlook. Presentation to the Finance and Capital Committee, October 24, 2024. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3B-FY26-and-FY27-Operating-Outlook-vF.pdf>>
- ¹⁶ WMATA. Quarterly Financial Progress Report, Fiscal Year 2023 Quarter 4. <<https://www.wmata.com/about/records/upload/Fourth-Quarter-Progress-ReportFINAL.pdf>>
- ¹⁷ WMATA. Quarterly Financial Progress Report, Fiscal Year 2024 Quarter 3. <https://www.wmata.com/about/records/upload/Remediated_FY2024-Q3-Financial-Progress-Report-FINAL.pdf>
- ¹⁸ WMATA. "WMATA Compact." February 20, 1967. <https://www.wmata.com/about/board/upload/Compact_Annotated_2009_final.pdf>
- ¹⁹ Congress.gov. "Text - H.R. 1463 - 104th Congress (1995-1996): National Capital Area Interest Arbitration Standards Act of 1995." April 19, 1995. <<http://www.congress.gov>>
- ²⁰ WMATA. Presentation to the Virginia Joint Subcommittee to Study Growing Transit Needs in Northern Virginia (SJ 28), September 26, 2024. <<https://studies.viriniageneralassembly.gov/meetings/1898>>

- ²¹ WMATA. “Better Bus Network Redesign.” Presentation to the Safety and Operations Committee, October 10, 2024. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/4A-Better-Bus-Network-Redesign-3.pdf>>
- ²² WMATA. “FY 2025 Budget.” July 1, 2024. <<https://www.wmata.com/initiatives/budget/upload/Remediated-FY2025-Approved-Budget-FINAL.pdf>>
- ²³ WMATA. “10-Year Strategic Plan for Joint Development.” April 7, 2022. <<https://www.wmata.com/business/real-estate/upload/WMATA-10-Year-Strategic-Plan-for-Joint-Development.pdf>>
- ²⁴ WMATA. WMATA. “FY 2025 Budget.” July 1, 2024. <<https://www.wmata.com/initiatives/budget/upload/Remediated-FY2025-Approved-Budget-FINAL.pdf>>
- ²⁵ WMATA. “Regional Opportunity and Partnership Annual Report.” Presentation to WMATA Finance and Capital Committee, June 27, 2024. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Regional-Opportunity-and-Partnership-Annual-Report.pdf>>
- ²⁶ WMATA. “Metro begins phasing out older SmarTrip cards as part of upgrades to faregates and fare payment technology.” April 9, 2021. <<https://www.wmata.com/about/news/Metro-begins-phasing-out-older-SmarTrip-cards.cfm>>
- ²⁷ WMATA Ridership Data Portal. <<https://www.wmata.com/initiatives/ridership-portal/>>
- ²⁸ WMATA. “FY 2024 Annual Service Excellence Report.” September 2023. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-FY24-Annual-Service-Excellence-Report.pdf>>
- ²⁹ WMATA. “Metro finishes installing more-secure faregates at all 98 Metrorail stations, fareboxes on 1,500 buses.” News release, September 19, 2024. <<https://www.wmata.com/about/news/Metro-finishes-more-secure-faregate-installation-at-all-98-Metrorail-stations-installation-of-1500-new-bus-fareboxes.cfm>>
- ³⁰ WMATA. “Quarterly Fare Evasion Update.” Presentation to WMATA Finance and Capital Committee, February 10, 2022. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3B-Quarterly-Fare-Evasion-Update.pdf>>
- ³¹ WMATA. “MTPD to begin issuing citations under new law that toughens enforcement of fare evasion.” News release, March 12, 2024. <<https://www.wmata.com/about/news/MTPD-to-begin-issuing-citations-under-new-law-that-toughens-enforcement-of-fare-evasion.cfm>>
- ³² WMATA. “Ridership Data Portal.” <<https://www.wmata.com/initiatives/ridership-portal/>>
- ³³ Office of the Inspector General. “Special Project Report: Comparison of Performance of the Washington Metropolitan Area Transit Authority (WMATA) to the Chicago Transit Authority (CTA).” May 13, 2021. <<https://wmataoig.gov/wp-content/uploads/2021/06/Special-Project-Report-CTA-WMATA-Comparison-IG-Final.pdf>>
- ³⁴ “LaHood Report.” December 5, 2017. <<https://novatransit.org/uploads/LinkedDocs/2017/LaHood%20Report%20Final.pdf>>
- ³⁵ WMATA. Better Bus Network Redesign. <<https://www.wmata.com/initiatives/plans/Better-Bus/about-the-project.cfm>>
- ³⁶ WMATA. “MTPD Public Safety Update.” October 12, 2023. <<https://wmata.com/about/board/meetings/board-pdfs/upload/3B-MTPD-Public-Safety-Update.pdf>>
- ³⁷ WMATA. “DC Mayor Muriel Bowser and Metro General Manager and CEO Randy Clarke announce new partnership between Metro Transit Police and DC Metropolitan Police to enhance public safety on Metro.” February 28, 2022. <<https://www.wmata.com/about/news/MTPD-MPD-partnership.cfm>>
- ³⁸ WMATA. “MTPD Public Safety Update.” October 12, 2023. <<https://wmata.com/about/board/meetings/board-pdfs/upload/3B-MTPD-Public-Safety-Update.pdf>>
- ³⁹ WMATA. “Metro Performance Report: Silver Line Spotlight.” Safety and Operations Committee Meeting. May 11, 2023. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3B-Metro-Performance-Report-Silver-Line-Spotlight-v2.pdf>>

- ⁴⁰ WMATA. “Metro Performance Report: Silver Line Spotlight.” Safety and Operations Committee Meeting. May 11, 2023. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3B-Metro-Performance-Report-Silver-Line-Spotlight-v2.pdf>>
- ⁴¹ WMATA. “FY 2024 Annual Service Excellence Report.” September 2023. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-FY24-Annual-Service-Excellence-Report.pdf>>
- ⁴² WMATA. “Capital Program Documents.” <<https://wmata.com/initiatives/capital-improvement-program/Capital-Program-Documents.cfm>>
- ⁴³ WMATA. “Ridership Data Portal.” <<https://wmata.com/initiatives/ridership-portal/>>
- ⁴⁴ WMATA. “MetroPulse.” <<https://metropulse.wmata.com/>>
- ⁴⁵ WMATA. “Public Records.” <<https://www.wmata.com/about/records/public-records.cfm>>
- ⁴⁶ WMATA. “Annual Line Performance Report, FY 2023.” <<https://www.wmata.com/initiatives/plans/upload/ALPR-FY2023.pdf>>; WMATA. “Bus Service Guidelines – Metrobus.” December 2020. <<https://www.wmata.com/initiatives/plans/upload/Final-MetroBus-Service-Guidelines-2020-12.pdf>>
- ⁴⁷ WMATA. “Open Data Hub.” <<https://www.wmata.com/initiatives/open-data-hub/>>
- ⁴⁸ NY MTA. “Transparency.” <<https://new.mta.info/transparency>>
- ⁴⁹ WMATA. “Capital Program Documents.” <<https://wmata.com/initiatives/capital-improvement-program/Capital-Program-Documents.cfm>>
- ⁵⁰ WMATA. “VA Dedicated funding grant agreement.” <<https://wmata.com/initiatives/capital-improvement-program/upload/VA-Dedicated-Funding-Agreement.pdf>>
- ⁵¹ WMATA. “Metro Financial Planning: FY 2025 Service, Fares, and Capital Planning Update.” October 26, 2023. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-FY2025-Service-Fares-and-Capital-Planning-Update-vF.pdf>>
- ⁵² WMATA. “Capital Improvement Program Progress Report – FY 2024 4th Quarter.” August 2024. <<https://www.wmata.com/initiatives/capital-improvement-program/Capital-Program-Documents.cfm>>
- ⁵³ WMATA. “Capital Program Update.” Presentation to the Finance and Capital Committee, October 24, 2024. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Capital-Program-Update.pdf>>
- ⁵⁴ WMATA. “Capital Improvement Program Progress Report – FY 2024 4th Quarter.” August 2024. <<https://www.wmata.com/initiatives/capital-improvement-program/Capital-Program-Documents.cfm>>
- ⁵⁵ WMATA. “FY 2024 Annual Service Excellence Report.” September 2024. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-FY24-Annual-Service-Excellence-Report.pdf>>
- ⁵⁶ WMATA. “Strategic Transformation Plan.” <<https://www.wmata.com/initiatives/strategic-plan/>>
- ⁵⁷ Federal Transit Administration. “Safety & Security Time Series Data: Read Me.” <www.transit.dot.gov/ntd/data-product/safety-security-time-series-data>
- ⁵⁸ WMATA. Service Excellence Report and Data File (Q4-FY2024) <<https://www.wmata.com/about/records/public-records.cfm>>
- ⁵⁹ WMATA. “Rail Operations and Safety Update.” Presentation to the Safety and Operations Committee, September 26, 2024. <<https://www.wmata.com/about/board/meetings/board-pdfs/upload/3A-Rail-Operations-and-Safety-Update.pdf>>
- ⁶⁰ Due to data collection errors, 9/6/2021, 3/3/2022, and 5/30/2022 were excluded from the FY 2022 Metro Performance report for Metrobus on-time performance. <https://www.wmata.com/about/records/upload/MetroPerformanceReport_FY22Q4_1Report_20221119.pdf>
- ⁶¹ WMATA. “Clear Lanes.” <<https://www.wmata.com/initiatives/plans/bus-priority/clear-lanes.cfm>>
- ⁶² Federal Transit Administration. Public Transportation Agency Safety Plan Safety Performance Targets Guide, June 2021. <<https://www.transit.dot.gov/regulations-and-programs/safety/public-transportation-agency-safety-program/safety-performance>>; WMATA. Public Transportation Agency Safety Plan, December 31, 2023. <<https://www.wmata.com/rider-guide/safety/upload/2024-WMATA-ASP-Fully-Approved.pdf>>

⁶³ WMATA. “FY 2021 Revised Budget Public Hearing.” <<https://wmata.com/about/board/meetings/board-pdfs/upload/3A-FY2021-Revised-Budget-Public-Hearing-FINALIZED.pdf>>

⁶⁴ American Public Transportation Association (APTA). “2021 Public Transportation Fact Book. 72nd Edition” p. 26. May 2021. <<https://www.apta.com/wp-content/uploads/APTA-2021-Fact-Book.pdf>>

⁶⁵ FTA. ”National Transit Database (NTD) Glossary.” <<https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary>>

⁶⁶ Instead of farebox recovery ratio, the Federal Transit Administration (FTA) uses the term ‘recovery ratio’ per the FTA 2019 Metrics: <www.transit.dot.gov/ntd/data-product/2019-metrics>. This definition is adapted from the FTA Metrics list.

⁶⁷ WMATA. “Metro Performance Report.” Fiscal Year 2020. <<https://www.wmata.com/about/records/scorecard/upload/Q4-FY20-Metro-Performance-Report.pdf>>

⁶⁸ The NTD uses ‘labor’ as the metric for labor cost. <<https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary#S>>

⁶⁹ Adapted from: National Transit Database. “NTD Safety & Security Reporting Manual.” p. 16. 2020. <<https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/ntd/146986/2020-ntd-safety-and-security-policy-manual.pdf>>

⁷⁰ Adapted from: National Transit Database. “NTD Safety & Security Reporting Manual.” p. 55. 2020. <<https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/ntd/146986/2020-ntd-safety-and-security-policy-manual.pdf>>

⁷¹ Categories under Operating Expenses are based on NTD Definition. Federal Transit Administration. “The 2020 Reporting Policy Manual for the National Transit Database.” October 2020.

<https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

⁷² Federal Transit Administration. “The 2020 Reporting Policy Manual for the National Transit Database.” p. 90. October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

⁷³ Federal Transit Administration. “The 2020 Reporting Policy Manual for the National Transit Database.” p. 129. October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

⁷⁴ Federal Transit Administration. “The 2020 Reporting Policy Manual for the National Transit Database.” p. 114. October 2020. <https://www.transit.dot.gov/sites/fta.dot.gov/files/2020-10/2020%20NTD%20Reporting%20Policy%20Manual_1.pdf>

About NVTC

The Northern Virginia Transportation Commission (NVTC) was established to manage the Northern Virginia Transportation District and is charged with the funding and stewardship of the Washington Metropolitan Area Transit Authority (WMATA) on behalf of the jurisdictions of Arlington County, City of Alexandria, City of Falls Church, Fairfax County, City of Fairfax and Loudoun County. Founded in 1964, in part to represent the interests of the Commonwealth during the creation of Metrorail, NVTC continues to serve as Virginia's voice on the WMATA Board of Directors through its appointments to the panel. The WMATA Board determines the authority's policy and provides oversight for funding, operations and the expansion of transit facilities.

NVTC also manages more than \$200 million in state assistance to WMATA on behalf of its jurisdictions. NVTC ensures that all its jurisdictions' voices are represented on the WMATA Board, coordinates regional transit efforts that directly affect systems serving Northern Virginia and engages in regional transportation planning, data analysis and reporting, which provides direct benefits to WMATA and the related Northern Virginia transit network.

NVTC also administers the Commuter Choice Program, which invests toll revenue into multi-modal and transit projects along the I-66 Inside the Beltway and I-395/95 corridors, and co-owns the Virginia Railway Express (VRE), which provides commuter rail service connecting Northern Virginia to the District of Columbia.

The Northern Virginia Transportation District



Final Draft



Submitted to the Governor and
General Assembly December 2024

NoVaTransit.org

2300 Wilson Blvd. Suite 230

Arlington, VA 22201

(703) 524-3322   @NoVaTransit



**DRAFT RESOLUTION #XXXX**

SUBJECT: NVTC's Guiding Principles for Future Transit Funding

WHEREAS: Northern Virginia is served by a network of public transit providers, including Arlington Transit, DASH in the City of Alexandria, CUE in the City of Fairfax, Fairfax Connector, Loudoun County Transit, the Washington Metropolitan Area Transit Authority (WMATA), and the Virginia Railway Express (VRE), that move more than 1.5 million people each week and annually generate at least \$1.5 billion in income and sales tax provided to the Commonwealth of Virginia's general fund;

WHEREAS: These public transit systems serving Northern Virginia provide an integrated network of local, regional and commuter services, leveraging shared facilities, integrated schedules, fare payment technologies and joint procurement efforts;

WHEREAS: NVTC was founded in 1964 in part to represent the interests of the Commonwealth of Virginia during the establishment of WMATA and is charged with the funding and stewardship of WMATA;

WHEREAS: NVTC represents the counties of Arlington, Fairfax, and Loudoun, and the cities of Alexandria, Fairfax, and Falls Church;

WHEREAS: NVTC, together with the Potomac and Rappahannock Transportation Commission (PRTC), co-owns the VRE commuter rail system, and is responsible for the financial management of state aid and regional gas tax revenues allocated to VRE;

WHEREAS: NVTC is the governing body of the Northern Virginia Transportation District (NVTC District), which comprises the Virginia portion of the WMATA Transit Zone and is where several regional revenues are raised in a uniform manner to benefit regional transit operators, including WMATA and VRE;

WHEREAS: NVTC serves as the official financial manager for state and regional funding to support NVTC jurisdictional payments to WMATA and state capital and operating funding to local public transit systems in the NVTC District as well as the Virginia Railway Express;

WHEREAS: Through NVTC Resolution #2339 and #2342, NVTC has previously stated its governance, funding, and reform principles and priorities regarding WMATA;

WHEREAS: As part of the dedicated WMATA capital funding legislation in 2018, codified in 33.2 Chapter 34 of the Virginia Code, the Virginia General Assembly established funding withholding provisions to enact several governance, accountability and operating subsidy growth reforms at WMATA;

- WHEREAS:** WMATA is established by an interstate compact with three signatories, the Commonwealth of Virginia, the District of Columbia, and the State of Maryland, who have different funding and governance structures and approach WMATA funding in different ways;
- WHEREAS:** The WMATA governance arrangement via a three-state or state equivalent interstate compact is unique among transit agencies in the United States;
- WHEREAS:** The U.S. Congress has recognized the significant role WMATA has in moving the federal workforce and providing transportation to visitors to the nation's capital so that, in addition to federal capital formula funding, it provides WMATA with \$150 million per year in federal dedicated capital funding for WMATA's state of good repair efforts, a level of funding that has not increased since 2009;
- WHEREAS:** In Virginia, NVTC jurisdictions are the compact funding partners to WMATA and are ultimately responsible for meeting WMATA's capital and operating obligations;
- WHEREAS:** The Commonwealth of Virginia provides funding from the Commonwealth Mass Transit Account to support a portion of the capital and operating costs of all public transit systems in the Commonwealth, including ART, CUE, DASH, Fairfax Connector, Loudoun County Transit, WMATA and Virginia Railway Express;
- WHEREAS:** The majority of funding for ART, CUE, DASH, Fairfax Connector, Loudoun County Transit and Virginia Railway Express is provided by locally- and regionally-generated revenues;
- WHEREAS:** Historically, Virginia's financial support to WMATA is equally shared between NVTC jurisdictions and the Commonwealth of Virginia, reflecting the economic value of the WMATA network to the Commonwealth of Virginia;
- WHEREAS:** Since 2018, the Commonwealth of Virginia has allocated a fixed amount of \$154.5 million annually in dedicated capital funding to WMATA generated primarily from regional and local revenues collected in the NVTC District and not indexed for inflation;
- WHEREAS:** The COVID-19 pandemic upended the financial operating model of all transit agencies across the United States through the inflation of operating and capital costs and the reduction in revenues from ridership and has led to projected annual budget deficits between \$340 million and \$3 billion at the country's largest public transit agencies;
- WHEREAS:** WMATA faces an operating fiscal cliff in FY 2027 and a capital fiscal cliff in FY 2028; VRE faces operating budget shortfalls starting in FY 2028; PRTC OmniRide faced a fiscal cliff in FY 2025 which will recur until resolved; and local transit agencies in Northern Virginia and across the Commonwealth face fiscal challenges as state aid funding levels decline starting in FY 2026;

WHEREAS: In the summer of 2023, WMATA faced a projected \$750 million FY 2025 operating gap, which was temporarily resolved with aggressive cost savings, fare increases, targeted service adjustments, and additional operating subsidies from District of Columbia, Maryland, and Virginia;

WHEREAS: Since 2023, WMATA increased passenger fare revenues due to a 21% growth in ridership from FY 2023, reducing fare evasion by 82%, and implementing a minimum 12.5% fare increase for FY 2025;

WHEREAS: Between FY 2023 and FY 2025, WMATA found \$532 million in operating and capital cost savings by eliminating salary and wage increases for Local 689 and non-represented employees, developing a zero growth budget, and implementing changes to maximize rail and bus service efficiencies;

WHEREAS: Through its two-year budget, the Commonwealth provided additional non-recurring state aid to match additional local funding to allow Virginia to close its portion of WMATA's FY 2025 and FY 2026 operating funding gap, deferring WMATA's operating fiscal cliff in Virginia to FY 2027;

WHEREAS: WMATA, in partnership with the Metropolitan Washington Council of Governments (MWCOG), launched *DMVMoves*, an initiative that seeks to develop a long-term vision for world-class transit in the Greater Washington region, identify the scale of the financial need for WMATA and other transit agencies, and offer sustainable funding concepts for the region;

WHEREAS: Concurrently, the Virginia General Assembly established a joint subcommittee (through Senate Joint Resolution 28) to study long-term, sustainable, dedicated operations and capital funding as well as cost-containment controls and strategies to meet the growing needs of public transit agencies in Northern Virginia including WMATA, VRE, and local, regional and commuter bus operators serving the region;

WHEREAS: *DMVMoves*, in coordination with all transit systems that serve the Greater Washington region, has identified at least an \$645 million/year gap in FY 2028 between available revenues and the need to maintain existing service and necessary state of good repair for all of the transit systems serving the Greater Washington region, and has identified larger funding gaps for scenarios that fund all state of good repair needs and/or offer increased service and capital expansion;

WHEREAS: The SJ 28 Joint Subcommittee directed its Technical Working Group to examine 15 potential revenues for consideration to address the funding gaps for Northern Virginia transit systems including providing revenue estimates of those generated within the NVTC District, the PRTC District and statewide;

WHEREAS: NVTC jurisdictions seek fiscal tools beyond increases to property taxes to address the growing needs of public transit, as that limited focus on revenues will create

disproportionate impacts on Northern Virginia property owners and could lead to double-digit increase in property tax rates across NVTC jurisdictions;

WHEREAS: NVTC research benchmarking funding of major public transit agencies against WMATA found that those agencies that rely on only one source of dedicated funding are susceptible to shortfalls during an economic recession;

WHEREAS: WMATA has indicated that future revenues for capital funding must legally be able to be used for the payment of or security for debt service on bonds or other indebtedness of WMATA; and

WHEREAS: As the region and the Commonwealth explore options for long-term, sustainable, dedicated funding solutions and associated revenue structure framework, NVTC supports a series of guiding funding principles.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby seeks continued efforts by WMATA, VRE and all local public transit systems in Northern Virginia to continue to implement cost containment strategies, generate operational efficiencies, and measure progress to ensure an efficient use of taxpayer resources.

BE IT FURTHER RESOLVED that the Northern Virginia Transportation Commission hereby seeks long-term, sustainable, dedicated funding solution for all public transit agencies in Northern Virginia that:

1. Provides adequate growth in revenues to meet current and future operating and capital needs for WMATA, VRE and local transit operators in Northern Virginia;
2. Preserves existing local, regional and statewide revenues streams that support public transit operating and capital expenses;
3. Aims to reduce pressure on property taxes as a funding source for transit;
4. Continues to reflect a diverse range of revenue sources to reduce the economic risk associated with overreliance on a single revenue source; and
5. Distributes revenues to NVTC for allocation to local bus systems, VRE, and to those jurisdictions funding WMATA, matching or similar to NVTC's financial management model.

BE IT FURTHER RESOLVED that as the representatives of the Virginia signatories of the WMATA Compact, NVTC supports a long-term funding approach for WMATA that:

1. Continues the strong federal commitment to WMATA formula funding as well as the federal dedicated state of good repair funding (PRIIA) and ensures those are adjusted for inflation;
2. For non-federal funding, reflects an agreement or framework between Virginia, Maryland and the District of Columbia whereby each identify the revenue

- solutions that best meet the unique economic and political characteristics of each state level jurisdiction;
3. Limits revenues generated in Virginia for WMATA funding purposes to no more than Virginia's appropriate share of the WMATA budget;
 4. Continues an equal funding partnership with the Commonwealth, whereby at least 50% of Virginia's funding for WMATA operations and capital is provided by statewide revenue sources, reflecting the economic benefit of the WMATA system to the entire Commonwealth;
 5. Ensures any regionally-generated revenue sources are raised in a consistent manner across the NVTC District; and
 6. Creates revenue sources for WMATA capital purposes that can protected by code to for use by WMATA for bond debt service.

BE IT FURTHER RESOLVED that NVTC hereby affirms its commitment to continue working with regional partners and the Commonwealth in developing transit funding solutions in preparation for the 2026 Virginia General Assembly Session and for implementation in WMATA's FY 2027 budget.

Approved this ___th day of January 2025.

Chair

Secretary-Treasurer



DRAFT 2025 LEGISLATIVE & POLICY AGENDA

2025 STATE PRIORITIES



Continue to advocate for long-term, sustainable, dedicated funding to ensure WMATA, VRE, and all Northern Virginia transit systems meet the growing needs of public transit in our region.



Preserve additional state aid (FY 2026) for WMATA and operating cap re-baselining contained in the two-year state budget.



Preserve and restore state, regional and local funding for transit and transportation.

Protect existing NVTC autonomy, programs and funding sources.



Continue support for state investment in Transforming Rail in Virginia and other passenger rail initiatives.



Preserve transit's ability to effectively compete within the SMART SCALE program.



Support funding for development and implementation of transit innovations, including transit signal priority, zero and low-emission public transit and fare payment technologies while identifying opportunities to remove legislative barriers to improving transit.



Support ongoing efforts to streamline the permitting process for bus stop improvement projects in coordination with local jurisdictions.



Advance legislation that would add policies for rolling stock and operating properties of railroads used for commuter rail service in the Commonwealth, as well as cybersecurity policies for organizations operating such service, to the exemptions for state tax on surplus lines insurance.

2025 FEDERAL PRIORITIES



Ensure transit systems in Northern Virginia have the maximum access to federal formula funding and state of good repair funding, matching or exceeding the funding levels authorized in the Infrastructure and Investment Jobs Act.



Maximize the region’s access to federal transportation funding programs and competitive grant opportunities.



Recognize the importance of public transit in accessing federal agencies and facilities, identify and secure federal long-term capital and operating funding opportunities that benefit local transit systems, including WMATA and VRE.



Encourage federal return-to-office policies that encourage transit use throughout the work week and secure a replacement for the region’s losses in fares from riders using federal transit benefits.



Continue support for commuter tax benefits for both the private and public sector.



Work with federal, state and local partners to address long-term challenges to domestic bus manufacturing highlighted by APTA’s bus manufacturing task force.

Transit Systems that Serve NVTC’s Communities





TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice, Scott Kalkwarf, Andrew D’huyvetter, Genoveva Cutrell and Matt Friedman
DATE: November 27, 2024
SUBJECT: NVTC FY 2026 General and Administrative Budget and 2025-2026 Work Plan

At the December 2024 meeting, staff will present the proposed FY 2026 General and Administrative Budget and Work Plan, which will be followed by a public hearing on the 2025 – 2026 Work Plan. The Commission will be asked to take action on the proposed G&A Budget and Work Plan at the January meeting.

A. Proposed FY 2026 General and Administrative Budget

The proposed FY 2026 General and Administrative Budget includes resources to accomplish the NVTC Work Plan, including financial management of NVTC’s Trust Fund and other accounts, the administration of the I-66 and the I-395/95 Commuter Choice programs, oversight of WMATA, the management of the next phase of the Envision Route 7 Bus Rapid Transit (BRT), and the administration of the Commission and committees along with managing internal affairs.

The proposed budget totals \$4,933,800 including \$666,400 for the administration of the Commuter Choice program, which is funded entirely with toll related revenue, and \$168,000 for management of the Envision Route 7 BRT project, funded from the related project budget. The balance of the program is funded primarily by the member jurisdictions through direct contributions and state aid received by NVTC that would otherwise be available to the jurisdictions for other transit purposes, which totals \$3,834,400 a 5.0% increase over the approved FY 2025 Budget. Other revenue sources include interest earnings, project chargebacks and grant billings, and a carryover of prior period favorable net budget variances in excess of minimum operating requirements.

Total expenses are proposed to increase by \$137,750, or 2.9% over the FY 2025 Budget. Staff levels are held constant from the prior year, and a provision for cost-of-living (COLA) and performance-based increases are included for existing staff.

Employee benefits are budgeted to increase by \$7,000, or 1%. This is comprised of an increase in group health insurance due to increasing premiums, offset by a net decrease in retirement contributions due in part to the availability of forfeited funds to reduce the contribution amount. The balance of the increase in employee benefits is due to FICA and Medicare taxes and long-term disability insurance, which are both functions of salaries, combined with a provision for increased premiums for disability insurance. Total administrative costs are budgeted to increase by \$32,800, or 4.9%. This is due primarily to an increase in office rents, according to the terms of the lease.

B. Proposed 2025-2026 Work Plan

The proposed [NVTC 2025-2026 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 2025 to June 2026. **A public hearing for the Work Plan follows as part of Agenda Item #9.** The Commission is anticipated to take action on the NVTC 2025-2026 Work Plan at the January 16, 2025 Commission Meeting.

Proposed NVTC staff deliverables for 2025 and 2026 include the following:

NVTC 2025-2026 Work Plan Highlights



Commuter Choice

- I-395/95 scoring and programming (FY 2026-2027)
- I-66 Call for Projects (FY 2027-2028)
- Annual Report to CTB
- I-66 Needs Assessment Study
- Public comment period and materials

NVTC Oversight of WMATA

- Annual Report on the Performance and Condition of WMATA
- WMATA budget letters and testimony (Commission, CTB, General Assembly, etc.)
- NVTC WMATA Committee work plan and VA WMATA Board support

Transit Technology

- Implement Northern Virginia Zero-Emission Bus Strategic Plan and lead Working Group
- Complete ZEB on-route charging feasibility study and advance analysis of potential sites
- Support ongoing fare collection coordination efforts

Work Toward Long-term Transit Funding

- Support SJ28 Subcommittee and TWG
- Engage with [DMVMoves](#)
- Facilitate NVTC Transit Funding Working Group

Transit Resource Center

- Collect and manage regional transit and related data
- Implement the NVTC Strategic Transit Policy Research Roadmap
- Develop plan to support NVTC-led transit policy analysis efforts
- Manage NVTC FTA's National Transit Database Technical Assistance

Envision Route 7 BRT

- Release and communicate Route 7 BRT Strategic Implementation Plan
- Lead procurement and manage contract for Phase 4-2 Mobility Study
- Coordinate with partners on project delivery

Legislative and Policy Efforts

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

Communications

- Public outreach for Commuter Choice and Route 7 BRT program milestones
- Daily headlines, weekly and monthly newsletters
- Legislative Forum Support

Financial Analysis and Reporting

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

Commission Management

- Monthly meeting materials and logistics
- Committee scheduling, materials, and logistics
- Annual agenda and meeting schedule

Internal Operations

- General and Administrative Budget and Work Plan
- Telework and IT support
- Ongoing website content development and updates
- HR Support
- Procedures and policy management



PROPOSED BUDGET

**FISCAL YEAR
2026**

(July 1, 2025 – June 30, 2026)

December 5, 2024

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF REVENUE**

	FY 2024 Actual	Approved Budget FY 2025	Proposed Budget FY 2026	Increase (Decrease)
Local Share from State Aid (Note 1)	\$ 2,959,403	\$ 3,367,003	\$ 3,550,153	\$ 183,150
Local Direct Contributions (Note 1)				
Alexandria	43,542	43,542	62,454	18,912
Arlington	65,623	65,623	59,397	(6,226)
City of Fairfax	4,486	4,486	4,256	(230)
Fairfax County	155,168	155,168	141,166	(14,002)
Falls Church	2,128	2,128	1,947	(181)
Loudoun	13,300	13,300	15,027	1,727
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>
Total Contributions	3,243,650	3,651,250	3,834,400	183,150
Interest and Other Revenue	47,622	35,000	35,000	-
Project Chargebacks (Note 2):				
Commuter Choice Program	611,222	668,700	666,400	(2,300)
VRE	80,000	80,000	80,000	-
Envision Route 7 BRT	112,996	161,100	168,000	6,900
Project Grant Billings (Note 3)	32,334	40,000	40,000	-
Appropriated Surplus (Note 4)	(16,815)	160,000	110,000	(50,000)
Total Revenue	<u>\$ 4,111,009</u>	<u>\$ 4,796,050</u>	<u>\$ 4,933,800</u>	<u>\$ 137,750</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES**

	<u>FY 2024 Actual</u>	<u>Approved Budget FY 2025</u>	<u>Proposed Budget FY 2026</u>	<u>Budget Increase (Decrease)</u>
<u>Personnel Costs</u>				
Salaries and Wages (Note 5)	\$ 2,444,926	\$ 2,785,000	\$ 2,884,000	\$ 99,000
Fellow Program (Note 5)	42,560	50,000	50,000	-
Total Personnel Costs	<u>2,487,486</u>	<u>2,835,000</u>	<u>2,934,000</u>	<u>99,000</u>
<u>Benefits</u>				
Employer's Contributions				
FICA and Medicare (Note 6)	178,131	199,600	205,000	5,400
Group Health Insurance (Note 7)	173,512	242,800	255,000	12,200
Retirement (Note 8)	171,840	250,000	238,000	(12,000)
Workers & Unemployment Comp.	2,231	6,300	6,400	100
Life Insurance	4,266	6,600	6,700	100
Long Term Disability Insurance	16,183	17,600	18,800	1,200
Total Benefit Costs	<u>546,163</u>	<u>722,900</u>	<u>729,900</u>	<u>7,000</u>
<u>Administrative Costs</u>				
Commissioners Per Diem (Note 9)	\$ 14,550	14,000	15,000	1,000
Rents:	410,229	446,800	474,500	27,700
Office Rent (Note 10)	393,940	422,600	454,000	31,400
Parking / Transit Benefits	16,289	24,200	20,500	(3,700)
Insurance:	7,023	8,500	8,900	400
Public Official Bonds	2,540	2,500	2,600	100
Liability and Property (Note 11)	4,483	6,000	6,300	300
Travel, Training and Meetings	65,174	70,600	76,500	5,900
Prof. Devel./Conferences (Note 12)	42,189	52,100	54,500	2,400
Non-Local Travel	2,304	2,500	2,500	-
Local Travel, Meetings (Note 13)	20,680	16,000	19,500	3,500
Communication:	18,691	19,400	19,400	-
Postage (Note 14)	1,294	1,400	1,400	-
Telephone and Data (Note 15)	17,397	18,000	18,000	-
Publications & Supplies, Outreach	29,007	37,000	35,700	(1,300)
Office Supplies (Note 16)	1,860	2,500	2,000	(500)
Duplication and Printing (Note 17)	10,107	9,500	8,700	(800)
Public Engagement (Note 18)	17,040	25,000	25,000	-
Operations:	55,988	56,800	55,900	(900)
Furn. and Equip. (Capital) (Note 19)	18,264	19,800	18,400	(1,400)
Repairs and Maintenance	1,547	1,000	1,000	-
Computer Operations (Note 20)	36,177	36,000	36,500	500
Other General and Administrative	10,724	11,900	11,900	-
Memberships	1,489	1,600	1,600	-
Fees and Miscellaneous	8,600	8,800	8,800	-
Advertising (Note 21)	635	1,500	1,500	-
Total Administrative Costs	<u>611,386</u>	<u>665,000</u>	<u>697,800</u>	<u>32,800</u>
<u>Contracting Services and Other</u>				
Auditing (Note 22)	24,995	26,400	26,400	-
Contract Services & Support (Note 23)				
Commuter Choice	111,318	146,750	146,500	(250)
Research Support (Note 24)	215,803	250,000	250,000	-
Other Technical	83,858	120,000	120,000	-
Legal (Note 25)	30,000	30,000	30,000	-
Total Contract Services	<u>465,974</u>	<u>573,150</u>	<u>572,900</u>	<u>(250)</u>
Total Operating Program	<u>\$ 4,111,009</u>	<u>\$ 4,796,050</u>	<u>\$ 4,934,600</u>	<u>\$ 138,550</u>

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2026 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 2026 budget is based on the FY 2024 revenue and Subsidy Allocation Model (SAM) formula.

Revenue from State Assistance

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

2. Revenue: Project Chargebacks

Commuter Choice Program

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

Virginia Railway Express

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

Envision Route 7 BRT

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

3. Revenue: Project Grant Billings

The FY 2025 budget assumes funding from DRPT's Workforce Development Program that covers 80% of payroll and related costs of NVTC's Transit Fellows program.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2026 Proposed Budget

4. Revenue: Appropriated Surplus

Included as a source of revenue in the FY 2026 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 2026 budget includes a provision for Merit and COLA increases for existing staff.

Fellows Program

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

The Fellows Program provides a cost efficient and flexible way to employ new graduates and mid-career professional to complete specific short-term projects generally over a one- to six-month period. The program has served as a valuable recruitment tool and created opportunities to connect with university programs within Virginia and nationally.

6. FICA and Medicare

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

7. Group Health Insurance

A provision for health insurance coverage is included for all NVTC staff positions, regardless of whether the current employees in those positions participate in NVTC's plan. Unless all eligible employees participate in NVTC's health insurance program, actual expenditures will be less than budgeted. The budget is based on known actual rates with a provision for increasing premiums. Beginning with the May 2024 renewal, NVTC began offering two plans through Kaiser Permanente, allowing staff to choose the plan which best suits their needs with a cost savings to NVTC.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2026 Proposed Budget

8. Retirement

The NVTC Target Benefit Pension Trust functions as a defined contribution plan and is fully funded each fiscal year. The budgeted employer contributions are calculated by actuarial formulas using budgeted staff and salary levels. The estimated annual liability is reduced by non-vested funds that were forfeited by former plan participants and are expected to be available during the fiscal year. Because the actuarial calculations consider factors in addition to payroll costs, such as years to retirement and investment return, changes in budgeted contributions do not necessarily correlate directly with budgeted payroll.

The decrease in the budgeted contribution from FY 2025 to FY 2026 is attributable to the availability of forfeited funds and staff turnover. The increase in the FY 2025 budgeted contribution from the FY 2024 actual contribution is the result of available forfeited funds, an increase in the number of plan participants, and a greater percentage of senior staff participating in the plan.

9. Commissioners' Per Diem

The FY 2026 budget is based upon the FY 2024 actual expenditures for Commission and committee meeting attendance, with a contingency for increased attendance. Commissioners, other than senators and delegates, are paid by NVTC at the statutory rate of \$50.

10. Office Rent

NVTC's office lease was renewed effective March 15, 2019, and includes additional space beyond the previous lease to accommodate NVTC's increasing staff levels. The budgeted rent amount is based on 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 an abatement provision for 29% of the leased space for the first twelve months of the lease ending March 14, 2020. The lease also contains a provision for the abatement of the first month's rent for each of the first seven annual periods of the lease, which is amortized over twelve months for each of those periods. The final abatement will take place in March 2025, and will be amortized over the twelve months ending February 2026. Therefore, the FY 2026 budget reflects four months without any abatement.

Off-site file storage is also included in this budget line.

11. Insurance: Liability and Property

The FY 2026 budget is based on the most recent premium year with an allowance for increasing costs and coverage.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2026 Proposed Budget

12. Conference / Professional Development

Included in this line for FY 2026 are the estimated registration fees for conferences, professional development, in-house training, accreditation and related travel costs. The budget assumes NVTC staff will participate in training opportunities, speaking engagements and panel participation at various events throughout the year, thereby enhancing NVTC's visibility across the region. These funds will also allow staff to maintain required training to keep their professional accreditations, and assist in the recruitment and retention of high quality staff. Whenever appropriate, 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 and committee 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 telephone and data services at NVTC's office, and mobile and data service for staff.

16. Office Supplies

The FY 2026 budget for this item is based on the average of prior years' actual costs.

17. Duplication and Printing

The FY 2026 budget is based on the current lease and service contracts, taking into account projected usage levels.

18. Public Engagement

The budget includes a provision for costs related to public engagement on WMATA matters as required of NVTC by the Virginia Code, the costs to produce NVTC's annual report, social media, and other public outreach costs, including communication efforts on NVTC projects and dedicated funding efforts.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2026 Proposed Budget

19. Furniture and Equipment

This budget category provides for the anticipated replacement and acquisition of furniture and office equipment, including computer hardware, and cloud-based hosting NVTC's servers.

20. Computer Operating Expense

Computer operations includes the cost of a third-party information technology managed services contract, subscription-based software licensing fees, video conferencing and virtual meeting services, web and email hosting fees, and software upgrades and supplies. The FY 2026 budget is based on costs presently under contract and anticipated future needs.

21. Advertising (Personnel/Procurement)

The FY 2026 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 2022, with two, two-year options. The FY 2026 budget is based on the costs included in this contract.

23. Contract Services and Support

Commuter Choice Programs

I-66 Commuter Choice Program

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

I-395 Commuter Choice Program

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

Other Technical

The FY 2026 budget includes a provision for technical support efforts, specialized analysis, related publications, contracted human resource support, and strategic planning efforts. NVTC's state liaison contract is also funded in this line item.

NORTHERN VIRGINIA TRANSPORTATION COMMISSION
Notes to Fiscal Year 2026 Proposed Budget

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

24. Research Support

This budget line, which was added in FY2023, includes a provision for NVTC funded policy research and the local match for grant funded projects. Detailed plans on the use of this line item going forward is directly informed by NVTC's approved Research and Analysis Strategic Plan.

25. Legal

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

NVTC PLANNED RESEARCH EFFORTS 2025-2026

Program Area	Project	Research Entity	Total Project Cost	Proposed NVTC Funding	Source of Non-NVTC Funding	Year of Funding	Proposed Project Start Date	Proposed Project End Date
Transit Data and Analysis	Integrating Transit, Cycling, and Micromobility in Northern Virginia	In house	--	In house			Fall 2024	Winter 2024
Transit Data and Analysis	State of the Practice: Transit Dashboards and Communicating Transit Data Interactively	In house	--	In house			Winter 2024	Spring 2025
Transit Data and Analysis	Seeing Double: Comparison of Approaches to Identify Shared Bus Stops	In house	--	In house			Winter 2024	Spring 2025
WMATA /Legislation and Policy	Technical and Financial Support to SJ28 Subcommittee	DRPT GPC Consultant	\$ 250,000	\$ 165,000	VRE and PRTC	FY 2025	January, 2025	Spring 2026
Transit Tech	Shared On-Route Charging Feasibility Study	U.S. Joint Office of Energy and Transportation	--	No cost Technical Assistance	U.S. Joint Office of Energy and Transportation		March, 2024	January, 2025
Transit Tech	Shared On-Route Charging - Detailed Site Analysis	TBD	\$ 300,000	\$ 150,000	\$150,000 match from DRPT	FY 2025	Fall-Winter 2024	Fall-Winter 2025
Commuter Choice	I-66 Corridor Needs Assessment	Consultant	\$ 478,462	\$ 239,231	\$239,231 from DRPT	FY 2025 - 2026	October, 2024	August, 2025
Envision Route 7	Phase 4-2 Mobility Study	Consultant	TBD - awaiting proposals	\$ -	100% funded by FTA grant	FY 2025 - 2026	March, 2024	Summer 2027



NVTC Work Plan

January 2025 to June 2026

The Northern Virginia Transportation Commission (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 2025 through June 2026 (FY 2026). It is intended to be a living document that can be updated as priorities and projects change.

This document supports NVTC's Strategic Framework and 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, keep local governments informed and solicit feedback on ongoing programs, projects and initiatives.

NVTC'S Mission, Vision and Strategic Goals	2
Programs and Crosscutting Functions	2
A. Financial Analysis and Administration	3
Support for Member Jurisdictions	3
Financial Analysis	3
Financial and Grants Management, Trust Funds, Contracts and Compliance	4
B. NVTC Program Administration	7
Commuter Choice	7
NVTC Oversight of Washington Metropolitan Area Transit Authority	9
Work Toward Long Term Sustainable Transit Funding	12
Envision Route 7	14
Transit Data and Analysis	15
Transit Technology	16
NVTC Support of Virginia Railway Express	18
D. Communications and Engagement	19
E. Legislative and Policy Efforts	21
Legislative and Policy Agenda	21
E. Commission and Committee Management	23
F. Internal Operations	24
G. Regional Coordination and Collaboration	26

NVTC’S Mission, Vision and Strategic Goals

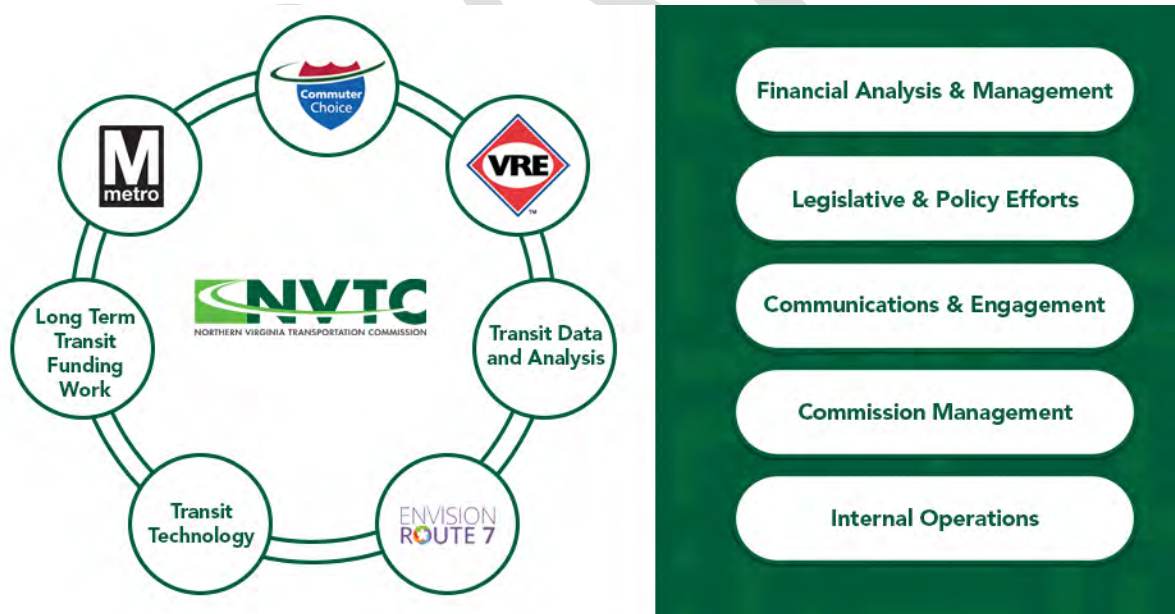
Mission: As the premier transit organization in Northern Virginia, NVTC brings the region together to plan, coordinate and secure funding for transit systems that are financially sustainable and high performing.

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

Programs and Crosscutting Functions



NVTC has six programs that support the implementation of the Commission’s mission and vision. These programs provide technical assistance, enable data collection and analysis, facilitate regional engagement and jurisdictional coordination as well as manage a groundbreaking funding program. It is important to note that these programs interact with and support each other on a regular basis, enabling NVTC to provide comprehensive support to member jurisdictions, partner agencies and 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. 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 financial information on Northern Virginia's transit system.
- 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 the 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 allocation of gas tax revenue; input to the DRPT funding process; financial analysis and projections as needed.

Financial and Grants Management, Trust Funds, Contracts and Compliance

1) State Assistance

- a. Review and monitor DRPT assistance calculations of WMATA assistance to NVTC as grantee for NVTC's jurisdictions' share of WMATA operating subsidies and capital requirements.
- b. Report WMATA's annual system 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 WebGrants system as the agent for the NVTC jurisdictions.
- d. Manage state grants to NVTC and NVTC's jurisdictions, including the preparation, review and submission of timely grant invoicing.
- e. Track project funding activity, submit extension requests and de-obligate projects as needed.
- f. Participate with VRE and NVTC jurisdictions in quarterly project status review meetings with DRPT.
- g. Work with DRPT and grantees to achieve the maximum funding available.

2) I-66 and I-395/95 Commuter Choice

- a. Monitor and reconcile net toll revenue receipts from VDOT with actual collections and Commonwealth Transportation Board (CTB) approved project funding levels.
- b. Review reimbursement requests for adequate support of eligible expenses; approve and transfer funds.
- c. Ensure recipient compliance with project agreement provisions.
- d. Account for direct costs of administering the program.

- e. Account for and report toll revenue activity as separate Special Revenue funds for each corridor.
- 3) NVTC Subsidy Allocation Model
- a. Maintain NVTC's Subsidy Allocation Model (SAM) utilizing the most recent WMATA and local budget information on transit costs, revenues and subsidies.
 - b. Determine each local government's share of NVTC assistance using the annual SAM percentages.
 - c. Apportion shares of the direct local contributions to NVTC's administrative budget using the annual SAM percentages.
 - d. Provide projections and other analysis of annual transit assistance to NVTC's jurisdictions for planning purposes.
- 4) NVTC Jurisdiction Trust Funds
- a. Allocate revenue to NVTC's 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 NVTC's jurisdictions.
 - c. Prepare quarterly reports of actual NVTC trust funds activities for use by NVTC's jurisdictions.
 - d. Manage and invest trust funds according to NVTC policy by safeguarding assets while maximizing liquidity and investment return.
- 5) Commuter Rail Operations and Capital Fund (CROC)
- a. Monitor and direct collections of CROC monies from the Department of Motor Vehicles (DMV).
 - b. Provide periodic reports to the Commission about the funds in the CROC Fund, including monthly receipts, amounts expended, the amount of funds held and investment earnings.
- 6) Financial Reporting, Accounting, Audit, Compliance and Contracting
- a. Prepare the annual financial statements, disclosures, management's discussion and analysis and supplementary information for the seven NVTC funds and on an entity-wide basis for NVTC's annual audit.
 - b. Prepare the Schedule of Expenditures of Federal Awards and related notes for NVTC's annual federal compliance audit.
 - c. Manage a multi-year audit services contract.
 - d. Accomplish unqualified auditors' opinions on the fair presentation of the financial statements, internal control over financial reporting and compliance and other matters, and compliance for each major federal program and internal control over compliance.
 - e. Provide financial and compliance reports to the appropriate regulatory agencies.

- f. Maintain up-to-date compilations of state and federal grant regulations and ensure staff is adequately trained in grant, contract and project management.
- g. Attend procurement education seminars to remain apprised of state and federal purchasing techniques, theory and best practices.
- h. Maintain NVTC's formal procurement and contracting process to ensure prompt procurements in compliance with state and federal laws.
- i. Perform internal accounting functions, including DRPT and FTA project tracking, Commuter Choice reimbursement request tracking, local match invoicing, accounts receivable, cash receipts, accounts payable, disbursements, internal fund transfers, payroll, general ledger and reconciliations.

7) Federal Grants

- a. Apply for federal grants on behalf of member jurisdictions and manage grants as the designated recipient for FTA funds. NVTC is the designated recipient of federal grants for the city of Alexandria and is anticipating activating Federal Community Project Funding in the first quarter of 2025 for the Envision Route 7 BRT project. For these grants, NVTC will:
 - i. Maintain any subrecipient agreements which outline terms, conditions and expectations.
 - ii. Ensure subrecipient agreements include all the information required by FTA and 2 CFR 200.
 - iii. Review reimbursement requests to ensure costs are reasonable, allocable and allowable in accordance with 2 CFR 200 and terms of the award.
 - iv. Drawdown approved reimbursement requests and transfer funds to subrecipients, if applicable.
 - v. Host quarterly project management meetings with the subrecipient, if applicable, and FTA
 - vi. File quarterly financial and milestone reports (1/30, 4/30, 7/30, 10/30), semi-annual Disadvantaged Business Enterprise (DBE) reports (6/1, 12/1) and other required documentation in FTA's grants management system (TrAMS).
 - vii. Monitor subrecipients to ensure proper stewardship of federal funds and performance goal attainment.
 - viii. Provide technical assistance as needed.
 - ix. Close out completed grants.
- b. Prepare and submit NVTC's Title VI Program to FTA in accordance with 49 CFR Part 21.
- c. Administer and ensure NVTC's compliance with Title VI and DBE programs and provide technical assistance to subrecipients as needed.
- d. Ensure NVTC and subrecipients comply with all relevant FTA regulations and guidelines in numerous areas such as legal, financial management,

technical capacity, continuing control, maintenance, procurement, civil rights and the National Transit Database.

- e. Attend workshops and webinars presented by FTA to maintain awareness of changes in federal requirements and processes.
- f. Submit annual certifications and assurances to the FTA and maintain subrecipient's signed annual certifications and assurances on file.

Deliverables: DRPT grant applications and grant agreements for local and WMATA assistance; Title VI Program; Commuter Choice program reimbursements; annual updates to SAM formula; Trust Fund revenue projections and reporting; annual audited financial statements and single audit reports.

B. NVTC Program Administration

Commuter Choice

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

1) Program Management and Administration

- a. Provide ongoing administration of I-66 Commuter Choice and I-395/95 Commuter Choice to ensure compliance with relevant Memorandums of Agreement (MOAs).
 - i. Work with staff and legal counsel on policy changes and decisions governing future calls for projects and program administration.
 - ii. Coordinate with PRTC as needed on the ongoing management and administration of I-395/95 Commuter Choice.
 - iii. Work with the NVTC finance team and, if applicable, financial counsel and financial advisors to ensure sufficient cash flow for projects and address any financing arrangements should NVTC issue debt to fund projects.
 - iv. Coordinate with VDOT as needed on I-66 Inside the Beltway revenue projections and monitor VDOT's quarterly payments to NVTC. Coordinate with DRPT to ensure that concessionaire payments from I-66 Outside the Beltway and I-395/95 are transmitted to NVTC in a timely manner.

- v. Maintain and update the Commuter Choice program website to provide relevant, timely information for applicants, recipients and stakeholders.
 - vi. Monitor program operations and communications with recipients to identify any needed policy changes or updates.
 - vii. Execute Standard Project Agreements (SPA) and ensure the projects comply with all SPA requirements.
 - viii. Coordinate with NVTC's WMATA program to develop policy guidance as needed to enable WMATA to operate and/or construct 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 Commissions.
 - ix. Support and participate in recipient-led events highlighting major project milestones, such as groundbreakings and ribbon-cuttings.
 - x. Ensure that, for completed projects, Commuter Choice-funded assets remain in use in a manner benefiting corridor toll payers by obtaining annual asset management certifications from the corresponding funding recipients.
- b. Prepare Commuter Choice annual report and program updates.
- i. Prepare and submit the fiscal year report to the CTB as required by the MOAs.
 - ii. Present analyses of broader travel trends, such as travel volumes and mode shares, in the I-66 and I-395 corridors as part of fiscal year reports to the CTB.
 - iii. Update recipient handbook that provides a comprehensive guide to Commuter Choice program eligibility, policies and procedures, as needed.

Deliverables: Commuter Choice Annual Report to the CTB; updated program guidance materials as applicable; SPAs distributed to recipients for funded projects.

2) Call for Projects and Project Selection Process

- a. Prepare Commuter Choice application materials and secure Commission(s) approval to open calls for projects.
- b. Hold workshops with eligible applicants while calls for projects are open. Provide technical assistance and guidance during the application process.
- c. Conduct the initial eligibility screening, evaluation and scoring of project applications in coordination with DRPT.
- d. Provide program updates at Commission meetings and present final Program of Projects for Commissions' 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. Facilitate public outreach efforts that meet the MOA's requirements, with materials available in English, Spanish and potentially other languages, to detail proposed projects for the public, answer questions about the program and maximize public input.

Deliverables: I-395/95 Commuter Choice FY 2026-2027 Project Evaluation and Scoring, Program Development and Selection, including an eligibility screening meeting with DRPT and PAC/JCWG briefings; I-66 Commuter Choice FY 2027-2028 Call for Projects, Project Development and Scoring, Program Development and Selection, including an eligibility screening meeting with DRPT, and PAC briefings.

3) Reimbursement and Financial Reporting

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

4) I-66 Corridor Needs Assessment Study

- a. Continued development and completion of the I-66 Needs Assessment Study, in partnership with DRPT, to identify short-and-long term future projects for potential funding in subsequent NVTC I-66 Commuter Choice and DRPT I-66 Outside the Beltway funding rounds.
- b. Project management and administration including consultant management and oversight.
- c. Ensure appropriate coordination with study partners including DRPT, VDOT, WMATA, and eligible I-66 Commuter Choice and DRPT Outside the Beltway program applicants.

Deliverables: I-66 Corridor Needs Assessment Study Draft and Final Reports.

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 support the NVTC WMATA Committee to facilitate and represent jurisdictional interests and to ensure access to NVTC's WMATA principal director.

1) WMATA Board of Directors and NVTC WMATA Committee Support

- a. Work with the Committee Chair to develop and implement the committee's annual work plan.
- b. Manage and staff the NVTC WMATA Committee to facilitate committee guidance and feedback on NVTC's priorities for WMATA, leading to committee endorsement and recommendation for the full Commission to approve 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 about WMATA issues directly affecting the NVTC region and NVTC jurisdictions, including but not limited to annual WMATA budget comments, fare policy and comments on any major WMATA studies.
- d. Manage and lead a jurisdictional staff team 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 information on the following:
 - i. The safety and reliability of the rapid heavy rail mass transportation system and bus network.
 - ii. The financial performance of WMATA related to the operations of the rapid heavy rail mass transportation system, including farebox recovery, service per rider and cost per service hour.
 - iii. The financial performance of WMATA related to the operations of the bus mass transportation system, including farebox recovery, service per rider and cost per service hour.
 - iv. Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA operations.
 - v. Use of the funds provided from the Mass Transit Fund to improve the safety and condition of the rapid heavy rail mass transportation system.
 - vi. Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.
 - vii. Any other areas of WMATA Committee interest of priority for that year's annual report. In 2025-2026, this is anticipated to include Metro funding, accountability, and reform recommendations that support a legislative package that addresses the need for long-term,

sustainable, dedicated funding for WMATA and public transit agencies in Northern Virginia.

- b. Manage technical staff to ensure that the report will meet the expectations of the Commission, the General Assembly and the administration.
- c. Support executive director's presentation of this report to the Commonwealth Transportation Board, Governor's Office, General Assembly and other interested stakeholders.
- d. Coordinate with the Communications team to publicize (press, social media, etc.) the recommendations and other relevant elements of the report.
- e. Publish the report and associated information on NVTC's website.

3) Annual Certification of WMATA Documents

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

4) Virginia WMATA Board Member Support

- a. Support the Executive Director's role in facilitating the Commission's annual appointment of Virginia's two principal and two alternate members of the WMATA Board of Directors.
- 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 members staffing calls in advance of or after WMATA Board and committee meetings.
- d. Ensure communication and coordination between the Commonwealth and NVTC's Principal WMATA Board members and between jurisdictional and DRPT staff as necessary.
- e. Provide staff support and talking points to the WMATA Board members prior to the NVTC Commission meetings.
- f. Provide staff support to NVTC's WMATA Board appointee in preparation for legislatively required annual CTB briefing.
- g. Participate on WMATA's Joint Coordinating Committee (JCC).
 - i. Monitor and report on the development of WMATA's annual operating and capital budgets and multi-year CIP.
 - ii. Provide feedback to WMATA consistent with NVTC positions and/or Board member guidance.

- iii. Coordinate with jurisdictional staff and DRPT on WMATA's compliance with CTB policy guidelines for the implementation of governance and funding reforms for WMATA as needed.
 - iv. Actively participate in the development, negotiations and any updates to the Capital Funding Agreement (CFA). Depending on the timing and eventual results of legislative efforts, broader negotiations about the existing CFA or any future funding agreements could start during the time of this workplan.
- 5) Support for Northern Virginia Jurisdictions
- a. Participate in JCC meetings and follow WMATA Board actions and share key items/actions with Northern Virginia jurisdictional staff in conjunction with recurring WMATA Board member/staff calls.
 - b. Facilitate jurisdictional issues with WMATA that rise to the attention of the NVTC WMATA Board principal member.
 - c. Represent NVTC's interests and coordinate internal communications and comments at key points of WMATA-led planning studies, including but not limited to the Bus Network Redesign and the Blue/Orange/Silver Capacity and Reliability Study.
- 6) Implement NVTC-focused Recommendations from the 2024 Report on the Performance and Condition of WMATA
- a. Develop a scope of work, framework, list of deliverables and schedule for the continuation or additional phase of effort of the WMATA Funding and Reform Working Group. Some of the topics may include, but are not limited to:
 - i. Continuing to develop permanent operating and/or capital funding solutions
 - ii. Recommending operating reporting requirements
 - iii. Advancing audit concepts
 - iv. Refining revenue structure recommendations, and
 - v. Any additional, relevant policy topics.
 - b. Participate in MWCOG WMATA funding related working groups to integrate NVTC's work into regional efforts.
 - c. Brief the WMATA Committee, Legislative and Policy Committee and Commission at key milestones and deliverables.

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

Work Toward Long Term Sustainable Transit Funding

NVTC is leading and/or participating in several key efforts to support the Commission's work to develop long-term sustainable funding for Northern Virginia's transit agencies. This work

is closely coordinated with the WMATA Program and the development of NVTC's Annual Legislative Agenda.

Senate Joint Resolution 28 (SJ 28) was created by the General Assembly on March 5, 2024. The resolution establishes a joint subcommittee to study long-term, sustainable, dedicated operating and capital funding as well as cost-containment controls and strategies for the Washington Metropolitan Area Transit Authority (WMATA), the Virginia Railway Express and the public transit systems that serve the NVTC and Potomac and Rappahannock Transportation Commission (PRTC) transportation districts. It also created a Technical Working Group to support the Subcommittee.

DMVMoves is a joint initiative by the Metropolitan Washington Council of Governments (COG) and WMATA to develop a unified vision and sustainable funding model for public transit in our region. The goal is to build a better transportation network that ultimately serves the region's mobility, sustainability and economic needs for generations to come.

NVTC facilitates a staff-level NVTC Transit Funding Working Group focused on the various initiatives underway geared toward long-term, dedicated transit funding in the region. This working group will be the primary forum to keep jurisdictional and agency partners informed on DMVMoves, the SJ 28 Joint Subcommittee study and NVTC's 2024 Annual Report on the Performance and Condition of WMATA. These meetings will provide an opportunity to develop a coordinated position on the work of these initiatives.

- 1) Support SJ 28 Subcommittee and Technical Working Group (TWG)
 - a) Coordinate development of agendas and materials for the Subcommittee and TWG.
 - b) Liaison with SJ 28 Chair and Senate Staff.
 - c) Track questions/topics for follow-up and items included in the SJ 28 resolution.
 - d) Manage consultant team to generate revenue estimates and ad hoc research/analysis.
- 2) Engage with DMVMoves
 - a) DMVMoves and Government Partners Advisory Group (GPAG) meetings, including preparing briefings (as needed) for Executive Director and Commissioners/elected officials.
- 3) Facilitate NVTC Transit Funding Working Group
 - a) Lead development of agenda and materials for the Working Group.
 - b) Facilitate coordination with DMVMoves and SJ 28 Subcommittee/TWG,

Deliverables: Memos, presentations and other materials documenting NVTC work to support the SJ 28 Subcommittee; memos, presentations and other materials developed by

the Transit Funding Working Group; kit items and presentations to the Commission and Committee(s).

Envision Route 7

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

- a. Support development of materials and documentation needed to execute FTA grant and access Community Project Funding.
- b. Lead procurement efforts for the Envision Route 7 Phase 4-2 Mobility Study.
 - i. Develop scope of work and seek Commission approval for release.
 - ii. Coordinate with Procurement Manager to review, score and select consultant team.
 - iii. Seek Commission approval to award contract.
- c. Manage consultant contract for Phase 4-2 Mobility Study.
 - i. Manage consultant contract and track progress.
 - ii. Coordinate with NVTC and jurisdiction staff regarding study related public outreach efforts.
 - iii. Identify stakeholders to serve on Phase 4-2 Technical Advisory Committee (TAC).
 - iv. Update principal regulatory agencies including VDOT, DRPT and FTA.
- d. Release and communicate the Envision Route 7 BRT Strategic Implementation Plan.
 - i. Publish the approved strategic framework that creates foundation for advancing the project by identifying key policy, governance and funding steps essential to successfully design, construct and operate the system.
 - ii. Maintain outreach efforts with key jurisdictional partners and WMATA.
 - iii. Adjust and update the plan to reflect status changes and progress.
- e. Identify external resources needed to advance the project through the remaining planning phases and implementation.
- f. Work with jurisdiction partners and regulatory agencies on National Environmental Policy Act (NEPA) analysis for Federal funding of construction.
- g. Brief the MAC, PAC and Commission at key milestones and decision points, preparing written updates as needed.
- h. Coordinate with the NVTC Communications team to promote and publicize Route 7 progress, milestones and outreach efforts.
- i. Publish reports and associated information on NVTC's website.

Deliverables: Phase 4-2 Project Deliverables; Envision Route 7 Strategic Implementation Plan.

Transit Data and Analysis

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

1) Regional Transit Data Collection, Analysis and Visualization

- a. Collect and manage regional transit and related data, with work including:
 - i. Catalog, collect and clean data that can be shared with stakeholders and archived for future use.
 - ii. Identify opportunities to use data sources to communicate NVTC's transit policies, policy positions and storytelling.
 - iii. Update and maintain the NoVaTransit Dashboard which serves as a repository of historical and current transit data metrics and allows users to interact with the data to identify trends and conduct analysis. Ensure the NoVaTransit Dashboard is accurate, has up-to-date data available and is easy to use by the public and regional partners.
 - iv. Report the Washington Metropolitan Area Transit Authority's (Metro) monthly system ridership and service data to comply with the Department of Rail and Public Transportation's (DRPT) reporting requirements.
 - v. Coordinate with NVTC's Communications team and external communications partners to share data analysis and visualization through reports, presentation, etc.
- b. Implement the NVTC Strategic Transit Policy Research Roadmap. The study lays out NVTC's plan for regional transit research and analysis into the future.
 - i. Continue to solicit research ideas from NVTC staff, jurisdictional partners and other industry research.
 - ii. Vet and evaluate proposed research ideas as they are received.
 - iii. Develop a prioritized list of projects.
 - iv. Help develop research partnerships to assist with future work.
 - v. Identify and help acquire external funding opportunities to support future work.
 - vi. Identify dissemination opportunities for sharing completed work to a variety of audiences.
- c. Develop scope of work, budget and funding plan to support NVTC-led transit policy analysis efforts, contingent on funding. FY 2026 efforts may include:
 - i. A study on best practices for communicating transit data using interactive tools like dashboards.
 - ii. The development of an approach for identifying bus stops shared by more than one transit agency in regional GTFS data.

- iii. A synthesis of NVTC’s economic value of transit studies over the last 30 years.
 - d. Ad hoc data collection, analysis and visualization support for other NVTC programs and work
 - i. Create static maps, StoryMaps, GIFs, one-pagers and other products for visualizing transit data and information across NVTC work.
 - ii. Coordinate with the Commuter Choice Program team to conduct annual analysis on transit ridership and other metrics to understand the performance of transit along the I-66 Inside the Beltway and I-395/95 corridors.
 - iii. Coordinate with VDOT, the Transportation Planning Board and other regional bodies to collect data necessary for analyses.
- 2) Manage NVTC Federal Transit Administration’s (FTA) National Transit Database (NTD) Technical Assistance
 - a. Prepare and procure new NTD Technical Assistance contract to begin in July 2025.
 - b. Work with local governments to coordinate collection of performance data for the FTA NTD requirements.
 - c. 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: NoVaTransit Dashboard Updates; Data and Policy Analysis Reports; Maps and other data visualizations.

Transit Technology

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

- 1) Regional Zero-Emission Bus Coordination
 - a. Implement the recommendations of the NVTC Northern Virginia Zero-Emission Bus (ZEB) Strategic Plan, including procuring contractor support, as needed, and working closely with the NVTC Zero-Emission Bus Working Group and Northern Virginia transit providers to implement zero-emission buses and the associated technology and infrastructure.
 - b. Coordinate with the Joint Office of Energy and Transportation to finalize the On-Route Charging Feasibility Study conducted using free federal technical assistance. Use FY 2025 DRPT technical assistance grant to advance the analysis of up to two feasible sites identified through the feasibility study.

- i. Develop scope of work and seek Commission approval for release of RFP using DRPT technical assistance grant.
 - ii. Coordinate with Procurement Manager to review, score and select consultant team.
 - iii. Seek Commission approval to award contract.
 - iv. Manage consultant contract and coordinate with NVTC staff regarding study-related efforts.
 - c. Seek additional grant support (ex. FTA Low-No, DRPT Demonstration), as needed, to implement the actions of the Northern Virginia ZEB Strategic Plan.
 - d. Provide updates to the MAC, PAC, and Commission on the status of milestones in the Northern Virginia ZEB Strategic Plan. Continue to educate and engage with stakeholders about ZEB technology, including challenges and opportunities.
 - e. Facilitate NVTC's Zero-Emission Bus Working Group to assist regional partners in low/zero-emission bus implementation, including coordination, technical assistance and/or procurement coordination.
 - f. Attend regional meetings on low/zero-emission bus efforts, including but not limited to TPB, WMATA, PRTC, APTA, DRPT and NVTA.
- 2) Regional Fare Collection Coordination
 - a. Provide updates to the MAC, PAC and Commission on the status of milestones in the 2021 Regional Fare Collection Strategic Plan.
 - b. Support Northern Virginia transit operators by participating in WMATA-led working groups related to SmarTrip and fareboxes. Assist with coordination, planning, exchange of information as well as facilitation of future plans.
 - i. Coordinate among local agencies as they procure and install new fareboxes.
 - ii. Track WMATA's open payment effort to ensure regional partners can also take advantage of credit card-based open payments on their systems.
 - iii. Provide support to regional efforts, such as DMVMoves, that seek to make fare payment and collection a more seamless experience for customers.
- 3) Zero/Reduced Fare Research
 - a. Continue to track zero and reduced fare policies within the region and nationally. Identify additional research and analysis opportunities that are related to and build off NVTC's existing work.
- 4) Technology Coordination
 - a. Provide regular updates to the MAC, PAC and Commission on technology-related topics.

- b. Coordinate among agencies on transit technology contracts and lessons learned to ensure operational and cost efficiencies across Northern Virginia.
- c. Attend regional meetings on transit technology, including but not limited to the TPB, WMATA, DRPT and NVTA.
- d. Identify opportunities to hold an annual transit innovation summit.

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

NVTC Support of the 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 Coordinating 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 (CROC) Fund. Participate and provide technical support at budget review sessions.
- b. Apply and receive state and regional assistance on behalf of VRE, including Rail Enhancement, VPRA Funding, SMART SCALE and NVTA funds.
- c. Assist VRE planning staff on planning studies, federal funding programs and other technical items.

3) 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.

D. Communications and Engagement

Develop and execute communications strategies that support the Commission, NVTC programs and initiatives and improve the public's understanding of transit's role in Northern Virginia and the Commonwealth.

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 multi-faceted marketing campaigns designed to increase bus and rail ridership in Northern Virginia.
- c. Partner with WMATA, VRE and local transit agencies to promote advances in transit technology initiatives.
- d. Leverage network of jurisdictional and agency public information officers to facilitate the sharing of information, collaborate on projects of mutual benefit and leverage mutual resources.
- e. 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, Virginia General Assembly and the public for transit issues in Northern Virginia.
 - i. Inform the news media, interest groups and local jurisdictions of Commission meetings, hearings, actions, analysis, research, reports and events.
 - ii. Share transit-related information from external sources – print/broadcast media, online publications and bloggers, transit agencies and state/local governments – with Commissioners, MAC, agency public information officers, transit advocacy groups, staff and through social media channels.
 - iii. Participate and speak at chamber of commerce events, homeowner association meetings and jurisdictional governing body and committee meetings as requested.
- b. Develop and distribute information and resources necessary for Commissioners to fulfill their responsibilities, including the annual member manual, NVTC website, newsletters and monthly Executive Director reports.
- c. Develop and distribute written and visual communications, such as project fact sheets, issue briefs, web content, frequently asked questions, news releases and targeted e-mail communications on transit-related topics, as well as testimony for Commissioners and NVTC senior leadership.

- d. Provide experts for news media, governmental and transit advocacy organization interviews on regional transportation and transit topics and conduct media training to support leadership and staff.
 - e. Work with program staff and administrative staff to plan, organize, host and market the Legislative Reception, Transit Innovation Summit and Legislative Forum each year.
 - f. Learn and communicate best practices for Artificial Intelligence (AI) generated written and visual content and their ethical uses.
- 3) Commuter Choice Outreach and Marketing
- a. Plan and implement public meetings and public input processes.
 - b. Plan and implement groundbreaking events in collaboration with local jurisdictions and transit providers.
 - c. Promote the Commuter Choice program and events through NVTC's social media and other venues.
 - d. Support ongoing updates and maintenance of the Commuter Choice sections of NVTC's website to provide both programmatic information as well as marketing resources for grantees, stakeholders, etc.
- 4) Envision Route 7 Outreach and Marketing
- a. Work closely with the Envision Route 7 senior program manager and contractors to implement public meetings and public input process.
 - b. Promote Envision Route 7 events and public comment periods through NVTC's social media and other venues.
 - c. Support ongoing updates and maintenance of the Transit Resource Center section of NVTC's website to provide both programmatic information as well as marketing resources for grantees, stakeholders, etc.
- 5) Online Communication
- a. Maximize NVTC's online presence to further the mission of the Commission.
 - i. Provide regular updates to the information, data and tools on NVTC's website to maintain it as a research and information resource.
 - ii. Expand NVTC's social media presence to drive traffic to novatransit.org and program pages, as well as novarides.org. Raise NVTC's profile and promote discussion of regional transit issues.
 - iii. Maintain up-to-date project information on the website to inform the public and Commissioners on the latest project news.
 - iv. Use online analytics and surveys to monitor the effectiveness of online communication and outreach efforts.
 - v. Develop new content, such as videos and infographics, to enhance NVTC's reputation as the primary source of transit-related information in Northern Virginia and improve the public's understanding of both transit and NVTC's role in the region.

6) Public Outreach

- a. Develop and implement communications plans and budgets for transit studies and multimodal grant programs.
 - i. Publicize and solicit public comment through multiple channels, such as meetings and hearings, advertising, pop-up events, online crowdsourcing, email, mail and telephone.
 - ii. Plan and promote public meetings and hearings in consultation with local jurisdictions, transportation agencies and transit providers.
 - iii. Design and create materials, such as flyers, handouts, infographics, email blasts, display boards, PowerPoint presentations and videos.
- b. Plan and implement activities that engage the public and promote NVTC programs and initiatives.
- c. Participate in and support the annual public meeting for Northern Virginia transportation organizations, as required by HB1285 (2018).
- d. Support and coordinate with the Commuter Choice and the Envision Route 7 program outreach and marketing efforts.
- e. Update and streamline NVTC website to ensure user friendliness and adherence to usability standards.
- f. Unify NVTC outreach materials to ensure consistent branding and messaging across all platforms.
- g. Expand in-person outreach efforts through networking and attendance at public events.

Deliverables: Public outreach report for I-66 and I-395/95 Programs of Projects; public outreach for Envision Route 7; daily headlines email; weekly updates for Commissioners and jurisdictional staff; monthly newsletter; annual organizational report; news releases and media relations; website and social media posts; marketing campaign(s) scope and budget; presentations and handouts.

E. Legislative and Policy Efforts

Legislative and Policy 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.
- 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. Plan and implement an annual joint NVTC, PRTC and VRE legislative forum.
- f. Maintain messaging and education efforts about the need for transit funding in Virginia as well as the benefits of public transit throughout the Commonwealth.

2) Virginia General Assembly

- 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.
- c. Conduct NVTC's February meeting at the General Assembly in Richmond.
- d. Maintain membership in 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 relevant CTB's hearings.
- b. Advocate for NVTC's policies, including balanced transportation and stable and reliable funding.
- c. Support DRPT's Transit Service Delivery Advisory Committee (TSDAC) by following the Commonwealth transit funding reform process, facilitating discussions by jurisdictional staff and relaying feedback from the transit agencies to TSDAC for 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 APTA technical and legislative committees to further NVTC expertise and share/learn best industry practices including but not limited to Bus Rapid Transit Committee, Legislative Steering Committee, Zero Emission Bus and Program and Policy Committee.
 - iii. Participate in defining and implementing a federal legislative strategy as part of a broad, nationwide pro-transit coalition.
- d. Provide technical assistance and policy analysis support to state and national boards and committees, including, but not limited to:
 - i. DRPT’s Transit Service Delivery Advisory Committee (TSDAC)
 - ii. VTA Executive Committee
 - iii. The General Assembly’s Joint Committee on Transportation Accountability
 - iv. APTA Legislative Committee
 - v. APTA Policy and Planning Committee
 - vi. APTA Public Private Partnership Committee
 - vii. APTA Commuter Rail Committee, and
 - viii. Transit Cooperative Research Program (TCRP) Dissemination and Implementation of Research Findings Project Panel.

Deliverables: Joint NVTC/PRTC/VRE Legislative Forum; February Legislative Reception in Richmond; policy briefs and supporting information to support legislative priorities; NVTC Legislative and Policy Agenda; legislative tracking reports.

E. Commission and Committee Management

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

1) Day to Day Commission Management

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

2) NVTC Committee Support

- a. Develop and distribute committee materials, meeting logistics (in coordination with the Board Administrator) and all other responsibilities to support the needs of the committee.

Deliverables: Annual Commission and Committee Meeting Schedule; Monthly Commission materials; Annual Agenda.

F. Internal Operations

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

1) Human Resources and Administration

- a. Develop the annual NVTC General and Administrative (G&A) budget, in coordination with jurisdictional staff, for consideration by the Commission.
- b. Leverage human resources support assistance to enhance human resources functions.

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

2) Procurement

- a. Administer a competitive procurement process, which includes, but is not limited to, the following:
 - i. Develop the Requests for Proposals (RFP) indicating the services that will be procured, the factors that will be used to evaluate proposals, and the applicable contractual terms and conditions.
 - ii. Distribute the RFP to the NVTC website and other public platforms to maximize public interest and participation.
 - iii. Host a Pre-proposal Meeting to allow potential Offerors an opportunity to ask questions and receive answers about the solicitation.
 - iv. Conduct an initial administrative review of the proposals received to ensure that they are timely and responsive to the requirements set forth in the RFP.
 - v. Oversee and protect the integrity of the formal evaluation of proposals by ensuring that the evaluation team renders impartial, technically sound, and objective advice throughout the selection process.
 - vi. Prepare the final binding contractual documents and present the award to the selected firm.
- b. Ensure strict compliance with the Virginia Public Procurement Act and federal laws throughout the procurement process.
- c. Implement and maintain internal procurement policies and procedures and ensure staff are adequately trained on procurement requirements, contract administration, and project management.
- d. Conduct public outreach to engage and inform small and disadvantaged businesses about current and upcoming contract opportunities at NVTC.

3) Telework and Office Space

- a. Provide technical support to staff to enable telework and other remote work activities.

- b. Resolve issues related to the office space (lease, maintenance, facilities, etc.).
- 4) Information Technology
- a. Provide ongoing strategy, operation, maintenance and enhancement of computer, communication and information systems as an essential support function to enable NVTC to accomplish its objectives.
 - b. Acquire, implement and maintain new information technology systems, software and services to support business operations and programs.
 - c. Manage a third-party support contract to ensure security of NVTC's systems, assistance in following industry best practices, and additional user support.
- 5) Procedures Manual
- a. Implement, maintain and regularly update a procedures manual for onboarding new staff of procedures for office (Style Guide, safety procedures, templates, contacts, etc.).

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

G. Regional Coordination and Collaboration

Ensure NVTC transit performance research complements and does not duplicate other regional analyses, through participation in regionally focused technical, program or study committees assisting in planning and 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. Virginia Department of Rail and Public Transportation
- e. Virginia Department of Transportation
- f. Virginia Railway Express
- g. Metropolitan Washington Council of Governments, and;
- h. Washington Metropolitan Area Transit Authority.



TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice
DATE: November 27, 2024
SUBJECT: Public Hearing on NVTC's 2025-2026 Work Plan and Draft Resolution "Guiding Principles for Future Transit Funding"

Each year the public is given an opportunity to provide comments to the Commission regarding NVTC's upcoming Work Plan. NVTC is also seeking public comment on the draft resolution "NVTC's Guiding Principles for Future Transit Funding." Members of the public are invited to provide comments on both topics at the December 5 public hearing.

The [proposed NVTC 2025-2026 Work Plan](#) covers the proposed staff work to support the Commission during the time period of January 2025 to June 2026. More information about the Work Plan can be found in [Agenda Item #8](#). The Commission will be requested to approve the Work Plan at the January 16, 2025 meeting.

The [proposed draft resolution "NVTC's Guiding Principles for Future Transit Funding"](#) aims to document the Commission's priorities related to addressing future regional transit funding needs. The resolution seeks to inform the SJ 28 Joint Subcommittee and DMVMoves initiatives as they identify long-term, sustainable, dedicated funding solutions for public transit in this region. More information about the resolution can be found in [Agenda Item #7](#). Commission action on the resolution is anticipated at the January 16, 2025 meeting.

Public Hearing and Public Comment Period

NVTC has multiple ways the public can provide comment on the Work Plan and the draft resolution "NVTC's Guiding Principles for Future Transit Funding."

In-Person:

NVTC will accept in-person public comments on its Work Plan and the draft resolution "NVTC's Guiding Principles for Future Transit Funding" during the **public hearing at the December 5, 2024 Commission meeting**. The public hearing will be located in 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. During the Commission meeting, the chair will open the meeting for public comment and ask if anyone in the audience wishes to address the Commission on NVTC's 2025-2026 Work Plan and/or the draft resolution "NVTC's Guiding Principles for Future Transit

Funding.” During the public hearing, any interested parties may step forward to the podium. Speakers must state their name and the city or county in which they live for the record and will be allowed three (3) minutes to speak. Audio-visual equipment is not available for public use.

Other Options for Comment Submission:

- Submit written comments via NVTC’s [online 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: 571-721-1451. 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.

For the December 5 public hearing, all comments received by 3:00 p.m. that day will be provided to Commissioners at the public hearing. **NVTC will continue to accept public comment until 5:00 p.m. on Friday December 27.** All the public comments will be compiled and provided to Commissioners in their meeting materials prior to the January 16 meeting.



AGENDA ITEM #10 Virginia Railway Express (VRE)

TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice and Rhonda Gilchrest
DATE: November 27, 2024
SUBJECT: Virginia Railway Express (VRE)

At the December 2024 meeting, VRE staff will update the Commission on recent VRE activities and the proposed VRE FY 2026 budget. The Commission will be asked to take action on the VRE 2025 Legislative Agenda, FY 2024 Annual Comprehensive Financial Report, and VRE's applications for the I-395/95 Commuter Choice FY 2026-2027 program.

A. VRE CEO Report and Minutes

VRE Chief Executive Officer Rich Dalton will provide his report on recent VRE activities. The [VRE CEO Report for November 2024](#) and the [Minutes of the November 15, 2024 VRE Operations Board meeting](#) are attached.

B. ACTION: Approve [Resolution #2545](#): Approve the VRE 2025 Legislative Agenda

On the recommendation from the VRE Operations Board, the Commission will be asked to approve [Resolution #2545](#), which will approve the [VRE 2025 Legislative Agenda](#). VRE prepares an annual Legislative Agenda to communicate VRE's legislative priorities in coordination with the Commissions and member jurisdictions. The agenda addresses federal, state and regional issues.

C. ACTION: Approve [Resolution #2546](#): Accept and Authorize Distribution of VRE's FY 2024 Annual Comprehensive Financial Report

On the recommendation from the VRE Operations Board, the Commission will be asked to approve [Resolution #2546](#), which will accept [VRE's FY 2024 Annual Comprehensive Financial Report \(ACFR\)](#) and associated information from the auditors and authorize the VRE CEO to distribute the ACFR.

The audit of VRE's FY 2024 financial statements has been completed and the auditing firm of PBMares, LLP, has issued an unmodified opinion. The opinion letter states that the VRE financial statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit. The auditors met with the VRE Audit Committee on November 15, 2024 to review the statements and their opinion, which was followed by a presentation at the full Operations Board meeting. [VRE's memorandum](#) is attached which provides additional information about the audit process.

D. ACTION: Approve Resolution #2547: Authorize the VRE CEO to Submit, on Behalf of the Commissions, VRE Applications to the I-395/95 Commuter Choice FY 2026-2027 Program

On the recommendation from the VRE Operations Board, the Commission will be asked to approve Resolution #2547, which will authorize the VRE CEO to submit, on behalf of the Commissions, VRE applications to the I-395/95 Commuter Choice FY 2026-2027 Program, to make any necessary corrections to the project amount or descriptions in the applications and execute all project funding agreements that may result from consideration of the VRE applications.

VRE staff have identified two projects for submittal for this round that support and implement planned service enhancements authorized in the Transforming Rail in Virginia (TRV) initiative. Consistent with VRE procedures for grant applications, the Operations Board recommends the submission of grant applications to the Commissions for their authorization. The Commissions' authorization does not confer endorsement of any VRE application(s) in relation to the adopted I-395/95 Commuter Choice project selection process. The identified projects are:

1. **Leeland Road Station Improvement Project.** (Priority 1) This project would extend the existing side platform to accommodate 8-car trains at the station. A new platform access point from the existing parking lot would be constructed to improve passenger flow on and off the platform. In addition, a multi-use path would be constructed from the current parking lot to and along Leeland Road to create a connection to the existing sidewalk infrastructure that currently ends at the corner of Leeland Road and the station's parking lot entrance. The total estimated cost of this project is \$12.1 million. It is currently only partially funded through SMARTSCALE Round 2 and GWRC Vanpool Program 5307 funds. The project would be fully-funded upon receipt of the requested \$5.8 million from Commuter Choice.
2. **Brooke Station Improvement Project.** (Priority 2) This project would extend the existing side platform to accommodate 8-car trains at the station and would add an additional access point between the parking lot and the platform. The total estimated cost of this project is \$11.8 million. It is currently only partially funded through SMARTSCALE Round 2, GWRC Vanpool Program 5307 funds, and Congestion Mitigation and Air Quality (CMAQ) funds. The project would be fully-funded upon receipt of the requested \$3 million from Commuter Choice.

Additional background information is provided in the [attached VRE memorandum](#).

E. Proposed VRE FY 2026 Budget

VRE Chief Financial Officer Mark Schofield will give an update on the proposed VRE FY 2026 budget. The [presentation provided to the Operations Board](#) at its November 18 meeting is attached.

CEO REPORT

NOVEMBER 2024



MISSION

The Virginia Railway Express, a joint project of the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission, will provide safe, cost-effective, accessible, reliable, convenient, and customer responsive commuter-oriented rail passenger service. VRE contributes to the economic vitality of its member jurisdictions as an integral part of a balanced, intermodal regional transportation system.



CEO REPORT | NOVEMBER 2024

TABLE OF CONTENTS

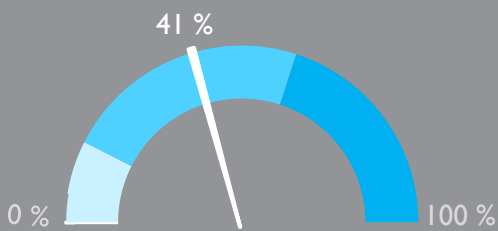
PERFORMANCE AT A GLANCE	3
ON-TIME PERFORMANCE	4
AVERAGE DAILY RIDERSHIP	6
SUMMONSES ISSUED	7
TRAIN UTILIZATION	8
PARKING UTILIZATION	9
FACILITIES UPDATE	10
UPCOMING PROCUREMENTS	11
CAPITAL PROJECTS UPDATES	12
PROJECTS PROGRESS REPORT	14



VIRGINIA RAILWAY EXPRESS
A better way. A better life.

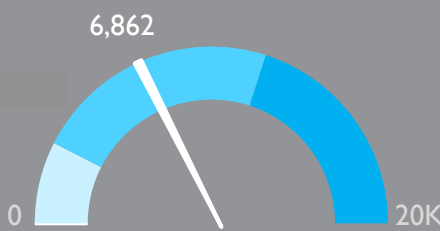


PERFORMANCE AT A GLANCE



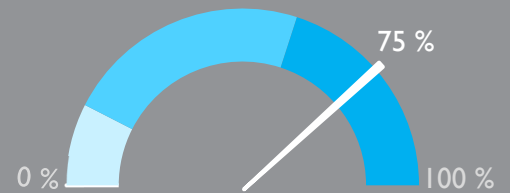
PARKING UTILIZATION

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



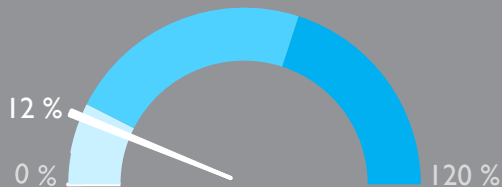
AVERAGE DAILY RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings and reduced, "S" schedule, service.
Same month, previous year: 6,580



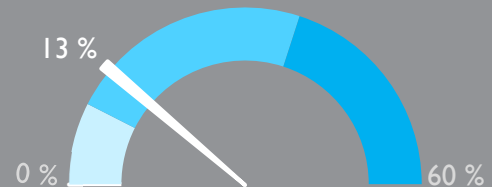
ON-TIME PERFORMANCE

Percent of trains arriving at their destination within 5 minutes of the schedule.
Same month, previous year: 84%



SYSTEM CAPACITY

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



OPERATING RATIO

Through September 2024

Year-to-date operating revenues divided by year-to-date operating expenses, which represents the share of operating costs paid by the riders.

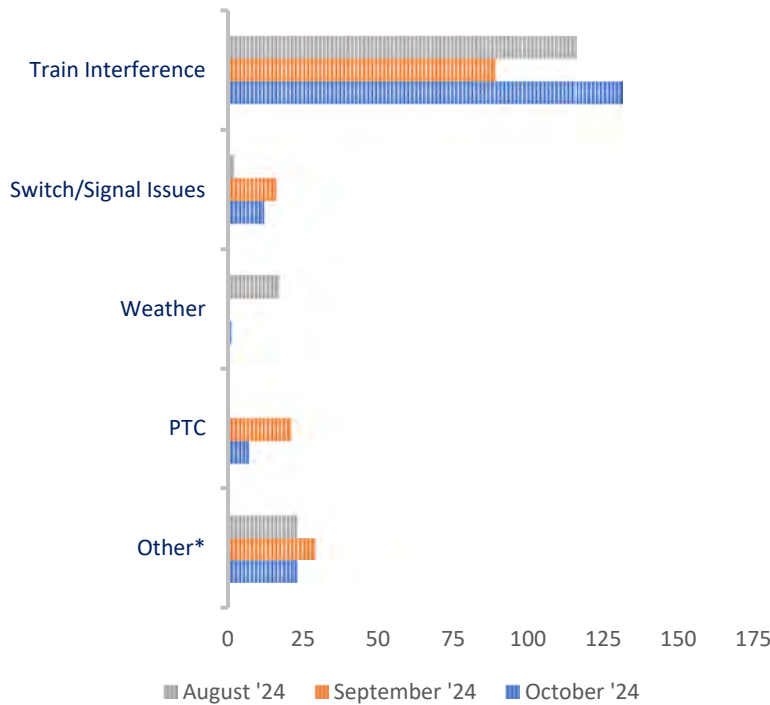
October 2024

ON-TIME PERFORMANCE

OUR RECORD

	October 2024	September 2024	October 2023
Manassas Line	70%	76%	80%
Fredericksburg Line	80%	76%	88%
Systemwide	75%	76%	84%

PRIMARY REASON FOR DELAY



VRE operated 690 trains in October. The on-time rate for the month was 75 percent.

One hundred seventy-four trains arrived more than 5 minutes late to their final destinations. Of those late trains, 104 were on the Manassas Line (60 percent), and 70 were on the Fredericksburg Line (40 percent). The average delay was 14 minutes. Eleven trains were more than 30 minutes late to their destination station.

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

LATE TRAINS

	System Wide			Fredericksburg Line			Manassas Line		
	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.
Total late trains	158	155	174	70	78	70	88	77	104
Average minutes late	23	16	14	29	17	12	18	14	16
Number over 30 minutes	24	17	11	13	12	2	11	5	9
Heat restrictions	8	0	0	8	0	0	0	0	0

ON-TIME PERFORMANCE

VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



AVERAGE DAILY RIDERSHIP

VRE SYSTEM



FREDERICKSBURG LINE



MANASSAS LINE



RIDERSHIP UPDATES

Average daily ridership for October was 6,862. There were 22 service days.

	October 2024	September 2024	October 2023
Monthly Ridership	150,972	133,247	138,189
Average Daily Ridership	6,862	6,662	6,580
Bicycles on Trains	1,593	1,404	1,556
Full Service Days	21	20	21
“S” Service Days	1	0	0

SUMMONSES ISSUED

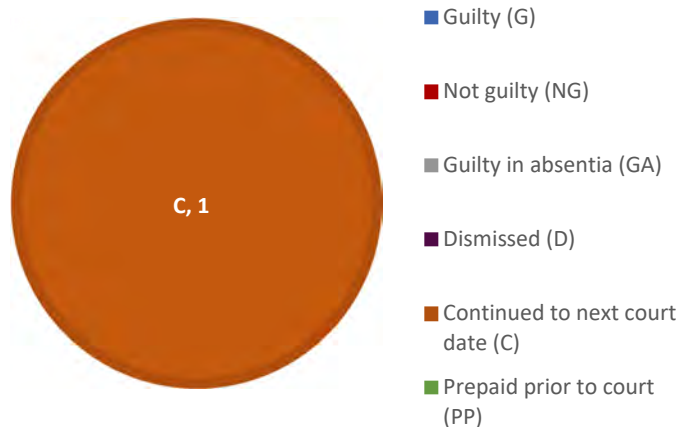
VRE SYSTEM



SUMMONSES WAIVED OUTSIDE OF COURT

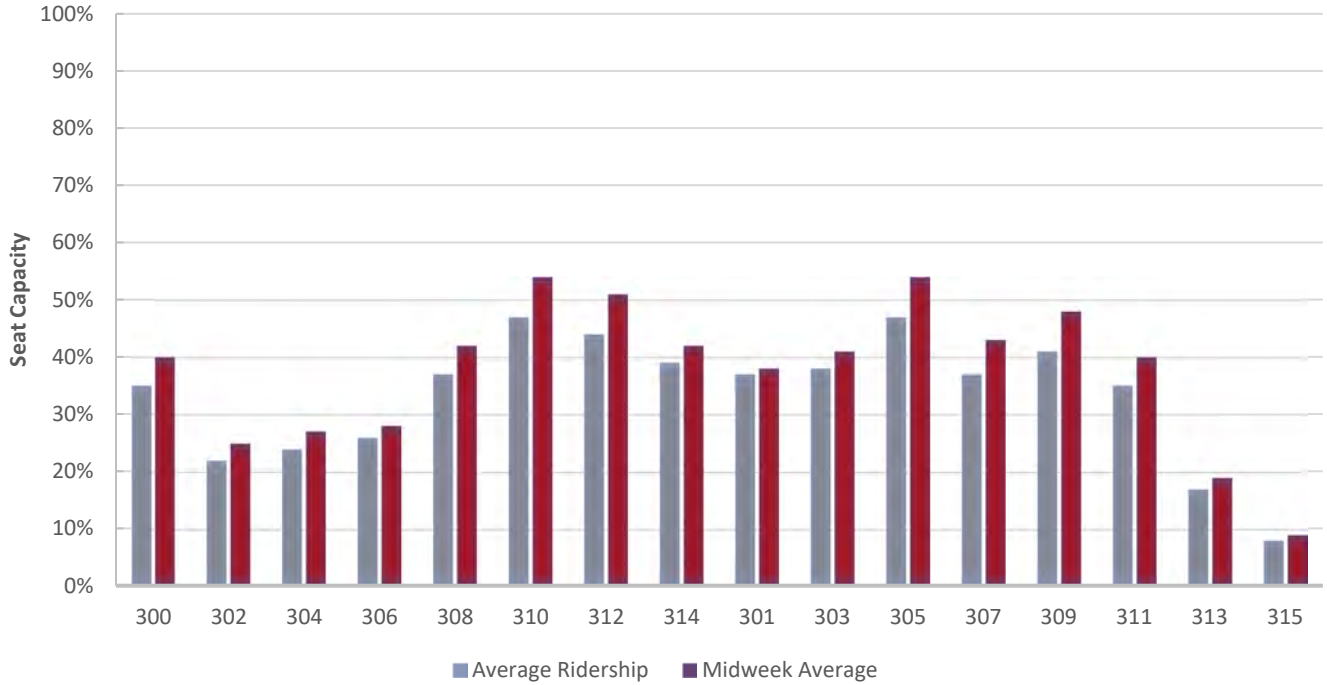
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	0
One-time courtesy	1
Per the request of the conductor	0
Defective ticket	0
Per ops manager	0
Unique circumstances	0
Insufficient information	0
Lost and found ticket	0
Other	0
Total Waived	1

MONTHLY SUMMONSES COURT ACTION

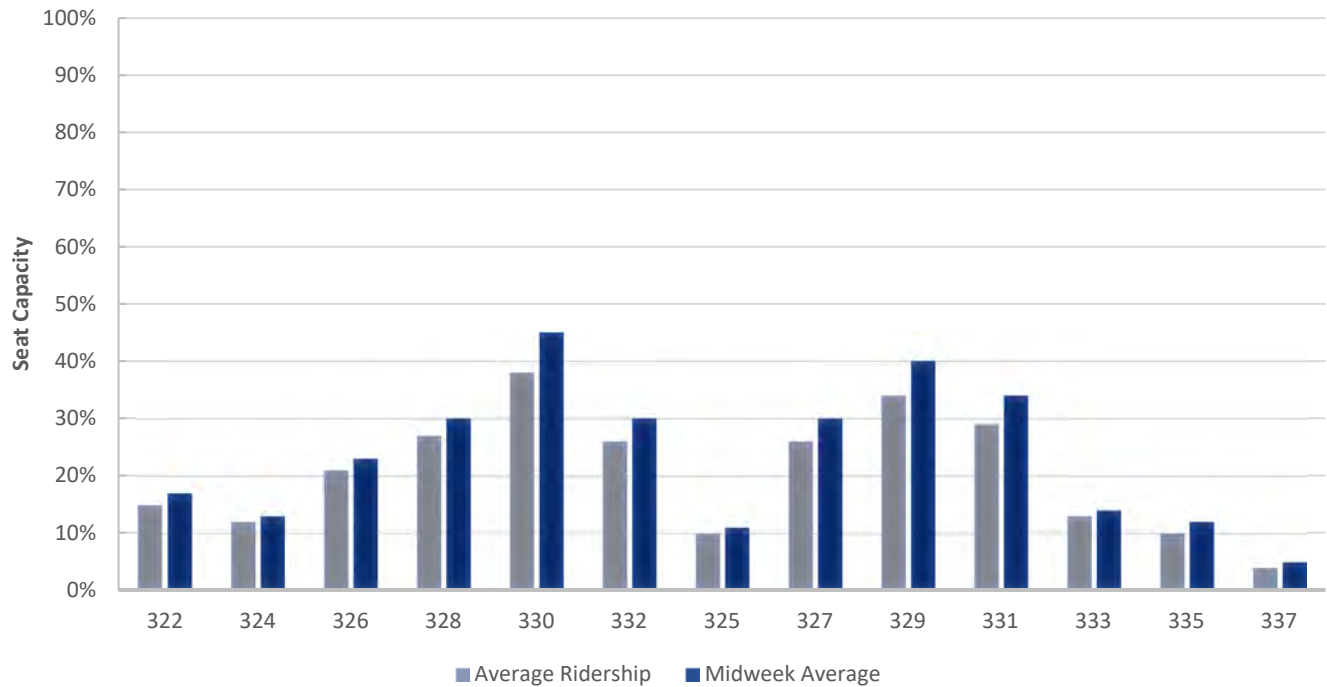


TRAIN UTILIZATION

FREDERICKSBURG LINE

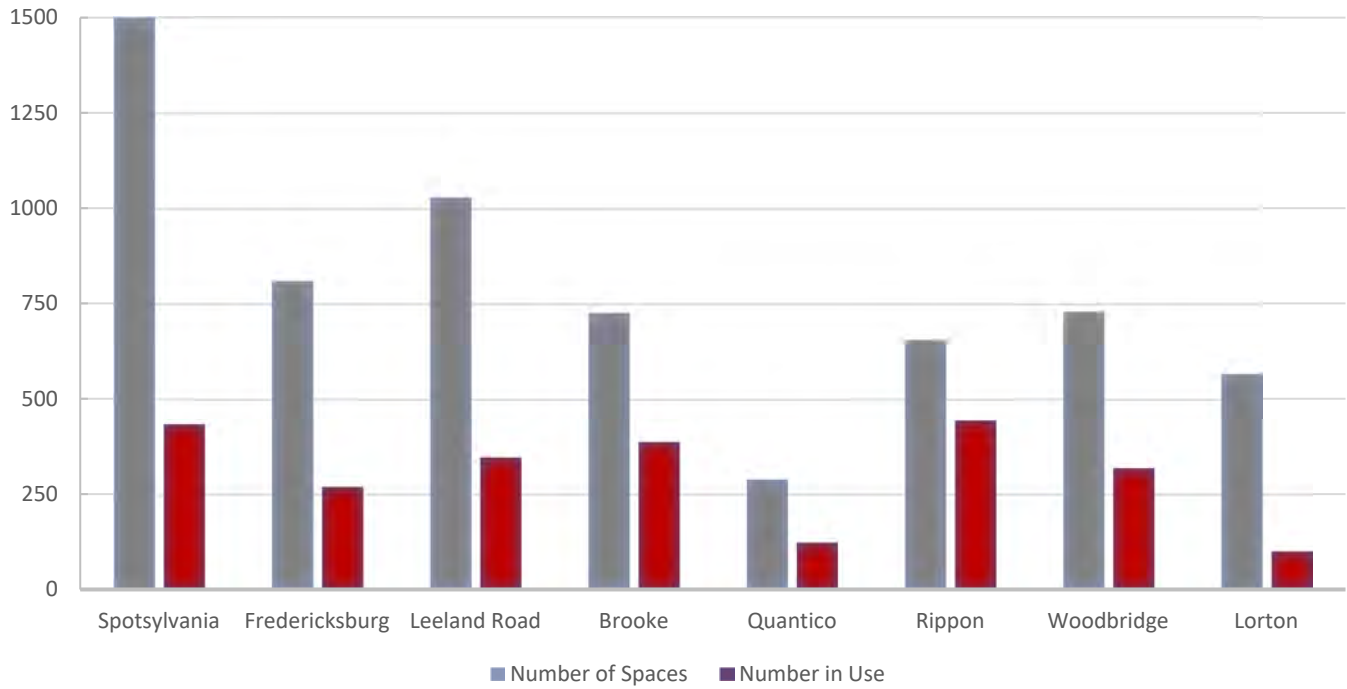


MANASSAS LINE

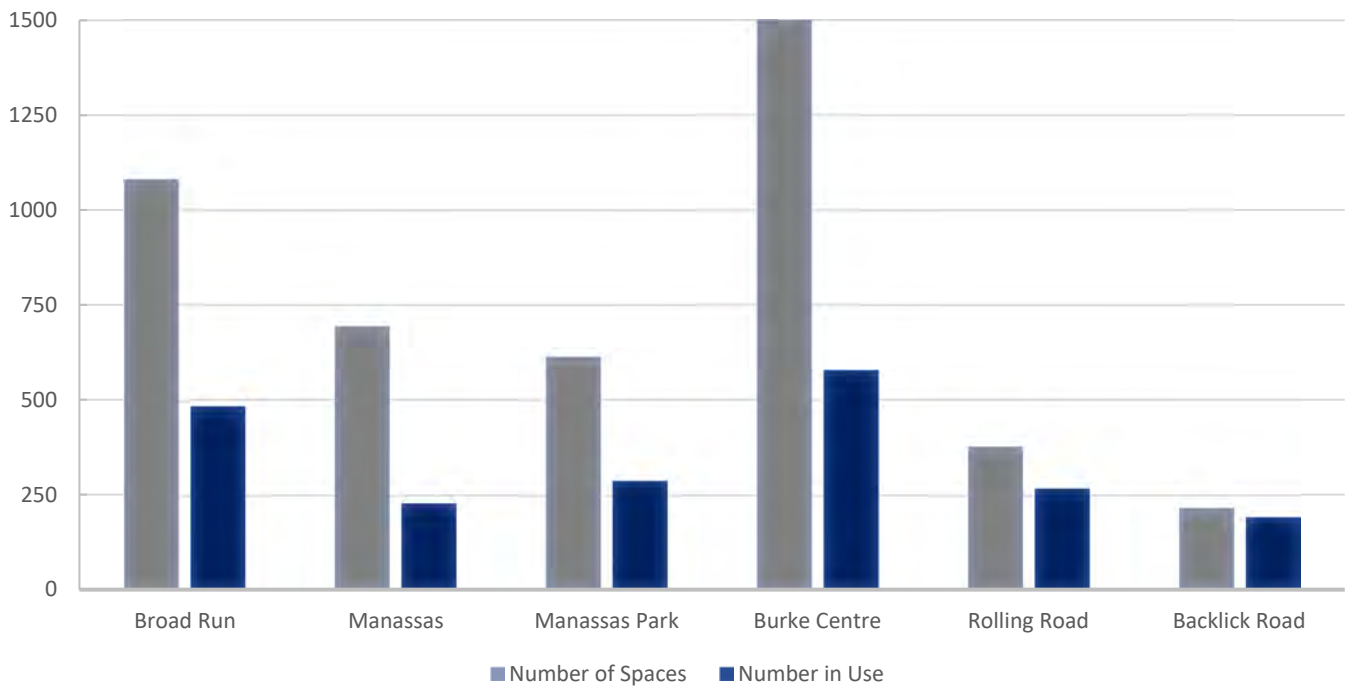


PARKING UTILIZATION

FREDERICKSBURG LINE



MANASSAS LINE



FACILITIES UPDATE

The following is a status update of VRE facilities projects.

Completed projects:

1. Replacement of stair tower and pedestrian bridge logo signs at Woodbridge station
2. Repairs to steel railings at Leeland Road station
3. Replacement of existing high bay lighting in warehouse at Crossroads MASF
4. Pressure washing and sealing of warehouse at Crossroads MASF
5. Repairs to storm drainage manhole at Broad Run MASF
6. Provided site coordination for 2024 Tour de VRE bicycle event



Site coordination for 2024 Tour de VRE



Steel railing repairs to be painted at Burke Centre station

Projects scheduled to be completed this quarter:

1. Replacement of wood light pole at Leeland Road station
2. Replacement of entrance gate and motor at Crossroads MASF
3. Repairs to storm drainage pipe at Manassas station parking garage
4. Replacement/installation of pathfinder signage for multiple stations
5. Replacement of parking lot entrance signs at Woodbridge, Brooke, Leeland Road and Manassas Park stations
6. Painting of steel railing repairs at Brooke, Leeland Road, Backlick Road and Burke Centre stations

Projects scheduled to be initiated this quarter:

1. Replacement of LED lighting at Woodbridge station parking garage
2. Repairs to stairs at Franconia-Springfield and Woodbridge stations
3. Repairs to train gate conduits at Crossroads MASF
4. Replacement of existing lighting with LED lighting at Manassas station parking garage
5. Repairs to steel railings at Broad Run station
6. Replacement of employee turnstile with swing gate at Broad Run MASF

NOVEMBER 2024

Ongoing projects:

1. Modernization of east elevator at Woodbridge station parking garage
2. Minor structural repairs at Woodbridge station parking garage
3. Improvements to various elements of Manassas Park station

UPCOMING PROCUREMENTS

1. Locomotive AR-10 parts
2. Modernization of Woodbridge Station east elevator
3. Construction of Alexandria Station improvements
4. Broad Run and Crossroads security camera system power and network infrastructure upgrade
5. Locomotive master controllers
6. Passenger information and messaging system
7. Locomotive exterior painting services
8. Construction management services for the Crystal City Station improvements project
9. Photography and videography services
10. Mechanical engineering consulting services

CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget	Project Notes
Alexandria Station Improvements	Passenger safety will be improved by replacing an at-grade pedestrian track crossing with elevators to connect the two platforms. The elevators and the current and proposed stairs, will connect to the existing tunnel between the two platforms. Adjustments to platform elevation will eliminate the need for step-boxes to access VRE and Amtrak trains. The center platform will be widened and lengthened to accommodate trains on both tracks.	Final Design	\$ 37,288,433.00	Conformed, consolidated 90% plans due to VRE in mid-October for distribution to VPRA, CSXT and Amtrak for stakeholder review. (November/October)
Backlick Road Station Improvements	A 290-foot platform extension will accommodate eight-car trains thereby eliminating passenger movement within railcars and decreasing boarding and off-boarding time. Rehabilitation and repair of the existing platform and canopy, and upgrades of the lighting and communication systems are included.	Development	\$ 8,454,206.00	A request for CMAQ funding flexibility is currently being processed with VDOT, DRPT/VPRA, and FTA. (November/October)
Broad Run Expansion	To accommodate forecasted ridership growth and increase service reliability, improvements are needed at both the Maintenance and Storage Facility (MSF) and station. An enlarged MSF can store longer trains and additional equipment. That requires shifting the existing platform and adding a pedestrian tunnel between the platform and existing and proposed parking lots. A second, 600-space lot and third main track will be constructed.	Final Design	\$ 139,381,862.00	VRE comments on advanced 90% design package have been returned. Pre-application meetings are set with city and county ahead of forthcoming permit applications for site and buildings. Coordinating with US Army Corps of Engineers regarding jurisdictional wetlands. (November/October)
Crossroads MSF Employee Parking & AEW Building	Design and construction of a permanent employee parking lot and Administrative and Employee Welfare Building at VRE Crossroads Yard.	Final Design	\$ 7,365,765.00	Special use permit for eastern parcel approved by County Planning Commission. VRE will attend October Board of Supervisors meeting, the final step in permitting process. Site permit applications to be submitted thereafter. Task order for AEW building has been awarded. Kickoff meeting to be scheduled for mid-October. (November/October)
Crossroads MSF-TRV Phase II Service Expansion	Design and construction for long-term expansion of Crossroads MSF is needed to accommodate train consists, locomotives, and spare equipment required to provide the level of service contemplated in the Transforming Rail in Virginia Phase II service plan for Fredericksburg Line service. This includes an AEW building, warehouse expansion, additional storage tracks, electrical yard expansion, new pond, and pole barn building.	Development	\$ 55,061,790.00	Final deliverables substantially complete. VRE to schedule meeting to review steps to advance Phase II A (AEW) final design/construction. (November/October)

- continued next page -

CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget	Project Notes
Crystal City Station Improvements	Improved station access and service reliability will result from a new station. The platform at the relocated station will allow for the simultaneous boarding of two full-length trains. The station's design will accommodate a future pedestrian/bicycle connection between the station and the airport.	Development	\$ 68,900,900.00	Station design advancing to 90%. Milestone deliverable package anticipated in November. Significant coordination ongoing with adjacent project stakeholders to clarify design intent of Phase 2 (entrance from 2011 Crystal Drive)(November/October)
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	\$ 25,351,100.00	Unified 90% Stakeholder Review Set distributed to VPRA and CSXT for review. Comments due by end of October. (November/October)
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	\$ 12,044,433.00	Cost estimate update in progress (November/October)
Leeland Road Station Improvements	Design and construction of a platform extension to accommodate full-length VRE trains.	Development	\$ 10,361,037.00	Cost estimate update in progress (November/October)
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	\$ 110,857,683.00	Coordination for utility relocation and signal design with the Long Bridge North and LEF projects is ongoing. (November/October)

- continued next page -

CAPITAL PROJECTS UPDATE

Project Name	Project Description	Current Phase	Budget	Project Notes
Manassas Park Parking Expansion	A new garage will nearly double the 600 spaces currently available in the existing surface lot. A pedestrian bridge will provide grade-separated access to the existing platform and lot. The VRE station and garage are an integral part of the City Center Redevelopment District, the proposed transit-accessible high-density mixed-use town center of Manassas Park.	Construction	\$ 34,662,764.00	Site drainage around garage being installed and backfilled. Headhouse on top level of garage being installed. Platform side bridge pier constructed. Placement of new precast platform panels underway. Steel erection for stair/elevator tower to begin mid-month. (November/October)
Manassas Station Improvements	The project expands the VRE Manassas Station platform to serve full length trains and enhances pedestrian access to the station. Alternatives to increase the platform length to enable boarding and alighting from all passenger cars will be evaluated.	Development	\$ 9,125,000.00	A scope of work for a GEC environmental and engineering services is under review. (November/October)
New York Avenue Midday Storage Facility	This new facility will store trains currently located in Amtrak's Ivy City coach yard, as Amtrak now has need for the storage tracks. The New York Avenue site, which is proximate to Washington Union Station, will be able to accommodate additional VRE trains.	Development	\$ 137,362,557.00	Concept design drawings have been developed and shared with Amtrak for the crescent storage track in the Coach Yard and coordination has begun. (November/October)
Potomac Shores Station	This new station, in a master-planned community in Prince William County, is being funded, designed, and constructed by the developer of Potomac Shores in consultation with VRE and other stakeholders. The station will be just a short walk from the town center. A new side platform will be constructed which is designed to be converted into an island platform in the future when the 3rd track is added to corridor operations.	Final Design	\$ -	Groundbreaking ceremony set for November 16. (November) Construction of the shared garage is ongoing. Construction includes casting the three pedestrian bridge support concrete foundation piers that are adjacent to the garage building. (October)

- continued next page -

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	\$ 25,573,060.00	Ribbon cutting held November 1. (November) Final inspections for elevator, electrical, mechanical, plumbing and building anticipated in October. Substantial completion contingent on final inspections. (October)
Woodbridge Station Improvements	Expanded platforms will allow passengers to access trains from all station tracks.	Development	\$ 2,740,618.00	CMAQ funding flex requested from VPRA. Expect FTA grant approval in December. (November/October)

For more information about VRE capital projects, visit <https://projects.vre.org/list>

This page intentionally left blank



VIRGINIA RAILWAY EXPRESS

1500 KING STREET, SUITE 202 • ALEXANDRIA, VA 22314 • 703.684.1001

VRE.ORG





Virginia Railway Express
MINUTES Operations Board Meeting
9:00 AM - Friday, November 15, 2024
 14700 Potomac Mills Road

The Operations Board Meeting of the Virginia Railway Express was called to order on Friday, November 15, 2024, at 9:00 AM, in the 14700 Potomac Mills Road, with the following members present:

PRESENT: Vice Chair (Elected official) Sarah Bagley, Treasurer (Elected official) Daniel Storck, At-Large (Elected official) Andrea Bailey, Immediate Past Chair (Elected official) James Walkinshaw, Board Member (Elected official) Monica Gary, Board Member (Elected official) Lori Hayes, Board Member (Elected official) Jannan Holmes, Board Member (Elected official) Takis Karantonis, Board Member (Elected official) Alanna Mensing, Board Member (Appointed official) Michael McLaughlin, and Alternate (Elected official) Pamela Sebesky¹.

EXCUSED: Chair (Elected official) Meg Bohmke, Secretary (Elected official) Ralph Smith, Board Member (Elected official) Margaret Franklin, Board Member (Elected Official) Tom Gordy, Board Member (Appointed official) Zach Trogdon, Alternate (Elected official) Canak Aguirre, Alternate (Elected official) Victor Angry, Alternate (Elected official) Kenny Boddye, Alternate (Elected official) Will Mackintosh, Alternate (Elected official) Libby Garvey, Alternate (Elected official) Darryl Moore, and Alternate (Elected official) Pamela Yeung

1. Pledge of Allegiance

2. Roll Call

3. Safety Moment

4. Approval of Agenda

A. Approval of the Agenda as presented.

1-2024

At-Large (Elected official) Andrea Bailey made a motion to approve the agenda as presented. Board Member (Elected official) Takis Karantonis seconded the motion. Carried unanimously.

5. Approval of Previous Minutes

A. Approval of Minutes from the October 18, 2024, 2024 VRE Operations Board Meeting

¹ Left the meeting at 11:40 A.M.

2-2024

Board Member (Elected official) Jannan Holmes made a motion to approve the minutes from the October 18, 2024 meeting. At-Large (Elected official) Andrea Bailey seconded the motion. Carried unanimously.

6. Chair's Comments

7. Chief Executive Officer's Report

A.

B. Vice Chair Bagley announced that the 2024 VRE Santa Trains will be held on Saturday, December 14, 2024. Santa Trains will operate out of the Burke Centre, Manassas, Fredericksburg, Spotsylvania, and Woodbridge stations. In-person ticket sales will be held on Monday, December 2nd and the online ticket sales will begin at 10 a.m. on Tuesday, December 3rd via Eventbrite.com.

8. Virginia Railway Express Riders' and Public Comment

9. Action Items

A. Acceptance of the Fiscal Year 2024 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions

3-2024

At-Large (Elected official) Andrea Bailey made a motion to accept the Fiscal Year 2024 Audited Financial Statements and Auditor's Report and to authorize the Chief Executive Officer to forward it to the Commissions. Board Member (Elected official) Monica Gary seconded the motion. Carried unanimously.

B. Charge to the 2025 Operations Board Officers Nominating Committee Regarding Subordinate Officers

4-2024

At-Large (Elected official) Andrea Bailey made a motion to approve a charge to the 2025 Operations Board Officers Nominating Committee regarding subordinate officers. Board Member (Elected official) Takis Karantonis seconded the motion. Carried unanimously.

C. Adoption of a Change to the 2024 VRE Operations Board Meeting Schedule.

- No action was taken.

D. Authorization to Exercise Contract Options for Delivery of Diesel Fuel for VRE Locomotives

5-2024

At-Large (Elected official) Andrea Bailey made a motion to authorize the Chief Executive Officer to exercise contract options with James River Solutions, LLC and GMP Empire, LLC

for the delivery of diesel fuel for VRE locomotives. Board Member (Elected official) Jannan Holmes seconded the motion. Carried unanimously.

E. Authorization to Execute a Contract for State Government Relations Services

6-2024

At-Large (Elected official) Andrea Bailey made a motion to authorize the Chief Executive Officer to execute a contract with Commonwealth Strategy Group for State Government Relations services. Immediate Past Chair (Elected official) James Walkinshaw seconded the motion. Carried unanimously.

F. Recommend the Commissions Approve the 2025 VRE Legislative Agenda

7-2024

At-Large (Elected official) Andrea Bailey made a motion to recommend the Commissions approve the 2025 VRE Legislative Agenda. Board Member (Elected official) Monica Gary seconded the motion. Carried unanimously.

G. Recommend Authorization to Submit a VRE Application to the NVTC I-95/395 Commuter Choice FY2026-2027 Program

8-2024

Board Member (Elected official) Takis Karantonis made a motion to recommend the Commissions authorize the Chief Executive Officer to submit the VRE application to the NVTC I-95/395 Commuter Choice FY 2026-2027 Program. At-Large (Elected official) Andrea Bailey seconded the motion. Carried unanimously.

10. Information Items

A. FY 2026 Budget Update

Discussion:

- Ms. Hayes stated she believes there should be a fare increase as opposed to a subsidy increase.
- Mr. Walkinshaw noted that, historically, VRE has alternated between subsidy increases and fare adjustments on a Fiscal Year cycle. He expressed his opinion that the Board should maintain this established pattern.
- Several Board members highlighted the potential risk of losing ridership due to another fare increase and recommended that this concern be carefully considered.
- Ms. Hayes noted that the new administration will likely require federal workers to return to work five days a week, which could potentially increase ridership.

- Mr. Storck stated is comfortable delaying a decision on fare increases but believes the Board may want to reconsider before the next budget cycle.
- Mr. Karantonis agreed with Mr. Storck as VRE's ridership recovery is still in a period of calibration.

B. Spending Authority Report

11. Closed Session

A. Motion to Convene a Closed Session

9-2024

Vice Chair (Elected official) Sarah Bagley made a motion to convene a closed session, pursuant to the Freedom of Information Act (Section 2.2-3711.A (1) of the Code of Virginia), for the purpose of discussing two personnel matters relating to the performance of the Chief Executive Officer and the General Counsel and Chief Legal Officer. At-Large (Elected official) Andrea Bailey seconded the motion. Carried unanimously.

B. Motion to Certify the Closed Session

10-2024

Vice Chair (Elected official) Sarah Bagley made a motion that the VRE Operations Board certifies that, to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session:

1. Only public business matters lawfully exempted for open meeting requirements under the Freedom of Information Act were discussed; and,
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed, or considered.

Treasurer (Elected official) Daniel Storck seconded the motion. Carried unanimously.

12. Operations Board Member's Time

Mr. McLaughlin is looking forward to wrapping up the Manassas Line Agreement.

Ms. Holmes announced the City of Fredericksburg Christmas Parade on Dec 7th at 5:30 P.M.

Ms. Hayes announced Spotsylvania is also having a Christmas Parade on December 7th at 1:00 P.M.

Ms. Gary announced Stafford County will have a Holiday Tree Lighting Festival on Dec 6th at 6:00 P.M. at the Stafford County Government Center.

13. Adjournment

The meeting adjourned at 12:14 p.m.

Board Clerk

**RESOLUTION #2545**

SUBJECT: Approve the 2025 VRE Legislative Agenda

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

WHEREAS: VRE serves residents throughout the Commonwealth of Virginia 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; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby approves the 2025 VRE Legislative Agenda and authorizes the VRE Chief Executive Officer to actively pursue the elements set forth in the document.

Approved this 5th day of December 2024.

Matt de Ferranti
Chair

Sarah Bagley
Secretary-Treasurer

**Virginia Railway Express
Draft 2025 Legislative Agenda
Federal Funding, Legislative and Regulatory Issues:**

Rail Passenger Transportation Liability Cap

Collaborate with industry stakeholders in urging Congress to make changes to the timeline for implementation of increases to the Rail Passenger Transportation Liability Cap from 30 days to as much as 365 days, as well as any other changes to the liability cap adjustment process that would be advantageous to the VRE.

First Street Tunnel

Monitor activities related to the maintenance and upgrade of Amtrak's First Street Tunnel, which is the entrance to/exit from Washington Union Station for all passenger rail service south of Union Station. The First Street Tunnel remains a bottleneck and needs additional maintenance and upgrades to increase throughput capacity. Amtrak has initiated a First Street Tunnel Project study.

Federal Grant Programs

Work with the U.S. Department of Transportation (DOT), Virginia's congressional delegation, relevant congressional committees, and regional stakeholders to educate and secure administration and congressional support for discretionary grant applications submitted by VRE or the Virginia Passenger Rail Authority (VPRA), or others for projects directly impacting VRE service.

Infrastructure Investment and Jobs Act/Bipartisan Infrastructure Law Implementation and Yearly Appropriations

Continue to partner with industry stakeholders and associations to advocate for robust annual appropriations, funding levels at the authorized levels, and appropriate implementation policies to support commuter rail and mass transit. Engaging with the Virginia congressional delegation, providing comments on policy and regulatory position documents and collaborating on legislative advocacy will be necessary to ensure commuter rail interests are reflected in fiscal-year funding levels.

U.S. DOT Regulations and Rulemaking

Track and comment on proposed guidance, rulemakings, or requests for comment from U.S. DOT to advance permit streamlining reforms applicable to VRE's operations and Capital Improvement Program, as well as any proposed new or changes to existing rail-related regulations.

Surface Transportation Board (STB) Authority

Educate Congress and the administration on the imperative of preserving STB's jurisdiction over VRE and other common-carrier commuter railroads.

Monitor industry, congressional and administration efforts affecting the ability of VRE, and similar commuter railroads, to seek relief from the STB when negotiating with Amtrak. Submit comments, as necessary, to regulatory bodies to advocate for preserving STB jurisdiction over VRE.

Federal Workforce

Follow congressional and administration actions focused on the federal workforce's return to in-office work and permanent work-from-home policies.

**Virginia Railway Express
Draft 2025 Legislative Agenda
State Funding and Legislative Issues:**

Commuter Rail Exemption for Virginia State Tax on Surplus Lines Insurance

Continue efforts to advance legislation introduced in the 2024 General Assembly session that would exempt insurance policies for rolling stock and operating properties of railroads used for commuter rail service in the commonwealth from state tax on surplus lines insurance.

Future Additional Service Funding

Educate legislators on VRE's plans for additional service as part of the Commonwealth's Transforming Rail in Virginia program and VRE's 2050 System Plan to advance the Commonwealth's efforts to identify additional sustainable funding for VRE operations.

Monitor meetings of the SJ28 Subcommittee and Technical Working Group, and the DMVMoves Task Force and its advisory groups, analyzing any recommendations or legislation that results from their efforts.

Commuter Rail Operating and Capital Fund (CROC)

Monitor all proposed transportation funding legislation to ensure there are no adverse changes to CROC revenue sources.

Explore ways to diversify CROC revenue sources to include sustainable options that will reduce reliance on the gas tax.

Freedom of Information Act

Coordinate with VRE's parent commissions and other stakeholders on legislative proposals that would maximize the flexibility of VRE and other public bodies to make policies on the conduct of electronic meetings that allow greater access to the public and opportunities for members to participate, while remaining open and transparent to the public.

**RESOLUTION #2546**

SUBJECT: Accept and Authorize Distribution of VRE's FY 2024 Annual Comprehensive Financial Report

WHEREAS: The Potomac and Rappahannock Transportation Commission and the Northern Virginia Transportation Commission have contracted with the firm of PBMares, LLP for the audit of VRE's financial statements;

WHEREAS: The audit of the VRE FY 2024 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 VRE FY 2024 Annual Comprehensive Financial Report (ACFR) and associated information from the auditors and hereby authorizes the VRE Chief Executive Officer to forward the ACFR to interested groups, firms and members of the public.

Approved this 5th day of December 2024.

Matt de Ferranti
Chair

Sarah Bagley
Secretary-Treasurer



Annual Comprehensive Financial Report

For Years Ended June 30, 2024 and 2023

A commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission.
Headquartered in Alexandria, Virginia.





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Virginia Railway Express

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

VIRGINIA RAILWAY EXPRESS

Annual Comprehensive Financial Report

YEARS ENDED JUNE 30, 2024 AND 2023



Prepared by:

Department of Finance

THIS PAGE NOT USED

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Letter of Transmittal.....	1 – 4
Directory of Principal Officials and Key Personnel.....	5
Organizational Chart.....	6
Financial Section	
Independent Auditor’s Report.....	7 – 9
Management’s Discussion and Analysis.....	10 – 19
Basic Financial Statements	
Statements of Net Position.....	20 and 21
Statements of Revenues, Expenses and Changes in Net Position.....	22
Statements of Cash Flows.....	23
Notes to Financial Statements.....	24 – 62
Required Supplementary Information	
Schedule of Contributions – Virginia Retirement System.....	63
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios – Virginia Retirement System.....	64
Notes to Required Supplementary Information – Virginia Retirement System.....	65
Schedule of the VRE’s Share of Net OPEB Liability – Group Life Insurance Program.....	66
Schedule of the VRE’s Contributions – OPEB – Group Life Insurance Program.....	67
Schedule of Changes in the Net OPEB – Health Insurance Credit Liability and Related Ratios.....	68
Schedule of the VRE’s Contributions – OPEB – Health Insurance Credit Program.....	69
Notes to Required Supplementary Information – Other Postemployment Benefits.....	70 and 71

Statistical Section

Introduction to Statistical Section.....	72
Schedule of Change in Net Position.....	73
Schedule of Components of Net Position.....	74
Schedule of Outstanding Debt.....	75
Schedule of Jurisdictional Contributions.....	76
Schedule of Miscellaneous Statistics.....	77
VRE System Map.....	78
Principal Employers of Participating Jurisdictions.....	79
Demographics and Economic Statistics of Participating Jurisdictions.....	80 and 81
Pledged Revenue Coverage.....	82
Working Capital Reserve Fund.....	83

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 <i>Government Auditing Standards</i>	84 and 85
---	-----------

THIS PAGE NOT USED

Introductory Section





VIRGINIA RAILWAY EXPRESS

November 5, 2024

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, 2024, for the Virginia Railway Express (VRE). VRE is a commuter rail service jointly owned and operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC), collectively referred to as “the Commissions.” NVTC and PRTC are political subdivisions of the Commonwealth of Virginia. VRE is not a legal entity and is considered a joint venture of the two Commissions for accounting purposes. As used in this report, VRE refers to those activities that are carried out jointly or individually by NVTC and PRTC to operate the commuter rail activities described below.

The report consists of management’s representations concerning the finances of VRE. Consequently, management assumes responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, VRE’s management has established a comprehensive internal control framework that is designed to protect VRE’s assets from loss, theft, or misuse and to gather sufficient reliable information for the preparation of VRE’s financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

VRE’s financial statements have been audited by PBMares, LLP, a firm of licensed certified public accountants, and have earned an unmodified opinion. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Virginia Railway Express

VRE provides commuter rail service on two railroad lines originating near Fredericksburg and Manassas, Virginia, and terminating at Union Station in Washington, DC. VRE began operations in 1992 with 16 daily trains and 1,800 average daily ridership. During fiscal year 2024, VRE operated 32 daily trains in revenue service and carried an average daily ridership of 6,333 over 251 service days. VRE ridership throughout fiscal year 2024 continued to be materially affected by changes to employment and travel patterns resulting from the COVID-19 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 2024, VRE focused on improving its facilities, rolling stock, and systems to ensure the financial health and operational safety of the current rail service and to allow for future system expansion.

- **Facilities:** The new Lifecycle Overhaul and Upgrade (LOU) Facility at Crossroads Yard officially entered service in August 2023. The major rehabilitation work at Fredericksburg Station was completed (the station remained in service throughout), and a ribbon-cutting event was held there in May 2024. Major construction work continued on the Quantico Station Improvements project, with final permit approvals and official entry into service expected in November 2024. Construction also continued on the new parking garage and pedestrian bridge at Manassas Park Station. Development efforts continued on several VRE expansion projects that will allow for future system growth, including the Broad Run, Crystal City, Alexandria, and L'Enfant station projects.
- **Rolling Stock:** In fiscal year 2024, progress continued towards the delivery of twenty-one new passenger railcars from Alstom Transportation Inc. Once in service, the expanded railcar fleet will provide VRE with operational flexibility and the opportunity for longer trains and/or additional service frequency. The cars are expected to be completed and ready for revenue service in late fiscal year 2027 or early fiscal year 2028.
- **Systems:** In fiscal year 2024, VRE continued using the Automated Passenger Counter (APC) system for certain ridership tracking and planning purposes, although the system has not yet undergone Federal Transit Administration validation for use in reporting to the National Transit Database (NTD). The validation process is expected to be initiated soon following the resolution of back-end software issues related to train scheduling. VRE is continuing the deployment of a system-wide upgrade to the Variable Message Sign (VMS) network and improvements to station lighting. Work also continued on upgrades to the VRE Mobile ticketing system to allow for the reinstatement of the Amtrak Step-Up program. These upgrades will support the automatic transmission of VRE customer names to the Amtrak train manifest, meeting a new security requirement.

In 2018, the Virginia legislature created the Commuter Rail Operating and Capital (CROC) Fund. CROC 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.” \$15 million annually is dedicated to the CROC Fund from fuel tax revenues generated in the NVTC and PRTC region, which is then available to VRE for its use on operating and capital projects.

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

To date, VRE has programmed \$45 million of CROC funds (covering fiscal years 2019 to 2021) towards its L'Enfant and Crystal City station improvement projects as well as the Track 22 rehabilitation project at Union Station. In March 2021, VRE entered into a Funding Agreement with the Virginia Passenger Rail Authority (VPRA) that commits VRE to use CROC funds to support the TRV program both through the issuance of debt and through pay-as-you-go (PAYGO) capital contributions. In June 2022, VRE and NVTC (with NVTC as the Issuer) closed the sale of the Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia) Series 2022 (Green Bonds). The sale of these double-A rated tax-exempt bonds generated approximately \$119 million in net proceeds that were then transferred to VPRA in July 2022. VRE continues to make PAYGO capital contributions in accordance with the Funding Agreement that are supporting the engineering and design efforts on the Long Bridge project.

On September 5, 2024, the Virginia Passenger Rail Authority (VPRA) purchased approximately 24 miles of the Manassas Line from Norfolk Southern Corporation (NS). Through this new agreement, VPRA also gained access to the railroad's main line (N-Line) in Christiansburg, Virginia, a key component to the Commonwealth's planned intercity rail service expansion to the New River Valley. VRE and VPRA have developed a draft Funding Agreement setting out the parameters for VRE's financial participation in the Manassas Line transaction, which is expected to include acquisition by VRE of four separate property interests: Seminary Yard in Alexandria; the Broad Run Corridor in Manassas; permanent easements for five existing Manassas Line station platforms; and a permanent commuter rail operating easement over the line. VRE is currently examining the feasibility of constructing a midday storage facility at the Seminary Yard location, which would replace the existing project to construct such a facility adjacent to New York Avenue in Washington, DC.

In October 2024, the Commissions approved a new operating access agreement between VRE and NS covering the small sections of the Manassas Line retained by NS. Commission approvals of the Manassas Line Funding Agreement and a long-term Manassas Line operating access agreement between VRE and VPRA are expected in the November 2024 to January 2025 timeframe.

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.

The TRV program of projects will address many of the needs identified in VRE's System Plan 2040, and VRE is contributing CROC 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 essentially segregated. This has resulted in changes to VRE's original plans for station expansions on the Fredericksburg Line. Similarly, VPRA's purchase of the Manassas Line from NS will significantly expand the potential for operational changes and improvements by VRE and may change VRE's current approach to the storage of trains during the midday.

In June 2022, VRE staff initiated the System Plan 2050 update process to reflect the planned TRV investments as well as significant changes in regional travel patterns since 2014. This comprehensive update should be completed in fiscal year 2025 and will allow VRE to identify ways to serve a greater number of people and support a variety of regional travel needs.

Financial Environment

As the regional road network has become more crowded over the last quarter century, particularly in the critical Interstate 95/395 and Interstate 66 Corridors of Statewide Significance, the VRE commuter rail system has provided an important travel alternative for Virginia commuters. VRE has remained competitive over time due to investments in new equipment and regular maintenance of existing equipment, a focus on reliability and on-time performance, and strong customer service, as well as growth in the overall economy of the Washington region. The Commonwealth's TRV program will address many of the major investment needs identified in VRE's System Plan 2040 – most notably, providing additional passenger capacity across the Potomac River – and will position VRE for continued long-term growth.

The near and medium-term environment remains uncertain given the lasting impact of the COVID-19 pandemic on employment and travel patterns. As of September 2024, midweek ridership on VRE remains down approximately 60 percent from pre-pandemic levels. Ridership continued to increase in fiscal year 2024 as more employees returned to working in offices, and ridership is expected to continue to grow in fiscal year 2025. However, remote work is still being heavily utilized in the Washington region, with some public and private sector organizations remaining fully remote while many others have transitioned to a 'hybrid' approach. The federal government, in particular, has not taken a unified approach to remote work, with individual agencies and departments making separate policy decisions. The ultimate impact on VRE's ridership will depend on many factors – economic, political, and organization-specific – that are not directly within VRE's control. VRE is focused on a wide range of actions, including marketing, promotional fares, and potential service modifications to expand beyond the traditional peak-hour federal employee commute market and grow ridership.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Railway Express for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 and 2022.

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. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA for review.

This report could not have been prepared without the dedicated cooperation of the entire VRE Accounting and 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.

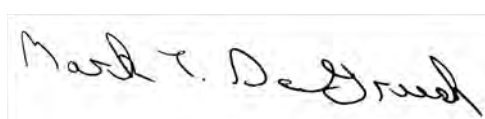
Respectfully submitted,



Rich Dalton
Chief Executive Officer



Mark Schofield
Chief Financial Officer



Mark T. DeGrush
Comptroller

**DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL
2024 VRE Operations Board**

Officers

Chair	Hon. Meg Bohmke, Stafford County
Vice - Chair	Hon. Sarah Bagley, City of Alexandria
Secretary	Hon. Ralph Smith, City of Manassas
Treasurer	Hon. Daniel Storck, Fairfax County
At-Large	Hon. Andrea Bailey, Prince William County

Members

Margaret Franklin, Prince William County
Hon. Monica Gary, Stafford County
Hon. Tom Gordy, Prince William County
Hon. Lori Hayes, Spotsylvania County
Hon. Jannan Holmes, City of Fredericksburg
Hon. Takis Karantonis, Arlington County
Zach Trogdon, Commonwealth of Virginia
Hon. Alanna Mensing, City of Manassas Park
Hon. James Walkinshaw, Fairfax County

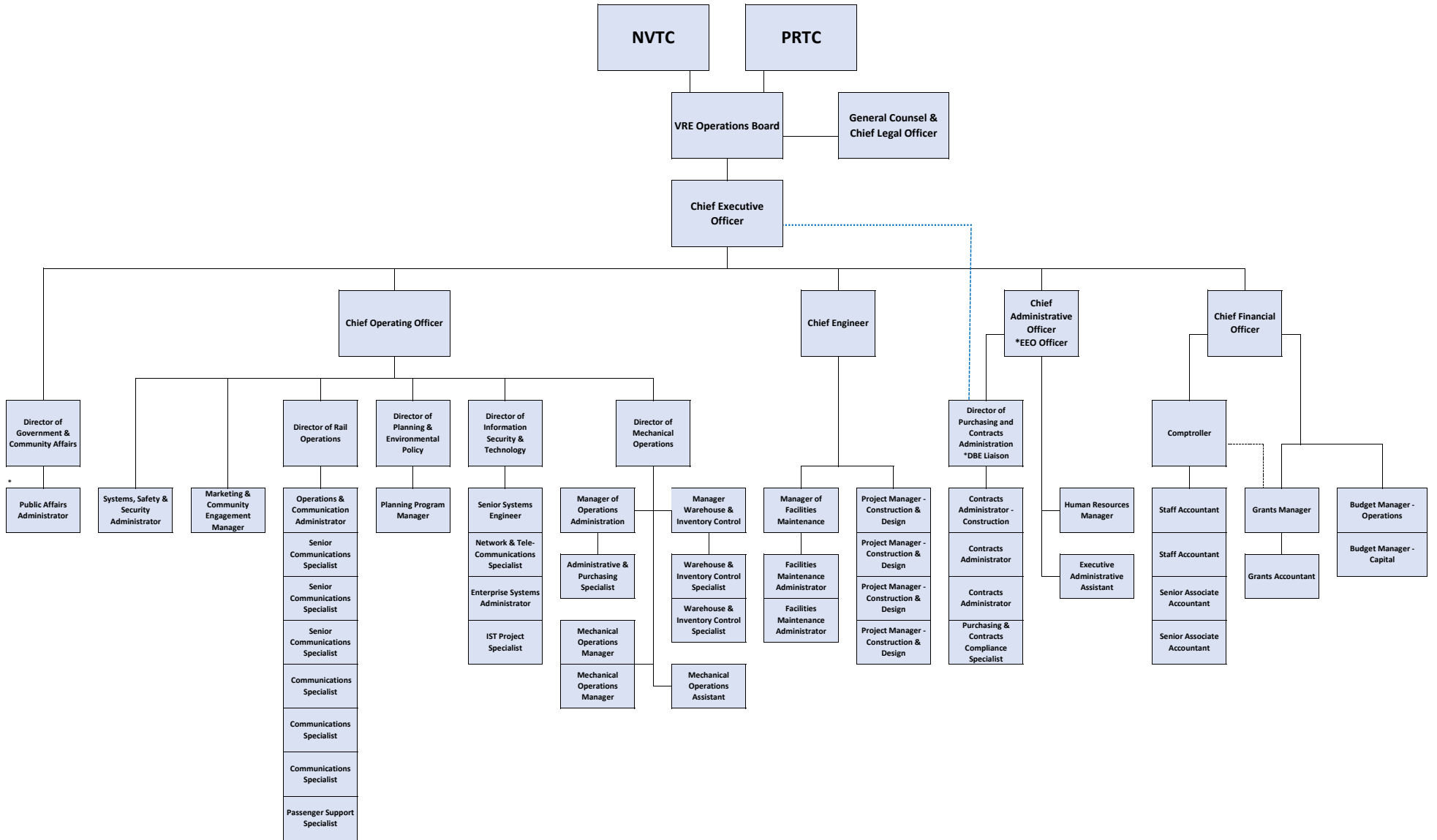
Alternates

Hon. Canek Aguirre, City of Alexandria
Hon. Tinehsa Allen, Stafford County
Hon. Victor Angry, Prince William County
Hon. Kenny Boddye, Prince William County
Hon. Deborah Frazier, Spotsylvania County
Hon. Libby Garvey, Arlington County
Hon. William MacIntosh, City of Fredericksburg
Michael McLaughlin, Commonwealth of Virginia
Hon. Darrell Moore, City of Manassas Park
Hon. Pamela Sebesky, City of Manassas
Hon. Pamela Yeung, Stafford County

Management

Chief Executive Officer	Richard Dalton
Chief Financial Officer	Mark Schofield
Chief Administrative Officer	Anaya Farah
Chief Legal Officer	Stephen A. MacIsaac
Comptroller	Mark T. DeGrush
Director, Government and Community Affairs	Joseph Swartz
Director, Rail Operations	Chris Henry

**Virginia Railway Express
Organizational Chart
As of June 30, 2024**



* Note: Director of Purchasing and Contracts Administration reports to the CEO in matters related to their duties as DBE liaison

Chief Administrative Officer - primary EEO Officer for VRE

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Virginia Railway Express (VRE), a joint venture of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the VRE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of VRE, as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the VRE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing audits in accordance with GAAS, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the VRE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the VRE's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 10-19 and 63-71, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024 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 5, 2024



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, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal on pages 1-4 of this report and the financial statements, which begin on page 20.

Financial Operations and Highlights

- Operating revenues increased by 13.5 percent compared to the prior year, from \$14,250,860 to \$16,168,731. Ridership increased 8.4 percent from 1,466,480 to 1,589,675, reflecting the continued return of ridership following the COVID-19 Coronavirus pandemic throughout fiscal years 2022, 2023, and 2024. Average daily ridership was 6,333 in fiscal year 2024 compared to 5,866 in fiscal year 2023.
- Operating expenses increased by 15.2 percent from \$92,086,157 to \$106,046,460. Primary drivers of increased costs include salaries and benefits, professional/administrative services, access fees, and contract and grant funded operations/maintenance.
- Non-operating revenue increased 9.5 percent from \$96,432,063 to \$105,568,341, primarily as the result of increased Federal pandemic relief funds and increased jurisdictional subsidy contributions (from reduced levels immediately following the pandemic), offset by a reduction in Commonwealth of Virginia funds.
- Capital grants and assistance decreased 22.8 percent from \$57,488,404 to \$44,374,000; this decrease is attributed to an over-accrual of approximately \$6.9 million related to Commonwealth of Virginia funding made in FY2023, which was adjusted accordingly in FY2024, and offset by increases in capital project spending in fiscal year 2024. VRE continues to have many capital projects in various stages of development, several of which are in the major construction phase in fiscal year 2024.
- The operating loss before depreciation and amortization was \$89,877,729, an increase from the previous year of 15.5 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 \$29,629,214 from \$512,802,994 to \$542,432,208, or 5.8 percent, primarily due to an increase in passenger revenue, jurisdictional subsidies, state, and federal grants including operating support related to the Federal American Rescue Plan Act (ARPA), as well as investment revenue related to the LGIP CROC fund and the various funds supporting the Series 2022 bond issuance. At the end of the fiscal year, unrestricted net position was \$151,619,124, a decrease of approximately \$3.0 million.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, increased by 7.5 percent, as the combined result of increased capital expenditures during the fiscal year and the recognition of annual depreciation and amortization.

Overview of the Basic Financial Statements

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

Basic Financial Statements. VRE’s statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to an enterprise using the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. VRE’s basic financial statements are the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. Comparative data for the prior fiscal year is provided for all three statements.

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

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

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

The basic financial statements can be found on pages 20-23 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 24-65 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, 2024, 2023, and 2022 is shown below.

Condensed Statements of Net Position

	2024	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current and other assets	\$ 193,909,550	\$ 199,840,804	\$ 305,953,698
Capital assets, net	540,221,879	502,695,977	354,171,361
Total assets	734,131,429	702,536,781	660,125,059
Deferred outflows of resources	925,701	1,084,713	1,455,938
Total assets and deferred outflows of resources	735,057,130	703,621,494	661,580,997
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current portion of long-term debt	6,907,400	6,720,018	6,819,694
Other current liabilities	27,465,576	18,372,265	14,241,895
Noncurrent liabilities	156,869,410	164,030,549	170,730,321
Total liabilities	191,242,386	189,122,832	191,791,910
Deferred inflows of resources	1,382,536	1,695,668	3,305,618
Total liabilities and deferred inflows of resources	192,624,922	190,818,500	195,097,528
NET POSITION:			
Net investment in capital assets	359,245,516	322,715,330	290,402,387
Restricted	31,567,568	35,490,743	27,573,603
Unrestricted	151,619,124	154,596,921	148,507,479
Total net position, as restated	\$ 542,432,208	\$ 512,802,994	\$ 466,483,469

Current Year

Net position increased by approximately \$29.6 million, or 5.8 percent during the current fiscal year, due mainly to an increase in passenger revenue, jurisdictional subsidies, state, and federal grants including operating support related to the federal American Rescue Plan Act (ARPA), as well as investment revenue related to the LGIP CROC fund and the various funds supporting the Series 2022 bond issuance.

The largest portion of VRE's net position, \$359.2 million or 66.2 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, right-to-use assets and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

Restricted net position decreased approximately \$3.9 million or 11.1 percent, primarily related to debt service of the Series 2022 bond issuance offset by a portion of the monthly CROC fund deposits reserved for future Virginia Passenger Rail Authority (VPRA) capital project requisitions. The majority of VRE's restricted net position, \$31.6 million, represents an insurance trust fund, restricted bond proceeds for potential debt service, as well as CROC fund deposits reserved for future VPRA capital project requisitions.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$37.5 million or 7.5 percent as the result of increased capital project expenditures.

Current liabilities increased approximately \$9.3 million or 37.0 percent because of increases in accounts payable and accrued expenses.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$7.5 million or 4.5 percent primarily because of scheduled bond and capital lease repayments during the year.

Prior Year

Net position increased by approximately \$46.3 million, or 9.9 percent during the current fiscal year, due mainly to an increase in passenger revenue, jurisdictional subsidies, state, and federal grants including operating support related to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as investment revenue related to the LGIP CROC fund and the various funds supporting the Series 2022 bond issuance.

The largest portion of VRE's net position, \$322.7 million or 62.9 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, right-to-use assets and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

Restricted net position increased approximately \$7.9 million or 28.7 percent, primarily related to the issuance of a Transportation District Special Obligation Revenue Bond in June 2022. The majority of VRE's restricted net position, \$35.5 million, represents resources that are restricted bond proceeds and for debt service.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$148.5 million or 41.9 percent as the result of increased construction in progress (CIP) project expenditures, a contribution to the VPRA for the CSX right of way project, and the implementation of GASB 96 (Subscription-Based Information Technology Arrangements) creating a right-to-use subscription asset.

Current liabilities increased approximately \$4.0 million or 19.1 percent because of increases in accounts payable and accrued expenses.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$8.3 million or 4.8 percent primarily because of scheduled bond and capital lease repayments during the year and the reduction of the pension liability.

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.

	2024	2023	2022
Operating revenues:			
Passenger revenue	\$ 15,743,767	\$ 13,940,102	\$ 10,517,221
Equipment rentals and other	424,964	310,758	116,857
Total operating revenues	16,168,731	14,250,860	10,634,078
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	26,759,223	42,011,586	21,975,609
Federal – with PRTC as grantee	12,962,716	9,289,764	8,070,012
Federal Pandemic Relief Funds	37,488,029	20,267,695	47,232,405
Jurisdictional contributions	16,000,000	13,544,122	4,756,658
Commuter Rail Operating and Capital Fund	7,496,000	7,499,738	5,811,156
Interest income	4,722,280	3,803,323	276,495
Gain (loss) on disposal of assets	(59,780)	-	-
Increase in fair value of investments	199,873	15,835	-
Total nonoperating revenues, net	105,568,341	96,432,063	88,122,335
Total revenues	121,737,072	110,682,923	98,756,413
Operating expenses:			
Contract operations and maintenance	33,534,857	30,866,478	28,495,740
Other operations and maintenance	26,412,160	20,661,998	17,763,617
Property leases and access fees	20,403,054	18,436,123	17,283,411
Insurance	7,880,355	7,732,360	7,431,921
Marketing and sales	1,398,014	1,175,036	795,787
General and administrative	16,418,020	13,214,162	10,558,848
Total operating expenses	106,046,460	92,086,157	82,329,324
Other expenses:			
Depreciation and amortization	23,548,243	22,480,189	21,552,764
Interest, financing costs and other	6,887,155	7,285,456	2,908,408
Total other expenses	30,435,398	29,765,645	24,461,172
Total expenses	136,481,858	121,851,802	106,790,496
Surplus (deficit) before capital contributions and extraordinary item	(14,744,786)	(11,168,879)	(8,034,083)
Capital grants and assistance:			
Commonwealth of Virginia grants	24,118,298	27,879,245	25,604,500
Federal grants – with PRTC as grantee	10,844,459	20,406,397	17,603,912
Commuter Rail Operating and Capital Fund	7,504,000	7,500,262	9,188,844
Regional transportation funding (NVTA)	1,907,243	1,702,500	875,805
In-kind and other local contributions	-	-	62,269
Total capital grants and assistance	44,374,000	57,488,404	53,335,330
Change in net position	29,629,214	46,319,525	45,301,247
Net position - beginning of year	512,802,994	466,483,469	421,182,222
Net position - end of year	\$ 542,432,208	\$ 512,802,994	\$ 466,483,469

Revenues

Current Year

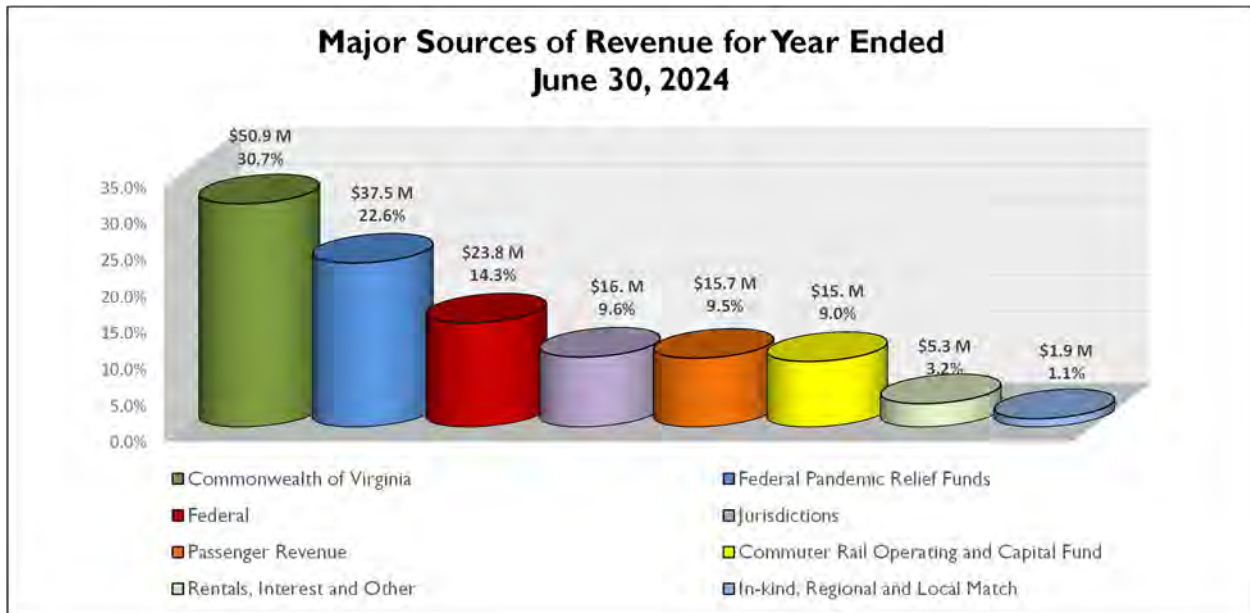
Total revenues for the current fiscal year increased approximately \$11.1 million or 10.0 percent. Operating revenues totaled approximately \$16.2 million, an increase of 13.5 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$2.5 million or 18.1 percent. State, federal, and regional subsidies increased by \$5.6 million, primarily as a result of increased federal funding offset by reduction in state funding. Fiscal year 2024 is the sixth year since the creation of the Commuter Rail Operating and Capital (CROC) Fund, with a total of \$15.0 million contributed to VRE each year, with approximately \$7.5 million of these funds classified as non-operating revenue.

Passenger revenue increased approximately \$1.8 million or 12.9 percent, reflecting the effects of the return of ridership following the COVID-19 pandemic. Total ridership increased by 8.4 percent as the result of the same factor. Average daily ridership was 6,333 in fiscal year 2024 compared to 5,866 in fiscal year 2023 and 3,314 in fiscal year 2022.

	June 30,		
	2024	2023	2022
Ridership	1,589,675	1,466,480	821,828
% Increase (Decrease)	8.4%	78.4%	140.5%

Capital grants and assistance decreased approximately \$13.1 million or 22.8 percent; this decrease is attributed to an over-accrual of approximately \$6.9 million related to Commonwealth of Virginia funding made in FY2023, adjusted accordingly in FY2024, offset by increases in capital project spending in fiscal year 2024. VRE continues to have many capital projects in various stages of development, several of which are in the major construction phase in fiscal year 2024.

The following chart shows the major sources of revenue for the year ended June 30, 2024:



Prior Year

Total revenues for the prior fiscal year increased approximately \$11.9 million or 12.1 percent. Operating revenues totaled approximately \$14.3 million, an increase of 34.0 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$8.8 million. State, federal, and regional subsidies decreased by \$5.7 million, primarily as the result of a reduction of \$27.0 million in CARES Act funding related to the COVID-19 pandemic, \$15.9 million increase from return of federal and state operating support for railroad access fees and an additional \$4.1 million in state operating subsidy. Fiscal year 2023 is the fifth year since the creation of the Commuter Rail Operating and Capital (C-ROC) Fund, with \$15.0 million contributed to VRE each year, with approximately \$7.5 million of these funds classified as non-operating revenue.

Passenger revenue increased approximately \$3.4 million or 32.5 percent, reflecting the effects of the return of ridership in the early period following the COVID-19 pandemic. Total ridership increased by 78.4 percent as the result of the same factor. Average daily ridership was 5,866 in fiscal year 2023 compared to 3,314 in fiscal year 2022 and 1,389 in fiscal year 2021.

Capital grants and assistance increased approximately \$4.2 million or 7.8 percent; this increase is attributed to increases in capital project spending in fiscal year 2023. VRE continues to have many capital projects in various stages of development, several of which are in the major construction phase in fiscal year 2023.

Expenses

Current Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$14.6 million or 12.0 percent. Operating expenses increased by approximately \$14.0 million or 15.2 percent. Total operating expenses were approximately \$106.0 million compared to \$92.1 million for the prior fiscal year.

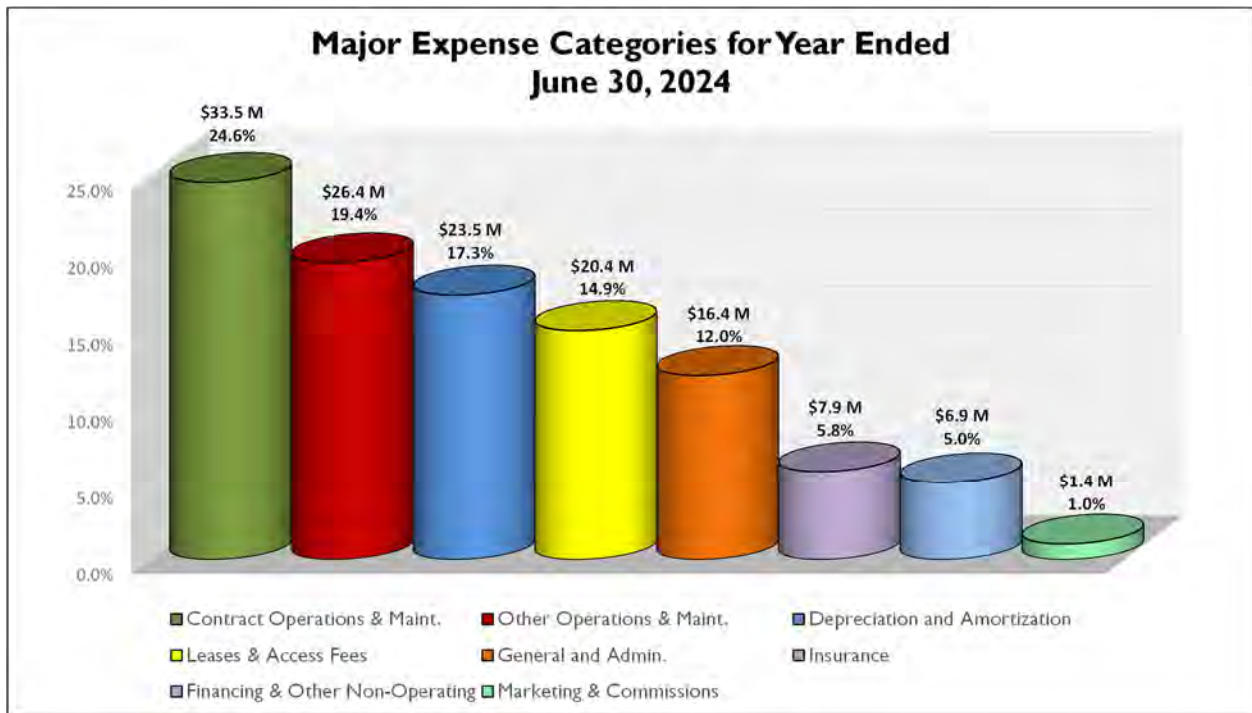
Insurance costs increased by \$0.1 million or 2.0 percent due to ongoing changes in the global insurance market for commuter railroads. General and administrative costs increased by \$3.2 million or 24.2 percent, primarily due to increases in salaries and project contributions.

Contract operations and maintenance increased by approximately \$2.7 million or 8.6 percent, primarily due to increased contractual costs for train operations. Other operations and maintenance increased by approximately \$5.8 million or 27.8 percent, primarily due to an increase of approximately \$4.8 million in grant funded operations and maintenance expenses. Property leases and access fees increased by approximately \$2.0 million or 10.7 percent primarily due to contract escalations.

Marketing and sales costs increased by \$0.2 million or 19.0 percent, primarily due to increased marketing production efforts as part of broader initiatives to grow ridership and find new markets.

Depreciation and amortization increased by approximately \$1.1 million or 4.8 percent, primarily due to the capitalization of new depreciable assets. Net interest and financing costs decreased by approximately \$0.4 million or 5.5 percent due to continued debt repayments.

The following chart shows the major expense categories for the year ended June 30, 2024:



Prior Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$15.1 million or 14.1 percent. Operating expenses increased by approximately \$9.8 million or 11.9 percent. Total operating expenses were approximately \$92.1 million compared to \$82.3 million for the prior fiscal year.

Insurance costs increased by \$0.3 million or 4.0 percent due to ongoing changes in the global insurance market for commuter railroads. General and administrative costs increased by \$2.7 million or 25.1 percent, primarily due to increases in salaries, consulting services, and new major CIP projects, offset by the effects of the implementation of the GASB 96 SBITA standard related to software costs.

Contract operations and maintenance increased by approximately \$2.4 million or 8.3 percent, primarily due to increased costs for train operations.

Marketing and sales costs increased by \$0.4 million or 47.7 percent, primarily due to ramped up post-pandemic marketing production efforts.

Depreciation and amortization increased by approximately \$0.9 million or 4.3 percent, primarily due to the implementation of the GASB 96 standard. Net interest and financing costs increased by approximately \$4.4 million or 150.5 percent, related to the bond interest related to the Series 2022 Bond, offset by the Series 2022 Bond issuance costs primarily being incurred in the prior fiscal year.

Capital Assets and Debt Administration

Capital Assets

VRE's investment in capital assets as of June 30, 2024 totals approximately \$540.2 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.

	2024	2023	2022
Construction in progress	\$ 115,943,941	\$ 121,202,856	\$ 80,340,785
Intangible right-to-use lease buildings	1,463,568	1,463,568	1,385,031
Intangible right-to-use lease parking lots	-	273,503	579,328
Intangible right-to-use lease tower	211,144	99,581	99,581
Right-to-use subscription asset	1,815,971	1,534,524	-
Rolling stock	286,777,390	286,777,390	285,303,075
Vehicles	301,361	151,340	145,560
Facilities	183,625,720	119,028,802	112,979,178
Track and signal improvements	100,108,269	100,108,269	100,108,269
Equipment and software	14,911,976	13,917,147	13,370,290
Equity in property of others	124,946,482	124,946,482	5,787,287
Furniture, equipment and building improvements	7,416,408	7,532,000	6,259,838
	837,522,230	777,035,462	606,358,222
Less accumulated depreciation and amortization	(297,300,351)	(274,339,485)	(252,186,861)
Total capital assets, net	\$ 540,221,879	\$ 502,695,977	\$ 354,171,361

Current Year

During fiscal year 2024, capital assets increased approximately \$37.5 million or 7.5 percent as the result of new project construction, existing asset improvements, direct asset purchases, and a new GASB 87 right-to-use lease asset. This increase was offset by the recognition of annual depreciation and amortization, and the write-off of a GASB 96 right-to-use SBITA asset (\$0.2 million). Completed projects totaling approximately \$65.9 million were transferred from construction in progress to their respective capital accounts and an additional \$0.6 million was charged directly to the capital accounts.

The major completed projects the fiscal year were the Crossroads LOU Lifecycle Facility (\$52.5 million), the Fredericksburg Station rehab project (\$12.0 million), and the Website Redesign project (\$0.6 million).

The major additions to construction in progress during the fiscal year were costs related to the Manassas Park Parking Expansion project (\$15.8 million), Equity in VPRA Long Bridge (\$14.4 million), the Quantico Station Improvements project (\$6.1 million), the 21 New Railcars project (\$6.1 million), the Broad Run Expansion project (\$1.8 million), the Franconia-Springfield Station Improvements project (\$1.3 million), the L'Enfant Station Improvements project (\$1.1 million), the Alexandria Station Improvements project (\$1.1 million), the Crystal City Station Improvements project (\$1.0 million), and the Crossroads Long Term Expansion Project (\$1.0 million).

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 11 to the financial statements.

Prior Year

During fiscal year 2023, capital assets increased approximately \$148.5 million or 41.9 percent as the result of new project construction, a contribution to the VPRA for the CSX right of way project, and the implementation of the GASB 96 Subscription-Based Information Technology Arrangements standard. This increase was offset by the recognition of annual depreciation and amortization, the write-off of GASB 87 Leased assets (\$0.3 million), and the write-off of station platform construction in progress amounts (\$0.7 million). Completed projects totaling approximately \$10.2 million were transferred from construction in progress to their respective capital accounts and an additional \$119.4 million was charged directly to the capital accounts.

The major completed projects during the fiscal year were the contribution to the VPRA for the CSX right of way project (\$119.2 million), the Rolling Road Station improvements (\$3.8 million), the L'Enfant Storage South project (\$1.7 million), the Automated Passenger Counters in railcars project (\$1.5 million), the HQ renovation project (\$1.2 million), the second portion of the Lighting Replacements project (\$0.5 million), and improvements to the VMS Proof of Concept project (\$0.4 million).

The major additions to construction in progress during the fiscal year were costs related to the Crossroads LOU Lifecycle Facility (\$21.2 million), the Quantico Station Improvements project (\$10.2 million), the contribution to the Equity in VPRA Long Bridge (\$7.5 million), the 21 New Railcars project (\$4.3 million), the Fredericksburg Station rehab project (\$2.9 million), the Broad Run Expansion project (\$2.7 million), the Manassas Park Parking Expansion project (\$0.7 million), and the Crossroads MSF expansion project (\$0.5 million).

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 11 to the financial statements

Debt Administration

At June 30, 2024, VRE had total debt outstanding of \$147,018,002.

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

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

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

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

	2024	2023	2022
Bonds payable	\$ 143,645,000	\$ 148,210,000	\$ 152,965,000
Private placement note payable	1,866,848	3,650,870	5,355,739
Leases payable	1,399,668	1,381,122	1,640,618
Subscription liability	106,486	302,044	-
Total	\$ 147,018,002	\$ 153,544,036	\$ 159,961,357

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 served by VRE, continues to remain robust. Traffic congestion on many major highways has returned to or even surpassed pre-pandemic levels, which should continue to support long-term demand for VRE’s service as an alternative travel option. The constraining factors to VRE growth in the near-term are the effects on ridership demand resulting from increased use of remote work, as well as train scheduling, yard storage capacity, and the availability of operating funds to support changes in service to address new markets and travel patterns.

The local subsidy for fiscal year 2024 increased by \$2,455,878 or 18.1 percent to \$16,000,000. 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 (CROC) Fund, which will continue in fiscal year 2024. Additional sources of funding will be available in fiscal year 2024 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, 2024 and 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 53,492,961	\$ 80,010,886
Accounts receivable:		
Federal Due from PRTC	44,268,636	32,091,015
Federal Pandemic Relief Funds	5,801,627	3,264,673
Commonwealth of Virginia grants	47,722,157	37,323,122
Commuter Rail Operating and Capital (C-ROC) Fund	2,500,000	2,500,000
Trade receivables, net of allowance for doubtful accounts	341,496	373,999
Other receivables	2,984,770	3,987,992
Inventory	3,571,025	3,165,942
Prepaid expenses and other	594,414	572,705
Restricted cash, cash equivalents and investments	31,567,568	35,423,290
Total current assets	192,844,654	198,713,624
Noncurrent Assets:		
Capital assets:		
Construction in progress	115,943,941	121,202,856
Intangible right-to-use lease buildings	1,463,568	1,463,568
Intangible right-to-use lease parking lots	-	273,503
Intangible right-to-use lease tower	211,144	99,581
Right-to-use subscription assets	1,815,971	1,534,524
Rolling stock	286,777,390	286,777,390
Vehicles	301,361	151,340
Facilities	183,625,720	119,028,802
Track and signal improvements	100,108,269	100,108,269
Equipment and software	14,911,976	13,917,147
Equity in property of others	124,946,482	124,946,482
Furniture, equipment and building improvements	7,416,408	7,532,000
	837,522,230	777,035,462
Less accumulated depreciation and amortization	(297,300,351)	(274,339,485)
Total capital assets, net	540,221,879	502,695,977
Leases receivable, noncurrent portion	1,064,896	1,059,727
Net pension asset	-	67,453
Total noncurrent assets	541,286,775	503,823,157
Total assets	734,131,429	702,536,781
Deferred Outflows of Resources:		
Loss on refunding	269,996	300,853
Pension plan	544,731	694,950
Other postemployment benefits	110,974	88,910
Total deferred outflows of resources	925,701	1,084,713
Total assets and deferred outflows of resources	\$ 735,057,130	\$ 703,621,494

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF NET POSITION (Continued) June 30, 2024 and 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2024	2023
Current Liabilities:		
Accounts payable	\$ 15,398,780	\$ 9,045,422
Payable to the Commissions	2,811,663	1,937,977
Compensated absences	58,622	52,732
Accrued expenses	5,328,551	3,682,809
Accrued interest	854,790	913,781
Unearned revenue	1,277,762	1,266,371
Contract retainage	1,735,408	1,473,173
Current portion of bonds payable	4,795,000	4,565,000
Subscription liability	106,486	195,558
Lease liability	139,366	175,438
Current portion of private placement note payable	1,866,848	1,784,022
Total current liabilities	34,373,276	25,092,283
Noncurrent Liabilities:		
Pension liability	70,526	-
Other postemployment benefits	367,853	328,073
Bonds payable	154,294,004	159,591,000
Private placement note payable	-	1,866,848
Subscription liability	-	106,486
Lease liability	1,260,302	1,205,684
Compensated absences	876,425	932,458
Total noncurrent liabilities	156,869,110	164,030,549
Total liabilities	191,242,386	189,122,832
Deferred Inflows of Resources:		
Leases	1,019,503	1,029,445
Pension plan	304,000	582,225
Other postemployment benefits	59,033	83,998
Total deferred inflows of resources	1,382,536	1,695,668
Net Position:		
Net investment in capital assets	359,245,516	322,715,330
Restricted for liability insurance plan	10,553,006	10,147,403
Restricted for debt service	14,073,320	22,521,722
Restricted grants or contributions	6,941,242	2,754,165
Restricted pension asset	-	67,453
Unrestricted net position	151,619,124	154,596,921
Total net position	542,432,208	512,802,994
Total liabilities, deferred inflows of resources and net position	\$ 735,057,130	\$ 703,621,494

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues:		
Passenger revenue	\$ 15,743,767	\$ 13,940,102
Equipment rentals and other	424,964	310,758
Total operating revenues	16,168,731	14,250,860
Operating Expenses:		
Contract operations and maintenance	33,534,857	30,866,478
Other operations and maintenance	26,412,160	20,661,998
Property leases and access fees	20,403,054	18,436,123
Insurance	7,880,355	7,732,360
Marketing and sales	1,398,014	1,175,036
General and administrative	16,418,020	13,214,162
Total operating expenses	106,046,460	92,086,157
Operating loss before depreciation and amortization	(89,877,729)	(77,835,297)
Depreciation and Amortization	(23,548,243)	(22,480,189)
Operating loss	(113,425,972)	(100,315,486)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	26,759,223	42,011,586
Federal grants – with PRTC as grantee	12,962,716	9,289,764
Federal Pandemic Relief Funds	37,488,029	20,267,695
Jurisdictional contributions	16,000,000	13,544,122
Commuter Rail Operating and Capital (C-ROC) Fund	7,496,000	7,499,738
Interest income:		
Operating funds	697,180	1,069,411
Insurance trust	444,946	183,169
Commuter Rail Operating and Capital (C-ROC) Fund	2,528,870	1,894,380
Leases	32,030	19,778
Other restricted funds	1,019,254	636,585
Interest, amortization and other nonoperating expenses, net	(6,887,155)	(7,285,456)
Increase in fair value of investments	199,873	15,835
Loss on disposal of assets	(59,780)	-
Total nonoperating revenues, net	98,681,186	89,146,607
Capital Grants and Assistance:		
Commonwealth of Virginia grants	24,118,298	27,879,245
Federal grants – with PRTC as grantee	10,844,459	20,406,397
Commuter Rail Operating and Capital (C-ROC) Fund	7,504,000	7,500,262
Regional transportation funding (NVTA)	1,907,243	1,702,500
Total capital grants and assistance	44,374,000	57,488,404
Change in net position	29,629,214	46,319,525
Net Position, beginning of year	512,802,994	466,483,469
Net Position, ending	\$ 542,432,208	\$ 512,802,994

VIRGINIA RAILWAY EXPRESS

STATEMENTS OF CASH FLOWS Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Receipts from customers	\$ 16,185,493	\$ 14,252,225
Payments to suppliers	(96,298,586)	(82,754,681)
Payments to employees	(9,061,955)	(9,019,027)
Net cash used in operating activities	(89,175,048)	(77,521,483)
Cash Flows from Noncapital Financing Activities:		
Governmental subsidies	82,068,459	81,116,539
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(53,040,583)	(166,991,329)
Capital grants and assistance	38,901,359	51,183,285
Private placement note payable	(1,784,022)	(1,704,869)
Principal paid on bonds	(4,565,000)	(4,755,000)
Lease liability	(192,598)	(359,710)
Subscription liability	(102,866)	(197,809)
Interest paid on private placement note payable	(147,336)	(211,845)
Interest paid on bonds and notes	(7,212,548)	(7,095,831)
Interest paid on leases	(40,444)	(44,234)
Interest paid on subscription liability	(4,935)	(4,084)
Net cash used in capital and related financing activities	(28,188,973)	(130,181,426)
Cash Flows from Investing Activities:		
Interest received on investments	4,921,915	3,830,999
Decrease in cash and cash equivalents	(30,373,647)	(122,755,371)
Cash and Cash Equivalents, beginning	115,434,176	238,189,547
Cash and Cash Equivalents, ending	\$ 85,060,529	\$ 115,434,176
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:		
Operating loss	\$ (113,425,972)	\$ (100,315,486)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	23,548,243	22,480,189
Special contributions - VRS	2,812	8,294
Write-off of construction in progress to expense	-	704,293
(Increase) decrease in:		
Accounts receivable	32,503	95,434
Inventory	(405,083)	(17,168)
Prepaid expenses and other	(21,709)	(98,260)
Lease receivable	(15,111)	(30,282)
Deferred outflows of resources – pension	150,218	337,177
Deferred outflows of resources – other postemployment benefits	(22,064)	3,192
Deferred inflows of resources - pension	(278,225)	(1,179,380)
Deferred inflows of resources - other postemployment benefits	(24,965)	(57,066)
Pension asset/liability	137,979	823,940
Other postemployment benefits	36,968	14,194
Increase (decrease) in:		
Accounts payable and accrued expenses	1,109,988	(225,767)
Unearned revenue	(630)	(64,787)
Net cash used in operating activities	\$ (89,175,048)	\$ (77,521,483)
Schedule of Noncash Capital Activities:		
Capital assets acquired through accounts payable	\$ 12,184,494	\$ 6,157,795
Capital assets acquired through accrued liabilities	4,864,450	3,160,495
Right-to-use assets acquired through subscriptions	-	583,559
Intangible right-to-use assets acquired through leases	211,144	100,277
Write off of subscription liability	92,692	-

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 \$31,567,568 and \$35,423,290 at June 30, 2024 and 2023, respectively, are comprised of funds related to a property transfer with restricted future uses; a refund of the credit risk premium of a retired Railroad Rehabilitation & Improvement Financing (RRIF) loan; a small liability claims account; a debt service reserve fund for the Virginia Resources Authority (VRA) 2018A financing; a Liability Insurance Plan; a revenue fund, bond debt service fund, debt service reserve fund, and revenue stabilization fund related to the Series 2022 bond issuance; and a residual fund containing excess funds from the Series 2022 bond revenue fund that are restricted in use in accordance with the Funding Agreement between VRE and the Virginia Passenger Rail Authority (VPRA).

Allowance for uncollectible accounts: VRE calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance was \$79,000 and \$70,000 at June 30, 2024 and 2023, 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 investments in jurisdictional facilities and other infrastructure (“equity in property of others”) recognizes the right of access for commuter rail patrons granted to the Commissions. This category represents investments in Amtrak infrastructure and facilities, as well as the recent contributions to the Virginia Passenger Rail Authority (VPRA) for the CSX right-of-way purchase and Long Bridge project, all which provide primary benefit to the commuter rail service and an expectation of continued use by the VRE.

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

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

Rolling stock	8-25 years
Vehicles	5 years
Facilities	30-40 years
Track and signal improvements	5-30 years
Equipment and software	5-10 years
Equity in property of others	3-35 years
Furniture, equipment and building improvements	3-10 years
Intangible right-to-use lease assets and subscription assets	2-15 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, 2024 and 2023.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

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

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

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

Discount Rate:	When readily available or easily determinable, VRE uses the interest rate charged by the lessor. If not readily available or easily determinable, VRE uses its estimated incremental borrowing rate.
Lease Term:	The lease term includes the non-cancellable period of the lease.
Lease Payments:	Lease payments included in the measurement of the lease liability are comprised of fixed payments and, if applicable, the purchase option price VRE is reasonably certain to exercise.

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

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

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

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

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

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

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

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

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

VRE recognizes a subscription liability and subscription asset on the Statements of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

At the commencement of a SBITA, VRE measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

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, represent a consumption of net assets that applies to future periods 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, group life insurance program (GLI) and health insurance credit program (HIC) other postemployment benefits (OPEB) plans. See Notes 6, 7 and 8 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, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. VRE has several items that qualify for reporting in this category. See Notes 5, 6, 7 and 8 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.

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.

Health Insurance Credit Program: VRE's Political Subdivision HIC Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance for retired political subdivision employees of participating employers. The HIC Program was established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provide the authority under which benefit terms are established or may be amended. For purposes of measuring both HIC Programs' total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the HIC Programs OPEB, and the HIC Programs OPEB expense, information about the fiduciary net position of the HIC Program; and the additions to/deductions from the HIC Programs fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting (Continued)

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

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

Reclassification: Certain prior year amounts in the Statements of Revenue, Expenses and Change in Net Position and Statements of Cash Flows have been reclassified for consistency with the current year presentation.

Subsequent events: VRE has evaluated subsequent events through November 5, 2024, 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, 2024 and 2023, the book balance of VRE's deposits with banks was \$5,926,122 and \$16,958,351, 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, 2024 and 2023, VRE had investments of \$54,570,558 and \$65,865,854, respectively, in the LGIP. The LGIP is a professionally managed money market fund that invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at the Treasury Board's regularly scheduled monthly meetings. VRE's investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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

Concentration of credit risk (continued): The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2024 and 2023, VRE had \$10,490,529 and \$10,088,248, respectively, invested in the Insurance Trust. In fiscal years 2024 and 2023, earnings on the Insurance Trust in the amount of \$444,946 and \$183,169, respectively, were credited to VRE. The Insurance Trust Fund has not been assigned a rating.

In accordance with the requirements of the Financing Agreement between the Virginia Resources Authority (VRA) and NVTC, a debt service reserve fund (DSRF) was established for the benefit of VRA. On the closing date of the VRA financing, VRE transferred \$2 million into the DSRF from its existing cash reserves. The funds in the DSRF shall be used solely to cure any deficiencies in the payment by VRE of any principal, premium, or interest associated with the VRA financing. The funds in the DSRF are held in custody at U.S. Bank and are managed by PFM Asset Management LLC through the Virginia State Non-Arbitrage Program (SNAP). The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79. At June 30, 2024 and 2023, VRE had \$2,049,547 and \$2,012,087, respectively, invested in the VRA Debt Service Reserve Fund.

In accordance with the issuance of the Northern Virginia Transportation Commission (NVTC) Transportation District Special Obligation Revenue Bonds (Transforming Rail in Virginia Program) Series 2022 (Green Bonds), a Debt Service Reserve Fund (DSRF), Revenue Stabilization fund (RS) and Cost of Issuance (COI) fund were established for the benefit of NVTC. The DSRF and RS are held in custody by U.S. Bank as the Trustee for the Series 2022 bonds. On the closing date of the bond transaction, VRE transferred \$7.5 million into the DSRF from the proceeds of the bond issuance. The funds in the DSRF and RS shall be used solely to cure any deficiencies in the payment by NVTC of any principal, premium, or interest associated with the NVTC financing. At June 30, 2024 and 2023, VRE had \$7,610,664 and \$7,445,493 invested in the Debt Service Reserve Fund, \$3,768,463 and \$3,884,111 in the Revenue Stabilization Fund.

At June 30, 2022, the funds in the DSRF and RS were invested in a JP Morgan US Government Money Market Fund. In July 2022, the DSRF and RS were re-invested in the Virginia State Non-Arbitrage Program (SNAP), with management of the funds provided by PFM Asset Management LLC. The COI funds were invested in SNAP as of the closing of the bond transaction. The Virginia Treasury Board sponsors SNAP to provide comprehensive investment management, accounting and arbitrage rebate calculation services for the proceeds of tax-exempt borrowings and other financings of Virginia Issuers subject to Section 148 (and related sections) of the Internal Revenue Code. The funds in the DSRF are invested in U.S. Treasury notes rated AA+ by Standard and Poor's maturing in under two (2) years and in the SNAP Fund, a AAAM rated local government investment pool that complies with GASB Statement 79.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

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

As of June 30, 2024 and 2023, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2024	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 54,570,558	\$ 54,570,558
Insurance trust fund - pooled funds	10,490,529	10,490,529
Series 2022 debt service fund	644,646	644,646
Series 2022 debt service reserve fund	7,610,664	7,610,664
Series 2022 revenue stabilization fund	3,768,463	3,768,463
VRA debt service reserve fund	2,049,547	2,049,547
Total investments	\$ 79,134,407	\$ 79,134,407

Investment Type	2023	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 65,865,854	\$ 65,865,854
Insurance trust fund - pooled funds	10,088,248	10,088,248
Series 2022 debt service fund	913,493	913,493
Series 2022 debt service reserve fund	7,445,493	7,445,493
Series 2022 revenue stabilization fund	3,884,111	3,884,111
Series 2022 revenue fund	8,266,539	8,266,539
VRA debt service reserve fund	2,012,087	2,012,087
Total investments	\$ 98,475,825	\$ 98,475,825

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:

- Securities issued or guaranteed by the U.S. government and other commercial instruments of \$14,073,320 as of June 30, 2024, 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, 2024 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 121,202,856	\$ 60,623,033	\$ -	\$ (65,881,948)	\$ 115,943,941
Capital assets being depreciated or amortized:					
Intangible right-to-use lease buildings	1,463,568	-	-	-	1,463,568
Intangible right-to-use lease parking lots	273,503	-	(273,503)	-	-
Intangible right-to-use lease tower	99,581	211,144	(99,581)	-	211,144
Right-to-use subscription assets	1,534,524	-	(243,954)	525,401	1,815,971
Rolling stock	286,777,390	-	-	-	286,777,390
Vehicles	151,340	150,021	-	-	301,361
Facilities	119,028,802	82,905	-	64,514,013	183,625,720
Track and signal improvements	100,108,269	-	-	-	100,108,269
Equipment and software	13,917,147	152,295	-	842,534	14,911,976
Equity in property of others	124,946,482	-	-	-	124,946,482
Furniture, equipment and building improvements	7,532,000	7,218	(122,810)	-	7,416,408
Total capital assets being depreciated or amortized	655,832,606	603,583	(739,848)	65,881,948	721,578,289
Less accumulated depreciation or amortization for:					
Intangible right-to-use lease buildings	232,086	121,893	-	-	353,979
Intangible right-to-use lease parking lots	218,803	54,700	(273,503)	-	-
Intangible right-to-use lease tower	77,095	40,081	(99,581)	-	17,595
Right-to-use subscription assets	498,284	648,849	(91,483)	-	1,055,650
Rolling stock	140,036,610	11,748,314	-	-	151,784,924
Vehicles	143,285	19,010	-	-	162,295
Facilities	57,769,192	4,073,820	-	-	61,843,012
Track and signal improvements	53,098,457	5,575,677	-	-	58,674,134
Equipment and software	12,078,786	819,497	-	-	12,898,283
Equity in property of others	4,626,878	164,593	-	-	4,791,471
Furniture, equipment and building improvements	5,560,009	281,809	(122,810)	-	5,719,008
Total accumulated depreciation or amortization	274,339,485	23,548,243	(587,377)	-	297,300,351
Total capital assets being depreciated or amortized, net	381,493,121	(22,944,660)	(152,471)	65,881,948	424,277,938
Total capital assets	\$ 502,695,977	\$ 37,678,373	\$ (152,471)	\$ -	\$ 540,221,879

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2023 was as follows:

	*Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 80,340,785	\$ 51,856,763	\$ (835,464)	\$ (10,159,228)	\$ 121,202,856
Capital assets being depreciated or amortized:					
Intangible right-to-use lease buildings	1,385,031	100,277	(21,740)	-	1,463,568
Intangible right-to-use lease parking lots	579,328	-	(305,825)	-	273,503
Intangible right-to-use lease tower	99,581	-	-	-	99,581
Right-to-use subscription assets	583,559	-	-	950,965	1,534,524
Rolling stock	285,303,075	-	-	1,474,315	286,777,390
Vehicles	145,560	5,780	-	-	151,340
Facilities	112,979,178	-	-	6,049,624	119,028,802
Track and signal improvements	100,108,269	-	-	-	100,108,269
Equipment and software	13,370,290	107,327	-	439,530	13,917,147
Equity in property of others	5,787,287	119,159,195	-	-	124,946,482
Furniture, equipment and building improvements	6,259,838	27,368	-	1,244,794	7,532,000
Total capital assets being depreciated or amortized	526,600,996	119,399,947	(327,565)	10,159,228	655,832,606
Less accumulated depreciation or amortization for:					
Intangible right-to-use lease buildings	135,275	118,551	(21,740)	-	232,086
Intangible right-to-use lease parking lots	292,896	231,732	(305,825)	-	218,803
Intangible right-to-use lease tower	38,547	38,548	-	-	77,095
Right-to-use subscription assets	-	498,284	-	-	498,284
Rolling stock	128,362,012	11,674,598	-	-	140,036,610
Vehicles	134,175	9,110	-	-	143,285
Facilities	54,530,757	3,238,435	-	-	57,769,192
Track and signal improvements	47,522,780	5,575,677	-	-	53,098,457
Equipment and software	11,424,168	654,618	-	-	12,078,786
Equity in property of others	4,462,285	164,593	-	-	4,626,878
Furniture, equipment and building improvements	5,283,966	276,043	-	-	5,560,009
Total accumulated depreciation or amortization	252,186,861	22,480,189	(327,565)	-	274,339,485
Total capital assets being depreciated or amortized, net	274,414,135	96,919,758	-	10,159,228	381,493,121
Total capital assets	\$ 354,754,920	\$ 148,776,521	\$ (835,464)	\$ -	\$ 502,695,977

*The beginning balance was restated for recording of right-to-use subscription assets as of July 1 in accordance with GASB 96.

The chart reflects several asset-related adjustments completed as part of VRE's transition of financial systems in fiscal year 2023.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Private placement note payable	\$ 3,650,870	\$ -	\$ (1,784,022)	\$ 1,866,848	\$ 1,866,848
Bonds payable	148,210,000	-	(4,565,000)	143,645,000	4,795,000
Premiums	15,946,000	-	(501,996)	15,444,004	-
Subscription liability	302,044	-	(195,558)	106,486	106,486
Lease liability	1,381,122	211,144	(192,598)	1,399,668	139,366
	169,490,036	211,144	(7,239,174)	162,462,006	6,907,700
Compensated absences	985,190	577,160	(627,303)	935,047	58,622
	<u>\$ 170,475,226</u>	<u>\$ 788,304</u>	<u>\$ (7,866,477)</u>	<u>\$ 163,397,053</u>	<u>\$ 6,966,322</u>

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

Private Payment Placement Note Payable – Gallery IV (11 cars)

\$25,100,000 private payment placement note payable; \$965,679 due semi-annually, including interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$8,443,412.

\$ 1,866,848

Future minimum payments as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 1,866,848	\$ 64,509
	<u>\$ 1,866,848</u>	<u>\$ 64,509</u>

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.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Obligations (Continued)

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 \$42,285,815 at June 30, 2024.

\$ 31,945,000

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

\$ 111,700,000

Mandatory debt service on Bonds payable requirements as of June 30, 2024 are as follows:

Years Ending June 30,	NVTC Bond		VRA Bond		Total Required	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,910,000	\$ 5,585,000	\$ 2,885,000	\$ 1,404,303	\$ 4,795,000	\$ 6,989,303
2026	2,010,000	5,489,500	3,040,000	1,252,475	5,050,000	6,741,975
2027	2,110,000	5,389,000	3,200,000	1,092,575	5,310,000	6,481,575
2028	2,215,000	5,283,500	3,365,000	924,347	5,580,000	6,207,847
2029	2,325,000	5,172,750	3,545,000	747,278	5,870,000	5,920,028
2030-2034	13,485,000	23,999,500	15,910,000	1,254,106	29,395,000	25,253,606
2035-2039	17,210,000	20,274,000	-	-	17,210,000	20,274,000
2040-2044	21,975,000	15,518,750	-	-	21,975,000	15,518,750
2045-2049	28,045,000	9,447,250	-	-	28,045,000	9,447,250
2050-2052	20,415,000	2,074,750	-	-	20,415,000	2,074,750
Subtotal	111,700,000	98,234,000	31,945,000	6,675,084	143,645,000	104,909,084
Unamortized premium	11,960,111	-	3,483,893	-	15,444,004	-
Total	\$ 123,660,111	\$ 98,234,000	\$ 35,428,893	\$ 6,675,084	\$ 159,089,004	\$ 104,909,084

Subscription Liability

During the current fiscal year, VRE had multiple subscription agreements as lessee for software ranging from two to three years. As of June 30, 2024, the balance of the subscription liability was \$106,486.

VRE is required to make annual principal and interest payments ranging from \$2,240 to \$106,762. The subscriptions have an interest rate ranging from 2.35% to 2.8%. The value of the intangible right-to-use subscription assets as of the end of the current fiscal year was \$1,815,971 and had accumulated amortization of \$1,055,650.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Obligations (Continued)

Annual requirements to amortize subscription obligations are as follows:

	<u>2024</u>	<u>2023</u>
Subscription liability for an enterprise resource planning (ERP) system. VRE is required to make annual principal and interest payments in the amount of \$106,762 through August 2025. The subscription has an interest rate of 2.35%. An initial subscription liability was recorded in the amount of \$311,754. The ERP system has an estimated thirty-eight month useful life. The value of the right-to-use subscription asset as of the end of the current fiscal year was \$1,810,148 and had accumulated amortization of \$1,052,375.	\$ 104,307	\$ 206,214
Subscription liability for an ERP module. VRE is required to make annual principal and interest payments of \$2,240 through August 2025. The subscription has an interest rate of 2.80%. An initial subscription liability was recorded in the amount of \$5,823. The ERP module has an estimated thirty-one month useful life. The value of the right-to-use subscription asset as of the end of the current fiscal year was \$5,823 and had accumulated amortization of \$3,275.	2,179	4,338
Subscription liability for Microsoft. VRE is required to make annual principal and interest payments in the amount of \$93,645 through February 2025. The subscription has an interest rate of 2.35%. An initial subscription liability was recorded in the amount of \$182,276. The subscription has an estimated thirty-one month useful life. The intangible right-to-use asset was terminated by VRE in July 2023, and therefore as of the end of the current fiscal year had a value of \$0.	-	91,492
	<u>\$ 106,486</u>	<u>\$ 302,044</u>

The following table summarized the total minimum subscription payments due:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 106,486	\$ 2,516
Total minimum subscription payments	<u>\$ 106,486</u>	<u>\$ 2,516</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Leases

Details of leases in which VRE is the lessee are as follows:

	<u>2024</u>	<u>2023</u>
Lease liability for a tower. VRE is required to make monthly principal and interest payments of \$3,418 through January 2024. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$99,581. The tower has an estimated useful life of thirty-one months. The intangible right-to-use asset had an ending lease date in January 2024, and therefore as of the end of the current fiscal year has a value of \$0.	\$ -	\$ 23,692
Lease liability for a building. VRE is required to make monthly principal and interest payments ranging from \$10,608 to \$13,438 through April 2033. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$1,363,291. The building has an estimated 141 month useful life. The value of the intangible right-to-use lease asset as of the end of the current fiscal year was \$1,363,291 and had accumulated amortization of \$345,623.	1,110,167	1,200,812
Lease liability for a parking lot. VRE is required to make monthly principal and interest payments of \$9,717 through December 2023. The lease has an interest rate of 3.00%. An initial lease liability was recorded in the amount of \$273,503. The parking lot has an estimated thirty month useful life. The intangible right-to-use asset had an ending lease date in December 2023, and therefore as of the end of the current fiscal year had a value of \$0.	-	57,791
Lease liability for a building roof. VRE is required to make monthly principal and interest payments ranging from \$650 to \$787 through March 2038. The lease has an interest rate of 3.40%. An initial lease liability was recorded in the amount of \$100,214 during the current fiscal year. The building roof has an estimated 180 month useful life. The value of the intangible right-to-use lease asset as of the end of the current fiscal year was \$100,277 and had accumulated amortization of \$8,356.	94,317	98,827
Lease liability for a tower. VRE is required to make monthly principal and interest payments ranging from \$3,521 to \$3,963 through January 2029. The lease has an interest rate of 2.43%. An initial lease liability was recorded in the amount of \$211,144. The tower has an estimated useful life of sixty months. The value of the intangible right-to-use lease asset as of the end of the current fiscal year was \$211,144 and had accumulated amortization of \$17,595.	195,184	-
	\$ 1,399,668	\$ 1,381,122

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 5. Leases (Continued)

The following table summarized the total minimum lease payments due:

Years Ending June 30,	Principal	Interest
2025	\$ 139,366	\$ 39,450
2026	148,280	35,358
2027	157,918	30,996
2028	168,191	26,350
2029	158,839	21,475
2030-2034	593,889	42,887
2035-2038	33,185	2,207
Total minimum lease payments	\$ 1,399,668	\$ 198,723

VRE is a lessor for a lease related to a communication tower. The lease term is for 518 months. The exercise of lease renewal options is at the Lessees discretion. VRE monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable. VRE will receive annual payments ranging from \$27,421 to \$86,843 through December 2064. An initial lease receivable was recorded in the amount of \$1,437,167. During fiscal year 2023, there was a remeasurement of the lease receivable due to a contract amendment that resulted in a lease receivable of \$1,054,723.

VRE has a deferred inflow of resources associated with its lease that will be recognized as revenue over the term of the lease. As of June 30, 2024, the balance of the deferred inflow was \$1,019,503. Lease revenue for the year ended June 30, 2024 was \$9,942 net of the remeasurement of deferred inflows of resources of \$15,250 and lease interest income for the same year was \$32,030.

Future minimum lease amounts as of June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest
2025	\$ (4,526)	\$ 31,947
2026	(3,839)	32,083
2027	(3,107)	32,198
2028	(2,327)	32,291
2029	(1,498)	32,361
2030-2034	6,845	161,925
2035-2039	36,428	159,223
2040-2044	75,261	151,552
2045-2049	125,539	137,398
2050-2054	189,925	114,892
2055-2059	271,637	81,730
2060-2064	374,558	35,088
Total minimum lease amounts	\$ 1,064,896	\$ 1,002,688

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent 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 available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

B. Employees Covered by Benefit Terms

As of the June 30, 2022 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	41
Inactive members:	
Vested	28
Non-vested	26
Long-Term disability	1
Active elsewhere in VRS	10
Active members	<u>94</u>
Total covered employees	<u><u>200</u></u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

C. Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

VRE's contractually required contribution rate for the year ended June 30, 2024 was 6.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$329,577 and \$313,029 for the years ended June 30, 2024 and 2023, respectively.

D. Net Pension Asset/Liability

VRE's net pension asset/liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

E. Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates

Mortality Rates:	15% of deaths are assumed to be service-related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

F. Long-Term Expected Rate of Return

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

F. Long-Term Expected Rate of Return (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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
			8.25%

* Expected arithmetic nominal return

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total pension asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, 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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

H. Changes in the Net Pension (Assets)/Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension (Asset) Liability
Balances at June 30, 2022	\$ 25,758,634	\$ 25,871,392	\$ (112,758)
Changes for the Year:			
Service cost	867,475	-	867,475
Interest	1,763,608	-	1,763,608
Difference between expected and actual experience	280,263	-	280,263
Contributions – employer	-	523,246	(523,246)
Contributions – employee	-	482,987	(482,987)
Net investment income	-	1,687,642	(1,687,642)
Benefit payments, including refunds of employee contributions	(997,173)	(997,173)	-
Administrative expense	-	(16,364)	16,364
Other changes	-	683	(683)
Net changes	1,914,173	1,681,021	233,152
Balances at June 30, 2023	\$ 27,672,807	\$ 27,552,413	\$ 120,394

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 \$70,526 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2024. VRE's percentage of total contributions to the plan was 58.58 percent. This percentage was used to allocate a portion of the net pension asset to VRE.

I. Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents VRE's portion of the net pension asset/liability, using the discount rate of 6.75 percent, as well as what VRE's net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	Current		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
VRE's net pension liability (asset)	\$ 2,448,247	\$ 70,526	\$ (1,824,304)

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

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

For the year ended June 30, 2024, VRE recognized pension expense of \$335,795. At June 30, 2024, 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	\$ 129,190	\$ (86,837)
Change in assumptions	85,964	-
Net difference between projected and actual earnings on pension plan investments	-	(217,163)
Employer contributions subsequent to the measurement date	329,577	-
Total	\$ 544,731	\$ (304,000)

The \$329,577 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, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ (81,694)
2026	(254,397)
2027	240,397
2028	6,848
	<u>\$ (88,846)</u>

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report is publicly available through the About VRS link on the VRS website at www.varetire.org/pdf/publications/2023-annual-report.pdf, 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.

Note 7. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Other Postemployment Benefits – Group Life Insurance Program (Continued)

A. Plan Description (Continued)

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.

Specific information for the GLI is available at:

- <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$38,390 and \$36,026 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the Statement of Revenue and Expenditures of VRE's financial statements.

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, 2024, VRE reported a liability of \$332,327 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was \$36,026 or 0.04639% as compared to \$32,002 or 0.04462% at June 30, 2022.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Other Postemployment Benefits – 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)

For the year ended June 30, 2024, VRE recognized GLI OPEB expense of \$16,803. 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, 2024, 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	\$ 33,191	\$ (10,087)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(13,355)
Change in assumptions	7,103	(23,025)
Changes in proportionate share	20,915	(12,515)
Employer contributions subsequent to the measurement date	38,390	-
Total	\$ 99,599	\$ (58,982)

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 \$332,327 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2023. VRE's percentage of total contributions to the plan was 59.73 percent. This percentage was used to allocate a portion of the net GLI OPEB liability to VRE.

The \$38,390 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, 2025. 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
2025	\$ (3,052)
2026	(13,998)
2027	8,450
2028	5,343
2029	5,484
Total	\$ 2,227

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation:	
Locality – general employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation
Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Other Postemployment Benefits – Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability

The net OPEB Liability (NOL) for the GLI represents the program’s total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,907,052
Plan fiduciary net position	<u>2,707,739</u>
GLI net OPEB liability	<u>\$ 1,199,313</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 69.30%

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

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		<u>2.50%</u>
		* Expected arithmetic nominal return	<u>8.25%</u>

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 7. Other Postemployment Benefits – Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return (Continued)

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, 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 113% of the actuarially determined rate. From July 1, 2023, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
VRE	\$ 492,612	\$ 332,327	\$ 202,735

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is available at:

- <https://www.varetire.org/retirees/insurance/healthinscredit/>.

B. Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	6
Inactive members:	
Vested	2
Long-Term disability	1
Active elsewhere in VRS	9
Active members	<u>98</u>
Total covered employees	<u>116</u>

C. Contributions

The contribution requirement for active employees is governed by Title 51.1-1402(E) 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. VRE's contractually required employer contribution rate for the year ended June 30, 2024 was .16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from VRE to the Political Subdivision HIC program were \$11,375 and \$3,532 for the years ended June 30, 2024 and 2023, respectively.

D. Net HIC OPEB Liability

At June 30, 2024, VRE reported a net HIC OPEB liability of \$35,526. The net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022 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, 2023:

Inflation	2.50%
Salary increases, including inflation:	
General employees	3.50%-5.35%
Investment rate of return	6.75%, net of OPEB plan investment expenses, including inflation
Mortality Rates:	15% of deaths are assumed to be service-related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rate projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

F. Long-term Expected Rate of Return

The long-term expected rate of return on pension System 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 pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class as 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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
		* Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.14%, including expected inflation of 2.50%.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

G. Discount Rate

The discount rate used to measure the total HIC 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by VRE for the HIC OPEB was 100% of actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

H. Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a-b)
Balances at June 30, 2022	\$ -	\$ -	\$ -
Changes for the Year:			
Interest	(48)	-	(48)
Changes of benefit terms	96,968	-	96,968
Contributions – employer	-	36,215	(36,215)
Net investment income	-	1,279	(1,279)
Benefit payments, including refunds of employee contributions	(1,425)	(1,425)	-
Administrative expense	-	(50)	50
Net changes	95,495	36,019	59,476
Balances at June 30, 2023	\$ 95,495	\$ 36,019	\$ 59,476

I. Sensitivity of the Net HIC OPEB Liability to Changes in the Discount Rate

The following presents VRE's HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the net HIC OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate:

	Current Discount		
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)
VRE	\$ 43,126	\$ 35,526	\$ 29,179

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIC Insurance Program OPEB

For the year ended June 30, 2024, VRE recognized HIC Program OPEB expense of \$57,208. At June 30, 2024, VRE reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (51)
Employer contributions subsequent to the measurement date	11,375	-
Total	<u>\$ 11,375</u>	<u>\$ (51)</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 HIC OPEB liability of \$35,526 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2023. VRE's percentage of total contributions to the plan was 59.73 percent. This percentage was used to allocate a portion of the net HIC OPEB liability to VRE.

\$11,375 reported as deferred outflows of resources related to the HIC OPEB resulting from VRE's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	\$ (12)
2026	(12)
2027	(13)
2028	(14)
Total	<u>\$ (51)</u>

K. Health Insurance Credit Program Plan Data

Detailed information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 9. Operating Leases and Agreements

Operating Access Agreements with CSX Transportation and Norfolk Southern railroads provide the Commissions with 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, 2024 and 2023, annual track usage fees totaled approximately \$12,411,000 and \$11,923,000, respectively, and facility and other identified costs totaled approximately \$492,000 and \$465,000, respectively. The increase in track usage fees and other direct services primarily reflects annual contract escalations.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and midday services and electrical power became effective on July 1, 2015. For the years ended June 30, 2024 and 2023, costs for track access and equipment storage totaled approximately \$7,992,000 and \$6,513,000, respectively, and midday maintenance, utility and other services totaled approximately \$5,226,000 and \$4,326,000, respectively. The increase in these costs is primarily due to annual contract escalations driven by the Association of American Railroads (ARR) cost indexes. Cost adjustments will be made in fiscal year 2025 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access are determined in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions signed a contract with Keolis Rail Services Virginia, LLC, for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. In May 2020, the Commissions authorized the Chief Executive Officer to amend the contract for Operating Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the second five-year option period, effective July 1, 2020 through June 30, 2025.

Subsequently, in May 2021, the Commissions authorized the Chief Executive Officer to amend the contract for Maintenance Services for Commuter Rail with Keolis Rail Services Virginia, LLC (KRSV) thereby exercising the first five-year option period, effective July 1, 2021 through June 30, 2026. The cost of train operations and maintenance for the years ended June 30, 2024 and 2023 totaled approximately \$28,391,000 and \$26,586,000, respectively. The increase in train operation and maintenance costs is primarily a result of annual contract escalations and additional staff for the maintenance of our facilities. Costs are based on an annual budget prepared in advance. Costs for fiscal year 2025 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 10. Related Party Transactions

VRE reimburses the Commissions for expenses made on behalf of VRE. During 2024 and 2023, these payments included \$9,868,530 and \$9,254,014 of salary-related costs and \$35,256 and \$31,828 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 \$93,072 and \$90,179 to PRTC during 2024 and 2023, 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 \$3,338 and \$3,259 in 2024 and 2023, respectively. Amounts payable to NVTC and PRTC were \$21,876 and \$2,789,787, respectively, at June 30, 2024, and \$7,720 and \$1,930,257, respectively, at June 30, 2023.

Note 11. Liability Insurance Plan

VRE is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; and natural disasters. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and VRE's own need for liability and property coverage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently approximately \$323 million) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$78,700 at June 30, 2024 and \$56,300 at June 30, 2023.

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, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance, July 1	\$ 10,088,248	\$ 9,966,010
Insurance premiums paid	(7,310)	(7,100)
Claims mitigation and losses incurred	(4,808)	(19,392)
Investment income	444,946	183,169
Actuarial and administrative charges	(30,547)	(34,439)
Ending balance, June 30	<u>\$ 10,490,529</u>	<u>\$ 10,088,248</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 12. Contingencies and Contractual Commitments

At June 30, 2024, 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, 2024:

Stations and Parking Lots	\$ 23,341,105
Rolling Stock	63,553,737
Maintenance and Layover Yards	1,436,028
Track and Signal Improvements	176,000
Other Administrative	<u>186,283</u>
Total	<u><u>\$ 88,693,153</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 13. Pending GASB Statements

At June 30, 2024, 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. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for VRE beginning with its year ending June 30, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*, requires VRE to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires VRE to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If VRE determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement 102 will be effective for VRE beginning with its year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 will be effective for VRE beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

The requirements related to Statement No. 104 will be effective for VRE beginning with its year ending June 30, 2026.

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

VIRGINIA RAILWAY EXPRESS

NOTES TO FINANCIAL STATEMENTS

Note 14. Subsequent Events

In September 2024, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Gannett Fleming, Inc. of Fairfax, Virginia, for Construction Management Services for the Alexandria Station Improvements Project in the amount of \$9,353,863, plus a 10 percent contingency of \$935,386, for a total amount not to exceed \$10,289,249.

In September 2024, the VRE Operations Board authorized the Chief Executive Officer to execute a General Engineering Consulting Services VIII Task Order with HDR Engineering, Inc. for Engineering Support for the Crossroads Maintenance and Storage Facility Administrative and Employee Welfare Building Project in the amount of \$1,351,300, plus a 10 percent contingency of \$135,130, for a total not to exceed \$1,486,430.

On September 5, 2024, the Virginia Passenger Rail Authority (VPRA) purchased approximately 24 miles of the Manassas Line from Norfolk Southern Corporation (NS). Through this new agreement, VPRA also gained access to the railroad's main line (N-Line) in Christiansburg, Virginia, a key component to the Commonwealth's planned intercity rail service expansion to the New River Valley. VRE and VPRA staff have developed a draft Funding Agreement laying out the parameters for VRE's financial participation in the Manassas Line transaction, which is expected to include acquisition by VRE of four separate property interests (Seminary Yard in Alexandria; the Broad Run Corridor in Manassas; permanent easements for five existing Manassas Line station platforms; and a permanent commuter rail operating easement over the line). In October 2024, the Commissions approved a new operating access agreement between VRE and NS covering the small sections of the Manassas Line retained by NS for an initial annual fee of \$750,000, subject to escalations. Commission approvals of the Manassas Line Funding Agreement and a long-term Manassas Line operating access agreement between VRE and VPRA are expected in the November 2024 to January 2025 timeframe.

Required Supplementary Information

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Contractually required contribution (CRC)	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989	\$ 421,362	\$ 454,868	\$ 523,246	\$ 564,407	
Contributions in relation to the CRC	460,763	478,465	419,283	413,760	354,543	323,989	421,362	454,868	523,246	564,407	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 7,191,542	\$ 6,571,785	\$ 6,763,435	\$ 7,301,252	\$ 8,062,327	\$ 8,696,564	
Contributions as a percentage of covered payroll	6.34%	6.15%	4.86%	4.66%	4.93%	4.93%	6.23%	6.23%	6.49%	6.49%	

Notes to Schedule:

- (1) The information on this schedule is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831	\$ 796,518	\$ 747,243	\$ 766,964	\$ 718,141	\$ 781,338	\$ 867,475
Interest	763,704	850,266	942,652	1,051,830	1,132,348	1,233,409	1,339,757	1,481,325	1,668,067	1,763,608
Changes of assumptions	-	-	-	(243,263)	108,387	631,239	-	803,822	-	-
Differences between expected and actual experience	-	92,275	284,843	38,724	-	312,560	743,287	(221,363)	(239,320)	280,263
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)	(676,419)	(829,005)	(764,428)	(997,173)
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	1,952,920	1,445,657	1,914,173
Total pension liability - beginning	11,021,316	12,284,629	13,694,496	15,244,599	16,411,809	17,978,233	20,186,468	22,360,057	24,312,977	25,758,634
Total pension liability - ending (a)	\$ 12,284,629	\$ 13,694,496	\$ 15,244,599	\$ 16,411,809	\$ 17,978,233	\$ 20,186,468	\$ 22,360,057	\$ 24,312,977	\$ 25,758,634	\$ 27,672,807
Plan Fiduciary Net Position										
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989	\$ 421,362	\$ 454,868	\$ 523,246
Contributions - employee	414,844	494,240	375,574	407,825	411,106	414,063	419,869	399,479	435,662	482,987
Net investment income	1,697,173	603,590	259,738	1,829,732	1,265,980	1,249,744	378,372	5,570,288	(41,059)	1,687,642
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)	(676,419)	(829,005)	(764,428)	(997,173)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)	(10,415)	(11,937)	(12,621)	(13,494)	(15,836)	(16,364)
Other	89	(131)	(107)	(1,654)	(1,150)	(791)	(457)	530	608	683
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	5,549,160	69,815	1,681,021
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326	14,713,522	16,921,826	18,530,278	19,819,684	20,252,417	25,801,577	25,871,392
Plan fiduciary net position - ending (b)	12,789,238	14,064,326	14,713,522	16,921,826	18,530,278	19,819,684	20,252,417	25,801,577	25,871,392	27,552,413
PRTC's net pension (asset) liability - ending (a) - (b)	\$ (504,609)	\$ (369,830)	\$ 531,077	\$ (510,017)	\$ (552,045)	\$ 366,784	\$ 2,107,640	\$ (1,488,600)	\$ (112,758)	\$ 120,394
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%	103.11%	103.07%	98.18%	90.57%	106.12%	100.44%	99.56%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 7,191,542	\$ 6,571,785	\$ 6,763,435	\$ 7,301,252	\$ 8,062,327
PRTC's net pension (asset) liability as a percentage of covered payroll	-7.67%	-5.09%	6.82%	-5.91%	-6.22%	5.10%	32.07%	-22.01%	-1.54%	1.49%

Notes to Schedule:

- (1) The information on this schedule is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

See Notes to Required Supplementary Information – Virginia Retirement System.

VIRGINIA RAILWAY EXPRESS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except that change in the discount rate, which was VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

VIRGINIA RAILWAY EXPRESS

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

	Fiscal Year June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total Group Life Insurance OPEB Liability							
The Commission's Portion of the Net GLI OPEB Liability	0.04678%	0.04670%	0.04626%	0.04360%	0.04294%	0.04462%	0.04639%
The Commission's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000	\$ 709,000	\$ 752,773	\$ 727,613	\$ 499,938	\$ 537,268	\$ 556,362
The Commission's Covered Payroll	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711	\$ 9,705,606	\$ 10,925,556
The Commission's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%	7.99%	8.29%	8.11%	5.64%	5.54%	5.09%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.64%	52.64%	67.21%	69.30%

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.

See Notes to Required Supplementary Information – Other Postemployment Benefits.

VIRGINIA RAILWAY EXPRESS

**SCHEDULE OF THE VRE'S CONTRIBUTIONS – OPEB –
GROUP LIFE INSURANCE PROGRAM**

Last Ten Fiscal Years

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,151	\$ 47,196	\$ 46,660	\$ 47,879	\$ 52,410	\$ 58,998	\$ 64,270
Contributions in relation to the CRC	38,509	41,266	44,865	46,151	47,196	46,660	47,879	52,410	58,998	64,270
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619	\$ 8,866,711	\$ 9,705,606	\$ 10,925,556	\$ 11,901,852
Contributions as a percentage of covered payroll	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%	0.54%

Note to Schedule:

- (1) The information on this schedule is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

See Notes to Required Supplementary Information – Other Postemployment Benefits.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGES IN THE NET OPEB – HEALTH INSURANCE CREDIT LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2023

	Fiscal Year June 30, <u>2023</u>
Total HIC OPEB Liability	
Interest	\$ (48)
Changes of benefit terms	96,968
Benefit payments	<u>(1,425)</u>
Net change in total HIC OPEB liability	<u>95,495</u>
Total HIC OPEB liability - beginning	-
Total HIC OPEB liability - ending (a)	<u>\$ 95,495</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 36,215
Net investment income	1,279
Benefit payments, including refunds	(1,425)
Administrative expense	<u>(50)</u>
Net change in plan fiduciary net position	<u>36,019</u>
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>36,019</u>
PRTC's net HIC OPEB liability - ending (a) - (b)	<u>\$ 59,476</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	37.72%
Covered payroll	\$ 3,696,519
PRTC's net HIC OPEB liability as a percentage of covered payroll	1.61%

Notes to Schedule:

- (1) The information on this schedule is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.
- (2) 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 which information is available.

See Notes to Required Supplementary Information – Other Postemployment Benefits.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF THE VRE'S CONTRIBUTIONS – OPEB – HEALTH INSURANCE CREDIT PROGRAM Last Two Fiscal Years

	Fiscal Year June 30,	
	2023	2024
Contractually required contribution (CRC)	\$ 5,914	\$ 19,043
Contributions in relation to the CRC	5,914	19,043
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 3,696,519	\$ 11,901,932
Contributions as a percentage of covered payroll	0.16%	0.16%

Note 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 which information is available.

VIRGINIA RAILWAY EXPRESS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2024

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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except that change in the discount rate, which was VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Note 2. Health Insurance Credit 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.

VIRGINIA RAILWAY EXPRESS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS

Year Ended June 30, 2024

Note 2. Health Insurance Credit Program (Continued)

B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

THIS PAGE NOT USED

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.	73– 76
Other Statistical Information These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	77 – 78
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.	79 – 81
Debt Service Requirements These schedules provide information regarding the VRE's debt service requirements related to the 2018 Virginia Resource Authority Bonds.	82 – 83

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF CHANGE IN NET POSITION

Last Ten Fiscal Years

(Unaudited)

	2024	2023	2022	2021	June 30, 2020	2019	2018	2017	2016	2015
Operating Revenues:										
Passenger revenue	\$ 15,743,767	\$ 13,940,102	\$ 10,517,221	\$ 7,251,796	\$ 34,701,955	\$ 41,990,599	\$ 42,221,002	\$ 42,280,669	\$ 37,696,913	\$ 36,700,191
Equipment rentals and other	424,964	310,758	116,857	165,478	267,816	314,236	269,168	301,621	240,052	418,569
Total operating revenues	16,168,731	14,250,860	10,634,078	7,417,274	34,969,771	42,304,835	42,490,170	42,582,290	37,936,965	37,118,760
Nonoperating Revenues:										
Subsidies:										
Commonwealth of Virginia grants	26,759,223	42,011,586	21,975,609	14,110,733	18,712,734	17,447,509	17,145,270	18,265,581	16,572,077	14,401,957
Federal grants - with PRTC as grantee	12,962,716	9,289,764	8,070,012	21,741,238	15,271,669	15,229,460	15,362,802	15,937,225	13,917,534	13,688,723
Federal Pandemic Relief Funds	37,488,029	20,267,695	47,232,405	28,305,131	2,688,095	-	-	-	-	-
Jurisdictional contributions	16,000,000	13,544,122	4,756,658	18,300,780	17,767,748	17,767,748	17,250,240	17,250,240	16,428,800	16,456,986
Commuter Rail Operating and Capital (C-ROC) Fund	7,496,000	7,499,738	5,811,156	-	-	-	-	-	-	-
Regional transportation funding (NVTA)	-	-	-	-	-	194,506	766,586	461,889	542,671	-
Capital Grants and Assistance:										
Commonwealth of Virginia grants	24,118,298	27,879,245	25,604,500	2,339,034	2,110,561	1,417,527	13,010,326	3,033,657	9,826,429	14,694,277
Federal grants - with PRTC as grantee	10,844,459	20,406,397	17,603,912	8,738,493	3,696,057	3,541,398	9,559,056	15,204,474	22,125,460	17,764,759
Commuter Rail Operating and Capital (C-ROC) Fund	7,504,000	7,500,262	9,188,844	15,000,000	15,000,000	15,000,000	-	-	-	-
Regional transportation funding (NVTA)	1,907,243	1,702,500	875,805	528,067	1,758,116	2,304,206	615,190	651,163	-	-
In-kind and other local contributions	-	-	62,269	518,086	-	-	12,842	162,839	851,659	1,079,885
Interest income:										
Operating funds	697,180	1,069,411	101,474	89,187	1,009,626	1,360,241	616,228	285,495	93,677	34,337
Insurance trust	444,946	183,169	19,451	67,921	218,621	221,184	132,037	98,560	69,444	-
Commuter Rail Operating and Capital (C-ROC) Fund	2,528,870	1,894,380	139,208	50,085	294,176	117,075	-	-	-	-
Lease	32,030	19,778	29,174	-	-	-	-	-	-	-
Other restricted funds	1,019,254	636,585	(12,812)	6,701	48,899	63,483	797	402	197	59
Increase in fair value of investments	199,873	15,835	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	(59,780)	-	-	-	-	-	(551,457)	3,500	-	(60,293)
Total nonoperating revenues	149,942,341	153,920,467	141,457,665	109,795,456	78,576,302	74,664,337	73,919,917	71,355,025	80,427,948	78,060,690
Total revenues	166,111,072	168,171,327	152,091,743	117,212,730	113,546,073	116,969,172	116,410,087	113,937,315	118,364,913	115,179,450
Operating Expenses:										
Contract operations and maintenance	33,534,857	30,866,478	28,495,740	28,125,410	28,076,445	26,946,284	26,917,081	25,873,933	24,082,615	22,782,752
Other operations and maintenance	26,412,160	20,661,998	17,763,617	15,603,856	15,446,821	16,579,038	17,492,047	14,461,209	13,662,606	14,334,954
Property leases and access fees	20,403,054	18,436,123	17,283,411	17,354,979	17,425,916	16,698,897	16,693,442	16,236,606	15,175,732	14,318,788
Insurance	7,880,355	7,732,360	7,431,921	7,100,216	4,370,863	3,945,668	3,766,321	3,970,753	4,046,198	3,964,673
Marketing and sales	1,398,014	1,175,036	795,787	979,335	2,189,698	2,574,583	2,529,388	2,532,214	2,393,332	2,267,729
General and administrative	16,418,020	13,214,162	10,558,848	12,659,432	11,015,700	10,937,062	11,651,412	10,904,945	10,514,343	7,968,298
Depreciation and amortization	23,548,243	22,480,189	21,552,764	21,118,165	19,690,320	18,542,805	18,201,071	17,737,170	16,953,565	15,391,195
Total operating expenses	129,594,703	114,566,346	103,882,088	102,941,393	98,215,763	96,224,337	97,250,762	91,716,830	86,828,391	81,028,389
Nonoperating (Revenues) Expenses:										
Interest and amortization	6,887,155	7,285,456	2,908,408	1,904,569	2,089,883	2,188,383	3,147,164	3,217,756	3,384,762	3,534,644
Total nonoperating expenses	6,887,155	7,285,456	2,908,408	1,904,569	2,089,883	2,188,383	3,147,164	3,217,756	3,384,762	3,534,644
Special items	-	-	-	-	(1,372,379)	-	-	-	1,882,945	-
Total expenses	136,481,858	121,851,802	106,790,496	104,845,962	98,933,267	98,412,720	100,397,926	94,934,586	92,096,098	84,563,033
Change in net position	\$ 29,629,214	\$ 46,319,525	\$ 45,301,247	\$ 12,366,768	\$ 14,612,806	\$ 18,556,452	\$ 16,012,161	\$ 19,002,729	\$ 26,268,815	\$ 30,616,417

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF COMPONENTS OF NET POSITION Last Ten Fiscal Years (Unaudited)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 359,245,516	\$ 322,715,330	\$ 290,402,387	\$ 274,934,995	\$ 279,674,828	\$ 282,554,207	\$ 289,271,966	\$ 279,920,481	\$ 274,136,653	\$ 254,085,092
Restricted for liability insurance plan	10,553,006	10,147,403	10,022,903	10,252,938	10,320,199	10,527,621	10,536,336	10,470,506	10,439,990	10,487,532
Restricted for debt service	14,073,320	22,521,722	14,122,731	1,998,519	2,016,642	2,029,382	1,996,544	-	-	-
Restricted grants or contributions	6,941,242	2,754,165	2,536,576	2,530,013	2,526,137	1,120,762	1,094,246	779,223	779,223	-
Restricted pension asset	-	67,453	891,393	-	-	-	-	-	-	-
Unrestricted net position	151,619,124	154,596,921	148,507,479	131,465,757	114,277,648	97,970,676	72,747,104	68,885,778	55,697,393	50,211,820
Total net position	\$ 542,432,208	\$ 512,802,994	\$ 466,483,469	\$ 421,182,222	\$ 408,815,454	\$ 394,202,648	\$ 375,646,196	\$ 360,055,988	\$ 341,053,259	\$ 314,784,444

Source: VRE's Audited Financial Statements.

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF OUTSTANDING DEBT

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Bonds Payable:										
\$46,640,000 Virginia Resources Authority (VRA) Bond 2018	\$ 31,945,000	\$ 34,690,000	\$ 37,295,000	\$ 39,770,000	\$ 42,120,000	\$ 44,360,000	\$ 46,640,000	\$ -	\$ -	\$ -
\$5,972,388 Unamortized Premium on VRA Bond 2018	3,483,893	3,882,052	4,280,212	4,678,371	5,076,530	5,474,689	5,872,848	-	-	-
\$115,670,000 Transportation District Special Obligation Revenue										
Bonds (Transforming Rail in Virginia) Series 2022 (Green Bonds)	111,700,000	113,520,000	115,670,000	-	-	-	-	-	-	-
\$12,136,265 Unamortized Premium on Series 2022 Bonds	11,960,111	12,063,948	12,136,265	-	-	-	-	-	-	-
Private Placement Notes Payable:										
\$25,100,000 Private Placement Note - Gallery IV Cars	1,866,848	3,650,870	5,355,739	6,984,969	8,541,916	10,029,785	11,451,643	12,810,417	14,108,906	15,349,786
\$74,425 Private Placement Note - Equipment	-	-	-	-	-	2,628	17,559	34,287	50,048	64,331
Leases Payable:										
\$1,363,291 Intangible right-to-use asset - building	1,110,167	1,200,812	1,284,251	-	-	-	-	-	-	-
\$21,740 Intangible right-to-use asset - building	-	-	1,693	-	-	-	-	-	-	-
\$273,503 Intangible right-to-use asset - parking lot	-	57,791	168,852	-	-	-	-	-	-	-
\$305,825 Intangible right-to-use asset - parking lot	-	-	124,850	-	-	-	-	-	-	-
\$99,581 Intangible right-to-use asset - tower	-	23,692	62,665	-	-	-	-	-	-	-
\$100,214 Intangible right-to-use asset - roof	94,317	98,827	-	-	-	-	-	-	-	-
\$211,144 Intangible right-to-use asset - tower	195,184	-	-	-	-	-	-	-	-	-
Subscription Payable:										
\$311,753 Intangible right-to-use ERP system	104,307	206,214	-	-	-	-	-	-	-	-
\$5,823 Intangible right-to-use ERP module	2,179	4,338	-	-	-	-	-	-	4,338	-
\$182,276 Intangible right-to-use Microsoft office	-	91,492	-	-	-	-	-	-	-	-
Notes Payable:										
\$63,844,842 FRA Notes	-	-	-	-	-	-	-	53,440,159	55,628,942	57,709,856
Outstanding as of June 30	<u>\$ 162,462,006</u>	<u>\$ 169,490,036</u>	<u>\$ 176,379,527</u>	<u>\$ 51,433,340</u>	<u>\$ 55,738,446</u>	<u>\$ 59,867,102</u>	<u>\$ 63,982,050</u>	<u>\$ 66,284,863</u>	<u>\$ 69,787,896</u>	<u>\$ 73,123,973</u>
Debt per Capita:										
Outstanding as of June 30	<u>\$ 162,462,006</u>	<u>\$ 169,490,036</u>	<u>\$ 176,377,834</u>	<u>\$ 51,433,340</u>	<u>\$ 55,738,446</u>	<u>\$ 59,867,102</u>	<u>\$ 63,982,050</u>	<u>\$ 66,284,863</u>	<u>\$ 69,787,896</u>	<u>\$ 73,123,973</u>
Total Participating Jurisdictional Population	N/A	1,250,971	2,455,385	2,430,827	2,408,454	2,386,893	2,358,778	2,337,754	2,317,876	2,306,060
Debt per Capita	<u>N/A</u>	<u>\$ 135.49</u>	<u>\$ 71.83</u>	<u>\$ 21.16</u>	<u>\$ 23.14</u>	<u>\$ 25.08</u>	<u>\$ 27.13</u>	<u>\$ 28.35</u>	<u>\$ 30.11</u>	<u>\$ 31.71</u>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	<u>\$ 162,462,006</u>	<u>\$ 169,490,036</u>	<u>\$ 176,377,834</u>	<u>\$ 51,433,340</u>	<u>\$ 55,738,446</u>	<u>\$ 59,867,102</u>	<u>\$ 63,982,050</u>	<u>\$ 66,284,863</u>	<u>\$ 69,787,896</u>	<u>\$ 73,123,973</u>
Total Personal Income	N/A	N/A	206,695,615,980	198,885,175,394	183,648,652,000	175,406,597,000	168,531,401,000	163,383,278,000	158,911,737,000	157,776,294,309
Total Outstanding Debt as a Percentage of Personal Income	<u>N/A</u>	<u>N/A</u>	<u>0.09%</u>	<u>0.03%</u>	<u>0.03%</u>	<u>0.03%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.05%</u>

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

- (1) Fairfax County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 4.1, page 309
- (2) Prince William County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 297
- (3) City of Manassas fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 197
- (4) City of Manassas Park fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 13, page 216
- (5) Stafford County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table S-15; page 191
- (6) City of Fredericksburg fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 210
- (7) Spotsylvania County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table S-13, page 190
- (8) City of Alexandria fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table XI and Table XIV, page 232 and Page 234
- (9) Arlington County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table K, page 290

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fairfax County	\$ 5,005,547	\$ 4,721,011	\$ 1,658,006	\$ 6,379,017	\$ 6,253,022	\$ 5,385,794	\$ 6,099,300	\$ 5,160,910	\$ 4,847,284	\$ 4,852,953
City of Fredericksburg	518,584	271,677	95,412	367,089	321,028	436,568	417,278	483,524	439,366	581,244
City of Manassas	659,532	597,421	209,813	807,234	694,742	785,898	684,586	749,372	766,491	686,944
City of Manassas Park	450,426	346,629	121,735	468,364	405,485	511,311	474,718	511,777	576,699	401,762
Prince William County	4,924,666	4,389,276	1,541,501	5,930,777	6,098,311	6,183,745	5,363,372	5,968,406	5,309,674	5,485,333
Stafford County	2,306,625	1,833,319	643,856	2,477,175	2,352,820	2,475,127	2,344,514	2,647,221	2,855,607	2,689,391
Spotsylvania County	1,813,436	1,112,905	390,849	1,503,754	1,285,670	1,632,635	1,520,191	1,382,749	1,303,888	1,401,382
City of Alexandria	130,400	110,384	38,767	149,151	144,807	144,807	140,589	140,589	133,894	133,894
Arlington County	190,784	161,500	56,719	218,219	211,863	211,863	205,692	205,692	195,897	195,897
Total contributions	\$ 16,000,000	\$ 13,544,122	\$ 4,756,658	\$ 18,300,780	\$ 17,767,748	\$ 17,767,748	\$ 17,250,240	\$ 17,250,240	\$ 16,428,800	\$ 16,428,800

Source: VRE's Department of Finance

VIRGINIA RAILWAY EXPRESS

SCHEDULE OF MISCELLANEOUS STATISTICS

Last Ten Fiscal Years

(Unaudited)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	20	20	20	20	20
Railcars	100	100	100	100	100	100	100	98	100	93
Total rolling stock	120	120	120	120	120	120	120	118	120	113
Stations	19	19	19	19	19	19	19	19	19	18
Parking Spaces (1)	10,548	10,842	10,842	10,763	10,763	10,842	10,733	10,733	10,743	10,796
Employees	56	56	56	55	50	50	50	49	45	39
Ridership and Fare Revenue Data (2):										
Total Ridership	1,589,675	1,466,480	821,828	341,662	3,273,884	4,477,266	4,705,529	4,761,035	4,441,858	4,618,169
Average Daily Ridership	6,333	5,866	3,314	1,389	12,922	18,053	18,974	18,968	17,767	18,547
Average Fare Per Trip	\$ 9.91	\$ 9.51	\$ 12.82	\$ 21.23	\$ 10.60	\$ 9.38	\$ 8.97	\$ 8.88	\$ 8.49	\$ 7.95

(1) 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, 2022, 2023 and 2024. Ridership continues to be materially affected by the lasting impacts of the COVID-19 pandemic on employment and travel patterns.

(2) In fiscal year 2023, VRE conducted fare free Fridays from June 2nd to September 1st.

Source: VRE staff



VIRGINIA RAILWAY EXPRESS

PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

Current Year and Nine Years Ago

(Unaudited)

Employers	2023			2014		
	Rank	Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1) (3) (4) (6)	1	47,071	N/A	1	30,086-30,585	N/A
Fairfax County Public Schools (1)	2	25,526	N/A	2	24,590	N/A
Inova Health System (1) (6)	3	21,700	N/A	4	7500-10999	N/A
Fairfax County Government (1)	4	12,426	N/A	3	12,240	N/A
Amazon (1)	5	5,000-9,999	N/A	-	-	N/A
Booz-Allen Hamilton (1)	6	5,000-9,999	N/A	8	4,000-6,999	N/A
Capital One (1)	7	5,000-9,999	N/A	-	-	N/A
Federal Home Loan Mortgage (1)	8	5,000-9,999	N/A	9	4,000-6,999	N/A
George Mason University (1)	9	5,000-9,999	N/A	5	5,000-10,000	N/A
Science Applications International Corp. (1)	10	5,000-9,999	N/A	10	4,000-6,999	N/A
Stafford County School System (4)	-	-	N/A	6	4,458	N/A
Mary Washington Healthcare (9)	-	-	N/A	7	4,335	N/A
General Dynamics (1)	-	-	N/A	10	4,000-6,999	N/A
Northrop Grumman (1)	-	-	N/A	10	4,000-6,999	N/A

Sources:

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

- (1) County of Fairfax fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 4.2, page 310
- (2) County of Arlington fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table L, page 291 - Number of Employees not Included
- (3) County of Prince William fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 17, page 298
- (4) County of Stafford fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table S-17, page 193
- (5) County of Spotsylvania fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table S-14, page 191
- (6) City of Alexandria fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table XIX, page 239
- (7) City of Manassas fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 198
- (8) City of Manassas Park fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 217 - Number of Employees not Included

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2014 to 2023

(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)
2023									
Population	N/A	491,693	N/A	17,002	163,417	27,667	148,192	165,700	237,300
Personal Income (in thousands)	N/A	\$36,199,969	N/A	\$635,246	\$8,471,740	\$1,732,425	\$9,279,324	\$15,473,266	\$25,534,192
Per Capita Personal Income	N/A	\$64,695	N/A	\$37,363	\$51,841	\$62,617	\$62,617	N/A	\$107,603
Unemployment Rate	N/A	2.7%	2.5%	2.5%	2.7%	3.4%	2.9%	2.2%	2.1%
2022									
Population	1,172,646	492,576	42,642	17,002	156,927	27,596	144,796	163,400	237,800
Personal Income (in thousands)	\$111,022,605	\$34,799,313	\$2,716,338	\$605,577	\$7,975,775	\$1,639,589	\$9,066,677	\$14,894,033	\$23,975,709
Per Capita Personal Income	\$94,677	\$63,701	\$63,701	\$35,618	\$50,825	\$59,414	\$62,617	N/A	\$100,823
Unemployment Rate	2.5%	2.8%	2.7%	2.4%	2.8%	3.5%	3.0%	2.4%	2.3%
2021									
Population	1,170,033	482,204	42,708	17,219	153,392	28,500	139,971	161,300	235,500
Personal Income (in thousands)	\$105,777,709	\$33,838,564	\$2,682,489	\$591,059	\$7,643,245	\$1,569,965	\$8,706,055	\$14,665,740	\$23,410,349
Per Capita Personal Income	\$88,971	\$62,083	\$62,810	\$34,326	\$49,828	\$55,077	\$60,595	\$100,017	\$99,407
Unemployment Rate	3.5%	4.5%	4.4%	4.3%	4.3%	5.3%	4.4%	4.3%	4.3%
2020									
Population	1,171,848	467,935	42,772	17,478	151,689	28,532	138,449	159,200	238,643
Personal Income (in thousands)	\$100,944,159	\$31,773,057	\$2,558,279	\$549,159	\$7,410,183	\$1,449,140	\$7,221,134	\$14,127,927	\$22,718,336
Per Capita Personal Income	\$86,141	\$58,552	\$59,812	\$31,420	\$48,851	\$50,790	\$55,077	\$93,835	\$95,198
Unemployment Rate	5.6%	9.6%	8.8%	9.9%	7.5%	9.4%	8.6%	8.3%	1.9%
2019									
Population	1,166,965	463,867	41,085	17,307	149,110	29,144	136,447	156,800	226,400
Personal Income (in thousands)	\$96,205,762	\$29,767,221	\$2,315,797	\$512,997	\$7,141,369	\$1,422,897	\$7,116,715	\$13,455,505	\$20,259,857
Per Capita Personal Income	\$82,441	\$55,297	\$56,366	\$29,641	\$47,893	\$48,823	\$52,157	\$89,884	\$89,487
Unemployment Rate	2.3%	2.5%	2.6%	2.1%	2.7%	3.5%	2.9%	2.2%	2.0%
2018									
Population	1,152,873	459,966	41,641	16,528	145,699	28,360	134,227	154,500	225,200
Personal Income (in thousands)	\$90,357,574	\$28,565,133	\$2,276,430	\$489,907	\$6,841,181	\$1,339,443	\$6,795,518	\$12,958,210	\$19,814,447
Per Capita Personal Income	\$78,376	\$53,655	\$54,668	\$29,641	\$46,954	\$47,230	\$50,627	\$87,761	\$87,986
Unemployment Rate	2.4%	2.9%	2.8%	2.7%	3.3%	4.3%	3.2%	2.4%	2.5%
2017									
Population	1,142,888	456,126	41,501	16,591	144,612	28,297	132,889	152,200	222,800
Personal Income (in thousands)	\$86,834,344	\$27,520,527	\$2,196,606	\$478,667	\$6,657,002	\$1,313,009	\$6,505,098	\$12,692,748	\$19,896,040
Per Capita Personal Income	\$75,978	\$52,157	\$52,929	\$28,851	\$46,034	\$46,401	\$48,951	\$83,477	\$89,300
Unemployment Rate	3.0%	3.5%	3.4%	3.4%	3.6%	4.6%	3.7%	2.8%	2.6%

DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS

Fiscal Years 2014 to 2023

(Unaudited)

	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (7)	Arlington County (8)
2016									
Population	1,138,652	449,864	41,483	15,827	142,380	28,118	131,401	149,900	220,400
Personal Income (in thousands)	\$85,311,224	\$26,373,844	\$2,128,617	\$456,625	\$6,425,740	\$1,256,818	\$6,247,711	\$11,789,823	\$18,601,760
Per Capita Personal Income	\$74,923	\$50,769	\$51,313	\$28,851	\$45,131	\$44,698	\$47,547	\$81,887	\$84,400
Unemployment Rate	3.2%	3.7%	3.4%	3.9%	4.0%	4.8%	4.1%	2.9%	2.9%
2015									
Population	1,142,234	441,627	41,764	15,625	142,299	28,213	130,042	147,650	216,700
Personal Income (in thousands)	\$85,675,546	\$25,526,460	\$2,101,356	\$440,063	\$6,296,162	\$1,201,676	\$6,024,994	\$12,071,851	\$18,614,530
Per Capita Personal Income	\$75,007	\$49,762	\$50,315	\$28,164	\$44,246	\$42,593	\$46,331	\$82,253	\$85,900
Unemployment Rate	3.1%	4.4%	4.1%	4.4%	5.2%	6.2%	4.7%	3.5%	3.4%
2014									
Population	1,137,538	433,621	42,081	14,992	138,423	28,132	128,881	144,000	215,000
Personal Income (in thousands)	\$81,620,627	\$24,635,153	\$2,042,822	\$420,586	\$6,091,966	\$1,215,809	\$5,772,816	\$12,115,212	\$18,554,500
Per Capita Personal Income	\$71,752	\$48,841	\$48,545	\$28,054	\$44,010	\$43,218	\$44,792	\$80,506	\$86,300
Unemployment Rate	3.5%	4.8%	5.0%	4.5%	5.2%	5.9%	5.4%	4.6%	3.5%

Note: Data for participating jurisdictions not available for 2023.

Sources:

- (1) Fairfax County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 4.1, page 309
- (2) Prince William County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 16, page 297
- (3) City of Manassas fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 14, page 197
- (4) City of Manassas Park fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 13, page 216
- (5) Stafford County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table S-15; page 191
- (6) City of Fredericksburg fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table 15, page 210
- (7) Spotsylvania County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table S-13, page 190
- (8) City of Alexandria fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table XI and Table XIV, page 232 and Page 234
- (9) Arlington County fiscal year 2023 Annual Comprehensive Financial Report, Statistical Section, Table K, page 290

VIRGINIA RAILWAY EXPRESS

PLEGGED 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
2024	\$ 121,796,852	\$ (106,046,460)	\$ 15,750,392	\$ 4,289,303	3.67
2023	110,897,729	(92,086,157)	18,811,572	4,293,572	4.38
2022	105,036,849	(82,329,324)	22,707,525	4,290,841	5.29
2021	103,184,481	(81,823,229)	21,361,252	4,289,481	4.98
2020	103,891,456	(78,525,443)	25,366,013	4,290,400	5.91
2019	107,517,658	(77,681,532)	29,836,126	4,290,993	6.95
2018	90,065,509	(79,049,691)	11,015,818	N/A	N/A

Notes:

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

(2) Net of depreciation and amortization

VIRGINIA RAILWAY EXPRESS

WORKING CAPITAL RESERVE FUND

Beginning Fiscal Year 2018

(Unaudited)

Fiscal Year Ended June 30,	Unrestricted Cash & Cash Equivalents	Operating Expenses	Less: Depreciation/ Amortization	Cash Expenses	90 Days of Cash Expenses (25%)	Ratio
2024	\$ 53,492,961	\$ 129,594,703	\$ (23,548,243)	\$ 106,046,460	\$ 26,511,615	2.0x
2023	80,010,886	114,566,346	(22,480,189)	92,086,157	23,021,539	3.5x
2022	92,348,143	103,882,088	(21,552,764)	82,329,324	20,582,331	4.5x
2021	113,216,934	102,941,394	(21,118,165)	81,823,229	20,455,807	5.5x
2020	97,142,781	98,215,763	(19,690,320)	78,525,443	19,631,361	4.9x
2019	75,278,280	96,224,337	(18,542,805)	77,681,532	19,420,383	3.9x
2018	51,186,348	97,250,762	(18,201,071)	79,049,691	19,762,423	2.6x

Compliance Section





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Virginia Railway Express (VRE), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated November 5, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 5, 2024



A Transportation Partnership



Action ItemOperations Board Meeting
AGENDA ITEM REPORT

To: Chair Bohmke and the VRE Operations Board
From: Rich Dalton
Date: November 15, 2024
Re: Acceptance of the Fiscal Year 2024 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions

RECOMMENDATION:

The VRE Operations Board is asked to accept the Fiscal Year (FY) 2024 Annual Comprehensive Financial Report (ACFR) and associated information from the auditors and to authorize the Chief Executive Officer to forward this information to the Commissions for their consideration.

SUMMARY:

The audit of VRE's FY 2024 financial statements has been completed and the auditors have issued an unmodified opinion. The opinion letter states the VRE statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit.

BACKGROUND INFORMATION:

The FY 2024 audit was conducted by the firm of PBMares, LLP. A jointly procured three-year contract with PBMares for the audits of the VRE, PRTC and NVTC financial statements was approved by the Operations Board in April 2022, with up to four years of optional renewals. The audit of FY 2024 represents the third year of financial auditing services provided under this contract.

The audited financial statements and associated reports were forwarded to all members of the Operations Board prior to the November Operations Board meeting. The auditors also met with the VRE Audit Committee on November 15, 2024, prior to the Operations Board meeting, to review the statements and their opinion.

FISCAL IMPACT:

There is no fiscal impact to the presentation of these audited financial statements.

ATTACHMENTS:

[Output Document \(2024-49\) - Pdf](#)
[VRE Annual Comprehensive Financial Report - as issued](#)



Virginia Railway Express
Operations Board

**Acceptance of the Fiscal Year 2024 Audited Financial Statements and Auditor's Report and
Authorization to Forward to the Commissions**

WHEREAS, the VRE Operations Board has contracted with the firm of PBMares, LLP for the audit of VRE’s financial statements; and,

WHEREAS, the audit of the VRE Fiscal Year 2024 financial statements has been completed; and,

WHEREAS, the auditors have issued an unmodified opinion that the VRE statements, in all material respects, fairly and accurately present the financial position of the commuter rail operation;

NOW, THEREFORE, BE IT RESOLVED that the Virginia Railway Express Operations Board accepts the Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR) and associated information from the auditors and hereby authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

INTRODUCTION AND VOTE RECORD:

MOTION:

SECOND:

Ayes:

Nays:

Abstentions:

Absent from Vote:

**RESOLUTION #2547**

SUBJECT: Authorize the VRE CEO to Submit VRE Applications to the NVTC I-395/95 Commuter Choice FY2026-2027 Program

WHEREAS: On October 4, 2024 the Northern Virginia Transportation Commission (NVTC) opened a call for projects for the I-95/395 Commuter Choice FY 2026-2027 funding program;

WHEREAS: VRE staff consider the proposed capital improvements strong candidates for Commuter Choice funding due to their ability to move more people more efficiently through the I-95/395 corridors, expanding travel options, and that a similar project (Crystal City Station Improvements) received funding for the FY 2024-2025 I-95/395 Commuter Choice funding round on similar merits;

WHEREAS: VRE staff consider the proposed capital and operating improvements strong candidates for Commuter Choice funding due to their ability to move more people more efficiently through the I-66 corridor and expand commuters' travel options; and

WHEREAS: The VRE Operations Board, in accordance with VRE procedures for grant applications, recommends that the Commissions authorize submission of the applications for evaluation and funding consideration based on applicable project selection criteria.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission hereby authorizes the VRE Chief Executive Officer to submit, on behalf of the Commissions, VRE applications to the I-95/395 Commuter Choice FY 2026-2027 Program, to make any necessary corrections to the project amount or descriptions in the applications, and execute all project funding agreements that may result from consideration of the VRE applications.

BE IT FURTHER RESOLVED that the Commission's action does not constitute approval of any VRE applications or eliminate the need for the VRE applications to qualify for funding based on an objective evaluation using criteria established for the adopted I-395/95 Commuter Choice project selection process.

Approved this 5th day of December 2024.

Matt de Ferranti
Chair

Sarah Bagley
Secretary-Treasurer

Action Item**Operations Board Meeting**
AGENDA ITEM REPORT

To: Chair Bohmke and the VRE Operations Board

From: Rich Dalton

Date: November 15, 2024

Re: Recommend Authorization to Submit a VRE Application to the NVTC I-95/395 Commuter Choice FY2026-2027 Program

RECOMMENDATION:

The VRE Operations Board is asked to recommend the Commissions authorize the VRE Chief Executive Officer to submit, on behalf of the Commissions, a VRE application(s) to the I-95/395 Commuter Choice FY2026-2027 Program, to make any necessary corrections to the project amount or descriptions in the application(s), and execute all project funding agreements that may result from consideration of the VRE application(s).

SUMMARY:

VRE has identified capital improvements to support planned service enhancements identified in the Transforming Rail in Virginia (TRV) initiative that benefit toll payers, maximize person throughput, and provide enhanced multimodal choices in the I-95/395 travel corridor. If authorized, VRE will apply for funding for these improvements from the I-95/395 Commuter Choice FY2026-2027 Program.

BACKGROUND INFORMATION:

On October 4, 2024, the Northern Virginia Transportation Commission (NVTC) opened a call for projects for the I-95/395 Commuter Choice FY 2026-2027 funding program. Commuter Choice reinvests funds from a portion of I-95/395 toll revenues, funding multimodal improvements selected by NVTC, and PRTC in the case of I-95/I-395, and approved by the Commonwealth Transportation Board that benefit I-95/395 toll payers by moving more people more efficiently through the corridor and expanding commuters' travel options. NVTC administers the overall Commuter Choice program with bi-annual calls for projects for I-95/395 toll revenue-funded project applications.

Applications are due by December 16, 2024. All eligible projects are evaluated and scored under a technical evaluation process that emphasizes how well projects support the improvement goals for the corridors. The most significant factor in project scoring is the efficiency by which the project moves additional persons through the corridor in the weekday peak period. The Commissions select projects to fund and the Commonwealth Transportation Board approves the program for inclusion in the Six Year Improvement Program in June 2025.

A wide range of transportation capital improvements are eligible for Commuter Choice funding. Eligible capital projects are limited to asset acquisition (e.g., vehicles or land) and construction;

studies or design are not eligible. The program also funds transit operating costs, net of any fare revenues received, for a maximum of 24 months at a time. Commuter Choice can only support new or expanded service efforts; funds may not be used to supplant other funding for an existing service. The minimum funding award for any Commuter Choice project is \$200,000 and the maximum is \$20 million.

VRE staff have identified two projects for submittal in this round:

1. **Leeland Road Station Improvement Project.** (Priority 1) This project would extend the existing side platform to accommodate 8-car trains at the station. A new platform access point from the existing parking lot would be constructed to improve passenger flow on and off the platform. In addition, a multi-use path would be constructed from the current parking lot to and along Leeland Road to create a connection to the existing sidewalk infrastructure that currently ends at the corner of Leeland Road and the station's parking lot entrance. The total estimated cost of this project is \$12,100,000. It is currently only partially funded through SMARTSCALE Round 2 and GWRC Vanpool Program 5307 funds. The project would be fully-funded upon receipt of the requested \$5,800,000 from Commuter Choice.
2. **Brooke Station Improvement Project.** (Priority 2) This project would extend the existing side platform to accommodate 8-car trains at the station, and would add an additional access point between the parking lot and the platform. The total estimated cost of this project is \$11,800,000. It is currently only partially funded through SMARTSCALE Round 2, GWRC Vanpool Program 5307 funds, and Congestion Mitigation and Air Quality (CMAQ) funds. The project would be fully-funded upon receipt of the requested \$3,000,000 from Commuter Choice.

FISCAL IMPACT:

There is no fiscal impact associated with this request. The Commuter Choice Program will provide 100% of the requested funds and no match is required. If selected for Commuter Choice funding, an amendment to the FY26 Operating and Capital Budget and/or item in the FY27 Operating and Capital Budget to reflect the receipt of the Commuter Choice funds would be presented to the Operations Board for approval and referral to the Commissions.

ATTACHMENTS:

[Output Document \(2024-50\) - Pdf](#)



Virginia Railway Express
Operations Board

Recommend Authorization to Submit a VRE Application to the NVTC I-95/395 Commuter Choice FY2026-2027 Program

WHEREAS, On October 4, 2024 the Northern Virginia Transportation Commission (NVTC) opened a call for projects for the I-95/395 Commuter Choice FY 2026-2027 funding program; and,

WHEREAS, VRE staff have identified two projects, including \$8,500,000 for the Leeland Road Station Improvement Project, and \$3,000,000 for the Brooke Station Improvement Project, that support and implement planned capital enhancements included in VRE's FY2025 Capital Improvement Plan (CIP); and

WHEREAS, staff considers the proposed capital improvements strong candidates for Commuter Choice funding due to their ability to move more people more efficiently through the I-95/395 corridors, expanding travel options, and that a similar project (Crystal City Station Improvements) received funding for the FY2024-2025 I-95/395 Commuter Choice funding round on similar merits;

NOW, THEREFORE, BE IT RESOLVED that the Virginia Railway Express Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit, on behalf of the Commissions, VRE applications to the I-95/395 Commuter Choice FY26-27 Program, to make any necessary corrections to the project amount or descriptions in the application(s), and execute all project funding agreements that may result from consideration of the VRE application(s).

INTRODUCTION AND VOTE RECORD:

MOTION:

SECOND:

Ayes:

Nays:

Abstentions:

Absent from Vote:

FY 2026 BUDGET UPDATE

1. Overview of FY 2026-2031 Capital Improvement Program (CIP)
2. Discussion of Master Agreement survey results, history of fare increases, and alternative FY 2026 assumptions



FY 2026-2031 CAPITAL IMPROVEMENT PROGRAM

1. Completed projects
2. Impacts of Manassas Line property acquisition
3. Ongoing projects
4. Projects in transition
5. Out-year projects
6. Asset management and IST



I. COMPLETED PROJECTS

- LOU Facility
- Fredericksburg Station Rehab
- Quantico Station Improvements
- Automatic Passenger Counters



2. MANASSAS LINE PROPERTY ACQUISITION

- New \$155 million project in CIP for property interests:
 - ✓ Ownership of Seminary Yard and Broad Run Corridor
 - ✓ Permanent easements for stations and commuter rail operations
- Major changes to two related CIP projects:

Midday Storage	Broad Run Expansion
In Alexandria/Seminary rather than DC/New York Avenue	Yard and station expansion to be separated from third track project
No additional property acquisition	Additional property acquisition required for both
Shorter timeframe and lower cost	Working within I-66 OTB funding
Phasing based on needs	

3. ONGOING PROJECTS



Manassas
Park
Parking



21
Expansion
Railcars



Cross-
roads Yard
Expansion



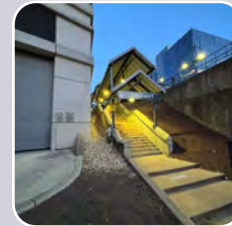
Alexandria
Station and
Bridges



Crystal
City
Station



Franconia-
Springfield
Station



L'Enfant
Station and
Fourth
Track



Manassas
Station



Backlick
Road
Station

4. PROJECTS IN TRANSITION

- Brooke Station Improvements
- Leeland Road Station Improvements
- Woodbridge Station Improvements
- Leeland Road Parking Expansion

**TRANSFORMING
RAIL IN VIRGINIA**

5. OUT-YEAR PROJECTS



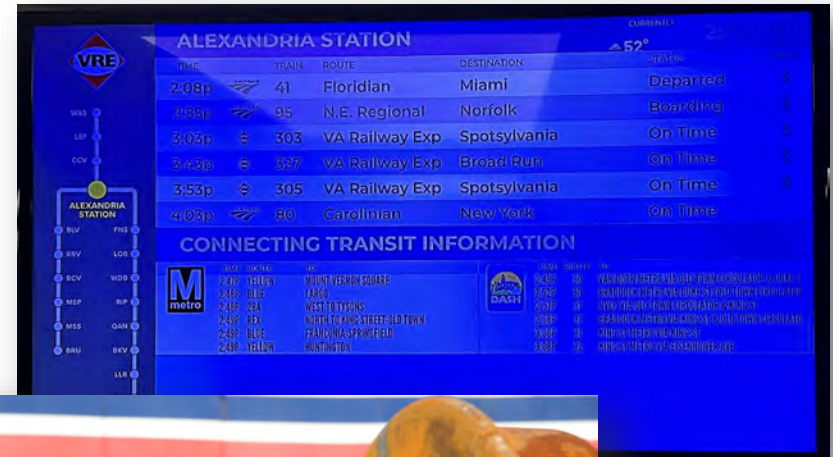
Expansion Rolling Stock (post-2030)



Crossovers for Operational Flexibility

6. ASSET MANAGEMENT AND I.S.T.

- Continuing to program federal 5337 (State of Good Repair) funds towards critical Equipment and Facilities Asset Management (EAM/FAM) needs to ensure safety and reliability
- Looking at opportunities to support long-lived Information Security & Technology (IST) assets through SGR funds
- Revamping customer information (TRIP, VMS) to meet needs



TIME	TRAIN	ROUTE	DESTINATION	STATUS
2:08p	41	Floridian	Miami	Departed
2:55p	95	N.E. Regional	Norfolk	Boarding
3:03p	303	VA Railway Exp	Spotsylvania	On Time
3:43p	327	VA Railway Exp	Broad Run	On Time
3:53p	305	VA Railway Exp	Spotsylvania	On Time
4:03p	80	Carolinian	New York	On Time

CONNECTING TRANSIT INFORMATION

MODE	LINE	STATION	TIME	STATUS
M	METRO	TYSON VESUVIUS SQUARE	8:00	ON
M	METRO	LEESVILLE	8:30	ON
M	METRO	WEST TO TYSONS	8:30	ON
M	METRO	NORTH TO KING STREET-OLD TOWN	8:30	ON
M	METRO	FARMINGDALE SPRINGFIELD	8:30	ON
M	METRO	HUNTINGTON	8:30	ON



2024 SURVEY RESULTS: OPERATIONS BOARD SEATS

<u>Jurisdiction of Residence</u>	<u>Riders</u>	<u>Share</u>	<u>Seats</u>
City of Fredericksburg	159	3.7%	1
City of Manassas	154	3.6%	1
City of Manassas Park	99	2.3%	1
Fairfax County	1,048	24.7%	2
Prince William County	1,145	27.0%	3
Spotsylvania County	617	14.5%	1
Stafford County	616	14.5%	1
Subtotal - Participating Jurisdictions	3,837	90.3%	
All Other Jurisdictions*	410	9.7%	
System Ridership	4,247	100.0%	

* includes Arlington County and City of Alexandria



2024 SURVEY RESULTS: SUBSIDY ALLOCATION

<u>Jurisdiction</u>	<u>FY 2025 Approved</u>		<u>FY 2026 Preliminary</u>	
	<u>Amount</u>	<u>Share</u>	<u>Amount</u>	<u>Share</u>
City of Fredericksburg	\$698,263	3.8%	\$662,080	3.3%
City of Manassas	\$760,700	4.2%	\$748,460	3.8%
City of Manassas Park	\$531,102	2.9%	\$480,247	2.4%
Fairfax County	\$5,473,928	29.9%	\$6,261,092	31.7%
Prince William County	\$5,468,148	29.9%	\$5,851,756	29.6%
Spotsylvania County	\$2,218,752	12.1%	\$2,589,473	13.1%
Stafford County	\$2,782,517	15.2%	\$2,774,975	14.0%
City of Alexandria	\$149,151	0.8%	\$161,083	0.8%
Arlington County	<u>\$218,219</u>	<u>1.2%</u>	<u>\$235,677</u>	<u>1.2%</u>
Total	\$18,300,780	100.0%	\$19,764,843	100.0%

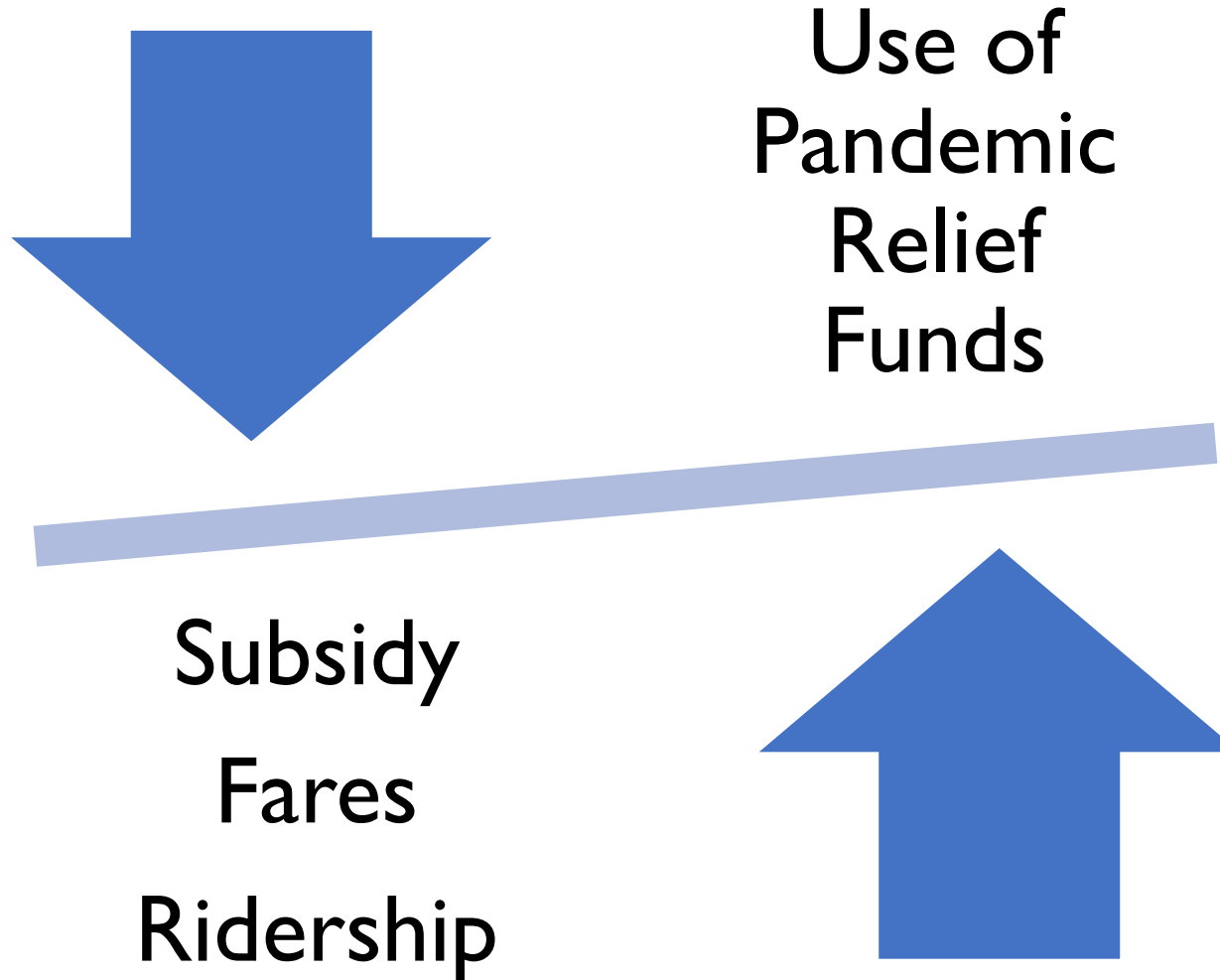


TRANSIT BENEFIT AND VRE FARES (2016-2025)

<u>Year</u>	<u>Transit Benefit</u>	<u>Typical VRE Ticket (Zone 6-1 10-Trip)</u>	<u>Max VRE Ticket (Zone 9-1 Monthly)</u>
2016	\$255.00	\$86.50	\$318.10
2017	\$255.00	\$89.10	\$327.60
2018	\$260.00	\$89.10	\$327.60
2019	\$265.00	\$92.00	\$336.80
2020	\$270.00	\$92.00	\$336.80
2021	\$270.00	\$92.00	\$336.80
2022	\$280.00	\$92.00	\$336.80
2023	\$300.00	\$92.00	\$336.80
2024	\$315.00	\$96.60	\$354.80
2025	\$325.00	\$96.60	\$354.80



OPERATING BUDGET TRADE-OFFS





AGENDA ITEM #11 Department of Rail and Public Transportation (DRPT)

TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice
DATE: November 27, 2024
SUBJECT: Department of Rail and Public Transportation (DRPT)

At the December 2024 meeting, newly appointed DRPT Director Tiffany Robinson will give the report. The [monthly DRPT Report](#), which provides updates on DRPT programs and initiatives, is attached.

Earlier in November, Governor Youngkin appointed Tiffany P. Robinson as the director for the Virginia Department of Rail and Public Transportation. She also serves as a member of the Commonwealth Transportation Board and chair of the Virginia Passenger Rail Authority Board. Prior to her appointment, she served as deputy chief of staff in the governor's office. In addition to transportation, Director Robinson's portfolio in the governor's office has spanned critical areas, including labor, administration, health and human resources, and agriculture. Prior to her tenure in Virginia, Ms. Robinson served as the Secretary of the Maryland Department of Labor, where she managed a workforce of over 1,800 employees and an operating budget of \$1.7 billion during the unprecedented challenges of the COVID-19 pandemic.



COMMONWEALTH of VIRGINIA

Tiffany P. Robinson
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
600 EAST MAIN STREET, SUITE 2102
RICHMOND, VA 23219-2416

(804) 786-4440
FAX (804) 225-3752
Virginia Relay Center
800-828-1120 (TDD)

TO: Chair de Ferranti and NVTC Commissioners

FROM: Tiffany P. Robinson, Director

DATE: November 27, 2024

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

Introduction

On November 10, I began serving as Director of DRPT. I would like to thank Zach Trogdon for serving as both DRPT's Acting Director and Chief of Public Transportation for the last five months.

I most recently served as Deputy Chief of Staff in the Governor's Office and have worked closely with the transportation team since beginning the position in September 2023. In addition to transportation, my portfolio in the Governor's Office has spanned labor, administration, health and human resources, and agriculture. Prior to my time in Virginia, I served as the Secretary of the Maryland Department of Labor, Deputy Chief of Staff in the Maryland Governor's Office, and Assistant Secretary in Maryland's Department of Housing and Community Development.

I am very excited to be taking on this new role. I look forward to serving on the Commission and working with all of you on the critical issues facing transit in Northern Virginia.

Commonwealth Transportation Board (CTB)

There was no CTB meeting in November. The CTB will next meet on December 4 at the VDOT Auditorium in Richmond.

2024 Northern Virginia Joint Transportation Meeting

This year, the Northern Virginia Joint Transportation Meeting will be held on December 2. This meeting is held annually by the Commonwealth Transportation Board (Virginia Department of Transportation and Virginia Department of Rail and Public Transportation), Northern Virginia Transportation Authority (NVTA), Northern Virginia Transportation Commission (NVTC), Virginia Railway Express (VRE) and National Capital Region Transportation Planning Board (TPB). According to Virginia Code, these organizations shall conduct a joint public meeting annually for the purposes of presenting to the public, and receiving public comments on, the transportation projects proposed and conducted by each entity in Planning District 8 (Northern Virginia).

Participants can learn about various transportation initiatives, including:

- The Commonwealth's SMART SCALE process and Round 6 applications
- VDOT's Strategically Targeted Affordable Roadway Solutions (STARS) studies
- NVTA's multimodal transportation investments
- NVTC's Commuter Choice and Envision Route 7 programs
- DRPT's funding opportunities and Six-Year Improvement Program
- VRE capital project updates
- TPB's ongoing update to the region's long range transportation plan (Visualize 2050)

The meeting will be held at the VDOT Northern Virginia District Building, 4975 Alliance Drive, Fairfax, VA 22030 and will start at 6:30 p.m. with an open house where attendees can talk with representatives from each agency. A listening session with a panel of appointed officials from various agencies will begin at 7:15 p.m. and will be streamed online; information on viewing the live stream will be posted at <https://www.vdot.virginia.gov/novatransportationmeeting>. The panel will receive public comments about Virginia's transportation network.

WMATA Operating Assistance

On November 21, the WMATA Board approved a resolution authorizing the execution of the DRPT WMATA Operating Assistance Agreement, which upon execution will enable the payment to WMATA of the \$59.7 million in FY25 and \$84.5 million in FY26 from the Commonwealth's General Fund as included in the FY24-26 Biennium Budget. Jurisdictions' third quarter WMATA bills will include a credit for DRPT's contribution per [NVTC Resolution 2538](#) using the SAM formula. The Agreement also included a reimbursable \$500,000 for a study to identify opportunities for WMATA to realize ongoing cost efficiencies and enhance self-generated revenues to substantially close its operating deficit. The selected consultant will report to the Commonwealth's appointee to the WMATA Board, Paul Smedberg. The work is anticipated to take three months, with findings presented to the WMATA Board upon completion.

Rail Update

The Virginia Railway Express (VRE) and the Virginia Passenger Rail Authority (VPRA) celebrated the completion of a \$27.5 million improvement project at the Quantico rail station with a ribbon-cutting ceremony on November 1. The project is designed to improve safety, service, and rail capacity on VPRA's Amtrak Virginia state-supported service and VRE's Fredericksburg Line.

The Quantico station improvements are part of a larger VPRA project, funded by the U.S. Department of Transportation and the Commonwealth of Virginia and constructed by CSX Transportation (CXST), that adds 9.2 miles of a third mainline track between control points Arkendale and North Possum Point. The addition of this third track will improve on time performance for Amtrak and VRE trains, as more rail capacity allows for faster passenger trains to pass trains that travel at lower speeds. The \$101.4 million Arkendale project is a part of VPRA's Transforming Rail in Virginia initiative to expand passenger rail service in the Commonwealth.

Reminders

FY 2026 DRPT Grant Applications: DRPT's FY 2026 application process for all our grant programs opens on December 1. Grantee resources, including video of the November 13 Transit and Special Programs application workshop is available on our [website](#). The application period opens December 1, 2024, and the application period closes on February 1, 2025. Effective for Fiscal Year 2026, a pre-application is now mandatory for all MERIT - Capital Assistance - Major Expansion (MAJ) projects, including capital construction, vehicle expansion, and other project types. Pre-Applications are only required for FY 2026 Major Expansion project applications and are due December 1.

TDP/TSP Survey: At DRPT, we are committed to continually improving our processes to better serve our public transportation providers across the Commonwealth. To support this mission, we have created a [survey](#) for our Transit Development Plan (TDP) and Transit Strategic Plan (TSP) requirements to help us understand how we can improve our services to transit providers. We are asking for anyone involved in the effort to take the survey and that they provide responses based on individual experiences rather than on behalf of their agency.



AGENDA ITEM #12 Executive Director Report

TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice
DATE: November 27, 2024
SUBJECT: Executive Director Report

At the December 2024 meeting, the executive director will give her 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 jurisdictional and regional partners.

The December 2024 Executive Director Newsletter will be provided to Commissioners at the Commission meeting and posted online at <https://novatransit.org/news-and-media/newsletter/>.

B. NVTC Financial Reports

The [October 2024 Financial Reports](#) will be blue-sheeted and provided to Commissioners at the Commission meeting.



TO: Chair de Ferranti and NVTC Commissioners
FROM: Kate Mattice
DATE: November 27, 2024
SUBJECT: Closed Session

At the December meeting, the Commission will convene a Closed Session to discuss the performance reviews of the VRE chief executive officer and VRE general counsel.

Motion to Enter into Closed Session:

Pursuant to the Virginia Freedom of Information Act, Section 2.2-3711.A.1 of the Code of Virginia, I move that the Northern Virginia Transportation Commission convene a closed meeting for discussion of a personnel matter concerning the performance of the VRE chief executive officer and VRE general counsel.

Motion for Certification Coming out of Closed Session:

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

1. Only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and
2. Only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.