



RESOLUTION #2300

SUBJECT: Adopt the VRE Financial Plan: Key Findings and Strategic Direction

WHEREAS: In February 2015, VRE staff and its consultants, PFM, began work on the development of a long-term Financial Plan to correspond to the adopted System Plan 2040;

WHEREAS: The purpose of this effort was to create a financial forecast of the varying operational and service profiles that VRE might pursue, ranging from maintaining the existing system to the implementation of system improvements and expansion initiatives;

WHEREAS: A detailed long-term strategic planning model was developed and the results and key conclusions were presented to the Operations Board in July and September 2015;

WHEREAS: The VRE Operations Board chose to further review the Natural Growth and System Plan 2040 service profiles;

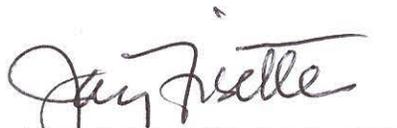
WHEREAS: VRE staff recommends that VRE continue with the Natural Growth service profile, which approximates the approach taken in the past and which the Financial Plan model indicates will require additional sources of revenue and that VRE aspire towards those elements of the System Plan 2040 service profile that further review indicates should be pursued and for which funding has been identified; and

WHEREAS: The VRE Operations Board recommends the following action.

NOW, THEREFORE, BE IT RESOLVED that the Northern Virginia Transportation Commission adopts the attached VRE Financial Plan: Key Findings and Strategic Direction which indicates its concurrence with the results of the Financial Plan analysis, and which will allow the VRE Chief Executive Officer to proceed with identifying additional funding sources to implement this direction.

Approved this 3rd day of March, 2016.


Paul C. Smedberg
Secretary-Treasurer


Jay Fiset
Chairman

VRE Financial Plan: Key Findings and Strategic Direction

Key Findings

1. Regardless of the service profile:
 - Operating expenses will escalate and additional revenue will be needed for VRE to be financially balanced over the long term, even assuming a 3% increase to fares and local subsidies in alternating years.
 - A significant level of capital investment is required that cannot be handled with currently identified capital funding sources.
 - NVTA funding has created an imbalance among the VRE jurisdictions in the ability to identify funding sources for VRE related capital needs.
2. Raising fares to close the financial gap is not a viable solution on its own.
3. Higher ridership associated with enhanced service levels could defray some of the future operating and capital costs.
4. VRE needs additional dedicated revenue beyond the sources which exist today, even to maintain the status quo.

Strategic Direction

- VRE will continue to follow the Natural Growth profile of providing additional service through lengthening of existing trains in response to ridership growth over time due to regional increases in population and employment.
- VRE will continue to pursue funding to implement the service concepts included in the System Plan 2040 profile such as additional peak trains; the Gainesville-Haymarket extension and reverse-peak and off-peak service.