



# MONTHLY COMMISSION MATERIALS

December 2017

## MEETING OVERVIEW – December 7, 2017

### Action Items Include:

- Minutes of NVTC’s November Meeting
- 2018 Meeting Schedule
- NVTC’s 2018 Legislative and Policy Agenda
- Letter of Intent to Negotiate an Amendment to the NVTC Office Lease
- NVTC and VRE FY2017 Audits
- VRE’s 2017/2018 Legislative Agenda
- Submission of VRE Projects to NVTA Funding Consideration
- Submission of VRE Projects to NVTC for I-66 Commuter Choice Funding Consideration

### Other Meeting Highlights:

- Proposed Amendments to the I-66 Commuter Choice Memorandum of Agreement (Deputy Secretary Donohue invited)
- Proposed FY2019 G&A Budget and 2018 Work Plan
- Report from Co-Chairs of Legislative and Policy Committee
- Report from Virginia’s WMATA Board Members

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**NVTC COMMISSION MEETING  
THURSDAY, DECEMBER 7, 2017  
MAIN FLOOR CONFERENCE ROOM  
2300 Wilson Blvd.  
Arlington, VA 22201**

**7:30 P.M.**

**6:20 P.M. Dinner is available for Commissioners and Staff  
6:30 P.M. Executive Committee**

**AGENDA**

1. Opening Remarks
2. **ACTION ITEM: Approve the Minutes of the November 2, 2017 NVTC Meeting**
3. **ACTION ITEM: Approve the CONSENT AGENDA** (subject to approval by the Chairman)
  - A. 2018 Meeting Schedule
4. **ACTION ITEM: Accept and Authorize Distribution of NVTC's FY2017 Audited Financial Statements and Compliance Reports**
5. Proposed Amendments to the Memorandum of Agreement for the I-66 Commuter Choice Program (Deputy Secretary Donohue invited)
  - A. Background
  - B. Amendment to the Memorandum of Agreement
6. Report of the Co-Chairs of the Legislative and Policy Committee
  - A. ACTION ITEM: Adopt NVTC's 2018 Legislative and Policy Agenda**
7. Proposed FY2019 G&A Budget and 2018 Work Plan
  - A. Proposed FY2019 G&A Budget and 2018 Work Plan
  - B. ACTION ITEM: Authorize the Executive Director to Sign a Letter of Intent to Negotiate an Amendment to the NVTC Office Lease**

8. Washington Metropolitan Area Transit Authority

- A. Board of Directors Report
- B. Committee Reports
- C. Other WMATA News
- D. Virginia Ridership and Parking Facility Utilization
- E. Schedule of Upcoming Board Decisions

9. Virginia Railway Express

- A. VRE CEO Report and Minutes
- B. **ACTION ITEM: Resolution #2346: Accept and Authorize Distribution of VRE's FY2017 Comprehensive Annual Financial Report (CAFR)**
- C. **ACTION ITEM: Resolution #2347: Approve the 2017/2018 VRE Legislative Agenda**
- D. **ACTION ITEM: Resolution #2348: Approve the Submission of VRE Projects to NVT A for Funding Consideration in the FY2018-2023 Six-Year Program**
- E. **ACTION ITEM: Resolution #2349: Approve the Submission of VRE Projects to NVTC for FY2018 I-66 Commuter Choice Funding Consideration**

10. Department of Rail and Public Transportation (DRPT)

11. Transit Performance and Ridership

- A. FY2018 1<sup>st</sup> Quarter Ridership Report
- B. FY2016 Annual Transit Performance Report

12. Executive Director Report

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

**MINUTES**  
**NVTC COMMISSION MEETING – NOVEMBER 2, 2017**  
**NAVY LEAGUE BUILDING – FIRST FLOOR CONFERENCE ROOM**  
**ARLINGTON, VIRGINIA**

The meeting of the Northern Virginia Transportation Commission was called to order by Chairman McKay at 7:40 P.M.

**Members Present**

Sharon Bulova  
John Cook  
Katie Cristol  
Christian Dorsey  
Adam Ebbin  
John Foust  
Jeff Greenfield  
Catherine Hudgins  
David LaRock  
Matt Letourneau  
Tim Lovain  
Jeff McKay  
Ron A. Meyer  
J. Randall Minchew  
Jennifer Mitchell (Alternate, Commonwealth of Virginia)  
Paul Smedberg  
David Snyder  
Jennifer Wexton

**Members Absent**

Jim Corcoran  
Libby Garvey  
James LeMunyon

**Staff Present**

Matt Cheng  
Karen Finucan Clarkson  
Andrew D'huyvetter  
Nobuhiko Daito  
Rhonda Gilchrest  
Dan Goldfarb  
Patricia Happ  
Scott Kalkwarf  
Kate Mattice  
Steve Maclsaac (counsel)  
Doug Allen (VRE)  
Joe Swartz (VRE)

## Opening Remarks

Chairman McKay noted the highlights of this meeting include the I-395 Express Lanes Memorandum of Agreement, a report from the Co-Chairs of the Legislative and Policy Committee, and a NVTC staff presentation on Regional Bus Analysis on How Bus Serves Northern Virginia. The Commission will have a Closed Session at the end of the meeting to discuss a personnel matter.

## Minutes of the October 5, 2017 NVTC Commission Meeting

Mr. Snyder moved, with a second by Ms. Bulova, to approve the minutes. The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Ebbin, Foust, Greenfield, LaRock, Letourneau, Lovain, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Wexton. Ms. Hudgins was out of the room for the vote.

## Consent Agenda

On a motion by Mr. Snyder and a second by Ms. Bulova, the Commission unanimously approved the following Consent Agenda Item:

- Authorize the Executive Director to Sign a Memorandum of Agreement with Arlington County for Human Resources Support and Training

The vote in favor was cast by Commissioners Bulova, Cook, Corcoran, Cristol, Dorsey, Ebbin, Foust, Greenfield, LaRock, Letourneau, Lovain, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Wexton. Ms. Hudgins was out of the room for the vote.

Ms. Hudgins came back into the room at 7:43 P.M.

## I-395 Express Lanes Multimodal Program

Chairman McKay stated the Memorandum of Agreement is similar to the I-66 MOA and NVTC is pleased to see that the Commonwealth is looking to NVTC, and its partners at PRTC, to administer toll revenues to be used for transit projects along I-395 and I-95. Ms. Mattice stated that staff of NVTC, PRTC, VDOT, DRPT, and legal counsel have been working hard to finalize the MOA for Commission approval. Resolution #2345 has been drafted, which authorizes the executive director to execute the MOA subject to further non-substantive modifications designed to correct typographical errors and clarify language as may be approved by the executive director in consultation with legal counsel.

Ms. Mattice introduced Jen DeBruhl of DRPT who gave an update on the version of the MOA being presented for approval, which includes changes to rules regarding toll revenues being used for transit operations. Now up to half of the toll funds provided under this agreement can pay for operating costs for projects that are transit projects and are regional in nature if the service crosses jurisdictional boundaries and/or for service providing a direct connection to Metrorail or VRE commuter rail stations. For all other toll

funded projects, operating would be paid in the following maximum amounts: 1) up to 100 percent for the first five years; 2) up to 75 percent for year six; 3) up to 50 percent for year seven; and 4) up to 25 percent for year eight, with zero percent of operating costs after year eight.

Ms. DeBruhl stated that toll revenue funding will now be forwarded to NVTC and PRTC as a total package. Administratively, this is better for both NVTC/PRTC, as well as DRPT, and it give the Commissions the opportunity to earn interest on these funds, increasing the amount of funding that can be used for multimodal projects.

In response to a question from Mr. Meyer about the toll rates not being capped, Ms. Mattice stated this question is appropriate to direct to VDOT staff since tolling is covered under a separate agreement between Transurban and VDOT. She stated this resolution is not endorsing the overall tolling project.

Ms. Cristol commended staff from all the parties, including the Commissions, jurisdictions and the Commonwealth, for their efforts to reach agreement on the change in ongoing operating funds. This is important because it gives the region the ability to support transit long-term. Chairman McKay agreed staff did an excellent job and also acknowledged NVTC's legal counsel, Steve Maclsaac.

Ms. Mattice reviewed the timeline and process. The Commonwealth Transportation Board was briefed on the MOA last week and CTB approval will be sought in December. Since funds won't be available until after tolling starts in 2019 or later, NVTC and PRTC have time to reach agreement on how to jointly administer the program.

Ms. Cristol moved, with a second by Ms. Bulova, to approve Resolution #2345. The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Ebbin, Foust, Greenfield, Hudgins, LaRock, Letourneau, Lovain, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Wexton.

#### Report from the Co-Chairs of the Legislative and Policy Committee

Ms. Cristol thanked Commissioners for attending the Legislative and Policy Committee meeting prior to this meeting. The Committee plans to bring the 2018 NVTC Legislative and Policy Agenda for Commission adoption at the December meeting. WMATA funding will be a priority. NVTC does not plan to advance a specific funding solution but will make a strong case for additional funding for transit, including Metro and VRE, and to the value of transit to the region and the Commonwealth. NVTC's legislative program will address the establishment of a floor to the regional gas tax and the transit capital fiscal cliff.

Regarding federal legislation, Ms. Cristol stated that NVTC is watching the development of the tax reform legislation to see that it does not eliminate the commuter tax benefit. The issue of Metro funding and governance will also be addressed in federal legislative section of the NVTC Legislative and Policy Agenda.

Ms. Cristol stated that at the December meeting, the Commission will focus on NVTC's legislative strategy, messages, partners, and roles of Commissioners. Chairman McKay

encouraged the jurisdictions to support/endorse in whole or in part of NVTC's Resolution #2342 on WMATA Reform as part of their own legislative packages.

Ms. Mattice reminded Commissioners of the December 4<sup>th</sup> Joint NVTC-PRTC Legislative and Policy Briefing at the Springfield Hilton at 9:00 A.M. The event will have two panel discussions--one with the business community regarding the investment in transit, as well as a panel of transit experts, including WMATA General Manager Paul Wiedefeld, VRE CEO Doug Allen, and DRPT Director Jennifer Mitchell. Chairman McKay stated that this event has been well attended in the past and is a good legislative push before the General Assembly Session starts. He encouraged Commissioners to invite their colleagues.

### Washington Metropolitan Area Transit Authority

Mr. Dorsey reported that the WMATA Board has revised committee assignments. Mr. Corcoran will serve as Second Vice Chair of the Executive Committee and chair of the Capital and Strategic Planning Committee; Ms. Hudgins will serve as a member of the Safety of Service Delivery Committee; Mr. Dorsey will serve as vice Chair of the Finance and Budget Committee; and Mr. Smedberg will serve as Vice Chair of the Business Oversight Committee.

Mr. Dorsey noted that a copy of the General Manager's presentation on the proposed FY2019 WMATA Budget, which was released today, was provided to Commissioners. The operating budget is considered a continuing services budget with contained growth of a three percent subsidy increase for the jurisdictions. However, it is a base budget with diminished service levels and does not include operating for Silver Line Phase II, nor does it address several key budget risks, such as the outcome of collective bargaining and binding arbitration. The base will grow in future years, which will create budget processes in later fiscal years unless there are fundamental changes to WMATA's business model.

Mr. Dorsey stated the Capital Improvement Program (CIP) Budget is a \$1.3 billion program. Speaking only as one member of the Arlington County Board, he stated that this is well beyond what Arlington can pay as its share. Since 85 percent of the budget is from work that is already committed in contracts, there is little room to reduce costs without degrading safety and reliability of service. He stated something fundamentally different must happen with the CIP program if it is going to be realized.

Chairman McKay stated that according to the chart in the handout regarding the jurisdictional capital funding requirement, there will be a \$1 billion increase over the next six years without a dedicated revenue source.

Mr. Smedberg explained that the Silver Line Phase II is not included in the budget because the project timeline has it opening during the FY2020 budget year. He also reported that the Finance Committee voted to take the budget surplus of \$17 million and use a portion to offset the budget deficit, leaving \$2.6 million to put in a Rainy-Day Fund. He stated that this highlights some of the systemic issues WMATA is faced with even with all the efforts of the General Manager.

Mr. Dorsey reported that ridership for the first quarter shows rail ridership is maintaining pre-SafeTrack levels, with some softness in numbers for off-peak and weekend service. It is a quality of service issue. Metrobus ridership decline is substantial, which is now aligning with the national trend. WMATA is doing research to address ridership issues. He stated that the region may need to rethink the whole bus network.

Mr. Letourneau asked if other forms of transportation trends (biking, Uber, etc.) would impact how WMATA looks at a different overall bus model. Mr. Dorsey stated the region has promoted multimodal transportation options and it's working, but it is impacting Metro ridership.

Mr. Meyer asked if WMATA is looking at private partnerships to improve fare technology, such as using mobile ticketing technology. Mr. Dorsey stated WMATA has done a study but it is on hold because of cost and capacity in light of prioritizing safety and security issues. Surveys show this type of technology is not a high rider demand. Ms. Mattice reported NVTC is working with the jurisdictions and transit providers on new fare payment technologies.

Mr. Foust had a question about the WMATA pension plan. Mr. Dorsey stated that about 79 percent is funded for this year's evaluation. Mr. Dorsey also provided his perspective on the recent Purple Line actions taken by the WMATA Board. He clarified that he considered the Board's policy deliberations to be appropriate given the circumstances.

Delegate LaRock observed the General Manager is not considering a fare increase or service reductions in his proposed FY2019 budget, although additional funding will be needed from the jurisdictions. Mr. Dorsey stated there was a fare increase last year so it would be contrary to WMATA's policy to not raise fares in successive years. In his opinion, a fare increase could have an adverse impact on ridership and diminish any potential budget increases. Delegate LaRock expressed his opinion that WMATA does not want to dip into the pockets of those who use transit, but will financially impact non-Metro riders. Chairman McKay noted Metro service still provides a benefit to drivers on the roads by keeping other drivers off the road. He noted the I-66 tolling is ready to start and people are looking at transit alternatives. It is important to make Metro service as attractive as possible because fares will be a factor. He would also like to see a reduction in parking costs at those facilities that are at lower capacity. Ms. Bulova stated riders are starting to see improvements to the Metro system and raising fares right now is not a good way to win back riders.

In response to a question from Delegate Minchew, Mr. Dorsey stated that WMATA has done fare elasticity modelling developed by a third-party source. Mr. Foust observed that there are many riders who can't afford a fare increase and he asked if WMATA has looked at subsidized fares based on need. Ms. Hudgins stated Metro currently has senior and disability subsidies, but they are not based on income. Mr. Dorsey stated Utah's light rail system initiated income based fares, which is starting to generate some notice in the transit world.

Mr. Smedberg also noted WMATA is looking at ridership trends, as they relate to increase in teleworking. WMATA is seeing substantially lower ridership on Fridays. WMATA needs to figure out how to manage these different work trends.

## Virginia Railway Express

Chairman McKay stated that there are no action items, but asked Mr. Allen to give his CEO Report. Mr. Allen recapped VRE's activities during Rail Safety Week (September 25-28) as well as VRE's annual disaster drill on October 7<sup>th</sup>. Mr. Allen reported on-time performance for September was 89 percent systemwide (87 percent on the Fredericksburg Line and 91 percent on the Manassas Line). Average daily ridership for September was 19,500. He also noted VRE hosted a system tour for VRE Operations Board Member Pamela Sebesky and one of her staff members. He invited Commissioners to participate in a system tour.

Mr. Allen stated VRE is submitting a letter of support and comment on the Draft Environmental Impact Statement (DEIS) for the DC2RVA High Speed Rail project. The comments will be technical in nature. Also, a list of VRE projects is being prepared to submit to NVTVA for funding. The list is expected to be approved at the November Operations Board meeting, followed by Commission approval in December.

Mr. Allen stated staff is monitoring FRA System Safety Rule 270, which requires reporting on all safety features of a railroad. VRE is working with FRA to seek clarification of this rule, since VRE operates on host railroads and does not control all safety elements and does not have access to all this information.

Mr. Allen stated VRE will host the annual Santa Trains on December 9<sup>th</sup>, with tickets going on sale November 20<sup>th</sup>. Commissioners were encouraged to contact VRE if they would like tickets.

## Department of Rail and Public Transportation

Ms. Mitchell announced Governor McAuliffe appointed Mark Rosenker, a former National Transportation Safety Board member, and Greg Hull, the former director of security and operations support at the American Public Transportation Association, as Virginia's two members of the Metro Safety Commission. Maryland and the District of Columbia appointments are expected soon. Work is continuing to hire an executive director and other staff.

Ms. Mitchell stated that the 60-day public comment period for the Draft Environmental Impact Study (DEIS) for the DC2RVA High Speed Rail project ends on November 7<sup>th</sup>. Five public hearings were held throughout the Northern Virginia region, including Alexandria, Fredericksburg and Quantico. There will be a special meeting of the CTB Rail Committee on November 9<sup>th</sup> in Ashland to present DRPT's recommendations for DC2RVA and it is anticipated the CTB will vote on the recommendations in December.

Ms. Mitchell also announced new Amtrak service to Roanoke that began on October 31<sup>st</sup>. The new service is an extension of Amtrak's Northeast Regional that adds a new rail segment between Roanoke and Lynchburg. DRPT provided funding and project management services.

In response to a question from Chairman McKay, Ms. Mitchell stated Secretary LaHood's report is expected to be presented to the governor in November and then to the General Assembly.

Delegate Minchew noted the governor will be releasing his proposed FY2020 budget on December 9<sup>th</sup>. He asked about the timing of submitting rail funding. Ms. Mitchell explained DRPT has already submitted preliminary budget information to the governor's office. DRPT plans to submit a proposal addressing legislative action to respond to the fiscal cliff.

### Regional Bus Analysis: How Bus Serves Northern Virginia

Ms. Mattice stated that over the last two years, NVTC staff have been analyzing how bus transit serves Northern Virginia across jurisdictions and regardless of service provider. Preliminary information was provided at the September meeting. She introduced Dan Goldfarb, project manager, to give a presentation on the findings. Mr. Goldfarb stated that based on the analysis, staff found that there are no significant regional gaps in service. The current bus routes cover the jurisdictions well, serving both lower and higher income populations. Bus service provides good mobility with high levels of accessibility to jobs. The buses are a key link for riders to access Metro and VRE.

Mr. Goldfarb stated that analysis also shows that there are key corridors in the region that could potentially have upgraded services levels. These corridors could form a system of high quality bus in the future allowing for greater mobility, less reliance on personal automobiles, and more multimodal mobility choices. NVTC's initial analysis shows that these corridors warrant more study to refine the idea and determine feasibility. Mr. Goldfarb explained NVTC staff has created TBEST, which is a transit boarding estimation tool, and all this data will help with the next level of analysis.

Mr. Snyder thanked staff for this good work. He stated that bus service is critical to the region's multimodal system. TBEST is an example of the value NVTC provides to the jurisdictions. He remarked that the findings are good news that the region is doing a good job providing bus service, but it is important to not stop here.

### Executive Director Report

Ms. Mattice reminded Commissioners that the another WMATA Public Forum is scheduled for November 16<sup>th</sup> at the Navy League Building. The annual Joint NVTC-PRTC Legislative Briefing will be held at the Springfield Hilton on December 4<sup>th</sup>. Commissioners were provided with a new NVTC lapel pin.

Ms. Mattice stated that this past month has been a busy month for NVTC staff. NVTC is taking the lead on fare collection and held a visioning workshop this week, which was led by Patricia Happ. NVTC is working with all the Northern Virginia transit providers. Ms. Mattice stated that she participated in three sessions at the Governor's Transportation Conference, along with Greg Potts from WMATA and Jen DeBruhl of DRPT, about the value of Metro to the region and the Commonwealth.

Ms. Mattice stated that in regard to the I-66 Commuter Choice Program FY2018 Call for Projects, Ms. Happ is working one-on-one with the applicants to answer questions about their applications. Ms. Mattice also reported NVTC's website has been updated with a new WMATA section.

Ms. Mattice reported that the FY2019 Budget will be presented at the December meeting. She previewed the key budget issues. The FY2019 G&A Budget is an overall flat budget and staff does not anticipate any notable changes.

Chairman McKay stated that he has asked the Governance and Personnel Committee to serve in the function of the Nominating Committee. Mr. Cook invited Commissioners to talk to him if they would like to serve next year. The committee will present a slate of nominations at the December meeting to be voted on at the January meeting.

The Financial Report for September 2017 was provided to Commissioners and there were no questions.

#### Closed Session

Mr. Smedberg moved, with a second by Ms. Bulova, the following motion:

Pursuant to the Virginia Freedom of Information Act (Sections 2.2-3711A (1) of the Code of Virginia), the Northern Virginia Transportation Commission authorizes a Closed Session for the purpose of discussion of one personnel matter.

The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Ebbin, Foust, Greenfield, Hudgins, LaRock, Letourneau, Lovain, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Wexton.

The Commission entered into Closed Session at 9:06 P.M. and returned to Open Session at 9:41 P.M.

Mr. Smedberg moved, with a second by Mr. Letourneau, 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 Chapter 37, Title 2.2 of the Code of Virginia 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 in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Ebbin, Foust, Greenfield, Hudgins, LaRock, Letourneau, Lovain, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Wexton.

Mr. Greenfield moved, with a second by Mr. Dorsey, to approve a four percent increase to the executive director's compensation as discussed during the Closed Session. The vote in favor was cast by Commissioners Bulova, Cook, Cristol, Dorsey, Ebbin, Foust, Greenfield, Hudgins, LaRock, Letourneau, Lovain, McKay, Meyer, Minchew, Mitchell, Smedberg, Snyder and Wexton.

Mr. Cook stated that for the record the Governance and Personnel Committee, as well as the full Commission, held discussions on the executive director's performance evaluation.

### Adjournment

Mr. Snyder moved, with a second by Ms. Cristol, to adjourn the meeting. Without objection, Chairman McKay adjourned the meeting at 9:43 P.M.

Approved this 7<sup>th</sup> day of December 2017.

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Jeffrey C. McKay  
Chairman

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Matthew F. Letourneau  
Secretary-Treasurer



## RESOLUTION #2345

- SUBJECT:** Authorize the Executive Director to Execute the Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes
- WHEREAS:** The Interstate 95 (I-95) and 395 (I-395) corridor is a crucial, regional, multimodal corridor in Northern Virginia that connects people and businesses to economic opportunity across the region;
- WHEREAS:** On July 31, 2012, VDOT and 95 Express Lanes, LLC (the “Concessionaire”) entered into a comprehensive agreement (the “Comprehensive Agreement”) under which the Concessionaire developed and now operates approximately 29 miles of high-occupancy toll lanes (“HOT Lanes”) in the median of Interstate 95 between the Route 610 interchange (Garrisonville Road) and Turkeycock Run (the “Original 95 HOT Lanes”);
- WHEREAS:** The Original 95 HOT Lanes have been in operation since December 2014;
- WHEREAS:** On June 8, 2017, VDOT and the Concessionaire amended and restated the Comprehensive Agreement (the “ARCA”) to add in the median of Interstate 395 approximately eight miles of HOT Lanes between Turkeycock Run and the Washington D.C. Line (the “395 HOT Lanes”);
- WHEREAS:** After the Concessionaire has designed and built the 395 HOT Lanes, the Original 95 HOT Lanes and the 395 HOT Lanes will be operated and maintained by the Concessionaire under the ARCA as a continuous and unified 37-mile HOT Lane facility (the “I-95/I-395 Project”);
- WHEREAS:** Beginning upon service commencement of the 395 HOT Lanes, the ARCA requires the Concessionaire to pay to VDOT an annual transit investment (the “ATI”) from toll revenue attributable to the 395 HOT Lanes;
- WHEREAS:** The first-scheduled ATI payment is \$15,000,000 and each subsequent scheduled ATI payment escalates at 2.5 percent, as reflected in Exhibit A of the MOA;
- WHEREAS:** The parties desire to use the ATI funds for improvements along the “Corridor,” defined as the stretch of Interstates 95 and 395 along which the Concessionaire operates and maintains HOT Lanes, including Route 1, Virginia Railway Express, and other routes serving the Corridor;
- WHEREAS:** The goals of the I-95/I-395 Project are to: (1) move more people, (2) enhance transportation connectivity, (3) improve transit service, (4) reduce roadway congestion, and (5) increase travel options (collectively, (1), (2), (3), (4), and (5) collectively the “Improvement Goals”), all of which will benefit the users of the I-95/I-395 Project;

**WHEREAS:** To ensure that the investments funded by toll revenues benefit the toll payers and reflect the region's priorities, the Commonwealth proposes a partnership with the Northern Virginia Transportation Commission (NVTC), the Potomac and Rappahannock Transportation Commission (PRTC), the Virginia Department of Transportation (VDOT), and the Virginia Department of Rail and Public Transportation (DRPT);

**WHEREAS:** To fund projects designed to accomplish the Improvement Goals, VDOT desires to transfer periodically to DRPT, and DRPT desires to transfer periodically to NVTC and PRTC, the ATI funds received by VDOT under the ARCA;

**WHEREAS:** Such projects ("ATI-Funded Projects") would be funded in whole or in part from the ATI funds transferred from VDOT to DRPT, and the CTB desires to delegate to NVTC and PRTC the authority to select and administer the ATI-Funded Projects;

**WHEREAS:** NVTC and PRTC shall have the responsibility for component selection; financing and financial management; compliance, including evaluation, reporting, and quality assurance; and providing information to the public;


**WHEREAS:** NVTC and PRTC would establish a separate agreement regarding the project selection process and all selected projects would be subject to the approval of the Commonwealth Transportation Board; and

**WHEREAS:** This delegation to NVTC shall not constitute approval by NVTC of the Commonwealth's actions to impose tolling along the Facility.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission hereby authorizes the executive director to execute the attached Memorandum of Agreement Regarding the Annual Transit Investment from the 395 HOT Lanes subject to such further non-substantive modifications designed to correct typographical errors and clarify language as may be approved by the executive director in consultation with legal counsel.

Approved this 2<sup>nd</sup> day of November 2017.

  
\_\_\_\_\_  
Matthew F. Letourneau  
Secretary-Treasurer

  
\_\_\_\_\_  
Jeffrey C. McKay  
Chairman

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**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 30, 2017

**SUBJECT:** Consent Agenda (Subject to Chairman Approval)

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**ACTION ITEM: Approve the Consent Agenda**

**A. Approve the 2018 Meeting Schedule**

The Commission is asked to approve the [2018 NVTC Meeting Schedule](#). Staff coordinated the 2018 calendar with major religious holidays and the General Assembly Session. The February meeting is proposed to be held on February 8<sup>th</sup> in conjunction with the Virginia Association of Counties (VACO) Legislative Day. NVTC and the Northern Virginia Transportation Authority (NVTA) are coordinating their meetings to be held back-to-back in Richmond to allow members who serve on both boards to attend.



## **Proposed NVTC 2018 MEETING SCHEDULE**

NVTC Commission meetings start at 7:30 P.M in the First Floor Main Conference Room of the Navy League Building, 2300 Wilson Blvd, Arlington, Virginia, unless otherwise noted. Executive Committee meets at 6:45 P.M. in the First Floor Small Conference Room

January 4, 2018

February 8, 2018 - Meeting in Richmond (4:00 PM tentative)  
(East Reading Room - Patrick Henry Building)

March 1, 2018

April 5, 2018

May 3, 2018

June 7, 2018

July 5, 2018

August - No Commission Meeting

September 6, 2018

October 4, 2018

November 1, 2018

December 6, 2018

## Agenda Item #4: FY2017 Audited Financial Statements and Compliance Reports



**TO:** Chairman Fisetta and NVTC Commissioners  
**FROM:** Kate Mattice, Scott Kalkwarf and Colethia Quarles  
**DATE:** November 30, 2017  
**SUBJECT:** FY2017 Audited Financial Statements and Compliance Reports

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### **ACTION ITEM: Accept and Authorize Distribution of NVTC's FY2017 Audited Financial Statements and Compliance Reports**

The Commission is asked to accept the [FY2017 Audited Financial Statements and Compliance Reports](#) and to authorize staff to release the information to the member jurisdictions, regulatory agencies, and the public.

NVTC's audit firm, PBMares, LLP issued an unqualified (clean) opinion that NVTC's financial statements, in all material respects, fairly and accurately present the financial position and changes in financial position of the organization. PBMares also issued a clean report on the internal control of NVTC's financial reporting, compliance and other matters. Because NVTC received federal assistance during FY2017, PBMares also issued a report on the compliance with requirements of each federal program, and internal control over compliance related to those federal funds. That report identified no findings. Further, PBMares did not identify any internal control deficiencies or other findings.

On December 7<sup>th</sup>, representatives from PBMares will meet with the Executive Committee (serving as the Audit Committee) prior to the Commission meeting, and will be present at the full Commission meeting to describe the results of their annual audit.

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# **NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**Financial and Compliance Reports**

**Year Ended June 30, 2017**



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ASSURANCE, TAX & ADVISORY SERVICES

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission  
Arlington, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Commission, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and 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 27, 2017 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 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 27, 2017

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2017**

## **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, 2017. 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 \$148.6 million on a government-wide basis as of June 30, 2017. Of this total, \$148.2 million is for business-type activities with the balance for governmental activities.
- For the fiscal year, grants, contributions and other revenue net of transfers of NVTC's governmental activities amounted to \$178.5 million. Expenses were approximately equal to revenue.
- For the fiscal year, revenues and transfers of NVTC's business-type activities were \$63.9 million. Expenses amounted to \$46.0 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 \$70,961 for fiscal year 2017, compared to a decrease of \$16,325 for fiscal year 2016. The governmental funds balance as of June 30, 2017 totaled \$538,696 compared with \$467,735 the end of the previous fiscal year.
- During the fiscal year, the proprietary fund net position increased by \$17.9 million, from \$130.3 million to \$148.2 million.
- NVTC's fiduciary fund reported a decrease of \$1.6 million in net position, held in trust for member jurisdictions, from \$180.1 million to \$178.5 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, proprietary funds and fiduciary funds.

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

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

**Fiduciary Fund.** The Fiduciary Fund is used to account for resources held by NVTC for the benefit and restricted use of the programs of other governments. Additions to the fiduciary fund consist of revenue remitted from the Special Revenue Fund, state operating and capital assistance for transit contracted directly with the NVTC WMATA Compact member jurisdictions, and investment income. Deductions from the fiduciary fund are disbursements directed by the individual member jurisdictions for restricted purposes. The accounting methods used for the fiduciary fund are much like that used for proprietary funds. The two statements included for the fiduciary fund are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

### **Notes to the Basic Financial Statements**

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

### **Supplementary Information**

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

## **FINANCIAL ANALYSIS OF THE NVTC REPORTING ENTITY AS A WHOLE**

### **Statement of Net Position**

The following table presents a summary of the Statement of Net Position for the NVTC reporting entity as of June 30, 2017 and 2016:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets:</b>						
Current and other assets	\$ 15,833,253	\$ 6,080,744	\$ 39,281,881	\$ 27,088,168	\$ 55,115,134	\$ 33,168,912
Capital assets, net	39,846	51,531	173,102,673	171,962,274	173,142,519	172,013,805
Total assets	15,873,099	6,132,275	212,384,554	199,050,442	228,257,653	205,182,717
<b>Liabilities:</b>						
Current and other liabilities	15,432,944	5,757,289	7,019,704	8,653,172	22,452,648	14,410,461
Long-term liabilities	76,665	68,890	57,127,126	60,092,447	57,203,791	60,161,337
Total liabilities	15,509,609	5,826,179	64,146,830	68,745,619	79,656,439	74,571,798
<b>Net position:</b>						
Net investment in capital assets	39,846	51,531	113,240,162	109,253,855	113,280,008	109,305,386
Restricted	-	-	5,624,864	5,609,607	5,624,864	5,609,607
Unrestricted	323,644	254,565	29,372,698	15,441,361	29,696,342	15,695,926
Total net position	\$ 363,490	\$ 306,096	\$ 148,237,724	\$ 130,304,823	\$ 148,601,214	\$ 130,610,919

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, net position totaled \$148.6 million as of June 30, 2017, an increase of \$18.0 million over the previous fiscal year. The largest portion of net position, \$113.3 million or 76 percent, represents the net investment in capital assets (e.g., land, building, improvements, rolling stock, equipment and software), accumulated depreciation and amortization, less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide service to riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal, state and local support since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

A portion of the net position, \$5.6 million or 4 percent represents resources that are restricted, primarily for the commuter rail liability insurance plan.

Current assets consist primarily of grant revenue and motor vehicle fuel sales tax due from the Commonwealth of Virginia and restricted cash for governmental activities, and restricted and non-restricted cash, cash equivalents, inventory, trade accounts receivables, and investments for the business-type activities. As of June 30, 2017, approximately \$12.8 million was due from the Commonwealth of Virginia, of which \$5.4 million is for motor vehicle fuel sales tax, and \$7.4 million for grant revenue. This is a \$2.1 million increase from the previous fiscal year, of which grant revenue increased \$2.1 million or 39 percent, and motor vehicle fuel sales tax receivables remained approximately the same. The increase in the receivable for grant revenue is primarily due to an increase in capital grant revenue not yet received at the end of the fiscal year for the business-type activities. As of June 30, 2017, \$7.4 million of the amount due from the Commonwealth was for the commuter rail service, with a small amount for the jurisdiction transit function of NVTC, and for general and administrative and projects. Cash and cash equivalents

increased approximately \$9.7 million and totaled \$23.2 million as of June 30, 2017, of which all but \$471,227 was for the business-type activities. Restricted cash, cash equivalents and investments totaled \$15.5 million as of June 30, 2017, with \$5.6 million for business-type activities, and \$9.8 million for governmental activities. This is a \$9.8 million increase from the prior year, due almost entirely to the receipt of toll revenue and related interest earnings for governmental activities.

Net position of the jurisdiction trust fund is not reported in the entity-wide Statement of Net Position, as they are considered fiduciary funds and are held in trust for the NVTC member jurisdictions restricted use.

### Statement of Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the NVTC reporting entity for the fiscal years ended June 30, 2017 and 2016.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 19,688,616	\$ 17,585,780	\$ 19,688,616	\$ 17,585,780
Operating grants and contributions	147,941,418	143,422,738	6,063,718	5,448,410	154,005,136	148,871,148
Capital grants and contributions	-	-	16,676,597	7,985	16,676,597	7,985
General revenues:						
Intergovernmental:						
Commuter rail	21,299,239	26,398,505	-	-	21,299,239	26,398,505
Motor vehicle fuel sales tax	30,581,805	29,590,766	-	-	30,581,805	29,590,766
Interest	4,368	1,676	181,484	78,245	185,852	79,921
Other	-	100	1,750	-	1,750	100
Transfers	(21,299,239)	(26,398,505)	21,299,239	26,398,505	-	-
Total revenues	178,527,591	173,015,280	63,911,404	49,518,925	242,438,995	222,534,205
Expenses:						
General and administration	6,507,097	4,664,736	-	-	6,507,097	4,664,736
Jurisdiction transit	171,963,100	168,358,712	-	-	171,963,100	168,358,712
Commuter rail	-	-	45,978,503	45,551,712	45,978,503	45,551,712
Total expenses	178,470,197	173,023,448	45,978,503	45,551,712	224,448,700	218,575,160
Extraordinary item	-	-	-	(941,473)	-	(941,473)
Change in net position	57,394	(8,168)	17,932,901	3,025,740	17,990,295	3,017,572
Beginning net position	306,096	314,264	130,304,823	127,279,083	130,610,919	127,593,347
Ending net position	\$ 363,490	\$ 306,096	\$ 148,237,724	\$ 130,304,823	\$ 148,601,214	\$ 130,610,919

For the fiscal year ended June 30, 2017, revenues totaled \$242.4 million, compared to \$222.5 million in the preceding year, an increase of \$19.9 million or 9 percent. Expenses increased \$5.8 million, or 3 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, 2017, the General Fund had a total fund balance of \$538,696 of which \$46,051 was nonspendable and \$492,645 was unassigned. The fund balance increased by \$70,961 or 15 percent from the preceding year due to a favorable budget variance, partially offset by budgeted drawdown of surplus funds.

During fiscal year 2017, NVTC's regional projects incurred a total of \$4,693,225 in direct costs. Three of these projects were funded with federal, state and regional sources totaling \$4,326,729. The \$366,496 in other funding sources includes direct local contributions from the NVTC member jurisdictions and regional agencies, local contributions from allocated state assistance, and contributions from NVTC primarily in the form of payroll and payroll related costs.

**Special Revenue Fund – Jurisdiction Transit.** Prior to fiscal year 2013, this special revenue fund reported intergovernmental revenue for the jurisdictions' transit programs, including local bus systems and the operating and capital subsidies of the Washington Metropolitan Area Transit Authority (WMATA). The intergovernmental revenue included state operating assistance, state capital assistance, and the motor vehicle fuel sales tax. In fiscal year 2013 and 2014, the state contracted directly with the NVTC member jurisdictions for the state operating and capital assistance. Accordingly, in fiscal year 2014 the special revenue fund recognized only the capital assistance contracted with NVTC prior to fiscal year 2013, as well as the motor vehicle fuel sales tax. Beginning in fiscal year 2015, the state contracted again with NVTC for the operating and capital assistance for WMATA. Accordingly, in fiscal year 2017 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.

Intergovernmental revenues increased approximately \$3.6 million or 2 percent from the previous fiscal year. The increase is composed of a \$1.4 million increase, or 1 percent in state assistance, and a \$0.3 million increase, or 1 percent in motor vehicle fuel sales tax revenue.

**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, for multi-modal projects which benefit the toll payers of the I-66 inside the beltway facility. In accordance with the agreement, NVTC has established a special revenue fund to account for the toll revenue and related projects separately from its other activities. The agreement also calls for the advance payment of up to \$10 million to fund an initial round of projects before tolling commences in December 2017. During fiscal year 2017, NVTC received approximately \$9.8 million for projects it rated, selected and approved for funding. That revenue, and interest earned on those funds, is recognized as unearned until such time when the special revenue fund incurs project costs.

### **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 about \$2.1 million or 12 percent, while operating expenses increased approximately \$1.8 million or 6 percent. These increases on a percentage basis mirror the VRE operations as a whole, as NVTC's share of the activity remained relatively constant. Capital contributions and transfers increased 13.2 million or 53 percent.

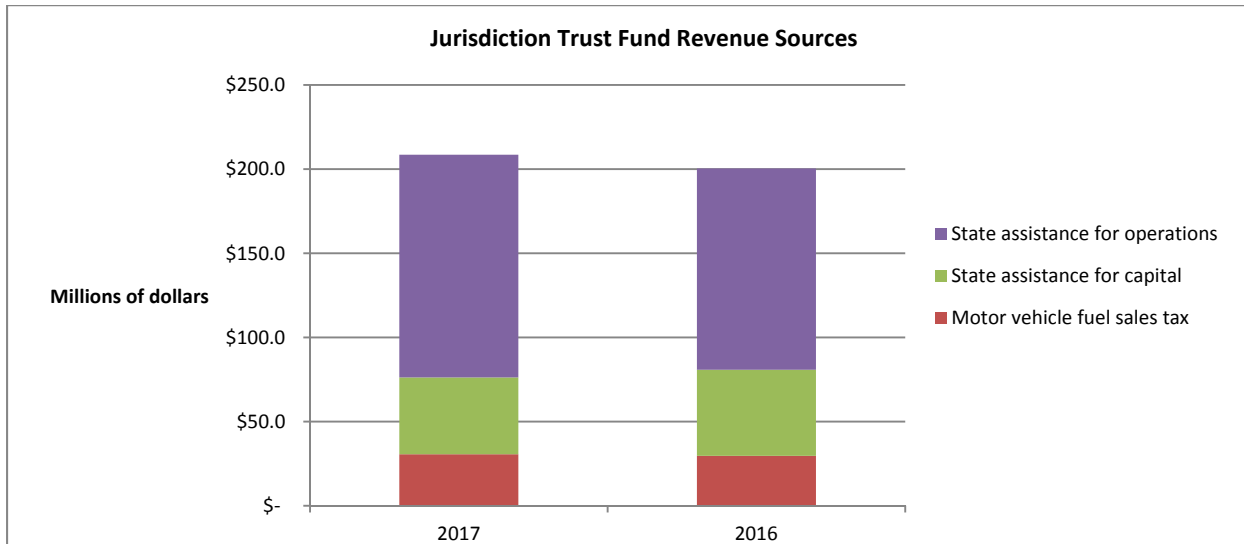
In order to present a full and accurate picture of VRE operations, all financial transaction related to the commuter rail program reported separately in the financial statements of NVTC and PRTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

### **Fiduciary Fund**

The fiduciary fund is a private purpose trust fund, which is titled the Jurisdiction Trust Fund.

**Jurisdiction Trust Fund.** The Jurisdiction Trust Fund holds the assets that were remitted from the special revenue fund (contributions from government), as well as fiscal year 2013 through fiscal year 2014 operating and capital assistance contracted with the NVTC member jurisdictions and received directly by the Jurisdiction Trust Fund from the state (intergovernmental revenues). These funds are accounted for on an individual jurisdiction basis. As with the revenue from the Special Revenue Fund, the fiscal year 2013 through fiscal year 2014 directly contracted revenue with the jurisdictions is allocated using the SAM. The funds are invested in the Virginia Local Government Investment Pool, and are available for disbursement for restricted purposes by instructions of the member jurisdictions. The change in the fund balance from year to year is dependent upon the remittances from the special revenue fund, the state operating and capital assistance contracted directly with the jurisdictions and received by the fund, investment income, and the amount each member jurisdiction instructs NVTC to disburse from the Fund.

The total additions to the Trust Fund, excluding investment income, increased by \$8.1 million, or 4 percent from the previous year. An analysis of this change is shown below.



State assistance for operations is revenue from the state operating formula assistance program. Operating assistance increased approximately \$12.8 million, or 11 percent from the previous fiscal year, while the state-wide allocated operating assistance increased by 14 percent. The operating assistance program is funded at the statutory fixed rate of 73.5 percent of projected Mass Transit Trust Fund (MTTF) revenue up to \$160 million. Since fiscal year 2009, the operating program receives directly a portion of the state recordation tax to help fund the operating program. Beginning in fiscal year 2014 with increased statewide funding for transit, MTTF revenues above \$160 million are allocated using a performance based formula for operations.

State assistance for capital expenditures recognized by the Jurisdiction Trust Fund during fiscal year 2017 decreased by \$5.6 million or 11 percent from the previous fiscal year. State assistance for capital expenditures during the fiscal year includes revenue from the Mass Transit Trust Fund and the Mass Transit Capital Fund. The state-wide capital program is funded at the statutory fixed rate of 25 percent of projected Mass Transit Trust Fund revenues. The fiscal year 2017 program allocated an additional \$56.6 million from the Mass Transit Capital Fund (Bond Funds) for state-wide needs.

Effective January 1, 2010, the Motor Vehicle Fuel Sales tax is levied on distributors of gasoline and diesel fuel for deliveries within NVTC's jurisdictions at the rate of 2.1 percent. Prior to this, the tax was levied on the retail sales at the rate of 2 percent. Motor Vehicle Fuel Sales tax revenue increased by \$1.0 million, or 3 percent from the previous year, which mirror the slight increase in the price of fuel. This is after an \$8.3 million or 22 percent decrease in fiscal year 2016, and an \$11.4 million or 23.1 percent decrease in fiscal year 2015. Other factors that influence the gas tax revenue include overall demand, price elasticity impacting demand, grade mix, and taxpayer compliance.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The details of capital assets as of June 30, 2017 and 2016 are as follows:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Rolling stock	\$ -	\$ -	\$ 135,474,546	\$ 132,377,536	\$ 135,474,546	\$ 132,377,536
Vehicles	-	-	83,711	69,155	83,711	69,155
Facilities	-	-	51,740,444	51,747,277	51,740,444	51,747,277
Track and signal improvements	-	-	41,742,675	42,350,282	41,742,675	42,350,282
Equipment and software	-	-	6,063,333	6,063,333	6,063,333	6,063,333
Construction in progress	-	-	11,952,082	6,948,336	11,952,082	6,948,336
Equity in properties of others	-	-	2,893,644	2,893,644	2,893,644	2,893,644
Office equipment, furniture and software	129,490	123,552	2,775,076	2,744,668	2,904,566	2,868,220
	129,490	123,552	252,725,511	245,194,231	252,855,001	245,317,783
Less accumulated depreciation and amortization	89,644	72,021	79,622,838	73,231,957	79,712,482	73,303,978
<b>Total capital assets, net</b>	<b>\$ 39,846</b>	<b>\$ 51,531</b>	<b>\$ 173,102,673</b>	<b>\$ 171,962,274</b>	<b>\$ 173,142,519</b>	<b>\$ 172,013,805</b>

NVTC's investment in capital assets as of June 30, 2017 amounted to \$173.1 million (net of accumulated depreciation and amortization) which represents an increase of \$1.1 million or 1 percent over last year due to new project construction, offset in part by annual depreciation and amortization. A total of \$10.6 million was charged to construction in progress during the fiscal year. Completed projects totaling approximately \$5.6 million were closed from construction in progress to their respective capital accounts and an additional \$0.05 million was charged directly to the capital accounts. Seven fully depreciated railcars were sold in fiscal year 2017.

The major completed project during the fiscal year was the completion of five railcars (\$5.6 million) that were placed into service.

The major additions to construction in progress during the fiscal year were costs related to acquisition of five new Gallery railcars (\$5.2 million), ongoing work toward implementation of Positive Train Control (PTC) (\$1.5 million), work toward both the L'Enfant Storage Track North (\$0.8 million) and L'Enfant Storage Track South (\$0.7 million), and development work for the Mid-Day Storage Yard project (\$0.5 million).

In addition, capital asset valuation adjustments were made to two projects capitalized in fiscal year 2016; Hamilton to Crossroads (Spotsylvania) Third Main Track project (a reduction of \$0.6 million) related to lower than expected actual costs compared to accrued costs and the Spotsylvania Station project (a reduction of \$6,833) related to a refund of project related costs.

### **Debt Administration**

At June 30, 2017, the Commissions had total debt outstanding of \$66.3 million for the VRE commuter rail service, of which \$59.9 million is reported by NVTC.

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

	2017	2016
Capital leases	\$ 6,422,352	\$ 7,079,477
Note payable (includes RRIF)	53,440,159	55,628,942
<b>Total</b>	<b>\$ 59,862,511</b>	<b>\$ 62,708,419</b>

### **Economic Factors and Next Year's Budget**

State assistance recognized by the Special Revenue fund is expected to increase slightly. This is due to an increase in capital assistance for WMATA subsidies and local systems, slightly offset by a decrease in operating assistance due to a decrease in statewide availability.

The U.S. Energy Information Administration forecasts a small decrease of 1.6 percent in the average price of gasoline nationwide for fiscal year 2017. If that forecast holds true for the NVTC region, and the historical relationship between gas prices and motor vehicle fuel sales tax collections continue, a similar percentage decrease in motor vehicle fuel sales tax revenue for the Special Revenue fund would be realized.

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The local subsidy for fiscal year 2018 remained constant. Fares were increased by 3.0 percent for fiscal year 2018.

Additional sources of funding will be available in fiscal year 2018 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 620, Arlington, Virginia 22201, or by email to [scottkalkwarf@novatransit.org](mailto:scottkalkwarf@novatransit.org).

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2017

<b>ASSETS</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Cash and cash equivalents	\$ 471,227	\$ 22,703,036	\$ 23,174,263
Due from other governments:			
Commonwealth of Virginia	12,846,921	-	12,846,921
Federal	18,914	-	18,914
Local Jurisdictions	8,975	-	8,975
Trade accounts receivable, net	-	932,775	932,775
Other receivables	-	744,608	744,608
Inventory	-	1,816,509	1,816,509
Deposits and prepaid items	46,051	66,856	112,907
Restricted cash, cash equivalents and investments	9,834,398	5,624,864	15,459,262
Internal balances	(7,393,233)	7,393,233	-
Capital assets:			
Rolling stock	-	135,474,546	135,474,546
Vehicles	-	83,711	83,711
Facilities	-	51,740,444	51,740,444
Track and signal improvements	-	41,742,675	41,742,675
Equipment and software	-	6,063,333	6,063,333
Construction in progress	-	11,952,082	11,952,082
Equity in property of others	-	2,893,644	2,893,644
Office equipment, furniture and software	129,490	2,775,076	2,904,566
Less accumulated depreciation and amortization	(89,644)	(79,622,838)	(79,712,482)
<b>Total assets</b>	<b>15,873,099</b>	<b>212,384,554</b>	<b>228,257,653</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
June 30, 2017

<b>LIABILITIES</b>	<b>Primary Government</b>		<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 91,820	\$ 846,717	\$ 938,537
Accrued expenses	16,811	1,884,237	1,901,048
Accrued interest	-	155,412	155,412
Due to fiduciary fund	5,351,528	-	5,351,528
Unearned revenue	9,834,398	849,266	10,683,664
Contract retainage	-	291,229	291,229
Noncurrent liabilities:			
Due within one year:			
Compensated absences	38,309	14,404	52,713
Note payable	-	2,290,688	2,290,688
Capital lease obligation	-	687,751	687,751
Due in more than one year:			
Lease liability	100,078	-	100,078
Compensated absences	76,665	243,054	319,719
Note payable	-	51,149,471	51,149,471
Capital lease obligation	-	5,734,601	5,734,601
<b>Total liabilities</b>	<b>15,509,609</b>	<b>64,146,830</b>	<b>79,656,439</b>
 <b>NET POSITION</b>			
Net investment in capital assets	39,846	113,240,162	113,280,008
Restricted for liability insurance plan	-	5,235,253	5,235,253
Restricted grants or contributions	-	389,611	389,611
Unrestricted	323,644	29,372,698	29,696,342
<b>Total net position</b>	<b>\$ 363,490</b>	<b>\$ 148,237,724</b>	<b>\$ 148,601,214</b>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2017

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
<b>Primary government:</b>							
Governmental activities:							
General and administration	\$ 6,507,097	\$ -	\$ 6,560,123	\$ -	\$ 53,026	\$ -	\$ 53,026
Jurisdiction transit	171,963,100	-	141,381,295	-	(30,581,805)	-	(30,581,805)
Total governmental activities	<u>178,470,197</u>	<u>-</u>	<u>147,941,418</u>	<u>-</u>	<u>(30,528,779)</u>	<u>-</u>	<u>(30,528,779)</u>
Business-type activities:							
Commuter rail	45,978,503	19,688,616	6,063,718	16,676,597	-	(3,549,572)	(3,549,572)
<b>Total business-type activities</b>	<u>45,978,503</u>	<u>19,688,616</u>	<u>6,063,718</u>	<u>16,676,597</u>	<u>-</u>	<u>(3,549,572)</u>	<u>(3,549,572)</u>
<b>Total primary government</b>	<u>\$ 224,448,700</u>	<u>\$ 19,688,616</u>	<u>\$ 154,005,136</u>	<u>\$ 16,676,597</u>	<u>(30,528,779)</u>	<u>(3,549,572)</u>	<u>(34,078,351)</u>
<b>General revenues:</b>							
Intergovernmental revenue - commuter rail					21,299,239	-	21,299,239
Intergovernmental revenue - motor vehicle fuel sales tax					30,581,805	-	30,581,805
Gain on disposal of asset					-	1,750	1,750
Interest income					4,368	181,484	185,852
Transfers					(21,299,239)	21,299,239	-
<b>Total general revenues</b>					<u>30,586,173</u>	<u>21,482,473</u>	<u>52,068,646</u>
<b>Change in net position</b>					57,394	17,932,901	17,990,295
Net position, beginning of year					<u>306,096</u>	<u>130,304,823</u>	<u>130,610,919</u>
Net position, end of year					<u>\$ 363,490</u>	<u>\$ 148,237,724</u>	<u>\$ 148,601,214</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2017

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund - Jurisdiction Transit	Special Revenue Fund - I-66 Toll Revenue	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 471,227	\$ -	\$ -	\$ 471,227
Due from other governments:				
Commonwealth of Virginia	7,433,331	5,413,590	-	12,846,921
Federal	18,914	-	-	18,914
Local jurisdictions	8,975	-	-	8,975
Due from fiduciary fund	62,062	-	-	62,062
Due from proprietary fund	16,335	-	-	16,335
Restricted cash	-	-	9,834,398	9,834,398
Deposits and prepaid items	46,051	-	-	46,051
<b>Total assets</b>	<b>\$ 8,056,895</b>	<b>\$ 5,413,590</b>	<b>\$ 9,834,398</b>	<b>\$ 23,304,883</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 91,820	\$ -	\$ -	\$ 91,820
Accrued salaries	16,811	-	-	16,811
Unearned revenue	-	-	9,834,398	9,834,398
Due to proprietary fund	7,409,568	-	-	7,409,568
Due to fiduciary fund	-	5,413,590	-	5,413,590
<b>Total liabilities</b>	<b>7,518,199</b>	<b>5,413,590</b>	<b>9,834,398</b>	<b>22,766,187</b>
<b>FUND BALANCES</b>				
Nonspendable				
Deposits and prepaid items	46,051	-	-	46,051
Unassigned	492,645	-	-	492,645
<b>Total fund balances</b>	<b>538,696</b>	<b>-</b>	<b>-</b>	<b>538,696</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,056,895</b>	<b>\$ 5,413,590</b>	<b>\$ 9,834,398</b>	<b>\$ 23,304,883</b>

Reconciliation of fund balances 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	\$ 538,696
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$129,490 and the accumulated depreciation and amortization is \$89,644.	39,846
Lease liability only recognized in the government-wide financial statements.	(100,078)
Compensated absences are liabilities not due and payable in the current period and, therefore, are not reported in the governmental funds.	(114,974)
Net position - governmental activities	<u>\$ 363,490</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, 2017

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Special Revenue Fund - Jurisdiction Transit</b>	<b>Special Revenue Fund - I-66 Toll Revenue</b>	
Revenues:				
Intergovernmental revenues:				
Grants and contributions:				
Commonwealth of Virginia	\$ 23,645,932	\$ 141,381,295	\$ -	\$ 165,027,227
Federal	3,763,271	-	-	3,763,271
Regional	49,413	-	-	49,413
Local jurisdictions	320,746	-	-	320,746
Motor vehicle fuel sales tax	-	30,581,805	-	30,581,805
Project chargebacks	80,000	-	-	80,000
Interest income	4,368	-	-	4,368
<b>Total revenues</b>	<u>27,863,730</u>	<u>171,963,100</u>	<u>-</u>	<u>199,826,830</u>
Expenditures:				
Current:				
General and administration	1,794,367	-	-	1,794,367
Project costs	4,693,225	-	-	4,693,225
Payments to fiduciary fund	-	171,963,100	-	171,963,100
Capital outlay	5,938	-	-	5,938
<b>Total expenditures</b>	<u>6,493,530</u>	<u>171,963,100</u>	<u>-</u>	<u>178,456,630</u>
Other financing uses:				
<b>Transfer out</b>	<u>(21,299,239)</u>	<u>-</u>	<u>-</u>	<u>(21,299,239)</u>
<b>Change in fund balances</b>	70,961	-	-	70,961
Fund balances, beginning of year	<u>467,735</u>	<u>-</u>	<u>-</u>	<u>467,735</u>
Fund balances, end of year	<u>\$ 538,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,696</u>
Change in fund balances - total governmental funds				\$ 70,961
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				5,938
Deduct - depreciation and amortization expense				(17,623)
Amortization of lease liability is only recognized in the government-wide financial statements.				10,519
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.				<u>(12,401)</u>
Change in net position of governmental activities				<u>\$ 57,394</u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2017

	<b>Commuter Rail Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 22,703,036
Accounts receivable:	
Due from General Fund	7,393,233
Trade receivables, net of allowance for doubtful accounts	932,775
Other receivables	744,608
Inventory	1,816,509
Deposits and prepaid items	66,856
Restricted cash, cash equivalents and investments	5,624,864
<b>Total current assets</b>	<b>39,281,881</b>
Capital assets:	
Rolling stock	135,474,546
Vehicles	83,711
Facilities	51,740,444
Track and signal improvements	41,742,675
Equipment and software	6,063,333
Construction in progress	11,952,082
Equity in property of others	2,893,644
Office equipment, furniture and software	2,775,076
	252,725,511
Less accumulated depreciation and amortization	(79,622,838)
<b>Total capital assets, net</b>	<b>173,102,673</b>
<b>Total assets</b>	<b>\$ 212,384,554</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
June 30, 2017

<b>LIABILITIES AND NET POSITION</b>	<u><b>Commuter Rail Service Fund</b></u>
Current liabilities:	
Accounts payable	\$ 846,717
Compensated absences	14,404
Accrued expenses	1,884,237
Accrued interest	155,412
Unearned revenue	849,266
Contract retainage	291,229
Note payable	2,290,688
Current portion of capital lease obligations	<u>687,751</u>
<b>Total current liabilities</b>	<u>7,019,704</u>
Noncurrent liabilities:	
Capital lease obligations	5,734,601
Note payable	51,149,471
Compensated absences	<u>243,054</u>
<b>Total noncurrent liabilities</b>	<u>57,127,126</u>
<b>Total liabilities</b>	<u>64,146,830</u>
Net position:	
Net investment in capital assets	113,240,162
Restricted for liability insurance plan	5,235,253
Restricted grants or contributions	389,611
Unrestricted	<u>29,372,698</u>
<b>Total net position</b>	<u>148,237,724</u>
<b>Total liabilities and net position</b>	<u><u>\$ 212,384,554</u></u>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended June 30, 2017**

	<b>Commuter Rail Service Fund</b>
Operating revenues:	
Passenger revenue	\$ 19,549,157
Equipment rentals and other	139,459
<b>Total operating revenues</b>	<b>19,688,616</b>
Operating expenses:	
Contract operations and maintenance	11,963,235
Other operations and maintenance	6,686,376
Property leases and access fees	7,507,260
Insurance	1,835,942
Marketing and sales	1,170,810
General and administrative	5,042,080
<b>Total operating expenses</b>	<b>34,205,703</b>
<b>Operating loss before depreciation and amortization</b>	<b>(14,517,087)</b>
Depreciation and amortization	(8,868,584)
<b>Operating loss</b>	<b>(23,385,671)</b>
Nonoperating revenues (expenses):	
Subsidies:	
Jurisdictional contributions	5,507,191
Regional transportation funding - NVTA	556,527
Interest income:	
Operating funds	132,003
Insurance trust	49,280
Other restricted funds	201
Gain on disposal of asset	1,750
Interest, amortization and other nonoperating expenses, net	(2,904,216)
<b>Total nonoperating revenues, net</b>	<b>3,342,736</b>
<b>Loss before capital contributions and transfers, net</b>	<b>(20,042,935)</b>
Capital contributions and transfers:	
Other local contributions	162,839
Contribution from PRTC	16,513,758
Transfers in	21,299,239
<b>Total capital contributions and transfers</b>	<b>37,975,836</b>
<b>Change in net position</b>	<b>17,932,901</b>
Net position, beginning	130,304,823
Net position, ending	\$ 148,237,724

*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, 2017

	<b>Commuter Rail Service Fund</b>
Cash flows from operating activities:	
Receipts from customers	\$ 19,847,212
Payments to suppliers	(31,962,190)
Payments to employees	(3,217,972)
<b>Net cash used in operating activities</b>	<b>(15,332,950)</b>
Cash flows from noncapital financing activities:	
Governmental subsidies	22,689,233
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(10,818,097)
Capital grants and assistance	2,257,157
Proceeds from sale of capital assets	1,750
Principal paid on capital lease obligations	(657,125)
Principal paid on note	(2,188,783)
Interest paid on capital lease obligation	(316,434)
Interest paid on bonds and note	(2,598,877)
Contribution from General Fund	16,513,021
<b>Net cash provided by capital and related financing activities</b>	<b>2,192,612</b>
Cash flows from investing activities:	
Interest received on investments	177,760
<b>Increase in cash and cash equivalents</b>	<b>9,726,655</b>
Cash and cash equivalents, beginning	18,601,245
Cash and cash equivalents, ending	<b>\$ 28,327,900</b>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (23,385,671)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	8,868,584
Decrease (increase) in:	
Accounts receivable	75,312
Other receivables	14,350
Inventory	29,373
Prepaid items and other	(2,756)
Increase (decrease) in:	
Accounts payable and accrued expenses	(1,001,077)
Unearned revenue	68,935
<b>Net cash used in operating activities</b>	<b>\$ (15,332,950)</b>
Schedule of noncash capital activities:	
Capital assets acquired through accounts payable	\$ 313,524
Capital assets acquired through accrued liabilities	1,281,623

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2017

	<b>Jurisdiction Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 182,302,742
Due from special revenue fund - Motor vehicle fuel sales tax	5,411,549
Due from special revenue fund - Commonwealth of Virginia grants	2,041
Due from other governments - Commonwealth of Virginia grants	887,281
Prepaid items	103,044
<b>Total assets</b>	<b>188,706,657</b>
<b>LIABILITIES</b>	
Due to member jurisdictions	10,161,796
Due to general fund	62,062
<b>Total liabilities</b>	<b>10,223,858</b>
<b>NET POSITION</b>	
Net position held in trust for member jurisdictions	<b>\$ 178,482,799</b>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
Year Ended June 30, 2017

	<b>Jurisdiction Trust Fund</b>
Additions:	
Contributions from government	\$ 171,963,100
Intergovernmental revenues	36,627,693
Investment income	1,126,415
<b>Total additions</b>	<b>209,717,208</b>
Deductions:	
Funds disbursed to WMATA:	
Capital improvement program	12,715,819
Project development	406,000
Metrorail operating	56,438,945
Metrobus operating	92,683,532
Metroaccess operating	12,377,462
Metro debt service	26,472
Other funds disbursed:	
Other capital disbursements	8,387,875
Other operating disbursements	28,276,922
<b>Total deductions</b>	<b>211,313,027</b>
<b>Change in net position</b>	<b>(1,595,819)</b>
Net position held in trust for member jurisdictions:	
Beginning of year	180,078,618
End of year	<b>\$ 178,482,799</b>

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

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### B. Government-wide and Fund Financial Statements

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

NVTC reports the following major enterprise fund:

##### Commuter Rail Service Fund

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

**Fiduciary Fund** – The financial statements of the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

#### D. Budgeting

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

#### E. Other Significant Accounting Policies

1. Cash and cash equivalents

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

2. Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents, and investments as reported in the Statement of Net Position are comprised of funds related to bond compliance requirements, the balance in the Liability Insurance Plan, a small liability claims account, and toll revenue.

3. Allowance for uncollectible accounts

The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$98,000 at June 30, 2017 for the proprietary fund.

4. Inventory

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

5. Prepaid items

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

6. Capital assets

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

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

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

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

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2017.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

##### 7. Compensated absences

Vacation leave for NVTC employees is granted to all full and part-time employees and is earned, generally, based upon the length of employment. Employees with zero through nine years of service may carryover a maximum of 240 hours of accumulated leave while employees with 10 to 15 complete years of service may carryover a maximum of 320 hours of leave. For greater than 15 years of service, the maximum carryover is 360 hours of leave. The allowed accumulated leave earned, yet not paid has been recorded as a liability since the leave vests and an obligation to make payment exists if an employee terminates. The Executive Director may authorize the conversion of excess vacation leave to sick leave.

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.

##### 8. 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).

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

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

9. 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.

10. 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.

11. 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.

12. 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.

13. Subsequent events

NVTC has evaluated subsequent events through November 27, 2017, which was the date the financial statements were available to be issued.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments

At June 30, 2017, cash, cash equivalents, and investments consisted of the following, at cost which approximates fair value:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Cash	\$ 346,602	\$ 4,613,327	\$ -	\$ 4,959,929
LGIP	124,625	18,089,709	182,302,742	200,517,076
	<u>471,227</u>	<u>22,703,036</u>	<u>182,302,742</u>	<u>205,477,005</u>
Restricted:				
Cash	-	389,611	-	389,611
LGIP	9,834,398	26,818	-	9,861,216
Insurance trust fund – pooled funds	-	5,208,435	-	5,208,435
	<u>9,834,398</u>	<u>5,624,864</u>	<u>-</u>	<u>15,459,262</u>
<b>Total</b>	<u>\$ 10,305,625</u>	<u>\$ 28,327,900</u>	<u>\$ 182,302,742</u>	<u>\$ 220,936,267</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).

As of June 30, 2017, the reporting entity had investments of \$210,378,292 in the LGIP for governmental activities, business-type activities, and the fiduciary fund. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. Investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of LGIP is less than one year.

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, 2017, a total of \$10,416,871 was invested in the Insurance Trust, of which \$5,208,435 is included in the NVTC reporting entity. From fiscal year 2011 through fiscal year 2015, any earnings on these investments were retained by the Commonwealth of Virginia. In fiscal year 2017, earnings on the Insurance Trust in the amount of \$98,560 were credited to VRE, of which \$49,280 was included in the NVTC reporting entity. The Insurance Trust Fund has not been assigned a rating.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Investments (Continued)

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

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

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

#### Credit risk

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

#### Custodial credit risk

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

#### 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

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.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

NVTC has no investments subject to fair value measurements as of June 30, 2017.

### Note 3. Due From Other Governments

At June 30, 2017, due from other governments consisted of the following:

	Project and Administrative	Jurisdiction Transit	Total
Due from Commonwealth of Virginia:			
Motor vehicle fuel sales tax	\$ -	\$ 5,411,549	\$ 5,411,549
Grants	7,433,331	2,041	7,435,372
	<u>7,433,331</u>	<u>5,413,590</u>	<u>12,846,921</u>
Due from Federal Transit Administration:			
Grants	18,914	-	18,914
Due from Local Jurisdictions:			
Local grant match	8,975	-	8,975
	<u>\$ 7,461,220</u>	<u>\$ 5,413,590</u>	<u>\$ 12,874,810</u>

Amounts due from the Commonwealth for the Project and Administrative activities include \$7,409,568 for commuter rail and \$23,763 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, 2017 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets being depreciated or amortized:					
Office equipment, furniture and software	\$ 123,552	\$ 5,938	\$ -	\$ -	\$ 129,490
Less accumulated depreciation or amortization	72,021	17,623	-	-	89,644
<b>Governmental activities capital assets, net</b>	<b>\$ 51,531</b>	<b>\$ (11,685)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,846</b>
<b>Business-type activities:</b>					
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 6,948,336	\$ 10,578,457	\$ -	\$ (5,574,711)	\$ 11,952,082
Capital assets being depreciated or amortized:					
Rolling stock	132,377,536	-	(2,477,701)	5,574,711	135,474,546
Vehicles	69,155	14,556	-	-	83,711
Facilities	51,747,277	-	(6,833)	-	51,740,444
Track and signal improvements	42,350,282	-	(607,607)	-	41,742,675
Equipment and software	6,063,333	-	-	-	6,063,333
Equity in property of others	2,893,644	-	-	-	2,893,644
Office equipment, furniture and software	2,744,668	30,408	-	-	2,775,076
<b>Total capital assets being depreciated or amortized</b>	<b>238,245,895</b>	<b>44,964</b>	<b>(3,092,142)</b>	<b>5,574,711</b>	<b>240,773,429</b>
Less accumulated depreciation or amortization for:					
Rolling stock	34,758,504	5,312,798	(2,477,703)	-	37,593,599
Vehicles	45,168	7,420	-	-	52,588
Facilities	17,649,293	1,545,647	-	-	19,194,940
Track and signal improvements	11,882,621	1,399,075	-	-	13,281,696
Equipment and software	4,958,901	377,482	-	-	5,336,383
Equity in property of others	1,733,385	84,949	-	-	1,818,334
Office equipment, furniture and software	2,204,085	141,213	-	-	2,345,298
<b>Total accumulated depreciation or amortization</b>	<b>73,231,957</b>	<b>8,868,584</b>	<b>(2,477,703)</b>	<b>-</b>	<b>79,622,838</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>165,013,938</b>	<b>(8,823,620)</b>	<b>(614,438)</b>	<b>5,574,711</b>	<b>161,150,591</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 171,962,274</b>	<b>\$ 1,754,837</b>	<b>\$ (614,438)</b>	<b>\$ -</b>	<b>\$ 173,102,673</b>

Note: The chart above reflects the completion of the five new railcars project at a value of \$5.57 million. VRE sold seven fully depreciated Gallery-style railcars to Metra in Chicago in fiscal year 2017, with a value of \$4.96 million (\$2.48 million, NVTC reporting entity). The chart also reflects the reduction of \$.6 million in track and signal asset value for the NVTC reporting entity. This reduction is due to an over estimation and accrual of expected remaining project costs at the time the asset went into service and was capitalized in fiscal year 2016. Subsequent payment activity identified this over-accrual, leading to the reduction of the final asset cost. Similarly, a reduction of \$6,832 to facilities assets for the NVTC reporting entity was related to a small refund of project costs after the project was capitalized in fiscal year 2016.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 4. Capital Assets (Continued)

Depreciation and amortization expenses for the year ended June 30, 2017 charged to the functions of the primary government are as follows:

	Governmental Activities	Business-type Activities
<b>Primary government:</b>		
General and administration	\$ 17,623	\$ -
Commuter rail	-	8,868,584

### Note 5. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of NVTC at 2300 Wilson Blvd., Suite 620, Arlington, VA 22201.

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

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

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

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

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.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 5. Joint Venture – Virginia Railway Express (Continued)

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.

Financial information from VRE's fiscal year 2017 audited financial statements is shown below.

### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2017

#### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 49,101,840
Accounts receivable:	
Due from PRTC – FTA and other	16,143,311
Commonwealth of Virginia grants	7,409,568
Trade and other, net of allowance	3,360,369
Inventory	3,928,722
Prepaid expenses and other	144,596
Restricted cash, cash equivalents and investments	11,249,729
<b>Total current assets</b>	<u>91,338,135</u>
Noncurrent assets:	
Capital assets (net of \$159,245,676 accumulated depreciation and amortization)	346,205,344
<b>Total noncurrent assets</b>	<u>346,205,344</u>
<b>Total assets</b>	437,543,479
Deferred outflows of resources – pension plan	646,262
<b>Total assets and deferred outflows of resources</b>	<u>\$ 438,189,741</u>

#### LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable and accrued liabilities	\$ 8,592,555
Unearned revenue	1,836,781
Contract retainage	582,456
Current portion of:	
Capital lease obligations	1,375,502
Note payable	2,290,688
<b>Total current liabilities</b>	<u>14,677,982</u>
Noncurrent liabilities:	
Pension liability	311,424
Capital lease obligations	11,469,202
Note payable	51,149,471
Compensated absences	525,674
<b>Total noncurrent liabilities</b>	<u>63,455,771</u>
<b>Total liabilities</b>	<u>78,133,753</u>
Net position:	
Net investment in capital assets	279,920,481
Restricted for liability insurance plan	10,470,506
Restricted grants or contributions	779,223
Unrestricted assets	68,885,778
<b>Total net position</b>	<u>360,055,988</u>
<b>Total liabilities and net position</b>	<u>\$ 438,189,741</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 5. Joint Venture – Virginia Railway Express (Continued)**

**VIRGINIA RAILWAY EXPRESS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
Year Ended June 30, 2017**

Operating revenues	\$	42,582,290
Operating expenses		73,979,660
<b>Operating loss before depreciation and amortization</b>		(31,397,370)
Depreciation and amortization		(17,737,170)
<b>Operating loss</b>		(49,134,540)
Nonoperating revenues (expenses):		
Subsidies:		
Commonwealth of Virginia grants		18,265,581
Federal grants – with PRTC as grantee		15,937,225
Jurisdictional contributions		17,250,240
Regional transportation funding (NVTA)		461,889
Interest income:		
Operating funds		285,495
Insurance trust		98,560
Other restricted funds		402
Gain on disposal of assets		3,500
Interest, amortization and other nonoperating expenses, net		(3,217,756)
<b>Total nonoperating revenues, net</b>		49,085,136
Capital grants and assistance:		
Commonwealth of Virginia grants		3,033,657
Federal grants – with PRTC as grantee		15,204,474
Regional transportation funding (NVTA)		651,163
Local contributions		162,839
<b>Total capital grants and assistance</b>		19,052,133
<b>Change in net position</b>		19,002,729
Net position, beginning of year		341,053,259
Net position, ending	\$	360,055,988

**Note 6. Intergovernmental Revenues, Commonwealth of Virginia**

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

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 7. Pension Plans

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

#### NVTC – Target Benefit Plan

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

The plan is funded in amounts determined by an actuarial consultant. Employer contributions for the year ended June 30, 2017 totaled \$108,171 (11.9 percent of covered payroll). Required employee contributions for the year ended June 30, 2017 totaled \$17,751 (1.9 percent of covered payroll). Since 1994, participants have been required to contribute 2.0 percent of covered salary, not to exceed 50 percent of the aggregate gross annual contribution for benefits. NVTC contributes the balance of the cost of the Plan. NVTC's payroll for employees covered by the plan for the year ended June 30, 2017 was approximately \$912,000.

### Note 8. Operating Leases and Agreements

#### Governmental activities

NVTC leases office space under a 125-month agreement which commenced on January 1, 2011 and expires May 31, 2021. The lease provides for 3 percent annual increases in base rent over the term of the lease, and the pass-through of a proportionate share of the annual increases in common building expenses. The lease contains a provision for the abatement of the first five months of rent. For the government-wide financial statements, the cumulative minimum rent for the entire lease is amortized on a straight-line basis over the lease term, with an equal amount of rent expense recognized each month. Rent expense for governmental activities as reported in the government-wide financial statements totals \$203,914 (\$214,433 paid less \$10,519 amortization). The Statement of Net Position reported a liability of \$100,078 related to the lease. The remaining liability will be amortized over the remaining lease.

NVTC entered into a 5-year office equipment lease and maintenance agreement, both of which expire December 31, 2020. Minimum monthly payments under these agreements equal \$406 per month, with payments totaling \$4,872 for the year ended June 30, 2017.

As of June 30, 2017, the minimum long-term lease commitments were as shown below:

<u>Years Ending June 30,</u>	<u>Amount</u>
2018	\$ 209,009
2019	215,121
2020	221,421
2021	206,628
Total	<u>\$ 852,179</u>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### Note 8. Operating Leases and Agreements (Continued)

#### Business-type activities

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing tracks for commuter rail service. For the year ended June 30, 2017, annual track usage fees totaled approximately \$9,545,000 and facility and other identified costs totaled approximately \$531,000.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015. For the year ended June 30, 2017, costs for track access and equipment storage totaled approximately \$6,502,000, and mid-day maintenance, utility and other services totaled approximately \$4,636,000. Cost adjustments will be made in fiscal year 2017 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access will be in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions have a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning July 1, 2015. The cost of train operations and maintenance for the year ended June 30, 2017 totaled approximately \$21,331,000. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2017 reflect contractual increases and the addition of a new train during the fiscal year. Costs for fiscal year 2018 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

### Note 9. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 102,573	\$ 91,688	\$ 79,287	\$ 114,974	\$ 38,309
<b>Total governmental activities</b>	<b>102,573</b>	<b>91,688</b>	<b>79,287</b>	<b>114,974</b>	<b>38,309</b>
Business-type activities:					
Capital leases	7,079,477	-	657,125	6,422,352	687,751
Note payable	55,628,942	-	2,188,783	53,440,159	2,290,688
Compensated absences	241,347	172,034	155,923	257,458	14,404
<b>Total business-type activities</b>	<b>62,949,766</b>	<b>172,034</b>	<b>3,001,831</b>	<b>60,119,969</b>	<b>2,992,843</b>
<b>Total Primary Government</b>	<b>\$ 63,052,339</b>	<b>\$ 263,722</b>	<b>\$ 3,081,118</b>	<b>\$ 60,234,943</b>	<b>\$ 3,031,152</b>

Federal arbitrage regulations apply to VRE's Gallery IV capitalized lease.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 9. Long-Term Debt Obligations (Continued)**

**Capitalized Lease - Gallery IV (11 cars)**

	Total	NVTC Reporting Entity
\$25,100,000 capitalized lease obligation (NVTC reporting entity, \$12,550,000); \$965,679 due semi-annually (NVTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$16,323,930 (NVTC reporting entity, \$8,161,965)	\$ 12,810,417	\$ 6,405,208

Future minimum lease payments as of June 30, 2017 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2018	\$ 1,931,357	\$ 965,679
2019	1,931,357	965,678
2020	1,931,357	965,679
2021	1,931,357	965,678
2022	1,931,357	965,678
2023-2025	5,794,072	2,897,036
Total minimum lease payments	15,450,857	7,725,428
Lease amount representing interest	2,640,440	1,320,220
Present value of lease payments	\$ 12,810,417	\$ 6,405,208

**Capitalized Lease – Copiers**

	Total	NVTC Reporting Entity
\$73,425 capitalized lease obligation; \$1,329 due monthly, interest at 9.39%, maturing in 2020; \$330 due monthly, interest at 11.73%, maturing in 2018, collateralized with three multifunction copiers with a carrying value of \$25,380 (NVTC reporting entity, \$12,690)	\$ 34,287	\$ 17,144

Future minimum lease payments as of June 30, 2017 are as follows:

Years Ending June 30,	Total	NVTC Reporting Entity
2018	\$ 19,248	\$ 9,624
2019	15,948	7,974
2020	2,658	1,329
Total minimum lease payments	37,854	18,927
Less amount representing interest	3,567	1,783
<b>Present value of lease payments</b>	<b>\$ 34,287</b>	<b>\$ 17,144</b>

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 9. Long-Term Debt Obligations (Continued)

#### Notes Payable – Gallery IV (60 cars)

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 is secured by the revenues of VRE and the railcars. The carrying value of the railcars was \$74,655,342 at June 30, 2017.

\$63,844,842 promissory note; due in quarterly maturities of  
\$1,195,258 through March 2033, plus quarterly interest at 4.74% \$ 53,440,159

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

Years Ending June 30,	Principal	Interest	Total Required
2018	\$ 2,290,688	\$ 2,492,825	\$ 4,783,513
2019	2,401,211	2,382,302	4,783,513
2020	2,513,907	2,269,606	4,783,513
2021	2,641,432	2,142,081	4,783,513
2022	2,765,809	2,017,704	4,783,513
2023-2027	15,964,023	7,953,540	23,917,563
2028-2032	20,204,782	3,712,781	23,917,563
2033	4,658,307	125,206	4,783,513
	\$ 53,440,159	\$ 23,096,045	\$ 76,536,204

### Note 10. Risk Management and Liability Insurance Plan

NVTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property damage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$149,000 at June 30, 2017, of which \$74,500 was included in the NVTC reporting entity.

# NORTHERN VIRGINIA TRANSPORTATION COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 10. Risk Management and Liability Insurance Plan (Continued)

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2017 is as follows:

	Total	NVTC Reporting Entity
Beginning balance, July 1	\$ 10,386,757	\$ 5,193,378
Contribution to reserves	3,900,000	1,950,000
Insurance premiums paid	(3,909,349)	(1,954,675)
Investment income	98,560	49,280
Actuarial and administrative charges	(59,097)	(29,548)
Ending balance, June 30	<u>\$ 10,416,871</u>	<u>\$ 5,208,435</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.

### Note 11. Significant Commitments and Contingencies

NVTC and the VRE joint venture have received proceeds from several federal and state grant programs. In the event of an audit of these grants certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such findings may result in the refund of grant monies to the grantor agencies. Based on the reporting entities policies and past 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

A combination of Federal and 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.

#### Business-type activities

At June 30, 2017, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with VRE as grantee) and Commonwealth of Virginia grants and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2017:

Stations and parking lots	\$ 3,723,340
Rolling stock	19,400,653
Maintenance and layover yards	1,956,777
Track and signal improvements	169,411
Other administrative	1,282,759
<b>Total</b>	<u>\$ 26,532,940</u>

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS

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#### Note 12. Pending GASB Statements

At June 30, 2017, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by NVTC. The statements which might impact NVTC are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. Statement No. 83 will be effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*, will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. Statement No. 85 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will improve accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance. Statement No. 86 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 87, *Leases*, will increase the usefulness of NVTC's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

Management has not yet determined the effect these statements will have on its prospective financial statements.

#### Note 13. Subsequent Events

The Commissions sold seven fully depreciated Pullman-Standard Gallery-style railcars to Foxville & Northern Railroad Co., LLC in July 2017. The cars were sold for \$500 per unit, and there was no remaining Federal interest at the time the sale was completed.

In July 2017, the Commissions approved the execution of a 15-year lease with one 5-year option for additional office space in an amount not to exceed \$3,902,008. The office space is owned by the International Association of Refrigerated Warehouses and is located at 1500 King Street in Alexandria, adjacent to the current VRE offices. The agreement was executed in September 2017.

In August 2017, the Commissions entered into contracts to purchase fuel at set prices for delivery in August 2017 through October 2017. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 126,000 gallons of fuel at a cost of approximately \$220,000.

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2017**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY JURISDICTION  
JURISDICTION TRUST FUND  
Year Ended June 30, 2017**

	<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	\$ 21,366,165	\$ 31,670,740	\$ 1,866,687	\$ 85,401,670	\$ 1,076,033	\$ -	\$ 141,381,295
Motor Vehicle Fuel Sales Tax	2,139,621	2,481,997	1,023,461	16,236,748	1,206,724	7,493,254	30,581,805
Intergovernmental revenues, grants:							
Commonwealth of Virginia	5,570,506	8,934,996	467,430	21,385,107	269,654	-	36,627,693
Investment income	82,008	235,582	22,885	619,796	5,154	160,990	1,126,415
<b>Total additions</b>	<u>29,158,300</u>	<u>43,323,315</u>	<u>3,380,463</u>	<u>123,643,321</u>	<u>2,557,565</u>	<u>7,654,244</u>	<u>209,717,208</u>
Deductions:							
Funds disbursed to WMATA:							
Capital improvement program	4,258,880	7,502,419	487,127	-	467,393	-	12,715,819
Project development	133,000	261,000	6,000	-	6,000	-	406,000
Metrorail operating	5,907,268	10,920,365	884,078	38,239,430	487,804	-	56,438,945
Metrobus operating	18,161,604	15,330,963	626,513	57,338,619	1,225,833	-	92,683,532
Metroaccess operating	-	-	300,465	12,021,329	55,668	-	12,377,462
Metro debt service	-	-	-	-	26,472	-	26,472
Other funds disbursed:							
Other capital disbursements	-	6,507,017	-	88,978	90,088	1,701,792	8,387,875
Other operating disbursements	-	5,204,572	1,199,531	11,025,478	-	10,847,341	28,276,922
<b>Total deductions</b>	<u>28,460,752</u>	<u>45,726,336</u>	<u>3,503,714</u>	<u>118,713,834</u>	<u>2,359,258</u>	<u>12,549,133</u>	<u>211,313,027</u>
<b>Change in net position</b>	697,548	(2,403,021)	(123,251)	4,929,487	198,307	(4,894,889)	(1,595,819)
Net position held in trust for member jurisdictions							
Beginning of year	<u>16,377,427</u>	<u>35,500,825</u>	<u>3,834,367</u>	<u>98,361,708</u>	<u>719,747</u>	<u>25,284,544</u>	<u>180,078,618</u>
End of year	<u>\$ 17,074,975</u>	<u>\$ 33,097,804</u>	<u>\$ 3,711,116</u>	<u>\$ 103,291,195</u>	<u>\$ 918,054</u>	<u>\$ 20,389,655</u>	<u>\$ 178,482,799</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF GENERAL, ADMINISTRATIVE AND PROJECT EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2017**

	<u>Total</u>	<u>General and Administrative</u>	<u>Projects</u>
Expenditures:			
Advertising	\$ 250	\$ 250	\$ -
Audit and legal	65,025	65,025	-
Capital outlay	5,938	5,938	-
Commissioners' per diem	13,750	13,750	-
Computer	7,423	7,423	-
Conference and training	14,931	14,931	-
Copier duplicating	8,691	8,691	-
Disability insurance	5,426	5,238	188
Employee group insurance	85,333	82,375	2,958
Employee retirement	110,452	106,623	3,829
Employer payroll taxes	77,705	75,012	2,693
Leave - annual, holiday, and sick	152,905	147,605	5,300
Memberships and subscriptions	1,187	1,187	-
Miscellaneous	5,848	5,848	-
Office supplies	1,912	1,912	-
Office rent	215,830	215,830	-
Insurance and liability bonds	6,682	6,682	-
Parking and transit	14,043	14,043	-
Postage and shipping	1,183	1,183	-
Project consultants and other project costs	4,711,585	65,668	4,645,917
Public information	747	747	-
Salaries and wages	927,996	895,706	32,290
State liaison	35,974	35,974	-
Telephone and data	9,279	9,279	-
Travel and meetings	13,435	13,385	50
<b>Total expenditures</b>	<u>\$ 6,493,530</u>	<u>\$ 1,800,305</u>	<u>\$ 4,693,225</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2017**

	<u>Jurisdiction Grants &amp; Projects</u>	<u>NTD</u>	<u>Fare Collection</u>	<u>Route 7</u>	<u>Totals</u>
Revenues:					
Commonwealth of Virginia	\$ 477,545	\$ -	\$ 36,500	\$ -	\$ 514,045
Federal	3,763,271	-	-	-	3,763,271
Regional	-	-	-	49,413	49,413
Local	-	282,688	36,499	-	319,187
NVTC match	-	4,383	32,860	10,066	47,309
<b>Total revenue</b>	<u>\$ 4,240,816</u>	<u>\$ 287,071</u>	<u>\$ 105,859</u>	<u>\$ 59,479</u>	<u>\$ 4,693,225</u>
Expenditures:					
Consultants	\$ -	\$ 282,688	\$ 73,000	\$ 49,413	\$ 405,101
Costs incurred	4,240,816	-	-	-	4,240,816
Fringe benefits	-	1,388	10,405	3,175	14,968
Salaries and wages	-	2,995	22,446	6,849	32,290
Travel	-	-	8	42	50
<b>Total expenditures</b>	<u>\$ 4,240,816</u>	<u>\$ 287,071</u>	<u>\$ 105,859</u>	<u>\$ 59,479</u>	<u>\$ 4,693,225</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT REVENUES AND EXPENDITURES  
GENERAL FUND  
Project Costs to Date - Active Projects  
Period Ended June 30, 2017**

	<b>Jurisdiction Grants &amp; Projects</b>	<b>NTD and Bus Data Collection</b>	<b>Fare Collection</b>	<b>Route 7</b>	<b>Totals</b>
<b>Revenues:</b>					
Commonwealth of Virginia	\$ 1,546,056	\$ 1,675,569	\$ 188,000	\$ 43,500	\$ 3,453,125
Federal	9,429,627	113,067	-	349,537	9,892,231
Regional	-	-	-	834,665	834,665
Local	5,000	1,209,070	187,999	43,750	1,445,819
NVTC match	71,101	59,105	98,164	99,549	327,919
<b>Total revenue</b>	<b>\$ 11,051,784</b>	<b>\$ 3,056,811</b>	<b>\$ 474,163</b>	<b>\$ 1,371,001</b>	<b>\$ 15,953,759</b>
<b>Expenditures:</b>					
Advertising	\$ 306	\$ 1,210	\$ -	\$ -	\$ 1,516
Consultants	442,735	2,982,658	376,000	1,271,587	5,072,980
Copier duplicating	-	-	-	37	37
Costs incurred	10,537,946	-	-	-	10,537,946
Fringe benefits	22,963	21,691	29,185	29,479	103,318
Parking	8	60	360	144	572
Postage	-	960	-	307	1,267
Public information	-	-	-	362	362
Salaries and wages	47,718	49,861	68,459	68,546	234,584
Telephone	108	21	-	-	129
Travel	-	350	159	539	1,048
<b>Total expenditures</b>	<b>\$ 11,051,784</b>	<b>\$ 3,056,811</b>	<b>\$ 474,163</b>	<b>\$ 1,371,001</b>	<b>\$ 15,953,759</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2017**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Unearned) Revenue 6/30/2016</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2017</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2017	12/13/2016	73017-45	\$ 19,535,598	\$ -	\$ 18,044,177	\$ 18,044,177	\$ 18,044,177	\$ -	\$ 18,044,177
Fiscal Year 2017	12/13/2016	73017-46	13,618,279	-	13,196,593	13,196,593	13,196,593	-	13,196,593
Fiscal Year 2017	12/13/2016	73017-47	1,902,644	-	1,842,333	1,842,333	1,842,333	-	1,842,333
Fiscal Year 2017	12/13/2016	73017-48	18,001	-	18,000	18,000	18,000	-	18,000
Fiscal Year 2017	12/13/2016	73017-49	883,103	-	-	-	-	-	-
Fiscal Year 2017	12/13/2016	73017-50	306,000	-	87,083	87,083	87,083	-	87,083
Fiscal Year 2016	8/3/2015	73016-54	31,621,455	-	-	-	-	-	24,876,105
Fiscal Year 2016	8/3/2015	73016-55	2,615,481	-	-	-	-	-	2,037,003
Fiscal Year 2016	8/3/2015	73016-57	889,893	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-48	754,380	-	-	-	-	-	570,953
Fiscal Year 2012	10/18/2011	73012-49	17,926,808	-	-	-	-	-	8,981,360
Fiscal Year 2012	10/18/2011	73012-52	28,590	-	-	-	-	-	27,470
Fiscal Year 2012	10/18/2011	73012-54	445,500	-	-	-	-	-	427,545
Fiscal Year 2012	10/18/2011	73012-61	1,350,000	-	-	-	-	-	557,409
Fiscal Year 2012	10/18/2011	73012-65	750,000	-	-	-	-	-	-
Fiscal Year 2012	10/18/2011	73012-66	1,250,000	-	-	-	-	-	1,244,292
Fiscal Year 2012	10/18/2011	73012-67	750,000	-	-	-	-	-	630,464
Fiscal Year 2012	10/18/2011	73012-68	100,000	-	-	-	-	-	64,570
Fiscal Year 2012	10/18/2011	73012-69	150,000	-	-	-	-	-	82,576
Fiscal Year 2012	10/18/2011	73012-72	225,000	-	-	-	-	-	91,969
Fiscal Year 2012	10/18/2011	73012-74	525,000	-	-	-	-	-	281,363
Fiscal Year 2012	10/18/2011	73012-76	350,000	-	-	-	-	-	321,181
Fiscal Year 2012	10/18/2011	73012-77	100,000	-	-	-	-	-	43,186
Fiscal Year 2011	7/17/2012	72511-03	771,612	-	887	887	887	-	887
Fiscal Year 2011	10/5/2010	72511-04	100,000	-	-	-	-	-	-
Fiscal Year 2011	11/30/2015	72511-07	757,000	-	399,928	399,928	399,928	-	399,928
Fiscal Year 2011	10/5/2010	73011-29	53,000	-	-	-	-	-	6,155
Fiscal Year 2010	7/17/2012	72510-08	209,575	-	-	-	-	-	-
Fiscal Year 2011	7/18/2012	72510-10	133,250	-	42,832	42,832	42,832	-	79,636
Fiscal Year 2010	8/4/2011	72510-17	915,893	-	-	-	-	-	-
Fiscal Year 2010	12/28/2010	72510-18	221,540	-	-	-	-	-	-
Fiscal Year 2010	2/2/2011	72510-25	133,250	-	-	-	-	-	-
Fiscal Year 2010	7/2/2009	72509-22	190,190	-	-	-	-	-	-

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2017**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Unearned) Revenue 6/30/2016</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2017</u>	<u>Cumulative Expenditures</u>
<b>Northern Virginia Transportation Commission (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fiscal Year 2009	10/1/2010	72509-25	\$ 200,600	\$ -	\$ 3,844	\$ 3,844	\$ 3,844	\$ -	\$ 16,477
Fiscal Year 2009	7/1/2008	73009-37	160,000	-	-	-	-	-	7,982
Fiscal Year 2009	7/1/2008	73009-38	160,000	-	-	-	-	-	138,968
Fiscal Year 2009	7/1/2008	73009-44	4,626,150	-	1,069,126	1,069,126	1,069,126	-	3,900,082
Fiscal Year 2009	7/2/2009	72508-09	175,560	-	-	-	-	-	-
Fiscal Year 2009	7/2/2009	72508-10	100,320	-	3,586	5,627	5,627	2,041	19,904
Fiscal Year 2008	8/12/2008	72508-12	125,400	-	-	-	-	-	-
Fiscal Year 2008	8/5/2010	72508-13	59,500	-	-	-	-	-	13,234
Fiscal Year 2008	8/12/2008	72508-16	59,500	-	-	-	-	-	750
Fiscal Year 2008	9/19/2008	72508-19	100,320	-	25,325	30,054	30,054	4,729	84,167
Fiscal Year 2008	4/5/2012	72508-52	320,000	-	5,953	5,953	5,953	-	10,148
Fiscal Year 2008	10/16/2007	73008-48	209,245	-	7,474	7,474	7,474	-	71,434
Fiscal Year 2007	8/12/2008	72507-31	118,973	-	-	-	-	-	51,410
Fiscal Year 2007	8/12/2008	72507-35	56,678	-	-	-	-	-	-
Fiscal Year 2007	7/2/2009	72507-29	166,563	-	-	-	-	-	-
Operating:									
Fiscal Year 2017	7/28/2016	72017-25	108,637,140	-	108,637,140	108,637,140	108,637,140	-	108,637,140
Demonstration \ Experimental:									
Fiscal Year 2015:									
Intern Program	8/3/2015	71216-03	40,000	1,180	24,854	33,707	33,707	10,033	34,887
Intern Program	9/2/2014	71215-04	40,000	13,244	13,244	-	-	-	40,000
Fiscal Year 2014:									
NEPP Technical Assist.	9/2/2014	71315-03	400,000	14,000	41,500	36,500	36,500	9,000	88,000
Other:									
FY 2014 WMATA Reconciliation			-	-	(970,302)	(970,302)	(970,302)	-	(970,302)
FY 2015 WMATA Reconciliation			-	-	(991,868)	(991,868)	(991,868)	-	(991,868)
Settlement			-	-	429,959	429,959	429,959	-	429,959
<b>Total State Assistance - NVTC</b>			<b>215,336,991</b>	<b>28,424</b>	<b>141,931,668</b>	<b>141,929,047</b>	<b>141,929,047</b>	<b>25,803</b>	<b>185,494,610</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2017**

Grant	Contract Date	Grant Number	Grant Award	Accrued (Unearned) Revenue 6/30/2016	Cash Received	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2017	Cumulative Expenditures
<b><u>Virginia Railway Express</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2017	10/14/2016	73017-82	\$ 497,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2017	12/7/2016	73017-83	19,461	-	-	-	-	-	-
Fiscal Year 2016	9/16/2015	50012	12,045,657	487,136	2,135,791	2,210,814	2,210,814	562,159	3,398,146
Fiscal Year 2016	2/26/2016	50013	16,065,000	2,217	123,891	330,377	330,377	208,703	332,594
Fiscal Year 2016	2/2/2016	72516-07	68,973	-	-	31,150	31,150	31,150	31,150
Fiscal Year 2016	10/14/2016	73016-84	867,200	80,528	104,532	90,345	90,345	66,341	170,873
Fiscal Year 2016	10/19/2016	73016-85	1,320,960	19,052	-	223,533	223,533	242,585	242,585
Fiscal Year 2016	10/19/2026	73016-86	304,000	-	-	-	-	-	-
Fiscal Year 2016	10/14/2016	73016-92	309,017	58,052	212,561	250,965	250,965	96,456	309,017
Fiscal Year 2016	10/19/2016	73016-93	790,564	404,295	-	386,269	386,269	790,564	790,564
Fiscal Year 2015	8/3/2015	50002	4,539,850	615,894	1,593,057	1,262,437	1,262,437	285,274	4,539,850
Fiscal Year 2015	8/3/2015	50003	4,634,540	97,371	1,022,535	1,010,829	1,010,829	85,665	2,773,577
Fiscal Year 2015	10/14/2016	73015-93	320,000	-	-	215,537	215,537	215,537	215,537
Fiscal Year 2015	2/29/2016	73015-94	1,705,189	5,671	22,228	1,342,259	1,342,259	1,325,702	1,380,881
Fiscal Year 2015	2/8/2016	73015-95	840,000	15,709	55,265	194,833	194,833	155,277	231,355
Fiscal Year 2015	10/14/2016	73015-96	64,000	-	-	-	-	-	-
Fiscal Year 2015	10/19/2016	73015-97	96,981	-	-	96,981	96,981	96,981	96,981
Fiscal Year 2015	10/14/2016	73015-98	879,572	330,817	291,216	(37,733)	(37,733)	1,868	293,084
Fiscal Year 2015	10/14/2016	73015-99	309,017	309,017	309,017	-	-	-	309,017
Fiscal Year 2014	2/2/2016	72514-07	800,000	-	-	-	-	-	-
Fiscal Year 2014	10/13/2016	73014-70	55,000	-	48,482	55,000	55,000	6,518	55,000
Fiscal Year 2014	1/6/2014	73014-71	275,000	600	66,044	65,444	65,444	-	275,000
Fiscal Year 2014	10/14/2016	73014-72	212,449	212,449	212,449	-	-	-	212,449
Fiscal Year 2014	10/14/2016	73014-76	539,000	349,649	404,011	89,484	89,484	35,122	439,133
Fiscal Year 2013	1/6/2014	72513-12	400,000	-	6,998	36,336	36,336	29,338	36,336
Fiscal Year 2013	4/24/2013	73113-46	11,391,184	320,615	334,674	216,283	216,283	202,224	9,956,133
Fiscal Year 2012	1/6/2014	73012-79	108,000	-	-	89,195	89,195	89,195	89,195
Fiscal Year 2011	1/6/2014	72510-67	300,000	-	-	-	-	-	-
Fiscal Year 2011	7/22/2011	73111-20	135,899	28,296	53,298	66,116	66,116	41,114	107,192
Fiscal Year 2010	1/6/2014	72510-68	200,000	-	-	-	-	-	-
Fiscal Year 2010	6/10/2011	72510-74	50,000	-	-	-	-	-	-
Fiscal Year 2010	1/21/2011	72510-75	821,902	-	-	-	-	-	183,051
Fiscal Year 2009	3/23/2016	73109-51	418,540	8,618	57,742	382,550	382,550	333,426	391,168
Operating:									
Fiscal Year 2017	7/25/2016	72017-24	10,550,679	-	10,550,679	10,550,679	10,550,679	-	10,550,679

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
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SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (Continued)  
Year Ended June 30, 2017**

<u>Grant</u>	<u>Contract Date</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Unearned) Revenue 6/30/2016</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/2017</u>	<u>Cumulative Expenditures</u>
<b><u>Virginia Railway Express (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Other Special Projects	7/15/2014	71315-04	\$ 125,000	\$ 8,989	\$ 8,989	\$ -	\$ -	\$ -	\$ 99,682
Rail Enhancement Fund:									
Gainsville-Haymarket	5/10/2013	76509-02	2,785,714	371,899	686,201	404,415	404,415	90,113	1,412,233
Third Track Spotsylvania	5/10/2013	76513-11	13,856,292	1,531,304	852,383	(494,602)	(494,602)	184,319	13,326,205
Eligible expenditures accrued, not yet assigned to specific grants		N/A	N/A	4,195	-	2,229,743	2,229,743	2,233,938	2,229,743
<b>Total State Assistance - VRE</b>			<u>88,701,645</u>	<u>5,262,373</u>	<u>19,152,043</u>	<u>21,299,239</u>	<u>21,299,239</u>	<u>7,409,569</u>	<u>54,478,410</u>
<b>Total State Assistance - NVTC and VRE</b>			<u>\$ 304,038,636</u>	<u>\$ 5,290,797</u>	<u>\$ 161,083,711</u>	<u>\$ 163,228,286</u>	<u>\$ 163,228,286</u>	<u>\$ 7,435,372</u>	<u>\$ 239,973,020</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
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SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS  
Year Ended June 30, 2017**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Unearned) Revenue 6/30/2016	Cash Received	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2017	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT)</b>									
Capital:									
Fiscal Year 2017:									
Arlington County	10/26/2016	73017-51	\$ 141,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Arlington County	10/26/2016	73017-52	547,400	-	111,220	111,220	111,220	-	111,220
Arlington County	10/26/2016	73017-53	174,250	-	-	-	-	-	-
Arlington County	10/26/2016	73017-54	1,387,200	-	23,614	23,614	23,614	-	23,614
Arlington County	10/26/2016	73017-55	12,750	-	-	-	-	-	-
Arlington County	10/26/2016	73017-56	8,500	-	-	-	-	-	-
Arlington County	10/26/2016	73017-57	172,380	-	-	-	-	-	-
Arlington County	10/26/2016	73017-58	2,210,000	-	326,076	326,076	326,076	-	326,076
City of Alexandria	10/14/2016	73017-60	2,652,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-61	4,182,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-62	612,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-63	680,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-64	124,100	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-65	306,000	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-66	76,500	-	37,060	37,060	37,060	-	37,060
Fairfax County	10/14/2016	73017-67	12,750	-	-	-	-	-	-
Fairfax County	10/14/2016	73017-68	272,000	-	266,081	272,000	272,000	5,919	272,000
Fairfax County	10/14/2016	73017-69	340,000	-	-	37,359	37,359	37,359	37,359
Fairfax County	10/14/2016	73017-70	2,176,000	-	1,302,095	1,302,095	1,302,095	-	1,302,095
Fairfax County	10/14/2016	73017-72	680,000	-	-	-	-	-	-
Fiscal Year 2016:									
Arlington County	10/19/2015	73016-59	155,720	-	135,983	135,983	135,983	-	135,983
Arlington County	10/19/2015	73016-60	39,950	-	8,421	10,507	10,507	2,086	15,408
Arlington County	10/19/2015	73016-61	1,734,000	-	-	13,748	13,748	13,748	17,534
Arlington County	10/19/2015	73016-62	46,410	-	9,636	9,636	9,636	-	21,881
Arlington County	10/19/2015	73016-63	811,185	-	-	291,462	291,462	291,462	291,462
Arlington County	10/19/2015	73016-64	170,000	-	211	211	211	-	211
Arlington County	10/19/2015	73016-67	51,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-68	1,836,000	-	-	-	-	-	-
City of Alexandria	11/2/2015	73016-69	17,000	-	15,373	15,373	15,373	-	15,373
City of Alexandria	11/2/2015	73016-70	816,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-72	340,000	-	171,275	340,000	340,000	168,725	340,000

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Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Unearned) Revenue 6/30/2016	Cash Received	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2017	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fairfax County	9/24/2015	73016-73	\$ 1,870,000	\$ 72,227	\$ 340,811	\$ 374,433	\$ 374,433	\$ 105,849	\$ 446,660
Fairfax County	9/24/2015	73016-74	2,040,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-75	408,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-76	1,870,000	31,606	141,106	154,068	154,068	44,568	481,714
Fairfax County	9/24/2015	73016-77	850,000	10,404	177,612	167,208	167,208	-	194,257
Fairfax County	9/24/2015	73016-78	1,088,000	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-79	2,074,000	-	160,980	160,980	160,980	-	1,294,504
Fairfax County	9/24/2015	73016-81	42,500	-	-	-	-	-	-
Fairfax County	9/24/2015	73016-82	357,000	-	-	-	-	-	-
Fiscal Year 2015:									
Arlington County	9/12/2014	73015-54	211,480	-	48,057	48,057	48,057	-	211,480
Arlington County	9/12/2014	73015-56	538,220	-	5,628	7,238	7,238	1,610	7,512
Arlington County	9/12/2014	73015-57	17,000	-	771	771	771	-	3,629
Arlington County	9/12/2014	73015-58	737,800	-	-	-	-	-	238,319
Arlington County	9/12/2014	73015-59	44,880	-	-	-	-	-	-
Arlington County	9/12/2014	73015-61	2,885,580	-	2,885,580	2,885,580	2,885,580	-	2,885,580
Arlington County	9/12/2014	73015-64	850,000	-	-	-	-	-	-
Arlington County	9/12/2014	73015-65	98,940	-	-	-	-	-	71,402
Arlington County	9/12/2014	73015-66	523,600	-	-	-	-	-	-
Arlington County	9/12/2014	73115-62	2,720,000	-	25,500	25,500	25,500	-	25,500
City of Alexandria	9/2/2014	73015-67	1,700,000	-	914,705	914,705	914,705	-	914,705
City of Alexandria	9/2/2014	73015-68	170,000	-	-	170,000	170,000	170,000	170,000
City of Alexandria	9/2/2014	73015-69	2,380,000	-	1,815,494	1,815,494	1,815,494	-	1,815,494
Fairfax County	10/7/2014	73015-74	5,780,000	-	-	-	-	-	5,482,575
Fairfax County	10/7/2014	73015-75	3,400,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-78	76,500	76,500	76,500	-	-	-	76,500
Fairfax County	10/7/2014	73015-80	68,000	-	-	-	-	-	-
Fairfax County	10/7/2014	73015-81	68,000	-	62,944	68,000	68,000	5,056	68,000
Fairfax County	10/7/2014	73015-82	170,000	-	-	-	-	-	46,531
Fairfax County	10/7/2014	73015-83	850,000	10,236	97,996	87,760	87,760	-	179,985
Fairfax County	10/7/2014	73015-84	102,000	41,154	80,598	39,444	39,444	-	102,000

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Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Unearned) Revenue 6/30/2016	Cash Received	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2017	Cumulative Expenditures
<b><u>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</u></b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fairfax County	10/7/2014	73015-85	\$ 595,000	\$ -	\$ 531,098	\$ 531,098	\$ 531,098	\$ -	\$ 595,000
Fairfax County	10/7/2014	73015-87	782,000	20,556	20,556	-	-	-	782,000
Fairfax County	10/7/2014	73015-88	2,040,000	-	973,531	973,531	973,531	-	973,531
Fairfax County	10/7/2014	73015-89	340,000	40,622	108,554	67,932	67,932	-	150,146
Fairfax County	10/7/2014	73015-90	47,600	8,708	47,600	38,892	38,892	-	47,600
City of Falls Church	11/21/2014	73015-73	239,700	-	89,562	90,088	90,088	526	170,193
Fiscal Year 2014:									
Arlington County	1/8/2014	73014-40	1,100,000	-	-	-	-	-	-
Arlington County	1/29/2014	73014-41	825,000	-	-	-	-	-	386,823
Arlington County	1/8/2014	73014-42	483,560	-	-	-	-	-	435,923
Arlington County	1/8/2014	73014-43	1,119,360	-	-	-	-	-	1,064,892
Arlington County	1/8/2014	73014-44	1,119,360	-	-	-	-	-	1,064,892
Arlington County	1/8/2014	73014-45	27,500	-	-	-	-	-	18,473
Arlington County	1/8/2014	73014-47	357,500	-	15,016	55,389	55,389	40,373	251,757
Arlington County	1/8/2014	73014-50	1,842,500	-	70,770	70,770	70,770	-	1,842,500
Arlington County	1/8/2014	73014-52	41,431	-	-	-	-	-	33,943
Arlington County	1/8/2014	73114-58	1,587,304	-	-	-	-	-	1,467,993
Arlington County	1/8/2014	73114-59	8,331,362	-	-	-	-	-	7,705,383
City of Alexandria	10/8/2013	73014-54	2,029,500	-	-	-	-	-	2,019,309
City of Alexandria	10/8/2013	73014-55	660,000	-	290,368	290,368	290,368	-	290,368
City of Alexandria	1/6/2014	73114-53	817,168	-	-	-	-	-	788,949
City of Alexandria	1/6/2014	73114-54	7,289,093	-	-	-	-	-	4,141,132
City of Fairfax	8/26/2013	73014-56	23,100	-	-	-	-	-	20,797
City of Fairfax	8/26/2013	73014-57	11,000	-	-	-	-	-	10,036
City of Fairfax	1/6/2014	73114-62	63,216	-	-	-	-	-	45,250
City of Fairfax	1/6/2014	73114-63	331,782	-	-	-	-	-	237,509
Fairfax County	2/20/2014	73014-58	68,750	-	-	-	-	-	59,049
Fairfax County	2/20/2014	73014-59	4,801,500	-	-	-	-	-	4,693,388
Fairfax County	2/20/2014	73014-61	440,000	16,503	16,503	-	-	-	421,151
Fairfax County	4/23/2014	73014-63	2,200,000	36,827	1,861,402	1,824,575	1,824,575	-	1,882,002
Fairfax County	2/20/2014	73014-65	247,500	31,385	31,385	-	-	-	247,500
Fairfax County	2/20/2014	73014-66	27,500	-	-	-	-	-	10,451

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF COMMONWEALTH OF VIRGINIA AWARDS (continued)  
Year Ended June 30, 2017**

Grant / Contracted Jurisdiction	Contract Date	Grant Number	Grant Award	Accrued (Unearned) Revenue 6/30/2016	Cash Received	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2017	Cumulative Expenditures
<b>Northern Virginia Transportation Commission, Jurisdiction Trust Fund (contracted directly with individual jurisdictions) (continued)</b>									
<b>Virginia Department of Rail and Public Transportation (DRPT) (continued)</b>									
Capital (continued):									
Fairfax County	2/20/2014	73014-68	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax County	2/20/2014	73014-69	1,925,000	107,966	1,009,355	901,389	901,389	-	1,464,404
Fairfax County	2/20/2014	73114-67	2,795,744	-	-	-	-	-	2,579,124
Fairfax County	2/20/2014	73114-68	14,674,066	-	-	-	-	-	13,537,620
Falls Church	1/6/2014	73114-72	65,496	-	-	-	-	-	55,665
Falls Church	1/6/2014	73114-73	343,750	-	-	-	-	-	292,184
Fiscal Year 2013:									
Arlington County	11/13/2012	73113-28	275,000	-	-	-	-	-	274,504
Arlington County	11/13/2012	73113-29	82,500	-	-	-	-	-	69,002
Arlington County	11/13/2012	73113-31	1,755,000	-	-	-	-	-	-
City of Fairfax	10/4/2012	73113-34	16,500	-	-	-	-	-	13,559
City of Fairfax	10/4/2012	73113-74	203,491	-	-	-	-	-	199,286
City of Fairfax	10/4/2012	73113-75	44,537	-	-	-	-	-	43,617
Fairfax County	10/4/2012	73113-35	5,335,000	-	-	-	-	-	5,051,831
Fairfax County	10/4/2012	73113-36	4,001,250	-	-	-	-	-	3,747,690
Fairfax County	10/4/2012	73113-38	49,500	-	-	-	-	-	44,790
Fairfax County	10/4/2012	73113-39	1,375,000	38,824	38,824	-	-	-	1,375,000
Fairfax County	10/4/2012	73113-42	495,000	-	-	-	-	-	-
Fairfax County	10/4/2012	73113-45	660,000	-	-	-	-	-	653,612
Operating:									
Arlington County	10/26/2016	73017-20	2,778,235	-	2,778,235	2,778,235	2,778,235	-	2,778,235
City of Alexandria	10/14/2016	72017-21	3,857,916	-	3,857,916	3,857,916	3,857,916	-	3,857,916
City of Fairfax	10/28/2016	72017-22	780,874	-	780,874	780,874	780,874	-	780,874
Fairfax County	10/14/2016	72017-23	16,347,226	-	16,347,226	16,347,226	16,347,226	-	16,347,226
<b>Total State Assistance - Jurisdiction Trust Fund</b>			<b>\$ 154,581,066</b>	<b>\$ 543,518</b>	<b>\$ 38,110,102</b>	<b>\$ 38,453,865</b>	<b>\$ 38,453,865</b>	<b>\$ 887,281</b>	<b>\$ 102,687,702</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SUPPLEMENTARY INFORMATION  
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017**

	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Accrued (Unearned) Revenue 6/30/16</u>	<u>Cash Received</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue 6/30/17</u>	<u>Cumulative Expenditures</u>
<b><u>Northern Virginia Transportation Commission</u></b>									
<b>Federal Transit Administration</b>									
King Street Access Improvements	20.507	VA 95-0082	\$ 4,144,941	\$ -	\$ 1,064,971	\$ 1,064,971	\$ 1,064,971	\$ -	\$ 1,064,971
Potomac Yard Transitway	20.507	VA 95-0106	3,028,000	-	1,599,712	1,599,712	1,599,712	-	1,599,712
Eisenhower Ave. Intermodal Station	20.500	VA 04-0022	1,442,203	-	-	-	-	-	182,820
Alexandria Potomac Yard Busway	20.500	VA 04-0024	997,710	-	171,326	171,326	171,326	-	783,252
Falls Church Intermodal	20.500	VA 04-0029	1,668,154	-	101,300	120,214	120,214	18,914	709,897
Alexandria Transit Service Improvements	20.500	VA 04-0033	1,761,000	-	-	-	-	-	61,405
Eisenhower Ave Bus Loop	20.500	VA 04-0048	1,640,700	-	15,375	15,375	15,375	-	65,904
Alexandria VanDorn/Beauregard AA/EA	20.522	VA 39-0004	800,000	-	-	-	-	-	408,240
Alexandria BRT Potomac Yards-NWST	20.500	VA 03-0117	1,490,000	-	791,673	791,673	791,673	-	1,288,607
<b>Total Federal Assistance - NVTC</b>			<b>\$ 16,972,708</b>	<b>\$ -</b>	<b>\$ 3,744,357</b>	<b>\$ 3,763,271</b>	<b>\$ 3,763,271</b>	<b>\$ 18,914</b>	<b>\$ 6,164,808</b>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**COMPLIANCE SECTION**

**YEAR ENDED JUNE 30, 2017**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2017**

<b>Federal Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
Department of Transportation			
Direct Payments:			
Federal Transit Cluster:			
Capital Investment Grants:			
VA 04-0029	20.500	\$ 120,214	\$ 120,214
VA 03-0117	20.500	791,673	791,673
VA 04-0024	20.500	171,326	171,326
VA 04-0048	20.500	15,375	15,375
<b>Federal Transit - Capital Investment Grants</b>	20.500	<u>1,098,588</u>	<u>1,098,588</u>
Formula Grants:			
VA 95-0082	20.507	1,064,971	1,064,971
VA 95-0106	20.507	1,599,712	1,599,712
<b>Federal Transit - Formula Grants</b>	20.507	<u>2,664,683</u>	<u>2,664,683</u>
<b>Total Federal Transit Cluster</b>		<u>3,763,271</u>	<u>3,763,271</u>
<b>Total Department of Transportation</b>		<u>3,763,271</u>	<u>3,763,271</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 3,763,271</u>	<u>\$ 3,763,271</u>

*The accompanying notes are an integral part of this financial statement.*

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2017

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Northern Virginia Transportation Commission (NVTC) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NVTC, it is not intended to and does not present the financial position or changes in net position of NVTC.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

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

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

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

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

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

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

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

## NORTHERN VIRGINIA TRANSPORTATION COMMISSION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

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

For fiscal year 2017, NVTC recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$3,629,605 of prior year expenditures associated with the Federal Transit Cluster were included in the Schedule. Prior year expenditures associated with the cluster were reflected in the current year due to timing in which NVTC received draw down requests and supporting documentation from the NVTC member jurisdictions in which NVTC manages the federal grants.

Pass-through identifying numbers are presented where available.

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

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



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission  
Arlington, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Northern Virginia Transportation Commission (Commission), as of and for the year ended June 30, 2017, 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 27, 2017.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 27, 2017



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

To the Honorable Commission Board Members  
Northern Virginia Transportation Commission  
Arlington, Virginia

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

We have audited the Northern Virginia Transportation Commission's (Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2017. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

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

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

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

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 27, 2017

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2017**

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**Section I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?            Yes   √   No

Significant deficiencies identified?            Yes   √   None Reported

Noncompliance material to financial statements noted?            Yes   √   No

*Federal Awards*

Internal control over major programs:

Material weaknesses identified?            Yes   √   No

Significant deficiencies identified?            Yes   √   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?            Yes   √   No

Identification of major programs:

---

CFDA Number	Name of Federal Program or Cluster
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Federal Transit Cluster:

20.500 Federal Transit – Capital Investment Grants

20.507 Federal Transit – Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   √   Yes            No

**Section II. FINANCIAL STATEMENT FINDINGS**

None

**Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2017**

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

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**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 30, 2017

**SUBJECT:** Proposed Amendments to the Memorandum of Agreement for the I-66 Commuter Choice Program

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Deputy Secretary of Transportation Nick Donohue will present to the Commission a proposal to amend the Memorandum of Agreement pertaining to the I-66 Commuter Choice program. The Commonwealth is proposing to specifically make permissible the use of I-66 Inside the Beltway toll revenues for debt service or other payments towards construction of a new passenger/commuter rail bridge in proximity to the Long Bridge and/or modifications to the Rosslyn Metrorail station to facilitate Metrorail passenger movement. This proposal would continue to guarantee funding for a competitive multimodal program administered by NVTC through the life of the 40-year agreement. In addition, the Commonwealth is proposing to eliminate any restrictions in the MOA related to using funding for operating costs, allowing that policy decision to be determined by the Commission.

This proposed amendment will be presented to the Commonwealth Transportation Board for consideration at its December 5<sup>th</sup> workshop and approval at its January 10<sup>th</sup> meeting. The Commission will be asked to approve the modifications of this agreement at its January 4<sup>th</sup> meeting.

## A. Background

In January 2017, the Commonwealth Transportation Board (CTB), the Virginia Department of Transportation (VDOT), and the Northern Virginia Transportation Commission (NVTC) signed a 40-year [Amended Memorandum of Agreement \(MOA\) for the Transform 66: Inside the Beltway Project](#) allowing NVTC to use toll revenues from I-66 Inside the Beltway to fund multimodal projects. NVTC's program governed by the MOA, the [I-66 Commuter Choice Program](#), is designed to invest in multimodal projects that will benefit toll payers by easing travel through the congested I-66 Inside the Beltway corridor. In spring 2017, [NVTC awarded the first set of multimodal projects](#) to be operational when tolling commences, currently scheduled for Monday, December 4, 2017.

## B. Amendment to the Memorandum of Agreement

In its proposal to amend the January 2017 MOA, the Commonwealth is seeking to make explicitly permissible for the Commonwealth to use I-66 Inside the Beltway toll revenues

to modify the Rosslyn Metrorail station and/or construct a new passenger and commuter rail bridge in proximity to the Long Bridge. These projects would be separate and apart from NVTC's I-66 Commuter Choice program.

Currently, these two projects would likely be permissible uses for the I-66 Inside the Beltway toll revenues, as they can both demonstrate a benefit to toll payers. By including them in the "waterfall" allocation of toll revenues (MOA Section II.A.4), however, the MOA would specifically make these projects separate from NVTC's I-66 Commuter Choice program selection projects and administered by the Commonwealth, while also providing a guarantee of revenues that would be viewed favorably by the financial markets.

The proposed amendment would not eliminate the I-66 Commuter Choice program. The Commonwealth proposed to continue a guarantee a minimum level of toll revenues to NVTC for its I-66 Commuter Choice program in the amount of \$10 million per year (increased by 2.5 percent annually) if the Commonwealth does pursue one or both projects. If the Commonwealth does not pursue either or both projects, NVTC would be entitled to all remaining revenues after the cost of tolling operations and maintenance and reimbursement of the Toll Facilities Revolving Fund. In addition, NVTC could determine by policy any limitations of the use of these funds for operating transit.

In its proposal, the Commonwealth is seeking to amend the current "waterfall" allocation of toll revenues as follows:

- a) Reasonable costs and expenses of tolling operation and tolling maintenance, including reasonable reserves for major maintenance of tolling operations of the I-66 inside the Beltway facility (*matches current MOA*)
- b) The NVTC I-66 Commuter Choice payment (\$10 million/year increased by 2.5 percent annually) for projects selected by NVTC and approved by the CTB under the terms of this MOA, and any implementation costs related to projects as well as operating costs related to projects (*eliminates operating limits from current MOA*)
- c) Costs, including debt service, for construction of a future passenger/commuter rail bridge across the Potomac River and/or a new Metrorail platform or station in Arlington near or around Rosslyn Metrorail station (*new*)
- d) Any debt service to NVTC if NVTC has pursued debt financing for one or more I-66 Commuter Choice projects (*matches current MOA*)
- e) Repayments to the Toll Facilities Revolving Account used to cover the advanced NVTC funding for the initial round of projects (*matches current MOA*)
- f) All remaining funds be provided to NVTC for use in the I-66 Commuter Choice program (*new*)

Finally, the Commonwealth is proposing to include a provision that makes permissible the use of a public-private partnership for one or both projects.

NVTC staff and counsel continue to work with its jurisdictions and the Commonwealth to finalize language for the amended MOA. A full copy of the proposed MOA will be provided to Commission in advance of any action at the January 2017 meeting.

## Agenda Item #6: Report of the Co-Chairs of the Legislative and Policy Agenda



**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 30, 2017

**SUBJECT:** Report of the Co-Chairs of the Legislative and Policy Committee

---

Katie Cristol and Jeff Greenfield will provide an update on efforts by the Legislative and Policy Committee including a debrief on the December 4<sup>th</sup> NVTC-PRTC Legislative Briefing in Springfield. They will introduce the proposed 2018 Legislative and Policy Agenda for consideration by the Commission and lead a discussion of legislative strategy, supported by Aimee Perron Seibert, for the upcoming General Assembly Session.

### **ACTION: Adopt NVTC's 2018 Legislative and Policy Agenda**

The Commission will be asked to adopt NVTC's 2018 Legislative and Policy Agenda, NVTC's blueprint of legislative and policy priorities for the state and federal government. The 2018 Agenda focuses on seeking sustainable federal, state, and regional funding for WMATA, VRE, and local transit agencies and on legislative actions that support reforms identified through NVTC's Governance and Personnel Committee.

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# Northern Virginia Transportation Commission: 2018 Legislative and Policy Agenda



Proposed Draft - December 2017

Northern Virginia's economic growth and global competitiveness are directly tied to the region's transit network. Transit links businesses to employees, customers, suppliers and investors and residents to jobs, school, shopping and entertainment. With nearly 60 percent of jobs within a quarter-mile of a rail station or bus stop, Northern Virginia is among the nation's most transit-accessible areas. For the past five decades, the Northern Virginia Transportation Commission (NVTC) has promoted an efficient, high-quality and innovative transit network to fuel the economy and sustain the region's quality of life.

High-quality transit not only brings economic benefits to Northern Virginia but to the entire Commonwealth. The high-capacity service offered by the Washington Metropolitan Area Transit Authority's (WMATA) Metrorail and the Virginia Railway Express (VRE) provides more than \$600 million per year to the Commonwealth of Virginia in sales and income tax revenues<sup>1</sup>. This reflects a more than 250 percent return on investment to the Commonwealth for its support of these transit systems.



**\$600 M**  
in revenues to Virginia



**35.5M**  
Hours of  
congestion saved

Each work day, 550,000 Northern Virginians commute via transit, saving the region 35.5 million hours of congestion-related traffic delays annually. VRE riders, nearly 19,000 daily, take the equivalent of two lanes of traffic – one each on I-66 and I-95 – off the highways during rush hour. With six bus systems extending from Loudoun County to the City of Alexandria and commuter- and fixed-rail systems, Northern Virginia continues to explore ways to better connect businesses, residents and visitors.

NVTC supports legislation and policies that will:

- ✓ Maintain and expand opportunities for dedicated, sustainable funding for transit capital and operations;
- ✓ Ensure a level playing field for investment in transit state of good repair and expansion when compared to other surface transportation modes;
- ✓ Promote and strengthen regional cooperation and accountability;
- ✓ Maximize use of existing assets to enhance transit performance and safety; and
- ✓ Foster innovation and technological integration to improve transit operations and expand service.

## Transit Systems that Serve NVTC's Communities



<sup>1</sup> NVTC, The Value of Metrorail and the Virginia Railway Express to the Commonwealth of Virginia, September 2017

## Maintain and Expand Opportunities for Dedicated, Sustainable Transit Funding

NVTC's top legislative and policy priority is identifying stable, secure and dedicated sources of funding for regional transit systems including WMATA, VRE, and local and commuter bus service. Maintaining and expanding stable, secure and dedicated revenue sources for operations and capital is essential to system safety and the region's ability to reduce traffic congestion. This includes a focus on the following items:

### 1. Identify and Secure Dedicated Funding for WMATA

WMATA's transit service is the backbone of the Washington, DC region's transportation network. Metrorail and Metrobus provide more than 131 million trips in and from Virginia each year. Businesses locate near Metrorail stations in Virginia; 500,000 jobs in Northern Virginia are within a quarter mile of a Metrorail station or bus stop. New development is active along Metrorail's Silver Line with more than \$18 billion in investment along that corridor.

WMATA's Metrorail represents a \$40 billion asset that generates returns on regional, state and national investment through mobility, traffic congestion relief, improved air quality, and economic development. Now, 40+ years after its first trains went into operation, WMATA's customers are experiencing the effects of an aging system, representing years of deferred maintenance. In April 2017, WMATA's general manager, Paul Wiedefeld, identified a systemwide total of \$25 billion in unfunded capital needs, projecting that WMATA "needs \$15.5 billion over the next 10 years to remain safe and reliable."

*In its movement of people and role in our economy, failure to invest in WMATA threatens not only the economic vitality of Northern Virginia but the Commonwealth as a whole.*

WMATA is a regional system, supported through a partnership between Virginia, Maryland, the District of Columbia and the federal government. All parties play a role in ensuring WMATA's success. Further, WMATA is one of the only major transit systems in the United States that does not have a dedicated funding source.

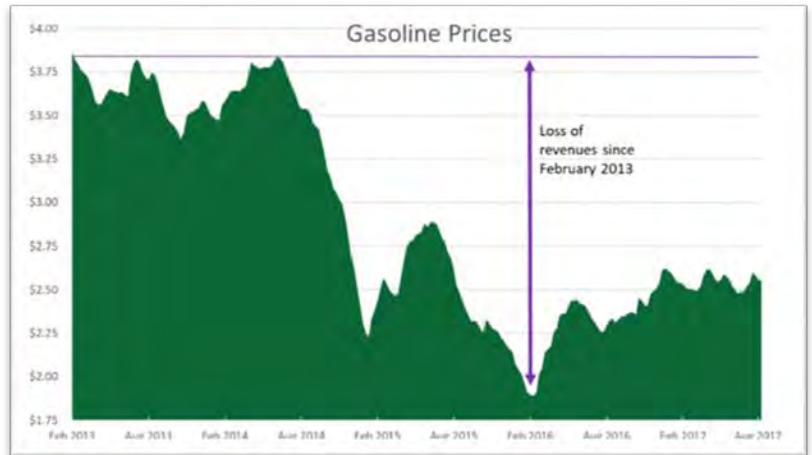
WMATA has one of the highest cost recovery rates in the country. Still, WMATA's general manager has outlined an action plan to control operational costs so that annual increases in jurisdictional contributions are limited to no more than 3 percent per year. This aggressive approach to containing costs while investing in key state of good repair improvements is a positive step toward returning WMATA to a world class transit system.

As the health of the WMATA system is critical to the economic, social and transportation vitality of Northern Virginia, NVTC supports the following legislative and policy actions related to WMATA funding:

- Identify dedicated and sustainable state and regional revenue sources that will allow WMATA to address state of good repair and help accommodate growth in the region;
- Ensure the Commonwealth continues its commitment to support its local jurisdictions' share of WMATA capital and operating costs using funds that provide the most flexibility for financing;
- Continue the Commonwealth's match any federal funding for WMATA, through PRIIA or similar authorization;
- Maintain the current capital allocation formula to ensure Virginia's financial commitments to WMATA are consistent with Virginia's ridership, stations and other factors;
- Empower the WMATA General Manager and Board of Directors to implement operational cost containment and reforms necessary to ensure the efficiency and reliability of the system;
- Develop and expand opportunities for the use of innovative state financing to support WMATA.

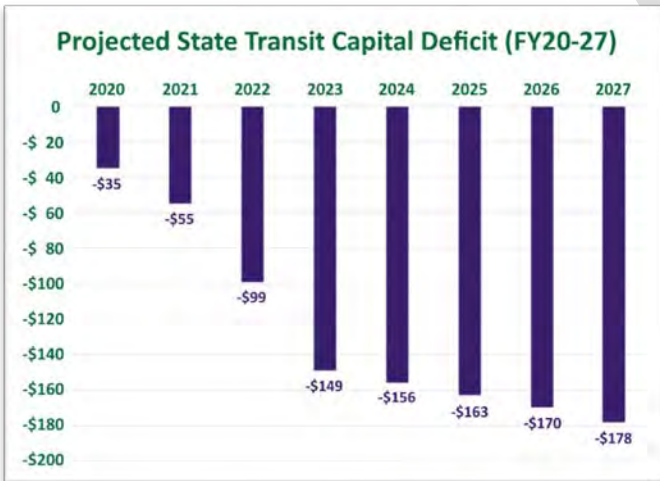
## 2. Establish Floor on Regional Gas Tax to Match State Gas Tax Floor

NVTC supports enacting the same floor on the 2.1 percent regional gas tax that is currently provided for the statewide gas tax. Such protection is critical for Northern Virginia and Hampton Roads because the reduction in gas prices has directly affected the revenues available for local governments to fund their transportation commitments, including subsidies for WMATA and VRE. The monthly revenues collected via the regional gas tax – the only dedicated source of funding for WMATA in Northern Virginia – are down as much as 40 percent since 2013. During fiscal 2017 alone, NVTC jurisdictions lost \$17 million because the regional gas tax lacks the same protective floor as the statewide tax.



## 3. Identify Funds to Address Statewide Transit Capital Shortfall

NVTC supports a statewide solution to the pending transit capital shortfall. An urgent and immediate threat to transit systems across the state will hit starting in fiscal year 2019 when the Commonwealth Transportation Board (CTB) allocates the last revenues received from the 2007 Transportation Capital Project Revenue Bonds. These bond proceeds have been a key element in Virginia’s funding for transit capital, representing 40 percent of the available revenue for transit capital investments across the state. The Transit Capital Projects Revenue Advisory Board’s recent report to the General Assembly indicates that the loss of these bond proceeds would lead to an unfunded need of more than \$130 million annually in transit capital funding.



A loss of funding will be disastrous for Northern Virginia transit providers. The reliability and service performance of our transit systems will be greatly affected, as the state match for vehicle replacement will be drop from 68 percent to less than 30 percent. A reduction in state funds will force transit to compete with local core services. Further, the loss of these funds will eliminate the Commonwealth’s ability to match federal funding for WMATA under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). PRIIA funding expires in federal fiscal 2019 and will result in the loss of \$300 million per year in federal and state/local capital funding for WMATA state of good repair projects.

The transit shortfall affects the entire Commonwealth; it is not just a Northern Virginia issue. More than 41 transit agencies across the state rely on these funds to maintain safe and reliable transit operations. In areas with limited local resources, a loss of more than 20 percent in state transit capital funding will be devastating. Finding a long-term, sustainable funding solution for the Commonwealth’s transportation needs is imperative if we are to avoid the collapse of Virginia’s transit capital program and, with it, transit operations.

## 4. Secure Dedicated Funding for VRE

As VRE executes its 2040 System Plan, it has developed an accompanying Financial Plan that identifies capital and operating needs of \$45 million annually, on average, to sustain the railroad’s current service levels. This clear and compelling need was verified by the CTB’s VRE Long Range Service Plan & Financial Analysis Review, completed in late 2016. Without additional resources to cover operating costs, service levels must be cut, leading to a “death spiral” that will force the cessation of VRE service by 2033. NVTC supports VRE’s efforts to seek this funding from the General Assembly to ensure that the commuter railroad remains a safe, reliable and viable option to residents.

## Support Opportunities to Reform and Enhance WMATA

Since its inception in 1964, NVTC has served as the venue for Northern Virginia's engagement with WMATA, responsible for administering funds and appointing Northern Virginia representatives to the WMATA Board. Virginia is unique in the WMATA Compact region in that its local governments – the cities of Alexandria, Falls Church, and Fairfax and the counties of Arlington and Fairfax – are the Compact funding partners, with Loudoun County becoming a funding partner as the Silver Line Phase 2 becomes operational in 2020. As such, NVTC – through its appointees to the WMATA Board – directly represents the Northern Virginia jurisdictions that fund WMATA.

NVTC strongly supports continued NVTC representation on the WMATA Board. It recognizes the benefit of a board that both represents the funding jurisdictions and includes elected and non-elected officials with a range of professional backgrounds. NVTC supports full voting authority for all members and a streamlining of the WMATA Board committee structure to reduce bureaucracy. NVTC supports the continued review by WMATA of its Board policies regarding conflicts of interests and fiduciary interests so that it can maintain its principled approach to decision making. It also supports elimination of the jurisdictional veto, as it impedes regional cooperation.

NVTC supports financial and operating improvements that ensure that the capital and operation funding needs of the system are sustainable. In labor negotiations, NVTC supports actions that provide the WMATA General Manager and Board with greater authority to make operational decisions and tools, such as competitive contracting of targeted functions, to improve the system's cost effectiveness without jeopardizing safety. Further, NVTC supports actions that allow WMATA to maintain funding discipline for labor costs through collective bargaining or subsequent arbitration.



## Ensure a Level Playing Field for Transit

NVTC supports the Commonwealth's SMART SCALE program and the Northern Virginia Transportation Authority's HB599 processes, where both transit and highway projects can compete for expansion funding on a level playing field for much-needed resources. As the General Assembly looks to address the future allocation of state transit capital funds, NVTC supports the use of these types of performance-based competitions when prioritizing transit expansion projects but cautions against the use of these processes for state of good repair efforts.

Transit state of good repair needs, which can be compared to highway repairs and repaving, should not be treated differently or create a larger administrative burden than is required by the highway program. Transit state of good repair needs, estimated by the Virginia Department of Rail and Public Transportation to be between 80 and 90 percent of the state transit capital funding program, are needed to replace aging buses and facilities, perform vehicle overhauls, and repair facilities and systems. For Virginia Department of Transportation (VDOT) programs, these types of projects are primarily funded through an allocation model to district offices where requests are prioritized based upon need. NVTC supports a level playing field for transit state of good repair funding that provides predictability and reflects agency priorities while not requiring additional administrative burdens.

## Foster Innovation and Technology to Improve Transit Operations and Service

NVTC will continue to support innovative technological opportunities for transportation including:

- Leveraging toll revenues to support investments in multimodal transportation improvements;
- Funding and deploying Transportation Demand Management (TDM) and Intelligent Transportation Systems (ITS);
- Acquiring a regional electronic fare payment system that decreases costs and allows riders to move seamlessly from VRE to Metro to local bus systems;
- Expanding telecommuting, ridesharing and transit ridership during peak and off-peak times through innovative incentives.

Facilitating efficient surface transportation, including public transportation, has long been recognized as a federal responsibility and is critical to U.S. global economic competitiveness. According to the American Public Transportation Association, 87 percent of the 35 million public transportation trips taken each day directly impacts the U.S. economy because Americans ride public transit to work or spend money at retail businesses and entertainment venues. In Northern Virginia, federal funding for public transportation supports capital investments in WMATA and VRE, as do allocations made by the Commonwealth and local jurisdictions. Also, the tax benefits provided to large employers – most notably the federal government – play a key role in supporting commuters who utilize transit, which benefits all the transit providers in our region.

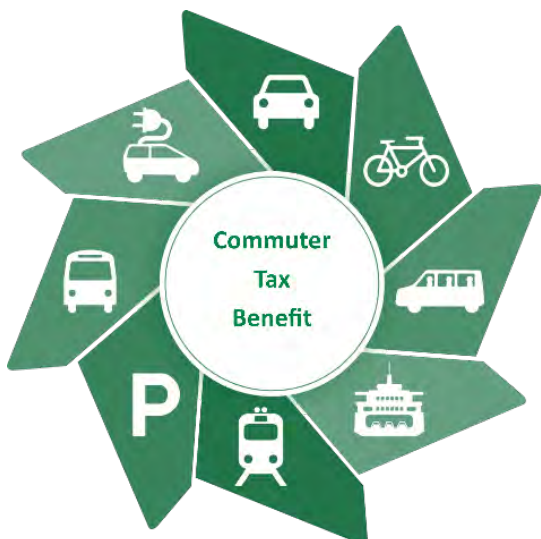
## Reauthorize Dedicated Federal Funding for WMATA

NVTC strongly supports continued dedicated federal funding for WMATA to support critical safety and state of good repair projects to match or exceed the current 10-year commitment under PRIIA. WMATA is critical to the federal government. More than half of Metrorail stations serve federal facilities and approximately 40 percent of morning peak-period customers in Virginia are federal employees. Further, WMATA enables special events in the Washington metropolitan region, such as festivals, sporting events, and inaugurations. Metrorail also allows for the evacuation of more than 120,000 people per hour during an emergency.

In 2008, Congress authorized a total of \$1.5 billion over 10 years to WMATA under PRIIA, leveraged by an equal match of funds from Virginia, Maryland and the District of Columbia. These funds have been critical in supporting the major maintenance and capital rehabilitation activities that were necessary to restore the safety and reliability of the aging transit system.

*WMATA is critical to moving our federal workforce. More than half of Metrorail stations serve federal offices and approximately 40 percent of Virginia's Metro commuters are federal employees.*

As a forum for the Northern Virginia funding jurisdictions of WMATA, NVTC is invested in its future. As such, NVTC has taken several actions demonstrating its commitment to WMATA reform. In June 2017, NVTC issued a resolution supporting financial and operating improvements that ensure that the capital and operation funding needs of the system are sustainable. In September 2017, NVTC issued a resolution identifying a series of governance and operational reforms aimed at addressing concerns of board membership, reducing bureaucracy, addressing conflicts of interests, strengthening labor negotiations and maximizing regional cooperation.



## Continue Commitment to Commuter Tax Benefits

Nearly 90 percent of VRE passengers and 65 percent of Metro's Virginia riders rely on the commuter tax benefit, a tax relief program that was restored in 2015 and serves employees of federal agencies and private sector companies across the country. NVTC supports continuation of transit commuter benefits, providing key incentives for commuters to use transit and vanpools, that are on par with the tax incentive provided for parking. This tax benefit makes transit service more attractive to commuters who currently drive alone. Further, NVTC encourages programs that support the use of carpools, vanpools, rideshare, bike share, and transportation demand management (TDM) as effective tools to eliminate traffic congestion.

## Ensure Labor Arbitration Commitments Reflect Budget Realities

To aid in controlling costs at WMATA, NVTC supports passage of federal legislation that would strengthen the requirement that transit labor arbitration awards be consistent with the financial conditions of the negotiating transit agency. Currently, the National Capital Area Interest Arbitration Standards Act (Wolf Act) permits but does not mandate arbitration awards based upon financial condition. Strengthening this language would allow management to keep labor costs in alignment with the financial condition of the transit agency and its funding jurisdictions.

## Fully Fund Federal Surface Transportation Programs

The Fixing America's Surface Transportation (FAST) Act of 2015 provides \$61.1 billion over five fiscal years for programs administered by the Federal Transit Administration (FTA). The law, which authorized \$11.8 billion for public transit programs in fiscal 2016, increases the total authorization to \$12.6 billion in fiscal 2020, which is 17.7 percent over the fiscal 2015 level. It continues funding programs that are used by systems in Northern Virginia, including Urbanized Area Formula Grants, grants for the Enhanced Mobility of Seniors & Individuals with Disabilities, Bus and Bus Facilities Grants Program, discretionary grant programs, and State of Good Repair Formula Grants. It also authorizes the Capital Investment Grants program, which supports new major transit expansion activities. The legislation continues the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing programs, as well as the multimodal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Program (CMAQ).

*Federal transit programs support more than 40 percent of capital funding to U.S. transit agencies.*

*In Northern Virginia, FTA's formula programs support WMATA, VRE and PRTC. Its competitive capital programs have funded new Metrorail stations, bus maintenance facilities and the Silver Line Phase I extension and are promising resources for new bus rapid transit lines and rail capacity expansions.*

In anticipation of the next authorization and during annual appropriations activity, NVTC supports Congressional actions that:

- Identify new and enhanced revenues to increase the level of federal investment in the nation's transportation infrastructure;
- Ensure that funding structures support all modes of public transportation and the use of innovative funding techniques;
- Allow transit labor arbitration awards to reflect the financial conditions of the transit agency;
- Affirm that all interstate highway toll revenues can be used for transit capital and operations;
- Appropriate annual funding for the FTA's Capital Investment Grants program (New Starts, Small Starts, and Core Capacity) consistent with the authorized levels of the FAST Act;
- Provide annual funding for the Transportation Improvements Generating Economic Recovery (TIGER) discretionary grant and the Federal Highway Administration's Infrastructure for Rebuilding America (InFRA) grant programs;
- Simplify the distribution of federal flex funding through programs like STP and CMAQ to provide greater authority to local government and regional agencies to determine how the funding is spent; and
- Streamline environmental reviews when multiple federal agencies are involved so that the environmental impacts of a project can be efficiently identified and addressed.

## Enable In-State Collection of Online Retail Sales Tax

NVTC supports passage of legislation, such as the Marketplace Fairness Act of 2015, to allow the Commonwealth of Virginia to collect sales tax on purchases made through online retailers. If Marketplace Fairness is enacted, Virginia Code (HB2313) includes a provision to ensure that the Commonwealth spends a portion of the collected funds on transit projects.

## Agenda Item #7: Proposed FY2019 G&A Budget and 2018 Work Plan



**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kate Mattice and Scott Kalkwarf  
**DATE:** November 30, 2017  
**SUBJECT:** Proposed FY2019 G&A Budget and Work Plan

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### A. Proposed FY2019 G&A Budget and 2018 Work Plan

The Commission will be briefed on the [proposed FY2019 NVTC General and Administrative Budget](#) and [NVTC Work Plan](#). The budget has been reviewed by jurisdiction staff, and was discussed by the Executive Committee in November. At the December 7<sup>th</sup> Executive Committee meeting, staff will request the Committee to approve that the budget be provided to the full Commission as presented. The Commission will then be asked to approve the budget at the January 4<sup>th</sup> meeting.

The proposed budget includes resources to accomplish the NVTC Work Plan, including the administration of the I-66 Commuter Choice program. Total expenses are proposed to increase by \$162,400, or 6.9 percent over the approved FY2018 budget. Of this increase, \$155,500 is for administration of the I-66 Commuter Choice program, leaving a net increase of \$6,900, or 0.3 percent over the approved FY2018 budget for the balance of NVTC's operating program.

The proposed increase in the I-66 Commuter Choice program budget supports the need for consulting services to assist in a FY2019 Call for Projects. Unlike FY2018, VDOT has indicated that it will no longer fund consulting support for the program, necessitating NVTC to directly procure these services. The FY2019 budget proposes use of toll revenue to cover all of this support, as well as cover the anticipated staff time directly related to the project.

Staff levels are held constant at the FY2017 and FY2018 approved budget levels, and include a provision for performance-based increases averaging three percent. A modest increase in Non-Local Travel is proposed within the budget, as staff anticipates increased travel to Richmond during the fiscal year. The large percentage drop in the Computer Operations line reflects the drop off of the one-time expenditure in the FY2018 approved budget for the replacement of NVTC's financial accounting system. The Contract Services and Support line includes a provision for research and technical support efforts, human resources support, NVTC's state liaison activities contract, and non-payroll costs for the I-66 Commuter Choice program.

The budget is funded primarily by contributions from the NVTC member jurisdictions (including direct contributions) and an amount taken off the top of state assistance as it

becomes available to NVTC. Project chargebacks include revenue for the I-66 Commuter Choice program for anticipated staff time and non-payroll costs. Appropriated surplus above NVTC's minimum operating requirement is also included as a source of revenue, which is the result of positive budget variances in prior years.

Detailed footnotes are included to provide additional information about the various lines, how amounts have been budgeted, and the reason for the more significant changes from the prior year.

**B. ACTION ITEM: Authorize Executive Director to Sign a Letter of Intent to Negotiate an Amendment to the NVTC Office Lease**

The Commission is asked to authorize the executive director to sign a non-binding letter of intent with the NVTC office building owner to negotiate an amendment to the NVTC office lease.

Due to the lack of space in NVTC's office suite, staff has explored opportunities that recently developed within the Navy League Building, where NVTC's offices are presently located. While NVTC has eleven full-time staff, one approved yet unfilled full-time position, and up to two fellows at any time, NVTC's suite includes only eight internal offices. Over the past several months, NVTC's real estate broker, MGA, Inc., has been working with NVTC staff to identify opportunities with minimal impact and cost to the Commission. As a result of current building vacancy, MGA has identified an opportunity within the Navy League Building that could allow NVTC to extend its existing office lease, but for a larger space on the second floor that would accommodate NVTC's needs.

While the specifics of the lease extension are still under negotiations, the next step is for NVTC to sign a Letter of Intent, so that NVTC through MGA, and the Navy League may finalize the terms of a lease amendment. The Letter of Intent is a non-binding document where all parties may walk away at any time without consequence. An early draft of the letter has been reviewed by NVTC counsel.

Once final negotiations have been completed, representatives of MGA will brief the Commission on the terms that were reached with the Navy League. Assuming the terms are agreeable by the Commission, the executive director would seek approval to amend the office lease.



**PROPOSED BUDGET**

**FISCAL YEAR  
2019**

**(July 1, 2018 – June 30, 2019)**

**--December 7, 2017 --**

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**SCHEDULE OF REVENUE**  
Proposed

	<b>FY 2017 Actual</b>	<b>Approved Budget FY 2018</b>	<b>Proposed Budget FY 2019</b>	<b>FY18 - FY19 Increase (Decrease)</b>	<b>Percent Change</b>
Local Share from State Aid (Note 1)	\$ 1,516,253	\$ 1,618,253	\$ 1,558,153	\$ (60,100)	
Local Direct Contributions (Note 1)					
Alexandria	37,846	38,378	39,689		
Arlington	57,038	55,451	57,815		
City of Fairfax	4,855	4,841	4,660		
Fairfax County	170,160	173,721	169,598		
Falls Church	2,336	2,270	2,325		
Loudoun	12,012	9,586	10,160		
Total Local Direct	<u>284,247</u>	<u>284,247</u>	<u>284,247</u>	<u>-</u>	
Total Contributions	1,800,500	1,902,500	1,842,400	(60,100)	-3.2%
Interest and Other Revenue	4,369	2,000	5,000	3,000	150.0%
Project Chargebacks (Note 2):					
I-66 Commuter Choice	-	183,300	338,800	155,500	84.8%
VRE / Other	80,000	80,000	80,000	-	0.0%
Project Grant Billings (Note 3)	33,707	40,000	40,000	-	0.0%
Appropriated Surplus (Note 4)	14,202	130,000	194,000	64,000	49.2%
<b>Total Revenue</b>	<b><u>\$ 1,932,778</u></b>	<b><u>\$ 2,337,800</u></b>	<b><u>\$ 2,500,200</u></b>	<b><u>\$ 162,400</u></b>	<b><u>6.9%</u></b>
<i>I-66 Commuter Choice Costs (Note 24)</i>		183,300	338,800	155,500	84.8%
<i>Operating Program, Excluding I-66</i>	<u>\$ 1,932,778</u>	<u>\$ 2,154,500</u>	<u>\$ 2,161,400</u>	<u>\$ 6,900</u>	<u>0.3%</u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION  
SCHEDULE OF EXPENDITURES**

Proposed

	<u>FY 2017 Actual</u>	<u>Approved Budget FY 2018</u>	<u>Proposed Budget FY 2019</u>	<u>FY18 - FY19 Increase (Decrease)</u>	<u>Percent Change</u>
<u>Personnel Costs</u>					
Salaries and Wages (Note 5)	\$ 1,117,536	\$ 1,340,500	\$ 1,347,900	\$ 7,400	0.6%
Fellow Program (Note 5)	47,490	50,000	50,000	-	0.0%
Total Personnel Costs	<u>1,165,026</u>	<u>1,390,500</u>	<u>1,397,900</u>	<u>7,400</u>	<u>0.5%</u>
<u>Benefits</u>					
Employer's Contributions					
FICA and Medicare (Note 6)	78,054	93,500	93,200	(300)	-0.3%
Group Health Insurance (Note 7)	80,119	130,700	134,700	4,000	3.1%
Retirement (Note 8)	110,452	123,500	126,900	3,400	2.8%
Workers & Unemployment Comp.	2,055	4,900	4,700	(200)	-4.1%
Life Insurance	3,851	5,100	5,400	300	5.9%
Long Term Disability Insurance	5,425	6,500	6,700	200	3.1%
Total Benefit Costs	<u>279,956</u>	<u>364,200</u>	<u>371,600</u>	<u>7,400</u>	<u>2.0%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem (Note 9)	13,750	12,800	13,700	900	7.0%
<b>Rents:</b>	<b>229,873</b>	<b>246,000</b>	<b>253,000</b>	<b>7,000</b>	<b>2.8%</b>
Office Rent (Note 10)	215,830	229,700	236,300	6,600	2.9%
Parking / Metrochek	14,043	16,300	16,700	400	2.5%
<b>Insurance:</b>	<b>6,682</b>	<b>6,800</b>	<b>7,000</b>	<b>200</b>	<b>2.9%</b>
Public Official Bonds	2,200	2,000	2,200	200	10.0%
Liability and Property (Note 11)	4,482	4,800	4,800	-	0.0%
<b>Travel, Training and Development</b>	<b>28,366</b>	<b>30,300</b>	<b>32,200</b>	<b>1,900</b>	<b>6.3%</b>
Conferences / Prof. Devel (Note 12)	14,931	17,000	17,000	-	0.0%
Non-Local Travel	3,030	2,500	4,000	1,500	60.0%
Local Travel, Meetings (Note 13)	10,405	10,800	11,200	400	3.7%
<b>Communication:</b>	<b>10,462</b>	<b>13,000</b>	<b>12,600</b>	<b>(400)</b>	<b>-3.1%</b>
Postage (Note 14)	1,183	1,700	1,500	(200)	-11.8%
Telephone and Data (Note 15)	9,279	11,300	11,100	(200)	-1.8%
<b>Publications &amp; Supplies</b>	<b>11,130</b>	<b>12,500</b>	<b>12,500</b>	<b>-</b>	<b>0.0%</b>
Office Supplies (Note 16)	1,692	2,700	2,700	-	0.0%
Duplication and Printing (Note 17)	8,691	9,300	9,300	-	0.0%
Public Information	747	500	500	-	0.0%
<b>Operations:</b>	<b>13,647</b>	<b>45,500</b>	<b>26,200</b>	<b>(19,300)</b>	<b>-42.4%</b>
Furn.and Equip. (Capital) (Note 18)	6,158	11,000	11,000	-	0.0%
Repairs and Maintenance	66	1,000	1,000	-	0.0%
Computer Operations (Note 19)	7,423	33,500	14,200	(19,300)	-57.6%
<b>Other General and Administrative</b>	<b>7,219</b>	<b>8,600</b>	<b>8,700</b>	<b>100</b>	<b>1.2%</b>
Memberships	1,187	1,400	1,400	-	0.0%
Fees and Miscellaneous	5,782	5,600	5,800	200	3.6%
Advertising (Note 20)	250	1,600	1,500	(100)	-6.3%
Total Administrative Costs	<u>321,129</u>	<u>375,500</u>	<u>365,900</u>	<u>(9,600)</u>	<u>-2.6%</u>
<u>Contracting Services and Other</u>					
Auditing (Note 21)	30,025	22,600	31,200	8,600	38.1%
Contract Services & Support (Note 22)				-	
I-66 Commuter Choice	49,577	50,000	198,600	148,600	297.2%
Other	52,065	100,000	100,000	-	0.0%
Legal (Note 23)	35,000	35,000	35,000	-	0.0%
Total Contract Services	<u>166,667</u>	<u>207,600</u>	<u>364,800</u>	<u>157,200</u>	<u>75.7%</u>
<b>Total Operating Program</b>	<b><u>\$ 1,932,778</u></b>	<b><u>\$ 2,337,800</u></b>	<b><u>\$ 2,500,200</u></b>	<b><u>\$ 162,400</u></b>	<b><u>6.9%</u></b>
<i>I-66 Commuter Choice Costs (Note 24)</i>		183,300	338,800	155,500	84.8%
<i>Operating Program, Excluding I-66</i>	<u><u>\$ 1,932,778</u></u>	<u><u>\$ 2,154,500</u></u>	<u><u>\$ 2,161,400</u></u>	<u><u>\$ 6,900</u></u>	<u><u>0.3%</u></u>

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**Notes to Fiscal Year 2019 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 19 budget is based on the FY 17 revenue and Subsidy Allocation Model (SAM) formula.

**Revenue from State Assistance**

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

**2. Revenue: Project Chargebacks**

This category consists primarily of charges for NVTC staff support for VRE and reimbursed from VRE's budget, and reimbursable expenses related to the administration of the I-66 Commuter Choice Project.

**3. Revenue: Project Grant Billings**

The FY 19 budget assumes a grant from DRPT's Intern Program that provides funding at 80 percent of payroll and related costs of NVTC's Transit Fellows program.

**4. Revenue: Appropriated Surplus**

Included as a source of revenue in the FY 19 budget is a projected excess accumulated surplus that is available to offset the proposed operating 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 19 budget includes a \$7,400, or 0.6% increase in compensation from the FY 18 approved budget. The budget holds staff levels constant with the FY 17 and FY 18 approved budgets, however two positions were reclassified. The budget assumes 3% average performance-based pay increases.

**Fellows Program**

The proposed budget will continue the NVTC Fellows Program, which began in FY 15, by building NVTC's technical capacity and to strengthen its ties with members of the research network. As in other years, NVTC anticipates applying for a DRPT Intern Program grant for FY 19, which covers 80% of the costs of the Fellows Program.

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

**6. FICA and Medicare**

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

**7. Group Health Insurance**

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

**8. Retirement**

The budgeted amount of employer pension contributions for the NVTC Target Benefit Pension Plan is based on actuarial formulas using budgeted staff and salary levels for FY19. Because the formulas take into account factors in addition to payroll costs, such as years to retirement and investment return, changes in budgeted contributions do not necessarily change directly with budgeted payroll.

**9. Commissioners' Per Diem**

The FY 19 budget is based upon the FY 17 actual expenditures, recognizing per diem payments to the Commonwealth's representative to NVTC which became effective July 1, 2016, additional Loudoun representation, and an increase in meetings with Commissioner representation. Commissioners, other than senators and delegates, are paid at the statutory rate of \$50.

**10. Office Rent**

The administrative office lease was renewed during FY 11 for the period January 2011 through May 2021. Rent expense included in the FY 19 budget is based upon the fixed costs of the lease, with a provision for increases in pass-through expenses, real estate taxes, and a provision for increased office space. Off-site file storage is also included in this line.

**11. Insurance: Liability and Property**

The FY 19 budget is based on the most recent premium year with a provision for increasing costs.

**12. Conference / Professional Development**

Included in this line for FY 19 are the estimated registration, travel and lodging costs for conferences, professional development, in-house training, and accreditation. The budget assumes NVTC staff will participate in the Governor's Transportation Conference and the Virginia Transit Association Conference, and represent the region in conferences hosted by a variety of organizations. With the initiation of the I-66 Commuter Choice Program, our engagement in WMATA reform and funding discussions, and our participation in state-level funding discussion, NVTC staff have been asked to speak at several conference and events outside the Washington, DC region. Wherever possible, NVTC

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will continue to minimize travel expenditures through locally-sponsored events and maximize opportunities to speak at events where the registration fee is waived for speakers.

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

This line includes the costs of NVTC Commission meetings, hosting regional meetings and events, and the costs of NVTC staff traveling to meetings elsewhere in the region. The cost for membership in Zip Car and Capital Bikeshare is included in this line.

**14. Postage**

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

**15. Telephone and Data**

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

**16. Office Supplies**

The FY 19 budget for this item is based on the average of prior years' actual costs.

**17. Duplication and Printing**

During FY 16, NVTC negotiated a five-year copier lease and service contract. The FY19 budget is based on these agreements and projected usage levels. The cost of paper and staples, which are not included in the contract, have been budgeted based upon prior year costs.

**18. Furniture and Equipment**

This budget category provides for the replacement and acquisition of office furniture and equipment, including computer hardware.

**19. Computer Operating Expense**

Computer operating expenses include outside network consulting and services, software licensing fees, software upgrades and supplies, web hosting fees, hosted email, and a provision for disaster recovery efforts. The FY 19 budget is based on an average of prior year actual costs, with a small provision for disaster recovery costs.

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

The FY 19 budget includes a provision for personnel and procurement advertising. An average of prior year costs was used to develop the budgeted amount as this category fluctuates from year to year based on needs.

**21. Auditing**

NVTC entered into a three-year contract for auditing services beginning with the audit of FY 15, with two, two-year options. The FY19 budget is based on the costs included in this contract, and includes the bi-annual pension plan audit.

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**22. Contract Services and Support**

**I-66 Commuter Choice**

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 17, NVTC launched the initial year of the I-66 Commuter Choice Program. The consulting firm, Kimley-Horn, provided program support to NVTC for this effort through a Virginia Department of Transportation (VDOT) contract vehicle, fully funded by VDOT. VDOT continued that commitment through the FY2018 I-66 Commuter Choice call for projects.

NVTC anticipates issuing a Call for Projects during FY19, where a similar level of effort as the FY18 Call for Projects is anticipated. Unlike FY18, VDOT has indicated that it will no longer fund consulting support for these purposes. As such, NVTC intends to use toll revenues to select consulting support through a competitive process.

**Other**

The FY 19 budget includes a provision for research and technical support efforts, specialized analysis, related publications, and a provision for contracted human resource support. NVTC's state liaison activities contract is also funded in this line item. Whenever possible, NVTC intends to leverage other funding sources and utilize contracts of other agencies in an effort to reduce costs.

**23. Legal**

In FY 15, the Commission appointed Arlington County's Counsel as Counsel to NVTC. Appointed Counsel has provided essential services in matters internal to the commission and in relation to the Commission's roles and responsibilities with regard to WMATA. In addition, Counsel has provided advice, drafting, and training with respect to compliance with Virginia FOIA and Open Meetings Act requirements, as well as review of contracts, agreements and board resolutions. NVTC's Counsel also serves as counsel for VRE.

**24. I-66 Commuter Choice Costs**

As explained in Note 22, the General and Administrative budget includes costs for the I-66 Commuter Choice Program, which are expected to be funded through toll revenues received by NVTC. A summary of these costs is presented below:

	Approved Budget FY 2018	Proposed Budget FY 2019	FY18-FY19 Increase (Decrease)
Direct Payroll	\$ 101,000	\$ 106,100	\$ 5,100
Other Direct Payroll Costs	32,300	34,100	1,800
Contract Services	50,000	198,600	148,600
<b>Total I-66 Commuter Choice Direct Costs</b>	<b>\$ 183,300</b>	<b>\$ 338,800</b>	<b>\$ 155,500</b>

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## PROPOSED - **Work Plan** - PROPOSED

January 2018 - June 2019

*The NVTC Work Plan serves as a guiding document for NVTC staff to support the mission of the Commission. This Work Plan identifies specific programs, projects, and tasks that NVTC staff intend to perform during the period from January 2018 through June 2019 (fiscal years FY2018 – 2019). This document supports NVTC's Strategic Framework, Implementation Plan, and Regional Bus Agenda, and was developed in consultation with the Management Advisory Committee. This document is intended to be a living document that can be updated as priorities and projects change.*

NVTC's activities in the Work Plan are categorized into the following focus areas:

- |  |                                 |
|--|---------------------------------|
| A. Planning & Programs                                       | E. Legislative & Policy Efforts |
| B. Financial Analysis  | F. Virginia Railway Express     |
| C. Grants Management, Trust Funds, Contracts<br>& Compliance | G. WMATA                        |
| D. Information & Engagement                                  | H. NVTC Internal Operations     |
|  | I. Commission Management        |

### Northern Virginia Transportation Commission

**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.

#### NVTC Strategic Goals

1. 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.
2. Improve the access and mobility throughout Northern Virginia by connecting the regional and local transit systems.
3. Promote safe, reliable, and financially sound performance and management of regional transit systems.

## NVTC Work Plan

### A. PLANNING & PROGRAMS

Support and facilitate safe and reliable transit in Northern Virginia through transit planning, research, data analysis and regional coordination.

#### Actions:

#### **Data & Research**

- 1) Regional Transit Performance Data Collection and Analysis
  - a) Collect and analyze transit data and publish the Annual Transit Performance Update. Provide jurisdictional and regional transit performance data through materials and presentations, and on NVTC's website. Work with local governments to coordinate collection of performance data for Federal Transit Administration's (FTA) National Transit Database (NTD) reports.
  - b) Manage the contract for NTD data collection on behalf of Northern Virginia's transit systems. Oversee data collection efforts to facilitate the receipt of federal funds to the region.
  - c) Report the Washington Metropolitan Area Transit Authority's (WMATA) monthly ridership and parking utilization to comply with the Department of Rail and Public Transportation's (DRPT) OLGA reporting requirements and report to NVTC commissioners. Ensure that the data are consistent, timely and accurate.
  - d) As requested, provide ad hoc data analysis for NVTC jurisdictions and the Commission on regional and national issues that impact transit planning, operations and organizations, and ridership. Use technical tools to perform in-depth, regional and multi-jurisdictional analyses in support of Northern Virginia transit systems.
- 2) Regional Bus Agenda 2.0
  - a) Develop jurisdictional transit network models for demand projection and operational planning analyses.
  - b) Collect necessary data from sources including jurisdictions and effectively manage them to enable implementation of the demand projection model.
  - c) In close consultation with jurisdictions, analyze various operational scenarios including additions, eliminations, and modifications of bus routes, service level changes (e.g., increases and cuts), and changes in external circumstances, including demographic changes, macroeconomic shocks and changes in networks of complementing transit systems.
  - d) Disseminate findings through authoring reports and presentations.
  - e) Enhance the model and conduct region-wide analyses.
  - f) Document implementation procedure so any NVTC analyst can implement the model in the Northern Virginia context.
- 3) Quantification of Transit Access and Transportation Demand Management Projects
  - a) In support of evaluating the impact of transit access projects under the I-66 Commuter Choice Project, work with local jurisdictions and DRPT to develop measures that assess the impact of regional pedestrian, bike share, bicycle, and TDM efforts on transit ridership and other outcomes.

- 4) Analysis of Regional and Statewide Economic Benefits of NOVA Transit
  - a) Evaluate commuter rail benefits on affordable housing markets, job accessibility, and person throughput related congestion metrics.

### **I-66 Commuter Choice Program**

- 1) Program Management and Administration
  - a) Provide ongoing administration of funded projects to ensure performance and compliance with terms of project agreement.
  - a) Continue to work with staff and attorney on policy decisions governing future calls for projects and project administration.
  - b) Manage submission and evaluation of annual performance reports and reporting to the Commission and CTB.
  - c) Continue to work with financial counsel and financial advisors on financing issues as needed.
- 2) Annual Project Selection Process
  - a) Prepare application materials needed for the calls for Commission approval.
  - b) Hold educational meetings with potential applicants. Provide technical assistance and guidance during application process.
  - c) Lead technical and jurisdictional working group in the evaluation and scoring of project applications.
  - d) Develop one or more project list scenarios for presentation to the working group and consideration by the Commission.
  - e) Hold public meetings to explain projects to the public and answer questions about the program.
  - f) Prepare project list proposal and supporting materials for the Commission and CTB consideration.
- 3) Project Agreements
  - a) Facilitate execution of project agreements for approved projects with awarded jurisdictions and Commission.
- 4) Outreach
  - a) Create, maintain and update the Commuter Choice website to explain the program to the public as well as provide application materials to entities.
  - b) Plan and implement public meetings and public input process.
  - c) Plan and implement groundbreaking events in collaboration with local jurisdictions and transit providers.
  - d) Promote the I-66 Commuter Choice program and events through NVTC's social media and other venues.

### **Envision Route 7**

- 1) Conceptual Engineering Study: Continue to study the technical and financial feasibility of a Bus Rapid Transit (BRT) option in the Route 7 corridor in coordination with the member jurisdictions, as part of the Envision Route 7 project.
  - a) Meet and coordinate with relevant jurisdictional staff to further the study of high quality transit on Route 7.

- b) Facilitate a conceptual engineering draft scope of study to help facilitate continued study in the corridor, identify right of way needs, as well as preserve existing right of way as redevelopment in the corridor occurs.
- c) Assist in identifying financial resources for continued study and programming for BRT along the Route 7 corridor.
- d) Continue advocating for high quality transit in the Route 7 corridor and inclusion of transit options for the corridor in regional planning studies.

### **Regional Fare Collection Program**

- 1) Farebox/Driver Control Unit (DCU) Upgrade Support:
  - a) Coordinate with WMATA and local jurisdictions on design, testing, and procurement to deliver hardware and software upgrades for buses and bus garages, including:
    - i) gathering functional and technical requirements;
    - ii) reviewing plans and submittals; overseeing testing and evaluation;
    - iii) supporting coordination with WMATA and NVTC jurisdictions through regular updates on activities, progress and analysis and actively seeking input on the entities' needs;
    - iv) working with the jurisdictions to identify integration capabilities and to review the preferred integration approach from technical and contractual perspectives;
    - v) identifying and negotiating integration capabilities of existing fareboxes to the new Regional Fare Collection Program;
    - vi) reviewing integration conceptual designs and contractual change documents related to this integration; and
    - vii) reviewing pilot and testing activities, plans and results.
- 2) Off-Board Fare Collection:
  - a) Work with jurisdictions to coordinate regional off-board payment activities through:
    - i) analyzing vendors and technologies;
    - ii) assisting in evaluation and selection of a strategy considering issues such as networking requirements, payment card industry data security standard compliance, and backend integration with the Regional Fare Collection Program; and
    - iii) supporting procurement of selected technologies to include vendor oversight and coordination, design reviews, backend integration, testing and installation.
- 3) Next Generation Regional Fare Collection:
  - b) Collaborate with jurisdictions to plan a future fare collection system, including:
    - i) working with jurisdictions to understand future fare collection vision, needs and timelines;
    - ii) communicating emerging fare collection technology;
    - iii) leading discussions of long-term fare collection strategy to include fare collection as a service, mobile payments, payment convergence with other services as needed and other account-based approaches;
    - iv) examining the capabilities to leverage existing fare collection capabilities within the region including mobile ticketing applications; and
    - v) coordinating discussions with WMATA on moving forward on future regionally coordinated fare collection procurements.

**Emergency Preparedness**

- 1) Metrorail Station Plans
  - a) Work closely with Northern Virginia jurisdictional staff, transit providers and WMATA to finalize emergency preparedness plans for each of Virginia's 25 Metrorail stations in order to expedite the safe evacuation of potentially thousands of riders in the case of an emergency.
  - b) Work with WMATA to ensure NVTC plans are consistent with WMATA's Emergency Response and Evacuation plans and training exercises.
  - c) Observe relevant, quarterly emergency-preparedness exercises conducted by WMATA and incorporate lessons learned into station plans.
  - d) Participate in jurisdictional tabletop exercises, as needed.
- 2) Northern Virginia Transit Response Coordination
  - a) Coordinate any necessary closeout or ad hoc efforts of the Northern Virginia SafeTrack Group to discuss the impacts and mitigation efforts of WMATA's track work or other major service disruption events on an as needed basis.
  - b) Conduct or participate in lessons learned activities from SafeTrack mitigation activities.

**I-395 Annual Transit Payment Program**

- 1) Program Development
  - a) Coordinate with PRTC and NVTC jurisdictional staff in the development of a memorandum of agreement between NVTC and PRTC on the selection and administration of multimodal projects from the Annual Transit Payment provided by the Commonwealth from the I-395 Express Lanes.

**Regional Collaboration**

- 1) Use NVTC's Management Advisory Committee (MAC) as a forum to facilitate cooperative regional solutions and keep local governments informed.
- 2) Participate with the Northern Virginia Transportation Authority (NVTA) on regional planning efforts in order to better provide for regional transit needs.
- 3) Participate and provide regional-focused contributions to technical committees assisting in planning, funding, preliminary engineering and environmental analysis for transit in the region, including but not limited to:
  - a) Transportation Planning Board (TPB) Technical Committee
  - b) TPB Long Range Planning Task Force
  - c) TPB Travel Forecasting Subcommittee
  - d) TPB Regional Public Transportation Subcommittee
  - e) NVTA's Regional Jurisdiction and Agency Coordinating Committee
  - f) DRPT's I-395 Transit/Transportation Demand Management Study Key Stakeholder Technical Advisory Group
  - g) VDOT/DPRT Transform 66 Inside and Outside the Beltway Stakeholder Technical Advisory Groups
  - h) VDOT VTrans, the Commonwealth's long-range transportation plan.
  - i) VRE Coordination Committee
  - j) VRE Chief Administrative Officer's Task Force

## B. FINANCIAL ANALYSIS

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, the Commonwealth, the region and the private sector.

### Actions

- 1) Regional Gas Tax Revenues
  - a) Monitor NVTC's 2.1 percent gas tax receipts from the Division of Motor Vehicles (DMV) for reasonableness of collections in total and by jurisdiction.
    - i) Employ database and spreadsheet models to identify unanticipated discrepancies on a taxpayer level by jurisdiction and in total.
    - ii) Maintain communications with DMV in regard to both unusual activity identified by NVTC, and DMV audit activity, and make suggestions for improving the program.
    - iii) Brief MAC as needed on processes, issues and solutions.
- 2) Ensure the stability of the current sources of transit funding available to NVTC's local governments.
- 3) Serve as the central point of contact for Northern Virginia transit system financial information.
- 4) State Transit Revenues
  - a) Participate on the Transit Service Delivery Advisory Committee (TSDAC) to assist DRPT in reviewing the distribution process for transit capital and operating funds.
- 5) 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) Actively 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) Help coordinate regional efforts and prepare analytic tools, communication materials and editorials to promote such funding.
  - e) Analyze funding proposals produced by regional and statewide studies and identify policy issues for consideration by the Commission.
  - f) Identify and help obtain funding for new transit projects that are recommended by NVTC's jurisdictions.

### C. GRANTS MANAGEMENT, TRUST FUNDS, CONTRACTS & COMPLIANCE

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.

#### Actions:

##### **State Assistance**

- 1) Prepare and submit state assistance applications through DRPT's Online Grant Administration (OLGA) system as grantee for the NVTC jurisdictions' share of WMATA operating subsidies and capital requirements.
- 2) Report WMATA annual ridership, operating expenses, performance metrics data, and other information as requested by DRPT as a requirement for receiving state assistance. This data is utilized by DRPT in calculating NVTC's operating assistance.
- 3) Review and submit state operating and capital assistance applications for local systems through DRPT's OLGA system as agent for the NVTC jurisdictions.
- 4) Manage NVTC and NVTC jurisdiction state grants, including the preparation and review of timely grant invoicing.
- 5) Participate with VRE and NVTC jurisdictions in quarterly project status review meetings with DRPT.
- 6) Work with DRPT and grantees to achieve the maximum funding available.

##### **NVTC Subsidy Allocation Model**

- 1) Maintain NVTC's subsidy allocation model (SAM) utilizing the most recent WMATA and local budget information on transit costs, revenues and subsidies.
- 2) Determine each local government's share of NVTC assistance using the annual SAM percentages.
- 3) Apportion shares of the direct local contributions to NVTC's administrative budget using the annual SAM percentages.
- 4) Provide projections and other analysis of annual transit assistance to the NVTC members for planning purposes.

##### **NVTC Jurisdiction Trust Funds**

- 1) Allocate revenue to NVTC jurisdictions through the NVTC trust fund upon receipt using the annual SAM percentages.
- 2) Prepare timely and accurate quarterly cash flow forecasts of available transit assistance sources and uses for the NVTC jurisdictions.
- 3) Prepare quarterly reports of actual NVTC trust funds activity for use by NVTC jurisdictions.
- 4) Manage and invest trust funds according to NVTC policy by safeguarding assets while maximizing liquidity and investment return.

**Financial Reporting, Accounting, Audit, Compliance & Contracting**

- 1) Prepare the annual financial statements, disclosures, and supplementary information for NVTC's annual audit.
- 2) Manage a multi-year audit services contract.
- 3) Accomplish unqualified auditors' opinions and provide financial and compliance reports to the appropriate regulatory agencies.
- 4) Maintain up-to-date compilations of state and federal grant regulations and ensure staff is adequately trained in grant, contract and project management.
- 5) Maintain current documents and policies to facilitate prompt procurement in compliance with state and federal laws.
- 6) Perform internal accounting functions, including invoicing, accounts receivable, cash receipts, accounts payable, disbursements and transfers, payroll, general ledger and reconciliations.

**Federal Grants**

- 1) Apply for and manage federal grants for member jurisdictions as required as designated recipient for FTA funds. Currently, NVTC is the designated recipient of federal grants for the cities of Alexandria and Falls Church. For these grants, NVTC will:
  - a) Maintain both subrecipient agreements outlining terms, conditions and expectations, and an annual checklist outlining the range of tasks and corresponding completion dates.
  - b) Review reimbursement requests to ensure funding is for eligible activities and is in compliance with FTA requirements.
  - c) Host quarterly project management meetings with the subrecipient and FTA.
  - d) File quarterly financial and milestone reports (1/30, 4/30, 7/30, 10/30), biannual Disadvantaged Business Enterprise (DBE) reports (6/1, 12/1) and other required documentation in FTA's grants management system (TrAMS).
  - e) Close out completed grants.
- 2) Ensure NVTC and subrecipients are in compliance with all relevant FTA regulations and guidelines in numerous areas such as legal, financial, technical, continuing control, maintenance, procurement, DBE program, Title VI civil rights compliance, and National Transit Database.
  - a) Submit annual certifications and assurances to the FTA.
- 3) Actively administer Title VI and DBE programs with FTA; manage programs and perform required reporting.

## D. INFORM & ENGAGE

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

### Actions:

#### **Partnerships**

- 1) Identify opportunities to host or participate in transit-related events with Northern Virginia's chambers of commerce and other business representatives.
- 2) Partner with government agencies, business groups, and national, state and local associations to promote transit through educational programs, complementary messaging and attendance at conferences, seminars and workshops.
- 3) Develop network of jurisdictional and agency public information officers to facilitate the sharing of information, work on projects of mutual benefit, and leverage resources.
- 4) Serve as a member of the Virginia Transit Association's (VTA) annual awards and conference planning committees.

#### **Internal & External Relations**

- 1) Serve as the central point of contact for the news media, interest groups, U.S. Congress and Virginia General Assembly, and public for transit issues in Northern Virginia.
  - a) Keep the news media, interest groups and local jurisdictions apprised of Commission meetings and hearings, actions, analyses, research, reports and events.
  - b) 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, and staff.
  - c) Participate and speak at chamber of commerce events, homeowner association meetings, and jurisdictional governing-body and committee meetings as requested.
- 2) Develop and distribute information and resources necessary for Commissioners to fulfill their responsibilities, including the annual member manual, NVTC website updates, e-newsletters and monthly Executive Director reports.
- 3) Develop and distribute written and visual communications, such as project fact sheets, issue briefs, web content, frequently asked questions, press releases and targeted e-mail communications on transit-related topics, as well as testimony for Commissioners and NVTC senior leadership.

#### **Online Communication**

- 1) Maximize NVTC's online presence to further its mission.
  - a) Continue to build NVTC's website as a research and information resource.
  - b) Continue to expand NVTC's social media presence to drive traffic to [novatransit.org](http://novatransit.org).
  - c) Maintain up-to-date project information on the website to inform the public and Commissioners on the latest project news.

- d) Use online analytics and surveys to monitor the effectiveness of online communication and outreach efforts.

### **Community Outreach**

- 1) Develop and implement communications plans and budgets for transit studies and multimodal grant programs.
  - a) Publicize and solicit public comment through multiple channels, such as meetings and hearings, advertising, online crowdsourcing, email, mail and telephone.
  - b) Plan and promote public meetings and hearings in consultation with local jurisdictions, transportation agencies and transit providers.
  - c) Design and create materials, such as flyers, handouts, infographics, email blasts, display boards, PowerPoint presentations, and videos.
  - d) Establish distinct project- and program-specific social media presence.
- 2) Plan and implement activities that engage the public and promote NVTC programs and initiatives, such as the Virginia WMATA Board Member Forums.

### **Title VI Civil Rights Compliance**

- 1) Ensure NVTC's compliance with the federal Title VI program.
  - a) Use GIS to conduct a demographic analysis to determine the location of concentrations of minority and limited English proficiency (LEP) persons.
  - b) Seek out and consider the viewpoints of minority, low-income and LEP persons in the course of public outreach and involvement activities.
  - c) Strive to overcome linguistic, institutional, cultural, economic, historical or other barriers that might prevent minority, low-income and LEP persons from effectively participating in NVTC's decision-making process.
  - d) Target outlets that support or serve affected populations when soliciting public participation and/or comment.
  - e) Translate printed materials and advertisements into languages other than English and offer translators and sign-language interpreters at public meetings/hearings, when appropriate.

## E. LEGISLATIVE & POLICY

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.

### Actions:

#### **State & Federal Legislative Policy Agenda**

- 1) 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.
  - a) 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).
  - b) Work with delegations in Richmond and in Washington D.C. as needed to promote NVTC's approved agenda. Focus should include, but not be limited to:
    - i) Transit capital and operating funding;
    - ii) A regional gas tax floor;
    - iii) WMATA reforms;
    - iv) Dedicated funding for WMATA and VRE.
  - c) 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).
  - d) Conduct an annual joint NVTC and PRTC legislative and policy briefing.
  - e) Develop messaging and a plan to educate the public about the need for Commonwealth transit funding as well as the benefits of public transit throughout the Commonwealth.

#### **Virginia General Assembly Session**

- 1) Prepare and support NVTC legislative and policy efforts before and during the General Assembly.
  - a) Reach out to legislators to garner support for NVTC's legislative agenda and educate them about the benefits of public transportation.
  - b) Prepare informative district-specific legislative maps showing transit service and performance for all members of the Northern Virginia delegation.
  - c) Conduct NVTC's February meeting at the General Assembly in Richmond.
  - d) Use online legislative monitoring service and share access with member jurisdictions.
  - e) Provide legislative alerts to Commissioners and local staff during the session.

#### **Commonwealth Transportation Board**

- a) Prepare written statements and deliver testimony at the CTB's semi-annual hearings on transit funding priorities and other hearings as appropriate.
- b) Advocate NVTC's policies, including balanced transportation and stable and reliable funding.

**Transit Industry Groups and Trade Associations**

- 1) Participate in analysis and dialogs on local, state and national transit issues with state and national transit industry associations and other bodies, including:
  - a) Virginia Transit Association
    - 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 board members 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.
  - b) American Public Transportation Association (APTA)
    - i) Provide technical assistance and feedback to APTA on federal transit program implementation issues.
    - ii) Participate in defining and implementing a federal legislative strategy as part of a broad, nationwide pro-transit coalition.
- 2) Provide technical assistance and policy analysis support to state and national boards and committees, including, but not limited to:
  - a) DRPT's Transit Service Delivery Advisory Committee (TSDAC)
  - b) VTA Executive Committee
  - c) The General Assembly's Joint Committee on Transportation Accountability
  - d) APTA Legislative Committee
  - e) APTA Policy and Planning Committee
  - f) APTA Public Private Partnership Committee
  - g) APTA Commuter Rail Committee
  - h) Institute for Transportation Engineers
  - i) Transit Cooperative Research Program Dissemination and Implementation of Research Findings Project Panel

## **F. VIRGINIA RAILWAY EXPRESS**

As co-owner of the Virginia Railway Express, provide oversight of the railway to promote safe, reliable and financially sound performance and management.

### Actions:

#### **VRE Operations Board Support**

- 1) Facilitate the annual appointment of NVTC's principal and alternate members of the VRE Operations Board. (January)
- 2) Provide staff support, in coordination with jurisdictional staff when necessary, to NVTC-appointed VRE Board members.
- 3) Provide staff support to the Board Secretary for VRE's Operations Board to produce meeting minutes.
- 4) Actively participate on VRE's Coordination Committee (VCC) and Chief Administrative Officer's Task Force.
- 5) 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.

#### **Budget and Financial Management**

- 1) Facilitate NVTC's approval of VRE's annual operating and capital budgets. Participate and provide technical support at budget review sessions.
- 2) Apply and receive state and regional assistance on behalf of VRE, including DPRT transit capital and operating funding, Rail Enhancement Funds, and HB2/Smart Scale and NVTA funds.
- 3) Provide assistance to VRE planning staff on ridership, travel forecasting, federal funding programs, and other technical items.

#### **Annual Rider Survey**

- 1) Provide staff and technical support to VRE customer service surveys each spring by assisting with on-board survey distribution.
- 2) Provide staff and technical support to VRE customer service surveys each fall by conducting address verification using GIS technology.

#### **Technical and Communications Support**

- 1) Amplify and actively share VRE public communications through NVTC social media.
- 2) Serve on technical and policy advisory committees, as requested.

**G. WMATA**

Exercise leadership through the appointment and support of Virginia Washington Metropolitan Area Transit Authority (WMATA) Board members to promote safe, reliable, and financially sound performance and management of WMATA.

Actions:**Virginia WMATA Board Member Support**

- 1) Facilitate the annual appointment of Virginia's two principal and two alternate members of the WMATA Board of Directors. (January)
- 2) Provide staff support to WMATA Board members prior to NVTC Commission meetings.
- 3) Participate in WMATA Board meeting preparation calls and provide input as necessary.
- 4) Provide recommendations to the Northern Virginia local jurisdictions and the Virginia WMATA Board members, as appropriate.

**Northern Virginia Forum on WMATA Issues**

- 1) Develop and present white papers and/or issue briefs on key topics of interest to the Commission, including but not limited to Northern Virginia WMATA funding and the economic impact of WMATA in Northern Virginia.
  - a) Actively review and participate in the development of regional studies related to WMATA conducted by MWCOCG and the Washington Board of Trade.
- 2) Keep NVTC Commissioners informed of pending WMATA Board decisions of regional significance and provide structured opportunities for the Commission to provide input and develop a Northern Virginia position on these issues.
- 3) Invite WMATA's General Manager/CEO to brief the Commission on important issues.
- 4) Participate on WMATA's Jurisdictional Coordinating Committee (JCC).
  - a) Monitor and report on the development of WMATA's FY2019 and FY2020 budgets.
  - b) Actively participate in the development of the Capital Funding Agreement.
- 5) Plan and implement semi-annual public forums that allow Virginia's WMATA Board members to engage with the public.

**Support to Northern Virginia Jurisdictions**

- 1) Participate and provide reports on JCC deliberations and WMATA Board actions to Northern Virginia jurisdictions, as requested.
- 2) Assist Loudoun County as it transitions to full participation in WMATA leading up to the completion of Phase 2 of the Silver Line.

*See other NVTC WMATA-related efforts in Planning and Projects: Data Analysis; SafeTrack Lessons Learned, Emergency Preparedness; Financial Analysis; and Grants Management, Trust Funds, Contracts & Compliance*

## H. NVTC INTERNAL OPERATIONS

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

### Actions:

#### **Human Resources and Administration**

- 1) In coordination with jurisdictional staff, develop the annual NVTC General and Administrative (G&A) budget for consideration by the Commission in the fall.
- 2) Secure human resources support to enhance and support human resource functions currently provided by NVTC's financial staff.
- 3) Continue NVTC Fellows Program to attract talent to supplement NVTC staff on specific projects.
- 4) Develop and implement a professional development plan for staff, including appropriate training.
- 5) Develop and implement a staff earning structure and align job descriptions and benefits, such as health and retirement, with NVTC's jurisdictions.
- 6) Administer employee benefit programs, including retirement plan, 457 plan, group health insurance, group life insurance, disability insurance, flex benefit plan, bike share, and Zip Car.

#### **Telework and Office Space**

- 1) Encourage staff utilization of transportation demand management techniques, such as the telework program.
- 2) Review office space needs and identify opportunities to address overcrowding.

#### **Information Technology**

- 1) Investigate partnerships with jurisdictions to utilize technical resources, such as software programs, that may be cost prohibitive for NVTC but essential to improved productivity and the success of its programs and projects.
- 2) Provide ongoing information technology improvements to ensure a productive and secure working environment for staff.

## I. COMMISSION MANAGEMENT

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

### Actions:

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

**TO:** Chairman McKay and NVTC Commissioners  
**FROM:** Kate Mattice and Andrew D’huyvetter  
**DATE:** November 30, 2017  
**SUBJECT:** Washington Metropolitan Area Transit Authority (WMATA)

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The WMATA Board members will provide highlights of recent WMATA activities.

### A. Board of Directors Report

▪ *Application of Prior Year Budget Surpluses to FY2017*

On November 16<sup>th</sup>, the WMATA Board approved the use of [\\$15.3 million of prior year budget surplus to close the remaining FY2017 operating budget](#). This action will erase the FY2017 budget deficit, and \$2.6 million of prior year budget surplus will remain. WMATA does not have a formal rainy-day fund.

▪ *Metrobus State of Good Operations Public Hearing Report*

On November 16<sup>th</sup>, the WMATA Board took the following actions as part of a [Metrobus State of Good Operations package](#):

- Approved a Title VI service and fare equity analysis of bus service changes, bus service expansion, and tariff proposals.
- Approved a FY2018 budget amendment to include requested metrobus service and subsidy from the District of Columbia.
- Approved an amendment to the WMATA Tariff making permanent the virtual bus-to-bus transfer between lines serving the Addison Road and Capitol Heights Metrorail Stations at no charge with SmarTrip,
- Authorized the General Manager to negotiate and execute an agreement with DRPT for a congestion mitigation grant for the I-395 Express Lanes Project.

The service proposals for Metrobus State of Good Operations and Expansion will be considered as part of the FY2019 budget process. The new service proposals would create additional and ongoing financial commitments for WMATA beyond current base jurisdictional subsidy contributions. If implemented, the FY2018 service changes would result in a net subsidy increase of \$0.9 million for FY2018 and is anticipated to be funded by the sponsoring jurisdiction, the District of Columbia. Implementing all of the proposed service changes would result in an additional jurisdictional subsidy increase of \$2.7 million. Virginia’s share of this is approximately \$600,000 or 22 percent.

On July 27, 2017, the Board of Directors approved a public hearing process to gather stakeholder feedback on proposed bus service realignments. The realignments are in response to changing demand for bus services and requests from jurisdictions. In September and October 2017, WMATA conducted extensive public outreach to solicit input from the public and performed a service and fare equity analysis which determined that the proposed service and tariff changes will not have a disparate impact or disproportionate burden on minority and low-income populations.

## **B. Committee Reports**

### **1. Pension Subcommittee**

- *Review Plan Actuarial Reports and Performance*

On November 2<sup>nd</sup>, the Pension Subcommittee reviewed the [actuarial reports for WMATA's five pension plans](#). The reports indicate that the pension plan's unfunded liability decreased from \$1.03 billion to \$1.01 billion and the funded ratio increased from 77 percent to 79 percent. This increase was primarily due to a favorable investment performance. WMATA's contribution also increased from \$158 million to \$161 million. WMATA's contributions to the pensions plans are included in the operating budget.

Most of the pension plans assume a valuation interest rate of 7.0 percent. The Local 689 plan, which is the largest plan, assumes a valuation interest rate of 7.85 percent. The consultant's report shows that were this plan to assume a valuation interest rate of 7.0 percent then the unfunded liability would increase by \$377 million, the funded status would drop by about six percent, and WMATA's required contribution would increase by \$42 million.

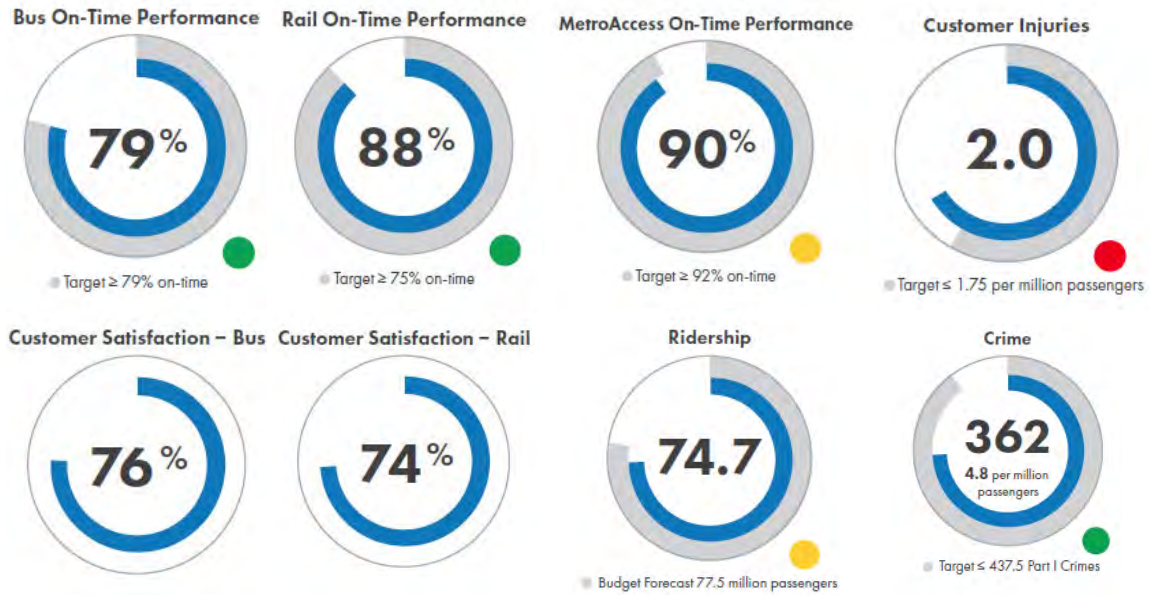
### **2. Customer Service, Operations, and Security Committee**

- *Q1 FY2018 Vital Signs Report*

On November 16, 2017, the Customer Service, Operations, and Security Committee received the [FY2018 Q1 Vital Signs Report](#). This report provides a focused set of Key Performance Indicators (KPIs) and key drivers that monitor long term progress (Figures 1 and 2). This quarter, nine KPIs or key drivers met or exceeded expectations: bus on-time performance, rail customer on-time performance, rail guideway condition, crime, rail fleet availability, elevator availability, escalator availability, budget management, and capital funds invested. Three KPIs or key drivers nearly met expectations: MetroAccess on-time performance, ridership, and bus fleet reliability. The number of customer injuries increased slightly and the rate of customer injuries did not meet targets.

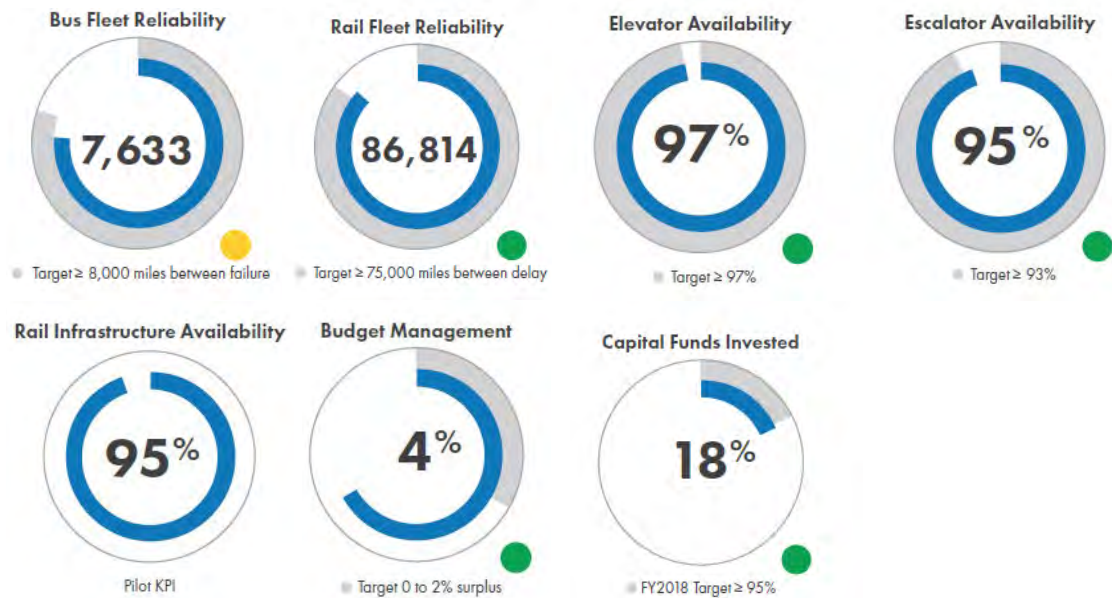
Metrobus on-time performance (79%) has achieved the best result since the vital signs report was started in 2010. Rail customer on-time performance has also increased from previous quarters as a result of a new more realistic schedule, the railcar "get well" program, and infrastructure preventative maintenance.

Figure 1: Key Performance Indicators from Vital Signs 1<sup>st</sup> Quarter FY2018 Report



Source: [WMATA Vital Signs – FY2018 Q1 Report](#)

Figure 2: Key Drivers from Vital Signs 1<sup>st</sup> Quarter FY2018 Report



Source: [WMATA Vital Signs – FY2018 Q1 Report](#)

### 3. Finance Committee

- FY2018 First Quarter Financial Results

On November 2<sup>nd</sup>, the Finance Committee received a presentation on the [FY2018 first quarter operating and capital financial results](#). Operating revenues in the first quarter of FY2018 were \$9 million below budget, largely due to declining bus ridership and revenue. Metrorail ridership is stabilizing post-SafeTrack, but Metrobus ridership shows continued decline. While revenue was slightly down, the operating subsidy for the first quarter was \$19 million favorable to budget. This was due to lower costs for salaries and wages and the timing of services costs and continuing vacancies. \$228 million of capital investments were made in the first quarter compared to a budget of \$231 million. The full year capital investment is forecasted between \$1,190 and \$1,260 million compared to a budget of \$1,250 million.

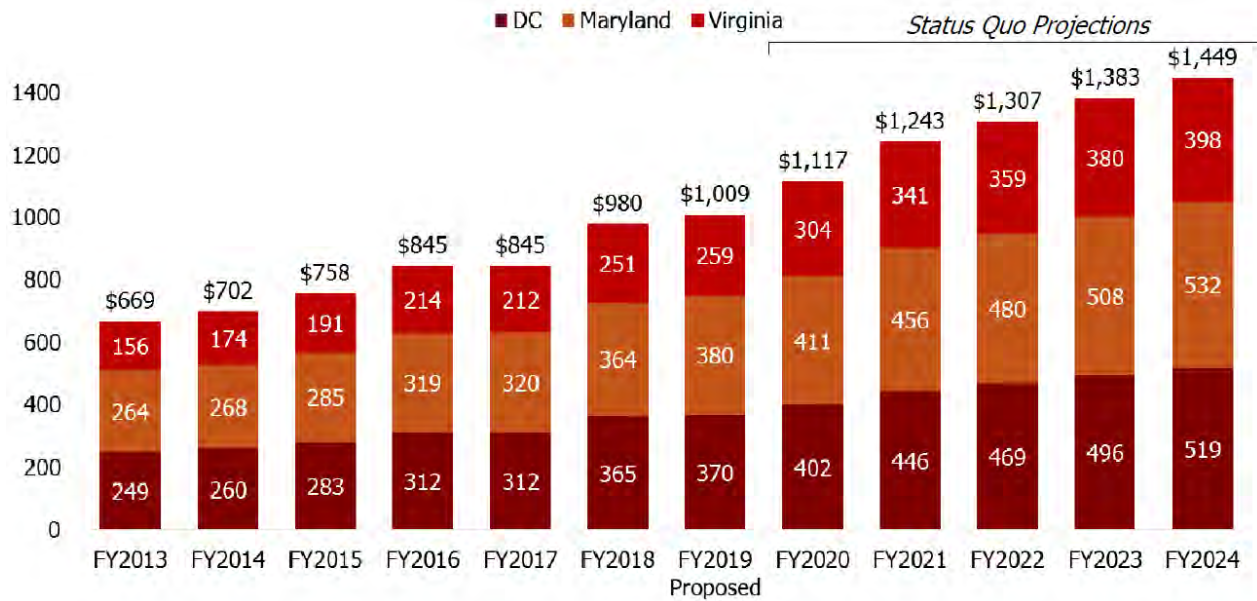
- FY2019 Proposed Budget

On November 2<sup>nd</sup>, the Finance Committee received a [presentation on the General Manager's proposed FY2019 budget](#) which totals over \$3.1 billion. The GM's budget priorities are to fund safety, compliance, and reliability improvements to drive ridership, deliver capital program investments to renew and preserve the system, encourage customers to ride through fare pass produces, avoid service reductions or fare increase, fund legacy commitments, mandates, and cost inflation while limiting operating subsidy growth to three percent, and to implement management actions to improve efficiency and reduce cost, including outsourcing where effective. WMATA will produce a more detailed draft budget in December. Budget deliberations are anticipated in December through February with anticipated adoption of the FY2019 budget in March 2018.

*i. Keeping Metro Safe Reliable, and Affordable*

The General Manager provided a refresher of the [April 2017 plan to Keep Metro Safe, Reliable, and Affordable](#) and reminded the Board that since the region has not yet acted to formally implement the key elements of the plan (dedicated capital funding, reauthorization of PRIIA, and amending the National Capital Area Arbitration Standards Act), it is not possible to firmly commit to other plan elements such as capping annual jurisdictional capital and operating contribution growth to three percent.

Over the last two years, WMATA has reduced 800 positions, implemented controls on absenteeism and worker's compensation, and launched the Abilities-Ride program as an alternative to high-cost MetroAccess service. The scale of recent aggressive management actions to close budget gaps is unsustainable, and major structural reforms are required to constrain future subsidy growth and ensure financial sustainability. Without these structural changes, WMATA forecasts that jurisdictional operating subsidy will grow by an average of 7.5 percent per year from FY2020-2024 (Figure 3).

**Figure 3: Recent and Projected Operating Subsidy Growth**

Source: WMATA Finance Committee [presentation on the proposed FY2019 Budget](#)

### ii. Proposed FY2019 Operating Budget

In the \$1.837 billion operating budget, the GM does not propose fare increases or service reductions. The FY2019 budget also includes bus and rail ridership assumptions based on current ridership patterns, which are projected to be about five and three percent below the FY2018 budgeted levels, respectively. WMATA is also increasing fare revenue through enhanced advertising and improved fare enforcement. This budget includes numerous management actions to reduce expenses and increase business revenues (estimated at \$38 million). The operating budget also includes a three percent jurisdictional subsidy increase, but this increase does not include any new service or address any additional mandates. The FY2019 proposed budget does not include the following which the General Manager considers above the three percent cap:

- Funding for the Silver Line Phase II (assumed to begin incurring costs in FY2020);
- Increases in rail or bus service requiring additional subsidy;
- Increased funding for the Office of Inspector General;
- Wage increases for FY2019 or prior years;
- Reduction in FTA grant funding of preventative maintenance (currently remains at \$60 million/year);
- Additional funding for contributions to other post-employment benefits trust; and
- A rainy-day contingency fund.

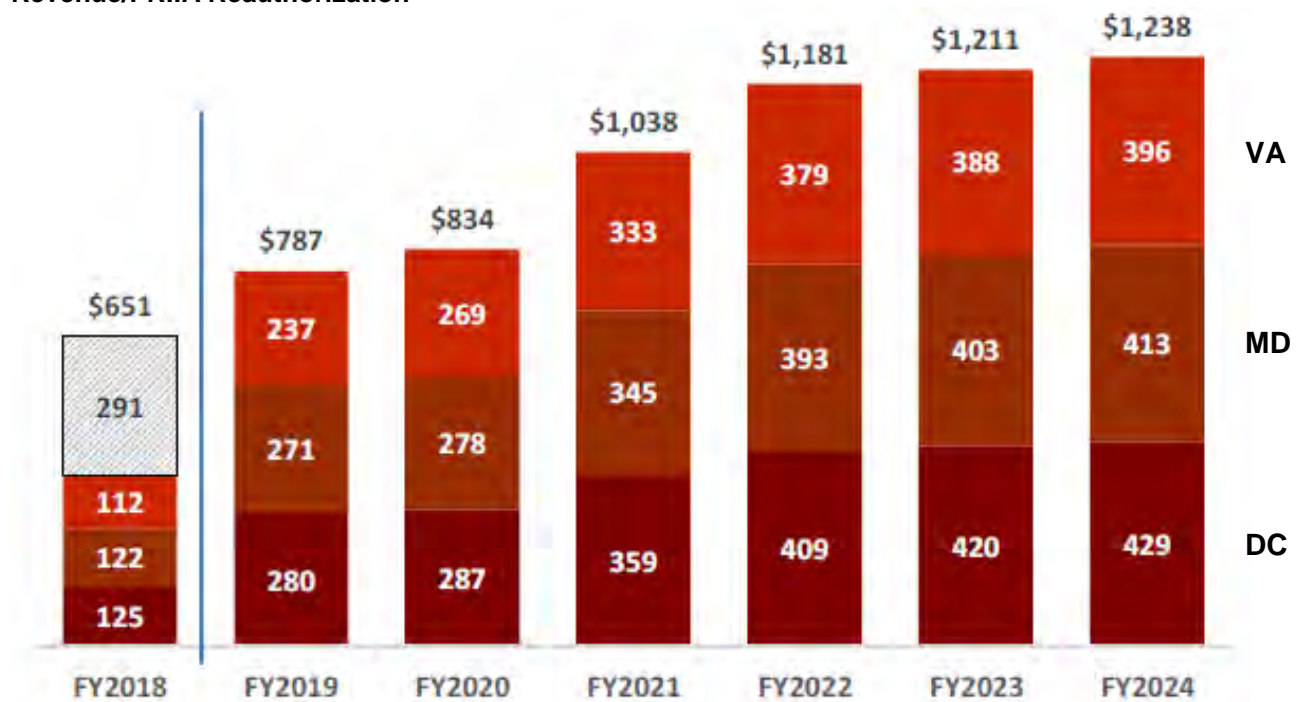
### iii. Proposed FY2019 Capital Budget

The proposed FY2019 capital budget totals \$1.28 billion, which is an increase from the \$1.16 billion successfully invested in the capital budget in FY2017 and the \$1.25 billion budgeted in FY2018. Key FY2019 capital budget deliverables include 164 new 7000 series railcars, the completion of the new bus facilities at Andrews Federal Center, continued delivery of the radio and wireless communication project, rail power improvements, and track and structure, platform, escalator, elevator, lighting, parking garage, and cooling system rehabilitation and replacement.

*iv. Proposed FY2019-2024 Capital Improvement Program*

The \$8.5 billion proposed FY2019-2024 capital program is focused on projects that improve the safety, reliability, and state of good repair of WMATA's infrastructure, equipment, and other assets and is based on prioritized needs from the Capital Needs Inventory. The General Manager anticipates the system's annual capital investment to ramp up from current investment levels (approximately \$1.2 billion) to over \$1.5 billion annually by FY2022. The revenue assumptions in the proposed FY2019-2024 capital program assumes that federal PRIIA funding expires after FY2020 (as it has not currently been reauthorized). Without the reauthorization of PRIIA funding and a dedicated revenue source, WMATA projects that annual jurisdictional contributions from all regional partners will need to total \$6.3 billion over the next six years to meet system needs (Figure 4).

**Figure 4: FY2019-2024 Jurisdictional Capital Funding Requirement Without Dedicated Revenue/PRIIA Reauthorization**



Source: WMATA Finance Committee [presentation on the proposed FY2019 Budget](#)

Note: Projections assume PRIIA ends after FY2020 and FY2018 includes \$291 million of long-term financing.

*v. Budget Risks*

There are substantial and ongoing risks to the proposed FY2019 budget. These include ridership uncertainty, the outcome of collective bargaining, paratransit ridership growth, pension and other post-employment benefit liabilities, safety needs and additional system inspection and maintenance efforts, and uncertainty at the federal level.

*vi. Next Steps*

WMATA will produce a more detailed draft budget in December 2017. Budget deliberations are anticipated in December through February with anticipated adoption of the FY2019 budget in March 2018.

#### **4. Safety Committee and Preventative Maintenance**

- *Update on NTSB/FTA CAPs*

On November 16<sup>th</sup>, the Safety Committee received an [update on open National Transportation Safety Board \(NTSB\) and Federal Transit Administration \(FTA\) Corrective Action Plans \(CAPs\)](#) and associated actionable items. There have been 299 CAPs assigned to WMATA, of which 201 have been closed in the past two years. 197 CAPs remain open. Each CAP may have multiple actionable items. Of the 1,283 actionable items, 539 have been approved and closed, 501 have been submitted for approval and closed, and the remaining 243 are in development.

- *Update on Roadway Worker Protection*

On November 16<sup>th</sup>, the Safety Committee received an [update on the Roadway Worker Protection](#) program pilot. This pilot is from an FTA/Protran grant and involves vehicle awareness technology that alerts roadway workers of oncoming trains and alerts train operators to the presence of roadway workers. The technology is scheduled to be operational in the third quarter of FY2018.

- *Preventative Maintenance*

A major preventative maintenance project that takes place during commuting hours is currently underway on the Red Line at Tacoma Station and will end on December 10, 2017. The next major project is from May 12 to May 27, 2018 on the Yellow Line at Huntington and Eisenhower Ave Stations. These projects will rebuild interlockings and grout pads outside of these stations.

WMATA has also scheduled additional [planned Metrorail track work](#) that includes single tracking and weekend shutdowns.

- *Corrective Action Plan Monitoring and Tracking*

WMATA updated its [Overview of Regulatory Compliance Actions](#) on November 9<sup>th</sup>.

#### **C. Other WMATA News**

- *Back2Good Update*

WMATA released an [update of its progress meeting Back2Good goals](#), demonstrating progress on reducing customer offloads, red signal overruns, rail fire incidents, and employee absenteeism. WMATA also showed increases in customer on-time performance and improvements in financial management.

- *WMATA Announces New Contracting Opportunity in Effort to Reduce Costs, Improve Efficiency*

On November 16, 2017, WMATA [announced a new competitive contracting opportunity for WMATA's Cinder Bed Road bus facility](#), which is currently under construction. The request for proposals seeks potential vendors for the management and operation of bus service out of the facility when it opens next year. This announcement continues the General Manager's ongoing efforts to hold down operating costs and improve customer service.

#### D. Virginia Ridership and Parking Facility Utilization

WMATA Virginia Ridership (Unlinked Passenger Trips) October 2016 – 2017			
	October 2016	October 2017	Percent Change
<b>Metrorail</b>			
Total	7,880,394	8,282,512	+5.1%
Weekday Average	285,360	292,870	+2.6%
<b>Metrobus</b>			
Total	1,669,100	1,573,574	-5.7%
Weekday Average	68,975	63,566	-7.8%
<b>MetroAccess</b>			
Total	29,263	30,395	+3.9%

WMATA Virginia Parking Facility Usage October 2016 – 2017				
Station/Lot	October 2016	Y-T-D FY17	October 2017	Y-T-D FY18
Huntington	74%	65%	73%	70%
West Falls Church	76%	54%	49%	46%
Dunn Loring	32%	52%	75%	72%
Vienna	45%	58%	75%	73%
Franconia	61%	51%	58%	58%
Van Dorn	108%	95%	109%	109%
East Falls Church	121%	115%	117%	117%
Wiehle-Reston East	94%	81%	95%	91%
Northern Virginia Total	64%	61%	72%	69%

## E. Schedule of Upcoming Board Decisions

Key Issues	Meeting	Date
Update on Automatic Train Operation (ATO) (I) Approval of Customer Recovery Program (A)	Safety & Services Delivery Committee	December 14, 2017
Annual Audit Training (I)	Business Oversight Committee	December 14, 2017
Authorization for Public Hearing on FY2019 Capital Improvement Program and FTA Grants (A)	Finance & Budget Committee	December 14, 2017

<i>Anticipated Information (I) and Action (A) Items</i>	<i>WMATA Board Date Target</i>
FY2019 Budget Presentation (I) and Work Sessions (I)	<i>December 2017 - February 2018</i>
Capital Funding Agreement and FY2019 Budget Approval (A)	<i>March-April 2018</i>

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**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice and Rhonda Gilchrest

**DATE:** November 30, 2017

**SUBJECT:** Virginia Railway Express (VRE)

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#### **A. VRE CEO Report and Minutes**

At the December meeting, VRE CEO Doug Allen will update the Commission on VRE activities. The [Minutes of the November 17, 2017 Operations Board Meeting](#) and the [VRE CEO Report for November 2017](#) are attached.

#### **B. ACTION ITEM: [Resolution #2346](#): Accept and Authorize Distribution of VRE's FY2017 Comprehensive Annual Financial Report (CAFR)**

The VRE Operations Board recommends that the Commission accept and authorize the distribution of [VRE's FY2017 Comprehensive Annual Financial Report \(CAFR\)](#) and associated information from the auditors. VRE's audit firm, PBMares, LLP, has issued an unqualified (clean) opinion. Their opinion letter states that VRE's statements, in all material respects, fairly and accurately present the financial position of the organization. Mike Garber from PBMares gave a detailed briefing to the VRE Executive Committee and then addressed the Operations Board at its November 17<sup>th</sup> meeting. The [attached VRE memorandum](#) provides more information. It is worthy to note that the Governors Finance Officers Association presented VRE with a Certificate of Achievement for Excellence in Financial Reporting for VRE's FY2016 CAFR.

#### **C. ACTION ITEM: [Resolution #2347](#): Approve the 2017/2018 VRE Legislative Agenda**

The VRE Operations Board recommends the Commission approve the [2017/2018 VRE Legislative Agenda](#) and authorize the VRE CEO to actively pursue the elements set forth in the document. Federal issues include Positive Train Control (PTC) implementation, commuter benefits, and 49 CFR Part 270 System Safety Program. State issues will focus on a protective floor for the regional 2.1 percent motor fuels tax; additional Commonwealth transit capital support; and additional VRE capital and operating funding.

**D. ACTION ITEM: Resolution #2348: Approve the Submission of VRE Projects to NVRTA for Funding Consideration in the FY2018-2023 Six-Year Program**

The VRE Operations Board recommends Commission approval to submit a list of projects to the Northern Virginia Transportation Authority (NVRTA) for evaluation and funding consideration in its FY2018-2023 Six-Year program and authorize the VRE CEO to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects. The attached VRE memorandum provides more information and includes the list of projects.

**E. ACTION ITEM: Resolution #2349: Approve the Submission of VRE Projects to NVTC for FY2018 I-66 Commuter Choice Funding Consideration**

The VRE Operations Board recommends Commission approval to submit three projects (Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System projects) to NVTC for funding consideration in its FY2018 I-66 Commuter Choice Program. All the projects are identified in VRE's Capital Improvement Program and the System Plan 2040. Resolution #2349 would authorize the VRE CEO to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects. The attached VRE memorandum provides more information.

# MINUTES

## VRE Operations Board Meeting PRTC Headquarters – Prince William County, Virginia November 17, 2017



### Virginia Railway Express

Paul Smedberg  
Chairman

Maureen Caddigan  
Vice-Chairman

Katie Cristol  
Secretary

Paul Milde  
Treasurer

Sharon Bulova  
John C. Cook  
John D. Jenkins  
Matt Kelly  
Jennifer Mitchell  
Suhas Naddoni  
Martin Nohe  
Pamela Sebesky  
Gary Skinner  
Bob Thomas

#### Alternates

Ruth Anderson  
Hector Cendejas  
Libby Garvey  
Todd Horsley  
Jeremy Latimer  
Jeanine Lawson  
Tim Lovain  
Wendy Maurer  
Jeff McKay  
Michael McLaughlin  
Paul Trampe  
Billy Withers  
Mark Wolfe

Doug Allen  
Chief Executive Officer

1500 King Street, Suite 202  
Alexandria, VA 22314-2730

Members Present	Jurisdiction
Maureen Caddigan (PRTC)	Prince William County
John C. Cook (NVTC)	Fairfax County
Katie Cristol (NVTC)	Arlington County
John D. Jenkins (PRTC)	Prince William County
Matt Kelly (PRTC)	City of Fredericksburg
Paul Milde (PRTC)	Stafford County
Martin Nohe (PRTC)	Prince William County
Gary Skinner (PRTC)	Spotsylvania County
Paul Smedberg (NVTC)	City of Alexandria
Bob Thomas (PRTC)	Stafford County

Members Absent	Jurisdiction
Sharon Bulova (NVTC)	Fairfax County
Jennifer Mitchell	DRPT
Suhas Naddoni (PRTC)	City of Manassas Park
Pamela Sebesky (PRTC)	City of Manassas

Alternates Present	Jurisdiction
Michael McLaughlin	DRPT

Alternates Absent	Jurisdiction
Ruth Anderson (PRTC)	Prince William County
Hector Cendejas (PRTC)	City of Manassas Park
Libby Garvey (NVTC)	Arlington County
Todd Horsley	DRPT
Jeremy Latimer	DRPT
Jeanine Lawson (PRTC)	Prince William County
Tim Lovain (NVTC)	City of Alexandria
Wendy Maurer (PRTC)	Stafford County
Jeff McKay (NVTC)	Fairfax County
Paul Trampe (PRTC)	Spotsylvania County
Billy Withers (PRTC)	City of Fredericksburg
Mark Wolfe (PRTC)	City of Manassas

Staff and General Public	
Khadra Abdul – VRE	John Kerins – Keolis
Doug Allen – VRE	Cindy King – VRE
Monica Backmon – NVTA	Mike Lake – Fairfax County DOT
Nydia Blake – Prince William County	Lezlie Lamb – VRE
Alex Buchanan – VRE	Bob Leibbrandt – Prince William County
Dwight Buracker – PBMares	Steve MacIsaac – VRE Legal Counsel
Colin Burch – DRPT	Betsy Massie – PRTC
Rich Dalton – VRE	Kate Mattice – NVTC
Andrew D’huyvetter – NVTC	Kristen Nutter – VRE
Mike Garber – PBMares	Aimee Perron Seibert – The Hillbridge Group
Rhonda Gilchrest – NVTC	Mark Schofield – VRE
Chris Henry – VRE	Bob Schneider – PRTC
Christine Hoeffner – VRE	Steve Sindiong – City of Alexandria
Pierre Holloman – Arlington County	Alex Sugatan – VRE
Todd Horsley – DRPT	Joe Swartz – VRE
Robert Hostelka – VRE	Norine Walker – VRE
Todd Johnson – First Transit	

Chairman Smedberg called the meeting to order at 9:09 A.M. Following the Pledge of Allegiance, Roll Call was taken.

### Approval of the Agenda – 3

Chairman Smedberg noted a Closed Session is not needed. Mr. Skinner moved, with a second by Ms. Caddigan, to approve the Agenda. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

### Approval of the Minutes of the October 20, 2017 Operations Board Meeting – 4

Ms. Caddigan moved, with a second by Mr. Skinner, to approve the Minutes. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

### Chairman's Comments –5

Chairman Smedberg announced the Capital Committee will meet immediately following this meeting. Board Members Cristol (chair), Cook, Jenkins, Milde and Skinner serve on the Capital Committee. All Board Members were encouraged to attend. The Nominating Committee will present a 2018 slate of officers at the December meeting, followed by their installation at the January meeting. Sharon Bulova (NVTC) and Maureen Caddigan (PRTC) are serving on the Nominating Committee.

Chairman Smedberg stated VRE received a letter from Secretary of Transportation Layne formally appointing Michael McLaughlin, DRPT's new Chief of Rail Transportation, as an Alternate to the VRE Operations Board. Chairman Smedberg welcomed Mr. McLaughlin.

### Chief Executive Officer's Report –6

Mr. Allen recapped VRE's recent safety and security activities for the past month:

- Began installing systemwide security enhancements, including access control technology and security cameras, at yards and various stations.
- Attended a meeting at the American Association of Railroads regarding rail regulations.
- Responded to an accident in Clifton where a VRE train hit a car on the tracks. There were no injuries. The incident is still under investigation by VRE and Fairfax County Police.

Mr. Allen reported on-time performance for October was 91 percent system wide and average daily ridership was 19,800. He also gave brief updates on the Arkendale – Powells Creek third track project, the L'Enfant storage project, and the Crossroads Yard expansion project.

Mr. Allen explained Mr. Schofield and his staff continue to work on the RRIF loan refinance, which will be brought forward for action at the December meeting. This will allow VRE time to seek approval from the Commissions and jurisdictions.

Mr. Allen announced VRE's Santa Trains will be held on December 9<sup>th</sup> with tickets going on sale November 20<sup>th</sup>. Board Members wanting tickets should contact staff.

#### VRE Riders' and Public Comment – 7

There were no rider comments.

#### Consent Agenda – 8A

On a motion by Mr. Milde and a second by Mr. Kelly, the Board unanimously approved the following Consent Agenda Item:

- Resolution #8A-11-2017: Authorization to Issue a Request for Proposals for Disaster Management Services
- Resolution #8B-11-2017: Authorization to Issue a GEC VII Task Order for Analysis for VRE Enterprise Resource Planning Solution

The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

#### Authorization to Forward the FY 2017 Audited Financial Statements and Auditor's Report to the Commissions – 9A

Chairman Smedberg stated the Operations Board is asked to accept the FY 2017 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and to authorize the CEO to forward this information to the Commissions for their consideration. Resolution #9A-11-2017 would accomplish this.

Chairman Smedberg congratulated staff on VRE receiving a Certificate of Achievement for Excellence in Financial Reporting from the Governors Finance Officers Association. He invited Mike Garber and Dwight Buracker from PBMares, LLP, who met with the VRE Audit Committee prior to this meeting, to give a presentation on the audit. Mr. Garber stated PBMares has issued an unmodified opinion, which is the best opinion. The opinion letter states the VRE financial statements, in all material respects, fairly and accurately present the financial position of the organization. Mr. Garber explained the various documents within the audit, which show VRE is financially sound.

In response to a question from Chairman Smedberg, the Garber stated the assets and liabilities are almost even in regard to the pension plan for 2016.

Mr. Milde moved, with a second by Mr. Skinner, to approve Resolution #9A-11-2017. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

Authorization to Extend the Vendor Agreement for Sale of Fare Media with The Convention Store (Commuter Direct) – 9B

Chairman Smedberg stated the Operations Board is asked to authorize the CEO to execute a six-month extension of the Vendor Agreement for Sale of Fare Media with The Convention Store, Inc., owner and operator of Commuter Direct, the Commuter Store at Crystal City and various smaller outlets including the Springfield Connector Store, to finalize negotiations with the bidders from the RFP for Fare Media Sales. Resolution #9B-11-2017 would accomplish this.

Mr. Skinner moved, with a second by Mr. Kelly, to approve Resolution #9B-11-2017. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

Authorization to Issue a GPC Task Order for the VRE Transit Development Plan – 9C

Chairman Smedberg stated the Operations Board is asked to authorize the CEO to issue a General Planning Consultant (GPC) Task Order to Michael Baker International, Inc., of Alexandria, Virginia for planning services to update the VRE Transit Development Plan (TDP) in the amount of \$189,978, plus a 10 percent contingency of \$18,998, for a total not to exceed \$208,976. Resolution #9C-11-2017 would accomplish this.

Mr. Allen explained public transit operators receiving state funding are required to prepare, adopt and submit a new transit development plan every six years. VRE staff will complete a minor TDP for FY 2019. The consultant will conduct the major update encompassing fiscally constrained six years (FY 2020-2025) and minimum of 10-years (2020-2029) consistent with DRPT requirements. In response to a question from Ms. Cristol, Mr. Allen explained the differences between the TDP and the 2040 System Plan. The TDP goes into more detail on funding short term projects.

Ms. Cristol moved, with a second by Mr. Skinner, to approve Resolution #9C-11-2017. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

Authorization to Execute a Contract for Electronic Fuel Injector Assemblies – 9D

Chairman Smedberg stated the Operations Board is asked to authorize the CEO to execute a contract with Progress Rail Locomotive, Inc., of LaGrange, Illinois for Electronic Fuel Injector Assemblies in the amount of \$430,166, plus a 10 percent contingency of \$43,016, for a total amount not to exceed \$473,182. Resolution #9D-11-2017 would accomplish this.

Mr. Allen reviewed the bidding process. In response to questions from Chairman Smedberg and Mr. Skinner, Mr. Dalton stated VRE conducted a similar procurement three years ago.

Mr. Milde moved, with a second by Mr. Skinner, to approve Resolution #9D-11-2017. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

Recommend Authorization to Submit VRE Projects to NVTA for FY 2018-2023 Six Year Program Funding Consideration – 9E

Chairman Smedberg stated the Operations Board is asked to recommend the Commissions approve submission of a list of projects to the Northern Virginia Transportation Authority (NVTA) for evaluation and funding consideration in its FY 2018-2023 Six Year Program and authorize the VRE CEO to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects. Resolution #9E-11-2017 would accomplish this.

Mr. Allen reviewed the list of nine projects. Projects #4-9 were included in the Transform 66 Outside the Beltway concessionaire funding recommended to the Commonwealth Transportation Board. VRE is requesting funding from the NVTA SYP as an alternate funding source until the concessionaire funding is finalized.

Ms. Cristol moved, with a second by Mr. Milde, to approve Resolution #9E-11-2019, with the following wording change to the second resolve clause:

Be it further resolved that the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, **to remove the L'Enfant Station and Track Improvements Project dependent on its eligibility for NVTA funding,** and to execute all project agreements on behalf of the Commissions.

The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Skinner, Smedberg and Thomas. Mr. Nohe abstained.

Recommend Authorization to Submit VRE Projects to NVTC for FY 2018 I-66 Commuter Choice Funding Consideration – 9F

Chairman Smedberg stated the Operations Board is asked to recommend the Commissions approve the submission of the Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System projects to NVTC for funding consideration in the FY 2018 I-66 Commuter Choice program; and authorize the VRE CEO to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects. Resolution #9F-11-2017 would accomplish this.

Mr. Allen stated these projects are also being advanced as a contingency to the Outside the Beltway concessionaire funding.

Chairman Smedberg asked Ms. Mattice to give a brief description of the I-66 Commuter Choice Program. Ms. Mattice explained toll revenue from I-66 Inside the Beltway will fund multimodal transit projects that benefit the toll payers and move people through the corridor. Tolling starts December 4, 2017.

Ms. Caddigan moved, with a second by Ms. Cristol, to approve Resolution #9F-11-2017. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Milde, Nohe, Skinner, Smedberg and Thomas.

Recommend Approval of the 2017/18 VRE Legislative Agenda – 9G

Chairman Smedberg stated the Operations Board is asked to recommend the Commissions approve the 2017/18 VRE Legislative Agenda and authorize the VRE CEO to actively pursue the elements set forth in the Agenda. Resolution #9G-11-2017 would accomplish this.

Ms. Cristol stated the recently formed Legislative Committee, comprised of herself, Mr. Cook and Mr. Kelly, met with staff to develop the Legislative Agenda, which now reflects a greater urgency for legislative solutions. For state issues, the strategy includes focusing on a protective floor for the regional 2.1 percent motor fuels tax, additional Commonwealth transit capital support to address the fiscal cliff, and additional VRE capital and operating funding. For the federal issues, the current focus is on commuter benefits.

Ms. Cristol reminded the Operations Board about the NVTC-PRTC Joint Legislative Briefing on December 4<sup>th</sup> at 9:00 A.M. in Springfield. Newly elected legislators have been invited. This is a good opportunity to educate all legislators about VRE's funding needs and other transit issues.

Mr. Kelly stated the transportation funding outlook is grim and funding should be a state responsibility. The Commonwealth is not meeting the long-term transportation needs of the region. He stated at some point, local officials need to be more forceful and tell the Commonwealth there needs to be fundamental changes with regard to transportation. Mr. Cook stated he does not necessarily disagree, but questioned the timing, with all the changes from the last election. Mr. Skinner expressed his opinion that delaying is not the answer.

[Mr. Nohe stepped out of the room at 9:56 A.M.]

Ms. Perron Seibert gave a detailed briefing on VRE's legislative strategy for the upcoming General Assembly Session. Although there are significant changes with the recent election, VRE will continue its strategy to educate legislators about the overall importance of VRE and how VRE needs to be part of the overall transit funding discussion. VRE will continue to seek bipartisan support. Mr. Jenkins encouraged VRE to begin to seek sponsors for potential legislation.

Ms. Perron Seibert noted Secretary of Transportation Aubrey Layne is transitioning to Secretary of Finance and will be involved in developing the governor's budget. This should be positive for transit because he is familiar with the challenges.

Ms. Cristol moved, with a second by Mr. Kelly, to approve Resolution #9G-11-2017. The vote in favor was cast by Board Members Caddigan, Cook, Cristol, Jenkins, Kelly, McLaughlin, Skinner, Smedberg and Thomas. Mr. Milde voted no.

[Mr. Nohe returned to the meeting at 10:06 A.M.]

## FY 2019 Budget Update –10A

Mr. Schofield expressed his appreciation to Mr. Buchanan and his team in their support of the audit. A clean audit is a testament to their hard work. He stated the Preliminary FY 2019 Budget was presented to the Operations Board in September. He asked Mr. Buchanan to update the Board on the status of the budget.

Mr. Buchanan reported the budget presented in September was a proposed \$146.3 million budget (\$82.1 million for operations; \$57.4 million for capital, and \$6.8 million for debt service and operating reserve), with a budget gap of \$1.6 million. Staff has been able to reduce that gap to \$400,000. VRE staff will continue to refine the budget and present a balanced budget in December. He also noted the budget includes a three percent increase in the jurisdictional subsidy. A balanced budget will be presented for approval at the December meeting.

Mr. Buchanan summarized the budget revisions identified to close the gap, including ridership projections increased to 19,000; adjustments in diesel fuel price and usage; reductions in the insurance trust fund; increase in Amtrak step-up ticket will pass to riders (VRE will continue to subsidize \$5); reviewing interest revenue; and other cost savings.

## Spending Authority Report –10C

Chairman Smedberg stated the written report provides details on the following expenditures to report for October 2017:

- Purchase Order for \$70,595 to Progress Rail for 10 master controller assemblies.
- Purchase Order for \$56,541 to Alban Tractor Company to rebuild a Head End Engine Power (HEP) unit.
- Task Order for \$63,750 to NV Enterprises, Inc, for station platform concrete and caulking repairs at the Lorton, Quantico, Brooke, Manassas and Broad Run stations.
- Task Order for \$62,278 to NV Enterprises, Inc. for station signage replacements at the Brooke and Lorton Stations.

There were no questions.

## Closed Session – 11

Chairman Smedberg stated a Closed Session is not needed.

## Operations Board Member Time – 12

There were no comments.

## Adjournment

Ms. Cristol moved, with a second by Ms. Caddigan, to adjourn. Without objection, Chairman Smedberg adjourned the meeting at 10:14 A.M.

Approved this 15<sup>th</sup> day of December 2017.

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Paul C. Smedberg  
Chairman

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Katie Cristol  
Secretary

**CERTIFICATION**

This certification hereby acknowledges the minutes for the November 17, 2017 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.

*Rhonda Gilchrest*

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Rhonda Gilchrest

DRAFT

**Virginia Railway Express  
Operations Board**

**Resolution  
8A-11-2017**

**Authorization to Issue a Request for Proposals for  
Disaster Management Services**

**WHEREAS**, the National Transportation Safety Board (NTSB) and industry practice recommend commuter rail carriers contract for on-call disaster management services; and,

**WHEREAS**, VRE has historically contracted for these services as part of its overall continuity of operations program; and,

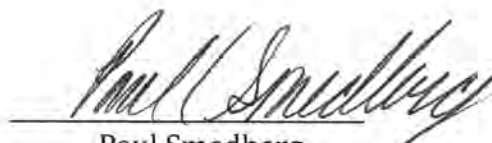
**WHEREAS**, VRE's contract with the current provider will expire on June 27, 2018;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Request for Proposals for Disaster Management Services.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
8B-11-2017**

**Authorization to Issue a GEC VII Task Order for Analysis for  
VRE Enterprise Resource Planning Solution**

**WHEREAS**, VRE's existing information technology systems supporting enterprise resources are currently unable to support the growing needs of the organization, or future expansion outlined in the adopted VRE System Plan 2040; and,

**WHEREAS**, VRE requires technical assistance and subject matter expertise to perform analysis identifying existing gaps within information systems which support VRE's enterprise resources.; and,

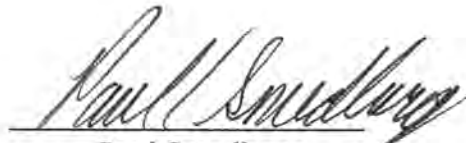
**WHEREAS**, the existing information technology systems supporting enterprise resources are unable to support the growing needs of the organization; and,

**WHEREAS**, VRE needs an Enterprise Resource Planning solution;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a GEC VII Task Order to STV for Analysis for VRE Enterprise Resource Planning (ERP) Solution in the amount of \$123,393, plus a 10% contingency of \$12,339, for a total not to exceed \$135,732.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9A-11-2017**

**Authorization to Forward the FY 2017 Audited Financial  
Statements and Auditor's Report to the Commissions**

**WHEREAS**, the VRE Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements; and,

**WHEREAS**, the audit of the VRE FY 2017 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 VRE Operations Board accepts the FY 2017 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

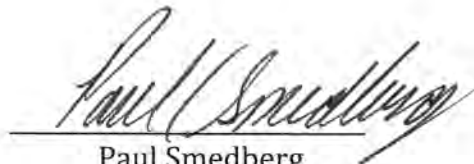
Approved this 17<sup>th</sup> day of November 2017



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Katie Cristol

Secretary



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Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9B-11-2017**

**Authorization to Extend the Vendor Agreement for  
Sale of Fare Media with The Convention Store (Commuter Direct)**

**WHEREAS**, the current ticket sales agreement with Convention Store, Inc. to sell VRE fare media via mail order will expire in November 2017; and,

**WHEREAS**, the Request for Proposals for VRE Fare Media Sales issued in July 2017 is currently in negotiations and will need more time to finalize terms before the current agreement expires;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a six-month extension of the Vendor Agreement for Sale of Fare Media with The Convention Store, Inc., owner and operator of CommuterDirect, the Commuter Store at Crystal City and various smaller outlets including the Springfield Connector Store.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9C-11-2017**

**Authorization to Issue a GPC Task Order for the  
VRE Transit Development Plan Update**

**WHEREAS**, the Department of Rail and Public Transportation (DRPT) requires public transit operators receiving state funding to prepare, adopt, and submit a Transit Development Plan every six years; and,


**WHEREAS**, VRE is required to update its current TDP to encompass the six-year period (FY 2020-2025) for a fiscally constrained plan and an extended minimum of ten-years (FY 2020-2029) for fiscally unconstrained analysis of the capital and operating needs; and,

**WHEREAS**, the necessary updates must be made in accordance with DRPT's Transit Development Plan Minimum Requirements;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a GPC Task Order to Michael Baker International, Inc. of Alexandria, VA for planning services to update the VRE Transit Development Plan in the amount \$189,978, plus a 10% contingency of \$18,998, for a total not to exceed \$208,976.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9D-11-2017**

**Authorization to Execute a Contract for  
Electronic Fuel Injector Assemblies**

**WHEREAS**, the Original Equipment Manufacturer of the VRE locomotives recommends the replacement of the Electronic Fuel Injector Assemblies after every three years of service; and,

**WHEREAS**, it is time to remove and replace the electronic fuel injector assemblies for the second cycle; and,

**WHEREAS**, the VRE Operations Board authorized the CEO to issue an Invitation for Bids for Electronic Fuel Injector Assemblies in May 2017; and,

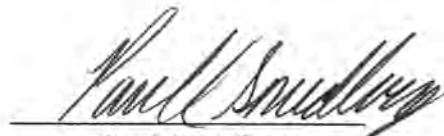
**WHEREAS**, a competitive solicitation process was conducted; and,

**WHEREAS**, it was determined Progress Rail Locomotive, Inc. was the lowest responsive-responsible bidder;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Progress Rail Locomotive, Inc. of LaGrange, IL for Electronic Fuel Injector Assemblies in the amount of \$430,166, plus a 10% contingency of \$43,016, for a total amount not to exceed \$473,182.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9E-11-2017**

**Recommend Authorization to Submit VRE Projects to NVTA for  
FY 2018-2023 Six Year Program Funding Consideration**

**WHEREAS**, the passage of House Bill 2313 requires the NVTA to fund highway projects that have been both included in TransAction and evaluated for congestion relief and emergency evacuation by VDOT or mass transit capital projects that increase capacity; and,

**WHEREAS**, NVTA has issued a Call for Projects to agencies and jurisdictions for consideration for funding with expected FY2018 through FY2023 revenues; and,

**WHEREAS**, VRE has identified a set of projects that expand VRE capacity consistent with the VRE Capital Improvement Program and System Plan 2040 where funding to continue to advance the project through implementation has not yet been identified; and,


**WHEREAS**, each of the projects satisfies NVTA funding eligibility requirements to both be included in the TransAction long-range regional transportation plan and increase transit capacity;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the submission of the projects identified in Attachment 1 to the NVTA for consideration for funding in its FY2018-2023 Six Year Program; and,

**BE IT FURTHER RESOLVED THAT**, the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, *to remove the L'Enfant station and track improvements project dependent on its eligibility for NVTA funding*, and to execute all project agreements on behalf of the Commissions.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9F-11-2017**

**Recommend Authorization to Submit VRE Projects to NVTC for  
FY 2018 I-66 Commuter Choice Funding Consideration**

**WHEREAS**, the Northern Virginia Transportation Commission (NVTC) has issued a Call for Projects for consideration for funding with expected Fiscal Year (FY) 2018 I-66 Inside the Beltway toll revenues available through the I-66 Commuter Choice program; and,

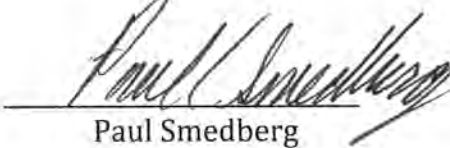
**WHEREAS**, VRE has identified three projects within the I-66/VRE Manassas Line corridor that will benefit I-66 toll payers, included in the VRE Capital Improvement Program and System Plan 2040, where funding to continue to advance the project through implementation has not yet been identified;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the submission of the Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System projects to NVTC for funding consideration in its FY 2018 Commuter Choice program; and,

**BE IT FURTHER RESOLVED THAT**, the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9G-11-2017**

**Recommend Approval of the 2017/18 VRE Legislative Agenda**

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

**WHEREAS**, VRE serves residents throughout the Commonwealth to provide a meaningful public transportation option; and,


**WHEREAS**, it is essential for VRE to advocate for its funding needs and legislative/regulatory concerns 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**, VRE has coordinated its Legislative Agenda with the staffs of the Commissions and member jurisdictions;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the 2017/18 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the attached document.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

**Virginia Railway Express  
Operations Board**

**Resolution  
9E-11-2017**

**Recommend Authorization to Submit VRE Projects to NVTA for  
FY 2018-2023 Six Year Program Funding Consideration**

**WHEREAS**, the passage of House Bill 2313 requires the NVTA to fund highway projects that have been both included in TransAction and evaluated for congestion relief and emergency evacuation by VDOT or mass transit capital projects that increase capacity; and,

**WHEREAS**, NVTA has issued a Call for Projects to agencies and jurisdictions for consideration for funding with expected FY2018 through FY2023 revenues; and,

**WHEREAS**, VRE has identified a set of projects that expand VRE capacity consistent with the VRE Capital Improvement Program and System Plan 2040 where funding to continue to advance the project through implementation has not yet been identified; and,

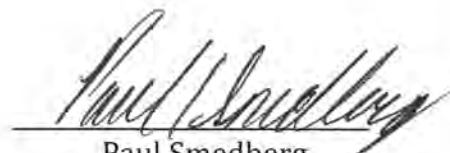
**WHEREAS**, each of the projects satisfies NVTA funding eligibility requirements to both be included in the TransAction long-range regional transportation plan and increase transit capacity;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the submission of the projects identified in Attachment 1 to the NVTA for consideration for funding in its FY2018-2023 Six Year Program; and,

**BE IT FURTHER RESOLVED THAT**, the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions.

Approved this 17<sup>th</sup> day of November 2017

  
Katie Cristol  
Secretary

  
Paul Smedberg  
Chairman

# CEO REPORT

NOVEMBER 2017



# OUR MISSION

The Virginia Railway Express, a joint project of the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission, will provide safe, cost-effective, accessible, reliable, convenient, and customer responsive commuter-oriented rail passenger service. VRE contributes to the economic vitality of its member jurisdictions as an integral part of a balanced, intermodal regional transportation system.



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CEO REPORT | NOVEMBER 2017

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**RIDE MAGAZINE, NOVEMBER ISSUE (RIDE not included in web version)**

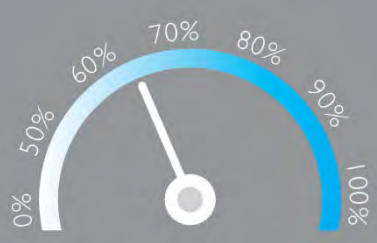


VIRGINIA RAILWAY EXPRESS  
A better way. A better life.



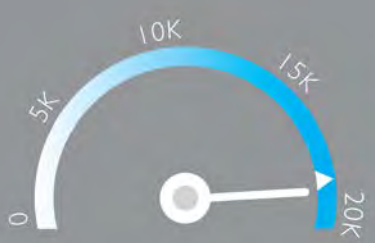
# SUCCESS AT A GLANCE

Data provided reflects September 2017 information.



**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 but excluding "S" schedule operating days.

▲ Same month, previous year.



**ON-TIME PERFORMANCE**

Percentage of trains that arrive at their destination within five minutes of the schedule.

▲ Same month, previous year.



**SYSTEM CAPACITY**

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



**OPERATING RATIO**

The monthly operating revenues divided by the monthly operating expenses, which depicts the percent of operating costs paid by the riders.

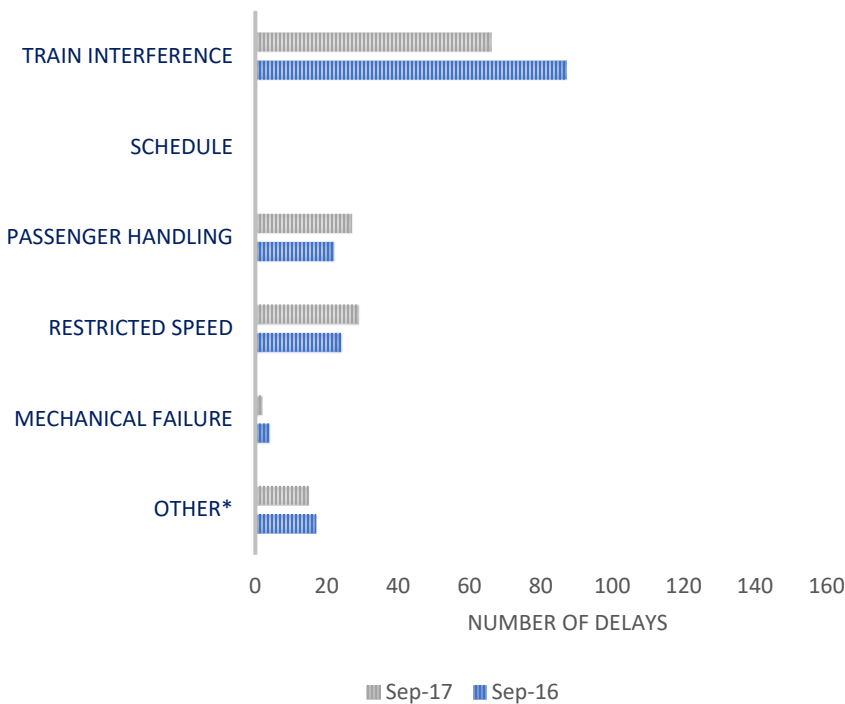
◆ Board-established goal.

# ON-TIME PERFORMANCE

## OUR RECORD

	September 2017	August 2017	September 2016
Manassas Line	92%	92%	94%
Fredericksburg Line	87%	84%	85%
System Wide	89%	88%	90%

## REASONS FOR DELAYS



VRE operated 640 trains in September. Our on-time rate for September was 89%. Seventy of the 640 trains arrived more than five minutes late to their final destinations. There were twenty-seven late trains on the Manassas Line and forty-three late trains on the Fredericksburg Line.

We again narrowly missed our 90% on-time goal for this month, due primarily to rail congestion related to the continuing infrastructure upgrade projects along the rail. In this saturated system, any one incident can impact several trains later in the schedule.

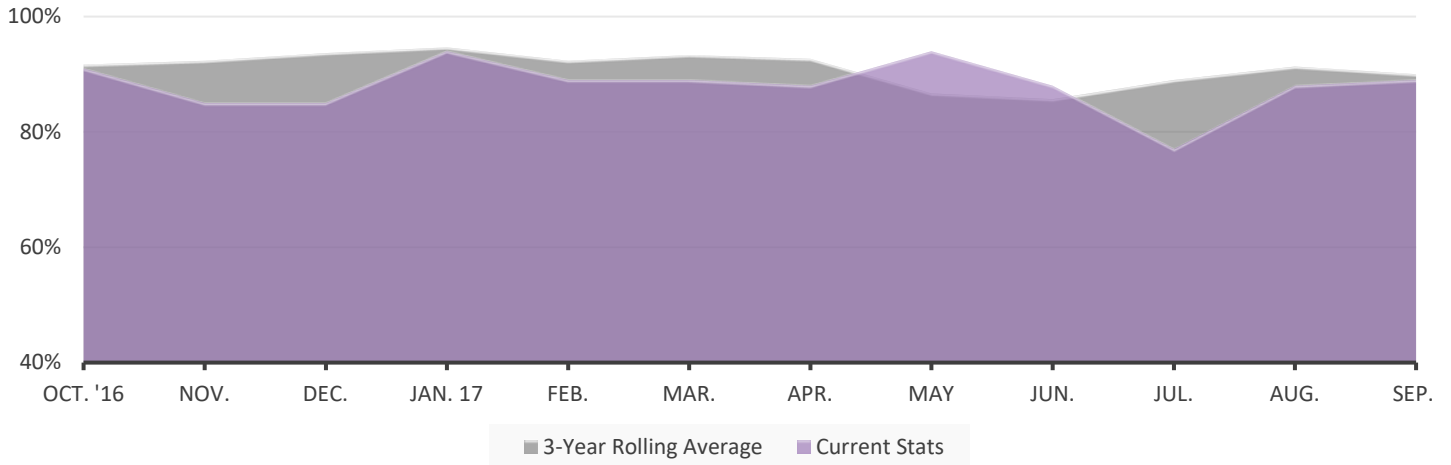
\*Includes those trains that were delayed due to late turns, weather, signal/switch failures and maintenance of way.

## LATE TRAINS

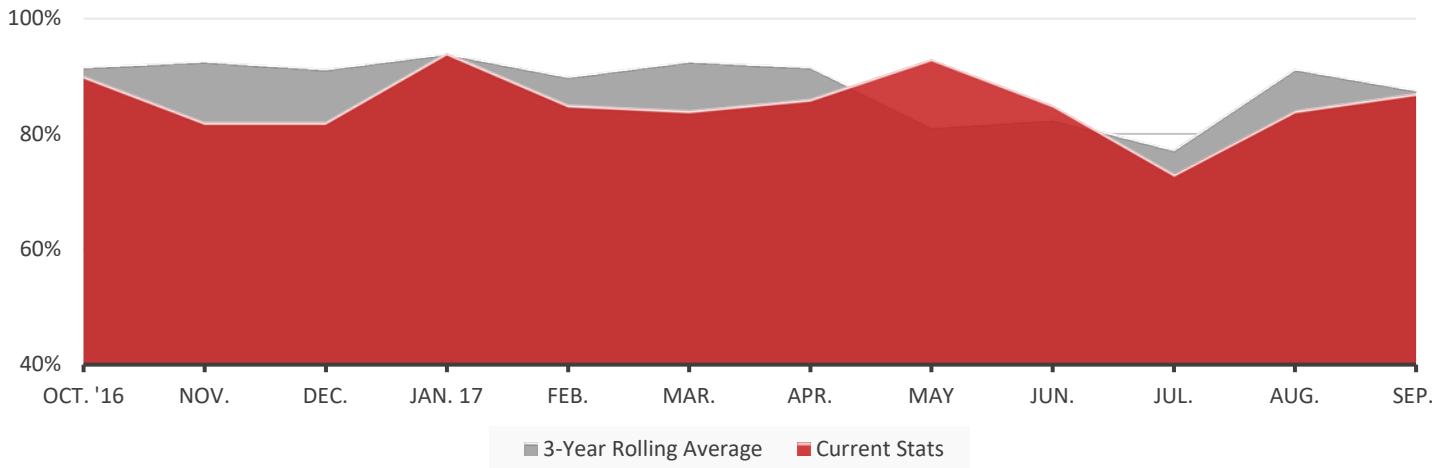
	System Wide			Fredericksburg Line			Manassas Line		
	Jul.	Aug.	Sep.	Jul.	Aug.	Sep.	Jul.	Aug.	Sep.
Total late trains	145	86	70	86	58	43	59	28	27
Average minutes late	15	11	15	17	12	16	13	11	14
Number over 30 minutes	13	0	3	10	0	2	3	-	1
Heat restriction days / total days	12/20	4/23	1/20						

## ON-TIME PERFORMANCE

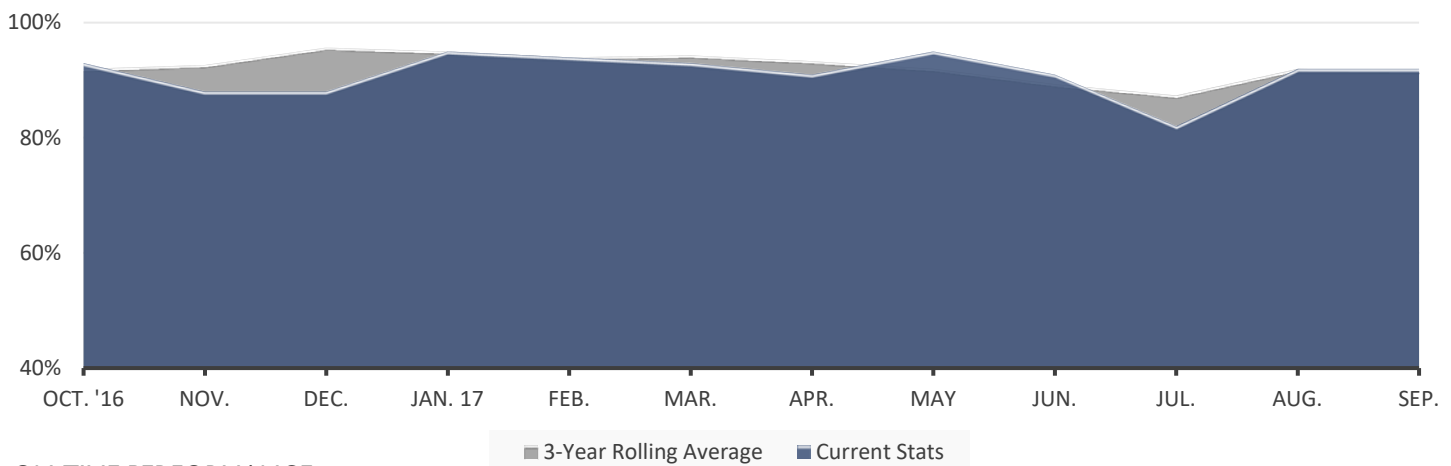
### VRE SYSTEM



### FREDERICKSBURG LINE

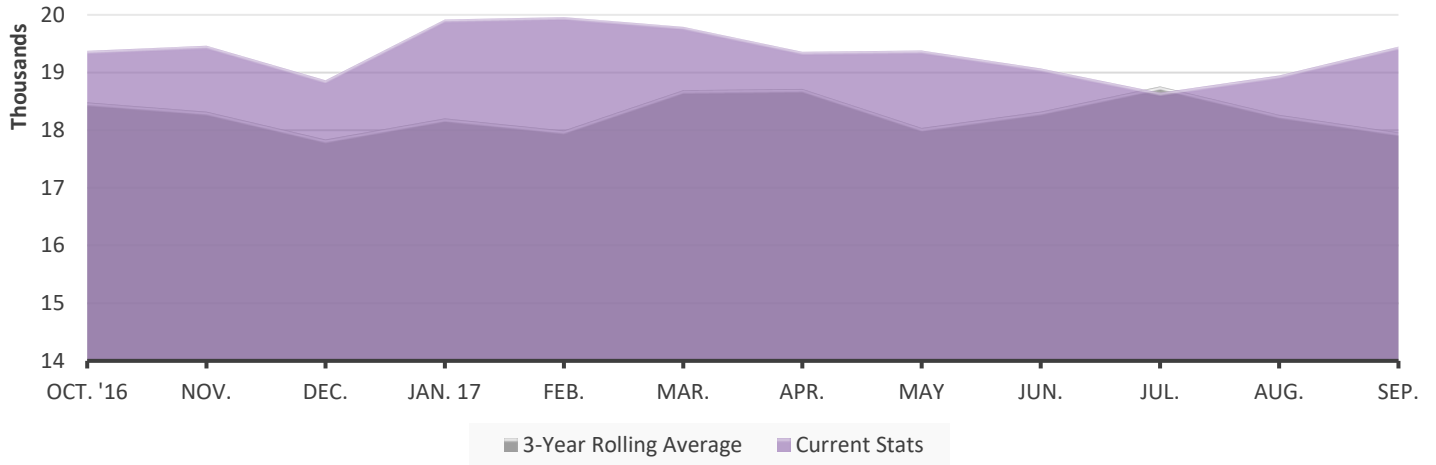


### MANASSAS LINE

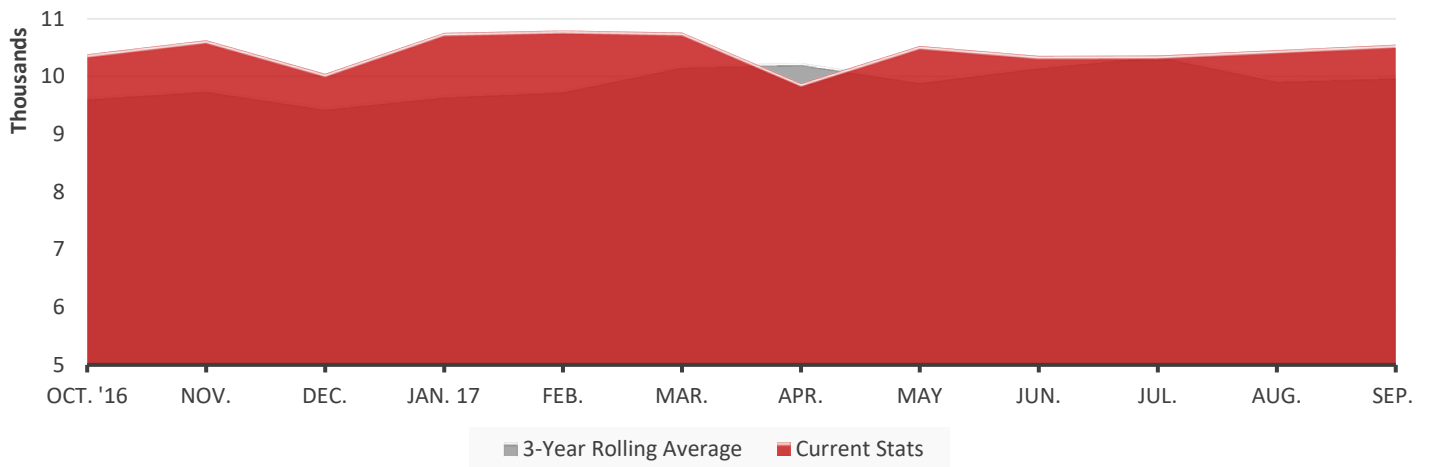


# AVERAGE DAILY RIDERSHIP

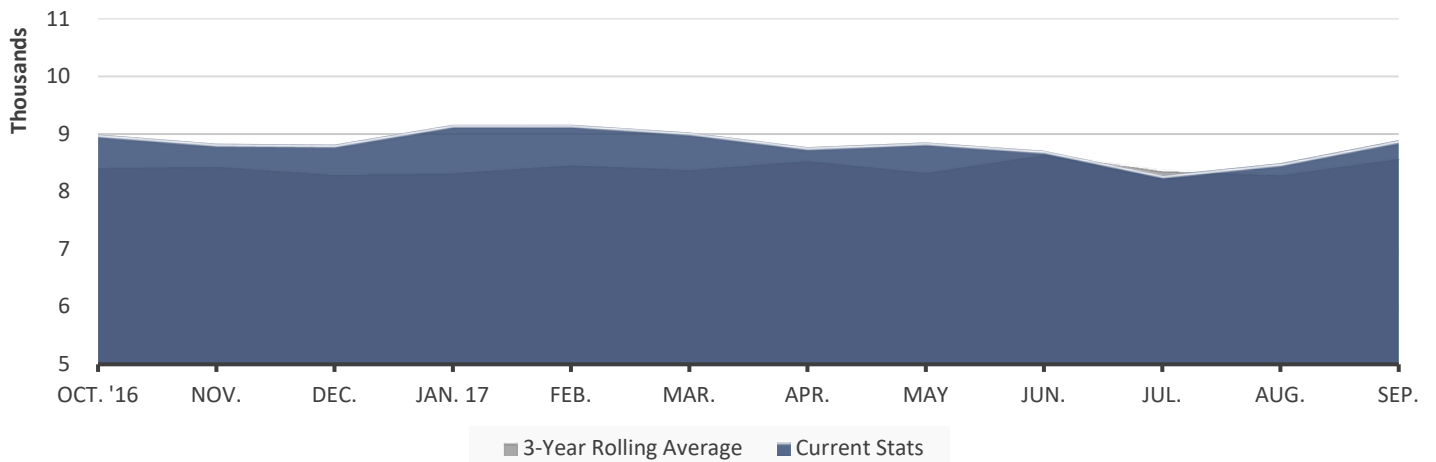
## VRE SYSTEM



## FREDERICKSBURG LINE



## MANASSAS LINE



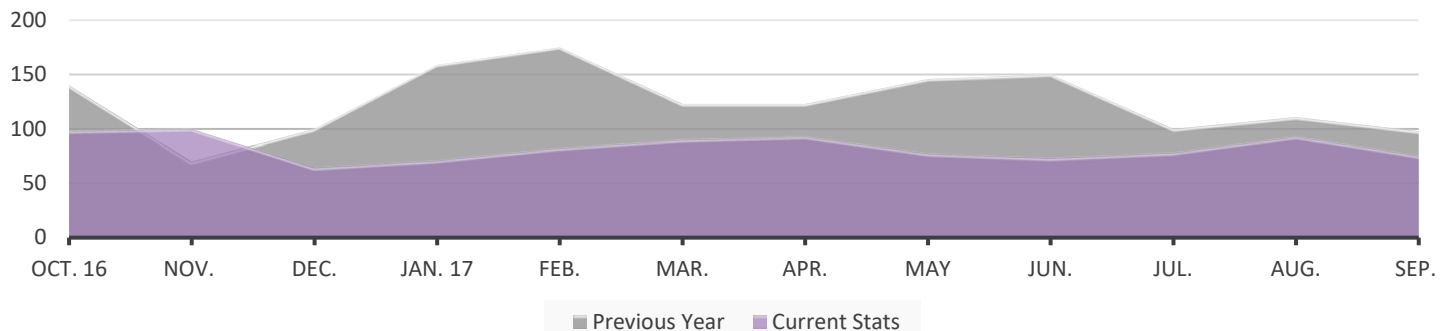
## RIDERSHIP UPDATES

Average daily ridership (ADR) in September was approximately 19,500. With the summer vacation season over and commuting patterns returning to normal, VRE saw ridership increase in September as expected. There was also an increase over last September's average ridership by about 200 riders.

	September 2017	August 2017	September 2016
Monthly Ridership	388,936	435,839	403,500
Average Daily Ridership	19,447	18,950	19,214
Full Service Days	20	23	21
"S" Service Days	0	0	0

## SUMMONSES ISSUED

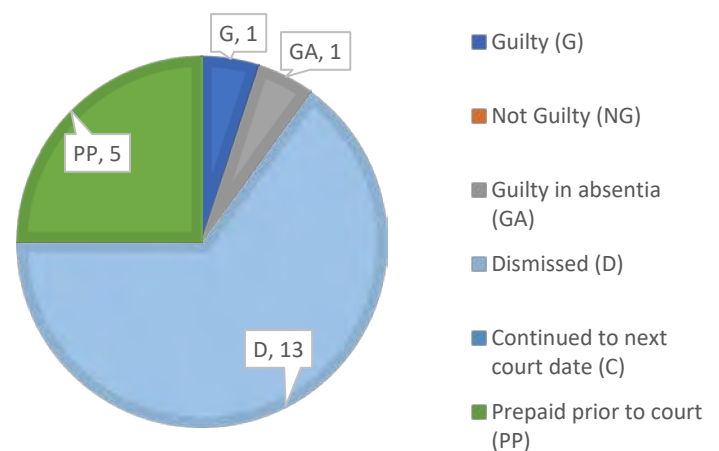
### VRE SYSTEM



### SUMMONSES WAIVED OUTSIDE OF COURT

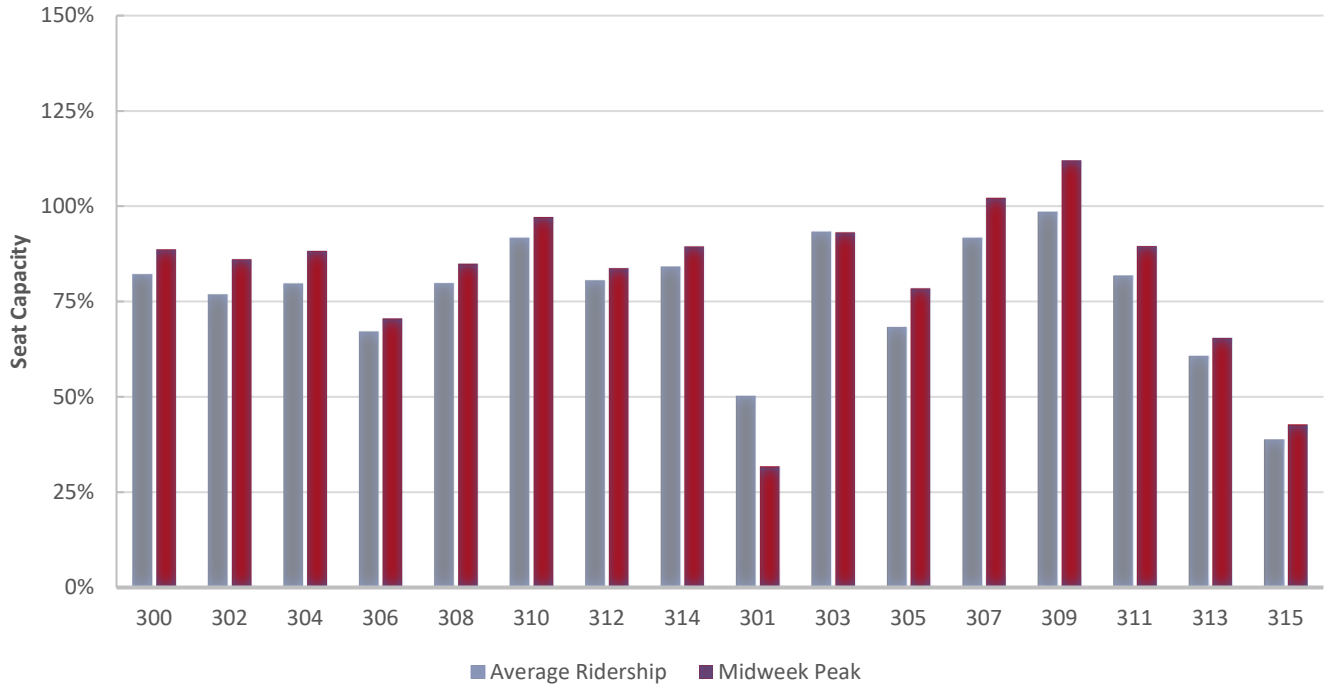
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	15
One-time courtesy	16
Per the request of the conductor	4
Defective ticket	0
Per Ops Manager	0
Unique circumstances	0
Insufficient information	3
Lost and found ticket	0
Other	1
<b>Total Waived</b>	<b>39</b>

### MONTHLY SUMMONSES COURT ACTION

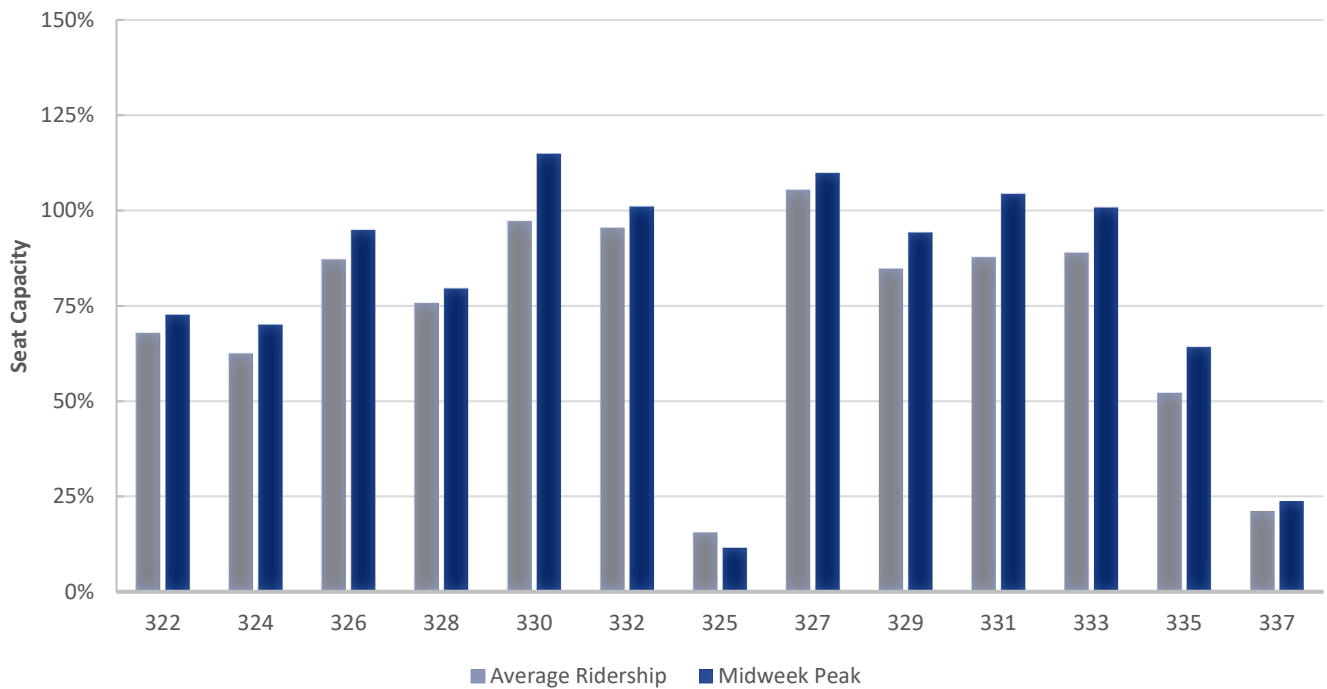


# TRAIN UTILIZATION

## FREDERICKSBURG LINE

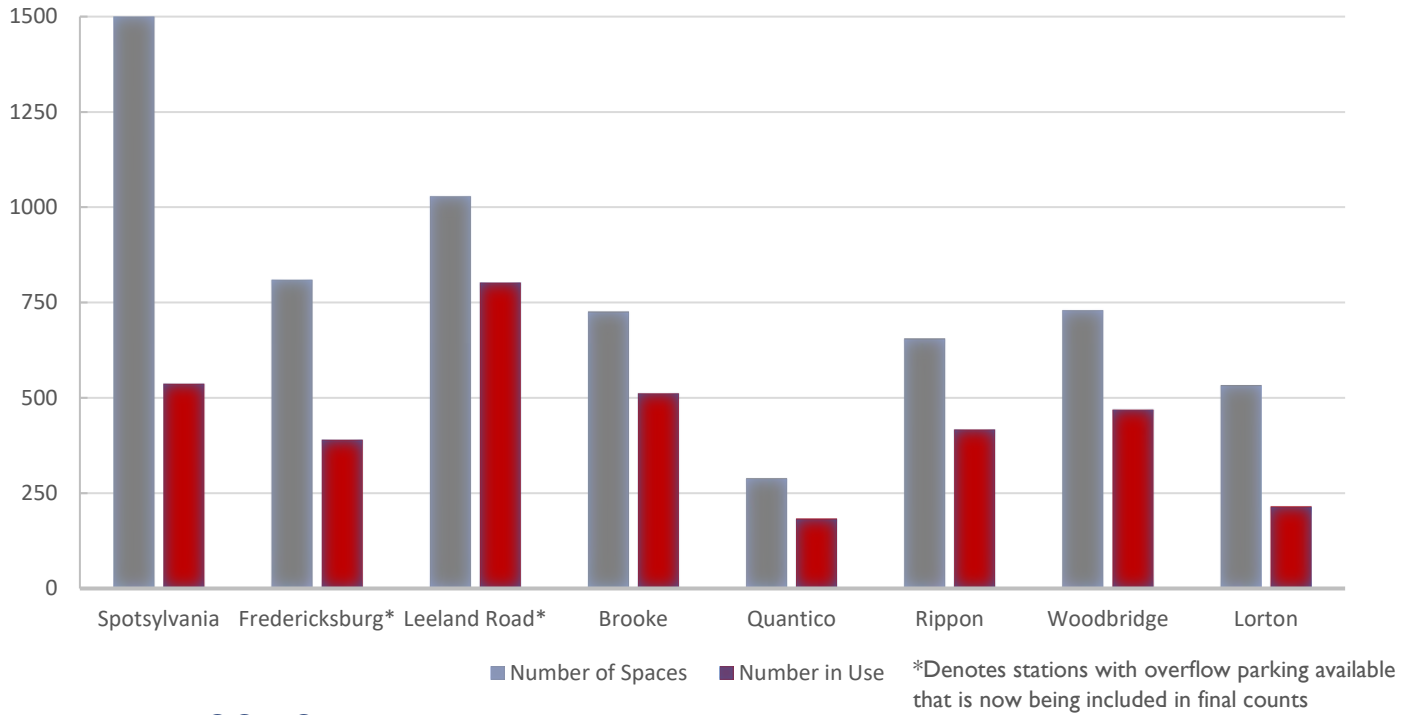


## MANASSAS LINE

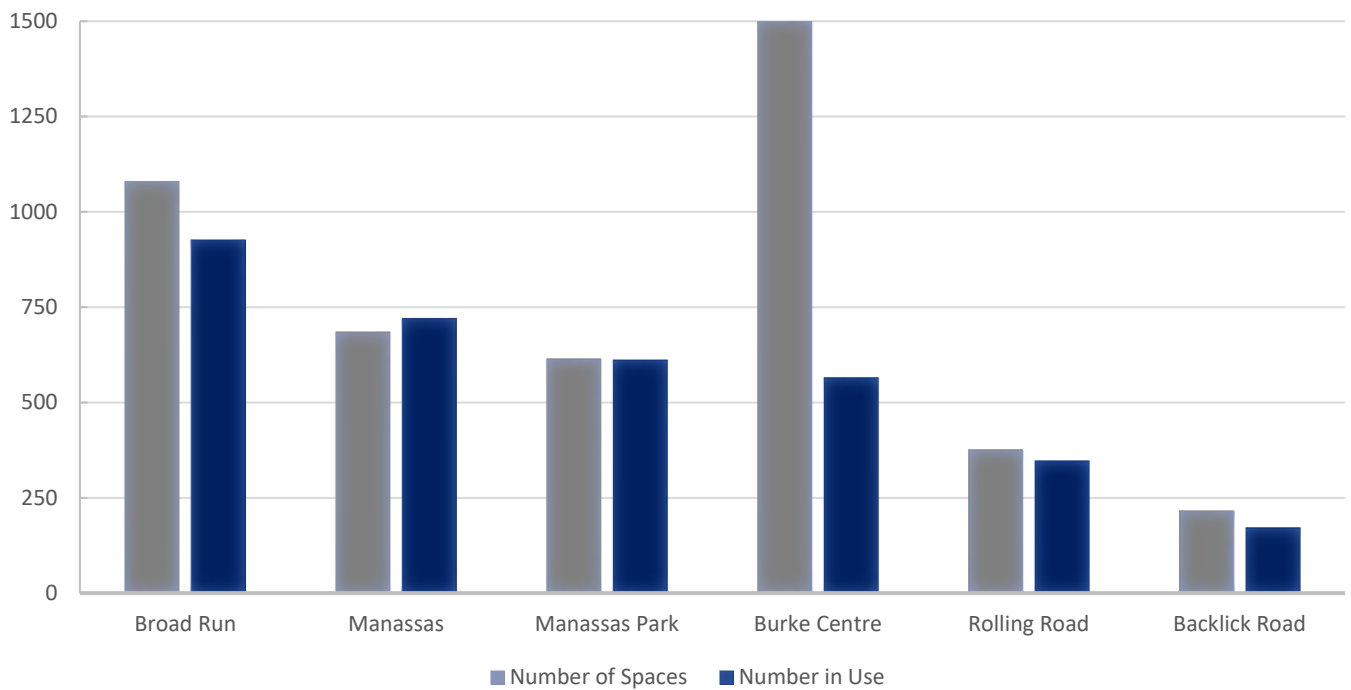


# PARKING UTILIZATION

## FREDERICKSBURG LINE



## MANASSAS LINE



# FINANCIAL REPORT

A copy of the September 2017 Operating Budget Report is below.

Fare revenue through the first three months of FY 2018 is \$590,799 above budget (a favorable variance of 5.9%), and is down 0.6% compared to the same period in FY 2017.

The operating ratio is 51%. VRE's budgeted operating ratio for FY 2018 is 50%.

A summary of the FY 2018 financial results through September follows, including information on the major revenue and expense categories. Please note that these figures are preliminary and unaudited.

## FY 2018 Operating Budget Report Month Ended September 30, 2017

	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY18 BUDGET
<b>Operating Revenue</b>							
Passenger Ticket Revenue	3,518,435	3,187,632	10,631,840	10,041,041	590,799	5.9%	39,845,400
Other Operating Revenue	37,193	18,000	61,830	56,700	5,130	9.0%	225,000
<b>Subtotal Operating Revenue</b>	<b>3,555,628</b>	<b>3,205,632</b>	<b>10,693,670</b>	<b>10,097,741</b>	<b>595,929</b>	<b>5.9%</b>	<b>40,070,400</b>
Jurisdictional Subsidy (I)	-	-	8,798,260	8,798,261	(0)	0.0%	12,874,980
Federal/State/Other	2,656,310	2,582,129	7,769,983	7,812,254	(42,271)	-0.5%	31,005,851
Jurisdictional Subsidy							
Appropriation from	-	-	-	-	-	0.0%	955,000
Reserve/Other Income							
Interest Income	45,197	6,000	130,156	18,900	111,256	588.7%	75,000
<b>Total Operating Revenue</b>	<b>6,257,135</b>	<b>5,793,761</b>	<b>27,392,070</b>	<b>26,727,156</b>	<b>664,914</b>	<b>2.5%</b>	<b>84,981,231</b>
<b>Operating Expenses</b>							
Departmental Operating	6,193,220	5,945,556	20,940,582	21,670,832	730,250	3.4%	78,230,361
Expenses							
Debt Service	559,852	559,573	1,679,241	1,678,718	(523)		6,714,870
Other Non-Departmental	-	-	-	-	-		36,000
Expenses							
<b>Total Operating</b>	<b>6,753,072</b>	<b>6,505,128</b>	<b>22,619,823</b>	<b>23,349,549</b>	<b>729,727</b>	<b>3.1%</b>	<b>84,981,231</b>
<b>Net income (loss) from</b>	<b>(495,936)</b>	<b>(711,367)</b>	<b>4,772,247</b>	<b>3,377,606</b>	<b>1,394,641</b>		<b>-</b>
<b>Operating Ratio</b>			<b>51%</b>	<b>47%</b>		<b>Goal</b>	<b>50%</b>

(1) Total jurisdictional subsidy is \$17,250,240. Portion shown is attributed to Operating Fund only.

## FACILITIES UPDATE

The following is a status update of VRE facilities projects:

Completed projects:

1. Painting of east side of Alexandria Station
2. Installation of fiber conduit across pedestrian bridge at Rippon Station
3. Restoration of turf at Spotsylvania Station
4. Restriping of Manassas Station parking garage
5. Repairs to platform concrete at Broad Run Station
6. Annual inspection of dry standpipes at Woodbridge and Manassas Station parking garages



*Manassas Station Garage Striping (before)*

Projects scheduled to be completed this quarter:

1. Replacement of waste and recycling receptacles at Lorton Station
2. Painting of Woodbridge Station and parking garage
3. Minor renovations to VRE Fredericksburg office
4. Replacement of building perimeter caulking at Manassas Station parking garage
5. Installation of monitoring wells on two outfall drainage pipes at Broad Run Yard to allow for accurate discharge sampling for VPDES General Permit compliance
6. Repairs to wayside power wiring connections at Broad Run Yard
7. Upgrades to electrical power supply for new communications cabinets at Rolling Road, Burke Centre and Fredericksburg Stations
8. Replacement of ADA parking signage at Brooke and Leeland Road Stations
9. Repairs to platform concrete at Alexandria, Lorton, Quantico, Brooke and Manassas Stations (contingent upon flagman availability)



*Manassas Station Garage Striping (after)*

Projects scheduled to be initiated this quarter:

1. Repairs to fascia and soffit at Woodbridge Station east building
2. Installation of pathfinder signs for Spotsylvania Station

3. Replacement of light poles and fixtures at Manassas Station
4. Replacement of parking lot signage at Broad Run Station
5. Replacement of aging HVAC units throughout VRE system
6. Replacement of tactile warning strips at various stations

Ongoing projects:

1. Modernization of west elevator at Franconia-Springfield Station (scheduled for completion by end of CY 2017)
2. Development of specifications for modernization of Woodbridge Station east elevator
3. Replacement of signage with new standard signage at various stations, starting at Lorton Station
4. Development of design of platform concrete rehabilitation and other station improvements at Fredericksburg Station (to be managed by Office of Development)
5. Development of IFB for Canopy Roof Replacement at the Backlick and Rolling Road Stations

# UPCOMING PROCUREMENTS

## Scope of Work Pending:

- Replacement of Tactile Warning Strips at Station Platforms
- Purchase of Passenger Elevators
- Construction of the Lifecycle Overhaul and Upgrade Facility
- Construction Management Services for the Lifecycle Overhaul and Upgrade Facility
- Information Technology Services
- Program Management Services
- Graphic Design Services
- Canopy Roof Replacement at the Backlick and Rolling Road Stations
- Passenger Railcar Truck Overhaul Services
- Modernization of VRE Woodbridge Station East Elevator
- Repair and Overhaul of Passenger Car HVAC Assemblies
- Repair and Overhaul of Passenger Car Wheelchair Lift Assemblies
- Insurance Brokerage Services
- Maintenance/Custodial and Seasonal Services for VRE Facilities

# CAPITAL PROJECTS UPDATES

As of October 6, 2017

## Broad Run Expansion Study (was Gainesville-Haymarket Expansion Study) (BRX/GHX)

- Reviewed Broad Run schematics
- Began review of No Build/Natural Growth ridership forecasts
- Provided consultant with service assumptions for travel demand forecasts

## VRE Core Capacity Project Implementation Strategy

- Reviewed final technical memo and project description with VRE Staff and consultant

## National Transit Database Survey 100 percent Sample Survey

- Reviewed statistician summary memo of sampling and calculation methodology
- Updated monthly files

## Quadrennial Constrained Long Range Plan (CLRP) Financial Analysis

- Submitted updated revenue/expenditure forecasts to Transportation Planning Board (TPB), Virginia Department of Transportation (VDOT), Fredericksburg Area Metropolitan Planning Organization (FAMPO)
- Submitted updated, existing CLRP project list to VDOT and TPB

## Midday Storage Replacement Facility

- Developed square footage needs for possible discussion with Conrail for Union Market easement valuation
- Attended public meeting for District Department of Transportation's (DDOT) New York Avenue Streetscape and Trail Project on September 19th
- Amtrak agreement was discussed on September 21st
- Design workshop held on October 6th; Amtrak reviewing Basis of Design (BOD) and preferred alternative and will transmit comments to VRE in advance of next workshop scheduled for November 3rd
- Drafted concurrence memo
- Sent concurrence memo to Amtrak, and it is under legal review
- Geotech borings completed and being reviewed
- Updated Project website
- Cost Estimate under review
- Briefed the Office of the Deputy Mayor for Planning and Economic Development (DMPED) staff on September 28th on status update and confirmed that no station or overbuild are part of the concept design

## Rolling Road Platform Extension

- Submitted revised plans based on Norfolk Southern comments
- Dewberry submitted plans to Fairfax County for review

### Crossroads Real Estate Acquisition

- Attended rezoning hearing on September 20th, and application was approved
- Contractor will post signs in advance of October 24th BOS Meeting as required
- Contractor will attend BOS meeting

### Long Bridge Expansion Study

- The Department of Rail and Public Transportation (DRPT) is conducting a "feasibility analysis" of Long Bridge options; DRPT provided preliminary results at Project Management Team (PMT) meeting on October 4th
- The concept of using existing bridge and superstructure to add additional capacity and save time, costs and constructability issues is to be addressed in final report in early November
- Level 2 screening resulted in 2 and 4 track bridge options to be selected for further analysis
- Draft MOA with FRA comments received and forwarded for Legal review

### Southeast High Speed Rail Corridor (DC2RVA)

#### Coordination

- FRA approved Draft Environmental Impact Statement (DEIS)
- VRE Staff is reviewing the DEIS document and drafting comments for transmittal to DRPT

### Washington Union Station Project EIS

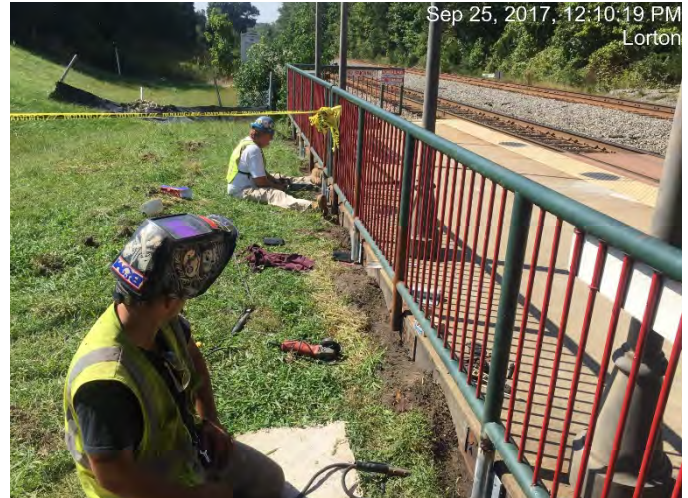
- Provided comments on 90 percent drawings for hanger improvements

### Lorton Platform Extension

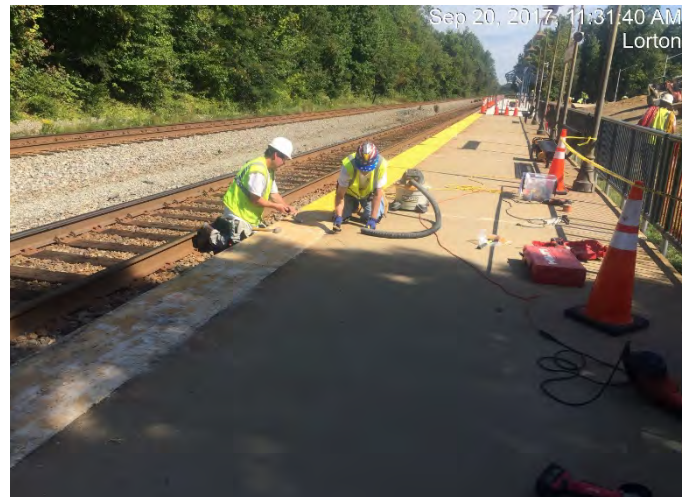
- On site and regular communication and coordination with CSX, Fairfax County, utilities, and other stakeholders (including regularly scheduled project meetings with Hammerhead Construction, the prime contractor)
- Site preparation and submittals continued in preparation for fill operations, including concrete form setting, re-steel and concrete placement, and conduit installations and drainage installation
- Site preparation occurred for roofing and painting work
- Drainage and Civil Earthwork continued



The Lorton Station Platform Extension project is also about improving the state of good repair of the existing station. The completed reroofing of the 25-year old shelter.



Repair and rehabilitation of the 25-year old steel railings at Lorton Station.



Updating the tactile warning strip on the edge of the existing platform at Lorton.



Steps are formed for the new platform entrance being added at Lorton.



Initial grading of the drainage swale for the new platform extension at Lorton.

### Arkendale to Powell's Creek Third Track Project

- Project cleanup and work on eroded areas at Retaining Wall 14 and Bauer Road Bridge continuing as other scope, contract, and agreement issues are resolved between CSXT, DRPT and the contractor

### Quantico Station

- 60 percent design for station and 90 percent design for site, civil, drainage, track, and retaining wall in vicinity of station released to stakeholders for review and comment
- DRPT Task Order for STV to be able to complete 60-to-90 percent design was executed
- Utility location and potential conflicts coordinated on site through CSXT

### Potomac Shores Station

- Re-design of station concept waiting on Arkendale to Powell's Creek agreements to be finalized
- Received and reviewing contractor's responses to previous comments; responses will be addresses with new sets of comments on 100 percent plans

### Spotsylvania Station / FB-to-XR Third Track

- Contractors received their final payments in the past quarter and project closeouts forthcoming

## Franconia-Springfield Station Improvements

- Processing an update on the draft design review agreement through legal
- Participated in a bi-weekly project meeting/call with CSXT on September 12th
- Reviewed, accepted, and recommended payment of Invoice #12
- Provided Financial Group with project budget expenditures for internal audit
- Conducted a bi-weekly call with general engineering consultant (GEC) for project updates on September 25th

## Lorton Station Improvements (Second Platform)

- Processing an update on the draft design review agreement through legal
- Participated in a bi-weekly project meeting/call with CSXT on September 12th
- Reviewed, accepted, and recommended payment of Invoice #12
- Provided Financial Group with project budget expenditures for internal audit
- Conducted a bi-weekly call with general engineering consultant (GEC) for project updates on September 25th
- Integrating Hazard Analysis and NFPA 130 concerns into the 30 percent design

#### Rippon Station

- Continued development of 30 percent plans and cost estimate
- Processing an update on the draft design review agreement through legal
- Participated in a bi-weekly project meeting/call with CSXT on September 12th
- Reviewed, accepted, and recommended payment of Invoice #12
- Provided Financial Group with project budget expenditures for internal audit
- Conducted a bi-weekly call with general engineering consultant (GEC) for project updates on September 25th

#### Leeland Road Station

- Continued development of 30 percent plans and cost estimate
- Processing an update on the draft design review agreement through legal
- Participated in a bi-weekly project meeting/call with CSXT on September 12th
- Reviewed, accepted, and recommended payment of Invoice #12
- Reviewed and commented on the latest Rail Enhancement Fund grant draft agreement
- Provided Financial Group with project budget expenditures for internal audit
- Conducted a bi-weekly call with general engineering consultant (GEC) for project updates on September 25th

#### Brooke Station

- Continued development of 30 percent plans and cost estimate
- Processing an update on the draft design review agreement through legal
- Participated in a bi-weekly project meeting/call with CSXT on September 12th
- Reviewed, accepted, and recommended payment of Invoice #12
- Reviewed and commented on the latest Rail Enhancement Fund grant draft agreement
- Provided Financial Group with project budget expenditures for internal audit
- Conducted a bi-weekly call with general engineering consultant (GEC) for project updates on September 25th
- Participated in a cost comparison meeting with DC2RVA staff on September 14th
- Coordinated and participated in follow-up cost comparison meeting with DC2RVA staff on September 28th
- Continued to evaluate and revise cost comparison between two options
- Participated in a meeting with DRPT, VDOT, and Stafford County on September 29th

#### Alexandria Pedestrian Tunnel Project

- Participated in VRE internal meeting regarding project goals and funding
- Authorized VDOT Draw #8 on September 15th for \$29,802.60
- Responded to two consultants and one construction contractor's inquiries about timing of the advertisement for the contracts on September 25th and September 29th
- Processed an invoice for services through September 1st from Gannet Fleming
- Prepared a timeline of major activities
- Updated NVTAs matrix on status of project

#### Crossroads Lifecycle Overhaul & Upgrade Facility

- Developed action items for VRE and STV to prepare for contract to go through procurement
- Informed VRE Procurement/Contracts department of upcoming Invitation for Bids (IFB) on September 13th
- Notified STV that the plans and specifications should be made ready with mark of "Issue for Bids" stamp to be added
- Requested a set of drawings and full set of specifications in hard copy and disk to be provided to VRE by September 20th
- Conducted VRE internal work session on Div. 001 Specifications on September 13th

- Continued working on Div. 001 Specifications for IFB
- Reviewed September 20th Spotsylvania County Planning Commission item for property acquisition and forwarded to STV for their information. Item requires additional landscaping at the property boundary, which will have to be added to the contract documents
- Property item brought up at Spotsylvania County Planning Commission and is moving ahead for approval at the Spotsylvania County Board of Supervisors on October 24th
- Discussed construction contract methodologies for the track and building, resolving to advertise one contract
- Received two volumes of Technical Specifications on September 28th from GEC
- Requested information from GEC on progress of design of the access road as a part of Change Order #2

#### L'Enfant (North) Storage Track Wayside Power

- All C3M construction and testing completed
- All CSXT derail, signals, and testing completed
- Requested clarification by CSXT of two CSXT invoices from PRTC inquiry, due September 18th
- Effective September 1st, the Storage Track has been included in the CSXT RF&P Subdivision Timetable No. 1
- Investigated three (3) outstanding invoice items with CSXT as requested by PRTC
- C3M provided final purchase order to complete project (September 25th)
- Discussed final close-out with Construction Manager at AECOM
- Sent C3M requirements for project close-out on September 28th and discussed by telephone
- C3M submitted as-built plans. Participated in conference call on October 3rd to discuss the final field work and as-built inspection
- Directed HDR to complete as-built inspection
- Reviewed and approved CSXT invoice

#### L'Enfant (South) Storage Track Wayside Power

- NXL, Inc. delivered property investigation data on September 8th
- Reviewed data on September 12th and discussed with NXL
- Meeting held on September 14th with NXL to clarify property information
- Processed NXL invoice for period through August 25th
- Met with HDR regarding obtaining Public Space Permit; forwarded permit for L'Enfant North to HDR on September 12th
- Discussed organizing a meeting with PEPCO to discuss power access with DDOT permit requirements and completing design
- Updated CSXT staff on status of the property investigation
- Effective September 1st, the Storage Track has been included in the CSXT RF&P Subdivision Timetable No. 1
- Reviewed a CSXT invoice, requested CSXT back-up and processed invoice
- Contacted PEPCO to schedule a meeting

#### Slaters Lane/Alexandria Track 1 Access

- September 15th Board item for approval of CSXT Force Account Estimate for construction
- Reviewed and tracked changes on request drafted by VRE Project Development staff for reallocation of NVTA funds from Slaters Lane to Alexandria Pedestrian Tunnel Project on September 19th
- Provided summary of coordination with VRE legal regarding CSXT Force Account agreement

NOVEMBER 2017

- Provided CSXT estimates for design and construction to VRE Chief Development Officer on September 29th
- Updated Northern Virginia Transportation Authority (NVTA) matrix on status of project

#### Manassas Park Station Parking Expansion

- Preliminary design is ongoing
- Continued to evaluate draft Categorical Exclusion documentation
- Traffic Impact Analysis was submitted to the City on September 15th
- The VRE grant application for I-66 Outside the Beltway Concessionaire funds includes a request for construction funding for the garage and is awaiting approval by the Commonwealth Transportation Board
- Final Alternatives Analysis report was delivered to City Staff on September 19th
- Reviewed and revised plan, profile and renderings of garage and bridge plans with VRE Manager of Project Implementation; discussed with VHB need for team review by technical rail staff to address revisions
- Participated in CE Review meeting/call with VHB and VRE staff
- Coordinated with VHB staff regarding Geotechnical Report to include stair tower and bridge
- Reviewed and edited 30 percent design page-turn discussion and plan set and returned to VHB
- VHB prepared a matrix of comments from 30 percent page-turn review for discussion purposes
- Awaiting revisions from VHB on design to send to Norfolk Southern
- Reviewed VHB matrix of comments from 30 percent page-turn review VHB on October 3rd
- Responded to material vendor regarding project

### Crystal City Station Improvements

- Presented to the Arlington County Planning Commission on September 7th. The Commission recommended carrying Location Option 2 and Option 3 into Preliminary Engineering (PE)/National Environmental Policy Act (NEPA)
- Presented to the Arlington County Transportation Commission on September 13th. The Commission recommended Option 2 be advanced
- Presented to the Arlington County Board on September 19th. The County Board accepted Option 2 as the preferred station location on which VRE will focus subsequent planning and design efforts
- Status updates were provided to the Transit Advisory Committee on September 12th, and to the VRE Operations Board on September 15th
- A revised project plan was discussed at the Project Management Team meeting held on June 23rd, 2017. The VRE Board authorized a task order supplement in September 2017

### Fredericksburg Station Repairs

- On October 6th VRE received a draft concept plans of potential concepts for the proposed stairs currently being considered by the host railroad

### Station Signage

- Brooke Station sign package, including location plans, sign list, and notes, were circulated within VRE staff for review

# PROJECTS PROGRESS REPORT

As of October 6, 2017

## PASSENGER FACILITIES

PROJECT	DESCRIPTION	PHASE					
		CD	PD	EC	RW	FD	CN
Union Station Improvements (Amtrak/VRE Joint Recapitalization Projects)	Station and coach yard improvements of mutual benefit to VRE and Amtrak.	◆	◆	◆	N/A	◆	●
Alexandria Station Improvements	Pedestrian tunnel to METRO and eliminate at-grade track crossing.	◆	◆	◆	N/A	●	
	Modify Slaters Lane Interlocking and East Platform for passenger trains on Track #1.	◆	◆	◆	N/A	●	
	Extend East Platform and elevate West Platform.	◆	◆	◆	N/A	●	
Franconia-Springfield Station Improvements	Extend both platforms and widen East Platform for future third track. ●	◆	●	●	N/A		
Lorton Station Improvements	Extend existing platform.	◆	◆	◆	N/A	◆	●
	Construct new second platform with pedestrian overpass. ●	◆	●	●	N/A		
Rippon Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. ●	◆	●	●	N/A		
Potomac Shores Station Improvements	New VRE station in Prince William County provided by private developer.	◆	◆	◆	N/A	■	
Quantico Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass.	◆	◆	◆	N/A	■	
Brooke Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. ●	◆	●	●	N/A		
Leeland Road Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. ●	◆	●	●	N/A		
Manassas Park Parking Expansion	Parking garage to increase parking capacity to 1,100 spaces.	◆	●	●	N/A		
Rolling Road Station Improvements	Extend existing platform.	◆	◆	◆	N/A	●	
Crystal City Station Improvements	Replace existing side platform with new, longer island platform.	◆	●	●	N/A		
Broad Run Station Improvements	Parking garage to increase parking capacity by 900 spaces.	◆	◆	■	N/A		

PHASE: CD - Conceptual Design PD - Preliminary Design EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction  
 STATUS: ◆ Completed ● Underway ■ On Hold ● part of the "Penta-Platform" program

<sup>1</sup>Total project cost estimate in adopted FY2018 CIP Budget

Total <sup>1</sup>	ESTIMATED COSTS (\$)				COMPLETION		STATUS
	Funded	Unfunded	Authorized	Expended <sup>2</sup>	Percent	Date	
3,201,176	3,201,176	-	1,172,309	602,542	84%	4th QTR 2017	● Work resumed in April, 2016, and is anticipated to be completed December 2017.
10,021,865	10,021,865	-	1,814,559	1,504,443	51%	3rd QTR 2020	● 60% Comments under review
7,000,000	7,000,000	-	467,500	90,749	30%	1st QTR 2018	● Design work complete and construction is anticipated to start as part of CSXT work program.
2,400,000	400,000	2,000,000	-	-	5%	3rd QTR 2020	● Design work on East Platform only. West Platform elevation funded.
13,000,000	13,000,000	-	*	272,863	20%	2nd QTR 2020	● Preliminary engineering is anticipated to be complete in Winter 2017.
2,500,000	2,500,000	-	1,846,675	1,130,116	75%	4th QTR 2017	● Construction resumed following delay to confirm location of new third track under Atlantic Gateway.
16,150,000	16,150,000	-	*	219,348	20%	2nd QTR 2020	● Preliminary engineering is anticipated to be complete in Winter 2017.
16,632,716	16,632,716	-	*	153,757	20%	4th QTR 2021	● Preliminary engineering is anticipated to be completed by August 2018.
<i>No costs for VRE. Private developer providing station.</i>					10%	TBD	■ On hold pending resolution of DRPT/CSXT/FRA issues anticipated in September 2017.
9,500,000	9,500,000	574,706	-	-	30%	TBD	■ Final design up to 90% underway under DRPT management and funding
21,334,506	21,334,506	-	*	167,621	20%	4th QTR 2021	● Preliminary engineering is anticipated to be completed by August 2018.
14,336,156	14,336,156	-	*	140,293	20%	4th QTR 2021	● Preliminary engineering is anticipated to be completed by August 2018.
19,600,000	2,500,000	17,100,000	182,142	233,186	10%	2nd QTR 2018	● NTP issued in July, 2016. Alternatives Analysis report is being finalized.
2,000,000	2,000,000	-	442,900	177,660	14%	3rd QTR 2020	● 60% design plans under review. Force account agreement pending.
21,160,000	400,000	20,760,000	278,767	150,855	5%	2nd QTR 2023	● NTP for alternatives analysis and conceptual design issued December 2016.
24,420,000	3,420,000	21,000,000	2,031,263	393,120	30%	TBD	■ Project to be completed as part of Broad Run Expansion Project

## TRACK AND INFRASTRUCTURE

PROJECT	DESCRIPTION	PHASE					
		CD	PD	EC	RW	FD	CN
Hamilton-to-Crossroads Third Track	2¼-miles of new third track with CSXT design and construction of signal and track tie-ins.	◆	◆	◆	N/A	◆	◆

## MAINTENANCE AND STORAGE FACILITIES

Broad Run Yard Train Wash	New train wash facility to be added to the Broad Run MSF.	◆	◆	◆	N/A	●	
L'Enfant North Storage Track and Wayside Power	Conversion of existing siding into a midday train storage track.	◆	◆	◆	N/A	◆	●
L'Enfant South Storage Track and Wayside Power	Conversion of CSXT Temporary Track to VRE Storage Track (1,350 feet) and Associated Signal Work and	◆	◆	◆	N/A	●	●
Lifecycle Overhaul and Upgrade Facility	New LOU facility to be added to the Crossroads MSF.	◆	◆	◆	N/A	◆	■
Crossroads Maintenance and Storage Facility Land Acquisition	Acquisition of 16.5 acres of land, construction of two storage tracks and stormwater retention and new	◆	N/A	N/A	■	N/A	N/A
Midday Storage	New York Avenue Storage Facility: Planning, environmental and preliminary engineering.	◆	●	●	●		

## ROLLING STOCK












Passenger Railcar Procurement	Acquisition of 29 new railcars (15 received • 14 being built)	◆	N/A	N/A	N/A	◆	●
Positive Train Control	Implement Positive Train Control for all VRE locomotives and control cars.	◆	N/A	N/A	N/A	◆	●

## PLANNING, COMMUNICATIONS AND IT

Broad Run Expansion (was Gainesville-Haymarket Extension)	NEPA and PE for expanding commuter rail service capacity in Western Prince William County	◆	●	●	-	-	-
Mobile Ticketing	Implementation of a new mobile ticketing system.	◆	N/A	N/A	N/A	◆	●

PHASE: CD - Conceptual Design PD - Preliminary Design EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction  
 STATUS: ◆ Completed ● Underway ■ On Hold

1 Total project cost estimate in adopted FY2018 CIP Budget  
 2 Does not include minor (< \$50,000) operating expenditures

Total <sup>1</sup>	ESTIMATED COSTS (\$)			Expended <sup>2</sup>	COMPLETION		STATUS
	Funded	Unfunded	Authorized		Percent	Date	
32,500,000	32,500,000	-	33,285,519	31,299,225	100%	4th QTR 2015	 Project complete. Close-out pending.
2,494,711	307,513	2,187,198	307,513	174,875	55%	TBD	 Project consolidated into the Broad Run Expansion Project.
4,283,618	4,283,618	-	4,207,057	2,562,069	80%	2nd QTR 2017	 Power construction 90% complete. Track and signals in service.
3,965,000	3,965,000	-	2,937,323	1,517,774	40%	3rd QTR 2017	 Power design under review by CSXT & Pepco. Track and signals in service.
35,196,323	35,196,323	-	3,176,039	2,071,698	60%	TBD	 Design 100% complete. On hold pending county zoning action.
2,950,000	2,950,000	-	2,950,000	76,767	75%	TBD	 Completed cultural resources report. Submission of CE to FTA and county zoning action pending.
88,800,000	88,800,000	-	3,171,599	616,070	20%	4th QTR 2017	 Developing design options and PE. Identifying real estate requirements and acquisition strategy.
75,264,693	75,264,693	-	69,457,809	36,994,353	52%	4th QTR 2018	 8 cars were received in FY 2015, 7 cars have been received in FY 2016 and 5 cars received in FY 2017.
10,553,000	10,553,000	-	10,294,079	7,368,521	80%	4th QTR 2018	 Onboard installations ongoing.
617,791,163	5,885,163	611,906,000	5,483,720	2,709,552	15%	3rd QTR 2022	 Phase I directed focus on capacity improvements on existing Broad Run terminus. NTP issued for Phase 2 work program
3,510,307	3,510,307	-	3,510,627	1,575,307	87%	2nd QTR 2017	 Integration with S&B system complete. Mobile now accounts for about 12% of monthly revenue and more than 25% of all tickets sold.



## VIRGINIA RAILWAY EXPRESS

1500 KING STREET, SUITE 202 • ALEXANDRIA, VA 22314 • 703.684.1001

VRE.ORG





**RESOLUTION #2346**

**SUBJECT:** Accept and Authorize Distribution of VRE's FY2017 Comprehensive Annual Financial Report (CAFR)

**WHEREAS:** The Virginia Railway Express (VRE) Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements;

**WHEREAS:** The audit of the VRE FY2017 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; and

**WHEREAS:** The VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission accepts VRE's FY2017 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the VRE Chief Executive Officer to forward these documents to interested groups, firms, and members of the public.

Approved this 7<sup>th</sup> day of December 2017.

---

Jeffrey C. McKay  
Chairman

---

Matthew F. Letourneau  
Secretary-Treasurer



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-A**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 17, 2017**

**Re: Authorization to Forward the FY 2017 Audited Financial Statements and Auditor's Report to the Commissions**

---

**Recommendation:**

The VRE Operations Board is being asked to accept the FY 2017 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and to authorize the Chief Executive Officer to forward this information to the Commissions for their consideration.

**Background:**

The audit of VRE's FY 2017 financial statements has been completed and the auditors have issued an unmodified opinion. Their opinion letter states that the VRE statements, in all material respects, fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit.

The FY 2017 audit was conducted by the firm of PBMares, LLP. PBMares has served as the auditor for VRE, PRTC and NVTC for the last several years. A new three-year contract for the audits of the VRE, PRTC and NVTC financial statements was approved in April 2015, with four years of optional renewals.

The audited financial statements and associated reports were forwarded to all members of the Operations Board prior to the November 17<sup>th</sup> meeting. The auditors will meet with the VRE Audit Committee on November 17, 2017, prior to the Operations Board meeting to review the statements and their opinion.



Northern Virginia  
Transportation Commission  
2300 Wilson Blvd. #620  
Arlington, VA 22201  
703.524.3322



Virginia Railway Express  
1500 King Street, Suite 202  
Alexandria, VA 22314  
703.684.1001  
VRE.org



Potomac and Rappahannock  
Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, VA 22192  
703.580.6121

**Fiscal Impact:**

There is no financial impact to the VRE Operating Budget from the presentation of these audited financial statements.

**Virginia Railway Express  
Operations Board**

**Resolution  
9A-11-2017**

**Authorization to Forward the FY 2017 Audited Financial  
Statements and Auditor's Report to the Commissions**

**WHEREAS**, the VRE Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements; and,

**WHEREAS**, the audit of the VRE FY 2017 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 VRE Operations Board accepts the FY 2017 Comprehensive Annual Financial Report (CAFR) and associated information from the auditors and hereby authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 17<sup>th</sup> day of November 2017

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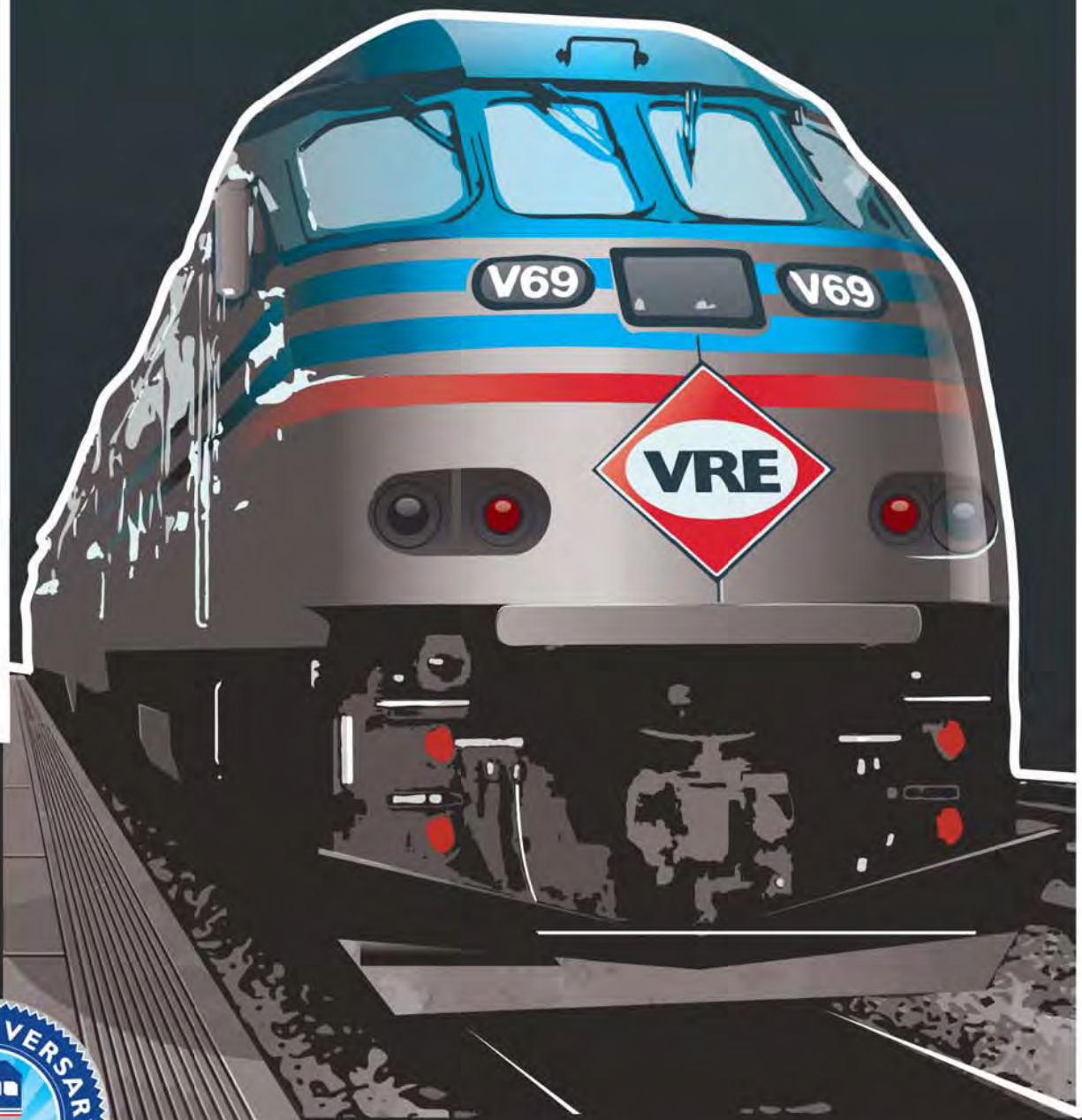
Paul Smedberg  
Chairman

---

Katie Cristol  
Secretary

# VIRGINIA RAILWAY EXPRESS COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016



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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# **VIRGINIA RAILWAY EXPRESS**

**Comprehensive Annual Financial Report**

**YEARS ENDED JUNE 30, 2017 AND 2016**



Prepared by:

Department of Finance

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## **Introductory Section**





VIRGINIA RAILWAY EXPRESS

October 30, 2017

To the Honorable Operations Board Members and Commissioners  
The Virginia Railway Express  
The Northern Virginia Transportation Commission  
The Potomac and Rappahannock Transportation Commission

We are pleased to present the comprehensive annual financial report for the fiscal year ended June 30, 2017 for the Virginia Railway Express (VRE), 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 services 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) is found immediately following 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 trains and 1,800 average daily riders. During fiscal year 2017, VRE operated 34 trains and served an average daily ridership of 18,968, based on 251 service days.

VRE is owned by the Commissions. Certain functions have been delegated to the VRE Operations Board, consisting of representatives of the Commissions who are also representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia’s Department of Rail and Public Transportation. 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 rail service, and NVTC is the recipient of state grants for the 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 2017, VRE focused on improving its rolling stock, facilities, and systems in order to ensure the financial health and operational safety of the current rail service and to allow for system expansion as opportunities and funding become available.

- **Rolling Stock:** Five new Gallery railcars were delivered and placed into service in fiscal year 2017. These cars are part of a larger set of expansion railcars intended to grow the VRE fleet and service. VRE placed the initial order for the construction of the five Gallery railcars in fiscal year 2015 and ordered an additional nine railcars in fiscal year 2016. Together, these fourteen railcars will allow expansion of the VRE service, primarily through the lengthening of existing trains.
- **Facilities:** Work continued in fiscal year 2017 on the L'Enfant Storage tracks (North and South) that will allow VRE to store trains outside of Washington Union Terminal during the mid-day period. These storage tracks are anticipated to enter service in fiscal year 2018. Preliminary work began on the Midday Storage Facility, a vital multi-year project to construct a replacement storage facility for VRE trains in Washington D.C. Design work continued for the construction of the Lifecycle Overhaul and Upgrade Facility at the Crossroads maintenance and storage yard, as well as the Alexandria King Street pedestrian tunnel.
- **Systems:** Substantial work continued in fiscal year 2017 on the installation of Positive Train Control (PTC) devices on VRE's locomotives and cab cars, as VRE works toward full compliance with the mandates created by the Rail Safety Improvement Act of 2008. VRE launched its mobile ticketing system in fiscal year 2015, and by the end of fiscal year 2017, the mobile ticketing system is accounting for 22 percent of monthly revenue and 26 percent of monthly ticket sales. VRE is also moving forward on implementation of both an Automated Passenger Counter system and an Automated Parking Counter system. These systems will provide real-time information to customers and staff and allow for more efficient utilization of VRE's capacity.

VRE successfully competed for significant state and regional discretionary funding in fiscal year 2017 to expand capacity. In June 2017, VRE was approved for \$92 million of Smart Scale funding for the Fredericksburg Line Capacity Expansion project, and in July, the Northern Virginia Transportation Authority recommended approval of \$118 million from the I-66 Outside the Beltway Concessionaire Payment for the Manassas Line Capacity Expansion and Real-Time Traveler Information project. These funds will support additional railcars, expansion of stations and parking facilities, storage and maintenance facility expansions, and real-time information along the I-66 corridor. The Smart Scale and I-66 funding awards have filled crucial gaps for these projects and will allow them to move forward into construction. These projects are part of VRE's Natural Growth scenario, and they increase capacity to carry additional riders while requiring only modest additional operating expense.

### **Long-Term Financial Planning**

To help prioritize investment needs and address potential future growth, the VRE System Plan 2040 was prepared and adopted by the VRE Operations Board in January 2014. The plan assesses the future long-term ridership demand for VRE service and identifies the service expansions and capital investments necessary to accommodate that demand. The plan provides a framework for VRE system investments and actions VRE should pursue through 2040 to best meet regional travel needs.

The investments recommended in the System Plan are grouped into three phases between now and 2040. Phase 1 includes near-term investments that will maximize the capacity of the existing VRE system (e.g., by lengthening existing trains and platforms), while Phases 2 and 3 focus on investments to significantly expand system capacity to support long-term service and ridership growth. VRE is committed to major joint investments in the CSX corridor in Phases 2 and 3 that will relieve key capacity bottlenecks, including the Long Bridge crossing of the Potomac River.

During fiscal year 2016, a companion Financial Plan was completed that identified the costs and revenues associated with System Plan 2040 and several alternate service and capital investment profiles during the same timeframe. This Financial Plan serves as the basis for the ongoing annual development of the VRE capital program. VRE's annual budget includes both a multi-year capital program and a six-year forecast of revenue, expenses, and funding sources. The System Plan and accompanying Financial Plan are currently being reviewed to determine if updates to service plans or capital requirements are warranted.

In December 2011, a Transit Development Plan (TDP) for VRE was prepared that complies with Virginia Department of Rail and Public Transportation (DRPT) requirements for recipients of state transit operating and capital assistance. The TDP assists the agency in preparing inputs to the state Six-Year Improvement Program (SYIP) for transportation. The TDP is updated annually to reflect current agency priorities and costs and to extend the TDP financial plan an additional year to maintain a six-year planning horizon. VRE will initiate a major update of the TDP in fiscal year 2018.

## **Financial Environment**

As the regional road network has become more crowded over the last 25 years – particularly in the critical Interstate 95/395 and Interstate 66 Corridors of Statewide Significance – the VRE commuter rail system has provided a competitive alternative for Virginia commuters. VRE ridership has grown consistently over time and remains strong due to investments in new equipment, consistent on-time performance, and a focus on customer service, as well as growth in the overall economy of the Washington region.

Although subsidy funding from the local jurisdictions is constrained, VRE continues to work with regional, state, and federal partners to identify additional revenue sources. As a result, future VRE budgets will reflect a balance between meeting service needs, maintaining the system in a state of good repair, setting fares at a reasonable level, and incorporating new funding sources into the strategic direction set by the Operations Board and the Commissions.

The focus of the VRE Operations Board and VRE management continues to be the provision of safe and reliable commuter rail service. Public transit plays a vital role in addressing the regions need to reduce congestion and improve air quality. VRE enhances regional mobility by removing the estimated equivalent of one full lane of traffic on both Interstate 95 and Interstate 66 during peak periods and improves air quality by reducing an estimated 50,000 metric tons of carbon dioxide and other emissions each year. As noted by the Commonwealth Transportation Board (CTB) in its recent review of VRE's Financial Plan, "VRE is an asset to the Commonwealth that by its own analysis is currently valued at over \$5.4 billion, and with additional investment could be worth up to \$14 billion."

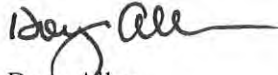
## **Awards and Acknowledgement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Railway Express for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,



Doug Allen  
Chief Executive Officer



Mark Schofield  
Chief Financial Officer



Alexander E. Buchanan  
Comptroller

## DIRECTORY OF PRINCIPAL OFFICIALS AND KEY PERSONNEL

### Operations Board

#### Officers

Chairman	Hon. Paul Smedberg, City of Alexandria
Vice-Chairman	Hon. Maureen Caddigan, Prince William County
Secretary	Hon. Katie Cristol, Arlington County
Treasurer	Hon. Paul Milde, Stafford County

#### Members

Hon. Sharon Bulova, Fairfax County  
Hon. John Cook, Fairfax County  
Hon. John Jenkins, Prince William County  
Hon. Matt Kelly, City of Fredericksburg  
Jennifer Mitchell, VDRPT  
Hon. Suhas Naddoni, City of Manassas Park  
Hon. Marty Nohe, Prince William County  
Pamela Sebesky, City of Manassas  
Hon. Gary Skinner, Spotsylvania County  
Hon. Bob Thomas, Stafford County

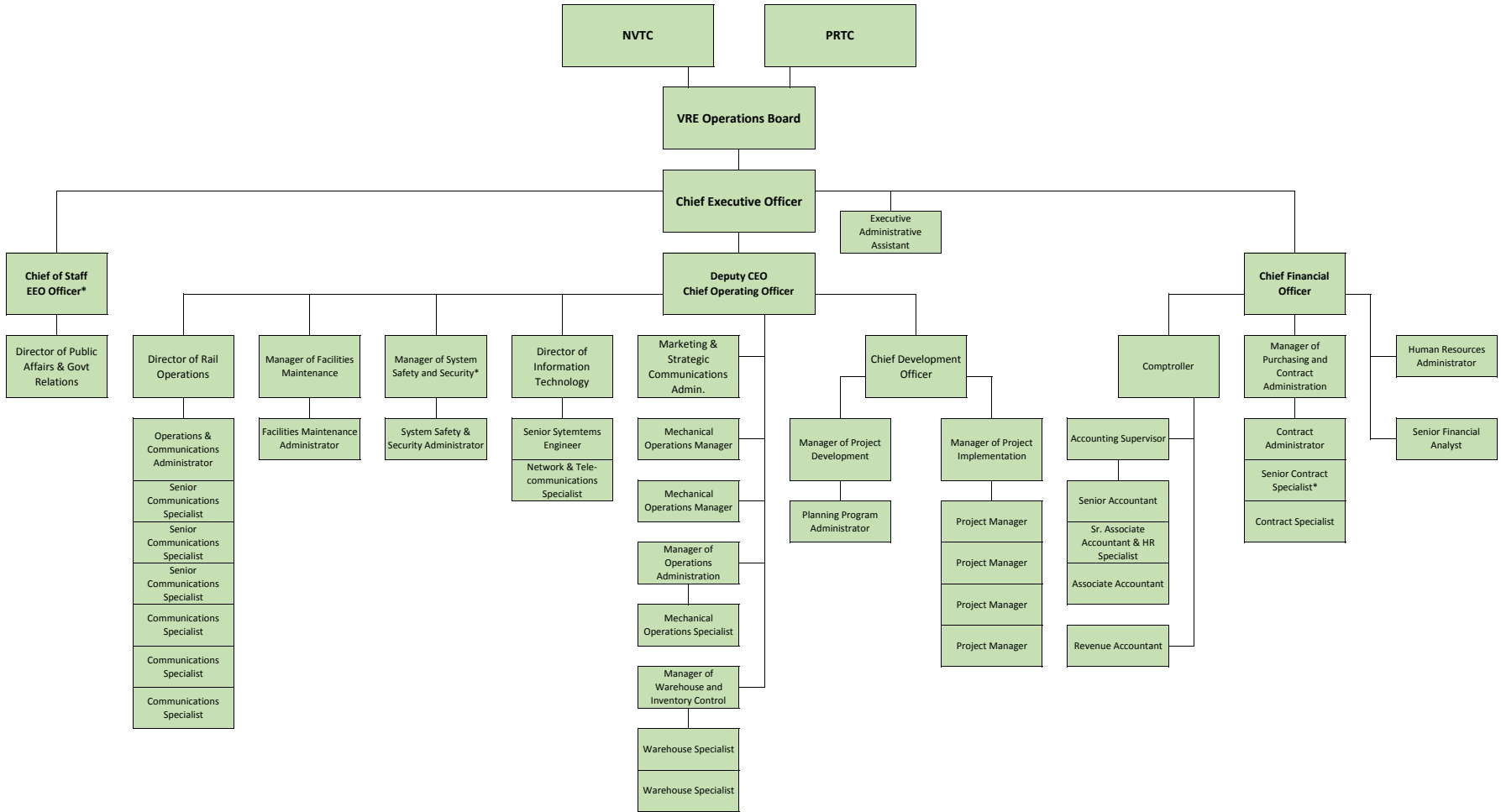
#### Alternates

Hon. Ruth Anderson, Prince William County  
Hon. Pete Candland, Prince William Count  
Hon. Hector Cendejas, City of Manassas Park  
Hon. Libby Garvey, Arlington County  
Todd Horsley, VDRPT  
Hon. Jeanine Lawson, Prince William County  
Hon. Tim Lovain, City of Alexandria  
Hon. Wendy Maurer, Stafford County  
Hon. Jeff McKay, Fairfax County  
Hon. Paul Trampe, Spotsylvania County  
Hon. William Withers, City of Fredericksburg  
Hon. Mark Wolfe, City of Manassas

### Management

Chief Executive Officer	Doug Allen
Deputy CEO & Chief Operating Officer	Richard Dalton
Chief of Staff	Joe Swartz
Chief Financial Officer	Mark Schofield
Comptroller	Alexander E. Buchanan
Chief Development Officer	Tom Hickey
Director, Rail Operations	Chris Henry

**Virginia Railway Express  
Organizational Chart  
October 1, 2017**



\* Note: *Manager of Safety and Security reports to the CEO in matters related to safety and security*  
*Senior Contract Specialist reports to the CEO in matters related to their duties as DBE liason*  
*Chief of Staff reports to the CEO in matters related to EEO*

## **Financial Section**





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Operations Board Members and Commissioners  
The Northern Virginia Transportation Commission  
The Potomac and Rappahannock Transportation Commission

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

We have audited the accompanying financial statements of the Virginia Railway Express (VRE), a joint venture of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the VRE's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of VRE, as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 9-17 and 50-51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

### *Other Information*

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 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 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 VRE's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
October 30, 2017



## 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, 2017. 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 18.

### Financial Operations and Highlights

- Operating revenues increased by 12.2 percent compared to the prior year, from \$37,936,965 to \$42,582,290. Ridership increased 7.2 percent from 4,441,858 to 4,761,035, reflecting a full year of increased federal transit benefits beginning in January 2016; a full year of operation of the new Fredericksburg Line train begun mid-year in fiscal year 2016; and the effects of WMATA's SafeTrack program on VRE ridership.
- Operating expenses increased by 5.9 percent from \$69,874,826 to \$73,979,660, as the result of regular contractual increases; the first full year of service for the new Fredericksburg Line train added mid-year in fiscal year 2016; grant funded expenses for asset management and the addition of four new positions.
- Non-operating revenue increased by 9.8 percent from \$47,624,400 to \$52,302,892 primarily as the result of an increase to the state operating assistance grant, the addition of regional grant funding sources, grant funding for asset management (as noted above), and a 5 percent jurisdictional subsidy increase.
- Capital grants and assistance decreased by 41.9 percent from \$32,803,548 to \$19,052,133 as a result of the delivery of five grant funded railcars, compared to seven in the prior year, with no other completed capital projects and with many current projects in early stages of development and not yet having initiated major construction.
- The operating loss before depreciation and amortization was \$31,397,370, a decrease from the previous year of 1.7 percent. Local, federal, and state support is accounted for as non-operating income and is used to offset these losses.
- VRE's total net position increased by \$19,002,729 from \$341,053,259 to \$360,055,988, primarily as the result of grants and contributions for capital improvements. At the end of the fiscal year, unrestricted net position was \$68,885,778, an increase of \$13,188,385.
- During the fiscal year, capital assets, net of accumulated depreciation and amortization, increased by 0.7 percent, as the combined result of the delivery of five new railcars, the reduction of capital asset value related to over-accrual, new project construction and the recognition of annual depreciation and amortization.

### Overview of the Basic Financial Statements

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

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

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

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

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

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

The basic financial statements can be found on pages 18-21 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 22-49 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, 2017, 2016, and 2015 is shown below.

#### Condensed Statements of Net Position

	2017	2016	2015
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Current and other assets	\$ 91,338,135	\$ 81,123,071	\$ 74,796,036
Capital assets, net	346,205,344	343,924,549	327,209,068
Deferred outflows of resources	646,262	319,010	244,793
<b>Total assets and deferred outflows of resources</b>	<b>438,189,741</b>	<b>425,366,630</b>	<b>402,249,897</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Current portion of long-term debt	3,666,190	3,503,033	3,336,076
Other current liabilities	11,011,792	13,847,188	13,583,499
Noncurrent liabilities	63,455,771	66,780,894	70,144,263
Deferred inflows of resources	-	182,256	401,615
<b>Total liabilities and deferred inflows resources</b>	<b>78,133,753</b>	<b>84,313,371</b>	<b>87,465,453</b>
<b>NET POSITION:</b>			
Net investment in capital assets	279,920,481	274,136,653	254,085,092
Restricted	11,249,729	11,219,213	10,487,532
Unrestricted	68,885,778	55,697,393	50,211,820
<b>Total net position</b>	<b>\$ 360,055,988</b>	<b>\$ 341,053,259</b>	<b>\$ 314,784,444</b>

## **Current Year**

Net position increased by approximately \$19.0 million, or 5.6 percent during the current fiscal year, due mainly to capital contributions used to fund system improvements.

The largest portion of VRE's net position, \$279.9 million or 77.7 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

Restricted net position increased approximately \$0.03 million or 0.3 percent. A portion of VRE's restricted net position, \$10.5 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$2.3 million or 0.7 percent as the result of the delivery of five additional railcars, and reduction in value of the Hamilton to Crossroads third main track project due to over-accrual of costs prior to capitalization in fiscal year 2016.

Current liabilities decreased approximately \$2.7 million or 15.4 percent as the result of minor changes in various line items.

Noncurrent liabilities and deferred inflows of resources decreased approximately \$3.5 million or 5.3 percent because of scheduled note and capital lease repayments during the year.

## **Prior Year**

Net position increased by approximately \$26.3 million, or 8.3 percent during the prior fiscal year, due mainly to capital contributions used to fund system improvements.

The largest portion of VRE's net position, \$274.1 million or 80.4 percent, represents its investment in capital assets (e.g., land, buildings, improvements, rolling stock, equipment, software, and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. VRE uses these assets to provide services to its riders; consequently, these assets are not available for future spending. The resources required to repay this debt must be provided annually from operations and federal (with PRTC as grantee), state and local support since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

Restricted net position increased approximately \$0.7 million or 7.0 percent because of restricted funds related to the transfer of land and improvements at the Woodbridge VRE station to the Virginia Department of Transportation (VDOT). A portion of VRE's restricted net position, \$11.2 million, represents resources that are restricted for the liability insurance plan.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$16.7 million or 5.1 percent as the result of the delivery of seven railcars, the installation of PTC equipment on VRE locomotives and cab cars, and the construction of the Hamilton to Crossroads third main track project.

Current liabilities increased approximately \$0.4 million or 2.5 percent as the result of minor changes in various line items.

Noncurrent liabilities decreased approximately \$3.6 million or 5.1 percent because of scheduled note and capital lease repayments during the year.

## Statements of Revenues, Expenses and Changes in Net Position

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

	2017	2016	2015
Operating revenues:			
Passenger revenue	\$ 42,280,669	\$ 37,696,913	\$ 36,700,191
Equipment rentals and other	301,621	240,052	418,569
<b>Total operating revenues</b>	<b>42,582,290</b>	<b>37,936,965</b>	<b>37,118,760</b>
Nonoperating revenues:			
Subsidies:			
Commonwealth of Virginia	18,265,581	16,572,077	14,401,957
Federal – with PRTC as grantee	15,937,225	13,917,534	13,688,723
Jurisdictional contributions	17,250,240	16,428,800	16,456,986
Regional transportation funding (NVTA)	461,889	542,671	-
Interest income	384,457	163,318	34,396
Gain (loss) on disposal of assets	3,500	-	(60,293)
<b>Total nonoperating revenues, net</b>	<b>52,302,892</b>	<b>47,624,400</b>	<b>44,521,769</b>
<b>Total revenues</b>	<b>94,885,182</b>	<b>85,561,365</b>	<b>81,640,529</b>
Operating expenses:			
Contract operations and maintenance	25,873,933	24,082,615	22,782,752
Other operations and maintenance	14,461,209	13,662,606	14,334,954
Property leases and access fees	16,236,606	15,175,732	14,318,788
Insurance	3,970,753	4,046,198	3,964,673
Marketing and sales	2,532,214	2,393,332	2,267,729
General and administrative	10,904,945	10,514,343	7,968,298
<b>Total operating expenses</b>	<b>73,979,660</b>	<b>69,874,826</b>	<b>65,637,194</b>
Other expenses:			
Depreciation and amortization	17,737,170	16,953,565	15,391,195
Interest, financing costs and other	3,217,756	3,384,762	3,534,644
<b>Total other expenses</b>	<b>20,954,926</b>	<b>20,338,327</b>	<b>18,925,839</b>
<b>Total expenses</b>	<b>94,934,586</b>	<b>90,213,153</b>	<b>84,563,033</b>
Excess (deficit) before capital contributions and extraordinary item	(49,404)	(4,651,788)	(2,922,504)
Capital grants and assistance:			
Commonwealth of Virginia grants	3,033,657	9,826,429	14,694,277
Federal grants – with PRTC as grantee	15,204,474	22,125,460	17,764,759
Regional transportation funding (NVTA)	651,163	-	-
In-kind and other local contributions	162,839	851,659	1,079,885
<b>Total capital grants and assistance</b>	<b>19,052,133</b>	<b>32,803,548</b>	<b>33,538,921</b>
Extraordinary item	-	(1,882,945)	-
<b>Change in net position</b>	<b>19,002,729</b>	<b>26,268,815</b>	<b>30,616,417</b>
Net position – beginning of year	341,053,259	314,784,444	284,168,027
Net position – end of year	\$ 360,055,988	\$ 341,053,259	\$ 314,784,444

## Revenues

### Current Year

Total revenues for the current fiscal year increased approximately \$9.3 million or 10.9 percent. Operating revenues totaled approximately \$42.6 million, an increase of 12.2 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs increased by approximately \$821,000. State, federal and regional subsidies increased by \$3.6 million, primarily as the result of an increase to the state operating assistance grant and grant funding for asset management.

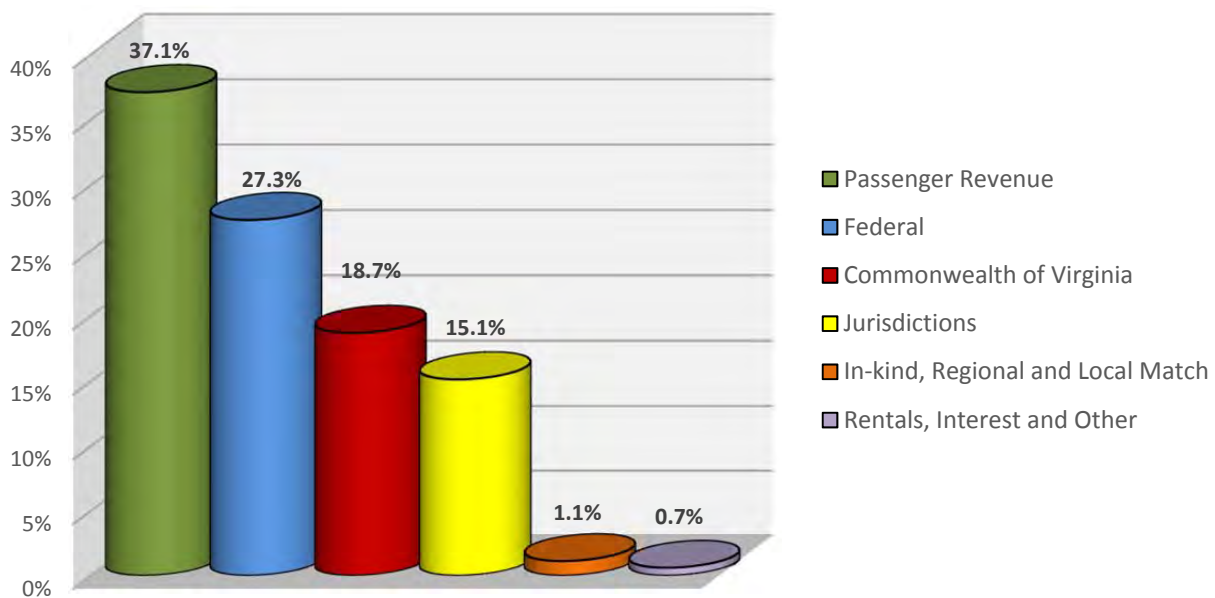
Passenger revenue increased approximately \$4.6 million or 12.2 percent, reflecting a full year of increased federal transit benefits started in January 2016, a full year of operation of the new Fredericksburg Line train begun mid-year in fiscal year 2016, as well as the effects of WMATA's SafeTrack program on VRE ridership. Ridership increased by 7.2 percent as the result of the same factors.

	June 30,		
	2017	2016	2015
Ridership	<b>4,761,035</b>	4,441,858	4,618,169
% Increase (Decrease)	<b>7.2%</b>	(3.8%)	1.5%

Capital grants and assistance decreased approximately \$13.8 million or 41.9 percent; this decrease is attributed to the delivery of five grant funded railcars, compared to seven in the prior year, with no other completed capital projects and with many current projects in early stages of development and not yet having initiated major construction.

The following chart shows the major sources of revenues for the year ended June 30, 2017:

### Major Sources of Revenues for Year Ended June 30, 2017



## Prior Year

Total revenues for the prior fiscal year increased approximately \$3.9 million or 4.8 percent. Operating revenues totaled approximately \$37.9 million, an increase of 2.2 percent from the prior year. Jurisdictional subsidies and contributions to project operating costs decreased by approximately \$28,000. State, federal and regional subsidies increased by \$2.9 million, primarily as the result of an increase to the state operating assistance grant and grant funding for asset management and the Gainesville-Haymarket study.

Passenger revenue increased approximately \$1.0 million or 2.7 percent, reflecting a 4.0 percent fare increase implemented at the beginning of the fiscal year. Ridership decreased by 3.8% as the result of a variety of factors, including historically low gas prices, the completion of several major highway projects, fluctuating monthly transit benefits and the increase in telework. The decrease in ridership was offset by the increase in fares.

Capital grants and assistance decreased approximately \$0.7 million or 2.2 percent; this decrease is attributed primarily to capital grant reimbursement activity related to the delivery of seven railcars, compared to eight delivered the prior year, and the completion of work on the Hamilton to Crossroads third main track project.

## Expenses

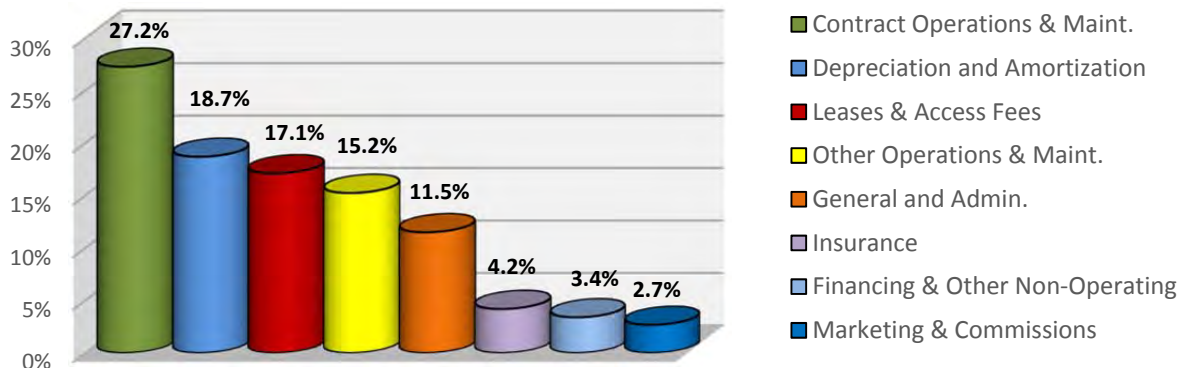
### Current Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$4.7 million or 5.2 percent. Operating expenses increased by approximately \$4.1 million or 5.9 percent. Total operating expenses were approximately \$74.0 million compared to \$69.9 million for the prior fiscal year.

Contract operations and maintenance increased by approximately \$1.8 million or 7.4 percent, reflecting the first full fiscal year of a new Fredericksburg Line train, regular contractual increases and enhancements to train operations and maintenance services. Property lease and access fee costs increased by approximately \$1.1 million or 7.0 percent as the result of regular contractual increases and the first full year addition of a new train. Other operations and maintenance costs increased by \$0.8 million or 5.8 percent due primarily to an increase in asset management maintenance expenses. General and administrative costs increased by \$0.4 million or 3.7 percent due to the addition of four staff positions. Depreciation and amortization increased by approximately \$0.8 million or 4.6 percent and net interest and financing costs decreased by approximately \$0.2 million or 4.9 percent.

The following chart shows the major expense categories for the year ended June 30, 2017:

**Major Expense Categories for Year Ended  
June 30, 2017**



## Prior Year

Total operating and other expenses, including depreciation and amortization, increased by approximately \$5.7 million or 6.7 percent. Operating expenses increased by approximately \$4.2 million or 6.5 percent. Total operating expenses were approximately \$69.9 million compared to \$65.6 million for the previous fiscal year.

Contract operations and maintenance increased by approximately \$1.3 million or 5.7 percent, reflecting the addition of a new train, regular contractual increases and enhancements to train operations and maintenance services. Property lease and access fee costs increased by approximately \$0.9 million or 6.0 percent as the result of regular contractual increases and the addition of a new train mid-year. Other operations and maintenance costs decreased by \$0.7 million or 4.7 percent due primarily to a decrease in fuel costs. General and administrative costs increased by \$2.5 million or 32.0 percent due to the addition of six staff positions, three of which were formerly part of contract operations, and an increase in professional services including a management audit and grant funded expenses related to the Gainesville-Haymarket study. Depreciation and amortization increased by approximately \$1.6 million or 10.2 percent and net interest and financing costs decreased by approximately \$0.2 million or 4.2 percent.

## Capital Assets and Debt Administration

### Capital Assets

VRE's investment in capital assets as of June 30, 2017 amounts to approximately \$346 million (net of accumulated depreciation and amortization). Investment in capital assets includes the items identified in the table below. Acquisitions are funded using a variety of financing techniques, including loans and grants from various government agencies and other local sources.

	<u>2017</u>	2016	2015
Rolling stock	\$ 270,949,091	\$ 264,755,076	\$ 249,295,961
Vehicles	167,422	138,310	107,199
Facilities	103,480,888	103,494,551	102,449,961
Track and signal improvements	83,485,350	84,700,564	52,684,367
Equipment and software	12,126,666	12,126,666	11,996,876
Construction in progress	23,904,164	13,896,672	29,040,586
Equity in property of others	5,787,287	5,787,287	5,787,287
Furniture, equipment and software	5,550,152	5,489,336	5,443,390
	<u>505,451,020</u>	490,388,462	456,805,627
Less accumulated depreciation and amortization	<u>(159,245,676)</u>	(146,463,913)	(129,596,559)
<b>Total capital assets, net</b>	<b><u>\$ 346,205,344</u></b>	<b>\$ 343,924,549</b>	<b>\$ 327,209,068</b>

## **Current Year**

During fiscal year 2017, capital assets increased approximately \$2.3 million or 0.7 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$11.1 million were transferred from construction in progress to their respective capital accounts and an additional \$0.1 million was charged directly to the capital accounts. Seven fully depreciated Gallery-style railcars were sold to Metra in Chicago in fiscal year 2017.

The major completed project during the fiscal year was the completion of five Gallery railcars (\$11.1 million) that were placed into service.

The major additions to construction in progress during the fiscal year were costs related to acquisition of five new Gallery railcars (\$10.5 million), ongoing work toward implementation of Positive Train Control (PTC) (\$2.9 million); work toward both the L'Enfant Storage Track North (\$1.5 million) and L'Enfant Storage Track South (\$1.4 million) and development work for the Mid-Day Storage Yard project (\$1.0 million).

In addition, capital asset valuation adjustments were made to two projects capitalized in fiscal year 2016; Hamilton to Crossroads (Spotsylvania) Third Main Track project (a reduction of \$1.2 million) related to lower than expected actual costs compared to accrued costs; and the Spotsylvania Station project (a reduction of \$13,663) related to a refund of project related costs.

Additional information on VRE's capital assets and contractual commitments can be found in Notes 3 and 9 to the financial statements.

## **Prior Year**

During fiscal year 2016, capital assets increased approximately \$16.7 million or 5.1 percent, as the combined result of new project construction and the recognition of annual depreciation and amortization. Completed projects totaling approximately \$51.5 million were transferred from construction in progress to their respective capital accounts and an additional \$0.3 million was charged directly to the capital accounts. Land and improvements associated with the Kiss and Ride facility at the Woodbridge station with a net book value of \$2.9 million were transferred to the Virginia Department of Transportation (VDOT).

The major completed projects were the purchase of seven Gallery railcars (\$15.5 million), the construction of the Spotsylvania VRE station (\$4.1 million), and the construction of a third track between Hamilton and Crossroads in Spotsylvania County (\$32.0 million). The major additions to construction in progress during the fiscal year were the installation of Positive Train Control equipment in VRE's locomotives and cab cars (\$6.3 million), the design of a life-cycle maintenance facility at the VRE Crossroad Yard (\$1.9 million), the design of a pedestrian tunnel at the Alexandria VRE station (\$0.9 million), and the construction of a storage track north of the L'Enfant VRE station (\$0.7 million).

## Debt Administration

At June 30, 2017, VRE had total debt outstanding of \$66,284,863.

The Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) are co-lessees of the capital lease for rolling stock, which is secured by the related equipment. The promissory note for the purchase of 60 Gallery railcars was issued by NVTC, but both NVTC and PRTC are signatories. This note was previously designated to the Federal Railroad Administration 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 is secured by the revenues of VRE and the rolling stock. The capital leases for three multifunction copiers are secured by the related equipment.

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Capital leases	\$ 12,844,704	\$	14,158,954	\$	15,414,117
Note payable	53,440,159		55,628,942		57,709,856
<b>Total</b>	<b>\$ 66,284,863</b>	<b>\$</b>	<b>69,787,896</b>	<b>\$</b>	<b>73,123,973</b>

## Economic Factors and Next Year's Budget

Population growth in Northern Virginia, especially in the outer suburbs, continues to remain robust. In combination with the congestion on major highways and on-going highway construction projects, this growth will continue to increase demand for VRE's service. The constraining factors to VRE growth are station parking, availability of seats, storage capacity, and the availability of subsidy funds.

The local subsidy for fiscal year 2018 remained constant at \$17,250,240. Fares were increased by 3.0 percent for fiscal year 2018; the last previous fare increase was 4.0 percent in fiscal year 2016. Additional sources of funding will be available in fiscal year 2018 from federal, state and regional sources, although the amounts received will continue to vary from year to year.

## Requests for Information

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

## **Basic Financial Statements**

**VIRGINIA RAILWAY EXPRESS**

**STATEMENTS OF NET POSITION**

**June 30, 2017 and 2016**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2017</b>	<b>2016</b>
Current Assets:		
Cash and cash equivalents	\$ 49,101,840	\$ 28,026,242
Accounts receivable:		
Due from PRTC – FTA and other	16,143,311	28,642,153
Commonwealth of Virginia grants	7,409,568	5,262,372
Trade receivables, net of allowance for doubtful accounts	2,017,394	2,180,277
Other receivables	1,342,975	1,448,130
Inventory	3,928,722	3,992,249
Prepaid expenses and other	144,596	138,636
Restricted cash, cash equivalents and investments	11,249,729	11,219,213
<b>Total current assets</b>	<b>91,338,135</b>	<b>80,909,272</b>
Noncurrent Assets:		
Pension asset	-	213,799
Capital assets:		
Rolling stock	270,949,091	264,755,076
Vehicles	167,422	138,310
Facilities	103,480,888	103,494,551
Track and signal improvements	83,485,350	84,700,564
Equipment and software	12,126,666	12,126,666
Construction in progress	23,904,164	13,896,672
Equity in property of others	5,787,287	5,787,287
Furniture, equipment and software	5,550,152	5,489,336
	505,451,020	490,388,462
Less accumulated depreciation and amortization	(159,245,676)	(146,463,913)
<b>Total capital assets, net</b>	<b>346,205,344</b>	<b>343,924,549</b>
<b>Total noncurrent assets</b>	<b>346,205,344</b>	<b>344,138,348</b>
<b>Total assets</b>	<b>437,543,479</b>	<b>425,047,620</b>
Deferred Outflows of Resources:		
Pension plan	646,262	319,010
<b>Total deferred outflows of resources</b>	<b>646,262</b>	<b>319,010</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 438,189,741</b>	<b>\$ 425,366,630</b>

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

	<b>2017</b>	<b>2016</b>
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,795,940	\$ 3,467,440
Payable to Commissions	2,706,596	1,892,459
Compensated absences	31,152	24,616
Accrued expenses	3,854,455	5,155,909
Accrued interest	204,412	218,401
Unearned revenue	1,836,781	1,687,689
Contract retainage	582,456	1,400,674
Current portion of capital lease obligations	1,375,502	1,314,250
Current portion of note payable	2,290,688	2,188,783
<b>Total current liabilities</b>	<b>14,677,982</b>	<b>17,350,221</b>
<b>Noncurrent Liabilities:</b>		
Pension Liability	311,424	-
Capital lease obligations	11,469,202	12,844,704
Note payable	51,149,471	53,440,159
Compensated absences	525,674	496,031
<b>Total noncurrent liabilities</b>	<b>63,455,771</b>	<b>66,780,894</b>
<b>Total liabilities</b>	<b>78,133,753</b>	<b>84,131,115</b>
<b>Deferred Inflows of Resources:</b>		
Pension plan	-	182,256
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>182,256</b>
<b>Net Position:</b>		
Net investment in capital assets	279,920,481	274,136,653
Restricted for liability insurance plan	10,470,506	10,439,990
Restricted grants or contributions	779,223	779,223
Unrestricted assets	68,885,778	55,697,393
<b>Total net position</b>	<b>360,055,988</b>	<b>341,053,259</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 438,189,741</b>	<b>\$ 425,366,630</b>

## VIRGINIA RAILWAY EXPRESS

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues:		
Passenger revenue	\$ 42,280,669	\$ 37,696,913
Equipment rentals and other	301,621	240,052
<b>Total operating revenues</b>	<b>42,582,290</b>	37,936,965
Operating Expenses:		
Contract operations and maintenance	25,873,933	24,082,615
Other operations and maintenance	14,461,209	13,662,606
Property leases and access fees	16,236,606	15,175,732
Insurance	3,970,753	4,046,198
Marketing and sales	2,532,214	2,393,332
General and administrative	10,904,945	10,514,343
<b>Total operating expenses</b>	<b>73,979,660</b>	69,874,826
<b>Operating loss before depreciation and amortization</b>	<b>(31,397,370)</b>	(31,937,861)
Depreciation and amortization	(17,737,170)	(16,953,565)
<b>Operating loss</b>	<b>(49,134,540)</b>	(48,891,426)
Nonoperating Revenues (Expenses):		
Subsidies:		
Commonwealth of Virginia grants	18,265,581	16,572,077
Federal grants – with PRTC as grantee	15,937,225	13,917,534
Jurisdictional contributions	17,250,240	16,428,800
Regional transportation funding (NVTA)	461,889	542,671
Interest income:		
Operating funds	285,495	93,677
Insurance trust	98,560	69,444
Other restricted funds	402	197
Gain on disposal of assets	3,500	-
Interest, amortization and other nonoperating expenses, net	(3,217,756)	(3,384,762)
<b>Total nonoperating revenues, net</b>	<b>49,085,136</b>	44,239,638
Capital Grants and Assistance:		
Commonwealth of Virginia grants	3,033,657	9,826,429
Federal grants – with PRTC as grantee	15,204,474	22,125,460
Regional transportation funding (NVTA)	651,163	-
Local contributions	162,839	851,659
<b>Total capital grants and assistance</b>	<b>19,052,133</b>	32,803,548
Extraordinary Item (Note 3)	-	(1,882,945)
<b>Change in net position</b>	<b>19,002,729</b>	26,268,815
Net Position, beginning of year	341,053,259	314,784,444
Net Position, ending	<b>\$ 360,055,988</b>	<b>\$ 341,053,259</b>

See Notes to Financial Statements.

**VIRGINIA RAILWAY EXPRESS**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2017 and 2016**

	2017	2016
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 42,925,300	\$ 37,541,707
Payments to suppliers	(69,103,202)	(63,273,673)
Payments to employees	(6,125,806)	(5,901,952)
<b>Net cash used in operating activities</b>	<b>(32,303,708)</b>	<b>(31,633,918)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Governmental subsidies	57,169,240	47,042,685
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(21,636,193)	(37,385,091)
Capital grants and assistance	24,223,596	23,947,985
Proceeds from sale of capital assets	3,500	1,066,280
Principal paid on capital lease obligations	(1,314,250)	(1,255,163)
Principal paid on notes	(2,188,783)	(2,080,914)
Interest paid on capital lease obligation	(632,868)	(690,478)
Interest paid on bonds and notes	(2,598,877)	(2,708,223)
<b>Net cash used in capital and related financing activities</b>	<b>(4,143,875)</b>	<b>(19,105,604)</b>
<b>Cash Flows From Investing Activities:</b>		
Interest received on investments	384,457	163,318
<b>Increase (decrease) in cash and cash equivalents</b>	<b>21,106,114</b>	<b>(3,533,519)</b>
Cash and Cash Equivalents, beginning	39,245,455	42,778,974
Cash and Cash Equivalents, ending	\$ 60,351,569	\$ 39,245,455
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>		
Operating loss	\$ (49,134,540)	\$ (48,891,426)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	17,737,170	16,953,565
Pension (benefit) expense	15,715	(239,496)
(Increase) decrease in:		
Accounts receivable	162,883	(475,228)
Other receivables	31,035	(57,175)
Inventory	63,527	(92,569)
Prepaid expenses and other	(5,960)	(15,702)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,322,630)	1,046,967
Unearned revenue	149,092	137,146
<b>Net cash used in operating activities</b>	<b>\$ (32,303,708)</b>	<b>\$ (31,633,918)</b>
<b>Schedule of Noncash Capital Activities:</b>		
Capital assets acquired through accounts payable	\$ 627,048	\$ 1,535,746
Capital assets acquired through accrued liabilities	2,563,245	2,454,557

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### **Reporting Entity**

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

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

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenue alone to produce positive operating income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan, 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, 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 former 90 percent system ridership and 10 percent population formula. The amendment to the subsidy formula was phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting

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

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

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

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

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

**Restricted cash and cash equivalents:** Restricted cash, cash equivalents and investments of \$11,249,729 and \$11,219,213 at June 30, 2017 and 2016, respectively, are comprised of funds related to the balance in the Liability Insurance Plan, a small liability claims account, and undisbursed funds related to a property transfer.

**Allowance for uncollectible accounts:** VRE calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The allowance was \$212,000 and \$189,000 at June 30, 2017 and 2016, 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. Inventory is stated at cost, which approximates market, and is valued using the first-in-first-out method.

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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

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

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

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

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

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

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

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

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2017 and 2016.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

#### Measurement Focus, Basis of Accounting (Continued)

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

**Deferred outflows/inflows of resources:** In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. VRE currently has three items that qualify for reporting in this category. Accordingly, pension contributions subsequent to the measurement date, net difference between projected and actual earnings on pension plan investments, and net differences between expected and actual experience are reported as a deferred outflow of resources.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. VRE has no items that qualify for reporting in this category for fiscal year 2017.

**Pensions:** For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) VRE's Retirement Plan and the additions to/deductions from the VRS VRE's Retirement Plan net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Since VRE is combined with PRTC for reporting purposes to VRS, amounts and disclosures included in this report are for PRTC as a whole unless otherwise indicated.

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

**Subsequent events:** VRE has evaluated subsequent events through October 30, 2017, which was the date the financial statements were available to be issued.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### 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.

**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

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

**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, 2017 and 2016, the book balance of VRE's deposits with banks was \$9,977,646 and \$8,558,996, 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.

**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%

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2017 and 2016, VRE had investments of \$39,177,828 and \$19,520,329, respectively, in the LGIP. The LGIP is a professionally managed money market fund that invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at the Treasury Board's regularly scheduled monthly meetings. VRE's investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

The Commonwealth of Virginia Department of Treasury manages the VRE Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2017 and 2016, VRE had \$10,416,871 and \$10,386,757, respectively, invested in the Insurance Trust. From fiscal year 2011 through fiscal year 2015, any earnings on these investments were retained by the Commonwealth of Virginia. In fiscal years 2017 and 2016, earnings on the Insurance Trust in the amount of \$98,560 and \$69,444, respectively, were credited to VRE. The Insurance Trust Fund has not been assigned a rating.

As of June 30, 2017 and 2016, the carrying values and maturity of VRE's investments were as follows:

Investment Type	2017	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 39,177,828	\$ 39,177,828
Insurance trust fund – pooled funds	10,416,871	10,416,871
<b>Total investments</b>	<b>\$ 49,594,699</b>	<b>\$ 49,594,699</b>
Investment Type	2016	
	Fair Value	Maturities Less than 1 Year
LGIP	\$ 19,520,329	\$ 19,520,329
Insurance trust fund – pooled funds	10,386,757	10,386,757
<b>Total investments</b>	<b>\$ 29,907,086</b>	<b>\$ 29,907,086</b>

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

VRE has no investments subject to fair value measurements as of June 30, 2017 and 2016.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 13,896,672	\$ 21,156,914	\$ -	\$ (11,149,422)	\$ 23,904,164
Capital assets being depreciated or amortized:					
Rolling stock	264,755,076	-	(4,955,407)	11,149,422	270,949,091
Vehicles	138,310	29,112	-	-	167,422
Facilities	103,494,551	-	(13,663)	-	103,480,888
Track and signal improvements	84,700,564	-	(1,215,214)	-	83,485,350
Equipment and software	12,126,666	-	-	-	12,126,666
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	5,489,336	60,816	-	-	5,550,152
<b>Total capital assets being depreciated or amortized</b>	<b>476,491,790</b>	<b>89,928</b>	<b>(6,184,284)</b>	<b>11,149,422</b>	<b>481,546,856</b>
Less accumulated depreciation or amortization for:					
Rolling stock	69,517,009	10,625,597	(4,955,407)	-	75,187,199
Vehicles	90,335	14,840	-	-	105,175
Facilities	35,298,586	3,091,295	-	-	38,389,881
Track and signal improvements	23,765,242	2,798,149	-	-	26,563,391
Equipment and software	9,917,802	754,964	-	-	10,672,766
Equity in property of others	3,466,770	169,898	-	-	3,636,668
Furniture, equipment and software	4,408,169	282,427	-	-	4,690,596
<b>Total accumulated depreciation or amortization</b>	<b>146,463,913</b>	<b>17,737,170</b>	<b>(4,955,407)</b>	<b>-</b>	<b>159,245,676</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>330,027,877</b>	<b>(17,647,242)</b>	<b>(1,228,877)</b>	<b>11,149,422</b>	<b>322,301,180</b>
<b>Totals</b>	<b>\$ 343,924,549</b>	<b>\$ 3,509,672</b>	<b>\$ (1,228,877)</b>	<b>\$ -</b>	<b>\$ 346,205,344</b>

Note: The chart above reflects the completion of the five new railcars project at a value of \$11.1 million. VRE sold seven fully depreciated Gallery-style railcars to Metra in Chicago in fiscal year 2017, with a value of \$4.9 million. The chart also reflects the reduction of \$1.2 million in track and signal asset value. This reduction is due to an over estimation and accrual of expected remaining project costs at the time the asset went into service and was capitalized in fiscal year 2016. Subsequent payment activity identified this over-accrual, leading to the reduction of the final asset cost. Similarly, a reduction of \$13,663 to facilities assets was related to a small refund of project costs after the project was capitalized in fiscal year 2016.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Construction in progress	\$ 29,040,586	\$ 36,332,568	\$ -	\$ (51,476,482)	\$ 13,896,672
Capital assets being depreciated or amortized:					
Rolling stock	249,295,961	-	-	15,459,115	264,755,076
Vehicles	107,199	31,111	-	-	138,310
Facilities	102,449,961	26,808	(3,035,437)	4,053,219	103,494,551
Track and signal improvements	52,684,367	52,049	-	31,964,148	84,700,564
Equipment and software	11,996,876	129,790	-	-	12,126,666
Equity in property of others	5,787,287	-	-	-	5,787,287
Furniture, equipment and software	5,443,390	45,946	-	-	5,489,336
<b>Total capital assets being depreciated or amortized</b>	<b>427,765,041</b>	<b>285,704</b>	<b>(3,035,437)</b>	<b>51,476,482</b>	<b>476,491,790</b>
Less accumulated depreciation or amortization for:					
Rolling stock	59,423,583	10,093,426	-	-	69,517,009
Vehicles	78,801	11,534	-	-	90,335
Facilities	32,341,597	3,043,200	(86,211)	-	35,298,586
Track and signal improvements	21,439,935	2,325,307	-	-	23,765,242
Equipment and software	9,065,057	852,745	-	-	9,917,802
Equity in property of others	3,296,872	169,898	-	-	3,466,770
Furniture, equipment and software	3,950,714	457,455	-	-	4,408,169
<b>Total accumulated depreciation or amortization</b>	<b>129,596,559</b>	<b>16,953,565</b>	<b>(86,211)</b>	<b>-</b>	<b>146,463,913</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>298,168,482</b>	<b>(16,667,861)</b>	<b>(2,949,226)</b>	<b>51,476,482</b>	<b>330,027,877</b>
<b>Totals</b>	<b>\$ 327,209,068</b>	<b>\$ 19,664,707</b>	<b>\$ (2,949,226)</b>	<b>\$ -</b>	<b>\$ 343,924,549</b>

### Note 4. Long-Term Debt Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Capital leases	\$ 14,158,954	\$ -	\$ (1,314,250)	\$ 12,844,704	\$ 1,375,502
Note payable	55,628,942	-	(2,188,783)	53,440,159	2,290,688
	69,787,896	-	(3,503,033)	66,284,863	3,666,190
Compensated absences	520,647	371,121	(334,941)	556,826	31,152
	\$ 70,308,543	\$ 371,121	\$ (3,837,974)	\$ 66,841,689	\$ 3,697,342

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Long-Term Debt Obligations (Continued)

Federal arbitrage regulations apply to the Gallery IV capitalized lease.

#### Capitalized Lease – Gallery IV (11 cars)

\$25,100,000 capitalized lease obligation; \$965,679 due semi-annually, including interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$16,323,930. \$ 12,810,417

Future minimum lease payments as of June 30, 2017 are as follows:

Years Ending June 30,	Amount
2018	\$ 1,931,357
2019	1,931,357
2020	1,931,357
2021	1,931,357
2022	1,931,357
2023-2025	<u>5,794,072</u>
Total minimum lease payments	15,450,857
Less amount representing interest	<u>2,640,440</u>
Present value of lease payments	<u>\$ 12,810,417</u>

#### Capitalized Lease – copiers

\$73,425 capitalized lease obligations; \$1,329 due monthly, interest at 9.39%, maturing in 2020; \$330 due monthly, interest at 11.73%, maturing in 2018, collateralized with three multifunction copiers with a carrying value of \$25,380. \$ 34,287

Future minimum lease payments as of June 30, 2017 are as follows:

Years Ending June 30,	Amount
2018	\$ 19,248
2019	15,948
2020	<u>2,658</u>
Total minimum lease payments	37,854
Less amount representing interest	<u>3,567</u>
Present value of lease payments	<u>\$ 34,287</u>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Long-Term Debt Obligations (Continued)

#### Note Payable – Gallery IV (60 cars)

In fiscal year 2008, VRE entered into an agreement 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 balances on the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The carrying value of the railcars was \$74,655,342 at June 30, 2017.

\$63,844,842 Promissory Note; due in quarterly amounts of  
 \$1,195,258 through March 2033, plus quarterly interest at 4.74% \$ 53,440,159

Mandatory debt service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total Required
2018	\$ 2,290,688	\$ 2,492,825	\$ 4,783,513
2019	2,401,211	2,382,302	4,783,513
2020	2,513,907	2,269,606	4,783,513
2021	2,641,432	2,142,081	4,783,513
2022	2,765,809	2,017,704	4,783,513
2023-2027	15,964,023	7,953,540	23,917,563
2028-2032	20,204,782	3,712,781	23,917,563
2033	4,658,307	125,206	4,783,513
	<u>\$ 53,440,159</u>	<u>\$ 23,096,045</u>	<u>\$ 76,536,204</u>

### Note 5. Pension Plan

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

#### A. Plan Description

All full-time, salaried permanent employees of 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.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>About Plan 1</b>  Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b>  Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b>  The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"><li>• Political subdivision employees.*</li></ul>
<p><b>Hybrid Opt-In Election</b> Non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<ul style="list-style-type: none"><li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li></ul>
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p><u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"><li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li></ul>
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	
<p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component</u></b> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>
		<p><b><u>Defined Contribution Component</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component</u></b> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul> <p>Distribution is not required by law until age 70½.</p>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component</u></b> See definition under Plan 1</p> <p><b><u>Defined Contribution Component</u></b> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p><b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component</u></b> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The COLA matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b>Exceptions to COLA Effective Dates:</b>                      The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul> <p><b>Disability Coverage</b>                      Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b>Exceptions to COLA Effective Dates:</b>                      Same as Plan 1.</p> <p><b>Disability Coverage</b>                      Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b>Exceptions to COLA Effective Dates:</b>                      Same as Plan 1 and Plan 2.</p> <p><b>Disability Coverage</b>                      Eligible political subdivision members (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Pension Plan (Continued)**

A. Plan Description (Continued)

<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the highest of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li> </ul>

**Defined Contribution Component**  
Not applicable.

**Employees Covered by Benefit Terms**

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive Members or Their Beneficiaries Currently Receiving Benefits	<u>19</u>
Inactive Members:	
Vested	18
Non-vested	25
Active elsewhere in VRS	<u>7</u>
<b>Total inactive members</b>	<u>50</u>
Active Members	<u>91</u>
<b>Total covered employees</b>	<u><u>160</u></u>

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Pension Plan (Continued)

#### A. Plan Description (Continued)

##### 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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. VRE elected to not phase in the increase, but rather provided a 5.00% salary increase to all employees on July 1, 2012.

VRE's contractually required contribution rate for the year ended June 30, 2017 was 5.37% for Plan 1 and Plan 2 and 4.37% for the Hybrid Plan of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from VRE were \$245,847 and \$276,597 for the years ended June 30, 2017 and 2016, respectively.

#### B. Net Pension Asset/Liability

VRE's net pension asset/liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

##### Actuarial Assumptions

The total pension liability for VRE's retirement plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Pension Plan (Continued)

##### B. Net Pension Asset/Liability (Continued)

###### Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Mortality Rates:	14% of pre-retirement deaths are assumed to be service related.
- Pre-retirement:	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females set back 3 years.
- Post-retirement:	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.
- Post-disablement:	RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

###### Long-Term Expected Rate of Return

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

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Pension Plan (Continued)**

B. Net Pension Asset/Liability (Continued)

**Long-Term Expected Rate of Return (Continued)**

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non-U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Pension Plan (Continued)**

**B. Net Pension Asset/Liability (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. 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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for VRE's retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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.

**C. Changes in the Net Pension Asset/Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015	\$ 13,694,496	\$ 14,064,326	\$ (369,830)
Changes for the year:			
Service cost	778,686	-	778,686
Interest	942,652	-	942,652
Difference between expected and expected and actual experience	284,843	-	284,843
Contributions – employer	-	478,465	(478,465)
Contributions – employee	-	375,574	(375,574)
Net investment income	-	259,738	(259,738)
Benefit payments, including refunds of employee contributions	(456,078)	(456,078)	-
Administrative expense	-	(8,396)	8,396
Other changes	-	(107)	107
Net changes	1,550,103	649,196	900,907
Balance at June 30, 2016	\$ 15,244,599	\$ 14,713,522	\$ 531,077

Note: 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 \$311,424 on its Statements of Net Position based on a percentage of contributions to the plan for fiscal year 2017. VRE's percentage of total contributions to the plan was 58.64 percent. This percentage was used to allocate a portion of the net pension liability to VRE.

**VIRGINIA RAILWAY EXPRESS**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pension Plan (Continued)**

C. Changes in the Net Pension Asset/Liability (Continued)

**Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate**

The following presents the net pension asset/liability of VRE, using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan's net pension (asset) liability	\$ 2,744,539	\$ 531,077	\$ (1,291,234)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://www.varetire.org), or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

D. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2017, VRE recognized pension expense of \$15,715. VRE also reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 164,947
Net difference between projected and actual earnings on pension plan investments	235,468
Employer contributions subsequent to the measurement date	245,847
<b>Total</b>	<b>\$ 646,262</b>

The \$245,847 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, 2018.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 5. Pension Plan (Continued)

#### D. Pension Expense and Deferred Outflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 57,761
2019	57,761
2020	167,336
2021	117,557
	<hr/>
	\$ 400,415

### Note 6. Operating Leases and Agreements

Operating Access Agreements with the CSX and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing track access for commuter rail service. For the years ended June 30, 2017 and 2016, annual track usage fees totaled approximately \$9,545,000 and \$9,224,100, respectively, and facility and other identified costs totaled approximately \$531,000 and \$521,000, respectively. The increase in track usage fees reflects both an annual increase to the base fee and the addition of a full year of service of the new Fredericksburg Line train introduced during fiscal year 2016.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and mid-day maintenance, electrical power and other services became effective on July 1, 2015. For the years ended June 30, 2017 and 2016, costs for track access and equipment storage totaled approximately \$6,502,000 and \$5,831,000, respectively, and mid-day maintenance, utility and other services totaled approximately \$4,636,000 and \$4,332,000, respectively. Cost adjustments will be made in fiscal year 2018 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access are determined in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions signed a contract with Keolis Rail Services Virginia, LLC, for train operations and maintenance for a five-year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. The cost of train operations and maintenance for the years ended June 30, 2017 and 2016 totaled approximately \$21,331,000 and \$19,828,000, respectively. Costs are based on an annual budget prepared in advance. Costs in fiscal year 2017 reflect contractual increases, added services and the first full year of service of the additional train added during fiscal year 2016. Costs for fiscal year 2018 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

# VIRGINIA RAILWAY EXPRESS

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Related Party Transactions

VRE reimburses the Commissions for expenditures made on behalf of VRE. During 2017 and 2016, these payments included \$7,011,684 and \$6,342,095 of salary-related costs and \$8,086 and \$19,191 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 \$87,131 and \$85,788 to PRTC during 2017 and 2016, 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 \$8,481 and \$1,079 in 2017 and 2016, respectively. Amounts payable to NVTC and PRTC were \$9,072 and \$2,697,523, respectively, at June 30, 2017 and \$28,919 and \$1,863,540, respectively, at June 30, 2016.

### Note 8. Liability Insurance Plan

VRE is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and VRE's own need for liability and property coverage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$149,000 at June 30, 2017 and \$163,000 at June 30, 2016.

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, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance, July 1	\$ 10,386,757	\$ 10,434,495
Contribution to reserves	3,900,000	3,950,000
Insurance premiums paid	(3,909,349)	(3,966,626)
Investment income	98,560	69,444
Actuarial and administrative charges	(59,097)	(81,707)
Transfer to VRE for small liability claims	-	(18,849)
	<hr/>	<hr/>
Ending balance, June 30	\$ 10,416,871	\$ 10,386,757

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

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Contingencies and Contractual Commitments

At June 30, 2017, 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, 2017:

Stations and Parking Lots	\$	3,723,340
Rolling Stock		19,400,653
Maintenance and Layover Yards		1,956,777
Track and Signal Improvements		169,411
Other Administrative		<u>1,282,759</u>
<b>Total</b>	<b>\$</b>	<b><u>26,532,940</u></b>

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

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

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

#### Note 10. Pending GASB Statements

At June 30, 2017, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Pending GASB Statements (Continued)**

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. Statement No. 83 will be effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 85, *Omnibus 2017*, will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. Statement No. 85 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will improve accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance. Statement No. 86 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 87, *Leases*, will increase the usefulness of VRE's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

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

#### **Note 11. Subsequent Events**

VRE sold seven fully depreciated Pullman-Standard Gallery-style railcars to Foxville & Northern Railroad Co., LLC in July 2017. The cars were sold for \$500 per unit, and there was no remaining Federal interest at the time the sale was completed.

In July 2017, the VRE Operations Board approved the execution of a 15-year lease with one 5-year option for additional office space in an amount not to exceed \$3,902,008. The office space is owned by the International Association of Refrigerated Warehouses and is located at 1500 King Street in Alexandria, adjacent to the current VRE offices. The agreement was executed in September 2017.

In August 2017, VRE entered into contracts to purchase fuel at set prices for delivery in August 2017 through October 2017. The fuel will be used in the normal course of operations and is not being purchased for resale. The total commitment is for 126,000 gallons of fuel at a cost of approximately \$220,000.

## **Required Supplementary Information**

**VIRGINIA RAILWAY EXPRESS****SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,			
	2014	2015	2016	2017
Contractually required contribution (CRC)	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283
Contributions in relation to the CRC	528,296	460,763	478,465	419,283
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 6,856,560	\$ 7,617,414	\$ 7,711,934	\$ 8,619,597
Contributions as a percentage of covered-employee payroll	7.70%	6.05%	6.20%	4.86%

**Notes to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.
- (2) The information on this schedule is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY -  
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,		
	2014	2015	2016
<b>Total Pension Liability</b>			
Service cost	\$ 722,134	\$ 743,258	\$ 778,686
Interest	763,704	850,266	942,652
Differences between expected and actual experience	-	92,275	284,843
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)
<b>Net change in total pension liability</b>	<b>1,263,313</b>	<b>1,409,867</b>	<b>1,550,103</b>
Total pension liability - beginning	11,021,316	12,284,629	13,694,496
Total pension liability - ending (a)	<u>\$ 12,284,629</u>	<u>\$ 13,694,496</u>	<u>\$ 15,244,599</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465
Contributions - employee	414,844	494,240	375,574
Net investment income	1,697,173	603,590	259,738
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)
Administrative expense	(8,482)	(7,442)	(8,396)
Other	89	(131)	(107)
<b>Net change in plan fiduciary net position</b>	<b>2,409,395</b>	<b>1,275,088</b>	<b>649,196</b>
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326
Plan fiduciary net position - ending (b)	<u>\$ 12,789,238</u>	<u>\$ 14,064,326</u>	<u>\$ 14,713,522</u>
PRTC's net pension (asset) liability - ending (a) - (b)	<u>\$ (504,609)</u>	<u>\$ (369,830)</u>	<u>\$ 531,077</u>
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%
Covered-employee payroll	\$ 6,856,560	\$ 7,617,414	\$ 7,711,934
PRTC's net pension (asset) liability as a percentage of covered-employee payroll	7.36%	4.86%	-6.89%

**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, PRTC will present information for those years for which information is available.
- (2) The information on this schedule is derived from the actuarial valuation report for the Potomac & Rappahannock Transportation Commission, which consolidates information for both PRTC and VRE employees. No separate data on funding progress is available solely for VRE.

## VIRGINIA RAILWAY EXPRESS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

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#### Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

#### Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

#### Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed marked
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-5.35%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%

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## Statistical Section



## STATISTICAL SECTION

This portion of Virginia Railway Express' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about VRE's overall financial health. Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how VRE's financial performance has changed over time.	53 – 56
<b>Other Statistical Information</b>	
These schedules and service area map provide other information useful to certain readers of VRE's financial statements.	57 – 58
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to assist the reader understand the environment within which VRE's financial activities take place.	59 – 61

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF CHANGE IN NET POSITION**

**Last Ten Fiscal Years**

**(Unaudited)**

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating Revenues:</b>										
Passenger revenue	\$ 42,280,669	\$ 37,696,913	\$ 36,700,191	\$ 37,093,476	\$ 34,733,106	\$ 34,721,591	\$ 32,368,123	\$ 30,019,730	\$ 25,909,794	\$ 21,688,092
Equipment rentals and other	301,621	240,052	418,569	197,915	239,381	304,184	200,069	247,375	124,926	133,242
<b>Total operating revenues</b>	<b>42,582,290</b>	<b>37,936,965</b>	<b>37,118,760</b>	<b>37,291,391</b>	<b>34,972,487</b>	<b>35,025,775</b>	<b>32,568,192</b>	<b>30,267,105</b>	<b>26,034,720</b>	<b>21,821,334</b>
<b>Nonoperating Revenues:</b>										
<b>Subsidies:</b>										
Commonwealth of Virginia grants	18,265,581	16,572,077	14,401,957	19,330,105	14,967,197	12,711,602	12,806,509	13,153,781	13,482,816	10,795,443
Federal grants - with PRTC as grantee	15,937,225	13,917,534	13,688,723	15,931,876	18,559,490	17,181,121	16,157,284	14,525,795	12,784,123	12,522,868
Jurisdictional contributions	17,250,240	16,428,800	16,456,986	16,428,800	16,428,800	15,943,917	16,070,307	16,376,968	17,275,500	13,379,155
Regional transportation funding (NVTA)	461,889	542,671	-	-	-	-	-	-	-	-
<b>Capital Grants and Assistance:</b>										
Commonwealth of Virginia grants	3,033,657	9,826,429	14,694,277	-	-	-	-	-	-	-
Federal grants - with PRTC as grantee	15,204,474	22,125,460	17,764,759	5,420,552	1,269,732	9,997,070	40,136,130	15,437,312	14,648,460	18,259,459
Regional transportation funding (NVTA)	651,163	-	-	-	-	-	-	-	-	-
Federal grants - NVTC and other	-	-	-	-	-	-	3,308,513	402,355	53,738	939,088
Pass-through to Fairfax County	-	-	-	-	-	-	-	-	(4,456,818)	-
In-kind and other local contributions	162,839	851,659	1,079,885	2,637,809	328,031	46,924	406,331	680,631	1,903,284	925,338
<b>Interest income:</b>										
Operating funds	285,495	93,677	34,337	27,860	18,573	16,813	14,675	23,893	129,620	399,553
Insurance trust	98,560	69,444	-	-	-	-	-	65,164	241,003	400,204
Other restricted funds	402	197	59	196	772	1,161	384	586	36,232	535,093
Insurance proceeds	-	-	-	-	-	-	-	-	-	262,676
Gain (loss) on sale of assets	3,500	-	(60,293)	1,500	(769,042)	(358,382)	(271,606)	(393,419)	-	-
<b>Total nonoperating revenues</b>	<b>71,355,025</b>	<b>80,427,948</b>	<b>78,060,690</b>	<b>59,778,698</b>	<b>50,803,553</b>	<b>55,540,226</b>	<b>88,628,527</b>	<b>60,273,066</b>	<b>56,097,958</b>	<b>58,418,877</b>
<b>Total revenues</b>	<b>113,937,315</b>	<b>118,364,913</b>	<b>115,179,450</b>	<b>97,070,089</b>	<b>85,776,040</b>	<b>90,566,001</b>	<b>121,196,719</b>	<b>90,540,171</b>	<b>82,132,678</b>	<b>80,240,211</b>
<b>Operating Expenses:</b>										
Contract operations and maintenance	25,873,933	24,082,615	22,782,752	23,151,332	21,751,488	21,093,606	21,405,930	20,291,361	18,694,757	17,433,267
Other operations and maintenance	14,461,209	13,662,606	14,334,954	14,891,502	12,785,223	14,594,826	12,949,155	12,055,009	12,575,004	11,562,892
Property leases and access fees	16,236,606	15,175,732	14,318,788	13,924,017	13,504,023	13,123,367	11,756,531	9,482,367	8,686,385	8,279,505
Insurance	3,970,753	4,046,198	3,964,673	3,991,969	4,022,072	3,491,620	4,049,906	3,864,366	3,866,438	4,099,475
Marketing and sales	2,532,214	2,393,332	2,267,729	2,012,321	1,872,343	2,211,354	1,502,434	1,259,048	1,477,554	1,537,243
General and administrative	10,904,945	10,514,343	7,968,298	7,793,040	6,784,379	7,111,871	5,964,956	5,642,360	5,492,566	5,151,117
Depreciation and amortization	17,737,170	16,953,565	15,391,195	14,706,458	14,465,445	13,373,129	12,218,203	11,337,406	10,445,041	10,640,098
<b>Total operating expenses</b>	<b>91,716,830</b>	<b>86,828,391</b>	<b>81,028,389</b>	<b>80,470,639</b>	<b>75,184,973</b>	<b>74,999,773</b>	<b>69,847,115</b>	<b>63,931,917</b>	<b>61,237,745</b>	<b>58,703,597</b>
<b>Nonoperating (Revenues) Expenses:</b>										
Interest and amortization	3,217,756	3,384,762	3,534,644	4,026,724	4,683,094	6,524,348	5,566,829	5,682,935	6,014,243	4,525,279
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	(4,218,641)	3,176,932
<b>Total nonoperating expenses, net</b>	<b>3,217,756</b>	<b>3,384,762</b>	<b>3,534,644</b>	<b>4,026,724</b>	<b>4,683,094</b>	<b>6,524,348</b>	<b>5,566,829</b>	<b>5,682,935</b>	<b>1,795,602</b>	<b>7,702,211</b>
<b>Special Items</b>	<b>-</b>	<b>1,882,945</b>	<b>-</b>	<b>3,660,786</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>94,934,586</b>	<b>92,096,098</b>	<b>84,563,033</b>	<b>88,158,149</b>	<b>79,868,067</b>	<b>81,524,121</b>	<b>75,413,944</b>	<b>69,614,852</b>	<b>63,033,347</b>	<b>66,405,808</b>
<b>Change in net assets</b>					\$ 5,907,973	\$ 9,041,880	\$ 45,782,775	\$ 20,925,319	\$ 19,099,331	\$ 13,834,403
<b>Change in net position</b>	<b>\$ 19,002,729</b>	<b>\$ 26,268,815</b>	<b>\$ 30,616,417</b>	<b>\$ 8,911,940</b>						

Note: Years after fiscal year 2010 reflect change in classification of *Gain (loss) on sale of assets*.

Interest costs in fiscal year 2012 restated to comply with GASB 65.

Source: VRE's Audited Financial Statements.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF COMPONENTS OF NET POSITION**

**Last Ten Fiscal Years**

**(Unaudited)**

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 279,920,481	\$ 274,136,653	\$ 254,085,092	\$ 220,069,396	\$ 220,007,440	\$ 220,396,390	\$ 213,710,235	\$ 165,407,433	\$ 144,566,529	\$ 114,677,949
Restricted for liability insurance plan	10,470,506	10,439,990	10,487,532	10,454,171	10,294,874	10,156,492	10,052,968	9,511,797	8,229,082	7,470,123
Restricted for debt service and capital lease	-	-	-	6,731,166	6,563,328	6,408,466	6,259,239	5,980,313	5,850,112	7,287,789
Restricted grants or contributions	779,223	779,223	-	-	140,270	951,342	600,250	34,619	194,193	1,269,313
Unrestricted assets	68,885,778	55,697,393	50,211,820	46,973,386	35,845,639	28,056,773	24,277,019	20,676,168	10,905,605	7,712,570
<b>Total net assets</b>						<u>\$ 265,969,463</u>	<u>\$ 254,899,711</u>	<u>\$ 201,610,330</u>	<u>\$ 169,745,521</u>	<u>\$ 138,417,744</u>
<b>Total net position</b>	<u>\$ 360,055,988</u>	<u>\$ 341,053,259</u>	<u>\$ 314,784,444</u>	<u>\$ 284,228,119</u>	<u>\$ 272,851,551</u>					

Note: Method of reporting was revised for fiscal year 2011.

Fiscal year 2012 balance restated to comply with GASB 65.

Source: VRE's Audited Financial Statements.

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF OUTSTANDING DEBT**

**Last Ten Fiscal Years**

**(Unaudited)**

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue Bonds:										
\$37,625,000 Commuter Rail Revenue Bond, Series 1993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,065,000	\$ 9,875,000	\$ 14,450,000
\$23,000,000 Commuter Rail Revenue Bond, Series 1997	-	-	-	-	-	-	-	-	-	14,635,000
\$31,700,000 Commuter Rail Revenue Bond, Series 1998	-	-	-	6,555,000	12,775,000	18,685,000	24,295,000	24,425,000	24,550,000	24,670,000
Capital Leases:										
\$271,804 Capitalized Lease Obligation	-	-	-	-	-	-	-	-	-	-
\$2,717,409 Capitalized Lease Obligation	-	-	-	-	-	-	-	-	-	420,665
\$25,100,000 Capitalized Lease Obligation	12,810,417	14,108,906	15,349,786	16,535,611	17,668,825	18,751,762	19,786,652	20,775,627	21,720,726	22,623,892
\$74,425 Capitalized Lease Obligation	34,287	50,048	64,331	-	-	-	-	-	-	-
Notes Payable:										
\$900,000 SunTrust Bank	-	-	-	-	-	320,000	380,000	440,000	500,000	560,000
\$63,844,842 FRA Notes	53,440,159	55,628,942	57,709,856	59,698,580	61,595,765	63,409,659	63,305,611	63,749,851	56,122,937	26,970,555
Outstanding as of June 30	<u>\$ 66,284,863</u>	<u>\$ 69,787,896</u>	<u>\$ 73,123,973</u>	<u>\$ 82,789,191</u>	<u>\$ 92,039,590</u>	<u>\$ 101,166,421</u>	<u>\$ 107,767,263</u>	<u>\$ 114,455,478</u>	<u>\$ 112,768,663</u>	<u>\$ 104,330,112</u>
Debt per Capita:										
Outstanding as of June 30	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663	\$ 104,330,112
Total Participating Jurisdictional Population	N/A	N/A	2,314,253	2,291,535	2,272,215	2,238,627	2,189,988	2,159,228	2,116,826	2,079,204
Debt per Capita	<u>N/A</u>	<u>N/A</u>	<u>\$ 31.60</u>	<u>\$ 36.13</u>	<u>\$ 40.51</u>	<u>\$ 45.19</u>	<u>\$ 49.21</u>	<u>\$ 53.01</u>	<u>\$ 53.27</u>	<u>\$ 50.18</u>
Outstanding Debt as a Percentage of Personal Income:										
Outstanding as of June 30	\$ 66,284,863	\$ 69,787,896	\$ 73,123,973	\$ 82,789,191	\$ 92,039,590	\$ 101,166,421	\$ 107,767,263	\$ 114,455,478	\$ 112,768,663	\$ 104,330,112
Total Personal Income	N/A	N/A	155,187,512,309	144,195,320,240	142,972,030,000	135,296,802,000	126,548,575,000	125,509,757,000	125,018,523,000	124,410,734,000
Total Outstanding Debt as a Percentage of Personal Income	<u>N/A</u>	<u>N/A</u>	<u>0.05%</u>	<u>0.06%</u>	<u>0.06%</u>	<u>0.07%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.09%</u>	<u>0.08%</u>

The population data for each participating jurisdiction can be found in the following reports.

- (1) Fairfax County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 277
- (2) Prince William County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 213
- (3) City of Manassas fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 133
- (4) City of Manassas Park fiscal year 2015 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 130
- (5) Stafford County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 144
- (6) City of Fredericksburg fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 166
- (7) Spotsylvania County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 145
- (8) City of Alexandria fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 186, Table XI, Page 184
- (9) Arlington County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table K, page 200

**VIRGINIA RAILWAY EXPRESS**

**SCHEDULE OF JURISDICTIONAL CONTRIBUTIONS**

**Last Ten Fiscal Years**

**(Unaudited)**

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fairfax County	\$ 5,160,910	\$ 4,847,284	\$ 4,852,953	\$ 4,747,684	\$ 4,511,265	\$ 4,876,961	\$ 4,906,693	\$ 4,995,535	\$ 5,507,805	\$ 4,700,508
City of Fredericksburg	483,524	439,366	581,244	427,728	339,064	420,566	405,980	508,503	482,764	330,713
City of Manassas	749,372	766,491	686,944	757,804	642,662	817,993	871,611	883,443	938,897	655,077
City of Manassas Park	511,777	576,699	401,762	574,709	441,702	566,504	544,763	537,496	567,082	359,574
Prince William County	5,968,406	5,309,674	5,485,333	5,748,203	4,761,324	5,859,007	6,384,660	6,173,028	6,511,839	4,624,876
Stafford County	2,647,222	2,855,607	1,401,382	2,529,281	1,892,640	2,505,805	2,634,002	2,971,727	2,974,507	2,429,735
Spotsylvania County	1,382,750	1,303,888	2,689,391	1,313,600	3,510,352	577,020	-	-	-	-
City of Alexandria	140,589	133,894	133,894	133,894	133,894	129,944	130,974	124,737	118,797	113,140
Arlington County	205,692	195,897	195,897	195,897	195,897	190,117	191,624	182,499	173,809	165,532
<b>Total contributions</b>	<b>\$ 17,250,240</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 16,428,800</b>	<b>\$ 15,943,917</b>	<b>\$ 16,070,307</b>	<b>\$ 16,376,968</b>	<b>\$ 17,275,500</b>	<b>\$ 13,379,155</b>

# VIRGINIA RAILWAY EXPRESS

## SCHEDULE OF MISCELLANEOUS STATISTICS

### Last Ten Fiscal Years

#### (Unaudited)

	June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Rolling Stock (Owned or Leased)										
Locomotives	20	20	20	20	20	22	25	20	21	18
Railcars	98	100	93	91	91	91	101	95	91	89
<b>Total rolling stock</b>	<b>118</b>	<b>120</b>	<b>113</b>	<b>111</b>	<b>111</b>	<b>113</b>	<b>126</b>	<b>115</b>	<b>112</b>	<b>107</b>
Stations	19	19	18	18	18	18	18	18	18	18
Parking Spaces	10,796	10,743	9,243	9,030	9,030	8,824	8,824	8,691	8,505	7,227
Employees	49	45	39	37	37	37	37	37	37	37
Ridership and Fare Revenue Data (1):										
Total Ridership	4,761,035	4,441,858	4,618,169	4,547,911	4,643,898	4,771,987	4,517,366	4,033,230	3,857,646	3,628,563
Average Daily Ridership	18,968	17,767	18,547	18,119	18,878	19,088	18,377	16,673	15,754	14,662
Average Fare Per Trip	\$ 8.88	\$ 8.49	\$ 7.95	\$ 8.16	\$ 7.48	\$ 7.28	\$ 7.17	\$ 7.44	\$ 6.66	\$ 5.98

(1) The methodology for calculating passenger trips was changed during fiscal year 2011 and fiscal year 2012 to more accurately reflect boardings and detrainings prior to the inner city stations. This increased total ridership and decreased average fare per trip. The methodology for calculating Average Daily Ridership (ADR) was changed in fiscal year 2012 to count days with limited train service ("S" schedule). This resulted in a lower ADR than would have been calculated under the prior method.

Source: VRE staff



# VIRGINIA RAILWAY EXPRESS

## PRINCIPAL EMPLOYERS OF PARTICIPATING JURISDICTIONS

### Current Year and Nine Years Ago

(Unaudited)

Employers	Rank	2017		2008		
		Employees	Percentage of Total Jurisdictional Employment	Rank	Employees	Percentage of Total Jurisdictional Employment
Federal Government (1)(2)(3)(4)(5)	1	72,014-72,762	N/A	1	12,070-23,068	N/A
Fairfax County Public Schools (1)	2	24,581	N/A	2	22,707	N/A
Fairfax County Government (1)	3	12,335	N/A	3	11,324	N/A
Arlington County Government & Schools (2)	4	10,100	N/A	8	7,014	N/A
Inova Health System (1)	5	7,000-10,000	N/A	6	7,000-10,000	N/A
George Mason University (1)	6	5,000-10,000	N/A	-	-	-
Booz-Allen Hamilton (1)(2)	7	5,300-8,299	N/A	4	7,952-10,952	N/A
General Dynamics (1)(2)	8	4,830-7,829	N/A	-	-	-
Deloitte (2)	9	7,000	N/A	-	-	-
Federal Home Loan Mortgage (1)	10	4,000-6999	N/A	9	4,000-6999	N/A
Lockheed Martin (1)(2)(7)	-	-	-	5	7,33-10,299	N/A
Northrop Grumman (1)	-	-	-	7	7,000-10,000	N/A
Sprint (1)	-	-	-	10	4,000-6,999	N/A

Sources:

(1) through (9) extracted and combined from the following sources:

- (1) County of Fairfax fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 4.2, page 278
- (2) County of Arlington fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table L, page 201
- (3) County of Prince William fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 17, page 214
- (4) County of Stafford fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table S-17, page 146
- (5) City of Alexandria fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table XIX, page 191
- (6) City of Spotsylvania fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table S-14, page 146
- (7) City of Manassas fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 134
- (8) City of Manassas Park fiscal year 2015 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 131
- (9) City of Fredericksburg fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 15, page 167

# VIRGINIA RAILWAY EXPRESS

## DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS (Continued)

Fiscal Years 2008 to 2017

(Unaudited)

Year/Description	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (8)	Arlington County (9)
<b>2017 (all categories)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>2016</b>									
Population	N/A	454,096	N/A	N/A	142,380	28,118	131,305	153,511	220,400
Personal Income (in thousands)	N/A	\$25,795,450	N/A	N/A	\$6,425,740	\$1,256,818,364	\$5,869,029	\$11,789,823	\$18,601,760
Per Capita Personal Income	N/A	\$48,146	N/A	N/A	\$45,131	\$44,698	\$44,698	N/A	\$84,400
Unemployment Rate	N/A	3.7%	3.4%	N/A	4.0%	4.8%	4.0%	2.9%	2.9%
<b>2015</b>									
Population	1,142,234	446,094	41,764	15,700	142,299	28,213	130,674	150,575	216,700
Personal Income (in thousands)	\$85,675,546	\$24,943,113	N/A	\$700,000	\$6,296,162	\$1,201,676	\$5,684,634	\$12,071,851	\$18,614,530
Per Capita Personal Income	\$75,007	\$47,965	N/A	\$44,586	\$44,246	\$42,593	\$43,502	N/A	\$85,900
Unemployment Rate	3.1%	4.4%	4.1%	4.4%	5.2%	6.2%	2.5%	3.5%	3.4%
<b>2014</b>									
Population	1,137,538	438,580	42,081	15,174	138,423	28,132	127,715	148,892	215,000
Personal Income (in thousands)	\$81,620,627	\$23,902,844	N/A	\$694,362	\$6,091,966	\$1,215,809	N/A	\$12,115,212	\$18,554,500
Per Capita Personal Income	\$71,752	\$46,954	N/A	\$45,760	\$44,010	\$43,218	N/A	N/A	\$86,300
Unemployment Rate	3.5%	4.7%	4.8%	4.5%	5.2%	5.9%	5.0%	4.6%	3.5%
<b>2013</b>									
Population	1,130,924	430,100	39,902	14,838	135,311	27,307	126,494	146,294	221,045
Personal Income (in thousands)	\$80,982,075	\$24,558,604	N/A	\$419,100	\$5,900,913	\$1,116,665	N/A	\$11,760,450	\$18,234,223
Per Capita Personal Income	\$71,607	\$48,617	N/A	\$28,245	\$43,610	\$40,893	N/A	N/A	\$82,491
Unemployment Rate	3.7%	4.7%	4.6%	5.0%	5.1%	8.2%	5.3%	4.7%	4.0%
<b>2012</b>									
Population	1,118,602	419,268	39,060	15,332	134,352	26,024	125,684	144,301	216,004
Personal Income (in thousands)	\$77,012,392	\$23,024,777	N/A	\$419,100	\$5,744,220	\$1,064,199	N/A	\$10,758,922	\$17,273,192
Per Capita Personal Income	\$68,847	\$47,309	N/A	\$27,335	\$42,755	\$40,893	\$43,218	\$83,242	\$79,967
Unemployment Rate	4.4%	4.9%	6.3%	4.7%	4.9%	8.8%	5.0%	4.6%	3.5%
<b>2011</b>									
Population	1,100,692	406,392	37,821	14,387	128,961	25,691	124,477	141,287	210,280
Personal Income (in thousands)	\$71,145,429	\$22,156,021	N/A	\$455,635	\$5,405,658	\$1,050,582	N/A	\$10,627,334	\$15,707,916
Per Capita Personal Income	\$64,637	\$46,719	N/A	\$31,670	\$41,917	\$40,893	\$40,893	\$82,491	\$74,700
Unemployment Rate	4.7%	5.3%	6.7%	5.2%	5.2%	10.3%	5.6%	4.8%	3.9%

# VIRGINIA RAILWAY EXPRESS

## DEMOGRAPHICS AND ECONOMIC STATISTICS OF PARTICIPATING JURISDICTIONS (Continued)

Fiscal Years 2008 to 2017

(Unaudited)

Year/Description	Fairfax County (1)	Prince William County (2)	City of Manassas (3)	City of Manassas Park (4)	Stafford County (5)	City of Fredericksburg (6)	Spotsylvania County (7)	City of Alexandria (8)	Arlington County (9)
<b>2010</b>									
Population	1,081,726	402,002	35,648	12,042	128,961	24,286	122,397	139,966	212,200
Personal Income (in thousands)	\$72,577,324	\$20,662,164	N/A	\$391,776	\$5,265,160	\$954,391	N/A	\$10,441,443	\$15,217,499
Per Capita Personal Income	\$67,094	\$44,995	N/A	\$32,534	\$40,828	\$39,298	\$39,298	\$76,362	\$71,713
Unemployment Rate	5.1%	5.7%	7.7%	5.8%	5.7%	9.6%	6.0%	4.8%	4.3%
<b>2009</b>									
Population	1,074,227	374,776	35,883	11,410	122,800	23,353	120,977	144,100	209,300
Personal Income (in thousands)	\$74,380,758	\$19,428,508	N/A	\$382,695	\$4,915,316	\$892,131	N/A	\$10,178,071	\$14,841,044
Per Capita Personal Income	\$69,241	\$44,227	N/A	\$33,540	\$40,027	\$38,202	\$38,202	\$70,846	\$70,908
Unemployment Rate	4.9%	5.9%	7.4%	6.5%	5.4%	9.2%	5.7%	2.8%	4.7%
<b>2008</b>									
Population	1,050,315	368,016	36,666	11,533	121,736	22,899	120,015	140,024	208,000
Personal Income (in thousands)	\$74,385,409	\$18,681,748	\$918,630	\$394,715	\$4,897,196	\$889,030	N/A	\$10,204,006	\$14,040,000
Per Capita Personal Income	\$70,822	\$44,230	\$25,054	\$34,225	\$40,228	\$38,824	\$38,824	\$72,220	\$67,500
Unemployment Rate	2.8%	3.4%	4.2%	3.2%	3.4%	5.7%	3.4%	2.9%	2.6%

Sources:

- (1) Fairfax County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 4.1, page 277
- (2) Prince William County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 16, page 213
- (3) City of Manassas fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 133
- (4) City of Manassas Park fiscal year 2015 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 130
- (5) Stafford County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table S-15; page 144
- (6) City of Fredericksburg fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table 14, page 166
- (7) Spotsylvania County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table S-13, page 145
- (8) City of Alexandria fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table XIV, page 186, Table XI, Page 184
- (9) Arlington County fiscal year 2016 Comprehensive Annual Financial Report, Statistical Section, Table K, page 200

N/A = Not Available

**Compliance Section**





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

To the Honorable Operations Board Members and Commissioners  
The Northern Virginia Transportation Commission  
The Potomac and Rappahannock Transportation Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Virginia Railway Express (VRE), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise VRE's basic financial statements, and have issued our report thereon dated October 30, 2017.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
October 30, 2017



A Transportation Partnership



**RESOLUTION #2347**

**SUBJECT:** Approve the 2017/2018 VRE Legislative Agenda

**WHEREAS:** The Virginia Railway Express (VRE) is an essential part of a regional transportation network for the Northern Virginia and DC Metropolitan region;

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

**WHEREAS:** It is essential for VRE to advocate for its funding needs and legislative/regulatory concerns with members of Congress and their staff, with staff of federal entities, in the Virginia General Assembly, and with the governor and his administration;

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

**WHEREAS:** The VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission does hereby approve the 2017/18 VRE Legislative Agenda and authorizes the VRE Chief Executive Officer to actively pursue the elements set forth in the Agenda.

Approved this 7<sup>th</sup> day of December 2017.

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Jeffrey C. McKay  
Chairman

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Matthew F. Letourneau  
Secretary-Treasurer

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## Draft 2017/2018 Legislative Agenda

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### Federal Legislative Strategy:

Generally, there is a need to keep abreast of the new Administration's policies, programs and personnel. In addition, we will monitor any new funding and financing infrastructure initiatives, possible regulatory reform, changes to INFRA (formally FastLane) and TIGER, and workforce development. Specific issues to be tracked include:

#### **Issue 1: Positive Train Control (PTC) Implementation**

- Continue monitoring PTC legislative and regulatory activity.

#### **Issue 2: Commuter Benefits**

- Track possible federal tax reform including changes to commuter benefits.
- Analyze and communicate to our Congressional delegation any impacts of proposed changes to current commuter benefit levels.

#### **Issue 3: 49 CFR Part 270 System Safety Program**

- Monitor developments related to 49 CFR Part 270 System Safety Program Plan final rule implementation.

### State Legislative Strategy:

Our focus in Richmond will continue to be on funding, both for transit throughout the Commonwealth and specifically for VRE. In addition to tracking the specific issues outlined below, we will monitor any legislation that may affect VRE.

#### **Issue 1: Protective Floor for the Regional 2.1% Motor Fuels Tax**

- VRE will advocate for the creation of a "protective floor" for the regional 2.1% motor fuels tax at February 2013 levels, in coordination with its parent Commissions and member jurisdictions.
- To avoid a reduction in the current level of commuter rail service and the associated increase in traffic congestion on the I-95/I-395 and I-66 Corridors of Statewide Significance (CoSS), a protective floor on the regional 2.1% motor fuels tax must be implemented.
- Without a protective floor, the existing regional 2.1% motor fuels tax generates less revenue than expected due to the drop in fuel prices. This decrease in motor fuels

tax revenues is forcing many VRE jurisdictions to increase general fund outlays to cover their VRE subsidy obligations.

### **Issue 2: Additional Commonwealth Transit Capital Support**

- VRE will support its parent commissions as they advocate for a fix to the reduced Commonwealth funding for Transit Capital.
- Will continue to coordinate with NVTC Executive Director Kate Mattice on issues being discussed by the Transit Service Delivery Committee (TSDAC), of which she's a member, and on any legislative initiatives arising from the Revenue Advisory Board's (RAB) recommendations.

### **Issue 3: Additional VRE Capital and Operating Funding**

- The general assembly must identify and secure long term, dependable funding sources for both existing and future commuter rail operations and capital costs to avoid a reduction and eventual termination of commuter rail service in the I-95/I-395 and I-66 CoSS and the accompanying catastrophic traffic congestion.
- VRE has developed a Financial Plan for implementation of its System Plan 2040 that identifies capital and operating requirements needed to implement the plan. A key finding in the Financial Plan is the clear need for increased funding, even without any major expansion of service.
- The deficit just to maintain the current operating scenario averages about \$45 million per year (operating \$11M and capital \$34M) through 2040.
- To implement build-out of the full 2040 scenario, which more than doubles current ridership, will require an average of approximately \$65 million per year (operating \$20M and capital \$45M) through 2040.
- The local jurisdiction members of VRE are financially constrained in their ability to fund existing VRE operations and capital needs and will experience even greater challenges in securing funding for the expansion scenario's operations and capital costs identified in the System Plan.



## RESOLUTION #2348

**SUBJECT:** Approve the Submission of VRE Projects to NVTA for FY2018-2023 Six-Year Program Funding Consideration

**WHEREAS:** The passage of House Bill 2313 requires the Northern Virginia Transportation Authority (NVTA) to fund highway projects that have been both included in TransAction and evaluated for congestion relief and emergency evacuation by VDOT or mass transit capital projects that increase capacity;

**WHEREAS:** The NVTA has issued a Call for Projects to agencies and jurisdictions for consideration for funding with expected FY 2018 through FY 2023 revenues;

**WHEREAS:** VRE has identified a set of projects that expand VRE capacity consistent with the VRE Capital Improvement Program (CIP) and System Plan 2040 where funding to continue to advance the project through implementation has not yet been identified;

**WHEREAS:** Each of the projects satisfies NVTA funding eligibility requirements to both be included in the TransAction long-range regional transportation plan and increase transit capacity; and

**WHEREAS:** The VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission does hereby approve the submission of the projects identified in Attachment 1 to the NVTA for consideration for funding in its FY2018-2023 Six Year Program.

**BE IT FURTHER RESOLVED** that NVTC authorizes the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, to remove the L'Enfant station and track improvements project dependent on its eligibility for NVTA funding, and to execute all project agreements on behalf of the Commissions.

Approved this 7<sup>th</sup> day of December 2017.

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Jeffrey C. McKay  
Chairman

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Matthew F. Letourneau  
Secretary-Treasurer

## Attachment 1

Project Name	Description	Phase Requested for Funding	Year Funding Requested	Estimated Cost (\$YOE)	Proposed NVTA Funding Request
Crystal City Station Improvements	Relocated and expanded station with longer platform and service on two tracks	Final Design	FY20	\$42,000,000	\$4,000,000
L'Enfant Station and Track Improvements	Relocated and expanded station with longer platform and service on two tracks, addition of fourth through the station from L'Enfant interlocking to Virginia interlocking.	Final Design	FY21	\$71,000,000	\$6,000,000
Woodbridge Station and Track Improvements	Expanded station with longer platform and service on three tracks, addition of Occoquan third track through the station from the Franconia-Springfield to Occoquan third track segment to near Featherstone Rd., including crossing of the Occoquan River.	Final Design	FY22	\$230,000,000	\$29,500,000
Manassas Park Station Parking Garage	Addition of a parking garage to provide additional parking for the station and a grade-separated pedestrian connection from the garage to the station platform.	Construction	FY19	\$25,983,000	\$23,480,000
Manassas Station Improvements	Expanded station with longer platform and pedestrian connection to the Prince William Street surface parking lot	Preliminary Engineering/ Environmental Review, Final Design, Construction	FY19 Design FY21 Const.	\$9,125,000	\$9,125,000
Broad Run Station and MSF Improvements	Expanded station with longer platform and additional parking, expanded train storage for longer trains	Final Design, Construction	FY19 Design FY20 Const.	\$56,256,000	\$44,156,000
Manassas Line Third Track	Third main track on the Norfolk Southern Railway from the VRE Broad Run station to Grant Avenue in Manassas	Final Design, Construction	FY19 Design FY21 Const.	\$20,131,000	\$20,131,000
Manassas Line Real-Time Multimodal Traveler Information System	Software and equipment to support the provision of VRE real-time traveler information	System Design and Procurement of Software and Equipment	FY19	\$6,561,000	\$3,481,000
VRE Rolling Stock	10 expansion coaches to lengthen VRE Manassas Line trains	Procurement of Coaches	FY19	\$33,370,000	\$28,120,000
Total				\$494,426,000	\$167,993,000



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-E**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 17, 2017**

**Re: Recommend Authorization to Submit VRE Projects to NVTA for FY 2018-2023 Six Year Program Funding Consideration**

**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions approve submission of the attached list of projects to the Northern Virginia Transportation Authority (NVTA) for evaluation and funding consideration in its Fiscal Year (FY) 2018-2023 Six Year Program; and authorize the Chief Executive Officer to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects.

**Summary:**

NVTA issued a Call for Projects for its FY2018-2023 Six Year Program (SYP) on October 4, 2017. The funding source for the SYP is regional taxes and fees collected under House Bill (HB) 2313 and sent to NVTA. NVTA can only consider projects for funding that are included in the TransAction long-range regional transportation plan and are evaluated and rated for congestion reduction and homeland security mobility as part of HB 599 requirements. In addition, NVTA can only fund mass transit capital projects that increase capacity.

Applications are due at 12:00 Noon on December 15, 2017. NVTA requires resolution of support for project applications by the governing body of the submitting jurisdiction or agency. VRE also seeks resolutions of support from the governing body of the jurisdiction where its project is located. Resolutions of Support are due at 12:00 Noon on January 19, 2018.



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703.684.1001  
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Potomac and Rappahannock  
Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, VA 22192  
703.580.6121

## **Background:**

The following VRE projects are recommended for submission to NVTA. All the projects are included in TransAction and will expand VRE capacity. They are also identified in the VRE Capital Improvement Program and System Plan 2040.

1. Crystal City Station Improvements: relocated and expanded station with longer platform for full-length trains and service on two tracks. This project is related to and must be coordinated with the Atlantic Gateway Project (4<sup>th</sup> Track from Alexandria to Potomac River).
2. L'Enfant Station and Track Improvements: relocated and expanded station with longer platform for full-length trains from two tracks and addition of related fourth through the station from L'Enfant interlocking to Virginia interlocking.
3. Woodbridge Station and Track Improvements: expanded station with longer platform for full-length trains from three tracks and addition of related Occoquan third track through the station. The new track will extend from the Franconia-Springfield to Occoquan third track segment, funded through the Commonwealth's Atlantic Gateway initiative, to near Featherstone Rd. and include crossing of the Occoquan River.
4. Manassas Park Station Parking Garage: addition of a parking garage to provide additional parking for the station and a grade-separated pedestrian connection from the garage to the station platform.
5. Manassas Station Improvements: expanded station with longer platform for full length trains and pedestrian connection to the Prince William Street surface parking lot.
6. Broad Run Station and MSF Improvements: expanded station with longer platform, additional parking, and expanded maintenance and storage facility (MSF) for storage of longer trains.
7. Manassas Line Third Track: provision of a third main track on the Norfolk Southern Railway from the VRE Broad Run station to Grant Avenue in Manassas to provide additional capacity for VRE trains.
8. Manassas Line Real-Time Multimodal Traveler Information System: implementation of software and equipment/infrastructure to support the provision of VRE real-time information for train arrivals, available parking capacity at stations, and available seating capacity on trains.
9. VRE Rolling Stock: procurement of 10 expansion coaches to lengthen VRE Manassas Line trains.

The NVTA funding request for Projects 1, 2 and 3 will advance the projects through the Final Engineering Design phase. Funding has already been identified to complete the initial Preliminary Engineering Design and Environmental Review phases.

Projects 4 through 9 were included in the VRE Manassas Line Capacity Expansion Project, which the NVTA recommended to the Commonwealth Transportation Board (CTB) for funding with the Transform 66 Outside the Beltway (OTB) concessionaire payment in July 2017. The concessionaire payment would provide full funding to implement each of the

projects through construction. The CTB is not anticipated to approve the projects that will be funded with the concessionaire payment until the Commonwealth has reached financial close with Express Mobility Partners (EMP), the private-sector partner in the public-private partnership transportation project. VRE is requesting funding from the NVTA SYP for the individual components of the Manassas Line Capacity Expansion Project as an alternative funding source until financial close is reached and contingency for the project.

Attachment 1 summarizes the estimated cost and phase(s) of implementation for each project. The costs are preliminary estimates. Detailed budgets will be developed if the project is selected for funding.

The Operations Board is asked to recommend the Commissions authorize the VRE Chief Executive Officer to submit the identified projects for funding consideration, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions. NVTC will provide oversight for the Commissions on the reimbursement of project expenditures.

**Fiscal Impact:**

The submission of a project funding request has no fiscal impact. If selected for funding, the NVTA funds would allow the projects to advance to the next phase(s) of project development and implementation.

**Virginia Railway Express  
Operations Board**

**Resolution  
9E-11-2017**

**Recommend Authorization to Submit VRE Projects to NVTA for  
FY 2018-2023 Six Year Program Funding Consideration**

**WHEREAS**, the passage of House Bill 2313 requires the NVTA to fund highway projects that have been both included in TransAction and evaluated for congestion relief and emergency evacuation by VDOT or mass transit capital projects that increase capacity; and,

**WHEREAS**, NVTA has issued a Call for Projects to agencies and jurisdictions for consideration for funding with expected FY2018 through FY2023 revenues; and,

**WHEREAS**, VRE has identified a set of projects that expand VRE capacity consistent with the VRE Capital Improvement Program and System Plan 2040 where funding to continue to advance the project through implementation has not yet been identified; and,

**WHEREAS**, each of the projects satisfies NVTA funding eligibility requirements to both be included in the TransAction long-range regional transportation plan and increase transit capacity;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the submission of the projects identified in Attachment 1 to the NVTA for consideration for funding in its FY2018-2023 Six Year Program; and,

**BE IT FURTHER RESOLVED THAT**, the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, ***to remove the L'Enfant station and track improvements project dependent on its eligibility for NVTA funding***, and to execute all project agreements on behalf of the Commissions.

Approved this 17<sup>th</sup> day of November 2017

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Paul Smedberg  
Chairman

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Katie Cristol  
Secretary



## RESOLUTION #2349

**SUBJECT:** Approve the Submission of VRE Projects to NVTC for FY2018 I-66 Commuter Choice Funding Consideration

**WHEREAS:** The Northern Virginia Transportation Commission (NVTC) has issued a Call for Projects for consideration for funding with expected FY 2018 I-66 Inside the Beltway toll revenues available through the I-66 Commuter Choice program;

**WHEREAS:** The Virginia Railway Express (VRE) has identified three projects within the I-66/VRE Manassas Line corridor that will benefit toll payers, included in the VRE Capital Improvement Program (CIP) and System Plan 2040, where funding to continue to advance the project through implementation has not yet been identified; and

**WHEREAS:** The VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Northern Virginia Transportation Commission does hereby approve the submission of the Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System projects to NVTC for funding consideration in its FY2018 Commuter Choice program.

**BE IT FURTHER RESOLVED** that NVTC authorizes the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts for descriptions, and to execute all project agreements on behalf of the Commissions.

Approved this 7<sup>th</sup> day of December 2017.

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Jeffrey C. McKay  
Chairman

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Matthew F. Letourneau  
Secretary-Treasurer

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VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-F**  
**Action Item**

**To: Chairman Smedberg and the VRE Operations Board**

**From: Doug Allen**

**Date: November 17, 2017**

**Re: Recommend Authorization to Submit VRE Projects to NVTC for FY 2018 I-66 Commuter Choice Funding Consideration**

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**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions approve the submission of the Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System projects to the Northern Virginia Transportation Commission (NVTC) for funding consideration in its Fiscal Year (FY) 2018 Commuter Choice program; and authorize the Chief Executive Officer to submit the approved projects for funding, make any necessary corrections to project amounts or descriptions in the applications, and execute all project funding agreements that may result from consideration of the projects.

**Summary:**

In January 2017, NVTC and the Commonwealth of Virginia signed a 40-year Memorandum of Agreement (MOA) authorizing NVTC to use toll revenues from I-66 Inside the Beltway (ITB) to fund multimodal transportation projects. These projects, designed to benefit I-66 toll payers, will ease travel through this congested corridor. To allocate the toll revenues, NVTC established the I-66 Commuter Choice Program and project selection process. An initial group of 10 projects were approved by both NVTC and the Commonwealth Transportation Board (CTB) as part of the FY 2017 I-66 Commuter Choice Program.

NVTC issued a Call for Projects for the FY 2018 I-66 Commuter Choice on September 7, 2017. Applications are due December 22, 2017. It is estimated \$10 million in toll revenues will be available for allocation. VRE Manassas Line projects that enhance VRE service and capacity and provide the potential to divert drivers from the I-66 corridor are eligible for funding through the I-66 Commuter Choice program.



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VRE.org



Potomac and Rappahannock  
Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, VA 22192  
703.580.6121

## **Background:**

VRE is proposing to submit three projects to the I-66 Commuter Choice Program: Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System. All the projects are within the I-66/VRE Manassas Line corridor and will benefit I-66 toll payers. They are also identified in the VRE Capital Improvement Program and System Plan 2040.

The funding request for the Crystal City Station Improvements in the amount of \$4 million will enable the project to advance to the Final Engineering Design phase. Funding has already been identified to complete the initial Preliminary Engineering Design and Environmental Review phases. The project provides for a relocated and expanded station with longer platform for full-length trains and service on two tracks. It is related to and must be coordinated with the Atlantic Gateway Project (4<sup>th</sup> Track from Alexandria to Potomac River).

The funding request for the L'Enfant Station and Track Improvements in the amount of \$6 million will enable the project to advance to the Final Engineering Design phase. Funding has already been identified to complete the initial Preliminary Engineering Design and Environmental Review phases. The project provides for a relocated and expanded station with longer platform for full-length trains and service on two tracks and the addition of a fourth track to service the station from L'Enfant interlocking to Virginia interlocking.

VRE is proposing to submit the Crystal City Station and L'Enfant Station and Track projects to the Northern Virginia Transportation Authority (NVT A) for funding consideration in its FY 2018-2023 Six Year Program (SYP). The I-66 Commuter Choice application is proposed as an alternative funding source and contingency until NVT A has made a decision on its SYP.

The Manassas Line Real-Time Multimodal Traveler Information System project is included as part of the VRE Manassas Line Capacity Expansion Project, which the NVT A recommended to the Commonwealth Transportation Board (CTB) for funding with the Transform 66 Outside the Beltway (OTB) concessionaire payment in July 2017. The concessionaire payment would provide full funding to implement each of the projects through construction. The CTB is not anticipated to approve the projects that will be funded with the concessionaire payment until the Commonwealth has reached financial close with Express Mobility Partners (EMP), the private-sector partner in the public-private partnership transportation project. VRE is requesting funding for the Real-Time Multimodal Traveler Information System component from the I-66 Commuter Choice program as an alternative funding source and contingency until financial close is reached and the CTB takes action. Approximately \$3.1 million in VRE funding has been allocated for the automatic passenger and parking counter portion of the project; an additional \$3.48 million will be requested from NVTC to fund the implementation of the complete real-time information system.

The Operations Board is asked to recommend the Commissions authorize the VRE Chief Executive Officer to submit the identified projects to NVTC for FY 2018 I-66 Commuter Choice funding consideration, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions. PRTC will provide oversight for the Commissions on the reimbursement of project expenditures.

**Fiscal Impact:**

The submission of a project funding request has no fiscal impact. If selected for funding, the I-66 Commuter Choice funds would allow the projects to advance to the next phase(s) of project development and implementation.

**Virginia Railway Express  
Operations Board**

**Resolution  
9F-11-2017**

**Recommend Authorization to Submit VRE Projects to NVTC for  
FY 2018 I-66 Commuter Choice Funding Consideration**

**WHEREAS**, the Northern Virginia Transportation Commission (NVTC) has issued a Call for Projects for consideration for funding with expected Fiscal Year (FY) 2018 I-66 Inside the Beltway toll revenues available through the I-66 Commuter Choice program; and,

**WHEREAS**, VRE has identified three projects within the I-66/VRE Manassas Line corridor that will benefit I-66 toll payers, included in the VRE Capital Improvement Program and System Plan 2040, where funding to continue to advance the project through implementation has not yet been identified;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the submission of the Crystal City Station Improvements, L'Enfant Station and Track Improvements, and Manassas Line Real-Time Multimodal Traveler Information System projects to NVTC for funding consideration in its FY 2018 Commuter Choice program; and,

**BE IT FURTHER RESOLVED THAT**, the Operations Board does hereby recommend the Commissions authorize the VRE Chief Executive Officer to submit the approved projects for funding, to make any necessary corrections to project amounts or descriptions, and to execute all project agreements on behalf of the Commissions.

Approved this 17<sup>th</sup> day of November 2017

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Paul Smedberg  
Chairman

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Katie Cristol  
Secretary

## Agenda Item #10: Department of Rail and Public Transportation



**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 30, 2017

**SUBJECT:** Department of Rail and Public Transportation (DRPT)

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DRPT Director Jennifer Mitchell will provide an update on DRPT activities at the November meeting. The monthly [Department of Rail and Public Transportation \(DRPT\) Report](#) is attached.

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## COMMONWEALTH of VIRGINIA

Jennifer L. Mitchell  
Director

Virginia Department of Rail and Public Transportation  
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Richmond, VA 23219

Ph: 804-786-4440  
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Virginia Relay Center  
800-828-1120 (TDD)

TO: Chairman McKay and NVTC Commissioners

FROM: Jennifer Mitchell, Director

DATE: November 29, 2017

SUBJECT: Virginia Department of Rail and Public Transportation (DRPT) Update

### **General Update**

DRPT released the State Rail Plan and accepted public comments on it through November 3. The State Rail Plan is available [here](#). The plan includes a draft policy guide to assist localities in planning for intercity passenger rail stations, including siting to allow connectivity via transit, taxi, bike, walking, and other modes. DRPT anticipates Commonwealth Transportation Board (CTB) approval at its meeting on December 6, 2017.

The *Virginia Breeze*, a new daily intercity bus service connecting Blacksburg to Northern Virginia and Washington, DC began service on December 1. The new service includes two daily trips (one in each direction). The daily northbound service leaves the Virginia Tech campus in Blacksburg at 8:00 each morning and arrives at Union Station in Washington, DC at 2:30 p.m. The daily southbound service leaves Union Station at 9:20 a.m. and arrives at Virginia Tech at 3:30 p.m. In addition to Blacksburg and Washington, DC, each trip also features brief stops in Christiansburg, Lexington, Staunton, Harrisonburg, Front Royal, Dulles International Airport and the West Falls Church Metrorail Station. Ticket prices range from \$14.99 - \$49.99 depending on the selected trip. The *Virginia Breeze* features modern over the road 56-passenger commuter coaches with comfortable seating, an on-board restroom and free Wi-Fi and in-seat power outlets. The *Virginia Breeze* will be operated in partnership with Dillon's, a Coach USA company that also operates Megabus. The service is being supported by federal funding from the FTA 5311 Intercity Bus Program.

New Amtrak service to Roanoke began on October 31. The new service is an extension of Amtrak's Northeast Regional route that previously had its southern terminus in Lynchburg. The new rail segment that was added to the Northeast Regional is between Roanoke and Lynchburg. DRPT provided funding and project management services for this passenger rail extension. The new service was celebrated with an inaugural run on October 30 with events in both Lynchburg and Roanoke.

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*Improving the mobility of people and goods while expanding transportation choices.*

### **Washington Metropolitan Area Transit Authority (WMATA) Independent Review**

The final report of the Independent Review of WMATA that is being led by former U.S. Secretary of Transportation Ray LaHood will be released by the end of the year. A draft version of the report appeared in the *Washington Post* on November 12, 2017. The legislation that directs the Virginia Secretary of Transportation to conduct an Independent Review of WMATA requires quarterly reports to the Chairs of the Virginia House and Senate Transportation Committees. DRPT will post quarterly updates to [here](#) as they become available. The most recent report to the General Assembly was sent on October 2, 2017. A final report is due by June 30, 2018.

### **Metro Safety Commission (MSC)**

A joint resolution supporting the MSC passed the U.S. House on July 16 and the Senate on August 3. It was signed by President Trump on August 22, which allows the Federal Transit Administration (FTA) to begin certification of the MSC. FTA has made MSC certification a requirement for releasing the \$8.9 million in FY 17 urbanized area formula funds that it began withholding from Virginia, Maryland, and the District of Columbia on February 10.

DRPT, in cooperation with Maryland Department of Transportation (MDOT) and the District Department of Transportation (DDOT), is identifying and recruiting commissioners to the six-member MSC as well as an Executive Director and staff. On October 27, Governor McAuliffe appointed the first two MSC Commissioners who will represent Virginia: Greg Hull, a former Vice-President of the American Public Transportation Association (APTA) and Mark V. Rosenker, a former Chairman of the National Transportation Safety Board (NTSB). DRPT's approved FY 18 budget includes \$600,000 for the establishment of the MSC. MDOT and DDOT have budgeted similar amounts for the MSC.

The legislation creating the MSC requires quarterly updates to the Chairs of the Virginia House and Senate Transportation Committees. DRPT will post quarterly updates to [here](#) as they become available.

### **Transit Capital Project Revenue Advisory Board (RAB)**

The final meeting of the RAB was held on June 16. The final report was submitted to the General Assembly in August 2017 and is available [here](#). The RAB's charge expires on July 1, 2018.

### **Transit Service Delivery Advisory Committee (TSDAC)**

The TSDAC last met on May 31, 2017. No future TSDAC meetings are scheduled at this time.

### **I-66 Corridor Improvements**

A groundbreaking event for the Transform 66 Outside the Beltway project was held on November 20 in Centreville. Governor McAuliffe and Secretary Layne were both in attendance and spoke at the event. The groundbreaking was scheduled after financial close for the project was achieved on November 8. The USDOT approved the \$1.2 billion Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the Transform 66 Outside the Beltway project on October 19. The TIFIA loan represents 33% of the total cost of the project.

VDOT held three Design Public Hearings for the I-66 Outside the Beltway project in November: November 13 at Oakton High School (2900 Sutton Road) in Vienna, November 14 at Stone Middle School (5500 Sully Park Drive) in Centreville, and November 16 at Piney Branch Elementary School (8301 Linton Hall Road) in Bristow. All three hearings started at 6:00 p.m. and included a formal presentation at 7:00 p.m. followed by public comments. Written comments were accepted through November 29. Public hearing meeting materials can be found [here](#).

Property owners have been notified of access needs and surveys and VDOT has initiated one-on-one contact with residential relocation owners. Pre-construction within 100 feet of the right-of-way (ROW) and construction activities within the ROW are also underway. Construction is anticipated to ramp up in spring 2018. There will be no lane closures during peak hours.

CTB approval of the list of concessionaire fee funded projects recommended by NVTA is anticipated to occur at the CTB's meeting on December 6, 2017.

VDOT held an I-66 Inside the Beltway Opening Day Preparation Briefing for elected officials and regional staff at the VDOT NOVA headquarters in Fairfax on November 9. Tolling on I-66 Inside the Beltway is scheduled to begin on December 4, 2017 in the eastbound direction between 5:30 and 9:30 a.m. and westbound between 3:00 and 7:00 p.m., which corresponds with HOV hours on I-66 west of I-495. Once tolling begins, carpools of two or more will be required to have an E-Z Pass Flex transponder to use the lanes at no charge. Transit buses and vanpools will also be required to have an E-Z Pass Flex. Information about using the lanes as well as what type of E-Z Pass and where to get one is available [here](#). VDOT is also developing a customer-facing website that will allow users to estimate toll rates and have historical data.

VDOT is also anticipating awarding a design-build contact for the eastbound widening in December 2017 and beginning construction in spring 2018. The additional lane between VA-267/Dulles Connector and VA-237/N. Fairfax Drive is anticipated to open to traffic in fall 2020.

FHWA issued a Finding of No Significant Impact (FONSI) for the Transform 66: Inside the Beltway Eastbound Widening project on April 3. The FONSI and revised Environmental Assessment (EA) are located [here](#).

### **I-95/395 Express Lanes**

VDOT reached financial close and gave Notice to Proceed (NTP) to TransUrban in July 2017. A Memorandum of Agreement (MOA) for the distribution of the guaranteed annual transit payment to NVTC and PRTC was approved by both Commissions at their regular meetings in November. The final draft agreement was presented to the CTB at its October workshop with approval scheduled at its meeting on December 6, 2017.

The \$2 million Transportation Management Plan (TMP) for the I-395 HOT Lanes construction project has been approved by the Federal Highway Administration (FHWA). Transit strategies in the TMP period include adding more frequent peak service on one existing PRTC OmniRide bus route (Dale City to Rosslyn/Ballston via the Pentagon) and two WMATA Metrobus routes (originating in Alexandria and Burke Center) that serve the Pentagon using I-395, and relocating the Pentagon Commuter Store to a permanent facility. Transportation Demand Management (TDM) strategies include

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incentives for carpool and vanpool formation, corridor specific employer outreach, and subsidies to businesses that establish telework programs.

The FONSI, revised EA, EA comment responses and appendices, comprehensive agreement, and technical requirements for the I-395 Express Lanes Northern Extension are available [here](#). Construction began in August 2017 and the Express Lanes are expected to open to traffic in fall 2019.

A 2.2 mile [reversible extension](#) of both the southbound and northbound ramps at the southern terminus of the existing I-95 Express Lanes is now open. A [ten mile extension](#) of the I-95 Express Lanes to Fredericksburg (Fred Ex), funded by the Atlantic Gateway FAST LANE grant, is scheduled to begin construction in 2019 and be complete in 2022.

### **Smart Scale**

The revised Smart Scale technical guide is available [here](#). A track changes version, technical errata guide, and proposed applications limits for all jurisdictions, regional entities, and transit agencies were also published. The comment period closed on October 20. Approval of the technical guide by the CTB occurred on October 24.

### **DC2RVA**

The Tier II Draft Environmental Impact Statement (DEIS) for the Washington, DC to Richmond Southeast High Speed Rail Project was released on September 8 and is available for review [here](#). DRPT received public comments at five public meetings in Richmond, Ashland, Fredericksburg, Quantico and Alexandria in October and at a special meeting of the CTB Rail Subcommittee in Ashland on November 9. The deadline for the submission of written public comments to DRPT was November 7.

Northern Virginia rail improvements are the highest priorities in the DC2RVA corridor. DRPT's recommended preferred alternative for northern Virginia would add additional track parallel to the existing track within the existing CSX right-of-way that would create some sections of four tracks in Arlington and Alexandria and some sections of three tracks in Fairfax and Prince William County. In total they are the highest prioritized recommendations in the five areas in the study corridor and estimated to cost approximately \$2 billion. An interactive corridor map that allows users to search aerial photographs by address and parcel can be found [here](#). It is anticipated that the CTB will adopt a recommended preferred alternative for the Federal Railroad Administration (FRA) at its December meeting. DRPT staff updated the CTB on the status of the project at the CTB workshop on October 23 and presented a summary of public comments to the CTB Rail Committee at a special meeting on November 9.

**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice and Nobuhiko Daito

**DATE:** November 30, 2017

**SUBJECT:** Transit Performance and Ridership

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### **A. FY2018 1<sup>st</sup> Quarter Ridership Report**

The [FY2018 1<sup>st</sup> Quarter Ridership Report](#) shows ridership among Northern Virginia transit agencies declined 1.2 percent in the 1<sup>st</sup> Quarter of FY2018 when compared to the same time period in FY2017. This quarter represents the first quarter after SafeTrack, and implementation of WMATA's new service and fare policies as shown in the FY2018 budget. While nearly all agencies showed some level of decline in ridership, VRE and Metrorail showed increases of 0.2 percent and 1.8 percent, respectively.

### **B. FY2016 Annual Transit Performance Report**

The [FY2016 Annual Transit Performance Report](#) summarizes performance statistics of transit agencies in Northern Virginia, including unlinked ridership trips, vehicle revenue miles, vehicles available for maximum service, average fleet age, and on-time performance. Overall, most Northern Virginia transit services experienced ridership declines except ART. Details of the report will be available online.

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**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice and Nobuhiko Daito

**DATE:** November 30, 2017

**SUBJECT:** NVTC FY2018 1st Quarter Ridership Report

The FY2018 1<sup>st</sup> Quarter Ridership Report shows ridership among Northern Virginia transit agencies declined 1.2 percent in the 1<sup>st</sup> Quarter of FY2018 when compared to the same time period in FY2017. This quarter represents the first quarter after SafeTrack, and implementation of WMATA's new service and fare policies as shown in the FY2018 budget. While nearly all agencies showed some level of decline in ridership, VRE and Metrorail showed increases of 0.2 percent and 1.8 percent, respectively.

<b>Ridership in Virginia by System</b>			
<b>1st Quarter FY 2018</b>			
<b>System</b>	<b>FY17 Q1</b>	<b>FY18 Q1</b>	<b>Percent Change FY17-FY18</b>
Arlington Transit (ART)	896,383	803,799	-10.3%
Alexandria DASH	1,068,927	1,046,294	-2.1%
Fairfax County Connector	2,285,019	2,186,629	-4.3%
Fairfax City CUE	168,444	157,392	-6.6%
Loudoun County Transit (LCT)	462,463	440,006	-4.9%
PRTC Omni Ride & Omni Link	684,605	629,512	-8.0%
Virginia Railway Express (VRE)	1,194,980	1,197,707	0.2%
Metrobus	5,140,138	4,607,003	-10.4%
Metrorail	22,760,843	23,172,631	1.8%
<b>Total</b>	<b>34,661,802</b>	<b>34,240,973</b>	<b>-1.2%</b>

Source: WMATA, NVTC, and local and regional transit providers. Ridership is in unlinked passenger trips.

<b>Average Weekday Ridership in Virginia</b>				
<b>1st Quarter FY 2018</b>				
<b>System</b>	<b>July FY18</b>	<b>August FY18</b>	<b>September FY18</b>	<b>FY18 Q1</b>
Metrorail	289,693	275,943	281,651	282,429
Metrobus	61,927	61,233	63,324	62,161

Source: WMATA and NVTC. Ridership is in unlinked passenger trips.

Attached is a [detailed breakdown of ridership by Metrorail station in Virginia for the first quarter of FY2018](#).

**Metrorail Ridership by Station in Virginia  
1st Quarter FY2018**

Line/Station	Year	July	August	September	Q1 Total	Percent Change FY17-18
<b>Silver</b>						
Greensboro	FY17	48,619	52,512	54,098	155,229	15.5%
	FY18	60,233	62,006	57,071	179,310	
McLean	FY17	75,896	77,182	78,849	231,927	5.7%
	FY18	83,614	83,926	77,572	245,111	
Spring Hill	FY17	59,762	57,520	59,358	176,640	4.4%
	FY18	66,954	60,276	57,161	184,391	
Tysons Corner	FY17	165,342	175,558	165,944	506,844	4.3%
	FY18	181,356	180,538	166,558	528,452	
Wiehle-Reston East	FY17	338,834	348,078	353,130	1,040,042	7.8%
	FY18	384,429	382,040	354,864	1,121,333	
<b>Total Silver Line</b>	<b>FY17</b>	<b>688,453</b>	<b>710,850</b>	<b>711,380</b>	<b>2,110,684</b>	7.0%
	<b>FY18</b>	<b>776,585</b>	<b>768,786</b>	<b>713,225</b>	<b>2,258,596</b>	
<b>Orange</b>						
Dunn Loring	FY17	172,351	181,186	137,301	490,839	11.4%
	FY18	183,436	185,296	178,271	547,003	
West Falls Church	FY17	101,794	109,914	200,488	412,196	-18.7%
	FY18	112,662	112,814	109,520	334,996	
Vienna	FY17	418,741	433,962	275,801	1,128,503	18.4%
	FY18	450,674	450,044	435,225	1,335,943	
<b>Total Orange Line</b>	<b>FY17</b>	<b>692,886</b>	<b>725,062</b>	<b>613,590</b>	<b>2,031,538</b>	9.2%
	<b>FY18</b>	<b>746,772</b>	<b>748,154</b>	<b>723,017</b>	<b>2,217,942</b>	
<b>Silver/Orange</b>						
Ballston	FY17	456,235	451,762	461,690	1,369,687	-1.6%
	FY18	453,428	456,364	437,708	1,347,500	
Clarendon	FY17	189,628	189,462	196,979	576,069	5.1%
	FY18	200,485	203,016	201,686	605,187	
Court House	FY17	294,935	303,334	311,727	909,995	1.2%
	FY18	306,695	312,130	301,695	920,520	
East Falls Church	FY17	170,757	183,006	210,971	564,734	3.6%
	FY18	198,234	194,672	192,120	585,026	
Rosslyn	FY17	623,981	617,698	614,901	1,856,580	0.4%
	FY18	636,442	627,576	599,592	1,863,609	
Virginia Square	FY17	166,269	170,970	174,750	511,989	1.9%
	FY18	171,423	177,470	172,957	521,850	
<b>Total</b>	<b>FY17</b>	<b>1,901,805</b>	<b>1,916,232</b>	<b>1,971,017</b>	<b>5,789,053</b>	0.9%
	<b>FY18</b>	<b>1,966,706</b>	<b>1,971,228</b>	<b>1,905,757</b>	<b>5,843,692</b>	

Source: WMATA. Ridership is in unlinked passenger trips.

Line/Station	Year	July	August	September	Q1 Total	Percent Change FY17-18
<b>Blue</b>						
Arlington Cemetery	FY17	131,547	92,218	72,474	296,240	4.0%
	FY18	142,917	94,578	70,599	308,094	
Franconia	FY17	230,036	287,244	234,746	752,025	21.7%
Springfield	FY18	322,529	310,608	282,178	915,315	
Van Dorn	FY17	98,649	140,252	128,879	367,780	5.6%
	FY18	131,163	132,616	124,515	388,294	
<b>Total</b>	<b>FY17</b>	<b>460,232</b>	<b>519,714</b>	<b>436,099</b>	<b>1,416,045</b>	13.8%
	<b>FY18</b>	<b>596,609</b>	<b>537,802</b>	<b>477,291</b>	<b>1,611,703</b>	
<b>Yellow</b>						
Eisenhower Avenue	FY17	61,282	76,394	82,287	219,963	6.5%
	FY18	76,629	76,880	80,686	234,195	
Huntington	FY17	258,328	348,306	347,424	954,058	4.5%
	FY18	333,458	340,600	322,646	996,704	
<b>Total</b>	<b>FY17</b>	<b>319,610</b>	<b>424,700</b>	<b>429,710</b>	<b>1,174,021</b>	4.8%
	<b>FY18</b>	<b>410,087</b>	<b>417,480</b>	<b>403,333</b>	<b>1,230,899</b>	
<b>Blue/Yellow</b>						
Braddock Road	FY17	271,077	200,366	204,724	676,167	-13.3%
	FY18	193,678	198,110	194,765	586,553	
Crystal City	FY17	397,872	510,638	520,168	1,428,677	7.7%
	FY18	525,194	513,738	499,979	1,538,911	
King Street	FY17	291,870	367,468	365,451	1,024,789	6.9%
	FY18	382,419	364,278	348,899	1,095,596	
National Airport	FY17	317,658	387,734	385,181	1,090,574	-12.0%
	FY18	310,686	334,912	314,510	960,108	
Pentagon	FY17	591,784	640,934	641,669	1,874,387	-4.9%
	FY18	579,392	619,840	584,106	1,783,338	
Pentagon City	FY17	913,246	663,996	648,742	2,225,984	-14.4%
	FY18	659,164	639,036	607,604	1,905,804	
<b>Total</b>	<b>FY17</b>	<b>2,783,506</b>	<b>2,771,136</b>	<b>2,765,936</b>	<b>8,320,578</b>	-5.4%
	<b>FY18</b>	<b>2,650,533</b>	<b>2,669,914</b>	<b>2,549,863</b>	<b>7,870,310</b>	
<b>Total Virginia Stations</b>	<b>FY17</b>	<b>6,846,493</b>	<b>7,067,694</b>	<b>6,927,733</b>	<b>20,841,919</b>	<b>0.9%</b>
	<b>FY18</b>	<b>7,147,292</b>	<b>7,113,364</b>	<b>6,772,486</b>	<b>21,033,142</b>	

Source: WMATA. Ridership is in unlinked passenger trips.





**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice, Nobuhiko Daito, and Matt Cheng

**DATE:** November 30, 2017

**SUBJECT:** FY2016 Annual Transit Performance Report

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Since 2002, NVTC has compiled information regarding performance of transit service providers operating in Northern Virginia: Arlington Transit (ART), Alexandria DASH, Fairfax County Connector, Fairfax City CUE, Loudoun County Transit (LCT), PRTC OmniRide and OmniLink, Virginia Railway Express (VRE), WMATA Metrobus and Metrorail (Virginia only). This report is an update from FY2016, for which Federal Transit Administration (FTA) recently released its National Transit Database (NTD) annual report. NVTC ridership webpage will be updated to include this report and related statistics.

### Highlights:

- Between FY2015 and FY2016, most Northern Virginia regional transit services experienced declines in annual passenger trips (Figure 2):
  - Metrorail -7.8%;
  - Metrobus -4.4%;
  - Fairfax Connector -8%;
  - VRE -3.4%;
  - DASH -3.9%;
  - PRTC OmniRide & OmniLink -8.8%;
  - Fairfax City CUE -12.0%;
  - ART 10.2%; and
  - Loudoun County Transit -0.4%.
- Metrorail ridership by station showed (Figure 3A-C):
  - Weekday ridership -7.1%
  - Saturday ridership -8.8%
  - Sunday ridership -12.0%
- Metrorail, Metrobus, and VRE ridership by month showed decreases from FY2015 to FY2016 except in the months of February and March (Figures 5, 7, 11)
- The following attachments report performance statistics including: vehicle revenue miles, passenger miles traveled, vehicles available for annual maximum service, average fleet age, average trip length, on-time performance, operating costs, and ridership statistics by stations, by month, and over the years where available.

# NVTC FY 2016 TRANSIT PERFORMANCE UPDATE

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**Figure 1: Public Transit Systems Operating in Northern Virginia  
Operating Statistics and Performance Indicators, FY 2016**

	Fairfax	Potomac and Rappahannock Transportation Commission	Virginia Railway Express (VRE)	Alexandria	City of Fairfax	Arlington County	Loudoun County Transit		Washington Metropolitan Area Transit Authority	
	<a href="#">Fairfax Connector</a>	<a href="#">Omni Ride / Omni Link</a>	<a href="#">VRE</a>	<a href="#">DASH</a>	<a href="#">CUE</a>	<a href="#">ART</a>	<a href="#">Commuter Bus</a>	<a href="#">Local Fixed Route Bus</a>	<a href="#">Metrobus (Northern Virginia)</a>	<a href="#">Metrorail (Northern Virginia)</a>
Unlinked Passenger Trips (UPT)	8,984,286	2,805,181	4,352,814	4,101,964	678,967	3,111,575	1,086,081	689,807	20,087,921	101,604,032
Vehicle Revenue Miles (VRM)	9,191,836	3,357,460	2,289,083	1,741,100	432,039	1,584,434	1,369,059	1,638,149	9,518,156	31,527,730
Vehicle Revenue Hours (VRH)	721,190	168,212	71,671	205,312	33,031	146,763	42,429	87,077	801,134	1,281,723
Passenger Miles Traveled (PMT)	41,388,083	52,650,498	145,777,038	9,229,419	2,512,178	6,316,497	36,177,358	7,345,101	85,373,664	596,723,646
(Vehicles Available for Annual	303	152***	120	85	12	65	64***	48***	1623*	1,208*
Average Fleet Age (years)	6.1	8.5***	12.5	7.0	4.0	5.1	9.7***	2.8***	7.6*	22.5*
Average Weekday Unlinked Trips	30,023	10,642	17,713	13,664	2,401	10,649	4,434	2,750	68,513	306,006
Average Trip Length (miles)	4.61	18.77	33.49	2.25	3.70	2.03	33.31	10.65	4.25	5.87
On Time Performance	n/a	n/a	89.7%	93.7%	90.3%	96.0%	n/a	n/a	80.7%	70%*
Operating Costs	\$81,368,086	\$31,637,302	\$69,874,827	\$16,119,035	3,322,381	12,111,446	8,136,058	\$5,824,717	\$122,010,483	\$322,150,000**

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

\* WMATA system data

\*\* Based on VA Rail Operating Subsidy

\*\*\*Fleet size includes local bus types running commuter bus services

**Figure 2: Northern Virginia Average Weekday and Annual Public Transit Passenger Trips, FY 2015 - 2016**

<b>System</b>	<b>Average Weekday Passenger Trips, FY 2015</b>	<b>Average Weekday Passenger Trips, FY 2016</b>	<b>Annual Passenger Trips, FY 2015</b>	<b>Annual Passenger Trips, FY 2016</b>
<a href="#">Metrorail Virginia</a>	329,386	306,006	110,146,465	101,604,032
<a href="#">Metrobus Virginia</a>	71,935	68,513	21,019,621	20,087,921
<a href="#">Fairfax Connector</a>	32,750	30,023	9,764,166	8,984,286
<a href="#">VRE</a>	18,452	17,713	4,505,064	4,352,814
<a href="#">DASH</a>	14,350	13,664	4,269,915	4,101,964
<a href="#">PRTC Omni Ride / Omni Link</a>	11,682	10,642	3,076,409	2,805,181
<a href="#">CUE</a>	2,730	2,401	771,254	678,967
<a href="#">ART</a>	9,989	10,649	2,823,346	3,111,575
<a href="#">Loudoun County Transit</a>	7,145	7,184	1,782,698	1,775,888
<b>Total</b>	498,419	466,795	158,158,938	147,502,628

Note: Ridership on WMATA reimbursable services such as REX, PikeRide, and TAGS is included in the Metrobus Virginia ridership figure.

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 3: FY 2015-2016 Metrorail Ridership Summary  
Average Daily Passenger Trips by Station**

Station	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
	FY 2015	FY 2015	FY 2015	FY 2016	FY 2016	FY 2016
<b>Blue/Yellow Line Stations</b>						
Braddock Road	9,243	3,710	2,458	9,139	3,448	2,287
Van Dorn Street	6,439	2,846	1,771	6,202	2,447	1,491
Eisenhower Avenue	3,392	1,936	1,082	3,217	1,603	927
King Street	17,005	9,468	6,717	15,911	8,315	5,978
<b>Total Alexandria:</b>	<b>36,079</b>	<b>17,960</b>	<b>12,028</b>	<b>34,469</b>	<b>15,813</b>	<b>10,683</b>
<b>Stations in Arlington</b>						
<b>Orange/Silver Line Stations</b>						
East Falls Church	8,469	4,426	2,756	8,017	4,002	2,622
Ballston	22,888	10,115	6,119	21,220	8,478	5,261
Virginia Square	7,751	3,302	2,006	7,548	2,826	1,738
Clarendon	9,420	6,331	3,379	8,649	5,023	2,827
Courthouse	14,929	6,618	4,099	13,713	5,506	3,427
Rosslyn	29,803	12,366	9,581	27,292	10,702	8,344
<b>Blue/Yellow Line Stations</b>						
Arlington Cemetery	2,686	4,397	3,861	2,627	4,231	3,559
Pentagon	30,251	4,573	3,218	28,515	3,854	2,846
Pentagon City	28,601	18,993	12,856	26,273	16,110	10,932
Crystal City	23,650	10,423	7,287	22,978	9,137	6,470
National Airport	17,005	8,874	12,295	12,703	8,292	11,882
<b>Total Arlington:</b>	<b>195,453</b>	<b>90,418</b>	<b>67,457</b>	<b>179,535</b>	<b>78,160</b>	<b>59,909</b>
<b>Stations in Fairfax County*</b>						
<b>Orange Line Stations</b>						
Vienna	23,040	9,988	5,518	20,179	7,647	4,304
Dunn Loring	8,966	3,825	2,181	8,054	2,983	1,740
West Falls Church	7,323	2,805	1,578	5,341	1,656	994
<b>Blue/Yellow Line Stations</b>						
Huntington	15,721	6,389	4,202	14,631	5,543	3,610
Franconia-Springfield	15,349	7,836	4,560	14,427	6,860	4,104
<b>Silver Line Stations</b>						
Wiehle Reaston East	15,025	7,486	5,169	15,359	6,589	4,530
Spring Hill	2,377	1,314	841	2,391	1,387	872
Greensboro	1,818	702	415	2,158	707.6809524	419
Tysons Corner	5,401	5,298	3,203	6,246	4,795	3,067
McLean	2,837	1,043	660	3,217	1,002	610
<b>Total Fairfax:</b>	<b>97,857</b>	<b>30,843</b>	<b>18,039</b>	<b>92,003</b>	<b>39,170</b>	<b>24,251</b>
<b>Total Virginia:</b>	<b>329,389</b>	<b>139,221</b>	<b>97,524</b>	<b>306,006</b>	<b>133,143</b>	<b>94,843</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 3A: FY 2015-2016 Metrorail Ridership Summary  
Average Daily Passenger Trips by Station (Weekday)**

Station	Weekday FY 2015	Weekday FY 2016	Total Change FY 15-16	Percentage Change FY 15-16
<b>Blue/Yellow Line Stations</b>				
Braddock Road	9,243	9,139	-104	-1.1%
Van Dorn Street	6,439	6,202	-237	-3.7%
Eisenhower Avenue	3,392	3,217	-175	-5.2%
King Street	17,005	15,911	-1,094	-6.4%
<b>Total Alexandria:</b>	<b>36,079</b>	<b>34,469</b>	<b>-1,610</b>	<b>-4.5%</b>
<b>Stations in Arlington</b>				
<b>Orange/Silver Line Stations</b>				
East Falls Church	8,469	8,017	-452	-5.3%
Ballston	22,888	21,220	-1,668	-7.3%
Virginia Square	7,751	7,548	-203	-2.6%
Clarendon	9,420	8,649	-771	-8.2%
Courthouse	14,929	13,713	-1,216	-8.1%
Rosslyn	29,803	27,292	-2,511	-8.4%
<b>Blue/Yellow Line Stations</b>				
Arlington Cemetery	2,686	2,627	-59	-2.2%
Pentagon	30,251	28,515	-1,736	-5.7%
Pentagon City	28,601	26,273	-2,328	-8.1%
Crystal City	23,650	22,978	-672	-2.8%
National Airport	17,005	12,703	-4,302	-25.3%
<b>Total Arlington:</b>	<b>195,453</b>	<b>179,535</b>	<b>-15,918</b>	<b>-8.1%</b>
<b>Stations in Fairfax County*</b>				
<b>Orange Line Stations</b>				
Vienna	23,040	20,179	-2,861	-12.4%
Dunn Loring	8,966	8,054	-912	-10.2%
West Falls Church	7,323	5,341	-1,982	-27.1%
<b>Blue/Yellow Line Stations</b>				
Huntington	15,721	14,631	-1,090	-6.9%
Franconia-Springfield	15,349	14,427	-922	-6.0%
<b>Silver Line Stations</b>				
Wiehle Reaston East	15,025	15,359	334	2.2%
Spring Hill	2,377	2,391	14	0.6%
Greensboro	1,818	2,158	340	18.7%
Tysons Corner	5,401	6,246	845	15.6%
McLean	2,837	3,217	380	13.4%
<b>Total Fairfax:</b>	<b>97,857</b>	<b>92,003</b>	<b>-5,854</b>	<b>-6.0%</b>
<b>Total Virginia:</b>	<b>329,389</b>	<b>306,006</b>	<b>-23,383</b>	<b>-7.1%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis  
Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 3B: FY 2015-2016 Metrorail Ridership Summary  
Average Daily Passenger Trips by Station (Saturday)**

Station	Saturday FY 2015	Saturday FY 2016	Total Change FY 15-16	Percentage Change FY 15-16
<b>Blue/Yellow Line Stations</b>				
Braddock Road	3,710	3,448	-262	-7.1%
Van Dorn Street	2,846	2,447	-399	-14.0%
Eisenhower Avenue	1,936	1,603	-333	-17.2%
King Street	9,468	8,315	-1,153	-12.2%
<b>Total Alexandria:</b>	<b>17,960</b>	<b>15,813</b>	<b>-2,147</b>	<b>-12.0%</b>
<b>Stations in Arlington</b>				
<b>Orange/Silver Line Stations</b>				
East Falls Church	4,426	4,002	-424	-9.6%
Ballston	10,115	8,478	-1,637	-16.2%
Virginia Square	3,302	2,826	-476	-14.4%
Clarendon	6,331	5,023	-1,308	-20.7%
Courthouse	6,618	5,506	-1,112	-16.8%
Rosslyn	12,366	10,702	-1,664	-13.5%
<b>Blue/Yellow Line Stations</b>				
Arlington Cemetery	4,397	4,231	-166	-3.8%
Pentagon	4,573	3,854	-719	-15.7%
Pentagon City	18,993	16,110	-2,883	-15.2%
Crystal City	10,423	9,137	-1,286	-12.3%
National Airport	8,874	8,292	-582	-6.6%
<b>Total Arlington:</b>	<b>90,418</b>	<b>78,160</b>	<b>-12,258</b>	<b>-13.6%</b>
<b>Stations in Fairfax County*</b>				
<b>Orange Line Stations</b>				
Vienna	9,988	7,647	-2,341	-23.4%
Dunn Loring	3,825	2,983	-842	-22.0%
West Falls Church	2,805	1,656	-1,149	-41.0%
<b>Blue/Yellow Line Stations</b>				
Huntington	6,389	5,543	-846	-13.2%
Franconia-Springfield	7,836	6,860	-976	-12.5%
<b>Silver Line Stations</b>				
Wiehle Reaston East	7,486	6,589	-897	-12.0%
Spring Hill	1,314	1,387	73	5.6%
Greensboro	702	708	6	0.8%
Tysons Corner	5,298	4,795	-503	-9.5%
McLean	1,043	1,002	-41	-3.9%
<b>Total Fairfax:</b>	<b>46,686</b>	<b>39,170</b>	<b>-7,516</b>	<b>-16.1%</b>
<b>Total Virginia:</b>	<b>146,063</b>	<b>133,143</b>	<b>-12,919</b>	<b>-8.8%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis  
Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 3C: FY 2015-2016 Metrorail Ridership Summary  
Average Daily Passenger Trips by Station (Sunday)**

Station	Sunday FY 2015	Sunday FY 2016	Total Change FY 15-16	Percentage Change FY 15-16
<b>Blue/Yellow Line Stations</b>				
Braddock Road	2,458	2,287	-171	-7.0%
Van Dorn Street	1,771	1,491	-280	-15.8%
Eisenhower Avenue	1,082	927	-155	-14.3%
King Street	6,717	5,978	-739	-11.0%
<b>Total Alexandria:</b>	<b>12,028</b>	<b>10,683</b>	<b>-1,345</b>	<b>-11.2%</b>
<b>Stations in Arlington</b>				
<b>Orange/Silver Line Stations</b>				
East Falls Church	2,756	2,622	-134	-4.9%
Ballston	6,119	5,261	-858	-14.0%
Virginia Square	2,006	1,738	-268	-13.4%
Clarendon	3,379	2,827	-552	-16.3%
Courthouse	4,099	3,427	-672	-16.4%
Rosslyn	9,581	8,344	-1,237	-12.9%
<b>Blue/Yellow Line Stations</b>				
Arlington Cemetery	3,861	3,559	-302	-7.8%
Pentagon	3,218	2,846	-372	-11.5%
Pentagon City	12,856	10,932	-1,924	-15.0%
Crystal City	7,287	6,470	-817	-11.2%
National Airport	12,295	11,882	-413	-3.4%
<b>Total Arlington:</b>	<b>67,457</b>	<b>59,909</b>	<b>-7,548</b>	<b>-11.2%</b>
<b>Stations in Fairfax County*</b>				
<b>Orange/Silver Line Stations</b>				
Vienna	5,518	4,304	-1,214	-22.0%
Dunn Loring	2,181	1,740	-441	-20.2%
West Falls Church	1,578	994	-584	-37.0%
<b>Blue/Yellow Line Stations</b>				
Huntington	4,202	3,610	-592	-14.1%
Franconia-Springfield	4,560	4,104	-456	-10.0%
<b>Silver Line Stations</b>				
Wiehle Reaston East	5,169	4,530	-639	-12.4%
Spring Hill	841	872	31	3.7%
Greensboro	415	419	4	1.1%
Tysons Corner	3,203	3,067	-136	-4.3%
McLean	660	610	-50	-7.6%
<b>Total Fairfax:</b>	<b>28,327</b>	<b>24,251</b>	<b>-4,076</b>	<b>-14.4%</b>
<b>Total Virginia:</b>	<b>79,485</b>	<b>70,592</b>	<b>-8,893</b>	<b>-11.2%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 4: FY 2015-2016 Metrorail Ridership Summary  
Annual Passenger Trips by Station**

Station	Weekday FY 2015	Saturday FY 2015	Sunday FY 2015	Weekday FY 2016	Saturday FY 2016	Sunday FY 2016
<b>Blue/Yellow Line Stations</b>						
Braddock Road	2,413,255	191,967	127,745	2,394,407	179,612	118,093
Van Dorn Street	1,682,234	147,576	92,137	1,625,406	127,438	77,154
Eisenhower Avenue	886,491	99,685	56,058	843,529	83,262	47,812
King Street	4,444,662	490,061	349,601	4,172,214	432,416	308,458
<b>Total Alexandria:</b>	<b>9,426,642</b>	<b>929,289</b>	<b>625,541</b>	<b>9,035,555</b>	<b>822,728</b>	<b>551,517</b>
<b>Stations in Arlington</b>						
<b>Orange Line Stations</b>						
East Falls Church	2,211,535	229,184	143,000	2,100,925	207,881	135,644
Ballston	5,975,903	524,643	318,091	5,558,815	442,911	272,848
Virginia Square	2,023,105	171,339	104,061	1,977,204	147,468	89,941
Clarendon	2,459,263	327,963	175,631	2,266,097	261,942	146,531
Courthouse	3,897,399	343,063	212,445	3,592,001	287,239	176,783
Rosslyn	7,781,824	639,468	494,128	7,151,654	557,054	427,146
<b>Blue/Yellow Line Stations</b>						
Arlington Cemetery	705,691	225,467	202,669	693,648	216,695	183,990
Pentagon	7,898,453	237,452	165,139	7,469,174	201,601	145,092
Pentagon City	7,470,985	983,191	667,531	6,889,070	837,130	565,417
Crystal City	6,174,949	537,909	377,953	6,021,170	476,032	332,269
National Airport	4,444,662	462,875	639,857	3,330,143	432,002	617,280
<b>Total Arlington:</b>	<b>51,043,769</b>	<b>4,682,554</b>	<b>3,500,505</b>	<b>47,049,901</b>	<b>4,067,954</b>	<b>3,092,940</b>
<b>Stations in Fairfax County*</b>						
<b>Orange Line Stations</b>						
Vienna	6,020,591	514,396	285,025	5,289,068	396,701	221,002
Dunn Loring	2,343,412	197,036	112,936	2,110,274	154,798	89,544
West Falls Church	1,928,288	144,813	81,518	1,399,395	85,721	50,940
<b>Blue/Yellow Line Stations</b>						
Huntington	4,106,990	330,188	218,044	3,834,926	288,275	186,833
Franconia-Springfield	4,010,875	404,829	236,100	3,782,887	356,647	211,733
<b>Silver Line Stations</b>						
Wiehle Reaston East	3,845,899	381,406	263,333	4,026,698	341,846	234,327
Spring Hill	608,157	67,311	43,207	627,246	72,097	45,113
Greensboro	466,752	35,744	21,171	565,424	36,810	21,735
Tysons Corner	1,381,601	269,330	161,513	1,638,100	249,039	159,025
McLean	727,934	53,013	33,624	843,183	52,059	31,522
<b>Total Fairfax:</b>	<b>25,440,499</b>	<b>2,398,066</b>	<b>1,456,471</b>	<b>24,117,200</b>	<b>2,033,994</b>	<b>1,251,774</b>
<b>TOTAL VIRGINIA:</b>	<b>85,910,910</b>	<b>8,009,909</b>	<b>5,582,517</b>	<b>80,202,656</b>	<b>6,924,676</b>	<b>4,896,231</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 4A: FY 2015-2016 Metrorail Ridership Summary  
Annual Passenger Trips by Station (Weekday)**

Station	Weekday FY 2015	Weekday FY 2016	Total Change FY 15-16	Percentage Change FY 15-16
<b>Blue/Yellow Line Stations</b>				
Braddock Road	2,413,255	2,394,407	-18,848	-0.8%
Van Dorn Street	1,682,234	1,625,406	-56,828	-3.4%
Eisenhower Avenue	886,491	843,529	-42,962	-4.8%
King Street	4,444,662	4,172,214	-272,448	-6.1%
<b>Total Alexandria:</b>	<b>9,426,642</b>	<b>9,035,555</b>	<b>-391,087</b>	<b>-4.1%</b>
<b>Stations in Arlington</b>				
<b>Orange Line Stations</b>				
East Falls Church	2,211,535	2,100,925	-110,610	-5.0%
Ballston	5,975,903	5,558,815	-417,088	-7.0%
Virginia Square	2,023,105	1,977,204	-45,901	-2.3%
Clarendon	2,459,263	2,266,097	-193,166	-7.9%
Courthouse	3,897,399	3,592,001	-305,398	-7.8%
Rosslyn	7,781,824	7,151,654	-630,170	-8.1%
<b>Blue/Yellow Line Stations</b>				
Arlington Cemetery	705,691	693,648	-12,043	-1.7%
Pentagon	7,898,453	7,469,174	-429,279	-5.4%
Pentagon City	7,470,985	6,889,070	-581,915	-7.8%
Crystal City	6,174,949	6,021,170	-153,779	-2.5%
National Airport	4,444,662	3,330,143	-1,114,519	-25.1%
<b>Total Arlington:</b>	<b>51,043,769</b>	<b>47,049,901</b>	<b>-3,993,868</b>	<b>-7.8%</b>
<b>Stations in Fairfax County*</b>				
<b>Orange Line Stations</b>				
Vienna	6,020,591	5,289,068	-731,523	-12.2%
Dunn Loring	2,343,412	2,110,274	-233,138	-9.9%
West Falls Church	1,928,288	1,399,395	-528,893	-27.4%
<b>Blue/Yellow Line Stations</b>				
Huntington	4,106,990	3,834,926	-272,064	-6.6%
Franconia-Springfield	4,010,875	3,782,887	-227,988	-5.7%
<b>Silver Line Stations</b>				
Wiehle Reaston East	3,845,899	4,026,698	180,799	4.7%
Spring Hill	608,157	627,246	19,089	3.1%
Greensboro	466,752	565,424	98,672	21.1%
Tysons Corner	1,381,601	1,638,100	256,499	18.6%
McLean	727,934	843,183	115,249	15.8%
<b>Total Fairfax:</b>	<b>25,440,499</b>	<b>24,117,200</b>	<b>-1,323,299</b>	<b>-5.2%</b>
<b>Total Virginia:</b>	<b>85,910,910</b>	<b>80,202,656</b>	<b>-5,708,254</b>	<b>-6.6%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 4B: FY 2015-2016 Metrorail Ridership Summary  
Annual Passenger Trips by Station (Saturday)**

Station	Saturday FY 2015	Saturday FY 2016	Total Change FY 15-16	Percentage Change FY 15-16
<b>Blue/Yellow Line Stations</b>				
Braddock Road	191,967	179,612	-12,355	-6.4%
Van Dorn Street	147,576	127,438	-20,138	-13.6%
Eisenhower Avenue	99,685	83,262	-16,423	-16.5%
King Street	490,061	432,416	-57,645	-11.8%
<b>Total Alexandria:</b>	<b>929,289</b>	<b>822,728</b>	<b>-106,561</b>	<b>-11.5%</b>
<b>Stations in Arlington</b>				
<b>Orange Line Stations</b>				
East Falls Church	229,184	207,881	-21,303	-9.3%
Ballston	524,643	442,911	-81,732	-15.6%
Virginia Square	171,339	147,468	-23,871	-13.9%
Clarendon	327,963	261,942	-66,021	-20.1%
Courthouse	343,063	287,239	-55,824	-16.3%
Rosslyn	639,468	557,054	-82,414	-12.9%
<b>Blue/Yellow Line Stations</b>				
Arlington Cemetery	225,467	216,695	-8,772	-3.9%
Pentagon	237,452	201,601	-35,851	-15.1%
Pentagon City	983,191	837,130	-146,061	-14.9%
Crystal City	537,909	476,032	-61,877	-11.5%
National Airport	462,875	432,002	-30,873	-6.7%
<b>Total Arlington:</b>	<b>4,682,554</b>	<b>4,067,954</b>	<b>-614,600</b>	<b>-13.1%</b>
<b>Stations in Fairfax County*</b>				
<b>Orange Line Stations</b>				
Vienna	514,396	396,701	-117,695	-22.9%
Dunn Loring	197,036	154,798	-42,238	-21.4%
West Falls Church	144,813	85,721	-59,092	-40.8%
<b>Blue/Yellow Line Stations</b>				
Huntington	330,188	288,275	-41,913	-12.7%
Franconia-Springfield	404,829	356,647	-48,182	-11.9%
<b>Silver Line Stations**</b>				
Wiehle Reaston East	381,406	341,846	-39,560	-10.4%
Spring Hill	67,311	72,097	4,786	7.1%
Greensboro	35,744	36,810	1,066	3.0%
Tysons Corner	269,330	249,039	-20,291	-7.5%
McLean	53,013	52,059	-954	-1.8%
<b>Total Fairfax:</b>	<b>2,398,066</b>	<b>2,033,994</b>	<b>-364,072</b>	<b>-15.2%</b>
<b>Total Virginia:</b>	<b>8,009,909</b>	<b>6,924,676</b>	<b>-1,085,233</b>	<b>-13.5%</b>

\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 4C: FY 2015-2016 Metrorail Ridership Summary  
Annual Passenger Trips by Station (Sunday)**

Station	Sunday FY 2015	Sunday FY 2016	Total Change FY 15-16	Percentage Change FY 15-16
<b>Blue/Yellow Line Stations</b>				
Braddock Road	127,745	118,093	-9,652	-7.6%
Van Dorn Street	92,137	77,154	-14,983	-16.3%
Eisenhower Avenue	56,058	47,812	-8,246	-14.7%
King Street	349,601	308,458	-41,143	-11.8%
<b>Total Alexandria:</b>	<b>625,541</b>	<b>551,517</b>	<b>-74,024</b>	<b>-11.8%</b>
<b>Stations in Arlington</b>				
<b>Orange Line Stations</b>				
East Falls Church	143,000	135,644	-7,356	-5.1%
Ballston	318,091	272,848	-45,243	-14.2%
Virginia Square	104,061	89,941	-14,120	-13.6%
Clarendon	175,631	146,531	-29,100	-16.6%
Courthouse	212,445	176,783	-35,662	-16.8%
Rosslyn	494,128	427,146	-66,982	-13.6%
<b>Blue/Yellow Line Stations</b>				
Arlington Cemetery	202,669	183,990	-18,679	-9.2%
Pentagon	165,139	145,092	-20,047	-12.1%
Pentagon City	667,531	565,417	-102,114	-15.3%
Crystal City	377,953	332,269	-45,684	-12.1%
National Airport	639,857	617,280	-22,577	-3.5%
<b>Total Arlington:</b>	<b>3,500,505</b>	<b>3,092,940</b>	<b>-407,565</b>	<b>-11.6%</b>
<b>Stations in Fairfax County*</b>				
<b>Orange Line Stations</b>				
Vienna	285,025	221,002	-64,023	-22.5%
Dunn Loring	112,936	89,544	-23,392	-20.7%
West Falls Church	81,518	50,940	-30,578	-37.5%
<b>Blue/Yellow Line Stations</b>				
Huntington	218,044	186,833	-31,211	-14.3%
Franconia-Springfield	236,100	211,733	-24,367	-10.3%
<b>Silver Line Stations**</b>				
Wiehle Reaston East	263,333	234,327	-29,006	-11.0%
Spring Hill	43,207	45,113	1,906	4.4%
Greensboro	21,171	21,735	564	2.7%
Tysons Corner	161,513	159,025	-2,488	-1.5%
McLean	33,624	31,522	-2,102	-6.3%
<b>Total Fairfax:</b>	<b>1,456,471</b>	<b>1,251,774</b>	<b>-204,697</b>	<b>-14.1%</b>
<b>Total Virginia:</b>	<b>5,582,517</b>	<b>4,896,231</b>	<b>-686,286</b>	<b>-12.3%</b>

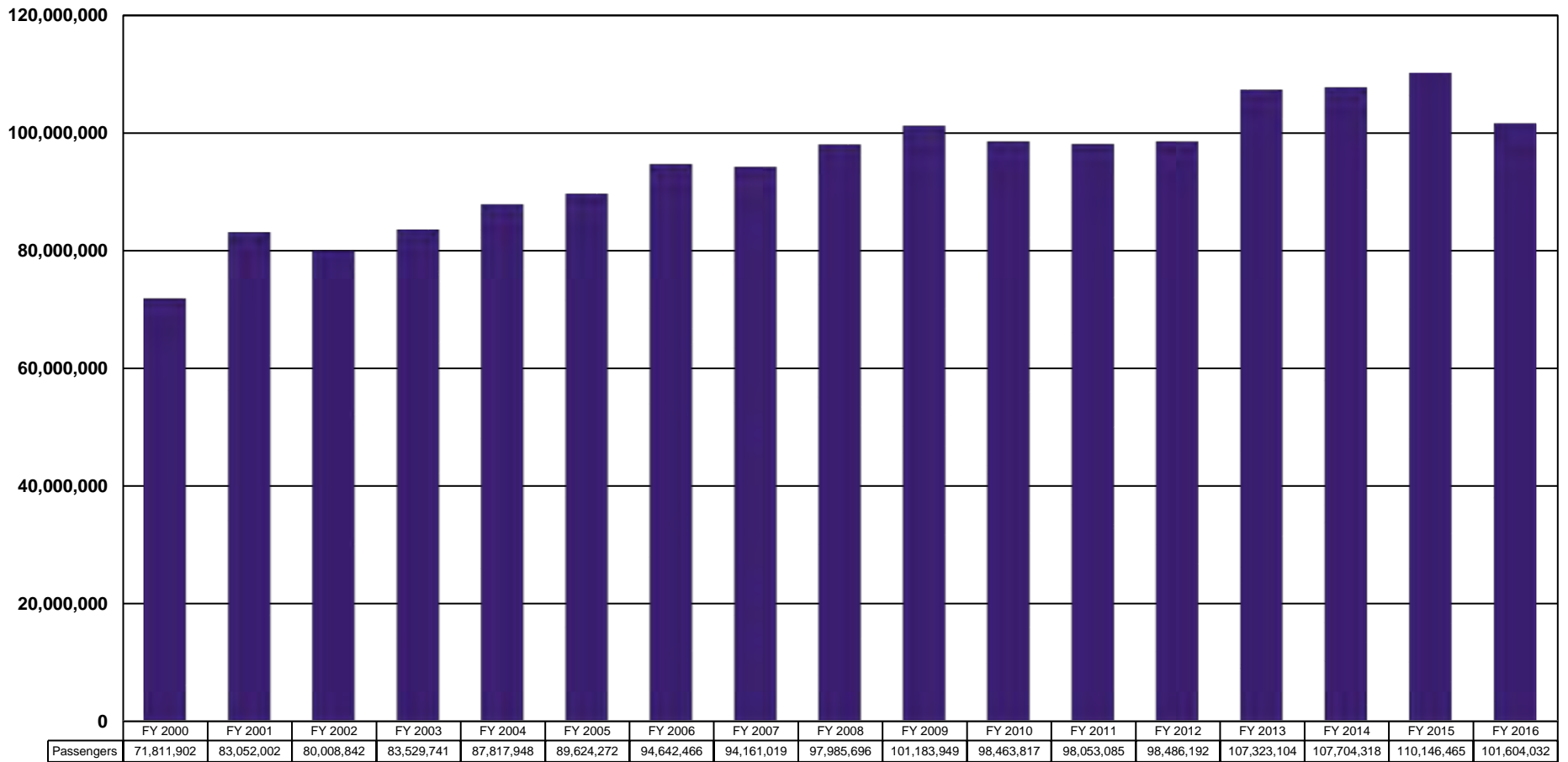
\*Van Dorn Street is paid for by Alexandria and Fairfax County on a 50/50 basis

Source: Individual Transit Operators and NTD audited annual reports, prepared by NVTC

**Figure 5: Metrorail Monthly Northern Virginia Passenger Trips, FY 2015 - FY2016**

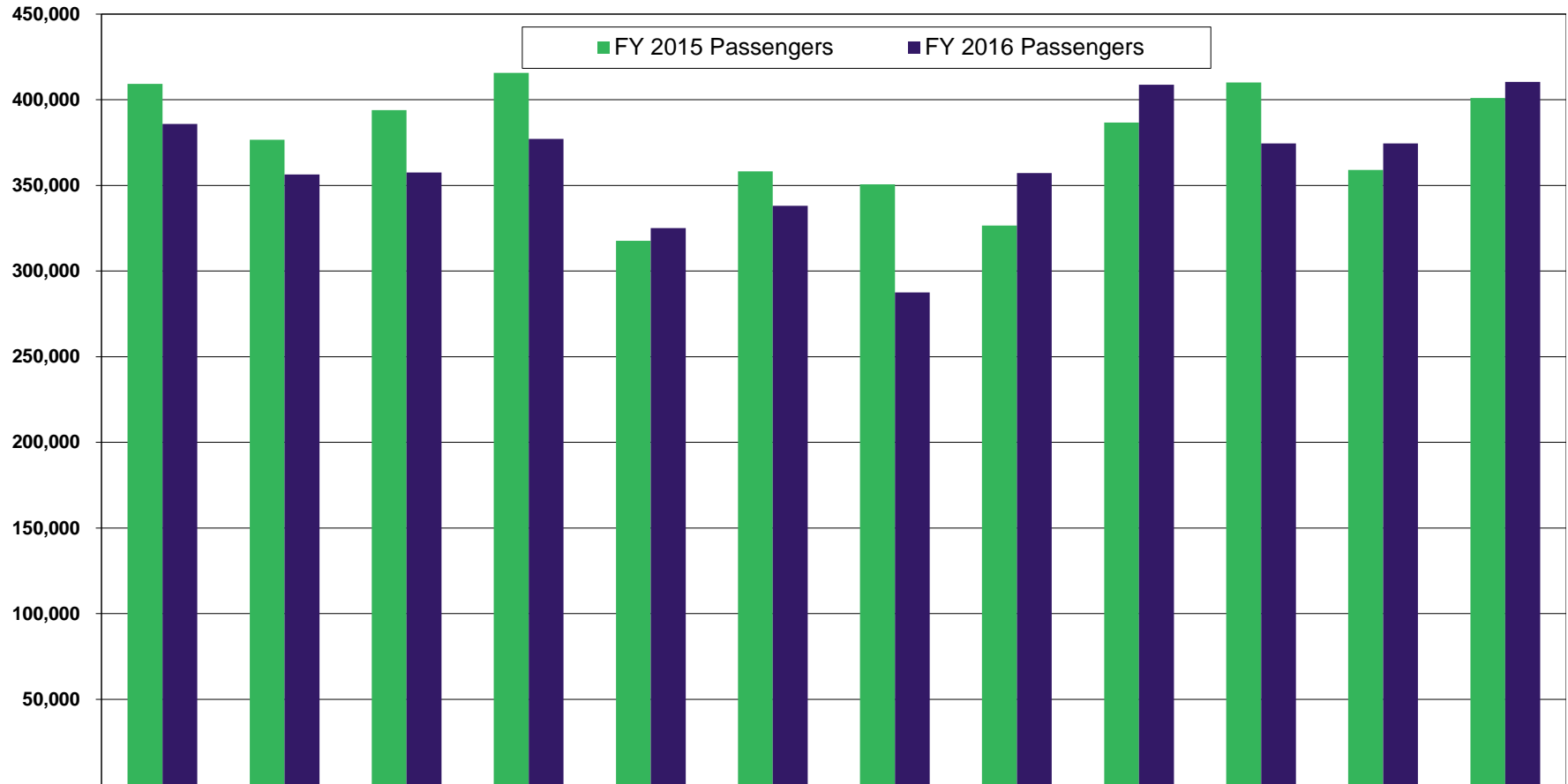


**Figure 6: Metrorail Annual Northern Virginia Unlinked Passenger Trips,  
FY 2000 - 2016**



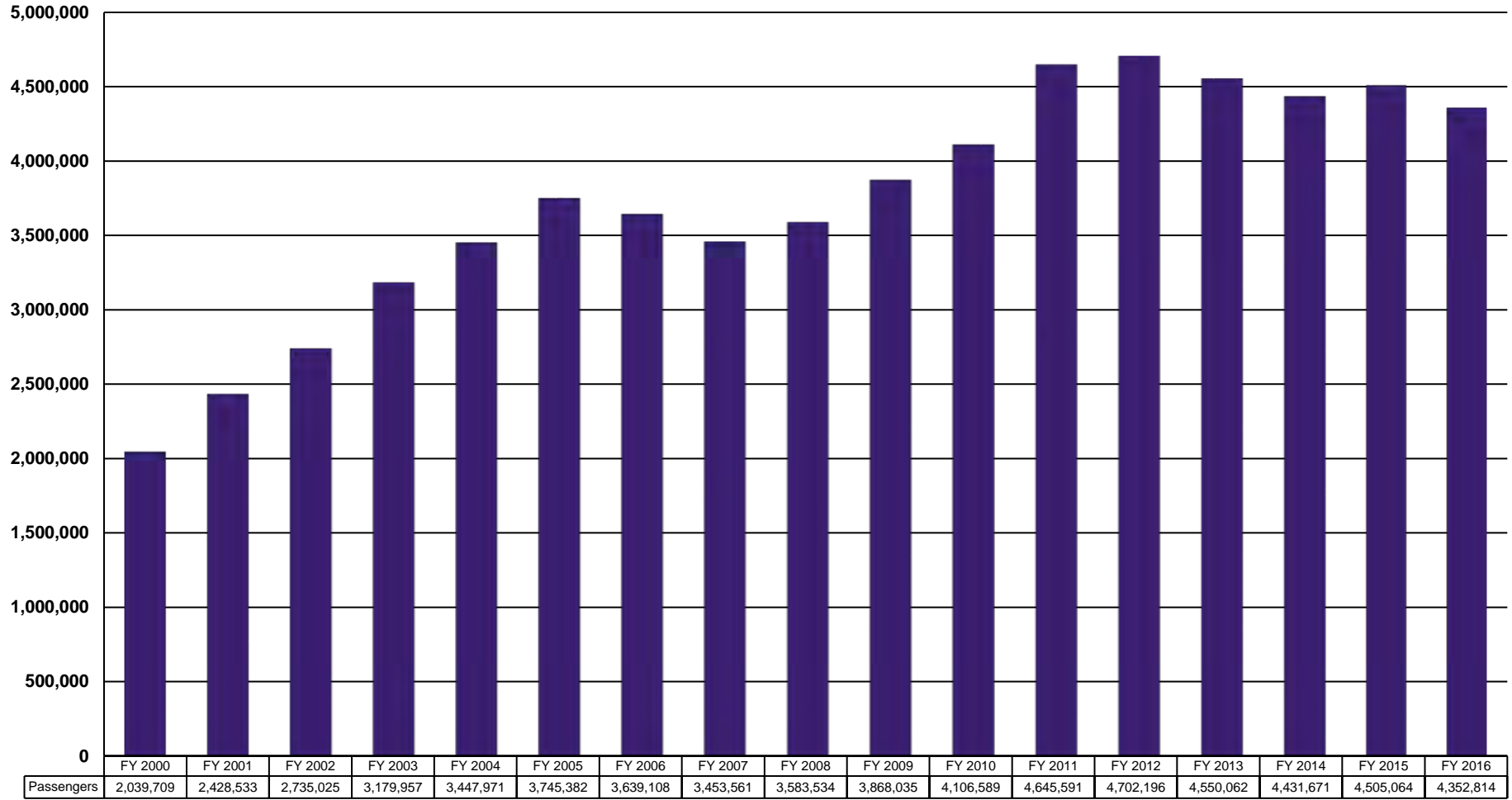
Note: NVTC formula for estimating NoVa share of Virginia Metrorail ridership was revised in FY13.

**Figure 7: VRE Monthly Passenger Trips, FY 2015 - 2016**



	July	August	September	October	November	December	January	February	March	April	May	June
FY 2015 Passengers	409,328	376,571	393,861	415,632	317,632	358,214	350,564	326,498	386,676	410,138	358,983	400,967
FY 2016 Passengers	385,936	356,349	357,468	377,176	324,995	338,068	287,473	357,144	408,820	374,539	374,485	410,361

**Figure 8: VRE Annual Passenger Trips,  
FY 2000 - FY 2016**



**Figure 9: Northern Virginia Metrobus Average Daily Passenger Trips, FY 2015 - FY 2016**

	Weekday FY 15	Saturday FY 15	Sunday FY 15	Weekday FY 16	Saturday FY 16	Sunday FY 16
<b>Ballston Terminal Services</b>						
2A,B	3,555	1,895	714	2,913	1,737	674
10B	2,366	1,836	1,182	2,252	1,696	1,057
22A,B,C,F	1,428	487		1,896	459	247
23A,B,T,W	3,504	2,071	1,308	3,231	1,915	1,183
25B	1,322	610		1,891	927	240
38B	3,608	2,084	1,586	3,657	2,002	1,538
Subtotal	15,783	8,983	4,790	15,839	8,736	4,938
<b>Rosslyn Terminal Services</b>						
3A	2,241	1,039	654	1,252	634	412
4A,B	1,689	715	437	1,611	676	408
5A	956	543	551	927	452	493
Subtotal	4,886	2,297	1,642	3,789	1,762	1,313
<b>Pentagon Terminal Services</b>						
7A,B,C,E,F,H,P,W,X,Y	4,877	1,439	942	4,552	1,284	815
7M	1,491			1,454		
8S,W,Z	1,152			1,086		
9A,E	1,392	914	668	1,212	793	547
MW-1*				1,621	793	321
10A,E,R,S	2,290	1,133	775	2,078	1,090	687
13Y (was 13F,G)		91	72		78	90
16A,B,D,E,J,P	5,678	4,275	2,989	5,374	3,933	2,757
16L	220			300		
16G,H,K	3,760	2,543	1,573	3,583	2,389	1,369
17 Series	1,476			1,442		
18 Series	1,509			1,371		
21A,D	438			426		
28F,G	468			538		
29C,E,G,H,X	955			935		
Subtotal	25,706	10,395	7,019	25,972	10,359	6,587
<b>Other Terminal Services</b>						
REX	3,099	2,002	828	3,044	1,902	838
11Y	410			430		
15K,L	488			436		
15M	250			245		
TAGS Shuttle	367			341		
28A,X	5,928	4,558	3,448	5,755	4,320	3,349
29K,N	2,633	1,265		2,566	1,267	855
29W	247			217		
2T	507	432	240	468	394	213
3T	665	179		571	166	
3Y	423			483		
16X (was 16F)	1,014			1,041		
16Y	1,736			1,790		
26A	491			573		
Subtotal	18,258	8,436	4,516	17,961	8,048	5,255
<b>Metrobus Total-Virginia**</b>	<b>64,633</b>	<b>30,111</b>	<b>17,967</b>	<b>63,562</b>	<b>28,904</b>	<b>18,093</b>

\*Metroway MW-1 Started in FY 2015

\*\* Excludes Holidays

Services eliminated in FY16: 23W / 25A,C,D,E / 7C,E,H / 9E / 16D / 29E,H,X / 24T / 9S / 28T

Services added in FY15: 22F,C / 23B,W,T / 13Y / 29W

**Figure 10: Northern Virginia Metrobus Annual Passenger Trips, FY 2015 - FY 2016**

	Weekday FY 15	Saturday FY 15	Sunday FY 15	Weekday FY 16	Saturday FY 16	Sunday FY 16
<b>Ballston Terminal Services</b>						
2A,B	885,247	108,028	40,607	731,169	97,272	37,744
10B	589,208	104,633	67,357	565,334	94,988	59,172
22A,B,C,F	355,516	27,777		475,836	25,694	13,850
23A,B,T,W	872,559	118,036	74,565	810,933	107,230	66,239
25B	329,096	34,772		474,540	51,890	13,414
38B	898,463	118,770	90,419	917,842	112,120	86,101
Subtotal	5,104,193	684,021	402,236	5,118,658	645,691	393,606
<b>Rosslyn Terminal Services</b>						
3A	558,014	59,231	37,303	314,200	35,492	23,053
4A,B	420,623	40,780	24,919	404,246	37,860	22,851
5A	237,948	30,942	31,409	232,572	25,319	27,616
Subtotal	1,216,585	130,953	93,631	951,018	98,671	73,520
<b>Pentagon Terminal Services</b>						
7A,B,C,E,F,H,P,W,X,Y	1,214,376	81,997	53,681	1,142,587	71,902	45,660
7M	371,263			364,996		
8S,W,Z	286,838			272,550		
9A,E	346,516	52,097	38,050	304,313	44,390	30,630
MW-1*				406,874	22,996	18,001
10A,E,R,S	570,091	64,575	44,167	521,643	61,033	38,471
13Y (was 13F,G)		5,194	4,121		4,367	5,042
16A,B,D,E,J,P	1,413,882	243,647	170,349	1,348,904	220,251	154,410
16L	54,874			75,241		
16G,H,K	936,238	144,946	89,680	899,306	133,770	76,682
17 Series	367,617			362,052		
18 Series	375,859			344,043		
21A,D	108,972			106,910		
28F,G	116,625			134,976		
29C,E,G,H,X	237,725			234,692		
Subtotal	6,400,876	592,456	400,048	6,519,087	558,709	368,896
<b>Other Terminal Services</b>						
REX	771,531	114,092	47,208	764,073	106,488	46,923
11Y	101,986			107,939		
15K,L	121,476			109,422		
15M	62,249			61,598		
TAGS Shuttle	91,295			85,494		
28A,X	1,475,996	259,796	196,543	1,444,606	241,913	187,518
29K,N	655,691	72,108		643,991	70,930	47,900
29W	61,555			54,545		
2T	126,304	24,604	13,676	117,551	22,061	11,936
3T	165,474	10,206		143,346	9,274	
3Y	105,419			121,317		
16X (was 16F)	252,606			261,233		
16Y	432,233			449,198		
26A	122,363			143,929		
Subtotal	4,546,178	480,806	257,427	4,508,242	450,666	294,277
<b>Metrobus Total-Virginia**</b>	<b>17,267,832</b>	<b>1,888,236</b>	<b>1,153,342</b>	<b>17,097,005</b>	<b>1,753,737</b>	<b>1,130,299</b>

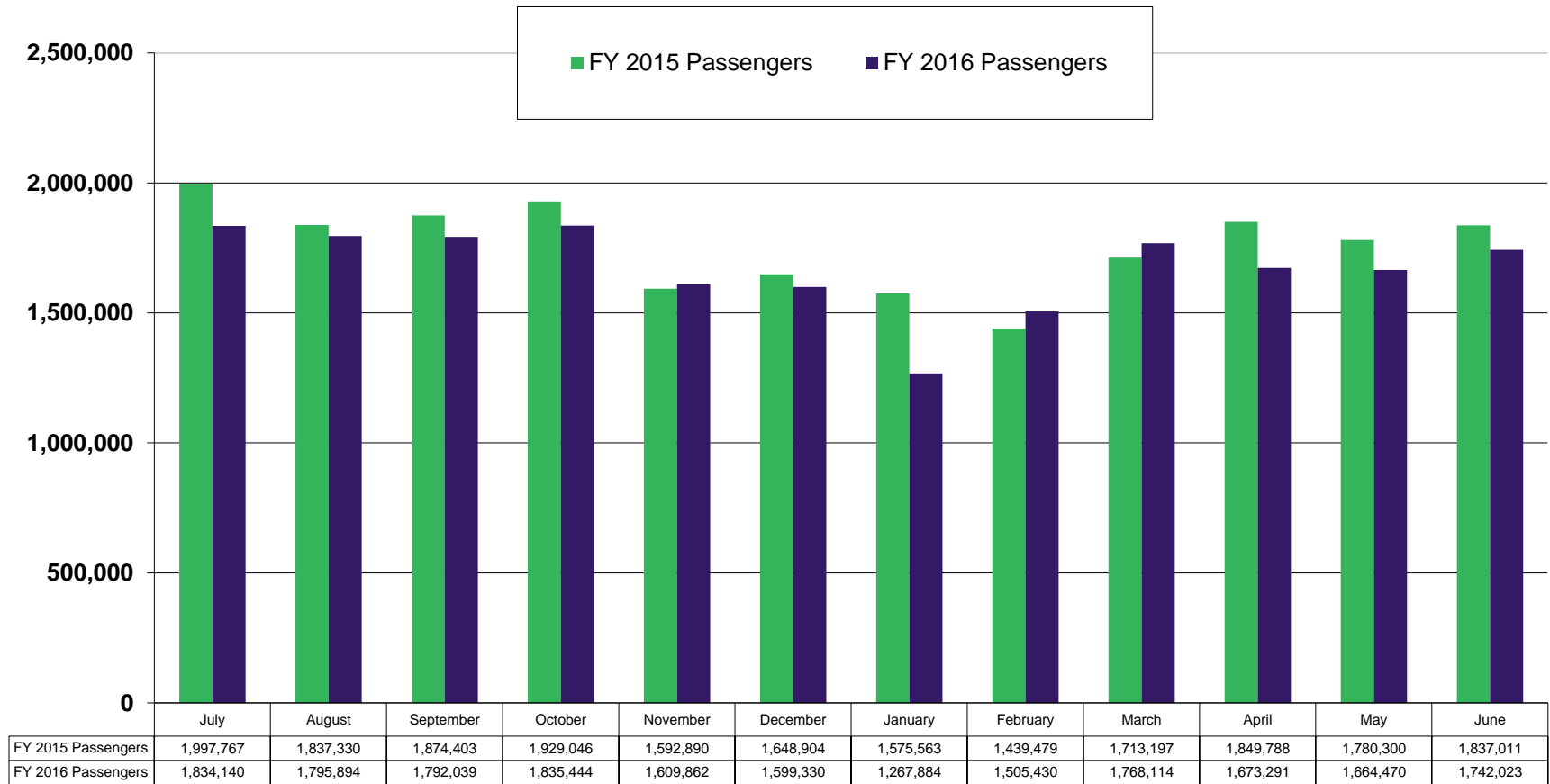
\*Metroway MW-1 Started in FY 2015

\*\* Excludes Holidays

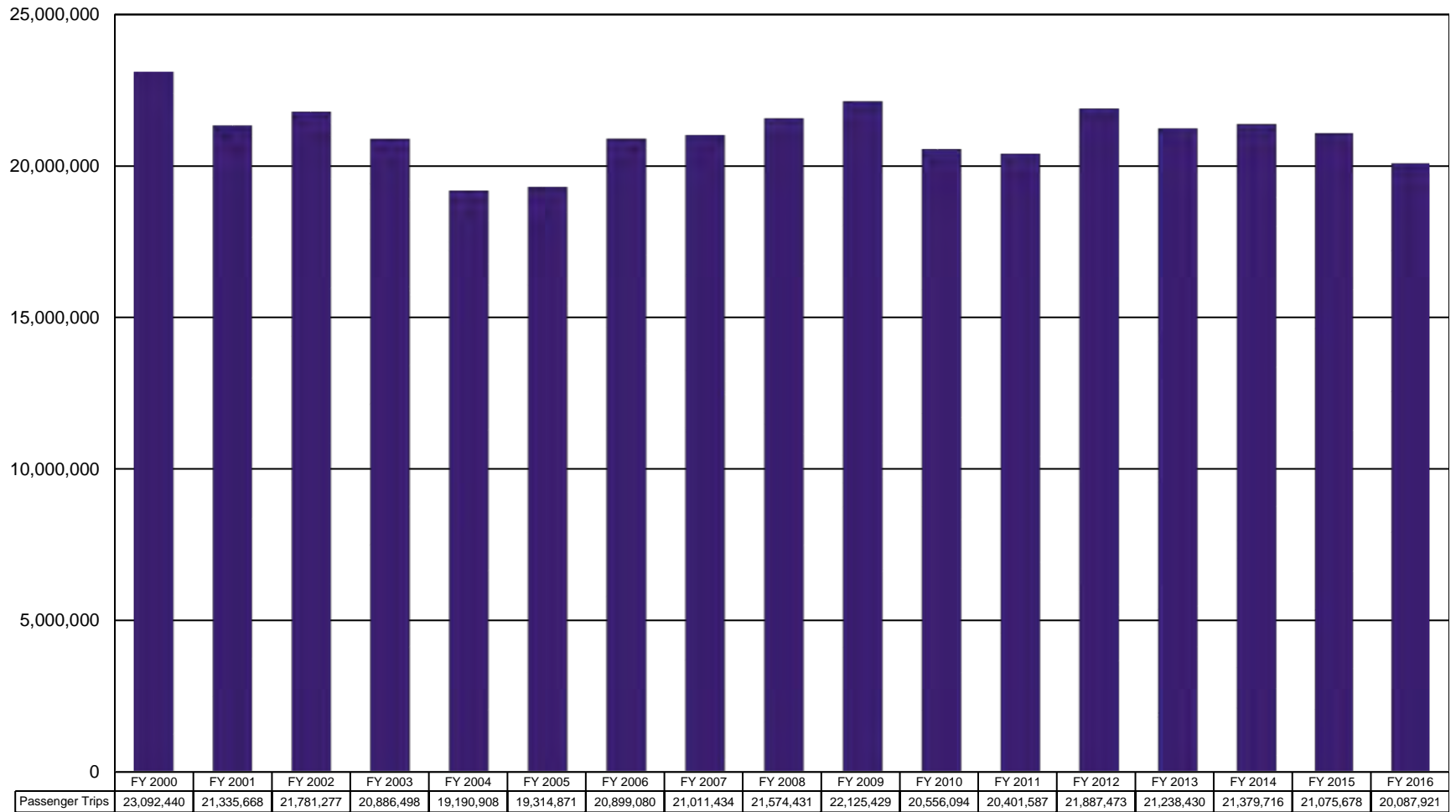
Services eliminated in FY16: 23W / 25A,C,D,E; / 7C,E,H / 9E / 16D / 29E,H,X / 24T / 9S / 28T

Services added in FY15: 22F,C / 23B,W,T / 13Y / 29W

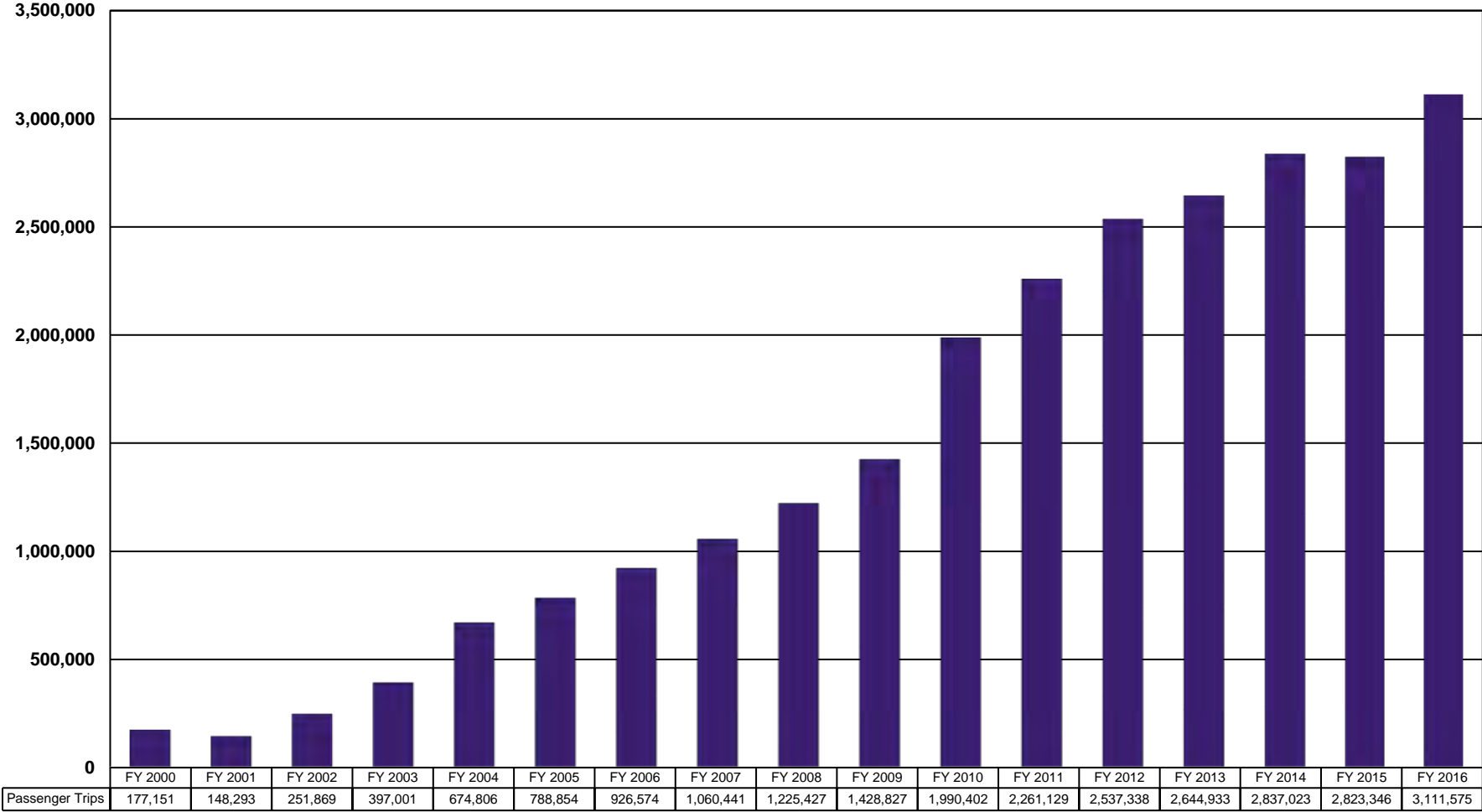
**Figure 11: Metrobus Northern Virginia Passenger Trips  
Monthly Totals, FY 2014 - 2016**



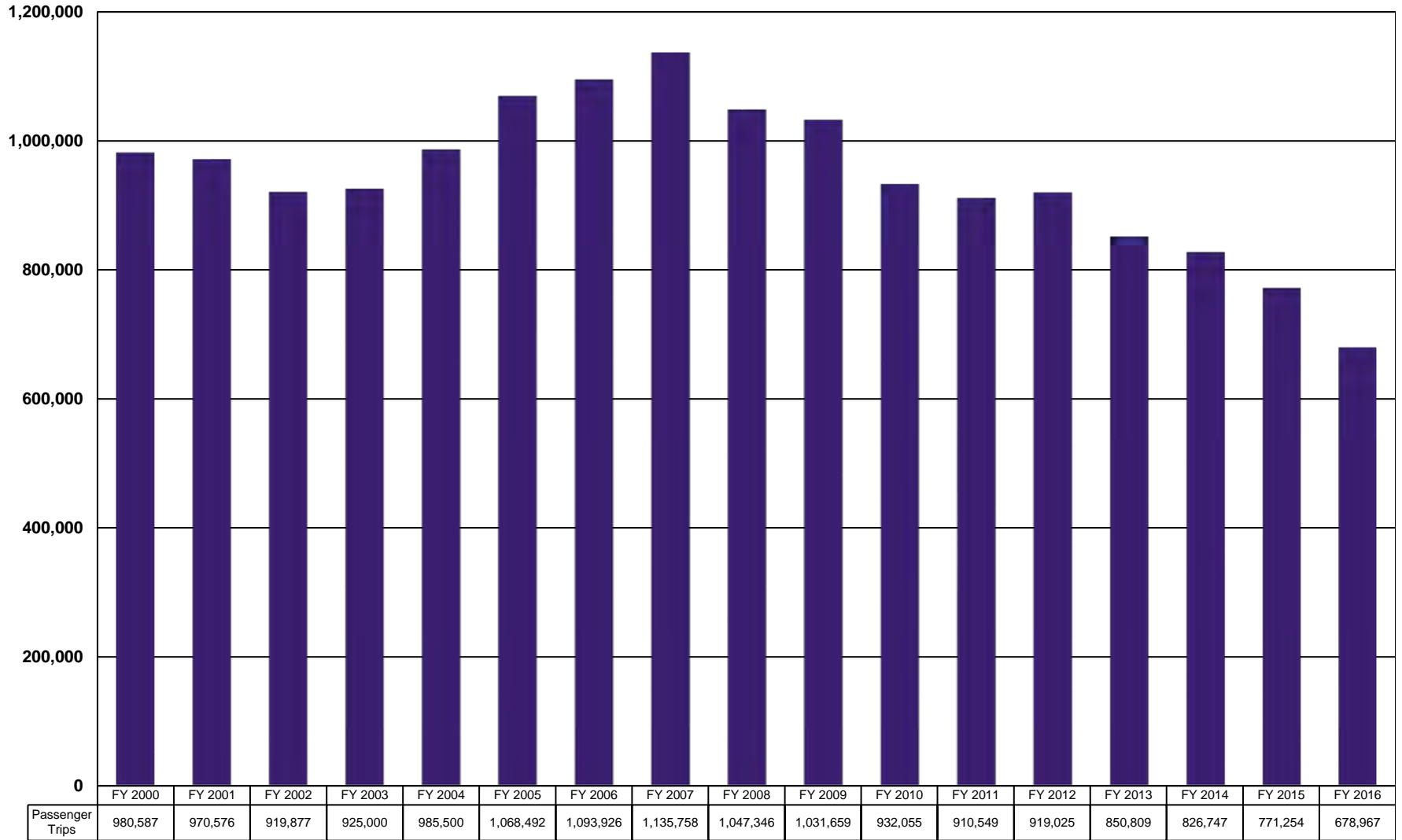
**Figure 12: Metrobus Northern Virginia Annual Passenger Trips,  
FY 2000 - FY 2016**



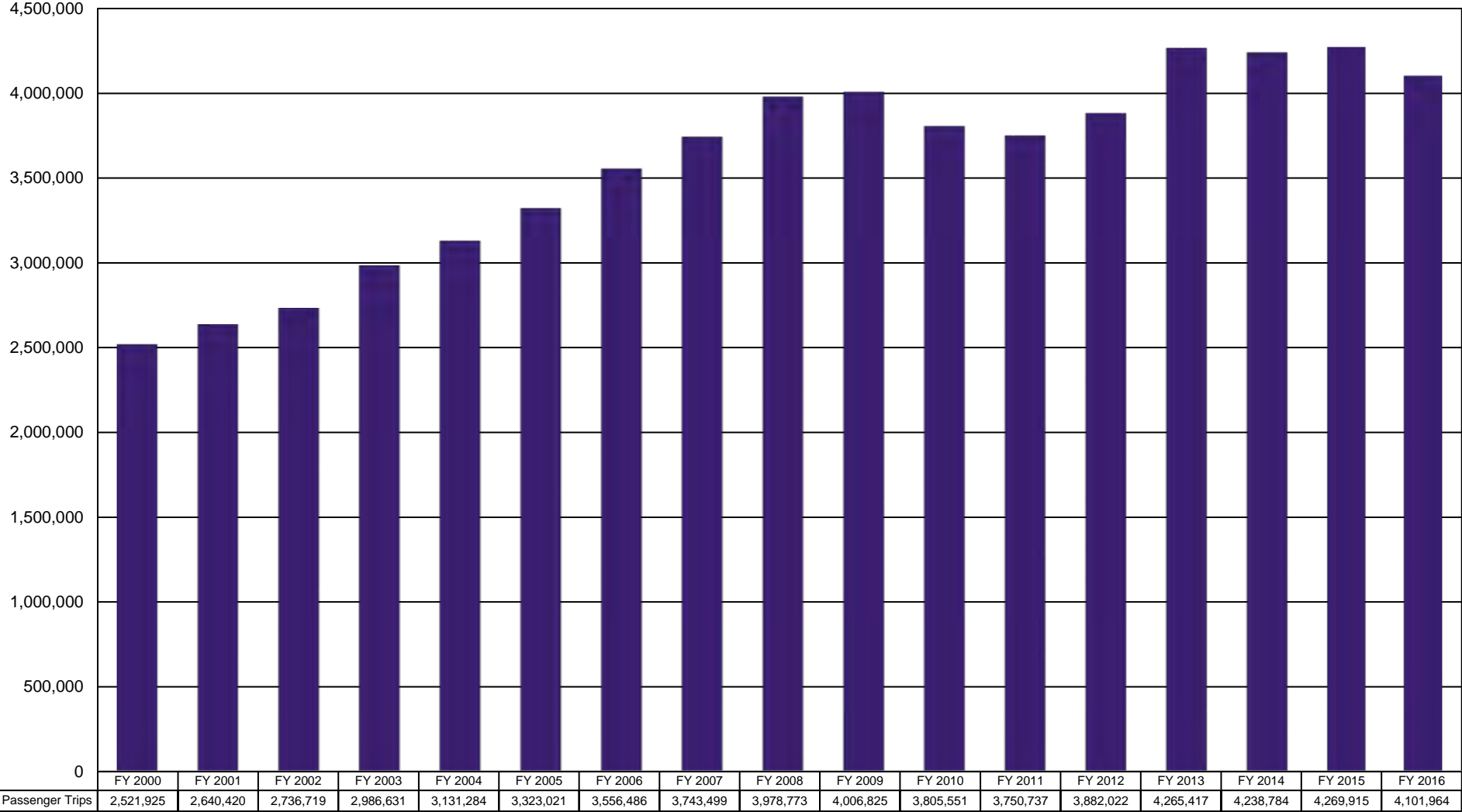
**Figure 13: ART Annual Passenger Trips,  
FY 2000 - FY 2016**



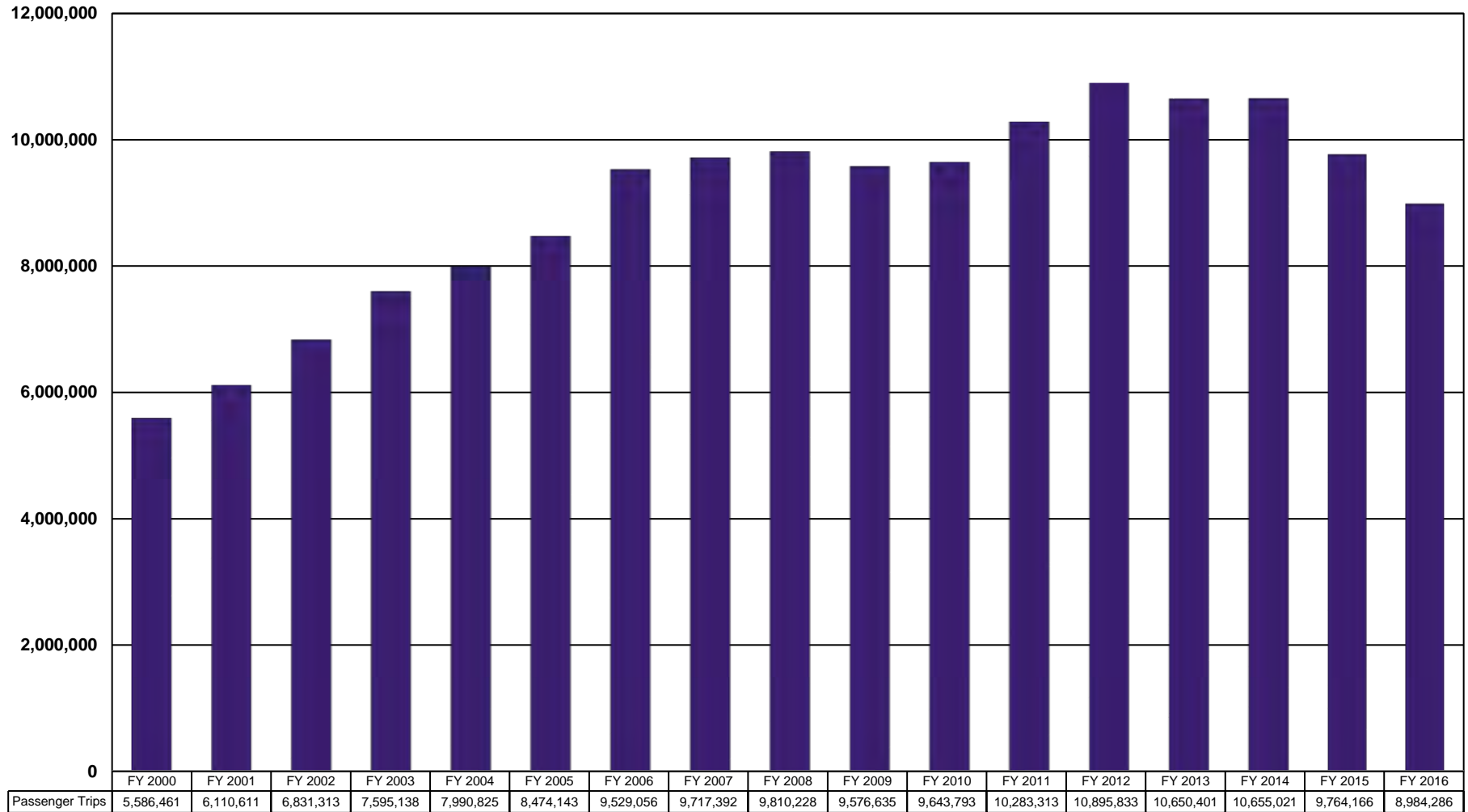
**Figure 14: CUE Annual Passenger Trips, FY 2000 - FY 2016**



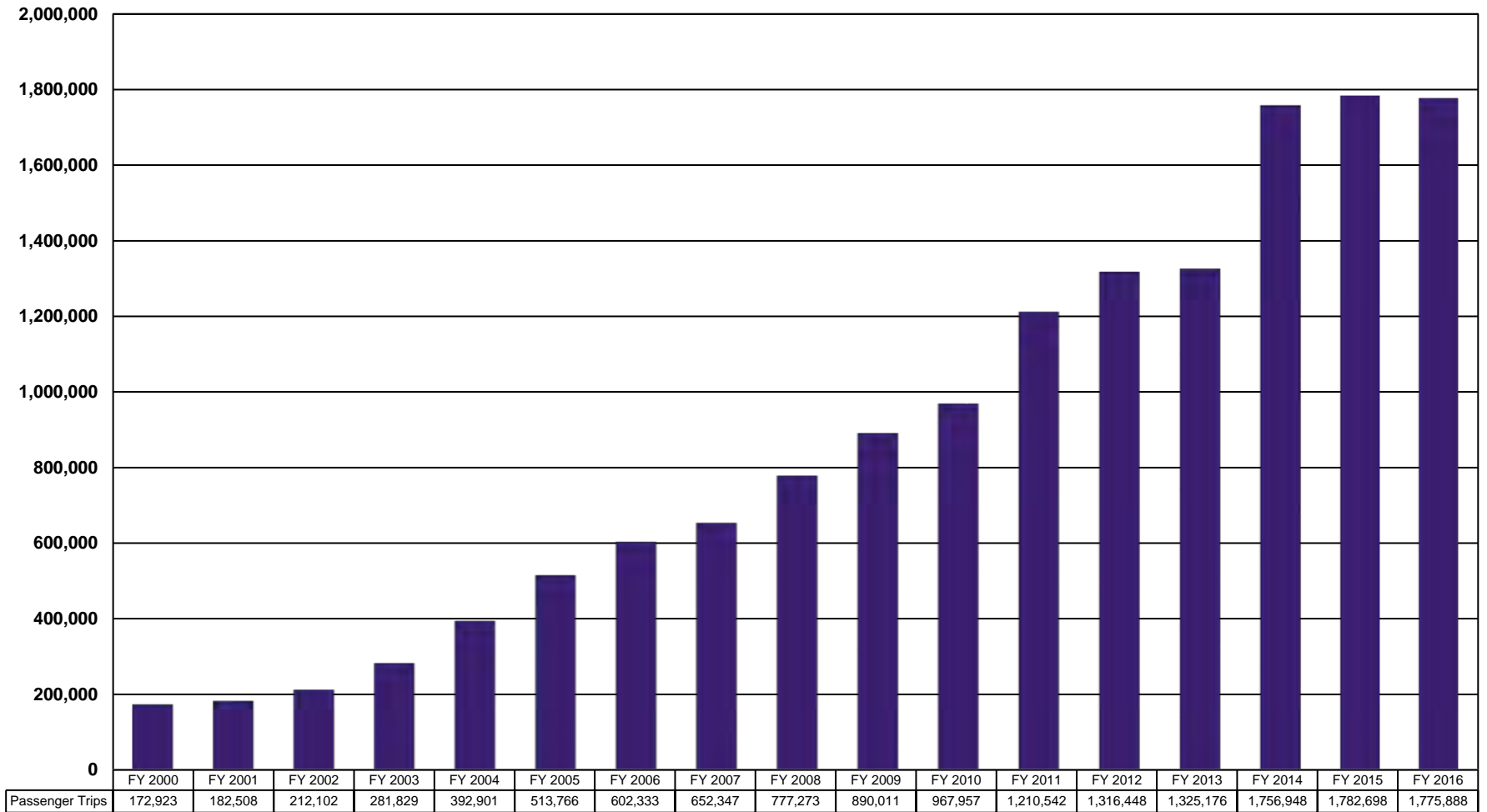
**Figure 15: DASH Annual Passenger Trips,  
FY 2000 - FY 2016**



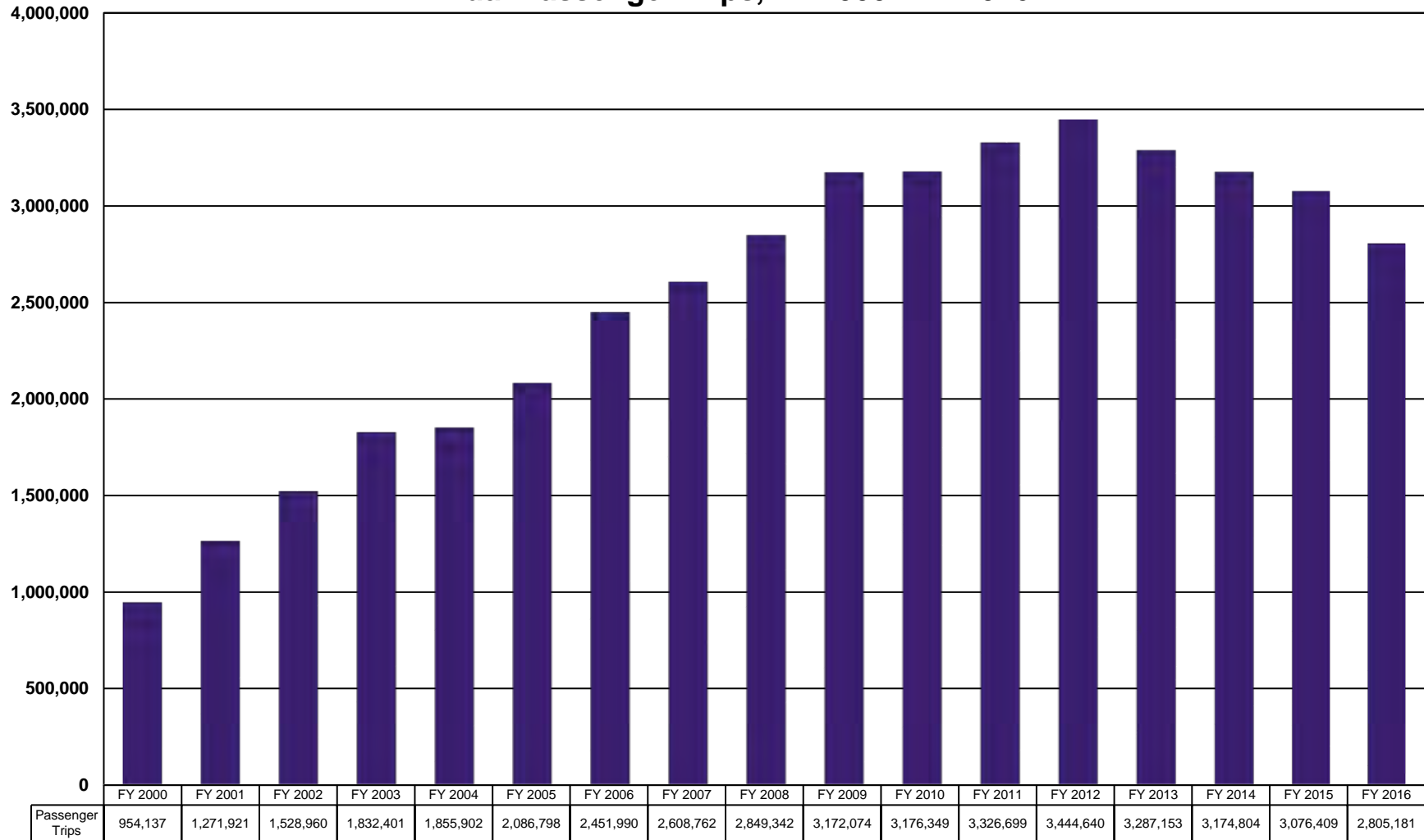
**Figure 16: Fairfax Connector Annual Passenger Trips,  
FY 2000- FY 2016**



**Figure 17: Loudoun County Transit  
Annual Passenger Trips,  
FY 2000 - FY 2016**



**Figure 18: PRTC Omni Ride / Omni Link (Combined)  
Annual Passenger Trips, FY 2000 - FY 2016**



**TO:** Chairman McKay and NVTC Commissioners

**FROM:** Kate Mattice

**DATE:** November 30, 2017

**SUBJECT:** Executive Director Report

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**A. Executive Director Newsletter**

NVTC's [Executive Director Newsletter](#) provides updates on specific NVTC projects and programs and highlights items of interest at the federal and state levels and among partners such as the Transportation Planning Board and the Northern Virginia Transportation Authority.

This month's newsletter includes a look at NVTC's Legislative Agenda and briefing, changes coming to I-66, and NVTC's recent fare collection workshop.

**B. NVTC Financial Report**

The [Financial Report for October 2017](#) is provided for your information.

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# Executive Director Newsletter

December 2017



Informing and engaging lawmakers is integral to NVTC's mission. On December 4, we will partner with the Potomac and Rappahannock Transportation Commission (PRTC) to present our annual joint Legislative Briefing. This year's briefing takes on

heightened importance, as there are several newly elected members of the House of Delegates attending and the transit funding issues facing lawmakers in Richmond have never been more pressing.

Two panels – one focused on the challenges facing our transit agencies and the other highlighting the importance of transit to the business community – will provide insight that will help our elected officials better understand what is required to keep our bus and rail systems operating safely and reliably. NVTC, PRTC and Virginia Railway Express (VRE) will share drafts of their legislative agendas as well as issue briefs on the regional gas tax, looming transit capital fiscal cliff, dedicated funding for WMATA, and the federal commuter transit tax benefit. [Additional details are on page 5.](#)

The Commission will be asked to adopt NVTC's 2018 Legislative and Policy Agenda at its December 7 meeting. The agenda's top priorities are establishing sustainable federal, state and regional funding for WMATA, VRE and local transit agencies and pursuing the reforms identified through NVTC's Governance and Personnel Committee. While the document may seem perfunctory, it is anything but. The agenda will inform NVTC's response to legislative and administrative actions over the next year. In addition to sharing it with lawmakers in Richmond, NVTC will provide the agenda to staff and elected officials in its jurisdictions and transit agencies and with the business community and media.

As we await the December 18 release of Governor McAuliffe's final budget and the January 10 deadline for the pre-filing of bills in the General Assembly, NVTC will be monitoring and analyzing activity and will apprise the Commission of items of interest. This will, by all accounts, be a busy winter and NVTC will continue to actively serve its constituents as the voice of transit in Northern Virginia.

**Executive Director**

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Northern Virginia Transportation Commission  
2300 Wilson Blvd., Ste. 620  
Arlington, VA 22201  
[www.novatransit.org](http://www.novatransit.org)



## Key Dates

Dec. 4	<a href="#">NVTC/PRTC Joint Legislative Conference in Springfield</a>
Dec. 5-6	<a href="#">CTB Monthly Meeting</a>
Dec. 7	<a href="#">NVTC Monthly Meeting</a>
Dec. 14	<a href="#">WMATA Board Meeting</a>
Dec. 14	<a href="#">NVTA Monthly Meeting</a>
Dec. 15	<a href="#">VRE Operations Board Monthly Meeting</a>
Dec. 20	<a href="#">TPB Monthly Meeting</a>
Dec. 22	<a href="#">Application Deadline for I-66 Commuter Choice Funding</a>
Jan. 4	<a href="#">NVTC Monthly Meeting</a>

## Second I-66 Commuter Choice Call for Projects to Close Dec. 22

[Applications for new transit and related projects](#) that will improve the reliability and efficiency of travel along I-66 inside the Beltway are due to NVTC by December 22. This is the second call for projects under NVTC's [I-66 Commuter Choice program](#). The Commission previously awarded [\\$9.8 million to 10 projects](#).

I-66 Commuter Choice uses tolls from the interstate to fund multimodal improvements. The program is designed to identify and fund projects that move more people, increase opportunities to connect from one mode of travel to another, improve transit service, reduce roadway congestion, and increase travel options.

## I-66 Tolling to Start Dec. 4 Inside the Beltway

Changes are coming to I-66 inside the Beltway. [December 4 marks the start of tolling on the interstate](#) between I-495 and Route 29 in Rosslyn. Dynamic tolling is designed to keep traffic flowing and provide a more predictable trip. Solo drivers will now be able to use I-66 by [paying a toll with an E-ZPass](#). Vehicles with two or

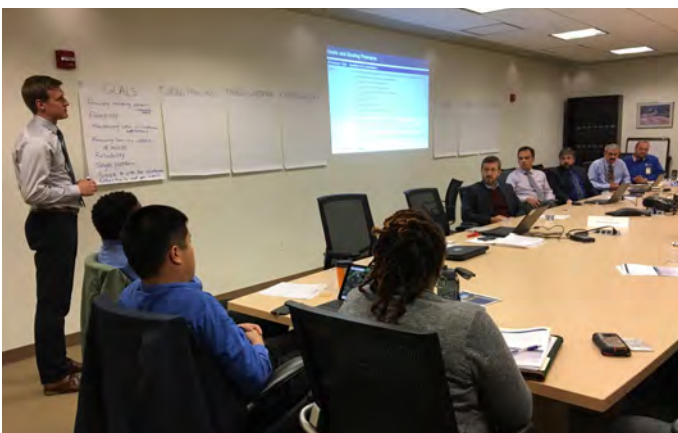
more people can continue to travel for free but must have an [E-ZPass Flex switched to HOV mode](#). Tolling will be in effect weekdays from 5:30-9:30 a.m. eastbound and 3-7 p.m. westbound. A portion of the tolls will go to support NVTC's I-66 Commuter Choice program, which funds transit and related improvements in the corridor.



## NVTC Hosts Fare Collection Workshop

Looking to the future of fare collection in the region, NVTC hosted a Next Generation Regional Fare Collection Visioning Workshop on Nov. 1. The idea was to educate our regional partners on current and emerging technologies and approaches to fare collection, identify current fare collection needs and issues, and develop a collective vision for a next generation fare collection system. Staff from NVTC's transit agencies, as well as WMATA

and the Federal Transit Administration attended. Participants expressed interest in implementing mobile ticketing and student passes. The workshop also included a presentation on the ongoing Fast & Flexible Fare Payment Study involving Arlington, WMATA, DDOT, and the Federal City Council. NVTC is following up with meeting participants to continue gathering input on a vision for the future of fare collection in the region.



## Official LaHood Report on WMATA Still Pending

While former U.S. Transportation Secretary Ray LaHood has yet to share his final recommendations on WMATA reforms with the Governor, an [October draft was published by The Washington Post](#) on Nov. 12. The draft aligned with what the Secretary shared with us at our October meeting.

A [follow-up piece in The Post](#), which garnered reaction from leaders in the region, quoted Paul Smedberg, who "...noted that six Northern Virginia jurisdictions provide funding for Metro and deserve a voice. 'I personally have found that elected and appointed members both bring value and different perspectives, and from my view, it's really helped the debate,'" he said.

## WMATA Announces Competitive Contracting Opportunity in Lorton

Metro has issued a request for proposals seeking vendors to manage and operate bus service out of its new Cinder Bed facility under construction in Lorton. The bus facility is expected to open next year.

[In a statement](#), Metro said contracting bus service is a best practice among transit systems nationally. Metro is one of few agencies in the region that currently provides all regular-route bus service inhouse. Nationally, nearly one-third of all transit agencies outsource some or all of their bus service. This allows them to benefit from cost reductions, resulting from competitive wages, overhead, and no pension liability for new employees.

"Metro is exploring new ways to do business that save the region money, while continuing to improve the quality and safety of service for our customers," General Manager Paul Wiedefeld said in a statement. "The opening of Cinder Bed Road presents a significant opportunity to competitively contract for new services and is consistent with our 'Keep Metro Safe, Reliable and Affordable' plan."



Metro has already outsourced hundreds of jobs, including rail track bed cleaning and contract shuttle bus service.

Nine bus lines will operate out of Cinder Bed Road, which is roughly 5 percent of Metro's bus service. About 80 buses, which serve about 10,500 average weekday customers, will operate from and be maintained at the facility.

## Metro Pilot Program to Spruce Up a Dozen Rail Cars

Metro is giving its 3000- and 6000-series rail cars a facelift. [In a video posted to YouTube](#), the transit agency announced it will upgrade some 3000- and 6000-series rail cars to mimic the look of the system's newest trains. The changes include installing a silver vinyl overwrap that mirrors the appearance of the 7000-series cars; replacing carpet with confetti-patterned, nonstick flooring; and outfitting them with blue padded seats. The changes will give the agency's rail cars a clean, uniform look. Twelve cars will receive the new treatment. Metro says the nearly \$60,000 pilot project will result in cost savings in the long run and reduce environmental waste.



## NVTC Hosts 3rd “Getting Metro Back on Track”

Funding, fares and safety were among the issues Virginia's WMATA board members were asked to address during NVTC's forum in Arlington on Nov. 16. Similar events took place in Reston and Alexandria earlier this year. The [WMATA board members' initial presentation](#) focused heavily on funding. Riders questioned the General Assembly's seeming unwillingness to provide additional funds for WMATA, whether a sales tax is feasible in Virginia to fund WMATA, and whether fare increases contribute to a transit system's death spiral. Board members expressed a modicum of optimism on the region's ability to solve the funding issue. "If the region can come together to support Amazon HQ2, surely it can come together to support Metro, which is what made those bids viable," said Jim Corcoran.



## Around Town: Headlines from/about NVTC Jurisdictions and Partners



[Crystal City BID proposes pedestrian walkway to Reagan National](#)



[Find out how Street Smart's new campaign, "shattered lives" was born](#)



[Slugging to Work for Long Commutes](#)

[Catalyzing development at Metro stations: Q&A with Falls Church Mayor & Prince George's Chair](#)

[Riders Tell All, Amazing Benefits of Vanpooling](#)



[DRPT Reports Ridership Increases on Virginia Amtrak Routes](#)



[How The New I-66 HOT Lanes Will Change Your Commute](#)

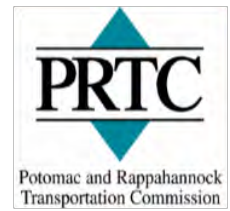


[Fairfax to Launch New I-66 Commuter Choice Express Bus Service](#)



[RIDE magazine \(November 2017\)](#)

[Bikeshare Marks First Anniversary in Fairfax County, More Locations on the Way](#)



# Attend the NVTC & PRTC Joint Legislative Briefing

*Monday, December 4, 2017 from 9-11 a.m.  
Hilton Springfield, 6550 Loisdale Road, Springfield, VA*

Join NVTC & PRTC Commissioners, General Assembly members, local elected officials, legislative staff, and area business leaders for an overview of federal and state issues affecting transit in Northern Virginia.

Learn about the critical funding and policy challenges facing our region from transit industry leaders and hear what transit-savvy business leaders have to say about the importance of bus and rail to our economy and quality of life.

**Doug Allen**  
CEO  
VRE



**Paul Wiedefeld**  
GM & CEO  
WMATA



**Jennifer Mitchell**  
Director  
DRPT



**Jon Godsmark, Senior VP, Infrastructure, EY**

**Maggie Parker, VP, Communications/Community Outreach, Comstock Partners**

**David Touhey, President of Venues, Monumental Sports & Entertainment**

**Seema Wadhwa, Assistant VP for Sustainability and Wellness, Inova**

**[RSVP NOW!](#)**

## Dept. of Rail and Public Transportation



DRPT is partnering with Megabus to launch government-subsidized [bus service between Blacksburg and Washington, D.C.](#), with a handful of stops in between. The Virginia Breeze route will start on Dec. 1, with the farthest one-way ticket costing roughly \$50. The bus will make additional stops along the way in Christiansburg, Lexington, Staunton, Harrisonburg, Front Royal, Dulles International Airport and Arlington. The route is a pilot program that aims to boost Virginia's intercity bus options, specifically in rural and college towns.



## Northern Virginia Transportation Authority



NVTA celebrated its [15th anniversary on Nov. 9](#) with an evening event that provided opportunities to reflect on Northern Virginia's transportation problems, policies, and funding solutions. The celebration at the City of Fairfax's Stacy C. Sherwood Community Center was led by WTOP reporter Max Smith. Guests heard from speakers, including U.S. Congressman Gerry Connolly and Justice William C. Mims of the Virginia State Supreme Court. NVTA Chairman Marty Nohe noted the Authority's many accomplishments would not be possible without tremendous regional collaboration and coordination with its member jurisdictions and transit agencies, members of the General Assembly and stakeholders, all of whom worked tirelessly to help NVTA grow over the past 15 years.



## Virginia Department of Transportation



Governor Terry McAuliffe Terry McAuliffe led a [ceremonial groundbreaking on Nov. 20](#) for

\$3.7 billion expansion of I-66 to 10 lanes outside the Beltway — three regular lanes and two Express Lanes in each direction. Express Mobility Partners (EMP) has been designated to design, build, operate and maintain the Express Lanes in exchange for the toll revenue over at least 50 years. EMP provide the Commonwealth with \$579 million to fund additional transportation improvements in the corridor, of which \$128 million will be used to expand some of the Virginia Railway Express' busiest stations.



## Transportation Planning Board



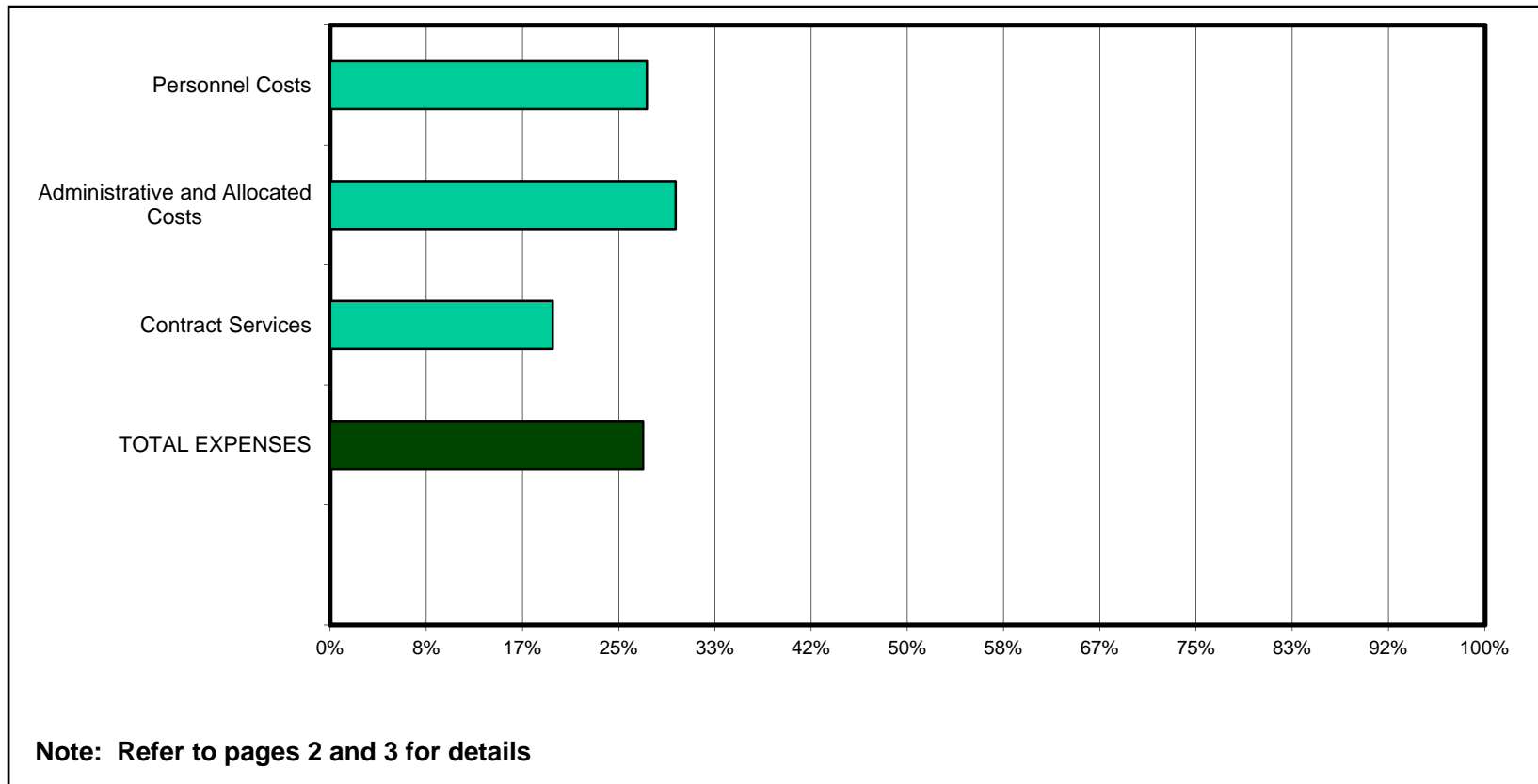
The TPB is soliciting [applications for its Citizen Advisory Committee \(CAC\)](#), a 15-member panel representing diverse viewpoints on long-term transportation policy. Nine members of the CAC are appointed annually by the TPB. The other six members are elected by the previous year's CAC. The membership is evenly divided among the District of Columbia, Suburban Maryland, and Northern Virginia. Meetings are held at 6 p.m. on the second Thursday of the month, preceding the regular meetings of the TPB.



# Northern Virginia Transportation Commission

Financial Reports  
October, 2017

Percentage of FY 2018 NVTC Administrative Budget Used  
October 2017  
(Target 33.3% or less)



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
 October 2017

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<u>Personnel Costs</u>					
Salaries and Wages	\$ 104,339.40	\$ 381,447.10	\$ 1,390,500.00	\$ 1,009,052.90	72.6%
Temporary Employee Services	-	-	-	-	
Total Personnel Costs	<u>104,339.40</u>	<u>381,447.10</u>	<u>1,390,500.00</u>	<u>1,009,052.90</u>	<u>72.6%</u>
<u>Benefits</u>					
Employer's Contributions:					
FICA	5,430.81	27,258.24	93,500.00	66,241.76	70.8%
Group Health Insurance	9,370.69	30,623.04	130,700.00	100,076.96	76.6%
Retirement	9,579.00	38,316.00	123,500.00	85,184.00	69.0%
Workmans & Unemployment Compensation	125.97	895.02	4,900.00	4,004.98	81.7%
Life Insurance	317.80	1,271.20	5,100.00	3,828.80	75.1%
Long Term Disability Insurance	-	1,397.34	6,500.00	5,102.66	78.5%
Total Benefit Costs	<u>24,824.27</u>	<u>99,760.84</u>	<u>364,200.00</u>	<u>264,439.16</u>	<u>72.6%</u>
<u>Administrative Costs</u>					
Commissioners Per Diem	1,100.00	4,050.00	12,800.00	8,750.00	68.4%
<i>Rents:</i>					
Office Rent	18,989.13	79,538.97	246,000.00	166,461.03	67.7%
Parking & Transit Benefits	283.90	4,666.55	16,300.00	11,633.45	71.4%
<i>Insurance:</i>					
Public Official Bonds	373.00	1,794.05	6,800.00	5,005.95	73.6%
Liability and Property	-	100.00	2,000.00	1,900.00	95.0%
	373.00	1,694.05	4,800.00	3,105.95	64.7%
<i>Travel:</i>					
Conference / Professional Development	4,773.61	5,837.09	30,300.00	24,462.91	80.7%
Non-Local Travel	3,126.12	3,126.12	17,000.00	13,873.88	81.6%
Local Travel, Meetings and Related Expenses	-	-	2,500.00	2,500.00	100.0%
	1,647.49	2,710.97	10,800.00	8,089.03	74.9%
<i>Communication:</i>					
Postage	836.93	3,526.06	13,000.00	9,473.94	72.9%
Telephone and Data	-	210.00	1,700.00	1,490.00	87.6%
	836.93	3,316.06	11,300.00	7,983.94	70.7%
<i>Publications &amp; Supplies</i>					
Office Supplies	1,652.22	3,776.80	12,500.00	8,723.20	69.8%
Duplication and Paper	326.00	860.49	2,700.00	1,839.51	68.1%
Public Information	1,326.22	2,916.31	9,300.00	6,383.69	68.6%
	-	-	500.00	500.00	100.0%

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**  
**G&A BUDGET VARIANCE REPORT**  
 October 2017

	<u>Current Month</u>	<u>Year To Date</u>	<u>Annual Budget</u>	<u>Balance Available</u>	<u>Balance %</u>
<i>Operations:</i>	574.67	10,647.85	45,500.00	34,852.15	76.6%
Furniture and Equipment (Capital)	237.72	9,181.34	11,000.00	1,818.66	16.5%
Repairs and Maintenance	-	-	1,000.00	1,000.00	100.0%
Computer Operations	336.95	1,466.51	33,500.00	32,033.49	95.6%
<i>Other General and Administrative:</i>	488.56	3,194.04	8,600.00	5,405.96	62.9%
Subscriptions	-	-	-	-	0.0%
Memberships	95.00	571.50	1,400.00	828.50	59.2%
Fees and Miscellaneous	393.56	1,893.10	5,600.00	3,706.90	66.2%
201341.79-1363	-	729.44	1,600.00	870.56	54.4%
Total Administrative Costs	<u>28,788.12</u>	<u>112,364.86</u>	<u>375,500.00</u>	<u>263,135.14</u>	<u>70.1%</u>
	<u>Contracting Services</u>				
Auditing	9,800.00	9,800.00	22,600.00	12,800.00	56.6%
Contract Services and Support	7,009.95	18,559.95	150,000.00	131,440.05	87.6%
Legal	2,916.67	11,666.68	35,000.00	23,333.32	0.0%
Total Contract Services	<u>19,726.62</u>	<u>40,026.63</u>	<u>207,600.00</u>	<u>167,573.37</u>	<u>80.7%</u>
 Total Gross G&A Expenses	<u><u>\$ 177,678.41</u></u>	<u><u>\$ 633,599.43</u></u>	<u><u>\$ 2,337,800.00</u></u>	<u><u>\$ 1,704,200.57</u></u>	<u><u>72.9%</u></u>

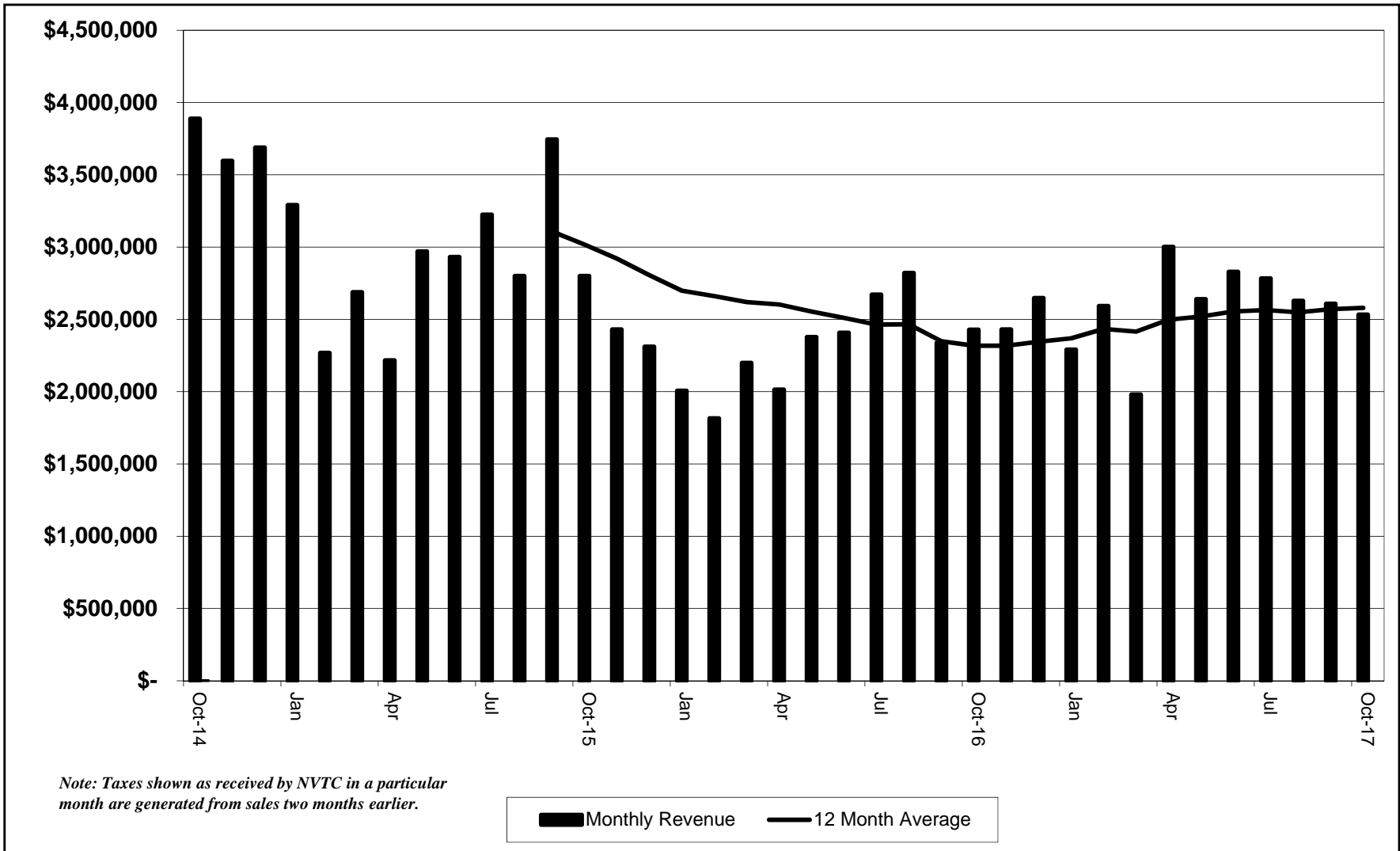
**NVTC  
RECEIPTS and DISBURSEMENTS  
October, 2017**

<u>Date</u>	<u>Payer / Payee</u>	<u>Purpose</u>	<u>Wells Fargo</u>	<u>Wells Fargo</u>	<u>Virginia LGIP</u>		
			<u>Checking</u>	<u>Savings</u>	<u>G&amp;A / Project</u>	<u>Trusts</u>	
<b>RECEIPTS</b>							
4	DMV	Motor Vehicle Fuels Sales tax receipt				\$	954.25
4	Alexandria	G&A contribution		\$ 9,594.50			
4	DRPT	Capital grant receipt - Falls Church					7,647.00
5	Arlington	G&A contribution		13,862.75			
10	DRPT	Capital grants receipts - Arlington					336,461.00
10	DRPT	Capital grants receipts - Fairfax					86,766.00
12	DRPT	Capital grants receipts - Arlington					64,567.00
12	DRPT	Capital grants receipts - Fairfax					592,247.00
13	DRPT	Operating assistance - WMATA					8,785,835.00
13	DRPT	Capital grants receipts - Arlington					102,025.00
13	DRPT	Capital grant receipt					34,049.00
13	DRPT	Capital grant receipt - Fairfax					154,893.00
17	DRPT	Grant receipt - new fare payment project			1,805.00		
17	DRPT	Capital grant receipt - Fairfax					226,656.00
25	DRPT	Capital grants receipts - WMATA					1,772,996.00
25	DRPT	Capital grant receipt			250,119.00		
25	DRPT	Capital grant receipt					23,778.00
25	DRPT	Capital grants receipts - Arlington					250,032.00
25	DRPT	Capital grant receipt - Fairfax					254,758.00
31	DRPT	Capital grant receipt - Arlington					2,298.00
31	DMV	Motor Vehicle Fuels Sales tax receipt					2,530,836.65
31	Banks	Investment earnings		6.80	10,286.73		107,319.97
			-	23,464.05	262,210.73		15,334,118.87
<b>DISBURSEMENTS</b>							
1-31	Various	G&A expenses	(191,957.67)				
1	WMATA	Metrobus operating subsidies					(24,336,653.00)
1	WMATA	Metroaccess operating subsidies					(3,182,188.00)
1	WMATA	Metrorail operating subsidies					(19,149,720.00)
1	WMATA	CIP FY2018					(11,624,667.00)
1	WMATA	Metro Matters debt service					(26,472.00)
3	Falls Church	Other capital					(7,647.00)
19	Kimley-Horn	Consulting - new fare payment project	(3,608.92)				
19	Stantec	Consulting - NTD data collection project	(2,314.11)				
25	Loudoun	I-66 toll revenue payment			(77,626.00)		
25	Alexandria	Costs incurred			(250,119.00)		
31	Banks	Service fees	(35.70)	(24.84)			
			(197,916.40)	(24.84)	(327,745.00)		(58,327,347.00)
<b>TRANSFERS</b>							
18	Transfer	From savings to checking	130,000.00	(130,000.00)			
20	Transfer	From LGIP to LGIP (NTD project)			2,314.11		(2,325.00)
			130,000.00	(130,000.00)	2,314.11		(2,325.00)
<b>NET INCREASE (DECREASE) FOR MONTH</b>			<b>\$ (67,916.40)</b>	<b>\$ (106,560.79)</b>	<b>\$ (63,220.16)</b>		<b>\$ (42,995,553.13)</b>

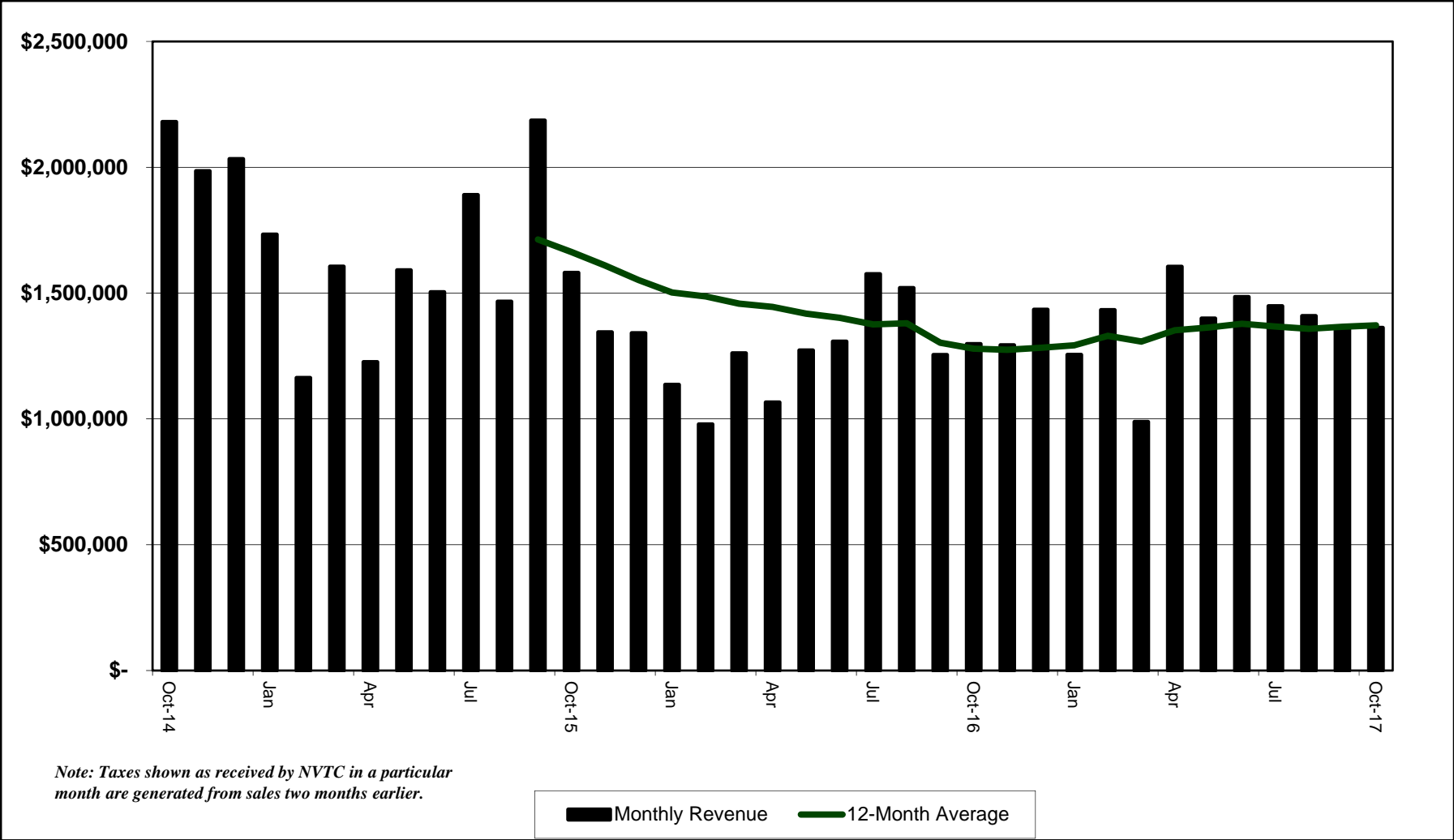
**NVTC  
INVESTMENT REPORT  
October 2017**

<u>Type</u>	<u>Rate</u>	<u>Balance 9/30/2017</u>	<u>Increase (Decrease)</u>	<u>Balance 10/31/2017</u>	<u>Balance</u>		
					<u>NVTC G&amp;A/Project</u>	<u>Jurisdictions Trust Fund</u>	<u>Loudoun Trust Fund</u>
<b><u>Cash Deposits</u></b>							
Wells Fargo: NVTC Checking	N/A	\$ 101,628.65	\$ (67,916.40)	\$ 33,712.25	\$ 33,712.25	\$ -	\$ -
Wells Fargo: NVTC Savings	0.100%	117,630.62	(106,560.79)	11,069.83	11,069.83	-	-
<b><u>Investments</u></b>							
Bank of America: Virginia Local Government Investment Pool (LGIP)	1.224%	163,209,600.29	(43,058,773.29)	120,150,827.00	9,904,162.59	88,511,056.83	21,735,607.58
		<u>\$ 163,428,859.56</u>	<u>\$ (43,142,826.25)</u>	<u>\$ 120,195,609.08</u>	<u>\$ 9,948,944.67</u>	<u>\$ 88,511,056.83</u>	<u>\$ 21,735,607.58</u>

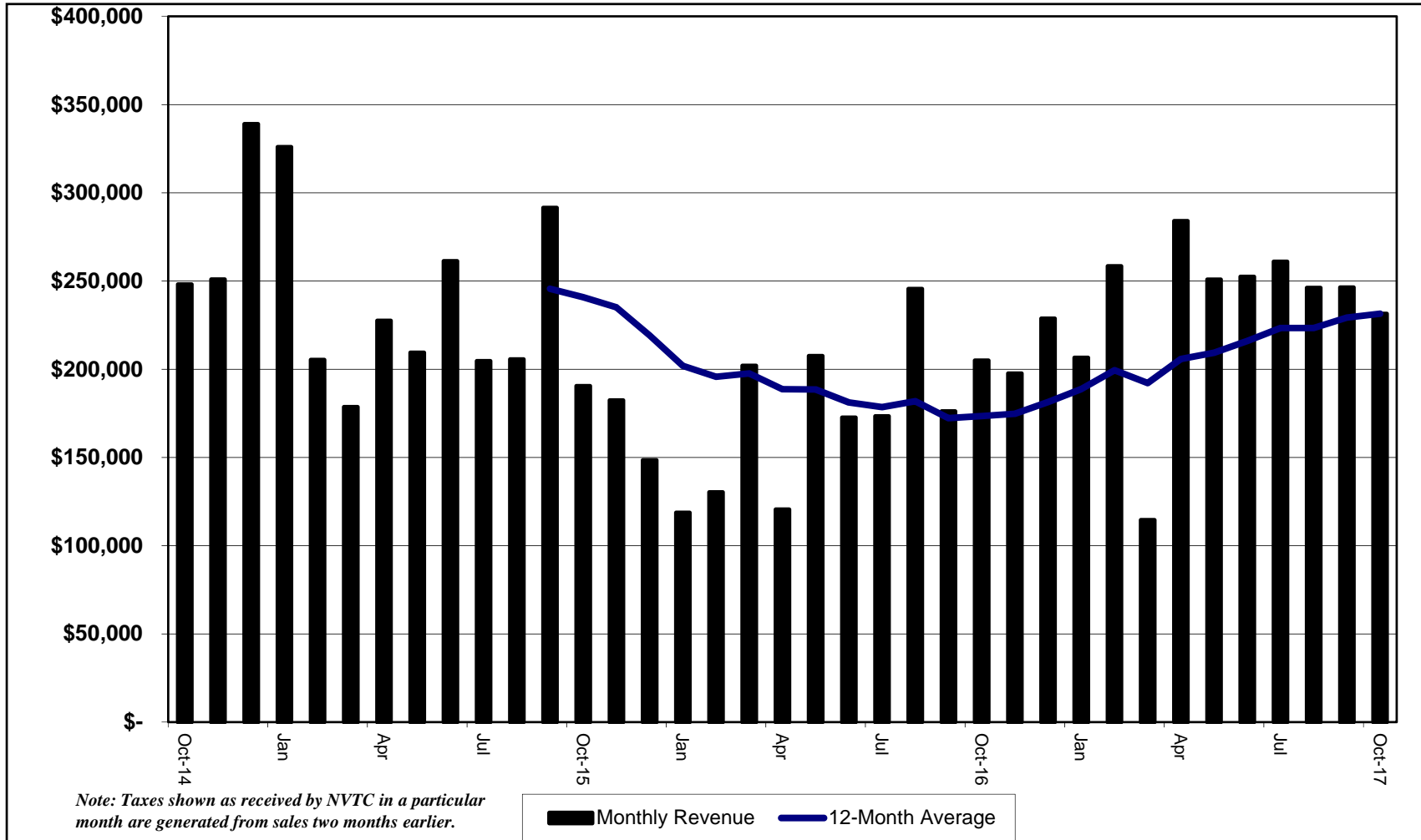
NVTC MONTHLY GAS TAX REVENUE  
ALL JURISDICTIONS  
FISCAL YEARS 2015-2018



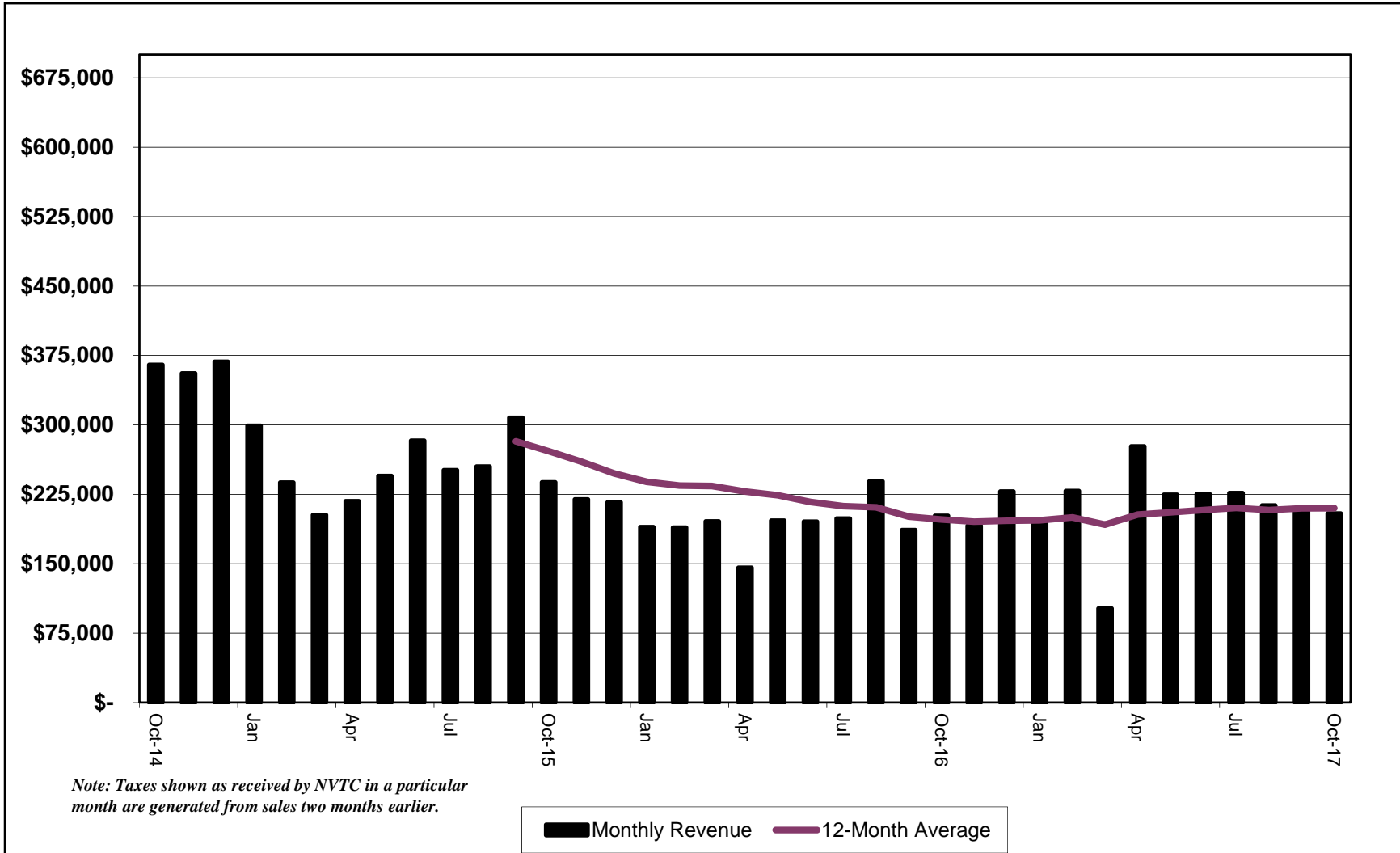
# NVTC MONTHLY GAS TAX REVENUE FAIRFAX COUNTY FISCAL YEARS 2015-2018



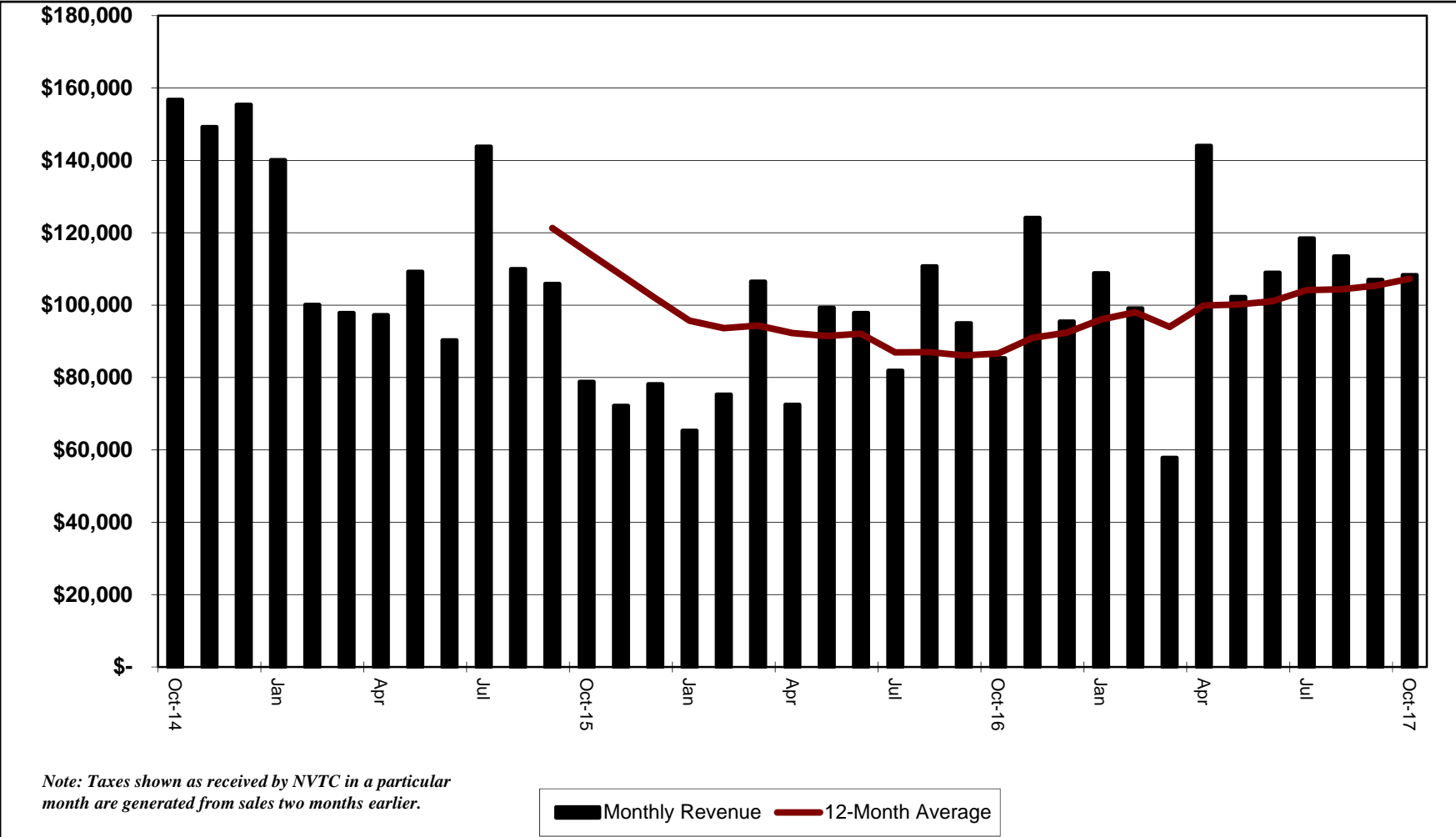
NVTC MONTHLY GAS TAX REVENUE  
CITY OF ALEXANDRIA  
FISCAL YEARS 2015-2018



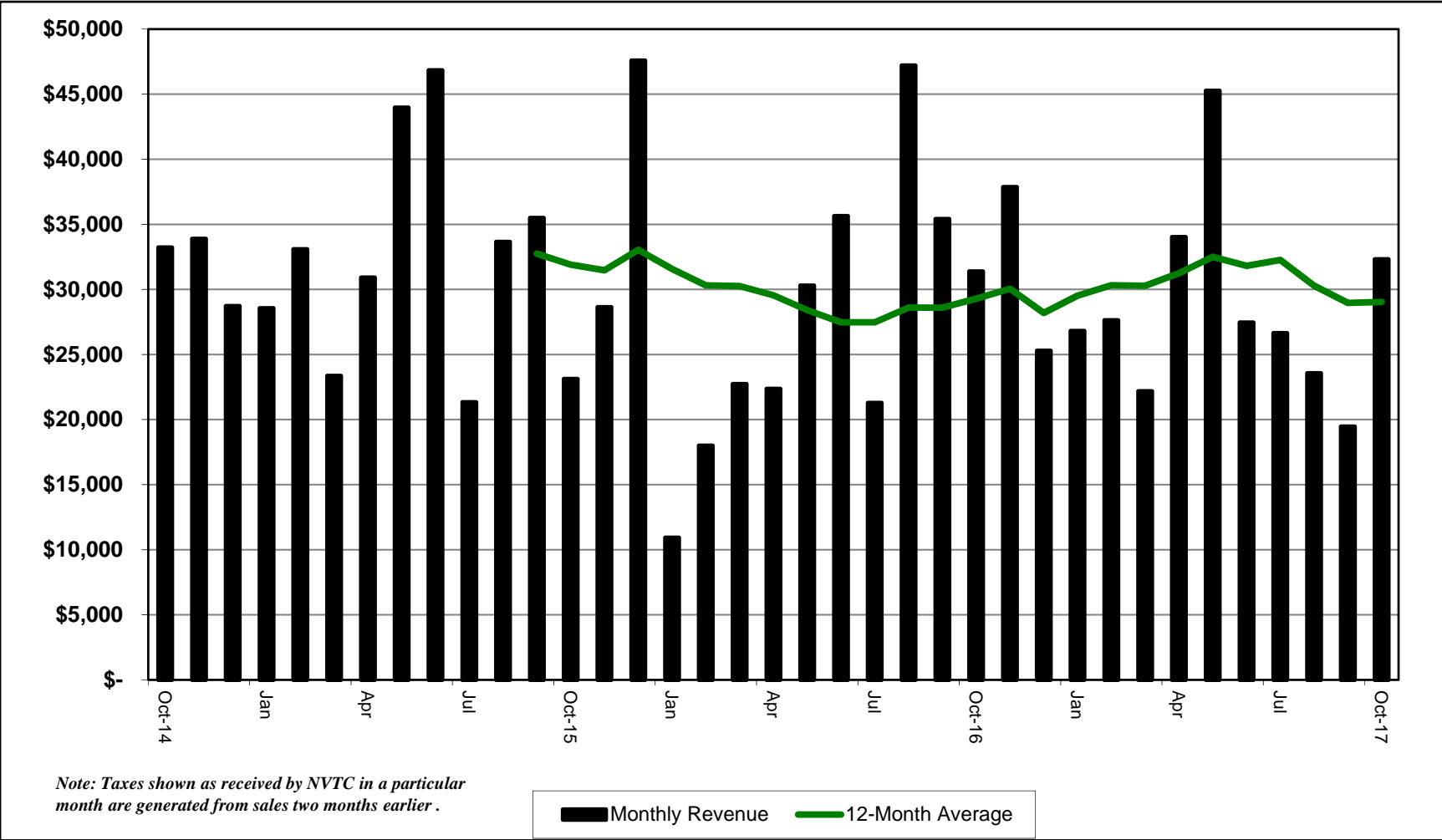
# NVTC MONTHLY GAS TAX REVENUE ARLINGTON COUNTY FISCAL YEARS 2015-2018



**NVTC MONTHLY GAS TAX REVENUE**  
**CITY OF FAIRFAX**  
**FISCAL YEARS 2015-2018**



**NVTC MONTHLY GAS TAX REVENUE**  
**CITY OF FALLS CHURCH**  
**FISCAL YEARS 2015-2018**



NVTC MONTHLY GAS TAX REVENUE  
LOUDOUN COUNTY  
FISCAL YEARS 2015-2018

