Agenda Item 10-A
Information Item

To: Chairman Cook and the VRE Operations Board
From: Doug Allen
Date: July 17, 2015
Re: Financial Plan Work Session and Discussion

At the January 16, 2015 meeting, the Operations Board approved a Task Order to the PFM Group for the development of a Financial Plan. The Financial Plan process includes several components, as outlined below:

- Creation of a customized financial model, incorporating VRE's unique characteristics and funding needs. The model allows for the creation of multiple scenarios, both initially and in the future.
- The development of the chosen scenarios, which include a baseline (constrained) version, a maintenance of current ridership version, and three growth scenarios, ranging from maintaining market share as the region grows through full implementation of the System Plan. All operating, maintenance and capital costs associated with the various scenarios are included in the model.
- Analysis of the financial model results including reliability of current funding sources, funding gaps and options for development of sustainable funding streams.
- Review and refinement of the analysis, based on interaction and feedback from professional staff and the members of the Operations Board.

At the Operations Board meeting on May 15, 2015 PFM provided an introduction to the financial model and some preliminary observations, based on the initial operating scenario that had been reviewed. As the result of the discussion with the Board the operating scenarios were revised and expanded.

At the Board meeting on July 17, 2015 we are seeking additional Board feedback on the results of the financial modeling process and a discussion of the next steps in developing and advancing funding alternatives.