VRE Long Range Service Plan
& Financial Analysis Review

December 6, 2016 – as presented to CTB Rail Committee
The CTB Rail Committee shall review the LRP and financial analysis of VRE:

- The long-term financial viability
- Their ability to maintain appropriately costed-services
- VRE’s impact on traffic volumes on the I-66/95/395 CoSS

Deadline – November 15, 2016
Analysis

Plans
- VRE System Plan 2040
- VRE Strategic Financial Forecast

Review
- Estimating methodology
- Long-term service costs
- Assumptions on funding resources
Key Findings

- Estimating methodology
  - Ridership Projections

- Long-term service costs
  - Operations & Maintenance Costs

- Assumptions on funding resources
  - Farebox Revenues
  - Local Jurisdiction Subsidies
  - State Operating Subsidies
1. Methodology is consistent with industry standards and regional growth expectations.
2. VRE’s system is poised to see significant gains in ridership by 2040 proportional to the investments made per the plan.
1. VRE operating expense levels fall within industry norms.
2. VRE has maintained 50% farebox recovery ratios.
1. VRE fare structure is comparable to other systems.
2. Additional analysis is needed to determine potential for changes to fare structure.
1. VRE System Plan 2040 projected 5% biennial growth. Strategic Financial Forecast reduced this to 3%.
2. VRE should pursue greater growth through its Operations Board.
3. Approximately 9% of Riders come from outside jurisdictions.
1. State operating subsidies have been flat and VRE is assuming no growth for this source of revenue.
2. Assuming state revenue growth in line with the CPI would help VRE’s operations funding challenges.
Conclusions

Long-Term Financial Viability:

- VRE concerns regarding the agency’s long term financial challenges are founded.
- Farebox Recovery – study elasticity
- Local Subsidy – pursue higher growth in contributions
- State Subsidy – maintain growth with CPI for operations
Conclusions

Ability to maintain appropriately costed services:

• VRE has demonstrated the ability to provide appropriately costed, efficient services that would attract increasing levels of ridership.

Impact on traffic volumes on I-66/95/395:

• The full implementation of System Plan 2040 could have a significant positive effect on traffic volumes in the I-95 and I-66 corridors.
Schedule

- **July**
  - Present Study Approach and Preliminary Findings

- **August**
  - Present Draft Report to CTB-R
  - Revise Draft based on Feedback

- **September**
  - Final Report and Presentation

- **October**
  - Format and Furnish to General Assembly by 11/15/16