To: Chairman Nohe and the VRE Operations Board  
From: Doug Allen  
Date: September 21, 2018  
Re: Recommend Authorization to Execute Agreement for Distribution and Allocation of Commuter Rail Operating and Capital Fund  

**Recommendation:**  
The VRE Operations Board is asked to recommend the Commissions authorize the execution of an agreement between NVTC and PRTC for the distribution and allocation of the Commuter Rail Operating and Capital (CROC) Fund.

**Summary:**  
NVTC and PRTC staff have reached agreement on 1) how funds from the newly created CROC Fund will be disbursed to them and 2) the process by which the Commissions, as part of the annual VRE budget process, will determine the purposes for which CROC funding will be expended.

**Background:**  
In May 2018, the Virginia General Assembly created the CROC Fund. The CROC Fund is a special non-reverting fund that receives proceeds from the wholesale fuel sales taxes currently collected in the NVTC and PRTC jurisdictions. Funds in the CROC are disbursed to PRTC and NVTC on a monthly basis in accordance with the distribution set forth in the legislation. CROC funding may be used to fund the cost of operating commuter rail...
service as well as the capital costs of acquiring, leasing, or improving railways or railroad equipment, rolling stock, rights-of-way, and facilities, including the use of debt financing where appropriate.

The proposed agreement between PRTC and NVTC will direct the manner in which funds from the CROC Fund are disbursed to the Commissions as well as the process for determining how to expend the CROC funds, including how that project selection process will be integrated into the broader annual budget process for VRE. The key points of the proposed agreement include:

- NVTC will serve on behalf of both Commissions as the recipient of all funds from the CROC Fund. This follows the existing practice of having PRTC receive and manage VRE’s federal funds and NVTC receive and manage VRE’s state and regional funds. NVTC will establish a depository for the CROC funds and invest the funds in accordance with Virginia statutory requirements.
- At the start of each year’s VRE budget process, the VRE Operations Board will recommend to the Commissions a process and criteria to be used in determining what operating and/or capital projects are to be funded (in whole or in part) with CROC funds during the upcoming fiscal year. This process and criteria will then be used to develop a list of recommended CROC-funded projects for consideration and final action by the Commissions along with the approval of the recommended VRE budget.
- NVTC will provide quarterly reports to the Commissions regarding the receipt, investment, and expenditure of CROC funds, and the VRE CEO will provide an annual report to the Operations Board and the Commissions on the status of all CROC-funded projects.

**Fiscal Impact:**

There is no direct fiscal impact to the execution of the proposed agreement between the Commissions for the distribution and allocation of the CROC funds. However, the execution of the proposed agreement will create the necessary framework for receiving, investing, programming, and expending the CROC funds, which will total $15 million per year.
Recommend Authorization to Execute Agreement for Distribution and Allocation of Commuter Rail Operating and Capital Fund

WHEREAS, on May 18, 2018, the Virginia General Assembly approved Chapter 854 of the 2018 Acts of Assembly, adopting, among other provisions, amendments to Title 33.2 of the Code of Virginia, 1950, as amended, to add a new Chapter 35, §§ 33.2-3500 – 3502, entitled the Commuter Rail Operating and Capital Fund; and,

WHEREAS, NVTC and PRTC staff have reached agreement on the manner in which funds from the Commuter Rail Operating and Capital Fund are disbursed to them, and the process by which they will determine the specific purposes for which funds from the Commuter Rail Operating and Capital Fund will be expended, and wish to set forth that agreement;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize execution of the Agreement Between NVTC and PRTC for Distribution and Allocation of the Commuter Rail Operating and Capital Fund, attached hereto as Attachment A.

Approved this 21st day of September 2018

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Martin Nohe
Chairman

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Maureen Caddigan
Secretary