Agenda Item 8-A
Action Item

To: Chair Cristol and the VRE Operations Board
From: Rich Dalton
Date: December 20, 2019
Re: Approval of the 2020 VRE Officers

Recommendation:
The VRE Operations Board is asked to approve the nominees for the 2020 VRE Officers as recommended by the Nominating Committee. The nominees are as follows:

Chairman: To be named at Operations Board meeting (PRTC)
Vice Chairman: To be named at Operations Board meeting (NVTC)
Secretary: To be named at Operations Board meeting (PRTC)
Treasurer: To be named at Operations Board meeting (NVTC)

Installation of the 2020 VRE Officers shall take place at the January 2020 VRE Operations Board Meeting.

Background:
According to the VRE Bylaws, each of the Commissions shall provide two officers from among its Operations Board Members. The offices of Chairman and Vice Chairman shall not be held at the same time by members representing the same jurisdiction or the same appointing Commission and the office of Chairman shall be rotated each year between the two Commissions.
Virginia Railway Express
Operations Board

Resolution
8A-12-2019

Approval of the 2020 VRE Officers

WHEREAS, the VRE Bylaws provide for the annual election of Officers to serve as Chairman, Vice Chairman, Secretary and Treasurer; and,

WHEREAS, the office of Chairman shall be rotated each year between the two Commissions; and,

WHEREAS, the current Chair appointed a Nominating Committee and that committee has made its recommendation of 2020 VRE Officers to the Operations Board;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby affirm the election of (to be named at Operations Board meeting) as Chairman, (to be named at Operations Board meeting) as Vice Chairman, (to be named at Operations Board meeting) as Secretary and (to be named at Operations Board meeting) as Treasurer, to serve as the 2020 VRE Officers to be installed at the January 2020 Operations Board Meeting.

Approved this 20th day of December 2019

___________________________________________
Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board
From: Rich Dalton
Date: December 20, 2019
Re: Authorization to Issue a Request for Proposals for Mechanical Engineering Consulting Services

Recommendation:
The VRE Operations Board is asked to authorize the Acting Chief Executive Officer to issue a Request for Proposals (RFP) for Mechanical Engineering Consulting Services.

Summary:
Approval of this resolution will authorize the procurement process for engineering consulting services for the Mechanical Department.

Background:
In April of 2015, the VRE Operations Board authorized the award of a contract for Mechanical Engineering Consulting Services via a competitive solicitation process. The current Mechanical Engineering Consulting Services contract will expire in May of 2020 and a new competitive solicitation must be initiated.

In accordance with Section 2.2-4303 of the Virginia Public Procurement Act, engineering is classified as a Professional Service and must be procured through an RFP. Upon completion of evaluation of proposals, negotiations are conducted with the highest ranked firm deemed to be fully qualified and best suited among those submitting Proposals, based on the factors specified in the evaluation criteria. Price is not a criterion for evaluation of Professional Services proposals. After receipt of the best and final offer from the top-ranked firm, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine the proposed cost is fair and reasonable.
VRE’s requirements for mechanical engineering consulting services include specific project work for passenger car and locomotive maintenance, repair and overhaul work as well as system-wide improvements and on-call services. Specific task orders will include oversight of locomotive and passenger car modernization, support for the operation of positive train control, future fleet procurements, fleet configuration planning and implementation of life cycle maintenance. VRE has found the use of a mechanical engineering consultant to be more time- and cost-efficient than completing numerous, separate procurements.

After competitive proposals have been evaluated, VRE staff will return to the Operations Board with a recommendation for award. As with the existing contract, the proposed contract will be a task order agreement with a not to exceed value of $6 million per year for a term of up to five years. VRE Operations Board approval is required prior to award of each task order in excess of the Chief Executive Officer’s spending authority.

**Fiscal Impact:**

There is no fiscal impact to approving the issuance of a Request for Proposals. Funds supporting the Mechanical Engineering Consulting Services contract are budgeted through specific projects in VRE’s adopted Capital Improvement Program or approved annual operating budget.
Virginia Railway Express
Operations Board

Resolution
8B-12-2019

Authorization to Issue a Request for Proposals for
Mechanical Engineering Consulting Services

WHEREAS, VRE’s requirements for mechanical engineering services include both specific project work and system-wide improvements; and,

WHEREAS, the use of a mechanical engineering consultant has proven to be more time- and cost-effective than numerous, separate procurements; and,

WHEREAS, the current Mechanical Engineering Consulting Services contract will expire in May 2020 and a new competitive solicitation must be initiated; and,

WHEREAS, in accordance with Section 2.2-4303 of the Virginia Public Procurement Act, these services must be procured through a Request for Proposals;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge that competitive negotiation is required in accordance with the Virginia Public Procurement Act; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to issue a Request for Proposals for a Mechanical Engineering Consulting Services.

Approved this 20th day of December 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board  
From: Rich Dalton  
Date: December 20, 2019  
Re: Authorization to Execute a Contract for an Email and Text Message Communication System

Recommendation:

The VRE Operations Board is asked to authorize the Acting Chief Executive Officer (CEO) to execute a contract with Everbridge, Inc. of Burlington, Massachusetts, for an Email and Text Message Communication System in the amount of $902,115, plus a 10 percent contingency of $90,212, for a total amount not to exceed $992,327, for a base year and four option years, with the CEO exercising the option years at his discretion.

Summary:

An advanced mass alert communication system is needed to send service alerts to riders more quickly and with improved accuracy. The recommended alert platform from Everbridge will require fewer steps by VRE staff to deploy messages and will utilize pre-approved templates for common service alerts. Additionally, the recommended system will provide new security capabilities for both riders and VRE staff.

Background:

In December 2018, VRE awarded a Purchase Order to Granicus, LLC, under the small purchase threshold to provide mass communication services with an allowance of up to 3.9 million text messages. Due to the sustained high volume of service-related messages sent through the communication service during the spring and summer of 2019, VRE amended the Purchase Order in July 2019 (with the authorization of the Operations Board) to an amount not to exceed $140,000 to provide for additional carrier charges incurred by Granicus for text messages. Separately, Operations Board authorization was also received in July 2019 to issue a Request for Proposals (RFP) for an email and text message...
communication system so various communication platforms could be evaluated with the intent of awarding a longer-term contract.

In developing the Scope of Work (SOW) for the RFP, it became apparent several solutions on the market offer enhanced capabilities as well as opportunities for integration with existing VRE systems. Incorporating a series of these progressive features, the SOW not only detailed the needs of a basic email and text alert service, but also outlined new requirements including 1) the ability to design template messages for common service alerts as well as the capacity to pre-program alerts to be delivered at a specified time; 2) the ability for riders to initiate a real-time report for security concerns with photo attachments; 3) the ability to alert VRE staff immediately via email, text and automated phone messages in the event of an emergency at an office location; and 4) utilization of Application Programming Interfaces to automatically push email and text alerts to social media, including Facebook and Twitter, if desired, as a means of streamlining communication efforts. Staff believes the streamlined, yet robust capabilities of such a solution are well tailored for public transportation and will serve to enhance VRE’s service communications.

A mailing list of eight prospective Offerors was established for the solicitation to ensure access to adequate sources of services. An RFP was issued on October 7, 2019, and proposals were due on November 7, 2019. Four responses were received.

Evaluation of the proposals received was performed by the Technical Evaluation Team (TET), which consisted of four VRE staff members representing the Rail Operations, Marketing, Information Technology, and Safety and Security departments. The TET met to discuss and evaluate the proposals using the following criteria:

1. Understanding of the Project Scope of Work and Technical Requirements
2. Capability and Expertise of the Offeror
3. Project Plan and Proposed Technical Solution
4. Training and Support Plan
5. Cost for Services

Interviews, which included demonstration of the proposed technical solutions, were conducted with the top two firms. It was determined the proposal from Everbridge was technically compliant and selected to be best value for the project.

Following is the final ranking of firms who submitted a proposal for an Email and Text Message Communication System.
VRE staff conducted negotiations with Everbridge to clarify assumptions and reach an agreement on the cost for the base year and each option year of the contract. Everbridge’s cost for the base year of the contract is significantly higher than VRE’s cost estimate, which was developed based upon the Purchase Order with Granicus for mass communication services.

Through additional analysis of the cost elements included in Everbridge’s proposal for the base year of the contract, it is evident the cost estimate did not fully account for the initial setup and transition to the new platform, including migration of rider contact information, design of template messages for common service alerts, and on-site training for VRE communications staff.

For the four option years of the contract, Everbridge has agreed to a fixed price of not to exceed $172,008, approximately 20% less than the base year price, including an allowance for up to 9 million SMS alerts annually.

After taking these factors into account, VRE deems Everbridge’s cost for the base year and each option year of the contract to be fair and reasonable.

The contract will be for a base year and four option years, with the VRE CEO exercising the option years at his discretion. This authorization allows work to commence upon execution of the contract.

**Fiscal Impact:**

The current budget for ‘Rail Operations – Other Communications Costs’ in FY 2020 includes funding of $50,000 for these mass communication services. Additional funding of $110,000 for this activity has already been included in the Amended FY 2020 Operating Budget, with spending authority being transferred from VRE’s operational contingency. The Recommended FY 2021 Operating Budget also reflects the increased spending on this activity, with total budgeted expenditures of $195,000 reflecting half of the base contract year and half of the first option year. Funding for future years beyond FY 2021 will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
8C-12-2019

Authorization to Execute a Contract for an
Email and Text Message Communication System

WHEREAS, an advanced mass alert system is needed to send service alerts more quickly and with improved accuracy; and,

WHEREAS, the VRE Operations Board authorized the Chief Executive Officer to issue a Request for Proposals for an Email and Text Message Communication System in July 2019; and,

WHEREAS, it was determined the proposal from Everbridge, Inc. received in response to the RFP was technically compliant and selected to be best value for the project; and,

WHEREAS, the Operations Board’s approval of this procurement does not represent its independent assessment of the candidate’s responses to the solicitation or of each step in the procurement process followed by staff; rather, the Operations Board’s action is premised upon its conclusion, after review of the information before it, that the process used by the staff was in accordance with law and that the staff recommendation appears to be reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to execute a contract with Everbridge, Inc. of Burlington, Massachusetts, for an Email and Text Message Communication System in the amount of $902,115, plus a 10 percent contingency of $90,212, for a total amount not to exceed $992,327, for a base year and four option years, with the CEO exercising the option years at his discretion.

Approved this 20th day of December 2019

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Katie Cristol
Chair

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John Cook
Secretary
Agenda Item 8-D
Action Item

To: Chair Cristol and the VRE Operations Board
From: Rich Dalton
Date: December 20, 2019
Re: Authorization to Execute a Sole Source Contract for Cab Signal Enclosure Repair Services

Recommendation:

The VRE Operations Board is asked to authorize the Acting Chief Executive Officer to execute a sole source contract with Siemens Mobility, Inc. of Munhall, Pennsylvania for Cab Signal Enclosure (CSE) repairs for a term of three years in an amount of $446,548, plus a 10 percent contingency of $44,655, for a total amount not to exceed $491,203.

Summary:

The Cab Signal System provided by Siemens Mobility, Inc. is required by CSX Transportation (CSXT) in order for VRE to operate on its railroad.

VRE has previously utilized Siemens to repair CSE on an as needed basis within the small purchase threshold. However, as VRE’s rolling stock ages, the need for repairs continues to increase, thus requiring a contract in excess of the small purchase threshold.

Background:

VRE’s Gallery IV cab cars and MP36 locomotives are equipped with a Cab Signal System, a 4-aspect, 100-hertz Automatic Train Control (ATC) system providing automatic speed control and train stop functionality.

The ATC system consists of a CSE, which houses the power supply, switch panel, a card file with Printed Circuit Boards (PCB) and interconnect PCB. Other system components include an aspect display unit, a pair of track receivers, and an axle generator. The track
receivers pick up track status information from inductively coupled rail current signals, which are then processed by the ATC system and compared against train speed. If an instance of overspeed is detected, the ATC system will illuminate the overspeed indicator on the aspect display unit, initiating a penalty brake application if the engineer does not reduce the speed within a set timeframe. The CSE are essential components of the Cab Signal System, which is designed to prevent accidents.

The CSE are designed, manufactured and serviced exclusively by the original equipment manufacturer, Siemens Mobility, Inc. As such, Siemens is the only vendor able to perform repairs.

This non-competitive procurement is in accordance with the following section of the VRE Public Procurement Policy and Procedures Manual:

6.8.2.1 The item is available only from one responsible source because: (a) It involves a unique or innovative concept or capability not available from another source. Unique or innovative concept means a new, novel, or changed concept, approach, or method that is the product of original thinking, the details of which are kept confidential or are patented or copyrighted, and is available to the recipient only from one source and has not in the past been available to the recipient from another source.

Fiscal Impact:

The FY2020 operating budget for Mechanical Operations - Repair and Maintenance of Locomotives and Repair and Maintenance of Railcars includes funding for the first year of this activity. Funding for future years will be included in each proposed annual operating budget.
Virginia Railway Express  
Operations Board  

Resolution  
8D-12-2019  

Authorization to Execute a Sole Source  
Contract for Cab Signal Enclosure Repair Services  

WHEREAS, VRE’s Gallery IV cab cars and MP36 locomotives are equipped with a Cab Signal System; and,  

WHEREAS, the Cab Signal System is required by CSX Transportation to operate on its railroad; and,  

WHEREAS, the Cab Signal Enclosures on VRE’s cab cars and locomotives, which interface with the Cab Signal System, are designed, manufactured and serviced exclusively by the original equipment manufacturer, Siemens Mobility, Inc.; and,  

WHEREAS, in accordance with State requirements, and VRE Procurement Policies, a sole source determination has been made, and public notice thereof will be provided, that Siemens Mobility, Inc. is the only vendor able to provide Cab Signal Enclosure repair services;  

NOW, THEREFORE, BE IT RESOLVED THAT the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a sole source contract with Siemens Mobility, Inc. of Munhall, Pennsylvania for cab signal enclosure repairs for a term of three years in an amount of $446,548, plus a 10 percent contingency of $44,655, for a total amount not to exceed $491,203.  

Approved this 20th day of December 2019  

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Katie Cristol  
Chair  

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John Cook  
Secretary
To: Chair Cristol and the VRE Operations Board
From: Rich Dalton
Date: December 20, 2019
Re: Authorization to Exercise Contract Options for the Delivery of Diesel Fuel for VRE Locomotives

Recommendation:
The VRE Operations Board is asked to authorize the Acting Chief Executive Officer to exercise the first option year of the two contracts for the Delivery of Diesel Fuel for VRE Locomotives. The option year will begin July 1, 2020 and end June 30, 2021. The contract option with James River Solutions of Ashland, Virginia for the delivery of diesel fuel to the Crossroads Yard is being recommended in the amount of $2,346,000, plus a 10 percent contingency of $234,600, for a total amount not to exceed $2,580,600. The contract option with Griffith Energy Services, Inc. of Columbia, Maryland for the delivery of diesel fuel to the Broad Run Yard is being recommended in the amount of $1,564,000, plus a 10 percent contingency of $156,400, for a total amount not to exceed $1,720,400.

Summary:
Both contracts afford VRE the option to reduce fuel cost volatility by locking in future fixed prices for fuel directly with the suppliers (James River Solutions and Griffith Energy Services). Fixed prices cannot be locked in for a period that is beyond the current term of the contract. By exercising the first option year of both contracts now, VRE will have the ability, if desired, to execute fixed price agreements for fuel through the end of FY 2021.

Background:
On May 17, 2019, the VRE Operations Board authorized the execution of contracts with James River Solutions in an amount not to exceed $2,647,500 and Griffith Energy Services in an amount not to exceed $1,765,000, for the base year of the contract. Both contracts are for a base period of one year with the option to extend for four additional one-year periods, with VRE Operations Board approval required to exercise each option year.
The base year for both contracts expires on June 30, 2020. Exercising the first option year of each contract prior to June 2020 will allow VRE, if desired, to enter into fixed price agreements for the delivery of fuel in FY 2021. The total cost of the first option year of the diesel fuel contracts, not factoring in the requested 10 percent contingency, is based on an estimated price of $2.30 per gallon for 1.7 million gallons.

As discussed with the Operations Board members in September, staff continues to work with VRE’s external fuel consultant to develop policies and procedures related to hedging fuel price risk through investment in futures contracts (or similar instruments) rather than entering into fixed price agreements. A follow-up presentation to the Operations Board by staff and the external consultant is expected in the winter or early spring of 2020. If approved by the Operations Board, hedging via financial investments is expected to completely replace fixed price contracts. However, if this new hedging approach were to be delayed or not implemented, VRE could continue with its current approach.

**Fiscal Impact:**

The total of the requested Contract option year authorization for James River Solutions ($2,346,000) and Griffith Energy Services ($1,564,000) is $3,910,000, not including the requested 10 percent contingency. Funding in this amount is provided for in the proposed FY 2021 budget for Mechanical Operations that is expected to be recommended by the Operations Board in December 2019 and approved by the Commissions in January 2020. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
8E-12-2019

Authorization to Exercise Contract Options for the
Delivery of Diesel Fuel for VRE Locomotives

WHEREAS, in May 2019, the VRE Operations Board authorized the execution of contracts with James River Solutions and Griffith Energy Services for the Delivery of Diesel Fuel for VRE Locomotives, with each contract having one base year with the option to extend for four additional one-year periods; and,

WHEREAS, the base year of each contract will expire on June 30, 2020; and,

WHEREAS, exercising the first option year of each contract now, before the expiration of the base year, will give VRE the ability to enter into fixed price agreements for diesel fuel through the end of FY 2021;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to exercise the first option year of the two contracts for the Delivery of Diesel Fuel for VRE Locomotives; and,

BE IT FURTHER RESOLVED THAT, the contract option with James River Solutions of Ashland, Virginia for the delivery of diesel fuel to the Crossroads Yard is being recommended in the amount of $2,346,000, plus a 10 percent contingency of $234,600, for a total amount not to exceed $2,580,600 for a period of one year; and,

BE IT FURTHER RESOLVED THAT, the contract option with Griffith Energy Services, Inc. of Columbia, Maryland for the delivery of diesel fuel to the Broad Run Yard is being recommended in the amount of $1,564,000, plus a 10 percent contingency of $156,400, for a total amount not to exceed $1,720,400 for a period of one year.

Approved this 20th day of December 2019

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Katie Cristol
Chair

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John Cook
Secretary
To: Chair Cristol and the VRE Operations Board
From: Rich Dalton
Date: December 20, 2019
Re: Referral of the Amended FY 2020 and Recommended FY 2021 VRE Operating and Capital Budgets to the Commissions and Localities

Recommendation:
The VRE Operations Board is asked to adopt the amended FY 2020 VRE Operating and Capital Budget and the recommended FY 2021 VRE Operating and Capital Budget and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their formal review and adoption; to recommend the Commissions authorize the Executive Directors of NVTC and PRTC to take the necessary actions to apply for federal and state grant funding; and to authorize the Acting Chief Executive Officer to continue discussions with the Department of Rail and Public Transportation (DRPT) regarding VRE’s contribution to a funding package for the proposed Long Bridge expansion, to include funding from the Commuter Rail Operating and Capital (C-ROC) Fund.

Summary:
Following the presentation of the preliminary FY 2021 budget in September and the budget update in November, staff is presenting the recommended FY 2021 operating and capital budget for adoption and referral. The recommended budget is balanced, with no funding gap, and with all projected uses of funding in FY 2021 supported by reasonably expected sources of funding. The FY 2021 budget includes a 3% increase in total jurisdictional contribution and no changes to passenger fares.

Background:
In accordance with the VRE Master Agreement, which outlines the process for annual budget approval, the “key issues” to be addressed in the FY 2021 budget were presented
to the VRE Operations Board for discussion in July 2019, and the preliminary FY 2021 budget was prepared for review and referral at the September 2019 Operations Board meeting. Additional discussions and reviews were undertaken with the Operations Board, the members of the Finance Committee, and staff members of the jurisdictions through the VRE Coordinating Committee (VCC) during October and November. Due to recent changes in jurisdictional staffing, a formal budget review by the Chief Administrative Officers (CAO) Taskforce was not undertaken this year; however, jurisdictional representatives have been kept regularly informed throughout the process, and a refreshed CAO Taskforce is expected for the FY 2022 budget next year.

Discussion:

The recommended FY 2021 Operating and Capital Budget totals $163.9 million. The budget includes no changes to passenger fares and projects an average daily ridership of 18,900, which results in projected annual fare revenue of $44.1 million. The budget includes a 3% increase in total subsidy contribution over FY 2020 levels, resulting in a total subsidy of $18,300,780 across VRE’s nine jurisdictional partners (see below for additional details).

The recommended FY 2021 operating budget of $91.4 million (which includes $6.2 million in debt-related expenses) represents an increase of $2.2 million or 2.4% over the FY 2020 operating budget. The detailed operating budget assumptions are provided in the FY 2021 Recommended Budget document, but the key assumptions include:

- Continuation of the current service plan of 32 daily revenue trains.
- No increase to passenger fares, including no change to the current Amtrak Step-Up fare of $8 per ticket.
- State operating assistance of $9.7 million, based on recent methodological changes to the DRPT’s performance-based assistance formulas. State assistance in FY 2020 was $10.7 million, which included $1.0 million of “transition assistance” that is not expected to be available in FY 2021.
- Continued track access fee reimbursement by DRPT at a combined rate of 84% through a combination of federal STP funds (50%) and a state capital match (34%), with VRE responsible for the balance (16%).
- Diesel fuel expenses of $3.91 million based on expected utilization of 1.70 million gallons at a per gallon cost of $2.30. This budgeted expenditure is down from $4.41 million in FY 2020 based on lower projected fuel prices and slightly lower utilization. VRE also expects to begin locking in fuel prices further in the future through a new diesel fuel hedging program that will be introduced in late FY 2020 or early FY 2021.

Additional VRE Staffing

The FY 2021 operating budget includes funding for five new VRE positions. These positions are critical for managing VRE’s expanded capital and lifecycle maintenance programs (including payment of invoices, management of contracts and grants, and reporting to
partners) and for ensuring continued high-quality customer service. The additional annual cost of these employees, including benefits, is estimated to be approximately $560,000, or about 0.6 percent of VRE’s total operating budget. The current titles for the five positions are:

- Communications Specialist
- Enterprise Resource Planning (ERP) System Administrator
- Mechanical Operations Specialist
- Contract Administrator
- Senior Grants Manager (title/role may be slightly modified)

**FY 2021 Jurisdictional Subsidy Allocation**

In accordance with the Master Agreement, VRE conducts an annual passenger survey to determine the jurisdiction of residence of its riders. The results of this survey are used to allocate the local jurisdiction subsidy. The recommended FY 2021 subsidy by individual jurisdiction, which incorporates data from the passenger survey conducted on October 2, 2019, is provided as an attachment, which also includes subsidy and ridership data for two prior years (FY 2019 and FY 2020) for comparison.

The changes in ridership and annual subsidy allocation across the three years highlight the variability that is inherent in a “once-a-year” survey, even one with as high a response rate as the Master Agreement Survey. In particular, the large increase in Fairfax County ridership recorded in the previous survey led to a significant increase in Fairfax County’s subsidy in FY 2020 and a corresponding significant decline in subsidy for all the other participating jurisdictions.

This most recent survey, conversely, recorded a drop in the share of riders from Prince William County, leading to a decline in FY 2021 subsidy for Prince William County relative to FY 2020 and an increase for all others. In the case of Spotsylvania County and the Cities of Manassas, Manassas Park, and Fredericksburg, the annual increase from FY 2020 to FY 2021 ranges from 14 to 17 percent. However, when compared to FY 2019, only the City of Manassas shows an increase (2.7%) and the other three are still below their FY 2019 contribution levels.

**Six-Year Financial Forecast**

The FY 2021 budget document includes a six-year financial forecast for the period FY 2021 through 2026. The forecast assumes the continuation of biennial 3% fare increases (in FY 2022, 2024, and 2026) and biennial 3% local subsidy increases (in FY 2021, 2023 and 2025). The forecast assumes modest capacity enhancements through lengthening of some existing trains, but no change in overall service level beyond the current 32 daily trains.

The significant funding gap that had manifested in previous versions of this forecast due to a projected decline in funding for track access fees has been largely resolved as a result of
actions by the General Assembly and DRPT. These commitments to continue current levels of reimbursement for track access fees have substantially improved VRE’s fiscal sustainability in the near-term. However, the long-term structural deficit facing VRE, with projected expenses outpacing revenues, is still apparent in the trends of the six-year forecast, as farebox recovery declines from its current level of 53% to right at the required 50% threshold in the final two years of the forecast. Also, as noted in previous discussions with the Operations Board, this forecast depends on continued growth in ridership – were ridership to severely stagnate or decline, the 50% farebox requirement could become a binding constraint much more quickly.

**Capital Budget and Six-Year Capital Improvement Program (CIP)**

The FY 2021–2026 Capital Improvement Program (CIP) is an integrated set of projects and programs that will improve passenger safety and operational efficiency, maintain the VRE system in a state of good repair, and expand capacity. The six-year CIP includes both fully- and partially funded projects.

In previous years, VRE included several projects in the CIP that were largely or entirely unfunded. These ‘future projects’ had been identified as important to VRE's long-term service planning but generally were still in the conceptual stages of project design; did not have identified funding commitments or plans to apply for such funding; and in some cases, were unlikely to be administered by VRE.

Beginning with last year's budget, VRE now describes these projects separately in the budget document. The decision to present these future projects separately does not mean the projects are not important; instead, it reflects that the projects are relatively undeveloped and are unlikely to be completed (or even substantially underway) during the six-year CIP period. As the projects move forward and as more reliable cost estimates are developed, they may be candidates to move into the formal six-year CIP in future budget years if VRE is identified as the lead entity responsible for project implementation.

Given current cost estimates, full funding of the projects in the FY 2021–2026 CIP (including all costs to complete) will require approximately $836 million. Of this total, $729 million (87%) is already committed from a range of federal, state, regional, and local sources (this includes life-to-date funding through FY 2020). The table below represents VRE’s funded and unfunded project costs for projects in the six-year CIP.

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>PROJECT COST</th>
<th>FUNDED</th>
<th>UNFUNDED</th>
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<td>Asset Management</td>
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<td>$15.7</td>
<td></td>
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<tr>
<td>Expansion</td>
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</tbody>
</table>

Further details on the CIP by project and by funding source are provided in the attachments.
Commuter Rail Operating and Capital (C-ROC) Fund and VRE Support for the Proposed Long Bridge Expansion

The joint agreement between NVTC and PRTC for the administration of the dedicated C-ROC funding requires the Operations Board to set out evaluation criteria and a project list for the programming of C-ROC funds. VRE staff engaged with the Operations Board members during the FY 2020 budget process to develop criteria and strategic guidance. At the conclusion of last year’s process, the Operations Board agreed to commit $15 million of C-ROC funding to the Crystal City Station Improvements project (FY 2020 funding) and $30 million to the L’Enfant Station Improvements project (FY 2019 and FY 2021 funding).

As a complement to the System Plan 2040, VRE developed a financial plan showing the long-term operating and capital funding required to support the planned system expansion. The findings of this financial plan, which were endorsed by the Commonwealth Transportation Board, were critical in building support for the creation of C-ROC. The financial plan assumed a VRE contribution to a Long Bridge expansion effort in addition to key station and facilities projects and operating support. VRE’s recent financial plan refresh (as discussed with the Finance Committee in the spring of 2019) indicated that operational support from C-ROC is not needed in the near-to-medium term timeframe, helped in part by DRPT’s commitment on reimbursement of track access fees.

As noted in November’s budget update, VRE staff have engaged in preliminary discussions with DRPT about a funding package for the proposed Long Bridge expansion. These discussions have included parameters for a potential financial contribution from VRE, given the importance of Long Bridge to VRE’s future plans. The Operations Board has clearly indicated that C-ROC should be used for transformative and capacity-enhancing projects; and given that Long Bridge is the single most transformative project in the VRE system, DRPT and VRE have tentatively identified C-ROC as the source for a contribution to Long Bridge.

The preliminary discussions are currently contemplating a combination of an upfront contribution to Long Bridge of more than $100 million from a C-ROC backed debt issuance, plus additional pay-as-you-go (PAYGO) contributions during the period of design and capital construction.

As required by the legislation that created C-ROC, no more than 66 percent of C-ROC funds may be committed to debt service, and the preliminary discussions have assumed no more than 50 percent (i.e., $7.5 million of the annual $15 million of funding). The total proceeds from a C-ROC backed debt issuance that would be available for the Long Bridge project would depend on market conditions, credit ratings, the tenor of debt, and other factors that would only be known at the time of issuance.

Under this proposed approach, VRE contributions to Long Bridge would not start until FY 2022 at the earliest, and the $45 million already programmed on the critical Crystal City and L’Enfant station projects would be retained. In addition, PAYGO contributions would cease at approximately the time of completion of Long Bridge, becoming available to VRE to support service expansion.
Finally, DRPT has also committed to revisiting transit service plans to be supported by future I-66 Outside the Beltway funds, with expanded VRE service expected to be strongly competitive for that support (both for operations and for capital, including additional rolling stock). This funding would help fill some of the operating funding role originally anticipated for C-ROC.

**FY 2020 Amended Budget**

As part of the annual process of adopting the budget for the upcoming fiscal year, VRE also revises the current year budget to reflect updated projections for revenues and expenses. The material revisions for the FY 2020 amended budget are as follows:

**Operating Budget**

Increase in state operating funds in the amount of $1.20 million reflecting higher operating assistance than originally projected (of which $1.0 million is one-time “transition assistance” that will not be available in FY 2021).

Increased line-item operating expenses of $1.62 million, including net increases of:

- $561,000 for Keolis staffing and other costs associated with storage and service of trainsets at L’Enfant
- $475,000 for the purchase of door control switches
- $150,000 for the purchase of furniture and fixtures for the Lifecycle Overhaul and Upgrade Facility (LOU) facility
- $114,000 for increased liability insurance costs
- $110,000 for additional communications costs for rail operations, including Train Talk, SurveyMonkey, and other outreach efforts
- $100,000 for additional VRE website development costs
- $95,000 for bridge and parking structure inspections

Of these increased line-item operating expenses, $1.2 million can be funded from the increased state operating assistance, requiring $413,000 to be reprogrammed from VRE’s unused organizational contingency. The budget remains balanced and no additional jurisdictional contribution is required.

**Capital Budget**

Commitment of $2.98 million of Capital Reserve funding across four projects:

- $2.36 million for purchase of land adjacent to Crossroads Yard for the addition of the LOU, lengthening of existing tracks, and expansion of parking (as authorized by Resolution 9C-03-2019).
- $174,619 of additional funding for the preliminary engineering and environmental clearance phase for the Crystal City Station Improvements project (as authorized by Resolution 9C-09-2019).
- $345,410 of funding for one-time data upgrades to the FareGo back-end administrative system (as authorized by Resolution 9B-05-2019).
- $96,222 of funding for design services for Phase 2 of the VRE headquarters office renovation (as noted in the December 2019 spending authority report).
- $3,000,000 in previously unallocated federal formula funding (including required state/local match) for the Rolling Road Station Improvements project.
Virginia Railway Express
Operations Board

Resolution
8F-12-2019

Referral of the Amended FY 2020 and Recommended FY 2021 VRE Operating and Capital Budgets to the Commissions and Localities

WHEREAS, the VRE Master Agreement requires the Commission be presented with a fiscal year budget for their consideration at their respective January meetings prior to the commencement of the subject fiscal year; and,

WHEREAS, the VRE Acting Chief Executive Officer has provided the VRE Operations Board with the recommended FY 2021 Operating and Capital Budget within the guidelines developed in cooperation with the staff representatives of the local jurisdictions; and,

WHEREAS, the FY 2021 budget recommends no changes to current passenger fares, including the Amtrak Step-Up fare; and,

WHEREAS, the FY 2021 budget recommends a 3% increase in the jurisdictional subsidy contribution over the FY 2020 level, to a total amount of $18,300,780, with allocation to the individual jurisdictions in accordance with the VRE Master Agreement and utilizing the results of the October 2019 Master Agreement Survey; and,

WHEREAS, VRE staff recommends a budget based on a service level of 32 daily revenue trains and average daily ridership of 18,900 trips; and,

WHEREAS, VRE staff recommends a budget that includes five new full-time positions to support VRE’s expanded capital and lifecycle maintenance programs and to ensure continued high-quality customer service;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions adopt the FY 2021 VRE Operating and Capital Budget in the following amounts and forward this budget to the local jurisdictions for inclusion in their budgets and appropriations in accordance with the Master Agreement; and,

<table>
<thead>
<tr>
<th>Budget Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>$ 91,387,287</td>
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<tr>
<td>Capital Budget</td>
<td>$  72,507,750</td>
</tr>
<tr>
<td>Total Operating and Capital</td>
<td>$163,895,037</td>
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</table>
BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions adopt the amended FY 2020 Operating and Capital Budget in the following amounts; and,

- Operating Budget $ 90,439,906
- Capital Budget $ 67,681,751
- Total Operating and Capital $158,121,657

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer, following the recommendation of the FY 2021 Operating and Capital Budget by the Commissions, to initiate recruitment and hiring activities for the five new VRE employee positions prior to the start of the fiscal year on July 1, 2020; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Executive Directors of both PRTC and NVTC to submit to the Transportation Planning Board of the National Capital Region and to the Federal Transit Administration or other federal agencies, the appropriate Transit Improvement Program and grant applications for FY 2020 and FY 2021; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions authorize the Executive Director of NVTC to submit to the Commonwealth the approved budget as part of the FY 2021 state aid grant applications; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby authorize the Acting Chief Executive Officer to continue discussions with the Department of Rail and Public Transportation and other agencies of the Commonwealth regarding a potential contribution of Commuter Rail Operating and Capital funds to a broader funding package for the proposed Long Bridge expansion project, which may include both direct contributions and the issuance of debt backed by Commuter Rail Operating and Capital funds, and with any formal agreement regarding the commitment of such funds requiring the recommendation of the VRE Operations Board and the approval of the Commissions, and the approval of the individual jurisdictions if any debt is to be issued.

Approved this 20th day of December 2019

______________________________
Katie Cristol
Chair

______________________________
John Cook
Secretary
## Subsidy by Jurisdiction

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>FY 2019 Subsidy</th>
<th>%</th>
<th>FY 2020 Subsidy</th>
<th>%</th>
<th>FY 2021 Subsidy</th>
<th>%</th>
<th>Change FY20 to FY21 Net</th>
<th>% Change</th>
<th>Change FY19 to FY21 Net</th>
<th>% Change</th>
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<td>$6,379,017</td>
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<td>$993,223</td>
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<td>Prince William County</td>
<td>6,183,745</td>
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<td>6,098,311</td>
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<td>5,930,777</td>
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<td>(252,968)</td>
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<td>Stafford County</td>
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<td>2,352,820</td>
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<td>2,477,175</td>
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<td>Spotsylvania County</td>
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<td>1,285,670</td>
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<td>1,503,754</td>
<td>8.2%</td>
<td>218,084</td>
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<td>(128,881)</td>
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<td>Manassas</td>
<td>785,898</td>
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<td>694,742</td>
<td>3.9%</td>
<td>807,234</td>
<td>4.4%</td>
<td>112,492</td>
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<td>405,485</td>
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<td>468,364</td>
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<td>62,879</td>
<td>15.5%</td>
<td>(42,947)</td>
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<td>Fredericksburg</td>
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<td>321,028</td>
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<td>367,089</td>
<td>2.0%</td>
<td>46,061</td>
<td>14.3%</td>
<td>(69,479)</td>
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<tr>
<td>Arlington</td>
<td>211,863</td>
<td>1.2%</td>
<td>211,863</td>
<td>1.2%</td>
<td>218,219</td>
<td>1.2%</td>
<td>6,356</td>
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<td>3.0%</td>
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<tr>
<td>Alexandria</td>
<td>144,807</td>
<td>0.8%</td>
<td>144,807</td>
<td>0.8%</td>
<td>149,151</td>
<td>0.8%</td>
<td>4,344</td>
<td>3.0%</td>
<td>4,344</td>
<td>3.0%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$17,767,748</strong></td>
<td>100%</td>
<td><strong>$17,767,748</strong></td>
<td>100%</td>
<td><strong>$18,300,780</strong></td>
<td>100%</td>
<td><strong>$533,032</strong></td>
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<td><strong>$533,032</strong></td>
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## Survey Ridership by Jurisdiction

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<tr>
<th>Jurisdiction</th>
<th>October 2017 Riders</th>
<th>%</th>
<th>October 2018 Riders</th>
<th>%</th>
<th>October 2019 Riders</th>
<th>%</th>
<th>Change Oct. 18 to Oct. 19 Net</th>
<th>% Change</th>
<th>Change Oct. 17 to Oct. 19 Net</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairfax County</td>
<td>2,122</td>
<td>22.1%</td>
<td>2,512</td>
<td>25.2%</td>
<td>2,449</td>
<td>25.9%</td>
<td>(63)</td>
<td>-2.5%</td>
<td>327</td>
<td>15.4%</td>
</tr>
<tr>
<td>Prince William County</td>
<td>2,995</td>
<td>31.2%</td>
<td>3,083</td>
<td>30.9%</td>
<td>2,752</td>
<td>29.1%</td>
<td>(331)</td>
<td>-10.7%</td>
<td>(243)</td>
<td>-8.1%</td>
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<tr>
<td>Stafford County</td>
<td>1,517</td>
<td>15.8%</td>
<td>1,610</td>
<td>16.2%</td>
<td>1,520</td>
<td>16.1%</td>
<td>(90)</td>
<td>-5.6%</td>
<td>3</td>
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<tr>
<td>Spotsylvania County</td>
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<td>12.1%</td>
<td>1,080</td>
<td>10.8%</td>
<td>1,079</td>
<td>11.4%</td>
<td>(1)</td>
<td>-0.1%</td>
<td>(80)</td>
<td>-6.9%</td>
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<tr>
<td>Manassas</td>
<td>416</td>
<td>4.3%</td>
<td>385</td>
<td>3.9%</td>
<td>399</td>
<td>4.2%</td>
<td>14</td>
<td>3.6%</td>
<td>(17)</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Manassas Park</td>
<td>264</td>
<td>2.8%</td>
<td>221</td>
<td>2.2%</td>
<td>229</td>
<td>2.4%</td>
<td>8</td>
<td>3.6%</td>
<td>(35)</td>
<td>-13.3%</td>
</tr>
<tr>
<td>Fredericksburg</td>
<td>359</td>
<td>3.7%</td>
<td>285</td>
<td>2.9%</td>
<td>287</td>
<td>3.0%</td>
<td>2</td>
<td>0.7%</td>
<td>(72)</td>
<td>-20.1%</td>
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<tr>
<td>Other</td>
<td>759</td>
<td>7.9%</td>
<td>789</td>
<td>7.9%</td>
<td>734</td>
<td>7.8%</td>
<td>(55)</td>
<td>-7.0%</td>
<td>(25)</td>
<td>-3.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,591</strong></td>
<td>100%</td>
<td><strong>9,965</strong></td>
<td>100%</td>
<td><strong>9,449</strong></td>
<td>100%</td>
<td>(516)</td>
<td>-5.2%</td>
<td>(142)</td>
<td>-1.5%</td>
</tr>
</tbody>
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*Note: In accordance with the VRE Master Agreement, subsidy allocation is determined by both the share of ridership from each Participating jurisdiction as well as the share of fare revenue contributed by those riders.*
# Capital Improvement Program By Program Area (in millions)

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Life-To-Date</th>
<th>2020</th>
<th>FY 2021 Proposed</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management/State of Good Repair</td>
<td>AM-2</td>
<td>Automatic Passenger Counters</td>
<td>2.9</td>
<td>2.9</td>
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<tr>
<td></td>
<td>AM-4</td>
<td>Enhancement Grant - Security</td>
<td>0.7</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
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<tr>
<td></td>
<td>AM-5</td>
<td>Equipment Asset Management Program</td>
<td>15.1</td>
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<td>84.3</td>
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<td></td>
<td>AM-6</td>
<td>Facilities Asset Management Program</td>
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<td></td>
<td>AM-6A</td>
<td>Fredericksburg Station Rehabilitation</td>
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<tr>
<td></td>
<td>AM-7</td>
<td>Positive Train Control</td>
<td>14.2</td>
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<td>14.2</td>
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<td>AM-8</td>
<td>Security Cameras</td>
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<td></td>
<td>AM-9</td>
<td>Realtime Multimodal Traveler Information (New Project)</td>
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<tr>
<td>Asset Management/State of Good Repair Total</td>
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<td>Information Technology</td>
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<td>ERP Implementation</td>
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<td>IT-3</td>
<td>TRIP AMS Upgrade</td>
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<td>IT-4</td>
<td>Fare Go data upgrade to backend system</td>
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<tr>
<td>Asset Management/State of Good Repair Total</td>
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<td>Passenger Station Facilities</td>
<td>ST-1</td>
<td>Alexandria Station Improvements</td>
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<td>Backlick Road Station Improvements</td>
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<td>ST-5</td>
<td>Braddock Station Improvements</td>
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To: Chair Cristol and the VRE Operations Board  
From: Rich Dalton  
Date: December 20, 2019  
Re: Spending Authority Report

On May 15, 2015, the VRE Operations Board approved increasing the Chief Executive Officer’s spending authority from $50,000 to $100,000. It was resolved any purchase of greater than $50,000 would be communicated to the Board as an information item.

- On November 7, 2019, VRE amended a Sole Source Purchase Order with Siemens Mobility, Inc. to increase the amount from $24,524 to $62,730 for cab signal enclosure repairs.

- On November 11, 2019, VRE issued a Task Order in the amount of $96,222 to STV Incorporated under the General Engineering Consulting Services Contract, to provide design services for Phase 2 of the VRE Suite 202 Office Renovation Project.

- On November 25, 2019, VRE issued a Task Order in the amount of $70,509 to Keolis Rail Services Virginia, LLC under the Maintenance Services for Commuter Rail Contract for track repairs at the Crossroads Maintenance and Storage Facility.