VRE Operations Board Meeting

December 18, 2020

Operations Board Meeting - 9:00 am

Virtual Meeting Via WebEx

1. Call to Order
2. Roll Call
3. Finding Need to Conduct December 18, 2020 VRE Operations Board Meeting Electronically
4. Approval of Agenda
5. Approval of Minutes from the November 20, 2020 VRE Operations Board Meeting
6. Chairman’s Comments
7. Chief Executive Officer’s Report
8. Virginia Railway Express Riders’ and Public Comment
9. Action Items:
   A. Approval of the 2021 VRE Operations Board Officers
   B. Authorization to Execute a Contract for Electronic Fuel Injector Assemblies
   C. Authorization to Issue an MEC VII Task Order for National Transit Database and Asset Management Reporting, Phase VII
   D. Referral of the Amended FY 2021 and the Recommended FY 2022 VRE Operating and Capital Budgets to the Commissions and Localities
10. Information Items:
   A. VRE’s Transit Asset Management Plan Update for 2020
   B. Spending Authority Report

11. Closed Session

12. Operations Board Member’s Time

The Next VRE Operations Board Meeting
January 15, 2021 - 9:00 am via WebEx
Virginia Railway Express
Operations Board

Resolution
3-12-2020

Resolution Finding Need to Conduct December 18, 2020 Meeting Electronically

WHEREAS, on March 12, 2020, the Governor of Virginia declared a state of emergency in Virginia in response to the spread of novel coronavirus, or COVID-19, a communicable disease of public health threat as so declared by the State Health Commissioner on February 7, 2020 ("COVID-19"); and,

WHEREAS, in subsequent Executive Orders, particularly Executive Order Nos. 53 and 55, as amended, the Governor of Virginia, among other measures designed to ensure safe physical distancing between individuals, prohibited public and private in person gatherings of 10 or more individuals and ordered all individuals in Virginia to remain at their place of residence, with limited exceptions, to mitigate the impacts of COVID-19 and prevent its spread; and,

WHEREAS, the Virginia Railway Express Operations Board finds that it has a responsibility to demonstrate to the public, through the Board’s conduct, the importance of maintaining proper physical distance from others and to avoid gathering in public where the risks of infection are highest, and to take measures that promote physical distancing in order to protect the public health and mitigate the impacts and spread of COVID-19, including, among others, conducting meetings electronically whenever possible; and,

WHEREAS, on April 22, 2020, the Virginia General Assembly adopted, and the Governor signed, budget bill amendments to HB 29 that expressly authorize “any public body, including any state, local, [or] regional body” to “meet by electronic communication means without a quorum of the public body . . . physically assembled at one location when the Governor has declared a state of emergency . . ., provided that (i) the nature of the declared emergency makes it impracticable or unsafe for the public body . . . to assemble in a single location; (ii) the purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the public body . . . and the discharge of its lawful purposes, duties, and responsibilities” among other provisions; and,
WHEREAS, jurisdictions of the Virginia Railway Express Operations Board have adopted continuity of government ordinances pursuant to Va. Code Ann. § 15.2-1413 which ordinances, among other provisions, authorize regional bodies of which the locality is a member to meet electronically to transact business to assure the continuity of government;

NOW, THEREFORE, BE IT RESOLVED, the Virginia Railway Express Operations Board hereby finds that meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Operations Board to assemble in a single location on December 18, 2020, to discuss and transact the business of the Operations Board listed on the December 18, 2020 Operations Board Meeting Agenda; and,

BE IT FURTHER RESOLVED, the Virginia Railway Express Operations Board hereby finds that meeting by electronic means is authorized because the items on the December 18, 2020 Operations Board Meeting Agenda are statutorily required or necessary to continue operations of the Operations Board and the discharge of the Operations Board’s lawful purposes, duties, and responsibilities; and,

BE IT FURTHER RESOLVED, the Virginia Railway Express Operations Board hereby finds that the items on the December 18, 2020 Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by several member localities of the Virginia Railway Express Operations Board to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19.

Approved this 18th day of December 2020

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Gary Skinner
Chairman

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Jeanine Lawson
Secretary
To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: December 18, 2020

Re: Approval of the 2021 VRE Operations Board Officers

Recommendation:

The VRE Operations Board is asked to approve the nominees for the 2021 VRE Operations Board Officers as recommended by the Nominating Committee. The nominees are as follows:

Chairman: Elizabeth Bennett-Parker (NVTC)
Vice Chairman: Jeanine Lawson (PRTC)
Secretary: James Walkinshaw (NVTC)
Treasurer: Preston Banks (PRTC)

Installation of the 2021 Officers shall take place at the January 2021 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
9A-12-2020

Approval of the 2021 VRE Operation Board 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 2021 VRE Officers to the Operation Board;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby affirm the election of Elizabeth Bennett-Parker as Chairman, Jeanine Lawson as Vice Chairman, James Walkinshaw as Secretary, and Preston Banks as Treasurer, to serve as the 2021 VRE Operation Board Officers to be installed at the January 2021 Operations Board Meeting.

Approved this 18th day of December 2020

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Gary Skinner
Chairman

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Jeanine Lawson
Secretary
Agenda Item 9-B  
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: December 18, 2020

Re: Authorization to Execute a Contract for Electronic Fuel Injector Assemblies

Recommendation:
The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Progress Rail Locomotive Inc. of LaGrange, Illinois, for Electronic Fuel Injector Assemblies in the amount of $594,935, plus a 10 percent contingency of $59,494, for a total amount not to exceed $654,429.

Summary:
The manufacturer of VRE’s locomotives recommends the replacement of the Electronic Fuel Injector Assemblies after every three years of service. This contract will provide the necessary parts for this recommended maintenance for VRE’s fleet of 20 locomotives.

Background:
VRE purchased 20 MP36PH-3C locomotives from MotivePower, Inc. which were delivered in 2010-2011.

MotivePower, Inc. recommends replacing each locomotive’s electronic fuel injector assembly every three years of service to maintain optimal performance and the engine’s EPA Tier II certification. The locomotives are now nine years old and it is time to remove and replace the electronic fuel injector assemblies for the third cycle.

On November 2, 2020, an Invitation for Bids (IFB) for Electronic Fuel Injector Assemblies was issued. A mailing list of six prospective Bidders was established for the solicitation to ensure access to adequate sources of services. Bids were due on December 7, 2020, and
two responses were received. Of the two responses received, one bid was determined to be incomplete and thus deemed non-responsive to the requirements of the IFB.

The bid tabulation is as follows:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Progress Rail Locomotive Inc.</td>
<td>$594,934.40</td>
</tr>
</tbody>
</table>

After review of the bids, it was determined Progress Rail Locomotive Inc. was the only responsive-responsible bidder.

Staff has certified the price offered by Progress Rail Locomotive Inc. is fair and reasonable as compared to the cost estimate.

**Fiscal Impact:**

Funding is provided through the current FY 2021 operating budget for locomotive repairs and maintenance. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
9B-12-2020

Authorization to Execute a Contract for
Electronic Fuel Injector Assemblies

WHEREAS, the manufacturer of VRE’s locomotives recommends the replacement of the
Electronic Fuel Injector Assemblies after every three years of service; and,

WHEREAS, VRE’s locomotives are nine years old and a third cycle of removal and
replacement of the electronic fuel injector assemblies is needed; and,

WHEREAS, an Invitation for Bids for Electronic Fuel Injector Assemblies was issued on
November 2, 2020 and two responses were received on December 7, 2020; and,

WHEREAS, one bid was determined to be incomplete and thus deemed non-responsive to
the requirements of the Invitation for Bids; and,

WHEREAS it was determined Progress Rail Locomotive Inc. was the only 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, Illinois for Electronic Fuel Injector Assemblies in the amount of $594,935,
plus a 10 percent contingency of $59,494, for a total amount not to exceed $654,429.

Approved this 18th day of December 2020

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Gary Skinner
Chairman

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Jeanine Lawson
Secretary
Agenda Item 9-C
Action Item

To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: December 18, 2020

Re: Authorization to Issue an MEC VII Task Order for National Transit Database and Asset Reporting Phase VII

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Task Order under the Mechanical Engineering Consulting Services Contract (MEC VII) to STV Incorporated for National Transit Database (NTD) and Asset Reporting Phase VII in the amount of $427,799, plus a 10 percent contingency of $42,780, for a total not to exceed $470,579.

Summary:

Authorization of this MEC VII Task Order will permit further development, implementation and execution of processes required for VRE’s Transit Asset Management (TAM) Plan and NTD reporting compliance.

Background:

VRE has completed several initiatives resulting in strategies for managing VRE rolling stock and facilities assets and maintaining these assets in a continuous state of good repair. The Federal Transit Administration (FTA) requires VRE to develop methodologies and processes to perform ongoing assessments of VRE rolling stock and facilities, manage and perform State of Good Repair projects, and report transit asset management information.
VRE has asked STV to assist in developing the appropriate information, methodologies and processes for the TAM Plan and reporting to the NTD as outlined in the Final FTA Rule. This rule originated from the Moving Ahead for Progress in the 21st Century (MAP-21) federal transportation bill.

STV has developed the framework and standardized processes to perform ongoing asset assessments, developed tools to prioritize funding for State of Good Repair projects consistent with the Transit Economic Requirements Model (TERM), and developed processes for reporting asset management information to the FTA via the NTD.

The scope of work for this Task Order focuses on the continuation of ongoing transit asset management initiatives per federal requirements stemming from the MAP-21 legislation. Specifically, STV will conduct Facility Condition Assessments, which must be resubmitted to the NTD in Report Year 2022 and are necessary to further develop VRE’s asset management program. These assessments include nineteen passenger rail stations, three parking facilities, two administrative facilities and twelve maintenance facilities, including service and inspection buildings, crew buildings, train wash, warehouse, and mid-day storage facilities.

This work builds on VRE’s recently developed TAM Plan and includes development of separate lifecycle maintenance plans for VRE’s revenue vehicles and facilities, enhancements to VRE’s internet-based asset management tool, and continued support related to internal and MPO coordination and required FTA reporting through December 2021.

**Fiscal Impact:**

Funding is provided through the Equipment Asset Management Program funded through VRE’s annual allocation of FTA 5337 (State of Good Repair) program funding.
Virginia Railway Express
Operations Board

Resolution
9C-12-2020

Authorization to Issue an MEC VII Task Order for National Transit Database and Asset Management Reporting Phase VII

WHEREAS, VRE has a contract with STV Incorporated for Mechanical Engineering Consulting Services; and,

WHEREAS, VRE has completed several initiatives resulting in strategies for managing VRE rolling stock and facilities assets and maintaining these assets in a continuous state of good repair; and,

WHEREAS, VRE is required by the Federal Transit Administration to develop methodologies and processes to perform ongoing assessments of VRE rolling stock and facilities, manage and perform State of Good Repair projects and report transit asset management information; and,

WHEREAS, STV Incorporated has developed the framework and standardized processes to perform ongoing asset assessments as well as tools to prioritize funding for State of Good Repair projects consistent with the Transit Economic Requirements Model; and,

WHEREAS, through this Task Order, STV Incorporated will conduct Facility Condition Assessments and continue to develop processes for reporting asset management information to the Federal Transit Administration via the National Transit Database;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a Task Order under the Mechanical Engineering Consulting Services Contract (MEC VII) to STV Incorporated for National Transit Database (NTD) and Asset Reporting Phase VII in the amount of $427,799, plus a 10 percent contingency of $42,780, for a total not to exceed $470,579.

Approved this 18th day of December 2020

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Gary Skinner
Chairman

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Jeanine Lawson
Secretary
Agenda Item 9-D
Action Item

To: Chair Skinner and the VRE Operations Board

From: Rich Dalton

Date: December 18, 2020

Re: Referral of the Amended FY 2021 and Recommended FY 2022 VRE Operating and Capital Budgets to the Commissions and Localities

Recommendation:

The VRE Operations Board is asked to adopt the amended FY 2021 VRE Operating and Capital Budget and the recommended FY 2022 VRE Operating and Capital Budget and refer them to the Commissions for their consideration and subsequent referral to the jurisdictions for their review and adoption; and 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.

Summary:

Following the presentation of the preliminary FY 2022 budget in September and the budget updates in October and November, staff is presenting the recommended FY 2022 Operating and Capital Budget for adoption and referral. Despite the challenges presented by the ongoing COVID-19 pandemic, the recommended budget is balanced, with no funding gap, and with all projected uses of funding in FY 2022 supported by reasonably expected sources of funding. The FY 2022 budget includes no change in total jurisdictional contribution and no changes to passenger fares as compared to FY 2021.

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 2022 budget were presented to
the VRE Operations Board for discussion in July 2020, and the preliminary FY 2022 budget was prepared for review and referral at the September 2020 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).

Discussion:

The recommended FY 2022 Operating and Capital Budget totals $185.9 million. The budget includes no changes to passenger fares and projects an average daily ridership of 6,000 trips, which results in projected annual fare revenue of $18.2 million. The budget includes no change to total subsidy contribution over FY 2021 levels, resulting in a total subsidy of $18,300,780 across VRE’s nine jurisdictional partners. See below for additional details on the impact of the COVID-19 pandemic on both ridership and the jurisdictional subsidy.

The recommended FY 2022 operating budget of $89.7 million (which includes $6.2 million in debt-related expenses) represents a decrease of $1.7 million or 1.9% over the approved FY 2021 operating budget. The detailed operating budget assumptions are provided in the FY 2022 Recommended Budget document, but the key assumptions include:

- Sufficient budget to return to a normal service plan of 32 daily revenue trains at any point during FY 2022 when passenger demand requires it.
- No increase to passenger fares, including no change to the current Amtrak Step-Up fare.
- State operating assistance of $10.0 million. Total state assistance in FY 2021 will be $12.0 million as a result of funding reallocations by the Department of Rail and Public Transportation (DRPT) to support agencies and their day-to-day operations during the pandemic. It is difficult to project how much funding will be available next year, so the assumption is that future funding will be somewhat lower.
- Continued track access fee reimbursement by the Commonwealth – through either DRPT or the new Virginia Passenger Rail Authority (VPRA) – at a total rate of 84%, with VRE responsible for the balance (16%). In the past, track access reimbursement has been a combination of federal STP funds and state funds, but VRE has been advised that in FY 2022, all the reimbursement funding will be from state funds, with no federal participation.
- Diesel fuel expenses of $2.98 million based on expected utilization of 1.70 million gallons at a per gallon cost of $1.75. Utilization will be lower if VRE is not yet operating a full service plan of 32 daily trains by the start of FY 2022. Expected per gallon costs remain below historical levels due to the economic impact of the pandemic and are based on projections from VRE’s diesel fuel consultant.
- Departmental discretionary expenses, particularly for consulting and other third-party services, have been deferred or eliminated where possible in order to reduce overall expenditures and extend the availability of federal CARES Act funding (see below for additional details).

Ridership and Fare Revenue
The epidemiological and economic outlook of the COVID-19 pandemic remains unclear as of early December 2020. A significant return of riders to VRE depends on employees returning to work in their offices, which in turn depends on many factors, in particular public health guidance that it is safe to do so. Although COVID-19 cases are currently increasing, recent progress on multiple vaccines appears positive. If widespread vaccine distribution can be achieved quickly, it is possible that ridership may begin to increase from its current levels by the fourth quarter of FY 2021.

The FY 2021 amended operating budget (which is described in further detail below) assumes that average daily ridership for the second half of the fiscal year remains below 2,000, with the potential for moderate growth during the fourth quarter from the current midweek level of 1,400 to 1,500 daily riders. This ridership outlook results in total projected fare revenue for FY 2021 of $9.7 million, or a reduction of approximately 80% from the original approved budget.

From that baseline, the FY 2022 recommended budget assumes a steady increase in ridership over the course of the fiscal year as the economy recovers. However, ridership and fare revenue are still projected to be below normal by the end of the year. (Average daily ridership in February 2020, the last full month prior to the pandemic, was approximately 18,700.) Averaged over the course of the entire year, daily ridership is expected to be 6,000 trips, which corresponds to total projected fare revenue for the year of $18.2 million, which is less than half of a normal year.

**FY 2022 Jurisdictional Subsidy Allocation**

In September 2020, the Operations Board directed staff to forego the VRE Master Agreement survey that is normally conducted in October each year. The Operations Board found the survey would be (a) challenging to safely administer in the current environment and (b) unlikely to produce reliable results on which to base an updated jurisdictional subsidy allocation for FY 2022.

In place of an updated subsidy allocation calculation, the Operations Board directed staff to allocate jurisdictional subsidy in FY 2022 using the same allocation percentages from the approved FY 2021 budget. Since the FY 2022 budget has no change to the total subsidy of $18.30 million, each jurisdiction has the identical subsidy amount in FY 2022 that it had in FY 2021.

**CARES Act Funding to Replace Lost Fare Revenue**

In late March 2020, the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed, and the act included $25 billion in emergency relief to transit agencies. VRE was allocated approximately $86 million in relief funding through the CARES Act that is available to help offset additional costs and lost revenues. Along with the additional state assistance provided through DRPT, the CARES Act funding is allowing VRE to provide continuity of operations, maintain service levels, and retain staff. Consequently, the
amended FY 2021 and recommended FY 2022 budgets reflect this critical backstop provided by the CARES Act.

Based on actual ridership to date beginning in the fourth quarter of FY 2020, and as reflected in the amended FY 2021 and recommended FY 2022 budgets, VRE’s projected use of the CARES Act funding to supplement lost fare revenue is as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projected Use of CARES Act Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020 (Q4 only)</td>
<td>$2.7 million</td>
</tr>
<tr>
<td>FY 2021</td>
<td>$32.0 million</td>
</tr>
<tr>
<td>FY 2022</td>
<td>$24.9 million</td>
</tr>
<tr>
<td>Beyond FY 2022</td>
<td>$25.6 million</td>
</tr>
<tr>
<td>Required 1% Set-Aside for Safety/Security</td>
<td>$0.9 million</td>
</tr>
</tbody>
</table>

**TOTAL** $86.1 million

Given currently projected ridership levels and the desire to maintain a continuity of operations and high-quality service, the Operations Board has directed staff to recommend a balanced budget that does not achieve a 50 percent farebox recovery ratio (i.e. 50 percent of operating expenses covered by passenger fares). The budget achieves balance through the available emergency funding from DRPT and the CARES Act, rather than through higher fares, reduced service, or increased jurisdictional subsidy contributions.

**Six-Year Financial Forecast**

The annual budget normally includes a financial forecast for the five years following the year of adoption (six years in total). This forecast includes projections for ridership, planned fare increases and total fare revenue, grant and subsidy funding, operating expenses, and capital expenditures. The forecast is intended to demonstrate the projected sustainability of VRE’s budget beyond the initial year and to highlight areas of potential risk so they can be addressed in advance.

Given the depth of uncertainty facing not just VRE but the entire regional and national economy, this year’s budget does not include a six-year forecast. Such a forecast would reflect highly uncertain estimates on many key variables, particularly ridership, and would not serve as a reliable basis for Operations Board decision-making. As the recovery from the pandemic proceeds and the outlook for commuting and VRE ridership is clarified, staff will return to the Operations Board with additional information.

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

The FY 2022–2027 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.

Over the last two years, VRE has gradually shifted its orientation from project planning and development as well as grant seeking – where new projects were frequently being added to the CIP – into a period of project implementation that will last for the next decade. At the same time, the Commonwealth’s Transforming Rail in Virginia Program will ultimately separate freight and passenger rail operations in the Fredericksburg Line corridor, and this has resulted in several of VRE’s planned station projects being reduced or eliminated. Taken together, these changes result in a smaller and more focused CIP, with fewer projects and greater emphasis on construction.

The total project count in the CIP is now smaller, as some projects like the Slaters Lane Crossover and the Automated Parking Counters have been completed, while other projects like the Lorton, Woodbridge, and Rippon station expansions have been removed because the work will not occur until 2030 or later, beyond the six-year window of this plan.

Given current cost estimates, full funding of the projects in the FY 2022–2027 CIP (including all costs to complete) will require approximately $818.6 million. Of this total, $704.9 million (86%) is already committed from a range of federal, state, regional, and local sources (this includes life-to-date funding through FY 2021). The table below represents VRE’s funded and unfunded project costs for projects in the six-year CIP.

**FY 2022 to 2027 Capital Improvement Program**

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>PROJECT COST</th>
<th>FUNDED</th>
<th>UNFUNDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management</td>
<td>$77.6</td>
<td>$77.6</td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>$606.6</td>
<td>$492.9</td>
<td>($113.7)</td>
</tr>
<tr>
<td>Replacement and Rehabilitation</td>
<td>$134.1</td>
<td>$134.1</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$0.3</td>
<td>$0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$818.6</strong></td>
<td><strong>$704.9</strong></td>
<td>($113.7)</td>
</tr>
</tbody>
</table>

(amounts in millions)

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 Transforming Rail in Virginia Program**

The joint agreement between NVTC and PRTC for the administration of VRE’s dedicated C-ROC funding sets out the process for the programming of C-ROC funds as part of the annual budget process. VRE staff engaged with the Operations Board members during the FY 2020 budget process to develop criteria and strategic guidance, and at the conclusion of that
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).

On December 3, 2020, the Commissions approved an agreement with the Commonwealth for VRE to make a substantial funding contribution to the Transforming Rail in Virginia program utilizing C-ROC funds. The agreement lays out a basic structure whereby VRE will issue debt backed by the C-ROC (with an expected term of 30 years) and contribute the proceeds of the debt issuance to the Commonwealth for the purchase of rail right-of-way from CSXT. In addition, for a period of 10 years, VRE will contribute any remaining C-ROC funds not being used for debt service on a pay-as-you-go (PAYGO) basis to the Commonwealth for use on critical rail projects in VRE’s service territory, including the Long Bridge, the Alexandria Fourth Track, and the Springfield Bypass.

The budget currently shows the $15 million allocation of C-ROC funding in FY 2022 as ‘unprogrammed’ since the exact timing of the debt issuance is unknown, as is the allocation of the funding between debt service and PAYGO. These details should be known a year from now and can be reflected in the amended FY 2022 budget that will be included as part of the FY 2023 budget process.

**FY 2021 Amended Budget**

As part of the annual process of adopting the budget for the upcoming fiscal year, VRE also revised the current year budget to reflect updated projections for revenues and expenses and changes to capital funding sources. In most years, this is a relatively technical process of adjusting specific line items that were unknown at the time of adoption, and it does not usually result in significant changes to the overall budget.

Given the COVID-19 pandemic and its effect on ridership, however, the amended FY 2021 operating budget is substantially different from the original approved version, particularly with respect to revenues. The major revisions to the budget are identified below:

**Operating Budget**

**Revenues**

- Average daily ridership reduced to 1,800 and total fare revenue reduced to $9.7 million as a result of the pandemic (a net reduction of $34.4 million).
- Interest income reduced to $250,000 as a result of lower interest rates (a net reduction of $1.0 million).
- State operating support increased to $12.0 million as a result of reprogramming actions by DRPT to assist agencies with pandemic response (a net increase of $2.3 million).
- Projected federal CARES Act reimbursement of $32.0 million to replace lost fare revenues (not included in the original budget).
o A net-zero change in the composition of VRE’s 84% track access reimbursement funding, from 50% STP and 34% state funding to 80% STP and 4% state funding, based on direction from DRPT.

**Expenses**

o Net increase in liability and property insurance costs of $2.6 million as a result of ongoing changes and uncertainty in the global insurance market.

o Addition of $500,000 for COVID-specific costs such as cleaning, equipment, etc.

o Net decrease of $900,000 in diesel fuel expenses due to lower utilization from reduced service.

o Net decrease of $1.6 million in retail sales commissions and bank discounts due to reduced ticket sales.

As a result of the additional DRPT operating assistance and federal CARES Act funding, the FY 2021 budget remains balanced and no additional jurisdictional contribution is required.

**Capital Budget**

There are no revisions to non-federal sources and uses of funding in the FY 2021 capital budget. The updates to the federal formula funding (Sections 5307 and 5337) are as follows:

- The original approved budget projected total formula funding of $32,007,289, while funding actually received was $30,492,192, a reduction of approximately $1.5 million. The difference is reflected as a reduction in the ‘Unprogrammed Federal Funds’ category.

- Changes to future expenditures and required funding for the Equipment Asset Management (EAM) and Facilities Asset Management (FAM) programs, as well as the Fredericksburg Station Rehabilitation project, which are reflected in the recommended FY 2022-2027 CIP, also involve the programming of FY 2021 federal funds that were previously unprogrammed. The total increase in programmed funding (inclusive of required state and local match) is approximately $3.35 million.
Virginia Railway Express
Operations Board

Resolution
9D-12-2020

Referral of the Amended FY 2021 and Recommended FY 2022 VRE Operating and Capital Budgets to the Commissions and Localities

WHEREAS, the VRE Master Agreement requires the Commissions 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 Chief Executive Officer has provided the VRE Operations Board with the recommended FY 2022 Operating and Capital Budget within the guidelines developed in cooperation with the staff representatives of the local jurisdictions; and,

WHEREAS, the Amended FY 2021 and Recommended FY 2022 budgets reflect the impact of the COVID-19 pandemic which began in March 2020 and has substantially reduced VRE’s ridership; and,

WHEREAS, the VRE Operations Board found that a Master Agreement survey for the purposes of collecting rider data for subsidy allocation would have been challenging to safely administer in the current environment and unlikely to produce reliable results, and so the planned October 2020 survey was cancelled; and,

WHEREAS, the VRE Operations Board finds that the availability of additional operating assistance from the Department of Rail and Public Transportation and emergency federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act allows for VRE to supplement lost passenger revenues and achieve a balanced budget without requiring fare increases, service reductions, or increases in jurisdictional subsidy; and,

WHEREAS, VRE staff recommends a budget based on a service level of 32 daily revenue trains and average daily ridership of 6,000 trips; and,

WHEREAS, the FY 2022 budget recommends no changes to current passenger fares, including the Amtrak Step-Up fare; and,

WHEREAS, the FY 2022 budget recommends no change in the total jurisdictional subsidy contribution compared to the FY 2021 level, for a total amount of $18,300,780;
NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions adopt the FY 2022 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,

- Operating Budget: $89,663,802
- Capital Budget: $96,198,922
- Total Operating and Capital: $185,862,724

BE IT FURTHER RESOLVED THAT, the VRE Operations Board does hereby recommend the Commissions adopt the amended FY 2021 Operating and Capital Budget in the following amounts; and,

- Operating Budget: $90,368,825
- Capital Budget: $71,283,079
- Total Operating and Capital: $161,651,904

BE IT FURTHER RESOLVED THAT, having cancelled the October 2020 Master Agreement Survey, the VRE Operations Board does hereby recommend the jurisdictional subsidy in the FY 2022 Operating and Capital Budget be allocated among the nine jurisdictions in the same proportions used in the FY 2021 budget; and,

BE IT FURTHER RESOLVED THAT, given the availability of state funding and federal CARES Act funding to supplement lost passenger revenues, the VRE Operations Board does hereby recommend that it is in the best interests of the Commissions and the riders of VRE the Amended FY 2021 and Recommended FY 2020 Operating Budgets do not achieve a fifty percent recovery of operating expenses from passenger fares; and,

BE IT FURTHER RESOLVED THAT, given the current difficulty of accurately projecting future ridership, tax revenues, and other key inputs, the VRE Operations Board acknowledges the FY 2022 Operating and Capital Budget does not include a formal six-year financial forecast, and staff will resume presenting such financial forecasts in future budgets when there is less uncertainty over the pandemic recovery and potential changes to commuting behavior; 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 2021 and FY 2022; 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 2022 state aid grant applications.

Approved this 18th day of December 2020

______________________________
Gary Skinner
Chair

__________________
Jeanine Lawson
Secretary
## FY 2022 Subsidy by Jurisdiction

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<tr>
<th>Jurisdiction</th>
<th>FY 2021 Subsidy</th>
<th>Percent</th>
<th>FY 2022 Subsidy</th>
<th>Percent</th>
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<tr>
<td>Alexandria</td>
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| Jurisdiction          | $ 18,300,780       | 100%    | $ 18,300,780     | 100%    | $                   | 0.0% |

**Net +/-** | **% Change**
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<td>Other</td>
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<td>Non-Federal Formula Funded Total</td>
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To: Chairman Skinner and the VRE Operations Board  
From: Rich Dalton  
Date: December 18, 2020  
Re: VRE’s Transit Asset Management Plan Update for 2020

VRE’s Transit Asset Management (TAM) Plan, completed in September 2018, allows VRE to better monitor and manage its assets, particularly rolling stock and facilities. Additional benefits of the plan, which is required by the Federal Transit Administration (FTA), include improved safety, increased reliability and performance, and more efficient operations.

The intent of VRE’s TAM Plan and associated Lifecycle Maintenance (LCM) plan, is to minimize the total cost of ownership of an asset while maximizing its performance. TAM integrates activities across VRE departments to optimize resource allocation and to support decision-making.

The attached TAM update provides background on VRE’s LCM plans and details the additional steps taken to improve the management of assets since VRE’s September 2019 report.
2019-2020 ACHIEVEMENTS

**LCM Plans**
- Developed VRE’s first Rolling Stock Lifecycle Management Plan in October 2019, based on a comprehensive review of VRE’s previous Rolling Stock Long Range Lifecycle Maintenance Action Plan, updated and adapted to follow FTA guidance on Lifecycle Management Plan development and content.
- Developed VRE’s first Facilities Lifecycle Management Plan in January 2020 following FTA guidance.

**Parking Facility Inventory**
- Conducted system-wide field inventory of passenger parking spaces at all surface parking locations (VRE and 3rd party-owned).
- Resolved data discrepancy issues and created “single source” repository of information.

**Data Support Systems**
- Completed updates to improve Internet Tool functionality.
- Customized, demonstrated, and launched new field data collection applications using ArcGIS Online.

**Reporting**
- Updated DRPT’s asset inventory database and submitted annual TransAM After-Action Report (January 2020).
- Prepared FY 2020 NTD Asset Inventory Module forms, including the annual Narrative Report and performance targets for FY 2021 (October 2020).
LIFECYCLE MANAGEMENT (LCM) PLANS
Following VRE’s completion in 2018 of its first FTA compliant Transit Asset Management (TAM) Plan, VRE sought to implement asset management best practices by engaging its consultant partner to develop Lifecycle Management (LCM) Plans for its Rolling Stock and Facilities asset classes. These plans represent a coordinated approach to implementing VRE’s TAM Plan goal at the asset class level. VRE based LCM plan content on FTA guidance and used the same basic outline for each document. In the future, VRE may wish to develop additional LCM plans addressing its equipment and limited infrastructure assets. Each of VRE’s LCM plans is planned to be updated every four years in the year following TAM Plan update.

Rolling Stock LCM Plan (October 2019)
The Rolling Stock LCM Plan builds upon VRE’s already formalized asset management program by documenting existing business procedures, system and component useful life assumptions, vehicle history, and other aspects of the maintenance program. This LCM plan is being used to assist VRE in maintaining its fleet in a State of Good Repair (SGR) and in a cost-effective manner throughout their useful life. The plan covers all lifecycle phases: (1) Procurement, (2) Operation, (3) Maintenance, (4) Overhaul, and (5) Retirement and Disposal. This LCM plan was completed in October 2019.

Facilities LCM Plan (January 2020)
The Facilities LCM Plan documents VRE’s existing business procedures while using component- and subcomponent-level condition ratings, useful life assumptions, and monthly facility safety inspection findings to inform program processes. This LCM plan is being used to assist VRE in maintaining facility assets in an SGR and in a cost-effective manner. The plan covers all lifecycle phases, with terminology adapted for this asset class: (1) Procurement, (2) Operation, (3) Maintenance, (4) Rehabilitation, and (5) Retirement/Disposal/Decommissioning. This LCM plan was completed in January 2020.

PASSENGER PARKING FACILITY INVENTORY
VRE documents and reports parking facility inventory data to many sources, including NTD’s Asset Inventory Module (AIM), DRPT’s TransAM system, its TAM and LCM Plans, internal-use audit spreadsheets, etc. In order to develop a single data source and to validate the current parking facility inventory, VRE’s consultant partner conducted a physical field inventory of all VRE-utilized passenger parking facilities (surface parking only), including parking space counts, light poles, bike racks, benches, and shelters, et. al. A new data collection tool was piloted, ArcGIS Online Collector, to improve data collection efficiency and add enhanced collection abilities (discussed further in Data Support Systems). VRE’s consultant partner prepared an “After-Action Report,” including the final parking facility inventory spreadsheet, digitized parking location maps, and ArcGIS output files, which was finalized in November 2020.

DATA SUPPORT SYSTEMS
VRE utilizes two primary data support systems in the implementation of its asset management program: the VRE Asset Management Internet Tool (launched in 2017) and new ArcGIS Online software applications; ArcGIS Collector and ArcGIS Survey123 (piloted in 2020).
VRE Asset Management Internet Tool
As part of its asset management program, VRE’s consultant partner previously developed an internet-based tool that houses VRE’s asset inventory data and facilitates the completion of facility condition assessments, monthly safety inspections, and communication cabinet assessments. The internet tool was planned as part of a multi-phase effort, and initial functionality of the internet tool was deployed in 2017. This year’s efforts toward ongoing maintenance and enhancement of the tool focused heavily on preparing for the next round of facility condition assessments, removing bugs and adding functionality to streamline data collection and tabulation of overall condition ratings as required by FTA.

ArcGIS Applications
VRE’s consultant partner piloted the use of ESRI’s ArcGIS data collection tools. ArcGIS Collector was used for VRE’s passenger parking facility inventory, and ArcGIS Survey123 was tested for viability in future Monthly Safety Inspections. Each tool allows for customization based on VRE’s specific needs, and includes live field testing, demonstrations with VRE personnel, and troubleshooting. ArcGIS data collection tools have several highly desirable features, among them:

> Ease of use on mobile devices
> Can function without internet access
> Have ability to attach photos in the field
> Have built-in analytics
> Are updated regularly by ESRI
> Are cost efficient

Given these and other factors, VRE has determined to use ArcGIS Survey123 as the preferred implementation approach for conducting station monthly safety inspections moving forward. Either or both tools may also be considered for future data collection efforts.
TransAM ANNUAL UPDATE (JANUARY 2020)
VRE is required to report assets to the Virginia Department of Rail and Public Transportation (DRPT) via its TransAM reporting system. VRE’s goal is to provide consistency between data it inputs into NTD reporting modules and the TransAM database, as well as to maintain the ability to apply for state funding toward capital assets. For the second consecutive year, VRE’s consultant partner completed the following tasks:

> Reviewed previous inventory system export files
> Evaluated existing data and recommended database updates
> Worked with VRE’s CFO and Comptroller to identify data needs
> Synchronized data entries with NTD, where applicable
> Coordinated database updates for approval by VRE
> Performed data entry updates by the January 31, 2020 deadline
> Provided VRE with an “After-Action Report” summarizing all activities, decision points, and making recommendation for future update efforts

NTD ASSET INVENTORY MODULE UPDATE (OCTOBER 2020)
VRE utilized its consultant partner support to prepare annual submission materials for NTD’s Asset Inventory Module. This included five forms related to VRE’s asset inventory, one form related to performance targets for each asset class, and an annual Narrative Report. While much of the data remain unchanged from the previous year, the A-15 Facilities form was updated to reflect new parking space counts derived from physical inventory. Submittal materials were prepared in October 2020 for input and upload by October 31, 2020.
YEARY MILESTONES

2017
> Share initial targets with planning partners (July)
> Report optional FY17 Asset Inventory Module (AIM) data and FY18 performance targets to NTD (October)
> Perform first round of facility condition assessments per FTA guidance (Summer/Fall)

2018
> Complete first required compliant TAM Plan and share with planning partners (October)
> Submit first required FY18 AIM data and FY19 performance targets to NTD (October)

2019
> Submit asset inventory data to DRPT via TransAM (January)
> Submit FY19 AIM data, FY20 performance targets, and first required narrative report to NTD (October)
> Complete Rolling Stock Lifecycle Management (LCM) Plan in alignment with TAM Plan

2020
> Submit asset inventory data to DRPT via TransAM (January)
> Submit FY20 AIM data, FY21 performance targets, and narrative report to NTD (October)
> Complete Facilities LCM Plan in alignment with TAM Plan

2021
> Submit asset inventory data to DRPT via TransAM (January)
> Submit FY21 AIM data, FY22 performance targets, and narrative report to NTD (October)
> Perform second round of facility condition assessments per FTA guidance (Summer/Fall)

2022
> Submit asset inventory data to DRPT via TransAM (January)
> Submit FY22 AIM data, FY23 performance targets, and narrative report to NTD (October)
> Complete first updated TAM Plan and share with planning partners
> Complete quadrennial updates thereafter

2023
> Submit asset inventory data to DRPT via TransAM (January)
> Submit FY23 AIM data, FY24 performance targets, and narrative report to NTD (October)
> Complete first updated LCM Plans
> Complete quadrennial updates thereafter
To: Chairman Skinner and the VRE Operations Board

From: Rich Dalton

Date: December 18, 2020

Re: Spending Authority Report

On September 18, 2020, the VRE Operations Board approved increasing the Chief Executive Officer’s delegated spending authority from $100,000 to $200,000. It was resolved as part of that increased delegation that any purchase or contract award in the range of $50,000 to $200,000 would be communicated to the Board as an information item.

- On November 2, 2020, VRE issued a Sole Source Blanket Purchase Order in an amount not to exceed $50,000 to TransTech to acquire toilet cleaning supplies on an as-needed basis, including chlorinating slugs and sanitizer, to maintain the toilet systems on board VRE’s passenger railcars.

- On November 5, 2020, VRE issued a Purchase Order in the amount of $65,913 to Columbia Vehicle Group, Inc. for the purchase of five utility carts to be utilized at the Broad Run and Crossroads Maintenance and Storage Facilities.

- On November 6, 2020, VRE issued a Task Order to STV Incorporated in the amount of $84,493 under the Mechanical Engineering Consulting Services (MEC) VII contract to conduct research and provide support for the future procurement of an enhanced back-office system for positive train control.

- On November 7, 2020, VRE amended an existing Independent Contractor Agreement with Steven Grant to provide support on an as-needed basis for the VRE Mobile app, specifically the transition to a new service provider. This amendment increased the total commitment to an amount not to exceed $81,900.
On November 7, 2020, VRE issued a Sole Source Blanket Purchase Order in an amount not to exceed $96,000 to Knorr-Bremse Powertech Corp. to perform repairs on an as-needed basis to the low voltage power supply units utilized to provide electrical power for the LED message signs, wheelchair lifts, outlets, etc. on board VRE’s passenger railcars.

On November 13, 2020, VRE issued a Purchase Order to Computers America, Inc. in the amount of $66,075 for the purchase of new Uninterruptible Power Supply (UPS) devices and Power Distribution Units (PDU) for installation in the station communication cabinets.