

Virginia Passenger Rail Authority Finance and Audit Committee Meeting

May 14, 2021

Agenda

Item	Presenter
Introduction – Opening Remarks	Hossein Sadid, Committee Chair
Budget Update / Proposed Amendment	Steve Pittard – Virginia DRPT
TRV – I95 Corridor Financial Plan	Steve Pittard – Virginia DRPT Richard Cummings - KPMG
Monthly Financial Reporting	Steve Pittard – Virginia DRPT
Open Discussion/Questions	
Public Comment	

Budget Update / Proposed Amendment

Budget Timeline

- December 9th - Commonwealth Transportation Board (CTB) presentation of the proposed format of the VPRA budget to elicit feedback
- February 1st - VPRA recommends budget to the CTB
- May 30th – CTB has until May 30th to approve the capital budget
- Late May – VPRA Board adopts final budget

Proposed Amendment to February 1st Draft Budget

- Recommending adding \$14.0M to the Capital Grants budget to increase total for FY21-FY27 from \$401.5M to \$415.5M
 - Americans with Disabilities Act (ADA) needs at acquired stations of \$7.5M
 - Required Capital Maintenance Reserve in final Amtrak agreement of \$5.0M
 - Added \$1.5M for State of Good Repair (SOGR) needs in FY27
- In the Capital Grants section of the budget, the ADA and SOGR additions will be added to the *Amtrak Station State of Good Repair* line item and a new line item will be added for the Reserve

Proposed Amended Amtrak Station State of Good Repair Line Item - FY21-FY27

(\$ in millions)	FY 21	FY22	FY23	FY 24	FY25	FY26	FY27	Total
Amtrak Station State of Good Repair – Feb. 1	\$ -	\$1.3	\$1.4	\$1.4	\$1.5	\$1.5	\$ -	\$7.1
Add: Station ADA / State of Good Repair Needs	-	2.0	2.0	2.0	1.5	-	1.5	9.0
Amended Total	\$ -	\$3.3	\$3.4	\$3.4	\$3.0	\$1.5	\$1.5	\$16.1

- 125% increase over original submission
- Continued refinement of this line item in coming months for FY23 budget process

Proposed Amended Capital Grants Budget FY21-FY27

(\$ in millions)	FY 21	FY22	FY23	FY 24	FY25	FY26	FY27	Total
Capital Grants – Feb. 1	\$31.5	\$78.4	\$94.3	\$74.6	\$60.0	\$43.2	\$19.5	\$401.5
Add: Station ADA / State of Good Repair Needs	-	2.0	2.0	2.0	1.5	-	1.5	9.0
Add: Capital Maintenance Reserve	5.0	-	-	-	-	-	-	5.0
Amended Total	\$36.5	\$80.4	\$96.3	\$76.6	\$61.5	\$43.2	\$21.0	\$415.5

VPRA FY21-FY27 Combined Revenue Forecast

Capital Budget Category (\$ in millions)	Total
VPRA Revenues	\$889.4
Passenger Ticket Financing	210.0
Total	\$1,099.4
Less: Capital Projects Needs	727.2
Total Available – Operations / Grants	\$372.2
Less: Original Capital Grants Needs	117.8
Less: Amendment Needs	14.0
Revised Total Available for Operations	\$240.4

Code of Virginia

The law establishing the Virginia Passenger Rail Authority (VPRA) also established that the CTB should prescribe the form of the VPRA operating plan and budget.

- **33.2-298.** *Annual budget.*

The Authority shall prepare and submit a detailed annual operating plan and budget to the Transportation Board by February 1 of each fiscal year. The Authority shall also prepare and submit for approval any proposed capital expenditures and projects for the following fiscal year to the Transportation Board by February 1. The Transportation Board shall have until May 30 to approve or deny any capital expenditures, and, in the event the Transportation Board has not approved or denied the Authority's proposed capital expenditures by such deadline, such expenditures shall be deemed approved. The operating plan and budget shall be in a form prescribed by the Transportation Board and shall include information on expenditures, indebtedness, and other information as prescribed by the Transportation Board.

Planning for Success

An Overview of the Financial Plan Report for the I-95 Corridor

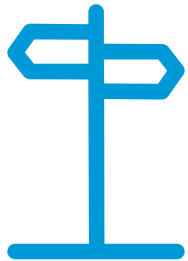
May 14, 2021

VIRGINIA PASSENGER RAIL AUTHORITY
FINANCE COMMITTEE



Financial Planning is a key attribute to successful implementation of the I-95 Corridor rail project

**Informs strategic
decision making
by the Board**



**Enables measurement
of performance
over time**



**Nurtures a culture
of transparency
to the community**



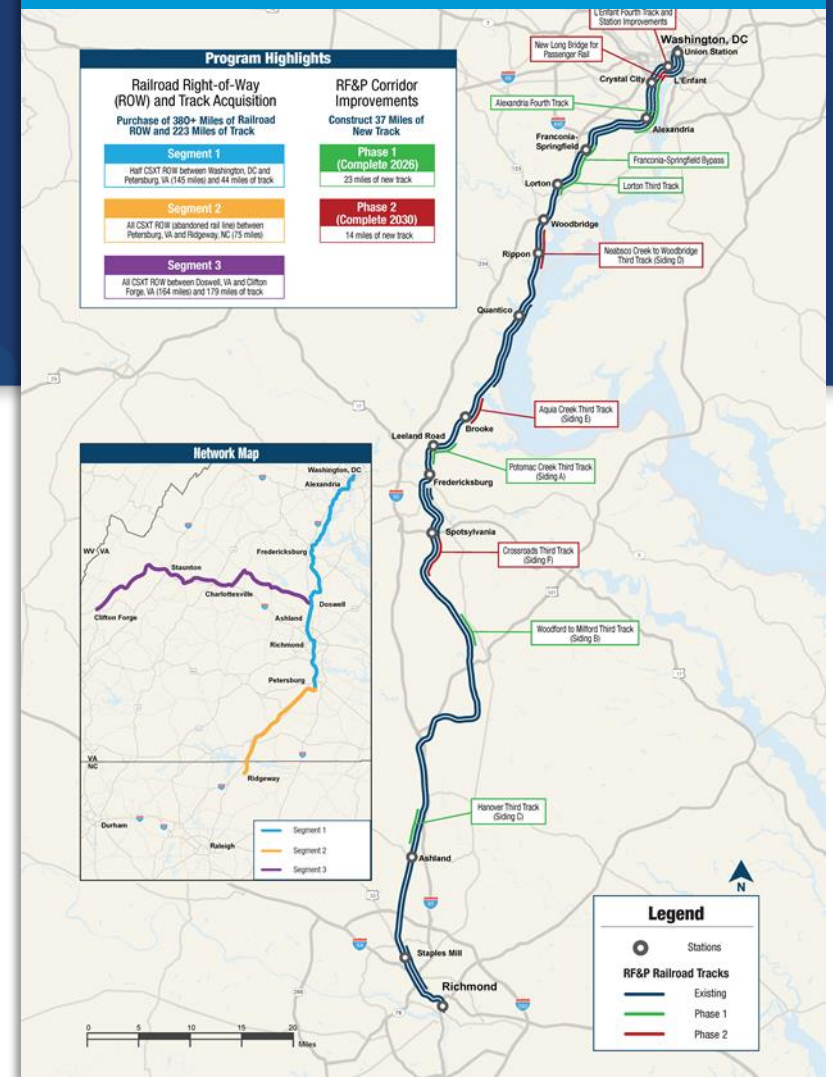
A good financial plan can be a tool to support the goals and mission of the project

The I-95 Corridor project is a key part of a transformational set of investments in the Commonwealth's rail infrastructure



- ❑ Improve the reliability and frequency of passenger rail services throughout Virginia
- ❑ Make the Port of Virginia and Richmond Marine Terminal more competitive
- ❑ Address congestion on our interstates

I-95 Corridor Projects through 2030



The I-95 Corridor project will add 37 miles of new track and add two critical bridges over the next decade

The project team has been tasked with developing a comprehensive financial plan for consideration by the Board

Development of the Financial Plan will be a collaborative effort among the project team



With support from



Kimley»Horn

The plan will cover the range of key issues integral to project success

Workstream 1 Context & Benefit

Overview of Program

Program Benefits

Schedule

Workstream 2 Financial Components

Financial Plan Methodology

Capital Costs

Funding Sources

Operating Expenses

Workstream 3 Implementation Considerations

Program Risks

Delivery Model

Next Steps

Draft Table of Contents for Discussion

TABLE OF CONTENTS



1 EXECUTIVE SUMMARY

2 PROGRAM OVERVIEW

- 2.1 Purpose of Document
 - 2.2 Statement of Need
 - 2.3 Project Map
 - 2.4 Program Governance/VPRA
 - 2.5 Program Status
-

3 PROGRAM BENEFITS

- 3.1 Service Plan
 - 3.2 Economic Benefits
 - 3.3 ESG Considerations and Benefits
-

4 PROGRAM SCHEDULE

5 FINANCIAL PLAN METHODOLOGY

- 5.1 Affordability and Feasibility Assessment
 - 5.2 Funding Policy Considerations
 - 5.3 COVID-19 Considerations
-

6 CAPITAL EXPENDITURE

- 6.1 Summary of Individual Projects
 - 6.2 CSX Right of Way Acquisition
-

7 OPERATING EXPENSES

8 FUNDING SOURCES

9 FINANCING PLAN

10 FINANCIAL PLAN OVERVIEW

11 PROGRAM RISKS

12 PROGRAM DELIVERY MODEL AND NEXT STEPS

- 12.1 Delivery Approach
- 12.2 Market Engagement
- 12.3 Key Stakeholders
- 12.4 Next Steps

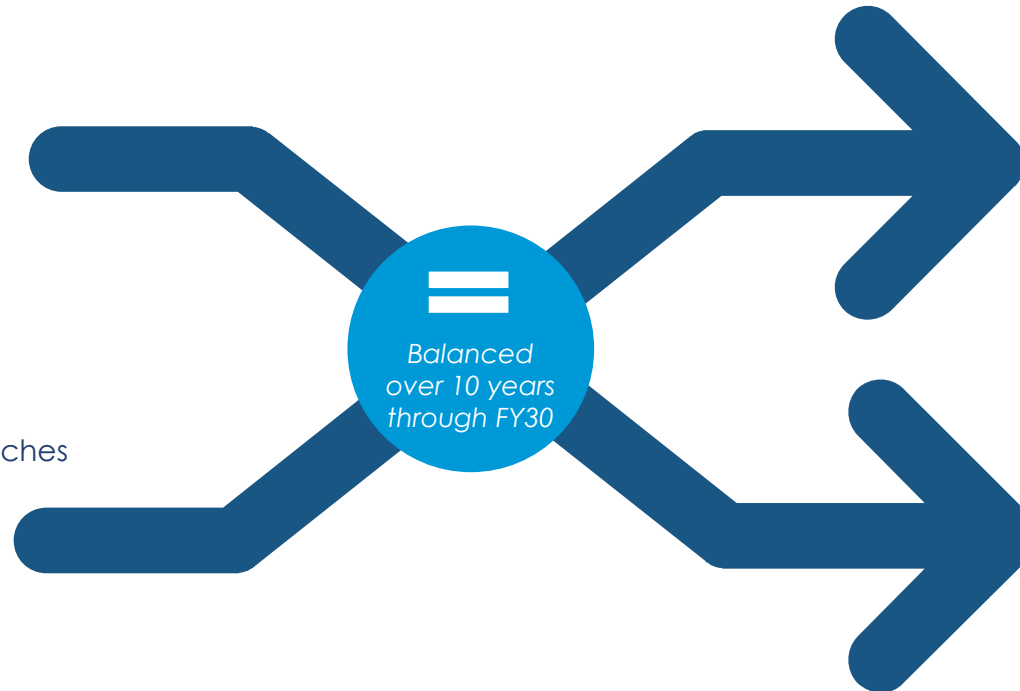
Development of the plan will be an iterative process over the next 6 weeks



Key funding sources and uses incorporated into the latest figures

Funding Sources

- ❑ **PayGo**
Commonwealth and local sources
- ❑ **Financing Proceeds**
Derived from three revenue streams
- ❑ **Amtrak**
Capital contribution
- ❑ **Federal Grant Awards**
Including associated Commonwealth matches
- ❑ **Toll Revenues and Concession Payments**



Uses

- ❑ **Capital Expenditures**
One Right-of-Way acquisition and 10+ projects
- ❑ **Operations and Maintenance Costs**
For existing and increased service levels
- ❑ **Debt Service Costs**
Associated with financing proceeds

This is an opportunity to communicate the vision



The Financial Plan

A detailed plan to inform decision making and demonstrate stewardship of public funds for public benefit



Methodology

Founded on tested and defensible financial planning standards that can be reviewed during development through one-on-one briefings



User-friendly

Goal is to produce a reader friendly overview of this important initiative for the region

Discussion



Monthly VPRA Financial Reporting

VPRA Financial Report – April 2021

The year to date actual expenses for VPRA lag the budget for FY2021 through the first ten months with 32% (see Table 1) remaining compared to pro-rata share expected remaining share of 17% at April 30. At a high level, the passenger rail service has been heavily subsidized by the federal stimulus programs during FY2021, and the TRV-I95 Corridor Project was delayed due to the lengthy negotiation process required of the complex multi-party transaction. The impact of these unforeseen items is more evident when the \$200M payment to CSX is removed from the analysis. VPRA has expended only 23% of the FY2021 budget year to date without the large CSX payment (\$33.3M of \$143.0M of the budget). A detailed review of each of the three major components of the budget follows in this report.

Table 1. Combined Operating and Capital Budget – April 2021

Budget Component (\$ in millions)	FY21	FY21 April Actual	Variance	
			Amount	%
Operations	\$21.7	\$7.7	\$14.0	65%
Capital Projects	289.8	215.5	74.3	26%
Capital Grants	31.5	10.1	21.4	68%
Total	\$343.0	\$233.3	\$109.7	32%

Operations

The VPRA operating expenses through April 30th are approximately 35% of the annual budget. This compares very favorably to the expected 83% spend rate at this date. The positive variance is due to the receipt of billing credits on the VPRA passenger rail service bills received from Amtrak as a result of the federal stimulus relief bills.

Table 2. Operating Budget – April 2021

Project Description	FY21 Budget	Expenditures - April 2021			
		Cash Basis	Accruals	Total	Variance
Administrative Budget	\$2.3	\$0.1	\$1.6	\$1.7	\$0.6
Passenger Service - Amtrak					
Operating Support	14.0	0.5	0.0	0.5	13.5
Capital Equipment Charge	4.5	2.9	2.2	5.1	(0.6)
Subtotal	18.5	3.4	2.2	5.6	12.9
Amtrak Marketing Costs	0.9	0.4	0.0	0.4	0.5
Total Operating Budget	\$21.7	\$3.9	\$3.8	\$7.7	\$11.4

Operations (continued)

The administrative budget is currently on target to end the year on budget. The Department of Rail and Public Transportation (DRPT) provided the employees that have performed the work for the VPRA during the past year. This amount was based on the quarterly estimated percentage of work time split between VPRA and DRPT as described in the executed Memorandum of Agreement. These funds have been accrued but not yet transferred. As seen in Table 3, the Office Building and Related line item is over budget due to the cost of renovations to the office space, the purchase and installation of furniture/cubicles, and rent which began in December. The Outside Support Services line item includes expenses for the Office of Attorney general support as well as other state central service agency support charges.

Table 3. Administrative Budget Detail – April 2021

Category	FY21 Budget	Expenditures - April 2021			Variance
		Cash Basis	Accrual	Total	
Payroll	\$ 1,950,000	-	\$ 1,365,000	\$ 1,365,000	\$ 585,000
Training Travel Other	18,000	-		-	18,000
Office Functions	5,000	192		192	4,808
Outside Support Services	146,500	9,413	80,500	89,913	56,587
Information Technology	98,000	546	83,100	83,646	14,354
Office Building & Related	45,000	73,364	48,100	121,464	(76,464)
Total	\$ 2,262,500	\$ 83,515	\$ 1,576,700	\$ 1,660,215	\$ 602,285

Capital Projects

The agreements with CSX, Amtrak and Virginia Railway Express (VRE) were expected to be completed by June 30, 2020. The agreements were not executed until the end of March of 2021. This caused a delay to the TRV-I95 Corridor initiative. In addition, the TRV Other Infrastructure line has been reforecast to purchase new train equipment to allow the new service to begin in FY2023 instead of FY2021 and to align the Fairfax County Bridges construction with expected construction in FY2024-FY2025. This is reflected in Table 4 as a \$29.7M variance.

Table 4. Capital Projects Budget – April 2021

Project Description	FY21 Budget	FY21 Prorata Budget	April FY21 Actual	Variance
New Long Bridge for Passenger Rail	\$15.8	\$13.2	\$3.8	\$9.4
Alexandria 4th Track	22.2	18.5	0.2	18.3
Franconia to Lorton 3rd Mainline	2.2	1.8	1.8	0.0
Franconia-Springfield Bypass	5.6	4.6	0.2	4.4
Richmond to DC Sidings - Phase 1	8.4	7.0	0.1	6.9
Richmond to DC Sidings - Phase 2	-	-	0.1	(0.1)
TRV Right of Way Acquisition	200.0	200.0	209.3	(9.3)
TRV Other Infrastructure	35.6	29.7	-	29.7
Total TRV	\$289.8	\$274.8	\$215.5	\$59.3
Purchase of St. Julian's Yard: Amtrak Train Service Facility	-	-	-	-
Total	\$289.8	\$274.8	\$215.5	\$59.3

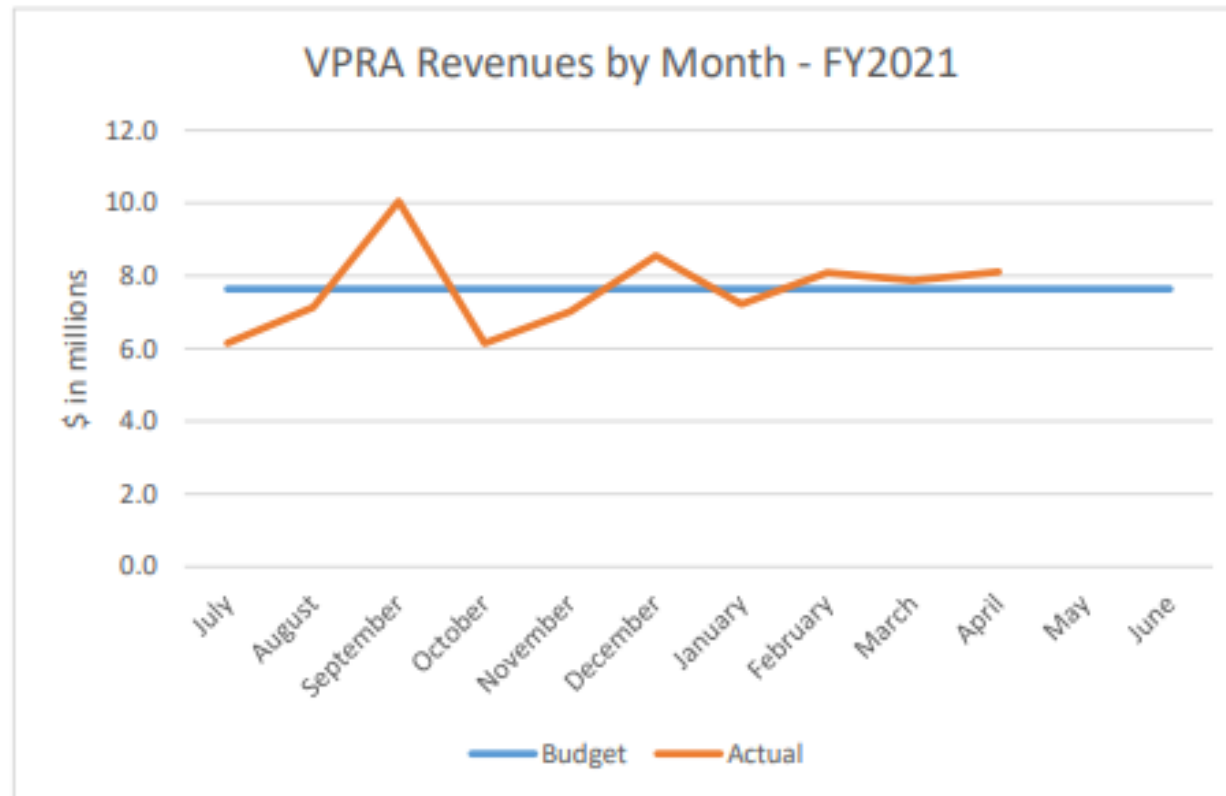
Capital Grants

The progress of the VPRA funded capital grants is on target to the budget. The total variance as depicted in Table 5 results from the track lease grants which were funded through the transfer of federal funding to VRE, who expends those funds directly to the lessor. Therefore, no expenditures will be recorded in VPRA's financial records for these track lease grants in FY2021.

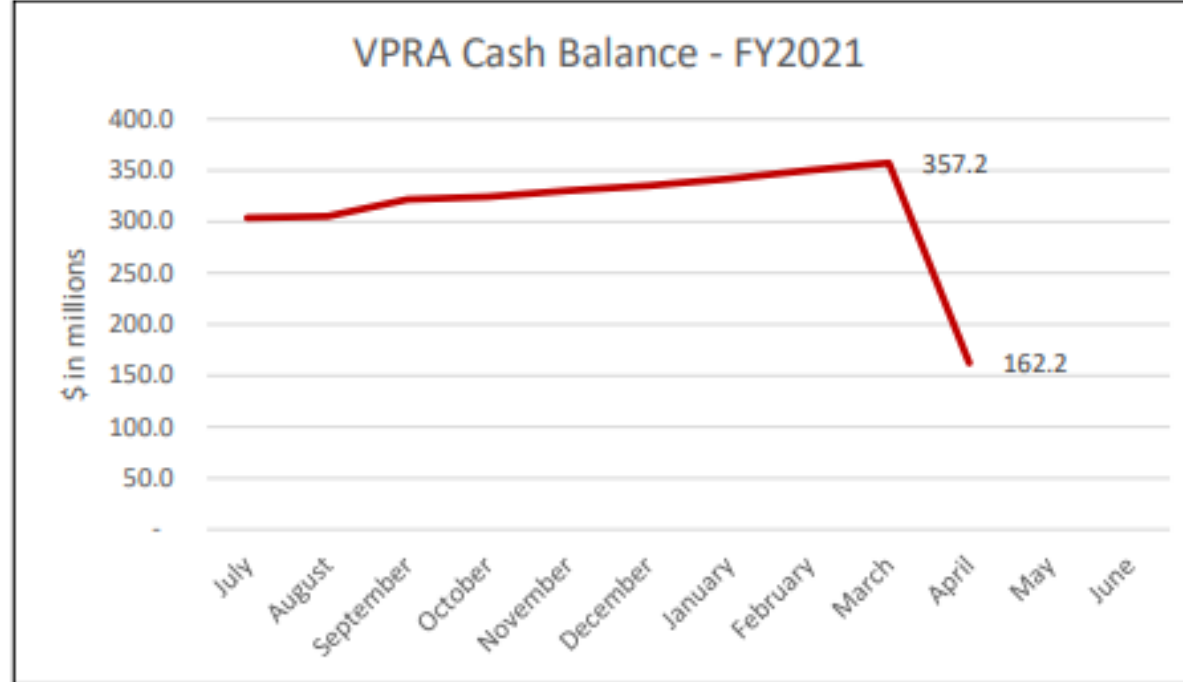
Table 5. Capital Grants Budget – April 2021

Project Description	Grantee	FY21 Budget	FY21 Prorata Budget	April FY21 Actual	Variance
Broad Run Station & 3rd Track Improvements	VRE	0.5	0.4	0.6	(0.2)
Quantico Station Improvements	VRE	1.8	1.5	0.7	0.8
Rolling Road Platform Extensions	VRE	0.3	0.3	0	0.3
Track Lease Payment-Amtrak	VRE	5.8	4.8	0	4.8
Track Lease Payment-CSX	VRE	7.1	5.9	0	5.9
Track Lease Payment-Norfolk Southern	VRE	2.8	2.3	0	2.3
Newport News Station, Platform, and Service Facility	Newport News	5.1	4.3	3.8	0.5
Amtrak Passenger Information Display System: Ashland and Richmond Main Street Stations	Amtrak/DRPT	0.4	0.3	0	0.3
Arkendale to Powell's Creek Third Track Construction and Island Platforms	CSX	5.7	4.8	4	0.8
Improvements Lynchburg to Roanoke	Norfolk Southern	2.0	1.7	1	0.7
Total (\$ in millions)		\$31.5	\$26.3	\$10.1	\$16.2

Other Financial information



- Year to date revenues are tracking to budget through April 2021. In future reports, budgeted revenues will have trend data based on the underlying seasonality of the Commonwealth of Virginia Transportation Trust Fund revenues.



- VPRA cash had steadily grown throughout the year from the startup balance of \$303M to a peak of \$357M at March 31, 2021. On April 14th, the first payment to CSX was made for the purchase of the I95 Corridor right-of-way. Over time, VPRA will develop a cash monitoring process that helps to balance operating and capital expenditure needs with investment policy goals.

VPRA Investment Earnings

During FY2021, VPRA did not budget for any return on its assets due to the uncertainty of the startup process. It was not known if the accounting fund created by the Department of Accounts to allow VPRA to utilize the Commonwealth's general ledger and treasury functions during the past ten months would be allowed to participate in the earnings of the general account of the Commonwealth. Ultimately, we convinced DOA to provide the dedicated VPRA fund a share of earnings and retroactive allocations were made to July of 2020.

Since July of 2020, interest rates have continued to decline as evidenced in the quarterly returns in the Table 6. This drop also is set against a steadily increasing underlying asset balance through March of 2021. These returns do not yet reflect the significant outflow of assets in April of 2021.

Table 6. VPRA Quarterly Investment Earnings

Quarter	Amount
July - Sept	836,387
Oct - Dec	569,531
Jan - March	521,520
Total	\$ 1,927,438

Public Comment

Live Public Comment

If you would like to provide comment:

- Please raise your hand in the participant panel
- If you are calling in, press *3 to Raise Hand and press *6 to unmute yourself
- We will unmute you when it's your turn to speak
 - *Please mute all other devices to avoid audio interference*
- You will have 3 minutes to share your comments
- Share comment offline: drptpr@drpt.Virginia.gov

