



November 25, 2020

TO: Chair Franklin and PRTC Commissioners

FROM: Robert A. Schneider, PhD   
Executive Director

SUBJECT: December 3, 2020 Commission Meeting Agenda Packet

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On December 3, 2020 the PRTC Executive Committee will meet electronically beginning at 6:00 p.m. A Zoom meeting invitation for the Executive Committee meeting will be provided to all Commissioners. The public can join the meeting via muted conference call. Electronic meetings in which a quorum is not physically assembled in one location are permissible when the Governor has declared a state of emergency and it is unsafe to assemble a quorum in a single location. The Executive Committee consists of all officers of the Commission: Margaret Franklin, Chair; Pam Sebesky, Vice Chair; Cindy Shelton, Secretary; Deborah Frazier, Treasurer; Andrea Bailey, At-Large; and Jeanette Rishell, At-Large.

The December 3, 2020 full Commission meeting will be held electronically beginning at 7:00 p.m. A separate Zoom meeting invitation for the full Commission meeting will be provided so the link can be added directly to your calendars. The Commission's Zoom meeting will be livestreamed over PRTC's YouTube channel, providing the public an opportunity to watch the meeting in real time. In lieu of holding public comment time during the meeting, the public will be able to submit any comments they have in writing. We will advertise the changes to the meeting in accordance with our Bylaws.

The December 3<sup>rd</sup> meeting agenda and supporting documents should be reviewed prior to the meeting. The materials are posted at [omniride.com/about/events/december-2020](https://www.omniride.com/about/events/december-2020). Print copies will not be mailed this month to help reduce the number of staff working from the Transit Center. Commissioners who would like a printed copy can download a complete agenda packet using this link.

If you have any questions regarding the agenda or any other item in the online board meeting packet, please contact me at (703) 580-6117 or via email at [bschneider@omniride.com](mailto:bschneider@omniride.com).



# AGENDA

## Potomac and Rappahannock Transportation Commission

Thursday, December 3, 2020 - 7:00 PM

### Officers

Hon. Margaret Franklin, Chair  
Prince William County

Hon. Pamela Sebesky, Vice-Chair  
City of Manassas

Hon. Cindy Shelton, Secretary  
Stafford County

Hon. Deborah Frazier, Treasurer  
Spotsylvania County

Hon. Andrea Bailey, At-Large  
Prince William County

Hon. Jeanette Rishell, At-Large  
City of Manassas Park

Electronic Meeting Live Streaming on [YouTube.com/PRTCTransit](https://www.youtube.com/PRTCTransit)

Due to COVID-19 Pandemic and Pursuant to Commission Res. No. 20-05-01, May 7, 2020

### 1. CALL TO ORDER

### 2. INVOCATION AND PLEDGE OF ALLEGIANCE

### 3. ATTENDANCE ROLL CALL

### 4. APPROVAL OF AGENDA

- 4.1. APPROVAL OF AGENDA - DECEMBER 3, 2020  
[Resolution to Approve the December 3, 2020 Agenda](#)

### 5. APPROVAL OF MINUTES

- 5.1. APPROVAL OF PRTC COMMISSION MEETING MINUTES - NOVEMBER 5, 2020  
[Resolution to Approve the PRTC Commission Meeting Minutes for November 5, 2020](#)

### 6. VIRGINIA RAILWAY EXPRESS CHIEF EXECUTIVE OFFICER'S TIME

- 6.1. [Chief Executive Officer's Report - November 2020](#)
- 6.2. ACCEPT AND AUTHORIZE DISTRIBUTION OF THE VIRGINIA RAILWAY EXPRESS  
FY2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
[Resolution to Accept and Authorize Distribution of the VRE FY2020 Comprehensive  
Annual Financial Report](#)
- 6.3. AUTHORIZE THE VIRGINIA RAILWAY EXPRESS (VRE) CHIEF EXECUTIVE OFFICER TO  
EXECUTE AN AGREEMENT FOR DESIGN, CONSTRUCTION, OPERATIONS AND  
MAINTENANCE OF A PARKING GARAGE AT THE VRE MANASSAS PARK STATION  
[Resolution to Authorize the VRE CEO to Execute an Agreement for Design,  
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- 6.4. AUTHORIZE THE VIRGINIA RAILWAY EXPRESS CHIEF EXECUTIVE OFFICER TO EXECUTE A PASSENGER RAIL OPERATIONS AND ACCESS AGREEMENT WITH THE VIRGINIA PASSENGER RAIL AUTHORITY  
[Resolution to Authorize the VRE CEO to Execute a Passenger Rail Operations and Access Agreement with the Virginia Passenger Rail Authority](#)
- 6.5. AUTHORIZE THE VIRGINIA RAILWAY EXPRESS CHIEF EXECUTIVE OFFICER TO EXECUTE A PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT WITH THE VIRGINIA PASSENGER RAIL AUTHORITY  
[Resolution to Authorize the VRE CEO to Execute a Passenger Rail Operations and Access Agreement with the Virginia Passenger Rail Authority](#)
- 6.6. APPROVE THE 2021 VIRGINIA RAILWAY EXPRESS LEGISLATIVE AGENDA  
[Resolution to Approve the 2021 VRE Legislative Agenda](#)

VRE Information Items:

[VRE November 2020 Update](#)  
[Agenda, Minutes, and Resolutions from the November 20, 2020 VRE Operations Board Meeting](#)  
[FY22 Budget Update](#)  
[Spending Authority Report](#)

## **7. PUBLIC COMMENT TIME**

Public comments will not be received during the meeting; however, those wanting to comment should send written comments, limited to one (1) page, to CRodrigo@OmniRide.com by December 2, 2020 at 5:00 p.m.

## **8. CONSENT AGENDA**

- 8.1. APPROVE CONSENT AGENDA - DECEMBER 3, 2020  
[Resolution to Approve Consent Agenda - December 3, 2020](#)
- 8.2. ACCEPTANCE OF THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION MONTHLY JURISDICTIONAL FINANCIAL REPORT FOR THE PERIOD ENDED AUGUST 31, 2020  
[Resolution to Accept the Monthly Jurisdictional Financial Report](#)
- 8.3. ADOPT THE PROPOSED POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION 2021 BOARD OF COMMISSIONERS MEETING SCHEDULE  
[Resolution to Adopt the Proposed PRTC's 2021 Board of Commissioners Meeting Schedule](#)
- 8.4. APPROVE THE AMENDED POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION LEAVE POLICY  
[Resolution to Approve the Amended PRTC Leave Policy](#)
- 8.5. APPROVE THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION TELEWORK POLICY  
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- 8.6. AUTHORIZE THE EXECUTIVE DIRECTOR TO ISSUE A REQUEST FOR PROPOSALS FOR SCHEDULE AND BUS STOP DISPLAY DESIGN AND PRODUCTION SERVICES  
[Resolution to Authorize the Executive Director to Issue a Request for Proposals for Schedule and Bus Stop Display Design and Production Services](#)
- 8.7. ENDORSE THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION'S CONGESTION MITIGATION AND AIR QUALITY FUNDING REQUEST FOR FY2027  
[Resolution to Endorse PRTC's Congestion Mitigation and Air Quality Funding Request for FY2027](#)

## **9. EXECUTIVE DIRECTOR'S TIME**

- 9.1. Follow-Up from Previous Meeting(s)
- 9.2. Executive Director's Report
- Fleet Update
  - Keolis Operational Update: Barbara Murdock, General Manager
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- 9.3. Industry Article - *Prince George's County Launches On-Demand Rideshare Service*  
By Perrin Palistrant, PRTC's Director of Operations and Operations Planning  
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## **10. PRESENTATIONS AND INFORMATION**

- 10.1. PRTC Classification and Compensation Study Update  
[Classification and Compensation Study Update Presentation](#)

## **11. ACTION ITEMS**

- 11.1. AUTHORIZATION TO ACCEPT THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION FY2020 AUDITED FINANCIAL STATEMENTS, REQUIRED COMMUNICATION TO THE COMMISSIONERS, AND PBMARES, LLP MANAGEMENT LETTER  
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- 11.2. RATIFICATION OF A GRANT APPLICATION SUBMITTED THROUGH THE TRANSIT-ORIENTED DEVELOPMENT PLANNING PROGRAM FOR FEDERAL FUNDING FROM THE FEDERAL TRANSIT ADMINISTRATION  
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[Resolution to Approve the 2021 Potomac and Rappahannock Transportation Commission Legislative Agenda](#)



## **12. CHAIR'S TIME**

- 12.1. Nominating Committee Election for PRTC Officers and VRE Operations Board Members and Alternate Members

## **13. OTHER BUSINESS/COMMISSIONERS' TIME**

## **14. ADJOURNMENT**

### **INFORMATION ITEMS**

[October Performance Report](#)

[Revised Spending Authority Report](#)

[Monthly Safety Dashboard](#)

[Commissioners Fuel Tax Report](#)

**ITEM 1**

**Call to Order**

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**ITEM 2**

**Invocation and Pledge of Allegiance**

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**ITEM 3**

**Attendance Roll Call**

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**MOTION:**

**SECOND:**

**RE:               APPROVAL OF AGENDA – DECEMBER 3, 2020**

**ACTION:**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission (“PRTC” or the “Commission”) meets on a monthly basis and an agenda is presented to the Commission for review and approval.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the agenda of December 3, 2020, as presented/amended.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**



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**MOTION:**

**SECOND:**

**RE:                   APPROVAL OF PRTC COMMISSION MEETING MINUTES FOR NOVEMBER 5, 2020**

**ACTION:**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission ("PRTC" or the "Commission") has had the opportunity to review the draft meeting minutes for November 5, 2020.

**NOW, THEREFORE BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the minutes of November 5, 2020 as presented/amended.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**



# MINUTES

## BOARD OF COMMISSIONERS MEETING

November 5, 2020

Virtual ZOOM Meeting

Livestreamed at [YouTube.com/PRTCtransit](https://www.youtube.com/PRTCtransit)

### Members Present

\*Victor Angry  
\*Andrea Bailey, At-Large  
\*Kenny Boddy  
\*Margaret Franklin, Chair  
\*Jeanine Lawson (arrived 7:06 p.m.)  
\*Yesli Vega (arrived 7:04 p.m.)  
\*Tinesha Allen (present 7:00 - 7:17 p.m./7:29 - 7:35 p.m.)  
\*Pamela Sebesky, Vice Chair  
\*Jeanette Rishell, At-Large  
\*Matthew Kelly  
\*Deborah Frazier, Treasurer (arrived 7:07 p.m.)  
\*Gary Skinner  
Jennifer Mitchell (departed 7:28 p.m.)  
\*Lee Carter  
\*Elizabeth Guzman  
\*George Barker

### Members Absent

Cindy Shelton, Secretary

### Alternates Present

Bennie Smith  
\*Todd Horsley

### Alternates Absent

Ann Wheeler  
Pete Candland  
Maggie Hansford  
Meg Bohmke  
Gary Snellings  
Ralph Smith  
Preston Banks  
Hector Cendejas  
Donald Shuemaker  
Jason Graham  
Tim McLaughlin  
David Ross  
Jennifer DeBruhl  
Steve Pittard

### Jurisdiction

Prince William County  
Prince William County  
Prince William County  
Prince William County  
Prince William County  
Prince William County  
Stafford County  
City of Manassas  
City of Manassas Park  
City of Fredericksburg  
Spotsylvania County  
Spotsylvania County  
Department of Rail and Public Transportation  
Virginia House of Delegates  
Virginia House of Delegates  
Virginia Senate

Stafford County

Prince William County  
Department of Rail and Public Transportation

Prince William County  
Prince William County  
Prince William County  
Stafford County  
Stafford County  
City of Manassas  
City of Manassas Park  
City of Manassas Park  
City of Manassas Park  
City of Fredericksburg  
Spotsylvania County  
Spotsylvania County  
Department of Rail and Public Transportation  
Department of Rail and Public Transportation

\*Voting Member

Arrivals/departures following the commencement of the PRTC Commission Board Meeting are notated with the approximate arrival/departure time.

### **Staff and Public on ZOOM**

Dr. Robert A. Schneider, PhD – PRTC  
Doris Lookabill – PRTC  
Carl Roeser - PRTC  
Becky Merriner – PRTC  
Christine Rodrigo – PRTC  
Perrin Palistrant – PRTC  
Joe Stainsby - PRTC

Mike Ake – Keolis  
Barbara Murdock – Keolis  
Rich Dalton – VRE  
Mark Schofield – VRE  
Steve MacIsaac - VRE  
Ben Owen – NVTC  
Sharon Pandak – Greehan, Taves & Pandak

Chair Franklin called the meeting to order at 7:00 p.m. noting due to the COVID-19 pandemic and pursuant to PRTC Commission Resolution No. 20-05-01, this meeting of the PRTC Board of Commissioners is being conducted virtually via Zoom. Public access for this meeting is being provided via livestreaming on PRTC's YouTube channel. The public was given notice on PRTC's website, Facebook, at the Transit Center, and in InsideNova and the Free Lance-Star. The Chair then read an announcement detailing procedures for the electronic meeting. Invocation, Pledge of Allegiance and Roll Call followed.

Commissioner Vega arrived at 7:04 p.m., and Commissioner Lawson arrived at 7:06 p.m.

### **Approval of Agenda – 4 [RES 20-11-01]**

Commissioner Bailey moved with a second by Commissioner Angry. There was no discussion on the motion. (BAILEY/ANGRY; VEGA ABSTAINED; ALLEN AND BARKER WERE INAUDIBLE; APPROVED)

Commissioner Frazier arrived at 7:07 p.m.

### **Approval of Minutes of October 1, 2020– 5 [RES 20-11-02]**

Commissioner Bailey moved with a second by Commissioner Angry. There was no discussion on the motion. (BAILEY/ANGRY; ALLEN AND BARKER WERE INAUDIBLE; APPROVED)

### **Virginia Railway Express Acting Chief Executive Officer's Time – 6**

- VRE continues to operate at a reduced level and is monitoring ridership daily so trains can be lengthened or added as needed to maintain social distancing. The public can view train capacity on VRE's Train Utilization webpage.
- October ridership increased slightly to just over 1,400 average daily riders.
- October on-time performance was 94 percent system wide.
- Staff continues to work remotely.
- Tonight's meeting packet includes information on two proposed agreements the VRE Operations Board will consider in November related to the Virginia Passenger Rail Authority. One is an access agreement similar to the ones VRE has with CSX, Norfolk Southern and Amtrak; the other is a Passenger Rail Improvement and Funding Agreement to fund planned improvements. These agreements will likely be before the PRTC Board in December, and VRE staff is willing to answer any questions.

### **Public Comment Time – 7**

No comments were received for this meeting.

Commissioner Angry said he's been in touch with Commissioner Allen who is having problems with her internet connection, and she wants to record "Yea" votes for the Agenda and Minutes. As long as Commissioner Allen is having internet problems, Commissioner Angry said he would pass along her votes. Ms. Pandak, of Greehan, Taves & Pandak, said that was acceptable.

### **Consent Agenda – 8 [RES 20-11-03]**

Commissioner Kelly moved with a second by Commissioner Sebesky. Dr. Schneider explained that the Memorandum of Agreement will enable FRED to act as a sub recipient for access to CARES funding in order to offset some of its expenses. Commissioner Kelly said this cuts a bit of red tape for the City of Fredericksburg. (KELLY/SEBESKY, UNANIMOUS)

- **Acceptance of the PRTC Monthly Jurisdictional Financial Report for the Period Ended July 31, 2020 [RES 20-11-04]**
- **Authorize the Executive Director to Execute a Memorandum of Agreement Between the Potomac and Rappahannock Transportation Commission and the City of Fredericksburg [RES 20-11-05]**

Commissioner Allen departed at 7:17 p.m.

### **PRTC Executive Director's Time – 9**

Dr. Schneider updated the Board on the following items:

#### **Virginia Passenger Rail Authority**

Mr. Dalton gave an update about the Virginia Passenger Rail Authority earlier tonight, and anyone who has questions should reach out to him.

#### **Western Maintenance Facility**

OmniRide has received the certificate of occupancy for the Western Facility and moved five (5) to six (6) staff members to the building. Furniture has not yet been ordered, and we don't plan to outfit the entire building at once. Furniture for areas not currently being used, such as conference rooms, will be ordered later. We anticipate operating service from the facility in April 2021.

#### **Keolis Transition**

There was a good transition this week from First Transit to Keolis. Dr. Schneider introduced Keolis General Manager Barbara Murdock who said:

- PRTC leadership helped with the smooth transition, and service began at 3 a.m. Monday. A total of 105 buses rolled out; no buses were late or missed; 195 employees have been hired.
- There was a breakfast and food truck on the first day of operations; employees were engaged with gift bags, a safety contest with prizes, and a Photo Board of Champions.
- In Maintenance, the management program KIHM (Keolis Industrialized and Harmonized Maintenance) was kicked off.

Chair Franklin said she had hoped to attend the kickoff events and hoped the Commissioners would visit the Transit Center to welcome Keolis and greet the staff. She also thanked Ms. Murdock for her work.

#### **Service Change**

The date of next service change was changed from November 2 to November 30 to ensure Keolis is ready.

#### **Hispanic Council Meeting**

OmniRide's first Hispanic Council Meeting will take place virtually on Wednesday, December 9. This is a transportation education awareness campaign and Board members are encouraged to help share the news. More information will be emailed to Commissioners on November 6.

#### **Industry Article**

This month's Industry Article is *King County Metro to Resume Collecting Fares Without Enforcement on October 1*, written by OmniRide Chief Development Officer Joe Stainsby. King County Metro runs bus service as well as a vanpool service and it shows us how a large west coast transit and vanpool service in one of the friendliest transit environments in the country is moving forward within the COVID environment.

Commissioner Lawson asked about outreach for the Hispanic Council meeting and if the Chamber of Commerce would try to reach people outside of Chamber members. Dr. Schneider said this Council is an OmniRide effort and the Chamber is our partner to access the business community.

Chair Franklin said the Hispanic Council meeting is an opportunity for Commissioners to involve Hispanic partner groups to be part of the Council. She also encouraged any Commissioner who is interested in the Council to participate.

Commissioner Bailey said she has a meeting scheduled with the Quantico commander and plans to contact Dr. Schneider and Ms. Murdock about transportation issues.

Commissioner Angry thanked Ms. Murdock for engaging the bus drivers and complimented Keolis for hitting the ground running during the transition. He encouraged all Commissioners to visit the Transit Center, engage staff and make sure we continue heading down the right road.

Commissioner Mitchell departed at 7:28 p.m.

Commissioner Allen rejoined at 7:29 p.m. but continued having internet problems and departed at 7:35 p.m.

#### **PRTC Action Items – 11**

#### **Approve and Adopt the Transit Strategic Plan and the Transit Demand Management Plan 11.1 [RES 20-11-06]**

Chair Franklin said this is Phase Three of the Strategic Plan and is required by DRPT. She invited Mr. Stainsby, PRTC's Chief Development Officer, to speak. Mr. Stainsby said two public hearings were held in the fall – one virtual and one in-person. No one attended either hearing, but one person submitted written comments. The comments have been added to the record, but did not result in changes to the two (2) plans. Commissioner Bailey moved, with a second by Commissioner Rishell. Ms. Pandak said Commissioner Allen is no longer online, so Commissioner Angry can no longer relay her vote.

Chair Franklin asked if there were other ways, aside from the public hearings, that information about the plans was shared with the public. Mr. Stainsby said the plans were advertised in the standard newspapers, and posted on websites and social media platforms for OmniRide and Vanpool Alliance. In addition, all materials were translated for the first time into Vietnamese along with the Spanish translation. The Chair wanted to ensure other media outlets were contacted, including InsideNova, Potomac Local, Prince William Times, and What's Up Woodbridge so the word is being spread as much as possible.

Commissioner Horsley said these plans are DRPT requirements and the work of PRTC's staff is appreciated.

Commissioner Angry asked if an alternate Commissioner can vote for Stafford County since Commissioner Allen is having internet problems, but was informed that no alternate for Stafford County is present online. (BAILEY/RISHELL; LAWSON AND VEGA VOTE NAY; APPROVED)

#### **Authorize the Executive Director to Execute a Furniture Purchasing Agreement with Frank Parsons via a National Cooperation Contract Administered By Omnia Partners, Public Sector 11.2 [RES 20-11-07]**

Dr. Schneider said furniture is needed for staff who will occupy the Western Facility. The purchase will be staggered so areas such as conference and training rooms will be furnished at a later date. Cubicles have been enlarged to allow for social distancing. Staff who have been working in leased office space on Noble Pond Way are being reintegrated to the Transit Center or teleworking. The savings from the leased space will offset these expenses. Commissioner Sebesky moved with a second by Commissioner Boddye.

Chair Franklin said COVID funding is being used very conservatively and asked if this will affect any COVID funding. Dr. Schneider said no, and explained this expense was included in the budgeted services and will be far less than what was budgeted because areas such as conference rooms won't be furnished until people are able to gather again.

Commissioner Bailey asked approximately how much will be spent. Dr. Schneider said \$150K was budgeted for all furniture, including multiple conference and training rooms, office space and cubicles, but the estimate for the initial expenditure is between \$55,000 and \$65,000. He added that outfitting each conference room will range from \$10,000 to \$30,000 depending on the size and use. (SEBESKY/BODDY, UNANIMOUS)

**Approve Policy Changes Governing Commuter Choice on the I-395/95 Corridor Program – 11.3 [RES 20-11-08]**

Ben Owen, NVTC's Commuter Choice Senior Program Manager, said this item concerns approval of a set of four policy changes governing the program.

- A framework for supporting larger capital projects;
- A minimum funding award amount;
- A more defined set of guidelines and requirements for transportation demand management projects; and
- A partner support documentation requirement

These changes were reviewed with eligible applicants and with members of the Joint Commission Working Group. Commissioner Rishell moved, with a second by Commissioner Bailey.

In response to a request from Chair Franklin to explain the funding portion of the changes, Mr. Owen said this will establish a \$200,000 minimum for projects supported by the program. Funding recipients will continue to have reporting requirements. Once the CTB approves funding for a project, the recipient must execute a project agreement with NVTC within two years, and spend the funds within five years. (RISHELL/BAILEY, UNANIMOUS)

**Adopt the Technical Evaluation Process for the Commuter Choice on the I-395/95 Corridor Program and Authorize the Northern Virginia Transportation Commission Executive Director to Issue a Call for Projects for I-395/95 Corridor Round Two (FY2022 – FY2023) – 11.4 [RES 20-11-09]**

Mr. Owen said the application period will be open from November 9, 2020 to January 29, 2021 with final selection in June 2021. Full funding of approximately \$30 million is expected for Round Two. NVTC talked with Transurban last month and while Express Lanes traffic has declined, Transurban expects to make its full upcoming payment to the Commonwealth.

Regarding the technical evaluation process, this is the same process that was used for the most recent I-66 call for projects, Mr. Owen said. Commissioner Bailey moved, with a second by Commissioner Rishell. At the request of Chair Franklin, Mr. Owen listed the members of the Joint Working Group. Members from PRTC are Commissioner Skinner from Spotsylvania County, Commissioner Rishell from the City of Manassas Park and Commissioner Guzman from the House of Delegates; and from NVTC are Chair Jeff McKay of Fairfax County, Commissioner Libby Garvey of Arlington County and Commissioner Elizabeth Bennett-Parker from the City of Alexandria. The Working Group was briefed in August-September about the call for projects and will likely meet for the first time next spring. (BAILEY/RISHELL UNANIMOUS)

**Chair's Time - 12**

Chair Franklin said the Board needs to form a Legislative Committee and the Legislative Agenda will be considered at the December meeting. Dr. Schneider said there is no formal obligation for a Legislative Committee, but it's something PRTC has done to get feedback and guidance. Chair Franklin asked that those interested in serving on the Legislative Committee contact Dr. Schneider by Friday, November 13.

Chair Franklin said the Board also needs to put together a Nominating Committee to propose a slate for PRTC's 2021 officers. Ms. Pandak said the Board must elect the Nominating Committee at the December

meeting, and the slate of officers will come before the Commission for a vote in January. The Bylaws state that the Nominating Committee must consist of one member from each member jurisdiction. She recommended that the list of Nominating Committee members be available in time to be included in the December meeting materials. Proposed members for the Nominating Committee also may be made during the December meeting, Ms. Pandak said.

The Nominating Committee will invite nominations for the slate of officers to the PRTC Board and VRE Operations Board members and alternate members prior to the January meeting. Names must be submitted in time to be included in the January meeting materials. Nominations may be made from the floor during the January meeting. VRE Operations Board members and alternates will mirror the appointments made by the member jurisdictions, Ms. Pandak said.

Ms. Pandak advised there is a consistent problem with having the names of proposed members in time for PRTC's January meeting because of turnover in the member jurisdictions' governing bodies. As a result, PRTC will meet on the second Thursday in January 2021 in order to give the jurisdictions time to meet and select people to serve as members and alternates of the PRTC Board of Commissioners and the VRE Operations Board.

Chair Franklin asked that each jurisdiction contact Dr. Schneider by Friday, November 13 with the name of the person from their jurisdiction who will serve on the Nominating Committee.

Chair Franklin thanked Keolis and the operators for the work involved in the transition, noting that it's been a tough few weeks and she appreciates all the Keolis and PRTC employees.

#### **Commissioners' Time - 13**

Many Commissioners wished veterans a happy Veteran's Day, thanked Keolis for its efforts to create a smooth transition and said they're looking forward to working with the Keolis team.

Commissioner Lawson asked about ridership. Dr. Schneider said commuter buses are operating at about 25 percent of previous ridership while local buses are between 55-65 percent, depending on the route. Commissioner Lawson said she's seen empty buses in the Manassas area and wants to follow up on ways to improve ridership.

Commissioner Skinner said if Keolis does the same job at PRTC as they do for VRE, we'll be very pleased. They do a wonderful job and the passengers love them.

Commissioner Guzman congratulated those who won election this week and thanked those who lost elections for their service.

Commissioner Barker gave a legislative update from the General Assembly's regular session and the special session that will wrap up next week. A major transportation bill was passed in the regular session that will provide substantial additional revenues including a fair amount to transit to help address some of the needs in Northern Virginia and other parts of the state. Commissioner Barker was able to get funding in the budget to provide a minimum of \$5 million annually for transit entities that make long-haul trips, and PRTC and Loudoun Transit should benefit from that. Loudoun's situation may change once Metro extends into Loudoun County. This will help some of PRTC's shortfall from the transit funding formula being used in ways that disadvantaged entities like PRTC that provide a substantial number of trips of long distance. Commissioner Barker said that over time PRTC may get the lion's share of this funding along with VRE and potentially one or two other transit systems in the Commonwealth. Virginia is in better financial shape than anyone thought it would be at this point. The state budget that he expects to be adopted next week will enable some funding to be restored after cuts were made earlier this year, but no additional funding is designated for transit other than the new bill he mentioned.



**Adjournment – 14**

There being no further business to come before the Commission, Chair Franklin entertained a motion to adjourn. Commissioner Bailey moved, with a second by Commissioner Boddye. There was no discussion. (BAILEY/BODDYE, UNANIMOUS)

The meeting was adjourned at 8:11 p.m.

DRAFT

**Virginia Railway Express (VRE) Chief Executive Officer's Time**

- 6.1 Chief Executive Officer's Report – November 2020**
- 6.2 Accept and Authorize Distribution of the VRE FY2020 Comprehensive Annual Financial Report**
- 6.3 Authorize the VRE Chief Executive Officer to Execute an Agreement for Design, Construction, Operations and Maintenance of a Parking Garage at the VRE Manassas Park Station**
- 6.4 Authorize the VRE Chief Executive Officer to Execute a Passenger Rail Operations and Access Agreement with the Virginia Passenger Rail Authority**
- 6.5 Authorize the VRE Chief Executive Officer to Execute a Passenger Rail Improvements and Funding Agreement with the Virginia Passenger Rail Authority**
- 6.6 Approve the VRE 2021 Legislative Agenda**
- 6.7 VRE Information Items:**
  - **November 2020 Update**
  - **FY22 Budget Update**
  - **Agenda, Minutes, and Resolutions of the November 20, 2020 VRE Operations Board Meeting**
  - **Spending Authority Report**

# CEO REPORT

NOVEMBER 2020



# OUR MISSION

The Virginia Railway Express, a joint project of the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission, will provide safe, cost-effective, accessible, reliable, convenient, and customer responsive commuter-oriented rail passenger service. VRE contributes to the economic vitality of its member jurisdictions as an integral part of a balanced, intermodal regional transportation system.





CEO REPORT | NOVEMBER 2020

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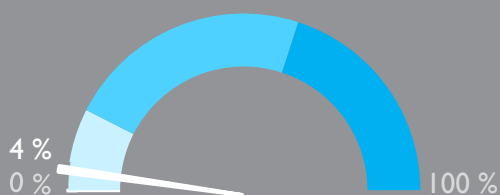
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VIRGINIA RAILWAY EXPRESS  
A better way. A better life.

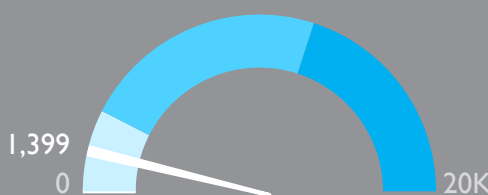


# SUCCESS AT A GLANCE



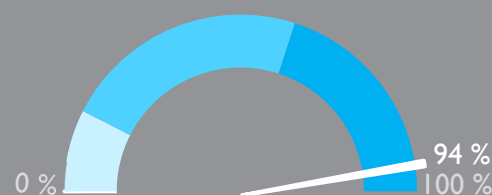
PARKING  
UTILIZATION

The total number of parking spaces used in the VRE system during the month, divided by the total number of parking spaces available.



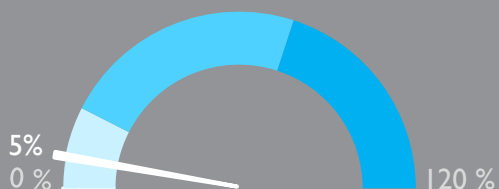
AVERAGE DAILY  
RIDERSHIP

The average number of boardings each operating day inclusive of Amtrak Step-Up boardings and reduced, "S" schedule, service.  
Same month, previous year: 19,593



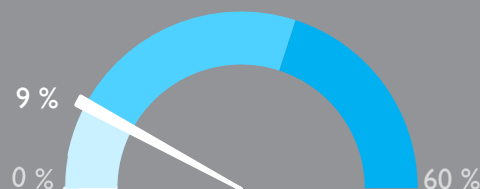
ON-TIME  
PERFORMANCE

Percent of trains arriving at their destination within five minutes of the schedule.  
Same month, previous year: 79%



SYSTEM CAPACITY

The percent of peak hour train seats occupied. The calculation excludes reverse flow and non-peak hour trains.



OPERATING RATIO

*Through September 2020*

Year-to-date operating revenues divided by year-to-date operating expenses, which represents the share of operating costs paid by the riders.  
Board-approved goal: 52%

October 2020

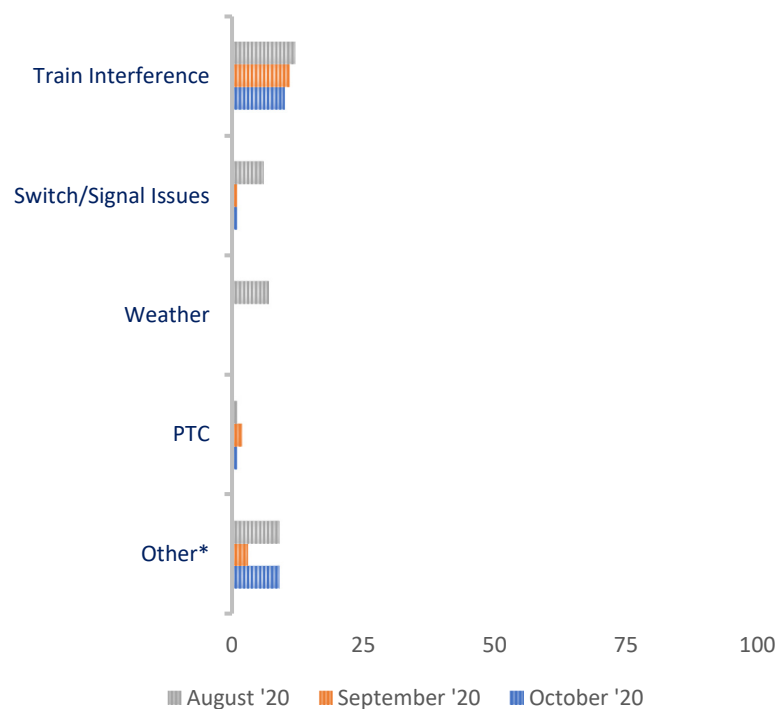


# ON-TIME PERFORMANCE

## OUR RECORD

	October 2020	September 2020	October 2019
Manassas Line	95%	96%	77%
Fredericksburg Line	94%	95%	81%
Systemwide	94%	96%	79%

## PRIMARY REASON FOR DELAY



VRE operated 378 trains in October. Our on-time rate for October was 94 percent.

Twenty-one trains arrived more than 5 minutes late to their final destinations. Of those late trains, nine were on the Manassas Line (43 percent), and 12 were on the Fredericksburg Line (57 percent).

Overall, on-time performance for the month was 94%. Congestions remains the biggest driver of delays.

\*Includes trains that were delayed due to operational testing and passenger handling.

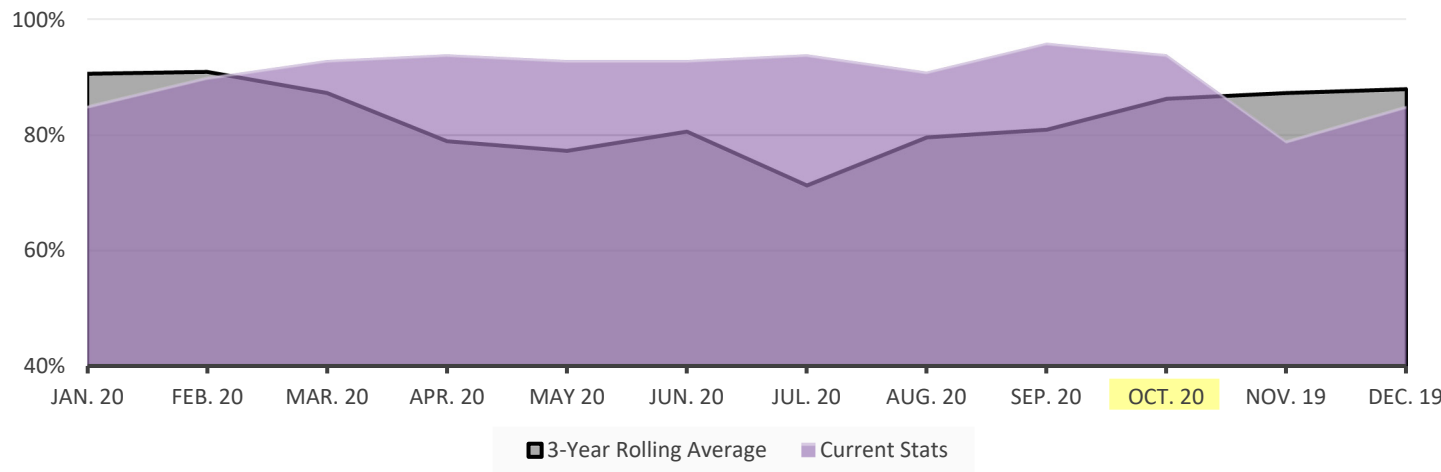
## LATE TRAINS

	System Wide			Fredericksburg Line			Manassas Line		
	Aug	Sept	Oct	Aug	Sept	Oct	Aug	Sept	Oct
Total late trains	37	17	21	20	11	12	17	6	9
Average minutes late	26	13	12	17	13	13	36	14	11
Number over 30 minutes	8	0	0	3	0	0	5	0	0
Heat restrictions	8	2	0	8	2	0	0	0	0

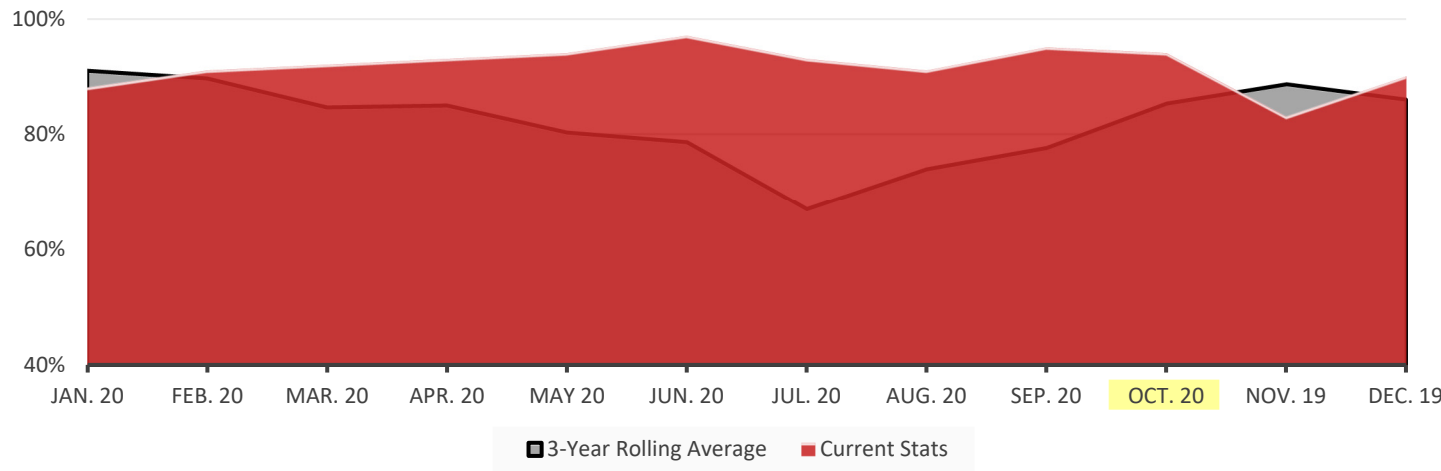


ON-TIME PERFORMANCE

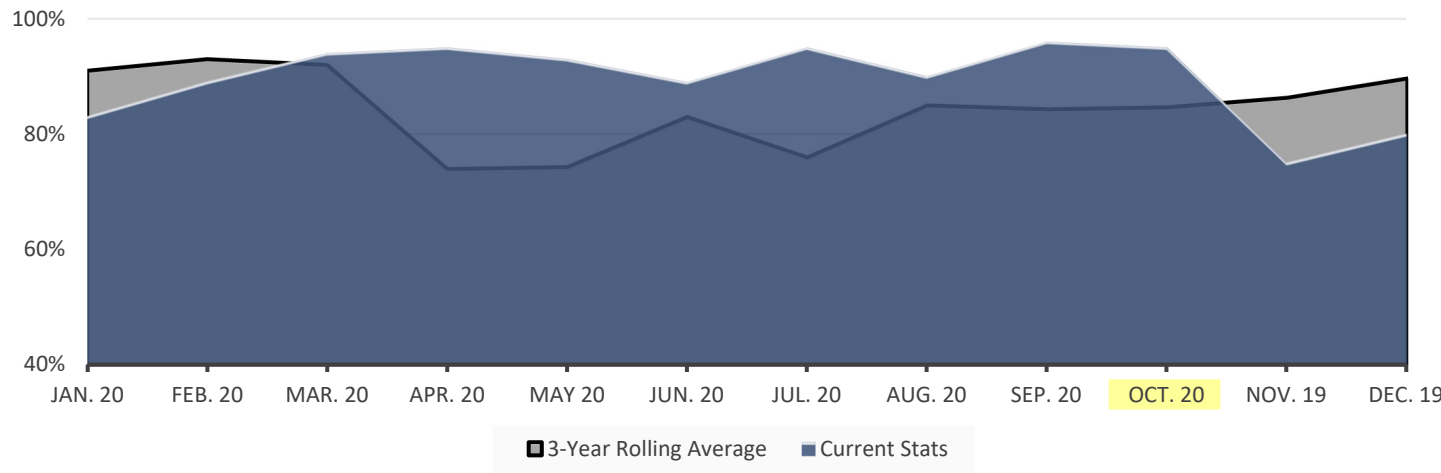
VRE SYSTEM



FREDERICKSBURG LINE

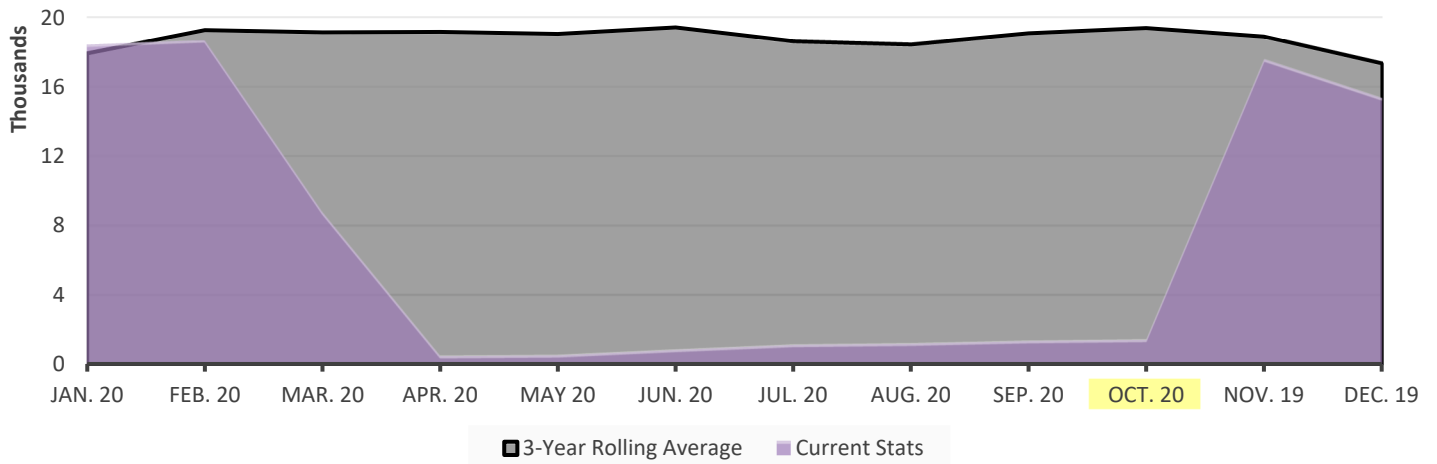


MANASSAS LINE

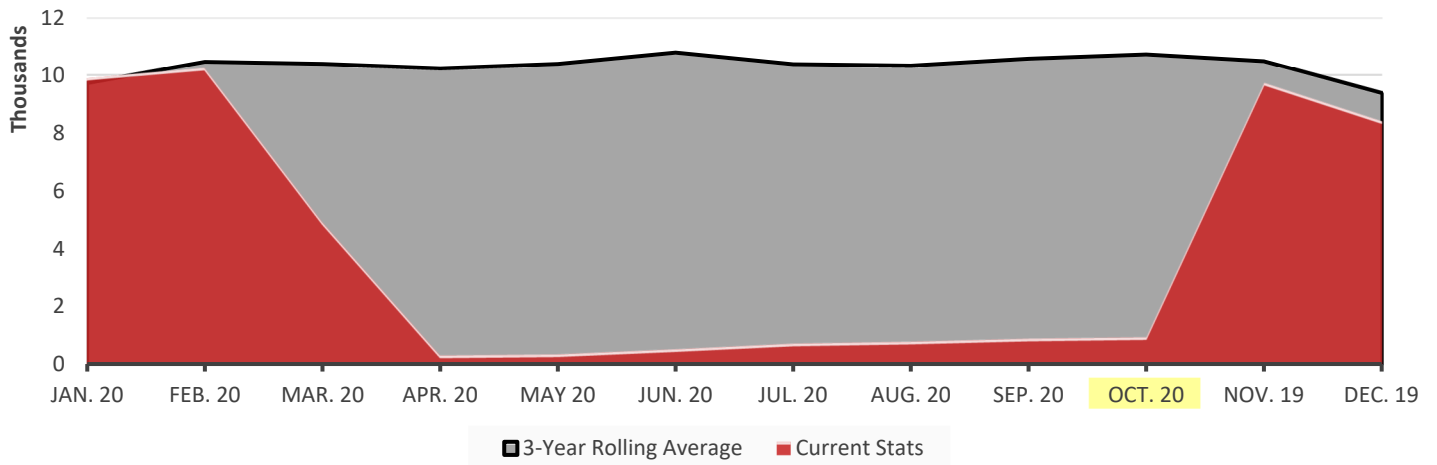


# AVERAGE DAILY RIDERSHIP

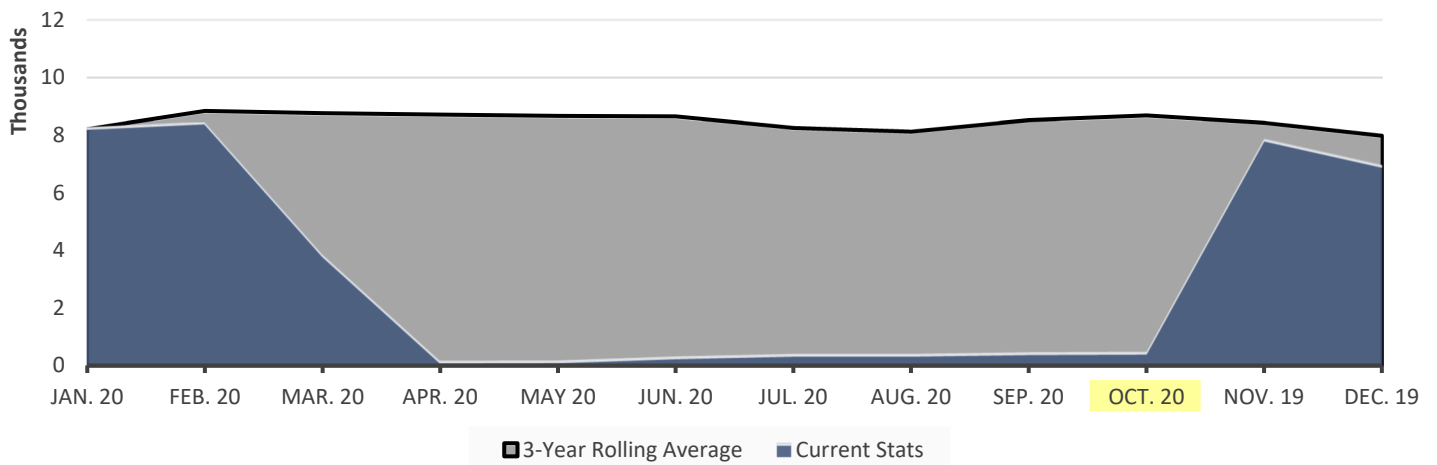
## VRE SYSTEM



## FREDERICKSBURG LINE



## MANASSAS LINE



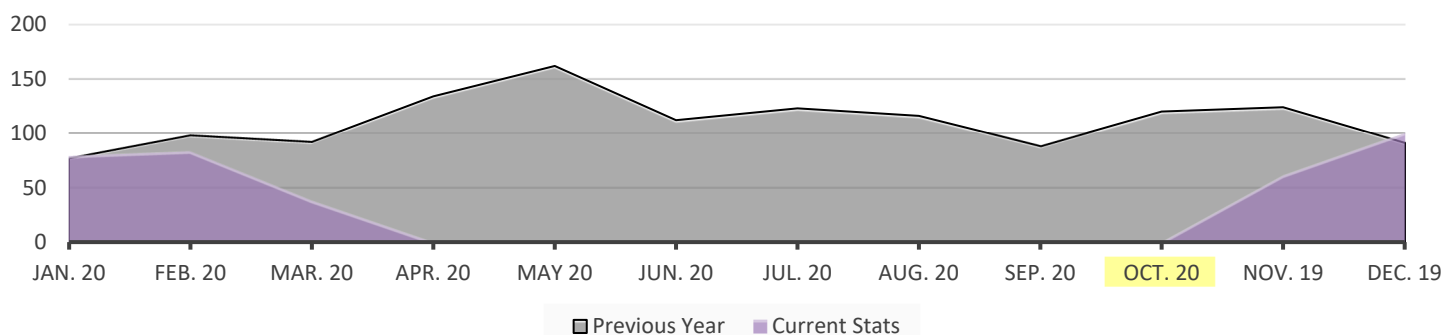
## RIDERSHIP UPDATES

Average daily ridership (ADR) in October was 1,399. ADR continues to trend upward month over month. We continue to operate an “S” Schedule Plus (which includes trains 300 and 307), as necessitated by the COVID-19 pandemic.

	October 2020	September 2020	October 2019
Monthly Ridership	29,383	27,987	431,045
Average Daily Ridership	1,399	1,333	19,593
Full Service Days	0	0	22
“S” Service Days	21	21	0

## SUMMONSES ISSUED

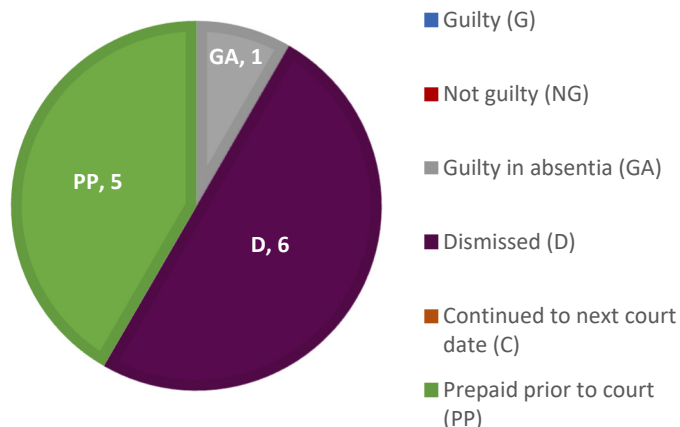
### VRE SYSTEM



### SUMMONSES WAIVED OUTSIDE OF COURT

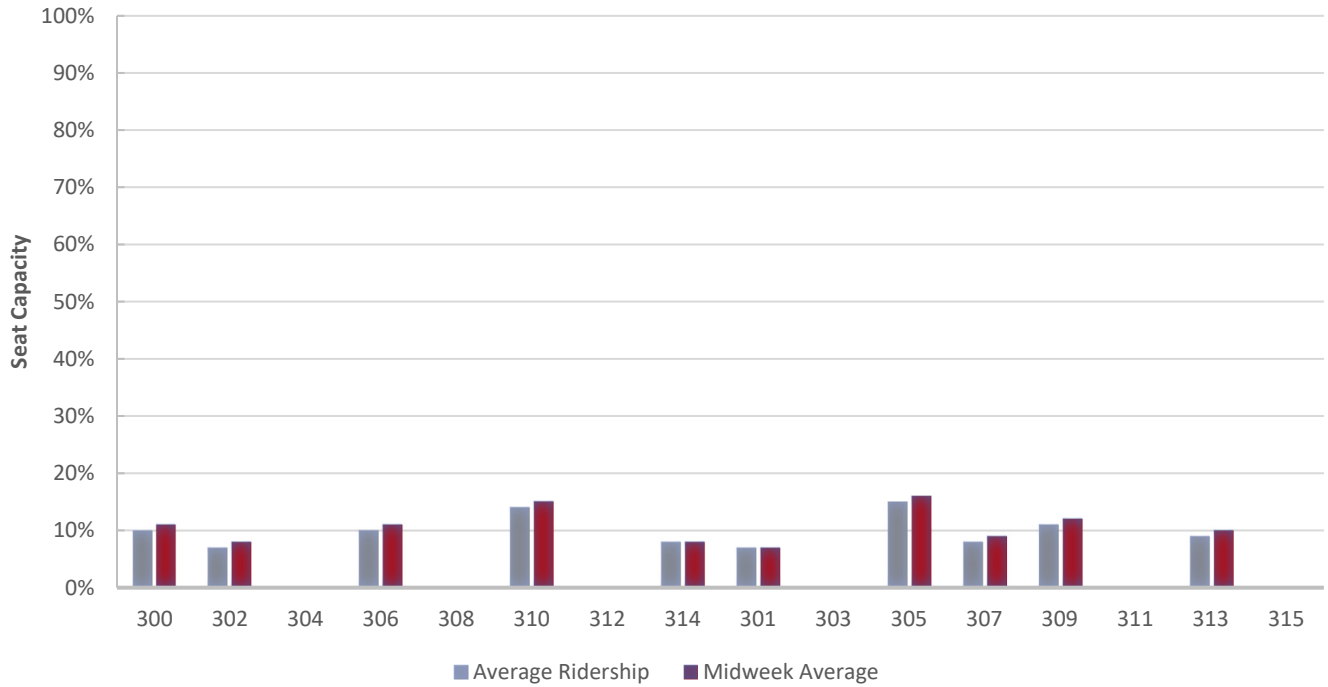
Reason for Dismissal	Occurrences
Passenger showed proof of a monthly ticket	0
One-time courtesy	0
Per the request of the conductor	0
Defective ticket	0
Per ops manager	0
Unique circumstances	0
Insufficient information	0
Lost and found ticket	0
Other	0
<b>Total Waived</b>	<b>0</b>

### MONTHLY SUMMONSES COURT ACTION

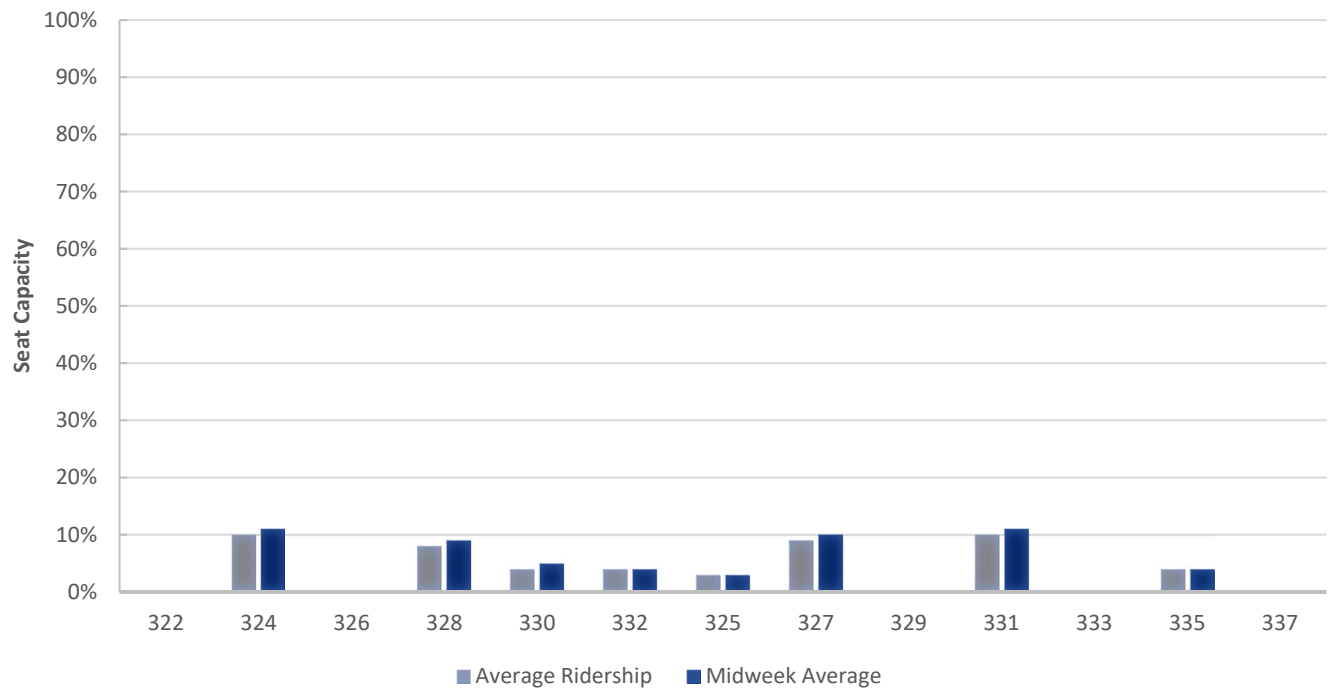


# TRAIN UTILIZATION

## FREDERICKSBURG LINE

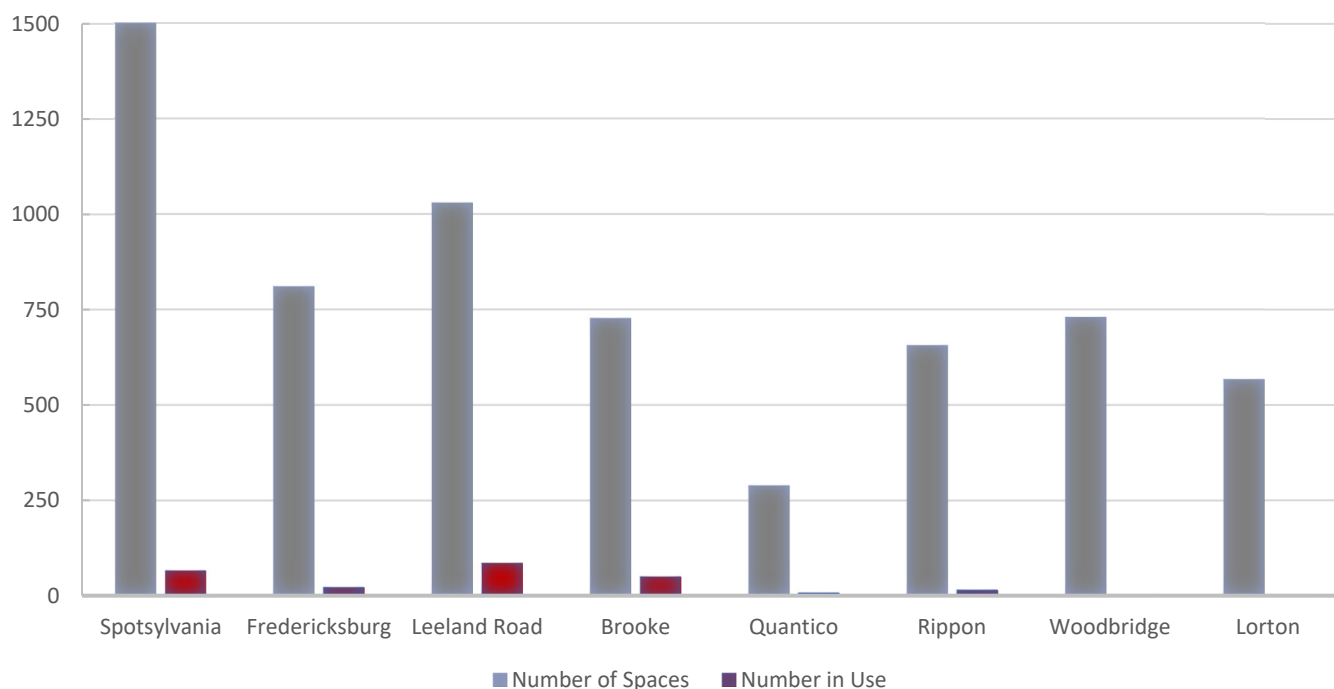


## MANASSAS LINE

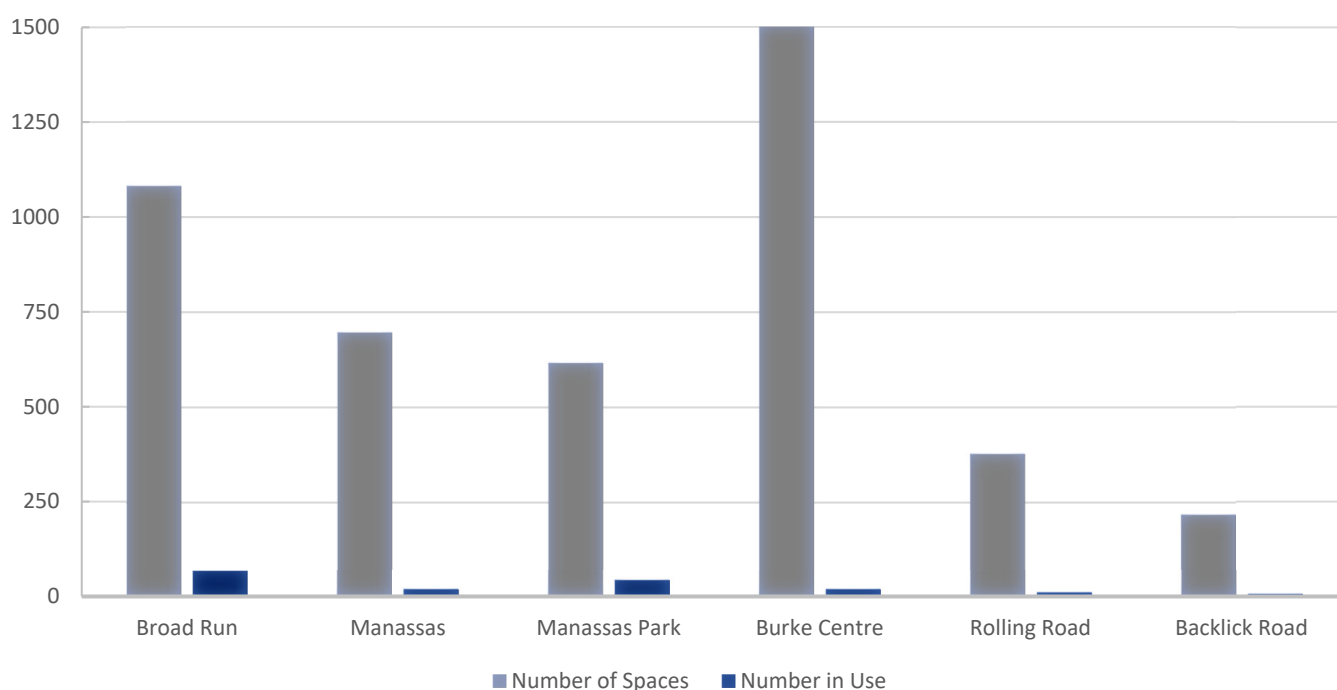


## PARKING UTILIZATION

### FREDERICKSBURG LINE



### MANASSAS LINE



# FINANCIAL REPORT FOR SEPTEMBER 2020

Fare revenue through the first quarter (July-September) of FY 2021 is approximately \$9.1 million below budget (an unfavorable variance of -81%) and is also 81% below the same period in FY 2020.

The coronavirus (COVID-19) pandemic continues to have a material negative impact on VRE ridership. Average daily ridership has been slowly increasing during the quarter, with ridership in September at 1,333 trips per day, as compared to 1,177 for August and 1,109 for July. Ridership remains well below pre-pandemic levels – average daily ridership was 18,692 in February 2020 (the last full month not affected by the pandemic). We expect to report significant impacts related to the pandemic throughout FY 2021.

The operating ratio through the first quarter of FY 2021 is 9%, which is below VRE's budgeted operating ratio of 52% for the full twelve months of the fiscal year. VRE is required to budget a minimum operating ratio of 50%. The final operating ratio for the year will depend on whether and when ridership rebounds, but it is unlikely that the 50% threshold will be reached.

A summary of the FY 2021 financial results through September follows, including information on major revenue and expense categories. Please note that these figures are preliminary and unaudited.

FY 2020 Operating Budget Report Month Ended September 30, 2020							
	CURR. MO. ACTUAL	CURR. MO. BUDGET	YTD ACTUAL	YTD BUDGET	YTD \$ VARIANCE	YTD % VARIANCE	TOTAL FY19 BUDGET
<b>Operating Revenue</b>							
Passenger Ticket Revenue	639,044	3,688,805	2,147,673	11,242,072	(9,094,398)	-80.9%	44,090,000
Other Operating Revenue	-	25,100	42,208	76,494	(34,286)	-44.8%	300,000
<b>Subtotal Operating Revenue</b>	<b>639,044</b>	<b>3,713,904</b>	<b>2,189,882</b>	<b>11,318,566</b>	<b>(9,128,684)</b>	<b>-80.7%</b>	<b>44,390,000</b>
Jurisdictional Subsidy (1)	-	-	9,334,076	9,334,075	1	0.0%	13,817,632
Federal/State/Other Jurisdictional Subsidy	2,610,251	2,680,153	7,845,907	8,040,450	(194,543)	-2.4%	31,879,656
Appropriation from Reserve/Other Income	-	-	-	-	-	0.0%	-
Interest Income	15,966	108,765	46,080	331,474	(285,394)	-86.1%	1,300,000
<b>Total Operating Revenue</b>	<b>3,265,261</b>	<b>6,502,822</b>	<b>19,415,944</b>	<b>29,024,565</b>	<b>(9,608,621)</b>	<b>-33.1%</b>	<b>91,387,287</b>
<b>Operating Expenses</b>							
Departmental Operating Expenses	5,808,259	6,614,136	23,491,429	24,267,049	775,620	3.2%	85,137,449
Debt Service	518,403	518,403	1,555,210	1,555,210	-	0.0%	6,220,838
Other Non-Departmental Expenses	-	2,426	-	7,394	7,394	0.0%	29,000
<b>Total Operating Expenses</b>	<b>6,326,663</b>	<b>7,134,965</b>	<b>25,046,639</b>	<b>25,829,653</b>	<b>783,015</b>	<b>3.0%</b>	<b>91,387,287</b>
<b>Net income (loss) from Operations</b>	<b>(3,061,401)</b>	<b>(632,143)</b>	<b>(5,630,694)</b>	<b>3,194,911</b>	<b>(8,825,606)</b>		<b>-</b>
<b>Operating Ratio</b>							
			<b>9%</b>	<b>47%</b>		<b>Budgeted Goal</b>	<b>52% 50%</b>

(1) Total jurisdictional subsidy is \$18,300,780. Portion shown as budgeted is attributed to Operating Fund only.

# COMMUTER RAIL OPERATING AND CAPITAL (C-ROC) FUND QUARTERLY REPORT

## Background

Dedicated C-ROC funding for VRE began on July 1, 2018. The C-ROC Fund receives \$15 million annually (\$1.25 million monthly) from fuel taxes collected in the NVTC and PRTC regions. C-ROC funds are received from the Department of Motor Vehicles (DMV) and are held by NVTC/VRE in a separate account, in accordance with §33.2-1525.A of the Code of Virginia. The VRE Operations Board and Commissions approve the projects that are to be funded in whole or in part by the C-ROC, and VRE provides a quarterly report on the C-ROC Fund, including disbursements received, amounts expended, the purpose of the expenditures, and investment and interest earnings.

## C-ROC Fund as of September 30, 2020

A summary of the C-ROC Fund through the first quarter of FY 2021 is presented below. Due to lags in the determination of total fuel tax revenue by DMV and the transfer of funds from DMV to NVTC/VRE, total C-ROC funds received may be less than total funds earned. As of September 30, 2020, no FY 2021 C-ROC funding has yet been received by NVTC/VRE.

### **C-ROC Fund as of September 30, 2020**

<b>Period</b>	<b>Funds Earned</b>	<b>Funds Received</b>	<b>Interest Earned</b>	<b>Expenditures</b>	<b>C-ROC Account Balance</b>
FY 2021 (Jul-Sep)	\$3,750,000	\$0	\$19,373	\$0	
<b>Life to Date</b>	<b>\$33,750,000</b>	<b>\$30,000,000</b>	<b>\$430,625</b>	<b>\$0</b>	<b>\$30,430,625</b>

The VRE Operations Board and the Commissions have approved the commitment of \$45 million in C-ROC funding to key capital projects – \$30 million for the L’Enfant Station and Fourth Track project and \$15 million for the Crystal City Station Improvements project. This commitment reflects three years of projected C-ROC funding (FY 2019 through FY 2021), and expenditures will be reflected above when construction commences on these projects.

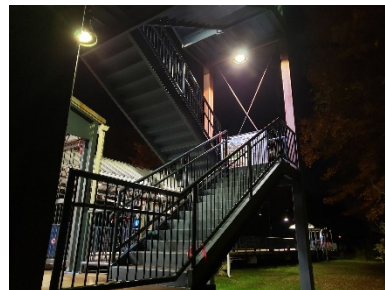


## FACILITIES UPDATE

The following is a status update of VRE facilities projects.

### Completed projects:

1. Minor steel repairs to stairs at Rippon Station
2. Repairs to damaged pedestrian crossing at Quantico Station
3. Repairs to damaged tactile warning strip at Fredericksburg Station



*Freshly painted stairs at Rippon.*

### Projects scheduled to be completed this quarter:

1. Submission of IFB package for canopy roof replacement at Backlick Road Station
2. Caulking and painting of stairs at Rippon Station
3. Submission of IFB package for replacement of tactile warning strips at various stations



*Repairs to pedestrian crossing at Quantico*

### Projects scheduled to be initiated this quarter:

1. Issuance of GEC Task Orders for design of minor structural repairs at Franconia-Springfield, Woodbridge, Rippon, Brooke and Manassas Stations
2. Repair of minor cracks in west platform at Woodbridge Station
3. Repair of platform sealer delamination at Spotsylvania Station
4. Issuance of general signage services Request for Quotes

### Ongoing projects:

1. Design of waiting area at L'Enfant Station
2. Replacement of signage at Franconia-Springfield, Woodbridge and Leeland Road stations
3. Replacement of waste and recycling receptacles at various stations
4. Design of renovations to Alexandria headquarters

## UPCOMING PROCUREMENTS

- Program management services
- Canopy roof replacement at the Backlick Road Station
- Modernization of VRE Woodbridge Station east elevator
- Passenger car wheelchair lift assemblies
- Purchase of LED light fixtures
- Construction of L'Enfant south storage track wayside power
- Variable Messaging System replacement
- Tactile strip replacements
- Pavement repairs and striping at the Rippon and Leeland Road stations and Fredericksburg Lot G
- Franconia-Springfield Station painting services
- Final design services for VRE Broad Run expansion
- Renewal of locomotive head end power engine systems
- Overhaul of emergency generators
- Headquarters renovations
- Website management services

# CAPITAL PROJECTS UPDATE

The following is a status update of VRE capital projects.

Completed projects or major project milestones:

1. Long Bridge Project (*study by others*) – Virginia and the District of Columbia have concluded the environmental planning process. DRPT is evaluating responses to its RFP for architectural/engineering consulting services.
2. The Franconia-Springfield Station Improvements draft 90% complete plans and draft specifications were submitted by the consultant team. The documents are being evaluated internally by VRE prior to submittal to CSXT for review and comment.

Projects or project phases scheduled to be completed this quarter:

3. Franconia-Springfield Station Improvements final 90% complete plans
4. Rippon Station Improvements draft 30% complete plans
5. Brooke Station Improvements draft 30% complete plans
6. Leeland Road Station Improvements draft 30% complete plans
7. Broad Run Expansion (BRX) Section 106 Consultation
8. Construction of Benchmark Road Slope Stabilization Complete (Hamilton to Crossroads overall project/funding closeout and stakeholder concurrence anticipated this quarter)

Projects or project phases scheduled to be initiated this quarter:

9. Execution of Contract for Construction of Quantico Station Improvements and Pre-NTP activities - NTP forthcoming
10. Execution of Contract for Construction of Lifecycle Overhaul & Upgrade Facility (LOU) and Pre-NTP activities - NTP forthcoming
11. Board Authorization, Execution of Contract for Construction of Rolling Road Station Improvements and Pre-NTP activities – NTP forthcoming
12. Execution of Contract and NTP for CM for Construction of Quantico Station Improvements

Ongoing projects:

13. Broad Run Expansion (BRX)
14. Manassas Park Parking Improvements
15. Rolling Road Station Improvements
16. Crossroads Maintenance and Storage Facility (MSF) – land acquisition completed
17. Lifecycle Overhaul & Upgrade Facility (LOU)
18. Leeland Road Station Improvements
19. Brooke Station Improvements
20. Quantico Station Improvements
21. Rippon Station Improvements
22. Franconia-Springfield Station Improvements
23. Alexandria Station Improvements
24. Alexandria Station Track I Access (Slaters Lane)
25. Crystal City Station Improvements
26. L'Enfant Train Storage Track - South
27. L'Enfant Station Improvements
28. New York Avenue Midday Storage Facility
29. Potomac Shores VRE Station – *design by others*
30. Washington Union Station Improvements Environmental Impact Statement – *study by others*
31. DC2RVA Environmental Impact Statement – *study by others*
32. Long Bridge Project – *study by others*

*Projects Progress Report Follows*

## PASSENGER

PROJECT	DESCRIPTION	PHASE						
		CD	PE	EC	RW	FD	CN	
Alexandria Station Improvements	Eliminate at-grade track crossing, add elevators, modify platforms.	◆	◆	◆	N/A	●		
Franconia-Springfield Station Improvements	Extend both platforms and widen East Platform for future third track. <span style="color: red;">▲</span>	◆	◆	◆	N/A	●		
Rippon Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. <span style="color: red;">▲</span>	◆	●	●	N/A			
Potomac Shores Station Improvements	New VRE station and parking in Prince William County provided by private developer.	◆	●	◆	N/A			
Quantico Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass.	◆	◆	◆	N/A	●		
Brooke Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. <span style="color: red;">▲</span>	◆	●	●	N/A			
Leeland Road Station Improvements	Extend existing platform, construct new second platform with pedestrian overpass. <span style="color: red;">▲</span>	◆	●	●	N/A			
Manassas Park Parking Improvements	Parking garage to increase parking capacity to 1,100 spaces.	◆	◆	●	N/A			
Rolling Road Station Improvements	Extend existing platform and rehabilitate existing station	◆	◆	◆	N/A	●	●	
Crystal City Station Improvements	Replace existing side platform with new, longer island platform.	◆	●	●	N/A			
L'Enfant Station Improvements	Replace existing platform with wider, longer island platform. Add fourth track (VA-LE)	◆			N/A			

PHASE: CD - Conceptual Design PE - Preliminary Engineering EC - Environment Clearance RW - Right of Way Acquisition FD - Final Design CN - Construction

STATUS: u Completed I Underway n On Hold ▲ part of the "Penta-Platform" program

<sup>1</sup> Total project cost estimate in adopted FY2020 CIP Budget; percentage complete based on VRE Operations Board authorization

<sup>2</sup> Does not include minor (< \$50,000) operating expenditures

\* \$2,181,630 authorization divided across five "Penta-Platform" program stations

ESTIMATED COSTS (\$)						STATUS	
Total <sup>1</sup>	Funded	Unfunded	Authorized	Expended <sup>2</sup>	Percent Complete <sup>1</sup>	Project Completion Date	
31,875,014	31,875,014	-	2382759	2193257	90%	2nd QTR 2023	● Design underway. CSX and City of Alexandria review progressing.
13,000,000	13,000,000	-	*	708,564	35%	4th QTR 2023	● FD underway with anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
16,634,793	16,634,793	-	*	406,008	20%	4th QTR 2030	● PE design/EC anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
No costs for VRE. Private developer providing station.					20%	TBD	● Potomac Shores VRE Station design underway to include parking structure. 60% Re-Design Submittal received and under review by CSX and VRE.
18,372,949	18,372,949	0	830,833	683,892	60%	TBD	● Final Funding Agreements forthcoming. Execution of Construction and CM contracts forthcoming, and pre-NTP activities anticipated 3rd Quarter 2020. NTP to follow.
23,391,019	23,391,019	-	*	397,501	20%	4th QTR 2030	● DRPT LONP received; REF grant pending. PE design/EC anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
15,527,090	15,527,090	-	*	390,285	20%	4th QTR 2026	● DRPT LONP received; REF grant pending. PE design/EC anticipated completion 4th QTR 2020. Ongoing coordination with DRPT projects.
25,983,000	25,983,000	0	2,238,144	670,225	30%	4th QTR 2022	● Design due to site relocation to start in December 2020.
5,000,000	2,000,000	3,000,000	640,503	418,887	70%	4th QTR 2021	● Contractor has been selected. Construction to begin 1st QTR 2021.
49,940,000	19,098,463	30,841,537	1,584,619	397,848	30%	2nd QTR 2024	● PE & EC initiated in Oct 2019 and anticipated completion 3rd QTR 2020.
70,650,000	62,465,721	8,184,279	130,501	65,150	50%	2nd QTR 2023	● DRPT LONP received. Real estate research in progress under LONP.

## TRACK AND INFRASTRUCTURE

PROJECT	DESCRIPTION	PHASE					
		CD	PE	EC	RW	FD	CN
Hamilton-to-Crossroads Third Track	2¼-miles of new third track with CSXT design and construction of signal and track tie-ins.	◆	◆	◆	N/A	◆	◆

## MAINTENANCE AND STORAGE FACILITIES

L'Enfant Train Storage Track - South	Conversion of CSXT Temporary Track to VRE Storage Track (1,350 feet) and Associated Signal Work	◆	◆	◆	N/A	●	●
Lifecycle Overhaul & Upgrade Facility	New LOU facility to be added to the Crossroads MSF.	◆	◆	◆	N/A	◆	■
Crossroads Maintenance and Storage Facility - Land Acquisition	Acquisition of 19.5 acres of land, construction of two storage tracks and related site improvements.	◆	N/A	N/A	●	N/A	N/A
New York Avenue Midday Storage Replacement Facility	Midday storage facility replacement for Ivy City storage facility.	◆	●	●	●		

## ROLLING STOCK

Passenger Railcar Procurement	Acquisition of 29 new railcars.	◆	N/A	N/A	N/A	◆	◆
Positive Train Control	Implement Positive Train Control for all VRE locomotives and control cars.	◆	N/A	N/A	N/A	◆	●

## PLANNING, COMMUNICATIONS AND IT










Broad Run Expansion (was Gainesville-Haymarket Extension)	NEPA and PE for expanding commuter rail service capacity in Western Prince William County	◆	●	●	-	-	-
Mobile Ticketing	Implementation of a new mobile ticketing system.	◆	N/A	N/A	N/A	◆	●

PHASE: CD - Conceptual Design PE - Preliminary Engineering EC - Environment Clearance  
RW - Right of Way Acquisition FD - Final Design CN - Construction

STATUS: ◆ Completed ● Underway ■ On Hold

<sup>1</sup> Total project cost estimate in adopted FY2020 CIP Budget; percentage complete based on VRE Operations Board authorization

<sup>2</sup> Does not include minor (< \$50,000) operating expenditures

ESTIMATED COSTS (\$)						STATUS	
Total <sup>1</sup>	Funded	Unfunded	Authorized	Expended <sup>2</sup>	Percent Complete <sup>1</sup>	Project Completion Date	
32,500,000	32,500,000	-	33,285,519	30,578,003	100%	3rd QTR 2018	 Overall Project and Stakeholder Concurrence Close-out forthcoming. Benchmark Slope project complete.
3,965,000	3,965,000	-	2,937,323	1,699,610	60%	4th QTR 2019	 CSXT Construction Agreement received. CM underway.
38,183,632	38,183,632	-	3,176,039	2,143,583	70%	TBD	 FD completion pending Final Electrical Design Coordination with REC. IFB anticipated 2nd Quarter 2020, upon
2,950,000	2,950,000	-	2,950,000	163,565	100%	1st QTR 2020	 Land acquisition has been completed.
89,666,508	89,666,508	-	3,588,305	2,257,455	90%	4th QTR 2021	 Preliminary design has been completed and continuing to collaborate with Amtrak on agreements.
75,264,693	75,264,693	-	69,457,809	47,915,644	99%	4th QTR 2020	 All cars received. Completion date reflects end of warranty period.
14,191,833	14,191,833	-	10,294,079	7,984,451	95%	4th QTR 2018	 Implementation Completed. Final stabilization and familiarization phase in process.
110,700,000	82,526,398	28,173,602	5,855,650	4,539,446	80%	4th QTR 2024	 PE design and EC underway. Property acquisition due diligence underway.
3,510,307	3,510,307	-	3,510,627	2,282,853	70%	4th QTR 2020	 American Eagle working on redesign with uplift to new platform projected for fall 2020.



## NOTES

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## VIRGINIA RAILWAY EXPRESS

1500 KING STREET, SUITE 202 • ALEXANDRIA, VA 22314 • 703.684.1001

[VRE.ORG](http://VRE.ORG)



**MOTION:**

**SECOND:**

**RE:               ACCEPT AND AUTHORIZE DISTRIBUTION OF THE VIRGINIA RAILWAY EXPRESS  
FY2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**ACTION:**

**WHEREAS**, the Virginia Railway Express (VRE) Operations Board has contracted with the firm of PBMares, LLP for the audit of its financial statements; and

**WHEREAS**, the audit of the VRE FY2020 financial statements has been completed; and

**WHEREAS**, the auditors have issued an unmodified opinion that the VRE statements, in all material respects, fairly and accurately present the financial position of the commuter rail operation; and

**WHEREAS**, the VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission accepts VRE's FY2020 Comprehensive Annual Financial Report and associated information from the auditors and hereby authorizes the Chief Executive Officer to forward these documents to interested groups, firms, and members of the public.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-A**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Accept the FY 2020 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions**

---

**Recommendation:**

The VRE Operations Board is asked to accept the FY 2020 Comprehensive Annual Financial Report and associated information from the auditors and to authorize the Chief Executive Officer to forward this information to the Commissions for their consideration.

**Summary:**

The audit of VRE's FY 2020 financial statements has been completed and the auditors have issued an unmodified opinion. Their opinion letter states the VRE statements, in all material respects fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit.

**Background:**

The FY 2020 audit was conducted by the firm of PBMares, LLP. A three-year jointly procured contract with PBMares for the audits of the VRE, PRTC and NVTC financial statements was approved in April 2015, with four years of optional renewals.

The audited financial statements and associated reports were forwarded to all members of the Operations Board prior to the November 20 meeting. The auditors also met with the VRE Audit Committee on November 20, 2020, prior to the Operations Board meeting to review the statements and their opinion.



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**Fiscal Impact:**

There is no financial impact to the presentation of these audited financial statements.

**Virginia Railway Express  
Operations Board**

**Resolution  
9A-11-2020**

**Accept the FY 2020 Audited Financial Statements and Auditor's Report  
and Authorization to Forward to the Commissions**

**WHEREAS**, the VRE Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements; and,

**WHEREAS**, the audit of the VRE FY 2020 financial statements has been completed; and,

**WHEREAS**, the auditors have issued an unmodified opinion that the VRE statements, in all material respects fairly and accurately present the financial position of the commuter rail operation;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board accepts the FY 2020 Comprehensive Annual Financial Report and associated information from the auditors and hereby authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary



**MOTION:**

**SECOND:**

**RE:                AUTHORIZE THE VIRGINIA RAILWAY EXPRESS (VRE) CHIEF EXECUTIVE OFFICER TO  
EXECUTE AN AGREEMENT FOR DESIGN, CONSTRUCTION OPERATIONS AND  
MAINTENANCE OF A PARKING GARAGE AT THE VRE MANASSAS PARK STATION**

**ACTION:**

**WHEREAS**, the City of Manassas Park originally provided parking for VRE riders by constructing a 300-space surface parking lot; and

**WHEREAS**, as VRE ridership grew, and available parking spaces diminished, the City of Manassas Park agreed to convey a 4.8-acre parcel owned by the city to VRE to construct an additional 300-parking space lot adjacent to the city's original surface parking lot, which the VRE constructed; and

**WHEREAS**, as VRE ridership has continued to increase, VRE and the City of Manassas Park have collaborated on developing additional parking capacity at the VRE Manassas Park Station; and

**WHEREAS**, VRE and the City of Manassas Park have obtained funding for the design and construction of additional parking capacity; and

**WHEREAS**, VRE and the City of Manassas Park have collaborated to determine the location and conceptual design - including the estimated number of additional parking spaces - and the responsibilities for the ongoing operation and maintenance; and

**WHEREAS**, the VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission (PRTC) hereby authorizes the VRE Chief Executive Officer to execute an agreement for the design, construction, operation and maintenance of a parking garage at the VRE Manassas Park Station, subject to approval as to form by legal counsel.

**BE IT FURTHER RESOLVED** that PRTC authorizes the VRE Chief Executive Officer to execute all deeds and other documents required to accept the conveyance of real property by the City to the Commissions.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 10-C**  
**Information Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Update: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station.**

---

At the October 16, 2020, VRE Operations Board meeting the Operations Board recommended to the Commissions authorization to execute an agreement for design, construction, operation, and maintenance of a parking garage at the VRE Manassas Park Station – *Resolution 9C-10-2020*. At that time, VRE and City staff were working through final contract language in preparation for authorization of the final agreement by the Commissions at their November 5, 2020, meeting. The final contract language was not finalized in time for the Commission meetings and the resolution was removed from both Commissions agenda.

VRE and City staff have worked collaboratively to address the City's request to have the ability to reacquire the Garage Parcel used for the construction of the parking garage in the event VRE service at the Manassas Park Station was discontinued. VRE and City staff are proposing a ground lease of the Garage Parcel, and other requirements of the City, in the event VRE service was discontinued. The Section of the Agreement addressing this issue is below:

**Section 2 Garage Parcel**

- a. The City and the VRE will enter into a ground lease for the Garage Parcel, whereby the VRE will lease the Garage Parcel for the purposes of constructing, operating and maintaining the Garage. The term of such ground lease will continue for as long as the VRE uses the Garage for commuter rail patron parking. The ground lease must be fully executed prior to issuance by the VRE of a competitive solicitation for construction of the Garage.



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- b. The ground lease for the Garage Parcel will include a provision that, if the VRE either (i) determines that it no longer requires use of the Garage Parcel for commuter rail patron parking and provides written notice to the City of the same, or (ii) the VRE does not use the Garage for commuter rail patron parking for a period of one year, then the ground lease will terminate and the City will acquire ownership of all improvements constructed on the Garage Parcel, including the Garage, at no additional cost, subject to the requirement that the City will thereafter use the Garage in accordance with the conditions imposed by the grant funding entities that provided funds to design and construct the Garage.

Prior to soliciting for construction of the parking garage, staff will bring to the VRE Operations Board a recommendation to the Commissions to authorize a ground lease with the City of Manassas Park as identified in Section 2a.

Unless otherwise directed, VRE staff will bring the final agreement to both Commissions for approval at their December 3, 2020, meetings.



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-C**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: October 16, 2020**

**Re: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station.**

---

**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the City of Manassas Park for the design, construction, operation, and maintenance of a parking garage at the VRE Manassas Park Station; and to authorize the Chief Executive Officer to execute all deeds and other documents required to accept the conveyance of real property by the City to the Commissions.

**Summary:**

The Agreement will memorialize the mutual understandings between VRE and the City of Manassas Park concerning the creation and conveyance of the existing expansion parking lot parcel and a parcel for constructing the new parking garage, funding for additional design costs, collaboration on the design and construction and the operation, use and maintenance of the parking garage.

**Background:**

The Manassas Park Station originally provided parking for VRE riders in a 300-space parking lot constructed by the City of Manassas Park (the City Lot). Once ridership increased, the City subsequently agreed to create additional parking by conveying to VRE a parcel of land of approximately 4.8 acres from City-owned property adjacent to both the



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original lot and the VRE Manassas Park Station. VRE constructed an additional 300-space parking lot (referred to as the Expansion Lot).

VRE paid to the City the agreed-upon purchase price of \$116,000 for the Expansion Lot parcel. However, the deed of conveyance for the expansion lot parcel was never created and recorded among the land records of Prince William County, Virginia. This action will allow VRE to create a current document identifying the parcel, and the City of Manassas Park will have the deed of conveyance recorded at no cost to VRE.

Demand for parking at the Manassas Park Station has continued to increase, exceeding the capacity of the City Lot and the Expansion Lot. The City and the VRE began work on a joint project for the design and construction of a parking garage on City-owned property located across the Norfolk Southern railroad tracks near City Hall, for which project the VRE expended costs and expense to advance the garage design to the 60% stage.

In September of 2019, the City requested, and VRE agreed, to change the location of the project to a different site contingent upon VRE's ability to recoup previously expended design cost.

The City has agreed to create and convey to VRE a parcel of land approximately 2.5 acres in size from the City-owned property located across the railroad tracks from the Manassas Park Station. The VRE will design and construct a structured parking garage with three above ground levels and one below ground level consisting of approximately 544 parking spaces above ground for use by VRE. Approximately 131 below grade parking spaces will be for use by the City of Manassas Park.

This Agreement will memorialize the mutual understandings concerning the creation and conveyance of the expansion lot parcel, the additional parcel for constructing the new parking garage and provide for the operation, use and maintenance of the parking garage. The major elements of the Agreement are summarized as follows:

#### **Expansion Lot Parcel**

VRE will complete the preparation of a subdivision plat creating the Expansion Lot parcel for review and approval by the City of Manassas Park. The City of Manassas Park will convey fee simple title at no cost to VRE beyond the sum already paid by VRE.

#### **Garage Parcel**

The City of Manassas Park will prepare a subdivision plat creating the parcel for the parking garage subject to review and approval by VRE. The City of Manassas Park will convey fee simple title to the garage parcel to VRE at no cost to VRE. The deed conveying the garage parcel will include a provision granting the right, in the event VRE ceases to use the garage parcel for commuter rail related purposes during a specified time, to re-acquire ownership of garage parcel.

### **Design and Construction of the Parking Garage**

VRE will be responsible for the design and construction of the parking garage. VRE and the City of Manassas Park will continue to collaborate on the design and construction of the parking garage to ensure the City of Manassas Park's parking level is constructed in conjunction with the construction of the garage.

The City of Manassas Park will be responsible for all costs required to advance the parking garage project to 60% design including, but not limited to, all costs incurred prior to the execution of the agreement necessary to advance the project to a 10% conceptual design consistent with a Letter of No Prejudice from the City of Manassas Park dated April 9, 2020. Upon reaching 60% design, VRE will expend a maximum amount of \$1,169,270 to advance the parking garage project from 60% design to 100% design, which represents the funds remaining under the VRE's Standard Project Agreement (SPA) with the Northern Virginia Transportation Authority (NVTA) for Final Design of the Manassas Park parking garage project.

VRE will expend a maximum amount of \$23.5 million for construction of the parking garage using I-66 Outside the Beltway (OTB) concessionaire funds previously awarded to VRE. The City of Manassas Park will be responsible for all construction costs in excess of \$23.5 million. If the projected cost for construction of the parking garage exceeds \$23.5 million, the City may request VRE to permit the City's development partner, Norton Scott, or its contractor, to construct exterior portions of the Garage project. VRE and the City will work cooperatively to identify portions of the Garage project that can be separated from the work being done by VRE's contractor and be constructed separately by the City's development partner or its contractor.

### **Garage Operations and Maintenance**

The VRE will be responsible for all maintenance and operation of the parking levels assigned to VRE. The City of Manassas Park will be responsible for all maintenance and operation of the parking level assigned to the City.

Parking on the VRE parking levels will be primarily for the use of commuter rail patrons during VRE service hours. Outside of the VRE service hours and on days the VRE does not operate, the VRE parking levels may be used for public parking by the City of Manassas Park.

If it is determined parking capacity on the VRE parking levels regularly exceed ninety percent (90%) during VRE service hours a survey or similar process will be conducted by VRE and the City of Manassas Park. From this process, if it is determined that more than twenty percent (20%) of the VRE parking levels are being used by non-commuter rail patrons during the VRE service hours, the cost of maintenance and operations will be shared proportionally between VRE and the City of Manassas Park.



**Fiscal Impact:**

As outlined above, VRE and the City have agreed to a funding structure that will allow VRE to recoup costs previously expended on reaching 60% design for the garage at the original location. With NVTA's concurrence, VRE has temporarily halted all reimbursable activities under its SPA for final design with NVTA, and the City will be responsible for all costs necessary to return the garage design to 60% at the new location. When 60% design is achieved, VRE will advise NVTA and commence work again under the existing SPA to take the garage design to 100% and prepare for construction.

Similarly, the City will be responsible for any costs in excess of VRE's existing \$23.5 million of I-66 OTB funding for construction of the garage. VRE has committed to working cooperatively with the City, if necessary, to identify portions of the garage project that could be constructed separately by the City or its development partner.

**Virginia Railway Express  
Operations Board**

**Resolution  
9C-10-2020**

**Recommend Authorization to Execute an Agreement for Design,  
Construction, Operation, and Maintenance of a Parking Garage at the  
VRE Manassas Park Station**

**WHEREAS**, the City of Manassas Park originally provided parking for VRE riders by constructing a 300-space surface parking lot; and,

**WHEREAS**, as VRE ridership grew, and available parking spaces diminished, the City of Manassas Park agreed to convey a 4.8 acre parcel owned by the City to VRE to construct an additional 300-parking space lot adjacent to the City's original surface parking lot, which the VRE constructed; and,

**WHEREAS**, as VRE ridership has continued to increase, VRE and the City of Manassas Park have collaborated on developing additional parking capacity at the VRE Manassas Park Station; and,

**WHEREAS**, the VRE and the City of Manassas Park have obtained funding for the design and construction of additional parking capacity; and,

**WHEREAS**, the VRE and the City of Manassas Park have collaborated to determine the location and conceptual design - including the estimated number of additional parking spaces - and the responsibilities for the ongoing operation and maintenance;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, 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 October 16, 2020, and that meeting by electronic means is authorized because the items on the October 16, 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 further find that meeting by electronic means is authorized because the items on the October 16, 2020 Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by 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; and,



**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer execute an Agreement for the Design, Construction, Operation and Maintenance of a Parking Garage at the VRE Manassas Park Station, subject to approval as to form by legal counsel; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions authorize the Chief Executive Officer to execute all deeds and other documents required to accept the conveyance of real property by the City to the Commissions.

Approved this 16<sup>th</sup> day of October 2020

**Jeanine Lawson**

Jeanine Lawson  
Secretary

**Signature:** Gary F. Skinner  
Gary F. Skinner (Oct 22, 2020 10:02 EDT)

**Email:** gskinner@spotsylvania.va.us

**Gary F. Skinner**

Gary Skinner  
Chairman

**Signature:** Jeanine Lawson  
Jeanine Lawson (Oct 22, 2020 13:02 EDT)

**Email:** jlawson@pwcgov.org

**AGREEMENT FOR DESIGN, CONSTRUCTION,  
OPERATION, USE, AND MAINTENANCE OF  
PARKING GARAGE AND CONVEYANCE OF  
EXPANSION PARKING LOT  
AT MANASSAS PARK  
VIRGINIA RAILWAY EXPRESS STATION**

This Agreement is entered into the \_\_\_\_ day of \_\_\_\_\_, 2020, between and among the POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION (the “PRTC”) and the NORTHERN VIRGINIA TRANSPORTATION COMMISSION (the “NVTC”), (collectively, the “COMMISSIONS”), together known as hereinafter referred to as the VIRGINIA RAILWAY EXPRESS (the “VRE”), and the CITY OF MANASSAS PARK, VIRGINIA (the “City”).

**WITNESSETH:**

WHEREAS, the VRE operates commuter rail service into Washington, D.C., providing service to stations located within various jurisdictions including a station in the City (the “Manassas Park Station”); and

WHEREAS, the Manassas Park Station originally provided parking for commuter rail patrons in a 300-space parking lot constructed by the City with City funds (the “City Lot”); and

WHEREAS, because of the increased ridership on VRE, the City subsequently agreed to create, through subdivision, and convey to the VRE a parcel of land of approximately 4.8 acres from City-owned property adjacent to both the City Lot and the Manassas Park Station (the “Expansion Lot Parcel”), on which the VRE agreed to construct an additional 300-space parking lot (the “Expansion Lot”); and

WHEREAS, although the VRE paid to the City the agreed upon purchase price of \$116,000 for the Expansion Lot Parcel and subsequently constructed the Expansion Lot, the Expansion Lot Parcel was never created nor was a deed of conveyance for the Expansion Lot Parcel ever recorded among the land records of Prince William County, Virginia (the “Land Records”); and

WHEREAS, because demand for parking at the Manassas Park Station has continued to increase, exceeding the capacity of the City Lot and the Expansion Lot, the City and the VRE began work on a joint project for the design and construction of a parking garage on City-owned property located across the Norfolk Southern railroad tracks from the Expansion Lot near the City Hall, for which project the VRE expended costs and expense to advance the garage design to approximately the 60% stage; and

WHEREAS, subsequently, the City requested, and the VRE agreed, subject to recoupment of some of its previously expended costs, to change the location of the project to a different, preferred site located directly across the Norfolk Southern railroad tracks from the Manassas Park Station; and

WHEREAS, in furtherance of the project at the preferred location, the City acquired property directly across the Norfolk Southern railroad tracks from the Manassas Park Station and created therefrom a parcel of land of 2.50337 acres, more or less (the “Garage Parcel”), as more particularly shown and described on a plat entitled “PLAT SHOWING LOTS 3-2, 4-2, 5-1 & 6, CONNER CENTER A BOUNDARY LINE ADJUSTMENT OF LOTS 1B, 3-1, 5A, 5B & 5C & AREAS 1, 1A, 2, 2A & 2B CONNER CENTER DEED BOOK 1235 PAGE 1422, DEED BOOK 1542 PAGE 1931, DEED BOOK 1909 PAGE 563 & INSTRUMENT# 202004150029572”, dated May 5, 2020, revised through July 31, 2020, prepared by Land Design Consultants of Woodbridge, Virginia, and recorded as Instrument No. 202008030065197, together with that Deed of Boundary Line Adjustment recorded as Instrument No. 202008030065196, both among the Land Records; and

WHEREAS, the City has agreed to convey to the VRE the Garage Parcel, on which the VRE will design and construct a structured parking garage with three levels at and above ground level and one level below ground (the “Garage”), with approximately 544 parking spaces at and above ground level for the VRE’s use (the “VRE Parking Levels”) and approximately 131 parking spaces below grade on a lower level for the City’s use (the “City Parking Level”); and

WHEREAS, the VRE and the City desire to enter into this Agreement to memorialize their understandings concerning the creation and conveyance of the Expansion Lot Parcel and the Garage Parcel and the design and construction of the Garage, and to provide for the operation, use, and maintenance of the Garage.

NOW, THEREFORE, in consideration of the foregoing recitals, each of which are hereby incorporated herein, the sum of one dollar (\$1.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the VRE and the City agree as follows:

1. Expansion Lot Parcel.

- a. The VRE will complete the preparation of a subdivision plat creating the Expansion Lot Parcel for review and approval by the City.
- b. The City will convey fee simple title to the Expansion Lot Parcel to the VRE, at no cost to the VRE beyond the sum already paid by the VRE, by special warranty deed in the form attached hereto and incorporated herein.
- c. The operation, use, and maintenance of both the City Lot and the Expansion Lot shall continue to be governed by existing agreements between the City and the VRE.

2. Garage Parcel.

- a. The City and the VRE will enter into a ground lease for the Garage Parcel, whereby the VRE will lease the Garage Parcel for the purposes of constructing, operating and maintaining the Garage. The term of such ground lease will continue for as long as the VRE uses the Garage for commuter rail patron parking. The ground lease must be fully executed prior to issuance by the VRE of a competitive solicitation for construction of the Garage.

- b. The ground lease for the Garage Parcel will include a provision that, if the VRE either (i) determines that it no longer requires use of the Garage Parcel for commuter rail patron parking and provides written notice to the City of the same, or (ii) the VRE does not use the Garage for commuter rail patron parking for a period of one year, then the ground lease will terminate and the City will acquire ownership of all improvements constructed on the Garage Parcel, including the Garage, at no additional cost, subject to the requirement that the City will thereafter use the Garage in accordance with the conditions imposed by the grant funding entities that provided funds to design and construct the Garage.
3. Design and Construction of Garage.
- a. The VRE will be responsible for the design and construction of the Garage.
  - b. The City and the VRE will cooperate on the design and construction of the Garage to ensure that the City Parking Level is constructed in conjunction with construction of the Garage.
  - c. The City will be responsible for all costs required to advance the Garage project to 60% design, subject to a not to exceed amount of \$678,764.90, inclusive of the costs incurred prior to the execution of this Agreement necessary to advance the Garage project to 10% conceptual design and previously authorized by a Letter of No Prejudice from the City dated April 9, 2020, in the amount of \$182,085.00. If additional design funding is required above the foregoing amounts to reach 60% design, the VRE will notify the City of the need for further funding by the City.
  - d. The VRE will expend a maximum amount of \$1,169,270.00 to advance the Garage project from 60% design to 100% design, which represents the funds remaining under the VRE's Standard Project Agreement with the Northern Virginia Transportation Authority for Final Design of a Manassas Park VRE parking garage.
  - e. If additional design funding beyond \$1,169,270.00 is required to reach 100% design, the VRE will notify the City of the need for further funding and the VRE and the City will work cooperatively in seeking other sources of funding.
  - f. The VRE will provide design drawings for review and comment by the City at not less than the following design points: 30% design, 60% design, and 100% design.
  - g. The VRE will expend a maximum amount of \$23.5 million for construction of the Garage using I-66 Outside the Beltway concessionaire funds previously awarded to the VRE.
  - h. The City will be responsible for all costs of construction of the Garage in excess of the aforesaid \$23.5 million provided by the VRE. Prior to issuance by the VRE of a competitive solicitation for construction of the Garage, the VRE shall work cooperatively with the City to identify portions of the Garage project located on the Garage Parcel that could be constructed by the City's development partner, Norton Scott LLC and its affiliates and subsidiaries ("Norton Scott"), or Norton Scott's

contractor, and which could be included in the solicitation as add alternates, the purpose being to allow the add alternates to be constructed by Norton Scott if it can do so at a cost that is less than the add alternate price in the winning bid received by the VRE. The number of add alternates, however, shall not exceed a maximum of three. Permission to use Norton Scott in such situations will not be unreasonably denied by the VRE.

- i. The City and the VRE shall agree upon a method for the City to provide its share of such costs during the design and construction phases based on invoices submitted not more than monthly by VRE to the City and payable by the City within thirty (30) days of receipt.
  - j. The Garage will not be equipped for attendant or mechanically controlled access or paid parking.
  - k. The VRE shall not issue a competitive solicitation for construction of the Garage unless the Expansion Parcel has been conveyed to the VRE.
4. Garage Operations and Maintenance.
- a. The VRE will be responsible for all maintenance and operation of the VRE Parking Levels of the Garage, including but not limited to snow removal during times VRE service is operated (“VRE Service Hours”). Snow removal during times outside of VRE Service Hours may be provided at the City’s cost upon prior arrangement with the VRE. The City’s Police Department will provide additional periodic patrol of the VRE Parking Levels as requested by the VRE. The VRE reserves the right to close the VRE Parking Levels for purposes of maintenance and repair, and will provide the City with not less than 30 days’ advance notice thereof.
  - b. Maintenance of the City Parking Level will be performed by the VRE as part of overall Garage maintenance, with the City paying the VRE for its pro rata share of such maintenance. The City will be responsible for the operation and use of the City Parking Level, including the designation of all or a portion of the parking spaces on the City Parking Level for use as determined by the City Manager.
  - c. The VRE and the City will each be responsible for providing clean-up of the Garage Parcel as required due to the use of the Garage by the invitees, patrons, employees, officers, or agents of the VRE and the City, respectively.
  - d. Parking on the VRE Parking Levels of the Garage will be primarily for the use of commuter rail patrons during VRE service hours (“VRE service hours”). Outside of VRE service hours and on days that VRE service does not operate, the VRE Parking Levels of the Garage may be used for public parking by the City.
  - e. The VRE may take reasonable measures to ensure that commuter rail patrons are given the first priority for use of the VRE Parking Levels of the Garage. The VRE and the City shall agree upon a means to count use of the Garage spaces by

commuter rail patrons and non-commuter rail patrons outside of VRE service hours and on days that VRE service does not operate.

- f. At such time as the daily parking occupancy on the VRE Parking Levels of the Garage regularly exceeds 90% during VRE service hours on average over a twenty-eight (28) day period, the VRE and the City will jointly conduct a survey using agreed upon methodology to determine the proportion of parking spaces being used by commuter rail patrons and non-commuter rail patrons on the VRE Parking Levels and the City Parking Level of the Garage during VRE service hours. The VRE and the City will thereafter conduct an annual survey to determine the proportion of commuter rail patrons and non-commuter rail patrons using the VRE Parking Levels and the City Parking Level.
    - i. If any survey shows that more than twenty percent (20%) of the spaces in the VRE Parking Levels of the Garage are being used by non-commuter rail patrons during VRE service hours, the costs of maintenance and operation of the Garage will be apportioned between the VRE and the City based on the average use of commuter rail patrons and non-commuter rail patrons.
    - ii. If any survey shows that more than twenty percent (20%) of the spaces in the City Parking Level are being used by commuter rail patrons during VRE service hours, the costs of maintenance and operation of the City Parking Level will be apportioned between the VRE and the City based on the average use of commuter rail patrons and non-commuter rail patrons.
    - iii. The City and the VRE may install signs to discourage non-commuter rail patron use of the VRE Parking Levels of the Garage and commuter rail patron use of the City Parking Level during VRE service hours.
5. Miscellaneous Provisions.
- a. Notice. Any notice which may be or is required to be given pursuant to this Agreement shall be delivered or sent by certified mail, prepaid, return receipt requested, and addressed to the following:  
  

To the VRE: Virginia Railway Express  
1500 King Street, Suite 202  
Alexandria, Virginia 22314  
Attention: Chief Executive Officer

To the City: Manassas Park City Hall  
One Park Center Court  
Manassas Park, Virginia 20111-2395  
Attention: City Manager
  - b. Term. The term of this Agreement shall commence on the date it has been signed by both the VRE and the City and shall expire on June 30, 2025. The term shall automatically extend for additional five (5) year terms, each commencing on July 1

and expiring on the following June 30, unless a party provides written notice to the other party not less than ninety (90) days prior to the expiration of the then-current term that the party does not wish to automatically extend the term, in which case this Agreement will terminate on the last day of such term and will have no further force or effect, except for those provisions that by definition necessarily survive the termination of this Agreement.

- c. Dispute Resolution. In the event of a disagreement concerning the provisions of this Agreement or regarding the maintenance, use, or operation of the Garage generally, the parties shall use their best efforts to reach a mutually agreed resolution of the disagreement. As necessary, the disagreement shall be brought to the VRE Chief Executive Office and the City Manager for discussion and resolution.
- d. Default. The failure of either party to perform its obligations hereunder in accordance with the terms of this Agreement shall constitute a default, and in the event of such, the non-defaulting party may either (i) bring an action in the appropriate court to enforce the defaulting party's obligations, or (ii), after the provision of not less than 30 days' notice and an opportunity to cure, the period for such cure being reasonable under the circumstances, and assuming the failure to perform is not the subject of ongoing efforts of dispute resolution (see Subsection 5c above), terminate this Agreement.
- e. Governing Law; Venue. This Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia, and all actions to interpret or enforce its terms shall be instituted in Circuit Court of Prince William County, Virginia, or the United State District Court for the Eastern District of Virginia, Alexandria Division.
- f. Claims. Neither the City nor the VRE will be responsible for claims arising out of the other party's use of Garage. The foregoing will not, however, be construed as a waiver by the City or the VRE of any defenses, legal or statutory, that the City or the VRE can use in response to claims being asserted against them.
- g. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be in violation of any applicable law, and such declares such provision to be unlawful, void, illegal or unenforceable, the provision shall be severable, and the remainder of this Agreement shall continue in full force and effect.
- h. Non-Waiver. The failure of either the VRE or the City to insist upon or enforce any of its rights hereunder shall not constitute a waiver thereof.
- i. Force Majeure. In the event either party is prevented from meeting its obligations hereunder, through no fault of its own, because of circumstances beyond its control, including, but not limited to, acts of God, strikes, and governmental and other approvals, then the party shall be excused from meeting its obligations for the pendency of those circumstances.

- j. Incorporation. This Agreement constitutes the final expression of, and contains the entire agreement between, the VRE and the City with respect to the subject matter hereof and shall not be amended except by a written instrument executed on behalf of both the City and the VRE.
- k. Counterparts. This Agreement may be executed in counterparts which, taken together, shall constitute one and the same instrument, either of which may be deemed the original agreement.
- l. No Third Party Rights. This Agreement shall not be construed as creating any rights in third parties not a party to this Agreement.

{Signature page follow}



IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives effective the date and year aforesaid.

City of Manassas Park, Virginia

---

Jeanette Rishell, Mayor

Northern Virginia Transportation Commission and  
Potomac and Rappahannock Transportation  
Commission, together, the Virginia Railway  
Express

---

Rich Dalton, Chief Executive Officer

**MOTION:**

**SECOND:**

**RE:                AUTHORIZE THE VIRGINIA RAILWAY EXPRESS CHIEF EXECUTIVE OFFICER TO  
EXECUTE A PASSENGER RAIL OPERATIONS AND ACCESS AGREEMENT WITH THE  
VIRGINIA PASSENGER RAIL AUTHORITY**

**ACTION:**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission and the Northern Virginia Transportation Commission (Commissions) currently have an amended and restated Operating and Access Agreement with CSX Transportation relating to Virginia Railway Express (VRE) operations in the Fredericksburg to Washington corridor; and

**WHEREAS**, in December 2019 the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and

**WHEREAS**, during the 2020 Virginia General Assembly session the Virginia Passenger Rail Authority (Rail Authority) was established; and

**WHEREAS**, the Rail Authority will manage the right-of-way acquired by the Commonwealth in the Fredericksburg to Washington corridor, including the Operating and Access Agreement with VRE; and

**WHEREAS**, once the right-of-way is acquired by the Commonwealth, the Commissions will need to have an Operating and Access Agreement in place with the Rail Authority; and

**WHEREAS**, executing this agreement will ensure continued seamless operation of VRE service; and

**WHEREAS**, the VRE Operations Board recommends this action.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission authorizes the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Virginia Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access, subject to approval as to form by legal counsel.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting**



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-B**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Recommend Authorization to Execute a Passenger Rail  
Operations and Access Agreement**

---

**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access.

**Summary:**

The Agreement includes provisions to enable VRE trains to operate on right-of-way acquired by the Commonwealth of Virginia from CSX Transportation. The Agreement also provides the right for VRE to manage VRE station facilities located in the right-of-way and to increase VRE service once planned improvements within the railroad corridor are completed. Finally, it is anticipated the Agreement will be executed with the Department of Rail and Public Transportation (DRPT) and later assigned to the Rail Authority when practical.

**Background:**

Since 1992, the Commissions have been engaged in operating and planning the expansion of service for the Virginia Railway Express (VRE). In 2002, the Commissions and CSX Transportation (CSXT) established a corridor improvement program overseen by a corridor task force which included representatives of the Commonwealth of Virginia. The purpose of the corridor task force was to identify and fund capital improvement projects in the RF&P corridor to expand passenger rail. The Commonwealth of Virginia, acting through the Department of Rail and Public Transportation (DRPT), has worked collaboratively with



Northern Virginia  
Transportation Commission  
2300 Wilson Blvd., Suite 230  
Arlington, VA 22201  
703-524-3322



Virginia Railway Express  
1500 King Street, Suite 202  
Alexandria, VA 22314  
703-684-1001  
VRE.org



Potomac and Rappahannock  
Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, VA 22192  
703-580-6121

the Commissions to advance commuter rail service, and beginning in 2009, began sponsoring the additional inter-city passenger rail service through the 'Amtrak Virginia' program.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority ("Rail Authority"), will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

### **VPRA Agreement:**

The Commissions currently have Operations and Access Agreements in place with CSXT, Norfolk Southern Railway (NS) and Amtrak. The agreement with the Rail Authority will be similar in nature permitting operations and access to the newly acquired right-of-way. The agreement includes the following key Sections:

#### **Operations**

The Commissions shall operate the Service through one or more Operators. The Commissions will be free to select an Operator at their discretion, in consultation with the Rail Authority, based upon criteria designed to obtain an Operator qualified to operate trains on property of Class One railroads. Operation of the Service shall at all times comply with CSXT's operating rules for the near term, CSXT will continue to dispatch, provide maintenance of way and all other services to operate the right-of-way owned by the Commonwealth. As such, VRE will continue to have an Access agreement with CSXT as the Planned Improvements (e.g. 3<sup>rd</sup> and 4<sup>th</sup> tracks) have not been constructed. As the Planned Improvements are completed (e.g. Long Bridge, Franconia-Springfield Bypass), VRE will operate less on CSXT right-of-way and more on Rail Authority owned right-of-way.

The Rail Authority shall not be responsible for or liable to the Commissions, or its Operator, or any passenger for the consequences of any delays or cancellations of the Service due to conflicts with CSXT's freight service, Amtrak's inter-city passenger service, weather, labor difficulties, track or equipment failure, conflicting schedules or missed connections of Amtrak trains or of trains of CSXT, or from other causes.

The Rail Authority acknowledges the importance to the Commissions' commuter rail service of on-time performance and agrees to endeavor to provide an average monthly on-time performance of 90%. In the event an average on-time performance of 90% is not met in any month, the parties shall meet during the next month to discuss the reasons why the on-time performance average was not met and what steps can be taken to meet or exceed that average.

**Term**

This Agreement shall continue in effect until the Commissions cease to operate VRE service. At or about the fifth anniversary of this Agreement, representatives of the Commissions and the Rail Authority shall meet to review operation of this Agreement and discuss possible modifications. Modifications agreed upon by the parties shall be set forth in a written amendment to this Agreement.

**Track Dispatching and Maintenance Fee**

The periodic fee paid by the Commissions to the Rail Authority covering the Rail Authority's costs to dispatch and maintain the Rail Authority owned tracks (and other railroad assets made available by the Rail Authority and utilized by the Commissions) attributable to the Service. The Track Dispatching and Maintenance Fee will equal the amounts charged by CSXT or other contractors to the Rail Authority for dispatching and maintenance within the VRE territory minus any portion of such amounts paid to the Rail Authority by Amtrak. The fees are projected to be at or below the current fees VRE pays to CSXT.

**Passenger Station Facility Lease**

The Passenger Station Facility Lease Agreement is part of the Passenger Operations and Access Agreement. The purpose of this Lease Agreement is to establish the terms and conditions on which the Commissions shall lease certain real property and certain improvements owned by the Rail Authority, including the Legacy Station Sites, and for the construction, maintenance, and operation of commuter rail facilities.

The term of this Lease Agreement will be coterminous with the Passenger Operations and Access Agreement. Annual rental amounts shall be one dollar per year per station site.

<b>STATION SITE</b>	<b>ADDRESS</b>	<b>LEASED FACILITIES</b>
Leeland	275 Leeland Road Falmouth, VA 22405	Land
Brooke	1721 Brooke Road Stafford, VA 22554	Land
Rippon	15511 Farm Creek Drive Woodbridge, VA 22191	Land
Woodbridge	1040 Express Way Woodbridge, VA 22191	Land
Fredericksburg	200 Lafayette Boulevard Fredericksburg, VA 22401	East Platform
Quantico	550 Railroad Avenue Quantico, VA 22134	Station Building and Land
Lorton	8990 Lorton Station Boulevard Lorton, VA 22079	Land
Franconia-Springfield	6880 Frontier Drive Springfield, VA 22150	Land

Crystal City	1503 Crystal Drive Arlington, VA 22202	Land
Alexandria	110 Callahan Drive Alexandria, VA 22301	East Platform
L'Enfant	6th and 7th Street at C Street, SW Washington, DC 20024	Land
L'Enfant Storage Tracks	Washington, DC	Land
Spotsylvania	9442 Crossroads Parkway Fredericksburg, VA 22408	Land

### Planned Improvements

The table below list the Planned Improvements the Rail Authority intends to carry out, in cooperation with CSXT, and with funding from the Commissions and other sources:

Project Name	Project Limits
L'Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7

### Planned Additional Service

The Rail Authority will make available to the Commissions train slots identified in the Service Plan. As the Planned Improvements are completed, the Rail Authority will provide additional train slots to the Commissions.

Timeline	Fredericksburg Line	Manassas Line
Post-Acquisition	One Round Trip	One Round Trip
Phase 1 – 2026*	Two Round Trips	Three Round Trips
Phase 1 – 2026* (Weekend Service)	Two Round Trips	Two Round Trips
Phase 2 – 2030*	Two Round Trips	

*\*Estimated completion of Planned Improvements*

As the Planned Improvements are completed, the Rail Authority will provide written notice to the Commissions of their right to begin additional service. The Commissions in turn shall: (i) on or before the Planned Additional Service Long Stop Date (12 months after notice), adopt a budget allocating funds to support the corresponding components of the Planned Additional Service, and (ii) begin such corresponding components of the Planned Additional Service no later than the beginning of the Fiscal Year immediately following the Fiscal Year during which the budget in (i) was adopted.

If the conditions of (i) and (ii) are not met, the Rail Authority may elect, unilaterally, to use the unused Planned Additional Service components for commuter or inter-city passenger rail service. The Rail Authority may utilize the train slots for a Substitute Operating Period – up to five-years.

The Commissions and the Rail Authority shall work in good faith to agree upon access and use of any Commission-owned passenger rail facilities for such commuter or inter-city passenger rail service during any Substitute Operating Period. If the Commissions do not meet conditions (i) and (ii) above because the Rail Authority does not discount the Contract Fee in the Fiscal Year in which the Planned Additional Service component(s) is required to begin, then the Commissions' obligation to meet conditions (i) and (ii) shall be tolled until the Fiscal Year in which the full eighty four percent (84%) Contract Fee discount is provided.

### **Indemnity/Liability/Default Provisions**

The Commissions shall indemnify the Virginia Indemnitees [*The Commonwealth of Virginia, the Commonwealth Transportation Board, the Rail Authority, and any of the officers, directors, employees, agents, or servants of such entities*] against any Losses or potential Losses by a Virginia Indemnatee, related in any way to or arising from the Commissions' acts or failure to act (i) related in any way to the Commissions' operation of passenger facilities, or (ii) in providing the Service, including, without limitation, for the Commissions' failure to comply with this Agreement or applicable law.

Similar to existing Operating Access Agreements with CSXT, NS and Amtrak the Commissions maintain a policy or policies of liability insurance, with annual aggregate limits of at least \$295,000,000.00 or as otherwise modified by law. All insurance policies shall name the Rail Authority as an additional insured. The Plan is administered by the Depart of Risk Management for the Commonwealth in accordance with Section 2.2-1839 of the Code of Virginia.

If the Commissions are in material breach of this Agreement for Safety, not obtaining the required insurance coverages or substantial lack of adherence to other general provisions, the Rail Authority may suspend the Service until the Commissions have commenced or effected a cure to the reasonable satisfaction of the Rail Authority. The Rail Authority may terminate this Agreement if the Commissions have failed to cure or to commence a cure within 180 days of the notice of material breach. However, even if this Agreement is not terminated, nothing shall compel the Rail Authority to lift any

suspension of the Service until the Commissions have effected a cure with respect to the applicable material breach, or until the Commissions have commenced a cure and are diligently pursuing completion – in either case to the reasonable satisfaction of the Rail Authority.

### **Assignment**

This Agreement may be initially with DRPT and then assigned by DRPT to the Rail Authority which would be responsible for all obligations and activities contemplated by this Agreement.

### **Fiscal Impact:**

As noted above, the track dispatching and maintenance fees paid by VRE to the Rail Authority are expected to be the same or less than the track access fees currently paid to CSXT. Thus, the funding currently provided in the approved FY 2021 budget for CSXT track access fees should be sufficient for both CSXT and Rail Authority fees under the new access arrangement. The FY 2022 budget that will be presented to the Operations Board for recommendation in December will reflect any additional information that is available regarding the allocation of access costs between CSXT and the Rail Authority, but the total budgeted expense will incorporate normal annual cost increases (e.g., inflation) over the FY 2021 value.

VRE currently pays 100 percent of contractual access fees to all three of its host railroads (CSXT, Norfolk Southern, and Amtrak) and then is reimbursed by the Commonwealth for 84 percent of those fees from grant funding sources. This leaves the net 16 percent to be funded directly from VRE passenger fares and local subsidy. While this grant funding arrangement is expected to continue with the three existing host railroads, the Rail Authority may pursue a modified arrangement where only a net fee is charged to VRE for dispatching and maintenance and no grant reimbursement is required.



**Virginia Railway Express  
Operations Board**

**Resolution  
9B-11-2020**

**Recommend Authorization to Execute a Passenger  
Rail Operations and Access Agreement**

**WHEREAS**, the Commissions currently have an Amended and Restated Operating/Access Agreement with CSX Transportation relating to VRE operations in the Fredericksburg to Washington corridor; and,

**WHEREAS**, in December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and,

**WHEREAS**, during the 2020 Virginia General Assembly session, the Virginia Passenger Rail Authority (“Rail Authority”) was established; and,

**WHEREAS**, the Rail Authority will manage the right-of-way acquired by the Commonwealth in the Fredericksburg to Washington corridor, including the Operating and Access agreement with VRE; and,

**WHEREAS**, once the right-of-way is acquired by the Commonwealth, the Commissions will need to have an Operating and Access Agreement in place with the Rail Authority; and,

**WHEREAS**, executing this agreement will ensure continued seamless operation of VRE service.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, 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 November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 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 further find that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by 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; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board recommends the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access, subject to approval as to form by legal counsel.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary

**PASSENGER RAIL OPERATIONS AND ACCESS  
AGREEMENT**

Between

**THE VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION**

and

**NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND POTOMAC AND  
RAPPAHANNOCK TRANSPORTATION COMMISSION, OWNERS AND  
OPERATORS OF THE VIRGINIA RAILWAY EXPRESS**

**CONCERNING COMMUTER PASSENGER RAIL SERVICE**

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1 NTD: Section headings updated. Final headings and page numbers to be updated for execution version.

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EXHIBIT LIST

EXHIBIT	TITLE
A	<u>THE PLAN</u> ( <i>The Northern Virginia and Potomac and Rappahannock Transportation Commissions Commuter Rail Operations Liability Insurance Plan</i> )
B	<u>SERVICE PLAN</u>
C	<u>PLANNED IMPROVEMENTS</u>
D	<u>PASSENGER STATION <del>FACILITY-GROUND</del> LEASE AGREEMENT</u>

**PREAMBLE**

THIS PASSENGER RAIL OPERATIONS AND ACCESS AGREEMENT ("**Agreement**") is dated [December](#) [●], 2020 and is between the (i) the Virginia Department of Rail and Public Transportation, a body corporate and political subdivision of the Commonwealth of Virginia, and (ii) the NORTHERN VIRGINIA TRANSPORTATION COMMISSION and the POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION, bodies politic and corporate and political subdivisions of the Commonwealth of Virginia, established under the provisions of the Transportation District Act of 1964, as amended, and having principal places of business at 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, and 14700 Potomac Mills Road, Woodbridge, Virginia 22192, respectively (hereinafter, individually, a "**Commission**" and, collectively, the "**Commissions**").



## **EXPLANATORY STATEMENT**

A. Since 1992, the Commissions have been engaged in operating and planning the expansion of a public commuter passenger rail system known as the Virginia Railway Express ("**VRE**") that operates within the railroad right-of-way, which right-of-way contains certain railroad tracks and other railroad assets, generally between Washington, D.C. and Richmond (the "**RF&P Corridor**"); the RF&P Corridor is currently owned by CSX Transportation, Inc. ("**CSXT**").

B. The Commissions currently have in place an *Amended and Restated Operating/Access Agreement* with CSXT dated July 1, 2011, as amended (the "**CSXT Operating Agreement**"), which, among other things, permits current VRE commuter passenger rail service within the RF&P Corridor.

C. The Commissions and CSXT, by agreement in 2002, established a corridor improvement program, overseen by a corridor task force which included representatives of the Commonwealth of Virginia, the purpose of which was to identify and fund capital improvement projects in the RF&P Corridor which would increase capacity to enable additional passenger rail service.

D. The Commonwealth of Virginia ("**Commonwealth**"), acting through the Department, has worked collaboratively with the Commissions to advance commuter rail service in the RF&P Corridor,

and also, beginning in 2009, currently sponsors inter-city passenger rail transportation in the RF&P Corridor through an agreement with the National Railroad Passenger Corporation ("NRPC"), which itself operates its own inter-city passenger rail service in the Corridor.

E. The Commonwealth, acting through the Department, has entered into a comprehensive rail agreement ("Comprehensive Rail Agreement") with CSXT under which the Commonwealth intends to purchase approximately half of CSXT's interest in the railroad tracks and other railroad assets along the RF&P Corridor (the "Virginia-Acquired RF&P Assets"), splitting the RF&P Corridor longitudinally and sharing it with CSXT.

F. Under the Comprehensive Rail Agreement, the Commonwealth and CSXT intend to execute a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the RF&P Corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities.

G. By separating freight and passenger operations within the RF&P Corridor, the Commonwealth desires to continue to work collaboratively with the Commissions to facilitate improved inter-city and commuter passenger rail service between Richmond and Washington, D.C., including continuing to make the Virginia-

Acquired RF&P Assets available to the Commissions for VRE operations, and to facilitate the expansion of VRE service.

H. Accordingly, the parties agree to continuation of the Commissions' existing commuter passenger rail service and the terms on which such service will be expanded after the Commonwealth acquires the Virginia-Acquired RF&P Assets, all as more particularly set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto agree as follows:

## ARTICLE ONE

### DEFINITIONS

**1.1 DEFINITIONS.** The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the meanings hereafter specified:

**Agreement:** Defined in the Preamble.

**Claim:** Any and all claims, disputes, disagreements, causes of action, demands, suits, or other proceedings, in all cases related in any way to (i) the Commissions' operation of Passenger Station Facilities or (ii) the Commissions' provision of the Service (or failure to provide the Service) under this Agreement.

**Commissions:** Defined in the Preamble.

**Commission Fiscal Year:** The fiscal year of the Commissions beginning July 1.

**Comprehensive Rail Agreement:** Defined in paragraph B of the Explanatory Statement.

**Contract Fee:** The Track Dispatching and Maintenance Fee plus the Station Lease Payments, payable by the Commissions to the Department.

**CSXT:** Defined in paragraph A of the Explanatory Statement.

**CSXT Operating Agreement:** Defined in paragraph E of the Explanatory Statement.

**CSXT-Retained RF&P Assets:** The portion of the RF&P Corridor that is retained by CSXT, whether owned by CSXT or under its primary control through an agreement with a third party owner other than the Commonwealth, the Department, or an agency, authority, or other instrumentality of the Commonwealth.

**CSXT Tracks:** The railroad tracks that are included within the CSXT-Retained RF&P Assets, including but not limited to signaling facilities.

**Department:** The Virginia Department of Rail and Public Transportation.

**Division:** The Division of Risk Management of the Commonwealth of Virginia.

**Effective Date:** The date the last party to this Agreement executes it by signing the signature page.

**Emergency:** Any unplanned event within RF&P Corridor that:  
(i) presents an immediate or imminent threat to the long term integrity of any part of the Tracks or other railroad assets, to

the environment, to property adjacent to the RF&P Corridor, or to the safety of rail workers, customers, or passengers; (ii) has jeopardized the safety of rail workers, customers, or passengers; (iii) is a declared state of emergency pursuant to Commonwealth or federal law, or (iv) is recognized or declared by any law enforcement agency or any other governmental entity as an emergency.

**Equipment:** The locomotives and cars complying with Section 2.4 of this Agreement which are at any time used by the Commissions, or either of them, or by an agent or Operator, to provide the Service over the Tracks.

**Existing Service:** The Service existing immediately prior to the Effective Date, and excluding the Planned Additional Service.

**Force Majeure Event:** The occurrence of any of the following events that materially and adversely affects the performance of either party's obligations, provided that such events (or effects of such events) could not have been avoided by the exercise of reasonable caution, due diligence, or efforts by the affected party: (a) war (including civil war and revolution), invasion, armed conflict, violent acts of a foreign enemy, military or armed blockage, or military or armed takeover of a project, in each case occurring within the Commonwealth of Virginia; (b) any act of

terrorism or sabotage that causes direct physical damage to Virginia-Acquired RF&P Assets or otherwise directly causes interruption to construction or direct losses during operation; (c) nuclear explosion or contamination, in each case causing direct physical damage to the Virginia-Acquired RF&P Assets or radioactive contamination of them; (d) riot and civil commotion on or in the immediate vicinity of the Virginia-Acquired RF&P Assets; (e) flood, earthquake, hurricane, tornado and other significant storm or weather occurrence, in each case that causes directly physical damage to the Virginia-Acquired RF&P Assets; (f) a pandemic; (g) federal or state declared emergency; and (h) fire or explosion not attributable to the Commissions or any Operator that directly impacts a material element of the physical improvements to the Virginia-Acquired RF&P Assets.

**Improvements:** Changes in, additions and betterments to the Tracks or other railroad assets within the RF&P Corridor. Improvements are not limited to the Virginia-Acquired RF&P Assets, but may also be made to the CSX-Retained RF&P Assets.

**Losses:** With respect to any Virginia Indemnatee, any losses, liabilities, judgments, damages, fees (including the costs of legal defense and other legal fees), penalties, fines, sanctions, charges, or out-of-pocket and documented costs of any kind or nature, or expenses actually suffered or incurred by such Virginia

Indemnatee, including as a result of any injury to or death of persons or damage to or loss of property, as a sanction assessed by a governmental or quasi-governmental entity, in all cases, (i) related in any way to the Commissions' operation of passenger facilities, (ii) related in any way to the Commissions' provision of the Service (or failure to provide the Service) under this Agreement, or (iii) which is exacerbated by the operation of the Service over the Tracks, or by the presence of cars, Equipment, personnel, contractors, agents, or passengers of the Commissions or an Operator on or about the RF&P Corridor.

**NRPC**: National Railroad Passenger Corporation.

**Operator**: Any person, firm, corporation, or other legal entity contracting with or utilized by the Commissions to operate all or any part of the Service or to be responsible for providing and supervising on-train personnel for operation of the Equipment and Trains.

**Passenger Station Facilities**: Passenger stations, station platforms, and certain additional, ancillary facilities located on platforms, including, among others, canopies elevators, stairways, and elevated walkways, and including real property parcels on which such facilities may be located, in all cases owned by the Department and leased to the Commissions for the Commissions to



pick up and discharge passengers in its provision of the Service. The Passenger Station Facilities are listed in the Passenger Station Facility-Ground Lease Agreement.

**Passenger Station Facility-Ground Lease Agreement:**

The separate Passenger Station Facility-Ground Lease Agreement between the Commissions and the Department, for the leasing of certain real property for the operation of those Passenger Station Facilities enumerated in **EXHIBIT D** (Passenger Station Facility-Ground Lease Agreement), as amended from time to time.

**Plan:** The Northern Virginia and Potomac and Rappahannock Transportation Commissions Commuter Rail Operations Liability Insurance Plan established by the Division in accordance with Section 2.2-1839 of the Code of Virginia, and attached hereto as **EXHIBIT A** (The Plan), as such may be amended from time to time.

**Planned Additional Service:** The additional commuter passenger rail service (*i.e.*, in addition to the Existing Service) to be added to the Service pursuant to the Comprehensive Rail Agreement by the Department and the Commissions incrementally (i) as the Department acquires the Virginia-Acquired RF&P Assets, and (ii) as the Planned Improvements are completed. The Planned

Additional Service is depicted, along with the Existing Service, in **EXHIBIT B** (Service Plan).

**Planned Additional Service Long Stop Date:** ~~For any~~ (A) For the first train slot (scheduled to be available in 2021) the date that is ~~thirty-six~~ months after the Department has provided to the Commissions written notice that they may begin such component of the Planned Additional Service, and (B) for any other component(s) of the Planned Additional Service for which the Department has provided to the Commissions written notice that they may begin such component(s) of the Planned Additional Service, the date that is twelve months after such notice.

**Planned Improvements:** Those Improvements listed in **EXHIBIT C** (Planned Improvements), which the Department intends to carry out, in cooperation with CSXT, and with funding from the Commissions among other sources, after acquiring the Virginia-Acquired RF&P Assets so that the Commissions may incorporate components of the Planned Additional Service.

**RF&P Corridor:** Defined in paragraph A of the Explanatory Statement, and includes both the Virginia-Acquired RF&P Assets as well as the CSXT-Retained RF&P Assets.

**Service:** The commuter passenger rail service operating within the RF&P Corridor by the Commissions under the authority

granted by the CSXT Operating Agreement and this Agreement. Service includes the movement of Trains operated at the times, between the mile posts, with the frequencies, and Equipment specified in **EXHIBIT B**, attached hereto, and the movement of Special Trains allowed pursuant to Section 3.2. Service may be amended at any time by written agreement of the parties, including adding components of the Planned Additional Service when permitted under the Comprehensive Rail Agreement.

**Special Train:** Any Train that is in addition to the regularly-scheduled commuter passenger rail service permitted under this Agreement, such as excursion trains or tourist trains, in each case as may be allowed pursuant to Section 3.2 of this Agreement.

**Station Lease Payments:** Periodic rental payments paid by the Commissions to the Department under the Passenger Station [Facility Ground](#) Lease Agreement.

**Substitute Operating Period:** A period of time selected by the Department for up to five years as an initial term, during which the Department contracts with an entity other than the Commissions to provide passenger rail service with respect to unused Planned Additional Service components pursuant to Section 2.10. The Substitute Operating Period may be extended by the

Department for successive periods of no longer than one year each. However, if at least one hundred-eighty (180) days prior to either (a) the expiration of an initial up-to-five-year Substitute Operating Period, or (b) the expiration of any extended Substitute Operating Period, the Commissions confirm they are willing and able to utilize the applicable unused Planned Additional Service components for the Service, then the Department may not extend the applicable Substitute Operating Period beyond the then-current term.

**Track Dispatching and Maintenance Fee:** The periodic fee paid by the Commissions to the Department covering the Department's [costs to dispatch and maintain]<sup>2</sup> the Virginia Tracks (and other railroad assets made available by the Department and utilized by the Commissions) attributable to the Service. The Track Dispatching and Maintenance Fee will equal the (i) the amounts charged by CSXT or other contractors to the Department for dispatching and maintenance performed by CSXT or such other contractors on the Virginia-Acquired RF&P Assets within the VRE territory pursuant to the Comprehensive Rail Agreement, minus (ii) any portion of such amounts paid to the Department by NRPC as

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<sup>2</sup> **NOTE TO VRE:** Virginia working on obtaining maintenance and dispatching cost estimate from CSX.

incremental costs attributable to inter-city passenger rail service over the Virginia Tracks.

**Tracks:** The railroad tracks that are included within the Virginia-Acquired RF&P Assets and the CSXT-Retained RF&P Assets, including but not limited to signaling facilities.

**Train:** A locomotive unit, or more than one unit coupled, with or without cars, whether or not carrying passengers, having not less than 4.0 horsepower per trailing ton, displaying markers or carrying an end of train device, and capable of adhering to the schedule standards specified for the Service.

**Trust Fund:** The Commuter Rail Operations Liability Insurance Trust Fund administered by the Division pursuant to the Plan.

**Virginia Indemnities:** The Commonwealth of Virginia, the Commonwealth Transportation Board, the Department, and any of the officers, directors, employees, agents, or servants of such entities.

**Virginia-Acquired RF&P Assets:** The portion of the railroad line between Richmond, Virginia, and Washington, D.C. that is owned (or under its primary control through an agreement with an owner party other than CSXT) by the Commonwealth, the

Department, or an agency, authority, or other instrumentality thereof. The Virginia-Acquired RF&P Assets may increase as the Planned Improvements, or other Improvements, are completed and the Commonwealth, the Department, or an agency, authority, or other instrumentality thereof acquires (i) new railroad assets within the RF&P Corridor, or (ii) existing assets from CSXT within the RF&P Corridor.

**Virginia Tracks:** The railroad tracks that are included within the Virginia-Acquired RF&P Assets, including but not limited to signaling facilities. The Virginia Tracks shall include such other parallel or related railroad operating facilities of the Commonwealth, the Department, or an agency, authority, or other instrumentality thereof as may at the instruction of the Department from time to time be temporarily used for the operation of the Service. The rail facilities within the definition of Virginia Tracks may be further changed at any time by written agreement of the parties.

**VRE:** Defined in paragraph A of the Explanatory Statement.

## ARTICLE TWO

### CONDITIONS

**2.1 Other Operating Agreements.** The Commissions acknowledge that they have executed the CSXT Operating Agreement and separate agreements with Norfolk Southern Railway and NRPC, which agreements grant the Commissions the right to operate commuter passenger rail service over the lines of each of those railroads. The Commissions shall promptly provide the Department with current copies of such agreements and any subsequent amendments thereto, upon the execution of such agreements or amendments.

**2.2 More Favorable Provisions.** In the event that the terms and provisions of any agreement described in Section 2.1 shall at any time be interpreted, modified, or amended so as to become more favorable to the named counter-parties than the terms and provisions of this Agreement are to the Department, in the sole judgment of the Department, then the Department may request the Commissions' agreement to modify this Agreement so as to incorporate such interpretation, modification, or amendment, in whole or in part, by amendment to this Agreement.

**2.3 Operator.** The Commissions shall not self-operate the Service, but shall operate the Service through one or more

Operators. The Commissions will be free to select an Operator at their discretion based upon criteria, developed in consultation with the Department, designed to obtain an Operator qualified to operate trains on property of Class One railroads. An Operator must comply at all times with all applicable provisions of this Agreement. The Commissions shall not have the right to assign this Agreement or any portion hereof to any other person or entity, or to permit any person or entity other than an Operator to exercise such rights or enter upon the property of the Department without the written consent of the Department. The retention of an Operator by the Commissions shall not relieve the Commissions of any of their obligations under this Agreement. If at any time an Operator becomes unacceptable to the Department, the Department shall notify the Commissions and the Parties shall thereafter meet and confer within a reasonable time to develop a mutually-agreed resolution to the objections raised by the Department, which resolution may include removal and replacement of the Operator.

**2.4 Inspection of Equipment.** The Department shall have no responsibility, but shall have the right, to cause a third party to perform an audit-style inspection (*i.e.*, a spot inspection and not a comprehensive inspection), itself or through a contractor, of any Equipment of the Commissions used in the Service to ensure compliance with this Agreement



and federal law. Such inspections shall be at the Department's sole cost and expense, and shall not be done more than once each year. However, the parties agree that any such inspection shall not be construed to shift any liability for any such Equipment from Commissions to the Department, nor shall any such inspection be construed to reduce the Commissions' duty to indemnify the Virginia Indemnitees under Article 9. The Department shall have no responsibility to maintain, service, or repair any of the Equipment of the Commissions, but all such Equipment shall at all times comply with applicable federal (including without limitation the federal Locomotive Inspection Act and the Federal Safety Appliance Acts, each as amended, and with all regulations adopted pursuant to either Act), state, and local laws, regulations and requirements.

**2.5 Operating and Safety Rules.** (a) Operation of the Service shall at all times comply with CSXT's operating rules, safety rules, instructions, and other regulations until such time as Complete Separation or Maximum Feasible Separation (each as defined within the Comprehensive Rail Agreement) is achieved between the Virginia Acquired RF&P Assets and the CSXT-Retained RF&P Assets. At such time, the Department and the Commissions may agree upon specific operating rules that are

different than, or supplemental to, CSXT's operating rules. CSXT's operating rules shall continue in effect until different or supplemental rules are agreed upon. The Commissions, an Operator, and all personnel of either who are present on the Equipment at any time shall comply fully with the applicable laws, regulations or rules, whether federal, state, or local, covering the operation, maintenance, condition, inspection, testing, or safety of personnel or Equipment employed in the maintenance and operation of any of the Trains.

(b) **Operating Personnel.** The Commissions shall ensure that all persons operating Equipment or Trains over the Tracks are fully competent, trained, and qualified for the tasks they are performing in accordance with standards applicable to operation of trains on property of class one railroads.

(c) **Radios.** The Commissions, at their sole expenses, shall obtain, install, and maintain, in all locomotives used with Commission's Trains operating over the Tracks, functioning radios to transmit and receive appropriate frequencies, as necessary.

(d) **Investigations.** Any investigation or hearing concerning the violation of any operating rule or safety rule of the Department by any of the employees of the Commissions or of

its Operator may be attended by any official of the Commissions or of the Operator designated by the Commissions.

(e) **Right to Exclude Personnel.** The Department shall have the right to exclude from the Virginia Tracks or other Virginia-Acquired RF&P Assets any employee of the Commissions or its Operator found to be in violation of applicable law. The exercise of such right, and any and all Losses that may arise therefrom shall be excluded from the indemnification provisions of Article Nine of this Agreement when such an employee is excluded by the Department.

**2.6 Modifications to Service.** The Department retains exclusive authority to approve or reject, in its sole discretion, any proposed modification of the Service (other than the components of the Planned Additional Service to which the Department is entitled under the Comprehensive Rail Agreement and which are identified as being for commuter rail service) or of its scheduled operations. In addition, the Department retains the right to require the construction of additional Improvements, and appropriate modification to the Contract Fee, whenever the Commissions propose modifications to the Service or to its scheduled operations, other than components of the Planned Additional Service, provided such additional Improvements are necessary to enable the requested

modifications to the Service or scheduled operations. However, in the event of an Emergency that requires a short-term modification to the Service for which prior approval cannot be obtained reasonably, the Commissions may make such reasonable modifications as are necessary to continue the Service in a safe and reliable manner in coordination with the entity that is responsible for dispatching the relevant portion of Tracks. If the Commissions implement such a short-term modification, they shall: (i) within 24 hours of the event or occurrence giving rise to the emergency conditions notify the Department of the emergency in writing, and (ii) within five business days of the event or occurrence giving rise to the emergency conditions provide to the Department for its approval or rejection a written plan to continue the Service in a safe and reliable manner for the expected duration of the emergency condition. Notwithstanding the foregoing, the Commissions shall have the right to annul Trains and to provide less than the full Service for limited periods necessitated by unforeseen circumstances including but not limited to weather events, Equipment malfunctions, conflicts with NRPC, freight, and other trains, and government holidays and work cancellations.

**2.7 Regulatory Approvals.** In the event that operation of any portion of the Service requires the prior approval of or exemption from regulations by the Surface Transportation Board, the Federal Railroad Administration, or any other governmental agency, securing such approval or exemptions shall be the exclusive responsibility of the Commissions. The Department will make reasonable efforts to support the actions which the Commission may initiate pursuant to this Section.

**2.8 Other Trains.** The Department shall in no event be responsible for or liable to the Commissions, or its Operator, or any passenger for the consequences of any delays or cancellations of the Service due to conflicts with CSXT's freight service, NRPC's inter-city passenger service, weather, labor difficulties, track or equipment failure, conflicting schedules or missed connections of NRPC trains or of trains of CSXT, or from other causes. Notwithstanding the foregoing, the Department acknowledges the importance to the Commissions' commuter rail service of on-time performance and agrees to endeavor to provide an average monthly on-time performance of 90% within the Virginia-Acquired RF&P Assets and, to the extent reasonably possible, the RF&P Corridor. In the event an average on-time performance of 90% is not met

in any month, the parties shall meet during the next month to discuss the reasons why the aforesaid on-time performance average was not met and what steps can be taken to meet or exceed that average.

**2.9 Planned Improvements.** After acquiring the Virginia-Acquired RF&P Assets, the Department will endeavor to complete the Planned Improvements as described more completely in **EXHIBIT C**.

**2.10 Planned Additional Service.** The parties acknowledge and agree that the Comprehensive Rail Agreement makes available certain future passenger rail service slots identified in **EXHIBIT B** (Service Plan), and that the Department has the right to such slots designated for commuter rail service, subject to the Comprehensive Rail Agreement, and the Department will make available to the Commissions under the terms of this Agreement the additional slots identified in **EXHIBIT B** (Service Plan) for commuter rail service. As the Planned Improvements are completed incrementally, the Department will provide written notice to the Commissions of their right to begin the corresponding components of the Planned Additional Service by using those service slots associated with the completed Planned Improvements. However, the Department does not guarantee the completion of any or all of the

Planned Improvements, or the start of the Planned Additional Service and the Planned Additional Service may be suspended under the conditions provided in the Comprehensive Rail Agreement. For the avoidance of doubt, the Commissions shall have no right to commence any component of the Planned Additional Service unless the Department provides written notice to the Commissions that they may begin such component. Upon delivery by the Department to the Commissions of written notice of the completion of certain Planned Improvements and the Commissions' right to begin operating certain components of the Planned Additional Service, the Commissions shall: (i) on or before the Planned Additional Service Long Stop Date, adopt a budget allocating funds to support the corresponding components of the Planned Additional Service, and (ii) begin such corresponding components of the Planned Additional Service no later than the beginning of the Fiscal Year immediately following the Fiscal Year during which the budget in (i) was adopted. If the conditions of (i) and (ii) in the preceding sentence are not met, the Department may, upon written notice to the Commissions, elect to receive and use the unused Planned Additional Service components for commuter or inter-city passenger rail service. The Department may utilize such components for a Substitute Operating Period. The Commissions and the Department shall work in good faith to agree upon access and use of any

Commission-owned passenger rail facilities for such commuter or inter-city passenger rail service during any Substitute Operating Period. If the Commissions do not meet conditions (i) and (ii) above because the Department does not discount the Contract Fee as provided in Section 5.1(d) in the Fiscal Year in which the Planned Additional Service component(s) is required to begin, then the Commissions' obligation to meet conditions (i) and (ii) shall be tolled until the Fiscal Year in which the full eighty four percent (84%) Contract Fee discount is provided.

**2.11 Improvements.** The Commissions at any time may propose to the Department Improvements to the Virginia-Acquired RF&P Assets. Upon such a proposal being made the parties will confer to discuss whether to develop such proposed Improvements, cost sharing for such proposed Improvements, and other related issues. However, no Improvements will be made to the Virginia-Acquired RF&P Assets without the express written consent of the Department.



## ARTICLE THREE

### ACCESS

**3.1 Commissions' Access Rights.** The Department hereby grants to the Commissions, subject to the terms and conditions of this Agreement, the right to use (i) the Virginia-Acquired RF&P Assets, including the Virginia Tracks, and (ii) those passenger rights that the Department enjoys over the CSXT-Retained RF&P Assets, in both cases with the Trains to provide the Service. Except as provided in Section 2.10 with respect to unused components of the Planned Additional Service, the Commissions shall have the exclusive right to operate commuter rail service using the Virginia-Acquired RF&P Assets, including the Virginia Tracks, and shall be the sole provider of such services on the Virginia-Acquired RF&P Assets, including the Virginia Tracks, unless otherwise agreed by the Commissions and the Department. The Department expressly reserves the right to construct future assets within the Virginia-Acquired RF&P Corridor from which the Commissions may be excluded.

**3.2 Special Trains.** In addition to the rights stated in Section 3.1 above, the Department may permit the operation of Special Trains by the Commissions in addition to those **EXHIBIT B** (Service Plan), as well as those necessary to qualify an Operator, provide employee training, and test Equipment and Trains, which permission

shall not be unreasonably withheld. The Commissions shall submit their requests for Special Trains in writing to the Department at least seven business days prior to the proposed date of operations. No Special Train shall be run without the prior written agreement of the Department and the Commissions and on reasonable terms and conditions and with such proof of insurance and indemnification as are satisfactory to the Department but not more than those provided for in Article Nine.

**3.3 Limitation of Access Rights.** The rights granted to the Commissions herein shall relate solely to use of the Virginia Tracks and other Virginia-Acquired RF&P Assets required for the operation of Trains in the provision of the Service.

**3.4 Passenger Station ~~Facility~~ Ground Lease Agreement.** Contemporaneously with the execution and delivery of this Agreement, the Department will execute and deliver the Passenger ~~Stations Facility~~ Station Ground Lease Agreement in substantially the form of **EXHIBIT D** (Passenger ~~Stations Facility~~ Station Ground Lease Agreement), whereby the Department will lease to the Commissions certain real property for the operation of each of the Passenger ~~Stations~~ Station Facilities enumerated in that exhibit. It is contemplated that the Passenger ~~Stations Facility~~ Station Ground Lease Agreement may be amended or restated concerning the

construction, maintenance, and use, during the term of this Agreement, of additional Passenger ~~Stations~~Station Facilities. The Passenger ~~Stations Facility~~Station Ground Lease Agreement and other amendments or restatements shall impose no liability on the Department (or its officers, agents, or employees).

## ARTICLE FOUR

### TERM

**4.1 Effective Date and Expiration.** This Agreement shall become effective and shall commence as of the Effective Date, and unless terminated earlier in accordance with its provisions, or with the written consent of both parties, shall continue in effect until the Commissions cease to operate the Service. At or about the fifth anniversary of this Agreement, representatives of the Commissions and the Department shall meet to review operation of this Agreement and discuss possible modifications thereof. Modifications agreed upon by the parties shall be set forth in a written amendment to this Agreement signed by the parties.

**4.2 Termination by Commissions.** The Commissions shall have the right to terminate this Agreement only (i) if (whether due to lack of funding, inability to obtain the required insurance, or otherwise) they become unable to provide the Service, and (ii) upon 12 months' prior written notice to the Department. Upon any such termination notice delivered to the Department, the Commissions shall cooperate with the Department, and if the Department elects to procure a replacement entity to provide the Service, use their best efforts to assist the Department to procure such replacement entity, with any necessary modifications to the Service. The Department shall have a right of first refusal (but

not the duty) to purchase any Equipment and/or Passenger Station Facilities sold by the Commissions after the delivery of a termination notice to the Department.

**4.3 Liabilities after Termination.** Termination or expiration of this Agreement for any cause shall not relieve any of the parties hereto from any obligations or liabilities accrued under this Agreement as of the time such termination becomes effective. Without limiting the foregoing, it is specifically recognized that any obligation on the part of a party to assume financial responsibility, to indemnify and insure or to make a payment of money shall survive termination or expiration of this Agreement. It is further recognized that grant funding providers of the Commissions, including but not limited to the Federal Transit Administration and the Federal Railroad Administration, may retain an interest in Improvements funded in whole or in part with grant funds which interests shall run with the Improvements upon termination or expiration of this Agreement.

## ARTICLE FIVE

### PAYMENT

**5.1 General Premise.** (a) The premise upon which the Department and the Commissions have agreed to the Service pursuant to this Agreement is that the Department will permit operation of the Service (i) over the Virginia Tracks and other Virginia-Acquired RF&P Assets, and (ii) subject to those passenger rights that the Department enjoys over the CSXT-Retained RF&P Assets, with the following conditions: (1) the Commissions will make payment to the Department of the Contract Fee; and (2) Virginia Indemnitees will incur no Losses or potential Losses arising from the Service (or failure of Commissions to provide the Service) in any way and the Commissions will indemnify the Virginia Indemnitees against any Losses or potential Losses, and will defend any Claims, related to the Service, in accordance with and as more fully described in Article Nine.

(b) **Contract Fee.** The Commissions agree to pay the Department a Contract Fee (comprised of the Track Dispatching and Maintenance Fee and the Station Lease Payments). The parties agree that, as the Planned Improvements are completed incrementally, and as other Improvements may be completed, the mileage of the Virginia Tracks may increase and the number of Passenger Station Facilities leased to the Commissions by the Department may increase.

Accordingly, the parties agree the Contract Fee may increase as the mileage of the Virginia Tracks increases and as the Department leases to the Commissions additional property for Passenger Station Facilities. If the basis upon which the Contract Fee is assessed is modified, resulting in likely cost increases to the Commissions, the Department shall provide to the Commissions notice of such modification not less than one hundred-eighty (180) days prior to the start of the Commissions' Fiscal Year during which such modification will be applied. The Commissions shall pay the applicable components of the Contract Fee to the Department no more than 30 days after the Department submits a proper invoice to the Commissions for such applicable components.

(c) **Audit**. The basis for the amounts payable to the Department under this Agreement shall be subject to audit or review by either party for up to three years following payment thereof. Notwithstanding the foregoing, the Track Dispatching and Maintenance Fee shall be subject to audit and review only to the extent necessary to verify (i) the amounts charged by CSXT or other contractor to the Department for dispatching and maintenance performed by CSXT or other contractor on the Virginia-Acquired RF&P Assets within the VRE territory pursuant to the Comprehensive Rail Agreement, and/or (ii) any portion of such amounts paid to

the Department by NRPC as incremental costs attributable to inter-city passenger rail service over the Virginia Tracks.

**(d) Track Dispatching and Maintenance Fee Discount.**

In its sole discretion, the Department may discount the Track Dispatching and Maintenance Fee by up to eighty-four percent (84%).

**5.2 Conditional Payments - NRPC.** In addition to the payments specified hereinabove, the Commissions shall also pay to the Department monthly, within thirty (30) days of demand when supported by appropriate documentation, that portion of any amounts which the Department shall have been forced to pay to NRPC pursuant to an operating agreement between the Department and NRPC (as it may from time to time be amended) governing the operation of inter-city passenger service over Virginia Tracks which is attributable to the abnormal operation or the malfunction of the Service.

**5.3 Other Payments.** In addition to the payments specified elsewhere in this Article Five, the Commissions shall also pay to the Department, within thirty (30) days of demand, when supported by appropriate documentation, any amounts which become due to be so paid pursuant to the provisions of Article Two and Article Nine.



## ARTICLE SIX

### MAINTENANCE AND DISPATCHING

**6.1 Track Maintenance.** The Department shall, during the term of this Agreement, cause CSXT or other contractors to maintain the Virginia Tracks in a condition that will accommodate the operation of the Service, and no less than that required to prevent any downgrade to the Virginia Tracks below Class 4 pursuant to 49 C.F.R. § 213.9 (or any successor regulation). However, the Department shall have no duty to maintain the CSXT Tracks, and the Department does not guarantee the condition of the Virginia Tracks or that the Service will not be delayed or interrupted. If the Commissions contend the Department has failed to cause CSXT or other contractors to maintain the Virginia Tracks as anticipated by this Article Six, the Commissions may submit written notice of such contention to the Department, and within 30 days of such written notice the parties shall meet and confer to address and resolve such failure. If such meeting and conference does not finally resolve the issues noticed in the written notice submitted by the Commissions, either party may submit the matter pursuant to the dispute resolution provisions of this Agreement. However, in no event shall such failure, including but not limited to any FRA findings or reports, impose any liability on any of the Virginia Indemnites except as provided by Article Nine hereof with respect

to gross negligence, nor shall any such failure absolve the Commissions of any of the obligations imposed upon them by Article Nine hereof.

**6.2 CSXT's Performance of Track Maintenance.** The parties acknowledge their mutual expectation that, notwithstanding Section 6.1, CSXT (as a contractor to the Department) will undertake maintenance of all of the Virginia Tracks on behalf of the Department at least until Phase 2 of the Planned Improvements is complete. At such time as the Department decides to procure a contractor other than CSXT to perform Track Maintenance, it shall consult with the Commissions on criteria for contractor selection to the end of ensuring the interests of the Department and the Commissions are protected.

**6.3 Clearing Wrecked Equipment.** The Commissions will clear any crippled, disabled, or wrecked Trains or Equipment of the Commissions impeding traffic on the Virginia Tracks.

**6.4 Passenger Station Facilities Maintenance.** The Commissions shall be responsible to perform, at their own costs and expense, all maintenance and operation activities with respect to the Passenger Station Facilities used by the Commissions with respect to the Service, except to the extent maintenance obligations are imposed upon other users of those Passenger Station

Facilities, as noted in the Passenger Station ~~Facility~~Ground Lease Agreement.

**6.5 Dispatching.** The Department shall, during the term of this Agreement, cause CSXT or other contractors to dispatch the Virginia Tracks. The Parties acknowledge and agree that, because such dispatching services will be undertaken by parties other than the Department, the Department is not able to guarantee any outcomes with respect to such dispatching services. At such time as the Department decides to procure a contractor other than CSXT or NRPC to perform track dispatching, it shall consult with the Commissions on criteria for contractor selection to the end of ensuring the interests of the Department and the Commissions are protected.

## ARTICLE SEVEN

### CLAIMS SERVICE

**7.1 Claims Service.** The provision of Claims handling service in connection with any aspect of the Service shall be the exclusive responsibility of the Commissions, and in no event shall the Commissions or its Operator assert any right to require provision of such Claims handling service from the Department or any affiliate thereof.

## ARTICLE EIGHT

### LAW ENFORCEMENT SERVICES

**8.1 Police.** The provision of law enforcement services in connection with any aspect of the commuter passenger rail service shall be the exclusive responsibility of the Commissions, and in no event shall the Commissions or any Operator assert any right to require provision of the services of such law enforcement services from the Department. The Department shall be responsible for providing law enforcement services, including the policing of trespassers, on the Virginia Tracks and other Virginia-Acquired RF&P Assets. The Commissions will use reasonable efforts to have the local law enforcement personnel with whom the Commissions work to cooperate with the Department's and CSXT's law enforcement personnel with regard to the Department's and CSXT's policing of trespassers within the RF&P Corridor.

## ARTICLE NINE

### RISK OF LIABILITY

#### 9.1 General Indemnity and Duty to Defend.

The Commissions shall indemnify the Virginia Indemnitees against any Losses or potential Losses by a Virginia Indemnatee, related in any way to or arising from the Commissions' acts or failure to act (i) related in any way to the Commissions' operation of passenger facilities, or (ii) in providing the Service, including, without limitation, for the Commissions' failure to comply with this Agreement or applicable law. The Commissions shall indemnify the Virginia Indemnitees under this Article Nine whether or not such Losses or potential Losses are caused, in whole or in part, by the negligence, regardless of its character or degree, of a Virginia Indemnatee, and whether the damages are compensatory, punitive, or exemplary, provided, however, the Commissions shall not be required to indemnify Commonwealth employees and contractors in their individual capacities with respect to their own gross negligence (*i.e.*, wanton and willful misconduct). In addition, the Commissions shall defend the Virginia Indemnitees against all Claims asserted by third parties against a Virginia Indemnatee (i) related in any way to the Commissions' operation of passenger facilities, (ii) related in any way to or arising from the Commissions' acts or failure to act in providing the Service,

or (iii) which are exacerbated by the operation of the Service over the Tracks, or by the presence of cars, Equipment, personnel, contractors, agents, or passengers of the Commissions or an Operator on or about the RF&P Corridor.

**9.2 (a) Commuter Rail Operations Liability Insurance Plan.**

To guarantee payment of their obligations under this Article Nine, the Commissions shall, subject to the approval and continuing supervision of the Division, procure and at all times maintain a policy or policies of liability insurance, with annual aggregate limits of at least \$295,000,000.00 (or with such additional limits as may be required by the provisions of Section 9.3 hereof) covering the liability assumed by the Commissions under this Article Nine. Such insurance may consist of a program of self-insurance approved and administered by the Division for up to Five Million Dollars (\$5,000,000.00), with the balance of the coverage (at least \$290,000,000.00 in excess of the \$5,000,000.00 self-insured retention) to be obtained through commercial insurance. All insurance policies shall name the Department as an additional insured, shall provide liability insurance covering the liabilities assumed by the Commissions under this Agreement, and shall be endorsed to provide that the insurance company will give the Department thirty (30) days prior written notice if the policies are to be terminated or modified during the term of this

Agreement. The Commissions shall provide the Department with copies of all commercial insurance policies, including all current endorsements, carried by the Commissions pursuant to this Section 9.2, and a copy of all agreements, including amendments thereto, between the Commissions and the Division relating to the coverage, structure, administration, or funding of the Commissions' insurance program at least ten (10) business days before the commencement of any such policy, including all current endorsements. Such copy shall be delivered to:

Director

Virginia Department of Rail and Public Transportation

600 East Main Street, Suite 2102

Richmond, VA 23219

Counsel for the Department of Rail and Public Transportation

Transportation Section

Office of the Attorney General

202 North 9<sup>th</sup> Street

Richmond, VA 23219

(b) **The Plan**. In accordance with Section 2.2-1839 of the Code of Virginia, the Division has established the Plan, a copy of which is attached as **EXHIBIT A** (The Plan). [As soon as



|

practicable after the execution of this Agreement, and in all cases prior to the Commissions operating trains on any tracks owned by the Department, the Parties shall cooperate in good faith, working with the Division, to add the Virginia Indemnitees to the Plan as insureds (or collectively as an insured), whether through an endorsement or through another means satisfactory to the Department. Thereafter, the Parties shall collaborate in good faith, working with other stakeholders, to update the Plan itself for accuracy. The Plan is and shall be maintained by the Commissions and administered by the Division. It is the intention of the parties that the Plan provides coverage for all liability which is or may be imposed upon or assumed by the Commissions under this Article Nine. The parties further agree that, subject to the additional criteria set forth in this Article Nine (including, but not limited to Sections 9.2 and 9.3), the Plan is sufficient, as of the date hereof, to fulfill the obligations of the Commissions with respect to the procurement and maintenance of liability insurance pursuant to Section 9.2(a). Subject to the limits of Virginia law, the Commissions' obligation set forth herein is absolute and Commissions shall be obligated to indemnify all Virginia Indemnitees for all Losses, potential Losses, and obligated to defend Claims as set forth in Section 9.1(a) of this

Agreement. The Plan shall not be amended without the agreement of the Department evidenced by amendment of this Agreement.

(c) **Plan Reports**. The Commissions shall provide to the Department a copy of all reports which are submitted pursuant to the Plan. The reports to be made pursuant to the Plan shall include the balance sheets and income statements of the Trust Fund.

(d) **Insurance Coverage Floor**. If, at any time, the total insurance coverage applicable to the liabilities assumed by the Commissions under this Article Nine falls below \$295,000,000.00 or, because of pending Claims, is reasonably expected to fall below \$295,000,000.00 (or, in each case, such greater coverage as may be required by the provisions of Section 9.3), or such coverage is otherwise subject to challenge or diminution for any reason (including, without limitation, court decisions or applicable laws or regulations affecting the validity or enforceability of the Plan or this Article Nine), the Commissions will ensure that notice of such fact is provided promptly by the Division to the Commissions, the Department, and the Operator. If the Commissions fail to immediately (*i.e.*, the day of such notice) restore the available insurance coverage to \$295,000,000.00 (or such higher level as may be required by the provisions of Section 9.3), or to otherwise obtain relief from any

other causes which may diminish such coverage for any reason, the Service and all rights granted the Commissions under Article Three of this Agreement shall be immediately suspended and shall not be resumed until the full \$295,000,000.00 in insurance coverage (or such higher levels as may be required by the provisions of Section 9.3) has been obtained; provided, however, the suspension of passenger service shall not occur until after the Department has consulted with the Commissions and determined that the coverage specified herein will not be promptly restored. Any increase in the amount of insurance coverage which results from the application of Section 9.3 shall automatically cause a proportionate adjustment to the limits specified in this Subsection 9.2(d).

(e) **Trust Fund**. The Division administers the Trust Fund for the purposes of implementing and funding the Commissions' obligations under the Plan and this Article Nine. The Commissions shall ensure that, at all times, the Trust Fund is solvent and adequately funded for the purposes contemplated by this Article Nine, and shall arrange for a review by the Division of the financial condition of such Trust Fund and the commercial insurance and self-insurance maintained under the Plan, from time to time, as requested by the Department. Such review shall include a written certification to the Department that the Trust Fund is solvent, and that if the Plan's insurance program fails to comply with the

requirements of this Article Nine, or the Trust Fund is not adequately funded, the Division shall promptly give notice of such fact to the Department, the Commissions, and the Operator. If the Department determines that the Trust Fund is not adequately funded, the Department may give notice of such fact to the Commissions. If the Commissions fail to immediately (*i.e.*, the day of such notice by the Division or the Department) provide funding in amounts determined by the Division or by the Department to be adequate or obtain the required insurance, the Service and all rights of the Commissions under Article Three of this Agreement shall be immediately suspended until such funding and/or insurance is provided; provided, however, the suspension of the Service shall not occur until after the Department has consulted with the Commissions and determined that adequate funding and/or insurance will not be promptly restored. Notwithstanding the foregoing, in the event that the Division fails to comply with any of the requirements of this Agreement, including but not limited to those set forth in this Article Nine, the Commissions shall take all actions, including the commencement of litigation and/or direct purchase of policies of insurance, to prevent a breach of such requirement.

(f) **Material Breach for Failure to Failure to Comply with Insurance Requirements.** In the event that the Department

determines that either this Article Nine or the Plan (or the insurance coverage provided thereunder) is invalid or unenforceable for any reason, or that the Commissions have otherwise failed to comply with their obligations under this Article Nine, such determination shall constitute a material breach of this Agreement.

**9.3 Increases in Insurance Amounts under the Plan and Liability Limits under the Agreement.** (a) If, as a result of any statute enacted by the Commonwealth of Virginia or the federal government, the maximum liability limitation of Commissions is increased to an amount in excess of \$295,000,000.00, then the minimum liability limit of \$295,000,000.00 set forth in Section 9.2 of this Article shall be automatically increased to the new maximum statutory liability of the Commissions and the liability insurance shall be amended to reflect such higher amount. If the exposure of any Virginia Indemnatee to liability under this Agreement or under the Passenger Station ~~Facility~~Ground Lease Agreement is increased by statute or judicial decision, the limits on the liability of the Commissions pursuant to this Agreement shall be increased proportionately and the limits of the liability insurance carried by the Commissions shall be increased to reflect such increased exposure. As a condition to employing self-insurance to cover such higher amount of increased exposure, the

Commissions agree to obtain the advance approval of the Division. In the event the Commissions fail to obtain and maintain the insurance required by this Section for any reason (including the unavailability of such insurance), then either party shall have the right to suspend the Service immediately upon delivery of written notice to the other.

(b) **Review of Claims; Adjustments**. At any time during the term of this Agreement, upon the Department's request, the parties hereto will review and evaluate the number and cost of Claims which have been made against the insurance carried by the Commissions, the actual and potential liabilities incurred by the Commissions for death, personal injury, or property damage, any relevant judicial decisions, inflation and current trends in the cost of tort claims, and the likelihood and potential cost of future Claims. Based on this review and evaluation, the parties will determine whether there are reasonable grounds to increase the limits and expand the coverage of the insurance required to be carried by the Commissions under Subsection 9.2(a) and Subsection 9.2(d) hereof. If the parties are unable to agree, the dispute shall be handled pursuant to Article Eleven hereof; provided, however, that in no event shall the liability of the Commissions or the amount of insurance to be carried by the Commissions be reduced below the limits required by Sections 9.2 and 9.3 hereof.

**9.4 Passenger Station ~~Facility~~ ~~Ground~~ Lease Agreement;**

**Indemnity.** The rights granted to the Commissions in this Agreement relate to use of the Virginia Tracks for the operation of Trains. Immediately upon the execution and delivery of this Agreement, the parties shall execute and deliver the Passenger ~~Stations Facility~~ Station Ground Lease Agreement with respect to the Passenger Station Facilities enumerated in **EXHIBIT D** (Passenger ~~Stations Facility~~ Station Ground Lease Agreement). It is contemplated that the Passenger ~~Stations Facility~~ Station Ground Lease Agreement may be amended or restated concerning the construction, maintenance, use, and removal of additional platforms or certain ancillary facilities located on platforms, including, among others, canopies, elevators, stairways, elevated walkways, for the accommodation of the Commissions' passengers. It is understood that the indemnification and insurance provisions of this Article Nine of this Agreement shall apply with respect to such construction, maintenance, use, and removal by the Commissions, any Operator, its or their employees, agents, contractors, passengers, invitees, and the general public of all Passenger Station Facilities used by the Commissions with respect to the Service.

**9.5 Environmental Conditions; Indemnity.** The Commissions expressly understand and agree that their obligations to indemnify

the Virginia Indemnitees under the provisions of this Article Nine also extend to and include the obligation to indemnify against any and all Losses or potential Losses, and to defend Claims suffered by or asserted against a Virginia Indemnatee, as a direct or indirect result of or due to the presence or escape of any hazardous materials, substances, wastes, or other environmentally regulated substances on or from the Tracks, a Train, or Equipment which presence or escape is attributable in any way to, or is exacerbated by, the operation of the Service over the Tracks or the presence of the Commissions' or any Operator's Equipment, personnel, or passengers on or about the Corridor.

**9.6 Notice of Third-Party Claims.** (a) The Department shall give notice to the Division and to the Commissions as soon as reasonably practicable whenever it receives credible notice from any third party that it is the intention of such third party to hold a Virginia Indemnatee responsible for an incident for which the Commissions are potentially liable under Article Nine.

(b) **Duty to Cooperate.** The Department agrees: (1) to cooperate in the defense of Claims of which it gives the Division notice hereunder; (2) to allow the Division, within its sole discretion (~~subject to Section 2.2-514 of the Code of Virginia~~ and consistent with all legal requirements), to settle or defend any



such Claim; and (3) to execute all documents reasonably required to enable the Division to recover amounts paid by the Division on behalf of the Commissions to persons other than the Department.

12-1-2020 DRAFT

## **ARTICLE TEN**

### **RISK OF LABOR CLAIMS**

For the avoidance of doubt, under Article Nine, the Commissions will indemnify and defend the Virginia Indemnitees against any Losses or potential Losses flowing from collective bargaining agreements to which the Commissions are a party or employee protective conditions imposed by a governmental agency on the Commissions.

## ARTICLE ELEVEN

### DISPUTE RESOLUTION

**11.1 Efforts to Resolve; Advisory Opinions.** The parties hereto shall make every reasonable effort to settle any dispute arising out of this Agreement without resorting to litigation. If the parties so agree, they may retain a disinterested person experienced in railroad operations, or an accountant or attorney if appropriate, to render his or her objective advice and opinions, which shall be advisory only and not binding unless the parties agree in writing to be bound by his or her judgment in a particular instance.

**11.2 Legal Actions.** Any claims or controversy between the Commissions and the Department, except matters which are within the discretion or judgment of the Department, which cannot be resolved by the parties concerning the interpretation, application, or implementation of this Agreement, may be resolved by either party filing a legal action. All litigation between the parties arising out of or pertaining to this Agreement shall be filed, heard, and decided in either (i) a Virginia Circuit Court with jurisdiction, or (ii) the United States District Court for the Eastern District of Virginia.

**11.3 Duty to Continue Performance.** Pending final resolution of any dispute, the parties will continue to fulfill their respective obligations under this Agreement.

**11.4 Dispute Resolution Costs.** Each party shall bear the costs and expenses incurred by it in connection with any litigation, and neither party will seek or accept an award of attorneys' fees or costs incurred in connection with the resolution of a dispute pursuant to this Article Eleven.

## **ARTICLE TWELVE**

### **MATERIAL BREACH**

**12.1 Material Breach - Safety.** Failure on the part of the Commissions or its Operator to comply with the conditions of Article Two related to safety of operations or as provided in Subsection 2.5(a) of Article Two, or failure to comply with any other conditions of Article Two shall constitute a material breach by the Commissions.

**12.2 Material Breach - Plan.** Failure on the part of the Commissions to comply with the material provisions of Article Nine hereof, including their obligation to obtain and maintain insurance for the benefit of the Department, shall constitute a material breach by the Commissions.

**12.3 Material Breach - General.** Failure on the part of the Commissions to substantially comply with any material obligation under this Agreement shall constitute a material breach by the Commissions.

**12.4 Suspension and Termination for Material Breach.** If the Commissions are in material breach of this Agreement, the Department may among other remedies available to it at law or in

equity, upon written notice to the Commissions, immediately suspend the Service until the Commissions have effected a cure with respect to the material breach, or until the Commissions have commenced a cure and are diligently pursuing completion thereof - in either case to the reasonable satisfaction of the Department. Upon any written notice provided by the Department to the Commissions of material breach by the Commissions (and even if the Department has not elected to suspend the Service) the parties shall meet and confer with respect to the cure to be pursued by the Commissions. The Department may terminate this Agreement if the Commissions have failed to cure or to commence a cure and diligently pursue the completion thereof within 180 days of the applicable notice of material breach delivered by the Department. However, even if this Agreement is not terminated, nothing shall compel the Department to lift any suspension of the Service until the Commissions have effected a cure with respect to the applicable material breach, or until the Commissions have commenced a cure and are diligently pursuing completion thereof - in either case to the reasonable satisfaction of the Department.

## ARTICLE THIRTEEN

### NOTICES

**13.1 Notice.** Any report, notice, or other communication required or permitted hereunder shall, unless otherwise specified, be in writing and shall be delivered (i) by email with a return email by the recipient acknowledging receipt, (ii) by hand, or (iii) deposited in the United States mail, postage prepaid, addressed as follows:

If to the Department:

Director

Virginia Department of Rail and Public Transportation

600 East Main Street, Suite 2102

Richmond, VA 23219

Counsel for the Department of Rail and Public Transportation  
Transportation Section

Office of the Attorney General

202 North 9<sup>th</sup> Street

Richmond, VA 23219

If to Commissions:

Chief Executive Officer

Virginia Railway Express

1500 King Street, Suite 202

Alexandria, Virginia 22314

[add email]

(With a copy to the

County Attorney of Arlington County

2100 Clarendon Boulevard, Suite 403

Arlington, Virginia 22201)

Either party may change the address at which it shall receive communications and notifications hereunder by notifying the other party in writing of such change.



## ARTICLE FOURTEEN

### MISCELLANEOUS

**14.1 Force Majeure.** Each party will be excused from performance of any of its obligations hereunder (except Article Nine), to the other party, where such nonperformance is occasioned by a Force Majeure Event, provided that the party excused hereunder shall use all reasonable efforts to minimize its nonperformance and to overcome, remedy or remove such event in the shortest practical time. The Department and the Commissions shall promptly undertake and complete the repair, restoration, or replacement of any their respective property which is necessary for the provision of the Service, or for the performance of any of one another's obligations hereunder which is damaged or destroyed as a result of a Force Majeure Event.

**14.2 Headings.** The article and section headings herein are for convenience only and shall not affect the construction hereof.

**14.3 Written Modifications.** Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by all of the parties hereto, unless a specific provision hereof expressly permits one party to effect termination, amendment, supplementation, waiver or modification hereunder, in which case

such change shall be made in accordance with the terms of such provision.

**14.4 Exhibits.** All exhibits attached hereto, and as they may be amended, are integral parts of this Agreement and the provisions set forth in the exhibits shall bind the parties hereto to the same extent as if such provisions had been set forth in their entirety in the main body of this Agreement.

**14.5 Severability.** In the event that any provision of this Agreement is found to be invalid or unenforceable in any respect, the remaining provisions shall remain in full force and effect as if the unenforceable provision were deleted.

**14.6 No Waiver.** The failure of either party to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy in this Agreement, shall not impair any such right or remedy to be construed as a waiver or relinquishment thereof.

**14.7 No Third-Party Beneficiaries.** Except (for the purposes of Article Nine only) for those Virginia Indemnitees and the CSXT Indemnitees that are not a party to this Agreement, this Agreement and each and every provision hereof are for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be construed as creating or

increasing any right in any third party to recovery by way of damages or otherwise against either of the parties hereto.

**14.8 Assignment.** The Department ~~may~~ shall assign all of its duties and rights under this Agreement to the Virginia Passenger Rail Authority, without the prior consent of the Commissions. Otherwise, the rights and obligations of the Department and the Commissions hereunder may be assigned only with the prior consent of the other parties.

~~14.9 The Department may continue to use its staff to support the Virginia Passenger Rail Authority in performing or exercising its duties and rights under this Agreement, even after this Agreement has been assigned to the Virginia Passenger Rail Authority.~~

**14.9 Joint and Several Liability - Commissions.** While it is understood and agreed that the Commissions shall act together in all matters affecting the Service, the rights and obligations of the Commissions hereunder shall be shared jointly and severally.

**14.10 Governing Laws.** This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard for conflict of laws principles.

**IN WITNESS WHEREOF**, the Department and the Commissions have caused their names to be signed hereto by their officers thereunto duly

authorized and their seals, duly attested, to be hereunto affixed  
as of the day and year first above written.

[SIGNATURES PAGES FOLLOW]

12-1-2020 DRAFT

Attest:

VIRGINIA DEPARTMENT OF RAIL AND  
PUBLIC TRANSPORTATION

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_

Title: \_\_\_\_\_

12-1-2020 DRAFT

Attest:

NORTHERN VIRGINIA TRANSPORTATION  
COMMISSION

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A – THE PLAN**

[TO COME]

12-1-2020 DRAFT

**EXHIBIT B – SERVICE PLAN**

[INDICATIVE PLAN INCLUDED – NOT YET FINALIZED]

12-1-2020 DRAFT



**EXHIBIT C – PLANNED IMPROVEMENTS**

<b>Project Name</b>	<b>Project Limits</b>
L’Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7
Woodford to Milford Third Track – Siding B	CFP 43.5 – CFP 40.4
Hanover Third Track – Siding C	CFP 18.7 – CFP 15.5

EXHIBIT D

PASSENGER STATION ~~FACILITY~~ GROUND LEASE AGREEMENT

12-1-2020 DRAFT

## Exhibit D

### Passenger Station ~~Facility~~ Ground Lease Agreement

#### PASSENGER STATION ~~FACILITY~~ GROUND LEASE AGREEMENT

THIS PASSENGER STATION ~~FACILITY~~ GROUND LEASE AGREEMENT (“Lease Agreement”) is made and entered into this [●] day of [●], 2020, by and between the VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION (“DRPT”) as Lessor, and THE NORTHERN VIRGINIA TRANSPORTATION COMMISSION and THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION, jointly and severally, as Lessee, bodies politic and corporate and political subdivisions of the Commonwealth of Virginia, established under provisions of the Transportation District Act of 1964, as amended (each a “Commission” and, collectively, the “Commissions”).

#### WITNESSETH:

WHEREAS, DRPT is the owner of certain interests in real estate in the Commonwealth of Virginia and other improvements on such land; and

WHEREAS, the real estate acquired by DRPT included, among improvements, passenger rail facility improvements made by the Commissions (“VRE Stations Sites”) and passenger rail facility improvements made prior to the start of the Commissions’ commuter rail service in 1992 (“Legacy Station Sites”); and

WHEREAS, the parties have entered into a Passenger Rail Operations and Access Agreement dated [●], 2020 (the “Operating Agreement”) under which they have agreed to enter into this Lease Agreement; and

WHEREAS, the purpose of this Lease Agreement is to set forth the terms and conditions on which the Commissions shall lease certain real property and certain improvements owned by DRPT, including the Legacy Station Sites, from DRPT, for the construction, maintenance, and operation of commuter rail facilities.

NOW THEREFORE, for and in consideration of the rents or sums of money hereinafter agreed to be paid by the Commissions, and of the covenants upon the part of the Commissions to be kept and performed, as hereinafter expressed, it is agreed between the parties hereto as follows:

#### 1. PREMISES

Subject to the terms of this Lease Agreement, DRPT hereby leases to the Commissions the rights described herein to each of the properties more particularly described on Appendix A, as amended from time to time (hereinafter referred to collectively, as the “Premises” and, individually, either as a VRE Station Site or a Legacy Station Site). The parties may agree, from time to time, to amend this Lease Agreement to provide for the leasing of additional property by DRPT to the Commissions. In such event, any such additional property shall also be referred

to as a “VRE Station Site,”<sup>+</sup> the term “Premises” shall include such additional property, and the rent due hereunder shall be adjusted accordingly, as provided by Section 3(c) hereof.

## 2. TERM

(a) This Lease Agreement shall become effective as of [●] (the “Commencement Date”) and shall continue in effect for the life of, and be coterminous with, the Operating Agreement. The period between the Commencement Date and the expiration or early termination of this Lease Agreement shall be the “Term.”

(b) At any time during the Term, either party may deliver notice to the other party of such party’s wish to arrange a meeting of representatives of the Commissions and DRPT to review this Lease Agreement and to discuss possible modifications thereof. However, neither DRPT nor the Commissions shall be obligated to modify this Lease Agreement, except as provided in Section 3.

## 3. RENT

(a) During the Term, the Commissions will pay to DRPT rental amounts as shown on Appendix B on a yearly basis for the use and occupancy of the premises, which rental shall be payable in arrears. Rental payments will be due during the month of July covering the annual period between (i) July 1 of the immediately-prior calendar year, and (ii) June 30 of the then-current calendar year.

(b) In the event of the addition of property to this Lease Agreement pursuant to Section 1, Appendix B shall be amended to reflect the annual rent attributable to such property, and the Commissions shall pay prorated annual rent proportional to the partial year the Commissions had use of such property under this Lease Agreement.

(c) [reserved]

(d) [reserved]

(e) During the Term, if the Commissions’ use of the premises materially changes or if DRPT otherwise deems it necessary to adjust the rental amounts, then DRPT may provide written notice to the Commissions no later than 180 days prior to the beginning of the Commissions’ next-occurring fiscal year that DRPT intends to modify the annual rental amounts upon the start of such upcoming fiscal year. Thereafter, the parties may meet and confer in good faith with respect to the appropriate modifications to the annual rental amounts. However, after such meeting and conference, DRPT, acting reasonably, shall have the unilateral right to modify the annual rental amounts for the upcoming fiscal year and shall notify the Commissions of its final determination with respect to such modifications no later than 60 days prior to the beginning of the fiscal year during which the modifications will take effect. ‡ In no event shall the annual rental amount for any component of the Premises exceed the rental amount paid by the

Commissions to CSXT with respect to such component of the Premises as of December 1, 2020, escalated by three percent (3%) on each anniversary of December 1, 2020.<sup>2</sup>

(f) If the Commissions shall default in the payment of rent for a period of thirty (30) days after the same shall be due as herein provided, the Commissions shall pay DRPT a late charge at the rate of one and one-half percent (1.5%) per month on the amount in default until all defaults in payments are cured. Any subsequent rent shall be applied first toward any unpaid penalty amounts and payments in default, then the balance, if any, shall be applied toward such subsequent rent obligations then due. The provisions of this Subsection (f) of Section 3 shall be in addition to the rights of DRPT provided in Section 12 hereof.

(g) Acceptance of rent by DRPT, even though the Commissions are in default of other terms of this Lease Agreement, shall not be deemed a waiver by DRPT of a default of any other provision of this Lease Agreement.

#### 4. USE

(a) The Commissions will occupy and use the premises only for the purposes permitted by this Section 4. No assignment or sublease of this Lease Agreement or any part of the term shall be made by the Commissions without the prior written consent of DRPT, which consent may be withheld for any reason. Occupation, use and possession of the VRE Station Sites shall be by the Commissions and those to whom the Commissions grant permission to occupy and use the premises, and no other person or corporation. Occupation, use and possession of the Legacy Station Sites shall be by the Commissions and those to whom the DRPT grants permission to occupy and use the Legacy Station Sites.

(b) Unauthorized use by the Commissions of the premises or DRPT's adjoining property, if any, shall constitute a default and, at the option of DRPT, shall be cause for termination in accordance with Section 12(a) hereof.

(c) The premises shall be used by the Commissions solely for the construction of the commuter rail station and related facilities and improvements, and subject to the provisions of Section 7 hereof, the maintenance and operation of such improvements and the premises, and the embarking and debarking of passengers on the Virginia Railway Express (as defined in the Operating Agreement) commuter service and the passengers of other passenger rail service providers permitted by the Commissions to use the VRE Station Sites. In addition, portions of the VRE Station Sites may be used for commercial activities including but not limited to the following: (1) passenger ticket sales by a vending-type machine and (2) newspaper and periodicals vending sales, provided such activities do not unreasonably interfere with DRPT's use of its property or pose an unreasonably safety risk to freight or passenger rail operations.

#### 5. USE OF PROPERTY; HAZARDOUS SUBSTANCE

(a) The Commissions shall not cause or permit any Hazardous Substance to be used, stored, generated or disposed of on or in the premises by the Commissions, their agents, employees, contractors or invitees, without first obtaining DRPT's written consent, which consent

may be withheld for any reason. The Commissions shall indemnify and hold harmless the “Virginia Indemnitees” (as defined in the Operating Agreement), pursuant to the terms of Section 10 hereof, from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses, arising from the use, generation or disposal of Hazardous Substances or the contamination of the premises in any manner caused or permitted by the Commissions, the Operator (as defined in the Operating and Access Agreement), or the Commissions’ passengers or invitees. This indemnification includes, without limitation, any and all costs incurred by DRPT because of any investigation of the premises or any cleanup, removal or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if the Commissions cause or permit the presence of any Hazardous Substance on the premises that results in contamination, the Commissions shall promptly, at their sole expense, take any and all necessary actions to return the premises to the condition reasonably equivalent to that existing on the premises at the commencement of the Lease term. The Commissions shall first obtain DRPT’s approval for any such remedial action; however, this requirement shall not limit the Commissions’ right to take immediate remedial action to mitigate damages caused by Hazardous Substances.

(b) As used herein, “Hazardous Substance” means any substance that is toxic, ignitable, reactive or corrosive and that is regulated by any local government, the Commonwealth of Virginia, or the United States government. “Hazardous Substance” includes any and all materials or substances that are defined as “hazardous waste”, “extremely hazardous waste” or a “hazardous substance” pursuant to state, federal, or local governmental law. “Hazardous Substance” includes, but it not restricted to, asbestos, polychlorinated biphenyls (PCBs), petroleum, solvents, printing inks, pesticides, solvents, and leads.

#### 6. RIGHTS RESERVED BY DRPT

(a) DRPT reserves unto itself, its licensees, successors and assigns: (1) working in coordination with the Commissions and subject to their consent, the right to use the airspace above existing and future stations owned by DRPT for residential, commercial, and office purposes, and to use airspace above any Segment it acquires to access train stations and platforms and to construct new train stations and platforms; and (2) the right to enter, or to have its contractors enter, upon the premises after reasonable advance notice except in the event emergency circumstances necessitate lesser notice in which case notice practicable under the circumstances shall be provided, for the purpose of maintaining and operating railroad track or tracks, signal and communication facilities and any other DRPT owned apparatus, equipment and facilities located on or adjacent to the premises.

(b) In its exercise of the rights reserved in Section 6(a), DRPT shall use its best efforts not to unreasonably interfere with the Commissions’ use of the premises. If DRPT believes that it will significantly interfere with the Commissions’ use of the premises, DRPT will give the Commissions as much advance notice as is practicable under the circumstances.

(c) **[reserved]**<sup>3</sup>.

(d) In the event that DRPT grants rights to, or enters into agreements with, easement grantees, licensees, or other third parties affecting the premises, subsequent to the date of this Lease Agreement, such rights and agreements shall be consistent with, and shall not unreasonably interfere with, the Commissions' existing use of the affected premises under this Lease Agreement. The Commissions shall not be responsible for any costs or expenses incurred in the exercise of the aforesaid rights, including those that would not have been necessary but for the Commissions use and occupation of the premises.

## 7. IMPROVEMENTS AND ALTERATIONS

(a) Unless otherwise agreed by the parties, any improvements to or alterations of the VRE Station Sites shall be made by, and at the expense of the Commissions, but only with prior written approval of DRPT which approval shall not be unreasonably withheld. All such improvements and alterations shall be made in a good and workmanlike manner and in compliance with all applicable laws and regulations, and shall conform to the plans and specifications approved by DRPT. The Commissions will secure all necessary permits or licenses in any way connected with said improvements or structures and will pay any and all taxes levied against such improvements or structures; said improvements or structures being the sole property of the Commissions. The Commissions shall also be responsible for taxes, licenses, permits, etc., required in connection with any business conducted by or for the Commissions on the premises. If in DRPT's sole discretion the use of a flagman is required for the construction and maintenance of any improvements or the premises, the Commissions shall provide a flagman at the Commissions' expense.

(b) The Commissions shall pay the full amount of any and all taxes levied or assessed on account of personal property placed on the premises by the Commissions and any penalties in connection therewith. The Commissions shall be responsible for all listing and other duties in connection with the taxation of said improvements and personal property.

## 8. CONDITION AND MAINTENANCE

The Commissions have inspected the premises prior to execution of this Lease Agreement and accept the premises as is. The Commissions shall maintain the VRE Station Sites, including all improvements and any structures thereon, in accordance with the transit asset management standards promulgated by the Federal Transit Administration. The Commissions shall maintain the Legacy Station Sites, in whole or in part, according to the allocation of maintenance responsibilities described in other agreements with third parties. The VRE Station Sites and any improvements or structures hereafter erected by the Commissions on the VRE Station Sites or the Legacy Station Sites shall be maintained by and at the Commissions' sole expense.

## 9. UTILITIES

The Commissions shall pay for all utilities incident to its use and occupation of the premises, including special or other tax assessments related thereto. DRPT will cooperate, at no cost to the Commissions, in the expeditious approval of utilities located on the premises necessary for the Commissions' use and occupation of the premises.



10. RISK OF LIABILITY AND INSURANCE

It is understood and agreed that, as contemplated by Article 9 of the Operating Agreement, the Commissions' obligation to indemnify and insure Virginia Indemnites pursuant to the provisions of Article 9 of the Operating Agreement (which provisions shall survive for the purposes of this Lease Agreement notwithstanding the prior expiration or termination of the Operating Agreement) shall extend to and include all losses, costs, expenses, damages and liability which is attributable to, or exacerbated by, the construction, maintenance, and use of the premises and all improvements to the premises and all other activities undertaken on or about the premises by the Commissions, any Operator (as defined by the Operating Agreement), and their respective employees, agents, contractors, passengers, and invitees.

11. CONDEMNATION

In the event a station site is condemned by public authority through the exercise of eminent domain, or is sold to or acquired by any public authority under threat of condemnation, thereupon vesting the title in said public authority, this Lease Agreement shall immediately terminate with respect to such station site. In such event, the Commissions shall have no claim or right to share in compensation attributable to DRPT's property and improvements other than for improvements made at the cost of the Commissions. The foregoing shall in no manner limit the Commissions' right to all compensation for and damages to all structures, other improvements and the contents thereof owned or placed by the Commissions, or in which the Commissions have any interest, which are attributable to the exercise of eminent domain or other acquisition by a public authority. DRPT shall not be liable for any inconvenience or damage to the Commissions caused by the aforesaid action of a public authority.

12. TERMINATION

(a) If the Commissions shall default in the timely payment of any installment of rent, or shall fail to keep and perform any of its covenants and agreements herein contained, and if any such default shall continue for a period of thirty (30) days from the date the Commissions receive written notice from DRPT to cure such default, or in the alternative, the Commissions fail to undertake such measures within such 30 days as will reasonably cure such default, the Commissions' rights under this Lease Agreement may be suspended by written notice of DRPT and such suspension shall be lifted by DRPT upon the cure of such breach to DRPT's reasonable satisfaction, or upon earlier written notice of DRPT.

(b) Upon expiration or termination of the Operating Agreement, unless otherwise agreed by the parties, the Commissions shall promptly vacate the premises and remove therefrom all structures, other improvements and contents thereof owned or placed thereon or therein by the Commissions, or in which the Commissions have any interest, including the debris from the removal thereof, and restore the premises to a condition satisfactory to DRPT, all to be completed at the Commissions' cost and expense within twelve (12) months after the date of said termination. It is hereby agreed that the standard for such restoration shall be a condition equal to or better than that of the premises on the date such premises were first leased to the Commissions, reasonable wear and tear of structures excluded, but specifically including a requirement for grading and seeding of disturbed areas. In the event of failure of the Commissions to comply, after



specific notice to the Commissions, all such structures, improvements and contents thereof are to be considered and treated as having been abandoned by the Commissions and, at the option of DRPT, the ownership of same is to be considered surrendered to DRPT, to be removed, used, destroyed or otherwise as DRPT sees fit and without waiving or reducing the right of DRPT, hereby agreed to, to seek and obtain judgment against the Commissions for any delinquent rental payment, or for any expense and damages resulting from failure of the Commissions to keep and perform its covenants and agreements herein contained.

(c) Termination or expiration of this Lease Agreement shall not deprive DRPT or the Commissions of any other action or remedy against the other which existed prior to such termination. It is expressly understood and agreed that the provisions of Section 10, the obligations of the Commissions to pay amounts accrued under this Lease Agreement, and the provisions of Section 12(b) shall survive the termination or expiration of this Lease Agreement for any reason.

### 13. DAMAGE OR DESTRUCTION BY FIRE OR NATURAL CAUSES

(a) If during the Term, one or more of the station sites on the premises are damaged by fires, floods, windstorms, earthquakes, explosions, hurricanes, tornadoes, strikes, acts of public enemy, incidences of terrorism, wars or riots, civil disturbances, acts of God, or other casualty, so that the same are rendered unsuitable for the operation of the Commissions' business, and if said station sites cannot be repaired within one hundred eighty (180) days from the time of said damage, then this Lease Agreement shall terminate with respect to the locations so damaged or destroyed, as of the date of such damage or destruction. In such event, the parties shall amend this Lease Agreement to remove the damaged or destroyed station sites from the description of the premises in Appendix A, with a corresponding reduction in the rent. However, if the premises can with reasonable diligence be repaired, or a repair commenced, within one hundred eighty (180) days, the station sites shall be, by the Commissions, repaired as quickly as is reasonably possible, and this Lease Agreement shall remain in full force and effect.

(b) No compensation or claim or diminution of rent will be allowed or paid by DRPT by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the premises or any portion thereof, however the necessity may occur. The Commissions understand and agree that for this reason they will have adequate insurance available to protect their interests in the event of such a casualty.

### 14. LIMITATIONS

Any approval or permission given by DRPT hereunder or failure of DRPT to object to work done on the premises or use made thereof, including but not limited to the failure of DRPT to object to any material used or method of construction, or plans and specifications for any improvements to, or replacements, restorations or alterations of the premises, shall not be construed as an admission of responsibility by DRPT, or as a waiver of any obligations of the Commissions under this Lease Agreement.

### 15. GENERAL PROVISIONS

(a) This Lease Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia, without regard for conflict of laws principles.

(b) This Lease Agreement may be amended only by a written instrument executed and delivered by both parties.

(c) This Lease Agreement, including Appendices annexed to this Lease Agreement, and including the Operating Agreement, constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior or contemporaneous, oral or written, agreements or understandings with respect to such subject matter.

(d) This Lease Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns; provided, however, that the Commissions may not assign or sublease the premises or improvements to the premises, without the prior written consent of DRPT, which consent may be withheld for any reason.

(e) All notices, requests, consents and approvals required or permitted under this Lease Agreement shall be in writing and shall be deemed delivered upon personal delivery or upon mailing to the parties at the addresses set forth below or such other addresses as the parties may designate by delivery of prior notice to the other party:

If to DRPT:

[•]

With a copy to:

[•]

If to Commissions:

Chief Executive Officer

Virginia Railway Express

1500 King Street, Suite 202

Alexandria, VA 22314

Virginia Railway Express

With a copy to:

Counsel for the Commissions

1500 King Street, Suite 202

Alexandria, VA 22314

(f) Each Commission shall be jointly and severally liable for payment of rent and other sums due under this Lease Agreement, and for performance of all other terms and conditions of this Lease Agreement. DRPT may exercise any or all remedies it may have against either or both Commissions.

(g) This Lease Agreement ~~may~~shall be assigned by DRPT to the Virginia Passenger Rail Authority to undertake DRPT's obligations and activities contemplated by this Lease Agreement.

12-1-2020 DRAFT

|

IN WITNESS WHEREOF, the parties hereto have executed this Master Lease Agreement  
as of the day and year first above written.

VIRGINIA PASSENGER RAIL AUTHORITY, LESSOR

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

NORTHERN VIRGINIA  
TRANSPORTATION COMMISSION, LESSEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION, LESSEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## APPENDIX A

STATION SITE	ADDRESS	LEASED FACILITIES	EXHIBIT <sup>41</sup>
Leeland	275 Leeland Road Falmouth, VA 22405	Land	
Brooke	1721 Brooke Road Stafford, VA 22554	Land	
Rippon	15511 Farm Creek Drive Woodbridge, VA 22191	Land	
Woodbridge	1040 Express Way Woodbridge, VA 22191	Land <sup>52</sup> ; East and West Platforms	
Fredericksburg	200 Lafayette Boulevard Fredericksburg, VA 22401	East and West Platforms	
Quantico	550 Railroad Avenue Quantico, VA 22134	Station Building and Land <sup>63</sup>	
Lorton	8990 Lorton Station Boulevard Lorton, VA 22079	Land	
Franconia-Springfield	6880 Frontier Drive Springfield, VA 22150	Land	
Crystal City	1503 Crystal Drive Arlington, VA 22202	Land	
Alexandria	110 Callahan Drive Alexandria, VA 22301	East and West Platforms	
L'Enfant	6th and 7th Street at C Street, SW Washington, DC 20024	Land	
L'Enfant Storage Tracks	Washington, DC	Land	
Spotsylvania	9442 Crossroads Parkway Fredericksburg, VA 22408	Land	

<sup>1</sup> NTD: Need to ultimately incorporate descriptive exhibits for each station site.

<sup>52</sup> NTD: CSX to retain land under platform on CSX-retained side of corridor.

<sup>63</sup> NTD: CSX to retain land under platform on CSX-retained side of corridor.

|

APPENDIX - B

ANNUAL RENTAL AMOUNTS

Annual rental amounts shall be one dollar per year per station site, unless and until such rental amounts are modified according to the terms of the Lease Agreement.

12-1-2020 DRAFT

## AGENDA ITEM 6.4

# VIRGINIA RAILWAY EXPRESS



December 3, 2020

By Rich Dalton  
Virginia Railway Express  
Chief Executive Officer

## Proposed Passenger Rail Operations Access Agreement



## Proposed Passenger Rail Operations Access Agreement

- Operations
- Term
- Track Dispatching and Maintenance Fees
- Passenger Station Facility Lease
- Planned Improvements
- Planned Additional Service
- Indemnity/Liability/Default Provisions



VIRGINIA RAILWAY EXPRESS



**MOTION:**

**SECOND:**

**RE:                AUTHORIZE THE VIRGINIA RAILWAY EXPRESS CHIEF EXECUTIVE OFFICER TO  
EXECUTE A PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT WITH  
THE VIRGINIA PASSENGER RAIL AUTHORITY**

**ACTION:**

**WHEREAS**, in December 2019 the Commonwealth of Virginia announced the Virginia Rail Improvement Plan, which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and

**WHEREAS**, during the 2020 Virginia General Assembly session the Virginia Passenger Rail Authority (Rail Authority) was established; and

**WHEREAS**, once the right-of-way is acquired by the Commonwealth, the Rail Authority will work collaboratively with CSX Transportation to construct planned improvements, in part, for the benefit of additional VRE service; and

**WHEREAS**, the Potomac and Rappahannock Transportation Commission and the Northern Virginia Transportation Commission (Commissions) will provide a funding contribution to the Rail Authority to fund a portion of the Supported Program Elements and the purchase of real property; and

**WHEREAS**, the Commissions will commit annual Commuter Rail Operating and Capital (CROC) funds for a CROC backed debit issuance as well as pay-as-you-go contributions; and

**WHEREAS**, the VRE Operations Board recommends this action.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission authorizes the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Virginia Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding subject to approval as to form by legal counsel.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting**



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-C**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Recommend Authorization to Execute a Passenger Rail  
Improvements and Funding Agreement**

---

**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding.

**Summary:**

The Passenger Rail Improvements and Funding Agreement ("Funding Agreement") includes provisions for the Commissions to fund a portion of the Planned Improvements and the purchase of real property for right-of-way acquired by the Commonwealth from CSX Transportation (CSXT). The Commissions will utilize Commuter Rail Operating and Capital (CROC) funds for both a debt issuance and on a pay-as-you-go (PAYGO) basis as the source of the funding commitment. Once complete, the Planned Improvements will allow a significant increase in VRE service in accordance with the term of a separate Operating and Access Agreement with the Virginia Passenger Rail Authority ("Rail Authority"). Finally, it is anticipated the Agreement will be executed with the Department of Rail and Public Transportation (DRPT) and later assigned to the Rail Authority when practical.

**Background:**

Since 1992, the Commissions have been engaged in operating and planning the expansion of service for the Virginia Railway Express (VRE). In 2002, the Commissions and CSX



Northern Virginia  
Transportation Commission  
2300 Wilson Blvd., Suite 230  
Arlington, VA 22201  
703-524-3322



Virginia Railway Express  
1500 King Street, Suite 202  
Alexandria, VA 22314  
703-684-1001  
VRE.org



Potomac and Rappahannock  
Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, VA 22192  
703-580-6121

Transportation (CSXT) established a corridor improvement program overseen by a corridor task force which included representatives of the Commonwealth of Virginia. The purpose of the corridor task force was to identify and fund capital improvement projects in the RF&P corridor to expand passenger rail. The Commonwealth of Virginia, acting through the Department of Rail and Public Transportation (DRPT), has worked collaboratively with the Commissions to advance commuter rail service, and beginning in 2009, began sponsoring the additional inter-city passenger rail service through the 'Amtrak Virginia' program.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority ("Rail Authority"), will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

Recognizing the benefits to VRE of this agreement and the expected gains in reliability and capacity, VRE and DRPT began discussions last year on a VRE funding contribution. When VRE's FY 2021 budget was adopted by the Operations Board, staff were directed to continue discussions and develop an agreement with DRPT that would utilize a mix of debt proceeds and cash to contribute towards the Planned Improvements – identified below as Supported Program Elements.

### **Commuter Rail Operating and Capital (CROC) Fund**

CROC was created by the General Assembly in 2018 for the benefit of commuter railroads in the Commonwealth of Virginia. CROC funds can be used for commuter rail operations, for capital projects on a cash or PAYGO basis, and as the backing for a debt issuance. By law, no more than 66 percent of annual CROC funding can be committed to debt service.

CROC is currently funded at \$15 million per year from fuel taxes collected in NVTC and PRTC regions. VRE and the Commissions have already committed the FY 2019-2021 CROC funds (3 years x \$15 million = \$45 million total) to the VRE Crystal City and L'Enfant Station capital projects on a PAYGO basis. No commitments have yet been made for CROC funds in FY 2022 and beyond.

### **CROC-Backed Debt**

Under the proposed Funding Agreement, the Commissions will issue CROC-Backed Debt as permitted under Va. Code § 33.2-3502. The proceeds from the CROC-Backed Debt will be transferred to the Rail Authority and will be used to purchase real property within the VRE service area from CSXT. The Commissions will use best efforts to issue the CROC-Backed Debt no later than November 15, 2021, and shall issue the CROC-Backed Debt no later than November 15, 2022, provided the Commission and the Rail Authority both agree the

issuance of the CROC-Backed Debt will generate sufficient proceeds and otherwise reasonably satisfy the objectives of the Funding Agreement. Future action by the Commissions will be required before CROC-Backed Debt could be issued.

Financing structures for the CROC-Backed Debt may include public bonds, privately-placed bonds, bank financing, and financings under federal or state programs such as TIFIA, RRIF and the Virginia Resources Authority (VRA). The CROC-Backed Debt may be credit enhanced, supported by reserves, issued in one or more taxable or tax-exempt series, or otherwise structured and offered so as to achieve the objectives of the Funding Agreement. The Commissions shall be solely responsible for and make all debt service payments from appropriated CROC funds pursuant to the final financing agreements. The Commonwealth and the Rail Authority shall have no liability for any CROC-Backed Debt, nor will member jurisdictions of the Commissions.

### **CROC PAYGO Contributions**

In addition to the one-time commitment of proceeds from the CROC-Backed Debt, VRE and the Commissions will also contribute CROC funds to the Rail Authority on an ongoing basis. Beginning in FY 2022 and continuing through FY 2031 (ten years total), any available CROC amounts not already committed to debt service will be transferred on a quarterly basis to the Rail Authority to support key elements of the rail improvement program (see below). The Commissions may substitute an alternative capital funding source in place of the CROC funds for all or part of any required CROC PAYGO Contribution to the Rail Authority, provided the total equivalent amount of the required CROC PAYGO Contribution is otherwise provided.

### **Supported Program Elements**

***CROC-Backed Debt Proceeds*** will be used by the Rail Authority to support acquisition costs of the Real Property within the VRE operating territory. However, if in the reasonable opinion of the Commissions' tax and bond counsel, such use of the CROC-Backed Debt Proceeds jeopardizes the tax-exempt status of the CROC-Backed Debt, then the Commissions and the Rail Authority may collaborate in good faith to agree on alternative uses of the CROC-Backed Debt Proceeds.

***CROC PAYGO Contributions*** will be used to support the following Supported Program Elements, and this list of program elements supported by the CROC PAYGO Contributions may be amended in the future upon mutual agreement of the Commissions and the Rail Authority:

- a. New Long Bridge for Passenger Rail
- b. Alexandria Fourth Track
- c. Franconia Springfield Bypass

In accordance with Va. Code § 33.2-3501(B), the Commissions and the Rail Authority will collaborate to ensure those assets funded by the Commissions through this Funding

Agreement shall be subject to the continuing use of the Commissions for the useful life of such assets.

### **Assignment**

This Agreement may be initially entered into with DRPT and later assigned by DRPT to the Rail Authority which would be responsible for all obligations and activities contemplated by this Agreement.

### **Fiscal Impact:**

There is no immediate fiscal impact from recommending the Funding Agreement to the Commissions. The Funding Agreement only identifies the general structure of the funding contribution VRE will make to the Rail Authority in support of the Transforming Rail in Virginia Program. Once additional financial analysis and due diligence work is completed, the Operations Board and the Commissions will be asked to approve a more detailed financing structure for the CROC-Backed Debt Issuance.

However, the Funding Agreement does represent a significant step toward a major financial commitment by VRE and the Commissions to the Rail Authority and to improved passenger rail service in Virginia. In broad terms, VRE will be committing the entire \$15 million of its annual CROC funds for a ten year period (approximately FY 2022 to FY 2031), plus up to half of its annual CROC funds (\$7.5 million per year) for an additional twenty years after that as debt service. During the first ten years, CROC will be unavailable as a funding source to support existing or new services, unless a replacement source for the required PAYGO contribution can be identified. After the first ten years (i.e., once the PAYGO contributions are complete), a portion of the CROC funds will revert to VRE and be available to support new and expanded service.

**Virginia Railway Express  
Operations Board**

**Resolution  
9C-11-2020**

**Recommend Authorization to Execute a Passenger  
Rail Improvements and Funding Agreement**

**WHEREAS**, in December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and,

**WHEREAS**, during the 2020 Virginia General Assembly session, the Virginia Passenger Rail Authority ("Rail Authority") was established; and,

**WHEREAS**, once the right-of-way is acquired by the Commonwealth, the Rail Authority will work collaboratively with CSX Transportation to construct Planned Improvements, in part, for the benefit of additional VRE service; and,

**WHEREAS**, the Commissions will provide a funding contribution to the Rail Authority to fund a portion of the Supported Program Elements and the purchase of real property; and,

**WHEREAS**, the Commissions will commit annual Commuter Rail Operating and Capital (CROC) funds for a CROC-Backed Debt issuance as well as pay-as-you-go contributions,

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, 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 November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 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 further find that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by 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; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public

Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding, subject to approval as to form by legal counsel.

Approved this 20<sup>th</sup> day of November 2020

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Jeanine Lawson  
Secretary

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Gary Skinner  
Chairman

PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT

Dated [●], 2020

between

NORTHERN VIRGINIA TRANSPORTATION COMMISSION AND POTOMAC AND  
RAPPAHANNOCK TRANSPORTATION COMMISSION  
as Virginia Rail Express

and

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION



**EXHIBIT TABLE**

<b>EXHIBIT</b>	<b>TITLE</b>
EXHIBIT A	DEFINITIONS
EXHIBIT B	PHASES 1 AND 2 OF PROGRAM PROJECTS
EXHIBIT C	SUPPORTED PROGRAM ELEMENTS

## PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT

This PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT (this “Agreement”) is made and entered into this [●] day of [●], 2020 and is between the (i) Virginia Department of Rail and Public Transportation (“DRPT”), a an agency of the Commonwealth of Virginia (“Commonwealth”) and (ii) The Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, bodies politic and corporate and political subdivisions of the Commonwealth, established under the provisions of the Transportation District Act of 1964, as amended, and having principal places of business at 2300 Wilson Boulevard, Suite 620, Arlington, Virginia 22201, and 14700 Potomac Mills Road, Woodbridge, Virginia 22192, respectively (hereinafter, individually, a “Commission” and collectively the “Commissions”, which together DRPT and the Commissions shall be referred to as the “Parties”).

### RECITALS

**WHEREAS**, the Commissions are engaged in planning and operating a public transportation rail system known as the Virginia Railway Express (“VRE”) that operates over certain railroad tracks and other railroad assets between Washington, D.C. and Spotsylvania, Virginia, pursuant to the Master Agreement for Provision of Commuter Rail Services in Northern Virginia dated October 3, 1989, as amended (the “Master Agreement”), among the Commissions, the Participating Jurisdictions and the Contributing Jurisdictions (each as defined below);

**WHEREAS**, the Parties are committed to a substantial increase in commuter passenger rail service provided by VRE between Washington, DC and Virginia cities; and

**WHEREAS**, to achieve this increase in commuter passenger rail service and enhanced utility, DRPT will acquire the Real Property, and undertake a program of capital projects (such program of capital projects referred to as the “Program”) as set forth in **EXHIBIT B**.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

#### 1. Program Objective; Effectiveness.

- 1.1 One of the principal objectives of DRPT acquiring the Real Property and undertaking the Program Projects is to increase commuter rail services along the RF&P Corridor, while maintaining freight interoperability.
- 1.2 The Parties agree that conditions precedent to the effectiveness of this Agreement are (i) DRPT and CSXT successfully negotiating and entering into the definitive agreements implementing the Term Sheet and the closing of the conveyance from CSXT to DRPT of a passenger easement (later to be converted to fee title or other interest from CSXT to DRPT) over the portion of the RF&P Corridor being conveyed to DRPT, and (ii) the execution of a definitive agreement between DRPT and the Commissions for operation of commuter rail services within the RF&P Corridor.

#### 2. Program Funding Responsibilities.

- 2.1. Commissions Funding Commitment. The Commissions will pay to DRPT the (i) CROC-Backed Debt Proceeds and (ii) CROC Pay-Go Contributions, in each case in support of the Supported Program Elements identified in **EXHIBIT C**, as may be amended by the Parties from time to time.

Collectively, the CROC-Backed Debt Proceeds and the CROC Pay-Go Contributions shall be the “Commissions Funding Commitment”. It is expected that the Commissions’ CROC-Backed Debt debt service obligations shall extend for approximately 30 years, or for such other term as may achieve the objectives of this Agreement. The Commissions’ CROC ~~Pay-Go~~ Pay-Go Contributions shall not exceed 10 years unless such contributions are extended: (i) through the Reserve Recapture Date in accordance with Section 4.5-1 of this Agreement, or (ii) upon mutual agreement in writing by the Parties. In addition, the Commissions will continue to employ good faith efforts to secure sources of third-party funding that may be used in support of the Program Costs, ~~and any such additional sources of funding shall not displace the CROC funds committed under this Agreement, but shall be supplemental and in addition to the Commissions Funding Commitment.~~

- 2.2. DRPT Funding Responsibilities. DRPT will be responsible for sourcing the balance of funding needed in excess of the Commissions Funding Commitment to fund the Program Costs, whether through local, regional, state, federal, or other non-Commissions funding sources. However, upon the request of either Party, the Parties will meet and confer to determine if, subject to the approval of the respective boards of the Commissions-any Commissions-sourced funding in addition to the Commissions Funding Commitment may be made available to support the Program Costs, provided that, in no case shall the Commissions supply more than ten percent (10%) of the Program Costs, unless expressly agreed in writing by the Parties.

### **3. Source of Commissions Funding Commitment.**

The Parties agree the source of the Commissions Funding Commitment shall be the Commuter Rail Operating and Capital Fund (the “CROC”) established under Va. Code § 33.2-3500(B).

### **4. CROC-Backed Debt.**

- 4.1. Subject to the approvals required under Section 9, the Commissions, for the benefit of VRE, will issue CROC-Backed Debt as permitted under Va. Code § 33.2-3502. The Commissions will use best efforts to issue the CROC-Backed Debt no later than November 15, 2021; and the Commissions shall issue the CROC-Backed Debt no later than November 15, 2022, provided that the Parties agree that the issuance of the CROC-Backed Debt will generate sufficient proceeds and otherwise reasonably satisfy the objectives of this Agreement. The Parties shall collaborate on the structuring and offering of the CROC-Backed Debt, including but not limited to undertaking tax due diligence, developing information for offering documents, cooperating in bond validation proceedings, if any, and preparing various bond closing documents. Financing structures may include, but shall not be limited to, public bonds, privately-placed bonds, bank financing, financings under federal or state programs which may include, but shall not be limited to, TIFIA, RRIF-and Virginia Resources Authority (VRA). The CROC-Backed Debt may be credit enhanced, supported by ~~reserves~~ Reserve Accounts, issued in one or more taxable or tax-exempt series, or otherwise structured and offered so as to achieve the objectives of this Agreement.
- 4.2. The CROC-Backed Debt Proceeds will be used for the Supported Program Elements set forth in **EXHIBIT C**, as may be amended by the Parties from time to time, and are expected to be fully expended for Supported Program Elements within eighteen months following issuance, except for

~~such reasonably required reserves as may be used to enhance the marketability any portion~~ of the CROC-Backed Debt Proceeds used to fund Debt Service Reserves. Specifically, the Parties intend the CROC-Backed Debt Proceeds to support acquisition costs of the Real Property within the VRE operating territory. DRPT shall submit a requisition to the Commissions at least 20 days in advance of any planned Real Property installment payment for which the CROC-Backed Debt Proceeds will be used, along with such supporting documentation relating to the acquisition as may be required by the CROC-Back Debt documents. Following receipt of any such requisition which satisfies the requirements of the documents related to the CROC-Backed Debt, the Commissions shall cause to be transferred to DRPT or its order the requisitioned amount of CROC-Backed Debt Proceeds. If the Commissions are unable to transfer the CROC-Backed Debt Proceeds in advance of any such Real Property installment payment because the Commissions have not yet issued the CROC-Backed Debt at the time of the Real Property installment payment, then DRPT will follow the same requisition process after the Commissions have issued the CROC-Backed Debt. DRPT agrees to fully cooperate with the Commissions with respect to any post-issuance securities disclosure, tax, reporting and other compliance as may be required for the CROC-Backed Debt. Depending on the financing structure, this reporting may require information on the progress and delivery of all elements of the Program as described in Exhibit B, not just the Supported Program Elements.

- 4.3. Unless otherwise agreed to in writing by the Parties, the annual CROC-Backed Debt Service payments during the first ten years following the Commissions' first CROC Pay-Go Contribution payment to DRPT shall not exceed the statutory maximum identified in Va. Code § 33.2-3502. After the first ten years following the Commissions' first CROC Pay-Go Contribution payment to DRPT, annual CROC-Backed Debt Service payments shall not exceed \$7,500,000, unless otherwise agreed to in writing by the Parties. CROC-Backed Debt Service payments shall be the highest priority use of the CROC funds. However, the Parties acknowledge that the specific annual amounts of CROC-Backed Debt Service payments and CROC Pay-Go Contributions may vary depending upon general market conditions at the time of the issuance of the CROC-Backed Debt, financing methods available to the Commissions, the achievable credit rating(s) of the proposed CROC-Backed Debt and other factors to be considered by the Commissions in structuring the CROC-Backed Debt offering so as to best achieve the objectives of this Agreement.
- 4.4. The Commissions will strive to maximize the CROC-Backed Debt Proceeds provided in support of the Program, subject to market considerations, overall prudent fiscal management that protects the interests of current and future VRE riders and the member jurisdictions who support VRE, and applicable provisions of this Agreement. VRE's current Financial and Debt Management Principles (adopted November 2013) do not contemplate the issuance of debt backed by a funding source such as CROC. Prior to any CROC-Backed Debt issuance, the Commissions will develop and approve updated Financial and Debt Management Principles, and the process of issuing CROC-Backed Debt will be conducted in accordance with those principles.

4.5. The following principles shall apply to the funding of any Reserve Accounts:

4.5.1. ~~If reserve funds are reasonably required by lenders or investors as part of the CROC Backed Debt issuance, or if reserve funds will enhance creditworthiness in support of the effort to maximize debt proceeds, such reserve funds may be funded with a~~ Reduced CROC Pay-Go

Contributions to Fund Reserve Accounts. The Commissions may fund Reserve Accounts with cash contributions from the CROC or may be funded from the CROC Backed Debt Proceeds. More generally, prudent fiscal management may require the Commissions to fund reasonable additional reserve funds to ensure adequate liquidity, manage cashflows, and support ongoing costs related to the debt issuance. To, which may have the effect of reducing one or more quarterly CROC Pay-Go Contribution payments. Accordingly, to the extent the funding of any such reserves (i) Reserve Account reduces one or more quarterly CROC Pay-Go Contribution payments, or (ii) is funded from the CROC Backed Debt Proceeds (the amount of any such reductions under (i) and amounts under (ii), in aggregate, being the "Reserve Displaced Amount"), the Commission's duty to pay to DRPT the CROC Pay-Go Contributions will be extended beyond Fiscal Year 2031 through the Reserve Recapture Date. However, any such Reserved Displaced Amount payments shall be subordinate to the repayment of any CROC Backed Debt obligations.

4.5.2. Use of CROC-Backed Debt Proceeds to Fund Debt Service Reserves. CROC-Backed Debt Proceeds may be used by the Commissions to fund Debt Service Reserves, but not to fund any other category of Reserve Accounts. The Parties agree that any CROC-Backed Debt Proceeds used by the Commissions to fund Debt Service Reserves will not be subject to the recapture principle set forth in Section 4.5.1 above.

4.5.4.6. As they become due, Commissions shall be solely responsible for, and shall make, all CROC-Backed Debt Service payments pursuant to the corresponding financing agreements. The Commonwealth and DRPT shall have no liability for any CROC-Backed Debt or any other sum secured by or accruing under any financing agreement entered into by the Commissions as a result of this Agreement. No document evidencing CROC-Backed Debt shall contain any provisions whereby a trustee or other person would be entitled to seek payment of such CROC-Backed Debt or any related damages or other amounts from the Commonwealth or DRPT. The Parties acknowledge and agree that the CROC-Backed Debt shall be payable solely from CROC payments received by the Commissions and any other amounts provided therefor in the CROC-Backed Debt documents, which may include, but not shall not necessarily be limited to, ~~reserves~~Reserve Accounts, bond insurance, other credit enhancements or, if agreed to in writing, federal, state or local governmental support.

4.5.1.4.6.1. Each bond, promissory note, or other document evidencing CROC-Backed Debt must include a conspicuous recital on its face stating: (i) payment of the principal and interest does not constitute a claim against DRPT's interest in the Rail Facilities, or any part thereof; (ii) payment of the principal and interest is not an obligation of the Commonwealth or DRPT, or any other agency, instrumentality, or political subdivision of the Commonwealth, moral or otherwise; and (iii) neither the full faith and credit nor the taxing power of the Commonwealth, DRPT, or any other agency, instrumentality, or political subdivision of the Commonwealth is pledged to the payment of the principal and interest on the CROC-Backed Debt; and (iv) the CROC-Backed Debt is a limited obligation of the Commissions payable solely from CROC payments received by the Commissions and other amounts pledged therefor. Nothing herein shall preclude the Commissions from making any clarifications to the foregoing recital that may be reasonably necessary to address any liability of the Commissions themselves.

~~4.5.2.4.6.2.~~ Each bond, promissory note, or other document evidencing CROC-Backed Debt must also include an affirmative statement to the effect that the trustee's or bondholders' sole interest is in the pledged CROC funds, and the trustee and bondholders have no rights by lien or otherwise against DRPT's title to or real property interest in the Rail Facilities or any other facilities owned by DRPT. Similarly, the trustee and bondholders will have no rights by lien or otherwise against the Commissions (except as specifically described in the CROC-Backed Debt documents), the Participating Jurisdictions or the Contributing Jurisdictions.

~~4.6.4.7.~~ If interest on the CROC-Backed Debt is determined to be exempt from federal income taxation, the Parties will take all such actions as may be reasonably required to confirm and thereafter preserve such tax exemption, including, but not limited to:

~~4.6.1.4.7.1.~~ ~~Mutually-mutually~~ agreeing upon a debt term that is appropriate given the useful life of the asset(s) being purchased or constructed and otherwise complies with applicable federal law of tax-exempt obligations;

~~4.6.2.4.7.2.~~ ~~Assisting-assisting~~ with the tax due diligence to be conducted by the Commissions' tax and bond counsel; and

~~4.6.3.4.7.3.~~ ~~Cooperating-cooperating~~ with post-issuance reporting and other compliance relating to the use of the CROC-Backed Debt Proceeds and other matters in order to satisfy all tax-exempt issuance requirements, including arbitrage rebate.

## **5. CROC Pay-Go Contributions.**

- 5.1. In addition to the CROC-Backed Debt Proceeds, for each fiscal quarter during a Collection Period, the Commissions shall pay to DRPT twenty-five percent (25%) of the applicable Annual CROC Pay-Go Contribution, or such lesser amount of CROC funds as the Commissions may actually receive during such fiscal quarter.
- 5.2. The payments described in Section 5.1 may be made by the Commissions to DRPT up to one hundred eighty (180) days after the first day of the applicable fiscal quarter during which the applicable CROC funds are received by the Commissions. For example, the quarterly CROC Pay-Go Contribution payment covering the first fiscal quarter of Fiscal Year 2022 may be paid by the Commissions to DRPT on any date prior to one hundred eighty (180) days after the first day of Fiscal Year 2022. In addition, quarterly CROC Pay-Go Contribution payments shall not be reduced by any amount of CROC-Backed Debt Service payments allocable to CROC-Backed Debt incurred after the final day of the applicable Collection Period.
- 5.3. Upon ~~mutual agreement of the Parties~~sixty (60) days' written notice to DRPT, the Commissions may seek Commonwealth-Transportation-Board-controlled funding to support their commitment under this Agreement. ~~Upon mutual agreement of the Parties, the~~The Commissions may substitute such Commonwealth-Transportation-Board-controlled sources in place of the CROC funds for all or part of any required CROC Pay-Go Contribution to DRPT, provided that the total equivalent amount of the required CROC Pay-Go Contribution is otherwise provided in accordance with the terms of this Agreement. The Commissions may, at their discretion, substitute

any alternative non-Commonwealth-Transportation-Board-controlled capital funding source in place of the CROC funds for all or part of any required CROC Pay-Go Contribution to DRPT, provided that the total equivalent amount of the required CROC Pay-Go Contribution is otherwise provided in accordance with the terms of this Agreement.

- 5.4. The CROC Pay-Go Contributions will be used by DRPT for the purposes established in **EXHIBIT C**.

## **6. Supported Program Elements; Quarterly Reports.**

Unless otherwise mutually agreed in writing by the Parties, the Commissions Funding Commitment will be used to fund Supported Program Elements identified in **EXHIBIT C** attached to this Agreement. Quarterly, DRPT shall generate and deliver to the Commissions a report demonstrating the application of the CROC-Backed Debt Proceeds and CROC Pay-Go Contributions received by DRPT from the Commissions. Such report shall demonstrate the application of such sources during the period covered by the report, and the application of such sources in aggregate with respect to the Program. Such report shall also demonstrate any unused balances of CROC-Backed Debt Proceeds and/or CROC Pay-Go Contributions held by DRPT.

## **7. Acknowledgment of Commissions' Planned Station Improvements.**

In addition to, but separate from, the Program, the Commissions will independently undertake a series of capital project investments in the RF&P Corridor focused primarily (but not exclusively) on passenger station improvements. The Commissions' funding for those passenger station improvements is separate and distinct from the Commissions Funding Commitment contemplated in this Agreement; provided, however, that nothing in this Agreement shall prohibit the Commissions from using CROC payments not otherwise committed to DRPT hereunder to finance future capital improvements of any type. The estimated (but not capped) cost of the Commissions' phase 1 and phase 2 station projects in the RF&P Corridor is \$211,000,000.

## **8. Continued Use Requirement.**

In accordance with Va. Code § 33.2-3501(B), the Parties will collaborate to ensure those assets funded by the Commissions Funding Commitment shall be subject to the continuing use of the Commissions for the useful life of such assets.

## **9. Appropriation and Approvals.**

- 9.1 DRPT'S PAYMENT OF ANY AMOUNTS DUE PURSUANT TO THIS AGREEMENT, OR ITS COMMITMENT TO FUND ANY PROGRAM PROJECTS HEREUNDER, IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY AND ALLOCATION BY THE COMMONWEALTH TRANSPORTATION BOARD.
- 9.2 THE COMMISSIONS' DUTY TO MAKE THE CROC-BACKED DEBT SERVICE PAYMENTS AND THE CROC PAY-GO CONTRIBUTIONS ARE SUBJECT TO APPROPRIATION AND RECEIPT OF CROC FUNDS FROM THE COMMONWEALTH AND



ANNUAL APPROPRIATIONS BY THE COMMISSIONS' BOARDS. IN ADDITION, THE ISSUANCE OF THE CROC-BACKED DEBT IS SUBJECT TO THE APPROVAL BY THE COMMISSIONS OF THE FINAL TERMS THEREOF.-

#### **10. Governing Law.**

This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard for conflict of laws principles.

#### **11. Compliance with Law.**

The Parties will comply with all applicable state, federal, and local laws and regulations in the performance of this Agreement. The Commissions certify they do not and shall not during the performance of this Agreement knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

#### **12. Entire Agreement; Amendment and Modification.**

This Agreement between the Parties shall supersede all prior communications and negotiations concerning the subject matter herein. This Agreement may not be modified or amended, except pursuant to a written agreement that is duly authorized, executed and delivered by both Parties.

#### **13. Severability.**

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder shall not be affected thereby and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

#### **14. Sovereign Immunity.**

Notwithstanding any contrary language, none of the Commonwealth, DRPT or the Commissions waive or abrogate their sovereign immunity, in part or in whole, in any manner, under any theory, hereunder.

#### **15. Assignment.**

DRPT ~~may~~shall assign this Agreement to the Virginia Passenger Rail Authority, provided that the Virginia Passenger Rail Authority shall assume all the rights and duties of DRPT hereunder, and provide any reasonable documentation requested by the Commissions relating to such assignment, including documentation relating to preserving the tax-exempt status, if any, of the CROC-Backed Debt. Otherwise, this Agreement shall not be assigned by any Party unless express written consent is given by the other Party.

#### **16. Effective Date; Expiration.**

This Agreement will be effective upon the satisfaction of the conditions stated in Section 1.2. It will expire ninety (90) days after the Reserve Recapture Date.



## 17. Dispute Resolution.

- 17.1. Efforts to Resolve; Advisory Opinions. The Parties hereto shall make every reasonable effort to settle any dispute arising out of this Agreement without resorting to litigation. If the Parties so agree, they may retain a disinterested person experienced in railroad operations, including, but not limited to, the financing of railroads, or an accountant or attorney if appropriate, to render his or her objective advice and opinions, which shall be advisory only and not binding unless the Parties agree in writing to be bound by his or her judgment in a particular instance.
- 17.2. Legal Actions. Any claims or controversy between the Commissions and DRPT may be resolved by either party filing a legal action. All litigation between the Parties arising out of or pertaining to this Agreement shall be filed, heard, and decided in either the Circuit Court for the City of Richmond, Virginia, Division I.
- 17.3. Duty to Continue Performance. Except as may be ordered or permitted by a court of competent jurisdiction, pending final resolution of any dispute, the Parties will continue to fulfill their respective obligations under this Agreement.
- 17.4. Dispute Resolution Costs. Each party shall bear the costs and expenses incurred by it in connection with any litigation, and neither party will seek or accept an award of attorneys' fees or costs incurred in connection with the resolution of a dispute pursuant to this Article Eleven.

## 18. Notices.

All notices or communications with respect to this Agreement shall be in writing and shall be deemed delivered upon delivery by hand, upon the next Business Day if sent prepaid overnight delivery service, or on the third Business Day following mailing by U.S. Mail, certified, postage prepaid, return receipt requested, to the addresses set forth below or by email that clearly is marked notice in both the text and the subject line. The representatives and/or addresses set forth herein may be changed at any time by written notice to the other Parties sent by a below-listed representative, his/her designee, or interim replacement.

For the Commissions: Chief Financial Officer  
Virginia Railway Express  
1500 King Street, Suite 2020  
Alexandria, VA 22314

Chief Executive Officer  
Virginia Railway Express  
1500 King Street, Suite 202  
Alexandria, VA 22314

Counsel for the Commissions  
1500 King Street, Suite 202  
Alexandria, VA 22314

For DRPT: Chief Financial Officer  
Virginia Department of Rail and Public Transportation

|

600 East Main Street, Suite 2102  
Richmond, VA 23219

Director  
Virginia Department of Rail and Public Transportation  
600 East Main Street, Suite 2102  
Richmond, VA 23219

Counsel for the Department of Rail and Public Transportation  
Transportation Section  
Office of the Attorney General  
202 North 9<sup>th</sup> Street  
Richmond, VA 23219

[SIGNATURE PAGE FOLLOWS]

NORTHERN VIRGINIA TRANSPORTATION COMMISSION

By: \_\_\_\_\_

Witness: \_\_\_\_\_

POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

By: \_\_\_\_\_

Witness: \_\_\_\_\_

COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

By: \_\_\_\_\_

Jennifer Mitchell  
Director

Witness: \_\_\_\_\_

*[SIGNATURE PAGE TO PASSENGER RAIL IMPROVEMENTS AND FUNDING AGREEMENT]*

## DEFINITIONS

“Agreement” is defined in the first paragraph preceding the recitals.

“Annual CROC Pay-Go Contribution” means, for a given Fiscal Year, \$15,000,000 minus any CROC-Backed Debt Service payments paid or scheduled to be paid by the Commissions during that same Fiscal Year, ~~and minus any CROC Funds (but excluding CROC-Backed Debt Proceeds) used during that same Fiscal Year to fund any reserve funds required by lenders with respect to the CROC-Backed Debt.~~ For example, if the CROC-Backed Debt Service for a given Fiscal Year is \$8,000,000, then ~~(assuming no funding of reserve funds during the applicable Fiscal Year)~~ the Annual CROC Pay-Go Contribution for that same Fiscal Year will be \$7,000,000 (paid in equal quarterly payments of \$1,750,000).

“Business Day” means Monday through Friday except federal or Commonwealth holidays.

“Collection Period” means each fiscal quarter beginning in Fiscal Year 2022 and going through the end the Reserve Recapture Date.

“Commissions” is defined in the first paragraph preceding the recitals.

“Commissions Funding Commitment” is defined in Section 2.1.

“Contributing Jurisdictions” means Alexandria and Arlington.

“CROC” is defined in Section 3 and means the Commuter Rail Operating and Capital Fund established under Va. Code §§ 33.2-3500, *et seq.*

“CROC-Backed Debt” means debt incurred by the Commissions in support of the Program and secured by a pledge of CROC funds.

“CROC-Backed Debt Proceeds” means the net proceeds of the CROC-Backed Debt.

“CROC-Backed Debt Service” means for a Fiscal Year or other measurement period, the aggregate of the payments to be made in respect of the principal of and interest on any CROC-Backed Debt and the associated financing costs and expenses, including, but not limited to, trustee’s fees or charges.

“CROC Pay-Go Contributions” means the cash payments from the Commissions to DRPT pursuant to Section 5.1, and collectively will equal the aggregate of all of the Annual CROC Pay-Go Contributions, including as such contributions may be extended through the Reserve Recapture Date.

“CSXT” means CSX Transportation, Inc., a Virginia Corporation.

“Debt Service Reserves” means one or more reserve accounts required by lenders and held or under the control of the trustee with respect to the CROC-Backed Debt, which are for the purposes of backstopping the Commissions’ duty to pay the CROC-Backed Debt Service payments.

“DRPT” is defined in the first paragraph preceding the recitals.

“Fiscal Year” means July 1 to June 30 of any given year.

“Participating Jurisdictions” means Fairfax, Fredericksburg, Manassas, Manassas Park, Prince William, Spotsylvania and Stafford.

“Parties” is defined in the first paragraph preceding the recitals.

“Program” is defined in the third recitals.

“Program Costs” means DRPT’s actual costs to complete the Program Projects, inclusive of the costs to acquire the Real Property, currently estimated to be (but not capped at) \$3,700,000,000.

“Program Project(s)” means those projects listed in **EXHIBIT B**.

“Rail Facilities” means the railroad tracks on which VRE passenger rail service operates, and those stations, platforms, and other railroad assets that are utilized by the VRE passenger rail service.

“Real Property” means, collectively, Segments 1, 2, and 3 as defined in the *Comprehensive Rail Agreement between CSX Transportation, Inc. and the Virginia Department of Rail and Public Transportation*, the execution of which is a condition precedent to the effectiveness of this Agreement.

“Reserve Displaced Amount” is defined in Section 4.5.

“Reserve Accounts” means all Debt Service Reserves and any other reserve accounts not meeting the definition of Debt Service Reserves, which accounts are held, in whole or in part, for the purposes of (i) enhancing creditworthiness in support of the effort to maximize CROC-Backed Debt Proceeds, (ii) enhancing the marketability of the CROC-Backed Debt, (iii) ensuring adequate liquidity, (iv) managing cashflows, and (v) supporting ongoing costs related to the CROC-Backed Debt issuance.

“Reserve Recapture Date” means the first date after the end of Fiscal Year 2031, that the Commissions have paid in full to DRPT ~~the Reserve Displaced Amount~~ (through continued quarterly CROC Pay-Go Contributions payments, or by any other means agreed by the Parties) an amount equal to the aggregate amount of all reductions to any quarterly CROC Pay-Go Contribution payments under Section 4.5.

“RF&P Corridor” means the railroad right-of-way (most of which was previously owned by the Richmond, Fredericksburg and Potomac Railroad Company) generally about 100 feet wide extending approximately 144.8 miles from about CSXT milepost at CFP 112 at the turn off point for Union Station in Washington, D.C. to about CSXT milepost A 29.04, and includes both (i) the right-of-way to be acquired by DRPT plus (ii) the remaining portion of right-of-way to be retained by CSXT adjacent to DRPT’s right-of-way.

“Term Sheet” means the binding term sheet between the Virginia Department of Rail and Public Transportation and CSXT dated December 16, 2019, as amended.

“Virginia Railway Express” or “VRE” is defined in the first recital.

~~“DRPT” is defined in the first paragraph preceding the recitals.~~

12-1-2020 DRAFT

**EXHIBIT B****PHASE 1 AND 2 OF PROGRAM OF PROJECTS**

<b>Project Name</b>	<b>Project Limits</b>
L'Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7
Woodford to Milford Third Track – Siding B	CFP 43.5 – CFP 40.4
Hanover Third Track – Siding C	CFP 18.7 – CFP 15.5

**SUPPORTED PROGRAM ELEMENTS**

- I. CROC-Backed Debt Proceeds shall be used by DRPT to support acquisition costs of the Real Property within the VRE operating territory. However, if in the reasonable opinion of the Commissions' tax and bond counsel, such use of the CROC-Backed Debt Proceeds jeopardizes the tax-exempt status of the CROC-Backed Debt, then the Parties may collaborate in good faith to agree on alternative uses of the CROC-Backed Debt Proceeds, which uses shall maximize the amount the CROC-Backed Debt Proceeds available to support the Program Costs or otherwise achieve the objectives of this Agreement.
- II. CROC Pay-Go Contributions shall be used to support the following Program Projects, and this list of Program Projects supported by the CROC Pay-Go Contributions may be amended in the future, as needed from time to time, upon mutual agreement of the Parties:
  - a. New Long Bridge for Passenger Rail;
  - b. Alexandria Fourth Track; and
  - c. Franconia Springfield Bypass.





## AGENDA ITEM 6.5

### VIRGINIA RAILWAY EXPRESS


December 3, 2020

By Rich Dalton  
Virginia Railway Express  
Chief Executive Officer

*Action Item 9C*

### Proposed Passenger Rail Improvements and Funding Agreement

- Commuter Rail Operating and Capital (CROC) Fund
- CROC-Backed Debt
- CROC PAYGO Contribution
- Supported Program Elements
- Future Agreements



VIRGINIA RAILWAY EXPRESS

2



**MOTION:**

**SECOND:**

**RE:               APPROVE THE 2021 VIRGINIA RAILWAY EXPRESS LEGISLATIVE AGENDA**

**ACTION:**

**WHEREAS**, the Virginia Railway Express (VRE) is an essential part of a regional transportation network for the Northern Virginia and DC Metropolitan region; and

**WHEREAS**, VRE serves residents throughout the Commonwealth to provide a meaningful public transportation option; and

**WHEREAS**, it is essential for VRE to educate and advocate for desired legislative and regulatory outcomes with members of Congress and their staff, with staff of federal entities, in the Virginia General Assembly, and with the Governor and his administration; and

**WHEREAS**, VRE has coordinated its Legislative Agenda with the staffs of the Commissions and member jurisdictions; and

**WHEREAS**, the VRE Operations Board recommends the following action.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the 2021 VRE Legislative Agenda and authorizes the Chief Executive Officer to actively pursue the elements set forth in the attached 2021 VRE Legislative Agenda.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

**Virginia Railway Express  
2021 Legislative Agenda  
State Funding and Legislative Issues**

***COVID-19 Pandemic Response***

Monitor, evaluate and respond to legislative proposals pertaining to the COVID-19 pandemic that would impact VRE's operations, such as sick leave policies, hazard pay, and employee liability issues.

Support the maintenance of state funding and any necessary flexibility needed for public transportation in general, and VRE specifically, as the Commonwealth deals with the fiscal impact of the pandemic.

***State Capital Funding***

Protect state funding for the Long Bridge expansion plan and *Transforming Rail in Virginia* projects passed in the 2020 legislative session.

Safeguard funding for the Commuter Rail Operating and Capital (C-ROC) fund to ensure the Long Bridge expansion project continues to move forward and mitigate VRE revenue impacts resulting from lower ridership throughout the COVID-19 pandemic.

***Virginia Passenger Rail Authority (VPRA)***

Engage with and educate the staff of and gubernatorial appointees to VPRA about VRE's operations. Monitor, analyze and respond to proposed legislation or VPRA policy affecting VRE's fiscal or operational position. Support VRE's CEO in his capacity as an ex-officio member of VPRA.

***Meetings Held Through Electronic Communication Means***

Coordinate with VRE's parent commissions and other stakeholders on legislative proposals that would increase the flexibility of VRE and other public bodies to make policies that better accommodate the needs of their board members while remaining open and transparent to the public. This includes support for removing the state limit on how often Members may participate electronically when there is a physical quorum present, while retaining VRE's authority to govern such participation with additional guidelines or restrictions.

***Northern Virginia Transportation Authority (NVTA) Funding***

Support actions by NVTA and others to fully restore funding for NVTA.

***Virginia Transit Association (VTA)***

Analyze VTA and others' proposals to increase funding for public transportation and create programs that will increase ridership.

***Transportation Authorities***

Monitor, evaluate and respond to proposals to create additional transportation authorities that would include VRE jurisdictions.

**Virginia Railway Express  
2021 Legislative Agenda  
Federal Funding, Legislative and Regulatory Issues**

***Surface Transportation Reauthorization***

Partner with industry stakeholders and associations to advocate for robust funding levels and appropriate policies to support commuter rail and mass transit. Efforts will include, but are not limited to, participating in association committee meetings, providing comments to policy and regulatory position documents, and collaborating on legislative advocacy.

***Surface Transportation Board (STB) Authority***

Educate Congress and the administration on the imperative of preserving STB's jurisdiction over VRE and other common carrier commuter railroads. This will come in the form of letters to Members of Congress and committees of jurisdiction, as well as in-person or virtual meetings to discuss VRE's position and circumstance.

Monitor industry, congressional, and administration efforts affecting the ability of VRE, and similar commuter railroads, to seek relief from the STB when negotiating with Amtrak. As necessary, submit comments to regulatory bodies to advocate for preserving STB jurisdiction over VRE.

***Amtrak On-Time-Performance***

Monitor and, as needed, submit comments to Amtrak and the Federal Railroad Administration regarding joint efforts to develop on-time-performance metrics and measurements which will be enforced by the STB.

***Federal Grant Programs***

Work with the U.S. Department of Transportation (DOT), Virginia's congressional delegation, relevant congressional committees, and regional stakeholders to educate and secure administration and congressional support for discretionary grant applications submitted by VRE or with VRE as a key partner.

***U.S. DOT Rulemaking***

Track and comment on proposed guidance, rulemakings, or requests for comment from U.S. DOT helping to advance permit streamlining and regulatory reforms applicable to VRE's operations and Capital Improvement Program.

***Liability Insurance Reform***

Coordinate with the American Public Transportation Association and other stakeholders to investigate potential liability insurance reforms, with the goal of producing research on possible legislative and regulatory solutions to the industry's current struggles with attaining sufficient insurance to meet regulatory mandates and the increasing cost of doing so.

***COVID-19 Relief***

Monitor and, as appropriate, advocate for congressional and administration support for commuter rail and mass transit as the industry manages the impacts of COVID-19. Track and provide comments on congressional action specifically for front-line transit workers, including but not limited to, hazard pay for essential workers.



VIRGINIA RAILWAY EXPRESS

TO: Potomac and Rappahannock Transportation Commission Chair Franklin and Commissioners

FROM: Rich Dalton, Chief Executive Officer

DATE: November 23, 2020

SUBJECT: VRE Monthly Update

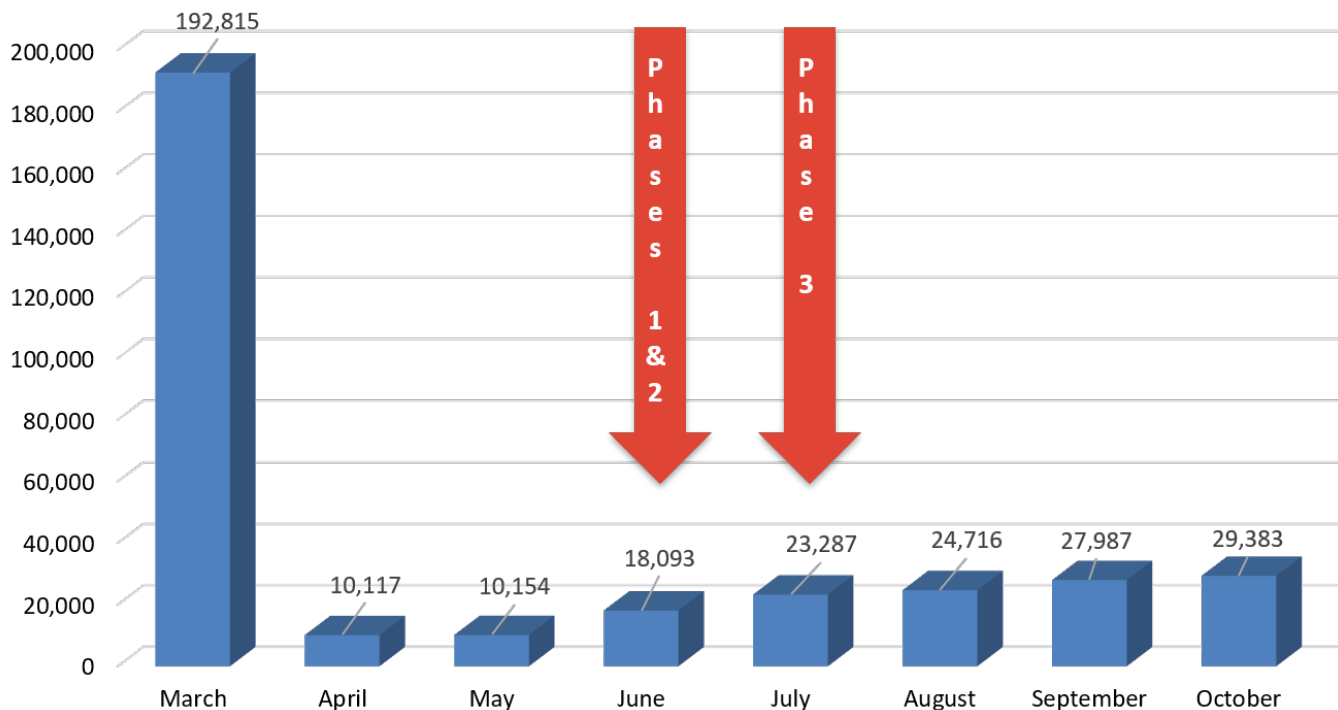
Ridership declined slightly over the past month and will likely continue to do so through the end of the holiday season. Here's what ridership looks like over the past four weeks compared to the same weeks in 2019.

Week Ending	2020 Ridership	2020 Average Daily Ridership	2019 Ridership	Numeric Difference	Percentage Difference
October 30	7,158	1,432	96,788	-89,630	-92.6%
November 6	6,288	1,258	91,889	-85,601	-93.2%
November 13	*5,522	1,381	*76,416	-70,894	-92.8%
November 20	6,815	1,363	94,612	-87,797	-92.8%

\*Four days of service

## MONTHLY RIDERSHIP

March - October 2020



We continue to operate an S+ schedule and monitor ridership to allow for social distancing. Given current ridership levels, we have no immediate plans to add trains. We regularly update and improve our [train utilization web page](#), which is a great tool for riders looking to maximize their social distance.

Our multi-pronged ridership recovery campaign continues to evolve, as we emphasize the measures we have taken to protect the health and safety of our riders and train crews. We have [added a 3-D train tour to our website](#), which allows passengers to move from platform to rail car, letting them know what to expect and instilling a level of confidence in our efforts to ensure social distancing.

VRE Mobile, [an upgrade of which will be available in the coming weeks](#), provides passengers with a contactless way to purchase and validate tickets. Future app upgrades will include trip-planning tools, and real-time info on parking availability and Amtrak arrivals.

Our Continuity of Operations team meets virtually each day and is in constant contact. VRE's supply chain, staffing, business processes, and other functional areas remain in good shape.

There are several VRE items that will come before the commission in December, including two agreements – one for operating/access and another for funding – with the newly created Virginia Passenger Rail Authority (Rail Authority). I briefly shared an overview of these agreements with commissioners in November. [A more detailed presentation is available for viewing on VRE's YouTube channel](#). I would encourage you to take a few minutes and look at the presentation, as these agreements are somewhat complicated and may engender questions. I am available to chat, one-on-one, in advance of the commission's December 3 meeting and answer any questions you may have about VRE's relationship with the Rail Authority and the proposed agreements.



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 10-A**  
**Information Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: FY 2022 Budget Update**

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Staff will provide an update to the VRE Operations Board on the status of the FY 2022 Operating and Capital budgets, following the formal presentation of the preliminary FY 2022 budget in September and the informational update in October.

The key assumptions and projections initially presented as part of the preliminary FY 2022 budget have not changed, and daily ridership and passenger revenue have remained steady at reduced levels throughout the fall. Federal CARES Act funding remains available to backstop lost passenger revenue and support VRE operations through FY 2022. Staff will discuss how the ongoing pandemic will require deviations from normal budget adoption processes (e.g., allocation of jurisdictional subsidy based on the previous year's budget rather than the results of the Master Agreement survey).

Staff will also provide additional detail on the FY 2022-2027 Capital Improvement Program (CIP). As noted previously, VRE has moved from a period of project planning and development (where new projects were frequently being added to the CIP) into a period of project implementation that will last for a number of years. 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, which has resulted in a number 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 focus on construction.



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Virginia Railway Express  
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703-684-1001  
VRE.org



Potomac and Rappahannock  
Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, VA 22192  
703-580-6121





VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

# VRE Operations Board Meeting

**November 20, 2020**

**Audit Committee Meeting – 8:45 am**

**Operations Board Meeting - 9:00 am**

**Virtual Meeting Via WebEx**

1. Call to Order
2. Roll Call
3. Resolution Finding Need to Conduct November 20, 2020 VRE Operations Board Meeting Electronically
4. Approval of Agenda
5. Approval of Minutes from the October 16, 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. Accept the FY 2020 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions
  - B. Recommend Authorization to Execute a Passenger Rail Operations and Access Agreement
  - C. Recommend Authorization to Execute a Passenger Rail Improvements and Funding Agreement



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- D. Recommend Approval of the 2021 VRE Legislative Agenda
  - E. Authorization to Amend the Contract for Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project
  - F. Authorization to Issue a GEC VIII Task Order for Construction Management Services for the Rolling Road Station Improvement Project
  - G. Authorization to Amend the Contracts for the Delivery of Diesel Fuel for VRE Locomotives
- 10. Information Items:
    - A. FY 2022 Budget Update
    - B. Spending Authority Report
    - C. Update: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station.
  - 11. Closed Session
  - 12. Operations Board Member's Time

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**The Next VRE Operations Board Meeting  
December 18, 2020 - 9:00 am via WebEx**



**MINUTES**  
**VIRGINIA RAILWAY EXPRESS**  
**OPERATIONS BOARD MEETING**  
**November 20, 2020**  
Via WebEx

**Members Present**

\*Walter Alcorn (NVTC)  
\*Andrea Bailey (PRTC)  
\*Preston Banks (PRTC)  
\*Elizabeth Bennet-Parker (NVTC)  
\*Meg Bohmke (PRTC)  
\*Katie Cristol (NVTC)  
\*Margaret Franklin (PRTC)  
\*Jeanine Lawson (PRTC)  
\*Jennifer Mitchell (DRPT)\*\*  
\*Gary Skinner (PRTC)  
\*Ralph Smith (PRTC)  
\*Dan Storck (NVTC)  
\*James Walkinshaw (NVTC)

**Members Absent**

Matt Kelly (PRTC)  
Cindy Shelton (PRTC)

**Alternates Present**

**Alternates Absent**

Canek Aguirre (NVTC)  
Victor Angry (PRTC)  
Pete Candland (PRTC)  
Hector Cendejas (PRTC)  
Deborah Frazier (PRTC)  
Libby Garvey (NVTC)  
Jason Graham (PRTC)  
Michael McLaughlin (DRPT)  
Jeff McKay (NVTC)  
Pam Sebesky (PRTC)

**Jurisdiction**

Fairfax County  
Prince William County  
City of Manassas Park  
City of Alexandria  
Stafford County  
Arlington County  
Prince William County  
Prince William County  
Commonwealth of Virginia  
Spotsylvania County  
City of Manassas  
Fairfax County  
Fairfax County

City of Fredericksburg  
Stafford County

City of Alexandria  
Prince William County  
Prince William County  
City of Manassas Park  
Spotsylvania County  
Arlington County  
City of Fredericksburg  
Commonwealth of Virginia  
Fairfax County  
City of Manassas

\*Voting Member

\*\*Delineates arrival/departure following the commencement of the Operations Board Meeting. Notation of exact arrival/departure time is included in the body of the minutes.

### **Staff and General Public**

Dwight Buracker - PBMares  
Rich Dalton – VRE  
John Duque - VRE  
Chris Henry – VRE  
Robert Hostelka – VRE  
Lezlie Lamb – VRE

Steve MacIsaac – VRE Legal Counsel  
Kate Mattice – NVTC  
Kristin Nutter – VRE  
Dr. Bob Schneider – PRTC  
Mark Schofield – VRE  
Joe Swartz – VRE

Chairman Skinner called the meeting to order at 9:01 a.m. The Roll Call followed.

### **Resolution Finding Need to Conduct November 20, 2020 Meeting Electronically – 3**

Mr. Dalton briefed the Operations Board on the Resolution Finding Need to Conduct November 20, 2020 Meeting Electronically.

Ms. Bailey moved, with a second by Ms. Bennett-Parker to approve Resolution #03-11-2020, Finding Need to Conduct November 20, 2020 Meeting Electronically.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

### **Approval of the Agenda – 4**

Ms. Bohmke moved, with a second by Ms. Bennett-Parker to approve the agenda as presented. There was no discussion on the motion.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

### **Approval of the Minutes of the October 16, 2020 VRE Operations Board Meeting – 5**

Ms. Lawson moved, with a second by Ms. Bennett-Parker to approve the Minutes from October 16, 2019.

The vote in favor was cast by Members Alcorn, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw. Ms. Bailey abstained.

### **Chairman's Comments – 6**

The Chairman reminded the Board that the Nominating Committee is working to develop a slate of VRE Operations Board Officers for 2021, which the Board will be asked to vote on at the December Operations Board meeting.

### **Chief Executive Officer's Report – 7**

Mr. Dalton briefed the Operations Board on the following items of interest:

- Safety/ COVID-19 update
- Ridership
- Performance
- Project Spotlight: Enterprise Resource Planning
- "Welcome Back" initiative

- Staff Appreciation

### **Public Comment Time – 8**

The Chairman noted public comments were accepted through the Public Comments form available on the VRE website November Agenda page. The Public Comment period began on Friday, November 13<sup>th</sup> and closed at 8:00 a.m. the morning of the meeting. The Chairman asked the Clerk to read into the record any comments that had been received.

Ms. Lamb read a comment submitted by Karen Williams of Fairfax:

*It appears all the senior leadership at VRE (Directors and above) are white. What will VRE, NVTC and PRTC do to ensure racial diversity in senior management positions at VRE? Shouldn't leadership look like a representation of the people?*

### **Action Items - 9**

#### **Accept the FY 2020 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions – 9A**

Ms. Lawson moved, with a second by Mr. Bailey, to accept the FY 2020 Comprehensive Annual Financial Report and associated information from the auditor's and to authorize the Chief Executive Officer (CEO) to forward this information to the Commissions for their consideration.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

#### **Recommend Authorization to Execute a Passenger Rail Operations and Access Agreement – 9B**

Ms. Cristol moved, with a second by Ms. Bailey, to recommend the Commissions authorize the CEO to execute an agreement with the Virginia Passenger Rail Authority, or alternatively, the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

#### **Recommend Authorization to Execute a Passenger Rail Improvements and Funding Agreement– 9C**

Ms. Bailey moved, with a second by Mr. Storck, to recommend the Commissions authorize the CEO to execute an agreement with the Virginia Passenger Rail Authority, or alternatively, with the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

#### **Recommend the Commissions Approve the 2021 VRE Legislative Agenda – 9D**

Ms. Bennett-Parker moved to amend the 2021 Legislative Agenda to "include support for removing the state limit on how often Members may participate electronically when there is a physical quorum present, while retaining VRE's authority to govern such participation with additional guidelines or restrictions"; and to recommend the Commissions approve the 2021 VRE Legislative Agenda as

amended, and authorize the CEO to actively pursue the elements set forth. There was no objection to the amendment, and Ms. Bennett-Parker's motion was seconded by Ms. Franklin.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

[Jennifer Mitchell joined the meeting at 10:09 a.m.]

**Authorization to Amend the Contract for Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project – 9E**

Mr. Banks moved, with a second by Ms. Bennett-Parker, to authorize the CEO to execute a contract amendment with Vanesse Hangen Brustlin, Inc for Engineering and Environmental Services for the Manassas Park Station Parking Expansion project in the amount of \$525,947, plus a ten percent contingency for a total of \$578,542, for 60 percent relocation design of the parking garage, increasing the total authorization to an amount not to exceed \$2,784,986.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw. Ms. Mitchell did not respond.

**Authorization to Issue a GEC VIII Task Order for Construction Management Services for the Rolling Road Station Improvement Project – 9F**

Ms. Bailey moved, with a second by Ms. Bennett-Parker, to authorize the CEO to issue a GEC VIII Task Order to STV, Inc. for Construction Management Services for the Rolling Road Station Improvement project in the amount of \$487,817, plus a ten percent contingency, for a total not to exceed \$536,599.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Skinner, Smith, Storck, and Walkinshaw.

**Authorization to Amend the Contracts for the Delivery of Diesel Fuel for VRE Locomotives – 9G**

Ms. Bohmke moved, with a second by Ms. Lawson, to authorize the CEO to amend the two contracts for the Delivery of Diesel Fuel for VRE locomotives, to exercise the second option year on each contract. The contract option with James River Solution is in the amount of \$1,785,000, with a ten percent contingency, for a total not to exceed \$1,963,500 for a period of one year; and the contract option with Griffith Energy Services, Inc. is in the amount of \$1,190,000, with a ten percent contingency, for a total not to exceed \$1,309,000, for a period of one year, beginning July 1, 2021.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

**Information Items – 10**

**FY 2022 Budget Update – 10A**

Staff provided an update to the VRE Operations Board on the status of the FY 2022 Operating and Capital Budgets.

**Spending Authority Report – 10B**

The following purchases greater than \$50,000, but less than \$200,000 were made in October:

- VRE amended an existing Task Order with STV Incorporated under the Mechanical Engineering Consulting Services (MEC) VII contract for National Transit Database (NTD) and Asset Management Reporting, Phase VI. To increase the total commitment for this Task Order to \$147,939 and expanded the scope of work to include mobilization for facility condition assessments and Transit Asset Management (TAM) related SOP updates.
- VRE issued a Task Order in the amount of \$95,232 to NVE, Inc. under the Maintenance Services for VRE Facilities contract to renovate the reception area at the VRE Alexandria Headquarters Office.
- VRE amended an existing Task Order with Fresh Air Duct Cleaning, LLC under the Custodial and Seasonal Services for VRE Facilities contract for specialized cleaning services in response to the COVID-19 pandemic at VRE's Alexandria Headquarters Office, Fredericksburg Office, and Crossroads Warehouse. The amendment extended the term of this Task Order by 36 weeks and increased the total commitment to an amount not to exceed \$97,940.

Update: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station – 10C

At the October 16, 2020 VRE Operations Board meeting the Operations Board recommended the Commissions authorize the CEO to execute an agreement for design, construction, operation, and maintenance of a parking garage at the Manassas Park VRE Station. At the time, VRE and City staff were working through final language in preparation for authorization by the Commissions at their November 5, 2020 meetings. The language was not finalized in time and the Recommendation was removed from both Commissions' November 5<sup>th</sup> meeting Agendas; but is expected to go forward to both Commissions for authorization at their December 3, 2020 Commission meetings.

Closed Session – 11

Ms. Bennett-Parker moved, with a second by Ms. Bailey, pursuant to the Virginia Freedom of Information Act (Section 2.2-3711.A (1) of the Code of Virginia,) to convene a closed meeting for the purpose of discussing one personnel matter involving an appointee of the Board.

The vote in favor was cast by Members Alcorn, Bailey, Banks, Bennett-Parker, Bohmke, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Ms. Bennett-Parker moved, with a second by Ms. Cristol, to certify that to the best of each member's knowledge and with no individual member dissenting, at the just concluded Closed Session, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed; and, only such public business matters as were identified in the motion by which the Closed Session was convened were heard, discussed or considered.

The vote in favor was cast by Members Alcorn, Banks, Bennett-Parker, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Board Members' Time -12

Ms. Bennett-Parker asked staff to explore capability to enable video participation during the Board Meetings.

Ms. Cristol stated it had been a while since Railcars had been discussed and asked for a future update on the procurement VRE is participating on with Metra.

Ms. Franklin assured the public VRE Operations Board Members take the need for diversity at all levels of management very seriously. She stated diversity in Transportation is an ongoing discussion and expressed hope to engage further on the topic.

Ms. Lawson followed up on the efforts of the Nominating Committee.

Mr. Storck supported Ms. Franklin's comments on the importance of diversity at VRE and noted the Board's efforts in the CEO recruiting activities earlier this year produced a diverse slate of candidates.

There were no further remarks.

Ms. Bennett Parker moved, with a second by Ms. Mitchell, to adjourn the meeting.

The vote in favor was cast by Members Alcorn, Banks, Bennett-Parker, Cristol, Franklin, Lawson, Mitchell, Skinner, Smith, Storck, and Walkinshaw.

Approved this 18<sup>th</sup> day of December 2020

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Gary Skinner  
Chair

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Jeanine Lawson  
Secretary

#### CERTIFICATION

This certification hereby acknowledges the minutes for the November 20, 2020 Virginia Railway Express Operations Board Meeting have been recorded to the best of my ability.



Lezlie M. Lamb





VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-A**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Accept the FY 2020 Audited Financial Statements and Auditor's Report and Authorization to Forward to the Commissions**

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**Recommendation:**

The VRE Operations Board is asked to accept the FY 2020 Comprehensive Annual Financial Report and associated information from the auditors and to authorize the Chief Executive Officer to forward this information to the Commissions for their consideration.

**Summary:**

The audit of VRE's FY 2020 financial statements has been completed and the auditors have issued an unmodified opinion. Their opinion letter states the VRE statements, in all material respects fairly and accurately present the financial position of the organization. This opinion is the best outcome of a financial audit.

**Background:**

The FY 2020 audit was conducted by the firm of PBMares, LLP. A three-year jointly procured contract with PBMares for the audits of the VRE, PRTC and NVTC financial statements was approved in April 2015, with four years of optional renewals.

The audited financial statements and associated reports were forwarded to all members of the Operations Board prior to the November 20 meeting. The auditors also met with the VRE Audit Committee on November 20, 2020, prior to the Operations Board meeting to review the statements and their opinion.



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**Fiscal Impact:**

There is no financial impact to the presentation of these audited financial statements.

**Virginia Railway Express  
Operations Board**

**Resolution  
9A-11-2020**

**Accept the FY 2020 Audited Financial Statements and Auditor's Report  
and Authorization to Forward to the Commissions**

**WHEREAS**, the VRE Operations Board has contracted with the firm of PBMares, LLC for the audit of its financial statements; and,

**WHEREAS**, the audit of the VRE FY 2020 financial statements has been completed; and,

**WHEREAS**, the auditors have issued an unmodified opinion that the VRE statements, in all material respects fairly and accurately present the financial position of the commuter rail operation;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board accepts the FY 2020 Comprehensive Annual Financial Report and associated information from the auditors and hereby authorizes the Chief Executive Officer to forward this information to the Commissions for their consideration.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-B**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Recommend Authorization to Execute a Passenger Rail  
Operations and Access Agreement**

---

**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access.

**Summary:**

The Agreement includes provisions to enable VRE trains to operate on right-of-way acquired by the Commonwealth of Virginia from CSX Transportation. The Agreement also provides the right for VRE to manage VRE station facilities located in the right-of-way and to increase VRE service once planned improvements within the railroad corridor are completed. Finally, it is anticipated the Agreement will be executed with the Department of Rail and Public Transportation (DRPT) and later assigned to the Rail Authority when practical.

**Background:**

Since 1992, the Commissions have been engaged in operating and planning the expansion of service for the Virginia Railway Express (VRE). In 2002, the Commissions and CSX Transportation (CSXT) established a corridor improvement program overseen by a corridor task force which included representatives of the Commonwealth of Virginia. The purpose of the corridor task force was to identify and fund capital improvement projects in the RF&P corridor to expand passenger rail. The Commonwealth of Virginia, acting through the Department of Rail and Public Transportation (DRPT), has worked collaboratively with



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the Commissions to advance commuter rail service, and beginning in 2009, began sponsoring the additional inter-city passenger rail service through the 'Amtrak Virginia' program.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority ("Rail Authority"), will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

### **VPRA Agreement:**

The Commissions currently have Operations and Access Agreements in place with CSXT, Norfolk Southern Railway (NS) and Amtrak. The agreement with the Rail Authority will be similar in nature permitting operations and access to the newly acquired right-of-way. The agreement includes the following key Sections:

#### **Operations**

The Commissions shall operate the Service through one or more Operators. The Commissions will be free to select an Operator at their discretion, in consultation with the Rail Authority, based upon criteria designed to obtain an Operator qualified to operate trains on property of Class One railroads. Operation of the Service shall at all times comply with CSXT's operating rules for the near term, CSXT will continue to dispatch, provide maintenance of way and all other services to operate the right-of-way owned by the Commonwealth. As such, VRE will continue to have an Access agreement with CSXT as the Planned Improvements (e.g. 3<sup>rd</sup> and 4<sup>th</sup> tracks) have not been constructed. As the Planned Improvements are completed (e.g. Long Bridge, Franconia-Springfield Bypass), VRE will operate less on CSXT right-of-way and more on Rail Authority owned right-of-way.

The Rail Authority shall not be responsible for or liable to the Commissions, or its Operator, or any passenger for the consequences of any delays or cancellations of the Service due to conflicts with CSXT's freight service, Amtrak's inter-city passenger service, weather, labor difficulties, track or equipment failure, conflicting schedules or missed connections of Amtrak trains or of trains of CSXT, or from other causes.

The Rail Authority acknowledges the importance to the Commissions' commuter rail service of on-time performance and agrees to endeavor to provide an average monthly on-time performance of 90%. In the event an average on-time performance of 90% is not met in any month, the parties shall meet during the next month to discuss the reasons why the on-time performance average was not met and what steps can be taken to meet or exceed that average.

**Term**

This Agreement shall continue in effect until the Commissions cease to operate VRE service. At or about the fifth anniversary of this Agreement, representatives of the Commissions and the Rail Authority shall meet to review operation of this Agreement and discuss possible modifications. Modifications agreed upon by the parties shall be set forth in a written amendment to this Agreement.

**Track Dispatching and Maintenance Fee**

The periodic fee paid by the Commissions to the Rail Authority covering the Rail Authority's costs to dispatch and maintain the Rail Authority owned tracks (and other railroad assets made available by the Rail Authority and utilized by the Commissions) attributable to the Service. The Track Dispatching and Maintenance Fee will equal the amounts charged by CSXT or other contractors to the Rail Authority for dispatching and maintenance within the VRE territory minus any portion of such amounts paid to the Rail Authority by Amtrak. The fees are projected to be at or below the current fees VRE pays to CSXT.

**Passenger Station Facility Lease**

The Passenger Station Facility Lease Agreement is part of the Passenger Operations and Access Agreement. The purpose of this Lease Agreement is to establish the terms and conditions on which the Commissions shall lease certain real property and certain improvements owned by the Rail Authority, including the Legacy Station Sites, and for the construction, maintenance, and operation of commuter rail facilities.

The term of this Lease Agreement will be coterminous with the Passenger Operations and Access Agreement. Annual rental amounts shall be one dollar per year per station site.

<b>STATION SITE</b>	<b>ADDRESS</b>	<b>LEASED FACILITIES</b>
Leeland	275 Leeland Road Falmouth, VA 22405	Land
Brooke	1721 Brooke Road Stafford, VA 22554	Land
Rippon	15511 Farm Creek Drive Woodbridge, VA 22191	Land
Woodbridge	1040 Express Way Woodbridge, VA 22191	Land
Fredericksburg	200 Lafayette Boulevard Fredericksburg, VA 22401	East Platform
Quantico	550 Railroad Avenue Quantico, VA 22134	Station Building and Land
Lorton	8990 Lorton Station Boulevard Lorton, VA 22079	Land
Franconia-Springfield	6880 Frontier Drive Springfield, VA 22150	Land

Crystal City	1503 Crystal Drive Arlington, VA 22202	Land
Alexandria	110 Callahan Drive Alexandria, VA 22301	East Platform
L'Enfant	6th and 7th Street at C Street, SW Washington, DC 20024	Land
L'Enfant Storage Tracks	Washington, DC	Land
Spotsylvania	9442 Crossroads Parkway Fredericksburg, VA 22408	Land

### Planned Improvements

The table below list the Planned Improvements the Rail Authority intends to carry out, in cooperation with CSXT, and with funding from the Commissions and other sources:

Project Name	Project Limits
L'Enfant Fourth Track and Station Improvements	CFP 112.2 – CFP 111.5
New Long Bridge for Passenger Rail	CFP 111.5 – CFP 110.1
Alexandria Fourth Track	CFP 110.1 – CFP 104.3
Franconia Springfield Bypass	CFP 98.8 – CFP 96.2
Railroad Bridge Over Newington Road	CFP 96.2 – CFP 95.1
Franconia to Lorton Third Track	CFP 95.1 – CFP 92.3
Railroad Bridge Over Route 1	CFP 91.1 – CFP 90.1
Neabsco Creek to Woodbridge Third Track – Siding D	CFP 88.7 - CFP 84.8
Aquia Creek Third Track – Siding E	CFP 70.7 – CFP 68.1
Potomac Creek Third Track – Siding A	CFP 65.2 – CFP 61.3
Crossroads Third Track – Siding F	CFP 52.8 – CFP 48.7

### Planned Additional Service

The Rail Authority will make available to the Commissions train slots identified in the Service Plan. As the Planned Improvements are completed, the Rail Authority will provide additional train slots to the Commissions.

Timeline	Fredericksburg Line	Manassas Line
Post-Acquisition	One Round Trip	One Round Trip
Phase 1 – 2026*	Two Round Trips	Three Round Trips
Phase 1 – 2026* (Weekend Service)	Two Round Trips	Two Round Trips
Phase 2 – 2030*	Two Round Trips	

*\*Estimated completion of Planned Improvements*

As the Planned Improvements are completed, the Rail Authority will provide written notice to the Commissions of their right to begin additional service. The Commissions in turn shall: (i) on or before the Planned Additional Service Long Stop Date (12 months after notice), adopt a budget allocating funds to support the corresponding components of the Planned Additional Service, and (ii) begin such corresponding components of the Planned Additional Service no later than the beginning of the Fiscal Year immediately following the Fiscal Year during which the budget in (i) was adopted.

If the conditions of (i) and (ii) are not met, the Rail Authority may elect, unilaterally, to use the unused Planned Additional Service components for commuter or inter-city passenger rail service. The Rail Authority may utilize the train slots for a Substitute Operating Period – up to five-years.

The Commissions and the Rail Authority shall work in good faith to agree upon access and use of any Commission-owned passenger rail facilities for such commuter or inter-city passenger rail service during any Substitute Operating Period. If the Commissions do not meet conditions (i) and (ii) above because the Rail Authority does not discount the Contract Fee in the Fiscal Year in which the Planned Additional Service component(s) is required to begin, then the Commissions' obligation to meet conditions (i) and (ii) shall be tolled until the Fiscal Year in which the full eighty four percent (84%) Contract Fee discount is provided.

### **Indemnity/Liability/Default Provisions**

The Commissions shall indemnify the Virginia Indemnitees [*The Commonwealth of Virginia, the Commonwealth Transportation Board, the Rail Authority, and any of the officers, directors, employees, agents, or servants of such entities*] against any Losses or potential Losses by a Virginia Indemnatee, related in any way to or arising from the Commissions' acts or failure to act (i) related in any way to the Commissions' operation of passenger facilities, or (ii) in providing the Service, including, without limitation, for the Commissions' failure to comply with this Agreement or applicable law.

Similar to existing Operating Access Agreements with CSXT, NS and Amtrak the Commissions maintain a policy or policies of liability insurance, with annual aggregate limits of at least \$295,000,000.00 or as otherwise modified by law. All insurance policies shall name the Rail Authority as an additional insured. The Plan is administered by the Depart of Risk Management for the Commonwealth in accordance with Section 2.2-1839 of the Code of Virginia.

If the Commissions are in material breach of this Agreement for Safety, not obtaining the required insurance coverages or substantial lack of adherence to other general provisions, the Rail Authority may suspend the Service until the Commissions have commenced or effected a cure to the reasonable satisfaction of the Rail Authority. The Rail Authority may terminate this Agreement if the Commissions have failed to cure or to commence a cure within 180 days of the notice of material breach. However, even if this Agreement is not terminated, nothing shall compel the Rail Authority to lift any



suspension of the Service until the Commissions have effected a cure with respect to the applicable material breach, or until the Commissions have commenced a cure and are diligently pursuing completion – in either case to the reasonable satisfaction of the Rail Authority.

### **Assignment**

This Agreement may be initially with DRPT and then assigned by DRPT to the Rail Authority which would be responsible for all obligations and activities contemplated by this Agreement.

### **Fiscal Impact:**

As noted above, the track dispatching and maintenance fees paid by VRE to the Rail Authority are expected to be the same or less than the track access fees currently paid to CSXT. Thus, the funding currently provided in the approved FY 2021 budget for CSXT track access fees should be sufficient for both CSXT and Rail Authority fees under the new access arrangement. The FY 2022 budget that will be presented to the Operations Board for recommendation in December will reflect any additional information that is available regarding the allocation of access costs between CSXT and the Rail Authority, but the total budgeted expense will incorporate normal annual cost increases (e.g., inflation) over the FY 2021 value.

VRE currently pays 100 percent of contractual access fees to all three of its host railroads (CSXT, Norfolk Southern, and Amtrak) and then is reimbursed by the Commonwealth for 84 percent of those fees from grant funding sources. This leaves the net 16 percent to be funded directly from VRE passenger fares and local subsidy. While this grant funding arrangement is expected to continue with the three existing host railroads, the Rail Authority may pursue a modified arrangement where only a net fee is charged to VRE for dispatching and maintenance and no grant reimbursement is required.

**Virginia Railway Express  
Operations Board**

**Resolution  
9B-11-2020**

**Recommend Authorization to Execute a Passenger  
Rail Operations and Access Agreement**

**WHEREAS**, the Commissions currently have an Amended and Restated Operating/Access Agreement with CSX Transportation relating to VRE operations in the Fredericksburg to Washington corridor; and,

**WHEREAS**, in December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and,

**WHEREAS**, during the 2020 Virginia General Assembly session, the Virginia Passenger Rail Authority (“Rail Authority”) was established; and,

**WHEREAS**, the Rail Authority will manage the right-of-way acquired by the Commonwealth in the Fredericksburg to Washington corridor, including the Operating and Access agreement with VRE; and,

**WHEREAS**, once the right-of-way is acquired by the Commonwealth, the Commissions will need to have an Operating and Access Agreement in place with the Rail Authority; and,

**WHEREAS**, executing this agreement will ensure continued seamless operation of VRE service.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, 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 November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 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 further find that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by 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; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board recommends the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Operations and Access, subject to approval as to form by legal counsel.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-C**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Recommend Authorization to Execute a Passenger Rail  
Improvements and Funding Agreement**

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**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding.

**Summary:**

The Passenger Rail Improvements and Funding Agreement ("Funding Agreement") includes provisions for the Commissions to fund a portion of the Planned Improvements and the purchase of real property for right-of-way acquired by the Commonwealth from CSX Transportation (CSXT). The Commissions will utilize Commuter Rail Operating and Capital (CROC) funds for both a debt issuance and on a pay-as-you-go (PAYGO) basis as the source of the funding commitment. Once complete, the Planned Improvements will allow a significant increase in VRE service in accordance with the term of a separate Operating and Access Agreement with the Virginia Passenger Rail Authority ("Rail Authority"). Finally, it is anticipated the Agreement will be executed with the Department of Rail and Public Transportation (DRPT) and later assigned to the Rail Authority when practical.

**Background:**

Since 1992, the Commissions have been engaged in operating and planning the expansion of service for the Virginia Railway Express (VRE). In 2002, the Commissions and CSX



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Transportation (CSXT) established a corridor improvement program overseen by a corridor task force which included representatives of the Commonwealth of Virginia. The purpose of the corridor task force was to identify and fund capital improvement projects in the RF&P corridor to expand passenger rail. The Commonwealth of Virginia, acting through the Department of Rail and Public Transportation (DRPT), has worked collaboratively with the Commissions to advance commuter rail service, and beginning in 2009, began sponsoring the additional inter-city passenger rail service through the 'Amtrak Virginia' program.

The Commonwealth of Virginia, acting through the new Virginia Passenger Rail Authority ("Rail Authority"), will enter into a comprehensive rail agreement with CSXT for the purchase of approximately half of CSXT's interest in the railroad tracks and other railroad assets along the corridor. This agreement will effectively split the corridor longitudinally. The agreement includes a series of specific rail infrastructure improvement projects to facilitate the separation of freight and passenger rail services along the corridor, where feasible, so the two services may operate side-by-side on separate dedicated railroad tracks and other infrastructure and facilities. This separation will improve the reliability and capacity of both freight and passenger rail.

Recognizing the benefits to VRE of this agreement and the expected gains in reliability and capacity, VRE and DRPT began discussions last year on a VRE funding contribution. When VRE's FY 2021 budget was adopted by the Operations Board, staff were directed to continue discussions and develop an agreement with DRPT that would utilize a mix of debt proceeds and cash to contribute towards the Planned Improvements – identified below as Supported Program Elements.

### **Commuter Rail Operating and Capital (CROC) Fund**

CROC was created by the General Assembly in 2018 for the benefit of commuter railroads in the Commonwealth of Virginia. CROC funds can be used for commuter rail operations, for capital projects on a cash or PAYGO basis, and as the backing for a debt issuance. By law, no more than 66 percent of annual CROC funding can be committed to debt service.

CROC is currently funded at \$15 million per year from fuel taxes collected in NVTC and PRTC regions. VRE and the Commissions have already committed the FY 2019-2021 CROC funds (3 years x \$15 million = \$45 million total) to the VRE Crystal City and L'Enfant Station capital projects on a PAYGO basis. No commitments have yet been made for CROC funds in FY 2022 and beyond.

### **CROC-Backed Debt**

Under the proposed Funding Agreement, the Commissions will issue CROC-Backed Debt as permitted under Va. Code § 33.2-3502. The proceeds from the CROC-Backed Debt will be transferred to the Rail Authority and will be used to purchase real property within the VRE service area from CSXT. The Commissions will use best efforts to issue the CROC-Backed Debt no later than November 15, 2021, and shall issue the CROC-Backed Debt no later than November 15, 2022, provided the Commission and the Rail Authority both agree the

issuance of the CROC-Backed Debt will generate sufficient proceeds and otherwise reasonably satisfy the objectives of the Funding Agreement. Future action by the Commissions will be required before CROC-Backed Debt could be issued.

Financing structures for the CROC-Backed Debt may include public bonds, privately-placed bonds, bank financing, and financings under federal or state programs such as TIFIA, RRIF and the Virginia Resources Authority (VRA). The CROC-Backed Debt may be credit enhanced, supported by reserves, issued in one or more taxable or tax-exempt series, or otherwise structured and offered so as to achieve the objectives of the Funding Agreement. The Commissions shall be solely responsible for and make all debt service payments from appropriated CROC funds pursuant to the final financing agreements. The Commonwealth and the Rail Authority shall have no liability for any CROC-Backed Debt, nor will member jurisdictions of the Commissions.

### **CROC PAYGO Contributions**

In addition to the one-time commitment of proceeds from the CROC-Backed Debt, VRE and the Commissions will also contribute CROC funds to the Rail Authority on an ongoing basis. Beginning in FY 2022 and continuing through FY 2031 (ten years total), any available CROC amounts not already committed to debt service will be transferred on a quarterly basis to the Rail Authority to support key elements of the rail improvement program (see below). The Commissions may substitute an alternative capital funding source in place of the CROC funds for all or part of any required CROC PAYGO Contribution to the Rail Authority, provided the total equivalent amount of the required CROC PAYGO Contribution is otherwise provided.

### **Supported Program Elements**

***CROC-Backed Debt Proceeds*** will be used by the Rail Authority to support acquisition costs of the Real Property within the VRE operating territory. However, if in the reasonable opinion of the Commissions' tax and bond counsel, such use of the CROC-Backed Debt Proceeds jeopardizes the tax-exempt status of the CROC-Backed Debt, then the Commissions and the Rail Authority may collaborate in good faith to agree on alternative uses of the CROC-Backed Debt Proceeds.

***CROC PAYGO Contributions*** will be used to support the following Supported Program Elements, and this list of program elements supported by the CROC PAYGO Contributions may be amended in the future upon mutual agreement of the Commissions and the Rail Authority:

- a. New Long Bridge for Passenger Rail
- b. Alexandria Fourth Track
- c. Franconia Springfield Bypass

In accordance with Va. Code § 33.2-3501(B), the Commissions and the Rail Authority will collaborate to ensure those assets funded by the Commissions through this Funding

Agreement shall be subject to the continuing use of the Commissions for the useful life of such assets.

### **Assignment**

This Agreement may be initially entered into with DRPT and later assigned by DRPT to the Rail Authority which would be responsible for all obligations and activities contemplated by this Agreement.

### **Fiscal Impact:**

There is no immediate fiscal impact from recommending the Funding Agreement to the Commissions. The Funding Agreement only identifies the general structure of the funding contribution VRE will make to the Rail Authority in support of the Transforming Rail in Virginia Program. Once additional financial analysis and due diligence work is completed, the Operations Board and the Commissions will be asked to approve a more detailed financing structure for the CROC-Backed Debt Issuance.

However, the Funding Agreement does represent a significant step toward a major financial commitment by VRE and the Commissions to the Rail Authority and to improved passenger rail service in Virginia. In broad terms, VRE will be committing the entire \$15 million of its annual CROC funds for a ten year period (approximately FY 2022 to FY 2031), plus up to half of its annual CROC funds (\$7.5 million per year) for an additional twenty years after that as debt service. During the first ten years, CROC will be unavailable as a funding source to support existing or new services, unless a replacement source for the required PAYGO contribution can be identified. After the first ten years (i.e., once the PAYGO contributions are complete), a portion of the CROC funds will revert to VRE and be available to support new and expanded service.

**Virginia Railway Express  
Operations Board**

**Resolution  
9C-11-2020**

**Recommend Authorization to Execute a Passenger  
Rail Improvements and Funding Agreement**

**WHEREAS**, in December of 2019, the Commonwealth of Virginia announced the Virginia Rail Improvement Plan which includes the acquisition of CSX Transportation right-of-way in the Commonwealth; and,

**WHEREAS**, during the 2020 Virginia General Assembly session, the Virginia Passenger Rail Authority ("Rail Authority") was established; and,

**WHEREAS**, once the right-of-way is acquired by the Commonwealth, the Rail Authority will work collaboratively with CSX Transportation to construct Planned Improvements, in part, for the benefit of additional VRE service; and,

**WHEREAS**, the Commissions will provide a funding contribution to the Rail Authority to fund a portion of the Supported Program Elements and the purchase of real property; and,

**WHEREAS**, the Commissions will commit annual Commuter Rail Operating and Capital (CROC) funds for a CROC-Backed Debt issuance as well as pay-as-you-go contributions,

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, 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 November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 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 further find that meeting by electronic means is authorized because the items on the November 20, 2020, Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by 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; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board is asked to recommend the Commissions authorize the Chief Executive Officer to execute an agreement with the Virginia Passenger Rail Authority, or alternatively the Department of Rail and Public



Transportation for later assignment to the Virginia Passenger Rail Authority, for Passenger Rail Improvements and Funding, subject to approval as to form by legal counsel.

Approved this 20<sup>th</sup> day of November 2020

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Jeanine Lawson  
Secretary

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Gary Skinner  
Chairman



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 10-C**  
**Information Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Update: Recommend Authorization to Execute an Agreement for Design, Construction, Operation, and Maintenance of a Parking Garage at the VRE Manassas Park Station.**

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At the October 16, 2020, VRE Operations Board meeting the Operations Board recommended to the Commissions authorization to execute an agreement for design, construction, operation, and maintenance of a parking garage at the VRE Manassas Park Station – *Resolution 9C-10-2020*. At that time, VRE and City staff were working through final contract language in preparation for authorization of the final agreement by the Commissions at their November 5, 2020, meeting. The final contract language was not finalized in time for the Commission meetings and the resolution was removed from both Commissions agenda.

VRE and City staff have worked collaboratively to address the City's request to have the ability to reacquire the Garage Parcel used for the construction of the parking garage in the event VRE service at the Manassas Park Station was discontinued. VRE and City staff are proposing a ground lease of the Garage Parcel, and other requirements of the City, in the event VRE service was discontinued. The Section of the Agreement addressing this issue is below:

**Section 2 Garage Parcel**

- a. The City and the VRE will enter into a ground lease for the Garage Parcel, whereby the VRE will lease the Garage Parcel for the purposes of constructing, operating and maintaining the Garage. The term of such ground lease will continue for as long as the VRE uses the Garage for commuter rail patron parking. The ground lease must be fully executed prior to issuance by the VRE of a competitive solicitation for construction of the Garage.



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- b. The ground lease for the Garage Parcel will include a provision that, if the VRE either (i) determines that it no longer requires use of the Garage Parcel for commuter rail patron parking and provides written notice to the City of the same, or (ii) the VRE does not use the Garage for commuter rail patron parking for a period of one year, then the ground lease will terminate and the City will acquire ownership of all improvements constructed on the Garage Parcel, including the Garage, at no additional cost, subject to the requirement that the City will thereafter use the Garage in accordance with the conditions imposed by the grant funding entities that provided funds to design and construct the Garage.

Prior to soliciting for construction of the parking garage, staff will bring to the VRE Operations Board a recommendation to the Commissions to authorize a ground lease with the City of Manassas Park as identified in Section 2a.

Unless otherwise directed, VRE staff will bring the final agreement to both Commissions for approval at their December 3, 2020, meetings.



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-E**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Authorization to Amend the Contract for Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project**

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**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract amendment with Vanasse Hangen Brustlin, Inc. (VHB), of Vienna, VA, for Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project in the amount of \$525,947, plus a 10 percent contingency of \$52,595, for a total amount of \$578,542 for 60 percent relocation design of the parking garage, increasing the total authorization to an amount not to exceed \$2,784,986.

**Summary:**

The City of Manassas Park has requested that VRE relocate the parking garage to a new site adjacent to the previously designed site due to proposed development by the City. The proposed site relocation requires the garage design to be updated to a 60 percent design level using the new site location.

**Background:**

On June 17, 2016, the VRE Operations Board authorized the CEO to execute a contract with VHB for the Base Task of assessing future parking demand for the Manassas Park Station and evaluation of concepts for expanding parking. Preparation of preliminary design plans for the preferred alternative, and preparation of National Environmental Policy Act (NEPA) documentation to evaluate the potential impacts of expanding parking were included in the contract as Optional Task A. The preparation of final engineering plans was also included in the contract as Optional Task B.



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Authorization to exercise Optional Task A was received from the Operations Board on January 27, 2017. The scope of work for Optional Task A was completed in August 2018. On September 21, 2018, the VRE Operations Board authorized the CEO to exercise Optional Task B for final design and other ancillary tasks such as procurement support and limited construction administration services.

While completing the work for Optional Task B, the City of Manassas Park approached VRE about the potential relocation of the proposed parking garage to an adjacent site. At the time of this request, VRE was ready to submit 60 percent design plans and initial permitting requests to the City. Due to this relocation request, the existing 60 percent design plans need to be updated.

VRE requested VHB submit a proposal to accomplish the scope of the relocation design. The proposal submitted by VHB was reviewed by VRE staff and deemed to be responsive to all aspects required of the relocation design. The proposed cost was also compared with the Independent Cost Estimate prepared by VRE staff and determined to be fair and reasonable.

**Fiscal Impact:**

The original 60 percent design plans were funded through a standard project agreement (SPA) with the Northern Virginia Transportation Authority (NVTA). This SPA is intended to fund the complete (100 percent) design of the parking garage, with construction of the garage subsequently being funded through the I-66 Outside the Beltway (OTB) Concessionaire payment.

After being approached by the City of Manassas Park regarding the potential relocation and redesign, VRE staff coordinated with NVTA staff on the appropriate process for continued funding of the project. VRE's work under the NVTA SPA has been put on hold, and all funding for the relocation design will be provided through a separate agreement with the City of Manassas Park. Once the relocation design has reached 60 percent, and all parties are in agreement, the remaining design work to achieve 100 percent design will be funded through the NVTA SPA.

**Virginia Railway Express  
Operations Board**

**Resolution  
9E-11-2020**

**Authorization to Amend the Contract for Engineering and Environmental  
Services for the Manassas Park Station Parking Expansion Project**

**WHEREAS**, following completion of 60 percent design on a new parking garage at the Manassas Park Station, VRE was approached by the City of Manassas Park regarding a change in the proposed location of the parking garage; and,

**WHEREAS**, additional design efforts are required due to the proposed relocation of the parking garage site; and,

**WHEREAS**, VRE executed a contract with Vanasse Hangen Brustlin, Inc. (VHB) in July 2016 to provide Engineering and Environmental Services for the VRE Manassas Park Station Parking Expansion Project, and Optional Tasks A and B of the contract for preliminary design and final design were previously exercised with the authorization of the VRE Operations Board; and,

**WHEREAS**, VRE has received a proposal from VHB for the Optional Task B services, and staff has deemed it to be fair and reasonable;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract amendment with Vanasse Hangen Brustlin, Inc. of Vienna, Virginia, for Engineering and Environmental Services for the Manassas Park Station Parking Expansion Project in the amount of \$525,947, plus a 10 percent contingency of \$52,595, for a total amount of \$578,542 for 60 percent relocation design of the parking garage, increasing the total authorization to an amount not to exceed \$2,784,986.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-F**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Authorization to Issue a GEC VIII Task Order for Construction Management Services for the Rolling Road Station Improvement Project**

---

**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a General Engineering Consulting Services (GEC VIII) Task Order to STV Incorporated of Fairfax, Virginia, for Construction Management Services for the Rolling Road Station Improvement Project in the amount of \$487,817, plus a 10 percent contingency of \$48,782, for a total not to exceed \$536,599.

**Summary:**

The design for the Rolling Road Station Improvement Project is complete, and construction is anticipated to begin soon. Construction Management Services are being procured now to assist VRE staff in the management of the construction contractor.

**Background:**

The existing platform at Rolling Road Station can accommodate trains up to five cars in length. This prohibits train crews from opening all doors on longer trains at the station, which prolongs dwell times at the station and reduces railroad capacity. In June 2016, VRE began design of the following improvements at the station:

1. Extension of the existing platform by approximately 300 feet to accommodate longer trains
2. Installation of additional canopy coverage with new LED lighting



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3. Construction of a second walkway access from the parking lot to the extended platform
4. Rehabilitation of the existing platform and canopy structures

Construction management services are necessary to support VRE staff during construction with on-site representation, monitoring construction activities, documenting and reporting daily activities, tracking pay item quantities and assistance in ensuring quality standards and contract requirements are being met. In September 2020, the VRE Operations Board authorized execution of GEC VIII contracts to provide on-call engineering, planning, environmental and construction management services. STV Incorporated was awarded a contract under GEC VIII for the Construction Management Program Area.

At VRE's request, STV submitted a task order proposal to provide construction management services for the Rolling Road Station Improvement Project. A cost analysis was subsequently performed by VRE staff to compare the proposed cost with the independent cost estimate, and it was determined that STV's proposal is fair and reasonable.

**Fiscal Impact:**

Funding of \$2.0 million for the project is provided through federal Congestion Mitigation/Air Quality (CMAQ) grant VA-90-X046, and associated state match (#72513-12) for the design and construction of the Rolling Road platform extension. Additional CMAQ funding of \$3.0 million necessary to fully fund the project has recently been transferred from the Lorton Second Platform project and is in the process of being applied to a new grant.



**Virginia Railway Express  
Operations Board**

**Resolution  
9F-11-2020**

**Authorization to Issue a GEC VIII Task Order for Construction  
Management Services for the Rolling Road Station Improvement Project**

**WHEREAS**, the existing platform at Rolling Road Station can accommodate trains up to five cars in length, prohibiting train crews from opening all doors on longer trains at the station; and,

**WHEREAS**, a platform extension and other improvements are necessary at Rolling Road Station to accommodate present train consists and longer trains planned for the future; and,

**WHEREAS**, construction management services are necessary to support VRE staff during construction; and,

**WHEREAS**, the VRE Operations Board authorized execution of a General Engineering Consulting Services (GEC VIII) contract with STV Incorporated in September 2020 to provide Construction Management Services on an on-call basis through the award of task orders; and,

**WHEREAS**, STV Incorporated has presented an acceptable proposal, which is deemed to be fair and reasonable, to perform construction management services for the Rolling Road Station Improvement Project;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to issue a General Engineering Consulting Services (GEC VIII) Task Order to STV Incorporated of Fairfax, Virginia for Construction Management Services for the Rolling Road Station Improvement Project in the amount of \$487,817, plus a 10 percent contingency of \$48,782, for a total not to exceed \$536,599.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-G**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Authorization to Amend the Contracts for the Delivery of Diesel Fuel for VRE Locomotives**

---

**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer to amend the two contracts for the Delivery of Diesel Fuel for VRE Locomotives to exercise the second option year on each contract. Each option year will begin July 1, 2021, and end June 30, 2022. The contract option with James River Solutions of Ashland, Virginia, for the delivery of diesel fuel to the Crossroads Maintenance and Storage Facility is recommended in the amount of \$1,785,000, plus a 10 percent contingency of \$178,500, for a total amount not to exceed \$1,963,500. The contract option with Griffith Energy Services, Inc. of Columbia, Maryland for the delivery of diesel fuel to the Broad Run Maintenance and Storage Facility is recommended in the amount of \$1,190,000, plus a 10 percent contingency of \$119,000, for a total amount not to exceed \$1,309,000.

**Summary:**

Both diesel fuel supply 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 second 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 2022.

**Background:**

On December 20, 2019, the VRE Operations Board authorized the Chief Executive Officer to exercise the first option year of the contracts with James River Solutions in an amount not to exceed \$2,580,600, and Griffith Energy Services in an amount not to exceed \$1,720,400.



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The first option year of these contracts expires on June 30, 2021. 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.

Exercising the second option year of each contract prior to June 2021 will allow VRE, if desired, to enter into fixed price agreements for the delivery of fuel in FY 2022. The total cost of the second option year of the diesel fuel contracts, not including the requested 10 percent contingency, is based on an estimated price of \$1.75 per gallon for 1.7 million gallons of diesel fuel.

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.

**Fiscal Impact:**

The total of the requested contract option year authorization for James River Solutions (\$1,785,000) and Griffith Energy Services (\$1,190,000) is \$2,975,000, not including the requested 10 percent contingency. Funding in this amount is included in the proposed FY 2022 budget for Mechanical Operations that is expected to be recommended by the Operations Board in December 2020 and approved by the commissions in January 2021. Funding for future years will be included in each proposed annual budget.

**Virginia Railway Express  
Operations Board**

**Resolution  
9G-11-2020**

**Authorization to Amend the Contracts for the  
Delivery of Diesel Fuel for VRE Locomotives**

**WHEREAS**, on December 20, 2019, the VRE Operations Board authorized the Chief Executive Officer to exercise the first option year of the diesel fuel supply contracts with James River Solutions and Griffith Energy Services; and,

**WHEREAS**, the first option year for each contract will expire on June 30, 2021; and,

**WHEREAS** exercising the second option year of each contract now, before the expiration of the prior option year, will give VRE the ability to enter into fixed price agreements for diesel fuel through the end of FY 2022;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby authorize the Chief Executive Officer to amend the two contracts for the Delivery of Diesel Fuel for VRE Locomotives to exercise the second option year of each contract; 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 Maintenance and Storage Facility is recommended in the amount of \$1,785,000, plus a 10 percent contingency of \$178,500, for a total amount not to exceed \$1,963,500 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 Maintenance and Storage Facility is being recommended in the amount of \$1,190,000, plus a 10 percent contingency of \$119,000, for a total amount not to exceed \$1,309,000 for a period of one year.

Approved this 20<sup>th</sup> day of November 2020

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Gary Skinner  
Chairman

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Jeanine Lawson  
Secretary



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 9-D**  
**Action Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Recommend the Commissions Approve the 2021 VRE  
Legislative Agenda**

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**Recommendation:**

The VRE Operations Board is asked to recommend the Commissions approve the 2021 VRE Legislative Agenda and authorize the Chief Executive Officer to actively pursue the elements set forth in the attached document.

**Background:**

Annually, VRE prepares a Legislative Agenda to communicate VRE's legislative priorities in coordination with the Commissions and member jurisdictions. The Legislative Agenda, which addresses State and Federal issues, is attached.

**Fiscal Impact:**

There is no direct funding impact associated with adopting this agenda item.



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**Virginia Railway Express  
Operations Board**

**Resolution  
9D-11-2020**

**Recommend the Commissions Approve the 2021 VRE Legislative Agenda**

**WHEREAS**, VRE is an essential part of regional transportation network for the Northern Virginia and DC Metropolitan region; and,

**WHEREAS**, VRE serves residents throughout the Commonwealth to provide a meaningful public transportation option; and,

**WHEREAS**, it is essential for VRE to educate and advocate for desired legislative and regulatory outcomes with members of Congress and their staff, with staff of federal entities, in the Virginia General Assembly and with the Governor and his administration; and,

**WHEREAS**, VRE has coordinated its Legislative Agenda with the staffs of the Commissions and member jurisdictions;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions find that, in accordance with recently adopted amendments to budget bills HB 29 and 30, 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 November 20, 2020, and that meeting by electronic means is authorized because the items on the November 20, 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 further find that meeting by electronic means is authorized because the items on the November 20, 2020 Operations Board Meeting Agenda are encompassed within the continuity of operations ordinances adopted by 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; and,

**BE IT FURTHER RESOLVED THAT**, the VRE Operations Board does hereby recommend the Commissions approve the 2021 VRE Legislative Agenda ***as amended***, and authorize the Chief Executive Officer to actively pursue the elements set forth in the attached document.

Approved this 20<sup>th</sup> day of November 2020

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Jeanine Lawson  
Secretary

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Gary Skinner  
Chairman

**Virginia Railway Express  
2021 Legislative Agenda  
State Funding and Legislative Issues**

***COVID-19 Pandemic Response***

Monitor, evaluate and respond to legislative proposals pertaining to the COVID-19 pandemic that would impact VRE's operations, such as sick leave policies, hazard pay, and employee liability issues.

Support the maintenance of state funding and any necessary flexibility needed for public transportation in general, and VRE specifically, as the Commonwealth deals with the fiscal impact of the pandemic.

***State Capital Funding***

Protect state funding for the Long Bridge expansion plan and *Transforming Rail in Virginia* projects passed in the 2020 legislative session.

Safeguard funding for the Commuter Rail Operating and Capital (C-ROC) fund to ensure the Long Bridge expansion project continues to move forward and mitigate VRE revenue impacts resulting from lower ridership throughout the COVID-19 pandemic.

***Virginia Passenger Rail Authority (VPRA)***

Engage with and educate the staff of and gubernatorial appointees to VPRA about VRE's operations. Monitor, analyze and respond to proposed legislation or VPRA policy affecting VRE's fiscal or operational position. Support VRE's CEO in his capacity as an ex-officio member of VPRA.

***Meetings Held Through Electronic Communication Means***

Coordinate with VRE's parent commissions and other stakeholders on legislative proposals that would increase the flexibility of VRE and other public bodies to make policies that better accommodate the needs of their board members while remaining open and transparent to the public. ***This includes support for removing the state limit on how often Members may participate electronically when there is a physical quorum present, while retaining VRE's authority to govern such participation with additional guidelines or restrictions.***

***Northern Virginia Transportation Authority (NVTa) Funding***

Support actions by NVTa and others to fully restore funding for NVTa.

***Virginia Transit Association (VTA)***

Analyze VTA and others' proposals to increase funding for public transportation and create programs that will increase ridership.

***Transportation Authorities***

Monitor, evaluate and respond to proposals to create additional transportation authorities that would include VRE jurisdictions.



**Virginia Railway Express  
2021 Legislative Agenda  
Federal Funding, Legislative and Regulatory Issues**

***Surface Transportation Reauthorization***

Partner with industry stakeholders and associations to advocate for robust funding levels and appropriate policies to support commuter rail and mass transit. Efforts will include, but are not limited to, participating in association committee meetings, providing comments to policy and regulatory position documents, and collaborating on legislative advocacy.

***Surface Transportation Board (STB) Authority***

Educate Congress and the administration on the imperative of preserving STB's jurisdiction over VRE

and other common carrier commuter railroads. This will come in the form of letters to Members of Congress and committees of jurisdiction, as well as in-person or virtual meetings to discuss VRE's position and circumstance.

Monitor industry, congressional, and administration efforts affecting the ability of VRE, and similar commuter railroads, to seek relief from the STB when negotiating with Amtrak. As necessary, submit comments to regulatory bodies to advocate for preserving STB jurisdiction over VRE.

***Amtrak On-Time-Performance***

Monitor and, as needed, submit comments to Amtrak and the Federal Railroad Administration regarding joint efforts to develop on-time-performance metrics and measurements which will be enforced by the STB.

***Federal Grant Programs***

Work with the U.S. Department of Transportation (DOT), Virginia's congressional delegation, relevant congressional committees, and regional stakeholders to educate and secure administration and congressional support for discretionary grant applications submitted by VRE or with VRE as a key partner.

***U.S. DOT Rulemaking***

Track and comment on proposed guidance, rulemakings, or requests for comment from U.S. DOT helping to advance permit streamlining and regulatory reforms applicable to VRE's operations and Capital Improvement Program.

***Liability Insurance Reform***

Coordinate with the American Public Transportation Association and other stakeholders to investigate potential liability insurance reforms, with the goal of producing research on possible legislative and regulatory solutions to the industry's current struggles with attaining sufficient insurance to meet regulatory mandates and the increasing cost of doing so.

***COVID-19 Relief***

Monitor and, as appropriate, advocate for congressional and administration support for commuter rail and mass transit as the industry manages the impacts of COVID-19. Track and provide comments on congressional action specifically for front-line transit workers, including but not limited to, hazard pay for essential workers.



VIRGINIA RAILWAY EXPRESS  
OPERATIONS BOARD

**Agenda Item 10-B**  
**Information Item**

**To: Chairman Skinner and the VRE Operations Board**

**From: Rich Dalton**

**Date: November 20, 2020**

**Re: Spending Authority Report**

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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 Operations Board as an information item.

- On October 14, 2020, VRE amended an existing Task Order with STV Incorporated under the Mechanical Engineering Consulting Services (MEC) VII contract for National Transit Database (NTD) and Asset Management Reporting, Phase VI. The amendment increased the total commitment for this Task Order to \$147,939 and expanded the scope of work to include mobilization for facility condition assessments and Transit Asset Management (TAM) related SOP updates.
- On October 23, 2020, VRE issued a Task Order in the amount of \$95,232 to NVE, Inc. under the Maintenance Services for VRE Facilities contract to renovate the reception area at the VRE Alexandria Headquarters Office.
- On October 29, 2020, VRE amended an existing Task Order with Fresh Air Duct Cleaning, LLC under the Custodial and Seasonal Services for VRE Facilities contract for specialized cleaning services in response to the COVID-19 pandemic at VRE's Alexandria Headquarters Office, Fredericksburg Office and Crossroads Warehouse. The amendment extended the term of this Task Order by 36 weeks and increased the total commitment to an amount not to exceed \$97,940.



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**Public Comment Time**

Public comments will not be received during the meeting; however, those wanting to comment should send written comments, limited to one (1) page, to CRodrigo@OmniRide.com by December 2, 2020 at 5:00 p.m.

**PRTC Consent Agenda Action Items**

- 8.1 Approve Consent Agenda**
- 8.2 Acceptance of the Potomac and Rappahannock Transportation Commission Monthly Jurisdictional Financial Report for the Period Ended August 31, 2020**
- 8.3 Adopt the Proposed Potomac and Rappahannock Transportation Commissions 2021 Board of Commissioners Meeting Schedule**
- 8.4 Approve the Amended Potomac and Rappahannock Transportation Commission Leave Policy**
- 8.5 Approve the Potomac and Rappahannock Transportation Commission Telework Policy**
- 8.6 Authorize the Executive Director to Issue a Request for Proposals for the Design and Production of Bus Schedules and Bus Stop Information Displays**
- 8.7 Endorse the Potomac and Rappahannock Transportation Commission's Congestion Mitigation and Air Quality Funding Request for FY2027**

**MOTION:**

**SECOND:**

**RE:               APPROVE CONSENT AGENDA – DECEMBER 3, 2020**

**ACTION:**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission (“PRTC” or the “Commission”) was presented with a consent agenda; and

**WHEREAS**, an opportunity was afforded for items to be added or deleted from the consent agenda.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the consent agenda of December 3, 2020 as presented/amended.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

**MOTION:**

**SECOND:**

**RE:               ACCEPTANCE OF THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION  
COMMISSION MONTHLY JURISDICTIONAL FINANCIAL REPORT FOR THE PERIOD ENDED  
AUGUST 31, 2020**

**ACTION:**

**WHEREAS**, a financial report for each jurisdiction is prepared each month for presentation to the Potomac and Rappahannock Transportation Commission ("PRTC" or the "Commission"); and

**WHEREAS**, this report supplies information on the current month and year-to-date motor fuel tax collections; earned interest, other revenues, state administration cost, expenditures, transfers and encumbrances; and

**WHEREAS**, this information covers the PRTC as a whole, as well as each separate jurisdiction.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby accept the Jurisdictional Financial Report for the period ended August 31, 2020.

**Votes:**

**Ayes:**

**Nays:**

**Abstentions:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

**Fuel Tax Revenues  
Budget to Actual  
Two Months Ended August 2020**

	<b>FY21 YTD Budget</b>	<b>FY21 YTD Actual</b>	<b>Variance %</b>	<b>Variance \$</b>
Prince William County	2,124,950	2,166,221	2%	41,271
Stafford	681,583	734,564	8%	52,981
Manassas	155,467	144,513	-7%	(10,954)
Manassas Park	117,417	135,209	15%	17,792
Fredericksburg	249,967	160,832	-36%	(89,135)
Spotsylvania	761,783	942,204	24%	180,421
Total	4,091,167	4,283,543	5%	192,376

Year to date budget reflects updated FY2021 motor fuels tax revenue projections done in April 2020 as part of the FY2021 revised budget process.

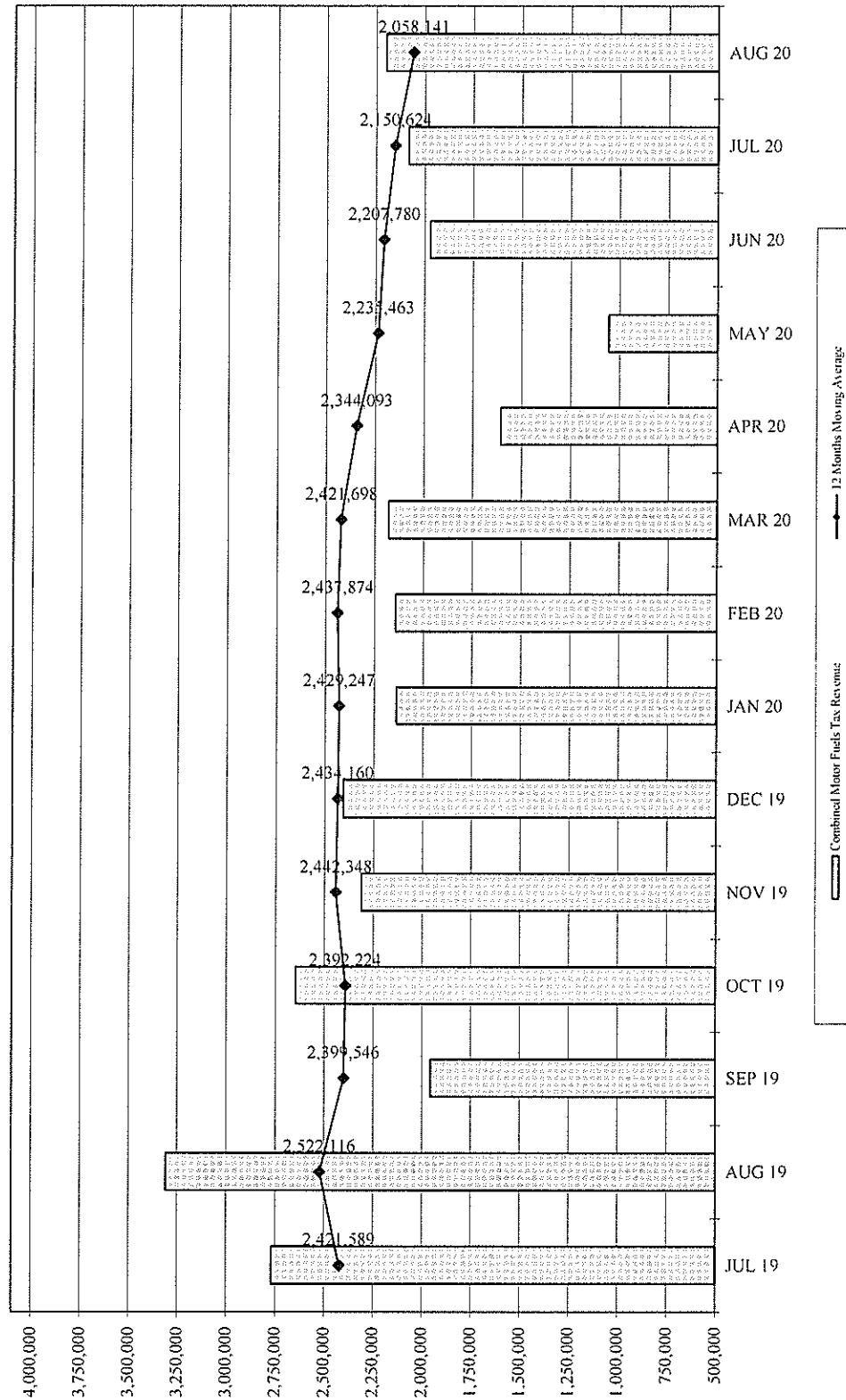
FY21 Beginning Fund Balance	\$ 20,190,325.72 (1)
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ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
08-06-07	\$ 173,000.00 (1)	\$ -	\$ 173,000.00
09-11-07	\$ 93,139.69 (1)	\$ -	\$ 93,139.69
10-11-05	\$ 234,500.00 (1)	\$ -	\$ 234,500.00
13-06-08	\$ 200,000.00 (1)	\$ -	\$ 200,000.00
15-05-07	\$ 371,164.00 (1)	\$ -	\$ 371,164.00
17-07-06	\$ 116,000.00 (1)	\$ -	\$ 116,000.00
17-07-07	\$ 206,000.00 (1)	\$ -	\$ 206,000.00
19-06-10	\$ 432,642.00 (1)	\$ -	\$ 432,642.00
19-11-08	\$ 15,000.00 (1)	\$ -	\$ 15,000.00
19-11-09	\$ 10,000.00 (1)	\$ -	\$ 10,000.00
20-01-06	\$ 80,090.00 (1)	\$ -	\$ 80,090.00
20-06-05	\$ 5,623,616.00 (1a)	\$ 2,811,808.00	\$ 2,811,808.00
20-06-15	\$ 19,792,700.00 (1a)	\$ 1,416,000.00	\$ 18,376,700.00
20-07-05	\$ 1,416,000.00	\$ 350,881.37	\$ 1,065,118.63
Total	\$ 28,763,851.69	\$ 4,578,689.37	\$ 24,185,162.32 (*)

(\*) Resolutions which have been encumbered will not be expended until funds become available.



# PRTC NET FUEL TAX COLLECTIONS FY20 and FY21



MONTHLY FINANCIAL REPORT FOR PRINCE WILLIAM COUNTY  
FOR THE TWO MONTHS ENDING AUGUST 31, 2020

FY21 Beginning Fund Balance		\$ 9,167,282.27 (1)
	Current Month	Year To Date
Gross Tax Revenue	\$ 1,522,088.22	\$ 2,964,277.02
Less: Commuter Rail Operating and Capital Fund (CROC)	\$ (401,878.30)	\$ (798,055.56)
Less: State Admin Cost	\$ -	\$ -
Net Tax Revenue	\$ 1,120,209.92	\$ 2,166,221.46
Interest from Investment	\$ 1,788.37	\$ 3,848.15
Total Tax & Investment Revenue	\$ 1,121,998.29	\$ 2,170,069.61
Expenditures/Transfers	\$ -	\$ (1,328,900.00)
PRTC Operating Fund Balance	\$ -	\$ 1,328,900.00
FUND BALANCE (BEFORE UNEXPENDED ADOPTED RESOLUTIONS)		
PLUS YEAR TO DATE REVENUE LESS EXPENDITURES		\$ 11,337,351.88
FY21 Projected Motor Fuel Revenue (for remainder of fiscal year)		10,583,478.54
LESS: Unexpended Adopted Resolutions		\$ (17,726,400.00) (*)
Other Financing Sources/(Uses)		
Claims and Judgments	0.00	-
Jurisdictional Reimbursement	\$0.00	\$0.00
Total Projected Unencumbered Balance		\$ 4,194,430.42 (2)

ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
08-06-07	\$ 173,000.00 (1)	\$ -	\$ 173,000.00
20-06-15	\$ 18,882,300.00 (1a)	\$ 1,328,900.00	\$ 17,553,400.00
Total	\$ 19,055,300.00	\$ 1,328,900.00	\$ 17,726,400.00 (*)

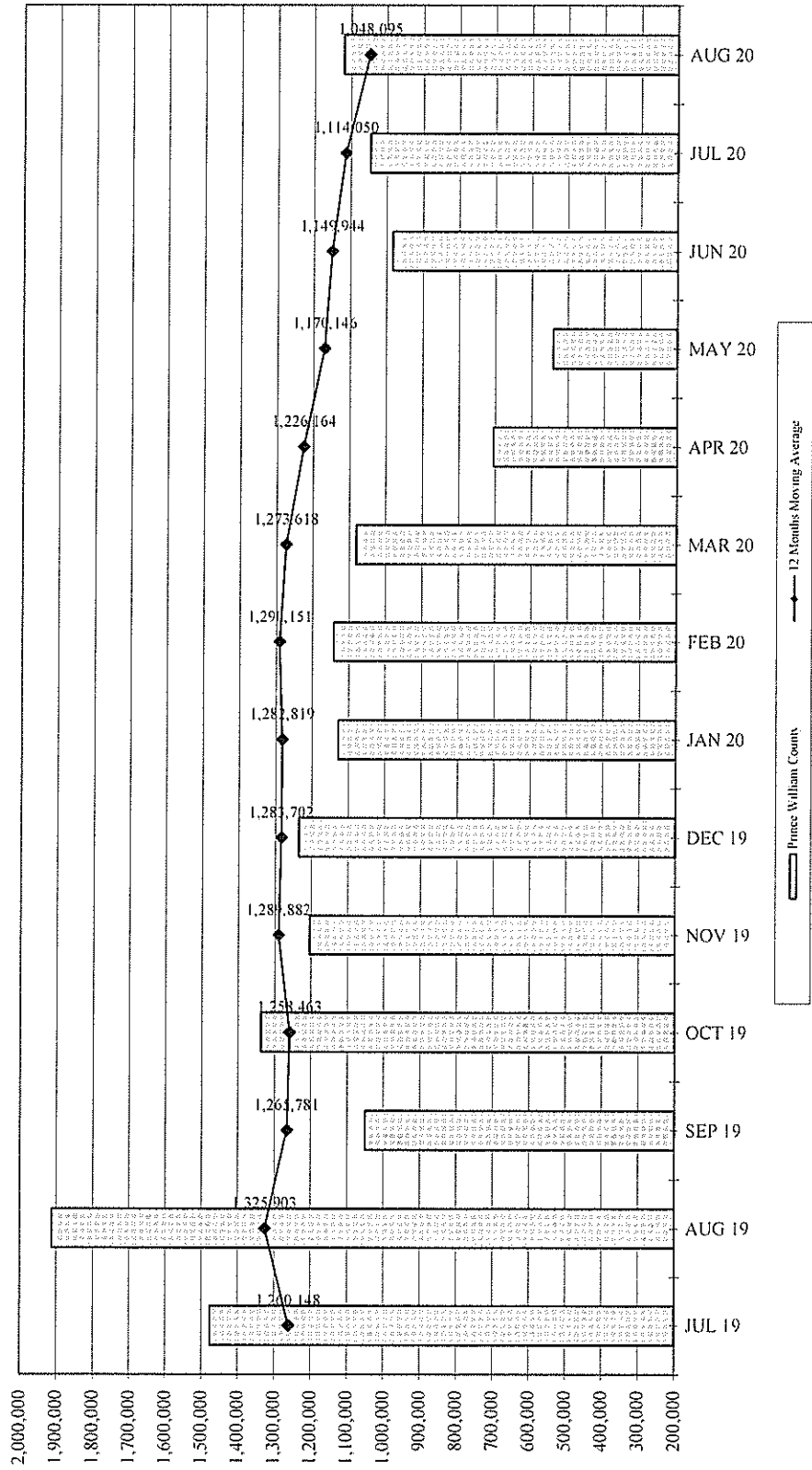
(1) Remaining balance @ 6/30/20 (1a) June 2020 resolution for FY21 expenditures

(2) Projected Unencumbered Balance equals Fund Balance plus FY21 Projected Revenue  
(for remainder of fiscal year) minus Unexpended Adopted Resolutions, plus Other Financing Sources.

(\*) Resolutions which have been encumbered will not be expended until funds become available.

# PRTC NET FUEL TAX COLLECTIONS

FY20 and FY21



MONTHLY FINANCIAL REPORT FOR STAFFORD COUNTY  
FOR THE TWO MONTHS ENDING AUGUST 31, 2020

FY21 Beginning Fund Balance		\$ 3,146,967.55 (1)
	Current Month	Year To Date
Gross Tax Revenue	\$ 500,179.43	\$ 1,005,418.87
Less: Commuter Rail Operating and Capital Fund (CROC)	\$ (132,062.82)	\$ (270,854.89)
Less: State Admin Cost	\$ -	\$ -
Net Tax Revenue	\$ 368,116.61	\$ 734,563.98
Interest from Investment	\$ 345.23	\$ 723.60
Total Tax & Investment Revenue	\$ 368,461.84	\$ 735,287.58
Expenditures/Transfers	\$ -	\$ (1,251,087.50)
PRTC Operating Fund Balance	\$ -	\$ 12,500.00
FUND BALANCE (BEFORE UNEXPENDED ADOPTED RESOLUTIONS)		
PLUS YEAR TO DATE REVENUE LESS EXPENDITURES		\$ 2,643,667.63
FY21 Projected Motor Fuel Revenue (for remainder of fiscal year)		3,354,936.02
LESS: Unexpended Adopted Resolutions		\$ (1,356,587.50) (*)
Other Financing Sources/(Uses)		
Claims and Judgments	\$0.00	\$0.00
Jurisdictional Reimbursement	\$0.00	\$0.00
Total Projected Unencumbered Balance		\$ 4,642,016.15 (2)

ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
20-06-05	\$ 2,477,175.00 (1a)	\$ 1,238,587.50	\$ 1,238,587.50
20-06-15	\$ 130,500.00 (1a)	\$ 12,500.00	\$ 118,000.00
Total	\$ 2,607,675.00	\$ 1,251,087.50	\$ 1,356,587.50 (*)

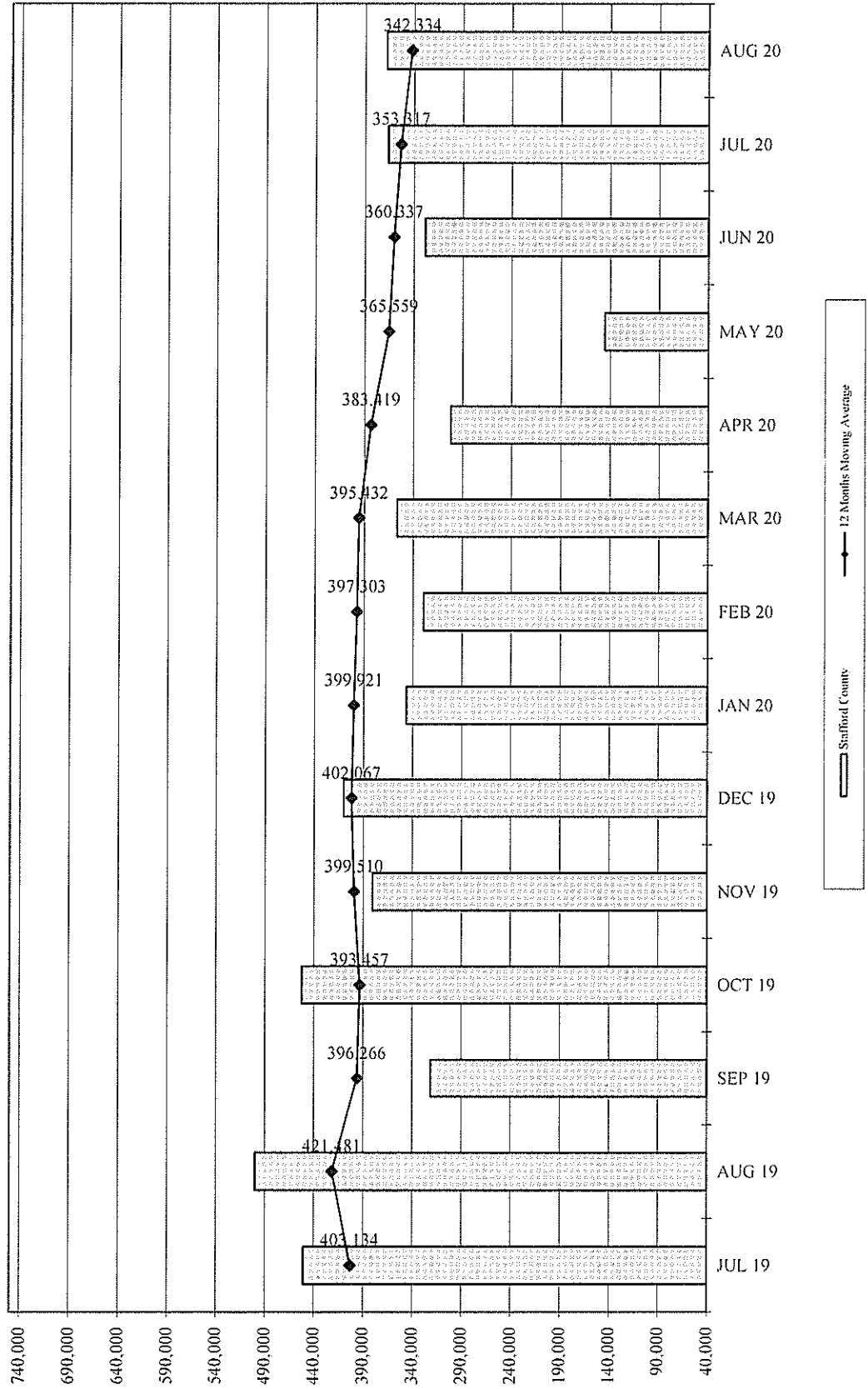
(1) Remaining balance @ 6/30/20 (1a) June 2020 resolution for FY21 expenditures

(2) Projected Unencumbered Balance equals Fund Balance plus FY21 Projected Revenue  
(for remainder of fiscal year) minus Unexpended Adopted Resolutions, plus Other Financing Sources.

(\*) Resolutions which have been encumbered will not be expended until funds become available.

# PRTC NET FUEL TAX COLLECTIONS

FY20 and FY21



FY21 Beginning Fund Balance		\$ 734,791.79 (1)
	Current Month	Year To Date
Gross Tax Revenue	\$ 98,374.31	\$ 197,798.89
Less: Commuter Rail Operating and Capital Fund (CROC)	\$ (25,973.85)	\$ (53,286.33)
Less: State Admin Cost	\$ -	\$ -
Net Tax Revenue	\$ 72,400.46	\$ 144,512.56
Interest from Investment	\$ 58.25	\$ 117.43
Total Tax & Investment Revenue	\$ 72,458.71	\$ 144,629.99
Expenditures/Transfers	\$ -	\$ (441,417.00)
Reimbursement From State Grant and Transfer from City of Manassas	\$ -	\$ -
PRTC Operating Fund Balance	\$ -	\$ 37,800.00
FUND BALANCE (BEFORE UNEXPENDED ADOPTED RESOLUTIONS)		
PLUS YEAR TO DATE REVENUE LESS EXPENDITURES		\$ 475,804.78
FY21 Projected Motor Fuel Revenue		
(for remainder of fiscal year)		788,287.44
FY21 Projected State Grant (remainder)		137,114.00
LESS: Unexpended Adopted Resolutions		\$ (748,617.00) (*)
Other Financing Sources/(Uses)		
Claims and Judgments	\$0.00	\$0.00
Jurisdictional Reimbursement	\$0.00	\$0.00
Total Projected Unencumbered Balance		\$ 652,589.22 (2)

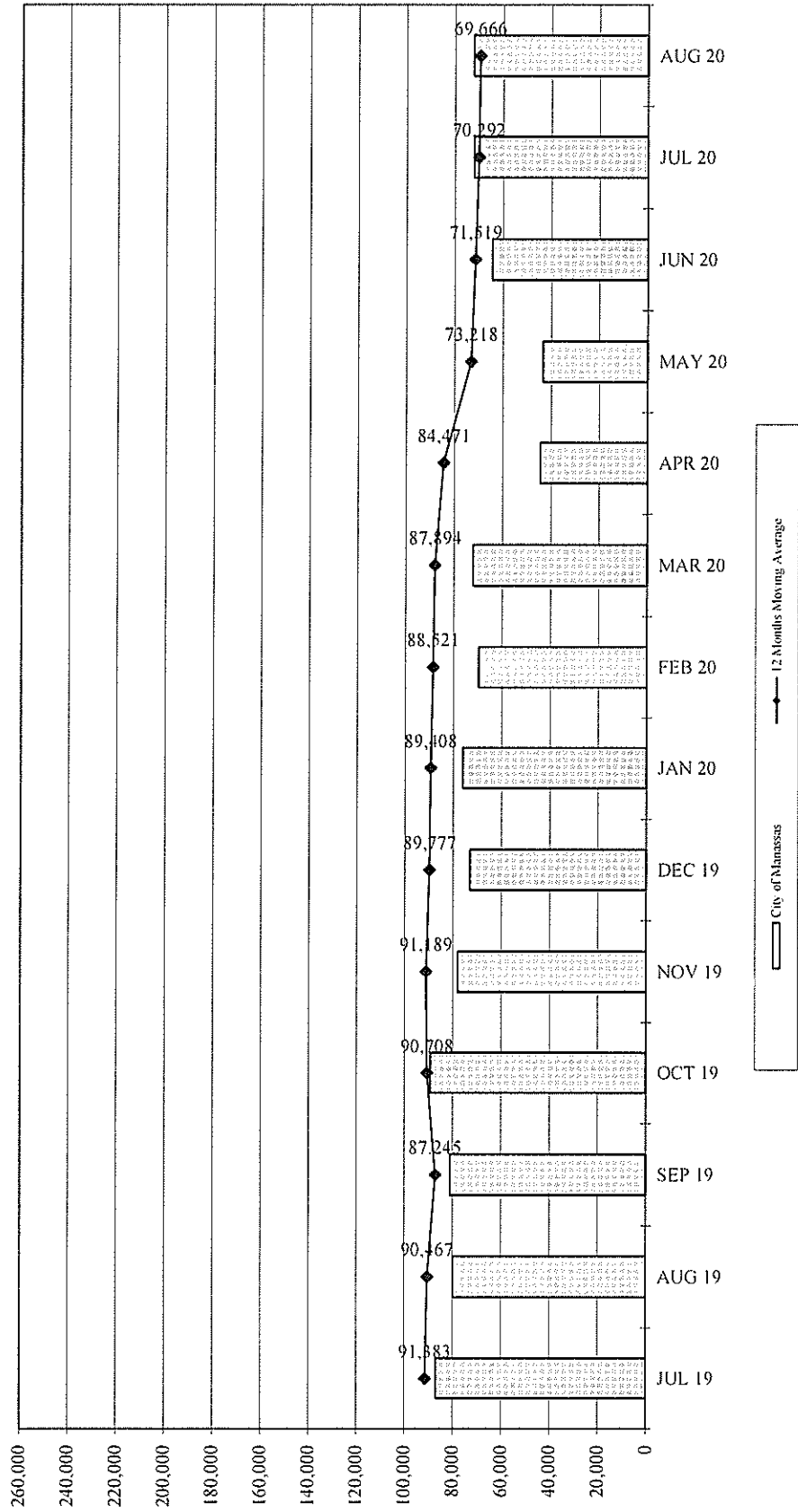
ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
20-06-05	\$ 807,234.00 (1a)	\$ 403,617.00	\$ 403,617.00
20-06-15	\$ 382,800.00 (1a)	\$ 37,800.00	\$ 345,000.00
Total	\$ 1,190,034.00	\$ 441,417.00	\$ 748,617.00 (*)

(for remainder of fiscal year) minus Unexpended Adopted Resolutions, plus Other Financing Sources.

(\*) Resolutions which have been encumbered will not be expended until funds become available.

# PRTC NET FUEL TAX COLLECTIONS

FY20 and FY21



MONTHLY FINANCIAL REPORT FOR CITY OF MANASSAS PARK  
FOR THE TWO MONTHS ENDING AUGUST 31, 2020

FY21 Beginning Fund Balance		\$ 2,870,640.10 (1)
	Current Month	Year To Date
Gross Tax Revenue	\$ 91,456.47	\$ 185,073.65
Less: Commuter Rail Operating and Capital Fund (CROC)	\$ (24,147.33)	\$ (49,864.49)
Less: State Admin Cost	\$ -	\$ -
Net Tax Revenue	\$ 67,309.14	\$ 135,209.16
Interest from Investment	\$ 564.50	\$ 1,261.40
Total Tax & Investment Revenue	\$ 67,873.64	\$ 136,470.56
Expenditures/Transfers	\$ -	\$ (252,482.00)
PRTC Operating Fund Balance	\$ -	\$ 18,300.00
FUND BALANCE (BEFORE UNEXPENDED ADOPTED RESOLUTIONS)		
PLUS YEAR TO DATE REVENUE LESS EXPENDITURES		\$ 2,772,928.66
FY21 Projected Motor Fuel Revenue (for remainder of fiscal year)		569,290.84
LESS: Unexpended Adopted Resolutions		\$ (1,664,985.69) (*)
Other Financing Sources/(Uses)		
Claims and Judgments	\$0.00	\$0.00
Jurisdictional Reimbursement	\$0.00	\$0.00
Total Projected Unencumbered Balance		\$ 1,677,233.81 (2)

ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
09-11-07	\$ 93,139.69 (1)	\$ -	\$ 93,139.69
10-11-05	\$ 234,500.00 (1)	\$ -	\$ 234,500.00
13-06-08	\$ 200,000.00 (1)	\$ -	\$ 200,000.00
15-05-07	\$ 371,164.00 (1)	\$ -	\$ 371,164.00
17-07-06	\$ 116,000.00 (1)	\$ -	\$ 116,000.00
17-07-07	\$ 206,000.00 (1)	\$ -	\$ 206,000.00
19-11-08	\$ 15,000.00 (1)	\$ -	\$ 15,000.00
19-11-09	\$ 10,000.00 (1)	\$ -	\$ 10,000.00
20-06-05	\$ 468,364.00 (1a)	\$ 234,182.00	\$ 234,182.00
20-06-15	\$ 203,300.00 (1a)	\$ 18,300.00	\$ 185,000.00
Total	\$ 1,917,467.69	\$ 252,482.00	\$ 1,664,985.69 (*)

(1) Remaining balance @ 6/30/20 (1a) June 2020 resolution for FY21 expenditures

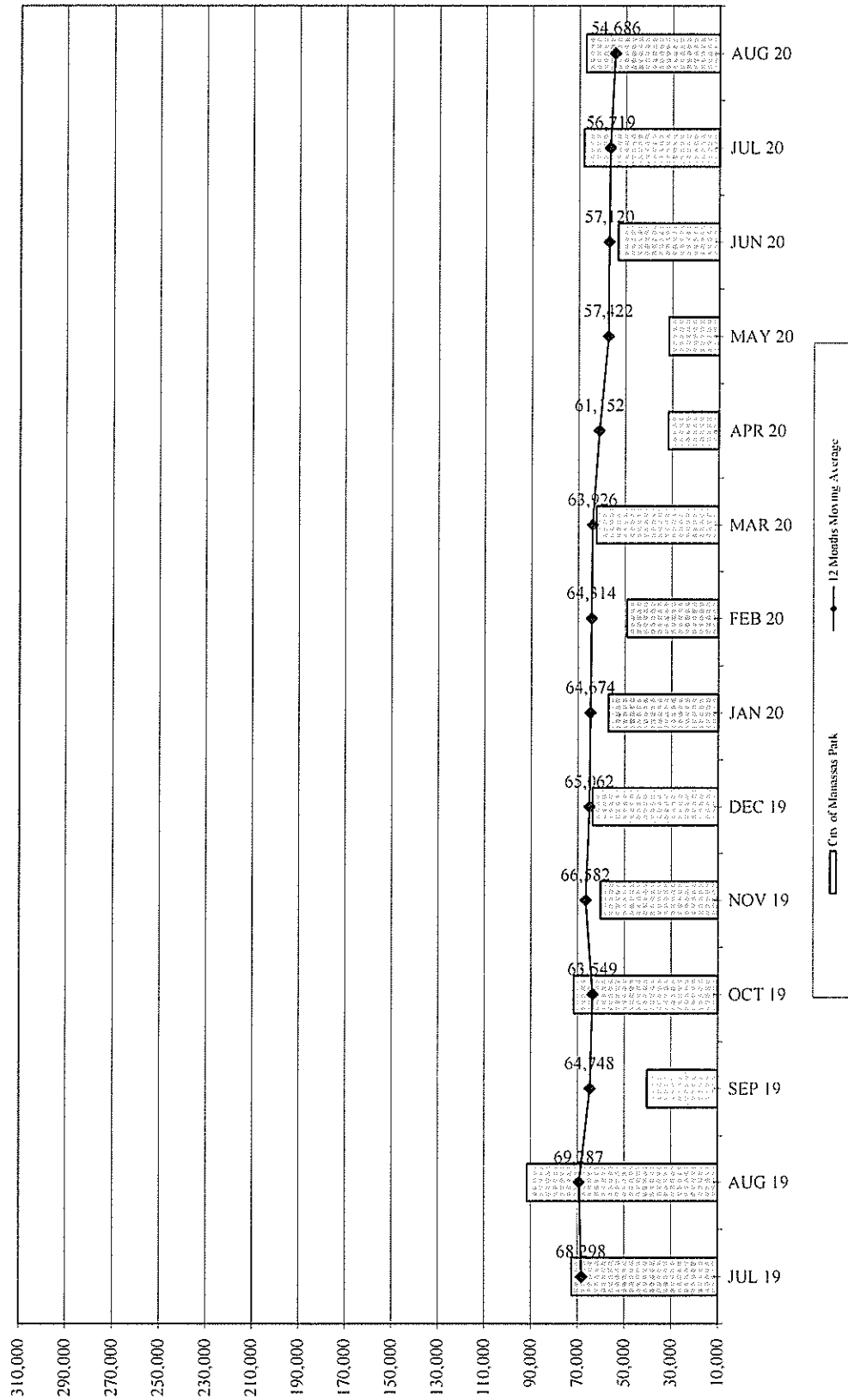
(2) Projected Unencumbered Balance equals Fund Balance plus FY21 Projected Revenue  
(for remainder of fiscal year) minus Unexpended Adopted Resolutions, plus Other Financing Sources.

(\*) Resolutions which have been encumbered will not be expended until funds become available.



# PRTC NET FUEL TAX COLLECTIONS

FY20 and FY21



MONTHLY FINANCIAL REPORT FOR CITY OF FREDERICKSBURG  
FOR THE TWO MONTHS ENDING AUGUST 31, 2020

FY21 Beginning Fund Balance			\$ 2,559,822.04 (1)
	Current Month	Year To Date	
Gross Tax Revenue	\$ 119,966.87	\$ 219,981.58	
Less: Commuter Rail Operating and Capital Fund (CROC)	\$ (31,674.96)	\$ (59,149.56)	
Less: State Admin Cost	\$ -	\$ -	
Net Tax Revenue	\$ 88,291.91	\$ 160,832.02	
Interest from Investment	\$ 467.69	\$ 1,081.42	
Total Tax & Investment Revenue	\$ 88,759.60	\$ 161,913.44	
Expenditures/Transfers	\$ (350,881.37)	\$ (539,125.87)	
PRTC Operating Fund Balance	\$ -	\$ 4,700.00	
FUND BALANCE (BEFORE UNEXPENDED ADOPTED RESOLUTIONS)			
PLUS YEAR TO DATE REVENUE LESS EXPENDITURES			\$ 2,187,309.61
FY21 Projected Motor Fuel Revenue (for remainder of fiscal year)			1,338,967.98
LESS: Unexpended Adopted Resolutions			\$ (1,724,505.13) (*)
Other Financing Sources/(Uses)			
Claims and Judgments	\$0.00	\$0.00	
Jurisdictional Reimbursement	\$0.00	\$0.00	
Total Projected Unencumbered Balance			\$ 1,801,772.46 (2)

ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
19-06-10	\$ 432,642.00 (1)	\$ -	\$ 432,642.00
20-06-05	\$ 367,089.00 (1a)	\$ 183,544.50	\$ 183,544.50
20-06-15	\$ 47,900.00 (1a)	\$ 4,700.00	\$ 43,200.00
20-07-05	\$ 1,416,000.00	\$ 350,881.37	\$ 1,065,118.63
Total	\$ 2,263,631.00	\$ 539,125.87	\$ 1,724,505.13 (*)

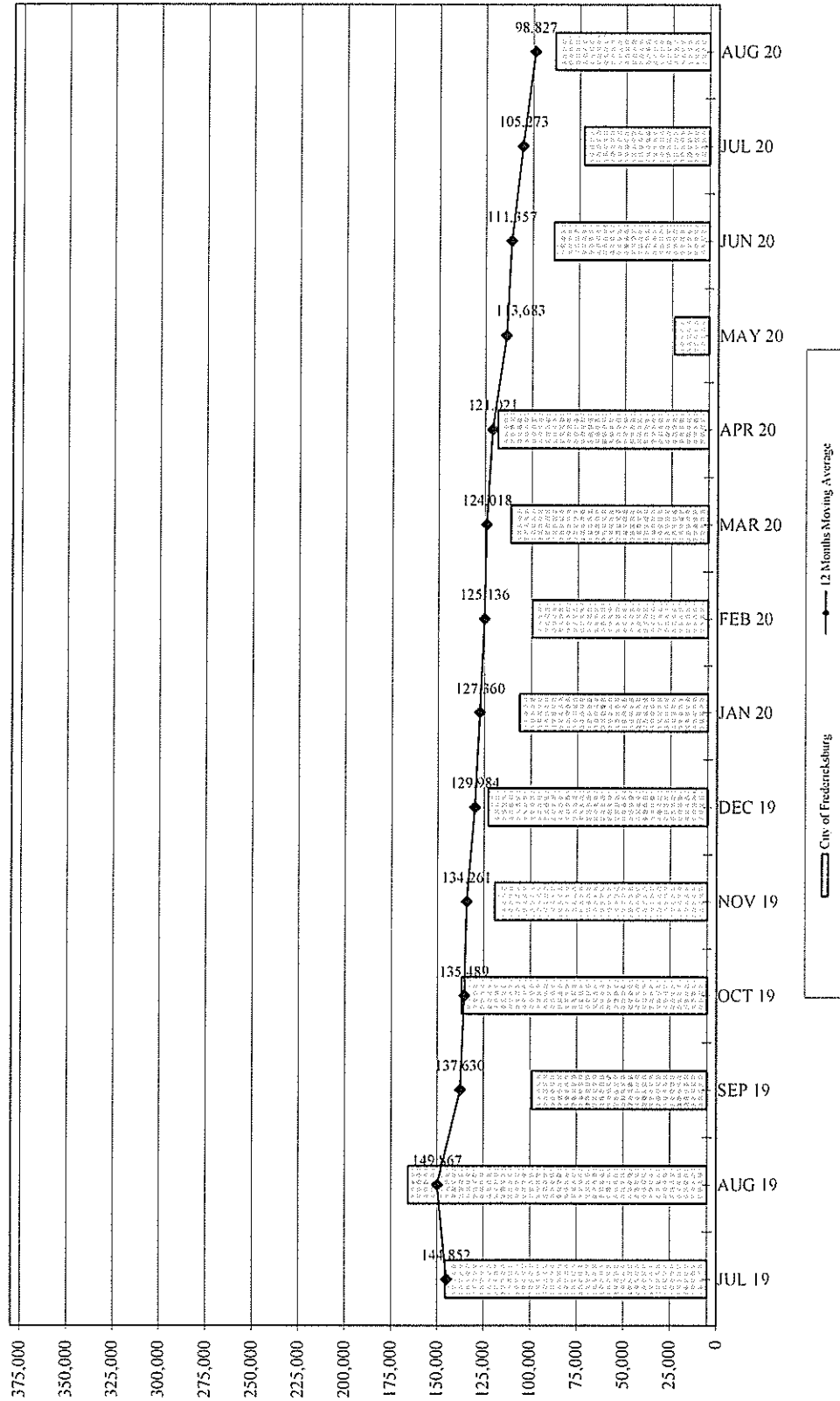
(1) Remaining balance @ 6/30/20 (1a) June 2020 resolution for FY21 expenditures

(2) Projected Unencumbered Balance equals Fund Balance plus FY21 Projected Revenue  
(for remainder of fiscal year) minus Unexpended Adopted Resolutions, plus Other Financing Sources.

(\*) Resolutions which have been encumbered will not be expended until funds become available.

# PRTC NET FUEL TAX COLLECTIONS

FY20 and FY21



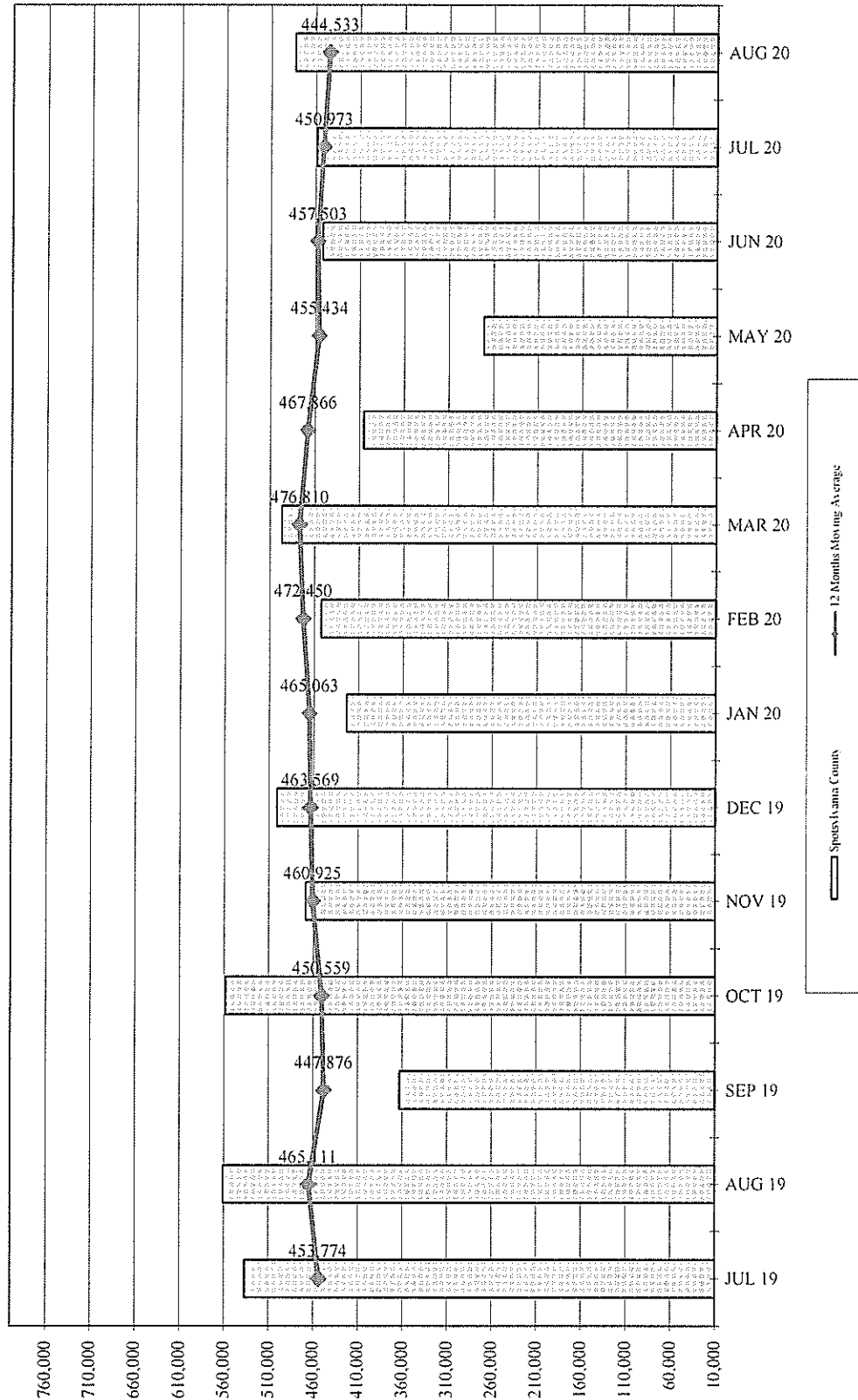
FY21 Beginning Fund Balance	\$ 1,710,821.97 (1)
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ADOPTED RESOLUTIONS	AMOUNT	EXPENDITURES	BALANCE
20-01-06	\$ 80,090.00 (1)	\$ -	\$ 80,090.00
20-06-05	\$ 1,503,754.00 (1a)	\$ 751,877.00	\$ 751,877.00
20-06-15	\$ 145,900.00 (1a)	\$ 13,800.00	\$ 132,100.00
Total	\$ 1,729,744.00	\$ 765,677.00	\$ 964,067.00 (*)

#NAME?

# PRTC NET FUEL TAX COLLECTIONS

FY20 and FY21



**MOTION:**

**SECOND:**

**RE:               ADOPT THE PROPOSED POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION 2021 BOARD OF COMMISSIONERS  
MEETING SCHEDULE**

**ACTION:**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission meets the first Thursday of each month unless otherwise specified; and

**WHEREAS**, in accordance with the Bylaws, the Commission shall adopt a schedule of the times, dates, and locations of its regular meetings for the ensuing calendar year at its December meeting.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission hereby adopts the proposed 2021 Board of Commissioners meeting schedule.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

# COMMISSION MEETING SCHEDULE

# 2021

PRTC Commission Meetings are held on the first Thursday of the month at 7:00pm in the second floor conference room of the OmniRide Transit Center, unless otherwise noted.

14700 Potomac Mills Road, Woodbridge, VA 22192

POTOMAC & RAPPAHANNOCK  
TRANSPORTATION COMMISSION

JANUARY 14

FEBRUARY 11

MARCH 4

APRIL 1

MAY 6

JUNE 3

JULY 8

AUGUST

BOARD RECESS - NO MEETING

SEPTEMBER 2

OCTOBER 7

NOVEMBER 4

DECEMBER 2

## JANUARY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## FEBRUARY

S	M	T	W	T	F	S
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

## MARCH

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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## APRIL

S	M	T	W	T	F	S
				1	2	3
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18	19	20	21	22	23	24
25	26	27	28	29	30	

## MAY

S	M	T	W	T	F	S
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## JUNE

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		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

## JULY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## AUGUST

S	M	T	W	T	F	S
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## SEPTEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

## OCTOBER

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## NOVEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## DECEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Executive Committee and Operations Committee meet on an "as needed" basis at 6:00pm prior to the regularly scheduled PRTC Board Meeting-advance notice is provided.

All VRE Operations Board meetings are scheduled for the third Friday of each month at 9:00am at the OmniRide Transit Center (except for the August recess).

**MOTION:**

**SECOND:**

**RE:               APPROVE THE AMENDED POTOMAC AND RAPPAHANNOCK TRANSPORTATION  
COMMISSION LEAVE POLICY**

**ACTION:**

**WHEREAS**, President Abraham Lincoln first issued the Emancipation Proclamation effective January 1, 1863, freeing the slaves in the South. However, southern slave owners ignored that order. On June 19th, 1865, Union soldiers arrived in Galveston, Texas and enforced the president's order, freeing the slaves two and a half years after it was first decreed. This day has since come to be known as Juneteenth; and

**WHEREAS**, Juneteenth is nationally recognized as the oldest known celebration of the ending of slavery, known in many places as "Juneteenth Independence Day"; and

**WHEREAS**, the Potomac and Rappahannock Transportation Commission and the Virginia Railway Express management feels Juneteenth is significant and should be recognized as a holiday; and

**WHEREAS**, the Leave Policy, Chapter XV of PRTC's Personnel Policy, will be amended to include June 19 (Juneteenth) as a holiday.

**NOW, THEREFORE BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the amended Leave Policy to include June 19<sup>th</sup> as a holiday for PRTC OmniRide and VRE employees.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**



## XV. LEAVE

### PURPOSE:

To establish the use and definition of various types of leave authorized by PRTC or VRE.

### POLICY:

Regular attendance and the ability to work assigned schedules are essential job functions for all PRTC/VRE personnel. Leave is any authorized absence during regularly scheduled work hours that has been approved by the proper authority. Leave may be authorized with or without pay. Absence without previously approved leave is considered unauthorized leave.

#### I. Leave Policy

- A. For all leave, with the exception of official holiday, sick, administrative leave, or liberal leave, an employee is required to submit a signed leave form indicating the type of leave, duration and dates of departure and return except as otherwise stated in this policy. The leave must be approved prior to the taking of the leave. In the case of sick leave or liberal leave, the leave form shall be completed and submitted for approval immediately upon the employee's return to duty.
- B. An *employee* who is absent from duty without approval shall receive no pay for the duration of the absence and shall be subject to *disciplinary action* which may include termination.
- C. It is recognized that there may be extenuating circumstances for unauthorized absence and due consideration shall be given each case by the *employee's* Department Director.
- D. Failure of an *employee* to report for work at the expiration of an authorized leave or the expiration of any extension of such leave shall be considered as absence without leave.
- E. Leave benefits in this policy are based on a standard 75 hour bi-weekly work schedule.
- F. Leave will be earned by *full-time regular employees* beginning from the date of *appointment* to the *full-time regular* position. Full-time service credit will be given for *part-time regular* service on a pro-rated basis.
- G. Leave debited shall not exceed the total amount credited to an *employee* at the time of absence. No leave shall be advanced to any *employee*. Leave without pay may be granted for leave extending beyond the earned credit. *Employees* may use annual leave or *compensatory leave* for sick when sick leave is exhausted.
- H. The amount of leave to be debited shall be computed on the basis of the exact number of hours that an *employee* is scheduled to work, in no less than one-half hour units, using a standard bi-weekly work schedule of 75 hours.

- I. Any leave credits held by a *full-time* or *part-time regular employee* in the competitive service at the time of *promotion* or *transfer* from one department to another (or between PRTC and VRE) shall be transferred.
- J. The PRTC Finance Department shall be responsible for the maintenance of accurate leave records.
- K. Accrued but unexpended sick or annual leave credits shall not be deemed a vested property interest until the *employee* has satisfactorily separated from PRTC or VRE on either a voluntary or involuntary basis. Payment for unused annual leave and compensatory leave when separation is for cause (e.g. unsatisfactory performance) shall be at the discretion of the *employee's* Department Director in accordance with this policy (See Sections III, IV of Leave Policy and *Separations* and Adverse Actions).

## II. Types of Leave

- A. Annual Leave (Section III)
- B. Sick Leave (Section IV)
- C. Worker's Compensation (Section VI)
- D. Military Leave (Section VII)
- E. Civil Leave (Section VIII)
- F. Leave Without Pay (Section IX)
- G. Holiday Leave (Section X)
- H. Administrative Leave (Section XI)
- I. Unscheduled Leave (Section XII and Section XIII)
- J. Bereavement Leave (Section XIV)

## III. Annual Leave

- A. Annual leave shall be credited to all *full-time regular employees* as follows based on a standard bi-weekly work schedule of 75 hours:
  - 1. Less than 3 years service - 4 hours per biweekly payroll period;
  - 2. Three (3) years but less than 6 years service - 5 hours per biweekly payroll period;
  - 3. Six (6) years but less than 9 years service - 6 hours per biweekly payroll period;
  - 4. Nine (9) years but less than 12 years service - 7 hours per biweekly payroll period; and
  - 5. Twelve (12) years or more of service - 8 hours per biweekly payroll period.

- B. Annual leave shall be credited to *part-time regular employees* who work 15 hours or more per week as follows:
1. Less than 3 years service – 2 hours per biweekly payroll period;
  2. Three (3) years but less than 6 years service – 2.5 hours per biweekly payroll period;
  3. Six (6) years but less than 9 years service – 3 hours per biweekly payroll period;
  4. Nine (9) years but less than 12 years service – 3.5 hours per biweekly payroll period; and
  5. Twelve (12) years or more service – 4 hours per biweekly payroll period.
- C. During the year, careful consideration shall be given to the desire and needs of the *employee* in the granting of annual leave. Department Directors or designees shall grant leave in accordance with these policies on the basis of the work requirements in the department, and whenever possible, the personal wishes of the *employee*.
- D. *Employees* with less than ten years service may carry forward from one calendar year to the next no more than 225 hours. *Employees* with ten years or more of service may carry forward no more than 300 hours. Annual leave that is in excess of these limits and exists at the end of the pay period that includes December 31 of each year shall be credited to the *employee's* sick leave balance. The maximum excess annual leave converted cannot exceed 135 hours annually. The Executive Director and the Chief Executive Officer have the authority to approve a carryover or payment of excess leave on an exception basis, with payment subject to the determination that the expenditure can be covered by the existing budget.
- E. Upon voluntary *separation*, an *employee* shall be paid for the unused portion of accrued annual leave to a maximum of 225 hours with less than ten years service and 300 hours with ten (or more) years service, except as modified by the rules governing resignation without sufficient notice (See Policy entitled Separations and Adverse Actions). A request may be considered for payment in excess of these limits in the case of the *employee's* death. The Executive Director and the Chief Executive Officer also have the authority to approve a payment of excess leave on an exception basis, with payment subject to the determination that the expenditure can be covered by the existing budget.

#### IV. Sick Leave

- A. Sick leave is paid leave that may be granted to each eligible *employee* who through illness, temporary disability relating to pregnancy, childbirth or related medical conditions, or non-work or work related injury becomes incapacitated to a degree that makes it impossible for the *employee* to perform the duties of their position or who is quarantined by a medical provider because of exposure to a contagious disease. Sick leave may also be granted to an eligible *employee* for medical, dental, or optical diagnosis or treatment.

PRTC or VRE may elect to temporarily fill the *employee's* position during the absence of the *employee* while on sick leave. The *employee* shall be returned to the position, if able, at the conclusion of paid leave.

- B. Sick leave benefits shall be granted for necessary care and attendance or death of a family member of the *employee's* immediate family which shall include the husband, wife, children, mother, father, sister, brother, in-laws, grandparents, grandchildren, great-grandparents, great-grandchildren, and other persons at the discretion of the Executive Director or Chief Executive Officer.
- C. *Employees* who have prior knowledge that they may have to use sick leave shall make application in advance of its use. Advanced approval is necessary for such situations as childbirth, operation, special medical, dental, optical, or similar treatment.
- D. *Employees* who are not able to report to work because of illness, injury or quarantine for which there was no prior knowledge shall notify their Department Director or designee prior to the normal reporting time on the first day of absence and at such other times following the first day of absence as may be required by the *employee's* Department Director. The employee may have someone else call on his/her behalf only in the event that the employee is unable to make the call himself/herself.

*Employees* may be disallowed the use of sick leave or may be subject to *disciplinary action* if they fail to notify their supervisor that they are unable to report to work because of illness, injury, temporary disability, or quarantine within the time limits prescribed.

- E. *Employees* using three or more consecutive *work days* of sick leave may be required by the Department Director to submit a certificate by a medical provider confirming the *employee's* or family member's (as defined above in Sub-section B) illness, injury, temporary disability, or quarantine and inability to report for work or to perform part or all of the *duties* and responsibilities of the position. If such a certificate is required, failure to present will preclude the use of the *employee's* sick leave.

The Department Director may also require an *employee* to submit a medical provider's certificate for illness, injury, temporary disability, quarantine or special medical treatment if it appears that sick leave usage is excessive or questionable. In such cases the *employee* may be required to take a medical examination at the expense of PRTC or VRE.

- F. A Department Director may investigate all alleged illnesses of any *employee* absent on sick leave if the Department Director believes the *employee* is falsely or fraudulently using sick leave.
- G. Sick leave will be credited to *full-time regular employees* at 4 hours per bi-weekly payroll. Two (2) hours of sick leave per biweekly payroll period will be credited to *regular part-time employees* who work at least 15 hours or more per week.
- H. There is no maximum of sick leave which may be accumulated by an *employee*.
- I. Excess annual leave beyond the limits set forth in Section III-D will be converted to sick leave credits.

- J. Conversion of sick leave to annual leave is not permitted.
  - K. If an employee exhausts all credited leave due to certain family and medical reasons which would qualify as such under the Family Medical Leave Act, the employee may ask his/her Department Director to solicit sick leave, annual leave and/or compensatory leave donations from staff on his/her behalf. The decision to solicit leave donations rests solely with the Department Director, not the affected employee. Unsolicited leave donations will not be accepted. Leave donations will be a dollar transfer rather than an hour transfer. A calculation will be done based on the number of hours to be donated and the hourly rate of both *employees*.
  - L. Upon *separation*, sick leave credits will be paid at the current hourly rate for 25% of any sick leave credits in excess of 450 hours. To qualify, an *employee* must retire or resign in good status or otherwise separate involuntarily under satisfactory status after a minimum of five years of service and possess sick leave credits in excess of the hours listed above.
  - M. *Full-time or part-time regular employees* who separate from PRTC or VRE and return to employment within one year from the date of *separation* shall have their former unused and unpaid sick leave credits reinstated.
- V. Family and Medical Leave
- A. *Employees* are provided up to 12 weeks of paid or unpaid leave during a 12-month period for an *employee's* serious illness, birth, adoption, or foster care placement of a child, or caring for a sick spouse, child or parent. Leave for birth, adoption, or foster care should be taken within one year of the birth or placement of the child.
  - B. Sick leave, annual leave, accrued comp time and leave without pay to the extent necessary may be granted. All sick, annual, compensatory leave, and any donated leave taken under FMLA must be expended first before unpaid leave is taken. This paid leave will be counted against the twelve week entitlement. Application for the leave required for such absence shall be made by the *employee* prior to taking such leave.
  - C. Credit toward annual and sick leave shall not be earned during leave without pay.
  - D. To be eligible, an *employee* must be employed by PRTC or VRE for at least 12 months and have worked at least 1,250 hours in a 12-month period preceding the leave request.
  - E. Leave as defined in this section of the policy may be taken intermittently in weekly, daily or hourly increments. PRTC or VRE and the *employee* must agree on these variations if the *employee* is taking leave for the birth, adoption or foster care of a child. However, for leave relating to a serious health condition, the *employee* may take intermittent leave or work a reduced schedule so long as it is deemed medically necessary for continuing treatment or medical appointments relating directly to the serious health condition or as otherwise indicated by the employee's physician.
  - F. When an *employee* plans to take leave under this policy, the *employee* is required to give a 30-day notice or, if this is not possible, as much notice as practicable. Certification of medical necessity is required. The appropriate paperwork can be obtained from the Manager of Personnel Administration. The *employee* will be given

at least 15 calendar days to comply with the request. PRTC or VRE reserves its right under provisions of the statute to obtain a second opinion from a provider who is not employed or contracted regularly by PRTC or VRE. A third certification can break a tie.

- G. Temporary *transfer* to less strenuous or hazardous jobs to accommodate an *employee's* illness, injury, or temporary disability may be granted if requested by the *employee* and when positions are available. Medical statements from the attending medical provider will be required to determine if such accommodations are reasonably necessary.
- H. If an *employee* requests intermittent leave, the Department Director may require the *employee* to transfer temporarily to an available position which better accommodates recurring leave periods.
- I. When *employees* return to work, they will be reinstated to their former position vacated before going on family and medical leave. If the purpose of the leave is the *employee's* illness, the *employee* must provide a written letter from a medical provider granting permission to return to work.
- J. The *employee* remains eligible to receive benefits under PRTC/VRE's group health plans providing the *employee* pays his/her share of the premium.

## VI. Worker's Compensation

- A. An *employee* who incurs an occupational illness or injury which has been accepted by PRTC or VRE as compensable, or has been determined to be compensable by the Workers Compensation Commission, may be allowed injury leave with pay, not to exceed twelve consecutive calendar months from the date of the initial illness or injury. Injury leave is designed to provide *employees* with a maximum of 12 months of *compensation* which when combined with workers' compensation payments ensures that the *employee* will receive no reduction in his/her annual salary. All leave granted under the provisions of this policy shall be requested by the *employee* and recorded on the *employee's* leave sheet and shall not be charged to any other type of leave.
- B. After *employees* exhaust all available injury leave, as well as their own sick, compensatory, and annual leave, if they are still unable to return to work, they may be separated from PRTC or VRE. At that time, *employees* who have compensable claims will be eligible to continue to receive their workers' compensation payments in accordance with their award from the Virginia Workers Compensation Commission.
- C. If an *employee* has not exhausted the twelve consecutive calendar months of injury leave and he/she is still under a physician's care, he/she may apply for additional injury leave benefits not to exceed a total of twelve months (260 days). The *employee* will need to demonstrate medical necessity to the Executive Director or the Chief Executive Officer, Finance Director and his/her Department Director, and the granting of such additional leave shall be at the discretion of the Executive Director or the Chief Executive Officer.

## VII. Military Leave

- A. Any full-time regular *employee* who leaves PRTC or VRE to join or serve on extended active duty with the uniformed services of the United States during time of war or other national emergency, as determined by the Commission, or is drafted into the military service for extended active duty purposes, shall be placed on military leave without pay. Such military leave without pay shall extend through a date that is fourteen (14) days after the *employee* is relieved from such active duty military service that is more than thirty (30) days but less than 181 days; or shall extend through a date that is ninety (90) days after the *employee* is relieved of such active duty military service that is more than 180 days. *Employees* shall be entitled to be restored to the position vacated, provided: they make application to the Finance Department within fourteen (14) days, if the military service was more than thirty (30) days but less than 181 days, or within ninety (90) days if the military service was for more than 180 days of their honorable discharge or release from the active duty under honorable conditions; and the employee on such leave is physically and mentally capable of performing the work of his/her position. Any *employee* who is on military leave under this provision in excess of five (5) years cumulatively shall not be entitled to re-employment, unless an exemption contained in 38 USC 4312(c) is applicable.
- B. In the event the position vacated by an *employee* entering or serving on extended active duty in the uniformed services of the United States on military leave without pay no longer exists at the time they are qualified to return to work, the *employee* shall be entitled to re-employment in another position of the same *classification*, provided such re-employment does not necessitate the laying off of another *employee* who was appointed at an earlier date than the *employee* returning from military leave without pay.
- C. *Full-time regular employees* who leave the competitive service directly for such military leave without pay may elect to be paid for any accrued annual leave, sick leave (paid in accordance with section IV-L of this policy), or *compensatory leave* due as of the date of departing on such military leave without pay. If the *employee* elects not to be paid for such leave, the unused or unpaid leave credits shall be reinstated upon return of the *employee*. Any *employee* on military leave without pay shall not be entitled to accrue or earn sick leave or annual leave while in the status of military leave without pay, the same as is in the case with other employees granted leave without pay as described in Section X-B of this policy. However, upon return from active military duty, all annual and sick leave shall be reinstated retroactively to the date of active duty.
- D. *Employees* who are members of the National Guard or an organized military reserve of the uniformed services of the United States and who are ordered to active duty or training duty are entitled to a military leave of absence with pay not to exceed fifteen (15) work days during the twelve (12) month period, October 1 through September 30, as provided for in Virginia Code Section 44-93. During absence under this subsection for military leave with pay, the *employee* shall be entitled to earn credit toward sick leave and annual leave. The Executive Director or the Chief Executive Officer may seek the Board(s) approval to make an exception to this provision and allow more discretion in extending the leave of absence with pay and/or in soliciting leave donations for the affected employee.
- E. *Employees* who are members of the National Guard or an organized military reserve of the uniformed services of the United States shall be considered to be on military

leave without pay when performing reserve drills or training that is in excess of fifteen (15) work days of military leave with pay described in paragraph D of this section. Such *employees* shall not be charged with annual leave, sick leave, or *compensatory* leave when absent for attending such reserve drills or training, unless the *employee* so elects. For reserve drills or training of less than 31 days, the *employee* shall report for work not later than the beginning of the first regularly scheduled work period on the first full calendar day following the completion of the reserve drill or training and the expiration of eight (8) hours after a period of time allowing for the safe transportation of the *employee* from the place of the reserve drill or training to the *employee's* residence.

- F. *Employees* shall provide notice to their immediate supervisors of their need to go on military leave as far in advance of taking military leave as is possible under the circumstances. If military orders are available prior to the *employee's* departure for military leave, a copy shall be provided to the *employee's* immediate supervisor. If military orders are not available in advance of the military leave, the *employee* shall provide his immediate supervisor with oral notice as soon as the date of the military leave is known to the *employee*. A copy of the orders or other documentation shall be provided to the immediate supervisor as soon after the *employee* returns from military leave as the orders or documentation are available. The following requirements more fully describe the procedures in connection with specific circumstances involved with notification and documentation pertaining to military leave:
1. In those situations where the employee is a member of the National Guard or an organized reserve of the uniformed services of the United States, the employee shall provide a copy of the orders assigning the employee to the National Guard or reserve unit to the employee's immediate supervisor. If orders are not available, a letter from the commanding officer or other authorized representative of the National Guard or reserve unit will be sufficient. If a quarterly, semiannual or annual schedule of National Guard or reserve unit drill dates is available, a copy shall be provided to the employee's immediate supervisor when it becomes available. In the absence of a drill schedule, the employee shall orally notify his immediate supervisor as far in advance as possible of the dates the employee will be attending National Guard or reserve drills. This is particularly important for employees working weekend shifts. Absences to attendance at National Guard or reserve drills for members of the National Guard or organized reserve of the uniformed services of the United States shall not result in loss of annual leave, sick leave or compensatory leave, unless the employee so elects.
  2. When employees who are members of the National Guard or an organized reserve of the uniformed services of the United States attend active duty or training duty on military leave with pay for up to fifteen (15) work days in accordance with subparagraph D heretofore, they shall provide a copy of military orders to their immediate supervisor prior to departure if available. If orders are not available prior to departure, the employee shall provide the immediate supervisor with oral notice of the dates of the military leave as far in advance of the departure date as possible. The employee shall provide the immediate supervisor a copy of the orders or other documentation of the military leave as soon after returning as possible. A letter from the commanding officer or other authorized representative of the uniformed service confirming the dates of military duty will be sufficient.



This documentation is required in order to permit the employee to be paid for the military leave, if no documentation of the dates of the military leave with pay is provided within ninety (90) days of the completion of the military leave, the employee's records will be revised to reflect the leave was military leave without pay. The employee may elect to use any accrued annual leave in lieu of having the absence be without pay. If the employee subsequently provides the necessary documentation of military leave of up to fifteen (15) work days, the employee's records will be corrected to show the employee's leave was military leave with pay, or any charged annual leave will be restored.

3. When employees go on military leave without pay for extended active duty with a uniformed service of the United States, they shall provide a copy of military orders to their immediate supervisor prior to departure, if available. If orders are not available, the employee shall provide oral notice to the immediate supervisor as far as possible in advance of the date of departure on military leave without pay. When an employee applies for reemployment at the conclusion of military leave without pay for extended active duty, documentation shall be provided to establish that (a) the employee's application is timely, (b) the employee has not exceeded the service limitations set for in 38 USC 4312(c), and (c) the employee's entitlement to re-employment has not been terminated pursuant to 38 USC 4304. This documentation shall be provided at the time the employee applies for re-employment, the documentation is available, or as soon thereafter as it becomes available.

- G. For the purposes of this section, "extended active duty" shall be construed to mean active duty under military orders of a uniformed service of the United States that exceeds thirty (30) day of active duty service.
- H. There shall be no loss of seniority rights of employees while on military leave for service in the uniformed services of the United States. All merit salary increases and market adjustments scheduled to occur or occurred while on active military duty shall be granted upon return to PRTC/VRE service. Merit salary increases scheduled to occur while on active military duty will be granted at the salary level of the previous year of PRTC service.
- I. PRTC or VRE shall not be required to re-employ any person if any of the undue hardship, change of circumstances or other provision of 38 USC 4312(d)(1) are applicable.

#### VIII. Civil Leave

*All full-time regular and part-time regular employees (15 hours or more per week) who are called by the Court for jury duty or as a witness in a PRTC/VRE work related incident shall be paid their regular salary or the hours that they would normally work on the particular day that the civil leave is taken plus any payments made by the Court as provided for in Virginia Code Section 14.1-195.1. A copy of the court summons or subpoena must be submitted to the employee's Department Director by the employee.*

## IX. Leave Without Pay

A Department Director may grant a *full-time regular employee* leave without pay for a period not to exceed ninety consecutive calendar days. All requests shall be subject to the following:

- A. Leave without pay shall be granted only when it is in the best interest of PRTC or VRE to do so or in accordance with the Family and Medical Act;
- B. Credit toward annual leave and sick leave shall not be earned during leave without pay;
- C. A leave without pay shall not constitute a *break in service* but changes the *merit pay increase* date by the number of days in excess of thirty consecutive calendar days if the *employee* is absent more than thirty consecutive calendar days;
- D. Failure on the part of the *employee* to report promptly at the expiration of leave without pay may be cause for *dismissal*;
- E. Department Directors shall not approve requests for leave in excess of ninety consecutive days. This includes any request for leave with pay or leave without pay, when the combined total period of leave days exceed 90 consecutive days. Requests for leave in excess of ninety consecutive days must be approved by the Executive Director. A leave without pay shall not constitute a *break in service* but changes the *merit pay increase date* by the number of days in excess of thirty consecutive calendar days if the *employee* is absent more than thirty consecutive calendar days.

## X. Holiday Leave

- A. The following holidays are generally observed by PRTC and VRE as official holidays:

New Year's Day	January 1
*Martin Luther King, Jr. Day	3rd Monday in January
*Washington's Birthday/ Presidents Day	3rd Monday in February
Memorial Day	Last Monday in May
* <b>Juneteenth</b>	<b>June 19</b>
Independence Day	July 4
Labor Day	1st Monday in September
*Columbus Day/Indigenous Peoples' Day	2nd Monday in October
*Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
*Thanksgiving Friday	4th Friday in November
*Christmas Eve	December 24
Christmas Day	December 25

Those holidays marked with an asterisk (\*) are considered "floating" holidays. PRTC and VRE operate bus and rail services on those days and management reserves the right to require an

*employee* to work these service days. If an *employee* is required to work on one of these “floating” holidays, the *employee* will be compensated according to Section D2 listed below.

- B. Special holidays may be designated by action of the Commission, Executive Director or the Chief Executive Officer as an official holiday or non-work day.
- C. It shall be the policy of PRTC and VRE to insure that all *full-time regular employees* enjoy the same number holidays each year, regardless of the provisions of the section on granting holiday leave. The standard shall be the number of holidays in a particular year which will be celebrated by *employees* working a normal *work-week* Monday through Friday. The working schedules of *full-time regular employees* on a *work-week* of other than Monday through Friday shall be arranged so that these *employees* celebrate no more or fewer holidays than the standard for the year.
- D. The granting of holidays observed by the PRTC and VRE shall be subject to the following provisions unless specifically designated to the contrary:
  - 1. Holiday on Weekend. Generally when a holiday falls on a Saturday, it shall be observed on the preceding Friday. When a holiday falls on a Sunday, the following Monday shall be observed as the holiday.

In the event that Christmas Eve and Christmas Day falls on a Sunday and a Monday, or a Friday and a Saturday, the two holidays will be observed on Monday and Tuesday, or Thursday and Friday, respectively.

- 2. Holiday on mandatory *work-day*. *Employees* who are required to work on a holiday shall be granted either compensatory time off, be paid for the time worked, or with the approval of his/her supervisor, be granted another day off in lieu of the holiday worked.
- 3. Holiday on scheduled day off. Within the policy established in this section on holiday leave, whenever one of the designated holidays falls on an *employee's* scheduled day off, an additional compensatory day shall be granted. (Applies only to *employees* who normally work on Saturday or Sunday).
- 4. Holidays for *part-time employees*. *Regular part-time employees* who work at least 15 hours or more per week shall be entitled to two paid for holidays per year. The two paid holidays will be Thanksgiving Day and Christmas Day.
- 5. Holidays during paid leave. A holiday falling within a period of paid leave shall not be counted as a *work-day* in computing leave charged to any *employee*. However, when an *employee* is absent on a holiday for which he is scheduled to work, time shall be deducted from his sick leave, annual leave, *compensatory leave* or be charged to leave without pay.
- 6. Holiday during unpaid leave. When a holiday falls within a period of leave without pay or immediately preceding or following such leave, the *employee* shall receive no pay for the holiday.
- 7. *Appointment* or *separation* on holiday. The *appointment* or *separation* of an *employee* shall not be effected on a holiday except when the *employee* works that day.

## XI. Administrative Leave

- A. Administrative leave shall be such other paid leave as authorized by a Department Director, or his designee, subject to the prior approval by the Executive Director, Chief Executive Officer or his designee. Administrative leave may be approved for an initial seven calendar day period. Approval must be obtained for extending the administrative leave prior to each seven calendar day extension of administrative leave. Any paid leave specifically authorized by the Commission not otherwise classified by these rules shall be classified as administrative leave.
- B. Illustrative examples of administrative leave include breakdowns of equipment making it impossible to do assigned tasks or *suspension* of an *employee* due to investigation of a complaint.
- C. Up to two (2) hours per day of administrative leave may be granted for Employee Assistance Program (EAP) - (limited number of visits per year per EAP contract) providing the employee's Department Director is notified in advance.
- D. Special time off with pay may be granted for *employee* interviews, written examinations, and physical examinations when an *employee* is applying for another position within PRTC/VRE service providing the *employee's* Department Director is notified in advance.
- E. *Employees* may attend local, regional and/or state meetings, serve on boards, committees, task forces, etc., in an official capacity during normal working hours and shall not be required to use their annual or *compensatory leave*. The *employee's* Department Director or his/her designee shall determine if the activity is considered official and shall approve the *employee's* attendance at these activities. *Employees* shall use annual leave or *compensatory leave* for attendance at functions which are determined to not be official.

## XII. Unscheduled Leave for Commission-proper Personnel Related to Weather or Unusually Challenging Conditions

### A. Introduction.

The intent of the organization is to keep the PRTC Transit Center open and to maintain transit services during times when weather (e.g. heavy snow, ice) or other unusually challenging conditions are present, provided this can be done safely. To this end, it is mandatory for employees occupying positions indispensable to the delivery of transit services (aka "essential" positions, which are defined in sub-section B) to be prepared to work, with special accommodations being made as necessary to enable them to do so. Employees occupying all other positions ("non-essential" positions) may or may not have to work when such conditions exist, governed by procedures described in sub-section C.

The procedures described in sub-sections B and C governing what is required of essential and non-essential employees, respectively, apply only if transit services are going to be operated -- be they regular services or more limited service (hereinafter referred to as "transit service"). On rare occasions, however, conditions will be too daunting to do so, which is to say the PRTC Transit Center will be closed and no transit service will be operated (a "shutdown" situation). In a "shutdown" situation, no employees (be they "essential" or otherwise) will work, and all will record their absence from work on the electronic timesheet

as "office closure", meaning the hours are payable. If an employee had scheduled conventional leave before the unusually challenging event giving rise to a shutdown occurs, said employee shall record his/her absence during the shutdown as "office closure" so the employee's leave balance is not lessened by the shutdown hours.

Employees must acquaint themselves with the applicable procedures for their respective positions, beginning with the fact-finding required to ascertain whether a "shutdown" situation is operative. The Director of Planning and Operations Planning is responsible for assessing whether conditions are such that a "shutdown" is warranted, subject to the Executive Director's concurrence. Employees are to inform themselves if transit service is going to be operated or a shutdown determination has been made by phoning the PRTC Customer Service telephone line (703-730-6664), where a voice mail message will be recorded.

Whether transit service is operated or a shutdown is necessary is situation-dependent, so this is a determination PRTC management must make based on an assessment of the nature and gravity of the situation.

Weather or other unusually challenging conditions may also necessitate unorthodox starting and ending times for those who do work. PRTC management reserves the right to specify unorthodox starting and ending times if conditions warrant.

#### B. Essential Employees

1. The following positions are considered essential: Customer Service Agents, the Customer Service Manager, Dispatchers, the Dispatch Manager, Lobby Customer Service Agents, the Quality Assurance Supervisor, Quality Assurance Monitors, the Director of Planning and Operations Planning, and the Director of Customer Service and Dispatch. Because the Director of Customer Service and Dispatch and the Deputy Director of Planning and Operations have supervisory obligations encompassing multiple shifts, they alone have the latitude to report to PRTC as they deem necessary for the effective discharge of their responsibilities when weather or another emergency condition is present, rather than being required to report at a specified time.
2. Employees occupying essential positions are responsible for informing themselves whether transit service is going to be operated or whether a shutdown determination has been made by phoning the PRTC Customer Service telephone line (703-730-6664), where a voice mail message will be recorded. Recognizing that the recorded message may not be posted soon enough to inform dispatchers working the earliest shift whether transit service is going to be operated, management will see to it that those dispatchers are notified directly.
3. If transit service is going to be operated, the Director of Customer Service and Dispatch, the Dispatch Manager, and the Director of Planning and Operations Planning have authority to decide whether the severity of the situation is such as to warrant some form of special accommodations for themselves and for the staff reporting to them. When one of those having this authority determines that the severity may inhibit travel from home to PRTC, special accommodations defined in sub sections 4b and 4d will be made available. The special accommodations defined in sub-sections 4a and 4c can be authorized by only the Director of Planning and Operations Planning -- in consultation with the Director of Customer Service and Dispatch or their backups-- inasmuch as PRTC's non-revenue vehicle fleet and staff that can be freed up for transport purposes are limited. 4a accommodations shall be recorded in the log on the second floor in the copying room where the postage issuing machine resides so the availability and whereabouts of the 4 wheel drive vehicles can be readily ascertained.
4. Special accommodations for essential employees may include as possible:

- a. Drive a PRTC 4 wheel drive vehicle home.
- b. Spend the night at the Wytestone Suites (where PRTC enjoys a discounted rate) or another neighboring hotel near PRTC if the Wytestone Suites does not have space, with the lodging expense, meals, and other qualifying expenses (e.g., mileage) paid by PRTC at the normal rates.
- c. Make arrangements with the Quality Assurance Supervisor or another essential person to be picked up in a 4 wheel drive vehicle.
- d. Swap shifts with a co-worker.

Special accommodations as described may be authorized by those having authority without prompting, or may be requested by individual essential employees of one of those having this authority for consideration and approval.

When weather or other emergency conditions unexpectedly occur in the early morning hours, any essential employee unable to report to work will contact his/her direct supervisor or manager who will make arrangements to have the employee picked up if staff and vehicles are available to do so and provided that the employee lives within a reasonable distance from PRTC. When the potential for a "weather" event or other emergency can be foreseen, those employees who do not live within a reasonable distance from PRTC should make an effort before the emergency occurs to swap shifts with a co-worker who lives closer to the office.

Other essential employees who think that they may need assistance to report for work on time should call their direct supervisor or manager to seek arrangements for transportation. Transportation arrangements will only be made based upon the availability of staff and vehicles and the employee's proximity to the office.

Those needing transportation at the end of their work shift to return home should notify their direct supervisor or manager in a timely manner. If PRTC has staff and vehicles available, PRTC will take employees home. However, if the employee cannot be accommodated in this manner, employees may opt to stay in a hotel as described in 4b until roadway conditions are such that they are able to drive themselves home.

5. Accounting for hours worked. Employees occupying essential positions working when a weather or other emergency condition is present shall record the hours they work based on what Prince William County has declared as the operative condition for the County's offices<sup>1</sup>, guided by the following.
  - a. If the County's offices are open but unscheduled leave is being permitted (scenario [2] in the footnote), hours worked by PRTC essential employees shall be recorded in the normal manner. Those essential employees who work more than 7.5 hours in a day who are entitled to compensatory time or overtime per PRTC Personnel Policy XVI will earn one or the other as the Department Director sees fit.
  - b. If Prince William County has declared its offices closed (scenario [3] in the footnote), all essential employees shall record the hours they work at the rate of 1.5 times the hours actually worked, be they exempt or non-exempt. Non-exempt essential employees shall be entitled to compensatory time or overtime per PRTC Personnel

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<sup>1</sup> Prince William County's practice is to declare that its offices are either: (1) open in the normal fashion; (2) open but with unscheduled leave being permissible; or (3) closed. This declaration is posted to the County's web-site ([www.pwcgov.org](http://www.pwcgov.org)).

Policy XVI for all the hours worked during a “scenario [3]” event, as the Department Director sees fit. Exempt essential employees shall be entitled to compensatory time only for all the hours worked during a “scenario [3]” event.

C. Non-essential Employees

1. All positions in the organization other than those defined as essential in sub-section B are non-essential. Employees occupying non-essential positions are responsible for informing themselves whether transit service is going to be operated or whether a shutdown determination has been made by phoning the PRTC Customer Service telephone line (703-730-6664), where a voice mail message will be present.
2. If transit service is going to be operated, attendance of employees occupying non-essential positions is governed by Prince William County’s declaration of its own workplace condition as described in footnote (1), though PRTC management may override this by directly contacting whomever might be needed if some extraordinary condition arises that requires the attention of a non-essential employee (e.g., the need for facilities staff to come in because of a burst pipe). More specifically:
  - a. If Prince William County has declared that its offices are open but unscheduled leave is permissible (scenario [2]), PRTC employees occupying non-essential positions may choose to either work or take unscheduled leave. PRTC employees occupying non-essential positions whose work can be performed remotely may do so, which is to say the “work choice” as it is referenced here is not limited to only those who are physically present at the PRTC Transit Center.
  - b. If Prince William County has declared that its offices are closed, PRTC employees occupying non-essential positions shall not come to work and record their absence from work on the timesheet as “office closure”, meaning the hours are payable.
3. Accounting for hours worked. Employees occupying non-essential positions shall record the hours they either work or take as unscheduled leave in the normal manner when the County has declared that unscheduled leave is permissible (scenario [2]). If an employee occupying a non-essential position is directed by PRTC management to work during a “scenario [3]” event, however, hours worked are to be accounted for as if the affected employee occupies an essential position (see Section B.5).

<u>SITUATION</u>	<u>ESSENTIAL EMPLOYEES</u>	<u>NON ESSENTIAL EMPLOYEES</u>
Shutdown	Employees are to call 703-730-6664 to verify whether a “shutdown” determination has been made. If a shutdown has been declared, employees do not report to work and are paid for the day by selecting “office closure” on their timecards. Leave balances not charged.	Employees are to call 703-730-6664 to verify whether a “shutdown” determination has been made. If a shutdown has been declared, employees do not report to work and are paid for the day by selecting “office closure” on their timecards. Leave balances not charged.
PRTC transit service is being operated, and Prince William County has declared that its offices are open with unscheduled leave permissible	Employees are to call 703-730-6664 to verify whether a “shutdown” determination has been made and, if not, employees are required to report to work. Employees will earn regular pay for hours worked. Those that work more than 7.5 hours who are entitled to compensatory time or overtime per Policy XVI shall receive that – one or the other at the Department Director’s discretion.	Employees are to call 703-730-6664 to verify whether a “shutdown” determination has been made. If transit service is being operated, employees are to go to the Prince William County (PWC) Government ( <b>NOT PWC Schools</b> ) web-site (pwcgov.org) to determine what condition it has declared for its employees. If PWC Government has declared unscheduled leave for its employees, employees may take unscheduled leave, come to work, or work remotely. Those that come to work or work remotely shall earn regular pay for the hours worked. Those that elect to take unscheduled leave shall record it as annual leave or comp used on their timesheets.
PRTC transit service is being operated, and Prince William County has declared that its offices are closed	Employees are to call 703-730-6664 to verify whether a “shutdown” determination has been made and, if not, employees are required to report to work. Employees will record hours worked at 1.5 times actual hours worked regardless of whether they are classified as non-exempt or exempt-straight time employees.	Employees are to call 703-730-6664 to verify whether a “shutdown” determination has been made. If transit service is being operated, then go to the Prince William County (PWC) Government ( <b>NOT PWC Schools</b> ) web-site (pwcgov.org) to determine what condition it has declared for its employees. If PWC Government has declared its offices closed, PRTC non-essential employees shall not come to work and record their absence from work on the timesheet as “office closure”, meaning the hours are payable.

It is VRE’s intent to remain open and fully functional during inclement weather as long as customers are riding the trains.

- A. *Employees* are expected to report to work when weather conditions permit safe travel. However, *employees* are authorized unscheduled leave if weather conditions prevent them from safely reporting for work during normal scheduled hours.
- A. Unscheduled leave is defined as annual leave, compensatory time or leave without pay by an *employee* during severe weather without obtaining advance approval prior to its use.
- B. In the absence of announced unscheduled leave in the City of Alexandria for city government *employees* (where VRE offices are located), and with the approval of the *employee’s* immediate supervisor, an *employee* may use annual, compensatory time or leave without pay if localized severe weather conditions prevent an *employee* from working normally scheduled hours.



- C. Announcements are made by television and radio stations concerning unscheduled leave conditions and/or office closures. Announcements regarding the City of Alexandria for code red, yellow, etc. often refers to the schools and not government offices. VRE does not follow the school closings. If the City of Alexandria government announces unscheduled leave or closure, *VRE employees* are not required to contact their supervisor before taking unscheduled leave.
- D. It is not the intent of the VRE unscheduled leave policy or approved leave resulting from localized severe weather conditions to permit a full day of leave, but only for the time period when severe weather conditions prohibit safe travel.
- E. When unscheduled leave is used, *employees are to record their time as either annual leave comp time used, or leave without pay on their timesheet*. Part time employees are only paid for actual hours worked.
- F. When severe weather conditions that may inhibit travel from home to VRE are predicted for the following day, the VRE Chief Executive Officer will approve essential employees spending the night at a hotel near VRE (meals and lodging to be paid by VRE). Essential employees include representatives of Customer Service, IT and the Administrative Departments.

#### XIV. Bereavement Leave

Bereavement leave shall be granted to a *full-time regular* and *part-time regular* (15 hours or more per week) *employee* for the death of a member of the *employee's* immediate family which shall include the husband, wife, children, mother, father, mother-in-law, father-in-law, sister, brother, grandchildren, great-grandchildren, grandparents, great-grandparents and other persons at the discretion of the Executive Director or the Chief Executive Officer. Leave due to death of others shall be charged to annual, compensatory or leave without pay. Bereavement leave shall be non-chargeable and limited to three *workdays*. Additional leave may be granted at the discretion of the Executive Director or the Chief Executive Officer.

#### XV. Well Days

Well Days are a means for rewarding *full-time regular employees* who use little or no sick leave during the calendar year.

- A. *Employees* must be employed on the first *work day* of the calendar year to be eligible. *Employees* who use 30 consecutive days or more of leave without pay not including military leave during the calendar year will not be eligible for that calendar year.
- B. *Employees* who use more than 30 hours but less than 60 hours of sick leave during the calendar year will receive one Well Day (7.50 annual leave hours).
- C. *Employees* who use 0 - 30 hours of sick leave during the calendar year will receive two Well Days (15.0 annual leave hours).
- D. Sick leave used during the twenty-six pay periods which includes December 31 of each year, will determine whether or not an *employee* is eligible to receive Well Days.

- E. Well Days will be added to the *employee's* annual leave balance after the annual leave cut off has occurred [refer to Section III D].

DRAFT

**MOTION:**

**SECOND:**

**RE:               APPROVE THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION  
TELEWORK POLICY**

**ACTION:**

**WHEREAS**, in order to promote general work efficiencies, the purpose of the telework policy is to establish a program under which eligible full-time and part-time Potomac and Rappahannock Transportation Commission (PRTC) OmniRide employees may work remotely for all or part of their workweek; and

**WHEREAS**, telework is consistent with sound business practices and will help the organization be more competitive in attracting talented and skilled employees; and

**WHEREAS**, telework can also increase employee productivity and morale, boost efficiency in the use of space, and reduce operating costs; and

**WHEREAS**, the telework policy expands upon existing PRTC Personnel Policies and establishes guidelines and procedures for employees given permission to telework; and

**WHEREAS**, PRTC considers telework to be a viable, flexible work option when both the employee and the job are suited to such an arrangement; and

**WHEREAS**, telework is a voluntary work alternative, unless specifically stated as a condition of employment, that may be appropriate for some employees and jobs but not for others; and

**WHEREAS**, telework is not an entitlement, it is not an organization-wide benefit, and it in no way changes the terms and conditions of employment with PRTC and employees that do telework must comply with all PRTC rules, policies, regulations, and performance standards.

**NOW, THEREFORE BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby approve the Telework Policy.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

## TELEWORK POLICY

### **PURPOSE:**

In order to promote general work efficiencies, the purpose of this policy is to establish a program under which eligible full-time and part-time staff may work remotely for all or part of their workweek. Telework is also consistent with sound business practices and will help the organization be more competitive in attracting talented and skilled employees. Telework can also increase employee productivity and morale, boost efficiency in the use of space, and reduce operating costs.

### **POLICY:**

- I. This telework policy expands upon existing PRTC Personnel Policies and establishes guidelines and procedures for employees given permission to telework. PRTC/OMNIRIDE considers telework to be a viable, flexible work option when both the employee and the job are suited to such an arrangement. Telework is a voluntary work alternative, unless specifically stated as a condition of employment, that may be appropriate for some employees and jobs, but not for others.

Telework is not an entitlement, it is not an organization-wide benefit, and it in no way changes the terms and conditions of employment with PRTC. Employees that do telework must comply with all PRTC/OMNIRIDE rules, policies, regulations, and performance standards.

- II. Employees must obtain supervisor and Executive Director approval for telework and will be required to sign a *Telework Agreement* with PRTC/OMNIRIDE. The Telework Agreement will be reviewed by the employee supervisor and teleworker during performance review and revised as necessary. PRTC or the employee may terminate the telework agreement at its discretion.

#### III. Terms of Employment:

1. An employee's classification, compensation, and benefits will not change if the employee is approved for telework.
2. PRTC/OMNIRIDE policies, rules and practices shall while teleworking, including those governing communicating internally and with the public, employee rights and responsibilities, facilities and equipment management, financial management, information resource management, purchasing of property and services, and safety. Failure to follow policy, rules and procedures may result in termination of the telework arrangement and/or disciplinary action.
3. The teleworker will not be paid for time involved in travel between the home telework site and central work site. Travel mileage between the home telework site and the central work site will not be reimbursed.

#### IV. General Requirements:

Consideration will be given to employees who have demonstrated work habits and performance best suited for successful teleworking and to cases where teleworking provides opportunity for improved employee performance or employee retention, or organization savings. The following guidelines need to be considered when deciding on allowing an employee to telework:

1. Work habits: Teleworkers must have demonstrated self-motivation, self-discipline, the ability to work independently, the ability to manage distractions, and the ability to meet deadlines.

2. Position: The teleworker's position must have minimum requirements for direct supervision or contact with customers; the teleworker's need for specialized material must be minimal or flexible; and the teleworker's work objectives and tasks must be clearly defined with measurable results. The telework must be arranged so that there is no difference in the level of service provided to the customer. The location of the workplace shall not be noticeable to the customer. The location of work must not significantly alter the teleworker's job content or the job content of co-workers. The cost of supporting the teleworker (*See Supplies, Equipment, Furniture section*) must be reasonable and approved by the Department Director.

#### V. Work Schedule, Accessibility, Use of Leave and Dependent Care

1. The number of hours worked will not change because of telework. A consistent schedule of telework days and hours is desirable for many jobs to ensure regular and predictable contact with PRTC staff and others. For some positions, more flexibility in work hours and days is feasible. The Telework Agreement will specify work schedules that are in compliance with Federal Labor Standards Act (FLSA) regulations and PRTC's Personnel Policy.
2. The teleworker must get their supervisor's advance written approval for working overtime. Overtime requirements of the Fair Labor Standards Act will be required to accurately record all hours worked using PRTC's time-keeping system
3. The telework schedule needs to allow adequate time at the central work site for meetings, access to facilities and supplies, as well as, communication with other employees and customers. Telework must not adversely affect customer service delivery, employee productivity, or the progress of an individual or team assignment. In approving the telework schedule, the employee supervisor will take into consideration the overall impact of the teleworker's total time out of the central work site. Considerations include flex time and compressed work week schedules, meetings, consultations, presentations and conferences. Consideration will also be given to the overall effect of the teleworker's and co-workers' schedules in maintaining adequate communication.
4. The teleworker will attend job-related meetings, training sessions, and conferences, as requested by the employee supervisor. In addition, the teleworker may be requested to attend "short notice" meetings. The employee supervisor will use telephone conference calling whenever possible as an alternative to requesting attendance at short notice meetings.
5. While teleworking, the teleworker must be reachable via telephone, video conference, or e-mail during agreed-upon work hours or specific core hours of accessibility. The employee supervisor and teleworker will agree on how to handle telephone messages, including the feasibility of call forwarding, frequency of checking messages and responding to issues.
6. Telework is not intended to be used in place of sick leave, Family and Medical Leave, Workers' Compensation leave, or other types of leave.
7. Teleworkers will not act as primary caregivers for dependents during the agreed-upon work hours. This does not mean dependents will be absent from the home during the telework hours. It means that they will not require the teleworker's attention during work hours. Teleworkers must make dependent care arrangements to permit concentration on work assignments.

## VI. Telework Site: Safety and Security

1. Employees are expected to maintain their telework space in a safe manner, free from hazards. PRTC will provide each teleworker with a *Safety Checklist* that must be completed at least once per year. In the event of a job-related incident or accident during telework hours, the teleworker needs to immediately report the event to the employee supervisor. The organization does not assume responsibility for injury to any persons other than the teleworker at the home telework site. In case of injury, theft, or loss related to telework, the teleworker must allow PRTC to investigate and/or inspect the telework site. Reasonable notice of inspection and/or investigation will be given to the teleworker.
2. The teleworker will not hold in-person business meetings with clients or customers, the public, or professional colleagues at his or her residence. Supervisors may require employees to report to a central workplace as needed for in-person work-related meetings or other events or may meet with employees in the telework location as needed to discuss work progress or other work related issues.
3. Consistent with the organization's expectations of information security for employees working at the office, telework staff will be expected to ensure the protection of organization and customer information accessible from their telework site. Steps include the use of locked file cabinets and desks, regular password maintenance, VPN connection with PRTC server, and any other measures appropriate for the job and the environment.

## VII. Supplies, Equipment, and Furniture

1. PRTC/OMNIRIDE will provide equipment and materials needed by employees to effectively perform their duties. The Telework Agreement must specify all reimbursable costs. Any additional costs related to telework must be authorized by the employee's Department Director prior to purchase or installation. PRTC/OMNIRIDE will provide standard office supplies (pens, paper, pencils, etc.). Out-of-pocket expenses for supplies normally available at the central work site will not be reimbursed, such as home maintenance, insurance and utilities. Teleworkers need to get supplies when working at the central work site.
2. Teleworkers shall be responsible for providing home telework furniture, unless approved by the Department Director and specified in the Telework Agreement.
3. Products, documents, and records used and/or developed while teleworking shall remain the property of the organization, and are subject to organization policies regarding records retention requirements.
4. Repair and/or replacement costs and liability for organization-owned equipment used during telework is the responsibility of PRTC/OMNIRIDE. (Normal use and wear— not as a result of negligence or deliberate damage, destruction, or loss.). All PRTC equipment and software used at the telework site must be noted on the Telework Agreement.

## PRTC/OMNIRIDE TELEWORK AGREEMENT

Employee Name: \_\_\_\_\_

Supervisor Name: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

### **Performance**

The employee agrees to abide by all PRTC/OMNIRIDE rules and policies, including personnel, safety, and security policies.

The employee should be familiar with the following specific policies and guidelines:

- Telework Policy
- Internet Policy
- FOIA and Records Retention

### **Work Location & Hours**

The employee's telework location is: \_\_\_\_\_

The employee is approved to telework:

- ☐ Intermittently upon approval by manager per instance – no regular telework schedule
- ☐ On a regular telework schedule

The employee is scheduled to telework the following days:

☐ Monday ☐ Tuesday ☐ Wednesday ☐ Thursday ☐ Friday ☐ Saturday ☐ Sunday

The employee's core hours of telework availability are:

\_\_\_\_\_ to \_\_\_\_\_

Describe any additional or alternative work arrangement:

\_\_\_\_\_  
\_\_\_\_\_

An employee that teleworks more than half the time may be required to share office space on their days at the central worksite.

The employee is scheduled to work from the central worksite (non-telework) on:

☐ Monday ☐ Tuesday ☐ Wednesday ☐ Thursday ☐ Friday ☐ Saturday ☐ Sunday

☐ Woodbridge Transit Center ☐ Western Facility

The employee's core hours at the central worksite are:

\_\_\_\_\_ to \_\_\_\_\_

The employee has the following PRTC property at the telework location.

Item(s)	Inventory Number

PRTC property must be safeguarded at the telework location and must be returned upon termination of either the telework program or employment with PRTC. The replacement value of unreturned equipment will be withheld from the employee's paycheck.

The employee has received a copy of the Telework Policy and completed the Self-Certification Safety Checklist and agrees to adhere to its requirements and guidelines, and all other PRTC Personnel Policies while teleworking. Failure to comply with PRTC policies may result in the termination of this agreement, and / or other appropriate action. This Agreement may be amended at any time by PRTC/OMNIRIDE. A copy of this agreement will be provided to the employee and placed in the employee's personnel file.

**EMPLOYEE:** By signing, the employee states they have read, understood, and agree to the terms and conditions of this agreement, including PRTC's Telework Policy, and associated policies listed above:

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

**MANAGER:** By signing this statement, the manager agrees to work with the employee to implement telework as described in the Telework Policy and this agreement.

\_\_\_\_\_  
Manager Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
PRTC Executive Director Signature

\_\_\_\_\_  
Date



## PRTC/OMNIRIDE Self-Certification Safety Checklist for Alternate Work Site

Employee Name: \_\_\_\_\_

Supervisor Name: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

The following self-certification checklist is designed to assess and establish the overall safety of a teleworker's alternate work location. This self-certification safety checklist will be reviewed and reassessed yearly. Upon completion, the participating employee and their immediate supervisor will sign and date the checklist.

	GENERAL	YES	NO
1	Workspace is away from noise, distractions, and is devoted to your work needs?		
2	Do all stairs with 4 or more steps have a handrail?		
3	Floors are clear and free from hazards?		
4	Phone lines and electrical cords are secured under a desk or along wall, and away from heat sources?		
5	Is there a drinkable water supply?		
6	Temperature, ventilation, and lighting are adequate?		
7	Carpets are well secured to the floor and free of frayed or worn seams?		
	<b>FIRE SAFETY</b>		
8	There is a working smoke detector in the workspace area?		
9	A home multi-use fire extinguisher, which you know how to use, is readily available?		
10	Walkways aisles, and doorways are unobstructed?		
11	Workspace is kept free of trash, clutter, and flammable liquids?		
12	You have an evacuation plan so you know what to do in the event of a fire?		
	<b>ELECTRICAL SAFETY</b>		
13	Sufficient electrical outlets are accessible?		
14	Computer equipment is connected to a surge protector?		
15	All electrical plugs, cords, outlets, and panels are in good condition? No exposed/damaged wiring?		
16	<b>WORKSTATION ERGONOMICS</b>		
17	Chair casters (wheels) are secure and the rungs and legs of the chair are sturdy?		
18	Chair is adjustable?		
19	Your back is adequately supported by a backrest?		
20	Is the desk, chair, computer, and other equipment arranged to eliminate strain on all parts of the body. (For example, the monitor is free from glare, your wrists are fairly straight when typing, and feet on the floor)?		

Employee Signature \_\_\_\_\_ Date \_\_\_\_\_

Supervisor Signature \_\_\_\_\_ Date \_\_\_\_\_

**MOTION:**

**SECOND:**

**RE:                AUTHORIZE THE EXECUTIVE DIRECTOR TO ISSUE A REQUEST FOR PROPOSALS FOR THE  
DESIGN AND PRODUCTION OF BUS SCHEDULES AND BUS STOP INFORMATION  
DISPLAYS**

**ACTION:**

**WHEREAS**, the Potomac and Transportation Commission (PRTC) has competitively procured on-call, multi-year contracts for printed bus schedules and bus stop display design and production services since 1995; and

**WHEREAS**, PRTC's current schedule production and marketing, public relations, and graphic design services contract expires on January 31, 2021; and

**WHEREAS**, while contracted marketing, public relations and graphic design services are no longer needed, PRTC still needs a new task order contract to cover the design and production of schedule brochures with easy to read and understand maps and timetables and equally easy to use bus stop informational displays.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to issue a Request for Proposals for schedule and bus stop display design and production services.

**BE IF FURTHER RESOLVED** that the Executive Director will return to the Commission for contract award authorization.

**BE IF FURTHER RESOLVED** that the Executive Director will seek Commission authorization for task orders exceeding the Executive Director's delegated purchasing authority.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**



December 3, 2020

TO: Chair Franklin and PRTC Commissioners

FROM: Althea Evans  
Director of Marketing

A handwritten signature in blue ink that reads "Althea M. Evans".

THROUGH: Robert A. Schneider, PhD  
Executive Director

A handwritten signature in blue ink that reads "R. Schneider".

SUBJECT: Authorize the Executive Director to Issue a Request for Proposals for the Design and Production of Bus Schedules and Bus Stop Information Displays

---

Recommendation:

Authorize the Executive Director to issue a Request for Proposals for the design/development and production of printed bus schedules and informational bus stop displays.

Background:

In January 2011, the Potomac and Rappahannock Transportation Commission (PRTC) awarded a ten-year, task order contract for marketing, public relations, and graphic design consulting services. The current contract will expire on January 31, 2021. Since the execution of that contract PRTC has hired a graphic designer and is managing marketing and public relations in-house; therefore, the competitive procurement would result in a task-order contract that would cover the design and production of bus schedules and bus stop information displays only.

Designing easy-to-use and understand bus schedules is a nuanced skill. It requires a full understanding of transit operations and the best format to visually display different aspects of transit services.

After proposals are received and have been evaluated, the Executive Director will return to the Commission to seek authorization to award an up-to-ten-year contract. Commission approval would also be sought for task orders exceeding the Executive Director's delegated purchasing authority.

Fiscal Impact:

While specific costs for each task order is not known at this time, funding to cover this expenditure comes from a combination of applicable federal and state grants, and when necessary, local subsidy from bus sponsoring member jurisdictions, which is included in PRTC's current FY21 adopted budget and in the proposed budget for future fiscal years.

**MOTION:**

**SECOND:**

**RE:               ENDORSE THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION  
COMMISSION’S CONGESTION MITIGATION AND AIR QUALITY FUNDING REQUEST  
FOR FY2027**

**ACTION:**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission (“PRTC” or the “Commission”) annually submits a list of projects to the Northern Virginia Transportation Authority (NVTA) for consideration of regionally-allocated federal Congestion Mitigation and Air Quality (CMAQ) and/or Regional Surface Transportation Program (RSTP) funds; and

**WHEREAS**, PRTC management is proposing two projects for FY2027 CMAQ funding consideration: 1) funding for the Commission’s ongoing Bus Shelter Program and 2) replacement of 2011 Model Year 45-foot MCI buses.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby endorse the proposed PRTC projects for regional consideration by the NVTA for its FY2022 – FY2027 CMAQ/RSTP program.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**


**Alternate Present Not Voting:**


**Absent from Meeting:**



December 3, 2020

TO: Chair Franklin and PRTC Commissioners

FROM: Betsy Massie   
Director of Grants and Project Management

THROUGH: Robert A. Schneider, PhD   
Executive Director

SUBJECT: Endorse the Potomac and Rappahannock Transportation Commission's  
Congestion Mitigation and Air Quality Funding Request for FY2027

---

Recommendation:

Endorse the Potomac and Rappahannock Transportation Commission's Congestion Mitigation and Air Quality funding request for FY2027.

Background:

Each year, the Northern Virginia Transportation Authority (NVTA) requests jurisdictions and regional transportation providers to identify transportation projects for consideration of the regionally-allocated Congestion Mitigation and Air Quality (CMAQ) and Regional Surface Transportation Program (RSTP) funds. The Potomac and Rappahannock Transportation Commission (PRTC) annually submits project funding requests for CMAQ only, in consultation with Prince William County staff, on the planned submissions.

Each year the NVTA must approve a new six (6)-year CMAQ/RSTP program, removing the first year and adding a new sixth year. The upcoming six (6)-year program is for the FY 2022 – FY 2027 period. Since the NVTA has already approved a program of projects for fiscal years 2021 - 2026, only projects for FY 2027 are being solicited.

PRTC management proposes to submit the following projects for CMAQ funding:

**1. Bus Shelter Program** – This CMAQ funding request will fund the site preparation, purchase, and installation of three (3) bus shelters. The new shelters will improve the bus passenger experience and provide a sheltered waiting area and other amenities. The PRTC Bus Shelter and Solar Lighting Work Plan identifies several stops warranting shelters using Board adopted criteria. However, progress for shelters is governed by resource limitations, which are defined

as part of each year's budget. The design, to include VDOT permitting, site preparation (concrete pad, sidewalks, retaining walls, etc.), acquisition, and installation of bus shelters is estimated to cost \$50,000 per shelter.

2. Commuter Bus Replacements – This CMAQ request will support the purchase of four (4) 2011 MCI Model Year 45 foot buses to be replaced in FY27 because by that time these buses will have reached the end of their useful life, under Federal Transit Administration (FTA) guidelines. PRTC is estimating the cost to be approximately \$688,600 per bus.

No.	Project Name	Total Request	Federal	State	Local	Type
1.	Bus Shelter Program	\$150,000	\$120,000	\$30,000	\$0	CMAQ
2.	Commuter Bus Replacements	\$2,754,000	\$2,204,000	\$550,000	\$0	CMAQ

Fiscal Impact:

There is no local match required for any of the projects. Consequently, there would be no fiscal impact on PRTC's FY27 budget.

**PRTC Executive Director's Time**

- 9.1 Follow-Up from Prior Meeting(s)
- 9.2 Executive Director's Report (verbal)
  - Fleet Update
  - Keolis Operational Update: Barbara Murdock, General Manager
  - Legislative Update
- 9.3 Industry Article: *Prince George's County Launches On-Demand Rideshare Service*  
By: Perrin Palistrant, PRTC's Director of Operations and Operations Planning



### ***Prince George's County Launches On-Demand Rideshare Service***

By Perrin Palistrant, PRTC's Director of Operations and Operations Planning

On November 9, Prince George's County launched a six (6)-month pilot program that provides flexible transportation options in Prince George's County, Maryland. Specifically, this service is being provided in the Fort Washington Area, including areas such as National Harbor. After the pilot is concluded, there is a possibility this becomes part of the regular service provided by the Prince George's County Department of Public Works and Transportation division.

Like other rideshare services, "Prince George's Link" uses a smartphone app for riders to schedule customized curb-to-curb microtransit trips. A small neighborhood-friendly bus will pick riders up and drop them off anywhere within the defined service boundaries. Along the way, the bus may pick up other passengers who also request service. Social distancing will be enforced, and passengers and transit operators are required to wear face coverings.

To use the new rideshare program, passengers must first download the free TransLoc app from the Google Play or Apple iOS store prior to requesting a ride. The app will provide estimated pick-up times, track vehicles in real-time, and alert customers when their ride is about to arrive. Passengers will also be notified when they are approaching their desired destination.

The cost of the service is \$2.00 per trip, the same fare as for fixed route transit, making "Prince George's Link" more affordable than traditional rideshare services, which could cost riders more than five times the amount for a similar trip.

Wait times for service are subject to vehicle availability and demand. The fleet of vehicles the County uses includes a lift to accommodate riders with disabilities, strollers and mobility devices.

## **So what? How will Rideshare and Flexible Transportation affect OmniRide?**

In January 2020, fixed route bus service to the Town of Quantico was disrupted by a sudden increase in security to enter the Quantico Marine Base. Prior to the change in security protocol, OmniRide's buses were allowed to enter the base once passing through the guard checkpoint by showing their ID or driver's license, and passengers were free to enter on the grounds of the base so long as they had proper identification. However, the increase in security now requires every person to have a Defense Biometric Identification System card (DBIDS).

Each transit system employee and user of the transit system that will enter the base would need to apply for the identification system card at the Marine Base Visitor Control Center. New operators and road supervisors would also need to have the proper DBIDS credentials to travel on base. The constant change in employees who need to go on and off the base, plus requiring each passenger to have this ID poses many challenges. However, a short term solution was created.

In February, soon after the increase in security began, OmniRide partnered with Yellow Cab of Prince William County, to provide a taxi shuttle from the bus stop in the Town of Quantico, to the nearest local bus stop on Route 1 at Squire Lane. Both the bus stop in the Town as well as the stop at Squire Lane have a bus shelter and bench to provide seating and shelter while waiting for either the taxi or the bus. Passengers ride for free in the cab and pay the fare on the bus (currently the bus fare is free due to COVID-19 operational changes) and OmniRide pays Yellow Taxi the total metered fare for these rides.

As this program evolves, there are opportunities for OmniRide to modify the program to better serve Town of Quantico residents, as well as employees and residents of the Quantico Marine Base. Discussions have been taking place with the base regarding an on-demand system to travel throughout the large footprint of the base, and a recent Town Hall with the Mayor of Quantico and its residents touched on ideas to create a more robust system that either operates more regularly, expands the service area where the flexible transportation system would travel, as well as a host of other ideas. Continued dialogue will take place as we learn more about this type of system.

Flexible on-demand transportation could assist OmniRide in a number of other ways, such as evening, weekend, or in other parts of the OmniRide service area where densities may be lower, but there is a demand for some type of transit. As we continue to evaluate the success of the western restructuring, flexible services could also be an option for certain areas in western Prince William County.

The impacts of increased security on the Marine Base, as well as changes in ridership patterns created by the pandemic, have allowed for transit systems to seek alternatives to providing the typical transit offerings. Having a flexible system allows agencies to modify more quickly and adapt to changing conditions, while being good stewards of public funds.

**Presentations and Information Items**

**10.1 PRTC Classification and Compensation Study Update**



## PRTC Classification and Compensation Study Update

► December 3, 2020

### Project Scope of Work

PRTC contracted with Baker-Tilly (end of March 2020) to ...

- Determine the appropriate classification of positions using a ***fair, objective*** process.
- Confirm ***market competitiveness*** within identified benchmark organizations.
- Recommend pay structures relative to market.



# Project Scope of Work

*Continued ...*

- ▶ Develop ***implementation plans*** that move affected employees into the new ranges.
- ▶ Provide ongoing administrative guidelines and training to enable management to maintain the new classification and compensation system ***according to best practices***.



3

# What has been done...

- ▶ Each staff completed a Position Analysis Questionnaire (PAQ).
- ▶ Salary Surveys from benchmark organizations.
- ▶ Salary range comparisons using reputable, industry-standard.
- ▶ A preliminary list of classifications provided to PRTC (OmniRide and VRE) for review and consideration to ensure fair and equitable relationship among positions.



4

## Where we are now...



- ▶ PRTC (OmniRide and VRE) is reviewing with Baker-Tilly the draft salary structures, classifications, and preliminary pay plan to identify variance between survey results and internal placement.

5

## What's next...



- ▶ Baker-Tilly's Final Report
  - ▶ Detailed study methodology and salary survey results.
  - ▶ Discussion of the consulting team's findings, conclusions and recommendations regarding classification, salary structure, compensation plan, estimated cost and implementation plan.
  - ▶ Schematic list of classes and the assignment of each class to a salary grade.

6

## What's next... *continued*



- ▶ Implementation Strategy and Staff Training
  - ▶ Implementation of job classification plan and compensation system within budget parameters.
  - ▶ Train members of the staff in the methodology used to develop, maintain and update the classification and pay plan using *SAFE*®.

7



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# Thank you!

Becky Merriner  
bmerriner@omniride.com  
703-580-6166

**PRTC Action Items**

- 11.1 Authorization to Accept the Potomac and Rappahannock Transportation Commission FY20 Audited Financial Statements, Required Communications to the Commissioners, and PBMares, LLP Management Letter**
- 11.2 Ratification of a Grant Application Submitted Through the Transit-Oriented Development Planning Program for Federal Funding from the Federal Transit Administration**
- 11.3 Approval of the 2021 Potomac and Rappahannock Transportation Commission Legislative Agenda**



**MOTION:**

**SECOND:**

**RE:                AUTHORIZATION TO ACCEPT THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION  
COMMISSION FY20 AUDITED FINANCIAL STATEMENTS, REQUIRED COMMUNICATION TO  
THE COMMISSIONERS, AND PBMARES, LLP MANAGEMENT LETTER**

**ACTION:**

**WHEREAS**, the accounting firm of PBMares, LLP has completed the Potomac and Rappahannock Transportation Commission's (PRTC or Commission) FY20 audit; and

**WHEREAS**, PBMares, LLP determined that the financial statements present fairly, in all material respects, the Potomac and Rappahannock Transportation Commission's financial position as of June 30, 2020; and

**WHEREAS**, PBMares, LLP presented the required communication to the Commissioners about the audit, which is required under auditing standards generally accepted in the United States; and

**WHEREAS**, PBMares, LLP presented a management letter, noting new Governmental Accounting Standards Board (GASB) pronouncements which might impact the Commission.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby accept the FY20 audited financial statements, required communication to the Commissioners, and management letter as presented by PBMares, LLP.

**Votes:**

**Ayes:**

**Abstain:**

**Nays:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

# **POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

## **FINANCIAL AND COMPLIANCE REPORTS**

**YEAR ENDED JUNE 30, 2020**



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ASSURANCE, TAX & ADVISORY SERVICES

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

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## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Commission Board Members  
Potomac and Rappahannock Transportation Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Potomac and Rappahannock Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Commission, as of June 30, 2020, and the respective changes in financial position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-10 and 58-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
November 19, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Potomac and Rappahannock Transportation Commission ("PRTC") offers the users of PRTC's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the accompanying financial statements which follow this section.

### FINANCIAL HIGHLIGHTS

The basic financial statements report information about the PRTC reporting entity as a whole. The PRTC reporting entity is composed of two funds: Bus Service and Member Jurisdictions Fund and the Commuter Rail Service Fund.

As of June 30, 2020, PRTC's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$358,947,689. Of this total, \$129,609,234 is for bus service and member jurisdictions and \$229,338,455 is for commuter rail service.

The net position of PRTC increased by \$21,294,524 for fiscal year 2020. This is the net effect of a \$15,597,434 increase from bus service and member jurisdictions and a \$5,697,090 increase from commuter rail service.

As of June 30, 2020, PRTC's unrestricted net position is \$81,856,251. Of this total, \$22,179,932 is for bus service and member jurisdictions and \$59,676,319 is for commuter rail service.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to PRTC's basic financial statements. PRTC's basic financial statements are comprised of: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

The *Statement of Net Position* presents information on all of PRTC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of PRTC is improving or declining.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on revenues, expenses, and changes in PRTC's net position. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of PRTC's current year operation on its financial position.

The *Statement of Cash Flows* summarizes all of PRTC's cash flows into four categories: cash flows from operating activities; cash flows from capital and related financing activities; cash flows from noncapital financing activities; and cash flows from investing activities. The Statement of Cash Flows, along with related notes and information in other financial statements, can be used to assess the following:

- PRTC's ability to generate future cash flows,
- PRTC's ability to pay its debt as it matures,
- Explanations of differences between PRTC's operating cash flows and operating loss, and
- The effect on PRTC's financial position of cash and non-cash transactions from investing, capital and financing activities.



The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the financial statements.

The Bus Service and Member Jurisdictions Fund accounts for operation and maintenance costs for PRTC bus service as well as the 2.1% motor fuel tax activity for the PRTC member jurisdictions.

PRTC operates commuter bus service from the Prince William County and Manassas areas to various points in the metropolitan Washington, D.C. area, and local bus service within Prince William County and the Cities of Manassas and Manassas Park.

PRTC member jurisdictions receive motor fuel tax revenue from a 2.1% sales tax levied by the Commonwealth of Virginia through its Department of Motor Vehicles. The Department of Motor Vehicles collects the tax and remits funds to PRTC monthly, after deducting its administrative costs. These funds are separately maintained by PRTC for the benefit of each member jurisdiction and are used to pay administrative costs of PRTC and transportation projects serving a particular jurisdiction.

The Commuter Rail Service Fund accounts for PRTC's portion of operation and maintenance costs of the Virginia Railway Express (VRE) commuter rail service. Assets owned by PRTC and the Northern Virginia Transportation Commission (NVTC) for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities. For financial statement reporting purposes, assets, liabilities, and operations are assigned and allocated to NVTC and PRTC based on asset ownership, named entity on debt instruments, and sources of funding.

In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program reported separately in the financial statements of PRTC and NVTC are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of PRTC at 14700 Potomac Mills Road, Woodbridge, Virginia 22192.

## FINANCIAL ANALYSIS OF THE PRTC REPORTING ENTITY AS A WHOLE

### Statement of Net Position

The following table presents a summary of the Statement of Net Position for the PRTC reporting entity as of June 30, 2020 and 2019:

#### Summary of Net Position As of June 30

	Bus Service and Member Jurisdictions		Commuter Rail Service		Total	
	2020	2019	2020	2019	2020	2019
Assets and deferred outflows of resources:						
Current assets	\$ 50,365,807	\$ 57,071,389	\$ 69,247,526	\$ 62,213,825	\$ 119,613,333	\$ 119,285,214
Capital assets, net	88,155,088	70,358,325	167,509,924	170,998,515	255,665,012	241,356,840
Net pension asset	-	231,536	-	320,509	-	552,045
Deferred outflows of resources	564,255	294,875	787,618	416,635	1,351,873	711,510
Total assets and deferred outflows of resources	139,085,150	127,956,125	237,545,068	233,949,484	376,630,218	361,905,609
Liabilities and deferred inflows of resources:						
Current liabilities	7,716,764	12,075,981	3,533,691	5,069,271	11,250,455	17,145,252
Noncurrent liabilities	1,634,814	1,716,893	4,498,367	5,024,779	6,133,181	6,741,672
Deferred inflows of resources	124,338	151,451	174,555	214,069	298,893	365,520
Total liabilities and deferred inflows of resources	9,475,916	13,944,325	8,206,613	10,308,119	17,682,529	24,252,444
Net Position:						
Net investment in capital Assets	87,238,976	69,154,496	163,238,967	165,982,307	250,477,943	235,136,803
Restricted	20,190,326	21,944,378	6,423,169	5,824,191	26,613,495	27,768,569
Unrestricted	22,179,932	22,912,926	59,676,319	51,834,867	81,856,251	74,747,793
Total net position	\$ 129,609,234	\$ 114,011,800	\$ 229,338,455	\$ 223,641,365	\$ 358,947,689	\$ 337,653,165

As noted earlier, net position may serve as a useful indicator of a government's financial position. As shown above, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$358.9 million, an increase of \$21.3 million over the previous fiscal year. The largest portion of net position, \$250.5 million or 69.8%, represents the investment in capital assets (e.g., buses, rail rolling stock, building, building improvements and accumulated depreciation and amortization), less the related indebtedness outstanding used to acquire those capital assets. These assets are used to provide bus and rail service and consequently, are not available for future spending.

A portion of the net position, \$26.6 million or 7.4%, represents resources restricted for member jurisdictions, commuter rail liability insurance plan, and commuter rail grants or contributions.

Current assets consist primarily of cash, cash equivalents, and investments; grant revenue due from the Federal Government and the Commonwealth of Virginia; and motor fuel tax revenue receivable collected on PRTC's behalf by the Commonwealth. Current assets showed a very slight increase from the prior year.

Capital assets, net of accumulated depreciation and amortization, increased approximately \$14.3 million or 5.9%, primarily as the result of bus additions, bus overhaul, and the construction in progress of the western bus maintenance facility.

#### Statement of Revenues, Expenses and Changes in Net Position

The following table shows the revenues and expenses and the change in net position of the PRTC reporting entity for the fiscal years ended June 30, 2020 and 2019:

#### **Summary of Revenues, Expenses and Changes in Net Position Years Ended June 30**

	<b>Bus Service and Member Jurisdictions</b>		<b>Commuter Rail Service</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenues:						
Operating revenues	\$ 35,049,412	\$ 39,871,572	\$ 18,705,331	\$ 22,848,842	\$ 53,754,743	\$ 62,720,414
Nonoperating revenues	32,332,669	27,723,674	21,407,294	23,088,111	53,739,963	50,811,785
Capital grants & assistance, net	30,599,833	42,377,659	(2,459,979)	(1,083,803)	28,139,854	41,293,856
Transfers, net	(21,965,253)	(18,312,322)	21,965,253	18,312,322	-	-
Total revenues	76,016,661	91,660,583	59,617,899	63,165,472	135,634,560	154,826,055
Expenses:						
Operating expenses	50,934,788	47,878,521	43,859,582	45,356,075	94,794,370	93,234,596
Depreciation and amortization	9,342,977	7,903,798	9,845,159	9,271,402	19,188,136	17,175,200
Nonoperating expenses	141,462	85,536	216,068	249,819	357,530	335,355
Total expenses	60,419,227	55,867,855	53,920,809	54,877,296	114,340,036	110,745,151
Change in net position	15,597,434	35,792,728	5,697,090	8,288,176	21,294,524	44,080,904
Net position, beginning	114,011,800	78,219,072	223,641,365	215,353,189	337,653,165	293,572,261
Net position, ending	\$ 129,609,234	\$ 114,011,800	\$ 229,338,455	\$ 223,641,365	\$ 358,947,689	\$ 337,653,165

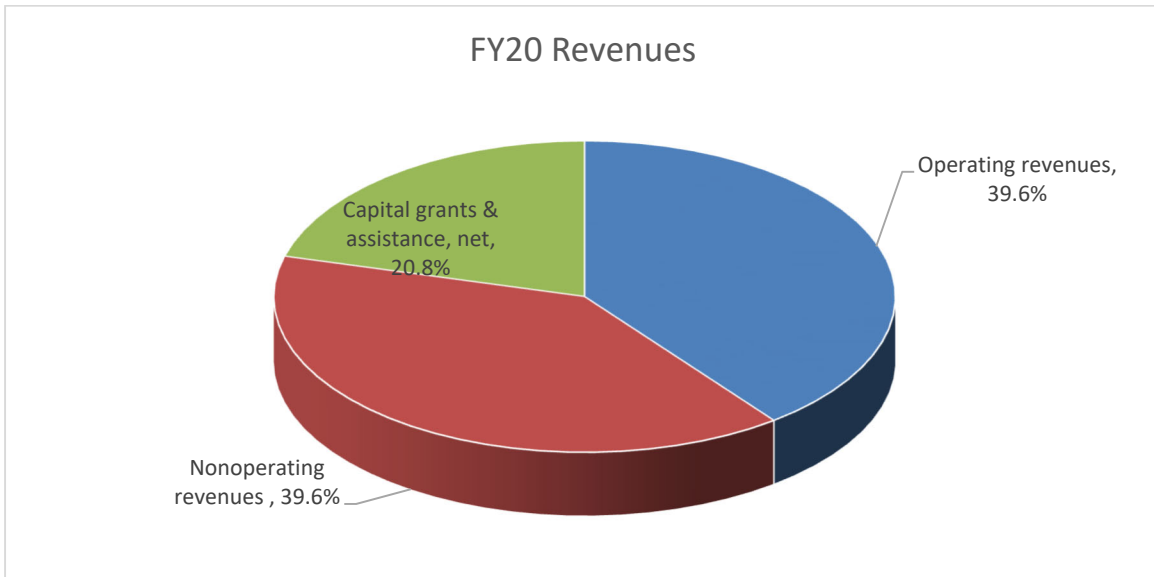
For the fiscal year ended June 30, 2020, revenues totaled \$135.6 million, compared to \$154.8 million in the preceding year, a decrease of \$19.2 million or 12.4%. Expenses increased by \$3.6 million or 3.2%. A discussion of the key components of these changes follows.

Operating revenues decreased \$8.9 million or 14.3% from the prior year, primarily the result of decrease in motor fuel tax revenue of \$2.0 million and \$6.9 million decrease in passenger revenue. The decrease is primarily due to the COVID-19 Novel Coronavirus (COVID) pandemic during the fourth quarter of fiscal year 2020.

Nonoperating revenues increased by \$2.9 million or 5.8% from the prior year, primarily the result of state and federal grant funding.

Net capital grants and assistance decreased by \$13.2 million or 31.9%, which is attributable to less state and federal capital funding for fiscal year 2020 compared to fiscal year 2019.

The following chart shows PRTC reporting entity revenues by source for the fiscal year ended June 30, 2020.

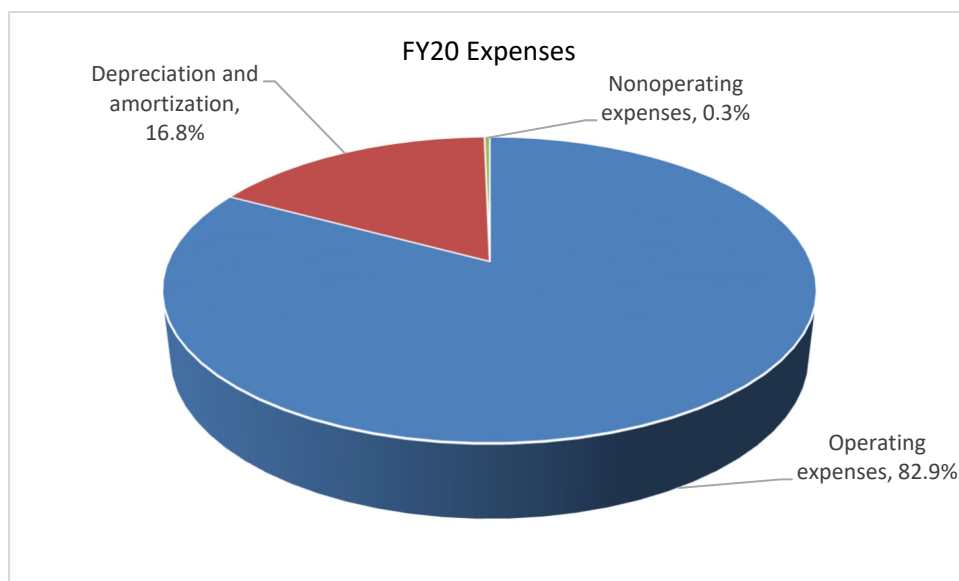


Operating expenses increased by \$1.6 million or 1.7%.

For the Bus Service and Member Jurisdictions Fund, operating expenses increased by \$3.1 million. Direct transportation expenses, which represent the use of jurisdictional motor fuel tax funds for the VRE subsidy as well as other jurisdictional transportation projects independent of PRTC, increased by \$1.4 million, while combined expenses for fuel, supplies, contractual and other services increased by \$1.7 million.

For the Commuter Rail Service Fund, operating expenses decreased by \$1.5 million or 3.3%. PRTC's share of the reporting entity decreased from 54.0% to 53.5%, with a corresponding increase for NVTC.

The following chart shows PRTC reporting entity expenses for the fiscal year ended June 30, 2020.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The details of capital assets as of June 30, 2020 and 2019 are as follows:

	Bus Service and Member Jurisdictions		Commuter Rail Service		Total	
	2020	2019	2020	2019	2020	2019
Buses and related equipment	\$ 91,578,089	\$ 96,374,678	\$ -	\$ -	\$ 91,578,089	\$ 96,374,678
Rail rolling stock	-	-	142,639,959	142,639,959	142,639,959	142,639,959
Land	6,639,270	6,639,270	-	-	6,639,270	6,639,270
Buildings	8,052,341	8,052,341	-	-	8,052,341	8,052,341
Building improvements	4,301,854	4,347,976	-	-	4,301,854	4,347,976
Construction in progress	43,622,239	18,422,652	12,001,865	15,370,835	55,624,104	33,793,487
Site improvements	1,430,513	1,430,513	-	-	1,430,513	1,430,513
Bus shelters	1,465,910	1,512,303	-	-	1,465,910	1,512,303
Vehicles	287,598	143,131	72,781	72,781	360,379	215,912
Furniture and equipment	2,312,713	2,412,678	-	-	2,312,713	2,412,678
Software and easement	3,939,978	3,914,290	-	-	3,939,978	3,914,290
Facilities	-	-	56,404,726	54,925,894	56,404,726	54,925,894
Track and signal improvements	-	-	49,764,479	41,717,264	49,764,479	41,717,264
Furniture, equipment and software	-	-	9,258,059	9,090,291	9,258,059	9,090,291
Equity in property of others	-	-	2,893,643	2,893,643	2,893,643	2,893,643
	163,630,505	143,249,832	273,035,512	266,710,667	436,666,017	409,960,499
Less accumulated depreciation and amortization	75,475,417	72,891,507	105,525,588	95,712,152	181,001,005	168,603,659
<b>Total capital assets, net</b>	<b>\$ 88,155,088</b>	<b>\$ 70,358,325</b>	<b>\$ 167,509,924</b>	<b>\$ 170,998,515</b>	<b>\$ 255,665,012</b>	<b>\$ 241,356,840</b>

PRTC's investment in capital assets as of June 30, 2020, amounted to \$255.7 million (net of accumulated depreciation and amortization), which represents an increase of \$14.3 million or 5.9%.

For bus service and member jurisdictions, three OmniRide buses were delivered at a cost of \$1.4 million. Twelve buses were disposed of during fiscal year 2020. Two paratransit vans were purchased and one OmniRide bus was overhauled. Construction in progress increased by \$25.2 million, primarily due to the construction of the western bus maintenance facility, which will be completed during fiscal year 2021.

For commuter rail service, the major completed projects during the fiscal year were the Positive Train Control project (\$6.75 million); Slaters Lane Track Crossover Improvements (\$1.3 million); purchase of the Crossroads Maintenance Storage Facility Land (\$1.25 million); lighting upgrades at various stations (\$0.2 million); and the SharePoint Development and Implementation project (\$0.2 million).

### Debt Administration

At June 30, 2020, PRTC had an outstanding principal balance of \$820,000 for its Series 2012 Revenue Bond with the Virginia Resources Authority.

PRTC's portion of debt for the commuter rail service is \$4.3 million. PRTC and NVTC are co-lessees of the capital lease for rolling stock, which is secured by the related equipment.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of PRTC's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance and Administration, Potomac and Rappahannock Transportation Commission, 14700 Potomac Mills Road, Woodbridge, Virginia 22192, or by email to [jembrey@omniride.com](mailto:jembrey@omniride.com).

## **BASIC FINANCIAL STATEMENTS**

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## STATEMENT OF NET POSITION

June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Bus Service and Member Jurisdictions	Commuter Rail Service	Total
<b>Current Assets</b>			
Cash and investments in bank	\$ 19,224,284	\$ 51,031,196	\$ 70,255,480
Receivables:			
Due from other governments	25,287,046	-	25,287,046
Trade receivables, net of allowance for doubtful accounts	-	317,745	317,745
Miscellaneous	145,570	299,431	445,001
Internal balances	(10,323,119)	10,323,119	-
Inventory	-	1,471,873	1,471,873
Prepaid expenses and other assets	303,253	74,353	377,606
Restricted assets:			
Cash and investments in pooled funds - member jurisdictions	15,728,773	-	15,728,773
Cash, cash equivalents and investments	-	5,729,809	5,729,809
<b>Total current assets</b>	<b>50,365,807</b>	<b>69,247,526</b>	<b>119,613,333</b>
<b>Noncurrent Assets</b>			
Capital assets:			
Transportation equipment:			
Buses and related equipment	91,578,089	-	91,578,089
Rail rolling stock	-	142,639,959	142,639,959
Less: accumulated depreciation	(59,358,629)	(52,568,545)	(111,927,174)
<b>Transportation equipment, net</b>	<b>32,219,460</b>	<b>90,071,414</b>	<b>122,290,874</b>
Land, buildings and equipment:			
Land	6,639,270	-	6,639,270
Buildings	8,052,341	-	8,052,341
Building improvements	4,301,854	-	4,301,854
Construction in progress	43,622,239	12,001,865	55,624,104
Site improvements	1,430,513	-	1,430,513
Bus shelters	1,465,910	-	1,465,910
Vehicles	287,598	72,781	360,379
Furniture and equipment	2,312,713	-	2,312,713
Software and easement	3,939,978	-	3,939,978
Facilities	-	56,404,726	56,404,726
Track and signal improvements	-	49,764,479	49,764,479
Furniture, equipment and software	-	9,258,059	9,258,059
Equity in property of others	-	2,893,643	2,893,643
Less: accumulated depreciation and amortization	(16,116,788)	(52,957,043)	(69,073,831)
<b>Land, buildings and equipment, net</b>	<b>55,935,628</b>	<b>77,438,510</b>	<b>133,374,138</b>
<b>Total capital assets, net</b>	<b>88,155,088</b>	<b>167,509,924</b>	<b>255,665,012</b>
<b>Total noncurrent assets</b>	<b>88,155,088</b>	<b>167,509,924</b>	<b>255,665,012</b>
<b>Total assets</b>	<b>138,520,895</b>	<b>236,757,450</b>	<b>375,278,345</b>
<b>Deferred Outflows of Resources</b>			
Pension plan	494,802	680,256	1,175,058
Other postemployment benefits	69,453	107,362	176,815
<b>Total deferred outflows of resources</b>	<b>564,255</b>	<b>787,618</b>	<b>1,351,873</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 139,085,150</b>	<b>\$ 237,545,068</b>	<b>\$ 376,630,218</b>



<b>LIABILITIES AND NET POSITION</b>	<b>Bus Service and Member Jurisdictions</b>	<b>Commuter Rail Service</b>	<b>Total</b>
<b>Current Liabilities</b>			
Accounts payable and other liabilities	\$ 5,417,113	\$ 1,161,348	\$ 6,578,461
Accrued expenses	-	522,895	522,895
Accrued payroll and benefits	645,751	-	645,751
Accrued interest	9,881	32,673	42,554
Due to other governments	176,256	-	176,256
Unearned revenue	1,139,719	972,935	2,112,654
Capital leases	-	778,473	778,473
Compensated absences	68,044	57,514	125,558
Retainage payable	-	7,853	7,853
Bond payable	260,000	-	260,000
<b>Total current liabilities</b>	<b>7,716,764</b>	<b>3,533,691</b>	<b>11,250,455</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	528,564	336,463	865,027
Net pension liability	154,448	212,336	366,784
Net other postemployment benefits liability	295,689	457,084	752,773
Capital leases	-	3,492,484	3,492,484
Bond payable, net	656,113	-	656,113
<b>Total noncurrent liabilities</b>	<b>1,634,814</b>	<b>4,498,367</b>	<b>6,133,181</b>
<b>Total liabilities</b>	<b>9,351,578</b>	<b>8,032,058</b>	<b>17,383,636</b>
<b>Deferred Inflows of Resources</b>			
Pension plan	103,207	141,890	245,097
Other postemployment benefits	21,131	32,665	53,796
<b>Total deferred inflows of resources</b>	<b>124,338</b>	<b>174,555</b>	<b>298,893</b>
<b>Net Position</b>			
Net investment in capital assets	87,238,976	163,238,967	250,477,943
Restricted	20,190,326	5,160,100	25,350,426
Restricted grants and contributions	-	1,263,069	1,263,069
Unrestricted	22,179,932	59,676,319	81,856,251
<b>Total net position</b>	<b>129,609,234</b>	<b>229,338,455</b>	<b>358,947,689</b>
<b>Total liabilities and net position</b>	<b>\$ 139,085,150</b>	<b>\$ 237,545,068</b>	<b>\$ 376,630,218</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2020

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total
Operating Revenues			
Motor fuel tax	\$ 26,493,360	\$ -	\$ 26,493,360
Farebox and passenger	8,425,772	18,562,076	26,987,848
Advertising	130,280	-	130,280
Equipment rental and other	-	143,255	143,255
<b>Total operating revenues</b>	<b>35,049,412</b>	<b>18,705,331</b>	<b>53,754,743</b>
Operating Expenses			
Direct transportation	14,101,306	-	14,101,306
Salaries and related benefits	5,268,671	-	5,268,671
Contractual services	25,971,756	-	25,971,756
Other services	2,710,673	-	2,710,673
Materials, supplies and minor equipment	464,171	-	464,171
Fuel	2,418,211	-	2,418,211
Contract operations and maintenance	-	15,018,090	15,018,090
Other operations and maintenance	-	8,264,097	8,264,097
Property leases and access fees	-	9,321,122	9,321,122
Insurance	-	2,337,975	2,337,975
Marketing and sales	-	1,171,269	1,171,269
General and administrative	-	7,747,029	7,747,029
<b>Total operating expenses</b>	<b>50,934,788</b>	<b>43,859,582</b>	<b>94,794,370</b>
<b>Operating loss before depreciation and amortization</b>	<b>(15,885,376)</b>	<b>(25,154,251)</b>	<b>(41,039,627)</b>
Depreciation and amortization	(9,342,977)	(9,845,159)	(19,188,136)
<b>Operating loss</b>	<b>(25,228,353)</b>	<b>(34,999,410)</b>	<b>(60,227,763)</b>
Nonoperating Revenues (Expenses)			
Jurisdictional contributions	-	11,158,056	11,158,056
Commonwealth of Virginia grants	8,452,520	-	8,452,520
Federal grants	22,808,534	-	22,808,534
Commuter Rail Operating and Capital (C-ROC ) Fund	-	9,428,342	9,428,342
Investment income	484,875	820,896	1,305,771
Pass-through grants - member jurisdictions	(141,462)	-	(141,462)
Interest, amortization and other nonoperating expenses, net	240	(216,068)	(215,828)
Other revenue	554,789	-	554,789
<b>Total nonoperating revenues, net</b>	<b>32,159,496</b>	<b>21,191,226</b>	<b>53,350,722</b>
Capital Grants and Assistance			
Commonwealth of Virginia grants	18,137,072	(381,451)	17,755,621
Federal grants	4,182,008	-	4,182,008
Regional transportation funding - NVT A	8,280,753	879,058	9,159,811
Contribution to NVTC	-	(2,957,586)	(2,957,586)
<b>Total capital grants and assistance, net</b>	<b>30,599,833</b>	<b>(2,459,979)</b>	<b>28,139,854</b>
<b>Income (loss) before transfers and gain on disposal of assets</b>	<b>37,530,976</b>	<b>(16,268,163)</b>	<b>21,262,813</b>
Transfers, net	(21,965,253)	21,965,253	-
Gain on Disposal of Assets	31,711	-	31,711
<b>Change in net position</b>	<b>15,597,434</b>	<b>5,697,090</b>	<b>21,294,524</b>
Net Position, beginning	114,011,800	223,641,365	337,653,165
Net Position, ending	\$ 129,609,234	\$ 229,338,455	\$ 358,947,689

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from motor fuel tax	\$ 27,368,384	\$ -	\$ 27,368,384
Receipts from customers	9,914,440	20,158,386	30,072,826
Receipts from advertising	130,280	-	130,280
Payments to suppliers	(30,816,368)	(38,123,198)	(68,939,566)
Payments to member jurisdictions	(16,961,197)	-	(16,961,197)
Payments to employees	(4,269,763)	(8,297,670)	(12,567,433)
<b>Net cash used in operating activities</b>	<b>(14,634,224)</b>	<b>(26,262,482)</b>	<b>(40,896,706)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Interest payments on revenue bond	(45,428)	-	(45,428)
Principal payments on revenue bond	(245,000)	-	(245,000)
Principal payments on capital leases	-	(745,250)	(745,250)
Interest payments on capital leases	-	(221,759)	(221,759)
Proceeds from sale of assets	42,784	-	42,784
Contribution to NVTC	-	(2,957,586)	(2,957,586)
Capital grants and assistance	53,154,570	-	53,154,570
Purchase of buses and related equipment	(2,183,121)	-	(2,183,121)
Acquisition of capital assets	(27,185,808)	(7,456,340)	(34,642,148)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>23,537,997</b>	<b>(11,380,935)</b>	<b>12,157,062</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Governmental subsidies	16,269,801	18,227,111	34,496,912
Interfund transfers	(23,578,620)	23,578,620	-
Payments for jurisdiction grant - related expenditures	(141,462)	-	(141,462)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(7,450,281)</b>	<b>41,805,731</b>	<b>34,355,450</b>
<b>Cash Flows From Investing Activities</b>			
Investment income	484,875	840,500	1,325,375
Other revenues	554,789	-	554,789
<b>Net cash provided by investing activities</b>	<b>1,039,664</b>	<b>840,500</b>	<b>1,880,164</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>2,493,156</b>	<b>5,002,814</b>	<b>7,495,970</b>
<b>Cash and Cash Equivalents</b>			
Beginning	32,459,901	46,028,382	78,488,283
Ending	\$ 34,953,057	\$ 51,031,196	\$ 85,984,253

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## STATEMENT OF CASH FLOWS (Continued)

Year Ended June 30, 2020

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total
<b>Reconciliation of Operating Loss to Net Cash Used in</b>			
<b>Operating Activities</b>			
Operating loss	\$ (25,228,353)	\$ (34,999,410)	\$ (60,227,763)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	9,342,977	9,845,159	19,188,136
Pension expense	102,401	142,704	245,105
Other postemployment benefits expense	(6,762)	(13,822)	(20,584)
Write-off of construction in progress to expense	-	338,752	338,752
Changes in assets and liabilities:			
(Increase) decrease in:			
Due from other governments	2,279,034	-	2,279,034
Miscellaneous receivables	84,771	124,428	209,199
Prepaid expenses and other assets	120,963	18,727	139,690
Deferred outflows of resources - pension contributions	12,274	18,281	30,555
Deferred outflows of resources - other postemployment benefits contributions	119	415	534
Trade receivables	-	1,359,706	1,359,706
Inventory	-	50,901	50,901
Increase (decrease) in:			
Accounts payable and other liabilities	627,480	(3,117,245)	(2,489,765)
Accrued payroll and benefits	890,876	-	890,876
Due to other governments	(2,859,891)	-	(2,859,891)
Unearned revenue	(113)	(31,078)	(31,191)
<b>Net cash used in operating activities</b>	<b>\$ (14,634,224)</b>	<b>\$ (26,262,482)</b>	<b>\$ (40,896,706)</b>
<b>Schedule of Noncash Capital Activities</b>			
Capital assets acquired through:			
Accounts payable	\$ 1,101,586	\$ 443,215	\$ 1,544,801
Accrued expenses	-	142,286	142,286

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Organization

The Potomac and Rappahannock Transportation Commission (“PRTC” or the “Commission”) was created on June 19, 1986, as a public body corporate and politic under the provisions of Chapter 32, Article 2, Title 15.1, of the *Code of Virginia*, 1950, as amended, for the purpose of facilitating the planning and development of an improved transportation system. The transportation system is composed of transit facilities, public highways, and other modes of transportation required in order to promote orderly transportation into, within, and from the various contiguous counties and cities composing the Commission, and to secure the comfort, convenience, and safety of its citizens through joint action by those contiguous counties and cities. The Commission includes the counties of Prince William, Spotsylvania, and Stafford, as well as the cities of Fredericksburg, Manassas, and Manassas Park (collectively referred to as “member jurisdictions”). The Commission was created to manage and control the function, affairs, and property of PRTC.

The Commission has 17 members, including three from the General Assembly and one ex-officio representative from the Virginia Department of Rail and Public Transportation. The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The composition of the Commission is as follows:

	Members	Represented Jurisdictions
Prince William County	6	1
Stafford County	2	1
Spotsylvania County	2	1
City of Manassas	1	1
City of Manassas Park	1	1
City of Fredericksburg	1	1
Commonwealth House of Delegates	2	1
Commonwealth Senate	1	1
Virginia Department of Rail and Public Transportation	1	-
	<u>17</u>	<u>8</u>

Each Commission member, including the Virginia Department of Rail and Public Transportation representative, is entitled to one vote in all matters requiring action by the Commission. A majority vote of the Commission members present and voting, and a majority of the jurisdictions represented are required to act. For purposes of determining the number of jurisdictions present, the Virginia Department of Rail and Public Transportation is not counted as a separate jurisdiction.

Member jurisdictions do not have an explicit equity interest in PRTC. Each jurisdiction controls PRTC’s use of the motor fuel tax proceeds from that jurisdiction.

Revenues of PRTC consist principally of a 2.1% motor fuel tax, farebox and passenger revenues, and federal and state grants. The fuel tax revenues represent a sales tax on retail sales of motor vehicle fuel levied by the Commonwealth of Virginia through its Department of Motor Vehicles. The Department of Motor Vehicles collects the tax and remits funds to PRTC monthly, after deducting its administrative costs. These funds are separately maintained by PRTC for the benefit of each member jurisdiction and are used to pay administrative costs of PRTC and transportation projects serving a particular jurisdiction.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Summary of Significant Accounting Policies

The following summarizes PRTC's significant accounting policies:

**Reporting entity:** PRTC has considered its relationship with the member jurisdictions in establishing the appropriate reporting entity in terms of financial accountability and fiscal dependency. None of the member jurisdictions appoint a voting majority of the Commission. Although action by PRTC, including adoption of a budget and issuance of debt, requires approval of a majority of the member jurisdictions, each jurisdiction controls PRTC's use of its 2.1% motor fuel tax proceeds. PRTC is not fiscally dependent on one particular jurisdiction. Thus, PRTC does not consider itself a component unit of any government.

The Northern Virginia Transportation Commission ("NVTC") and PRTC reporting entities each include a portion of the financial activity of the joint venture Virginia Railway Express ("VRE") commuter rail service. Pursuant to a Master Agreement signed in 1989, NVTC and PRTC jointly (as the "Commissions") own and operate VRE. Assets for VRE operations have been purchased in the name of the Commissions and funded primarily by grants, loans or other financing arrangements for which one or both Commissions have served as grantee, issuer, borrower, or in other related capacities. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing tracks of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station and other services.

**Basis of presentation:** The accounting policies of PRTC conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. While separate funds are maintained internally to account for each member jurisdiction's 2.1% motor fuel tax revenues, one combined enterprise fund (Bus Service and Member Jurisdictions Fund) is used for financial statement presentation. The activities of PRTC are similar to those of proprietary funds of local jurisdictions.

PRTC reports the following major enterprise funds:

**Bus Service and Member Jurisdictions Fund:** The Bus Service and Member Jurisdictions Fund accounts for operation and maintenance costs for PRTC bus service, financed by the 2.1% motor fuel tax, charges for services and operating and capital funding received from the Federal government and Commonwealth of Virginia. This fund also includes the 2.1% motor fuel tax activity for the PRTC member jurisdictions.

**Commuter Rail Service Fund:** The Commuter Rail Service Fund accounts for PRTC's portion of operation and maintenance costs for commuter rail service, financed by passenger charges and operating and capital funding received from jurisdictional contributions, the Federal government, Commonwealth of Virginia and regional grants.

**Basis of accounting:** Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurement focus applied. PRTC uses the accrual basis of accounting, where revenues are recognized when they are earned and expenses are recognized when they are incurred. Eliminations have been made to minimize the double counting of internal activities.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Summary of Significant Accounting Policies (Continued)

**Cash and investments in pooled funds, member jurisdictions:** Cash and investments in pooled funds represent PRTC's share of the pooled cash and investments held by the State Treasurer's Local Government Investment Pool ("LGIP") for the benefit of the member jurisdictions. The LGIP holds and invests certain funds of PRTC on its behalf.

The Commission classifies as cash and cash equivalents amounts on deposit with banks and cash invested temporarily in various instruments with maturities of three months or less at time of purchase.

**Restricted assets:** Restricted assets represent funds designated for specific purposes.

Restricted cash and investments in pooled funds – member jurisdictions of \$15,728,773 at June 30, 2020 for the Bus Service and Member Jurisdictions Fund are comprised of funds related to the 2.1% motor fuel tax revenue received on behalf of the Member Jurisdictions to be used for transit related projects.

Restricted cash, cash equivalents and investments of \$5,729,809 at June 30, 2020 for the Commuter Rail Service Fund are comprised of funds related to the balance in the Liability Insurance Plan, a small liability claims account, and funds related to a property transfer with restricted future uses.

**Allowance for uncollectible accounts:** The allowance for uncollectible accounts is calculated by using historical collection data and specific account analysis. The allowance was approximately \$93,000 at June 30, 2020.

**Inventory:** An inventory of spare parts for rail rolling stock has been purchased and is maintained and managed at the Commissions' warehouse located at the Crossroads yard. Inventory is stated at cost, which approximates market, and is valued using the first-in, first-out method.

**Prepaid expenses:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements using the consumption method.

**Deferred outflows/inflows of resources:** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. PRTC currently has items related to the pension plan and other postemployment benefits (OPEB) – Group Life Insurance Program (GLI) that qualify for reporting in this category. See Notes 12 and 13 for details regarding these items.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. PRTC currently has items related to the pension plan and GLI - OPEB that qualify for reporting in this category. See Notes 12 and 13 for details regarding these items.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Summary of Significant Accounting Policies (Continued)

**Capital assets:** Capital assets are stated at historical cost. Capital assets are defined by PRTC for the Bus Service and Member Jurisdictions Fund as tangible assets with an initial, individual cost of more than \$5,000 or intangible assets costing more than \$25,000 with an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The Commuter Rail Service Fund capitalizes assets that have an initial cost of \$5,000 or more per unit and a useable life of two or more years, with the exception of software purchases, which are only capitalized if the initial cost is \$15,000 or more.

Depreciation and amortization of all exhaustible equipment and buildings is charged as an expense against operations using the straight-line method over the following estimated useful lives:

Buses and related equipment	2 - 12 years
Rail rolling stock	8 - 25 years
Buildings and improvements	5 - 30 years
Site improvements	5 - 20 years
Bus shelters	5 years
Vehicles	5 years
Facilities	30 - 40 years
Track and signal improvements	5 - 30 years
Furniture, equipment, and software	2 - 15 years
Equity in property of others	3 - 35 years

When, in the opinion of management, certain assets are impaired, any estimated decline in value is accounted for as a non-operating expense. There were no impaired assets as of June 30, 2020.

**Compensated absences:** Employees are granted annual and sick leave based on years of service. Employees with less than ten years of service may carry over a total of 225 hours of annual leave from year to year, while those with more than ten years may carry over 300 hours of annual leave. Excess annual leave may convert to sick leave or may be paid out with the approval of the Executive Director or Commuter Rail Service Chief Executive Officer. In the event of termination, an employee is reimbursed in full for accumulated annual leave.

Employees may accumulate sick leave without limitation. Employees who separate in good standing after five or more years of service will be paid for 25 percent of their sick leave credit in excess of 450 hours. Certain employees may accumulate compensatory leave for overtime worked and is payable upon termination of employment.

Compensated absences are accrued when incurred. The liability for compensated absences is included in the accompanying financial statements as both a current and noncurrent liability.

**Long-term obligations:** Bond premiums are deferred and amortized over the life of the bond using the straight-line method.



# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Summary of Significant Accounting Policies (Continued)

**Pensions:** The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (PRTC's retirement plan) is a multiple-employer, agent plan. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) PRTC's Retirement Plan and the additions to/deductions from the VRS PRTC's Retirement Plan net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Group life insurance program (GLI):** The VRS GLI is a multiple employer, cost-sharing OPEB plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net position:** Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position caption "net investment in capital assets" consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by PRTC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

PRTC first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Revenue recognition:** Intergovernmental revenues, consisting primarily of Federal and Commonwealth of Virginia grants, designated for payment of specific expenses, are recognized at the time the expenses are incurred. Capital grants and assistance are recognized as additions are made to capital assets and operating resources are included in the Statement of Revenues, Expenses and Changes in Net Position when expended.

**Operating revenues and expenses:** Operating revenues are generated from activities related to providing public transportation services to users. Operating revenues include 2.1% motor fuel tax revenues, farebox and passenger revenues, and advertising revenues. Nonoperating revenues include jurisdictional contributions, federal and state grants and investment income.

Operating expenses are incurred for activities related to providing public transportation services to users. Operating expenses include direct transportation expenses and general and administrative expenses. Nonoperating expenses include interest expense.

**Statement of cash flows:** For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, pooled funds, money market funds, overnight repurchase agreements, and U.S. Government agency obligations having an original maturity of three months or less.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Summary of Significant Accounting Policies (Continued)

**Estimates and assumptions:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Inter-fund transfers:** Transactions among the Commission's funds would be treated as revenues and expenditures or expenses if they involved organizations external to the Commission. They are accounted for as revenues and expenditures or expenses in the fund involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

**Subsequent events:** The Commission has evaluated subsequent events through November 19, 2020, which was the date the financial statements were available to be issued.

### Note 3. Cash and Investments

**Deposits:** Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Investments:** State statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements and the LGIP.

The Commission has investments in the LGIP and Federated Government Obligations Fund (FG), which are professionally managed money market funds that invest in qualifying obligations and securities as permitted by state statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. PRTC's investments in the LGIP are stated at amortized cost and classified as cash and cash equivalents. The LGIP and FG have been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP and FG is less than one year.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Cash and Investments (Continued)

The Commonwealth of Virginia Department of the Treasury manages PRTC's Insurance Trust. State statutes govern the portion of assets invested in the Commonwealth's pooled accounts, while the remainder is invested by an external portfolio manager. At June 30, 2020, PRTC had \$5,131,770 invested in the Insurance Trust.

### Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment if the investment is held for a long period of time. Interest rate risk does not apply to the LGIP since it is an external investment pool classified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 79.

As of June 30, 2020, the carrying values and maturity of investments were as follows:

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total	Fair Value	Maturities Less Than One Year
Sweep Account	\$ 19,226,000	\$ -	\$ 19,226,000	\$ 19,226,000	\$ 19,226,000
LGIP	-	47,386,524	47,386,524	47,386,524	47,386,524
	19,226,000	47,386,524	66,612,524	66,612,524	66,612,524
Restricted:					
Insurance trust fund -					
pooled funds	-	5,131,770	5,131,770	5,131,770	5,131,770
LGIP	15,728,773	598,039	16,326,812	16,326,812	16,326,812
	15,728,773	5,729,809	21,458,582	21,458,582	21,458,582
	\$ 34,954,773	\$ 53,116,333	\$ 88,071,106	\$ 88,071,106	\$ 88,071,106

The Commission categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Commission has the following recurring fair value measurement as of June 30, 2020:

- Sweep Account of \$19,226,000 is valued using quoted market prices (Level 2 inputs).

PRTC has adopted a formal investment policy. The policy specifies eligible and ineligible investments; diversification requirements; maximum length of time for various types of investments; and the process for purchasing securities.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Cash and Investments (Continued)

PRTC's investment policy establishes the maximum percentages of the portfolio permitted on each of the following instruments:

#### Authorized Investments

Authorized investments for public funds are set forth in Chapter 18, Sections 2.1-327 to 2.1-329.1 of the *Code of Virginia*. The following are included on the list of authorized investments:

1. Obligations issued or guaranteed by the U.S. Government, an agency thereof, or U.S. Government sponsored corporation.
2. Certificates of deposit and time deposits in any of Virginia's qualified public depositories federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act.
3. Repurchase agreements collateralized by U.S. Treasury/agency securities.
4. Bankers' acceptances from "prime quality" major U.S. banks and domestic offices of international banks.
5. "Prime quality" commercial paper issued by domestic corporations.
6. Short-term corporate notes and/or bank notes of domestic corporations/banks.
7. The LGIP as established by the Virginia Department of the Treasury.

#### Diversification

Diversification of investments by security type and by issuer will be consistent with the following guidelines:

1. The portfolio will be diversified with not more than 5% of the value of the investment pool's assets invested in the securities of any single issuer. This limitation will not apply to securities of the U.S. Government or agency thereof, government sponsored corporation securities, or fully insured and/or collateralized certificates of deposit.
2. The Bus Service and Member Jurisdiction Fund investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

LGIP	100% maximum
U.S. Treasury and Agency Securities	100% maximum
Certificates of Deposit	25% maximum
Repurchase Agreements	50% maximum
Bankers' Acceptances	40% maximum
Commercial Paper	35% maximum
Corporate Notes and Bank Notes	25% maximum

The Commuter Rail Service Fund's investment policy provides limitations on the percentage of the portfolio that can be invested in each type of security, as indicated in the following chart.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Cash and Investments (Continued)

The limitations provided in the investment policy for maximum maturity and the percentages of the portfolio permitted for each category of investments are as follows:

Investment	Length of Maturity	Percent Allowed
Bonds, notes, and other evidence of indebtedness of the United States	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of the Commonwealth of Virginia	60 months or less	100%
Bonds, notes, and other evidence of indebtedness of any county, city, town, district, authority, or other public body of the Commonwealth of Virginia	36 months or less	100%
Bonds and notes of FNMA and FHLB	36 months or less	75%
Savings accounts or CD's of any bank or savings and loan association within the Commonwealth of Virginia	12 months or less	20%
Money market mutual funds	13 months or less	60%
Repurchase agreements	24 months or less	20%
Bankers' acceptances	24 months or less	10%
Prime Quality Commercial Paper (no more than 5% from one issuer)	270 days or less	35%
High Quality Corporate Notes	24 months or less	50%
Certificates representing ownership in treasury bond principal	24 months or less	50%
LGIP	N/A	100%
Negotiable CD's and negotiable bank deposit notes	24 months or less	25%

Funds are held in the LGIP for the benefit of the various member jurisdictions as follows:

	Bus Service and Member Jurisdictions
Stafford County	\$ 2,370,883
Prince William County	6,936,557
City of Manassas	582,410
City of Manassas Park	2,754,159
City of Fredericksburg	2,329,238
Spotsylvania County	755,526
	<u>\$ 15,728,773</u>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Due To/From Other Governments

Amounts due from other governments are as follows:

	Bus Service and Member Jurisdictions
Virginia Department of Motor Vehicles - motor fuel tax receipts	\$ 4,634,069
Virginia Department of Rail and Public Transportation	2,173,301
Federal Transit Administration	17,331,872
Northern Virginia Transportation Commission	623,763
Northern Virginia Transportation Authority	457,894
Washington Metropolitan Area Transit Authority	52,711
Virginia Department of Transportation	12,224
City of Manassas	1,006
Prince William County	206
	<hr/>
	\$ 25,287,046

Amounts due to other governments are as follows:

	Bus Service and Member Jurisdictions
Spotsylvania County	\$ 172,516
Virginia Department of Rail and Public Transportation	3,740
	<hr/>
	\$ 176,256

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Changes in capital assets for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Capital assets not being depreciated or amortized:					
Land	\$ 6,639,270	\$ -	\$ -	\$ -	\$ 6,639,270
Construction in progress	33,793,487	31,887,417	(338,752)	(9,718,048)	55,624,104
<b>Total capital assets not being depreciated or amortized</b>	<b>40,432,757</b>	<b>31,887,417</b>	<b>(338,752)</b>	<b>(9,718,048)</b>	<b>62,263,374</b>
Capital assets being depreciated and amortized:					
Buses and related equipment	96,374,678	1,722,718	(6,519,307)	-	91,578,089
Rail rolling stock	142,639,959	-	-	-	142,639,959
Buildings	8,052,341	-	-	-	8,052,341
Building improvements	4,347,976	8,834	(54,956)	-	4,301,854
Site improvements	1,430,513	-	-	-	1,430,513
Bus shelters	1,512,303	21,432	(67,825)	-	1,465,910
Vehicles	215,912	144,467	-	-	360,379
Furniture and equipment	2,412,678	23,553	(123,518)	-	2,312,713
Software and easement	3,914,290	25,688	-	-	3,939,978
Facilities	54,925,894	-	-	1,478,832	56,404,726
Track and signal improvements	41,717,264	-	-	8,047,215	49,764,479
Furniture, equipment and software	9,090,291	7,493	(31,726)	192,001	9,258,059
Equity in property of others	2,893,643	-	-	-	2,893,643
<b>Total capital assets being depreciated and amortized</b>	<b>369,527,742</b>	<b>1,954,185</b>	<b>(6,797,332)</b>	<b>9,718,048</b>	<b>374,402,643</b>
Less accumulated depreciation and amortization for:					
Buses and related equipment	58,415,025	7,462,911	(6,519,307)	-	59,358,629
Rail rolling stock	46,768,104	5,800,441	-	-	52,568,545
Buildings	5,769,994	268,512	-	-	6,038,506
Building improvements	2,492,763	297,743	(48,415)	-	2,742,091
Site improvements	707,849	69,577	-	-	777,426
Bus shelters	1,371,771	86,960	(67,825)	-	1,390,906
Vehicles	140,700	43,881	-	-	184,581
Furniture and equipment	1,524,459	434,248	(123,518)	-	1,835,189
Software and easement	2,505,624	692,273	-	-	3,197,897
Facilities	22,385,004	1,664,873	-	-	24,049,877
Track and signal improvements	16,097,133	2,093,269	-	-	18,190,402
Furniture, equipment and software	8,440,980	191,151	(31,725)	-	8,600,406
Equity in property of others	1,984,253	82,297	-	-	2,066,550
<b>Total accumulated depreciation and amortization</b>	<b>168,603,659</b>	<b>19,188,136</b>	<b>(6,790,790)</b>	<b>-</b>	<b>181,001,005</b>
<b>Total capital assets being depreciated and amortized, net</b>	<b>200,924,083</b>	<b>(17,233,951)</b>	<b>(6,542)</b>	<b>9,718,048</b>	<b>193,401,638</b>
<b>Total capital assets, net</b>	<b>\$ 241,356,840</b>	<b>\$ 14,653,466</b>	<b>\$ (345,294)</b>	<b>\$ -</b>	<b>\$ 255,665,012</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Liabilities

#### Revenue Bond

\$2,335,000, Series 2012 Revenue Bond, due in annual installments of \$260,000 to \$285,000 through October 2022, plus interest at 4.82% to 4.83%

\$ 820,000

Mandatory debt service requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total Required
2021	\$ 260,000	\$ 33,263	\$ 293,263
2022	275,000	20,378	295,378
2023	285,000	6,878	291,878
	<u>\$ 820,000</u>	<u>\$ 60,519</u>	<u>\$ 880,519</u>

#### Capitalized Lease - Gallery IV (11 cars)

	Total	PRTC Reporting Entity
\$25,100,000 capitalized lease obligation (PRTC reporting entity, \$12,550,000); \$965,679 due semi-annually (PRTC reporting entity, \$482,840), interest at 4.59%, maturing in 2025, collateralized with Gallery IV railcars with a carrying value of \$12,946,565 (PRTC reporting entity, \$6,473,283)	<u>\$ 8,541,916</u>	<u>\$ 4,270,957</u>

Future minimum lease payments as of June 30, 2020 are as follows:

Year Ending June 30,	Total	PRTC Reporting Entity
2021	\$ 1,931,357	\$ 965,679
2022	1,931,357	965,679
2023	1,931,357	965,679
2024	1,931,357	965,678
2025	1,931,357	965,678
Total minimum lease payments	<u>9,656,785</u>	<u>4,828,393</u>
Less amount representing interest	<u>1,114,869</u>	<u>557,436</u>
Present value of lease payments	<u>\$ 8,541,916</u>	<u>\$ 4,270,957</u>



# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Long-Term Liabilities (Continued)

#### Capitalized Leases – Copiers

	Total	PRTC Reporting Entity
\$63,450 capitalized lease obligations; \$1,329 due monthly, interest at 9.39%, maturing in 2020; collateralized with two multifunction copiers with a carrying value of \$0 (PRTC reporting entity, \$0) Leases retired in fiscal year 2020, and the copiers purchased at under \$5,000 per unit (PRTC reporting entity, \$5,000).	\$ -	\$ -

The following is a summary of long-term liability activity for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue bond	\$ 1,065,000	\$ -	\$ 245,000	\$ 820,000	\$ 260,000
Unamortized premium	138,829	-	42,716	96,113	-
Capital leases	5,016,207	-	745,250	4,270,957	778,473
	<u>\$ 6,220,036</u>	<u>\$ -</u>	<u>\$ 1,032,966</u>	<u>\$ 5,187,070</u>	<u>\$ 1,038,473</u>

### Note 7. Net Position

Restricted net position represents net assets subject to restrictions beyond PRTC's control. Following is a summary of the components of restricted net position as of June 30, 2020:

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total
Cash and investments	\$ 15,728,773	\$ 28,330	\$ 15,757,103
Due from other governments, net	4,461,553	-	4,461,553
Grants and contributions	-	1,263,069	1,263,069
Cash and investments - insurance trust fund	-	5,131,770	5,131,770
	<u>\$ 20,190,326</u>	<u>\$ 6,423,169</u>	<u>\$ 26,613,495</u>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Net Position (Continued)

Unrestricted net position consists of the following as of June 30, 2020:

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total
Designation of unrestricted net assets:			
Carry forward to support future years' budgets	\$ 4,155,002	\$ -	\$ 4,155,002
Local match for federal/state grants	229,085	-	229,085
<b>Total designations</b>	<b>4,384,087</b>	<b>-</b>	<b>4,384,087</b>
Undesignated unrestricted net position	17,795,845	59,676,319	77,472,164
<b>Total unrestricted net position</b>	<b>\$ 22,179,932</b>	<b>\$ 59,676,319</b>	<b>\$ 81,856,251</b>

### Note 8. Joint Venture – Virginia Railway Express

The NVTC reporting entity and the PRTC reporting entity contain their respective shares of the financial activity of the VRE joint venture. In order to present a full and accurate picture of VRE operations, all financial transactions related to the commuter rail program are combined in a separate set of financial statements. These audited financial statements can be obtained from the Director of Finance and Administration of PRTC at 14700 Potomac Mills Road, Woodbridge, Virginia 22192.

Assets owned by the Commissions for the VRE operations have been funded by a variety of sources including federal assistance with PRTC as grantee, Commonwealth of Virginia assistance with NVTC-VRE as grantee, local contributions, and various loans and other financing arrangements for which one or both Commissions have served as issuer, borrower, or in other related capacities.

The federal grant agreements control the use and disposal of property acquired with federal grant funds. If property is removed from service prior to the end of its useful life, the grant recipient may be required to return to the grantor agency the federal assistance expended on that property. In addition, permission of the grantor agency is required if property is disposed of prior to the end of its useful life or at any time for an amount in excess of \$5,000.

The Master Agreement for the use of Commonwealth of Virginia Transportation Funds controls the use and disposal of property acquired with state grant funds. If any project equipment are not used for the purpose for which they were purchased for the duration of their useful lives, the Commonwealth has the option of requiring the grantee to relinquish title to the project equipment or remit an amount equal to the proportional share of the fair market value based upon the ratio of participation by the state. For facilities, the Commonwealth requires an amount equal to the proportional share of fair market value based upon the ratio of participation by the state be remitted.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### **Note 8. Joint Venture – Virginia Railway Express (Continued)**

Pursuant to a Master Agreement signed in 1989, the Commissions own and operate VRE. VRE provides commuter rail service on two railroad lines originating in Fredericksburg and Manassas, Virginia and terminating at Union Station, Washington, D.C. The service uses existing track of the CSX Transportation Corporation ("CSX"), and the Norfolk Southern Railway Company, under respective operating access agreements. Trains are operated and maintained pursuant to an agreement between the Commissions and Keolis Rail Services Virginia, LLC, and Amtrak provides the Commissions with access to storage at Union Station and other services.

VRE is managed by the Commissions. Certain functions have been delegated to the VRE Operations Board, which consists of representatives of all contributing and participating jurisdictions and one representative of the Commonwealth of Virginia's Department of Rail and Public Transportation. The system is not currently configured for fare revenues alone to produce positive operating income. In addition to fares, the project is financed with proceeds from the Commuter Rail Revenue Bonds, a federal loan (refinanced in fiscal year 2018 to a bond), a lease financing, Federal and Commonwealth of Virginia grants, Northern Virginia Transportation Authority (NVTA) regional grants and jurisdictional contributions apportioned through a formula based on ridership, supplemented by voluntary donations from contributing jurisdictions. Grants and contributions fund both operations and capital projects. Participating jurisdictions include the counties of Fairfax, Prince William, Spotsylvania, and Stafford; and the cities of Manassas, Manassas Park, and Fredericksburg, Virginia. Contributing jurisdictions include Arlington County and the City of Alexandria, Virginia.

In July 2007, the Commissions adopted amendments to the VRE Master Agreement that expanded the Operations Board to include all member jurisdictions and provided for board representation proportionate to system ridership, and weighted voting proportionate to jurisdictional subsidy. In addition, the amendments apportioned jurisdictional subsidies on system ridership only, rather than the former 90% system ridership and 10% population formula. The amendment to the subsidy formula was phased in over four years, beginning in fiscal year 2008. The amendments also allowed for greater autonomy for the Operations Board, with progressively more decisions made by the Board without referral to PRTC and NVTC.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Joint Venture – Virginia Railway Express (Continued)

Financial information from VRE's fiscal year 2020 audited financial statements is shown below.

#### **VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION June 30, 2020**

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<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current Assets	
Cash and cash equivalents	\$ 97,142,781
Accounts receivable:	
Federal due from PRTC	9,006,275
Federal CARES Act	2,688,095
Commonwealth of Virginia grants	5,415,225
Commuter Rail Operating and Capital (C-ROC) Fund	3,750,000
Trade receivables, net of allowance for doubtful accounts	594,027
Other receivables	602,064
Inventory	2,751,678
Prepaid expenses and other	139,004
Restricted cash, cash equivalents and investments	14,862,978
<b>Total current assets</b>	<u>136,952,127</u>
Noncurrent Assets	
Capital assets (net of \$211,051,174 accumulated depreciation and amortization)	<u>335,019,850</u>
<b>Total noncurrent assets</b>	<u>335,019,850</u>
<b>Total assets</b>	<u>471,971,977</u>
Deferred Outflows of Resources	
Loss on refunding	393,423
Pension plan	680,256
Other postemployment benefits	107,362
<b>Total deferred outflows of resources</b>	<u>1,181,041</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 473,153,018</u></u>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Joint Venture – Virginia Railway Express (Continued)

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF NET POSITION (Continued) June 30, 2020

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 5,307,212
Unearned revenue	1,818,911
Current portion of:	
Capital lease obligations	1,556,946
Bonds payable	2,350,000
<b>Total current liabilities</b>	<b>11,033,069</b>
Noncurrent Liabilities	
Pension liability	212,336
Other postemployment benefits	457,084
Capital lease obligations	6,984,969
Bonds payable	44,846,530
Compensated absences	629,021
<b>Total noncurrent liabilities</b>	<b>53,129,940</b>
<b>Total liabilities</b>	<b>64,163,009</b>
Deferred Inflows of Resources	
Pension plan	141,890
Other postemployment benefits	32,665
<b>Total deferred inflows of resources</b>	<b>174,555</b>
Net Position	
Net investment in capital assets	279,674,828
Restricted for liability insurance plan	10,320,199
Restricted for debt service	2,016,642
Restricted grants or contributions	2,526,137
Unrestricted assets	114,277,648
<b>Total net position</b>	<b>408,815,454</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 473,153,018</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Joint Venture – Virginia Railway Express (Continued)

#### VIRGINIA RAILWAY EXPRESS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Year Ended June 30, 2020

Operating Revenues	\$ 34,969,771
Operating Expenses	<u>78,525,443</u>
<b>Operating loss before depreciation and amortization</b>	<b>(43,555,672)</b>
Depreciation and Amortization	<u>(19,690,320)</u>
<b>Operating loss</b>	<b><u>(63,245,992)</u></b>
Nonoperating Revenues (Expenses)	
Subsidies:	
Commonwealth of Virginia grants	18,712,734
Federal grants – with PRTC as grantee	15,271,669
Federal CARES Act	2,688,095
Jurisdictional contributions	17,767,748
Commuter Rail Operating and Capital (C-ROC) Fund	15,000,000
Interest income:	
Operating funds	1,009,626
Insurance trust	218,621
Commuter Rail Operating and Capital (C-ROC) Fund	294,176
Other restricted funds	48,899
Interest, amortization and other nonoperating expenses, net	<u>(2,089,883)</u>
<b>Total nonoperating revenues, net</b>	<b><u>68,921,685</u></b>
Capital Grants and Assistance	
Commonwealth of Virginia grants	2,110,561
Federal grants – with PRTC as grantee	3,696,057
Regional transportation funding (NVT A)	<u>1,758,116</u>
<b>Total capital grants and assistance</b>	<b><u>7,564,734</u></b>
Extraordinary or Special Items	<u>1,372,379</u>
<b>Change in net position</b>	<b>14,612,806</b>
Net Position, beginning of year	<u>394,202,648</u>
Net Position, ending	<b><u>\$ 408,815,454</u></b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Direct Transportation Expenses

In addition to PRTC administrative costs, the member jurisdictions authorize disbursements from their respective 2.1% motor fuel tax revenues for transportation projects operating or originating within their jurisdiction. During the year ended June 30, 2020, amounts expended for joint and jurisdictional transportation projects consisted of:

	Bus Service and Member Jurisdictions
VRE support	\$ 5,059,745
Other jurisdictional projects	9,041,561
	<u>\$ 14,101,306</u>

VRE payments are made in accordance with operating and capital budgets prepared by VRE and adopted by its Operations Board.

### Note 10. Risk Management and Liability Insurance Plan

PRTC and the VRE commuter rail operation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to address these risks, including workers' compensation and employee health and accidental insurance. The Virginia Department of Treasury, Division of Risk Management has established the terms of VRE's Commuter Rail Operations Liability Plan (the Insurance Plan). The Insurance Plan consists of a combination of self-insurance reserves and purchased insurance in amounts actuarially determined to meet the indemnification requirements of the Operating Access Agreements and the Purchase of Services Agreement and for liability and property coverage. The Commissions indemnify each of the railroads in an amount up to the passenger rail liability cap (currently at \$295,000,000) for any claims against persons or property associated with commuter rail operations. Settled claims have not exceeded commercial coverage during any of the past three fiscal years. The liability for incurred but not reported claims was approximately \$139,000 at June 30, 2020, of which \$69,500 was included in the PRTC reporting entity. PRTC is indemnified from risk related to its bus/bus facility issues by virtue of its contract with First Transit, the third-party bus services provider.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Risk Management and Liability Insurance Plan (Continued)

The Division of Risk Management manages the Insurance Trust Fund pursuant to provisions of the Insurance Plan. Since November 2006, all plan assets have been invested in the Department of the Treasury common pool. Activity in the Insurance Trust Fund for the year ended June 30, 2020 was as follows:

	Total	PRTC Reporting Entity
Beginning balance, July 1, 2019	\$ 10,471,870	\$ 5,235,935
Contribution to reserves	3,900,136	1,950,068
Insurance premiums paid	(4,256,144)	(2,128,072)
Claims mitigation and losses incurred	(55,493)	(27,747)
Investment income	218,621	109,311
Actuarial and administrative charges	(15,450)	(7,725)
Ending balance, June 30, 2020	<u>\$ 10,263,540</u>	<u>\$ 5,131,770</u>

An actuarial study is performed annually to determine the adequacy of the Insurance Trust Fund for the risk retained and to determine the required contribution to reserves.

### Note 11. Deferred Compensation Benefits

PRTC offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of plan participants and/or beneficiaries. PRTC has the duty of due care that would be required of any prudent investor.

PRTC contributions to the deferred compensation plan for the year ended June 30, 2020 were \$15,820.

PRTC also offers a Governmental Money Purchase Plan (401a) to the Executive Director for deferred compensation purposes. PRTC contributions to the 401a for the year ended June 30, 2020 were \$6,461.



# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Pension Plan

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent Multiple-Employer Pension Plan  
Administering Entity: Virginia Retirement System (System)

#### A. Plan Description

All full-time, salaried permanent employees of PRTC are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"><li>•The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li><li>•The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>•In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> Non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees.*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	<b>Retirement Contributions</b> Same as Plan 1.	<b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
<b>Service Credit</b> Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	<b>Service Credit</b> Same as Plan 1.	<b>Service Credit</b> <i>Defined Benefit Component</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.  <i>Defined Contribution Component</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.  Members are always 100% vested in the contributions they make.	<b>Vesting</b> Same as Plan 1.	<b>Vesting</b> <i>Defined Benefit Component</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.  <i>Defined Contribution Component</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.  Members are always 100% vested in the contributions they make.  Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> Distribution is not required, except as governed by law.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Calculating the Benefit</b> The Basic Benefit is determined using the average final compensation, service credit, and plan multiplier.  An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <i>Defined Benefit Component</i> See definition under Plan 1  <i>Defined Contribution Component</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> <i>Defined Benefit Component</i> The retirement multiplier for the defined benefit component is 1.0%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
<b>Normal Retirement Age</b> Age 65.	<b>Normal Retirement Age</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <i>Defined Benefit Component</i> Same as Plan 2.  <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.	<b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component</i> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.  <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component</i> Age 60 with at least five years (60 months) of service credit.  <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <u><b>Defined Benefit Component</b></u> Same as Plan 2.  <u><b>Defined Contribution Component</b></u> Not applicable.
<i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.  For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<i>Eligibility:</i> Same as Plan 1.	<i>Eligibility:</i> Same as Plan 1 and Plan 2.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<p><i>Exceptions to COLA Effective Dates:</i></p> <p>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1.</p>	<p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b></p> <p>Eligible political subdivision (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <i>Defined Contribution Component:</i> Not applicable.

#### B. Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	28
Inactive members:	
Vested	21
Non-vested	24
Active elsewhere in VRS	9
<b>Total inactive members</b>	<b>54</b>
Active members	95
<b>Total covered employees</b>	<b>177</b>

#### C. Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

PRTC's contractually required contribution rate for the year ended June 30, 2020 was 4.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018.



# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Pension Plan (Continued)

#### C. Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from PRTC were \$323,989 and \$354,543 for the years ended June 30, 2020 and 2019, respectively.

#### D. Net Pension (Asset) Liability

PRTC's net pension (asset) liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

#### E. Actuarial Assumptions

The total pension liability for the Commission's retirement plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.0% to 6.75%

#### F. Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>5.13%</b>
		Inflation	2.50%
		* Expected arithmetic nominal return	<b>7.63%</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### F. Long-Term Expected Rate of Return (Continued)

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

#### G. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2018, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

#### H. Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension (Asset) Liability
Balance at June 30, 2018	\$ 17,978,233	\$ 18,530,278	\$ (552,045)
Changes for the year:			
Service cost	747,243	-	747,243
Interest	1,233,409	-	1,233,409
Changes of assumptions	631,239	-	631,239
Difference between expected and actual experience	312,560	-	312,560
Contributions – employer	-	354,543	(354,543)
Contributions – employee	-	414,063	(414,063)
Net investment income	-	1,249,744	(1,249,744)
Benefit payments, including refunds of employee contributions	(716,216)	(716,216)	-
Administrative expense	-	(11,937)	11,937
Other changes	-	(791)	791
<b>Net changes</b>	<b>2,208,235</b>	<b>1,289,406</b>	<b>918,829</b>
Balance at June 30, 2019	\$ 20,186,468	\$ 19,819,684	\$ 366,784

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Pension Plan (Continued)

#### I. Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the Commission, using the discount rate of 6.75%, as well as what the Commission's net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's net pension (asset) liability	\$ 3,069,540	\$ 366,784	\$ (1,775,482)

#### J. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Commission recognized pension expense of \$599,651. The Commission also reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 365,613	\$ -
Changes of assumptions	485,456	(75,494)
Net difference between projected and actual earnings on pension plan investments	-	(169,603)
Employer contributions subsequent to the measurement date	323,989	-
<b>Total</b>	<b>\$ 1,175,058</b>	<b>\$ (245,097)</b>

The \$323,989 reported as deferred outflows of resources related to pensions resulting from PRTC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows and (inflows) of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2021	\$ 233,950
2022	64,045
2023	226,299
2024	81,678
	<b>\$ 605,972</b>

#### K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2019-annual-report.pdf](http://varetire.org/Pdf/Publications/2019-annual-report.pdf), or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 13. Other Postemployment Benefits Plan – Group Life Insurance Program

#### A. Plan Description

All full-time, salaried permanent employees of PRTC are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>	
<b>Eligible Employees</b>	
The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.	
Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.	
<b>Benefit Amounts</b>	
The benefits payable under the GLI have several components.	
<ul style="list-style-type: none"><li>• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.</li><li>• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>	
<b>Reduction in Benefit Amounts</b>	
The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.	
<b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b>	
For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.	

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 13. Other Postemployment Benefits Plan – Group Life Insurance Program (Continued)

#### B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was .52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from PRTC were \$46,663 and \$47,196 for the years ended June 30, 2020 and June 30, 2019, respectively.

#### C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2020, PRTC reported a liability of \$752,773 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was \$47,158 or 0.04626% as compared to \$46,174 or 0.04670% at June 30, 2018.

For the year ended June 30, 2020, PRTC recognized GLI OPEB expense of \$25,766. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 50,064	\$ (9,764)
Changes of assumptions	47,526	(22,699)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(15,463)
Changes in proportion	32,562	(5,870)
Employer contribution subsequent to the measurement date	46,663	-
<b>Total</b>	<b>\$ 176,815</b>	<b>\$ (53,796)</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 13. Other Postemployment Benefits Plan – Group Life Insurance Program (Continued)

#### C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$46,663 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2021	\$ 11,034
2022	11,034
2023	17,583
2024	18,370
2025	14,388
Thereafter	3,947
	<u>\$ 76,356</u>

#### D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

#### **Mortality Rates – Non-Largest 10 Locality Employers – General Employees**

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 13. Other Postemployment Benefits Plan – Group Life Insurance Program (Continued)

#### D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

#### E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI is as follows (expressed in thousands):

	GLI OPEB Program
Total GLI OPEB liability	\$ 3,390,238
Plan fiduciary net position	<u>1,762,972</u>
<b>GLI Net OPEB liability</b>	<b><u>\$ 1,627,266</u></b>

Plan fiduciary net position as a percentage of the total GLI OPEB liability

52.00%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.



# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

### Note 13. Other Postemployment Benefits Plan – Group Life Insurance Program (Continued)

#### F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
<b>Total</b>	<b>100.00%</b>		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	<b>7.63%</b>

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 13. Other Postemployment Benefits Plan – Group Life Insurance Program (Continued)

#### G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by PRTC for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

#### H. Sensitivity of PRTC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents PRTC's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what PRTC's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
PRTC's proportionate share of the GLI net OPEB liability	\$ 988,936	\$ 752,773	\$ 561,252

#### I. GLI Fiduciary Net Position

Detailed information about the GLI's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2019-annual-report.pdf](http://varetire.org/Pdf/Publications/2019-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 14. Contingencies and Contractual Commitments

#### Federal and State-Assisted Programs

The Commission has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

A combination of federal and state grants and local funds are relied upon to finance a majority of PRTC contractual services and capital projects.

At June 30, 2020, there were disputes between VRE and certain vendors. The amounts of any settlements, should they occur, are not determinable at this time. However, such amounts are not expected to be material in relation to the recorded amounts.

The Commissions have outstanding commitments for construction of facilities and equipment. A combination of Federal (with PRTC as grantee) and Commonwealth of Virginia grants (with NVTC – VRE as grantee) and local funds will be used to finance these capital projects. The following is a summary of the more significant contractual commitments, net of expenses incurred as of June 30, 2020:

Stations and parking lots	\$ 3,712,524
Rail rolling stock	5,121,050
Maintenance and layover yards	2,179,043
Track and signal improvements	130,746
Other administrative	<u>288,390</u>
<b>Total</b>	<b><u><u>\$ 11,431,753</u></u></b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 15. Operating Leases and Agreements

Operating Access Agreements with the CSX Transportation and Norfolk Southern railroads provide the Commissions the right to use tracks owned by the railroads in the provision of commuter rail passenger service. These agreements require the Commissions to pay the railroads a monthly base fee and to reimburse the railroads for any incremental cost incurred by the railroads as a result of providing track access for commuter rail service. For the year ended June 30, 2020, annual track usage fees totaled approximately \$10,527,000, of which \$5,631,000 is recognized by the PRTC reporting entity, and facility and other identified costs totaled approximately \$584,000, of which \$312,000 is recognized by the PRTC reporting entity. The increase in track usage fees primarily reflects normal annual increases to the base fees.

The agreement between Amtrak and the Commissions for access to and storage of equipment at Union Station and midday services and electrical power became effective on July 1, 2015 and ended June 30, 2020. A new agreement became effective on July 1, 2020. For the year ended June 30, 2020, costs for track access and equipment storage totaled approximately \$6,714,000, of which \$3,591,000 was recognized by the PRTC reporting entity. Costs for mid-day maintenance, utility, and other services totaled approximately \$4,345,000, of which \$2,324,000 was recognized by the PRTC reporting entity. Cost adjustments will be made in fiscal year 2021 to reflect changes to various published cost indices and the number of trains that have access to and are stored and serviced at the terminal. After October 1, 2015, charges for terminal access are determined in accordance with the cost-sharing arrangement for the Northeast Corridor passenger rail infrastructure mandated by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

The Commissions signed a contract with Keolis Rail Services Virginia, LLC for train operations and maintenance for a five year period beginning July 1, 2015. Separate contracts for maintenance of equipment and facilities became effective for the period beginning July 1, 2016. The cost of train operations and maintenance for the year ended June 30, 2020, based on an annual budget prepared in advance, was approximately \$23,654,000, of which \$12,653,000 is recognized by the PRTC reporting entity. Costs for fiscal year 2020 reflect contractual increases and added services, including a focus on asset maintenance programs. Costs for fiscal year 2021 will be adjusted for service additions or deletions and annual changes to the Consumer Price Index.

### Note 16. Interfund Transfers

	Bus Service and Member Jurisdictions	Commuter Rail Service	Total Transferred Out
Transfer from fund:			
Bus Service and Member Jurisdictions	\$ -	\$ 22,038,864	\$ 22,038,864
Commuter Rail Service	(73,611)	-	(73,611)
<b>Total transferred in</b>	<b>\$ (73,611)</b>	<b>\$ 22,038,864</b>	<b>\$ 21,965,253</b>

The transfer from the Commuter Rail Service Fund to the Bus Service and Member Jurisdictions Fund is for general administrative services related to grant activity performed by staff of the Bus Service and Member Jurisdictions Fund.

The transfer from the Bus Service and Member Jurisdictions Fund to the Commuter Rail Service Fund is for federal grant activity in which PRTC serves as grantee on behalf of VRE.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### Note 17. Pending GASB Statements

At June 30, 2020, GASB had issued statements not yet implemented by PRTC. The statements which might impact PRTC are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of PRTC's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### **Note 17. Pending GASB Statements (Continued)**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

PRTC has not yet determined the effect of these statements on its financial statements.

### **Note 18. Subsequent Events**

In July 2020, the Commission authorized the Executive Director to execute a contract with Keolis Transit America for fixed route bus and paratransit operations and maintenance services effective November 1, 2020 for an initial five-year term with up to five years in options thereafter that are PRTC's sole discretion to exercise.

In September 2020, the Commission authorized the Executive Director to execute a contract with James River Solutions to purchase ultra-low sulfur diesel fuel for one year, with up to four one-year options.

PRTC was granted Occupancy Permits for the three buildings at the Western Facility: Administration and Operations, Maintenance, and Fuel and Wash Buildings, on September 22, 2020. The Western Facility is located on the western side of Prince William County at 7850 Doane Drive. Some Administration staff were moved to the Admin building on October 20, 2020. It is anticipated that bus service from this facility will begin in early Spring of 2021.

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to execute a contract with Svanaco, Inc. (DBA Americaneagle.com) of Des Plaines, Illinois for Mobile Ticketing Services in the amount of \$988,630, plus a 10 percent contingency of \$98,863, for a total amount not to exceed \$1,087,493, for a base year and five option years, with the Chief Executive Officer exercising the option years at his discretion. This will replace VRE's existing mobile ticketing solution.

In July 2020, the VRE Operations Board authorized the Acting Chief Executive Officer to formally withdraw from existing Standard Project Agreements (SPAs) with the Northern Virginia Transportation Authority (NVTA) for the Lorton and Rippon station expansion projects. This is a result of the Commonwealth's Transforming Rail in Virginia program of planned capital investments and associated operating plan. Under the new operating plan, expansions of those two stations are not projected to be needed until 2030 or later. The SPA for Lorton Station had a value of \$7.9 million, and the SPA for Rippon Station had a value of \$10.0 million.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## NOTES TO FINANCIAL STATEMENTS

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### **Note 18. Subsequent Events (Continued)**

In September 2020, following a nationwide search and affirming the recommendation of the VRE Operations Board, the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) named the Acting Chief Executive Officer, Rich Dalton, to be the new Chief Executive Officer of VRE. Mr. Dalton was appointed VRE's acting CEO in November 2019. Prior to his appointment as Acting Chief Executive Officer, Mr. Dalton had been with VRE for 11 years as Deputy Chief Executive Officer and Chief Operating Officer.

In September 2020, the VRE Operations Board authorized an increase in the Chief Executive Officer's procurement authorization authority to \$1,000,000 and an increase in the Chief Executive Officer's contract award authority to \$200,000.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Clark Construction Group, LLC of Bethesda, Maryland for Construction of the Lifecycle Overhaul and Upgrade (LOU) Facility in the amount of \$37,673,006, plus a 10% contingency of \$3,767,301, for a total amount not to exceed \$41,440,307.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute a contract with Archer Western Construction, LLC of Herndon, Virginia, for construction of Quantico Station Improvements in the amount of \$16,709,330, plus a 10% contingency of \$1,670,933, for a total amount not to exceed \$18,380,263. The VRE Operations Board also authorized the Chief Executive Officer (CEO) to execute a contract with Dewberry Engineers Inc. of Fairfax, Virginia, for Construction Management Services for the Quantico Station Improvements in the amount of \$1,868,776, plus a 10% contingency of \$186,878, for a total amount not to exceed \$2,055,654.

In September 2020, the VRE Operations Board authorized the Chief Executive Officer to execute contracts with HDR Engineering, Inc. (HDR) of Vienna, Virginia, for Project Design Services and STV Incorporated (STV) of Fairfax, Virginia, for Construction Management Services for a base year and four option years in an amount not to exceed \$6 million in aggregate per year for a total not to exceed amount of \$30 million in aggregate for the five-year term of the contract.

In October 2020, VRE Operations Board authorized the Chief Executive Officer to execute a contract with Sumter Contracting Corp. of Fairfax, Virginia, for Construction of Rolling Road Station Improvements in the amount of \$2,234,474, plus a 10 percent contingency of \$223,447, for a total amount not to exceed \$2,457,921.

### **Note 19. Risks and Uncertainties**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Commission operates. While it is unknown how long these conditions will last, many Commission activities were and continue to be affected.

## **REQUIRED SUPPLEMENTARY INFORMATION**



# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## SCHEDULE OF CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,						
	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (CRC)	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543	\$ 323,989
Contributions in relation to the CRC	528,296	460,763	478,465	419,283	413,760	354,543	323,989
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$6,582,460	\$7,265,941	\$7,785,947	\$8,627,885	\$8,875,155	\$9,076,294	\$8,973,619
Contributions as a percentage of covered payroll	8.03%	6.34%	6.15%	4.86%	4.66%	3.91%	3.61%

### Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## SCHEDULE OF CHANGES IN THE NET PENSION (ASSET) LIABILITY AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service cost	\$ 722,134	\$ 743,258	\$ 778,686	\$ 756,831	\$ 796,518	\$ 747,243
Interest	763,704	850,266	942,652	1,051,830	1,132,348	1,233,409
Changes of assumptions	-	-	-	(243,263)	108,387	631,239
Differences between expected and actual experience	-	92,275	284,843	38,724	-	312,560
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)
<b>Net change in total pension liability</b>	<b>1,263,313</b>	<b>1,409,867</b>	<b>1,550,103</b>	<b>1,167,210</b>	<b>1,566,424</b>	<b>2,208,235</b>
Total pension liability - beginning	11,021,316	12,284,629	13,694,496	15,244,599	16,411,809	17,978,233
Total pension liability - ending (a)	<u>\$ 12,284,629</u>	<u>\$ 13,694,496</u>	<u>\$ 15,244,599</u>	<u>\$ 16,411,809</u>	<u>\$ 17,978,233</u>	<u>\$ 20,186,468</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 528,296	\$ 460,763	\$ 478,465	\$ 419,283	\$ 413,760	\$ 354,543
Contributions - employee	414,844	494,240	375,574	407,825	411,106	414,063
Net investment income	1,697,173	603,590	259,738	1,829,732	1,265,980	1,249,744
Benefit payments, including refunds of employee contributions	(222,525)	(275,932)	(456,078)	(436,912)	(470,829)	(716,216)
Administrative expense	(8,482)	(7,442)	(8,396)	(9,970)	(10,415)	(11,937)
Other	89	(131)	(107)	(1,654)	(1,150)	(791)
<b>Net change in plan fiduciary net position</b>	<b>2,409,395</b>	<b>1,275,088</b>	<b>649,196</b>	<b>2,208,304</b>	<b>1,608,452</b>	<b>1,289,406</b>
Plan fiduciary net position - beginning	10,379,843	12,789,238	14,064,326	14,713,522	16,921,826	18,530,278
Plan fiduciary net position - ending (b)	<u>12,789,238</u>	<u>14,064,326</u>	<u>14,713,522</u>	<u>16,921,826</u>	<u>18,530,278</u>	<u>19,819,684</u>
PRTC's net pension (asset) liability - ending (a) - (b)	<u>\$ (504,609)</u>	<u>\$ (369,830)</u>	<u>\$ 531,077</u>	<u>\$ (510,017)</u>	<u>\$ (552,045)</u>	<u>\$ 366,784</u>
Plan fiduciary net position as a percentage of the total pension liability	104.11%	102.70%	96.52%	103.11%	103.07%	98.18%
Covered payroll	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294
PRTC's net pension (asset) liability as a percentage of covered payroll	-7.67%	-5.09%	6.82%	-5.91%	-6.22%	4.04%

### Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, PRTC will present information for those years for which information is available.

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## SCHEDULE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,		
	2017	2018	2019
<b>Total Group Life Insurance OPEB Liability</b>			
The Commission's Portion of the Net GLI OPEB Liability	0.04678%	0.04670%	0.04626%
The Commission's Proportionate Share of the Net GLI OPEB Liability	\$ 703,000	\$ 709,000	\$ 752,773
The Commission's Covered Payroll	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294
The Commission's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%	7.99%	8.29%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%

### Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

# **POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

## **SCHEDULE OF PRTC CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (CRC)	\$ 25,277	\$ 25,929	\$ 34,313	\$ 34,887	\$ 38,509	\$ 41,266	\$ 44,865	\$ 46,151	\$ 47,196	\$ 46,663
Contributions in relation to the CRC	25,277	25,929	34,313	34,887	38,509	41,266	44,865	46,151	47,196	46,663
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,744,800	\$ 5,892,844	\$ 6,474,129	\$ 6,582,460	\$ 7,265,941	\$ 7,785,947	\$ 8,627,885	\$ 8,875,155	\$ 9,076,294	\$ 8,973,619
Contributions as a percentage of covered payroll	0.44%	0.44%	0.53%	0.53%	0.53%	0.53%	0.52%	0.52%	0.52%	0.52%

## POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2020

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#### **Note 1. Changes of Benefit Terms**

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

#### **Note 2. Changes of Assumptions**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

#### **Non-Hazardous Duty**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

## POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2020

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#### Note 1. Group Life Insurance Program

##### A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

##### B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

#### Non-Largest 10 Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

## **SUPPLEMENTARY INFORMATION**

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## COMPARATIVE STATEMENTS OF NET POSITION – BUS SERVICE AND MEMBER JURISDICTIONS

June 30, 2020 and 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2020</b>	<b>2019</b>
Current Assets		
Cash and investments in bank	\$ 19,224,284	\$ 12,992,209
Receivables:		
Due from other governments	25,287,046	35,251,024
Due from Commuter Rail Service Fund	1,372,852	2,015,520
Miscellaneous	145,570	230,065
Prepaid expenses and other assets	303,253	424,217
Restricted assets:		
Cash and investments in pooled funds - member jurisdictions	15,728,773	19,467,692
<b>Total current assets</b>	<b>62,061,778</b>	<b>70,380,727</b>
Noncurrent Assets		
Net pension asset	-	231,536
Capital assets:		
Transportation equipment:		
Buses and related equipment	91,578,089	96,374,678
Less: accumulated depreciation	(59,358,629)	(58,415,025)
<b>Transportation equipment, net</b>	<b>32,219,460</b>	<b>37,959,653</b>
Land, buildings and equipment:		
Land	6,639,270	6,639,270
Buildings	8,052,341	8,052,341
Building improvements	4,301,854	4,347,976
Construction in progress	43,622,239	18,422,652
Site improvements	1,430,513	1,430,513
Bus shelters	1,465,910	1,512,303
Vehicles	287,598	143,131
Furniture and equipment	2,312,713	2,412,678
Software and easement	3,939,978	3,914,290
Less: accumulated depreciation and amortization	(16,116,788)	(14,476,482)
<b>Land, buildings and equipment, net</b>	<b>55,935,628</b>	<b>32,398,672</b>
<b>Total capital assets, net</b>	<b>88,155,088</b>	<b>70,358,325</b>
<b>Total noncurrent assets</b>	<b>88,155,088</b>	<b>70,589,861</b>
<b>Total assets</b>	<b>150,216,866</b>	<b>140,970,588</b>
Deferred Outflows of Resources		
Pension plan	494,802	246,329
Other postemployment benefits	69,453	48,546
<b>Total deferred outflows of resources</b>	<b>564,255</b>	<b>294,875</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 150,781,121</b>	<b>\$ 141,265,463</b>



<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		<b>2020</b>	<b>2019</b>
Current Liabilities			
Accounts payable and other liabilities	\$	5,417,113	\$ 7,012,283
Accrued payroll and benefits		645,751	508,762
Accrued interest		9,881	12,833
Due to other governments		176,256	3,036,147
Due to Commuter Rail Service Fund		11,695,971	13,309,338
Unearned revenue		1,139,719	1,256,483
Compensated absences		68,044	4,473
Bond payable - current portion		260,000	245,000
<b>Total current liabilities</b>		<b>19,412,735</b>	<b>25,385,319</b>
Noncurrent Liabilities			
Compensated absences		528,564	480,916
Net pension liability		154,448	-
Net other postemployment benefits liability		295,689	277,148
Bond payable, net		656,113	958,829
<b>Total noncurrent liabilities</b>		<b>1,634,814</b>	<b>1,716,893</b>
<b>Total liabilities</b>		<b>21,047,549</b>	<b>27,102,212</b>
Deferred Inflows of Resources			
Pension plan		103,207	126,043
Other postemployment benefits		21,131	25,408
<b>Total deferred inflows of resources</b>		<b>124,338</b>	<b>151,451</b>
Net Position			
Net investment in capital assets		87,238,976	69,154,496
Restricted		20,190,326	21,944,378
Unrestricted		22,179,932	22,912,926
<b>Total net position</b>		<b>129,609,234</b>	<b>114,011,800</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	\$	<b>150,781,121</b>	\$ <b>141,265,463</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUS SERVICE AND MEMBER JURISDICTIONS

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Motor fuel tax	\$ 26,493,360	\$ 28,517,370
Farebox	8,425,772	11,235,523
Advertising	130,280	118,679
<b>Total operating revenues</b>	<b>35,049,412</b>	<b>39,871,572</b>
Operating Expenses		
Direct transportation	14,101,306	12,701,074
Salaries and related benefits	5,268,671	5,056,121
Contractual services	25,971,756	24,057,908
Other services	2,710,673	2,095,728
Materials, supplies and minor equipment	464,171	1,323,159
Fuel	2,418,211	2,644,531
<b>Total operating expenses</b>	<b>50,934,788</b>	<b>47,878,521</b>
<b>Operating loss before depreciation and amortization</b>	<b>(15,885,376)</b>	<b>(8,006,949)</b>
Depreciation and amortization	(9,342,977)	(7,903,798)
<b>Operating loss</b>	<b>(25,228,353)</b>	<b>(15,910,747)</b>
Nonoperating Revenues (Expenses)		
Commonwealth of Virginia grants	8,452,520	6,773,121
Federal grants	22,808,534	19,958,817
Investment income	484,875	662,032
Pass-through grants - member jurisdictions	(141,462)	(74,299)
Interest income (expense)	240	(11,237)
Other revenue	554,789	315,629
<b>Total nonoperating revenues, net</b>	<b>32,159,496</b>	<b>27,624,063</b>
Capital Grants and Assistance		
Commonwealth of Virginia grants	18,137,072	20,389,243
Federal grants	4,182,008	13,769,171
Regional transportation funding - NVTa	8,280,753	8,219,245
<b>Total capital grants and assistance</b>	<b>30,599,833</b>	<b>42,377,659</b>
<b>Income before transfers and gain on disposal of assets</b>	<b>37,530,976</b>	<b>54,090,975</b>
Transfers In	73,611	77,085
Transfers Out	(22,038,864)	(18,389,407)
<b>Transfers, net</b>	<b>(21,965,253)</b>	<b>(18,312,322)</b>
Gain on Disposal of Assets	31,711	14,075
<b>Change in net position</b>	<b>15,597,434</b>	<b>35,792,728</b>
Net Position, beginning	114,011,800	78,219,072
Net Position, ending	\$ 129,609,234	\$ 114,011,800

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## COMPARATIVE STATEMENTS OF NET POSITION – COMMUTER RAIL SERVICE

June 30, 2020 and 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2020</b>	<b>2019</b>
Current Assets		
Cash and investments in bank	\$ 51,031,196	\$ 40,204,191
Receivables:		
Due from Bus Service and Member Jurisdictions Fund	11,695,971	13,309,338
Trade receivables, net of allowance for doubtful accounts	317,745	1,693,866
Miscellaneous	299,431	1,566,091
Inventory	1,471,873	1,537,676
Prepaid expenses and other assets	74,353	93,992
Restricted cash, cash equivalents and investments	5,729,809	5,824,191
<b>Total current assets</b>	<b>70,620,378</b>	<b>64,229,345</b>
Noncurrent Assets		
Net pension asset	-	320,509
Capital assets:		
Transportation equipment:		
Rail rolling stock	142,639,959	142,639,959
Less: accumulated depreciation	(52,568,545)	(46,768,104)
<b>Transportation equipment, net</b>	<b>90,071,414</b>	<b>95,871,855</b>
Buildings and equipment:		
Construction in progress	12,001,865	15,370,835
Vehicles	72,781	72,781
Facilities	56,404,726	54,925,894
Track and signal improvements	49,764,479	41,717,264
Furniture, equipment and software	9,258,059	9,090,291
Equity in property of others	2,893,643	2,893,643
Less: accumulated depreciation and amortization	(52,957,043)	(48,944,048)
<b>Buildings and equipment, net</b>	<b>77,438,510</b>	<b>75,126,660</b>
<b>Total capital assets, net</b>	<b>167,509,924</b>	<b>170,998,515</b>
<b>Total noncurrent assets</b>	<b>167,509,924</b>	<b>171,319,024</b>
<b>Total assets</b>	<b>238,130,302</b>	<b>235,548,369</b>
Deferred Outflows of Resources		
Pension plan	680,256	340,985
Other postemployment benefits	107,362	75,650
<b>Total deferred outflows of resources</b>	<b>787,618</b>	<b>416,635</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 238,917,920</b>	<b>\$ 235,965,004</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES  
AND NET POSITION**

	2020	2019
Current Liabilities		
Accounts payable and other liabilities	\$ 1,161,348	\$ 1,590,031
Accrued expenses	522,895	1,666,781
Due to Bus Service and Member Jurisdictions Fund	1,372,852	2,015,520
Unearned revenue	972,935	1,013,839
Capital lease	778,473	745,249
Interest payable - capital lease	32,673	38,364
Retainage payable	7,853	-
Compensated absences	57,514	15,007
<b>Total current liabilities</b>	<b>4,906,543</b>	<b>7,084,791</b>
Noncurrent Liabilities		
Net pension liability	212,336	-
Net other postemployment benefits liability	457,084	431,852
Compensated absences	336,463	321,969
Capital lease	3,492,484	4,270,958
<b>Total noncurrent liabilities</b>	<b>4,498,367</b>	<b>5,024,779</b>
<b>Total liabilities</b>	<b>9,404,910</b>	<b>12,109,570</b>
Deferred Inflows of Resources		
Pension plan	141,890	174,477
Other postemployment benefits	32,665	39,592
<b>Total deferred inflows of resources</b>	<b>174,555</b>	<b>214,069</b>
Net Position		
Net investment in capital assets	163,238,967	165,982,307
Restricted for liability insurance plan	5,160,100	5,263,810
Restricted grants and contributions	1,263,069	560,381
Unrestricted	59,676,319	51,834,867
<b>Total net position</b>	<b>229,338,455</b>	<b>223,641,365</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 238,917,920</b>	<b>\$ 235,965,004</b>

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – COMMUTER RAIL SERVICE Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Passenger revenues	\$ 18,562,076	\$ 22,679,123
Equipment rental and other	143,255	169,719
<b>Total operating revenues</b>	<b>18,705,331</b>	<b>22,848,842</b>
Operating Expenses		
Contract operations and maintenance	15,018,090	14,553,688
Other operations and maintenance	8,264,097	8,954,338
Property leases and access fees	9,321,122	9,019,074
Insurance	2,337,975	2,131,055
Marketing and sales	1,171,269	1,390,532
General and administrative	7,747,029	9,307,388
<b>Total operating expenses</b>	<b>43,859,582</b>	<b>45,356,075</b>
<b>Operating loss before depreciation and amortization</b>	<b>(25,154,251)</b>	<b>(22,507,233)</b>
Depreciation and amortization	(9,845,159)	(9,271,402)
<b>Operating loss</b>	<b>(34,999,410)</b>	<b>(31,778,635)</b>
Nonoperating Revenues (Expenses)		
Jurisdictional contributions	11,158,056	12,025,284
Regional transportation funding	-	97,253
Commuter Rail Operating and Capital (C-ROC ) Fund	9,428,342	10,030,038
Investment income	820,896	935,536
Interest, amortization and other nonoperating expenses, net	(216,068)	(249,819)
<b>Total nonoperating revenues, net</b>	<b>21,191,226</b>	<b>22,838,292</b>
Capital Grants and Assistance		
Commonwealth of Virginia grants	(381,451)	381,451
Regional transportation funding	879,058	1,152,103
Contributions to NVTC	(2,957,586)	(2,617,357)
<b>Total capital grants and assistance, net</b>	<b>(2,459,979)</b>	<b>(1,083,803)</b>
<b>Loss before transfers and loss on disposal of assets</b>	<b>(16,268,163)</b>	<b>(10,024,146)</b>
Transfers Out	(73,611)	(77,085)
Transfers In	22,038,864	18,389,407
<b>Transfers, net</b>	<b>21,965,253</b>	<b>18,312,322</b>
<b>Change in net position</b>	<b>5,697,090</b>	<b>8,288,176</b>
Net Position, beginning	223,641,365	215,353,189
Net Position, ending	\$ 229,338,455	\$ 223,641,365

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## SCHEDULE OF MEMBER JURISDICTIONS' FUNDS

Year Ended June 30, 2020

	City of Fredericksburg	City of Manassas	City of Manassas Park	County of Prince William	County of Stafford	County of Spotsylvania	Total
Funds Available - July 1, 2019	\$ 1,530,476	\$ 847,559	\$ 2,854,976	\$ 9,116,760	\$ 5,653,805	\$ 1,940,802	\$ 21,944,378
Funds Received:							
Motor fuel tax	1,336,288	858,233	685,442	13,799,323	4,324,039	5,490,035	26,493,360
Transfer from PRTC (carryforward)	28,100	50,600	27,100	2,984,000	63,300	71,900	3,225,000
Other	-	137,185	-	-	-	-	137,185
Interest	26,286	7,257	43,307	135,499	81,459	45,901	339,709
Total funds received	1,390,674	1,053,275	755,849	16,918,822	4,468,798	5,607,836	30,195,254
Funds Disbursed:							
Direct transportation expenses:							
VRE operating and capital	321,028	694,742	405,485	-	2,352,820	1,285,670	5,059,745
Other jurisdictional projects	-	-	85,000	-	4,518,615	4,437,946	9,041,561
Transfers to PRTC:							
Administrative	36,800	21,600	19,500	304,000	95,200	104,300	581,400
OmniRide, OmniLink, Capital Improvement, Marketing, VanPool	3,500	449,700	230,200	16,564,300	9,000	9,900	17,266,600
Total funds disbursed	361,328	1,166,042	740,185	16,868,300	6,975,635	5,837,816	31,949,306
Funds Available - June 30, 2020	\$ 2,559,822	\$ 734,792	\$ 2,870,640	\$ 9,167,282	\$ 3,146,968	\$ 1,710,822	\$ 20,190,326

Note 1 - The schedule of member jurisdictions' funds is prepared on an accrual basis and reflects the funds held by the Potomac and Rappahannock Transportation Commission (PRTC) for the benefit of the various member jurisdictions and the activity for the year ended June 30, 2020. Total funds available reconcile to amounts reported on the statement of net position as follows:

Cash and investments in pooled funds - member jurisdictions	\$ 15,728,773
Due from other governments - Motor fuel tax revenue receipts (see Note 4)	4,634,069
Due to other governments - member jurisdictions (see Note 4)	(172,516)
	<u>\$ 20,190,326</u>

Note 2 - Expenses for other jurisdictional projects consist of:

Road improvements/maintenance	\$ -	\$ -	\$ 85,000	\$ -	\$ 2,190,417	\$ -	\$ 2,275,417
Airport; human services transportation	-	-	-	-	437,106	-	437,106
FRED transit costs	-	-	-	-	1,891,092	383,072	2,274,164
Transportation salaries/benefits; debt service	-	-	-	-	-	4,054,874	4,054,874
	\$ -	\$ -	\$ 85,000	\$ -	\$ 4,518,615	\$ 4,437,946	\$ 9,041,561

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2020

State Granting Agency	State Grant Number	Expenditures
<u>Direct Payments:</u>		
Virginia Department of Rail and Public Transportation:		
Operating Assistance	72020-27; 72120-27	\$ 5,949,744
Commuter Assistance	71020-11; 71420-14; 72519-15	143,214
Transportation Intern	71220-05	20,672
I-95 Transit and TDM Bus Services	72020-61; 72020-62; 72020-63	638,097
I-395 Transit and TDM Bus Services	72518-15	44,897
I-66 TMP Bus Services	72518-12	11,746
Vanpool Program	71118-05; 72518-10	595,551
WMATA Platform Improvement Project	71319-10	77,332
Capital - FY 15	73115-03	4,061
Capital - FY 16	73116-05	944,298
Capital - FY 18	73018-77	230,268
Capital - FY 19	72519-14	1,464
Capital - FY 19	72519-18	10,986,709
Capital - FY 19	73019-50	9,574
Capital - FY 19	73019-56	16,368
Capital - FY 19	73019-57	180
Capital - FY 19	73019-83	288,647
Capital - FY 19	50014-01	5,461,011
Capital - FY 20	72520-25	21,432
Capital - FY 20	73020-50	101,528
Capital - FY 20	73020-51	9,999
Capital - FY 20	73020-52	58,222
Capital - FY 20	73020-53	141,462
Capital - FY 20	73020-54	3,311
		<u>25,759,787</u>
Northern Virginia Transportation Commission:		
Dale City to Ballston Bus Service		27,281
Gainesville to Pentagon/DC Bus Service		171,081
Haymarket to Rosslyn Bus Service		57,688
Linton Hall Metro Express Bus Service		57,971
Prince William Metro Express Bus Service		120,952
Route 1 OmniRide Local Bus Service		149,450
Stafford to Pentagon/DC Bus Service		215,602
		<u>800,025</u>
Virginia Department of Transportation:		
Congestion Mitigation & Air Quality (Employer Outreach)		<u>15,242</u>
<b>Total State Awards Expended</b>		<u><u>\$ 26,575,054</u></u>

Notes:

(1) State funds of \$525,890 from 72518-11 and \$516,682 from 72520-24 classified as farebox revenue on Comparative Statements of Revenues, Expenses, and Changes in Net Assets for Bus Service and Member Jurisdictions.

## **COMPLIANCE SECTION**





**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Commission Board Members  
Potomac and Rappahannock Transportation Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; the financial statements of the business-type activities and each major fund of the Potomac and Rappahannock Transportation Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 19, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 19, 2020

# **POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

**REPORT TO THE HONORABLE COMMISSION  
BOARD MEMBERS**

**DECEMBER 3, 2020**



ASSURANCE, TAX & ADVISORY SERVICES



December 3, 2020

To the Honorable Commission Board Members  
Potomac and Rappahannock Transportation Commission  
Woodbridge, Virginia

We are pleased to present this report related to our audit of the financial statements and compliance of the Potomac and Rappahannock Transportation Commission (Commission) for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Commission's financial and compliance reporting process.

This report is intended solely for the information and use of Commission Board Members and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Commission.

*PB Mares, LLP*

PB Mares, LLP

# **POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

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## POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

### REQUIRED COMMUNICATIONS

Year Ended June 30, 2020

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement and Compliance Audit</b>	Our responsibility under auditing standards generally accepted in the United States of America; <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance; and <i>Specifications for Audits of Authorities, Boards and Commissions</i> provided by the Auditor of Public Accounts of the Commonwealth of Virginia has been described to you in our arrangement letter dated September 16, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement and Compliance Audit</b>	We have issued a separate communication dated September 16, 2020 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b></p> <p>Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Commission. The Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, <i>Postponement of the Effective Dates of Certain Authoritative Guidance</i>, in the current year.</p> <p>At June 30, 2020, GASB issued several statements not yet implemented by PRTC. The statements which might impact PRTC are included in the separately issued Management Letter.</p>

**POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

**REQUIRED COMMUNICATIONS (Continued)**

**Year Ended June 30, 2020**

<b>Area</b>	<b>Comments</b>
<b>Accounting Policies and Practices (Continued)</b>	<p><b>Significant or Unusual Transactions</b></p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Management's Judgments and Accounting Estimates</b></p> <p>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>
<b>Audit Adjustments</b>	<p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p>
<b>Uncorrected Misstatement</b>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>
<b>Disagreements with Management</b>	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>
<b>Consultations with Other Accountants</b>	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
<b>Significant Issues Discussed with Management</b>	<p>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p>
<b>Significant Difficulties Encountered in Performing the Audit</b>	<p>We did not encounter any significant difficulties in dealing with management during the audit.</p>
<b>Significant Written Communications Between Management and Our Firm</b>	<p>Copies of material communications between our firm and management of the Commission, including the representation letter provided to us by management, are attached as Exhibit A.</p>

## POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

### SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

Year Ended June 30, 2020

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Commission's June 30, 2020 financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
<b>Capital Assets</b>	Estimated lives of amortizable and depreciable assets	Management assigns lives to assets purchased or constructed internally based on the expected useful life of those assets or the product associated with those assets.	Management's approach to depreciation and amortization is consistent with practices of similar organizations.  While these estimates are based on historical information, management should continue to monitor the lives assigned to the Commission's assets to ensure the recovery period of these costs are accurate.
<b>Pension Liability and Other Postemployment Benefits (OPEB)</b>	Pension and OPEB (assets) liabilities and costs for financial accounting and disclosure purposes	Management recognizes pension and OPEB (assets) liabilities based on market trends and industry standards.	Management's approach to recognizing pension and OPEB (assets) liabilities appears reasonable with accepted practice.  While these estimates are based on assumptions provided by market trends and industry standards, management should monitor these estimates and compare to actual costs over time.



**POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

**SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES (Continued)**

**Year Ended June 30, 2020**

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<b>Estimate</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis for Our Conclusions on Reasonableness of Estimate</b>
<b>Inventory Valuation</b>	Valuation assigned to inventory	Management values inventory using the first-in, first-out method. Inventory is stated at cost, which approximates market value.	While some of the items valued in inventory are based on reasonable and accurate prices, management should monitor these items to ensure values assigned to inventory items are adjusted accordingly to reflect market value.
<b>Receivables</b>	Allowance for doubtful accounts	Management records an allowance for uncollectible accounts based on an analysis of historical write-offs and collections to arrive at an overall assessment of whether past due accounts will be collected.	Management's approach to estimating uncollectable accounts is reasonable and consistent with prior periods.  While these estimates are based on sound financial information, management should monitor these estimates and compare the actual collections of these revenues to ensure the accuracy of these estimates.

**Exhibit A – Significant Written Communications between Management and  
Our Firm**

## **Arrangement Letter**



September 16, 2020

Potomac and Rappahannock Transportation Commission  
14700 Potomac Mills Road  
Woodbridge, Virginia 22192-2730

Attention: Robert Schneider, Executive Director

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested we audit Potomac and Rappahannock Transportation Commission's (Commission) two business-type activities and each major fund as of and for the year ended June 30, 2020, which collectively comprise the basic financial statements. Also, the required supplementary information (RSI) and supplementary information presented in relation to the financial statements taken as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the Commission as of June 30, 2020 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance; the U.S. Office of Management and Budget's (OMB) Compliance Supplement; and the *Specifications for Audits of Authorities, Boards, and Commissions*, provided by the Auditor of Public Accounts for the Commonwealth of Virginia. Those standards, regulations, supplement, and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Commission (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds you have told us are maintained by the Commission and that are to be included as part of our audit are listed here:

I. Bus Service and Member Jurisdictions

II. Commuter Rail Service

No component units are to be included in the Commission's basic financial statements.

The federal financial assistance programs and awards you have told us the Commission participates in and are to be included as part of the single audit are listed on Attachment A.

We are responsible for the compliance audit of the major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of updating our understanding of internal control and performing tests of internal control consistent with requirements of the standards, regulations, supplement, and specifications identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards, regulations, supplement, and specifications identified above.

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the Commission from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and
2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Commission complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Commission involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Commission received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the RSI and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the RSI and supplementary information and indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the RSI and supplementary information with the audited financial statements or, if the RSI and supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the RSI and supplementary information no later than the date of issuance of the RSI and supplementary information and the auditor's report thereon.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received; (b) preparing the Schedule of Expenditures of Federal Awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; and (g) submitting the reporting package and data collection form.

The Executive Committee is responsible for informing us of its views about the risks of fraud or abuse within the Commission, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Commission.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Commission agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Commission seeks such consent, we will be under no obligation to grant such consent or approval.

The Commission agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Commission agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

## **Records and Assistance**

If circumstances arise relating to the condition of the Commission's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Commission's books and records. The Commission will determine all such data, if necessary, will be so reflected. Accordingly, the Commission will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Commission personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Joyce Embrey, Director of Finance and Administration. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including drafting the financial statements. The GAS independence standards require the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Commission, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is considerations of management's ability to effectively oversee the non-audit services to be performed. The Commission has agreed Joyce Embrey, Director of Finance and Administration, possesses suitable skill, knowledge and experience and she understands the services to be performed sufficiently to oversee them. Accordingly, the management of the Commission agrees to the following:

1. The Commission has designated Joyce Embrey, Director of Finance and Administration, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Joyce Embrey, Director of Finance and Administration, will assume all management responsibilities for subject matter and scope of the non-audit services;
3. The Commission will evaluate the adequacy and results of the services performed; and
4. The Commission accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the Commission's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Commission's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.



### **Other Relevant Information**

PBMares, LLP may mention the Commission's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at [www.pbmares.com](http://www.pbmares.com).

### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are not expected to exceed \$73,500. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Commission personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Fees may also increase based on the extent of accounting services and other assistance required to render a complete set of financial statements. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

In the event you or PBMares, LLP terminates this engagement early, you agree that you will pay PBMares, LLP for all services rendered (including deliverables and products delivered), expenses, and commitments made by PBMares, LLP through the effective date of termination at our standard professional rates.

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Commission agrees it will compensate PBMares, LLP for any additional costs incurred as a result of the Commission's employment of a partner or professional employee of PBMares, LLP.

The audit documentation for this engagement is the property of PBMares, LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Commission or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Commission, the Commission will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMares, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMares, LLP audit personnel and at a location designated by our firm.

### **Other Terms**

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information that you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, or other third-party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena and, in the case of a third-party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we will engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside advisor's costs, penalties, and fines imposed because of our non-disclosure.

We reserve the right to withdraw from this engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this arrangement letter, or as we determine professional standards require.

If any portion of this engagement letter is deemed invalid or unenforceable, such a finding shall not invalidate the remainder of the terms set forth in this engagement letter.

### **Dispute Resolution**

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, of the Federal District Court, Eastern District of Virginia, sitting in Richmond, Virginia, or the Richmond Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Richmond, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, and instead we are accepting the use of arbitration for resolution.

#### **Information Security – Miscellaneous Terms**

PBMares, LLP is committed to the safe and confidential treatment of the Commission's proprietary information. PBMares, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Commission agrees that it will not provide PBMares, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Commission information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

#### **Reporting**

We will issue a written report upon completion of our audit of the Commission's financial statements. Our report will be addressed to the Honorable Commission Board Members. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Commission's financial statements, we will also issue the following types of reports:

1. A report on the fairness of the presentation of the Commission's schedule of expenditures of federal awards for the year ending June 30, 2020;
2. Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal control;
3. Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a material effect, as defined by Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance, on each major program; and
4. An accompanying schedule of findings and questioned costs.

### Electronic Signatures and Counterparts

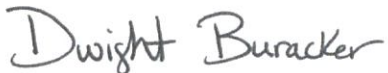
Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Commission, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.


Sincerely,

PBMares, LLP



Dwight A. Buracker, Partner

Confirmed on behalf of the Potomac and Rappahannock Transportation Commission:

Signature 

Date 9/22/20

# POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

## ATTACHMENT A

Year Ending June 30, 2020

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Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number
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### DEPARTMENT OF TRANSPORTATION:

#### Direct payments:

##### Federal Transit Cluster:

Capital Investment Grants	20.500
Formula Grants	20.507
Coronavirus Aid, Relief, and Economic Security (CARES) Act (Section 5307)	20.507
State of Good Repair Grants Program	20.525
Bus and Bus Facilities Formula and Discretionary Programs (Bus Program)	20.526

#### Pass-through payments:

##### Virginia Department of Transportation:

##### Highway Planning and Construction Cluster:

Highway Planning and Construction (Federal Highway)	20.205
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##### Virginia Department of Rail and Public Transportation:

Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505
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## **Representation Letter**





November 19, 2020

PBMares, LLP  
558 South Main Street  
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of Potomac and Rappahannock Transportation Commission (Commission) as of and for the year ended June 30, 2020 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of November 19, 2020, the following representations made to you during your audit:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 16, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions, including those with the Virginia Railway Express, a joint venture in which the Commission has a material financial interest, and Prince William County, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.
8. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Guarantees whether written or oral, under which the Commission is contingently liable.
  - b. The fair value of investments.
  - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - d. Debt issue provisions.
  - e. Leases and material amounts of rental obligations under long-term leases.
  - f. The effect on the financial statements of GASB Statement No. 87, *Leases*, GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which have been issued, but which we have not yet adopted.
  - g. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - h. Assets and liabilities measured at fair value.
  - i. Significant estimates and material concentrations known to management which are required to be disclosed.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Commission has no significant amounts of idle property and equipment.
  - b. The Commission has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
  - c. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.
  - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.



10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
  - c. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2020.
11. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent we have not been designated as, or alleged to be, a “potentially responsible party” by the Environmental Protection Agency in connection with any environmental contamination.
  - c. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor’s report on noncompliance.
  - d. Agreements to repurchase assets previously sold.
  - e. Security agreements in effect under the Uniform Commercial Code.
  - f. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - g. Liabilities which are subordinated in any way to any other actual or possible liabilities.
  - h. Debt issue repurchases options or agreements, or sinking fund debt repurchases ordinance requirements.
  - i. Risk financing activities.
  - j. Derivative financial instruments.
  - k. Arbitrage rebate liabilities.
  - l. Impaired capital assets.
  - m. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2020 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2020.
  - n. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.

- o. Material losses to be sustained as a result of purchase commitments.
  - p. Environmental clean up obligations.
  - q. Authorized but unissued bonds and/or notes.
  - r. Line of credit or similar arrangements.
12. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
13. The Commission has satisfactory title to all owned assets.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. Net position components (net investment in capital assets, restricted; and unrestricted), are properly classified and, when applicable, approved.
16. Expenses have been appropriately classified in the Statement of Revenues, Expenses and Changes in Net Position.
17. Revenues are appropriately classified in the Statement of Revenues, Expenses and Changes in Net Position.
18. Capital assets, including intangibles, are properly capitalized, reported, and depreciated or amortized.
19. We have no knowledge of any uncorrected misstatements in the financial statements.
20. We agree with the findings of the specialist in evaluating the assertions found in Footnote 12, Pension Plan, Footnote 13, Other Postemployment Benefits Plan – Group Life Insurance Program, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

*Information Provided*

21. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing body and committees of the board, or summaries of actions of recent meetings for which minutes have not yet been prepared.

22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
23. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
24. We have no knowledge of allegations of fraud or suspected fraud, affecting the Commission's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communications from employees, former employees, analysts, regulators, or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
28. We are aware of no significant deficiencies, including material weaknesses in the design or operation of internal controls that could adversely affect the Commission's ability to record, process, summarize, and report financial data.
29. We have disclosed to you the identity of the Commission's related parties and all the related-party relationships and transactions of which we are aware.
30. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
31. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Supplementary Information*

32. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

*Required Supplementary Information*

33. With respect to the Management's Discussion and Analysis and Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. All underlying significant assumptions or interpretations are presented in the financial statements.

*Compliance Considerations*

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm management:

- 34. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 35. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Commission.
- 36. Has not identified any instances that have occurred or are likely to have occurred of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 37. Has not identified any instances that have occurred or are likely to have occurred of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- 38. Has not identified any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements.
- 39. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 40. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
- 41. Has a process to track the status of audit findings and recommendations.

42. Acknowledges its responsibilities as it relates to non-audit services (such as drafting the financial statements) performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION



Robert A. Schneider, PhD  
Executive Director

11/19/2020

Date Signed



Joyce Embrey  
Director of Finance and Administration

11/19/2020

Date Signed



November 19, 2020

To the Honorable Commission Board Members  
Potomac and Rappahannock Transportation Commission  
Woodbridge, Virginia

In connection with our audit of the financial statements of the Potomac and Rappahannock Transportation Commission ("PRTC" or the "Commission") for the year ended June 30, 2020, we are recommending the following comment as a constructive suggestion for your consideration.

***New GASB Pronouncements***

As of June 30, 2020, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Commission. The statements which might impact the Commission are as follows:

**Statement No. 87, *Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The requirements of Statement No. 87 are effective for reporting periods beginning after June 15, 2021.

**Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61***

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**Statement No. 91, *Conduit Debt Obligations***

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of Statement No. 91 are effective for reporting periods beginning after December 15, 2021.

### **GASB Statement No. 92, *Omnibus 2020***

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments.

Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

### **GASB Statement No. 93, *Replacement of Interbank Offered Rates***

The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2020, June 15, 2021, and December 31, 2021.

### **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.



**GASB Statement No. 96, *Subscription-Based information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

**GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32***

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement will be effective for fiscal years beginning after June 15, 2021.

This report is intended solely for the information and use of management, the Commission, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2020 and express our appreciation to everyone for their cooperation during this engagement.

*PBMares, LLP*

PBMares, LLP

**MOTION:**

**SECOND:**

**RE:                RATIFICATION OF A GRANT APPLICATION SUBMITTED THROUGH THE TRANSIT-ORIENTED DEVELOPMENT PLANNING PROGRAM FOR FEDERAL FUNDING FROM THE FEDERAL TRANSIT ADMINISTRATION**

**ACTION:**

**WHEREAS**, the Transit-Oriented Development Planning Program, administered by the Federal Transit Administration (FTA), provides federal funding for comprehensive planning studies that integrate transportation and land use in a transit corridor; and

**WHEREAS**, eligible projects must be a new fixed guideway system or substantial investment in existing public transportation facilities that support economic development and ridership, foster multimodal connectivity and accessibility, improve transit access for pedestrians and bicyclists, engage the private sector and identify infrastructure needs; and

**WHEREAS**, Prince William County, as the land planning authority, collaborated with the Potomac and Rappahannock Transportation Commission ("PRTC" or "Commission") to submit the Route 1 Corridor Transit project to the FTA for grant funding consideration through the Transit-Oriented Development Planning Program; and

**WHEREAS**, due to the firm deadline of the grant application, PRTC staff applied and satisfied the Transit-Oriented Development Planning Program deadline by submitting the application by October 26, 2020; and

**WHEREAS**, the Route 1 Corridor Transit project will be a comprehensive planning study for transit connections between activity centers and transit stations along the Route 1 corridor; and

**WHEREAS**, this project will further the implementation of Prince William County's approved Small Area Plans and supports their Mobility Strategic Goal and Comprehensive Plan mobility policies; and

**WHEREAS**, if the project is selected for funding, Prince William County government will enter into a memorandum of agreement with PRTC to be a subrecipient of the FTA funds and oversee the planning study; and

**WHEREAS**, Prince William County will be responsible for providing the 20 percent match of the \$250,000 requested funding.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby ratify the grant application submission through the Transit-Oriented Development Planning Program from the FTA.

**BE IT FURTHER RESOLVED** the Commission authorizes the Executive Director to execute all documents necessary with Prince William County and the FTA, including a subrecipient memorandum of agreement, approved as to form by legal counsel, with Prince William County.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**


**Alternate Present Not Voting:**


**Absent from Meeting:**



November 25, 2020

TO: Chair Franklin and PRTC Commissioners

FROM: Perrin Palistrant   
Director of Operations and Operations Planning

THROUGH: Robert A. Schneider, PhD   
Executive Director

SUBJECT: Ratification of a Grant Application Submitted Through the Transit-Oriented Development Planning Program for Federal Funding from the Federal Transit Administration

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Recommendation:

Ratification of a grant application submitted through the Transit-Oriented Development Planning Program for federal funding from the Federal Transit Administration.

Background:

The Federal Transit Administration's (FTA) FY 2020 Transit-Oriented Development Planning Program funding opportunity was announced on September 25, 2020, with a deadline for applications being submitted within 30 days. This is the fifth funding opportunity from the program and approximately \$6.2 million in federal funding is available for award. The program is administered by FTA and grant applicants must be an eligible recipient of FTA funding.

An application was submitted by the Potomac and Rappahannock Transportation Commission (PRTC) to take advantage of the funding opportunity, with the understanding that if the Commission selects not to endorse the grant application, staff will pull the application from FTA's consideration for funding.

The program funds comprehensive planning that supports the integration of land use and transportation by planning for new public transportation fixed guideway systems or a substantial investment in existing public transportation facilities in a transit corridor. The program prioritizes projects that meet the following objectives: supports economic development and ridership, fosters multimodal connectivity and accessibility, improves transit access for pedestrian and bicycle traffic, engages the private sector and identifies infrastructure needs. Selected projects will receive a minimum of \$250,000 and a maximum of \$2 million for a

planning study. A 20 percent local match is required. The program requires documented partnership between transit sponsors and the land use planning authority of the corridor.

PRTC is an FTA recipient and eligible applicant for this program. Prince William County's (County) Transportation and Planning offices would like to partner with PRTC to identify an eligible project that would further shared goals for transportation and land use. The proposed Route 1 Corridor Transit project will be a comprehensive planning study for transit connections between activity centers and transit stations on the Route 1 corridor. The transit stations include the Woodbridge Virginia Railway Express (VRE) Station, Rippon VRE Station, future Potomac Shores VRE Station, and the OmniRide Transit Center. The study will identify routes, infrastructure and implementation strategies for providing transit connections identified in the County's Small Area Plans, including BRT, shuttles, and other transit related improvements between the activity centers and transit stations to enhance mobility and encourage economic development. The planning study will be used to further the implementation of the County's Small Area Plans to and pursue external funding.

The study will have five key tasks; analyzing existing studies, data and plans for the Route 1 corridor to prepare a comprehensive report, identify and evaluate fixed guideway route alternatives between activity centers and transit stations, identify necessary facilities, provide planning level capital and operating cost estimates and recommend strategies for implementation. The study will take 18-24 months to complete.

The requested grant funding for this study is \$250,000. If the project is selected for funding, the County will be responsible for providing the 20 percent required match. The County would enter into a memorandum of agreement with PRTC, approved as to form by legal counsel, to receive the grant funding as an FTA subrecipient. This will allow the County to oversee the planning study and serve as documentation of the partnership.

Fiscal Impact:

There will be no PRTC funds used for this project. Prince William County will provide the required 20 percent match if the grant is awarded.

**MOTION:**

**SECOND:**

**RE:               APPROVE THE 2021 POTOMAC AND RAPPAHANNOCK TRANSPORTATION  
COMMISSION LEGISLATIVE AGENDA**

**ACTION:**

**WHEREAS**, each year the Potomac and Rappahannock Transit Commission (“PRTC” or the “Commission”) adopts a state and federal legislative agenda to guide its advocacy efforts; and

**WHEREAS**, the 2021 legislative agenda focuses on the Commission’s priorities of supporting enhanced funding for transit capital and operating programs, addressing the Virginia transit capital shortfall, restoring Northern Virginia Transportation Authority revenues, and addressing lost revenues associated with the conversion of HOV lanes to HOT lanes.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transit Commission does hereby approve its 2021 legislative agenda as presented/amended.

**Votes:**

**Ayes:**

**Nays:**

**Abstain:**

**Absent from Vote:**

**Alternate Present Not Voting:**

**Absent from Meeting:**

With six individual jurisdictions coming together to speak as one voice under the name of the Potomac and Rappahannock Transportation Commission (PRTC), it is critical to outline key policy-level priorities for state and federal initiatives.

### **Federal and State COVID-19 Stimulus & Economic Relief**

- It is essential to fund ongoing transit operations to preserve jobs, essential services, and maintain the robust economy of Northern Virginia.
  - Like most National Capital Region transit systems, PRTC has been severely impacted by the COVID-19 pandemic. With 90 percent of ridership and 40 percent of revenues coming from commuter-based services, PRTC has been operationally and economically devastated.
  - Coupled with loss of motor fuels tax revenue losses and reductions in tolls collections from the P3s, PRTC has been hit from all sides by the pandemic impacts.
- PRTC supports additional stimulus funding that ensures ongoing transit services that can be scaled to permit safe travel with social distancing (max capacity limited to 1/5<sup>th</sup>), prevent layoffs for employees, and maintain the essential services for employment, grocery access, and medical care.
- PRTC also supports enhanced dedicated funding for capital and operating expenses dedicated to sanitization for fleet and facilities, including personal protective equipment (PPE)/materials for employees and passengers.

#### *Action:*

- Support federal and state stimulus packages that will preserve services, jobs, and communities with an emphasis on flexible spending timelines to offset shifting revenue losses.
- Closely monitor all federal and state legislative proposals pertaining to the COVID-19 pandemic that would impact PRTC's operations and policies, including leave policies, hazard pay, and employee liability.
- Emphasize funding for research and deployment of best-practices for PPE materials and sanitization.

### **Preserve State Revenues to Address the Virginia Transit Capital Shortfall**

- PRTC supports a statewide approach to resolving the loss of revenues that fund transit capital projects. This becomes a critical issue when the Commonwealth Transportation Board (CTB) allocates the last revenues received from the 2007 Transportation Capital Project Revenue Bonds, which makes up almost 40 percent of funding for transit capital investments across Virginia.
- The loss of state funds will directly impact **OmniRide**, which is particularly reliant on state funds because the vast majority of regional federal capital funds (98 percent) flows directly to WMATA/Virginia Railway Express (VRE).

#### *Action:*

- Work closely with fellow stakeholders to identify options for long-term, sustainable funding for the Commonwealth's transportation needs.
- Communicate the impact of the very small amount of federal transit capital funds that flow to **OmniRide** and the positive impact of state funds.

### **Meetings Held Through Electronic Communication Means**

- Coordinate with the Northern Virginia Transportation Commission, VRE, Virginia FOIA Advisory Council, and other stakeholders on legislative proposals to increase flexibility among public bodies to use technology to accommodate the needs of voting and participating members while remaining open and transparent to the public.



## Support State Restoration of Northern Virginia Transportation Authority (NVTA) Revenues

- PRTC supports restoration of NVTA revenues for continued funding/implementation of multimodal projects (including transit) that support the regional economy and reduce congestion. This will subsequently help transit in all of its forms.

### Things to Watch

- *United States Department of Transportation (USDOT) & Virginia COVID-19 Vaccine Distribution:* Transit workers are in Phase II of the COVID-19 vaccination plan. PRTC will work to ensure transit workers remain a high priority for vaccines, PPE, and other solutions that maintain health for workers, riders, and the public at large.
- *Federal Fixing America's Surface Transportation (FAST) Act Reauthorization:* USDOT's FAST Act (2015) has been extended into December 2020. PRTC will partner with stakeholders to advocate for appropriate funding levels and policies to support funding for bus and bus facilities and other programs critical to the region.
- *Virginia Transit Association (VTA) Annual Legislative Agenda:* As state-wide initiatives are proposed by the Virginia Department of Rail and Public Transportation (DRPT) or the General Assembly, VTA members will work collectively to support or shape policy that will increase transit funding and expend or protect services. PRTC will coordinate with NVTC, VRE, and other transit systems to support commuter-based services to support the Northern Virginia economy.
- *Virginia I-95 Corridor Improvement Plan:* As the corridor improvement study advances, PRTC will partner with Virginia Department of Transportation (VDOT) and DRPT for improvements to park and ride lots for **OmniRide** services, vanpooling, and carpooling/slugging. Enhanced facilities essential to make High Occupancy Vehicle (HOV) travel more attractive and increase throughput on I-95.
- *Federal High Occupancy Toll Lane (HOT Lane) Loss of Revenues:* In December 2015, PRTC lost federal funds when a new Federal Transit Administration (FTA) policy no longer gave credit to transit systems operating on HOT lanes, only HOV lanes, when converting I-95 to HOT lanes.
  - **OmniRide will lose \$1M over the next five years on I-95 alone.** As I-66 is converted from HOV lanes to HOT lanes, **OmniRide** will see another **loss of \$615K** in annual federal credits that are used for supporting capital needs.
  - PRTC and NVTC will jointly evaluate the federal policy climate to determine if seeking a policy reversal is appropriate. When considering the future impacts of funding losses forthcoming on I-66, this may be the time to pursue the ability to earn revenues for operating high intensity motorbus services in these congested corridors.



### Contacts

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[stan@heftywiley.com](mailto:stan@heftywiley.com)



**PRTC Chair's Time**

**12.1 Nominating Committee Election for PRTC Officers and VRE Operations Board  
Members and Alternate Members**

**ITEM 13**

**Other Business/Commissioners' Time**

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**ITEM 14**

**Adjournment**

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**Information Items**


- October System Performance Report
- Revised Spending Authority Report
- October Safety Dashboard
- Commissioners' Motor Fuels Tax Report



November 25, 2020

TO: Chair Franklin and PRTC Commissioners

FROM: Perrin Palistrant   
Director of Operations and Operations Planning

THROUGH: Robert A. Schneider, PhD   
Executive Director

SUBJECT: October 2020 System Performance and Ridership Report

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*OMNIRIDE Express and Metro Express Service*

- October average daily ridership increased nine (9) percent from September, but was down 76 percent compared to October 2019
- Ridership continues to show consistent, incremental increases, particularly on routes that operate through the Pentagon
- Ridership trends are following similar patterns to what other regional systems (i.e. Fairfax County and WMATA) are reporting

*OMNIRIDE Local Bus Service*

- October average daily ridership increased six (6) percent from September, but down 43 percent compared to October 2019
- Continued monitoring of service is ongoing to ensure resources are available for any potential overcrowding due to reduced capacity on vehicles
- Saturday ridership for October was down 29 percent compared to October 2019, but overall is improving much faster than weekday ridership

*Vanpool Alliance Program*

- Enrollment in October decreased by one (1) van compared to September
- Ridership in October decreased 1.5 percent compared to September, and is down 73 percent compared to October 2019

### OmniMatch Program

Staff participated in: (all meetings were virtual)

#### Chamber Meetings

**10/06/2020** – Prince William County Chamber of Commerce – Education and Workforce Committee Meeting – *The OmniRide Employer Outreach Program is the Annual Committee Sponsor*

**10/13/2020** - Prince William County Chamber of Commerce – Policy Committee Meeting - *The OmniRide Employer Outreach Program is the Annual Committee Sponsor*

**10/13/2020** - Prince William County Chamber of Commerce - Hispanic Committee Virtual Speed Networking Call – promoted the OmniRide Hispanic Council meeting scheduled for December 9th

**10/20/2020** – Prince William County Chamber of Commerce - Economic Development Committee Meeting - *The OmniRide Employer Outreach Program is the Annual Committee Sponsor*

**10/22/2020** - Prince William County Chamber of Commerce Women's Leadership Council Meeting

**10/27/2020** - Prince William County Chamber of Commerce "Meet the Candidates" Meeting

#### Leadership Prince William

**10/01/2020** - Leadership Prince William Closing Retreat/Graduation Day

#### Commuter Connections

**10/20/2020** - Employer Outreach Committee Meeting

#### Regional Coordination

**10/06/2020** - NOVA Transportation Demand Management - Efforts to Adapt to COVID-19 Circumstances & Commuter Choice I-395/95 Corridor Round Two (FY 2022 – FY 2023) Call for Projects Webinar

**10/07/2020** – Regional Multi-Modal Mobility Program (RM3P) Next Steps Zoom Meeting

**10/09/2020** – Prince William County Society for Human Resource Management HR/Law Summit – OmniRide Employer Outreach Program is the Event Platinum Sponsor – 5 minutes of podium time (promoted Rideshare and Employer Outreach Programs)

**10/16/2020** - Transform 66/Local Agencies Coordination Meeting

**10/16/2020** - I-495 American Legion Bridge Transit/Transportation Demand Management October Stakeholder Meeting- Zoom Meeting

**10/21/2020** - Telework!VA lunch and learn

**10/27/2020** - Focus Group on Dynamic Incentivization for the Regional Multi-Modal Mobility Program

### Customer Service Statistics

- The call center received 4,358 calls in October 2020 and 4,942 in September 2020
- Responded to 9 general information emails in October 2020 and 14 in September 2020
- OMNIRIDE local trip denials in October 2020 were .27 percent and .60 percent in September 2020

### Passenger Complaints

Complaint rate for OmniRide in September:

- OMNIRIDE Express and Metro Express complaint rate for October 2020 decreased 46 percent compared to September 2020

Chair Franklin and PRTC Commissioners

November 25, 2020

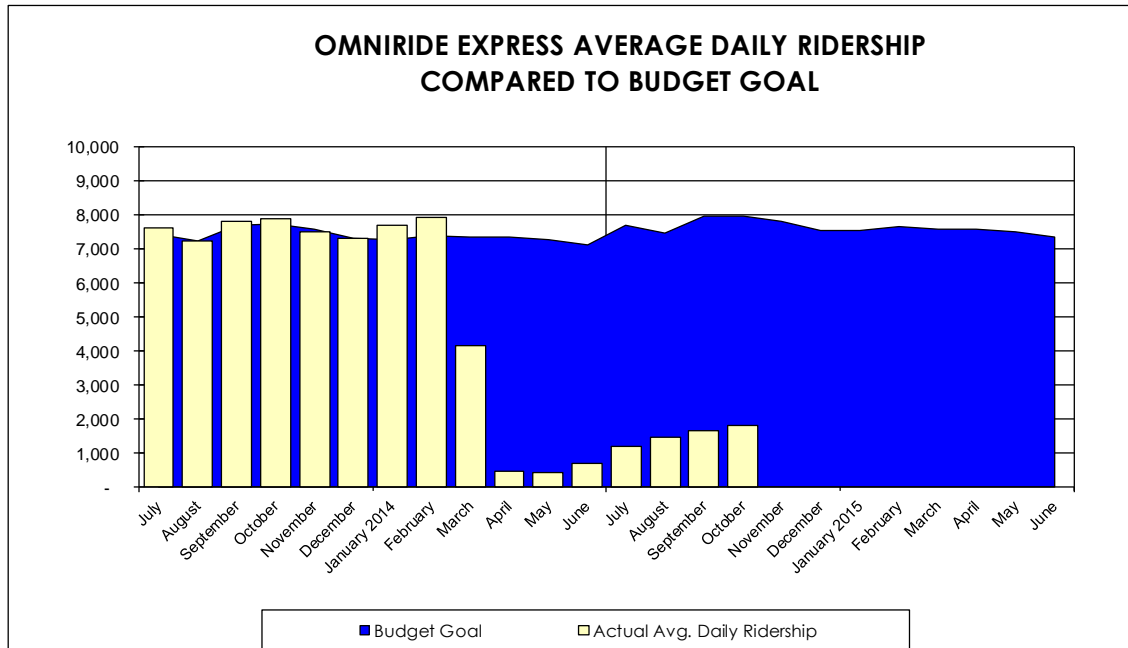
Page 3

- OMNIRIDE Local service complaint rate for October 2020 decreased six (6) percent compared to September 2020

\*No Express service on October 12, 2020 in observance of the Columbus Day holiday

## OMNIRIDE EXPRESS SERVICE

Month	Monthly Ridership		Average Daily Ridership			FY21 Budget Goal	Change from Goal
	FY20	FY21	FY20	FY21	% Change		
July	163,138	26,566	7,627	1,194	-84.3%	7,693	(6,499)
August	140,151	30,228	7,256	1,464	-79.8%	7,485	(6,021)
September	148,295	34,795	7,808	1,670	-78.6%	7,972	(6,302)
October	176,101	38,900	7,886	1,824	-76.9%	7,989	(6,165)
November							
December							
January							
February							
March							
April							
May							
June							
<b>Year to Date</b>	<b>627,685</b>	<b>130,489</b>	<b>7,644</b>	<b>1,538</b>	<b>-79.9%</b>	<b>7,785</b>	<b>(6,247)</b>



***At year's end figures are revised, if needed, to account for any lingering data latency.***

7/12-Avg. Daily Ridership excludes 7/3, 4, 5 (Independence Day Holiday)

8/12-Avg. Daily Ridership excludes 8/1, 2, 5 (Work Stoppage), 30 (Friday before Labor Day)

9/12-Avg. Daily Ridership excludes 9/20 (car free day), 9/23 (ESP due to demonstrations in DC)

10/12-Avg. Daily Ridership excludes (14) (Columbus Day)

11/12-Avg. Daily Ridership excludes (11) (Veterans Day), 27-29 (Thanksgiving)

12/12-Avg. Daily Ridership excludes (16) (PWC schools closed due to snow/ice), 23-31 (Winter break)

1/20-Avg. Daily Ridership excludes 2-3 (Winter break), 7 (OPM early release), 20 (MLK Day)

2/20-Avg. Daily Ridership excludes 17 (President's Day)

7/20-Avg. Daily Ridership excludes 7/3 (Independence Day Holiday-Observed), 7/4 (Independence Day-No Service)

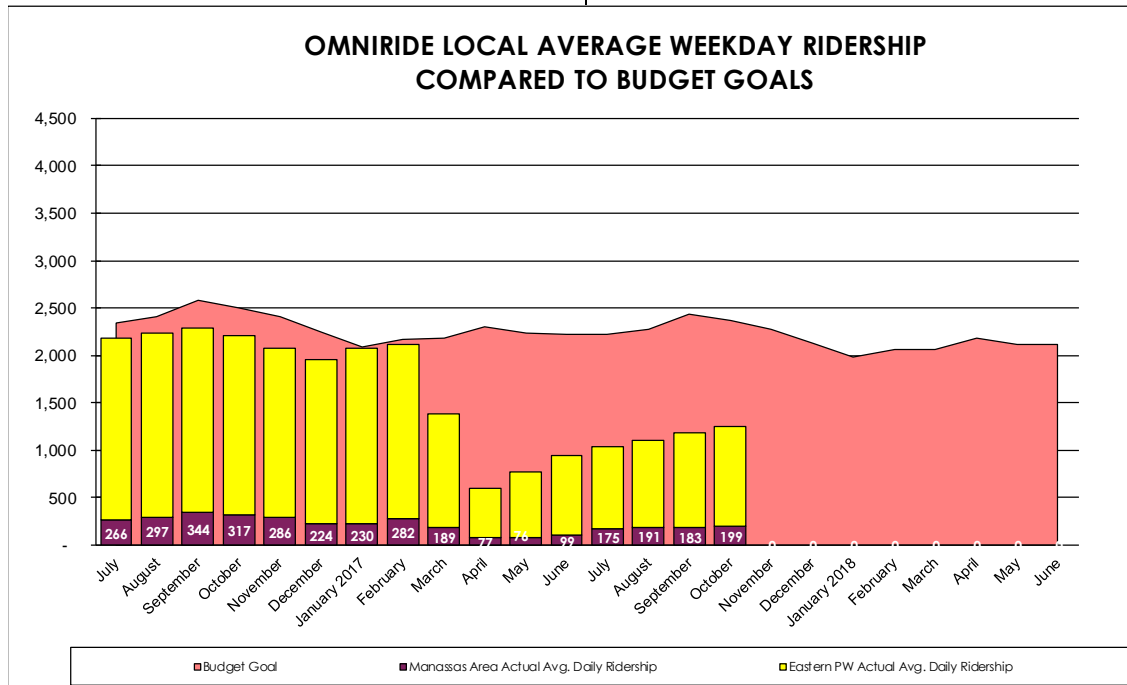
8/20-Avg. Daily Ridership excludes 8/28 (ESP operated due to march in Washington DC)

9/20-Avg. Daily Ridership excludes 9/10-9/11 (Work Stoppage)

10/20-Avg. Daily Ridership excludes 10/12 (Columbus Day)

## OMNIRIDE LOCAL SERVICE

WEEKDAY							
Month	Monthly Ridership		Average Daily Ridership			FY21 Budget Goal	Change from Goal
	FY20	FY21	FY20	FY21	% Change		
July	47,848	23,814	2,182	1,042	-52.2%	2,216	(1,174)
August	45,499	23,156	2,238	1,100	-50.8%	2,279	(1,179)
September	44,528	25,531	2,285	1,181	-48.3%	2,441	(1,260)
October	50,270	27,140	2,205	1,250	-43.3%	2,365	(1,115)
November							
December							
January							
February							
March							
April							
May							
June							
<b>Year to Date</b>	<b>188,145</b>	<b>99,641</b>	<b>2,228</b>	<b>1,143</b>	<b>-48.7%</b>	<b>2,325</b>	<b>(1,182)</b>



**At year's end figures are revised, if needed, to account for any lingering data latency.**

7/19- Avg. Daily Ridership excludes 7/4 (Independence Day), 7/5 Day after Independence Day

8/19- Avg. Daily Ridership excludes 8/1, 2, 5 (work stoppage)

9/19- Avg. Daily Ridership excludes 9/20 (car free day)

10/19- Avg. Daily Ridership excludes (14) Columbus Day

11/19- Avg. Daily Ridership excludes (11) Veterans Day, 27-29 Thanksgiving

12/19- Avg. Daily Ridership excludes (16) PWC schools closed due to snow/ice; 23-31 (Winter break)

1/20- Avg. Daily Ridership excludes 2-3 (winter break), 20 (MLK Day)

2/20- Avg. Daily Ridership excludes 17 (President's Day)

7/20- Avg. Daily Ridership excludes 7/3 (Independence Day Holiday Observed), 7/4 (Independence Day-No Service)

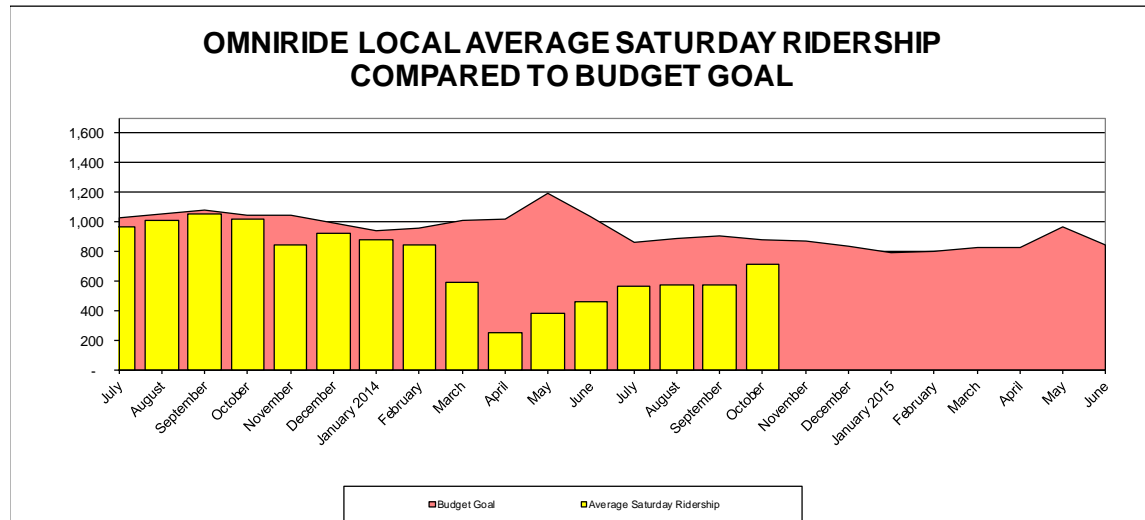
9/20- Avg. Daily Ridership excludes 9/10-9/11 (Work Stoppage)

10/20- Avg. Daily Ridership excludes 10/12 (Columbus Day)



## OMNIRIDE LOCAL SERVICE

SATURDAY							
Month	Monthly Ridership		Average Saturday Ridership			Average Saturday FY21 Budget Goal	Change from Goal
	FY20	FY21	FY20	FY21	% Change		
July	3,864	1,706	966	569	-41.1%	1,025	(456)
August	5,032	2,856	1,006	571	-43.2%	1,055	(484)
September	4,219	2,308	1,055	577	-45.3%	1,078	(501)
October	4,063	3,570	1,016	714	-29.7%	1,045	(331)
November							
December							
January							
February							
March							
April							
May							
June							
<b>Year to Date</b>	<b>17,178</b>	<b>10,440</b>	<b>1,011</b>	<b>608</b>	<b>-39.9%</b>	<b>1,051</b>	<b>(443)</b>



***At year's end figures are revised, if needed, to account for any lingering data latency.***

7/18- Excludes significant rain/storms and traffic (21)

11/18- Excludes Thanksgiving weekend (24)

12/18- Excludes Cold/Snow (15)

1/19- Excludes snow/weather (11)

1/20- Excludes snow/weather (18)

# OMNIMATCH / VANPOOL ALLIANCE

OmniMatch					Vanpool Alliance			
FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY21
New Applications Received	New Applications Received	Other Applications Received	Other Applications Received	Vanpools Enrolled	Vanpools Enrolled	Monthly Passenger Trips	Monthly Passenger Trips	Monthly Passenger Trips
July	52	3	10	2	674	648	139,650	34,246
August	41	4	6	0	674	640	132,224	32,492
September	56	5	13	0	674	566	131,999	38,177
October	52	6	2	0	674	565	143,962	37,607
November								
December								
January								
February								
March								
April								
May								
June								
Average	50	5	8	1	674	605	136,959	35,631

1) "New PRTC Applications Received" include all new customers inquiring about rideshare options in Prince William, Manassas, and Manassas Park.

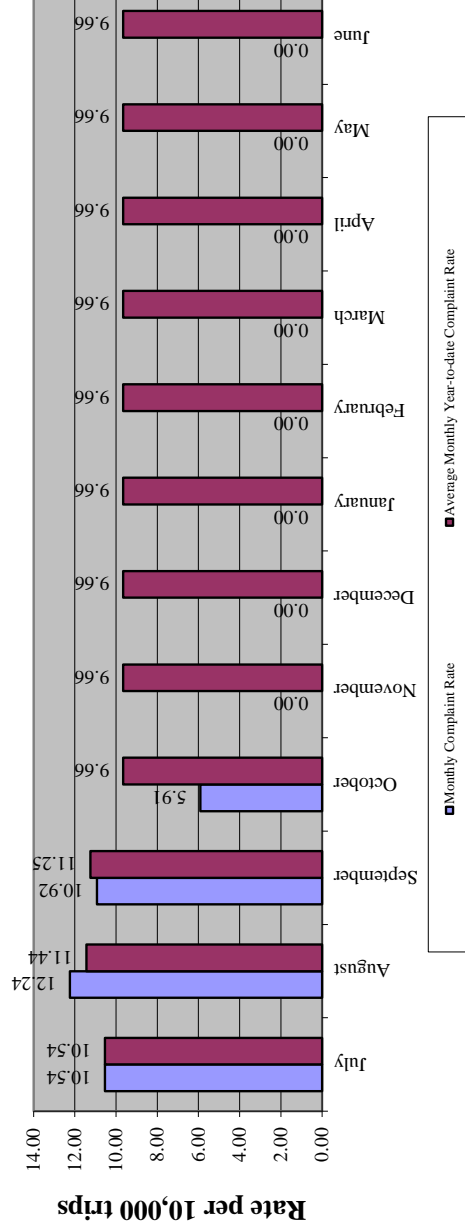
2) "Other Applications Received" include reapplicants, deletions and commuters contacted as a follow-up interested in remaining in the program.

3) "Vanpools Enrolled" includes all vanpools approved as of last day of the month.

FY 2020 Year-to-date OmniRide Express Complaints			
	Ridership	Complaints	Per 10k Trips
July	163,138	156	9.56
August	140,151	90	6.42
September	148,295	108	7.28
October	176,101	131	7.44
November			
December			
January			
February			
March			
April			
May			
June			
<b>Year-to-date totals</b>	<b>627,685</b>	<b>485</b>	<b>7.73</b>

FY 2021 Year-to-date OmniRide Express Complaints			
	Ridership	Complaints	Per 10k Trips
July	26,566	28	10.54
August	30,228	39	12.90
September	34,795	38	10.92
October	38,900	23	5.91
November			
December			
January			
February			
March			
April			
May			
June			
<b>Year-to-date totals</b>	<b>130,489</b>	<b>128</b>	<b>9.81</b>

**FY 2021 OmniRide Express Complaint Rate per 10,000 Trips  
Compared to Monthly Average**

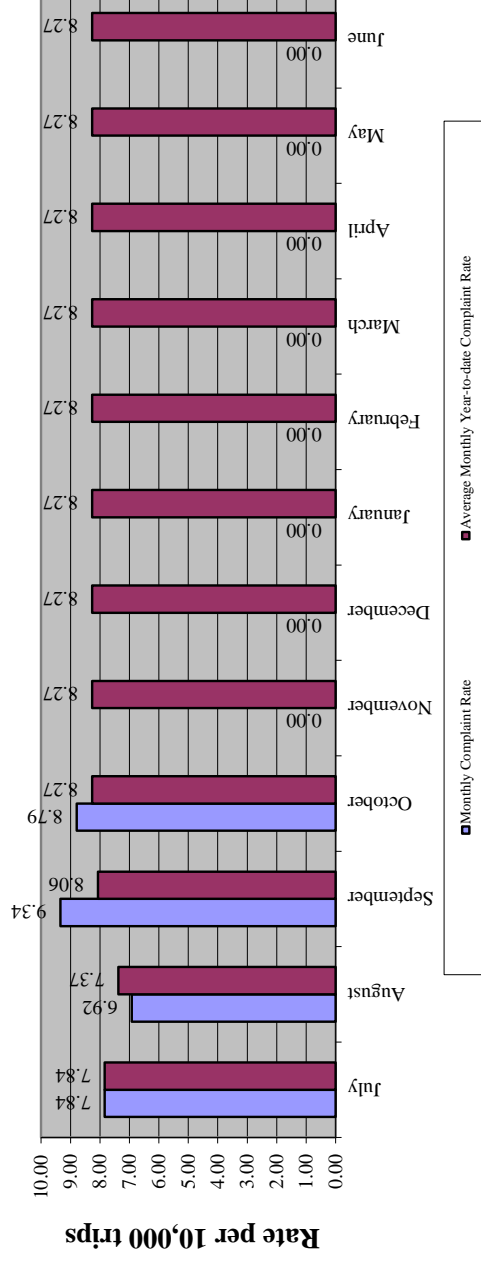


Complaint rates for OmniRide Express service for the current month and for the year-to-date in contrast to fiscal year 2019 overall rate, which is the benchmark for evaluating contractor performance for fiscal year 2020 in the bus services contract.

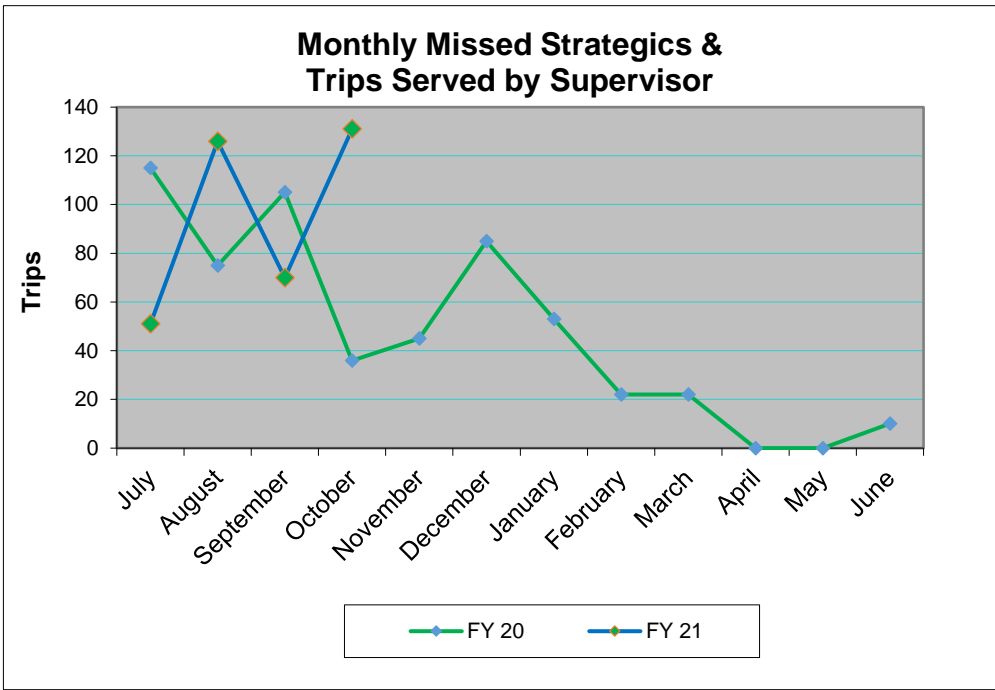
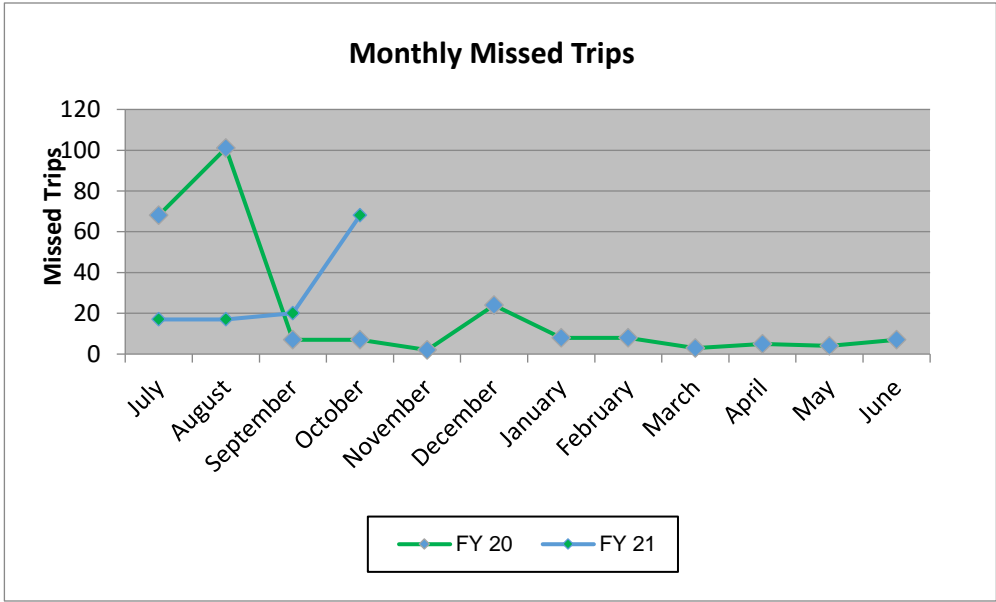
FY 2020 Year-to-date OmniRide Local Complaints			
	Ridership	Complaints	Per 10k Trips
July	51,712	13	2.51
August	50,531	24	4.75
September	48,747	17	3.49
October	54,333	18	3.31
November			
December			
January			
February			
March			
April			
May			
June			
<b>Year-to-date totals</b>	<b>205,323</b>	<b>72</b>	<b>3.51</b>

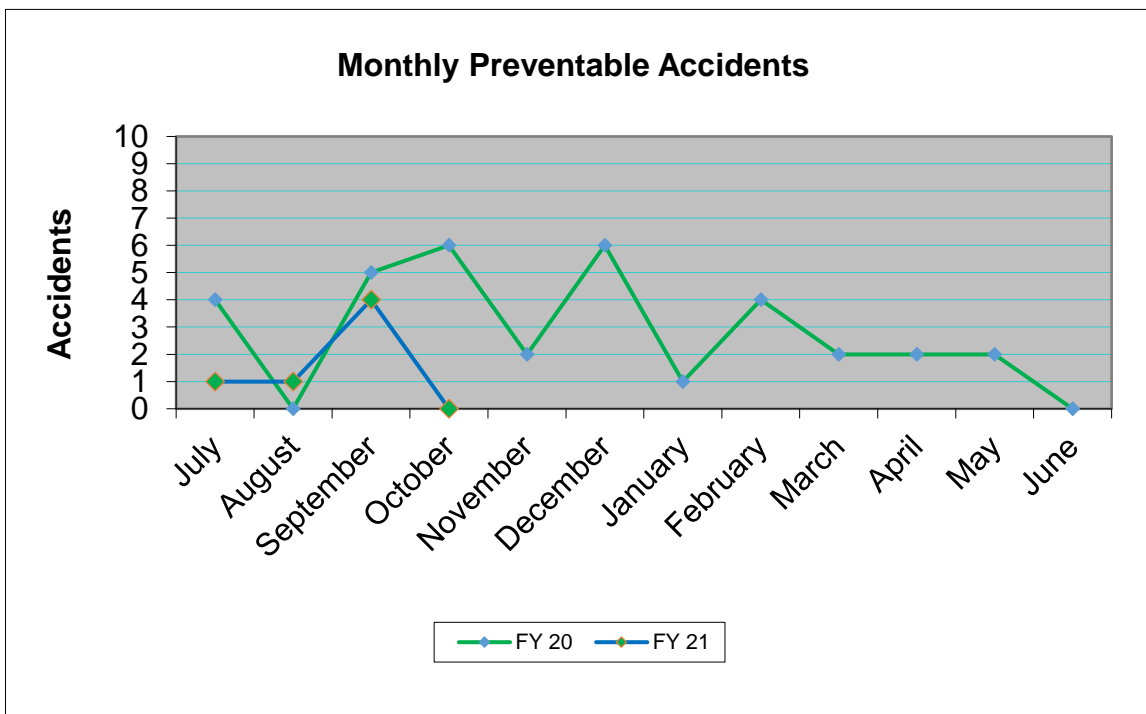
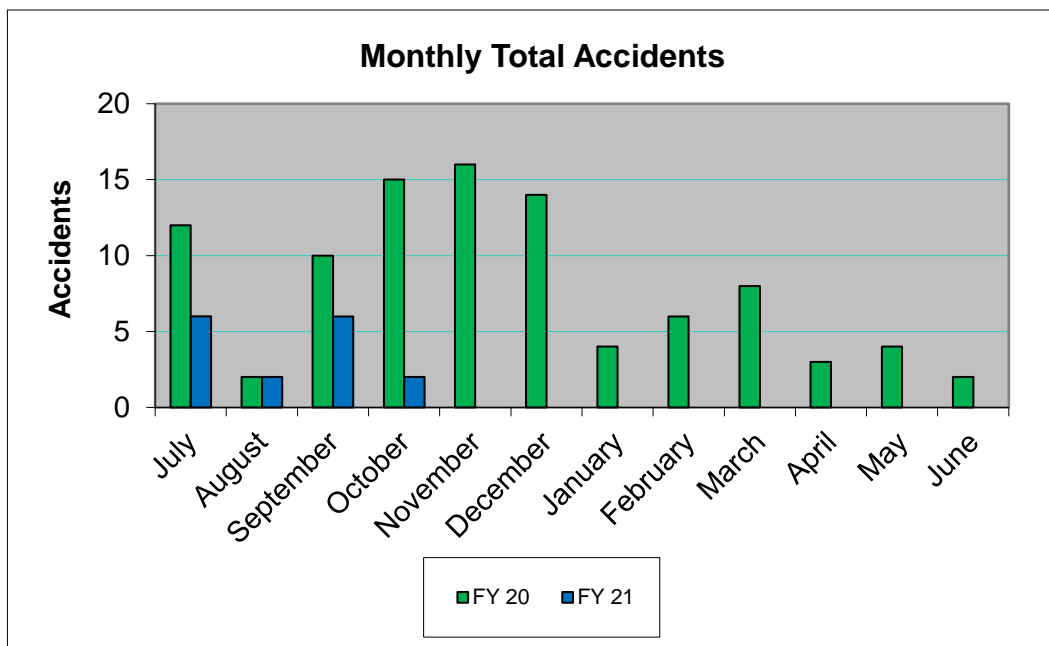
FY 2021 Year-to-date OmniRide Local Complaints			
	Ridership	Complaints	Per 10k Trips
July	25,520	20	7.84
August	26,012	18	6.92
September	27,839	26	9.34
October	30,710	27	8.79
November			
December			
January			
February			
March			
April			
May			
June			
<b>Year-to-date totals</b>	<b>110,081</b>	<b>91</b>	<b>8.27</b>

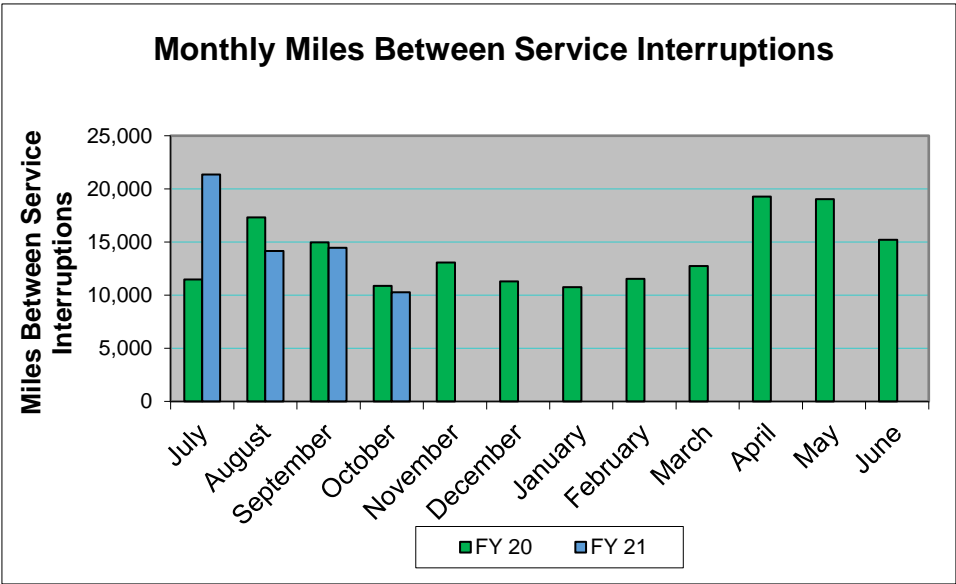
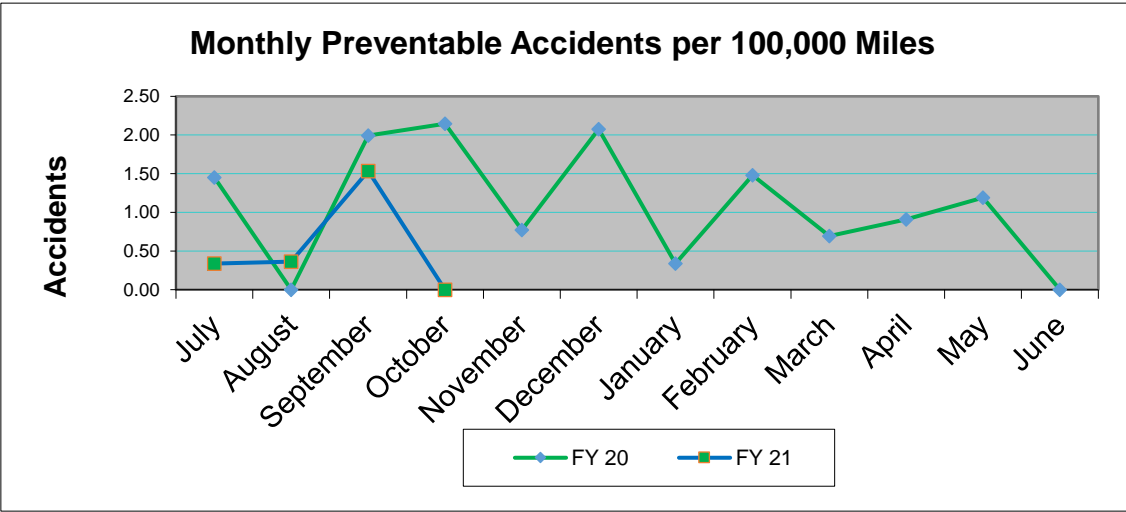
**FY 2021 OmniRide Local complaint rate per 10,000 Trips compared to monthly average**



Complaint rates for OmniRide Local service for the current month and for the year-to-date in contrast to fiscal year 2019 overall rate, which is the benchmark for evaluating contractor performance for fiscal year 2020 in the new bus services contract.



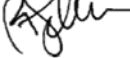






November 25, 2020

TO: Chair Franklin and PRTC Commissioners

FROM: Robert A. Schneider, PhD   
Executive Director

SUBJECT: Revised Purchasing Authority Report

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On June 4, 2015, the Commission approved increasing the Executive Director's delegated purchasing authority from \$50,000 to \$100,000. It was resolved that any purchase of greater than \$50,000 would be communicated to the Board as an information item.

- In September 2020, OmniRide issued a purchase order to DriveGuard, Inc. of Pagosa, Colorado in the amount of \$96,850 for driver barriers that will be installed on 46 Gillig buses.





OMNIRIDE.COM • 703.730.6664

BOB SCHNEIDER, EXECUTIVE DIRECTOR

bschneider@omniride.com

BYREN LLOYD, SAFETY & SECURITY MANAGER

blloyd@omniride.com



FY21



OCTOBER 2020 |  
SAFETY DASHBOARD |



**OMNIRIDE** | OCTOBER 2020



# MONTHLY SAFETY DASHBOARD

## ACCIDENT/INCIDENT RATE FREQUENCY

\*Per 100K miles



## ACCIDENTS/INCIDENTS BY DAY & SERVICE TYPE

### Accidents:

- Personal Injury
- Property Damage

### Incidents:

- Suspicious Package
- Disruptive Behavior
- Public Safety Occurrence

Local: 0%  
Express: 100%



MONDAY: 0

TUESDAY: 0

WEDNESDAY: 1

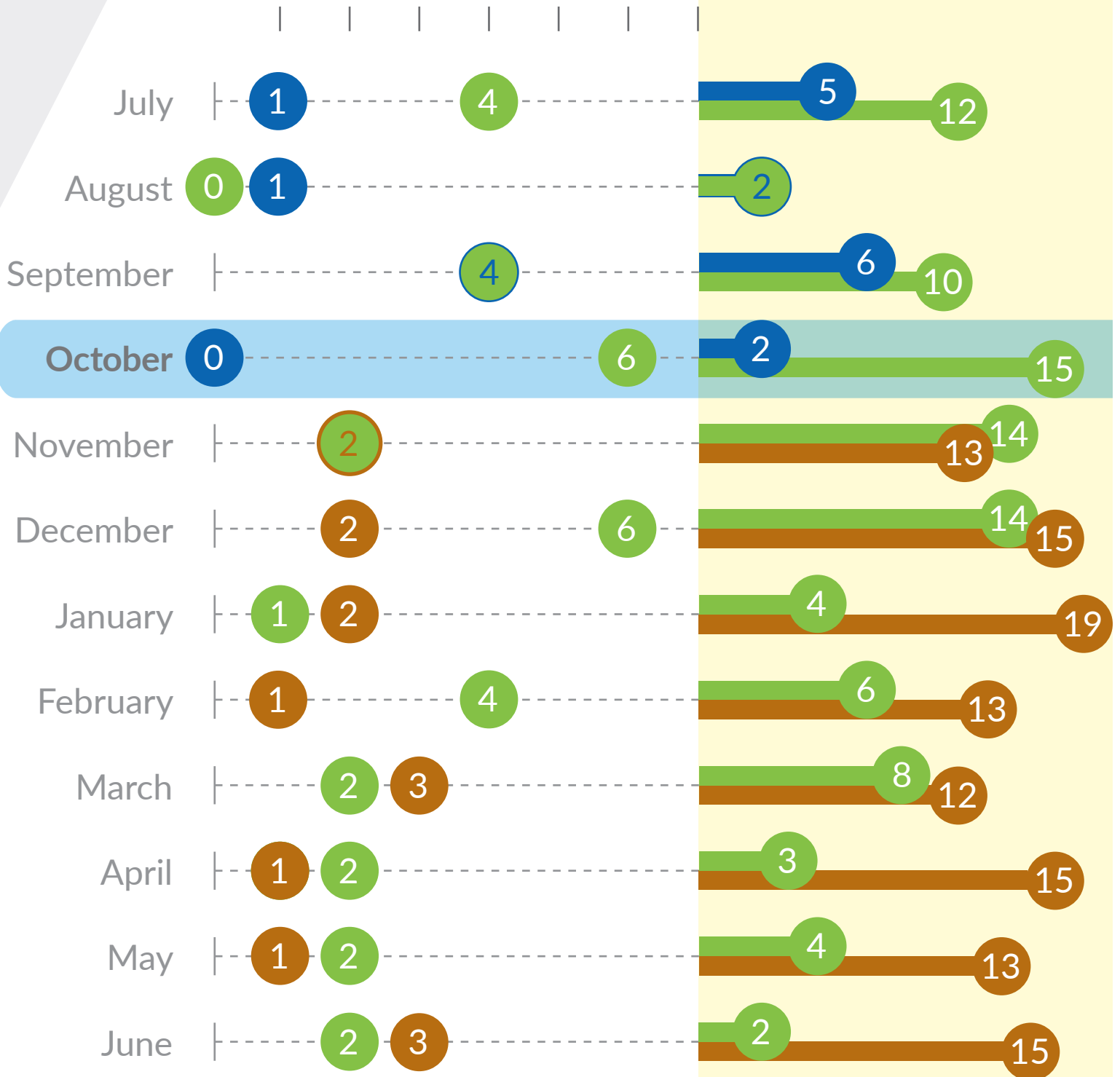
THURSDAY: 1

FRIDAY: 0

SATURDAY: 0

## PREVENTABLE ACCIDENTS/INCIDENTS

## ALL ACCIDENTS/ INCIDENTS



Fiscal Year:

#

2019

#

2020

#

2021

Current Period

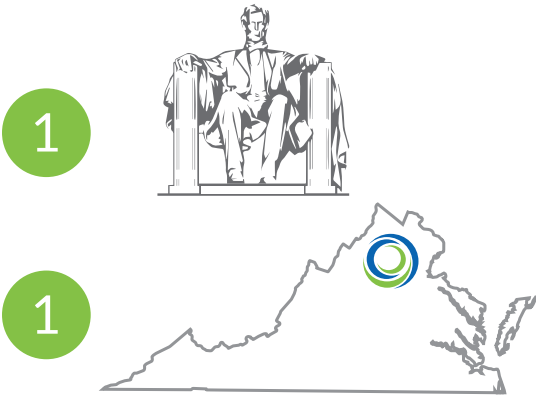


# OMNIRIDE // KEY FOCUS AREAS

ACCIDENTS IN  
REVENUE SERVICE VS.  
NON-REVENUE SERVICE



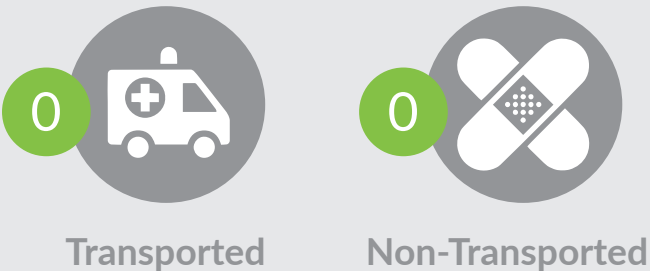
ACCIDENTS IN  
WASHINGTON D.C.  
VS. VIRGINIA



TOTAL ACCIDENTS &  
INCIDENTS WITH VEHICLES



REPORTED INJURIES



90-DAY ACCIDENT/INCIDENT SPOTLIGHT

**10**  
Total\*

**28.6%\*\***

\*Total accidents/incidents between months of August, September, October  
\*\*Difference in percentage versus the rolling quarter of July, August, September



# **FUEL TAX REPORT - FY21**

PRINCE WILLIAM COUNTY

FY20 Ending Fund Balance (as of 6/30/20) from Unreimbursed Encumbrance\*  
or Surplus/Deficit Collections (carryforward)

**9,167,282.27**

## **Income**

FY21 Motor Fuels Tax Revenue (Beginning 7/1/20)

	Monthly Actual	Monthly Budget	Variance	Year to Date Actual	Year to Date Budget	Variance
July 2020	1,046,011.54	1,062,475.00	(16,463.46)	1,046,011.54	1,062,475.00	(16,463.46)
August	1,120,209.92	1,062,475.00	57,734.92	2,166,221.46	2,124,950.00	41,271.46
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
January 2021	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
	<b>2,166,221.46</b>	<b>2,124,950.00</b>	<b>41,271.46</b>			

FY21 Year to Date Interest from Investment  
(actual interest earned from collections)

**3,848.15**

FY21 PRTC Operating Carryforward (refund)

**1,328,900.00**

## **Expenses**

Less:

Resolution 20-06-15 FY21 PRTC Subsidies

**(1,328,900.00)**

Total Expenses

**(1,328,900.00)**

**FY21 Fund Balance (as of 8/31/20)**

**11,337,351.88**

Outstanding Adopted Resolutions (Encumbrances)

Resolution 08-06-07 VRE Local Capital Match for Gainesville- Haymarket

173,000.00

Resolution 20-06-15 FY21 PRTC Subsidies

**17,553,400.00**

Total Encumbrances

**17,726,400.00**

FY21 Fund Balance Less Outstanding Adopted Resolutions as of 8/31/20

**(6,389,048.12)**

(\*) Resolutions which have been encumbered will not be expended until funds become available



**FUEL TAX REPORT - FY21**  
STAFFORD COUNTY

FY20 Ending Fund Balance (as of 6/30/20) from Unreimbursed Encumbrance\*  
or Surplus/Deficit Collections (carryforward)

**3,146,967.55**

**Income**

FY21 Motor Fuels Tax Revenue (Beginning 7/1/20)

	Monthly Actual	Monthly Budget	Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
July 2020	366,447.37	340,791.67	25,655.70	366,447.37	340,791.67	25,655.70
August	368,116.61	340,791.67	27,324.94	734,563.98	681,583.34	52,980.64
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
January 2021	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
	<b>734,563.98</b>	<b>681,583.34</b>	<b>52,980.64</b>			

FY21 Year to Date Interest from Investment  
(actual interest earned from collections)

**723.60**

FY21 PRTC Operating Carryforward (refund)

**12,500.00**

**Expenses**

Less:

Resolution 20-06-05 FY21 VRE Subsidies (1,238,587.50)  
Resolution 20-06-15 FY21 PRTC Subsidies (12,500.00)

Total Expenses

**(1,251,087.50)**

**FY21 Fund Balance (as of 8/31/20)**

**2,643,667.63**

Outstanding Adopted Resolutions (Encumbrances)

Resolution 20-06-05 FY21 VRE Subsidies 1,238,587.50  
Resolution 20-06-15 FY21 PRTC Subsidies 118,000.00

Total Encumbrances

**1,356,587.50**

FY21 Fund Balance Less Outstanding Adopted Resolutions as of 8/31/20

**1,287,080.13**

(\*) Resolutions which have been encumbered will not be expended until funds become available



**FUEL TAX REPORT - FY21**  
CITY OF MANASSAS

FY20 Ending Fund Balance (as of 6/30/20) from Unreimbursed Encumbrance\*  
or Surplus/Deficit Collections (carryforward)

**734,791.79**

**Income**

FY21 Motor Fuels Tax Revenue (Beginning 7/1/20)

	Monthly Actual	Monthly Budget	Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
July 2020	72,112.10	77,733.33	(5,621.23)	72,112.10	77,733.33	(5,621.23)
August	72,400.46	77,733.33	(5,332.87)	144,512.56	155,466.66	(10,954.10)
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
January 2021	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
	<b>144,512.56</b>	<b>155,466.66</b>	<b>(10,954.10)</b>			

FY21 Year to Date Interest from Investment  
(actual interest earned from collections)

**117.43**

FY21 PRTC Operating Carryforward (refund)

**37,800.00**

Reimbursement from DRPT Grant and Transfer from Manassas

**-**

**Expenses**

Less:

Resolution 20-06-05 FY21 VRE Subsidies (403,617.00)  
Resolution 20-06-15 FY21 PRTC Subsidies (37,800.00)

Total Expenses

**(441,417.00)**

**FY21 Fund Balance (as of 8/31/20)**

**475,804.78**

Outstanding Adopted Resolutions (Encumbrances)

Resolution 20-06-05 FY21 VRE Subsidies 403,617.00  
Resolution 20-06-15 FY21 PRTC Subsidies 345,000.00

Total Encumbrances

**748,617.00**

FY21 Fund Balance Less Outstanding Adopted Resolutions as of 8/31/20

**(272,812.22)**

(\*) Resolutions which have been encumbered will not be expended until funds become available



**FUEL TAX REPORT - FY21**  
CITY OF MANASSAS PARK

FY20 Ending Fund Balance (as of 6/30/20) from Unreimbursed Encumbrance\*  
or Surplus/Deficit Collections (carryforward)

**2,870,640.10**

**Income**

	Monthly Actual	Monthly Budget	Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
FY21 Motor Fuels Tax Revenue (Beginning 7/1/20)						
July 2020	67,900.02	58,708.33	9,191.69	67,900.02	58,708.33	9,191.69
August	67,309.14	58,708.33	8,600.81	135,209.16	117,416.66	17,792.50
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
January 2021	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
	<b>135,209.16</b>	<b>117,416.66</b>	<b>17,792.50</b>			

FY21 Year to Date Interest from Investment  
(actual interest earned from collections)

**1,261.40**

FY21 PRTC Operating Carryforward (refund)

**18,300.00**

**Expenses**

Less:		
Resolution 20-06-05	FY21 VRE Subsidies	(234,182.00)
Resolution 20-06-15	FY21 PRTC Subsidies	(18,300.00)
Total Expenses		<b>(252,482.00)</b>

**FY21 Fund Balance (as of 8/31/20)**

**2,772,928.66**

Outstanding Adopted Resolutions (Encumbrances)	
Resolution 09-11-07	Road improvements 93,139.69
Resolution 10-11-05	Road improvements 234,500.00
Resolution 13-06-08	Safe routes to school project 200,000.00
Resolution 15-05-07	Road improvements 371,164.00
Resolution 17-07-06	Road improvements 116,000.00
Resolution 17-07-07	Road improvements 206,000.00
Resolution 19-11-08	Sign installations 15,000.00
Resolution 19-11-09	Mathis Avenue signal battery backup 10,000.00
Resolution 20-06-05	FY21 VRE Subsidies 234,182.00
Resolution 20-06-15	FY21 PRTC Subsidies 185,000.00
Total Encumbrances	<b>1,664,985.69</b>

FY21 Fund Balance Less Outstanding Adopted Resolutions as of 8/31/20

**1,107,942.97**

(\*) Resolutions which have been encumbered will not be expended until funds become available





**FUEL TAX REPORT - FY21**  
CITY OF FREDERICKSBURG

FY2020 Ending Fund Balance (as of 6/30/20) from Unreimbursed Encumbrance\*  
or Surplus/Deficit Collections (carryforward) **2,559,822.04**

**Income**

	Monthly Actual	Monthly Budget	Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
FY21 Motor Fuels Tax Revenue (Beginning 7/1/20)						
July 2020	72,540.11	124,983.33	(52,443.22)	72,540.11	124,983.33	(52,443.22)
August	88,291.91	124,983.33	(36,691.42)	160,832.02	249,966.66	(89,134.64)
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
January 2021	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
	<b>160,832.02</b>	<b>249,966.66</b>	<b>(89,134.64)</b>			

FY21 Year to Date Interest from Investment **1,081.42**  
(actual interest earned from collections)

FY21 PRTC Operating Carryforward (refund) **4,700.00**

**Expenses**

Less:	
Resolution 20-06-05 FY21 VRE Subsidies	(183,544.50)
Resolution 20-06-15 FY21 PRTC Subsidies	(4,700.00)
Resolution 20-07-05 Various Projects	(350,881.37)
Total Expenses	<b>(539,125.87)</b>

**FY21 Fund Balance (as of 8/31/20) 2,187,309.61**

Outstanding Adopted Resolutions (Encumbrances)	
Resolution 19-06-10 Various Projects	432,642.00
Resolution 20-06-05 FY21 VRE Subsidies	183,544.50
Resolution 20-06-15 FY21 PRTC Subsidies	43,200.00
Resolution 20-07-05 Various Projects	1,065,118.63
Total Encumbrances	<b>1,724,505.13</b>

FY21 Fund Balance Less Outstanding Adopted Resolutions as of 8/31/20 **462,804.48**

(\*) Resolutions which have been encumbered will not be expended until funds become available



**FUEL TAX REPORT - FY21**  
SPOTSYLVANIA COUNTY

FY20 Ending Fund Balance (as of 6/30/20) from Unreimbursed Encumbrance\*  
or Surplus/Deficit Collections (carryforward)

**1,710,821.97**

**Income**

	Monthly Actual	Monthly Budget	Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
FY21 Motor Fuels Tax Revenue (Beginning 7/1/20)						
July 2020	458,685.47	380,891.67	77,793.80	458,685.47	380,891.67	77,793.80
August	483,518.62	380,891.67	102,626.95	942,204.09	761,783.34	180,420.75
September	-	-	-	-	-	-
October	-	-	-	-	-	-
November	-	-	-	-	-	-
December	-	-	-	-	-	-
January 2021	-	-	-	-	-	-
February	-	-	-	-	-	-
March	-	-	-	-	-	-
April	-	-	-	-	-	-
May	-	-	-	-	-	-
June	-	-	-	-	-	-
	<b>942,204.09</b>	<b>761,783.34</b>	<b>180,420.75</b>			

FY21 Year to Date Interest from Investment  
(actual interest earned from collections)

**242.09**

FY21 PRTC Operating Carryforward (refund)

**13,800.00**

**Expenses**

Less:	
Resolution 20-06-05 FY21 VRE Subsidies	(751,877.00)
Resolution 20-06-15 FY21 PRTC Subsidies	(13,800.00)
Total Expenses	<b><u>(765,677.00)</u></b>

**FY21 Fund Balance (as of 8/31/20)**

**1,901,391.15**

Outstanding Adopted Resolutions (Encumbrances)	
Resolution 20-01-06 Various Projects	80,090.00
Resolution 20-06-05 FY21 VRE Subsidies	751,877.00
Resolution 20-06-15 FY21 PRTC Subsidies	132,100.00
Total Encumbrances	<b>964,067.00</b>

FY21 Fund Balance Less Outstanding Adopted Resolutions as of 8/31/20

**937,324.15**

(\*) Resolutions which have been encumbered will not be expended until funds become available