

VPRA AGREEMENTS

October 16, 2020



VIRGINIA RAILWAY EXPRESS

Overview

- Virginia Passenger Rail Authority (VPRA)
- VPRA Agreements
 - Operating and Access
 - Funding



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Virginia Passenger Rail Authority - VPRA

- **Purpose** – promote, sustain, and expand the availability of passenger and commuter rail service in the Commonwealth and to increase ridership of such service by connecting population centers with passenger and commuter rail service and increasing availability of such service.
- **Board of Directors – 15 Members**
 - 12 non-legislative members appointed by the Governor
 - VRE CEO – ex officio
 - Amtrak Designee – ex officio
 - DRPT Director – Chairman; will vote in case of tie
 - Will meet quarterly – first Authority Board of Directors meeting scheduled for October 26th



VPRA Agreements

Passenger Rail Operations and Access Agreement - (*Operating and Access*)

1. Operations
2. Access (Fees)
3. Station Leases
4. Planned Improvements
5. Planned Additional Service



Operations

- VPRA will acquire right-of-way and some rail facilities in the VRE service area
- This agreement will apply to the VPRA acquired right-of-way and rail facilities
- CSX will continue to dispatch and provide track maintenance
- VRE will continue to have Operating Access agreement with CSX
- As improvements are completed, VRE will operate more on VPRA vs. CSX track
- *VRE/VPRA to mutually develop criteria for selection of Operator*



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Access (Fees)

- No increase in operating cost anticipated
- Currently → State operating assistance covers ~85% of all VRE Access fees (NS, CSX, Amtrak)
 - *Will need to include VPRA in funding agreement with DRPT or other method for state operating assistance*
- VPRA will pay CSX actual cost for maintenance, etc.
- VRE will pay proportionate share – likely equivalent to current train mile lease fees
- Currently refining details/terms with DRPT/VPRA



Station Leases

- No increase in operating cost anticipated (likely to be a nominal cost)
- Like current station platform lease agreements, VPRA will own the land and the *Commissions retain ownership/control of the station platforms and associated elements on VPRA land*
- This does not include land outside of the right-of-way (e.g. station parking lots)
- Fredericksburg, Quantico and Alexandria – VRE will lease the platforms (these stations pre-date VRE)
- For station/platforms not acquired by VPRA, VRE will continue to lease from CSX
- Currently refining details/terms with DRPT/VPRA





Planned Improvements

- VPRA will deliver \$3.7 billion program
- VPRA responsible for Long Bridge, Franconia-Springfield bypass, 3rd and 4th mainline tracks
- VRE responsible for station expansions
- VRE continues to collaborate with all stakeholders to finalize project designs and sequencing (track and stations)

Infrastructure Improvements

- Base - 2024
- Phase 1 - 2026
- Phase 2 - 2030



Planned Additional Service

- As the Planned Improvements are completed, VRE will be permitted additional train slots as determined by VPRA
- Finalizing service/operating plans
 - *Operating plans/schedules for Phase 1 and beyond are subject to further agreement*
- Finalizing process for handling train slots not used by VRE once planned improvements are completed

Service Improvements

- Post Acquisition (1 FBG RT/1 MSS RT)
- Phase 1 (2 FBG RT/3 MSS RT)
 - Weekend Service (2 RT both lines)
- Phase 2 (2 FBG RT)

RT = Round Trip



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VPRA Agreements

Passenger Rail Improvements and Funding Agreement - (*Funding Agreement*)



Commuter Rail Operating and Capital (C-ROC) Fund

- Created in 2018 and can be used for operating, capital, or as backing for a debt issuance
- Currently funded at \$15 million/year from NVTC and PRTC regional fuel taxes
- Operations Board has committed FY19-21 funds totaling \$45 million to Crystal City and L'Enfant station projects
- No commitments yet for FY 2022 and beyond



Proposed VRE Funding Contribution to the Program

- In December 2019, Operations Board gave staff approval to continue discussions with DRPT on a contribution to the Program using CROC
- Initial discussions contemplated a mix of:
 - Upfront contribution of proceeds from a long-term debt issuance backed by CROC
 - Ongoing (“PAYGO”) contribution of CROC during ten-year period
- Overall structure – dedication of \$15 million per year for ten years plus debt service for the remaining term – has remained the same, now working through details



Proposed VRE Funding Contribution to the Program (cont.)

- CROC-backed debt issuance based on \$7.5 million annual debt service (50% of CROC)
 - VPRA expects to use VRE funds on initial milestone payment for purchase of CSXT right-of-way
 - Would expect to leverage more than \$100 million in proceeds but will be dependent on market conditions
 - Will be a long-term commitment – using 30-year term in discussions now
 - Will explore options such as RRIF and TIFIA in addition to direct issuance by Commissions



Proposed VRE Funding Contribution to the Program (cont.)

- PAYGO contribution of remaining \$7.5 million of CROC each year for ten years
 - Could be used by VPRA on a range of projects in the Program
 - Funds would “return” to VRE about when Long Bridge opens and be available to support expanded service



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Debt Issuance Process

- If Commissions approve funding agreement, debt issuance process will start immediately, including:
 - Fully engage financial advisor and bond counsel (already providing limited advice now)
 - Operations Board to approve updated Financial & Debt Management Policies
 - Initial credit assessment of CROC-backed debt
 - Analysis of alternative options (RRIF, TIFIA, etc.), due diligence for potential tax-exempt issuance
- VRE and VPRA working cooperatively with goal of debt proceeds to VPRA by November 2021



Next Steps

- Continue to collaborate with DRPT staff and others to finalize agreements
 - *Additional work on Default and Termination Clauses*
- Continue discussions with Executive Committee and other Operations Board members
- Operations Board make recommendation to Commissions at the November 20th Operations Board meeting
- Authorization to Execute Agreements at December 3rd Commission Meetings

