

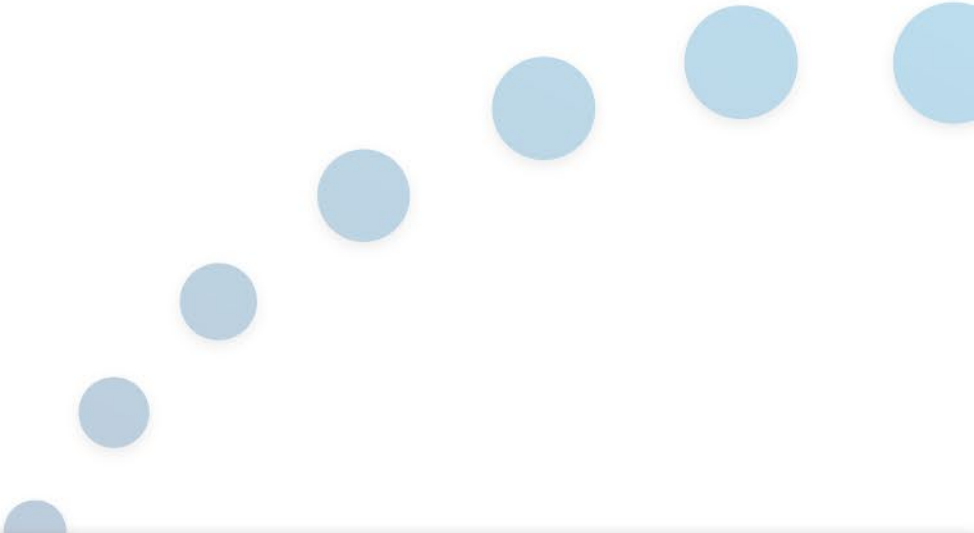
January 10, 2022

Finance & Audit Committee Meeting



Agenda

- ☐ Approval of Meeting Minutes
- ☐ Public Comment
- ☐ FY21 Audit Committee Communication
- ☐ FY22 Budget Amendment & Recommended FY23 Budget
- ☐ Investment Policy Update



FY21 Audit Committee Communication

Presentation to the Finance & Audit Committee

Virginia Passenger Rail Authority

January 10, 2022

Your guide forward



Table of Contents

Engagement Services

Overall Audit Results

Required Communications with Those Charged
with Governance

Future Accounting and Reporting Changes



Engagement Services

Engagement Services

- ▶ You have engaged us to provide the following:
 - Audit of the financial statements as of and for the fiscal year ended June 30, 2021
 - Audit in accordance with *Government Auditing Standards*
 - Audit of the major federal programs as required by the Uniform Guidance (Single Audit) - not applicable due to limited Federal assistance
 - Audit of the Authority's compliance with the Auditor of Public Accounts' *Specifications for Audits of Authorities, Boards and Commissions (Specifications)*



AUDIT

Overall Audit Results

Overall Audit Results

Audit Opinions:

- Opinion on the financial statements – unmodified
- Internal control over financial reporting and compliance – unmodified
- Virginia compliance – unmodified

Board Reporting:

- Nothing came to our attention where management did not comply with laws or regulations which noncompliance with could have a material effect on the financial statements, including the requirements of debt agreements

A grayscale photograph of a modern, two-story commercial building with large windows and a dark awning. A semi-transparent teal rectangular overlay is positioned in the lower half of the image, serving as a background for the text.

Required Communications

Required Communications

Accounting Policies

- Change in accounting policies – all policies were established during 2021

Management Judgement and Accounting Estimates

- Allowance for doubtful accounts
- Capital assets depreciable lives
- Actuarially computed pension and OPEB assets and liabilities (2022)

Audit Adjustments and Uncorrected Misstatements

- There were no uncorrected misstatements or material audit adjustments during the audit

Required Communications

Disagreements with Management

- There were none noted during fieldwork

Difficulties Encountered in Performing the Audit

- We encountered no significant difficulties in working with management while performing the audit

Material Client Communications

- Management representation letter

Required Communications

Consultation with Other Accountants

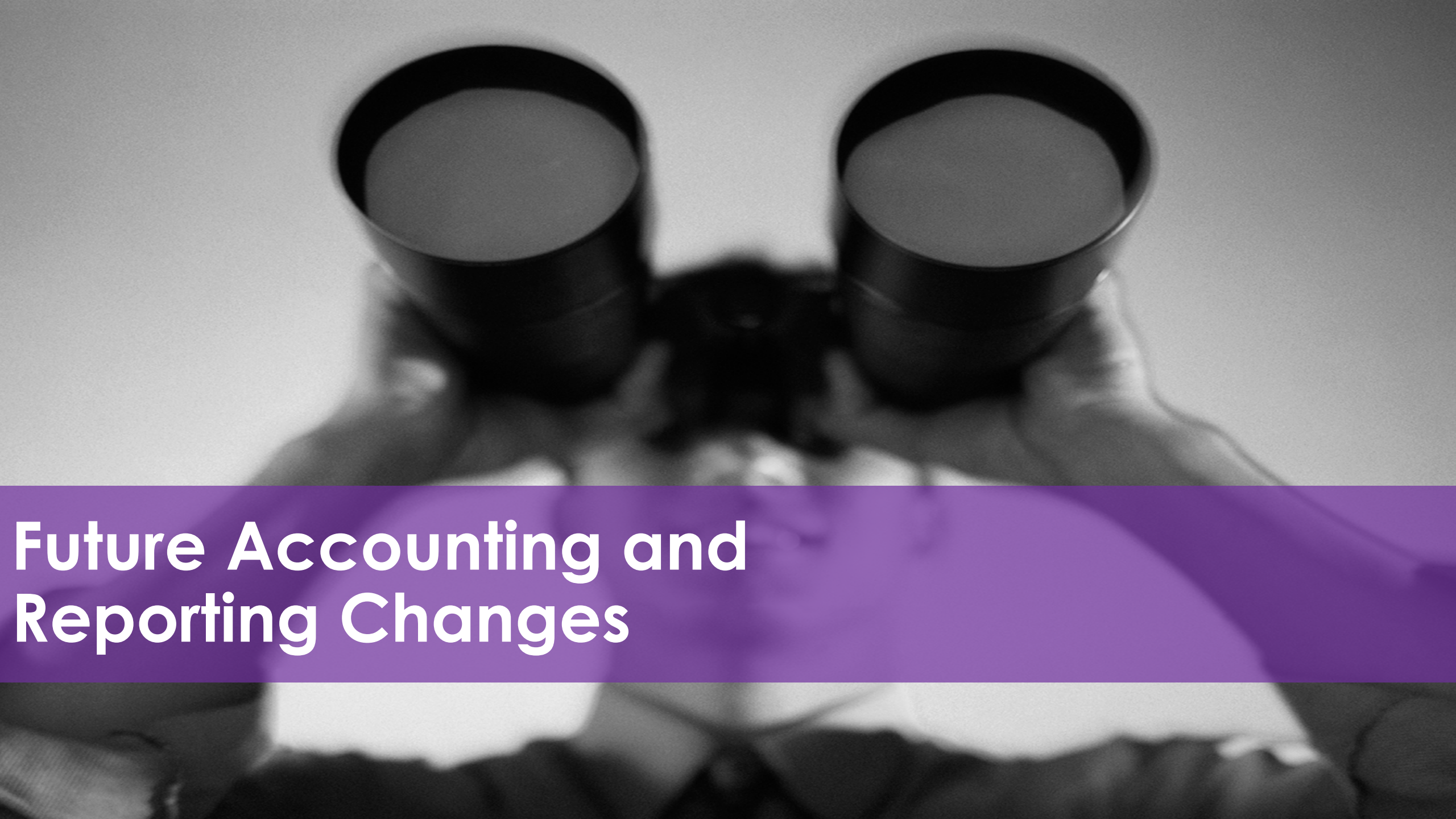
- We are not aware of any

Independence

- We are not aware of any relationship that we believe, based on current authoritative guidance, would impair our independence

Other Matters

- We applied limited procedures to the Management's Discussion and Analysis ("MD&A") – no opinion

A black and white photograph of a person's hands holding binoculars to their eyes. The person is wearing a light-colored shirt. The background is a plain, light-colored wall. The image is slightly out of focus, emphasizing the binoculars and the act of looking into the distance.

Future Accounting and Reporting Changes

Future Accounting and Reporting Changes

GASB statements effective for FY 2022:

- ▶ Statement No. 87 – *Leases*
 - Establishes criteria for determining the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflow of resources based on the payment provision of the contract.
- ▶ Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*
 - Addresses accounting requirements for interest cost incurred before the end of a construction period.

Statement on Auditing Standards effective for FY 2022:

- ▶ SAS 134 – *Auditor Reporting and Amendments*
 - ▶ Changes the layout of the standard audit report, adds optional disclosures of key audit matters, adds going concern considerations and additional required statements within the management's and auditor's responsibilities in relation to the audit.

Future Accounting and Reporting Changes

GASB statements effective for FY 2023:

- ▶ GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
 - ▶ Improves accounting and financial reporting for PPPs by defining and differentiating a PPP from a Lease or Service Concession Arrangement (SCA) and providing requirements for accounting and reporting PPPs that are not Leases of SCA.
- ▶ GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*
 - ▶ Improves accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users by establishing SBITAs as a right-to-use subscription asset, an intangible asset and corresponding subscription liability.

Questions & Comments

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Partner

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Cherry Bekaert^{LLP}

CPAs & Advisors



FY22 Budget Amendment & Recommended FY23 Budget

Code of Virginia

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

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

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

Budget Process

BUDGET OBJECTIVE		
To compile accurate data reflective of the Authority's operations and future commitments in order to provide guidance and inform decision making to enable the Authority to deliver its program wide objectives.		
BUDGET CLASSIFICATIONS		
<u>OPERATIONS</u> Expenditures related to the core passenger rail service operations.	<u>CAPITAL PROJECTS</u> Expenditures for rail infrastructure that will be retained by the Authority as a capital asset.	<u>CAPITAL & OPERATING GRANTS</u> Funds provided to third party entities to build and improve their rail infrastructure or operate their rail service.

FY22 Budget Amendment vs. Recommended FY23 Budget

FY22 Budget Amendment:

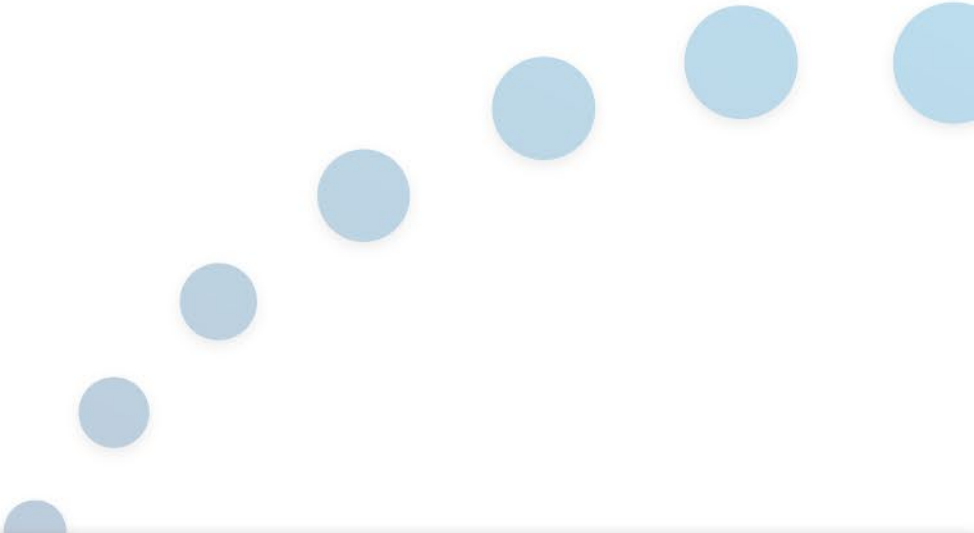
- One time update
- Revised annual expenditures FY22 – FY27
- Revised Total Budget

Project Description	Total Amended Budget	Expenses June 30, 2021	Amended FY22	FY23	FY24	FY25	FY26	FY27	Total FY22 - FY27
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Recommended FY23 Budget:

- Added FY28 annual expenditure
- No change to total budget and FY22 – FY27 expenditures

Project Description	Total Amended Budget	Expenses June 30, 2021	Amended FY22	FY23	FY24	FY25	FY26	FY27	FY28	Total FY22 - FY28
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Capital Projects

Total Budget: I-95 Corridor Program

I-95 Corridor (in millions)	Total Approved Budget	Total Amended Budget	Change (\$)
New Long Bridge for Passenger Rail	\$1,979.3	\$2,039.3	\$60.0
Alexandria 4th Track	163.8	210.4	46.6
Franconia to Lorton 3rd Mainline	161.7	208.5	46.8
Franconia-Springfield Bypass	342.2	241.4	(100.8)
Richmond to DC Sidings - Phase 1	233.1	233.1	-
Richmond to DC Sidings - Phase 2	236.4	236.4	-
TRV Right of Way Acquisition	525.0	525.0	-
TRV Right of Way Transaction Costs	-	38.0	38.0
Newington Bridge	22.4	36.2	13.8
Route 1 Bridge	15.0	57.4	42.4
L'Enfant 4th Track	24.2	22.4	(1.8)
Amtrak New Equipment	55.0	-	(55.0)
Richmond Layover Facility	-	35.6	35.6
Lorton to Route 1	-	20.8	20.8
Other I-95 Corridor Projects	-	1.9	1.9
Total I-95 Corridor	\$3,758.1	\$3,906.4	\$148.3

*Note: Total Budget is the same for Amended FY22 and FY23.
Project budget includes all expenditures for all years.*

Total I-95 Corridor Budget Changes

I-95 Corridor (in millions)	Total Approved Budget	Total Amended Budget	Change (\$)
New Long Bridge for Passenger Rail	\$1,979.3	\$2,039.3	\$60.0
Alexandria 4th Track	163.8	210.4	46.6
Franconia to Lorton 3rd Mainline	161.7	208.5	46.8
Franconia-Springfield Bypass	342.2	241.4	(100.8)
Richmond to DC Sidings - Phase 1	233.1	233.1	-
Richmond to DC Sidings - Phase 2	236.4	236.4	-
TRV Right of Way Acquisition	525.0	525.0	-
TRV Right of Way Transaction Costs	-	38.0	38.0
Newington Bridge	22.4	36.2	13.8
Route 1 Bridge	15.0	57.4	42.4
L'Enfant 4th Track	24.2	22.4	(1.8)

- Updated to align with costs included in Executed CRA
- Budget required to capture all transaction related costs (titling, legal assistance, survey work)
- Majority of increase relates to a gross up of project costs, additional increase in Route 1 Bridge budget

Total I-95 Corridor Budget Changes (Cont.)

I-95 Corridor (in millions)	Total Approved Budget	Total Amended Budget	Change (\$)
Amtrak New Equipment	55.0	-	(55.0)
Richmond Layover Facility	-	35.6	35.6
Lorton to Route 1	-	20.8	20.8
Other I-95 Corridor Projects	-	1.9	1.9

❑ Reclassified to Capital & Operating Grants

❑ Required project to meet the schedule defined in the executed CRA

❑ Project included for corridor development efficiencies and long-term costs saving

❑ Project components required to further FTA Core Capacity grant eligibility

Total Budget: Western Rail Corridor Program

Project Description	FY22 Total Approved Budget	Total Amended Budget	Change (\$)
Salem Right of Way Acquisition	-	38.0	38.0
New River Valley Platform & Track	-	74.2	74.2
V-Line Tunnels	-	47.9	47.9
Capital Improvements - Bridges	-	14.3	14.3
Capital Improvements - Other	-	22.5	22.5
Salem Right of Way Transaction Costs	-	13.0	13.0
Total Western Rail Corridor	-	\$209.9	\$209.9

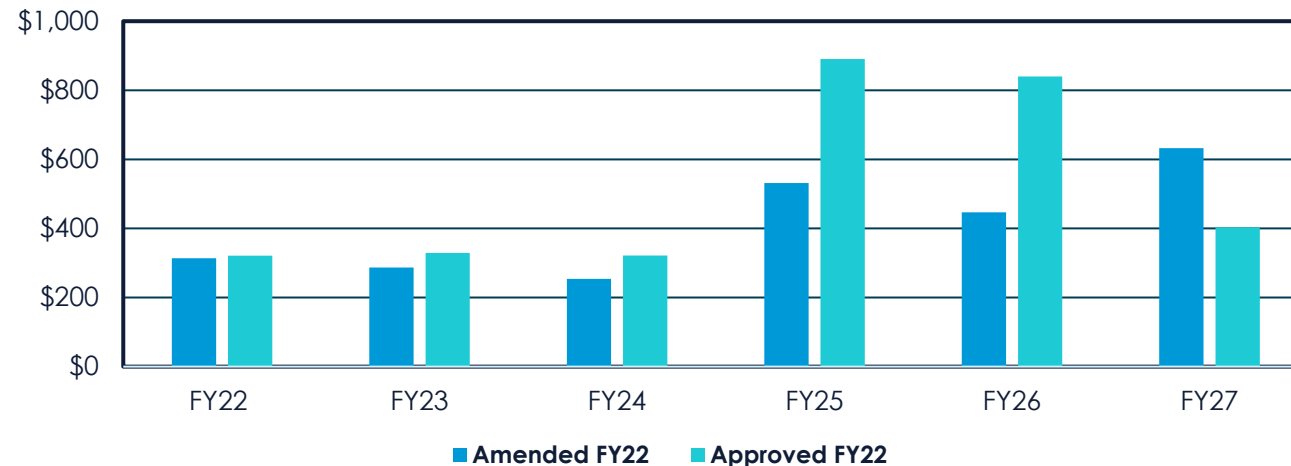
*Note: Total Budget is the same for Amended FY22 and FY23.
Project budget includes all expenditures for all years.*

Capital Projects: FY22 Expenditures vs. FY23 Expenditures

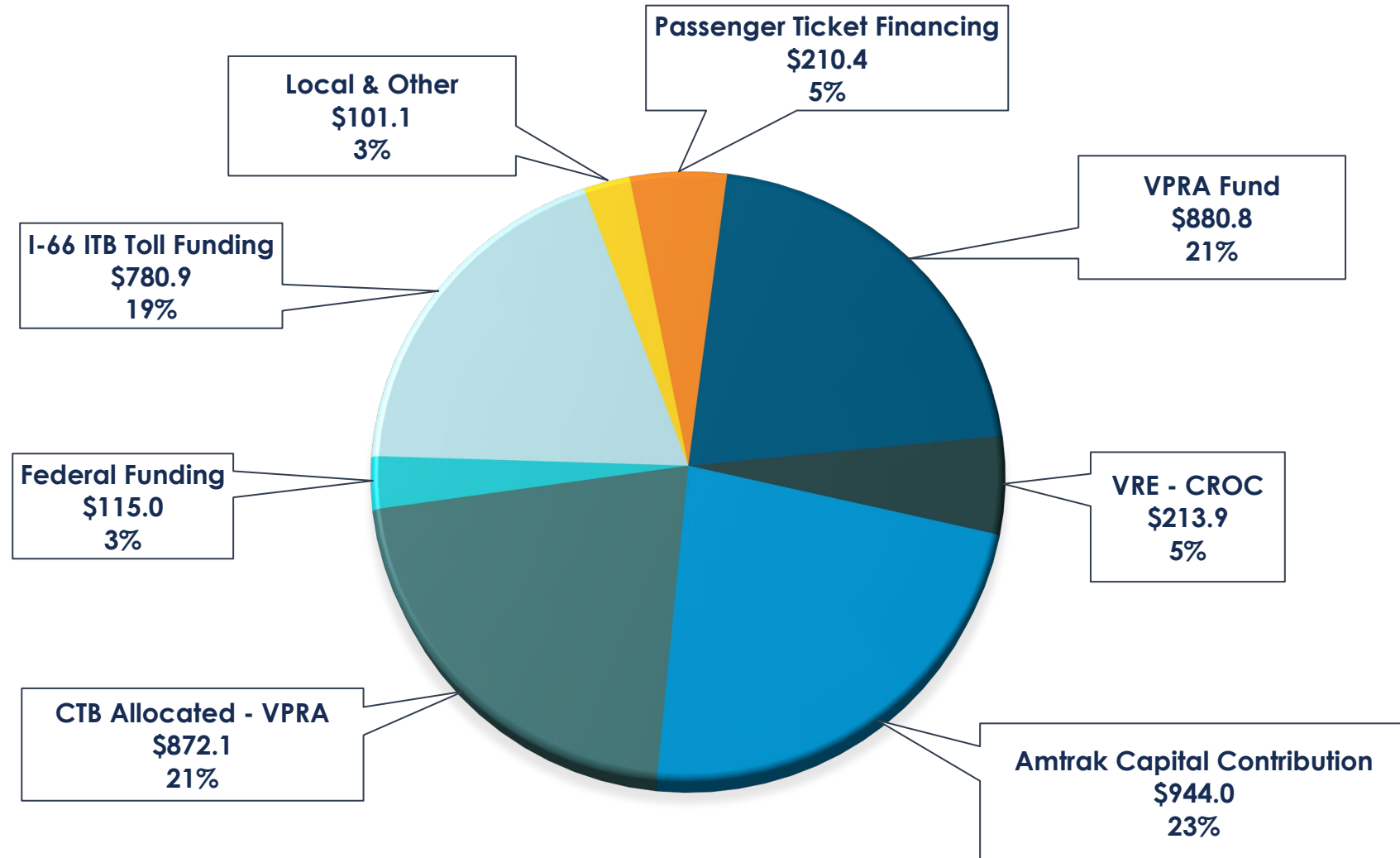
Project Description	Amended FY22	FY23	Change (\$)
I-95 Corridor	260.1	256.7	(3.4)
Western Rail Corridor	51.6	30.2	(21.4)
Other	1.9	-	(1.9)
Total Capital Projects	313.6	286.9	(26.7)

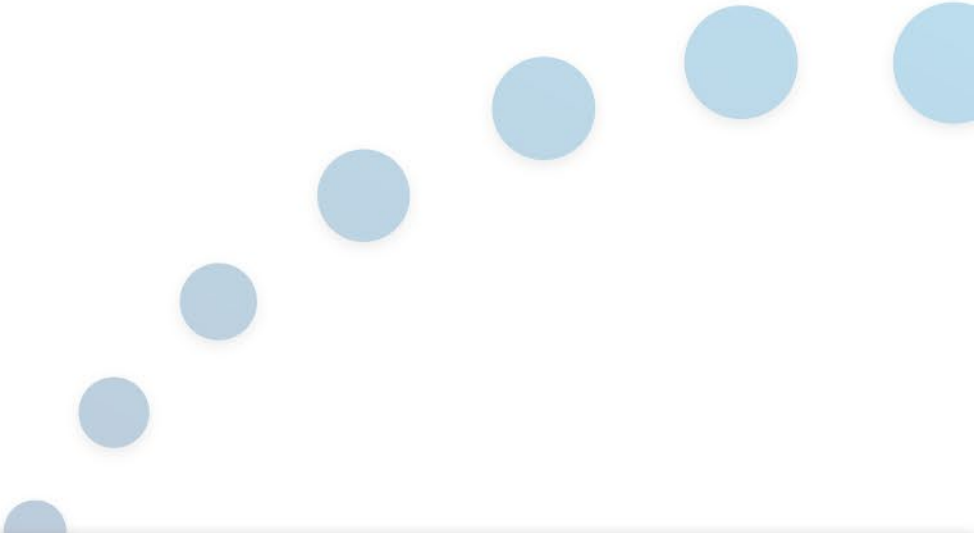
- Decreased right-of-way acquisition outlays of \$127M
- Increase of \$73M forecasted expenditures for the I-95 Corridor projects
- Increase of \$29M forecasted expenditures for the Western Rail Corridor projects

Change in Annual Expenditures FY22-FY27
(in millions)



Total Capital Project Budget: Funding (\$4,118.2)





Capital & Operating Grants

Capital & Operating Grants: Total VPRA Funding

Project Description	Grantee	FY22 VPRA Grant Funding		Change
		Approved Budget	Amended Budget	(\$)
VPRA Managed				
Crystal City Platform	VRE	\$0.7	\$0.7	-
L'Enfant Platform	VRE	2.2	2.2	-
Alexandria Station Pedestrian Tunnel	VRE	19.5	6.8	(12.7)
Brooke & Leeland Road Station Improvements	VRE	35.8	18.2	(17.6)
Broad Run Station & 3rd Track Improvements	VRE	65.3	70.1	4.8
Manassas Station Platform Extension	VRE	9.2	9.1	(0.1)
Manassas Park Parking Garage and Bridge	VRE	23.5	23.5	-
Real Time Multimodal Information	VRE	3.5	3.5	-
Quantico Station Improvements	VRE	23.3	23.0	(0.3)
Rolling Road Platform Extensions	VRE	0.2	0.9	0.7
Backlick Road Station Improvement	VRE	-	0.5	0.5
Crossroads Storage Expansion	VRE	-	8.4	8.4
Track Lease Payment-Amtrak	VRE	38.4	28.6	(9.8)
Track Lease Payment-Norfolk Southern	VRE	18.6	13.6	(5.0)
Newport News Station, Platform, and Service Facility	Newport News	15.2	15.2	-
Ettrick Station Improvements – State-of-Good-Repair	Chesterfield County	1.5	11.5	10.0
Arkendale to Powell's Creek Third Track Construction & Island Platforms	CSX	20.1	20.1	-

Primary Drivers for change:

- Changes in Grantee project scope
- CTB grant awards
- Budget reclassification
- New or Removed VPRA grants
- Updated project costs

Capital & Operating Grants: Total VPRA Funding (Cont.)

Project Description	Grantee	FY22 VPRA Grant Funding		Change
		Approved Budget	Amended Budget	(\$)
VPRA Managed (Continued)				
Amtrak Passenger Information Display System: Ashland & Richmond Main St. Stations	Amtrak/ DRPT	\$1.2	\$1.2	-
Station Program & Planning	Amtrak	16.1	20.6	4.5
Positive Train Control	Amtrak	6.8	15.4	8.6
Amtrak Train Equipment - New Service	Amtrak	-	34.0	34.0
Route 29 Rail Corridor Improvements	Norfolk Southern	31.6	-	(31.6)
Improvements Lynchburg to Roanoke	Norfolk Southern	21.0	-	(21.0)
Track Lease Payment- CSX	CSX	37.1	-	(37.1)
Western Rail Initiative Grant	Norfolk Southern	-	131.5	131.5
Roanoke Yard Improvements	Norfolk Southern	-	37.0	37.0
S-Line Planning and Development	Various	-	1.5	1.5
Total VPRA Managed		390.8	497.1	106.3
DRPT Managed				
DC2RVA FRA Grant Match	Various	-	1.3	1.3
DRPT Planning Grants	Various	-	1.9	1.9
Marshalling Yard Expansion	Port Authority	-	7.8	7.8
Central Rail Yard Expansion	Port Authority	-	5.5	5.5
Front Royal Expansion	Port Authority	-	6.2	6.2
Total DRPT Managed		-	22.7	22.7
Total Capital and Operating Grants		\$390.8	\$519.8	\$129.0

Primary Drivers for change:

- Changes in Grantee project scope
- CTB grant awards
- Budget reclassification
- New or Removed VPRA grants
- Updated project costs

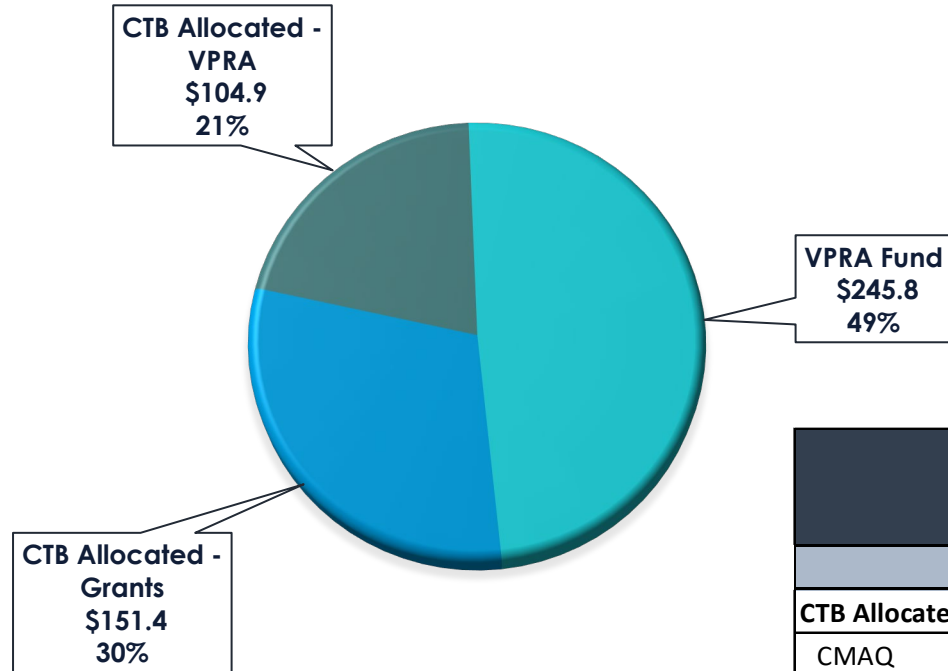
Summary of Capital and Operating Grant Changes

Project Description	Grantee	Approved VPRA Grant Funding	Amended VPRA Grant Funding	Change (\$)
New Grants & Grant Funding Changes				
VRE Scope Changes & New CTB Grant	VRE	\$240.2	\$209.1	(\$31.1)
Ettrick Station: State-of-Good-Repair	Amtrak	1.5	11.5	10.0
Station Program & Planning	Amtrak	16.1	20.6	4.5
Positive Train Control	Amtrak	6.8	15.4	8.6
S-Line Planning & Development	Various	-	1.5	1.5
Western Rail Initiative Grant	Norfolk Southern	-	131.5	131.5
Roanoke Yard Improvements	Norfolk Southern	-	37.0	37.0
DRPT Managed	Various	-	22.7	22.7
Removed & Reclassified Grants				
Amtrak Train Equipment - New Service	Amtrak	-	34.0	34.0
Improvements Lynchburg to Roanoke	Norfolk Southern	21	-	(21.0)
Route 29 Rail Corridor Improvements	Norfolk Southern	31.6	-	(31.6)
Track Lease Payment- CSX	VRE	37.1	-	(37.1)
Unchanged Items		36.5	36.5	-
Total		\$390.8	\$519.8	\$129.0

Revised & new project costs

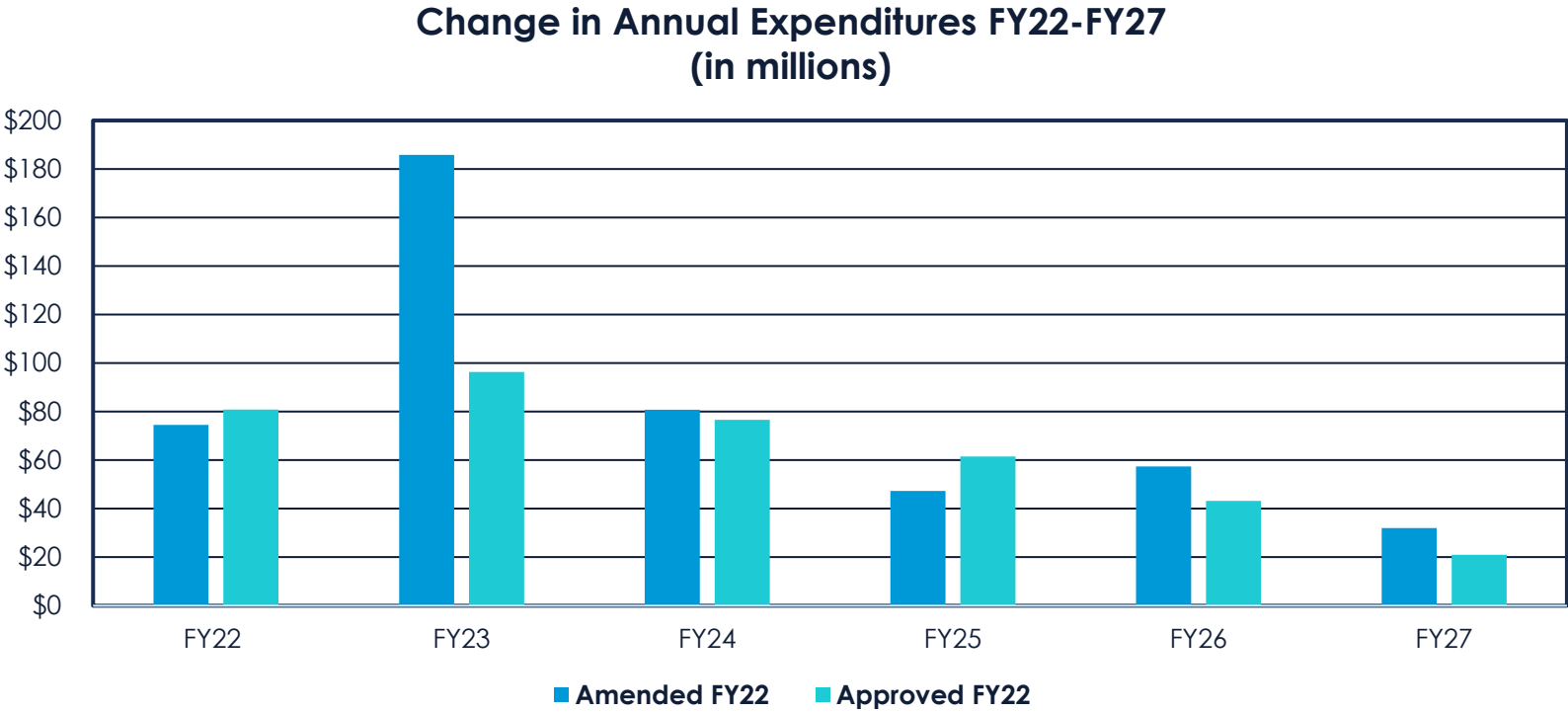
Western Rail Corridor

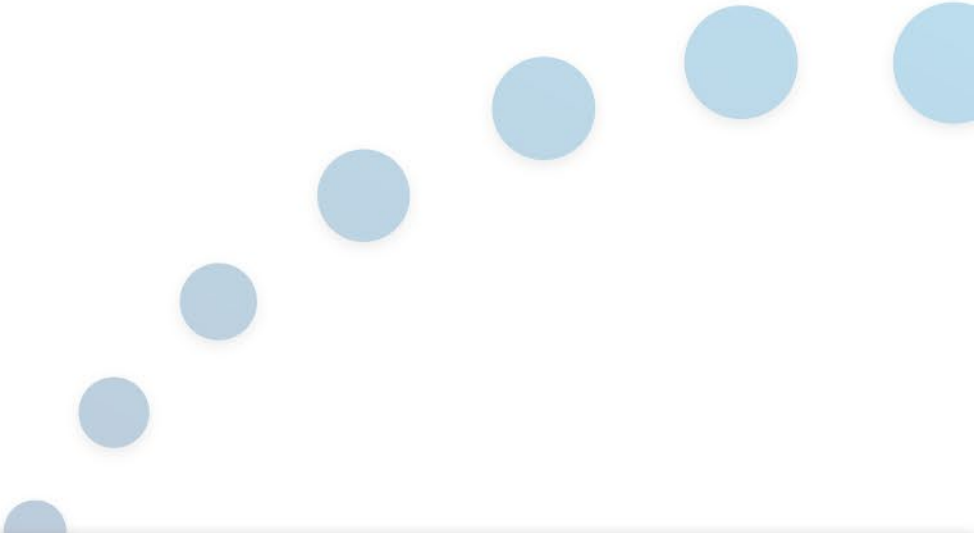
Total FY22 – FY28 Capital VPRA Grant Funding



	Amended FY22	FY23	FY24	FY25	FY26	FY27	FY28	Total FY22 - FY28	% of Total Sources
Total Uses	\$74.5	\$185.8	\$80.8	\$47.3	\$57.4	\$32.0	\$24.3	\$502.1	
CTB Allocated - Grants									
CMAQ	3.2	2.9	1.0	-	0.3	0.4	-	7.8	
I-66 OTB Concession	26.3	54.0	12.9	3.2	4.0	-	-	100.4	
SMARTSCALE	4.4	11.6	9.6	5.9	4.5	7.2	-	43.2	
Total CTB Allocated - Grants	33.9	68.5	23.5	9.1	8.8	7.6	-	151.4	
CTB Allocated - VPRA									
2020 Appropriations Act	-	41.8	-	-	-	-	-	41.8	
SMART SCALE	18.2	4.5	-	-	-	0.8	-	23.5	
I-81 Corridor Improvement Program	-	-	16.2	11.2	-	12.2	-	39.6	
Total CTB Allocated - VPRA	18.2	46.3	16.2	11.2	-	13.0	-	104.9	
VPRA Fund	22.4	71.0	41.1	27.0	48.6	11.4	24.3	245.8	49%
Total Sources	\$74.5	\$185.8	\$80.8	\$47.3	\$57.4	\$32.0	\$24.3	\$502.1	

Total FY22 – FY27 Annual Expenditures Comparison





Operations

FY22 & FY23 Operations Format

Report revenues and expenses gross, as opposed to net

Include all other operating expenses

Track overall cost recovery metric

Operations Category	Amended FY22 Budget	FY23 Budget	Change (\$)
Train Operating Revenues			
Train Revenue	28.5	33.1	4.6
Food Service Revenue	0.9	1.0	0.1
Other Revenue	0.5	0.6	0.1
NEC Through Revenue	24.3	28.0	3.7
Total Operating Revenues	\$54.2	\$62.7	\$8.5
Train Operations Expenses			
Route Costs and Additives	36.9	61.2	24.3
Fuel Costs	2.5	4.1	1.6
NEC Through Credit Expense	15.1	18.4	3.3
Host Railroad Costs	1.9	3.3	1.4
Host RR Performance Incentives	1.9	3.0	1.1
Total Train Operations Expense	\$58.3	\$90.0	\$31.7
Other Operating Expenses			
Capital Equipment Maintenance	5.6	6.7	1.1
Bedford Amtrak Thruway Intercity Bus Connector	-	0.4	0.4
Amtrak Marketing	0.9	0.9	-
I-95 Corridor Maintenance of Way (VRE Access Rate)	-	7.2	7.2
Western Rail Maintenance of Way	-	2.1	2.1
Western Rail Access Fee	-	3.7	3.7
Insurance	0.5	0.5	-
Depreciation	0.4	1.0	0.6
Administrative Budget	6.6	10.2	3.6
Total Operating Expenses	\$72.3	\$122.7	\$50.4
Additional Funding Required	\$18.1	\$60.0	\$41.9
<i>Federal Credits Applied to Train Operations Expense</i>	10.3	4.4	(5.9)
Additional Funding Required - Without Federal Credits	\$28.4	\$64.4	\$36.0
Overall Cost Recovery	75%	51%	-24%
Overall Cost Recovery - Without Federal Credits	66%	49%	-17%

Amended FY22 Operations

Operations Category	FY22 Approved Budget	FY22 Amended Budget	Change (\$)
Net Train Operations	\$39.7	\$4.1	(\$35.6)
Capital Equipment Maintenance	5.1	5.6	0.5
Amtrak Marketing Costs	0.9	0.9	-
Administrative Budget	5.2	6.6	1.4
Bedford Amtrak Thruway Intercity Bus Connector	0.3	-	(0.3)
Insurance	-	0.5	0.5
Depreciation	-	0.4	0.4
Total Operating Budget	\$51.2	\$18.1	(\$33.1)

Key Drivers Decreasing Net Train Operations:

- \$8.2M of net train operations costs related to new service now beginning in FY23
- \$10.3M of federal credits applied to train operations expense
- Richmond service returned late September 2021
- Revenues exceeded initial forecast offsetting train operation expense



Operations Category	FY22 Amended Budget
Train Operating Revenues	
Train Revenue	28.5
Food Service Revenue	0.9
Other Revenue	0.5
NEC Through Revenue	24.3
Total Operating Revenues	\$54.2
Train Operations Expense ①	
Route Costs and Additives	36.9
Fuel Costs	2.5
NEC Through Credit Expense	15.1
Host Railroad Costs	1.9
Host RR Performance Incentives	1.9
Total Train Operations Expense	\$58.3
Other Operating Expenses	
Capital Equipment Maintenance ②	5.6
Bedford Amtrak Thruway Intercity Bus Connector	-
Amtrak Marketing Costs	0.9
I-95 Corridor Maintenance of Way (VRE Access Rate) ③	-
Insurance	0.5
Depreciation ④	0.4
Administrative Budget	6.6
Total Operating Expenses	\$72.3
Additional Funding Required	\$18.1
<i>Federal Credits Applied to Train Operations Expense</i>	10.3
Additional Funding Required - Without Federal Credits	\$28.4

FY22 Administrative Budget

Expense Category	Adopted FY22 Budget	FY22 Amended Budget	Change (\$)
Payroll & Benefits	\$3,423,000	\$3,998,000	\$575,000
Professional Services	531,000	1,190,000	659,000
Information Technology	904,000	1,067,000	163,000
Building & Office Related	157,000	181,000	24,000
Other Employee Costs	151,000	200,000	49,000
Total	\$5,166,000	\$6,636,000	\$1,470,000

Key Drivers Increasing FY22 Administrative Budget:

- FY22 hiring plan projects 34 employees by fiscal year end, up from 28
- Professional services required for rail studies, grant application assistance, executive search and financial modeling assistance
- Accelerating ERP implementation, and IT equipment for additional employees

FY23 Operations

Reconciliation of Changes in Operating Expense	Amount
2 New Trains in FY23	\$25.4
VRE Access Rate Reclassification	7.2
Western Rail Fee & Maintenance	6.2
Administrative Expenses	3.6
Loss of Federal Credits	5.9
Annual Amtrak Escalation Factor	1.5
Depreciation	0.6
Total Change in Operations Expense	\$50.4

Key Assumption in FY23 Train Operations forecasts:

- Cost of two new trains
- Utilized FY22 Amtrak revenue forecast provided within operating agreement
- All Amtrak costs escalated by annual factor required per operating agreement

Operations Category	Amended FY22 Budget	FY23 Budget	Change (\$)
Train Operating Revenues			
Train Revenue	28.5	33.1	4.6
Food Service Revenue	0.9	1.0	0.1
Other Revenue	0.5	0.6	0.1
NEC Through Revenue	24.3	28.0	3.7
Total Operating Revenues	\$54.2	\$62.7	\$8.5
Train Operations Expenses			
Route Costs and Additives	36.9	61.2	24.3
Fuel Costs	2.5	4.1	1.6
NEC Through Credit Expense	15.1	18.4	3.3
Host Railroad Costs	1.9	3.3	1.4
Host RR Performance Incentives	1.9	3.0	1.1
Total Train Operations Expense	\$58.3	\$90.0	\$31.7
Other Operating Expenses			
Capital Equipment Maintenance	5.6	6.7	1.1
Bedford Amtrak Thruway Intercity Bus Connector	-	0.4	0.4
Amtrak Marketing	0.9	0.9	-
I-95 Corridor Maintenance of Way (VRE Access Rate)	-	7.2	7.2
Western Rail Maintenance of Way	-	2.1	2.1
Western Rail Access Fee	-	3.7	3.7
Insurance	0.5	0.5	-
Depreciation	0.4	1.0	0.6
Administrative Budget	6.6	10.2	3.6
Total Operating Expenses	\$72.3	\$122.7	\$50.4
Additional Funding Required	\$18.1	\$60.0	\$41.9

FY23 Administrative Budget

Expense Category	FY22 Amended Budget	FY23 Budget	% Change
Payroll & Benefits	\$3,943,000	\$7,390,000	87%
Professional Services	1,190,000	1,010,000	-15%
Information Technology	1,067,000	1,181,000	11%
Building & Office Related	181,000	181,000	0%
Other Employee Costs	257,000	460,000	79%
Total	\$6,638,000	\$10,222,000	54%

Key Drivers Increasing FY23 Administrative Budget:

- FY23 hiring plan projects 45 employees by fiscal year end, up from 34
- Continued use of professional services for Authority mobilization and rail studies
- Continued ERP implementation and deployment

Train Operations by Route

Train Operations Category	Route 46 - Roanoke -		Route 47 - Newport News -		Route 50 - Norfolk -		Route 51 - Richmond -		Total FY22 Amended Budget	Total FY23 Budget
	1 Train	2 Trains	2 Trains		2 Trains	3 Trains	1 Train			
	Amended FY22	FY23	Amended FY22	FY23	Amended FY22	FY23	Amended FY22	FY23		
Revenues										
Train Revenue	\$6.7	\$8.6	\$10.9	\$10.8	\$9.2	\$11.5	\$1.7	\$2.2	\$28.5	\$33.1
Food Service Revenue	0.2	0.3	0.4	0.3	0.2	0.3	0.1	0.1	0.9	1.0
Other Revenue	0.1	0.2	0.2	0.2	0.2	0.2	-	-	0.5	0.6
NEC Through Revenue	6.0	7.3	8.0	7.6	8.0	10.1	2.3	3.0	24.3	28.0
Total Operating Revenue	\$13.0	\$16.4	\$19.5	\$18.9	\$17.6	\$22.1	\$4.1	\$5.3	\$54.2	\$62.7
Expenses										
Route Costs and Additives	7.9	17.5	12.6	14.2	13.8	25.4	2.6	4.1	36.9	61.2
Fuel Costs	0.6	1.4	0.9	1.0	0.8	1.4	0.2	0.3	2.5	4.1
NEC Through Credit Expense	3.9	4.5	5.2	5.1	5.0	7.1	1.0	1.7	15.1	18.4
Host Railroad Costs	0.5	1.0	0.4	0.5	0.9	1.6	0.1	0.2	1.9	3.3
Host RR Performance Incentives	0.1	0.2	0.6	0.6	1.1	2.0	0.1	0.2	1.9	3.0
Total Train Operations	\$13.0	\$24.6	\$19.7	\$21.4	\$21.6	\$37.5	\$4.0	\$6.5	\$58.3	\$90.0
Capital Equipment Maintenance	1.0	1.0	1.5	1.6	2.4	3.4	0.7	0.7	\$5.6	\$6.7
Other Operating Expense	0.3	6.6	0.6	3.1	0.6	4.6	0.3	1.5	\$1.8	\$15.8
Net Operating Income/(Loss)	(\$1.3)	(\$15.8)	(\$2.3)	(\$7.2)	(\$7.0)	(\$23.4)	(\$0.9)	(\$3.4)	(\$11.5)	(\$49.8)
Total Federal Credits Applied	(\$1.9)	(\$1.3)	(\$3.4)	(\$1.7)	(\$3.3)	-	(\$1.7)	(\$1.4)	(\$10.3)	(\$4.4)

FY22 – FY23 Operations Funding

	Amended FY22	FY23	Total
Total Uses	\$72.3	\$122.7	\$195.0
Passenger Ticket Revenues	54.2	\$62.7	116.9
VPRA Fund	18.1	\$60.0	78.1
Total Sources	\$72.3	\$122.7	\$195.0
Federal Credits Applied to Train Operations	10.3	4.4	14.7
Total VPRA Sources and Federal Credits	\$82.6	\$127.1	\$209.7

- Primarily funded by passenger ticket revenues
- Additional funding is sourced from VPRA funds
- Federal credits to be utilized through FY23, no further credits expected

Management Reserve

Intent

- Allocate funds which may be used to cover unidentified or unforeseen costs, or other opportunities related to the TRV Capital Projects
- To be utilized at BOD discretion

Funding

- Allocate \$50M over the next 4 years to reserve
- Allocate \$15M in FY23

Metric

- Allocated as a percentage of total project cost
OR
- Annual funding as a percentage of annual expenditures

VPRA Revenues

Description (in millions)	FY22	FY23	FY24	FY25	FY26	FY27	FY28	Total
VPRA Revenues	172.6	183.4	152.9	155.1	156	157.2	158.7	1,135.9
Passenger Ticket Financing	-	-	-	210.0		-	-	210.0
Total VPRA Fund	\$172.6	\$183.4	\$152.9	\$365.1	\$156.0	\$157.2	\$158.7	\$1,345.9

- Updated revenue estimates provided December 21, 2021
- FY22-FY27 revenues increased \$75.1M

Summary: Capital Projects and Capital and Operating Grants

Budget Classification	Total Approved Budget	Total Project Budget / VPRA Funding	Change (\$)
Capital Projects			
Total I-95 Corridor	\$3,758.1	\$3,906.4	\$148.3
Total Western Rail Corridor	-	209.9	209.9
Other Capital Projects	1.8	1.9	0.1
Total Capital Projects	\$3,759.9	\$4,118.2	\$358.3
Capital & Operating Grants			
VPRA Managed Grants	390.8	619.4	228.6
DRPT Manage Grants	-	22.7	22.7
Total Capital & Operating Grants	\$390.8	\$642.1	\$251.3

\$609.6M increase in Total Project Budget from FY22 Approved to FY23 Budget.

Key drivers include:

- Addition of Western Rail Corridor capital projects (\$209.9M) and grants (\$168.5M)
- I-95 Corridor CRA alignment, total cost gross-up & new projects
- Increased expenditures for VPRA grants related to stations and PTC
- DRPT managed grants added to budget

Summary: Operations

Operations Category	FY22 Approved Budget	FY22 Amended Budget	Change (\$)	FY23 Budget	Change (\$)
Total Train Operations	\$39.7	\$4.1	(\$35.6)	\$27.3	\$23.2
Administrative Budget	5.2	6.6	1.4	10.2	3.6
Other Operating Expenses	6.3	7.4	1.1	22.5	15.1
Total Operating Expense	\$51.2	\$18.1	(\$33.1)	\$60.0	\$41.9

FY22 Approved to FY22 Amended

Decreased budget \$33.1M:

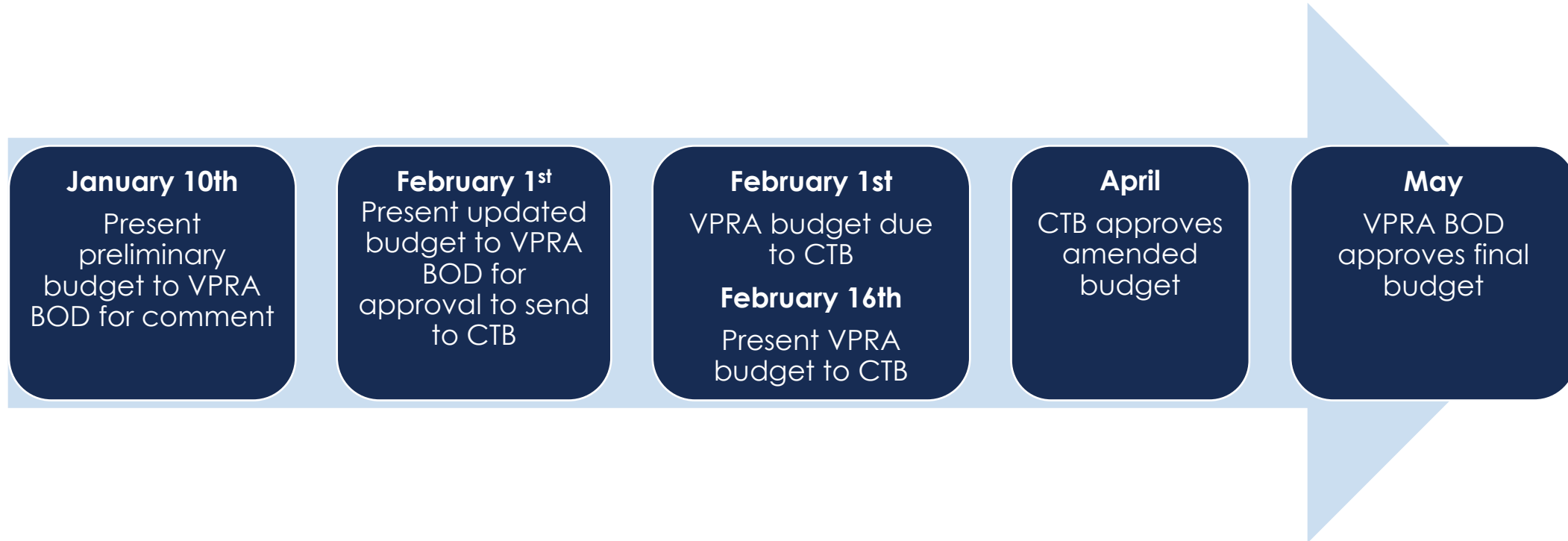
- Additional federal credits
- 2 new trains not starting until FY23
- Offset by an increased administrative budget:
 - Increased staffing
 - Additional professional services

FY22 Amended to FY23

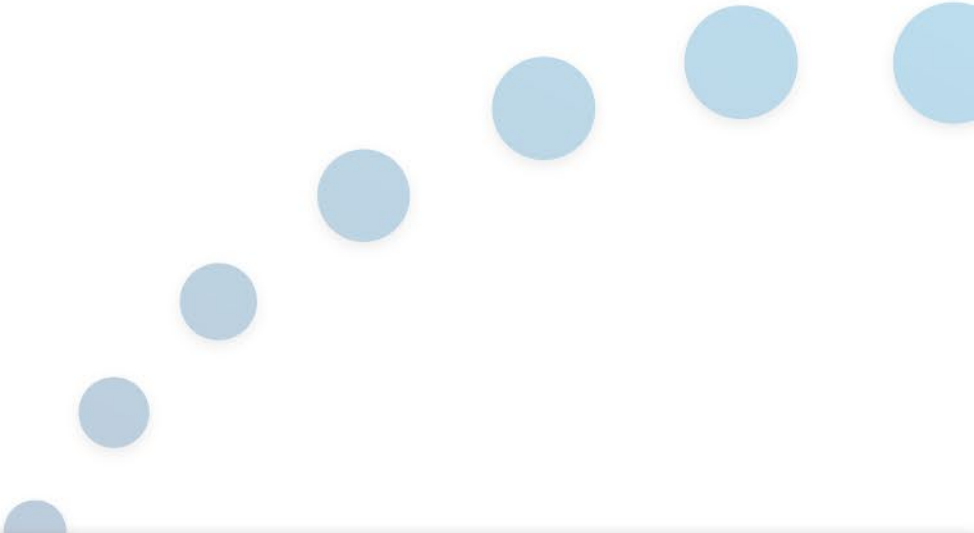
Increased budget \$41.9M:

- Reduction in federal credits to applied to operations
- 2 new trains starting in FY23
- Maintenance of way costs
- Additional access fees
- Increased staffing

Next Steps



Questions?



Investment Policy Update