

Planning for Success

An Overview of the VPRA Financial Plan Report

May 23, 2022

VIRGINIA PASSENGER RAIL AUTHORITY



The Financial Plan has evolved to include all areas of the VPRA organizational mandate

I-95 Corridor Phases 1 and 2



Western Rail Corridor



Capital and Operating Grants

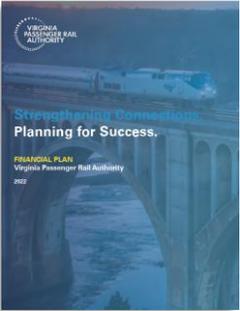


Operations and Maintenance of the System



The Financial Plan Report has also been updated to reflect the entire plan

Development of the Financial Plan was a collaborative effort among the project team.



With support from



Kimley»Horn

The document covers the range of key issues integral to project success.

Chapter 1
Overview

Intro to the
VPRA

Executive
Summary

Chapter 2
Financial
Approach

Financial Plan
Methodology

Capital
Projects

Operations
and
Maintenance

Capital &
Operating
Grants

Funding
Sources

Financing
Plan

Modeling
Affordability
and Feasibility

Chapter 3
Considerations for
Success

Risks

Next Steps



The report summarizes the results of the financial model and provides a strategic view of VPRA's budgeted spending

The Financial Plan focuses on ensuring there is sufficient funding for all costs and lays the foundation for future investments.

The Financial Plan Report outlines:

- ❑ The purpose and need for investment
- ❑ The benefits of implementing the Financial Plan
- ❑ A summary of Capital Projects, Capital and Operating Grants and Operations costs (the uses)
- ❑ Sources of funds and the financing plan (funding sources)
- ❑ How funding sources were matched to uses
- ❑ Project risks
- ❑ Next steps for VPRA

The Financial Plan Tool

The Financial Plan and related feasibility analysis are underpinned by a bespoke financial model tool.

This Microsoft Excel-based model was constructed in line with leading financial modeling practices.



Inputs



Calculations



Outputs

An “anchor diagram” is used throughout the report to provide structure and context

The Financial Approach chapter (Chapter 2) identifies \$6.4 billion of funds for the program up to FY30 and explains how these funds will be used to deliver the program.

Financial Plan Uses		Sources of Funds	
 Capital Projects	\$4,118M	 PayGo	\$3,564M
 Operations	\$1,507M	 Proceeds of Financing	\$1,001M
 Capital and Operating Grants	\$640M	 Amtrak	\$944M
 Management Reserve	\$78M	 Federal and Local Grant Awards and Matches	\$458M
 Financing Costs	\$8M	 Tolls and Concession Payments	\$384M
TOTAL USES	\$6,351M	TOTAL SOURCES	\$6,351M

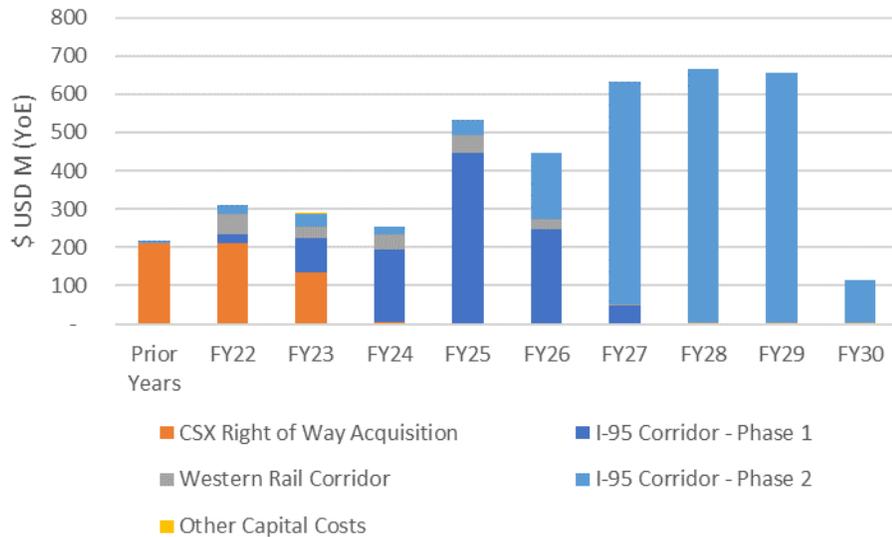
*Note that each source on the right hand side is not directly allocated to each use on the left hand side.

The Financial Plan includes two types of capital costs: Capital Projects and Capital & Operating Grants

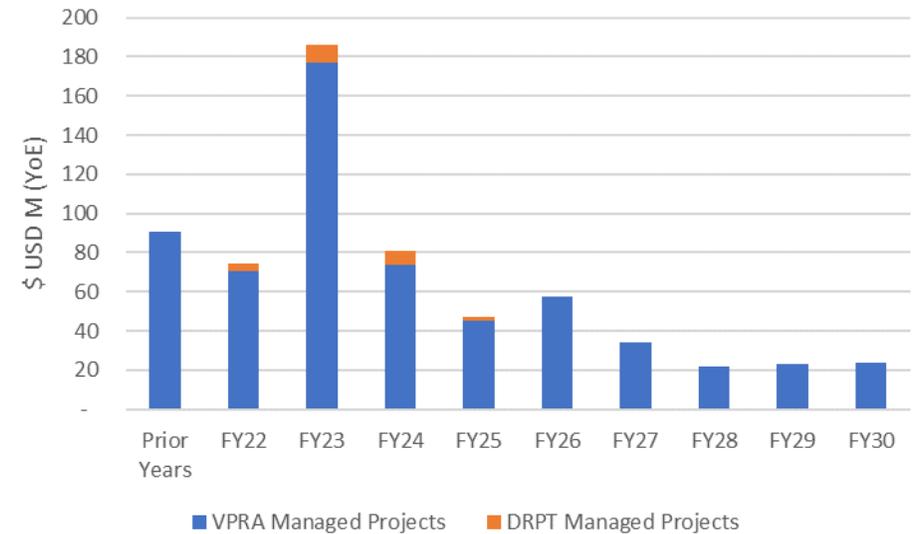
The Capital Projects section presents the funding plan for VPRAs Capital Projects (including right-of-way purchases) through FY30.

For Capital and Operating Grants, VPRAs provides capital funding to a third party that executes design, construction, and operations.

Capital Expenditures by Year

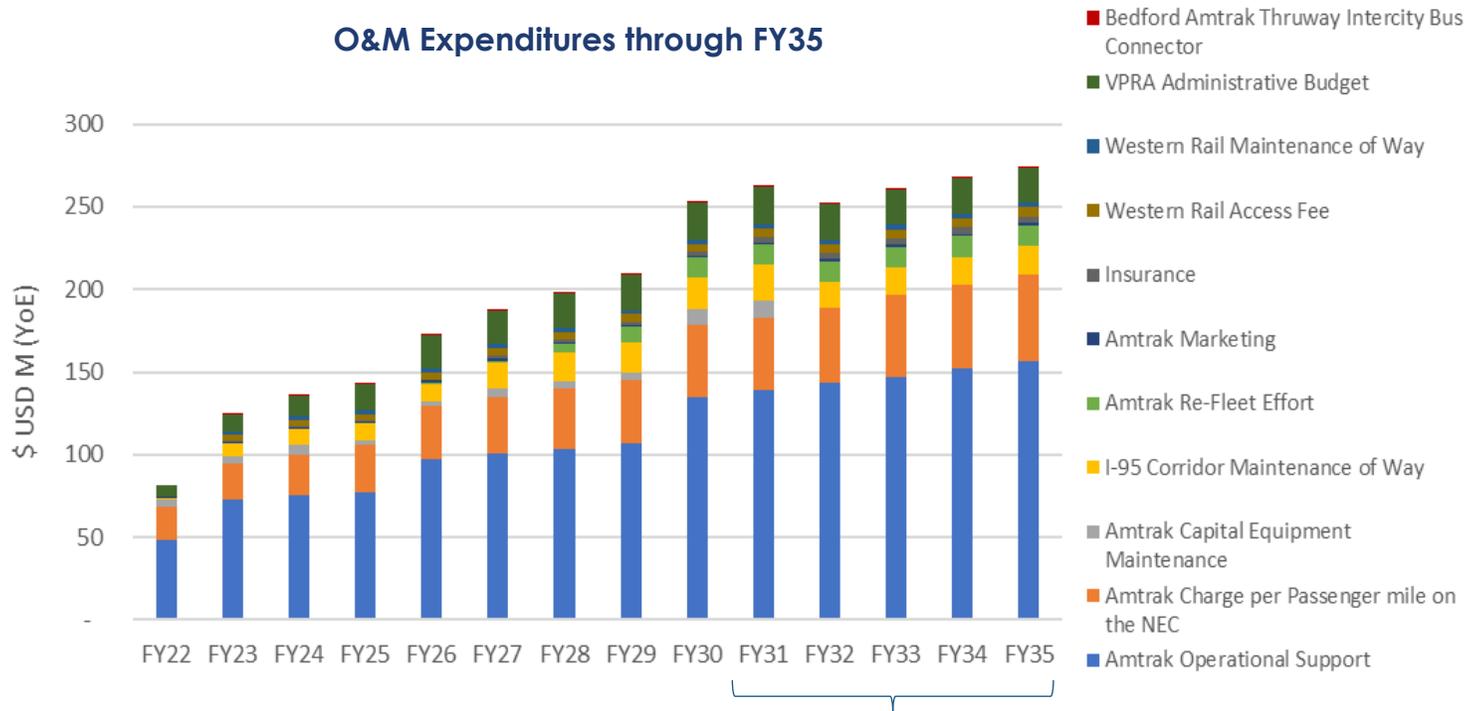


Capital and Operating Grants by Year



Operations and Maintenance costs for current and future service levels are considered for a further 5 years through FY35

Post FY30, the VPRA Fund will no longer need to be used for capital costs and is expected to sufficiently cover all O&M expenses.



O&M expenditures are shown to be fully funded up to FY35

VPRA Board's Management Reserve

Additional flexibility has been built into the Financial Plan in the form of a Board Management Reserve.

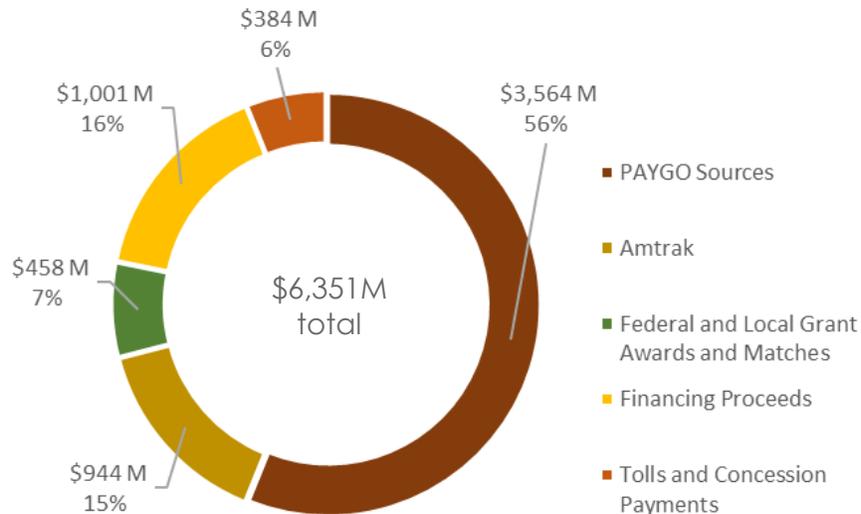
The Reserve holds funds that can be used at the Board's discretion for unforeseen costs or new opportunities.

\$15M has initially been allocated and it is estimated that the total may increase to \$78M by FY30.

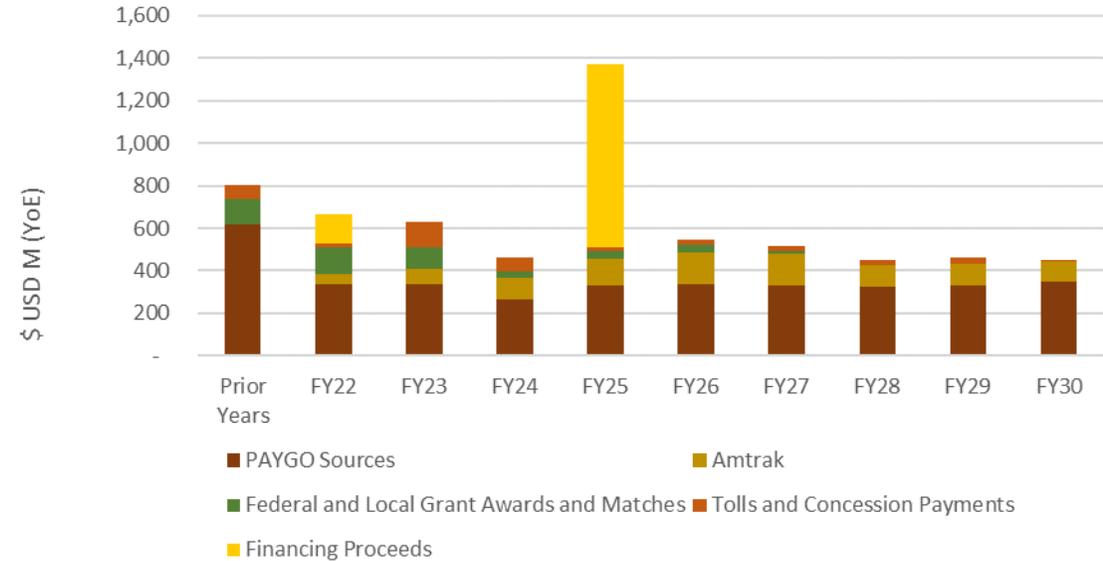
Numerous funding sources have been identified to fund the Capital Projects, Capital & Operating Grants and Operations costs

Financial Plan costs (Capital Projects, Capital & Operating Grants and Operations) are funded through a mix of PayGo sources, proceeds of financing, federal and local grant awards & matches, capital contributions and toll/concession revenues.

Total Funding Sources through FY30



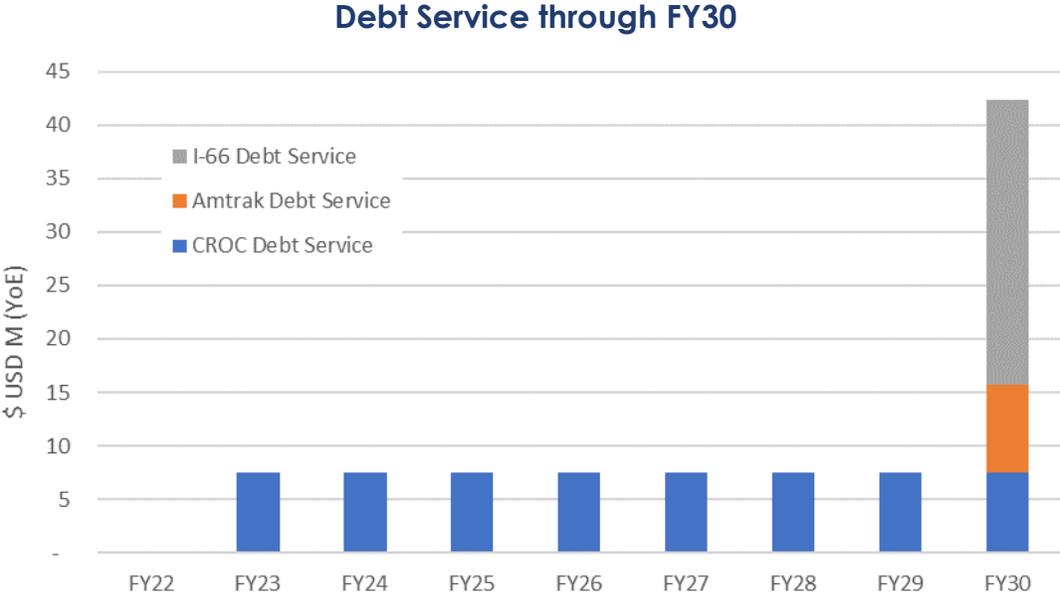
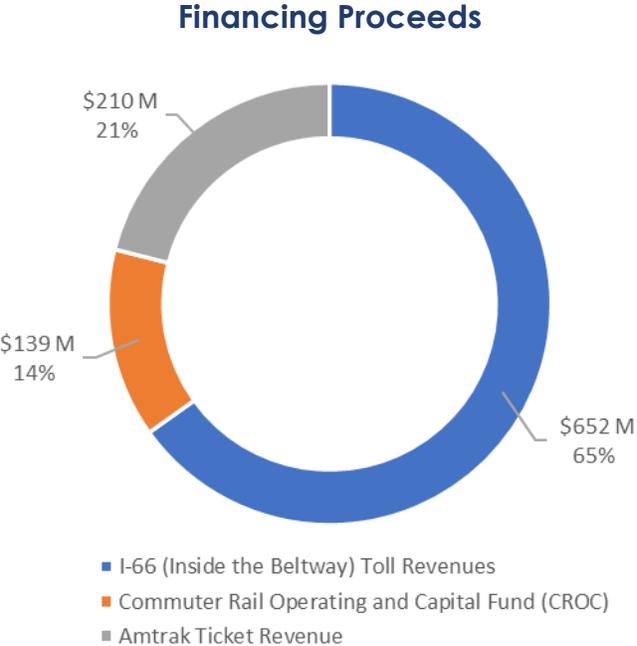
Annual Funding Sources through FY30



*Note that this chart shows sources at the time that the funds are received. This will not always match the year in which they are used.

Following extensive analysis, three funding sources were identified to be leveraged for financing

VPRA will be responsible for Amtrak ticket revenue debt, including debt service payments. VRE and CTB will be responsible for CROC and I-66 (ITB) toll revenue debt (including direct debt service payments), respectively.



*Note that VPRA is only responsible for the Amtrak ticket revenue debt service.

The VPRA team has successfully begun implementation of the Financial Plan and is actively managing project and program risks

The financial model is regularly updated by the VPRA team to reflect the latest assumptions and actual data.

The Financial Plan Report is also intended to be a “living document” which will be updated at key milestones, such as:

- ❑ Significant changes to costs
- ❑ Changes to funding availability
- ❑ Technical design milestones (e.g. 30% design on the New Long Bridge)
- ❑ Updates to the risk profile

VPRA has undertaken preliminary risk management activities for a range of categories, including:

- ❑ Commercial and financial risks
- ❑ Technical risks
- ❑ Institutional/other risks

Example Risk Registers

The images below represent outputs of ongoing risk management efforts to date.

A screenshot of a risk register spreadsheet. The table has multiple columns, including 'Risk ID', 'Risk Description', 'Impact', and 'Assessment'. The rows contain various risk entries with corresponding data and color-coded cells (red, yellow, green) indicating risk levels.

Risk Identification and impact assessment

A screenshot of a risk register spreadsheet, similar to the one above, but with a focus on mitigation strategies. It includes columns for 'Mitigation Measures' and 'Management'. The rows show specific actions being taken to address the risks.

Impact mitigation and management

The Financial Plan Report ends with a summary of VPRA's next steps for achieving our mandate

Over the next nine years and beyond, VPRA will continue to advance financial planning efforts along with key commercial and organizational initiatives.

Opportunities that VPRA is undertaking and/or evaluating in order to meet this goal include:

- ❑ Ongoing financial planning
- ❑ Enterprise Risk Management
- ❑ Analysis of capital project delivery options
- ❑ Stakeholder engagement
- ❑ Market engagement

The VPRA Financial Plan

The result of the VPRA team's analysis is a Financial Plan which:

- ✓ Is robust yet flexible
- ✓ Balances costs and funding sources
- ✓ Accounts for funding availability, project priority and policy constraints
- ✓ Leverages appropriate revenues for financing
- ✓ Is affordable through FY30
- ✓ Will be sustainable into the operating period

Discussion

