

December 22, 2022

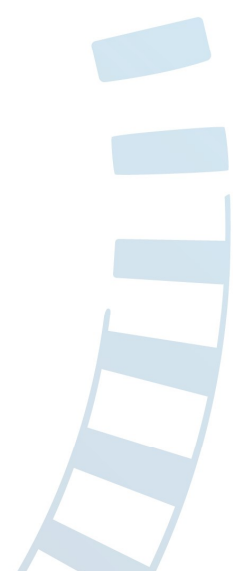
Finance Committee Meeting





Agenda

FY22 Auditor Communication	Rob Churchman (Cherry Bekaert)
FY24 Draft Budget	Steve Pittard (VPRA) Shannon Perry (VPRA)





FY22 Auditor Communication



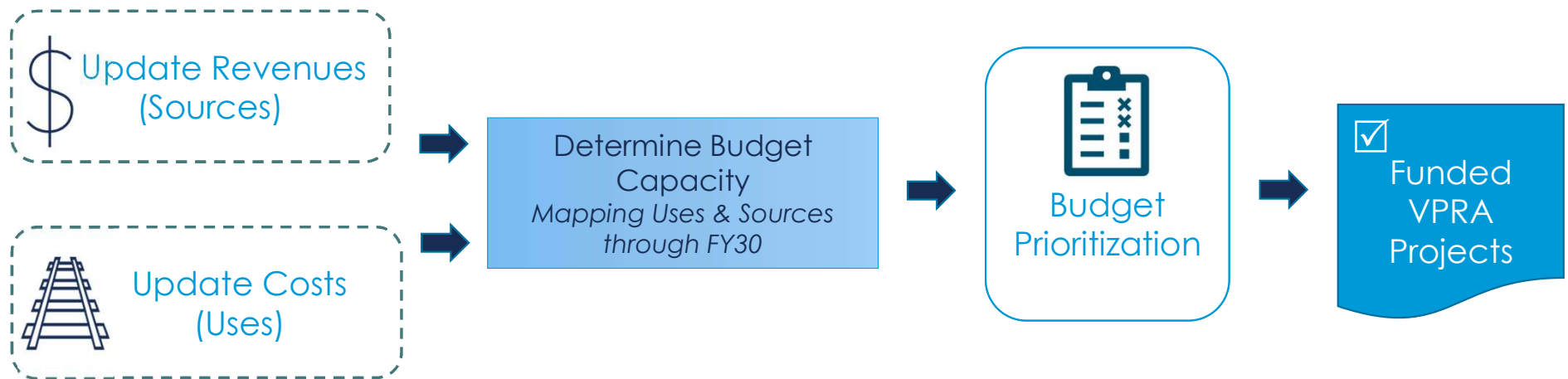
FY24 Draft Budget

- Budget Prioritization & Financial Planning
- FY24 Operations Budget
- Summary & FY24 Recommended Budget

Budget Prioritization

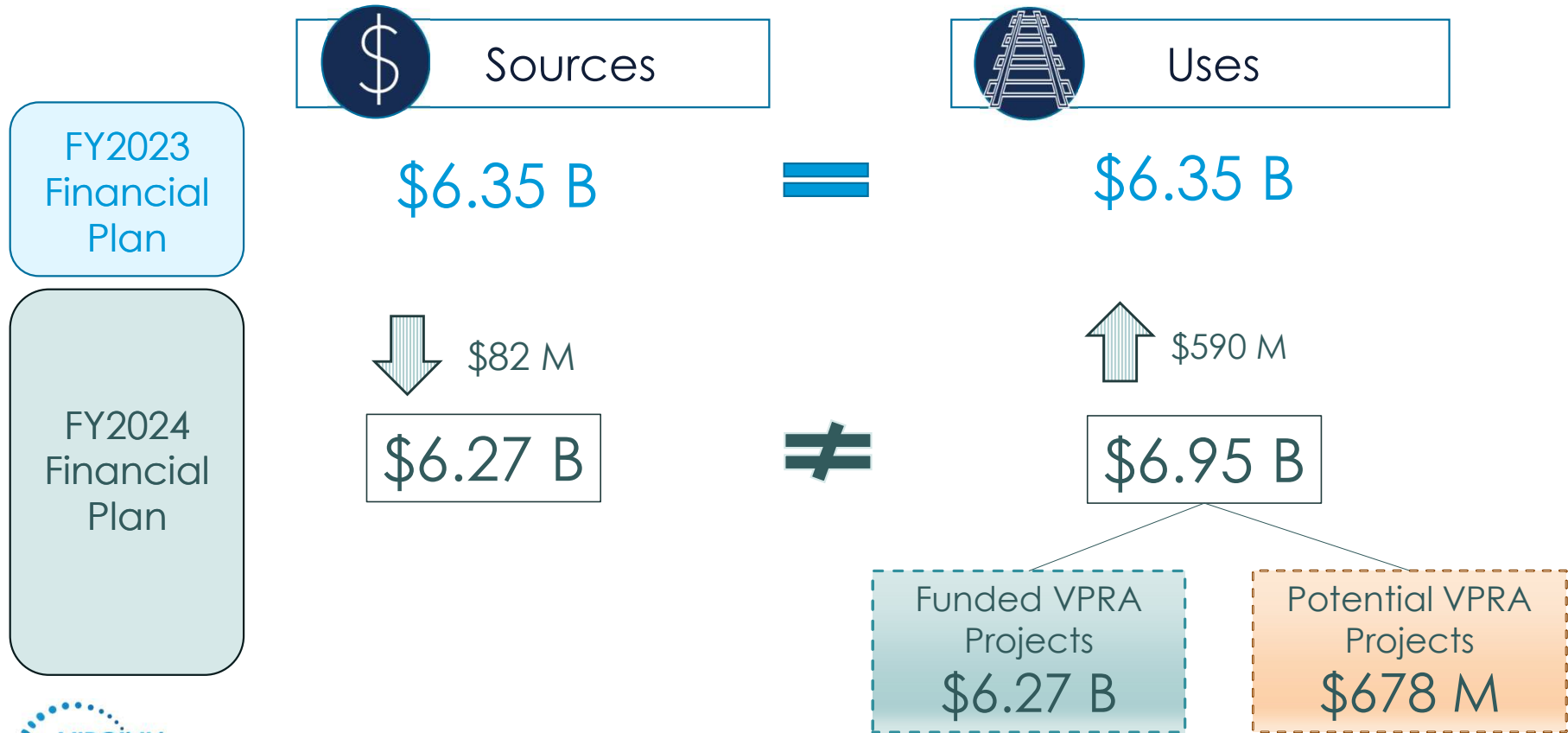


FY24 Budget Process



FY24 Financial Plan

Inception through FY30



Sources

Primary Drivers Causing Decrease through FY30



\$129M	I-66 Paygo
\$56M	Amtrak Revenues (Intra-VA & NEC)
\$22M	CROC Bond Financing



\$78M	Federal Grants & Local Contributions
\$33M	Interest Earnings
\$14M	Other

Uses

Primary Drivers Causing Increase through FY30



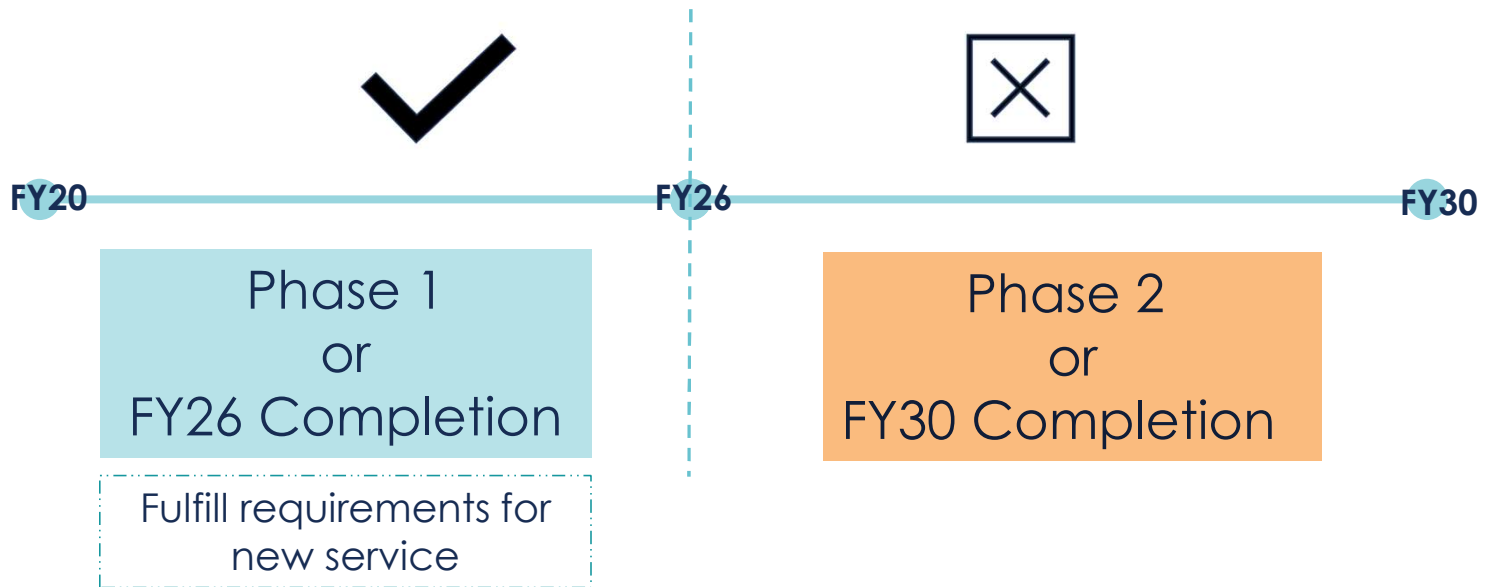
Budget Component	Total Increase	Net Base Budget Increase	New Budget Item	Increase Overview
I-95 Corridor	\$408M	\$355M	\$53M	- Base budgets adjusted 11% to account for economic impact
Western Rail Corridor	\$65M	\$65M	-	- Budgets refined as project development continues
Other Capital Projects	\$21M	\$15M	\$6M	- Funding for S-line design & management reserve
Capital & Operating Grants	\$12M	\$9M	\$3M	- New VRE Pass through Grants - Continued obligations for VRE track lease
Operations	\$83M	\$83M	-	- Amtrak train operations expenses & administrative needs
Total	\$589M	\$527M	\$62M	

Uses

Funding Priorities Methodology



- ✓ Operations
- ✓ Capital & Operating Grants
- Capital Projects



New FY24 Projects



Budget Component	Project Phase	Budget
Capital Projects		
King and Commonwealth	Construction	\$53M
S-Line 60% Design Grant Match	30-60% Design	\$6M

Uses: I-95 Corridor



✓ Indicates new FY24 project phase

*Not included in CRA Phase 1, to be completed by FY26

◇ Projected added through Board Resolution



I-95 Corridor	FY24 Budget	FY23 Approved Budget	YOY Change	Total Project Budget	Unfunded Portion
Phase 1 Timeline					
Alexandria Fourth Track	210	210	-	210	-
Franconia to Lorton Third Track	230	209	21	230	-
Franconia-Springfield Bypass	267	241	26	267	-
Railroad Bridges over Newington Road	40	36	4	40	-
Richmond Layover Facility*	39	36	3	39	-
King and Commonwealth*◇ ✓	56	3	53	56	-
Potomac Creek Third Track South (Siding A)	119	108	11	119	-
Woodford to Milford Third Track (Siding B)	74	67	7	74	-
Hanover Third Track (Siding C)	65	59	6	65	-
Phase 2 Timeline					
Long Bridge Project	2,279	2,039	240	1,924	355
Neabsco Creek to Woodbridge Third Track (Siding D)	100	91	9	9	91
Aquia Creek Third Track (Siding E)	59	53	6	5	54
Crossroads Third Track (Siding F)	103	93	10	10	93
L'Enfant Fourth Track & Station Improvements	30	22	8	30	-
Railroad Bridges over Route 1	64	57	9	6	58
Lorton to Route 1 Third Track	23	21	2	2	21
Other					
Other: CIG Grant	3	2	1	3	-
CSX Purchase	525	525	-	525	-
Transaction Costs	32	38	(6)	32	-
Total I-95 Corridor	\$4,318	\$3,910	\$408	\$3,646	(\$672)

Full project funded

Design funded

Uses: Western Rail Corridor



Western Rail Corridor	FY24 Budget	FY23 Approved Budget	YOY Change	Total Project Budget	Unfunded Portion
New River Valley Platform & Track Improvements*	86	41	45	86	-
V-Line Tunnels	48	48	-	48	-
Capital Improvements - Bridges	31	31	-	31	-
Capital Improvements - Other	36	6	30	36	-
V-Line Positive Train Control*	32	32	-	32	-
V-Line Right of Way Transaction Costs	3	13	(10)	3	-
V-Line Purchase	38	38	-	38	-
Total Western Rail Corridor	\$274	\$209	\$65	\$274	-

*Projects combined in FY23 budget

Uses: Other Capital Projects



Other Capital Projects	FY24 Budget	FY23 Approved Budget	YOY Change	Total Project Budget	Unfunded Portion
Ettrick Station Improvements - SOGR	12	12	-	12	-
Platform Improvements - SOGR/ADA	21	21	-	21	-
S-Line Planning & Development	1	1	-	1	-
S-Line 60% Design Grant Match ✓	6	-	6		6
Management Reserve	30	15	15	30	-
Purchase of St. Julian's Yard: Amtrak Train Service Facility	2	2	-	2	-
Total Other Capital Projects	\$72	\$51	\$21	\$66	(\$6)

✓ Indicates new FY24 project

Uses: Capital & Operating Grants



Capital & Operating Grants	FY24 Budget	FY23 Approved Budget	YOY Change	Total VPRA Grant Funding	Unfunded Portion
VRE Passthrough Grants	186	171	15	187	-
Track Lease Payment-Amtrak	61	49	12	61	-
Track Lease Payment-Norfolk Southern	25	23	2	25	-
Newport News Station, Platform, & Service Facility	21	21	-	21	-
Arkendale to Powell's Creek 3rd Track	101	101	-	101	-
PIDS: Ashland & Richmond Main St. Stations	1	1	-	1	-
Positive Train Control	16	16	-	16	-
Amtrak Train Equipment - New Service	17	34	(17)	17	-
Roanoke Yard Improvements	37	37	-	37	-
Western Rail Initiative Grant *	132	132	-	132	-
DC2RVA FRA Grant Match	1	1	-	1	-
DRPT Planning Grants	2	2	-	2	-
Marshalling Yard Expansion	8	8	-	8	-
Central Rail Yard Expansion	6	6	-	6	-
Front Royal Expansion	6	6	-	6	-
Total Capital & Operating Grants	\$620	\$608	\$12	\$620	-

Uses: 10-Year Operations Plan



Operations	FY24 Plan	FY23 Plan	YOY Change	Budget through FY30	Unfunded Portion
Amtrak Operations	857	853	4	857	-
Amtrak Charge per Passenger mile on NEC	301	288	13	301	-
Amtrak Equipment Capital Use Charge	105	56	49	105	-
Amtrak Re-Fleet Effort	-	30	(30)	-	-
Liability Insurance	20	10	10	20	-
Administrative Costs	192	157	35	192	-
Other Operations	180	178	2	180	-
Total Operations	\$1,655	\$1,572	\$83	\$1,655	-



FY24 Operations Budget

FY24 Train Operations Budget



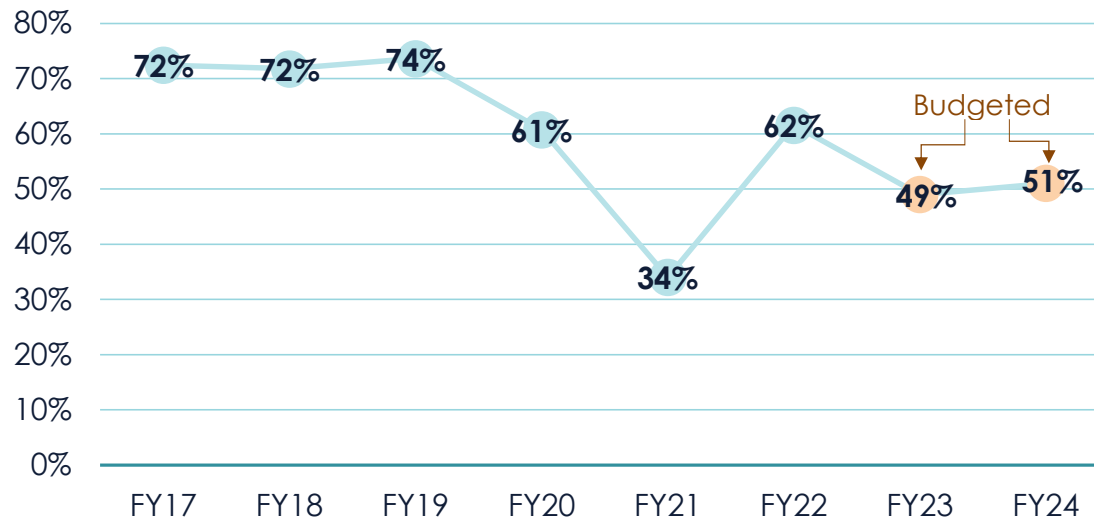
Operations	FY23 Budget	FY24 Budget	Change (\$)
Train Operating Revenues			
Train Revenue	\$33.1	\$42.3	\$9.2
Food Service Revenue	1.0	1.3	0.3
Other Revenue	0.6	1.0	0.4
NEC Through Revenue	28.0	32.1	4.1
Total Operating Revenues	62.7	76.7	14.0
Train Operations Expenses			
Route Costs and Additives	61.2	62.4	1.2
Fuel Costs	4.1	8.0	3.9
NEC Through Credit Expense	18.4	30.0	11.6
Host Railroad Costs	3.3	3.4	0.1
Host RR Performance Incentives	3.0	3.6	0.6
Total Train Operations Expense	90.0	107.4	17.4
Other Operating Expenses			
Capital Equipment Maintenance	6.7	8.7	2.0
Bedford Amtrak Intercity Bus Connector	0.4	0.4	-
Amtrak Marketing	0.9	0.9	-
I-95 Corridor Maintenance of Way (VRE Access Rate)	7.2	7.5	0.3
Western Rail Maintenance of Way	2.1	2.9	0.8
Western Rail Access Fee	3.7	3.8	0.1
Insurance*	1.1	1.4	0.3
Administrative Budget	10.2	16.6	6.4
Total Operating Expenses	\$122.3	\$149.6	\$27.3
Federal Credits Applied to Train Operation Expense	4.4	-	(4.4)
Total Operating Expenses (w/o Federal Credits)	\$126.7	\$149.6	\$22.9
Overall Cost Recovery	49%	51%	2%

* Includes FY23 budget reclassification made through Delegated Authority

Annual Cost Recovery Trend Comparison



Annual Cost Recovery



Administrative costs included in FY17-FY19 were applied using an average of actual administrative costs since the inception of the VPRA. CSX Access fees have been included for all years.

FY24 Fully-Loaded Train Operations



Operations	FY23 Budget	FY24 Budget	Change (\$)
Train Operating Revenues	62.7	76.7	14.0
Total Operating Expenses	126.7	149.6	22.9
Depreciation & Amortization	1.0	3.6	2.6
Fully-Loaded Operations Costs	\$127.7	\$153.2	\$25.5
Fully-Loaded Cost Recovery	49%	50%	1%

Depreciation & amortization is a non-cash expense recorded to ratably account for the capital infrastructure investments required to operate VPRA's passenger train service. The fully-loaded cost recovery includes this non-cash expense to illustrate the full cost of running the passenger train service.

FY24 Administrative Budget



	FY23 Budget	FY24 Budget	Change (\$)	Explanation for Change
Payroll & Benefits *	\$7,390,000	\$9,218,000	\$1,828,000	70 Average FTE, up from 39 Average FTE in FY23
Professional Services	1,010,000	3,645,000	2,635,000	Service planning, OTP, asset management, strategic plan
Information Technology ◊	831,000	1,390,000	559,000	IT environment, employee hardware, IT system depreciation
Building & Office Related ◊	531,000	1,472,000	941,000	Richmond & NOVA office lease, one-time NOVA office costs
Other Employee Costs	460,000	880,000	420,000	Incremental personnel costs related to increased hiring
Total	\$10,222,000	\$16,605,000	\$6,383,000	

* \$4M of payroll & benefits cost are charged to capital projects

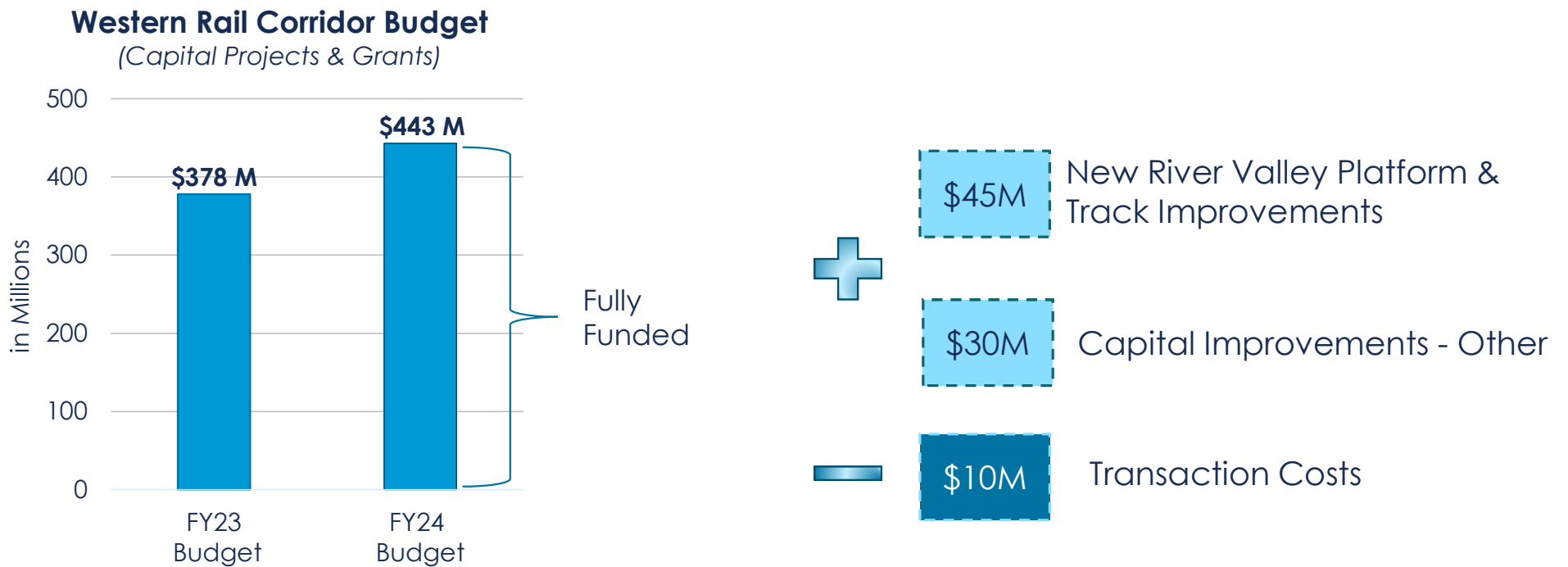
◊ Includes FY23 budget reclassification made through Delegated Authority



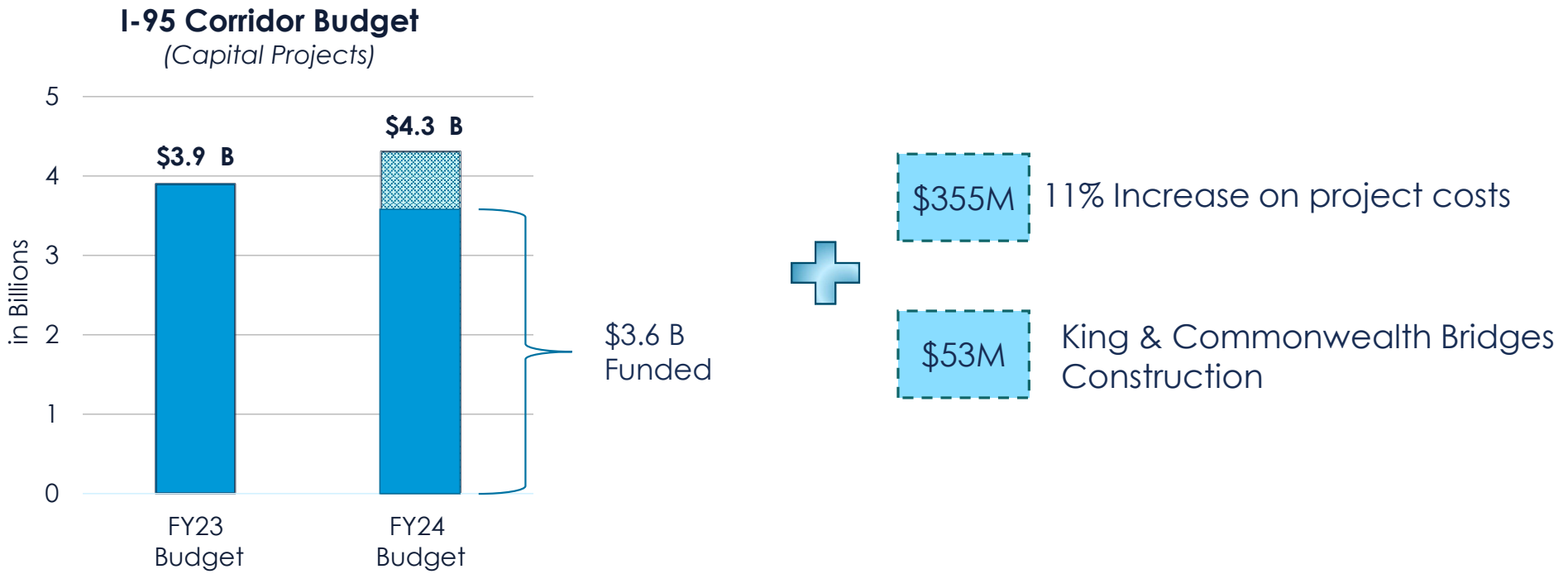
Summary & FY24 Recommended Budget



Key FY24 Budget Changes Western Rail Corridor



Key FY24 Budget Changes I-95 Corridor



Recommended FY24 Budget by Component

Capital Projects		Total Project Budget
I-95 Corridor		\$3,646M
Western Rail Corridor		\$274M
Other Capital Projects		\$66M
Total Capital Projects		\$3,985M
Capital & Operating Grants		Total VPRA Grant Funding
Total Capital & Operating Grants		\$620M
Operations		FY24 Operations Budget
Total Operations		\$150M

Recommend Projects vs Potential Projects

Capital Projects & Capital Grants

RECOMMENDED PROJECTS

- Included in FY24 budget as a VPRA project
- Once Budget is approved, VPRA has delegated authority to deliver the project

POTENTIAL PROJECTS

- Disclosed in VPRA's Recommended Budget as Unfunded
- Requires Board approval prior to becoming a Funded VPRA project



THANK YOU

Questions?

