



Management Reserve Policy

Management Reserve Policy

1. Management Reserve Use Prioritization
2. Management Reserve Goal
3. Management Reserve Balance
4. Use of Management Reserve
 - A. *Through Board Approval*
 - B. *Through Delegated Authority*

Management Reserve Use Prioritization

The Management Reserve is intended be used when projects arise that align with the Authority's mission to promote, sustain, and expand the availability of passenger and commuter rail service in the Commonwealth.

Prioritization will be given to projects that meet this intent and:

- Are required to unlock additional passenger service;
- Are in VPRA's budget and have achieved 30 percent design;
- Enhance currently approved VPRA projects; or
- Advance goals while leveraging existing resources.

Management Reserve Goal

Proposed Ratio Calculation

Management Reserve Balance

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*Future Operations &
Capital Project Expenditures*

(expenditures to be through the end of budget window including YTD unspent budgeted amounts)

FY24-FY31 Expenditures FY23 YTD Unspent Capital Projects Budget **Future Operations & Capital Project Expenditures**

\$5.527B + \$120M = \$5.647B

Management Reserve Goal %		
2%	3.5%	5%
X		
\$5.647B		
\$124M	\$197M	\$290M

Management Reserve Balance



- Updated on a **Quarterly Basis**
- Revised sources to be included when **reasonably known**
- Provide **report to Board** 30 days after quarter close
- Presented for **Board approval** at the succeeding board meeting

Management Reserve Balance

Example Quarterly Update



Decrease in Sources

\$124M Management Reserve Balance

— \$210M Amtrak Ticket Revenue Financing

Present options to Board:

1 **\$-M** Management Reserve Balance
\$(86)M Unfund Budgeted Project

2 **\$124M** Management Reserve Balance
\$(210)M Unfund Budgeted Project



Increase in Sources

\$124M Management Reserve Balance

+ \$25M I-66 Paygo

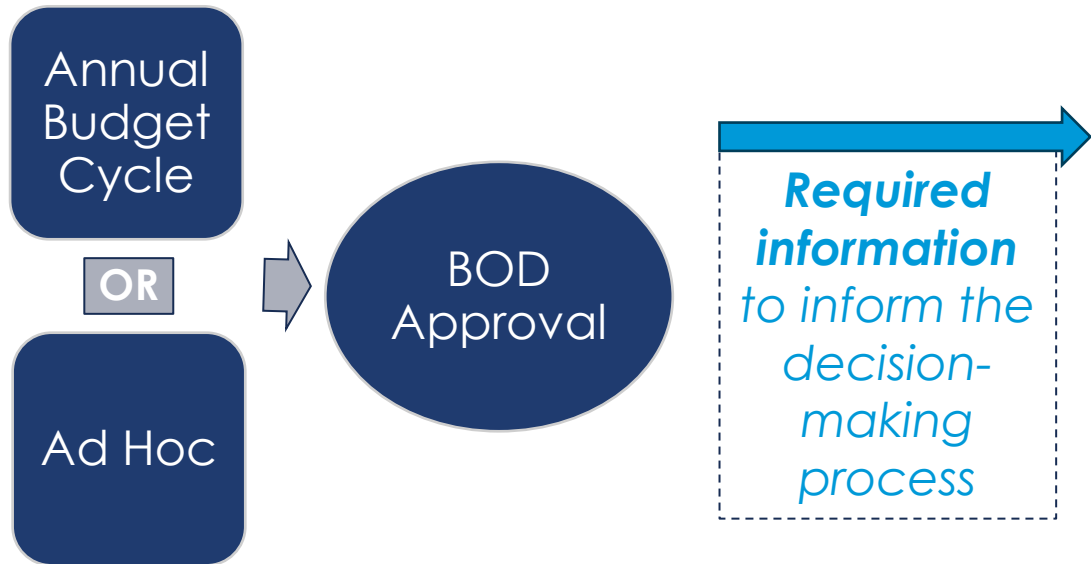
\$149M Management Reserve Balance

Management Reserve Balance Determination

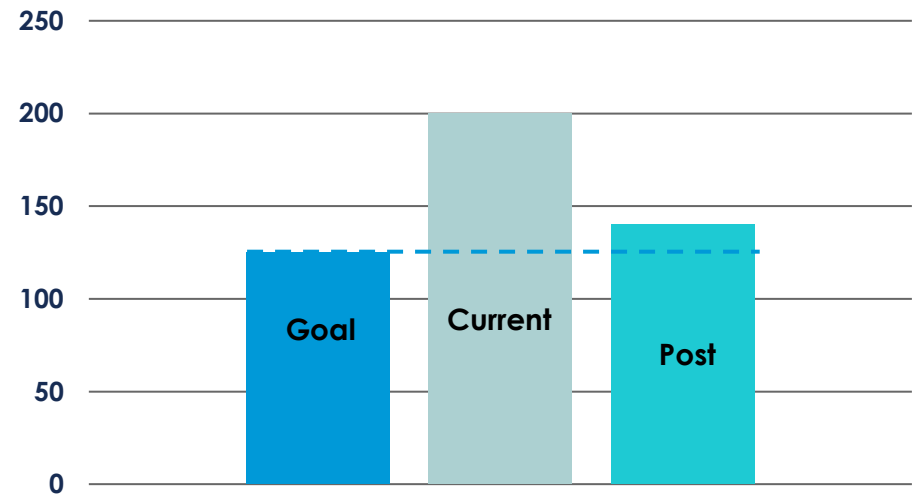
Triggering Event for Key Sources

Source	Annual	Ad Hoc	Triggering Event
CRF: Future Years		X	Updated revenue estimates received
CRF: Current Year	X		Final revenue distribution amount known
Interest Income	X		Final interest earned known
Operating Surplus	X		Upon close-out of prior fiscal year
Grant Awards		X	Award notification received
I-66 Funding		X	Updated toll estimates or historical actuals received
Amtrak Revenues	X	X	Annual through budget cycle, ad hoc only if significant revenue variances
Other Sources		X	Confirmation of revenue amount

Process for Management Reserve Use Through Board Approval



1. Information on funding status of VPRRA Priorities:
 1. Operations
 2. Required Capital Projects
 3. New Projects
2. CFO certification of no cashflow constraints
3. Authority's pipeline of potential projects
4. Impact to Management Reserve Goal



Process for Management Reserve Use

Example

New Project Details:

- Non-Required
- \$54M Cost Estimate
- FY24-FY27
- Requested in Q1



Exceeds Delegated Authority Threshold



Ad Hoc **BOD** Approval Required

1. VPRRA Funding Priorities	<ul style="list-style-type: none"> ✓ Operations: Fully Funded through FY31 ✗ Required Projects: Not Funded through FY31 																				
2. Cashflow Certification	✓ CFO certifies no cashflow constraints																				
3. Pipeline Projects	<table border="1"> <thead> <tr> <th>Project in Pipeline</th> <th>Project Phase</th> <th>Estimate Cost</th> <th>Funding Timeline</th> </tr> </thead> <tbody> <tr> <td>Richmond Layover Facility</td> <td>30% Design</td> <td>\$36M</td> <td>FY24-FY28</td> </tr> <tr> <td>King & Commonwealth</td> <td>Final Design</td> <td>\$53M</td> <td>FY24-FY26</td> </tr> <tr> <td>Route 1 Bridge</td> <td>30% Design</td> <td>\$60M</td> <td>FY24-FY30</td> </tr> <tr> <td>Lorton to Route 1</td> <td>30% Design</td> <td>\$22M</td> <td>FY24-FY30</td> </tr> </tbody> </table>	Project in Pipeline	Project Phase	Estimate Cost	Funding Timeline	Richmond Layover Facility	30% Design	\$36M	FY24-FY28	King & Commonwealth	Final Design	\$53M	FY24-FY26	Route 1 Bridge	30% Design	\$60M	FY24-FY30	Lorton to Route 1	30% Design	\$22M	FY24-FY30
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4. Management Reserve Goal Impact	<p>The chart displays the impact on the Management Reserve Goal. The y-axis represents the amount in millions of dollars, ranging from 0 to 200. Three bars are shown: 'Goal' at \$169M, 'Current' at \$124M, and 'Post' at \$70M. A bracket indicates a \$99M gap between the Goal and Post values.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Value (\$M)</th> </tr> </thead> <tbody> <tr> <td>Goal</td> <td>\$169M</td> </tr> <tr> <td>Current</td> <td>\$124M</td> </tr> <tr> <td>Post</td> <td>\$70M</td> </tr> </tbody> </table>	Category	Value (\$M)	Goal	\$169M	Current	\$124M	Post	\$70M												
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Use of Management Reserve

Through Delegated Authority

Table 1 of section 3.4.1 of the Bylaws.

Budget Component	Delegated Authority	Board Approval Required	FY24 Maximum Amount
Operations - Administration	May redistribute line item budgets or add budget to line item(s) up to an annual limit of 1.5% of annual administrative budget.	Greater than 1.5% of existing total annual administrative budget requires prior Board approval.	\$240K
Operations - Passenger Service	May redistribute line item budgets. May add budget to line item(s) up to an annual limit of 1.5% of annual passenger service operations budget for all line items.	Any new line item requires prior Board approval. Greater than 1.5% of existing total annual passenger operations budget requires prior Board approval.	-N/A- \$1.9M
Capital Grants	May modify budget up to \$250,000 or 20% of grant amount whichever is less; annual limit of 1.5% of the annual capital grants budget for existing line items.	Greater than \$250,000 or 20% of an existing grant requires prior Board approval. Any new line item requires prior Board approval.	\$1.8M (Max \$250K per new project)
Capital Projects	May transfer budget up to \$5M or 20%, whichever is less, of the existing receiving line item from one or more line item(s) in the capital projects budget. May add budget to an existing or new line item up to \$1M or 20% whichever is less; annual limit of 1.5% of annual capital projects budget for all line items.	A transfer between line items that exceeds \$5M or 20% of the receiving line item budget requires prior Board approval. Additionally, line items that have had budget transferred out will require Board approval for the budget to be increased in the future. Greater than \$1M or 20% of an existing or new line item requires prior Board approval. Once annual limit has been reached, then any further increase requires prior Board approval.	-N/A- \$7.4M (Max \$1M per new project)

Requires monthly notification to the Board for all budget adjustments.



THANK YOU

Questions?

