

Virginia Passenger Rail Authority

NORFOLK SOUTHERN AGREEMENT WESTERN RAIL INITIATIVE

January 11, 2021



Background: Agreement with CSX Set Stage for NS Agreement

December 19, 2019

- Announcement of \$3.7B landmark rail initiative with CSX, Amtrak and VRE

March 30, 2021

- Announcement of Definitive agreements with CSX, Amtrak and VRE

April 2, 2021

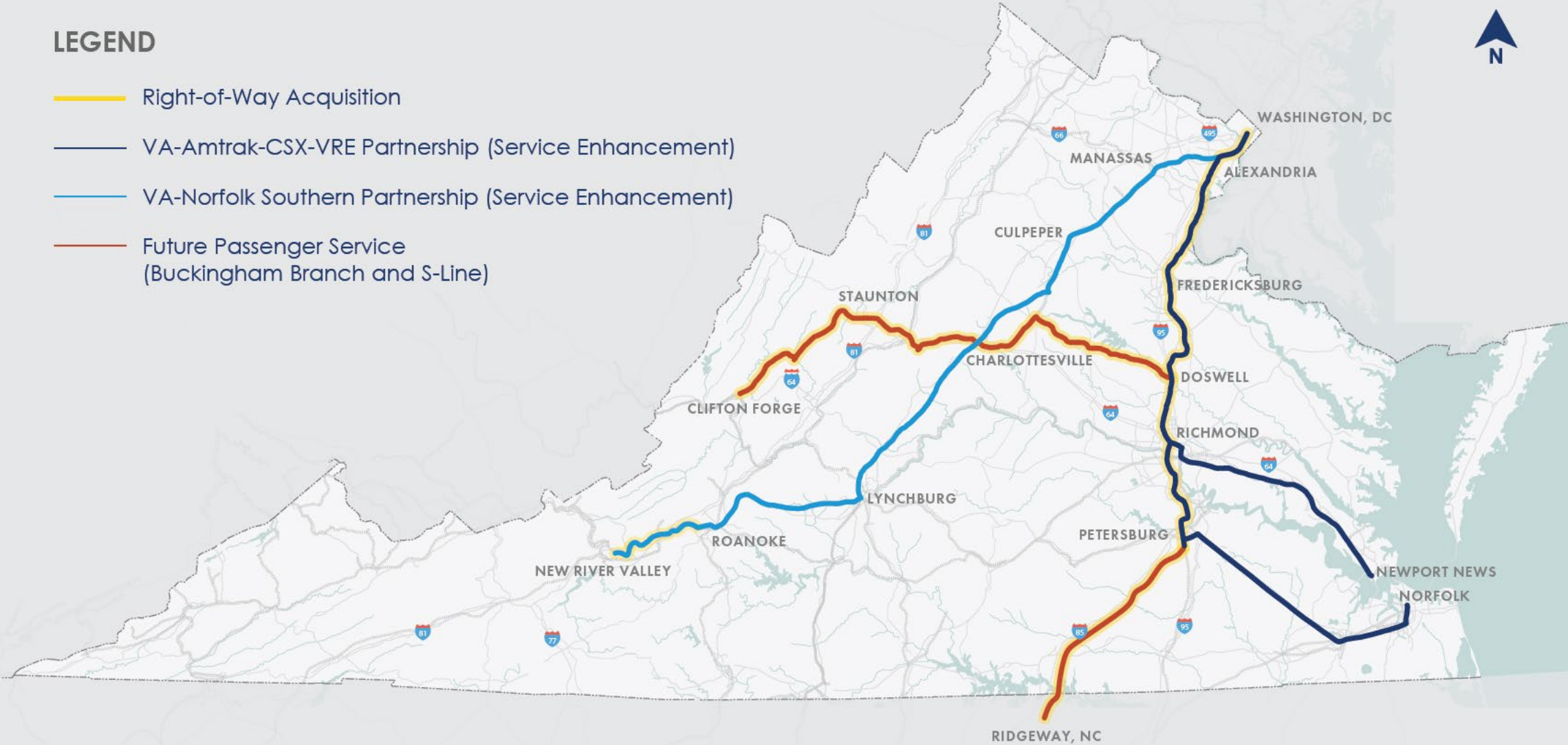
- Binding Term Sheet with NS to expand to New River Valley



Transforming Rail in Virginia Program

LEGEND

- Right-of-Way Acquisition
- VA-Amtrak-CSX-VRE Partnership (Service Enhancement)
- VA-Norfolk Southern Partnership (Service Enhancement)
- Future Passenger Service (Buckingham Branch and S-Line)



Roanoke / Lynchburg Route Background



- Amtrak Regional daily service began in October 2009 with one round trip between Lynchburg and Boston - annual ridership forecast of 33,100
- Service more than tripled the ridership forecast in the first full year
- Service expanded to Roanoke in November 2017
- Route carried over 220,000 passengers in 2019



- One of the most profitable routes in the country prior to the COVID-19 pandemic
- Based on the route's proven success, the Commonwealth and Norfolk Southern (NS) have negotiated an agreement to further expand service to Roanoke and New River Valley

Virginia and NS Main Business Terms

Increase and Expand Service

- Add a second Amtrak round trip between Roanoke and Boston (2022)
- Expand both Amtrak round trips to the New River Valley upon the completion of capital improvements in ~5 years
- Allow for a third round-trip between Roanoke and the New River Valley
- Allow for excursion service between Roanoke and the New River Valley
- Allow potential for a future Bedford Station
- Introduces scaled performance-based payments to NS based on customer OTP



Virginia and NS Main Legal Terms – NS Key Duties over V-Line

- NS performs maintenance between closing and introduction of passenger service
 - Thereafter, VPRA may contract with NS (or others)
- Dispatching Performed by NS unless balance of corridor sold or removed from service
- PTC services coincident with NS dispatching; compensation in addition to fee
- NS compensation to VPRA for Use of V-Line
 - Guaranteed minimum annual payments for five years; actual usage after



Virginia and NS Main Legal Terms – Environmental Liability

- Pre-Close Due Diligence
 - Phase I, Phase II, NS contractual duty to disclose any reportable releases
- Pre-Existing Conditions Discovered after Close
 - NS and VPRA share remediation costs 50/50
 - NS share capped at \$3.5M
 - Cost sharing commitment for 5 years
- Releases by NS after Close
 - NS duty to remediate at its initial costs



Acquisition and Infrastructure Costs



- \$206.2M to NS for acquisition and capital grants along the NS corridor from Manassas to the New River Valley:
 - \$38.2M for acquisition of the V-Line from Salem to New River Valley
 - \$36.5M for improvements to facilitate the passenger trains moving through the Roanoke Yard
 - \$131.5M Western Virginia Rail Initiative Fund: includes \$50M for Nokesville to Calverton double track; equal payments over 10 years for capital improvements and program maintenance on western Virginia lines
- ~\$51M estimated for a New River Valley passenger station and service facility (*subject to change based on location*)

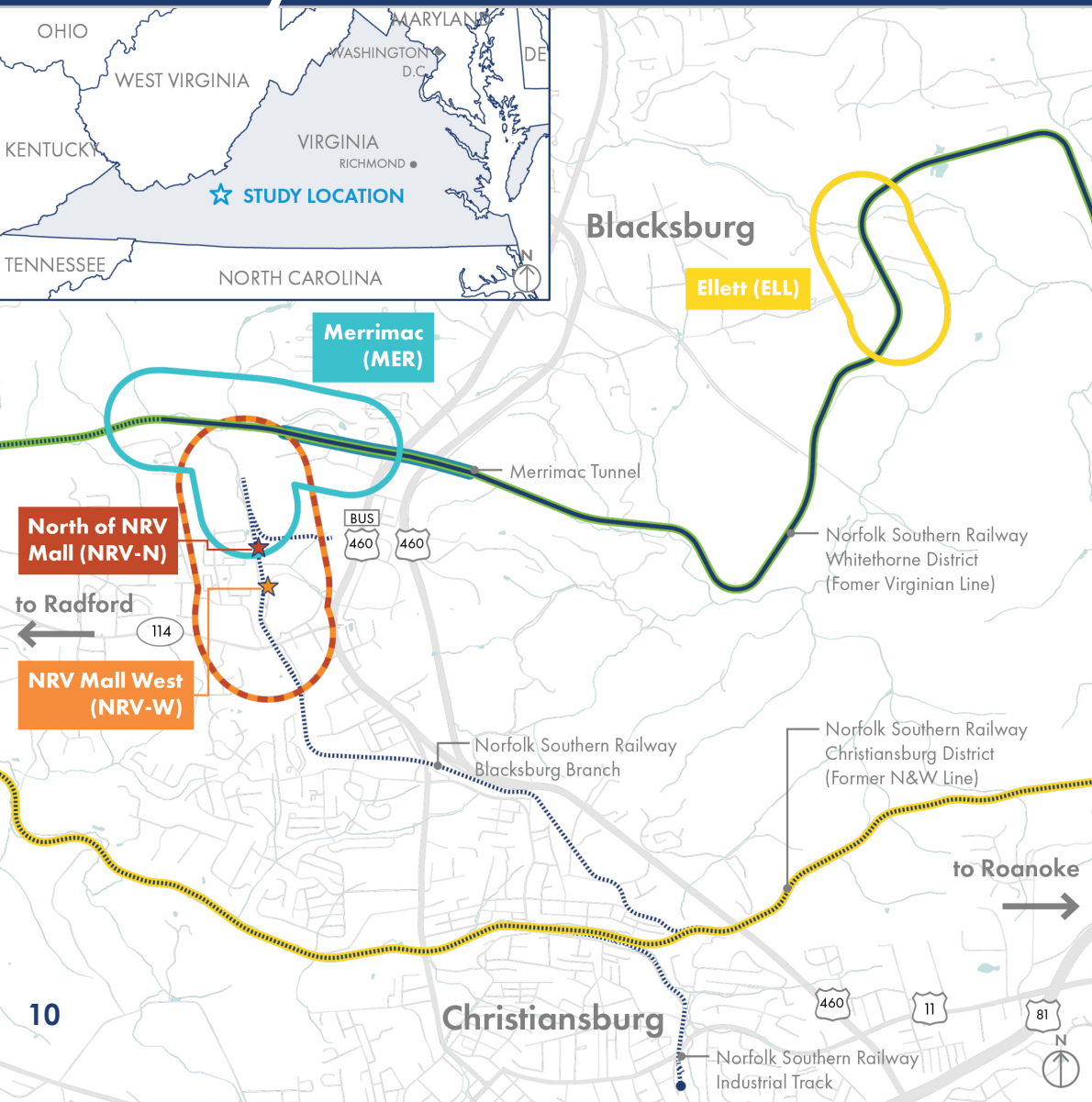


Intercity Passenger Rail Service Improvements

- Additional round-trip between Roanoke and NEC in 2022
- Amtrak extension from Roanoke to the New River Valley on V-Line
- Two round trips between the New River Valley and NEC in 2026
- 80,000 net new riders along the whole corridor estimated in first year after extension



Ongoing: New River Valley Passenger Station Feasibility Study



- Timeline: Fall 2021-Winter 2022
- Scope:
 - Station Study Area considers five potential station locations that were previously studied in the region
 - Four station locations were identified as feasible
 - Underway: Each concept is being evaluated through an environmental & feasibility screening
- Public Outreach
 - Survey 1: 12/22/2021-1/31/2022
 - Property Owner Mailing & Key Regional Stakeholder Outreach: 12/29/2021
 - Public Meeting: February 2022
 - Survey 2: February 2022
- Next Step: FRA NEPA Class of Action Determination
- Future agreement with NRV Passenger Rail Station Authority on funding contribution for station

Ongoing: Due Diligence Toward Financial Close

There are various obligations by both parties, known as Conditions Precedent, that must be completed before Financial Close, including:

- Title Work for the V-Line
- Phase 2 Environmental Site Assessment
- Funding for grants to Norfolk Southern appropriated and included in VPRA Budget
- Approval of governmental entities, such as clearance of the rail acquisition by the Surface Transportation Board as a "State of Maine" transaction



Next Steps

- Complete Due Diligence (Environmental, Title, and Survey)
- Financial Close by Mid 2022
- Work with NS and Amtrak to Commence 2nd Train After Financial Close



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Questions?

