

VRE Long Range Service Plan & Financial Analysis Review

September 20, 2016

2016 Acts of Assembly House Bill 30

The CTB Rail Committee shall review the LRP and financial analysis of VRE:

- The long-term financial viability
- Their ability to maintain appropriately costed-services
- VRE's impact on traffic volumes on the I-66/95/395 CoSS



Deadline –
November 15, 2016

Analysis

Plans

- VRE System Plan 2040
- VRE Strategic Financial Forecast

Review

- Estimating methodology
- Long-term service costs
- Assumptions on funding resources

Key Findings

Estimating methodology



Ridership Projections

Long-term service costs



Operations &
Maintenance Costs

Assumptions on funding
resources



Farebox Revenues

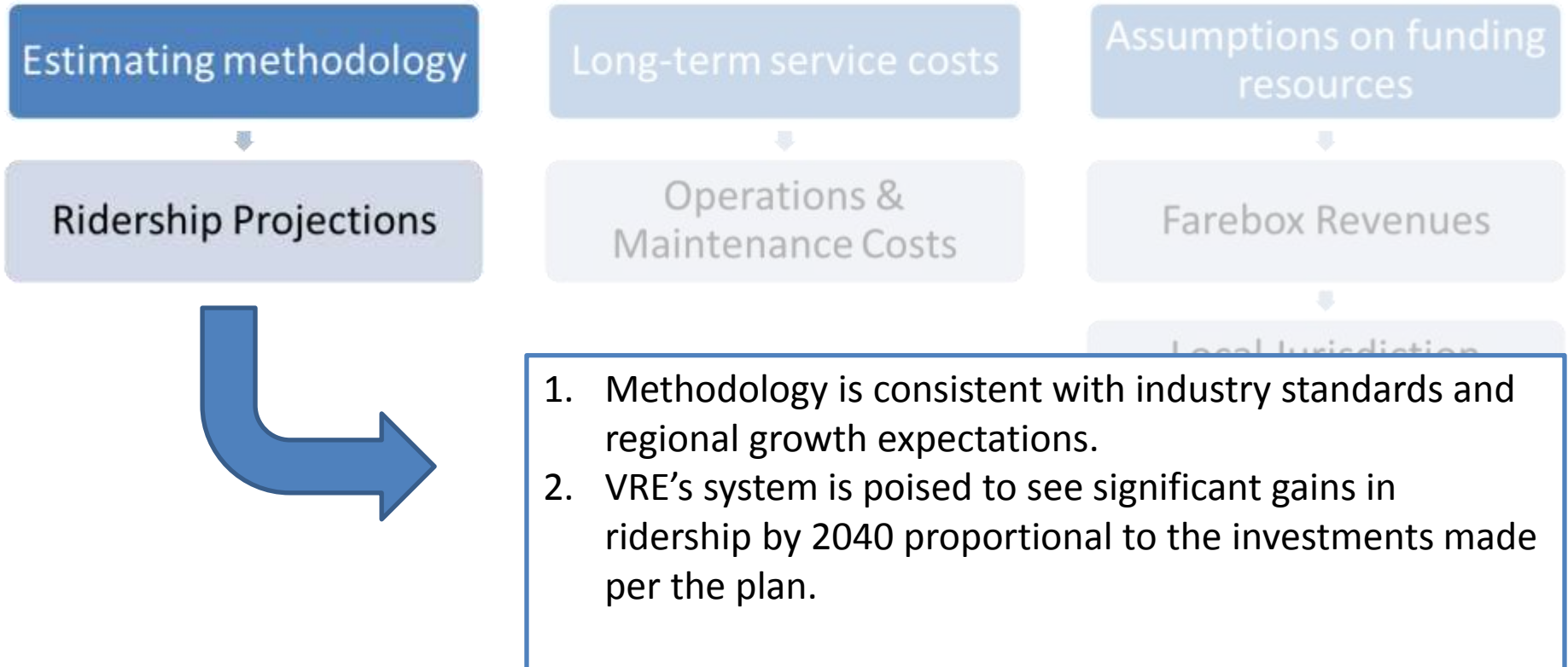


Local Jurisdiction
Subsidies

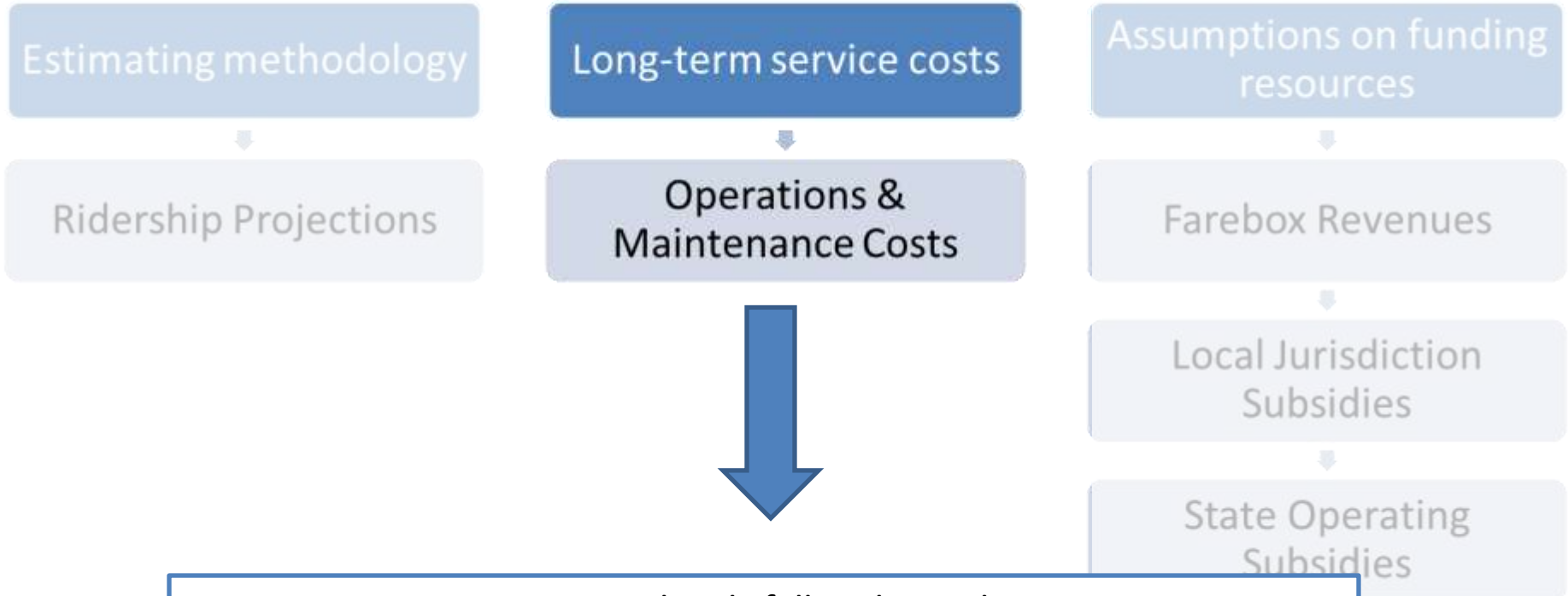


State Operating
Subsidies

Key Findings



Key Findings



1. VRE operating expense levels fall within industry norms.
2. VRE has maintained 50% farebox recovery ratios.

Key Findings

Estimating methodology



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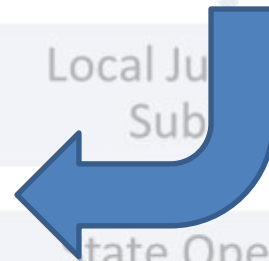


Farebox Revenues

Local Jurisdiction
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State Operating
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1. VRE fare structure is comparable to other systems.
2. Additional analysis is needed to determine potential for changes to fare structure.



Key Findings

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1. VRE System Plan 2040 projected 5% biennial growth. Strategic Financial Forecast reduced this to 3%.
2. VRE should pursue greater growth through its Operations Board.
3. Approximately 9% of Riders come from outside jurisdictions.

Key Findings

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1. State operating subsidies have been flat and VRE is assuming no growth for this source of revenue.
2. Assuming state revenue growth in line with the CPI would help VRE's operations funding challenges.



Conclusions

Long-Term Financial Viability:

- VRE concerns regarding the agency's long term financial challenges are founded.
 - Farebox Recovery – study elasticity
 - Local Subsidy – pursue higher growth in contributions
 - State Subsidy – maintain growth with CPI for operations

Conclusions

Ability to maintain appropriately costed services:

- VRE has demonstrated the ability to provide appropriately costed, efficient services that would attract increasing levels of ridership.

Impact on traffic volumes on I-66/95/395:

- The full implementation of System Plan 2040 could have a significant positive effect on traffic volumes in the I-95 and I-66 corridors.

Schedule

