COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Nicholas Donohue
Chairperson

1221 East Broad Street
Richmond, Virginia 23219

(804) 482-5818

Agenda item # 4

RESOLUTION
OF THE
COMMONWEALTH TRANSPORTATION BOARD

July 22, 2026

MOTION
Made By: Mr. Minchew**, Seconded By:** Mr. Fowlkes

Action: Motion Carried, Unanimously

Title: Policy and Guidelines for Implementation of Funding for the Virginia Railway Express (VRE)

WHEREAS, the Commonwealth Transportation Board (CTB), the Northern Virginia Transportation Commission (NVTC), and the Potomac and Rappahannock Transportation Commission (PRTC) are mutually interested in the success of the Virginia Railway Express (VRE); and

WHEREAS, VRE was established to provide commuter-oriented rail service from the Northern Virginia suburbs to Alexandria, Crystal City, and downtown Washington, D.C., along the I-66 and I-95 corridors; and

WHEREAS, NVTC and PRTC jointly own VRE; and

WHEREAS, NVTC was established to manage and control the functions, affairs, and property of the Northern Virginia Transportation District, and PRTC is a multi-jurisdictional agency representing Prince William, Spotsylvania and Stafford Counties and the cities of Manassas, Manassas Park and Fredericksburg; and

WHEREAS, Section 33.2-1526.1 (D)(3) of the *Code of Virginia*, pursuant to the 2023 Virginia Acts of Assembly, restructures the Commonwealth Mass Transit Fund so that up to 3.5 percent of its funds may be annually allocated to NVTC for distribution to VRE for capital purposes and operating assistance; and

WHEREAS, Section 33.21-1526.1 (D)(3) of the *Code of Virginia* directs the Board to establish service delivery factors to determine the amount of funds delivered annually to VRE; and

WHEREAS, Section 33.2-1526.1(D)(3) of the *Code of Virginia* directs any funds not delivered to VRE to be used for statewide transit capital purposes as outlined in Section 33.2-1526.1 (D)(2) of the Code of Virginia; and

WHEREAS, the 2023 Virginia Acts of Assembly requires the Commonwealth Transportation Board to withhold funding available to VRE pursuant to Section 33.2-1526.1(O) of the *Code of Virginia* Allocation under the following conditions: beginning in Fiscal Year 2024, the CTB shall withhold 20 percent of the funds available each year unless VRE submits a detailed annual operating budget and any proposed capital expenditures and projects for the following fiscal year by February 1 of each year; and

WHEREAS, it is in the best interest of the CTB, NVTC, and PRTC to ensure that VRE receives the full allocation of funding from the Commonwealth Mass Transit Fund.

NOW THEREFORE LET IT BE RESOLVED, the Board hereby directs the Director of the Department of Rail and Public Transportation to take all actions necessary to implement and administer this policy.

BE IT FURTHER RESOLVED that the Policy and Guidelines for Implementation of Funding for the Virginia Railway Express (VRE), approved by the Commonwealth Transportation Board on July 22, 2023, is superseded by this revised resolution and is hereby rescinded.

Service Delivery Factors

The CTB shall use the following service delivery factors, which are divided into three categories, to determine the amount of funds delivered to VRE annually from the 3.5 percent of annual revenues for capital and operating expenses.

1. Ridership:
    a. Annual Change in Ridership: percentage change in Unlinked Passenger Trips year-to-year.
    b. Annual Change in Passengers Per Mile: percentage change in Unlinked Passenger Trips divided by Vehicle Revenue Miles year-to-year.

2. Cost Efficiency
    a. Cost Per Passenger: Audited Operating Expense (from previous fiscal year) divided by Ridership.

3. System Reliability and Safety
    a. On-time performance: annual percentage of trains arriving at their destination within five minutes of the schedule.
    b. Mean Distance between Major Mechanical Failures: annual vehicle revenue miles divided by number of major mechanical failures compared year-to-year.
    c. Fatalities and Injuries: annual number of preventable fatalities and injuries.

Submission of a Detailed Budget and Financial Information to CTB

1. The CTB shall withhold funding if VRE has not prepared and submitted a detailed annual operating budget and any proposed capital expenditures and projects for the following fiscal year to the CTB by February 1 of each year.

2. The annual operating budget submittal by VRE to the CTB shall include VRE's most recent Audited Comprehensive Financial Report with information on expenditures, indebtedness, pensions, and other liabilities.

3. The CTB shall withhold funding if the VRE CEO fails to annually address the CTB regarding the VRE budget, system performance, and utilization of the Commonwealth's investment in the VRE system.

Resolution of Withholding of Funds

1. The CTB will release any withheld funding upon approval or implementation of an approved mitigation action.

2. The CTB will determine what constitutes an approved mitigation action.

3. The CTB shall retain as a penalty any funding withheld during a fiscal year in response to a violation for which there is no mitigation.

Additional Considerations

1. The CTB, DRPT, VRE, the NVTC, and the PRTC shall proactively collaborate to avoid activities that would require the CTB to withhold funding.

2. VRE must submit its performance data from the previous fiscal year to DRPT by February 1, along with a short memo explaining any significant year-over-year changes and steps being taken to improve performance. DRPT will review the information, request any additional details needed, and present a recommendation to the CTB in April of each year if any enforcement actions under this policy are necessary.

3. The CTB reserves the right to approve exceptions to this policy at any time in response to special or extraordinary circumstances.

4. Given that the condition of the VRE system may change over time, the CTB will consider revisions and/or updates to these guidelines at least every three years.

CTB Decision Brief

Title: Policy and Guidelines for Implementation of Funding for the Virginia Railway Express (VRE)

Issue: The 2023 Virginia Acts of Assembly require the CTB to withhold funding available to VRE pursuant to Section 33.2-1526.1(O) under certain conditions. DRPT's recommendations for changes to the policy were reviewed with the CTB at its Workshop on June 16, 2026.

Facts: DRPT recommends adopting a policy resulting from legislation approved during the 2023 General Assembly. The 2023 General Assembly approved HB 1496 and SB 1079, that restructures the Commonwealth Mass Transit Fund so that up to 3.5 percent of its funds may be annually allocated to NVTC for distribution to VRE for capital purposes and operating assistance. The exact amount is determined using service delivery factors. The CTB can withhold funds from VRE if it does not submit a detailed annual operating budget and proposed capital expenditures and projects for the following fiscal year to the CTB by February 1 of each year. DRPT has implemented the Policy for three funding cycles and found the effort largely successful. DRPT is recommending a handful of administrative changes that include specifying the Annual Consolidated Financial Report as a required document in the budget submittal, specifying a due date for VRE performance data submittal along with a cover memo, adding a requirement for the VRE CEO to appear before CTB, and adjusting the policy review period to at least every three years. DRPT worked collaboratively with VRE on the policy revisions.

Recommendation: DRPT recommends that the CTB approve the Policy and Guidelines for Implementation of Funding for VRE.

Action Required by CTB: Approval of the resolution updating the Policy and Guidelines for Implementation of Funding for VRE.

Options: Approve, Deny or Defer.