

VPRA Capital Budget Update
Commonwealth Transportation Board
June 17, 2024



Overview

- VPRA currently sponsors passenger service on NS-owned tracks from Alexandria to Manassas (serving Amtrak and VRE commuter rail) and on to Roanoke (Amtrak only).
- VPRA is extending passenger service from Roanoke to the New River Valley (Christiansburg) via NS's Virginian Line (V-Line), which VPRA purchased in 2022.
 - Station and layover improvements are currently estimated to cost at least \$366M and would allow service to begin in 2028.
 - These improvements do not include costly upgrades to the Merrimac Tunnel near Christiansburg that would be necessary before service could extend farther southwest.
 - NS continues to run freight along a more heavily used, parallel track south of the V-Line known as the NS Main Line (N-Line).
- NS and VPRA have developed a conceptual agreement that would allow VPRA to purchase ownership of the Manassas Line and rights to run passenger service on NS's N-Line to a more desirable Christiansburg location (historic Cambria station) sooner than 2028 as currently planned.
- Additionally, the deal provides for NS to build a platform and siding track at the Cambria station site, reducing costs, time-to-delivery, and risk for VPRA. The transaction conveys the platform and station property to VPRA upon completion.
- **The deal is a win for Virginia:** it would allow VPRA to reach Christiansburg more quickly, at a more desirable location, while also giving Virginia control over the Manassas Line.

Purpose of Today's Update

- 1) Provide potential update to VPRA's FY 2025 Capital Budget, detailing changes if the proposed deal is approved
- 2) Inform CTB of potential request for approval of disposition of VPRA property, selling the Virginian Line back to Norfolk Southern

BACKGROUND

- May 5, 2021: The Commonwealth & Norfolk Southern (NS) announce an agreement to extend passenger rail service to the New River Valley (NRV).
- June 2022: VPRA acquires from NS ~28 miles of the Virginian Line (V-Line) and 2nd Amtrak roundtrip from the Northeast Corridor to Roanoke began the following month.



NECESSARY INFRASTRUCTURE TO BRING SERVICE TO NRV / V-LINE

VPRA-led Improvements:

- Additions to existing rail infrastructure to include a passenger rail platform, trackwork, layover facility, and station infrastructure;
- Safety improvements to tunnel(s);
- Additional safety improvements to 28 miles of V-Line infrastructure, including minor bridge repairs, rockslide fences, and at-grade crossings.

Salem Crossovers
MP V-250.93

Roanoke Yard



NS-led Improvements:

- Facilitate 40 MPH passenger train speeds through Roanoke Yard to the Salem Crossovers;
- Track upgrades for increased synergy between freight and passenger rail traffic in Roanoke Yard;
- Design and install Positive Train Control (PTC) from Roanoke Yard to NRV.

MP 279.00

Merrimac Tunnel

Slate Hill Tunnel

V-Line

VPRA-Owned Track
NS-Owned Track
Tunnels



Alternatives On V-line – Presented to VPRA Board in January

ALTERNATIVE A

Cinnabar Rd Site

- Slate Hill Tunnel
- Platform and parking at Cinnabar Rd
- Layover facility at Cinnabar Rd

\$366 Million
Q2 2028

ALTERNATIVE B

Mall Site with Cinnabar layover facility

- Slate Hill Tunnel
- Merrimac Tunnel
- Connector track
- Platform at NRV Mall
- Layover facility at Cinnabar Rd

\$785 Million
Q2 2030

ALTERNATIVE C

Mall Site with Cinnabar layover facility and Cinnabar platform

- Slate Hill Tunnel
- Merrimac Tunnel
- Connector track
- Platform at NRV Mall
- Layover facility at Cinnabar Rd
- Platform and parking at Cinnabar Rd

\$951 Million
Q2 2028
(Cinnabar)

Q2 2030
(NRV Mall)

Conceptual Agreement

VPRA is nearing agreement with NS to do the following:

New River Valley Passenger Rail

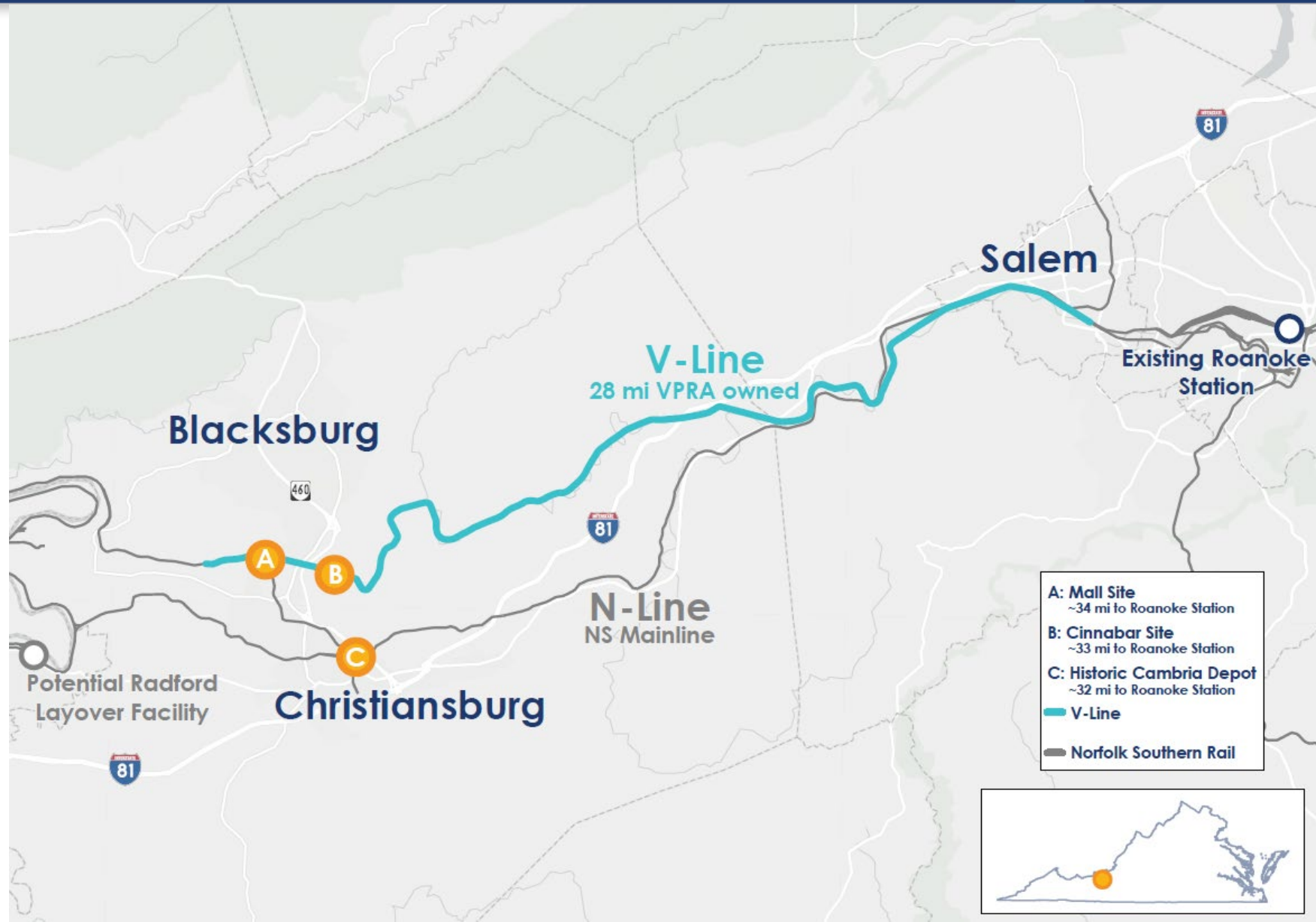
- Secure passenger rail operating rights on the N-Line to Christiansburg
- Sale of the V-Line back to NS
- Construction of a platform and siding track at Cambria Yard by NS, with property transfer upon completion to VPRA including the Cambria Depot building, the historic rail station that served passengers from 1906-1979 when passenger service to NRV ended
- Results in a better transportation solution at a lower overall cost and risk to the Commonwealth, with earlier extension of service to NRV

Manassas Line

- Acquisition of the Manassas Line (M-Line) from Seminary Yard to Broad Run (27 miles)
- Provides certainty for and potential reduction in VRE's trackage costs (84% of which are paid by VPRA) by requiring NS to maintain VRE's access fees at current levels until VPRA assumes M-Line ownership (NS is currently seeking to raise VRE's fees significantly in negotiations for a new access agreement)
- Provides long-term operational flexibility

NS is eager to reach an agreement to realize tax benefits of a like-kind exchange and reduce future maintenance liabilities on the Manassas Line

New River Valley Potential Station Locations



Potential Budget Change

| Project Description (\$ in millions) | FY25 Approved Budget | FY25 Amended Budget | Proposed Change |
|---|----------------------------|---------------------------|--------------------|
| New River Valley Passenger Rail Project | \$ 366 | \$ 43 | \$ (323) |
| Capital Improvements - Bridges | 31 | - | (31) |
| Capital Improvements - Other | 36 | - | (36) |
| Roanoke Christiansburg Capacity Grant | - | 25 | 25 |
| Manassas Line Purchase | - | 365 | 365 |
| Total | \$ 433 | \$ 433 | \$ - |

Potential Return of V-Line Back to NS

| Item | \$ Millions |
|--|-------------|
| VPRA Purchase Price for V-Line | \$ 38.2 |
| VPRA Funded Improvements | 13.8 |
| Inflation | <u>2.3</u> |
| Total Price for NS to Reacquire V-Line | \$ 54.3 |

What's happening now?



Agreed to Non-Binding Term Sheet to explore the options

- Sale of Manassas Line to VPRA
- Return V-Line to NS
- Gain access to NS Main Line in Christiansburg area
- Explore passenger station at Cambria



Potential Manassas Line Sale filed with the Surface Transportation Board on June 6th



NS to develop design concepts, with VPRA oversight, aggressively to determine whether site on NS Main Line is feasible.

Where Do We Go Next?



Work with NS

- Work with NS on proposed designs for platform and track at Cambria site to determine feasibility, budget, and schedule
- Draft Final Comprehensive Rail Agreement

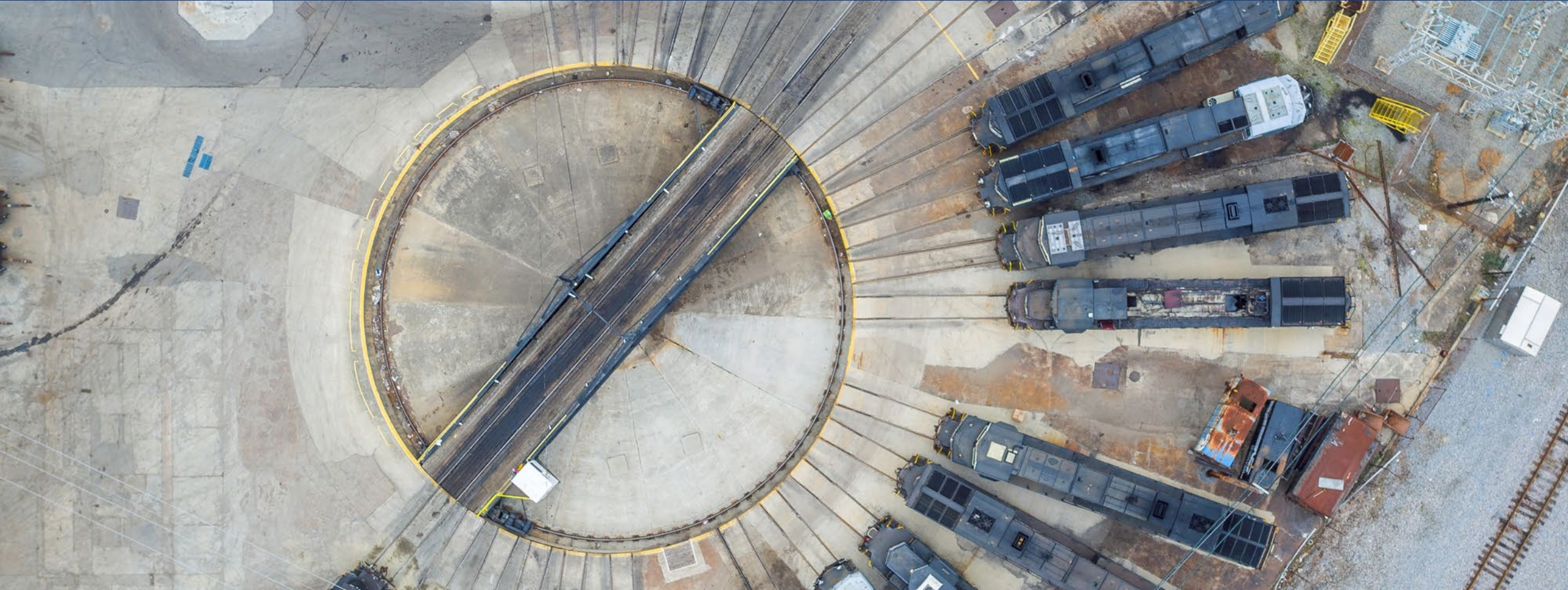


Request approval from CTB on Capital Budget change and land disposition at July action meeting



Recommend Path Forward to VPRA Board at August Board meeting – either move to N-Line or continue working forward with Virginian Line options

QUESTIONS?



Virginia Code

§ 33.2-298. Annual budget

The Authority shall prepare and submit a detailed annual operating plan and budget to the Transportation Board by February 1 of each fiscal year. The Authority shall also prepare and submit for approval any proposed capital expenditures and projects for the following fiscal year to the Transportation Board by February 1. The Transportation Board shall have until May 30 to approve or deny any capital expenditures, and, in the event the Transportation Board has not approved or denied the Authority's proposed capital expenditures by such deadline, such expenditures shall be deemed approved. The operating plan and budget shall be in a form prescribed by the Transportation Board and shall include information on expenditures, indebtedness, and other information as prescribed by the Transportation Board.

Virginia Code

§ 33.2-293. Acquisition, possession, and disposition of rail facilities; eminent domain

A. The Authority shall have the right to acquire by purchase, lease, or grant rail facilities and other lands, structures, property, both real and personal, tangible and intangible, rights, rights-of-way, franchises, easements, and other interests therein, whether located within or not within the geographic boundaries of the Commonwealth, for the construction, operation, maintenance, and use of rail facilities.

B. The Authority shall have the right to hold and dispose of rail facilities and other lands, structures, property, both real and personal, tangible and intangible, rights, rights-of-way, franchises, easements, and other interests therein in the exercise of its powers and the performance of its duties under this article, including but not limited to the sale, exchange, lease, mortgage, or pledge of such property or interest therein, **provided that any such disposition that involves property or interests with a fair market value in excess of \$5 million shall require the consent of the Transportation Board.**