



COMMONWEALTH of VIRGINIA

Office of the Governor

Aubrey L. Layne, Jr.
Secretary of Transportation

November 15, 2016

The Honorable Timothy D. Hugo, Chair
Joint Commission on Transportation Accountability
General Assembly Building, 2nd Floor
201 N. 9th Street
Richmond, Virginia 23219

Dear Chairman Hugo:

The Department of Rail and Public Transportation, under the office of the Virginia Secretary of Transportation, administers, expends, and commits Intercity Passenger Rail Operating and Capital (IPROC) funds subject to the approval of the Commonwealth Transportation Board per *Va. Code* § 33.2-1603. In accordance with Item 1 Subsection O of the 2016 Acts of Assembly, the Secretary of Transportation is directed to prepare an annual report on the uses of IPROC funds to the Joint Commission on Transportation Accountability. Attached for your review is a report detailing the uses of these funds.

If you have any questions, please do not hesitate to contact Director Mitchell at (804) 371-4866 or me directly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Aubrey L. Layne, Jr.", positioned above the printed name.

Aubrey L. Layne, Jr.

Enclosure

cc: Jennifer Mitchell, Director of the Department of Rail and Public Transportation
The Honorable Frank Wagner, Vice Chair
The Honorable Charles W. Carrico
The Honorable David R. Suetterlein
The Honorable R. Creigh Deeds
The Honorable James LeMunyon
The Honorable David E. Yancey

The Intercity Passenger Rail Operating and Capital Fund

The Director of the Department of Rail and Public Transportation (Department) administers, expends, and commits Intercity Passenger Rail Operating and Capital (IPROC) funds subject to the approval of the Commonwealth Transportation Board (CTB) pursuant to *Va. Code* § 33.2-1603.

IPROC is intended to support the cost of operating intercity passenger rail services; acquiring, leasing, or improving railways or railroad equipment, rolling stock, rights-of-way, or facilities; or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way, or facilities for intercity passenger rail service purposes.

Operating Expenses

The Department funds four intercity passenger routes through grant agreements with Amtrak. All four routes, with a total of six round trip daily trains, connect most of Virginia's eastern, central, and piedmont urban centers with Washington, D.C. and destinations in the Northeast Corridor (NEC). The grant funding agreement between the Department and Amtrak allocates the costs for services and equipment according to a methodology established under Section 209 of the federal Passenger Rail Investment and Improvement Act (PRIIA) of 2008. Section 209 requires that the state support all regional train services within the Commonwealth in order for them to continue service after October 1, 2013.

The four routes funded under IPROC are:

- Route 46: One daily round trip from Lynchburg to the NEC via Washington Union Station
- Route 47: Two daily round trips from Newport News to the NEC via Washington Union Station
- Route 50: One daily round trip from Norfolk to the NEC via Washington Union Station
- Route 51: Two daily round trips from Richmond to the NEC via Washington Union Station

Effective federal FY2017, the Department has renewed its annual operating grant funding agreement with Amtrak, for the above routes. This operating agreement, which governs the Amtrak operating subsidy and capital use of Amtrak facilities and equipment can be amended to add or reduce services as necessary. Planned additional frequencies include an extension of service to Roanoke, a second Lynchburg service, and two additional services to Norfolk.

Capital Expenses

The Commonwealth has initiated several projects to expand intercity passenger rail service in the Roanoke Valley and the Hampton Roads region. These initiatives require capital improvements on freight-owned host railroads to preserve freight capacities and allow for reliable intercity passenger rail service. Since intercity passenger rail services are public initiatives, IPROC prioritizes projects with matching funds but enables the Department to expand services throughout the Commonwealth with 100% state funds.

Passenger rail service extension improvement projects currently in the Commonwealth Transportation Board's adopted FY 2017-22 Six Year Improvement Plan will benefit the I-81 corridor and the I-95 Corridor. The currently funded projects are:

I-81 Corridor: Extension of Amtrak service from Lynchburg to Roanoke in 2017

The Department has entered into capital funding agreements with the City of Roanoke and Norfolk Southern Corporation for the improvements necessary to extend Amtrak service, which currently terminates in Lynchburg, to downtown Roanoke. There is \$77.5 million in IPROC funds (supplemented by \$24 million from the Rail Enhancement Fund) obligated to construct track capacity improvements between Lynchburg and Roanoke as well as a train servicing facility and a platform in downtown Roanoke.

The Department also awarded the City of Roanoke \$465,000 in IPROC funds toward the purchase of property to construct a train station next to the IPROC funded station platform under construction in downtown Roanoke.

Service to Roanoke is anticipated to begin in the fall of 2017.

I-81 Corridor: 2nd Lynchburg round trip Amtrak service – Capital Equipment

The Department is working with Norfolk Southern to accommodate an additional intercity passenger rail slot between Lynchburg and the NEC via Washington, D.C. In order to begin service, Amtrak requires an additional train set for the Northeast Regional train sets that circulate between Virginia and the NEC. The Department provided \$13.6 million in IPROC funds to Amtrak for train equipment and locomotive rehabilitation to be completed by October 1, 2017. This amount will be credited back to Virginia on a monthly basis under our operating agreement where the Department would have had a capital equipment charge.

I-81 Corridor: Lynchburg to Alexandria Speed Improvements

Norfolk Southern applied for switch upgrades to reduce travel times of trains between Lynchburg and Alexandria. This will benefit the current Lynchburg service, the future Roanoke service, the planned 2nd Lynchburg service, and the federally-supported Crescent service that circulates between New Orleans and New York City. It will also benefit freight rail services in the I-81 corridor by increasing through speeds. Further, reducing travel times and improving the reliability of intercity passenger rail services increases the car-competitiveness of Amtrak trips and expands options for travel to and from the region. \$6.4 million has been allocated in fiscal years 2015 and 2016 from IPROC with Norfolk Southern providing a 30% match.

I-81 Corridor: Study for extension of Amtrak service to the New River Valley

The Department awarded \$350,000 in IPROC funds in FY19 to the New River Valley effort to study network requirements to accommodate the extension of Amtrak service from Roanoke to Christiansburg in Fiscal Year 2019. This study would be performed with Norfolk Southern and would be the basis to negotiate necessary infrastructure improvements. The Department envisions the scope of the study to include necessary improvements associated with a possible extension to Bristol in the future, if the budget allows.

I-95 and I-64 Corridor: Bland Boulevard Amtrak Station in Newport News

The City of Newport News has secured federal funding for the relocation of their Amtrak station to Bland Boulevard. The new location will allow the existing Amtrak trains to avoid entering a CSX coal yard for turning and servicing. The CTB has allocated \$20 million of IPROC funds toward construction of a platform, servicing facility, and associated turning and storage facilities. Construction is scheduled to begin in spring 2017 and will be completed by winter 2018.

I-95 Corridor: Arkendale to Powell's Creek Improvements

In 2010, the Department was awarded \$75 million in federal stimulus funds for an 11.3 mile segment of third track construction along CSX's Richmond to Washington, D.C. rail line in Stafford and Prince William Counties. This project was previously planned under an agreement with CSX to construct a third track incrementally between Richmond and Washington, D.C. to improve intercity passenger rail services in one of the most congested freight railroad corridors in the United States. As the project progressed in the design phase, additional improvements around the passenger stations were proposed to improve the entire network for passenger and freight service. The CTB has allocated \$30 million in IPROC funds to match the federally funded third track improvements and improve the Quantico station and future Potomac Shores VRE station track configurations to enable passenger trains to serve all three tracks. These improvements are scheduled to be completed in 2018.

I-95 Corridor: Atlantic Gateway/Long Bridge

In 2015, the Department worked collaboratively with CSX to model freight and passenger rail services and to evaluate and prioritize necessary improvements in order to grow services, improve reliability, and increase speeds. The Long Bridge – a two track bridge owned by CSX that spans the Potomac River between Washington, D.C. and Virginia – is the primary network choke point to address if Virginia is to grow and improve passenger service. Together with VDOT, the Department submitted for federal funds to construct third track improvements and begin the National Environmental Policy Act process for capacity improvements to Long Bridge. The Department has committed up to \$174 million in IPROC funds toward these significant projects and has received allocations of Priority Transportation Funds from the Secretary's office to supplement the FAST Act and other federal funds which will be used for third track and Long Bridge improvements. Atlantic Gateway project segments are expected to go to bid in 2017.

I-95 Corridor: Improvements between Richmond and Petersburg for 2 trains to Norfolk

The Department completed improvements in 2012 from Petersburg to Norfolk which enabled one daily round trip of intercity passenger train to travel between Norfolk and the NEC via Richmond and Washington, D.C. While the improvements on the Norfolk Southern segment between Norfolk and Petersburg allow up to three daily round trips, the Richmond to Petersburg segment on CSX requires capacity improvements before additional passenger trains are accommodated. The Department has obligated \$117 million from IPROC dollars for an Acca Yard bypass, construction of a second main between Carson and Reams (south of Petersburg), and construction of three crossovers south of Richmond with CSX providing \$15M in match funds. These improvements have secured two additional round trip trains to Norfolk and will improve freight and passenger train capacities in the Richmond area for trains from Hampton Roads, North Carolina, and southbound trains from the NEC. It is anticipated that construction at Acca Yard will be completed and additional service from Norfolk will begin in late 2018.

I-95 Corridor: Improvements to Staples Mill Station/Parking Expansion

Staples Mill Station is the busiest station in Virginia with over 350,000 boardings and alightings annually. Parking is inadequate to handle the volume of passengers, and overcrowded parking is a significant barrier to improving ridership on Virginia sponsored trains. The Department purchased seven parcels of land around the station and has executed an agreement with VDOT to more than double the number of parking spaces, improve Amtrak thruway bus operations, add an additional ingress/egress at a signaled intersection, update the parking lot to current ADA standards, and allow for more taxis. Phased construction is anticipated to begin in summer 2017 and be completed by Winter 2017. A portion of the additional parking revenues will come back to the Department to offset the Commonwealth’s investment. \$3.3M from IPROC is obligated toward construction of the Staples Mill Parking Improvements.

Conclusion

In summary, the Commonwealth has only invested programmatically in the Virginia rail systems since 2000. As the above projects demonstrate, many of these investments have been significant; and they benefit a combination of passenger, freight, and economic development interests. The below chart estimates IPROC receipts and planned allocations for the current fiscal year as well as moving forward throughout the current six year improvement plan.

Six Year Improvement Plan: IPROC

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Available	50,035,250	53,654,000	55,777,000	57,803,500	59,830,000	64,558,500
Carryover	53,973,097	45,297,456	38,578,025	28,755,120	29,244,452	26,025,892
Allocated	58,710,891	60,373,431	65,599,905	57,314,168	63,048,560	64,109,871
Unobligated	45,297,456	38,578,025	28,755,120	29,244,452	26,025,892	26,474,521