



Virginia Department of Rail and Public Transportation

Annual Budget Fiscal Year 2019



DRAFT

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SUMMARY OF PROGRAMS

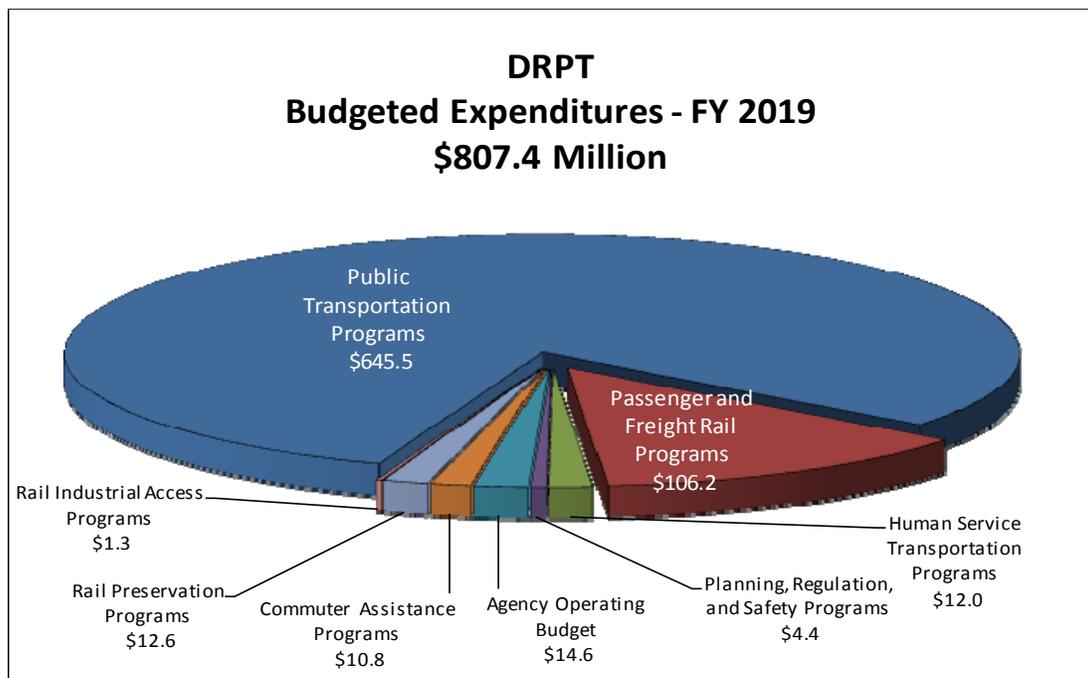


Summary of FY 2019 Budget

In FY 2019, DRPT will invest \$807.4 million in state, federal, and local resources towards improving rail and public transportation capacity and service across the Commonwealth of Virginia. The overwhelming majority of these funds are directed to a variety of grant recipients, including: public transportation providers, local and regional government entities, freight railroads, and Amtrak. Over 50% of these funds are dedicated to capital improvement projects.

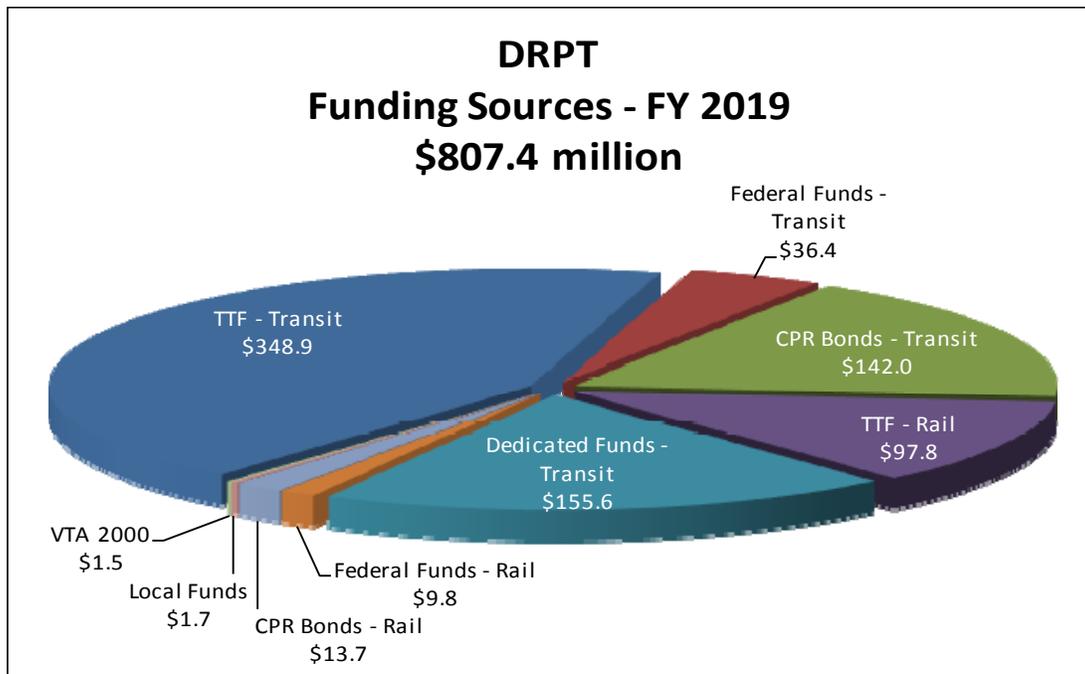
FY 2019 expenditures are estimated to be \$118.4 million more than FY 2018 primarily due to the addition of dedicated funds totaling \$169.7 million in HB 1539/SB 856 for the Washington Metropolitan Area Transit Authority (WMATA) and commuter rail support of the Virginia Railway Express (VRE). It is estimated that \$155.6 million of these funds will be disbursed in FY 2019. Additionally, the total estimated expenditures for WMATA Assistance increased \$39.8 million. Of this amount, \$16.1 million is current year allocations and the remainder is due to WMATA capital reimbursements not being submitted in FY 2018. These increases are offset by a decrease in estimated Passenger and Freight Rail Program expenditures of \$101.1 million due to several large projects winding down in FY 2019.

Timing, both in terms of the lifecycle of capital projects as well as scheduled drawdown of grant funds, account for the variations in the year over year budgeted expenditures. Additional detail on these changes is included in the specific program sections of this document.



The above chart depicts the FY 2019 DRPT budget across the agency's eight service areas. The budgeted expenditures for each service area are discussed in more detail later in this report.

The chart below depicts the source of funds for DRPT's annual budgeted expenditures. It is not based on the annual estimated revenues for each funding source; rather, the funding source is derived from over 2,000 projects included in the cash flow projections used to estimate the budgeted expenditures. Additional information concerning the DRPT FY 2019 funding sources can be found on page 18.



FY 2019 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget increased 5.0% or \$0.7 million in FY 2019. Over the past several years, the rail and transit programs managed by DRPT have grown significantly. This growth has been accompanied by increased demand by the General Assembly for accountability over the funds in these programs. As the need for funding has increased due to the loss of Commonwealth Project Revenue (CPR) bonds, DRPT has been required to overhaul the transit operating and capital programs in FY 2019. The increase in the agency operating budget will be used to develop and expand the program oversight requested by the General Assembly over state transit funding as well as to provide technical consultant assistance in managing the complex Atlantic Gateway railway project.

The nature of the large-scale projects that DRPT now manages is highly diverse in their scope and service, changing dramatically over the last 15 years. Examples of these projects include: DC2RVA Tier II Environmental Impact Statement (EIS), Richmond Bus Rapid Transit (BRT), Dulles Corridor Metrorail, Arkendale to Powell's Creek Third Track, Atlantic Gateway, and I-95 and I-81 rail corridor programs.

DRPT is also currently completing studies on future transportation demand management (TDM) strategies in the heavily congested I-66 and I-395 corridors, which will for the first time refocus on measuring person throughput (rather than vehicle) and redirect toll revenue collected on highways to critical transit projects.

Virginia statute authorizes the Commonwealth Transportation Board (CTB) to approve up to 3.5% per year of the Mass Transit Trust Fund (MTTF), Rail Enhancement Fund, and Rail Preservation Fund (§33.2-1604) to be used to support the DRPT costs of project development, project administration, and project compliance. Starting in FY 2018, Appropriation Act language allows the CTB to allocate up to 5% of the IPROC Fund towards these efforts.

In FY 2019, \$14.6 million of the available balance of these funds will be needed to support these programs' ongoing administrative costs. A complete list of these estimated administrative costs is included in the footnotes of the budget statement at the end of this document. Despite the increase in demands on the agency, the DRPT operating budget still only represents 1.8% of the \$807.4 million of total funds administered.

Public Transportation Programs

The state funding for Public Transportation is comprised of revenues from the Mass Transit Trust Fund (MTTF) and the Mass Transit Capital Fund (MTCF). HB 1539/SB 856, passed by the General Assembly in 2018, establishes a separate allocation for the Washington Metropolitan Area Transit Authority (WMATA) and sets new allocation percentages for our Operating, Capital, and Special programs for FY 2019. It also streamlines the funding by making all state funding subject to new allocation percentages and mandating that all state funding, excluding CPR bonds, be deposited in the MTTF. It is important to note that these bills did not create additional transportation revenues. Instead, they build on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

The new legislation consolidated the revenues that are deposited into the MTTF so that they no longer are earmarked to a specific program (see the below list). Instead, all of the revenues deposited in the MTTF are now allocated using the newly calculated program percentages. The revenues deposited into the MTTF with prior year dedications are as follows:

- \$0.02 of the state recordation tax to the MTTF (§58.1-815.4.) to state operating assistance grants
- \$.01 of the state recordation tax to transit capital
- .35% of motor vehicle fuel tax to transit operations per §58.1-2289
- .24% of motor vehicle fuel tax to special programs per §58.1-2289
- 3.11% of motor vehicle fuel tax to transit capital per §58.1-2289
- 14.7% of the 1986 Special Session Revenues (formula allocation)

- 60% of the 0.125% addition to the general sales and use tax passed by the 2013 General Assembly (formula allocation)

As is evident, the funding sources are derived from various economic sectors which serves to mitigate large swings in annual revenues. Beginning in FY 2019, these funds are distributed in accordance with the Code of Virginia and specific Appropriations Act language as follows:

- Up to 3.5% of the MTTF to support costs of project development, project administration, and project compliance per §33.2-1604
- \$1.2 million (current Appropriation Act language) of the MTTF for state safety oversight
- \$1.5 million (current Appropriations Act language) of the MTTF for paratransit capital projects and enhanced transportation services for the elderly and disabled

The remaining funds are allocated by statute (§33.2-1526.1) with a minimum of 31% for state operating assistance grants, 12.5% awarded as capital assistance grants, 53.5% for distribution to WMATA for capital purposes and operating assistance, and the balance of up to 3% awarded as special projects grants subject to CTB approval.

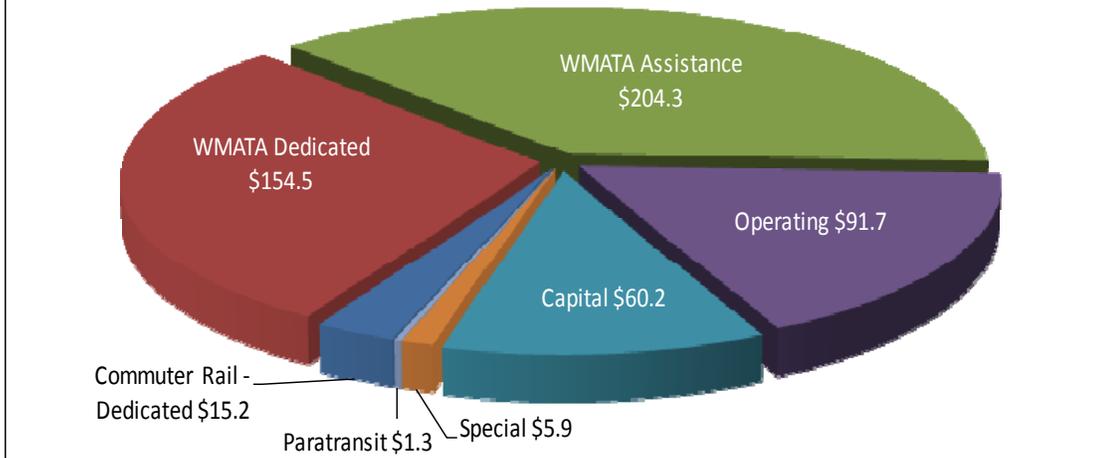
The MTCF is made up of the CPR bonds authorized under Chapter 896 of the 2007 Acts of Assembly allocated to transit capital. The major revenue source for these bond authorizations is the tax on insurance premiums.

In the Six Year Improvement Program (SYIP) for FY 2019, the CPR bonds represent approximately 85% of the state transit capital assistance. Beginning in FY 2019, these bond funds will complete the 10 year period under the original bond authorization and the \$60 million annual amount available will cease. By the close of FY 2021 when the WMATA state of good repair funding grant ends, the state transit capital assistance program will lose an additional \$50 million of annual bond funding.

In 2018, the General Assembly directed the CTB to develop a separate prioritization process for state of good repair projects and major expansion projects. The process for state of good repair projects shall be based upon transit asset management principles, including federal requirements for Transit Asset Management pursuant to 49 U.S.C. § 5326 while the process for major expansion projects shall be based on Smart Scale factors. Over 85% of the transit capital program has historically been utilized for maintenance of existing assets which highlights the importance of finding a solution to this problem.

The FY 2019 SYIP allocation of the state transit revenues for public transportation is depicted in the following chart. This chart represents FY 2019 SYIP allocations only, which vary from the budgeted amounts in this report due to the timing of expenditures versus allocations of funds. For more information, see Note 1 on page 19.

**FY 2019 SYIP State Transit Allocations
(\$533.1 million)**



The FY 2019 allocation of \$533.1 million of state transit revenues in the SYIP represents an increase of \$148.8 million from FY 2018. This increase is primarily caused by the addition of dedicated funds in HB 1539/SB 856 for WMATA and commuter rail support of VRE. Operating and capital allocations in FY 2019 decreased by \$101.8 million and \$120.5 million, respectively, primarily due to the funding provided for WMATA being included in a separate classification called WMATA Assistance funds. For the current year, DRPT allocated \$93.7 million of anticipated bond proceeds in the SYIP with an emphasis placed on replacement vehicles and infrastructure. This includes an allocation of \$50 million in WMATA Assistance to match the federal funds WMATA is receiving under the federal state of good repair program.

WMATA Assistance Funds

HB 1539/SB 856, passed by the General Assembly, establishes a separate allocation of the Mass transit Trust Fund (53.5%) for WMATA that can be used for capital or operating. The budgeted state assistance provided to WMATA increased by \$39.8 million for FY 2019. Of this amount, \$16.1 million is current year allocations and the remainder is due to WMATA capital reimbursements not being submitted in FY 2018. In prior years, WMATA received a share of the funds available for the operating and capital assistance based on program allocation guidance. Under this new process, greater oversight responsibility will be required of the Northern Virginia Transportation Commission for these state funds dedicated to WMATA.

Public Transportation Operating Funds

The budgeted FY 2019 transit operating expenditures increased by \$5.8 million due to an increase in estimated revenues available for allocation. During the 2018 session of the General Assembly, the transit operating allocation percentage was amended in HB 1539/SB 856 to 31% of available state funding. For FY 2019, \$33.2-

1526.1 of the Code of Virginia directs that the first \$54.0 million of state grants for public transportation operating expenses from the MTTF revenues be awarded on the basis of the annual operating cost of a given transit provider expressed as a percentage of the total annual amount of operating expenses for all providers.

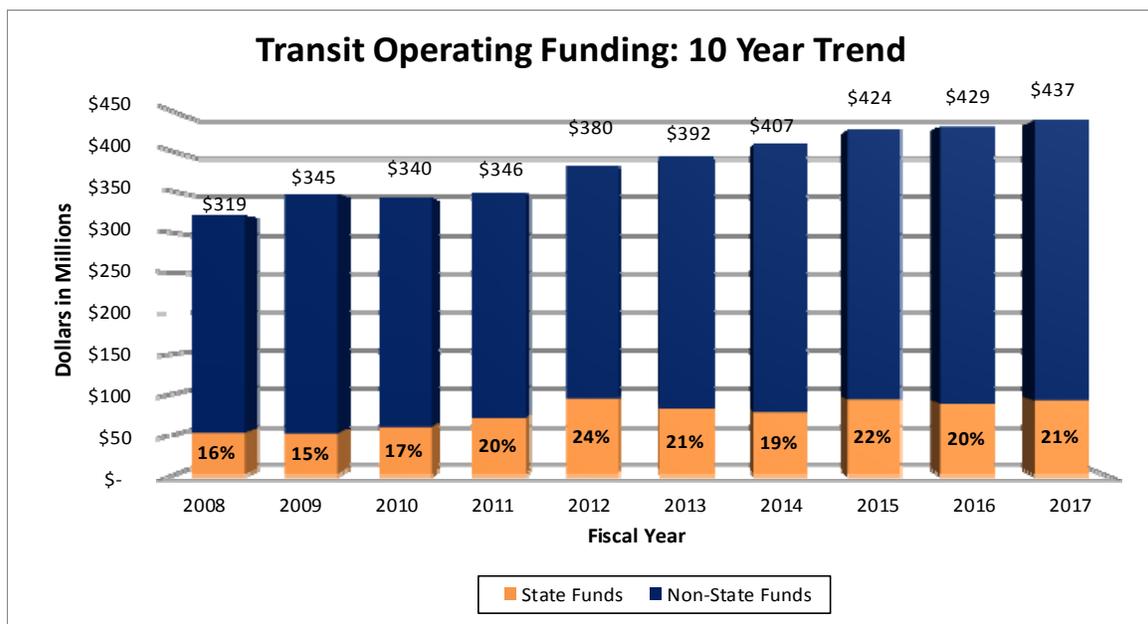
State law also requires performance-based allocations of state transit operating assistance above the \$54.0 million threshold for FY 2019. Starting in FY 2020, all transit operating funding will be distributed based on performance factors. The factors for the performance-based operating assistance allocation model and their associated weightings for FY 2019 are as follows:

Net Cost per Passenger (50%): Total operating costs less depreciation and any operating income derived from a source other than taxpayers, divided by ridership.

Customers per Revenue Hour (25%): Ridership divided by revenue hours.

Customers per Revenue Mile (25%): Ridership divided by revenue miles.

The overall state share of transit operating expenditures for FY 2019 is 20.7% versus 20.3%. The increase in percentage is due to increased revenues available for allocation in FY 2019, partially offset by a slight increase in total operating expenses. The following chart provides a history of the state’s participation in the cost of transit operations in the Commonwealth. Prior years in the chart have been restated to exclude operating payments made to WMATA. In FY 2019 funding for WMATA operating and capital are reported as WMATA Assistance funds.



Public Transportation Capital Funds

During the 2018 session of the General Assembly, the transit allocation percentages were amended in HB 1539/SB 856 for transit capital funding to 12.5% of available state funding. State capital program grants from the MTTF are awarded to public transportation capital projects deemed to be eligible, reasonable, and appropriate. These capital grants are funded based on the total cost of the project. A three tiered capital allocation methodology which was approved by the CTB on December 4, 2013 is currently used to allocate transit capital funds. The three tiers are described below with state matching percentages of Tier 1 – 68%, Tier 2 – 34 %, and Tier 3 – 17% which were used for FY 2016, FY 2017, FY 2018, and are proposed for FY 2019.

Tier 1: Replacement and Expansion Vehicles: Activities eligible for funding under this tier include acquisition of rolling stock for either replacement or expansion purposes. Other eligible activities include items that would be installed on a vehicle as part of a major fleet-wide conversion/upgrade or considered a part of the initial acquisition.

Tier 2: Infrastructure or Facilities: Activities eligible for funding under this tier include the construction of infrastructure or facilities for transit purposes, such as maintenance facilities, bus shelters, administrative buildings, or guideway infrastructure.

Tier 3: Other: Activities eligible under this category include all other transit-related capital items.

Debt service: Funds allocated for debt service and lease payments will be included in the tier that applies to the underlying capital asset that is being financed.

In FY 2019, the budget for public transportation capital expenditures is \$138.8 million – a \$15.4 million increase from FY 2018. This increase is attributable to the timing of several medium sized capital projects. The projects to be supported by these funds and the applicable federal funds managed by DRPT are summarized on the next page:

Public Transportation Capital Projects for FY 2019						
	Replacement Transit Vehicles	Expansion Transit Vehicles	Vehicles for Elderly & Disabled Services	Service Support Vehicles	Transit Facility Construction or Renovation	Transit Facility Planning or Design
Bristol District	19	0	3	0	0	0
Culpeper District	2	0	7	0	0	0
Fredericksburg District	4	0	3	0	0	0
Hampton Roads District	223	1	20	0	1	1
Lynchburg District	14	3	5	0	1	0
Northern Virginia District	27	0	0	3	6	2
Richmond District	25	0	11	0	0	0
Salem District	2	0	10	0	0	0
Staunton District	7	0	12	0	0	1
Multi - District	39	6	4	1	0	0
Statewide Totals	362	10	75	4	8	4

Public Transportation Special Program Funds

The Special Programs budget is estimated at \$4.2 million for FY 2019. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, and public transportation training and internships, as well as to fund the state safety oversight program for fixed guideway systems.

Public Transportation Dedicated Funds

HB 1539/SB 856, passed by the General Assembly, establishes the WMATA Capital Fund and the Commuter Rail Operating and Capital Fund. It also establishes a Restricted and Non-Restricted account within the WMATA Capital Fund. Monies in the Restricted Account may be used for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. Monies in the Non-Restricted account may be used for capital purposes including the payment of debt service on bonds or other indebtedness. The total funds dedicated to the WMATA Capital Fund are estimated at \$154.5 million and are broken down as follows:

Restricted Account - for capital purposes excluding debt service

- \$20.0 million of local recordation tax
- \$10.0 million of statewide motor vehicle rental tax

Non-Restricted Account – for capital purposes including debt service

- \$22.3 million of NVTC regional gas taxes
- \$27.2 million of NVTA 30% local taxes
- \$29.6 million of 2% NVTC transient occupancy tax
- \$44.9 million of NVTC grantor's tax
- \$0.5 million of interest income

This funding is contingent on Maryland and the District of Columbia enacting legislation or taking action to provide dedicated funding to WMATA. The percentage of funding provided by the Commonwealth shall be proportional to the amount of funding provided by the District of Columbia and Maryland relative to their respective share of WMATA funding each fiscal year.

In addition, the General Assembly dedicated funding of \$15.2 million for VRE commuter rail services, funded through locally levied motor fuel taxes and interest.

Commuter Assistance Programs

The Commuter Assistance Programs budget of \$10.8 million includes \$5.0 million of MTTF funds for FY 2019 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of \$1.8 million and the related state match of \$4.0 million for projects included in the VDOT SYIP that DRPT will administer, such as the Arlington County Commuter Services program, Hampton Roads Transit TRAFFIX program, Telework, RideFinders, and various Transportation Management Plans.

The TDM program is a discretionary grant program that provides state funds to support up to 80% of the costs of TDM projects and other special projects that are designed to reduce single occupant vehicle travel. These funds are used to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that encourage travel in shared ride modes. The distribution of grants for FY 2019 is shown in the below table.

Commuter Assistance Projects for FY 2019			
	Transportation Demand Management Agencies	Special TDM Projects	Total
Bristol District	0	0	0
Culpeper District	2	1	3
Fredericksburg District	3	1	4
Hampton Roads District	0	0	0
Lynchburg District	0	0	0
Northern Virginia District	6	2	8
Richmond District	1	0	1
Salem District	1	0	1
Staunton District	2	1	3
Statewide Totals	15	5	20

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at \$12.0 million for FY 2019. Human service transportation programs are operated by local government social service agencies or private non-profit human service agencies for the benefit of their clients. These clients are elderly or disabled individuals and

economically disadvantaged children who are enrolled to receive publicly funded social services.

Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The funding for this program comes from the Federal Transit Administration (\$8.7 million), local provider match (\$1.0 million), CPR bond proceeds (\$0.5 million), and MTTF funds for enhanced transportation services for the elderly and disabled (\$1.8 million). The breakdown by district of the 75 vehicles purchased through this program is included in the Public Transportation Capital Projects table on page 11.

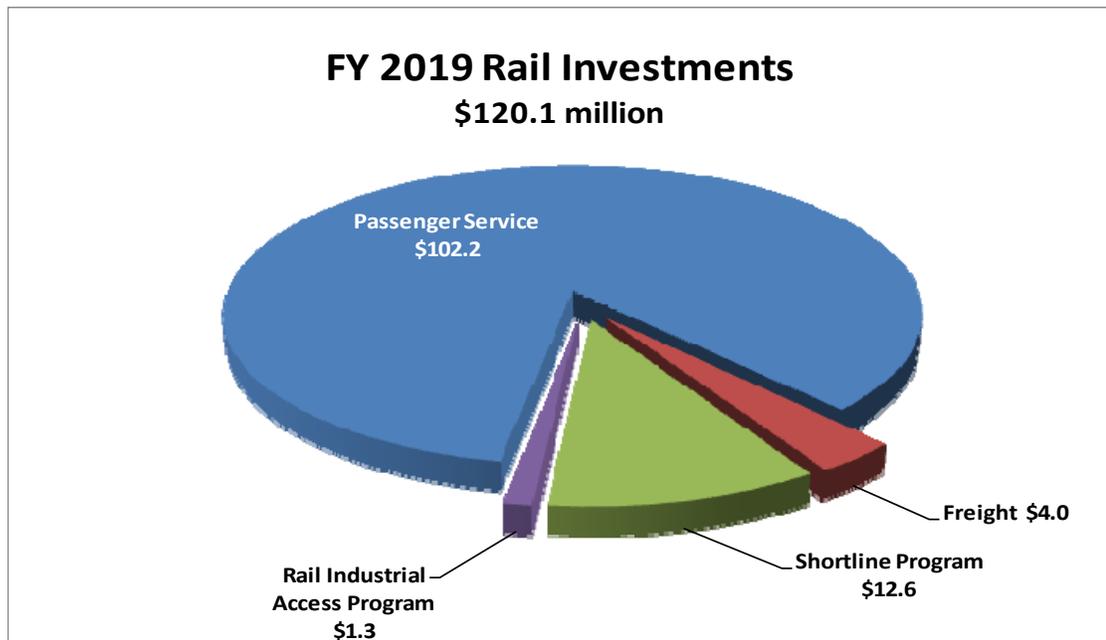
Planning, Regulation, and Safety Programs

DRPT's FY 2019 budget includes \$4.4 million estimated expenditures for Planning, Regulation, and Safety Programs, which include long-term planning and regional corridor studies. The budget for these programs consists of the FTA 5303/5304 planning funds of \$3.9 million and MTTF state match allocations of \$0.5 million.

Passenger and Freight Rail Programs

DRPT's FY 2019 budget for all rail service areas includes \$120.1 million of expenditures for rail improvements in Virginia. These programs decreased by \$96.6 million when compared to FY 2018. This is mainly due to spending down the federal grant and substantially completing the Arkendale to Powell's Creek project in FY 2018. An estimate of \$64.0 million was included in the FY 2018 budget.

The distribution of anticipated expenditures falls into four categories as displayed in the following chart:



Funding for DRPT's rail programs is supported through ten federal, state and local funding sources:

Federal

- Federal Railroad Administration (FRA) grant funds of \$8.3 million;
- Federal Highway Administration (FHWA) funds of \$1.5 million;

State

- Intercity Passenger Rail Operating and Capital (IPROC) funds of \$47.3 million;
- Rail Enhancement Funds (REF) of \$38.8 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of \$13.7 million;
- VDOT Transfers of \$0.3 million;
- Shortline Railway and Development funds of \$6.8 million;
- VTA 2000 funds of \$1.5 million;
- Rail Industrial Access (RIA) funds of \$1.3 million; and
- Local Match of \$0.6 million.

The IPROC fund was created by the General Assembly in FY 2011. In 2013, the General Assembly dedicated 40% of a 0.125% increase in the general sales and use tax to the fund which amounts to approximately \$55 million annually. These funds are used to support the operating and capital needs for the six regional intercity passenger trains as well as capital costs for the expansion of intercity passenger rail. The trains operate in the Northeast Corridor and originate from Roanoke, Norfolk, Richmond (2), and Newport News (2).

Transportation Bond Funds

Chapter 896 of the 2007 Acts of Assembly provides for CPR bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the REF or the Shortline Railway Preservation and Development Fund. The final bond allocation for rail was made in FY 2018. For FY 2019, planned expenditures from prior year's bond proceeds are \$7.9 million for joint passenger and freight rail infrastructure improvements and \$5.8 million for improvement to the tracks of shortline railroads.

Rail Preservation Program

As part of the Rail Preservation Program, the Shortline Railway Preservation and Development Fund will support 20 projects for Virginia's shortline railroads in FY 2019. These Rail Preservation projects consist primarily of bridge and track upgrades, yard improvements, siding enhancements, and tie and rail replacement, as well as the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Trust Fund allocation and related interest revenues, and the CPR bonds.

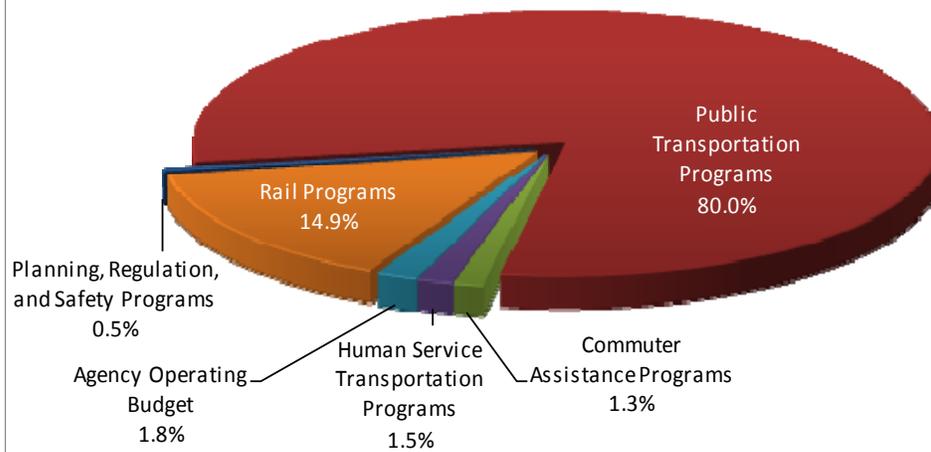
Rail Industrial Access Program

This program funds the construction of industrial access railroad tracks. These projects are funded through the Transportation Trust Fund as they are approved by the CTB.

ANNUAL BUDGET STATEMENT

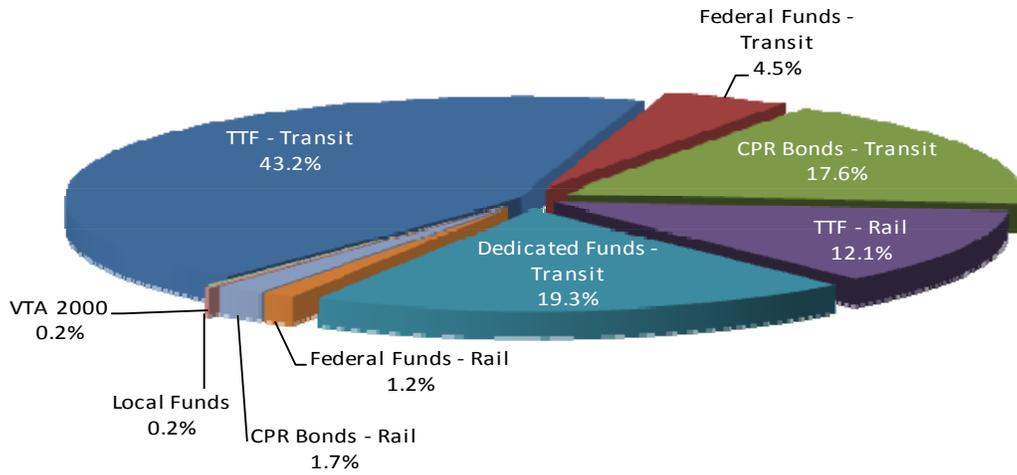


DRPT Budgeted Expenditures - FY 2019



	(\$ in millions)			
	Adopted FY 2018	Recommended FY 2019	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 2, 4, 14]	\$ 100.1	\$ 105.9	\$ 5.8	5.8%
Capital Assistance [Notes 1, 2, 5, 14]	123.4	138.8	15.4	12.5%
Special Programs [Notes 2, 6]	4.3	4.2	(0.1)	-2.3%
WMATA Assistance [Note 2, 14]	201.2	241.0	39.8	19.8%
Dedicated Funding [Note 3]	-	155.6	155.6	100.0%
Total	429.0	645.5	216.5	50.5%
Commuter Assistance Programs [Note 7]	8.7	10.8	2.1	24.1%
Human Service Transportation Pgm [Note 8]	16.4	12.0	(4.4)	-26.8%
Planning, Regulation, & Safety Pgm [Note 9]	4.3	4.4	0.1	2.3%
Total Transit Programs	458.4	672.7	214.3	46.7%
Rail Preservation Programs [Note 10]	7.8	12.6	4.8	61.5%
Rail Industrial Access [Note 11]	1.6	1.3	(0.3)	-18.8%
Passenger and Freight Rail Programs [Note 12]	207.3	106.2	(101.1)	-48.8%
Total Rail Programs	216.7	120.1	(96.6)	-44.6%
Agency Operating Budget [Note 13]	13.9	14.6	0.7	5.0%
Agency Total	\$ 689.0	\$ 807.4	\$ 118.4	17.2%

DRPT Funding Sources - FY 2019



	(\$ in millions)			
	Adopted FY 2018	Recommended FY 2019	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%) [Notes 4, 5, 6, 7, 8, 9, 13]	\$ 140.1	\$ 162.6	\$ 22.5	16.1%
2013 Chapter 766 Revenue for Transit [Notes 4, 5, 6, 7, 8, 9, 13]	75.2	88.1	12.9	17.2%
2015 Chapter 684 Revenue for Transit [Notes 4, 5, 6, 7, 8, 9, 13]	48.4	45.8	(2.6)	-5.4%
Recordation Tax [Notes 4, 13]	31.0	32.0	1.0	3.2%
Rail Preservation Program [Notes 10, 13]	3.2	6.9	3.7	115.6%
Rail Industrial Access [Note 11]	1.6	1.3	(0.3)	-18.8%
Rail Enhancement [Notes 12, 13]	40.2	39.6	(0.6)	-1.5%
2013 Chapter 766 Revenue for IPROC [Notes 12, 13]	135.4	50.0	(85.4)	-63.1%
Special Programs - VDOT Transfers [Notes 4, 5, 6, 7, 12]	18.8	20.4	1.6	8.5%
Total	493.9	446.7	(47.2)	-9.6%
2018 HB 1539 DEDICATED FUNDING - Transit [Note 3]	-	155.6	155.6	100.0%
GENERAL FUND - Rail [Note 12]	1.9	-	(1.9)	-100.0%
BOND PROCEEDS - Transit Capital and Rail [Notes 5, 8, 10, 12]	139.1	155.7	16.6	11.9%
FEDERAL REVENUE				
American Recovery and Reinvestment Act (ARRA) [Note 12]	3.8	-	(3.8)	-100.0%
FHWA Funding (CMAQ/RSTP) [Notes 5, 7, 12]	5.0	3.5	(1.5)	-30.0%
Federal Transit Administration [Notes 4, 5, 8, 9]	33.1	34.4	1.3	3.9%
Federal Railroad Administration [Note 12]	8.8	8.3	(0.5)	-5.7%
Total	50.7	46.2	(4.5)	-8.9%
LOCAL REVENUES [Notes 8, 12]	1.5	1.7	0.2	13.3%
TRANSFERS FROM OTHER AGENCIES				
VDOT - VTA 2000 Transfers [Note 12]	1.9	1.5	(0.4)	-21.1%
TOTAL SOURCES	\$ 689.0	\$ 807.4	\$ 118.4	17.2%

Footnotes to the FY 2019 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2019 and the revenue sources to cover these anticipated expenditures. A cash basis of accounting is utilized to develop the budgeted amounts. Therefore, the budgeted amounts will not agree to allocations in the SYIP due to the timing of cash expenditures versus allocations of funds. The actual cash outlays of many capital projects may lag behind the related allocation of resources by as much as five years. For example, DRPT will allocate Passenger and Freight Rail Projects of \$130.6 million in FY 2019, but \$106.2 million is expected to be expended on rail projects during FY 2019. The differences between the FY 2019 SYIP allocations and budgeted expenditures are as follows:

Total Six Year Improvement Plan Allocations	\$ 756.4
Federal Funds Allocations with Grantee FTA Contracting	(28.6)
VDOT Revenues to be spent in future years	(69.3)
Agency Operating Budget	14.6
Prior Year Allocations in Current Year Budget	
Transit Revenue and Bond Allocations	85.0
Rail Revenue and Bond Allocations	48.0
Rail Industrial Access	1.3
Total Budgeted Expenditures	\$ 807.4

It is important to note that DRPT's reliance on our transportation partners for accurate information will impact the accuracy of our budgeted expenditures. The vast majority of the DRPT budgeted expenditures are initiated by a reimbursement request from one of our project partners who controls the actual project development. As such, DRPT must gather information from these partners about the timing of almost 2,000 projects in order to estimate cash basis expenditures each year. Based on this operating format for DRPT, a variance of up to 15% would not be unreasonable. Ultimately, the goal for DRPT will be to work with our project partners to attain a variance of 10% or less by each year end.

(2) A change in funding allocation in fiscal year 2019 results in significant variances from the budgeted funding in fiscal year 2018. Funds are allocated by statute (§33.2-1526.1) with 53.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 31% for state operating assistance grants, 12.5% awarded as capital assistance grants, and the balance of up to 3% awarded as special projects grants subject to CTB approval. Prior to fiscal year 2019, funds were allocated by statute (§58.1-638) a minimum of 72% for state operating assistance grants, 25% awarded as capital assistance grants, and the balance of up to 3% awarded as special projects grants subject to CTB approval. WMATA Assistance in FY 2019 also includes \$22.1 million of MTF funds and \$64.6 million of transit bond funds including funds under the federal state of good repair program in addition to the 53.5%.

(3) HB 1539/SB 856, passed by the General Assembly, establishes dedicated capital funding for WMATA of \$154.5 million. This includes \$22.3 million of NVTC regional gas taxes, \$27.2 million of NVTA 30% local taxes, \$29.6 million of 2% NVTC transient occupancy tax, \$30.0 million of local recordation and statewide motor vehicle rental tax, \$44.9 million of NVTC grantor's tax, and \$0.5 million of interest income. In addition, dedicated funding of \$15.2 million was established for VRE commuter rail services, funded through motor fuel taxes. It is estimated that only \$155.6 million of the total \$169.7 million allocated will be disbursed in FY 2019 due to the timing of collection of revenues.

DRPT Footnotes to the FY 2019 Annual Budget (Continued)

- (4) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by \$5.8 million from FY 2018 to FY 2019. This was due to an increase in estimated revenues. The Operating Assistance line is made up of MTTF operating allocations of \$59.5 million, recordation taxes of \$32.0 million, and \$14.2 million in federal assistance through the FTA 5311 Rural Assistance program. Additionally, \$0.2 million in projects administered by DRPT with state matching funds allocated through VDOT's Six-Year Improvement Program is included in this service area.
- (5) Public Transportation Programs - Capital Assistance increased by \$15.4 million which is related to several medium sized projects. This line item consists of \$38.5 million of MTTF allocations, \$76.9 million of Transportation Capital Projects bond proceeds, and \$7.8 million of FTA funding. Additionally, \$15.6 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match) is included in this Service Area.
- (6) Public Transportation Programs – Special Programs consists of MTTF allocations of \$3.8 million and 0.4 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match) is included in this service area.
- (7) The budgeted Commuter Assistance Programs line item increased by \$2.1 million from FY 2018 to FY 2019. Commuter Assistance Programs includes Mass Transit Trust Funds of \$5.0 million and FHWA funding of \$1.8 million. Additionally, \$4.0 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, Telework and related state match) is included in this service area.
- (8) The budgeted Human Service Transportation Programs line item decreased by \$4.4 million from FY 2018 to FY 2019. Funding includes \$8.7 million of FTA 5310 and 5311 awards. The match to these federal awards consists of \$1.8 million of MTTF State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled, Transportation Capital Projects Bond proceeds of \$0.5 million, as well as \$1.0 million of local match to the FTA 5310 funds.
- (9) Planning, Regulation, and Safety Programs consists of the FTA 5303/5304 planning funds of \$3.9 million and MTTF state match allocations of \$0.5 million.
- (10) The 2006 General Assembly passed legislation (§33.2-1602) to establish the Shortline Railway Preservation and Development fund. The fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of \$6.8 million. The additional \$5.8 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.
- (11) The Rail Industrial Access Program funds construction of industrial access railroad tracks. The activities budgeted in this line item consist of Transportation Trust Fund allocations of \$1.3 million.
- (12) The budgeted Passenger and Freight Rail Programs line item of \$106.2 million represents a decrease of \$101.1 million from FY 2018 to FY 2019. This is mainly due to spending down the federal grant and substantially completing the Arkendale to Powell's Creek project in FY 2018. An estimate of \$64.0 million was included in the FY 2018 budget. The source of funding to cover these expenditures includes \$38.8 million from the Rail Enhancement Fund which is comprised of the state portion of vehicle rental taxes collected in the Transportation Trust Fund. Additionally, this line item includes Federal High Speed Rail funds of \$8.3 million, bond proceeds of \$7.9 million, Intercity Passenger Rail Operating and Capital funds of \$47.3 million, VTA 2000 funds of \$1.5 million, Federal Highway Administration (FHWA) funds of \$1.5 million, VDOT Transfers of \$0.3 million, and local matching funds of \$0.6 million.

DRPT Footnotes to the FY 2019 Annual Budget (Continued)

(13) The CTB is authorized by §33.2-1604 of the Code of Virginia to approve up to 3.5% per year of the Mass Transit Trust Fund, Rail Enhancement Fund, and Rail Preservation Fund to support costs of project development, project administration, and project compliance. Starting in FY 2018, Appropriation Act language allows the CTB to allocate up to 5% of the Intercity Passenger Rail Operating and Capital (IPROC) Fund to be used to support the DRPT costs of project development, project administration, and project compliance. DRPT has determined that the 3.5% and 5% (\$14.6 million) of the available balance of the aforementioned funds for FY 2019 will be needed to support the ongoing costs of these programs. The DRPT operating budget represents only 1.8% of the total \$807.4 million FY 2019 budget.

Major Components of Agency Operating Budget	
Payroll and Fringe Benefits	\$ 8,012,538
Operations Program Support	2,967,004
Central Service Agencies Indirect Costs	975,000
Information Technology Costs	587,500
Finance Program Support	575,000
Rent	475,000
Travel and Training	313,000
Office Expansion	300,000
Attorney Services	220,000
Other Program and Project Management Initiatives	227,775
Total	\$ 14,652,817
Source of Funding for Agency Operating Budget	
Mass Transit Trust Fund	\$ 11,009,967
Intercity Passenger Rail Operating and Capital Fund	2,750,000
Rail Enhancement Fund	752,500
Rail Preservation Fund	140,350
Total	\$ 14,652,817

(14) In order to provide comparative data to the FY 2019 budget, certain reclassifications were made to FY 2018 line items. This includes \$105.4 million of Operating Assistance and \$95.8 million of Capital Assistance for WMATA programs that were reclassified to WMATA Assistance.