Virginia Department of Rail and Public Transportation

Annual Budget
Fiscal Year
2021

DRAFT

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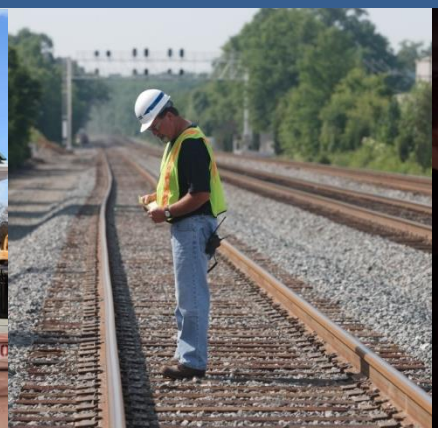
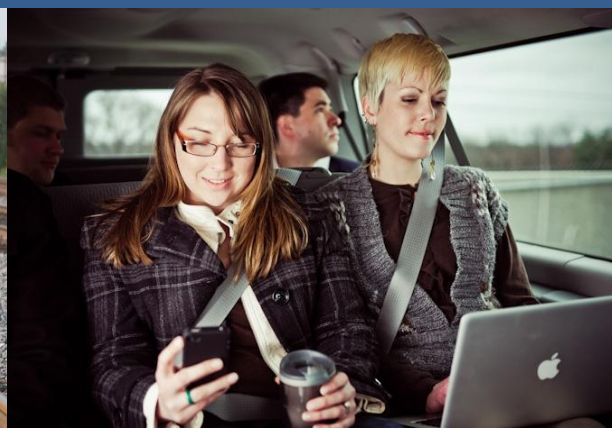
SUMMARY OF PROGRAMS

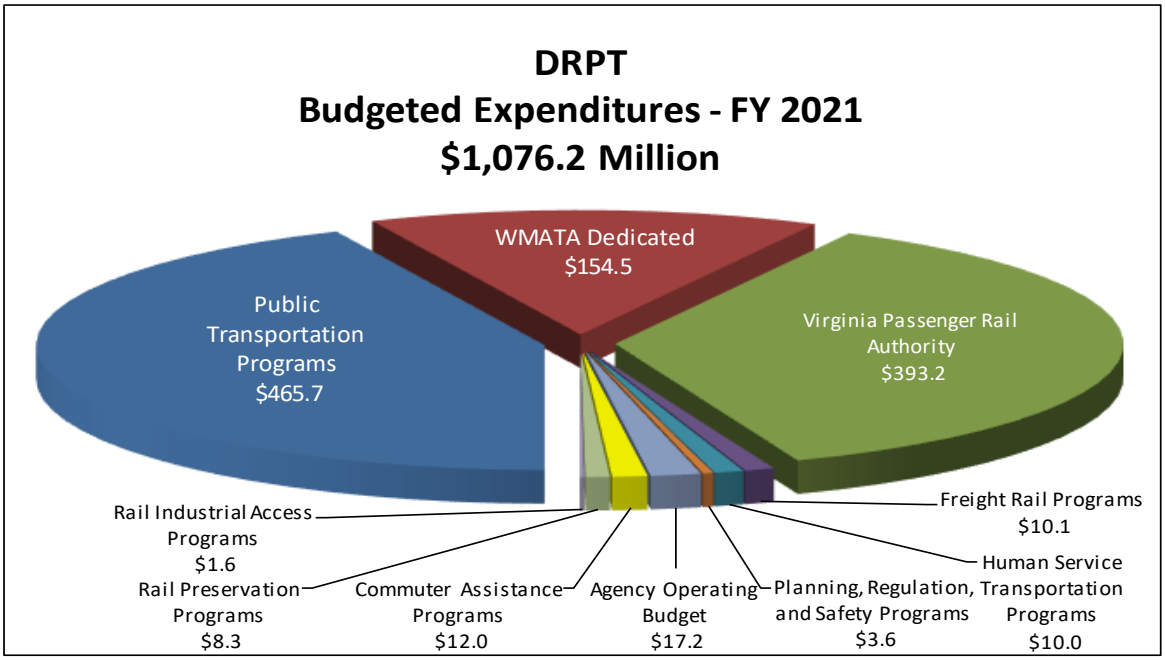




Summary of FY 2021 Budget

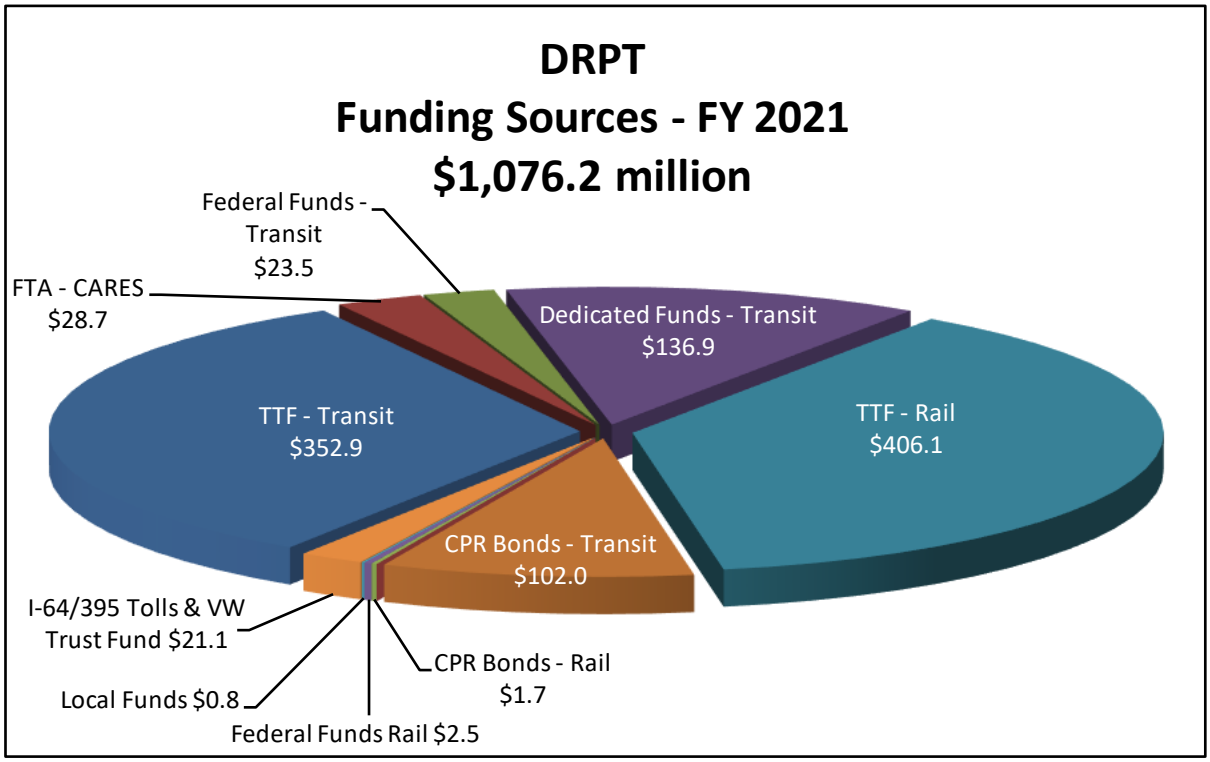
In FY 2021, DRPT will invest $1,076.2 million in state, federal, and local resources towards improving rail and public transportation capacity and service across the Commonwealth of Virginia. The overwhelming majority of these funds are directed to a variety of recipients, including: public transportation providers, local and regional government entities, freight railroads, and the Virginia Passenger Rail Authority (VPRA). The VPRA was established in section §33.2-288.B. of the Code of Virginia to oversee passenger rail projects within the Commonwealth including the state supported Amtrak service. Item 443 of Chapter 1289 of the 2020 Virginia Acts of Assembly requires that DRPT transfer all cash balances of the Commonwealth Rail Fund as of July 1, 2020 to the VPRA once an agreement is executed between DRPT and the VPRA. The cash balance in the Commonwealth Rail Fund of $304.6 million is expected to be paid to the VPRA in FY 2021. Additionally, the VPRA will receive from DRPT 93% or $88.6 million of the estimated revenues of the Commonwealth Rail Fund for FY2021.

Expenditures for FY 2021 are estimated to be $345.7 million more than FY 2020 primarily due to expenditures related to the VPRA. Excluding the VPRA activity, FY 2021 expenditures are estimated to be $47.5 million lower than FY 2020. This is primarily due to the transfer of passenger rail projects to the VPRA and a reduction in transit capital spending due to the Coronavirus. This decrease is partly offset by an increase in pandemic related funding granted by the Federal Transit Administration (FTA) for operating assistance for rural transit agencies and an increase in WMATA Assistance used to support operating and capital expenses. Additional detail is included in the specific program sections of this document.



The chart depicts the FY 2021 DRPT budget across the agency's service areas and the newly created Virginia Passenger Rail Authority (VPRA). The budgeted expenditures for each 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 2021 funding sources can be found on page 20.



FY 2021 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget is forecast to increase 18.6% or $2.7 million as a result of increased funding and program requirements in the 2020 Transportation Omnibus bill. This follows a $0.1 million decrease of funding in FY 2020 as a result of the decrease in the forecast of recordation tax revenues in FY 2020. 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. The agency operating budget will be used to develop and expand the program oversight requested by the General Assembly related to state transit funding as well as to provide assistance in the development of the Virginia Passenger Rail Authority which will manage the complex Long Bridge project and passenger rail oversight in Virginia.

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: The Virginia Breeze Intercity Bus, WMATA oversight, transit way improvements related to the Amazon headquarters arrival, transit facility design and construction oversight, Dulles Corridor Metrorail, as well as I-95 and I-81 freight 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. This for the first time will focus on measuring person throughput (rather than vehicle) and redirect toll revenue collected on highways to critical transit projects.

Chapter 1289 of the 2020 Acts of Assembly authorizes the Commonwealth Transportation Board (CTB) to approve up to 5.0% per year of the Commonwealth Mass Transit Fund (§33.2-1526), Rail Preservation Fund (§33.2-1602), and the revenues allocated to the Department from the Commonwealth Rail Fund (§33.2-1526.4) to be used to support the DRPT costs of project development, project administration, and project compliance.

In FY 2021, it is forecast that $17.2 million of the revenues of these funds is available to support the 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 1.6% of the $1,076.2 million of total funds administered.

Public Transportation Programs

The state funding for Public Transportation is comprised of revenues from the Commonwealth Mass Transit Fund (CMTF) and the Commonwealth Transit Capital Fund (CTCF). Effective July 1, 2020, HB 1414 adopts numerous structural changes to the transportation funding system in the Commonwealth. Most state transportation revenues are directed to a new Commonwealth Transportation Fund and the existing Highway Maintenance and Operating Fund, which are administered by the Virginia Department of Transportation (VDOT). Revenues are then disbursed from the new Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The CMTF receives 23% of the Transportation Trust Fund. This new structure allocates the net impact of upturns and downturns in specific revenues so no one mode is adversely affected.

Chapter 854 of the 2018 Acts of Assembly established a separate allocation for the Washington Metropolitan Area Transit Authority (WMATA) and set allocation percentages for our Operating, Capital, and Special programs in FY 2019 and beyond. It is important to note that these bills did not create additional transportation revenues. Instead, they built on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

Beginning in FY 2021, these funds were distributed in accordance with the *Code of Virginia* and specific Appropriations Act language as follows:

- Up to 5.0% of the CMTF to support costs of project development, project administration, and project compliance (current Appropriation Act language)
- $2.0 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

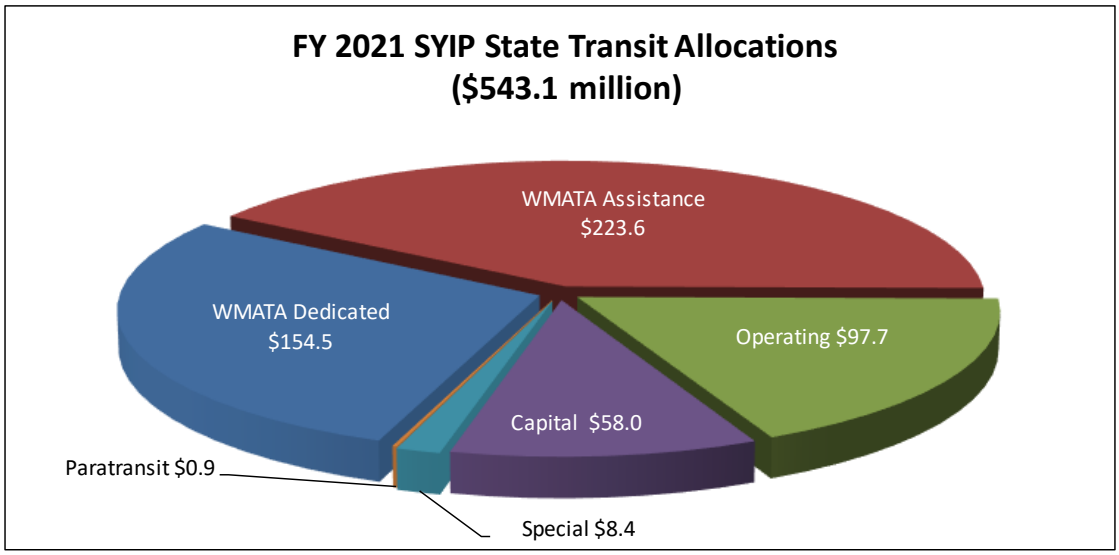
The remaining funds are allocated by statute (§33.2-1526.1) with a minimum of 27.0% for state operating assistance grants, 18.0% awarded as capital assistance grants, 46.5% for distribution to WMATA for capital purposes and operating assistance, 6.0% for the Transit Ridership Incentive Program and the balance of up to 2.5% awarded as special projects grants, subject to CTB approval. Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gives the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY 2020 for each program. Therefore, no funds are allocated for the Transit Ridership Incentive Program for FY 2021.

The CTCF 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. Beginning in FY 2019, these bond funds completed the 10 year period under the original bond authorization and the $60 million annual amount available ended. Current year allocations of these funds represent monies deobligated from prior year projects.

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. However, section §33.2-1526.1.B of the Code of Virginia allocates up to $50 million off the top of the CMTF starting in FY 2022 for the WMATA State of Good Repair program.

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 is 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 is 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 2021 SYIP allocation of the state transit revenues for public transportation is depicted in the following chart. This chart represents FY 2021 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, reference Note 1 on page 21.



The FY 2021 allocation of $543.1 million of state transit revenues in the SYIP represents a decrease of $48.8 million from FY 2020. Capital projects decreased $60.0 million primarily due to several large projects related to the Amazon HQ initiative being funded in the prior year. WMATA Assistance increased $14.6 million from FY 2020. Transit Operating Assistance allocations from the State increased $1.5 million and total operating increased by $6.1 million by using $4.6 million of Federal operating funds provided by the CARES Act through the FTA that are not included above. For the current year, DRPT allocated $17.6 million of bond proceeds to bring WMATA Dedicated funds to the annual commitment level of $154.5 million. In addition, there is an allocation of $50.0 million in bond revenues for WMATA Assistance to match the federal funds WMATA is receiving under the federal state of good repair program.

Public Transportation Operating Funds

The budgeted FY 2021 transit operating expenditures increased $19.9 million. This increase includes $28.7 million of CARES Act funding from the FTA for rural transit agencies with no matching requirements that replaced operating funds with a 50% local match requirement. Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 27.0% of the Commonwealth Mass Transit Fund to support operating costs of transit providers and that the CTB shall establish service delivery factors, based on effectiveness and efficiency, to guide the relative distribution of such funding. Such measures and their relative weight shall be evaluated every three years.

The Department of Rail and Public Transportation (DRPT) has worked in consultation with the Transit Service Delivery Advisory Committee (TSDAC) and other stakeholders to develop the necessary policies and procedures to implement a performance based state transit operating allocation. The TSDAC adopted the following policy objectives to guide their deliberations: promoting fiscal responsibility, incentivizing efficient operations, supporting robust transit service, rewarding higher patronage,

promoting mobility, supporting a social safety net, and utilizing data that exists for all agencies.

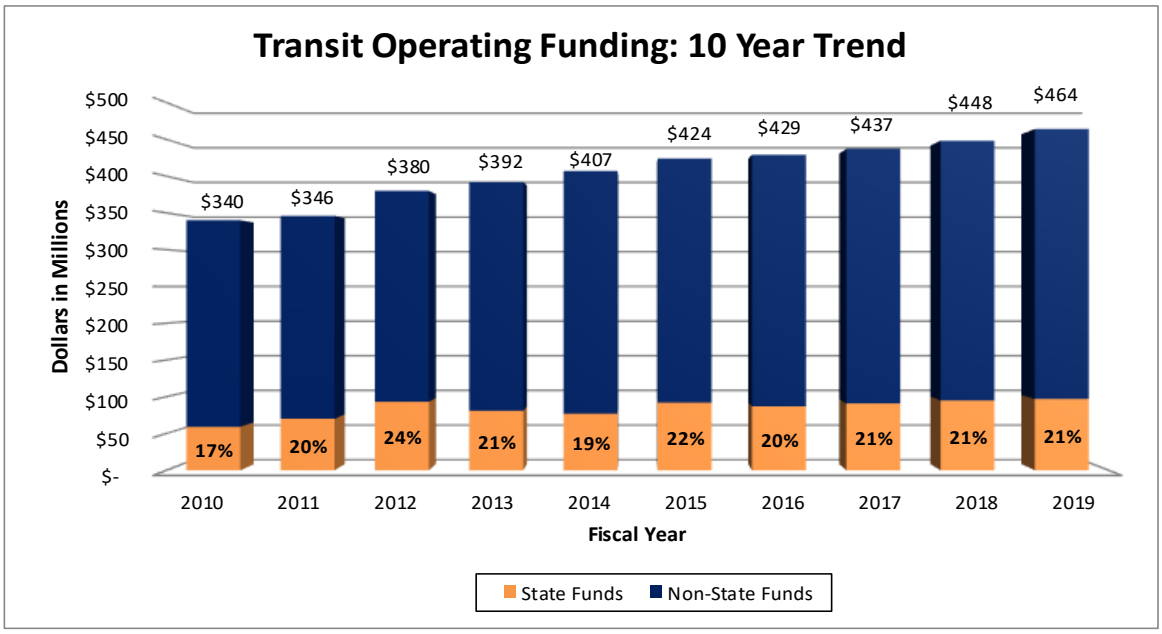
The CTB adopted the allocation policy for transit operating funding for FY 2021 based on performance factors as follows:

System Sizing Metrics:
- Bus Systems:
  - Operating Cost (50% for FY 2021 and 50% thereafter)
  - Ridership (30% for FY 2021 and 30% thereafter)
  - Revenue Vehicle Hours (10%)
  - Revenue Vehicle Miles (10%)
- Commuter Rail Systems:
  - Passenger Miles Traveled (33%)
  - Revenue Vehicle Hours (33%)
  - Revenue Vehicle Miles (33%)

Performance Adjustment:
- All Systems:
  - Passengers per Revenue Vehicle Hour (20%)
  - Passengers per Revenue Vehicle Mile (20%)
  - Operating Cost per Revenue Vehicle Hour (20%)
  - Operating Cost per Revenue Vehicle Mile (20%)
  - Operating Cost per Passenger (20%)

In order to ensure an even distribution of funding, the share of state operating assistance is to be capped at 30% of an agency's operating cost. Unallocated balances remaining after applying the cap are run through the performance based formula to ensure full allocation of the available operating funding. Agencies that receive an increase in state assistance as a result of the performance based formula are encouraged to invest the increased allocation into sustaining and expanding service options.

The overall state share of transit operating expenditures for FY 2021 is 20.9%, which is a decrease of 0.3% from prior year. DRPT provided $4.6 million of Federal Cares funding for Operating that is not included in the chart below. 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 and beyond funding for WMATA operating and capital are reported as WMATA Assistance funds.



Public Transportation Capital Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 18.0% of the Commonwealth Mass Transit Fund for capital purposes distributed utilizing the transit capital prioritization process established by the Board pursuant to Section 33.2-214.4 of the *Code of Virginia*. Capital program grants from the CMTF are funded based on the total cost of the project. Effective July 1, 2019, capital projects are prioritized in three different categories:

State of Good Repair (SGR): capital projects or programs to replace or rehabilitate an existing asset. SGR is based on transit asset management principles, including federal requirements for Transit Asset Management. Projects are prioritized based on asset condition score and service impact score.

Minor Enhancement (MIN): Projects or programs to add capacity, new technology, or a customer enhancement meeting the following criteria:

- Project cost is up to $2 million, OR
- For expansion vehicles, a minor enhancement entails a fleet increase of no more than 5 vehicles or less than 5% of the fleet size, whichever is greater.

Minor enhancement projects are prioritized solely on service impact scores.

Major Expansion (MAJ): Projects or programs that add, expand, or improve service with a cost exceeding $2 million or for expansion vehicles, an increase of greater than 5 vehicles or 5% of fleet size, whichever is greater. Projects are prioritized based on the following SMART SCALE factors:

- Congestion Mitigation
- Economic Development

- Accessibility
- Safety
- Environmental Quality
- Land Use

In FY 2021, the budget for public transportation capital expenditures is $101.4 million, which is an $11.7 million decrease from FY 2020. This decrease is mainly attributable to the adverse effect of the Coronavirus on the ability of transit agencies and localities to fund and engage in longer term capital projects. The projects that will be supported by these funds and the applicable federal funds managed by DRPT are summarized on the following chart:

Public Transportation Capital Projects for FY 2021

	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	14	0	9	1	0	0
Culpeper District	7	4	8	1	0	0
Fredericksburg District	5	0	5	0	0	0
Hampton Roads District	53	0	30	21	2	0
Lynchburg District	4	0	3	1	2	0
Northern Virginia District	19	0	1	5	2	0
Richmond District	6	0	9	0	3	0
Salem District	12	2	10	3	3	0
Staunton District	4	3	17	0	0	0
Multi - District	47	3	5	8	3	0
Statewide Totals	**171**	**12**	**97**	**40**	**15**	**0**

Public Transportation Special Program Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 2.5% of the Commonwealth Mass Transit Fund for special programs. The Special Programs budget is estimated at $8.7 million for FY 2021. These funds are used to award discretionary grants for ridesharing, public transportation promotion, operation studies, technical assistance projects, as well as programs that enhance the provision and use of public transportation services.

Public Transportation Ridership Incentive

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 6.0% of the Commonwealth Mass Transit Fund for the Transit Ridership Incentive Program established pursuant to Section §33.2-1526.3 of the *Code of Virginia*. Due to the adverse effects of the Coronavirus on revenues, Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gives the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY 2020 for each program. Therefore,

no funds are allocated for the Transit Ridership Incentive Program for FY 2021.The CTB will begin allocating funding for this program in FY 2022.

WMATA Assistance Funds

The budgeted state assistance provided to WMATA increased $15.1 million from FY 2020. Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 46.5% of the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. In FY 2018 and prior years, WMATA received a share of the funds available for the operating and capital assistance based on program allocation guidance. Under the new process, greater oversight responsibility is required of the Northern Virginia Transportation Commission for these state funds dedicated to WMATA.

Commuter Assistance Programs

The Commuter Assistance Programs budget of $12.0 million includes $6.3 million of CMTF funds for FY 2021 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of $3.7 million and the related state match of $2.0 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 2021 is shown in the following table.

Commuter Assistance Projects for FY 2021			
	Transportation Demand Management Agencies	Special TDM Projects	Total
Bristol District	0	0	0
Culpeper District	2	2	4
Fredericksburg District	3	0	3
Hampton Roads District	0	2	2
Lynchburg District	1	1	2
Northern Virginia District	4	9	13
Richmond District	0	8	8
Salem District	3	3	6
Staunton District	2	3	5
Multi - District	0	2	2
Statewide Totals	**15**	**30**	**45**

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at $10.0 million for FY 2021. 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 ($7.0 million), local provider match ($0.6 million), CPR bond proceeds ($0.7 million), and CMTF funds for enhanced transportation services for the elderly and disabled ($1.7 million). The breakdown by district of the 97 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 2021 budget includes $3.6 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 $3.2 million and CMTF state match allocations of $0.4 million.

WMATA Dedicated Funds

Chapter 854 of the 2018 Acts of Assembly established the WMATA Capital Fund. It also established 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 expected revenues budgeted to the Dedicated WMATA Capital Fund are estimated at $136.9 million for FY 2021. DRPT allocated $17.6 million of anticipated bond proceeds to bring WMATA Dedicated funds to the FY 2020 level of $154.5 million. The supplemental bond allocation will be accounted for in the Restricted Account.

Restricted Account – (capital purposes excluding debt service)
The underlying revenues come from local recordation tax and statewide motor vehicle rental tax. For FY 2021, DRPT is allocating $17.6 million of bond proceeds that will be accounted for in the Restricted Account.

Non-Restricted Account – (capital purposes including debt service)
The underlying revenues come from regional gas taxes, grantor's taxes, transient occupancy tax, and local taxes or other contributions from Northern Virginia local jurisdictions.

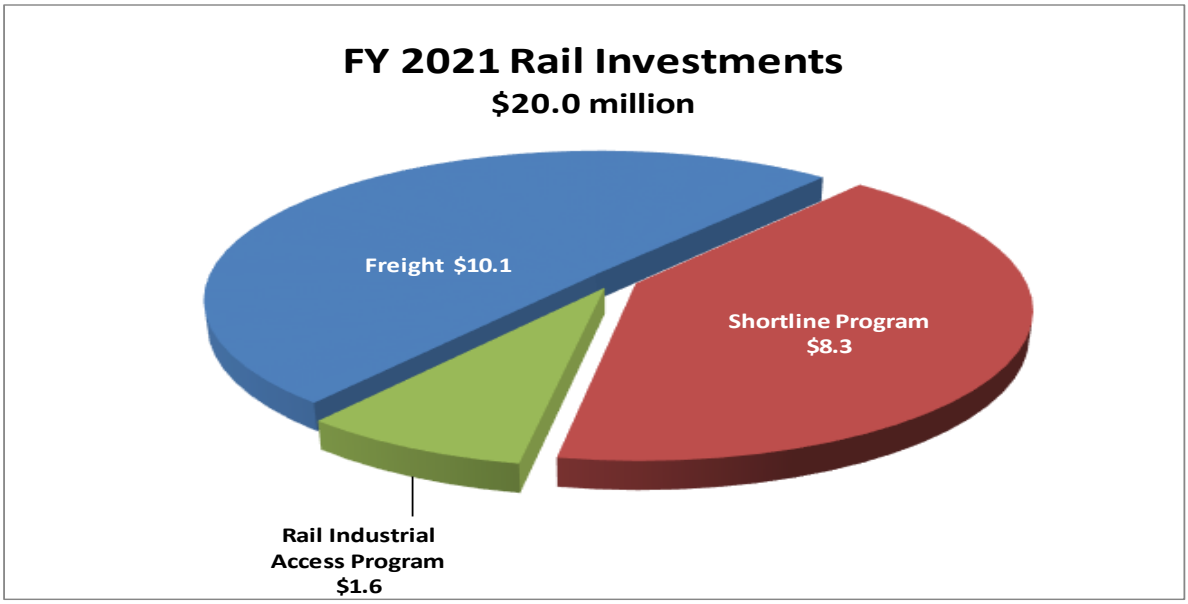
This funding is contingent on Maryland and the District of Columbia taking action to provide dedicated funding to WMATA. The percentage of funding provided by the Commonwealth shall be proportional to the amount of funding provided by the District of Columbia and Maryland relative to their respective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

Rail Programs

DRPT's FY 2021 budget for all rail service areas is $20.0 million of funding for freight and rail planning, shortline preservation, and rail industrial access programs. In prior years, DRPT administered passenger rail projects within the State including the state supported Amtrak service. In FY 2021, the Virginia Passenger Rail Authority (VPRA) was established to oversee passenger rail projects within the State including intercity passenger service.

Effective July 1, 2020, the VPRA and the Commonwealth Rail Fund came into existence pursuant to Section §33.2-1526.4 of the *Code of Virginia.* The new legislation implemented numerous structural changes to the transportation funding system in the Commonwealth. Most state transportation revenues are directed to a new Commonwealth Transportation Fund and the existing Highway Maintenance and Operating Fund. Revenues are then disbursed from the new Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The Commonwealth Rail Fund receives 7.5% of the Transportation Trust Fund. This new structure consolidates the net impact of upturns and downturns in specific revenues. This serves to mitigate the year to year impacts on the revenue streams of the various modes of transportation. In FY 2021, the Commonwealth Rail Fund replaces the IPROC and Rail Enhancement funds with 93% of the fund going to the VPRA while 7% of the fund is retained by DRPT to support freight and rail planning projects.

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



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

Federal

- Federal Railroad Administration (FRA) grant funds of $2.5 million;

State

- Commonwealth Rail Fund of $5.4 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of $1.6 million;
- Shortline Railway and Development funds of $7.0 million;
- VDOT Transfers of $1.7 million;
- Rail Industrial Access (RIA) funds of $1.6 million; and
- Local Match of $0.2 million.

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 2021, budgeted expenditures from prior year's bond proceeds are $0.3 million for freight rail infrastructure improvements and $1.3 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 15 projects for Virginia's shortline railroads in FY 2021. 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 Fund allocation and related interest revenues, and the CPR bonds.

The Department of Rail and Public Transportation may use up to $4 million of the 7% share of the Commonwealth Rail Fund for the purposes of the Shortline Railway Preservation and Development Fund pursuant to §33.2-1526.4.

Rail Industrial Access Program

This program funds the construction of industrial access railroad tracks for the purpose of connecting industries to the rail network and creating jobs. These projects are funded through the Commonwealth Transportation Fund as they are approved by the CTB.

Planning and Freight Rail Program

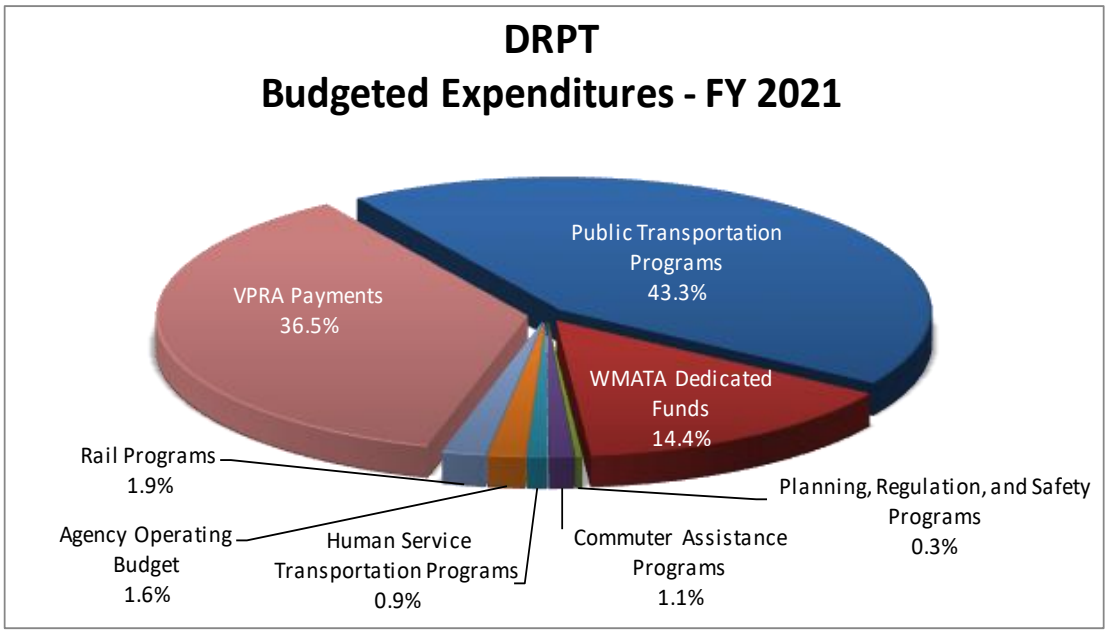
DRPT is the state agency responsible for rail planning and the freight rail program in the Commonwealth. Every five years, the Federal Railroad Administration requires states to submit an updated State Rail Plan. This is required in order for Virginia to be eligible for federal rail funding. DRPT also works closely with the two major Class I railroads operating in Virginia concerning freight projects. DRPT will be developing the program guidance for these new areas during FY2021. Virginia's Class I railroads and the Port of Virginia are typical recipients of grants.

Virginia Passenger Rail Authority

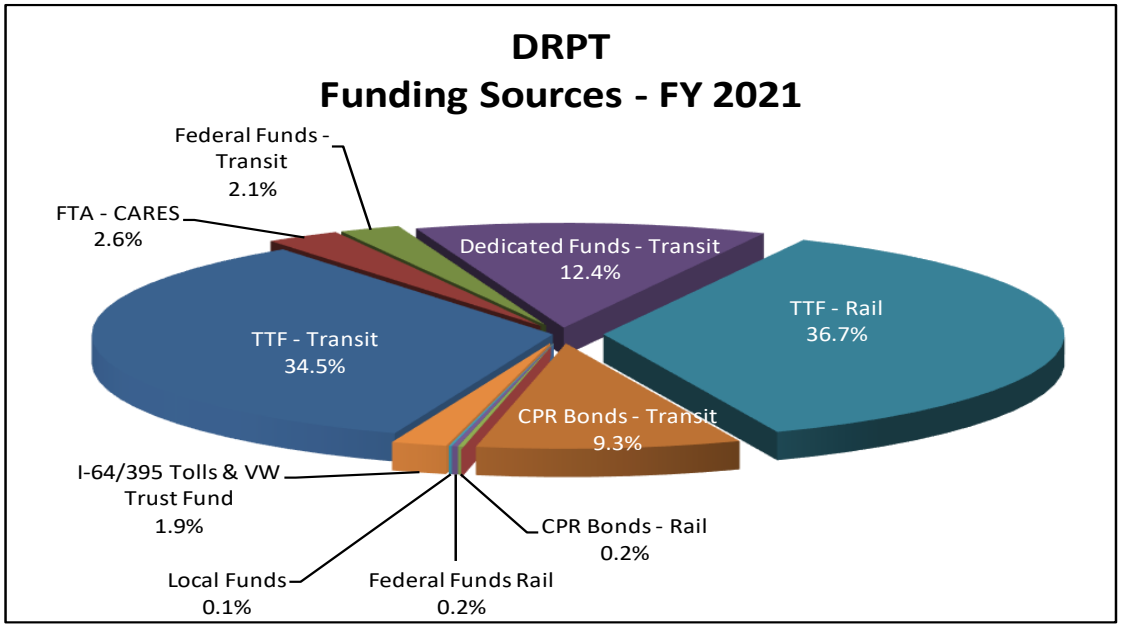
DRPT's FY 2021 budget includes $393.2 million of expenditures to be made to the Virginia Passenger Rail Authority. The cash balance in the Commonwealth Rail Fund of $304.6 million is expected to be paid to the VPRA in FY 2021 as directed by the General Assembly. These balances were the residual amounts for the prior IPROC fund and eth Rail Enhancement fund. The existing project commitments were divided among passenger activities (moved to VPRA) and freight activities (retained by DRPT).

The VPRA will receive 93% of the annual revenues (estimated at $88.6 million for the current year) of the FY 2021 Commonwealth Rail Fund revenues, which will be distributed by DRPT.

ANNUAL BUDGET STATEMENT



	($ in millions)			
	Adopted FY 2020	Recommended FY 2021	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 1, 2, 3]	$ 112.1	$ 132.0	$ 19.9	17.8%
Capital Assistance [Notes 1, 2, 4]	113.1	101.4	(11.7)	-10.3%
Special Programs [Notes 1, 2, 5]	5.3	8.7	3.4	64.2%
WMATA Assistance [Note 2, 6]	208.5	223.6	15.1	7.2%
Total Public Transportation Programs	**439.0**	**465.7**	**26.7**	**6.1%**
Commuter Assistance Programs [Notes 1, 7]	13.5	12.0	(1.5)	-11.1%
Human Service Transportation Pgm [Notes 1, 8]	12.6	10.0	(2.6)	-20.6%
Planning, Regulation, & Safety Pgm [Notes 1, 9]	3.6	3.6	-	0.0%
WMATA Dedicated Funding [Note 10]	151.7	154.5	2.8	1.8%
Total Transit Programs	**620.4**	**645.8**	**25.4**	**4.1%**
Rail Programs				
Rail Preservation Programs [Notes 1, 11]	10.1	8.3	(1.8)	-17.8%
Rail Industrial Access [Notes 1, 12]	0.7	1.6	0.9	128.6%
Planning and Freight Rail Programs [Notes 1, 13]	84.8	10.1	(74.7)	-88.1%
Total Rail Programs	**95.6**	**20.0**	**(75.6)**	**-79.1%**
Agency Operating Budget [Note 14]	14.5	17.2	2.7	18.6%
Agency Total Before VPRA Payments	**730.5**	**683.0**	**(47.5)**	**-6.5%**
VPRA Recurring Payments [Note 15]	-	88.6	88.6	100.0%
VPRA One-Time Payment [Note 15]	-	304.6	304.6	100.0%
Agency Total	**$ 730.5**	**$ 1,076.2**	**$ 345.7**	**47.3%**



	($ in millions)			
	Adopted FY 2020	Recommended FY 2021	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
Commonwealth Mass Transit Fund [Notes 3, 4, 5, 6, 7, 8, 9, 14]	$ 313.9	$ 342.2	$ 28.3	9.0%
Special Programs - VDOT Transfers [Notes 4, 7, 12]	19.0	9.1	(9.9)	-52.1%
Rail Industrial Access [Note 12]	0.7	1.6	0.9	128.6%
Commonwealth Rail Programs [Notes 13, 14]	73.9	398.9	325.0	439.8%
Rail Preservation Program [Notes 11, 14]	7.2	7.2	-	0.0%
Total	**414.7**	**759.0**	**344.3**	**83.0%**
2018 CHAPTER 854 DEDICATED FUNDING - Transit [Note 10]	**151.7**	**136.9**	**(14.8)**	**100.0%**
BOND PROCEEDS - Transit Capital and Rail [Notes 4, 6, 8, 10, 11, 13]	**110.0**	**103.7**	**(6.3)**	**-5.7%**
FEDERAL REVENUE				
FHWA Funding (CMAQ/RSTP) [Notes 4, 7]	8.2	3.9	(4.3)	-52.4%
Federal Transit Administration [Notes 3, 4, 8, 9]	32.0	19.6	(12.4)	-38.8%
Federal Transit Administration - CARES [Note 3]	-	28.7	28.7	
Federal Railroad Administration [Note 13]	6.0	2.5	(3.5)	-58.3%
Total	**46.2**	**54.7**	**8.5**	**18.4%**
LOCAL REVENUES [Notes 8, 12]	**1.1**	**0.8**	**(0.3)**	**-27.3%**
TRANSFERS FROM OTHER AGENCIES				
VDOT I-64/I-395 Tolls Transfers [Note 4]	**6.0**	**15.4**	**9.4**	**156.7%**
DEQ VW Trust Fund Transfers [Note 4]	**0.8**	**5.7**	**4.9**	**612.5%**
TOTAL SOURCES	**$ 730.5**	**$ 1,076.2**	**$ 345.7**	**47.3%**

Footnotes to the FY 2021 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2021 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 Planning and Freight Rail Projects of $6.4 million in FY 2021, but $10.1 million is expected to be spent on Planning and Freight rail projects during FY 2021. The differences between the FY 2021 SYIP allocations and budgeted expenditures are as follows:

Total Six Year Improvement Plan Allocations	**$**	**708.4**
Federal Funds Allocations with Grantee FTA Contracting		**(18.3)**
Agency Operating Budget		**17.2**
Rail Industrial Access		**1.6**
VPRA Recurring Payments		**88.6**
VPRA One-Time Payments		**304.6**
Current Year Allocations in Future Budgets		
Rail Revenue and Bond Allocations		**(52.6)**
VDOT Revenues to be spent in future years		**(21.2)**
Prior Year Allocations in the Current Budget		
Transit Revenue and Bond Allocations		**47.9**
Total Budgeted Expenditures	**$**	**1,076.2**

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) Funds are allocated by statute (§33.2-1526.1) with 46.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 27.0% for state operating assistance grants, 18.0% awarded as capital assistance grants, 6.0% for transit ridership incentives, and the balance of up to 2.5% awarded as special projects grants subject to CTB approval. Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gives the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY 2020 for each program.

(3) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by $19.9 million from FY 2020 to FY 2021 to $132.0 million. This was mainly due to the use of $28.7 million in federal assistance provided by the CARES program, which funds up to 100% of eligible rural operating expenses and is being used in lieu of other state and federal funding. The Operating Assistance line is also made up of Commonwealth Mass Transit Funds of $97.9 million and $5.4 million in federal assistance through the FTA 5311 Rural Assistance program.

DRPT Footnotes to the FY 2021 Annual Budget (Continued)

(4) Public Transportation Programs - Capital Assistance decreased by $11.7 million to $101.4 million, which is due to the effect of the Coronavirus on the ability of localities and transit agencies to engage in and fund longer-term projects. This line item consists of $36.9 million of Commonwealth Mass Transit funds, $33.8 million of Transportation Capital Projects bond proceeds, $4.0 million of FTA funding, $0.2 million of FHWA funding, $15.4 million of I-395 tolls, and $5.7 million of VW Trust funds. Additionally, $5.4 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.

(5) Public Transportation Programs – Special Programs increased $3.4 million from FY 2020 to FY 2021 to $8.7 million. Funding comes from the Commonwealth Mass Transit Fund. This service area includes Metrorail State Safety Oversight.

(6) WMATA Assistance increased $15.1 million from FY 2020 to FY 2021 to $173.6 million. This Funding comes from the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. Also included is $50 million of bonds for the Federal State of Good Repair Program.

(7) The budgeted Commuter Assistance Programs line item decreased by $1.5 million to $12.0 million from FY 2020 to FY 2021. Commuter Assistance Programs include Commonwealth Mass Transit Funds of $6.3 million and FHWA funding of $3.7 million. Additionally, $2.0 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 $2.6 million to $10.0 million from FY 2020 to FY 2021. Funding includes $7.0 million of FTA 5310 and 5311 awards. The match to these federal awards consists of $1.7 million of Commonwealth Mass Transit State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled, Transportation Capital Projects Bond proceeds of $0.7 million, as well as $0.6 million of local match to the FTA 5310 funds.

(9) Planning, Regulation, and Safety Programs consists of the FTA 5303/5304 planning funds of $3.2 million and Commonwealth Mass Transit state match allocations of $0.4 million.

(10) Chapter 854 of the 2018 Acts of Assembly establishes dedicated capital funding for WMATA. Expected revenues for FY 2021 are $136.9 million. DRPT allocated $17.6 million of bond proceeds to bring WMATA Dedicated funds to the FY 2020 level of $154.5 million

(11) The 2006 General Assembly passed legislation (§33.2-1526.4) 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. This line item decreased $1.8 million to $8.3 million from FY 2020 to FY 2021. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of $7.0 million. The additional $1.3 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.

(12) 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 through VDOT of $1.6 million.

(13) The budgeted Planning and Freight Rail Programs line item of $10.1 million represents a decrease of $74.7 million from FY 2020 to FY 2021. This is due to the transfer of passenger rail programs to the Virginia Passenger Rail Authority. The source of funding to cover these expenditures includes $7.1 million from the 7% allocation of the Commonwealth Rail Fund. The Commonwealth Rail Fund is funded by a 7.5% allocation from the Transportation Trust Fund. Additionally, this line item includes Federal Railroad Administration funds of $2.5 million, bond proceeds of $0.3, and local matching funds of $0.2 million.

DRPT Footnotes to the FY 2021 Annual Budget (Continued)

(14) The CTB is authorized by §33.2-1604 of the *Code of Virginia* to approve up to 3.5% per year of the Rail Preservation Fund and Commonwealth Rail Fund and by §33.2-1526.1 G of *the Code of Virginia* to approve up to 3.5% per year of the Commonwealth Mass Transit Fund to support costs of project development, project administration, and project compliance. In FY 2021 the Appropriation's Act language allows the CTB to allocate up to 5% of the Rail Preservation Fund, Commonwealth Mass Transit Fund, and Commonwealth Rail Fund to be used to support the DRPT costs of project development, project administration, and project compliance. It is forecast that $17.2 million of revenues from these funds is available to support the programs' ongoing administrative costs. The DRPT operating budget represents only 1.6% of the total $1,076.2 million FY 2021 budget.

Major Components of Agency Operating Budget		
Payroll and Fringe Benefits	$	7,189,000
Operations Program Support		6,270,000
Information Technology Costs		1,075,000
Central Service Agencies Indirect Costs		970,000
Rent		475,000
Finance Program Support		440,000
Attorney Services		350,000
Travel and Training		171,000
Other Program and Project Management Initiatives		301,772
Total	$	17,241,772

Source of Funding for Agency Operating Budget		
Commonwealth Mass Transit Fund	$	16,698,434
Commonwealth Rail Fund		338,838
Shortline Railway Preservation and Development Fund		204,500
Total	$	17,241,772

(15) DRPT's FY 2021 budget includes $393.2 million of expenditures to be made to the Virginia Passenger Rail Authority. The cash balance in the Commonwealth Rail Fund of $304.6 million is expected to be paid to the VPRA in FY 2021. Additionally, the VPRA will receive 93% or an estimated $88.6 million of the Commonwealth Rail Fund FY 2021 revenues, which will be distributed by DRPT.