



Virginia Department of Rail and Public Transportation

Annual Budget Fiscal Year 2020



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SUMMARY OF PROGRAMS

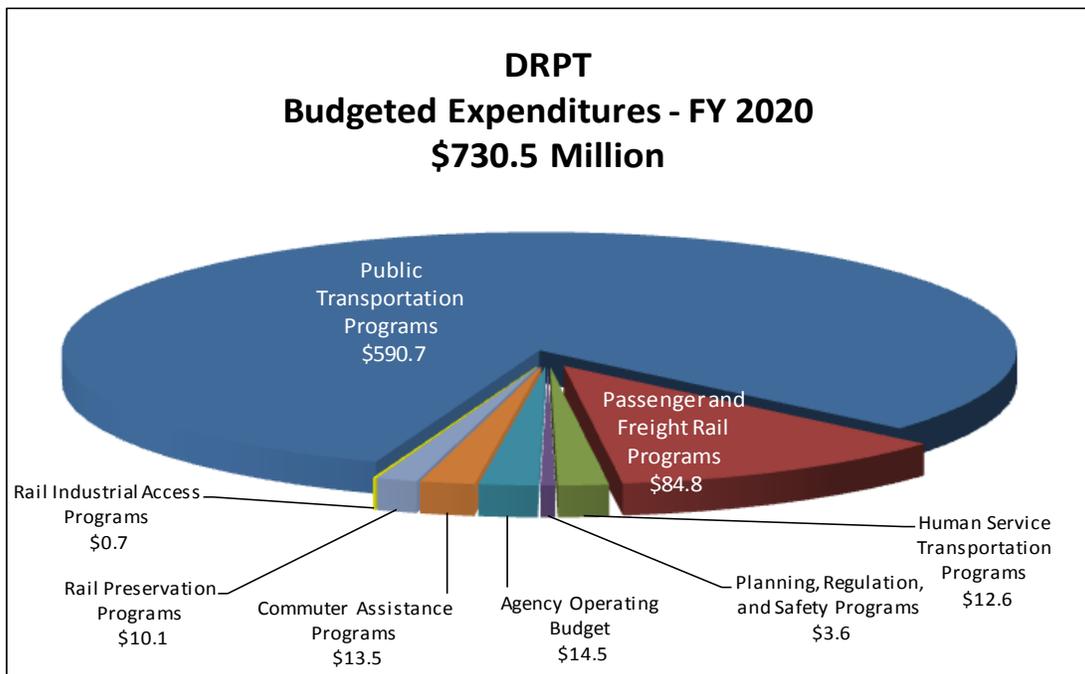


Summary of FY 2020 Budget

In FY 2020, DRPT will invest \$730.5 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.

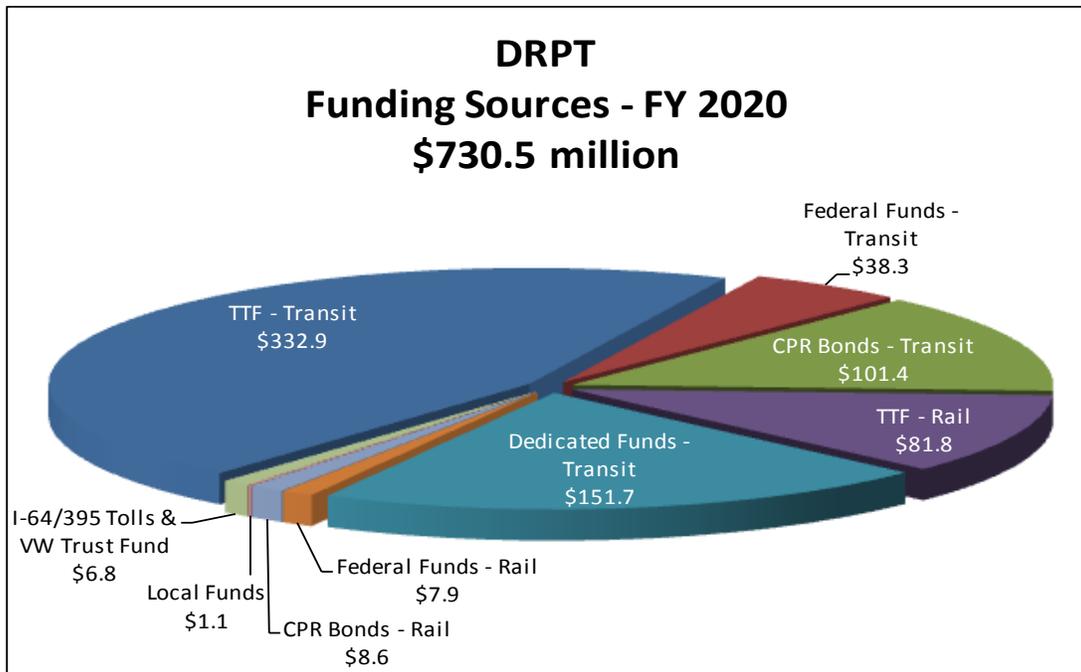
Expenditures for FY 2020 are estimated to be \$63.0 less than FY 2019 primarily due to several large capital projects being completed in FY 2019. These projects included the Greater Richmond Bus Rapid Transit project, WMATA capital assistance projects allocated prior to the dedication of a percentage share of the mass transit trust fund, and the ACCA Yard and Lynchburg to Roanoke projects. These decreases were partially offset by an increase in FY 2020 revenues that were allocated to WMATA Assistance and the timing of the collection and expenditure of FY 2019 Dedicated WMATA Capital Funds.

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 chart depicts the FY 2020 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 2020 funding sources can be found on page 18.



FY 2020 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget decreased 0.7% or \$0.1 million 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 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 including planning of the Long Bridge expansion.

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 will focus 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 5.0% of the IPROC Fund towards these efforts.

In FY 2020, \$14.5 million of the available revenues 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 2.0% of the \$730.5 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). 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 also streamlined the funding by making all state funding subject to new allocation percentages and mandated 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 built on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

The 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 are as follows:

- \$.03 of the state recordation tax (§58.1-815.4)
- 3.7% of the motor vehicle fuel tax (§58.1-2289)
- 14.7% of the 1986 Special Session Revenues (formula allocation §33.2-1526)
- 60% of the 0.125% addition to the general sales and use tax passed by the 2013 General Assembly (formula allocation §58.1-638.3)

As is evident, the funding sources are derived from various economic sectors. This serves to mitigate large swings in annual revenues. Beginning in FY 2019, these funds were 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

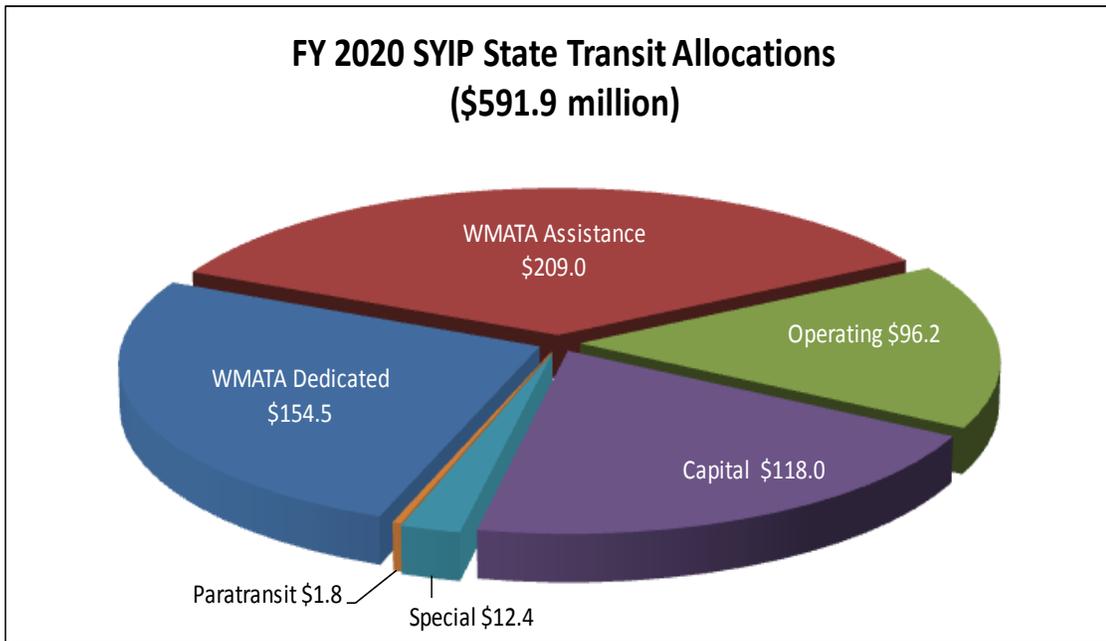
The remaining funds are allocated by statute (§33.2-1526.1) with a minimum of 31.0% for state operating assistance grants, 12.5% awarded as capital assistance grants, 53.5% for distribution to WMATA for capital purposes and operating assistance, and the balance of up to 3.0% awarded as special projects 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 2020, the CPR bonds represent approximately 43.0% of the state transit capital assistance. 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. 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 2020 SYIP allocation of the state transit revenues for public transportation is depicted in the following chart. This chart represents FY 2020 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.



The FY 2020 allocation of \$591.9 million of state transit revenues in the SYIP represents an increase of \$72.7 million from FY 2019. Capital projects increased \$57.4 million primarily for allocations for Crystal City Metrorail station improvements and Potomac Yard station access and transit way improvements related to the Amazon headquarters arrival. WMATA Assistance and the transit Operating Assistance allocations increased \$4.7 million and \$4.5 million, respectively, due to moderate increases in revenue. For the current year, DRPT allocated \$71.2 million of anticipated bond proceeds to transit capital in the SYIP with an emphasis placed on replacement vehicles and infrastructure. This includes an allocation of \$50.0 million in WMATA Assistance to match the federal funds WMATA is receiving under the federal state of good repair program.

WMATA Assistance Funds

Chapter 854 of the 2018 Acts of Assembly establishes a separate allocation of the Mass Transit Trust Fund (53.5%) for WMATA that can be used for capital or operating purposes. The budgeted state assistance provided to WMATA decreased by \$32.5 million in FY 2020. This decrease consisted of \$41.7 million of capital projects that used the prior allocation process and were completed in FY 2019. The decrease was partially offset by an increase of \$9.2 million in FY 2020 revenues that are allocated for WMATA capital and operating expenses. 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.

Public Transportation Operating Funds

The budgeted FY 2020 transit operating expenditures increased \$6.2 million. This was due to a \$4.1 million increase in estimated revenues and a \$2.1 million use of

reserves for transition assistance which is explained below. Section 33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate thirty-one percent of the Commonwealth Mass Transit Trust 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 to begin in FY 2020 based on performance factors as follows:

System Sizing Metrics:

Bus Systems:

- Operating Cost (60% for FY 2020 and 50% thereafter)
- Ridership (20% for FY 2020 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:

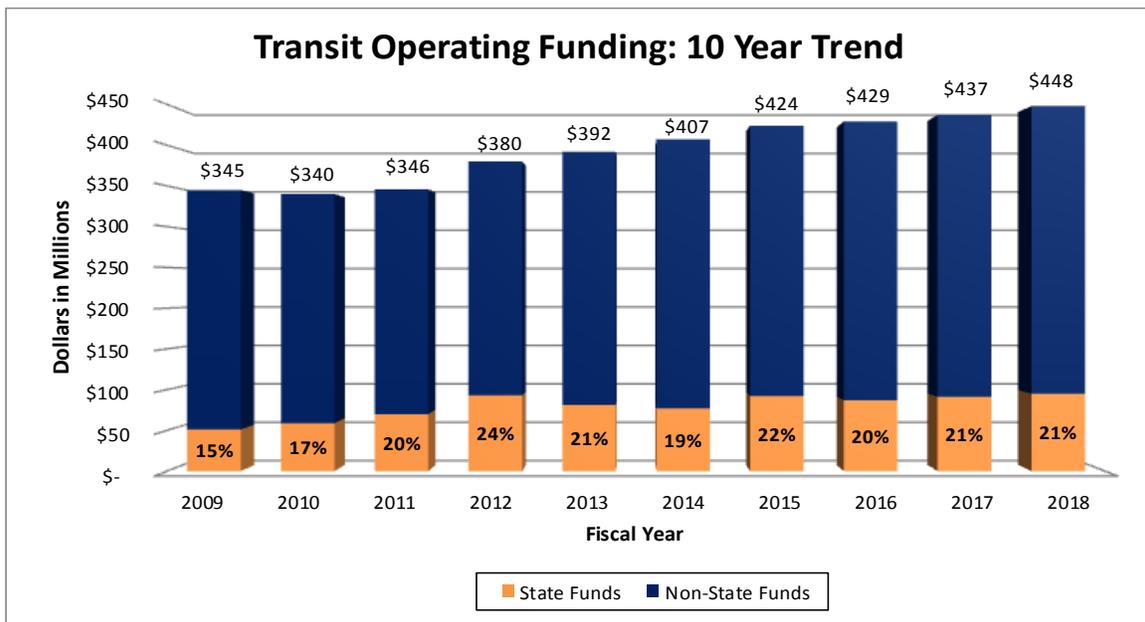
- Passengers per Revenue Vehicle Hour (20%)
- Passengers per Revenue Vehicle Mile (20%)
- Operating Cost per Revenue Vehicle Hour (20%)
- Operating Cost per Revenue Vehicle Mile (20%)
- Operating Cost per Passenger (20%)

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.

Supplemental transition assistance is provided only in FY 2020 to any mass transit provider that receives a reduction in operating assistance as a direct result of the implementation of the performance based allocation methodology. The impact is

determined by comparing the FY 2020 allocations under the prior formula to the FY 2020 allocations under the new formula. The CTB approved up to \$3.0 million to be used for transition assistance of which \$2.1 million was needed.

The overall state share of transit operating expenditures for FY 2020 is 20.7% which is unchanged from prior year. 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 twelve and one-half percent of the Commonwealth Mass Transit Trust 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 MTTF 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 2020, the budget for public transportation capital expenditures is \$113.1 million – a \$25.7 million decrease from FY 2019. This decrease is mainly attributable to the completion of the Greater Richmond Bus Rapid Transit project. The projects to 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 2020						
	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	11	3	0	0
Culpeper District	2	0	4	0	0	0
Fredericksburg District	4	0	4	0	0	0
Hampton Roads District	15	0	16	9	2	0
Lynchburg District	6	0	6	0	1	0
Northern Virginia District	11	5	2	4	1	1
Richmond District	3	0	17	9	0	0
Salem District	7	1	11	4	0	2
Staunton District	2	0	12	2	0	0
Multi - District	29	2	3	6	0	0
Statewide Totals	93	8	86	37	4	3

Public Transportation Special Program Funds

The Special Programs budget is estimated at \$5.3 million for FY 2020. 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

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 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
- \$10.9 million of statewide motor vehicle rental tax

Non-Restricted Account – for capital purposes including debt service

- \$44.1 million of NVTC grantor's tax
- \$22.3 million of NVTC regional gas taxes
- \$30.1 million of 2% NVTC transient occupancy tax
- \$27.1 million of NVTA 30% local taxes or other local contributions

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.

Commuter Assistance Programs

The Commuter Assistance Programs budget of \$13.5 million includes \$3.9 million of MTTF funds for FY 2020 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of \$6.2 million and the related state match of \$3.4 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 2020 is shown in the following table.

Commuter Assistance Projects for FY 2020			
	Transportation Demand Management Agencies	Special TDM Projects	Total
Bristol District	0	0	0
Culpeper District	2	0	2
Fredericksburg District	3	0	3
Hampton Roads District	0	1	1
Lynchburg District	1	2	3
Northern Virginia District	5	8	13
Richmond District	1	3	4
Salem District	2	2	4
Staunton District	2	0	2
Multi - District	0	3	3
Statewide Totals	16	19	35

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at \$12.6 million for FY 2020. 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 (\$8.5 million), local provider match (\$0.7 million), CPR bond proceeds (\$1.1 million), and MTTF funds for enhanced transportation services for the elderly and disabled (\$2.3 million). The breakdown by district of the 86 vehicles purchased through this program is included in the Public Transportation Capital Projects table on page 11.

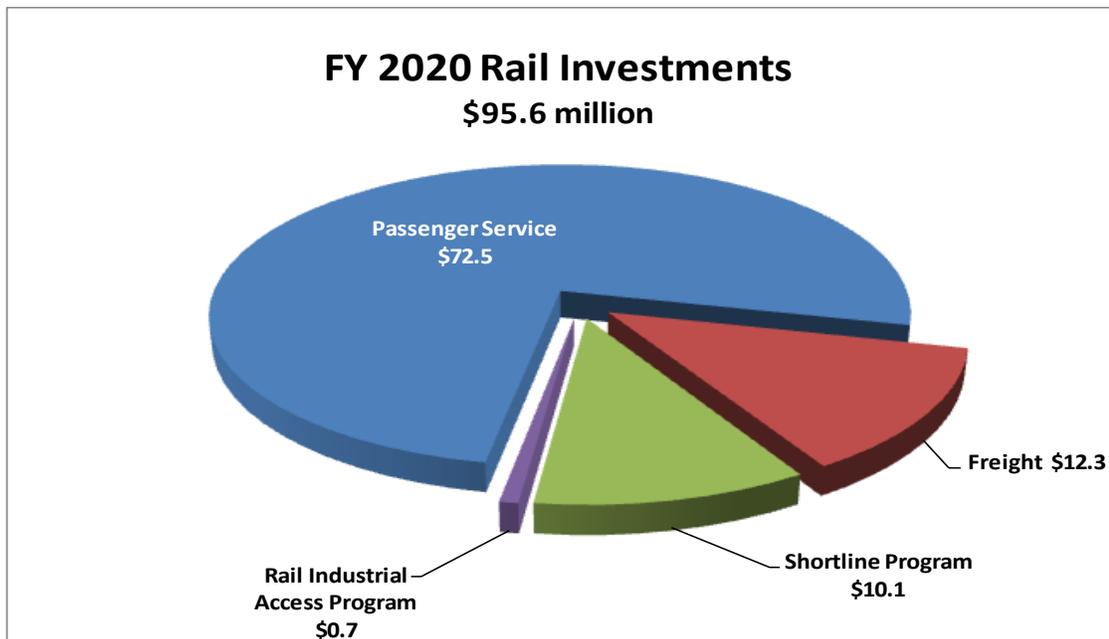
Planning, Regulation, and Safety Programs

DRPT's FY 2020 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, MTTF state match allocations of \$0.3 million, and FHWA funding of \$0.1 million.

Passenger and Freight Rail Programs

DRPT's FY 2020 budget for all rail service areas includes \$95.6 million of expenditures for rail improvements in Virginia. These estimated program expenditures decreased by \$24.5 million when compared to FY 2019. This is mainly due to the winding down of the Acca Yard and Lynchburg to Roanoke projects.

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 \$6.0 million;
- Federal Highway Administration (FHWA) funds of \$1.9 million;

State

- Intercity Passenger Rail Operating and Capital (IPROC) funds of \$51.4 million;
- Rail Enhancement Funds (REF) of \$18.9 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of \$8.6 million;
- Shortline Railway and Development funds of \$7.1 million;
- VDOT Transfers of \$0.6 million;
- Rail Industrial Access (RIA) funds of \$0.7 million; and
- Local Match of \$0.4 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 \$56 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 Richmond, Roanoke, Newport News (2), and Norfolk (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 2020, budgeted expenditures from prior year's bond proceeds are \$5.6 million for joint passenger and freight rail infrastructure improvements and \$3.0 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 21 projects for Virginia's shortline railroads in FY 2020. 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.

The Appropriation Act allows the CTB to allocate up to 20% of the annual revenue of the Rail Enhancement Fund to the Shortline Railway Preservation and Development Fund. The Appropriation Act also states that the Director of DRPT shall administer and expend the funds subject to the approval of the CTB and according to the authority of the Shortline Railway Preservation Fund rules. DRPT is recommending transferring \$2.5 million in the FY 2020 Six Year Improvement Program.

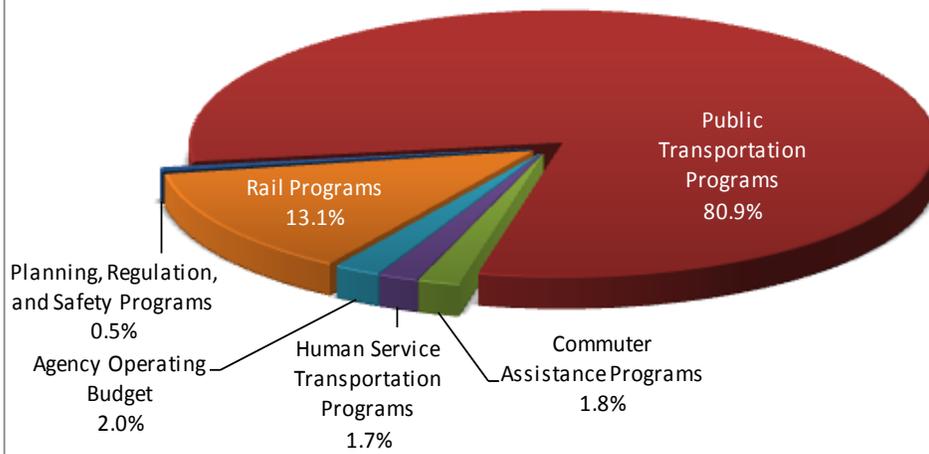
Rail Industrial Access Program

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 Transportation Trust Fund as they are approved by the CTB.

ANNUAL BUDGET STATEMENT

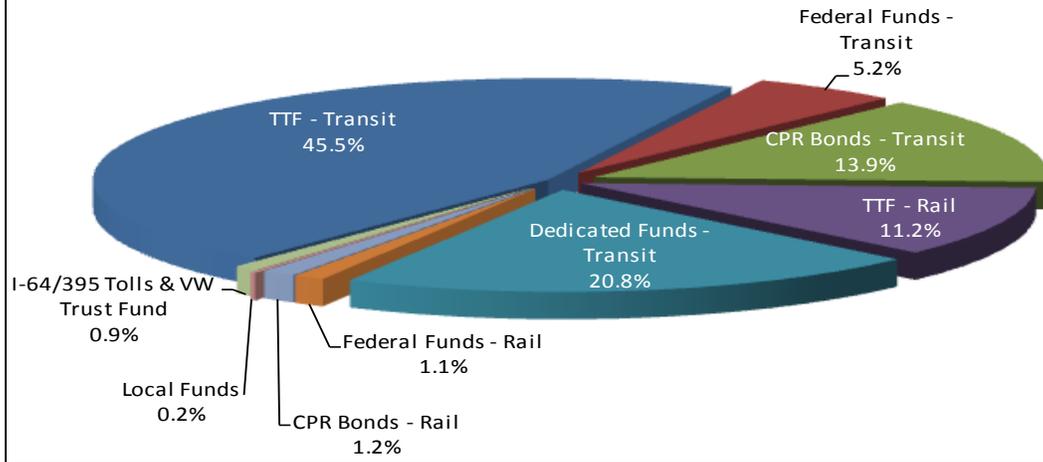


DRPT Budgeted Expenditures - FY 2020



	(\$ in millions)			
	Adopted FY 2019	Recommended FY 2020	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 2, 4]	\$ 105.9	\$ 112.1	\$ 6.2	5.9%
Capital Assistance [Notes 1, 2, 5]	138.8	113.1	(25.7)	-18.5%
Special Programs [Notes 2, 6]	4.2	5.3	1.1	26.2%
WMATA Assistance [Note 2]	241.0	208.5	(32.5)	-13.5%
Dedicated Funding [Note 3]	141.7	151.7	10.0	7.1%
Total	631.6	590.7	(40.9)	-6.5%
Commuter Assistance Programs [Note 7]	10.8	13.5	2.7	25.0%
Human Service Transportation Pgm [Note 8]	12.0	12.6	0.6	5.0%
Planning, Regulation, & Safety Pgm [Note 9]	4.4	3.6	(0.8)	-18.2%
Total Transit Programs	658.8	620.4	(38.4)	-5.8%
Rail Preservation Programs [Note 10]	12.6	10.1	(2.5)	-19.8%
Rail Industrial Access [Note 11]	1.3	0.7	(0.6)	-46.2%
Passenger and Freight Rail Programs [Note 12]	106.2	84.8	(21.4)	-20.2%
Total Rail Programs	120.1	95.6	(24.5)	-20.4%
Agency Operating Budget [Note 13]	14.6	14.5	(0.1)	-0.7%
Agency Total	\$ 793.5	\$ 730.5	\$ (63.0)	-7.9%

DRPT Funding Sources - FY 2020



	(\$ in millions)			
	Adopted FY 2019	Recommended FY 2020	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%) [Notes 4, 5, 6, 7, 8, 9, 13]	\$ 162.6	\$ 153.4	\$ (9.2)	-5.7%
2013 Chapter 766 Revenue for Transit [Notes 4, 5, 6, 7, 8, 9, 13]	88.1	86.2	(1.9)	-2.2%
2015 Chapter 684 Revenue for Transit [Notes 4, 5, 6, 7, 8, 9, 13]	45.8	34.5	(11.3)	-24.7%
Recordation Tax [Notes 4, 13]	32.0	39.8	7.8	24.4%
Rail Preservation Program [Notes 10, 13]	6.9	7.2	0.3	4.3%
Rail Industrial Access [Note 11]	1.3	0.7	(0.6)	-46.2%
Rail Enhancement [Notes 12, 13]	39.6	19.7	(19.9)	-50.3%
2013 Chapter 766 Revenue for IPROC [Notes 12, 13]	50.0	54.2	4.2	8.4%
Special Programs - VDOT Transfers [Notes 4, 5, 6, 7, 12]	20.4	19.0	(1.4)	-6.9%
Total	446.7	414.7	(32.0)	-7.2%
2018 CHAPTER 854 DEDICATED FUNDING - Transit [Note 3]	141.7	151.7	10.0	100.0%
BOND PROCEEDS - Transit Capital and Rail [Notes 5, 8, 10, 12]	155.7	110.0	(45.7)	-29.4%
FEDERAL REVENUE				
FHWA Funding (CMAQ/RSTP) [Notes 5, 7, 12]	3.5	8.2	4.7	134.3%
Federal Transit Administration [Notes 4, 5, 8, 9]	34.4	32.0	(2.4)	-7.0%
Federal Railroad Administration [Note 12]	8.3	6.0	(2.3)	-27.7%
Total	46.2	46.2	-	0.0%
LOCAL REVENUES [Notes 8, 12]	1.7	1.1	(0.6)	-35.3%
TRANSFERS FROM OTHER AGENCIES				
VDOT VTA 2000 Transfers [Note 12]	1.5	-	(1.5)	-100.0%
VDOT I-64/I-395 Tolls Transfers [Note 5]	-	6.0	6.0	
DEQ VW Trust Fund Transfers [Note 5]	-	0.8	0.8	
TOTAL SOURCES	\$ 793.5	\$ 730.5	\$ (63.0)	-7.9%

Footnotes to the FY 2020 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2020 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 \$175.7 million in FY 2020, but \$84.8 million is expected to be expended on Passenger and Freight rail projects during FY 2020. The differences between the FY 2020 SYIP allocations and budgeted expenditures are as follows:

Total Six Year Improvement Plan Allocations	\$ 892.3
Federal Funds Allocations with Grantee FTA Contracting	(30.0)
Agency Operating Budget	14.5
Rail Industrial Access	0.7
Current Year Allocations in Future Budgets	
VDOT Revenues to be spent in future years	(90.4)
Transit Revenue and Bond Allocations	(41.1)
Rail Revenue and Bond Allocations	(15.5)
Total Budgeted Expenditures	\$ 730.5

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 53.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 31.0% for state operating assistance grants, 12.5% awarded as capital assistance grants, and the balance of up to 3.0% awarded as special projects grants subject to CTB approval. WMATA Assistance in FY 2019 includes \$159.0 million of MTTF funds and \$49.5 million of transit bond funds.

(3) Chapter 854 of the 2018 Acts of Assembly establishes dedicated capital funding for WMATA. Expected revenues for FY 2020 are \$154.5 million. This includes \$20.0 million of local recordation tax, \$10.9 million of statewide motor vehicle rental tax, \$44.1 million of NVTC grantor's tax, \$22.3 million of NVTC regional gas taxes, \$30.1 million of 2% NVTC transient occupancy tax, and \$27.1 million of NVTA 30% local taxes or other local contributions. It is estimated that only \$151.7 million of the total \$154.5 million allocated will be disbursed in FY 2020 due to the timing of collection of revenues.

DRPT Footnotes to the FY 2020 Annual Budget (Continued)

- (4) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by \$6.2 million from FY 2019 to FY 2020. This was due to an increase in estimated revenues and use of reserves for supplemental transition assistance in FY 2020. The Operating Assistance line is made up of MTTF operating allocations of \$95.8 million and \$16.2 million in federal assistance through the FTA 5311 Rural Assistance program. Additionally, \$0.1 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 decreased by \$25.7 million which is related primarily to the Greater Richmond Bus Rapid Transit project. This line item consists of \$36.6 million of MTTF allocations, \$50.8 million of Transportation Capital Projects bond proceeds, \$4.1 million of FTA funding, \$5.0 million of I-395 toll funds, \$1.0 million of I-64 toll funds, and \$0.8 million of VW Trust funds. Additionally, \$14.8 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 \$5.2 million and \$0.1 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 \$2.7 million from FY 2019 to FY 2020. Commuter Assistance Programs includes Mass Transit Trust Funds of \$3.9 million and FHWA funding of \$6.2 million. Additionally, \$3.4 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 increased by \$0.6 million from FY 2019 to FY 2020. Funding includes \$8.5 million of FTA 5310 and 5311 awards. The match to these federal awards consists of \$2.3 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 \$1.1 million, as well as \$0.7 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, MTTF state match allocations of \$0.3 million, and FHWA funds of \$0.1 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 \$7.1 million. The additional \$3.0 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 \$0.7 million.
- (12) The budgeted Passenger and Freight Rail Programs line item of \$84.8 million represents a decrease of \$21.4 million from FY 2019 to FY 2020. This is mainly due to the winding down of the Acca Yard and Lynchburg to Roanoke projects. The source of funding to cover these expenditures includes \$18.9 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 \$6.0 million, bond proceeds of \$5.6 million, Intercity Passenger Rail Operating and Capital funds of \$51.4 million, Federal Highway Administration (FHWA) funds of \$1.9 million, VDOT Transfers of \$0.6 million, and local matching funds of \$0.4 million.

DRPT Footnotes to the FY 2020 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 5.0% (\$14.5 million) of the available balance of the aforementioned funds for FY 2020 will be needed to support the ongoing costs of these programs. The DRPT operating budget represents only 2.0% of the total \$730.5 million FY 2020 budget.

Major Components of Agency Operating Budget	
Payroll and Fringe Benefits	\$ 8,373,000
Operations Program Support	2,308,000
Central Service Agencies Indirect Costs	970,000
Information Technology Costs	747,000
Finance Program Support	675,000
Rent	475,000
Travel and Training	263,000
Office Expansion	50,000
Attorney Services	380,000
Other Program and Project Management Initiatives	251,009
Total	\$ 14,492,009
Source of Funding for Agency Operating Budget	
Mass Transit Trust Fund	\$ 10,739,159
Intercity Passenger Rail Operating and Capital Fund	2,842,500
Rail Enhancement Fund	770,000
Rail Preservation Fund	140,350
Total	\$ 14,492,009