

Transit Capital Needs Assessment

FY2021 – FY2025



Virginia Department of Rail and Public Transportation

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I. Introduction and Purpose

Forty-one public transportation agencies currently provide transit services to communities throughout the Commonwealth of Virginia in the form of heavy rail, light rail, bus, paratransit, demand response, and ferry modes. Together these agencies receive over \$1 Billion in funds each year from federal, state, and local sources to operate services to move more people through congested corridors, maintain capital assets in a state of good repair, and expand infrastructure to increase personal mobility and reduce congestion. The purpose of this assessment was to analyze, specifically, the projected near-term capital needs of transit agencies throughout the state, with a focus on the ability of state controlled funding revenue sources to support those needs.

The Virginia Department of Rail and Public Transportation (DRPT) plays an important role in allocating state controlled capital funds on an annual basis. These funds come from a mix of state revenue sources and federal programs with specific goals and eligibility rules. Each year, DRPT decides how to distribute capital funds to all transit agencies based on a combination of eligibility checks and a robust prioritization process (See: [FY21 Transit Capital Assistance Prioritization-Technical Documentation](#)). The prioritization process has created a method for DRPT to allocate limited state controlled funds to projects that have the greatest impact on the provision of transit services throughout the state, but it does not influence the expressed capital needs of each agency.

Every fiscal year, transit providers have the opportunity to submit applications to DRPT for state controlled capital funds to implement projects over the following fiscal year. These approved projects are incorporated into the statewide Six-Year Improvement Program (SYIP) along with all other state managed transportation projects throughout. In addition to requests for funding in the following fiscal year, DRPT requires that each agency submit a 5-year capital budget outlining projects that planned for implementation 2 to 6 fiscal years into the future. These projected capital budgets have historically served as a best estimate of future capital needs; however, the process of updating these budgets has differed from agency to agency in past years.

In the fall of 2019, DRPT Public Transportation staff engaged in a process to more accurately project the near-term capital needs of agencies throughout the state and compare them with projected available capital funding. This report describes the methodology and the results of this updated needs assessment process.

II. Methodology

The near-term capital needs and funding assessment was completed in two phases listed and described below:

- **Phase 1:** Revision of 5-Year Capital Budgets
- **Phase 2:** Programming of state controlled capital funds

Phase 1: Revision of 5-Year Capital Budgets

In the Fall of 2019, the Public Transportation division of DRPT engaged in an effort to more accurately estimate the capital needs of all of the transit agencies that operate services in Virginia, with the exception of the Washington Metropolitan Area Transit Authority (WMATA) (see: Table 1 for a list of agencies included in this analysis). Virginia has committed a dedicated annual funding package to WMATA that includes provisions for operating and capital expenses, which is why they were not included in this assessment.

To accomplish this, staff reached out to each transit agency in state to help them revise the 5-year projected capital budgets that were submitted as part of the FY20 Six Year Improvement Program (SYIP) to include only those projects that will **realistically** be implemented in each year between FY21 and FY25 with a high level of certainty.

As part of this process, each agency was asked to:

1. Examine their FY20 5-year capital budgets with greater scrutiny than they have applied in the past
2. Estimate realistic item costs, quantities, and total funding needed to implement each project
3. Only include projects for which local (and agency controlled federal) funds are expected to be available
4. Eliminate any “wish list” items

Once the revised estimates were submitted, DRPT staff reviewed each line item and associated cost along with staff from the transit agencies to ensure that the budgets were both realistic and accurate. To make determinations on specific capital items, staff used the following references:

- Data on fleet size and/or rolling stock replacement schedules
- Open/ executed grants (previously allocated funds available)
- Information on planned expansions of services
- Facility ages and construction costs of similar facilities
- Other planning documents (Transit Development Plans, Transit Strategic Plans, etc.)

If it was determined that projected costs were inaccurate or that the projects were not realistic in the timeframe of this study, DRPT staff reduced costs or eliminated projects entirely from the budget.

Table 1 includes the total capital needs by agency identified in this updated assessment compared to the total capital needs that were submitted by the same agencies as part of the FY20 SYIP process. In total, transit agencies throughout the state identified \$932 Million in statewide transit capital needs over the next 5 fiscal years as part of this process. The additional scrutiny applied through this needs assessment led to a reduction of \$160 Million in total capital needs over the FY21 - FY25 period. This represents a 15% reduction from what was submitted by the transit agencies.

Table 1: Updated FY21- FY25 Total Capital Needs Compared with FY20 SYIP Total Capital Costs by Agency

Agency Name by Construction District	Updated: Total Capital Needs (in 1,000s)	FY20 SYIP: Total Capital Needs (in 1,000s)	# Difference (in 1,000s)	% Difference
BRISTOL DISTRICT	\$ 11,514	\$ 11,000	\$ 514	5%
AASC / Four County Transit	\$ 4,006	\$ 4,008	\$ (2)	0%
City of Bristol Virginia	\$ 350	\$ 400	\$ (50)	-13%
District Three Gov't Cooperative	\$ 4,736	\$ 4,232	\$ 504	12%
Mountain Empire Older Citizens, Inc.	\$ 2,154	\$ 2,092	\$ 62	3%
Town of Bluefield-Graham Transit	\$ 268	\$ 268	\$ -	0%
CULPEPER DISTRICT	\$ 19,425	\$ 10,918	\$ 8,507	78%
Charlottesville Area Transit	\$ 18,772	\$ 10,265	\$ 8,507	83%
Greene County Transit, Inc.	\$ 653	\$ 653	\$ -	0%
FREDERICKSBURG DISTRICT	\$ 4,523	\$ 6,795	\$ (2,272)	-33%
Fredericksburg Regional Transit	\$ 4,523	\$ 6,795	\$ (2,272)	-33%
HAMPTON ROADS DISTRICT	\$ 135,489	\$ 178,956	\$ (43,467)	-24%
City of Suffolk - Suffolk Transit	\$ 1,956	\$ 2,891	\$ (935)	-32%
Greensville County	\$ 243	\$ 362	\$ (119)	-33%
Hampton Roads Transit	\$ 108,523	\$ 147,790	\$ (39,267)	-27%
STAR Transit	\$ 1,759	\$ 1,619	\$ 140	9%
Town of Chincoteague	\$ 504	\$ 504	\$ -	0%
Williamsburg Area Transit Authority	\$ 22,504	\$ 25,790	\$ (3,286)	-13%
LYNCHBURG DISTRICT	\$ 30,982	\$ 23,525	\$ 7,457	32%
Danville Transit System	\$ 3,064	\$ 2,938	\$ 126	4%
Farmville Area Bus	\$ 980	\$ 965	\$ 15	2%
Greater Lynchburg Transit Company	\$ 26,711	\$ 19,448	\$ 7,263	37%
Town of Altavista	\$ 227	\$ 174	\$ 53	30%
MULTI DISTRICT	\$ 29,372	\$ 30,507	\$ (1,135)	-4%
Bay Aging	\$ 4,161	\$ 4,161	\$ -	0%
JAUNT, Inc.	\$ 16,691	\$ 16,691	\$ -	0%
Lake Country Area Agency on Aging	\$ 352	\$ 352	\$ -	0%
RADAR	\$ 3,230	\$ 3,961	\$ (731)	-18%
Blackstone Area Bus System	\$ 690	\$ 690	\$ -	0%
Virginia Regional Transit	\$ 4,248	\$ 4,652	\$ (404)	-9%
NORTHERN VIRGINIA DISTRICT	\$ 534,565	\$ 644,646	\$ (110,081)	-17%
County of Loudoun	\$ 23,710	\$ 15,071	\$ 8,639	57%
NVTC - Arlington County	\$ 65,754	\$ 160,683	\$ (94,929)	-59%
NVTC - City of Alexandria	\$ 38,657	\$ 42,323	\$ (3,666)	-9%
NVTC - City of Fairfax	\$ 3,866	\$ 4,090	\$ (224)	-5%
NVTC - City of Falls Church	\$ 1,575	\$ -	\$ 1,575	-
NVTC - Fairfax County	\$ 129,599	\$ 149,025	\$ (19,426)	-13%
NVTC - VRE	\$ 225,115	\$ 239,927	\$ (14,812)	-6%
PRTC	\$ 46,289	\$ 33,527	\$ 12,762	38%
RICHMOND DISTRICT	\$ 74,890	\$ 98,885	\$ (23,995)	-24%
City of Petersburg	\$ 5,135	\$ 7,392	\$ (2,257)	-31%
Greater Richmond Transit Company	\$ 69,755	\$ 91,493	\$ (21,738)	-24%
SALEM DISTRICT	\$ 69,294	\$ 68,277	\$ 1,017	1%
Blacksburg Transit	\$ 41,827	\$ 37,200	\$ 4,627	12%
City of Radford	\$ 8,803	\$ 14,453	\$ (5,650)	-39%
Greater Roanoke Transit Company	\$ 17,894	\$ 15,784	\$ 2,110	13%
Pulaski Area Transit	\$ 770	\$ 840	\$ (70)	-8%
STAUNTON DISTRICT	\$ 21,825	\$ 18,963	\$ 2,862	15%
Central Shenandoah PDC	\$ 4,921	\$ 4,886	\$ 35	1%
City of Harrisonburg	\$ 12,554	\$ 12,022	\$ 532	4%
City of Winchester	\$ 4,350	\$ 2,055	\$ 2,295	112%
GRAND TOTAL	\$ 932,367	\$ 1,092,472	\$ (160,105)	-15%

Phase 2: Programming of State Controlled Capital Funds

Once the capital budgets were updated and verified, DRPT staff programmed funding for the projects using revenue projections for state controlled sources. State controlled sources include two large pools of funding that are made up of smaller, individual programs:

1. **State Capital Funds:** This includes a dedicated 12.5% carve-out for capital purchases from the Virginia Mass Transit Trust Fund (MTTF) and other state revenue sources, such as capital bond revenues, if available.
2. **State Controlled Federal:** This includes federal funding streams for which the state is the designated recipient and in charge of distribution. This includes four federal programs – Flexible STP, FTA 5311 (Rural Program), FTA 5339 (Bus and Bus Facility Program), and Appalachian Development Public Transportation Assistance Program (ADTAP) funds.

The first step in the programming phase was to determine the correct federal, state, and local funding shares required for each project included in the updated capital budgets. This was accomplished using a combination of agency provided information on desired federal funding levels, match limits designated by state and federal programs, and historic trends.

In order to complete this step, the following systematic funding assumptions were made:

Assumption 1: 100% of grantee controlled funding, including federal and local funds, was assumed available for each project. This assumption was based on the fact that staff advised all agencies that they should only include projects for which locally controlled funding is highly anticipated to be available.

Assumption 2: State and Federal program match rates were assumed to remain the same as they are today. For different types of transit agencies, the specific assumptions were as follows:

- **Rural Transit Providers –**
 - 80% of funding for capital projects from federal sources - FTA 5311 (Rural Area) state controlled
 - 16% from state capital funds
 - 4% from local match
- **Small Urban Transit Providers –**
 - 80% of funding for capital projects from federal sources - either FTA 5307 (Small Urban Area) locally controlled, Flexible STP state controlled, or FTA 5339 (Bus and Bus Facility) state controlled
 - **Note:** the decision whether to apply FTA 5307, Flexible STP, or FTA 5339 was based on what the agency indicated in their budget and historic trends
 - 16% from state capital funds
 - 4% from local match
- **Large Urban Transit Providers –**
 - Agency designated percentage for each capital project from locally controlled federal sources – including FTA 5307 (Large Urban Area) funds, FTA 5337 (Bus and Bus Facility) funds, Congestion Mitigation and Air Quality (CMAQ) funds, Regional Surface Transportation Program (RSTP) funds, or other federal discretionary funds.
 - Up to 68% of funding from state capital funds, depending on the MERIT – Capital Assistance Project Type.
 - **Note:** The state caps its participation in capital purchases at 68% for State of Good Repair (SGR) and Minor Enhancements (MIN) projects and at 50% for Major Expansion (MAJ) projects. (Please see the FY21 MERIT Capital Assistance Technical Documentation for more information)
 - Remainder from local match (minimum 4%)

Assumption 3: 50% of track lease payments were funded using state controlled federal funds (source: Flexible STP), and 34% were funded with state capital funds. These payments are currently necessary to operate passenger rail on privately owned rail lines throughout the state, and these match rates are guaranteed through state policy.

Assumption 4: This process did not apply the MERIT – Capital Assistance prioritization method to the allocation in each future fiscal year due to lack of information available. Since FY20, this prioritization method has allowed DRPT to score and prioritize the allocation of limited funds to the projects that will have the greatest impact on the provision of transit services throughout the state. There are no categorical exclusions in the MERIT prioritization process, and the scoring method is driven in large part by information that is not available until an application is ready for submittal.

Once the correct federal, state, and local funding sources and percentages were determined for each project based on their eligibility, the total capital needs were separated into two funding categories eligible for state capital funds and state controlled federal funds. The total needs for each category were then compared to the total projected available revenues in each pool over the next 5 fiscal years to determine whether there would be a surplus or shortfall in capital funds available.

Table 2: FY2021 - FY2025 Statewide Transit Capital Needs, Projected Funding, and Surplus (Shortfall)

Fiscal Year	Funding Source	Transit Capital Needs (in 1,000's)	Projected Available Funding (in 1000's)		DRPT Surplus (Shortfall) (in 1,000's)
			DRPT Controlled	Locally Controlled	
FY21	Federal	\$ 67,278	\$ 40,994	\$ 27,008	\$ 724
	State	\$ 63,888	\$ 65,320	\$ -	\$ 1,432
	Local	\$ 19,731	\$ -	\$ 19,731	\$ -
	Total Cost	\$ 150,896	\$ 106,314	\$ 46,738	\$ 2,156
FY22	Federal	\$ 95,681	\$ 36,229	\$ 34,674	\$ (24,779)
	State	\$ 102,513	\$ 39,853	\$ -	\$ (62,660)
	Local	\$ 37,162	\$ -	\$ 37,162	\$ -
	Total Cost	\$ 235,356	\$ 76,081	\$ 71,836	\$ (87,439)
FY23	Federal	\$ 73,095	\$ 36,705	\$ 35,687	\$ (703)
	State	\$ 76,062	\$ 40,291	\$ -	\$ (35,772)
	Local	\$ 27,725	\$ -	\$ 27,725	\$ -
	Total Cost	\$ 176,883	\$ 76,996	\$ 63,412	\$ (36,475)
FY24	Federal	\$ 64,783	\$ 37,190	\$ 33,535	\$ 5,942
	State	\$ 83,943	\$ 40,727	\$ -	\$ (43,217)
	Local	\$ 34,796	\$ -	\$ 34,796	\$ -
	Total Cost	\$ 183,523	\$ 77,917	\$ 68,331	\$ (37,274)
FY25	Federal	\$ 63,886	\$ 37,683	\$ 23,831	\$ (2,371)
	State	\$ 87,722	\$ 40,996	\$ -	\$ (46,725)
	Local	\$ 33,615	\$ -	\$ 33,615	\$ -
	Total Cost	\$ 185,223	\$ 78,680	\$ 57,447	\$ (49,096)
FY21-25	Federal Total	\$ 364,723	\$ 188,801	\$ 154,735	\$ (21,187)
	State Total	\$ 414,128	\$ 227,187	\$ -	\$ (186,942)
	Local Total	\$ 153,029	\$ -	\$ 153,029	\$ -
	Total	\$ 931,880	\$ 415,987	\$ 307,764	\$ (208,129)

Notes:

1. Transit Capital Needs come directly from transit agencies throughout the state. These figures were revised as part of a statewide update process completed in the fall of 2019, and reflect all capital expenses that are anticipated with a high degree of certainty over the next 5 fiscal years.
2. DRPT Controlled State Funds include: 1. MTTF Capital Funding-Revenue Estimate (and carryover from prior SYIP in FY21) 2. State Paratransit Program funding (and carryover from prior SYIP in FY21), 3. Capital Bonds Carryover from prior SYIP (FY21 Only).
3. DRPT Controlled Federal Funds include: 1. FTA 5339 funding allocated to DRPT (and carryover from prior SYIP in FY21), 2.FTA 5311 funding (and carryover from prior SYIP in FY21), 3.DRPT Flexible STP Allocation (and carryover from prior SYIP in FY21), 4. FTA ADTAP Funding Allocation (and carryover from prior SYIP in FY21).

Table 2 highlights the results of the programming state controlled capital funds based on the assumptions listed on the previous page. Following the assumptions listed on the previous page, of the \$932 Million in total capital needs over the next 5 fiscal years, DRPT would be responsible for \$415 Million – \$227 Million in state capital funds \$189 Million in state controlled federal funds. Taking into account the projected available revenues, there would be a \$208 Million shortfall in DRPT controlled funds – \$187 million in state capital and \$21 Million in state controlled federal.

In addition to analyzing how far projected revenues will go in addressing all statewide capital needs, staff examined how the shortfall would affect projects by MERIT-Project type. Beginning in FY2020, with the implementation of the MERIT-Capital Assistance Prioritization Process, capital projects are sorted into three different projects types:

- **State of Good Repair (SGR):** Projects or programs to replace or rehabilitate an existing asset.
- **Minor Enhancement (MIN):** Projects to add, expand, or improve service with a cost of less than \$2 Million or, for expansion vehicles, include an increase of 5 or less vehicles or 5% of the existing fleet.
- **Major Expansion (MAJ):** Projects to add, expand, or improve service with a cost exceeding \$2 million or, for expansion vehicles, include an increase of greater than 5 vehicles or 5% of fleet size, whichever is greater.

State policy stipulates that a minimum of 80% of the new dedicated capital MTTF revenues must be allocated to State of Good Repair (SGR) and Minor Enhancement (MIN) Projects, and that a maximum of 20% can be allocation to Major Expansion (MAJ) projects. By applying this percentage split to the new revenues available each fiscal year, staff calculated the shortfall by two these two categories (SGR/MIN and MAJ). For the purposes of this exercise, all state capital carry-over funds from fiscal years prior to this analysis were placed into the pool available for SGR/MIN projects.

Tables 3 and 4 show that the shortfall in capital funds will affect State of Good Repair and Minor Enhancement Projects more than Major Expansions. When breaking down the capital needs assessment into these project types following the 80%/20% split, there will be a shortfall of \$177 Million in state capital funds for SGR/MIN projects, and a shortfall of approximately \$10 million for MAJ projects.

Table 3: Statewide State of Good Repair (SGR) and Minor Enhancement (MIN) Needs and Available Funding, FY2021 - FY2025

Fiscal Year	Total SGR/ MIN Need (in 1,000s)	Total Available State Capital funds for SGR/MIN (in 1,000s)	Surplus (Shortfall)
FY21	\$ 56,998	\$ 57,416	\$ 418
FY22	\$ 93,302	\$ 32,182	\$ (61,120)
FY23	\$ 68,056	\$ 32,533	\$ (35,523)
FY24	\$ 70,546	\$ 32,881	\$ (37,665)
FY25	\$ 76,682	\$ 33,097	\$ (43,585)
FY21 -FY25 Total	\$ 365,584	\$ 188,110	\$ (177,475)

Table 4: Statewide Major Expansion (MAJ) Needs and Available Funding, FY2021 - FY2025

Fiscal Year	Total MAJ Need (in 1,000s)	Total Available State Capital funds for MAJ (in 1,000s)	Surplus (Shortfall)
FY21	\$ 6,890	\$ 7,904	\$ 1,014
FY22	\$ 9,211	\$ 7,671	\$ (1,540)
FY23	\$ 8,006	\$ 7,758	\$ (248)
FY24	\$ 13,397	\$ 7,845	\$ (5,552)
FY25	\$ 11,040	\$ 7,899	\$ (3,140)
FY21 -FY25 Total	\$ 48,544	\$ 39,077	\$ (9,467)

III. Results and Discussion

Overall Needs Assessment Results

Transit agencies throughout Virginia (excluding WMATA) have identified \$932 Million in statewide transit capital needs over the next 5 fiscal years. These projects would be funded through a combination of state controlled and grantee controlled funding sources. Figure 1 illustrates the annual capital needs by fiscal year over this period. Though most years show a relatively steady level of funding necessary to implement all planned capital projects, in FY2022 the cost of all planned capital projects is substantially higher. This is due to a number of large investments in transit throughout the state planned for implementation in that fiscal year.

Figure 1: Projected Statewide Transit Capital Needs, FY2021 – FY2025

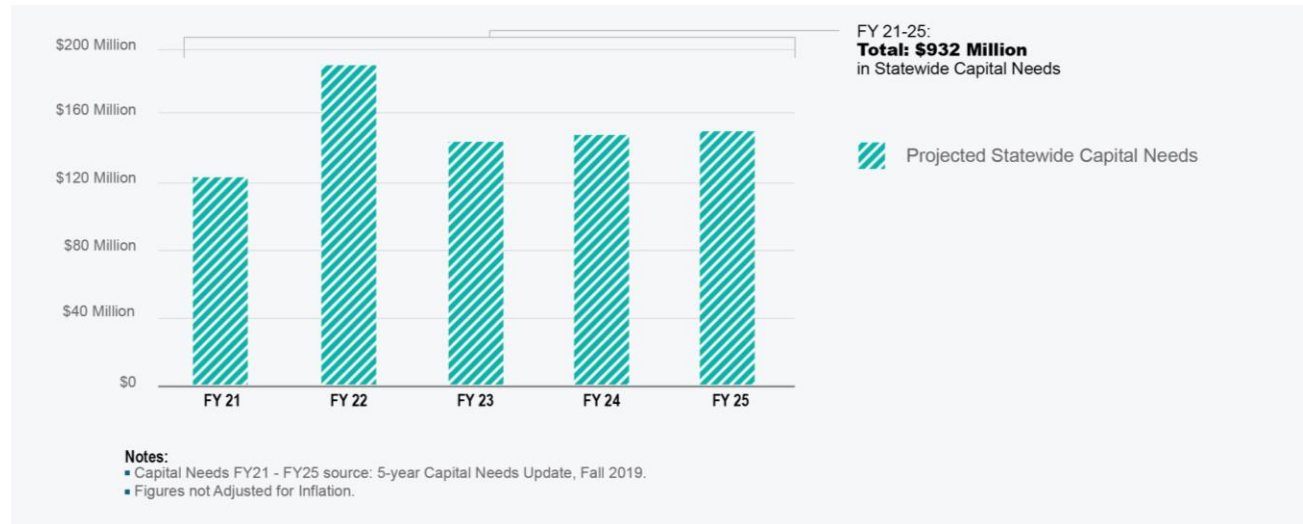
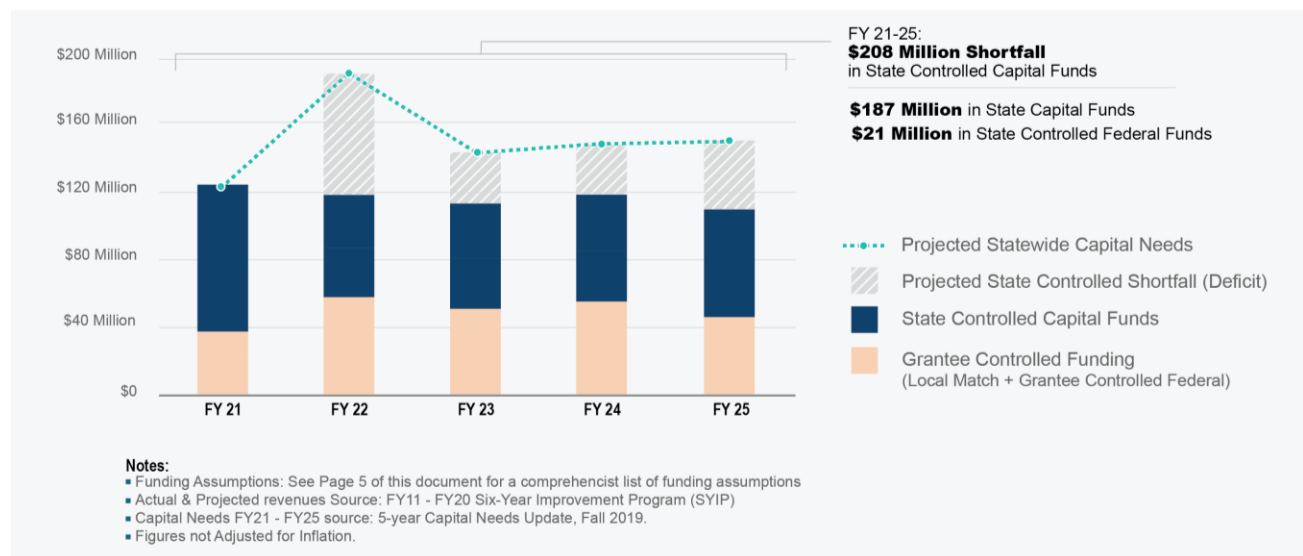


Figure 2: Projected Statewide Transit Capital Needs and Projected Funding, FY2021-20215



Taking into account projected funding between FY2021 and FY2025, this analysis projects a shortfall of \$208 Million in state controlled capital funds that would be required to implement all projects included in 5-year capital budget. Figure 2 illustrates the total need, projected funding, and projected shortfall.

Of the projected \$208 Million shortfall in state controlled capital funds, there is an estimated shortfall of \$187 Million in state capital funds and a \$21 Million shortfall in state controlled federal funds. To make up for the entire shortfall in capital revenues, the state would need \$42 Million per year in additional funds available to fund all of the proposed capital projects. While the MERIT – Capital Assistance Prioritization process can be used to direct the timing of funding, the backlog of unfunded needs will continue to increase over time.

For a detailed description of state capital vs. state controlled federal funding sources, please see pg. 3 in the Methodology section of this document.

State Capital Funds: Projected Shortfall in a Historic Context

An examination of historic revenues and allocations through DRPT's capital assistance program helps explain why this needs assessment projects such a large shortfall of available funding to satisfy the capital needs of transit agencies throughout the state. Figure 3 illustrates actual state capital revenues and allocations over the past 10 fiscal years, and projected state capital revenues and needs over the next 5 fiscal years. Figure 4 illustrates the sources of state capital funds over the same period.

Figure 3: Actual and Projected State Transit Revenues and Allocations, FY2011 – FY2025

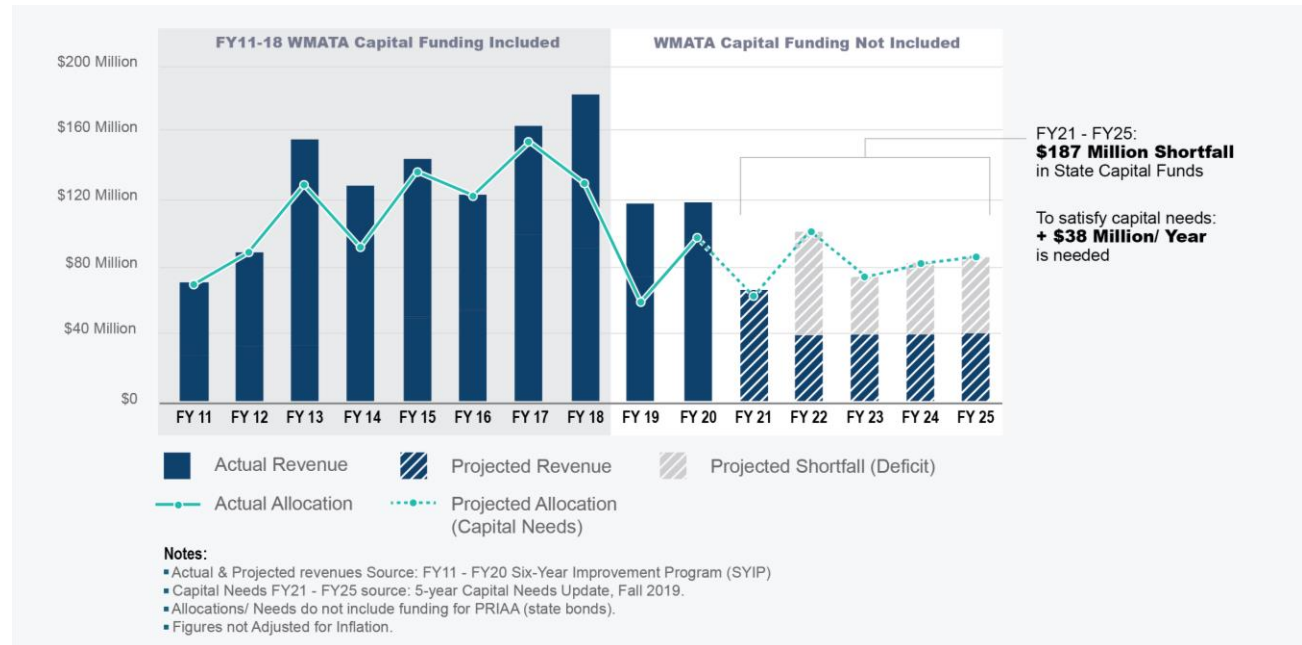
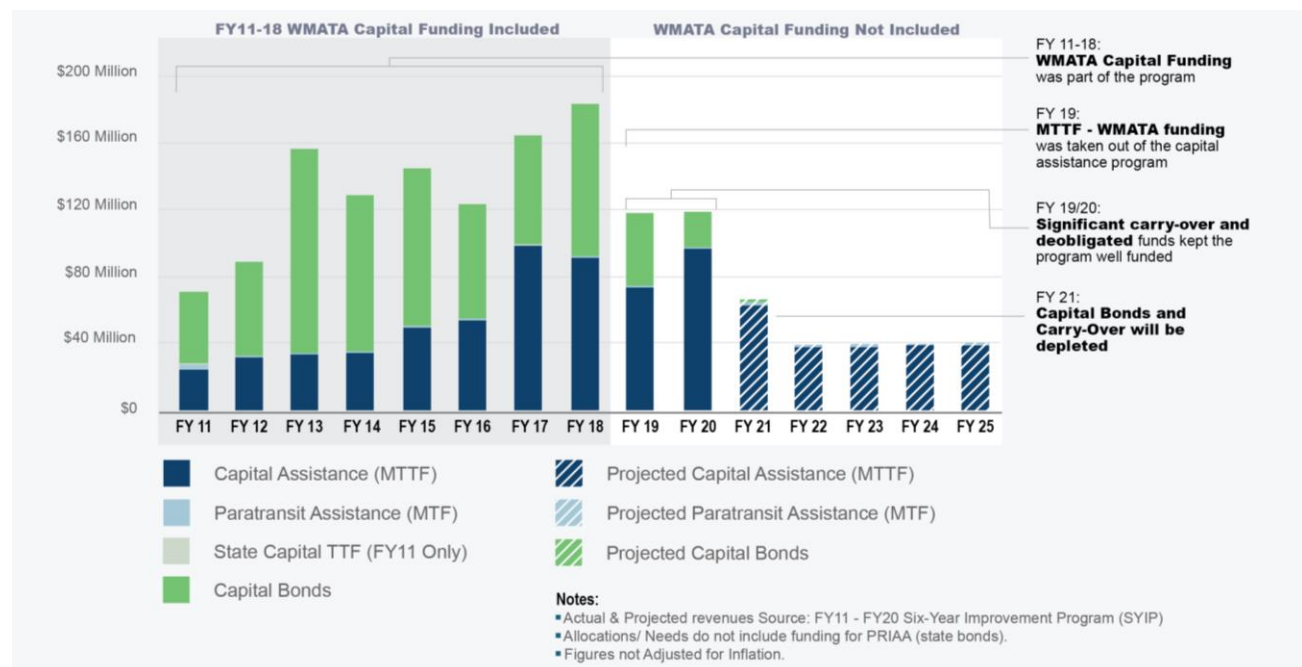


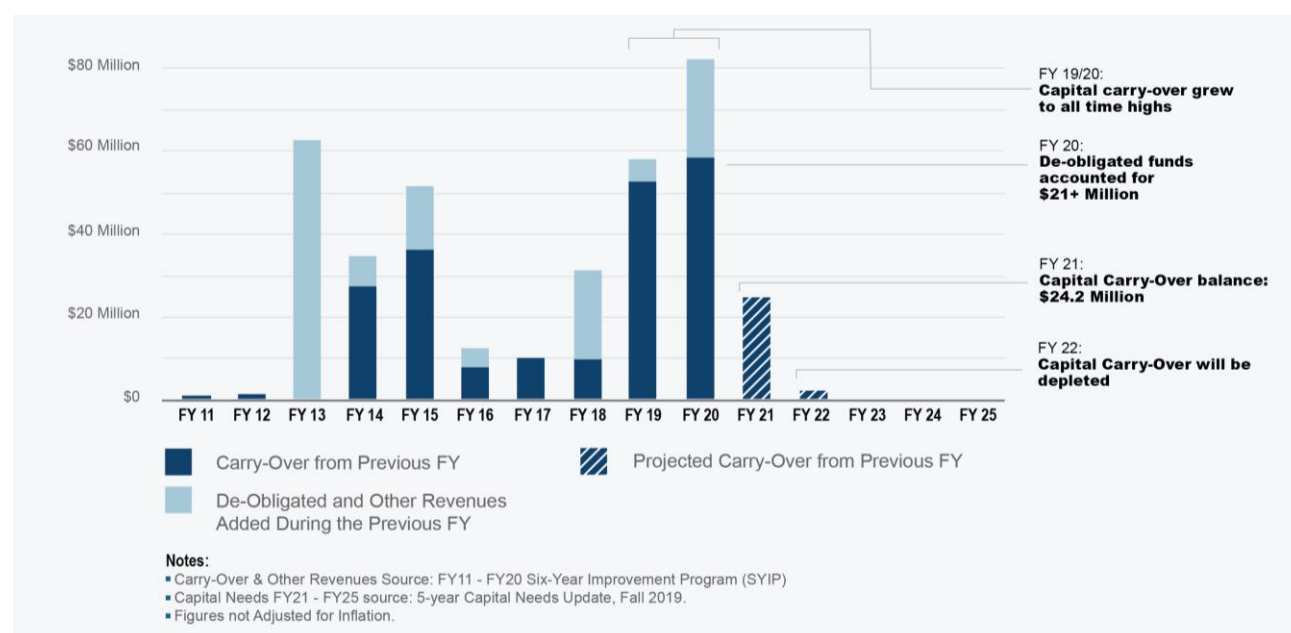
Figure 4: Actual and Projected State Transit Capital Revenue Sources, FY2011 – FY2025



Through FY2018, the DRPT capital assistance program was generally on an upward trend in both revenues available and allocations made, due in part to the fact that capital funding for WMATA's was included in the overall program. Starting in FY2019, when WMATA capital funding was taken out of DRPT's Mass Transit Trust Fund (MTTF) allocation, the capital program began to shrink¹. Though the total amount of funding allocated through the capital assistance program has decreased over the past two fiscal years, the program has remained well funded based on de-obligated project balances and bond funding. Starting in FY2021, and continuing through FY2025 the total projected needs will significantly outpace the total expected state revenues, contributing to the large shortfall illustrated in Figure 3.

The two main sources of revenues in DRPT's capital assistance program since FY2011 have been: 1. A dedicated 12.5% carve-out for capital purchases from the Virginia MTTF, and 2. Revenues from capital bonds. A small amount of money also comes into the capital assistance program from the MTTF specifically to fund paratransit capital investments throughout the state. In Fiscal Year 2021, the remaining capital bonds in the capital program are projected to be depleted, along with a significant carry over balance illustrated in Figure 5.

Figure 5: Actual and Projected State Transit Capital Carry-Over and Other Revenues, FY2011 – FY2025



Nearly every fiscal year over the past decade, state capital revenues have exceeded allocations, leading to the buildup of a significant capital carry-over balance. In addition, other revenue sources that come back into the capital program each fiscal year increase the resources available for future capital allocations. These other revenue sources are mostly made up of de-obligated capital funds that were not spent by the agency they were allocated to in a previous fiscal year, as well as other one-off infusions of revenue into the capital program.

The state capital carry-over balance grew to an all-time high in FY2020, when it contained nearly \$60 Million. This can be attributed to two factors: 1. The DRPT capital program drastically changed when WMATA capital funding was removed, 2. Other available statewide funding sources began to provide financing for costly major expansion projects throughout the state starting in FY2018, including SMART SCALE and new toll revenues. In addition, there were large amounts of capital monies that were de-obligated and placed back into the capital assistance program prior to the FY2018 and FY2020 capital allocation cycles. In FY2020 alone, over \$21 million were de-obligated and incorporated into the available revenues.

¹ Chapters 854 and 856 of the 2018 General Assembly enacted significant reforms to the Commonwealth Mass Transit Fund, including a prescribed formula for the CTB's annual allocations by program. 53.5 percent of this fund is dedicated to WMATA Operating and Capital.

Going into the FY2021 allocation cycle, the state capital carry-over balance has dropped to \$24.2 Million. Taking into account the capital needs that the agencies throughout the state have expressed, DRPT anticipates this balance to be spent down completely in FY2022.

Projected Capital Shortfalls by MERIT Project Type

State policy stipulates that a minimum of 80% of the new dedicated capital MTTF revenues must be allocated to State of Good Repair (SGR) and Minor Enhancement (MIN) Projects, and that a maximum of 20% can be allocation to Major Expansion (MAJ) projects (See pg. 7 for a description of these project types). Figure 6 shows that the shortfall in capital funds will impact State of Good Repair and Minor Enhancement Projects more than Major Expansions. When breaking down the capital needs assessment into these project types following this 80%/20% split, there will be a shortfall of \$177 Million in state capital funds for SGR/MIN projects, and a shortfall of approximately \$10 Million for MAJ projects.

Under the current policy, the 20% of MTTF funds that can used to fund MAJ projects can be shifted to the SGR/MIN category out of need. However, even if all funding for MAJ projects was shifted over, Figure 7 shows that there would still be a \$138 Million shortfall in the SGR/MIN category and a complete shortfall of \$49 for MAJ projects.

Figure 6: Projected State Transit Capital Revenues and Allocations by MERIT Project Types, FY2021-FY2025 (80% of new MTTF revenues dedicated to SGR/MIN, 20% to MAJ)

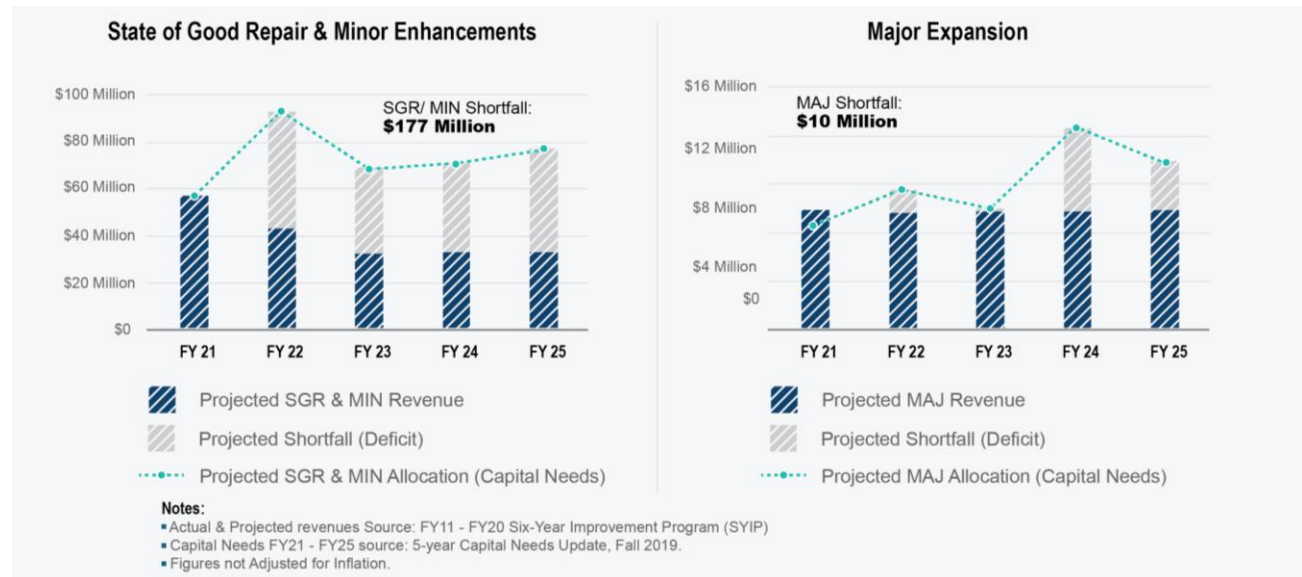
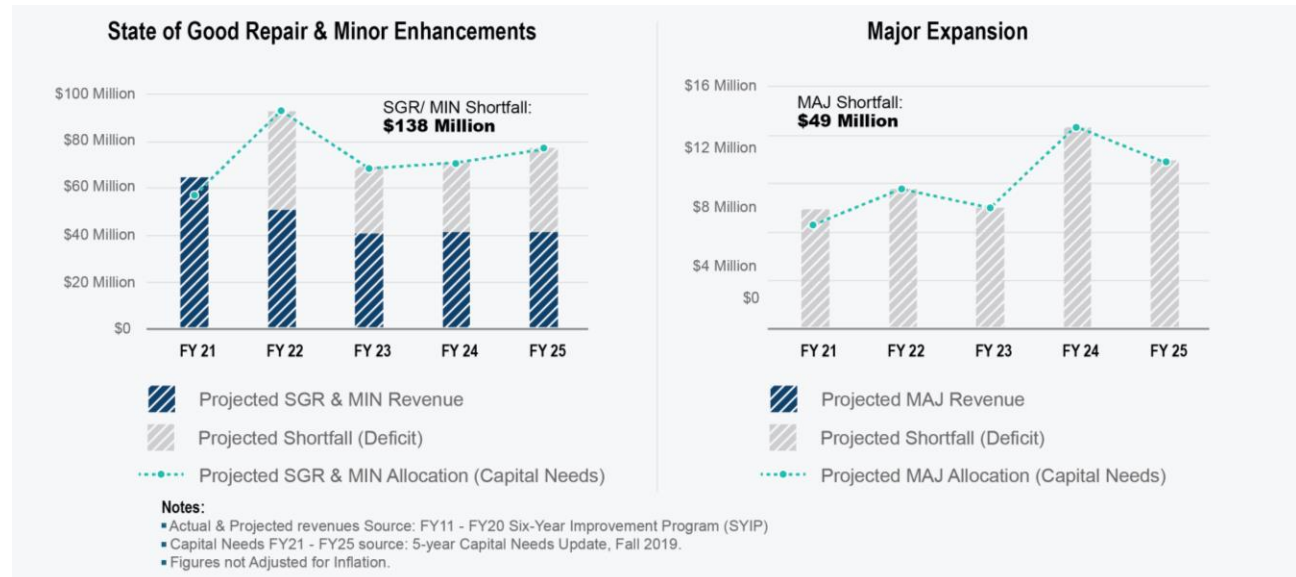


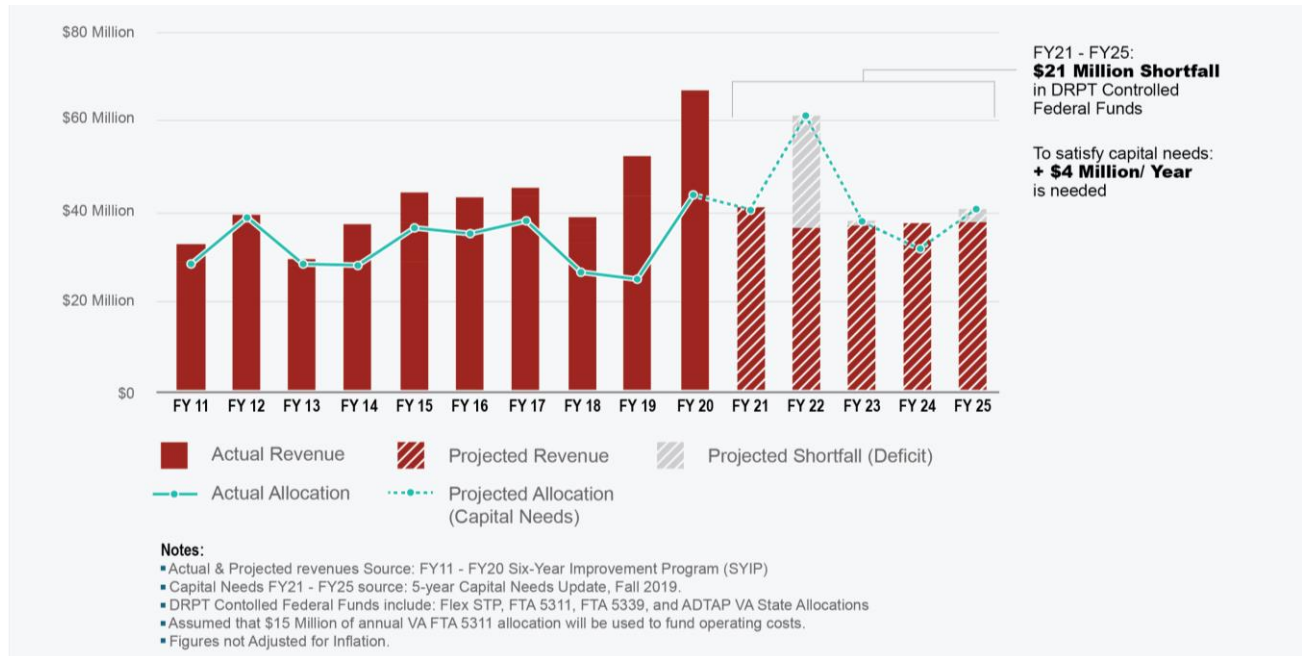
Figure 7: Projected State Transit Capital Revenues and Allocations by MERIT Project Types, FY2021-FY2025
(100% of new MTTF revenues dedicated to SGR/MIN, 0% to MAJ)



State Controlled Federal Funds: Shortfalls in a Historic Context

Over the past 10 years, state controlled federal revenues and allocations have been much steadier, however over the past 2 fiscal years the available revenues have grown to be significantly higher than allocations. This is due to a large carry-over balance in state controlled federal funds, namely in flexible STP funds, over the past few years. Moving forward, revenues are projected to be significantly lower as the Flexible STP balance has been programmed to projects in the coming fiscal year.

Figure 8: Actual and Projected State Controlled Federal Revenues and Allocations, FY2011 – FY2025



Unless there is a significant change in federal law or policy, the available federal revenues are not expected to change significantly over the next 5 fiscal years. These means that if all capital projects in the 5-year capital budget are to come to fruition, the shortfall in these programs can only be made up in the form of state or local funding.



Virginia Department of Rail and Public Transportation

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