



Annual Budget Fiscal Year 2010

Pending CTB Adoption

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COMMONWEALTH of VIRGINIA

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June 17, 2009

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Dear Members of the Board:

This document contains the Virginia Department of Rail and Public Transportation's recommended FY 2010 annual budget for your approval.

In developing this budget, DRPT was mindful of the priorities included in the 2008 Appropriations Act, which directed the agency to incorporate the principles of local maintenance of effort, transit sustainability, public benefit and asset management into its programs. As I will outline in more detail in a forthcoming report, DRPT has completed the process of implementing these priorities as part of the annual allocation process. These new initiatives will help ensure that projects deliver a substantial return on investment for state funds.

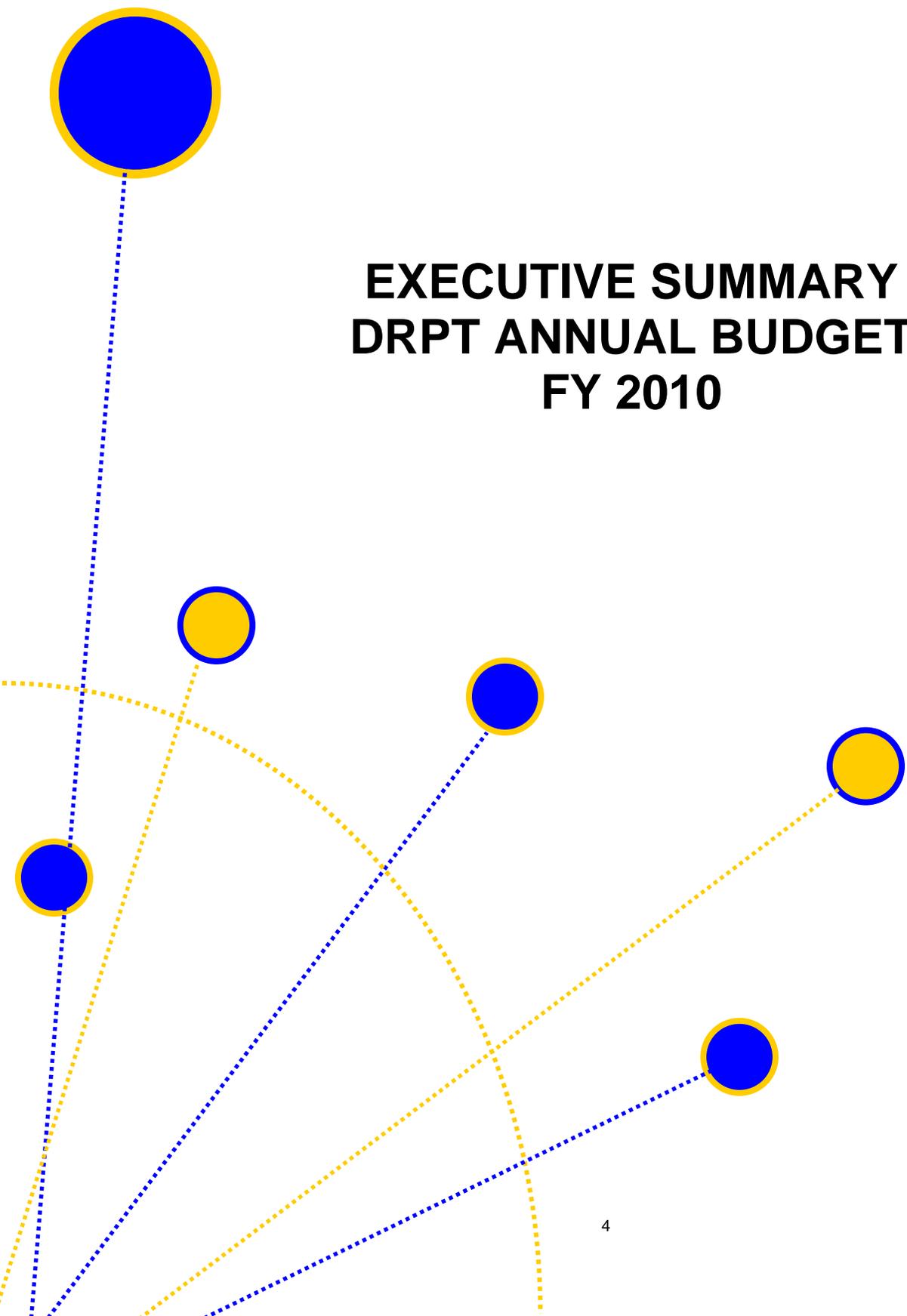
The impact of the economic downturn on the rail and transit programs has been mitigated to a certain extent by federal stimulus funding and the addition of the recordation tax revenue to transit operations. The addition of \$23.6 million of recordation taxes to the transit operating program helped achieve a 40% state share of eligible expenses in FY 2010, which is on par with the preceding three years. The 78% state share of transit capital projects in FY 2010 is at its highest point in the past decade. This level of state funding was achieved due to federal stimulus funding plus a lower amount of capital grant applications. Overall, the proposed expenditures for FY 2010 total \$460.2 million – a 10% decrease from FY 2009. This decrease is primarily due to the transition of the Dulles Metrorail project to the Metropolitan Washington Airports Authority, with the remaining programs experiencing relatively minor reductions.

The FY 2010 budget supports several high priority initiatives, including a three year demonstration passenger rail service, construction of the Tide light rail system in Norfolk, rolling stock acquisition and infrastructure improvements for Virginia Railway Express, construction of Phase I of the Dulles Corridor Metrorail Project, a Rapid Transit evaluation in Richmond, and transit service expansions statewide.

We look forward to working with the Commonwealth Transportation Board to advance the programs and projects in our FY 2010 budget.

Sincerely,

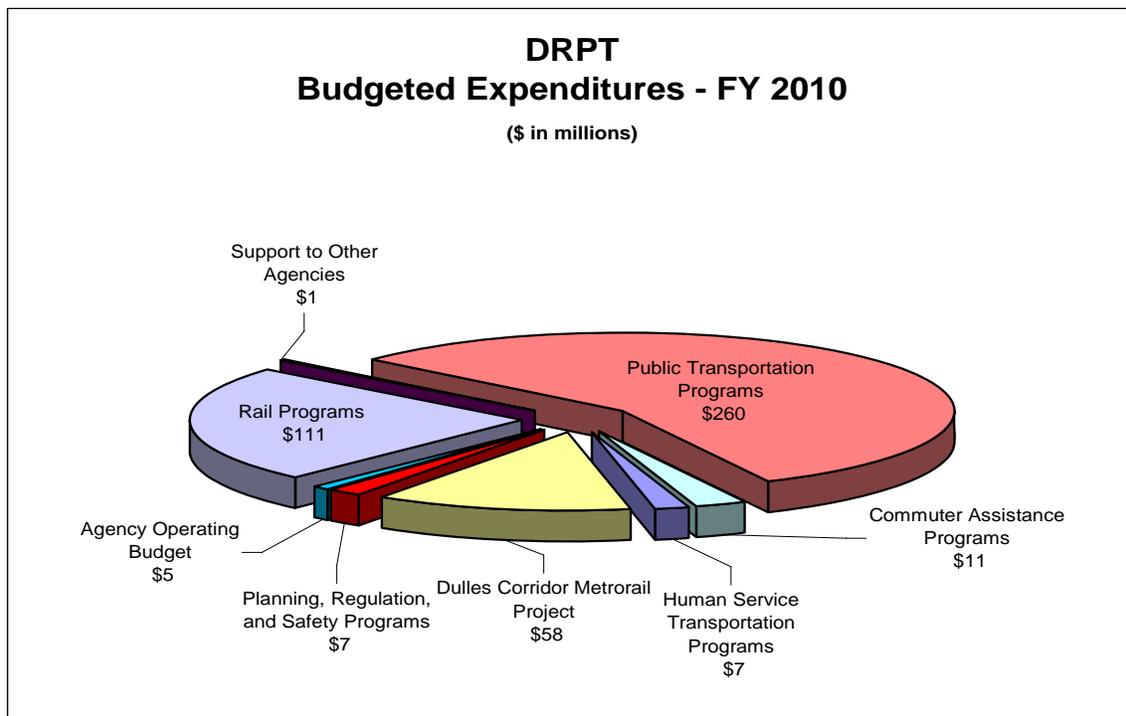
Charles M. Badger



**EXECUTIVE SUMMARY
DRPT ANNUAL BUDGET
FY 2010**

Summary of FY 2010 Budget

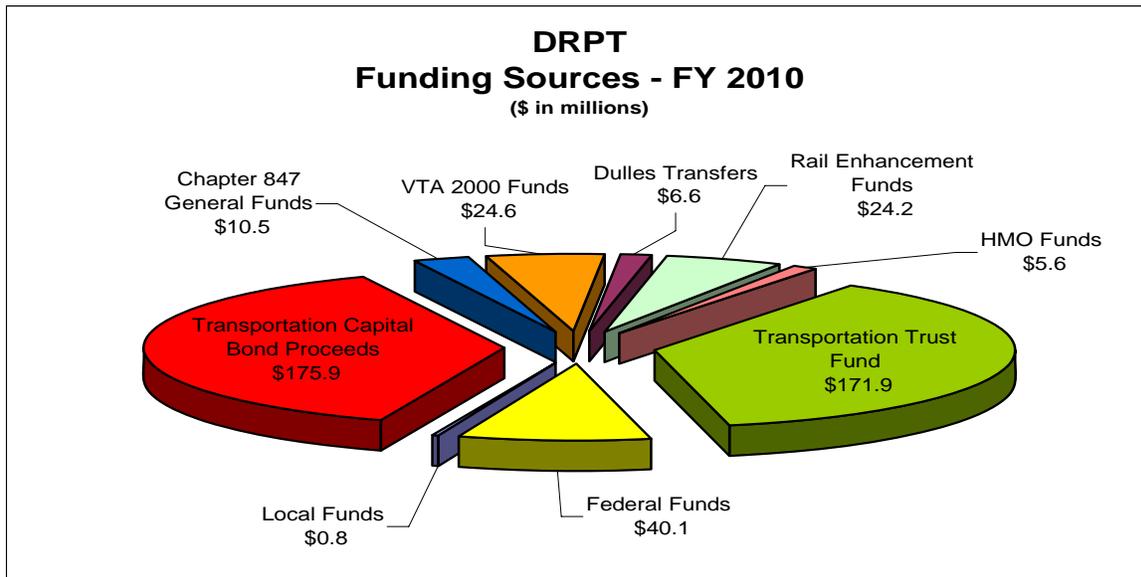
In FY 2010, DRPT anticipates spending \$460 million of federal, state, and local funds compared to \$510 million in FY 2009. The decrease of \$50 million results primarily from a reduction of anticipated expenditures on the Dulles Corridor Metrorail Project as the Metropolitan Washington Airports Authority (MWAA) is now directly administering the federal and local funding for the project. The decrease is offset by a slight increase in planned transit and rail capital expenditures due to the maturation of projects funded in the 2007 Transportation Initiative. The FY 2010 DRPT budget will be accounted for utilizing the agency's eight service areas, including: Public Transportation Programs; Commuter Assistance Programs; Human Service Transportation Programs; Rail Preservation Programs; Rail Enhancement Programs; the Dulles Corridor Metrorail Project; Planning, Regulation and Safety Programs; and General Management and Direction (operating budget). The following chart depicts the DRPT budget by service area:



The budgeted expenditures for each service area are discussed in more detail later in this report.

The major sources of funds for the DRPT budget are depicted in the chart on the following page. This does not represent the estimated revenues for FY 2010, but rather the source of funding for the budgeted expenditures for the year. For example, \$32.7 million of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds is allocated to transit in FY 2010 of the Six Year Improvement Program, but the

budget and the funding sources statement includes only \$9.0 million of projected expenditures for FY 2010. Additional details of the DRPT FY 2010 revenues can be found on page 17.



FY 2010 Service Area Budget Highlights

Agency Operating Budget

In FY 2005, the DRPT budget totaled approximately \$178 million as compared to \$402 million in the FY 2010 budget without the Dulles project. This represents an increase of over 125% in just five years. Additionally, the nature of the projects managed by DRPT has changed dramatically over the last 15 years. DRPT supports many regional initiatives as diverse as the Norfolk Light Rail Transit project, the Richmond bus rapid transit initiative, the Dulles Corridor Metrorail Project, and the I-95 and I-81 rail corridor programs.

In 2007, DRPT initiated a strategic review which resulted in a significant reorganization of the agency and the development of a comprehensive business plan. During the past two years, DRPT has steadily transitioned to a business model that will enable us to better serve as stewards of Commonwealth funding and as advocates of our programs through improved performance results from our programs. The one time special allocation of \$11.3 million authorized by the Commonwealth Transportation board (CTB) at its April 2007 meeting provided funding to develop and implement several initiatives as identified in the strategic assessment. These initiatives included a program of rail and transit technical consulting expertise, a triennial grantee performance review program, a financial compliance review program, public benefit models, and asset management based capital budgeting.

Chapter 781 of the 2009 Virginia Acts of Assembly authorizes the CTB to approve up to a maximum of three percent per year of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project

development, project administration, and project compliance. DRPT has determined that 2.3% of the appropriated balance (\$4.0 million) of the aforementioned funds for FY 2010 will be sufficient to support the ongoing costs of these programs. A complete list of these estimated costs for FY 2010 is included in the budget statement at the end of this document.

The combined DRPT operating budget represents 2.2% of the \$402.2 million of total funds administered by the agency less the Dulles Corridor Metrorail Project budget. This compares favorably with a combined administrative cost of 2.4% in FY 2009. The actual cost to manage the DRPT programs for FY 2010 is estimated at \$8.8 million. The Highway Maintenance and Operating (HMO) fund provides \$4.8 million of the funding which is included in the DRPT budget in the agency operating budget service area. The Planning, Regulation, and Safety Program service area includes \$4.0 million for program development, project administration, and project compliance.

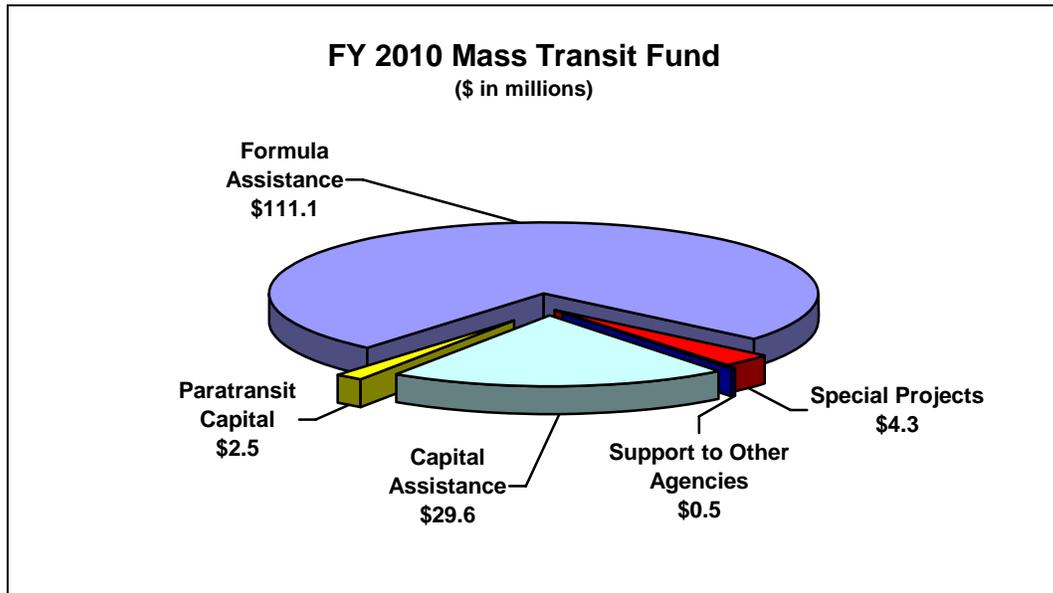
Public Transportation Programs

The \$260.5 million in the public transportation programs budget for FY 2010 includes \$26.7 million in federal funds, \$8.0 million in state matching funds for federal allocations to public transportation projects, \$10.5 million of Chapter 847 general funds for transit capital projects, \$70.3 million of bond proceeds for statewide transit capital funding, and \$145.0 million in Mass Transit Trust Funds.

The FY 2010 allocation of Mass Transit Trust Funds represents a decrease of \$7.9 million over FY 2009. The funding for this allocation is made up of 14.7% of the 1986 Special Session Revenue (Transportation Trust Fund) and the state recordation tax dedicated to public transportation operating assistance in Chapter 896 of the 2007 Acts of Assembly. Both dedicated sources of funding suffered from downward projections in revenue forecasts for FY 2010.

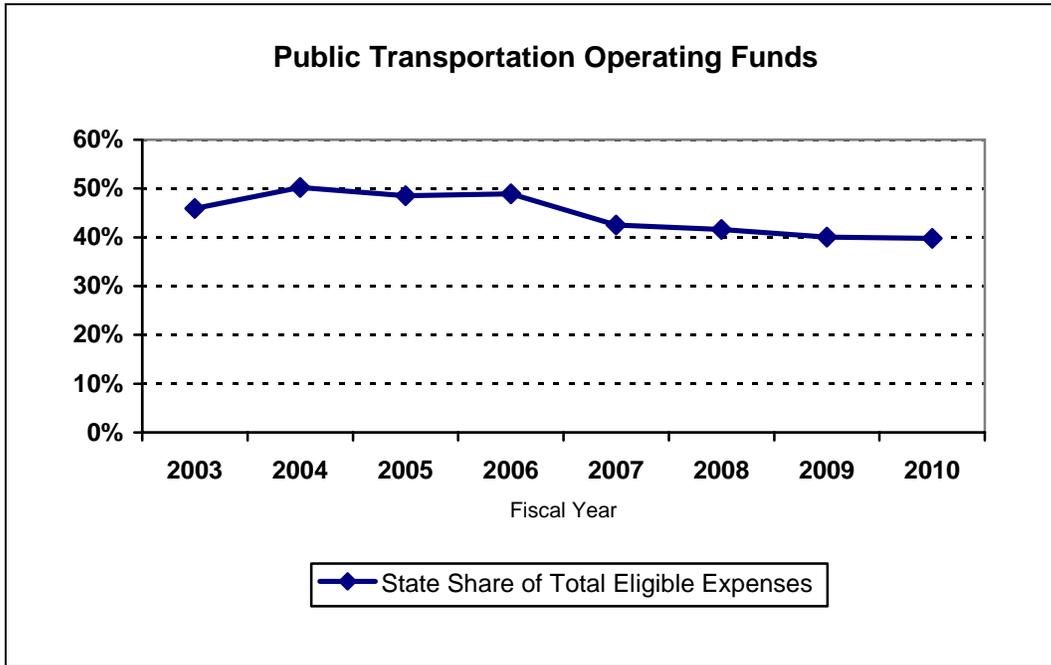
The annual allocation of these funds is distributed in accordance with Appropriations Act language and the provisions of the Code of Virginia that established the Mass Transit Trust Fund (§58.1-638.A.4) and dedicated \$0.02 of the state recordation tax to the Mass Transit Fund (§58.1-815.4.). The distribution is as follows: 2.3% of the Mass Transit Trust Fund to support costs of project development, project administration, and project compliance per Item 448 of the 2009 Appropriation Act; \$2,500,000 for paratransit capital projects and enhanced transportation services for the elderly and disabled; recordation tax proceeds of \$23.1 million are allocated as state operating assistance grants; and the 14.7% share of the Transportation Trust Fund dedicated to the Mass Transit Trust Fund is allocated by statute with 73.5% for state operating assistance grants (called formula assistance grants), 25% awarded as capital assistance grants, and the balance of 1.5% awarded as special projects grants subject to CTB approval. For FY 2010, it is recommended due to the economic downturn that special projects receive only 0.5% with state operating assistance receiving 74.5%.

The FY 2010 allocation of Mass Transit Trust Funds for public transportation is depicted in the following chart. The variance in percentages from the chart data to the above mandated percentage allocations occurs because the recordation tax is allocated entirely as formula assistance and the special projects program includes estimated expenditures of \$3.7 million of the one-time, special CTB allocation of \$11.3 million to DRPT projects.



Public Transportation Operating Funds

State formula assistance grants for public transportation operating expenses are awarded on the basis of the total annual amount of state funds available expressed as a percentage of the total annual amount of transit operating expenses, subject to a cap of 95% of eligible expenditures. Eligible expenditures are defined as costs of administration, fuel, tires, and maintenance parts and supplies (payroll costs of mechanics and drivers are excluded). In FY 2010, \$23.1 million of additional funding was added to the operating assistance program as mandated in §58.1-815.4. of the Code of Virginia from a \$0.02 share of the recordation tax. The overall state share of eligible expenditures is 39.8% for FY 2010 versus 40.1% for FY 2009. The addition of the recordation tax revenues had little impact on the state share of eligible expenses due to rapidly rising fuel and insurance costs and a decline in revenue projections in the Transportation Trust Fund.



Public Transportation Capital Funds

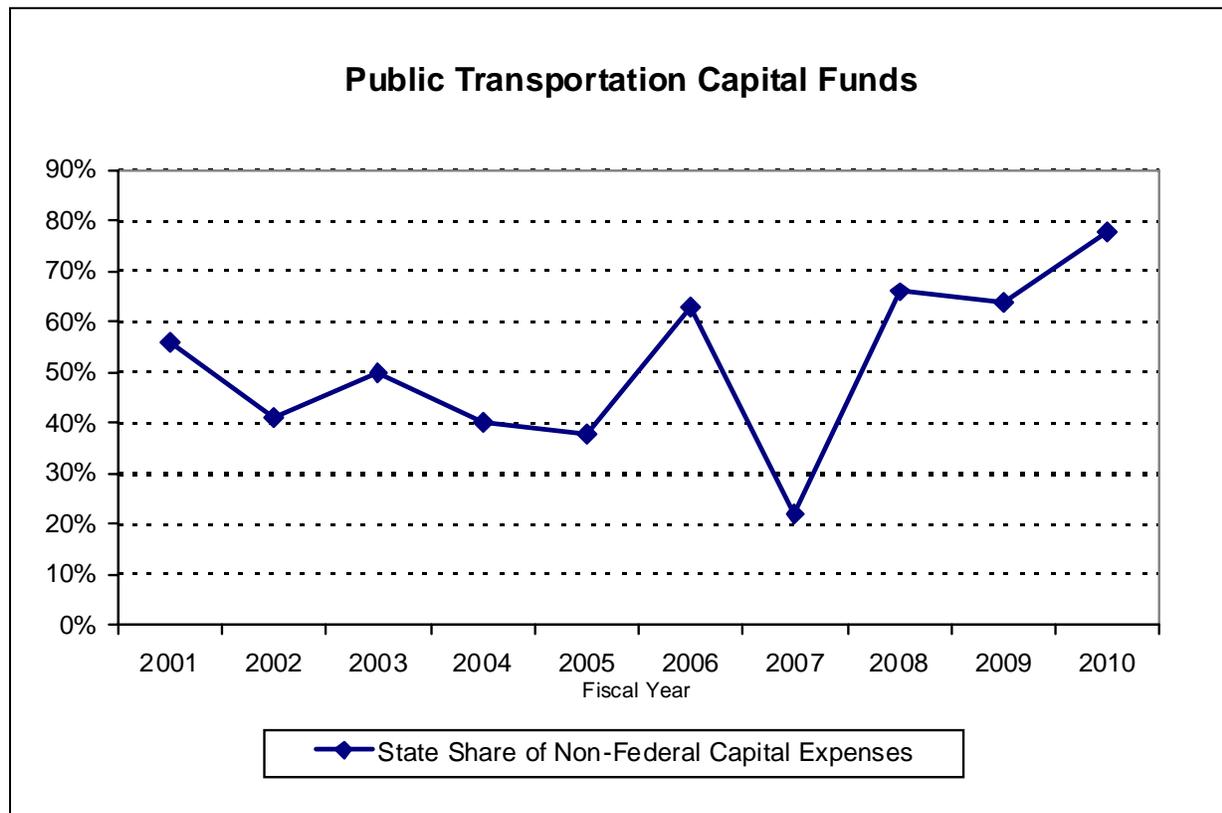
State capital program grants from Mass Transit Trust Funds (MTTF) are awarded to all public transportation capital projects deemed to be eligible, reasonable, and appropriate at a uniform level of state participation. The goal is to reach the maximum allowable state share of capital expenses of 95%, but there have not been sufficient funds to support transit capital projects at this level since the Mass Transit Trust Fund was created in 1986. This level of participation or “state share” of capital project expenses is calculated by dividing the amount of state funds available for capital projects each year by the amount needed to support the non-federal share of all eligible transit capital projects for the year.

Beginning in FY 2008, additional capital funds from Transportation Capital Projects bond proceeds authorized under Chapter 896 of the 2007 Acts of Assembly have been available annually at a maximum state matching share of 80% in the Transit Capital Fund. For the current year, DRPT allocated \$32.7 million of anticipated bond proceeds with emphasis placed on vehicles and facilities.

Chapter 847 of the 2007 Virginia Acts of Assembly authorized one-time general fund transfers totaling \$60 million for transit capital projects. Due to the downturn in general fund revenues the past two years, the planned expenditures for FY 2010 for the earmarked projects will be financed by Transportation Capital Projects bond proceeds. During FY 2010 it is anticipated that \$17.4 million will be expended on these projects from bond proceeds and \$10.5 from the remaining balance of general funds.

The chart on the following page depicts a blended state share of non-federal capital costs of 78% for FY 2010 as compared to 64% for FY 2009. The current matching

percentage, the highest in recent memory, results from a reduced capital application pool due to federal ARRA funding and the weak economy.



In FY 2010, the budget for public transportation capital expenditures is \$133.7 million – a \$31.5 million increase from FY 2009. This increase is attributed to the projected expenditures of the Chapter 896 transit capital bond proceeds and federal ARRA funding. The projects to be supported by these funds, in addition to the applicable federal funds available to DRPT, are summarized in the table below:

Public Transportation Capital Projects for FY 2010						
	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	17	0	6	0	0	0
Culpeper District	16	0	7	0	0	0
Fredericksburg District	7	0	8	0	1	0
Hampton Roads District	16	1	15	0	2	0
Lynchburg District	9	7	10	3	1	0
Northern Virginia District	52	10	7	2	10	5
Richmond District	23	0	10	5	2	1
Salem District	18	5	17	5	2	1
Staunton District	4	0	11	0	1	1
Statewide Totals	162	23	91	15	19	8

Public Transportation Special Projects Funds

The Special Programs budget is estimated at \$4.3 million for FY 2010. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects and public transportation internships. The budget under this program includes \$3.7 million of anticipated expenditures of the \$11.3 million special CTB allocation.

Public Transportation Special Projects for FY 2010				
	Demonstration Projects	Technical Assistance Projects	Public Transportation Internships	Total
Bristol District	0	0	0	0
Culpeper District	2	0	0	2
Fredericksburg District	0	0	0	0
Hampton Roads District	0	0	0	0
Lynchburg District	1	0	0	1
Northern Virginia District	1	0	1	2
Richmond District	1	0	1	2
Salem District	1	0	0	1
Staunton District	0	0	0	0
Statewide Totals	6	0	2	8

Commuter Assistance Funds

The Commuter Assistance Programs budget includes \$4 million for FY 2010 to support Transportation Demand Management (TDM) projects in the Transportation Efficiency Improvement Fund (TEIF) program and \$6.8 million in projects included in the VDOT Six Year Improvement Program that DRPT will administer such as Innovative Progress, Telework, RideFinders, and TRAFFIX.

The TEIF program is a discretionary grant program that provides state funds to support 80% of the costs of TDM programs and special projects that are designed to reduce single occupant vehicle travel. These funds are used together with Special Projects funds to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that are designed to encourage travel in shared ride modes. The distribution of TEIF grants for FY 2010 is shown in the table on the next page.

Commuter Assistance Projects for FY 2010			
	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	0	0
Lynchburg District	0	0	0
Northern Virginia District	6	2	8
Richmond District	0	6	6
Salem District	1	0	1
Staunton District	2	0	2
Statewide Totals	14	8	22

Human Service Transportation Funds

The Human Service Transportation Programs budget includes \$7.4 million for FY 2010. This service area implements DRPT's initiatives to support human service transportation programs in the Commonwealth. 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.

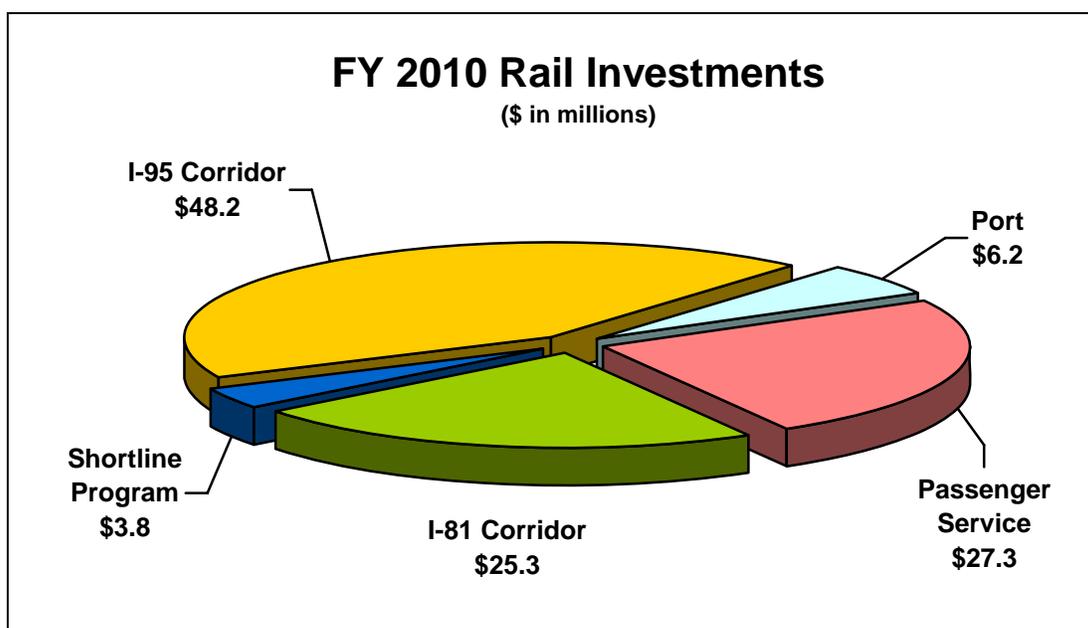
Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The funding for this program comes from the Federal Transit Administration (\$4.1 million), local provider match (\$0.8 million), and Mass Transit Trust funds for enhanced transportation services for the elderly and disabled (\$2.5 million). The breakdown by district of the 91 vehicles purchased through this program can be seen in the Public Transportation Capital Projects table on page 10.

Dulles Corridor Metrorail Project

The FY 2010 budget for the Dulles Corridor Metrorail Project includes projected expenses of Commonwealth funds totaling \$51.4 million. The Dulles Project recently received Final Design approval from the Federal Transit Administration, and the transfer of the Dulles Toll Road operations to the Metropolitan Washington Airports Authority was completed during the past year. DRPT no longer records Dulles Project related capital construction financial transactions. The budget for the Dulles Project is included herein so that DRPT may continue to advance Commonwealth funds for the Project.

Rail Programs

DRPT's FY 2010 budget includes \$110.8 million in funding for passenger and freight rail improvements. The distribution of anticipated expenditures falls into five categories: the I-95 Corridor with \$48.2 million, the I-81 Corridor with \$25.3 million, Port related projects of \$6.2 million, Demonstration Passenger Service with \$27.3 million, and the Shortline Program with \$3.8 million of expenditures.



Funding for DRPT's rail programs is supported through six funding sources: Rail Enhancement funds of \$23.6 million, Transportation Capital Project Bond funds of \$54.2 million, Virginia Transportation Act of 2000 funds of \$24.6 million, Commonwealth Transportation funds of \$3.2 million, Federal Railroad Administration grant funds of \$2.0 million, and Shortline Railway and Development funds of \$3.2 million.

The Rail Enhancement Fund (REF) provides over \$23 million in annual, dedicated funding for passenger and freight rail improvements from a 3% motor vehicle rental tax and the interest earnings on the cash balances of the fund. DRPT anticipates expenditures of \$23.6 million from the Rail Enhancement Fund for projects related to improving the viability of passenger rail activities primarily in the I-95 and I-81 Rail Corridors and for projects related to improving the movement of goods into and out of the Port of Virginia.

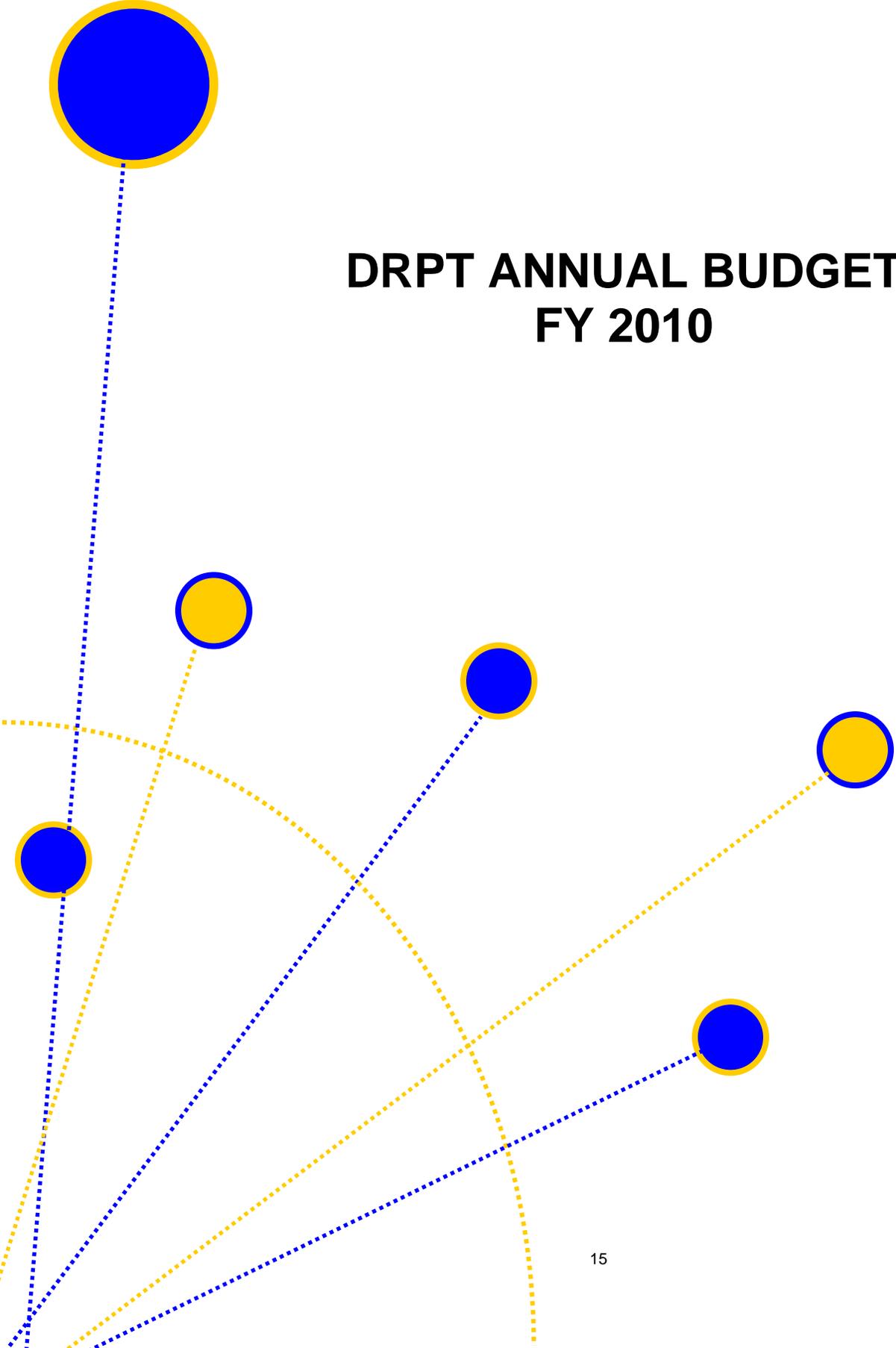
Transportation Bond Funds - Chapter 896 of the 2007 *Acts of Assembly* provides for Transportation Capital Project Revenue Bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the Rail Enhancement Fund or the Shortline Railway Preservation and Development Fund. For FY 2010, planned expenditures

from these bond proceeds are \$11.0 million for joint passenger and rail infrastructure improvements in the I-95 rail corridor and \$0.6 million for improvement to the tracks of the Buckingham Branch shortline. Additionally, bond proceeds will substitute for the remaining project costs related to the **Commonwealth General Funds** of \$65 million that were provided for in *Chapter 847 of the 2007 Acts of Assembly* for specific passenger and freight rail projects in the I-95 and I-81 corridors. DRPT anticipates expenditures of \$42.6 million on these projects in FY 2010.

Virginia Transportation Act of 2000 provided \$65.7 million for passenger and freight rail improvements in the I-95 Rail Corridor and \$9.33 million for passenger rail improvements in the I-81 Rail Corridor. During FY 2010 DRPT expects to spend VTA 2000 funds totaling \$24.6 million in order to complete projects in the I-95 and Route 29 corridors. DRPT also anticipates spending \$2.0 million in **Federal Railroad Administration grant funds** in FY 2010 to support the Fredericksburg to Hamilton's Crossing Third Track Upgrade and on the Alexandria to Franconia third track projects.

Demonstration Passenger Service is expected to begin in November of 2009 with anticipated operating subsidy costs of \$3.2 million for FY 2010. The capital costs associated with this three year demonstration service from Lynchburg to Washington and from Richmond to Washington total approximately \$24.1 million for FY 2010 and are funded through the Rail Enhancement fund and VTA 2000 project funds.

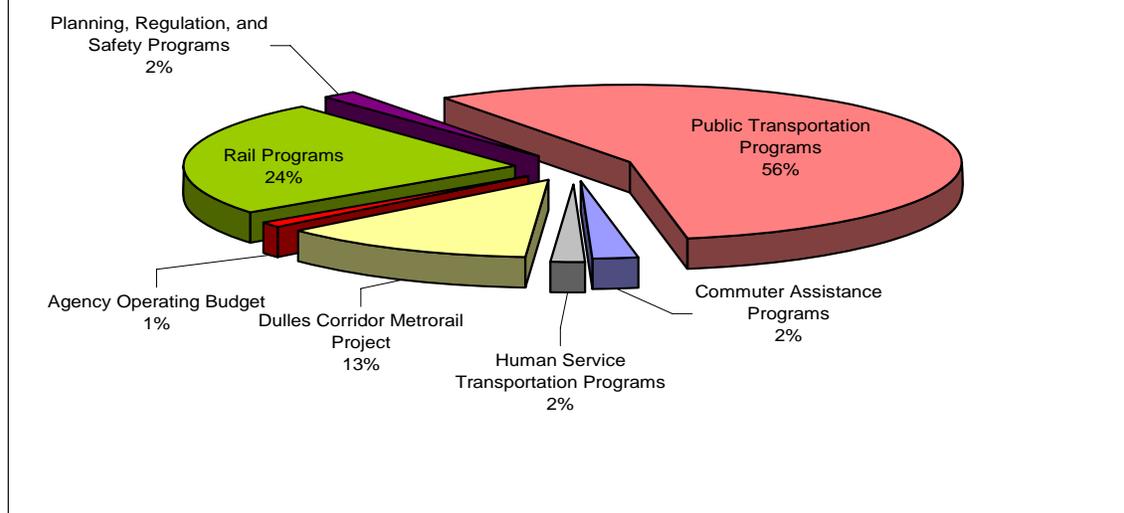
The Shortline Railway Preservation and Development Fund will support twelve projects for Virginia's shortline railroads in FY 2010 through the Rail Preservation Program. These Rail Preservation projects consist primarily of tie and rail replacement and the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Trust Fund allocation and the related interest revenues of \$3.2 million and through Transportation Capital Project Bonds of \$0.6 million.



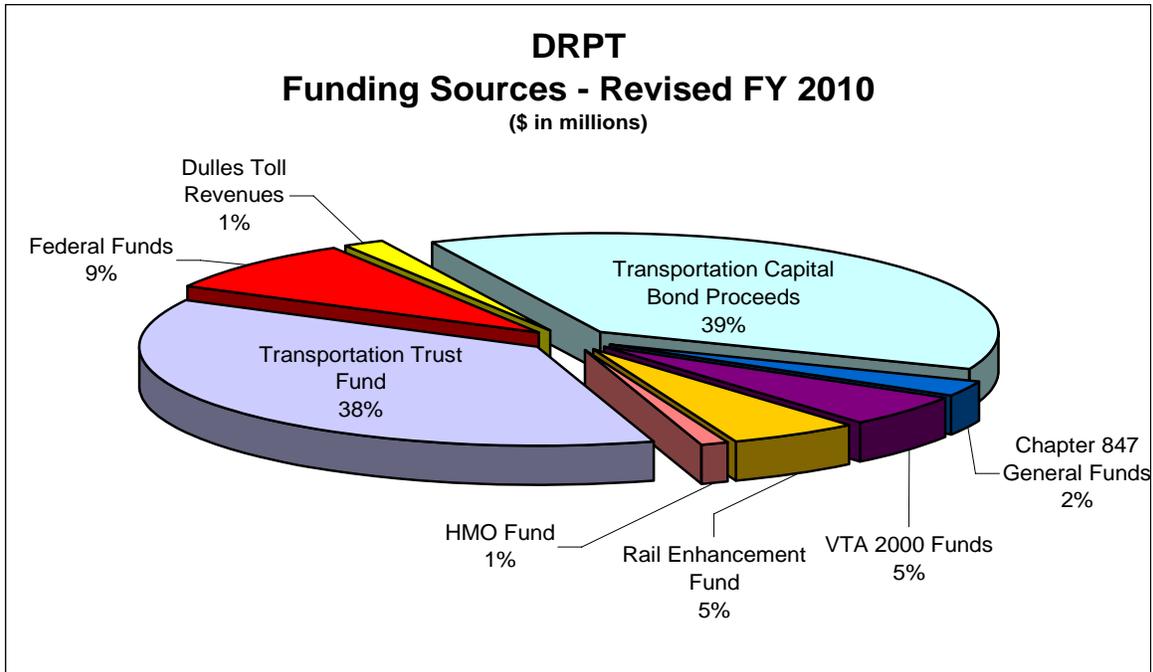
DRPT ANNUAL BUDGET FY 2010

**DRPT
Budgeted Expenditures - Revised FY 2010**

(\$ in millions)



	<u>Revised FY 2009</u>	<u>Recommended FY 2010</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
Public Transportation Programs				
Operating Assistance [Notes 1, 2]	\$ 126.0	\$ 122.5	\$ (3.5)	-2.8%
Capital Assistance [Notes 1, 3]	102.2	133.7	31.5	30.8%
Special Programs [Note 4]	8.2	4.3	(3.9)	-47.6%
Total	<u>236.4</u>	<u>260.5</u>	<u>24.1</u>	<u>10.2%</u>
Rail Assistance Programs				
Rail Preservation Programs [Notes 1, 5]	3.5	3.8	0.3	8.6%
Rail Enhancement Programs [Notes 1, 6]	63.0	77.2	14.2	22.5%
Demonstration Passenger Service [Notes 1, 7]	-	3.2	3.2	100.0%
Richmond-Washington HSR [Note 8]	30.6	26.6	(4.0)	-13.1%
Total	<u>97.1</u>	<u>110.8</u>	<u>13.7</u>	<u>14.1%</u>
Dulles Corridor Metrorail Project [Note 9]				
Metrorail	140.4	51.4	(89.0)	-63.4%
Express Bus Service	6.6	6.6	-	0.0%
Total	<u>147.0</u>	<u>58.0</u>	<u>(89.0)</u>	<u>-60.5%</u>
Commuter Assistance Programs [Note 10]	<u>10.5</u>	<u>10.8</u>	<u>0.3</u>	<u>2.9%</u>
Human Service Transportation Pgm [Note 11]	<u>5.9</u>	<u>7.4</u>	<u>1.5</u>	<u>25.4%</u>
Planning, Regulation, & Safety Pgm [Note 12]	<u>7.2</u>	<u>7.2</u>	<u>-</u>	<u>0.0%</u>
Agency Operating Budget [Note 13]	<u>4.7</u>	<u>4.8</u>	<u>0.1</u>	<u>2.1%</u>
Support to Other Agencies	<u>0.9</u>	<u>0.7</u>	<u>(0.2)</u>	<u>-22.2%</u>
Agency Total	<u>\$ 509.7</u>	<u>\$ 460.2</u>	<u>\$ (49.5)</u>	<u>-9.7%</u>



	Revised FY 2009	Recommended FY 2010	Increase / (Decrease)	Percentage Change
HIGHWAY MAINTENANCE AND OPERATING FUND [Notes 12, 13]	\$ 5.4	\$ 5.6	\$ 0.2	3.7%
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 11]	135.1	127.7	(7.4)	-5.5%
Recordation Tax [Note 2]	23.6	23.6	-	0.0%
Transport. Efficiency Improvement Prgm (TEIF) [Note 10]	3.8	4.0	0.2	5.3%
Rail Preservation Program [Notes 1, 5]	3.4	3.3	(0.1)	-2.9%
Other Commonwealth Transportation Funds [Notes 7]	-	3.2	3.2	100.0%
Rail Enhancement [Notes 1, 6]	24.4	24.2	(0.2)	-0.8%
Special Programs - VDOT Transfers [Notes 3, 10, 14]	16.6	10.1	(6.5)	-39.2%
Total	206.9	196.1	(10.8)	-5.2%
GENERAL FUND - Transit Capital and Rail [Notes 3, 6]	65.0	10.5	(54.5)	-83.8%
BOND PROCEEDS - Transit Capital and Rail [Note 1,3,5,6,9]	154.3	175.9	21.6	14.0%
FEDERAL REVENUE				
American Recovery and Reinvestment Act (ARRA) [Note 3]	-	12.0	12.0	100.0%
Flexible STP - Equity Bonus [Note 3]	4.9	-	(4.9)	-100.0%
FHWA Funding (CMAQ/RSTP) [Notes 3, 10, 14]	-	5.2	5.2	100.0%
Federal Transit Administration [Notes 2, 3, 11, 12, 14]	19.8	20.9	1.1	5.6%
Federal Railroad Administration [Note 8]	9.2	2.0	(7.2)	-78.3%
Total	33.9	40.1	6.2	18.3%
LOCAL REVENUES [Note 11]	0.7	0.8	0.1	14.3%
TRANSFERS FROM OTHER AGENCIES				
DMV Transfers	0.1	-	(0.1)	-100.0%
VDOT - Dulles Transfers [Note 9]	22.0	6.6	(15.4)	-70.0%
VDOT - VTA 2000 Transfers [Note 8]	21.4	24.6	3.2	15.0%
Total	43.5	31.2	(12.3)	-28.3%
TOTAL SOURCES	\$ 509.7	\$ 460.2	\$ (49.5)	-9.7%

DRPT
Footnotes to the FY 2010
Annual Budget

- (1) As a result of the 2007 Transportation Initiative, DRPT received two new funding sources for public transit and rail. The Initiative authorized \$3 billion of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds to be issued with rail receiving a minimum of 4.3% and transit receiving a minimum of 20%. Originally, the underlying revenue stream provided bonding capacity to allow a \$300 million a year issuance for 10 years. However, due to the downturn in insurance premiums revenues that support these bonds, the total bonding capacity is now estimated to be \$2.1 billion. In FY 2010 allocations to capital projects funded with these bonds total \$32.7 million for transit capital and \$12.9 million for rail. Chapter 896 of the 2007 Acts of Assembly also dedicated \$.02 of the state recordation taxes imposed pursuant to 58.1-801 and 58.1-803 to the Commonwealth Mass Transit Fund. This is estimated to provide \$23.6 million of funding for transit operations in FY 2010.

The budgeted amounts in this report only include anticipated expenditures for FY 2010 and sources to cover these anticipated expenditures. Therefore, budgeted amounts will not agree to allocations in the Six Year Improvement Program (SYIP). For example, DRPT will allocate Transportation Capital Projects bond proceeds of \$32.7 million (as authorized in Code of Va. Section 33.1-23.4:01) for transit capital in FY 2010, but only \$9 million is expected to be expended on those projects during FY 2010. The differences between the FY 2010 SYIP allocations and budgeted expenditures are as follows:

Reconciliation of SYIP Allocations to Budgeted Expenditures

Total Six Year Improvement Plan Allocations	\$ 316.8
Various Federal Funds Allocations with Grantee FTA Contracting	(56.4)
Demonstration Passenger Rail Allocations Greater than Budget	(2.2)
Prior Year Allocations in Current Year Budget	
American Reinvestment and Recovery Act (ARRA)	12.0
Dulles Corridor Metrorail Project	58.0
2007 General Funds	10.5
Transit Bond Allocations	37.6
Rail Bond Allocations	41.3
VTA 2000 funds	24.6
Special CTB Allocation - April 2007	3.7
VDOT Allocations included in DRPT Budget	14.3
 Total Budgeted Expenditures	 <u><u>\$ 460.2</u></u>

- (2) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance decreased by \$3.5 million. This was primarily due to DRPT using deobligated grant balances in the prior year which are not available in the current year. The activities budgeted in this line item consists of Mass Transit Trust Fund (MTTF) operating allocations of \$111.1 million, \$9.8 million in federal assistance through the Federal Transit Administration (FTA) 5311 Rural Assistance program, and \$1.6 million in federal assistance through the FTA Jobs Access and Reverse Commute (JARC) program.

DRPT Footnotes to the FY 2010 Annual Budget (Continued)

- (3) The budgeted Public Transportation Programs - Capital Assistance line item increased by \$31.5 million. This was primarily due to the anticipated \$45.3 million increase in expenditures of bond funded projects in FY 2010 as compared to FY 2009 and the projected expenditure of American Investment and Recovery Act (ARRA) funding of \$12 million, offset by the \$19.5 million decrease in general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly, as well as a \$6.3 million decrease in federal funds due to grantees contracting directly with the Federal Transit Administration (FTA). The activities budgeted in this line item are \$29.6 million of MTTF allocation, \$70.3 million of Transportation Capital Projects bond proceeds, \$10.5 million of general funds, \$12 million of ARRA funding, \$3.3 million of federal allocations, and \$8.0 million in state matching funds.
- (4) The budgeted expenditure line item entitled Public Transportation Programs – Special Programs decreased by \$3.9 million for FY 2010. The activities budgeted in this line item consist of MTTF allocations of \$0.6 million and \$3.7 million of planned expenditures resulting from the special allocation of \$11.3 million of MTTF by the Commonwealth Transportation Board (CTB) at its April 2007 meeting. These special allocation funds are residual balances from previous MTTF project allocations that were no longer needed by the grantee for the original purpose of the grant. The \$0.6 million allocation represents a \$1 million decrease from the prior year due to shifting one percent of the one and a half percent Special Program allocation to Operating Assistance, and the \$3.7 million of planned expenditures represents a \$2.9 million decrease from the prior year.
- (5) The 2006 General Assembly passed legislation (Code of Va. Section 33.1-221.1:1.2) 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 with a FY 2010 allocation of \$3 million. The additional \$0.8 million of planned expenditures is funded by projected FY 2010 interest revenue and Transportation Capital Projects Bond proceeds allocated by the CTB.
- (6) The budgeted Rail Enhancement Program line item increased by \$14.2 million in FY 2010. This was primarily due to a \$49.2 million increase in projected expenditure of bond proceeds in FY 2010 as compared to FY 2009 offset by a \$35 million decrease in scheduled payments of general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly. This substitution of bond proceeds for general funds was necessary due to recent budget reductions. The source of funding for the Rail Enhancement Fund is the state portion of vehicle rental taxes collected in the Transportation Trust Fund, estimated at \$22.9 million for FY 2010. Additionally, this line item includes \$1.3 million of projected FY 2010 interest revenue and bond proceeds of \$53 million.
- (7) The budgeted Demonstration Passenger Service line item is new for FY 2010. This service is expected to begin in November of 2009 with anticipated operating subsidy costs of \$3.2 million for FY 2010. The capital costs associated with this three year demonstration service from Lynchburg to Washington and from Richmond to Washington total approximately \$24.1 million for FY 2010 and are funded through the Rail Enhancement fund and VTA 2000 project funds.

DRPT Footnotes to the FY 2010 Annual Budget (Continued)

- (8) The budgeted Richmond-Washington HSR line item decreased by \$4 million. This is primarily due to the anticipated expenditure of all VTA 2000 funds by the third quarter of FY 2010. The source of funding for this line item is \$24.6 million of VTA 2000 funds. Additionally, DRPT has applied for Federal Railroad Administration funds of \$2.0 million which will be utilized on these same projects when the federal award is received.
- (9) The Metropolitan Washington Airports Authority (MWAA) took over the operation of the Dulles Toll Road and in turn the management of the Dulles Corridor Metrorail Project on November 1, 2008. The budgeted Metrorail line item decreased by \$89 million because MWAA is now directly administering the federal and local funding for the project.
- (10) Commuter Assistance Programs includes the Transportation Efficiency Improvement Fund of \$4.0 million from the Transportation Trust Fund. Additionally, \$6.8 million in projects administered by DRPT with funding allocated through VDOT's Six-Year Improvement Program (CMAQ, RSTP, Safetea-Lu, Innovative Progress, Telework) is included in this Service Area.
- (11) Human Service Transportation Programs includes the \$2.5 million allocation of MTTF for the paratransit capital projects and enhanced transportation services for the elderly and disabled, \$3 million of FTA 5310 funding for vehicle purchases for providers of service to the elderly and disabled, \$0.8 million of local match to the FTA 5310 funds, and \$1.1 million of FTA New Freedom awards.
- (12) Planning, Regulation, and Safety Programs includes the \$4.0 million allocation of 2.3 percent of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. Item 448 of Chapter 781 of the 2009 Virginia Acts of Assembly allows the CTB to approve up to a maximum of 3 percent per year of these funds for the purposes described herein. The major components of these budgeted expenditures for FY 2010 are as follows:

Consultant Embedded Staff/DRPT Staff	\$ 1,400,258
Finance Compliance Review Program	438,363
State Safety Oversight Program	400,000
Transit Development Plans	250,000
Facility Oversight Program	250,000
Transit Program Support	250,000
Rail Program Support	672,765
Transit and Land Use Guidelines	200,000
Other Program and Project Management Initiatives	154,148
Total	<u>\$ 4,015,534</u>

Planning, Regulation, and Safety Programs also consist of the FTA 5303/5304 planning funds of \$2.6 million and the related state match of \$0.3 million, and Virginia's annual payment of \$0.3 million of HMO funds to the Washington Metropolitan Area Transit Commission (WMATC).

DRPT Footnotes to the FY 2010 Annual Budget (Continued)

- (13)** The agency operating budget of \$4.8 million is funded by Highway Maintenance and Operating (HMO) funds. The program development, project administration, and project compliance budget is \$4 million as detailed in footnote 12. When these two items are combined and the Dulles Corridor Metrorail Project budget is removed, the resulting DRPT operating budget represents 2.2% of the total funds administered by the agency.
- (14)** In order to provide comparative data to the FY 2010 budget, certain reclassifications were made to FY 2009 line items.