



DRPT

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

Annual Budget

Fiscal Year 2024

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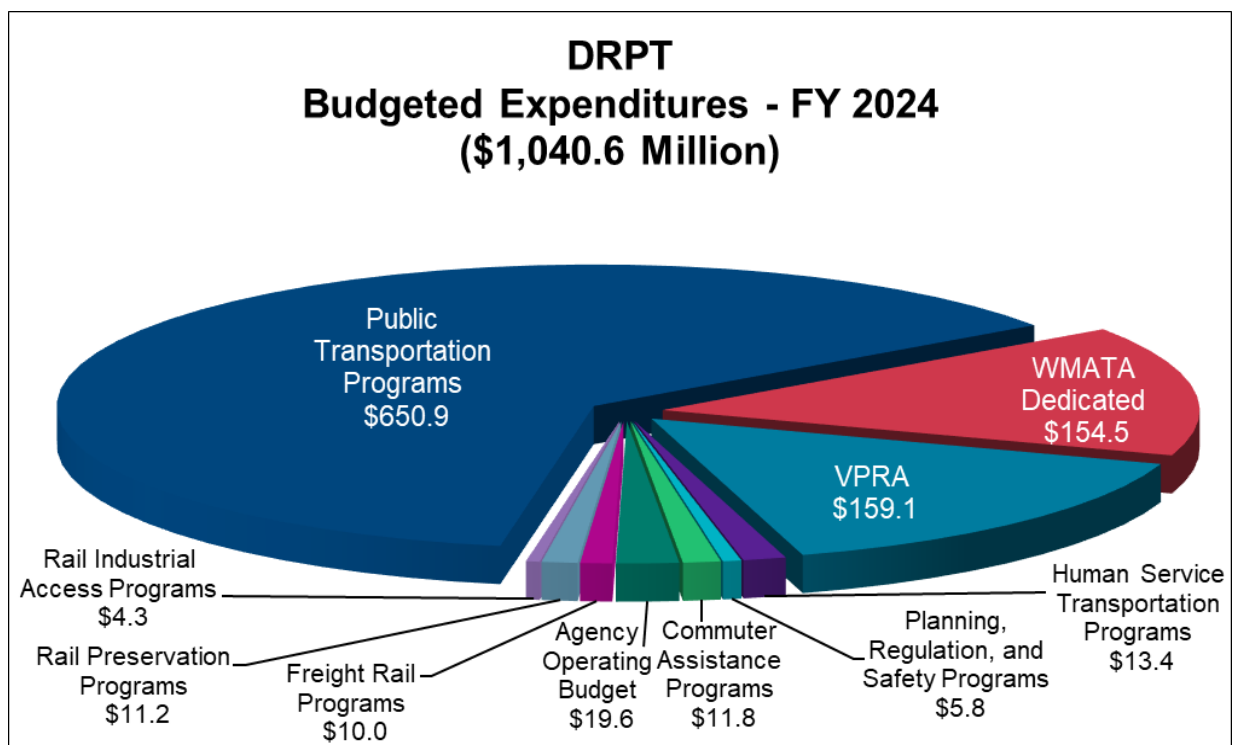
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Summary of Programs

Summary of FY 2024 Budget

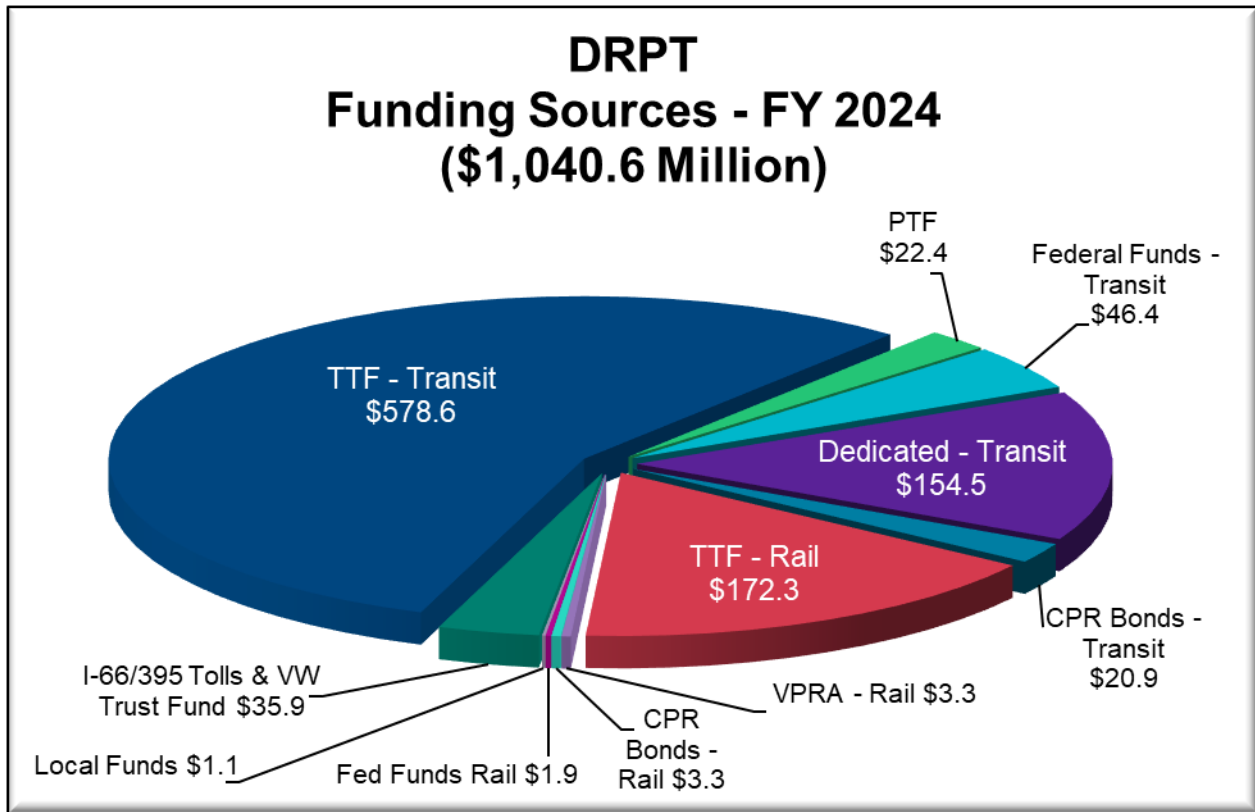
In FY24, DRPT will invest \$1,040.6 million in state, federal, and local resources towards improving public transportation and rail capacity across the Commonwealth of Virginia. The overwhelming majority of these funds are directed to a variety of recipients, including public transportation providers, local and regional government entities, freight railroads, and the Virginia Passenger Rail Authority (VPRA). The VPRA was established in section §33.2-288.B. of the *Code of Virginia* to oversee passenger rail projects within the Commonwealth, including the state-supported Amtrak service. The VPRA receives ongoing funding from DRPT of 93% of the revenues of the Commonwealth Rail Fund. The VPRA share is estimated at \$159.1 million for FY24.

Expenditures for FY24 are estimated to be \$4.1 million less than FY23. Additional detail is included in the specific program sections of this document.



The chart depicts the FY24 DRPT budget across the agency’s service areas and payments to the VPRA. The budgeted expenditures for each are discussed in more detail later in this report.

The following chart 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 FY24 funding sources can be found in the Annual Budget section of this report.



FY 2024 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget increased 7.1% or \$1.3 million. Revenues increased, so DRPT has elected to use only 4.0% of the 5.0% allowable under the Appropriations Act of the Rail Preservation Fund, Commonwealth Rail Fund, and Commonwealth Mass Transit Fund in FY24 for project oversight. Over the past several years, the transit programs managed by DRPT have grown significantly as have the associated revenues. This growth has been accompanied by increased demand by the General Assembly for accountability over the funds in these programs. The agency's operating budget will be used to develop and expand the program oversight requested by the General Assembly related to state transit funding.

The nature of the large-scale projects that DRPT now manages is highly diverse in their scope and service, changing dramatically over the last 15 years. Examples of these projects include the following: the Virginia Breeze intercity bus, WMATA oversight, transit way improvements related to the Amazon headquarters arrival, as well as I-95 and I-81 freight rail corridor programs.

DRPT is also currently completing studies on future transportation demand management (TDM) strategies in the heavily congested I-66 and I-395 corridors. This focuses on measuring person throughput (rather than vehicle) and redirects toll revenue collected on highways to critical transit projects.

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

In FY24, it is forecast that \$19.6 million of the revenues of these funds will be used to support the programs' ongoing administrative costs. A complete list of these estimated administrative costs is included in the footnotes of the budget statement at the end of this document. Despite the increase in demands on the agency, the DRPT operating budget still only represents 1.9% of the \$1,040.6 million of total funds administered.

Public Transportation Programs

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

Chapter 854 of the 2018 Acts of Assembly established a separate allocation for the Washington Metropolitan Area Transit Authority (WMATA) and set allocation percentages for DRPT's Operating, Capital, and Special programs in FY19 and beyond. It is important to note that these bills did not create additional transportation revenues. Instead, they built on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

Beginning in FY21, these funds were distributed in accordance with the *Code of Virginia* and specific Appropriations Act language as follows:

- Up to 5.0% of the CMTF to support costs of project development, project administration, and project compliance (current Appropriation Act language)
- \$2.0 million (current Appropriation Act language) of the MTTF for state safety oversight
- \$1.5 million (current Appropriations Act language) of the MTTF for paratransit capital projects and enhanced transportation services for the elderly and disabled

The remaining funds are allocated by statute (§33.2-1526.1) with a minimum of 27.0% for state operating assistance grants, 18.0% awarded as capital assistance grants, 46.5% for distribution to WMATA for capital purposes and operating assistance, 6.0% for the Transit Ridership Incentive Program (TRIP) and the balance of up to 2.5% awarded as special projects grants, subject to CTB approval. Item 436.P of Chapter 56 of the 2020 Special Session I of the Virginia Acts of Assembly gave the CTB flexibility in applying the percentages to keep revenue streams relatively stable to maintain the project's current schedule from FY20 for each program, but no later than FY24. No modifications to these percentages have been made in FY24. HB 1496 of the 2023 Legislative Assembly has proposed changes to §33.2-1526.1 for FY25 and beyond to create a separate category of funds for the Virginia Railway Express of up to 3.5% and

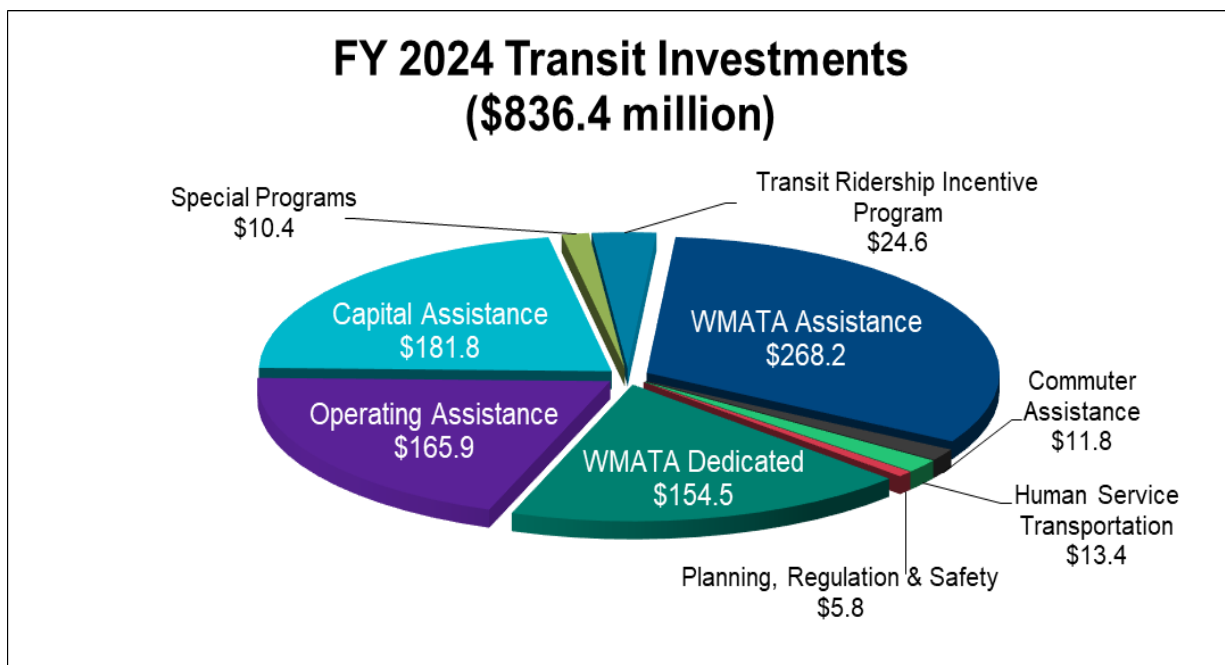
decrease state operating assistance grants to a minimum of 24.5% and capital assistance grants to 17.0%.

The CTCF is made up of the CPR bonds authorized under Chapter 896 of the 2007 Acts of Assembly allocated to transit capital. The major revenue source for these bond authorizations is the tax on insurance premiums. Beginning in FY19, these bond funds completed the 10-year period under the original bond authorization and the \$60 million annual amount available ended. Current year allocations of these funds represent monies deobligated from prior year projects.

By the close of FY21 when the WMATA state of good repair funding grant ended, the state transit capital assistance program lost an additional \$50 million of annual bond funding. However, section §33.2-1526.1.B of the *Code of Virginia* allocates up to \$50 million off the top of the CMTF starting in FY22 for the WMATA State of Good Repair program.

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

The FY24 budget for Transit Programs is depicted in the following chart. This chart represents FY24 anticipated expenditures across the nine major Transit programs.



The FY24 budget of \$836.4 million for Transit investments represents an increase of \$32.2 million from \$804.2 million in the FY23 Budget (as revised for \$28.4 million of mid-year uplift of revenues in FY23).

As compared to the FY23 Budget (revised for the FY23 mid-year uplift in revenues), capital projects increased \$59.3 million. There is an increase in large bus purchases and facility construction needs as supply constraints from COVID are easing. Transit Operating Assistance decreased \$49.2 million from FY23. The \$47.8 million of CTB directed special allocation in FY23 and \$15.0 million in FY22 for Operating Assistance was discontinued in FY 2024. WMATA Assistance increased \$15.6 million due to anticipated increases in revenue collections.

WMATA Assistance includes an allocation of \$50.0 million of CMTF funding, which was funded from bond proceeds prior to FY22, to match the federal funds WMATA is receiving under the federal state of good repair program. The Transit programs are discussed in more detail in the following sections.

Public Transportation Operating Funds

The budgeted amounts in this report include anticipated expenditures on all the projects and grants that DRPT manages for FY24, not just amounts allocated in FY24 by the CTB in the SYIP (See note 1 for more information). The budgeted FY24 transit operating expenditures are \$165.9 million or a decrease of \$49.2 million from FY23. FY23 revenues included a CTB directed special allocation of \$47.8 million which was not continued in FY24. Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 27.0% of the CMTF 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.

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 based on performance factors as follows:

System Sizing Metrics:

Bus Systems:

- Operating Cost (50%)
- Ridership (30%)
- Revenue Vehicle Hours (10%)
- Revenue Vehicle Miles (10%)

Commuter Rail Systems:

- Passenger Miles Traveled (33%)
- Revenue Vehicle Hours (33%)
- Revenue Vehicle Miles (33%)

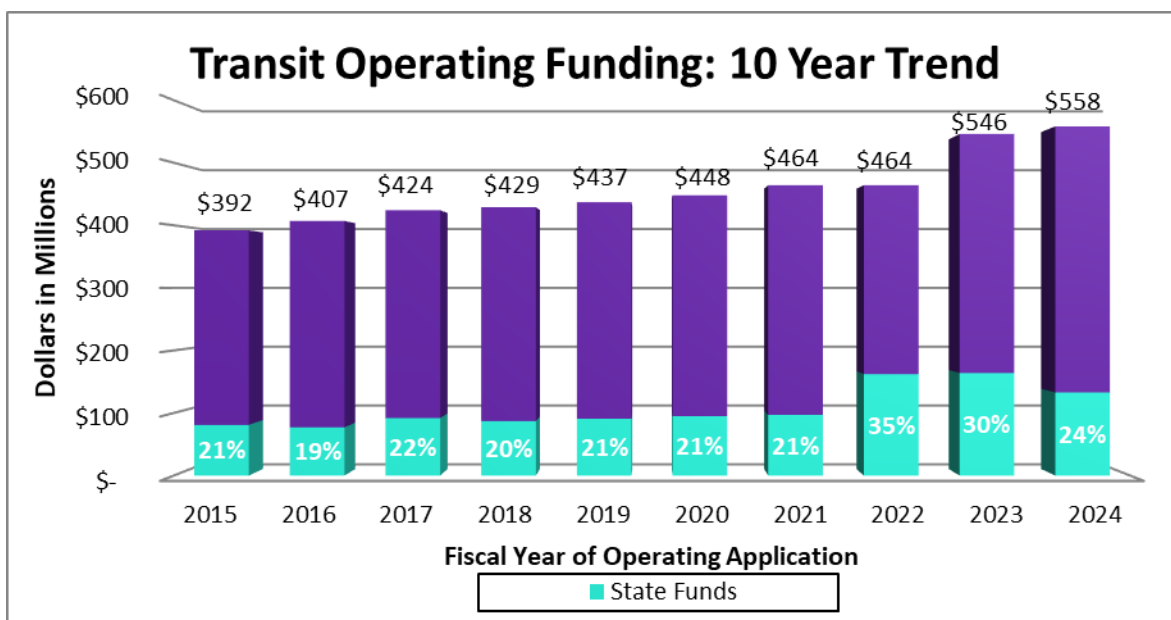
Performance Adjustment:

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%)

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. A one-time exception was made when mid-year FY22 revenue collections were significantly higher than estimates and the State allocated 35% of agency operating costs. Unallocated balances remaining after applying the cap are run through the performance-based formula to ensure full allocation of the available operating funding. Agencies that receive an increase in state assistance as a result of the performance-based formula are encouraged to invest the increased allocation into sustaining and expanding service options.

The overall state share of transit expenditures used for the FY24 operating allocations is 23.9%, which is a decrease of 6.1% from the 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 FY19 and beyond funding for WMATA operating and capital are reported as WMATA Assistance funds.



Public Transportation Capital Funds

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

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

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

- Project cost is up to \$2 million, OR

- For expansion vehicles, a minor enhancement entails a fleet increase of no more than 5 vehicles or less than 5% of the fleet size, whichever is greater.

Minor enhancement projects are prioritized solely on service impact scores.

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

- Congestion Mitigation
- Economic Development
- Accessibility
- Safety
- Environmental Quality
- Land Use

In FY24, the budget for public transportation capital expenditures is \$181.8 million, which is an increase of \$59.3 million from FY23. This increase is mainly attributable to the adverse effect of the Coronavirus on the ability of transit agencies and localities to fund and engage in longer-term capital projects in prior years and the anticipated reductions in the industry-wide supply chain issues in the future. Some capital facility projects have experienced cost increases due to COVID delays and inflation. The projects that will be supported by these funds and the applicable federal funds managed by DRPT are summarized on the following chart:

Public Transportation Capital Projects for FY 2024

	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	15	2	1	1	0	0
Culpeper District	8	2	2	2	0	0
Fredericksburg District	6	0	4	0	0	0
Hampton Roads District	27	16	5	2	7	0
Lynchburg District	10	0	1	0	0	0
Northern Virginia District	79	10	0	3	8	0
Richmond District	35	3	1	0	2	0
Salem District	14	0	5	0	0	0
Staunton District	2	0	0	0	1	0
Multi – District	53	8	1	4	1	0
Statewide Totals	249	41	20	12	19	0

Public Transportation Special Program Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 2.5% of the Commonwealth Mass Transit Fund for special programs. The Special Programs budget is estimated at \$10.4 million for FY24. These funds are used to award discretionary grants for ridesharing, public transportation promotion, operation studies, technical assistance projects, as well as programs that enhance the provision and use of public transportation services.

Public Transportation Ridership Incentive

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 6.0% of the Commonwealth Mass Transit Fund for the Transit Ridership Incentive Program established pursuant to Section §33.2-1526.3 of the *Code of Virginia*. The Board shall establish the Transit Ridership Incentive Program to promote improved transit service in urbanized areas of the Commonwealth with a population in excess of 100,000 and to reduce barriers to transit use for low-income individuals.

Due to the adverse effects of the Coronavirus on revenues, Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gave the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY20 through FY24 for each program. The 6.0% allocation was not adjusted in FY24. The FY24 budget includes \$24.6 million to support projects such as free fare programs, which is an increase of \$0.3 million from FY23.

WMATA Assistance Funds

The budgeted state assistance provided to WMATA increased \$15.6 million mainly due to revenue uplifts. Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 46.5% of the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. In FY18 and prior years, WMATA received a share of the funds available for the operating and capital assistance based on program allocation guidance. Under the new process, greater oversight responsibility is required of the Northern Virginia Transportation Commission for these state funds dedicated to WMATA.

Commuter Assistance Programs

The Commuter Assistance Programs budget of \$11.8 million includes \$4.9 million of CMTF funds for FY 2024 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of \$0.5 million and state funding of \$6.4 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 FY24 is shown in the following table.

Commuter Assistance Projects for FY 2024

	Operating Grants	Project Grants	Total
Bristol District	0	0	0
Culpeper District	2	0	2
Fredericksburg District	3	2	5
Hampton Roads District	0	0	0
Lynchburg District	1	0	1
Northern Virginia District	4	8	12
Richmond District	0	1	1
Salem District	3	1	4
Staunton District	2	0	2
Multi – District	0	1	1
Statewide Totals	15	13	28

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at \$13.4 million for FY24. 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 consists of \$9.6 million from the Federal Transit Administration, \$1.0 million of local provider match, \$0.3 million of CPR bond proceeds, \$2.4 million of CMTF funds for enhanced transportation services for the elderly and disabled, and \$0.1 million of VDOT funds. The breakdown by district of the 20 vehicles purchased through this program is included in the Public Transportation Capital Projects table on page 8.

Planning, Regulation, and Safety Programs

DRPT's FY24 budget includes \$5.8 million of 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 \$5.2 million and CMTF state match allocations of \$0.6 million.

WMATA Dedicated Funds

Chapter 854 of the 2018 Acts of Assembly established the WMATA Capital Fund. It also established a Restricted and Non-Restricted account within the WMATA Capital Fund. Monies in the Restricted Account may be used for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. Monies in the Non-Restricted account may be used for capital purposes including the payment of debt service on bonds or other indebtedness. The expected revenues budgeted to the Dedicated WMATA Capital Fund are estimated at \$154.5 million for FY24.

Restricted Account – (capital purposes excluding debt service)

The underlying revenues come from local recordation tax and statewide motor vehicle rental tax. For FY24, DRPT is allocating \$33.1 million that will be accounted for in the Restricted Account.

Non-Restricted Account – (capital purposes including debt service)

The underlying revenues come from regional gas taxes, grantor’s taxes, transient occupancy tax, local taxes, or other contributions from Northern Virginia local jurisdictions and a supplement from the CMTF.

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

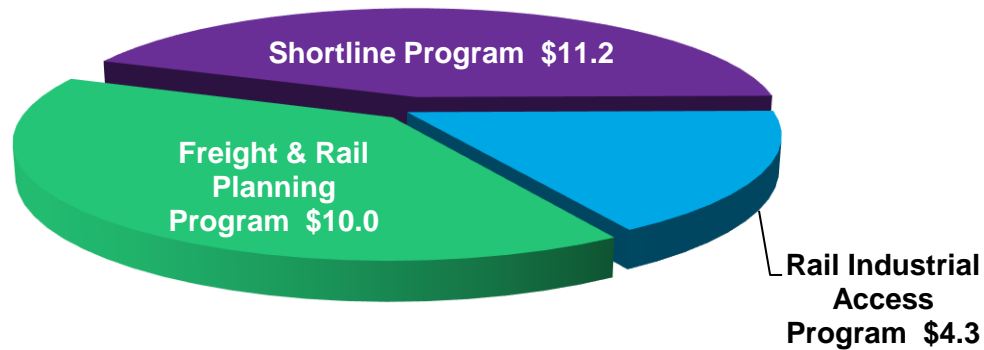
Rail Programs

DRPT’s FY24 budget for rail service areas is \$25.5 million, including funding of freight rail projects, rail planning, shortline preservation, and rail industrial access programs. In prior years, DRPT administered passenger rail projects within the state including the state-supported Amtrak service. In FY21, the Virginia Passenger Rail Authority (VPRA) was established to oversee passenger rail projects within the state including intercity passenger service.

Effective July 1, 2020, the VPRA and the Commonwealth Rail Fund came into existence pursuant to Section §33.2-1526.4 of the *Code of Virginia*. The new legislation implemented numerous structural changes to the transportation funding system in the Commonwealth. Most State transportation revenues are directed to the Commonwealth Transportation Fund and the Highway Maintenance and Operating Fund. Revenues are then disbursed from the Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The Commonwealth Rail Fund receives 7.5% of the Transportation Trust Fund. This structure consolidates the net impact of upturns and downturns in specific revenues. This serves to mitigate the year-to-year impacts on the revenue streams of the various modes of transportation. In FY21, the Commonwealth Rail Fund replaced the Intercity Passenger Rail Operating and Capital Fund (IPROC) and Rail Enhancement Fund (REF) with 93% of the fund going to the VPRA while 7% of the funds are retained by DRPT to support freight and rail planning projects.

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

FY 2024 Rail Investments (\$25.5 million)



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

Federal

- Federal Railroad Administration (FRA) grant funds of \$1.9 million;

State

- Commonwealth Rail Fund of \$2.2 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of \$3.3 million;
- Shortline Railway and Development funds of \$10.4 million;
- VPRA Transfers of \$3.3 million;
- Rail Industrial Access (RIA) funds of \$4.3 million; and
- Local Match of \$0.1 million.

Transportation Bond Funds

Chapter 896 of the 2007 Acts of Assembly provides for CPR bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the Rail Enhancement Fund or the Shortline Railway Preservation and Development Fund. The final bond allocation for rail was made in FY18. For FY24, budgeted expenditures from prior year’s bond proceeds are expected to be \$3.3 million for freight rail infrastructure improvements and improvement to the tracks of shortline railroads.

Rail Preservation Fund

As part of the Rail Preservation Program, the Shortline Railway Preservation and Development Fund will support 15 projects for Virginia’s shortline railroads in FY24. These Rail Preservation projects consist primarily of bridge and track upgrades, yard improvements, siding enhancements, and tie and rail replacement, as well as the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Fund allocation and related interest revenues, and the CPR bonds.

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

Rail Industrial Access Program

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

Planning and Freight Rail Program

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

Virginia Passenger Rail Authority

The VPRA was established in section §33.2-288.B of the *Code of Virginia* to oversee passenger rail projects within the Commonwealth including the state-supported Amtrak service. The VPRA receives ongoing funding from DRPT of 93% of the revenues of the Commonwealth Rail Fund. In FY24 the estimated revenues of the Commonwealth Rail Fund are \$171.0 million, of which \$159.1 million be distributed to the VPRA.

Annual Budget Statement

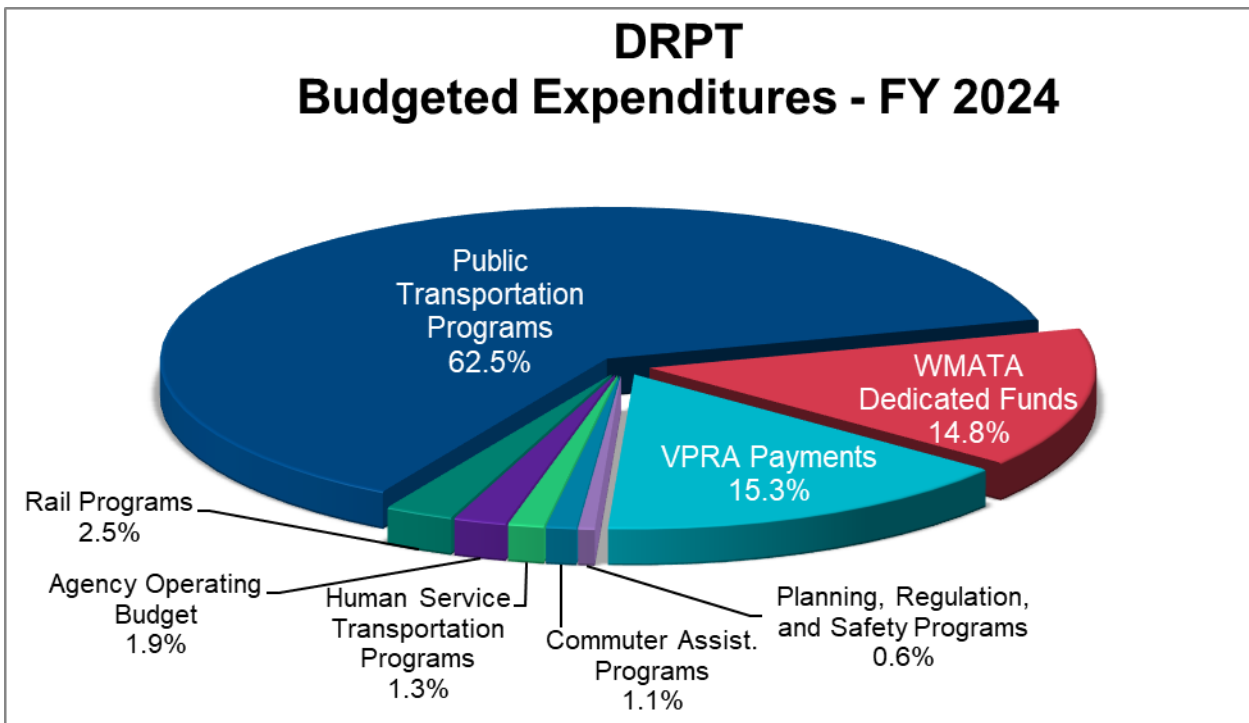
Budgeted Expenditures - FY 2024

	(\$ in millions)			
	Adopted FY 2023	Recommended FY 2024	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 1, 2, 3]	\$ 215.1	\$ 165.9	\$ (49.2)	-22.9%
Capital Assistance [Notes 1, 2, 4]	122.5	181.8	59.3	48.4%
Special Programs [Notes 1, 2, 5]	8.6	10.4	1.8	20.9%
Ridership Incentive Programs [Notes 1, 2, 6]	24.3	24.6	0.3	1.2%
WMATA Assistance [Note 2, 7]	252.6	268.2	15.6	6.2%
Total Public Transportation Programs	623.1	650.9	27.8	4.5%
Commuter Assistance Programs [Notes 1, 8]	11.6	11.8	0.2	1.7%
Human Service Transportation Pgm [Notes 1, 9]	10.3	13.4	3.1	30.1%
Planning, Regulation, & Safety Pgm [Notes 1, 10]	4.7	5.8	1.1	23.4%
WMATA Dedicated Funding [Note 11]	154.5	154.5	-	0.0%
Total Transit Programs	804.2	836.4	32.2	4.0%
Rail Programs				
Rail Preservation Programs [Notes 1, 12]	11.1	11.2	0.1	0.9%
Rail Industrial Access [Notes 1, 13]	2.6	4.3	1.7	65.4%
Planning and Freight Rail Programs [Notes 1, 14]	22.8	10.0	(12.8)	-56.1%
Total Rail Programs	36.5	25.5	(11.0)	-30.1%
Agency Operating Budget [Note 17]	18.3	19.6	1.3	7.1%
Agency Total Before VPRA Payments	859.0	881.5	22.5	2.6%
VPRA Payments [Note 15]	185.7	159.1	(26.6)	-14.3%
Agency Total	\$ 1,044.7	\$ 1,040.6	\$ (4.1)	-0.4%

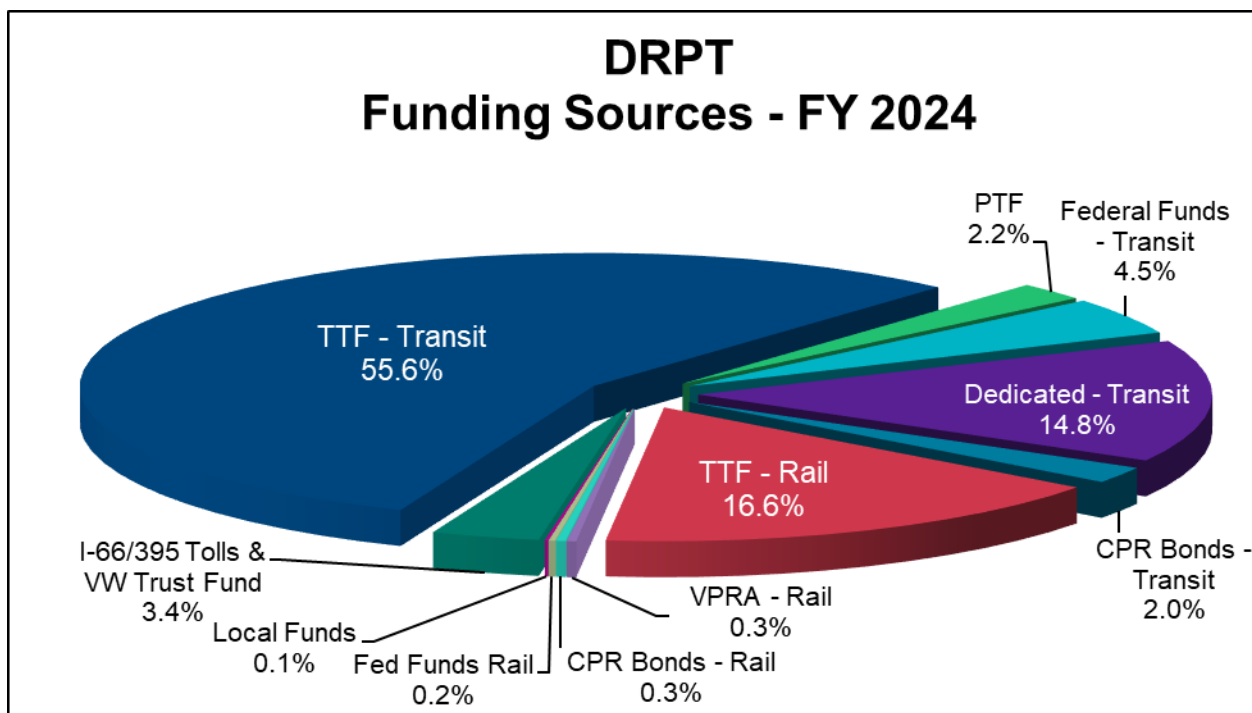
Funding Sources - FY 2024

	(\$ in millions)			
	Adopted FY 2023	Recommended FY 2024	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
Commonwealth Mass Transit Fund [Notes 3, 4, 5, 6, 7, 8, 9, 10, 17]	\$ 518.7	\$ 545.6	\$ 26.9	5.2%
Special Programs - VDOT Transfers [Notes 4, 5, 8, 9]	11.6	28.7	17.1	147.4%
Rail Industrial Access [Note 13]	2.6	4.3	1.7	65.4%
Commonwealth Rail Programs [Notes 14, 15, 17]	188.1	161.8	(26.3)	-14.0%
Rail Preservation Program [Notes 12, 17]	9.9	10.5	0.6	6.1%
Total	730.9	750.9	20.0	2.7%
2018 CHAPTER 854 DEDICATED FUNDING - Transit [Note 11]	154.5	154.5	-	0.0%
BOND PROCEEDS - Transit Capital and Rail [Notes 4, 9, 12]	26.4	24.2	(2.2)	-8.3%
GENERAL FUNDS - Item 447.10 - Transit [Note 11]	29.0	-	(29.0)	-100.0%
PRIORITY TRANSPORTATION FUNDS [Note 16]	11.8	22.4	10.6	89.8%
FEDERAL REVENUE				
FHWA Funding (CMAQ/RSTP) [Notes 4, 8]	4.4	0.9	(3.5)	-79.5%
Federal Transit Administration [Notes 3, 4, 9, 10]	40.5	45.5	5.0	12.3%
Federal Transit Administration - CARES [Note 3]	1.9	-	(1.9)	-100.0%
Federal Railroad Administration [Note 14]	1.1	1.9	0.8	72.7%
Total	47.9	48.3	0.4	0.8%
LOCAL REVENUES [Notes 9, 14]	0.9	1.1	0.2	22.2%
TRANSFERS FROM OTHER AGENCIES				
VDOT I-66/I-395 Tolls Transfers [Note 4]	37.0	35.4	(1.6)	-4.3%
DEQ VW Trust Fund Transfers [Note 4]	-	0.5	0.5	
Virginia Passenger Rail Authority [Note 15]	6.3	3.3	(3.0)	-47.6%
TOTAL SOURCES	\$ 1,044.7	\$ 1,040.6	\$ (4.1)	-0.4%

DRPT Budgeted Expenditures - FY 2024



DRPT Funding Sources - FY 2024



Footnotes to the FY 2024 Annual Budget

- (1) The budgeted amounts in this report include anticipated expenditures on all the projects and grants that DRPT manages for FY24 and the revenue sources to cover these anticipated expenditures. A cash basis of accounting is utilized to develop the budgeted amounts. Therefore, the budgeted amounts will not agree to allocations in the SYIP due to the timing of cash expenditures versus allocations of funds. The actual cash outlays of many capital projects may lag behind the related allocation of resources by as much as five years. For example, DRPT will allocate Planning and Freight Rail Projects of \$13.2 million in FY24, but \$10.0 million is expected to be spent on Planning and Freight rail projects during FY24. The differences between the FY24 SYIP allocations and budgeted expenditures are as follows:

Total Six Year Improvement Plan Allocations	\$ 925.5
Federal Funds Allocations with Grantee FTA Contracting	(24.1)
Agency Operating Budget	19.6
Rail Industrial Access	4.3
VPRA Recurring Payments	159.1
VPRA Allocations for Transforming Rail in Virginia Project	(93.2)
Current Year Allocations in Future Budgets	
Rail Revenue and Bond Allocations	(0.8)
Prior Year Allocations in the Current Budget	
Transit Revenue and Bond Allocations	27.4
VDOT Revenues from prior years	22.8
Total Budgeted Expenditures	\$ 1,040.6

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 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 is to work with our project partners to attain a variance of 10% or less by each year end.

- (2) Funds are allocated by statute (§33.2-1526.1) with 46.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 27.0% for state operating assistance grants, 18.0% awarded as capital assistance grants, 6.0% for transit ridership incentives, and the balance of up to 2.5% awarded as special projects grants subject to CTB approval. Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gave the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY20 to FY24 for each program. No deviations from the statute percentages were made in FY24.

- (3) Public Transportation Programs - Operating Assistance decreased by \$49.2 million from FY23 to FY24 to \$165.9 million. This was mainly due to the elimination of the CTB directed special allocation of \$47.8 million in FY23. The Operating Assistance line is made up of Commonwealth Mass Transit Funds of \$136.1 million, \$26.6 million in federal assistance through the FTA 5311 Rural Assistance program, \$2.2 million on projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match), and \$1.0 million of I-66 toll funds.
- (4) Public Transportation Programs - Capital Assistance increased by \$59.3 million to \$181.8 million. This increase is mainly attributable to the adverse effect of the Coronavirus on the ability of transit agencies and localities to fund and engage in longer-term capital projects in prior years and the anticipated reductions in the industry-wide supply chain issues in the future. Some capital facility projects have experienced cost increases due to COVID delays and inflation. This line item consists of \$80.0 million of Commonwealth Mass Transit funds, \$20.6 million of Transportation Capital Projects bond proceeds, \$4.0 million of FTA funding, \$0.4 million of FHWA funding, \$21.9 million of priority transportation funds, \$0.5 million of VW trust fund proceeds, and \$34.4 million of I-66 & I-395 tolls. Additionally, \$20.0 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match) is included in this Service Area.
- (5) Public Transportation Programs – Special Programs increased \$1.8 million from FY23 to FY24 to \$10.4 million. Funding of \$10.3 million comes from the Commonwealth Mass Transit Fund and \$0.1 million is funded by the FTA. This service area includes Metrorail State Safety Oversight.
- (6) Public Transportation Programs - Ridership Incentive Programs increased \$0.3 million from FY23 to FY24 to \$24.6 million. This line item consists of \$24.1 million of Commonwealth Mass Transit Funds, and \$0.5 million of priority transportation funds. The FY24 budget supports projects such as zero-fare and reduced-fare programs and improved transit service in urbanized areas of the Commonwealth with a population in excess of 100,000 and to reduce barriers to transit use for low-income individuals.
- (7) WMATA Assistance increased \$15.6 million mainly due to the uplift in revenue. This Funding comes from the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. Also included in FY22 and beyond is \$50.0 million of CMTF funding to replace the bond program that was used in prior years for the Federal State of Good Repair Program.
- (8) The budgeted Commuter Assistance Programs line item increased by \$0.2 million to \$11.8 million from FY23 to FY24. Commuter Assistance Programs include Commonwealth Mass Transit Funds of \$4.9 million and FHWA funding of \$0.5 million. Additionally, \$6.4 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.
- (9) The budgeted Human Service Transportation Programs line item increased by \$3.1 million to \$13.4 million from FY23 to FY24. Funding includes \$9.6 million of FTA 5310 and 5311 awards. The match to these federal awards consists of \$2.4 million of Commonwealth Mass Transit State matching funds for the paratransit capital projects

and enhanced transportation services for the elderly and disabled, Transportation Capital Projects Bond proceeds of \$0.3 million, as well as \$1.0 million of local match to the FTA 5310 funds. Additionally, \$0.1 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.

- (10) Planning, Regulation, and Safety Programs consist of the FTA 5303/5304 planning funds of \$5.2 million and Commonwealth Mass Transit state match allocations of \$0.6 million.
- (11) Chapter 854 of the 2018 Acts of Assembly establishes dedicated capital funding for WMATA. Anticipated expenditures for FY24 are \$154.5 million.
- (12) 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. This line item increased \$0.1 million to \$11.2 million from FY23 to FY24. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of \$10.4 million. The additional \$0.8 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.
- (13) The Rail Industrial Access Program funds construction of industrial access railroad tracks. The activities budgeted in this line item consist of Transportation Trust Fund allocations through VDOT of \$4.3 million.
- (14) The budgeted Planning and Freight Rail Programs line item of \$10.0 million represents a decrease of \$12.8 million from FY23 to FY24. The source of funding to cover these expenditures includes \$2.2 million from the 7% allocation of the Commonwealth Rail Fund. The Commonwealth Rail Fund is funded by a 7.5% allocation from the Transportation Trust Fund. Additionally, this line item includes Federal Railroad Administration funds of \$1.9 million, bond proceeds of \$2.5 million, expected VPRA transfers of \$3.3 million, and local matching funds of \$0.1 million.
- (15) The budget includes an estimate of \$159.1 million of Commonwealth Rail Funds to be transferred to the VPRA in FY24.
- (16) In December 2021, the Commonwealth Transportation Board restored \$39.8 million of Priority Transportation Funds to the Commonwealth Mass Transit Fund. In FY24, it is estimated that \$22.4 million of project funding will be used for zero-fare projects and transportation facilities.
- (17) The CTB is authorized by §33.2-1604 of the *Code of Virginia* to approve up to 3.5% per year of the Rail Preservation Fund and Commonwealth Rail Fund and by §33.2-1526.1 G of the *Code of Virginia* to approve up to 3.5% per year of the Commonwealth Mass Transit Fund to support costs of project development, project administration, and project compliance. The Appropriation's Act language allows the CTB to allocate up to 5% of the Rail Preservation Fund, Commonwealth Mass Transit Fund, and Commonwealth Rail Fund for use to support the DRPT costs of project development, project administration, and project compliance. DRPT forecasts that \$24.5 million (5.0%) of revenues from these funds are available to support the programs' ongoing administrative costs.

However, DRPT is forecasting that only \$19.6 million (4.0%) will be used to support the operating budget. The DRPT operating budget represents only 1.9% of the total \$1,040.6 million FY24 budget.

Major Components of Agency Operating Budget

Payroll and Fringe Benefits	\$ 10,300,000
Operations Program Support	5,200,000
Information Technology Costs	1,400,000
Central Service Agencies Indirect Costs	900,000
Rent	560,000
Attorney Services	400,000
Travel and Training	319,000
Office Expansion	265,000
Other Program and Project Management Initiatives	295,316
Total	<u>\$ 19,639,316</u>

Source of Funding for Agency Operating Budget

Commonwealth Mass Transit Fund	\$ 19,000,034
Commonwealth Rail Fund	478,882
Shortline Railway Preservation and Development Fund	160,400
Total	<u>\$ 19,639,316</u>