



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Aubrey L. Layne, Jr.
Chairman

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Agenda item # 5

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

June 20, 2017

MOTION

**Made By: , Seconded By:
Action: Motion Carried, Unanimously**

**Title: Action on Fiscal Year 2018 Annual Budgets
Commonwealth Transportation Fund, Department of Rail and Public Transportation and
the Virginia Department of Transportation**

WHEREAS, the Commonwealth Transportation Board is required by §§ 33.2-214 (B) and 33.2-221 (C) of the *Code of Virginia (Code)* to administer and allocate funds in the Transportation Trust Fund; and

WHEREAS, § 33.2-1526 of the *Code* requires portions of the funds collected in the Transportation Trust Fund pursuant to subdivision 2 of § 33.2-1524 to be set aside for the Commonwealth Port Fund, the Commonwealth Airport Fund, the Commonwealth Space Flight Fund and the Commonwealth Mass Transit Fund; and

WHEREAS, § 33.2-358 (B) of the *Code* requires the Board to allocate each year from all funds made available for highway purposes such amount as it deems reasonable and necessary for the maintenance of roads within the interstate system of highways, the primary system of state highways, the secondary system of state highways and for city and town street maintenance payments made pursuant to § 33.2-319 and payments made to counties which have withdrawn or elect to withdraw from the secondary system of state highways pursuant to § 33.2-366; and

WHEREAS, §33.2-358 (C) of the *Code* requires the Board to allocate available funds for construction by formula; and

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WHEREAS, § 33.2-358 (C) provides the Board an option to allocate up to \$500 million annually for construction to be distributed as follows: 25 percent to bridge reconstruction and rehabilitation; 25 percent to advancing high priority projects statewide; 25 percent to reconstructing deteriorated interstate, primary system and municipality maintained primary extension pavements determined to have a Combined Condition Index of less than 60; 15 percent to projects undertaken pursuant to the Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.); five percent to paving and improving unpaved roads carrying more than 50 vehicles per day; and five percent to the Innovation and Technology Transportation Fund, provided that, at the discretion of the Board such percentages of funds may be adjusted in any given year to meet project cash flow needs or when funds cannot be expended due to legal, environmental, or other project management considerations and provided that such allocations shall cease beginning July 1, 2020. For Fiscal Year 2018, this amount totals \$353,113,406; and

WHEREAS, Item 453. J. of Chapter 836 of the 2017 Acts of Assembly (Appropriation Act) provides that, “[n]otwithstanding the provisions of § 33.2-358, Code of Virginia, the unanticipated amounts available for construction from the December 2015 revenue forecast and from the increased federal funding from the passage of the Fixing America's Surface Transportation (FAST) Act shall be distributed following the new construction formula defined by § 33.2-358, Code of Virginia, advancing the distribution of funds under this formula and provide 45 percent of the additional funding to the State of Good Repair Program, 27.5 percent to the High Priority Projects Program, and 27.5 percent to the District Grant Program”; and

WHEREAS, other sections of the *Code of Virginia* and the current Appropriation Act require certain allocations; and

WHEREAS, pursuant to § 33.2-214 (B), the Commonwealth Transportation Board has established the updated project allocations for the fiscal years 2018 through 2023 in the Six-Year Improvement Program; and

WHEREAS, § 2.2-2100 of the *Code* allows the Board to review and comment on budget items not specifically enumerated to the Board by statute.

NOW, THEREFORE, BE IT RESOLVED by the Commonwealth Transportation Board that the alternate construction formula set out in in § 33.2-358 (C) of the *Code of Virginia* shall be used for Fiscal Year 2018 as previously planned.

BE IT FURTHER RESOLVED by the Commonwealth Transportation Board that, in accord with the Appropriation Act, the additional revenues available for construction from the December 2015 revenue forecast and from the increased federal funding from the passage of the Fixing America's Surface Transportation (FAST) Act shall be distributed following the new construction formula defined by § 33.2-358 of the *Code of Virginia*, advancing the distribution of funds under this formula and provide 45 percent of the additional funding to the State of Good

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Repair Program, 27.5 percent to the High Priority Projects Program, and 27.5 percent to the District Grant Program.

BE IT FURTHER RESOLVED by the Commonwealth Transportation Board that the recommended allocations and expenditures required by the various statutes as contained in the budgets for the Commonwealth Transportation Fund, Department of Rail and Public Transportation, and the Department of Transportation for Fiscal Year 2018 are approved.

####

CTB Decision Brief

Fiscal Year 2018 Annual Budgets

Commonwealth Transportation Fund, Department of Rail and Public Transportation and the Department of Transportation

Issue: Each year, the Commonwealth Transportation Board (CTB or Board) is required by §§ 33.2-214 (B) and 33.2-221 (C) of the *Code of Virginia* to administer, distribute and allocate funds in the Transportation Trust Fund; by § 33.2-1526, to provide the statutory funding to the Commonwealth Port Fund, the Commonwealth Airport Fund, the Commonwealth Space Flight Fund and the Commonwealth Mass Transit Fund; and by § 33.2-358 (B) to allocate from all funds made available for highway purposes such amount as it deems reasonable and necessary for the maintenance of roads within the interstate, primary and secondary system of highways and for city and town street maintenance payments and payments to counties that have elected to withdraw from the secondary state highway system. Board approval and finalization of the FY 2018 budgets necessary to effectuate the lawful distribution of available Transportation Trust Fund revenues is sought.

Facts: The CTB must adopt a budget that distributes the available revenues of the Transportation Trust Fund to the statutorily defined funds and purposes. The budget shall be based on the most recent official revenue forecasts and debt policy. There are three separate budgets in addition to the Six-Year Improvement Program:

- 1) Commonwealth Transportation Board's Commonwealth Transportation Fund Budget which includes all transportation revenues, including those allocated to the Airport Fund, Space Flight Fund and Port Fund. It is a summary level budget.
- 2) The Department of Rail and Public Transportation (DRPT) Annual Budget which provides details on estimated expenditures and the related revenues that support the estimated expenditures that are directly provided to the agency for its programs and activities.
- 3) The Department of Transportation (VDOT) Annual Budget which provides details on revenue and allocations that are directly provided to the agency for its programs and activities.

For FY 2018, it is recommended that the alternate formula set out in § 33.2-358 (C) of the *Code of Virginia* for distributing construction funds be used for FY 2018. Available funding would be distributed in accordance with the categories outlined in § 33.2-358 (C). For FY 2018, \$353,113,406 is available for such distribution.

Item 453 J of Chapter 836 of the 2017 Acts of Assembly (Appropriation Act) provides that, “[n]otwithstanding the provisions of § 33.2-358, Code of Virginia, the unanticipated amounts available for construction from the December 2015 revenue forecast and from the increased federal funding from the passage of the Fixing America's Surface Transportation (FAST) Act shall be distributed following the new construction formula defined by § 33.2-358, Code of

Virginia, advancing the distribution of funds under this formula and provide 45 percent of the additional funding to the State of Good Repair Program, 27.5 percent to the High Priority Projects Program, and 27.5 percent to the District Grant Program.” The proposed budget reflects this mandate.

Recommendations: VDOT and DRPT recommend the approval of the Fiscal Year 2018 Annual Budgets for the Commonwealth Transportation Fund, the Department of Transportation, and the Department of Rail and Public Transportation.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve the Fiscal Year 2018 Annual Budgets.

Options: Approve, Deny or Defer. If the CTB chooses not to approve a budget resolution, it will be in violation of state law.

Public Comments/Reactions: The public expects the CTB to utilize the funds dedicated to transportation to address transportation needs.

Fiscal Year 2018

Commonwealth Transportation Fund Budget
June 2017



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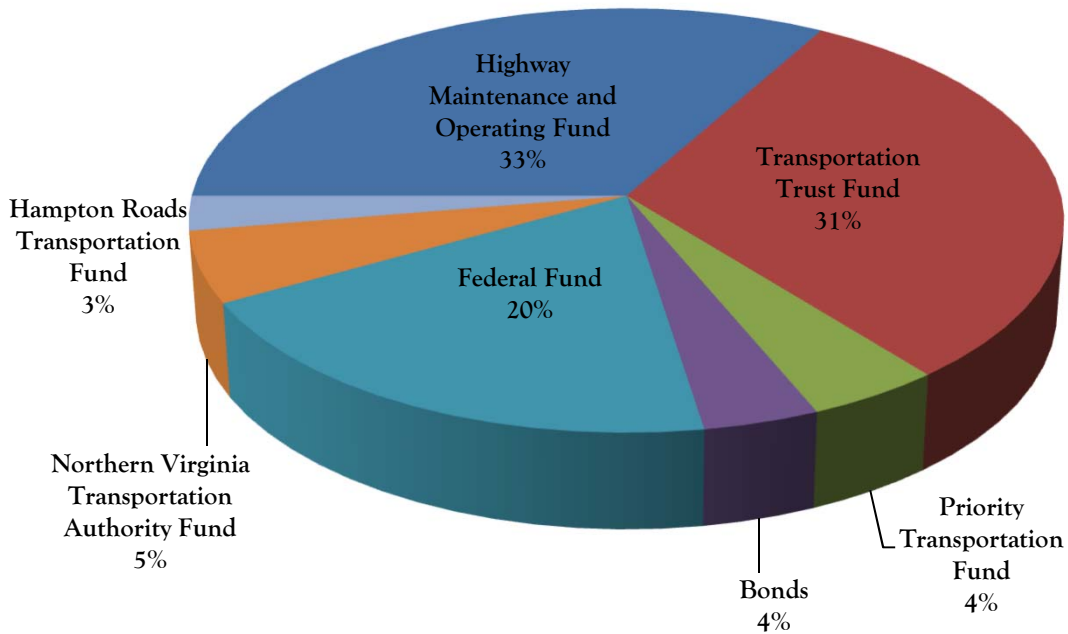
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The Fiscal Year 2018 budget for the Commonwealth Transportation Fund (CTF) identifies the estimated revenues and the distribution of the revenues to the related transportation agencies and programs. It is based on the most recent official state revenue forecast from December 2016 and estimated federal funding. The CTF Budget for FY 2018 totals \$6,116,606,808, a 1.9% increase from the FY 2017 Budget of \$6,003,166,578. This increase is driven primarily by project participation expectations from the regional entities and localities and the planned use of bonds.

The CTF receives revenues from dedicated state and federal sources. The major state revenues are based on Virginia's official revenue forecast developed by the Department of Taxation. The federal revenues from the Federal Highway Administration and the Federal Transit Administration are estimated by the Virginia Department of Transportation (VDOT) and the Virginia Department of Rail and Public Transportation (DRPT). Revenues provided are also from funds collected for regional transportation improvements in Northern Virginia and Hampton Roads. These funds are dedicated to the efforts of the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission.

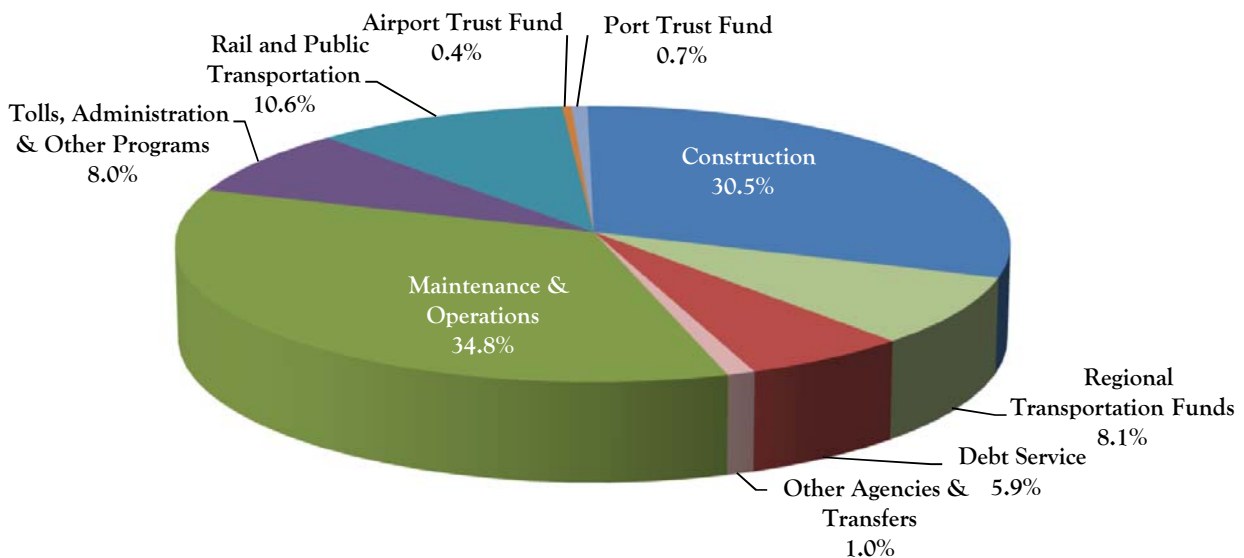
**Commonwealth Transportation Fund
Total Revenues FY 2018**



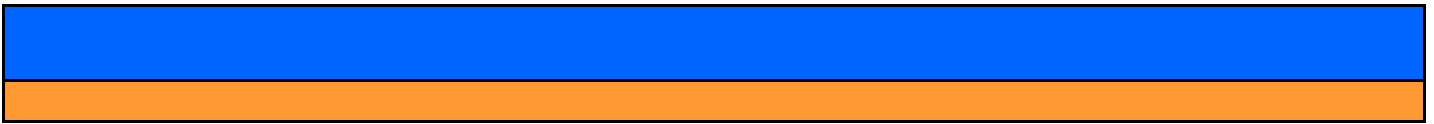
Highway Maintenance and Operating Fund	\$2,031,060,785
Transportation Trust Fund	1,893,573,427
Priority Transportation Fund	272,446,552
Bonds	236,000,988
Federal Fund	1,191,025,056
Total Operating Revenues	\$5,624,106,808
Pass Through Revenues	
Northern Virginia Transportation Authority Fund	332,100,000
Hampton Roads Transportation Fund	160,400,000
Subtotal	492,500,000
TOTAL	\$6,116,606,808

The revenues are dedicated to specific funds within the CTF. The revenues for the Highway Maintenance and Operating Fund (HMOF) support highway maintenance, operations and administration. The Priority Transportation Fund (PTF) revenues are dedicated to debt service on the Commonwealth of Virginia Transportation Capital Projects Revenue Bonds. Federal revenues are used for their defined purposes to support construction, maintenance or transit.

The Transportation Trust Fund revenues are distributed by formula, as defined by the Code of Virginia, to the Construction Fund, the Mass Transit Fund, the Airport Fund and the Port Fund. The 78.7% distributed to the Construction Fund is managed by VDOT. The 14.7% provided to the Mass Transit Fund supports transit operations, capital and special programs and is managed by the DRPT. The Airport Fund's 2.4% is provided to the Aviation Board and the 4.2% to the Port Fund is managed by the Virginia Port Authority.



Debt Service	\$361,627,492
Other Agencies & Transfers	60,655,283
Maintenance & Operations	2,131,622,977
Tolls, Administration & Other Programs	487,860,194
Rail and Public Transportation	649,454,000
Airport Trust Fund	23,492,920
Port Trust Fund	41,193,859
Construction	1,868,200,082
Total Operating Programs	\$5,624,106,807
Pass Through Programs	
Regional Transportation Funds	492,500,000
TOTAL RECOMMENDED DISTRIBUTIONS	\$6,116,606,807



STATE REVENUE SOURCES	FY 2017	FY 2018	INCREASE (DECREASE)
Highway Maintenance & Operating Fund (HMOF)			
State Revenue	\$2,074,343,966	\$2,031,060,785	(\$43,283,181)
Total HMOF	2,074,343,966	2,031,060,785	(43,283,181)
Transportation Trust Fund (TTF)			
Revenue Available for Modal Distribution	997,300,000	996,800,000	(500,000)
Interest Earnings	4,779,076	1,275,000	(3,504,076)
Toll Facilities	35,948,250	69,214,833	33,266,583 ¹
Local Revenue Sources	201,740,773	151,758,221	(49,982,552)
Project Participation - Regional Entities	37,036,064	352,610,184	315,574,120
CPR Bonds	122,900,000	122,900,000	-
GARVEE Bonds	225,222,435	113,100,988	(112,121,447) ²
Other Trust Fund Revenue	460,621,581	321,915,189	(138,706,392)
Other Trust Fund Revenue	2,085,548,179	2,129,574,415	44,026,236
Priority Transportation Fund (PTF)			
State Revenue	215,661,599	272,446,552	56,784,953
Total PTF	215,661,599	272,446,552	56,784,953
Regional Transportation Funds			
State Revenue	496,100,000	492,500,000	(3,600,000)
Total Regional Transportation Funds	496,100,000	492,500,000	(3,600,000)
TOTAL STATE REVENUES	4,871,653,744	4,925,581,752	53,928,008
Federal Funding Sources			
Federal Highway Administration (FHWA)	1,062,560,286	1,149,793,185	87,232,899 ³
Federal Transit Administration (FTA)	34,283,482	41,231,871	6,948,389
Total Federal Funding	1,096,843,768	1,191,025,056	94,181,288
TOTAL COMMONWEALTH TRANSPORTATION FUNDS	\$5,968,497,512	\$6,116,606,808	\$148,109,296



DISTRIBUTION OF REVENUE SOURCES	FY 2017	FY 2018	INCREASE (DECREASE)
Debt Service			
Toll Facilities Debt	\$3,188,200	\$3,193,400	\$5,200
Northern Virginia transportation District	32,157,615	31,565,855	(591,760)
Oak Grove Connector	1,990,000	1,990,750	750
Route 28	7,215,019	7,212,269	(2,750)
Route 58	48,146,950	47,435,319	(711,631)
GARVEE Bonds	90,571,717	110,970,875	20,399,158
CPR Bonds	166,292,743	153,503,773	(12,788,970)
Other	5,645,937	5,755,252	109,315
Total Debt Service	355,208,181	361,627,492	6,419,311
Other Agencies & Transfers			
Trust Fund Management	2,783,614	2,783,614	-
Support to Other State Agencies (excludes DRPT)	60,603,352	53,136,578	(7,466,774)
Indirect Costs	4,735,091	4,735,091	-
Total State Agencies	68,122,057	60,655,283	(7,466,774)
Maintenance & Operations			
Highway System Maintenance	1,674,434,950	1,689,365,163	14,930,213
Financial Assist. to Localities for Ground	371,138,361	375,481,970	4,343,609
Financial Assist. to Localities for Ground Trans. - Counties	66,000,705	66,775,844	775,139
Total Maintenance & Operations	2,111,574,016	2,131,622,977	20,048,961
Tolls, Administration & Other Programs			
Ground Transportation System Planning & Research	72,784,885	73,774,836	989,951
Environmental Monitoring & Compliance	13,534,237	13,688,075	153,838
Administrative & Support Services	266,051,608	263,439,502	(2,612,106)
Program Management & Direction	27,001,888	39,005,784	12,003,896 ⁴
Toll Facilities Operations	25,212,050	37,629,766	12,417,716 ¹
Toll Facility Revolving Account	19,848,000	29,650,000	9,802,000
Capital Outlay	39,989,769	30,672,231	(9,317,538)
Total Tolls, Administration & Other Programs	464,422,437	487,860,194	23,437,757



DISTRIBUTION OF REVENUE SOURCES	FY 2017	FY 2018	INCREASE (DECREASE)
Transit and Rail Funds			
Share of Modal Distribution	\$149,358,147	\$143,128,508	(\$6,229,639)
Transit	77,300,000	77,200,000	(100,000)
Surface Transportation Program	26,907,916	26,620,755	(287,161)
Federal Transit Authority (FTA)	34,283,482	41,231,871	6,948,389
CMAQ (without State Match)	2,440,377	9,139,360	6,698,983 ⁵
STP Regional (without State Match)	-	6,364,176	6,364,176 ⁵
NHPP Statewide with Soft Match	1,393,554	3,034,890	1,641,336 ⁵
NHPP Exempt with Soft Match	1,125,000	-	(1,125,000) ⁵
STP Statewide with Soft Match	4,257,583	2,546,090	(1,711,493) ⁵
Rail Fund	21,525,000	19,250,000	(2,275,000)
Interest Earnings	1,030,000	880,000	(150,000)
Motor Fuels Tax to Commonwealth Capital Fund	27,800,000	27,200,000	(600,000)
Motor Fuels Tax to transit operations	3,100,000	3,100,000	-
Motor Fuels Tax to transit special programs	2,100,000	2,100,000	-
Metro Matters	50,000,000	50,000,000	-
Transit Capital Bonds	60,000,000	60,000,000	-
Rail Bonds	12,900,000	12,900,000	-
Recordation Taxes for Transit Operating	49,900,000	50,200,000	300,000
Intercity Passenger Rail Operating and Capital Fund (IPROC)	51,500,000	51,500,000	-
Mass Transit Fund-Support from Construction	4,610,095	7,875,884	3,265,789 ⁵
Fast Lane Grant	-	45,000,000	45,000,000 ³
Priority Transportation Fund for Atlantic Gateway	-	9,292,622	9,292,622
Other	872,396	889,844	17,448
Subtotal Transit and Rail Funds	582,403,550	649,454,000	67,050,450
Airport Trust Fund			
Share of Modal Distribution (2.4%)	24,385,004	23,367,920	(1,017,084)
Interest Earnings	125,000	125,000	-
Total Airport Trust Fund	24,510,004	23,492,920	(1,017,084)
Port Trust Fund			
Share of Modal Distribution (4.2%)	42,673,756	40,893,859	(1,779,897)
Interest Earnings	300,000	300,000	-
Total Port Trust Fund	42,973,756	41,193,859	(1,779,897)



DISTRIBUTION OF REVENUE SOURCES	FY 2017	FY 2018	INCREASE (DECREASE)
Regional Transportation Programs			
Northern Virginia Transportation Authority Fund	\$327,200,000	\$332,100,000	\$4,900,000
Hampton Roads Transportation Authority Fund	168,900,000	160,400,000	(8,500,000)
Total Regional Transportation Programs	496,100,000	492,500,000	(3,600,000)

Construction			
Financial Assistance to Localities for Ground Transportation	15,737,329	15,230,168	(507,161)
State of Good Repair Program	171,957,974	87,690,068	(84,267,906)
High Priority Projects Program	99,567,785	107,937,754	8,369,969
Construction District Grant Programs	99,567,783	89,405,123	(10,162,660)
Specialized State and Federal Programs	1,145,288,660	1,341,371,851	196,083,191
Legacy Construction Formula Programs	325,733,046	226,565,119	(99,167,927)
Total Construction	1,857,852,577	1,868,200,083	10,347,506

DISTRIBUTION OF COMMONWEALTH TRANSPORTATION FUNDS	\$6,003,166,578	\$6,116,606,808	\$116,706,019
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Agency Funding Summary:			
VDOT	\$5,357,889,363	\$5,410,341,913	\$52,452,550
Less Support to Ports	-	-	-
Less Support to DRPT	(4,610,095)	(7,875,884)	(3,265,789)
VDOT (Net)	5,353,279,268	5,402,466,029	49,186,761
Support to Other Agencies & General Fund	-	-	-
DRPT	582,403,550	649,454,000	67,050,450
Ports	42,973,756	41,193,859	(1,779,897)
Aviation	24,510,004	23,492,920	(1,017,084)
Grand Total	\$6,003,166,578	\$6,116,606,808	\$113,440,230

State Revenue Details

STATE REVENUE SOURCES	FY 2017	FY 2018	INCREASE
State Tax on Motor Fuels	\$886,900,000	\$865,000,000	(\$21,900,000)
Road Tax	7,900,000	10,700,000	2,800,000
Retail Sales & Use Tax	1,049,900,000	1,045,200,000	(4,700,000)
International Registration Plan	61,700,000	64,000,000	2,300,000
Motor Vehicle Licenses	246,800,000	255,400,000	8,600,000
Miscellaneous Revenues	17,000,000	17,300,000	300,000
Motor Vehicle Rental Tax	39,600,000	39,600,000	-
Aviation Fuels Tax	2,000,000	1,800,000	(200,000)
Recordation Tax	45,400,000	48,400,000	3,000,000
Total	\$2,357,200,000	\$2,347,400,000	(\$9,800,000)

Endnotes

Endnote Number	Description
1	Additional revenue anticipated for new toll facilities: I-66 Inside the Beltway and I-64 Express Lanes
2	Adjustment in FY 2018 corresponds to planned use.
3	Additional Federal revenue reflects the Atlantic Gateway award of \$165 million.
4	Transfer of District Materials Testing function from Administration to Construction Management.
5	Represents allocation to projects in the Six-Year Improvement Program (SYIP). This detail will be updated for the Final Recommended Budget.



Virginia Department of Rail and Public Transportation

Annual Budget Fiscal Year 2018



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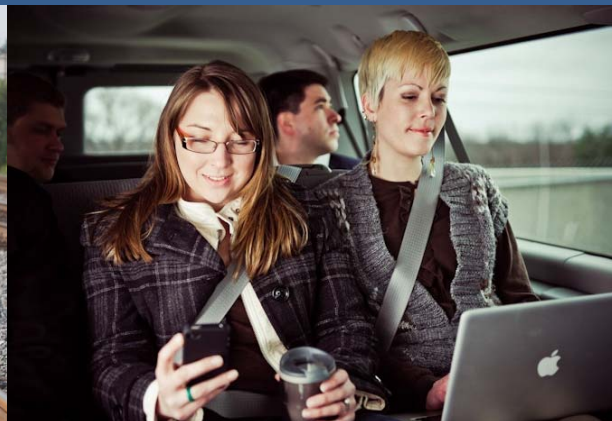
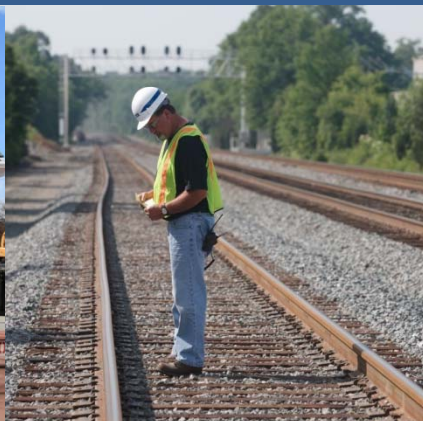
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SUMMARY OF PROGRAMS

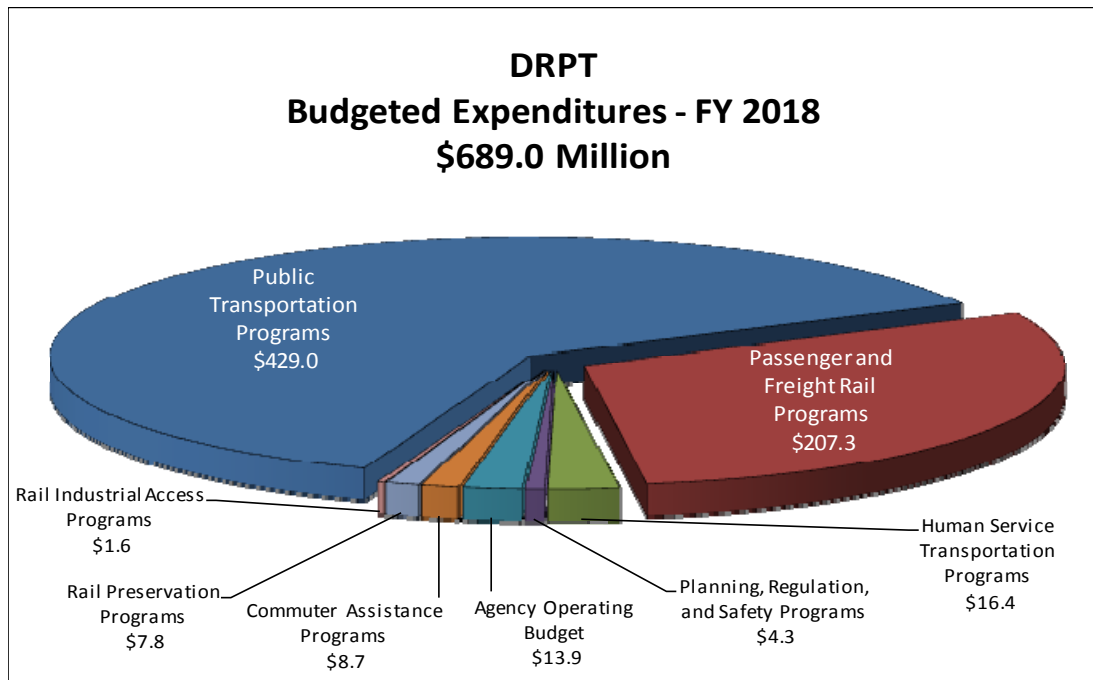


Summary of FY 2018 Budget

In FY 2018, DRPT will invest \$689.0 million in state, federal, and local resources towards improving rail and public transportation capacity and service across the Commonwealth of Virginia.

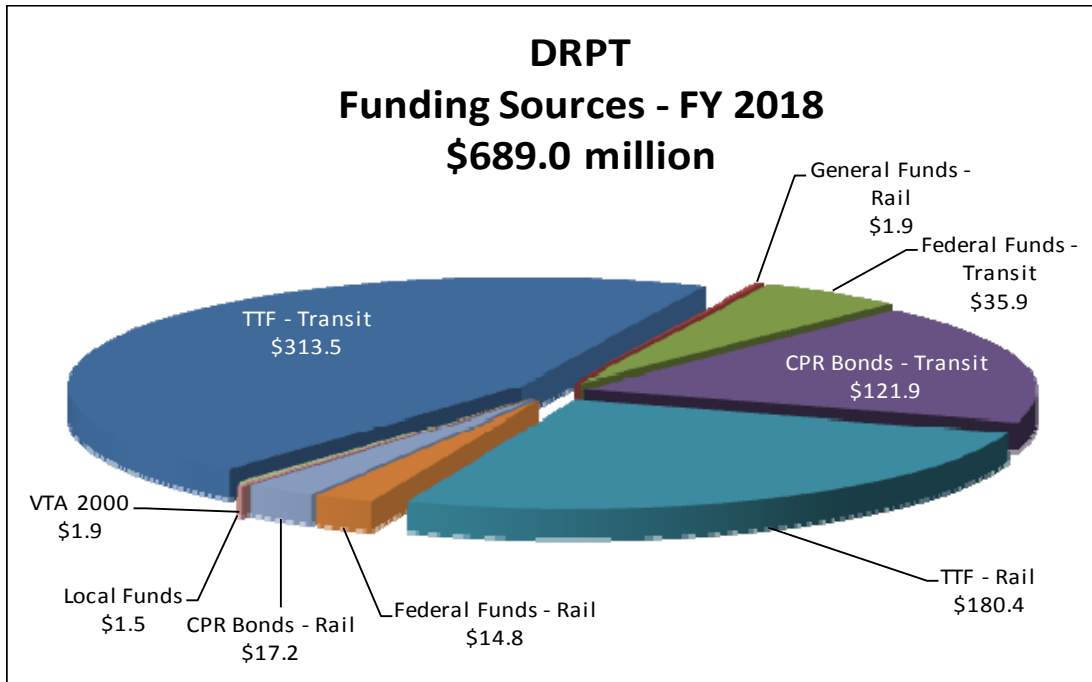
The overwhelming majority of these funds are directed to a variety of grant recipients, including: public transportation providers, local and regional government entities, freight railroads, and Amtrak. Over 50% of these funds are dedicated to capital improvement projects.

FY 2018 expenditures are estimated to be \$44.3 million less than FY 2017 mainly due to a \$32.8 million decrease in the Public Transportation Capital Assistance program and an \$11.6 million decrease in the Public Transportation Operating Assistance program. Timing, both in terms of the lifecycle of capital projects as well as scheduled drawdown of grant funds, account for the variations in the year over year budgeted expenditures. Additional detail on these decreases is included in the specific program sections of this document.



The above chart depicts the FY 2018 DRPT budget across the agency's eight service areas. The budgeted expenditures for each service area are discussed in more detail later in this report.

The chart below depicts the source of funds for DRPT's annual budgeted expenditures. It is not based on the annual estimated revenues for each funding source; rather, the funding source is derived from over 2,000 projects included in the cash flow projections used to estimate the budgeted expenditures. Additional information concerning the DRPT FY 2018 funding sources can be found on page 18.



FY 2018 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget increased 3.7% in FY 2018 due to increased requirements for program oversight related to the Atlantic Gateway project. This project is essential to improving and expanding rail in the Northeast corridor. The General Assembly approved language in the Appropriation Act that increases the amount the Commonwealth Transportation Board may allocate from the Intercity Passenger Rail Operating and Capital (IPROC) fund from 3.5% to 5.0% starting in FY 2018. The General Assembly also approved the addition of four positions that will be dedicated to the Atlantic Gateway project.

The nature of the large-scale projects that DRPT now manages is highly diverse in their scope and service, changing dramatically over the last 15 years. Examples of these projects include: DC2RVA Tier II Environmental Impact Statement (EIS), Richmond Bus Rapid Transit (BRT), Dulles Corridor Metrorail, Arkendale to Powell's Creek Third Track, Atlantic Gateway, and I-95 and I-81 rail corridor programs.

DRPT is also currently completing studies on future transportation demand management (TDM) strategies in the heavily congested I-66 and I-395 corridors, which will for the first time refocus on measuring person throughput (rather than vehicle) and redirect toll revenue collected on highways to critical transit projects.

Over the past several years, the rail and transit programs have received a significant increase in funding from the General Assembly. Not only was new funding added to existing programs, new programs like IPROC were created, and demands for accountability were increased like performance based transit operating allocations and Smartscale prioritization. In the near future, the bond funding provided in 2007 will be exhausted, and transit (\$110 million) and rail (\$12.9 million) will suffer significant annual declines in their available capital funding.

Virginia statute authorizes the Commonwealth Transportation Board (CTB) to approve up to 3.5% per year of the Mass Transit Trust Fund, Rail Enhancement Fund, and Rail Preservation Fund (§33.2-1604) to be used to support the DRPT costs of project development, project administration, and project compliance. Starting in FY 2018, Appropriation Act language allows the CTB to allocate up to 5% of the IPROC Fund towards these efforts.

In FY 2018, \$13.9 million of the available balance of these funds will be needed to support these programs' ongoing administrative costs. A complete list of these estimated administrative costs is included in the budget statement at the end of this document. Despite the increase in demands on the agency, the DRPT operating budget still only represents 2.0% of the \$689.0 million of total funds administered.

Public Transportation Programs

The state funding for Public Transportation is comprised of revenues from the Mass Transit Trust Fund (MTTF) and the Mass Transit Capital Fund (MTCF).

The MTTF is made up of the 14.7% of the 1986 Special Session Revenue, the state recordation tax dedicated to public transportation operating assistance in Chapter 896 of the 2007 Acts of Assembly, Chapter 766 of the 2013 Acts of Assembly (HB 2313) that dedicated 60% of the 0.125% addition to the general sales and use tax, and a portion of the motor vehicle fuel tax from Chapter 684 of the 2015 Acts of Assembly (HB 1887). As is evident, the funding sources are derived from various economic sectors which serves to mitigate large swings in annual revenues.

The annual revenues of the Mass Transit Trust Fund are distributed in accordance with the Code of Virginia and specific Appropriations Act language as follows:

- Up to 3.5% of the MTTF to support costs of project development, project administration, and project compliance per §33.2-1604
- \$1.5 million (current Appropriations Act language) of the MTTF for paratransit capital projects and enhanced transportation services for the elderly and disabled
- Dedicated \$0.02 of the state recordation tax to the MTTF (§58.1-815.4.) for state operating assistance grants

- Dedicated .35% of motor vehicle fuel tax to transit operations per §58.1-2289
- Dedicated .24% of motor vehicle fuel tax to special programs per §58.1-2289

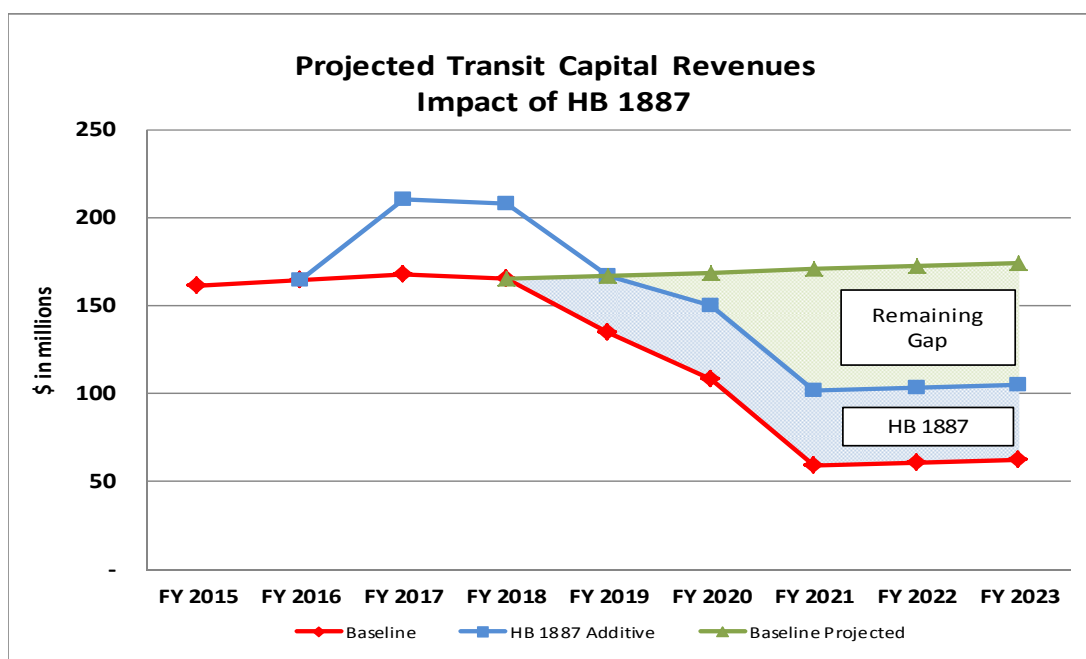
The remaining portion of the 14.7% share and the 2013 Chapter 766 share of the Transportation Trust Fund dedicated to the Mass Transit Trust Fund is allocated by statute (§58.1-638) with a minimum of 72% for state operating assistance grants, 25% awarded as capital assistance grants, and the balance of up to 3% awarded as special projects grants subject to CTB approval.

The MTCF is made up of the state recordation tax and motor vehicle fuel tax from Chapter 684 of the 2015 Acts of Assembly (HB 1887), and the CPR bonds authorized under Chapter 896 of the 2007 Acts of Assembly allocated to transit capital. The underlying revenue sources for these bond authorizations are the tax on insurance premiums and a portion of the motor vehicle fuel tax.

The annual revenues of the Mass Transit Capital Fund are distributed in accordance with Chapter 684 of the 2015 Acts of Assembly (HB 1887). It is important to note that HB 1887 did not create additional transportation revenues. It builds on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues. The distribution for the Mass Transit Capital Fund is as follows:

- Dedicated 3.11% of motor vehicle fuel tax to transit capital per §58.1-2289
- Dedicated \$.01 of the state recordation tax to transit capital

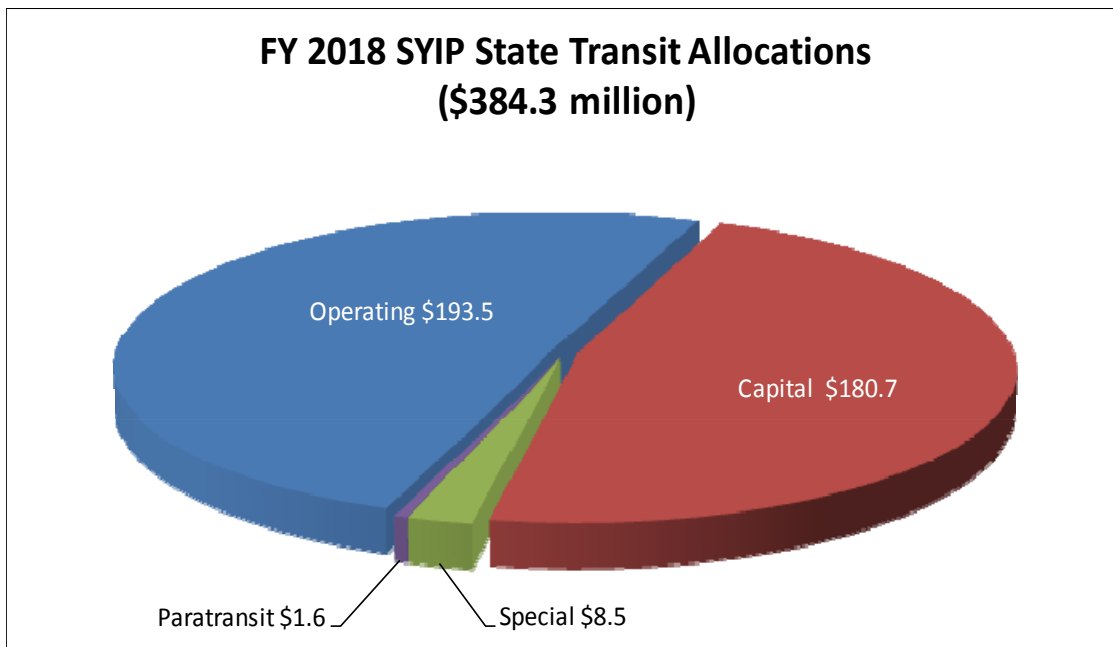
In the Six Year Improvement Program (SYIP) for FY 2018, the CPR bonds represent approximately three fourths of the state transit capital assistance. Beginning in FY 2019, these bond funds will complete the 10 year period under the original bond authorization. By the close of FY 2020 when the WMATA state of good repair funding grant ends, the state transit capital assistance program will no longer have the bond funding that provided an average of \$110 million annually.



As a result of HB 1887 of the 2015 General Assembly session, approximately \$43 million annually of funding was authorized to be shifted from several other modes of transportation to the transit capital program starting in FY 2017. The chart on the preceding page depicts the precipitous drop in state transit capital funding due to the expiring CPR bonds, the positive impact of the additional HB1887 funding, and the remaining loss of revenue in this program. 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.

In 2016, the General Assembly further directed DRPT to examine new revenue sources for its transit capital funding program, as well as establish prioritization strategies for these sources. The Transit Capital Project Revenue Advisory Board (TCPRAB) created through HB 1359 is tasked with seeking new transit capital revenues prior to the 2018 expiration of existing CPR bonds currently dedicated to transit capital. TCPRAB must also prioritize funds for state of good repair as well as consider Smartscale like prioritization of capital funds for transit expansion.

The FY 2018 SYIP allocation of the state transit revenues for public transportation is depicted in the following chart. This chart represents FY 2018 SYIP allocations only, which vary from the budgeted amounts in this report due to the timing of expenditures versus allocations of funds. For more information, see Note 1 on page 19.



The FY 2018 allocation of \$384.3 million of state transit revenues in the SYIP represents a decrease of \$33.5 million from FY 2017. Operating allocations in FY 2018 decreased \$7.8 million primarily because of a lower carryover than prior year. Capital allocations decreased \$24.7 million mainly due to a higher allocation for the Richmond Bus Rapid Transit project in FY 2017 compared to FY 2018 and the FY 2017 allocation related to VRE Expansion Rail cars that did not exist in FY 2018. For the current year,

DRPT allocated \$134.0 million of anticipated bond proceeds in the SYIP with an emphasis placed on replacement vehicles and infrastructure. This includes an allocation of \$50 million to match the federal funds WMATA is receiving under the federal state of good repair program.

Public Transportation Operating Funds

During the 2013 session of the General Assembly, transit received new funding in HB 2313, and the transit allocation process was amended to add performance based metrics for transit operating funding. §58.1-638.A.4 of the Code of Virginia directs that the first \$115.2 M of state grants for public transportation operating expenses from the MTTF revenues [72% of \$160 million] be awarded on the basis of the annual operating cost of a given transit provider expressed as a percentage of the total annual amount of operating expenses for all providers. (§58.1-638.A)

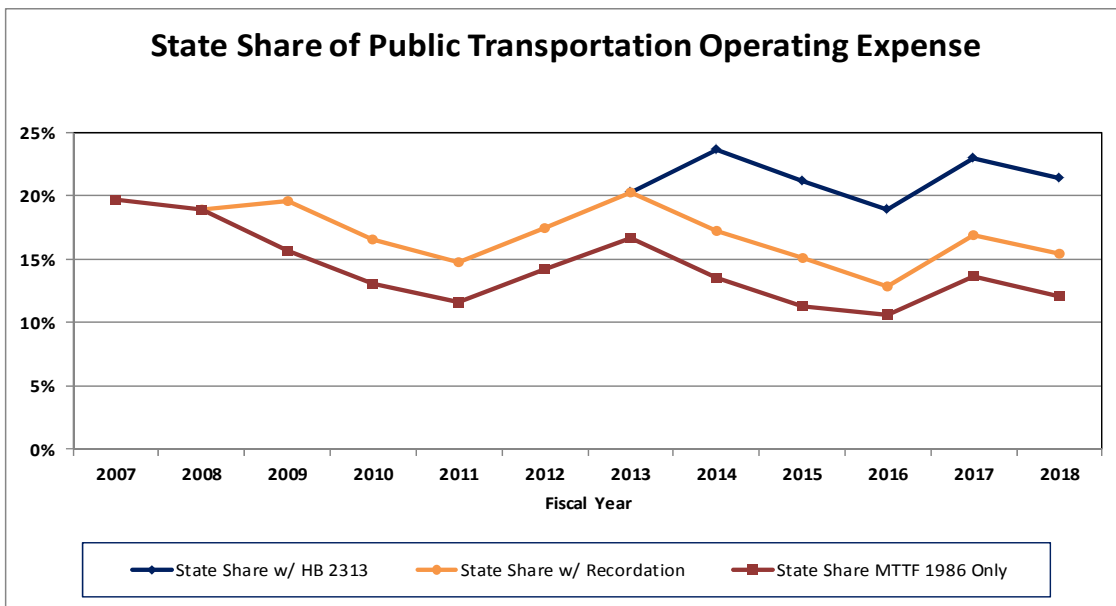
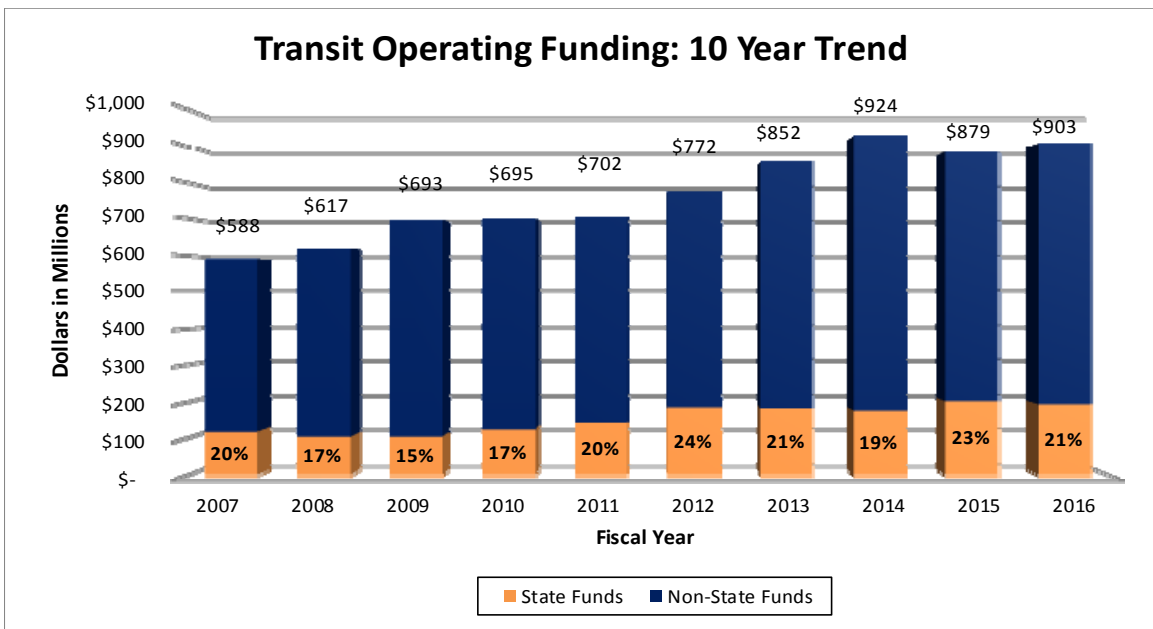
State law also required performance-based allocations of state transit operating assistance above the \$115.2 million threshold beginning in FY 2014. The Transit Service Delivery Advisory Committee (TSDAC) was created to advise DRPT on the performance based distribution of funding to promote more efficient transit operations. TSDAC's recommended factors for the performance-based operating assistance allocation model and their associated weightings are as follows:

Net Cost per Passenger (50%): Total operating costs less depreciation and any operating income derived from a source other than taxpayers, divided by ridership.

Customers per Revenue Hour (25%): Ridership divided by revenue hours.

Customers per Revenue Mile (25%): Ridership divided by revenue miles.

The overall state share of transit operating expenditures for FY 2018 is 21.3% versus 22.8% for FY 2017. The decrease in percentage is due to reduced revenues available for allocation in FY 2018. In addition, there was an increase in total operating expenses of \$24 million, mainly caused by an increase of operating expenses of \$19 million for WMATA. The following chart provides a history of the state's participation in the cost of transit operations in the Commonwealth.



The state share of transit operating costs has struggled to maintain a 20% level over the past ten years. As seen in the chart that breaks the state share of operating costs into revenue source, the state share of transit operating assistance would have only been approximately 12% this year without the two revenue streams added in FY 2009 and FY 2014. This is very concerning and is a harbinger of future needs for more state assistance as transit operations within Virginia continue to expand.

The FY 2017 allocations included \$12.2 million of additional one-time revenues from FY 2015 when revenues exceeded the allocated estimate. The majority of the \$7.8 million decrease in Public Transportation Operating Funds in FY 2018 results from not having the revenue surplus that was available in FY 2017.

Public Transportation Capital Funds

State capital program grants from the MTTF are awarded to public transportation capital projects deemed to be eligible, reasonable, and appropriate. These capital grants are funded based on the total cost of the project. TSDAC and DRPT recommended a three tiered capital allocation methodology which was approved by the CTB on December 4, 2013. The three tiers are described below with state matching percentages of Tier 1 – 68%, Tier 2 – 34 %, and Tier 3 – 17% which were used for FY 2016 and FY 2017 and are proposed for FY 2018.

Tier 1: Replacement and Expansion Vehicles: Activities eligible for funding under this tier include acquisition of rolling stock for either replacement or expansion purposes. Other eligible activities include items that would be installed on a vehicle as part of a major fleet-wide conversion/upgrade or considered a part of the initial acquisition.

Tier 2: Infrastructure or Facilities: Activities eligible for funding under this tier include the construction of infrastructure or facilities for transit purposes, such as maintenance facilities, bus shelters, administrative buildings, or guideway infrastructure.

Tier 3: Other: Activities eligible under this category include all other transit-related capital items.

Debt service: Funds allocated for debt service and lease payments will be included in the tier that applies to the underlying capital asset that is being financed.

In FY 2018, the budget for public transportation capital expenditures is \$219.2 million – a \$32.8 million decrease from FY 2017. The projects to be supported by these funds and the applicable federal funds managed by DRPT are summarized below:

Public Transportation Capital Projects for FY 2018						
	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	11	0	16	2	0	0
Culpeper District	4	0	7	1	0	0
Fredericksburg District	1	0	5	1	0	0
Hampton Roads District	24	2	32	4	2	0
Lynchburg District	8	0	13	1	0	1
Northern Virginia District	371	33	155	129	11	2
Richmond District	19	0	33	3	0	0
Salem District	7	0	9	0	1	0
Staunton District	1	2	8	0	0	0
Multi - District	27	4	12	1	1	0
Statewide Totals	473	41	290	142	15	3

Public Transportation Special Program Funds

The Special Programs budget is estimated at \$4.3 million for FY 2018. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, and public transportation training and internships.

Commuter Assistance Programs

The Commuter Assistance Programs budget of \$8.7 million includes \$4.5 million of MTTF funds for FY 2018 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of \$2.6 million and the related state match of \$1.6 million for projects included in the VDOT SYIP that DRPT will administer, such as the Arlington County Commuter Services program, Hampton Roads Transit TRAFFIX program, Telework, RideFinders, and various Transportation Management Plans.

The TDM program is a discretionary grant program that provides state funds to support up to 80% of the costs of TDM projects and other special projects that are designed to reduce single occupant vehicle travel. These funds are used to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that encourage travel in shared ride modes. The distribution of grants for FY 2018 is shown in the below table.

Commuter Assistance Projects for FY 2018			
	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	5	11
Richmond District	1	0	1
Salem District	1	2	3
Staunton District	2	0	2
Statewide Totals	15	7	22

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at \$16.4 million for FY 2018. 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 (\$12.5 million), local provider match (\$0.9 million), Transportation Capital Projects bond proceeds (\$0.8 million), and MTTF funds for enhanced transportation services for the elderly and disabled (\$2.2 million). The breakdown by district of the 269 vehicles purchased through this program is included in the Public Transportation Capital Projects table on page 11.

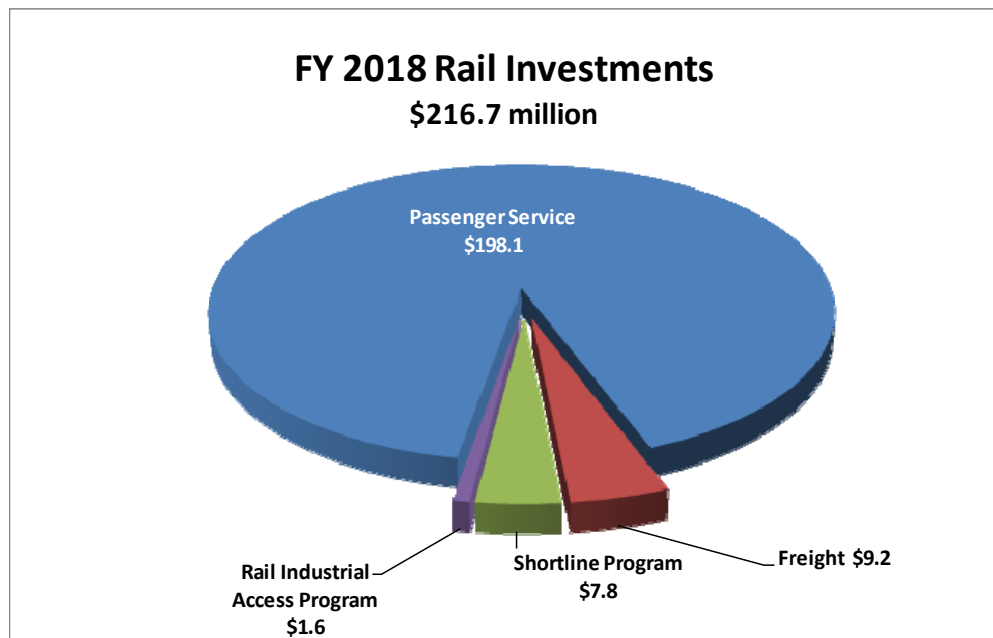
Planning, Regulation, and Safety Programs

DRPT's FY 2018 budget includes \$4.3 million estimated expenditures for Planning, Regulation, and Safety Programs, which include long-term planning and regional corridor studies. The budget for these programs consists of the FTA 5303/5304 planning of \$3.7 million, MTTF state match allocations of \$0.5 million, and \$0.1 million in projects administered by DRPT with state funding allocated through VDOT's SYIP.

Passenger and Freight Rail Programs

DRPT's FY 2018 budget for all rail service areas includes \$216.7 million of expenditures for rail improvements in Virginia. These programs remained stable as there was a decrease of only \$4.2 million when compared to FY 2017.

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



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

Federal

- Federal Railroad Administration (FRA) grant funds of \$8.8 million;
- American Recovery and Reinvestment Act (ARRA) funds of \$3.8 million;
- Federal Highway Administration (FHWA) funds of \$2.2 million;

State

- Intercity Passenger Rail Operating and Capital (IPROC) funds of \$132.8 million;
- Rail Enhancement Funds (REF) of \$39.5 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of \$17.2 million;
- VDOT Transfers of \$3.3 million;
- Shortline Railway and Development funds of \$3.1 million;
- VTA 2000 funds of \$1.9 million;
- General Rail funds of \$1.9 million;
- Rail Industrial Access (RIA) funds of \$1.6 million; and
- Local Match of \$0.6 million.

The IPROC fund was created by the General Assembly in FY 2011. In 2013, the General Assembly dedicated 40% of a 0.125% increase in the general sales and use tax to the fund which amounts to approximately \$50 million annually. These funds are used to support the operating and capital needs for the six regional intercity passenger trains as well as capital costs for the expansion of intercity passenger rail. The trains operate in the Northeast Corridor and originate from Lynchburg, Norfolk, Richmond (2), and Newport News (2).

Transportation Bond Funds

Chapter 896 of the 2007 Acts of Assembly provides for CPR bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the REF or the Shortline Railway Preservation and Development Fund. For FY 2018, planned expenditures from these bond proceeds are \$12.5 million for joint passenger and freight rail infrastructure improvements and \$4.7 million for improvement to the tracks of shortline railroads.

Rail Preservation Program

As part of the Rail Preservation Program, the Shortline Railway Preservation and Development Fund will support 23 projects for Virginia's shortline railroads in FY 2018. These Rail Preservation projects consist primarily of bridge and track upgrades, yard improvements, siding enhancements, and tie and rail replacement, as well as the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Trust Fund allocation and related interest revenues, and the CPR bonds.

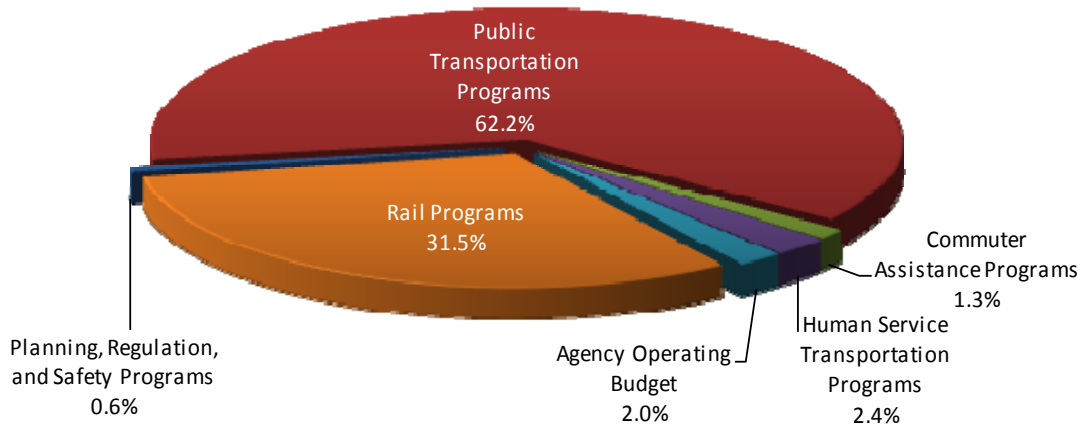
Rail Industrial Access Program

This program funds the construction of industrial access railroad tracks. These projects are funded through the Transportation Trust Fund as they are approved by the CTB.

ANNUAL BUDGET STATEMENT

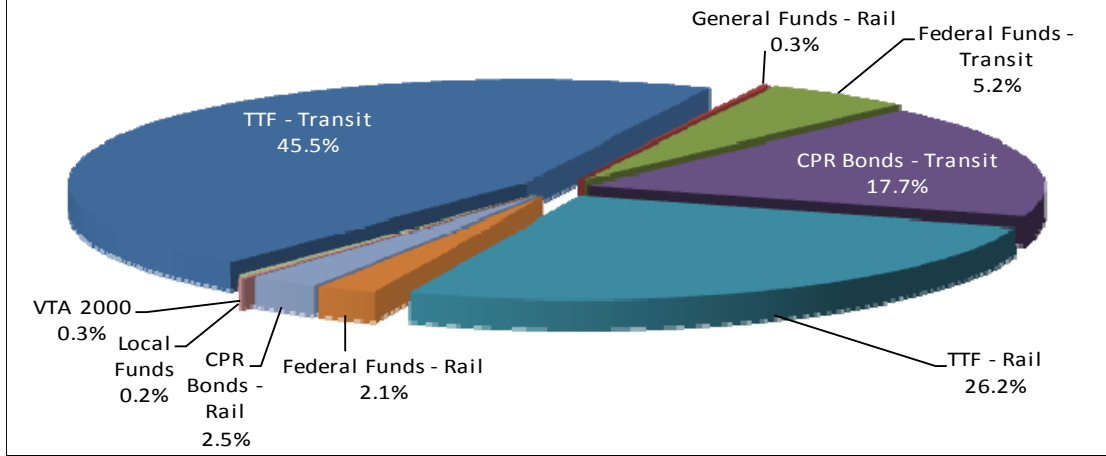


DRPT
Budgeted Expenditures - FY 2018



	(\$ in millions)			
	Adopted FY 2017	Recommended FY 2018	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 1, 2]	\$ 217.1	\$ 205.5	\$ (11.6)	-5.3%
Capital Assistance [Notes 1, 3]	252.0	219.2	(32.8)	-13.0%
Special Programs [Note 4]	2.1	4.3	2.2	104.8%
Total	471.2	429.0	(42.2)	-9.0%
Commuter Assistance Programs [Note 5]	9.6	8.7	(0.9)	-9.4%
Human Service Transportation Pgm [Note 6]	13.7	16.4	2.7	19.7%
Planning, Regulation, & Safety Pgm [Note 7]	6.0	4.3	(1.7)	-28.3%
Total Transit Programs	500.5	458.4	(42.1)	-8.4%
Rail Preservation Programs [Notes 1, 8]	6.0	7.8	1.8	30.0%
Rail Industrial Access [Note 9]	1.9	1.6	(0.3)	-15.8%
Passenger and Freight Rail Programs [Notes 1, 10]	211.5	207.3	(4.2)	-2.0%
Total Rail Programs	219.4	216.7	(2.7)	-1.2%
Agency Operating Budget [Note 11]	13.4	13.9	0.5	3.7%
Agency Total	\$ 733.3	\$ 689.0	\$ (44.3)	-6.0%

DRPT Funding Sources - FY 2018



	(\$ in millions)			
	Adopted FY 2017	Recommended FY 2018	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 5, 6, 7, 11]	\$ 147.9	\$ 140.1	\$ (7.8)	-5.3%
2013 Chapter 766 Revenue for Transit [Notes 2, 3, 4, 5, 6, 7, 11]	76.2	75.2	(1.0)	-1.3%
2015 Chapter 684 Revenue for Transit [Notes 2, 3, 4, 5, 6, 7, 11]	47.6	48.4	0.8	1.7%
Recordation Tax [Notes 2, 11]	30.2	31.0	0.8	2.6%
Rail Preservation Program [Notes 1, 8, 11]	2.6	3.2	0.6	23.1%
Rail Industrial Access [Note 9]	1.9	1.6	(0.3)	-15.8%
Rail Enhancement [Notes 10, 11]	22.8	40.2	17.4	76.3%
2013 Chapter 766 Revenue for IPROC [Notes 10, 11]	121.2	135.4	14.2	11.7%
Special Programs - VDOT Transfers [Notes 2, 3, 5, 7, 10]	46.3	18.8	(27.5)	-59.4%
Total	496.7	493.9	(2.8)	-0.6%
GENERAL FUND - Rail [Note 10]	-	1.9	1.9	100.0%
BOND PROCEEDS - Transit Capital and Rail [Notes 1, 3, 6, 8, 10]	136.0	139.1	3.1	2.3%
FEDERAL REVENUE				
American Recovery and Reinvestment Act (ARRA) [Note 10]	28.0	3.8	(24.2)	-86.4%
FHWA Funding (CMAQ/RSTP) [Notes 3, 5, 10]	9.1	5.0	(4.1)	-45.1%
Federal Transit Administration [Notes 2, 3, 6, 7]	44.9	33.1	(11.8)	-26.3%
Federal Railroad Administration [Note 10]	14.5	8.8	(5.7)	-39.3%
Total	96.5	50.7	(45.8)	-47.5%
LOCAL REVENUES [Notes 6, 10]	2.0	1.5	(0.5)	-25.0%
TRANSFERS FROM OTHER AGENCIES				
VDOT - VTA 2000 Transfers [Note 10]	2.1	1.9	(0.2)	-9.5%
TOTAL SOURCES	\$ 733.3	\$ 689.0	\$ (44.3)	-6.0%

Footnotes to the FY 2018 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2018 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 Transportation Capital Projects Revenue bond proceeds of \$134.0 million (as authorized in Code of Virginia §33.2-365) for transit capital in FY 2018, but \$121.2 million is expected to be expended on those projects during FY 2018. The differences between the FY 2018 SYIP allocations and budgeted expenditures are as follows:

Total Six Year Improvement Plan Allocations	\$	669.3
Federal Funds Allocations with Grantee FTA Contracting		(22.8)
VDOT Revenues to be spent in future years		(43.7)
Agency Operating Budget		13.9
Prior Year Allocations in Current Year Budget		
Transit Revenue and Bond Allocations		26.6
Rail Revenue and Bond Allocations		44.1
Rail Industrial Access		1.6
Total Budgeted Expenditures	\$	689.0

It is important to note that DRPT's reliance on our transportation partners for accurate information will impact the accuracy of our budgeted expenditures. The vast majority of the DRPT budgeted expenditures are initiated by a reimbursement request from one of our project partners who controls the actual project development. As such, DRPT must gather information from these partners about the timing of almost 2,000 projects in order to estimate cash basis expenditures each year. Based on this operating format for DRPT, a variance of up to 15% would not be unreasonable. Ultimately, the goal for DRPT will be to work with our project partners to attain a variance of 10% or less by each year end.

(2) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance decreased by \$11.6 million from FY 2017 to FY 2018. Revenues from FY 2015 exceeded the estimate by \$12.2 million and these revenues were added to the funds available in the FY 2017 SYIP. Revenues in FY 2016 were lower than the estimate by \$7.2 million and this is reflected in the FY 2018 SYIP. The Operating portion of \$5.6 of the deficit is being covered by the Reserve. The Operating Assistance line is made up of MTTF operating allocations of \$161.6 million, recordation taxes of \$31.0 million, and \$12.8 million in federal assistance through the FTA 5311 Rural Assistance program. Additionally, \$0.1 million in projects administered by DRPT with state matching funds allocated through VDOT's Six-Year Improvement Program is included in this service area.

(3) Public Transportation Programs - Capital Assistance decreased by \$32.8 million mainly due to the Virginia Beach Light Rail project which did not advance. This project had estimated expenditures of \$21.5 million in FY 2017. The remaining difference is related to multiple projects. This line item consists of \$80.0 million of MTTF allocations, \$121.2 million of Transportation Capital Projects bond proceeds, and \$4.2 million of FTA funding, and \$0.2 million of FHWA funding. Additionally, \$13.6 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.

DRPT Footnotes to the FY 2018 Annual Budget (Continued)

- (4)** Public Transportation Programs – Special Programs consists of MTTF allocations of \$4.3 million.
- (5)** The budgeted Commuter Assistance Programs line item decreased by \$.9 million from FY 2017 to FY 2018. Commuter Assistance Programs includes Mass Transit Trust Funds of \$4.5 million and FHWA funding of \$2.6 million. Additionally, \$1.6 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.
- (6)** The budgeted Human Service Transportation Programs line item increased by \$2.7 million from FY 2017 to FY 2018. Funding includes \$12.5 million of FTA 5310 and 5311 awards. The match to these federal awards consists of \$2.2 million of MTTF State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled, Transportation Capital Projects Bond proceeds of \$0.8 million, as well as \$0.9 million of local match to the FTA 5310 funds.
- (7)** Planning, Regulation, and Safety Programs consists of the FTA 5303/5304 planning funds of \$3.7 million, MTTF state match allocations of \$0.5 million, and \$0.1 million in projects administered by DRPT with state funding allocated through VDOT's SYIP.
- (8)** The 2006 General Assembly passed legislation (§33.2-1602) to establish the Shortline Railway Preservation and Development fund. The fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of \$3.1 million. The additional \$4.7 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.
- (9)** The Rail Industrial Access Program funds construction of industrial access railroad tracks. The activities budgeted in this line item consist of Transportation Trust Fund allocations of \$1.6 million.
- (10)** The budgeted Passenger and Freight Rail Programs line item of \$207.3 million represents a decrease of \$4.2 million from FY 2017 to FY 2018. The source of funding to cover these expenditures includes \$39.5 million from the Rail Enhancement Fund which is comprised of the state portion of vehicle rental taxes collected in the Transportation Trust Fund. Additionally, this line item includes Federal High Speed Rail funds of \$8.8 million, American Recovery and Reinvestment Act funds of \$3.8 million, bond proceeds of \$12.5 million, Intercity Passenger Rail Operating and Capital funds of \$132.8 million, VTA 2000 funds of \$1.9 million, Federal Highway Administration (FHWA) funds of \$2.2 million, VDOT Transfers of \$3.3 million, General Rail funds of \$1.9 million, and local matching funds of \$0.6 million.

DRPT Footnotes to the FY 2018 Annual Budget (Continued)

(11) The CTB is authorized by §33.2-1604 of the Code of Virginia to approve up to 3.5% per year of the Mass Transit Trust Fund, Rail Enhancement Fund, and Rail Preservation Fund to support costs of project development, project administration, and project compliance. Starting in FY 2018, Appropriation Act language allows the CTB to allocate up to 5% of the Intercity Passenger Rail Operating and Capital (IPROC) Fund to be used to support the DRPT costs of project development, project administration, and project compliance. DRPT has determined that the 3.5% and 5% (\$13.9 million) of the available balance of the aforementioned funds for FY 2018 will be needed to support the ongoing costs of these programs. The DRPT operating budget represents only 2.0% of the total \$689.0 million FY 2018 budget.

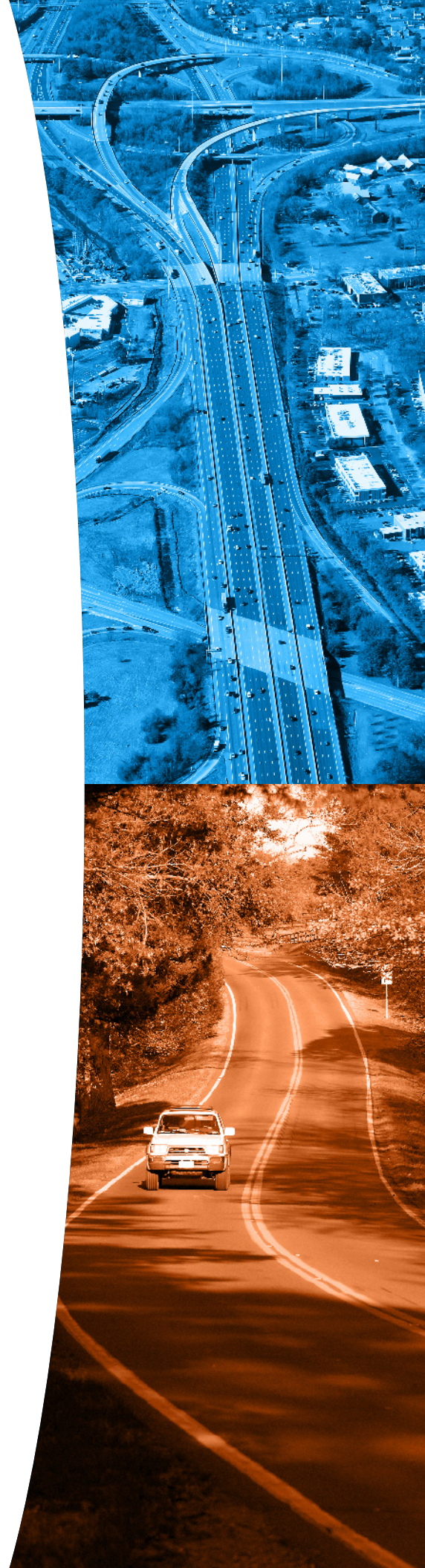
Major Components of Agency Operating Budget	
Payroll and Fringe Benefits	\$ 7,780,000
Operations Program Support	2,954,000
Central Service Agencies Indirect Costs	768,000
Information Technology Costs	545,000
Rent	504,000
Finance Program Support	415,000
Travel and Training	347,000
Office Expansion	275,000
Attorney Services	132,000
Other Program and Project Management Initiatives	187,000
Total	<u>\$ 13,907,000</u>
Source of Funding for Agency Operating Budget	
Mass Transit Trust Fund	\$ 10,501,000
Intercity Passenger Rail Operating and Capital Fund	2,581,000
Rail Enhancement Fund	684,000
Rail Preservation Fund	141,000
Total	<u>\$ 13,907,000</u>

(12) In order to provide comparative data to the FY 2018 budget, certain reclassifications were made to FY 2017 line items



Fiscal Year 2018

VDOT Annual Budget
June 2017



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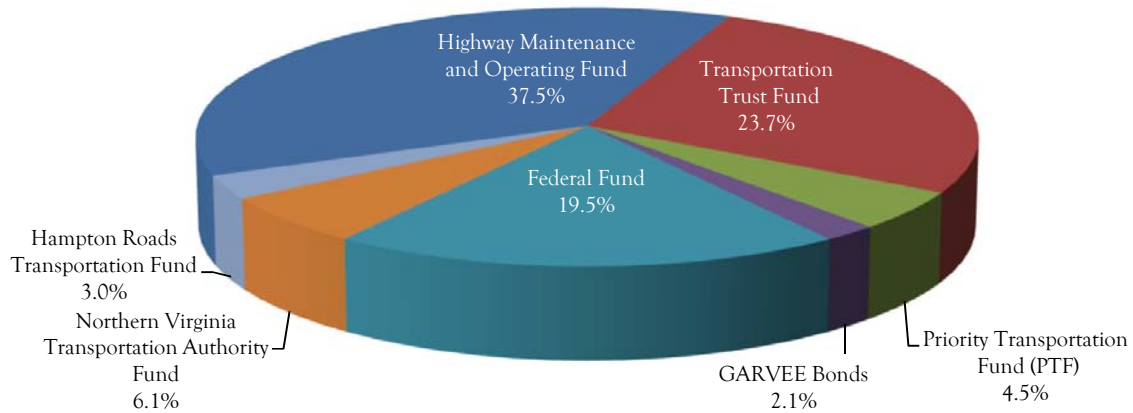
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Overview

The Fiscal Year 2018 (FY 2018) budget for the Virginia Department of Transportation (VDOT) identifies the estimated revenues and the distribution of the revenues to the related transportation programs. It is based on the most recent official state revenue forecast from December 2016 and estimated federal funding. The VDOT Budget for FY 2018 totals \$5,410,341,913, a 1% increase from the FY 2017 Budget of \$5,357,889,363. The increase from the previous year is primarily driven by project participation from the regional entities and localities, and an offsetting reduction in state revenue and a reduction in the planned use of GARVEE bonds. If the anticipated project participation revenue from the regional entities was not added, the FY 2018 budget would be \$315 million less, or four percent less than the FY 2017 Budget.

VDOT's revenues are provided by dedicated state and federal revenue sources. The major state revenues are estimated by the Department of Taxation and are included in the state's official revenue estimate. VDOT continues to estimate federal revenues based upon information received from Federal Highway Administration (FHWA). The budget also includes the regional revenues provided to the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission.

Sources of Transportation Funds

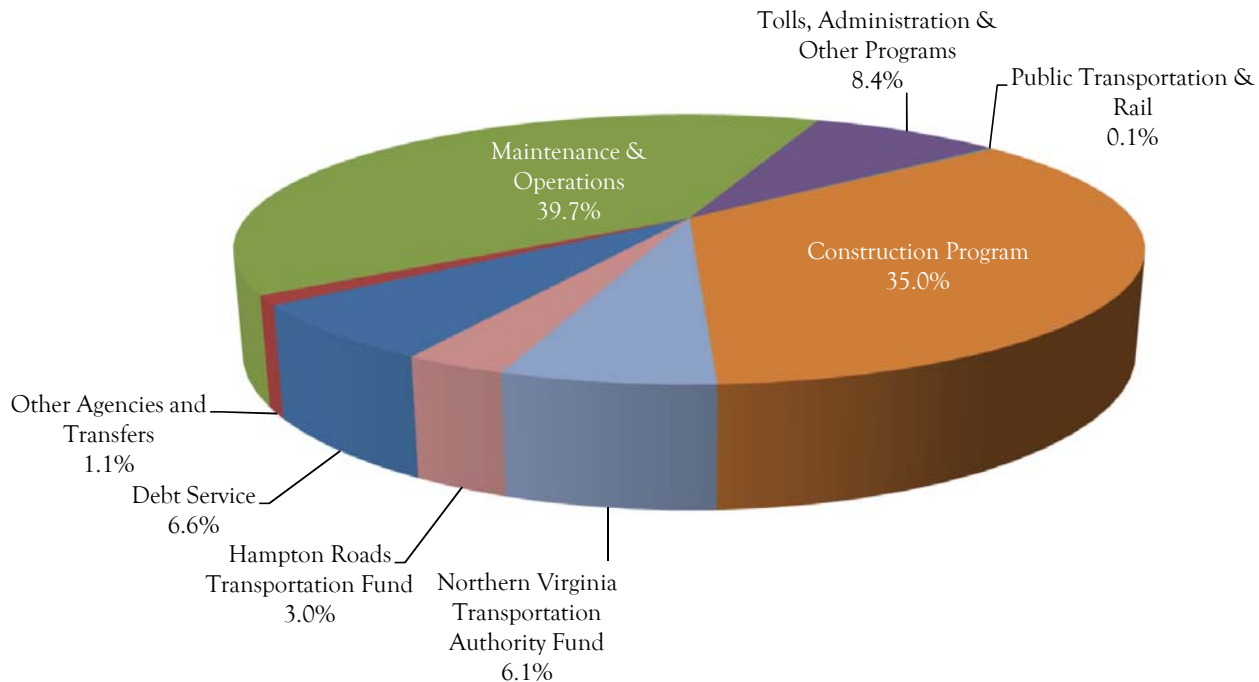


Highway Maintenance and Operating Fund	\$2,031,060,785
Transportation Trust Fund	1,453,438,296
Priority Transportation Fund (PTF)	263,153,930
GARVEE Bonds	113,100,988
Federal Fund	1,057,087,914
Subtotal	\$4,917,841,913
Pass Through Revenues	
Northern Virginia Transportation Authority Fund	332,100,000
Hampton Roads Transportation Fund	160,400,000
TOTAL	\$5,410,341,913

Overview

VDOT's revenues provide funding for debt service, maintenance, administration and construction. This budget reflects the planned use of the revenues available to the agency and also includes the pass through funds to the regions. The following is a summary of the programs by spending category:

	FY 2017	FY 2018	INCREASE (DECREASE)
Debt Service	\$352,019,981	\$358,434,092	\$6,414,111
Other Agencies and Transfers	68,122,057	60,655,283	(7,466,774)
Maintenance & Operations	2,127,311,345	2,146,853,145	19,541,800
Tolls, Administration & Other Programs	440,608,749	452,047,810	11,439,061
Public Transportation & Rail	4,610,095	7,875,884	3,265,789
Construction Program	1,869,117,136	1,891,975,699	22,858,563
Subtotal	\$4,803,890,689	\$4,917,841,913	\$56,052,550
Pass Through Revenues			
Northern Virginia Transportation Authority Fund	327,200,000	332,100,000	4,900,000
Hampton Roads Transportation Fund	168,900,000	160,400,000	(8,500,000)
TOTAL	\$5,287,414,843	\$5,410,341,913	\$52,452,550



Revenues

VDOT's revenues are specifically designated for transportation. Four primary state taxes provide for transportation in Virginia: Sales Tax on Motor Fuels, Motor Vehicle Sales and Use Tax, Motor Vehicle License Fee, and State Sales and Use Tax. The following table summarizes VDOT's FY 2018 revenues.

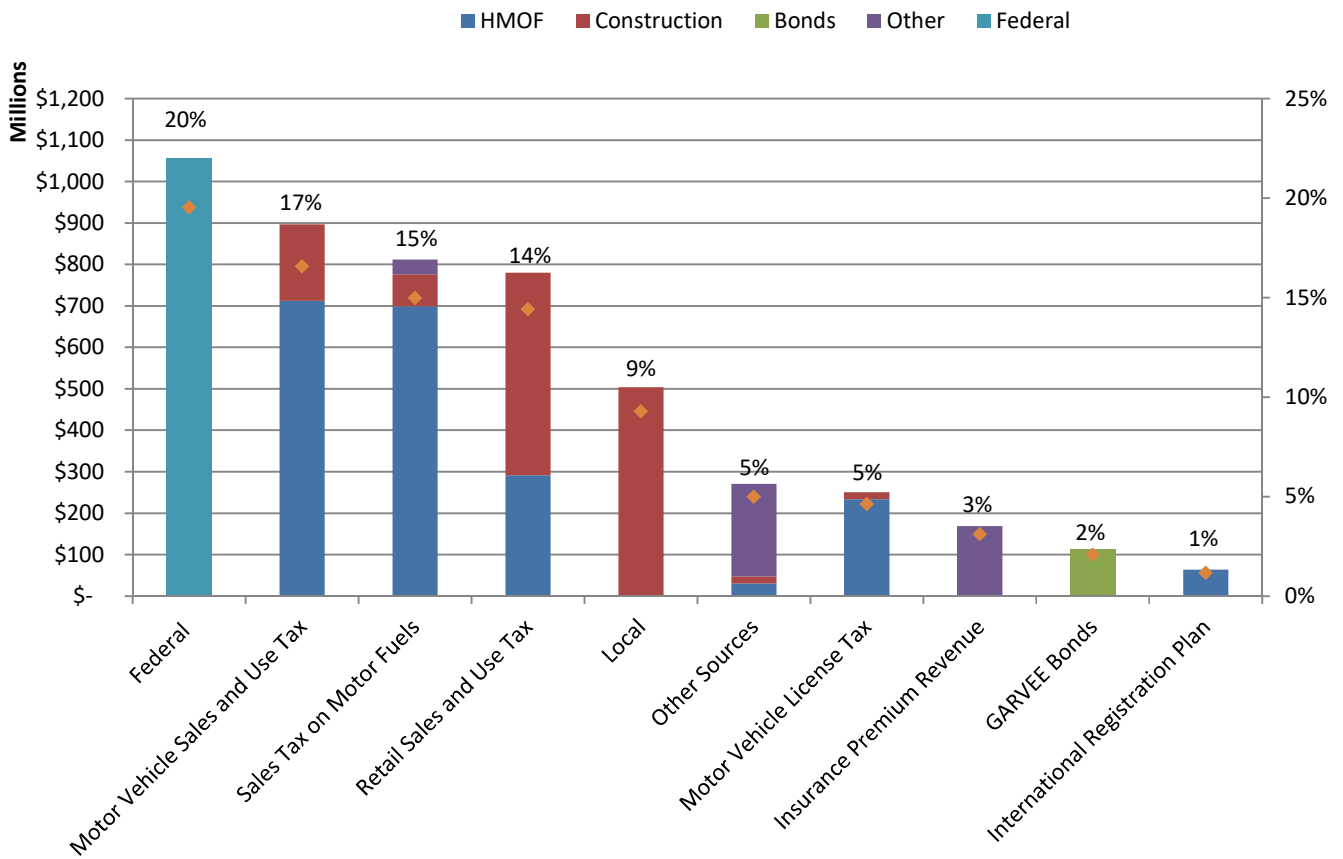
Source	HMOF	Construction*	Federal	Bonds	Other	TOTAL
Sales Tax on Motor Fuels	\$699,000,000	\$77,676,900	\$ -	\$ -	\$34,900,000	\$811,576,900
Motor Vehicle Sales and Use Tax	712,100,000	185,102,400	-	-	-	897,202,400
Motor Vehicle License Tax	233,500,000	17,235,300	-	-	-	250,735,300
Retail Sales and Use Tax	291,700,000	488,963,100	-	-	-	780,663,100
International Registration Plan	64,000,000	-	-	-	-	64,000,000
GARVEE Bonds	-	-	-	113,100,988	-	113,100,988
Other Revenue to Support Bond Programs	-	-	-	-	-	-
Insurance Premium Revenue	-	-	-	-	169,100,000	169,100,000
Local		503,478,561	-	-	-	503,478,561
Other Sources	30,760,785	16,949,425	-	-	223,186,540	270,896,750
Federal	-		1,057,087,914	-		1,057,087,914
Transfer to HMOF	121,659,074	(121,659,074)	-	-	-	-
Transfer from Construction Fund for Maintenance Allocation	37,000,000	(37,000,000)	-	-	-	-
Subtotal	\$2,189,719,859	\$1,130,746,612	\$1,057,087,914	\$ 113,100,988	\$427,186,540	\$4,917,841,913
Pass Through Revenues						
Northern Virginia Transportation Authority Fund	-	-	-	-	332,100,000	332,100,000
Hampton Roads Transportation Fund	-	-	-	-	160,400,000	160,400,000
TOTAL	\$2,189,719,859	\$1,130,746,612	\$1,057,087,914	\$113,100,988	\$919,686,540	\$5,410,341,913

* Includes Highway Share of TTF and other special funds.

** Other Sources includes VDOT Toll Facility Revenue, Cell Tower Lease Revenue, E-Z Pass Operations, Unallocated Balances, Interest and Other Miscellaneous Items.

Revenues Dedicated to VDOT

This chart illustrates the anticipated revenues of the agency and their relative contribution. Federal revenues are the largest single source followed by the Motor Vehicle Sales and Use Tax.

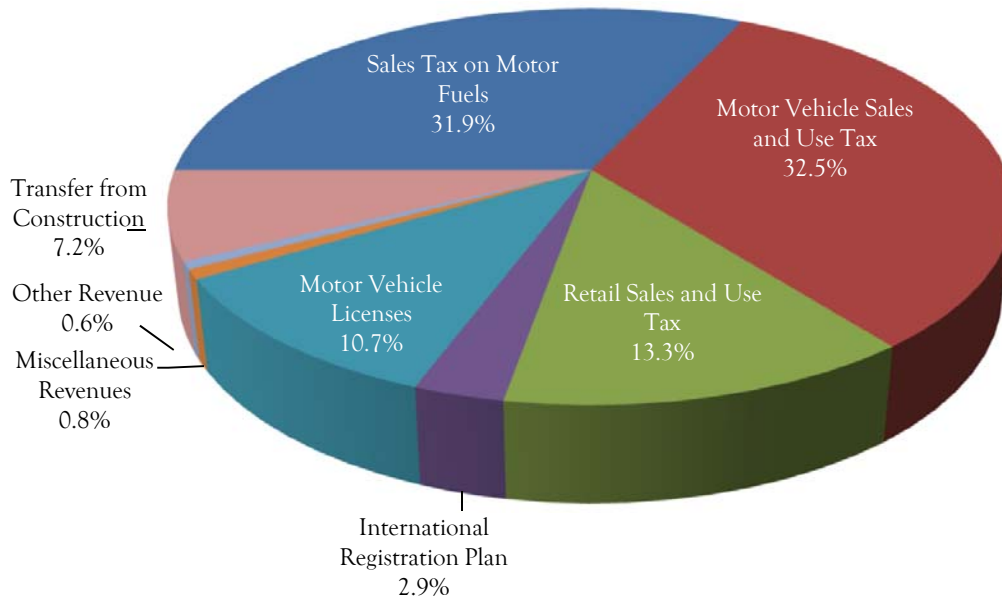


Highway Maintenance & Operating Fund

The Highway Maintenance and Operating Fund (HMOF) is one of VDOT's major funds. It is funded by dedicated state revenues as listed below. The HMOF is intended to provide for the agency's maintenance, operations and administrative needs. Since Fiscal Year 2002, the HMOF has required transfers from the Construction Fund to cover the budgetary needs of the fund.

HMOF Revenue Sources	FY 2017	FY 2018	Difference
Sales Tax on Motor Fuels	\$716,800,000	\$699,000,000	(\$17,800,000)
Motor Vehicle Sales and Use Tax	696,900,000	712,100,000	15,200,000
Retail Sales and Use Tax	293,900,000	291,700,000	(2,200,000)
International Registration Plan	61,700,000	64,000,000	2,300,000
Motor Vehicle Licenses	224,800,000	233,500,000	8,700,000
Miscellaneous Revenues	17,000,000	17,300,000	300,000
Other Revenue	97,913,032	13,460,785	(84,452,247)
Subtotal	\$2,109,013,032	\$2,031,060,785	(\$77,952,247)
Transfer from Construction	14,417,038	158,659,074	144,242,036
Total	\$2,109,013,032	\$2,189,719,859	(\$77,952,247)

HMOF Revenue Sources, FY 2018

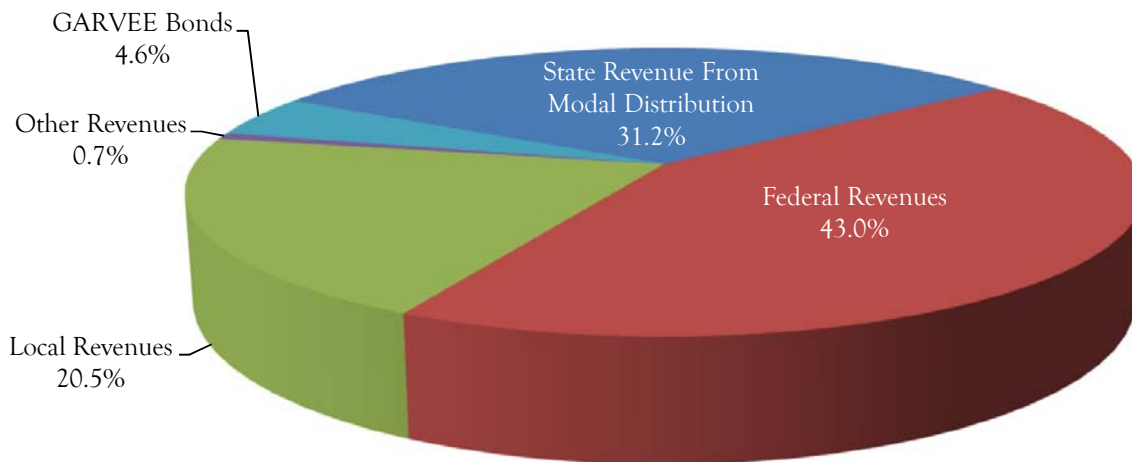


Transportation Trust Fund - Construction

The Transportation Trust Fund was created by the 1986 Special Session. VDOT manages the 78.7% of the TTF funds dedicated by the Code of Virginia for highway construction. State Revenue from Modal Distribution includes motor vehicle fuels tax, motor vehicle sales tax, and state retail sales and use tax. The following table identifies the construction fund revenues by major source.

Construction Fund Revenue Sources	FY 2017	FY 2018	Difference
State Revenue From Modal Distribution	\$801,961,350	\$768,609,473	(\$33,351,877)
Federal Revenues	1,026,435,856	1,057,087,914	30,652,058
Local Revenues	237,904,441	503,478,561	265,574,120
Other Revenues	67,791,083	17,317,652	(50,473,431)
GARVEE Bonds	225,222,435	113,100,988	(112,121,447)
Total	\$2,359,315,165	\$2,459,594,588	\$100,279,423

**Construction Fund Revenue by Source,
FY 2018**



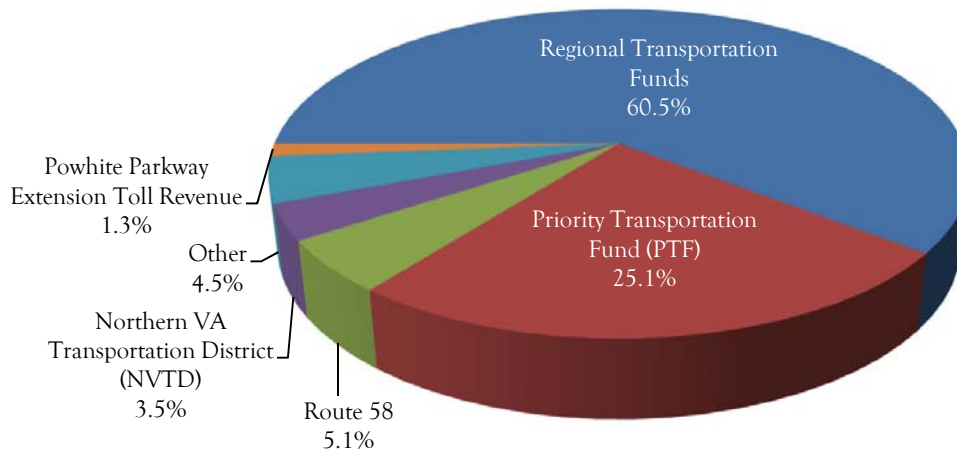
Other Fund Revenues

In addition to the two major state funds, VDOT manages a number of special funds. Each special fund receives dedicated revenues to be used to support the mission of the program.

Other Fund Revenues	FY 2017	FY 2018	Difference
Regional Transportation Funds	\$496,100,000	\$492,500,000	(\$3,600,000)
Powwhite Parkway Extension Toll Revenue	10,100,250	11,000,000	899,750
Coleman Bridge Toll Revenue	6,000,000	6,000,000	-
I-66 Inside the Beltway Toll Revenue	-	9,864,833	9,864,833
I-64 Express Lanes Toll Revenue	-	1,258,333	1,258,333
Northern VA Transportation District (NVTD)	15,489,301	15,897,353	408,052
Oak Grove	1,537,732	1,555,803	18,071
Priority Transportation Fund (PTF)	215,661,599	272,446,552	56,784,953
Transportation Partnership Opportunity Fund	2,609,954	600,000	(2,009,954)
Route 58	47,892,613	47,294,019	(598,594)
Route 28	7,215,019	7,212,269	(2,750)
Other	55,884,051	64,608,333	8,724,282
Total	\$858,490,519	\$930,237,495	\$71,746,976

Total Construction Major Sources (page 10)	2,542,807,196	2,459,594,588	(83,212,608)
Transfer to HMOF	(14,417,038)	(158,659,074)	(144,242,036)
Total Construction Fund	\$3,386,880,677	\$3,231,173,009	(\$155,707,668)

Other Fund Revenue, FY 2018



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VDOT Program Descriptions & Allocations

Summary of Allocations by Program

The following table summarizes VDOT's budget by the major budgetary programs.

	FY 2017	FY 2018	INCREASE (DECREASE)
Environmental Monitoring and Evaluation (514)	\$13,534,237	\$13,688,075	\$153,838
Ground Transportation Planning and Research (602)	72,784,885	73,774,836	989,951
Highway Construction Programs (603)	1,869,117,136	1,891,975,699	22,858,563
Highway System Maintenance (604)	1,674,434,950	1,689,365,163	14,930,213.00 ⁴
Commonwealth Toll Facilities (606)	48,248,250	70,473,166	22,224,916 ⁵
Financial Assistance to Localities (607)	948,976,395	949,987,982	1,011,587
Non-Toll Supported Transportation Debt Service (612)	352,019,981	358,434,092	6,414,111
Administrative and Support Services (699)	266,051,608	263,439,502	(2,612,106)
VDOT Capital Outlay (998)	39,989,769	30,672,231	(9,317,538)
Support to Other State Agencies	68,122,057	60,655,283	(7,466,774)
Support to DRPT Programs	4,610,095	7,875,884	3,265,789
Total	\$5,357,889,363	\$5,410,341,913	\$52,452,550

Environmental Monitoring and Evaluation (514)

The Environmental Program consists of the following service areas:

Environmental Monitoring and Compliance for Highway Projects (514008) - To provide efforts to evaluate, monitor and maintain the quality of the state's natural resources as part of a balanced consideration of environmental and transportation needs. VDOT's wetland mitigation program is funded in this service area.

Environmental Monitoring Program Management and Direction (514009) - To provide activities related to the management and direction of the program. Adequate and effective management and direction is critical to the success of the program.

ENVIRONMENTAL MONITORING & EVALUATION (514)	FY 2017	FY 2018	INCREASE (DECREASE)
Environmental Monitoring & Compliance for Highway Projects (514008)	\$10,888,957	\$10,700,185	(\$188,772)
Environmental Monitoring Program Management (514009)	2,645,280	2,987,890	342,610
TOTAL ENVIRONMENTAL	\$13,534,237	\$13,688,075	\$153,838
TTF	13,534,237	13,688,075	153,838

Ground Transportation Planning & Research (602)

Ground Transportation Planning and Research is comprised of:

Ground Transportation System Planning (602001) - To provide efforts to lead and plan a comprehensive system of ground transportation, including the planning of particular ground transportation projects through surveying, mapping and studies. These studies are the basis for decisions on proposed highway plans, programs and projects, as well as other travel modes and routes throughout Virginia.

Ground Transportation System Research (602002) - To provide efforts devoted to the planning and delivery of a comprehensive ground transportation research, development, consulting and technology transfer program covering the areas of transportation system operations, maintenance, structural design and construction, materials and specifications, safety, environmental stewardship, finance and policy.

Ground Transportation Program Management and Direction (602004) - To provide activities related to the management and direction of the program. Adequate and effective management and direction is critical to the success of the program.

PLANNING & RESEARCH (602)	FY 2017	FY 2018	INCREASE (DECREASE)
Ground Transportation System Planning (602001)	\$58,541,924	\$60,671,030	\$2,129,106
Ground Transportation System Research (602002)	10,440,699	9,197,341	(1,243,358)
Ground Transportation Program Management (602004)	3,802,262	3,906,465	104,203
TOTAL PLANNING & RESEARCH	\$72,784,885	\$73,774,836	\$989,951
HMOF	13,669,660	12,243,780	(1,425,880)
CONSTRUCTION	38,577,132	41,694,952	3,117,820
FEDERAL	20,538,093	19,836,104	(701,989)

Highway Construction Programs (603)

For FY 2018, the funding made available for distribution is distributed via the Commonwealth Transportation Board Formula outlined in the Code of Virginia, § 33.2-358. Funding is also available for distribution to the following programs: State of Good Repair Program, High Priority Projects Program, and the Construction District Grant Program.

The budget also contains a significant application of Toll Credits that are used as "soft match" to meet the nonfederal share matching requirements. The federal share on most projects in the future can effectively be increased up to 100 percent. However, the use of soft match does not increase the federal funding available to Virginia.

CONSTRUCTION (603)	FY 2017	FY 2018	INCREASE (DECREASE)
State of Good Repair Program (603020)	\$171,957,974	\$87,690,068	(\$84,267,906)
High Priority Projects Program(603021)	119,895,765	107,937,754	(11,958,011)
Construction District Grant Programs (603022)	119,895,763	89,405,123	(30,490,640)
Specialized State and Federal Programs (603023)	1,145,288,660	1,341,371,851	196,083,191
Legacy Construction Formula Program (603024)	285,077,086	\$226,565,119	(58,511,967)
Construction Management (603015)	27,001,888	39,005,784	12,003,896
TOTAL CONSTRUCTION	\$1,869,117,136	\$1,891,975,699	\$22,858,563
CONSTRUCTION	870,413,153	1,000,206,688	129,793,535
FEDERAL	680,735,836	661,436,806	(19,299,030)
PTF	49,348,000	109,650,157	60,302,157
ROUTE 58	7,000,000	-	(7,000,000)
TPOF	2,591,014	581,060	(2,009,954)
BONDS	31,070,647	7,000,000	(24,070,647)
VTIB	2,736,051	-	(2,736,051)
GARVEE BONDS	225,222,435	113,100,988	(112,121,447)

*Beginning in FY 2017, the Highway Construction Budget is aligned to new service areas within the program. Construction funding is now dedicated to the State of Good Repair Program, the High Priority Projects Program and the Construction District Grant Program. Other funding streams that are not dedicated to these areas are allocated in the Specialized State and Federal Programs service area. Funding dedicated to the CTB Alternate Formula through FY 2020 will be allocated in the Legacy Construction Formula Program service area. The following pages detail each construction service area.

Highway Construction Programs (603)

STATE OF GOOD REPAIR PROGRAM (603020)

The purpose of the State of Good Repair Program service area is to allocate funds to state of good repair purposes for reconstruction and replacement of structurally deficient state and locally owned bridges and reconstruction and rehabilitation of pavement on the Interstate System and primary state highway system determined to be deteriorated by the Board, including municipality-maintained primary extensions. (Code of Virginia §33.2-369)

STATE OF GOOD REPAIR PROGRAM (603020)	FY 2017	FY 2018	INCREASE (DECREASE)
TOTAL STATE OF GOOD REPAIR	\$171,957,974	\$87,690,068	(\$84,267,906)
CONSTRUCTION	101,590,684	53,718,524	(47,872,160)
FEDERAL	70,367,290	33,971,544	(36,395,746)

HIGH PRIORITY PROJECTS PROGRAM (603021)

The purpose of the High Priority Projects Program service area is to allocate funds to the established program for projects and strategies that address a transportation need identified for a corridor of statewide significance or a regional network in the Statewide Transportation Plan pursuant to Code of Virginia §33.2-353. From funds allocated to this program, the Board shall allocate funds to the Innovation and Technology Transportation Fund, provided that the allocation shall not exceed \$25 million annually. (Code of Virginia §33.2-370)

HIGH PRIORITY PROJECTS PROGRAM (603021)	FY 2017	FY 2018	INCREASE (DECREASE)
TOTAL HIGH PRIORITY PROJECTS	\$119,895,765	\$107,937,754	(\$11,958,011)
CONSTRUCTION	2,930,549	58,687,830	55,757,281
FEDERAL	27,980,675	19,825,086	(8,155,589)
GARVEE	88,984,541	29,424,838	(59,559,703)

CONSTRUCTION DISTRICT GRANT PROGRAMS (603022)

The purpose of the Construction District Grant Programs service area is to allocate funds to the established grant program in each highway construction district to fund projects and strategies that address a need in the Statewide Transportation Plan developed pursuant to Code of Virginia §33.2-353. In accordance with §33.2-359, the Commonwealth Transportation Board shall allocate funds to improve nonsurface treated secondary highways that carry 50 or more vehicles per day. This allocation shall not exceed \$25 million annually. (Code of Virginia, §33.2-371)

CONSTRUCTION DISTRICT GRANT PROGRAMS (603022)	FY 2018	FY 2018	INCREASE (DECREASE)
TOTAL CONSTRUCTION DISTRICT GRANT	\$119,895,763	\$89,405,123	(\$30,490,640)
CONSTRUCTION	83,103,927	36,115,412	(46,988,515)
FEDERAL	35,109,122	36,712,997	1,603,875
GARVEE	1,682,714	16,576,714	14,894,000

* The amounts provided for High Priority Projects Program and the Construction District Grant Program are reduced to transfer funding to the Maintenance Program, representing 45% of the funds released from the Route 460 Improvements Project. These transfers are planned through FY 2021. Additional allocations were made available for High Priority Projects Program and the Construction District Grant Program with allocations released from the Virginia Beach Light Rail Project.

Highway Construction Programs (603)

SPECIALIZED STATE AND FEDERAL PROGRAMS (603023)

The purpose of the Specialized State and Federal Programs service area is to allocate funds to State and Federal Construction Programs that are not components of the other funding distributions. The Federal programs that are exempt from the distribution process are outlined in § 33.2-214.1. of the Code of Virginia (Statewide prioritization process for project selection). These include Congestion Mitigation and Air Quality (CMAQ) funding, Regional Surface Transportation Program funding, and Safety funding. Through FY 2020, some federal funding continues in this distribution category to meet project commitments. The service area will also allocate previously programmed GARVEE bonds, other bond programs, and the state and local components of Revenue Sharing.

SPECIALIZED STATE AND FEDERAL (603023)	FY 2017	FY 2018	INCREASE (DECREASE)
CMAQ & State Match	\$37,511,478	\$32,753,112	(\$4,758,366)
I-66 Inside the Beltway	25,000,000	3,000,000	(22,000,000)
NHPP & Soft Match	65,591,952	10,440,202	(55,151,750)
NHPP Bridge & Soft Match	10,127,005	9,121,911	(1,005,094)
NHPP APD	-	8,500,306	8,500,306
NHPP Exempt & Soft Match	14,540,765	15,582,169	1,041,404
Open Container	20,795,408	10,629,113	(10,166,295)
Participating Project Costs	40,000,000	40,000,000	-
Previously Programmed Garvee Bonds	134,555,180	67,099,436	(67,455,744)
Project Participation from HRTAC	29,036,064	343,360,184	314,324,120
Project Participation from NVTA	8,000,000	9,250,000	1,250,000
PTF for MWA	25,000,000	25,000,000	-
Revenue Sharing	300,000,000	200,000,000	(100,000,000)
Safety & Soft Match	53,122,502	53,122,502	-
STP Bridge & Soft Match	45,000,000	42,000,000	(3,000,000)
STP BROS & Soft Match	15,258,197	14,724,918	(533,279)
STP Regional & State Match	103,042,439	95,333,403	(7,709,036)
STP Statewide & Soft Match	23,065,722	33,735,767	10,670,045
STP 5-200K & Soft Match	19,618,689	18,984,620	(634,069)
STP <5K & Soft Match	36,139,288	34,964,479	(1,174,809)
Tele Fees	10,367,377	10,367,377	-
TPOF/CPR Balance	31,070,647	-	(31,070,647)
Fast Lane Grant	-	120,000,000	120,000,000
Other	98,445,947	143,402,352	44,956,405
TOTAL SPECIALIZED STATE AND FEDERAL (60323)	\$1,145,288,660	\$1,341,371,851	\$196,083,191
Construction	447,278,772	634,883,532	187,604,760
Federal	470,708,996	522,157,666	51,448,670
GARVEES	134,555,180	67,099,436	(67,455,744)
PTF	34,348,000	109,650,157	75,302,157
Bonds	31,070,647	7,000,000	(24,070,647)
VTIB	2,736,051	-	(2,736,051)
TPOF	2,591,014	581,060	(2,009,954)

Highway Construction Programs (603)

LEGACY CONSTRUCTION FORMULA PROGRAMS (603024)

The purpose of the Legacy Construction Formula Programs service area is to allocate funds to the Commonwealth Transportation Board Alternate Formula outlined in the Code of Virginia, §33.2-358 C. Funding available for the purposes outlined is planned through FY 2020. The service area will also have appropriation to support spending of prior-year allocations of formula distributed funding.

LEGACY CONSTRUCTION FORMULA PROGRAMS (603024)	FY 2017	FY 2018	INCREASE (DECREASE)
CTB Formula	\$285,077,086	\$226,565,119	(\$58,511,967)
TOTAL LEGACY CONSTRUCTION FORMULA PROGRAMS (603024)	\$285,077,086	\$226,565,119	(\$58,511,967)
CONSTRUCTION	208,507,333	\$177,795,606	(30,711,727)
FEDERAL	76,569,753	\$48,769,513	(27,800,240)

The Commonwealth Transportation Board authorized \$353,113,406 for the CTB Alternate Formula distribution. The difference between the amount authorized and the amount allocated above represents the previously unprogrammed balance that was available for Smart Scale Distribution. Those funds are reflected in the High Priority Projects Program and the Construction District Grant Program.

CONSTRUCTION MANAGEMENT (603015)

The purpose of the construction management program is to provide activities related to the management and direction of the program. Adequate and effective management and direction is critical to the success of the program.

CONSTRUCTION MANAGEMENT (603015)	FY 2017	FY 2018	INCREASE (DECREASE)
TOTAL CONSTRUCTION MANAGEMENT	\$26,122,682	\$39,005,784	\$12,883,102
TTF	26,122,682	39,005,784	12,883,102

Highway System Maintenance (604)

The maintenance program consists of:

Interstate Maintenance (604001) - To preserve the public's investment through the delivery of an effective and efficient statewide maintenance program to protect and enhance the transportation infrastructure and the safety of the traveling public.

Primary Maintenance (604002) - To preserve the public's investment through the delivery of an effective and efficient statewide maintenance program to protect and enhance the transportation infrastructure and the safety of the traveling public.

Secondary Maintenance (604003) - To preserve the public's investment through the delivery of an effective and efficient statewide maintenance program to protect and enhance the transportation infrastructure and the safety of the traveling public.

Transportation Operations Services (604004) - To improve mobility, safety, travel time reliability and security on the transportation system through the deployment of a variety of operational strategies including regional smart traffic centers, emergency services, traveler services, congestion management and traffic signalization optimization.

Highway Maintenance Program Management and Direction (604005) - To provide activities related to the management and direction of the program. Adequate and effective management and direction is critical to the success of the program.

HIGHWAY SYSTEM MAINTENANCE (604)	FY 2017	FY 2018	INCREASE (DECREASE)
Interstate Maintenance (604001)	\$327,947,288	\$359,754,551	\$31,807,263
Primary Maintenance (604002)	515,968,338	497,415,881	(18,552,457)
Secondary Maintenance (604003)	574,681,876	589,912,970	15,231,094
Transportation Operations Services (604004)	177,119,539	168,477,856	(8,641,683)
Highway Maintenance Program Management & Direction (604005)	78,717,909	73,803,905	(4,914,004)
TOTAL HIGHWAY SYSTEM MAINTENANCE	\$1,674,434,950	\$1,689,365,163	\$14,930,213
HMOF	1,453,651,255	1,431,836,739	(21,814,516)
FEDERAL	220,783,695	257,528,424	\$36,744,729

* The amounts recommended for FY 2018 include transfers from the funds allocated to the High Priority Projects Program and the Construction District Grant Program, representing a share of 45% of the allocations released from the Route 460 Improvements Project. These transfers are planned through FY 2021.

Commonwealth Toll Facilities (606)

Revenues collected from toll facilities contribute to Virginia's safe and effective transportation system. Of these facilities, two are currently owned and operated by VDOT: Powhite Parkway Extension Toll Road in Chesterfield County and George P. Coleman Bridge in Gloucester County. Two additional facilities are expected to open in YF 2018: I-66 Inside the Beltway and I-64 Express Lanes.

Toll Facility Acquisition and Construction (606001) -To provide for efforts to acquire and construct ground transportation toll facilities. For FY 2018 this is an estimate for what is needed for Interstate 66 Inside the Beltway toll facility.

Toll Facility Debt Service (606002) -To provide for the debt service requirements of the debt-financed toll facilities. The bond indentures for the toll facilities require the Commonwealth Transportation Board (CTB) to set toll rates for all classes of vehicles which will provide sufficient net revenues to meet the facility's obligations. Toll roads are typically constructed with debt financing and the subsequent toll collection revenues are used for debt service payments. The remaining state-owned facility collecting tolls to pay debt service on outstanding bonds is the George P. Coleman Bridge located between Gloucester and York counties. The bonds issued to finance the Powhite Parkway Extension have been retired, but the toll revenues are needed to repay the outstanding debts of the facility owed to VDOT and Chesterfield County.

Toll Facility Maintenance and Operation (606003) - To provide for the operational costs of the two toll facilities operated by VDOT: the George P. Coleman Bridge and the Powhite Parkway Extension Toll Road. All operating costs associated with that facility are to be paid out of the revenues generated by that facility. Customer service and toll collection are toll facilities' main operations.

Toll Facilities Revolving Fund (606004) - To provide a method to finance and/or refinance existing and potential toll facilities. Funds allocated from the Toll Facilities Revolving Account intended for planned or operating toll facilities are considered advance funding and are expected to be repaid to the Toll Facilities Revolving Account.

COMMONWEALTH TOLL FACILITIES (606)	FY 2017	FY 2018	INCREASE (DECREASE)
Acquisition & Construction (606001)	\$12,300,000	\$12,700,000	\$400,000 ⁵
Debt Service (606002)	3,188,200	3,193,400	5,200
Maintenance & Operations (606003)	12,912,050	24,929,766	12,017,716
Toll Facilities Revolving (606004)	19,848,000	29,650,000	9,802,000 ⁵
TOTAL TOLL FACILITIES	\$48,248,250	\$70,473,166	\$21,824,916
POWHITE	10,100,250	11,000,000	899,750
COLEMAN	6,000,000	6,000,000	-
I-66 INSIDE THE BELTWAY	-	22,564,833	22,564,833
I-64 EXPRESS LANES	-	1,258,333	1,258,333

Financial Assistance to Localities (607)

Financial Assistance to Localities consists of:

Financial Assistance for City Road Maintenance (607001) - To provide monetary support to localities for capital improvements and/or maintenance of roads and/or transportation facilities. Direct financial assistance is provided to 84 cities and towns to maintain, operate, and improve their arterial and collector roads and local streets. The level of assistance to the respective local governments for maintenance expenditures is based on the number of qualifying lane-miles in each locality and available funding.

Financial Assistance for County Road Maintenance (607002) - Provide monetary support in lieu of maintenance services to localities for road maintenance and upkeep where such localities have elected to maintain their own highway systems. Currently, Henrico and Arlington maintain their own roads.

Financial Assistance for Planning, Access Roads, and Special Projects (607004) - To manage and distribute funding for recreational and industrial access programs and the Metropolitan Planning federal grant program. The Recreational Access Program provides funding for roads and bikeways to new or expanding non-federal, non-commercial public parks and historic sites. Access roads for qualifying airports and industrial sites, and access tracks for qualified rail users are provided through VDOT's Industrial, Airport, and Rail Access Fund. The Metropolitan Planning Grants are federal funds available to support activities undertaken by Metropolitan Planning Organizations (MPOs) to develop long-range transportation plans and transportation improvement programs.

Distribution of Northern Virginia Transportation Authority Fund Revenues (607006) - To transfer state regional tax revenues to the Northern Virginia Transportation Authority to fund local and regional transportation projects.

Distribution of Hampton Roads Transportation Fund Revenues (607007) - To transfer state regional tax revenues to the Hampton Roads Transportation Accountability Commission to fund local and regional transportation projects.

FINANCIAL ASSISTANCE TO LOCALITIES (607)	FY 2017	FY 2018	INCREASE (DECREASE)
Financial Assistance for City Road Maintenance (607001)	\$371,138,361	\$375,481,970	\$4,343,609
Financial Assistance for County Road Maintenance (607002)	66,000,705	66,775,844	775,139
Financial Assistance for Planning, Access Roads, & Special Projects (607004)	15,737,329	15,230,168	(507,161)
Distribution of Northern Virginia Transportation Authority Fund Revenues (607006)	327,200,000	332,100,000	4,900,000
Distribution of Hampton Roads Transportation Fund Revenues (607007)	168,900,000	160,400,000	(8,500,000)
TOTAL FINANCIAL ASSISTANCE TO LOCALITIES	\$948,976,395	\$949,987,982	\$1,011,587
HMOF	437,139,066	442,257,814	5,118,748
CONSTRUCTION	7,970,814	7,914,463	(56,351)
FEDERAL	7,766,515	7,315,705	(450,810)
NORTHERN VIRGINIA REGIONAL FUND	327,200,000	332,100,000	4,900,000
HAMPTON ROADS REGIONAL FUND	168,900,000	160,400,000	(8,500,000)

Non-Toll Supported Transportation Debt Service (612)

Non-Toll Supported Transportation Debt Service consists of:

Highway Transportation Improvement District Debt Service (612001) - To provide for the debt service requirements of the bonds sold to finance transportation improvements in special tax districts. There is currently only one such district, the State Route 28 Highway Transportation Improvement District in Fairfax and Loudoun counties.

Designated Highway Corridor Debt Service (612002) - To provide for the debt service requirements of the bonds sold to finance transportation improvements in special designated highway corridors. The Commonwealth Transportation Board has issued transportation revenue bonds for the U.S. Route 58 Corridor Development Program, the City of Chesapeake Oak Grove Connector Project, and the Northern Virginia Transportation District (NVTD) Program.

Federal Highway Revenue Anticipation Notes Debt Service (612003) - To provide for the debt service requirements of the Federal Highway Reimbursement Anticipation Notes (FRANs) sold to finance transportation improvements in the Commonwealth. The bonds were retired in FY 2016.

Commonwealth Transportation Capital Projects Bond Act Debt Service (612004) - To provide for the debt service requirements of the bonds sold to finance transportation improvements under the Commonwealth Transportation Capital Projects Bond Act.

Federal Transportation Grant Anticipation Revenue Notes Debt Service (612005) - To provide for the debt service requirements of the bonds sold as Federal Transportation Grant Anticipation Revenue bonds (GARVEEs).

Non-Toll Supported Transportation Debt Service (612)	FY 2017	FY 2018	INCREASE (DECREASE)
Highway Transportation Improvement Debt Service (612001)	\$7,215,019	\$7,212,269	(\$2,750)
Designated Highway Corridor Debt Service (612002)	87,919,646	86,747,175	(1,172,471)
Capital Projects Bonds/Reserve (612004)	166,292,743	153,503,773	(12,788,970)
Federal Transportation Grant Anticipation Revenue Notes Debt Service (612005)	90,571,717	110,970,875	20,399,158
Other	20,856	-	(20,856)
TOTAL NON-TOLL SUPPORTED DEBT SERVICE	\$352,019,981	\$358,434,092	\$6,414,111
NVTD	35,489,301	35,897,353	408,052
OAK GROVE	2,537,732	2,555,803	18,071
ROUTE 28	7,215,019	7,212,269	(2,750)
PTF	20,856	-	(20,856)
CPR BONDS	166,292,743	153,503,773	(12,788,970)
ROUTE 58	49,892,613	48,294,019	(1,598,594)
FEDERAL	90,571,717	110,970,875	20,399,158

Administrative & Support Services (699)

Administrative and Support Services is comprised of:

General Management and Direction (699001) - To provide for the general administrative management, direction and support activities of VDOT. This includes, but is not limited to, accounting services, human resources, succession planning, health and safety services, procurement, facilities management, management studies, policy analysis, process improvements, performance management, internal auditing, innovative financing, financial planning services and oversight of compensation programs for all VDOT employees.

Information Technology Services (699002) - To provide for administrative management, direction and infrastructure support for tasks including, but not limited to, automated data processing services for citizens and visitors to the Commonwealth, Virginia's legislative bodies, other state and local government agencies as well as its own Department of Transportation employees.

Facilities and Grounds Management Services (699015) - To provide physical plant maintenance needs to VDOT facilities. This maintenance work is considered ordinary or routine nature and includes the cost of labor, equipment and materials to make minor repairs to utilities such as plumbing, heating, and electrical; and the maintenance of driveways, parking lots, and yards. The service area also funds small renovation/alteration projects that cost no more than \$10,000.

Employee Training and Development (699024) - To provide Employee Training and Development services to VDOT. This includes traditional classroom training and related development activities and tuition reimbursement.

ADMINISTRATIVE & SUPPORT SERVICES (699)	FY 2017	FY 2018	INCREASE (DECREASE)
General Management & Direction (699001)	\$142,662,181	\$137,533,719	(\$5,128,462)
Information Technology Services (699002)	88,723,194	90,923,268	2,200,074
Facilities and Grounds Management Services (699015)	16,235,764	16,668,596	432,832
Employee Training & Development (699024)	18,430,469	18,313,919	(116,550)
TOTAL ADMINISTRATIVE & SUPPORT SERVICES	\$266,051,608	\$263,439,502	(\$2,612,106)
HMOF	259,147,219	262,546,616	3,399,397
CONSTRUCTION	864,389	892,886	28,497
FEDERAL	6,040,000	-	(6,040,000)

VDOT Capital Outlay (998)

Capital Outlay funding is provided to support the agency's building and renovation needs as well as Maintenance Reserve needs. This funding may be used for acquisition of real property (including buildings or plant) or machinery or equipment, new construction, and improvements related to state-owned real property, buildings, plant, machinery or equipment (including plans therefore), as defined in the *Code of Virginia*. All capital outlay projects must be approved by the Governor and General Assembly via the Six-Year Capital Improvement Plan and the Biennial Budget. VDOT receives direction from the Department of Planning and Budget and the Department of General Services on the development and execution of the Capital Outlay Program.

VDOT CAPITAL OUTLAY (998)	FY 2017	FY 2018	INCREASE (DECREASE)
TOTAL VDOT CAPITAL OUTLAY	\$39,989,769	\$30,672,231	(\$9,317,538)
CONSTRUCTION	39,989,769	30,672,231	(9,317,538)

Support to Other State Agencies

VDOT provides funding to other agencies to cover support activities and services related to the transportation programs.

SUPPORT TO OTHER STATE AGENCIES	FY 2017	FY 2018	INCREASE (DECREASE)
Transportation Appropriation to Other Agencies			
Department of Education	\$263,327	\$263,327	\$ -
Marine Resources Commission	313,768	313,768	-
Secretary of Transportation	888,357	888,474	117
Department of State Police	7,795,519	7,795,519	-
Department of Minority Business Enterprise	1,535,130	1,535,238	108
Department of Historic Resources	109,835	109,835	-
Department of Emergency Management	1,170,639	1,170,639	-
Department of Motor Vehicles	21,161,150	13,694,150	(7,467,000) ⁷
Department of Treasury	185,187	185,187	-
Virginia Liaison Office	151,884	151,884	-
Virginia Commercial Space Flight Authority	15,800,020	15,800,021	1
Office of the State Inspector General	1,851,627	1,851,627	-
SUBTOTAL	51,226,443	43,759,669	(7,466,774)
Transfers to the General Fund			
Department of General Services	362,854	362,854	-
Department of Agriculture & Conservation	97,586	97,586	-
Chesapeake Bay Initiatives	7,416,469	7,416,469	-
Indirect Costs	4,735,091	4,735,091	-
Department of Taxation	2,783,614	2,783,614	-
SUBTOTAL	15,395,614	15,395,614	-
Transfers to Other Agencies			
Department of Motor Vehicles (fuel tax evasion)	1,500,000	1,500,000	-
SUBTOTAL	1,500,000	1,500,000	-
TOTAL SUPPORT TO OTHER STATE AGENCIES	\$68,122,057	\$60,655,283	(\$7,466,774)
HMOF	48,301,685	40,834,910	(7,466,775)
CONSTRUCTION	19,801,432	19,801,433	1
TPOF	18,940	18,940	-

The following table summarizes VDOT's budget by major program and major fund.

Program	HMOF	Construction	Federal	Bonds	Other*	Total
Environmental Monitoring and Evaluation (514)	\$ -	\$13,688,075	\$ -	\$ -	\$ -	\$13,688,075
Ground Transportation Planning & Research (602)	12,243,780	41,694,952	19,836,104	-	-	73,774,836
Highway Construction Programs (603)	-	1,000,206,688	661,436,806	113,100,988	117,231,217	1,891,975,699
Highway System Maintenance (604)	1,394,836,739	37,000,000	257,528,424	-	-	1,689,365,163
Commonwealth Toll Facilities (606)	-	-	-	-	70,473,166	70,473,166
Financial Assistance to Localities (607)	442,257,814	7,914,463	7,315,705	-	492,500,000	949,987,982
Non-Toll Supported Transportation Debt Service (612)	-	-	110,970,875	-	247,463,217	358,434,092
Administrative and Support Services (699)	262,546,616	892,886	-	-	-	263,439,502
VDOT Capital Outlay (998)	-	30,672,231	-	-	-	30,672,231
Support to Other State Agencies	40,834,910	19,801,433	-	-	18,940	60,655,283
Support to DRPT Programs	-	7,875,884	-	-	-	7,875,884
TOTAL	\$2,152,719,859	\$1,159,746,612	\$1,057,087,914	\$113,100,988	\$927,686,540	\$5,410,341,913

* - Other includes tolls, PTF, Route 58, Route 28, Oak Grove, TPOF, and Regional Transportation Funds.

Budget Comparison Schedule for FY 2018

Revenues

Revenue provided by the General Fund of the Commonwealth	\$40,000,000
Taxes	3,179,146,300
Rights and privileges	331,315,985
Sale of property and commodities	-
Interest, dividends, and rents	9,724,191
Fines, forfeitures, court fees	-
Penalties, and escheats	5,000,000
Receipts from localities and private sector	494,951,184
Federal grants and contracts	1,057,087,914
Toll revenues	48,864,833
Other	147,719,943
Total Revenues	<u>5,313,810,350</u>

Other Financing Sources

Other financing sources	(16,569,425)
Bond proceeds	113,100,988
Note proceeds	-
Transfers from other state agencies and General Fund	-
Transfers in	-
Total Other Financing Sources	<u>96,531,563</u>

Total Revenues and Other Sources \$5,410,341,913

Budget Comparison Schedule for FY 2018

Expenditures	
Administrative and support services	\$263,439,502
Ground transportation system planning and research	73,774,836
Highway system acquisition and construction	1,891,975,699
Highway system maintenance	1,689,365,163
Financial assistance to localities	949,987,982
Environmental monitoring and compliance	13,688,075
Toll facility operations and construction	70,473,166
Capital outlay	30,672,231
Debt Service	358,434,092
Total Expenditures	5,341,810,746
 Other Financing Uses	
Other financing uses	
Transfers to other state agencies and General Fund	68,531,167
Transfers out	-
Total Other Financing Uses	68,531,167
 Total Expenditures and Other Uses	 \$5,410,341,913
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	 \$ -

Index: Acronyms and Terminology

Term	Description
BROS	Bridge Off-System
CMAQ	Congestion Mitigation and Air Quality
CPR	Capital Projects Revenue Bonds
CTB Formula	The <i>Code of Virginia</i> calls for the Allocation of funds among highway systems (§ 33.2-358). The section was updated during the 2012 General Assembly session with the addition of the CTB Formula. Through FY 2020, up to \$500 million of funds available may be distributed in the following manner: 25% Bridge, 25% High Priority Projects, 25% Interstate and Primary and Primary Extension Pavements, 15% Public-Private Transportation Act Projects, 5% Unpaved roads, and 5% to Smart Roadway Technology.
DRPT	Department of Rail and Public Transportation
FHWA	Federal Highway Administration
GARVEE	Federal Grant Anticipation Revenue Bonds
HMOF	Highway Maintenance and Operating Fund
MWAA	Metropolitan Washington Airports Authority
NHPP	National Highway Performance Program
NHPP APD	National Highway Performance Program dedicated to the Appalachian Development Program
NHPP Bridge	National Highway Performance Program dedicated to Bridges
NVTD	Northern Virginia Transportation District
Oak Grove	City of Chesapeake Oak Grove Connector Project Bonds
PTF	Priority Transportation Fund
Soft Match	The budget contains a significant application of Toll Credits that are used as "soft match" to meet the nonfederal share matching requirements. Section 120(j) of Title 23 permits states to substitute certain previous toll-financed investments for state matching funds on current Federal-aid projects. It permits the non-Federal share of a project's cost to be met through a "soft match" of toll credits. The federal share on most projects in the future can effectively be increased up to 100 percent. However, the use of soft match does not increase the federal funding available to Virginia.
STP	Surface Transportation Program
STP Bridge	Surface Transportation Program dedicated to Bridges
STP Regional	Federal allocation that is to be used in urbanized areas with population greater than 200,000 – This portion is to be divided among those areas based on their relative share of population
STP Statewide	Surface Transportation Program suballocation that may be used in any area of the State
STP Under 200,000	Federal allocation that is to be used in areas with population greater than 5,000 but no more than 200,000
STP Under 5,000	Federal allocation that is to be used in areas with population of 5,000 or less
TAP	Transportation Alternatives Program
Tele Fees	Allocation of revenue from Public Rights-of-Way Use Fee to a provider of telecommunications service
Toll Facilities	Toll Facilities Revolving Account
TPOF	Transportation Partnership Opportunity Fund
TTF	Transportation Trust Fund

Endnotes

Endnote Number	Description
1	The local revenue estimate is driven by project participation from localities and anticipated revenue from regional entities for VDOT administered projects.
2	Based on FY 2017 planned use.
3	Decrease is primarily due to the decrease in planned allocations of Federal Transportation Grant Anticipation Revenue Notes (GARVEE bonds) and anticipated local and regional funding.
4	Increased allocation represents normal program growth based on PPI and one-time increase to reflect a 45% share of the released 460 allocations. This share of the increase is planned over fiscal years 2017 - 2019.
5	The increased allocation represents budget authority needed to support the construction of I-66 Inside the Beltway Toll Facility. Additional allocations in 606004 are provided to support E-ZPass Operations and Violation Enforcement Services.
6	Increase reflects the transfer of District Materials Testing from Administration (699001) to Construction Management (603015).
7	Increased capital outlay expenditures for DMV Weigh Stations in FY 2017.