

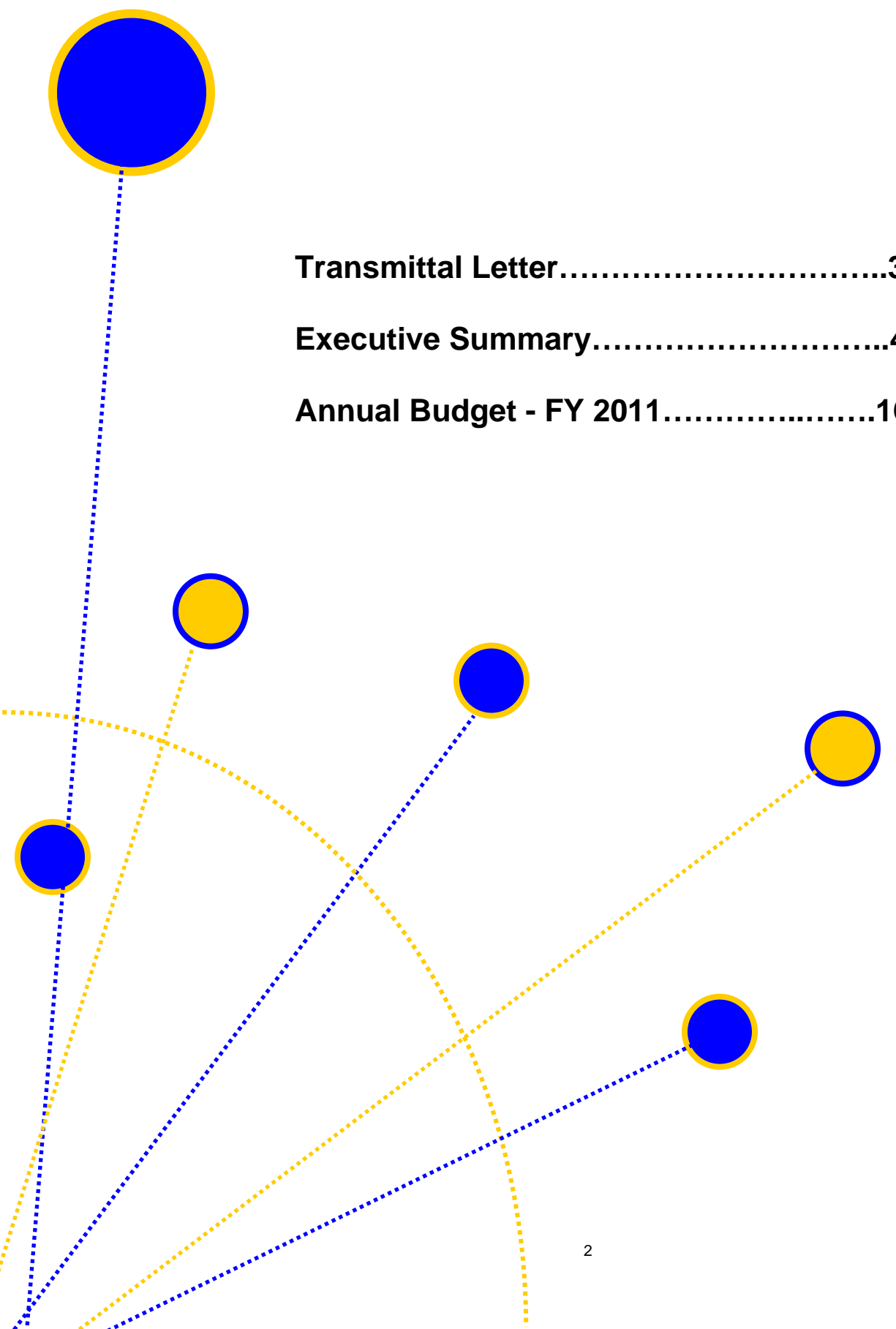


Annual Budget Fiscal Year 2011

Pending CTB Adoption, June 16, 2010

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COMMONWEALTH of VIRGINIA

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June 16, 2010

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Ms. Sharon E. Pandak
Mr. Mark J. Peake
Mr. Peter B. Schwartz
Mr. Cord A. Sterling
Mr. Gregory A. Whirley

Dear Members of the Board:

Attached please find the Virginia Department of Rail and Public Transportation's recommended FY 2011 annual budget for your review and approval. The agency budget has increased significantly in recent years as funding has been shifted in an effort to bolster a multimodal approach to address the transportation issues in the Commonwealth. In FY 2005, the DRPT budget totaled \$248.5 million as compared to \$465.4 million in FY 2011. This represents an increase of over 87% during the past six years despite the recent recession. As the funding has increased, DRPT has steadily transitioned to a business model that enables us to better serve as stewards of Commonwealth funding and as advocates of our programs. This new approach will also help to ensure that transit and rail projects deliver a substantial return on investment of state funds.

DRPT has initiated state-sponsored passenger rail service in the Rte. 29 and I-95 corridors. The ability to fund the required operating subsidy for the passenger rail service from Lynchburg and Richmond in the FY 2011 budget was provided in Chapter 874 of the *2010 Acts of Assembly*. However, this language only provides a one year solution to the funding problem, and it transferred rail capital funds to operations. A long term solution is needed and is currently being studied by the Department as requested by SJR No. 63.

The economic downturn continues to have a significant impact on the Commonwealth's ability to support transit operations with the planned level of state funding for eligible transit expenses for FY 2011 at a historic low of 35.8%. This is even more alarming when you consider that the addition of the recordation tax in FY 2009 was expected to bring the state share of eligible expenses close to the 60% level. Additionally, in FY 2011 DRPT applied the Board's stated priority to maintain existing assets by providing a higher state matching share (80%) to replacement rolling stock as compared to other capital assets (53%).

The FY 2011 budget supports several high priority initiatives, including the first year state of good repair effort for WMATA, demonstration passenger rail service in Lynchburg, Richmond, and Norfolk, completion of the Tide light rail system in Norfolk, construction of Phase 1 of the Dulles Corridor Metrorail Project, a Bus Rapid Transit evaluation in Richmond, and transit service expansions statewide.

We look forward to working with the Commonwealth Transportation Board to advance the programs and projects in our FY 2011 budget.

Sincerely,

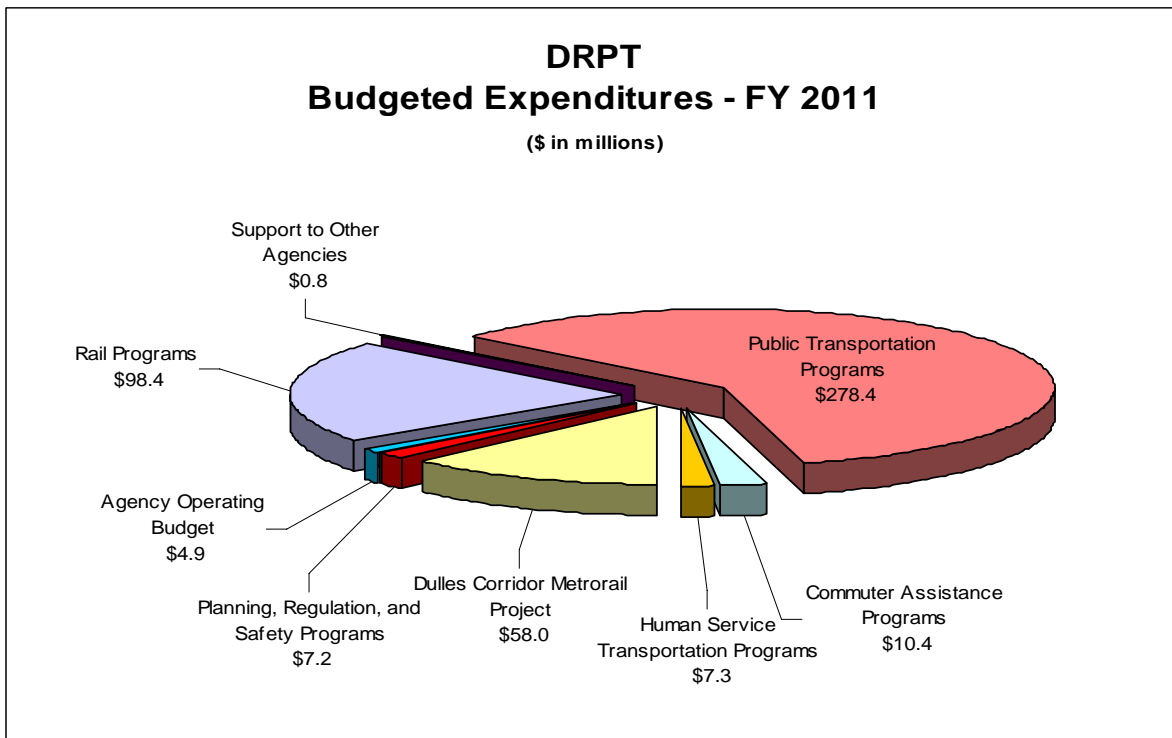
Thelma Drake



**EXECUTIVE SUMMARY
DRPT ANNUAL BUDGET
FY 2011**

Summary of FY 2011 Budget

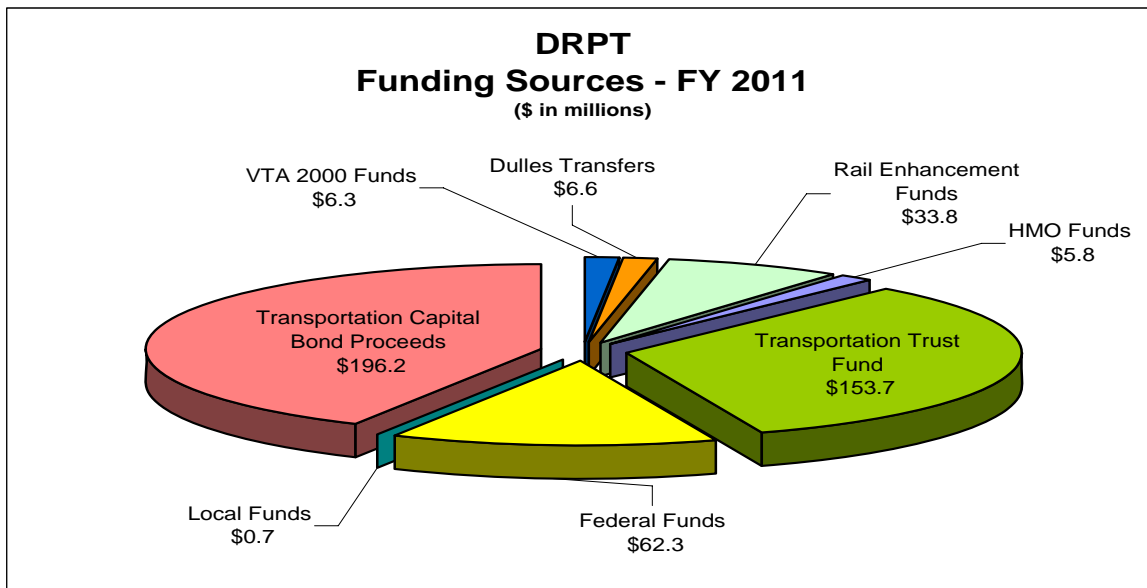
In FY 2011, DRPT anticipates spending \$465.4 million of federal, state, and local funds compared to \$444.6 million in FY 2010. The increase of \$20.8 million results primarily from an anticipated increase of public transportation capital expenditures financed by bonds offset by a decrease in planned rail expenditures due to the maturation of projects funded with Virginia Transportation Act of 2000 funds. The FY 2011 DRPT budget will be accounted for utilizing the agency's nine service areas, including: Public Transportation Programs; Commuter Assistance Programs; Human Service Transportation Programs; Rail Preservation Programs; Rail Enhancement Programs; Rail Industrial Access Programs; the Dulles Corridor Metrorail Project; Planning, Regulation and Safety Programs; and General Management and Direction (operating budget). The following chart depicts the DRPT budget by service area:



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

The major sources of funds for the DRPT budget are depicted in the chart on the following page. This does not represent the estimated revenues for FY 2011; instead, it shows the source of funding for the budgeted expenditures for the year. For example, \$92.3 million of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds is allocated to transit in FY 2011 of the Six Year Improvement Program, but the budget and the funding sources statement includes \$112.4 million of projected expenditures for FY 2011. This is the result of the two to three year lag on most transit capital projects between the SYIP allocation and the timing of the actual

expenditures. Additional information concerning the DRPT FY 2011 revenues can be found on page 18.



FY 2011 Service Area Budget Highlights

Agency Operating Budget

The DRPT budget has increased significantly in recent years as transportation funding has been shifted in an effort to bolster a multimodal approach to transportation issues in the Commonwealth. In FY 2005, the DRPT budget totaled \$248.5 million as compared to \$465.4 million in the FY 2011. This represents an increase of over 87% during the past six years despite the recent recession. Additionally, the nature of the projects managed by DRPT has changed dramatically over the last 15 years. DRPT supports many regional initiatives as diverse as the Norfolk Light Rail Transit project, the Richmond bus rapid transit initiative, the Dulles Corridor Metrorail Project, and the I-95 and I-81 rail corridor programs.

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

Chapter 874 of the 2010 Virginia Acts of Assembly authorizes the CTB to approve up to a maximum of three percent per year of the Mass Transit Trust Fund, Rail

Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. DRPT has determined that 2.5% (\$3.9 million) of the appropriated balance of the aforementioned funds for FY 2011 will be sufficient to support the ongoing costs of these programs. A complete list of these estimated costs for FY 2011 is included in the budget statement at the end of this document.

The combined DRPT operating budget represents 2.2% of the \$407.4 million of total funds administered by the agency less the Dulles Corridor Metrorail Project budget. The combined administrative cost was \$8.0 million or 2.1% of the budget for FY 2010. The change for FY 2011 results from a one-time 10% reduction of \$800,000 that was applied in FY 2010 to assist with meeting the state's revenue shortfall. The actual cost to manage the DRPT programs for FY 2011 is estimated at \$8.8 million. The Highway Maintenance and Operating (HMO) fund provides \$4.9 million of the funding which is included in the DRPT budget in the agency operating budget service area. The Planning, Regulation, and Safety Program service area includes \$3.9 million for program development, project administration, and project compliance.

Public Transportation Programs

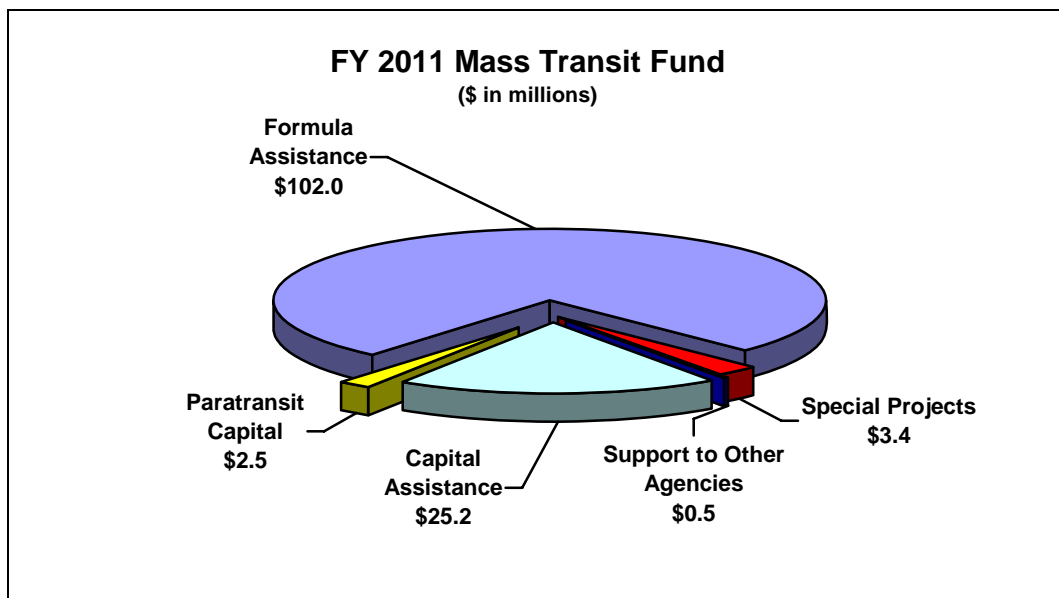
The \$278.4 million in the public transportation programs budget for FY 2011 includes \$29.2 million in federal funds, \$6.3 million in state matching funds for federal allocations to public transportation projects, \$112.4 million of bond proceeds for statewide transit capital funding, \$128.7 million in Mass Transit Trust Funds, and \$1.8 million of deobligated grant balances from the prior year.

The FY 2011 allocation of Mass Transit Trust Funds represents a decrease of \$4.2 million over FY 2010. The funding for this allocation is made up of 14.7% of the 1986 Special Session Revenue (Transportation Trust Fund) and the state recordation tax dedicated to public transportation operating assistance in Chapter 896 of the 2007 Acts of Assembly. The FY 2009 Transportation Trust Fund collections did not meet the revenue forecast. This shortfall is carried forward to the FY 2011 Six Year Improvement Program which reduces Mass Transit Trust Funds available.

The annual allocation of these funds is distributed in accordance with Appropriations Act language and the provisions of the Code of Virginia that established the Mass Transit Trust Fund (§58.1-638.A.4) and dedicated \$0.02 of the state recordation tax to the Mass Transit Fund (§58.1-815.4.). The distribution is as follows: 2.5% of the Mass Transit Trust Fund to support costs of project development, project administration, and project compliance per Item 446 of the 2010 Appropriation Act; \$2,500,000 for paratransit capital projects and enhanced transportation services for the elderly and disabled; recordation tax proceeds of \$21.7 million are allocated as state operating assistance grants; and the 14.7% share of the Transportation Trust Fund dedicated to the Mass Transit Trust Fund is allocated by statute with 73.5% for state operating assistance grants (called formula assistance grants), 25% awarded as capital assistance grants, and the balance of 1.5% awarded as special projects grants subject to CTB approval.

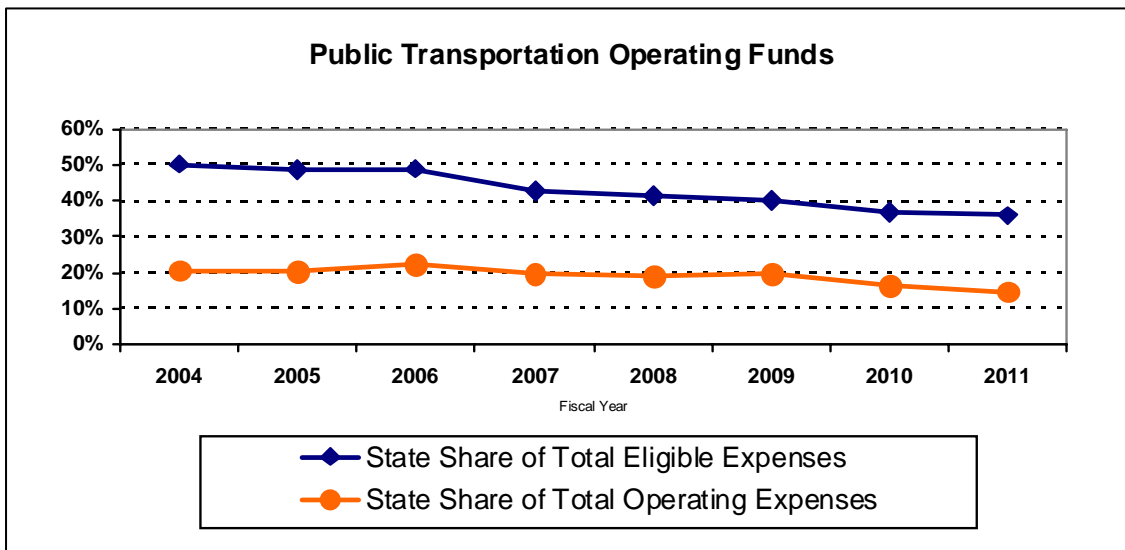
For FY 2011, DRPT recommended due to the economic downturn that certain administrative actions be taken by the Commonwealth Transportation Board in order to maintain the operating assistance provided by the Commonwealth at the same level as FY 2010. First, it is recommended that special projects receive only 0.75% with state operating assistance receiving 74.25%. Additionally, DRPT recommended transferring \$882,000 of mass transit capital assistance to the operating program. Both of these recommendations are allowed under §58.1-638.A.4., as amended in the 2010 legislative session.

The FY 2011 allocation of Mass Transit Trust Funds for public transportation is depicted in the following chart. The variance in percentages from the chart data to the above mandated percentage allocations occurs because the recordation tax and the \$1,760,000 of deobligated grant funds are allocated entirely as formula assistance and the special projects program includes estimated expenditures of \$2.6 million of the one-time, special CTB allocation of \$11.3 million to DRPT projects.



Public Transportation Operating Funds

State formula assistance grants for public transportation operating expenses are awarded on the basis of the total annual amount of state funds available expressed as a percentage of the total annual amount of transit operating expenses, subject to a cap of 95% of eligible expenditures. Eligible expenditures are defined as costs of administration, fuel, tires, and maintenance parts and supplies (payroll costs of mechanics and drivers are excluded). In FY 2011, \$21.7 million of additional funding was added to the operating assistance program as mandated in §58.1-815.4. of the Code of Virginia from a \$0.02 share of the recordation tax. The overall state share of eligible expenditures is 35.8% for FY 2011 versus 39.8% for FY 2010. The decline is due to revenues remaining steady compared to FY 2010 while statewide expenditures of transit systems increased.



Public Transportation Capital Funds

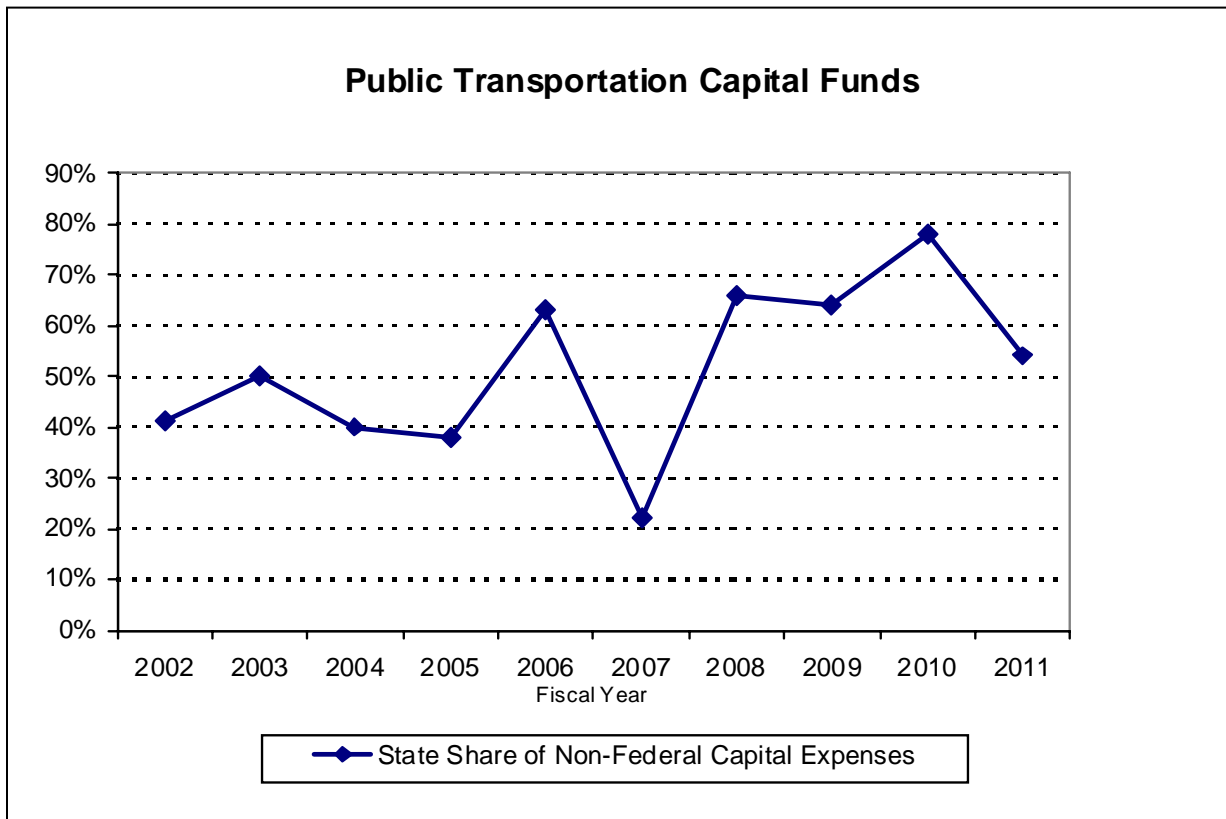
State capital program grants from Mass Transit Trust Funds (MTTF) are awarded to all public transportation capital projects deemed to be eligible, reasonable, and appropriate at a uniform level of state participation. The goal is to reach the maximum allowable state share of capital expenses of 95%,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

Beginning in FY 2008, additional capital funds from the Transportation Capital Projects Revenue bonds authorized under Chapter 896 of the 2007 Acts of Assembly have been available annually at a maximum state matching share of 80% in the Transit Capital Fund. For the current year, DRPT allocated \$92.3 million of anticipated bond proceeds in the SYIP with emphasis placed on replacement vehicles. This includes an allocation of \$50 million to match the federal funds to be received by WMATA for the state of good repair.

Chapter 847 of the 2007 Virginia Acts of Assembly authorized one-time general fund transfers totaling \$60 million for transit capital projects. Due to the downturn in general fund revenues the past two years, the planned expenditures for FY 2011 for the earmarked projects will be financed by Transportation Capital Projects Revenue bonds. During FY 2011 it is anticipated that the \$1.2 million remaining on the earmarked projects will be expended from bond proceeds.

The chart below depicts a blended state share of non-federal capital costs of 55% for FY 2011 as compared to 75% for FY 2010. The higher matching percentage in FY 2010 resulted from a reduced capital application pool due to federal ARRA funding

and the weak economy. The FY 2011 matching percentage is lower primarily due to the absence of ARRA funding.



In FY 2011, the budget for public transportation capital expenditures is \$160.7 million – a 29.9 million increase from FY 2010. This increase is attributed to the projected expenditures of the Chapter 896 transit capital bond proceeds offset by a decrease in spending of general funds authorized by Chapter 847, 2007 Acts of Assembly. The projects to be supported by these funds, in addition to the applicable federal funds available to DRPT, are summarized in the table on the following page:

Public Transportation Capital Projects for FY 2011						
	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	4	5	0	0	0
Culpeper District	23	0	5	1	1	0
Fredericksburg District	2	0	7	1	0	0
Hampton Roads District	63	0	18	0	3	1
Lynchburg District	15	6	5	0	2	0
Northern Virginia District	32	15	3	0	12	3
Richmond District	18	1	8	0	1	0
Salem District	1	15	16	0	0	0
Staunton District	0	6	13	0	1	1
Statewide Totals	165	47	80	2	29	7

Public Transportation Special Projects Funds

The Special Programs budget is estimated at \$3.4 million for FY 2011. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, and public transportation internships. The budget under this program includes \$2.6 million of anticipated expenditures of the \$11.3 million special CTB allocation.

Public Transportation Special Projects for FY 2011				
	Demonstration Projects	Technical Assistance Projects	Public Transportation Internships	Total
Bristol District	0	0	0	0
Culpeper District	0	0	0	0
Fredericksburg District	0	0	0	0
Hampton Roads District	0	0	0	0
Lynchburg District	0	0	0	0
Northern Virginia District	1	0	0	1
Richmond District	2	2	1	5
Salem District	1	0	2	3
Staunton District	0	0	0	0
Statewide Totals	4	2	3	9

Commuter Assistance Funds

The Commuter Assistance Programs budget includes \$4 million for FY 2011 to support Transportation Demand Management (TDM) projects in the Transportation Efficiency Improvement Fund (TEIF) program and \$6.4 million in projects included in the VDOT Six Year Improvement Program that DRPT will administer such as Innovative Progress, Telework, RideFinders, and TRAFFIX.

The TEIF program is a discretionary grant program that provides state funds to support 80% of the costs of TDM programs and special projects that are designed to reduce single occupant vehicle travel. These funds are used together with Special Projects funds to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that are designed to encourage travel in shared ride modes. The distribution of TEIF grants for FY 2011 is shown in the table below.

Commuter Assistance Projects for FY 2011			
	Transportation Demand Management Agencies	Special TDM Projects	Total
Bristol District	0	0	0
Culpeper District	2	1	3
Fredericksburg District	3	0	3
Hampton Roads District	0	0	0
Lynchburg District	0	0	0
Northern Virginia District	6	4	10
Richmond District	1	2	3
Salem District	1	1	2
Staunton District	2	0	2
Statewide Totals	15	8	23

Human Service Transportation Funds

The Human Service Transportation Programs budget includes \$7.3 million for FY 2011. This service area implements DRPT's initiatives to support human service transportation programs in the Commonwealth. Human service transportation programs are operated by local government social service agencies or private non-profit human service agencies for the benefit of their clients. These clients are elderly or disabled individuals and economically disadvantaged children who are enrolled to receive publicly funded social services.

Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The

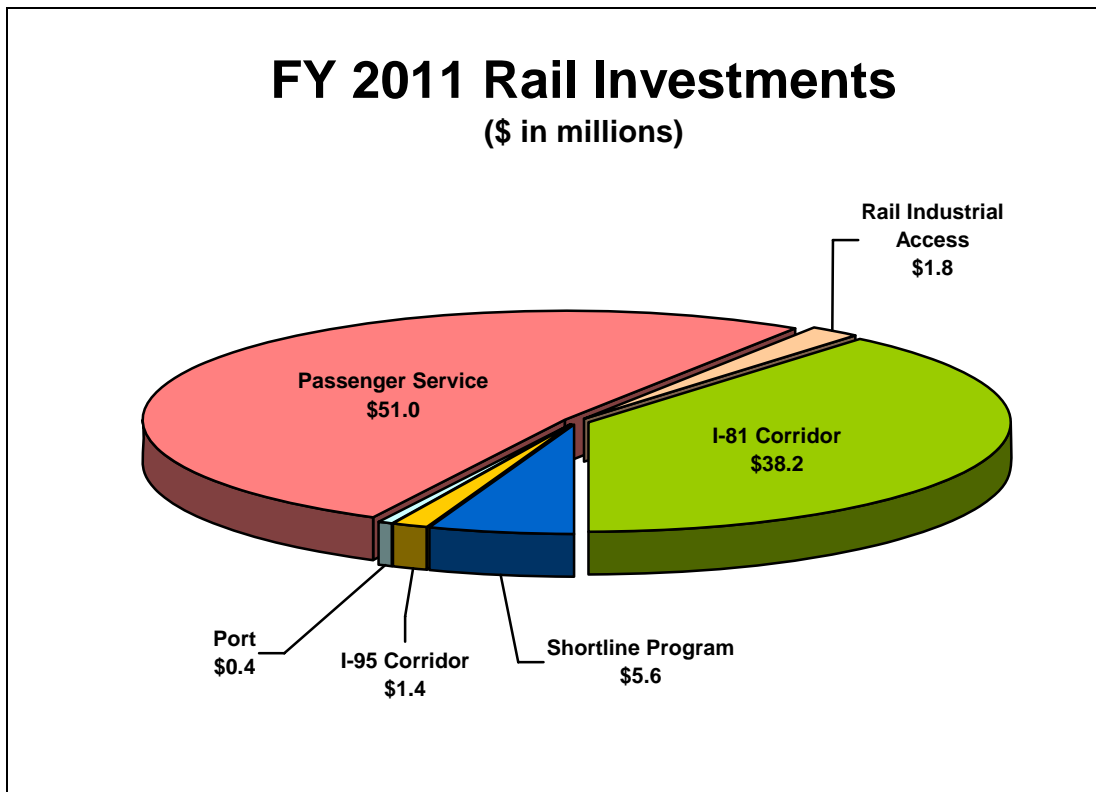
funding for this program comes from the Federal Transit Administration (\$4.1 million), local provider match (\$0.7 million), and Mass Transit Trust funds for enhanced transportation services for the elderly and disabled (\$2.5 million). The breakdown by district of the 80 vehicles purchased through this program can be seen in the Public Transportation Capital Projects table on page 11.

Dulles Corridor Metrorail Project

The FY 2011 budget for the Dulles Corridor Metrorail Project includes projected expenses of Commonwealth funds totaling \$51.4 million. The transfer of the Dulles Toll Road operations to the Metropolitan Washington Airports Authority was completed in Fiscal Year 2009, and the \$51.4 million represents unspent allocations from FY 2010 that is anticipated to be spent in FY 2011. DRPT no longer records Dulles Project related capital construction financial transactions. The budget for the Dulles Project is included herein so that DRPT may advance the remaining Commonwealth funds allocated to the Project.

Rail Programs

DRPT's FY 2011 budget includes \$98.4 million in funding for passenger and freight rail improvements. The distribution of anticipated expenditures falls into six categories: the I-95 Corridor with \$1.4 million, the I-81 Corridor with \$38.2 million, Port related projects of \$0.4 million, Passenger Service with \$51.0 million, Shortline Program with \$5.6 million, and the Rail Industrial Access Program with \$1.8 million of expenditures.



Funding for DRPT's rail programs is supported through six funding sources: American Recovery and Reinvestment Act (ARRA) funds of \$19.7 million, Rail Enhancement funds of \$33.3 million (includes \$12.4 million carried forward from the prior year), Transportation Capital Projects Revenue Bond funds of \$32.4 million, Virginia Transportation Act of 2000 funds of \$6.3 million, Federal Railroad Administration grant funds of \$2.0 million, Shortline Railway and Development funds of \$2.9 million, and Rail Industrial Access funds of \$1.8 million dollars.

American Reinvestment and Recovery Act funds totaling \$75 million were approved for the final design and construction of 11.4 miles of third track in the CSX right-of-way in the corridor between Powell's Creek and Arkendale. We anticipate \$19.7 million will be expended in FY 2011 on this project.

Demonstration Passenger Service from Lynchburg to Washington began in FY 2010, and service from Richmond to Washington is expected to begin in early FY 2011. Total estimated expenditures for FY 2011 are \$3 million which will be funded through the Rail Enhancement fund in accordance with Item 448.D of Chapter 874 of the 2010 Acts of Assembly. Additionally, **The Rail Enhancement Fund (REF)** provides over \$20 million in annual, dedicated funding for passenger and freight rail improvements from a 3% motor vehicle rental tax and the interest earnings on the cash balances of the fund. DRPT anticipates expenditures of \$30.3 million (includes \$12.4 million carried forward from the prior year) from the Rail Enhancement Fund for projects related to improving the viability of passenger rail activities primarily in the I-95 and I-81 Rail Corridors and for projects related to improving the movement of goods into and out of the Port of Virginia.

Transportation Bond Funds - Chapter 896 of the 2007 *Acts of Assembly* provides for Transportation Capital Projects Revenue Bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the Rail Enhancement Fund or the Shortline Railway Preservation and Development Fund. For FY 2011, planned expenditures from these bond proceeds are \$7.4 million for joint passenger and rail infrastructure improvements in the I-95 rail corridor and \$2.7 million for improvement to the tracks of shortline railroads. Additionally, bond proceeds will substitute for the remaining project costs related to the **Commonwealth General Funds** of \$65 million that were provided in *Chapter 847 of the 2007 Acts of Assembly* for specific passenger and freight rail projects in the I-81 corridor. DRPT anticipates expenditures of \$22.3 million on these projects in FY 2011.

Virginia Transportation Act of 2000 provided \$65.7 million for passenger and freight rail improvements in the I-95 Rail Corridor and \$9.33 million for passenger rail improvements in the I-81 Rail Corridor. During FY 2011 DRPT expects to spend VTA 2000 funds totaling \$6.3 million in order to complete projects in the I-95 and I-81 corridors. DRPT also anticipates spending \$2.0 million in **Federal Railroad Administration grant funds** in FY 2011 to support the Fredericksburg to Hamilton's Crossing Third Track Upgrade.

The Shortline Railway Preservation and Development Fund will support fifteen projects for Virginia's shortline railroads in FY 2011 through the Rail Preservation Program. These Rail Preservation projects consist primarily of tie and rail replacement

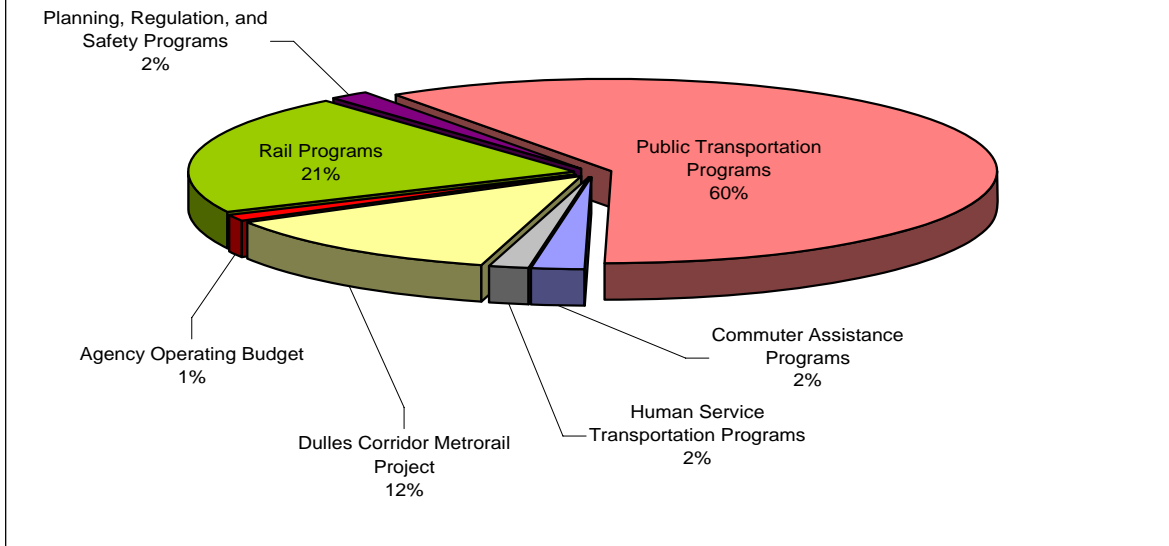
and the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Trust Fund allocation and the related interest revenues of \$2.9 million.

The Rail Industrial Access Program funds the construction of industrial access railroad tracks. These projects are funded through the Transportation Trust Fund as projects are approved by the Commonwealth Transportation Board.



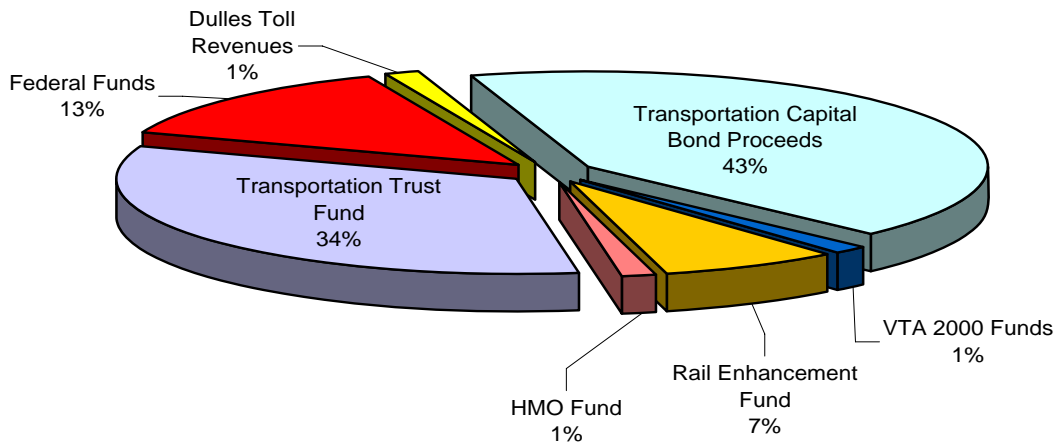
**DRPT ANNUAL BUDGET
FY 2011**

**DRPT
Budgeted Expenditures - FY 2011
(\$ in millions)**



	<u>Revised FY 2010</u>	<u>Recommended FY 2011</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
Public Transportation Programs				
Operating Assistance [Notes 1, 2]	\$ 113.4	\$ 114.3	\$ 0.9	0.8%
Capital Assistance [Notes 1, 3]	130.8	160.7	29.9	22.9%
Special Programs [Note 4]	4.2	3.4	(0.8)	-19.0%
Total	<u>248.4</u>	<u>278.4</u>	<u>30.0</u>	<u>12.1%</u>
Rail Assistance Programs				
Rail Preservation Programs [Notes 1, 5]	3.8	5.6	1.8	47.4%
Rail Industrial Access [Note 6]	-	1.8	1.8	100.0%
Rail Enhancement Programs [Notes 1, 7]	74.9	79.7	4.8	6.4%
Demonstration Passenger Service [Note 8]	3.2	3.0	(0.2)	-6.3%
Richmond-Washington HSR [Note 9]	26.6	8.3	(18.3)	-68.8%
Total	<u>108.5</u>	<u>98.4</u>	<u>(10.1)</u>	<u>-9.3%</u>
Dulles Corridor Metrorail Project [Note 10]				
Metrorail	51.4	51.4	-	0.0%
Express Bus Service	6.6	6.6	-	0.0%
Total	<u>58.0</u>	<u>58.0</u>	<u>-</u>	<u>0.0%</u>
Commuter Assistance Programs [Note 11]	<u>10.8</u>	<u>10.4</u>	<u>(0.4)</u>	<u>-3.7%</u>
Human Service Transportation Pgm [Note 12]	<u>7.0</u>	<u>7.3</u>	<u>0.3</u>	<u>4.3%</u>
Planning, Regulation, & Safety Pgm [Note 13]	<u>6.9</u>	<u>7.2</u>	<u>0.3</u>	<u>4.3%</u>
Agency Operating Budget [Note 14]	<u>4.3</u>	<u>4.9</u>	<u>0.6</u>	<u>14.0%</u>
Support to Other Agencies	<u>0.7</u>	<u>0.8</u>	<u>0.1</u>	<u>14.3%</u>
Agency Total	<u>\$ 444.6</u>	<u>\$ 465.4</u>	<u>\$ 20.8</u>	<u>4.7%</u>

**DRPT
Funding Sources - FY 2011**
(\$ in millions)



	<u>Revised FY 2010</u>	<u>Recommended FY 2011</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
HIGHWAY MAINTENANCE AND OPERATING FUND [Notes 13, 14]	\$ 5.1	\$ 5.8	\$ 0.7	13.7%
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 12]	116.3	114.6	(1.7)	-1.5%
Recordation Tax [Note 2]	22.3	22.3	-	0.0%
Transport. Efficiency Improvement Prgm (TEIF) [Note 11]	4.0	4.0	-	0.0%
Rail Preservation Program [Notes 1, 5]	3.3	3.0	(0.3)	-9.1%
Rail Industrial Access [Notes 1, 6]	-	1.8	1.8	100.0%
Rail Enhancement [Notes 1, 7]	21.8	33.8	12.0	55.0%
Other Commonwealth Transportation Funds [Notes 8]	3.2	-	(3.2)	-100.0%
Special Programs - VDOT Transfers [Notes 3, 11]	10.1	8.0	(2.1)	-20.8%
Total	<u>181.0</u>	<u>187.5</u>	<u>6.5</u>	<u>3.6%</u>
GENERAL FUND - Transit Capital and Rail [Notes 3, 7]	20.8	-	(20.8)	-100.0%
BOND PROCEEDS - Transit Capital and Rail [Note 1,3,5,7,10]	165.6	196.2	30.6	18.5%
FEDERAL REVENUE				
American Recovery and Reinvestment Act (ARRA) [Notes 3, 7]	12.0	25.7	13.7	114.2%
Flexible STP - Equity Bonus [Note 3]	-	6.5	6.5	100.0%
FHWA Funding (CMAQ/RSTP) [Notes 3, 11, 15]	5.2	5.3	0.1	1.9%
Federal Transit Administration [Notes 2, 3, 12, 13]	20.9	22.8	1.9	9.1%
Federal Railroad Administration [Note 9]	2.0	2.0	-	0.0%
Total	<u>40.1</u>	<u>62.3</u>	<u>22.2</u>	<u>55.4%</u>
LOCAL REVENUES [Note 12]	0.8	0.7	(0.1)	-12.5%
TRANSFERS FROM OTHER AGENCIES				
VDOT - Dulles Transfers [Note 10]	6.6	6.6	-	0.0%
VDOT - VTA 2000 Transfers [Note 9]	24.6	6.3	(18.3)	-74.4%
Total	<u>31.2</u>	<u>12.9</u>	<u>(18.3)</u>	<u>-58.7%</u>
TOTAL SOURCES	<u>\$ 444.6</u>	<u>\$ 465.4</u>	<u>\$ 20.8</u>	<u>4.7%</u>

DRPT
Footnotes to the FY 2011
Annual Budget

- (1) As a result of the 2007 Transportation Initiative, DRPT received two new funding sources for public transit and rail. The Initiative authorized \$3 billion of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds to be issued with rail receiving a minimum of 4.3% and transit receiving a minimum of 20%. Originally, the underlying revenue stream provided bonding capacity to allow a \$300 million a year issuance for 10 years. However, due to the downturn in insurance premiums revenues that support these bonds, the total bonding capacity is now estimated to be \$2.1 billion during the initial 10 years. In FY 2011 allocations to capital projects funded with these bonds total \$92.3 million for transit capital and \$8.6 million for rail. Chapter 896 of the 2007 Acts of Assembly also dedicated \$.02 of the state recordation taxes imposed pursuant to 58.1-801 and 58.1-803 to the Commonwealth Mass Transit Fund. This is estimated to provide \$21.7 million of funding for transit operations in FY 2011.

The budgeted amounts in this report only include anticipated expenditures for FY 2011 and sources to cover these anticipated expenditures. Therefore, budgeted amounts will not agree to allocations in the Six Year Improvement Program (SYIP). For example, DRPT will allocate Transportation Capital Projects Revenue bond proceeds of \$92.3 million (as authorized in Code of Va. Section 33.1-23.4:01) for transit capital in FY 2011, but \$112.4 million is expected to be expended on those projects during FY 2011. The differences between the FY 2011 SYIP allocations and budgeted expenditures are as follows:

Reconciliation of SYIP Allocations to Budgeted Expenditures

Total Six Year Improvement Plan Allocations	\$ 341.8
Various Federal Funds Allocations with Grantee FTA Contracting	(54.6)
Agency Operating Budget	4.9
2.5% for Project Development, Administration, and Compliance	3.9
Local Funds	0.7
Indirect Costs	0.7
Prior Year Allocations in Current Year Budget	
American Reinvestment and Recovery Act (ARRA)	25.7
Dulles Corridor Metrorail Project	58.0
Transit Bond Allocations	20.1
Rail Revenue and Bond Allocations	36.2
VTA 2000 funds	8.3
Special CTB Allocation - April 2007	2.6
Federal Earmarks for Rural Grantees	2.0
Rail Industrial Access	1.8
VDOT Allocations included in DRPT Budget	13.3
 Total Budgeted Expenditures	 <u>\$ 465.4</u>

DRPT Footnotes to the FY 2011 Annual Budget (Continued)

- (2) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by \$0.9 million. This was primarily due to the estimated spending increase of Federal Transit Administration (FTA) 5311 operating funds. The activities budgeted in this line item consists of Mass Transit Trust Fund (MTTF) operating allocations of \$102 million, \$10.8 million in federal assistance through the FTA 5311 Rural Assistance program, and \$1.5 million in federal assistance through the FTA Jobs Access and Reverse Commute (JARC) program.
- (3) The budgeted Public Transportation Programs - Capital Assistance line item increased by \$29.9 million. This was primarily due to the anticipated \$51.2 million increase in expenditures of bond funded projects in FY 2011 as compared to FY 2010 offset by the \$19.6 million decrease in general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly, as well as a \$1.7 million estimated decrease in federal spending due to grantees contracting directly with the Federal Transit Administration (FTA). The activities budgeted in this line item are \$25.1 million of MTTF allocation, \$112.4 million of Transportation Capital Projects bond proceeds, \$6 million of ARRA funding, \$10.9 million of federal allocations, and \$6.3 million in state matching funds.
- (4) The budgeted expenditure line item entitled Public Transportation Programs – Special Programs decreased by \$0.8 million for FY 2011. The activities budgeted in this line item consist of MTTF allocations of \$0.8 million and \$2.6 million of planned expenditures resulting from the special allocation of \$11.3 million of MTTF by the Commonwealth Transportation Board (CTB) at its April 2007 meeting. These special allocation funds are residual balances from previous MTTF project allocations that were no longer needed by the grantee for the original purpose of the grant. The \$0.8 million decrease is mainly due to a decrease in estimated expenditures of the \$11.3 million special allocation as the remaining balance is anticipated to be spent in FY 2011.
- (5) The 2006 General Assembly passed legislation (Code of Va. Section 33.1-221.1:1.2) to establish the Shortline Railway Preservation and Development fund. The Fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund with a FY 2011 allocation of \$3 million. The additional \$2.6 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.
- (6) The budgeted Rail Industrial Access Program line item is new for FY 2011. This program funds construction of industrial access railroad tracks. DRPT approved payment of expenditures and recommended projects to the CTB in the past, but VDOT actually processed the payments. DRPT now receives the appropriation and makes the payment for these projects. We anticipate spending \$1.8 million for FY 2011 that is funded by the Transportation Trust Fund.

DRPT Footnotes to the FY 2011 Annual Budget (Continued)

- (7)** The budgeted Rail Enhancement Program line item increased by \$4.8 million in FY 2011. This was primarily due to the anticipated increase of \$19.7 million for the Cherry Hill Third Track project that is funded by American Recovery and Reinvestment Act (ARRA) funds as well as an anticipated increase of \$9.7 million on other rail projects that were allocated in prior years. These increases are offset by a \$20.3 million decrease in anticipated bond expenditures that were substituted for general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly. This substitution of bond proceeds for general funds was necessary due to recent budget reductions. The remaining difference is due to an anticipated decrease in expenditures of bond funded projects. The source of funding for the Rail Enhancement Fund is the state portion of vehicle rental taxes collected in the Transportation Trust Fund, estimated at \$20.9 million for FY 2011. Additionally, this line item includes Rail unobligated balances of \$7.9 million, \$1.5 million of projected FY 2011 interest revenue, ARRA funds of \$19.7 million, and bond proceeds of \$29.7 million.
- (8)** The budgeted Demonstration Passenger Service line item decreased by \$0.2 million. The Lynchburg to Washington service began in FY 2010, and service from Richmond to Washington is expected to begin in early FY 2011. Total estimated expenditures for FY 2011 are \$3 million which will be funded through the Rail Enhancement fund in accordance with Item 448.D of Chapter 874 of the 2010 Acts of Assembly. Prior year expenditures were funded with deobligated grant balances no longer needed for their intended purpose.
- (9)** The budgeted Richmond-Washington HSR line item decreased by \$18.3 million. This is primarily due to the maturation of projects funded from VTA 2000 funds. DRPT anticipates expenditure of all VTA 2000 funds by the end of FY 2012. The source of funding for this line item is \$6.3 million of VTA 2000 funds and Federal Railroad Administration funds of \$2.0 million.
- (10)** The FY 2011 budget for the Dulles Corridor Metrorail Project includes projected expenses of Commonwealth bond funds totaling \$51.4 million that were expected to be spent in FY 2010. The transfer of the Dulles Toll Road operations to the Metropolitan Washington Airports Authority was completed in Fiscal Year 2009. DRPT no longer records Dulles Project related capital construction financial transactions. The budget for the Dulles Project is included herein so that DRPT may continue to advance Commonwealth funds for the Project.
- (11)** Commuter Assistance Programs includes the Transportation Efficiency Improvement Fund of \$4.0 million from the Transportation Trust Fund. Additionally, \$6.4 million in projects administered by DRPT with funding allocated through VDOT's Six-Year Improvement Program (CMAQ, RSTP, Safetea-Lu, Innovative Progress, Telework) is included in this Service Area.
- (12)** Human Service Transportation Programs includes the \$2.5 million allocation of MTTF for the paratransit capital projects and enhanced transportation services for the elderly and disabled, \$3 million of FTA 5310 funding for vehicle purchases for providers of service to the elderly and disabled, \$0.7 million of local match to the FTA 5310 funds, and \$1.1 million of FTA New Freedom awards.

DRPT Footnotes to the FY 2011 Annual Budget (Continued)

- (13) Planning, Regulation, and Safety Programs includes the \$3.9 million allocation of 2.5 percent of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. Item 446 of Chapter 874 of the 2010 Virginia Acts of Assembly allows the CTB to approve up to a maximum of 3 percent per year of these funds for the purposes described herein. The major components of these budgeted expenditures for FY 2011 are as follows:

Rail Program Support	\$	970,000
Transit Development Plans		794,031
Finance Compliance Review Program		401,240
State Safety Oversight Program		400,000
Multimodal Space Design Guidelines		350,000
Facility Oversight Program		300,000
Tri-State Oversight Committee		270,000
Transit Program Support		250,000
Other Program and Project Management Initiatives		179,716
Total	\$	<u>3,914,987</u>

Planning, Regulation, and Safety Programs also consist of the FTA 5303/5304 planning funds of \$2.6 million and the related state match of \$0.4 million, and Virginia's annual payment of \$0.3 million of HMO funds to the Washington Metropolitan Area Transit Commission (WMATC).

- (14) The agency operating budget of \$4.9 million is funded by Highway Maintenance and Operating (HMO) funds. The program development, project administration, and project compliance budget is \$3.9 million as detailed in footnote 13. When these two items are combined and the Dulles Corridor Metrorail Project budget is removed, the resulting DRPT operating budget represents 2.2% of the total funds administered by the agency.
- (15) In order to provide comparative data to the FY 2011 budget, certain reclassifications were made to FY 2010 line items.