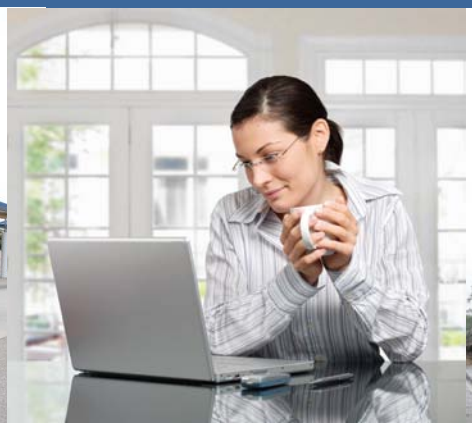
Virginia Department of Rail and Public Transportation

Annual Budget Fiscal Year 2016



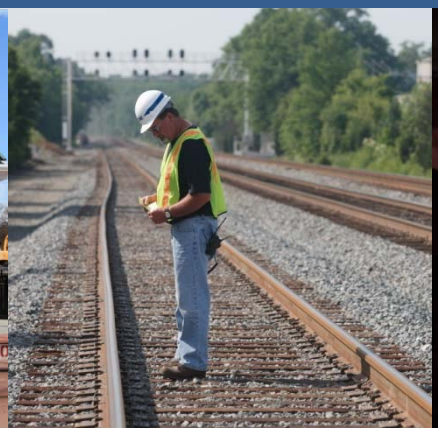
DRAFT

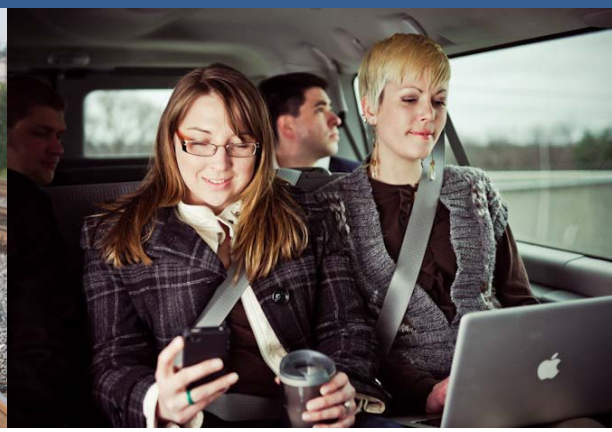
TABLE OF CONTENTS

Summary of Programs……..……..3

Annual Budget Statement……...……..15

SUMMARY OF PROGRAMS

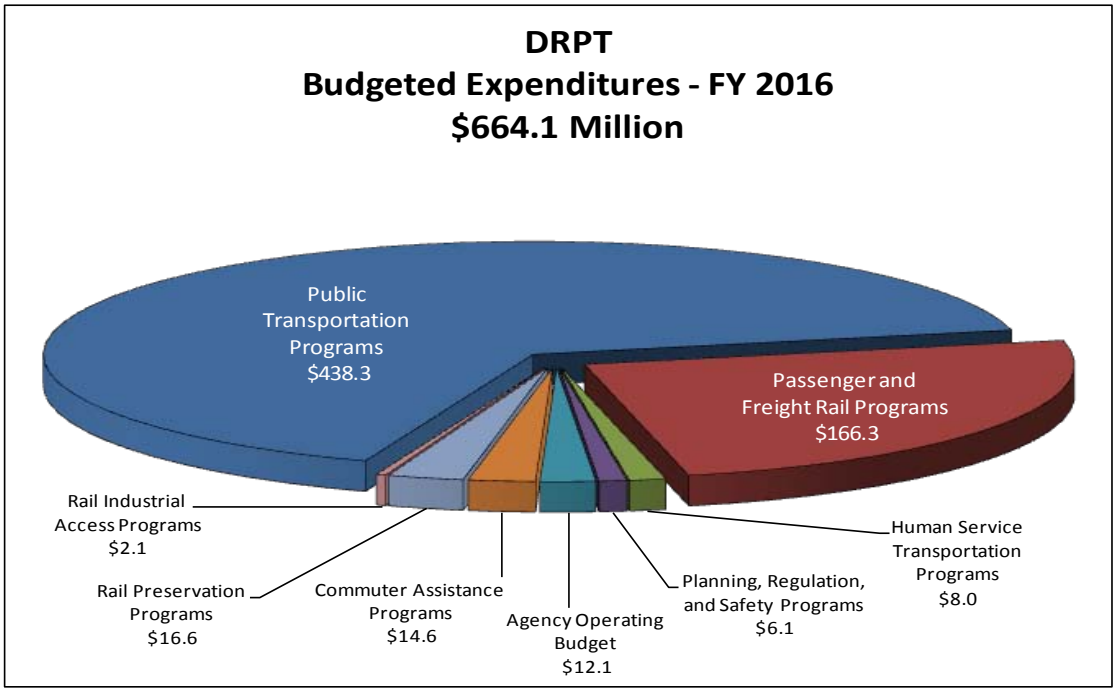




Summary of FY 2016 Budget

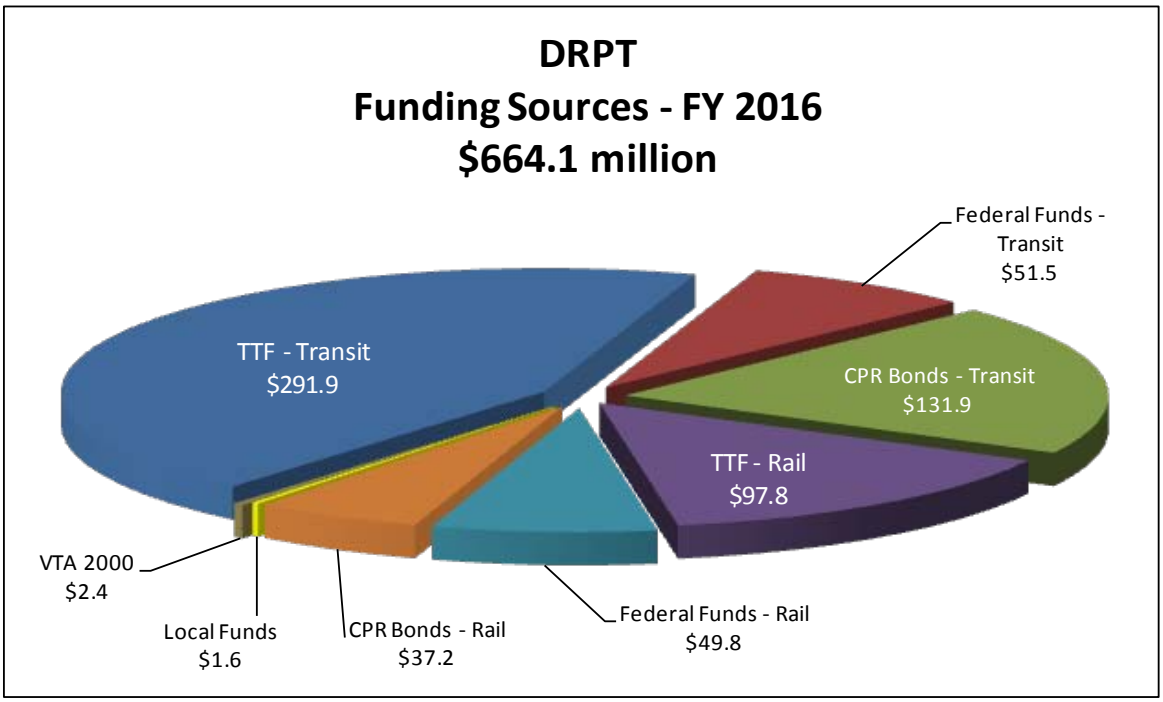
For FY 2016, DRPT anticipates spending $664.1 million of federal, state, and local funds. Approximately 98% of DRPT's budgeted funds are expended through grant agreements, with over half of those grants being used to fund rail and transit capital improvement projects across the Commonwealth. Variations in DRPT's year over year budgeted expenditures are largely a function of project lifecycles and the scheduled drawdown of grant funds, as provided to DRPT by its grantees.

FY 2016 expenditures are predicted to be $80.5 million more than in FY 2015 primarily because several large projects are entering project phases in FY 2016 that will require much larger outlays than in FY 2015. For example, the Lynchburg to Roanoke passenger rail extension, which is a new project valued at $95.8 million, is estimated to have expenditures of $25 million in FY 2016. Similarly, the $105.8 million Arkendale to Powell's Creek Third Track project entered the construction phase in January 2015 and is projected to have FY 2016 outlays of $35.3 million compared to only $3.7 million in FY 2015. Construction is also ramping up this year for the Virginia Railway Express Spotsylvania extension with a projected outlay of $12.2 million in FY 2016 compared to $5.2 million in FY 2015. Finally, the $55.4 million DC2RVA Tier II Environmental Impact Study project is well underway with projected outlays of $18.1 million in FY 2016, nearly $18 million more than it required in FY 2015.



The above chart depicts the FY 2016 DRPT budget which will be accounted for utilizing the agency's eight service areas, including: Public Transportation Programs; Commuter Assistance Programs; Human Service Transportation Programs; Rail Preservation Programs; Passenger and Freight Rail Programs; Rail Industrial Access Programs; Planning, Regulation and Safety Programs; and General Management and Direction (operating budget). 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 below. It is important to note that the DRPT Annual Budget estimates the cash expenditures of the agency for the fiscal year. Therefore, the funding source chart does not represent the estimated revenues for FY 2016; instead, it shows the source of funding for the budgeted expenditures for the year. For example, $118.9 million of Commonwealth of Virginia Transportation Capital Projects Revenue (CPR) Bonds is allocated to transit in the FY 2016 Revised SYIP, but the budget and the funding sources statement includes $131.9 million of projected expenditures of CPR bond funds for FY 2016. This is the result of the two to three year lag on some transit capital projects between the SYIP allocation and the timing of the actual expenditures. Additional information concerning the DRPT FY 2016 funding sources can be found on page 17.



FY 2016 Service Area Budget Highlights

Agency Operating Budget

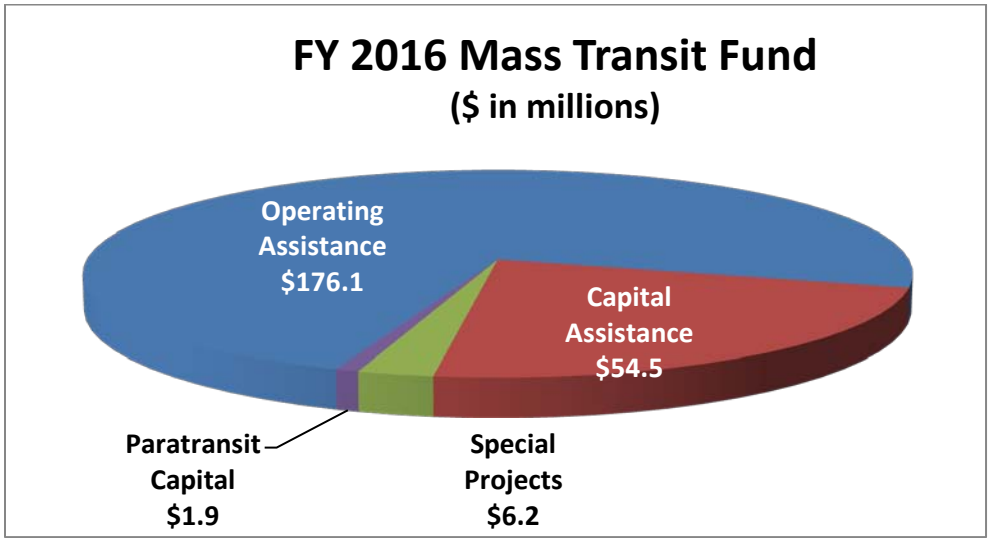
The DRPT budget has increased significantly since FY 2008 as transportation funding has been shifted in an effort to bolster a multimodal approach to transportation issues in the Commonwealth. The DRPT budget increased again in FY 2016 as the program benefitted from the full impact of the additional funding from HB 2313 that is providing more than $84 million annually for transit capital and operating assistance and more than $56 million annually for passenger rail. 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 DC2RVA Tier II Environmental Impact Statement, the Richmond Bus Rapid Transit initiative, the Dulles Corridor Metrorail Project, the Arkendale to Powell's Creek Third Track project, the Virginia Beach Light Rail project, and the I-95 and I-81 rail corridor programs.

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, Rail Preservation Fund, and 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. For FY 2016, DRPT has determined that the 3.5% or $12.1 million of the available balance of the aforementioned funds for FY 2016 will be needed to support the ongoing costs of these programs. A complete list of these estimated administrative costs for FY 2016 is included in the budget statement at the end of this document.

Over the last five years, the rail and transit programs have received a significant increase in funding from the General Assembly. The new funding was not just added to existing programs – new programs such as IPROC were created and demands for accountability were increased. The performance based transit operating allocations and the analysis to be performed under HB2 are examples of this increased level of accountability. Despite the increase in demands on the agency, the DRPT operating budget still only represents 1.8% of the $664.1 million of total funds administered.

Public Transportation Programs

The FY 2016 Six Year Improvement Program (SYIP) allocation of the Mass Transit Trust Fund (MTTF) for public transportation is depicted in the following chart. This chart represents FY 2016 SYIP allocations and will not agree to budgeted amounts in this report due to the timing of expenditures versus allocations of funds. For more information, see Note 1 on page 18.



The FY 2016 allocation of $238.7 million of Mass Transit Trust Funds (MTTF) in the SYIP represents a decrease of $3.4 million over FY 2015. The funding for this allocation 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, and 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 to the MTTF fund. Despite a FY 2016 revenue estimate increase of $35.5 million, allocations are slightly lower because of reductions to the available revenues to cover the FY 2014 shortfall of $11.8 million and a carryover in FY 2016 that was $23.4 million smaller as compared to FY 2015. The carryover reduction is due in large part to the HB2313 transit capital revenues of $16 million for FY 2014 that were carried over to FY 2015 as the new capital allocation process was being developed.

The annual allocation of these funds is distributed in accordance with the Code of Virginia and specific Appropriations Act language. The distribution is 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

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.

Public Transportation Operating Funds

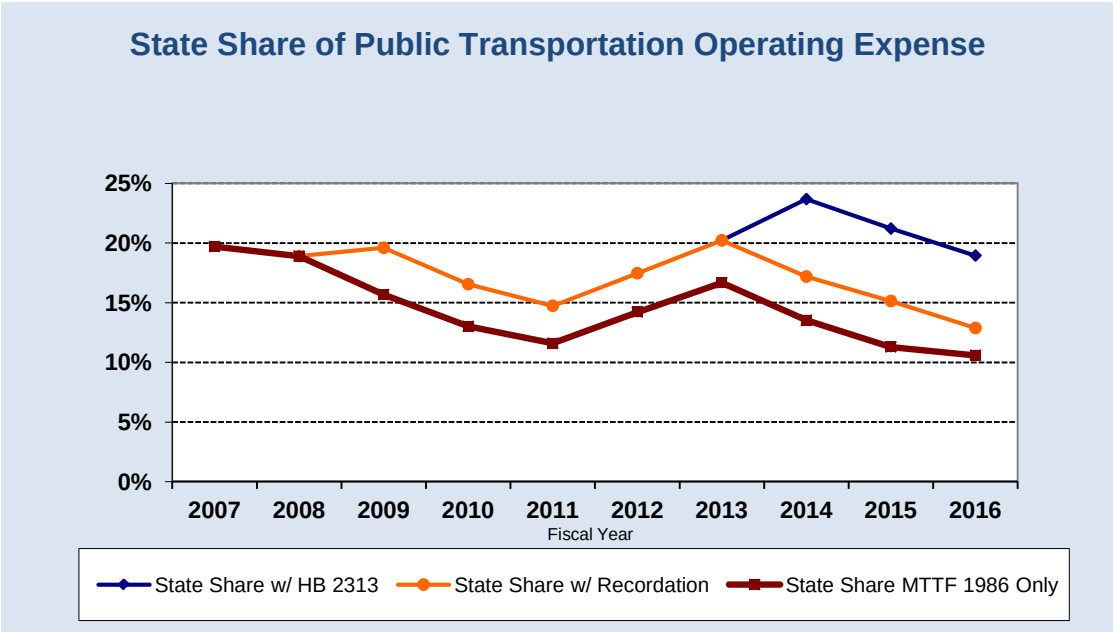
During the 2013 session of the General Assembly, transit received new funding in HB 2313 and the transit allocation process was amended to add performance based allocation for transit operating funding. §58.1-638.A.4 of the Code of Virginia directs that the first $115.2 M of state grants for public transportation 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.4 also requires 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:

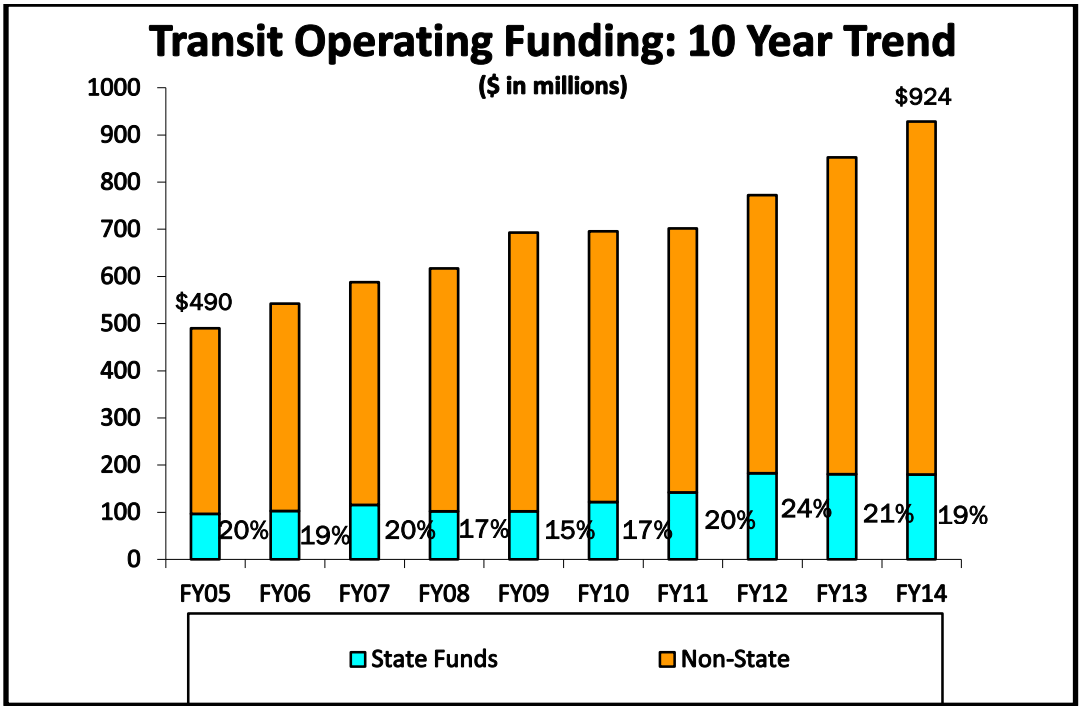
Net Cost per Passenger (50%): Total operating costs less depreciation and any operating income derived from a source other than taxpayers, divided by ridership.

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 2016 is 18.9% versus 21.2% for FY 2015. The decrease is mainly due to the operating expenses of transit systems statewide increasing by 8% while total state revenues declined by $5.6 million or 3.0%. The following charts provide a history of the state's participation in the cost of transit operations in the Commonwealth. The state share has struggled to maintain a 20% level over the past ten years. It is very concerning that the state share of transit operating assistance would have only been approximately 10% this year but for the addition of two revenue streams in FY 2009 and FY 2014.





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 2015 and are proposed for FY 2016.

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.

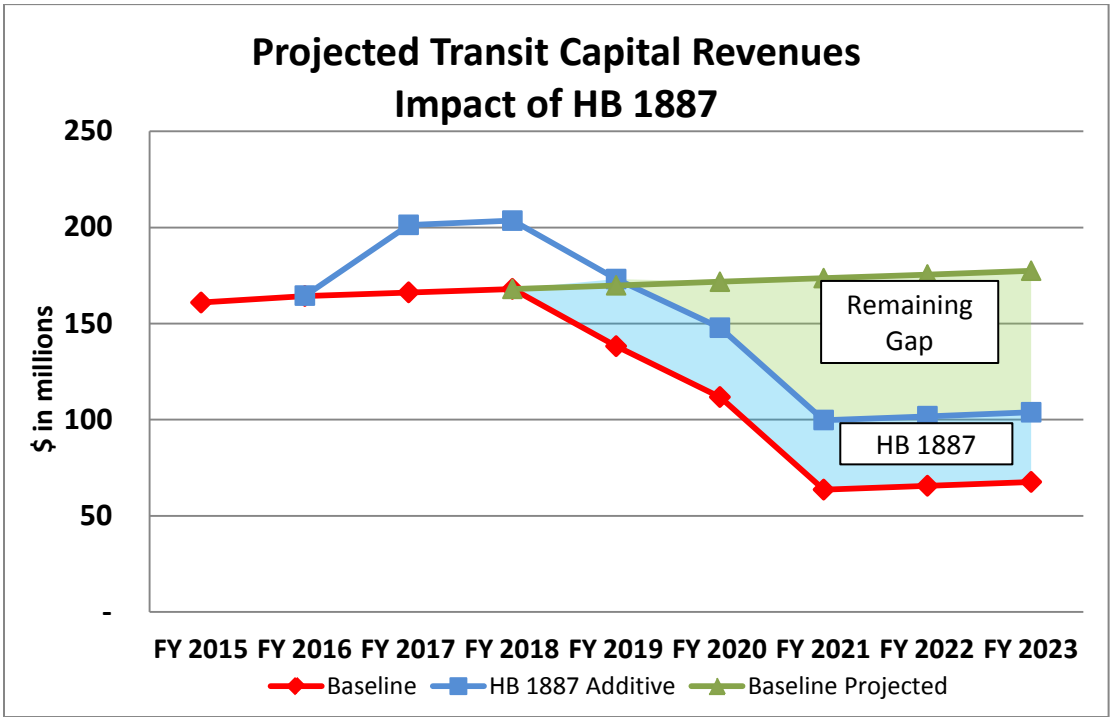
Debt service: Funds allocated for debt service and lease payments will be included in the tier that applies to the underlying capital asset that is being financed.

Beginning in FY 2008, additional capital funds from the CPR 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 Mass Transit Capital Fund. For the current year, DRPT allocated $118.9 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.

In the SYIP for FY 2016, the CPR bonds represent approximately two-thirds of the state transit capital assistance. Beginning in FY 2019, these bond fund allocations will complete the 10 year funding period of 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 $40 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 following chart 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 projected funding gap in this program. Over 90% 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 FY 2016, the budget for public transportation capital expenditures is $245.9 million – a $7.4 million decrease from FY 2015. The projects to be supported by these funds and the applicable federal funds managed by DRPT are summarized in the table below:

Public Transportation Capital Projects for FY 2016						
	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	24	0	4	1	0	0
Culpeper District	3	0	7	2	1	0
Fredericksburg District	4	0	8	1	0	0
Hampton Roads District	16	3	16	0	3	0
Lynchburg District	5	1	9	3	1	0
Northern Virginia District	339	53	150	123	36	8
Richmond District	50	3	6	9	1	1
Salem District	20	0	9	2	2	1
Staunton District	10	1	9	1	0	0
Multi - District	34	0	5	5	1	0
Statewide Totals	**505**	**61**	**223**	**147**	**45**	**10**

Public Transportation Special Program Funds

The Special Programs budget is estimated at $1.9 million for FY 2016. 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 includes $4.8 million of MTTF funds for FY 2016 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of $5.6 million and the related state match of $4.2 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 2016 is shown in the below table.

Commuter Assistance Projects for FY 2016

	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	2	2
Lynchburg District	0	0	0
Northern Virginia District	6	4	10
Richmond District	1	2	3
Salem District	1	2	3
Staunton District	2	0	2
Statewide Totals	**15**	**10**	**25**

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at $8.0 million for FY 2016. 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.

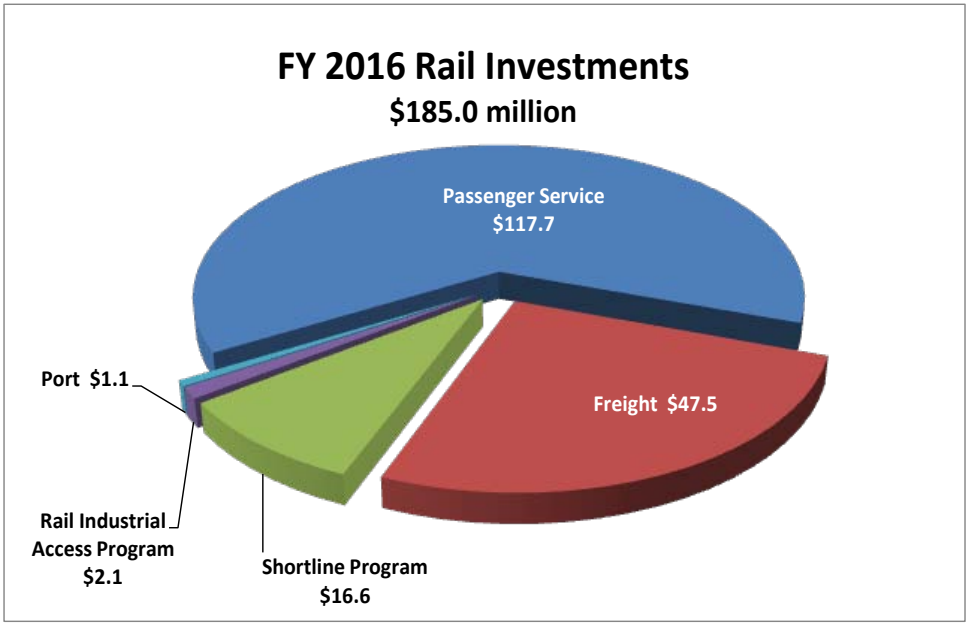
Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The funding for this program comes from the Federal Transit Administration ($5.7 million), local provider match ($0.7 million), and MTTF funds for enhanced transportation services for the elderly and disabled ($1.6 million). The breakdown by district of the 223 vehicles purchased through this program is included in the Public Transportation Capital Projects table on page 10.

Planning, Regulation, and Safety Programs

DRPT's FY 2016 budget includes $6.1 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 funds of $4.2 million, MTTF state match allocations of $0.7 million, and $1.2 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match).

Passenger and Freight Rail Programs

DRPT's FY 2016 budget for all rail service areas includes $185.0 million of expenditures for rail improvements in Virginia. The distribution of anticipated expenditures falls into five categories as displayed in the following chart:



Funding for DRPT's rail programs is supported through nine funding sources:

- Rail Enhancement Funds (REF) of $41.5 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of $30.7 million;
- Federal Railroad Administration (FRA) grant funds of $14.5 million;
- American Recovery and Reinvestment Act (ARRA) funds of $35.3 million;
- Shortline Railway and Development funds of $11.6 million;
- Rail Industrial Access (RIA) funds of $2.1 million;
- Intercity Passenger Rail Operating and Capital (IPROC) funds of $46.0 million;
- VTA 2000 funds of $2.4 million; and
- Local Match of $0.9 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 $55 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 2016, planned expenditures from these bond proceeds are $25.7 million for joint passenger and rail infrastructure improvements and $5.0 million for improvement to the tracks of shortline railroads.

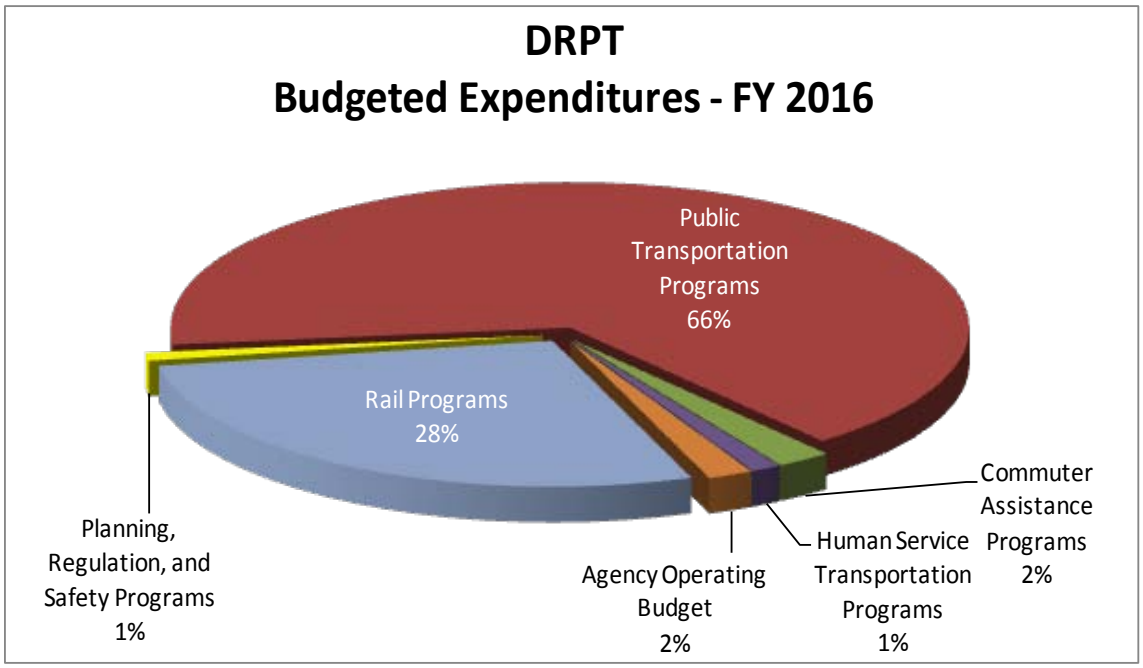
Rail Preservation Program

As part of the Rail Preservation Program, the Shortline Railway Preservation and Development Fund will support 18 projects for Virginia's shortline railroads in FY 2016. These Rail Preservation projects consist primarily of bridge and track upgrades, signal system 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.

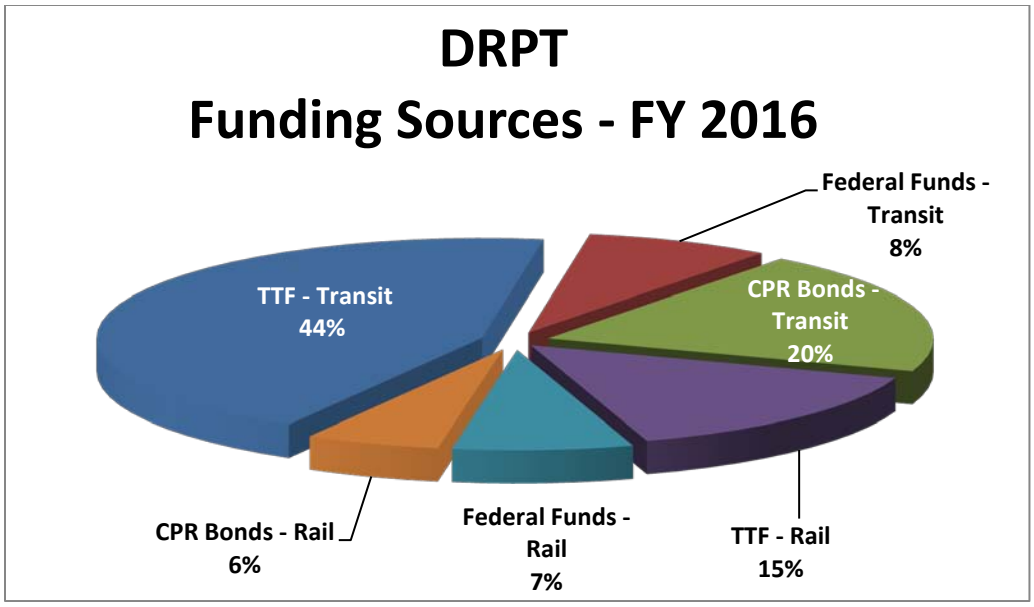
Rail Industrial Access Program

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



	($ in millions)			
	Adopted FY 2015	Recommended FY 2016	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 1, 2]	$ 194.5	$ 190.5	$ (4.0)	-2.1%
Capital Assistance [Notes 1, 3]	253.3	245.9	(7.4)	-2.9%
Special Programs [Note 4]	1.5	1.9	0.4	26.7%
Total	**449.3**	**438.3**	**(11.0)**	**-2.4%**
Commuter Assistance Programs [Note 5]	8.8	14.6	5.8	65.9%
Human Service Transportation Pgm [Note 6]	8.7	8.0	(0.7)	-8.0%
Planning, Regulation, & Safety Pgm [Note 7]	7.8	6.1	(1.7)	-21.8%
Total Transit Programs	**474.6**	**467.0**	**(7.6)**	**-1.6%**
Rail Preservation Programs [Notes 1, 8]	9.9	16.6	6.7	67.7%
Rail Industrial Access [Note 9]	1.2	2.1	0.9	75.0%
Passenger and Freight Rail Programs [Notes 1, 10]	87.6	166.3	78.7	89.8%
Total Rail Programs	**98.7**	**185.0**	**86.3**	**87.4%**
Agency Operating Budget [Note 11]	**10.3**	**12.1**	**1.8**	**17.7%**
Agency Total	**$ 583.6**	**$ 664.1**	**$ 80.5**	**13.8%**



	($ in millions)			
	Adopted FY 2015	Recommended FY 2016	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 5, 6, 7, 11]	$ 148.1	$ 151.1	$ 3.0	2.0%
2013 Chapter 766 Revenue for Transit [Notes 1, 2, 3, 4, 5, 6, 7, 11]	83.3	86.5	3.2	3.8%
Recordation Tax [Notes 1, 2, 11]	28.7	25.2	(3.5)	-12.2%
Rail Preservation Program [Notes 1, 8, 11]	4.7	5.2	0.5	10.6%
Rail Industrial Access [Note 9]	1.2	2.1	0.9	75.0%
Rail Enhancement [Notes 1, 10, 11]	30.7	42.5	11.8	38.4%
2013 Chapter 766 Revenue for IPROC [Notes 1, 10, 11]	28.1	48.0	19.9	70.8%
Special Programs - VDOT Transfers [Notes 2, 3, 5, 7]	13.5	29.1	15.6	115.6%
Total	**338.3**	**389.7**	**51.4**	**15.2%**
BOND PROCEEDS - Transit Capital and Rail [Notes 1, 3, 8, 10]	**190.3**	**169.1**	**(21.2)**	**-11.1%**
FEDERAL REVENUE				
American Recovery and Reinvestment Act (ARRA) [Note 10]	3.7	35.3	31.6	854.1%
Flexible STP [Note 3]	10.3	6.5	(3.8)	-36.9%
FHWA Funding (CMAQ/RSTP) [Notes 3, 5, 7]	4.1	6.7	2.6	63.4%
Federal Transit Administration [Notes 2, 3, 6, 7]	30.1	38.3	8.2	27.2%
Federal Railroad Administration [Note 10]	5.4	14.5	9.1	168.5%
Total	**53.6**	**101.3**	**47.7**	**89.0%**
LOCAL REVENUES [Notes 6, 10]	**0.7**	**1.6**	**0.9**	**128.6%**
TRANSFERS FROM OTHER AGENCIES				
VDOT - VTA 2000 Transfers [Note 10]	**0.7**	**2.4**	**1.7**	**242.9%**
TOTAL SOURCES	**$ 583.6**	**$ 664.1**	**$ 80.5**	**13.8%**

Footnotes to the FY 2016 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2016 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 $118.9 million (as authorized in Code of Virginia §33.2-365) for transit capital in FY 2016, but $131.9 million is expected to be expended on those projects during FY 2016. The differences between the FY 2016 SYIP allocations and budgeted expenditures are as follows:

Reconciliation of SYIP Allocations to Budgeted Expenditures

Total Six Year Improvement Plan Allocations	**$ 558.8**
Various Federal Funds Allocations with Grantee FTA Contracting	(35.9)
Agency Operating Budget	12.1
Prior Year Allocations in Current Year Budget	
Transit Revenue and Bond Allocations	42.8
Rail Industrial Access	2.1
Rail Preservation, Rail Enhancement, and IPROC	74.2
VDOT Federal Funds and State Match	10.0
Total Budgeted Expenditures	**$ 664.1**

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) Public Transportation Programs - Operating Assistance consists of MTTF operating allocations of $150.7 million, recordation taxes of $24.3 million, $15.3 million in federal assistance through the FTA 5311 Rural Assistance program and the FTA Jobs Access and Reverse Commute (JARC) program. Additionally, $0.2 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 consists of $69.7 million of MTTF allocations, $131.9 million of Transportation Capital Projects bond proceeds, $13.1 million of FTA funding, and $6.5 million of Flexible STP funds. Additionally, $24.7 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.

(4) The budgeted expenditure line item entitled Public Transportation Programs – Special Programs increased by $0.4 million from FY 2015 to FY 2016 mainly due to an increase in applications for FY 2016 in the Technical Assistance program. The activities budgeted in this line item consist of MTTF allocations of $1.9 million.

(5) The budgeted Commuter Assistance Programs line item increased by $5.8 million from FY 2015 to FY 2016. This increase was mainly due to an increase in the Arlington County Commuter Assistance program and the State of the Commute survey project. Commuter Assistance Programs includes Mass Transit Trust Funds of $4.8 million. Additionally, $9.8 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) Human Service Transportation Programs includes $5.7 million of FTA New Freedom awards, FTA 5311 awards, and FTA 5310 awards. The match to these federal awards consists of $1.6 million of MTTF State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled as well as $0.7 million of local match to the FTA 5310 funds.

(7) The budgeted expenditure line item entitled Planning, Regulation, and Safety Programs decreased by $1.7 million from FY 2015 to FY 2016. This was mainly due to several larger studies that were performed in FY 2015. Planning, Regulation, and Safety Programs consists of the FTA 5303/5304 planning funds of $4.2 million, MTTF state match allocations of $0.7 million, and $1.2 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match).

(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 $11.6 million. The additional $5.0 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 $2.1 million.

(10) The budgeted Passenger and Freight Rail Programs line item of $166.3 million represents an increase of $78.7 million from FY 2015 to FY 2016. The increase results primarily from timing of cash outlays related to four large projects. The Lynchburg to Roanoke extension is a new project and is estimated to have expenditures of $25 million in FY 2016. The anticipated annual cash outlay for the Arkendale to Powell's Creek Third Track project increased by $31.6 million from FY 2015 to FY 2016. A notice to proceed was provided in December 2014 and CSX's design-builder is mobilized and construction has begun throughout the 11.4 miles of this project.

The anticipated annual expenditures for the Virginia Railway Express Third Track Spotsylvania extension increased by $7 million from FY 2015 to FY 2016. Finally, the anticipated expenditures for the DC2RVA project increased by $17.7 million from FY 2015 to FY 2016. This is the first full year of work on this Tier II environmental impact study that covers the Washington, D.C. to Richmond Segment of the Southeast High Speed Rail Corridor.

The source of funding to cover these expenditures includes $41.5 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 $14.5 million, American Recovery and Reinvestment Act funds of $35.3 million, bond proceeds of $25.7 million, Intercity Passenger Rail Operating and Capital funds of $46.0 million, VTA 2000 funds of $2.4 million, and local matching funds of $0.9 million.

(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, Rail Preservation Fund, and the Intercity Passenger Rail Operating and Capital Fund to support costs of project development, project administration, and project compliance. DRPT has determined that 3.5% ($12.1 million) of the available balance of the aforementioned funds for FY 2016 will be needed to support the ongoing costs of these programs. The DRPT operating budget represents only 1.8% of the total $664.1 million FY 2016 budget.

Major Components of Agency Operating Budget	
Payroll and Fringe Benefits	XXX
Operations Program Support	XXX
Finance Program Support	XXX
Central Service Agencies Indirect Costs	XXX
Information Technology Costs	XXX
Travel and Training	XXX
Rent	XXX
Attorney Services	XXX
Other Program and Project Management Initiatives	XXX
Total	XXX

Source of Funding for Agency Operating Budget	
Mass Transit Trust Fund	$ 9,011,165
Rail Enhancement Fund	1,001,000
Rail Preservation Fund	106,050
Intercity Passenger Rail Operating and Capital Fund	1,979,250
	$ 12,097,465

(12) In order to provide comparative data to the FY 2016 budget, certain reclassifications were made to FY 2015 line items.