

Attachment A

Rail Programs Legislative, Policy, and
Expenditure Review of 2015

Rail Programs Legislative, Policy and Expenditure Review of 2015

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Prepared by:



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1. Purpose of This Report

In HB 1887, the 2015 General Assembly directed the Commonwealth Transportation Board to “develop no later than December 1, 2015, a legislative proposal to revise the public benefit requirements of the Rail Enhancement Fund...”

Section 427 of the Appropriations Act that same year directed the Secretary of Transportation and the Department of Rail and Public Transportation (DRPT) to summarize previous Rail Enhancement Fund allocations, expenditures and transfers, as well as the long-term needs of the Rail Enhancement Fund. In addition, the General Assembly directed a more expansive review of all rail programs to “include the amounts of funds allocated to rail freight projects, the amounts allocated to rail passenger projects, and the outstanding commitments to each type of project by year. Also included in this review shall be an accounting of any funds transferred in or out of the fund for other purposes, and additional funds made available, by year, for rail projects in the Commonwealth. The review shall include the uses of any funding deposited into the Intercity Passenger Rail Operating and Capital Fund, and the source of such funds. Finally, the review shall assess outstanding needs for rail improvement projects and any modifications to the Commonwealth’s rail programs that would help better address those needs.”

The Commonwealth Transportation Board, through its Rail Subcommittee, expanded the study to include an equivalent consideration of program policy goals for both the Rail Enhancement Fund (REF) and the Rail Preservation Fund (RPF). The Department of Rail and Public Transportation, in conjunction with the Rail Subcommittee and an open process of stakeholder engagement, is conducting administrative improvements to simplify the grant process and to enhance overall transparency and accountability of the Rail Enhancement Fund activities.

This report addresses the above issues in four ways:

- Review and analysis of the REF legislative and policy goals, including a proposed prioritization process to use in allocating increasingly scarce Rail Enhancement funds
- Review and analysis of all DRPT rail program expenditures—REF, RPF, Intercity Passenger Rail Operating and Capital Fund (IPROC), Rail Industrial Access (RIA) program, Federal Railroad Administration’s High Speed Intercity Passenger Rail program, and the Virginia Transportation Act of 2000 (VTA)
- Legislative and policy recommendations for REF and RPF
- Establishing a process for updates and enhancements to the REF benefit-cost model and its associated administrative procedures

2. Major Findings and Recommendations

Over the last decade, the Commonwealth has dedicated more than \$629 million to improve the rail network in, and directly serving, Virginia.

The Rail Enhancement Fund (REF) allowed Virginia to pioneer public benefit investments enhancing the Port of Virginia; passenger rail service to Norfolk; expanded and more reliable VRE commuter rail service in Northern Virginia; and several other investments benefitting rail-served communities, corridors and enterprises.

The Rail Preservation Fund (RPF) has a longer history than the REF and has allowed Virginia short line railroads to survive and safely serve industries, corridors and communities that otherwise would be denied access to critical rail services.

Both the REF and the RPF face substantial reductions in funding levels and are in need of policy and administrative improvements to manage impending funding reductions.

The Department of Rail and Public Transportation has worked with the Rail Subcommittee of the Commonwealth Transportation Board, numerous stakeholders, and the general public in four public meetings and other outreach efforts to address these issues and also respond to requests from the 2015 General Assembly. That transparent approach to policy development will continue as the Rail Subcommittee of Commonwealth Transportation Board works to develop more systemic accountability metrics to measure the ongoing value of Virginia rail investments, and to avoid some of the limitations of current performance measures.

The following recommendations are proposed to address these issues:

- The Code of Virginia should be amended to clarify the ability of the Commonwealth Transportation Board to transfer REF funds to the RPF, without triggering a formal benefit/cost analysis that would be required with REF grants by current statute.
- The Commonwealth Transportation Board should adopt clear criteria to prioritize increasingly scarce REF funds, including project readiness, leveraging of additional funds, project performance after construction, consistency with applicable plans, shared passenger and freight benefits, and state of good repair.
- The annual funding base for the Rail Preservation Fund should be increased from its current \$3 million annual funding level to \$4 million annually, preferably using Transportation Trust Funds. This increase represents an adjustment to the current funding amount using the consumer price index from 2000 through 2015 (the last increase was made in 1999).
- The administrative procedures and formulae governing the REF benefit/cost analysis should be updated to reflect industry best practices, to enhance overall REF transparency, and to incorporate more systemic accountability metrics.

The Federal Railroad Administration's High Speed Intercity Passenger Rail program and the Commonwealth's recently created Intercity Passenger Rail Operating and Capital Fund (IPROC) are very robust programs capable of creating substantial value for Virginia. They represent a new generation of policy and administrative challenges and opportunities for the Commonwealth Transportation Board and the Department of Rail and Public Transportation. The upcoming closeout of the Virginia Transportation Act of 2000 funding is a reminder that while Virginia has only had fifteen years of programmatic experience with rail investments, it has achieved extraordinary benefits from those investments.

Finally, the General Assembly requested that this report "assess outstanding needs for rail improvement projects." An overall assessment of rail needs is contained in the current Six Year

Program and the 2013 Statewide Rail Plan. The above recommendations will allow the Department, the Secretary and the Commonwealth Transportation Board to better address those needs.

3. Rail Enhancement Fund Background

The 2005 General Assembly created the REF on the recommendation of Governor Warner. As an early innovation in multimodal planning and funding, the REF embodied three unique characteristics:

- The REF had a dedicated and ongoing funding source, a portion of the motor vehicle rental tax imposed by the Commonwealth. This dedication allowed the Department of Rail and Public Transportation to plan and fund a multi-year, statewide capital program for rail.
- The REF had a statutory focus on public benefits, instead of simple capital improvements and capital assets. This focus allowed the Department of Rail and Public Transportation to develop a benefit/cost analytical tool to quantify public benefits and public costs.
- The REF was agnostic with respect to passenger and freight rail projects. This approach allowed the Department of Rail and Public Transportation to address the many (and increasing) mixed-use rail corridors in Virginia, by promoting greater benefits to both passenger and freight rail networks and services.

In its decade of existence, the REF has enabled the implementation of some of the most important transportation investments in recent Virginia and national history.

The **Heartland Corridor** provides double-stack intermodal freight service between Chicago and the Port of Virginia. As part of a \$300 million federal-state-private partnership among Norfolk Southern, US Department of Transportation, Virginia, Kentucky, West Virginia and Ohio, the \$31.9 million in REF allocated to the initiative provide the Port of Virginia with time- and price-competitive access to Midwestern import and export markets. The Heartland Corridor is generally regarded as among the three most important freight rail initiatives since World War II, alongside the Alameda Corridor in Los Angeles/Long Beach and the CREATE program in greater Chicago.

The **National Gateway** provides additional double-stack freight rail service between the Port of Virginia and both Midwestern and Northeastern import and export markets, as well as domestic intermodal markets. As part of a \$700 million federal-state-private partnership among CSX, US Department of Transportation, Virginia, North Carolina, Maryland, Pennsylvania, and Ohio, the \$36 million in REF funds provides not only greater opportunities for double-stack freight rail service in the I-95 corridor, but also greater Amtrak reliability and fewer heavy truck movements in that same corridor.

The **Norfolk Amtrak Extension** restored intercity passenger rail service to the City of Norfolk for the first time since 1977. The origination of Amtrak Northeast Corridor service from Norfolk has enabled the South Hampton Roads region access to the entire Northeast Corridor, similar to that enjoyed by the Peninsula from Newport News. The success of this \$114 million REF investment is part of the rationale for the ongoing study of higher speed rail service between Hampton Roads, Richmond, and the entire Northeast Corridor.

While the above projects are clearly the most visible examples of REF investments, the program has supported many other projects. The **Commonwealth Railway Mainline Safety Relocation** project addressed important community and safety issues and allows CSX and Norfolk Southern to compete for cargo at the Virginia International Gateway (formerly APM) Terminal. The Norfolk Southern **Crescent Corridor** ultimately will result in fewer heavy truck movements in the I-81 corridor. The remaining REF grants, while smaller in size, show similar public benefits for both passenger and freight movements.

4. Guiding Principles of Rail Enhancement Fund Reviews

Based on monthly meetings of the Rail Subcommittee of the Commonwealth Transportation Board, this analysis and recommendations are based on four guiding principles:

1. **Transparency and simplicity** should guide any proposed revisions to legislation, policy, or administrative guidelines.
2. **Scarcity of funds** is an impending reality, requiring prioritization protocols, stronger completion date commitments, and a need for both minimum and possibly additional matching requirements.
3. **Public/private and state/local partnerships** are cornerstones of the REF program, requiring funding and other commitments from all parties.
4. **Clear policy goals** should drive both prioritization and administrative efforts.

5. Review of Rail Enhancement Fund Statute

Section 33.2-1601 of the Code of Virginia establishes the Rail Enhancement Fund and the conditions for the use of those funds (see Appendix A: Code of Virginia & Appropriation Act Reference).

As noted in Section 3, the Rail Enhancement Fund has contributed significantly to numerous freight and passenger rail initiatives, including several nationally recognized freight and passenger rail projects and programs. Very few other state-level rail programs have successfully funded and combined passenger and freight benefits and improvements at levels similar to those achieved by the Commonwealth. In addition, the enabling statute has withstood the highest levels of constitutional and legal scrutiny¹. Given this level of success and scrutiny, **any** proposed statutory changes should be limited in scope and character and only address a significant policy or practical priority.

The Department of Rail and Public Transportation considered seven statutory issues in light of the current REF policies as part of this study. Based on this review and the desire to limit statutory changes to significant policy or practical issues, the Department only recommends one statutory change for consideration by the Commonwealth Transportation Board. A summary of each of the issues considered, along with recommendations for how to address them, is provided below.

5.1. Multimodal Transportation System

Question: Should the definition of a modern, multimodal system of transportation be incorporated into the Code of Virginia? The Code of Virginia states: “The General Assembly declares it to be in the public interest that railway preservation and development of railway transportation facilities are an important element of a balanced transportation system of the Commonwealth....” Given the flexibility of the statute, the long history of successful REF projects, and the Virginia Supreme Court review and support of the statute, **no statutory definitional changes are recommended. However, the prioritization process should recognize projects that provide both passenger and freight benefits, and projects that link to local transit systems for passengers, and to domestic and international supply chains for freight.**

5.2. Project Benefits

¹ *Montgomery County v. Va. Dep't of Rail and Public Transportation*, 242 Va. 422, 719 S.E.2d 294 (2011) involved a county challenging the constitutionality of Va. Code Ann. § 33.1-221.1:1.1 (currently, Va. Code Ann § 33.2-1601) and an agreement entered thereunder between DRPT and a railroad, approved by the Commonwealth Transportation Board, for the development of an "intermodal" terminal in the county as a transition point for shifting the transportation of freight by road to shipment by rail, and vice versa. The court held that the statute as applied in this case does not violate either the internal improvements clause or the credit clause of Article X, Section 10 of the Constitution of Virginia. In its analysis, the court opined that the facility under the Agreement was authorized pursuant to legislation intended to be directly related to the construction, maintenance, and operation of Virginia's highways, and therefore did not violate the internal improvements clause because it comes within the public roads exception of Article 10, § 10 of the Constitution of Virginia. The court found it to be important that the grant agreement had a performance requirement in the form of required carloads, and a clawback provision if the performance requirement was not met.

Question: Should the Code of Virginia be updated to include a statutory definition of project benefits? One of the reasons for this study is the advances that have been made in benefit-cost analysis or BCA (particularly on the quantification and standardization of recognized benefits) since the REF was created in 2005. However, the current statute has been able to accommodate those advances and changes, and a statutory definition of “public benefit” could limit the current and legally defensible ability of the statute to accommodate future beneficial advances in BCA methodology and new technologies in rail. **No statutory changes are recommended. However, the BCA administration and BCA methodologies and policies should be periodically updated to reflect industry and policy best practices.**

5.3. Project Costs

Question: For the purpose of comparing public benefits to project costs, should the Rail Enhancement Fund definition of “project costs” be revised to include TOTAL project costs? The Code of Virginia currently defines the project cost as the amount of the REF Grant: “Projects undertaken pursuant to this section shall be limited to those the Board has determined will result in public benefits to a region of the Commonwealth or the Commonwealth as a whole that are equal to or greater than the investment of funds under this section.”

A TOTAL project cost approach would be consistent with best practices and the approach used by USDOT in evaluating federal TIGER grant applications. However, comparing project benefits to the amount of REF funding would encourage more and better public-private partnerships and state-local partnerships. **No statutory changes are recommended for the definition of project costs. However, the pending scarcity of funds will require a project prioritization process, and TOTAL project costs should be considered in the prioritization process. This two-tiered approach to benefit-cost analysis is similar to approach taken in HB 2 (Section 4.4 of the HB 2 Policy Guide).**

5.4. Benefits of Economic Growth

Question: Should the Code of Virginia be updated to include a revised definition of economic growth? The Code of Virginia states that the General Assembly: “declares it to be in the public interest that the retention, maintenance, improvement, and development of freight and passenger railways are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets.” The current Rail Enhancement Fund policies address economic development by encouraging dual rail access. **No statutory changes are recommended. However, the prioritization process should recognize the importance of projects that retain or increase employment and that encourage capital investment. While BCA best practices do not include economic impacts, the BCA methodologies should be updated to better reflect the “wider economic benefits” of rail investments.**

5.5. Minimum 30% Matching Requirement

Question: Should the Code of Virginia 30% matching requirement be revised? The Code of Virginia states that REF projects “shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources.” Requiring “skin in the game” for both public and private partners has been a cornerstone of the REF program, and with the impending scarcity of REF funds, match ratios greater than 30% could become an important discriminator. **No statutory changes are recommended. However, the pending scarcity of funds will require a project prioritization process, and the extent of local or private matching funds in excess of the minimum 30% should be considered in the prioritization process.**

5.6. Source of 30% Matching Requirement

Question: Should the Code of Virginia be revised to clarify the use of pass-through federal or state funds to qualify as 30% match? The Code of Virginia states that REF projects “shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources.” The overlapping and complex flow of transit and rail funds that at some point flow through a local or regional entity (e.g., HRTAC, HRT, NVTA, NVTC, PRTC, WMATA, VRE, or a city or county) could be stymied by a statutory definition of local or regional funds solely for purposes of the REF. **No statutory changes are recommended. However, there may be a need for a policy or procedure to consider fact-specific determinations under the Code of Virginia.**

5.7. State of Good Repair

Question: Should the Code of Virginia be revised to allow state of good repair investments in Class 1 railroad facilities, similar to highway and bridge maintenance and replacement? While the Code of Virginia currently allows public funding of “improvements” to their rail infrastructure, Class 1 railroads are required under federal law to maintain tracks and facilities to certain standards, and it would be difficult for a standalone Class 1 maintenance project or state of good repair project to meet the public benefit requirement of the Code of Virginia. Further, the requirements of Article 10, § 10 of the Constitution of Virginia must be considered, which prohibits the Commonwealth from becoming interested in any work of internal improvements, except for public roads and public parks. However, many REF projects have a significant maintenance, operation, or state of good repair benefit which ultimately benefits highways and provides for a more balanced transportation system. These benefits should be considered as part of any prioritization or BCA process.

The situation for short line railroads is quite different though, and the Shortline Railway Preservation and Development Fund (also known as the RPF) is designed to support “last mile” connections to captive industries and to protect surrounding communities from the risks of poorly maintained rail infrastructure. The Commonwealth Transportation Board should have the flexibility to transfer funds from the REF to the RPF, without triggering the BCA and other requirements associated with the Rail Enhancement Fund evaluation process.

A statutory change is recommended to allow the transfer of Rail Enhancement Funds (REF) to the Railway Preservation and Development Fund (RPF), without triggering the BCA or other requirements associated with the Rail Enhancement Fund. In addition, the BCA methodologies for the Rail Enhancement Fund should be updated to include consideration of state of good repair benefits as part of any Rail Enhancement Fund prioritization process.

6. Review of Rail Enhancement Fund Policies and Goals

Guiding Principle 4 (above) states “**Clear policy goals** should drive both prioritization and administrative efforts.” The Department of Rail and Public Transportation has reviewed the original REF policy goals established in 2005 by the Commonwealth Transportation Board (Appendix B) and identified nine policy goals for consideration and possible inclusion in a project prioritization framework.

6.1. Project Timelines

The original policy goals included an initial emphasis on “quick turnaround projects” and “achievable schedules.” After a decade of experience, it is clear that publicly-funded rail projects, particularly in congested freight corridors, have extended timelines for both project development and project construction. These schedule impacts can be managed in two ways: by performing additional, up-front preliminary or conceptual engineering; and also by including a prioritization criterion for firm project completion dates. The need for additional engineering is addressed in more detail below. **A policy change is recommended to significantly value project readiness and achievable construction completion dates in the prioritization process. Additionally, the policy should reflect a time limit goal of 3 years that an approved project can remain within the Six Year Improvement Plan (SYIP) before starting construction; projects that are delayed beyond this time limit may need to reapply and update the application for the REF grant, or the money could be deobligated.**

6.2. Leverage Other Funds

The original policy goals encourage projects where the match amount is greater than the minimum 30% and where other funding sources, both public and private, are used to support the overall project. The recently-adopted HB 2 prioritization process has a similar policy goal. An emerging issue is the maintenance standards and costs of rail facilities funded with Rail Enhancement funds. **A policy update is recommended to create a prioritization process for the REF that generally conforms to the HB 2 prioritization policy encouraging the use of other (non-REF) funds, to value matching funds greater than 30%, and to explicitly address long term maintenance standards and costs for rail facilities funded with Rail Enhancement funds. Similar to HB 2, this policy should also consider total project costs (in addition to the REF grant amount) when evaluating project prioritization, to ensure the project with a greater match is also a worthwhile project for the Commonwealth.**

6.3. Protect the Public Interest through Public Ownership (Clawback)

The original policy goals seek to protect the public interest by maintaining DRPT ownership interest in the rail assets, including a “clawback” provision if certain performance standards (typically carloads, passengers, or intermodal lifts) are not met. This DRPT ownership approach was imported from the original RPF for short line railroads, at a time when short line ownership and solvency issues were paramount.

The performance metrics to protect public ownership in private rail facilities typically involve proprietary information for freight, and market-driven trends for passenger and intermodal services. Actually asserting a public ownership right under those metrics would raise very difficult policy and legal issues, and probably would not yield any tangible public benefits—what would the Commonwealth do with a minority interest in an intermodal facility or a series of crossovers designed to serve both passenger and freight needs?

A significant policy change is recommended to emphasize the benefit-cost determination of the project and eliminate the administrative practice of using only carloads or passengers as the sole performance metric. A contingent interest would be retained to protect the value of the Commonwealth's investment in the event the intended uses of the improvements under the agreement are not met.

Under this new paradigm, the CTB would recommend funding based on a more transparent benefit-cost analysis and would prioritize Rail Enhancement Fund grant requests on multiple criteria, including past Rail Enhancement Fund grant performance. The intent would be to shift focus away from performance measures with a "claw-back" provision on a specific project, and instead report measures focused on growth and operations throughout the entire network. Whatever measure is adopted for the project benefit analysis and agreement terms must fall within the parameters of Article X, § 10 of the Constitution of Virginia; any grant funding agreements must have measurable benefit that is tied to removing traffic from Virginia's highways.²

Such a policy change should be accompanied by a broader and more transparent evaluation of the public benefits of the project in question. However, due to proprietary data concerns with the private railroads, it will be necessary for DRPT to work with the various stakeholders to determine the system-wide and/or project specific metrics that could be evaluated in lieu of carloads or passenger slots. Therefore, ***the Department recommends a task force be established to evaluate options to monitor the success of future projects. The results of this task force study should be complete by June 30, 2016 so that the recommendations can be incorporated into FY2017 grant agreements.***

6.4. Appropriate Planning Document

The original policy goals require a project to address the needs identified in the current Virginia Statewide Rail Plan and/or appropriate federal, state, regional or local plan. Consideration was given to broadening this criterion to include private rail plans. While many potential Rail Enhancement Fund projects may be too small for inclusion in a regional or statewide plan, or may be directly related to a confidential economic development project, allocating public funds based on public plans and policies is the only way to assure transparency and accountability in the allocation of scarce Rail Enhancement Funds. ***A policy update is recommended to generally conform to the HB 2 prioritization policy regarding a project's inclusion in the appropriate state, local or regional plan. The CTB Rail Committee recommends a regular (every 3-4 year) statewide rail plan update so that the statewide rail plan can be the primary plan used to prioritize projects applying for Rail Enhancement Funds.***

6.5. Economic Development, Multimodal and Dual Freight Access

² See *Montgomery County*, 252 Va. at 436, 719 S.E.2d at 302, quoting *Almond v. Day*, 197 Va. 782, 787, 91 S.E.2d 660, 664 (1956) (*Almond I*). The Virginia Supreme Court cases relate that Article X, § 10 was a response to substantial financial losses the Commonwealth had sustained in previous years from its general investments in entities such as canal, turnpike and railroad companies, engaged in various large scale projects in Virginia, i.e., "works of internal improvement." *Almond I*, 197 Va. at 787, 91 S.E.2d at 664. Faced with those losses, the Constitutional Convention for the 1869 Constitution "resolved that the State should no longer lend its support to such undertakings but should leave them to private enterprise," including the construction of public roads. *Almond v. Day*, 199 Va. 1, 7, 97 S.E.2d 824, 829 (1957) (*Almond II*). Public roads were excepted from the internal improvements clause in a 1902 revision of the Constitution.

The original policy goals promote economic development through dual freight rail access and mixed-use passenger and freight rail corridors. This is a very limited definition of economic development, and pre-existed the federal emphasis on high speed passenger rail in the Southeast. The dual freight rail access provision was intended to guide the significant investments in the Commonwealth Railway shortline service to the new APM marine terminal in Portsmouth (currently Virginia International Gateway). While those goals were accomplished for the Commonwealth Railway relocation and on-dock rail service to APM, the larger issue of dual rail access is a very sensitive issue at the state and national levels. However, given the high speed rail studies for both Hampton Roads and the I-95 rail corridors, consideration should be given to high speed and intercity passenger rail projects, especially where they involve both Virginia Class 1 railroads. ***A policy update is recommended to highlight the importance of economic development, employment growth and retention, and capital investment attributable to rail projects in the prioritization process. In addition, the policy should refine references to joint, dual or competitive rail access, and to specifically include passenger rail service benefits in the definition of a joint-use, mixed or multimodal rail corridor, where both freight and passenger rail service coexist.***

6.6. Planning/Preliminary Engineering

The original policy goals require that at least 90% of the Rail Enhancement funds be spent on capital improvements. As noted above in the policy regarding project timelines, one way to manage or mitigate the extended Rail Enhancement Fund timelines for both project development and project construction is to commit additional resources to up front planning and conceptual/preliminary engineering, and to allow DRPT to fund planning and/or preliminary engineering prior to making a full funding commitment to a project. Given the pending scarcity of Rail Enhancement funds, as well as a stronger emphasis on project completion deadlines, more and better planning and early design efforts will benefit both the Commonwealth and its private and local partners in the long term management of the REF. ***A significant policy update is recommended to reduce the current requirement that 90% of the Rail Enhancement funds be spent on capital improvements. The Department recommends that the minimum capital expenditure limit be set at 75% of the annual funding to allow flexibility for major projects that may require more upfront planning or design to properly evaluate. This will allow the Commonwealth Transportation Board and the Department of Rail and Public Transportation to determine the appropriate level of project planning, conceptual/preliminary engineering, and project readiness.***

6.7. State of Good Repair

The clear emphasis of the 2014 and 2015 General Assemblies was the state of good repair for road, bridge and public transportation assets. The Class 1 Railroads are generally required under federal law and regulation to maintain tracks and related facilities to a certain minimal standard. The REF should not supplant that requirement, nor should it fund improvements that the private railroad companies should do as part of their capital renewal program to meet their own internal business requirements. However, an individual *construction* project may include state of good repair benefits, and these benefits *should be* a part of a public benefit evaluation process. Moreover, there may be very unique circumstances where a single, state of good repair project is essential (e.g. a structurally deficient rail bridge or access to an isolated employment, consumption or production site). State of good repair projects supported by REF grants should provide a substantive benefit to the Commonwealth through an increase in reliability, reduction in travel times, or other system-wide improvements that the Commonwealth has determined are beneficial to the public. ***A policy update is recommended to properly value maintenance or state of good repair project benefits (including any differences between freight and passenger requirements) and to identify any guiding or controlling federal or state maintenance standards, and to apportion future maintenance costs.***

6.8. Rail Operational Costs

Stakeholders and legislators have identified a desire to use the REF to subsidize passenger and freight rail operations. While there are clearly unmet operational needs for both passenger and freight purposes, such a change would conflict with the statutory and policy goals of the Rail Enhancement Fund. ***No policy changes regarding passenger or freight rail operational costs are recommended.***

6.9. Unique Projects

Not every project will fit the mold envisioned by the Rail Enhancement Fund benefit/cost analysis or the prioritization process outlined below. Some might be too large, over too long a period of time, or even address intangibles such as industry or community reliance on rail service or a multistate project. Fortunately, the federal TIGER grant process provides a well-established framework for evaluating most every type of transportation project, including benefit/cost analysis, economic impacts, and community impacts. ***A policy addition is recommended to allow project sponsors to follow federal TIGER grant guidelines for unique, large or multistate projects that do not easily fit into the REF prioritization or BCA processes, provided they have received prior approval from the Department of Rail and Public Transportation. In practice, TIGER grant guidelines are significantly more complex than REF grant guidelines.***

7. Rail Enhancement Fund Project Prioritization

Benefit-cost analysis (BCA) is a stand-alone, statutory requirement for Rail Enhancement Fund grants that has served the Commonwealth well. A revised and more transparent BCA process should remain as a stand-alone, pass-fail requirement for future Rail Enhancement Fund (REF) investments.

Given the growing rail needs and the likely reduction in funds available to the REF, a prioritization process is needed to allocate the increasingly scarce REF funds to those projects that meet the pass-fail requirement of BCA.

With the goal of providing greater transparency in the REF funding process, the number of likely future grant requests, and the unique challenges associated with the purchase of public benefits from private railroads, a very simple and graphic guide to project prioritization is recommended based on the adopted policies of the Commonwealth Transportation Board. This could be accomplished on a simple form, with a pass-fail evaluation for each of the following eight policies:

1. Benefit-Cost Analysis:

- ✓ Does the project pass the Rail Enhancement Fund BCA minimum threshold?
- ✓ Does the project fall within the parameters of Article X, §10 of the Code of Va.?
- ✓ Does the benefit/cost ratio considering total project costs indicate that the project is a worthwhile investment for the Commonwealth as compared to other projects seeking REF grants?
- ✓ Is the total project cost less than total project benefits?

2. Project Readiness:

- ✓ Does the project include firm completion dates?
- ✓ Are the project schedule and milestones available and achievable?
- ✓ Has there been a feasibility study, preliminary engineering or permitting submittals?

3. Leverage Other Funds:

- ✓ Does the REF investment synergize or support other public or private funding sources?
- ✓ Does the application have a match greater than the required 30% match?

4. Past Performance:

- ✓ Has the project sponsor performed well on previous REF and DRPT projects?
- ✓ Were those projects on-time, on-budget, and completed safely?

5. Planning Process:

- ✓ Is the project included in the DRPT Statewide Rail Plan?
- ✓ Is the project included in, or align with, an appropriate local, regional, state or federal plan?

6. Economic Development:

- ✓ Does the project support employment retention or growth?
- ✓ Does the project support supply chain competitiveness?

7. Multimodal and Mixed-Use Corridors:

- ✓ Does the project link to local transit systems for passengers or to domestic or international supply chains for freight?
- ✓ Does the project provide both passenger and freight benefits in corridors where both passenger and freight service coexist?

8. State of Good Repair:

- ✓ Does the project contribute to a state of good repair for critical rail access facilities or for critical safety protections?
- ✓ Does the project reduce delays, increase reliability, or enhance safety?

Evaluating REF grant requests in light of these criteria should not be a mechanical or formulaic determination, but rather viewed as a transparent window into a very complex and easily misunderstood grant process. Use of the above criteria will result in better grant proposals, improve project oversight and evaluation by the Commonwealth Transportation Board, and, most importantly, allow citizens, legislators, stakeholders and investors to understand how and why a particular public investment in a private rail facility is being made.

8. Funding Rail in Virginia: History and Overview

The previous sections provide analysis and recommendations for both policy and legislative changes to the Rail Enhancement Fund, in response to the requests of the General Assembly and the Commonwealth Transportation Board.

This section provides a larger historical context for ALL Virginia rail programs, as well as a high level accounting of the approximately \$629 million allocated to Virginia rail improvements over the last decade. Dedicated Virginia rail improvement programs include the Rail Enhancement Fund (REF), the Intercity Passenger Rail Operating and Capital Fund (IPROC), the Shortline Railway Preservation and Development Fund (RPF) and the Rail Industrial Access Program (RIA). Also summarized are the funding levels for the Virginia Transportation Act of 2000 (VTA) and the Federal High Speed Rail Program.

8.1. Passenger and Freight Rail Funding Sources

Beginning in Fiscal Year 2006 (FY 2006), with the establishment of a dedicated funding stream to the Rail Enhancement Fund, the Commonwealth has steadily grown its rail programs from being limited to short line preservation and industrial access to now include state investments in regional intercity passenger service and Class I freight rail service. Other rail transit services, such as VRE commuter rail, Washington Metro heavy rail, and Norfolk light rail, are funded through other programs and funding sources. As the types of rail activities supported by the Commonwealth have grown, the underlying sources of the funding have also expanded. The revenues that support the rail programs are well diversified, as they are generated from vehicle rentals, retail sales, motor fuel sales, insurance premiums, federal funds, and private matching funds. The annual revenues for rail programs have grown from approximately \$4 million in FY 2005, to just under \$90 million in FY 2016. The sources of rail funding and the programs that benefit from those revenues are illustrated in Figure 1 below.

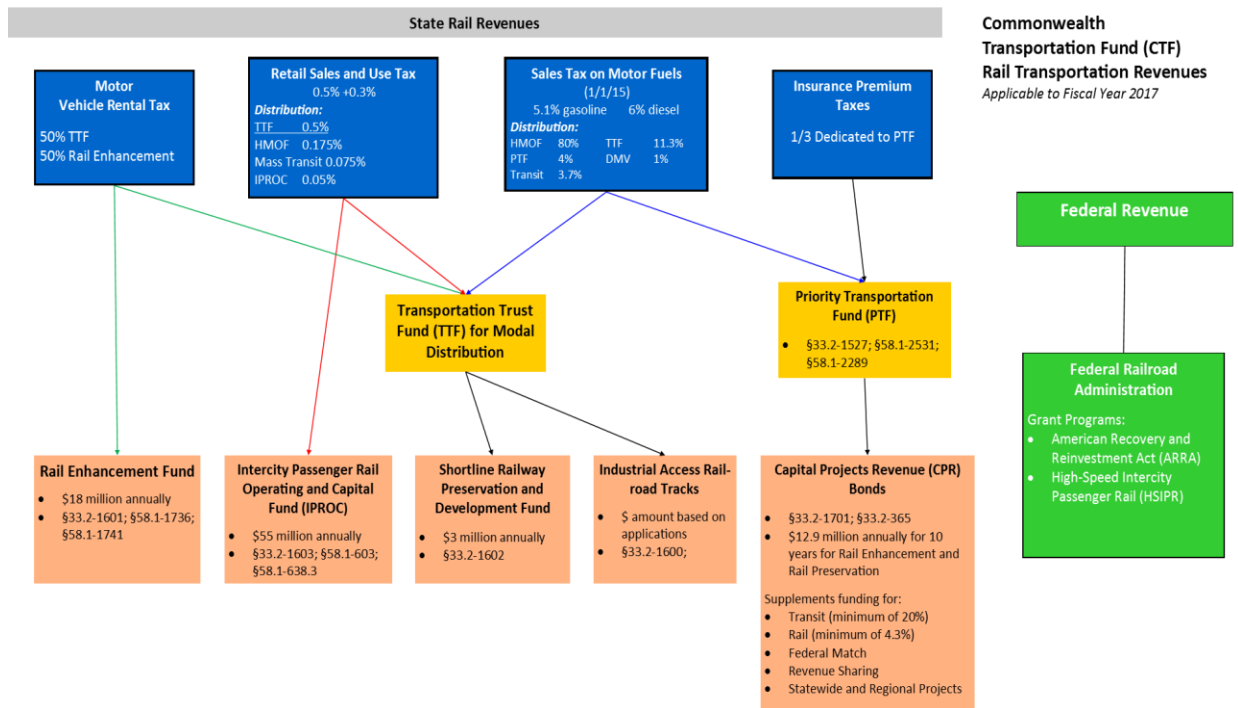


Figure 1: State Rail Revenues

The reviews in this section are in addition to the more detailed analyses of, and recommendations for, the Rail Enhancement Fund required under HB 1887 and addressed in Sections 3-7 above.

The intent of this section is to address the activity of each of the rail programs over the last ten years to include revenues, expenditures, allocations and year-end cash balances. The sections of the Code of Virginia and the current Appropriations Act that are relevant to the rail programs and referenced in this report are included as Appendix A of this report.

8.2. Commonwealth of Virginia Rail Programs

The Virginia Department of Rail and Public Transportation currently administers four rail programs to facilitate various goals and objectives of the Commonwealth. They are as follows:

- Rail Enhancement
- Intercity Passenger Rail Operating and Capital
- Shortline Railway Preservation
- Rail Industrial Access

In addition, a historical look at the funding dedicated to rail activities through the Virginia Transportation Act of 2000 (VTA) and the Federal Railroad Administration’s High Speed Intercity Passenger Rail program is provided within this section.

8.2.1. Rail Enhancement Program

Revenues: In the 2005 Session of the General Assembly, the Rail Enhancement Fund was established and a portion of the vehicle rental tax was dedicated to fund freight and passenger rail

projects as a part of the multimodal transportation system of Virginia. While additional revenues have been committed to the Rail Enhancement program on an annual appropriation basis, the code section (Virginia Code § 33.2-1601) has remained largely unchanged.

A 10% tax on motor vehicle rentals in Virginia is levied under sections A.1., A.2., and A.3 of §58.1-1736. The 10% tax is distributed per §58.1-1741 as follows: 4% to the locality where the rental was processed, 4% to the Commonwealth of Virginia, and 2% for debt service on the Department of State Police's STARS system.

Chapter 684 of the 2015 Session of the General Assembly (House Bill 1887) altered the codified distribution that the state receives from the vehicle rental tax. Beginning in FY 2017, the 4% Commonwealth deposit will be distributed as follows: 1% to the Transportation Trust Fund for modal distribution, 1% to the Transportation Trust Fund for roadway state of good repair (previously distributed to the Rail Enhancement Fund), and 2% to the Rail Enhancement Fund.

During the past ten years, the vehicle rental tax revenues have averaged about \$8.3 million for each 1% of tax levied. The estimate of the Rail Enhancement Fund portion of these revenues is \$27.6 million for FY 2016, and \$17.8 million for FY 2017, after the provisions of HB 1887 (2015 Session) are implemented. Table 1 details the historical revenues of the Rail Enhancement Fund.

Table 1:

Rail

| | Program Revenue (Incl. Interest) | CPR Bond Proceeds | Other Revenues | Total Revenue |
|-------------|---|------------------------------|---------------------------|--------------------------|
| 2006 | \$ 22,988,323 | \$ - | \$ - | \$ 22,988,323 |
| 2007 | 24,783,930 | - | - | 24,783,930 |
| 2008 | 25,993,148 | - | - | 25,993,148 |
| 2009 | 23,134,900 | - | 21,542,812 | 44,677,712 |
| 2010 | 23,776,361 | 19,136,512 | - | 42,912,873 |
| 2011 | 25,001,116 | 10,223,100 | - | 35,224,216 |
| 2012 | 26,234,455 | 9,580,919 | - | 35,815,374 |
| 2013 | 26,162,677 | 21,349,910 | - | 47,512,587 |
| 2014 | 25,538,492 | 10,234,489 | - | 35,772,981 |
| 2015 | 27,453,220 | 10,745,500 | 6,066,364 | 44,265,084 |
| | \$ 251,066,622 | \$ 81,270,430 | \$ 27,609,176 | \$ 359,946,228 |

Enhancement Program Revenues – 10 Year Summary

The Rail Enhancement program has benefitted from several other sources of revenue over the past ten years. Chapter 896 of the 2007 Session of the General Assembly provided the Commonwealth Transportation Board the authority to issue Transportation Capital Projects Revenue (CPR) bonds with a minimum of 4.3% of the proceeds being dedicated to rail in general. The original total CPR Bond authorization was for \$3 billion, which provided rail with a minimum of \$129 million. The Department of Rail and Public Transportation and the Commonwealth Transportation Board elected to receive the CPR Bond rail funding over a ten year period beginning in FY 2009. Fiscal year 2018 will be the last year that the CPR Bond funds will provide funding to the Rail Enhancement program.

The Rail Enhancement program was provided a \$65 million allocation of excess general funds by the General Assembly in 2007. Item 449.10 of Chapter 847, 2007 Acts of Assembly, stated the following:

2. \$65,000,000 shall be transferred to the Rail Enhancement Fund to complete funding for the six I-95 rail corridor improvements underway and the travel-time improvements for passenger rail service between Main Street and Staples Mill Stations. Any remaining funds are to be used to address Phase I of the I-81 Rail Corridor improvements, as identified by the Department of Rail and Public Transportation in the 2003 Northeast-Southeast-Midwest Corridor Marketing Study.

As a result of this budget bill language, DRPT received a \$21.5 million transfer from the general fund in 2009. The remaining \$43.5 million of funding for this item was included as a supplemental CPR Bond authorization, which is received on a reimbursement basis and is included in the 'CPR Bond Proceeds' column in Table 1. Through June 30, 2015, improvements funded by this one-time source of funding have totaled \$44.5 million to the I-81 rail corridor and \$18.0 million to the I-95 corridor.

Federal High Speed Intercity Passenger Rail Program. In October 2010, Virginia received a grant of \$44.3 million in High Speed Intercity Passenger Rail funds from the Federal Railroad Administration (FRA) to complete the Tier II EIS for the portion of the Southeast High Speed Rail corridor between Richmond and Washington, DC. This work was initiated by DRPT in August of 2014, with the FRA reimbursing DRPT \$6.1 million of total expenditures of \$7.6 million on the project through FY 2015. The Rail Enhancement Program revenues in Table 1 includes these federal High Speed Intercity Passenger Rail funds as they are reimbursed by the Federal Railroad Administration.

Expenditures / Allocations: It took several years to establish a Rail Enhancement program, select projects to fund, and start the construction that would require the outflow of Commonwealth funding. Due to the nature of the underlying rail projects, the start-up period required significant time for negotiating with the railroads that own the rail corridor and establishing the benefits to the Commonwealth. Additionally, a minimum private match of 30% must be secured for all projects in order to meet Code requirements. These factors explain the lack of expenditures in the early years in the following chart of annual expenditures over the past ten fiscal years. Table 2 summarizes the REF expenditures by fiscal year.

2:

| | Program Expenditures | Project Mgmt / Administration Expenditures | Total Expenditures | Year-End Cash Balance |
|-------------|---------------------------------|---|-------------------------------|----------------------------------|
| 2006 | \$ - | \$ - | \$ - | \$ 22,988,323 |
| 2007 | 1,120,000 | - | 1,120,000 | 46,652,253 |
| 2008 | 26,397,659 | - | 26,397,659 | 46,247,742 |
| 2009 | 31,234,177 | 586,992 | 31,821,169 | 59,104,284 |
| 2010 | 23,409,210 | 500,411 | 23,909,621 | 78,107,537 |
| 2011 | 12,694,999 | 536,950 | 13,231,949 | 100,099,803 |
| 2012 | 37,426,573 | 657,225 | 38,083,798 | 97,831,379 |
| 2013 | 45,052,257 | 615,894 | 45,668,151 | 99,675,814 |
| 2014 | 63,619,008 | 108,300 | 63,727,308 | 71,721,486 |
| 2015 | 29,282,745 | 718,870 | 30,001,615 | 85,984,954 |
| | <u>\$ 270,236,628</u> | <u>\$ 3,724,642</u> | <u>\$ 273,961,270</u> | |

Enhancement Program Expenses – 10 Year Summary

Through June 30, 2015, over \$270 million of Commonwealth funding allocated to rail has been spent on Rail Enhancement projects. The program has funded numerous projects as detailed in Appendix C. Some of the larger projects were the extension of passenger service to Norfolk (\$110.8 million), the Heartland corridor intermodal freight initiative (\$9.2 million), the National Gateway intermodal freight project (\$9.1 million), the I-81 Crescent Corridor intermodal freight project (\$54.5 million), and several projects that improved rail capacity at the Port of Virginia (\$18.5 million).

In order to protect the Commonwealth’s investment in rail transportation, the Department of Rail and Public Transportation is authorized by Virginia Code § 33.2-1604 to utilize up to 3.5% of the revenues available each year to support the costs of project development, project administration, and project compliance. DRPT has managed these projects and administered these funds with a life-to-date administrative cost of less than 1.4% of the total expenditures. These expenses cover DRPT employee costs as well as the direct cost of outside consultants that assist in project management activities.

The outstanding commitments to projects as of June 30, 2015, total \$140.7 million from the Rail Enhancement Fund when combined with the FRA High Speed Intercity Passenger Rail funds mentioned earlier. This represents allocations of funding made by the Commonwealth Transportation Board in 2015, and prior. The \$86.0 million year-end cash balance, anticipated federal drawdowns of \$38.8 million, and anticipated bond proceeds of \$35.2 million represent the assets available to cover the year-end commitments. This resulted in a net unobligated balance at June 30, 2015 of \$19.3 million.

The Six Year Improvement Plan (SYIP) that details allocations for 2016, and the planned allocations for 2017 through 2021, is included in Appendix C. The current rail SYIP for the Rail Enhancement program becomes constrained due to a lack of financial resources by FY 2017, as evidenced by the negligible unobligated balance of \$854,516. Because the program is contingent on external applications that have historically been limited to the following three year period, there is the appearance of an accumulation of funding after 2017. However, the reality is likely to be a highly constrained Rail Enhancement program in the future.

8.2.2. Intercity Passenger Rail Operating and Capital Program

Revenues: In October of 2009, the Commonwealth initiated state-supported regional intercity passenger train service for the first time when Amtrak was contracted to run same-seat, daily service between Lynchburg and Boston. When it began service, the train had no dedicated source to cover the estimated subsidy other than deobligated funds from other DRPT programs. Fortunately, the service was well-received by the public, and all costs were covered through a revenue sharing arrangement with Amtrak. In 2010, a second state-supported service was started with Richmond as the southern terminus. In the same year, the Virginia General Assembly authorized the use of Rail Enhancement Funds to make the railway improvements necessary to initiate similar service to Norfolk.

Concurrently, Section 209 of the Passenger Rail Investment and Improvement Act (PRIIA) was passed by Congress requiring all short haul passenger service to be paid for by the states that benefitted from that service with only long haul (greater than 750 miles) service being covered entirely by Amtrak. This change at the federal level meant that four existing regional intercity trains would either be terminated or the Commonwealth would be required to cover any subsidy to break even on the cost. The Virginia General Assembly responded to the need for dedicated funding for intercity passenger rail service in a tiered approach between 2011 and 2013.

First, the need for state support of intercity passenger rail service was recognized and a fund for the service was established in the 2011 Virginia Acts of Assembly - Chapter 830. Virginia Code § 33.2-1603 created the Intercity Passenger Rail Operating and Capital (IPROC) Fund to be administered by the Director of the Department of Rail and Public Transportation, with the approval of the Commonwealth Transportation Board, for projects that expand and improve intercity passenger rail service. Although the fund was established under this Act, a dedicated source of revenue was not provided at that time.

With the PRIIA-required subsidy for six daily regional passenger trains looming in the near future, a one-time allocation of \$28.7 million was made available to the IPROC Fund from the general fund by the 2012 Virginia Acts of Assembly - Chapter 2, Item 452:

K. From the amount contained in this item, \$28,678,287 the second year from the general fund, designated in accordance with the provisions of § 2.2-1514, Code of Virginia, shall be deposited in the Intercity Passenger Rail Operating and Capital Fund created pursuant to Chapter 868 of the 2011 Acts of Assembly. This deposit shall be permanent and nonreverting, and not subject to the provisions of § 33.1-23:03:2, Code of Virginia. This funding shall only be used for the operation and capital needs of Virginia intercity passenger rail services.

Finally, as part of the larger 2013 Transportation Initiative, the General Assembly provided a dedicated revenue source to the IPROC Fund. Virginia Code § 58.1-638.3 allocates to the Intercity Passenger Rail Operating and Capital program 0.05% of the increase of 0.3% to retail sales and use tax in Virginia levied under Virginia Code § 58.1-603 (2013 Virginia Acts of Assembly - Chapter 766).

Table 3 provides a summary of the IPROC fund annual revenues since FY 2010.

Table 3: Summary of IPROC Revenues

| | Annual Revenue (Incl. Interest) | Other Revenues | Total Revenues |
|-------------|--|---------------------------|-----------------------|
| 2010 | \$ - | \$ 702,839 | \$ 702,839 |
| 2011 | - | - | - |
| 2012 | 11,422 | 28,678,287 | 28,689,709 |
| 2013 | 338,500 | - | 338,500 |
| 2014 | 42,203,529 | - | 42,203,529 |
| 2015 | 51,134,812 | 9,812,499 | 60,947,311 |
| | \$ 93,688,263 | \$ 39,193,625 | \$ 132,881,888 |

8.2.3. Federal High Speed Rail Program

In January of 2010, DRPT received a \$74.8 million FRA grant from the American Recovery and Reinvestment Act of 2009 (ARRA). The grant is being used to construct 11.4 miles of third track adjacent to the existing CSX main line from Arkendale to Powell’s Creek, located in Stafford and Prince William Counties. The purpose of the project is to accommodate higher speed passenger rail travel while minimizing interference with freight traffic, and it is the first Virginia project as part of the Southeast High Speed Rail (SEHSR) Corridor to begin construction. During FY 2014, the work on this effort began with the FRA reimbursing DRPT \$9.8 million of expenditures through June 30, 2015. Federal high speed rail funds are included in Table 3 as “Other Revenues” as they are reimbursed by the Federal Railroad Administration.

Expenditures / Allocations: The Commonwealth expended \$702,839 in 2009 and 2010 to begin service of the new state-supported trains that originate in Lynchburg and Richmond. Due to the stronger than expected results from the Lynchburg service that generated a credit balance, no additional outlays were required to support these services until the provisions of PRIIA were implemented in FY 2014. At that time, the Commonwealth assumed the financial responsibility for four additional trains – two that originate in both Richmond and Newport News. The credit balance with Amtrak was exhausted by April of 2015, but Amtrak had difficulty billing DRPT until the

beginning of FY 2016. Therefore, no outlays of state funds occurred prior to the cutoff of this accounting report.

The remaining program expenditures listed in Table 4 relate to the capital costs of the Roanoke extension of the Lynchburg train (\$4.0 million), the ARRA third track project in Northern Virginia (\$9.8 million), marketing costs for the state-supported trains (\$1.1 million), and project management and administration expenditures (\$1.2 million). A more detailed breakdown of the activity of the IPROC program can be found in Appendix C.

Table 4: Summary of IPROC Expenses

| | Program Expenditures | Project Mgmt / Administration Expenditures | Marketing Expenditures | Total Expenditures | Ending Cash Balance |
|-------------|-----------------------------|---|-------------------------------|---------------------------|----------------------------|
| 2010 | \$ 702,839 | \$ - | \$ - | \$ 702,839 | \$ - |
| 2011 | - | - | - | - | - |
| 2012 | - | - | - | - | 28,689,709 |
| 2013 | - | - | - | - | 28,735,325 |
| 2014 | 372,246 | 147,200 | 285,279 | 804,725 | 70,104,129 |
| 2015 | 13,436,418 | 1,013,947 | 835,283 | 15,285,648 | 116,088,677 |
| | <u>\$ 14,511,503</u> | <u>\$ 1,161,147</u> | <u>\$ 1,120,562</u> | <u>\$ 16,793,212</u> | |

The resources of the IPROC program at June 30, 2015, consist of the cash balance of \$116.1 million and anticipated federal revenues of \$65.0 million. These resources are offset by outstanding commitments of \$119.8 million. The net balance of \$61.3 million is unobligated at year-end, but this balance is projected to be depleted by the end of FY 2019, with constraints on the availability of funding to projects beginning in FY 2018. This is evidenced by the small unobligated balances detailed in the SYIP for the IPROC program in those years (see Appendix C).

8.2.4. Shortline Railway Preservation and Development Program

Revenues: The General Assembly has long recognized the need to support the short line railroads in Virginia, and has done so through annual appropriations of state transportation funding. Prior to 1999, \$1.5 million was provided annually to acquire, lease, or improve railways in the Commonwealth for passenger and freight rail transportation purposes. Beginning in 1999, the annual appropriation to the Rail Preservation program was increased to the current \$3 million level.

After the Rail Enhancement Fund was established in 2005, the General Assembly passed legislation (Virginia Code § 33.2-1602) during the 2006 Session to establish the Shortline Railway Preservation and Development Fund. While the legislation created the fund, it did not establish a dedicated source of funding for the program. Instead, the General Assembly formally established the Appropriation Act as the funding vehicle for the program.

During the 2014 Session of the General Assembly, the language in the Appropriation Act that provides funding for the Rail Preservation program was altered to read as follows:

A. Except as provided in Item 441, the Commonwealth Transportation Board shall operate the Shortline Railway Preservation and Development Program in accordance with § 33.1-221.1:1.2, Code of Virginia. The board shall allocate funds pursuant to § 33.1-221.1:1.1, Code of Virginia, to the Shortline Railway Preservation and Development Fund. {Note the Code sections were all renumbered in 2014}

The intent of this change in the Act language was to allow the Commonwealth Transportation Board the ability to allocate funds from the Rail Enhancement Fund to the Rail Preservation Fund. A \$3 million line item balance was included for the rail preservation service area, but the source of that funding became ambiguous with the new language. The CTB, DRPT, and VDOT continued to allocate \$3 million of transportation funds annually for FY 2015 (the Six Year Improvement Plan was completed before a budget was approved) and FY 2016. In the 2016 General Assembly Session, DRPT will seek to clarify this wording in the Act to continue or expand Rail Preservation funding while also providing flexibility to the CTB to allocate additional funds for short line preservation projects from Rail Enhancement.

The CPR Bonds authorized by 2007 Virginia Acts of Assembly – Chapter 896 provided approximately \$12.9 million of supplemental funding to be utilized for the Rail Enhancement program and the Rail Preservation program. This funding was made available over the ten year period from FY 2009 through FY 2018. Through June 30, 2015, the Rail Preservation program has utilized \$12.7 million of this source of funds as shown in Table 5. The Rail Preservation program will be significantly impacted by the loss of this funding source after FY 2018, as the number of track miles covered by the program has grown by over 40% during the past ten years and the base funding has remained constant.

Table 5: Shortline Railway Preservation Program Revenues – 10 Year Summary

| | Program | | | |
|-------------|---------------------------------|--------------------------|-----------------------|----------------------|
| | Revenue (Incl. Interest) | CPR Bond Proceeds | Other Revenues | Total Revenue |
| 2006 | \$ 3,243,048 | \$ - | \$ - | \$ 3,243,048 |
| 2007 | 3,338,301 | - | 305,768 | 3,644,069 |
| 2008 | 3,287,552 | - | - | 3,287,552 |
| 2009 | 3,165,810 | - | - | 3,165,810 |
| 2010 | 3,117,689 | 220,824 | - | 3,338,513 |
| 2011 | 3,069,097 | 1,520,937 | - | 4,590,034 |
| 2012 | 3,076,216 | 1,485,699 | - | 4,561,915 |
| 2013 | 3,067,672 | 1,633,446 | - | 4,701,118 |
| 2014 | 3,039,058 | 2,656,889 | - | 5,695,947 |
| 2015 | 3,035,701 | 5,196,982 | - | 8,232,683 |
| | \$ 31,440,144 | \$ 12,714,777 | \$ 305,768 | \$ 44,460,689 |

The other revenues received in 2007 represent the remaining balance of VTA 2000 funding earmarked to retire the debt of the Eastern Shore Railroad used in 2008 to fund a grant to the operator of the short line service in that region at that time.

Expenditures / Allocations: The Shortline Railway Development and Preservation program provides assistance with track maintenance costs to the Class III railroads in Virginia. The program currently supports over 500 miles of railroad in the Commonwealth with a significant addition of 200 miles in 2006. The program expenditures are shown in Table 6 and averaged about \$4.5 million annually over the last ten years.

Table 6: Shortline Railway Preservation Program Expenses – 10 Year Summary

| | Program Expenditures | Project Mgmt / Administration Expenditures | Total Expenditures | Year-End Cash Balance |
|-------------|-----------------------------|---|---------------------------|------------------------------|
| 2006 | \$ 1,921,400 | \$ - | \$ 1,921,400 | \$ 7,452,990 |
| 2007 | 5,165,172 | - | 5,165,172 | 6,003,701 |
| 2008 | 3,955,744 | - | 3,955,744 | 5,335,509 |
| 2009 | 3,456,234 | 80,942 | 3,537,176 | 4,964,143 |
| 2010 | 3,326,263 | 75,601 | 3,401,864 | 4,900,792 |
| 2011 | 3,536,382 | 75,825 | 3,612,207 | 5,878,619 |
| 2012 | 4,538,154 | 71,070 | 4,609,224 | 5,831,310 |
| 2013 | 3,896,201 | 71,645 | 3,967,846 | 6,564,581 |
| 2014 | 6,182,922 | 12,304 | 6,195,226 | 6,065,302 |
| 2015 | 9,306,846 | 101,639 | 9,408,485 | 4,889,500 |
| | <u>\$ 45,285,318</u> | <u>\$ 489,026</u> | <u>\$ 45,774,344</u> | |

At June 30, 2015, the outstanding commitments of the Rail Preservation program total \$17.3 million. The resources that DRPT has available to cover these commitments consist of \$4.9 million of cash and anticipated bond proceeds of \$15.4 million. Of the remaining unobligated balance at year-end of \$3.0 million, the CTB allocated \$2.9 million to rail preservation projects in FY 2016 in the most recent SYIP. A review of the Shortline Railway Development and Preservation program in the most recent SYIP (see Appendix C) indicates that the program is currently financially constrained with all available funds being allocated to projects.

8.2.5. Rail Industrial Access Program

Through Virginia Code § 33.2-1600, the General Assembly declared it to be in the public interest of the Commonwealth to provide rail access to certain sites for economic development purposes through a program comparable to the Virginia Department of Transportation (VDOT) road access fund established pursuant to Virginia Code § 33.2-1509, and administered by VDOT. The Rail Industrial Access program has existed in the Commonwealth since 1987. Prior to 2010, the program funding was administered by VDOT, and DRPT performed grant administration activities such as application review and project construction oversight. Beginning in 2010, DRPT assumed financial oversight responsibilities for the Rail Industrial Access program.

Allocations of funding are made by the Commonwealth Transportation Board throughout the year from a \$5.5 million annual reserve of transportation funds. DRPT currently is allotted up to \$3 million per year of this funding through language included in the Appropriations Act (Item 440 of 2015 Virginia Acts of Assembly - Chapter 665). The actual revenues of the program are based on CTB-approved rail access projects, and funds are transferred to DRPT after the allocation is made. Table 7 provides a summary of the Rail Industrial Access program finances since FY 2010. In some cases, a project is completed under budget or the grantee later decides to not move forward with the rail connection which results in a revenue refund. These refunds of the original grant revenue total \$1.1 million over the past six years as shown in the table.

Table 7: Financial Summary – DRPT Rail Industrial Access Program

| Program | Revenue (Incl. Interest) | Revenue Refunds | Total Program Revenue | Program Expenditures |
|----------------|---------------------------------|------------------------|------------------------------|-----------------------------|
| 2010 | 3,777,254 | - | 3,777,254 | 1,829,350 |
| 2011 | 520,531 | (322,279) | 198,252 | 688,426 |
| 2012 | - | (107,730) | (107,730) | 716,013 |
| 2013 | 3,130,513 | (669,070) | 2,461,443 | 1,060,932 |
| 2014 | 308,000 | - | 308,000 | 920,879 |
| 2015 | 3,215,282 | (4,621) | 3,210,661 | 1,122,169 |
| | \$ 10,951,580 | \$ (1,103,700) | \$ 9,847,880 | \$ 6,337,769 |

Over the six-year period, the average annual outlay of the Rail Industrial Access program was approximately \$1 million. The difference of \$3.5 million between revenues and expenditures for the six-year period is equal to the June 30, 2015, cash balance and outstanding project commitments. This balance is indicative of the lead-time required to get the underlying projects constructed.

8.2.6. Virginia Transportation Act of 2000

Revenues: The 2000 Virginia Acts of Assembly – Chapter 1044 included the first significant allocations to rail projects in Virginia. This legislation included \$81.6 million of funding for rail projects throughout the Commonwealth, and was financed using debt backed by future federal revenues (FRANS – Federal Highway Revenue Anticipation Notes). Because the underlying projects needed to be studied, engineered, and negotiated with the railroads, by the end of 2005, only \$12.9 million of this funding had been expended with the largest outlay earmarked for the retirement of the Eastern Shore Railroad indebtedness.

Expenditures / Allocations: Over the next seven years, several projects were completed that provided both passenger and freight rail benefits. These included the Quantico Creek Bridge, trackwork at L’Enfant plaza, third track and crossover installation in various locations from Fredericksburg to Washington, DC, crossover at Elmont in the Richmond district, track improvements from Lynchburg to Alexandria, and trainset refurbishment for the new state-supported Amtrak regional passenger service.

The balances remaining at the end of 2012 were not significant enough within any one district to allow the funds to be effectively allocated. At that point, the General Assembly granted DRPT Appropriation Act language (2013 Virginia Acts of Assembly - Chapter 806, Item 442) that provided flexibility in the use of the funds:

G. Of the funds appropriated pursuant to Chapters 1019 and 1044 of the 2000 Acts of Assembly for passenger rail capacity improvements in the I-95 passenger rail corridor between Richmond and the District of Columbia, the Director of the Department of Rail and Public Transportation is authorized to utilize any remaining funds along the described corridor for the development of intercity passenger rail enhancements to include rail improvements and passenger station facilities.

This language allowed the Department to use some of the remaining funding on the parking improvements at the Amtrak Staples Mill station, as well as to provide some funding for the Tier II EIS for the portion of the high speed rail corridor between Richmond and Washington, DC.

| District | Original Allocation | Expended as of 6/30/2015 | Outstanding Commitments 6/30/2015 | Total | Unobligated 6/30/2015 |
|-------------------|----------------------|--------------------------|-----------------------------------|----------------------|-----------------------|
| Bristol | \$ 9,339,000 | \$ 8,971,097 | \$ 320,286 | \$ 9,291,383 | \$ 47,617 |
| Northern Virginia | 29,225,000 | 27,418,549 | 719,830 | 28,138,379 | 1,086,621 |
| Fredericksburg | 18,225,000 | 17,760,357 | - | 17,760,357 | 464,643 |
| Richmond | 18,225,000 | 15,918,524 | 1,655,000 | 17,573,524 | 651,476 |
| Eastern Shore | 6,600,000 | 6,362,567 | - | 6,362,567 | @ |
| TOTALS | \$ 81,614,000 | \$ 76,431,094 | \$ 2,695,116 | \$ 79,126,211 | \$ 2,250,356 |

@ - After the Eastern Shore Railroad debt was retired approximately \$305,000 remained in this funding category. In 2008, this balance was utilized in a Rail Preservation grant to the operator of the shortline railroad on the Eastern Shore.

Table 8: Financial Summary – VTA 2000 Rail Funding

As documented in the Table 8, the \$79.1 million of the original allocations have either been expended or committed as of June 30, 2015. The expectation is that the unobligated balance of \$2.3 million will be allocated to projects in the Rail Enhancement program or the IPROC program over the next two years for projects in the I-95 corridor.

8.2.7. Summary of Rail Programs Revenue and Expenditures

In summary, the Commonwealth has only invested programmatically in the Virginia rail systems since 2000. As the project examples from the last decade illustrate, several of these investments have been significant, and generally benefitting a combination of passenger, freight, and economic development interests. Table 9 below summarizes the totality of these investments of approximately \$629 million over the last decade. Going forward, the Virginia rail programs will likely evolve, with the REF and RPF programs revenue-constrained, and the new IPROC program representing a new wave of passenger-oriented rail benefits.

Table 9: Summary of Virginia Rail Programs Revenues & Expenses

| Fund | Total Revenue | Total Expenses |
|---|----------------------|-----------------------|
| Rail Enhancement Program (FY 2006 – FY2015) | \$359,946,228 | \$273,961,270 |
| Intercity Passenger Rail Operating & Capital Program (FY 2010 – FY2015) | \$132,881,888 | \$16,793,212 |
| Shortline Railway Preservation Program (FY2006 – FY2015) | \$44,460,689 | \$45,774,344 |
| DRPT Rail Industrial Access Program (FY 2010 – FY2015) | \$9,847,880 | \$6,337,769 |
| Virginia Transportation Act of 2000 | \$81,612,000 | \$79,126,211 |
| Total | \$628,750,685 | \$421,992,806 |

9. Rail Enhancement Fund BCA Model Updates and Enhancements

The existing Benefit-Cost Analysis (BCA) model used by DRPT staff was developed nearly a decade ago. Since that time, the use of a BCA has become more widespread, especially for federal discretionary funding. Increased research has led to better understanding of how to value environmental and other benefits.

To reflect these important improvements in the practice of BCA, the Department is working with the Rail Subcommittee of the Commonwealth Transportation Board, key stakeholders, and others to incorporate the following updates and enhancements into the Rail Enhancement Fund BCA model:

- Increased transparency and simplicity in the BCA model and its calculations
- Updated parameter values from industry and policy best practices
- Enhanced measurements with localized values for value of time, roadway congestion reduction, safety, and environmental impacts (many of the parameters and formulas in the existing BCA model are derived from national averages, and the development of localized measures will significantly improve the accuracy of the model)
- New formulas to compute wider economic benefits
- More comprehensive vehicle operating cost measures
- Expanded BCA model to allow for the evaluation of state-of-good repair projects on a case-by-case basis

The Department, working with the Rail Subcommittee of the Commonwealth Transportation Board and key stakeholders, is evaluating several enhancements and updates to the overall BCA model and the compliance metrics. The major areas of BCA enhancements or additions include: travel time savings; safety; environmental impacts; vehicle operating costs; highway maintenance costs; wider economic benefits; and state of good repair. These improvements, while extensive, should not require substantially more information from applicants than they have previously supplied.

Upon approval by the Department and the Commonwealth Transportation Board, these enhancements will be included in an update of the BCA model itself, a process that will include a special emphasis on the transparency, ease of use, and simplicity of the BCA model.

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Title 33.2. Highways and Other Surface Transportation Systems - Chapter 16 Rail Funds.

§ 33.2-1600. Fund for construction of industrial access railroad tracks.

A. The General Assembly declares it to be in the public interest that access railroad tracks and facilities be constructed to certain industrial commercial sites where rail freight service is or may be needed by new or substantially expanded industry and that financial assistance be provided to areas seeking to furnish rail freight trackage between the normal limits of existing or proposed common carrier railroad tracks and facilities and the actual site of existing or proposed commercial or industrial buildings or facilities. This section is enacted in furtherance of these purposes and is intended to be comparable to the fund for access roads to economic development sites established pursuant to § [33.2-1509](#).

B. The funding for this program shall be set forth in the appropriation act.

C. The Director of the Department of Rail and Public Transportation shall administer and expend or commit, subject to the approval of the Board, such funds for constructing, reconstructing, or improving industrial access railroad tracks and related facilities. The Director of the Department of Rail and Public Transportation may consult with the Commissioner of Agriculture and Consumer Services and the Chief Executive Officer of the Virginia Economic Development Partnership, or their designated representatives, concerning applications for funds. Funds shall be spent directly by the Director of the Department of Rail and Public Transportation or by reimbursement of the local entities, private or public.

D. Funds may be used to construct, reconstruct, or improve part or all of the necessary tracks and related facilities on public or private property currently used or being developed, existent or prospective, for single industries or industrial subdivisions under firm contract or already constructed, including those subdivisions owned or promoted by railroad companies and others. Applications for funds must be approved by the local governing body.

E. In deciding whether to construct any such access track, the Board shall consider the cost thereof in relation to prospective volume of rail traffic, capital investment, potential employment, and other economic and public benefits. The Board shall adopt procedures to encourage widespread use of the funds, shall limit allocation of funds so that no locality receives more than 50 percent of the funds in any one fiscal year unless there are not sufficient applications prior to May 1 of each year to use the available funds, and shall consider the practices of the Department of Transportation in distributing funds for access roads to economic development sites under § [33.2-1509](#).

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F. Tracks and facilities constructed with such funds shall be the property of the Commonwealth for the useful life of the project as determined by the Director of the Department of Rail and Public Transportation and shall be made available for use by all common carriers using the railway system to which they connect. The landowners or using businesses shall, prior to the commitment of funds by the Director of the Department of Rail and Public Transportation, be contractually committed to the perpetual maintenance of such tracks and facilities so constructed and to the payment of any costs related to the future relocation or removal of such tracks and facilities.

1987, c. 495, § 33.1-221.1:1; 1992, c. 167; 1996, cc. [590](#), [598](#); 2010, c. [869](#); 2011, c. [64](#); 2012, c. [19](#); 2014, c. [805](#).

§ 33.2-1601. Rail Enhancement Fund.

A. The General Assembly declares it to be in the public interest that railway preservation and development of railway transportation facilities are an important element of a balanced transportation system of the Commonwealth for freight and passengers and further declares it to be in the public interest that the retention, maintenance, improvement, and development of freight and passenger railways are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Rail Enhancement Fund, referred to in this section as "the Fund," which shall be considered a special fund within the Transportation Trust Fund. The Fund shall be established on the books of the Comptroller and shall consist of dedications pursuant to § [58.1-1741](#) and such funds from other sources as may be set forth in the appropriation act and shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Rail and Public Transportation or the Director's designee.

C. The Director of the Department of Rail and Public Transportation shall administer and expend or commit, subject to the approval of the Board, the Fund for acquiring, leasing, or improving railways or railroad equipment, rolling stock, rights-of-way, or facilities, or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock,

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rights-of-way, or facilities, for freight or passenger rail transportation purposes whenever the Board has determined that such acquisition, lease, or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole. Funds provided in this section may also be used as matching funds for federal grants to support passenger or freight rail projects.

D. Projects undertaken pursuant to this section shall be limited to those the Board has determined will result in public benefits to a region of the Commonwealth or the Commonwealth as a whole that are equal to or greater than the investment of funds under this section. Such public benefits shall include the impact of the project on traffic congestion and environmental quality and, whenever possible, give due consideration to passenger rail capacity on corridors identified by the Board that have existing or proposed passenger rail service. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources.

2004, c. 621, § 33.1-221.1:1.1; 2005, c. 323; 2009, c. 73; 2011, cc. 86, 405, 594, 639, 681; 2014, c. 805.

§ 33.2-1602. Shortline Railway Preservation and Development Fund.

A. For the purposes of this section:

"Fund" means the Shortline Railway Preservation and Development Fund.

"Railway transportation support facilities" means facilities required for the loading, transfer, or additional track capacity to facilitate the shipment of goods by rail other than as provided for in § 33.2-1600 or 33.2-1601.

"Shortline railway" means any Class II or Class III railroad as defined by the U.S. Surface Transportation Board.

B. The General Assembly declares it to be in the public interest that shortline railway preservation and development of railway transportation support facilities are important elements of a balanced transportation system of the Commonwealth for freight and passengers, and further declares it to be in the public interest that the retention, maintenance, and improvement of the shortline railway and development of railway transportation support facilities are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets.

C. There is hereby created in the state treasury a special nonreverting fund to be known as the Shortline Railway Preservation and Development Fund. The Fund shall be established on the

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books of the Comptroller and shall consist of such funds from such sources as shall be set forth in the general appropriation act and shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Rail and Public Transportation or the Director's designee.

D. To fulfill this purpose, there shall be funding set forth each year in the appropriation act and appropriated by the General Assembly in the Rail Assistance Program of the Department of Rail and Public Transportation. These funds shall be used by the Department of Rail and Public Transportation to administer a Shortline Railway Preservation and Development Program for the purposes described in subsection B. Furthermore, the Board shall include an annual allocation for such purpose in its allocation of transportation revenues.

E. The Director of the Department of Rail and Public Transportation shall administer and expend or commit, subject to the approval of the Board, the Fund for acquiring, leasing, or improving shortline railways and the development of railway transportation support facilities or assisting other appropriate entities to acquire, lease, or improve shortline railways and the development of railway transportation purposes whenever the Board has determined that such acquisition, lease, or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole. The Director of the Department of Rail and Public Transportation may consult with other agencies or their designated representatives concerning projects to be undertaken under this section.

F. Tracks and facilities constructed, and property and equipment purchased, with funds under this section shall be the property of the Commonwealth for the useful life of the project, as determined by the Director of the Department of Rail and Public Transportation, and shall be made available for use by all common carriers using the railway system to which they connect under the trackage rights agreements between the parties. Projects undertaken pursuant to this section shall be limited to those of a region of the Commonwealth or the Commonwealth as a whole. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, private industry, a local government source, or a combination of such sources. No single project shall be allocated more than 50 percent of total available funds.

2006, c. [856](#), § 33.1-221.1:1.2; 2014, c. [805](#).

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§ 33.2-1603. Intercity Passenger Rail Operating and Capital Fund.

A. The General Assembly declares it to be in the public interest that developing and continuing intercity passenger rail operations and the development of rail infrastructure, rolling stock, and support facilities to support intercity passenger rail service are important elements of a balanced transportation system in the Commonwealth and further declares it to be in the public interest that the retention, maintenance, improvement, and development of intercity passenger rail-related infrastructure improvements and operations are essential to the Commonwealth's continued economic growth, vitality, and competitiveness in national and world markets.

B. (Contingent expiration date, see note) There is hereby created in the state treasury a special nonreverting fund to be known as the Intercity Passenger Rail Operating and Capital Fund, referred to in this section as "the Fund," which shall be considered a special fund within the Transportation Trust Fund. The Fund shall be established on the books of the Comptroller and shall consist of funds designated pursuant to subdivision A 2 of § 58.1-638.3 and as may be set forth in the appropriation act and by allocation of funds for operations and projects pursuant to this section by the Board in accordance with § 33.2-358. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Rail and Public Transportation or his designee.

B. (Contingent expiration date, see note) There is hereby created in the state treasury a special nonreverting fund to be known as the Intercity Passenger Rail Operating and Capital Fund, referred to in this section as "the Fund," which shall be considered a special fund within the Transportation Trust Fund. The Fund shall be established on the books of the Comptroller and shall consist of funds as may be set forth in the appropriation act and by allocation of funds for operations and projects pursuant to this section by the Board in accordance with § 33.2-358. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely as provided in this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director of the Department of Rail and Public Transportation or his designee.

C. The Director of the Department of Rail and Public Transportation or his designee shall administer and expend or commit, subject to the approval of the Board, the Fund to support the

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cost of operating intercity passenger rail service; acquiring, leasing, or improving railways or railroad equipment, rolling stock, rights-of-way, or facilities; or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way, or facilities for intercity passenger rail transportation purposes whenever the Board has determined that such acquisition, lease, or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole. Funds provided in this section may also be used as matching funds for federal grants to support intercity passenger rail projects.

D. Capital projects including tracks and facilities constructed and property, equipment, and rolling stock purchased with funds under this section shall be the property of the Commonwealth for the useful life of the project, as determined by the Director of the Department of Rail and Public Transportation, and shall be made available for use by all intercity passenger rail operations and common carriers using the railway system to which they connect under the trackage rights or operating agreements between the parties. Projects undertaken pursuant to this section shall be limited to those of a region of the Commonwealth or the Commonwealth as a whole. Such projects undertaken pursuant to this section shall not require a matching contribution; however, projects proposed with matching funds may receive more favorable consideration. Matching funds may be provided from any source except Commonwealth Transportation Fund revenues.

2011, cc. [830](#), [868](#), § 33.1-221.1:1.3; 2013, c. [766](#); 2014, c. [805](#).

§ 33.2-1604. Funds for administration of Department of Rail and Public Transportation.

The Commonwealth Transportation Board may annually allocate up to 3.5 percent of the revenues available each year in the funds established pursuant to §§ [33.2-1601](#), [33.2-1602](#), and [33.2-1603](#) and subdivision A 4 of § [58.1-638](#) to support the costs of project development, project administration, and project compliance incurred by the Department of Rail and Public Transportation in implementing rail, public transportation, and congestion management programs and grants.

2014, cc. [66](#), [451](#).

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Title 58.1. Taxation

Chapter 6. Retail Sales and Use Tax

§ 58.1-603. (Contingent expiration date -- see note) Imposition of sales tax.

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of 4.3 percent:

1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.
2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.
3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.
4. Of the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.
5. Of the gross sales of any services that are expressly stated as taxable within this chapter.

Code 1950, § 58-441.4; 1966, c. 151; 1984, c. 675; 1986, Sp. Sess., c. 12; 2004, Sp. Sess. I, c. 3; 2013, c. 766.

§ 58.1-603. (Contingent effective date -- see note) Imposition of sales tax.

There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this Commonwealth, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this Commonwealth any item or article of tangible personal property as defined in this chapter, or who leases or rents such property within this Commonwealth, in the amount of three and one-half percent through midnight on July 31, 2004, and four percent beginning on and after August 1, 2004:

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1. Of the gross sales price of each item or article of tangible personal property when sold at retail or distributed in this Commonwealth.
2. Of the gross proceeds derived from the lease or rental of tangible personal property, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to such business.
3. Of the cost price of each item or article of tangible personal property stored in this Commonwealth for use or consumption in this Commonwealth.
4. Of the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations furnished to transients as set out in the definition of "retail sale" in § 58.1-602.
5. Of the gross sales of any services which are expressly stated as taxable within this chapter.

Code 1950, § 58-441.4; 1966, c. 151; 1984, c. 675; 1986, Sp. Sess., c. 12; 2004, Sp. Sess. I, c. 3.

§ 58.1-638.3. (Contingent expiration date -- see note) Disposition of 03 percent state and local sales tax for transportation.

A. The sales and use tax revenue generated by the 0.3 percent sales and use tax increase enacted by the 2013 Session of the General Assembly shall be allocated as follows:

1. An amount equal to a 0.175 percent sales and use tax shall be deposited into the Highway Maintenance and Operating Fund established pursuant to § 33.2-1530;
2. An amount equal to a 0.05 percent sales and use tax shall be deposited into the Intercity Passenger Rail Operating and Capital Fund established under § 33.2-1603; and
3. An amount equal to a 0.075 percent sales and use tax shall be deposited into the Commonwealth Mass Transit Fund.

B. The net revenues distributable under this section shall be computed as an estimate of the net revenue to be received by the state treasury each month, and such estimated payment shall be adjusted for the actual net revenue received in the preceding month. All payments shall be made to the funds set forth in subsection A on the last day of each month.

2013, c. 766.

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Chapter 17. Miscellaneous Taxes

§ 58.1-1736. Levy.

A. There is hereby levied, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the rental of a motor vehicle in Virginia, without regard to whether such vehicle is required to be licensed by the Commonwealth. However, such tax shall not be levied upon a rental to a person for re-rental as an established business or part of an established business, or incidental or germane to such business.

The amount of the tax to be collected shall be determined by the Tax Commissioner by the application of the following rates against the gross proceeds:

1. Four percent of the gross proceeds from the rental in Virginia of any motor vehicle, except those with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more.
2. In addition to the tax levied pursuant to subdivision A 1, a tax of four percent of the gross proceeds shall be levied on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth.
3. In addition to all other applicable taxes and fees, a fee of two percent of the gross proceeds shall be imposed on the rental in Virginia of any daily rental vehicle, whether or not such vehicle is required to be licensed in the Commonwealth. For purposes of this article, the rental fee shall be implemented, enforced, and collected in the same manner that rental taxes are implemented, enforced, and collected.

B. A motor vehicle subject to the tax imposed under subdivision A 1 of this section shall be subject to the tax under subdivision A 1 or A 2 of § 58.1-2402 when it ceases to be used for rental as an established business or part of an established business, or incidental or germane to such business.

C. Any motor vehicle, trailer, or semitrailer exempt from this tax under subdivision 1 or 2 of § 58.1-1737 shall be subject to the tax when such vehicle is no longer rented by the United States government or any governmental agency thereof, or the Commonwealth of Virginia or any political subdivision thereof, unless at such time the vehicle is sold or its ownership is otherwise transferred, in which case the tax imposed by § 58.1-2402 shall apply, subject to the exemptions provided for in § 58.1-2403.

2011, cc. 405, 639.

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§ 58.1-1741. (Effective until July 1, 2016) Disposition of revenues.

A. After the direct costs of administering this article are recovered by the Department of Taxation, the remaining revenues collected hereunder by the Tax Commissioner shall be forthwith paid into the state treasury. Except as otherwise provided in this section, these funds shall constitute special funds within the Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the year shall be available for use in subsequent years for the purposes set forth in this article, and any interest income on such funds shall accrue to these funds. The revenue so derived, after refunds have been deducted, is hereby allocated for the construction, reconstruction, and maintenance of highways and the regulation of traffic thereon and for no other purpose. However, (i) all funds collected from the additional tax imposed by subdivision A 2 of § 58.1-1736 on the rental of daily rental vehicles shall be distributed quarterly to the county, city, or town wherein such vehicle was delivered to the rentee; (ii) except as provided in clause (iii) of this sentence, an amount equivalent to the net additional revenues from the motor vehicle rental tax generated by enactments of the 1986 Special Session of the Virginia General Assembly which amended §§ 46.2-694, 46.2-697, and by §§ 58.1-1735, 58.1-1736 and this section, shall be distributed to and paid into the Transportation Trust Fund established pursuant to § 33.2-1524, a special fund within the Commonwealth Transportation Fund, and are hereby appropriated to the Commonwealth Transportation Board for transportation needs; (iii) all moneys collected from the tax on the gross proceeds from the rental in Virginia of any motor vehicle pursuant to subdivision A 1 of § 58.1-1736 at the tax rate in effect on December 31, 1986, shall be paid by the Tax Commissioner into the state treasury and shall be paid into the Rail Enhancement Fund established by § 33.2-1601; and (iv) all additional revenues resulting from the fee imposed under subdivision A 3 of § 58.1-1736 shall be used to pay the debt service on the bonds issued by the Virginia Public Building Authority for the Statewide Agencies Radio System (STARS) for the Department of State Police pursuant to the authority granted by the 2004 Session of the General Assembly.

B. As provided in subsection A of § 58.1-638, of the funds becoming part of the Transportation Trust Fund pursuant to clause (ii) of subsection A of this section, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port Fund; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport Fund; and an aggregate of 14.7 percent shall be set aside as the Commonwealth Mass Transit Fund.

2011, cc. 405, 639.

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§ 58.1-1741. (Effective July 1, 2016; contingent expiration date -- see note) Disposition of revenues.

A. After the direct costs of administering this article are recovered by the Department of Taxation, the remaining revenues collected hereunder by the Tax Commissioner shall be forthwith paid into the state treasury. Except as otherwise provided in this section, these funds shall constitute special funds within the Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the year shall be available for use in subsequent years for the purposes set forth in this article, and any interest income on such funds shall accrue to these funds. The revenue so derived, after refunds have been deducted, is hereby allocated for the construction, reconstruction, and maintenance of highways and the regulation of traffic thereon and for no other purpose. However, (i) all funds collected from the additional tax imposed by subdivision A 2 of § 58.1-1736 on the rental of daily rental vehicles shall be distributed quarterly to the county, city, or town wherein such vehicle was delivered to the rentee; (ii) except as provided in clause (iii), an amount equivalent to the net additional revenues from the motor vehicle rental tax generated by enactments of the 1986 Special Session of the Virginia General Assembly which amended §§ 46.2-694, 46.2-697, and by §§ 58.1-1735, 58.1-1736 and this section, shall be distributed to and paid into the Transportation Trust Fund established pursuant to § 33.2-1524, a special fund within the Commonwealth Transportation Fund, and are hereby appropriated to the Commonwealth Transportation Board for transportation needs; (iii) all moneys collected from the tax on the gross proceeds from the rental in Virginia of any motor vehicle pursuant to subdivision A 1 of § 58.1-1736 at the tax rate in effect on December 31, 1986, shall be paid by the Tax Commissioner into the state treasury and two-thirds of which shall be paid into the Rail Enhancement Fund established by § 33.2-1601 and one-third of which shall be deposited into the Transportation Trust Fund established pursuant to § 33.2-1524 and set aside for state of good repair purposes pursuant to § 33.2-369; and (iv) all additional revenues resulting from the fee imposed under subdivision A 3 of § 58.1-1736 shall be used to pay the debt service on the bonds issued by the Virginia Public Building Authority for the Statewide Agencies Radio System (STARS) for the Department of State Police pursuant to the authority granted by the 2004 Session of the General Assembly.

B. As provided in subsection A of § 58.1-638, of the funds becoming part of the Transportation Trust Fund pursuant to clause (ii) of subsection A, an aggregate of 4.2 percent shall be set aside as the Commonwealth Port Fund; an aggregate of 2.4 percent shall be set aside as the Commonwealth Airport Fund; and an aggregate of 14.7 percent shall be set aside as the Commonwealth Mass Transit Fund.

2011, cc. 405, 639; 2015, c. 684.

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VIRGINIA ACTS OF ASSEMBLY - CHAPTER 665

An Act for all amendments to Chapter 3 of the 2014 Acts of Assembly, Special Session I, which appropriated funds for the 2014-16 Biennium, and to provide a portion of revenues for the two years ending, respectively, on the thirtieth day of June, 2015, and the thirtieth day of June, 2016, submitted by the Governor of Virginia to the presiding officer of each house of the General Assembly of Virginia in accordance with the provisions of §2.2-1509, Code of Virginia.

Approved March 26, 2015

Department of Rail and Public Transportation (505)

| | | | |
|----------|--|-------------|---------------------------------------|
| 440. | Financial Assistance for Rail Programs (61000) | 100,586,869 | 103,044,470 144,539,969 |
| | Rail Industrial Access (61001) | 3,000,000 | 3,000,000 |
| | Rail Preservation Programs (61002) | 7,580,644 | 7,583,720 |
| | Passenger and Freight Rail Financial Assistance Programs (61003) | 90,006,225 | 92,460,750 133,956,249 |
| Fund | <i>Special</i> | | |
| Sources: | | | 0 900,000 |
| | Commonwealth Transportation | 100,586,869 | 103,044,470 143,639,969 |

Authority: Title 33.1, Code of Virginia.

A. Except as provided in Item 441, the Commonwealth Transportation Board shall operate the Shortline Railway Preservation and Development Program in accordance with § 33.1-221.1:1.2, Code of Virginia. The board shall allocate funds pursuant to § 33.1-221.1:1.1, Code of Virginia, to the Shortline Railway Preservation and Development Fund.

B. The Commonwealth Transportation Board shall operate the Rail Industrial Access Program in accordance with § 33.1-221.1:1, Code of Virginia. The board may allocate funds pursuant to § 33.1-23.1, Code of Virginia, to the fund for construction of industrial access railroad tracks.

C. Of the funds appropriated pursuant to Chapters 1019 and 1044 of the 2000 Acts of Assembly for passenger rail capacity improvements in the I-95 passenger rail corridor between Richmond and the District of Columbia, the Director of the Department of Rail and Public Transportation is authorized to utilize any remaining funds along the described corridor for the development of intercity passenger rail enhancements to include rail improvements and passenger station facilities.

APPENDIX B

Rail Enhancement Fund Program Overview (Revised January 2013)

Rail Enhancement Fund

Program Overview

Under §33.1-221.1:1.1 of the Code of Virginia (Appendix E), the General Assembly declared it to be in the public interest that the preservation and development of railway transportation facilities are important elements of a balanced transportation system in the Commonwealth. It further declares “it to be in the public interest that the retention, maintenance, improvement and development of the railways are essential to the Commonwealth’s continued economic growth, vitality, and competitiveness in national and world markets. There is hereby created in the state treasury a special non-reverting fund to be known as the Rail Enhancement Fund which shall be considered a special fund within the Transportation Trust Funds, hereafter referred to as ‘the Fund.’”

The Code states that the Director of the Department of Rail and Public Transportation (DRPT) “shall administer and expend or commit, subject to the approval of the Commonwealth Transportation Board, the Fund for acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way or facilities, or assisting other appropriate entities to acquire, lease, or improve railways or railroad equipment, rolling stock, rights-of-way or facilities, for freight and/or passenger rail transportation purposes whenever the Board shall have determined that such acquisition, lease, and/or improvement is for the common good of a region of the Commonwealth or the Commonwealth as a whole.”

The Code further states that “Projects undertaken pursuant to this section shall be limited to those the Commonwealth Transportation Board shall have determined will result in public benefits to the Commonwealth or to a region of the Commonwealth that are equal to or greater than the investment of funds under this section. Such projects shall include a minimum of 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources.”

This document describes the policies and procedures applicable to the consideration of requests for expenditures from the Rail Enhancement Fund.

General

Note: For the Fiscal Year 2014 (FY2014) and future years, all Rail Enhancement Fund Grant Applications shall be submitted and processed through the DRPT Online Grant Application (OLGA) system accessible at the following link:

<https://olga.drpt.virginia.gov>

1. The Director of DRPT administers and, subject to CTB approval, expends or commits funds from the Rail Enhancement Fund for the purpose of acquiring, leasing, and/or improving railways or railroad equipment, rolling stock, rights-of-way or facilities for freight and/or passenger rail transportation purposes.

2. Projects undertaken are limited to those determined by the CTB to result in public benefits to the Commonwealth or to a region of the Commonwealth equal to or greater than the public investment.
3. All projects receiving funds from the Rail Enhancement Fund must include a minimum of 30% cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources. Funds may also be used as matching funds for federal grants to support passenger or freight rail projects.
4. All Grantees receiving funds from the Rail Enhancement Fund are contractually required to seek out and utilize Small, Women, and Minority (SWAM) owned enterprises in relation to projects funded. A goal of 40% of total eligible grant expenditures is established by execution of the Rail Enhancement Fund Agreement by the parties. Grantee must report such SWAM activity quarterly beginning at the end of the first three month period from the date of Agreement and ending at the close of the last quarter that includes the project completion, final invoice and acceptance by DRPT.

Program Policy Goals

The following Program Policy Goals were adopted by the Commonwealth Transportation Board on 10/20/2005. Goals 1, 2, 3 and 5 are minimum policy criteria for project consideration. Compliance with these minimum criteria must be demonstrated before further consideration will be given to funding a project.

- 1. Projects will provide an additional or accelerated investment in Virginia rail projects, which are determined to have a substantial public benefit equal to or greater than the public investment.**

The Rail Enhancement Fund provides funding for the development and improvement of rail infrastructure in Virginia and also for the acquisition of rolling stock, signal systems and equipment. The Rail Enhancement Fund will be used to fund projects and proposals found to have a public benefit that is equal to or greater than the public investment, and which are not likely to be completed in a timely manner without use of Rail Enhancement Funds.

- 2. Projects will address the needs identified in the applicable state, regional and/or local plans, developed in consultation with public and private partners.**

Projects will generally address the needs identified in the applicable state, regional and/or local plans to the extent such plans exist, including VTrans 2035, The Virginia State Rail Plan and those goals adopted by Governor Warner's Commission on Rail Enhancement for the 21st Century. In addition, DRPT is developing statewide rail plans for rail initiatives in the Commonwealth, which will be referenced upon completion.

- 3. Projects will encourage competition and economic development by promoting, or not precluding, access by more than one rail operator and whenever possible joint access by freight and passenger operators to optimize the Commonwealth's investment.**

Projects should maximize rail usage and promote competition whenever feasible. Projects in corridors that are utilized for both freight and passenger service must demonstrate that both types of service will benefit from the improvement. Where feasible, rail infrastructure-related projects should not be designed to preclude access by more than one operator.

- 4. The use of Rail Enhancement Funds will evolve from a focus on quick turn-around, high impact projects to a multi-year strategic program of projects that leads to an integrated six-year rail (passenger/freight) improvement program.**

The Director of DRPT will develop recommendations for an annual program of projects that will be incorporated into the Commonwealth's Six-Year Improvement Plan. In addition to considering applications, the Director of DRPT may also recommend specific projects for consideration. Individual projects will be viewed in terms of how they benefit the overall rail network in Virginia.

- 5. The Program will limit long term Commonwealth funding liability through the development of achievable project schedules and budgets. Consideration will be given to funding major projects over a period of several years.**

Projects will limit the long term liability of the Rail Enhancement Fund by proposing and adhering to achievable schedules and budgets. Well-defined project budgets and schedules will be developed prior to submission of applications and projects will be completed within a specified time frame. Applications for projects will include detailed cost, schedule and budget information. For construction projects, applications that include preliminary engineering completed to 30% will receive more positive weight and consideration during the review process. Some large projects will require funding over several years. DRPT will identify those projects that, due to their size and complexity, require funding over an extended period. The CTB will give consideration to the duration of funding for multi-year projects. Project progress will be closely monitored to ensure that they continue to move toward completion in accordance with their proposed schedules and budgets.

- 6. Where feasible, projects will optimize public benefits by leveraging funds from sources other than the Rail Enhancement Fund.**

The law creating the Rail Enhancement Fund requires a minimum of a 30 percent cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, a local government source, or a combination of such sources. Projects are likely to receive more favorable consideration if a higher match ratio is proposed. Projects that are part of a larger package of improvements funded from other sources are encouraged and are likely to receive more favorable consideration. Additional investments above the minimum match requirement broaden the sharing of the risk and improve the chances of project success.

7. Projects will protect the Commonwealth's public interest in private facilities.

The Commonwealth will ensure that any improvements made with public funds remain available for the proposed public use for the useful life of the project. Contractual agreements will be written to protect the Commonwealth's public interest in the private facilities and to require compensation for the residual value of the investment if the public use ceases within the period of useful life.

8. Projects will contribute to the effectiveness of the entire transportation system.

Projects will promote congestion relief, encourage economic development, enhance the competitiveness of Virginia ports, airports, and multi-modal facilities, and promote safety, health and environmental benefits, and improve mobility or any combination of these objectives.

9. At least 90 percent of program funds will be spent on capital improvements.

At least 90% of the Rail Enhancement Fund in any fiscal year will be expended on acquiring, leasing, and/or improving railways or railroad equipment, signals and communication improvements, rolling stock, rights-of-way or facilities, including design and construction engineering. Up to 10% of the Fund in any fiscal year may be spent on planning and environmental evaluation leading to capital project improvements.

APPENDIX C

Rail Program Funding Summaries

**Commonwealth of Virginia
Rail Enhancement Program
FY 2006 - FY 2021**

Appendix C

| Project Name | Grantee | Expended as of 6/30/2015 | Outstanding Commitments 6/30/2015 | Future Allocations 2016 - 2021 | Total |
|--|--------------------------|-------------------------------------|--|---|-----------------------|
| Maersk Yard Expansion | APM Terminals | \$ 9,300,000 | \$ 8,187,522 | \$ - | \$ 17,487,522 |
| Line Purchase (Median Rail Relocation) | Commonwealth Railway | 2,166,047 | - | - | 2,166,047 |
| Median Rail Relocation (I-64/664) | Virginia Port Authority | 3,360,000 | - | - | 3,360,000 |
| NIT Yard Expansion | Virginia Port Authority | 3,691,854 | 1,306,200 | 7,127,400 | 12,125,454 |
| Craney Island Connector | Virginia Port Authority | - | 500,000 | - | 500,000 |
| Commonwealth Railway Yard Expansion | Virginia Port Authority | - | 387,415 | 4,958,912 | 5,346,327 |
| Port of Richmond Rail Improvements | Virginia Port Authority | - | 2,269,865 | - | 2,269,865 |
| | | 18,517,901 | 12,651,002 | 12,086,312 | 43,255,215 |
| Suffolk Connection Track | CSX | 2,746,994 | - | - | 2,746,994 |
| Portsmouth Height Clearances | CSX | 1,542,225 | - | - | 1,542,225 |
| I-95 Corridor - Fredericksburg to DC | CSX | 18,046,330 | - | - | 18,046,330 |
| Cameron Run Bridge - Alexandria | CSX | 4,030,000 | - | - | 4,030,000 |
| Capacity Improvements - Peninsula, Richmond, Fredericksburg | CSX | 2,713,035 | - | - | 2,713,035 |
| North ACCA Yard Switches | CSX | 2,697,422 | - | - | 2,697,422 |
| Norfolk Passenger Service | CSX | 3,198,094 | 3,801,906 | - | 7,000,000 |
| Kilby Rail Yard Improvements (National Gateway) | CSX | 10,418,837 | - | - | 10,418,837 |
| Double Stack Clearances (National Gateway) | CSX | 486,935 | 1,542,365 | - | 2,029,300 |
| National Gateway | CSX | 9,139,674 | 14,861,426 | - | 24,001,100 |
| Branchville Siding Extension - Newport News | CSX | - | - | 6,020,000 | 6,020,000 |
| | | 55,019,545 | 20,205,697 | 6,020,000 | 81,245,242 |
| Bridge Clearances - Richmond | Norfolk Southern | - | 8,656,648 | 752,752 | 9,409,400 |
| Nokesville to Calverton - Rt. 29 | Norfolk Southern | - | 12,814,667 | 9,333,333 | 22,148,000 |
| Virginia City - Dominion Power Plant Siding | Norfolk Southern | - | 3,864,000 | - | 3,864,000 |
| Rehabilitation of Sunray - Port lock and Bridge | Norfolk Southern | - | 1,423,100 | - | 1,423,100 |
| Heartland Corridor | Norfolk Southern | 9,173,489 | - | 25,270,000 | 34,443,489 |
| Crescent Corridor | Norfolk Southern | 54,482,145 | 19,329,730 | 31,986,500 | 105,798,375 |
| Crewe to Suffolk Improvements | Norfolk Southern | 3,349,021 | - | 15,400,000 | 18,749,021 |
| Alexandria to Manassas Improvements | Norfolk Southern | 5,777,099 | - | - | 5,777,099 |
| Norfolk Passenger Service - Rt 460 Corridor | Norfolk Southern | 107,606,265 | - | - | 107,606,265 |
| | | 180,388,019 | 46,088,145 | 82,742,585 | 309,218,749 |
| Gainesville - Haymarket Feasibility Study | Virginia Railway Express | 684,425 | 2,785,714 | - | 3,470,139 |
| Potomac Shores Station Service Expansion | Virginia Railway Express | 2,403,898 | 1,467,701 | 16,632,000 | 20,503,599 |
| Automatic Train Control System | Virginia Railway Express | 533,687 | - | - | 533,687 |
| Third Track Spotsylvania Extension | Virginia Railway Express | 1,671,187 | 12,185,105 | - | 13,856,292 |
| | | 5,293,197 | 16,438,520 | 16,632,000 | 38,363,717 |
| SEHSR Study - Richmond to Raleigh | North Carolina DOT | 3,745,777 | 99,472 | - | 3,845,249 |
| Long Bridge - NEPA Planning | Washington, DC DOT | - | 300,000 | - | 300,000 |
| Roanoke to Lynchburg - Amtrak Bus Bridge | City of Roanoke | 254,925 | - | - | 254,925 |
| DC2RVA - SEHSR Tier2 | DRPT | 7,017,266 | 44,747,672 | - | 51,764,938 |
| Project Management / Administration | DRPT | 3,724,642 | 113,255 | - | 3,837,897 |
| | | 14,742,610 | 45,260,400 | - | 60,003,009 |
| TOTALS | | \$ 273,961,272 | \$ 140,643,764 | \$ 117,480,897 | \$ 532,085,933 |

Commonwealth of Virginia
Intercity Passenger Rail Operating and Capital Program
FY 2006 - FY 2021

Appendix C

| Project Name | Grantee | Expended as of 6/30/2015 | Outstanding Commitments 6/30/2015 | Future Allocations 2016 - 2021 | Total |
|---|---------------------------------------|-----------------------------|---|-----------------------------------|-----------------------|
| Rt. 29 Corridor | | | | | |
| Lynchburg Startup | Amtrak | \$ 616,184 | \$ - | \$ - | \$ 616,184 |
| Richmond Startup | Amtrak | 86,655 | - | - | 86,655 |
| Roanoke Extension | Norfolk Southern / City of Roanoke | 3,996,165 | 40,486,186 | 51,165,652 | 95,648,003 |
| Lynchburg - Alexandria Speed Improvements | Norfolk Southern | - | 4,200,000 | 2,235,100 | 6,435,100 |
| Total | | \$ 4,699,004 | \$ 44,686,186 | \$ 53,400,752 | \$ 102,785,942 |
| I-95 Corridor | | | | | |
| I-95 Corridor - Franconia to Featherstone | CSX | - | - | 71,600,000 | 71,600,000 |
| ARRA - Arkendale to Powell's Creek Third Track Project | CSX | 9,812,499 | 65,027,619 | - | 74,840,118 |
| Arkendale to Powell's Creek - Island Platforms and Track | CSX / Virginia Railway Express | - | - | 21,500,000 | 21,500,000 |
| Potomac Shores / Quantico Platform and Track work | CSX / Virginia Railway Express | - | - | 9,500,000 | 9,500,000 |
| ACCA Yard Improvements - Norfolk 2nd Train | CSX | - | - | 117,000,000 | 117,000,000 |
| Newport News Platform, Track work, and Storage Facility | City of Newport News | - | - | 20,000,000 | 20,000,000 |
| Total | | \$ 9,812,499 | \$ 65,027,619 | \$ 239,600,000 | \$ 314,440,118 |
| Passenger Operations | | | | | |
| Amtrak Regional Service - Annual Operating and Capital Costs | Amtrak | - | 8,655,153 | 108,493,309 | 117,148,462 |
| Amtrak Virginia Marketing | DRPT | 1,120,562 | 833,354 | 5,400,000 | 7,353,916 |
| Project Management / Administration | DRPT | 1,161,147 | 639,804 | - | 1,800,951 |
| Total | | \$ 2,281,709 | \$ 10,128,311 | \$ 113,893,309 | \$ 126,303,329 |
| Program Total | | \$ 16,793,212 | \$ 119,842,116 | \$ 406,894,061 | \$ 543,529,389 |

Appendix C

Virginia Rail Enhancement Program

| Districts | Project Description | Applicant | Estimated Cost | Previous Allocations | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | Total Programmed |
|--|--|--------------------------|----------------------------------|----------------------|------------|------------|------------|------|------|------|------------------|
| | | | | | | | | | | | |
| VRE Commuter Rail I-95 Corridor | | | | | | | | | | | |
| Northern Virginia Fredericksburg | Potomac Shores Station Service Expansion | VRE | 33,340,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 1,371,600 | 5,400,000 | 5,832,000 | 5,400,000 | - | - | - | 18,003,600 |
| | | | Public or Private Matching Funds | 1,168,400 | 4,600,000 | 4,968,000 | 4,600,000 | - | - | - | 15,336,400 |
| | | | Total | 2,540,000 | 10,000,000 | 10,800,000 | 10,000,000 | - | - | - | 33,340,000 |
| Port Projects | | | | | | | | | | | |
| Hampton Roads | NIT Central Rail Yard Expansion | Virginia Port Authority | 12,048,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 1,306,200 | 5,448,100 | 1,679,300 | - | - | - | - | 8,433,600 |
| | | | Public or Private Matching Funds | 559,800 | 2,334,900 | 719,700 | - | - | - | - | 3,614,400 |
| | | | Total | 1,866,000 | 7,783,000 | 2,399,000 | - | - | - | - | 12,048,000 |
| Hampton Roads | APMT Intermodal Yard | Virginia Port Authority | 11,696,460 | | | | | | | | |
| | | | State Rail Enhancement Fund | 8,187,522 | - | - | - | - | - | - | 8,187,522 |
| | | | Public or Private Matching Funds | 3,508,938 | - | - | - | - | - | - | 3,508,938 |
| | | | Total | 11,696,460 | - | - | - | - | - | - | 11,696,460 |
| Richmond | Port of Richmond Rail Improvements | Virginia Port Authority | 3,242,664 | | | | | | | | |
| | | | State Rail Enhancement Fund | 2,269,865 | - | - | - | - | - | - | 2,269,865 |
| | | | Public or Private Matching Funds | 972,799 | - | - | - | - | - | - | 972,799 |
| | | | Total | 3,242,664 | - | - | - | - | - | - | 3,242,664 |
| Hampton Roads | Commonwealth Railway Marshalling Yard Expansio | Virginia Port Authority | 7,637,610 | | | | | | | | |
| | | | State Rail Enhancement Fund | 387,415 | 2,479,456 | 2,479,456 | - | - | - | - | 5,346,327 |
| | | | Public or Private Matching Funds | 166,035 | 1,062,624 | 1,062,624 | - | - | - | - | 2,291,283 |
| | | | Total | 553,450 | 3,542,080 | 3,542,080 | - | - | - | - | 7,637,610 |
| Hampton Roads | Rehabilitation of SunRay-Portlock and Bridge 6.8 | Norfolk Southern Railway | 2,033,000 | | | | | | | | |
| | | | State Rail Enhancement Fund | 1,423,100 | - | - | - | - | - | - | 1,423,100 |
| | | | Public or Private Matching Funds | 609,900 | - | - | - | - | - | - | 609,900 |
| | | | Total | 2,033,000 | - | - | - | - | - | - | 2,033,000 |
| Hampton Roads | Branchville Siding Extension | CSX Transportation, Inc. | 8,600,000 | | | | | | | | |
| | | | State Rail Enhancement Fund | - | 616,700 | 5,403,300 | - | - | - | - | 6,020,000 |
| | | | Public or Private Matching Funds | - | 264,300 | 2,315,700 | - | - | - | - | 2,580,000 |
| | | | Total | - | 881,000 | 7,719,000 | - | - | - | - | 8,600,000 |
| I-81 Crescent Corridor | | | | | | | | | | | |
| Northern Virginia, Culpeper, Lynchburg | Nokesville to Calverton Double Tracks | Norfolk Southern Railway | 31,640,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 12,814,667 | 9,333,333 | - | - | - | - | - | 22,148,000 |
| | | | Public or Private Matching Funds | 5,492,000 | 4,000,000 | - | - | - | - | - | 9,492,000 |
| | | | Total | 18,306,667 | 13,333,333 | - | - | - | - | - | 31,640,000 |
| Bristol, Salem, Staunton | Bentonville Siding | Norfolk Southern Railway | 11,500,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | 2,415,000 | 5,635,000 | - | - | - | - | 8,050,000 |
| | | | Public or Private Matching Funds | - | 1,035,000 | 2,415,000 | - | - | - | - | 3,450,000 |
| | | | Total | - | 3,450,000 | 8,050,000 | - | - | - | - | 11,500,000 |
| Bristol, Salem, Staunton | Sampson Passing Track | Norfolk Southern Railway | 12,259,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | 2,574,390 | 6,006,910 | - | - | - | - | 8,581,300 |
| | | | Public or Private Matching Funds | - | 1,103,310 | 2,574,390 | - | - | - | - | 3,677,700 |
| | | | Total | - | 3,677,700 | 8,581,300 | - | - | - | - | 12,259,000 |

Appendix C

Virginia Rail Enhancement Program

| Districts | Project Description | Applicant | Estimated Cost | Previous Allocations | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | Total Programmed |
|---------------------------|--|--------------------------|----------------------------------|----------------------|------------------|------------------|------------------|------------------|------------|------------------|------------------|
| | | | | | | | | | | | |
| Bristol, Salem, Staunton | Lipscomb Passing Track | Norfolk Southern Railway | 9,490,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 6,643,000 | - | - | - | - | - | - | 6,643,000 |
| | | | Public or Private Matching Funds | <u>2,847,000</u> | - | - | - | - | - | - | <u>2,847,000</u> |
| | | | Total | 9,490,000 | - | - | - | - | - | - | 9,490,000 |
| Bristol, Salem, Staunton | Solitude Passing Track | Norfolk Southern Railway | 9,516,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | 1,998,360 | 4,662,840 | - | - | - | - | 6,661,200 |
| | | | Public or Private Matching Funds | - | <u>856,440</u> | <u>1,998,360</u> | - | - | - | - | <u>2,854,800</u> |
| | | | Total | - | 2,854,800 | 6,661,200 | - | - | - | - | 9,516,000 |
| Bristol, Salem, Staunton | Kinsey | Norfolk Southern Railway | 11,700,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 8,190,000 | - | - | - | - | - | - | 8,190,000 |
| | | | Public or Private Matching Funds | <u>3,510,000</u> | - | - | - | - | - | - | <u>3,510,000</u> |
| | | | Total | 11,700,000 | - | - | - | - | - | - | 11,700,000 |
| Bristol, Salem, Staunton | Montgomery Tunnel | Norfolk Southern Railway | 5,100,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 3,570,000 | - | - | - | - | - | - | 3,570,000 |
| | | | Public or Private Matching Funds | <u>1,530,000</u> | - | - | - | - | - | - | <u>1,530,000</u> |
| | | | Total | 5,100,000 | - | - | - | - | - | - | 5,100,000 |
| Bristol, Salem, Staunton | Clark Siding | Norfolk Southern Railway | 7,800,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | 1,638,000 | 3,822,000 | - | - | - | - | 5,460,000 |
| | | | Public or Private Matching Funds | - | <u>702,000</u> | <u>1,638,000</u> | - | - | - | - | <u>2,340,000</u> |
| | | | Total | - | 2,340,000 | 5,460,000 | - | - | - | - | 7,800,000 |
| Bristol, Salem, Staunton | Glade Spring Siding | Norfolk Southern Railway | 6,600,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | 1,386,000 | 3,234,000 | - | - | - | - | - | 4,620,000 |
| | | | Public or Private Matching Funds | <u>594,000</u> | <u>1,386,000</u> | - | - | - | - | - | <u>1,980,000</u> |
| | | | Total | 1,980,000 | 4,620,000 | - | - | - | - | - | 6,600,000 |
| Route 460 Corridor | | | | | | | | | | | |
| Heartland Corridor | | | | | | | | | | | |
| Salem | Crewe Intermodal Improvements | Norfolk Southern Railway | 22,000,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | - | 2,100,000 | 8,400,000 | 4,900,000 | - | - | 15,400,000 |
| | | | Public or Private Matching Funds | - | - | <u>900,000</u> | <u>3,600,000</u> | <u>2,100,000</u> | - | - | <u>6,600,000</u> |
| | | | Total | - | - | 3,000,000 | 12,000,000 | 7,000,000 | - | - | 22,000,000 |
| Salem | Roanoke Intermodal Facility Supplemental | Norfolk Southern Railway | 13,100,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | - | - | - | - | 9,170,000 | - | 9,170,000 |
| | | | Public or Private Matching Funds | - | - | - | - | - | - | <u>3,930,000</u> | <u>3,930,000</u> |
| | | | Total | - | - | - | - | - | - | 13,100,000 | 13,100,000 |
| Salem | Roanoke Intermodal Facility Cove Hollow Road Relocation Contingency | Norfolk Southern Railway | 5,000,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | - | - | - | - | 3,500,000 | - | 3,500,000 |
| | | | Public or Private Matching Funds | - | - | - | - | - | - | <u>1,500,000</u> | <u>1,500,000</u> |
| | | | Total | - | - | - | - | - | - | 5,000,000 | 5,000,000 |
| Salem | Heartland Corridor Roanoke Intermodal Facility | Norfolk Southern Railway | 18,000,000 | | | | | | | | |
| | | | State Rail Enhancement Funds | - | - | - | - | - | 12,600,000 | - | 12,600,000 |
| | | | Public or Private Matching Funds | - | - | - | - | - | - | <u>5,400,000</u> | <u>5,400,000</u> |
| | | | Total | - | - | - | - | - | - | 18,000,000 | 18,000,000 |

Appendix C

Virginia Rail Enhancement Program

| Districts | Project Description | Applicant | Estimated Cost | Previous Allocations | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | Total Programmed |
|--|---|--------------------------|-------------------|----------------------------------|------------|-----------|------|------|------|------|------------------|
| Southeast High Speed Rail | | | | | | | | | | | |
| Richmond, Fredericksburg, | I-95 Corridor MAS 90 Tier II EIS/PE | DRPT | 55,385,000 | | | | | | | | |
| Northern Virginia | | | | Federal Funds | 44,308,000 | - | - | - | - | - | 44,308,000 |
| | | | | State Rail Enhancement Funds | 6,944,000 | - | - | - | - | - | 6,944,000 |
| | | | | Public or Private Matching Funds | 4,133,000 | - | - | - | - | - | 4,133,000 |
| | | | | Total | 55,385,000 | - | - | - | - | - | 55,385,000 |
| Long Bridge Study | | | | | | | | | | | |
| Northern Virginia | Long Bridge NEPA Project Planning | Washington D.C. DOT | 3,400,000 | | | | | | | | |
| | | | | Federal Funds | 2,800,000 | - | - | - | - | - | 2,800,000 |
| | | | | State Rail Enhancement Fund | 300,000 | - | - | - | - | - | 300,000 |
| | | | | Public or Private Matching Funds | 300,000 | - | - | - | - | - | 300,000 |
| | | | | Total | 3,400,000 | - | - | - | - | - | 3,400,000 |
| Coal Corridor | | | | | | | | | | | |
| Bristol | Virginia City Dominion Power Plant Siding | Norfolk Southern Railway | 5,520,000 | | | | | | | | |
| | | | | State Rail Enhancement Fund | 3,864,000 | - | - | - | - | - | 3,864,000 |
| | | | | Public or Private Matching Funds | 1,656,000 | - | - | - | - | - | 1,656,000 |
| | | | | Total | 5,520,000 | - | - | - | - | - | 5,520,000 |
| Non-Corridor Clearance Projects | | | | | | | | | | | |
| Richmond | Bridge Clearances in Richmond, VA | Norfolk Southern Railway | 13,442,000 | | | | | | | | |
| | | | | State Rail Enhancement Fund | 8,656,648 | 752,752 | - | - | - | - | 9,409,400 |
| | | | | Public or Private Matching Funds | 3,709,992 | 322,608 | - | - | - | - | 4,032,600 |
| | | | | Total | 12,366,640 | 1,075,360 | - | - | - | - | 13,442,000 |

| | | | | | | | | |
|--|-------------|------------|------------|------------|------------|------------|------------|-------------|
| Total Six-Year Cost of REF Projects | 145,179,881 | 53,557,273 | 56,212,580 | 22,000,000 | 7,000,000 | - | 36,100,000 | 320,049,734 |
| Less: Federal Funds | 47,108,000 | - | - | - | - | - | - | 47,108,000 |
| Less: Public or Private Matching Funds | 30,757,864 | 17,667,182 | 18,591,774 | 8,200,000 | 2,100,000 | - | 10,830,000 | 88,146,820 |
| Total State Share | 67,314,017 | 35,890,091 | 37,620,806 | 13,800,000 | 4,900,000 | - | 25,270,000 | 184,794,914 |
| REF State Funds Available (Including Interest) | | 27,599,000 | 17,804,250 | 18,093,750 | 18,576,250 | 19,058,750 | 19,493,000 | |
| REF and Bonds Carryover from Previous Years | | 15,680,000 | 12,972,235 | 854,516 | 8,257,940 | 21,934,190 | 40,992,940 | |
| REF Bonds Available | | 5,583,326 | 7,698,837 | 3,109,674 | - | - | - | |
| Total State Funds Available | | 48,862,326 | 38,475,322 | 22,057,940 | 26,834,190 | 40,992,940 | 60,485,940 | |
| Total State Funds Unobligated | | 12,972,235 | 854,516 | 8,257,940 | 21,934,190 | 40,992,940 | 35,215,940 | |

Appendix C

Virginia Shortline Railway Preservation and Development Program

| Districts | Project Description | Applicant | Estimated Cost | Previous Allocations | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | Total Programmed | |
|------------------------------|--|------------------------------------|----------------------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|
| | | | | | | | | | | | | |
| Culpeper & Staunton | Switch Heater Replacement - N. Mtn Div. Phase II | Buckingham Branch Railroad Company | 500,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | - | 350,000 | - | - | - | - | 350,000 | |
| | | | Public or Private Matching Funds | - | - | 150,000 | - | - | - | - | 150,000 | |
| | | | - | - | 500,000 | - | - | - | - | 500,000 | | |
| Richmond Culpeper & Staunton | R&A Division Tie Replacement | Buckingham Branch Railroad Company | 10,000,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | - | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | 7,000,000 |
| | | | Public or Private Matching Funds | - | - | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 3,000,000 |
| | | | - | - | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 10,000,000 | |
| Lynchburg | Buckingham Division Tie & Rail Replacement | Buckingham Branch Railroad Company | 2,000,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | - | - | 350,000 | 350,000 | 350,000 | 350,000 | 350,000 | 1,400,000 |
| | | | Public or Private Matching Funds | - | - | - | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 600,000 |
| | | | - | - | - | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,000,000 | |
| Richmond Culpeper & Staunton | Bridge Upgrades on R&A Division (13) | Buckingham Branch Railroad Company | 1,800,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | - | - | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | 1,260,000 |
| | | | Public or Private Matching Funds | - | - | - | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 540,000 |
| | | | - | - | - | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 | 1,800,000 | |
| Hampton Roads | Tie and Rail Replacement | Commonwealth Railway, Inc. | 2,106,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | 1,175,300 | 298,900 | - | - | - | - | - | - | 1,474,200 |
| | | | Public or Private Matching Funds | 503,700 | 128,100 | - | - | - | - | - | - | 631,800 |
| | | | 1,679,000 | 427,000 | - | - | - | - | - | - | 2,106,000 | |
| Hampton Roads | Yard Improvements | Norfolk Portsmouth Beltline | 3,284,633 | | | | | | | | | |
| | | | State Rail Preservation Funds | 1,777,295 | - | 521,948 | - | - | - | - | - | 2,299,243 |
| | | | Public or Private Matching Funds | 761,698 | - | 223,692 | - | - | - | - | - | 985,390 |
| | | | 2,538,993 | - | 745,640 | - | - | - | - | - | 3,284,633 | |
| Hampton Roads | TWP Switch & Install 850ft CWR at CSXT | Norfolk Portsmouth Beltline | 216,250 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | 151,375 | - | - | - | - | - | - | 151,375 |
| | | | Public or Private Matching Funds | - | 64,875 | - | - | - | - | - | - | 64,875 |
| | | | - | 216,250 | - | - | - | - | - | - | 216,250 | |
| Hampton Roads | Mainline Bridge Deck/Tie Replacement | Norfolk Portsmouth Beltline | 340,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | 238,000 | - | - | - | - | - | - | - | 238,000 |
| | | | Public or Private Matching Funds | 102,000 | - | - | - | - | - | - | - | 102,000 |
| | | | 340,000 | - | - | - | - | - | - | - | 340,000 | |
| Hampton Roads | Main Line Bridge Repairs | Norfolk Portsmouth Beltline | 125,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | 87,500 | - | - | - | - | - | - | - | 87,500 |
| | | | Public or Private Matching Funds | 37,500 | - | - | - | - | - | - | - | 37,500 |
| | | | 125,000 | - | - | - | - | - | - | - | 125,000 | |
| Hampton Roads | Programmatic Bridge Repairs | Norfolk Portsmouth Beltline | 200,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | - | - | - | 140,000 | - | - | - | 140,000 |
| | | | Public or Private Matching Funds | - | - | - | - | 60,000 | - | - | - | 60,000 |
| | | | - | - | - | - | 200,000 | - | - | - | 200,000 | |
| Hampton Roads | Virginia Yard Expansion | Norfolk Portsmouth Beltline | 3,200,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | 2,240,000 | - | - | - | - | - | - | 2,240,000 |
| | | | Public or Private Matching Funds | - | 960,000 | - | - | - | - | - | - | 960,000 |
| | | | - | 3,200,000 | - | - | - | - | - | - | 3,200,000 | |
| Hampton Roads | KTN Connection and Lead Track | Norfolk Portsmouth Beltline | 3,050,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | 1,100,000 | 1,035,000 | - | - | - | - | - | - | 2,135,000 |
| | | | Public or Private Matching Funds | 471,429 | 443,571 | - | - | - | - | - | - | 915,000 |
| | | | 1,571,429 | 1,478,571 | - | - | - | - | - | - | 3,050,000 | |
| Hampton Roads | Liberty Street Crossing | Norfolk Portsmouth Beltline | 90,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | 63,000 | - | - | - | - | - | - | 63,000 |
| | | | Public or Private Matching Funds | - | 27,000 | - | - | - | - | - | - | 27,000 |
| | | | - | 90,000 | - | - | - | - | - | - | 90,000 | |
| Hampton Roads | Poindexter Street Crossing | Norfolk Portsmouth Beltline | 150,000 | | | | | | | | | |
| | | | State Rail Preservation Funds | - | - | - | 105,000 | - | - | - | - | 105,000 |
| | | | Public or Private Matching Funds | - | - | - | 45,000 | - | - | - | - | 45,000 |
| | | | - | - | - | 150,000 | - | - | - | - | 150,000 | |

Appendix C

Virginia Shortline Railway Preservation and Development Program

| Districts | Project Description | Applicant | Estimated Cost | Previous Allocations | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | Total Programmed |
|-----------|---|---|--|----------------------|------------|------------|-----------|-----------|-----------|-----------|------------------|
| Staunton | Staunton Yard South Extension | Shenandoah Valley Railroad | 348,000 | - | - | - | - | 243,600 | - | - | 243,600 |
| | | | State Rail Preservation Funds | - | - | - | - | 104,400 | - | - | 104,400 |
| | | | Public or Private Matching Funds | - | - | - | - | 348,000 | - | - | 348,000 |
| | | | Total | - | - | - | - | - | - | - | - |
| Staunton | Staunton Yard Interchange Capacity Improvements | Shenandoah Valley Railroad | 240,200 | - | - | 168,140 | - | - | - | - | 168,140 |
| | | | State Rail Preservation Funds | - | - | 72,060 | - | - | - | - | 72,060 |
| | | | Public or Private Matching Funds | - | - | 240,200 | - | - | - | - | 240,200 |
| | | | Total | - | - | - | - | - | - | - | - |
| Staunton | Mt. Crawford Siding Rail Upgrade | Shenandoah Valley Railroad | 80,250 | - | - | 56,175 | - | - | - | - | 56,175 |
| | | | State Rail Preservation Funds | - | - | 24,075 | - | - | - | - | 24,075 |
| | | | Public or Private Matching Funds | - | - | 80,250 | - | - | - | - | 80,250 |
| | | | Total | - | - | - | - | - | - | - | - |
| Staunton | Tie / Rail Replacement, Surfacing, Crossing | Winchester and Western Railroad Company | 4,871,640 | - | - | - | - | - | - | - | - |
| | | | State Rail Preservation Funds | 3,410,148 | - | - | - | - | - | - | 3,410,148 |
| | | | Public or Private Matching Funds | 1,461,492 | - | - | - | - | - | - | 1,461,492 |
| | | | Total | 4,871,640 | - | - | - | - | - | - | 4,871,640 |
| Staunton | Capacity Upgrade / Yard Improvements | Winchester and Western Railroad Company | 4,379,980 | - | 712,712 | 712,712 | - | - | - | - | 3,065,986 |
| | | | State Rail Preservation Funds | 1,640,562 | 305,448 | 305,448 | - | - | - | - | 1,313,994 |
| | | | Public or Private Matching Funds | 2,343,660 | 1,018,160 | 1,018,160 | - | - | - | - | 4,379,980 |
| | | | Total | - | - | - | - | - | - | - | - |
| Staunton | Rail Replacement and Bridge Deck Renewal | Winchester and Western Railroad Company | 3,680,000 | - | 70,000 | 77,000 | 805,000 | 812,000 | 812,000 | - | 2,576,000 |
| | | | State Rail Preservation Funds | - | 30,000 | 33,000 | 345,000 | 348,000 | 348,000 | - | 1,104,000 |
| | | | Public or Private Matching Funds | - | 100,000 | 110,000 | 1,150,000 | 1,160,000 | 1,160,000 | - | 3,680,000 |
| | | | Total | - | - | - | - | - | - | - | - |
| | | | Total Six-Year Cost of RPF Projects | 59,055,752 | 15,318,033 | 10,400,935 | 9,075,656 | 5,411,182 | 4,849,126 | 3,871,145 | 107,981,829 |
| | | | Less: Public or Private Matching Funds | 18,507,777 | 4,639,527 | 3,164,398 | 2,758,727 | 1,623,355 | 1,454,738 | 1,161,343 | 33,309,865 |
| | | | Total State Share | 40,547,975 | 10,678,506 | 7,236,537 | 6,316,929 | 3,787,827 | 3,394,388 | 2,709,802 | 74,671,964 |
| | | | RPF State Funds Available (Including Interest) | 2,923,950 | 2,923,950 | 2,923,950 | 2,923,950 | 2,923,950 | 2,923,950 | 2,923,950 | 2,923,950 |
| | | | RPF Bonds Available | 7,316,674 | 5,201,163 | 4,390,326 | - | - | - | - | - |
| | | | RPF Carryover From Previous Years | 437,882 | - | 888,576 | 1,885,923 | 1,022,046 | 551,608 | - | - |
| | | | Total RPF State Funds Available | 10,678,506 | 8,125,113 | 8,202,852 | 4,809,873 | 3,945,996 | 3,475,558 | - | - |
| | | | Total State Funds Unobligated | - | 888,576 | 1,885,923 | 1,022,046 | 551,608 | 765,756 | - | - |

Appendix C

Intercity Passenger Rail Operating and Capital Program

| Districts | Project Description | Applicant | Estimated Cost | Previous Allocations | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | Total Programmed |
|---|---|-------------------------|--|----------------------|------------|------------|------------|------------|------------|------------|------------------|
| Operating Cost for Intercity Passenger Rail Service ¹ | | | National Railroad Passenger Corporation (Amtrak) | | | | | | | | |
| | | | \$ 66,554,868 | | | | | | | | |
| Nova, Culpeper, Lynchburg | Lynchburg Terminating Service | | State Funds | (536,389) | (781,862) | (755,996) | (778,675) | (802,036) | (826,097) | (850,880) | (5,331,935) |
| Nova, Culpeper, Lynchburg | 2nd Train Frequency Operation Costs | | State Funds | - | - | 2,100,000 | 2,163,000 | 2,227,890 | 2,294,727 | 2,363,569 | 11,149,185 |
| Nova, Culpeper, Lynchburg, Salem | Roanoke Extension Operating Costs | | State Funds | - | - | 1,200,000 | 1,236,000 | 1,273,080 | 1,311,272 | 1,350,611 | 6,370,963 |
| Richmond, Hampton Roads | Norfolk Terminating Service | | State Funds | 1,752,207 | 1,645,862 | 1,729,536 | 1,781,422 | 1,834,865 | 1,889,911 | 1,946,608 | 12,580,411 |
| Nova, Fredericksburg, Richmond, Hampton Roads | Richmond and Newport News Terminating Service (PRIIA) | | State Funds | 4,274,566 | 4,232,859 | 4,486,383 | 4,620,975 | 4,759,604 | 4,902,392 | 5,049,464 | 32,326,243 |
| Nova, Fredericksburg, Richmond, Hampton Roads | Norfolk Train 2 | | State Funds | - | - | - | - | - | 2,000,000 | 2,060,000 | 4,060,000 |
| | Amtrak Marketing Costs | | State Funds | - | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 5,400,000 |
| | Total Intercity Passenger Rail Operating Costs | | | 5,490,384 | 5,996,858 | 9,659,924 | 9,922,722 | 10,193,403 | 12,472,206 | 12,819,372 | 66,554,868 |
| Capital Equipment Contribution for Intercity Passenger Rail Service | | | National Railroad Passenger Corporation (Amtrak) | | | | | | | | |
| | | | \$ 56,893,594 | | | | | | | | |
| Nova, Culpeper, Lynchburg | Lynchburg Terminating Service | | State Funds | 798,980 | 1,010,727 | 1,045,147 | 1,076,502 | 1,108,797 | 1,142,061 | 1,176,323 | 7,358,536 |
| Nova, Fredericksburg, Richmond, Hampton Roads | Newport News and Richmond Terminating Service | | State Funds | 2,336,059 | 2,987,633 | 3,099,520 | 3,192,505 | 3,288,280 | 3,386,929 | 3,488,537 | 21,779,463 |
| Nova, Fredericksburg, Richmond, Hampton Roads | Norfolk Terminating Train Subsidy | | State Funds | 929,730 | 1,205,649 | 1,246,948 | 1,284,356 | 1,322,887 | 1,362,574 | 1,403,451 | 8,755,595 |
| Nova, Culpeper, Lynchburg | 2nd Train Equipment Rehab | | State Funds | - | 4,000,000 | 8,000,000 | 7,000,000 | - | - | - | 19,000,000 |
| | Total Capital Equipment Contribution | | | 4,064,769 | 9,204,009 | 13,391,615 | 12,553,363 | 5,719,964 | 5,891,563 | 6,068,310 | 56,893,594 |
| Capacity and Speed Improvement Cost for Intercity Passenger Rail Service | | | | | | | | | | | |
| | | | \$ 360,041,003 | | | | | | | | |
| NOVA | Quantico and Potomac Shores Platform and Track Work | VRE/CSX | State Funds | - | 5,000,000 | 4,500,000 | - | - | - | - | 9,500,000 |
| Fredericksburg, NOVA | Arkendale to Powell's Creek Third Track Construction and Island Platforms | VRE/CSX | State Funds | - | - | 5,000,000 | 8,500,000 | 8,000,000 | - | - | 21,500,000 |
| Lynchburg, Salem | Improvements Lynchburg to Roanoke for Extension of Service | NS/City of Roanoke/NRPC | State Funds | 45,082,351 | 32,264,051 | 18,436,601 | - | - | - | - | 95,783,003 |
| Lynchburg, Culpeper, NOVA | Lynchburg to Alexandria Speed Improvements | Norfolk Southern | State Funds | 4,200,000 | 2,235,100 | - | - | - | - | - | 6,435,100 |
| | | | Private Matching Funds | 1,800,000 | 957,900 | - | - | - | - | - | 2,757,900 |
| | | | Total | 6,000,000 | 3,193,000 | - | - | - | - | - | 9,193,000 |
| Hampton | Bland Boulevard, Newport News Station Platform, Terminal Track, Turning, and Storage Facility | City of Newport News | State Funds | - | - | 6,000,000 | 7,000,000 | 7,000,000 | - | - | 20,000,000 |
| Salem | Land Acquisition for Roanoke Multimodal Facility | | | - | 465,000 | - | - | - | - | - | 465,000 |
| Richmond | Improvements Richmond to Petersburg for 2 Train Extension to Norfolk and Lynchburg Second Train | CSX | State Funds | - | 12,000,000 | 32,800,000 | 42,100,000 | 30,100,000 | - | - | 117,000,000 |
| | | | Private Matching Funds | - | 10,000,000 | 5,000,000 | - | - | - | - | 15,000,000 |
| | | | Total | - | 22,000,000 | 37,800,000 | 42,100,000 | 30,100,000 | - | - | 132,000,000 |
| Richmond | I-95 Corridor Improvements - Franconia to Featherstone | CSX | State Funds | - | - | - | - | 3,300,000 | 28,200,000 | 40,100,000 | 71,600,000 |
| | | | Private Matching Funds | - | - | - | - | - | - | - | - |
| | | | Total | - | - | - | - | 3,300,000 | 28,200,000 | 40,100,000 | 71,600,000 |
| | Total Capacity Improvement Costs | | | 51,082,351 | 62,922,051 | 71,736,601 | 57,600,000 | 48,400,000 | 28,200,000 | 40,100,000 | 360,041,003 |

¹ PRIIA Public Law No. 110-432, Division B, section 209, enacted Oct. 16, 2008.

| | | | | | | | | |
|-------------------------------------|-------------|-------------|------------|------------|------------|------------|------------|-------------|
| Total Estimated Costs | 60,637,504 | 78,122,918 | 94,788,140 | 80,076,085 | 64,313,368 | 46,563,769 | 58,987,682 | 483,489,465 |
| Less: Matching Funds | 1,800,000 | 10,957,900 | 5,000,000 | - | - | - | - | 17,757,900 |
| Less: State Amtrak Operating Credit | 4,027,980 | - | - | - | - | - | - | 4,027,980 |
| Total State Share | 54,809,524 | 67,165,018 | 89,788,140 | 80,076,085 | 64,313,368 | 46,563,769 | 58,987,682 | 461,703,585 |
| State IPROC Funds Available | 54,570,750 | 53,509,250 | 55,777,000 | 57,805,500 | 59,830,000 | 61,856,500 | | |
| Highway Funding Available | 2,789,807 | 5,550,454 | 3,341,079 | 3,224,289 | 5,780,082 | 3,678,769 | | |
| Carryover from Previous Years | 64,848,804 | 55,044,343 | 24,315,907 | 3,357,901 | 74,322 | 19,120,635 | | |
| Total Available Funding | 122,209,361 | 114,104,047 | 83,433,986 | 64,387,690 | 65,684,404 | 84,655,904 | | |
| Total State Funds Unobligated | 55,044,343 | 24,315,907 | 3,357,901 | 74,322 | 19,120,635 | 25,668,223 | | |