



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Chairperson

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Agenda item # 8

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

June 20, 2018

MOTION

Made By: Mr. Kasprowicz, Seconded By: Mr. Brown
Action: Motion Carried, Unanimously

Title: Action on Fiscal Year 2019 Annual Budgets
Commonwealth Transportation Fund, Department of Rail and Public Transportation and
the Virginia Department of Transportation

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

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

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and for city and town street maintenance payments made pursuant to § 33.2-319 and payments made to counties which have withdrawn or elect to withdraw from the secondary system of state highways pursuant to § 33.2-366; and

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

WHEREAS, § 33.2-358 (C) provides the Board an option to allocate up to \$500 million annually for construction to be distributed as follows: 25 percent to bridge reconstruction and rehabilitation; 25 percent to advancing high priority projects statewide; 25 percent to reconstructing deteriorated interstate, primary system and municipality maintained primary extension pavements determined to have a Combined Condition Index of less than 60; 15 percent to projects undertaken pursuant to the Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.); five percent to paving and improving unpaved roads carrying more than 50 vehicles per day; and five percent to the Innovation and Technology Transportation Fund, provided that, at the discretion of the Board such percentages of funds may be adjusted in any given year to meet project cash flow needs or when funds cannot be expended due to legal, environmental, or other project management considerations and provided that such allocations shall cease beginning July 1, 2020. For Fiscal Year 2019, this amount totals \$411,695,765; and

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

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

WHEREAS, pursuant to § 33.2-214 (B), the Commonwealth Transportation Board has established the updated project allocations for the fiscal years 2019 through 2024 in the Six-Year Improvement Program; and

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

NOW, THEREFORE, BE IT RESOLVED by the Commonwealth Transportation Board that the alternate construction formula set out in in § 33.2-358 (C) of the *Code of Virginia* shall be used for Fiscal Year 2019 as previously planned.

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

Resolution of the Board

FY 2019 Annual Budgets – Commonwealth Transportation Fund, Department of Rail and Public Transportation and the Virginia Department of Transportation

June 20, 2018

Page Three

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

BE IT FURTHER RESOLVED by the Commonwealth Transportation Board that the recommended allocations and expenditures required by the various statutes as contained in the budgets for the Commonwealth Transportation Fund, Department of Rail and Public Transportation, and the Department of Transportation for Fiscal Year 2019 are approved.

#####

CTB Decision Brief

Fiscal Year 2019 Annual Budgets

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

Issue: Each year, the Commonwealth Transportation Board (CTB or Board) is required by §§ 33.2-214 (B) and 33.2-221 (C) of the *Code of Virginia* to administer, distribute and allocate funds in the Transportation Trust Fund; by § 33.2-1526, to provide the statutory funding to the Commonwealth Port Fund, the Commonwealth Airport Fund, the Commonwealth Space Flight Fund and the Commonwealth Mass Transit Fund; and by § 33.2-358 (B) to allocate from all funds made available for highway purposes such amount as it deems reasonable and necessary for the maintenance of roads within the interstate, primary and secondary system of highways and for city and town street maintenance payments and payments to counties that have elected to withdraw from the secondary state highway system. Board approval and finalization of the FY 2019 budgets necessary to effectuate the lawful distribution of available Transportation Trust Fund revenues is sought.

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

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

For FY 2019, it is recommended that the alternate formula set out in § 33.2-358 (C) of the *Code of Virginia* for distributing construction funds be used. Available funding would be distributed in accordance with the categories outlined in § 33.2-358 (C). For FY 2019, \$411,695,765 is available for such distribution.

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

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

Recommendations: VDOT and DRPT recommend the approval of the Fiscal Year 2019 Annual Budgets for the Commonwealth Transportation Fund, the Department of Transportation, and the Department of Rail and Public Transportation.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote to approve the Fiscal Year 2019 Annual Budgets.

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

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



Fiscal Year 2019

Commonwealth Transportation Fund Budget
June 2018



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Virginia Department of Transportation

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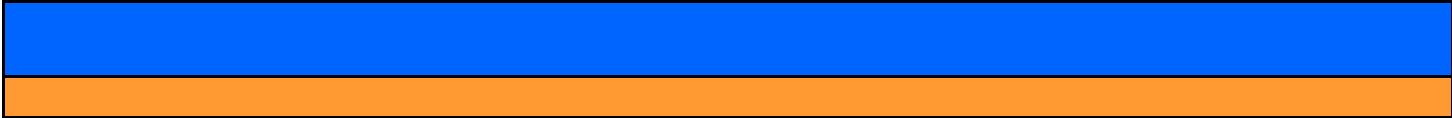
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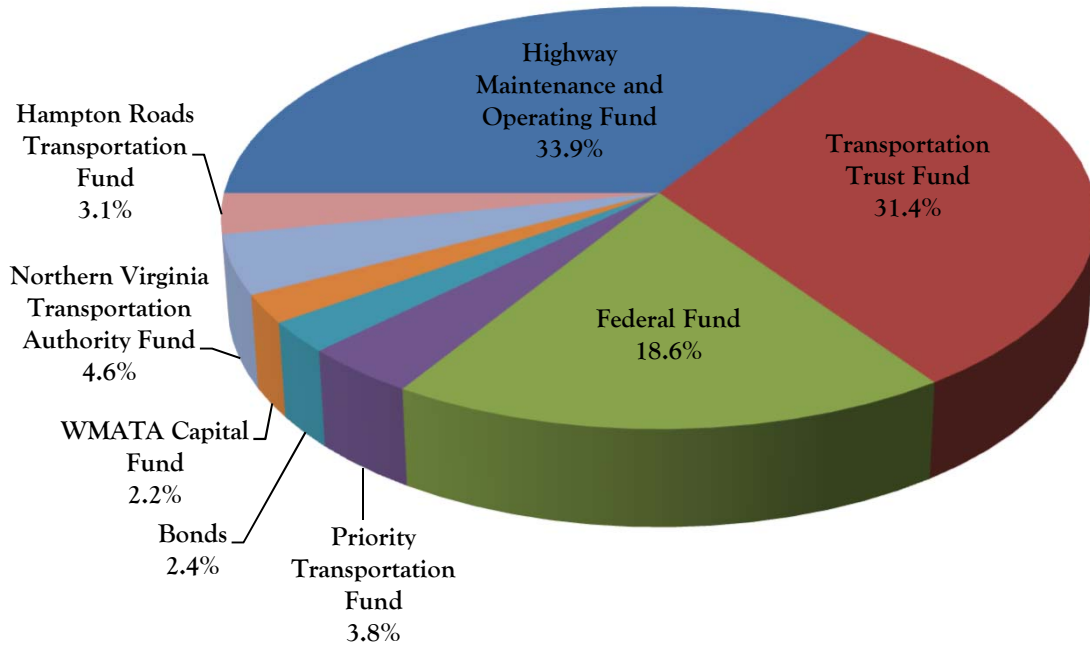
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The Fiscal Year 2019 budget for the Commonwealth Transportation Fund (CTF) identifies the estimated revenues and the distribution of the revenues to the related transportation agencies and programs. It is based on the most recent official state revenue forecast from December 2017 and estimated federal funding. The CTF Budget for FY 2019 totals \$6,147,102,297, a 9.1% decrease from the Revised FY 2018 Budget of \$6,695,526,258. The reduction is largely related to the one-time concession fee payment related to I-66 Outside the Beltway. Excluding this and comparing to the original 2018 budget results in a -0.5% change. The FY 2019 Budget reflects the addition of the Washington Metropolitan Area Transit Authority (WMATA) Capital Fund, as established by Chapters 854 and 856 from the 2018 General Assembly Session.

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

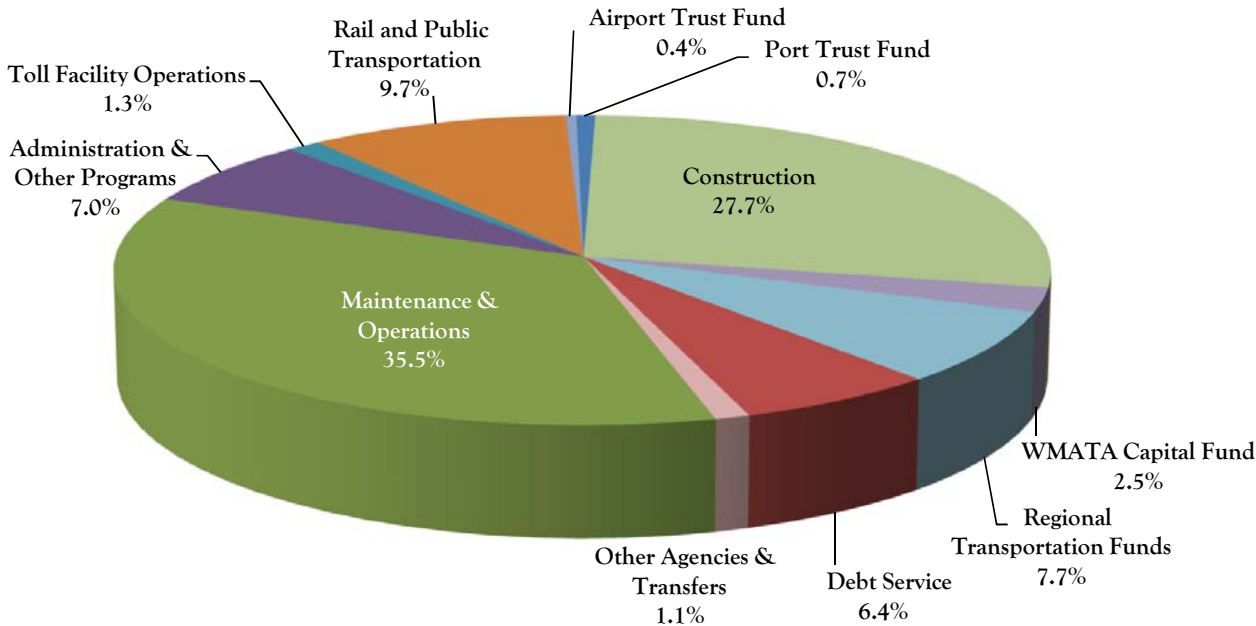
**Commonwealth Transportation Fund
Total Revenues FY 2019**



| | |
|--|------------------------|
| Highway Maintenance and Operating Fund | \$2,085,841,023 |
| Transportation Trust Fund | 1,929,915,359 |
| Federal Fund | 1,142,793,545 |
| Priority Transportation Fund | 235,206,263 |
| Bonds | 147,326,107 |
| Total Operating Revenues | \$5,541,082,297 |
| Pass Through Revenues | |
| WMATA Capital Fund | 134,520,000 |
| Northern Virginia Transportation Authority Fund | 280,400,000 |
| Hampton Roads Transportation Fund | 191,100,000 |
| Subtotal | 606,020,000 |
| TOTAL | \$6,147,102,297 |

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

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



| | |
|--|------------------------|
| Debt Service | \$393,663,986 |
| Other Agencies & Transfers | 67,524,911 |
| Maintenance & Operations | 2,180,979,710 |
| Administration & Other Programs | 432,016,967 |
| Toll Facility Operations | 77,682,467 |
| Rail and Public Transportation | 598,072,603 |
| Airport Trust Fund | 24,633,089 |
| Port Trust Fund | 43,189,155 |
| Construction | 1,703,319,409 |
| Total Operating Programs | \$5,521,082,297 |
| Pass Through Programs | |
| WMATA Capital Fund | 154,520,000 |
| Regional Transportation Funds | 471,500,000 |
| TOTAL RECOMMENDED DISTRIBUTIONS | \$6,147,102,297 |



| STATE REVENUE SOURCES | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|------------------------|--------------------------------|
| Highway Maintenance & Operating Fund (HMOF) | | | |
| State Revenue | \$2,031,060,785 | \$2,085,841,023 | \$54,780,238 |
| Total HMOF | 2,031,060,785 | 2,085,841,023 | 54,780,238 |
| Transportation Trust Fund (TTF) | | | |
| Revenue Available for Modal Distribution | 996,800,000 | 1,021,600,000 | 24,800,000 |
| Interest Earnings | 1,275,000 | 1,977,730 | 702,730 |
| Toll Facilities | 69,214,833 | 80,876,667 | 11,661,834 ¹ |
| Local Revenue Sources | 151,758,221 | 151,509,185 | (249,036) |
| Project Participation - Regional Entities | 352,610,184 | 284,441,132 | (68,169,052) ² |
| CPR Bonds | 122,900,000 | 61,632,863 | (61,267,137) ³ |
| GARVEE Bonds | 113,100,988 | 85,693,244 | (27,407,744) ³ |
| I-66 Outside the Beltway Concession Fee Payment/Interest | 578,919,450 | 18,012,329 | (560,907,121) ⁴ |
| Other Trust Fund Revenue | 321,915,189 | 371,498,316 | 49,583,127 |
| Other Trust Fund Revenue | 2,708,493,865 | 2,077,241,466 | (631,252,399) |
| Priority Transportation Fund (PTF) | | | |
| State Revenue | 272,446,552 | 235,206,263 | (37,240,289) ⁵ |
| Total PTF | 272,446,552 | 235,206,263 | (37,240,289) |
| Pass Through Revenues | | | |
| Revenue Dedicated to WMATA Capital Fund | - | 134,520,000 | 134,520,000 ⁶ |
| State Revenue for Regional Entities | 492,500,000 | 471,500,000 | (21,000,000) ⁷ |
| Total Pass Through Revenues | 492,500,000 | 606,020,000 | 113,520,000 |
| TOTAL STATE REVENUES | \$5,504,501,202 | 5,004,308,752 | (500,192,450) |
| Federal Funding Sources | | | |
| Federal Highway Administration (FHWA) | 1,149,793,185 | 1,103,733,168 | (46,060,017) ⁸ |
| Federal Transit Administration (FTA) | 41,231,871 | 39,060,377 | (2,171,494) |
| Total Federal Funding | 1,191,025,056 | 1,142,793,545 | (48,231,511) |
| TOTAL COMMONWEALTH TRANSPORTATION FUNDS | \$6,695,526,258 | \$6,147,102,297 | (\$548,423,961) |



| DISTRIBUTION OF REVENUE SOURCES | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|----------------------------|----------------------|--------------------------------|
| Debt Service | | | |
| Toll Facilities Debt | \$3,193,400 | \$3,194,200 | \$800 |
| Northern Virginia transportation District | 31,565,855 | 31,576,190 | 10,335 |
| Oak Grove Connector | 1,990,750 | 1,992,750 | 2,000 |
| Route 28 | 7,212,269 | 8,639,519 | 1,427,250 |
| Route 58 | 47,435,319 | 41,025,250 | (6,410,069) |
| GARVEE Bonds | 110,970,875 | 117,188,318 | 6,217,443 |
| CPR Bonds | 153,503,773 | 187,706,263 | 34,202,490 |
| Other | 5,755,252 | 2,341,496 | (3,413,756) |
| Total Debt Service | 361,627,492 | 393,663,986 | 32,036,494 |
| Other Agencies & Transfers | | | |
| Trust Fund Management | 2,783,614 | 2,933,496 | 149,882 |
| Support to Other State Agencies (excludes DRPT) | 53,136,578 | 59,252,555 | 6,115,977 ⁹ |
| Indirect Costs | 4,735,091 | 5,338,860 | 603,769 |
| Total State Agencies | 60,655,283 | 67,524,911 | 6,869,628 |
| Maintenance & Operations | | | |
| Highway System Maintenance | 1,689,365,163 | 1,724,151,935 | 34,786,772 |
| Financial Assist. to Localities for Ground Transportation - Cities | 375,481,970 | 387,532,142 | 12,050,172 |
| Financial Assist. to Localities for Ground Transportation - Counties | 66,775,844 | 69,295,633 | 2,519,789 |
| Total Maintenance & Operations | 2,131,622,977 | 2,180,979,710 | 49,356,733 |
| Tolls, Administration & Other Programs | | | |
| Ground Transportation System Planning and Research | 73,774,836 | 75,153,449 | 1,378,613 |
| Environmental Monitoring & Compliance | 13,688,075 | 24,211,863 | 10,523,788 ¹⁰ |
| Administrative and Support Services | 263,439,502 | 279,817,017 | 16,377,515 ¹¹ |
| Program Management and Direction | 39,005,784 | 42,834,638 | 3,828,854 ¹¹ |
| Toll Facilities Operations | 37,629,766 | 41,532,467 | 3,902,701 |
| Toll Facility Revolving Account | 29,650,000 | 36,150,000 | 6,500,000 |
| Capital Outlay | 30,672,231 | 10,000,000 | (20,672,231) ¹² |
| Total Tolls, Administration & Other Programs | 487,860,194 | 509,699,434 | 21,839,240 |



| DISTRIBUTION OF REVENUE SOURCES | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|--------------------|--------------------------------|
| Transit and Rail Funds | | | |
| Share of Modal Distribution | \$143,128,508 | \$150,112,045 | \$6,983,537 |
| Transit | 77,200,000 | 82,500,000 | 5,300,000 |
| Surface Transportation Program | 26,620,755 | 27,804,775 | 1,184,020 |
| Federal Transit Authority (FTA) | 41,231,871 | 39,060,377 | (2,171,494) |
| CMAQ (without State Match) | 9,139,360 | 20,255,949 | 11,116,589 ¹³ |
| STP Regional (without State Match) | 6,364,176 | 11,339,971 | 4,975,795 ¹³ |
| NHPP Statewide with Soft Match | 3,034,890 | - | (3,034,890) ¹³ |
| STP Statewide with Soft Match | 2,546,090 | - | (2,546,090) ¹³ |
| Rail Fund | 19,250,000 | 21,850,000 | 2,600,000 |
| Interest Earnings | 880,000 | 1,210,000 | 330,000 |
| Motor Fuels Tax to Commonwealth Capital Fund | 27,200,000 | - | (27,200,000) ¹⁴ |
| Motor Fuels Tax to transit operations | 3,100,000 | - | (3,100,000) ¹⁴ |
| Motor Fuels Tax to transit special programs | 2,100,000 | - | (2,100,000) ¹⁴ |
| Motor Fuels Tax to Commonwealth Mass Transit Fund | - | 33,600,000 | 33,600,000 ¹⁴ |
| Metro Matters | 50,000,000 | 50,000,000 | - |
| Transit Capital Bonds | 60,000,000 | 11,632,863 | (48,367,137) ³ |
| Rail Bonds | 12,900,000 | - | (12,900,000) ³ |
| Recordation Taxes for Transit Operating | 50,200,000 | 48,200,000 | (2,000,000) |
| Intercity Passenger Rail Operating and Capital Fund (IPROC) | 51,500,000 | 55,000,000 | 3,500,000 |
| Mass Transit Fund-Support from Construction | 7,875,884 | 11,898,982 | 4,023,098 ¹³ |
| Fast Lane Grant | 45,000,000 | - | (45,000,000) ¹⁵ |
| Priority Transportation Fund for Atlantic Gateway | 9,292,622 | 32,700,000 | 23,407,378 ¹⁵ |
| Other | 889,844 | 907,641 | 17,797 |
| Subtotal Transit and Rail Funds | 649,454,000 | 598,072,603 | (51,381,397) |
| Pass Through Revenue for WMATA Capital | | | |
| Dedicated Revenue for WMATA Capital Fund | - | 134,520,000 | 134,520,000 ¹⁶ |
| Transfer from NVTD Fund for WMATA Capital Fund | - | 20,000,000 | 20,000,000 ¹⁶ |
| Subtotal WMATA Capital Fund | - | 154,520,000 | 154,520,000 |
| Airport Trust Fund | | | |
| Share of Modal Distribution (2.4%) | 23,367,920 | 24,508,089 | 1,140,169 |
| Interest Earnings | 125,000 | 125,000 | - |
| Total Airport Trust Fund | 23,492,920 | 24,633,089 | 1,140,169 |
| Port Trust Fund | | | |
| Share of Modal Distribution (4.2%) | 40,893,859 | 42,889,155 | 1,995,296 |
| Interest Earnings | 300,000 | 300,000 | - |
| Total Port Trust Fund | 41,193,859 | 43,189,155 | 1,995,296 |



| DISTRIBUTION OF REVENUE SOURCES | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|------------------------|--------------------------------|
| Pass Through Revenue Allocations | | | |
| Northern Virginia Transportation Authority Fund | \$332,100,000 | \$280,400,000 | (\$51,700,000) |
| Hampton Roads Transportation Authority Fund | 160,400,000 | 191,100,000 | 30,700,000 |
| Total Regional Transportation Programs | 492,500,000 | 471,500,000 | (21,000,000) |
| | | | |
| Construction | | | |
| Financial Assistance to Localities for Ground Transportation | 15,230,168 | 15,551,924 | 321,756 |
| State of Good Repair Program | 87,690,068 | 80,458,179 | (7,231,889) |
| High Priority Projects Program | 107,937,754 | 136,304,809 | 28,367,055 |
| Construction District Grant Programs | 89,405,123 | 154,788,814 | 65,383,691 |
| Specialized State and Federal Programs | 1,920,291,301 | 1,112,290,604 | (808,000,697) |
| Legacy Construction Formula Programs | 226,565,119 | 203,925,079 | (22,640,040) |
| Total Construction | 2,447,119,533 | 1,703,319,409 | (743,800,124) |
| | | | |
| DISTRIBUTION OF COMMONWEALTH TRANSPORTATION FUNDS | \$6,695,526,258 | \$6,147,102,297 | (\$548,423,961) |
| | | | |
| Agency Funding Summary: | | | |
| VDOT | \$5,989,261,363 | \$5,358,586,432 | (\$630,674,931) |
| Less Support to DRPT | (7,875,884) | (31,898,982) | (24,023,098) |
| VDOT (Net) | 5,981,385,479 | 5,326,687,450 | (654,698,029) |
| | | | |
| DRPT | 649,454,000 | 752,592,603 | 103,138,603 |
| Ports | 41,193,859 | 43,189,155 | 1,995,296 |
| Aviation | 23,492,920 | 24,633,089 | 1,140,169 |
| | | | |
| Grand Total | \$6,695,526,258 | \$6,147,102,297 | (\$548,423,961) |

State Revenue Details

| STATE REVENUE SOURCES | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---------------------------------|----------------------------|-------------------------|--------------------------------|
| State Tax on Motor Fuels | \$ 865,000,000 | \$ 896,500,000 | \$ 31,500,000 |
| Road Tax | 10,700,000 | 10,300,000 | (400,000) |
| Retail Sales & Use Tax | 1,045,200,000 | 1,067,800,000 | 22,600,000 |
| Motor Vehicle Sales and Use Tax | 947,300,000 | 952,600,000 | 5,300,000 |
| International Registration Plan | 64,000,000 | 64,200,000 | 200,000 |
| Motor Vehicle Licenses | 255,400,000 | 259,200,000 | 3,800,000 |
| Miscellaneous Revenues | 17,300,000 | 17,200,000 | (100,000) |
| Motor Vehicle Rental Tax | 39,600,000 | 42,400,000 | 2,800,000 |
| Aviation Fuels Tax | 1,800,000 | 1,900,000 | 100,000 |
| Recordation Tax | 48,400,000 | 48,300,000 | (100,000) |
| Total | \$ 3,294,700,000 | \$ 3,360,400,000 | \$ 65,700,000 |

Endnotes

| Endnote Number | Description |
|----------------|--|
| 1 | Annualized revenue of I-66 Inside the Beltway Toll Facility and I-64 Express Lanes that opened during the previous fiscal year. |
| 2 | Adjusted expectations on project participation from the regional entities from previous fiscal year. |
| 3 | Planned use of bond proceeds. |
| 4 | Revised FY 2018 Budget included the I-66 Outside the Beltway Concession Fee Payment. The recommended budget includes anticipated interest earnings. |
| 5 | The prior year's budget included prior unallocated balances of the Priority Transportation Fund to fulfill commitments of the Atlantic Gateway projects. |
| 6 | Reflected the dedicated revenues provided to the Washington Metropolitan Area Transit Authority (WMATA) Capital Fund through Chapter 854/856 (HB 1539/SB 856) of the 2018 General Assembly Session. |
| 7 | Reflects updated revenue estimate (NVTAs revenue sources directed to new WMATA Capital Fund) as well as the established of a price floor to derive the fuel tax rate in Hampton Roads (HB 768/SB 896 from the 2018 Session). |
| 8 | Reduction reflects allocation of Fast Lane Grant for Atlantic Gateway Projects in the prior fiscal year. |
| 9 | Adjustments include allocation for the Chesapeake Bay Initiatives was included in Chapter 2 (2018 Special Session I) and Barge Service Support for Virginia Port Authority. |
| 10 | Adjustments to the program include the additional commitments for Municipal Separate Storm Sewer System Compliance Activities. This additional investment is new in FY 2019. |
| 11 | Program growth and additional administrative costs requiring additional allocation. |
| 12 | Planned reduction in Capital Outlay investment in FY 2019. Funding levels are planned to be restored to the previous program levels in subsequent fiscal years. |
| 13 | Represents allocation to projects in the Six-Year Improvement Program (SYIP). |
| 14 | Reflects updated to distribution of Motor Fuel Tax Revenue included in Chapter 854/856 (HB 1539/SB 856) of the 2018 General Assembly Session. |
| 15 | Reduction represents one-time allocation in FY 2018 for the Fast Lane federal grant and the associated PTF commitments to the Atlantic Gateway Projects. |
| 16 | Reflects the dedicated revenues and transfer provided to the Washington Metropolitan Area Transit Authority (WMATA) Capital Fund through Chapter 854/856 (HB 1539/SB 856) of the 2018 General Assembly Session. |



Fiscal Year 2019

VDOT Annual Budget
June 2018



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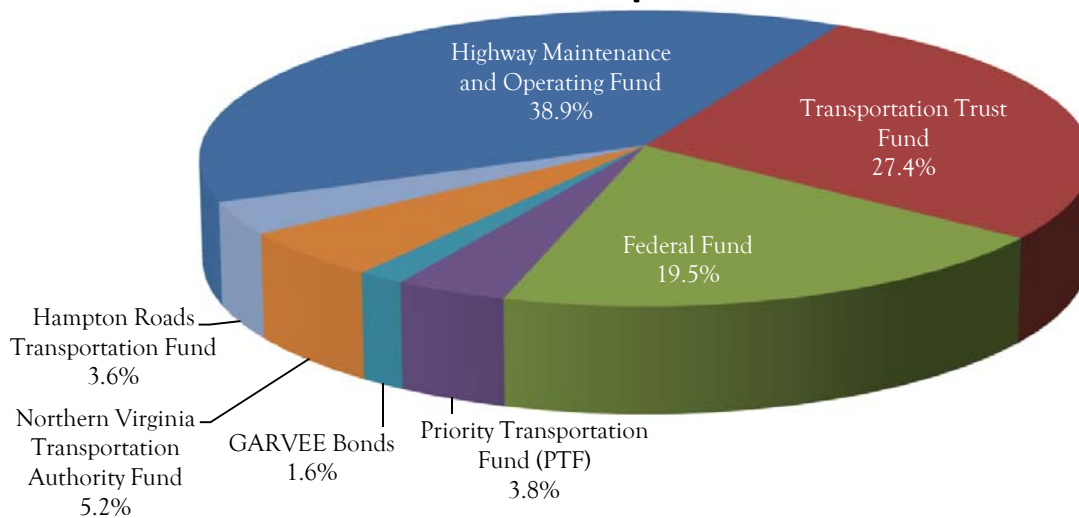
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Overview

The Fiscal Year 2019 (FY 2019) budget for the Virginia Department of Transportation (VDOT) identifies the estimated revenues and the distribution of the revenues to the related transportation programs. It is based on the most recent official state revenue forecast from December 2017 and estimated federal funding. The VDOT Budget for FY 2019 totals \$5,358,586,432, a 10.5% decrease from the Revised FY 2018 Budget of \$5,989,261,363. The reduction is largely related to the one-time concession fee payment related to I-66 Outside the Beltway. Excluding this and comparing to the original 2018 budget results in a 1% decrease.

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

Sources of Transportation Funds

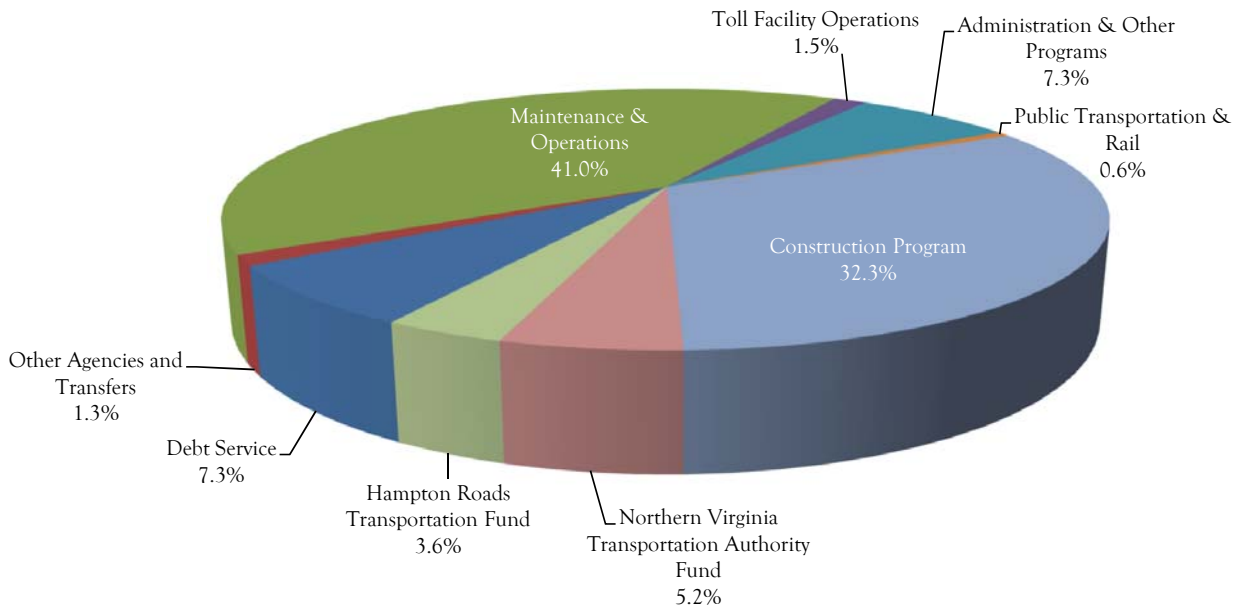


| | |
|---|------------------------|
| Highway Maintenance and Operating Fund | \$2,085,841,023 |
| Transportation Trust Fund | 1,468,713,429 |
| Federal Fund | 1,044,332,473 |
| Priority Transportation Fund (PTF) | 202,506,263 |
| GARVEE Bonds | 85,693,244 |
| Subtotal | \$4,887,086,432 |
| Pass Through Revenues | |
| Northern Virginia Transportation Authority Fund | 280,400,000 |
| Hampton Roads Transportation Fund | 191,100,000 |
| TOTAL | \$5,358,586,432 |

Overview

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

| | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|------------------------|--------------------------------|
| Debt Service | \$358,434,092 | \$390,469,786 | \$32,035,694 |
| Other Agencies and Transfers | 60,655,283 | 67,524,911 | 6,869,628 |
| Maintenance & Operations | 2,146,853,145 | 2,196,531,634 | 49,678,489 |
| Toll Facility Operations | 70,473,166 | 80,876,667 | 10,403,501 |
| Administration & Other Programs | 381,574,644 | 389,182,329 | 7,607,685 |
| Public Transportation & Rail | 7,875,884 | 31,898,982 | 24,023,098 |
| Construction Program | 2,470,895,149 | 1,730,602,123 | (740,293,026) |
| Subtotal | \$5,496,761,363 | \$4,887,086,432 | (\$609,674,931) |
| Pass Through Revenues | | | |
| Northern Virginia Transportation Authority Fund | 332,100,000 | 280,400,000 | (51,700,000) |
| Hampton Roads Transportation Fund | 160,400,000 | 191,100,000 | 30,700,000 |
| TOTAL | \$5,989,261,363 | \$5,358,586,432 | (\$630,674,931) |



Revenues

VDOT's revenues are specifically designated for transportation. Four primary state taxes provide for transportation in Virginia: Sales Tax on Motor Fuels, Motor Vehicle Sales and Use Tax, Motor Vehicle License Fee, and State Sales and Use Tax. The following table summarizes VDOT's FY 2019 revenues.

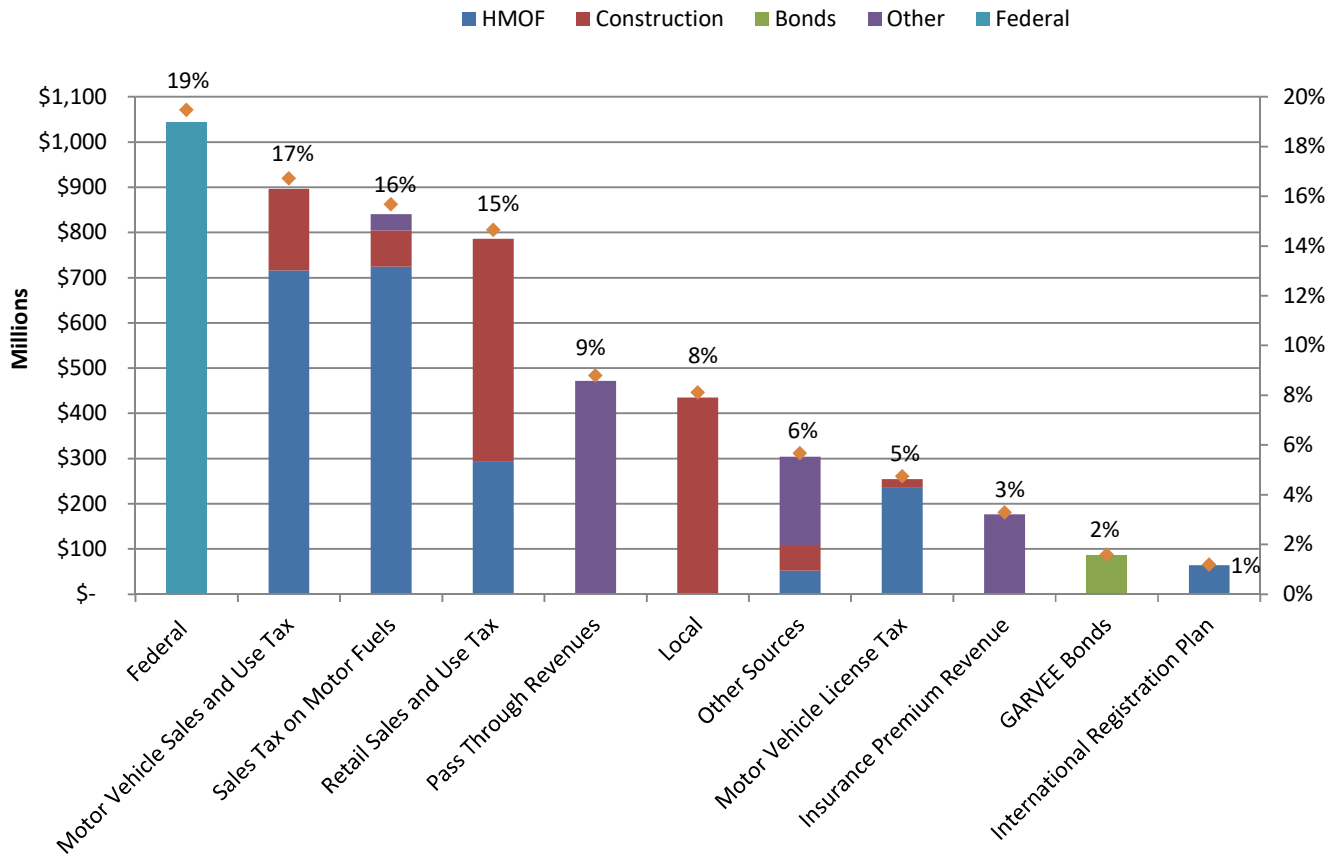
| Source | HMOF | Construction* | Federal | Bonds | Other | TOTAL |
|--|------------------------|------------------------|------------------------|----------------------|----------------------|------------------------|
| Sales Tax on Motor Fuels | \$724,400,000 | \$79,723,100 | \$ - | \$ - | \$36,200,000 | \$840,323,100 |
| Motor Vehicle Sales and Use Tax | 715,700,000 | 180,695,200 | - | - | - | 896,395,200 |
| Motor Vehicle License Tax | 236,700,000 | 17,786,200 | - | - | - | 254,486,200 |
| Retail Sales and Use Tax | 292,700,000 | 493,134,200 | - | - | - | 785,834,200 |
| International Registration Plan | 64,200,000 | - | - | - | - | 64,200,000 |
| Pass Through Revenues | - | - | - | - | 471,500,000 | 471,500,000 |
| GARVEE Bonds | - | - | - | 85,693,244 | - | 85,693,244 |
| Insurance Premium Revenue | - | - | - | - | 176,700,000 | 176,700,000 |
| Local | - | 435,042,676 | - | - | - | 435,042,676 |
| Other Sources | 52,141,023 | 54,715,122 | - | - | 197,223,194 | 304,079,339 |
| Federal | - | - | 1,044,332,473 | - | - | 1,044,332,473 |
| Transfer to HMOF | 155,785,364 | (155,785,364) | - | - | - | - |
| Transfer from Construction Fund for Maintenance Allocation | 26,000,000 | (26,000,000) | - | - | - | - |
| Subtotal | \$2,267,626,387 | \$1,079,311,134 | \$1,044,332,473 | \$ 85,693,244 | \$410,123,194 | \$4,887,086,432 |
| Pass Through Revenues | | | | | | |
| Northern Virginia Transportation Authority Fund | - | - | - | - | 280,400,000 | 280,400,000 |
| Hampton Roads Transportation Fund | - | - | - | - | 191,100,000 | 191,100,000 |
| TOTAL | \$2,267,626,387 | \$1,079,311,134 | \$1,044,332,473 | \$85,693,244 | \$881,623,194 | \$5,358,586,432 |

* Includes Highway Share of TTF and other special funds.

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

Revenues Dedicated to VDOT

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

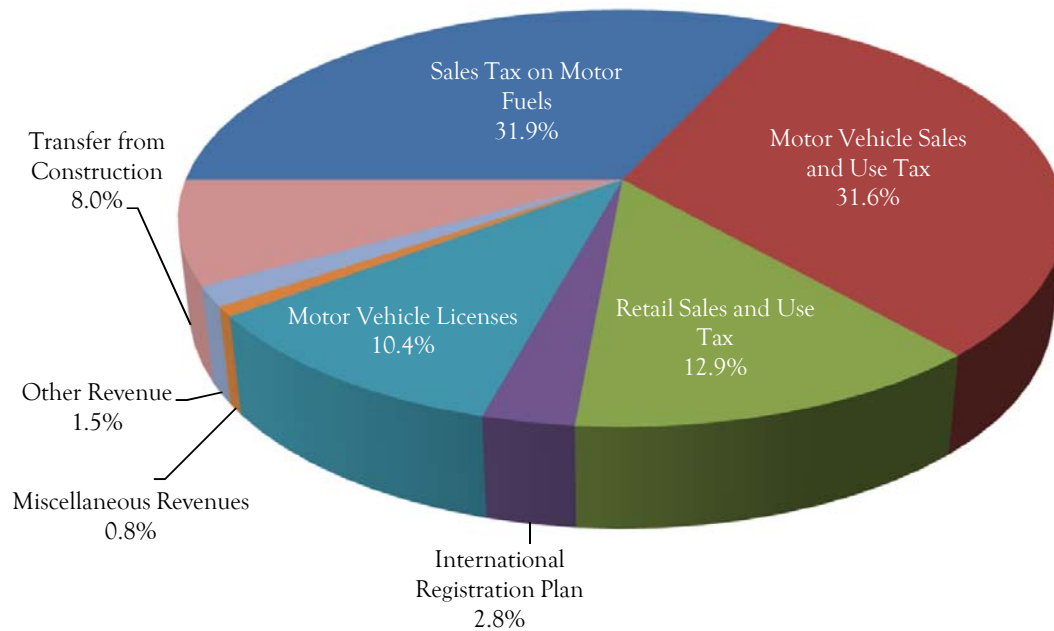


Highway Maintenance & Operating Fund

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

| HMOF Revenue Sources | Revised FY 2018 | FY 2019 | Difference |
|---------------------------------|------------------------|------------------------|---------------------|
| Sales Tax on Motor Fuels | \$699,000,000 | \$724,400,000 | \$25,400,000 |
| Motor Vehicle Sales and Use Tax | 712,100,000 | 715,700,000 | 3,600,000 |
| Retail Sales and Use Tax | 291,700,000 | 292,700,000 | 1,000,000 |
| International Registration Plan | 64,000,000 | 64,200,000 | 200,000 |
| Motor Vehicle Licenses | 233,500,000 | 236,700,000 | 3,200,000 |
| Miscellaneous Revenues | 17,300,000 | 17,200,000 | (100,000) |
| Other Revenue | 13,460,785 | 34,941,023 | 21,480,238 |
| Subtotal | \$2,031,060,785 | \$2,085,841,023 | \$54,780,238 |
| Transfer from Construction | 158,659,074 | 181,785,364 | 23,126,290 |
| Total | \$2,189,719,859 | \$2,267,626,387 | \$77,906,528 |

HMOF Revenue Sources, FY 2019

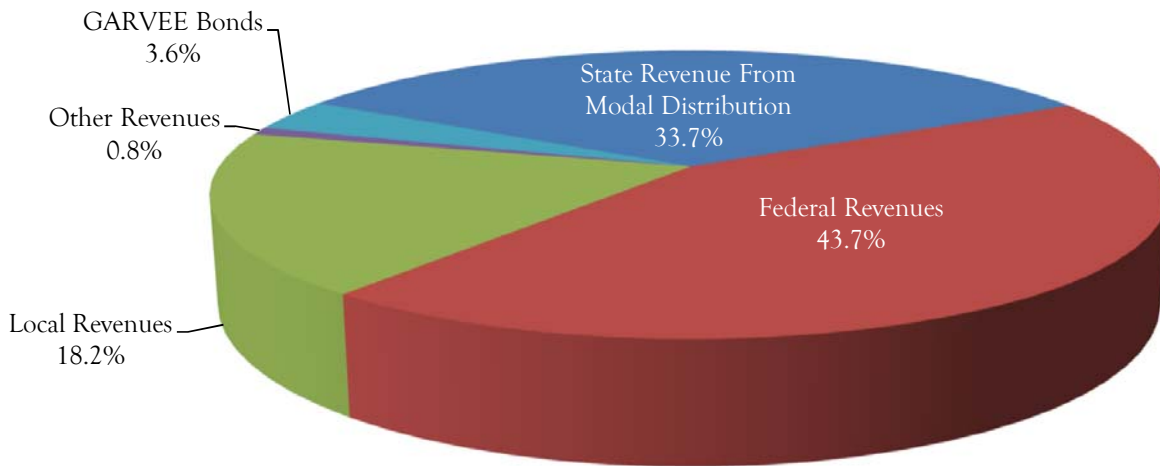


Transportation Trust Fund - Construction

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

| Construction Fund Revenue Sources | Revised FY 2018 | FY 2019 | Difference |
|--|----------------------------|------------------------|-----------------------|
| State Revenue From Modal Distribution | \$768,609,473 | \$806,115,486 | \$37,506,013 |
| Federal Revenues | 1,057,087,914 | 1,044,332,473 | (12,755,441) |
| Local Revenues | 503,478,561 | 435,042,676 | (68,435,885) |
| Other Revenues | 17,317,652 | 19,938,336 | 2,620,684 |
| GARVEE Bonds | 113,100,988 | 85,693,244 | (27,407,744) |
| Total | \$2,459,594,588 | \$2,391,122,215 | (\$68,472,373) |

**Construction Fund Revenue by Source,
FY 2019**



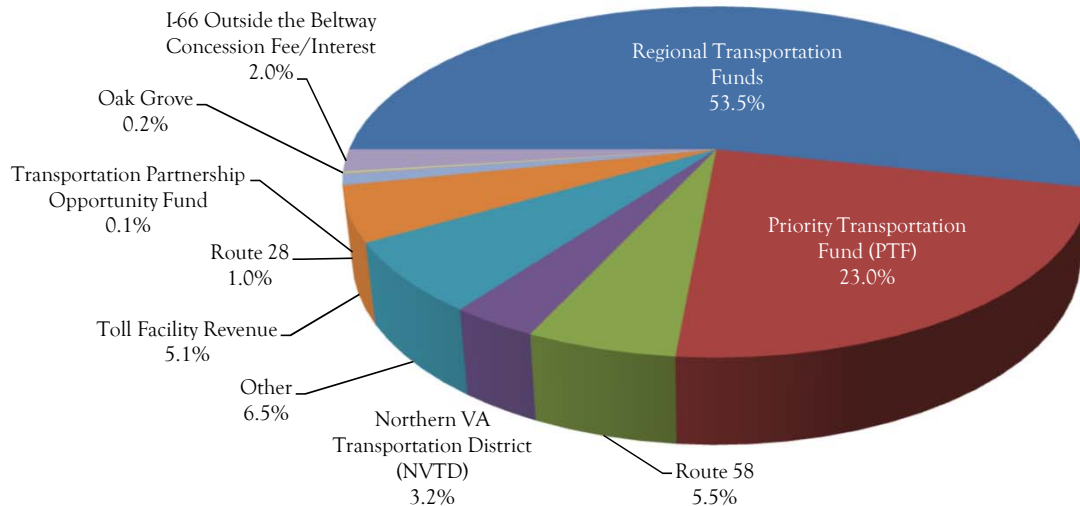
Other Fund Revenues

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

| Other Fund Revenues | Revised FY 2018 | FY 2019 | Difference |
|--|------------------------|----------------------|-----------------------------|
| Regional Transportation Funds | \$492,500,000 | \$471,500,000 | (\$21,000,000) ³ |
| Powhite Parkway Extension Toll Revenue | 11,000,000 | 11,000,000 | - |
| Coleman Bridge Toll Revenue | 6,000,000 | 6,000,000 | - |
| I-66 Inside the Beltway Toll Revenue | 9,864,833 | 25,316,667 | 15,451,834 ⁴ |
| I-64 Express Lanes Toll Revenue | 1,258,333 | 2,410,000 | 1,151,667 ⁴ |
| Northern VA Transportation District (NVTD) | 15,897,353 | 28,139,720 | 12,242,367 ⁵ |
| Oak Grove | 1,555,803 | 1,577,771 | 21,968 |
| Priority Transportation Fund (PTF) | 263,153,930 | 202,506,263 | (60,647,667) ⁶ |
| Transportation Partnership Opportunity Fund | 600,000 | 717,577 | 117,577 |
| Route 58 | 47,294,019 | 48,218,195 | 924,176 |
| Route 28 | 7,212,269 | 8,639,519 | 1,427,250 |
| I-66 Outside the Beltway Concession Fee/Interest | 578,919,450 | 18,012,329 | (560,907,121) ⁷ |
| Other | 63,350,000 | 57,585,153 | (5,764,847) |
| Total | \$1,498,605,990 | \$881,623,194 | (\$616,982,796) |

| | | | |
|---|------------------------|------------------------|------------------------|
| Total Construction Major Sources (page 10) | 2,459,594,588 | 2,391,122,215 | (68,472,373) |
| Transfer to HMOF | (158,659,074) | (\$181,785,364) | (23,126,290) |
| Total Construction Fund | \$3,799,541,504 | \$3,090,960,045 | (\$708,581,459) |

Other Fund Revenue, FY 2019



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VDOT Program Descriptions & Allocations

Summary of Allocations by Program

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

| | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|----------------------------|------------------------|--------------------------------|
| Environmental Monitoring and Evaluation (514) | \$13,688,075 | \$24,211,863 | \$10,523,788 |
| Ground Transportation Planning and Research (602) | 73,774,836 | 75,153,449 | 1,378,613 |
| Highway Construction Programs (603) | 2,470,895,149 | 1,730,602,123 | (740,293,026) |
| Highway System Maintenance (604) | 1,689,365,163 | 1,724,151,935 | 34,786,772 |
| Commonwealth Toll Facilities (606) | 70,473,166 | 80,876,667 | 10,403,501 |
| Financial Assistance to Localities (607) | 949,987,982 | 943,879,699 | (6,108,283) |
| Non-Toll Supported Transportation Debt Service (612) | 358,434,092 | 390,469,786 | 32,035,694 |
| Administrative and Support Services (699) | 263,439,502 | 279,817,017 | 16,377,515 |
| VDOT Capital Outlay (998) | 30,672,231 | 10,000,000 | (20,672,231) |
| Support to Other State Agencies | 60,655,283 | 67,524,911 | 6,869,628 |
| Support to DRPT Programs | 7,875,884 | 31,898,982 | 24,023,098 |
| Total | \$5,989,261,363 | \$5,358,586,432 | (\$630,674,931) |

Environmental Monitoring and Evaluation (514)

The Environmental Program consists of the following service areas:

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

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

Municipal Separate Storm Sewer System Compliance Activities (514010) - To provide efforts to address storm water discharges, including the related operational and maintenance activities, to meet Total Maximum Daily Load reduction targets. VDOT's current Municipal Separate Storm Sewer System (MS4) permit requires VDOT to reduce its pollutant load allocation to the Chesapeake Bay. This service area is new for FY 2019.

| ENVIRONMENTAL MONITORING & EVALUATION (514) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|----------------------------|---------------------|--------------------------------|
| Environmental Monitoring & Compliance for Highway Projects (514008) | \$10,700,185 | \$6,722,931 | (\$3,977,254) ⁹ |
| Environmental Monitoring Program Management (514009) | 2,987,890 | 3,293,882 | 305,992 |
| Municipal Separate Storm Sewer System Compliance Activities (514010) | - | 14,195,050 | 14,195,050 ⁹ |
| TOTAL ENVIRONMENTAL | \$13,688,075 | \$24,211,863 | \$10,523,788 |
| TTF | 13,688,075 | 24,211,863 | 10,523,788 |

Ground Transportation Planning & Research (602)

Ground Transportation Planning and Research is comprised of:

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

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

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

| PLANNING & RESEARCH (602) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|---------------------|----------------------------------|
| Ground Transportation System Planning (602001) | \$60,671,030 | \$61,573,678 | \$902,648 |
| Ground Transportation System Research (602002) | 9,197,341 | 9,500,838 | 303,497 |
| Ground Transportation Program Management (602004) | 3,906,465 | 4,078,933 | 172,468 |
| TOTAL PLANNING & RESEARCH | \$73,774,836 | \$75,153,449 | \$1,378,613 ¹⁰ |
| HMOF | 12,243,780 | 12,557,058 | 313,278 |
| CONSTRUCTION | 41,694,952 | 42,268,389 | 573,437 |
| FEDERAL | 19,836,104 | 20,328,002 | 491,898 |

Highway Construction Programs (603)

For FY 2019, the funding made available for distribution is distributed via the Commonwealth Transportation Board Formula outlined in the Code of Virginia, § 33.2-358. Funding is also available for distribution to the following programs: State of Good Repair Program, High Priority Projects Program, and the Construction District Grant Program.

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

| CONSTRUCTION (603) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|------------------------|--------------------------------|
| State of Good Repair Program (603020) | \$87,690,068 | \$80,458,179 | (\$7,231,889) |
| High Priority Projects Program(603021) | 107,937,754 | 136,304,809 | 28,367,055 |
| Construction District Grant Programs (603022) | 89,405,123 | 154,788,814 | 65,383,691 |
| Specialized State and Federal Programs (603023) | 1,920,291,301 | 1,112,290,604 | (808,000,697) |
| Legacy Construction Formula Program (603024) | 226,565,119 | 203,925,079 | (22,640,040) |
| Construction Management (603015) | 39,005,784 | 42,834,638 | 3,828,854 |
| TOTAL CONSTRUCTION | \$2,470,895,149 | \$1,730,602,123 | (\$740,293,026) |
| CONSTRUCTION | 1,000,206,688 | 955,976,453 | (44,230,235) |
| FEDERAL | 661,436,806 | 646,988,722 | (14,448,084) |
| PTF | 109,650,157 | 14,800,000 | (94,850,157) |
| TPOF | 581,060 | 696,222 | 115,162 |
| BONDS | 7,000,000 | 8,000,000 | 1,000,000 |
| VTIB | - | 435,153 | 435,153 |
| GARVEE BONDS | 113,100,988 | 85,693,244 | (27,407,744) |
| CONCESSION FEE FUND | 578,919,450 | 18,012,329 | (560,907,121) |

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

Highway Construction Programs (603)

STATE OF GOOD REPAIR PROGRAM (603020)

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

| STATE OF GOOD REPAIR PROGRAM (603020) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|---------------------|---------------------|------------------------|
| TOTAL STATE OF GOOD REPAIR | \$87,690,068 | \$80,458,179 | (\$7,231,889) |
| CONSTRUCTION | 53,718,524 | 39,909,558 | (13,808,966) |
| FEDERAL | 33,971,544 | 40,548,621 | 6,577,077 |

HIGH PRIORITY PROJECTS PROGRAM (603021)

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

| HIGH PRIORITY PROJECTS PROGRAM (603021) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|----------------------|----------------------|------------------------|
| TOTAL HIGH PRIORITY PROJECTS | \$107,937,754 | \$136,304,809 | \$28,367,055 |
| CONSTRUCTION | 58,687,830 | 18,503,562 | (40,184,268) |
| FEDERAL | 19,825,086 | 100,871,704 | 81,046,618 |
| GARVEE | 29,424,838 | 16,929,543 | (12,495,295) |

CONSTRUCTION DISTRICT GRANT PROGRAMS (603022)

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

| CONSTRUCTION DISTRICT GRANT PROGRAMS (603022) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|---------------------|----------------------|------------------------|
| TOTAL CONSTRUCTION DISTRICT GRANT | \$89,405,123 | \$154,788,814 | \$65,383,691 |
| CONSTRUCTION | 36,115,412 | 84,022,329 | 47,906,917 |
| FEDERAL | 36,712,997 | 56,083,322 | 19,370,325 |
| GARVEE | 16,576,714 | 14,683,163 | (1,893,551) |

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

Highway Construction Programs (603)

SPECIALIZED STATE AND FEDERAL PROGRAMS (603023)

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

| SPECIALIZED STATE AND FEDERAL PROGRAMS (603023) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|------------------------|------------------------|------------------------|
| CMAQ & State Match | \$32,753,112 | \$34,041,434 | \$1,288,322 |
| I-66 Inside the Beltway | 3,000,000 | 4,500,000 | 1,500,000 |
| NHPP & Soft Match | 10,440,202 | 31,891,488 | 21,451,286 |
| NHPP Bridge & Soft Match | 9,121,911 | 8,772,808 | (349,103) |
| NHPP APD | 8,500,306 | 14,087,967 | 5,587,661 |
| NHPP Exempt & Soft Match | 15,582,169 | 15,582,169 | - |
| Open Container | 10,629,113 | 12,811,307 | 2,182,194 |
| Participating Project Costs | 40,000,000 | 40,000,000 | - |
| Previously Programmed GARVEE Bonds | 67,099,436 | 54,080,538 | (13,018,898) |
| Project Participation from HRTAC | 343,360,184 | 264,441,132 | (78,919,052) |
| Project Participation from NVTa | 9,250,000 | 20,000,000 | 10,750,000 |
| PTF for MWAa | 25,000,000 | - | (25,000,000) |
| Revenue Sharing | 200,000,000 | 200,000,000 | - |
| Safety & Soft Match | 53,122,502 | 53,122,502 | - |
| STP Bridge & Soft Match | 42,000,000 | 43,000,000 | 1,000,000 |
| STP BROS & Soft Match | 14,724,918 | 15,353,046 | 628,128 |
| STP Regional & State Match | 95,333,403 | 102,714,728 | 7,381,325 |
| STP Statewide & Soft Match | 33,735,767 | 31,404,550 | (2,331,217) |
| STP 5-200K & Soft Match | 18,984,620 | 12,324,904 | (6,659,716) |
| STP <5K & Soft Match | 34,964,479 | 35,005,683 | 41,204 |
| Tele Fees | 10,367,377 | 10,100,544 | (266,833) |
| Fast Lane Grant | 120,000,000 | - | (120,000,000) |
| I-66 Outside the Beltway Concession Fee/Interest Earnings | 578,919,450 | 18,012,329 | (560,907,121) |
| Other | 143,402,352 | 91,043,475 | (52,358,877) |
| TOTAL SPECIALIZED STATE AND FEDERAL PROGRAMS (60323) | \$1,920,291,301 | \$1,112,290,604 | (\$808,000,697) |
| Construction | 634,883,532 | 566,781,287 | (68,102,245) |
| Federal | 522,157,666 | 449,485,075 | (72,672,591) |
| GARVEES | 67,099,436 | 54,080,538 | (13,018,898) |
| PTF | 109,650,157 | 14,800,000 | (94,850,157) |
| Concession Fee Fund | 578,919,450 | 18,012,329 | (560,907,121) |
| Bonds | 7,000,000 | 8,000,000 | 1,000,000 |
| VTIB | - | 435,153 | 435,153 |
| TPOF | 581,060 | 696,222 | 115,162 |

Highway Construction Programs (603)

LEGACY CONSTRUCTION FORMULA PROGRAMS (603024)

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

| LEGACY CONSTRUCTION FORMULA PROGRAMS (603024) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--|----------------------|----------------------|------------------------|
| CTB Formula | \$226,565,119 | \$203,925,079 | (\$22,640,040) |
| TOTAL LEGACY CONSTRUCTION FORMULA PROGRAMS (603024) | \$226,565,119 | \$203,925,079 | (\$22,640,040) |
| CONSTRUCTION | 177,795,606 | 203,925,079 | 26,129,473 |
| FEDERAL | 48,769,513 | - | (48,769,513) |

The Commonwealth Transportation Board authorized \$411,695,765 for the CTB Alternate Formula distribution. The difference between the amount authorized and the amount allocated above represents the previously unprogrammed balance that was available for Smart Scale Distribution. Those funds are reflected in the High Priority Projects Program and the Construction District Grant Program.

CONSTRUCTION MANAGEMENT (603015)

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

| CONSTRUCTION MANAGEMENT (603015) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|--------------------------------------|---------------------|---------------------|------------------------|
| TOTAL CONSTRUCTION MANAGEMENT | \$39,005,784 | \$42,834,638 | \$3,828,854 |
| TTF | 39,005,784 | 42,834,638 | 3,828,854 |

Highway System Maintenance (604)

The maintenance program consists of:

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

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

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

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

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

| HIGHWAY SYSTEM MAINTENANCE (604) | Revised FY 2018 | FY 2019* | INCREASE (DECREASE) |
|--|------------------------|------------------------|------------------------|
| Interstate Maintenance (604001) | \$359,754,551 | \$358,268,884 | (\$1,485,667) |
| Primary Maintenance (604002) | 497,415,881 | 532,553,519 | 35,137,638 |
| Secondary Maintenance (604003) | 589,912,970 | 608,009,381 | 18,096,411 |
| Transportation Operations Services (604004) | 168,477,856 | 148,056,155 | (20,421,701) |
| Highway Maintenance Program Management & Direction (604005) | 73,803,905 | 77,263,996 | 3,460,091 |
| TOTAL HIGHWAY SYSTEM MAINTENANCE | \$1,689,365,163 | \$1,724,151,935 | \$34,786,772 |
| HMOF | 1,431,836,739 | 1,479,426,214 | 47,589,475 |
| FEDERAL | 257,528,424 | 244,725,721 | (12,802,703) |

* The amounts recommended for FY 2019 include transfers from the funds allocated to the High Priority Projects Program and the Construction District Grant Program, representing a share of 45% of the allocations released from the Route 460 Improvements Project. These transfers are planned through FY 2021.

Commonwealth Toll Facilities (606)

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

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

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

Toll Facility Maintenance and Operation (606003) - To provide for the operational costs of the four toll facilities operated by VDOT: the George P. Coleman Bridge and the Powhite Parkway Extension Toll Road, I-66 Inside the Beltway facility and I-64 Express Lanes. All operating costs associated with that facility are to be paid out of the revenues generated by that facility. Customer service and toll collection are toll facilities' main operations.

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

| COMMONWEALTH TOLL FACILITIES (606) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|---------------------|--------------------------------|
| Acquisition & Construction (606001) | \$12,700,000 | \$ - | (\$12,700,000) ¹⁶ |
| Debt Service (606002) | 3,193,400 | 3,194,200 | 800 |
| Maintenance & Operations (606003) | 24,929,766 | 41,532,467 | 16,602,701 |
| Toll Facilities Revolving (606004) | 29,650,000 | 36,150,000 | 6,500,000 ¹⁶ |
| TOTAL TOLL FACILITIES | \$70,473,166 | \$80,876,667 | \$10,403,501 |
| POWHITE | 11,000,000 | 11,000,000 | - |
| COLEMAN | 6,000,000 | 6,000,000 | - |
| I-66 INSIDE THE BELTWAY | 22,564,833 | 25,316,667 | 2,751,834 |
| I-64 EXPRESS LANES | 1,258,333 | 2,410,000 | 1,151,667 |
| TOLL FACILITIES REVOLVING | 29,650,000 | 36,150,000 | 6,500,000 |

Financial Assistance to Localities (607)

Financial Assistance to Localities consists of:

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

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

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

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

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

| FINANCIAL ASSISTANCE TO LOCALITIES (607) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|----------------------|--------------------------------|
| Financial Assistance for City Road Maintenance (607001) | \$375,481,970 | \$387,532,142 | \$12,050,172 |
| Financial Assistance for County Road Maintenance (607002) | 66,775,844 | 69,295,633 | 2,519,789 |
| Financial Assistance for Planning, Access Roads, & Special Projects (607004) | 15,230,168 | 15,551,924 | 321,756 |
| Distribution of Northern Virginia Transportation Authority Fund Revenues (607006) | 332,100,000 | 280,400,000 | (51,700,000) ³ |
| Distribution of Hampton Roads Transportation Fund Revenues (607007) | 160,400,000 | 191,100,000 | 30,700,000 ³ |
| TOTAL FINANCIAL ASSISTANCE TO LOCALITIES | \$949,987,982 | \$943,879,699 | (\$6,108,283) |
| HMOF | 442,257,814 | 456,827,775 | 14,569,961 |
| CONSTRUCTION | 7,914,463 | 7,950,214 | 35,751 |
| FEDERAL | 7,315,705 | 7,601,710 | 286,005 |
| NORTHERN VIRGINIA REGIONAL FUND | 332,100,000 | 280,400,000 | (51,700,000) |
| HAMPTON ROADS REGIONAL FUND | 160,400,000 | 191,100,000 | 30,700,000 |

Non-Toll Supported Transportation Debt Service (612)

Non-Toll Supported Transportation Debt Service consists of:

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

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

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

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

| Non-Toll Supported Transportation Debt Service (612) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|----------------------|--------------------------------|
| Highway Transportation Improvement Debt Service (612001) | \$7,212,269 | \$8,639,519 | \$1,427,250 |
| Designated Highway Corridor Debt Service (612002) | 86,747,175 | 76,935,686 | (9,811,489) |
| Commonwealth Transportation Capital Projects Bond Act Debt Service (612004) | 153,503,773 | 187,706,263 | 34,202,490 |
| Federal Transportation Grant Anticipation Revenue Notes Debt Service (612005) | 110,970,875 | 117,188,318 | 6,217,443 |
| TOTAL NON-TOLL SUPPORTED DEBT SERVICE | \$358,434,092 | \$390,469,786 | \$32,035,694 |
| NVTD | 35,897,353 | 32,139,720 | (3,757,633) |
| OAK GROVE | 2,555,803 | 2,577,771 | 21,968 |
| ROUTE 28 | 7,212,269 | 8,639,519 | 1,427,250 |
| CPR BONDS | 153,503,773 | 187,706,263 | 34,202,490 |
| ROUTE 58 | 48,294,019 | 42,218,195 | (6,075,824) |
| FEDERAL | 110,970,875 | 117,188,318 | 6,217,443 |

Administrative & Support Services (699)

Administrative and Support Services is comprised of:

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

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

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

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

| ADMINISTRATIVE & SUPPORT SERVICES (699) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|----------------------|--------------------------------|
| General Management & Direction (699001) | \$137,533,719 | \$147,188,104 | \$9,654,385 |
| Information Technology Services (699002) | 90,923,268 | 96,813,415 | 5,890,147 |
| Facilities and Grounds Management Services (699015) | 16,668,596 | 17,169,363 | 500,767 |
| Employee Training & Development (699024) | 18,313,919 | 18,646,135 | 332,216 |
| TOTAL ADMINISTRATIVE & SUPPORT SERVICES | \$263,439,502 | \$279,817,017 | \$16,377,515 |
| HMOF | 262,546,616 | 278,881,071 | 16,334,455 |
| CONSTRUCTION | 892,886 | 935,946 | 43,060 |

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VDOT Capital Outlay (998)

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

| VDOT CAPITAL OUTLAY (998) | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|----------------------------------|---------------------|---------------------|------------------------|
| TOTAL VDOT CAPITAL OUTLAY | \$30,672,231 | \$10,000,000 | (\$20,672,231) |
| CONSTRUCTION | 30,672,231 | 10,000,000 | (20,672,231) |

Support to Other State Agencies

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

| SUPPORT TO OTHER STATE AGENCIES | Revised FY 2018 | FY 2019 | INCREASE (DECREASE) |
|---|----------------------------|---------------------|--------------------------------|
| Transportation Appropriation to Other Agencies | | | |
| Department of Education | \$263,327 | \$270,419 | \$7,092 |
| Marine Resources Commission | 313,768 | 313,786 | 18 |
| Secretary of Transportation | 888,474 | 916,840 | 28,366 |
| Department of State Police | 7,795,519 | 8,185,295 | 389,776 |
| Department of Minority Business Enterprise | 1,535,238 | 1,592,572 | 57,334 |
| Department of Historic Resources | 109,835 | 115,642 | 5,807 |
| Department of Emergency Management | 1,170,639 | 1,212,509 | 41,870 |
| Department of Motor Vehicles | 13,694,150 | 14,036,504 | 342,354 |
| Department of Treasury | 185,187 | 185,187 | - |
| Virginia Port Authority | 0 | 2,550,023 | 2,550,023 |
| Virginia Liaison Office | 151,884 | 157,576 | 5,692 |
| Virginia Commercial Space Flight Authority | 15,800,021 | 15,800,000 | (21) |
| Office of the State Inspector General | 1,851,627 | 1,930,362 | 78,735 |
| SUBTOTAL | 43,759,669 | 47,266,715 | 3,507,046 |
| Transfers to the General Fund | | | |
| Department of General Services | 362,854 | 388,254 | 25,400 |
| Department of Agriculture & Conservation | 97,586 | 97,586 | - |
| Chesapeake Bay Initiatives | 7,416,469 | 10,000,000 | 2,583,531 |
| Indirect Costs | 4,735,091 | 5,338,860 | 603,769 |
| Department of Taxation | 2,783,614 | 2,933,496 | 149,882 |
| SUBTOTAL | 15,395,614 | 18,758,196 | 3,362,582 |
| Transfers to Other Agencies | | | |
| Department of Motor Vehicles (fuel tax evasion) | 1,500,000 | 1,500,000 | - |
| SUBTOTAL | 1,500,000 | 1,500,000 | - |
| TOTAL SUPPORT TO OTHER STATE AGENCIES | \$60,655,283 | \$67,524,911 | \$6,869,628 |
| HMOF | 40,834,910 | 47,434,269 | 6,599,359 |
| CONSTRUCTION | 19,801,433 | 20,069,287 | 267,854 |
| TPOF | 18,940 | 21,355 | 2,415 |

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

| Program | HMOF | Construction | Federal | Bonds | Other* | Total |
|--|------------------------|------------------------|------------------------|---------------------|----------------------|------------------------|
| Environmental Monitoring and Evaluation (514) | \$ - | \$24,211,863 | \$ - | \$ - | \$ - | \$24,211,863 |
| Ground Transportation Planning & Research (602) | 12,557,058 | 42,268,389 | 20,328,002 | - | - | 75,153,449 |
| Highway Construction Programs (603) | - | 955,976,453 | 646,988,722 | 85,693,244 | 41,943,704 | 1,730,602,123 |
| Highway System Maintenance (604) | 1,445,926,214 | 26,000,000 | 252,225,721 | - | - | 1,724,151,935 |
| Commonwealth Toll Facilities (606) | - | - | - | - | 80,876,667 | 80,876,667 |
| Financial Assistance to Localities (607) | 456,827,775 | 7,950,214 | 7,601,710 | - | 471,500,000 | 943,879,699 |
| Non-Toll Supported Transportation Debt Service (612) | - | - | 117,188,318 | - | 273,281,468 | 390,469,786 |
| Administrative and Support Services (699) | 278,881,071 | 935,946 | - | - | - | 279,817,017 |
| VDOT Capital Outlay (998) | - | 10,000,000 | - | - | - | 10,000,000 |
| Support to Other State Agencies | 47,434,269 | 20,069,287 | - | - | 21,355 | 67,524,911 |
| Support to DRPT Programs | - | 11,898,982 | - | - | 20,000,000 | 31,898,982 |
| TOTAL | \$2,241,626,387 | \$1,099,311,134 | \$1,044,332,473 | \$85,693,244 | \$887,623,194 | \$5,358,586,432 |

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

Budget Comparison Schedule for FY 2019

Revenues

| | |
|--|----------------------|
| Revenue provided by the General Fund of the Commonwealth | \$40,000,000 |
| Taxes | 3,188,691,700 |
| Rights and privileges | 349,391,642 |
| Sale of property and commodities | - |
| Interest, dividends, and rents | 27,393,861 |
| Fines, forfeitures, court fees | - |
| Penalties, and escheats | 5,500,000 |
| Receipts from localities and private sector | 426,782,132 |
| Federal grants and contracts | 1,044,332,473 |
| Toll revenues | 70,816,667 |
| Other | 104,931,837 |
| Total Revenues | <u>5,257,840,312</u> |

Other Financing Sources

| | |
|--|--------------------|
| Other financing sources | 15,052,876 |
| Bond proceeds | 85,693,244 |
| Note proceeds | - |
| Transfers from other state agencies and General Fund | - |
| Transfers in | - |
| Total Other Financing Sources | <u>100,746,120</u> |

Total Revenues and Other Sources \$5,358,586,432

Budget Comparison Schedule for FY 2019

Expenditures

| | |
|--|-----------------------------|
| Administrative and support services | \$279,817,017 |
| Ground transportation system planning and research | 75,153,449 |
| Highway system acquisition and construction | 1,730,602,123 |
| Highway system maintenance | 1,724,151,935 |
| Financial assistance to localities | 943,879,699 |
| Environmental monitoring and compliance | 24,211,863 |
| Toll facility operations and construction | 80,876,667 |
| Capital outlay | 10,000,000 |
| Debt Service | 390,469,786 |
| Total Expenditures | <u>5,259,162,539</u> |

Other Financing Uses

| | |
|--|--------------------------|
| Other financing uses | |
| Transfers to other state agencies and General Fund | 99,423,893 |
| Transfers out | - |
| Total Other Financing Uses | <u>99,423,893</u> |

Total Expenditures and Other Uses **\$5,358,586,432**

Revenues and Other Sources Over (Under) **\$ -**
Expenditures and Other Uses

Appendix I - Powhite Parkway Extension (0436) FY 2019

FY 2019 ESTIMATED REVENUE

| | |
|--|----------------------|
| Toll Revenues | \$ 11,000,000 |
| TOTAL ESTIMATED REVENUES | \$ 11,000,000 |
| Toll Facility Revolving Account Loan Repayment | 1,830,000 |
| TOTAL ESTIMATED REVENUE AVAILABLE | \$ 9,170,000 |

FY 2019 EXPENDITURE BUDGET

| | |
|---|---------------------|
| Revenue Fund | |
| Operations | 6,525,285 |
| Maintenance Replacement Fund | 1,397,957 |
| Estimated Interest Payment to Chesterfield County | 1,246,758 |
| TOTAL ESTIMATED EXPENDITURES | \$ 9,170,000 |

| | ALLOCATION FY 2018 | RECOMMENDED FY 2019 | INCREASE (DECREASE) |
|--|-----------------------|------------------------|------------------------|
| Details of Operating Expenditures | | | |
| Personal Services | \$ 1,386,116 | \$ 1,457,180 | \$ 71,064 |
| Contractual Services | 1,414,955 | 1,414,955 | - |
| Supplies and Materials | 59,650 | 59,550 | (100) |
| Transfer Payments | 1,988,000 | 1,988,000 | - |
| Continuous Charges | 108,100 | 70,100 | (38,000) |
| Property and Improvements | - | - | - |
| Equipment | 1,500,000 | 1,535,500 | 35,500 |
| Obligations | | | - |
| TOTAL - Operating Expenditures | \$ 6,456,821 | \$ 6,525,285 | \$ 68,464 |

Appendix I - Coleman Bridge (0782) FY 2019

FY 2019 ESTIMATED REVENUE

| | |
|--|---------------------|
| Toll Revenues | \$ 6,000,000 |
| TOTAL ESTIMATED REVENUES | \$ 6,000,000 |
| Toll Facility Revolving Account Loan Repayment | - |
| TOTAL ESTIMATED REVENUE AVAILABLE | \$ 6,000,000 |

FY 2019 EXPENDITURE BUDGET

| | |
|-------------------------------------|---------------------|
| Revenue Fund | |
| Debt Service | |
| Principal | 2,560,000 |
| Interest | 403,000 |
| Subtotal - Debt Service | \$ 2,963,000 |
| Operations | 2,945,133 |
| Maintenance Replacement Fund | 91,867 |
| TOTAL ESTIMATED EXPENDITURES | \$ 6,000,000 |

| | ALLOCATION FY 2018 | RECOMMENDED FY 2019 | INCREASE (DECREASE) |
|--|-----------------------|------------------------|------------------------|
| Details of Operating Expenditures | | | |
| Personal Services | \$ 587,970 | \$ 531,198 | \$ (56,772) |
| Contractual Services | 1,112,100 | 1,363,800 | 251,700 |
| Supplies and Materials | 68,750 | 72,050 | 3,300 |
| Transfer Payments | 250,000 | 250,000 | - |
| Continuous Charges | 78,800 | 81,280 | 2,480 |
| Property and Improvements | - | - | - |
| Equipment | 648,400 | 646,805 | (1,595) |
| Obligations | - | - | - |
| TOTAL - Operating Expenditures | \$ 2,746,020 | \$ 2,945,133 | \$ 199,113 |

Appendix I - I-66 Inside the Beltway (0446) FY 2019

FY 2019 ESTIMATED REVENUE

| | |
|--|----------------------|
| Toll Revenues | \$ 25,316,667 |
| TOTAL ESTMATED REVENUES | \$ 25,316,667 |
| Toll Facility Revolving Account Loan Repayment | - |
| TOTAL ESTIMATED REVENUE AVAILABLE | \$ 25,316,667 |

FY 2019 EXPENDITURE BUDGET

| | |
|-------------------------------------|----------------------|
| Revenue Fund | |
| Operations | 22,816,667 |
| Maintenance Replacement Fund | 2,500,000 |
| TOTAL ESTIMATED EXPENDITURES | \$ 25,316,667 |

| Details of Operating Expenditures | ALLOCATION FY 2018 | RECOMMENDED FY 2019 | INCREASE (DECREASE) |
|---------------------------------------|-----------------------|------------------------|------------------------|
| Personal Services | \$ 253,813 | \$ 712,000 | \$ 458,187 |
| Contractual Services | 1,702,662 | 4,830,001 | 3,127,339 |
| Supplies and Materials | 7,300 | - | (7,300) |
| Transfer Payments | 7,901,058 | 17,274,666 | 9,373,608 |
| Continuous Charges | - | - | - |
| Property and Improvements | - | - | - |
| Equipment | - | - | - |
| Obligations | - | - | - |
| TOTAL - Operating Expenditures | \$ 9,864,833 | \$ 22,816,667 | \$ 12,951,834 |

Appendix I - I-64 Express Lanes (0447) FY 2019

FY 2019 ESTIMATED REVENUE

Toll Revenues \$ 2,410,000

TOTAL ESTIMATED REVENUES \$ 2,410,000

Toll Facility Revolving Account Loan Repayment

TOTAL ESTIMATED REVENUE AVAILABLE \$ 2,410,000

FY 2019 EXPENDITURE BUDGET

Revenue Fund

Operations 2,410,000

Maintenance Replacement Fund

TOTAL ESTIMATED EXPENDITURES \$ 2,410,000

| Details of Operating Expenditures | ALLOCATION FY 2018 | RECOMMENDED FY 2019 | INCREASE (DECREASE) |
|---------------------------------------|----------------------------|----------------------------|----------------------------|
| Personal Services | \$ 93,433 | \$ 280,299 | \$ 186,866 |
| Contractual Services | 908,400 | 1,487,701 | 579,301 |
| Supplies and Materials | 1,500 | 3,000 | 1,500 |
| Transfer Payments | 255,000 | 639,000 | 384,000 |
| Continuous Charges | - | - | - |
| Property and Improvements | - | - | - |
| Equipment | - | - | - |
| Obligations | - | - | - |
| TOTAL - Operating Expenditures | <u><u>\$ 1,258,333</u></u> | <u><u>\$ 2,410,000</u></u> | <u><u>\$ 1,151,667</u></u> |

Index: Acronyms and Terminology

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

Endnotes

| Endnote Number | Description |
|----------------|---|
| 1 | The local revenue estimate is driven by project participation from localities and anticipated revenue from regional entities for VDOT administered projects. |
| 2 | Based on FY 2019 planned use of bonds. |
| 3 | Reflects updated revenue estimate (NVTA revenue sources directed to new WMATA Capital Fund) as well as the established of a price floor to derive the fuel tax rate in Hampton Roads (HB 768/SB 896 from the 2018 Session). |
| 4 | The difference reflects the updated and annualized toll facility revenue estimates. |
| 5 | The increased allocation represents the use of the Northern Virginia Transportation District fund balance to meet the fund's commitments. |
| 6 | Planned reduction in allocation of PTF funds, allocation of PTF in FY 2018 for Atlantic Gateway Projects. |
| 7 | Reduction reflects the one-time revenue of the I-66 Outside the Beltway Concession Fee. |
| 8 | Support to DRPT Programs includes associated state match on projects in the SYIP and the \$20 million transfer from the Northern Virginia Transportation District Fund. |
| 9 | The allocations provided in the Environmental Program represent the transfer and additional allocation provided in FY 2019 for the Municipal Separate Storm Sewer System Compliance Activities to be performed by VDOT. |
| 10 | Additional allocations in FY 2019 provide for program growth and additional administrative costs. |
| 11 | The decrease from FY 2018 is related predominately to the dedication of the share of the Rental Tax to the WMATA Capital Fund beginning in FY 2019 based on House Bill 1539/Senate Bill 856. |
| 12 | Adjustments based on revenue available for Smart Scale Distribution. |
| 13 | Reduction reflects the one-time revenue of the I-66 Outside the Beltway Concession Fee and the one-time allocation of the Fast Lane Federal Grant for Atlantic Gateway Projects. |
| 14 | Planned reduction in funds available for CTB Alternate Formula distribution. |
| 15 | Planned allocation of PTF to MWAA as directed in Chapter 836, Item 436, M. in previous fiscal year. |
| 16 | Allocation reduced based on the completed construction of the I-66 Inside the Beltway Toll Facility and the annual operations of the new toll facilities. Additional allocations in 606004 are provided to support E-Zpass Operations and Violation Enforcement Services. |
| 17 | Additional allocations necessary for DMV Carinal and Indirect Cost Recovery, Office of the Attorney General costs, and VITA cost increases. |
| 18 | Planned reduction in Capital Outlay investment in FY 2019. Funding levels are planned to be restored to the previous program levels in subsequent fiscal years. |
| 19 | Adjustments include allocation for the Chesapeake Bay Initiatives was included in Chapter 2 (2018 Special Session I) and Barge Service Support for Virginia Port Authority. |



Virginia Department of Rail and Public Transportation

Annual Budget Fiscal Year 2019



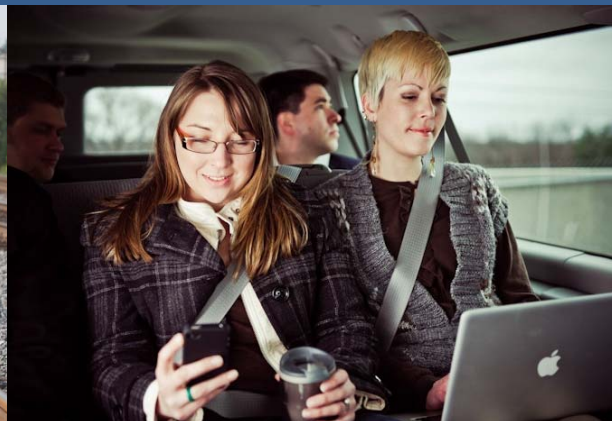
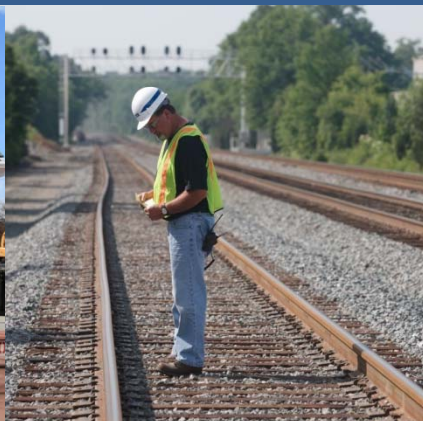
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SUMMARY OF PROGRAMS

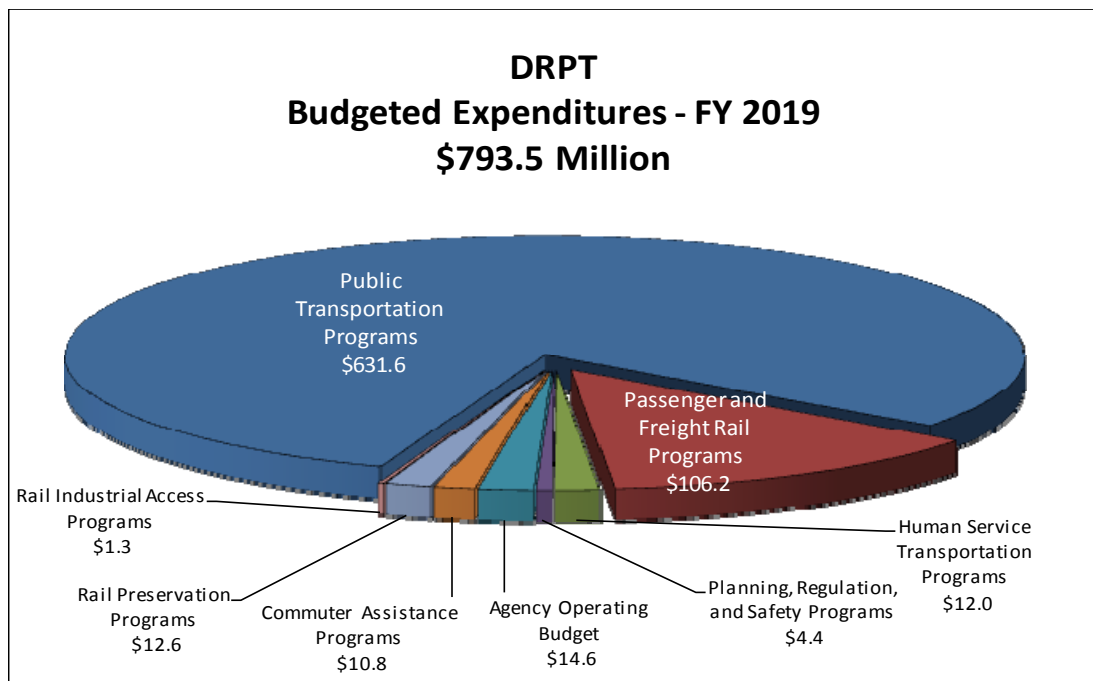


Summary of FY 2019 Budget

In FY 2019, DRPT will invest \$793.5 million in state, federal, and local resources towards improving rail and public transportation capacity and service across the Commonwealth of Virginia. The overwhelming majority of these funds are directed to a variety of grant recipients, including: public transportation providers, local and regional government entities, freight railroads, and Amtrak. Over 50% of these funds are dedicated to capital improvement projects.

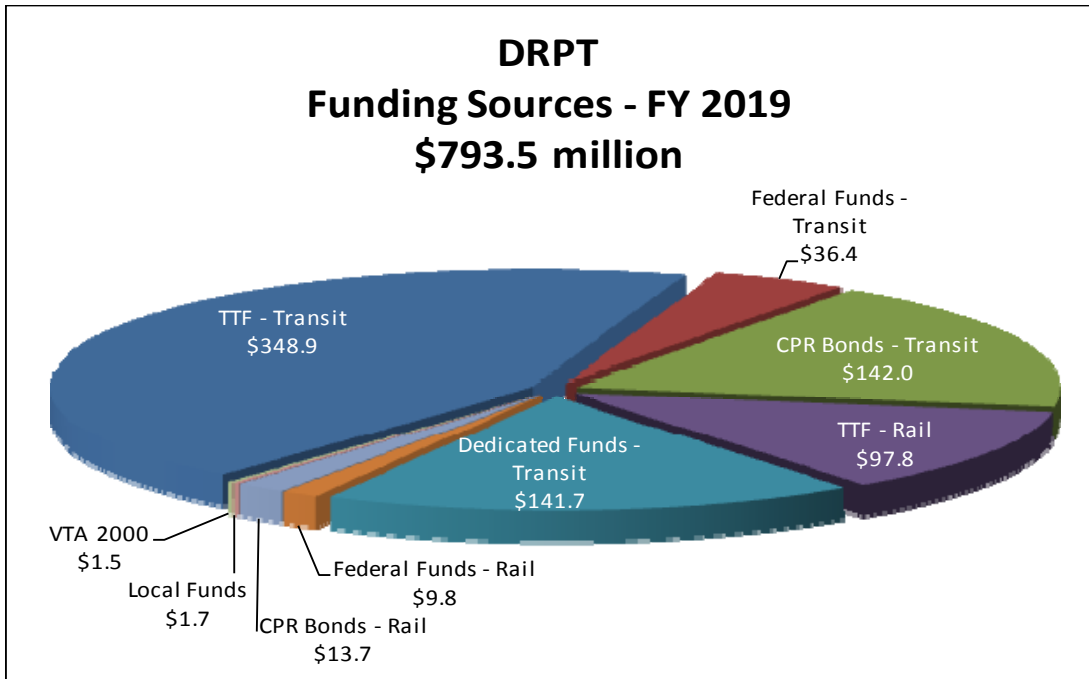
FY 2019 expenditures are estimated to be \$104.5 million more than FY 2018 primarily due to the addition of dedicated funds totaling \$154.5 million in Chapter 854 of the 2018 Acts of Assembly for the Washington Metropolitan Area Transit Authority (WMATA). It is estimated that \$141.7 million of these funds will be disbursed in FY 2019. Additionally, the total estimated expenditures for WMATA Assistance increased \$39.8 million. Of this amount, \$16.1 million is current year allocations and the remainder is due to WMATA capital reimbursements not being submitted in FY 2018. These increases are offset by a decrease in estimated Passenger and Freight Rail Program expenditures of \$101.1 million due to several large projects winding down in FY 2019.

Timing, both in terms of the lifecycle of capital projects as well as scheduled drawdown of grant funds, account for the variations in the year over year budgeted expenditures. Additional detail on these changes is included in the specific program sections of this document.



The above chart depicts the FY 2019 DRPT budget across the agency's eight service areas. The budgeted expenditures for each service area are discussed in more detail later in this report.

The chart below depicts the source of funds for DRPT's annual budgeted expenditures. It is not based on the annual estimated revenues for each funding source; rather, the funding source is derived from over 2,000 projects included in the cash flow projections used to estimate the budgeted expenditures. Additional information concerning the DRPT FY 2019 funding sources can be found on page 18.



FY 2019 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget increased 5.0% or \$0.7 million in FY 2019. Over the past several years, the rail and transit programs managed by DRPT have grown significantly. This growth has been accompanied by increased demand by the General Assembly for accountability over the funds in these programs. As the need for funding has increased due to the loss of Commonwealth Project Revenue (CPR) bonds, DRPT has been required to overhaul the transit operating and capital programs in FY 2019. The increase in the agency operating budget will be used to develop and expand the program oversight requested by the General Assembly over state transit funding as well as to provide technical consultant assistance in managing the complex Atlantic Gateway railway project.

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

Creek Third Track, Atlantic Gateway, and I-95 and I-81 rail corridor programs including planning of the Long Bridge expansion.

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

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

In FY 2019, \$14.6 million of the available balance of these funds will be needed to support these programs' ongoing administrative costs. A complete list of these estimated administrative costs is included in the footnotes of the budget statement at the end of this document. Despite the increase in demands on the agency, the DRPT operating budget still only represents 1.8% of the \$793.5 million of total funds administered.

Public Transportation Programs

The state funding for Public Transportation is comprised of revenues from the Mass Transit Trust Fund (MTTF) and the Mass Transit Capital Fund (MTCF). Chapter 854 of the 2018 Acts of Assembly establishes a separate allocation for the Washington Metropolitan Area Transit Authority (WMATA) and sets new allocation percentages for our Operating, Capital, and Special programs for FY 2019. It also streamlines the funding by making all state funding subject to new allocation percentages and mandating that all state funding, excluding CPR bonds, be deposited in the MTTF. It is important to note that these bills did not create additional transportation revenues. Instead, they build on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

The new legislation consolidates the revenues that are deposited into the MTTF so that they no longer are earmarked to a specific program (see the below list). Instead, all of the revenues deposited in the MTTF are now allocated using the newly calculated program percentages. The revenues deposited into the MTTF with prior year dedications are as follows:

- \$0.02 of the state recordation tax to the MTTF (§58.1-815.4.) to state operating assistance grants
- \$.01 of the state recordation tax to transit capital
- .35% of motor vehicle fuel tax to transit operations per §58.1-2289
- .24% of motor vehicle fuel tax to special programs per §58.1-2289
- 3.11% of motor vehicle fuel tax to transit capital per §58.1-2289

- 14.7% of the 1986 Special Session Revenues (formula allocation)
- 60% of the 0.125% addition to the general sales and use tax passed by the 2013 General Assembly (formula allocation)

As is evident, the funding sources are derived from various economic sectors which serves to mitigate large swings in annual revenues. Beginning in FY 2019, these funds are distributed in accordance with the Code of Virginia and specific Appropriations Act language as follows:

- Up to 3.5% of the MTTF to support costs of project development, project administration, and project compliance per §33.2-1604
- \$1.2 million (current Appropriation Act language) of the MTTF for state safety oversight
- \$1.5 million (current Appropriations Act language) of the MTTF for paratransit capital projects and enhanced transportation services for the elderly and disabled

The remaining funds are allocated by statute (§33.2-1526.1) with a minimum of 31% for state operating assistance grants, 12.5% awarded as capital assistance grants, 53.5% for distribution to WMATA for capital purposes and operating assistance, and the balance of up to 3% awarded as special projects grants subject to CTB approval.

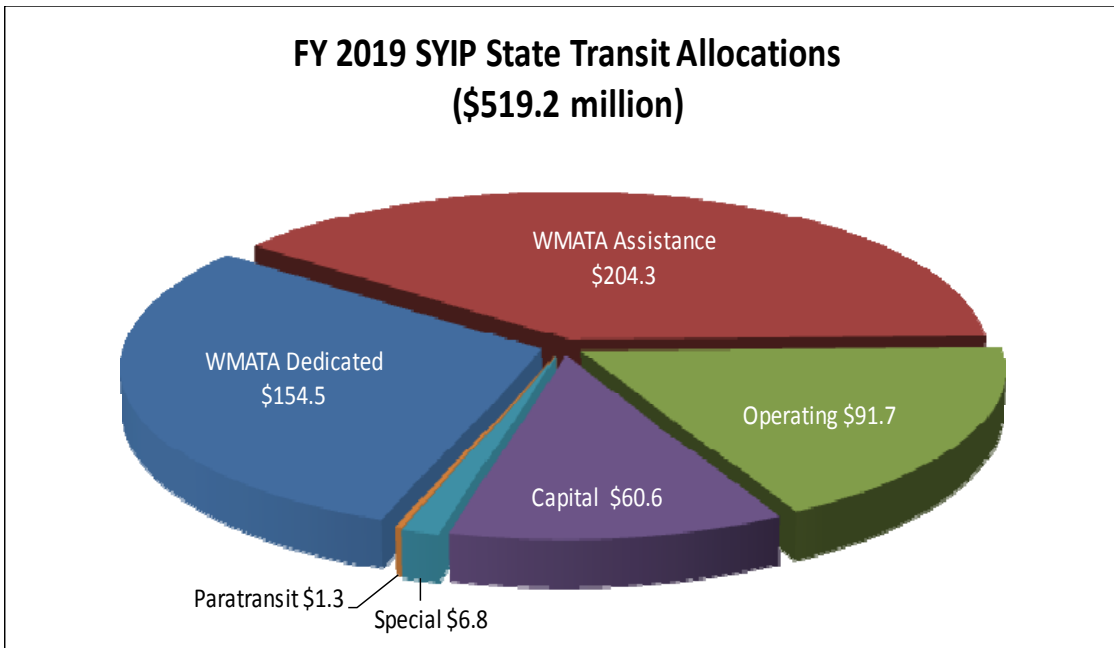
The MTCF is made up of the CPR bonds authorized under Chapter 896 of the 2007 Acts of Assembly allocated to transit capital. The major revenue source for these bond authorizations is the tax on insurance premiums.

In the Six Year Improvement Program (SYIP) for FY 2019, the CPR bonds represent approximately 85% of the state transit capital assistance. Beginning in FY 2019, these bond funds will complete the 10 year period under the original bond authorization and the \$60 million annual amount available will cease. By the close of FY 2021 when the WMATA state of good repair funding grant ends, the state transit capital assistance program will lose an additional \$50 million of annual bond funding.

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

The FY 2019 SYIP allocation of the state transit revenues for public transportation is depicted in the following chart. This chart represents FY 2019 SYIP allocations only, which vary from the budgeted amounts in this report due to the timing of expenditures versus allocations of funds. For more information, see Note 1 on page 19.

**FY 2019 SYIP State Transit Allocations
(\$519.2 million)**



The FY 2019 allocation of \$519.2 million of state transit revenues in the SYIP represents an increase of \$134.9 million from FY 2018. This increase is primarily caused by the addition of dedicated funds in Chapter 854 of the 2018 Acts of Assembly for WMATA. Operating and capital allocations in FY 2019 decreased by \$101.8 million and \$120.1 million, respectively, primarily due to the funding provided for WMATA being included in a separate classification called WMATA Assistance funds. For the current year, DRPT allocated \$93.7 million of anticipated bond proceeds in the SYIP with an emphasis placed on replacement vehicles and infrastructure. This includes an allocation of \$50.0 million in WMATA Assistance to match the federal funds WMATA is receiving under the federal state of good repair program.

WMATA Assistance Funds

Chapter 854 of the 2018 Acts of Assembly establishes a separate allocation of the Mass transit Trust Fund (53.5%) for WMATA that can be used for capital or operating. The budgeted state assistance provided to WMATA increased by \$39.8 million for FY 2019. Of this amount, \$16.1 million is current year allocations and the remainder is due to WMATA capital reimbursements not being submitted in FY 2018. In prior years, WMATA received a share of the funds available for the operating and capital assistance based on program allocation guidance. Under this new process, greater oversight responsibility will be required of the Northern Virginia Transportation Commission for these state funds dedicated to WMATA.

Public Transportation Operating Funds

The budgeted FY 2019 transit operating expenditures increased by \$5.8 million due to an increase in estimated revenues available for allocation. During the 2018 session of the General Assembly, the transit operating allocation percentage was amended in Chapter 854 of the 2018 Acts of Assembly to 31% of available state

funding. For FY 2019, §33.2-1526.1 of the Code of Virginia directs that the first \$54.0 million of state grants for public transportation operating expenses from the MTTF revenues be awarded on the basis of the annual operating cost of a given transit provider expressed as a percentage of the total annual amount of operating expenses for all providers.

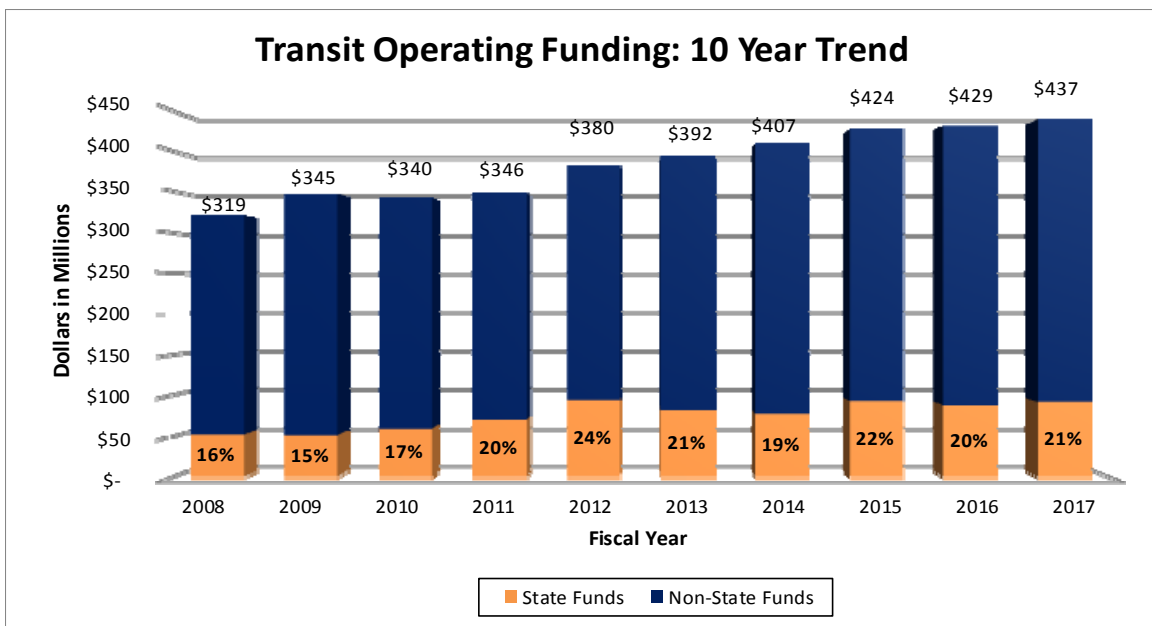
State law also requires performance-based allocations of state transit operating assistance above the \$54.0 million threshold for FY 2019. Starting in FY 2020, all transit operating funding will be distributed based on performance factors. The factors for the performance-based operating assistance allocation model and their associated weightings for FY 2019 are as follows:

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

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

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

The overall state share of transit operating expenditures for FY 2019 is 20.7% versus 20.3%. The increase in percentage is due to increased revenues available for allocation in FY 2019, partially offset by a slight increase in total operating expenses. The following chart provides a history of the state’s participation in the cost of transit operations in the Commonwealth. Prior years in the chart have been restated to exclude operating payments made to WMATA. In FY 2019 funding for WMATA operating and capital are reported as WMATA Assistance funds.



Public Transportation Capital Funds

During the 2018 session of the General Assembly, the transit allocation percentages were amended in Chapter 854 of the 2018 Acts of Assembly for transit capital funding to 12.5% of available state funding. State capital program grants from the MTTF are awarded to public transportation capital projects deemed to be eligible, reasonable, and appropriate. These capital grants are funded based on the total cost of the project. A three tiered capital allocation methodology which was approved by the CTB on December 4, 2013 is currently used to allocate transit capital funds. The three tiers are described below with state matching percentages of Tier 1 – 68%, Tier 2 – 34 %, and Tier 3 – 17% which were used for FY 2016, FY 2017, FY 2018, and are proposed for FY 2019.

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

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

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

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

In FY 2019, the budget for public transportation capital expenditures is \$138.8 million – a \$15.4 million increase from FY 2018. This increase is attributable to the timing of several medium sized capital projects. The projects to be supported by these funds and the applicable federal funds managed by DRPT are summarized on the next page:

| Public Transportation Capital Projects for FY 2019 | | | | | | |
|---|------------------------------|----------------------------|--|--------------------------|---|-------------------------------------|
| | Replacement Transit Vehicles | Expansion Transit Vehicles | Vehicles for Elderly & Disabled Services | Service Support Vehicles | Transit Facility Construction or Renovation | Transit Facility Planning or Design |
| Bristol District | 19 | 0 | 3 | 0 | 0 | 0 |
| Culpeper District | 2 | 0 | 7 | 0 | 0 | 0 |
| Fredericksburg District | 4 | 0 | 3 | 0 | 0 | 0 |
| Hampton Roads District | 223 | 1 | 20 | 0 | 1 | 1 |
| Lynchburg District | 14 | 3 | 5 | 0 | 1 | 0 |
| Northern Virginia District | 27 | 0 | 0 | 3 | 6 | 2 |
| Richmond District | 25 | 0 | 11 | 0 | 0 | 0 |
| Salem District | 2 | 0 | 10 | 0 | 0 | 0 |
| Staunton District | 7 | 0 | 12 | 0 | 0 | 1 |
| Multi - District | 39 | 6 | 4 | 1 | 0 | 0 |
| Statewide Totals | 362 | 10 | 75 | 4 | 8 | 4 |

Public Transportation Special Program Funds

The Special Programs budget is estimated at \$4.2 million for FY 2019. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, and public transportation training and internships, as well as to fund the state safety oversight program for fixed guideway systems.

Public Transportation Dedicated Funds

Chapter 854 of the 2018 Acts of Assembly establishes the WMATA Capital Fund. It also establishes a Restricted and Non-Restricted account within the WMATA Capital Fund. Monies in the Restricted Account may be used for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. Monies in the Non-Restricted account may be used for capital purposes including the payment of debt service on bonds or other indebtedness. The total funds dedicated to the WMATA Capital Fund are estimated at \$154.5 million and are broken down as follows:

Restricted Account - for capital purposes excluding debt service

- \$20.0 million of local recordation tax
- \$10.0 million of statewide motor vehicle rental tax

Non-Restricted Account – for capital purposes including debt service

- \$22.3 million of NVTC regional gas taxes
- \$27.2 million of NVTA 30% local taxes or other local contributions
- \$29.6 million of 2% NVTC transient occupancy tax
- \$44.9 million of NVTC grantor's tax
- \$0.5 million of interest income

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

Commuter Assistance Programs

The Commuter Assistance Programs budget of \$10.8 million includes \$5.0 million of MTTF funds for FY 2019 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of \$1.8 million and the related state match of \$4.0 million for projects included in the VDOT SYIP that DRPT will administer, such as the Arlington County Commuter Services program, Hampton Roads Transit TRAFFIX program, Telework, RideFinders, and various Transportation Management Plans.

The TDM program is a discretionary grant program that provides state funds to support up to 80% of the costs of TDM projects and other special projects that are designed to reduce single occupant vehicle travel. These funds are used to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that encourage travel in shared ride modes. The distribution of grants for FY 2019 is shown in the below table.

| Commuter Assistance Projects for FY 2019 | | | |
|---|--|----------------------------|-----------|
| | Transportation Demand Management Agencies | Special TDM Projects | Total |
| Bristol District | 0 | 0 | 0 |
| Culpeper District | 2 | 1 | 3 |
| Fredericksburg District | 3 | 1 | 4 |
| Hampton Roads District | 0 | 0 | 0 |
| Lynchburg District | 0 | 0 | 0 |
| Northern Virginia District | 6 | 2 | 8 |
| Richmond District | 1 | 0 | 1 |
| Salem District | 1 | 0 | 1 |
| Staunton District | 2 | 1 | 3 |
| Statewide Totals | 15 | 5 | 20 |

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at \$12.0 million for FY 2019. Human service transportation programs are operated by local government social service agencies or private non-profit human service agencies for the benefit of their clients. These clients are elderly or disabled individuals and economically disadvantaged children who are enrolled to receive publicly funded social services.

Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The funding for this program comes from the Federal Transit Administration (\$8.7 million), local provider match (\$1.0 million), CPR bond proceeds (\$0.5 million), and MTTF funds for enhanced transportation services for the elderly and disabled (\$1.8 million). The breakdown by district of the 75 vehicles purchased through this program is included in the Public Transportation Capital Projects table on page 11.

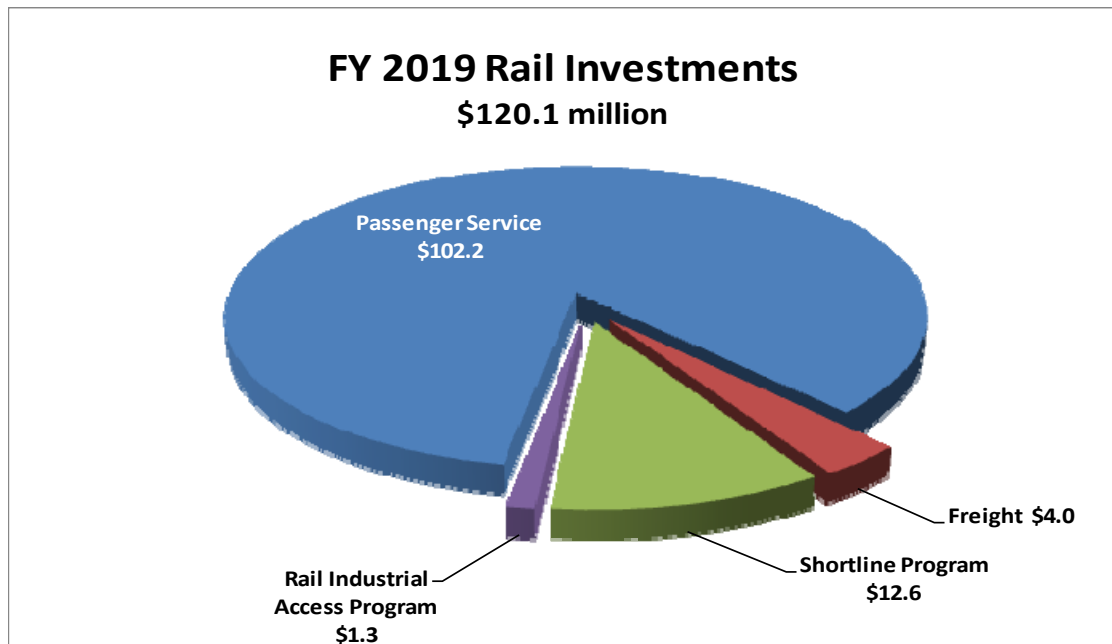
Planning, Regulation, and Safety Programs

DRPT's FY 2019 budget includes \$4.4 million estimated expenditures for Planning, Regulation, and Safety Programs, which include long-term planning and regional corridor studies. The budget for these programs consists of the FTA 5303/5304 planning funds of \$3.9 million and MTTF state match allocations of \$0.5 million.

Passenger and Freight Rail Programs

DRPT's FY 2019 budget for all rail service areas includes \$120.1 million of expenditures for rail improvements in Virginia. These programs decreased by \$96.6 million when compared to FY 2018. This is mainly due to spending down the federal grant and substantially completing the Arkendale to Powell's Creek project in FY 2018. An estimate of \$64.0 million was included in the FY 2018 budget.

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



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

Federal

- Federal Railroad Administration (FRA) grant funds of \$8.3 million;
- Federal Highway Administration (FHWA) funds of \$1.5 million;

State

- Intercity Passenger Rail Operating and Capital (IPROC) funds of \$47.3 million;
- Rail Enhancement Funds (REF) of \$38.8 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of \$13.7 million;
- VDOT Transfers of \$0.3 million;
- Shortline Railway and Development funds of \$6.8 million;
- VTA 2000 funds of \$1.5 million;
- Rail Industrial Access (RIA) funds of \$1.3 million; and
- Local Match of \$0.6 million.

The IPROC fund was created by the General Assembly in FY 2011. In 2013, the General Assembly dedicated 40% of a 0.125% increase in the general sales and use tax to the fund which amounts to approximately \$55 million annually. These funds are used to support the operating and capital needs for the six regional intercity passenger trains as well as capital costs for the expansion of intercity passenger rail. The trains operate in the Northeast Corridor and originate from Roanoke, Norfolk, Richmond (2), and Newport News (2).

Transportation Bond Funds

Chapter 896 of the 2007 Acts of Assembly provides for CPR bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the REF or the Shortline Railway Preservation and Development Fund. The final bond allocation for rail was made in FY 2018. For FY 2019, planned expenditures from prior year's bond proceeds are \$7.9 million for joint passenger and freight rail infrastructure improvements and \$5.8 million for improvement to the tracks of shortline railroads.

Rail Preservation Program

As part of the Rail Preservation Program, the Shortline Railway Preservation and Development Fund will support 20 projects for Virginia's shortline railroads in FY 2019. These Rail Preservation projects consist primarily of bridge and track upgrades, yard improvements, siding enhancements, and tie and rail replacement, as well as the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Trust Fund allocation and related interest revenues, and the CPR bonds.

The Appropriation Act allows the CTB to allocate up to 20% of the annual revenue of the Rail Enhancement Fund to the Shortline Railway Preservation and Development Fund. The Appropriation Act also states that the Director of DRPT shall administer and expend the funds subject to the approval of the CTB and according to the authority of the Shortline Railway Preservation Fund rules. DRPT is recommending transferring \$1.2 million in the FY 2019 Six Year Improvement Program.

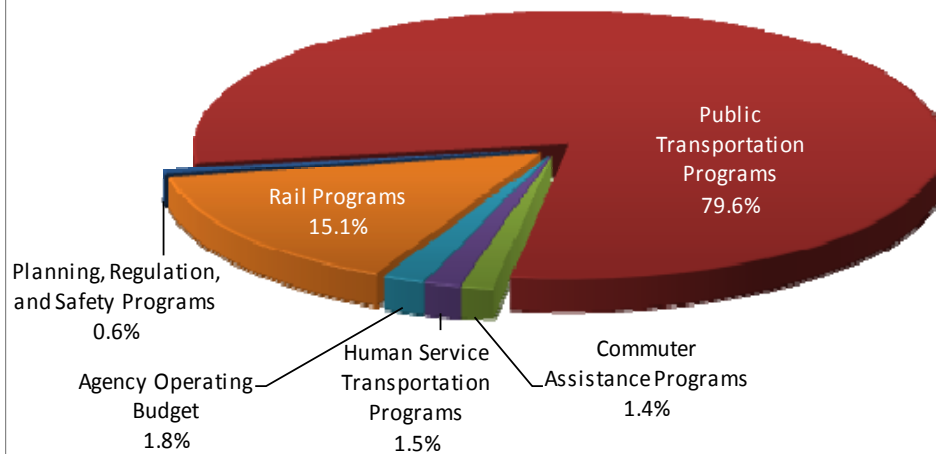
Rail Industrial Access Program

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

ANNUAL BUDGET STATEMENT

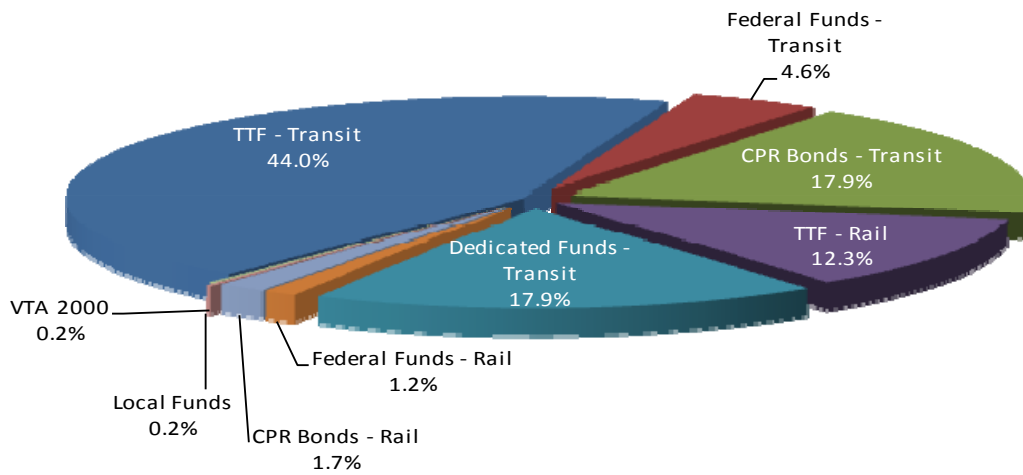


DRPT Budgeted Expenditures - FY 2019



| | (\$ in millions) | | | |
|--|--------------------|------------------------|--------------------------|----------------------|
| | Adopted FY 2018 | Recommended FY 2019 | Increase / (Decrease) | Percentage Change |
| Public Transportation Programs | | | | |
| Operating Assistance [Notes 2, 4, 14] | \$ 100.1 | \$ 105.9 | \$ 5.8 | 5.8% |
| Capital Assistance [Notes 1, 2, 5, 14] | 123.4 | 138.8 | 15.4 | 12.5% |
| Special Programs [Notes 2, 6] | 4.3 | 4.2 | (0.1) | -2.3% |
| WMATA Assistance [Note 2, 14] | 201.2 | 241.0 | 39.8 | 19.8% |
| Dedicated Funding [Note 3] | - | 141.7 | 141.7 | 100.0% |
| Total | 429.0 | 631.6 | 202.6 | 47.2% |
| Commuter Assistance Programs [Note 7] | 8.7 | 10.8 | 2.1 | 24.1% |
| Human Service Transportation Pgm [Note 8] | 16.4 | 12.0 | (4.4) | -26.8% |
| Planning, Regulation, & Safety Pgm [Note 9] | 4.3 | 4.4 | 0.1 | 2.3% |
| Total Transit Programs | 458.4 | 658.8 | 200.4 | 43.7% |
| Rail Preservation Programs [Note 10] | 7.8 | 12.6 | 4.8 | 61.5% |
| Rail Industrial Access [Note 11] | 1.6 | 1.3 | (0.3) | -18.8% |
| Passenger and Freight Rail Programs [Note 12] | 207.3 | 106.2 | (101.1) | -48.8% |
| Total Rail Programs | 216.7 | 120.1 | (96.6) | -44.6% |
| Agency Operating Budget [Note 13] | 13.9 | 14.6 | 0.7 | 5.0% |
| Agency Total | \$ 689.0 | \$ 793.5 | \$ 104.5 | 15.2% |

DRPT Funding Sources - FY 2019



| | (\$ in millions) | | | |
|--|--------------------|------------------------|--------------------------|----------------------|
| | Adopted FY 2018 | Recommended FY 2019 | Increase / (Decrease) | Percentage Change |
| TRANSPORTATION TRUST FUND | | | | |
| 1986 Special Session Revenue (14.7%) [Notes 4, 5, 6, 7, 8, 9, 13] | \$ 140.1 | \$ 162.6 | \$ 22.5 | 16.1% |
| 2013 Chapter 766 Revenue for Transit [Notes 4, 5, 6, 7, 8, 9, 13] | 75.2 | 88.1 | 12.9 | 17.2% |
| 2015 Chapter 684 Revenue for Transit [Notes 4, 5, 6, 7, 8, 9, 13] | 48.4 | 45.8 | (2.6) | -5.4% |
| Recordation Tax [Notes 4, 13] | 31.0 | 32.0 | 1.0 | 3.2% |
| Rail Preservation Program [Notes 10, 13] | 3.2 | 6.9 | 3.7 | 115.6% |
| Rail Industrial Access [Note 11] | 1.6 | 1.3 | (0.3) | -18.8% |
| Rail Enhancement [Notes 12, 13] | 40.2 | 39.6 | (0.6) | -1.5% |
| 2013 Chapter 766 Revenue for IPROC [Notes 12, 13] | 135.4 | 50.0 | (85.4) | -63.1% |
| Special Programs - VDOT Transfers [Notes 4, 5, 6, 7, 12] | 18.8 | 20.4 | 1.6 | 8.5% |
| Total | 493.9 | 446.7 | (47.2) | -9.6% |
| 2018 CHAPTER 854 DEDICATED FUNDING - Transit [Note 3] | - | 141.7 | 141.7 | 100.0% |
| GENERAL FUND - Rail [Note 12] | 1.9 | - | (1.9) | -100.0% |
| BOND PROCEEDS - Transit Capital and Rail [Notes 5, 8, 10, 12] | 139.1 | 155.7 | 16.6 | 11.9% |
| FEDERAL REVENUE | | | | |
| American Recovery and Reinvestment Act (ARRA) [Note 12] | 3.8 | - | (3.8) | -100.0% |
| FHWA Funding (CMAQ/RSTP) [Notes 5, 7, 12] | 5.0 | 3.5 | (1.5) | -30.0% |
| Federal Transit Administration [Notes 4, 5, 8, 9] | 33.1 | 34.4 | 1.3 | 3.9% |
| Federal Railroad Administration [Note 12] | 8.8 | 8.3 | (0.5) | -5.7% |
| Total | 50.7 | 46.2 | (4.5) | -8.9% |
| LOCAL REVENUES [Notes 8, 12] | 1.5 | 1.7 | 0.2 | 13.3% |
| TRANSFERS FROM OTHER AGENCIES | | | | |
| VDOT - VTA 2000 Transfers [Note 12] | 1.9 | 1.5 | (0.4) | -21.1% |
| TOTAL SOURCES | \$ 689.0 | \$ 793.5 | \$ 104.5 | 15.2% |

Footnotes to the FY 2019 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2019 and the revenue sources to cover these anticipated expenditures. A cash basis of accounting is utilized to develop the budgeted amounts. Therefore, the budgeted amounts will not agree to allocations in the SYIP due to the timing of cash expenditures versus allocations of funds. The actual cash outlays of many capital projects may lag behind the related allocation of resources by as much as five years. For example, DRPT will allocate Passenger and Freight Rail Projects of \$116.0 million in FY 2019, but \$106.2 million is expected to be expended on Passenger and Freight rail projects during FY 2019. The differences between the FY 2019 SYIP allocations and budgeted expenditures are as follows:

| | |
|---|-----------------|
| Total Six Year Improvement Plan Allocations | \$ 727.8 |
| Federal Funds Allocations with Grantee FTA Contracting | (28.6) |
| VDOT Revenues to be spent in future years | (52.4) |
| Agency Operating Budget | 14.6 |
| Prior Year Allocations in Current Year Budget | |
| Transit Revenue and Bond Allocations | 85.2 |
| Rail Revenue and Bond Allocations | 45.6 |
| Rail Industrial Access | 1.3 |
| Total Budgeted Expenditures | \$ 793.5 |

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

(2) A change in funding allocation in fiscal year 2019 results in significant variances from the budgeted funding in fiscal year 2018. Funds are allocated by statute (§33.2-1526.1) with 53.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 31% for state operating assistance grants, 12.5% awarded as capital assistance grants, and the balance of up to 3% awarded as special projects grants subject to CTB approval. Prior to fiscal year 2019, funds were allocated by statute (§58.1-638) a minimum of 72% for state operating assistance grants, 25% awarded as capital assistance grants, and the balance of up to 3% awarded as special projects grants subject to CTB approval. WMATA Assistance in FY 2019 also includes \$22.1 million of MTF funds and \$64.6 million of transit bond funds including funds under the federal state of good repair program in addition to the 53.5%.

(3) Chapter 854 of the 2018 Acts of Assembly establishes dedicated capital funding for WMATA of \$154.5 million. This includes \$22.3 million of NVTC regional gas taxes, \$27.2 million of NVTA 30% local taxes or other local contributions, \$29.6 million of 2% NVTC transient occupancy tax, \$30.0 million of local recordation and statewide motor vehicle rental tax, \$44.9 million of NVTC grantor's tax, and \$0.5 million of interest income. It is estimated that only \$141.7 million of the total \$154.5 million allocated will be disbursed in FY 2019 due to the timing of collection of revenues.

DRPT Footnotes to the FY 2019 Annual Budget (Continued)

(4) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by \$5.8 million from FY 2018 to FY 2019. This was due to an increase in estimated revenues. The Operating Assistance line is made up of MTTF operating allocations of \$59.5 million, recordation taxes of \$32.0 million, and \$14.2 million in federal assistance through the FTA 5311 Rural Assistance program. Additionally, \$0.2 million in projects administered by DRPT with state matching funds allocated through VDOT's Six-Year Improvement Program is included in this service area.

(5) Public Transportation Programs - Capital Assistance increased by \$15.4 million which is related to several medium sized projects. This line item consists of \$38.5 million of MTTF allocations, \$76.9 million of Transportation Capital Projects bond proceeds, and \$7.8 million of FTA funding. Additionally, \$15.6 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match) is included in this Service Area.

(6) Public Transportation Programs – Special Programs consists of MTTF allocations of \$3.8 million and 0.4 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match) is included in this service area.

(7) The budgeted Commuter Assistance Programs line item increased by \$2.1 million from FY 2018 to FY 2019. Commuter Assistance Programs includes Mass Transit Trust Funds of \$5.0 million and FHWA funding of \$1.8 million. Additionally, \$4.0 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, Telework and related state match) is included in this service area.

(8) The budgeted Human Service Transportation Programs line item decreased by \$4.4 million from FY 2018 to FY 2019. Funding includes \$8.7 million of FTA 5310 and 5311 awards. The match to these federal awards consists of \$1.8 million of MTTF State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled, Transportation Capital Projects Bond proceeds of \$0.5 million, as well as \$1.0 million of local match to the FTA 5310 funds.

(9) Planning, Regulation, and Safety Programs consists of the FTA 5303/5304 planning funds of \$3.9 million and MTTF state match allocations of \$0.5 million.

(10) The 2006 General Assembly passed legislation (§33.2-1602) to establish the Shortline Railway Preservation and Development fund. The fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of \$6.8 million. The additional \$5.8 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.

(11) The Rail Industrial Access Program funds construction of industrial access railroad tracks. The activities budgeted in this line item consist of Transportation Trust Fund allocations of \$1.3 million.

(12) The budgeted Passenger and Freight Rail Programs line item of \$106.2 million represents a decrease of \$101.1 million from FY 2018 to FY 2019. This is mainly due to spending down the federal grant and substantially completing the Arkendale to Powell's Creek project in FY 2018. An estimate of \$64.0 million was included in the FY 2018 budget. The source of funding to cover these expenditures includes \$38.8 million from the Rail Enhancement Fund which is comprised of the state portion of vehicle rental taxes collected in the Transportation Trust Fund. Additionally, this line item includes Federal High Speed Rail funds of \$8.3 million, bond proceeds of \$7.9 million, Intercity Passenger Rail Operating and Capital funds of \$47.3 million, VTA 2000 funds of \$1.5 million, Federal Highway Administration (FHWA) funds of \$1.5 million, VDOT Transfers of \$0.3 million, and local matching funds of \$0.6 million.

DRPT Footnotes to the FY 2019 Annual Budget (Continued)

(13) The CTB is authorized by §33.2-1604 of the Code of Virginia to approve up to 3.5% per year of the Mass Transit Trust Fund, Rail Enhancement Fund, and Rail Preservation Fund to support costs of project development, project administration, and project compliance. Starting in FY 2018, Appropriation Act language allows the CTB to allocate up to 5% of the Intercity Passenger Rail Operating and Capital (IPROC) Fund to be used to support the DRPT costs of project development, project administration, and project compliance. DRPT has determined that the 3.5% and 5% (\$14.6 million) of the available balance of the aforementioned funds for FY 2019 will be needed to support the ongoing costs of these programs. The DRPT operating budget represents only 1.8% of the total \$793.5 million FY 2019 budget.

| Major Components of Agency Operating Budget | |
|--|----------------------|
| Payroll and Fringe Benefits | \$ 8,012,538 |
| Operations Program Support | 2,967,004 |
| Central Service Agencies Indirect Costs | 975,000 |
| Information Technology Costs | 587,500 |
| Finance Program Support | 575,000 |
| Rent | 475,000 |
| Travel and Training | 313,000 |
| Office Expansion | 300,000 |
| Attorney Services | 220,000 |
| Other Program and Project Management Initiatives | 227,775 |
| Total | \$ 14,652,817 |
| | |
| Source of Funding for Agency Operating Budget | |
| Mass Transit Trust Fund | \$ 11,009,967 |
| Intercity Passenger Rail Operating and Capital Fund | 2,750,000 |
| Rail Enhancement Fund | 752,500 |
| Rail Preservation Fund | 140,350 |
| Total | \$ 14,652,817 |

(14) In order to provide comparative data to the FY 2019 budget, certain reclassifications were made to FY 2018 line items. This includes \$105.4 million of Operating Assistance and \$95.8 million of Capital Assistance for WMATA programs that were reclassified to WMATA Assistance.