



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

1401 East Broad Street
Richmond, Virginia 23219

(804) 482-5818
Fax: (804) 786-2940

Agenda item # 15

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

July 20, 2022

MOTION

Made By: Ms. Hynes **Seconded By:** Mr. Kasprowicz
Action: Motion carried, unanimously

Title: Action on the Revised Fiscal Year 2023 Annual Budgets for the Commonwealth Transportation Fund, Department of Rail and Public Transportation and Virginia Department of Transportation

WHEREAS, the Commonwealth Transportation Board (the “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 (TTF); and

WHEREAS, the Board approved the Commonwealth Transportation Fund Budget, the Virginia Department of Transportation Budget, and the DRPT Budget for Fiscal Year 2023 on June 21, 2022; and

WHEREAS, Chapters 1230 and 1275 (2020 General Assembly Session) created the Commonwealth Transportation Fund (CTF) and established new distributions formulas of the CTF revenues to the Highway Maintenance and Operating Fund (HMOF) and the TTF. New formula distributions for TTF revenues were also established. Further distributions included formulas for the Highway Construction Fund and the Commonwealth Mass Transit Fund (CMTF); and

WHEREAS, flexibility was provided in Chapters 1230 and 1275 to smooth out the program funding during a transitional period, such that use of the new formulas is required no later than Fiscal Year 2024. In Fiscal Year 2023, the new Code-prescribed formulas were used to distribute the CTF revenues to the HMOF and the TTF and to the TTF programs.

Resolution of the Board

Action on the Revised Fiscal Year 2023 Annual Budgets for the Commonwealth Transportation Fund, Department of Rail and Public Transportation and Virginia Department of Transportation
July 20, 2022

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Construction Fund amounts were also distributed using the Code-prescribed formulas. However, the CMTF revenues were distributed using the previous formulas and assumptions; and

WHEREAS, on June 21, 2022 the Commonwealth Transportation Board was briefed on a recommendation to implement the new Code formulas for the CMTF starting in Fiscal Year 2023 and to adjust the use of the directed allocations provided to the CMTF.

WHEREAS, the recommendation included using the remaining directed allocations for paving investments to provide additional reserves to protect against cost escalation, and

NOW, THEREFORE, BE IT RESOLVED by the Commonwealth Transportation Board that the revised budgets for the Commonwealth Transportation Fund, the Department of Rail and Public Transportation and the Department of Transportation for Fiscal Year 2023 which incorporate the CMTF recommendation briefed on June 21, 2022, as attached hereto, are approved.

#####

CTB Decision Brief

Action on the Revised Fiscal Year 2023 Annual Budgets for the Commonwealth Transportation Fund, the Department of Rail and Public Transportation and for the Virginia Department of Transportation

Issue: The Commonwealth Transportation Board (the “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 (TTF). The Board approved the Commonwealth Transportation Fund Budget and the Virginia Department of Transportation Budget for Fiscal Year 2023 on June 21, 2022.

The CTB has been briefed on a recommendation to implement the new *Code of Virginia* distribution formulas beginning in FY 2023. A revised budget is required to adopt these recommendations.

Facts: Chapters 1230 and 1275 (2020 General Assembly Session) created the Commonwealth Transportation Fund (CTF) and established new distributions formulas of the CTF revenues to the Highway Maintenance and Operating Fund (HMOF) and the TTF. New formula distributions for TTF revenues were also established. Further distributions included formula for the Highway Construction Fund and the Commonwealth Mass Transit Fund (CMTF).

Flexibility was provided in Chapters 1230 and 1275 to smooth out the program funding during the transitional period, such that use of the new formulas is required no later than Fiscal Year 2024. In Fiscal Year 2023, the new Code-prescribed formulas were used to distribute the CTF revenues to the HMOF and the TTF and to the TTF programs. Construction Fund amounts were also distributed using the Code-prescribed formulas. However, the CMTF revenues were distributed using the previous formulas and assumptions.

The Commonwealth Transportation Board has been briefed on the recommendation to implement the new Code formulas for the CMTF starting in Fiscal Year 2023 and adjusts the use of the directed allocations:

- Provide the \$50 million PRIIA off the top of the CMTF
- Distribute the balance of the CMTF by prescribed formulas
- Allocate \$201 million to NVTC for WMATA support, comparable to out-year amounts
- Provide directed allocations to Transit Operating and Capital to maintain Draft funding levels

The recommendations included using the remaining directed allocations for paving investments to provide additional reserves to protect against cost escalation, and

The CTB approved the Commonwealth Transportation Fund Budget, the Department of Rail and Public Transportation, and the Virginia Department of Transportation Budget for Fiscal Year 2023 on June 21, 2022.

Recommendations: VDOT and DRPT recommend the approval of the Revised Fiscal Year 2023 Annual Budgets for the Commonwealth Transportation Fund, the Department of Rail and Public Transportation and the Department of Transportation.

Action Required by CTB: Adopt a Resolution setting forth the recommended actions/approvals.

Result if Approved: Revised budgets reflecting the recommended changes will be established with allocations to programs outlined in the attached budgets.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: N/A

Revised Fiscal Year 2023

Commonwealth Transportation Fund Budget
July 2022



Virginia Department of Transportation

Budget and Funds Management Division

1221 E. Broad Street, 4th Floor


Richmond, VA 23219

Telephone: (804) 225-3552

Internet Address: <http://www.virginiadot.org/projects/reports-budget.asp>

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During its 2020 session, the Virginia General Assembly enacted the Governor's Omnibus Transportation Bill, Chapter 1230 (House Bill 1414), which revised the composition of and increased available revenues for transportation funding in the Commonwealth. Under Chapter 1230, the Commonwealth Transportation Fund (CTF) serves as the fund to which all transportation revenues are deposited and then distributed to programs and funds. These transportation revenues include: (i) motor vehicles fuels taxes and road taxes for diesel fuel; (ii) vehicle registration fees; (iii) highway use fee; (iv) 0.5% statewide sales and use tax; (v) 0.3% statewide sale and use tax for transportation; (vi) 4.15% percent motor vehicles sales and use tax; (vii) motor vehicle rental tax (10 percent of gross proceeds from rentals for most passenger vehicles); (viii) \$0.03 of the \$0.25 per \$100 of assessed value of the statewide recordation tax; (ix) tax on liquid alternative fuel, set at the rate for gasoline; (x) International Registration Plan fees; and (xi) one-third of the revenue from insurance premium taxes.

Chapter 1230 also amends the allocation of funds. Before funds are distributed between the Transportation Trust Fund and the Highway Maintenance and Operating Fund ("HMO Fund"), (i) \$40 million annually will be deposited into the Route 58 Corridor Development Fund; (ii) \$40 million annually will be deposited into the Northern Virginia Transportation District Fund; and (iii) \$80 million annually (as adjusted annually based on changes in consumer price index for urban consumers) will be deposited into the Special Structure Fund. Enactment Clause 11 of Chapter 1230 provides the Commonwealth Transportation Board the ability to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure funds for modal programs and the highway maintenance and operating fund are at least equal to the amounts provided for in the six-year financial plan for the Commonwealth Transportation Fund as in effect on January 1, 2020.

Toll revenue and concession payments to the Commonwealth under the Public-Private Transportation Act of 1995 also would be deposited to the Commonwealth Transportation Fund and allocated to the Transportation Trust Fund (for defined purposes and not available for further distribution). Interest, dividends, and appreciation accrued to the Transportation Trust Fund or the HMO Fund also would be allocated to the Commonwealth Transportation Fund and distributed two-thirds to the Virginia Transportation Infrastructure Bank and one-third to the Transportation Partnership Opportunity Fund.

The remaining funds in the Commonwealth Transportation Fund are allocated 51% to the HMO Fund and 49% to the Transportation Trust Fund. Chapter 1230 directs the following distribution of funds from the Transportation Trust Fund: (i) 53% for construction programs; (ii) 23% to the Commonwealth Mass Transit Fund; (iii) 7.5% to the Commonwealth Rail Fund; (iv) 2.5% to the Commonwealth Port Fund; (v) 1.5% to the Commonwealth Aviation Fund; (vi) 1% to the Commonwealth Space Flight Fund; (vii) 10.5% to the Priority Transportation Fund; and (viii) 1% to the Department of Motor Vehicles. Enactment Clause 11 of Chapter 1230 also allows the Commonwealth Transportation Board to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure appropriate coverage ratios for any outstanding debt backed by the Transportation Trust Fund.

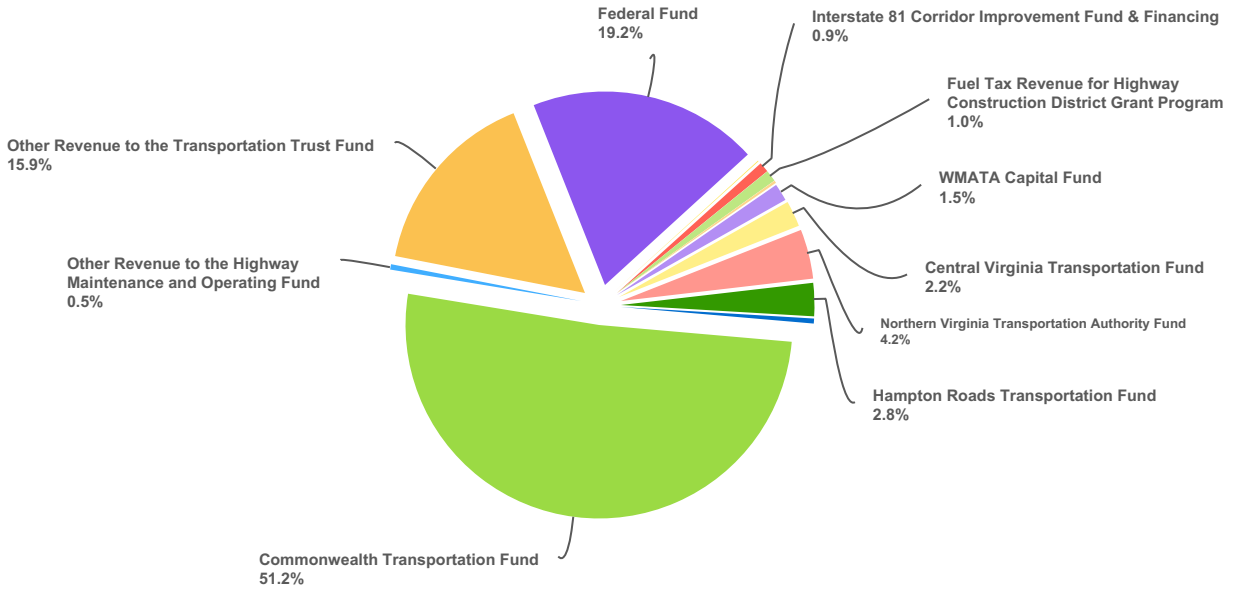
The Fiscal Year 2023 budget for the CTF identifies the estimated revenues and the distribution of the revenues to the related transportation agencies and programs. It is based on the state revenue forecast from February 2022, which reflects the elimination of i) the Retail Sales and Use Tax on food purchased for human consumption and essential personal hygiene items assumed to change July 1, 2022 and ii) the accelerated sales tax payments for FY 2023, and reflects implementation of federal funding provided under the Infrastructure Investment and Jobs Act (IIJA). The FY 2023 CTF Budget totals \$9,119,698,484.



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, Hampton Roads, and Central Virginia. These funds are dedicated to the efforts of the Northern Virginia Transportation Authority, Central Virginia Transportation Authority, and the Hampton Roads Transportation Accountability Commission.



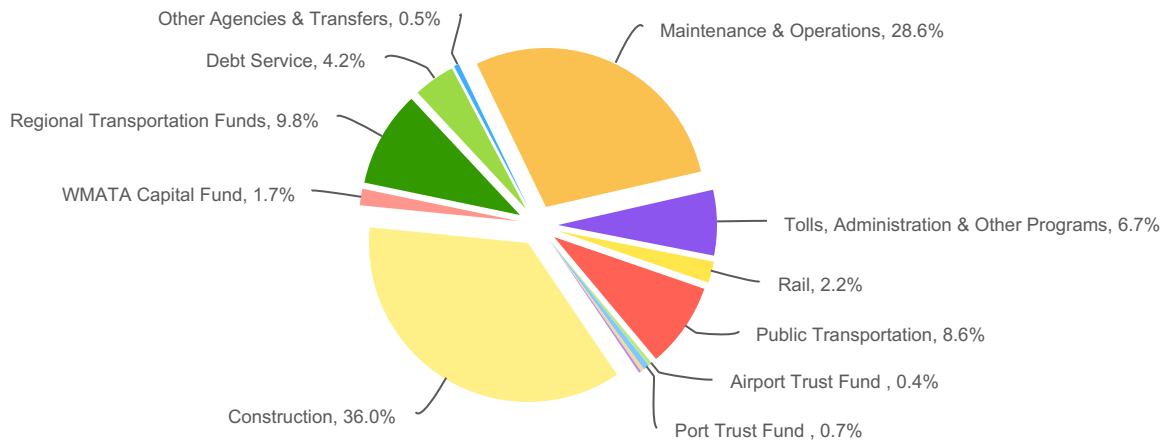
Commonwealth Transportation Fund Total Revenues for FY 2023



Commonwealth Transportation Fund	\$4,674,400,000
Other Revenue to the Highway Maintenance and Operating Fund	42,098,489
Other Revenue to the Transportation Trust Fund	1,454,310,854
Federal Fund	1,755,048,618
Interstate 81 Corridor Improvement Fund & Financing	78,800,000
Fuel Tax Revenue for Highway Construction District Grant Program	89,497,754
General Fund	—
Bonds	19,222,769
Total Operating Revenues	8,113,378,484
Pass Through Revenues	
WMATA Capital Fund	133,920,000
Central Virginia Transportation Fund	198,900,000
Northern Virginia Transportation Authority Fund	379,300,000
Hampton Roads Transportation Fund	254,300,000
Hampton Roads Regional Transit Fund	39,900,000
Subtotal	1,006,320,000
TOTAL	\$9,119,698,484

The revenues are dedicated to specific funds within the CTF. After certain distributions required by the Code of Virginia, the remaining funds in the CTF are allocated 51% to the Highway Maintenance and Operating Fund (HMOF) and 49% to the Transportation Trust Fund. Chapter 1230 directs the following distribution of funds from the Transportation Trust Fund: (i) 53% for construction programs; (ii) 23% to the Commonwealth Mass Transit Fund; (iii) 7.5% to the Commonwealth Rail Fund; (iv) 2.5% to the Commonwealth Port Fund; (v) 1.5% to the Commonwealth Aviation Fund; (vi) 1% to the Commonwealth Space Flight Fund; (vii) 10.5% to the Priority Transportation Fund; and (viii) 1% to the Department of Motor Vehicles.

The revenues for the 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. The Commonwealth Transportation Board can also use the Fund to facilitate the financing of priority transportation projects throughout the Commonwealth. Federal revenues are used for their defined purposes to support construction, maintenance or transit.



Debt Service	\$386,831,538
Other Agencies & Transfers	49,162,918
Maintenance & Operations	2,608,196,316
Tolls, Administration & Other Programs	608,029,047
Public Transportation	788,419,786
Rail	198,431,973
Airport Trust Fund	35,056,705
Port Trust Fund	59,755,196
Department of Motor Vehicles	30,419,830
Space Flight Fund	23,407,150
Construction	3,285,668,025
Total Operating Programs	8,073,378,484
Pass Through Programs	
WMATA Capital Fund	153,920,000
Regional Transportation Funds	892,400,000
TOTAL RECOMMENDED DISTRIBUTIONS	\$9,119,698,484



STATE REVENUE SOURCES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Commonwealth Transportation Fund	\$ 4,674,400,000	\$ 4,674,400,000	\$ —
Revenue Sharing	191,405,031	191,405,031	—
Highway Maintenance & Operating Fund (HMOF)	42,098,489	42,098,489	—
General Fund	170,796,000	170,796,000	—
Transportation Trust Fund (TTF) and Other State Revenue			
Interest Earnings	18,490,000	18,490,000	—
Toll Facilities	37,840,000	37,840,000	—
Local Revenue Sources	383,592,011	383,592,011	—
Project Participation - Regional Entities	701,196,581	701,196,581	—
GARVEE Bonds/ Interest Earnings	19,222,769	19,222,769	—
Route 58 Bonds/ Interest Earnings	1,054,829	1,054,829	—
I-66 Outside the Beltway Concession Fee Payment/Interest	21,279,551	21,279,551	—
Interstate 81 Corridor Improvement Fund	78,800,000	78,800,000	—
Statewide Interstate Improvement Fund	—	—	—
Special Fund Account for the Highway Construction District Grant Program	89,497,754	89,497,754	—
Other Trust Fund Revenue	92,164,670	92,164,670	—
Total TTF and Other Revenue	1,443,138,165	1,443,138,165	—
Priority Transportation Fund (PTF)			
State Revenue	7,288,181	7,288,181	—
Total PTF	7,288,181	7,288,181	—
Pass Through Revenues			
Revenue Dedicated to WMATA Capital Fund	133,920,000	133,920,000	—
State Revenue for Regional Entities	872,400,000	872,400,000	—
Total Pass Through Revenues	1,006,320,000	1,006,320,000	—
TOTAL STATE REVENUES	7,364,649,866	7,364,649,866	—
Federal Funding Sources			
Federal Highway Administration (FHWA)	1,705,820,159	1,705,820,159	—
Federal Transit Administration (FTA)	49,228,459	49,228,459	—
Total Federal Funding	1,755,048,618	1,755,048,618	—
TOTAL COMMONWEALTH TRANSPORTATION FUNDS	\$ 9,119,698,484	\$ 9,119,698,484	\$ —



DISTRIBUTION OF REVENUE SOURCES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Debt Service			
Northern Virginia Transportation District	\$ 11,870,438	\$ 11,870,438	\$ —
Route 28	8,644,519	8,644,519	—
Route 58	30,815,139	30,815,139	—
Interstate 81	5,220,979	5,220,979	—
GARVEE Bonds	136,978,263	136,978,263	—
CPR Bonds	193,302,200	193,302,200	—
Total Debt Service	386,831,538	386,831,538	—
Other Agencies & Transfers			
Trust Fund Management	3,092,567	3,092,567	—
Support to Other State Agencies (excludes DRPT)	43,349,176	43,349,176	—
Indirect Costs	2,721,175	2,721,175	—
Total State Agencies	49,162,918	49,162,918	—
Maintenance & Operations			
Highway System Maintenance	2,005,798,051	2,059,397,351	53,599,300 1
Financial Assist. to Localities for Ground Transportation - Cities	454,109,455	467,781,468	13,672,013 2
Financial Assist. to Localities for Ground Transportation - Counties	78,588,810	81,017,497	2,428,687 2
Total Maintenance & Operations	2,538,496,316	2,608,196,316	69,700,000
Tolls, Administration & Other Programs			
Ground Transportation System Planning and Research	106,660,594	106,660,594	—
Environmental Monitoring & Compliance	17,968,133	17,968,133	—
Administrative and Support Services	318,906,000	318,906,000	—
Program Management and Direction	49,904,320	49,904,320	—
Toll Facilities Operations	37,840,000	37,840,000	—
Toll Facility Revolving Account	36,750,000	36,750,000	—
Capital Outlay	40,000,000	40,000,000	—
Total Tolls, Administration & Other Programs	608,029,047	608,029,047	—

DISTRIBUTION OF REVENUE SOURCES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Transit and Rail Funds			
Share of TTF Distribution for Transit	\$ 504,504,614	\$ 504,504,614	\$ —
Transit - Share of administrative costs	(662,119)	(662,119)	—
Other Revenue dedicated to Transit	16,153,359	16,153,359	—
Share of TTF Distribution for Rail	164,512,374	164,512,374	—
Rail - Share of administrative costs	(170,401)	(170,401)	—
Federal Transit Authority (FTA)	49,228,459	49,228,459	—
CMAQ (without State Match)	28,101,637	28,101,637	—
STP Regional (without State Match)	12,945,933	12,945,933	—
Rail Fund (with prior year adjustments)	—	—	—
Interest Earnings	1,890,000	1,890,000	—
HB1414 Off the Top to Commonwealth Mass Transit Fund	120,000,000	50,300,000	(69,700,000) ³
Metro Matters	—	—	—
HB1414 Off the Top to Commonwealth Rail Fund	32,700,000	32,700,000	—
Mass Transit Fund-Support from Construction	10,436,903	10,436,903	—
Rail Fund - Support from Construction	87,500,000	87,500,000	—
Priority Transportation	7,300,000	7,300,000	—
Other	22,111,000	22,111,000	—
Subtotal Transit and Rail Funds	1,056,551,759	986,851,759	(69,700,000)
Pass Through Revenue for WMATA Capital			
Dedicated Revenue for WMATA Capital Fund	133,920,000	133,920,000	—
Transfer from NVTD Fund for WMATA Capital Fund	20,000,000	20,000,000	—
Subtotal WMATA Capital Fund	153,920,000	153,920,000	—
Airports - Share of TTF Distribution	32,902,475	32,902,475	—
Airports - Share of administrative costs	(45,770)	(45,770)	—
Airports - Interest Earnings	700,000	700,000	—
Directed CTF Allocation	1,500,000	1,500,000	—
Total Airport Trust Fund	35,056,705	35,056,705	—
Ports - Share of TTF Distribution	54,837,458	54,837,458	—
Ports - Share of administrative costs	(82,262)	(82,262)	—
Ports - Interest Earnings	1,000,000	1,000,000	—
Directed CTF allocation	4,000,000	4,000,000	—
Total Port Trust Fund	59,755,196	59,755,196	—
Department of Motor Vehicles - Share of TTF Distribution	21,934,983	21,934,983	—
DMV - Share of administrative costs	(15,153)	(15,153)	—
Directed CTF allocation	8,500,000	8,500,000	—
Total DMV	30,419,830	30,419,830	—
Virginia Commercial Space Flight Authority - Share of TTF Distribution	21,934,983	21,934,983	—
Space Flight Authority - Share of administrative costs	(27,833)	(27,833)	—
Directed CTF allocation	1,500,000	1,500,000	—
Total Space Flight Authority	23,407,150	23,407,150	—



DISTRIBUTION OF REVENUE SOURCES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Pass Through Revenue Allocations			
Central Virginia Transportation Authority Fund	\$ 198,900,000	\$ 198,900,000	—
Northern Virginia Transportation Authority Fund	417,743,624	417,743,624	—
Hampton Roads Transportation Fund	254,300,000	254,300,000	—
Hampton Roads Regional Transit Fund	39,900,000	39,900,000	—
Total Regional Transportation Programs	910,843,624	910,843,624	—
Construction			
Financial Assistance to Localities for Ground Transportation	18,303,310	18,303,310	—
State of Good Repair Program	331,213,278	331,213,278	—
High Priority Projects Program	246,678,340	246,678,340	—
Construction District Grant Programs	336,176,095	336,176,095	—
Specialized State and Federal Programs	1,845,367,547	1,845,367,547	—
Virginia Highway Safety Improvement Program	134,783,478	134,783,478	—
Interstate Operations and Enhancement Program	274,702,353	274,702,353	—
Total Construction	3,187,224,401	3,187,224,401	—
Special Structures	80,000,000	80,000,000	—
DISTRIBUTION OF COMMONWEALTH TRANSPORTATION FUNDS	\$ 9,119,698,484	\$ 9,119,698,484	\$ —
Agency Funding Summary:			
VDOT	\$ 7,885,824,747	\$ 7,955,524,747	\$ 69,700,000
Less Support to DRPT	(125,236,903)	(125,236,903)	—
VDOT (Net)	7,760,587,844	7,830,287,844	69,700,000
DRPT	1,210,471,759	1,140,771,759	(69,700,000)
Ports	59,755,196	59,755,196	—
Aviation	35,056,705	35,056,705	—
DMV	30,419,830	30,419,830	—
Space Flight Authority	23,407,150	23,407,150	—
Grand Total	\$ 9,119,698,484	\$ 9,119,698,484	\$ —

CTF State Revenue Details

STATE REVENUE SOURCES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
State Tax on Motor Fuels	\$1,360,700,000	\$1,360,700,000	\$—
Road Tax	69,200,000	69,200,000	—
Retail Sales & Use Tax	1,228,600,000	1,228,600,000	—
Motor Vehicle Sales and Use Tax	1,155,100,000	1,155,100,000	—
International Registration Plan	124,200,000	124,200,000	—
Motor Vehicle Licenses	236,600,000	236,600,000	—
Miscellaneous Revenues	17,200,000	17,200,000	—
Motor Vehicle Rental Tax	32,200,000	32,200,000	—
Aviation Fuels Tax	2,000,000	2,000,000	—
Highway Use Fee	59,700,000	59,700,000	—
Insurance Premium	196,000,000	196,000,000	—
Recordation Tax	81,000,000	81,000,000	—
Total	\$4,562,500,000	\$4,562,500,000	\$0

Endnotes

Endnote Number	Description
1	VDOT Maintenance Program share of directed allocation for pavement investment reserve.
2	Financial Assistance to Localities' share of directed allocation for pavement investment reserve.
3	Reduction in planned Directed Omnibus Allocation with the implementation of new Code of Virginia formula distributions.



Revised Fiscal Year 2023

VDOT Annual Budget
July 2022



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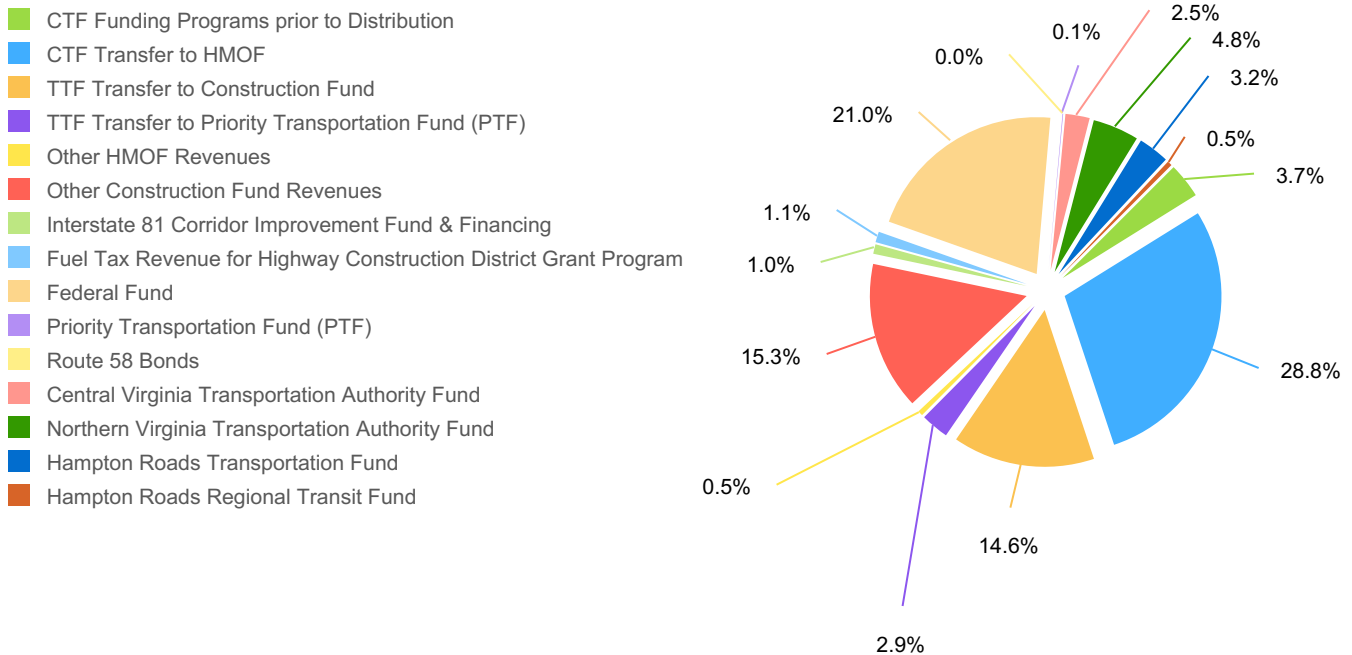
Overview

The Fiscal Year 2023 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 state revenue forecast from February 2022 and reflects implementation of federal funding provided under the Infrastructure Investment and Jobs Act (IIJA). The Revised VDOT Budget for FY 2023 totals \$7,955,524,747 a 0.9% increase over the FY 2023 VDOT Budget of \$7,885,824,747.

Chapter 1230 created the CTF which serves as the fund to which all statewide transportation revenues are deposited and then distributed to programs and funds. These transportation revenues include: (i) motor vehicles fuels taxes and road taxes for diesel fuel; (ii) vehicle registration fees; (iii) highway use fee; (iv) 0.5% statewide sales and use tax; (v) 0.3% statewide sale and use tax for transportation; (vi) 4.15% percent motor vehicles sales and use tax; (vii) motor vehicle rental tax (10 percent of gross proceeds from rentals for most passenger vehicles); (viii) \$0.03 of the \$0.25 per \$100 of assessed value of the statewide recordation tax; (ix) tax on liquid alternative fuel, set at the rate for gasoline; (x) International Registration Plan fees; and (xi) one-third of the revenue from insurance premium taxes.

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, the Hampton Roads Transportation Accountability Commission, and the Central Virginia Transportation Authority.

Source of Transportation Funds



Detailed Sources of Transportation Funds

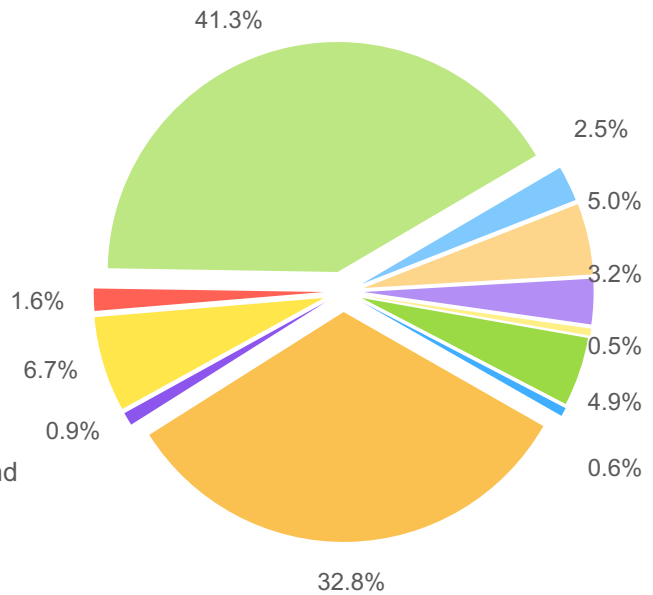
CTF Funding Programs prior to Distribution	\$ 289,700,000
CTF Transfer to HMOF	2,283,028,867
TTF Transfer to Construction Fund	1,162,554,113
TTF Transfer to Priority Transportation Fund (PTF)	230,317,324
Other HMOF Revenues	42,098,489
Other Construction Fund Revenues	1,214,789,832
Interstate 81 Corridor Improvement Fund & Financing	78,800,000
Fuel Tax Revenue for Highway Construction District Grant Program	89,497,754
Federal Fund	1,664,772,589
Priority Transportation Fund (PTF)	7,288,181
Route 58 Bonds	1,054,829
Subtotal	7,083,124,747
Pass Through Revenues	
Central Virginia Transportation Authority Fund	198,900,000
Northern Virginia Transportation Authority Fund	379,300,000
Hampton Roads Transportation Fund	254,300,000
Hampton Roads Regional Transit Fund	39,900,000
TOTAL	\$ 7,955,524,747

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:

Allocations	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Debt Service	\$ 386,831,538	\$ 386,831,538	\$ —
Other Agencies and Transfers	49,162,918	49,162,918	—
Maintenance & Operations	2,538,496,316	2,608,196,316	69,700,000 ¹
Toll Facility Operations	74,590,000	74,590,000	—
Administration & Other Programs	533,439,047	533,439,047	—
Public Transportation & Rail	125,236,903	125,236,903	—
Construction Program	3,285,668,025	3,285,668,025	—
Subtotal	\$6,993,424,747	\$7,063,124,747	\$69,700,000
Pass Through Revenues			
Central Virginia Transportation Authority Fund	198,900,000	198,900,000	—
Northern Virginia Transportation Authority Fund	399,300,000	399,300,000	—
Hampton Roads Transportation Fund	254,300,000	254,300,000	—
Hampton Roads Regional Transit Fund	39,900,000	39,900,000	—
TOTAL	\$7,885,824,747	\$7,955,524,747	\$69,700,000

- Debt Service
- Other Agencies and Transfers
- Maintenance & Operations
- Toll Facility Operations
- Administration & Other Programs
- Public Transportation & Rail
- Construction Program
- Central Virginia Transportation Authority Fund
- Northern Virginia Transportation Authority Fund
- Hampton Roads Transportation Fund
- Hampton Roads Regional Transit Fund



Highway Maintenance & Operating Fund

The Highway Maintenance and Operating Fund (HMOF) is one of VDOT's major funds. 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. With the updated revenue assumptions for FY 2022, this transfer reversed direction and the HMOF provided \$57.5 million to the Construction Fund, representing revenue in excess of budgetary allocations needed. The transfer from the Construction Fund to the HMOF returns in the FY 2023 recommendations.

HMOF Revenue Sources	FY 2023	Revised FY 2023	Difference
CTF Transfer to HMOF	\$ 2,283,028,867	\$ 2,283,028,867	\$ —
Miscellaneous Revenues	17,200,000	17,200,000	—
Distributed for Omnibus Programs	—	69,700,000	69,700,000
Other Revenue	24,898,489	24,898,489	—
Subtotal	\$ 2,325,127,356	\$ 2,394,827,356	\$ 69,700,000
Transfer from Construction	63,328,718	63,328,718	—
Total	\$ 2,388,456,074	\$ 2,458,156,074	\$ 69,700,000

Commonwealth Transportation Fund & Transportation Trust Fund

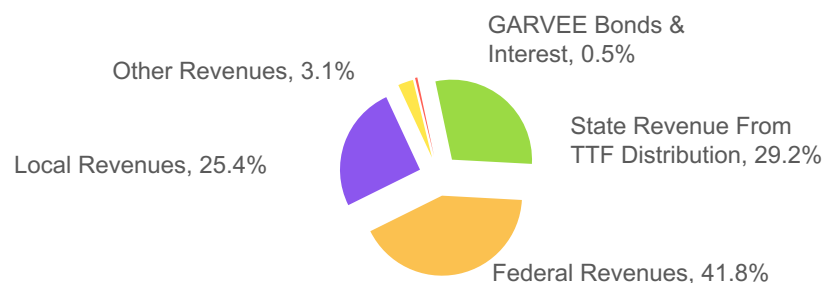
Chapter 1230 amends the allocation of funds. Before funds are distributed between the Transportation Trust Fund and the Highway Maintenance and Operating Fund (HMOF), (i) \$40 million annually will be deposited into the Route 58 Corridor Development Fund; (ii) \$40 million annually will be deposited into the Northern Virginia Transportation District Fund; and (iii) \$80 million annually (as adjusted annually based on changes in consumer price index for urban consumers) will be deposited into the Special Structure Fund. Enactment Clause 11 of Chapter 1230 provides the Commonwealth Transportation Board the ability to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure funds for modal programs and the highway maintenance and operating fund are at least equal to the amounts provided for in the six-year financial plan for the Commonwealth Transportation Fund as in effect on January 1, 2020. With the revision, planned Omnibus Transportation Bill investments are restored to pre-COVID expectations. The following table provides details on revised distributions for Fiscal Year 2023.

Construction Fund Revenue Sources	FY 2023	Revised FY 2023	Difference
Distributed to Route 58 Corridor Fund	\$ 40,000,000	\$ 40,000,000	\$ —
Distributed to Northern Virginia Transportation District Fund	40,000,000	40,000,000	—
Distributed to Oak Grove Fund	—	—	—
Distributed to TTF for Support	1,077,840	1,077,840	—
Distributed for Omnibus Programs	140,000,000	140,000,000	—
Total	\$ 221,077,840	\$ 221,077,840	\$ —

The following table identifies the construction fund revenues by major source.

Construction Fund Revenue Sources	FY 2023	Revised FY 2023	Difference
State Revenue From TTF Distribution	\$ 1,162,554,113	\$ 1,162,554,113	\$ —
General Fund	—	—	—
Federal Revenues	1,664,772,589	1,664,772,589	—
Local Revenues	1,011,713,971	1,011,713,971	—
Other Revenues	123,221,585	123,221,585	—
GARVEE Bonds & Interest	19,222,769	19,222,769	—
Total	\$ 3,981,485,027	\$ 3,981,485,027	\$ —

Construction Fund Revenue by Source, FY 2023



Other Fund Revenues

VDOT manages a number of special funds. Each special fund receives dedicated revenues to be used to support the mission of the program.

Other Fund Revenues	FY 2023	Revised FY 2023	Difference
Regional Transportation Funds	\$ 872,400,000	\$ 872,400,000	\$ —
Interstate 81 Corridor Improvement Fund	78,800,000	78,800,000	—
Fuel Tax Revenue for the Special Fund Account for the Highway Construction District Grant Program	89,497,754	89,497,754	—
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	18,000,000	18,000,000	—
I-64 Express Lanes Toll Revenue	2,840,000	2,840,000	—
Northern VA Transportation District (NVTD)	11,723,045	11,723,045	—
Oak Grove	—	—	—
Priority Transportation Fund (PTF)	230,317,324	230,317,324	—
Transportation Partnership Opportunity Fund	7,200,000	7,200,000	—
Route 58	1,054,829	1,054,829	—
Route 28	8,644,519	8,644,519	—
Other	49,739,142	49,739,142	—
Total	\$ 1,387,216,613	\$ 1,387,216,613	\$ —
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Total Construction Major Sources (page 7)	3,981,485,027	3,981,485,027	—
Transfer to HMOF	(262,406,597)	(63,328,718)	199,077,879
Total Construction Fund	\$ 5,106,295,043	\$ 5,305,372,922	\$ 199,077,879

VDOT Program Descriptions and Allocations

Summary of Allocations by Program

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

	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Environmental Monitoring and Evaluation (514)	\$ 17,968,133	\$ 17,968,133	\$ —
Ground Transportation Planning and Research (602)	106,660,594	106,660,594	—
Highway Construction Programs (603)	3,218,825,411	3,218,825,411	—
Highway System Maintenance (604)	2,005,798,051	2,059,397,351	53,599,300 ²
Commonwealth Toll Facilities (606)	74,590,000	74,590,000	—
Financial Assistance to Localities (607)	1,461,845,199	1,477,945,899	16,100,700 ³
Non-Toll Supported Transportation Debt Service (612)	386,831,538	386,831,538	—
Special Structures (614)	80,000,000	80,000,000	—
Administrative and Support Services (699)	318,906,000	318,906,000	—
VDOT Capital Outlay (998)	40,000,000	40,000,000	—
Support to Other State Agencies	49,162,918	49,162,918	—
Support to DRPT Programs	125,236,903	125,236,903	—
Total	\$ 7,885,824,747	\$ 7,955,524,747	\$ 69,700,000

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.

ENVIRONMENTAL MONITORING & EVALUATION (514)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Environmental Monitoring & Compliance for Highway Projects (514008)	\$ 10,114,045	\$ 10,114,045	\$ —
Environmental Monitoring Program Management (514009)	4,033,730	4,033,730	—
Municipal Separate Storm Sewer System Compliance Activities (514010)	3,820,358	3,820,358	—
TOTAL ENVIRONMENTAL MONITORING & EVALUATION	\$ 17,968,133	\$ 17,968,133	\$ —
TTF	17,968,133	17,968,133	—

Ground Transportation Planning & Research (602)

Ground Transportation Planning and Research is comprised of:

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

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

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

PLANNING & RESEARCH (602)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Ground Transportation System Planning (602001)	\$ 88,165,186	\$ 88,165,186	\$ —
Ground Transportation System Research (602002)	14,143,069	14,143,069	—
Ground Transportation Program Management (602004)	4,352,339	4,352,339	—
TOTAL PLANNING & RESEARCH	\$ 106,660,594	\$ 106,660,594	\$ —
HMOF	17,843,494	17,843,494	—
CONSTRUCTION	63,008,546	63,008,546	—
FEDERAL	25,808,554	25,808,554	—

Highway Construction Programs (603)

For Fiscal Year 2023, the funding made available for distribution is distributed via the formula outlined in the Code of Virginia, § 33.2-358. With the enactment of Chapter 1230, funds are distributed to the following programs: State of Good Repair Program, High Priority Projects Program, Construction District Grant Program, Interstate Operations and Enhancement Program, and Virginia Highway Safety Improvement Program. Enactment Clause 11 of Chapter 1230 provides the Commonwealth Transportation Board the ability to take actions deemed necessary in fiscal years 2021, 2022, and 2023 to ensure funds for modal programs and the highway maintenance and operating fund are at least equal to the amounts provided for in the six-year financial plan for the Commonwealth Transportation Fund as in effect on January 1, 2020. The following table provides details on distributions for Fiscal Year 2023.

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

CONSTRUCTION (603)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
State of Good Repair Program (603020)	\$ 331,213,278	\$ 331,213,278	\$ —
High Priority Projects Program(603021)	246,678,340	246,678,340	—
Construction District Grant Programs (603022)	336,176,095	336,176,095	—
Specialized State and Federal Programs (603023)	1,845,367,547	1,845,367,547	—
Virginia Highway Safety Improvement Program (603017)	134,783,478	134,783,478	—
Interstate Operations and Enhancement Program (603018)	274,702,353	274,702,353	—
Construction Management (603015)	49,904,320	49,904,320	—
TOTAL CONSTRUCTION	\$3,218,825,411	\$3,218,825,411	\$ —
CONSTRUCTION	1,986,028,677	1,986,028,677	—
FEDERAL	963,438,834	963,438,834	—
I-81 CORRIDOR IMPROVEMENT FUND	73,579,021	73,579,021	—
STATEWIDE INTERSTATE IMPROVEMENT FUND - PRIOR YEAR ADJUSTMENT	—	—	—
SPECIAL FUND ACCOUNT FOR CONSTRUCTION DGP	89,497,754	89,497,754	—
PTF	41,900,000	41,900,000	—
TPOF	7,189,115	7,189,115	—
NVTD	—	—	—
VTIB	7,700,000	7,700,000	—
GARVEE BONDS	19,222,769	19,222,769	—
CONCESSION FEE FUND	29,551	29,551	—
GENERAL FUND	—	—	—
ROUTE 58	30,239,690	30,239,690	—

Highway Construction Programs (603)

STATE OF GOOD REPAIR PROGRAM (603020)

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

STATE OF GOOD REPAIR PROGRAM (603020)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL STATE OF GOOD REPAIR	\$ 331,213,278	\$ 331,213,278	—
CONSTRUCTION	175,569,865	175,569,865	—
FEDERAL	155,643,413	155,643,413	—

HIGH PRIORITY PROJECTS PROGRAM (603021)

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

HIGH PRIORITY PROJECTS PROGRAM (603021)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL HIGH PRIORITY PROJECTS	\$ 246,678,340	\$ 246,678,340	—
CONSTRUCTION	132,321,039	132,321,039	—
FEDERAL	104,745,916	104,745,916	—
GARVEE	9,611,385	9,611,385	—

CONSTRUCTION DISTRICT GRANT PROGRAMS (603022)

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

CONSTRUCTION DISTRICT GRANT PROGRAMS (603022)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL CONSTRUCTION DISTRICT GRANT	\$ 336,176,095	\$ 336,176,095	—
CONSTRUCTION	122,202,492	122,202,492	—
SPECIAL FUND ACCOUNT FOR CONSTRUCTION			
DGP	89,497,754	89,497,754	—
FEDERAL	114,864,465	114,864,465	—
GARVEE	9,611,384	9,611,384	—

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 and Regional Surface Transportation Program funding. The service area will also allocate bond programs and the state and local components of Revenue Sharing. Anticipated funding from regional entities for projects is also allocated in this service area.

SPECIALIZED STATE AND FEDERAL PROGRAMS (603023)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
CMAQ & State Match	\$ 39,642,070	\$ 39,642,070	\$ —
Open Container	23,063,568	23,063,568	—
Participating Project Costs	60,000,000	60,000,000	—
Project Participation from HRTAC	163,636,731	163,636,731	—
HRTAC Participation for Hampton Roads Bridge-Tunnel Expansion Project	527,726,042	527,726,042	—
Project Participation from NVTAC	113,470,539	113,470,539	—
Route 58 Bonds	—	—	—
Revenue Sharing	394,577,470	394,577,470	—
Safety & Soft Match	—	—	—
STP Set-aside	36,538,864	36,538,864	—
STP Regional & State Match	115,623,627	115,623,627	—
Tele Fees	9,090,924	9,090,924	—
I-66 Outside the Beltway Concession Fee/Interest Earnings	29,551	29,551	—
Interstate 81 Corridor Improvements	—	—	—
Statewide Interstate Improvements	—	—	—
STP Set-aside State Match	—	—	—
Highway Improvement Program - CRSSA	—	—	—
Improvements to I-64 HRELN	—	—	—
PTF for Multimodal Improvements	32,700,000	32,700,000	—
PTF for Construction Projects	9,200,000	9,200,000	—
Carbon Reduction Program and State Match	32,494,353	32,494,353	—
PROTECT	36,948,409	36,948,409	—
Bridge	105,255,712	105,255,712	—
Bridge - Off System	18,574,537	18,574,537	—
Electric Vehicles	15,745,244	15,745,244	—
HSIP to Vulnerable Users	—	—	—
Regional Trails	—	—	—
ATI	—	—	—
HIP - Community Project Grants	28,755,000	28,755,000	—
I-64 Gap between exit 205 and exit 234	—	—	—
Other	82,294,906	82,294,906	—
TOTAL SPECIALIZED STATE AND FEDERAL PROGRAMS (603023)	\$ 1,845,367,547	\$ 1,845,367,547	\$ —

Highway Construction Programs (603)

SPECIALIZED STATE AND FEDERAL PROGRAMS (603023)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
CONSTRUCTION	1,299,915,838	1,299,915,838	—
FEDERAL	458,393,353	458,393,353	—
I-81 CORRIDOR IMPROVEMENT FUND	—	—	—
STATEWIDE INTERSTATE IMPROVEMENT FUND - PRIOR YEAR ADJUSTMENT	—	—	—
NVTD	—	—	—
GENERAL FUND	—	—	—
PTF	41,900,000	41,900,000	—
CONCESSION FEE FUND	29,551	29,551	—
OTHER BOND PROGRAMS/FUNDS	30,239,690	30,239,690	—
VTIB	7,700,000	7,700,000	—
TPOF	7,189,115	7,189,115	—
TOTAL SPECIALIZED STATE AND FEDERAL PROGRAMS (60323)	\$ 1,845,367,547	\$ 1,845,367,547	\$ —

Highway Construction Programs (603)

VIRGINIA HIGHWAY SAFETY IMPROVEMENT (603017)

The purpose of the Virginia Highway Safety Improvement Program is to reduce motorized and non-motorized fatalities and severe injuries on highways in the Commonwealth, whether such highways are state or locally maintained. (Code of Virginia § 33.2-373) This is a new service area beginning in FY 2023.

VIRGINIA HIGHWAY SAFETY IMPROVEMENT (603017)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL VHSIP	\$134,783,478	\$134,783,478	\$ —
TTF	44,834,583	44,834,583	—
FEDERAL	89,948,895	89,948,895	—

INTERSTATE OPERATIONS & ENHANCEMENT (603018)

The purpose of the Interstate Operations and Enhancement Program is to improve the safety, reliability, and travel flow along interstate highway corridors in the Commonwealth. (Code of Virginia § 33.2-372) This is a new service area beginning in FY 2023.

INTERSTATE OPERATIONS & ENHANCEMENT (603018)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL IOEP	\$274,702,353	\$274,702,353	\$ —
TTF	161,280,540	161,280,540	—
FEDERAL	39,842,792	39,842,792	—
I-81	73,579,021	73,579,021	—

CONSTRUCTION MANAGEMENT (603015)

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

CONSTRUCTION MANAGEMENT (603015)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL CONSTRUCTION MANAGEMENT	\$49,904,320	\$49,904,320	\$ —
TTF	49,904,320	49,904,320	—

Highway System Maintenance (604)

The maintenance program consists of:

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

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

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

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

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

HIGHWAY SYSTEM MAINTENANCE (604)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Interstate Maintenance (604001)	\$ 364,747,519	\$ 364,747,519	\$ —
Primary Maintenance (604002)	510,918,437	510,918,437	—
Secondary Maintenance (604003)	603,302,668	603,302,668	—
Transportation Operations Services (604004)	436,247,746	489,847,046	53,599,300
Highway Maintenance Program Management & Direction (604005)	90,581,681	90,581,681	—
TOTAL HIGHWAY SYSTEM MAINTENANCE	\$2,005,798,051	\$2,059,397,351	\$ 53,599,300
HMOF	1,477,424,092	1,531,023,392	53,599,300
FEDERAL	528,373,959	528,373,959	—

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.

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)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Acquisition & Construction (606001)	\$ —	\$ —	\$ —
Debt Service (606002)	—	—	—
Maintenance & Operations (606003)	37,840,000	37,840,000	—
Toll Facilities Revolving (606004)	36,750,000	36,750,000	—
TOTAL TOLL FACILITIES	\$ 74,590,000	\$ 74,590,000	\$ —
POWHITE	11,000,000	11,000,000	—
COLEMAN	6,000,000	6,000,000	—
I-66 INSIDE THE BELTWAY	18,000,000	18,000,000	—
I-64 EXPRESS LANES	2,840,000	2,840,000	—
TOLL FACILITIES REVOLVING	36,750,000	36,750,000	—

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.

Distribution of Central Virginia Transportation Authority Fund Revenues (607010) - To transfer state regional tax revenues to the Central Virginia Transportation Authority to fund local and regional transportation projects.

FINANCIAL ASSISTANCE TO LOCALITIES (607)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Financial Assistance for City Road Maintenance (607001)	\$ 454,109,455	\$ 467,781,468	\$ 13,672,013 ³
Financial Assistance for County Road Maintenance (607002)	78,588,810	81,017,497	2,428,687 ³
Financial Assistance for Planning, Access Roads, & Special Projects (607004)	18,303,310	18,303,310	—
Distribution of Northern Virginia Transportation Authority Fund Revenues (607006)	417,743,624	417,743,624	—
Distribution of Hampton Roads Transportation Fund Revenues (607007)	294,200,000	294,200,000	—
Distribution of Central Virginia Transportation Authority Fund Revenues (607010)	198,900,000	198,900,000	—
TOTAL FINANCIAL ASSISTANCE TO LOCALITIES	\$1,461,845,199	\$1,477,945,899	\$ 16,100,700
HMOF	532,698,265	548,798,965	16,100,700
CONSTRUCTION	26,573,955	26,573,955	—
FEDERAL	10,172,979	10,172,979	—
CENTRAL VIRGINIA TRANSPORTATION FUND	198,900,000	198,900,000	—
NORTHERN VIRGINIA TRANSPORTATION FUND	399,300,000	399,300,000	—
HAMPTON ROADS TRANSPORTATION FUND	254,300,000	254,300,000	—
HAMPTON ROADS REGIONAL TRANSIT FUND	39,900,000	39,900,000	—

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).

I-81 Debt Service (612006) - To provide for the estimated debt service requirements of the bonds sold to finance transportation improvements on the Interstate 81 Corridor.

Non-Toll Supported Transportation Debt Service (612)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Highway Transportation Improvement Debt Service (612001)	\$ 8,644,519	\$ 8,644,519	\$ —
Designated Highway Corridor Debt Service (612002)	42,685,577	42,685,577	—
Commonwealth Transportation Capital Projects Bond Act Debt Service (612004)	193,302,200	193,302,200	—
Federal Transportation Grant Anticipation Revenue Notes Debt Service (612005)	136,978,263	136,978,263	—
I-81 Debt Service (612006)	5,220,979	5,220,979	—
TOTAL NON-TOLL SUPPORTED DEBT SERVICE	\$ 386,831,538	\$ 386,831,538	\$ —
NVTD	11,870,438	11,870,438	—
OAK GROVE	—	—	—
ROUTE 28	8,644,519	8,644,519	—
CPR BONDS	193,302,200	193,302,200	—
ROUTE 58	30,815,139	30,815,139	—
I-81	5,220,979	5,220,979	—
FEDERAL	136,978,263	136,978,263	—

Special Structures (614)

Statewide Special Structures (614000) - Special Structures are very large, indispensable and unique bridges and tunnels identified by the Commissioner of Highways and approved by the Commonwealth Transportation Board. The General Assembly declares it to be in the public interest that the maintenance, rehabilitation, and replacement of special structures in the Commonwealth occur timely as to provide and protect a safe and efficient highway system. The Board is establishing a program for the maintenance, rehabilitation, and replacement of special structures in the Commonwealth. With the assistance of the Department of Transportation, the Board developed and will maintain a plan for the maintenance, rehabilitation, and replacement of special structures in the Commonwealth.

VDOT SPECIAL STRUCTURES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL VDOT SPECIAL STRUCTURES	\$ 80,000,000	\$ 80,000,000	\$ —
SPECIAL STRUCTURES	80,000,000	80,000,000	—

Administrative and Support Services (699)

Administrative and Support Services is comprised of:

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

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

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

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

ADMINISTRATIVE & SUPPORT SERVICES (699)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
General Management & Direction (699001)	\$ 171,876,939	\$ 171,876,939	\$ —
Information Technology Services (699002)	113,394,691	113,394,691	—
Facilities and Grounds Management Services (699015)	21,885,343	21,885,343	—
Employee Training & Development (699024)	11,749,027	11,749,027	—
TOTAL ADMINISTRATIVE & SUPPORT SERVICES	\$ 318,906,000	\$ 318,906,000	\$ —
HMOF	310,446,837	310,446,837	—
CONSTRUCTION	3,795,856	3,795,856	—

VDOT Capital Outlay (998)

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

VDOT CAPITAL OUTLAY (998)	FY 2023	Revised FY 2023	INCREASE (DECREASE)
TOTAL VDOT CAPITAL OUTLAY	\$ 40,000,000	\$ 40,000,000	\$ —
CONSTRUCTION	40,000,000	40,000,000	—

Program Allocations by Fund

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

SUPPORT TO OTHER STATE AGENCIES	FY 2023	Revised FY 2023	INCREASE (DECREASE)
Transportation Appropriation to Other Agencies			
Department of Education	\$ 283,854	\$ 283,854	\$ —
Marine Resources Commission	313,768	313,768	—
Secretary of Transportation	1,023,114	1,023,114	—
Department of State Police	9,179,045	9,179,045	—
Department of Minority Business Enterprise	1,682,629	1,682,629	—
Department of Historic Resources	210,000	210,000	—
Department of Emergency Management	1,359,475	1,359,475	—
Department of Motor Vehicles	14,958,864	14,958,864	—
Department of Treasury	185,187	185,187	—
Virginia Liaison Office	173,248	173,248	—
Department of Wildlife Resources	—	—	—
Office of the State Inspector General	2,179,339	2,179,339	—
SUBTOTAL	31,548,523	31,548,523	—
Transfers to the General Fund			
Department of General Services	388,254	388,254	—
Department of Agriculture & Conservation Services	97,586	97,586	—
Chesapeake Bay Initiatives	10,000,000	10,000,000	—
Indirect Costs	2,721,175	2,721,175	—
Department of Taxation	2,907,380	2,907,380	—
SUBTOTAL	16,114,395	16,114,395	—
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			
	\$ 49,162,918	\$ 49,162,918	\$ —
HMOF	45,380,079	45,380,079	—
CONSTRUCTION	2,375,969	2,375,969	—
TPOF	10,885	10,885	—
DMV	15,153	15,153	—
RAIL	170,401	170,401	—
PTF	392,447	392,447	—
PORTS	82,262	82,262	—
AIRPORTS	45,770	45,770	—
DRPT	662,119	662,119	—
SPACE	27,833	27,833	—

Program Allocations by Fund

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)	\$ —	\$ 17,968,133	\$ —	\$ —	\$ —	\$ 17,968,133
Ground Transportation Planning & Research (602)	17,843,494	63,008,546	25,808,554	—	—	106,660,594
Highway Construction Programs (603)	—	2,014,783,677	934,683,834	19,222,769	250,135,131	3,218,825,411
Highway System Maintenance (604)	1,531,023,392	—	528,373,959	—	—	2,059,397,351
Commonwealth Toll Facilities (606)	—	—	—	—	74,590,000	74,590,000
Financial Assistance to Localities (607)	548,798,965	8,130,331	10,172,979	—	910,843,624	1,477,945,899
Non-Toll Supported Transportation Debt Service (612)	—	—	136,978,263	—	249,853,275	386,831,538
Special Structures (614)	—	80,000,000	—	—	—	80,000,000
Administrative and Support Services (699)	315,110,144	2,718,016	—	—	1,077,840	318,906,000
VDOT Capital Outlay (998)	—	40,000,000	—	—	—	40,000,000
Support to Other State Agencies	45,380,079	2,375,969	—	—	1,406,870	49,162,918
Support to DRPT Programs	—	97,936,903	—	—	27,300,000	125,236,903
TOTAL	\$2,458,156,074	\$ 2,326,921,575	\$ 1,636,017,589	\$ 19,222,769	\$1,515,206,740	\$7,955,524,747

* - Other includes I-81 Corridor Improvement Fund, Statewide Interstate Improvement Fund, Tolls, PTF, Route 58, Route 28, Oak Grove, TPOF, Concession Fund Interest and Regional Transportation Funds.

Budget Comparison Schedule for FY 2023

Revenues	
Revenue provided by the General Fund of the Commonwealth	\$ —
Taxes	992,697,754
Rights and privileges	19,564,312
Sale of property and commodities	—
Interest, dividends, and rents	34,024,024
Fines, forfeitures, court fees	—
Penalties and escheats	6,000,000
Receipts from localities and private sector	1,072,108,566
Federal grants and contracts	1,664,772,589
Toll revenues	67,840,000
Other	82,930,144
Total Revenues	<u>3,939,937,389</u>
 Other Financing Sources	
Other financing sources	40,181,378
Bond proceeds	9,805,676
Note proceeds	—
Transfers from other state agencies and General Fund	—
Transfers in	3,965,600,304
Total Other Financing Sources	<u>4,015,587,358</u>
Total Revenues and Other Sources	<u>\$7,955,524,747</u>

Budget Comparison Schedule for FY 2023

Revenues	
Administrative and support services	\$ 318,906,000
Ground transportation system planning and research	106,660,594
Highway system acquisition and construction	3,211,435,729
Highway system maintenance	2,059,397,351
Financial assistance to localities	1,477,945,899
Environmental monitoring and compliance	17,968,133
Toll facility operations and construction	81,979,682
Special Structures	80,000,000
Capital outlay	40,000,000
Debt Service	386,831,538
Total Expenditures	<u>7,781,124,926</u>
Other Financing Uses	
Other financing uses	—
Transfers to other state agencies and General Fund	174,399,821
Transfers out	—
Total Other Financing Uses	<u>174,399,821</u>
Total Expenditures and Other Uses	<u>\$7,955,524,747</u>
Revenues and Other Sources Over (Under) Expenditures and	<u><u>\$ —</u></u>

Appendix I - Powhite Parkway Extension (0436) FY 2023

FY 2023 ESTIMATED REVENUE

Toll Revenues	\$ 11,000,000
TOTAL ESTIMATED REVENUES	\$ 11,000,000

Toll Facility Revolving Account Loan Repayment	3,010,563
TOTAL ESTIMATED REVENUE AVAILABLE	\$ 7,989,437

FY 2023 EXPENDITURE BUDGET

Revenue Fund	
Operations	5,366,924
Maintenance Replacement Fund	1,500,000
Estimated Interest Payment to Chesterfield County	1,122,513
TOTAL ESTIMATED EXPENDITURES	\$ 7,989,437

Details of Operating Expenditures	ALLOCATION FY 2023	RECOMMENDED FY 2023	INCREASE (DECREASE)
Personal Services	\$ 1,550,721	\$ 1,480,231	\$ (70,490)
Contractual Services	1,374,600	1,386,550	11,950
Supplies and Materials	59,000	60,050	1,050
Transfer Payments	2,235,446	2,290,093	54,647
Continuous Charges	116,500	121,500	5,000
Property and Improvements	—	—	—
Equipment	380,000	28,500	(351,500)
Obligations	—	—	—
TOTAL - Operating Expenditures	\$ 5,716,267	\$ 5,366,924	\$ (349,343)

Appendix I - Coleman Bridge (0782) FY 2023

FY 2023 ESTIMATED REVENUE

Toll Revenues	\$ 6,000,000
TOTAL ESTIMATED REVENUE AVAILABLE	\$ 6,000,000

Toll Facility Revolving Account Loan Repayment	2,323,141
TOTAL ESTIMATED REVENUE AVAILABLE	\$ 3,676,859

FY 2023 EXPENDITURE BUDGET

Revenue Fund	
Operations	3,067,360
Maintenance Replacement Fund	609,499
TOTAL ESTIMATED EXPENDITURES	\$ 3,676,859

Details of Operating Expenditures	ALLOCATION FY 2023	RECOMMENDED FY 2023	INCREASE (DECREASE)
Personal Services	522,269	525,750	3,481
Contractual Services	1,065,660	1,557,860	492,200
Supplies and Materials	76,750	88,250	11,500
Transfer Payments	400,000	400,000	—
Continuous Charges	48,700	45,900	(2,800)
Property and Improvements	—	—	—
Equipment	299,500	449,600	150,100
Obligations	—	—	—
TOTAL - Operating Expenditures	\$ 2,412,879	\$ 3,067,360	\$ 654,481

Appendix I - I-66 Inside the Beltway (0446) FY 2023

FY 2023 ESTIMATED REVENUE

Toll Revenues	\$ 16,546,491
<i>Cash Balance from Prior Year</i>	<u>1,453,509</u>
TOTAL ESTIMATED REVENUES	\$ 18,000,000

FY 2023 EXPENDITURE BUDGET

Revenue Fund	
Operations	16,500,000
Maintenance Replacement Fund	1,500,000
	<hr/>
TOTAL ESTIMATED EXPENDITURES	<u><u>\$ 18,000,000</u></u>

Details of Operating Expenditures	ALLOCATION FY 2023	RECOMMENDED FY 2023	INCREASE (DECREASE)
Personal Services	506,369	521,491	15,122
Contractual Services	7,560,531	9,606,900	2,046,369
Supplies and Materials	7,800	7,800	—
Transfer Payments	5,641,600	6,363,509	721,909
Continuous Charges	300	300	—
Property and Improvements	—	—	—
Equipment	—	—	—
Obligations	—	—	—
	<hr/>		
TOTAL - Operating Expenditures	<u><u>\$ 13,716,600</u></u>	<u><u>\$ 16,500,000</u></u>	<u><u>\$ 2,783,400</u></u>

Appendix I - I-64 Express Lanes (0447) FY 2023

FY 2023 ESTIMATED REVENUE

Toll Revenues	\$ 2,840,000
TOTAL ESTIMATED REVENUES	\$ 2,840,000
 <i>Cash Balance from Prior Year</i>	 —
TOTAL ESTIMATED REVENUE AVAILABLE	\$ 2,840,000

FY 2023 EXPENDITURE BUDGET

Revenue Fund	
Operations	2,840,000
TOTAL ESTIMATED EXPENDITURES	\$ 2,840,000

Details of Operating Expenditures	ALLOCATION FY 2023	RECOMMENDED FY 2023	INCREASE (DECREASE)
Personal Services	255,870	188,230	(67,640)
Contractual Services	1,581,375	2,451,020	869,645
Supplies and Materials	175	750	575
Transfer Payments	300,000	200,000	(100,000)
Continuous Charges	—	—	—
Property and Improvements	—	—	—
Equipment	—	—	—
Obligations	—	—	—
TOTAL - Operating Expenditures	\$2,137,420	\$2,840,000	\$702,580

Index: Acronyms and Terminology

Term	Description
BROS	Bridge Off-System
CMAQ	Congestion Mitigation and Air Quality
CPR	Capital Projects Revenue Bonds
CTF	Commonwealth Transportation Fund
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
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 non-federal 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 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 sub-allocation 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 Revolving	Toll Facilities Revolving Account
TPOF	Transportation Partnership Opportunity Fund
TTF	Transportation Trust Fund

Endnotes

Endnote Number	Description
1	Directed allocation for paving investments to provide additional reserves to protect against cost escalation.
2	VDOT Maintenance Program share of directed allocation for pavement investment reserve.
3	Financial Assistance to Localities' share of directed allocation for pavement investment reserve.



Virginia Department of Rail and Public Transportation

Annual Budget Fiscal Year 2023



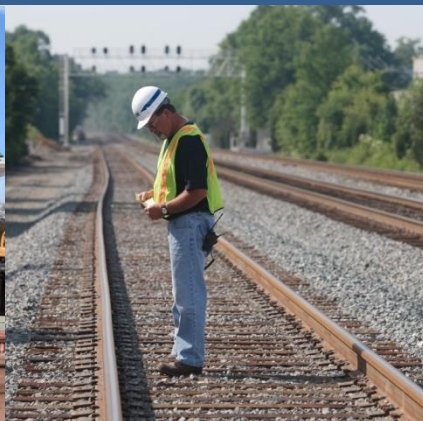
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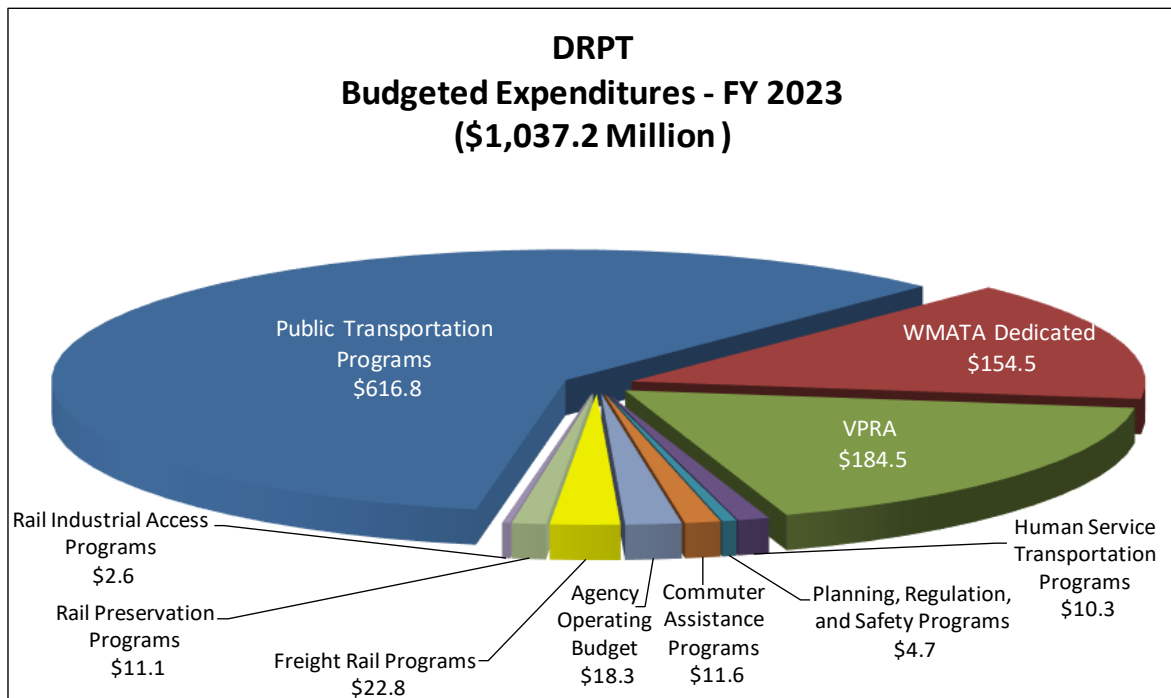
SUMMARY OF PROGRAMS



Summary of FY 2023 Budget

In FY 2023, DRPT will invest \$1,037.2 million in state, federal, and local resources towards improving public transportation and rail capacity across the Commonwealth of Virginia. The overwhelming majority of these funds are directed to a variety of recipients, including public transportation providers, local and regional government entities, freight railroads, and the Virginia Passenger Rail Authority (VPRA). The VPRA was established in section §33.2-288.B. of the Code of Virginia to oversee passenger rail projects within the Commonwealth including the state-supported Amtrak service. The VPRA receives ongoing funding from DRPT of 93% of the estimated revenues of the Commonwealth Rail Fund, which is estimated at \$184.5 million for FY2023.

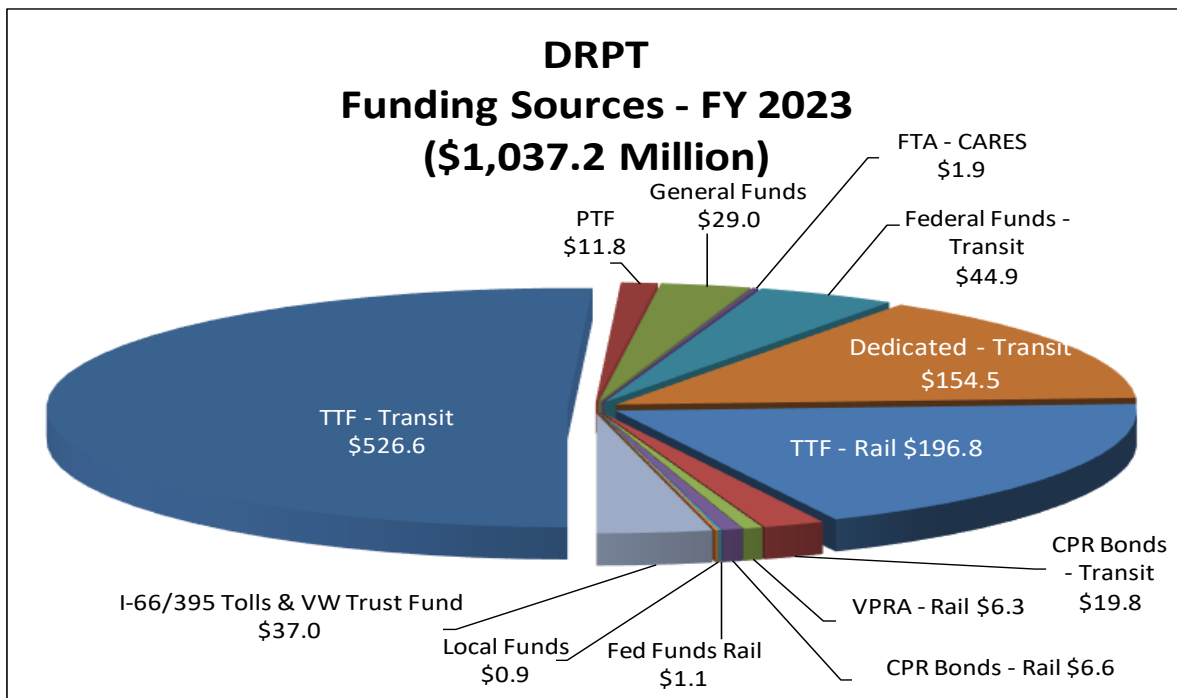
Expenditures for FY 2023 are estimated to be \$5.8 million less than FY 2022. This is primarily due to implementing Code of Virginia allocation percentages in FY 23 and adjusting CTB Directed funding which caused a \$64.3 million decrease to WMATA Assistance, offset by increases due to the mid-year FY 2022 uplift in revenues. Additional detail is included in the specific program sections of this document.



The chart depicts the FY 2023 DRPT budget across the agency’s service areas and the newly created Virginia Passenger Rail Authority (VPRA). The budgeted expenditures for each 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 2023 funding sources can be found on page 20.



FY 2023 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget increased 4.6% or \$0.8 million. Revenues increased so DRPT has elected to use only 3.5% of the Rail Preservation Fund and Commonwealth Rail Fund, and 3.9% of the Commonwealth Mass Transit Fund in FY 2023 for project oversight. Over the past several years, the transit programs managed by DRPT have grown significantly as have the associated revenues. This growth has been accompanied by increased demand by the General Assembly for accountability over the funds in these programs. The agency’s operating budget will be used to develop and expand the program oversight requested by the General Assembly related to state transit funding.

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 the following: The Virginia Breeze Intercity Bus, WMATA oversight, transit way improvements related to the Amazon headquarters arrival, transit facility design and construction oversight, Dulles Corridor Metrorail, as well as I-95 and I-81 freight rail corridor programs.

DRPT is also currently completing studies on future transportation demand management (TDM) strategies in the heavily congested I-66 and I-395 corridors. This focuses on measuring person throughput (rather than vehicle) and redirects toll revenue collected on highways to critical transit projects.

The Appropriations Act authorizes the Commonwealth Transportation Board (CTB) to approve up to 5.0% per year of the Commonwealth Mass Transit Fund (§33.2-1526), Rail Preservation Fund (§33.2-1602), and the revenues allocated to the Department from the Commonwealth Rail Fund (§33.2-1526.4) to be used to support the DRPT costs of project development, project administration, and project compliance.

In FY 2023, it is forecast that \$18.3 million of the revenues of these funds will be used to support the 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 \$1,037.2 million of total funds administered.

Public Transportation Programs

The state funding for Public Transportation is comprised of revenues from the Commonwealth Mass Transit Fund (CMTF) and the Commonwealth Transit Capital Fund (CTCF). Effective July 1, 2020, HB 1414 adopted numerous structural changes to the transportation funding system in the Commonwealth. Most state transportation revenues are directed to the Commonwealth Transportation Fund and the Highway Maintenance and Operating Fund, which are administered by the Virginia Department of Transportation (VDOT). Revenues are then disbursed from the Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The CMTF receives 23% of the Transportation Trust Fund. This structure allocates the net impact of upturns and downturns in specific revenues so no one mode is adversely affected.

Chapter 854 of the 2018 Acts of Assembly established a separate allocation for the Washington Metropolitan Area Transit Authority (WMATA) and set allocation percentages for our Operating, Capital, and Special programs in FY 2019 and beyond. It is important to note that these bills did not create additional transportation revenues. Instead, they built on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

Beginning in FY 2021, these funds were distributed in accordance with the *Code of Virginia* and specific Appropriations Act language as follows:

- Up to 5.0% of the CMTF to support costs of project development, project administration, and project compliance (current Appropriation Act language)
- \$2.0 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 27.0% for state operating assistance grants, 18.0% awarded as capital assistance grants, 46.5% for distribution to WMATA for capital purposes and operating assistance, 6.0% for the Transit Ridership Incentive Program (TRIP) and the balance of up to 2.5%

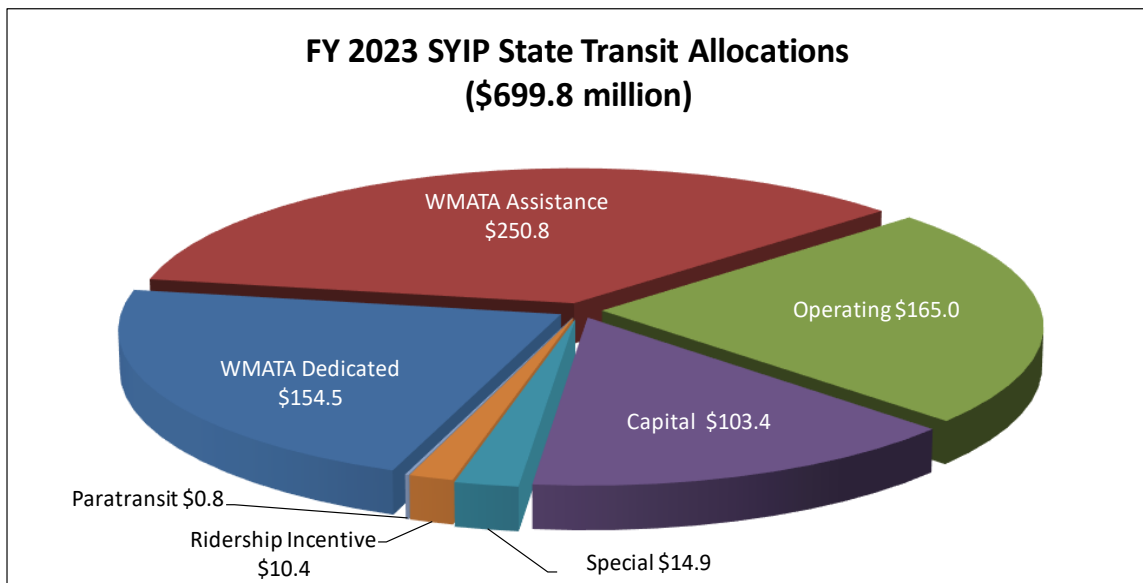
awarded as special projects grants, subject to CTB approval. Item 436.P of Chapter 56 of the 2020 Special Session I of the Virginia Acts of Assembly gives the CTB flexibility in applying these percentages to keep revenue streams relatively stable to maintain the project's current schedule from FY 2020 for each program, but no later than FY 2024.

The CTCF 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. Beginning in FY 2019, these bond funds completed the 10-year period under the original bond authorization and the \$60 million annual amount available ended. Current year allocations of these funds represent monies deobligated from prior year projects.

By the close of FY 2021 when the WMATA state of good repair funding grant ended, the state transit capital assistance program lost an additional \$50 million of annual bond funding. However, section §33.2-1526.1.B of the Code of Virginia allocates up to \$50 million off the top of the CMTF starting in FY 2022 for the WMATA State of Good Repair program.

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 is 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 is 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 2023 SYIP allocation of the state transit revenues for public transportation is depicted in the following chart. This chart represents FY 2023 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, reference Note 1 on page 21.



The FY 2023 allocation of \$699.8 million of state transit revenues in the SYIP represents a decrease of \$152.3 million from \$852.1 million in the FY 2022 SYIP (as revised for \$210.9 million of mid-year uplift of revenues).

As compared to the FY 2022 SYIP (revised for the mid-year uplift in revenues), capital projects decreased \$83.8 million. There was an increase in large bus purchases and facility construction in FY 2022 following a period of reduced capital needs in FY 2021 due to the Covid-19 pandemic and an increase in FY 2022 in capital allocations due to the mid-year revenue uplift. Transit Operating Assistance increased \$3.2 million from FY 2022 due to an increase in revenue estimates. WMATA Assistance decreased \$64.3 million due to implementing Code of Virginia allocation percentages in FY 23 and adjusting CTB Directed funding. In FY 2022 the General Assembly made up to \$32.4 million of proceeds from Item 447.10 of the Biennial Budget available to bring the WMATA Dedicated funds to the annual commitment level of \$154.5 million. With the mid-year FY 2022 revenue uplift, it was estimated that only \$3.4 million of these proceeds will be needed to cover the shortfall in FY 2022, and it is estimated that the remainder of \$29.0 will be allocated to supplement operating expenses in NOVA through NVTC in FY 2022. These funds are budgeted to be spent in the first quarter of FY 2023. WMATA Assistance includes an allocation of \$50.0 million of CMTF funding, which was funded from bond proceeds prior to FY 2022, to match the federal funds WMATA is receiving under the federal state of good repair program.

Public Transportation Operating Funds

The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2023, not just amounts allocated in FY 2023 by the CTB above. The budgeted FY 2023 transit operating expenditures are \$215.1 million or an increase of \$20.4 million from FY 2022. This includes \$1.9 million of CARES Act funding from the FTA for rural transit agencies with no matching requirements that replaced operating funds with a 50% local match requirement.

Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 27.0% of the Commonwealth Mass Transit Fund to support operating costs of transit providers and that the CTB shall establish service delivery factors, based on effectiveness and efficiency, to guide the relative distribution of such funding. Such measures and their relative weight shall be evaluated every three years.

The Department of Rail and Public Transportation (DRPT) has worked in consultation with the Transit Service Delivery Advisory Committee (TSDAC) and other stakeholders to develop the necessary policies and procedures to implement a performance-based state transit operating allocation. The TSDAC adopted the following policy objectives to guide their deliberations: promoting fiscal responsibility, incentivizing efficient operations, supporting robust transit service, rewarding higher patronage, promoting mobility, supporting a social safety net, and utilizing data that exists for all agencies.

The CTB adopted the allocation policy for transit operating funding for FY 2023 based on performance factors as follows:

System Sizing Metrics:

Bus Systems:

- Operating Cost (50%)
- Ridership (30%)
- Revenue Vehicle Hours (10%)
- Revenue Vehicle Miles (10%)

Commuter Rail Systems:

- Passenger Miles Traveled (33%)
- Revenue Vehicle Hours (33%)
- Revenue Vehicle Miles (33%)

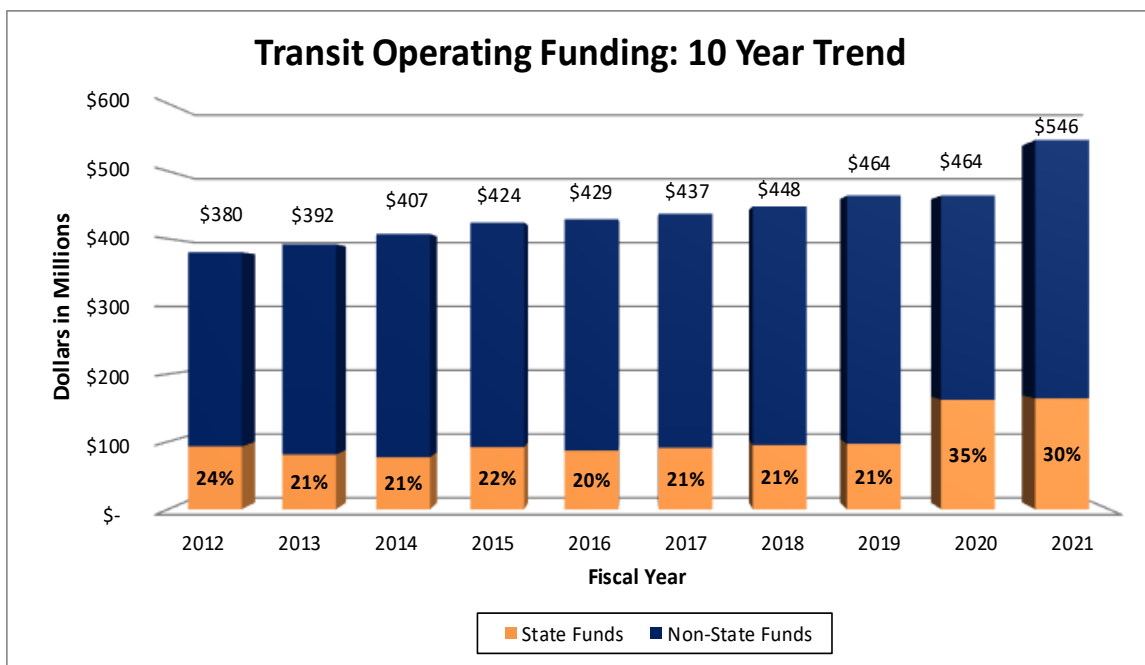
Performance Adjustment:

All Systems:

- Passengers per Revenue Vehicle Hour (20%)
- Passengers per Revenue Vehicle Mile (20%)
- Operating Cost per Revenue Vehicle Hour (20%)
- Operating Cost per Revenue Vehicle Mile (20%)
- Operating Cost per Passenger (20%)

In order to ensure an even distribution of funding, the share of state operating assistance is to be capped at 30% of an agency's operating cost. A one-time exception was made when mid-year FY 2022 revenue collections were significantly higher than estimates and the State allocated 35% of agency operating costs. Unallocated balances remaining after applying the cap are run through the performance based formula to ensure full allocation of the available operating funding. Agencies that receive an increase in state assistance as a result of the performance based formula are encouraged to invest the increased allocation into sustaining and expanding service options.

The overall state share of transit operating expenditures for FY 2023 is 30.0%, which is a decrease of 5.0% from prior year. DRPT allocated \$1.9 million of Federal Cares funding for Operating that is not included in the chart below. 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 and beyond funding for WMATA operating and capital are reported as WMATA Assistance funds.



Public Transportation Capital Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 18.0% of the Commonwealth Mass Transit Fund for capital purposes distributed utilizing the transit capital prioritization process established by the Board pursuant to Section 33.2-214.4 of the *Code of Virginia*. Capital program grants from the CMTF are funded based on the total cost of the project. Effective July 1, 2019, capital projects are prioritized in three different categories:

State of Good Repair (SGR): capital projects or programs to replace or rehabilitate an existing asset. SGR is based on transit asset management principles, including federal requirements for Transit Asset Management. Projects are prioritized based on asset condition score and service impact score.

Minor Enhancement (MIN): Projects or programs to add capacity, new technology, or a customer enhancement meeting the following criteria:

- Project cost is up to \$2 million, OR

- For expansion vehicles, a minor enhancement entails a fleet increase of no more than 5 vehicles or less than 5% of the fleet size, whichever is greater.

Minor enhancement projects are prioritized solely on service impact scores.

Major Expansion (MAJ): Projects or programs that add, expand, or improve service with a cost exceeding \$2 million or for expansion vehicles, an increase of greater than 5 vehicles or 5% of fleet size, whichever is greater. Projects are prioritized based on the following SMART SCALE factors:

- Congestion Mitigation
- Economic Development
- Accessibility
- Safety
- Environmental Quality
- Land Use

In FY 2023, the budget for public transportation capital expenditures is \$120.5 million, which is an increase of \$10.5 million from FY 2022. This increase is mainly attributable to the adverse effect of the Coronavirus on the ability of transit agencies and localities to fund and engage in longer-term capital projects in FY 2020 and FY 2021, and a mid-year uplift in revenues in FY 2022. The projects that will be supported by these funds and the applicable federal funds managed by DRPT are summarized on the following chart:

Public Transportation Capital Projects for FY 2023						
	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	14	0	0	2	0	0
Culpeper District	0	0	3	2	0	2
Fredericksburg District	5	0	6	0	0	0
Hampton Roads District	26	2	14	6	1	0
Lynchburg District	9	0	3	4	1	0
Northern Virginia District	50	4	0	4	4	0
Richmond District	20	0	3	3	0	0
Salem District	19	1	11	1	0	0
Staunton District	14	2	13	0	0	0
Multi - District	17	1	0	0	1	0
Statewide Totals	174	10	53	22	7	2

Public Transportation Special Program Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 2.5% of the Commonwealth Mass Transit Fund for special programs. The Special Programs budget is estimated at \$8.6 million for FY 2023. These funds are used to award discretionary grants for ridesharing, public transportation promotion, operation studies, technical assistance projects, as well as programs that enhance the provision and use of public transportation services.

Public Transportation Ridership Incentive

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 6.0% of the Commonwealth Mass Transit Fund for the Transit Ridership Incentive Program established pursuant to Section §33.2-1526.3 of the *Code of Virginia*. The Board shall establish the Transit Ridership Incentive Program (the Program) to promote improved transit service in urbanized areas of the Commonwealth with a population in excess of 100,000 and to reduce barriers to transit use for low-income individuals.

Due to the adverse effects of the Coronavirus on revenues, Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gives the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY 2020 for each program. The FY 2023 budget includes \$21.8 million to support projects such as free fare programs which is an increase of \$13.3 million from FY 2022.

WMATA Assistance Funds

The budgeted state assistance provided to WMATA decreased \$64.3 million mainly due to implementing Code of Virginia allocation percentages in FY 23 and adjusting CTB Directed funding. Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 46.5% of the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. In FY 2018 and prior years, WMATA received a share of the funds available for the operating and capital assistance based on program allocation guidance. Under the new process, greater oversight responsibility is required of the Northern Virginia Transportation Commission for these state funds dedicated to WMATA.

Commuter Assistance Programs

The Commuter Assistance Programs budget of \$11.6 million includes \$5.6 million of CMTF funds for FY 2023 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of \$4.1 million and the related state match of \$1.9 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 2023 is shown in the following table.

Commuter Assistance Projects for FY 2023			
	Transportation Demand Management Agencies	Special TDM Projects	Total
Bristol District	0	0	0
Culpeper District	2	3	5
Fredericksburg District	5	1	6
Hampton Roads District	2	0	2
Lynchburg District	1	0	1
Northern Virginia District	8	11	19
Richmond District	1	4	5
Salem District	3	4	7
Staunton District	2	2	4
Multi - District	0	0	0
Statewide Totals	24	25	49

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at \$10.3 million for FY 2023. 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 (\$7.8 million), local provider match (\$0.8 million), CPR bond proceeds (\$0.9 million), and CMTF funds for enhanced transportation services for the elderly and disabled (\$0.8 million). The breakdown by district of the 53 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 2023 budget includes \$4.7 million estimated expenditures for Planning, Regulation, and Safety Programs, which include long-term planning and regional corridor studies. The budget for these programs consists of the FTA 5303/5304 planning funds of \$4.2 million and CMTF state match allocations of \$0.5 million.

WMATA Dedicated Funds

Chapter 854 of the 2018 Acts of Assembly established the WMATA Capital Fund. It also established 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 expected revenues budgeted to the Dedicated WMATA Capital Fund are estimated at \$154.5 million for FY 2023. In FY 2022, DRPT allocated \$32.4 million of additional funds per Item 447.10 of the Biennial Budget to bring WMATA Dedicated funds to the FY 2021 level of \$154.5 million. Due to the revenue uplift in mid-year FY 2022, it is estimated that \$29.0 million of these funds will not be needed to supplement WMATA Dedicated funding in FY 2022 and will instead be used by NVTC in the first quarter of FY 2023 to offset public transit operating costs in NOVA.

Restricted Account – (capital purposes excluding debt service)

The underlying revenues come from local recordation tax and statewide motor vehicle rental tax. For FY 2023, DRPT is allocating \$31.3 million that will be accounted for in the Restricted Account.

Non-Restricted Account – (capital purposes including debt service)

The underlying revenues come from regional gas taxes, grantor's taxes, transient occupancy tax, local taxes, or other contributions from Northern Virginia local jurisdictions and a supplement from the CMTF.

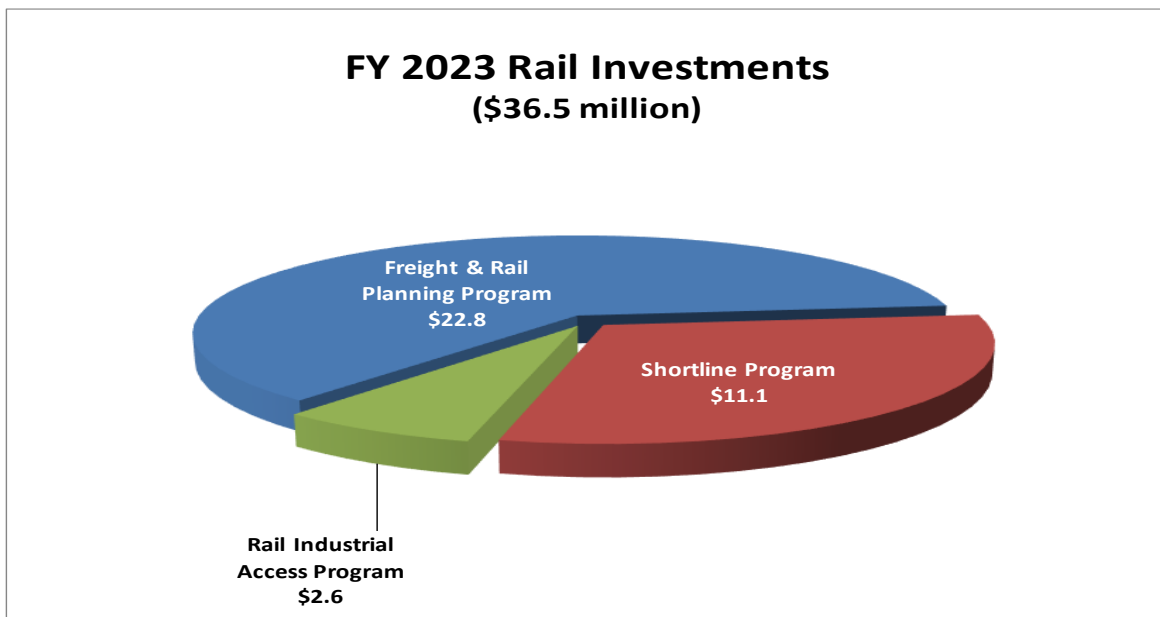
This funding is contingent on Maryland and the District of Columbia taking action to provide dedicated funding to WMATA. The percentage of funding provided by the Commonwealth shall be proportional to the amount of funding provided by the District of Columbia and Maryland relative to their respective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

Rail Programs

DRPT's FY 2023 budget for all rail service areas is \$36.5 million of funding for freight and rail planning, shortline preservation, and rail industrial access programs. In prior years, DRPT administered passenger rail projects within the State including the state-supported Amtrak service. In FY 2021, the Virginia Passenger Rail Authority (VPRA) was established to oversee passenger rail projects within the State including intercity passenger service.

Effective July 1, 2020, the VPRA and the Commonwealth Rail Fund came into existence pursuant to Section §33.2-1526.4 of the *Code of Virginia*. The new legislation implemented numerous structural changes to the transportation funding system in the Commonwealth. Most state transportation revenues are directed to the Commonwealth Transportation Fund and the Highway Maintenance and Operating Fund. Revenues are then disbursed from the Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The Commonwealth Rail Fund receives 7.5% of the Transportation Trust Fund. This structure consolidates the net impact of upturns and downturns in specific revenues. This serves to mitigate the year-to-year impacts on the revenue streams of the various modes of transportation. In FY 2021, the Commonwealth Rail Fund replaced the IPROC and Rail Enhancement funds with 93% of the fund going to the VPRA while 7% of the funds are retained by DRPT to support freight and rail planning projects.

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



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

Federal

- Federal Railroad Administration (FRA) grant funds of \$1.1 million;

State

- Commonwealth Rail Fund of \$1.9 million;
- Transportation Capital Projects Revenue (CPR) Bond funds of \$6.6 million;
- Shortline Railway and Development funds of \$9.8 million;
- VDOT Transfers of \$8.1 million;
- VPRA Transfers of \$6.3 million;
- Rail Industrial Access (RIA) funds of \$2.6 million; and
- Local Match of \$0.1 million.

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 Rail Enhancement Fund or the Shortline Railway Preservation and Development Fund. The final bond allocation for rail was made in FY 2018. For FY 2023, budgeted expenditures from prior year's bond proceeds are expected to be \$6.6 million for freight rail infrastructure improvements and 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 12 projects for Virginia's shortline railroads in FY 2023. 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 Fund allocation and related interest revenues, and the CPR bonds.

The Department of Rail and Public Transportation may use up to \$4 million of the 7% share of the Commonwealth Rail Fund for the purposes of the Shortline Railway Preservation and Development Fund pursuant to §33.2-1526.4.

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 Commonwealth Transportation Fund as they are approved by the CTB.

Planning and Freight Rail Program

DRPT is the state agency responsible for rail planning and the freight rail program in the Commonwealth. Every four years, the Federal Railroad Administration requires states to submit an updated State Rail Plan. This is required in order for Virginia to be eligible for federal rail funding. DRPT also works closely with the two major Class I railroads operating in Virginia concerning freight projects and shortline railroads. Virginia's Class I railroads, shortline railroads, and the Port of Virginia are typical recipients of grants.

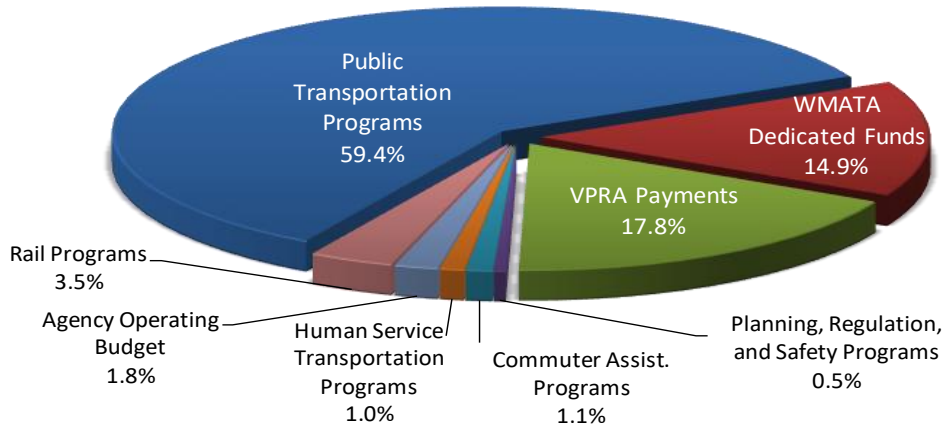
Virginia Passenger Rail Authority

The VPRA was established in section §33.2-288.B. of the Code of Virginia to oversee passenger rail projects within the Commonwealth including the state-supported Amtrak service. The VPRA receives ongoing funding from DRPT of 93% of the estimated revenues of the Commonwealth Rail Fund, which is estimated at \$198.4 million for FY 2023. In FY 2023, \$184.5 million of annual revenues of the Commonwealth Rail Fund will be distributed to the VPRA.

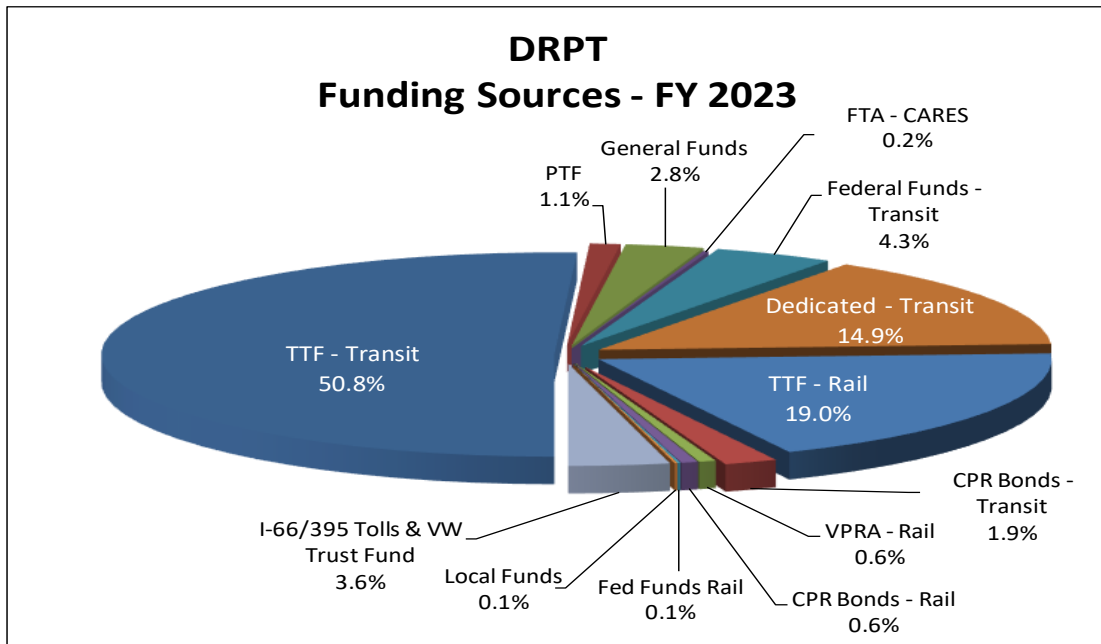
ANNUAL BUDGET STATEMENT



DRPT
Budgeted Expenditures - FY 2023



	(\$ in millions)			
	Adopted FY 2022	Recommended FY 2023	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 1, 2, 3]	\$ 194.7	\$ 215.1	\$ 20.4	10.5%
Capital Assistance [Notes 1, 2, 4]	110.0	120.5	10.5	9.5%
Special Programs [Notes 1, 2, 5]	8.8	8.6	(0.2)	-2.3%
Ridership Incentive Programs [Notes 1, 2, 6]	8.5	21.8	13.3	156.5%
WMATA Assistance [Note 2, 7]	315.1	250.8	(64.3)	-20.4%
Total Public Transportation Programs	637.1	616.8	(20.3)	-3.2%
Commuter Assistance Programs [Notes 1, 8]	12.5	11.6	(0.9)	-7.2%
Human Service Transportation Pgm [Notes 1, 9]	9.4	10.3	0.9	9.6%
Planning, Regulation, & Safety Pgm [Notes 1, 10]	4.1	4.7	0.6	14.6%
WMATA Dedicated Funding [Note 11]	154.5	154.5	-	0.0%
Total Transit Programs	817.6	797.9	(19.7)	-2.4%
Rail Programs				
Rail Preservation Programs [Notes 1, 12]	7.5	11.1	3.6	48.0%
Rail Industrial Access [Notes 1, 13]	2.3	2.6	0.3	13.0%
Planning and Freight Rail Programs [Notes 1, 14]	23.6	22.8	(0.8)	-3.4%
Total Rail Programs	33.4	36.5	3.1	9.3%
Agency Operating Budget [Note 17]	17.5	18.3	0.8	4.6%
Agency Total Before VPRA Payments	868.5	852.7	(15.8)	-1.8%
VPRA Payments [Note 15]	174.5	184.5	10.0	5.7%
Agency Total	\$ 1,043.0	\$ 1,037.2	\$ (5.8)	-0.6%



	(\$ in millions)			
	Adopted FY 2022	Recommended FY 2023	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
Commonwealth Mass Transit Fund [Notes 3, 4, 5, 6, 7, 8, 9, 10, 17]	\$ 551.3	\$ 512.4	\$ (38.9)	-7.1%
Special Programs - VDOT Transfers [Notes 4, 5, 8, 9]	6.9	11.6	4.7	68.1%
Rail Industrial Access [Note 13]	2.3	2.6	0.3	13.0%
Commonwealth Rail Programs [Notes 14, 15, 17]	177.8	186.9	9.1	5.1%
Rail Preservation Program [Notes 12, 17]	6.8	9.9	3.1	45.6%
Total	745.1	723.4	(21.7)	-2.9%
2018 CHAPTER 854 DEDICATED FUNDING - Transit [Note 11]	151.1	154.5	3.4	2.3%
BOND PROCEEDS - Transit Capital and Rail [Notes 4, 9, 12]	22.8	26.4	3.6	15.8%
GENERAL FUNDS - Item 447.10 - Transit [Note 11]	3.4	29.0	25.6	752.9%
PRIORITY TRANSPORTATION FUNDS [Note 16]	-	11.8	11.8	100.0%
FEDERAL REVENUE				
FHWA Funding (CMAQ/RSTP) [Notes 4, 8]	6.1	4.4	(1.7)	-27.9%
Federal Transit Administration [Notes 3, 4, 9, 10]	26.5	40.5	14.0	52.8%
Federal Transit Administration - CARES [Note 3]	43.7	1.9	(41.8)	-95.7%
Federal Railroad Administration [Note 14]	1.0	1.1	0.1	10.0%
Total	77.3	47.9	(29.4)	-38.0%
LOCAL REVENUES [Notes 9, 14]	0.9	0.9	-	0.0%
TRANSFERS FROM OTHER AGENCIES				
VDOT I-66/I-395 Tolls Transfers [Note 4]	28.9	37.0	8.1	28.0%
DEQ VW Trust Fund Transfers [Note 4]	1.9	-	(1.9)	-100.0%
Virginia Passenger Rail Authority [Note 15]	11.6	6.3	(5.3)	-45.7%
TOTAL SOURCES	\$ 1,043.0	\$ 1,037.2	\$ (5.8)	-0.6%

Footnotes to the FY 2023 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all of the projects and grants that DRPT manages for FY 2023 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 Planning and Freight Rail Projects of \$9.1 million in FY 2023, but \$22.8 million is expected to be spent on Planning and Freight rail projects during FY 2023. The differences between the FY 2023 SYIP allocations and budgeted expenditures are as follows:

Total Six Year Improvement Plan Allocations	\$ 1,055.3
Federal Funds Allocations with Grantee FTA Contracting	(18.3)
Agency Operating Budget	18.3
Rail Industrial Access	2.6
VPRA Recurring Payments	184.5
VPRA Allocations for Transforming Rail in Virginia Project	(240.4)
Current Year Allocations in Future Budgets	
VDOT Revenues to be spent in future years	(1.3)
Prior Year Allocations in the Current Budget	
Transit Revenue and Bond Allocations	26.3
Rail Revenue and Bond Allocations	10.2
Total Budgeted Expenditures	\$ 1,037.2

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) Funds are allocated by statute (§33.2-1526.1) with 46.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 27.0% for state operating assistance grants, 18.0% awarded as capital assistance grants, 6.0% for transit ridership incentives, and the balance of up to 2.5% awarded as special projects grants subject to CTB approval. Item 430.P of Chapter 1289 of the 2020 Virginia Acts of Assembly gives the CTB flexibility in applying these percentages to keep revenue streams relatively stable from FY 2020 for each program.

(3) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by \$20.4 million from FY 2022 to FY 2023 to \$215.1 million. This was mainly due to increased revenues and the use of \$1.9 million in federal assistance provided by the CARES program, which funds up to 100% of eligible rural operating expenses and is being used in lieu of other state and federal funding. The Operating Assistance line is also made up of Commonwealth Mass Transit Funds of \$165.1 million and \$19.1 million in federal assistance through the FTA 5311 Rural Assistance program.

DRPT Footnotes to the FY 2023 Annual Budget (Continued)

In FY 2022 DRPT was allocated \$32.4 million from Item 447.10 of the Biennial Budget to bring WMATA Dedicated funds to the FY 2021 level of \$154.5 million. Due to the revenue uplift in mid-year FY 2022, It is estimated that \$29.0 million of these funds will not be needed to supplement WMATA Dedicated funding and will be used by NVTC in the first quarter of FY 2023 to offset public transit operating costs in NOVA.

(4) Public Transportation Programs - Capital Assistance increased by \$10.5 million to \$120.5 million, which is due to the negative effect of the Coronavirus in FY 2021 on the ability of localities and transit agencies to engage in and fund longer-term projects and the revenue uplift in mid-year FY 2022. This line item consists of \$44.0 million of Commonwealth Mass Transit funds, \$18.9 million of Transportation Capital Projects bond proceeds, \$9.1 million of FTA funding, \$0.3 million of FHWA funding, \$11.0 million of priority transportation funds, and \$28.9 million of I-66 & I-395 tolls. Additionally, \$8.3 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.

(5) Public Transportation Programs – Special Programs decreased \$0.2 million from FY 2022 to FY 2023 to \$8.6 million. Funding comes from the Commonwealth Mass Transit Fund (\$6.9 million), FTA funding (\$0.3 million), and funding allocated through VDOT (\$1.4 million). This service area includes Metrorail State Safety Oversight.

(6) Public Transportation Programs - Ridership Incentive Programs increased \$13.3 million from FY 2022 to FY 2023 to \$21.8 million. This line item consists of \$21.0 million of Commonwealth Mass Transit Funds, and \$0.8 million of priority transportation funds. The FY 2023 budget supports projects such as zero fare and reduced fare programs and improved transit service in urbanized areas of the Commonwealth with a population in excess of 100,000 and to reduce barriers to transit use for low-income individuals.

(7) WMATA Assistance decreased \$64.3 million mainly due to implementing Code of Virginia allocation percentages in FY 23 and adjusting CTB Directed funding. This Funding comes from the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. Also included in FY 2022 and beyond is \$50.0 million of CMTF funding to replace the bond program that was used in prior years for the Federal State of Good Repair Program.

(8) The budgeted Commuter Assistance Programs line item decreased by \$0.9 million to \$11.6 million from FY 2022 to FY 2023. Commuter Assistance Programs include Commonwealth Mass Transit Funds of \$5.6 million and FHWA funding of \$4.1 million. Additionally, \$1.9 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.

(9) The budgeted Human Service Transportation Programs line item increased by \$0.9 million to \$10.3 million from FY 2022 to FY 2023. Funding includes \$7.8 million of FTA 5310 and 5311 awards. The match to these federal awards consists of \$0.8 million of Commonwealth Mass Transit State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled, Transportation Capital Projects Bond proceeds of \$0.9 million, as well as \$0.8 million of local match to the FTA 5310 funds.

(10) Planning, Regulation, and Safety Programs consists of the FTA 5303/5304 planning funds of \$4.2 million and Commonwealth Mass Transit state match allocations of \$0.5 million.

DRPT Footnotes to the FY 2023 Annual Budget (Continued)

(11) Chapter 854 of the 2018 Acts of Assembly establishes dedicated capital funding for WMATA. Expected revenues for FY 2023 are \$154.5 million. In FY 2022 DRPT allocated \$3.4 million of a total funding available of \$32.4 million from Item 447.10 of the Biennial Budget to bring WMATA Dedicated funds to the FY 2021 level of \$154.5 million. Due to the revenue uplift in mid-year FY 2022, it is estimated that \$29.0 million of these funds will not be needed to supplement WMATA Dedicated funding and will be used by NVTC in the first quarter of FY 2023 to offset public transit operating costs in NOVA.

(12) 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. This line item increased \$3.6 million to \$11.1 million from FY 2022 to FY 2023. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of \$9.8 million. The additional \$1.3 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.

(13) 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 through VDOT of \$2.6 million.

(14) The budgeted Planning and Freight Rail Programs line item of \$22.8 million represents a decrease of \$0.8 million from FY 2022 to FY 2023. The source of funding to cover these expenditures includes \$1.9 million from the 7% allocation of the Commonwealth Rail Fund. The Commonwealth Rail Fund is funded by a 7.5% allocation from the Transportation Trust Fund. Additionally, this line item includes Federal Railroad Administration funds of \$1.1 million, I-66 toll proceeds of \$8.1 million, bond proceeds of \$5.3 million, expected VPRA transfers of \$6.3 million, and local matching funds of \$0.1 million.

(15) In July 2020, \$302.7 million of the rail cash balance was paid to VPRA and effectively became part of its capital structure. This cash balance included REF and IPROC funds received before June 30, 2020. Although all the funds were transferred to the VPRA, DRPT retained rail freight and planning projects. The VPRA will transfer funds (estimated to be \$6.3 million in FY 2023) to DRPT for these projects upon expenditure by DRPT until the projects are completed. In addition, the budget includes \$184.5 million of Commonwealth Rail Funds to be transferred to the VPRA in FY 2023

(16) In December 2021, the Commonwealth Transportation Board restored \$38.9 million of Priority Transportation Funds to the Commonwealth Mass Transit Fund. In FY 2023, it is estimated that \$11.8 million of project funding will be used for free fare projects and transportation facilities.

DRPT Footnotes to the FY 2023 Annual Budget (Continued)

(17) The CTB is authorized by §33.2-1604 of the *Code of Virginia* to approve up to 3.5% per year of the Rail Preservation Fund and Commonwealth Rail Fund and by §33.2-1526.1 G of the *Code of Virginia* to approve up to 3.5% per year of the Commonwealth Mass Transit Fund to support costs of project development, project administration, and project compliance. The Appropriation's Act language allows the CTB to allocate up to 5% of the Rail Preservation Fund, Commonwealth Mass Transit Fund, and Commonwealth Rail Fund for use to support the DRPT costs of project development, project administration, and project compliance. DRPT forecasts that \$26.1 million (5.0%) of revenues from these funds are available to support the programs' ongoing administrative costs. However, DRPT is forecasting that only \$18.3 million (3.9%) will be used to support the operating budget. The DRPT operating budget represents only 1.8% of the total \$1,037.2 million FY 2023 budget.

Major Components of Agency Operating Budget	
Payroll and Fringe Benefits	\$ 9,400,000
Operations Program Support	4,060,000
Information Technology Costs	1,300,000
Central Service Agencies Indirect Costs	900,000
Finance Program Support	780,000
Rent	560,000
Attorney Services	400,000
Travel and Training	327,000
Office Expansion	160,000
Other Program and Project Management Initiatives	392,122
Total	<u>\$ 18,279,122</u>
Source of Funding for Agency Operating Budget	
Commonwealth Mass Transit Fund	\$ 17,651,987
Commonwealth Rail Fund	486,085
Shortline Railway Preservation and Development Fund	141,050
Total	<u>\$ 18,279,122</u>