Draft FY2026-2031 Six Year Improvement Program & FY2026 Budget

Commonwealth Transportation Board

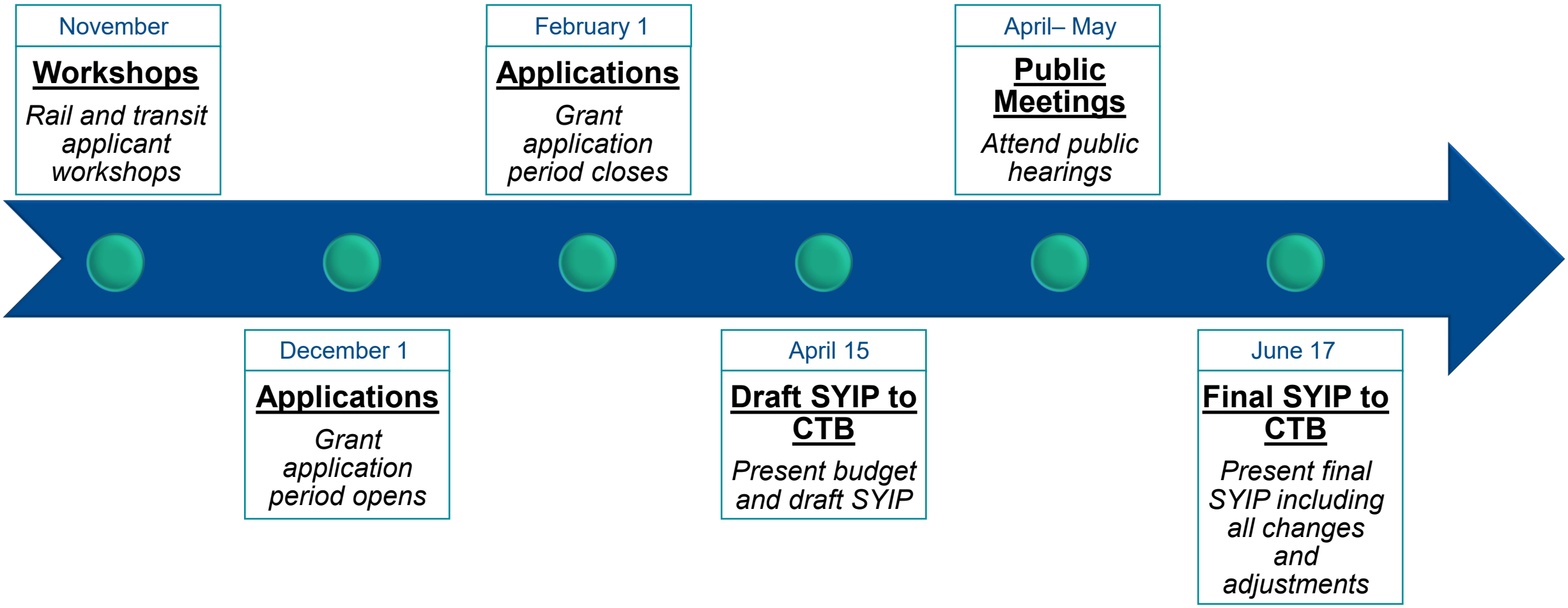
Deanna Oware, Chief Financial Officer
Zach Trogdon, Chief of Public Transportation
Emily Stock, Chief of Rail Transportation

April 15, 2025

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VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION



FY2026-2031 Six Year Improvement Program (SYIP)
Timeline



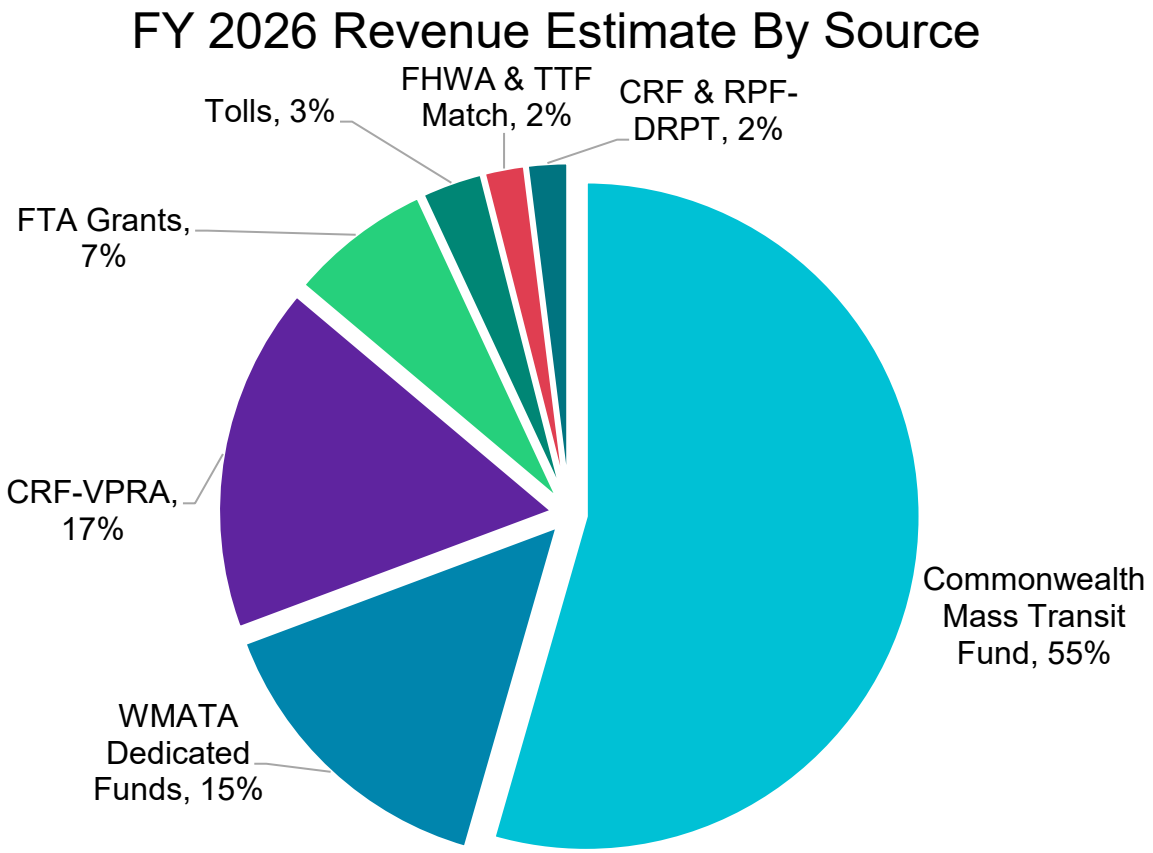
Draft FY2026-2031 SYIP Overview

- FY2026-2031 SYIP identifies planned funding for allocation of public transportation and rail projects over the next six fiscal years.
- FY2026 revenue estimate plus prior year carry forward balances provide available funding for Year One (FY2026) project allocations in the SYIP.
- FY2026 Available Funding for *DRPT-managed* projects is $971M
  - FY2026 revenue estimate is $843.2M, an increase of $35.1M from previous year.
  - Carry forward balances from transit and rail added $127.8M to available revenue in FY2026.
- Preliminary allocations for DRPT in Year One (FY2026) total $879.9M, an increase of $27.6M than Year One in FY2025.



FY2026 Revenue Estimates
Highlights

- Year-over-year revenue growth projected in most sources.
  - Commonwealth Mass Transit Fund revenue estimates are $30M more in FY2026 compared to previous year.
  - DRPT Rail revenue is $1.3M more in FY2026 compared to previous year.
- FTA revenue amounts will be adjusted in final SYIP once full apportionment is known.
- FHWA-transit related projects will be updated in final SYIP.



FY2026-2031 Revenue Estimates
($ in millions)

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2026-FY2031	Previous FY2025-2030	Difference
Commonwealth Mass Transit Revenues									
Statewide Operating Assistance (MERIT)*	121.8	122.1	126.0	129.9	134.4	138.4	772.6	710.5	62.1
Statewide Capital Assistance (MERIT)	84.5	84.7	87.4	90.1	93.3	96.0	536.0	493.0	43.0
Special Programs (MERIT)	12.4	12.5	12.9	13.3	13.7	14.1	78.9	72.5	6.4
Transit Ridership Incentive Program (TRIP)	29.8	29.9	30.9	31.8	32.9	33.9	189.2	174.0	15.2
WMATA Assistance	231.2	231.7	239.2	246.5	255.1	262.7	1,466.4	1,348.5	117.9
WMATA PRIIA	50.0	50.0	50.0	50.0	50.0	50.0	300.0	300.0	0.0
Virginia Railway Express	17.4	17.4	18.0	18.6	19.2	19.8	110.4	101.6	8.8
Other-Off The Top	23.6	28.2	28.8	29.5	30.2	30.8	171.1	174.6	(3.5)
Total Commonwealth Mass Transit Fund	**570.7**	**576.5**	**593.2**	**609.7**	**628.8**	**645.7**	**3,624.6**	**3,374.7**	**249.9**

*MERIT: Making Efficient & Responsible Investments in Transit

FY2026-2031 Revenue Estimates
($ in millions)

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2026-FY2031	Previous FY2025-2030	Difference
Other Public Transit Revenues									
I-395 Tolls	17.4	17.8	18.3	18.7	19.2	19.7	111.1	108.4	2.7
I-66 Outside the Beltway	11.0	11.0	12.0	15.0	18.0	20.0	87.0	87.0	0.0
WMATA Dedicated Capital Fund	154.5	154.5	154.5	154.5	154.5	154.5	926.9	926.9	0.0
State Match (TTF for FHWA Transit Projects)	4.9	4.9	5.9	5.8	6.9	1.7	30.1	52.8	(22.7)
Local Funds	.4	1.0	1.0	1.0	1.0	1.1	5.5	5.9	(0.4)
Federal Revenues for Transit									
FTA Grants	67.0	67.0	67.0	67.0	67.0	67.0	402.0	394.2	7.8
CMAQ/RSTP/CRP (FHWA Transit Projects)	19.5	19.6	23.6	23.3	277	6.7	120.4	215.7	(95.3)
Total Public Transit Revenues	**845.4**	**851.3**	**874.5**	**894.0**	**922.1**	**915.3**	**5,302.1**	**5,159.8**	**142.4**

FY2026-2031 Revenue Estimates
($ in millions)

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2026-FY2031	Previous FY2025-2030	Difference
Commonwealth Rail Fund Revenues									
FREIGHT Program and Rail Planning	13.5	13.5	14.0	14.4	14.8	15.3	85.5	76.9	8.6
VPRA-Passthrough	172.2	174.1	179.3	184.4	190.4	195.7	1,096.1	1,022.2	73.9
Other Rail Fund Revenues									
Rail Preservation Fund	4.2	4.2	4.2	4.2	4.2	4.2	25.2	24.0	1.2
Total Rail Program Revenues	**189.8**	**191.8**	**197.5**	**203.0**	**209.4**	**215.1**	**1,206.8**	**1,123.1**	**83.7**
Grand Total DRPT Revenues	**1,035.2**	**1,043.1**	**1,072.0**	**1,097.0**	**1,131.5**	**1,130.5**	**6,508.9**	**6,282.8**	**226.1**



FY2026 Preliminary Allocations –

Program Highlights

- Preliminary FY2026 allocations will grow by 7.5% over FY2025.
  - Public Transportation MERIT and TRIP allocations will increase 4.0%.
  - WMATA, VRE, and VPRA growth driven by growth in the revenue forecast.
  - DRPT Rail growth due to carry forward balances and growth in revenue forecast.
  - Slight reduction in FHWA-transit-related funding. MPOs select these projects.

FY2026 Preliminary Allocations

Compared to prior year allocations ($ in millions)

	FY2025	FY2026	Difference	Y-O-Y Growth
Public Transportation (MERIT & TRIP)	339.6	**353.0**	13.4	4.0%
Other Public Transportation	52.7	**47.3**	-5.3	-10.0%
Washington Metropolitan Area Transit Authority	425.5	**441.9**	16.4	3.9%
Virginia Railway Express (VRE)	16.3	**17.4**	1.1	6.8%
DRPT Rail	18.2	**20.3**	2.1	11.5%
Transforming Rail in Virginia (VPRA)	181.9	**231.8**	49.9	27.5%
TOTAL	**1,034.2**	**1,111.7**	**77.6**	**7.5%**

FY2026 Public Transportation Overview

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MERIT - *Making Efficient Responsible Investments in Transit*

- Implemented in 2019 pursuant to *Code of Virginia* 33.2-1526.1.
- Centered on a prioritization/performance-based process to allocate state and federal transit funding for:
  - Statewide Operating Assistance
  - Statewide Capital Assistance
  - Special Programs
- WMATA and VRE are excluded from this program.

MERIT – Statewide Operating Assistance
(FY2026 Funding Available: $127.2M*)

The policy for allocating operating assistance was established in 2018 after adoption by the Transit Service Delivery Advisory Committee and the Commonwealth Transportation Board

The methodology balances the need for reliable annual funding with the use of performance metrics to meet the following goals:

- Promote Fiscal Responsibility
- Support Robust Transit Service
- Improve Transit Patronage
- Incentivize Efficient Operations
- Promote Mobility
- Support Social Safety Net

Performance metrics used in the calculation of operating assistance are:

- Passengers Per Vehicle Revenue Hour
- Passengers Per Vehicle Revenue Mile
- Operating Cost Per Vehicle Revenue Hour
- Operating Cost Per Vehicle Revenue Mile
- Operating Cost Per Passenger

*Includes carryforward funding



MERIT – Statewide Operating Assistance

- The formula for FY2026 operating assistance is based on **FY21 - FY24 performance and financial data** from transit agencies.
- The program caps the amount of operating assistance to any one agency at **30%** of its operating expenses based on the most recently audited financials (FY2024 for the FY2026 SYIP).

MERIT – Statewide Capital Assistance (FY2026 Available Funding: $90.9M*)

State of Good Repair (SGR)
[up to 68% state match]

- Based on transit asset management principles, including federal requirements for Transit Asset Management
- Projects that replace or rehabilitate an existing asset, excluding major capital construction projects with a total cost over $3 million
  - Replacement/ Rehabilitation of a specific existing asset

Example SGR Projects:
Replacement Revenue Vehicles
Replacement Support Vehicles

Minor Enhancements (MIN)
[up to 68% state match]

- Based on service impact factors (e.g., operating efficiency, frequency, reliability)
- Projects that add capacity or include the purchase of new assets meeting the following criteria:
  - Total project cost is $3 million or less
  - All Projects for engineering and design of infrastructure or facilities

Example MIN Projects:
New On-board Camera System
New Facility Security Gates

Major Expansions (MAJ)
[up to 50% state match]

- Benefit/Cost analysis based on SMART SCALE Factors (congestion mitigation, economic development, accessibility, safety, environmental quality, and land use)
- Projects to add, expand, or improve transit services or facilities, with:
  - Total project cost exceeding $3 million
  - All projects that include the replacement of an entire existing facility

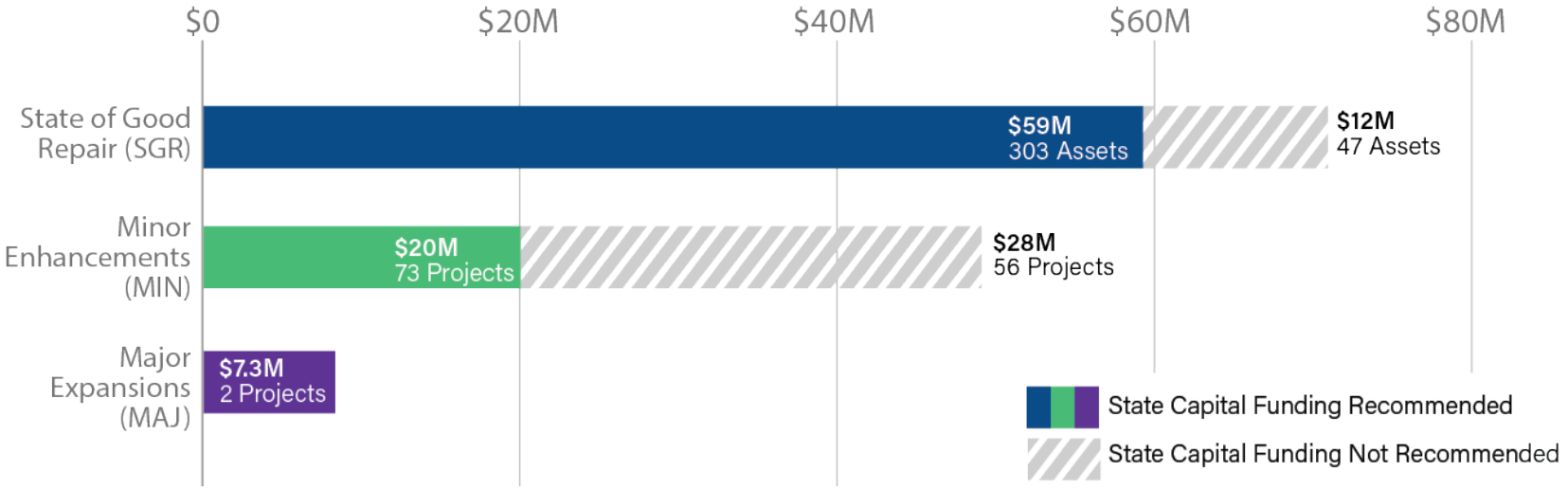
Example MAJ Projects:
New Bus Rapid Transit (BRT) Infrastructure
New Maintenance/ Operations Facility

*Includes carryforward funding

MERIT – Statewide Capital Assistance
FY2026 Projects

FY26 - DRPT State Capital Funding Recommended

Includes Recommended Awards of: State Capital (CMTF) Revenues

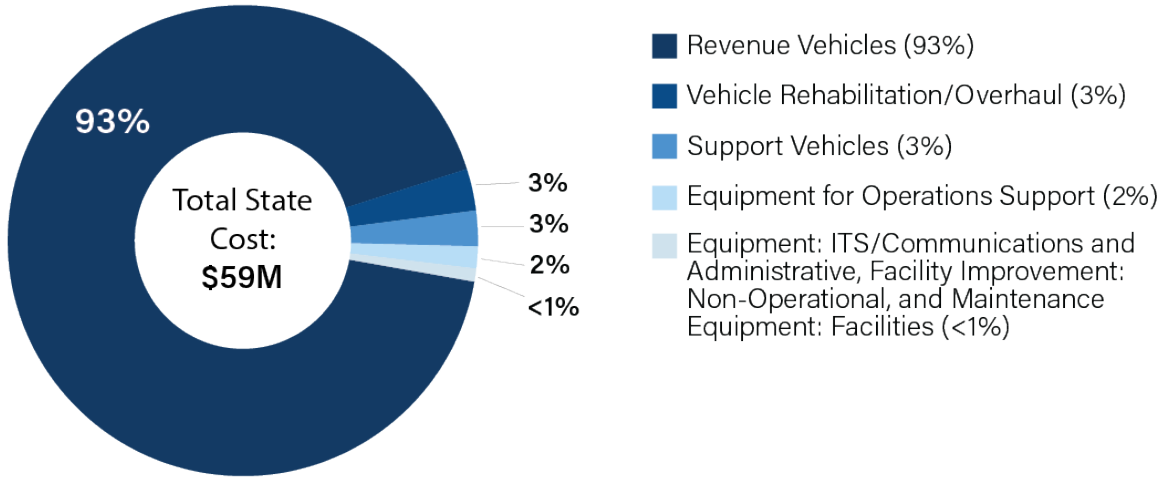


The FY26 recommended Capital Assistance Program includes:

- **State of Good Repair (SGR)** projects that replace assets that are at or nearing their useful life for age or mileage)
- **Minor Enhancement** projects that purchases new assets or replaces ones not currently scored on useful life
- Two **Major Expansion** projects:
  - Suffolk Transit – Operations Facility
  - DASH – Operations Facility

MERIT – Statewide Capital Assistance
State of Good Repair

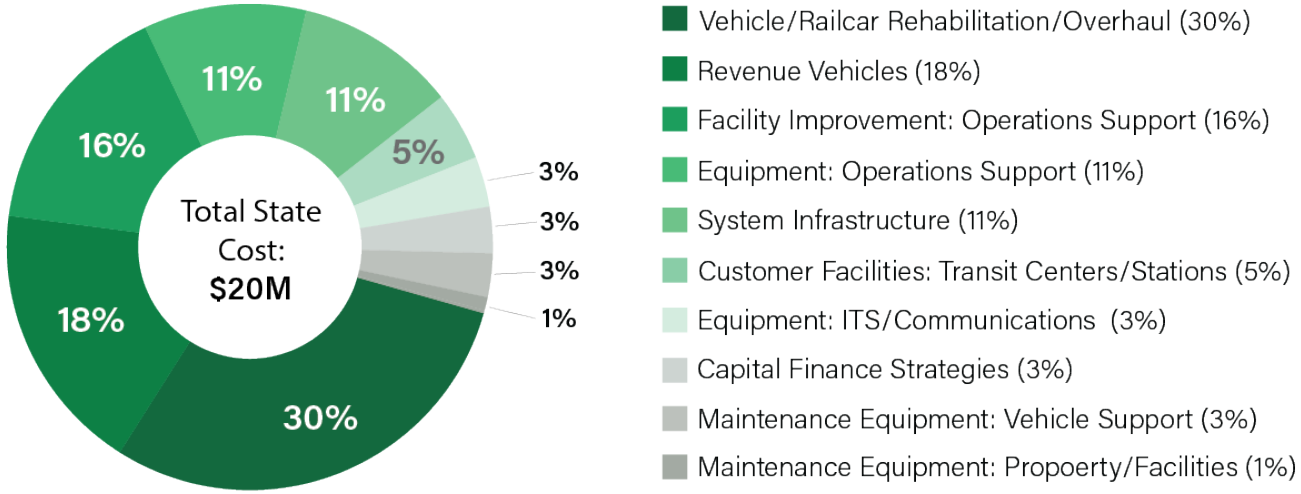
FY26 - State of Good Repair Projects
Recommended Awards By Project Type



- **350 individual assets evaluated**
- **303 replacement assets recommended for funding**
- Projects that scored well include:
  - Revenue vehicle replacements and rehabilitations
  - Support vehicle replacements
  - A small number of projects supporting facility improvements, maintenance, and equipment for operating and administrative support
- Projects that did not score well include:
  - Replacements of assets that have not yet met 95% of their useful life

MERIT – Statewide Capital Assistance
Minor Enhancement

FY26 - Minor Enhancement Projects
Recommended Awards By Project Type



- **129 Projects Evaluated**
- **73 Projects Recommended for Funding**
- Projects that scored well include:
  - Vehicle/Railcar rehabilitations
  - Expansion vehicles
  - Equipment for operational support and onboard ITS systems
  - System infrastructure
  - Maintenance equipment and parts
  - Facility improvements with operational impacts
- Projects that did not score well include:
  - Equipment for administrative support
  - Facility improvements with non-operational impacts

Recommended Major Expansion Projects

- Alexandria Transit Company (DASH): Renovation of William B. Hurd Transit Facility
  - **Total Cost:** $9,365,790
  - **State Cost:** $4,682,895 (50%)

- City of Suffolk – Suffolk Transit: Replacement Administration, Operations, and Maintenance Facility (Phase 2)
  - **Total Cost:** $5,237,064
  - **State Cost:** $2,618,532 (50%)

- *4 Applications were submitted for Major Expansion projects, 2 were eligible for and shifted into the TRIP program



FY2026 MERIT – Special Programs

- **81** individually evaluated projects
- **$19.4M** in total state funding available (includes carryforward funding)
- **$17.4M** in total state funding requested
- **$14.8M** in total state funding awarded
- Project Requests by Program Category:

Program Category	# Requested	$ Requested	# Awarded	$ Awarded
Technical Assistance	26	$2.1M	22	$1.8M
Demonstration Assistance	16	$9.9M	13	$8.4M
Workforce Development	9	$509k	4	$286k
Commuter Assistance Programs-Operating	15	$3.0M	15	$2.3M
Commuter Assistance Programs-Project Assistance	15	$1.9M	14	$1.9M
TOTAL	**81**	**$17.4M**	**68**	**$14.8M**

FY2026 Transit Ridership Incentive Program (TRIP)

- General Assembly created TRIP under 33.2-1526.3 of the Code of Virginia and includes four program categories
- **52** individually evaluated projects
- **$87.5M** in total state funding available (includes carryforward funding)
- **$83.8M** in total state funding requested
- **$65.8M** in total state funding awarded
- Project Requests by Program Category:

Program Category	# Requested	$ Requested	# Awarded	$ Awarded
Regional Connectivity	14	$60.0M	12	$49.7M
Zero-Free/Subsidized Fares	2	$459k	2	$459k
Passenger Amenities	20	$11.9M	16	$10.3M
Public Safety & Crime Prevention	16	$5.1M	8	$5.3M
TOTAL	**52**	**$83.8M**	**38**	**$65.8M**





WMATA Assistance and WMATA PRIIA

- 46.5% of the CMTF (approximately $231M in FY2026) is allocated to NVTC for distribution to WMATA on behalf of its local jurisdictions for operating and capital needs. WMATA must satisfy certain reporting and compliance items contained in Code and CTB policy.
- An additional $50 Million in CMTF funds are provided annually to meet the Commonwealth's share under the federal Passenger Rail Investment and Improvement Act (PRIIA)
- $154.5M also is provided for capital costs from the WMATA Capital Fund, which is separate and not funded from the CMTF.



Virginia Railway Express

VRE may by Code receive up to 3.5% ($17.4 M) of eligible funds from the Commonwealth Mass Transit Fund to assist in funding of operating and capital needs.

- DRPT assesses funding eligibility based on six service delivery factors and how these compare to national mean and median of commuter rails systems in the United States:
  - Ridership
    - Annual change in ridership
    - Annual change in passengers per mile
  - Cost Efficiency
    - Cost per passenger
  - System Reliability and Safety
    - On-time performance
    - Mean distance between major mechanical failures
    - Annual number of preventable fatalities and injuries
- VRE is also required to submit a detailed annual operating and capital budget to CTB by February 1 of each year.

FY2026 Rail Overview

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Rail Investment Plan

Projects in DRPT's draft SYIP are aligned with the Virginia Statewide Rail Plan, which was adopted by the Federal Railroad Administration in 2023 and adheres to the vision and goals established by CTB and VTrans.

DRPT's Rail SYIP includes the following categories:

Rail Preservation Fund	Commonwealth Rail Fund	
	FREIGHT Program	**Rail Planning**
	• Federal discretionary grant match	• Statewide Rail Plan • Federal grant application technical assistance • Federal grant management

Application Evaluation Process

(Similar to the MERIT process, DRPT Rail Programs uses the following steps to evaluate and recommend projects)



Rail Preservation Fund Overview



- Purpose: to maintain a state of good repair
- Class III only (shortlines)
- 30% match required
- 2,052 State of Good Repair miles funded during FY2023-2025

Rail Preservation Fund Eligibility Screening

- Must be a shortline (Class III) railroad operating in Virginia to apply

Shortline 1

- Raise the Class of Track Safety Standards, and/or maintain Class 2 Track Safety Standards (Class 3 where passenger service exists)
- Support 286k load capacity on bridges

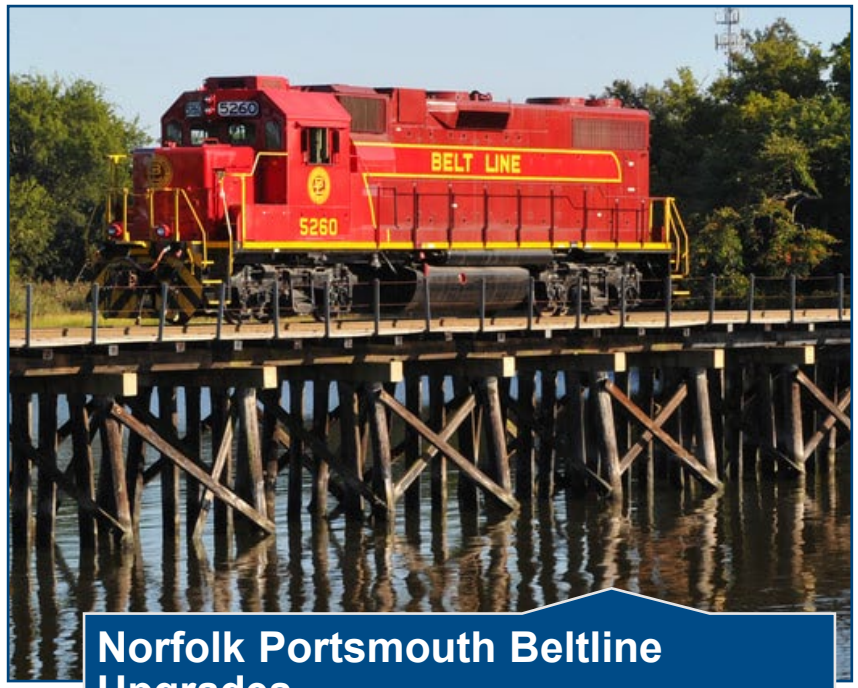
Track Safety Standard 2

- 30% match required

Matching Funds 3

Rail Preservation Fund Recommendations

Bridge Work



Norfolk Portsmouth Beltline Upgrades

- Chesapeake & Portsmouth
- Project #1 Lift Bridge Repair - $1.5 M
- Project #2 System & Bridge Upgrades - $1.35 M



Bridge #135 Repair and Upgrade

- Shenandoah Valley Railroad
- Staunton
- $140 k

Rail Preservation Fund Recommendations

Resurfacing



Virginia Southern Track Improvements

- Buckingham Branch Railroad
- Charlotte, Lunenburg, Mecklenburg, Nottoway & Prince Edward
- $12M



Track Bed and Tie Replacements

- Shenandoah Valley Railroad
- Augusta
- $740k

FREIGHT Program Overview
(Source: Commonwealth Rail Fund)



- Purpose: to increase network capacity
- Benefit-Cost Analysis and 30% design required
- FY2023-2025 grants:
  - 46% average applicant match

FREIGHT Program Eligibility Screening

- Meet at least 1 goal of the Statewide Rail Plan

Align with State Goals 1

- Increase carload throughput through physical capacity expansion or improved operational capacity

Network Expansion 2

- Minimum 30% engineering plans complete and submitted with application

30% Design 3

FREIGHT Program Recommendations

Capacity



Pleasant Valley Yard Capacity

- Shenandoah Valley Railroad
- Rockingham County
- $1.4M

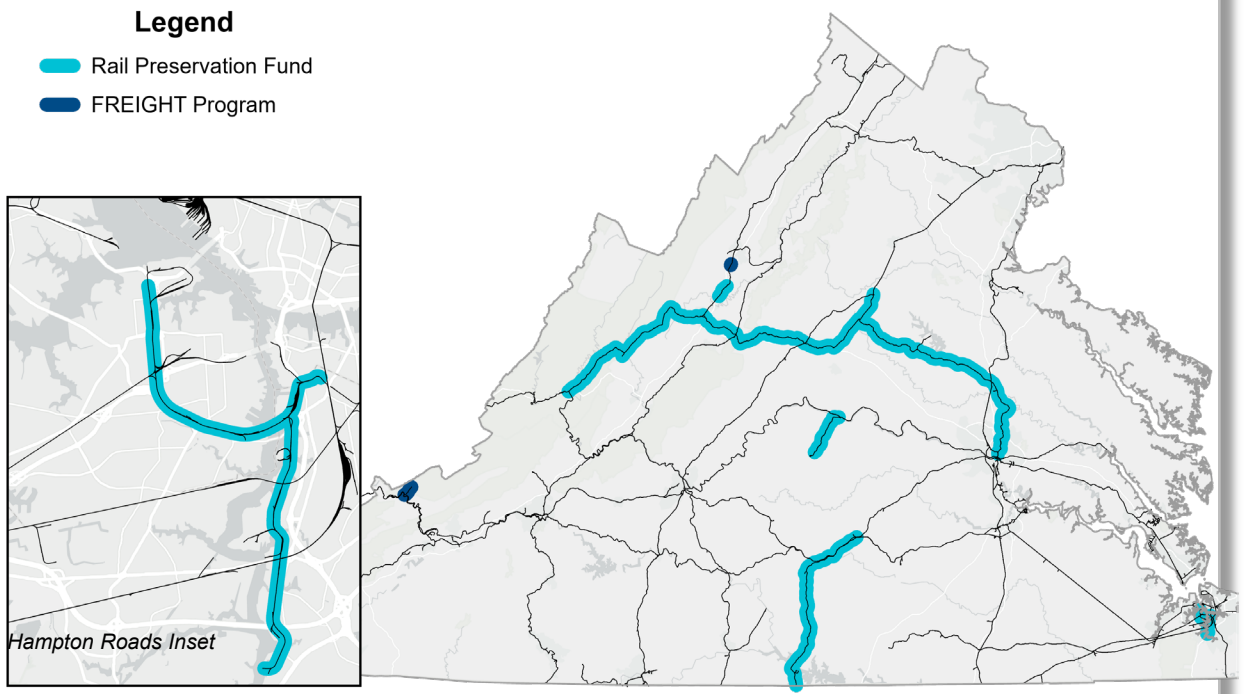


Potts Valley Branch Improvements

- Norfolk Southern
- Giles County
- $8M

FY2026 Rail Applications Dashboard

Location



Count

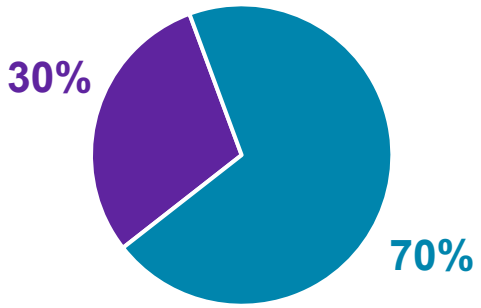
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Rail Preservation Fund **6 | 2** FREIGHT Program

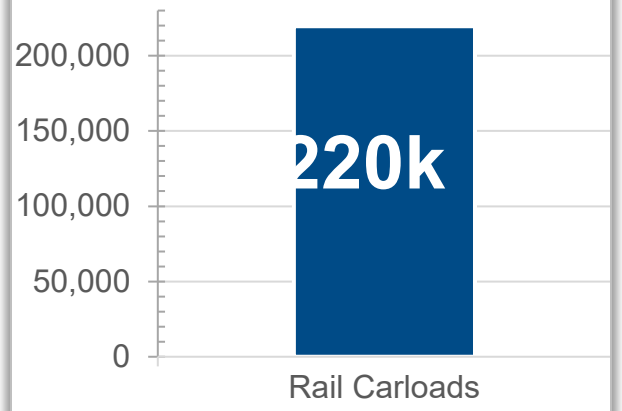
Cost



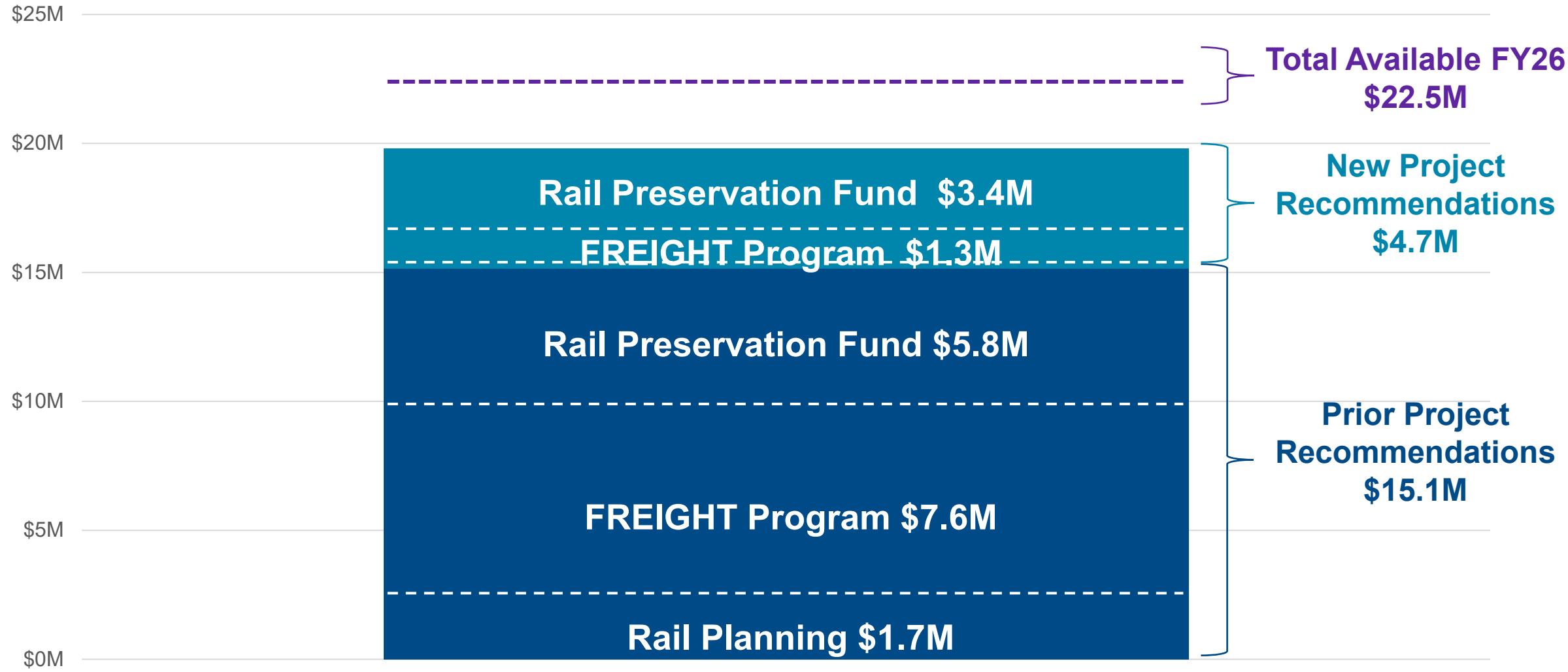
Match



Performance



FY26 Rail Summary



FY2026 Agency Budget

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FY2026 Agency Budget Overview

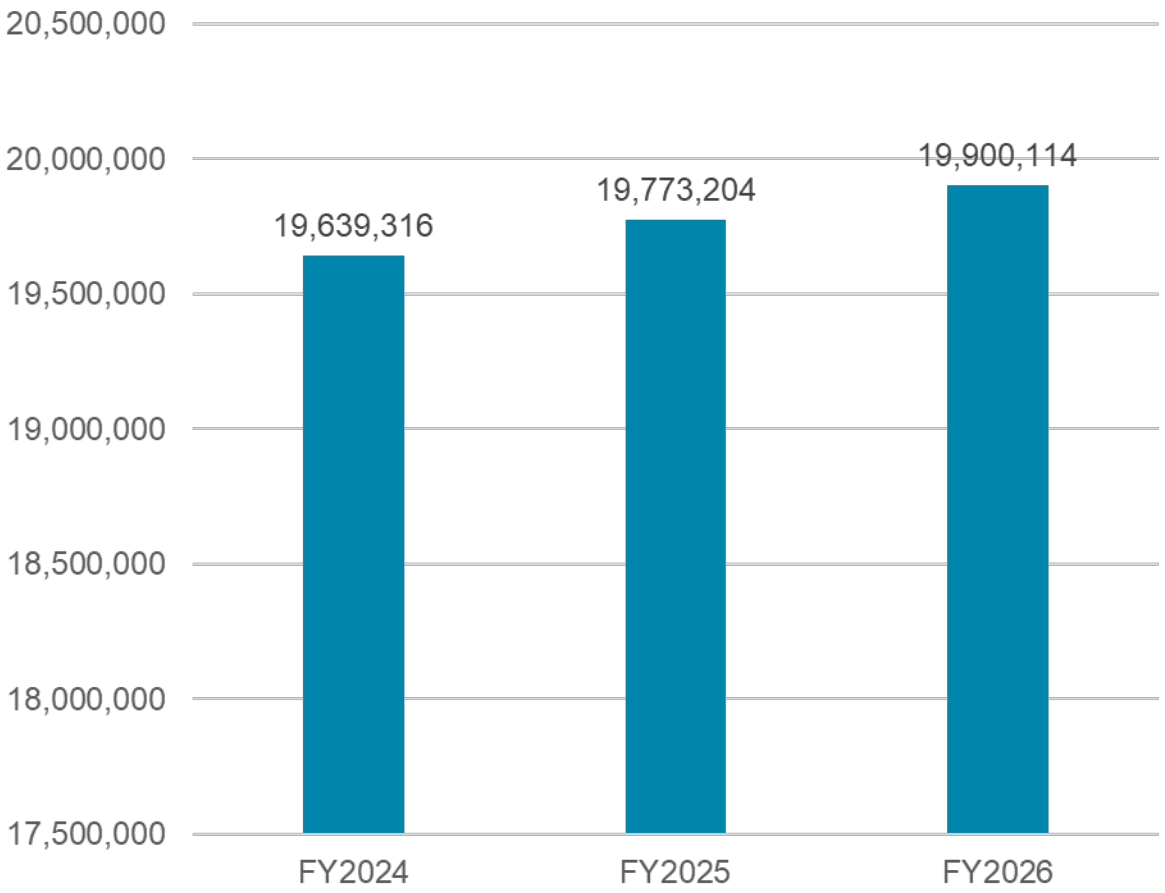
- Budgeted amounts represent anticipated expenditures (cash basis of accounting) on all projects and grants for FY2026 and prior years.
- In FY2026, DRPT plans on investing $1,260.8 million in state, federal, and local resources towards improving public transportation and rail capacity across the Commonwealth of Virginia.
  - This represents $52.4 million more in expenditures than prior fiscal year.
- DRPT is using 3.7% of budget for program management, administration, and program compliance
- VPRA receives 93% of revenue from the Commonwealth Rail Fund, estimated to be $192.3 million in FY2026.



FY2026 DRPT Recommended Budget
($ In Millions)

Program	FY26
Transit Programs	1,015.0
Rail Programs	33.6
Agency Operating/Admin Budget	19.9
Virginia Passenger Rail Authority	192.3
Total	**1,260.8**

Agency Administrative Budget
Three-Year Comparison ($ in millions)



- Appropriations Act allows for **five percent** of the Commonwealth Mass Transit Fund, Shortline Preservation Fund, and the Commonwealth Rail Fund to be used for DRPT Operations.
- For FY2026, DRPT proposes to use **3.7 percent** of these funds, a decrease from last year's 3.9 percent.
- DRPT's administrative budget will increase by less than one percent **($127K)** year over year.



Next Steps

April-May 2025

- Participate at nine regional public hearings throughout Virginia
- Incorporate changes based on SYIP hearing comments
- Finalize the five-year capital budget for projects not funded in the current SYIP

June 2025

- Present the final budget and SYIP to CTB

Questions?

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