

October 2026

# FY26 Annual Report

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**DRPT's Use of Commonwealth  
Rail Funds**

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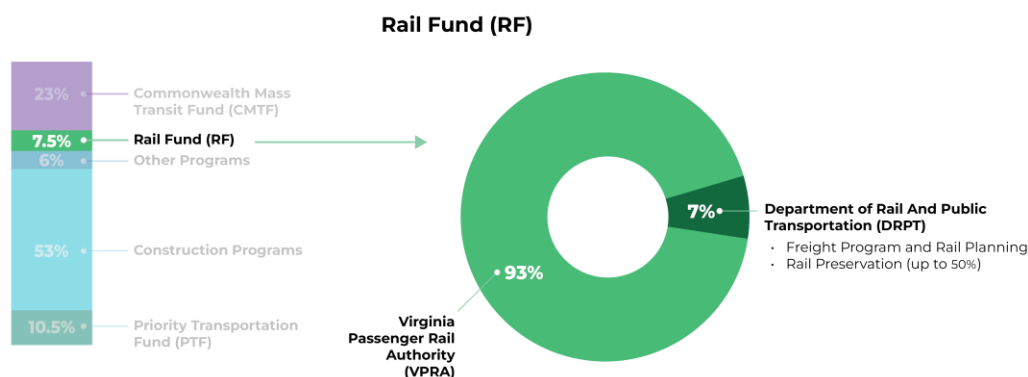
## Purpose

Pursuant to **Item 1 paragraph I** of the 2026-2028 biennial budget, the Department of Rail and Public Transportation (DRPT) shall “prepare a report on the uses of the Commonwealth Rail Fund” by November 15 of each year. This report fulfills this requirement for Fiscal Year (FY) 2026.

## Use of the Commonwealth Rail Fund

The Commonwealth Rail Fund (CRF) is established under 33.2-1526.4 of the Code of Virginia, as a subsidiary fund of the Transportation Trust Fund. The CRF receives 7.5% of the funds available in the Transportation Trust Fund annually, of which 93% of funds are dedicated to the Virginia Passenger Rail Authority, with the remaining 7% dedicated to the Department of Rail and Public Transportation. In FY26, the total amount of CRF funding was approximately \$186 million in new revenues, of which \$13 million was allocated to DRPT.

## Commonwealth Rail Fund Distribution



As declared by the General Assembly and established in the Code of Virginia, it is:

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

The Code of Virginia also establishes how Virginia uses its share of the Commonwealth Rail Fund. DRPT distributes the funding it receives through the CRF for rail planning, technical assistance, grant match for federal discretionary grant applications, and two grant programs: the Rail Preservation Fund (RPF) and the Freight Rail Enhancement to Increase Goods and Highway Throughput (FREIGHT) Program.

The passage of House Bill 1603 and Senate Bill 1144 by the 2025 General Assembly enabled DRPT to increase the share of the Commonwealth Rail Fund transferred to the RPF from a flat

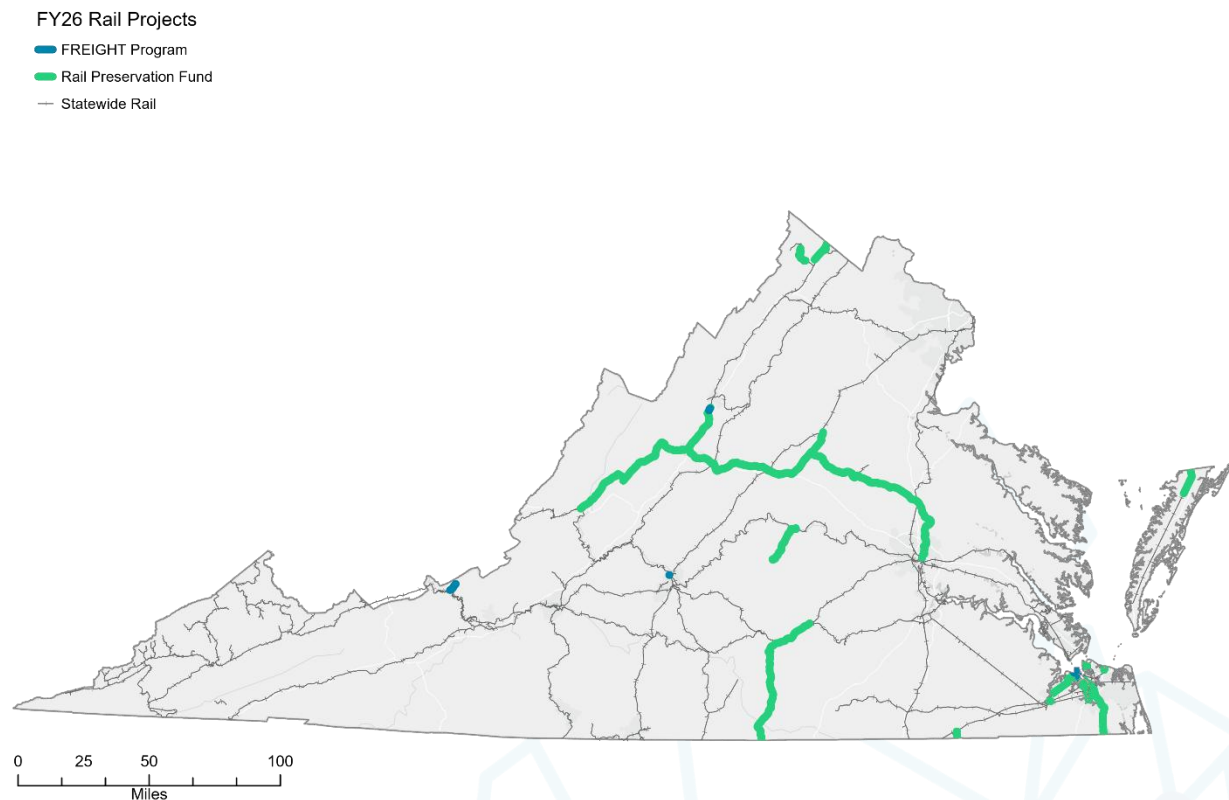
\$4 million to up to 50% of CRF revenues. This enables DRPT to prioritize rail network preservation, given the sustained need demonstrated by Virginia's short line railroads.

Lastly, DRPT is allowed to retain up to 5% of the CRF and RPF, as prescribed in [Item 435](#) of the budget, for the costs of project management, development, and administration. In FY26, DRPT retained 3.7% of these funds for administrative purposes.

## CRF Funded Projects

In FY26, funds from the Commonwealth Rail Fund were allocated to DRPT rail planning initiatives, projects funded through the FREIGHT Program, and projects funded through the RPF. In total, DRPT allocated over \$19.8 million toward rail projects and programs in the FY26 Six-Year Improvement Program. That total includes DRPT's share of the CRF, \$4 million transferred to the RPF from the Highway Construction Fund, and carryover funds from prior fiscal years that were either unallocated or returned to DRPT after a project did not go forward or came in under budget.

The following sections list the DRPT rail projects and programs funded by DRPT in FY26, including all projects funded by the Commonwealth Rail Fund.



## Rail Planning

DRPT is responsible for statewide rail planning, including long-range planning for passenger rail. DRPT prioritizes relatively low-cost investments in up-front planning and feasibility studies to guide funding for infrastructure that provides the most benefits for a safe and resilient rail network. DRPT Rail Planning initiatives include the Statewide Rail Plan, a foundational resource to support discretionary federal rail funding, and assistance to partner organizations and localities applying for Federal Railroad Administration (FRA) grants that meet Virginia's transportation goals.

| Project Description                            | Summary                                                                                                                                                                                | Applicant | CRF                | Total              |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------|--------------------|
| <b>Federal Discretionary Grant Award Match</b> | Funding set aside to match any federal discretionary grant applications, including the Rail Crossing Elimination Program.                                                              | DRPT      | \$975,000          | \$975,000          |
| <b>Statewide Rail Planning</b>                 | Funding set aside for various long-term planning projects, including the Statewide Rail Plan that records progress and charts path forward for passenger and freight rail investments. | DRPT      | \$750,000          | \$750,000          |
| <b>TOTAL</b>                                   |                                                                                                                                                                                        |           | <b>\$1,725,000</b> | <b>\$2,225,000</b> |

## Rail Preservation Fund

The Rail Preservation Fund benefits the nine shortline railroads operating in Virginia by funding projects that maintain a state of good repair or improve tracks to a minimum class-2 track standard. This ensures that shortline railroads can continue to provide reliable and safe first and last mile freight rail movements.

In FY26, the Commonwealth Transportation Board allocated \$9,230,697 in Rail Preservation Funds to projects. Of that amount, \$3,256,142 came from the Commonwealth Rail Fund, which is spread equally amongst all projects. Additionally, the railroad companies provided a match of \$3,956,013. In total, \$13,186,710 were allocated to these projects.

| Project Description & Construction District           | Summary                                                                                                                                           | Applicant                  | RPF       | Match     | Total     |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------|-----------|-----------|
| <b>Buckingham Division Track Upgrades (Lynchburg)</b> | Replace up to 20,000 ties and other on-track materials to include public road crossings on the Buckingham division in the Lynchburg VDOT District | Buckingham Branch Railroad | \$350,000 | \$150,000 | \$500,000 |

|                                                                                                                    |                                                                                                                                                                                                                                                       |                                   |             |             |             |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------|-------------|-------------|
| <b>Piedmont Track Upgrades (Richmond &amp; Culpeper)</b>                                                           | Install rail and ties, replace switches, renew public road crossings, and improve surface conditions along the Piedmont subdivision in the Richmond and Culpeper VDOT Districts                                                                       | Buckingham Branch Railroad        | \$1,400,000 | \$600,000   | \$2,000,000 |
| <b>FY26-29 Surface Improvement Upgrades on R&amp;A (Richmond, Culpeper, &amp; Staunton)</b>                        | Upgrade rail infrastructure to address surface defects including defective rail, failed culverts, and poor roadbed conditions on the Richmond and Alleghany Division from mileposts 85.5 to 276.5 and on the Orange Branch from mileposts 0.0 to 9.0. | Buckingham Branch Railroad        | \$700,000   | \$300,000   | \$1,000,000 |
| <b>FY26-28 Virginia Southern Track Improvements (Lynchburg)</b>                                                    | Install rail, ties, and other rail components and address surface conditions from mileposts 86.0 to 66.8 and mileposts 0.0 to 37.9 on the Virginia Southern Division in the Lynchburg VDOT District                                                   | Buckingham Branch Railroad        | \$2,800,000 | \$1,200,000 | \$4,000,000 |
| <b>Infrastructure Upgrades-Crossings, Turnouts, Replace Crossties and Switch Ties (Hampton Roads)</b>              | Upgrade infrastructure and improve six public crossings, upgrade three turnouts, increase track standards to class 2, and replace timber crossties and switch ties between mileposts 4.0 to 22.0 in Hampton Roads VDOT District                       | Chesapeake and Albemarle Railroad | \$484,750   | \$207,750   | \$692,500   |
| <b>Infrastructure Upgrades-Resurface Crossing, Replace Crossties, Install Upgraded Welded Rail (Hampton Roads)</b> | Upgrade five public road crossings, realign two main line curves, replace crossties and turnouts through the Marshall Yard, and install insulated welded rail.                                                                                        | Commonwealth Railway, Inc.        | \$1,362,130 | \$583,770   | \$1,945,900 |

|                                                                                                 |                                                                                                                                                                                                                                                                |                             |           |           |           |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------|-----------|-----------|
| <b>BCR Phase III Upgrades Ties, Rail, Surfacing (Hampton Roads)</b>                             | By Install approx. 7,100 ties, plates, ballast, and surfacing to bring the track up to a Class 2 standard from mileposts 35.8 to 45.7. It is the 3rd phase of bringing the former Bay Coast Railroad line on the Eastern Shore to a state of good repair       | Delmarva Central Railroad   | \$169,050 | \$72,450  | \$241,500 |
| <b>Programmatic Main Line Bridge Upgrades (Hampton Roads)</b>                                   | Provide programmatic upgrades to ties, rail, and other related infrastructure. This project will also provide upgrades to all bridges, including Mainline Bridge.                                                                                              | Norfolk Portsmouth Beltline | \$175,000 | \$75,000  | \$250,000 |
| <b>Programmatic Rail Infrastructure Upgrades- Rail Ties and Bridges FY22-27 (Hampton Roads)</b> | Provide programmatic upgrades to rail, ties, and related infrastructure on the Norfolk Portsmouth Belt Line as directed by rail traffic density and safety consideration, will address poor infrastructure conditions from mileposts 35.8 to 45.7              | Norfolk Portsmouth Beltline | \$560,000 | \$240,000 | \$800,000 |
| <b>Bridge #135 MP24.47 Upgrades (Staunton)</b>                                                  | Upgrade Bridge No. 135 by replacing four new stringers at both sides of the bridge, repairing both abutments, and installing new backwalls and wing walls on both approaches at milepost 24.47 on the Shenandoah Valley Railroad in the Staunton VDOT District | Shenandoah Valley Railroad  | \$97,661  | \$41,855  | \$139,516 |
| <b>FY26 Track Bed Upgrade &amp; Tie Replacement MP13-17 (Staunton)</b>                          | Replace 2500 ties, surface and dress track, and tighten and replace bolts at mileposts 13.0 to 17.0 and install 120 switch ties at mileposts 5.0 to 15.0 in the Staunton VDOT District                                                                         | Shenandoah Valley Railroad  | \$516,647 | \$221,420 | \$738,067 |

|                                                       |                                                                                                                                                                                                                                                                         |                               |                    |                    |                     |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------|--------------------|---------------------|
| <b>WST Rail, Tie &amp; Surface Project (Staunton)</b> | Install ties and replace rail in Clearbrook, Quad Track and CSX Interchange and install ties, ballast, and renew five crossing surfaces between mileposts 106.7 and 114.7 and upgrade track on the Winchester Secondary Track Subdivision in the Staunton VDOT District | Winchester & Western Railroad | \$615,459          | \$263,768          | \$879,227           |
| <b>TOTAL</b>                                          |                                                                                                                                                                                                                                                                         |                               | <b>\$9,230,697</b> | <b>\$3,956,013</b> | <b>\$13,186,710</b> |

## FREIGHT Program

The FREIGHT Program is dedicated to increasing the capacity and improving the functionality of the freight rail network as a vital component of the Commonwealth's multimodal network. Benefits of this program include an increase in goods movement, a reduction in highway maintenance by removing heavy trucks that increase highway wear and tear as well as supporting Virginia's economy. The FREIGHT Program is open to freight rail operators, the Virginia Port Authority, local and regional governments, non-profit organizations, private companies, or any combination thereof.

| Project Description                                                    | Summary                                                                                                                                                                                                                                                                                                                                                                                       | Applicant               | FREIGHT     | Match       | Total       |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------|-------------|-------------|
| <b>Commonwealth Railway Marshalling Yard Expansion (Hampton Roads)</b> | Construct two storage tracks on property north of the Marshalling Yard located in the Hampton Roads VDOT District, relocation of an existing raw water main owned by the City of Norfolk, relocation of an existing finished water main owned by Portsmouth and acquisition of all land ownership, easements, or other property rights necessary to accomplish the Utility Relocation Project | Virginia Port Authority | \$3,343,421 | \$1,432,895 | \$4,776,316 |

|                                                             |                                                                                                                                                                                                                                                                                      |                                 |             |           |             |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------|-----------|-------------|
| <b>Port Norfolk Rail Transload Facility (Hampton Roads)</b> | Develop a dual rail-served, multi-commodity transload facility at the Transload Facility in Hampton Roads VDOT District, including laydown area, three unloading tracks, and a run through track, with continued access to Portsmouth Marine Terminal                                | Norfolk Portsmouth Belt Line    | \$3,000,000 | ---       | \$3,000,000 |
| <b>South Street Yard Expansion (Hampton Roads)</b>          | Expand the existing South Street Yard located in the Hampton Roads VDOT District from two staging tracks to six tracks, including an additional 7,250 feet of track                                                                                                                  | Norfolk Portsmouth Belt Line    | \$500,000   | ---       | \$500,000   |
| <b>Clearbrook East and West Siding (Staunton)</b>           | Construct two new 3,000 foot sidings on either side of the Winchester Secondary Track mainline in Clearbrook, VA located in the Staunton VDOT district and relocate a fiber optic line                                                                                               | Winchester and Western Railroad | \$759,492   | \$325,497 | \$1,084,989 |
| <b>Potts Valley Branch Improvements (Salem)</b>             | Complete bridge improvements at milepost PV 3.0, bridge improvements and existing structure rehabilitation at milepost PV 4.0, and new bridge construction at milepost PV 4.37, including surface improvements along the Potts Valley Branch line located in the Salem VDOT district | Norfolk Southern                | \$280,000   | \$120,000 | \$400,000   |

|                                                         |                                                                                                                                                                                                            |                            |                    |                    |                     |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------|--------------------|---------------------|
| <b>Pleasant Valley<br/>Yard Capacity<br/>(Staunton)</b> | Complete 100% design and engineering for a new rail interchange with Norfolk Southern at Pleasant Valley, VA consisting of two tracks between Mileposts 5.6 and 5.85 located in the Staunton VDOT district | Shenandoah Valley Railroad | \$973,268          | \$417,115          | \$1,390,383         |
| <b>TOTAL</b>                                            |                                                                                                                                                                                                            |                            | <b>\$8,856,181</b> | <b>\$2,295,507</b> | <b>\$11,151,688</b> |

## Passenger Rail

Funding for the improvement, enhancement, and support for passenger rail in Virginia is dedicated to the Virginia Passenger Rail Authority (VPRA). VPRA is a distinct legal entity from DRPT, operating with its own Board of Directors, which includes the DRPT Director as the Board Chair. VPRA utilizes the funds it receives from the Commonwealth Rail Fund to advance State-supported Amtrak operations and develop capital projects that expand capacity, improve reliability, and connect Virginia.

To learn more about the VPRA and its program of projects, please visit [VPRA – Virginia Passenger Rail Authority](#).

## Conclusion

DRPT's rail programs support our mission to connect and improve the quality of life for all Virginians with innovative transportation solutions. DRPT's vision is a connected Commonwealth with an integrated multimodal network that serves every person, every business, and every need. Through our rail programs, DRPT supports a strong rail network that connects Virginia businesses to markets within the Commonwealth and across the country. Rail supports jobs in an industry that drives 6% of Virginia's economy, promotes safe and reliable infrastructure, and removes over 10 million trucks annually from our roads and highways helping to improve road safety, ease traffic congestion, and lower the costs of goods movement.