CVTA Finance Working Group Update

CVTA Finance Committee
February 09, 2022
OVERVIEW

- Staff has been charged with producing some broad concepts around which a multi-year capital plan could be built.

- Staff has provided a couple of debt options.

- Staff reviewed policies of CVTA’s two peer authorities (NVTA and HRTAC), used feedback from consultations with financial advisors, and leaned on the policies of the respective jurisdictions.

- The information provided is not intended to serve as a full set of debt policies and is only meant to provide high level guidance for capital planning purposes.

- A full set of policies could be drafted in partnership with the Authority’s financial advisor.
GENERAL OBSERVATIONS

• Peer authority review
  – NVTA – hybrid bond / pay-go model
    • NVTA more closely resembles CVTA (70% regional revenue, 30% local)
  – HRTAC – largely bonded – large projects
    • Debt service thru 2057
  – Funds from both authorities has been successfully used to leverage other funding sources

• Pay-go vs. bonding
  – Pay-go
    • Pros - greater flexibility in the future, spend plan can match project timelines with finances
    • Cons – projects may need to be staggered
  – Bonding
    • Pros – funding for large projects, multiple projects can concurrently be funded
    • Cons – revenues could be tied up for years, reduces future flexibility
PROJECT DEVELOPMENT PROCESS

Scoping Phase
- Delivery Method (DBB, DB, PPTA)
- Sponsor-Driven Initial Scoping Meeting
- Environmental Documents
- Survey
- Stakeholder Identification and Outreach

Preliminary Design Phase
- Roadway Structure and Bridge TCD/ITS Landscaping Materials
- Draft Environmental Document
- ROW and Utility Impacts
- Value Engineering

Detailed Design Phase
- Roadway Structure and Bridge TCD/ITS Landscaping Materials
- Utility Design
- Final Environmental Document
- Field Inspection Meeting
- Constructability and Work Zone Review

Final Design & ROW Acquisition Phase
- Roadway Structure and Bridge TCD/ITS Landscaping Materials
- Utility Field Inspection
- ROW and Utility Impacts
- Authorize ROW and Utility (Partial Takes)
- ROW and Utility Compliance Review

Advertise Plans
- Advertisement
- PS&E
- Environmental and ROW Certificate
- Bidding Review

PROJECT DELIVERY

PROJECT CLOSEOUT

*Pre-Scoping funds are available for use on Certain pre-design activities. See IM-PMO 1.1

Project Management Policy

CODE REQUIREMENTS
For Applicable State and Federal Code regulations please click on box indicated with S, F or S/F
CVTA REGIONAL FUNDING APPLICATIONS OVERVIEW

• 37 applications submitted
• Eight of nine jurisdictions represented
• Total Cost = $1,050,597,375
• Total Request = $808,557,788
• Average Request = $21,852,913
• Median Request = $7,000,000
• Highest Request = $396,887,519
• Lowest Request = $250,000
REGIONAL FUNDING APPLICATIONS – TOP SEVEN

- Range of funding = $23M to $397M (outlier)
- Administration
  - VDOT = 3
  - Local = 4
- Project Types
  - Six are highway or roadway projects
  - One is a bridge improvement project
- Six out of seven have a supporting planning study
- Preliminary Engineering
  - 2018 – 1 project
  - 2022 – 4 projects
  - 2025 – 2 projects
- Three out of the seven have other committed funding
FUNDING OPPORTUNITIES

• CVTA Regional revenues provide opportunities for leveraged funding
  – SMART SCALE
  – Federal Funds

• Additional Funds
  – SMART SCALE - $753.3M
  – State of Good Repair - $661.2M
  – Interstate - $543.3M
  – RSTP - $137.5M
  – CMAQ - $37.5M
  – Federal – Multiple New Programs
## BONDING POTENTIAL

<table>
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<tr>
<th>FY</th>
<th>Debt Service</th>
<th>Bond Amount</th>
<th>Pay-go</th>
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<td>$6.34</td>
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</table>

- Scenario assumes 20-year amortization with debt service equal to 7% of the bonded amount
- Bond amounts shown are one-time amounts for a particular year
- Pay-go amounts occur annually and are shown to demonstrate the impact of debt service
RECOMMENDATIONS

• CVTA could benefit more from a flexible, largely pay-go model
  – Project size (average $22M) and project timelines are the main factor
  – A CVTA regional spend plan can optimize available funds

• CVTA regional funding can be leveraged to improve competitiveness for outside funding applications (State and Federal)
  – Many of the regional applications intend to apply for SMART SCALE
  – Influx of additional federal funding provides more opportunities to leverage funds
  – Some regional projects may be great candidates for some of the new federal programs
    • Can help with some of the larger requests
QUESTIONS?