



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

Transportation Update

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Virginia Department of Rail and Public Transportation



Virginia's Transportation Program

- **Program structure was generally stable for many decades**
 - **Interstate construction**
 - **40-30-30 formula – primary/secondary/urban**
 - **Transit capital and operating assistance**
- **Declining revenues impacted ability of program to deliver results and advance projects**
 - **Primary, secondary and urban formulas effectively stopped in 2009**

Major Changes to Virginia's Transportation Program

- **2013 –HB2313 establishing regional revenue streams in NOVA and Hampton Roads**
- **2014 –HB2 requiring implementation of SMART SCALE**
- **2015 – HB1887 restructuring the construction programs**
- **2019 – HB2718/SB1716 providing funding for Interstate 81 and other interstates**
- **2020 – HB1414/SB890 stabilizing and increasing revenues, and established the Commonwealth Transportation Fund**

Regional Revenues

- **Northern Virginia Transportation Authority**
- **Hampton Roads Transportation Accountability Commission**
- **Interstate 81 Corridor Improvement Fund**
- **Hampton Roads Regional Transit Program and Fund**
- **Central Virginia Transportation Authority**

Commonwealth policy that these funds are supplemental to state dollars and should not be used to supplant state dollars otherwise available to the region

HB1887 Construction Programs (2015)

- **Reduce discretion of executive branch and run larger share of funds through the formula**
- **Eliminate conflict between repairing the system and enhancing the system**
- **Fully fund projects to provide certainty to local officials and communities**
- **Reduce inflationary impacts from 'banking' money until sufficient funding is in hand**

More Funds Running Through the Formula

District	FY18-23 Under Old "40-30-30"	Actual FY18-23 Under SMART SCALE - SGR
Bristol	\$ 126.8	\$ 211.8
Culpeper	\$ 117.9	\$ 173.3
Fredericksburg	\$ 130.4	\$ 385.5
Hampton Roads	\$ 375.0	\$ 636.8
Lynchburg	\$ 133.2	\$ 199.6
NOVA	\$ 392.1	\$ 596.7
Richmond	\$ 275.8	\$ 469.9
Salem	\$ 179.3	\$ 295.1
Staunton	\$ 146.8	\$ 227.5

Figures in millions and 40-30-30 is an extrapolation of FY21 funding levels

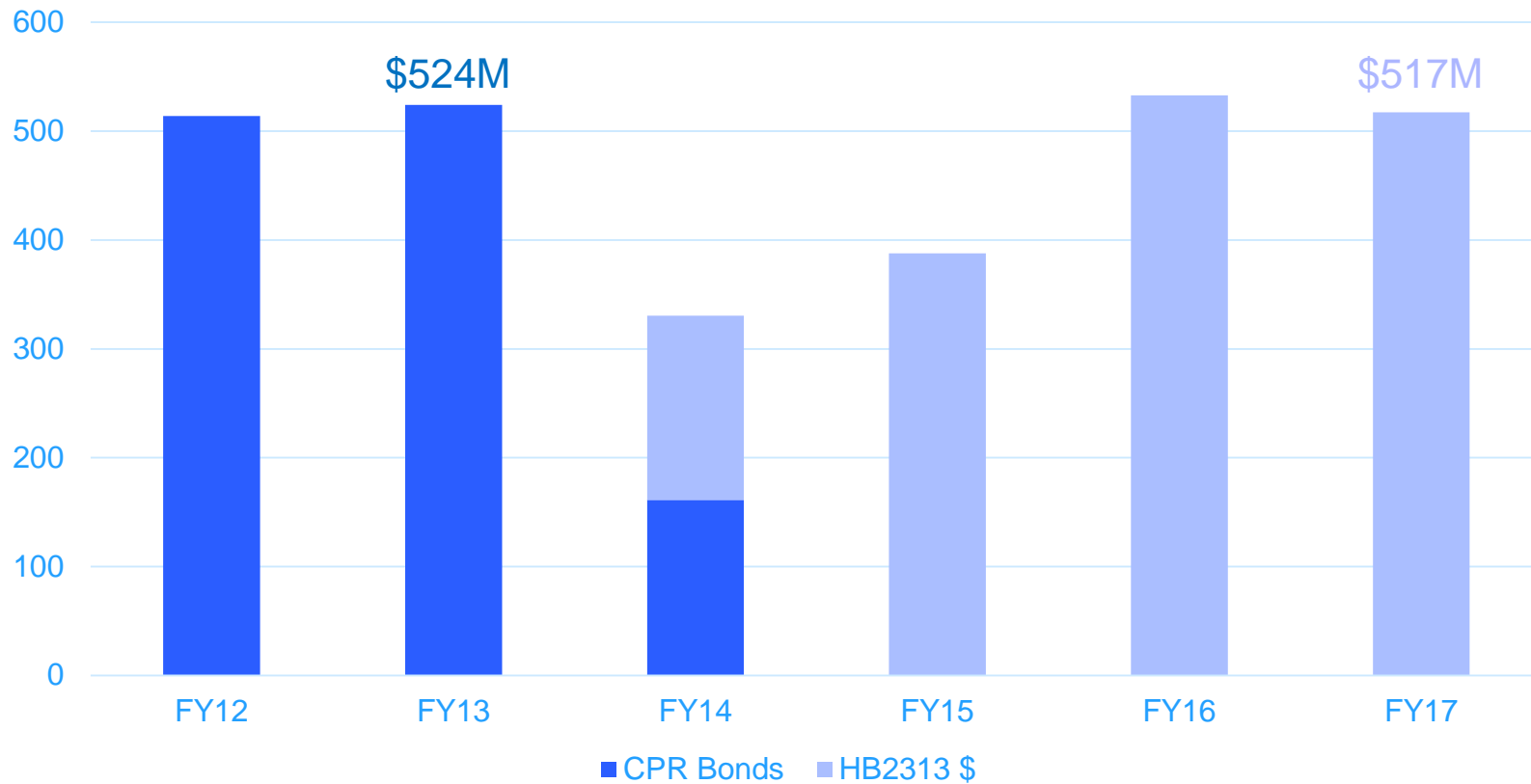
Major Projects in the Commonwealth

- **Dulles Corridor Metrorail**
- **Downtown and Midtown Tunnels**
- **95 Express Lanes**
- **High Rise Bridge and 64 Southside Widening**
- **Hampton Roads Bridge Tunnel**
- **64 on the Peninsula**
- **395 Express Lanes**
- **Fred-Ex Express Lanes**
- **81 Corridor Improvement Program**
- **Hampton Roads Express Lanes Network**

How were these projects funded?

- **Northern Virginia**
 - \$7.5 billion in toll-financed improvements since 2012, including Dulles Corridor Metrorail Project
 - \$2.5 billion in regional revenues programmed
- **Hampton Roads**
 - ~\$5 billion in regional revenues and bonds
 - ~\$2.3 billion in toll-financed improvements
- **Interstate 81 Corridor Improvement Program**
 - \$1 billion in regional revenue bonds

CPR Bonds versus New Revenues for Construction



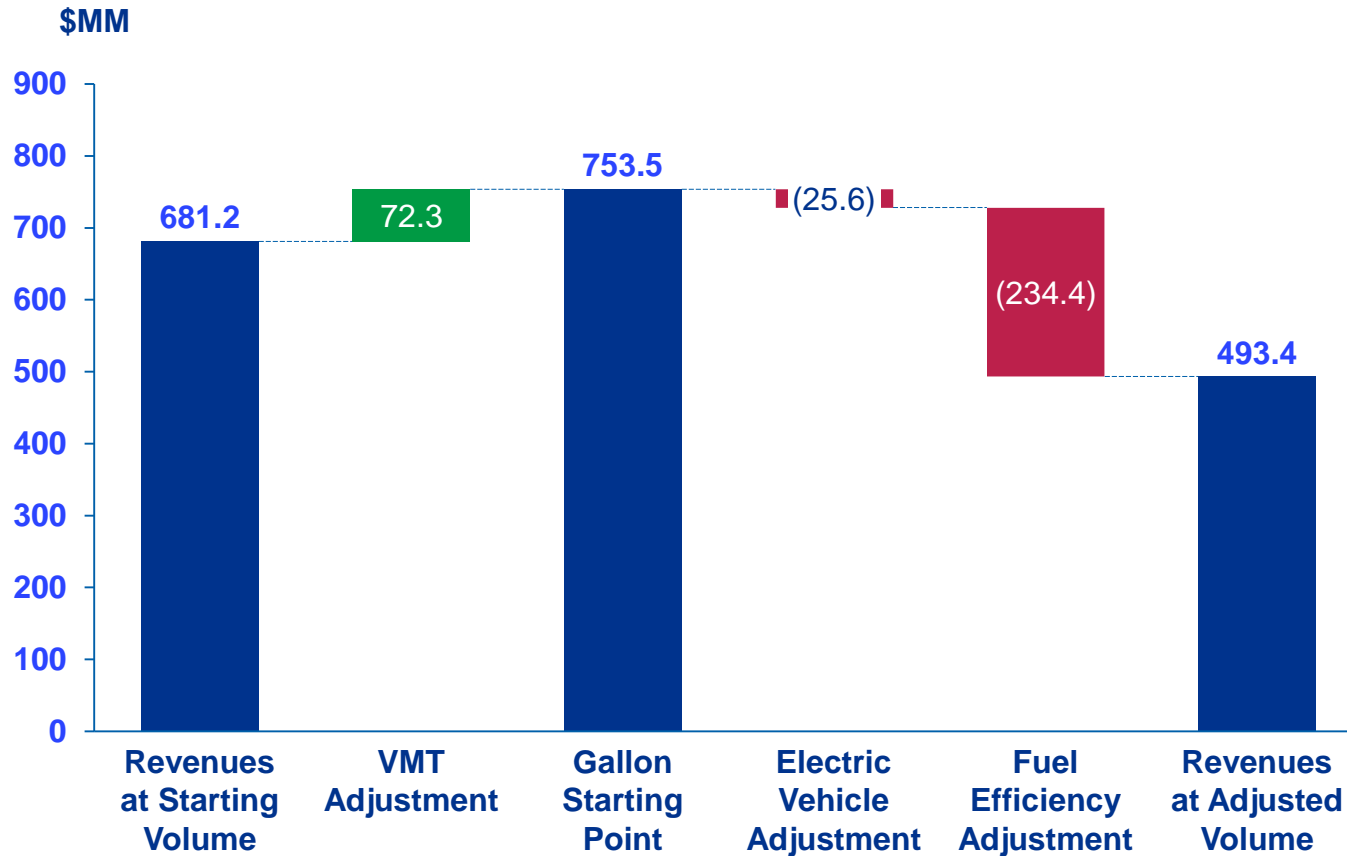
Figures in millions

FY19 Fuel Tax Collections

Fiscal Year	Forecasts	Actuals
FY16	\$883.5	\$860.1
FY17	\$868.9	\$872.2
FY18	\$898.7	\$857.2
FY19 (thru June)	\$905.5	\$856.6

Figures in millions

KPMG Forecast Gas Tax Collections (2030)



~31% reduction in collections due to increased fuel efficiency

~3.4% reduction in collections due to EV penetration

Source(s): KPMG Analysis

Transportation Legislation from 2020 General Assembly Session

- **Governor's Omnibus Transportation Bill**
 - Restructured transportation funds and programs
 - Expected to provide \$370M/year by FY24
 - Provided ~\$35M/year to NVTA
- **Central Virginia Transportation Authority**
 - Anticipated to raise ~\$200M/year for Richmond region
- **Hampton Roads Regional Transit Program and Fund**
 - Expected to generate \$34M/year for regional transit

Construction Formula Today

Commonwealth Transportation Board must distribute funds based on the formula below and does not have discretion to administratively change it

- **30% for State of Good Repair**
- **20% for District Grant Program (SMART SCALE)**
- **20% for High Priority Projects (SMART SCALE)**
- **20% for Interstate Operations and Enhancement**
- **10% for Virginia Highway Safety Improvement Program**

COVID-19 Pandemic

- **Transportation use declined dramatically with stay-at-home orders nationally**
- **Driving was down more than 60% in April 2020**
- **Transit use dropped by 40 to 90% depending on system**
- **Amtrak ridership went down more than 90%**

COVID and Transportation Revenues

- **FY20 actual revenues collections were \$120M below projections with two months of COVID impacts**
- **Overall forecasted revenues are \$1.8 billion below estimates from March 2020 through FY27**
- **FY21 collection information is being finalized though it appears they will be above estimates**
- **New revenue reforecast is expected this December**

Addressing Revenue Reductions

- **General Assembly worked with Northam Administration to ensure all on-going and currently funded projects were maintained**
- **Three-pronged approach to address significant decline**
 - **Do not program increased revenues from December 2019 estimate in SYIP update**
 - **Reduce new spending from Omnibus Transportation Bill**
 - **Use cash management strategy with Revenue Sharing Program balances**

Impacts of Addressing Revenue Reductions

- **Opportunity costs for new projects and programs**
- **SMART SCALE Round 4 available funding declined from ~\$2 billion to \$1.4 billion**
- **Increased funding for Interstate pavements and city street payments was delayed until FY23**
- **Numerous other Omnibus programs saw reductions in anticipated funding levels – Special Structures, Transit, DMV, Port, and Aviation**

Impacts of Addressing Revenue Reductions

- **\$495M in cash balances from Revenue Sharing Program was used to cover costs for on-going projects and programs**
- **These funds were allocated to projects in FY20 or earlier but not expected to be spent until FY21 through FY24 or later**
- **All allocations were returned to projects from future Revenue Sharing allocations in FY21 through FY24 based on their existing project schedule**

What Happens Next?

- **Evaluate end of year fiscal performance for the Commonwealth Transportation Fund**
- **Wait for December revenue forecast**
- **Based on updated forecast, develop plan for use of additional revenues, if any, based on Code of Virginia and actions taken to address COVID impacts to transportation revenues**