



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

Transportation Revenues and Opportunities

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Opportunity Costs of COVID Pandemic

- From the start of the pandemic through FY27 state transportation revenues are down \$1.8 billion from March 2020 estimates
- Opportunity costs across a variety of programs – SMART SCALE, revenue sharing, Omnibus spending, State of Good Repair, transit, rail, Interstate program
- FY21 collections were \$365.8M above estimates
- Will not know extent of revenue recovery until December revenue forecast

Recommendations Moving Forward – FY21 CTF Surplus

- **Use Appropriations Act authority, Item 430 P, to restore anticipated FY22 Omnibus spending**
 - \$39.8M for transit
 - \$10M for safety
- **Recommend Board select \$295M in priority projects from SMART SCALE Round 4 project list**
 - **Ensure equitable distribution of funds throughout the state through approximate use of DGP formula**
 - **SMART SCALE was subject to the single largest reduction in available funding**

Priority Projects from SMART SCALE Round 4

District	Percentage	FY2022 PTF
Bristol	6.7%	\$19.8
Culpeper	6.3%	\$18.7
Fredericksburg	7.0%	\$20.5
Hampton Roads	20.0%	\$58.9
Lynchburg	7.1%	\$21.0
NOVA	21.3%	\$62.8
Richmond	14.5%	\$42.7
Salem	9.4%	\$27.8
Staunton	7.8%	\$22.9
Grand Total	100.0%	\$295.0

- Recommend that \$295 million from the CTF Surplus be used by the Board to fund priority projects from SMART SCALE Round 4
- Funds allocated generally in line with District Grant Program percentages

Proposed Allocations to Priority Projects

District	Project	Applicant	Amount
Bristol	US 23 at Hilton Road	Scott County	\$3.1M
Bristol	College Ave Access Mgt	Town of Bluefield	\$2.6M
Bristol	Widen US 11 Eastern Section	Bristol MPO	\$13.4M
Culpeper	Route 29 and Lees Mill Road R-CUT	Rappahannock-Rapidan RC	\$6.8M
Culpeper	Route 522 and Route 20 Roundabout	Orange County	\$10.9M

Proposed Allocations to Priority Projects

District	Project	Applicant	Amount
Fred'burg	US 1 STARS/Route 3 Off-Ramp	City of Fredericksburg	\$9.5M
Fred'burg	Onville Road Improvements	George Washington Regional Comm.	\$8.5M
Hampton Roads	Route 10/32 Diverging Diamond Interchange	City of Suffolk	\$12.9M
Hampton Roads	Route 17 Widening	City of Suffolk	\$9.8M
Hampton Roads	Route/Route 171 Intersection Improvements	York County	\$16.7M

Proposed Allocations to Priority Projects

District	Project	Applicant	Amount
Hampton Roads	Main Street/US 258 at Route 10 Bypass	Isle of Wight	\$8.5M
Hampton Roads	Route 168/Route 17 to WB I-64 Improvements	City of Chesapeake	\$8.1M
Lynchburg	High Street and Oak St/Griffin Blvd Roundabout	Town of Farmville	\$14.8M
NOVA	Sycolin Road-Loudoun Center PI to Crosstrail Blvd	Loudoun County	\$15.1M
NOVA	North Woodbridge Mobility Improvements	Prince William County	\$25.3M
NOVA	Braddock Rd at Old Lee Rd Improvements	Fairfax County	\$16.0M

Proposed Allocations to Priority Projects

District	Project	Applicant	Amount
Richmond	Gillies Creek Greenway	City of Richmond	\$3.8M
Richmond	Clay St Streetscape Improvements	City of Richmond	\$8.3M
Richmond	Alverser at Old Buckingham Roundabout	Chesterfield County	\$7.9M
Richmond	James River Branch Trail	City of Richmond	\$14.3M
Richmond	Matoaca Rd at Woodpecker Rd Rndabout	Chesterfield County	\$7.1M

Proposed Allocations to Priority Projects

District	Project	Applicant	Amount
Salem	Orange Avenue Improvements	Roanoke Valley TPO	\$23.7M
Staunton	Route 42 Corridor Improvements East	Northern Shenandoah Valley Reg. Commission	\$2.7M
Staunton	Broad St Streetscape	City of Waynesboro	\$7.2M
Staunton	I-81 Exit 317 NB Ramp Realignment	Frederick County	\$6.9M
Staunton	Route 11/Old Charles Town Roundabout	Win-Fred MPO	\$6.4M

Next Steps for FY21 CTF Surplus

- **Receive feedback from Board members and public on allocation strategy and potential allocations**
- **Determine allocations for \$24.7M in unallocated funds**
- **Finalize list of allocations for action by Board at December Board meeting**

Moving Pieces for Additional Restoration of Opportunity Costs

- **FY22 through FY27 state transportation revenue estimates will not be updated until December**
- **Federal infrastructure bill and ‘reauthorization’ proposal is pending in Congress**
 - **Current federal program expires at the end of the October – operating under 1 month extension**
 - **Action is anticipated prior to this expiration**
- **GF Surplus for transportation is subject to appropriation during the 2022 GA Session**

Discussion of December Forecast Options

- **First quarter of FY22 revenues were 16.5% over FY21 Q1 collections**
- **Current FY22 estimate requires a (2.4%) growth rate**
- **To meet pre-COVID FY22 estimates a 6.4% growth rate would be required over FY21 collections**
- **FY21 Q1 collections proportionally are lower for fuel tax and motor vehicle sales and use tax compared with previous fiscal years**

Discussion of December Forecast Options

Assuming December forecast increases revenues over the 6-year window recommend two tiers of priority for restoring previous cuts

- **Tier 1 – \$258.6M**
 - Would require an increase of ~\$45M/year over 6-year forecast period
- **Tier 2 – Any remaining funds be distributed through the Commonwealth Transportation Fund formula**

Discussion of December Forecast Options

Tier 1 Recommendations

- **Move Revenue Sharing Program up to FY23/FY24 from FY25/26 - \$200 million**
 - Allows upcoming cycle to shift to FY25/26
 - Program would continue in years 3 and 4 of SYIP
- **Option to consider using \$30M in FY21 GF Surplus to provide funds to projects that will spend funds in FY22**
- **Both recommendations would require GA action during upcoming session**

Discussion of December Forecast Options

Tier 1 Recommendations

- **Distribution of \$58.6M in FY23 Omnibus spending would be as follows—**
 - **\$32.5M to construction programs**
 - **\$17.9M to transit programs**
 - **\$5.2M to rail**
 - **\$3M for other modes and agencies**

Discussion of December Forecast Options

Recommend that any funds above that amount be distributed based on CTF formulas—

- **51% to Highway Maintenance and Operating Fund**
 - Amounts necessary to cover any increases in maintenance costs with remaining amounts distributed to construction programs
- **26.0% to Construction Programs**
- **11.3% to Commonwealth Mass Transit Fund**
- **3.7% to the Commonwealth Rail Fund**
- **8% to other modes, funds and agencies**

Recommendations Moving Forward

- **Board should allocate FY21 CTF Surplus by December 2021**
- **Must wait for 2022 General Assembly Session to use FY21 GF Surplus for transportation**
- **Must wait for Congressional action prior to assuming the use of any additional federal funds beyond those already assumed in SYIP**
- **Consider impacts of December forecast in January**