

Development of the FY 2012 - 2017 Six-Year Improvement Program

Reta R. Busher
Chief of Planning and Programming

Terry Brown
Manager of Financial Programming

February 16, 2011

Recent Six-Year Improvement Programs

	Revised FY 2009- 2014 Program	Revised FY 2010- 2015 Program	Approved FY 2011- 2016 Program	Proposed FY 2012- 2017 Program
Highway Construction	\$6.0 b	\$5.5 b	\$5.7 b	\$7.2 b
Rail & Public Transportation	\$2.9 b	\$2.1 b	\$2.1 b	\$2.4 b
GARVEE Debt Service	0	0	0	\$0.5 b
VTIB Grants/Loans	0	0	0	\$0.4 b
Total	\$8.9 b	\$7.6 b	\$7.8 b	\$10.5 b

Highway Program Development

- **Actions taken to date in the SYIP development to deal with reduced state revenues since June 2008**
 - Reduced all available state funds from projects
 - Restricted funding to project phases that are obligated, planned to be obligated in the current FFY, or underway
 - Suspended state formula distributions for unpaved roads, primary, secondary and urban systems
 - Eliminated federal STP formula distribution to individual localities and regions, concentrating STP funds on underway projects, deficient bridges and pavements
 - Restricted use of CPR bond proceeds to Federal Match

Highway Priorities for FY2012-2017 SYIP Update

- **Fund deficits on underway project phases**
- **Maximize use of federal funds to meet federal strategy**
- **Fund underway project phases as well as project phases that start in FFY 2012**
- **Fund deficient bridges and paving projects**
- **Increase funding for preliminary engineering**
- **Support development of PPTAs**
- **Accelerate existing projects using additional funds**
- **Allocate funds consistent with how they will be obligated and expended**
- **Redirect inactive balances on projects**

Highway Revenue Outlook for FY2012-2017 SYIP Update

- **Program Federal Revenue Reserve for all six years of the SYIP**
- **Program Softmatch (Toll Credits)**
- **Program funding from the Governor's Transportation Funding Package: CPR Bonds \$1.8 billion and GARVEE Bonds \$1.1 billion over the next three years**
- **Use Federal Revenue to fund GARVEE bond debt service**
- **Continue suspension of state construction formula allocations due to lack of available state funds**
- **Revenue Sharing funding budgeted at \$50 million each year for the next six years**
- **Does not include requests for VTIB grants or loans**

Highway Federal Revenue Reserve

- **In the update of the FY 2009-2014 Six-Year Improvement Program we initiated a Federal Revenue Reserve to prevent us from over programming Federal dollars during the uncertainty of the economy and the lack of a new Authorization.**
- **The current value of the Federal Reserve in the Revised FY 2011-2016 SYIP is \$632 million.**
- **Release of the remaining Federal Revenue Reserve was recommended in a recent audit of VDOT.**
- **Concerns still exist with regard to the timing of a new authorization and the level of funding that will be provided through the Transportation Trust Fund.**
- **The existing continuing resolution expires in March.**

Components of Governor's Transportation Funding Package

- **GARVEE Bonds**
 - Issuance of Direct Grant Anticipation Revenue Vehicles (\$1.1billion)
 - Project financing that uses debt financing involving the payment of future Federal-aid Highway funds to retire the debt
- **Creation of a Virginia Transportation Infrastructure Bank (VTIB)**
 - Low interest loans and grants to qualifying transportation projects throughout the Commonwealth to help better leverage the dollars available for transportation
 - Initial capitalization at \$400 million, to go to \$1 billion
- **Accelerated sale of \$1.8 billion in Previously Authorized Capital Project Revenue (CPR) Bonds (HB 3202)**
 - Previously committed projects with CPR bonds as match, TPOF supported by bonds, or bonds as direct project allocations in FY2009-2011
 - Project phases that could be accelerated using CPR bonds as new allocations

Illustrative Project List

- **The list draws from projects already in the FY 2011-2016 Approved Six-Year Improvement Program that could not advance without additional funding.**
- **The list contains contingency projects which could be funded in the event another project on the list can not advance, that bids come in below project estimates, or if changes need to be made to individual projects.**
- **Projects included on the list were selected using the following criteria.**

Selection Criteria

- **Projects included in the approved FY 2011-2016 SYIP but lack sufficient funding to complete**
- **Critical to improving bridge safety by improving structurally deficient bridges**
- **Local and regional priorities**
- **Expected to start construction within three years**
- **Eligible for a loan and/or grant through the Virginia Transportation Infrastructure Bank**
- **Not likely to adversely impact Federal Strategy**

Input was received from the members of the Commonwealth Transportation Board, District Administrators, regional entities and localities.

Highway Program Development Schedule

- **February 2011**
 - Financial information for SYIP available to begin programming funds
 - Coordinate with MPOs on RSTP and CMAQ programming
 - Other special fund categories programmed by program managers
- **March 2011**
 - CMAQ/RSTP and other special fund programming complete
- **April 2011**
 - Present draft SYIP to CTB
 - Financial information for Final SYIP available
- **May 2011**
 - Complete public hearings
 - Adjust SYIP as necessary for final financial information and public hearing comments
- **June 2011**
 - CTB adopts the FY12-17 SYIP

MPO's Role

- **Met with regional planning bodies in December and January**
- **Explained SYIP development guidelines and CTB priorities**
- **MPOs and PDCs have been asked to submit their regional priorities for consideration in the SYIP update in light of CTB priorities**
- **TMA MPOs have been requested to program 6 years of CMAQ and RSTP in accordance with project schedules and estimates**
 - **CTB members will work with MPOs and VDOT/DRPT staff to identify projects and allocations for CMAQ; VDOT Central Office working with DRPT will manage programming the allocations**
- **MPOs have been asked to program CMAQ and RSTP funds released from the Federal Revenue Reserve**
- **Governor's Illustrative List includes many MPO/PDC regional priorities**

DRPT Application Process

- **Grantees are able to submit the grant applications between December 2010 and February 9, 2011.**
- **The FY 2012 applications were collected electronically using the newly developed DRPT Grant Administration system - OLGA 4.**
- **After the Draft SYIP is released for public comments, DRPT requests that grantees affirm that local matching funds are available to meet the Draft SYIP proposed recommendations.**

DRPT Funding Sources

Transportation Trust Fund

-14.7% to the MTTF (\$115M annually)

- \$1.5M to Paratransit/HumanService
- 73.5% to Operating
- 25% to Capital
- 1.5% to Special Projects

- From Construction Fund

- \$4M to TEIF
- \$3M to Rail Preservation

DRPT Funding Sources

- **Recordation Tax (2 cents) to MTTF Operating (\$23M annually)**
- **Transportation Capital Project Revenue Bonds**
 - **Transit Capital (\$60M + \$50M for WMATA SGR)**
 - **REF and Rail Preservation (\$12.9M)**
- **Vehicle Rental Tax (3 cents) to Rail Enhancement (\$23M annually)**
- **Federal Funding (\$40M annually)**

Major Transit Funding Concerns

- **Share of operating costs have fallen over the last several years. Additional funding sources have not been identified. Historical low of 15% when demand is at its highest point!**
- **Over the last two years, we have moved some deobligated MTTF funding and part of Special Projects funding to Operating.**
- **DRPT's Goal - Capital grants will be allocated to meet the CTB funding priorities of 80% support for replacement rolling stock. All other capital requests funded at a blended percentage.**

Calculation of Operating Assistance

- **The calculation is performed according to specific language in the Code of Virginia. However, this calculation is out of date and does not give any reward to entities who run a lean operation or collect reasonable fares, etc.**
- **Drivers' and mechanics' salaries, one of the largest expenses for transit providers, are not included in the calculation**
- **SJ 297 – DRPT is reviewing all transit related issues in the Commonwealth**

Study of Funding

- **DRPT has been directed by SJ 297 to study transit-related issues as follows:**
 - **Performance – reward operator performance based on specific criteria**
 - **Prioritize capital requests by categories**
 - **Hold systems harmless at existing levels and create a reserve to stabilize funding for capital and operating**
 - **Evaluate the allocation of the 14.7% of TTF Revenues for Transit**
 - **Evaluate code language that allows transit funding up to 95% for capital and operating and determine an appropriate percentage if different**

Major Rail Funding Concerns

- **Regional service in Lynchburg, Richmond, and Norfolk needs a source of subsidy funding.**
 - **Temporary fix in Approp Act, Item 448(D)**
- **In FY 2014, four existing regional trains currently subsidized by Amtrak become the Commonwealth's responsibility under PRIIA.**
- **Total estimated costs for first full year of operating these six trains in 2015 is approximately \$25 million.**
- **§ 33.1-23.1.B states that the CTB “may allocate each year up to 10% of the funds remaining for highway purposes for the undertaking and financing of rail projects that, in the Board's determination, will result in mitigation of highway congestion.”**

SYIP Public Hearings

- **Recommend holding 4 formal public hearings on the draft FY2012-2017 SYIP**
 - Northern Virginia
 - Hampton Roads
 - Richmond
 - Salem
- **Public hearings to be scheduled in late April and early May**