

# **Funding Hurricane Isabel and Other Budget Adjustments**

Commonwealth Transportation  
Board

November 19, 2003



*We Keep Virginia Moving*

# Introduction

- Several events have occurred since VDOT's FY 2004 budget was approved in June 2003
- Hurricane Isabel hit Virginia in September causing extensive damage to a large portion of the state
- Immediate maintenance needs to the water and mountain tunnels were also identified
- Decided to adjust the FY 2004 snow budget to better prepare for the possibility of severe snow or other major emergencies

# Hurricane Isabel

- The direct costs associated with the cleanup and repair is estimated at \$70 million, revised down from the initial estimate of \$100 million
- The new estimate is based on individual estimates for more than 800 disaster projects

# Tunnel Maintenance

- The flooding of the Midtown Tunnel uncovered significant maintenance needs on all tunnels statewide – water and mountain tunnels
- This immediate tunnel maintenance is estimated at \$5 million to address immediate safety issues
  - Fire suppression systems
  - Flood gate operability

# Snow Budget

- Recommend adding \$22 million to the snow budget
  - Budget contingency for emergencies which typically fills any funding gap has been depleted
  - Summer flooding and slides depleted the \$16 million account

# Recommended Funding Approach

- The \$97 million in funding for these unplanned items are recommended to come from three sources:
  - Additional state and federal revenues
  - Debt service savings
  - Reductions and deferrals of VDOT operations

# Additional Revenues

- \$15.5 million in unforecasted revenue collected from the receipt of the Fourth Quarter FY 2003 Accelerated Sales Tax
- Anticipate \$15 million in revenue collections from FHWA and FEMA during FY 2004 related to Hurricane Isabel

# Debt Service Savings

- \$11.9 million from the delay of a planned fall 2003 FRAN sale to later in the year



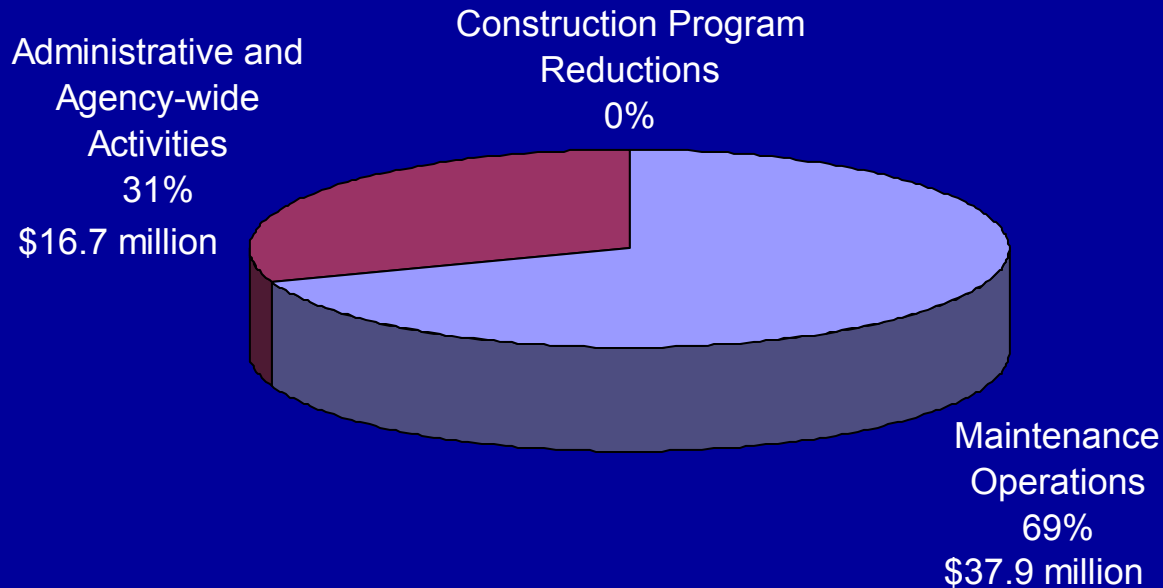
# Other VDOT Reductions and Deferrals

- The remaining \$54.6 million of needed funding is from other VDOT reductions and deferrals
- Three options were analyzed which vary the magnitude of reductions and deferrals in these areas
  - Maintenance
  - Administrative and Agency-wide Activities
  - Construction

# Options Considered

	Option I	Option II	Option III
Maintenance Operations	\$ 37,900,000	\$ 27,800,000	\$ 6,900,000
Administrative and Agency-wide Activities	16,700,000	16,700,000	16,700,000
Construction Program Reductions	-	10,100,000	31,000,000
<i>Totals</i>	\$ 54,600,000	\$ 54,600,000	\$ 54,600,000

**Virginia Department of Transportation  
Recommended VDOT Reductions and Deferrals  
Total = \$54.6 million  
Option I**



# Option I

## continued

- Maintenance Spending Adjustments - \$37.9 million
  - Nearly 40% from deferral of equipment purchases such as pickup trucks, dump trucks, graders
  - Deferral of roadside improvements such as guardrail upgrades and slope repairs comprise nearly 20%

# Option I

## continued

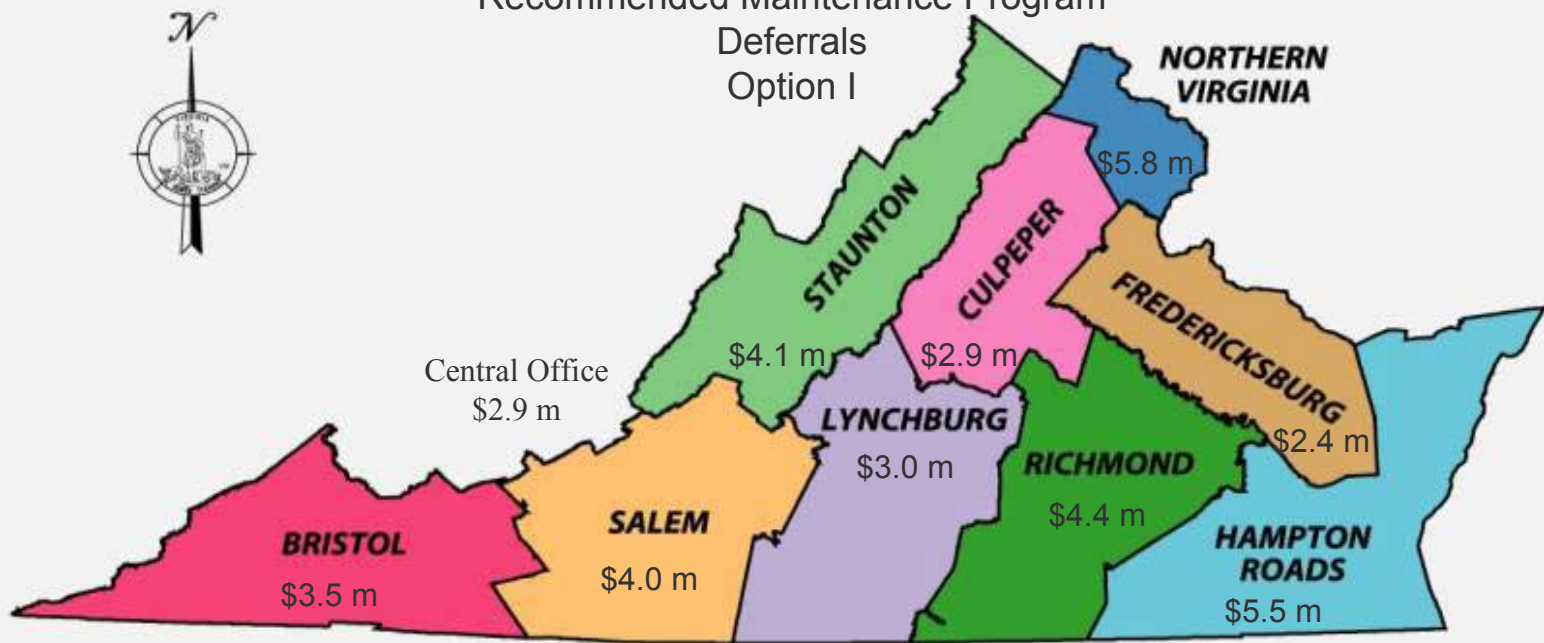
- Remainder from delay of routine maintenance activities such as landscaping, litter pickup, mowing and other contract work reductions

# Commonwealth of Virginia Department of Transportation

## Construction Districts

Recommended Maintenance Program

Deferrals  
Option I



VIRGINIA DEPARTMENT OF TRANSPORTATION - OFFICE OF PUBLICATIONS - CARTOGRAPHIC SECTION - 4/02

# Option I

## continued

- Administrative and Agency-wide Activities-  
\$16.7 million
  - Majority achieved from personnel
    - Strictly limit/freeze hiring to 95% of MEL, maintaining minimum of 550 vacant positions agency-wide across programs, saving \$6.7 million
    - Strictly limit usage of contract and wage employees to save \$6.0 million

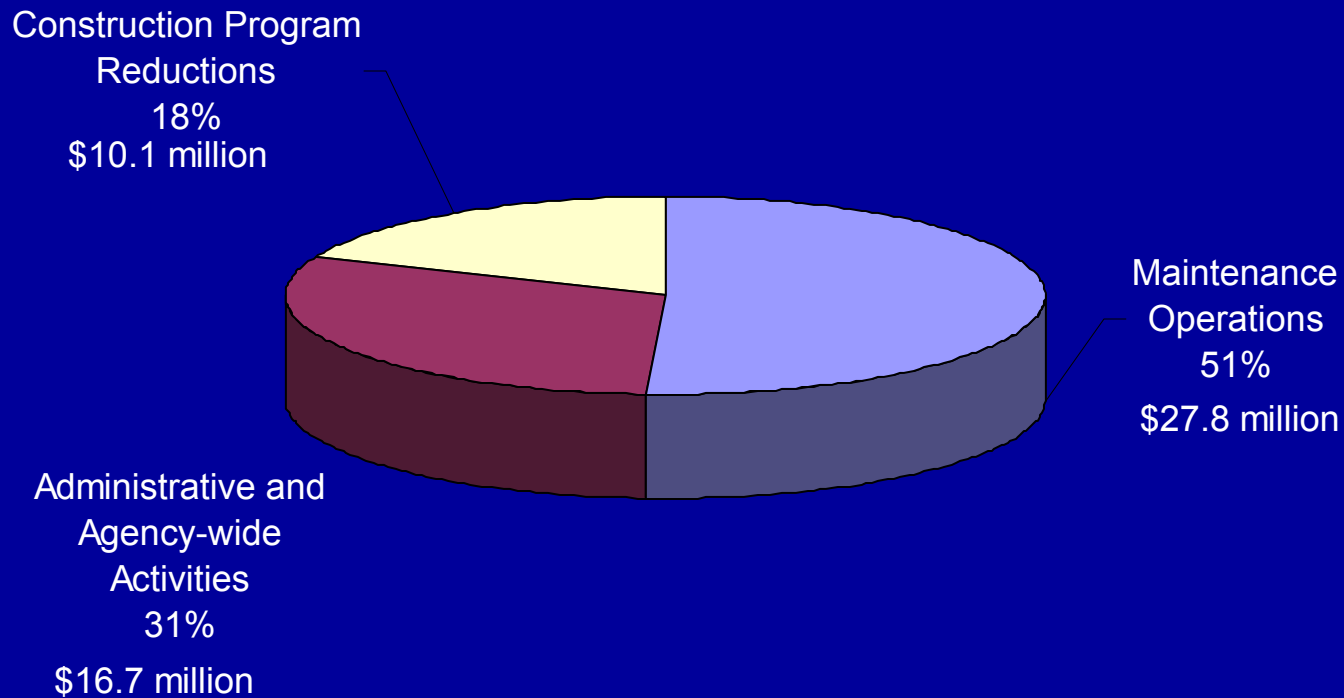
# Option I

## continued

- Balance realized by delaying physical plant repairs, capital outlay construction and selected technology upgrades



**Virginia Department of Transportation  
Recommended Program Reductions and Deferrals  
Total = \$54.6 million  
Option II**



# Option II

- Similar Maintenance spending adjustments as option I, with minimal deferral of equipment purchases
- Same reductions in Administrative and Agency-wide activities as in option I

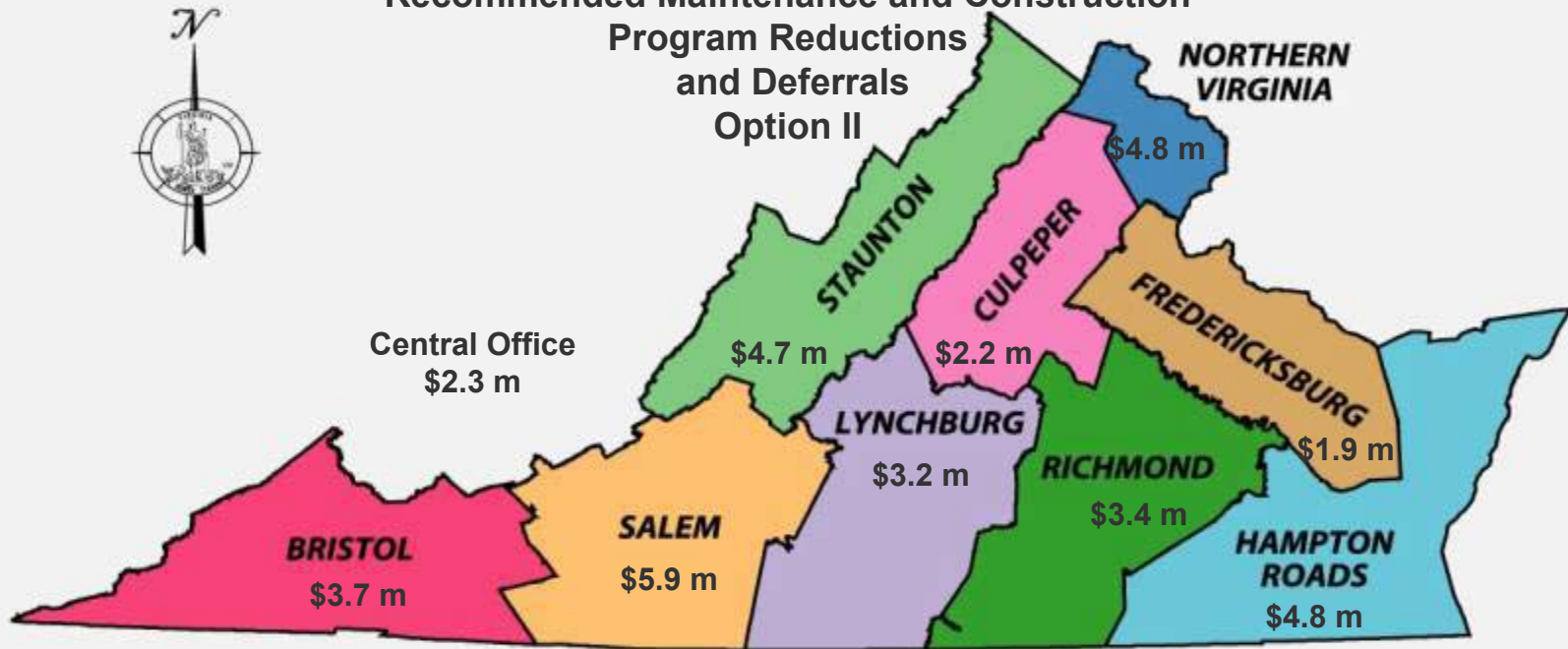
# Option II

## continued

- Construction program - \$10.1 million
  - Reduce by delaying advertisement and right of way acquisition for some state-funded projects for remainder of fiscal year
  - Would delay \$40 million of work
  - Mainly secondary and urban projects
  - Over 60% along I-81 corridor

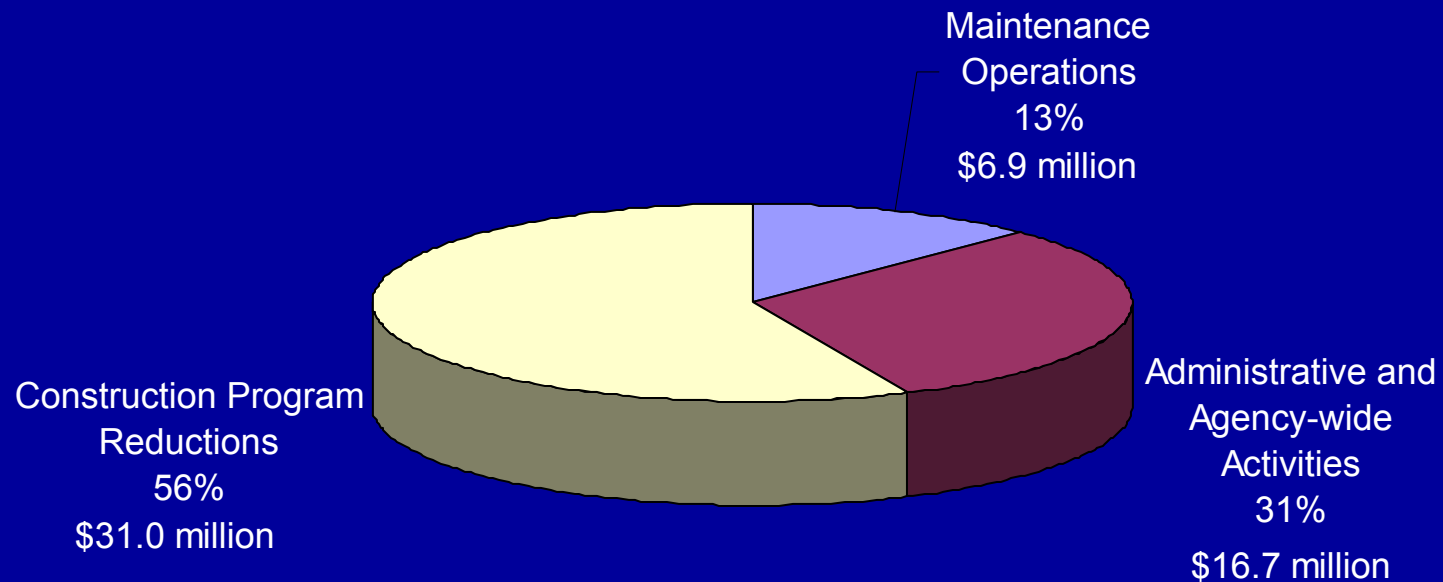
# Commonwealth of Virginia Department of Transportation Construction Districts

Recommended Maintenance and Construction  
Program Reductions  
and Deferrals  
Option II



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**Virginia Department of Transportation  
Recommended Program Reductions and Deferrals  
Total = \$54.6 million  
Option III**



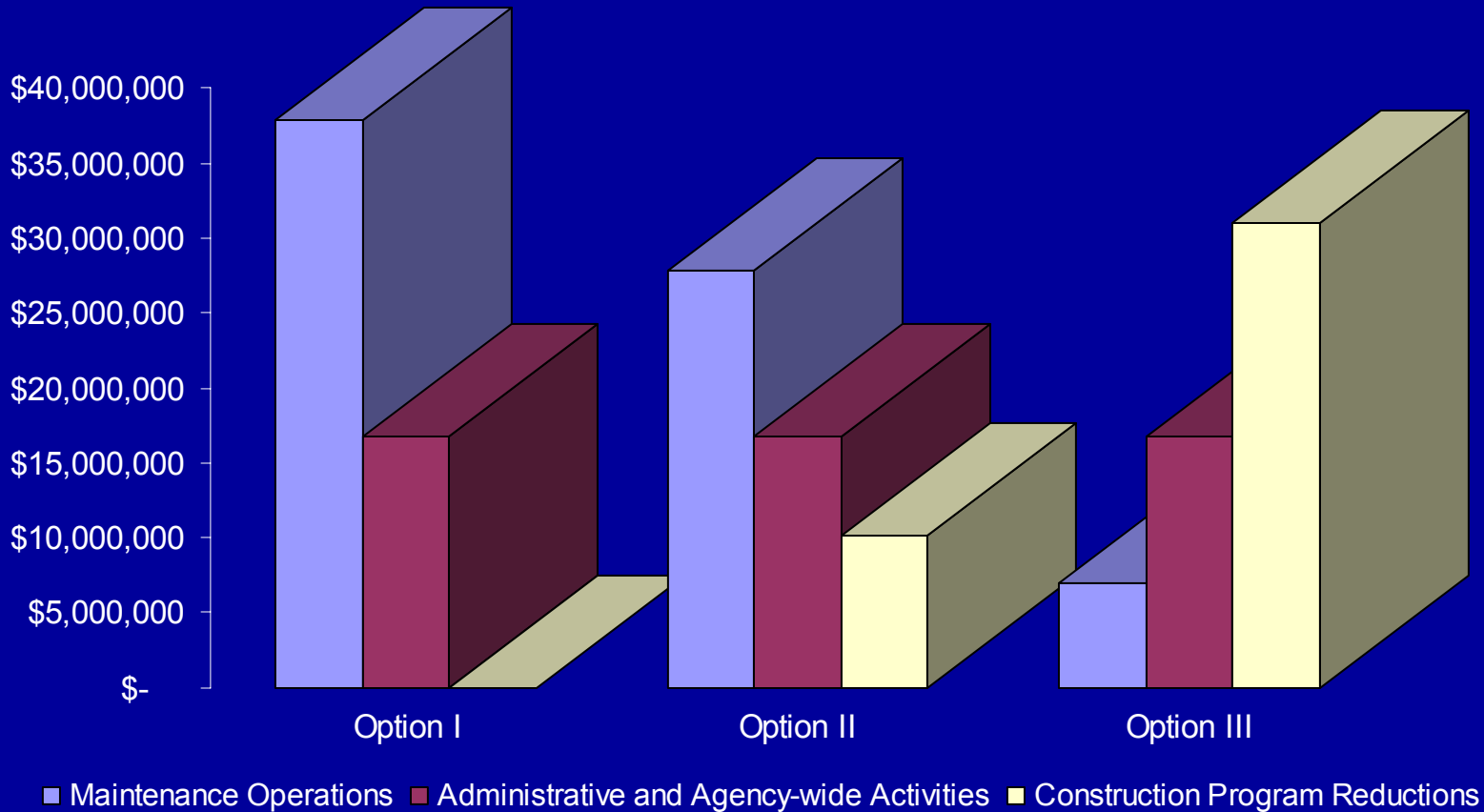
# Option III

- Minimal reductions to the Maintenance program – \$6.9 million, mainly from deferral of contract work
- Same reductions in Administrative and Agency-wide activities as in option I and II

# Option III Reductions

- Construction reductions include:
  - \$10.1 million identified in option II from delaying \$40 million of work
  - An additional \$20.9 million in fiscal year 2004 cash savings by a combination of
    - Imposing some mandatory shutdowns
    - Canceling some active projects
    - Delaying right of way acquisition causing delays to the construction schedule

# Options Considered





# Recommended Option

- Option I is recommended as the best method to address the funding needs
  - Does not compromise public safety
  - Upholds commitment to pavement maintenance
  - Limits service level reductions to deferral of routine maintenance activities such as guardrail upgrades, slope repairs, landscaping, litter pickup and mowing

# Recommended Option

## continued

- Does not impact the budget or schedule of the construction program
- Results of option increases the Maintenance budget \$54.2 million, from \$879.0 million to \$933.2 million

# Other Recommended FY 2004 Budget Adjustments

- Because of the opportunity Hurricane Isabel provided in revising the budget, several other routine budget adjustments are being recommended
  - Chapter 314 of the 2003 Virginia Acts of Assembly transfers the oversize and overweight permit issuance program from VDOT to DMV
  - Provide to DMV \$1.0 million to support the legal presence implementation and \$500,000 for upgrades of the automated testing system terminals

# Other Recommended FY 2004 Budget Adjustments continued

## – IT Transfers

- The consolidation efforts of the Virginia Information Technologies Agency will require the transfer of approximately 200 information technology operations positions from VDOT
- Transfer scheduled for January 2004
- In preparation for the transfer, removed the related personnel budgets from the operational programs and consolidated into the computer services program - \$4.2 million

# Tentative Revised Budget

- The following is a summary of the revenue changes to the FY 2004 budget approved in June 2003

	<b>Original 2003-04</b>	<b>Tentative Revised 2003-04</b>	<b>Increase (Decrease)</b>
<b>HMOF Revenues</b>	\$ 1,384,626,943	\$ 1,382,855,198	\$ (1,771,745)
<b>TTF Revenues</b>	1,203,204,112	1,221,748,312	18,544,200
<b>Federal Revenues</b>	1,068,755,511	1,083,755,511	15,000,000
<b>Total Revenues</b>	<u>\$ 3,656,586,566</u>	<u>\$ 3,688,359,021</u>	<u>\$ 31,772,455</u>

# Tentative Revised Budget continued

- The following is a summary of the allocation changes to the FY 2004 budget approved in June 2003

	<b>Original 2003-04</b>	<b>Tentative Revised 2003-04</b>	<b>Increase (Decrease)</b>
<b>VDOT Programs</b>	\$ 3,305,183,570	\$ 3,336,266,825	\$ 31,083,255
<b>Other Modes</b>	228,667,071	228,667,071	-
<b>Support to Other State Agencies</b>	122,735,925	123,425,125	689,200
<b>Total Allocations</b>	<u>\$ 3,656,586,566</u>	<u>\$ 3,688,359,021</u>	<u>\$ 31,772,455</u>

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