

**Revised
FY 2009 - 2014
Six-Year Improvement Program**

Pierce Homer, Secretary of Transportation

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December 18, 2008

A Rapidly Changing Environment

- **Sharply declining state revenues and unpredictable federal revenues – including gas, auto sales, recordation and insurance premium taxes**
- **Unusual mid-term correction**
 - Reduction in staffing and administration of transportation agencies
 - Review and potential reduction in service levels of all transportation agencies and providers
 - Deep, sustainable program reductions in addition to \$1.1 billion reductions last June
- **\$2.6 billion reduction in total state and federal revenues**
 - \$1.3 billion in net project reductions thus far
 - Additional project reductions are likely to follow as the December revenue reduction is addressed
 - More than a billion will be addressed from administrative and service level cuts from all transportation agencies
- **State and federal revenue estimates will continue to change**

Program Priorities

- **Maintain and complete current highway and bridge phases of work**
- **Meet federal obligation requirements**
- **Seek multimodal solutions**
- **Focus any remaining funding on key projects that**
 - **Address deficient bridges from a statewide perspective**
 - **Foster economic competitiveness and/or leverage private funding**
- **Keep public transportation funding, both operating and capital, at or near FY2008 levels**
- **Keep rail funding at or near FY2008 levels**
- **Share highway reductions among all highway systems**

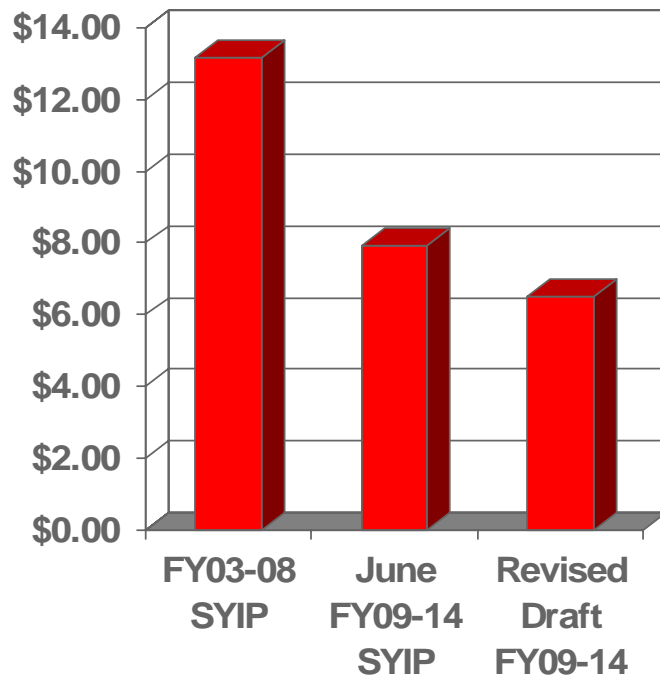
Priority Projects Funded in Draft

- **Federal match, including earmarks**
- **Structurally deficient bridges**
- **Dulles Rail**
- **I-95 and I-81 Freight Rail Improvements (including Manassas)**
- **Hampton Roads Light Rail**
- **Heartland Corridor, including Route 164 Rail, Elliston, Ironto**
- **Gilmerton Bridge**
- **Capital Beltway HOT Lanes mitigation**
- **Martin Luther King Freeway Extension (Midtown Tunnel PPTA/Toll Impact)**
- **PPTA Program Management in Hampton Roads (Midtown Tunnel/Route 460)**
- **Three-year pilot - Intercity Passenger Rail (Richmond to DC)**
- **Three-year pilot - Intercity Passenger Rail (Lynchburg to DC)**

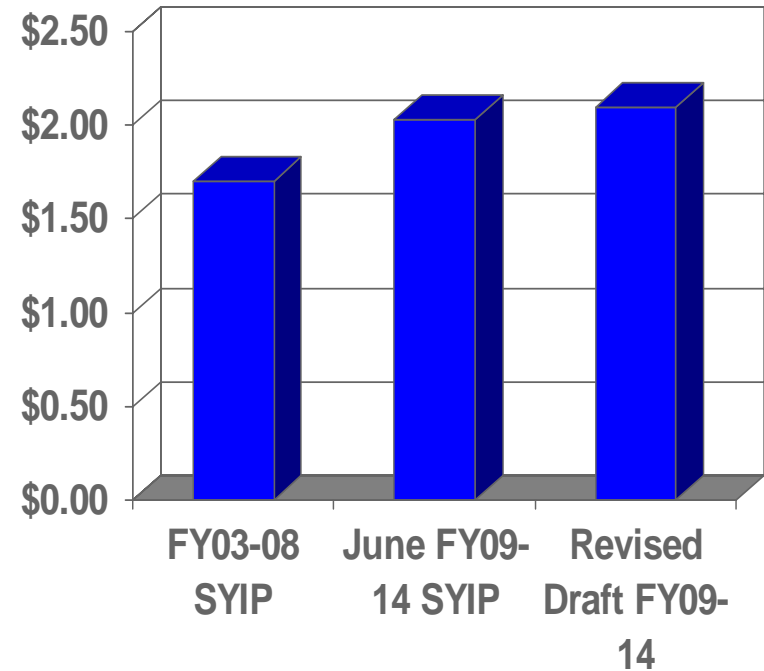
Purchasing Power of Core Six-Year Improvement Program

(adjusted for construction producer price index)

Highway Program



Transit/Rail Program



(Figures in billions)

Proposed Federal Stimulus

- **Current one-year highway trust fund “patch” is \$9 billion. Federal highway trust fund will still be out of cash in FY 2010 without significant, stable revenue investment or significant reductions in federal revenues distributed to states**
- **Congressman Oberstar transportation stimulus package is \$18 billion and others are under consideration**
 - **Criteria and timeline unknown, but 180 day obligation and contract is working assumption**
 - **“Shovel ready” has also been an assumption**
- **Cut or delayed projects will be first priority, for example:**
 - **BRAC access improvements at Fort Belvoir and Fort Lee**
 - **VRE and transit capital**
 - **VPA and APM 2nd rail track**
 - **Ongoing public-private partnerships**
 - **Interstate pavement replacement**
 - **Structurally deficient bridges**

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Revised State and Federal Revenue Estimates

- **In October as part of the official revenue forecast process, FY 2009-2014 state transportation revenues were reduced by \$1.5 billion**
- **In December, the official revenue update reduced state transportation revenues by another \$400 million for a total six-year reduction of \$1.9 billion**
- **Official federal revenues have been reduced by \$156.4 million**

Federal Authority Reserve

- **With the known federal cash crisis and need to reduce the official federal revenue estimate based on falling gas consumption, a prudent 6-year reserve of \$420 million in federal authority has been set aside to prevent further reductions when official federal action is taken**
 - **\$143 million for the six years in required match is also set aside**
- **This results in a total allocation reduction of \$2.6 billion (compared to \$2.2 billion in October)**
- **A final decision on this federal authority reserve will be incorporated into the final Six Year Program**

HB 3202 Bonds

- **By law, FRAN debt service is the first call on insurance premium revenues and those revenues have been reduced in the official forecast**
- **The CTB will not be able to issue \$300 million a year of the HB 3202 Bonds as planned because debt service capacity is not available**
- **The current debt capacity model prepared by the Board's financial advisor projects an ability to sell \$2.2 billion in bonds over the next 10 years**
- **This means that bonds will not be sufficient to fund all purposes envisioned by HB 3202**

CTB Program Priorities

- **Keep Ongoing Phases of Work on Schedule**
- **Safety**
- **Bridges**
- **Congestion**
- **Alternative Modes**
- **System Preservation**

Revised Highway Program Strategy

- **Maximize use of federal funds**
- **Fund underway project phases as well as new project phases that start in FY 2009**
- **Fund projects already obligated to meet federal strategy for FY 2009**
- **Safety, bridges and reconstruction of existing infrastructure are highway priorities**

Revised Six Year Program Totals

- **The June 2008 approved FY 2009-2014 Six Year Improvement Program totaled \$10.6 billion:**

Highway	\$7.9 billion
Rail & Transit	\$2.7 billion

- **The reduction in revenues, federal authority reserve, and HB 3202 bond changes have reduced the Six Year Program to date by \$1.3 billion for a revised draft total of \$9.3 billion:**

Highway	\$6.5 billion
Rail & Transit	\$2.8 billion

- **Additional reductions to the Program will be necessary to address \$400 million revenue reduction in December forecast**

VDOT
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Summary – Highway Construction

	Approved FY 2009-2014 Program	Draft Revised FY 2009-2014 Program	Difference
Interstate	\$2.10 billion	\$1.49 billion	(\$614.9 million)
Primary	\$1.64 billion	\$1.40 billion	(\$240.0 million)
Urban	\$763.3 million	\$673.8 million	(\$ 89.5 million)
Secondary	\$985.5 million	\$786.9 million	(\$198.6 million)

Interstate Summary

Projects that remain funded:

Woodrow Wilson Bridge

Capital Beltway HOT Lanes

I-66 Study outside the Beltway

I-66 westbound spot improvement #1

NOVA Regional Transportation Mgt Prog

EIS review for I-64 widening Newport News

I-81 Truck Climbing Lanes/Safety Improvements

I-81/I-77 Interchange Study

I-81 Bridges in Montgomery & Pulaski Counties

I-73 Earmarks for Martinsville & Roanoke

I-95 Interchange in Caroline County at Carmel Church NB

Bridge Replacement over I-64 and CSX in Newport News

Design funding for future projects/economic stimulus

Interstate Summary, continued

Projects that have funding reductions:

- I-81 Virginia Creeper Trail interchange
 - I-81 bridges throughout the corridor
 - I-81 Exit 150
 - I-81 Frederick County interchange
 - I-581 Elm Avenue
 - I-64 Waynesboro interchanges
 - I-64 Exit ramp at 5th Street Charlottesville
 - I-64 Zions Crossroads
 - I-95 Carmel Church interchanges SB
 - I-95 Bridges in Richmond area
 - I-64, I-66, I-95, I-295 and I-664 Pavement Rehabilitation
 - I-64/I-264 interchange
 - I-95 Sussex County bridges
 - I-64 Widening near Short Pump
 - I-66 Spot Improvements #2 & #3
 - I-66 Vienna Metrorail Access
- Approximately \$293 million has been left unprogrammed as we review how we will handle the \$400 million reduction in state transportation revenues

Primary Summary

Projects that remain funded:

- Bridges on statewide priority list
- Huguenot Bridge replacement
- Rt 15/ Rt 17 Interchange in Fauquier County
- Rt 58 widening in Washington County
- Rt 72 widening and ROW in Scott County
- Rt 460 Grundy flood proofing
- Rt 460 Connector to Coalfields Expressway
- Rt 17 widening in Gloucester County
- Rt 205 Bridges leading to Colonial Beach
- Rt 1/ Rt 17 / Rt 218 Intersection in Stafford County
- Franklin Turnpike Connector in Pittsylvania County
- Rt 50 in Fairfax County
- Rt 28 Atlantic Boulevard improvement

Projects added:

- Martin Luther King Freeway Extension Design
- PPTA Program Mgt in Hampton Roads for Route 460, Midtown/Downtown Tunnel

Primary Summary, continued

Projects that have funding reductions:

Rt 72 Scott County

Rt 11 widening Abingdon

Rt 58 Washington County

Rt 3 widening Culpeper County

Rt 29 Culpeper County interchange

Rt 3 widening Spotsylvania County

Rt 17 widening Stafford County

Rt 208 Spotsylvania Court House Bypass Phase II

Rt 7 Loudoun County

Rt 28 Godwin Drive to Vint Hill Road

Rt 29 & Gallows Road Interchange Fairfax County

Arlington Blvd/Rt 50 Courthouse Rd Interchange in Arlington

Primary Summary, continued

Projects that have funding reductions:

Rt 33 Hanover County

Rt 360 Hanover County

Rt 221 Widening Roanoke County

Rt 42 Realignment Augusta County

Rt 340 Warren County



DRPT
Revised 2009 – 2014
Six Year Improvement Plan

Rail and Public Transportation Revenue Outlook

- **Transit**
 - Mass Transit Trust Fund reductions limited to TTF revenue reductions
 - Recordation tax down 47% from June 2007
 - HB 3202 Transit Capital Bonds maintained (despite a likely \$800 million reduction in total bond issuance)
- **Rail**
 - Vehicle rental tax and interest down 10%
 - Rail preservation program maintained
 - Rail Capital Bonds maintained as well

Impact on Public Transportation Allocations

- **Total Mass Transit Trust Fund six year revenues for FY 09 are \$916.6 million vs. \$906.9 million in FY 08**
 - Due to inclusion of recordation tax revenues in FY 2009
- **Average combined reduction of 5.8% (or \$235,000) from June CTB approved allocation for operating and capital programs**
- **DRPT administrative cuts and balances totaling \$5.1 million used to lessen reduction; localities may “flex” urban or secondary construction funds to further mitigate reductions**

Impact on Public Transportation Allocations, continued

- **If FY 2009 reductions were deferred until FY 2010, transit operating funding decrease would be 20% reduction compared to current approved level**
 - **FY 2010 operating reduction estimated at 11.5%**
- **14.3% reduction to special programs**
 - **Only DRPT projects impacted**
 - **Unallocated funds rolled to operating program**
- **Actual cash impact will be delayed based on grantee payment schedules and payments already processed**

Capital and Operating Allocations by Select Grantees Public Transportation (\$ in millions)

Provider		FY 08	FY 09	
			Approved	Revised
WMATA	*	\$80.1	\$88.5	\$80.9
Virginia Railway Express	*	15.9	18.3	17.1
Hampton Roads Transit	*	23.2	31.6	30.4
GRTC		10.4	12.7	11.9
PRTC		6.5	8.0	7.4
Charlottesville Transit		2.3	1.0	1.0
Blacksburg Transit		2.0	1.0	0.9
* - In FY 2008, these entities received general fund allocations as stipulated in the 2007 Appropriations Act. The numbers above do not reflect these general funds.				

Rail Programs

- **Includes \$212 million for 8 projects for freight and passenger rail needs over the six-year period**
 - **Capital improvement in the I-95/I-64 and I-81/Rte. 29 rail corridors**
 - **Heartland Corridor and National Gateway freight initiatives**
 - **Port Authority, VRE Commuter Rail, and High Speed Rail initiative**

Rail Programs (cont.)

- **Pilot intercity passenger service for 3 years**
 - **Lynchburg to Washington, DC**
 - **Richmond to Washington, DC**
 - **\$17.2 million in FY 10 – FY 12 of Commonwealth Transportation funds for operational subsidy**
- **Rail Preservation Program unchanged**

Agency Administrative Budget

- **15% reduction**
 - **Scaled back recent initiatives**
- **\$5.1 million of deobligated grant balances and DRPT administrative cuts utilized to mitigate reduction from 7.4% to 5.8%**
- **MEL reduction from 42 to 40**

In Summary, a Rapidly Changing Environment

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