Revised
FY 2009 - 2014
Six-Year Improvement Program

Pierce Homer, Secretary of Transportation
Reta Busher, VDOT CFO
Steve Pittard, DRPT CFO

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
Revised FY 2009 – 2014
Six Year Improvement Program
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
Revised FY 2009 – 2014
Six Year Improvement Program
## Summary – Highway Construction

<table>
<thead>
<tr>
<th></th>
<th>Approved FY 2009-2014 Program</th>
<th>Draft Revised FY 2009-2014 Program</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate</td>
<td>$2.10 billion</td>
<td>$1.49 billion</td>
<td>($614.9 million)</td>
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<tr>
<td>Primary</td>
<td>$1.64 billion</td>
<td>$1.40 billion</td>
<td>($240.0 million)</td>
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<tr>
<td>Urban</td>
<td>$763.3 million</td>
<td>$673.8 million</td>
<td>($89.5 million)</td>
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<tr>
<td>Secondary</td>
<td>$985.5 million</td>
<td>$786.9 million</td>
<td>($198.6 million)</td>
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</tbody>
</table>
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
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
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)

<table>
<thead>
<tr>
<th>Provider</th>
<th>FY 08</th>
<th>Approved</th>
<th>Revised</th>
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<tbody>
<tr>
<td>WMATA</td>
<td>*</td>
<td>$80.1</td>
<td>$88.5</td>
</tr>
<tr>
<td>Virginia Railway Express</td>
<td>*</td>
<td>15.9</td>
<td>18.3</td>
</tr>
<tr>
<td>Hampton Roads Transit</td>
<td>*</td>
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<td>31.6</td>
</tr>
<tr>
<td>GRTC</td>
<td></td>
<td>10.4</td>
<td>12.7</td>
</tr>
<tr>
<td>PRTC</td>
<td></td>
<td>6.5</td>
<td>8.0</td>
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<tr>
<td>Charlottesville Transit</td>
<td></td>
<td>2.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Blacksburg Transit</td>
<td></td>
<td>2.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

* - 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

• 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
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