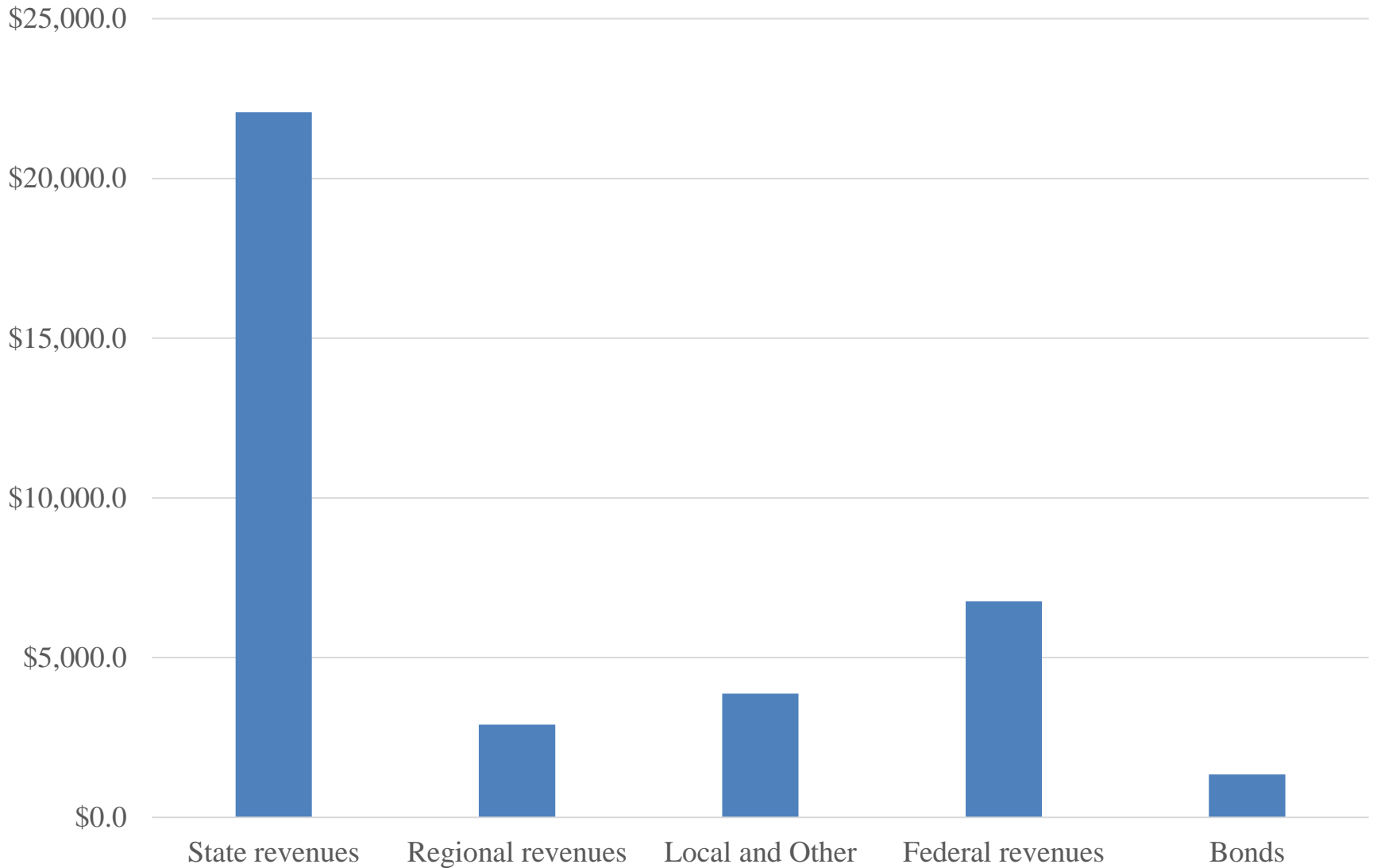


# Is Virginia Meeting Its Needs for Transportation?

VACO Regional Meeting  
Fiscal Analytics

August 30, 2018

## 2019-24 CTF Revenues (\$ Mil.)



# Major State Transportation Funding Increases Enacted in 2013

| Revenues:   | <u>Est. 5-Yr. Amount</u> |
|---|--------------------------|
| Convert existing motor fuel tax to a wholesale tax based on price -<br>Now 5.1% |                          |
| Phased 1.3% increase in Motor Vehicle Sales Tax                                 | \$1,213.7                |
| Increase in General Sales and Use Tax by 0.3%                                   | \$1,541.7                |
| Increase share of <u>existing</u> GSUT by 0.175%                                | \$699.1                  |
| \$50 Increase in Registration Fees for Alternative Fuel Vehicles                | <u>\$66.6</u>            |
| <b>Total Estimated New Revenues for Transportation</b>                          | <b>\$3,521.0</b>         |

## State Transportation Revenue Growth Has Slowed (\$ Mil.)

| Fiscal Year | Motor Fuels | Vehicle Sales | Licenses | State Sales | Total CTF | % Growth |
|-------------|-------------|---------------|----------|-------------|-----------|----------|
| 2010        | \$830       | \$444         | \$230    | \$491       | \$2,305   |          |
| 2011        | \$844       | \$501         | \$238    | \$477       | \$2,369   | 2.8%     |
| 2012        | \$833       | \$547         | \$236    | \$503       | \$2,438   | 2.9%     |
| 2013        | \$822       | \$589         | \$246    | \$521       | \$2,494   | 2.3%     |
| 2014        | \$660       | \$789         | \$249    | \$823       | \$2,806   | 12.5%    |
| 2015        | \$723       | \$855         | \$245    | \$995       | \$3,137   | 11.8%    |
| 2016        | \$861       | \$919         | \$253    | \$1,001     | \$3,356   | 7.0%     |
| 2017        | \$872       | \$958         | \$260    | \$1,020     | \$3,452   | 2.9%     |
| 2018        | \$857       | \$944         | \$259    | \$1,044     | \$3,457   | 0.1%     |
| 2019 est.   | \$884       | \$965         | \$256    | \$1,065     | \$3,518   | 1.8%     |

*Note: TTF (construction) transferred \$90.7m and \$141.9m to HMOF (maintenance) in FY 17 and 18.*

## Regional Revenues Adopted in 2013 (\$ Millions)

| Northern Virginia          | FY 2018 \$     | Hampton Roads        | FY 2018 \$     |
|----------------------------|----------------|----------------------|----------------|
| 0.7% Sales Tax             | \$256.4        | 0.7% Sales Tax       | \$137.1        |
| \$0.15/\$100 Grantor's Tax | \$53.4         | 2.1% Motor Fuel Tax  | \$32.6         |
| 2% Transient Occupancy Tax | \$30.2         |                      |                |
| <b>Total Revenue</b>       | <b>\$340.0</b> | <b>Total Revenue</b> | <b>\$169.7</b> |

# Future Transportation Revenue Growth Expected to Be Flat

|      | <u>State*</u>                                   | <u>Federal</u> | <u>Regional</u> | <u>WMATA<br/>Pass-Thru</u> | <u>Bonds</u> | <u>Total</u> |
|------|---|----------------|-----------------|----------------------------|--------------|--------------|
| 2019 | \$4,251   | \$1,143        | \$472           | \$135                      | \$147        | \$6,147      |
| 2020 | \$4,191   | \$1,087        | \$467           | \$135                      | \$302        | \$6,182      |
| 2021 | \$4,288   | \$1,104        | \$477           | \$136                      | \$397        | \$6,403      |
| 2022 | \$4,124   | \$1,122        | \$486           | \$137                      | \$76         | \$5,946      |
| 2023 | \$4,108   | \$1,141        | \$495           | \$137                      | \$296        | \$6,177      |
| 2024 | \$4,172   | \$1,159        | \$505           | \$138                      | \$125        | \$6,099      |
|      |   |                |                 |                            |              |              |
|      | * Includes local participation and toll revenue |                |                 |                            |              |              |

# VDOT Construction Allocations Have Grown Slowest Since Pre-HB 2313

|                                    | <u>FY 2013</u>   | <u>FY 2019</u>   | <u>% of Budget</u> | <u>% Increase</u> |
|------------------------------------|------------------|------------------|--------------------|-------------------|
| Evaluation, Planning, Research     | \$77.5           | \$99.4           | 1.9%               | 28.3%             |
| <b>Highway Construction</b>        | <b>\$1,614.3</b> | <b>\$1,730.6</b> | <b>32.3%</b>       | <b>7.2%</b>       |
| Highway Maintenance                | \$1,452.2        | \$1,724.2        | 32.2%              | 18.7%             |
| Toll Facilities                    | \$43.3           | \$80.9           | 1.5%               | 86.8%             |
| Assistance to Localities           | \$390.9          | \$472.4          | 8.8%               | 20.8%             |
| Regional Programs                  | \$0.0            | \$471.5          | 8.8%               | NM                |
| Non-Toll Debt Service              | \$292.8          | \$390.5          | 7.3%               | 33.4%             |
| Admin, Support, Capital Outlay     | \$242.9          | \$289.8          | 5.4%               | 19.3%             |
| Support to DRPT and Other Agencies | <u>\$70.0</u>    | <u>\$99.4</u>    | <u>1.9%</u>        | <u>42.0%</u>      |
| <b>Total VDOT Programs</b>         | <b>\$4,183.9</b> | <b>\$5,358.7</b> | <b>100.0%</b>      | <b>28.1%</b>      |

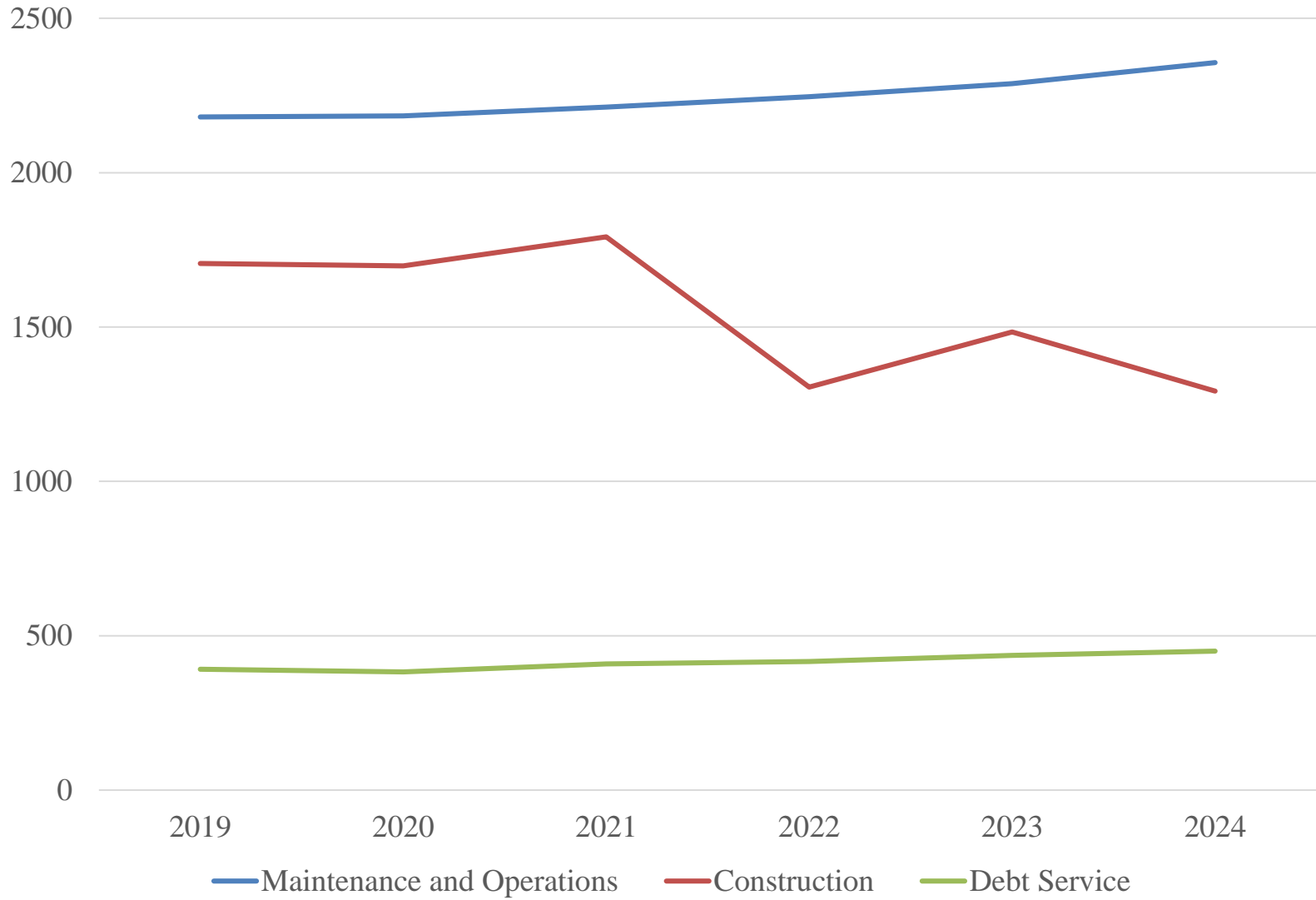
# New Construction Funding Has Dropped from the Previous Six-Year Program

(\$s in millions)

| <i>Spending Item</i>    | <i>2019-24 SYFP</i> | <i>2018-23 SYFP</i> | <i>Difference</i> |
|-------------------------|---------------------|---------------------|-------------------|
| Debt Service            | \$2,486             | \$2,372             | \$114             |
| Maintenance             | \$13,469            | \$13,205            | \$265             |
| Toll Programs           | \$552               | \$462               | \$89              |
| Public Transportation   | \$2,807             | \$2,585             | \$222             |
| Rail Assistance         | \$753               | \$730               | \$23              |
| Port Trust Fund         | \$268               | \$261               | \$7               |
| Airport Trust Fund      | \$153               | \$149               | \$4               |
| <b>New Construction</b> | <b>\$9,278</b>      | <b>\$10,510</b>     | <b>(\$1,231)</b>  |
| NVTA Fund               | \$1,703             | \$2,054             | (\$351)           |
| Hampton Roads Fund      | \$1,198             | \$1,040             | \$158             |



## Declining Construction Allocations in 2019-24 SYIP



# SmartScale

- SmartScale is the state’s outcome-based scoring system for funding new transportation construction projects.
- “State-of-good repair” program receives 45% of construction funds, while SmartScale allocates 27.5% of available construction funds for statewide high priority projects and 27.5% through district-based grant program.
- Localities, public transit operators, and metropolitan planning organizations submit projects to be scored. Projects are objectively scored according to key factors:
  - Safety, congestion reduction, accessibility, land use, economic development and the environment.
  - Applications now limited. Localities less than 200k population and MPOs less than 500k population are limited to 4 applications per cycle. Localities greater than 200k population and MPOs greater than 500k population are limited to 10 applications per cycle.
- After scoring, the CTB selects which projects are included in the Six-Year Improvement Program. Once the projects are in the program, they are fully funded through construction.
  - If a project scope or cost changes by a certain amount, it may need to be re-scored to remain in the program.

# SmartScale Critique

- The process provides objective criteria for evaluating and comparing projects, which is an improvement over past practice.
  - Tougher for larger projects to meet cost/benefit hurdles?
- Very complicated for the public to comprehend with multiple inputs to each factor. Need for continued simplification in process and data requirements.
- Serves as a good proxy for overall needs - only about 1 in 5 \$project requests were funded in Round 1; 1 in 8 funded in Round 2.
  - Round 3 applications just received.

# SmartScale Allocations Indicate Far Greater Need

| <b><u>FY 2018 Round</u></b>            | <b>Fredericksburg District</b> | <b>NoVa District</b> | <b>Statewide</b> |
|--|--------------------------------|----------------------|------------------|
| Project Costs - Requested              | \$472,873,320                  | \$3,666,653,210      | \$10,886,155,180 |
| Total Smartscale - Request             | \$424,895,227                  | \$2,612,407,487      | \$8,566,240,501  |
| Project Costs - Accepted               | \$88,225,320                   | \$662,762,473        | \$2,350,395,696  |
| Smartscale - Allocated                 | \$47,864,525                   | \$367,292,726        | \$1,026,812,430  |
| <b>% Smartscale Request Allocation</b> | <b>11.3%</b>                   | <b>14.1%</b>         | <b>12.0%</b>     |

# FY 2018 Fredericksburg District SmartScale Applications Funded

|                                |   | Project Cost        | Smart Scale Request |
|--------------------------------|---|---------------------|---------------------|
| George Washington Regional Com | Improve Brooke and Leeland VRE Sta, Const PS VRE Sta      | \$59,759,770        | \$22,047,320        |
| Spotsylvania County            | I-95 Exit 126, Route 1 Southbound onto Southpoint Parkway | \$14,495,000        | \$12,745,000        |
| Spotsylvania County            | Route 208 and Hood Drive Intersection Improvement         | \$5,150,000         | \$4,888,655         |
| Caroline County                | Chilesburg-Route 738/639 Intersection Safety Improvements | \$2,110,000         | \$2,110,000         |
| King George County             | Naval Base Dahlgren Turn Lane Extension Route 301 South   | \$2,000,000         | \$2,000,000         |
| George Washington Regional Com | Twin Lake-Kensington Bike/Ped Connector                   | \$1,981,550         | \$1,481,550         |
| Spotsylvania County            | Lafayette Blvd and Harrison Road                          | \$1,200,000         | \$1,063,000         |
| Essex County                   | Loretto Park & Ride Improvements                          | \$915,000           | \$915,000           |
| King William County            | Park and Ride   | \$614,000           | \$614,000           |
| <b>Total Accepted</b>          |   | <b>\$88,225,320</b> | <b>\$47,864,525</b> |

*Note: \$115 mil. allocated to I-95 Rappahannock River Crossing (Southbound) in FY 17 round*

# FY 2018 Fredericksburg District SmartScale Applications Not Funded Examples

|                                  |   | <b>Project Cost</b> | <b>Smart Scale Request</b> |
|----------------------------------|---|---------------------|----------------------------|
| Fredericksburg Area Planning Org | Rappahannock River Crossing - Northbound (I-95 CD Lanes)      | \$132,000,000       | \$130,000,000              |
| Spotsylvania County              | Bridge over I95 and Widening of Harrison Rd - Salem Church Rd | \$86,070,000        | \$86,070,000               |
| Gloucester County                | George Washington Memorial Highway - Route 17 Widening        | \$39,035,500        | \$39,035,500               |
| Stafford County                  | 3. Stafford - Butler Road Widening                            | \$28,500,000        | \$25,646,000               |
| Stafford County                  | 4. Stafford - Decatur Road Reconstruction                     | \$15,500,000        | \$15,500,000               |
| King George County               | 4 Lane Widening (Divided) Rt. 3 East At Rt. 301 Intersection  | \$15,000,000        | \$15,000,000               |
| Westmoreland County              | Construct Passing Lanes on Route 3 near Lerty                 | \$14,700,000        | \$14,700,000               |
| Gloucester County                | Route 614 Reconstruction - Hickory Fork Road                  | \$12,556,000        | \$12,556,000               |
| Stafford County                  | 1. Stafford - Route 1/Enon Road Intersection and Roadway IMP  | \$10,100,000        | \$9,698,532                |
| Gloucester County                | Pedestrian/Streetscape Improvements on Rte 17B -Main St       | \$7,226,000         | \$7,226,000                |
| Spotsylvania County              | Widening of Smith Station Road at Courthouse Road             | \$4,975,000         | \$4,975,000                |
| Essex County                     | Multi-Use Paths - Routes 17/698/1036                          | \$4,678,000         | \$4,678,000                |

# FY 2018 NoVa District SmartScale Applications Funded

|   |   | <b>Project Cost</b> | <b>Smart Scale Request</b> |
|---|---|---------------------|----------------------------|
| Northern Virginia Transportation Commission | VRE Fredericksburg Line Capacity Expansion                  | \$216,034,920       | \$70,588,800               |
| Fairfax County                              | Route 29 Widening (Union Mill Road to Buckley's Gate Drive) | \$66,973,500        | \$53,766,900               |
| Fairfax County                              | VA 286 - Popes Head Road Interchange                        | \$64,303,070        | \$50,558,370               |
| Prince William County                       | Neabsco Mills Road Widening w/ Potomac Town Center Garage   | \$55,924,800        | \$38,638,100               |
| Loudoun County                              | Arcola Boulevard (Route 50 to Route 606)                    | \$54,927,930        | \$28,969,930               |
| Herndon Town                                | East Elden Street Widening and Improvements                 | \$43,995,010        | \$26,096,621               |
| Loudoun County                              | Westwind Drive (Loudoun County Parkway to Route 606)        | \$43,278,410        | \$19,821,410               |
| Loudoun County                              | Route 7/ Route 287 Interchange                              | \$11,390,670        | \$11,390,670               |
| Alexandria City                             | DASH Bus Service and Facility Expansion                     | \$11,134,000        | \$11,134,000               |
| Alexandria City                             | West End Transitway - Southern Towers Transit Facilities    | \$10,000,000        | \$10,000,000               |
| Loudoun County                              | Route 7/ Route 690 Interchange                              | \$36,164,900        | \$9,564,900                |

# FY 2018 NoVa District SmartScale Applications Funded (Cont'd)

|                       |  | Project Cost         | Smart Scale Request  |
|-----------------------|--|----------------------|----------------------|
| Alexandria City       | Traffic Adaptive Signal Control Fiber Optic              | \$7,675,900          | \$7,675,900          |
| Loudoun County        | Acquisition of Transit Buses                             | \$7,200,000          | \$7,200,000          |
| Arlington County      | Rosslyn-Ballston corridor multimodal connections         | \$5,654,200          | \$5,654,200          |
| Alexandria City       | Backlick Run Trail Phase I                               | \$7,162,783          | \$5,044,545          |
| Loudoun County        | Loudoun Park and Ride                                    | \$7,604,400          | \$3,633,400          |
| Falls Church City     | Broad Street Multimodal Improvements                     | \$3,000,000          | \$3,000,000          |
| Falls Church City     | Park Avenue Multimodal Improvements                      | \$2,000,000          | \$2,000,000          |
| Vienna Town           | Route 123 & 243 Traffic Signal Upgrades                  | \$2,092,110          | \$1,179,110          |
| Arlington County      | Columbia Pike Smart Corridor                             | \$1,098,710          | \$1,098,710          |
| Loudoun County        | Waxpool Rd/Loudoun County Pkwy Intersection Improvements | <u>\$5,147,160</u>   | <u>\$277,160</u>     |
| <b>Total Accepted</b> |  | <b>\$662,762,473</b> | <b>\$367,292,726</b> |

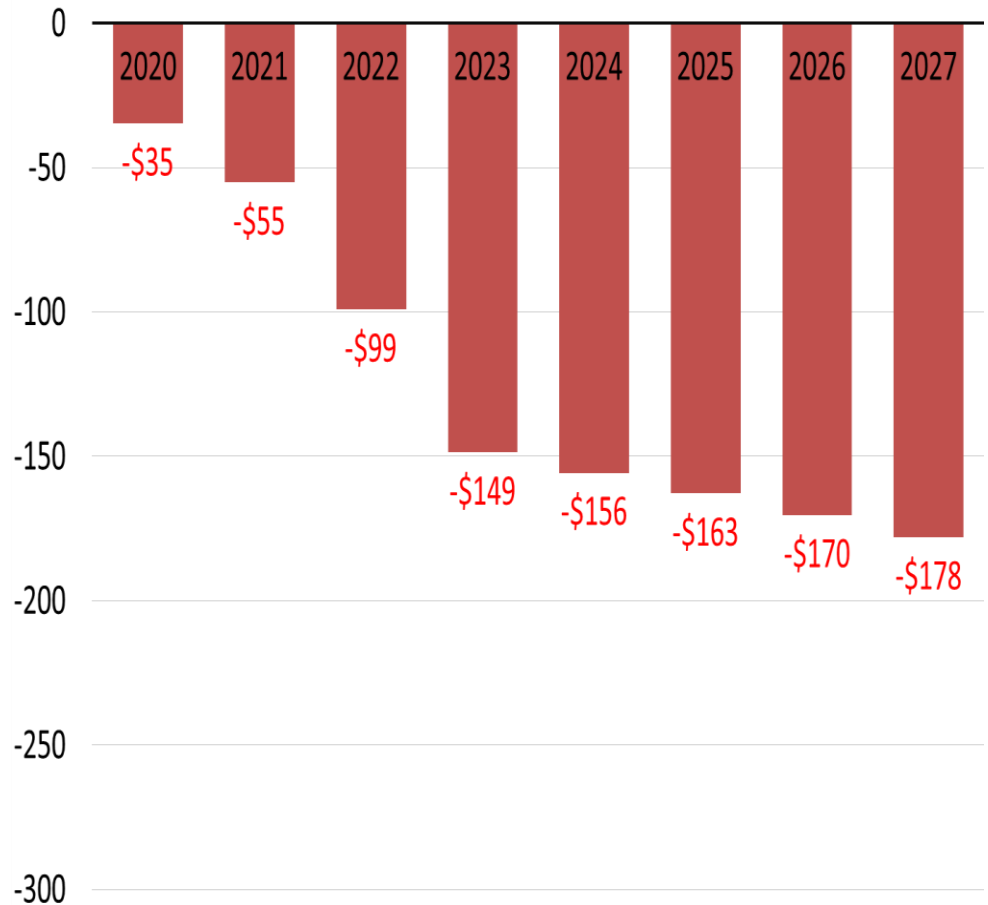


# FY 2018 NoVa District SmartScale Applications Not Funded Examples

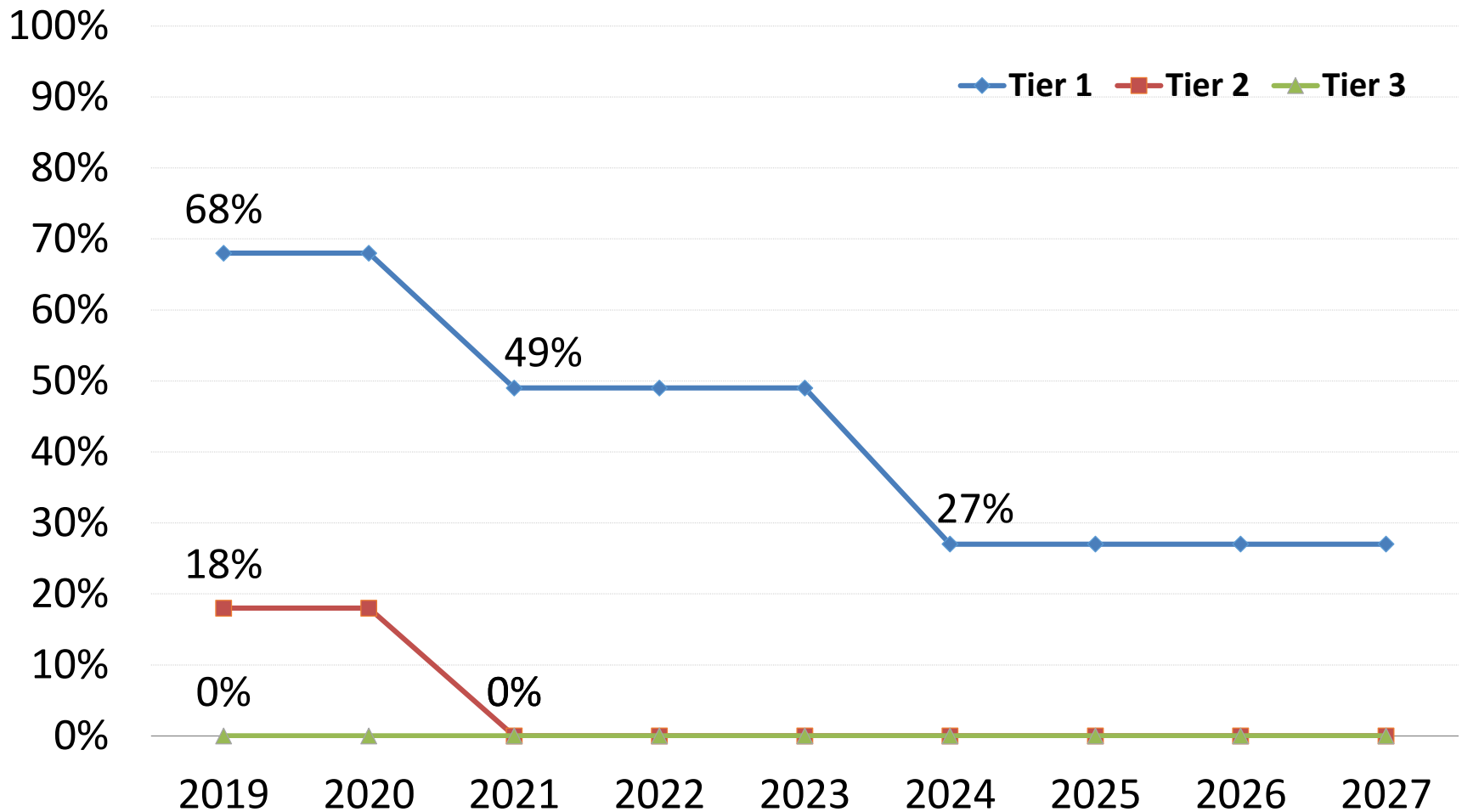
|                       |   | <b>Project Cost</b> | <b>Smart Scale Request</b> |
|-----------------------|---|---------------------|----------------------------|
| Fairfax County        | Richmond Highway-Bus Rapid Transit                            | \$324,635,300       | \$101,561,367              |
| Fairfax County        | Richmond Highway Widening (Mt Vernon Hwy to Napper Rd)        | \$214,772,900       | \$90,000,000               |
| Prince William County | Route 1/Jeff Davis Widening from Cardinal/Neabsco to Rte 234  | \$200,044,000       | \$200,044,000              |
| Dumfries Town         | Route 1 (Fraley Boulevard) Widening                           | \$191,733,000       | \$184,110,000              |
| Fairfax County        | Soapstone Connector/Dulles Toll Road Overpass                 | \$169,854,050       | \$90,648,350               |
| Prince William County | Route 234 At Balls Ford Intrchnng and Rel/Widen Balls Ford Rd | \$126,027,000       | \$124,027,000              |
| Loudoun County        | Northstar Boulevard (Braddock Road to Shreveport Drive)       | \$114,206,700       | \$70,727,700               |
| Loudoun County        | Loudoun County Parkway (Shellhorn Road to US Route 50)        | \$112,052,610       | \$112,052,610              |
| Prince William County | Route 234 Bypass at Dumfries/PWP/Brentsville Rd Interchange   | \$104,830,000       | \$104,830,000              |
| Leesburg Town         | Rte 15 Leesburg Bypass Interchange with Edwards Ferry Road    | \$104,500,000       | \$99,796,445               |
| Loudoun County        | Prentice Drive Extension (Shellhorn Road to Lockridge Road)   | \$96,120,580        | \$69,950,580               |
| Fairfax County        | Frontier Drive Extension                                      | \$92,589,500        | \$82,589,500               |
| Loudoun County        | Shellhorn Rd/Sterling Blvd(LoudounCountyPkwy to Randolph Dr)  | \$90,964,300        | \$60,275,600               |
| Prince William County | Wellington Road Widening from Devlin Road to Rt. 234 bypass   | \$87,141,500        | \$87,141,500               |
| Loudoun County        | Evergreen Mills Road (Northstar Blvd to Loudoun County Pkwy)  | \$82,808,000        | \$41,057,000               |
| Prince William County | Route 1 & 123 Interchange                                     | \$72,144,800        | \$72,144,800               |

# Future Transit Capital Funding Gap (\$millions)

- 2017 Revenue Advisory Board Final Report
  - Average of \$130 million needed annually over next 10 years
  - \$110 million from revenues to replace existing CPR Bonds
  - \$20 million in new revenue sources
  - Based upon forecast from 10 largest Virginia agencies
- 2018 General Assembly authorized \$50 million for 1 time CPR bond allocation to WMATA to complete PRIIA obligations by FY2021
- FY 2019 capital applications significantly below projected needs



# Projected Transit Capital State Match Rate



# Potential Causes of FY 19 Transit Balance Accumulation

- Approximately \$90 million in unspent state and federal balances have accumulated
  - Availability of alternative funding sources
  - Ridership decline
  - Inability to meet 4% minimum local match requirement
  - Backlog of open grants from prior years
  - Good maintenance of existing fleets allowing extended useful life of assets
  - Cost advantages of rehabilitation versus replacement
  - Applications focused on unrealistic requests instead of actual capital needs reporting
  - Increase in requests for 30' buses that last 7 years versus 20' buses that last 4 years
  - Unpredictability of federal funding for large capital expansion projects

# WMATA/Transit Funding Bill – WMATA Provisions

- Funding for WMATA was a top priority for Northern VA. However, there are concerns that the funding came largely through reallocation of existing revenues, at expense of other significant projects throughout Northern Virginia.
- HB 1539 (Hugo)/SB 856 (Saslaw) included \$154M per year for WMATA (matched with District of Columbia and Maryland to address WMATA's state of good repair needs and deferred maintenance), as well as governance reforms:
  - \$30M in state revenues - state recordation tax (collected in Northern Virginia) currently used to pay bonds from the Northern Virginia Transportation District Fund and motor vehicle rental tax revenues.
  - \$27M transfer from Northern Virginia Transportation Commission (NVTC) localities, based on WMATA formula.
  - \$75M by redirecting the existing regional transient occupancy tax (TOT) and grantor's tax.
  - \$22M by directing funds provided through the imposition of a floor on the regional gas tax
- NVTA's annual funding was reduced by approximately \$75M annually, plus an additional \$27.12M transfer from localities' portion of NVTA funding (\$102M total each year).

| <b>Analysis of Possible VA Additional Internet Sales Tax Revenue</b> |                        |  |
|--|------------------------|--|
| <i>Est. Additional Taxable Sales Subject to Tax*</i>                 | <i>\$5,000,000,000</i> |  |
|  | <b>Rate</b>            | <b>% of Total Va<br/>Taxable Sales</b> |
| <b>General Fund Unrestricted (2.025%)</b>                            | <b>2.025%</b>          | <b>\$101,250,000</b>                   |
| <b>Direct Public Education (1.375%)</b>                              |                        |  |
| <i>By School-Age Population (1.125%)</i>                             | <b>1.125%</b>          | <b>\$56,250,000</b>                    |
| <i>By SOQ Composite Index (0.25%)</i>                                | <b>0.250%</b>          | <b>\$12,500,000</b>                    |
| <b>Transportation (0.9%)</b>   |                        |  |
| <i>Highway Maintenance and Operating</i>                             | <b>0.669%</b>          | <b>\$33,425,000</b>                    |
| <i>Airports</i>  | <b>0.012%</b>          | <b>\$600,000</b>                       |
| <i>Ports</i>   | <b>0.021%</b>          | <b>\$1,050,000</b>                     |
| <i>Intercity Rail</i>  | <b>0.050%</b>          | <b>\$2,500,000</b>                     |
| <i>Public Transit</i>  | <b>0.149%</b>          | <b>\$7,425,000</b>                     |
| <b>Total <u>State</u> Add'l Annual Sales Tax at 4.3%</b>             | <b>4.300%</b>          | <b>\$215,000,000</b>                   |
| <b>Local Government Add'l Unrestricted</b>                           | <b>1.000%</b>          | <b>\$50,000,000</b>                    |
| <b>Regional Transportation 0.7% Sales Tax</b>                        | <b>0.700%</b>          | <b>\$18,157,287</b>                    |
| <i>Northern VA (32.4% of state)</i>                                  |                        | <b>\$11,325,874</b>                    |
| <i>Hampton Roads (19.5% of state)</i>                                |                        | <b>\$6,831,413</b>                     |
| <i>* Equals 4.7% of \$107 billion in 2017 total VA taxable sales</i> |                        |  |

# Appendices

# FY 2019 and FY 2020 Local Programs

- VDOT's *Revenue Sharing Program* attracted over \$246.7 million of requests for 269 projects. With just \$217.2 million in resources not all of the requests could be accommodated. The table shows the CTB recommendations.

| District       | # Localities | # Projects | Recommended          |
|----------------|--------------|------------|----------------------|
| Bristol        | 4            | 5          | \$412,924            |
| Culpeper       | 6            | 28         | \$14,847,060         |
| Fredericksburg | 4            | 9          | \$8,649,174          |
| Hampton Roads  | 12           | 35         | \$48,984,443         |
| Lynchburg      | 5            | 20         | \$13,959,149         |
| Northern VA    | 14           | 35         | \$58,348,251         |
| Richmond       | 10           | 43         | \$34,207,563         |
| Salem          | 9            | 22         | \$17,014,009         |
| Staunton       | 12           | 24         | \$20,738,627         |
| <b>TOTALS</b>  | <b>76</b>    | <b>221</b> | <b>\$217,161,200</b> |



# FY 2019 and FY 2020 Local Programs, Cont.

- *Urban Maintenance Program* is for cities and towns (**and two counties**) who own and maintain their own roads as stipulated under [§ 33.2-319](#).
- Payments are based on moving lane miles available to peak-hour traffic. Annual increases for the Program are tied to the base rate of growth for VDOT's maintenance program for secondary roads.
- The payment rates for principal and minor arterial roads are \$21,690 per lane mile and for collector roads and local streets are \$12,735 per lane mile.
- There are 5,954 arterial lane miles and 20,119 collector/local miles in the statewide program. The Program's FY19 budget is \$386.0 million.