



Long Range Transportation Finance Outlook

**Hampton Roads Transportation Planning Organization
Transportation Technical Advisory Committee**

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Constrained Long-Range Revenue Forecast

- **VDOT completed the most recent long-range forecast for transportation funding in November 2013**
- **This required:**
 - **Forecasting revenues out to 2045**
 - **Distribution of revenues to various transportation programs**
 - **Distribution of the program amounts across the state and to the related Metropolitan Planning Organizations**
- **The starting point for the 2045 Constrained Long-Range Plan was the Fiscal Year 2014 – 2019 plan adopted by the Commonwealth Transportation Board in June 2013.**

Revenues

The long-range plan is supported by estimated revenues from:

- **State Transportation Revenue Sources**
- **Federal Transportation Revenue Sources**
- **Capital Projects Revenue Bonds
(FY 2014 for Highway Projects only)**
- **Federal Grant Anticipation Revenue Vehicle Bonds
(GARVEE Bonds)**
- **For Hampton Roads and Northern Virginia, dedicated regional funding provided in HB 2313 from the 2013 Session**

State Revenues

The major state transportation revenues are:

- **State General Sales and Use Taxes (Retail Sales and Use Tax)**
- **Sales Tax on Motor Fuel**
- **Motor Vehicle Sales and Use Tax**
- **International Registration Plan**
- **License Fees**
- **Recordation Tax**

The revenue estimates for these sources are developed by the Department of Taxation for the current six-year period

State Revenues (continued)

- The average state revenue growth for FY2014-2019 is 5%.
- For years 2020 and beyond, growth rates have been determined for each revenue source with recent consultation with the Department of Taxation and average 2.1%.

Federal Revenues

Federal revenues from the Federal Highway Administration are the single greatest sources of revenue for highway projects.

The federal revenues are provided in federal categories that direct how the funds can be used.

The major federal funding categories under MAP-21 are:

- National Highway Performance Program (NHPP)
- Surface Transportation Program (STP)
- Congestion Mitigation and Air Quality (CMAQ)
- Highway Safety Improvement Program (HSIP)

Federal Revenues (continued)

MAP-21, the current federal transportation authorizing legislation is set to expire on September 30, 2014

Forecasted amounts are based on the current federal program.

Does not consider potential reduction due to lack of funding or potential increased program.

There is no growth estimated for federal revenues.

- **The status of the funding provided by the federal Highway Trust Fund (HTF) is not set beyond federal fiscal year 2014 and current funding levels are unsustainable without funding assistance.**
- **In recent years, Congress has avoided shortfalls by transferring funds from the general fund of the Treasury to the HTF.**
- **Lawmakers may choose to continue to make additional transfers or address the revenue dedicated to the Highway Trust Fund.**
- **This uncertainty does not allow for projecting a growing source of funding.**

Bond Revenues

The authorized use of Capital Projects Revenue Bonds was accelerated during the McDonnell Administration and planned allocations reflected this acceleration

FY 2014 marked the last year CPR Bonds were programmed to support highway projects under the current authorization

Allocations

Maintenance

Transportation's first priority is to provide for the maintenance of existing infrastructure

VDOT's maintenance program and maintenance payments to localities are forecasted to grow based on the Producers Price Index (PPI) for Highway Construction through FY 2019. From this point forward, the PPI growth used is the average of the FY 2014 - 2019, or 2.617%.

The long-range plan distributes the maintenance funds to the districts based on the districts' average share of the total and then to the MPOs based on population.

Allocations (continued)

Construction

FY 2014 – 2019 amounts are based on the CTB approved FY 2014 – 2019 Six-Year Improvement Program.

Interstate and Primary needs with the allocation distribution from the end of the SYIP were used to determine the distribution of federal discretionary funding to the MPOs through the life of the long-range plan.

With the revenue estimates in place for the FY 2014 – 2019 Six-Year Financial Plan, funding was available to distribute through the two formulas outlined in the *Code of Virginia*, § 33.1-23.1. Allocation of funds among highway systems.

Allocations (continued)

Construction (continued)

- Based on the new construction formula approved in the 2012 General Assembly Session, an amount not to exceed \$500 million in any given year, may be distributed as follows:
 - 25 percent to bridge reconstruction and rehabilitation;
 - 25 percent to advancing high priority projects statewide;
 - 25 percent to reconstructing deteriorated interstate and primary system pavements determined to have a Combined Condition Index of less than 60;
 - 15 percent to projects undertaken pursuant to the PPTA
 - 5 percent to paving unpaved roads carrying more than 200 vehicles per day;
 - 5 percent to smart roadway technology.
- Amounts available for construction in excess of \$500 million to be distributed by the original construction formula
- Original formula created in 1986
 - 5.67% unpaved roads
 - Balance distributed - 40% primary, 30% secondary, and 30% urban



Allocations (continued)

During the six-year allocation period as well as the long-range planning period, revenue estimates provided sufficient funding for formula distribution.

<i>Estimated (in millions)</i>		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*	Total
Total Funds Available for Construction		\$ 195.6	\$ 287.9	\$ 436.3	\$ 564.8	\$ 584.3	\$ 604.8	\$ 2,673.7
CPR Bonds		161.2	-	-	(13.6)	(13.6)	(13.6)	120.4
Total Funds Available for Formula Distribution		34.4	287.9	436.3	578.4	597.9	618.4	2,553.3
CTB Formula Distribution		34.4	287.9	436.3	500.0	500.0	500.0	2,258.6
State		1.7	187.9	376.3	423.4	432.5	437.2	1,859.0
Federal		32.7	100.0	60.0	76.6	67.5	62.8	399.6
25 percent to bridge reconstruction and rehabilitation;	25.00%	8.6	72.0	109.1	125.0	125.0	125.0	564.6
25 percent to advancing high priority projects statewide;	25.00%	8.6	72.0	109.1	125.0	125.0	125.0	564.6
25 percent to reconstructing deteriorated interstate and primary system pavements	25.00%	8.6	72.0	109.1	125.0	125.0	125.0	564.6
15 percent to projects undertaken pursuant to the PPTA	15.00%	5.2	43.2	65.4	75.0	75.0	75.0	338.8
5 percent to paving unpaved roads carrying more than 200 vehicles per day	5.00%	1.7	14.4	21.8	25.0	25.0	25.0	112.9
5 percent to smart roadway technology.	5.00%	1.7	14.4	21.8	25.0	25.0	25.0	112.9
Construction Formula								
State		-	-	-	78.4	97.9	118.4	294.7
Federal		-	-	-	-	-	-	-
Construction Formula Total		-	-	-	78.4	97.9	118.4	294.7
Unpaved	5.67%	-	-	-	4.4	5.6	6.7	16.7
Primary	40.00%	-	-	-	29.6	36.9	44.7	111.2
Secondary	30.00%	-	-	-	22.2	27.7	33.5	83.4
Urban	30.00%	-	-	-	22.2	27.7	33.5	83.4

* Projected

Allocations (continued)

Regional funding available for Hampton Roads

Hampton Roads Local Component							
Revenue Source	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*	6-Year Total
Hampton Roads 0.7% Local Sales Tax	\$ 114.3	\$ 129.6	\$ 134.8	\$ 139.9	\$ 144.7	\$ 149.7	\$ 813.0
Hampton Roads 2.1% Fuels Sales Tax	62.1	71.4	73.8	76.3	78.4	80.6	442.6
Total New Local Revenue Hampton Roads	\$ 176.4	\$ 201.0	\$ 208.6	\$ 216.2	\$ 223.1	\$ 230.2	\$ 1,255.5

**Projected*

For long range planning, the growth beyond FY 2019 was projected using the same growth rate used for each source from FY 2017 to 2018, the last year of the revenue estimate provided by the Department of Taxation

Summary of Funding Forecasted for Hampton Roads

Over the FY 2014 – 2045 planning period, \$31.7 billion is forecasted to be directed to the Hampton Roads MPO.

Maintenance – VDOT and Localities	\$15.2 billion
Construction	\$ 5.2 billion
Regional Funding	\$10.9 billion
Admin and Other Areas	\$ 0.4 billion

Information through FY 2040

Total for MPO: \$25.1 billion

Maintenance – VDOT and Localities	\$12.0 billion
Construction	\$ 4.4 billion
Regional Funding	\$ 8.4 billion
Admin and Other Areas	\$ 0.3 billion

Summary

The estimated funding for allocation for the Constrained Long-Range Plan is always built on the most recent approved Six-Year Financial Plan (SYFP) and Six-Year Improvement Program (SYIP).

Since the last SYFP and SYIP were approved in June 2013, there have been revenue updates for state, federal and regional sources that have been applied for the draft FY 2015-2020 SYIP

The revenue updates are down, causing the funding available for the Original Construction Formula in FY 2017 – 2019 to no longer be available through FY 2020 when the CTB Alternate Formula sunsets. This will reduce the amount of funding directly provided to the Hampton Roads Region.

With CTB approval of the FY 2015-2020 SYIP in June, the long-range forecast will be updated this summer.

Going forward, the prioritization process outlined in House Bill 2 from the 2014 General Assembly Session will begin to be implemented and will impact the SYIP; extent is currently unknown