

VDOT Budget Reductions for FY 2010

Commonwealth Transportation Board

Reta R. Busher, CFO

May 20, 2009



VDOT Spending

While transportation funding exceeds \$3 billion annually, state laws, federal regulations and policy largely determine how it can be used.

Allocation of transportation revenues is directed by:

- Code of Virginia**
- Appropriation Act**
- Transportation related bills such as the Virginia Transportation Act of 2000 and HB 3202**
- Federal Law and Regulations (including SAFETEA-LU)**
- Commonwealth Transportation Board (CTB) policy, guidance, and decisions**

VDOT Spending

Debt Service must be met, however debt service reserves for potential future sales has been reduced based on supporting revenue. Legislation granting authority to issue debt dictates what sources repay debt.

Support to other state agencies is limited to required support. Required by Code or the Appropriation Act

Maintenance - Code establishes highway maintenance as first priority for spending. Intended to be funded from the HMOF, however, supplemental funding from the construction fund has been provided since FY 2002 and from federal funds since FY 2006.

Maintenance payments to localities - Statutory payments to localities that maintain their local roads. Current policy is to provide the same growth rate as VDOT Maintenance

VDOT Spending

Toll roads must generate revenue to help pay its own operations and maintenance, debt service, construction.

Administration – General management and direction, computer services, physical plant, and employee training and development are areas of the VDOT budget where the agency can shift resources among districts, divisions, etc.

VDOT Program Funding

February 2009 Revised Budget

(amounts in millions)

	FY 2009 Approved June 2008	Revised FY 2009	Estimated					
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	
VDOT Programs								
Environmental Monitoring and Evaluation (514)	\$ 14.6	\$ 10.3	\$ 11.0	\$ 12.3	\$ 12.7	\$ 13.0	\$ 13.4	
Ground Transportation Planning & Research (602)	46.9	45.4	45.2	45.6	46.2	46.9	47.6	
Highway System Acquisition and Construction (603)	1,326.7	1,180.0	946.9	907.7	925.8	844.5	841.0	
Highway System Maintenance (604)	1,349.0	1,186.4	1,370.6	1,410.5	1,447.1	1,493.9	1,532.3	
Financial Assistance to Localities (607)	353.0	353.0	366.6	375.9	385.3	397.7	407.1	
Commonwealth Toll Facilities (606)	123.3	121.7	132.6	138.5	135.8	133.9	132.5	
Non-Toll Supported Transportation Debt Service (612)	255.0	243.8	253.1	261.9	275.9	291.1	320.7	
Administrative and Support Services (699)	246.6	231.3	235.6	241.7	245.5	252.0	258.6	
VDOT Capital Outlay (998)	11.0	11.0	11.0	11.0	11.0	11.0	11.0	
Total VDOT Programs	3,726.1	3,382.9	3,372.7	3,405.0	3,485.2	3,484.0	3,564.2	
Support to Other State Agencies	43.0	39.7	39.8	40.4	40.9	41.6	42.1	
Support to DRPT Programs	25.5	25.5	23.0	13.9	12.6	12.7	12.8	
TOTAL	\$ 3,794.6	\$ 3,448.1	\$ 3,435.5	\$ 3,459.3	\$ 3,538.7	\$ 3,538.2	\$ 3,619.1	

Virginia Department of Transportation
Preliminary FY 2010 Budget
(amounts in millions)

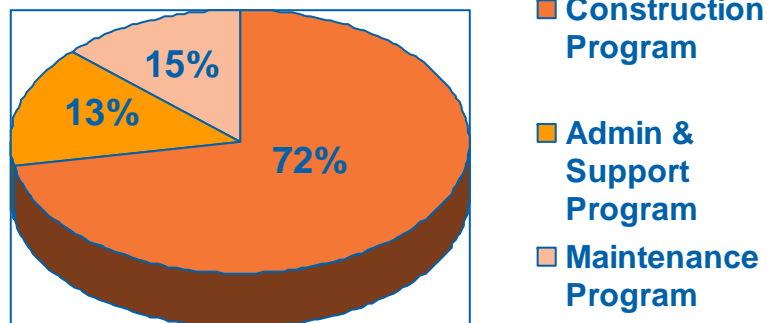
Total Budget			\$ 3,347.3
Debt Service	8%	251.9	3,095.4
Support to State Agencies	1%	45.0	3,050.4
Toll Facilities Operations	2%	66.0	2,984.4
Federal Programs	24%	808.7	2,175.7
Federal Programs (Earmarks and Special)		331.3	
Federal Programs (Systems Construction)		268.8	
Federal Programs (Maintenance)		186.0	
Federal Programs (Other)		22.6	
Federal Match (\$105.6m from Bonds)	6%	199.3	1,976.4
Federal Match (Earmarks and Special)		73.2	
Federal Match (Systems Construction)		79.1	
Federal Match (Maintenance)		43.3	
Federal Match (Other)		3.7	
Local Funds	3%	86.7	1,889.7
Local Funds (Earmarks and Special)		71.0	
Local Funds (Systems Construction)		15.7	
Bond and Dedicated Programs	7%	222.8	1,666.9
Revenue Sharing (Bonds / State)		50.0	
Dedicated Projects (Bonds & Bond Funds)		17.2	
Dedicated Programs (Access)		10.6	
Information Technology (VITA)		68.4	
State Planning and Research		25.4	
Environmental		11.0	
Facilities Management		12.0	
Employee Training		11.5	
Capital Outlay		11.0	
Governmental Services (eVa, OAG)		5.7	
Locality Maintenance Payments	11%	352.1	1,314.8
VDOT State Funded Maintenance	34%	1,130.3	184.5
General Administration	6%	184.5	(0.0)

What can we do to balance?

Construction Program:

- Reduced all available state funds
- Eliminated state formula distributions for unpaved roads, primary, secondary and urban systems
- STP Federal formula funding by population will no longer be distributed by locality, but will be programmed by the CTB starting in FY 2011
- Proposed the elimination of the bond component of revenue sharing program beginning in FY 2012
- Restricted funding to projects obligated, going to obligated this FFY or the phase is underway
- Redistributed interstate “previous” dollars to projects to use all federal dollars

Reductions by Program
Over 6 years

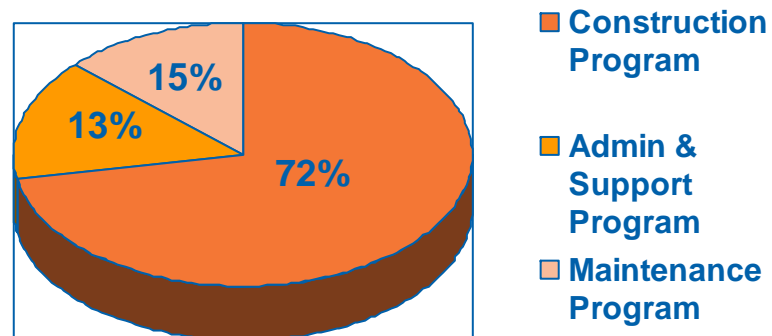


What can we do to balance?

Maintenance and Operations:

- Focus will be on investing in pavements and bridges to preserve the infrastructure and meet performance targets
- Prioritizing services from the centerline of the highway out to the edge of the right of way
- Reduced average annual growth from 4% to 3% for FY 2010-2014
- Facility Consolidations
- Update service level standards

Reductions by Program
Over 6 years

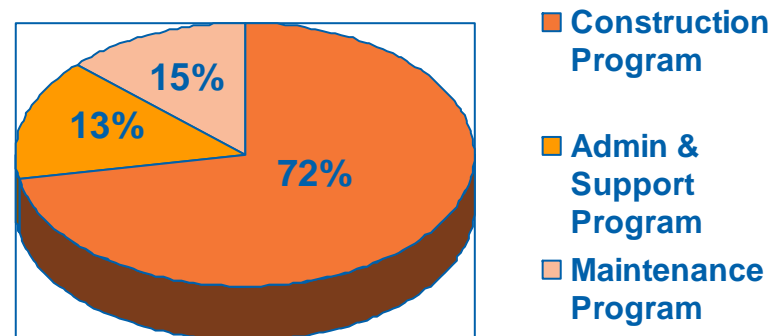


What can we do to balance?

Organization and Staffing:

- Reductions related to the implementation of Blueprint organizational and staffing changes
- Transfer of Dulles Toll Road to MWAA
- Reductions in facility repairs, furniture, equipment, security, training and environmental services
- Reserve for severance costs

Reductions by Program
Over 6 years



Proposed Maintenance Budget FY 2010

	FY 2009		Proposed		
	<u>Original</u>	<u>Revised</u>	<u>FY 2010</u>	<u>Orig Dif</u>	<u>Rev Dif</u>
Pavement	321.6	306.1	434.3	112.7	128.2
Bridge	125.9	122.6	129.6	3.7	7.0
Other	<u>81.9</u>	<u>55.7</u>	<u>81.9</u>	<u>-</u>	<u>26.2</u>
Total Asset Investment	529.4	484.4	645.8	116.4	161.4
Services	<u>819.7</u>	<u>702.0</u>	<u>713.8</u>	<u>(105.9)</u>	<u>11.8</u>
Totals	1,349.1	1,186.4	1,359.6	10.5	173.2

Original FY 2009 and Draft Proposed FY 2010 Budgets (\$ millions)

FY 2009 Original Budget

	Bristol	Salem	Lynchburg	Richmond	Hampton Roads	Fredericksburg	Culpeper	Staunton	Northern Virginia	Statewide Programs	Total
Asset Investment	62.4	58.1	38.6	85.4	73.1	64.0	36.7	50.0	60.9	-	529.4
Services	75.5	75.6	45.7	89.2	100.2	45.1	39.9	69.3	133.3	76.7	750.6
Reserves	-	-	-	-	-	-	-	-	-	69.1	69.1
Grand Total	\$ 137.9	\$ 133.8	\$ 84.3	\$ 174.6	\$ 173.3	\$ 109.2	\$ 76.7	\$ 119.3	\$ 194.2	\$ 145.8	\$ 1,349.0

FY 2010 Proposed Service Reductions as of March 2009

	Bristol	Salem	Lynchburg	Richmond	Hampton Roads	Fredericksburg	Culpeper	Staunton	Northern Virginia	Statewide Programs	Total
Rest Areas	-	-	-	-	-	-	-	-	-	12.0	12.0
Ferry Service	-	-	-	-	1.9	0.2	-	-	-	-	2.1
Safety Service Patrol	-	0.1	-	0.2	1.0	-	-	0.2	0.6	-	2.1
TAMS	1.9	0.9	-	3.0	1.8	0.6	0.5	1.6	0.5	-	10.8
Vegetation Management	2.0	1.9	2.1	2.9	1.7	1.7	1.5	1.6	1.9	-	17.2
Grand Total	\$ 3.9	\$ 2.9	\$ 2.1	\$ 6.1	\$ 6.4	\$ 2.4	\$ 1.9	\$ 3.4	\$ 3.0	\$ 12.0	\$ 44.1

FY 2010 Draft Proposed Budget

	Bristol	Salem	Lynchburg	Richmond	Hampton Roads	Fredericksburg	Culpeper	Staunton	Northern Virginia	Statewide Programs	Total
Asset Investment	63.2	58.3	40.7	141.6	87.1	53.9	34.3	61.4	105.3	-	645.8
Services	66.6	67.7	40.6	77.4	87.3	39.7	35.4	61.4	121.3	63.8	661.2
Reserves	-	-	-	-	-	-	-	-	-	52.6	52.6
Grand Total	\$ 129.8	\$ 126.0	\$ 81.3	\$ 219.0	\$ 174.4	\$ 93.6	\$ 69.6	\$ 122.8	\$ 226.6	\$ 116.3	\$ 1,359.6

Note: Due to rounding differences, individual budget items may not add up to their respective totals.

VDOT Budget Reductions for FY 2010

Commonwealth Transportation Board

Reta R. Busher, CFO

May 20, 2009

