

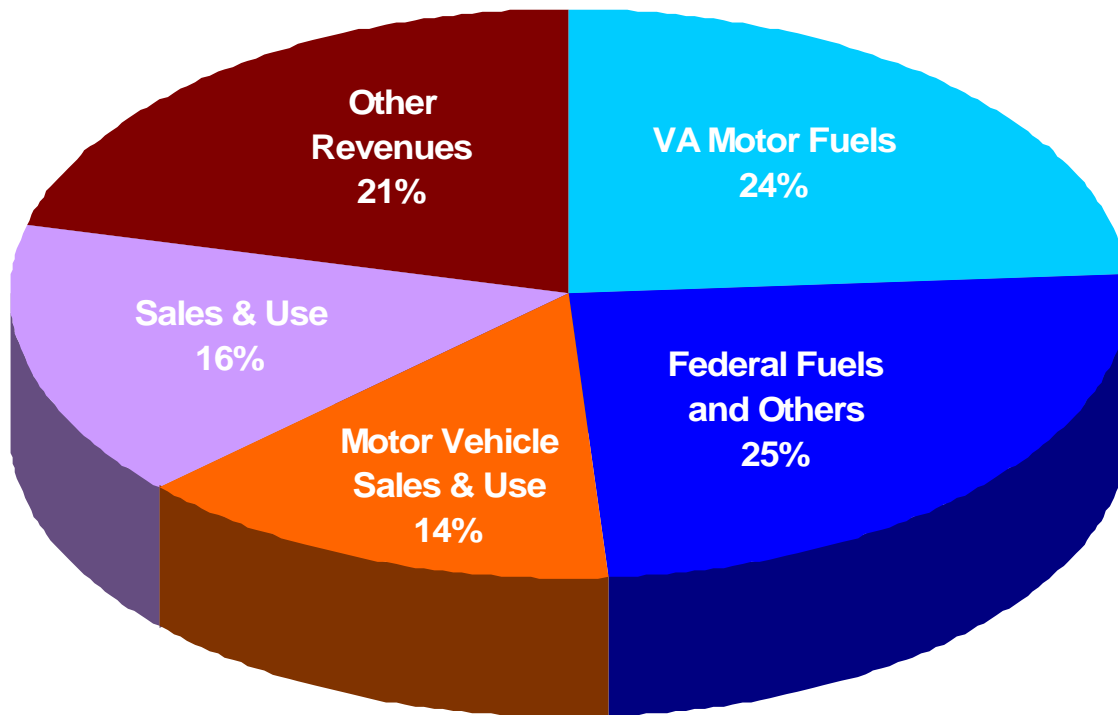


Transportation Revenue Update

Reta R. Busher, CFO

October 14, 2009

FY 2010 Transportation Revenues



Almost 2/3s of transportation revenues are tied to fuel purchases and auto sales

Transportation Revenues

The dedicated state transportation revenues have been greatly impacted by the economy

The estimate for the FY 2010 Motor Fuels Tax, the largest state transportation revenue source, is only slightly above FY 2003 receipts

Gasoline consumption is down largely due to high unemployment rates and reduced consumer spending

Most diesel fuel is purchased by motor carriers which respond to the general economy more than passenger traffic

The second largest state revenue dedicated to transportation is a portion of the Retail Sales and Use Tax. Also impacted by reduced consumer spending, the FY 2010 forecast is comparable to FY 2006 collections.

Transportation Revenues

Motor Vehicle Sales and Use Tax has also declined as car sales slowed. The FY 2010 forecast represents a 39% decline from the peak year of FY2005

Due to the depression in housing, the transportation share of the Recordation Tax for FY 2010 has dropped 57% from the original estimate for FY 2009

Revenue dedicated to transportation by HB 3202

2 cents dedicated to transit operations; 1 cent to the HMOF

Even with a modest economic recovery, Commonwealth Transportation Fund revenue collections are not expected to return to FY 2008 levels until FY 2012

Agency Reductions – August 2009 Forecast (Six Year Estimates)

The impact to each Transportation mode over six-years
FY 2010 - 2015:

DRPT	\$105 million
VDOT	\$743 million
VPA	\$ 22 million
DOAV	<u>\$ 13 million</u>
Total	\$883 million

August 2009 Revenue Update

Changes to the Commonwealth Transportation Fund June Standard Forecast (\$ millions) Fiscal Years 2010 - 2015							
<u>Source</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<i>Fiscal Years</i> <u>2013</u>	<u>2014</u>	<u>2015</u>	<u>6-yr Total</u>
Motor Fuels Tax	(23.6)	(12.7)	(2.8)	(6.4)	(8.6)	(16.4)	(70.5)
Motor Vehicle Sales Tax	(83.7)	(86.0)	(72.9)	(59.9)	(42.6)	(35.0)	(380.1)
Retail Sales Tax	(50.6)	(66.4)	(69.3)	(67.7)	(62.5)	(62.6)	(379.1)
All Other	2.0	(7.9)	(10.1)	(9.7)	(9.1)	(18.7)	(53.5)
Total Highway Maintenance Fund	(66.7)	(59.6)	(41.6)	(35.6)	(26.1)	(28.4)	(258.0)
Total Transportation Trust Fund	(89.2)	(113.4)	(113.5)	(108.1)	(96.7)	(104.3)	(625.2)
Total Commonwealth Transportation Fund*	(155.9)	(173.0)	(155.1)	(143.7)	(122.8)	(132.7)	(883.2)

*Total state taxes and fees

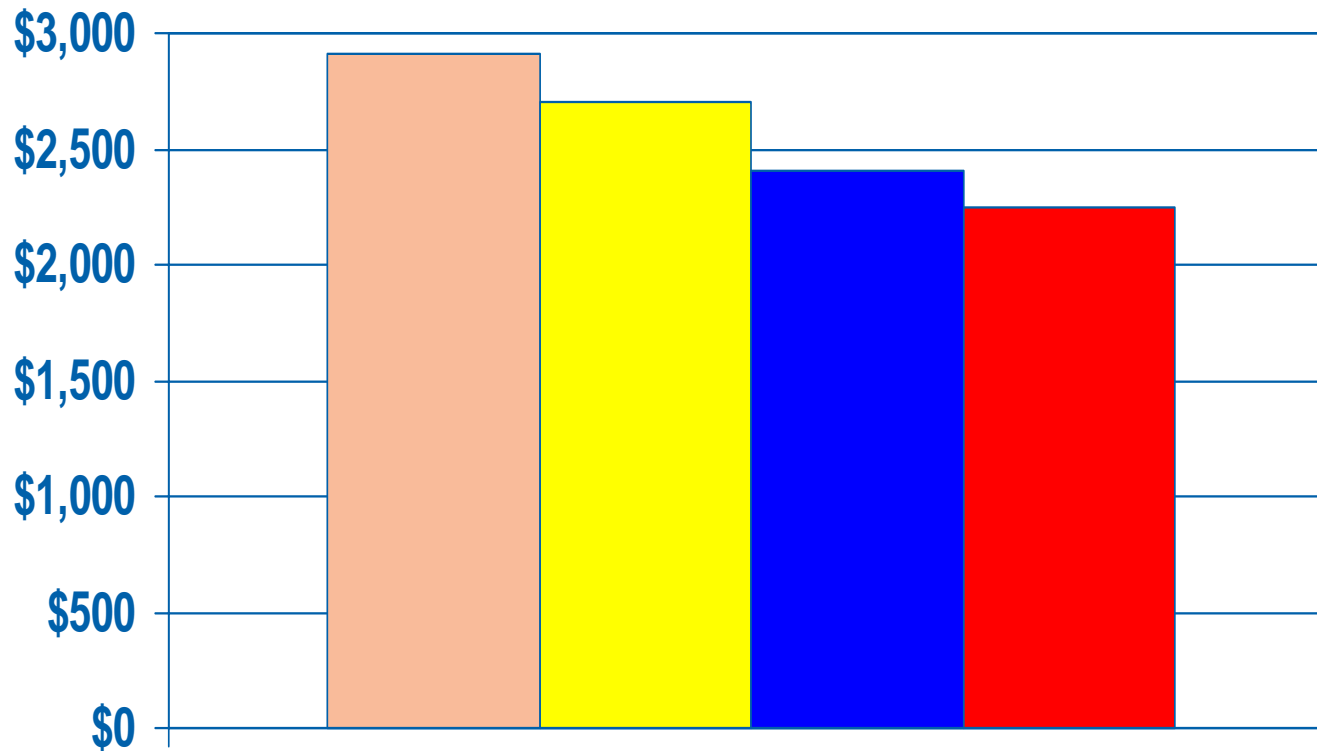
Commonwealth Transportation Fund

Revised June FY 2010- 2015 Forecast

Preliminary (amounts in millions)

	2010	2011	2012	2013	2014	2015	Total
State Transportation Revenues							
HMO	\$1,260.3	\$1,289.5	\$1,325.3	\$1,366.7	\$1,401.0	\$1,428.0	\$8,070.8
TTF net interest	795.4	805.5	838.1	881.4	928.1	966.9	5,215.4
PTF (From TTF)	149.1	148.2	154.0	162.1	170.5	170.5	954.4
Local and Other Revenues	<u>367.5</u>	<u>271.7</u>	<u>242.0</u>	<u>224.4</u>	<u>221.1</u>	<u>218.7</u>	<u>1,545.4</u>
Total	<u>2,572.3</u>	<u>2,514.9</u>	<u>2,559.4</u>	<u>2,634.6</u>	<u>2,720.7</u>	<u>2,784.1</u>	<u>15,786.0</u>
Original FY 2010 Revenues	2,728.2	2,687.9	2,714.5	2,778.3	2,843.5	2,916.8	16,669.2
Difference	(155.9)	(173.0)	(155.1)	(143.7)	(122.8)	(132.7)	(883.2)
Federal Revenues	919.8	901.7	907.7	913.8	919.8	925.9	5,488.8
Federal Contingency/Reserve	<u>(85.2)</u>	<u>(85.7)</u>	<u>(86.2)</u>	<u>(86.8)</u>	<u>(87.3)</u>	<u>(87.8)</u>	<u>(519.0)</u>
Total Revenues (Net Federal Contingency/Reserve)	<u>3,406.9</u>	<u>3,330.9</u>	<u>3,380.9</u>	<u>3,461.5</u>	<u>3,553.3</u>	<u>3,622.2</u>	<u>20,755.7</u>
Other Financing Sources							
Capital Improvement Bonds	<u>206.1</u>	<u>240.8</u>	<u>212.4</u>	<u>207.8</u>	<u>208.3</u>	<u>146.6</u>	<u>1,222.1</u>
Total Revenues and Other Financing Sources	\$3,613.0	\$3,571.7	\$3,593.3	\$3,669.4	\$3,761.6	\$3,768.9	\$21,977.8
Original FY 2010 Revenues	\$3,768.9	\$3,744.7	\$3,748.4	\$3,813.1	\$3,884.4	\$3,901.6	\$22,861.0
Difference	(\$155.9)	(\$173.0)	(\$155.1)	(\$143.7)	(\$122.8)	(\$132.7)	(\$883.2)

FY2010 Commonwealth Transportation Fund State Revenue Forecast (figures in millions)



Since 2008 the
FY10 state
revenue
forecast has
decreased by
22.7%.

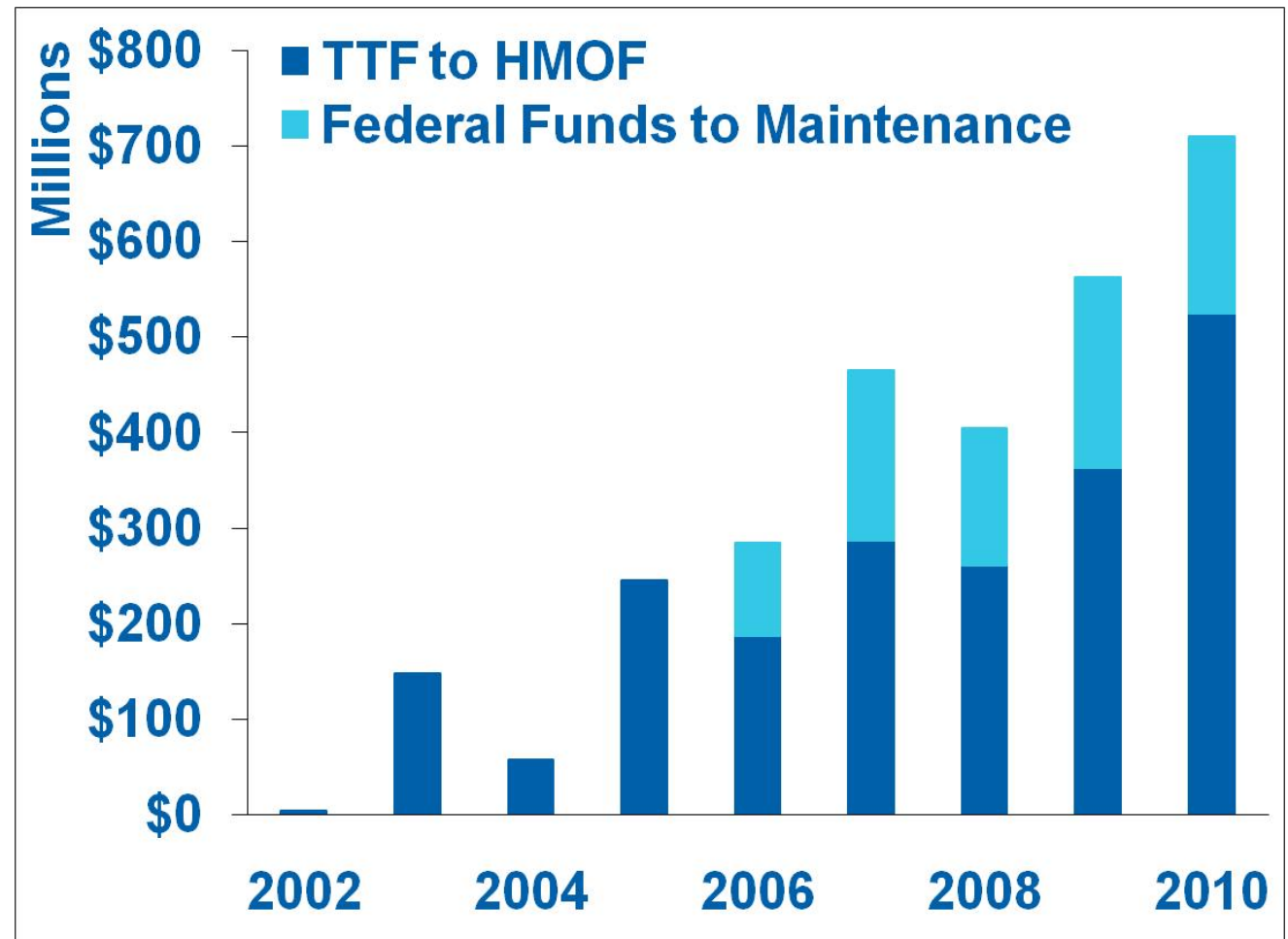
Official 2008 Official 2009 Revised 2009 August Revision

VDOT: 2002 vs. Today

	2002	Today
On-time Performance	30%	86%
On-budget Performance	61%	93%
Project Deficits	\$687 M	\$0.0 M
Employees	10,192	7,830
Maintenance Budget	\$1,107 M	\$ 1,709 M

Six Year Program Funds Transferred to Highway Maintenance

Since 2002, amount of funds transferred to maintenance has increased from \$3.6 M to \$712.6 M in FY10



Six-Year Improvement Program FY 2010-2015

	Approved FY 2008- 2013 Program	Approved FY 2009- 2014 Program	Revised FY 2009- 2014 Program	Approved FY 2010- 2015 Program
Highway Construction	\$8.6 billion	\$7.9 billion	\$6.0 billion	\$5.5 billion
Rail & Public Transportation	\$2.9 billion	\$2.7 billion	\$2.9 billion	\$2.0 billion
Total	\$11.5 billion	\$10.6 billion	\$8.9 billion	\$7.5 billion

Highway Construction Program

	FY 2008-2013	FY 2009-2014	Revised FY 2009-2014	FY2010-2015
Interstate	\$2.1 billion	\$2.1 billion	\$1.4 billion	\$1.3 billion
Primary	\$2.0 billion	\$1.6 billion	\$1.3 billion	\$1.0 billion
Secondary	\$1.3 billion	\$1.0 billion	\$0.6 billion	\$0.5 billion
Urban	\$1.1 billion	\$0.8 billion	\$0.5 billion	\$0.4 billion
Federal Maintenance	\$0.9 billion	\$1.0 billion	\$1.2 billion	\$1.2 billion
MPO	\$0.6 billion	\$0.6 billion	\$0.5 billion	\$0.6 billion
Safety, Enh, Rail, Other	\$0.6 billion	\$0.8 billion	\$0.5 billion	\$0.5 billion
Total	\$8.6 billion	\$7.9 billion	\$6.0 billion	\$5.5 billion

Highway Program Development

- **The sustainability of the Six Year Improvement Program is in question. To date:**

Reduced all available State funds

Ability to issue CPR bonds authorized in HB 3202 has been compromised with reduced State revenues

Restricted funding to projects already obligated, or going to be obligated this FFY, or the phase is underway

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

The elimination of the bond component of revenue sharing in FY 2012

Redistributed interstate “previous” dollars to projects to meet federal strategy (crossing construction districts)

Future Concerns

Additional State revenue reductions are possible when the forecasts are updated again in November

Uncertainty of the funding levels that will be provided by the next federal transportation legislation. Could be significantly less than the plan based on SAFETEA-LU funding levels.

Currently only have a 31 day continuing appropriations resolution of SAFETEA-LU

A “new” highway program could completely restructure the federal transportation funding mechanism

The current update of the constrained long-range plans of the Metropolitan Planning Organizations will be driven by the revenues available.

Future Reductions

- **Need to balance FY 2010 budget and update the FY 2010-2015 Six-Year Improvement Program**
- **Revenue reduction for FY 2010-2015 is \$743 million for VDOT and \$134 million in FY 2010**
- **Priorities:**
 - **Maintenance First**
 - Payments to Localities for Maintenance
 - VDOT Maintenance budget – paving, bridges, culverts, etc
 - **Maximize Federal Funds**
 - FFY 2010 Federal Strategy

Future Reductions

- **Items up for Review:**

- Revenue Sharing – Eliminate in FY 2011 vs FY 2012

- Require a 3 Year spending rule for RSTP similar to CMAQ for MPOs

- Keep underway projects/phases going

- Review previous allocations for projects not underway

- Potentially cancelling projects

- Reviewing regional priorities

- **CPR Bonds:**

- Authorization of \$3 billion – over a 10 year period beginning in FY 2008

- Updated revenue estimates prolongs the selling of these bonds out as far as FY 2028 per the Public Resources Advisory Group (Financial Advisor)

Where we go from here.

- **Draft revised FY 2010 Budget and FY 2010-2015 Six-Year Improvement Program to be presented to CTB in November**
- **Public Hearings on the revised Program in early December**
- **Vote by CTB at December meeting**



Transportation Revenue Update

Reta R. Busher, CFO

October 14, 2009