



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

Transportation Revenues and Opportunities Part 4

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Financial Outlook – Current Status

- **Infrastructure Investment and Jobs Act has been signed into law**
 - Provides significant increase in federal transportation program as well as supplemental advance appropriations
- **December revenue forecast is anticipated to reflect increases above current transportation forecast**
 - Through October FY22 collections are 17.9% above FY21
 - (2.4%) growth rate required to meet current FY22 estimate

Updated Six-Year Financial Plan and FY22 Budgets

- **VDOT and DRPT are developing updates to the Six-Year Financial Plan and the FY22 Commonwealth Transportation Fund, VDOT and DRPT budgets**
 - Updates will incorporate new federal funds
 - Updates will also incorporate December revenue forecast
 - Updates will use CTF formulas established in 2020
- **Updates will be considered by Board at January meeting**
- **Will allow Board to consider additional funds through the Six-Year Improvement Program development process**

What is included in the Infrastructure Investment and Jobs Act?

- **Reauthorization of existing surface transportation programs – highway, transit, rail and safety**
 - Highway Trust Fund contract authority
 - Limited General Fund authorizations – which require future appropriation
- **Supplemental advance appropriations for surface transportation**
 - General Fund appropriations
- **A variety of other infrastructure funding including broadband, energy grid, ports, airports, etc**

What is included in the Infrastructure Investment and Jobs Act?

	'21 Actual	'22	'23	'24	'25	'26	TOTAL
USDOT – Discretionary	\$1.0	\$3.8	\$3.8	\$3.8	\$3.8	\$3.8	\$19.0
FHWA – Formula and Discretionary	\$49.1	\$67.7	\$69.0	\$70.3	\$71.5	\$72.9	\$351.3
FTA – Formula and Discretionary	\$12.8	\$17.6	\$17.9	\$18.2	\$18.5	\$18.9	\$91.2
FRA – Discretionary	\$2.4	\$13.2	\$13.2	\$13.2	\$13.2	\$13.2	\$66.0

Figures in billions

Topline – What does this mean for surface transportation in Virginia?

- Virginia will receive \$1.6 billion in additional formula funding over next 5-years
- Virginia transit agencies will receive ~\$640M in additional formula funding over the next 5-years
- Numerous discretionary grant opportunities
 - Intercity passenger rail expansion
 - Priority projects
 - “Reconnecting communities”
 - Bridge replacements
 - “Low/no” emission bus purchases

What does this mean for Virginia?

FHWA Formula Programs

- **Additional federal funding will support increases in the following areas:**
 - ~\$536 million for bridge rehabilitation and replacement (GF)
 - ~\$451 million will flow through construction formulas (HTF)
 - ~\$403 million for resiliency and carbon reduction (HTF)
 - ~\$106 million for electric vehicle charging stations (GF)
 - ~\$127 million for bike/ped and nonmotorized safety (HTF)
- **SYFP will assume programs funded through HTF will be re-authorized and funds will be apportioned in future years**

What does this mean for Virginia?

FHWA Formula Programs – Bridge Supplemental

- **Additional bridge funding has allowed VDOT to review and revise the investment strategy from its 2019 comprehensive review of pavements and bridges**
- **VDOT began work to review investment strategy earlier this year**
- **Revised recommended investment strategy assumes additional bridge funding is not reauthorized at the end of the 5-year period**

What does this mean for Virginia?

FHWA Formula Programs – Bridge Supplemental

- **Recommend distributing funds between VDOT- and locally-owned bridges based on cost to repair**
 - 75% available for VDOT-owned interstate bridges
 - 25% available for locally-owned structurally deficient bridges
- **Results in improved overall condition and reduces number of structurally deficient bridges**
- **Over-time extends the useful life of bridges and reduces necessary treatment costs – allowing funds to flow to primary and secondary bridges**

What does this mean for Virginia?

FHWA Formula Programs – Bridge Supplemental

- Recommend funding for locally-owned bridges be used to supplement existing SGR funds to address high-cost and other structurally deficient bridges
- Current SGR funding distribution can make it difficult to fully fund repairs of higher cost locally-owned bridges
- For example from FY22-FY27, there is ~\$24 million available for repair of locally-owned bridges for the entire Richmond District
- Rehab of the Mayo Bridge in the City of Richmond is estimated to cost \$40 to 75 million depending on selected treatment

What does this mean for Virginia?

FHWA Formula Programs – Construction Formula

Code requires that flexible federal funds be distributed through the construction formula (33.2-358)

\$451M over the 5-years represents ~10% annual increase in construction funding

Figures in millions and represent additional federal funds not total program funding

Construction Program	5-Year TOTAL
State of Good Repair	\$135.2
District Grant Program	\$90.1
High Priority Projects Program	\$90.1
Interstate Operations and Enhancement	\$90.1
Highway Safety Improvement Program	\$45.1

What does this mean for Virginia?

FHWA Formula Programs – Construction Formula

- For District Grant, High Priority Projects and Interstate Programs, recommend funds be used to accelerate the start of previously selected projects
- Like amounts in outer years will be made available for award in future grant cycles with goal of construction starting no later than ‘year 5’ for any project
- For SGR, VDOT will increase paving and bridge rehab projects selected in the upcoming cycles
- For Safety, VDOT and DMV will identify additional systemic improvements and behavioral strategies

What does this mean for Virginia?

FHWA Formula Programs – Carbon Reduction

	FY22	FY23	FY24	FY25	FY26	Total
Carbon Reduction	\$34.1	\$34.8	\$35.5	\$36.2	\$36.9	\$177.4

- **New program focused on reducing carbon emissions from on-road highway sources**
- **Must develop a carbon reduction strategy within 2-years**
 - Reduce traffic through facilitating non-SOV trips
 - Facilitate use of vehicles or modes with lower emissions
 - Facilitate construction activities with lower emissions
- **Board controls ~60% of funds while large MPOs control ~40% of funds**

Figures in millions

What does this mean for Virginia?

FHWA Formula Programs – PROTECT Program

	FY22	FY23	FY24	FY25	FY26	Total
PROTECT Program	\$43.7	\$44.3	\$45.3	\$46.1	\$47.1	\$226.2

- **New program focused on improving the resiliency of highway, transit and port infrastructure**
- **Funds may be used for projects that address—**
 - **Natural disasters and weather events**
 - **Sea-level rise, flooding and other changing conditions**
 - **Evacuation routes**
 - **At-risk coastal infrastructure**

Figures in millions

What does this mean for Virginia?

FHWA Formula Programs – EV Charging

	FY22	FY23	FY24	FY25	FY26	Total
EV Charging Infra	\$21.3	\$21.3	\$21.3	\$21.3	\$21.3	\$106.4

- **5-years of supplemental advance appropriations**
- **Funds may be used to (i) acquire and install electric vehicle charging infrastructure and (ii) operations and maintenance of such facilities**
- **States must submit plans to USDOT outlining proposed uses of funds**

Figures in millions

What does this mean for Virginia?

FHWA Formula Programs – Transportation Alternatives

New Funding	FY22	FY23	FY24	FY25	FY26	Total
TAP - CTB	\$6.9	\$7.1	\$7.2	\$7.4	\$7.6	\$36.3
TAP – Large MPO	\$5.8	\$5.9	\$6.0	\$6.2	\$6.3	\$30.2

- **Transportation Alternatives Program funding is increased by 55%**
 - \$23.1M in FY21 to \$35.7M in FY22
 - Greater share is directed to large MPOs
 - Additional Board-controlled funding over SYIP life is \$44.0M

What does this mean for Virginia?

FHWA Formula Programs – Transportation Alternatives

- **Recommend Board consideration of use of increase in funds to support trails initiative directed by General Assembly**
 - Appropriations Act provided \$10M
 - Required OIPI to convene a workgroup to examine regional trail needs and develop a master planning process
- **Over SYIP this would provide \$65M to fund regional trails as recommended by workgroup**

What does this mean for Virginia?

FHWA Programs – Vulnerable Road Users

	FY22	FY23	FY24	FY25	FY26	Total
Vulnerable Road User	\$14.7	\$15.0	\$15.3	\$15.7	\$16.0	\$76.7

- **Bill requires that states where more than 15% of traffic fatalities are pedestrians and bicyclists set-aside 15% of Highway Safety Improvement Program dollars**
- **15.8% of highway fatalities in Virginia have been pedestrians and bicyclists from 2016 to 2020**
- **Board will be required to develop a Vulnerable Road User Safety Assessment**

What does this mean for Virginia?

FTA Formula Programs

- **Increases HTF formula funds by ~26%**
 - From \$231M in FY21 to \$290M in FY22
- **Provides \$950M/year for State of Good Repair Program**
 - WMATA/DC region receives 6.3% of program funding which is equal to ~\$60M/year
- **Reauthorizes WMATA “PRIIA” funding at \$150M/year for 8 years**

What does this mean for Virginia?

FTA Formula Programs

5-year Total Additional Funding

- **\$492.4M for Northern Virginia transit systems**
- **\$59.9M for Hampton Roads transit systems**
- **\$24.3M for Richmond area transit systems**
- **\$5.2M for Roanoke transit system**
- **\$24.2M for small urban transit systems**
- **\$33.5M for rural transit systems**

What does this mean for Virginia?

Discretionary Grants

- **Multimodal Grants**
 - \$1.5-\$2.5B/year for projects of local and regional significance
 - \$1.5-\$1.6B/year for nationally significant freight and highway projects
 - \$1B/year for national infrastructure grants
- **Passenger Rail Grants**
 - \$7.2B/year with up to 2/3s for the Northeast Corridor

What does this mean for Virginia?

Discretionary Grants

- **Capital Investments Grants (FTA)**
 - ~\$3.6B/year for rail/BRT transit expansion projects
- **Bridge Investment Grants**
 - \$2.5B/year for replacement, rehab, resiliency projects
- **Low and No Emission Transit Vehicles**
 - \$1B/year for grants to replace transit vehicles with vehicles that reduce GHG and PM emissions
- **Number of other grant programs**

GARVEE Bond Program

- **Federal bill will provide an additional \$320M in FY22 and December forecast is anticipated to further increase available FY22 revenues**
- **Staff recommend Board reconsider timing of current GARVEE bond sales and allocation of proceeds**
- **Current plan include sales of ~\$120M annually, on average, along with corresponding debt service payments**

GARVEE Bond Program

Current Plan	FY22	FY23	FY24	FY25	FY26	FY27	TOTAL
Bond Proceeds	\$76.3	\$100	\$125	\$134	\$137	\$149	
Debt Service*	-	(\$8)	(\$19)	(\$32)	(\$45)	(\$57)	
Net Funding	\$76.3	\$92.0	\$106	\$102	\$92.0	\$92.0	\$560.3

Alt Plan	FY22	FY23	FY24	FY25	FY26	FY27	TOTAL
Bond Proceeds	-	-	-	-	-	\$737	
Debt Service*	-	-	-	-	-	-	
Federal Funds	-	\$8	\$19	\$32	\$45	\$57	
Net Funding	-	\$8	\$19	\$32	\$45	\$794	\$898

Alt Plan can increase available funding over 6-years by \$337M

* Debt service are approximate amounts

December Revenue Forecast

- Revenues will be incorporated into Commonwealth Transportation Fund budget and Six-Year Financial Plan as outlined at the October meeting
- Tier 1 - \$258.6M
 - Moving Revenue Sharing Program to years 3 and 4
 - Restoring FY23 Omnibus Allocations
- Tier 2 – Any remaining funds will be distributed through the Commonwealth Transportation Fund formulas

Next Steps

- **Action at the January meeting to update FY22 CTF Budget to incorporate funds from federal infrastructure bill and December forecast *on a programmatic not project-specific basis***
- **VDOT and DRPT, as appropriate, to report back to the Board on actions and efforts taken to accelerate previously selected projects**