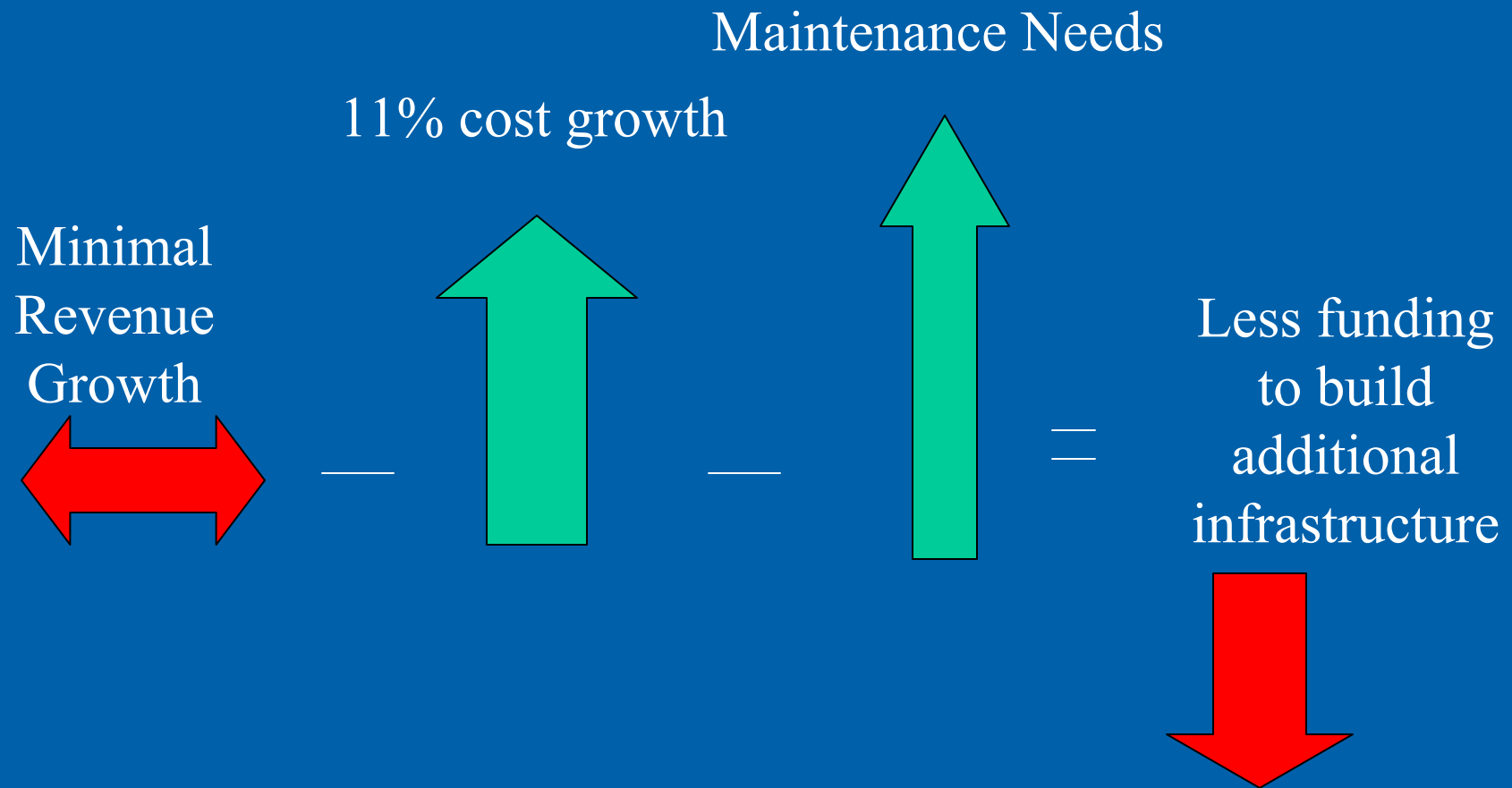


FY 2007-2012 Final Budgets & Six-Year Improvement Program

June 14, 2006

- Revenues grow slowly
- Costs are trending up dramatically
- Maintenance needs are expanding
- Funding for more public transportation and highway construction is diminishing



- The Board is being asked to adopt the allocations of revenues that fall under its authority
- For FY 2007, the total revenues/balances the Board must allocate total \$4.2 billion
- For the six years, they total \$23.7 billion
 - HMO/TTF revenue growth averages 2.7%
 - Federal revenues in FY 07 represent 3 years of SAFETEA-LU increase; average growth for 6 years is 1.5%
 - Tolls, local revenues, allocation balances provide another \$2 billion
 - Pocahontas Parkway assignment provides \$63 million
 - Overall – revenues growth is minimal

	Fiscal Year					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
State Revenues						
HMO	\$ 1,383.7	\$ 1,425.1	\$ 1,461.5	\$ 1,497.1	\$ 1,508.9	\$ 1,524.2
TTF Special Session	936.0	968.4	1,001.8	1,035.3	1,067.1	1,101.5
PTF (From TTF)	20.0	20.0	20.0	20.0	20.0	20.0
Local and Other Revenues	<u>460.8</u>	<u>388.0</u>	<u>443.4</u>	<u>319.2</u>	<u>309.2</u>	<u>244.1</u>
Total	<u>2,800.5</u>	<u>2,801.5</u>	<u>2,926.7</u>	<u>2,871.6</u>	<u>2,905.2</u>	<u>2,889.8</u>
% growth from prior year	-10.4%	0.0%	4.5%	-1.9%	1.2%	-0.5%
Federal Revenues	<u>1,354.9</u>	<u>1,067.3</u>	<u>1,068.0</u>	<u>999.6</u>	<u>1,004.9</u>	<u>1,025.4</u>
% growth from prior year	34.0%	-21.2%	0.1%	-6.4%	0.5%	2.0%
Total Revenues	<u>\$ 4,155.4</u>	<u>\$ 3,868.8</u>	<u>\$ 3,994.7</u>	<u>\$ 3,871.2</u>	<u>\$ 3,910.1</u>	<u>\$ 3,915.2</u>
% growth from prior year	0.5%	-6.9%	3.3%	-3.1%	1.0%	0.1%

	Fiscal Year						Total
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Debt Service	263.5	263.0	260.6	288.5	256.2	236.1	1,568.0
Other Agencies & Transfers	45.3	45.5	45.6	45.8	46.0	46.1	274.4
Highway Maintenance	1,498.3	1,555.8	1,617.3	1,681.4	1,748.0	1,817.3	9,918.1
Operations, Tolls & Admin	485.7	427.3	441.6	452.9	462.6	479.5	2,749.6
Public Transportation	442.2	514.6	582.1	440.0	412.1	373.1	2,764.2
Ports and Aviation	59.2	61.3	63.6	65.8	67.7	69.7	387.2
Earmarks & Special Financing	313.2	236.0	236.9	268.1	270.4	275.1	1,599.8
Highway Systems Construction	<u>1,048.0</u>	<u>765.4</u>	<u>746.9</u>	<u>628.5</u>	<u>647.0</u>	<u>618.3</u>	<u>4,454.1</u>
Total	4,155.4	3,868.8	3,994.7	3,871.2	3,910.1	3,915.2	23,715.4

- Of the \$23.7 billion for the six years, \$9.9 billion or 42% is planned for highway maintenance
- State Highway Construction Funds being transferred to maintenance total \$2.2 billion or almost 50% of the highway share of the TTF special session revenues
- Another \$976 million in federal highway funds are being dedicated to maintenance and operations

- Highway maintenance consumes 42% of the VDOT budget
- Compared to FY 2006 Six-Year Financial Plan, maintenance funding increased by \$362 million to address cost drivers
 - Of the \$362 million, \$270 million is directed to VDOT-administered maintenance
 - Of the \$92 million for city/county maintenance, approximately \$88 million is attributable to Suffolk assumption of maintenance responsibility

- Of \$270 million for VDOT-administered maintenance, approximately 50% is attributable to increases in unit costs and approximately 50% is based on updated inventory assessments
 - Oil & other petroleum-based product costs such as asphalt and fuels grew between 13 and 34 percent
 - Producer price indexes for cement, sand, stone, concrete grew by 7 to 9 percent
 - About 388 lane miles were added to the secondary system in 2005 from development-related activity

District	% of 2005 Assessment	FY07 Allocation	% of FY07 Allocation
Bristol	12.2%	\$124,650,685	12.0%
Salem	11.1%	\$116,936,762	11.3%
Lynchburg	6.7%	\$77,133,784	7.5%
Richmond	17.8%	\$154,491,832	14.9%
Poch Pky maintenance repay		\$1,822,875	
Hampton Roads	12.3%	\$131,277,894	12.7%
Fredericksburg	7.7%	\$77,337,328	7.5%
Culpeper	6.1%	\$73,645,562	7.1%
Staunton	9.7%	\$107,177,100	10.4%
Northern Virginia	16.3%	\$171,799,616	16.6%
Statewide Programs	-	\$125,470,000	-
Total	100%	\$1,159,920,563	100%

- Based on planned funding, the recommended performance targets are:
 - No more than 18% of Interstate pavements rated deficient
 - No more than 18% of Primary pavements rated deficient
 - No more than 39% of bridges and structures needing major repair and/or rehabilitation

- Debt service totals \$1.6 billion for the six years
 - Debt service consumes 13% of TTF/federal revenues
 - Outstanding CTB debt is \$1.9 billion
 - Planned FRAN debt for Dulles Rail in FY 2010
- FY 07 Operations, Tolls and Admin budget of \$486 million includes:
 - \$80 million for environment, planning, land management, VDOT building construction
 - \$113.4 million for toll roads and Toll Facilities Revolving Account, including Pocahontas Parkway repayments
 - Of the \$113.4 million, \$38.1 million will be transferred to the Dulles Rail project
 - Administration includes IT support, personnel, business planning, district and residency offices

- The assignment of the Pocahontas Parkway to Transurban 895 is expected to occur by July 1st. At that time, the existing Pocahontas Parkway Association will repay loans/accounts that incurred expenses
- The repayment of various expenses totals \$62.7 million and includes:
 - \$24.4 million to the State Infrastructure Bank
 - \$5.6 million to the Toll Facilities Revolving Account
 - \$1.8 million to Richmond District's maintenance program
 - \$30.6 million to the concession account

- Chapter 922 requires payments/repayments to be used for certain purposes:
 - repay Toll Facilities Revolving Account and/or Transportation Partnership Opportunity Fund;
 - pay reasonable expenses of the Board for administration;
 - pay or finance programs or projects that are reasonably related to or benefit the users of the qualifying transportation facility that was subject to the concession
 - Consider priorities of MPOs, PDCS, local governments
- Recommended Six-Year Program allocations include:
 - \$17.6 million to match federal funds and address funding gaps on Route 1; Route 60; Route 360; Barrett's Ferry Bridge and Huguenot Bridge
 - \$10.5 million reserve for Britton Road and Airport Connector
 - \$2.5 million for Airport Connector connections at Richmond Airport/Clarkson Road

- The Six-Year Improvement Program for highways allocates available funding to specific projects - \$6.9 billion for six years
- In addition to interstate, primary, and urban projects, the \$6.9 billion also includes the allocation of funds to the secondary system, federal funds budgeted to maintenance, federal earmarks, and highway funds used for public transportation projects, including Dulles Rail

	FY 07-12 Program
Available Funding	\$6.9 billion
Federal Funds to Maintenance	\$1.0 billion
Federal Funds Allocated by MPOs	\$0.6 billion
Federal Safety Programs and other special programs (enhancement, rail, demos, Dulles)	\$0.6 billion
Interstate System	\$2.0 billion
Primary System	\$1.2 billion
Secondary System	\$0.8 billion
Urban System	\$0.7 billion
Total Systems, including \$0.4 billion in federal earmarks	\$4.7 billion

	FY 06-11 Final Program*	FY 07-12 Recommended
Federal Funds to Maintenance	\$0.6 billion	\$1.0 billion
Federal Earmarks included in systems	\$0.1 billion	\$0.4 billion
Federal Safety	\$0.07 billion	\$0.2 billion
Interstate System	\$1.5 billion	\$2.0 billion
Primary System	\$1.5 billion	\$1.2 billion
Secondary System	\$1.0 billion	\$0.8 billion
Urban System	\$0.9 billion	\$0.7 billion
Total Systems	\$4.97 billion	\$4.7 billion
Total Funding in Program	\$7.0 billion	\$6.9 billion

*deficit funding omitted from system numbers for FY 06-11 comparison purposes

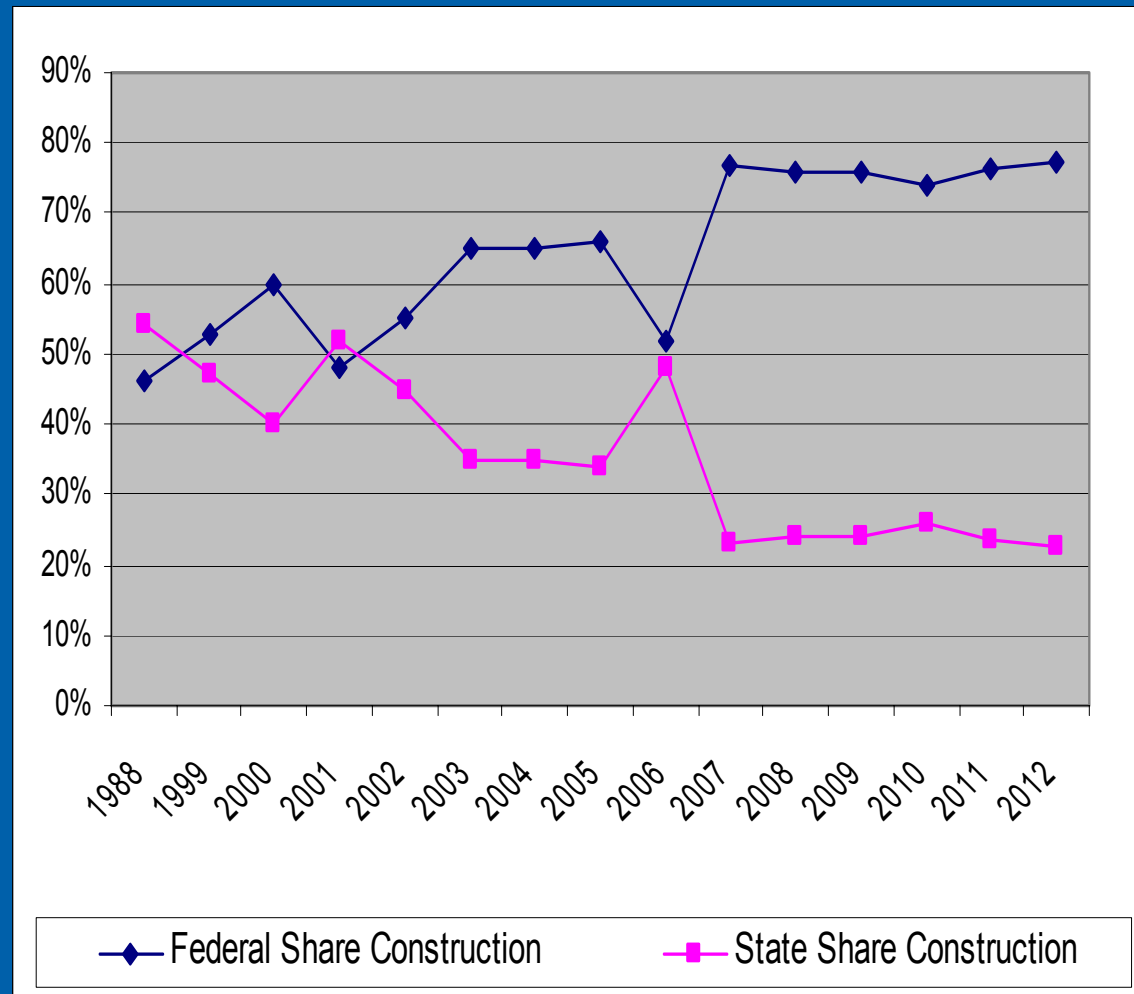
	FY 06-11 Final Program	FY 07-12 Final Program
Line items	2,029	1,965
Projects with allocations in FY 07-12	-	937
In Construction	419	139
Going to Construction	97	326
Right of Way	69	111
Preliminary Engineering	103	109
New Projects	103	322

- Cost to complete project phases in the Program - \$6.8 billion (compares to \$5.5 billion last year)
- Estimate changes on projects total almost \$1.1 billion (compared to \$394 million in working draft)
 - Delays in project schedule from lack of funding drive this increase

- Because the primary, secondary, and urban construction projects are the last items to be funded, they are the most affected by revenue swings and increased costs
- For the overlapping five years with last year's adopted program, formula funding has declined by \$795 million, 47%, for these 3 road systems

The federal share of construction funding has increased to 77% even with the increased use in maintenance

Only federal projects can be realistically planned and financed



- The only categories of federal funds not matched “off the top” are federal bridge and minimum guarantee funds
 - A long-term goal is to begin matching these off the top to better maximize their use; however, state funding levels do not make it possible at this time
- \$46.3 million in state matching funds were not available in the right year, system, and/or locality to provide the required match while still addressing rising costs, other project priorities and on-going work

- As a result, in FY 2007, of the \$115.2 million in the Priority Transportation Fund, \$46.3 million is being used to meet the federal matching requirements
 - Maximization of federal funds
 - Reflect planned spending
 - Required to meet cash flow on projects
- The remainder, \$69 million offsets FRAN debt service in FY 2007 leaving \$83 million to be paid from the highway construction program
 - For the six years, the impact is \$628.8 million

System Details and Project Changes

- Federal interstate funding increased by \$500 million compared with last year's program - \$295 million is federal earmarks
- Projects continuing on schedule include —
 - Woodrow Wilson Bridge
 - Route 77 tunnel restorations
 - I-66 at Gainesville
 - I-66 widening in Prince William County
 - I-81 Stone Spring Rd Bridge
 - I-81 at Route 37
 - I-95 at Carmel Church
 - Springfield Interchange
 - I-95 4th lane

- Decrease of \$300 million in primary system funding from \$1.5 billion to \$1.2 billion with \$92 million being federal earmarks
- Two primary projects that were added to the FY 06 program have been dropped – Route 11 (Phase II) in Washington County and Route 460 EBL reconstruction in Bedford County
- Primary projects with delayed schedules include –
 - Rte 11 Washington County Phase I
 - Rte 15/29/215 Interchange in Fauquier County
 - Rte 17 Steel Bridge
 - Rte 460 in Lynchburg and Bedford County
 - Route 7 in Fairfax County
 - Route 33 in Hanover County
 - Route 221 in Bedford County
 - Route 340 Bridges

- Decrease of \$198 million in urban system funding from \$928 million to \$730 million with \$58 million being federal earmarks
- Limited, if any, state cash payments to the first cities (Charlottesville, Virginia Beach, Hampton, Richmond, Harrisonburg, Bridgewater)
- Portsmouth “shadow payment” for Pinner’s Point requires additional years because of reduced funding as does Treyburn Drive reimbursement in Williamsburg

Funding delayed urban projects include –

- Fairground Road in Tazewell
- Price's Fork Road in Blacksburg
- Route 13 Bridge replacement in Chesapeake
- Wythe Creek Road in Poquoson
- Holland Road in Virginia Beach
- Mill Road extension in Alexandria
- Route 28/Wellington Road overpass in Manassas
- Cottage Street in Vienna
- Cedar Level Road in Hopewell
- Rives Road in Petersburg
- Pepper's Ferry Road in Christiansburg
- Main Street Bridge in Clifton Forge

- For secondary system, local Boards of Supervisors will also have to address \$166 million reduction in funding from \$928 million to \$762 million
- VDOT Residency Administrators will work with the counties to identify actual project reductions during the next 45 days

- Virginia's contribution to public transportation is smaller because of rising costs and increased needs
 - Only 22% of capital costs are funded
 - The lowest share in the program's history
- The highway construction program is smaller because of declining revenues, rising costs and increased maintenance needs
 - The highway construction program is now determined by federal priorities and matching federal funds is getting increasingly difficult
 - Almost a \$800 million reduction in primary, secondary, and urban formula funds since last year
- Impacts will be felt the hardest by localities