

Funding Hurricane Isabel and Other Budget Adjustments

Commonwealth Transportation
Board

November 19, 2003



We Keep Virginia Moving

Introduction

- Several events have occurred since VDOT's FY 2004 budget was approved in June 2003
- Hurricane Isabel hit Virginia in September causing extensive damage to a large portion of the state
- Immediate maintenance needs to the water and mountain tunnels were also identified
- Decided to adjust the FY 2004 snow budget to better prepare for the possibility of severe snow or other major emergencies

Hurricane Isabel

- The direct costs associated with the cleanup and repair is estimated at \$70 million, revised down from the initial estimate of \$100 million
- The new estimate is based on individual estimates for more than 800 disaster projects

Tunnel Maintenance

- The flooding of the Midtown Tunnel uncovered significant maintenance needs on all tunnels statewide – water and mountain tunnels
- This immediate tunnel maintenance is estimated at \$5 million to address immediate safety issues
 - Fire suppression systems
 - Flood gate operability

Snow Budget

- Recommend adding \$22 million to the snow budget
 - Budget contingency for emergencies which typically fills any funding gap has been depleted
 - Summer flooding and slides depleted the \$16 million account

Recommended Funding Approach

- The \$97 million in funding for these unplanned items are recommended to come from three sources:
 - Additional state and federal revenues
 - Debt service savings
 - Reductions and deferrals of VDOT operations

Additional Revenues

- \$15.5 million in unforecasted revenue collected from the receipt of the Fourth Quarter FY 2003 Accelerated Sales Tax
- Anticipate \$15 million in revenue collections from FHWA and FEMA during FY 2004 related to Hurricane Isabel

Debt Service Savings

- \$11.9 million from the delay of a planned fall 2003 FRAN sale to later in the year

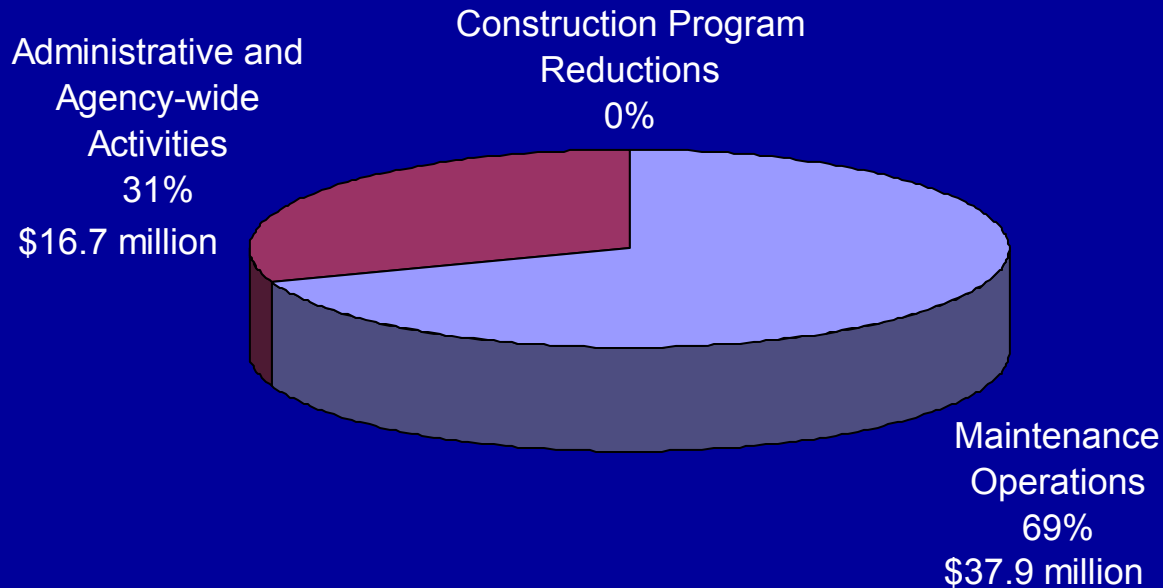
Other VDOT Reductions and Deferrals

- The remaining \$54.6 million of needed funding is from other VDOT reductions and deferrals
- Three options were analyzed which vary the magnitude of reductions and deferrals in these areas
 - Maintenance
 - Administrative and Agency-wide Activities
 - Construction

Options Considered

	Option I	Option II	Option III
Maintenance Operations	\$ 37,900,000	\$ 27,800,000	\$ 6,900,000
Administrative and Agency-wide Activities	16,700,000	16,700,000	16,700,000
Construction Program Reductions	-	10,100,000	31,000,000
<i>Totals</i>	\$ 54,600,000	\$ 54,600,000	\$ 54,600,000

**Virginia Department of Transportation
Recommended VDOT Reductions and Deferrals
Total = \$54.6 million
Option I**



Option I

continued

- Maintenance Spending Adjustments - \$37.9 million
 - Nearly 40% from deferral of equipment purchases such as pickup trucks, dump trucks, graders
 - Deferral of roadside improvements such as guardrail upgrades and slope repairs comprise nearly 20%

Option I

continued

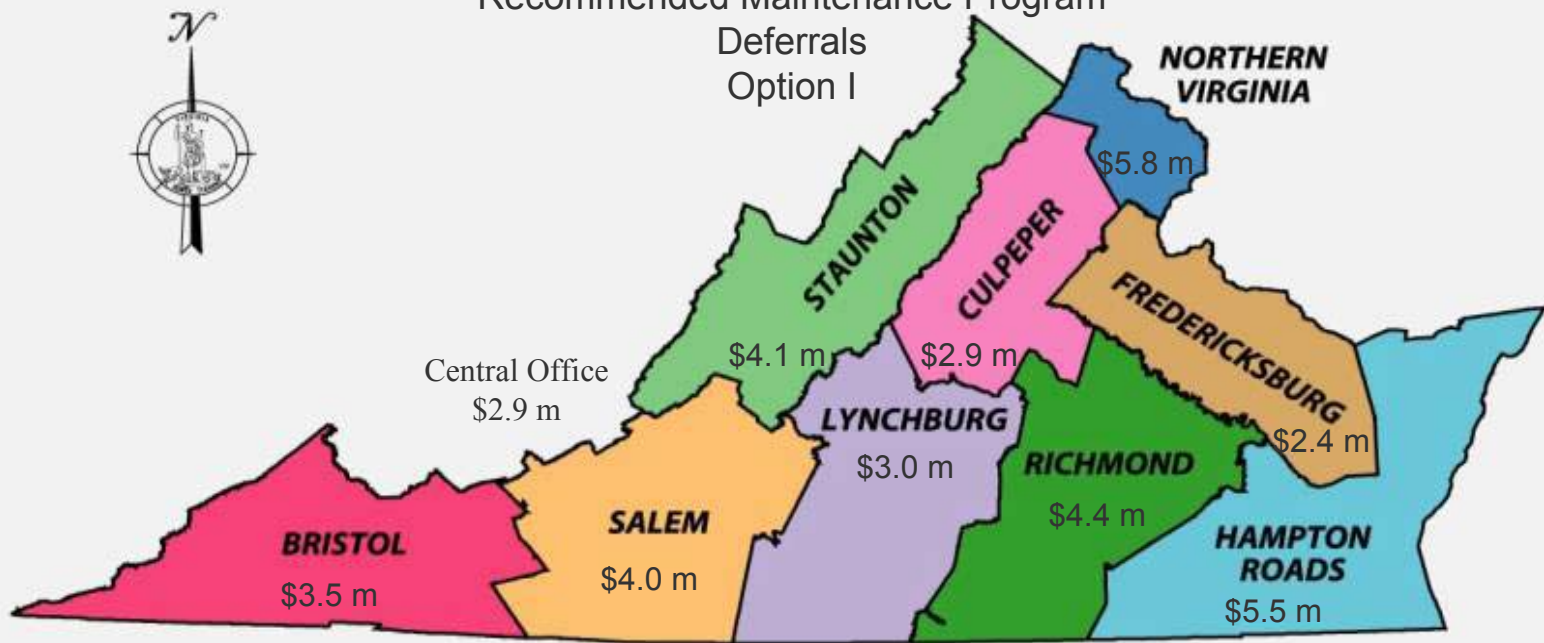
- Remainder from delay of routine maintenance activities such as landscaping, litter pickup, mowing and other contract work reductions

Commonwealth of Virginia Department of Transportation

Construction Districts

Recommended Maintenance Program

Deferrals
Option I



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Option I

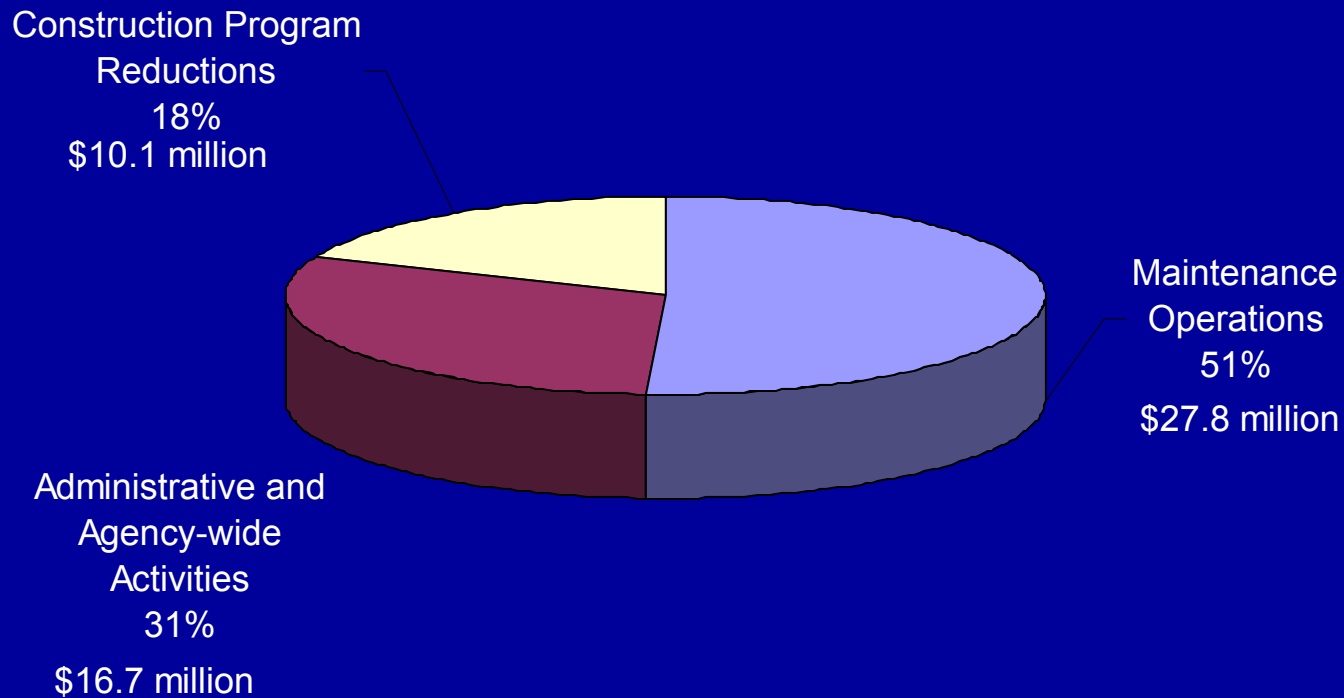
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- Administrative and Agency-wide Activities-
\$16.7 million
 - Majority achieved from personnel
 - Strictly limit/freeze hiring to 95% of MEL, maintaining minimum of 550 vacant positions agency-wide across programs, saving \$6.7 million
 - Strictly limit usage of contract and wage employees to save \$6.0 million

Option I continued

- Balance realized by delaying physical plant repairs, capital outlay construction and selected technology upgrades

**Virginia Department of Transportation
Recommended Program Reductions and Deferrals
Total = \$54.6 million
Option II**



Option II

- Similar Maintenance spending adjustments as option I, with minimal deferral of equipment purchases
- Same reductions in Administrative and Agency-wide activities as in option I

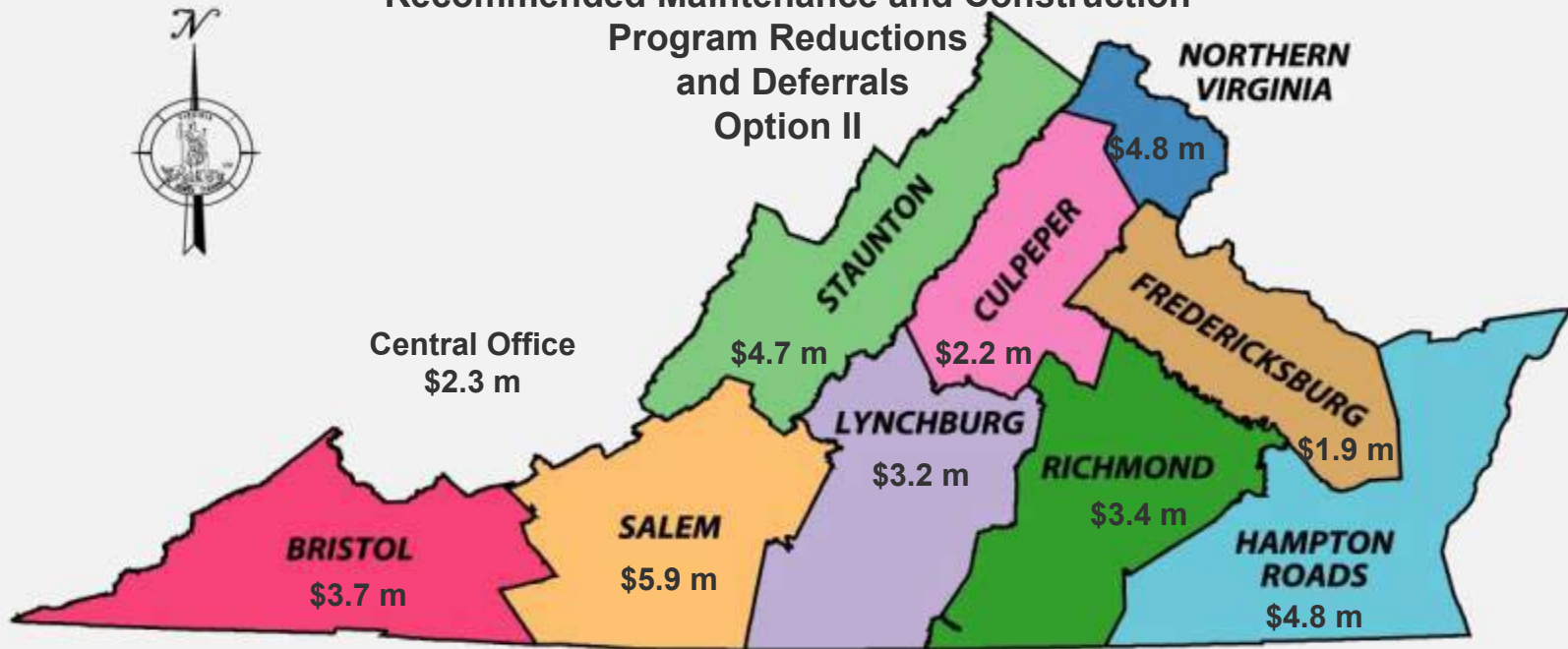
Option II

continued

- Construction program - \$10.1 million
 - Reduce by delaying advertisement and right of way acquisition for some state-funded projects for remainder of fiscal year
 - Would delay \$40 million of work
 - Mainly secondary and urban projects
 - Over 60% along I-81 corridor

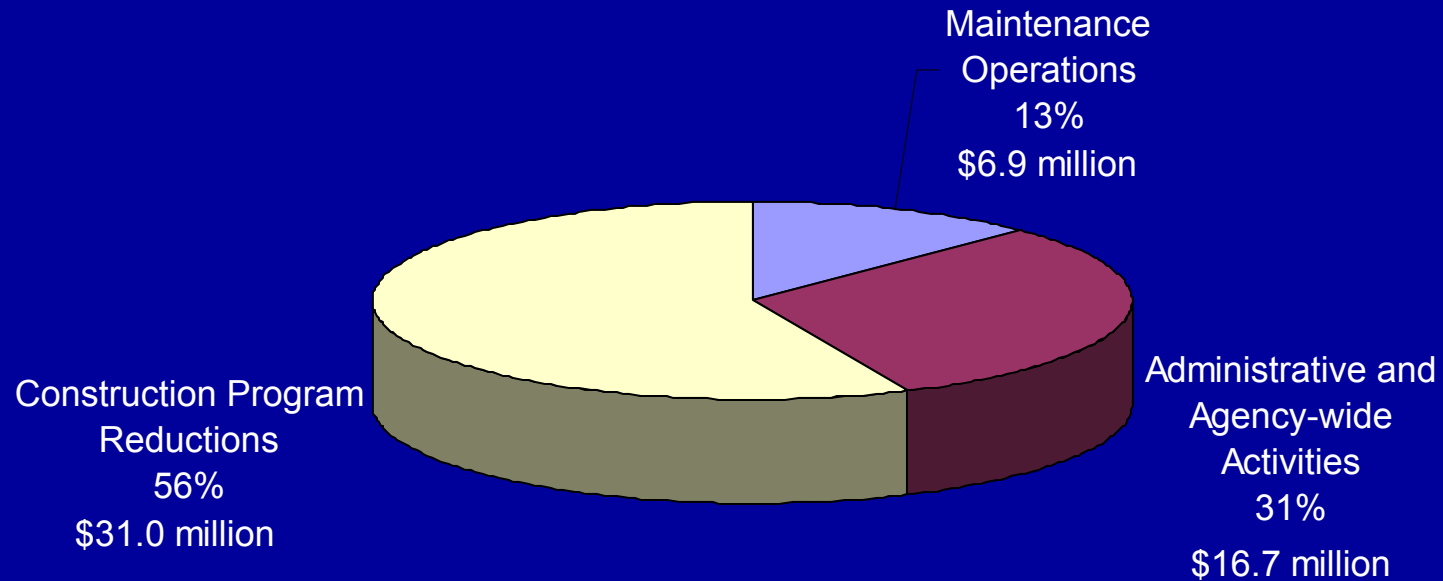
Commonwealth of Virginia Department of Transportation Construction Districts

Recommended Maintenance and Construction
Program Reductions
and Deferrals
Option II



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**Virginia Department of Transportation
Recommended Program Reductions and Deferrals
Total = \$54.6 million
Option III**



Option III

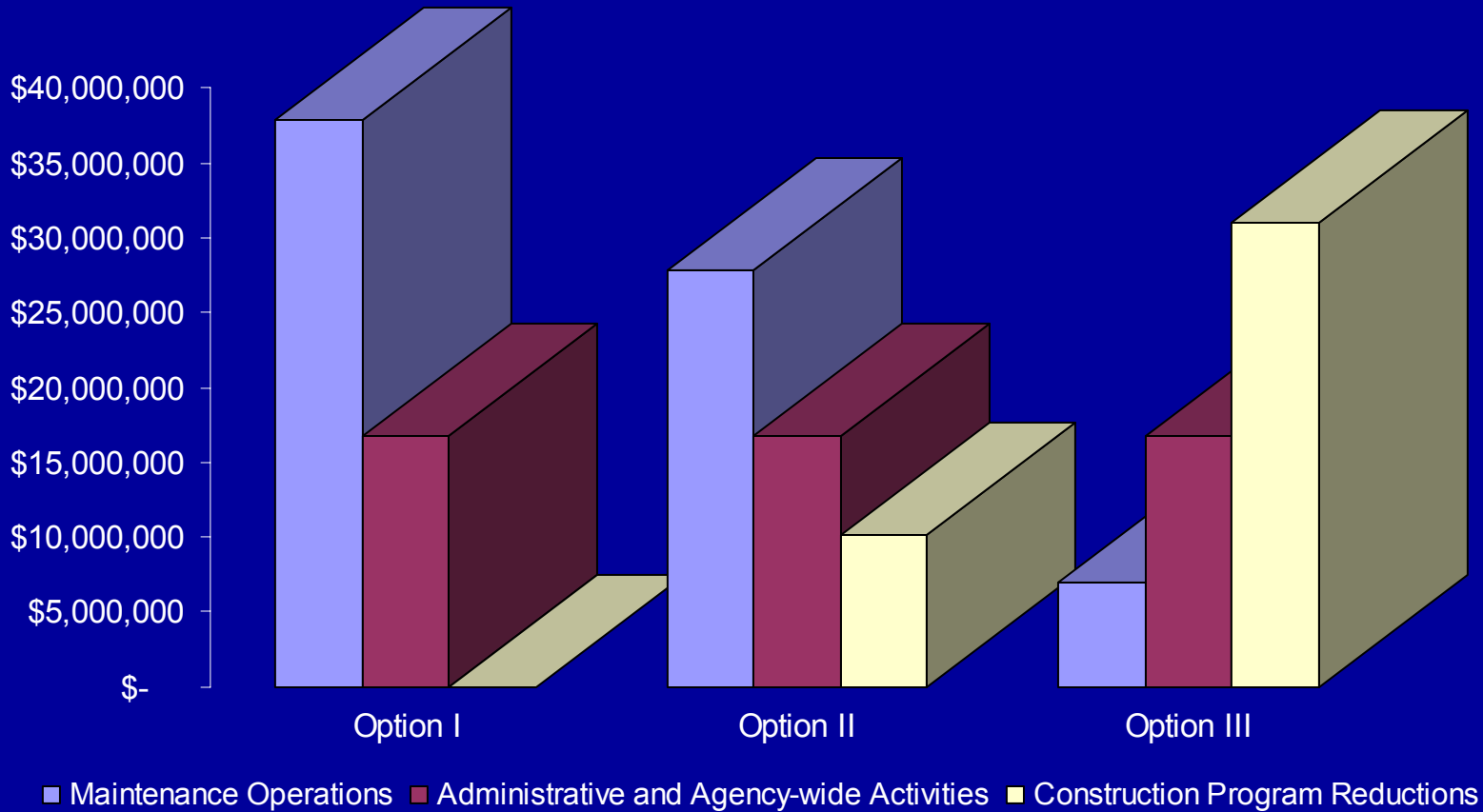
- Minimal reductions to the Maintenance program – \$6.9 million, mainly from deferral of contract work
- Same reductions in Administrative and Agency-wide activities as in option I and II

Option III Reductions

- Construction reductions include:
 - \$10.1 million identified in option II from delaying \$40 million of work
 - An additional \$20.9 million in fiscal year 2004 cash savings by a combination of
 - Imposing some mandatory shutdowns
 - Canceling some active projects
 - Delaying right of way acquisition causing delays to the construction schedule

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Options Considered



Recommended Option

- Option I is recommended as the best method to address the funding needs
 - Does not compromise public safety
 - Upholds commitment to pavement maintenance
 - Limits service level reductions to deferral of routine maintenance activities such as guardrail upgrades, slope repairs, landscaping, litter pickup and mowing

Recommended Option

continued

- Does not impact the budget or schedule of the construction program
- Results of option increases the Maintenance budget \$54.2 million, from \$879.0 million to \$933.2 million

Other Recommended FY 2004 Budget Adjustments

- Because of the opportunity Hurricane Isabel provided in revising the budget, several other routine budget adjustments are being recommended
 - Chapter 314 of the 2003 Virginia Acts of Assembly transfers the oversize and overweight permit issuance program from VDOT to DMV
 - Provide to DMV \$1.0 million to support the legal presence implementation and \$500,000 for upgrades of the automated testing system terminals

Other Recommended FY 2004 Budget Adjustments continued

– IT Transfers

- The consolidation efforts of the Virginia Information Technologies Agency will require the transfer of approximately 200 information technology operations positions from VDOT
- Transfer scheduled for January 2004
- In preparation for the transfer, removed the related personnel budgets from the operational programs and consolidated into the computer services program - \$4.2 million

Tentative Revised Budget

- The following is a summary of the revenue changes to the FY 2004 budget approved in June 2003

	Original 2003-04	Tentative Revised 2003-04	Increase (Decrease)
HMOF Revenues	\$ 1,384,626,943	\$ 1,382,855,198	\$ (1,771,745)
TTF Revenues	1,203,204,112	1,221,748,312	18,544,200
Federal Revenues	1,068,755,511	1,083,755,511	15,000,000
Total Revenues	<u>\$ 3,656,586,566</u>	<u>\$ 3,688,359,021</u>	<u>\$ 31,772,455</u>

Tentative Revised Budget continued

- The following is a summary of the allocation changes to the FY 2004 budget approved in June 2003

	Original 2003-04	Tentative Revised 2003-04	Increase (Decrease)
VDOT Programs	\$ 3,305,183,570	\$ 3,336,266,825	\$ 31,083,255
Other Modes	228,667,071	228,667,071	-
Support to Other State Agencies	122,735,925	123,425,125	689,200
Total Allocations	<u>\$ 3,656,586,566</u>	<u>\$ 3,688,359,021</u>	<u>\$ 31,772,455</u>

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