



COMMONWEALTH of VIRGINIA  
*Office of the*  
SECRETARY of TRANSPORTATION

**Senate Finance Committee  
Transportation Update**

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Secretary of Transportation



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# VPA Board of Commissioners

- The Port of Virginia is an economic engine for the Commonwealth that is facing challenges.
  - 2007 – 2009: growth in container volumes ended and port experienced a net income loss
  - 2009 – present: has not rebounded at the same rate as competitors, as the annual net income loss continues and VIT did not return to 2006 levels as did competitors
- As an initial step to address these challenges, Governor McDonnell appointed 10 new commissioners to the VPA Board of Commissioners.
  - The new appointees represent a diversity of business expertise across a wide sector of industries
  - Four commissioners' terms were scheduled to expire in June 2011 and four in June 2012
  - Va. Code states that the Board of Commissioners shall consist of "...eleven members appointed by the Governor, subject to confirmation by the General Assembly, who shall serve at the pleasure of the Governor
- The new board is working with VPA/VIT to examine current operations/structure, expand international markets and attract new cargoes
- The Governor is considering a comprehensive maritime promotion and economic diversification legislative proposal

# VPA Board of Commissioners

•VIT ranked third among East Coast ports in total containers handled in 2010

•VIT and Georgia Port Authority (GPA) both had 1.2 million containers in 2006, but VIT now trails GPA by approximately 450,000 containers

•GPA demonstrated strong growth with a 29.2% increase in containers handled in 2010 compared to 2006

•VIT declined by 9.6% since 2006

•SCSPA is the only other East Coast port in 2010 that did not return to 2006 levels of containers handled

Containers by Port (000's)					
Port	2006	2007	2008	2009	2010
NY/NJ	2,950	3,117	3,088	2,684	3,113
GPA	1,201	1,376	1,529	1,415	1,552
VPA	1,204	1,209	1,261	1,027	1,088
SCSPA	1,164	1,108	997	805	752
JPA	452	418	411	444	487
MPA	369	359	361	309	359
NCSPA	98	102	121	115	147

# VDOT/VPA Route 460 MOU

- **The Route 460 Corridor Improvement Project will provide new four-lane, limited access highway extending from the existing U.S. Route 460 near its interchange with Interstate 295 in Prince George County to the U.S. Route 58 bypass in the City of Suffolk**
- **Project estimates range from \$1.5 billion to \$2.0 billion for design and construction**
  - Initial toll revenues will be insufficient to cover project costs
  - VDOT has agreed to contribute \$500 million to the project
- **The project is intended to spur economic development throughout the corridor**
  - Close proximity to the Port of Virginia, Norfolk Southern and CSX lines, and I95/I85
  - Development of manufacturing mega-sites
  - Implementation of a “Distribution Center Strategy” that will increase Port cargo volumes
- **The new Route 460 will also:**
  - Improve travel safety along the corridor
  - Create a new westbound emergency evacuation route for Hampton Roads
  - Improve military strategic connectivity
  - Reduce congestion along the I-64 Corridor, particularly as it relates to truck traffic from the port

# VDOT/VPA Route 460 MOU

- **The VPA has been asked to contribute 0.5% of the TTF from its annual 4.2% share of the TTF contribution to the Commonwealth Port Fund to the project**
  - For FY12, the CPF will receive \$37 million
  - This amount is projected to grow to \$42 million in the out years
  - 0.5% equates to approximately \$5 million per year
- **VPA's contribution will provide capital needed to construct the project thereby reducing tolls and operating costs**
- **VPA's 2040 Master Plan intends to increase container capacity from 1.95 million TEUs in 2011 to 9.5 million TEUs in 2040**
  - The Panama Canal expansion presents opportunities to increase cargo volumes
  - Current transportation infrastructure in Hampton Roads cannot support this growth
  - A new Route 460 presents an alternative to I-64 and provides a direct link for port traffic to Interstates 85 and 95 connecting to points to the north, south, and west
  - The location also provides opportunities for the location of multimodal and warehousing/distribution centers in Suffolk and Isle of Wright that are needed to support this growth

# I-95 Corridor Improvement Project

- In April 2010, Virginia submitted a proposal to FHWA outlining a concept to toll I-95 to fund a variety of different pavement, operational, and safety improvements to the corridor
- Following preliminary discussions, with FHWA, VDOT submitted a formal expression of interest for the project in January 2011
- On September 14, 2011, FHWA granted VDOT conditional provisional approval for the tolling proposal under the Interstate System Reconstruction and Rehabilitation Pilot Program (ISRRPP)
  - The ISRRPP is limited to three facilities in three different states
  - As a result of this approval, VDOT's authority to toll I-81 has been rescinded
- Preliminary estimates indicate that tolling I-95 will generate approximately \$250 million over the first five years and over \$50 million annually thereafter
  - The tolling revenue will be used to make a variety of capacity, pavement, operational, and safety improvements throughout the corridor

# I-95 Corridor Improvement Project

- **Conditional provisional approval reserves one of the three slots in the ISRRPP while VDOT performs additional work to submit a complete tolling application**
- **Among the items that must be completed are:**
  - **A vision for I-95 outlining the reconstruction /rehabilitation, and capacity improvements needed throughout the corridor**
  - **The identification of the short-term improvements that will be funded by toll revenues**
  - **A clear explanation of how the tolling program will support new capacity**
  - **The required NEPA reviews and approvals**
  - **The location of the toll collection points**
- **Next steps:**
  - **Complete the visioning work**
  - **Initiate the NEPA work in coordination with FHWA**
  - **Begin discussions with the impacted MPOs, the public, and stakeholders**
  - **Conduct detailed traffic and revenue studies to support the development of the tolling program**
    - **Evaluate potential traffic diversion**
    - **Identify proposed tolling locations**
  - **Submit tolling application for final approval – target completion of late summer 2012**

# Highway Construction Revenues

- The highway share of the Transportation Trust Fund (TTF) is being impacted by the crossover of funds to the Highway Maintenance and Operating Fund (HMOF) to support maintenance
- The current outlook and Six-Year Improvement Program (SYIP) are based on the December 2010 revenue forecast
  - The current forecast indicates that of the \$799 million in revenue VDOT expects from the TTF in FY2017, \$726 million is needed for crossover
  - The remaining \$73 million is insufficient to provide for the items supported by the construction fund
- This shortfall has been mitigated in the current plan by increasing the amount of federal funds used to support the maintenance program from \$167 million in FY2012 to \$289 million in FY2017
  - This increased use of federal funds for maintenance further reduces the funds available for construction
  - Federal match for construction will be met with toll credits and available state revenues
- The next update of the SYIP will be based on the November 2011 revenue forecast

# Highway Construction Revenues

Availability of the Highway Share of the TTF for Construction						
	(amounts in millions)					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Construction Share of the TTF	\$ 697.1	\$ 689.8	\$ 714.0	\$ 754.1	\$ 781.0	\$ 799.3
Crossover Needed	447.8	517.0	564.1	593.9	660.8	726.1
Balance after Needed Crossover	249.4	172.8	149.9	160.2	120.2	73.2
Construction Fund Support						
Debt Service Support for NVTD and Rt. 58	20.0	17.0	20.0	20.0	20.0	20.0
Non Construction Program Support (Planning and Research, Access Programs, Capital Outlay)	51.8	70.8	72.1	73.1	71.9	72.9
Available for Construction	177.6	85.0	57.8	67.1	28.2	(19.7)
Supports Federal Match and Revenue Sharing						
To address shortfall, increased federal funds for maintenance		21.6	44.8	69.0	110.2	121.7
Adjusted amount Available for Construction to cover Federal Match and Revenue Sharing	\$ 177.6	\$ 106.6	\$ 102.6	\$ 136.1	\$ 138.4	\$ 102.0
Revised Crossover Amount	\$ 447.8	\$ 495.4	\$ 519.3	\$ 524.9	\$ 550.6	\$ 604.4

•Revenue based on December 2010 revenue forecast

•Crossover based on the FY2012 – FY2017 financial plan

•Annual growth of maintenance and maintenance payments to localities assumed at 4%

# Intercity Passenger Rail Operating and Capital Fund (IPROC)

- **IPROC was created in 2011 in preparation for future passenger rail funding needs**
  - In 2009, the Commonwealth began operating two state supported Amtrak trains – Lynchburg to D.C. and Richmond to D.C. Ridership has proved favorable and continues to grow as a top national performer
  - The General Assembly appropriated \$6 million to support operation through 2012
  - Virginia does not have a dedicated revenue source to support this service beyond that
- **Section 209 of the 2008 Passenger Rail Improvement and Investment Act (PRIIA) requires states to assume funding for regional Amtrak service beginning in 2013**
  - When the PRIIA provisions go into effect in 2013, Virginia will bear responsibility for funding not only the two state supported trains, but four additional Amtrak regional trains
  - The estimated annual capital and operating costs for maintaining the six current trains and expanded service to Norfolk is \$28 million because of a required change in formula and the addition of the four regional Amtrak trains as a Virginia responsibility
  - DRPT is in discussions with Amtrak and the other states regarding PRIIA implementation
- **HB2527/SB1446 created the IPROC in preparation for addressing these issues, but it did not provide a source of dedicated funding – provided flexibility for future funding**
  - The General Assembly may appropriate funds
  - The Commonwealth Transportation Board may take up to 10% from the TTF
  - Create a new dedicated source of revenue