



COMMONWEALTH of VIRGINIA
Office of the
SECRETARY of TRANSPORTATION

Transportation Budget Update

Pierce R. Homer
Secretary of Transportation
January 2009



Current Trends

- **TEUs at Port of Virginia down 5.4% in October 2008 compared to October 2007**
- **Diesel tax collections are down 14.4% in October 2008 compared to October 2007**
- **Motor vehicle sales tax collections are down 33% in October 2008 compared to October 2007**
- **Recordation tax revenue estimates for FY09 are down 22% from last June**
- **Original vehicle registrations are down 20% in October 2008 compared to October 2007**
- **Virginia's air carrier capacity is down 12%**

Major Revenue Milestones

- **August 18: Estimated six year transportation revenue reduction of \$2.2 billion**
- **September 5: Estimated Federal Highway Trust Fund \$8 billion FFY09 deficit; federal reimbursements suspended**
- **September 7: Credit restrictions imposed on housing markets**
- **December 5: Estimated six year transportation revenue reduction grows to \$2.6 billion**

Transportation Revenues – HB3202 Bonds

- \$3 billion authorization over 10 years
- The current financial model projects \$2.2 billion over the next 10 years; first sale would not be until fiscal year 2010
- Bonds may not be sufficient to fund all purposes envisioned by HB 3202; priority order in HB3202 is as follows:
 - 1) transit and rail capital
 - 2) federal match
 - 3) revenue sharing program
 - 4) priority projects
- Long term sustainability of bond program is an emerging issue

Core Priorities

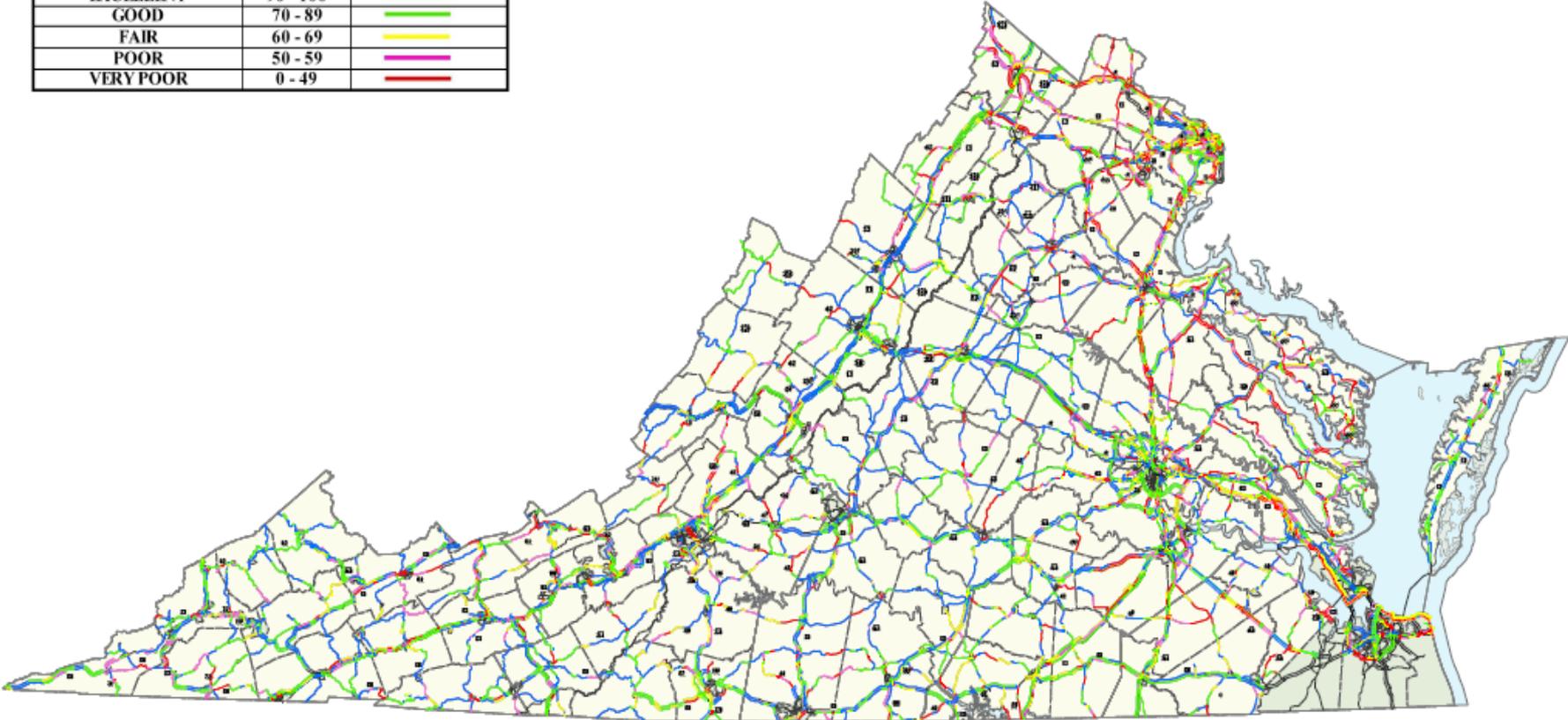
- **Maintenance and operation of existing highway and transit systems**
- **Match all available federal funds and meet federal mandates**
- **Economic development**
- **Transit and rail initiatives/congestion relief**
- **Bridge replacement and repair**
- **Public private partnerships initiatives/congestion relief**
- **Multimodal improvements**
- **Coordination between transportation and land use**

Maintenance and Operations of Existing Highways and Transit Systems

- **\$10.6 billion in highway funds over six years**
 - VDOT interstate pavement rated deficient increased from 17.1% in 2006 to 20.5% in 2008
 - Average rate of increase reduced from 4% to 3%
 - Same reductions for local maintenance payments
- **\$4.3 billion in transit funds estimated over six years**
 - Transit operations funded at FY08 levels
 - “Lifeline” reserve established
- **Transit capital replacement, pavement repair and bridge replacement high priority for stimulus funding**

Pavement Conditions

PAVEMENT CONDITION	CCI RATING	COLOR SCHEME
EXCELLENT	90 - 100	Blue
GOOD	70 - 89	Green
FAIR	60 - 69	Yellow
POOR	50 - 59	Purple
VERY POOR	0 - 49	Red



Match All Available Federal Funds and Meet All Federal Mandates

- **High degree of uncertainty in federal revenues**
 - Awaiting federal revenue projections
- **\$1.5 billion over six years, including HB3202 bond proceeds**
- **Core federal match requirements**
 - Interstate, National Highway, Interstate Maintenance
 - Surface Transportation, Metrorail, Rail Demonstration
 - Congressional Earmarks
- **Port capital improvements may require match**
- **Real ID mandates**

Major Transit and Rail Initiatives



Bridge Replacement

- **20,879 bridge structures statewide**
- **1,730 or 8.3% are structurally deficient**
- **Up to 300 bridge structure replacement projects may be cancelled in revised SYIP**
- **Bridges a high priority for stimulus funding**

\$9 billion in Public Private Partnerships

	Construction complete	Phase Two underway	Reassigned from original private partner	Private Investment	Concession Agreement
Route 28	√	√		√ - tax district	
APM/Maersk Private Port Terminal	√			√ - equity and risk	
Coalfields Expressway			√	√ - equity	
Pocahontas Parkway	√	√	√	√ - equity and risk	√
Jamestown 2007	√				
Route 288	√			√ - pavement risk	
Route 58	√	√		√ - risk	

\$9 billion in Public Private Partnerships

	Construction complete	Next Phase underway	Reassigned from original private partner	Private Investment	Concession Agreement
Heartland Corridor				√ - equity and risk	
Dulles Rail				√ - tax district and risk	
I-495 HOT Lanes				√ - equity and risk	√

Three projects are under active P3 procurement - \$4 billion in construction

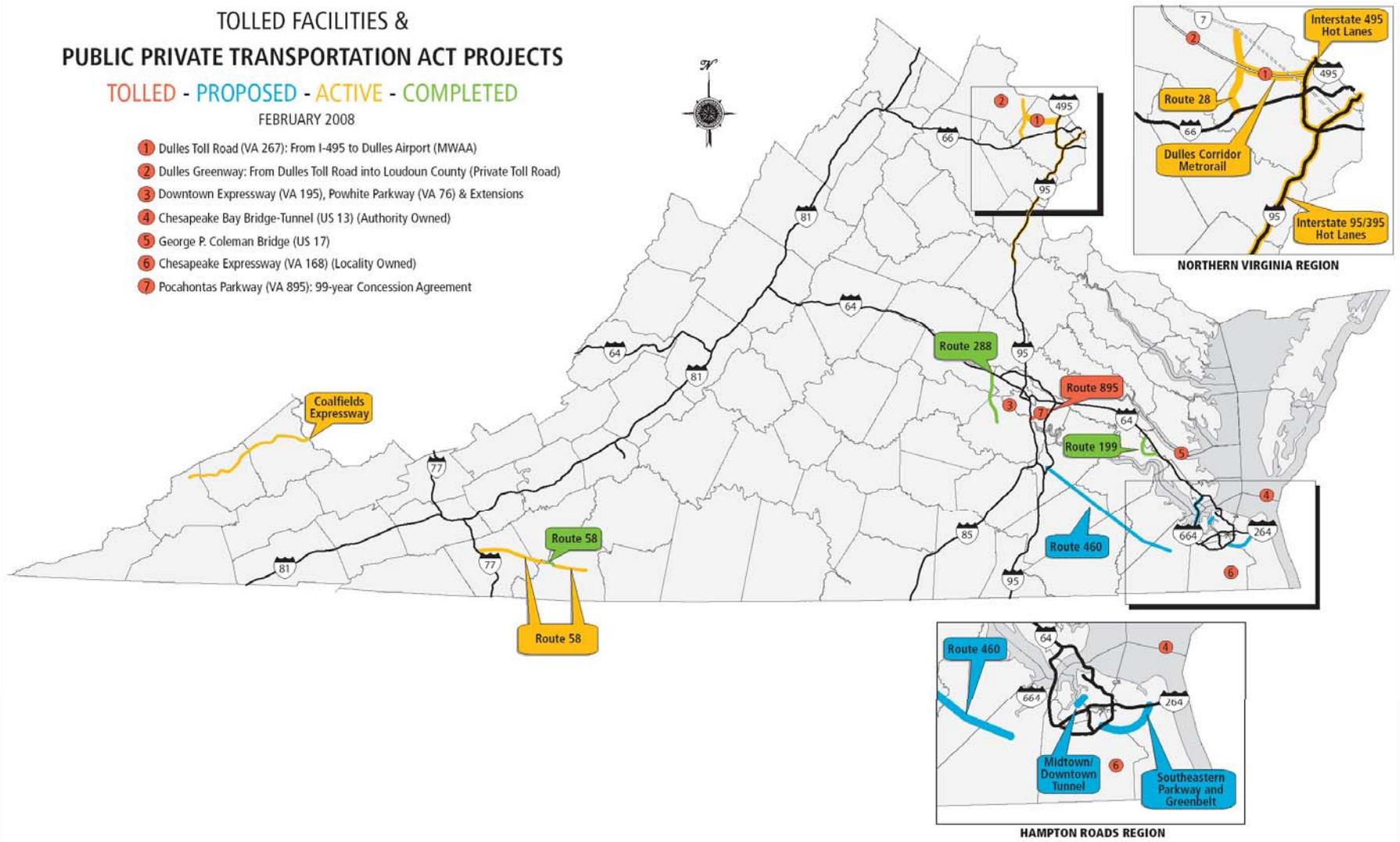
- I-395/I-95 HOT Lanes – studies indicate that tolls can support; environmental review complete
- Downtown/Midtown Tunnels/Martin Luther King Freeway Extension – Independent Review Panel appointed
- Route 460 – Detailed proposals sent to private sector December 2008

TOLLED FACILITIES & PUBLIC PRIVATE TRANSPORTATION ACT PROJECTS

TOLLED - PROPOSED - ACTIVE - COMPLETED

FEBRUARY 2008

- 1 Dulles Toll Road (VA 267): From I-495 to Dulles Airport (MWA)
- 2 Dulles Greenway: From Dulles Toll Road into Loudoun County (Private Toll Road)
- 3 Downtown Expressway (VA 195), Powhite Parkway (VA 76) & Extensions
- 4 Chesapeake Bay Bridge-Tunnel (US 13) (Authority Owned)
- 5 George P. Coleman Bridge (US 17)
- 6 Chesapeake Expressway (VA 168) (Locality Owned)
- 7 Pocahontas Parkway (VA 895): 99-year Concession Agreement



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Multi-Modal Improvements

- **Inland port**
- **Elliston intermodal facility**
- **Suffolk private intermodal facility (proposed)**
- **Dulles rail**
- **Barge service – Norfolk to Richmond**

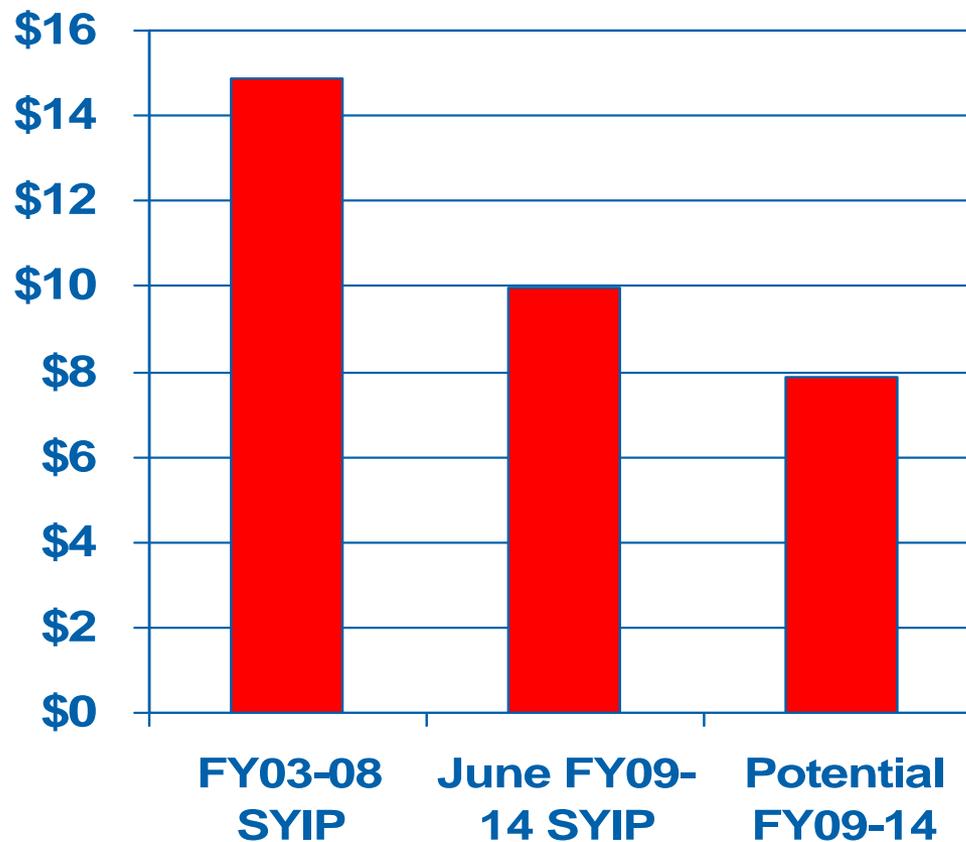
Transportation and Land Use

- **Traffic impact analysis**
- **Access management standards**
- **Road impact fees**
- **Urban development areas**
- **Secondary street acceptance requirements**
- **Regional transportation and land use performance measures**

Economic Development

- **Rolls Royce**
- **Canon**
- **Ikea**
- **Pending**
 - **Port Republic Road**
 - **Meadowville Interchange**
 - **Coalfields Expressway**

Six Year Improvement Program



(Figures in billions and constant dollars)

Six Year Improvement Program

- **CTB public hearing on February 5th; 6:30pm in Richmond**
- **CTB adoption on February 19th**
- **Effective elimination of primary, secondary and urban allocations**
- **Interstate and federal-aid priorities**
 - **Complete existing phases of work (PE, ROW, CN)**
 - **Public-private partnerships**
 - **Rail, transit and highways synergies**
- **Unmet maintenance needs**
 - **Bridge replacement**
 - **Pavement condition**
- **Long term financial sustainability**

Agency Budgets

Agency	FY2009	FY2010
DOAV	(\$3.0)	(\$3.2)
DMV	(\$7.1)	(\$3.4)
DRPT	(\$16.1)	(\$24.7)
VDOT	(\$284.6)	(\$289.6)
MVDB	--	--
VPA	(\$14.6)	(\$13.8)
BRTO	--	\$0.05

(Figures in millions)

Department of Aviation: (\$6.2m)

- Reduce capital improvement grants
- Reduce assistance for air service development
- Reduce aviation systems planning and education
- Reduce service promotion
- Allow use of capital funds for airport access roads

Department of Motor Vehicles: (\$10.5m)

- Increase Saturday closings
- Reduced IT contracts
- Promote use of preferred services
 - \$5 SB116 fee
 - Electronic filing proposal (HB2233)
- Suspension of capital projects
- Transfer weight stations back to VDOT
- Critical hiring process; 115 fewer employees since 2007

Department of Rail and Public Transportation: (\$40.8m)

- **15% reduction in administrative budget**
 - \$5.1m to offset impacts of revenue reductions on transit providers
 - Reduce consultant support
 - Reduce number of performance audits from 10 to 5
- **Reduce transit formula funds for capital and operating**
- **Critical hiring process**

Virginia Department of Transportation: (\$574.2m)

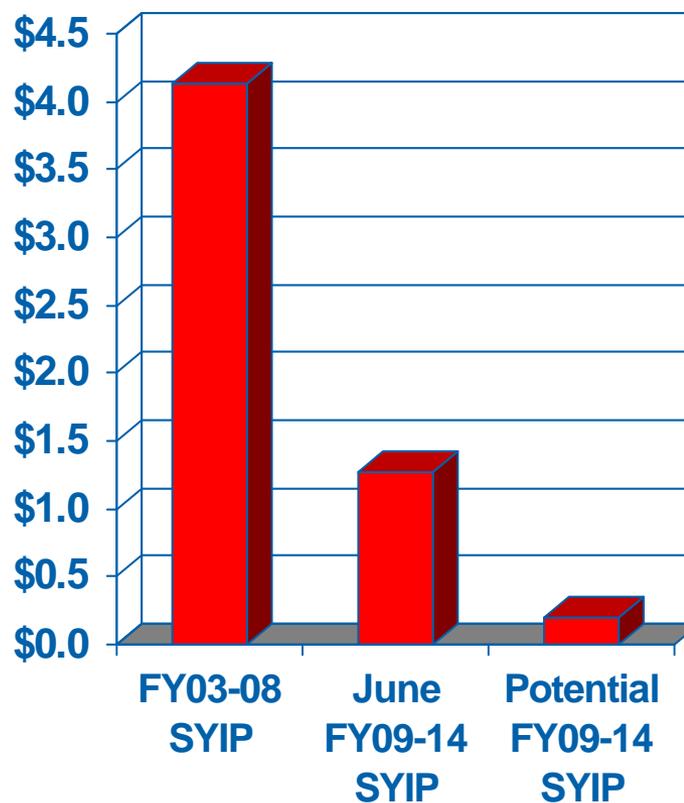
VDOT will be a smaller agency and services throughout the Commonwealth will be reduced

- **Six year improvement program**
- **Service levels**
- **Administration and staffing**

VDOT: Six-Year Improvement Program

Beginning in FY10, there will not be any state or federal being allocated through the state primary, secondary and urban construction formula

Primary, Secondary and Urban State Formula



(Figures in billions and constant dollars)

VDOT: Service Levels

- Rest areas
- Safety service patrols
- 511 phone service
- Roadway lighting
- Mowing/tree trimming
- Litter pick-up
- Dead animal management
- Ferry service

VDOT: Administration and Staffing

- **Reduce General Administration and Overhead**
- **Adjust Engineering Staffing to the Size of the Construction Program**
- **Streamline Business Process and Substitute Technology for Staff**
- **Reduce full-time staff from 8,400 to 7,500**
- **Reduce residency offices from 44 to approximately 29**
- **Reduce central office divisions from 31 to approximately 22**
- **Reduce equipment repair shops from 73 to approximately 35**

Motor Vehicle Dealer Board

Dedicated fee revenue down substantially

- Use wage employees to fill responsibilities that are designated for FTE
- Reduce IT expenditures
- Reduce travel, training and printing

Virginia Port Authority: (\$28.4m)

- Delay bond issuance to support construction activities for Craney Island
- Reduce marketing, promotional, and consulting services
- Reduce security expenses

Board of Towing and Recovery Operators: \$0.05m

- **Increased appropriation to account for planned staffing increase in FY10, one additional employee**
- **Board is in process of implementing license requirements**
 - **Over \$700,000 collected as of January 12**
- **Board expects to be able to fully repay two Treasury loans by repayment date of July 1, 2010 (\$700,000 in total)**

Moving Forward

- **Uncertain and rapidly declining federal and state transportation revenue situation**
- **Federal stimulus and re-authorization**
- **Continuing to improve the link between transportation and land use**
- **Execute PPTA project agreements and rail project agreements**
- **Implement VDOT Blueprint for re-organization**
- **Development and implementation of VTrans 2035 – Virginia's long-range statewide transportation plan**



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