

Update on Transportation Funding and Potential Sources for Additional Revenue

June 14, 2017



Existing Transportation Challenges in GWRC (PDC 16)

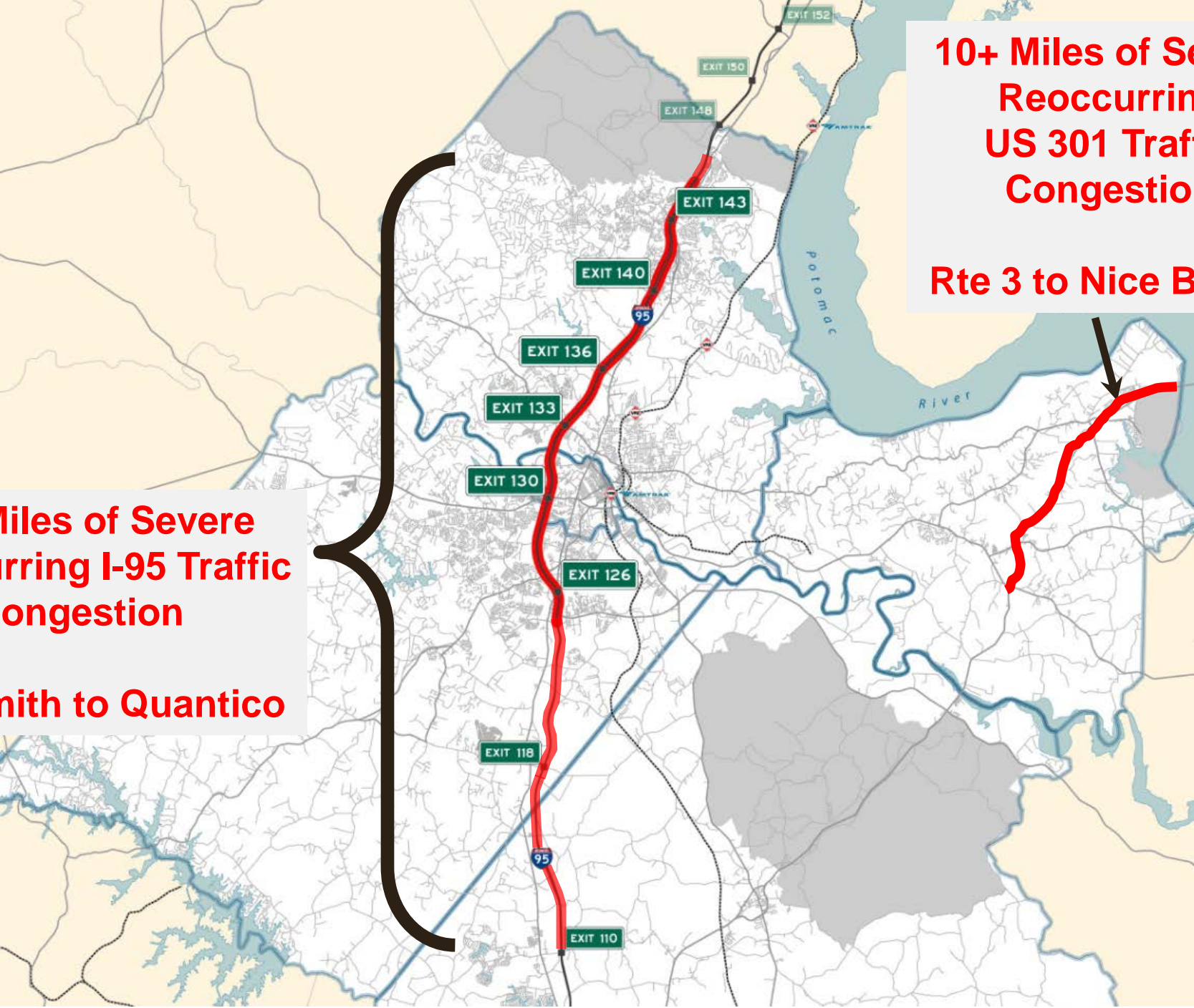
- **Severe Reoccurring Congestion along I-95 Corridor**
 - I-95 & Rte 1
 - US 301, Rte 207, and Rte 2
 - CSX/AMTRAK/VRE Rail Lines
- **Congestion is Hurting Existing and Potential Future Economic Development**
- **Critical Transportation Needs are Costly**
- **Funding for Major Transportation Improvements at Federal and State Level is Limited**

**10+ Miles of Severe
Reoccurring
US 301 Traffic
Congestion**

Rte 3 to Nice Bridge

**35+ Miles of Severe
Reoccurring I-95 Traffic
Congestion**

Ladysmith to Quantico



Making Progress Regionally Since 2015

Major Transportation Projects Advanced by VDOT/DRPT and FAMPO/GWRC:

1. Highway Improvements:

- Atlantic Gateway Express Lane Extension: Garrisonville to Rte 17
- Exit 140 (Courthouse Rd) Interchange Improvements
- I-95 SB Rappahannock River Crossing Project
- Exit 130 (Rte 3) Interchange Improvements
- US 301 Governor Nice Bridge Widening
- Increased Commuter Parking Lot Capacity for Exit 140 (Courthouse) and Exit 126 (Rte 1)

2. Transit/Rail Improvements:

- New Spotsylvania VRE Station
- VRE Station Capacity Expansion: Brooke and Leeland

Summary of \$1.6 Billion in Critical Transportation Needs

1. Highway Improvements: \$1.1 Billion (Planning Level Cost Estimate)

- I-95 NB Rappahannock River Crossing Project
- Exit 130 (Rte 3) & 133 (Rte 17) Interchange Improvements not included in River Crossing Projects
- Express Lane Extension from Exit 133 (Rte 17) to Spotsylvania (Rte 208 area)
- Fourth I-95 NB General Purpose lane in Stafford between Exit 133: Rte 17 and Exit 136
- Fourth I-95 General Purpose lane in Spotsylvania between Exit 130: Rte 3 and Exit 126: Rte 1
- New I-95 Interchange at Harrison Rd
- Exit 126 Interchange improvements
- US 301/207 Corridor Capacity and Safety Improvements following Nice Bridge widening
- Several local transportation projects in GWRC
- Increased Commuter Parking for several areas, e.g., Garrisonville/Aquia Harbor, Southern Stafford, & Spotsylvania

2. Transit/TDM/Rail Improvements: (~\$500 Million)

- Third Rail Track for CSX/AMTRAK/VRE
- City of Fredericksburg AMTRAK/VRE Station Improvements

Future Federal Transportation Funding Uncertainty

- **Historically funded in a “pay as you go system” with the Federal Gas Tax**
- **Federal Gas Tax has not been raised since 1993**
 - Gasoline: 18.4 cents/gallon
 - Diesel: 24.4 cents/gallon
 - First Class Postage: Increased from 29 cents in 1993 to 49 cents in 2017
 - Recent efforts to increase the gas tax or index it to inflation have been political non-starters
- **System is no longer “pay as you go”**
 - Current Federal Transportation Bill called “FAST Act” Revenue: \$41 Billion/year until 2020
 - Planned Spending under “FAST Act” is about \$61 Billion/year through 2020
- **Uncertainty concerning Federal Transportation Funding after 2020**

Summary of Federal 2018 Budget: Infrastructure Initiative

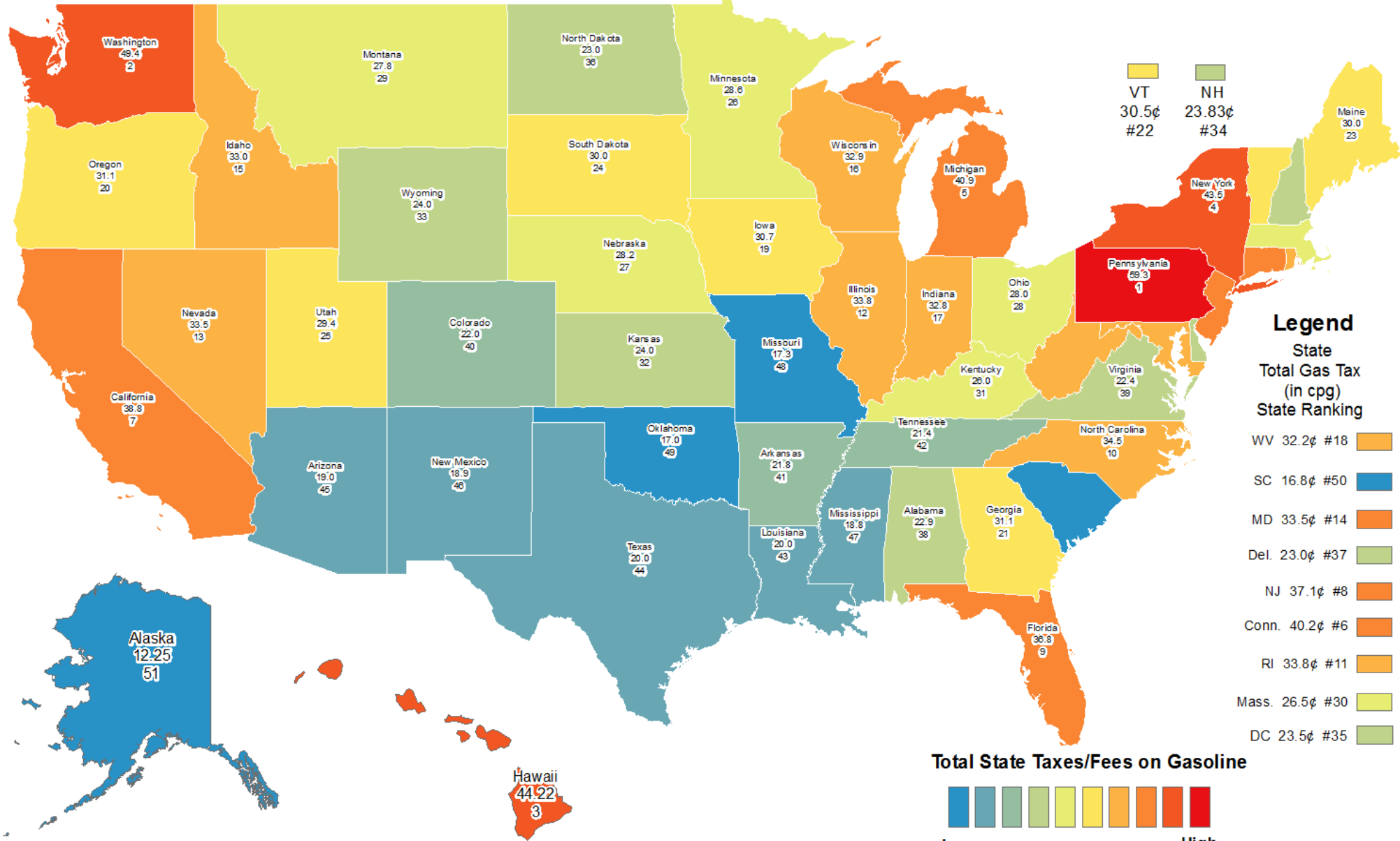
- **Plans to use \$200 Billion in Federal Transportation Investment to leverage additional private investment with a total target amount of \$1 Trillion**
- **Infrastructure plan is broader than just Transportation infrastructure**
 - Pipelines, electricity, dams, flood walls, etc.
- **Plans to refocus Federal Transportation funding on Major Roads only**
 - Key Principle to “Encourage Self-Help” and “Model of independence” for states and localities
 - Devolution of Local Transportation Infrastructure to State/Local funding
- **Successful project applications will likely need significant leveraged funding**
 - Private Sector and/or State/Regional/Local funding
- **More information:**
https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/fact_sheets/2018%20Budget%20Fact%20Sheet_Infrastructure%20Initiative.pdf

Summary of State of Virginia Transportation Funding

- **State Transportation Funding levels increased in 2013 for first time since 1986. Little support for additional statewide increases in near future.**
- **Effective 2017 State Transportation Taxes significantly lower than most adjacent states and more populous states**
 - **Pennsylvania: #1 at 59.30 cents/gallon**
 - **Florida: #9 at 36.79 cents/gallon**
 - **North Carolina: #10 at 34.55 cents/gallon**
 - **Maryland: #14 at 33.50 cents/gallon**
 - **West Virginia: #18 at 32.20 cents/gallon**
 - **Georgia: #21 at 31.09 cents/gallon**
 - **Virginia: #39 at 22.40 cents/gallon**

Gas Tax per US State for 2017

Current as of April 2017 (Excluding 18.4 cpg Federal Excise Tax)
 Total State taxes and fees on Gasoline, in cents per gallon (cpg)



Information found at Taxfoundation.org

Summary of State of Virginia Transportation Funding (Continued)

- **Most discretionary transportation funding under Smart Scale Program**
- **Smart Scale Transportation Funding Levels: About \$1 Billion every two years**
 - About \$500 million expected to be available for Statewide High Priority Projects
 - About \$25 million expected to be available for Fredericksburg District Grant Projects
- **Statewide Needs: Over \$9 Billion in Round 2 compared to \$1 Billion in available funding**
- **Current Smart Scale Process favors projects with significant leveraged funding**
- **Difficult for large highway projects with little leveraged funding to score well**
 - Need leveraged funding for projects to score well in Statewide High Priority
 - District Grant funding amount too small for large projects

Problem: We likely need additional transportation revenue to pursue significant additional Federal or State transportation revenue

1. **Planned Federal Infrastructure initiative and existing grant programs like FASTLANE favor projects with significant private or State/Local transportation funding**
2. **State Smart Scale Process favors projects with significant leveraged funding**
 - NOVA and Hampton Roads have used additional regional funding effectively.
 - Fredericksburg VRE Line project which had significant leveraged funding was the only major project in GWRC/FAMPO to score well.
 - State feedback that GWRC region and/or localities need to provide more leveraged funding for major projects to score better in Smart Scale
3. **FAMPO/GWRC Smart Scale Projects in Round 2 which had little leveraged funding scored poorly**
 - Major unsuccessful Smart Scale projects
 - *I-95 NB Rappahannock River Crossing*
 - *Mine Rd PNR Lot expansion*
 - *Rte 610 Direct Connect Ramp*
 - *Harrison Rd Widening project (Spotsylvania)*
 - *US 301/Rte 3 Intersection Improvements (King George)*

Advantage of Leveraged Funding from Smart Scale Round 2 Results: 2/13/17

NOVA and Hampton Roads were the only two VDOT Districts to outperform their District Grant Percentage (DGP)

Percent of Statewide Competitive funding in Smart Scale.
HPP = High Priority Program

District	DGP Percentage	DGP	HPP Percentage	HPP	Total	
					# Projects	Funding
Northern Virginia	20.9%	\$79,995,642	43.7%	\$287,625,771	21	\$367,292,726
Hampton Roads	20.0%	\$78,057,773	22.8%	\$150,334,113	24	\$222,622,181
Richmond	14.7%	\$55,749,467	13.3%	\$87,763,984	24	\$139,556,800
Salem	9.6%	\$31,577,312	6.1%	\$40,359,085	21	\$70,405,693
Staunton	7.8%	\$23,853,908	2.1%	\$14,082,888	16	\$31,227,327
Lynchburg	7.1%	\$22,658,778	1.9%	\$12,630,159	7	\$24,584,213
Fredericksburg	6.9%	\$26,409,640	3.6%	\$23,528,870	6	\$44,335,525
Bristol	6.8%	\$20,740,250	0.0%	\$0	8	\$18,014,000
Culpeper	6.3%	\$19,859,926	5.6%	\$36,670,555	9	\$50,820,555
Total	100.0%	\$358,902,696	100.0%	\$658,770,674	136	\$968,859,020

Some Potential Sources for Additional Transportation Revenues

- 1. Legislatively Updating 1986 District Grant Formula for Smart Scale (SS) to be less focused on City/Town population within the District**
 - Assuming \$500 Million in Statewide District Grant funding, this could generate an additional \$5 Million per Smart Scale Cycle for Fredericksburg District. Would increase Fredericksburg District grant from about \$35 to \$40 Million.
 - Estimated additional revenue: \$70 Million between 2018 and 2045 (Assuming Bi-Annual SS Cycles)
- 2. Regional Motor Fuels Tax Floor (VRE Gas Tax Floor in FAMPO/NOVA Regions)**
 - Could generate an additional \$5.5 Million per year for FAMPO Jurisdictions
 - Estimated additional revenue: \$158 Million between 2017 and 2045
- 3. Creating a Regional Transportation Authority**
 - Could generate an additional \$35 Million per year (2018\$ for all of GWRC based on NVTA model)
 - Estimated additional revenue: \$1.3 Billion between 2019 and 2045 (all of GWRC based on NVTA model)
 - Authority can be created for two or more adjacent GWRC jurisdictions

Lost Revenue From VRE Gas Tax Not Having a Floor

Lost Revenue for 2015 & 2016

- **FAMPO: \$11 Million**
- **City: \$1.9 Million**
- **Stafford: \$3.9 Million**
- **Spotsylvania: \$5.1 Million**

Projected Lost Revenue for 2017 to 2045

- **FAMPO: \$158 Million**
- **City: \$27 Million**
- **Stafford: \$57 Million**
- **Spotsylvania: \$74 Million**

Jurisdiction	Fiscal Year 2015		Fiscal Year 2016		Total Lost Revenue	Projected Lost Revenue Estimate: 2017 to 2045
	Actual Collections	Lost Revenue Without Floor	Actual Collections	Lost Revenue Without Floor		
City of Fredericksburg	\$1,748,562	\$634,233	\$1,362,101	\$1,243,457	\$1,877,690	\$27,227,000
Spotsylvania County	\$5,004,828	\$1,852,383	\$3,491,435	\$3,240,069	\$5,092,452	\$73,841,000
Stafford County	\$4,017,524	\$1,298,860	\$2,987,214	\$2,602,860	\$3,901,720	\$56,575,000
Total FAMPO	\$10,770,914	\$3,785,476	\$7,840,750	\$7,086,386	\$10,871,862	\$157,643,000

Two Models for Authorities in Virginia: Hampton Road and NOVA

1. Hampton Roads: HRTAC

- Regional authority created for PDC 23 in 2013 (HB 2313). Revenue collected deposited in the Hampton Roads Transportation Fund (HRTF)
- HRTAC created in 2014 to manage HRTF (HB 1253/ SB 513)
- 19 Voting Members: 10 Cities, 4 Counties, 5 Virginia General Assembly members
 - For motions to carry, need 2/3rds of Votes representing 2/3rds of region's population
- Generates about \$178 Million/year for 2018
 - Extra regional sales tax of 0.7% (6% Sales Tax in HRTAC area)
 - 2.1% Regional Motor Fuels Tax (No Gas Tax Floor)
- Funds Regional Project Needs only (7 existing projects; 5 Future projects)
 - I-64 Widening Projects (3)
 - I-64/I-264 Interchange Projects (2)
 - High Rise Bridge Project
 - Hampton Roads Bridge Crossing Study

Two Models for Authorities in Virginia

2. Northern Virginia: NVTA

- Regional authority for PDC 8 created in 2013 (HB 2313)
- NVTA originally created in 2002 (SB 576)
- 22 Voting Members: 17 Localities, 3 Virginia General Assembly members, 2 Governor (CTB)
 - For motions to carry, generally need 2/3rds of Total votes, 2/3rds of Locality votes, and votes representing 2/3rds of region's population
- Generates about \$327 Million/year (FY-2018)
 - Extra regional sales tax of 0.7% (6% Sales Tax in NVTA area)
 - Grantors Tax (\$0.15/\$100)
 - Transient Occupancy Tax (2%)
- Allocates funding in two categories:
 - Regional Projects = 70% (Subject to HB 599 Prioritization Process)
 - Local Projects = 30%
- NVTA funding can generally only be used for capacity expansion projects
- Regional projects can only be considered for funding by NVTA if in TransAction 2040 Plan

Estimated Revenue from a Regional Transportation Authority

Estimated Revenue from VDOT Estimates (2015)

- Based on NVTA Model for all of GWRC
- About \$35 Million/year in 2018
- About \$224 Million for new SYIP FY 18-23
- About \$1.3 Billion for 2019 to 2045 period

Estimated George Washington Regional Commission Additional Transportation Revenues (Millions of Dollars)								
Policy based on NVTA Authority	2017	2018	2019	2020	2021	2022	2023	FY 18-23 Total
0.7% Regional Sales Tax	\$25.20	\$28.70	\$29.70	\$30.80	\$31.80	\$32.66	\$33.54	\$187.20
Grantors Tax (\$0.15/\$100)	\$4.20	\$4.20	\$4.20	\$4.20	\$4.20	\$4.20	\$4.20	\$25.20
Transient Occupancy Tax 2%	\$1.60	\$1.90	\$1.90	\$2.00	\$2.00	\$2.00	\$2.00	\$11.80
Total New Local Revenue GWRC	\$31.00	\$34.80	\$35.80	\$37.00	\$38.00	\$38.86	\$39.74	\$224.20

What could be done with extra Transportation Revenue?

1. Use Additional Revenue as Leverage in State Smart Scale and Federal Funding opportunities
2. Help get Critical Transportation Needs funded
3. Help get Local District Grant Projects funded in Smart Scale

Questions?



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