Regional transportation revenue in the Code of Virginia

Regional revenue streams

In 2013, Virginia passed legislation establishing transportation revenues for regions meeting certain thresholds indicative of transportation demand. The law established four revenue streams, with two tiers of regions.

<table>
<thead>
<tr>
<th>Regional revenue stream</th>
<th>Tier I: Highest demand</th>
<th>Tier II: High demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional retail sales(^3) and use(^4) tax of 0.70%</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Additional wholesale fuel tax(^5) of 2.1%</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Additional regional transient occupancy tax(^6) of 2.0%</td>
<td>✓</td>
<td>n/a</td>
</tr>
<tr>
<td>Regional congestion relief fee(^7) on grantors of real property equal to $0.15 per $100 of the property value</td>
<td>✓</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Qualification thresholds

Three measures of transportation demand are used to determine a region’s eligibility for the regional transportation revenues.

<table>
<thead>
<tr>
<th>Measure of transportation demand</th>
<th>Tier I: Highest demand</th>
<th>Tier II: High demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2 million</td>
<td>1.5 million</td>
</tr>
<tr>
<td>Motor vehicles registered</td>
<td>1.7 million</td>
<td>1.2 million</td>
</tr>
<tr>
<td>Transit riders annually</td>
<td>50 million</td>
<td>15 million</td>
</tr>
<tr>
<td>Qualified region</td>
<td>Northern Virginia (planning district 8)</td>
<td>Hampton Roads (planning district 23)</td>
</tr>
</tbody>
</table>

Eligible uses of funding

The law limits the type of projects that can be funded with the regional revenues.

<table>
<thead>
<tr>
<th>Region</th>
<th>Type of projects eligible for funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Virginia (planning district 8)</td>
<td>Regional funds (70% of revenues): Capital costs for construction of any transportation project contained in the regional long-range transportation plan.(^8)</td>
</tr>
<tr>
<td></td>
<td>Local funds (30% of revenues): New urban or secondary highway construction, capital improvements that reduce congestion, projects in the regional long-range transportation plan, or for public transportation purposes.(^9)</td>
</tr>
<tr>
<td>Hampton Roads (planning district 23)</td>
<td>“solely for new construction projects on new or existing highways, bridges, and tunnels...”(^10)</td>
</tr>
</tbody>
</table>

Recipient of regional transportation revenues

The General Assembly has demonstrated a preference for regional transportation revenues to be deposited in a regional fund that is managed by a regional transportation authority established by the Commonwealth of Virginia and which is separate from the federally-designated regional transportation planning organization.

<table>
<thead>
<tr>
<th>Region</th>
<th>Regional transportation authority</th>
<th>Fund (under Code of VA) receiving regional revenues</th>
<th>Federally-designated transportation planning (MPO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Virginia (planning district 8)</td>
<td>Northern Virginia Transportation Authority</td>
<td>Northern Virginia Transportation Authority Fund¹¹</td>
<td>National Capital Region Transportation Planning Board</td>
</tr>
<tr>
<td>Hampton Roads (planning district 23)</td>
<td>Hampton Roads Transportation Accountability Commission</td>
<td>Hampton Roads Transportation Fund¹²</td>
<td>Hampton Roads Transportation Planning Organization</td>
</tr>
</tbody>
</table>

---

\(^1\) See HB 2313 (2013).
\(^2\) Regions are identified as planning districts as defined in Va. Code. Ann. § 15.2-4200 et seq.
\(^12\) Va. Code. Ann. § 33.2-2600.
Economic Vitality and Quality of Life
Unlocking Hampton Roads

HRTAC Overview

Kevin B. Page
Executive Director
The Stage is set for Regional Transportation Solution Consensus Building
For two decades the Region has identified these projects:
MOVING THE REGION FORWARD

HRTAC/HRTF Overview

• Hampton Roads Transportation Fund created 2013 Acts of Assembly HB2313

• HRTAC created 2014 Acts of Assembly HB1253 – Hired Executive Director August 2015

• Empowered to procure, finance, build and operate highway, bridge and tunnel projects in Hampton Roads

• Authorized to use HRTF monies and tolls for construction projects on new or existing highways, bridges and tunnels and to issue bonds using revenues to support bond debt

• Regional Collaboration - Works closely with the Hampton Roads Transportation Planning Organization (HRTPO) who determines Project Prioritization for the region
HRTAC Membership

19 Voting members

10 Cities
Chesapeake
Franklin
Hampton
Newport News
Norfolk
Poquoson
Portsmouth
Suffolk
Virginia Beach
Williamsburg

4 Counties
Isle of Wight
James City
Southampton
York

5 VA General Assembly Members
Two Members of the Senate
Three Members of the House of Delegates

4 Non-Voting Ex-officio members
Commonwealth Transportation Board Member
Virginia Department of Transportation
Virginia Department of Rail and Public Transportation
Virginia Port Authority

- HRTAC is a political subdivision of the Commonwealth
- Primarily funded with HB 2313 revenue (Hampton Roads Transportation Fund) approved by the 2013 General Assembly
HAMPTON ROADS TRANSPORTATION FUND

Additional Sales Tax
- Additional 0.7%
- $126.56M Revenue FY16 – ($129.97M FY2015)

Additional Fuels Tax
- Regional tax on motor fuels
- Additional 2.1% - $26.65M Revenue FY16 – ($40.94M FY2015)
- Fuel tax not floored in 2013 – Loss of nearly $14-15M per year

- No Floor on Gas Tax for HRTAC or NVTA
- State Code requires HRTF funds to be spent Hampton Roads highway construction projects
Legislation: Congestion Relief

HRTAC (HB 1253, 2014)

• “...shall give priority to those projects that are expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23...”

Statewide Prioritization Process (HB 2, 2014)

• “...Hampton Roads highway construction districts...shall ensure that congestion mitigation...is weighted highest among the factors in the prioritization process...”

• 45% weighted factor in Hampton Roads
General Assembly – 2016
HRTAC Omnibus Bill HB1111
Fine Tuning HRTAC

- Allows investment and provides liability protections
- Allows counties to designate a representative
- Allows all localities to have representation at the meetings if Chief Elected Officer or County Designee is unable to attend. Notice must be given 48 hours before meeting if regular member is unable to attend
- Administrative and operating expenses shall be paid by HRTAC Revenues
General Assembly Actions – 2016 Tolling

- Language within the State budget establishes new toll policy restricting CTB, VDOT, HRTAC, and NVTA from tolling existing un-tolled lanes without General Assembly approval except on:
  - HOV/HOT Lanes
  - New Lane capacity
  - New bridges
  - Short segments of highways between existing toll facilities
- Legislation was adopted allowing better collection of unpaid toll bills from other states
- HRTAC now has state guidance on tolling
## Defining the Roles of the HRTPO and HRTAC

<table>
<thead>
<tr>
<th>Activity</th>
<th>HRTPO</th>
<th>HRTAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepares and Maintains Long-Range Transportation Plan (LRTP)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Allocates RSTP and CMAQ Monies</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Maintains Transportation Improvement Program (TIP)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Uses Hampton Roads Transportation Fund (HRTF) to Build Highways, Bridges, and Tunnels</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Issues Bonds and Uses HRTF to Support These Bonds</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Procures, Finances (HRTF, Tolls, Bonds) and Operates Highway, Bridge, and Tunnel Projects</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>
**Evolution of HRTAC Projects**

- **Plan**
  - HRTPO (Long-Range Transportation Plan with HRTAC Input)
  - Prioritizes Projects Based on Project Readiness with HRTAC Input

- **Program**
  - HRTAC (Six-Year and Long Range Improvement Program of Projects)
  - CTB (Six-Year Improvement Program)
  - HRTPO (Adds HRTAC Projects to Transportation Improvement Program)

- **Finance & Deliver**
  - HRTAC (Regional Tax Funding/Bonding, Toll Revenues/Bonding, and Smart Scale Grants – Contracts with VDOT or Others to Deliver Projects)
  - VDOT – (Constructs Projects Contracted by HRTAC)

- HRTPO Long Range Transportation Plan identifies priority projects in the constrained plan or vision plan as under study/development/construction
- HRTAC develops a six year funding plan to guide in project funding for development and construction – HRTAC feeds LRTP funding plans
- HRTAC allocates funds to specific projects, asks that the HRTPO add them to the TIP
- The CTB selects the Local Preferred Alternative, maintains Statewide Transportation Improvement Program, allocates state funding to projects in Six Year Improvement Program
- VDOT assists in project readiness and construction through HRTAC/VDOT MOA and HRTAC project construction agreements
2040 LRTP: Regional Priority Projects

‘Sequencing Based on Project Readiness’

A major step forward in Regional Consensus Building - February 18, 2016
Hampton Roads Regional Transportation Priority Projects
“Moving Projects Forward – HRTF Investments”
Projects Planned and Prioritized by HRTPO, Powered by HRTAC

- **I-64 Peninsula Widening: Segment 3**
  - $145 Million in SMART SCALE funding
  - Construction Pending
  - $156 Million HRTF

- **I-64 Peninsula Widening: Segment 2**
  - Under Construction
  - $213 Million HRTF

- **I-64 Peninsula Widening: Segment 1**
  - $100 Million in Federal/State Funding
  - Under Construction
  - $44 Million HRTF

- **I-64/HRBT Widening**
  - PE (Geotechnical and Survey) Funded
  - $25 Million HRTF

- **I-64/I-264 Interchange Improvements**
  - $17 Million in Federal/State Funding
  - Phase 1 - Under Construction
  - Phase 2 - PE and ROW Funded
  - Phase 3 - Design Funded
  - $217 Million HRTF

- **US Route 460/58/13 Connector**
  - PE Funded
  - $5 Million HRTF

- **Bowers Hill Interchange**
  - Study Funded
  - $4 Million HRTF

- **I-64 Southside/High-Rise Bridge Widening**
  - Phase 1 - Fully Funded
  - $600 Million HRTF

**March 2017**
HRTAC Funding Plan Adopted and HRTPO Long Range Plan Approved

- 2040 Constrained Long Range Transportation Plan
  - HRTAC’s Funding Plan was approved and communicated on March 17, 2016 to update HRTAC projects in the Constrained Long Range Plan
    - HRTAC identified project financing scenarios and information shared with HRTPO for the 2040 CLRTP - first constrained plan for construction of HRTAC Regional Projects
  - HRTPO approved project sequencing approach at its February 18, 2016 meeting, Approved 2040 CLRTP with projects developed by HRTAC at its July 21, 2016
  - Legislation adopted to assist in advancing the mission of the HRTAC and improve its ability to conduct business
## HRTAC Funding Plan

### HRTAC 2016-2022 Funding Plan

HRTAC Program Level Spreadsheet

Approved March 17, 2016

<table>
<thead>
<tr>
<th>Project Drawdowns</th>
<th>Project Cost</th>
<th>HRTAC Funding</th>
<th>HB2 Funding</th>
<th>VDOT Funding</th>
<th>Previous</th>
<th>Jan-Dec 2016</th>
<th>Jan-Dec 2017</th>
<th>Jan-Dec 2018</th>
<th>Jan-Dec 2019</th>
<th>Jan-Dec 2020</th>
<th>Jan-Dec 2021</th>
<th>Jan-Dec 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-64 Seg I- UPC 104905</td>
<td>$122,351,885</td>
<td>$22,351,885</td>
<td>$100,000,000</td>
<td>$128,429,982</td>
<td>($54,365,495)</td>
<td>($26,976,631)</td>
<td>($12,487,577)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>I-64 Seg II- UPC 106665</td>
<td>$189,707,675</td>
<td>$134,304,292</td>
<td>$54,904,155</td>
<td>($28,429,982)</td>
<td>($54,365,495)</td>
<td>($26,976,631)</td>
<td>($12,487,577)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>I-64 Seg III- UPC 106689</td>
<td>$311,303,820</td>
<td>$221,207,975</td>
<td>$90,095,845</td>
<td>($54,657,495)</td>
<td>($26,976,631)</td>
<td>($12,487,577)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>I-64/264 - UPC 57048 (Phase I)</td>
<td>$190,031,747</td>
<td>$178,428,847</td>
<td>$11,602,900</td>
<td>($6,000,000)</td>
<td>($41,286,868)</td>
<td>($69,160,055)</td>
<td>($58,130,306)</td>
<td>($26,544,320)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>I-64/264 - UPC 17630 (Phase II)</td>
<td>$156,000,000</td>
<td>$600,000,000</td>
<td>$0</td>
<td>($54,904,155)</td>
<td>($69,160,055)</td>
<td>($58,130,306)</td>
<td>($26,544,320)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>I-66 Southside-High Rise Br- UPC 106692 (Phase I)</td>
<td>$600,000,000</td>
<td>$600,000,000</td>
<td>$0</td>
<td>($341,708)</td>
<td>($19,658,292)</td>
<td>($150,000,000)</td>
<td>($190,000,000)</td>
<td>($190,000,000)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Hampton Roads Crossing Study- UPC 106724 (SEIS)</td>
<td>$6,352,527</td>
<td>$0</td>
<td>$6,352,527</td>
<td>($1,875,000)</td>
<td>($19,658,292)</td>
<td>($150,000,000)</td>
<td>($190,000,000)</td>
<td>($190,000,000)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Future Projects

- **Harbor Crossing Project (Phase I)**
  - $266,647,109
  - $266,647,109
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - ($266,647,109)

- **Ft Eustis Interchange- UPC 106700**
  - TBD
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0

- **I-66 Southside-High Rise Br- Phase II**
  - TBD
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0

- **Rte 460/58/13 Connector**
  - TBD
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0

- **I-64/I-264 Interchange (Phase III)**
  - TBD
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0
  - $0

### Total Yearly Costs

- $1,843,736,979
- $1,575,733,852
- $145,000,000
- $123,003,127

### Previous Year carryover

- $0
- $366,645,457
- $509,377,420
- $406,629,992

### HRTAC Funding

- $32,376,717
- $81,000,000
- $9,626,410
- $0

### HB2 Funding

- $0
- $50,073,656
- $50,174,030

### Projected HRTAC Revenue

- $1,677,560,513
- $388,335,811
- $145,000,000

### Total Funding

- $420,712,528
- $266,647,109
- $509,377,420

### Residual Cash Flow

- $366,645,457
- $509,377,420
- $406,629,992

---

### Notes:

- Planning Level Cost Estimate: $180M to include 8 lane widening
- Planning Level Cost Estimate: $800M - $1.0B
- Anticipated HB2 Funds Pending CTB approval and award of funding June 2016
- Previous revenues reflect HRTF ending balance on 12/31/2015
- Latest HRTF revenue forecast from FY 2016 to FY 2022 received February 26, 2016
- Assume equal amounts of revenues collected in two semi-annual periods for each FY.

---

$1.8B in project value, $1.4B already allocated to projects
Smart Scale (HB2) Funding

- Smart Scale (Formerly known as HB2) funding is a competitive prioritization process administered by the Commonwealth to advise the Commonwealth Transportation Board in its funding decisions.
  - $144,927,753 awarded in June 2016 to the I-64 Peninsula Widening Project
  - $150,000,000 recommended for award in June 2017
    - $100,000,000 to the I-64 Southside Widening/High Rise Bridge Project
    - $50,000,000 to the I-64/I-264 Interchange Phase II Project
Unlocking Hampton Roads Crossing Study

A study that led to Unanimous Regional Decisions
HRTAC Analysis - SEIS Alternative A Modified, 2040 FCLRTP with HRBT as ‘Harbor Crossing Project Phase I’ - Bowers Hill Added Concurrent with High Rise Bridge Phase II – September 2016 Analysis

<table>
<thead>
<tr>
<th>2040 FCLRTP</th>
<th>Approved Projects</th>
<th>HRBT (seg. 8&amp;9)</th>
<th>HRB II</th>
<th>Bower’s Hill Interchange</th>
<th>Rt 460/58/13</th>
<th>Ft. Eustis Interchange</th>
<th>Total FV Cost</th>
<th>Funded by HRTF Bonds</th>
<th>Funded by Toll Bonds</th>
<th>Funded by HRTF Pay-Go</th>
<th>Funded by Other Pay-Go</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2040 FCLRTP with HOT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflated Costs (MM)</td>
<td>$1,576</td>
<td>$4,031</td>
<td>$1,493</td>
<td>$568</td>
<td>$368</td>
<td>$297</td>
<td>$8,333</td>
<td>$4,912</td>
<td>$347</td>
<td>$2,324</td>
<td>$750</td>
</tr>
<tr>
<td>Fiscally Constrained Construction End Year</td>
<td>2022</td>
<td>2024</td>
<td>2031</td>
<td>2031</td>
<td>2035</td>
<td>2035</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2040 FCLRTP without HOT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflated Costs (MM)</td>
<td>$1,576</td>
<td>$4,131</td>
<td>$1,529</td>
<td>$583</td>
<td>$368</td>
<td>$297</td>
<td>$8,484</td>
<td>$5,500</td>
<td>$2,234</td>
<td>$750</td>
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</tr>
<tr>
<td>Fiscally Constrained Construction End Year</td>
<td>2022</td>
<td>2025</td>
<td>2032</td>
<td>2032</td>
<td>2035</td>
<td>2035</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- HRBT is the only Harbor Crossing component in Alternative A
- Alt A can be completed under the approved 2040 FCLRTP without impact to other projects
- HRBT, HRB II/Bowers Hill Interchange, the Rt 460/58/13 and the Ft. Eustis Boulevard Interchange can all be completed within 2040 FCLRTP
## Regional Projects: Fiscal-Constraint - $8.33B

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PROJECT</th>
<th>YOE COST ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-2022</td>
<td>I-64 Peninsula – Segments 1, 2, and 3</td>
<td>$624</td>
</tr>
<tr>
<td>2019-2021</td>
<td>I-64/I-264 Interchange – Phases I &amp; II</td>
<td>$347</td>
</tr>
<tr>
<td>2020</td>
<td>I-64 Southside/High-Rise Bridge – Phase I</td>
<td>$600</td>
</tr>
<tr>
<td>2019</td>
<td>US 460/58/13 Connector – PE</td>
<td>$5</td>
</tr>
<tr>
<td>2024</td>
<td>HRBT</td>
<td>$4,031</td>
</tr>
<tr>
<td>2031</td>
<td>I-64 Southside/High-Rise Bridge – Phase II</td>
<td>$1,493</td>
</tr>
<tr>
<td>2031</td>
<td>Bowers Hill Interchange</td>
<td>$568</td>
</tr>
<tr>
<td>2035</td>
<td>US 460/58/13 Connector</td>
<td>$368</td>
</tr>
<tr>
<td>2035</td>
<td>I-64/Fort Eustis Blvd Interchange</td>
<td>$297</td>
</tr>
<tr>
<td>Vision Plan</td>
<td>I-564/I-664 Connectors (Patriots) I-664/MMMBT VA 164/164 Connector</td>
<td></td>
</tr>
</tbody>
</table>
October 20, 2016 - HRTPO Selected Alternative A-Modified as its Preferred Alternative

October 20, 2016 – HRTAC qualified Alternative A-Modified as a feasible funding plan and allocated $7.0M for future study of remaining segments not included in Alternative A-Modified

$4.0M contingency to be added by HRTAC June 15, 2017
The Road Ahead

- **Alternative A**
- **Remaining Segments of Alternative D**
- **HOV to HOT**
- **I-64/I-264 Interchange**
- **Bowers Hill**
- **US 460/58/13 Connector**
- **I-64 Southside/High-Rise Bridge**

Programmed for Construction

Under Study

HRCS SEIS Alternative A and Bowers Hill

Remaining Segments of Alternative D

Source: RITIS using INRIX data.
Next Steps

- HRTAC will continue work to develop solutions
- Considerations will be made as more information is available
  - Incorporate General Assembly and Smart Scale (HB2) outcomes
- Continue construction of HRTAC approved/funded projects
- Record of Decision of SEIS Alternative A
  - HRTAC will work with HRTP and impacted jurisdictions to study the remaining projects not selected in the SEIS Alternative A
- Public discussion on how to fund the projects
  - HRTAC will advance its approved 2016-2022 Funding Plan, calibrate funding option for selected SEIS Alternative, advance project readiness and continue preparations for bonding/financing of projects