Revised
FY 2009 - 2014
Six-Year Improvement Program

Pierce Homer, Secretary of Transportation
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December 18, 2008

A Rapidly Changing Environment

- **Sharply declining state revenues and unpredictable federal revenues – including gas, auto sales, recordation and insurance premium taxes**

- **Unusual mid-term correction**
  - **Reduction in staffing and administration of transportation agencies**
  - **Review and potential reduction in service levels of all transportation agencies and providers**
  - **Deep, sustainable program reductions in addition to $1.1 billion reductions last June**

- **$2.6 billion reduction in total state and federal revenues**
  - **$1.3 billion in net project reductions thus far**
  - **Additional project reductions are likely to follow as the December revenue reduction is addressed**
  - **More than a billion will be addressed from administrative and service level cuts from all transportation agencies**

- **State and federal revenue estimates will continue to change**

Program Priorities

- Maintain and complete current highway and bridge phases of work
- Meet federal obligation requirements
- Seek multimodal solutions
- Focus any remaining funding on key projects that
  - Address deficient bridges from a statewide perspective
  - Foster economic competitiveness and/or leverage private funding
- Keep public transportation funding, both operating and capital, at or near FY2008 levels
- Keep rail funding at or near FY2008 levels
- Share highway reductions among all highway systems

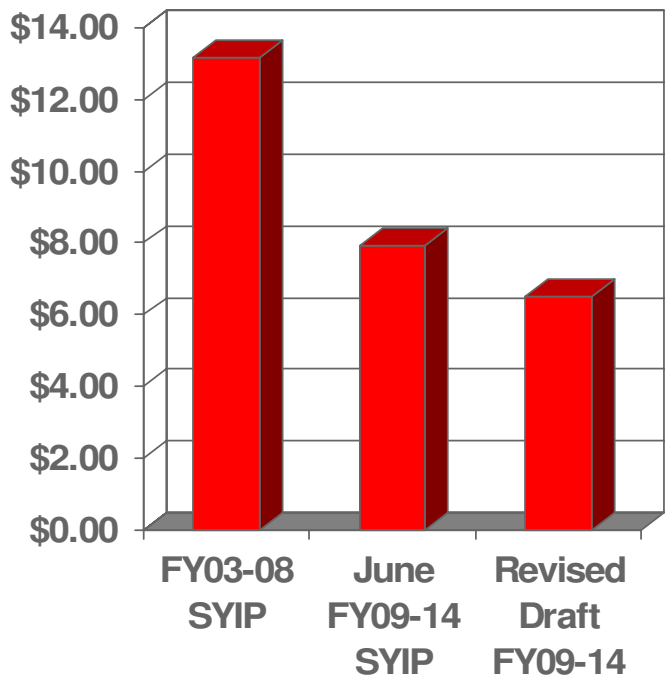
Priority Projects Funded in Draft

- Federal match, including earmarks
- Structurally deficient bridges
- Dulles Rail
- I-95 and I-81 Freight Rail Improvements (including Manassas)
- Hampton Roads Light Rail
- Heartland Corridor, including Route 164 Rail, Elliston, Ironto
- Gilmerton Bridge
- Capital Beltway HOT Lanes mitigation
- Martin Luther King Freeway Extension (Midtown Tunnel PPTA/Toll Impact)
- PPTA Program Management in Hampton Roads (Midtown Tunnel/Route 460)
- Three-year pilot - Intercity Passenger Rail (Richmond to DC)
- Three-year pilot - Intercity Passenger Rail (Lynchburg to DC)

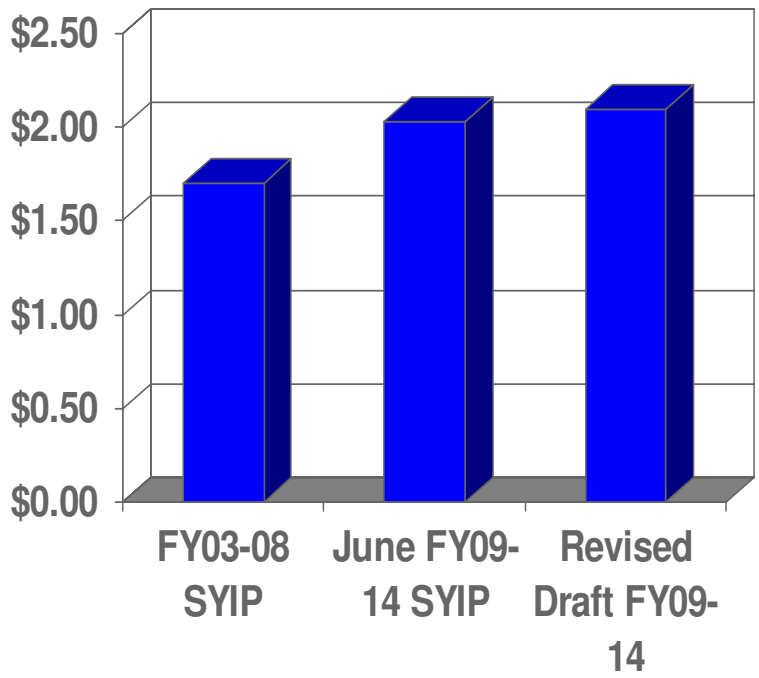
Purchasing Power of Core Six-Year Improvement Program

(adjusted for construction producer price index)

Highway Program



Transit/Rail Program



(Figures in billions)

Proposed Federal Stimulus

- **Current one-year highway trust fund "patch" is $9 billion. Federal highway trust fund will still be out of cash in FY 2010 without significant, stable revenue investment or significant reductions in federal revenues distributed to states**
- **Congressman Oberstar transportation stimulus package is $18 billion and others are under consideration**
  - **Criteria and timeline unknown, but 180 day obligation and contract is working assumption**
  - **"Shovel ready" has also been an assumption**
- **Cut or delayed projects will be first priority, for example:**
  - **BRAC access improvements at Fort Belvoir and Fort Lee**
  - **VRE and transit capital**
  - **VPA and APM 2nd rail track**
  - **Ongoing public-private partnerships**
  - **Interstate pavement replacement**
  - **Structurally deficient bridges**

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Revised State and Federal Revenue Estimates

- **In October as part of the official revenue forecast process, FY 2009-2014 state transportation revenues were reduced by $1.5 billion**
- **In December, the official revenue update reduced state transportation revenues by another $400 million for a total six-year reduction of $1.9 billion**
- **Official federal revenues have been reduced by $156.4 million**

Federal Authority Reserve

- **With the known federal cash crisis and need to reduce the official federal revenue estimate based on falling gas consumption, a prudent 6-year reserve of $420 million in federal authority has been set aside to prevent further reductions when official federal action is taken**
  - **$143 million for the six years in required match is also set aside**
- **This results in a total allocation reduction of $2.6 billion (compared to $2.2 billion in October)**
- **A final decision on this federal authority reserve will be incorporated into the final Six Year Program**

HB 3202 Bonds

- By law, FRAN debt service is the first call on insurance premium revenues and those revenues have been reduced in the official forecast
- The CTB will not be able to issue $300 million a year of the HB 3202 Bonds as planned because debt service capacity is not available
- The current debt capacity model prepared by the Board's financial advisor projects an ability to sell $2.2 billion in bonds over the next 10 years
- This means that bonds will not be sufficient to fund all purposes envisioned by HB 3202

CTB Program Priorities

- Keep Ongoing Phases of Work on Schedule
- Safety
- Bridges
- Congestion
- Alternative Modes
- System Preservation

Revised Highway Program Strategy

- **Maximize use of federal funds**
- **Fund underway project phases as well as new project phases that start in FY 2009**
- **Fund projects already obligated to meet federal strategy for FY 2009**
- **Safety, bridges and reconstruction of existing infrastructure are highway priorities**

Revised Six Year Program Totals

- **The June 2008 approved FY 2009-2014 Six Year Improvement Program totaled $10.6 billion:**

Highway	$7.9 billion
Rail & Transit	$2.7 billion

- **The reduction in revenues, federal authority reserve, and HB 3202 bond changes have reduced the Six Year Program to date by $1.3 billion for a revised draft total of $9.3 billion:**

Highway	$6.5 billion
Rail & Transit	$2.8 billion

- **Additional reductions to the Program will be necessary to address $400 million revenue reduction in December forecast**

VDOT
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Summary – Highway Construction

	Approved FY 2009-2014 Program	Draft Revised FY 2009-2014 Program	Difference
Interstate	$2.10 billion	$1.49 billion	($614.9 million)
Primary	$1.64 billion	$1.40 billion	($240.0 million)
Urban	$763.3 million	$673.8 million	($ 89.5 million)
Secondary	$985.5 million	$786.9 million	($198.6 million)

Interstate Summary

Projects that remain funded:

- Woodrow Wilson Bridge
- Capital Beltway HOT Lanes
- I-66 Study outside the Beltway
- I-66 westbound spot improvement #1
- NOVA Regional Transportation Mgt Prog
- EIS review for I-64 widening Newport News
- I-81 Truck Climbing Lanes/Safety Improvements
- I-81/I-77 Interchange Study
- I-81 Bridges in Montgomery & Pulaski Counties
- I-73 Earmarks for Martinsville & Roanoke
- I-95 Interchange in Caroline County at Carmel Church NB
- Bridge Replacement over I-64 and CSX in Newport News
- Design funding for future projects/economic stimulus

Interstate Summary, continued

Projects that have funding reductions:

- **I-81 Virginia Creeper Trail interchange**
- **I-81 bridges throughout the corridor**
- **I-81 Exit 150**
- **I-81 Frederick County interchange**
- **I-581 Elm Avenue**
- **I-64 Waynesboro interchanges**
- **I-64 Exit ramp at 5th Street Charlottesville**
- **I-64 Zions Crossroads**
- **I-95 Carmel Church interchanges SB**
- **I-95 Bridges in Richmond area**
- **I-64, I-66, I-95, I-295 and I-664 Pavement Rehabilitation**
- **I-64/I-264 interchange**
- **I-95 Sussex County bridges**
- **I-64 Widening near Short Pump**
- **I-66 Spot Improvements #2 & #3**
- **I-66 Vienna Metrorail Access**

- **Approximately $293 million has been left unprogrammed as we review how we will handle the $400 million reduction in state transportation revenues**

Primary Summary

Projects that remain funded:

- Bridges on statewide priority list
- Huguenot Bridge replacement
- Rt 15/ Rt 17 Interchange in Fauquier County
- Rt 58 widening in Washington County
- Rt 72 widening and ROW in Scott County
- Rt 460 Grundy flood proofing
- Rt 460 Connector to Coalfields Expressway
- Rt 17 widening in Gloucester County
- Rt 205 Bridges leading to Colonial Beach
- Rt 1/ Rt 17 / Rt 218 Intersection in Stafford County
- Franklin Turnpike Connector in Pittsylvania County
- Rt 50 in Fairfax County
- Rt 28 Atlantic Boulevard improvement

Projects added:

- Martin Luther King Freeway Extension Design
- PPTA Program Mgt in Hampton Roads for Route 460, Midtown/Downtown Tunnel

Primary Summary, continued

Projects that have funding reductions:

- Rt 72 Scott County
- Rt 11 widening Abingdon
- Rt 58 Washington County
- Rt 3 widening Culpeper County
- Rt 29 Culpeper County interchange
- Rt 3 widening Spotsylvania County
- Rt 17 widening Stafford County
- Rt 208 Spotsylvania Court House Bypass Phase II
- Rt 7 Loudoun County
- Rt 28 Godwin Drive to Vint Hill Road
- Rt 29 & Gallows Road Interchange Fairfax County
- Arlington Blvd/Rt 50 Courthouse Rd Interchange in Arlington

Primary Summary, continued

Projects that have funding reductions:

- **Rt 33 Hanover County**
- **Rt 360 Hanover County**
- **Rt 221 Widening Roanoke County**
- **Rt 42 Realignment Augusta County**
- **Rt 340 Warren County**

DRPT
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Six Year Improvement Plan

Rail and Public Transportation Revenue Outlook

- **Transit**
  - **Mass Transit Trust Fund reductions limited to TTF revenue reductions**
  - **Recordation tax down 47% from June 2007**
  - **HB 3202 Transit Capital Bonds maintained (despite a likely $800 million reduction in total bond issuance)**

- **Rail**
  - **Vehicle rental tax and interest down 10%**
  - **Rail preservation program maintained**
  - **Rail Capital Bonds maintained as well**

Impact on Public Transportation Allocations

- **Total Mass Transit Trust Fund six year revenues for FY 09 are $916.6 million vs. $906.9 million in FY 08**
  - Due to inclusion of recordation tax revenues in FY 2009

- **Average combined reduction of 5.8% (or $235,000) from June CTB approved allocation for operating and capital programs**

- **DRPT administrative cuts and balances totaling $5.1 million used to lessen reduction; localities may "flex" urban or secondary construction funds to further mitigate reductions**

Impact on Public Transportation Allocations, continued

- **If FY 2009 reductions were deferred until FY 2010, transit operating funding decrease would be 20% reduction compared to current approved level**
  - **FY 2010 operating reduction estimated at 11.5%**

- **14.3% reduction to special programs**
  - **Only DRPT projects impacted**
  - **Unallocated funds rolled to operating program**

- **Actual cash impact will be delayed based on grantee payment schedules and payments already processed**

Capital and Operating Allocations by Select Grantees Public Transportation ($ in millions)

Provider		FY 08	FY 09 Approved	FY 09 Revised
WMATA	*	$80.1	$88.5	$80.9
Virginia Railway Express	*	15.9	18.3	17.1
Hampton Roads Transit	*	23.2	31.6	30.4
GRTC		10.4	12.7	11.9
PRTC		6.5	8.0	7.4
Charlottesville Transit		2.3	1.0	1.0
Blacksburg Transit		2.0	1.0	0.9

* - In FY 2008, these entities received general fund allocations as stipulated in the 2007 Appropriations Act. The numbers above do not reflect these general funds.

Rail Programs

- **Includes $212 million for 8 projects for freight and passenger rail needs over the six-year period**
  - **Capital improvement in the I-95/I-64 and I-81/Rte. 29 rail corridors**
  - **Heartland Corridor and National Gateway freight initiatives**
  - **Port Authority, VRE Commuter Rail, and High Speed Rail initiative**

Rail Programs (cont.)

- Pilot intercity passenger service for 3 years
  - Lynchburg to Washington, DC
  - Richmond to Washington, DC
  - $17.2 million in FY 10 – FY 12 of Commonwealth Transportation funds for operational subsidy
- Rail Preservation Program unchanged

Agency Administrative Budget

- **15% reduction**
  - **Scaled back recent initiatives**

- **$5.1 million of deobligated grant balances and DRPT administrative cuts utilized to mitigate reduction from 7.4% to 5.8%**

- **MEL reduction from 42 to 40**

In Summary, a Rapidly Changing Environment

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