



Fiscal Year 2018 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund

Hampton Roads Transportation Accountability Commission
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Executive Summary

Item 1 of Chapter 836 of the 2017 Session of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, by November 15 the Secretary of Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Intercity Passenger Rail Operating and Capital Funds, the Northern Virginia Transportation Authority Fund, and the Hampton Roads Transportation Fund, respectively, each year to be presented to the Joint Commission on Transportation Accountability.

During FY2018, HRTAC took actions and executed project agreements with the Virginia Department of Transportation (VDOT) to accelerate projects through advancing project readiness, financing, and program delivery. During the fiscal year, HRTAC issued its Short Term Six Year Funding Plan FY2019 through FY2024 and its Draft Long Range Funding Plan through FY2045, conducted its inaugural bond offering closing at \$583M on February 14, 2018, and further advanced project development and construction of nearly \$1.6 billion total value projects with VDOT. Of the total project costs, \$1.23B is sourced by HRTAC controlled monies. The Smart Scale Program has provided \$295M towards HRTAC projects including the I-64 Peninsula Widening Segment 3 Project (\$145M Smart Scale), I-64 Southside Widening Including High Rise Bridge Project (\$100M Smart Scale), and Phase 2 of the I-64/I-264 Interchange Project (\$50M Smart Scale). Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects. The Commission continues to ensure that the Hampton Roads Transportation Fund monies are efficiently programmed. HRTAC does not allow balances to sit on projects that will not fully utilize the allocated funds in a timely manner. VDOT and HRTAC worked together during FY2018 to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance. Early in the fiscal year, \$5.0M was identified and released and primarily reallocated to another project. Late in the fiscal year, VDOT and HRTAC again reviewed project activities and found that \$140.3M Hampton Roads Transportation Funds and \$31.1M Smart Scale funds could be released from HRTAC projects due to better than anticipated construction costs and release of contingency following project scope validation. The late FY2018 deallocation efforts resulted in necessary funding agreement changes between VDOT and HRTAC that will occur in early FY2019. During FY2018, HRTAC spent \$168,359,425. Since its inception, HRTAC has entered into project agreements obligating \$1,230,928,095. Of those obligations, HRTAC has spent a total of \$267,126,025.

Background

On April 3, 2013, the Governor's substitute for House Bill 2313 (HB 2313) was adopted by the Virginia General Assembly. Based on criteria set forth in HB 2313, several new taxes dedicated to transportation were imposed in Planning District 23, (located in Hampton Roads), thereby providing permanent, annual sources of revenue dedicated to transportation projects to reduce congestion in the region. These new revenue sources became effective on July 1, 2013 (FY 2014), with the new taxes being imposed in the localities comprising Planning District 23: the counties of Isle of Wight, James City, Southampton, and York and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The legislation established the Hampton Roads Transportation Fund (HRTF) which is funded with the new taxes imposed in Planning District 23. Pursuant to HB 2313, the Hampton Roads Transportation Planning Organization (HRTPO) was given authority over use of funds in the HRTF. Beginning in June 2015, monthly revenue collections from the previous accounting period are transferred to HRTAC by VDOT.

During the 2014 General Assembly Session, the Hampton Roads Transportation Accountability Commission (HRTAC) was created to administer the funding in the HRTF. House Bill 1253 and Senate Bill 513, (Chapters 678 and 545 respectively), created HRTAC as a political subdivision of the Commonwealth to procure, finance, build, and operate critical projects in the region. The Commission has 23 Members, consisting of the Chief Elected Officers of the governing bodies of the 14 localities in Planning District 23, two members of the Virginia Senate, three members of the House of Delegates, and four nonvoting ex officio members (Commissioner of Highways, Director of Rail and Public Transportation, Executive Director

of the Virginia Port Authority, and a member of the Commonwealth Transportation Board). HRTAC was authorized to issue bonds and use the revenue generated by HB2313 in Planning District 23 to, among other things, support the debt service. HRTAC would not replace the planning functions that are provided by the HRTPO. The Commission will utilize the HRTPO prioritized projects as its program of projects. The authority of the funding for the HRTF transitioned on July 1, 2014 to the HRTAC from the HRTPO.

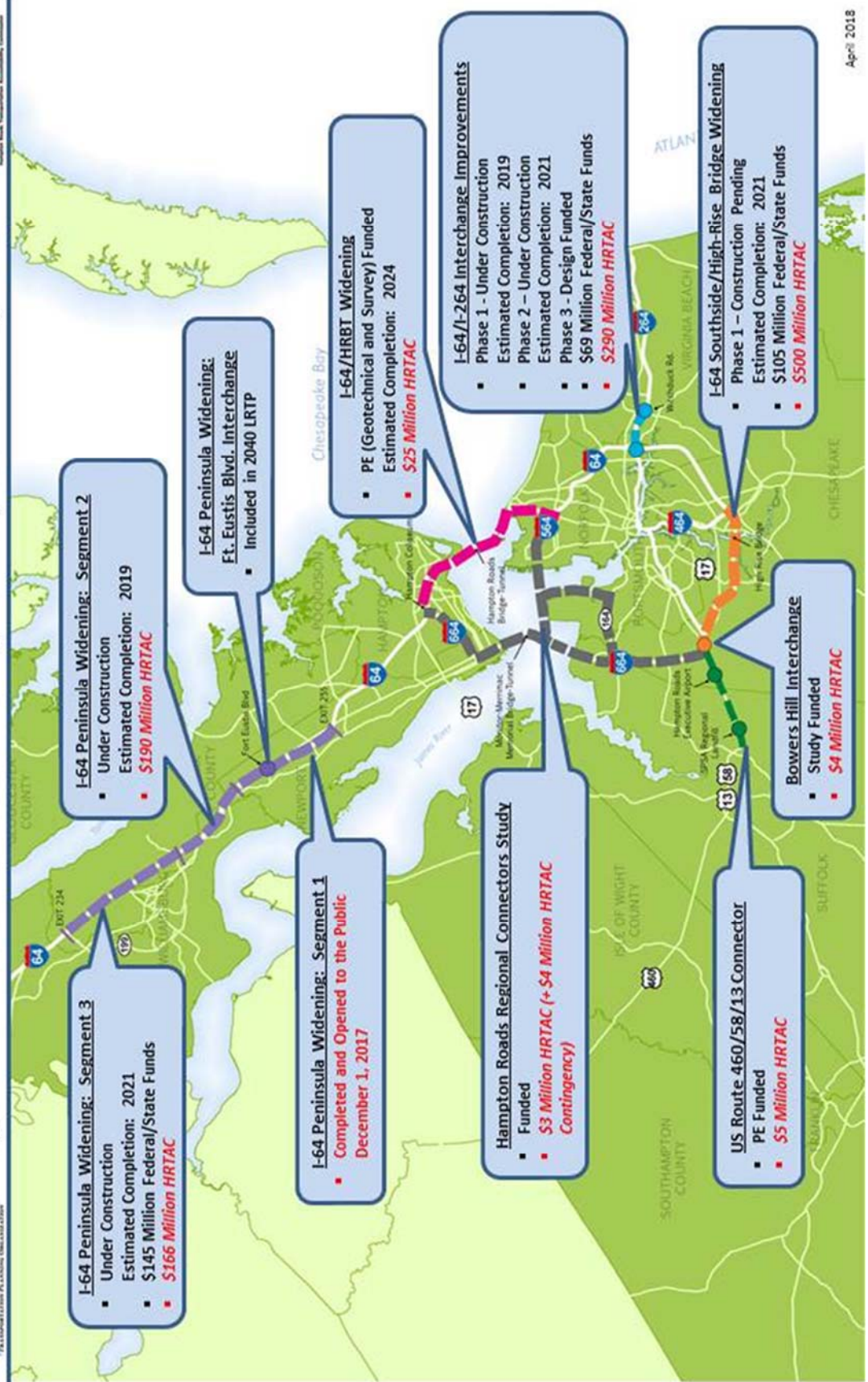
During the 2016 General Assembly Session, changes were made to HRTAC's enabling legislation to improve the business operations of HRTAC. House Bill 1111 (Chapter 603) allows for HRTAC to invest the Hampton Roads Transportation Fund (HRTF) revenues and provides liability protections to HRTAC while investing the funds. The enacted legislation also allows counties to designate a representative to the Board in lieu of the Chief Elected Official, and allows all localities to have representation at the meetings if Chief Elected Officer or County Designee is unable to attend. HB1111 also provided that administrative and operating expenses shall be paid by HRTAC Revenues.

During the 2018 General Assembly Session, changes were made to the regional motor fuels tax that will stabilize the revenues, assist in bonding, and generate near \$20M in additional annual revenues for the Hampton Roads Transportation Fund. Senate Bill 896 (Chapter 797) established a floor on the 2.1 percent sales tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads by requiring that the average distributor price upon which the tax is based be no less than what the statewide average distributor price would have been on February 20, 2013. Also during the 2018 Session, the General Assembly included State Budget language (Chapter 2, Item 442 R.) authorizing the Commissioner of DMV to share tax collection data with HRTAC's Executive Director and included language (Chapter 2, Item 452 B.) that expressed the intent of the General Assembly that the toll revenues, and any bond proceeds or concession payments backed by such toll revenues, derived from the express lanes on Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564 be used to reduce the necessary contribution from the Hampton Roads Transportation Accountability Commission established pursuant Chapter 26 of Title 33.2, Code of Virginia, for a project to expand the capacity of Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564.

Hampton Roads Regional Transportation Priority Projects

“Moving Projects Forward – HRTAC Invested Investments”

TPO Projects Planned and Prioritized by HRTPO, Powered by HRTAC **HRTAC**



April 2018

Figure 1 – Activities of HRTAC/HRTF Funded Projects

Revenue Sources and Collections

Retail Sales and Use Tax

In 2013, an additional state Retail Sales and Use Tax was imposed in Planning District 23 at the rate of 0.7 percent and dedicated to the HRTF. Accordingly, the total rate of the state and local Retail Sales and Use Tax became 6 percent in localities that fall within the District (4.3 percent state, 0.7 percent regional, and 1 percent local).

Local Fuels Tax

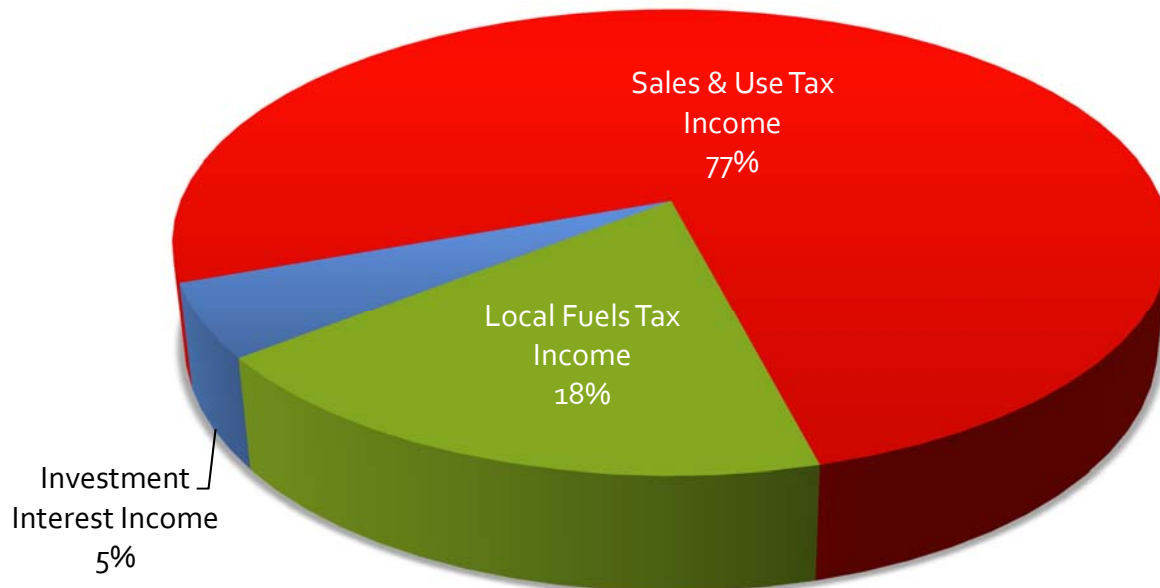
In Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. These funds were also dedicated to the HRTF.

Total Collections

Revenue collected from the Region's Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2018 totaled \$178.4 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections. Year-end cash balances of the HRTAC totaled \$1.11 billion including bond proceed, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2018

Sales & Use Tax Income	\$136,530,702
Local Fuels Tax Income	32,672,668
Investment/Interest Income	<u>9,189,903</u>
	\$178,393,273



Expenditures

From July 1, 2017 through June 30, 2018, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$249,307
Investment Fees	249,860
HRPDC/HRTPO Assistance	71,582
Financial Advisor	144,532
Payroll/Fringes	296,742
Pension Expense	40,173
Bond Issuance Costs	1,540,064
Interest Expense	9,838,912
DMV Fees	28,531
Operating	66,528
Capital Outlay	8,773
Project Related	155,833,197
Total	\$168,368,201

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2018):

Description	Amount
I-64 Peninsula Widening - Segment 1 Construction	\$ 1,544,502
I-64 Peninsula Widening - Segment 2 PE	2,429,982
I-64 Peninsula Widening - Segment 2 ROW & Construction	111,923,575
I-64 Peninsula Widening - Segment 3 PE	4,514,165
I-64/264 Interchange Improvements – Phase I PE & ROW	15,071,063
I-64/264 Interchange Improvements - Phase I Construction	66,399,635
I-64/264 Interchange Improvements – Phase II PE & ROW	35,941,934
I-64/264 Interchange Improvements – Phase III PE & ROW	57,220
I-64 Southside Widening/High Rise Bridge – Phase I PE	12,189,098
HRCS Preferred Alternative Refinement - HRBT	15,891,088
460/58/13 Connector Study	790,111
Bowers Hill Interchange Study	224,407
HR Regional Connectors Study	149,245
Total	\$267,126,025

Allocations

Project allocations through June 30, 2018 are provided in detail below.

Hampton Roads Transportation Fund (HRTF) Total Allocations as of June 30 2018

Project	Total FY2014 - FY 2017	Total FY2018	Total
<i>I-64 Peninsula Widening</i>			
<i>UPC 104905 (Segment 1) – Construction</i>	\$ 44,000,000	\$ 0	\$ 44,000,000
<i>UPC 106665 (Segment 2) - PE & Construction</i>	189,707,675	0	189,707,675
<i>UPC 106689 (Segment 3) – PE</i>	10,000,000	0	10,000,000
<i>UPC 106689 (Segment 3) – ROW & Construction</i>	156,376,066	0	156,376,066
<i>I-64/264 Interchange Improvements</i>			
<i>UPC 57048/108042 - Phase I PE/ROW</i>	15,071,063	0	15,071,063
<i>UPC 57048/108042 - Phase I Construction</i>	137,023,653	0	137,023,653
<i>UPC 17630/108041 - Phase II PE/ROW</i>	54,592,576	0	54,592,576
<i>UPC 17630/108041 - Phase II Construction</i>	73,157,062	0	73,157,062
<i>UPC 106693 - Phase III PE</i>	10,000,000	0	10,000,000
<i>I-64 Southside Widening/High Rise Bridge</i>			
<i>UPC 106692/108990 - Phase I PE</i>	20,000,000	0	20,000,000
<i>UPC 106692/108990 - Phase I ROW & Construction</i>	480,000,000	0	480,000,000
<i>HRCS Preferred Alternative Refinement - HRBT - UPC 110577 - SEIS</i>	25,000,000	0	25,000,000
<i>460/58/13 Connector Study – UPC 106694 - PE</i>	5,000,000	0	5,000,000
<i>Bowers Hill Interchange Study - UPC 111427</i>	4,000,000	0	4,000,000
<i>HR Regional Connector Study – HRTPO (Remaining Projects of Third Crossing)</i>	3,000,000	4,000,000	7,000,000
<i>Third Crossing - UPC 106724 - SEIS</i>	5,000,000	(5,000,000)	0
Total	<u>\$ 1,231,928,095</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,230,928,095</u>