

DRAFT AGENDA
Hampton Roads Transportation Accountability Commission
Finance Committee Meeting
June 5, 2017
10:00 a.m.
HRTAC Conference Room
723 Woodlake Drive, Chesapeake, VA 23320

1. Call to Order

2. Approval of Agenda

- *Recommended Action: Approval*

3. Public Comment Period

- *Limit 5 minutes per individual*

4. Chair's Comments

5. Consent Item

- *Recommended Action: Approval*

A. Minutes of the March 9, 2017 HRTAC Finance Committee Meeting

6. Action Items

- *Recommended Action: Discussion/Endorsement/Recommendation/Direction*

A. HRTAC FY2018 – FY2023 Funding Plan - Executive Director Page and PFM Financial Advisors

B. HRTAC 2040 Plan of Finance Update - Executive Director Page and PFM Financial Advisors

7. Information Items

A. HRTAC Investment Strategy and Performance Update – Executive Director Page and PFM Asset Management LLC

8. Adjournment

Agenda Item 5A
Consent Item

To: Chair Wagner and the other members of the Finance Committee

From: Kevin B. Page, Executive Director

Date: June 5, 2017

Re: March 9, 2017 Meeting's Minutes

Recommendation:

The Finance Committee is asked to approve the March 9, 2017 Finance Committee meeting's minutes.

Background:

The Finance Committee approves meeting minutes for the permanent record of the Finance Committee.

Fiscal Impact:

There is no fiscal impact in relation to this Consent Item.

Suggested Motion:

Motion is to approve the minutes of the HRTAC Finance Committee meeting on March 9, 2017.



**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the March 9, 2017 Finance Committee Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Finance Committee Meeting was called to order at 10:05 a.m. in the Regional Building Board Room A/B, 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Members in Attendance:

Frank Wagner, Chair Martin Thomas
Rex Alphin, Vice Chair

HRTAC Executive Director

Kevin Page

Other Participants:

Kathleen Bowe Nancy Collins
Nelson Bush Danetta Jankosky

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Thelma Drake (NO); Tony Gibson (VDOT); Chris Vaigneur (HRPDC); Jennifer Coleman (HRTAC)

Approval of Agenda

Mr. Rex Alphin Moved for approval of the agenda; seconded by Mr. Martin Thomas. The Motion Carried.

Public Comment Period (limit 5 minutes per individual)

No members of the public addressed the HRTAC Finance Committee.

Chair's Comments

Chair Wagner reviewed the gas tax legislation during the 2017 General Assembly Session and indicated the lack of a gas tax floor limits the ability of HRTAC to finance additional regional transportation projects.

Consent Items

A. Approval of the minutes of the June 9, 2017 HRTAC Finance Committee meeting.

Mr. Rex Alphin Moved to approve the minutes of the June 9, 2017 HRTAC Finance Committee meeting; seconded by Mr. Martin Thomas. The Motion Carried.

Action Items

A. Draft FY2018 HRTAC Operating Budget and Request for a Public Hearing.

HRTAC Executive Director, Kevin B. Page, explained the draft FY2018 operating budget by line item and noted it was being reduced by \$130,000 dollars. He reviewed the largest cost was bank fees and stated the budget included a cost of living increase for staff which aligned with the State's proposal. He indicated the budget will be voted for final approval at the full Commission meeting to be held on June 15, 2017.

B. HRTAC Investment Strategy Update

PFM Managing Director, Nelson Bush, reviewed the current economic conditions in regards to growth, unemployment and interest rates. He outlined the current investment strategy and the contributions of each component to the overall total account balance. He explained the current strategy was used in scenarios where liquidity is a long term goal and HRTAC's investment strategy needs to be realigned to reflect the expenditure and revenue forecast.

PFM Senior Managing Consultant, Kathleen Bowe, reiterated the primary objective of HRTACs investment strategy was safety and preservation of principal and described the following components of the investment portfolio:

- Liquidity
- Laddered
- Enhanced Cash
- Core

She stated PFM assumed the total balance of the portfolio was \$75 Million dollars, although PFM could change the strategy should the Commission decide on a different dollar amount, percentage of cushion and the risk tolerance willing to be taken.

Chairman Wagner directed Mr. Page to collaborate with HRTAC's construction partner, Virginia Department of Transportation (VDOT) to provide PFM an updated monthly expenditure amount, so the correct investment strategy can be applied

With no further business to come before the Hampton Roads Transportation Accountability Commission Finance Committee, the meeting adjourned at 11:13 a.m.

Frank W. Wagner
HRTAC Finance Committee Chair

Agenda Item 6A
Action Item

To: Chair Wagner and the other members of the Finance Committee

From: Kevin B. Page, Executive Director

Date: June 5, 2017

Re: Proposed HRTAC FY2018-FY2023 Plan of Finance Update

Recommendation:

HRTAC Staff has developed a Proposed HRTAC FY2018-FY2023 Plan of Finance Update for the Region's High Priority Projects, and Staff is requesting that the Finance Committee endorse the Proposed HRTAC FY2018-FY2023 Plan of Finance Update and request Commission authorization for the Finance Committee to conduct a public hearing to update the HRTAC-adopted 2016-2022 Financial Plan to include certain modifications for the Region's High Priority Projects and additional revenues based on new or updated information.

Background:

During FY2017, HRTAC Staff developed a Proposed HRTAC FY2018-FY2023 Plan of Finance Update to the Commission's Adopted 2016-2022 Financial Plan, adopted by the Commission on March 17, 2016, for the Region's High Priority Projects. This effort to update the Financial Plan included employing financial consultant services, general and bond counsel, and traffic and revenue estimators, and included input provided by VDOT, HRTAC and HRTPO Staff. The purpose of updating the Financial Plan is to provide current direction on project financing, revenue assumptions, and timing that will be used as the Commission's current funding plan. This will guide the Commission and inform others through advancing project construction readiness, project finance, bonding, tolling, environmental planning and the development of the Constrained and Unconstrained elements of the HRTPO 2040 Long Range Transportation Plan Update as necessary.

The HRTAC FY2018-FY2023 Plan of Finance Update process includes HRTAC conducting a public hearing for the purpose of sharing the proposed update with the public and soliciting public input for the Commission to be aware of prior to the Commission taking Action on the Proposed HRTAC FY2018-FY2023 Plan of Finance Update for the Region's High Priority Projects at its September 21, 2017 meeting.



Fiscal Impact:

There is no fiscal impact in relation to this Action Item authorizing a public hearing.

Suggested Motion:

Motion: The Finance Committee endorses the Proposed HRTAC FY2018-FY2023 Plan of Finance Update to the Commission's current Adopted HRTAC 2016-2022 Funding Plan for the Region's High Priority Projects, which was adopted in 2016, and requests that the Commission authorize the Finance Committee to hold a public hearing and report back public comments for consideration in the Commission's action at its September 21, 2017 Regular meeting.





Action 6A: HRTAC FY2018 – FY2023 Funding Plan

Presentation to: **HRTAC Finance Committee**

Kevin Page, HRTAC

Liang Shan, PFM

June 5, 2017

PFM Financial
Advisors LLC

300 S. Orange Avenue
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Orlando, Florida 32801

407.648.2208
pfm.com



Project Costs and Expenses & Funding Sources (With Toll Revenues to HRTAC)

HRTAC Project Costs and Expenses

	Prior Years	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total	HRTAC Share		VDOT Funds	HRTPO Funds	Outside Contribution
									PayGo	Debt Proceeds ¹			
Operating/HRTF Fees	\$7	\$2	\$2	\$2	\$2	\$3	\$3	\$22	\$22				
I-64 Peninsula Widening	\$247	\$96	\$62	\$51	\$147	\$43		\$645	\$400		\$245		
I-64/I-264 Interchange Improvement ²	\$134	\$77	\$48	\$103				\$362	\$290		\$67	\$2	\$3
I-64 Southside/High Rise Bridge ²	\$57	\$44	\$170	\$170	\$156	\$8		\$605	\$500		\$105		
Project Development	\$17	\$24	\$2	\$0				\$42	\$42				
Mega-Project Delivery (HRBT) ^{3,4}						\$181	\$360	\$541	\$410	\$132			
Total	\$462	\$243	\$284	\$326	\$305	\$235	\$363	\$2,216	\$1,663	\$132	\$417	\$2	\$3

Funding Sources

	Prior Years	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
VDOT Funds	\$186	\$42	\$38	\$75	\$68	\$8		\$417
HRTPO Funds	\$2							\$2
Outside Contribution		\$3						\$3
HRTAC Share	\$274	\$198	\$246	\$251	\$237	\$226	\$363	\$1,795
Total	\$462	\$243	\$284	\$326	\$305	\$235	\$363	\$2,216

Notes:

1. Net of financing costs
2. Approval of \$150M Smart Scale funds for I-64/I-264 Interchange (\$50M) and High Rise Bridge (\$100M) are expected in June 2017
3. Including HRBT project costs and debt service associated with the debt issued for HRBT
4. Assume HRBT receives no VDOT funds.



HRTAC Projected Cash Flow FY 2018 to FY 2023 (With Toll Revenues to HRTAC)

HRTAC Projected Cash Flow

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
HRTF .7% local Sales Tax Funds	\$133	\$136	\$138	\$141	\$144	\$147	\$840
HRTF 2.1% Fuel Tax Funds	\$27	\$30	\$33	\$35	\$37	\$38	\$200
Total HRTF Revenue	\$160	\$165	\$172	\$177	\$181	\$185	\$1,040
HRTAC Toll Revenues ¹	\$0	\$0	\$0	\$0	\$0	\$2	\$2
HRTF Interest Income	\$2	\$2	\$1	\$0	\$1	\$1	\$7
HRTF Investment Income	\$1	\$1	\$1	\$0	\$0	\$0	\$3
HRTAC HRTF Revenue Debt Proceeds ²	\$0	\$0	\$0	\$0	\$132	\$0	\$132
HRTAC Toll Revenue Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Available HRTAC HRTF Funding	\$164	\$168	\$174	\$177	\$313	\$187	\$1,182
HRTAC Share - PayGo Funding	\$198	\$246	\$251	\$237	\$226	\$356	\$1,514
HRTAC Share - Debt Service						\$7	\$7
Total Annual Expenditure	\$198	\$246	\$251	\$237	\$226	\$363	\$1,521
Carryover Balance From Previous Year	\$360	\$326	\$248	\$171	\$111	\$198	
Remaining HRTAC Funds Unobligated	\$326	\$248	\$171	\$111	\$198	\$22	

Notes:

1. High Rise Bridge Phase I toll revenues starting FY 2023

2. Net of financing costs

Maintain General Reserve Balance at Minimum 10% of HRTF Revenue in Current Fiscal Year



FY 2018 – FY 2023 Funding Plan Detail (With Toll Revenues to HRTAC)

Hampton Roads Transportation Accountability Commission Draft Working Document - FY2018 - FY2023 - Six-Year Operating and Capital Program of Projects (With Toll Revenues to HRTAC)

Project Location	Project Description	User	Source of Funds	Pre-SYIP Funding Activities						Total	
				HRTAC FY18	HRTAC FY19	HRTAC FY20	HRTAC FY21	HRTAC FY22	HRTAC FY23		
Operating/HRTF Fees											
HRTAC Districtwide	HRTAC Operating Budget	HRTAC	HRTAC HRTF	\$ 4,230,095	\$ 1,300,000*	\$ 1,332,500*	\$ 1,365,813	\$ 1,399,958	\$ 1,434,957	\$ 1,470,831	\$ 12,534,153
	HRTAC Project Initiation Budget	HRTAC	HRTAC HRTF	2,225,000	970,000	994,250	1,019,106	1,044,584	1,070,699	1,097,496	8,421,108
	Department of Taxation Fees	TAX	HRTAC HRTF	499,518	-	-	-	-	-	-	499,518
	Department of Motor Vehicle Fees	DMV	HRTAC HRTF	98,695	-	-	-	-	-	-	98,695
Total Operating Costs/HRTF Fees				\$ 7,053,308	\$ 2,270,000*	\$ 2,326,750	\$ 2,384,919	\$ 2,444,542	\$ 2,505,655	\$ 2,568,297	\$ 21,593,470
Construction Projects											
I-64 Peninsula Widening											
Newport News	I-64 Widening Segment 1	VDOT	VDOT	100,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000,000
			HRTAC HRTF	44,000,000*	-	-	-	-	-	-	44,000,000
Total				144,000,000	-	-	-	-	-	-	144,000,000
Newport News	I-64 Widening Segment 2 PE UPC 106665	VDOT	VDOT	6,000,000	-	-	-	-	-	-	6,000,000
			HRTAC HRTF	6,000,000	-	-	-	-	-	-	6,000,000
Total				6,000,000	-	-	-	-	-	-	6,000,000
Newport News	I-64 Widening Segment 2 Construction UPC 106665	VDOT	VDOT	84,583,377	69,210,987*	29,913,311*	-	-	-	-	183,707,675
			HRTAC HRTF	84,583,377	69,210,987	29,913,311	-	-	-	-	183,707,675
Total				84,583,377	69,210,987	29,913,311	-	-	-	-	183,707,675
James City - Williamsburg	I-64 Widening Segment 3 PE UPC 106689	VDOT	VDOT	2,800,000	7,200,000*	-	-	-	-	-	10,000,000
			HRTAC HRTF	2,800,000	7,200,000	-	-	-	-	-	10,000,000
Total				2,800,000	7,200,000	-	-	-	-	-	10,000,000
James City - Williamsburg	I-64 Widening Segment 3 - RW Construction Construction UPC 106689 - 109790	VDOT	VDOT	10,000,000	19,210,469*	32,000,000*	25,858,850*	57,858,434*	42,610,108*	-	144,927,753
			HRTAC HRTF	-	-	-	24,752,207*	89,013,751*	42,610,108*	-	156,376,066
Total				10,000,000	19,210,469	32,000,000	24,752,207	89,013,751	42,610,108	-	301,303,819
I-64/I-264 Interchange Improvement											
Norfolk	I-64/I-264 Interchange Improvement Phase I PE/ROW UPC 57048 - 108042	VDOT	VDOT	5,047,700	-	-	-	-	-	-	5,047,700
			HRTAC HRTF	15,071,063	-	-	-	-	-	-	15,071,063
Total				20,118,763	-	-	-	-	-	-	20,118,763
Norfolk	I-64/I-264 Interchange Improvement Phase I Construction UPC 57048 - 108042	VDOT	VDOT	22,402,977	64,831,612*	41,680,228*	8,108,836*	-	-	-	137,023,653
			HRTAC HRTF	22,402,977	64,831,612	41,680,228	8,108,836	-	-	-	137,023,653
Total				22,402,977	64,831,612	41,680,228	8,108,836	-	-	-	137,023,653
Norfolk	I-64/I-264 Interchange Improvement Phase II PE/ROW UPC 17630 - 108041	VDOT	HRTPO RSTP	1,892,000	-	-	-	-	-	-	1,892,000
			VDOT	11,990,900	-	-	-	-	-	-	11,990,900
			HRTAC HRTF	54,592,576	-	-	-	-	-	-	54,592,576
Total				68,475,476	-	-	-	-	-	-	68,475,476
Norfolk	I-64/I-264 Interchange Improvement Phase II Construction UPC 17630 - 108041	VDOT	VDOT	21,761,000	5,950,000	2,289,000	20,000,000	-	-	-	50,000,000
			Outside Contribution	-	2,871,294	-	-	-	-	-	2,871,294
			HRTAC HRTF	-	-	-	73,157,117	-	-	-	73,157,117
Total				21,761,000	8,821,294	2,289,000	93,157,117	-	-	-	126,028,411
Norfolk	I-64/I-264 Interchange Improvement - Phase III PE UPC 106693	VDOT	VDOT	1,100,000	3,750,000*	3,750,000*	1,400,000*	-	-	-	10,000,000
			HRTAC HRTF	1,100,000	3,750,000	3,750,000	1,400,000	-	-	-	10,000,000
Total				1,100,000	3,750,000	3,750,000	1,400,000	-	-	-	10,000,000
I-64 Southside/High Rise Bridge											
Chesapeake, Suffolk	I-64 Southside/High Rise Bridge PE/ROW UPC 106692	VDOT	VDOT	5,000,000	-	-	-	-	-	-	5,000,000
			HRTAC HRTF	20,000,000	-	-	-	-	-	-	20,000,000
Total				25,000,000	-	-	-	-	-	-	25,000,000
Chesapeake, Suffolk	I-64 Southside/High Rise Bridge Construction UPC 106692	VDOT	VDOT	31,768,000	17,064,000	3,405,000	29,288,000	10,250,000	8,225,000	-	100,000,000
			HRTAC HRTF	27,168,000	166,695,000*	140,712,000*	145,525,000*	-	-	-	480,000,000
Total				31,768,000	44,222,000	170,000,000	170,000,000	155,775,000	8,225,000	-	580,000,000
Project Development											
Newport News, Norfolk, Portsmouth, Chesapeake, Suffolk	Third Crossing SEIS Study UPC 106724	VDOT	VDOT	-	-	-	-	-	-	-	-
			HRTAC HRTF	5,000,000	-	-	-	-	-	-	5,000,000
Total				5,000,000	-	-	-	-	-	-	5,000,000
Norfolk, Hampton Newport News	HRCS SEIS Preferred Alternative Refinement PE UPC 110577	VDOT	VDOT	-	-	-	-	-	-	-	-
			HRTAC HRTF	3,000,000	22,000,000*	-	-	-	-	-	25,000,000
Total				3,000,000	22,000,000	-	-	-	-	-	25,000,000
Newport News, Norfolk, Portsmouth, Chesapeake, Suffolk	Remaining Projects of the Third Crossing SEIS Projects Outside of Alternative A Modified	HRTPO	VDOT	3,000,000	-	-	-	-	-	-	3,000,000
			HRTAC HRTF	3,000,000	-	-	-	-	-	-	3,000,000
Total				3,000,000	-	-	-	-	-	-	3,000,000
Portsmouth, Chesapeake, Suffolk	Remaining Projects of the Third Crossing SEIS Bowers Hill Environmental Study UPC 106724	VDOT	VDOT	4,000,000	-	-	-	-	-	-	4,000,000
			HRTAC HRTF	4,000,000	-	-	-	-	-	-	4,000,000
Total				4,000,000	-	-	-	-	-	-	4,000,000
Suffolk	Route 460/58/13 PE UPC 106694	VDOT	VDOT	1,527,768	1,666,656*	1,666,656*	138,920*	-	-	-	5,000,000
			HRTAC HRTF	1,527,768	1,666,656	1,666,656	138,920	-	-	-	5,000,000
Total				1,527,768	1,666,656	1,666,656	138,920	-	-	-	5,000,000
Mega-Project Delivery											
Norfolk, Hampton Newport News	Financing Proceeds - I-64 HRBT Expansion	HRTAC	VDOT	-	-	-	-	-	-	-	-
			HRTAC HRTF (Pay Go)	-	-	-	-	49,664,084	353,435,288	-	403,099,372
			HRTF (HRTF Rev Bonds)	-	-	-	-	131,509,855	-	-	131,509,855
			HRTAC Toll Rev (TIFIA)	-	-	-	-	-	-	6,596,681	6,596,681
			HRTF Rev Bonds (Debt Service)	-	-	-	-	-	-	-	-
			HRTAC Toll Revenue TIFIA (Debt Service)	-	-	-	-	-	-	-	-
Total				-	-	-	-	181,173,939	360,031,969	-	541,205,908
Total Development/Construction Project Costs				\$ 454,537,361	\$ 240,923,018	\$ 281,299,195	\$ 323,415,930	\$ 302,647,185	\$ 232,009,047	\$ 360,031,969	\$ 2,194,863,705

Total Estimated Operating and Capital Costs				\$ 461,590,669	\$ 243,193,018	\$ 283,625,945	\$ 325,800,849	\$ 305,091,727	\$ 234,514,702	\$ 362,600,266	\$ 2,216,417,175	
Less: VDOT Sourced Funds				180,567,409	42,224,469	37,654,000	75,146,500	66,108,433	8,225,000	-	416,958,533	
Outside Contribution Funds (HRSD, VA Beach)				2,871,294	-	-	-	-	-	-	2,871,294	-
HRTPO RSTP Funds				1,892,000	-	-	-	-	-	-	1,892,000	-
Total HRTAC Share				\$ 274,131,009	\$ 198,097,255	\$ 245,931,945	\$ 250,653,999	\$ 236,983,293	\$ 226,289,702	\$ 362,600,266	\$ 1,794,607,528	
HRTF 7% Local Sales Tax Funds by Year*				145,212,261	\$ 133,000,000	\$ 135,500,000	\$ 138,300,000	\$ 141,300,000	\$ 144,300,000	\$ 147,300,000	1,412,458,821	
HRTF 2.1% Fuel Tax Funds by Year*				27,400,000	29,900,000	32,000,000	35,200,000	36,800,000	37,700,000	37,000,000	251,754,471	
HRTF Interest Income				363,855	2,250,000*	1,950,000	1,200,000	450,000	500,000	500,000	8,976,836	
HRTF Investment Income				950,000	550,000	1,000,000	-	-	-	-	10,487,545	
HRTAC HRTF Debt (HRTF Revenue Bonds)				-	-	-	-	-	131,509,855	-	131,509,855	
HRTAC Toll Revenue Debt (TIFIA)				-	-	-	-	-	-	-	-	
HRTAC Toll Revenues				-	-	-	-	-	-	1,577,500	1,577,500	
Deobligated Funds From Previous Projects				-	-	-	-	-	-	-	-	
Carryover from Previous Years				360,296,605	325,799,350	247,767,405	170,813,406	110,780,113	197,600,266	-	-	
Total Available HRTAC HRTF Funding				\$ 145,576,116	\$ 523,896,605	\$ 493,699,350	\$ 421,467,405	\$ 347,763,406	\$ 423,869,968	\$ 384,677,766	-	
Total HRTAC HRTF Funds Unobligated				\$ 360,296,605	\$ 325,799,350	\$ 247,767,405	\$ 170,813,406	\$ 110,780,113	\$ 197,600,266	\$ 22,077,500	-	



Project Costs and Expenses & Funding Sources (With No Toll Revenues to HRTAC)

HRTAC Project Costs and Expenses

	Prior Years	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total	HRTAC Share		VDOT Funds	HRTPO Funds	Outside Contribution
									PayGo	Debt Proceeds ¹			
Operating/HRTF Fees	\$7	\$2	\$2	\$2	\$2	\$3	\$3	\$22	\$22				
I-64 Peninsula Widening	\$247	\$96	\$62	\$51	\$147	\$43		\$645	\$400		\$245		
I-64/I-264 Interchange Improvement ²	\$134	\$77	\$48	\$103				\$362	\$290		\$67	\$2	\$3
I-64 Southside/High Rise Bridge ²	\$57	\$44	\$170	\$170	\$156	\$8		\$605	\$500		\$105		
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Total	\$462	\$243	\$284	\$326	\$305	\$235	\$364	\$2,218	\$1,663	\$133	\$417	\$2	\$3

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HRTPO Funds	\$2							\$2
Outside Contribution		\$3						\$3
HRTAC Share	\$274	\$198	\$246	\$251	\$237	\$226	\$364	\$1,796
Total	\$462	\$243	\$284	\$326	\$305	\$235	\$364	\$2,218

Notes:

1. Net of financing costs
2. Approval of \$150M Smart Scale funds for I-64/I-264 Interchange (\$50M) and High Rise Bridge (\$100M) are expected in June 2017
3. Including HRBT project costs and debt service associated with the debt issued for HRBT
4. Assume HRBT receives no VDOT funds.



HRTAC Projected Cash Flow FY 2018 to FY 2023 (With No Toll Revenues to HRTAC)

HRTAC Projected Cash Flow

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
HRTF .7% local Sales Tax Funds	\$133	\$136	\$138	\$141	\$144	\$147	\$840
HRTF 2.1% Fuel Tax Funds	\$27	\$30	\$33	\$35	\$37	\$38	\$200
Total HRTF Revenue	\$160	\$165	\$172	\$177	\$181	\$185	\$1,040
HRTF Interest Income	\$2	\$2	\$1	\$0	\$1	\$1	\$7
HRTF Investment Income	\$1	\$1	\$1	\$0	\$0	\$0	\$3
HRTAC HRTF Revenue Debt Proceeds ¹	\$0	\$0	\$0	\$0	\$133	\$0	\$133
Total Available HRTAC HRTF Funding	\$164	\$168	\$174	\$177	\$314	\$186	\$1,182
HRTAC Share - PayGo Funding	\$198	\$246	\$251	\$237	\$226	\$356	\$1,514
HRTAC Share - Debt Service						\$8	\$8
Total Annual Expenditure	\$198	\$246	\$251	\$237	\$226	\$364	\$1,522
Carryover Balance From Previous Year	\$360	\$326	\$248	\$171	\$111	\$199	
Remaining HRTAC Funds Unobligated	\$326	\$248	\$171	\$111	\$199	\$21	

Notes:

1. Net of financing costs

Maintain General Reserve Balance at Minimum 10% of HRTF Revenue in Current Fiscal Year



FY 2018 – FY 2023 Funding Plan Detail (With No Toll Revenues to HRTAC)

Hampton Roads Transportation Accountability Commission Draft Working Document - FY2018 - FY2023 - Six-Year Operating and Capital Program of Projects (With No Toll Revenues to HRTAC)

Project Location	Project Description	User	Source of Funds	Pre-SIYP Funding Activities	HRTAC FY18	HRTAC FY19	HRTAC FY20	HRTAC FY21	HRTAC FY22	HRTAC FY23	Total																																																																																																																																																																						
Operating/HRTF Fees																																																																																																																																																																																	
HRTAC Districtwide	HRTAC Operating Budget HRTAC Project Initiation Budget Department of Taxation Fees Department of Motor Vehicle Fees Total Operating Costs/HRTF Fees	HRTAC HRTAC TAX DMV	HRTAC HRTF	\$ 4,230,095	\$ 1,300,000	\$ 1,332,500	\$ 1,365,813	\$ 1,399,958	\$ 1,434,957	\$ 1,470,831	\$ 12,534,153																																																																																																																																																																						
			HRTAC HRTF	2,225,000	970,000	994,250	1,019,106	1,044,584	1,070,699	1,097,468	8,421,105																																																																																																																																																																						
			HRTAC HRTF	499,518	-	-	-	-	-	-	-	499,518																																																																																																																																																																					
			HRTAC HRTF	98,695	-	-	-	-	-	-	-	98,695																																																																																																																																																																					
						Total	\$ 7,053,308	\$ 2,270,000	\$ 2,326,750	\$ 2,384,919	\$ 2,444,542	\$ 2,505,655	\$ 2,568,297	\$ 21,553,470																																																																																																																																																																			
Construction Projects																																																																																																																																																																																	
I-64 Peninsula Widening																																																																																																																																																																																	
Newport News	I-64 Widening Segment 1	VDOT	VDOT	100,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000,000																																																																																																																																																																						
			HRTAC HRTF	44,000,000	-	-	-	-	-	-	44,000,000																																																																																																																																																																						
			Total	144,000,000	-	-	-	-	-	-	144,000,000																																																																																																																																																																						
Newport News	I-64 Widening Segment 2 PE UPC 106665	VDOT	VDOT	6,000,000	-	-	-	-	-	-	6,000,000																																																																																																																																																																						
			HRTAC HRTF	6,000,000	-	-	-	-	-	-	6,000,000																																																																																																																																																																						
			Total	12,000,000	-	-	-	-	-	-	12,000,000																																																																																																																																																																						
Newport News	I-64 Widening Segment 2 Construction UPC 106665	VDOT	VDOT	84,583,377	69,210,987	29,913,311	-	-	-	-	183,707,675																																																																																																																																																																						
			HRTAC HRTF	84,583,377	69,210,987	29,913,311	-	-	-	-	183,707,675																																																																																																																																																																						
			Total	169,166,754	138,421,974	59,826,622	-	-	-	-	367,415,350																																																																																																																																																																						
James City , Williamsburg	I-64 Widening Segment 3 PE UPC 106689	VDOT	VDOT	2,800,000	7,200,000	-	-	-	-	-	10,000,000																																																																																																																																																																						
			HRTAC HRTF	2,800,000	7,200,000	-	-	-	-	-	-	10,000,000																																																																																																																																																																					
			Total	5,600,000	14,400,000	-	-	-	-	-	20,000,000																																																																																																																																																																						
James City , Williamsburg	I-64 Widening Segment 3 - RW Construction Construction UPC 106689 - 109790	VDOT	VDOT	10,000,000	19,210,469	32,000,000	25,858,850	57,858,434	-	-	144,927,753																																																																																																																																																																						
			HRTAC HRTF	10,000,000	19,210,469	32,000,000	24,752,200	89,019,751	42,610,108	-	-	156,376,966																																																																																																																																																																					
			Total	20,000,000	38,420,938	64,000,000	50,611,050	146,878,185	42,610,108	-	301,304,719																																																																																																																																																																						
I-64/I-264 Interchange Improvement																																																																																																																																																																																	
Norfolk	I-64/I-264 Interchange Improvement Phase I PE/ROW UPC 57048 - 108042	VDOT	VDOT	5,047,700	-	-	-	-	-	-	5,047,700																																																																																																																																																																						
			HRTAC HRTF	15,071,963	-	-	-	-	-	-	15,071,963																																																																																																																																																																						
			Total	20,118,763	-	-	-	-	-	-	20,118,763																																																																																																																																																																						
Norfolk	I-64/I-264 Interchange Improvement Phase I Construction UPC 57048 - 108042	VDOT	VDOT	22,402,977	64,831,612	41,680,228	8,108,836	-	-	-	137,023,653																																																																																																																																																																						
			HRTAC HRTF	22,402,977	64,831,612	41,680,228	8,108,836	-	-	-	137,023,653																																																																																																																																																																						
			Total	44,805,954	129,663,224	83,360,456	16,217,672	-	-	-	274,047,306																																																																																																																																																																						
Norfolk	I-64/I-264 Interchange Improvement Phase II PE/ROW UPC 17630 - 108041	VDOT	HRTPPO RSTP	1,892,000	-	-	-	-	-	-	1,892,000																																																																																																																																																																						
			VDOT	11,990,900	-	-	-	-	-	-	-	11,990,900																																																																																																																																																																					
			HRTAC HRTF	54,592,576	-	-	-	-	-	-	54,592,576																																																																																																																																																																						
			Total	68,475,476	-	-	-	-	-	-	68,475,476																																																																																																																																																																						
Norfolk	I-64/I-264 Interchange Improvement Phase II Construction UPC 17630 - 108041	VDOT	VDOT	21,761,000	5,950,000	2,289,000	20,000,000	-	-	-	50,000,000																																																																																																																																																																						
			Outside Contribution	-	2,871,294	-	-	-	-	-	-	2,871,294																																																																																																																																																																					
			HRTAC HRTF	21,761,000	8,821,294	2,289,000	73,157,117	-	-	-	73,157,117																																																																																																																																																																						
			Total	43,522,000	14,642,294	2,289,000	93,157,117	-	-	-	126,928,411																																																																																																																																																																						
Norfolk	I-64/I-264 Interchange Improvement - Phase III PE UPC 106693	VDOT	VDOT	1,100,000	3,750,000	3,750,000	1,400,000	-	-	-	10,000,000																																																																																																																																																																						
			HRTAC HRTF	1,100,000	3,750,000	3,750,000	1,400,000	-	-	-	10,000,000																																																																																																																																																																						
			Total	2,200,000	7,500,000	7,500,000	2,800,000	-	-	-	20,000,000																																																																																																																																																																						
I-64 Southside/High Rise Bridge																																																																																																																																																																																	
Chesapeake, Suffolk	I-64 Southside/High Rise Bridge PE/ROW UPC 106692	VDOT	VDOT	5,000,000	-	-	-	-	-	-	5,000,000																																																																																																																																																																						
			HRTAC HRTF	20,000,000	-	-	-	-	-	-	-	20,000,000																																																																																																																																																																					
			Total	25,000,000	-	-	-	-	-	-	25,000,000																																																																																																																																																																						
Chesapeake, Suffolk	I-64 Southside/High Rise Bridge Construction UPC 106692	VDOT	VDOT	31,768,000	17,064,000	3,405,000	29,288,000	10,250,000	8,225,000	-	100,000,000																																																																																																																																																																						
			HRTAC HRTF	-	27,188,000	186,595,000	140,712,000	145,625,000	-	-	480,000,000																																																																																																																																																																						
			Total	31,768,000	44,252,000	170,000,000	170,000,000	155,775,000	8,225,000	-	580,000,000																																																																																																																																																																						
Project Development																																																																																																																																																																																	
Newport News, Norfolk, Portsmouth, Chesapeake, Suffolk	Third Crossing SEIS Study UPC 106724	VDOT	VDOT	5,000,000	-	-	-	-	-	-	5,000,000																																																																																																																																																																						
			HRTAC HRTF	5,000,000	-	-	-	-	-	-	5,000,000																																																																																																																																																																						
			Total	10,000,000	-	-	-	-	-	-	10,000,000																																																																																																																																																																						
Norfolk, Hampton Newport News	HRCS SEIS Preferred Alternative Refinement PE UPC 110577	VDOT	VDOT	3,000,000	22,000,000	-	-	-	-	-	25,000,000																																																																																																																																																																						
			HRTAC HRTF	3,000,000	22,000,000	-	-	-	-	-	-	25,000,000																																																																																																																																																																					
			Total	6,000,000	44,000,000	-	-	-	-	-	50,000,000																																																																																																																																																																						
Newport News, Norfolk, Portsmouth, Chesapeake, Suffolk	Remaining Projects of the Third Crossing SEIS Projects Outside of Alternative A Modified	HRTPPO	VDOT	3,000,000	-	-	-	-	-	-	3,000,000																																																																																																																																																																						
			HRTAC HRTF	3,000,000	-	-	-	-	-	-	3,000,000																																																																																																																																																																						
			Total	6,000,000	-	-	-	-	-	-	6,000,000																																																																																																																																																																						
Portsmouth, Chesapeake, Suffolk	Remaining Projects of the Third Crossing SEIS Bowers Hill Environmental Study UPC 106724	VDOT	VDOT	4,000,000	-	-	-	-	-	-	4,000,000																																																																																																																																																																						
			HRTAC HRTF	4,000,000	-	-	-	-	-	-	4,000,000																																																																																																																																																																						
			Total	8,000,000	-	-	-	-	-	-	8,000,000																																																																																																																																																																						
Suffolk	Route 460/5813 PE UPC 106694	VDOT	VDOT	1,527,768	1,666,656	1,666,656	138,920	-	-	-	5,000,000																																																																																																																																																																						
			HRTAC HRTF	1,527,768	1,666,656	1,666,656	138,920	-	-	-	5,000,000																																																																																																																																																																						
			Total	3,055,536	3,333,312	3,333,312	277,840	-	-	-	10,000,000																																																																																																																																																																						
Mega-Project Delivery																																																																																																																																																																																	
Norfolk, Hampton Newport News	Financing Proceeds - I-64 HRBT Expansion	HRTAC	VDOT	-	-	-	-	-	-	-	-																																																																																																																																																																						
			HRTAC HRTF (Pay Go)	-	-	-	-	48,348,255	353,435,288	-	401,783,544																																																																																																																																																																						
			HRTF (HRTF Rev Bonds)	-	-	-	-	132,825,683	-	-	132,825,683																																																																																																																																																																						
			HRTF Rev Bonds (Debt Service)	-	-	-	-	-	-	7,912,509	-																																																																																																																																																																						
			Total	-	-	-	-	181,173,939	361,347,798	-	542,521,738																																																																																																																																																																						
	Total Development/Construction Project Costs		Total	\$ 454,537,361	\$ 240,923,018	\$ 281,299,195	\$ 323,415,930	\$ 302,647,185	\$ 232,009,047	\$ 361,347,798	\$ 2,196,179,533																																																																																																																																																																						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%;">Total Estimated Operating and Capital Costs</td> <td style="width: 15%;">\$ 481,590,669</td> <td style="width: 15%;">\$ 243,193,018</td> <td style="width: 15%;">\$ 283,625,945</td> <td style="width: 10%;">\$ 325,800,849</td> <td style="width: 10%;">\$ 305,091,727</td> <td style="width: 10%;">\$ 234,514,702</td> <td style="width: 10%;">\$ 363,916,094</td> <td style="width: 10%;">\$ 2,217,733,004</td> </tr> <tr> <td></td> <td>Less: VDOT Sourced Funds</td> <td>185,567,600</td> <td>42,224,469</td> <td>37,694,000</td> <td>75,146,850</td> <td>68,108,434</td> <td>8,225,000</td> <td>-</td> <td>416,966,353</td> </tr> <tr> <td></td> <td>Outside Contribution Funds (HRSD, Via Beach)</td> <td>1,892,000</td> <td>2,871,294</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2,871,294</td> </tr> <tr> <td></td> <td>HRTPPO RSTP Funds</td> <td>1,892,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,892,000</td> </tr> <tr> <td></td> <td>Total HRTAC Share</td> <td>\$ 274,131,069</td> <td>\$ 198,097,255</td> <td>\$ 245,931,945</td> <td>\$ 250,653,999</td> <td>\$ 236,983,293</td> <td>\$ 226,289,702</td> <td>\$ 363,916,094</td> <td>\$ 1,796,003,357</td> </tr> <tr> <td></td> <td>HRTF 7% local Sales Tax Funds by Year *</td> <td>\$ 145,212,261</td> <td>\$ 133,000,000</td> <td>\$ 135,500,000</td> <td>\$ 138,300,000</td> <td>\$ 141,300,000</td> <td>\$ 144,300,000</td> <td>\$ 147,300,000</td> <td>\$ 1,412,458,211</td> </tr> <tr> <td></td> <td>HRTF 2.1% Fuel Tax Funds by Year *</td> <td>27,400,000</td> <td>29,900,000</td> <td>33,200,000</td> <td>33,200,000</td> <td>35,200,000</td> <td>36,800,000</td> <td>37,700,000</td> <td>251,754,471</td> </tr> <tr> <td></td> <td>HRTF Interest Income</td> <td>363,855</td> <td>2,250,000</td> <td>1,950,000</td> <td>1,200,000</td> <td>450,000</td> <td>500,000</td> <td>500,000</td> <td>8,976,836</td> </tr> <tr> <td></td> <td>HRTF Investment Income</td> <td>-</td> <td>950,000</td> <td>550,000</td> <td>1,000,000</td> <td>-</td> <td>-</td> <td>-</td> <td>10,487,545</td> </tr> <tr> <td></td> <td>HRTAC HRTF Debt (HRTF Revenue Bonds)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>132,825,683</td> <td>-</td> </tr> <tr> <td></td> <td>Deobligated Funds From Previous Projects</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>132,825,683</td> </tr> <tr> <td></td> <td>Carryover from Previous Years</td> <td>-</td> <td>360,296,605</td> <td>325,799,350</td> <td>247,767,405</td> <td>170,813,406</td> <td>110,780,119</td> <td>198,916,094</td> <td>-</td> </tr> <tr> <td></td> <td>Total Available HRTAC HRTF Funding</td> <td>\$ 145,576,116</td> <td>\$ 523,896,605</td> <td>\$ 493,699,350</td> <td>\$ 421,467,405</td> <td>\$ 347,763,406</td> <td>\$ 425,205,796</td> <td>\$ 384,416,094</td> <td>\$ 2,500,000,000</td> </tr> <tr> <td></td> <td>Total HRTAC HRTF Funds Unobligated</td> <td>\$ 360,296,605</td> <td>\$ 325,799,350</td> <td>\$ 247,767,405</td> <td>\$ 170,813,406</td> <td>\$ 110,780,119</td> <td>\$ 198,916,094</td> <td>\$ 20,500,000</td> <td>\$ 2,500,000,000</td> </tr> <tr> <td colspan="12" style="text-align: center;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Pre-SIYP Funding Activities</th> <th>HRTAC FY18</th> <th>HRTAC FY19</th> <th>HRTAC FY20</th> <th>HRTAC FY21</th> <th>HRTAC FY22</th> <th>HRTAC FY23</th> </tr> </thead> <tbody> <tr> <td></td> <td>\$ 360,296,605</td> <td>\$ 325,799,350</td> <td>\$ 247,767,405</td> <td>\$ 170,813,406</td> <td>\$ 110,780,119</td> <td>\$ 198,916,094</td> </tr> </tbody> </table> </td> </tr> </table>													Total Estimated Operating and Capital Costs	\$ 481,590,669	\$ 243,193,018	\$ 283,625,945	\$ 325,800,849	\$ 305,091,727	\$ 234,514,702	\$ 363,916,094	\$ 2,217,733,004		Less: VDOT Sourced Funds	185,567,600	42,224,469	37,694,000	75,146,850	68,108,434	8,225,000	-	416,966,353		Outside Contribution Funds (HRSD, Via Beach)	1,892,000	2,871,294	-	-	-	-	-	2,871,294		HRTPPO RSTP Funds	1,892,000	-	-	-	-	-	-	1,892,000		Total HRTAC Share	\$ 274,131,069	\$ 198,097,255	\$ 245,931,945	\$ 250,653,999	\$ 236,983,293	\$ 226,289,702	\$ 363,916,094	\$ 1,796,003,357		HRTF 7% local Sales Tax Funds by Year *	\$ 145,212,261	\$ 133,000,000	\$ 135,500,000	\$ 138,300,000	\$ 141,300,000	\$ 144,300,000	\$ 147,300,000	\$ 1,412,458,211		HRTF 2.1% Fuel Tax Funds by Year *	27,400,000	29,900,000	33,200,000	33,200,000	35,200,000	36,800,000	37,700,000	251,754,471		HRTF Interest Income	363,855	2,250,000	1,950,000	1,200,000	450,000	500,000	500,000	8,976,836		HRTF Investment Income	-	950,000	550,000	1,000,000	-	-	-	10,487,545		HRTAC HRTF Debt (HRTF Revenue Bonds)	-	-	-	-	-	-	132,825,683	-		Deobligated Funds From Previous Projects	-	-	-	-	-	-	-	132,825,683		Carryover from Previous Years	-	360,296,605	325,799,350	247,767,405	170,813,406	110,780,119	198,916,094	-		Total Available HRTAC HRTF Funding	\$ 145,576,116	\$ 523,896,605	\$ 493,699,350	\$ 421,467,405	\$ 347,763,406	\$ 425,205,796	\$ 384,416,094	\$ 2,500,000,000		Total HRTAC HRTF Funds Unobligated	\$ 360,296,605	\$ 325,799,350	\$ 247,767,405	\$ 170,813,406	\$ 110,780,119	\$ 198,916,094	\$ 20,500,000	\$ 2,500,000,000	<table border="1" style="width: 100%; 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	Total Estimated Operating and Capital Costs	\$ 481,590,669	\$ 243,193,018	\$ 283,625,945	\$ 325,800,849	\$ 305,091,727	\$ 234,514,702	\$ 363,916,094	\$ 2,217,733,004																																																																																																																																																																								
	Less: VDOT Sourced Funds	185,567,600	42,224,469	37,694,000	75,146,850	68,108,434	8,225,000	-	416,966,353																																																																																																																																																																								
	Outside Contribution Funds (HRSD, Via Beach)	1,892,000	2,871,294	-	-	-	-	-	2,871,294																																																																																																																																																																								
	HRTPPO RSTP Funds	1,892,000	-	-	-	-	-	-	1,892,000																																																																																																																																																																								
	Total HRTAC Share	\$ 274,131,069	\$ 198,097,255	\$ 245,931,945	\$ 250,653,999	\$ 236,983,293	\$ 226,289,702	\$ 363,916,094	\$ 1,796,003,357																																																																																																																																																																								
	HRTF 7% local Sales Tax Funds by Year *	\$ 145,212,261	\$ 133,000,000	\$ 135,500,000	\$ 138,300,000	\$ 141,300,000	\$ 144,300,000	\$ 147,300,000	\$ 1,412,458,211																																																																																																																																																																								
	HRTF 2.1% Fuel Tax Funds by Year *	27,400,000	29,900,000	33,200,000	33,200,000	35,200,000	36,800,000	37,700,000	251,754,471																																																																																																																																																																								
	HRTF Interest Income	363,855	2,250,000	1,950,000	1,200,000	450,000	500,000	500,000	8,976,836																																																																																																																																																																								
	HRTF Investment Income	-	950,000	550,000	1,000,000	-	-	-	10,487,545																																																																																																																																																																								
	HRTAC HRTF Debt (HRTF Revenue Bonds)	-	-	-	-	-	-	132,825,683	-																																																																																																																																																																								
	Deobligated Funds From Previous Projects	-	-	-	-	-	-	-	132,825,683																																																																																																																																																																								
	Carryover from Previous Years	-	360,296,605	325,799,350	247,767,405	170,813,406	110,780,119	198,916,094	-																																																																																																																																																																								
	Total Available HRTAC HRTF Funding	\$ 145,576,116	\$ 523,896,605	\$ 493,699,350	\$ 421,467,405	\$ 347,763,406	\$ 425,205,796	\$ 384,416,094	\$ 2,500,000,000																																																																																																																																																																								
	Total HRTAC HRTF Funds Unobligated	\$ 360,296,605	\$ 325,799,350	\$ 247,767,405	\$ 170,813,406	\$ 110,780,119	\$ 198,916,094	\$ 20,500,000	\$ 2,500,000,000																																																																																																																																																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Pre-SIYP Funding Activities</th> <th>HRTAC FY18</th> <th>HRTAC FY19</th> <th>HRTAC FY20</th> <th>HRTAC FY21</th> <th>HRTAC FY22</th> <th>HRTAC FY23</th> </tr> </thead> <tbody> <tr> <td></td> <td>\$ 360,296,605</td> <td>\$ 325,799,350</td> <td>\$ 247,767,405</td> <td>\$ 170,813,406</td> <td>\$ 110,780,119</td> <td>\$ 198,916,094</td> </tr> </tbody> </table>												Pre-SIYP Funding Activities	HRTAC FY18	HRTAC FY19	HRTAC FY20	HRTAC FY21	HRTAC FY22	HRTAC FY23		\$ 360,296,605	\$ 325,799,350	\$ 247,767,405	\$ 170,813,406	\$ 110,780,119	\$ 198,916,094																																																																																																																																																								
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Agenda Item 6B
Action Item

To: Chair Wagner and the other members of the Finance Committee

From: Kevin B. Page, Executive Director

Date: June 5, 2017

Re: Proposed HRTAC 2040 Long Range Plan of Finance Update

Recommendation:

HRTAC Staff has developed a 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects for use by the HRTPO in its 2040 Fiscal Constrained Long Range Transportation Plan, and Staff is requesting that the Finance Committee endorse the Proposed 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects and request Commission authorization for the Finance Committee to conduct a public hearing to update the HRTAC 2040 Long Range Plan of Finance Update to include certain modifications for the Region's High Priority Projects and additional revenues based on new or updated information.

Background:

During FY2017, HRTAC Staff developed a Proposed 2040 Long Range Plan of Finance for the HRTAC High Priority Projects and communicated the plan to the HRTPO in 2016 for use in its 2040 Constrained Long Range Transportation Plan for the Region's High Priority Projects. This effort to update the 2040 Long Range Plan of Finance for the HRTAC High Priority Projects included employing financial consultant services, general and bond counsel, and traffic and revenue estimators, and included input provided by VDOT, HRTAC and HRTPO Staff. The purpose of updating the 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects is to provide current direction on project financing and timing that will be used by the HRTPO's long range funding plan. This will guide the Region and inform others through advancing project construction readiness, project finance, bonding, tolling, environmental planning and the development of the Constrained and Unconstrained elements of the HRTPO 2040 Long Range Transportation Plan Update as necessary.

The 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects process includes HRTAC conducting a public hearing for the purpose of sharing the proposed update with the public and soliciting public input for the Commission to be aware of prior to the Commission taking Action on the 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects at its September 21, 2017 meeting.



Fiscal Impact:

There is no fiscal impact in relation to this Action Item authorizing a public hearing.

Suggested Motion:

Motion: The Finance Committee endorses the Proposed 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the Commission, which was communicated to the HRTPO in 2016, and requests that the Commission authorize the Finance Committee to hold a public hearing and report back public comments for consideration in the Commission’s action at its September 21, 2017 Regular meeting to communicate the 2040 Long Range Plan of Finance Update for the HRTAC High Priority Projects to the HRTPO.





Action 6B: HRTAC 2040 Plan of Finance Update

Presentation to: **HRTAC Finance Committee**

Kevin Page, HRTAC

Liang Shan, PFM

June 5, 2017

PFM Financial
Advisors LLC

300 S. Orange Avenue
Ste 1170
Orlando, Florida 32801

407.648.2208
pfm.com



HCRS SEIS Alternative A Modified

- In the October 2016 Board Meeting, the Alternative A Modified was approved
- HRBT is the only Harbor Crossing component in Alternative A
- HRBT, High Rise Bridge Phase II, Bower's Hill Interchange, Route 460/58/13, and Ft. Eustis Boulevard Interchange can be completed within the 2040 FCLRTP

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



June 2017 Updated Analysis

- ◆ The objective of the updated regional financial plan analysis is to re-assess the financially-constrained construction timeline for the HRTAC projects included in the 2040 LRTP based upon new/revised data

- ◆ Data reviewed includes:
 - Project Costs
 - VDOT funding
 - HRTF Revenue
 - HRBT Traffic and Revenue



Project Costs Update

- ◆ The Approved Projects costs are reflective of the latest ongoing project development status. The cost estimate changed from \$1,576M to \$1,654M in nominal dollars
- ◆ All the other projects' costs in real dollars remain the same. These costs are inflated by 2.5% to their respective planned schedule timeline

Estimates Prepared	Inflated Costs	Uninflated Costs				
	Approved Projects	HRBT	High Rise Bridge (Phase 2)	Bower's Hill Interchange	Route 460/58/13 Connector	Ft. Eustis Blvd Interchange
October 2016	\$1,576M	\$3,264M	\$1,000M	\$400M	\$222M	\$179M
May 2017	\$1,654M	\$3,264M	\$1,000M	\$400M	\$222M	\$179M

Approved Projects include: I-64 Peninsula Widening, I-64/I-264 Interchange Improvement, I-64 Southside/High Rise Bridge, and various Project Development costs

Estimates' sources:

1. HRBT – 2016 Draft Hampton Roads Crossing Study SEIS - Alternative A (segment 8 and 9)
2. HRB II – VDOT's estimate in 2016
3. Bower's Hill Interchange - VDOT's estimate in 2016
4. Route 460/58/13 Connector and Ft. Eustis Blvd Interchange – CH2M Hill estimates in 2014 and updated in 2015



VDOT Funds

- The 2040 FCLRTP in 2016 assumes \$627M Smart Scale funds (previously HB2 funds) and \$123M VDOT SYIP funds, totaling \$750M
- Total public funds remain \$750M. However, the latest assumption is that no VDOT funds would be available for HRBT

Fund Sources	Projects Allocated	Period	Amount	Notes
Smart Scale	Approved Projects	Through FY 2022	\$294M	HRTAC Six-Year Plan: \$417 total VDOT funds less \$123M SYIP
Smart Scale	Future Projects after HRBT	After HRBT completion - FY 2040	\$328M	Remainder of the previous \$750M funds less \$417M total VDOT funds and \$5M HRTPO/other contribution
VDOT SYIP	Approved Projects	Through FY 2017	\$123M	HRTAC Program Level planning by VDOT in 2016
HRTPO Funds	Approved Projects	Through FY 2022	\$3M	HRTAC Six-Year Plan
Other Contribution	Approved Projects	Through FY 2022	\$2M	HRTAC Six-Year Plan
Total Smart Scale Funds through FY 2040:			\$622M	
Total VDOT Funds Through FY 2040			\$745M	
Total Public Funds through FY 2040:			\$750M	



HRTF Revenue Forecast Update

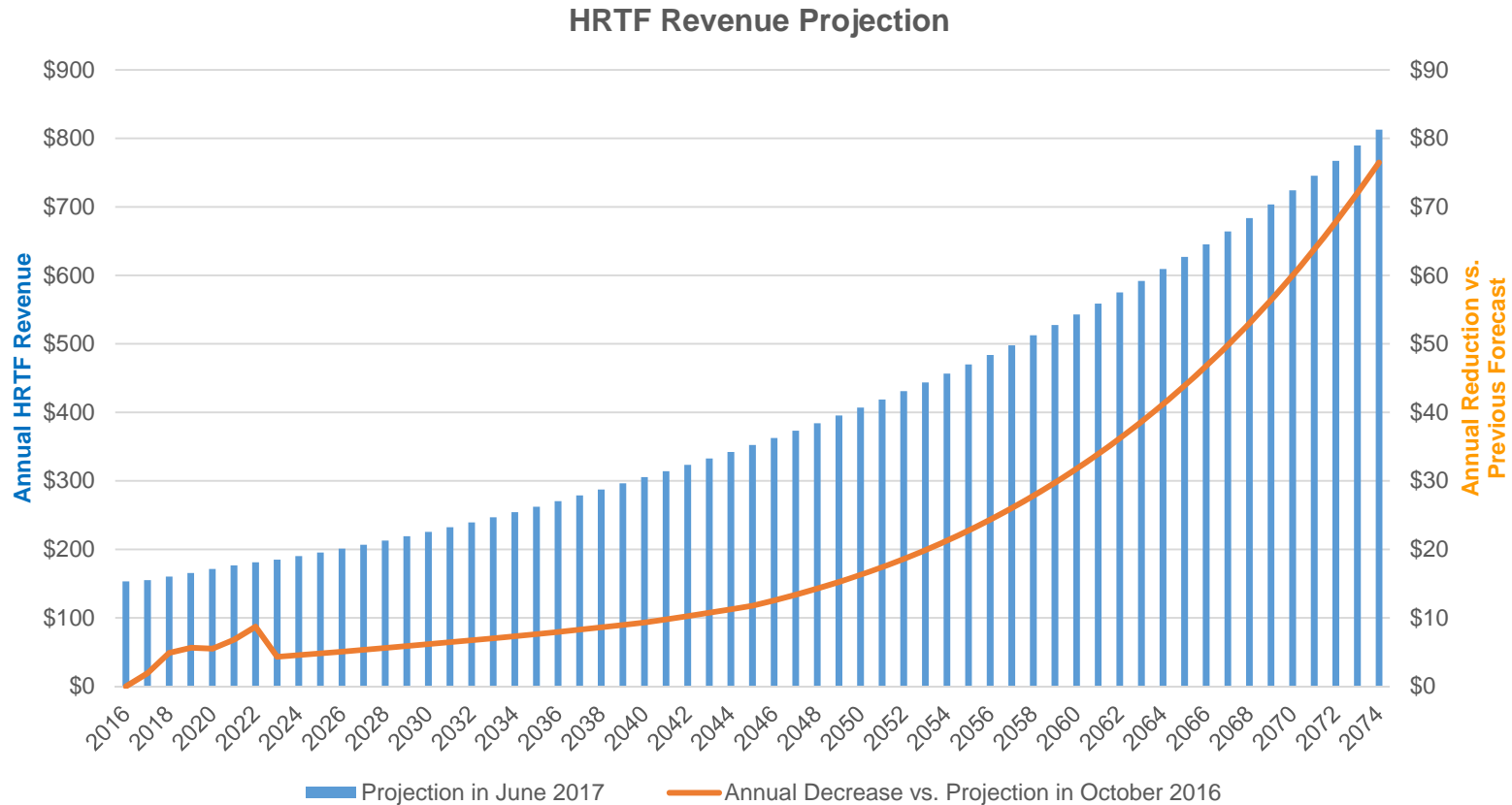
- In January 2017, VDOT provided the latest HRTF revenue estimates from FY 2017 to FY 2023
- Revenue projections from FY 2024 to FY 2045 are based on annual growth rates embedded in VDOT's 2045 revenue forecast prepared in 2015
- Revenues starting FY 2046 grow annually at the ratio in FY 2045

HRTF Revenue Forecast by VDOT in January 2017

	0.7% Local Sales Tax	2.1% Fuels Sales Tax	Total HRTF Revenues	HRTF Change vs. Prior Forecast
FY 2017	\$130.1	\$24.9	\$155.0	(\$7.9)
FY 2018	\$133.0	\$27.4	\$160.4	(\$10.1)
FY 2019	\$135.5	\$29.9	\$165.4	(\$10.1)
FY 2020	\$138.3	\$33.2	\$171.5	(\$9.2)
FY 2021	\$141.3	\$35.2	\$176.5	(\$10.0)
FY 2022	\$144.3	\$36.8	\$181.1	(\$11.2)
FY 2023	\$147.3	\$37.7	\$185.0	n.a.



HRTF Revenue Forecast Update (continued)



- Through FY 2024, total estimated revenues are reduced by \$42M
- Through FY 2040, total estimated revenues are reduced by \$153M
- Through FY 2074*, total estimated revenues are reduced by \$1.2B; The long term revenue reduction decreases HRTF bonding capacity for the 2040 FCLRTP projects

*Last year of planned debt service



HRTF Debt Financing

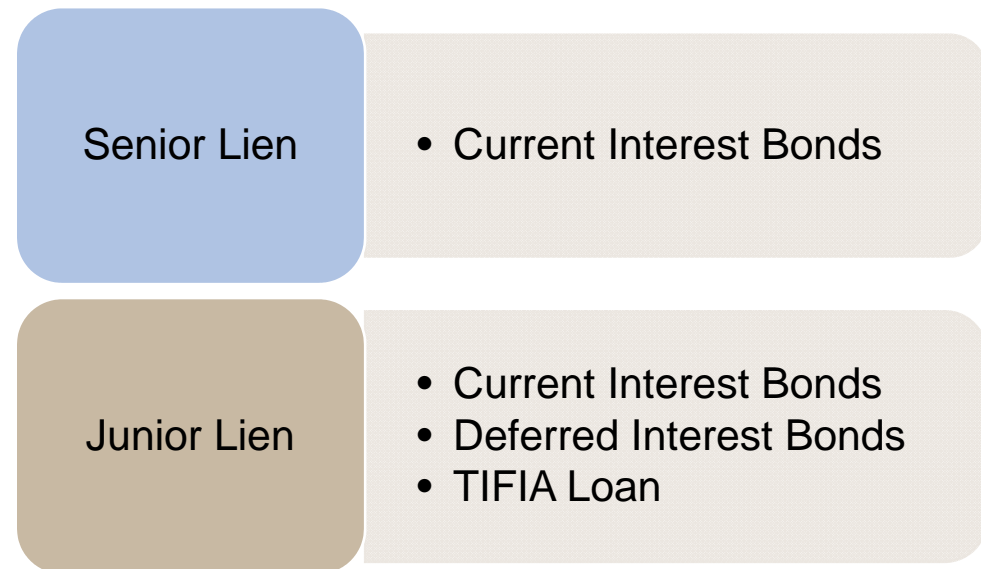
◆ AA category credit rated senior lien

- 30 year term
- Current Interest Bonds only
- Level annual debt service
- 2.0x additional bonds test based on Maximum Annual Debt Service and historical revenues

◆ A category credit rated junior lien

- Up to 40 year term
- Current Interest Bonds and deferred interest bonds
- TIFIA loans are assumed to be used
- Ascending annual debt service
- 1.35x Additional Bond Test based on annual debt service and projected revenues

HRTF Debt Structure





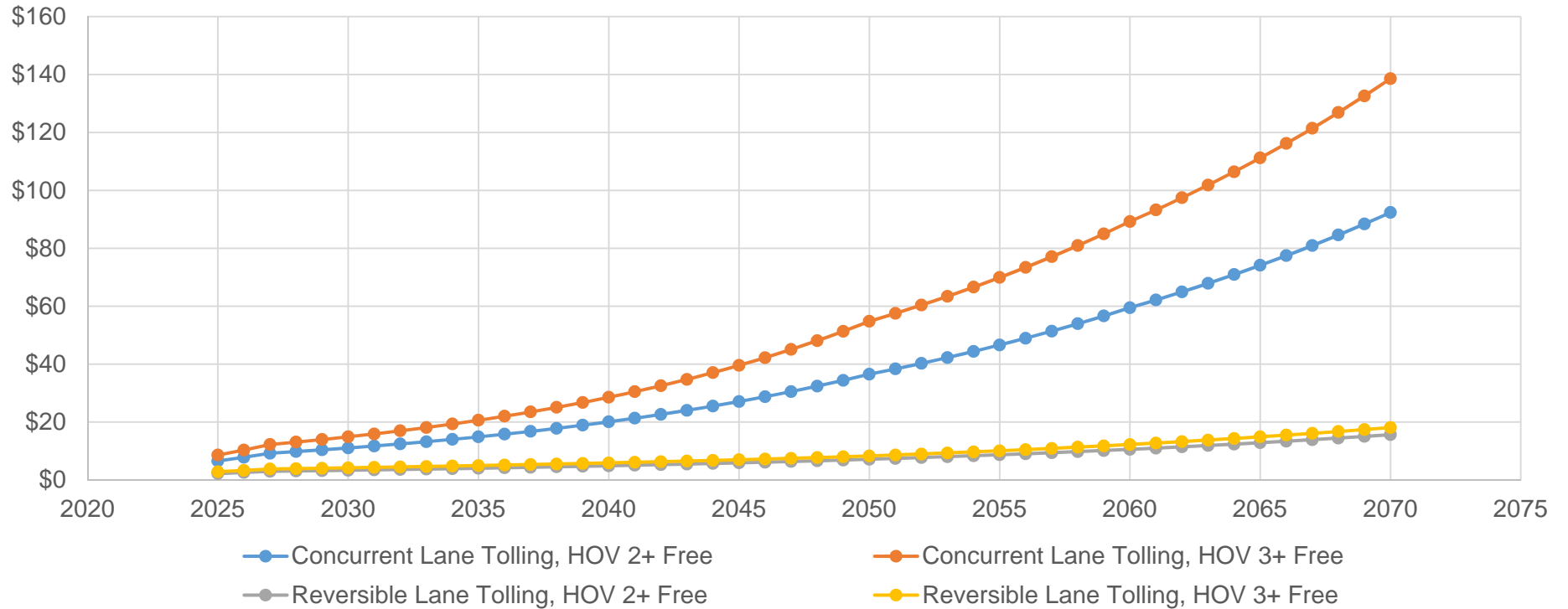
HRBT Traffic and Revenue Forecast Update

- ◆ In May 2017, CDM Smith prepared HRBT HOT Traffic and Revenue forecast assuming expansion from 4 lanes to 6 lanes with four different configurations approved by VDOT:
 - Scenario 1: Concurrent HOT Lanes, HOV2+ free
 - **Scenario 2: Concurrent HOT Lanes, HOV3+ free**
 - Scenario 3: Reversible HOT Lanes, HOV2+ free
 - Scenario 4: Reversible HOT Lanes, HOV3+ free
- ◆ Key assumptions:
 - Dynamic tolling rates established to maximize usage of the HOT lane and not necessarily maximize toll revenue
 - Analyzed an average non-summer weekday and no seasonal variations evaluated
 - Open in January 2025. Ramp up factor applied: 80% in 2025 and 90% in 2026
- ◆ Scenario 2 is selected for the financial plan analysis
- ◆ Weekday toll rates in Scenario 2:
 - Peak hours range \$1.00 to \$2.50 in 2025
 - Off-peak hours minimum \$0.65 in 2025



HRBT Revenue Forecast

HRBT Toll Revenue



Concurrent lane tolling, HOV 3+ free is selected in the financial planning



Toll Revenue Debt Financing

- ◆ Toll revenue debt for new toll project is typically BBB category credit rated
 - Uncertainty of projected traffic & toll revenue
 - 1.90x minimum projected coverage on annual debt service assumed

- ◆ The HRTAC HOT projects are treated as a regional network for toll system financing purposes
 - HOT revenues are not relatively significant - support only 6.2% of project costs

- ◆ Assume TIFIA loan is the only toll revenue debt
 - Toll revenue supported debt less than allowed TIFIA loan cap (33% of project costs)
 - Lower cost compared to long-term toll revenue bonds (2.93% vs. 3.20% to 3.90%)*

- ◆ The amount of TIFIA loan supported by toll revenues and supported by HRTF can not exceed 33% of projects' eligible costs

*Estimates based on market conditions as of 5/25/2017



June 2017 Analysis Result

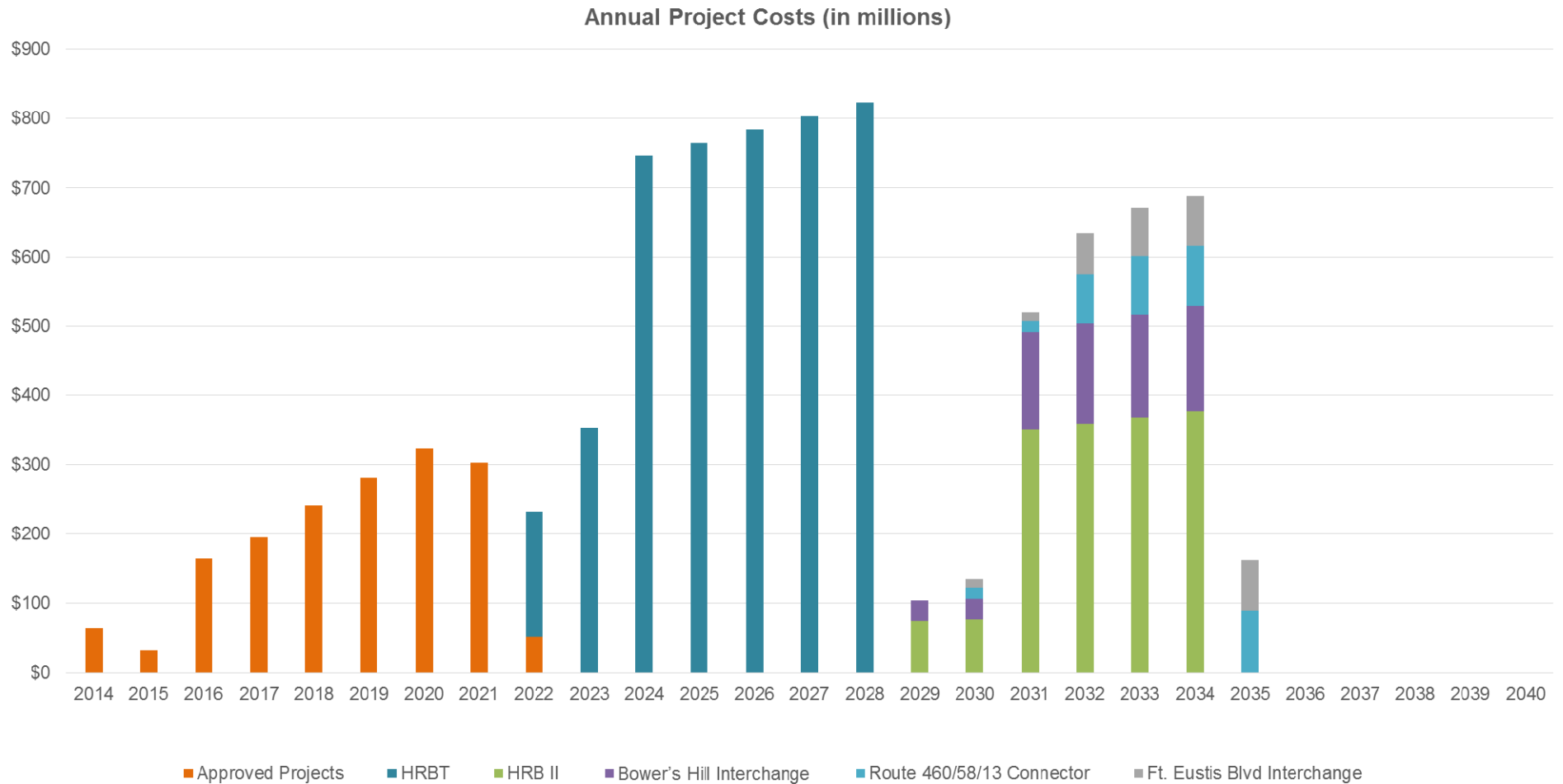
- ◆ With toll revenues to HRTAC, HRBT completion is delayed from 2024 to 2028. With no toll revenues to HRTAC, HRBT is delayed from 2025 to 2028. Other projects can still be finished before 2040

- ◆ The delay of HRBT is due to:
 - \$78M cost increase in the Approved Projects
 - HRTF revenue forecast has been reduced by \$1.2B over the life of the financing horizon
 - Reduction of VDOT funds for HRBT, approximately \$200M
 - \$100M incremental HRBT cost increase each year due to inflation

	Approved Projects	HRBT	HRB II	Bower's Hill Interchange	Rt 460/58/13	Ft. Eustis Interchange	Total FV Cost	Funded by HRTF Debt	Funded by Toll Debt	Funded by HRTAC Pay-Go	Funded by VDOT and Other Pay-Go
2040 FCLRTP (With Toll Revenues to HRTAC)											
Inflated Costs (MM)	\$1,654	\$4,449	\$1,606	\$612	\$368	\$297	\$8,986	\$4,786	\$556	\$2,894	\$750
Fiscally Constrained Construction End Year	2022	2028	2034	2034	2035	2035					
2040 FCLRTP (With No Toll Revenues to HRTAC)											
Inflated Costs (MM)	\$1,654	\$4,449	\$1,688	\$644	\$387	\$312	\$9,133	\$5,592		\$2,791	\$750
Fiscally Constrained Construction End Year	2022	2028	2036	2036	2037	2037					



Annual Project Costs (With Toll Revenues to HRTAC Scenario)

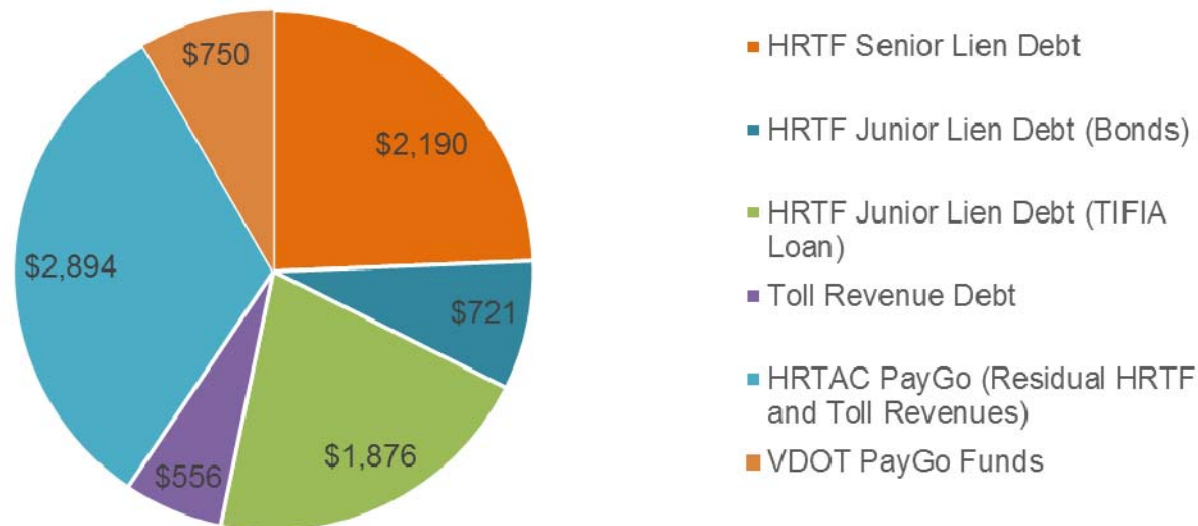




2040 Financial Plan Funding Mix – \$9.0B Total (With Toll Revenues to HRTAC Scenario)

- The regional financial plan is well balanced among HRTF Pay-go, HRTF Bonds, VDOT Funds, and TIFIA loans.
- Assumes a HRTF junior lien TIFIA master credit agreement

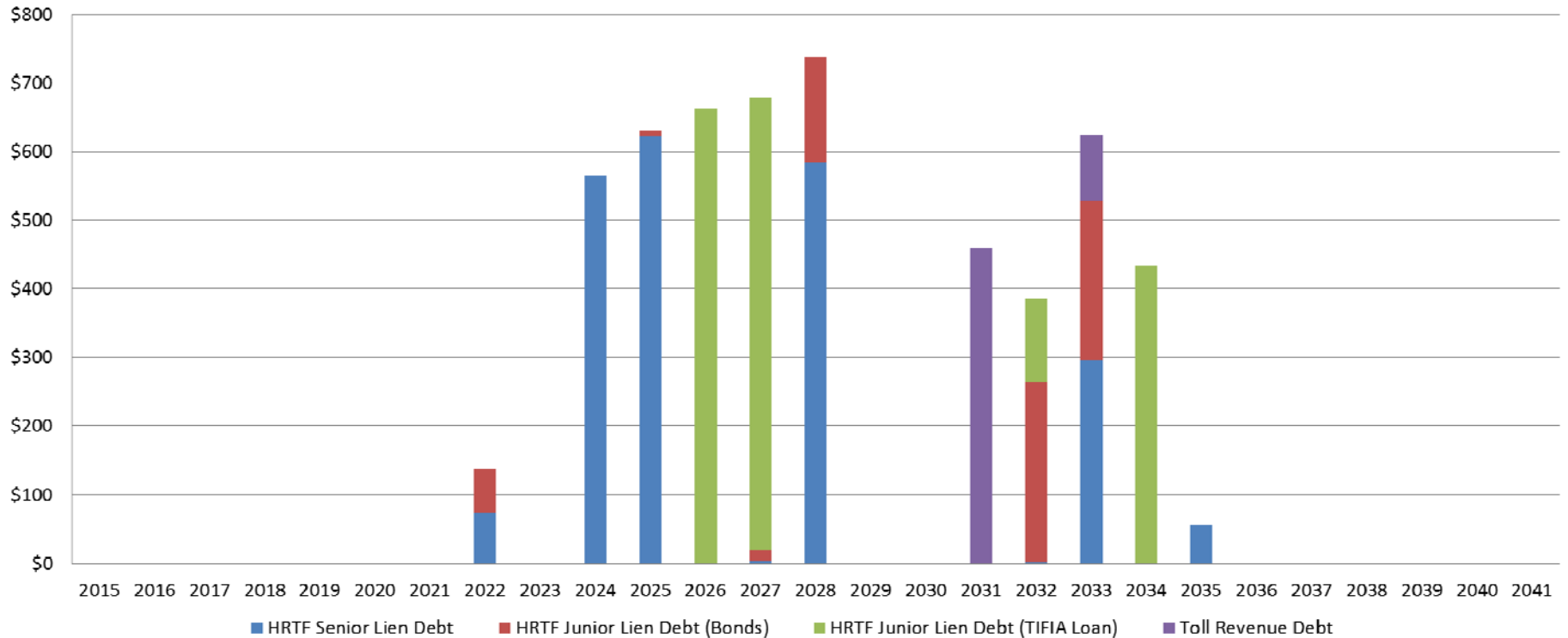
Funding Source Through 2040 (in millions)





Debt Issuance – Fund \$5.3B of the \$9.0B Total (With Toll Revenues to HRTAC Scenario)

Annual Debt Issuance Through 2040 (in millions)

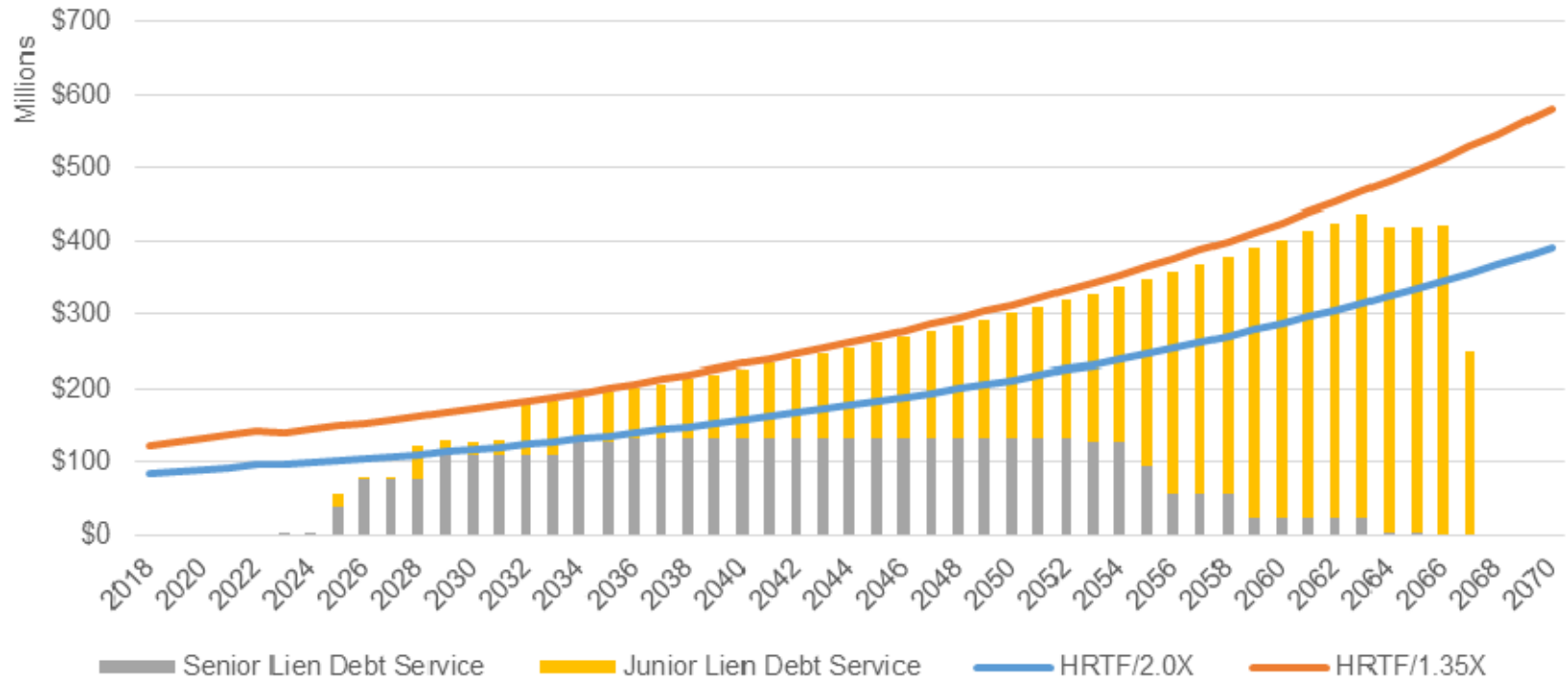


- ◆ HRTF debt is issued as needed during project construction
- ◆ Lower cost current interest bonds and TIFIA loans are emphasized over higher cost capital appreciation bonds



HRTF Revenue Supported Debt Service Illustration (With Toll Revenues to HRTAC Scenario)

HRTF Bonds Debt Service for 2040 LRTP Projects





Debt Management Discussion – September Meeting

- ◆ Detailed credit market & interest rate forecasts
 - First issuance timing; rising interest rates
- ◆ Develop a detailed debt management plan
 - Phased debt issuances vs. issuances as needed at the time; debt instruments
- ◆ Outreach to TIFIA regarding a master credit agreement
 - Offers predictability and efficiency for planning vs. apply for each individual project
 - List of eligible projects, the maximum amount of credit assistance available, and the available period of the contingent commitment
 - Limited buydown available (up to 150 basis points) between executions of the agreement and an underlying loan
- ◆ Pursue a non-public credit rating assessment
 - Confirmation for financial planning purposes
 - Two ratings needed for applying TIFIA

Agenda Item 7A
Information Item

To: Chair Wagner and the other members of the Finance Committee

From: Kevin B. Page, Executive Director

Date: June 5, 2017

Re: Investment Strategy Discussion

Recommendation:

This is an information only item for the Finance Committee.

Background:

HRTAC Staff requested that PFM Asset Management, LLC provide the Finance Committee an update of market trends, trading activity and potential next steps following the Hampton Roads Bridge Tunnel project funding decisions.



Hampton Roads Transportation Accountability Commission Finance Committee

Investment Strategy Discussion

Nelson L. Bush, *Managing Director*

Kathleen L. Bowe, *Senior Managing Consultant*

June 5, 2017

PFM Asset
Management LLC

4350 N. Fairfax Drive
Suite 580
Arlington, VA 22203

(703) 741-0175
pfm.com

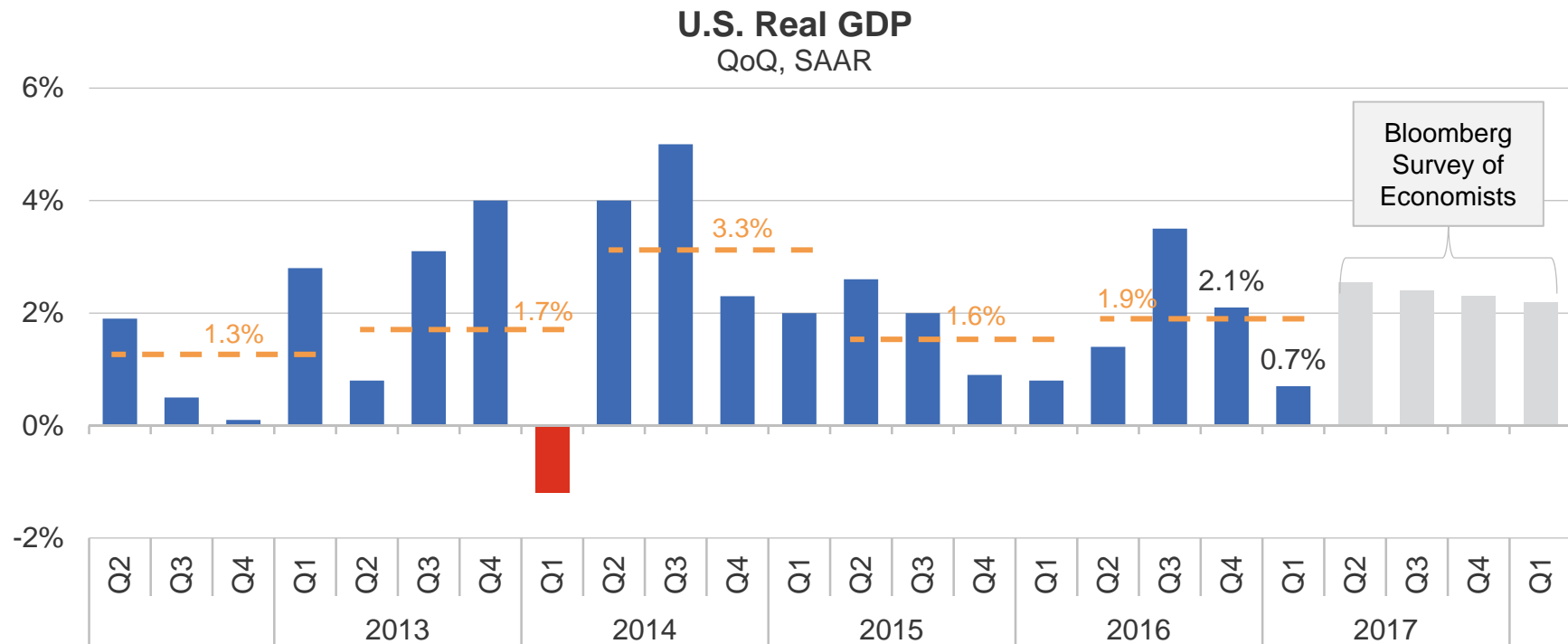


Economic Update



Economic Growth Decelerated in 1st Quarter

- Gross domestic product increased at an annualized rate of 0.7% in first quarter of 2017, the slowest pace since a contraction in Q1 2014. Growth has averaged 1.9% over the last four quarters.
- The weaker GDP growth, largely expected to be transitory, was dragged down by a fall in personal consumption as motor vehicle and retail sales softened in the first three months of the year, while warm weather also induced lower energy consumption.



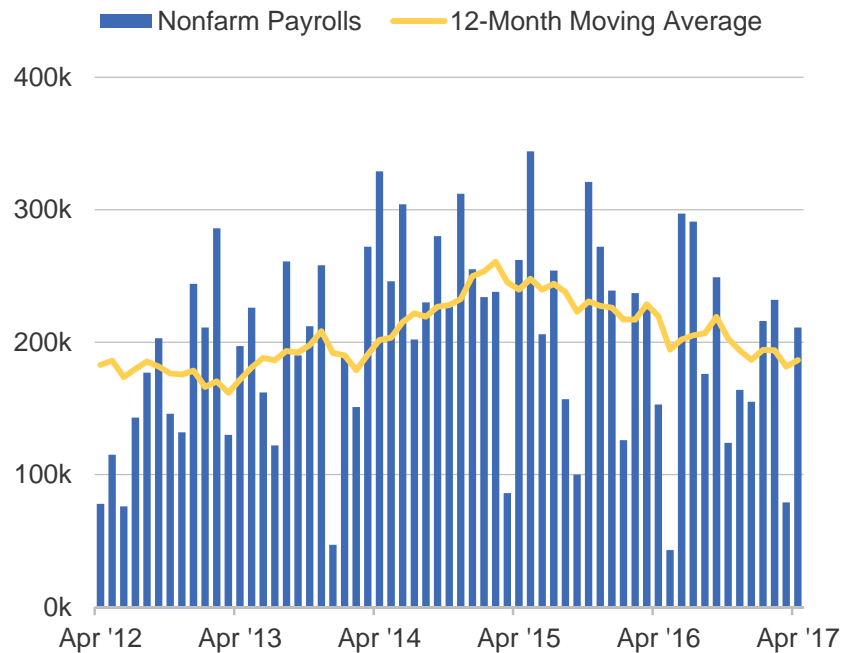
Source: Bloomberg, as of April 2017. SAAR is seasonally adjusted annualized rate.



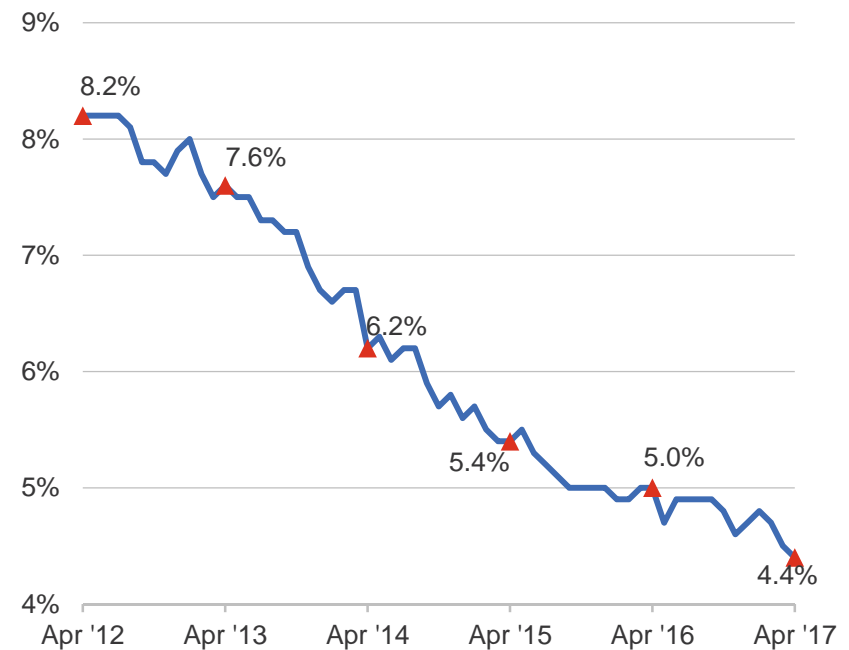
Labor Market Strength Continues

- The U.S. labor market continues to tighten, adding an average of 186k jobs per month over the past year.
- The headline unemployment rate fell to 4.4% while the U-6 rate, which includes part-time and discouraged workers for economic reasons, dropped to 8.6%, the lowest since 2007.
- The annual growth rate of average hourly earnings – an important gauge of wage growth – averaged 2.7% over the past 12 months.

Monthly Change in Nonfarm Payrolls



Unemployment Rate

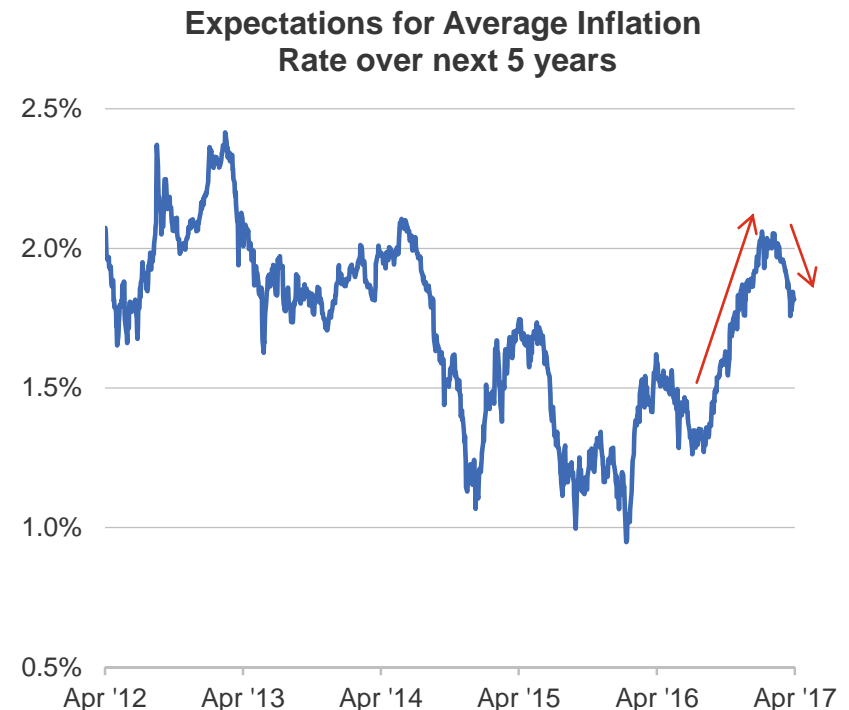
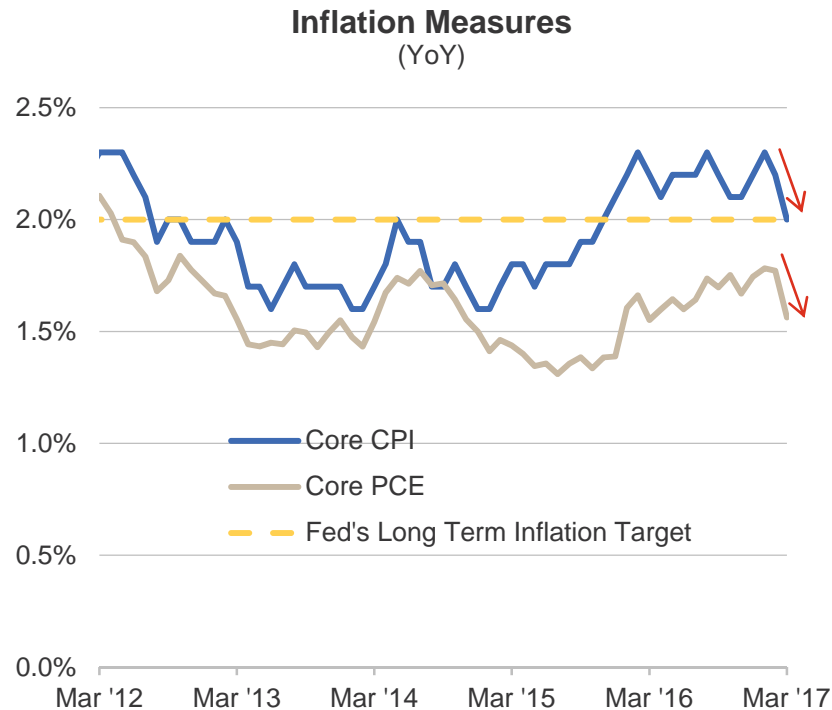


Source: Bloomberg, as of April 2017.



Inflation Trend Softens

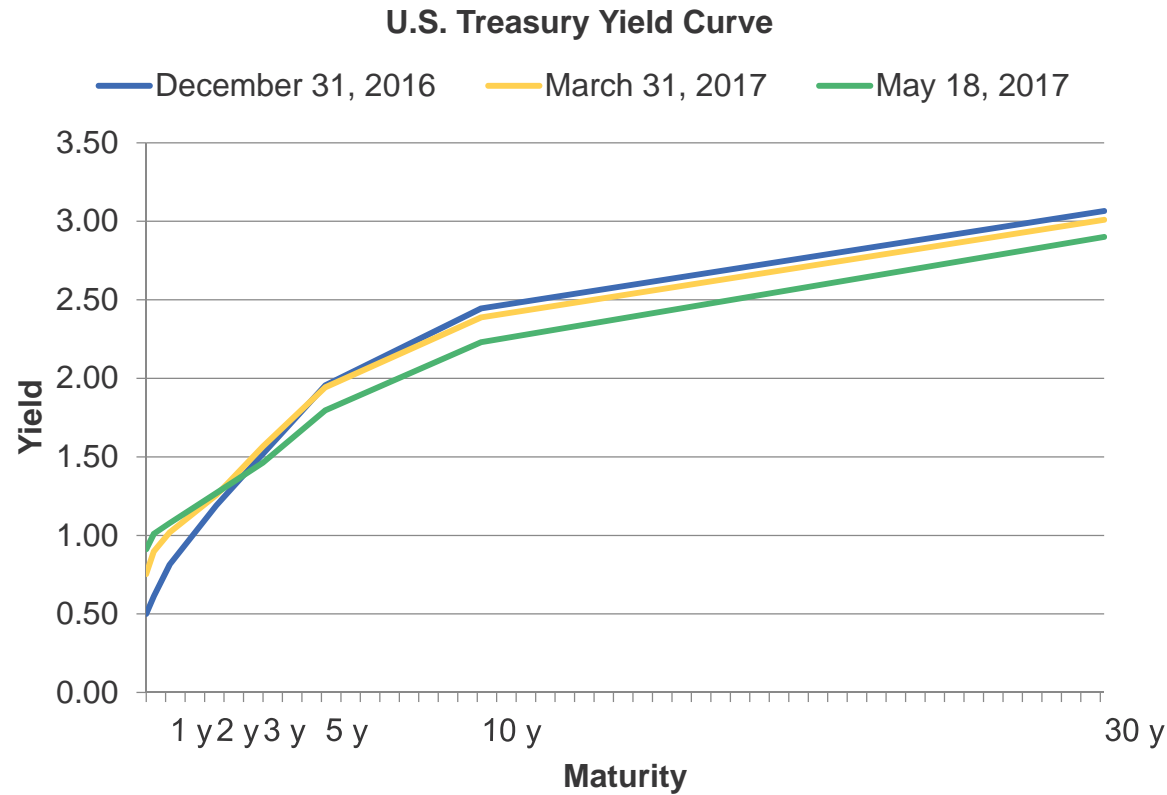
- The core personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, edged lower to 1.6% year-over-year through March, continuing to modestly undershoot the Fed's 2% target.
- Following the U.S. elections, inflation expectations jumped as President Trump's proposed spending policies would likely increase price pressures. The inflation outlook has since softened, reflecting doubts in the new administration's ability to pursue its agenda.



Source: Bloomberg, as of 04/30/17. Inflation expectations based on yield difference between 5-year Treasury note and 5-year Treasury Inflation Protected Securities (TIPS).



U.S. Treasury Yield Curve



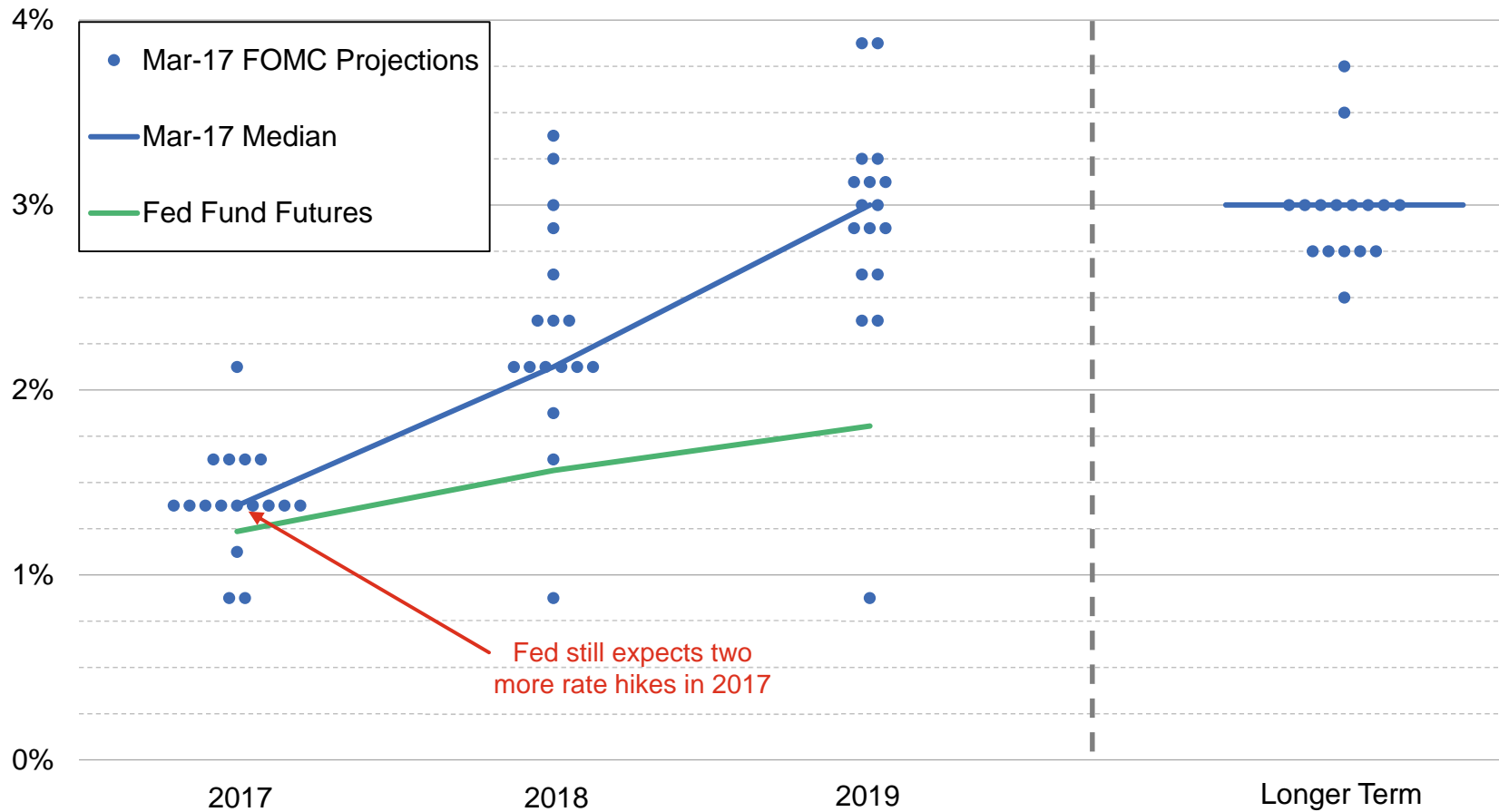
Yield Curve History

Maturity	12/31/16	4/30/17	5/18/17
3-Mo.	0.50	0.80	0.91
6-Mo.	0.61	0.97	1.01
1-Yr.	0.81	1.06	1.08
2-Yr.	1.19	1.26	1.27
3-Yr.	1.52	1.48	1.46
5-Yr.	2.96	1.84	1.80
10-Yr.	2.45	2.28	2.23
30-Yr.	3.07	2.95	2.90

Source: Bloomberg, as of 5/18/17.



FOMC “Dot Plot”



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed fund futures as of 04/30/17.



Investment Strategy/Structure Update



Investment Strategy Modifications

- On March 9, 2017, PFM Asset Management LLC (“PFMAM”) recommended to the Finance Committee an investment strategy and structure designed to better align with Hampton Roads Transportation Accountability Commission’s (“HRTAC”) projected revenues and capital expenditure forecasts.
- After some consideration of banking fees related to the revised investment strategies PFMAM executed the first significant revision to the investment strategy/structure on April 17, 2017. This initial revisions resulted in the creation of two portfolios with unique strategies
 - **Enhanced Cash:** duration target of approximately 1 year designed to provide liquidity for anticipated expenditures in Fiscal Year 2018
 - **Core:** duration target of approximately 1.8 years designed to help HRTAC enhance earnings in a portfolio that should not experience any cash disbursements until Fiscal Year 2021 at the earliest.
- The implementation of the remaining portfolio segments was put on hold pending the completion of a Request for Proposal for Security Custody Services. Proposals were received by HRTAC on May 23, 2017, and the process is scheduled to be complete by the end of June 2017.
- Once the Security Custody Services RFP and any resulting transition is complete HRTAC and PFMAM will work to finalize the creation of two additional portfolios segments including:
 - **Laddered Portfolio:** structured as an “asset/liability” match this segment will include securities specifically aligned with anticipated capital expenditure dates
 - **DMBE Managed Core:** A portion of the core managed by PFMAM will be allocated to the DMBE sub-advisor

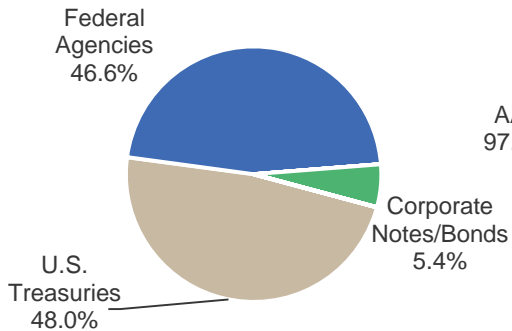


Core Portfolio – Before and After Revised Strategy Implementation

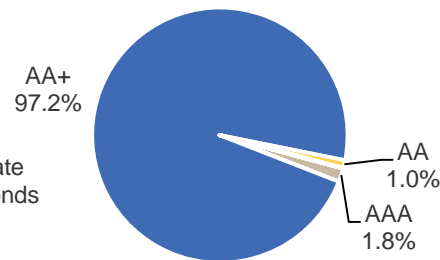
February 28, 2017

Portfolio Market Value	\$321,269,303
Yield at Market	1.09%
Portfolio Duration	1.43 Years

Sector Distribution



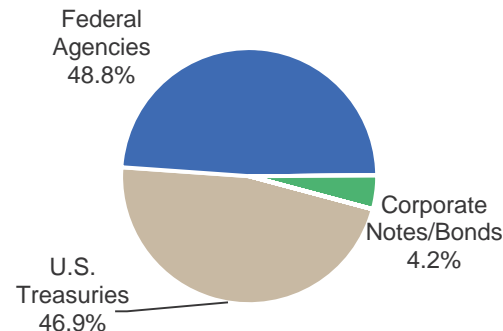
Credit Quality Distribution



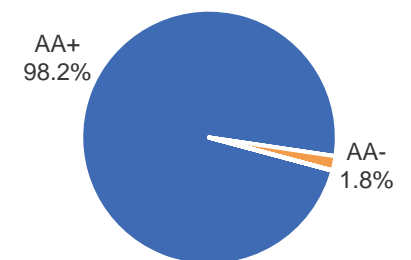
April 30, 2017

Portfolio Market Value	\$123,967,193
Yield at Market	1.28%
Portfolio Duration	1.69 Years

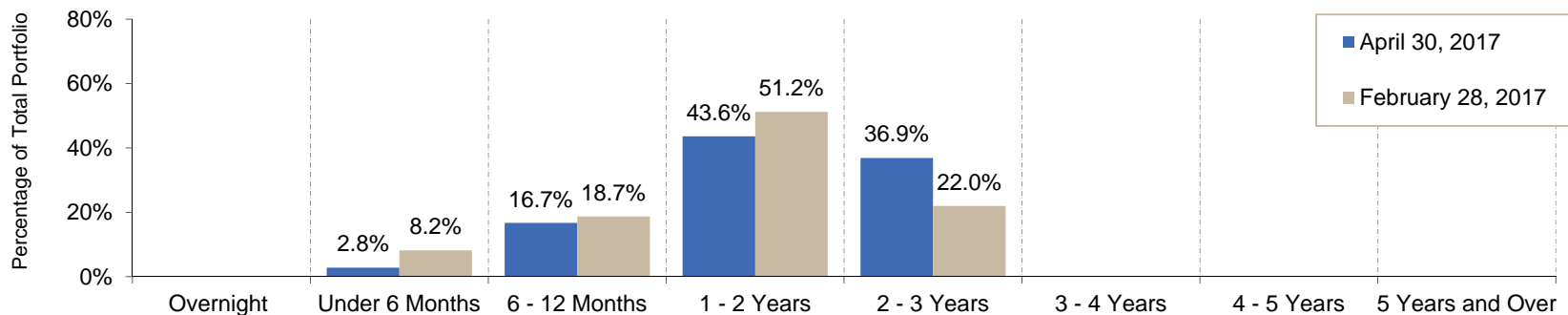
Sector Distribution



Credit Quality Distribution



Maturity Distribution



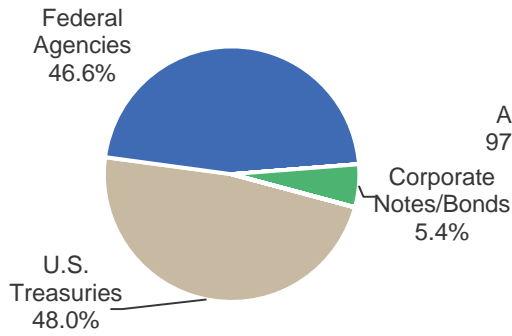


Enhanced Cash Portfolio – Newly Established Portfolio

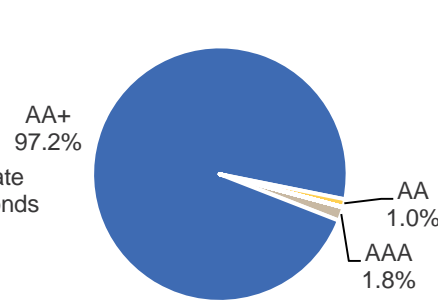
February 28, 2017

Portfolio Market Value	\$321,269,303
Yield at Market	1.09%
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Sector Distribution



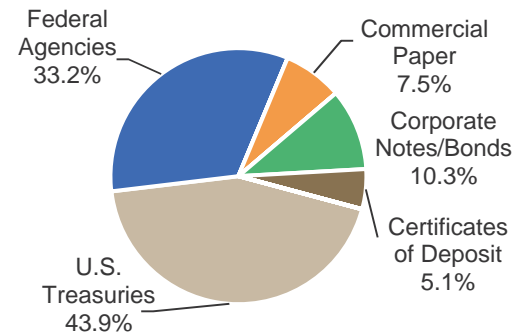
Credit Quality Distribution



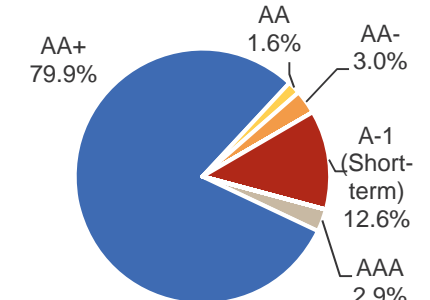
April 30, 2017

Portfolio Market Value	\$197,584,291
Yield at Market	1.23%
Portfolio Duration	1.19 Years

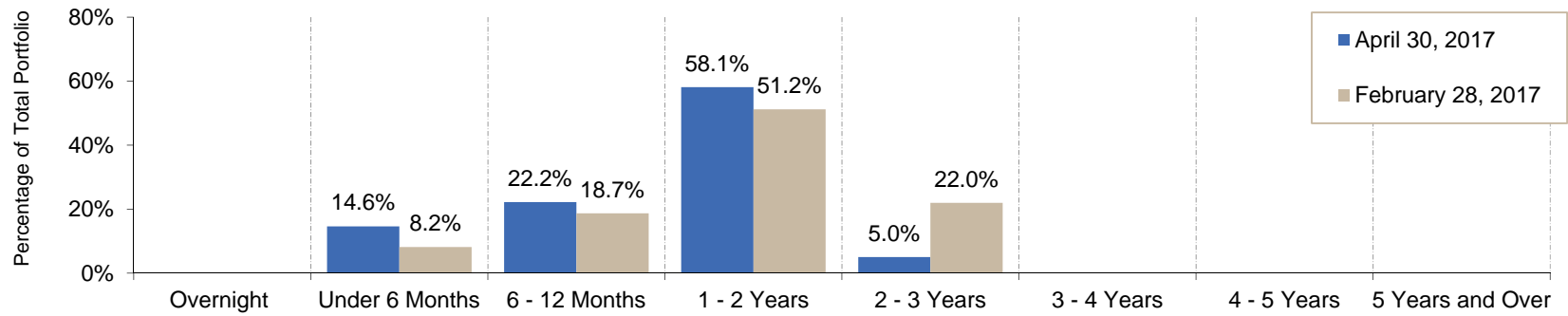
Sector Distribution



Credit Quality Distribution



Maturity Distribution





Adding Value Through Swaps

	Settlement Date	Security	Maturity Date	Par Amount	Yield	Difference	Additional Expected Income
Duration Extension & Sector Swap - U.S. Treasury to Agency							
Sell	4/20/2017	U.S. Treasury Notes	11/15/2018	\$1,600,000	1.16%		
Buy	4/20/2017	Federal Home Loan Mortgage Corporation Notes	4/20/2020	\$1,600,000	1.51%	0.35%	\$ 8,928.89
Duration Extension							
Sell	4/24/2017	Federal Farm Credit Bank Notes	5/22/2017	\$1,875,000	0.80%		
Buy	4/24/2017	Fannie Mae Notes	11/26/2019	\$1,875,000	1.44%	0.64%	\$ 933.33
Duration Extension							
Sell	4/24/2017	Federal Farm Credit Bank Notes	5/22/2017	\$1,875,000	0.80%		
Buy	4/24/2017	Freddie Mac Notes	1/17/2020	\$1,875,000	1.50%	0.69%	\$ 1,010.63
Duration Extension & Sector Swap - U.S. Treasury to Corporate Notes							
Sell	4/25/2017	U.S. Treasury Notes	11/15/2018	\$750,000	1.17%		
Buy	4/25/2017	Toyota Motor Credit Corporation Notes	4/17/2020	\$750,000	1.90%	0.73%	\$ 8,700.96
Sector Swap - Agency to Corporate Notes							
Sell	5/1/2017	Federal Home Loan Bank Notes	3/18/2019	\$750,000	1.36%		
Buy	5/1/2017	Colgate-Palmolive Company Corporation Notes	3/15/2019	\$750,000	1.55%	0.19%	\$ 2,686.83
Duration Extension							
Sell	5/5/2017	Freddie Mac Notes	3/7/2018	\$3,500,000	1.18%		
Buy	5/5/2017	Fannie Mae Notes	2/28/2020	\$3,500,000	1.56%	0.39%	\$ 11,505.60
Total Economic Benefit							\$33,766

Trades above represent a sampling of transactions made in HRTAC's portfolio since April 17, 2017. Past performance is not indicative of future results.



Next Steps

- Incorporate the Hampton Roads Bridge Tunnel project into the investment strategy and portfolio structure once project financing plans are determined.
- Pending decisions on HRBT and the Security Custody Services RFP, HRTAC and PFMAM will work to finalize the creation of two additional portfolios segments including:
 - **Laddered Portfolio:** structured as an “asset/liability” match this segment will include securities specifically aligned with anticipated capital expenditure dates
 - **DMBE Managed Core:** A portion of the core managed by PFMAM will be allocated to the DMBE sub-advisor
- PFMAM will help HRTAC review and potentially expand it’s current Investment Policy in light of the revised capital spending plan and discussions with the Finance Committee.



Important Disclosures

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