



Fiscal Year 2019 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 1.0. of Chapter 854 of the 2019 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 FY2019, the Hampton Roads Transportation Accountability Commission ('HRTAC') took actions and executed project agreements or project amendments with the Virginia Department of Transportation ('VDOT') to advance project readiness and to provide financing and project delivery. During the fiscal year, HRTAC issued its FY2020 through FY2026 Funding Plan Update and its Long-Range Funding Plan through FY2045, and further advanced project development and construction of over \$5.2 billion total value projects with VDOT, including further advancing a \$7.0 million HRTAC funded study agreement to study and to identify new candidate congestion relief projects with the Hampton Roads Transportation Planning Organization ('HRTPO'). During FY2019, HRTAC began the process of applying for a federal Transportation Infrastructure Finance and Innovation Act ('TIFIA') loan and prepared for issuing a Bond Anticipation Note ('BAN') with both scheduled to close in FY2020. These funds would complete the financing of the Commission's first six construction projects and set the pace for securing the necessary pledged funds to support the HRBT Expansion Project. The major work activity of FY2019 was the negotiation and execution of the Project Administration and Funding Agreement ('PAFA') between HRTAC and VDOT for the funding and delivery of the I-64 Hampton Roads Bridge Tunnel Expansion project, the largest single transportation project in the history of VDOT.

Of the total project costs under agreement, \$4.63 billion is sourced by HRTAC controlled monies. To-date, the SMART SCALE Program has provided approximately \$463.7 million toward HRTAC projects including the I-64 Peninsula Widening, the I-64 Southside Widening/High Rise Bridge Phase I, the I-64/I-264 Interchange Improvements (Phase II) and the HRBT Expansion Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects. 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 FY2019 to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

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. However, 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 Investments”

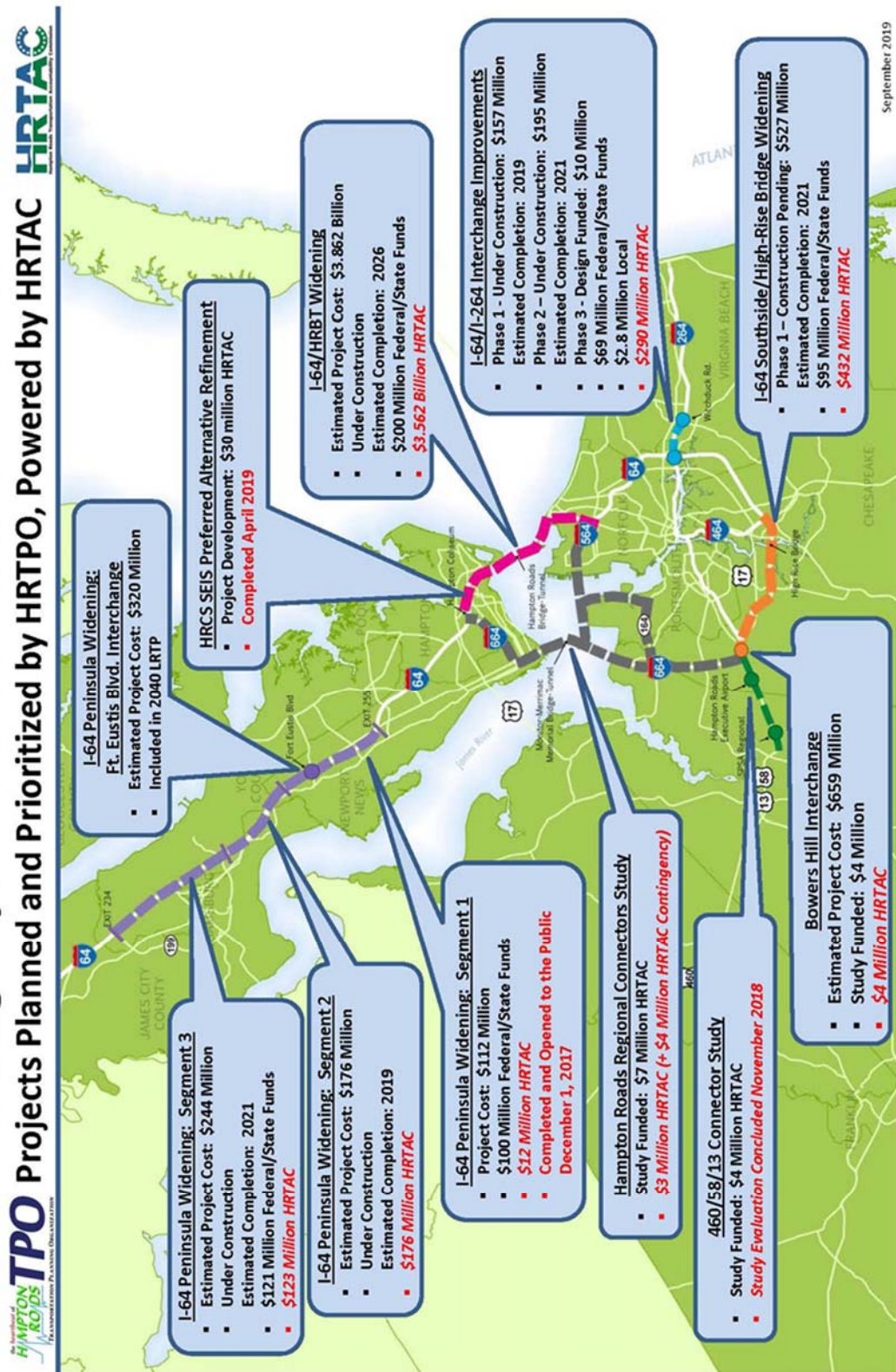


Figure 1 – Activities of HRTAC/HRTF Funded Projects

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

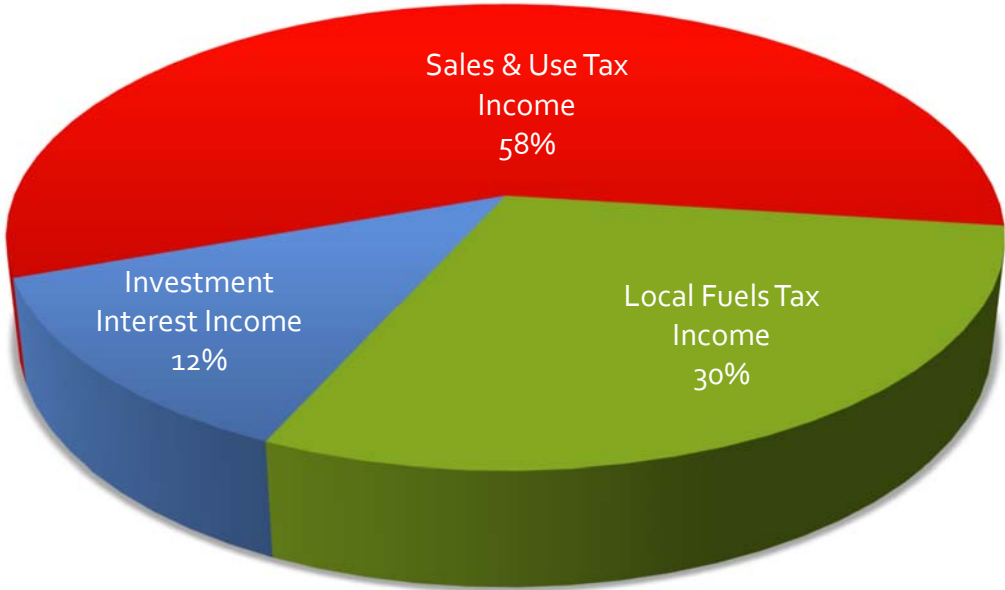
In Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. These funds were also dedicated to the HRTF.

Total Collections

Revenue collected from the Region’s Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2019 totaled \$241.9 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 \$1.1 billion including bond proceed, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2019

Sales & Use Tax Income	\$139,404,158
Local Fuels Tax Income	71,647,063
Investment/Interest Income	<u>30,869,204</u>
	\$241,920,425



Expenditures

From July 1, 2018 through June 30, 2019, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 929,501
Investment Fees	251,563
HRPDC/HRTPO Assistance	118,302
Financial Advisor	411,802
Payroll/Fringes	308,846
Pension Expense	35,265
Bond Issuance Costs	512,885
Interest Expense	25,854,075
DMV Fees	199,933
Operating	115,669
Capital Outlay	0.00
Project Related	265,685,449
Total	\$ 294,423,290

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2019):

Description	Amount
I-64 Peninsula Widening - Segment 1 Construction	\$ 11,608,384
I-64 Peninsula Widening - Segment 2 PE	2,429,982
I-64 Peninsula Widening - Segment 2 ROW & Construction	150,093,011
I-64 Peninsula Widening - Segment 3 PE	5,141,294
I-64/264 Interchange Improvements – Phase I PE & ROW	15,071,063
I-64/264 Interchange Improvements - Phase I Construction	107,384,764
I-64/264 Interchange Improvements – Phase II PE & ROW	47,959,987
I-64/264 Interchange Improvements – Phase III PE & ROW	1,855,504
I-64 Southside Widening/High Rise Bridge – Phase I PE	12,189,098
I-64 Southside Widening/High Rise Bridge – Phase I ROW/Construction	51,667,159
I-64 HRBT Expansion Project Design-Build (D-B) Contract	82,836,930
I-64 HRBT Expansion Project Owners Oversight	11,570,087
HRCS Preferred Alternative Refinement - HRBT	28,685,064
460/58/13 Connector Study	1,095,368
Bowers Hill Interchange Study	1,756,331
HR Regional Connectors Study – HRTPO (Remaining Projects of the Third Crossing)	1,467,451
Total	\$ 532,811,477

Allocations

Project allocations as of June 30, 2019 are provided in detail below.

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30 2019

Project	Total FY2014 - FY 2018	Total FY2019	Total
<i>I-64 Peninsula Widening</i>			
<i>UPC 104905 (Segment 1) –Construction</i>	\$ 44,000,000	\$ (30,000,000)	\$ 14,000,000
<i>UPC 106665 (Segment 2) - PE & Construction</i>	189,707,675	(13,874,778)	175,832,897
<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	(43,482,070)	112,893,996
<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	(7,800,000)	12,200,000
<i>UPC 106692/108990 - Phase I ROW & Construction</i>	480,000,000	(60,243,780)	419,756,220
<i>I-64 HRBT Expansion Project</i>			
<i>UPC 115008 - I-64 HRBT Expansion Project D-B Contract</i>	0	3,004,569,251	3,004,569,251
<i>UPC 115009 - I-64 HRBT Expansion Project Owners Oversight</i>	0	548,900,330	548,900,330
<i>HRCS Preferred Alternative Refinement - HRBT - UPC 110577 - SEIS</i>	25,000,000	5,000,000	30,000,000
<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 the Third Crossing)</i>	7,000,000	0	7,000,000
Total	<u>\$ 1,230,928,095</u>	<u>\$ 3,403,068,953</u>	<u>\$ 4,633,997,048</u>