



Panel: Transportation Funding in Virginia

November 15, 2023

Outline

- 1 Overview of Transportation Secretariat and Panelist Introductions
- 2 Transportation Funding in Virginia
- 3 Mass Transit and Rail Funding in Virginia
- 4 2024 Session Outlook

Purpose

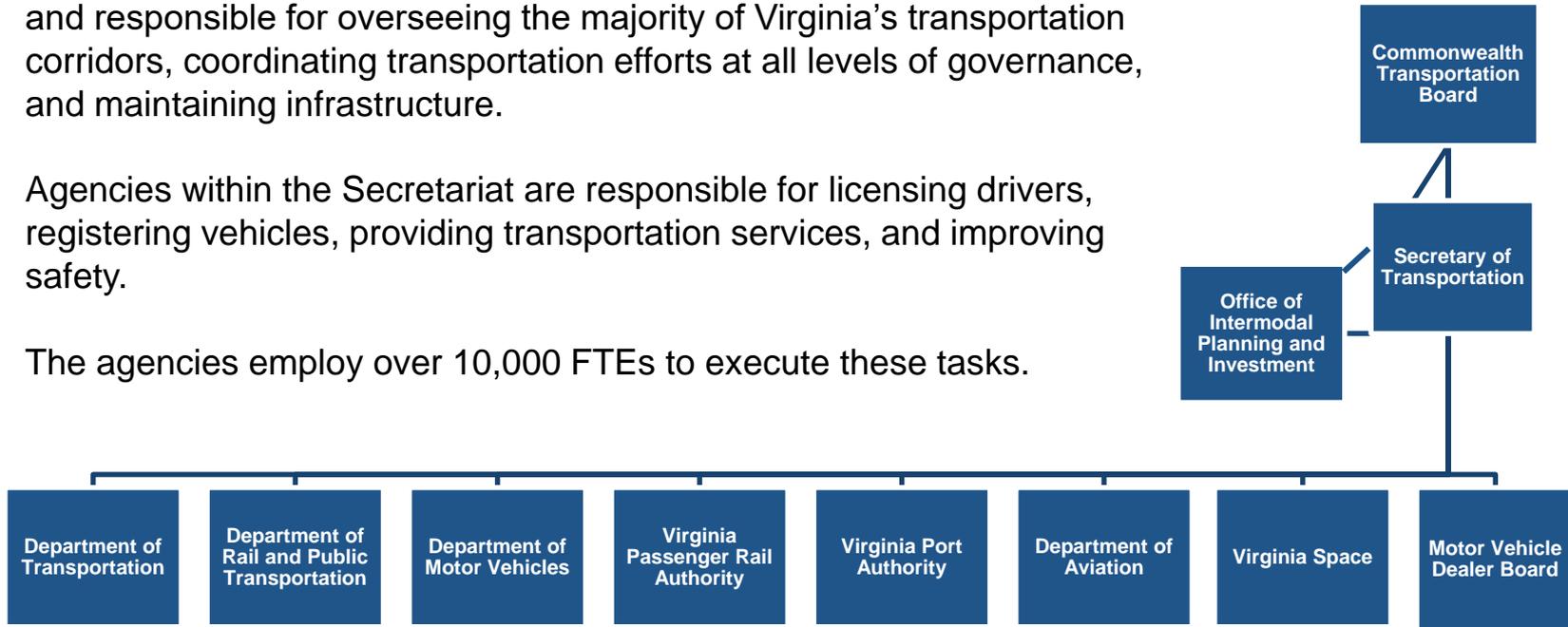
- Gain a better understanding of the sources and uses of transportation funding.
- Increase awareness of the key players at the state, regional, and federal level.
- Review potential transportation budget issues in advance of the 2024 Session.



Overview of Transportation Secretariat

Transportation Secretariat Overview

- Directed by the decision-making Commonwealth Transportation Board and responsible for overseeing the majority of Virginia's transportation corridors, coordinating transportation efforts at all levels of governance, and maintaining infrastructure.
- Agencies within the Secretariat are responsible for licensing drivers, registering vehicles, providing transportation services, and improving safety.
- The agencies employ over 10,000 FTEs to execute these tasks.



Source: www.transportation.virginia.gov (10/31/23), Chapter 1, 2023 Acts of Assembly, Special Session I.

Commonwealth Transportation Board

- Virginia's decision-making body for Transportation.
- Oversees transportation projects and updates Virginia's long-term transportation plan, called VTrans, and near-term actionable plan, the Six-Year Improvement Program.
- Directs additional funds not already allocated by formula.
- 14 Governor-appointed and General Assembly-confirmed members, including the Secretary of Transportation, Virginia Department of Transportation (VDOT) Commissioner, and Department of Rail and Public Transportation (DRPT) Director (ex-officio).

Source: ctb.virginia.gov, 10/31/2023.

Meet the Panelists



Laura Farmer
Chief Financial Officer,
Virginia Department of
Transportation



Zach Trogdon
Chief of Public
Transportation,
Virginia Department of Rail
and Public Transportation

TRANSPORTATION FUNDING IN VIRGINIA

 Laura Farmer, Chief Financial Officer
Virginia Department of Transportation

November 15, 2023

Transportation Finance in Virginia

Transportation needs are funded by a combination of state, federal, local and regional revenue sources

- **Federal funding is provided to the states from the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA)**
- **Major state revenue sources are dedicated to the Commonwealth Transportation Fund (CTF)**
- **Local and regional sources are dedicated to activities or projects by the appropriate governing body**

Chapters 1230 and 1275 – Commonwealth Transportation Fund (CTF) Revenues

- ❑ Chapters 1230 and 1275 of the 2020 Acts of Assembly revised the composition of, and increased available state revenues for, transportation funding in the Commonwealth
- ❑ With the legislation, the CTF serves as the fund to which all transportation revenues are deposited and then distributed to programs and funds
- ❑ State funding is provided by a wide array of user fees and taxes:
 - ❑ State Fuels and Diesel Tax
 - ❑ Motor Vehicle Registration Fees
 - ❑ Highway Use Fee
 - ❑ Motor Vehicle Sales and Use Tax
 - ❑ Retail Sales and Use Tax
 - ❑ Recordation Tax
 - ❑ Motor Vehicle Rental Tax
 - ❑ Insurance Premium Taxes
 - ❑ International Registration Plan

CTF Revenues

Major State Revenues

International Registration Plan Apportioned	Motor Vehicle License Fees Base car: \$20.75 CTF Share	Tax on Motor Fuels 29.8 cents/gallon + CPI in future years — Gasoline 30.8 cents/gallon + CPI in future years — Diesel	Highway Use Fee Fuel Economy	Motor Vehicle Sales and Use Tax 4.15%	Retail Sales and Use Tax 0.5% + 0.3% + 0.1% GF transfer	Recordation Taxes 3 of the 25 cents per \$100	Motor Vehicle Rental Tax 75% CTF 25% WMATA Capital Fund	Insurance Premium Taxes 1/3
---	---	---	--	---	---	---	--	---------------------------------------

Commonwealth Transportation Fund

\$80 million (FY 2023) + inflation annually
Special Structures Fund

\$80 million
Support for Route 58/Northern Virginia Transportation District and NVTA

Commonwealth Transportation Fund (CTF)
Major Transportation Revenues
Tax Rates for Fiscal Year 2024

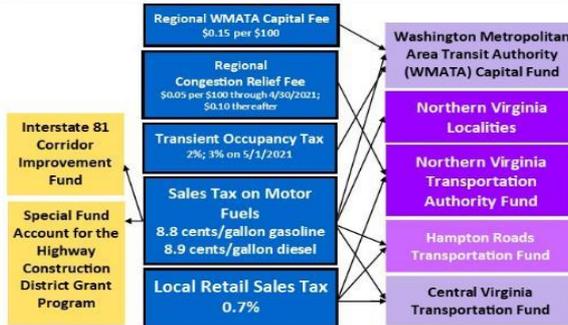
51%
Highway Maintenance and Operating Fund (HMOF)

49%
Transportation Trust Fund (TTF) for Distribution

A

B

Regional Revenues



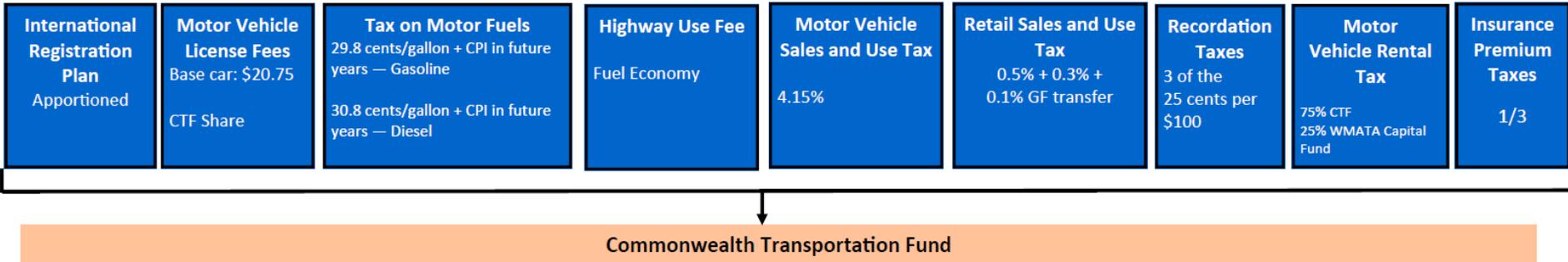
Bond Programs



Federal Revenue



Major State Revenue



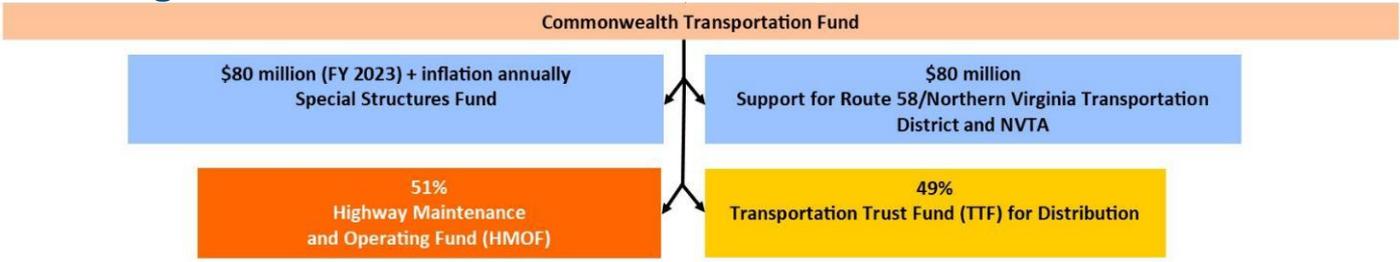
FY 2024 Estimate: \$4.7 billion

Highlights

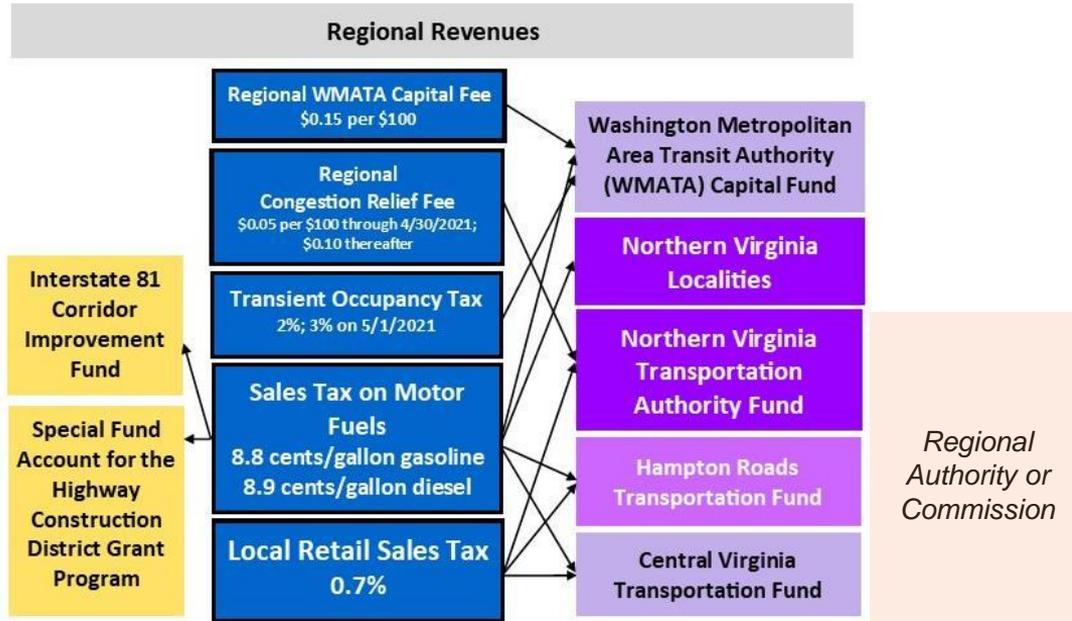
- **Statewide Tax on Motor Fuels – Set as cents/gallon in FY 2021; rate adjusted by CPI annually. Current rates:**
 - 29.8 cents/gallon on gasoline
 - 30.8 cents/gallon on diesel
- **Motor Vehicle Sales and Use Tax – 4.15%**
- **Retail Sales and Use Tax – 0.8% of the 5.3% statewide with 0.1% transfer from General Fund Share**
- **New source since FY 2021 – Highway Use Fee**

Distribution of Funds from the CTF

- ❑ Chapters 1230 and 1275 also amended the allocation of funds.
- ❑ Before funds are distributed from the CTF to the Transportation Trust Fund (TTF) and the Highway Maintenance and Operating Fund (HMOF), certain amounts are directed as follows:
 - ❑ \$40.0 million annually will be deposited into the Route 58 Corridor Development Fund,
 - ❑ \$40.0 million annually will be deposited into the Northern Virginia Transportation District (NVTD) Fund; and
 - ❑ \$80.0 million annually (as adjusted annually based on changes in consumer price index for urban consumers) will be deposited into the Special Structure Fund.
- ❑ The remaining funds in the CTF are then allocated 51% to the HMOF and 49% to the TTF.



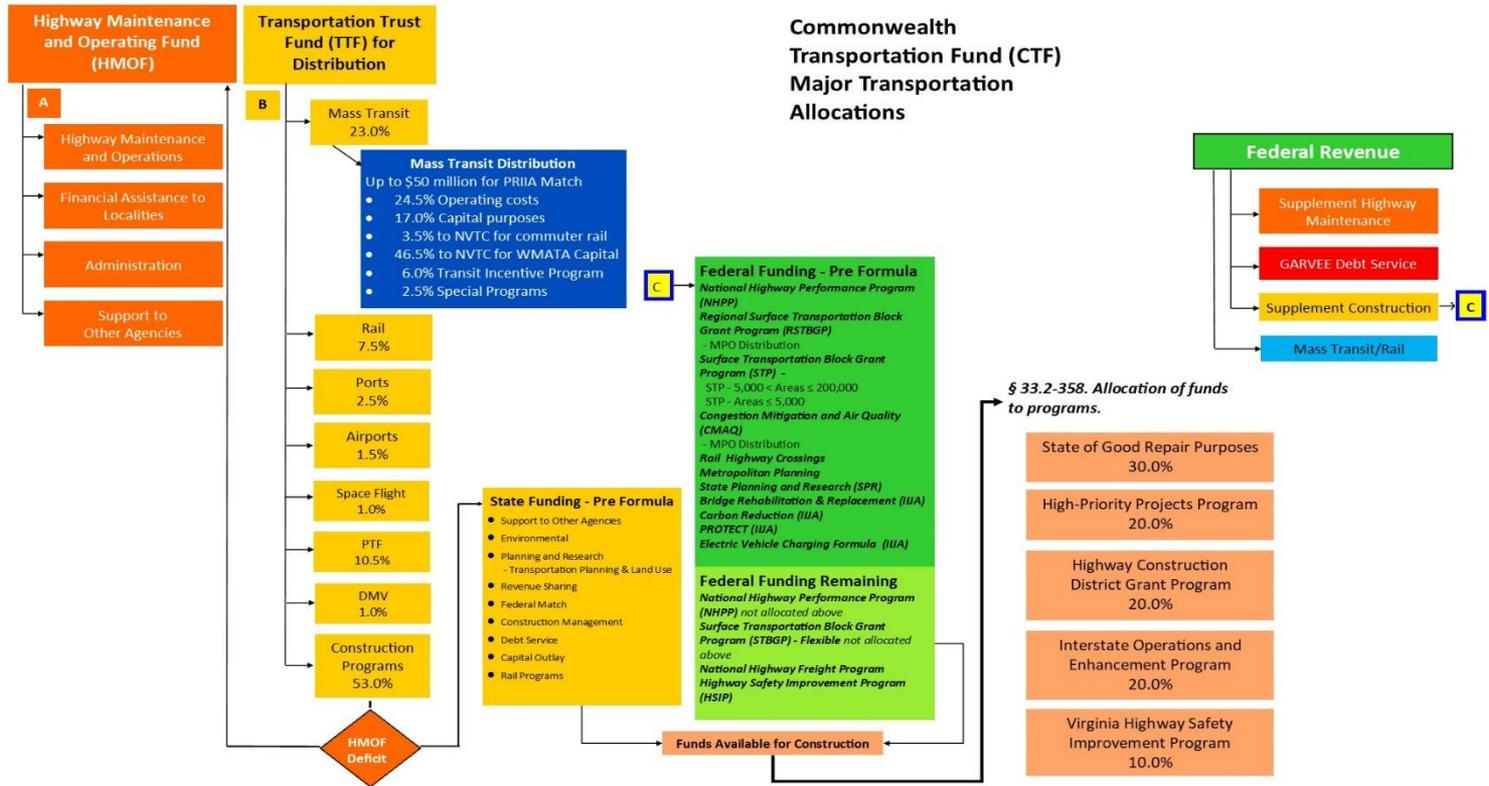
State Revenue Dedicated to Regional Efforts



NVTA, HRTAC, & CVTA

- Regional focus with state revenue dedicated from the region.
- Some tolling authority and the ability to issue debt.
- Membership includes elected representatives from several localities, as well as Commissioner of Highways and Director of DRPT.

Allocation Distribution of HMOF and TTF, Further Program Distribution



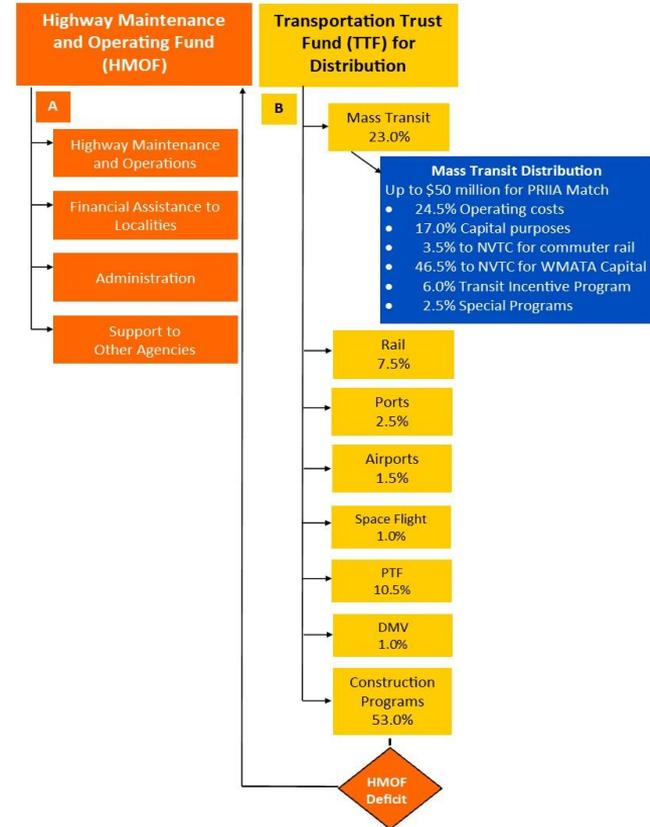
Allocation and Distribution of HMOF and TTF

Highway Maintenance & Operating Fund (HMOF)

- VDOT Highway Maintenance & Operations
- Financial Assistance to localities
- Administration
- Support to Other Agencies

Transportation Trust Fund (TTF)

- Formula from *Code of Virginia* to support all modes and DMV (Administration)
- Construction Programs' share supports any deficit of the HMOF, budgeted for each year



FY 2024 – 2029 Commonwealth Transportation Fund (CTF) Six-Year Financial Plan

FY 2024 CTF and VDOT Budgets



Commonwealth Transportation Fund Revenue Estimate

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	TOTAL
Sources of Funds							
Retail Sales and Use Tax	\$ 1,388.2	\$ 1,435.4	\$ 1,472.7	\$ 1,486.0	\$ 1,502.2	\$ 1,541.4	\$ 8,825.9
Motor Vehicle Sales and Use Tax	1,078.2	1,218.2	1,249.6	1,269.4	1,284.9	1,279.6	7,379.9
Motor Fuels Tax	1,499.5	1,561.2	1,611.7	1,657.4	1,701.1	1,744.2	9,775.1
Aviation Fuels Tax	2.0	2.0	2.0	2.0	2.0	2.0	12.0
Road Tax	71.2	72.0	72.7	73.7	73.5	73.2	436.3
International Registration Plan	118.2	119.6	120.0	120.3	120.7	121.0	719.8
Registration Fees	218.4	219.5	221.4	221.0	221.4	221.8	1,323.5
State Insurance Premium Tax	214.5	223.5	235.2	246.4	256.0	256.0	1,431.6
Recordation Tax	52.4	54.5	56.7	59.0	61.3	61.3	345.2
Vehicle Rental Tax	38.9	38.5	38.5	38.5	39.2	39.8	233.4
Highway Use Fee	64.4	66.3	68.3	68.3	68.3	68.3	403.9
Total Commonwealth Transportation Fund	\$ 4,745.9	\$ 5,010.7	\$ 5,148.8	\$ 5,242.0	\$ 5,330.6	\$ 5,408.6	\$ 30,886.6

December 2022 Forecast; Rental Tax excludes share dedicated to WMATA Capital (\$13.1 million in FY 2024)

Commonwealth Transportation Fund (CTF)

Fiscal Years 2024 – 2029 Six-Year Financial Plan Overview

- ❑ **The Six-Year Financial Plan (SYFP) identifies the planned funding for allocation to Highways, Rail, Transit, Ports, Aviation, DMV, and Space Flight**
- ❑ **The Preliminary Fiscal Years 2024 – 2029 SYFP allocates \$55.4 billion**
- ❑ **Includes the use of \$988.6 million of Route 58 Corridor Bonds and I-81 Financing**
- ❑ **Transfers \$5.96 billion to the three regions for transportation improvements and \$913.0 million in dedicated revenue for WMATA Capital Fund**
- ❑ **Includes \$570.0 million of dedicated fuel tax revenue for the I-81 Corridor Improvements**
- ❑ **Dedicates \$16.2 billion for Maintenance and Operations**
- ❑ **Provides \$18.2 billion for Construction**

Approximately \$4.1 billion of Construction Funding represents Local and Regional Funding for Projects

Commonwealth Transportation Fund Fiscal Years 2024 – 2029

Six-Year Financial Plan Estimated Revenues (\$ in millions)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024-2029 Total	Previous FY 2023-2028	Difference
State Transportation Revenues									
Commonwealth Transportation Fund	\$ 4,804.0	\$ 5,010.6	\$ 5,148.7	\$ 5,241.9	\$ 5,330.5	\$ 5,408.5	\$ 30,944.2	\$ 28,318.8	\$ 2,625.4
General Fund	110.0	-	-	-	-	-	110.0	483.2	(373.2)
Prior year funding	-	-	-	-	-	-	-	191.4	(191.4)
Local & Regional Project Participation/Revenue	1,286.8	1,200.0	511.8	825.0	205.9	185.0	4,214.5	3,480.5	734.0
Other Fund Revenue	530.8	427.2	434.1	442.7	446.3	440.7	2,721.7	2,438.9	282.9
Total	6,731.6	6,637.8	6,094.6	6,509.6	5,982.7	6,034.2	37,990.5	34,912.8	3,077.7
Federal Revenues	1,671.9	1,607.8	1,636.1	1,526.6	1,556.1	1,586.1	9,584.5	9,684.4	(99.9)
Total Revenues	8,403.5	8,245.6	7,730.7	8,036.3	7,538.8	7,620.3	47,575.0	44,597.2	2,977.8
Other Financing Sources									
Interstate 81 Financing	237.9	-	272.9	251.4	-	-	762.2	652.8	109.4
GARVEE Bonds	-	-	-	-	-	-	-	19.2	(19.2)
Route 58	-	152.2	74.2	-	-	-	226.4	226.4	-
Total	237.9	152.2	347.1	251.4	-	-	988.6	898.4	90.2
Total Operating Revenues and Other Financing Sources	\$ 8,641.4	\$ 8,397.8	\$ 8,077.8	\$ 8,287.6	\$ 7,538.8	\$ 7,620.3	\$ 48,563.6	\$ 45,495.6	\$ 3,068.0
Revenue Supporting Transfer Payments									
Regional Transportation Funds	1,005.6	951.0	978.1	994.5	1,008.3	1,020.7	5,958.2	5,295.0	663.2
WMATA Capital Fund Revenue	152.3	150.4	151.2	152.0	153.1	154.2	913.3	814.6	98.7
Grand Total	\$ 9,799.3	\$ 9,499.2	\$ 9,207.1	\$ 9,434.1	\$ 8,700.2	\$ 8,795.2	\$ 55,435.1	\$ 51,605.3	\$ 3,829.9

Commonwealth Transportation Fund Fiscal Years 2024 – 2029

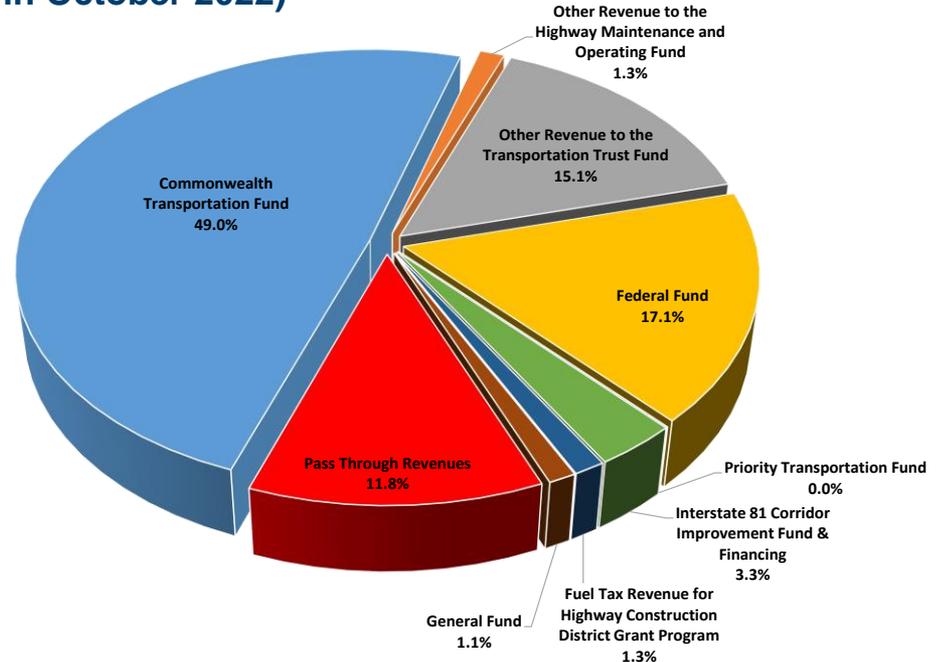
Six-Year Financial Plan Estimated Allocations (\$ in millions)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024-2029 Total	2023-2028 SYFP	Difference
Debt Service	\$ 409.4	\$ 418.0	\$ 431.0	\$ 425.0	\$ 431.3	\$ 442.7	\$ 2,557.3	\$ 2,476.8	\$ 80.5
Other Agencies & Transfers	49.3	50.5	50.6	51.8	52.0	53.3	307.5	303.5	4.0
Maintenance & Operations	2,727.3	2,591.2	2,645.0	2,702.3	2,760.9	2,763.4	16,190.2	15,246.1	944.1
Administration & Other Programs	598.4	603.5	580.1	589.3	601.3	613.4	3,586.0	3,318.9	267.1
Toll Programs	94.0	105.9	107.5	109.1	109.1	97.3	622.9	585.4	37.5
Special Structures	85.0	87.3	89.1	91.0	93.0	95.1	540.6	509.4	31.2
Public Transportation	655.9	645.4	671.0	684.8	676.8	681.3	4,015.3	3,725.4	289.9
Virginia Passenger Rail Authority	163.6	206.9	209.9	211.3	216.7	177.3	1,185.6	1,314.1	(128.5)
DRPT Rail Assistance	15.2	15.7	15.9	16.1	16.4	16.6	95.9	91.9	4.0
DRPT Administration	19.6	20.2	20.8	21.4	22.1	22.7	126.8	146.2	(19.4)
Port Trust Fund	57.7	60.2	61.3	62.4	63.5	64.4	369.5	340.3	29.2
Airport Trust Fund	34.7	36.2	36.9	37.5	38.2	38.7	222.3	206.0	16.3
Commonwealth Space Flight Fund	22.7	23.7	24.1	24.6	25.0	25.4	145.4	135.0	10.4
Department of Motor Vehicles	22.7	23.7	24.1	24.6	25.0	25.4	145.5	142.1	3.4
Construction	3,644.4	3,469.3	3,070.5	3,196.4	2,367.6	2,463.3	18,211.5	16,714.5	1,497.0
Total Operating Programs	\$ 8,600.1	\$ 8,357.8	\$ 8,037.8	\$ 8,247.6	\$ 7,498.8	\$ 7,580.3	\$ 48,322.3	\$ 45,255.6	\$ 3,066.7
Pass Through Programs									
WMATA Capital Fund	172.3	170.4	171.2	172.0	173.1	174.2	1,033.3	934.6	98.7
Central Virginia Transportation Fund	258.3	236.2	242.7	246.1	249.8	253.3	1,486.4	1,221.6	264.8
Northern Virginia Transportation Authority Fund	442.8	425.1	436.1	441.0	446.7	451.0	2,642.7	2,412.0	230.7
Hampton Roads Regional Transit Fund	41.3	37.7	38.2	38.8	39.3	39.5	234.8	245.1	(10.3)
Hampton Roads Transportation Fund	284.5	272.0	281.1	288.6	292.5	296.9	1,715.6	1,546.3	169.3
Subtotal	1,199.2	1,141.4	1,169.3	1,186.5	1,201.4	1,214.9	7,112.8	6,349.6	763.2
Total	\$ 9,799.3	\$ 9,499.2	\$ 9,207.1	\$ 9,434.1	\$ 8,700.2	\$ 8,795.2	\$ 55,435.1	\$ 51,605.2	\$ 3,829.9

Commonwealth Transportation Fund FY 2024 Recommended Budget

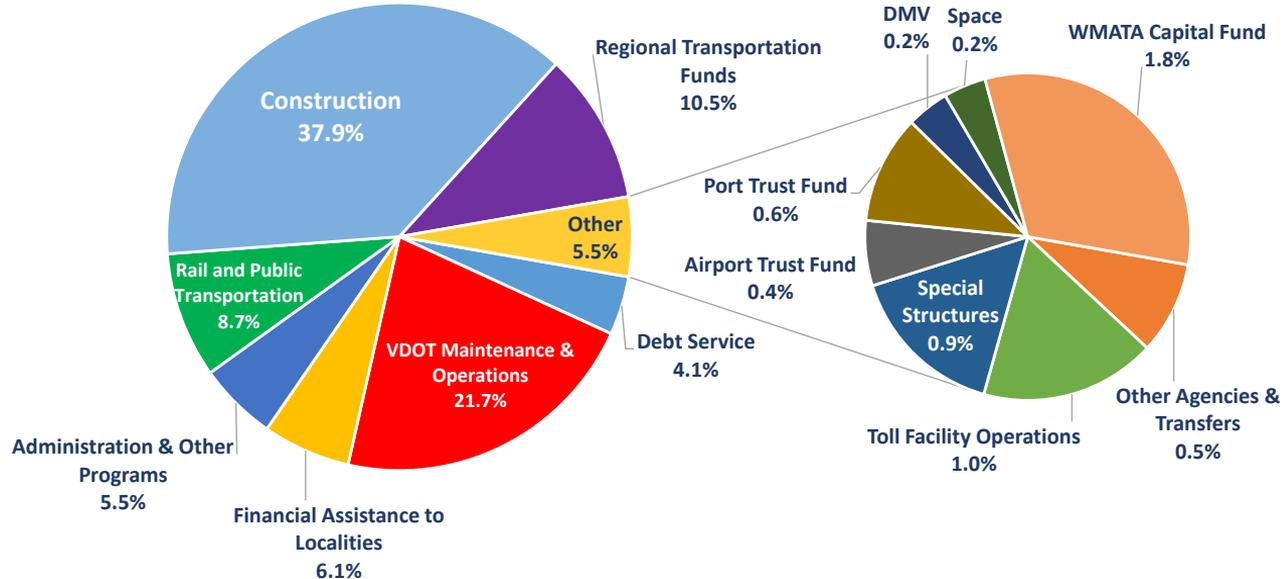
Revenue (in millions)	Total Estimate
Commonwealth Transportation Fund	\$ 4,804.0
Other Revenue to the Highway Maintenance and Operating Fund	124.5
Other Revenue to the Transportation Trust Fund	1,479.8
Federal Fund	1,671.9
Priority Transportation Fund	1.3
Interstate 81 Corridor Improvement Fund & Financing	324.7
Fuel Tax Revenue for Highway Construction District Grant Program	123.8
General Fund	110.0
Bonds	-
Total Operating Revenues	\$ 8,640.1
Pass Through Revenues	
WMATA Capital Fund	152.3
Central Virginia Transportation Fund	258.3
Northern Virginia Transportation Authority Fund	422.8
Hampton Roads Transportation Fund	284.5
Hampton Roads Regional Transit Fund	41.3
Subtotal	\$ 1,159.2
Total	\$ 9,799.3

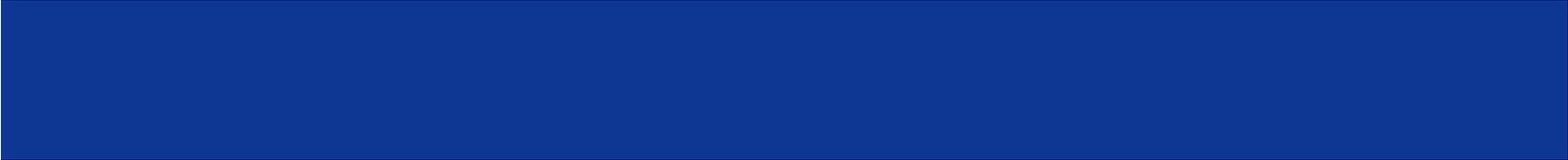
CTF Revenues total \$9.8 billion, an increase of 2.9 percent from the Second Revised FY 2023 CTF Budget (adopted in October 2022)



FY 2024 Recommended Allocations

- Highway Maintenance, including VDOT maintained and Locality Maintained, represents 28 percent of budget
- Highway Construction represents 38 percent of the total with support of regional / local funding
- Funding for Rail and Public Transportation is 9 percent of budget





REGIONAL TRANSPORTATION ENTITIES



Regional Transportation Entities

- **Northern Virginia Transportation Commission (1964)**
Va. Code § 33.2-1900, et seq.
- **Northern Virginia Transportation Authority (2002)**
Va. Code § 33.2-2500, et seq.
- **Hampton Roads Transportation Accountability Commission (2014)**
Va. Code § 33.2-2600, et seq.
- **Central Virginia Transportation Authority (2020)**
Va. Code § 33.2-3700, et seq.

Northern Virginia Transportation Commission (NVTC)

Revenue Sources

- **Regional Fuels Tax distributed to NVTC by DMV (Va. Code § 58.1-2299.2)**
- **Toll revenue from I-66 Inside the Beltway to support transit**
- **Concessionaire payment to the Commonwealth from toll revenues from I-395 and I-66 Outside the Beltway to support transit**

FY 2024 Estimate (\$ in millions)	
Regional Fuels Tax*	\$40.0
66 Inside the Beltway	10.8
Concessionaire Payment	5.3
	\$55.1

**TAX Estimate from December 2022*

NVTC was created in 1964 to create, oversee and fund the WMATA Metrorail system; NVTC is responsible for appointing Virginia's representatives to the WMATA Board and is primarily responsible for coordinating transit services provided by regional and local entities.

- Designates WMATA's two Virginia board members.
- Co-owns the Virginia Railway Express (VRE) with PRTC.
- Directs state grants from DRPT and regional motor fuel tax for local WMATA obligations.
- Directs state grants from DRPT and regional funding for the Commuter Rail Operating and Capital Fund (C-ROC).
- Manages federal, state, and regional funding for local bus systems.
- Allocates I-66 toll revenues that are contractually dedicated for the Commuter Choice Program.

Northern Virginia Transportation Authority (NVRTA)

Revenue Sources

- Regional Sales and Use Tax
- Regional Congestion Relief Fee (Va. Code § 58.1-802.4)
- \$20.0 million per year from Northern Virginia Transportation District Fund (Va. Code § 33.2-2400(E))
- Allocation from Interstate Operations and Enhancement Program (IOEP) (Va. Code § 33.2-372(F))

FY 2024 Estimate (\$ in millions)	
Sales and Use Tax	\$357.4
Reg. Congestion Relief Fee	34.1
NVTD Fund	20.0
IOEP	17.3
Total	\$428.8

TAX Estimate from December 2022

Distribution

- 70% to fund regional transportation projects selected by NVRTA
Projects ranked and selected based primarily on congestion relief (similar process to Smart Scale)
- 30% distributed pro rata to localities
Additional highway construction, capital improvements that reduce congestion, projects approved by the most recent LRTP, or for public transportation purposes

Hampton Roads Transportation Accountability Commission (HRTAC)

Revenue Sources

- **Regional Sales and Use Tax and Regional Fuels Tax**

Used to support new construction projects on new or existing highways, bridges, and tunnels

- **As of 2020, HRTAC also manages the Hampton Roads Regional Transit Fund (Va. Code § 33.2-2600.1)**

Dedicated transient occupancy tax revenues for development, maintenance, improvement, and operation of network of transit routes and related infrastructure (Va. Code § 58.1-1743)

- **Future Tolling of Hampton Road Express Lanes Network**

- Legislation in 2020 (Va. Code § 33.2-2612) expands HRTAC's limited tolling authority to include segment of I-64
- Master Tolling Agreement among HRTAC, VDOT, and CTB in August of 2020

Revenues to be used solely for the benefit of localities embraced by HRTAC (Va. Code § 33.2-2611)

FY 2024 Estimate (\$ in millions)	
HRTF	
Sales and Use Tax	\$201.6
Regional Fuels Tax	67.6
Total	\$269.2
HRRTF	
Grantor's Tax	\$6.3
Transient Occupancy Tax	11.0
Recordation Tax	20.0
Total	\$37.3

TAX Estimate from December 2022

Central Virginia Transportation Authority (CVTA)

Revenue Sources

- **Regional Sales and Use Tax and Regional Fuels Tax**

FY 2024 Estimate (\$ in millions)	
Sales and Use Tax	\$170.4
Regional Fuels Tax	57.6
Total	\$228.0

TAX Estimate from December 2022

Distribution

- **35% retained by CVTA and used for regional projects**
- **15% distributed to GRTC**
- **50% returned to localities to be used to improve local mobility, which may include construction, maintenance, or expansion of roads, sidewalks, trails, mobility services, or transit located in the locality**

Revenues to be used solely for the benefit of localities embraced by CVTA (Va. Code § 33.2-3701)

How are NVTA, HRTAC and CVTA unique?

NVTA	HRTAC	CVTA
<ul style="list-style-type: none"> • 17 members • Long-range transportation planning function • Annual joint public meeting with CTB, NVTC, VRE • 70/30 split of revenue (regional/local) • Selected projects funded through I-66 OTB Concession Payment Account 	<ul style="list-style-type: none"> • 23 members • Focus on “new construction” • No mandatory redistribution of funds to localities • Oversees two funds (HRTF and HR Regional Transit Fund) • Has targeted statutory tolling authority for HRELN • Will receive toll revenues generated from HRELN in future; responsible for tolling operations & maintenance 	<ul style="list-style-type: none"> • 16 members • No mandate to prioritize congestion relief • 35/15/50 split of revenues (regional/transit/local) • Actions require affirmative vote representing at least 4/5 of the population embraced by CVTA



State and Federal Transit Funding

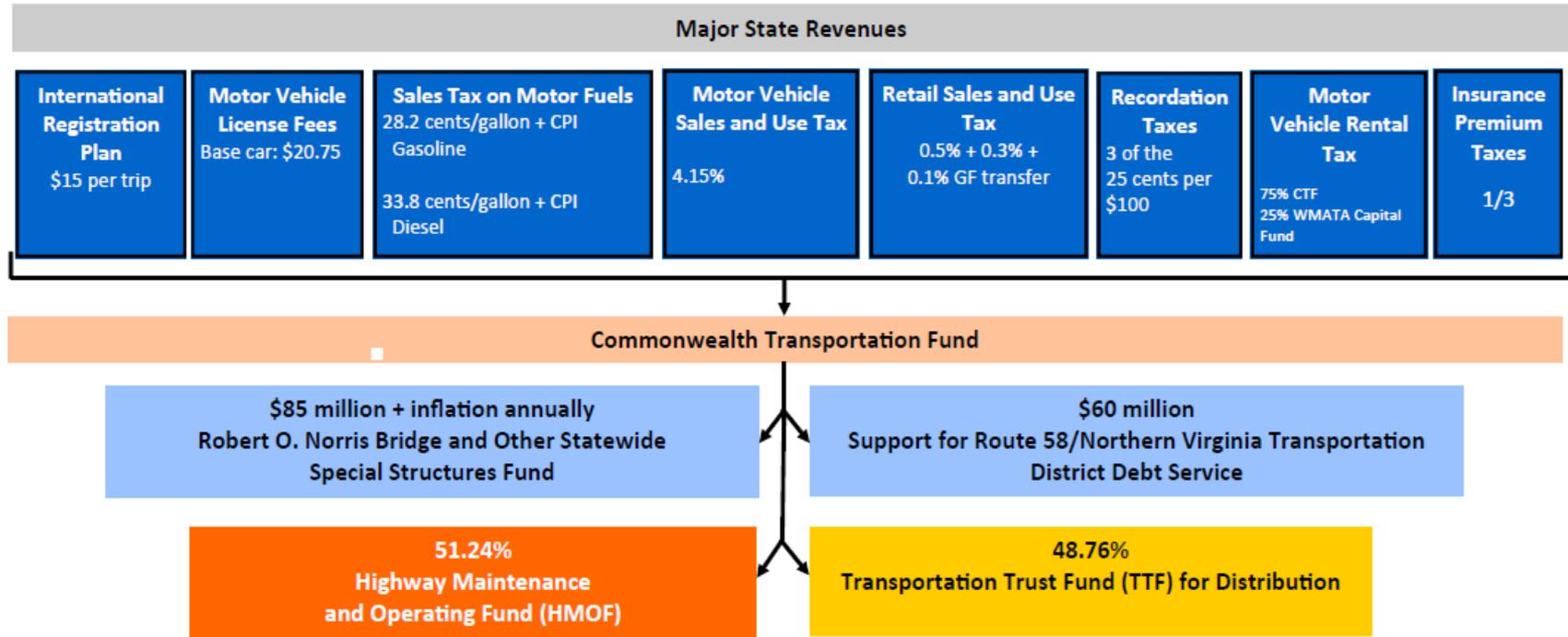
Senate Finance & Appropriations Committee

Zach Trogdon
Chief of Public Transportation

November 2023

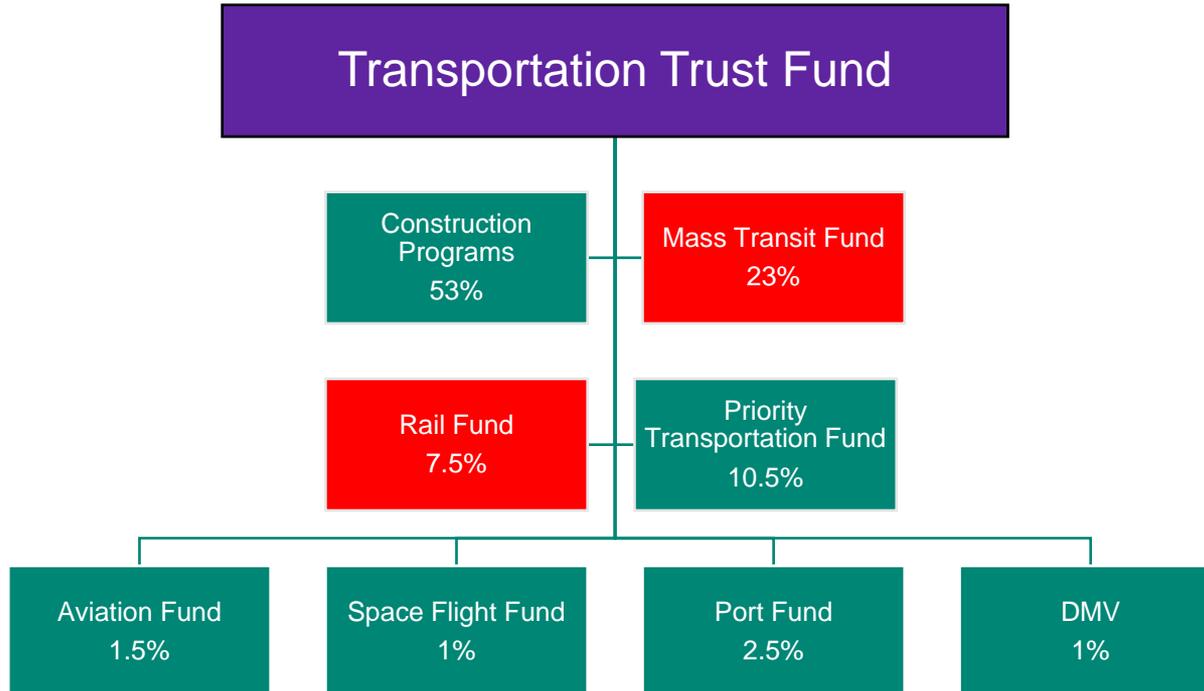


Transportation Funding (FY2021-present)



Transportation Trust Fund

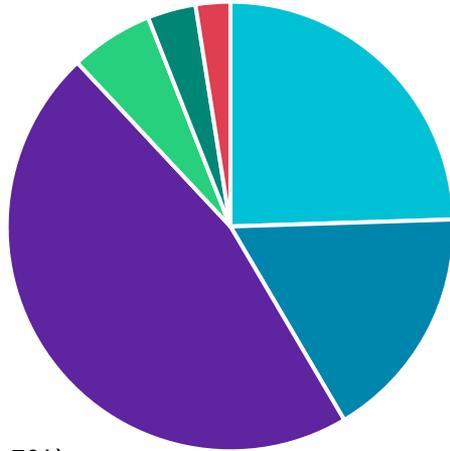
(§ 33.2-1524 and § 33.2-1524.1)



DRPT Transit Program

Commonwealth Mass Transit Fund

Commonwealth Mass Transit Fund



- Operating (24.5%)
- Capital (17%)
- WMATA/NVTC (46.5%)
- Transit Ridership Incentive Program (6%)
- VRE (Up to 3.5%)
- Special (2.5%)

- “Off-the-top” distributions
 - \$50M: WMATA PRIIA Match
 - \$2M: DRPT State Safety Oversight Program
 - \$1.5M: Paratransit
- DRPT is allowed to use up to five percent of funds for administrative costs

MERIT

Making Efficient & Responsible Investments in Transit

- **Operating Assistance**

- Supports transit operations, maintenance, repairs, and administrative costs
- Allocated annually to all transit agencies (excluding WMATA & VRE) using a performance-based formula per CTB policy
- Capped at 30 percent of audited operating expenses

- **Capital Assistance**

- Supports the acquisition of transit assets such as vehicles, facilities, maintenance equipment, machinery, and heavy equipment
- Allocated annually to transit agencies (excluding WMATA and VRE) using a prioritization process that assigns resources to projects deemed as most critical per CTB policy

Additional Transit Programs Commonwealth Mass Transit Fund

Virginia Railway Express

- Up to 3.5 percent allocated using commuter rail specific performance metrics for capital and operating assistance
- Leftover funds distributed to statewide capital program
- CTB oversight requirements that may led to withholdings

WMATA

- Distributed to NVTC for capital and operating assistance
- Must be matched dollar for dollar by NVTC
- CTB oversight requirements that may lead to withholdings



Additional Transit Programs

Commonwealth Mass Transit Fund

Transit Ridership Incentive Program

- Passenger Amenities and Facilities
- Crime Prevention and Public Safety
- Regional Connectivity
- Zero/Reduced Fare Programs

Special Programs

- Transportation Demand Management/Commuter Assistance
- Demonstration Programs/Projects
- Marketing Initiatives



Additional Funding Programs

Additional State Revenue Sources

- **WMATA Capital Fund**

- \$154.5M annually
 - Restricted
 - Local recordation taxes
 - Statewide motor vehicle rental tax
 - Non-restricted
 - NVTC regional grantor's tax
 - NVTC regional gas taxes
 - NVTC two percent transient occupancy tax
 - NVTA 30% local taxes
- Virginia's proportional regional share of \$500M in annual additional capital needs for critical state of good repairs

- **Commuter Rail Operating and Capital Fund**

- Used to fund the cost of operating commuter rail service as well as acquiring, leasing, or improving railways or railroad equipment, rolling stock, rights of way, or facilities
- Approximately \$15M annually

Federal Formula Funding

49 U.S.C.
§ 5303

- Multimodal planning

49 U.S.C.
§ 5307

- Capital and operating assistance in urban areas

49 U.S.C.
§ 5310

- Transportation needs for older adults and people with disabilities

49 U.S.C.
§ 5311

- Capital and operating assistance in rural areas

49 U.S.C.
§ 5329

- State safety oversight

49 U.S.C.
§ 5339

- Replace, rehabilitate, and purchase buses and related equipment



2024 Session Outlook

2024 Session Outlook

- One-time general fund support is unlikely to be available for transportation projects.
 - Significant general fund investment of \$654.0 million was provided in FY 2022 through FY 2024 for specific initiatives.
 - Traditionally, transportation is a nongeneral fund supported function reliant on dedicated funding streams.
- Inflation in material and wage costs affects all modes of transportation.
- Budget shortfalls for transportation partners will likely result in additional budget requests to the state.
- Proposed modifications to the transportation funding priorities system, SMART SCALE, as a result of the ongoing review process.
 - SMART SCALE scores and ranks transportation projects based on key factors.
 - Office of Intermodal Planning and Investment (OIPI) is coordinating the review to assess and improve the process.
 - Recommendations submitted to the CTB in October will be considered in December.

SMART SCALE Process Review - Staff Recommendations and Stakeholder Concerns

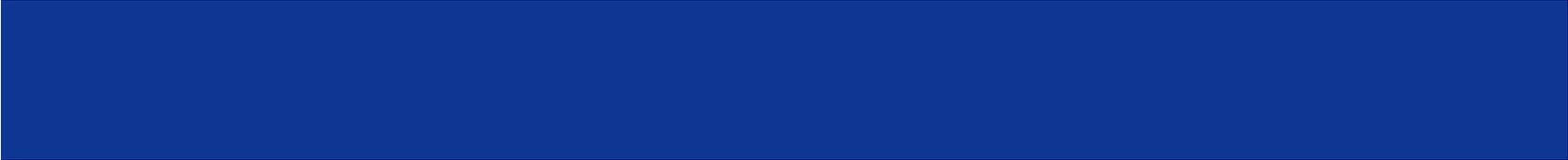
OIPI Staff Recommendations

- Refine High-Priority Projects Program (HPP) eligibility to clarify that projects are of statewide or regional significance.
- Distribute all HPP program funds based on statewide scale rankings rather than district-wide.
- Calculate congestion benefits for 10 years in the future to base on volume and economic growth.
- Modify land use factor to a multiplier of all other factor areas and modify factor weightings to emphasize benefits vs. location.
- Utilize forward-looking economic development factor developed by VEDP.
- Three procedural recommendations.

Stakeholder Concerns

- Changes to HPP eligibility to include new capacity highways, interchanges, passenger and freight rail and bridges favor funding for larger projects over smaller ones.
- Bike and pedestrian projects will be less likely to be funded under the proposed changes.
- Application cap for localities may diminish towns' ability to get funding because they will have to partner with county governments or regional organizations (addressed through middle-tier cap added to final recommendations).
- Rural localities may be at a disadvantage for funding when competing with project-alignment and leveraged funding of urban regions.

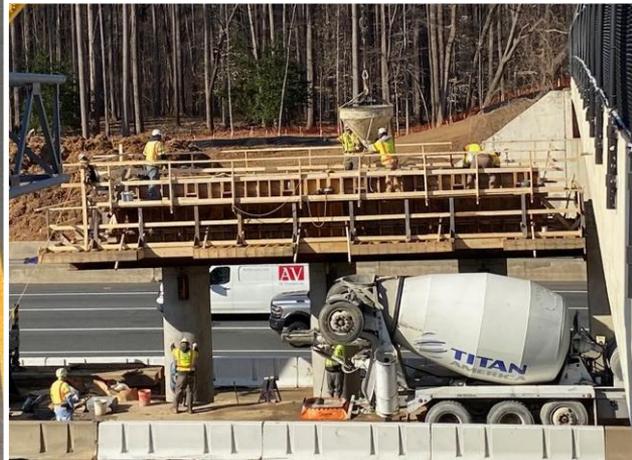
Source: [Smartscale.org/process_review_resources/default.asp](https://smartscale.org/process_review_resources/default.asp)., including "Letters Received." Accessed 11/8/2023.



VDOT PROGRAM HIGHLIGHTS - APPENDIX



I-495 Express Lanes Northern Extension (495 NEXT)



Construction began on the 495 NEXT project in March 2022, along with final project design

The extended 495 Express Lanes are expected to open in late 2025, with the project completed in 2026

I-64 Widening (I-64 Gap)



- **Recent award on Segment A (MM 204.9 - 215.9)**
- **Ground-breaking for project on November 13**
- **Segment C (MM 224.3-233.3) procurement underway**
- **Segment B (MM 215.6-224.3) Spring 2024**

I-95 Express Lanes Fredericksburg Extension (Fred Ex)

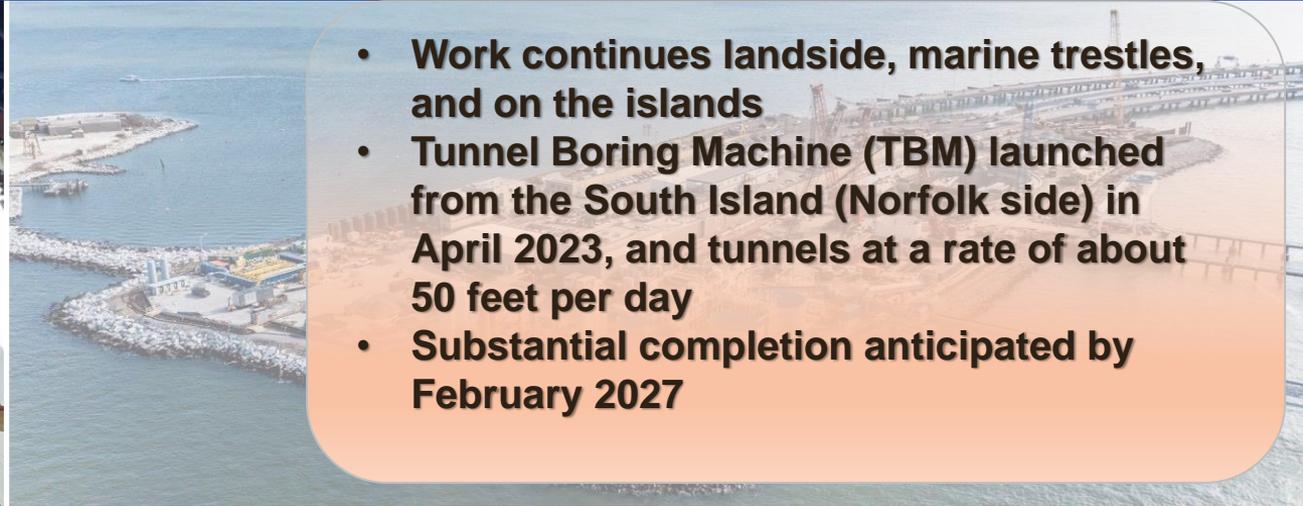
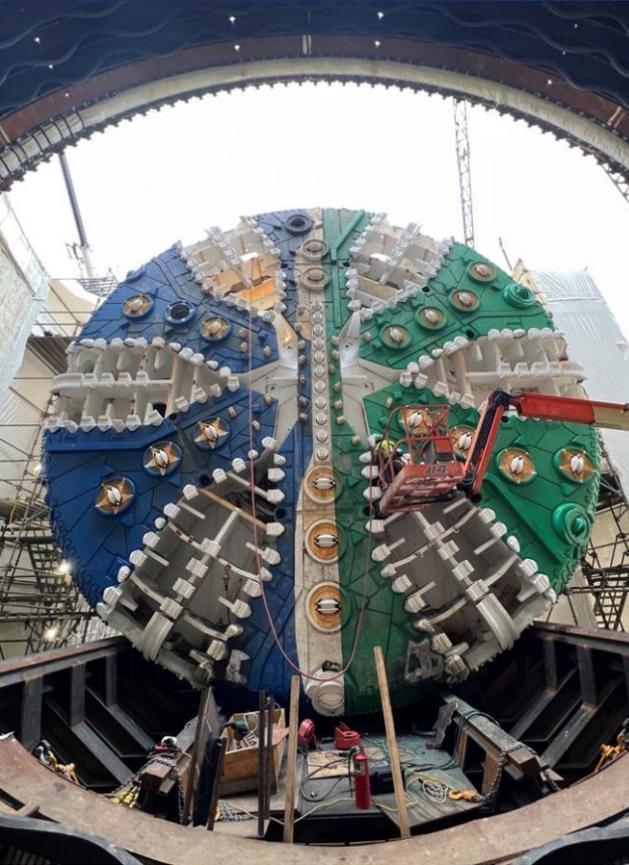


Mainline open in August 2023

All access points open in early December 2023



Hampton Roads Bridge Tunnel (HRBT) Expansion



- Work continues landside, marine trestles, and on the islands
- Tunnel Boring Machine (TBM) launched from the South Island (Norfolk side) in April 2023, and tunnels at a rate of about 50 feet per day
- Substantial completion anticipated by February 2027

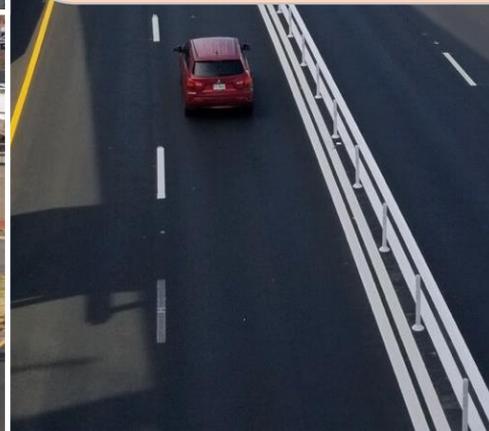


Transform 66 Outside the Beltway



**Fully opened to traffic in
November 2022**

Final completion pending



I-81 Corridor Improvement Program



- Recommended improvements underway; Delivery of 64 planned capital projects anticipated by 2033 (34 completed to date)
- Total value of \$3.1 billion anticipated
- Full update provided to Advisory Committee in October 2023.

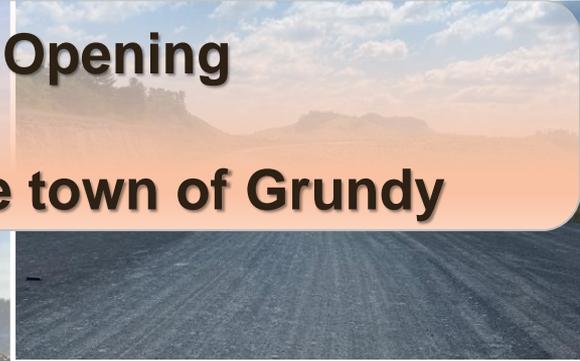
*Additional information and project status:
<http://improve81.org>*

Corridor Q

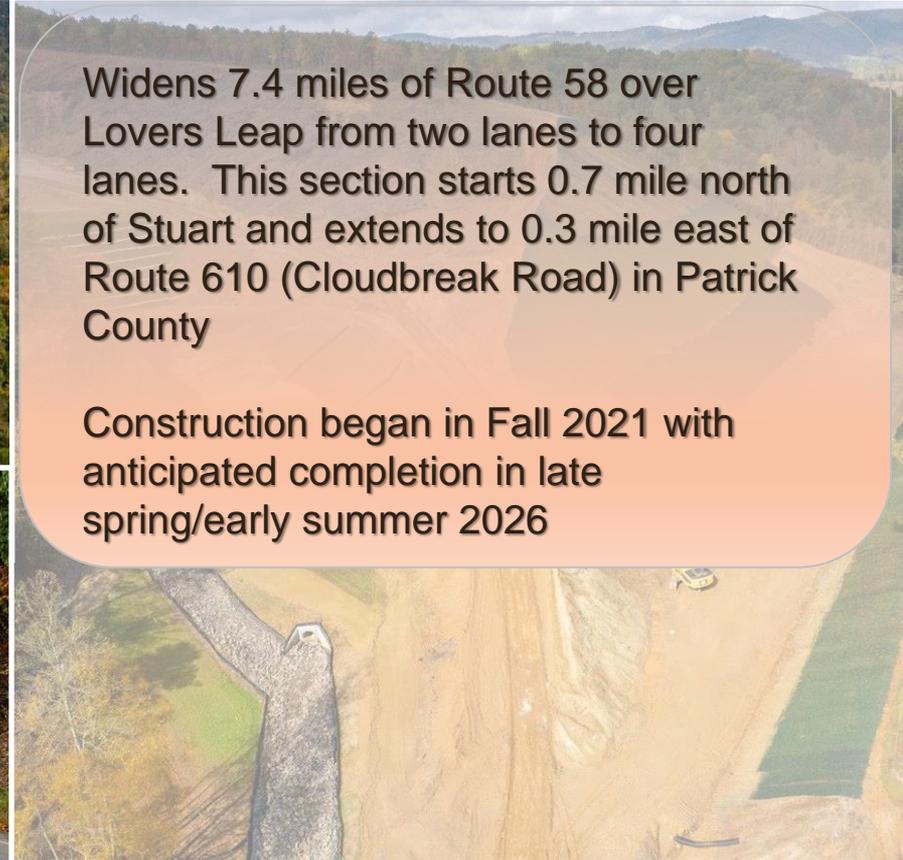


Breaks to Hawks Nest Opening

Work continuing to the town of Grundy



Route 58 / Lovers Leap



Widens 7.4 miles of Route 58 over Lovers Leap from two lanes to four lanes. This section starts 0.7 mile north of Stuart and extends to 0.3 mile east of Route 610 (Cloudbreak Road) in Patrick County

Construction began in Fall 2021 with anticipated completion in late spring/early summer 2026