



Fiscal Year 2016 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund

Hampton Roads Transportation Accountability Commission
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Executive Summary

Item 1 of Chapter 780 of the 2016 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.

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.

During the 2014 General Assembly Session, the Hampton Roads Transportation Accountability Commission (HRTAC) was created to administer the funding in the HRTF. House Bill 1253 and Senate Bill 513, (Chapters 678 and 545 respectively), created HRTAC as a political subdivision of the Commonwealth to procure, finance, build, and operate critical projects in the region. The Commission has 23 Members, consisting of the Chief Elected Officers of the governing bodies of the 14 localities in Planning District 23, two members of the Virginia Senate, three members of the House of Delegates, and four nonvoting ex officio members (Commissioner of Highways, Director of Rail and Public Transportation, Executive Director of the Virginia Port Authority, and a member of the Commonwealth Transportation Board). HRTAC was authorized to issue bonds and use the revenue generated by HB2313 in Planning District 23 to, among other things, support the debt service. HRTAC would not replace the planning functions that are provided by the HRTPO. The commission will utilize the HRTPO prioritized projects as its program of projects. The authority of the funding for the HRTF transitioned on July 1, 2014 to the HRTAC from the HRTPO.

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

During FY2016, HRTAC hired its first Executive Director and marshalled staff to advance project readiness, financing, and program delivery. On September 8, 2015, Virginia Governor McAuliffe and the Cabinet Secretary of Transportation joined HRTAC, local elected leaders, and VDOT to break ground on the I-64 Peninsula Widening project, HRTAC's first construction project with VDOT. By the end of fiscal year 2016, HRTAC had updated its Funding Plan through 2022 and advanced programming of construction of nearly \$1.2 billion of construction projects with VDOT. Included in HRTAC's Funding Plan was the \$145 million Smart Scale project award funding from the Commonwealth Transportation Board to complete the final phase of HRTAC's 21 mile long I-64 Peninsula Widening Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects.

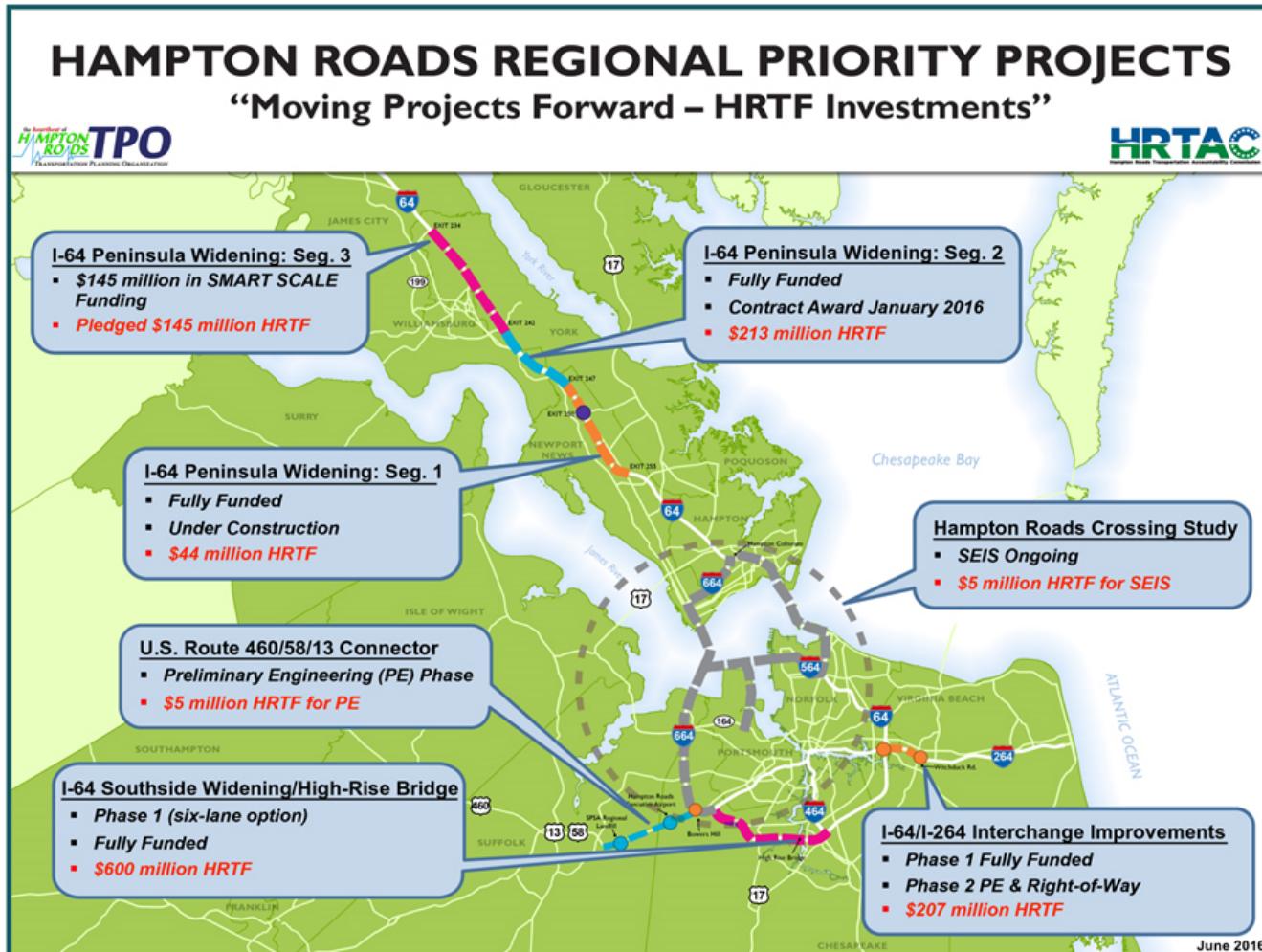


Figure 1 – Activities of HRTAC/HRTF Funded Projects

Revenue Collections

Sources

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

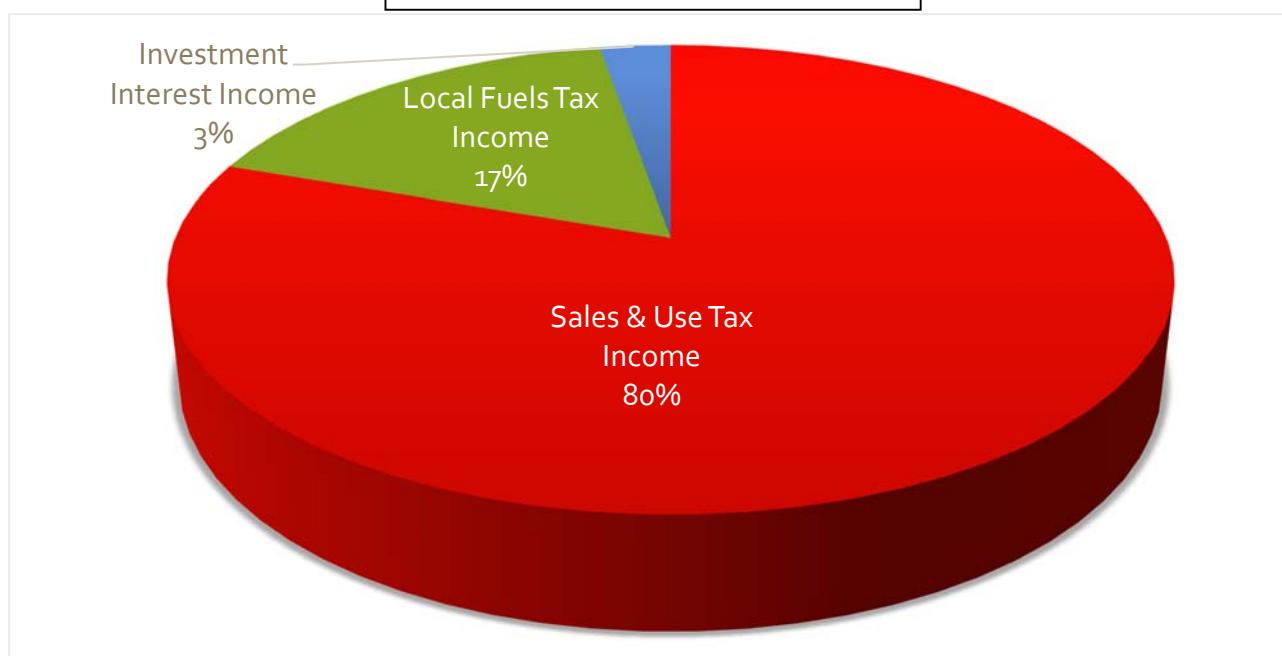
In Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. These funds were also dedicated to the HRTF.

Total Collections

Revenue collected from the Region's Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2016 totaled \$157.5 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections.

Figure 2 - HRTAC Revenue Collections FY2016

Sales & Use Tax Income	\$ 126,536,775
Local Fuels Tax Income	26,654,473
Investment/ Interest Income	<u>4,266,033</u>
	\$ 157,457,281



Expenditures

Through June 30, 2016, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$353,283
Investment Fees	344,072
HRPDC/HRTPO Assistance	94,956
Financial Advisor	234,157
Payroll	226,542
Operating	66,337
Project Related	32,727,649
Total	\$34,046,995

HRTAC Project Related expenditures detail through June 30, 2016:

Description	Amount
I-64 Peninsula Segment 1	\$1,544,502
I-64 Peninsula Segment 2	7,701,121
I-64/264 Interchange Improvement Phase 1	14,029,051
i-64/264 Interchange Improvements Phase 2	7,635,322
I-64 Southside High Rise Bridge Phase 1	3,362,155
Total	\$34,272,151

Year-end cash balances of the HRTAC totaled \$452.6 million in both operating and investment accounts. Beginning in June 2015, monthly revenue collections from the previous accounting period are transferred to HRTAC by VDOT.

Allocations

For the period July 1, 2015 through June 30, 2016, HRTAC approved an allocation of \$934.6 million from the HRTF to advance project readiness through construction phases of the Region's high priority projects as identified and prioritized by the HRTPO. Project allocations through June 30, 2016 are provided in detailed below.

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30 2016

Project	Total FY2014 & FY 2015	Total FY2016	Total
<i>I-64 Peninsula Widening</i>			
- UPC 104905 (Segment 1) - Construction	\$ 44,000,000	\$ -	\$ 44,000,000
- UPC 106665 (Segment 2) - PE & Construction	6,000,000	207,592,853	213,592,853
- UPC 106689 (Segment 3) - PE	-	10,000,000	10,000,000
<i>I-64/264 Interchange Improvement</i>			
- UPC 17630 - PE/ROW	54,592,576	-	54,592,576
- UPC 57048 - PE/ROW	15,071,063	-	15,071,063
- UPC 57048 - Construction of Phase 1	-	137,023,653	137,023,653
<i>Third Crossing - UPC 106724 - SEIS</i>	5,000,000	-	5,000,000
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - PE</i>	20,000,000	-	20,000,000
<i>I-64 Southside/High-Rise Bridge - UPC 106692 - ROW & Construction</i>	-	580,000,000	580,000,000
Total	\$ 144,663,639	\$ 934,616,506	\$ 1,079,280,145