



Fiscal Year 2023 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.I. of Chapter 769 of the Acts of Assembly of the 2023 Reconvened Special Session 1 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 Director of the Department of Rail and Public Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Commonwealth Rail Fund, 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 FY2023, 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 FY2023 through FY2028 Funding Plan Update and its Long-Range Funding Plan Update through FY2045, further advanced project development and construction with VDOT of \$11.4 billion total programmed value projects supported by the Hampton Roads Transportation Fund ('HRTF') and advanced project agreements with the Transportation District Commission of Hampton Roads (Hampton Roads Transit) supported by the Hampton Roads Regional Transit Fund ('HRTF'). The major work activity of FY2023 was relating to the continued execution of the Commission's debt financing and funding plan for HRTF supported projects, administration of the Master Tolling Agreement for the Hampton Roads Express Lanes Network ('HRELN'), and the administration of the third funding year of the Hampton Roads Regional Transit Fund and Program. Of the total HRTF and toll revenue supported project costs under agreement, \$5.1 billion is sourced by HRTAC controlled monies. The Commonwealth of Virginia's SMART SCALE Program has provided approximately \$463.8 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. HRTAC and VDOT continued to conduct an update of the traffic and revenue modelling of the Hampton Roads Express Lanes Network considering summer weekend traffic volume. This study update is necessary to an investment grade opinion by the Traffic and Revenue Modeler to be used to complete the funding plan of finance for the Hampton Roads Express Lanes Network. Figure 1 provides a graphic showing the locations and the activities of the HRTAC HRTF and toll revenue 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 work together to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

Background

Prior Legislative Actions

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 the use of funds in the HRTF. Beginning in June 2015, monthly revenue collections from the previous accounting period were 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.

During the 2020 General Assembly Session, HB1726/SB1038 created the Hampton Roads Regional Transit Program and Fund to develop, maintain, and improve a regional network of transit routes and related infrastructure, rolling stock, and support facilities. The program is funded by an additional (i) regional grantor's tax at a rate of \$0.06 per \$100 of the consideration for the conveyance and (ii) regional transient occupancy tax at a rate of one percent of the charge for the occupancy, both imposed in localities in the Hampton Roads Transportation District. The legislation also dedicated \$20 million of revenues from existing recordation taxes to funding the program. The moneys will be deposited into the Hampton Roads Regional Transit Fund, created by the bill, and will be administered by HRTAC. Use of the funds would require a two-thirds vote of the HRTAC localities in which the new taxes were imposed. HB1438 authorized the Hampton Roads Transportation Accountability Commission to impose and collect tolls in high-occupancy toll lanes on certain portions of Interstate 64. The area of Interstate 64 in which such tolls may be imposed is the vicinity of the interchange of Interstate 64 and Jefferson Avenue to the interchange of Interstate 64, Interstate 264, and Interstate 664. The bill directs

the Commission to enter into an agreement with the Commonwealth Transportation Board and the Department of Transportation regarding the standards for operating the facility and use of toll proceeds. Other legislation involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021.

During the 2021 General Assembly Session, legislative actions that impacted HRTAC included the following state budget language (HB 1800, Chapter 552, Item 447.1, B. 3 and HB 1800, Chapter 552, Item 447.1, F.):

B. 3. Up to \$93,100,000 shall be transferred to Item 447 for improvements to the Interstate 64 Corridor as follows: (i) to provide any amounts necessary to complete the funding plan for the Hampton Roads Express Lanes as identified in the Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network executed pursuant to Chapter 703 of the 2020 Acts of Assembly, and (ii) any remaining amounts to improve Interstate 64 between exit 205 and exit 234 as determined by the Commonwealth Transportation Board.

F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, if any, is determined by the Hampton Roads Transportation Accountability Commission in coordination with the Board. In the event that funds are available to improve the Interstate 64 corridor between exit 205 and exit 234, the Board shall coordinate with the Central Virginia Transportation Authority to determine whether there is an opportunity to partner with the Authority on such improvements.

During the 2022 General Assembly Session, legislative actions that impacted HRTAC included the following state budget language (HB 29, Chapter 1, Item 447.1, F. of Special Session 1):

F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, if any, is determined by the Hampton Roads Transportation Accountability Commission in coordination with the Board. In the event that funds are available to improve the Interstate 64 corridor between exit 205 and exit 234, the Board shall coordinate with the Central Virginia Transportation Authority to determine whether there is an opportunity to partner with the Authority on such improvements.

HRTAC
Hampton Roads Transportation Accountability Commission

I-64 Peninsula Widening: Segments 1, 2, & 3

- Project Cost: \$515 Million – 21 Miles Long
- \$221 Million Federal/State Funds
- \$294 Million HRTAC Funded
- Completed: 2021

I-64 Denbigh Boulevard Interchange Phase I&II

- Estimated Project Cost: \$262 Million
- \$74 Million Federal/State Funds
- \$26 Million HRTAC Programmed, \$162 Million Future Program

Hampton Roads Regional Connectors Study

- Study Funded: \$7 Million
- \$7 Million HRTAC Funded

I-64 Widening and Bowers Hill Interchange PE Study and IAR

- Estimated Project Cost: \$11.9 Million
- Study Funded: \$7.9 Million
- \$7.9 Million PE Study HRTAC Funded, \$4 Million IAR Programmed

I-64/I-264 Interchange Improvements

- \$829 Million - Phases 1 - 3
- Phase 1: \$157 Million Completed: 2019
- Phase 2 – \$195 Million Completed 2022
- Phase 3A – \$478 Million
- \$69 Million Federal/State Funds
- \$4.8 Million Local
- \$287 Million HRTAC Funded, \$470 Million Programmed for Phase 3A Construction

I-264 Independence Boulevard Interchange

- Estimated Project Cost \$208 Million
- \$1.3 Million HRTAC Funded, \$104 Million Programmed, \$103 Million Future Program

I-64 Southside Widening and High-Rise Bridge

- Phase 1 – Under Construction: \$527 Million - Estimated Completion: 2023
- \$95 Million Federal/State Funds - \$432 Million HRTAC Funded - Bridge Open to Traffic July 2022

US Route 460/58/13 Connector Study

- Study Funded: \$4 Million
- \$1.1 Million HRTAC Funded - Study Halted November 2018

Figure 1 – Activities of HRTAC/HRTF Funded Projects

Revenue Sources and Collections

Retail Sales and Use Tax

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

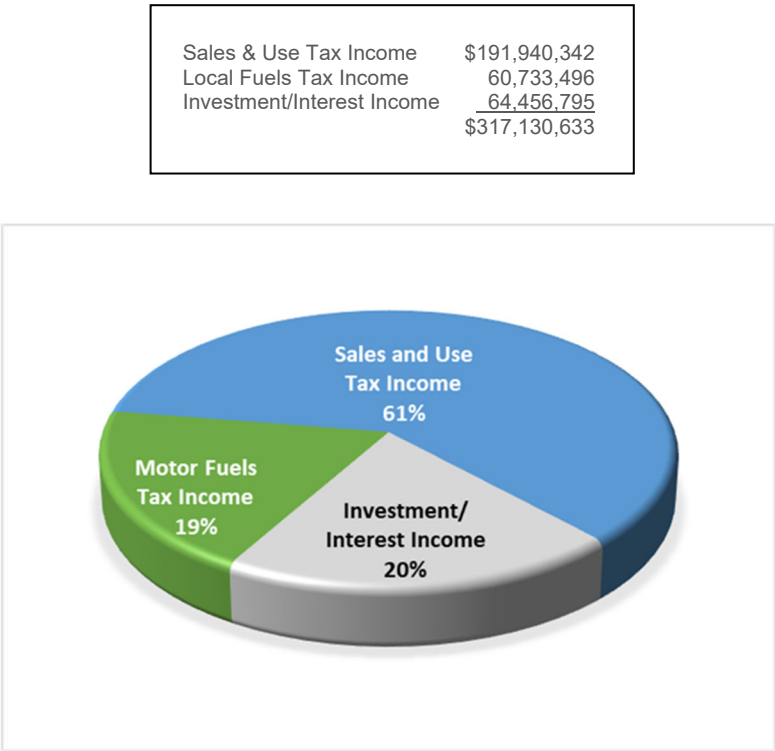
Local Fuels Tax

In 2013, Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. During the 2020 Acts of Assembly, legislative action involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021. On July 1, 2022, through June 30, 2023, the regional tax per gallon of gasoline and gasohol was 8.2 cents (and 8.3 cents per gallon of diesel). 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 2023 totaled \$ 317.1 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 \$2.1 billion including bond proceeds, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2023



Expenditures

From July 1, 2022 through June 30, 2023, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 240,036
Investment Fees	397,817
HRPDC/HRTPO Assistance	163,935
Financial Advisor	168,381
Payroll/Fringes	677,625
Pension Expense	(11,776)
Bond Issuance Costs	1,001,805
Interest Expense	47,849,505
DMV Fees	71,429
Operating	139,240
Capital Outlay	4,372
Project Related	422,592,038
Total	\$473,294,407

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2023):

Hampton Roads Transportation Fund (HRTF)
Total Project-Related Expenditures as of June 30, 2023

Project	Total
<i>I-64 Peninsula Widening</i>	
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 11,608,384
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703
UPC 109790/106689 - Segment 3 - PE	5,754,521
UPC 109790/106689 - Segment 3 - Construction	91,846,979
<i>I-64/264 Interchange Improvement</i>	
UPC 57048/108042 - Phase I - PE/ROW	15,071,063
UPC 57048/108042 - Phase I - Construction	122,235,275
UPC 17630/108041 - Phase II - PE/ROW	54,592,576
UPC 17630/108041 - Phase II - Construction	73,157,062
UPC 106693 - Phase III - PE & ROW	6,119,431
<i>I-64 Southside Widening/High-Rise Bridge</i>	
UPC 106692 - Phase I - PE	12,189,098
UPC 106692/108990 - Phase I - ROW/Construction	360,673,832
<i>I-64 HRBT Expansion Project</i>	
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	1,627,306,147
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	116,275,040
<i>HRELN Segment 1 Phase 1 PE - UPC</i>	
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500
UPC 117839 - Segment 4A/4B Phase 1 - PE	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	6,062,743
UPC 119637 - Segment 1A - PE/ROW/Construction	2,671,455
UPC 120863 - Segment 1B - PE/ROW/Construction	1,636,100
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	1,827,276
UPC 119638 - Segment 4C - PE/ROW/Construction	57,817,978
UPC122714 - I-464/I-64 Full Interchange Access	-
<i>HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS</i>	28,800,287
<i>460/58/13 Connector Study - UPC 106694 - PE</i>	1,095,368
<i>Bowers Hill Interchange Study - UPC 111427</i>	5,905,879
<i>HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)</i>	5,418,917
Total	2,779,163,037

Allocations

Project allocations as of June 30, 2023 are provided in detail below (inception through June 30, 2023):

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30, 2023

Project	Total FY2014 - FY2022	Total YTD FY2023	Total
<i>I-64 Peninsula Widening</i>			
UPC 104905 - Segment 1 - Construction	\$ 11,608,385	\$ -	\$ 11,608,385
UPC 106665 - Segment 2 - PE/ROW/Construction	175,832,897	(16,273,194)	159,559,703
UPC 109790/106689 - Segment 3 - PE	10,000,000	-	10,000,000
UPC 109790/106689 - Segment 3 - Construction	112,893,996	-	112,893,996
<i>I-64/264 Interchange Improvement</i>			
UPC 57048/108042 - Phase I - PE/ROW	15,071,063	-	15,071,063
UPC 57048/108042 - Phase I - Construction	137,023,653	-	137,023,653
UPC 17630/108041 - Phase II - PE/ROW	54,592,576	-	54,592,576
UPC 17630/108041 - Phase II - Construction	73,157,062	-	73,157,062
UPC 106693 - Phase III - PE & ROW	10,000,000	(2,500,000)	7,500,000
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	-	2,500,000	2,500,000
<i>I-64 Southside Widening/High-Rise Bridge</i>			
UPC 106692 - Phase I - PE	12,200,000	-	12,200,000
UPC 106692/108990 - Phase I - ROW/Construction	419,756,220	-	419,756,220
<i>I-64 HRBT Expansion Project</i>			
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	3,004,569,251	-	3,004,569,251
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	548,900,330	-	548,900,330
<i>HRELN Segment 1 Phase 1 PE - UPC</i>			
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500	-	5,621,500
UPC 117839 - Segment 4A/4B Phase 1 - PE	5,916,425	-	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	15,421,200	(9,358,457)	6,062,743
UPC 119637 - Segment 1A - PE/ROW/Construction	12,079,075	80,000,490	92,079,565
UPC 120863 - Segment 1B - PE/ROW/Construction	5,860,180	-	5,860,180
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	12,421,553	(6,346,915)	6,074,638
UPC 119638 - Segment 4C - PE/ROW/Construction	14,203,800	392,949,511	407,153,311
UPC122714 - I-464/I-64 Full Interchange Access	-	-	-
HRCS Preferred Alternative Refinement - HRBT - UPC 110577 - SEIS	30,000,000	-	30,000,000
460/58/13 Connector Study - UPC 106694 - PE	1,095,368	-	1,095,368
Bowers Hill Interchange Study - UPC 111427	7,904,630	-	7,904,630
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)	7,000,000	-	7,000,000
Total	\$ 4,703,129,164	\$ 440,971,435	\$ 5,144,100,599