Agenda Item 5C
Consent Item

To: Chair West and the other members of HRTAC

From: Kevin B. Page, Executive Director

Date: June 20, 2024

Re: HRTAC FY2025-FY2030 Plan of Finance Updates – Six Year Operating and Capital Program of Projects for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund

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Recommendation:

The Finance Committee recommends that the Commission approve the proposed HRTAC FY2025-FY2030 Plan of Finance Updates – Six Year Operating and Capital Program of Projects for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund.

Background:

At the April 18, 2024 Commission Meeting, the Commission endorsed the HRTAC FY2025-FY2030 Plan of Finance Updates – Six Year Operating and Capital Program of Projects for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund and authorized the Executive Director to conduct a public hearing on the Proposed HRTAC FY2025 Administrative and Project Development Budget. Following the Commission meeting, VDOT provided an adjusted revenue forecast relating to the Hampton Roads Transportation Fund (Hampton Roads Regional Transit Fund estimated revenues remained unchanged). HRTAC's Financial Advisors, Asset Manager, and Executive Director worked to update the endorsed FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects incorporating the updated revenue estimate and included the updated information in the public hearing materials provided at the June 10, 2024 public hearing. The modifications to incorporate the updated information only affect the accumulated carryover balances from year to year. The Public Hearing was conducted on June 10, 2024 and no one from the public provided comments. At the June 20, 2024 Finance Committee meeting, the Finance Committee reviewed the updated revenue estimate and endorsed the FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects with the adjusted revenue estimate and endorsed the update and recommended to the Commission for approval.

Fiscal Impact:

For Highway Congestion Relief Projects - Once adopted, the proposed FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects updates the funding plan for the Commission to provide $7,261 million (a $34 million decrease to the Approved FY2024-FY2030 Plan of Finance Update to support the Hampton Roads Express Lanes Network and advance projects in the Plan) for highway regional high priority congestion relief projects FY2014 through FY2030.

For Hampton Roads Regional Transit Fund Projects - Once adopted, the proposed FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects updates the funding plan for the Commission to provide $333.0 million (a $20 million decrease to the Approved FY2024-FY2030 Plan of Finance Update) for transit regional high priority projects FY2021 through FY2030.

Suggested Motion:

Motion: The Commission approves the enclosed version of the Proposed HRTAC FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund.

Hampton Roads Transportation Accountability Commission

Agenda Item 5C

June 20, 2024

Updated HRTF Revenue Performance and Projections

- **Year-to-Date FY 2024 Actual:** $189.5 million as of June 1, 2.6% higher than the same period in FY 2023.

- **Near-Term Projections (FY 2024 – FY 2030):** after the April Commission meeting, a new FY 2024-FY 2030 forecast was provided by the Virginia Department of Taxation. The aggregate sales and uses revenues through FY 2030 is lower by $97.6 million.

	Previous Forecast (Dec 2023)			Current Forecast			Difference		
in millions	Sales Tax	Fuels Tax	Total	Sales Tax	Fuels Tax	Total	Sales Tax	Fuels Tax	Total
FY 2024	$185.7	$64.2	$249.9	$185.7	$64.2	$249.9	$0.0	$0.0	$0.0
FY 2025	$195.1	$66.5	$261.6	$188.5	$66.5	$255.0	($6.6)	$0.0	($6.6)
FY 2026	$212.8	$68.9	$281.7	$196.2	$68.9	$265.1	($16.6)	$0.0	($16.6)
FY 2027	$221.3	$70.8	$292.1	$203.9	$70.8	$274.7	($17.4)	$0.0	($17.4)
FY 2028	$229.6	$72.8	$302.4	$211.4	$72.8	$284.2	($18.2)	$0.0	($18.2)
FY 2029	$237.8	$74.8	$312.6	$218.8	$74.8	$293.6	($19.0)	$0.0	($19.0)
FY 2030	$245.6	$76.7	$322.3	$225.8	$76.7	$302.5	($19.8)	$0.0	($19.8)
Total	$1,527.9	$494.7	$2,022.6	$1,430.3	$494.7	$1,925.0	($97.6)	$0.0	($97.6)

- **Long-Term Projections (after FY 2030):** the growth rate assumption based on historical actuals and the near-term forecast (consistent methodology utilized previously) is lowered from 4.49% to 3.98%. As a result, the aggregate HRTF revenues through FY 2040 and through FY 2045 are lower by $434 million and $735 million, respectively.

Impacts on the FY 2025-2030 SYIP - Revenue Adjustment

- FY 2025-FY 2030 SYIP – High Priority Regional Congestion Relief Projects
  - Funded projects and delivery timing remain unchanged
  - No changes in the required amount of debt financing
  - HRTF liquidity remains sufficient
  - There is no impact to the Hampton Roads Regional Transit Fund

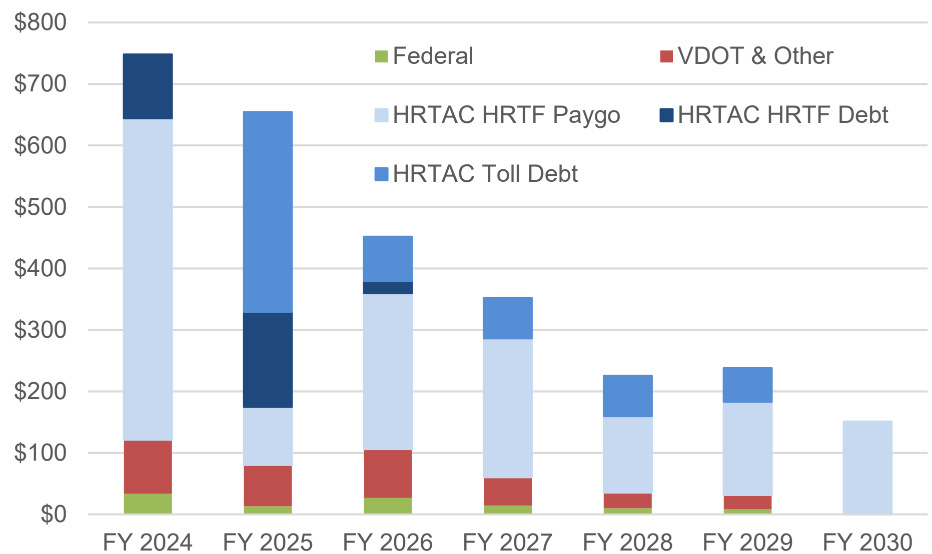
FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects, and Related FY2025 Schedule of Debt Service – With Adjusted Revenue Estimate

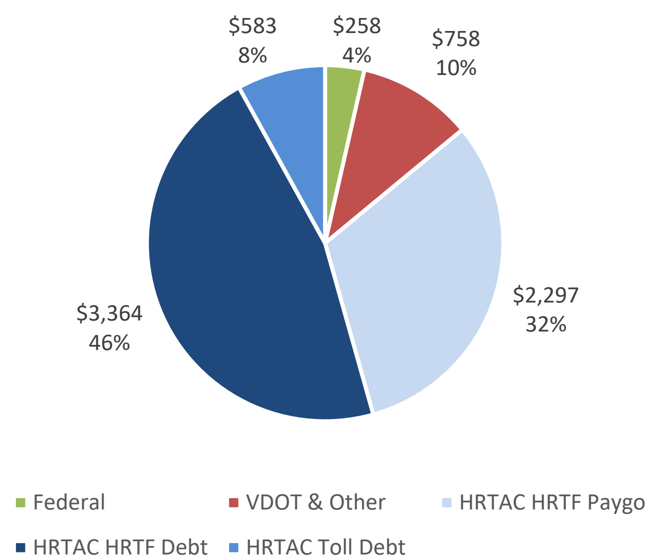
Highway Regional Priority Projects (in $MM)

Highway Regional Priority Projects Costs and Expenses

	Prior Years	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total	**HRTAC HRTF Paygo**	**HRTAC HRTF Debt**	**HRTAC Toll Debt**	**VDOT & Other**	**Federal**
Admin & Project Development Costs	$27	$8	$7	$7	$7	$7	$7	$8	$78	$78				
I-64 Peninsula Widening	$515								$515		$294		$221	
I-64/I-264 Interchange Improvement	$352								$352		$280		$72	
I-64 Southside/High Rise Bridge	$527								$527		$432		$95	
Project Development(1)	$50								$50	$50				
HRBT	$2,829	$532	$369	$32					$3,762	$1,161	$2,056	$345		$200
HRELN(2)	$132	$202	$269	$327	$201	$87	$71		$1,289	$395	$302	$238	$296	$58
I-64/Denbigh Boulevard Interchange(3)	$1	$4	$8	$19	$26	$20	$19	$4	$100	$26			$74	
I-264/Independence Boulevard Interchange(3)	$0	$1	$1	$4	$4	$4	$33	$59	$105	$105				
I-264/I-64 Phase III-A	$6	$2	$1	$64	$115	$107	$107	$80	$482	$482				
Total	$4,440	$748	$655	$452	$352	$225	$238	$151	$7,261	$2,297	$3,364	$583	$758	$258

(1) Include $11.9M Bower's Hill IAR
(2) Include $2.5M I-64/I-464 Interchange IAR
(3) Costs after FY 2031 are not shown.





HRTF Cash Flow (with adjusted HRTF revenue estimates)

	Prior Years	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenues									
HRTF Tax Revenues:									
Sales Tax	$1,471,622,519	$185,700,000	$188,500,000	$196,200,000	$203,900,000	$211,400,000	$218,800,000	$225,800,000	$2,901,922,519
Fuels Tax	$474,085,636	$64,200,000	$66,500,000	$68,900,000	$70,800,000	$72,800,000	$74,800,000	$76,700,000	$968,785,636
Total	$1,945,708,155	$249,900,000	$255,000,000	$265,100,000	$274,700,000	$284,200,000	$293,600,000	$302,500,000	$3,870,708,155
Investment Revenues:									
Interest Income	$9,847,664	$691,571	$1,178,005	$1,004,280	$931,411	$969,436	$942,764	$955,386	$16,520,517
Investment Income	$93,449,584	$16,804,869	$19,351,625	$20,220,530	$15,802,702	$13,417,419	$14,700,791	$15,355,711	$209,103,231
Total	$103,297,247	$17,496,440	$20,529,630	$21,224,810	$16,734,113	$14,386,855	$15,643,555	$16,311,097	$225,623,747
Total Revenues	*$2,049,005,402*	*$267,396,440*	*$275,529,630*	*$286,324,810*	*$291,434,113*	*$298,586,855*	*$309,243,555*	*$318,811,097*	*$4,096,331,902*
Payments									
HRTF Debt Payments:	$232,162,982	$52,240,100	$73,422,754	$84,190,432	$112,790,120	$114,624,982	$115,220,914	$120,834,531	$905,486,814
HRTF Subordinate Lien DSRF - Ongoing Deposit			$678,878	$290,909		$1,183,840	$983,462	$1,021,826	$4,158,916
HRTF Admin & Proj. Dev. Budget	$26,848,859	$8,086,517	$6,606,968	$6,772,142	$6,941,446	$7,114,982	$7,488,519	$7,881,666	$77,741,099
HRTF Operating Reserve Fund Deposit (Release)	$8,895,168	-$1,627,503	$181,692	$186,234	$190,890	$410,890	$432,462	$455,166	$9,124,999
Total	$35,744,027	$6,459,013	$6,788,660	$6,958,376	$7,132,336	$7,525,872	$7,920,981	$8,336,832	$86,866,097
Paygo Allocation to Highway Projects	$745,946,500	$514,900,941	$87,874,531	$246,776,284	$219,099,107	$117,219,316	$144,207,268	$143,226,866	$2,219,250,813
Paygo Payments to Financing Costs:									
Toll TIFIA DSRF - Initial Deposit							$39,309,391		$39,309,391
Tolling M&R Reserve - Initial Deposit					$9,000,000				$9,000,000
Toll Revenue Stabilization Fund							$10,000,000		$10,000,000
HRTF TIFIA DSRF - Initial Deposit		$24,439,620			$54,600,237				$79,039,857
2021 Successor Loan Reimbursement	-$100,270,061								-$100,270,061
2018A Cash Defeasance	$412,791,056								$412,791,056
Total	$312,520,996	$24,439,620			$63,600,237		$49,309,391		$449,870,243
Total Payments	*$1,317,479,337*	*$598,039,674*	*$168,764,822*	*$338,216,001*	*$402,621,799*	*$240,554,010*	*$317,642,016*	*$273,420,054*	*$3,665,632,882*
HRTF Cash Unobligated									
Annual Deposit (Draws)		-$330,643,234	$106,764,808	-$51,891,191	-$111,187,686	$58,032,845	-$8,398,461	$45,391,043	$430,699,020
Carry Over from Prior Year		$722,630,897	$391,987,663	$498,752,471	$446,861,280	$335,673,593	$393,706,439	$385,307,978	
Ending Balance	$722,630,897	$391,987,663	$498,752,471	$446,861,280	$335,673,593	$393,706,439	$385,307,978	$430,699,020	

**Fund balances are identified annually and will be used for maintaining balances coverage and unanticipated and future obligations.*

Toll Revenue Cash Flow (as presented at the April 2024 meeting)

	Prior Years	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenues						
Gross Revenues		$21,184,155	$37,062,781	$42,838,646	$46,421,775	$147,507,357
Investment Earnings			$142,960	$200,020	$251,131	$594,111
Total Revenues		*$21,184,155*	*$37,205,742*	*$43,038,665*	*$46,672,905*	*$148,101,467*
Payments						
Tolling O&M Expenditure		$11,287,434	$14,145,199	$16,300,083	$16,849,573	$58,582,289
Tolling O&M Reserve Deposit			$714,441	$538,721	$137,373	$1,390,535
Debt Service Fund - Mandatory						
Debt Service Fund - Scheduled				$7,910,412	$21,858,016	$29,768,428
TIFIA DSRF Deposit					$865,335	$865,335
Tolling M&R Reserve		$2,474,180	$5,586,525	$4,572,362	$6,266,348	$18,899,416
VDOT Repayment Fund					$696,261	$696,261
Total Payments		*$13,761,614*	*$20,446,166*	*$29,321,579*	*$46,672,905*	*$110,202,263*
Toll Revenues Unobligated						
Annual Deposit(Draws)		$7,422,541	$16,759,576	$13,717,087		$37,899,204
Carry Over from Prior Year			$7,422,541	$24,182,117	$37,899,204	
Ending Balance		$7,422,541	$24,182,117	$37,899,204	$37,899,204	

FY 2025 HRTF Scheduled Debt Service

FY2025 Scheduled Debt Service	
CATEGORY	**Debt Service**
SOURCE OF FUNDS	
HRTF Revenues - Commonwealth of Virginia	$73,422,754
Capitalized interest on hand at Trustee - 2023A BAN[1]	$7,050,000
Addition to Principal of TIFIA 20211008A Loan[2]	$15,286,807
	$95,759,561
PRINCIPAL PAYMENTS	
2018A Revenue Bonds	$4,745,000
TIFIA Loan 20211010A	$2,369,266
TOTAL PRINCIPAL PAYMENTS	**$7,114,266**
INTEREST PAYMENTS	
2018A Revenue Bonds	$6,796,250
2020A Revenue Bonds	$28,228,700
2022A Revenue Bonds	$17,215,150
2023A Bond Anticipation Notes	$7,050,000
2024A Revenue Bonds (estimated)[3]	$4,488,313
TIFIA Loan 20211010A	$9,580,075
INTEREST PAYMENTS	**$73,358,488**
Interest Added to Principal Balance of TIFIA Loan 20211008A	$15,286,807
TOTAL INTEREST	**$88,645,295**
TOTAL SCHEDULED DEBT SERVICE	**$95,759,561**

1. *Paid by the 2023A BAN's proceeds, not by FY 2025 HRTF Revenues*
2. *Accrued interest, not paid by FY 2025 HRTF Revenues*
3. *2024A Bonds to be issued, estimated amount*

FY2025-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects – Hampton Roads Regional Transit Fund

HRRTF Revenue Historical Performance & Forecast

- As of April 1, 2024, HRTAC has received $28.0 million in HRRTF for FY 2024, 3.6% lower than the same period in FY 2023.

Fiscal Year	Grantor's Tax	YoY	Transient Occupancy Tax	YoY	Total*	YoY
2021	$7.6		$1.5		$29.0	
2022	$9.4	24.8%	$8.4	470.4%	$37.8	30.3%
2023	$6.8	-27.6%	$9.7	15.1%	$36.5	-3.5%
YTD 2024	$2.7	-27.7%	$5.3	-0.2%	$28.0	-3.6%

in millions

- In December 2023, Virginia Department of Taxation updated the HRRTF revenue forecast through FY 2030, the revised forecast now indicates higher revenue driven by Transient Occupancy Tax growth.

	Previous Forecast			Actual & Current Forecast			Difference		
in millions	Grantor's Tax	Transient Occupancy Tax	Total*	Grantor's Tax	Transient Occupancy Tax	Total*	Grantor's Tax	Transient Occupancy Tax	Total*
FY 2023	$7.4	$11.2	$38.6	$6.8 (act.)	$9.7 (act.)	$36.5 (act.)	($0.6)	($1.5)	($2.1)
FY 2024	$6.3	$11.0	$37.3	$5.8	$12.0	$37.8	($0.5)	$1.0	$0.5
FY 2025	$6.5	$11.2	$37.7	$6.0	$12.2	$38.2	($0.5)	$1.0	$0.5
FY 2026	$6.8	$11.4	$38.2	$6.3	$12.5	$38.8	($0.5)	$1.1	$0.6
FY 2027	$7.1	$11.7	$38.8	$6.5	$12.7	$39.2	($0.6)	$1.0	$0.4
FY 2028	$7.4	$11.9	$39.3	$6.8	$13.0	$39.8	($0.6)	$1.1	$0.5
FY 2029	$7.4	$12.1	$39.5	$6.8	$13.2	$40.0	($0.6)	$1.1	$0.5
FY 2030	$7.4	$12.4	$39.8	$6.8	$13.5	$40.3	($0.6)	$1.1	$0.5

**Includes $20 million annual Recordation Tax*

Transit Regional Priority Projects (in $MM)

Transit Regional Priority Projects Costs and Expenses*	Prior Years	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Admin & Project Development Costs	$0.62	$0.28	$0.36	$0.37	$0.39	$0.41	$0.43	$0.46	$3.33
Transit Bus Expansion Project (Group A&B)	$13.69	$0.77							$14.46
Transit Bus Expansion		$2.94	$2.20	$0.65					$5.78
Bus Stop Amenity Program	$3.27								$3.27
Regional Transit System Technology	$0.60								$0.60
Net Center Replacement	$0.06								$0.06
New Bus Operating Facility - Southside	$8.31	$11.51	$22.85	$4.45					$47.12
Robert Hall Transfer Center Replacement	$0.10		$0.50	$1.81					$2.41
Evelyn T. Butts Project	$0.10	$4.50	$4.00						$8.60
RTS Operations and Maintenance	$11.52	$25.98	$25.31	$27.84	$30.62	$33.68	$35.87	$38.20	$229.02
RTS Development and Support Services	$1.92								$1.92
Bus Amenity Program	$5.33	$1.07	$2.75	$3.52	$1.79				$14.46
Paratransit Fleet	$0.47								$0.47
Non-Revenue Fleet	$0.95	$0.33	$0.01						$1.29
Orcutt Transfer Center			$0.26						$0.26
Total	$46.92	$47.37	$58.23	$38.64	$32.80	$34.10	$36.31	$38.66	$333.03

Funding Sources	Prior Years	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
HRTAC HRRTF	$46.92	$47.37	$58.23	$38.64	$32.80	$34.10	$36.31	$38.66	$333.03

*Include a funding application presented to HRTAC for FY 2025 funds and projected Operation and Maintenance costs in future years

HRRTF Cash Flow

	Prior Years	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Revenues									
Grantor's Tax	$23,806,719	$5,800,000	$6,000,000	$6,300,000	$6,500,000	$6,800,000	$6,800,000	$6,800,000	$68,806,719
Transient Occupancy Tax	$19,526,651	$12,000,000	$12,200,000	$12,500,000	$12,700,000	$13,000,000	$13,200,000	$13,500,000	$108,626,651
Recordation Tax Transfer	$60,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$200,000,000
Total	$103,333,370	$37,800,000	$38,200,000	$38,800,000	$39,200,000	$39,800,000	$40,000,000	$40,300,000	$377,433,370
HRRTF Investment Revenues:									
HRRTF Interest Income	$2,654,800	$104,610	$115,845	$74,186	$91,862	$97,199	$112,152	$110,557	$3,361,210
HRRTF Investment Income		$2,536,153	$1,941,768	$1,454,022	$1,514,685	$1,401,548	$1,879,231	$2,054,228	$12,781,634
Total	$2,654,800	$2,640,763	$2,057,613	$1,528,207	$1,606,547	$1,498,747	$1,991,382	$2,164,785	$16,142,844
Total Revenues	*$105,988,170*	*$40,440,763*	*$40,257,613*	*$40,328,207*	*$40,806,547*	*$41,298,747*	*$41,991,382*	*$42,464,785*	*$393,576,214*
Payments									
HRRTF Admin & Proj. Dev. Budget	$619,772	$281,885	$355,825	$373,956	$393,025	$413,081	$434,176	$456,363	$3,328,083
Paygo Allocation for Transit Projects	$62,204,625	$47,088,235	$57,873,920	$38,269,700	$32,411,470	$33,683,617	$35,873,052	$38,204,800	$345,609,420
Deallocated Funding Returned	-$15,905,936								-$15,905,936
Total Payments	*$46,918,461*	*$47,370,120*	*$58,229,745*	*$38,643,656*	*$32,804,495*	*$34,096,698*	*$36,307,228*	*$38,661,163*	*$333,031,566*
HRRTF Cash Unobligated									
Annual Deposit (Draws)		-$6,929,357	-$17,972,132	$1,684,551	$8,002,052	$7,202,049	$5,684,155	$3,803,621	$60,544,648
Carry Over from Prior Year		$59,069,709	$52,140,352	$34,168,220	$35,852,771	$43,854,823	$51,056,872	$56,741,026	
Ending Balance	$59,069,709	$52,140,352	$34,168,220	$35,852,771	$43,854,823	$51,056,872	$56,741,026	$60,544,648	

THANK YOU

HRTAC
Hampton Roads Transportation Accountability Commission