



Fiscal Year 2024 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund

Hampton Roads Transportation Accountability Commission
723 Woodlake Drive
Chesapeake, Virginia 23320
www.hrtac.org

Executive Summary

Item 1.I. of Chapter 2 of the Acts of Assembly of the 2024 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 FY2024, 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 \$7.261 billion FY2024 through FY2030 Funding Plan Update and its \$11.57 billion Long-Range Funding Plan Update through FY2045; further advanced project development and construction with VDOT supported by the Hampton Roads Transportation Fund ('HRTF'). HRTAC also advanced project agreements with the Transportation District Commission of Hampton Roads (Hampton Roads Transit) supported by the Hampton Roads Regional Transit Fund ('HRRTF'). The major work activity of FY2024 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, \$5.3 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. 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.

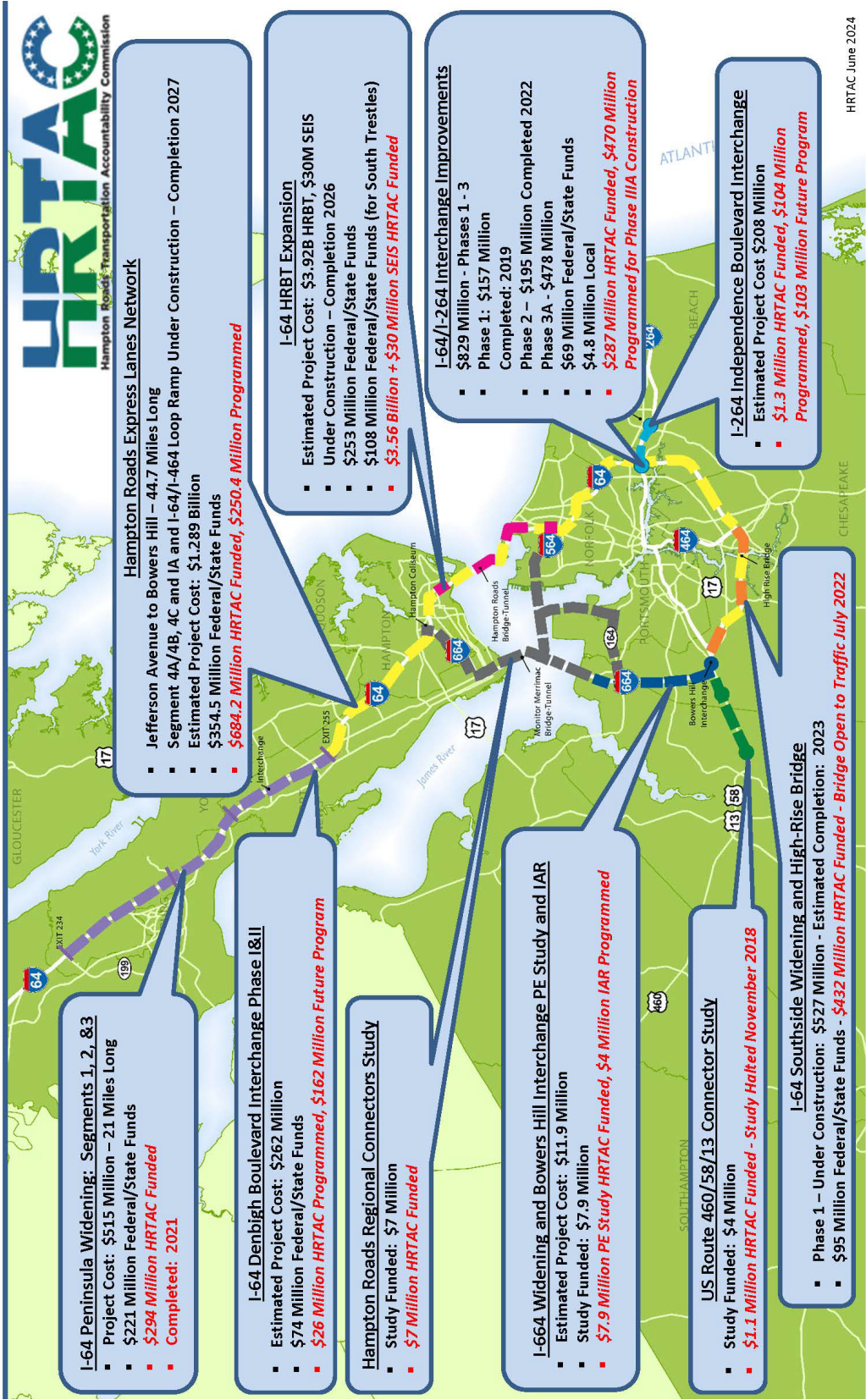
F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, 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.

Hampton Roads Regional Transportation Priority Projects

\$5.3 Billion HRTAC Funded Under Construction



HRTAC June 2024

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).

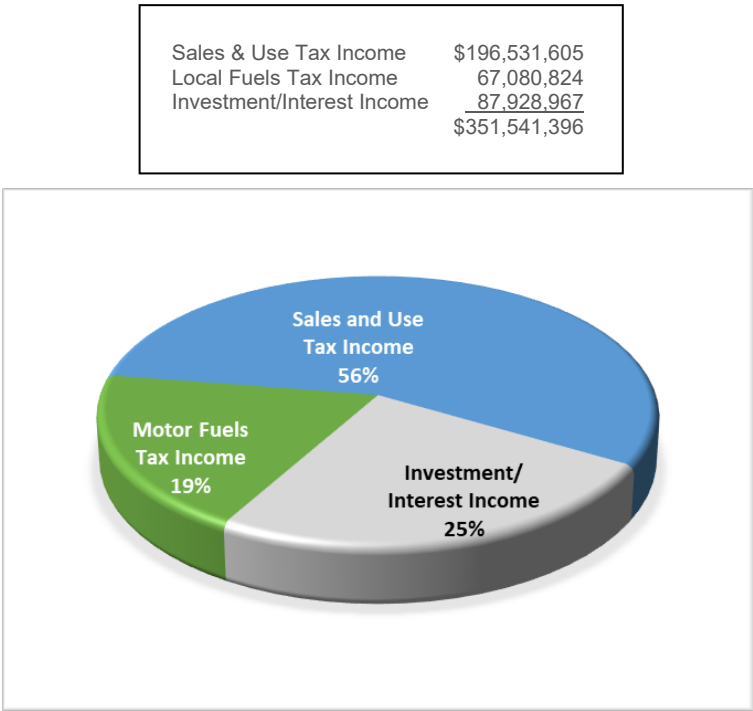
Local Fuels Tax

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, 2023, through June 30, 2024, the regional tax per gallon of gasoline and gasohol was 8.7 cents (and 8.8 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 2024 totaled \$351.5 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 \$1.6 billion including bond proceeds, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2024



Expenditures

From July 1, 2023 through June 30, 2024, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 945,029
Investment Fees	427,781
HRPDC/HRTPO Assistance	124,803
Financial Advisor	124,302
Payroll/Fringes	727,747
Pension Expense	(25,241)
Bond Issuance Costs	882,190
Interest Expense	48,277,225
DMV Fees	38,222
Operating	1,300,184
Capital Outlay	10,201
Project Related	551,283,744
Total	\$ 604,116,187

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2024):

Hampton Roads Transportation Fund (HRTF)
Total Project-Related Expenditures as of June 30, 2024

Project	Total
I-64 Peninsula Widening	
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	5,762,848
UPC 109790/106689 - Segment 3 - Construction	91,887,556
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound - Design/ROW	1,032,299
I-64/264 Interchange Improvement	
UPC 57048/108042 - Phase I - PE/ROW	15,071,063
UPC 57048/108042 - Phase I - Construction	125,024,039
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	7,484,554
I-64 Southside Widening/High-Rise Bridge	
UPC 106692 - Phase I - PE	12,189,098
UPC 106692/108990 - Phase I - ROW/Construction	355,441,980
I-64 HRBT Expansion Project	
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	1,985,096,067
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	227,755,669
HRELN Segment 1 Phase 1 PE - UPC	
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	2,708,292
UPC 120863 - Segment 1B - PE/ROW/Construction	2,841,379
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	12,229,024
UPC 119638 - Segment 4C - PE/ROW/Construction	124,231,140
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	928,675
HRCS Preferred Alternative Refinement - HRBT - UPC 110577 - SEIS	28,800,287
460/58/13 Connector Study - UPC 106694 - PE	1,095,368
Bowers Hill Interchange Study - UPC 111427	7,013,201
UPC 122761 - I-264 Independence Blvd Interchange IAR	335,848
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)	7,000,000
Total	\$ 3,330,446,780

Allocations

Project allocations as of June 30, 2024 are provided in detail below (inception through June 30, 2024):

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30, 2024

Project	Total FY2014 - FY2023	FY 2024 YTD	Total
I-64 Peninsula Widening			
UPC 104905 - Segment 1 - Construction	\$ 11,608,385	\$ -	\$ 11,608,385
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703	-	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
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound	-	26,643,026	26,643,026
I-64/264 Interchange Improvement			
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	7,500,000	-	7,500,000
I-64 Southside Widening/High-Rise Bridge			
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-64 HRBT Expansion Project			
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
Hampton Roads Express Lanes Network (HRELN)			
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	6,062,743	-	6,062,743
UPC 119637 - Segment 1A - PE/ROW/Construction	92,079,565	-	92,079,565
UPC 120863 - Segment 1B - PE/ROW/Construction	5,860,180	-	5,860,180
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	6,074,638	130,536,856	136,611,494
UPC 119638 - Segment 4C - PE/ROW/Construction	399,153,311	-	399,153,311
UPC 122999 - Transportation Management Plan	8,000,000	-	8,000,000
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	2,500,000	-	2,500,000
UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements	-	15,380,374	15,380,374
UPC 110577 - SEIS - HRCS Preferred Alternative Refinement - HRBT	30,000,000	-	30,000,000
UPC 106694 - 460/58/13 Connector Study - PE	1,095,368	-	1,095,368
UPC 111427 - Bowers Hill Interchange Study	7,904,630	4,000,000	11,904,630
UPC 122761 - I-264 Independence Blvd Interchange IAR	1,250,000	-	1,250,000
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)	7,000,000	-	7,000,000
Total	\$ 5,145,350,599	\$ 176,560,256	\$ 5,321,910,855