

September 27, 2017

The Honorable Timothy D. Hugo
Chair, Joint Commission on Transportation Accountability
P.O. Box 893
Centreville, Virginia 20122

The Honorable Frank W. Wagner
Vice Chair, Joint Commission on Transportation Accountability
P.O. Box 68008
Virginia Beach, Virginia 23471

Dear Gentlemen:

Item 1 of Chapter 780 of the 2016 Session of the General Assembly included the requirement that the Joint Commission on Transportation Accountability (JCTA) shall regularly review, and provide oversight of the usage of funding generated pursuant to the provisions of HB 2313 (2013 Session of the General Assembly). To meet this requirement, the Hampton Roads Transportation Accountability Commission (HRTAC) and the Virginia Department of Transportation (VDOT) have prepared the attached report to inform the JCTA on the uses of the Hampton Roads Transportation Fund (HRTF) for Fiscal Year 2017. At its meeting on September 21, 2017, the HRTAC Board approved for submission the report titled, Fiscal Year 2017 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund.

If you have any questions or need additional information, please feel free to contact me.

Sincerely,



Kevin B. Page
Executive Director

Attachment
Cc: HRTAC Chair Michael J. Hipple



Fiscal Year 2017 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 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 FY2017, HRTAC took actions and executed project agreements with the Virginia Department of Transportation (VDOT) to accelerate projects through advancing project readiness, financing, and program delivery. During the fiscal year, HRTAC issued its Draft Short Term Six Year Funding Plan FY2018 through FY2023 and its Draft Long Range Funding Plan through FY2040, received uncontested bond validation, and advanced programming of construction of nearly \$1.6 billion total value construction projects with VDOT. Of the total project costs, \$1.23B is sourced by HRTAC controlled monies. The Smart Scale Program has provided \$295M towards HRTAC projects including the I-64 Peninsula Widening Segment 3 Project (\$145M), I-64 Southside Widening Including High Rise Bridge Project (\$100M Smart Scale), and Phase 2 of the I-64/I-264 Interchange Project (\$50M Smart Scale). Figure 1 provides a graphic showing the locations and the activities of the HRTAC funded projects. During FY2017, HRTAC spent \$78,113,800. Since its inception, HRTAC has spent \$111,292,828 towards projects.

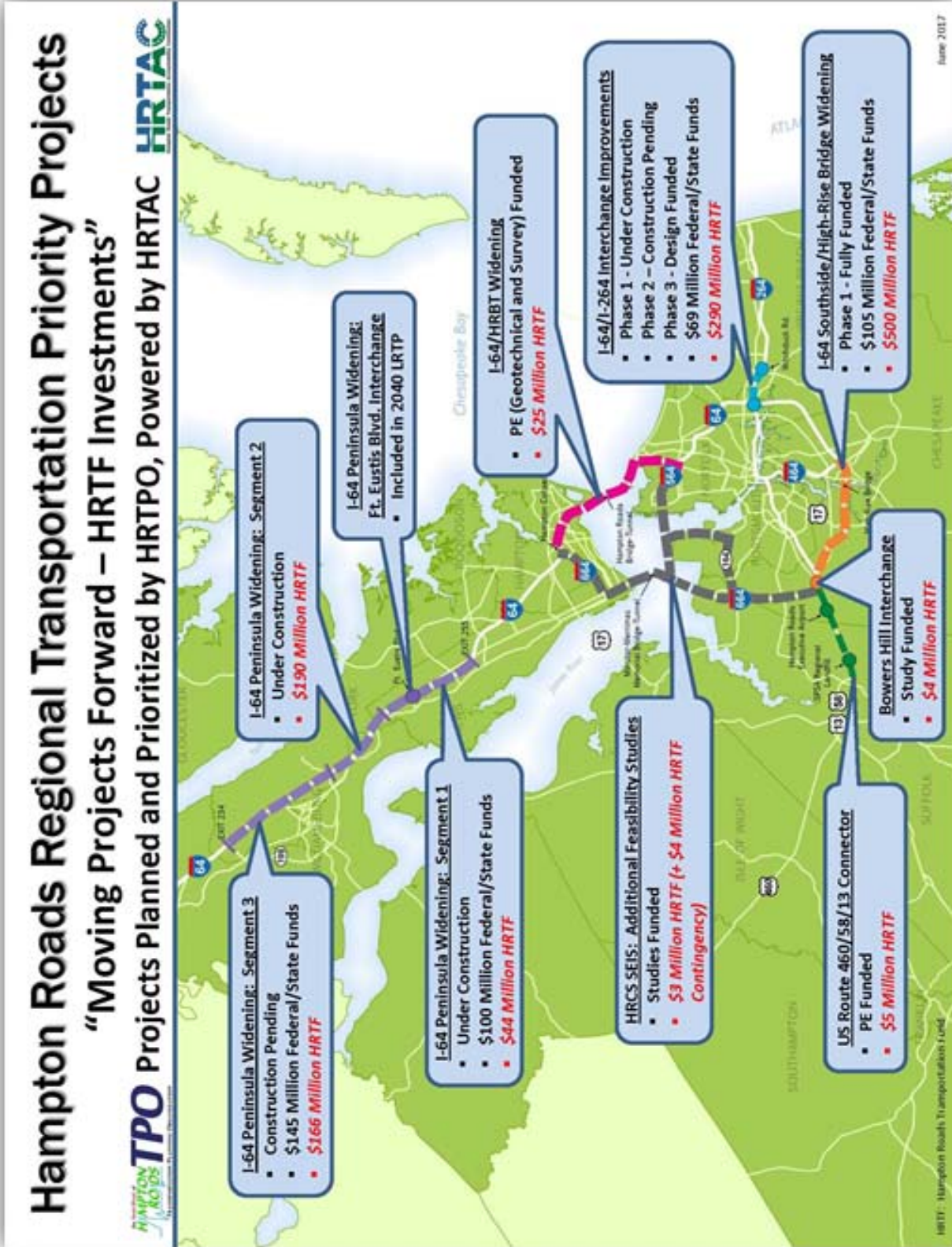


Figure 1 – Activities of HRTAC/HRTF Funded Projects

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

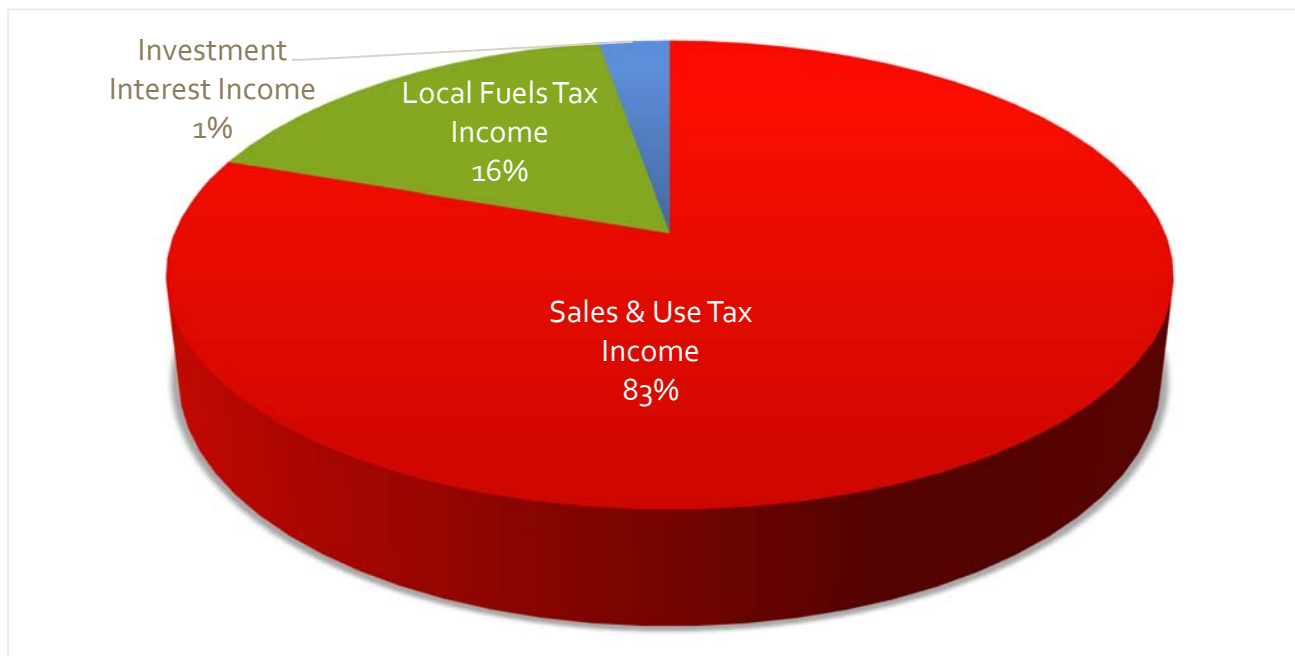
In Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. These funds were also dedicated to the HRTF.

Total Collections

Revenue collected from the Region's Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2017 totaled \$157.8 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections.

Figure 2 - HRTAC Revenue Collections FY2017

Sales & Use Tax Income	\$131,472,531
Local Fuels Tax Income	25,031,995
Investment/ Interest Income	<u>1,272,608</u>
	\$157,777,134



Expenditures

July 1, 2016 Through June 30, 2017, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$182,996
Investment Fees	282,887
HRPDC/HRTPO Assistance	66,146
Financial Advisor	160,621
Payroll	327,361
Operating	73,112
Project Related	77,020,677
Total	\$78,113,800

HRTAC project related expenditures detail, inception through June 30, 2017:

Description	Amount
I-64 Peninsula Segment 1	\$1,544,503
I-64 Peninsula Segment 2	49,326,465
I-64/264 Interchange Improvement PE/ROW	24,549,786
I-64/264 Interchange Improvements PE/ROW	8,941,701
I-64/264 Interchange Improvements Construction - Phase 1	17,353,214
I-64 Southside High Rise Bridge Phase 1	9,577,159
Total	\$111,292,828

Year-end cash balances of the HRTAC totaled \$507.7 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, 2016 through June 30, 2017, HRTAC approved an allocation of \$151.7 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, 2017 are provided in detailed below.

Hampton Roads Transportation Fund (HRTF)
Total Allocations as of June 30 2017

Project	Total FY2014 - FY 2016	Total FY2017	Total
<i>I-64 Peninsula Widening</i>			
- UPC 104905 (Segment 1) – Construction	\$ 44,000,000	\$ 0	\$ 44,000,000
- UPC 106665 (Segment 2) - PE & Construction	213,592,853	(23,885,178)	189,707,675
- UPC 106689 (Segment 3) – PE	10,000,000	0	10,000,000
- UPC 106689 (Segment 3) – ROW & Construction	0.00	156,376,066	156,376,066
<i>I-64/264 Interchange Improvement</i>			
- UPC 17630 - PE/ROW	54,592,576	0	54,592,576
- UPC 57048 - PE/ROW	15,071,063	0	15,071,063
- UPC 57048 - Construction Phase 1	137,023,653	0	137,023,653
- UPC 17630/108041 – Construction Phase 2	0.00	73,157,062	73,157,062
- UPC 106693 – PE – Phase 3	0.00	10,000,000	10,000,000
<i>Third Crossing - UPC 106724 – SEIS</i>	5,000,000	0	5,000,000
<i>Remaining Projects of Third Crossing – UPC 106724</i>	0.00	7,000,000	7,000,000
<i>HRCS – UPC 110577 – SEIS</i>	0.00	25,000,000	25,000,000
<i>I-64 Southside/High-Rise Bridge</i>			
- UPC 106692 – PE	20,000,000	0	20,000,000
<i>I-64 Southside/High-Rise Bridge</i>			
- UPC 106692 - ROW & Construction	580,000,000	(100,000,000)	480,000,000
<i>Route 460/58/13 Connector – UPC 106694 – PE</i>	5,000,000	0	5,000,000
Total	<u>\$ 1,084,280,145</u>	<u>\$ 147,647,950</u>	<u>\$ 1,231,928,095</u>