

Proposed “American Recovery and Reinvestment Act of 2009”

**House Appropriations Committee
January 21, 2009**

**David S. Ekern, P.E.
Commissioner
Department of Transportation**

A Rapidly Changing Environment

- **Sharply declining state revenues and unpredictable federal revenues – including gas, auto sales, recordation and insurance premium taxes**
- **Unusual mid-term correction**
 - Reduction in staffing and administration of transportation agencies
 - Review and potential reduction in service levels of all transportation agencies and providers
 - Deep, sustainable program reductions in addition to \$1.1 billion reductions last June
- **\$2.6 billion reduction in total state and federal revenues**
 - \$1.3 billion in net project reductions thus far
 - Additional project reductions are likely to follow as the December revenue reduction is addressed
- **State and federal revenue estimates will continue to change**

Revised Highway Program Strategy

- **Maximize use of federal funds**
- **Fund underway project phases as well as new project phases that start in FY 2009**
- **Fund projects already obligated to meet federal strategy for FY 2009**
- **Safety, bridges and reconstruction of existing infrastructure are highway priorities**

Revised Six Year Program Totals

- **The June 2008 approved FY 2009-2014 Six Year Improvement Program totaled \$10.6 billion:**

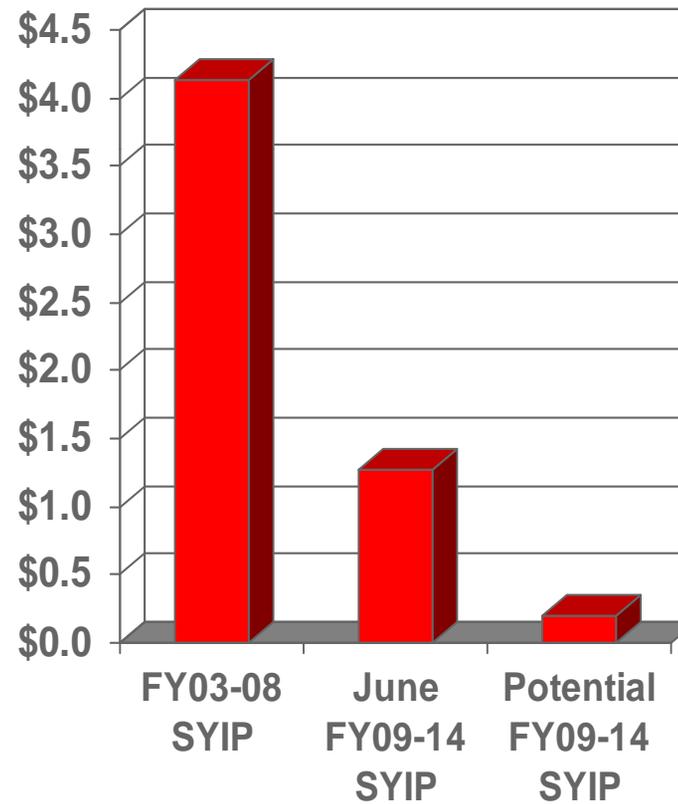
Highway	\$7.9 billion
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- **The reduction in revenues, federal authority reserve, and HB 3202 bond changes have reduced the Six Year Program by \$1.3 billion for a revised December draft total of \$9.3 billion:**

Highway	\$6.5 billion
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- **Additional reductions to the Program will be necessary to address \$400 million revenue reduction in December forecast**

VDOT: Six-Year Improvement Program January Revisions

Beginning in FY10, there will not be any state or federal funds being allocated through the state primary, secondary and urban construction formula

Primary, Secondary and Urban State Formula



(Figures in billions and constant dollars)

Six Year Improvement Program

CTB public hearing on February 5th; 6:30pm in Richmond

CTB adoption on February 19th

Effective elimination of primary, secondary and urban allocations

Interstate and federal-aid priorities

Complete existing phases of work (PE, ROW, CN)

Public-private partnerships

Rail, transit and highways synergies

Unmet maintenance needs

Bridge replacement

Pavement condition

Long term financial sustainability

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US House Appropriations

Draft Stimulus Bill Summary

- **The bill is a proposal for \$825 billion in spending increases and tax reductions intended to spur economic growth.**
- **The \$550 billion spending portion includes \$30 billion for highway construction.**
- **In most instances the distribution of this federal transportation funding occurs through existing federal funding formulas.**

Draft Stimulus Bill Summary

- **It is estimated that Virginia's share of highway funds is approximately \$700 to \$800 million.**
- **The federal share is proposed to be 100% and all federal regulations must be followed.**

Draft Stimulus Bill Summary

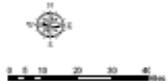
- **The bill proposes to use the existing allocation mechanism of the Surface Transportation Program (STP), which has federally mandated rules in place today.**
- **The broad funding allocations for Virginia are as follows:**
 - **70.2% Statewide**
 - **Sub-Allocations**
 - ✓ **4.5% Enhancement Program**
 - ✓ **14.3% MPO (Population > 200,000)**
 - ✓ **11.0% Metropolitan Planning Areas and Rural (Population > 5,000 but < 200,000 and < 5,000)**

Draft Stimulus Bill Summary

- **If less than 50% of a state's funding is under contract within 120 days, then the state will lose funding to other states that have contracted for more than 50% of their share.**
- **If the areas that receive sub-allocation funding cannot award more than 50% of their share within 90 days, their remaining funding will go back to the state.**
- **All funding must be obligated by states by August 1, 2010 or be subject to redistribution to other states. Sub-allocation funding must be obligated by July 1, 2010 or be subject to redistribution to the state.**

INTERSTATE AND PRIMARY PAVEMENT CONDITION - 2008

PAVEMENT CONDITION	CCI RATING	COLOR SCHEME
EXCELLENT	90 - 100	Blue
GOOD	70 - 89	Green
FAIR	60 - 69	Yellow
POOR	50 - 59	Pink
VERY POOR	0 - 49	Red



Denotes pavement sections 1) not maintained by VDOT
 2) overlaps with other sections 3) not rated

Note: Data was collected between December 2007 and March 2008

In Closing

- **VDOT highway priorities for a stimulus package are pavement and bridge rehabilitation, bridge replacement, PPTA projects, transportation technology improvements, and restoring projects that can no longer be funded in the Six Year Improvement Program for FY 2009-2014 due to the severe state and federal transportation revenue reductions of \$2.6 billion.**
- **The Department is aggressively seeking any and all additional federal funding. While \$700 to \$800 million in one-time funding is attractive, we are concerned with the deficit posture of the federal highway trust fund. Without a continuing federal funding source, Virginia could lose up to \$250 million annually in federal transportation revenues.**
- **We know that approximately \$3.4 billion is necessary to replace structurally deficient bridges and another one billion is necessary to address deficient pavements.**

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