



FY 2016 Recommended Budget Budget Question

Board Question #: 7

BUDGET QUESTIONS:

By year, how much have we received in fuel tax revenue for transportation? How much has been allocated and to what projects?

RESPONSE:

Attached is a spreadsheet showing several pieces of information related to transportation.

- **Section A** shows the amount received in fuel tax revenue and the purposes for which it was spent for FY 2010 through FY 2014. It also shows the fuel tax revenue and related expenditures projected for years FY 2015 through FY 2020. Note that the fuel tax balance is projected to reach \$700,000 in FY 2018. Because half of the annual subsidies are due at the beginning of each year, to ensure sufficient cash flow, staff recommends that the fuel tax balance not be reduced beyond \$700,000.
- In addition to the fuel tax balance, the Transportation Fund balance also supports transportation debt service. **Section B** shows the portion of projected out-year debt service that is anticipated to be funded by the Transportation Fund balance. Note that the transfer of the decal revenue and set-asides is assumed to resume in FY 2018.
- **Section C** shows the combined Transportation Fund balance projections from Section A and Section B. Note that the \$328,000 shown in FY 2020 is insufficient given the need to approximately \$700,000 at the beginning of each year to pay half-year subsidies.

The decal revenue (or another equivalent revenue source) will allow us to balance the Transportation Fund in FY 2018 and FY 2019. In FY 2020, even when the decal revenue is assumed, note that we will be nearly \$400,000 short of the \$700,000 fund balance staff recommends to maintain necessary cash flow for this fund (see figure circled at bottom right of attached.) In FY 2021, it is estimated we will be \$2 million short of balancing the fund, and the Transportation Fund balance will be fully depleted such that we do not have adequate cash flow to fund the first half of the FY 2022 subsidies.

In response to the question concerning the projects to which the fuel tax funding has been applied, we have not applied the fuel tax revenue directly to any particular project. Instead, as shown in Section A of the attachment, we have been using the fuel tax to fund Transportation positions, operating costs, FRED bus service, and debt service associated with capital projects for transportation purposes. The debt service stems from the sale of bonds in 2006, 2009, 2012 and 2013 and is associated with the following projects:

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- Mine/Lansdowne intersection improvements;
- Chancellor/Gordon intersection improvements;
- Smith Station/Piedmont intersection improvements;
- Mine/Hardwood/Campbell intersection improvements;
- Harrison/Kingswood/Beauclaire intersection improvements;
- Towles Mill Road;
- Lanes Corner Road;
- Unpaved roads ranked “poor” and “fair;”
- General engineering consultants for transportation purposes;
- Mine/Falcon/Spotsylvania intersection improvements;
- Smith Station/Courthouse intersection improvements;
- Harrison/Rt. 1 intersection improvements;
- Jones Powell hill improvement;
- Hickory Ridge/Rt. 1 intersection improvements;
- VRE station and parking areas; and
- Improvements to exits 118 and 126.

SECTION A

	Actuals						Projections					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Fuel Tax Receipts ¹	\$1,202,212	\$3,371,308	\$4,893,011	\$5,298,620	\$9,427,646	\$24,192,798	\$4,736,370	\$4,406,745	\$4,507,614	\$4,611,307	\$4,855,317	\$4,954,585
<u>Uses</u>												
Subsidies ²	\$0	\$0	\$606,820	\$3,661,452	\$1,398,800	\$5,667,072	\$1,485,482	\$1,403,888	\$1,468,307	\$1,342,252	\$1,427,029	\$1,331,488
Positions	\$0	\$331,434	\$139,140	\$465,440	\$290,146	\$1,226,160	\$502,199	\$542,159	\$564,692	\$588,194	\$612,700	\$638,261
Operating Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$12,485	\$9,833	\$10,010	\$10,190	\$10,374	\$10,560
FRED Bus Service	\$0	\$421,332	\$411,381	\$429,659	\$411,946	\$1,674,318	\$405,724	\$400,041	\$407,242	\$414,572	\$422,034	\$429,631
Debt Service ⁴	\$0	\$1,620,527	\$638,620	\$2,897,048	\$2,370,556	\$7,526,751	\$2,893,004	\$3,622,412	\$5,480,331	\$4,072,517	\$2,383,180	\$2,544,645
Rural Additions	\$0	\$0	\$25,000	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses	\$0	\$2,373,294	\$1,820,960	\$7,453,600	\$4,471,448	\$16,119,301	\$5,298,894	\$5,978,333	\$7,930,582	\$6,427,725	\$4,855,317	\$4,954,585
Fuel Tax Balance ³	\$1,202,212	\$2,200,227	\$5,272,278	\$3,117,299	\$8,073,497	\$8,073,497	\$7,510,973	\$5,939,385	\$2,516,417	\$700,000	\$700,000	\$700,000

¹ The FY 2014 receipts include a \$3.4 million adjustment made by the State as a result of audits. There was one major distributor who failed to report for the period Feb. 2010 - Feb. 2013.

² Subsidy payments were deferred for the first 2.5 years of Spotsylvania's membership in VRE. The subsidy payments for FY 2010, FY 2011 and half of FY 2012 were due and paid in FY 2013.

³ Since half of the annual subsidies are due at the beginning of the year, must maintain at least funding equal to half the annual subsidies to have adequate cash flow.

⁴ Debt service for FY 2012 appears to decline because part of the FY 2012 Transportation debt service was claimed against fuel tax receipts in FY 2013. This is purely related to timing of claims.

SECTION B

The figures in Section A represent only the portion of the Transportation Fund expenditures supported by fuel tax revenues. Additionally, the Transportation Fund balance supports the following debt service:

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Estimated beginning fund balance (other than fuel tax receipts)	\$2,645,724	\$2,748,812	\$2,856,581	\$3,418,857	\$1,779,006
<u>Receipts</u>					
Interest Earnings	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Review Fees	\$15,315	\$15,315	\$15,315	\$15,315	\$15,315
Transfer from Capital Projects Fund	\$72,773	\$77,454	\$76,254	\$74,964	\$73,539
Transfer from General Fund	\$0	\$0	\$3,354,494	\$3,365,395	\$3,376,509
<u>Uses</u>					
Debt Service	\$0	\$0	\$2,898,787	\$5,110,525	\$5,630,955
Estimated ending fund balance (other than fuel tax receipts)	\$2,748,812	\$2,856,581	\$3,418,857	\$1,779,006	-\$371,586

SECTION C

Combined Transportation Fund Balance Projections: \$8,688,197 \$5,372,998 \$4,118,857 \$2,479,006 **\$328,414**