



Annual Fiscal Plan, FY2019 Capital Budget, FY2019-2024

Serving Chesterfield, Henrico, and Richmond, Virginia

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Introduction





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April 10, 2018

Board of Directors
Richmond Metropolitan Transportation Authority
Richmond, Virginia

Honorable Members of the Board:

Enclosed for your review and consideration is the fiscal year 2019 operating and capital budgets for the Richmond Metropolitan Transportation Authority (RMTA or Authority). Budgets are provided for each RMTA facility, with comparative prior year amounts. Additionally, the budget is broken out by department to better allocate spending categories. This budget document is a critical tool used to fulfill RMTA's commitment to and realization of its mission. This document also serves as a budgetary link to the planning of RMTA's long-range capital and maintenance efforts for its infrastructure assets.

This year was one of transition and progress. Guiding the direction of the RMTA through new leadership and a pointed direction, the RMTA Board completed the development of its strategic plan in November of 2017. The RMTA's strategic plan will continue to serve as a roadmap for the Authority as we plan for the future. The strategic plan has five strategic priorities that will guide the work that we do currently and in the future. They are: (1) Become the "go to" authority for transportation and other infrastructure projects and services in the region; (2) Provide world-class customer service through strong communications and best in class customer experience; (3) Ensure the security of existing revenue stream while evaluating alternative funding approaches to support new initiatives; (4) Take full advantage of new technologies to ensure safety, enhance customer experience, and operate efficiently; and (5) Attract and retain the best staff in the business.

A considerable amount of time was spent this past year in laying the groundwork for the largest capital project in the history of the RMTA, the implementation of a new (upgraded) toll system. This included, the development of the Request For Proposal, receipt of proposals, and the selection of Transcore as the implementer. This project, which will take place over the course of the next two years, is in its design phase and is scheduled to begin its implementation phase in FY 2019. The implementation of the upgraded toll system will give the RMTA the ability to be primed for future technology needs that are in line with industry trends while maintaining an optimal level of customer service. As a commuter-based road, the RMTA is reliant upon continued use by its patrons as well as economic growth in the Richmond region. The implementation of the upgraded toll system is expected to improve the experience of our patrons.

Early in FY 2018, the Virginia Resources Authority (VRA), one of the Authority's finance partners, had advised RMTA of a potential refinancing transaction that would save the Authority significant debt

Chief Executive Officer's Transmittal Letter

service savings. This involved the potential refunding of the Authority's Series 2011A bond, originally issued in Fall, 2011, in the amount of \$23,225,000 to finance various capital projects and refund certain then-outstanding indebtedness of the Authority. Refunding this debt by participating in VRA's Summer 2017 pooled financing program would result in the potential average annual debt service savings of approximately \$80,000 and there would be no extension of the maturity of the indebtedness. Following Board and jurisdictional approvals, the VRA sold and "priced" its bonds in the public market. Based upon the recommendation of the RMTA's financial advisor, the transaction was a "partial refunding" of the Series 2011-A Bonds, as some maturities showed no savings and hence were not included. This transaction closed in August 2017 and produced overall savings of approximately \$2.6 million, with annual cash flow savings of approximately \$105,000, at a net present value savings of 9.9%.

During this past year, the Authority successfully completed the third phase of the compressive Deck Rehabilitation project which included nine (9) of the Authority owned City Street overpasses along the Downtown Expressway. The fourth and final phase of the Deck Rehabilitation project began in early April 2018 and includes fifteen (15) Authority owned overpasses along the Downtown Expressway and Powhite Parkway. All work is scheduled to be completed no later than Fall 2018. The Authority also successfully completed the first phase of the Mill and Overlay project this fiscal year. The first phase included the Downtown Expressway, Rt. 146 Connector Road, and the associated ramps. The Mill and Overlay operation removed approximately 1.5 – 2.0 inches of the degraded asphalt roadway surface and replaced it with a more durable and long lasting Stone Matrix Asphalt (SMA). The Downtown Expressway was last overlaid in 2000. This phase of the project was completed on time and \$2.1 M under the original contract amount. These efforts have brought the Expressway's mean pavement score up from 71.13 in FY 2017 to 77.47 in FY 2018. The RMTA continues to maintain high standards of quality in its toll road system so as to provide safe and efficient passage for its users.

What lies ahead operationally for the RMTA during fiscal year 2019?

First and most important, the implementation of the toll system replacement contract that aligns with the RMTA's guiding principles of reducing operational costs both in the near and long term future, consider future toll technology trends and industry best practices, and minimize operational risks and enhance resiliency of the toll collection system while maintaining toll system revenues in accordance with RMTA's existing bond covenants. Preventative maintenance activities as outlined in the capital plan will ensure RMTA's bridges, tunnels and roads remain in good condition, delay future deterioration, and avoid large, unnecessary expenses tied to reconstruction and/or full replacement of assets.

The RMTA moved its Central Office in the beginning of FY 2018 from its location at the SunTrust Building located on East Main Street to Riverfront Plaza located on East Byrd Street. Upon moving into Riverfront Plaza, the space adjacent to the RMTA Central Office became available for lease. In an effort to secure a permanent Board Room and additional office and storage space for the Authority, the RMTA will be in the process of negotiating a new lease for the additional space with an estimated move in date in the Fall of 2018.

The RMTA, operating under its 10th Amendment for the management of Main Street Station will continue operation of the Main Street Station through the middle of the upcoming fiscal year until the City has contracted with a new operator for both the existing facility and the newly completed train shed building. The RMTA will stand ready and able to ensure the smooth transition of services.

Chief Executive Officer's Transmittal Letter

Financially, RMTA staff will continue to seek operational savings where possible while maintaining excellence in financial services. This shall include obtaining an unmodified opinion on the Authority's FY 2018 Comprehensive Annual Financial Report (CAFR) and receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association (GFOA) for a 25th consecutive year, along with GFOA's Distinguished Budget Presentation Award for the fifth consecutive year. We will continue to pay close attention to traffic and revenue trends and identify what underlying factors impact revenue in the future and how any fluctuations may have an effect on RMTA's long-term financial plan. A comparison to prior year's budget as well as detail of significant changes are noted in the Budget Overview section of this document.

I would like to recognize and thank executive staff for their tremendous contributions this year. First, I would like to thank Jim Madison, Director of Finance, as well as his team, for their efforts leading this budget process. Jim, in his second year as the Director of Finance has continued to maintain the high standard that has been set over the course of time for Finance staff. I am appreciative of his expertise and diligence in executing all of his responsibilities. Theresa Simmons, Director of Operations, continues to keep the RMTA assets in top shape. Her attention to detail and her consistent performance of going above and beyond in every endeavor is not overlooked. Sheryl Johnson, Director of Human Resources, wise and trusted counsel in all matters Human Resources to not only the CEO, but also the Compensation and Benefits Committee. Sheryl's professionalism and knowledge add to our team. Paula Watson who oversees Procurement and Internal Audit, is our most tenured member of senior staff and she touches and concerns all that we do at RMTA. I am grateful for her wise counsel and for all the careful attention that she pays to our procurement process as well as the intricacies of Main Street Station.

In closing, I once again would like to express gratitude to all of the staff at RMTA who work tirelessly to ensure that the RMTA provides the best customer service and most efficient operations in the region. It is because of everyone's hard work and dedication 365 days a year, 24 hours a day, that the RMTA is a successful organization.

Sincerely,



Joi Dean
CEO

Distinguished Budget Presentation Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Richmond Metropolitan Transportation Authority, Virginia, for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. The Authority believes our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Budget Overview

The Authority's 2019 Fiscal Plan and Capital Budget outlines a spending plan that covers operations, annual maintenance and related capital projects of the Expressway System. The Fiscal Plan also includes operating budgets for the Authority's Central Administration function and Main Street Station operations.

Budget Overview

	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Revenues					
Tolls	\$ 42,440,005	\$ 42,290,000	\$ 43,150,000	\$ 860,000	2.0%
Rentals	239,219	439,500	295,000	(144,500)	-32.9%
Other	403,870	415,000	409,750	(5,250)	-1.3%
City Contribution	656,514	1,351,450	722,993	(628,457)	-46.5%
Subtotal	43,739,608	44,495,950	44,577,743	81,793	0.2%
Operating Expenses					
Salaries and Benefits	\$ 6,759,428	\$ 7,469,500	\$ 7,730,550	\$ 261,050	3.5%
Operations	8,356,022	9,734,256	10,547,325	813,069	8.4%
Subtotal	15,115,450	17,203,756	18,277,875	1,074,119	6.2%
Net Operating Revenue	\$ 28,624,158	\$ 27,292,194	\$ 26,299,868	\$ (992,326)	-3.6%

Toll Revenue

Toll revenue for FY2019 is projected to increase to \$43.2 million, driven by ridership growth. Toll rates were last increased in September 2008 and remain unchanged for the next fiscal year. Previous projections anticipated a toll rate adjustment in FY2018; however based on recent traffic growth, this adjustment is deemed unnecessary and has been removed from the current long-term financial plan. The timing and extent of future rate adjustments will continue to be analyzed as projections are updated and revised based on actual results. Revenues cannot be commingled between the Authority's different operations (i.e. tolls cannot be used to support any of the Authority's other facilities).

Rentals and Other Revenue

Rental revenue primarily consists of leasing several surface parking lots within the footprint of the Expressway System and rental revenue from Main Street Station from the leasing of office space and reservations for private events. Other revenue primarily consists of investment income.

City Contribution for Main Street Station

Since 2003, the Authority has managed Main Street Station on behalf of the City of Richmond via a management agreement, which requires the City to contribute funding to the Authority to the extent the facility's operating expenses exceed operating revenue. The City's contribution is budgeted so that net revenue over expenses equals zero for Main Street Station operations.

The City notified the Authority of its plan to issue a comprehensive request for proposals for management services of the existing facility as well as the new train shed building. The current operating agreement between the City and the Authority expires December 31, 2018.

Budget Overview

Compensation and Benefits

	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Salaries	\$ 5,238,956	\$ 5,454,550	\$ 5,454,600	\$ 50	0.0%
Health Care	979,220	1,382,600	1,733,400	350,800	25.4%
VRS Retirement	153,517	217,000	135,500	(81,500)	-37.6%
OPEB Contribution	288,000	300,000	300,000	-	0.0%
Other	99,736	115,350	106,750	(8,600)	-7.5%
Total	\$ 6,759,428	\$ 7,469,500	\$ 7,730,250	\$ 260,750	3.5%
FTE Positions	120.0	117.0	113.0	(4.0)	-3.4%

Compensation and benefits are reviewed by the Compensation and Benefits Committee of the Board of Directors as part of the budget development process. Similar to the prior year, the budget incorporates an employee pay adjustment via a merit matrix with a maximum merit of 3.0% and a one-time lump sum merit payment of the greater of 1.5% or \$500 for employees with extraordinary performance who are at the top of their pay scale. Both awards are based on employee performance and annual evaluation scores. Health care program management remains a focus of the Authority's cost containment efforts. For FY2019, employee health care costs increased by approximately 25% due to a 22% premium increase. To encourage a healthier workforce, a premium discount is available for employees who seek annual preventive care screenings.

Retirement benefits for eligible employees are provided through the Virginia Retirement System (VRS). VRS establishes required contribution rates for two-year periods as a percentage of an employee's salary based on an actuarial analysis. For FY2019 and FY2020, the full actuarial recommended contribution rate of 1.15% represents a 62% reduction in rates and a budgetary savings in FY2019 of \$64,000. Employees are required to contribute an additional 5.0% towards their VRS retirement benefit.

In addition to retirement benefits through VRS, the Authority offers retiree health care benefits for eligible employees. The Authority's Local Finance Board oversees and administers the investment of these Other Post-Employment Benefit (OPEB) funds through a contractual arrangement with VML/VACO Finance through participation in the Virginia Pooled OPEB Trust Fund. The Authority's contributions are based on an actuarial analysis with contributions structured so that the plan will be fully funded in FY2022.

Other compensation and benefits include items such as group life insurance, unemployment benefits, and disability insurance.

The Authority continues to evaluate staffing requirements against current and future needs. See additional detail in the Department Budget section and the Personnel Complement in the Supplemental Information section.

Budget Overview

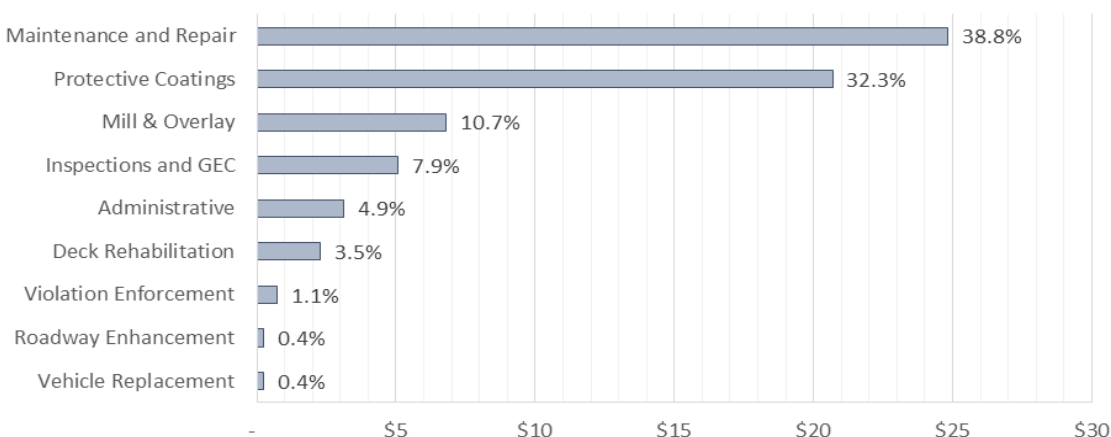
Operations

	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Toll Collection	\$ 5,870,322	\$ 6,230,600	\$ 6,466,900	\$ 236,300	3.8%
Maintenance	557,742	782,000	1,773,000	991,000	126.7%
SCOP	24,259	23,166	17,000	(6,166)	-26.6%
Administration	599,516	532,320	684,800	152,480	28.6%
Engineering	17,498	17,250	24,750	7,500	43.5%
Finance	562,793	662,450	636,575	(25,875)	-3.9%
Human Resources	71,181	145,370	122,850	(22,520)	-15.5%
Main Street Station	652,711	1,341,100	821,450	(519,650)	-38.7%
Total	\$ 8,356,022	\$ 9,734,256	\$ 10,547,325	\$ 813,069	8.4%

The overall budget increase for FY2019 is 8.4%, including the impact of the Main Street Station operating budget. E-ZPass processing costs (Toll Collection) and Expressway annual maintenance are the primary contributors to the budget increase. At the time of publishing the budget document, VDOT had not provided the FY2019 E-ZPass processing rates; therefore the FY2019 budget includes a 4% E-ZPass transaction processing cost increase based on forecasted transaction and E-ZPass participation growth. Additionally, the VDOT maintenance agreement expired necessitating the procurement of annual maintenance for the Expressway. At the time of publishing the budget document, an agreement had not been implemented and a conservative estimate was budgeted. This estimate increased the Maintenance budget \$950,000. See the Department Budget and Budget Detail sections for additional discussion on the significant budgetary changes for FY2019.

Expressway Capital

All Expressway System routine maintenance and major capital improvement projects are included in the Capital Budget, with a detailed Six-Year Plan for the upcoming and next five fiscal years. For FY2019-2024, the Six-Year Plan totals \$64.0 million for the following projects (shown in millions):



Additional detail on each project is included in the Expressway Capital Budget section. A long-term capital projection is also included to provide perspective on projected capital needs beyond the Six-Year Plan.

Mission Statement



Downtown Expressway and City of Richmond

Our mission is to build and operate a variety of public facilities and offer public services, especially transportation related, within the Richmond metropolitan area, each of which is operated and financed primarily by user fees. Our efforts are dedicated to the following constituents:

To our customers, we will provide safe, convenient, efficient facilities and excellent customer service while maintaining the lowest feasible costs;

To our employees, we will promote a safe and pleasant work environment, provide an opportunity to advance according to their abilities and fairly compensate based on performance;

To our bondholders, we will operate in a financially sound and prudent manner and meet all debt payments and other legally imposed requirements to insure the protection of their interest.

Our mission can be accomplished through the sound management of existing projects and consideration of additional projects as approved by the City of Richmond and the Counties of Chesterfield and Henrico. These projects are financed primarily through user fee schedules that offer the lowest possible costs to the public, fairly compensate employees, and offer financial safety to bondholders.

Principal Officials



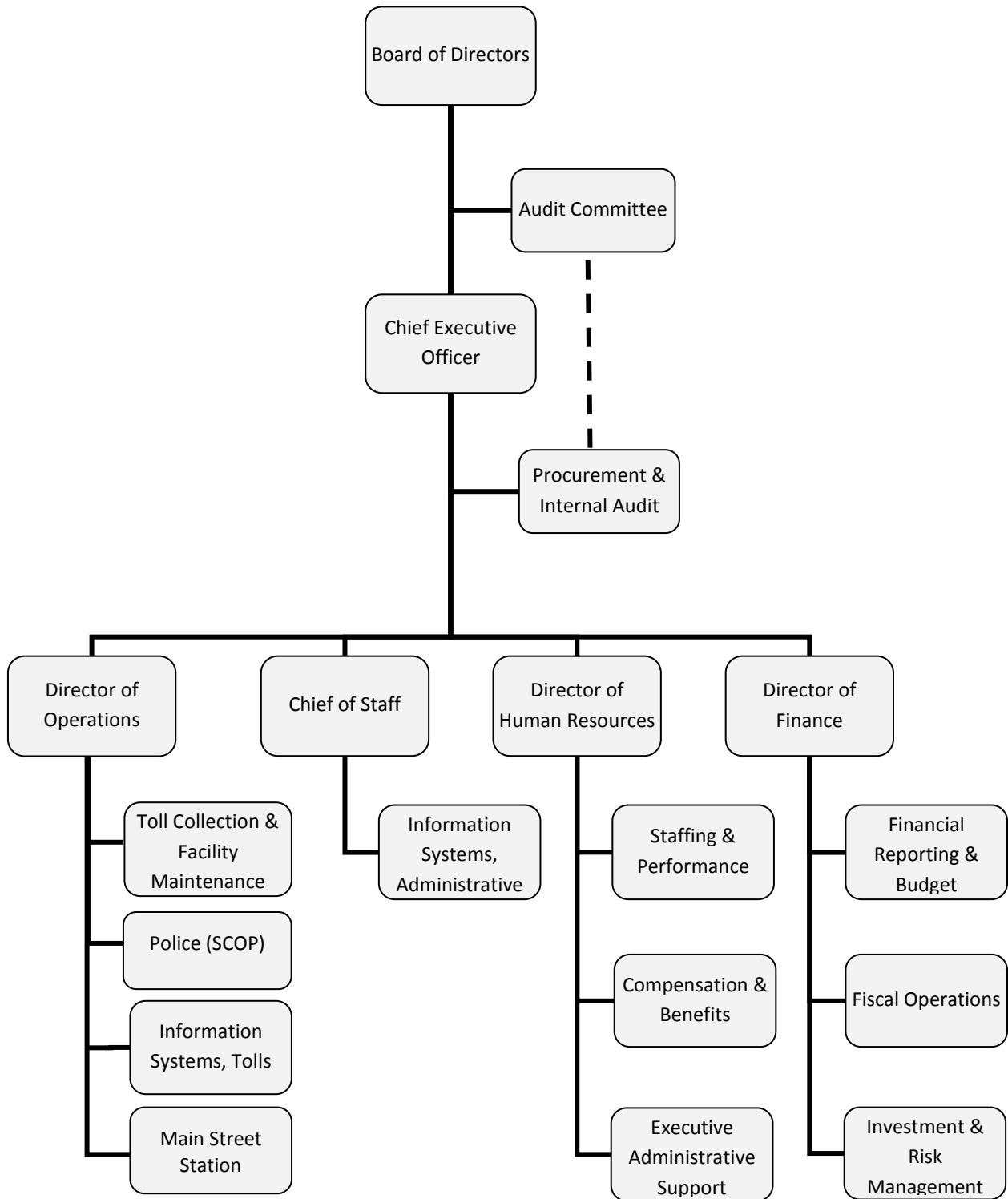
Board of Directors

Darius Johnson, Chairman	City of Richmond
Carlos Brown	Commonwealth Transportation Board
Dr. Unwana Dabney	City of Richmond
James B. Gurley, Jr.	Henrico County
Barrett Hardiman	City of Richmond
Thomas Hawthorne	Henrico County
Harvey Hinson	Henrico County
James "Jim" Holland	Chesterfield County
Tyrone Nelson	Henrico County
Lane Ramsey	Chesterfield County
Marvin Tart, Sr.	Henrico County
Rodney Waller	City of Richmond
Marilyn West	City of Richmond
Gregory Whirley	Chesterfield County
Charles R. White	Chesterfield County
Bill Woodfin	Chesterfield County

Management and Counsel

Joi Dean	Chief Executive Officer
Sheryl Johnson	Director of Human Resources
James Madison	Director of Finance
Leslie Mehta	Chief of Staff
Theresa Simmons	Director of Operations
Eric Ballou	Secretary and General Counsel

Organizational Chart



KEY DATES IN RMTA HISTORY

1966

RMA is created by the Virginia General Assembly (1966)

RMA purchases the Boulevard Bridge (1969)

Powwhite Parkway opens to Cary Street (1973)

1970

Second Street Parking Deck opens (1975)

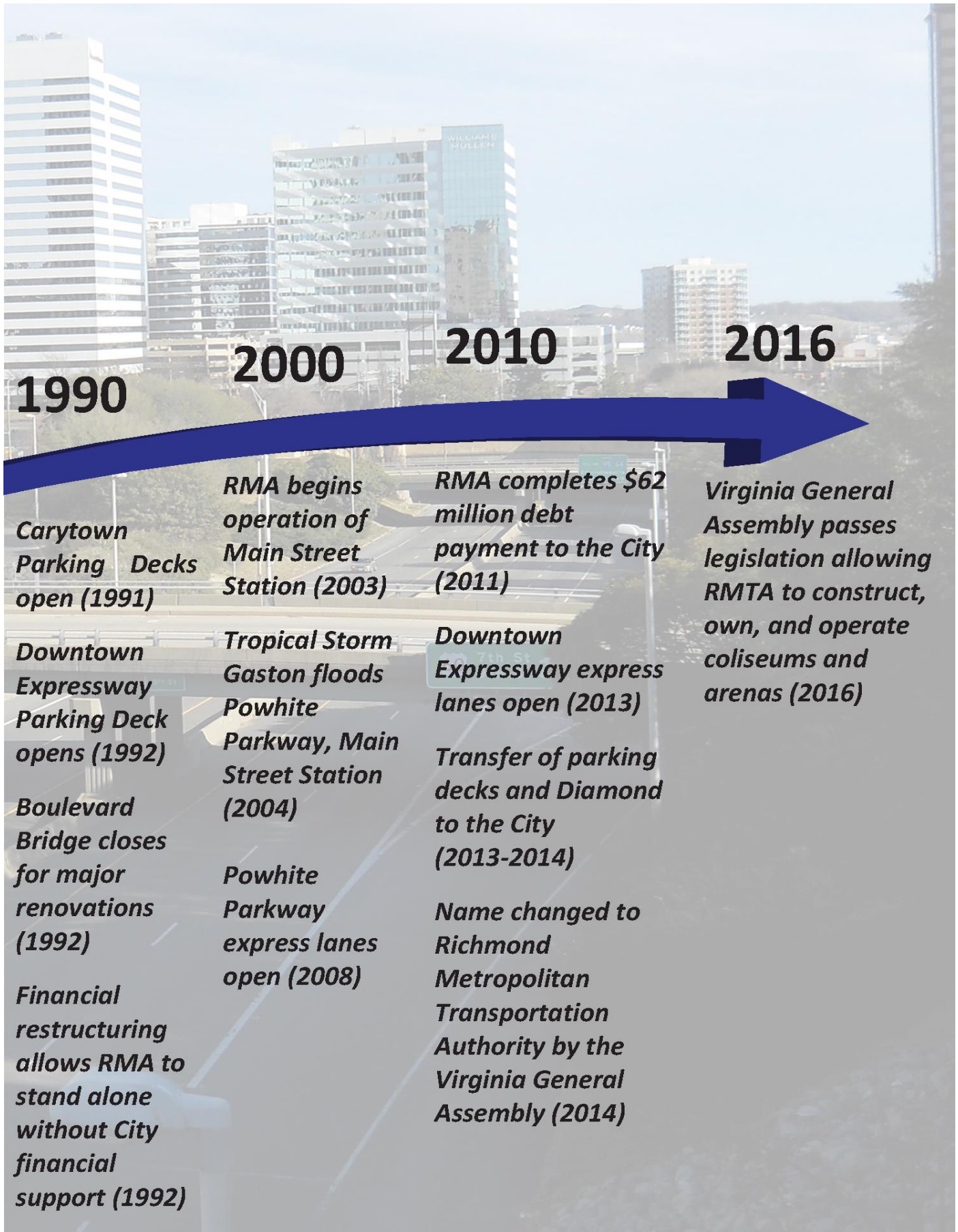
Downtown Expressway opens to Seventh Street (1976)

Connecting ramps to and final portions of I-95 completed (1977)

1980

The Diamond opens (1985)

Powwhite Parkway Bridge widened from six to ten lanes; sections of Powwhite Parkway widened by one lane (1987)



1990

2000

2010

2016



Carytown Parking Decks open (1991)

Downtown Expressway Parking Deck opens (1992)

Boulevard Bridge closes for major renovations (1992)

Financial restructuring allows RMA to stand alone without City financial support (1992)

RMA begins operation of Main Street Station (2003)

Tropical Storm Gaston floods Powhite Parkway, Main Street Station (2004)

Powhite Parkway express lanes open (2008)

RMA completes \$62 million debt payment to the City (2011)

Downtown Expressway express lanes open (2013)

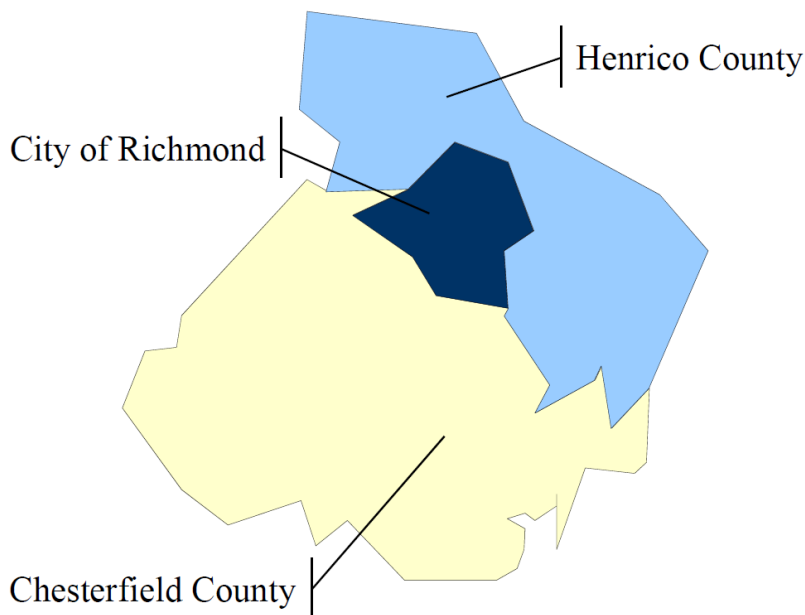
Transfer of parking decks and Diamond to the City (2013-2014)

Name changed to Richmond Metropolitan Transportation Authority by the Virginia General Assembly (2014)

Virginia General Assembly passes legislation allowing RMTA to construct, own, and operate coliseums and arenas (2016)

History

The Richmond Metropolitan Transportation Authority (the “Authority” or “RMTA”), formerly known as the Richmond Metropolitan Authority, was created in 1966 by an Act of the General Assembly of the Commonwealth of Virginia to plan, finance, build, and maintain a much-needed expressway system to serve the Richmond metropolitan area.



Initially \$2.05 million was borrowed for operating funds and \$20 million was guaranteed by the City of Richmond to cover the cost of planning, designing and acquiring the right-of-way for an expressway. This initial financial commitment resulted in the City having greater representation on the Authority’s Board of Directors. The Board originally consisted of eleven members, six of whom were appointed by the Mayor of the City of Richmond, with the approval of City Council, and two each by the Boards of Supervisors of the counties of Chesterfield and Henrico. The Commonwealth Transportation Commissioner appointed the eleventh member from the Commonwealth Transportation Board.

In 1969, as construction on the Expressway System continued, the Authority purchased the Boulevard Bridge for \$1.2 million. Soon after, the Authority began making several improvements to the bridge, including the installation of automated toll equipment to provide more efficient toll collection. Many Richmond area natives still refer to the Boulevard Bridge as the “Nickel Bridge” because of its initial five cent toll.

In response to escalating demands for another route to cross the James River, the Authority built the Powhite Parkway. The Parkway opened in January 1973, with approximately 6,000 vehicles utilizing the facility on the first day.

Along with increased accessibility to the downtown area came the need for increased parking facilities. In 1973, the statute that created the Authority was amended to authorize the Authority to provide parking facilities for the Richmond metropolitan area. The City of Richmond provided the land and the Authority borrowed the funds to begin building what was to become the Second Street Parking Deck.

History

In July 1973, the Authority introduced the Parham Express Bus Service. The pilot program was introduced in cooperation with the City of Richmond, the County of Henrico, and the Virginia Department of Highways. The service provided a comfortable bus ride over interstate routes between a commuter parking lot in suburban Henrico County and downtown Richmond. Seven buses provided morning and afternoon round trips. Full operation of the bus service was later passed on to the Greater Richmond Transit Company. Nevertheless, the Parham Express Bus Service was the first experiment with express transit in the Richmond area and became the model for future express bus services in the region.



Downtown Expressway Opening Ceremony, 1976

In 1976, the Downtown Expressway, linking Interstates 195 and 95, opened to the public. All connecting ramps and the remaining portions of I-195 were completed by September 1977. When the Downtown Expressway opened, average daily traffic was approximately 8,000 vehicles.



The Diamond

In 1984, another legislative amendment allowed the Authority to construct and own a new baseball stadium to replace the aging Parker Field. The existing ballpark was demolished and replaced with an \$8 million, state of the art baseball stadium called The Diamond. The new stadium was completed before the beginning of the 1985 baseball season.

History



Expressway Parking Deck

In the late 1980s, at the request of the City of Richmond, feasibility studies were conducted on parking needs in the Carytown district and downtown. As a result, the Authority constructed two, 110-parking space decks in Carytown. The decks opened in early 1991, providing free parking to visitors to the Carytown shopping district. The feasibility study also projected increased demands for parking in the downtown area. At the request of the City, the Authority constructed the Expressway Parking Deck, a 1,000-parking space deck with convenient access to the Downtown Expressway and I-95. The facility opened on February 14, 1992.



Boulevard Bridge

In August 1992, the Authority closed the Boulevard Bridge for extensive renovations. The \$8.3 million project included replacing the concrete deck, which allowed the Authority to widen the lanes and construct a single walkway. The bridge reopened in October 1993.

History



Powhite Parkway Plaza, Express Lanes (left) and Traditional Lanes (right)

In June 1994, the Authority, in conjunction with the Virginia Department of Transportation (VDOT), surveyed drivers on the Downtown Expressway, the Powhite Parkway and the Powhite Parkway Extension regarding support of an Electronic Toll Collection (ETC) system in the Richmond metropolitan area. What followed was the introduction of an ETC system called SmartTag in 1999. This system, later renamed E-ZPass, revolutionized Virginia's toll road system, and is currently used on all of the Authority's and VDOT toll facilities.

As toll collection technology evolved and traffic volume began to grow, the Authority began to look more closely at utilizing technology to increase capacity along the Powhite Parkway. A long-range plan was developed to ease congestion by splitting the existing toll plaza into two separate facilities – one for northbound traffic and one for southbound traffic – and implementing six Open Road Tolling (ORT) or express lanes. The new configuration resulted in an elimination of rush hour delays, allowing motorists to travel at near-highway speeds through the toll plazas.

In 2008 the Richmond Braves announced their relocation to Gwinnett County, Georgia, leaving The Diamond. Just one year later, it was announced that the newly minted Richmond Flying Squirrels would make their debut at The Diamond for the 2010 season. The Flying Squirrels immediately built a successful relationship with the community, finishing first or second in Eastern League attendance in each of their first five seasons at The Diamond.

Between 1970 and 1992, the City of Richmond contributed funding for the operation of the Authority's Expressway System. In 1992, the Authority underwent a financial restructuring that allowed the Expressway System to become fully reliant on user fees. In January 2011, the Authority began in-depth discussions with the City of Richmond administration on a plan to pay the City for its previous financial support. In November 2011, the Authority successfully restructured its debt and fully paid the subordinate debt due to the City of \$62.3 million. The debt restructuring extended the maturity of the Authority's outstanding debt from 2022 to 2041.

History



Downtown Expressway, Express Lanes and Traditional Lanes

The Authority broke ground in June 2011 for construction of the Downtown Expressway ORT Project. This \$15.5 million project opened to traffic in August 2012 and features three westbound ORT or express lanes at the plaza. Similar to the Powhite Parkway express lanes, this project resulted in a significant reduction of rush hour delays. Eastbound customers continue to encounter gates due to roadway configurations on the City streets.

Multiple times since 2007, members of the General Assembly introduced legislation proposing Board reallocation to provide equal representation from each of the Authority's three member jurisdictions, with a goal to encourage greater regional collaboration. Each time these bills failed, however during the 2013 legislative session all three jurisdictions supported the proposed bill.

In 2013, the Authority became more proactive in helping frame an environment for equalizing representation. In March 2013, the Authority's Board unanimously authorized the Chief Executive Officer to pursue negotiations to transfer ownership of City-funded assets to the City of Richmond. These assets included the Expressway Parking Deck, Second Street Parking Deck, and Carytown Parking Decks. The Diamond, which was built at the request of all three jurisdictions on City-donated land, was also considered for ownership transfer. The Authority and the City agreed to transfer the parking facilities to the City during 2013 and 2014, and The Diamond was transferred in December 2014.

History



Outfield view of The Diamond

In the 2014 General Assembly session, legislation was again introduced to equalize representation on the Authority's Board. In addition to equalization, the legislation included the following: an increase in Board membership from eleven to sixteen, with five members from each jurisdiction and one member appointed from the Commonwealth Transportation Board; a requirement that certain actions of the Authority receive approval from the local governing bodies and the Richmond Mayor, including debt issuance; an allowance for the governing body of each locality to appoint one of its own elected members to the Authority's Board; and the changing of the Authority's name to the Richmond Metropolitan Transportation Authority. This legislation passed with near unanimity, becoming effective July 1, 2014.

In the 2016 General Assembly session, legislation was introduced to expand the Authority's powers to include the construction, ownership and operation of coliseums and arenas. Similar to other projects, approval from the local governing bodies and the Richmond Mayor would be required. This legislation passed with little debate and becomes effective July 1, 2016.

The Authority remains a flexible vehicle for future regional initiatives and is committed to working with its member jurisdictions to meet transportation demands both today and in the future

Budget Development

Fund Structure, Basis of Accounting and Budgeting, and Budget Process

Fund Structure

The Authority is a self-supporting entity, depending solely on the revenues derived from operations and proceeds from the issuance of revenue bonds to fund the Expressway System. The resolutions authorizing the issuance of bonds prohibit the commingling of funds between the Authority's different operations, i.e. tolls generated from the Expressway System cannot be used to support any of the Authority's other facilities.

The Authority administers four enterprise funds: Expressway, Expressway Repair and Contingency (Capital), Central Administration, and Main Street Station. Each of these funds are considered major funds for budgetary presentation and are included in the Authority's annual audited financial statements.

Basis of Accounting and Budgeting

The "basis of accounting" and "basis of budgeting" determine when revenues and expenses are recognized for the purposes of financial reporting and budget control. All funds of the Authority are accounted for in the Authority's annual audited financial statements and annual budget using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and becomes measurable; expenses are recognized when an obligation to pay is incurred.

Budget Process

Section 701 of the Authority's 2011 Amended and Restated Bond Resolution requires a budget for the Expressway fund to be adopted no less than 30 days prior to the beginning of each fiscal year. In accordance with Section 708 of the 2011 Resolution, the Authority is required to engage a Traffic and Revenue Consultant for the purpose of preparing and certifying a schedule of tolls for the forthcoming budget year considered sufficient to pay operating expenses, debt service, and maintenance and repairs on the Expressway System as certified by the Authority's Consulting Engineers.

Many aspects of the budget development process occur throughout the fiscal year. Each month, the Authority prepares budget-to-actual and other financial reports for staff and the Board of Directors. Continual monitoring of the current year activity identifies any budget adjustments necessary.

The Chief Executive Officer may authorize adjustments to the adopted budget as requested by staff between individual line items within expense categories (compensation and benefits, operations, and capital). Board approval is needed to increase the total budgeted expense per fund or transfer budget authorization between expense categories.

The Authority sends monthly traffic and revenue data to the Traffic and Revenue Consultant throughout the year. In January, the Authority coordinates with the Traffic and Revenue Consultant to provide an updated current fiscal year projection and next fiscal year estimate.

Throughout January and February, the Executive Staff reviews the current fiscal year activity and determines the level of spending needed for the next fiscal year. Departmental objectives are reviewed to ensure resources are in alignment with the strategic plan and Board goals. Budget requests are provided to Finance for further evaluation and to compile into budgets by fund. The Executive Staff holds several budget retreats throughout the development process as budget estimates are revised and finalized. The Finance and Operations Committee and the Compensation and Benefits Committee of the Board of Directors meet to discuss significant budget items.

Fund Structure, Basis of Accounting and Budgeting, and Budget Process

During March, budget amounts are finalized and the draft budget document is prepared. The draft document is reviewed by staff and the Chief Executive Officer before being finalized and presented to the Board as a proposed budget in April. The Board reviews the proposed budget and adjustments are made (if necessary) before formal Board adoption in May.

For FY 2019, the budget development process followed the calendar of events as described below:

Date	Action
January 8, 2018	Finance coordinates with Traffic and Revenue Consultant to provide an updated current fiscal year projection and next fiscal year revenue estimate.
January 16, 2018	Initial budget overview with Executive Staff, including review of budget calendar and required items.
January 31, 2018	Traffic and Revenue Consultant provides “Mid-Year Toll Certification”, including initial estimate of next year’s traffic and revenue projections.
February 9, 2018	Directors provide initial budget requests to Finance.
February 12, 2018 [week of]	Initial budget retreat with Executive Staff.
February 22, 2018	Operating budget draft completed.
February 23, 2018	Capital budget estimates reviewed by Executive Staff.
February 26, 2018 [week of]	Compensation and Benefits Committee meeting to review salary and benefits.
March 8, 2018	Capital budget draft completed.
March 12, 2018 [week of]	Budget workshop with Finance and Operations Committee to review operating and capital budget drafts and long-term financial plan update.
March 23, 2018	Traffic and Revenue Consultant provides draft certificate of Expressway toll revenue.
March 27, 2018	Final budget retreat with Executive Staff.
April 2, 2018	Proposed budget document complete.
April 10, 2018	Proposed budget presented to Board with comment period prior to adoption.
May 8, 2018	Board vote for budget adoption.

Financial Policies

The Authority's financial policies serve as guidelines for the financial planning and management of the Authority. These policies represent a combination of required practices under existing bond documents, statutory requirements, and recommended best practices from the Government Finance Officers Association (GFOA). Financial policies are reviewed periodically for updates and revisions. The following financial policies have been adopted by the Authority's Board of Directors as noted.

Financial Planning (adopted March 2014)

Balanced Budget – The annual budget of the Authority will be considered balanced when all payments for operations, debt service, and annual capital plan needs do not exceed budgeted revenues.

Budget Adoption – The Board will adopt an annual budget no less than 30 days prior to the beginning of each fiscal year.

Budget Adjustments – The Chief Executive Officer may authorize adjustments to the adopted budget as requested by staff between individual line items within the expense categories of compensation and benefits, operating, and capital. Board approval is needed to increase the total budgeted expense per fund or transfer budget authorization between expense categories (compensation and benefits, operating, and capital).

Long-Term Financial Plan – Toll rate adjustments and borrowing decisions are identified within the context of the long-term financial plan. The long-term financial plan includes: estimated revenues, estimated operating expenses, debt service, funds available for the capital plan, debt service coverage ratios, and cash balances. The Authority will consult with its Consulting Engineer, Traffic and Revenue Consultant, and Financial Advisors to update its long-term financial plan.

Condition Assessment of Assets – Accurate inventories of capital assets, their condition, life spans, and cost will be maintained to ensure proper stewardship. Condition assessments of infrastructure assets will be performed to determine the amount needed to maintain and preserve the assets at the condition level established and disclosed by the Authority.

Revenue and Expense (adopted March 2014)

Revenue Sources – Each year the Board shall consider potential sources of revenue as part of the annual budget process.

Revenue Forecasts – Revenue forecasts shall use a conservative, objective, and realistic approach.

Service Rates – The Authority shall develop and maintain fair and equitable rates for all services while accomplishing funding requirements per debt covenants.

On-Going and One-Time Revenues – The Authority will only propose operating expenses which can be supported from on-going revenues. Before undertaking any agreement that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years. The on-going operating expense impact resulting from the use of one-time revenue sources will be reviewed for compliance with this policy.

Monitoring – Directors are responsible for managing division expenses within the total adopted operating budget. Monthly monitoring reports will be presented to the Directors, Chief Executive Officer, and Board of Directors.

Financial Policies

Debt Management (adopted March 2014)

Management of Borrowing – The Authority will manage its debt obligations to keep debt service a predictable part of the operating budget, raise capital at the lowest cost unless other conditions or exigencies suggest otherwise, and support the Authority’s credit rating objective.

Credit Rating Objective – The Authority will maintain a good reputation in the credit markets by implementing and maintaining a sound capital program and managing the annual budget responsibly, with a goal of maintaining and/or strengthening its credit rating.

Appropriate Use of Debt – Long-term debt issued will not exceed the useful life of projects financed unless other exigencies dictate otherwise. Current operations will not be financed with long-term debt. Short-term borrowing will not be used for operating purposes.

Continuing Disclosure – The Authority will ensure compliance with continuing disclosure reporting requirements, including its obligation to inform the Municipal Securities Rulemaking Board through the EMMA website (Electronic Municipal Market Access), post-issuance IRS compliance, and IRS arbitrage regulations.

Post-Issuance Compliance – The Authority will maintain a post-issuance tax compliance policy for its debt obligations that are eligible for tax benefits under federal and state law. Such obligations may include tax exempt bonds and/or bonds eligible for tax credits.

Reserve Accounts – The Authority will maintain reserve accounts as required by applicable bond documents, and where deemed advisable by the Board.

Debt Service Coverage Ratio – The Authority will maintain debt service coverage ratios at least sufficient to comply with current bond documents. The long-term financial plan will be used to ensure sufficient funding for capital while maintaining an internal debt service coverage ratio goal of at least 1.50X.

Reserve Fund (adopted March 2014, amended March 2016)

Funding Policy – Adequate reserves are a necessary component of the Authority's overall financial management strategy and ensure sufficient funding is available to meet current and future operating, capital, and debt service obligations. Adequate reserves are a key factor in external agencies' measurement of the Authority's financial strength.

Current bond documents require certain accounts and prioritize their funding. Fund requirements are established, by either the provisions of the bond documents or Board policy, as follows:

1. Operating Fund, Section 504 of Bond Resolution – maintenance of a balance equal to the current and next month's budgeted Expressway System operating expenses; used to pay the operating costs of the Expressway System.
2. Parity Bond Fund, Section 505 of Bond Resolution – monthly transfers of 1/12th of annual principal and 1/6th of semi-annual interest to accumulate a sufficient balance for each debt service payment (January 15 and July 15).
3. Parity Bond Reserve Fund, Section 506 of Bond Resolution – maintenance of a balance equal to the lesser of: (a) 10% of the original sale proceeds on all parity bonds outstanding, (b) maximum annual debt service on all parity bonds outstanding, or (c) 125% of the average annual debt service on all parity bonds outstanding; used to cure shortfalls in debt service payment.

Financial Policies

4. Repair & Contingency Fund, Section 509 of Bond Resolution – maintain a balance as of June 30th at least equal to the next fiscal year's capital plan, as certified by the Consulting Engineers in accordance with Section 708 of Bond Resolution; used to pay the capital costs of the Expressway System.
5. Excess Balances Fund, Section 510 of Bond Resolution – no minimum funding level required per bond documents. In order to meet liquidity goals, this Board policy establishes the maintenance of a balance in such fund of between one and two years of the annual Expressway System operating budget. Use of amounts in the Excess Balances Fund is restricted to allowable purposes as defined under the Bond Resolution, including the redemption of outstanding debt and payment for capital costs of the Expressway. Any amounts drawn from the Excess Balances Fund shall require Board approval.

Accounting and Financial Reporting (adopted April 2015)

Accounting Standards – The Authority's financial statements will conform to Generally Accepted Accounting Principles (GAAP) as established by the Government Accounting Standards Board (GASB).

Accounting Records – The Authority will maintain an accounting system to allow for the accurate and timely preparation of financial statements.

Audit Requirement – An independent certified public accountant will perform an annual audit of the Authority's financial statements. Audit results will be presented to the Authority's audit committee and Board of Directors for acceptance.

Audit Committee – The Authority will maintain an audit committee consisting of members of its Board of Directors to provide independent review and oversight of the Authority's financial reporting process, internal controls and independent auditors.

Comprehensive Annual Financial Report – The Authority will prepare a Comprehensive Annual Financial Report (CAFR) in accordance with guidelines established by the Government Finance Officers Association (GFOA) in order to maintain the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Annual Budget – The Authority will prepare an annual budget in accordance with guidelines established by the Government Finance Officers Association (GFOA) in order to maintain the GFOA's Distinguished Budget Presentation Award.

Presentation of Financial Reports – The Authority will use its website as a primary means of communicating financial information to its customers, bondholders and other interested parties.

Revenue Sources and Forecasting Assumptions

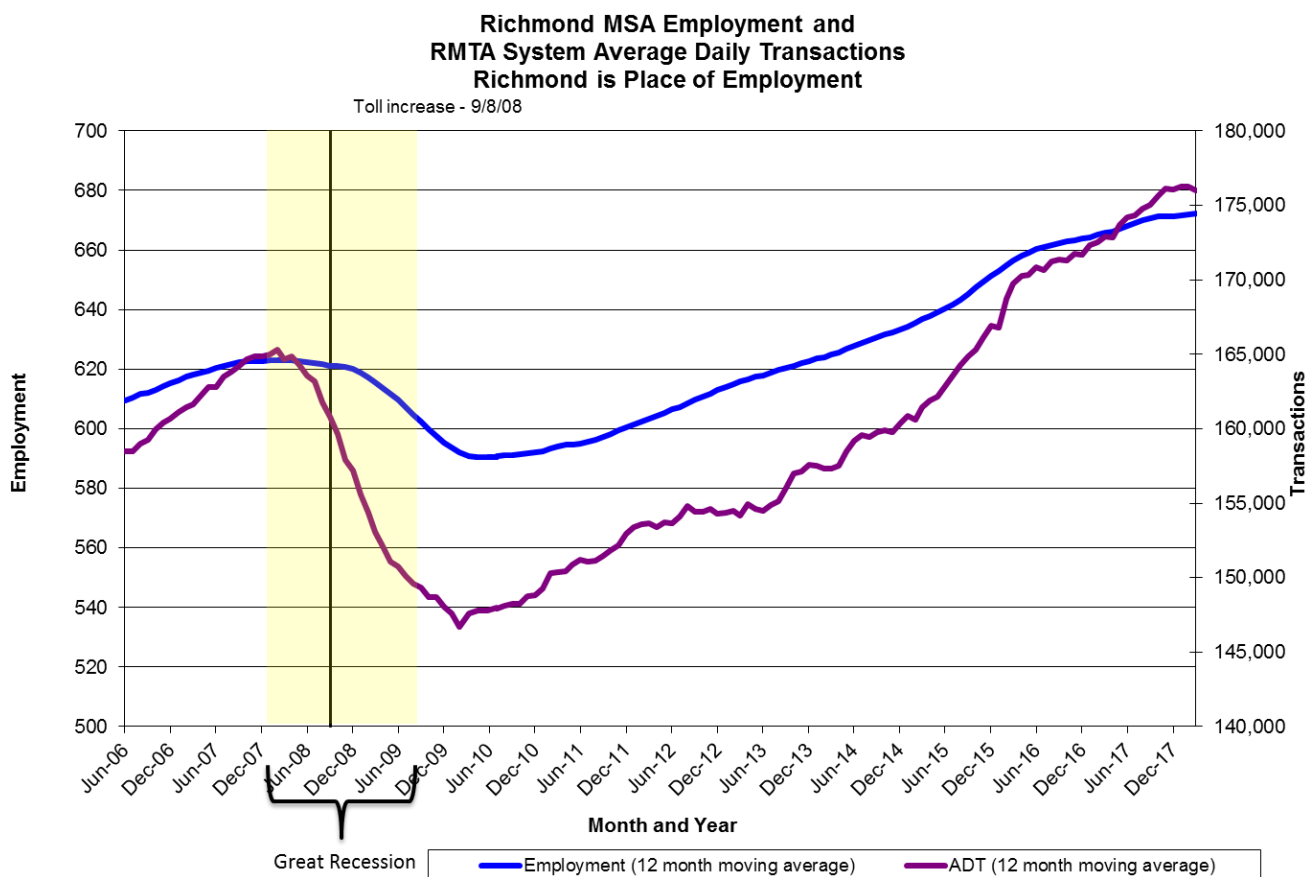
Revenue Sources

Toll revenue from the Expressway System represents over 96% of the Authority’s total revenue and is considered the Authority’s only major revenue source. The Authority’s Traffic and Revenue Consultant prepares an annual traffic and revenue forecast, which is used as the basis for the Authority’s toll revenue budget.

Economic Conditions

Traffic on the Authority’s Expressway System is primarily commuter-based, with area employment levels directly impacting the number of daily commuter trips. While the unemployment rate indicates the general direction of the economy, area employment is a more appropriate economic indicator to correlate to the Authority’s traffic. *Figure 1* compares the 12 month moving average of area employment to the 12 month moving average of daily transactions on the Expressway System:

Figure 1: Richmond MSA Employment and RMTA System Average Daily Transactions – 12 month moving averages



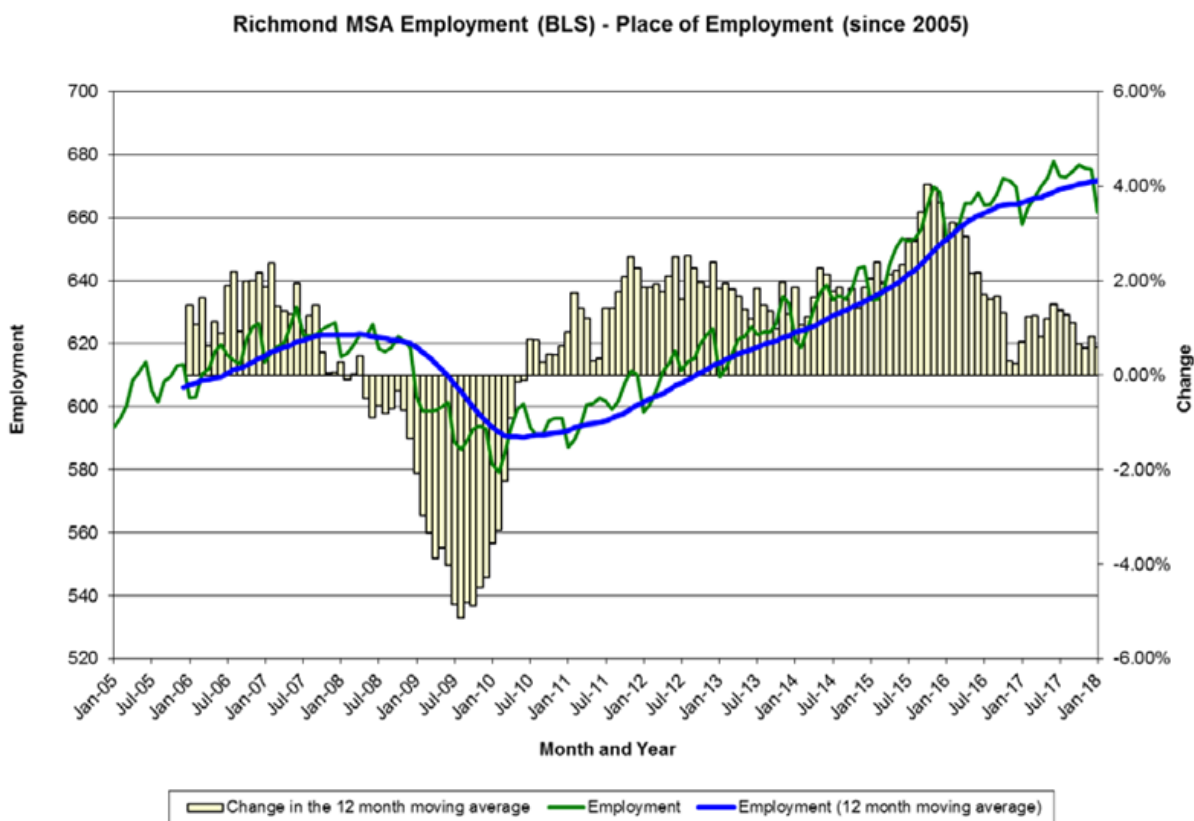
A portion of the drop in transactions in late 2008 is due to the timing of the September 2008 toll increase; traffic typically immediately drops after a toll increase before slowly rising. The 2008-2009 economic recession also impacted employment and traffic volumes during this time; while employment levels rebounded to pre-2008 levels by 2014, traffic volumes did not exceed pre-2008 levels until 2016.

Revenue Sources and Forecasting Assumptions

Employment data for the Richmond Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics (BLS) is historically correlated with RMTA traffic. As the RMTA is mostly a commuter facility, traffic is reasonably related to economic output and employment levels. The figures that follow show the historical employment levels for the Richmond MSA by month (green line), the 12 month moving average of that monthly employment (blue line), and the annualized growth rate of the 12 month moving average (yellow bars). Two time periods are shown. The first is over ten years which allows for depiction of pre-recession employment growth, decreases in employment during the recession, and subsequent recovery. The second graph presents approximately the last 4 years to show the most recent experience.

As can be seen from Figure 2, the recession of 2008 had a sizable impact on the region, with employment not coming back to pre-recession levels for 5 to 6 years (early 2008 to mid-2013). During FY16, growth hit the peak, with a bit of leveling off in FY2017. This can be seen with more clarity in Figure 3. From July 2015 to April 2016 the annualized growth of the 12 month moving average was 2.8 percent or higher. In the final 2 months of FY16 and through February of FY17, the growth rates have been 2.2 percent and below. From February of FY17 through February FY18, growth rates have been generally declining with a high of 1.5 percent in June FY17 to a low of 0.6 percent in January FY18. These lower growth rates of employment translate fairly consistently to lower growth rates on the RMTA system.

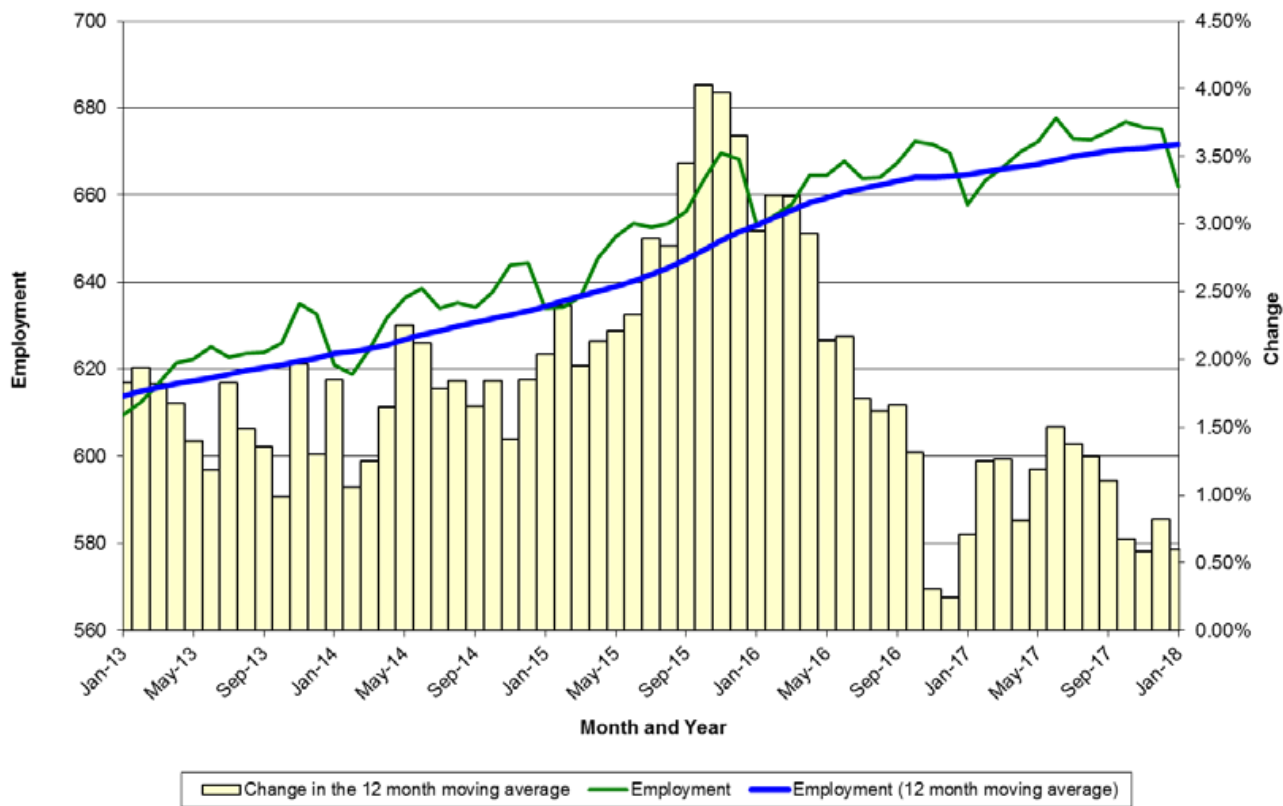
Figure 2: Richmond MSA Employment – Long Term



Revenue Sources and Forecasting Assumptions

Figure 3: Richmond MSA Employment – Short Term

Richmond MSA Employment (BLS) - Place of Employment (since 2013)

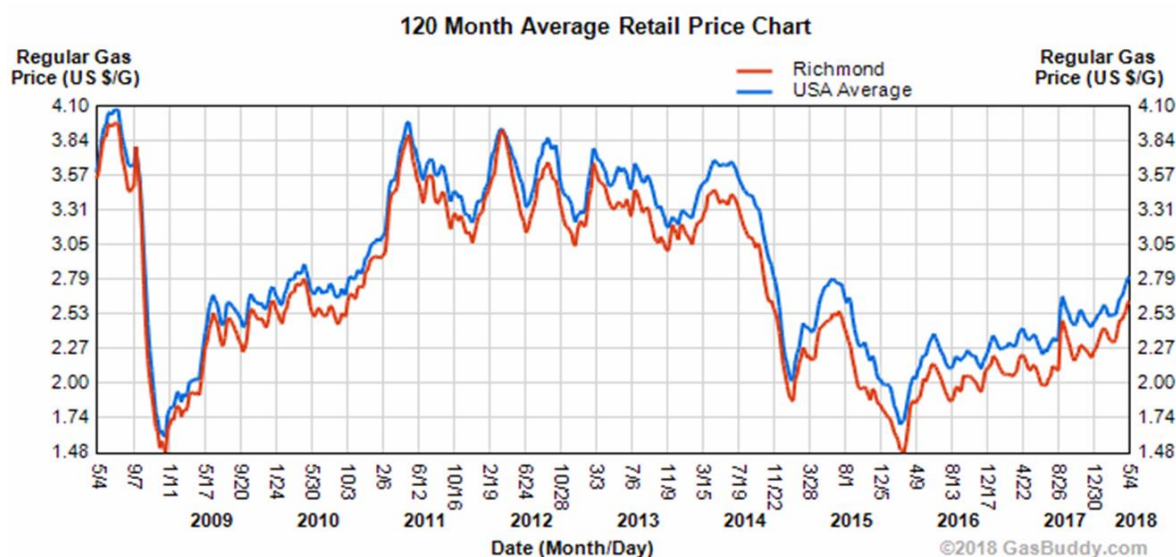


Revenue Sources and Forecasting Assumptions

Gas Prices

The price of gasoline has been a bit volatile since 2008 and this represents a new normal. Figure 4 presents Richmond and national gasoline prices for the past 10 years illustrating this point. Gas prices decreased after the summer of 2008 to approximately \$1.50 per gallon in the winter months. Prices then steadily increased reaching a high in the Summer of 2011 but did not retreat as drastically as they did in 2008 instead fluctuating between \$3.00 and \$4.00 until the summer of 2014, when prices began to drop. Prices hit a floor at the beginning of February 2015 at approximately \$1.50. Since then the price of gas increased and then held steady at about \$2.00. Going into FY17 and FY18 gas prices have generally increased, ranging from a low of approximately \$1.97 in July of CY2017 (FY18) to a high of \$2.48 in September of CY17 (FY18) as a result of shortages due to Hurricane Harvey. As of January FY18, gas prices were averaging approximately \$2.34. It should be noted that throughout the 10-year period shown in the chart, Richmond gas prices have been generally below those of the United States as a whole.

Figure 4: Price of Regular Gasoline per Gallon over the Past 120 Months



For the FY19 forecast it is estimated that gas prices will remain below \$4.00. It is estimated that gas prices would have to increase substantially higher than that of the summer of 2008 to have a negative impact on the FY19 forecast. Furthermore, those higher gas prices would have to be sustained for over the course of many months for people to begin changing behavior. If those two things occur, it is estimated that the RMTA Expressway System could potentially lose between 5 and 10 percent of traffic as compared to what is forecasted for FY19. While it is impossible to use historical data to predict future driver behavior since there were multiple influences on traffic during the summer of 2008, we can draw some conclusions regarding debt service coverage ratios. Even in the event of a 10 percent loss in traffic and toll revenue on the RMTA System for FY19, it is understood that all debt service coverage requirements would be satisfied and no additional toll increase would be needed during FY19. In fact the RMTA System could lose between 25 and 30 percent of traffic due to whichever factor and still cover debt service.

Long-Term Financial Plan

Long-Term Financial Plan Overview

The Authority works closely with its Traffic and Revenue Consultant, Consulting Engineer, and Financial Advisor to develop a long-term financial plan for the Expressway that incorporates historical trends and assumptions regarding future traffic patterns, customer service demands, operating costs, debt requirements, and future capital needs. As stated in the Authority's financial policies, toll rate adjustments and borrowing decisions are identified within the context of the long-term financial plan.

The following contains a summary of the long-term financial plan, with a focus on the current and next six fiscal years. These projections are used for planning purposes only and may differ from actual results.

Current and Next Six Fiscal Year Projections (in millions)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Tolls	\$ 41.4	\$ 41.8	\$ 42.2	\$ 42.6	\$ 43.0	\$ 43.4	\$ 43.9
Other	1.9	1.8	1.9	1.9	1.9	2.0	2.0
Total revenue	43.3	43.6	44.1	44.5	44.9	45.4	45.9
Operating expense	(13.4)	(16.8)	(17.4)	(18.0)	(18.7)	(19.3)	(20.0)
Net revenue	29.9	26.8	26.7	26.5	26.2	26.1	25.9
Debt service	(14.7)	(14.7)	(14.7)	(14.7)	(13.9)	(9.9)	(9.9)
Available for capital	<u>\$ 15.2</u>	<u>\$ 12.1</u>	<u>\$ 12.0</u>	<u>\$ 11.8</u>	<u>\$ 12.3</u>	<u>\$ 16.2</u>	<u>\$ 16.0</u>
Projected DSCR	2.03	1.82	1.82	1.80	1.88	2.64	2.62

Toll Rates and Debt Issuance

The Authority's toll rates remain unchanged for FY2019. Previous projections anticipated a toll rate adjustment in FY2018; based on recent traffic growth, this adjustment has been removed from the current long-term financial plan. The timing and extent of future rate adjustments will continue to be analyzed as projections are updated and revised based on actual results. The Authority has no plans to issue additional debt at this time.

Debt Service Coverage Ratio

Debt service coverage ratio (DSCR) is an important consideration in the Authority's long-term financial planning efforts. The amount by which DSCR exceeds 1.00 illustrates the potential cash funding for capital, minimizing the need for borrowing. The Authority's bond resolution requires a DSCR of 1.20; a ratio below this level could place the Authority's bonds in default. The Authority's financial policies set an internal DSCR goal of at least 1.50. The Authority's FY2017 DSCR based on audited financial statements was 2.27. As illustrated in the projections above, the Authority expects to continue meeting its DSCR requirements for the foreseeable future.

Long-Term Financial Plan

Credit Rating

The confidence of financial markets in the Authority's performance is best illustrated through its credit rating. In October 2011, the Authority received credit ratings on its Series 2011-D Expressway revenue refunding bonds from three major credit rating agencies: Fitch, Moody's, and Standard & Poor's. This was the first time the Authority sought credit ratings from all three agencies.

Each rating agency periodically reviews the Authority's performance to determine if a rating action is needed. In April 2014, Fitch upgraded the Authority's initial rating from A- to A, citing the Authority's stable traffic, rate making flexibility, limited debt needs, and healthy infrastructure as key rating drivers. Moody's affirmed their previous rating at A1 with a stable outlook in August 2017. In January 2018 Standard & Poor's affirmed a rating of A+ with a stable outlook. In May 2018, Fitch affirmed a rating of A with a stable outlook.

For reference, a summary of the rating scale for each rating agency (from highest to lowest):

Moody's	S&P	Fitch
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-

Lower ratings are non-investment grade

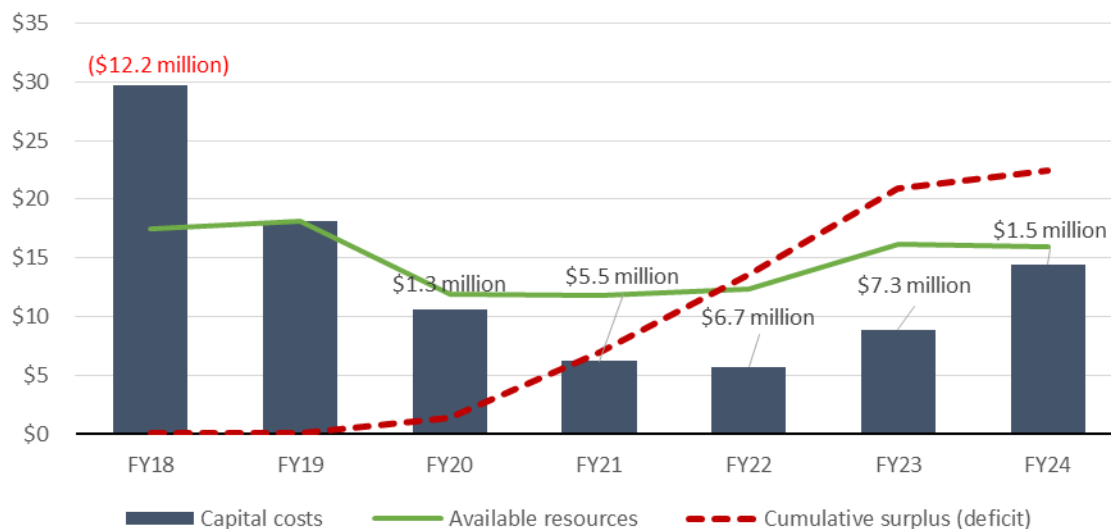
Capital Plan Funding

Capital needs must be compared to available resources to ensure capital funding is sufficient. In accordance with adopted financial policies, the Authority's goal is to have cash balances on hand as of June 30th to fully fund the next fiscal year's Capital Budget.

The following table and graph compares projected amounts available for capital after payments for operations and debt service against budgeted capital costs (in millions):

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Prior available for capital	\$ 12.2	\$ -	\$ -	\$ 1.4	\$ 7.0	\$ 13.6	\$ 20.9
Current available for capital	15.2	12.1	12.0	11.8	12.3	16.2	16.0
Debt issuance	-	-	-	-	-	-	-
Use of reserves	2.3	6.1	-	-	-	-	-
Capital budget	(29.7)	(18.2)	(10.6)	(6.2)	(5.7)	(8.9)	(14.4)
Available for future capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1.4</u>	<u>\$ 7.0</u>	<u>\$ 13.6</u>	<u>\$ 20.9</u>	<u>\$ 22.5</u>

Long-Term Financial Plan



Current projections anticipate a combined \$8.4 million funding shortfall in FY2018 and FY2019 as amounts available for capital are less than projected capital costs. The long-term financial plan shows the use of reserves to fill this funding shortfall. The Authority's financial policies require Board approval for the use of reserves. Additional funding options, including a borrowing or toll rate adjustment, remain available for consideration. Based on the Authority's enabling legislation, approval from its local governing bodies and the Richmond Mayor would be needed to issue debt.

Excess Balances Overview

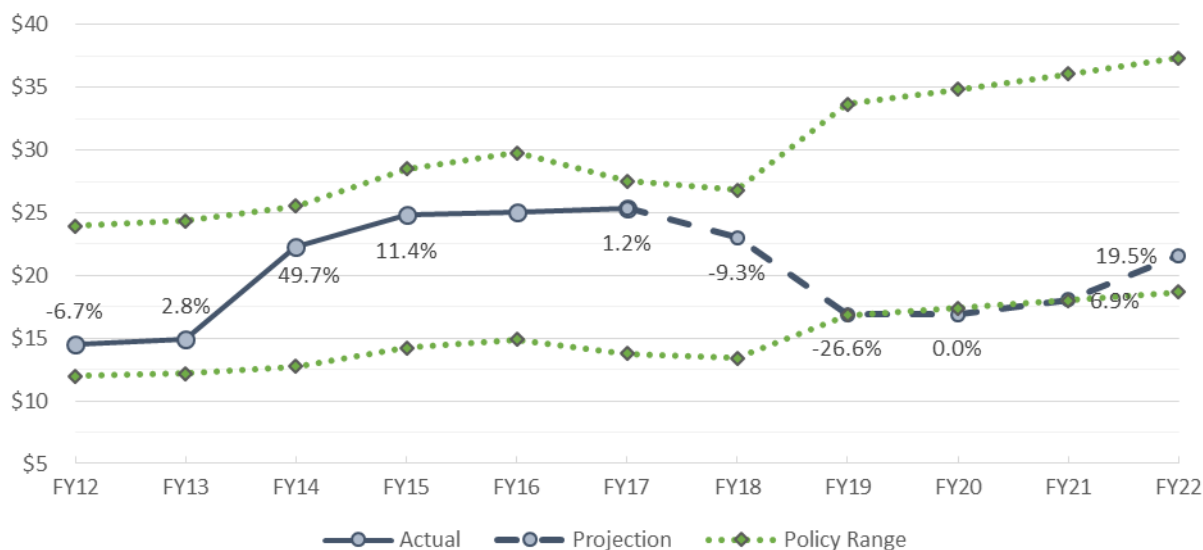
For budgetary purposes, fund balance or fund equity is defined as the cumulative difference between revenues and expenses over time. For the Authority's Expressway System, this cumulative difference is best represented by the Excess Balances fund. The Excess Balances fund was established by the Authority's bond resolution and provides the only reserves available for the Expressway System with capital assets valued in excess of \$300 million.

After making required payments to fund operations, debt service and related reserves and the Capital Budget, any remaining revenue is transferred to Excess Balances at fiscal year-end. The Authority's financial policies establish the maintenance of a balance of between one and two years of the annual Expressway System operating budget in the Excess Balances fund. Any amounts drawn from Excess Balances requires the approval of the Board of Directors.

Actual and Projected Changes to Excess Balances (millions)

These projections are used by the Authority for planning purposes only. Future projections are based on cash balances on hand and may differ from actual results due to changes in revenue, operating expenses, or capital estimates, as well as the timing of cash receipts and payments.

Long-Term Financial Plan



The FY2012 decrease of 6.7% was a result of unrealized fair market value losses during the 2011-2012 stock market decline. Contributions in FY2014 (\$6.6 million) and FY2015 (\$2.0 million) were driven by low capital needs for FY2015 and FY2016 compared to available revenue. The projected FY2018 ending balance of \$23.0 million is a decrease of 9.3% from the prior year due to the use of reserves.

The estimated use of reserves in FY2018 and FY2019 and contributions in FY2021 and FY2022 are driven by the difference between capital cost estimates and revenue available for capital as discussed on the previous pages. While the current long-term financial plan shows the use of reserves in FY2018 and FY2019, the Authority continues to evaluate all available options to determine the appropriate action necessary to support its funding requirements.

Department Budgets

Expressway Operations

Description

The Expressway Operations department is responsible for the collection of toll revenue and facility maintenance. Toll collection remains the primary function of the Authority, serving over 63.5 million customers in FY2017 on the Authority's Expressway System, comprised of the Powhite Parkway, Downtown Expressway, and Boulevard Bridge.

Priorities

1. Provide efficient and convenient toll collection methods
2. Provide a high level of customer service

Performance Measures

Priority	Objective	Performance Measure	Result
1,2	Ensure public awareness of tolling programs and practices	Growth of E-ZPass penetration rates	FY16 66.5%
			FY17 68.7%

Financial Summary

Toll Collection	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Compensation and Benefits	\$ 4,415,254	\$ 4,809,100	\$ 5,015,999	\$ 206,899	4.3%
Operating	5,870,322	6,230,600	6,466,900	236,300	3.8%
Total	\$ 10,285,576	\$ 11,039,700	\$ 11,482,899	\$ 443,199	4.0%
FTE Positions	93.5	91.5	89.5	(2.0)	-2.2%

Maintenance	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Compensation and Benefits	\$ 262,521	\$ 303,050	\$ 331,650	\$ 28,600	9.4%
Operating	557,742	782,000	1,773,000	991,000	126.7%
Total	\$ 820,263	\$ 1,085,050	\$ 2,104,650	\$ 1,019,600	94.0%
FTE Positions	6.0	6.0	6.0	-	-

Total Expressway Operations	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Compensation and Benefits	\$ 4,677,775	\$ 5,112,150	\$ 5,347,649	\$ 235,499	4.6%
Operating	6,428,064	7,012,600	8,239,900	1,227,300	17.5%
Total	\$ 11,105,839	\$ 12,124,750	\$ 13,587,549	\$ 1,462,799	12.1%
FTE Positions	99.5	97.5	95.5	(2.0)	-2.1%

FY2019 compensation and benefits costs increased primarily due to the increase in medical insurance premiums that was absorbed by the RMTA.

FY2019 operating costs increased primarily due the VDOT maintenance agreement expiration and the procurement of annual maintenance for the Expressway. Additionally toll collection costs increased, led by E-ZPass transaction processing costs due to traffic growth and increased E-ZPass participation.

Expressway Operations

Highlights

Since its initial implementation in 1999, customers continue to utilize E-ZPass as the preferred method of payment on the Authority's Expressway System. The success and convenience of E-ZPass is evident by the growing number of customers who pay via E-ZPass, from 44% in FY2006 to almost 69% in FY2017. During peak morning and evening hours on the Powhite Parkway and Downtown Expressway, E-ZPass usage exceeds 70%.

The Authority contracts with the Virginia Department of Transportation (VDOT) for the day-to-day operation of the E-ZPass program. Services provided by VDOT as part of this contract include E-ZPass transaction processing, customer account management, and violations processing. VDOT uses a fee structure designed to recover the costs of operating the E-ZPass program.

At the time of publishing the budget document, VDOT had not provided the FY2019 E-ZPass processing rates; therefore the FY2019 budget includes a 4.0% budget increase based on forecasted transaction and E-ZPass participation growth. The Authority estimates 46.6 million transactions or 71.7% of FY2017 transactions will be collected via E-ZPass.

Additional focuses of the Toll Collection department include a commitment to providing excellent customer service through ongoing training efforts and proactive toll system maintenance to ensure accurate and reliable revenue collection.

Maintenance is responsible for the routine maintenance, miscellaneous repairs, and preventative maintenance of all toll plazas and facility grounds and buildings. Primary functions include but are not limited to daily janitorial duties, graffiti removal, landscaping throughout the Expressway System, and snow/ice removal at toll plazas buildings. As a result of the diligent work of the Maintenance employees, the Authority had no slip and fall incidents resulting in worker's compensation claims during the winter weather months in FY2018.

Special Conservators of the Peace (SCOPs)

Description

Special Conservators of the Peace (SCOPs) are responsible for traffic law enforcement, accident investigations, assisting disabled vehicles, and providing construction work zone protection and lane closure assistance. SCOPs also conduct annual safety and robbery awareness training for all employees.

Priorities

1. Promote a safe travel environment

Performance Measures

Priority	Objective	Performance Measure	Result
1	Effective accident reporting and hit & run investigation	Number of hit & run accidents and recovered amount of repair expenses	<u>FY16</u> 6 incidents, \$17k in damage, 100% recovered <u>FY17</u> 30 incidents \$46k in damage; 98% recovered

Financial Summary

SCOPs	FY2017		FY2018		FY2019		FY2019 to FY2018	
	Actual		Budget		Budget		\$	%
Compensation and Benefits	\$ 153,652	\$	177,300	\$	188,600	\$	11,300	6.4%
Operating	24,259		23,166		17,000		(6,166)	-26.6%
Total	\$ 177,911	\$	200,466	\$	205,600	\$	5,134	2.6%
FTE Positions	2.0		3.0		3.0		-	-

As a result of several one-time equipment purchases, including mobile data terminals (in-car computers), police radio upgrades (analog to digital), and radar equipment, in FY 2018, the operating expenses decreased in FY 2019. Training and development for the FY 2019 budget increased due to additional training requirements as stipulated by new legislation, HB 151, which passed the General Assembly this year and will go into effect July 1, 2018.

Highlights

In addition to investigating RMTA property damage, our SCOP team provided the below listed services during FY 2017:

- Assisted 1400 motorists stopped on the side of the roadway
- Conducted 442 traffic stops
- Assisted with or investigated 189 traffic accidents
- Removed 216 pieces of debris from the roadway
- Provided protection for 232 lane closures / work zones
- Assisted Richmond Police / VA State Police with 262 incidents

Special Conservators of the Peace (SCOPs)

During FY2018, our SCOP Supervisor continued to be very active in the Regional Traffic Incident Management Planning Committee. Because of the Traffic Incident Management Training, she has been added to the Central Virginia Safety Officer's Committee. This committee consists of fire representatives from Richmond, Henrico, Chesterfield, Hanover, Colonial Heights, Ashland and Goochland; law enforcement from VA State Police, and VDOT incident commanders.

In addition, our SCOP Supervisor and Officers continue to enhance their professional development through training courses and regional conferences such as the following:

- SHRP2 Trainer Certified for Traffic Incident Management Training
- Sig Sauer Armorer Certified
- OSHA Construction and General Industry Certified
- Certificate of Appreciation from RPD for assisting with DUI Training
- Adult/Pediatric CPR/AED Certified
- Assisted with Traffic Incident Management training for wrecker drivers at Capital Garage
- Attended DMV VA Highway Safety Summit.
- 40 hour Radar Training

During this year's General Assembly session, HB 151 was approved. The amendment required Special Conservators of the Peace (SCOP) entities desiring to use the word "police" to meet law enforcement officer training standards. Currently the RMTA SCOP's utilize the word Police on their vehicles and badges. The Authority's legislative counsel obtained support within the Senate subcommittee to include an exemption for the RMTA SCOP department. The General Assembly voted to accept the exemption for RMTA (among other governmental agencies) to use the word "police" and the RMTA was given two years to comply with the increased training standards. The exemption will sunset on June 30, 2020.

Administration

Description

The Chief Executive Officer leads the organization, providing operational direction to the department heads for the execution of policies established by the Board of Directors and for advising and recommending actions to the Board to meet the organization's needs. The CEO is the face of the organization in working and collaborating with local jurisdiction stakeholders and various transportation related partners.

Administration provides support services necessary to the Authority's daily operations, primarily through information systems and administrative support. Administration is also responsible for coordinating all external communications through press releases and web site updates. For budgetary purposes, internal audit and procurement functions are also classified under Administration.

Priorities

1. Coordinate all external communications with media and customers
2. Provide operational support through information technology services
3. Conduct internal audit reviews of Authority processes and procedures
4. Oversee the procurement and contractual process

Performance Measures

Priority	Objective	Performance Measure	Result
1	Manage the Authority's social media presence	Regular monitoring and updates of Facebook Info Line and Twitter	Staff monitors account activity daily
2	Archive Board and Committee meeting materials electronically	Archive all Board and Committee documents electronically	All meeting materials were uploaded
3	Routinely examine internal processes and procedures to ensure compliance and safekeeping of Authority assets	Number of internal audit examinations and related findings	<u>FY16</u> 5 internal reviews performed -no significant findings <u>FY17</u> 3 internal reviews performed -no significant findings
4	Manage the procurement process for all contracts	Number of contracts signed with oversight by the Internal Audit and Procurement Manager	<u>FY16</u> 11 contracts with value of \$8 million <u>FY17</u> 13 contracts with value of \$47 million

Financial Summary

Administration	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Compensation and Benefits	\$ 1,042,481	\$ 1,149,600	\$ 1,079,451	\$ (70,149)	-6.1%
Operating	599,516	532,320	684,800	152,480	28.6%
Total	\$ 1,641,997	\$ 1,681,920	\$ 1,764,251	\$ 82,331	4.9%
FTE Positions	6.0	6.0	4.0	(2.0)	-33.3%

Administration

FY2019 compensation and benefits costs decreased primarily due to the reassignment of two positions to HR and Engineering.

FY2018 operating costs increased primarily due to a full year of office lease expense.

Highlights

The Administration continues to assess the newly redesigned website to ensure that it is meeting the needs of our customers. This has resulted in the enhancement of the RMTA website and an increased social media presence on Facebook and Twitter during FY2018. The RMTA website allows customers to receive traffic alerts via email and/or text message. In an effort to further engage in social media, the RMTA added new twitter handles that directly link to the website. The website allows for our customers to submit comments regarding our customer service and roadway operation.

The Information Technology department continues to work with Operations and HNTB, our engineering consultants, on the Toll system upgrade to ensure the network is fully capable of handling the increased amount of data that will be moving across it.

The IT department decreased its costs by changing several locations from Windstream to Comcast internet connection. Along with this upgrade, new routers and switches were installed to ensure that the RMTA would be able to accommodate faster internet connection speeds needed for the upcoming toll upgrade. The IT department continues to evaluate desktop workstations to ensure that they are up to Microsoft standards and replace others as appropriate. On the telecommunications side, the RMTA upgraded its Call Manager and Unity Cisco telephone system.

In addition to examining daily operations, the Authority's internal auditor added procurement oversight during FY2016. This allows for a streamlined approach to procurement with enhanced accessibility of contracts and staff awareness of expiring and upcoming contract renewals. Additionally, vendors have a single procurement contact for all procurements. During FY 2017, approximately 11 contracts were signed with a value of \$8 million. In FY 2018, approximately 13 contracts were signed with a value of \$47 million.

Engineering

Description

Engineering provides the expertise required to preserve existing assets and facilities as directed by the Authority's bond covenants. Engineering considers the most sustainable, efficient and cost-effective approaches possible when planning for the future needs and demands of the Authority's assets.

Priorities

1. Maintain assets through preventative maintenance and rehabilitation
2. Develop a comprehensive and cost-effective asset preservation plan

Performance Measures

Priority	Objective	Performance Measure	Result
1	Perform annual inspections to identify asset needs timely	Annual facility inspections	<u>FY16</u> 100% complete <u>FY17</u> 100% complete
1,2	Maintain bridges at or above the established condition level	% of bridges rated below Federal Highway Administration (FHWA) condition rating of 5	<u>FY16</u> 0% <u>FY17</u> 0%
1,2	Maintain pavement at or above the established condition level	% of pavement with a PCR score less than 40	<u>FY16</u> 0.42% <u>FY17</u> 0.0%

Financial Summary

Engineering	FY2017		FY2018		FY2019		FY2019 to FY2018	
	Actual		Budget		Budget		\$	%
Compensation and Benefits	\$ 140,161	\$	163,150	\$	295,400	\$	132,250	81.1%
Operating	17,498		17,250		24,750		7,500	43.5%
Total	\$ 157,659	\$	180,400	\$	320,150	\$	139,750	77.5%
FTE Positions	2.0		1.0		2.0		1.0	100.0%

FY 2019 compensation and benefits costs increased as a result of the reclassification of the project engineer position from Central Administration to the Engineering Department. Staff is currently interviewing to fill the position prior to the end of FY 2018.

Highlights

The Authority successfully completed the third phase of the compressive Deck Rehabilitation project which included nine (9) of the Authority owned City Street overpasses along the Downtown Expressway. In addition, this contract also included the application of a protective coating on the concrete jersey walls, median islands and sidewalks for each of the structures. This project was completed on time and \$2,900 under the original contract amount. The fourth and final phase of the Deck Rehabilitation project began in early April 2018 and includes fifteen (15) Authority owned overpasses along the Downtown Expressway and Powhite Parkway. All work is scheduled to be completed no later than Fall 2018. The first phase of this comprehensive project began with the 2014 deck rehabilitation of the North-bound Powhite Parkway over the James River was, at the time, the largest latex modified concrete (LMC) placement and longest continuous pour of LMC using hydro-demolition in the Commonwealth of Virginia; and to the best of the Authority's knowledge, an accomplishment that has not been surpassed.

Engineering

The Authority successfully completed the first phase of the Mill and Overlay project. The first phase included the Downtown Expressway, Rt. 146 Connector Road and the associated ramps. The Mill and Overlay operation removed approximately 1.5 – 2.0 inches of the degraded asphalt roadway surface and replaced it with a more durable and long lasting Stone Matrix Asphalt (SMA). The Downtown Expressway was last overlaid in 2000. This phase of the project was completed on time and \$2.1 M under the original contract amount. These efforts have brought the Expressway's mean pavement score up from 71.13 in FY 2017 to 77.47 in FY 2018.

Over the last nine months, the Authority has been developing a Flexible Asset Management (FAMS) Invitation for Bid (IFB) for the general maintenance of the expressway system. This contract will replace the VDOT Memorandum of Understanding for the maintenance of the expressway system. Staff approached the development of the bid package by seeking the Industry's input on the draft IFB through a Request for Information (RFI) issued in December 2017. Six (6) written responses to the RFI were received, which included industry insight on the scope of work, reporting requirements, performance/evaluation criteria as well as snow and ice removal.

Staff advertised the FAMS – 2018 contract on February 20, 2018. Bids are due on April 19, 2018. The Authority will evaluate and score each submitted bid utilizing a two-step bid process. All technical proposals will be scored and only the submittals scoring above 75% will advance to the next stage of price evaluation. The lowest, responsible and qualified bidder will be awarded the contract. This is the first time the Authority has undertaken such a contract. The contract's major work items include the following:

- Tree and Brush Removal
- Debris and Road Kill Removal
- ROW Fencing Repair and Replacements
- Storm Drain and Drop Inlet Cleaning
- Expressway Lighting
- Post Mounted Signs Repair and Replacements
- Guardrail Repair and Replacements
- Attenuator Repair and Replacements
- Pothole Patching
- Rigid Pavement Patching
- Roadway Sweeping
- Incident/Emergency Response
- Customer Complaint Response
- Grass Mowing
- Snow and Ice Operations Services
- One-time Services
- Replacement of Exit Signs
- Installation of "Prohibited" Signs on Expressway Entrance Ramps
- Replacement of Noncompliant Guardrail Terminal

Engineering

The Authority advertised the toll collection system upgrade RFP on March 24, 2017 and awarded the contract to TransCore on September 27, 2017. Three (3) firms submitted proposals and were evaluated utilizing a Best Value Process as allowed under the Virginia Procurement Code. There are three (3) steps to this process as outlined below.

- ❖ **Step 1**
 - Evaluation of Technical & Price Proposals
 - Oral Interviews
- ❖ **Step 2**
 - Short List Scoring – Committee members evaluated technical proposals based on the following:
 1. Toll System Design and Technical Approach
 2. Ability to Execute and Meet the Project Schedule
 3. System Maintenance & Warranty Approach
 4. Proposer Qualifications
 5. Project Organization and Key Staff Qualifications
- ❖ **Step 3**
 - Negotiations
 - Best & Final Offers
 - Vendor Ranking – Best Value

Upon final ranking, Authority staff recommended TransCore to the Authority's Board of Directors to approve a resolution which authorizes the CEO on behalf of the Authority to award the contract to the fully qualified, best suited Proposer that provides the best value to the Authority among all those submitting proposals. The TSS-2017 was awarded to TransCore for an installation cost of \$18.4M and a base term maintenance cost of \$8.9 M. The base term of the maintenance phase of this contract is five (5) years.

The Authority continues to review the capital budget, making adjustments based on the annual facility inspection reports and condition assessments. Over the past year staff has adjusted the long range capital plan to include anticipated capital needs through FY2041, including the addition of several missing items such as toll system expansions and upgrades, buildings and facility repairs and renovations, and cyclical preventative maintenance activities such as full protective bridge coatings, bridge deck overlays and mill & asphalt overlays. These cyclical preventative maintenance activities provide a planned strategy of cost-effective treatments to keep bridges and pavement in good condition, retard future deterioration and avoid large expenses such as reconstructions and/or full replacements of assets.

Finance

Description

Finance plans, organizes, and directs the financial activities of the Authority including note and bond financing, investment management, accounting, financial analysis, risk management, cash management, financial reporting and annual budgeting. Finance also provides fiscal operation support through the accounts payable, accounts receivable and payroll functions.

Priorities

1. Ensure fiscal compliance with financial policies, bond indentures, and other agreements
2. Establish and maintain an effective internal control environment
3. Prepare financial reports that are useful, timely and accurate

Performance Measures

Priority	Objective	Performance Measure	Result
1,2,3	Receive an unmodified (“clean”) audit opinion	External auditor’s audit opinion	<u>FY16</u> Unmodified <u>FY17</u> Unmodified
1,2,3	Obtain the GFOA Financial Reporting Award (CAFR)	Consecutive years receipt of award	<u>FY16</u> 23 <u>FY17</u> 24
1,2,3	Obtain the GFOA Budget Presentation Award	Consecutive years receipt of award	<u>FY16</u> 3 <u>FY17</u> 4

Financial Summary

Finance	FY2017		FY2018		FY2019		FY2019 to FY2018	
	Actual		Budget		Budget		\$	%
Compensation and Benefits	\$ 377,755	\$	402,800	\$	442,800	\$	40,001	9.9%
Operating	562,793		662,450		636,575		(25,875)	-3.9%
Total	\$ 940,548	\$	1,065,250	\$	1,079,375	\$	14,126	1.3%
FTE Positions	4.5		4.5		4.5		-	-

FY2019 compensation and benefits costs increased primarily due to the increase in medical insurance premiums that was absorbed by the RMTA.

FY2019 operating costs decreased due to savings from banking and financial advisor services. Additionally, FY2018 included the costs of a biennial actuarial valuation for the Authority’s Other Post Employment Benefits (OPEB) obligation.

Highlights

Finance continues to provide excellent financial services as evidenced by receiving an unmodified (“clean”) audit opinion on the Authority’s FY2017 Comprehensive Annual Financial Report (CAFR) and receipt of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers’ Association (GFOA) for the 24rd consecutive year. Finance also received the GFOA’s Distinguished Budget Presentation Award for the 4rd consecutive year for the Authority’s FY2018 budget and continues to make improvements to the budget document based on GFOA recommendations and industry best practices.

Finance

The RMTA Board of Directors, at the recommendation of Davenport, RMTA's financial advisory firm, and the Director of Finance, approved participation in the Virginia Resources Authority Summer Pooled Financing Program to lower debt servicing for RMTA Series 2011A bonds. \$18,795,000 was advance refunded in August 2017, lowering total debt service over \$2.6 million and approximately \$105,000 annually.

In March 2018, Finance implemented an application on the RMTA website that provides customers the ability to pay for unpaid tolls online. The ease and convenience of the application is expected to increase the collection percentage of unpaid tolls and violations.

Finance works closely with the CEO to identify and implement cost savings as well as improve reporting and realign costs to the respective departments. Finance also communicates with Jacobs, the Traffic and Revenue consultant and Davenport, the financial advisory firm to monitor traffic statistics, revenues, funding, and overall financial performance.

Human Resources

Description

Human Resources maintains a productive and highly-skilled workforce through recruitment, employment, compensation, benefits, employee relations and health and safety programs while ensuring compliance with laws and regulations.

Priorities

1. Maintain competitive compensation and benefit plans while managing costs
2. Promote a positive and efficient working environment through employee communication and recognition
3. Comply with federal, state and local regulatory mandates and requirements

Performance Measures

Priority	Objective	Performance Measure	Result
1	Regularly evaluate employee compensation against comparative positions	Completion of a compensation study	June 2018
1	Evaluate benefit plans with benefits consultant and providers to ensure packages are consistent with the marketplace	Annual review of benefit plans	February 2018
2	Evaluate employee engagement and morale	Completion of employee survey	June 2018
2	Coordinate and conduct regular employee meetings	Supervisor training for legal compliance; annual "Town Hall" meetings	February 2018; April 2018; May 2018
3	Review Personnel Policies and Procedures manual at least annually	Revised policy manual	April 2018

Financial Summary

Human Resources	FY2017		FY2018		FY2019		FY2019 to FY2018	
	Actual		Budget		Budget	\$	%	
Compensation and Benefits	\$ 290,325	\$	272,000	\$	341,300	\$ 69,300	25.5%	
Operating	71,181		145,370		122,850	(22,520)	-15.5%	
Total	\$ 361,506	\$	417,370	\$	464,150	\$ 46,780	11.2%	
FTE Positions	4.0		2.0		3.0	1.0	50.0%	

Human Resources

FY2019 compensation and benefits costs increased primarily due to realignment of a position and the increase in medical insurance premiums that was absorbed by the RMTA.

FY2019 operating costs decreased due to restructuring of the training and development budget and savings in office equipment and supplies.

Highlights

Human Resources staff continues to explore innovative ways to provide quality benefits through diversification of offerings and cost sharing. Human Resources worked with the benefits consultants to promote employee awareness about healthcare benefits and Health Savings Accounts (HSAs). Staff provided employees with education and assistance on how to use and manage their individual accounts, encouraging a more consumer driven approach to healthcare.

Despite efforts by our Benefits Consultants to solicit more favorable rates, health insurance premiums for FY19 will increase by 22% due to higher utilization over the last few quarters. Staff worked with the Compensation and Benefits Committee to review and evaluate how the premium increase would impact employees. Because the RMTA continuously considers the well-being of employees, the Committee decided that RMTA will fully absorb the 22% increase.

Staff successfully coordinated the annual Holiday Reception and recognized outstanding and dedicated staff for their contributions at the Employee Recognition Luncheon. Human Resources also publicly recognized employees at Board meetings to highlight employee certifications or awards aimed at enhancing job knowledge or promoting the mission and goals of the Authority. Additionally, three (3) employees were recognized upon their retirement, with each having more than thirty years of service.

Human Resources, in collaboration with executive staff, continues to evaluate each full-time vacancy to determine current need for that position or if greater efficiency and cost savings could be obtained by replacing with a different type or part-time position.

Human Resources continues to promote performance based merit increases through an annual evaluation process. Coinciding with the fiscal year, RMTA uses a common merit date for all employees. Since 2014, there has been a consistent 100% evaluation completion rate. Employees who fully meet expectations for their respective position are eligible to receive a merit increase unless they are at the top of the pay scale for their grade. Employees who are at the top of the scale and who exceed performance expectations receive a one-time lump sum award.

Human Resources staff continues to navigate and implement the regulatory changes as a result of national health care reform. Staff attends regular training, review and analysis of the Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FMLA), Workers' Compensation Act, Americans with Disabilities Act Amendments Act (ADAAA), and Equal Employment Opportunity Commission (EEOC) requirements to ensure consistent compliance with federal and state laws.

Main Street Station

Description

The Authority contracts with the City of Richmond through an operating agreement to provide facility management services at Main Street Station, which include routine building and grounds maintenance and coordinating reservations for facility rentals. The operating agreement requires the City to pay all operating expenses in excess of revenues associated with the Authority's management of the facility. The Authority is not responsible for any facility debt or capital improvements and the facility remains property of the City.

Priorities

1. Provide facility management services that exceed expectations
2. Maximize event revenue through public outreach and advertising

Performance Measures

Priority	Objective	Performance Measure	Result
1	Ensure the facility remains operational for Amtrak trains	Number of monthly Amtrak passengers	FY16 Average 3,661 per month FY17 Average 4,049 per month
2	Advertise the Station's event capabilities to increase utilization	Number of event rentals	FY16 Average 2.0 per month FY17 Average 4.5 per month

Financial Summary

Main Street Station	FY2017		FY2018		FY2019 to FY2018	
	Actual	Budget	Budget	Budget	\$	%
Compensation and Benefits	\$ 77,279	\$ 192,500	\$ 35,350	\$ (157,150)	-81.6%	
Operating	633,651	1,341,100	821,450	(519,650)	-38.7%	
Total	\$ 710,929	\$ 1,533,600	\$ 856,800	\$ (676,800)	-44.1%	
FTE Positions	2.0	3.0	1.0	(2.0)	-66.7%	

FY2019 compensation and benefits costs decreased primarily due to reduction of two positions and a budget term for six months. FY2019 operating costs are lower due to a budget term of six months.

Highlights

In FY2017, there was a decrease in the average number of events held at Main Street Station due to the ongoing construction of the Shed and a change in aesthetics of the event space. In FY2018, the Shed had a soft opening and the event space has increased interest in the Richmond region. With the opening of the Shed, we expect the number of events to continue to increase. Moreover, this has increased the number of events at the Headhouse and drawn interest and events from large Expos to Fortune 500 corporations. The Authority's expenses have increased as a result of the opening of the Shed. Staff requested and received from the Board of Directors a FY2018 budget adjustment of \$249,000. This budget adjustment was necessary for the additional operating costs of the Shed and included items such as general maintenance, equipment and mechanical repairs, public relations, and supplies.

Main Street Station

The City notified the Authority of its plan to issue a comprehensive request for proposals for management services of the existing facility as well as the new train shed building. It is anticipated that a provider will be selected sometime during FY 2019. The current operating agreement (the 10th agreement to manage Main Street Station) expired June 30, 2017 but has been extended through December 31, 2018 in order to ensure that there is an effective transition to the awarded management company.

Budget Detail

Department to Fund Crosswalk

As shown in the previous section, expense budgets by department are developed in order to track costs by the Authority's main functions. In order to comply with bond indenture requirements and accounting principles, the Authority must separate department budgets into budgets by funds.

As discussed in the Fund Structure, Basis of Accounting and Budgeting, and Budget Process section, the Authority administers four enterprise funds: Expressway, Expressway Repair and Contingency (Capital), Central Administration, and Main Street Station. The Expressway Repair and Contingency budget is presented as the Expressway Capital Budget in this document.

A summary of the FY2019 operating budget by department and a crosswalk to the budgets by fund can be found below.

	Expressway	Central Administration	Main Street Station	Total
Toll Collection	\$ 11,482,899	\$ -	\$ -	\$ 11,482,899
Maintenance	2,104,650	-	-	2,104,650
SCOP	205,600	-	-	205,600
Administration	215,000	1,533,951	15,300	1,764,251
Engineering	17,000	303,150	-	320,150
Finance	563,650	500,225	15,500	1,079,375
Human Resources	-	464,150	-	464,150
Main Street Station	-	-	856,800	856,800
	\$ 14,588,799	\$ 2,801,476	\$ 887,600	\$ 18,277,875

	Expressway	Central Administration	Main Street Station	Total
Total Budget by Fund	\$ 16,828,031	\$ 2,801,476	\$ 977,743	\$ 20,607,251
Central Admin Allocation (1)	(2,239,232)	-	(90,143)	(2,329,375)
	\$ 14,588,799	\$ 2,801,476	\$ 887,600	\$ 18,277,875

- (1) Central Administration costs are recovered by allocating Central Administration expenses to the Authority's operating activity and capital plan. The allocation is based on estimated employee efforts towards the management of the Authority's operating activities and capital plan and is reviewed annually during budget development.

The following pages present a line-item detail budget by fund with a discussion of significant line item variances. Additional discussion can be found in the Department Budget section.

Expressway Fund Budget

Description

The Expressway fund is used to account for all ongoing Expressway System operations, including toll collection, maintenance, and the SCOP program. The Expressway System is comprised of the Powhite Parkway, Downtown Expressway, and Boulevard Bridge, providing a vital urban transportation link for the Richmond metropolitan area.

Significant Budgetary Changes

- *Toll Revenue:* Year to date toll revenue in FY2018 outpaced the budget by .5%; the forecasted revenue growth for FY2019 is 1.0%. See the Revenue Sources and Forecasting Assumption section for a detailed discussion on the development of the FY2019 forecast.
- *Violation Enforcement:* In conjunction with increasing traffic volume, both violation enforcement revenues and related expenses exceeded budgeted expectations in FY2018; actual revenue for FY2018 is projected at approximately 105% of FY2018 budget. Along with increasing volume, the Authority is also seeing increased payment activity for violations, driving the revenue increase.
- *Compensation and benefits:* Rising health care premiums of 22% were the primary contributor to the increase. This increase was partially offset by employee realignments and retirements as described in the Budget Overview section.
- *E-ZPass processing fees:* At the time of publishing the budget document, VDOT had not provided the FY2019 E-ZPass processing rates; therefore the FY2019 budget includes a 4% budget increase based on forecasted transaction and E-ZPass participation growth.
- *Toll System Maintenance:* FY2019 costs increased \$67,000 due to anticipated greater repairs based on an aging toll system.
- *Annual Road Maintenance – Roadways:* FY2019 includes an estimated \$950,000 increase as the VDOT maintenance agreement expired necessitating the procurement of annual maintenance for the Expressway. At the time of publishing the budget document, an agreement had not been implemented and a conservative estimate was budgeted.
- *Materials and Supplies – Roadways:* FY2019 includes the bulk purchase of road deicer.
- *Communications Equipment:* FY2019 decrease of \$14,000 as several one-time equipment purchases for SCOPs, including mobile data terminals (in-car computers), police radio upgrades (analog to digital), and radar equipment were made in FY2018.

Expressway Fund Budget

Certificate

In accordance with Section 708 of the 2011 bond resolution, the Authority is required to engage a Traffic and Revenue Consultant for the purpose of preparing and certifying a schedule of tolls for the forthcoming budget year considered sufficient to pay operating expenses, debt service, and maintenance and repairs on the Expressway System as certified by the Authority's Consulting Engineer. The Authority has contracted with Jacobs as Traffic and Revenue Consultant and with HNTB as Consulting Engineer.

The certificate is presented as a draft for the proposed budget presentation; revenue and expense certifications are finalized upon budget adoption.

	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Projected	Budget	\$	%
Toll Revenue (1)	\$ 42,440,005	\$ 42,813,148	\$ 43,150,000	\$ 336,852	0.8%
Other Revenue (2)	436,618	449,500	450,000	500	0.1%
	42,876,623	43,262,648	43,600,000	337,352	0.8%
Operating Expenses	13,772,285	13,400,000	16,828,031	3,428,031	25.6%
Net Operating Revenue	29,104,338	29,862,648	26,771,969	(3,090,679)	-10.3%
Debt Service	(12,842,280)	(14,738,846)	(14,737,389)	1,457	0.0%
Available for Capital	\$ 16,262,058	\$ 15,123,802	\$ 12,034,580	\$ (3,089,222)	-20.4%

(1) As estimated by Jacobs and the Authority

(2) As estimated by the Authority

Revenue Certification



Richard Gobeille, P.E.
Jacobs Engineering Group, Inc.

Expense Certification



Mark Grossenbacher, P.E.
HNTB Corporation

Expressway Fund Budget

Expressway	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Revenue					
Toll Revenue (1)	\$ 40,965,789	\$ 41,040,000	\$ 41,815,000	\$ 775,000	1.9%
Violation Enforcement - CSC	1,000,648	975,000	900,000	(75,000)	-7.7%
Violation Enforcement - Courts	367,540	200,000	360,000	160,000	80.0%
Toll Payments - Collections	106,028	75,000	75,000	-	0.0%
Parking Lot Rentals	51,383	49,500	50,000	500	1.0%
Interest Income	384,852	400,000	400,000	-	0.0%
Miscellaneous Income	383	-	-	-	0.0%
Total Revenue	<u>\$42,876,623</u>	<u>\$42,739,500</u>	<u>\$43,600,000</u>	<u>\$ 860,500</u>	2.0%
Toll Collection					
Regular Pay	\$ 2,915,171	\$ 2,993,600	\$ 2,985,200	\$ (8,400)	-0.3%
Overtime	359,086	350,200	343,500	(6,700)	-1.9%
Payroll Taxes	244,602	255,800	250,000	(5,800)	-2.3%
Retirement	93,548	117,200	57,000	(60,200)	-51.4%
Health Insurance	734,660	1,014,700	1,311,500	296,800	29.3%
Group Life Insurance	32,776	38,900	34,500	(4,400)	-11.3%
Long Term Disability	1,083	3,200	1,300	(1,900)	-59.4%
Unemployment Benefits	4,671	7,500	5,000	(2,500)	-33.3%
Uniforms	8,901	6,000	6,000	-	0.0%
Employee Mileage	20,753	22,000	22,000	-	0.0%
	4,415,254	4,809,100	5,015,999	206,899	4.3%
E-ZPass Processing Fees	3,274,301	3,468,000	3,600,000	132,000	3.8%
Violation Enforcement - CSC	982,080	1,000,000	1,025,000	25,000	2.5%
Violation Appeals - Legal	-	5,000	-	(5,000)	-100.0%
Collections Service	25,448	30,000	30,400	400	1.3%
Armored Transport & Coin Counting	252,955	270,000	265,000	(5,000)	-1.9%
Toll System Maint. - Transcore	247,481	262,000	275,000	13,000	5.0%
Toll System Maint. - TRMI	735,513	746,000	790,000	44,000	5.9%
Currency Counter Maintenance	2,758	3,000	3,000	-	0.0%
Security System	8,171	-	12,000	12,000	0.0%
Communications Systems	-	-	-	-	0.0%
Traffic Camera Hosting	2,148	2,500	2,500	-	0.0%
Utilities	157,832	185,400	195,000	9,600	5.2%
Toll System Parts and Supplies	150,946	220,000	230,000	10,000	4.5%

(continued)

(1) As estimated by Jacobs

Expressway Fund Budget

Expressway	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Security System - Camera					
Maintenance	3,839	5,000	10,000	5,000	100.0%
Traffic Cameras - Maintenance	4,136	5,000	5,000	-	0.0%
Gate Claims	(906)	2,000	3,000	1,000	50.0%
Office Supplies and Printing	17,138	21,000	15,000	(6,000)	-28.6%
Office Equipment	1,856	5,200	5,000	(200)	-3.8%
Communications Equipment	558	-	-	-	0.0%
Miscellaneous Expenses	1,098	500	1,000	500	100.0%
Personnel - Employee Relations	2,970	-	-	-	0.0%
	<u>5,870,322</u>	<u>6,230,600</u>	<u>6,466,900</u>	<u>236,300</u>	3.8%
Toll Collection Total	<u>\$10,285,576</u>	<u>\$11,039,700</u>	<u>\$11,482,899</u>	<u>\$ 443,199</u>	4.0%
Maintenance					
Regular Pay	\$ 190,353	\$ 195,300	\$ 211,900	\$ 16,600	8.5%
Overtime	5,478	20,500	19,900	(600)	-2.9%
Payroll Taxes	14,581	16,600	17,600	1,000	6.0%
Retirement	6,801	9,000	4,100	(4,900)	-54.4%
Health Insurance	40,514	55,700	72,500	16,800	30.2%
Group Life Insurance	2,458	2,600	2,600	(0)	0.0%
Long Term Disability	-	600	-	(600)	-100.0%
Unemployment Benefits	479	750	500	(250)	-33.3%
Uniforms	1,858	2,000	2,500	500	25.0%
Employee Mileage	-	-	50	50	0.0%
	<u>262,521</u>	<u>303,050</u>	<u>331,650</u>	<u>28,600</u>	9.4%
Annual Road Maintenance	360,000	550,000	1,500,000	950,000	172.7%
Building and Janitorial Services	18,000	22,000	22,000	-	0.0%
Materials & Supplies - Toll Plaza	8,145	9,500	9,500	-	0.0%
Materials & Supplies - Traffic Control	4,997	6,000	6,000	-	0.0%
Materials & Supplies - Grounds & Buildings	41,113	48,000	48,000	-	0.0%
Materials & Supplies - Roadways	7,927	9,000	45,000	36,000	400.0%
Grounds & Building Maintenance	73,769	75,000	75,000	-	0.0%
Maintenance - Equipment Repair	5,000	7,500	7,500	-	0.0%
Vehicle Operations and Maintenance	38,791	55,000	60,000	5,000	9.1%
	<u>557,742</u>	<u>782,000</u>	<u>1,773,000</u>	<u>991,000</u>	126.7%
Maintenance Total	<u>\$ 820,263</u>	<u>\$ 1,085,050</u>	<u>\$ 2,104,650</u>	<u>\$ 1,019,600</u>	94.0%

Expressway Fund Budget

Expressway	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
SCOP					
Regular Pay	\$ 128,576	\$ 145,300	\$ 152,100	\$ 6,800	4.7%
Overtime	446	-	600	600	0.0%
Payroll Taxes	9,776	11,200	11,600	400	3.6%
Retirement	2,164	2,200	2,700	500	22.7%
Health Insurance	7,690	10,800	14,200	3,400	31.5%
Group Life Insurance	663	700	800	100	14.2%
Long Term Disability	492	200	600	400	200.2%
Uniforms	3,844	6,900	6,000	(900)	-13.0%
	153,652	177,300	188,600	11,300	6.4%
Communications Systems	208	3,300	5,000	1,700	51.5%
Communications Equipment	21,316	16,866	3,000	(13,866)	-82.2%
Materials & Supplies - Traffic Control	-	3,000	2,000	(1,000)	-33.3%
Training and Development	-	-	5,000	5,000	0.0%
Safety Program	2,735	-	2,000	2,000	0.0%
	24,259	23,166	17,000	(6,166)	-26.6%
SCOP Total	\$ 177,911	\$ 200,466	\$ 205,600	\$ 5,134	2.6%
Administrative					
Telecommunications	\$ 17,707	\$ 20,000	\$ 23,000	\$ 3,000	15.0%
Data Communications	22,579	24,000	24,000	-	0.0%
Computer Service Agreements	36,887	36,000	36,000	-	0.0%
Legal Services	68,456	30,000	125,000	95,000	316.7%
Computer Hardware	4,096	4,000	5,500	1,500	37.5%
Computer Software	1,744	-	1,500	1,500	0.0%
Asset Management Software Hosting	16,500	16,500	17,000	500	3.0%
Insurance	337,284	354,900	361,000	6,100	1.7%
Trustee Services	21,164	24,000	21,000	(3,000)	-12.5%
Bank Fees	-	500	500	-	0.0%
Traffic and Revenue Consultant	23,166	25,000	24,500	(500)	-2.0%
Audit and Accounting Services	47,486	53,000	56,650	3,650	6.9%
Credit Rating Fees	14,500	24,000	16,000	(8,000)	-33.3%
Financial Advisor	-	40,000	25,000	(15,000)	-37.5%
Investment Advisor	54,893	58,000	59,000	1,000	1.7%
Administrative Total	\$ 666,462	\$ 709,900	\$ 795,650	\$ 85,750	12.1%
Compensation and Benefits	\$ 4,831,427	\$ 5,289,450	\$ 5,536,249	\$ 246,799	4.7%
Operations	7,118,785	7,745,666	9,052,550	1,306,884	16.9%
Central Admin Allocation	1,822,073	1,927,600	2,239,232	311,632	16.2%
Total Expenses	\$13,772,285	\$14,962,716	\$16,828,031	\$ 1,865,315	12.5%

Central Administration Fund Budget

Description

The Central Administration fund is used to accumulate and allocate administrative expenses, including costs associated with the Board of Directors, Chief Executive Officer, and department Directors. Costs are allocated to the Authority's operations based on estimated Central Administration employee efforts toward each operation. Department Directors review the cost allocation percentages each year during the budget process.

Significant Budgetary Changes

- *Compensation and benefits*: Rising health care premiums of 22% were the primary contributor to an increase which was offset by employee retirements.
- *Office Lease and Parking*: FY2019 increased \$166,000 due to a full year of office rent versus 10 months free rent in 2018.
- *Board Expenses – Other*: The FY2019 budget decreased \$20,000 as consultant costs for strategic plan development were paid in FY2018.
- *Legal*: FY2019 decrease of \$45,000 reflects historical trend utilization.
- *Community Outreach*: Costs are included in FY2019 for public outreach efforts in regards to the Richmond metro community.
- *OPEB Actuarial Valuation*: FY2019 does not include the biennial actuarial analysis costs of the Authority's Other Post-Employment Benefits (OPEB) obligation, performed in FY2018.
- *Training and Development*: FY2019 includes funds for executive management development.

Central Administration Fund Budget

Central Administration	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Administration					
Regular Pay	\$ 594,298	\$ 613,100	\$ 530,700	\$ (82,400)	-13.4%
Overtime	252	1,500	-	(1,500)	-100.0%
Payroll Taxes	35,664	43,100	35,600	(7,500)	-17.4%
Retirement	15,592	50,200	43,000	(7,200)	-14.3%
Health Insurance	99,298	131,100	160,000	28,900	22.0%
Group Life Insurance	5,889	7,900	6,300	(1,600)	-20.2%
Long Term Disability	3,488	2,700	3,850	1,150	42.6%
OPEB Trust Contribution	288,000	300,000	300,000	-	0.0%
	<u>1,042,481</u>	<u>1,149,600</u>	<u>1,079,451</u>	<u>(70,149)</u>	<u>-6.1%</u>
Security System	-	8,000	-	(8,000)	-100.0%
Telecommunications	6,746	15,000	12,000	(3,000)	-20.0%
Data Communications	15,713	18,000	10,000	(8,000)	-44.4%
Computer Service Agreements	20,999	19,000	19,000	-	0.0%
Legal Services	130,944	120,000	75,000	(45,000)	-37.5%
Office Lease and Parking	173,244	39,470	205,000	165,530	419.4%
Miscellaneous Expenses	137	-	-	-	0.0%
Computer Hardware	3,813	10,000	10,000	-	0.0%
Computer Software	1,744	2,500	1,500	(1,000)	-40.0%
Web Site Development	6,920	5,000	5,000	-	0.0%
Board Attendance Fees	10,368	14,000	12,000	(2,000)	-14.3%
Board Expenses - Other	29,427	40,000	20,000	(20,000)	-50.0%
Professional Memberships and Subscriptions	23,188	27,500	31,750	4,250	15.5%
Training and Development	5,988	-	28,250	28,250	0.0%
Administrative Office Move	10,244	39,750	-	(39,750)	-100.0%
Public Relations	-	10,000	10,000	-	0.0%
Community Outreach	-	-	15,000	15,000	0.0%
	<u>439,475</u>	<u>368,220</u>	<u>454,500</u>	<u>86,280</u>	<u>23.4%</u>
Administration Total	<u>\$ 1,481,956</u>	<u>\$ 1,517,820</u>	<u>\$ 1,533,951</u>	<u>\$ 16,131</u>	<u>1.1%</u>
Engineering					
Regular Pay	\$ 112,057	\$ 128,950	\$ 234,400	\$ 105,450	81.8%
Overtime	-	-	-	-	0.0%
Payroll Taxes	8,535	9,900	17,800	7,900	79.8%
Retirement	9,445	10,800	10,600	(200)	-1.9%
Health Insurance	7,690	10,800	28,400	17,600	163.0%
Group Life Insurance	1,430	1,700	3,100	1,400	82.4%
Long Term Disability	1,005	1,000	1,100	100	10.0%
	<u>140,161</u>	<u>163,150</u>	<u>295,400</u>	<u>132,250</u>	<u>81.1%</u>
Professional Memberships and Subscriptions	-	750	750	-	0.0%
Training and Development	998	-	7,000	N/A	0.0%
	<u>998</u>	<u>750</u>	<u>7,750</u>	<u>7,000</u>	<u>933.3%</u>
Engineering Total	<u>\$ 141,159</u>	<u>\$ 163,900</u>	<u>\$ 303,150</u>	<u>\$ 139,250</u>	<u>85.0%</u>

Central Administration Fund Budget

Central Administration	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Finance					
Regular Pay	\$ 302,816	\$ 311,600	\$ 336,900	\$ 25,300	8.1%
Overtime	1,348	1,100	1,500	400	36.4%
Payroll Taxes	22,267	24,000	24,900	900	3.8%
Retirement	11,905	10,500	6,200	(4,300)	-41.0%
Health Insurance	34,498	50,500	67,900	17,400	34.5%
Group Life Insurance	3,368	3,700	3,700	0	0.0%
Long Term Disability	1,553	1,400	1,700	300	21.4%
	<u>377,755</u>	<u>402,800</u>	<u>442,800</u>	<u>40,001</u>	<u>9.9%</u>
Bank Fees	-	-	-	-	0.0%
Payroll Systems and Services	30,080	30,000	31,000	1,000	3.3%
Accounting System and Services	21,691	25,500	23,000	(2,500)	-9.8%
OPEB Actuarial Valuation	-	5,950	-	(5,950)	-100.0%
Professional Memberships and Subscriptions	860	2,100	1,925	(175)	-8.3%
Training and Development	1,181	-	1,500	1,500	0.0%
	<u>53,812</u>	<u>63,550</u>	<u>57,425</u>	<u>(6,125)</u>	<u>-9.6%</u>
Finance Total	<u>\$ 431,567</u>	<u>\$ 466,350</u>	<u>\$ 500,225</u>	<u>\$ 33,876</u>	7.3%
Human Resources					
Regular Pay	\$ 214,840	\$ 182,800	\$ 233,400	\$ 50,600	27.7%
Overtime	80	-	800	800	0.0%
Payroll Taxes	15,141	14,000	17,400	3,400	24.3%
Retirement	11,881	11,800	10,900	(900)	-7.6%
Health Insurance	44,435	60,400	73,700	13,300	22.0%
Group Life Insurance	2,403	2,400	3,000	600	25.0%
Long Term Disability	1,545	600	1,800	1,200	199.9%
Employee Mileage	-	-	300	300	0.0%
	<u>290,325</u>	<u>272,000</u>	<u>341,300</u>	<u>69,300</u>	<u>25.5%</u>
Document Storage	2,319	5,000	2,500	(2,500)	-50.0%
Copier Lease	6,973	6,500	6,500	-	0.0%
Postage Machine	3,495	5,000	3,500	(1,500)	-30.0%
Benefits Consultant	25,978	27,000	47,000	20,000	74.1%
Office Supplies and Printing	6,030	10,000	7,500	(2,500)	-25.0%
Office Equipment	2,215	36,500	25,000	(11,500)	-31.5%
Miscellaneous Expenses	3,064	3,550	1,500	(2,050)	-57.7%
Professional Memberships and Subscriptions	384	500	750	250	50.0%
Training and Development	3,508	33,720	13,300	(20,420)	-60.6%
Personnel - Employment	5,413	5,000	5,200	200	4.0%
Personnel - Employee Relations	3,066	6,350	6,500	150	2.4%
Tuition Assistance	8,738	4,250	3,600	(650)	-15.3%
Safety Program	-	2,000	-	(2,000)	-100.0%
	<u>71,181</u>	<u>145,370</u>	<u>122,850</u>	<u>(22,520)</u>	<u>-15.5%</u>
Human Resources Total	<u>\$ 361,506</u>	<u>\$ 417,370</u>	<u>\$ 464,150</u>	<u>\$ 46,780</u>	11.2%
Compensation and Benefits	\$ 1,850,723	\$ 1,987,550	\$ 2,158,951	\$ 171,402	8.6%
Operations	565,466	577,890	642,525	64,635	11.2%
Total Expenses	<u>\$ 2,416,188</u>	<u>\$ 2,565,440</u>	<u>\$ 2,801,476</u>	<u>\$ 236,037</u>	9.2%

Main Street Station Fund Budget

Description

In June 2003, the City completed the renovation of Main Street Station and requested the Authority provide facility managements services, including routine buildings and grounds maintenance and coordination of reservations for facility rentals.

The operating agreement requires the City to pay all operating expenses in excess of revenues associated with the Authority's management of the facility. The Authority is not responsible for any facility debt or capital improvements and the facility remains property of the City.

In FY2017, there was a decrease in the average number of events held at Main Street Station due to the ongoing construction of the Shed and a change in aesthetics of the event space. In FY2018, the Shed had a soft opening and the event space has increased interest in the Richmond region.

The City notified the Authority of its plan to issue a comprehensive request for proposals for management services of the existing facility as well as the new train shed building. It is anticipated that a provider will be selected sometime during FY 2019. The current operating agreement (the 10th agreement to manage Main Street Station) expired June 30, 2017 but has been extended through December 31, 2018 in order to ensure that there is an effective transition to the awarded management company.

Significant Budgetary Changes

- *Revenues*: FY2019 budget is for a term of six months.
- *Compensation and benefits*: FY2019 compensation and benefits costs decreased primarily due to reduction of two positions and a budget term for six months.
- *Security and Custodial*: FY2019 budget is for a term of six months.
- *HVAC*: FY2019 budget is for a term of six months.
- *Utilities*: FY2019 budget is for a term of six months.
- *Triennial Inspection*: Inspection of facility performed in FY2018.
- *Legal*: FY2019 decrease of \$30,000 reflects historical trend utilization.

Main Street Station Fund Budget

Main Street Station	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Revenue					
Event Rental Fees	\$ 42,835	\$ 245,000	\$ 60,000	\$ (185,000)	-75.5%
Event Rental Fees - Shed	-	-	112,500	112,500	0.0%
Office Lease Revenue	145,001	145,000	72,500	(72,500)	-50.0%
Miscellaneous Income	18,635	15,000	9,750	(5,250)	-35.0%
Subtotal	206,471	405,000	254,750	(150,250)	-37.1%
City of Richmond Contribution	656,514	1,351,450	722,993	(628,457)	-46.5%
Total Revenue	\$ 862,985	\$ 1,756,450	\$ 977,743	\$ (778,707)	-44.3%
Operations					
Regular Pay	\$ 58,043	\$ 126,300	\$ 26,250	\$ (100,050)	-79.2%
Overtime	1,014	-	500	500	0.0%
Payroll Taxes	4,530	9,700	2,050	(7,650)	-78.9%
Retirement	2,182	5,300	1,000	(4,300)	-81.1%
Health Insurance	10,434	48,600	5,200	(43,400)	-89.3%
Group Life Insurance	947	1,700	350	(1,350)	-79.4%
Long Term Disability	129	900	-	(900)	-100.0%
	77,279	192,500	35,350	(157,150)	-81.6%
Security System	1,299	1,100	550	(550)	-50.0%
Event Custodial	5,362	60,000	30,000	(30,000)	-50.0%
Event Trash Disposal	-	5,000	2,500	(2,500)	-50.0%
Event Security	4,653	40,000	35,000	(5,000)	-12.5%
Security	201,514	240,000	120,000	(120,000)	-50.0%
Custodial	92,566	325,000	162,500	(162,500)	-50.0%
Landscaping	22,454	65,000	30,500	(34,500)	-53.1%
HVAC	27,818	44,500	22,250	(22,250)	-50.0%
Elevator	4,234	9,000	7,900	(1,100)	-12.2%
Generator	1,568	15,000	6,000	(9,000)	-60.0%
Pest Control	3,694	5,000	2,500	(2,500)	-50.0%
Sprinkler System	4,496	6,500	3,250	(3,250)	-50.0%
Plants	780	6,000	6,000	-	0.0%
Trash Removal	4,009	7,500	7,500	-	0.0%
Miscellaneous	12,531	-	-	-	0.0%
Plumbing	1,559	11,000	6,000	(5,000)	-45.5%
Electrical	9,528	30,000	10,000	(20,000)	-66.7%
Equipment Purchase	-	20,000	5,000	(15,000)	-75.0%
General Maintenance and Engineering Services	-	60,000	30,000	(30,000)	-50.0%
Utilities	202,016	275,000	275,000	-	0.0%
Office Supplies and Printing	2,946	5,000	5,000	-	0.0%
Office Equipment	-	-	5,000	5,000	0.0%

Main Street Station Fund Budget

Main Street Station	FY2017	FY2018	FY2019	FY2019 to FY2018	
	Actual	Budget	Budget	\$	%
Miscellaneous Expenses	356	5,000	1,000	(4,000)	-80.0%
Maintenance -Equipment Repair	-	1,000	1,000	-	0.0%
Public Relations	19,130	50,000	25,000	(25,000)	-50.0%
Triennial Inspection	-	16,500	-	(16,500)	-100.0%
Clock Tower Maintenance	519	2,000	2,000	-	0.0%
Maintenance Supplies	2,871	20,000	10,000	(10,000)	-50.0%
Janitorial Supplies	7,748	16,000	10,000	(6,000)	-37.5%
	<u>633,651</u>	<u>1,341,100</u>	<u>821,450</u>	<u>(519,650)</u>	<u>-38.7%</u>
Operations Total	<u>\$ 710,929</u>	<u>\$ 1,533,600</u>	<u>\$ 856,800</u>	<u>\$ (676,800)</u>	<u>-44.1%</u>
Administrative					
Telecommunications	\$ 2,813	\$ 3,200	\$ 1,600	\$ (1,600)	-50.0%
Data Communications	4,594	4,800	2,400	(2,400)	-50.0%
Computer Service Agreements	-	800	-	(800)	-100.0%
Legal Services	1,115	40,000	10,000	(30,000)	-75.0%
Computer Hardware	50	800	800	-	0.0%
Computer Software	-	500	500	-	0.0%
Insurance	4,408	8,000	8,000	-	0.0%
Bank Fees	3,001	8,000	4,000	(4,000)	-50.0%
Audit and Accounting Services	3,079	3,500	3,500	-	0.0%
Administrative Total	<u>\$ 19,060</u>	<u>\$ 69,600</u>	<u>\$ 30,800</u>	<u>\$ (38,800)</u>	<u>-55.7%</u>
Compensation and Benefits	\$ 77,279	\$ 192,500	\$ 35,350	\$ (157,150)	-81.6%
Operating	652,711	1,410,700	852,250	(558,450)	-39.6%
Central Admin Allocation	132,996	153,250	90,143	(63,107)	-41.2%
Total Expenses	<u>\$ 862,985</u>	<u>\$ 1,756,450</u>	<u>\$ 977,743</u>	<u>\$ (778,707)</u>	<u>-44.3%</u>

Expressway Capital Budget

Capital Budget Overview

Overview

The Expressway Capital Budget includes all preservation, capital maintenance, and major capital improvement projects for over 50 lane miles of roads and 36 bridges that comprise the Expressway System.

Asset Maintenance Approach

The Authority's asset maintenance philosophy centers on performing annual condition assessments and facility inspections, which identify preventive maintenance and rehabilitation required to maintain and preserve infrastructure assets. This provides for cost-effective maintenance while minimizing the need for full asset replacement. Barring significant regional growth or a disaster scenario, the Authority expects this approach to asset maintenance will continue to extend the useful life of its major infrastructure assets without the need for full asset replacement.

Capital Budget Development

The Authority utilizes its independent Consulting Engineer to perform annual condition assessments and facility inspections to identify required and recommended maintenance needs. The Capital Budget is developed by the Authority based on these recommendations. The Consulting Engineer is required to certify the final Capital Budget amounts per the Authority's 2011 bond resolution.

Grouping

Expenses within the Capital Budget are grouped into two broad categories: Routine Maintenance and Capital Improvement Projects. The Routine Maintenance group includes costs required to maintain facilities at or above established condition levels. Recurring Routine Maintenance projects include general maintenance and repair, protective coatings, and inspections. The Capital Improvement Projects group includes all other projects, such as the recent Downtown Expressway ORT project and the Powhite Bridge Overlay project.

Funding Sources

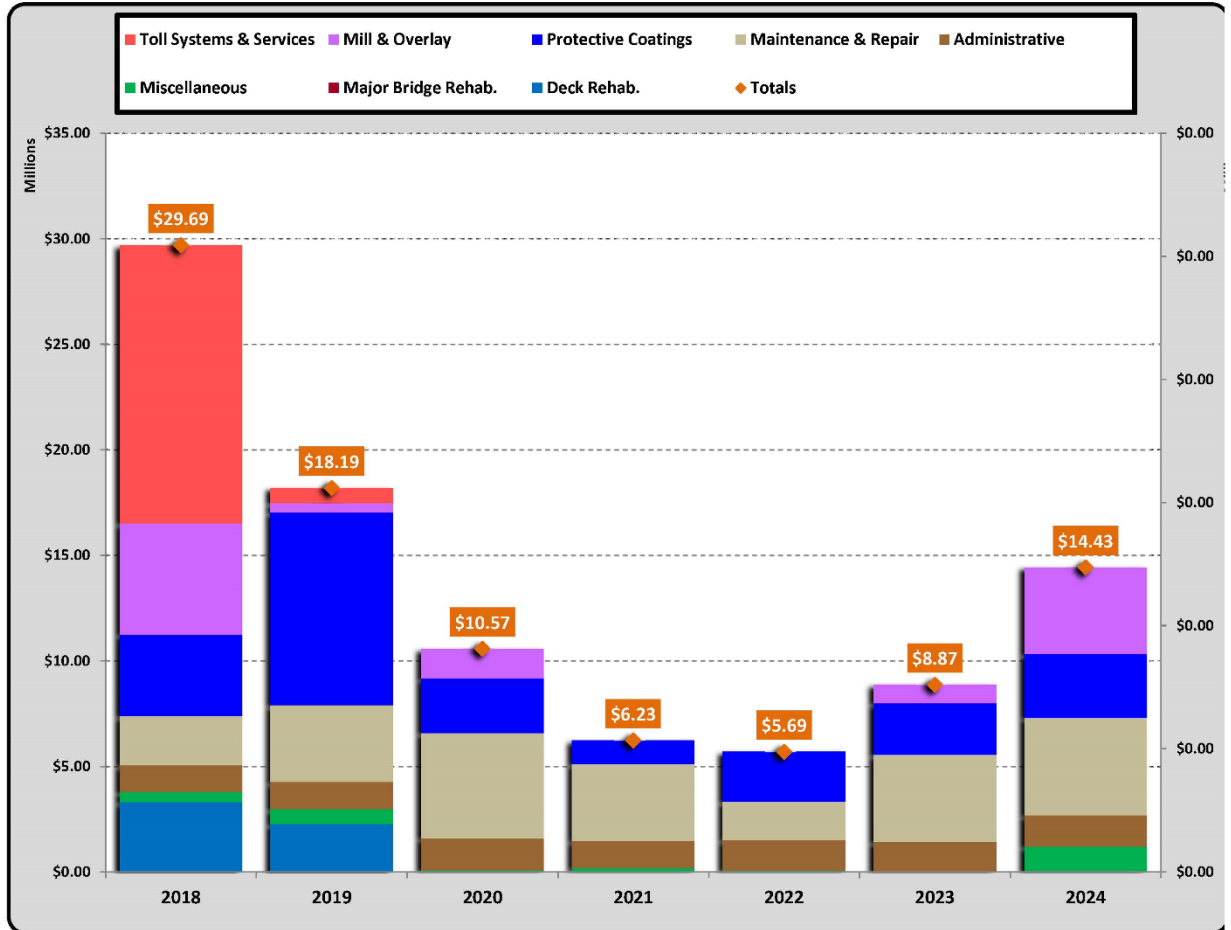
The Authority primarily funds its Capital Budget through current revenues, with debt funding used as appropriate. As indicated in its adopted financial policies, the Authority's goal is to have cash balances on hand as of June 30th to fully fund the next fiscal year's Capital Budget. See the Long-Term Financial Plan section of this document for additional information on the funding source for current and future year Capital Budgets.

Presentation

The Capital Budget is presented in this document in two components: a detailed Six-Year Plan and a Long-Term Overview. The Six-Year Plan allows for a detailed project by project review of the upcoming fiscal year and succeeding five fiscal years, while the long-term capital projection provides perspective on capital needs through 2041.

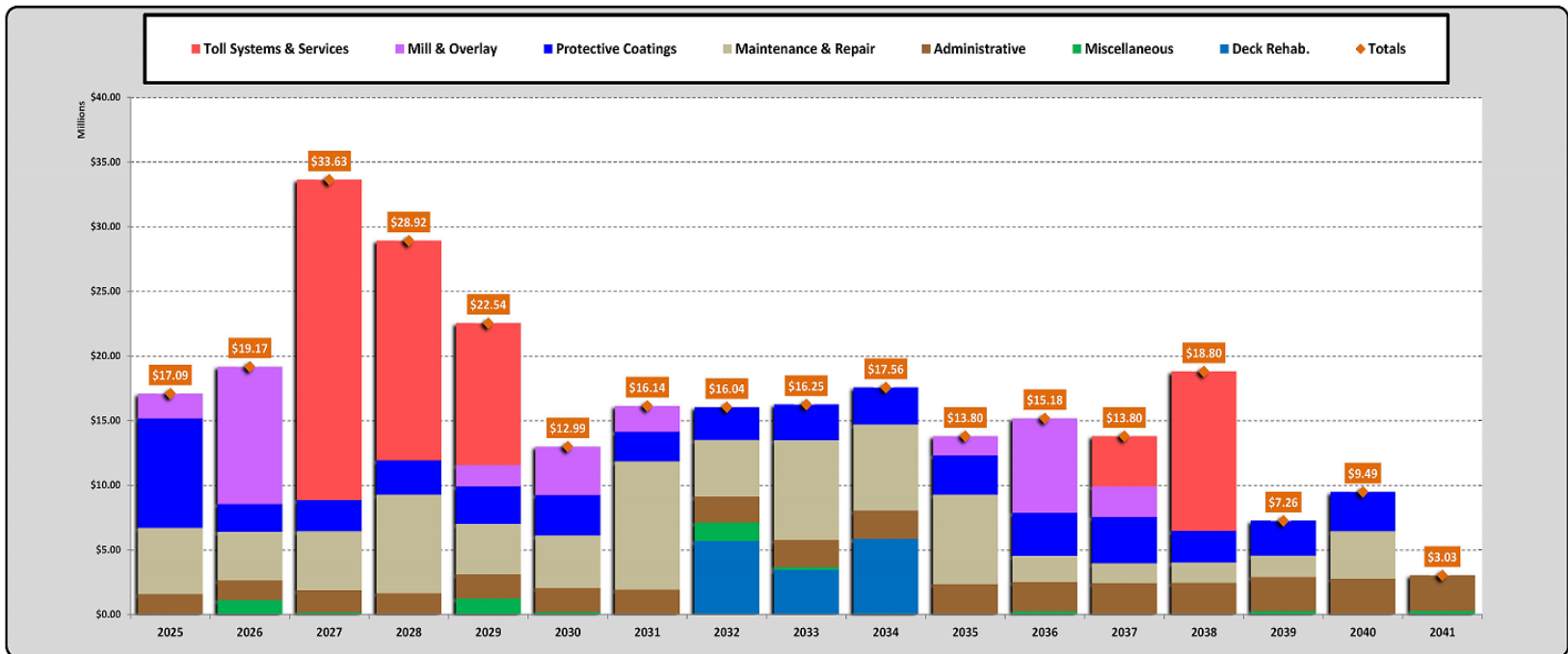
Executive Summary by Category & Fiscal Year (2018-2024)

Category	Totals	2018	2019	2020	2021	2022	2023	2024
Deck Rehab.	\$ 5,578,253	\$ 3,315,524	\$ 2,262,729	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance & Repair	\$ 25,180,224	\$ 2,327,538	\$ 3,643,112	\$ 4,982,067	\$ 3,631,472	\$ 1,822,281	\$ 4,144,640	\$ 4,629,115
Protective Coatings	\$ 24,540,938	\$ 3,860,590	\$ 9,134,500	\$ 2,605,200	\$ 1,129,731	\$ 2,356,590	\$ 2,434,907	\$ 3,019,419
Mill & Overlay	\$ 12,084,728	\$ 5,268,271	\$ 439,750	\$ 1,393,600	\$ -	\$ -	\$ 877,190	\$ 4,105,917
Major Bridge Rehab.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Toll Systems & Services	\$ 13,897,033	\$ 13,180,601	\$ 716,432	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Debris</i>	\$ 411,758	\$ 123,463	\$ -	\$ -	\$ 133,578	\$ -	\$ -	\$ 154,718
<i>Roadway Enhancement Project</i>	\$ 325,363	\$ 69,556	\$ 71,643	\$ 73,840	\$ 54,080	\$ 56,243	\$ -	\$ -
<i>Sign</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Under Water</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Misc.</i>	\$ 1,962,489	\$ 286,920	\$ 634,899	\$ -	\$ -	\$ -	\$ -	\$ 1,040,670
Miscellaneous	\$ 2,699,610	\$ 479,939	\$ 706,542	\$ 73,840	\$ 187,658	\$ 56,243	\$ -	\$ 1,195,387
<i>Expressway Admin.</i>	\$ 3,550,792	\$ 445,000	\$ 472,101	\$ 488,800	\$ 500,781	\$ 517,437	\$ 552,290	\$ 574,383
<i>Vehicles</i>	\$ 352,942	\$ 107,080	\$ 81,000	\$ 45,760	\$ 56,243	\$ -	\$ 62,859	\$ -
<i>GEC & Inspection only</i>	\$ 5,787,738	\$ 707,157	\$ 734,342	\$ 982,800	\$ 722,509	\$ 939,261	\$ 796,217	\$ 905,453
Administrative	\$ 9,691,473	\$ 1,259,237	\$ 1,287,443	\$ 1,517,360	\$ 1,279,533	\$ 1,456,698	\$ 1,411,367	\$ 1,479,835
TOTALS	\$ 93,672,259	\$ 29,691,701	\$ 18,190,508	\$ 10,572,067	\$ 6,228,394	\$ 5,691,812	\$ 8,868,104	\$ 14,429,674



Executive Summary by Category & Fiscal Year (2025-2041)

Category	2025-2039																	
	Totals	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Deck Rehab.	\$ 14,994,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,681,621	\$ 3,461,286	\$ 5,851,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance & Repair	\$ 71,407,569	\$ 5,122,138	\$ 3,762,084	\$ 4,566,492	\$ 7,625,024	\$ 3,895,615	\$ 4,051,439	\$ 9,925,118	\$ 4,382,037	\$ 7,723,443	\$ 6,658,475	\$ 6,924,814	\$ 2,015,254	\$ 1,523,461	\$ 1,584,400	\$ 1,647,776	\$ 3,678,278	\$ -
Protective Coatings	\$ 47,287,396	\$ 8,472,913	\$ 2,150,991	\$ 2,395,685	\$ 2,640,014	\$ 2,908,635	\$ 3,146,131	\$ 2,297,736	\$ 2,523,465	\$ 2,753,636	\$ 2,863,781	\$ 3,039,818	\$ 3,342,063	\$ 3,593,169	\$ 2,466,840	\$ 2,692,519	\$ 3,037,974	\$ -
Mill & Overlay	\$ 30,972,371	\$ 1,900,316	\$ 10,597,152	\$ -	\$ -	\$ 1,641,054	\$ 3,722,275	\$ 1,980,832	\$ -	\$ -	\$ -	\$ 1,479,380	\$ 7,299,186	\$ 2,352,178	\$ -	\$ -	\$ -	\$ -
Toll Systems & Services	\$ 68,930,941	\$ -	\$ -	\$ 24,772,806	\$ 16,995,088	\$ 10,978,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,886,226	\$ 12,297,994	\$ -	\$ -	\$ -
Debris	\$ 1,120,922	\$ -	\$ -	\$ 174,036	\$ -	\$ -	\$ 195,767	\$ -	\$ -	\$ 220,211	\$ -	\$ -	\$ 252,270	\$ -	\$ -	\$ 278,638	\$ -	\$ 301,374
Roadway Enhancement Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Under Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc.	\$ 3,807,454	\$ -	\$ 1,125,589	\$ -	\$ -	\$ 1,257,636	\$ -	\$ -	\$ 1,424,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ 4,928,376	\$ -	\$ 1,125,589	\$ 174,036	\$ -	\$ 1,257,636	\$ 195,767	\$ -	\$ 1,424,229	\$ 220,211	\$ -	\$ -	\$ 252,270	\$ -	\$ -	\$ 278,638	\$ -	\$ 301,374
Expressway Admin.	\$ 11,961,251	\$ 597,358	\$ 621,252	\$ 646,102	\$ 671,947	\$ 698,824	\$ 726,777	\$ 755,848	\$ 786,082	\$ 817,526	\$ 850,227	\$ 884,236	\$ 919,605	\$ 956,389	\$ 994,645	\$ 1,034,431	\$ 1,075,808	\$ 1,118,840
Vehicles	\$ 500,776	\$ 67,989	\$ -	\$ 73,536	\$ -	\$ 79,537	\$ -	\$ 86,027	\$ -	\$ 93,047	\$ -	\$ 100,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GEC & Inspection only	\$ 18,181,243	\$ 926,562	\$ 911,349	\$ 1,004,998	\$ 985,715	\$ 1,083,947	\$ 1,145,686	\$ 1,089,678	\$ 1,242,616	\$ 1,178,596	\$ 1,340,291	\$ 1,371,538	\$ 1,349,019	\$ 1,487,642	\$ 1,459,099	\$ 1,604,506	\$ 1,695,896	\$ 1,612,990
Administrative	\$ 30,643,270	\$ 1,591,909	\$ 1,532,601	\$ 1,724,637	\$ 1,657,662	\$ 1,862,308	\$ 1,872,464	\$ 1,931,554	\$ 2,028,698	\$ 2,089,169	\$ 2,190,518	\$ 2,356,414	\$ 2,268,624	\$ 2,444,032	\$ 2,453,744	\$ 2,638,937	\$ 2,771,704	\$ 2,731,830
Totals	\$ 269,164,454	\$ 17,087,275	\$ 19,168,416	\$ 33,633,656	\$ 28,917,787	\$ 22,544,075	\$ 12,988,076	\$ 16,135,240	\$ 16,040,049	\$ 16,247,745	\$ 17,564,400	\$ 13,800,425	\$ 15,177,397	\$ 13,799,066	\$ 18,802,978	\$ 7,257,869	\$ 9,487,956	\$ 3,033,205



Six Year Plan

Six-Year Plan by Project (in thousands)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Routine Maintenance							
Maintenance and Repair	\$ 4,278	\$ 4,982	\$ 3,765	\$ 1,822	\$ 4,145	\$ 5,825	\$ 24,817
Protective Coatings	9,135	2,605	1,130	2,357	2,435	3,019	20,681
Inspections and GEC	734	983	723	939	796	905	5,080
Administrative	472	489	501	517	552	574	3,105
Vehicle Replacement	81	46	56	-	63	-	246
Subtotal	14,700	9,105	6,175	5,635	7,991	10,323	53,929
Capital Improvement Projects							
Deck Rehabilitation	2,263	-	-	-	-	-	2,263
Mill & Overlay	440	1,394	-	-	877	4,106	6,817
Toll Systems & Services	716	-	-	-	-	-	716
Roadway Enhancement	71	74	54	56	-	-	255
Subtotal	3,490	1,468	54	56	877	4,106	10,051
Total	<u>\$ 18,190</u>	<u>\$ 10,573</u>	<u>\$ 6,229</u>	<u>\$ 5,691</u>	<u>\$ 8,868</u>	<u>\$ 14,429</u>	<u>\$ 63,980</u>

Routine Maintenance

- Maintenance and Repair – routine repairs to prevent, delay, or reduce the deterioration of pavement and bridges; includes asphalt crack repairs, shotcrete repairs, and joint sealant replacement, as well as miscellaneous items such as sign overlays, pavement line markings, and facility maintenance and repairs.
- Protective Coatings – preservation and corrosion control of steel bridges through the application of a coating system; typically involves the full removal of lead-based paint.
- Inspections and GEC – annual pavement and bridge inspections and general engineering consulting (GEC) services provided by the Authority’s Consulting Engineer.
- Administrative – a portion of the Central Administration allocation and miscellaneous expenses related to the capital program.
- Vehicle Replacement – periodic replacement of vehicles used to support Expressway operations.

Capital Improvement Projects

- Deck Rehabilitation – removal of damaged bridge deck surfaces and installation of an overlay as a cost-effective way to rehabilitate bridge decks.
- Mill & Overlay – removal and replacement of existing road surfaces in a more cost-efficient manner than a complete reconstruction.
- Toll Systems & Services – periodic replacement of the hardware and software systems used in toll collection as the equipment and systems near the end of its useful life.
- Roadway Enhancement – ongoing beautification project for the Downtown Expressway.

See the Project Pages for additional information on each project, including detailed project descriptions, estimated useful life, and operating budget impact.

Six Year Plan

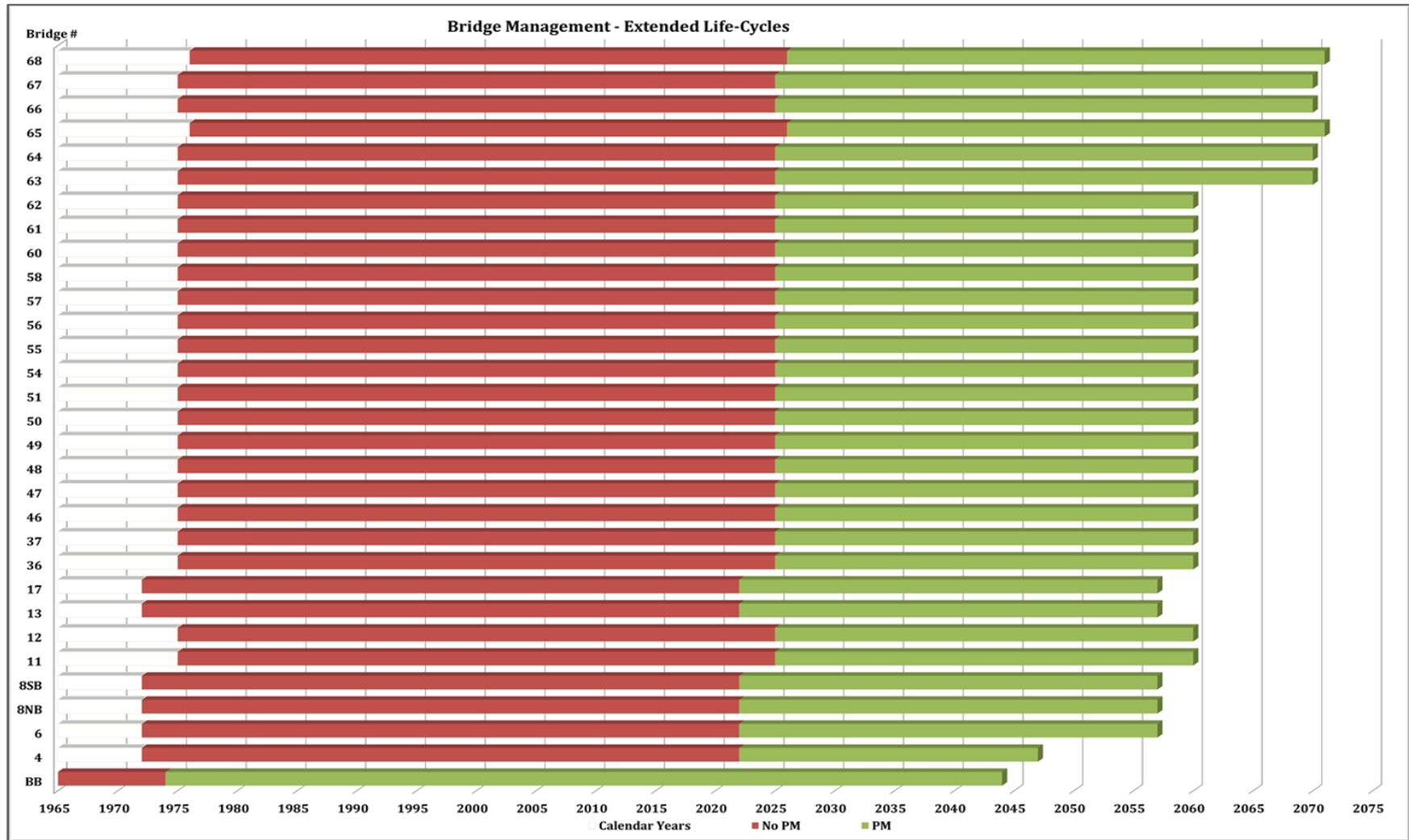
Change to Previous FY2018 Estimate

	FY2018 Prior Year Estimate	Adjustments	FY2018 Capital Plan
Routine Maintenance			
Maintenance and Repair	\$ 2,737,920	\$ -	\$ 2,737,920
Protective Coatings	2,782,258	1,078,332	3,860,590
Inspections and General Engineering	707,157	-	707,157
Administrative	445,000	-	445,000
Vehicle Replacement	37,080	70,000	107,080
Subtotal	6,709,416	1,148,332	7,857,747
Capital Improvement Projects			
Deck Rehabilitation	3,315,524	-	3,315,524
Mill & Overlay	3,140,308	2,127,963	5,268,271
Toll Systems and Services	13,180,601	-	13,180,601
Roadway Enhancement	69,556	-	69,556
Subtotal	19,705,989	2,127,963	21,833,952
Total	\$ 26,415,405	\$ 3,276,295	\$ 29,691,699

The FY2018 estimate as shown in the prior year budget (\$26.4 million) requires certain adjustments due to timing, scope, or cost changes to reflect the appropriate adjusted budget. The \$3.2 million increase for FY2018 is primarily due to the expanded scope and cost of materials and labor for the Mill & Overlay projects and the Maintenance and Repair project to address Parapet wall and bridge deck protective coatings. These increases are offset by savings from the Deck Rehabilitation and Maintenance and Repair projects.

Any future timing, scope, or cost changes to the FY2019 capital budget estimate of \$18.2 million will be outlined in next year's budget document.

Bridge Management Life Cycle



This chart shows a graphical representation of the cumulative result of current and past preventive maintenance efforts on the extended life of each major bridge asset. The red bars indicate the bridge life cycle as if no preventative maintenance had been done since the structure was built. The extension of the green bars represent the cumulative result of current and past preventive maintenance efforts on the extended life of each major bridge asset.

Project Pages

Maintenance and Repair

Description: Maintenance and Repair (M&R) is an ongoing project for routine maintenance actions that prevent, delay, or reduce the deterioration of the Expressway System's pavement and bridges. This project bundles individually small maintenance items into one large project to facilitate the lowest possible cost to the Authority. The M&R project includes asphalt crack repairs, shotcrete repairs and joint sealant replacement, as well as miscellaneous items such as sign overlays and pavement line markings.

The M&R project also includes the required steel repairs and retrofits as the needs are identified during the annual bridge inspections. These steel repairs are an integral part to the RMTA's asset management program which is driven by the RMTA policy goals and objectives that define the required condition of assets, the levels of performance, and the quality of services to meet customer needs. Routinely performing the necessary steel repairs and retrofits helps to extend the use life of the assets. These preservation activities typically cost much less than major reconstruction or replacement activities that delaying or forgoing the required steel repairs will result in. In FY 2018 the M&R project will include approximately \$303,000 for required steel repairs and retrofits. The upcoming scheduled steel repairs and retrofits include multiple lateral gusset plate repairs in various locations and a repair to a bridge floor beam and girder damaged by a recent strike by an over-height tractor trailer transporting construction equipment. In addition, an unanticipated failure of a sliding plate joint due to steel fatigue on the I-95 ramp from SB I-95 to WB DTE was added to the upcoming M&R program since the first draft of the proposed FY 2018 capital budget, adding approximately \$75,000 to the required steel repairs budget for the FY 2018 capital budget.

Other major work items that are typically addressed with the M&R projects include shotcrete repairs for bridge columns, asphalt crack sealing, line striping, bridge deck sealing, high speed impact attenuators, overhead sign panel replacements as well as minor work such tree trimming, Right of Way fencing repairs, and drainage structure clean-out. In FY 2019, the MR contract will also include the procurement of approximately 4,500 gallons of CF-7. The Authority utilizes the CF-7 on the Boulevard Bridge during inclement/winter weather conditions. This chemical is a non-chloride based anti-icing, de-icing liquid that is non-corrosive unlike salt and salt-sand mixtures. The Authority routinely purchases this material every three (3) years.

Location: As needed throughout the Expressway System.

Estimated Useful Life: Varies based on the repair type.

Operating Budget Impact: None.

Total Cost: Renewed on an annual basis with adjustments to project scope as needed.

Project Pages

Protective Coatings

Description: Protective Coatings (PC) is an ongoing project for the preservation and corrosion control of steel bridges through the application of a coating system. The coating system prevents or slows corrosion through rust inhibitors in the coating pigments. This project typically involves the full removal of lead-containing paint as well as the design and construction of containment structures for the abrasive blasting operations. Adherence to the strict environmental regulations for the containment and disposal of all lead-based paints and spent blasting materials is required.

Location: As needed throughout the Expressway System.

Estimated Useful Life: 20-25 years, with up to 40 years in less severe salt containing environments.

Operating Budget Impact: None.

Total Cost: Renewed on an annual basis with adjustments to project scope as needed.

Other Notes: The scope of the PC project varies between fiscal years as different levels of coatings are required:

- FY2018-2020 – Full bridge coatings: Interstate 95 ramps (2018-2019) and Boulevard Bridge (2019-2020). Interstate 95 ramps had a full coating in 1991 (27 years between applications) and Boulevard Bridge had a full coating in 1993 (26 years between applications).
- FY2021-2022 – Zone coatings only: limited to five feet on both sides of bridge piers and end diaphragms; encompasses various bridges and other miscellaneous coatings, including all new steel from steel repairs.

Inspections and GEC

Description: The Inspections and GEC project includes funding for annual pavement, bridge, and overhead sign inspections as well as general engineering consulting (GEC) services provided by the Authority's Consulting Engineer. Condition assessments and facility inspections are performed each year on pavement and bridge structures to provide the basis for determining the maintenance needs of the Expressway System.

Operating Budget Impact: None.

Total Cost: Included annually in the Capital Budget based on projected needs.

Other Notes: Inspection estimates in FY2019 (\$54,000) and FY2020 (\$55,000) include costs for periodic overhead sign inspections. Inspection estimate for FY2020 (\$200,000) includes cost for periodic underwater bridge inspections.

Project Pages

Administrative

Description: The Administrative item consists of a portion of the Central Administration efforts towards the capital program as an administrative allocation as well as miscellaneous expenses specifically related to the capital program, such as legal costs for capital plan activity.

Operating Budget Impact: None.

Total Cost: Included annually in the Capital Budget based on projected needs.

Vehicle Replacement

Description: The Vehicle Replacement project periodically replaces vehicles used to support Expressway operations, including maintenance and SCOP vehicles.

Operating Budget Impact: Routine vehicle maintenance costs are included in the annual operating budget. No significant change to the operating budget is expected as a result of vehicle replacements.

Total Cost: Included annually in the Capital Budget based on replacement needs.

Six-Year Plan Total (thousands):

Deck Rehabilitation

Description: Concrete bridge decks require periodic rehabilitation to reduce the impacts of gaining weathering and aggressive chemical solutions. A cost-effective way to rehabilitate bridge decks that are structurally sound is to remove the damaged wearing surface and install a latex-modified concrete (LMC) overlay, which prevents or retards corrosion of reinforcing steel and deterioration of the concrete bridge deck. This project provides for removal of old surfaces and new LMC overlays.

Location: Downtown Expressway (DTE), including bridge decks for Richmond City streets that cross over the DTE. This multi-phase project will rehabilitate nine (9) City street bridges in FY2017 (\$3.3 million) and fifteen (15) in FY2018 (\$3.4 million).

Estimated Useful Life: 25 years; no previous overlays have been performed.

Operating Budget Impact: None.

Project Pages

Mill & Overlay

Description: The Mill & Overlay project consists of milling (removing) and replacing approximately two inches of the existing road surface with stone matrix asphalt (SMA). This technique extends the life of the roadway in a more cost-efficient manner than a complete reconstruction. SMA is used instead of conventional hot mix asphalt because of its increased rut resistance and improved durability, leading to more cost-effective repairs.

This project also includes the removal and replacement of the concrete apron connecting the asphalt lanes to the toll plaza. Rehabilitation includes subgrade excavation and stabilization prior to the placement of the new concrete base and pavement, including all dowel bars, tie bars, joint materials and sealant, and replacement of pavement marking.

Location: Downtown Expressway.

Estimated Useful Life: 15-20 years.

Operating Budget Impact: None.

Total Cost: \$6.8 million (\$5.1 million for the mill & overlay, \$1.7 million for the toll plaza concrete apron rehabilitation).

Toll Systems and Services

Description: The Toll Systems & Services (TSS) project includes the periodic replacement of the hardware and software systems used for toll collection. The TSS project is periodically necessary to update components of the current system that are nearing the end of their useful life.

Approximately \$0.6 million in FY2016 was budgeted to utilize an outside consultant to examine the current toll system and review replacement options. In April 2016, the results of the consultant were presented to the Board of Directors as a Toll System Replacement Plan; the Board subsequently adopted a resolution approving and accepting the plan, authorizing staff to move forward with initial steps for implementation including the development of a request for proposals for a toll system integrator.

The TSS project also includes \$0.9 million in funding dedicated to the compliance of interoperability standards. Passed in 2012, Federal legislation (MAP-21) requires tolling facilities to implement technologies or business practices that provide for national interoperability of electronic toll collection systems.

Location: Throughout the Expressway System.

Estimated Useful Life: 7-10 years.

Operating Budget Impact: None for FY2019. The Authority anticipates potential operating budget changes to two line items (toll system maintenance and toll system equipment – parts and supplies) once the new system implementation is complete.

Total Cost: \$25.5 million for the toll system replacement, \$0.9 million for interoperability.

Project Pages

Roadway Enhancement

Description: The Roadway Enhancement project is an ongoing project to visually enhance the median and shoulders of the Downtown Expressway. Enhancements primarily consist of increased landscaping efforts, the planting of low maintenance blooming plants, the removal and/or trimming of aged plants, and fencing replacement along the Downtown Expressway. The project began in FY2013 and is expected to continue through FY2019, where it will then resume periodically as necessary.

Location: Downtown Expressway.

Estimated Useful Life: Variable.

Operating Budget Impact: None.

Total Cost: Included annually in the Capital Budget based on projected needs.

Capital Projects Operating Costs Impact Summary

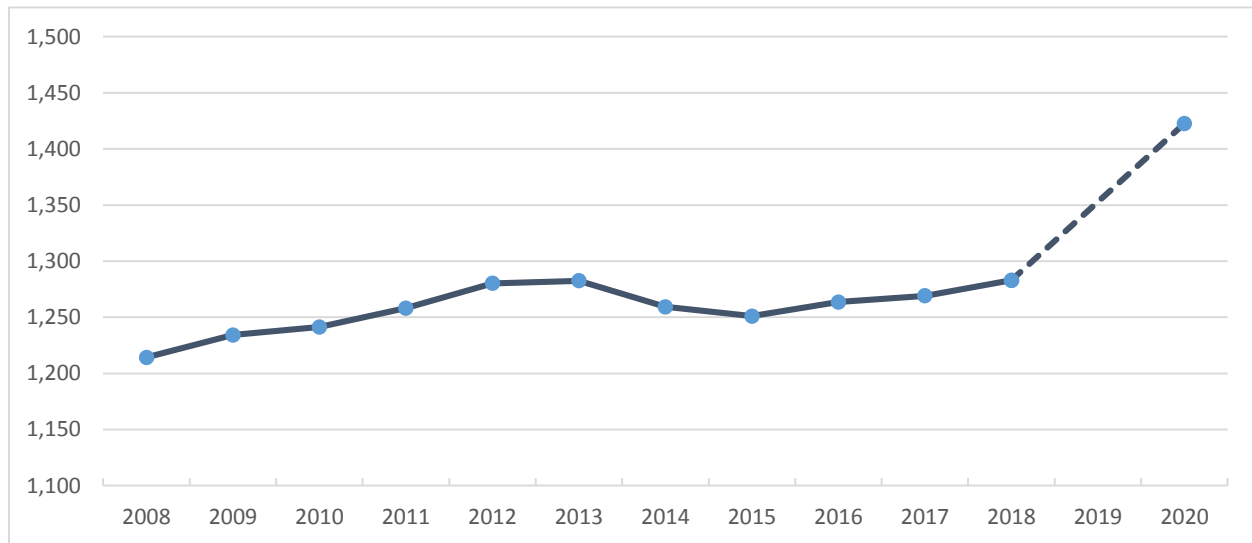
Capital Improvement Projects: FY 2019 Operating Costs Impact								
Description	Long-term							
	Operating Costs	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	6-Year Total
Expressway Maintenance & Repair	No impact							
Protective Bridge Coatings	No impact							
Vehicle Replacement	No impact - fleet maintenance is budgeted							
Deck Rehabilitation	No impact							
Mill & Overlay	No impact							
Toll Systems and Services	Increased maintenance costs due to additional equipment (1)	\$ -	\$ 105,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 945,000
Roadway Enhancement	No impact							
		Total \$ -	\$ 105,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 945,000

(1) estimate based on current trends and contracted maintenance

Supplemental Information

Estimated Population, Richmond Metropolitan Area

Estimated Population, Richmond Metropolitan Area (in thousands)



Year	City of Richmond	Chesterfield County	Henrico County	Total Participating Jurisdictions	Other Service Area	Total Population
2008	198,800	302,300	296,100	797,200	417,100	1,214,300
2009	201,300	308,400	300,200	809,900	424,300	1,234,200
2010	198,200	311,600	304,600	814,400	426,900	1,241,300
2011	204,200	316,200	306,900	827,300	430,900	1,258,200
2012	206,200	319,600	310,700	836,500	443,800	1,280,300
2013	208,800	322,400	314,900	846,100	436,400	1,282,500
2014	211,172	326,950	316,973	855,095	404,171	1,259,266
2015	213,504	330,043	318,019	861,566	389,477	1,251,043
2016	217,938	333,450	320,717	872,105	391,512	1,263,617
2017	221,679	333,963	321,233	876,875	392,254	1,269,129
2018	222,853	340,020	324,395	887,268	395,693	1,282,961
2020 (1)	206,674	388,894	352,577	948,145	474,574	1,422,719

(1) Population projection based on November 2012 data.

Source: Weldon Cooper Center for Public Service, University of Virginia

Principal Employers, Richmond Metropolitan Area

Employer	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital One Bank	4	4	4	4	2	1	1	1	2	2
Virginia Commonwealth University	3	1	1	1	1	2	2	2	1	1
Henrico County School Board	2	3	3	2	3	4	4	4	6	5
Chesterfield County School Board	1	2	2	3	4	3	3	3	7	7
MCV Hospital	5	5	5	5	5	6	6	6	3	3
HCA Virginia Health System	0	0	0	0	0	5	5	5	4	6
Bon Secours Health System	8	7	6	7	6	9	8	8	5	4
US Department of Defense	7	8	8	6	7	8	9	9	8	9
Wal-Mart	6	6	7	8	8	7	7	7	9	8
Integrity Staffing Solutions	0	0	0	0	0	0	10	10	0	
Richmond City Public Schools	10	9	9	9	9	10	0	0	0	0
Amazon.com KYDC	0	0	0	0	0	0	0	0	10	10
County of Henrico	0	0	0	0	10	0	0	0	0	0
City of Richmond	0	10	10	10	0	0	0	0	0	0
Philip Morris USA	9	0	0	0	0	0	0	0	0	0

(1) Final quarter data for most recent calendar year (2008-2017), Third quarter data 2017

(2) The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All employers have over 1,000 individuals employed.

Sources: Virginia Employment Commission

Expressway Toll Rates, Current and Historical

Two-Axle Vehicles

	Effective Dates					
	Original (1)	July 1978	Nov. 1986	April 1988	January 1998	Sept. 2008
Powwhite Parkway Mainline	\$ 0.20	\$ 0.25	\$ 0.30	\$ 0.35	\$ 0.50	\$ 0.70
Forest Hill Ramps	0.20	0.25	0.30	0.35	0.50	0.70
Douglasdale Ramps	0.10	0.10	0.10	0.10	0.15	0.20
Downtown Expressway Mainline	0.15	0.25	0.30	0.35	0.50	0.70
Second Street Ramps	0.10	0.10	0.10	0.20	0.25	0.35
Eleventh Street Ramps	0.10	0.10	0.10	0.15	0.20	0.30
Boulevard Bridge	0.10	0.10	0.10	0.20	0.25	0.35

Three-Axle Vehicles

	Effective Dates					
	Original (1)	July 1978	Nov. 1986	April 1988	January 1998	Sept. 2008
Powwhite Parkway Mainline	\$ 0.30	\$ 0.35	\$ 0.40	\$ 0.45	\$ 0.60	\$ 0.80
Forest Hill Ramps	0.30	0.35	0.40	0.45	0.60	0.80
Douglasdale Ramps	0.20	0.10	0.10	0.20	0.25	0.40
Downtown Expressway Mainline	0.25	0.35	0.40	0.45	0.60	0.80
Second Street Ramps	0.15	0.20	0.20	0.40	0.50	0.70
Eleventh Street Ramps	0.15	0.20	0.20	0.30	0.40	0.60
Boulevard Bridge	0.20	0.20	0.20	0.40	0.50	0.70

Four-Axle Vehicles

	Effective Dates					
	Original (1)	July 1978	Nov. 1986	April 1988	January 1998	Sept. 2008
Powwhite Parkway Mainline	\$ 0.40	\$ 0.45	\$ 0.50	\$ 0.55	\$ 0.70	\$ 0.90
Forest Hill Ramps	0.40	0.45	0.50	0.55	0.70	0.90
Douglasdale Ramps	0.20	0.10	0.10	0.20	0.25	0.40
Downtown Expressway Mainline	0.30	0.45	0.50	0.55	0.70	0.90
Second Street Ramps	0.20	0.20	0.20	0.40	0.50	0.70
Eleventh Street Ramps	0.20	0.20	0.20	0.30	0.40	0.60
Boulevard Bridge	0.20	0.20	0.20	0.40	N/A (2)	N/A (2)

Five or More-Axle Vehicles

	Effective Dates					
	Original (1)	July 1978	Nov. 1986	April 1988	January 1998	Sept. 2008
Powwhite Parkway Mainline	\$ 0.50	\$ 0.55	\$ 0.60	\$ 0.65	\$ 0.80	\$ 1.00
Forest Hill Ramps	0.50	0.55	0.60	0.65	0.80	1.00
Douglasdale Ramps	0.20	0.10	0.10	0.20	0.25	0.40
Downtown Expressway Mainline	0.35	0.55	0.60	0.65	0.80	1.00
Second Street Ramps	0.25	0.20	0.20	0.40	0.50	0.70
Eleventh Street Ramps	0.25	0.20	0.20	0.30	0.40	0.60
Boulevard Bridge	0.20	0.20	0.20	0.40	N/A (2)	N/A (2)

(1) Original RMTA opening dates: Boulevard Bridge in 1969, Powwhite Parkway in 1973, Downtown Expressway in 1976.

(2) Vehicles over three axles are no longer permitted on the Boulevard Bridge.

Operating Indicators

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Revenue (1):</u>										
Powhite Parkway	\$15,737,291	\$19,975,538	\$21,182,480	\$21,650,023	\$22,197,895	\$22,399,507	\$22,868,671	\$23,606,375	\$24,796,353	\$25,470,997
Downtown Expressway	8,789,276	11,009,880	11,421,500	11,791,817	11,900,320	12,210,502	12,823,395	13,061,678	13,674,656	13,979,051
Boulevard Bridge	1,238,805	1,583,822	1,610,910	1,607,330	1,583,026	1,555,089	1,515,723	1,492,920	1,523,353	1,510,119
Total	\$25,765,372	\$32,569,240	\$34,214,890	\$35,049,170	\$35,681,241	\$36,165,098	\$37,207,789	\$38,160,973	\$39,994,362	\$40,960,167
<u>Traffic:</u>										
Powhite Parkway	33,937,909	31,381,386	31,057,461	31,787,393	32,666,065	32,842,238	33,554,196	34,579,728	36,350,428	37,354,162
Downtown Expressway	20,966,648	18,857,745	18,326,751	18,838,516	19,002,222	19,344,609	20,225,578	20,623,336	21,561,269	21,863,219
Boulevard Bridge	4,964,251	4,800,726	4,619,608	4,575,223	4,562,253	4,426,225	4,312,318	4,262,366	4,343,172	4,332,640
Total	59,868,808	55,039,857	54,003,820	55,201,132	56,230,540	56,613,072	58,092,092	59,465,430	62,254,869	63,550,021
Avg. Toll (2)	\$0.43	\$0.59	\$0.63	\$0.63	\$0.63	\$0.64	\$0.64	\$0.64	\$0.64	\$0.64
E-ZPass % (3)	49.5%	55.5%	58.1%	59.6%	60.6%	62.0%	63.0%	64.9%	66.5%	68.7%
Lane Miles	45.91	45.91	49.9	49.9	49.9	50.15	50.15	50.15	50.15	50.15

(1) Toll revenue excludes violation processing revenue. Toll rates were last increased in September 2008 (FY2009).

(2) Average toll is determined by dividing toll revenue by traffic volumes.

(3) Transactions paid via Electronic Toll Collection (ETC, or E-ZPass) as a percentage of total traffic.

Personnel Complement, Budgeted Positions

Department	Position	FY2017	FY2018	FY2019	Change
Expressway Operations					
Toll Collection	Administrative Assistant	1.0	1.0	-	(1.0)
Toll Collection	Floating Supervisor	2.0	2.0	2.0	-
Toll Collection	Plaza Superintendent	2.0	2.0	2.0	-
Toll Collection	Senior Toll Collection Attendant	8.0	8.0	8.0	-
Toll Collection	Toll Collection Attendant	55.5	54.5	53.5	(1.0)
Toll Collection	Toll Collection Supervisor	17.0	18.0	18.0	-
Toll Collection	Toll Maintenance Administrator	1.0	1.0	1.0	-
Toll Collection	Toll Maintenance Assistant	1.0	1.0	1.0	-
Toll Collection	Vault Attendant	4.0	4.0	4.0	-
Toll Collection	Total	91.5	91.5	89.5	(2.0)
Maintenance	Maintenance Supervisor	1.0	1.0	1.0	-
Maintenance	Maintenance Worker	5.0	5.0	5.0	-
Maintenance	Total	6.0	6.0	6.0	-
SCOP	Lead Police Officer	1.0	1.0	1.0	-
SCOP	Special Police Officer	2.0	2.0	2.0	-
SCOP	Total	3.0	3.0	3.0	-
Administration	Chief Executive Officer	1.0	1.0	1.0	-
Administration	Chief of Staff	1.0	1.0	1.0	-
Administration	Project Manager	1.0	1.0	-	(1.0)
Administration	Administrative Assistant	1.0	1.0	-	(1.0)
Administration	Information Systems Administrator	1.0	1.0	1.0	-
Administration	Internal Auditor	1.0	1.0	1.0	-
Administration	Total	6.0	6.0	4.0	(2.0)
Engineering	Director of Operations	1.0	1.0	1.0	-
Engineering	Engineer	-	-	1.0	1.0
Engineering	Total	1.0	1.0	2.0	1.0
Finance	Director of Finance	1.0	1.0	1.0	-
Finance	Accounting Supervisor	1.0	1.0	1.0	-
Finance	Accounting Technician	1.5	1.5	1.5	-
Finance	Actg. & Fin. Reporting Analyst	1.0	1.0	1.0	-
Finance	Total	4.5	4.5	4.5	-
Human Resources	Director of Human Resources	1.0	1.0	1.0	-
Human Resources	Administrative Assistant	1.0	-	1.0	1.0
Human Resources	Employee Relations Manager	1.0	1.0	1.0	-
Human Resources	Total	3.0	2.0	3.0	1.0
Main Street Station	Facility Coordinator	2.0	3.0	1.0	(2.0)
Main Street Station	Total	2.0	3.0	1.0	(2.0)
Totals		117.0	117.0	113.0	(4.0)

Expressway Debt

Overview

The following debt was outstanding for the Expressway System as of June 30, 2017:

Series	Sale Date	Original Borrowing	Interest Rate	Final Maturity	Outstanding Balance
1998	March 1998	\$ 80,705,000	3.65-5.25%	July 2022	\$ 23,565,000
2002	April 2002	28,430,000	3.50-5.25%	July 2022	18,325,000
2011-A, B, C	November 2011	77,490,000	4.62-4.75%	July 2041	77,490,000
2011-D	November 2011	43,875,000	4.29%	July 2041	43,875,000
					<u>\$ 163,255,000</u>

Legal Debt Limit

While the Authority has no legal debt limit, current bond documents require compliance with certain covenants, including a minimum debt service coverage ratio of no less than 1.20. A ratio below this level could place the Authority's bonds in a default status.

Series 1998 bonds

Revenue bonds were issued to refund \$76,725,000 of Series 1992 bonds. Certain 1998 bonds are subject to mandatory redemption at par plus accrued interest beginning in July 2013 continuing through the final maturity date in July 2022.

Series 2002 bonds

Revenue bonds were issued to refund a portion of Series 1992 bonds. The Series 2002 bonds may not be redeemed until maturity.

Series 2011-A, B, & C bonds

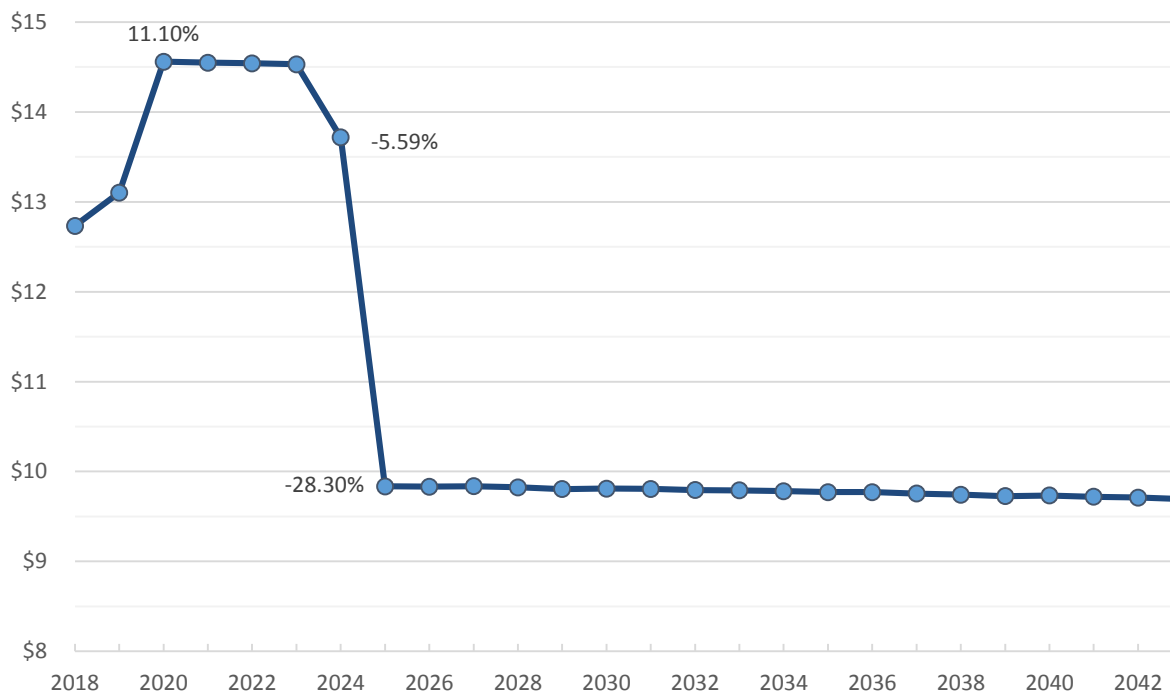
Revenue bonds were issued to refund a portion of Series 1998 and Series 2002 bonds; fully refund Series 1999, Series 2000, Series 2005, Series 2006, and Series 2008 bonds; and fund various construction of \$22.3 million, including the Downtown Expressway Open Road Tolling Project.

Series 2011-D bonds

Revenue bonds were issued and combined with other resources to pay off \$22.8 million of subordinate notes and \$39.4 million of accrued interest (totaling \$62.2 million) to the City of Richmond. The Authority issued debt in 1975 to construct the Expressway System with a Moral Obligation from the City to cover debt service short falls. Between 1975 and 1991, the Authority issued subordinate notes to the City for amounts equal to the City's contributions.

Expressway Debt

Annual Debt Service Requirements (millions)



The debt service increase in FY2018 was timed to coincide with a planned FY2018 toll rate adjustment, however as noted in the Long Term Financial Plan Overview section; based on recent traffic growth, this adjustment has been removed from the current long-term financial plan. Debt service decreases in FY2023-2024 due to Series 1998 and Series 2002 maturities. All remaining Expressway debt is scheduled for final maturity in July 2041 (FY2042).

Fiscal Year	Principal	Interest	Total
2018	4,905,000	8,198,079	13,103,079
2019	6,905,000	7,653,117	14,558,117
2020	7,265,000	7,282,036	14,547,036
2021	7,650,000	6,891,152	14,541,152
2022	8,050,000	6,479,339	14,529,339
2023	7,650,000	6,067,430	13,717,430
2024	4,065,000	5,771,059	9,836,059
2025	4,260,000	5,571,946	9,831,946
2026	4,475,000	5,362,723	9,837,723
2027	4,680,000	5,144,445	9,824,445
2028	4,895,000	4,910,828	9,805,828
2029	5,145,000	4,664,706	9,809,706
2030	5,395,000	4,411,466	9,806,466
2031	5,645,000	4,148,620	9,793,620
2032	5,915,000	3,876,338	9,791,338
2033	6,195,000	3,587,237	9,782,237
2034	6,495,000	3,277,095	9,772,095
2035	6,815,000	2,956,376	9,771,376
2036	7,130,000	2,624,793	9,754,793
2037	7,470,000	2,272,250	9,742,250
2038	7,830,000	1,897,398	9,727,398
2039	8,230,000	1,503,662	9,733,662
2040	8,625,000	1,095,129	9,720,129
2041	9,040,000	671,503	9,711,503
2042	9,465,000	227,317	9,692,317
Total	164,195,000	106,546,044	270,741,044

Glossary

Balanced Budget

The budget is considered balanced when all payments for operations, debt service, and annual capital plan needs do not exceed budgeted revenues.

Basis of Accounting/Budgeting

The method of accounting used to track and report revenues and expenses. The Authority uses the accrual basis for its accounting and budget basis. Under the accrual basis of accounting, revenue is recognized when earned and becomes measurable while expenses are recognized when an obligation to pay is incurred.

Bond Resolution

A contract between the Authority and its bondholders that establishes rights and obligations of both parties, including the pledging of toll revenue to the bondholders and revenue and expense certification by the Traffic and Revenue Consultant and Consulting Engineer, respectively.

Capital Budget

The portion of the Authority's annual budget that provides for the funding of preservation, replacement, repair, renewal, reconstruction, modification, and improvements of the Authority's Expressway System.

CAFR

Comprehensive Annual Financial Report, which includes audited financial statements.

Consulting Engineer

The firm retained by the Authority for the purpose of carrying out the duties imposed on the Consulting Engineer by the Bond Resolution and such other duties as assigned.

Debt Service

Payment of principal, interest, and other obligations associated with the retirement of debt.

Debt Service Coverage Ratio (DSCR)

Net revenue available after operations and debt service divided by debt service; the amount by which DSCR exceeds 1.0x illustrates the potential cash funding for the capital budget.

E-ZPass

Form of electronic toll collection accepted on the Authority's Expressway System.

ETC

Electronic Toll Collection; an electronic means for patrons to pay toll charges without using coins or currency. Patrons attach an electronic signal device, known as a transponder, to their windshield to automatically deduct the toll charges as they drive through a toll plaza. The Authority accepts ETC payments via E-ZPass.

Established Condition Level

The Authority annually inspects roads and bridges to determine the condition assessment of the Authority's Expressway System. The Authority must maintain its assets at a certain condition level.

Excess Balances Fund

Represents the only reserve available for the operation of the Expressway System and provides a manner to accumulate funding for long-term future capital needs associated with the Expressway System.

Expressway System

Comprised of the Powhite Parkway, Downtown Expressway, the Boulevard Bridge, and associated on/off ramps.

Glossary

Fiscal Year

A 12-month period for which an organization plans the use of its funds, which does not necessarily correspond to a calendar year. The Authority's fiscal year is from July 1st through June 30th.

Fund

An account established by the Bond Resolution or other legal document to track revenues and expenses for a specific program.

GAAP

Generally Accepted Accounting Principles; standard of framework of guidelines for financial accounting.

GASB

Governmental Accounting Standards Board; source of GAAP used by state and local governments in the United States.

GFOA

Government Finance Officers Association; professional organization of state and local government finance officers. The GFOA sponsors award programs for financial documents including the CAFR and annual budget.

HNTB

Howard, Needles, Tammen, and Bergendoff; the Consulting Engineer retained by the Authority.

Jacobs, Inc.

The Traffic and Revenue Consultant retained by the Authority.

MSA

Metropolitan Service Area; geographical region with a relatively high population density and close economic ties throughout the area. The Richmond MSA includes the Cities of Colonial Heights, Hopewell, Petersburg, and Richmond, and the Counties of Amelia, Caroline, Charles City, Chesterfield, Cumberland, Dinwiddie, Goochland, Hanover, Henrico, King and Queen, King William, Louisa, New Kent, Powhatan, Prince George, and Sussex.

Operating Budget

The portion of the budget that provides for the day-to-day operations of the Authority, including compensation and benefits, services, materials, and other expenses.

ORT

Open-Road Tolling; a barrier-free system that allows for electronic toll collection (ETC) and violation enforcement under normal highway driving conditions.

OPEB

Other-Post Employment Benefits; benefits offered to retirees outside of a pension. The Authority's OPEB includes retiree health care. Additional information on the Authority's OPEB plan can be found in the Authority's CAFR.

Traffic and Revenue Consultant

The Engineer or firm of Engineers retained by the Authority for the purpose of carrying out the duties imposed on the Traffic and Revenue Consultant by the Bond Resolution and such other duties as assigned. The Authority has contracted with Jacobs, Inc. to be its Traffic and Revenue Consultant.

VDOT

Virginia Department of Transportation