



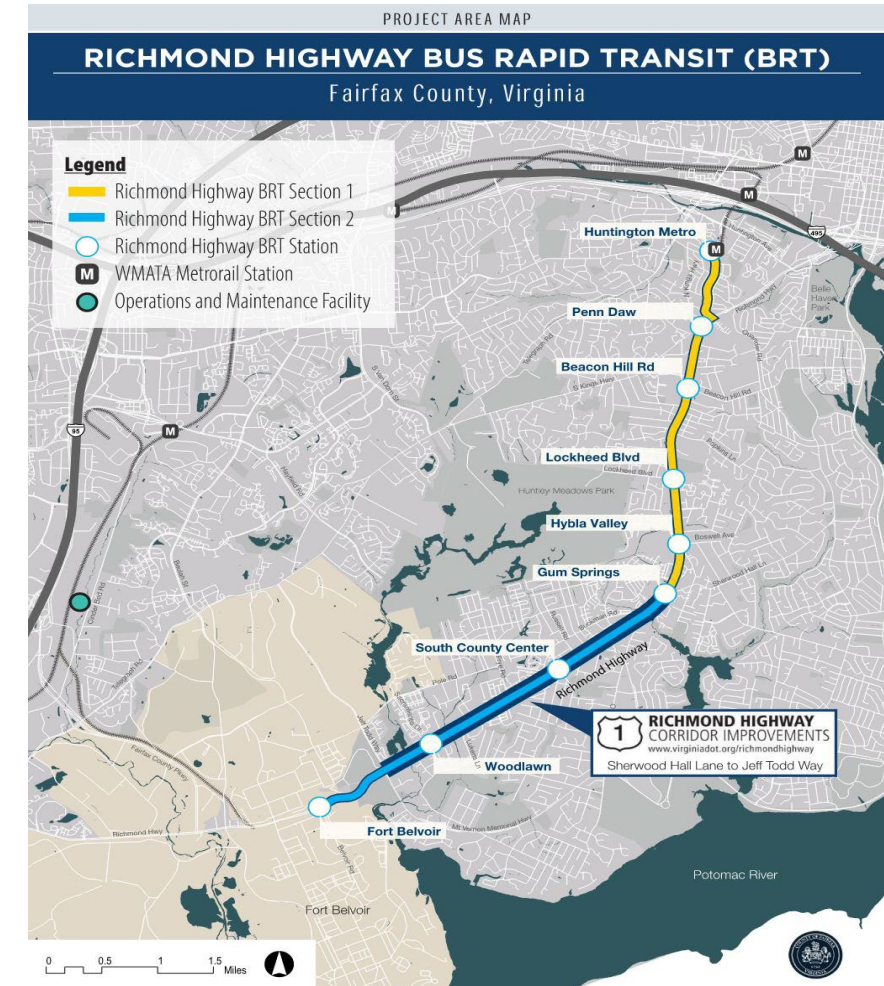
Richmond Highway Undergrounding

Board of Supervisors Economic Initiatives Meeting

July 26, 2022

Bus Rapid Transit Project and Widening Project

- The Richmond Highway Bus Rapid Transit (BRT) Project is an effort to plan, design, and construct a new high quality bus system between Huntington Metrorail Station and Fort Belvoir
- **Nine BRT stations**
- **Two sections**
 - Section 1: Huntington Metrorail Station to Gum Springs
 - Section 2: Gum Springs to Fort Belvoir
 - Richmond Highway Corridor Improvements Project led by VDOT; will widen last 4-lane section within Richmond Highway and reserve median for BRT
- **Future**
 - Section 3: Fort Belvoir to Woodbridge
 - Metrorail from Huntington to Hybla Valley



Benefits of Utility Undergrounding

- Underground utilities:
 - may increase reliability of utility service
 - reduce visual clutter and distraction
 - minimize conflicts with street trees and signage
 - improve safety, because of fewer potential conflicts with vehicles
 - improve visibility for retailers and restaurants
 - may reduce right-of-way space requirements
 - However, in Richmond Highway corridor, undergrounding will increase right-of-way requirement, in some cases



BRT Project and Widening Project Status

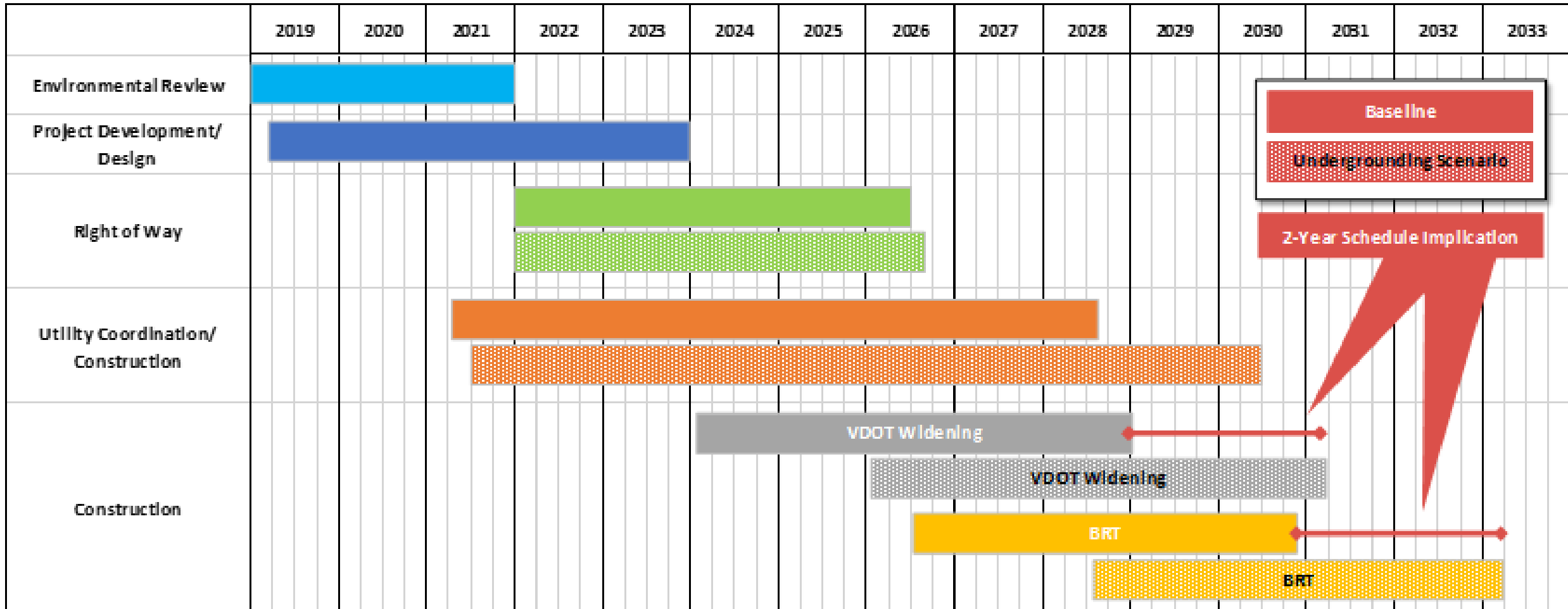
■ Widening Project

- Board endorsed design plans in March 2019
- Environmental document complete
- Land acquisition underway
- Project estimate totals \$450 million – all but \$15 million funded

■ Bus Rapid Transit Project

- Board endorsed design plans with exceptions of some intersections in July 2021
- Environmental clearance received January 2022
- Land acquisition underway
- Project estimate totals \$795 million – \$461 million funded
 - Deficit of \$334 million – Federal Transit Administration – New Starts

Schedule for Undergrounding



Cost of Undergrounding

	Additional Utility Construction Cost (\$2023)*	Additional Project Escalation Cost Assuming 2-Year/4 -Year Delay @5% inflation**	Total Additional Cost (inflation + underground power)
Widening	\$ 59M	\$ 46M - \$ 96M	\$105M - \$155M
BRT***	\$ 77M	\$ 82M - \$171M	\$159M - \$248M
Total for Corridor	\$136M	\$128M - \$267M	\$264M - \$403M

* Costs provided by Dominion Energy for undergrounding power lines on existing poles extrapolated to include communication lines. Costs inflated to 2023 dollars from 2019

** Two-year delay per estimate from Dominion Energy; one additional year for re-design and environmental analysis and one additional year for construction. Additional delay associated with implementation of utility surcharge rate

*** Assumes BRT project cost of \$795 million

Undergrounding and Project Funding

- FTA considers undergrounding a “betterment.” It is not eligible for FTA funding. VDOT does not participate in undergrounding costs either.
 - Additional local funding must be identified for both the BRT and Widening projects
- FCDOT expects to enter “Engineering” phase of the BRT project in Fall 2022
 - At entry to Engineering, the federal grant amount is fixed; increases are the responsibility of the County
 - Approval to enter Engineering includes detailed review of scope, schedule, and costs and includes ongoing FTA review of cost and schedule risks
- FTA rates projects on benefit and non-federal financial commitment
 - Ratings are used to approve or deny advancement into Engineering, approve or deny projects for construction grants, and support annual funding recommendations to Congress
- Design and construction of undergrounding will delay BRT project by at least 2 years
- FCDOT is currently coordinating with FTA on other aspects of the rating; any other unfavorable outcome could further reduce rating
- Escalation costs from 2-year delay (\$82M) would reduce the “cost effectiveness” component of the rating to “Low” which is likely to reduce the overall project rating to “Medium-Low”
 - **By law, FTA is prohibited from funding projects with less than a Medium rating**

Funding Option – Utility Rate Surcharge

- Enabling legislation by the General Assembly allows for a utility rate surcharge to ratepayers for undergrounding of utilities (Va. Code § 15.2-816.1 Underground elective distribution, telecommunications, cable, and other facilities)
- Enabling legislation included no State funding for undergrounding
- Staff estimates assume \$40 million in annual revenues (\$4 million residential + \$36 million commercial) via \$1 month charge to residential ratepayers and a maximum 6.67% charge to nonresidential ratepayers
 - Revenues would be deposited into new Special Revenue Fund
- Requires County to enter into an agreement with Utility Companies prior to implementation

Statutorily Mandated Terms for Agreement

- Upon formal Board approval, staff and OCA may begin to seek utility interest in negotiating an agreement under the following terms:
 - Address Undergrounding Costs
 - Negotiate Utility Undergrounding Responsibilities
 - Address Procedure for Fee Collection
 - Negotiate Terms Necessary for Implementation

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|---|
| <p>Statutorily Required Parties to Agreement</p> <ul style="list-style-type: none"> • Dominion • Verizon • Cox • Novec |
|---|

- | |
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| <p>Necessary Parties Needed for Agreement/Coordination/Implementation</p> <ul style="list-style-type: none"> • VDOT • Commonwealth Transportation Board • Commissioner of Highways • State Corporation Commission |
|--|

- Nothing in the legislation requires the utilities to negotiate or reach an agreement
- Negotiations could be prolonged - utility reports 12 to 18 months for internal legal review and approval on other projects
- No SCC or independent oversight or verification of undergrounding costs by utilities

Financing Option

- EDA Infrastructure Revenue Bond could be used to finance undergrounding project costs of \$136 million
 - Requires BOS and EDA approval
 - Provides the highest bond ratings, one notch below Triple A
 - Backed by County with utility surcharge revenues used as source of debt service repayment
 - Depending upon timing of utility surcharge agreement, General Fund dollars may need to be utilized
 - Provided no use of general fund for debt service, would not count against debt ratios

Potential Next Steps

- Staff understands the benefits of undergrounding utilities, but believes that at this point in the projects, undergrounding represents substantial financial risk to both the BRT and widening projects.
- If the Board wishes to proceed with undergrounding it would need, at a future board meeting, to:
 - Direct County Attorney to begin negotiating surcharge agreement with utilities AND/OR commit local funding to cover cost of undergrounding;
 - Direct staff to incorporate undergrounding into design plans for the BRT and widening projects and inform FTA and VDOT of the decision and anticipated schedule delays (2 or more years) and cost increases; and
 - Direct staff to seek additional funding for the inflationary costs (\$128M to \$267M) for both projects and to replace FTA funding the County has been anticipating for the project that will be lost (\$334M).
- If the Board does not wish to proceed with undergrounding, direct staff to continue to implement both projects as expeditiously as possible, and to focus on designing the utilities with significantly improved aesthetics/uniformity and as few crossings as possible.

Questions and Discussion

§ 15.2-816.1. Underground electric distribution, telecommunications, cable, and other utility facilities.

A. The governing body of any locality operating under the urban county executive form of government may request an electric utility, telecommunications provider, cable provider, or other utility to enter into an agreement with the locality to place underground electric distribution, facilities, telecommunications facilities, cable facilities, or other utility facilities as part of a transportation infrastructure improvement project, a commercial or industrial improvement project, or roads serving any such project that the Commonwealth Transportation Board or such locality identifies that reduce congestion, improve mobility, improve transit system infrastructure, improve safety, or improve service or access to such project.

B. If the parties desire to proceed, the locality operating under the urban county executive form of government shall enter into an agreement with an electric utility, telecommunications provider, cable provider, or other utility that provides that (i) the locality shall pay to the utility or provider its full costs of relocating and converting that portion of the facility located in the locality underground rather than overhead, minus the net of relocation credits; (ii) the utility or provider shall convert, operate, and maintain the agreed portion of the facility underground in cooperation with any other utility or provider with facilities placed underground there; (iii) the agreement is contingent upon the adoption of the levy set forth in subsection C; and (iv) other terms and conditions on which the parties may agree shall be included in the agreement. No agreement shall require any telecommunications provider or cable provider to share conduit.

C. If the locality operating under the urban county executive form of government and the utility enter into an agreement as described in subsection B, the locality may impose an additional levy on electric utility customers in the locality pursuant to § [58.1-3814](#). The locality shall by ordinance fix the amount of such additional levy, which shall not exceed \$1 per month on residential customers and shall not exceed 6.67 percent of the monthly amount charged to nonresidential consumers of the utility service. The initial proceeds of such levy shall be dedicated to a project incorporating bus rapid transit on a road in the National Highway System serving a Metrorail station and an anticipated extension of Metrorail in a designated revitalization area in such locality. The provider of billing services shall bill the tax to all users who are subject to the tax and to whom it bills for electricity service and shall remit such tax to the appropriate locality. Any levy imposed pursuant to this section shall be in addition to the limit for any utility consumer tax prescribed in § [58.1-3814](#). If the provisions of this section are inconsistent with the provisions of § [58.1-3814](#), the provisions of this section shall be controlling.

D. The locality may, or the Commissioner of Highways, upon presentation of the agreement to the Commonwealth Transportation Board, shall, be responsible for securing the necessary easements and permits for the utility or provider necessary for the conversion of the existing distribution, telecommunication, cable, or other utility facilities.

E. With the exception of any local zoning ordinances and review under § [15.2-2232](#) or any cable franchise agreement, if the provisions of this section are inconsistent with the provisions of any other law or local ordinance, the provisions of this section shall be controlling.

F. For purposes of this section, the term "electric utility" includes any cooperative, as that term is defined in § [56-231.15](#), operating within the locality.

Richmond Highway Funding Sources

Richmond Highway Widening (Sherwood Hall Lane to Jeff Todd Way/Mount Vernon Highway)		
Project Cost Estimate - \$464,000,000		
Funding Source	Total Allocation to date	First Award Date
C&I	\$3,258,828	N/A
NVTA 70% (FY15-16)	\$1,000,000	FY 2017
NVTA 70% (FY18-23)	\$127,000,000	FY 2020
NVTA 70% (FY20-25)	\$120,388,000	FY 2025
NVTA 70% (FY22-27)	\$60,200,000	FY 2026
Revenue Sharing	\$9,999,172	FY 2017
Smart Scale	\$28,000,000	FY 2025 (applying in SSR5 – 8/1/22)
RSTP	\$114,154,000	FY 2022
Total	\$464,000,000	

Richmond Highway BRT		
Project Cost Estimate - \$795,000,000		
Funding Source	Total Allocation to date	First Award Date
NVTA 30%	\$5,673,627	N/A
NVTA 70% (FY18-23)	\$250,000,000	FY 2019
FTA New Starts	\$333,665,000	Pending FFGA
CMAQ	\$19,656,692	FY 2017 (\$2.4M in future CMAQ)
RSTP	\$51,817,681	FY 2022
Other State/Federal	\$4,187,000	FY 2023
NVTA 70% (FY22-27)	\$80,000,000	FY 2026
Smart Scale	\$50,000,000	FY 2024
Total	\$795,000,000	