



COMMONWEALTH of VIRGINIA  
*Office of the*  
SECRETARY of TRANSPORTATION

## Legislative Update

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Deputy Secretary of Transportation  
April 14, 2015



# Key Legislation

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- **HB1887 (Jones and Rust): Governor's omnibus transportation package**
- **HB1886 (Jones and Rust): Governor's P3 reform bill**
- **HB1402 (Loupassi): City and town maintenance payments**

# HB1887 – Governor’s Omnibus Transportation Package

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- Passed House 94 to 1 and Senate 35 to 4
- Signed by the Governor
- Revises construction allocation formula
- Requires prioritization of HMOF and state of good repair program funding
- Increases independence of the Commonwealth Transportation Board
- Increases transit funding by \$40 million annually
- Includes several other provisions

# HB1887 – Construction Allocation Formula

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- **Repeals primary, secondary and urban construction programs**
- **Establishes new formula effective FY21**
- **Funds are set-aside for crossover, debt service, and specialized state and federal programs**
- **All remaining state and federal funds are distributed as follows:**
  - **45% to the State of Good Repair Program**
  - **27.5% to the High Priority Projects Program**
  - **27.5% to the Construction District Grants Program**

# HB1887 – Construction Allocation Formula

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- **Between FY16 and FY20, construction funds will be allocated through a hybrid transitional formula**
- **Designed to minimize disruptions to existing Six-Year Improvement Program**
- **CTB “\$500M off-the-top” formula funds for bridges, pavements, smart roadway technology and unpaved roads**
- **Funds in HB2 holding account and any other funds in excess of current CTB formula will be distributed**
  - **50% to the High Priority Projects Program**
  - **50% to the Construction District Grants Program**

# HB1887 – State of Good Repair Program

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- Program provides dedicated funding for major rehab of **Interstate** and primary pavements and all bridges
  - Includes locally-owned and state assets
- CTB required to develop a priority ranking system to identify needs and distribute funds to each district
  - Number, condition and cost to rehab deficient primary lane miles
  - Number, condition and cost to rehab structurally deficient bridges

# HB1887 – State of Good Repair Program

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- **Priority ranking system must be adopted by the Board no later than July 1, 2016 and based on:**
  - **Number, condition and cost to rehab deficient Interstate and primary lane miles**
  - **Number, condition and cost to rehab structurally deficient bridges**
- **No district may receive less than 5.5% or more than 17.5%**
- **Recommend Board adopt ranking system earlier to allow programming of State of Good Repair funds in next SYIP update**
- **VDOT must publish prioritized list of structurally deficient bridges and deficient primary pavements**

# HB1887 – State of Good Repair Program

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- Program contains a “pop-up penalty” for fiscal years VDOT does not meet the secondary pavement target established
- Board must set-aside funds to improve secondary pavements – up to 20% of the State of Good Repair funds
- Funds made available to each district based on equitable-needs based on mileage, condition and cost to improve secondary pavements



# HB1887 – High Priority Projects

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- **Statewide discretionary program allocated by the Board to projects of regional or statewide significance**
  - May be used for highway, transit, rail or transportation demand management strategies
- **To be funded a project must:**
  - Meet a need identified in VTrans2040 on a corridor of statewide significance or a regional network
  - Be evaluated and scored under HB2 process
- **Board shall set-aside funds annually for the Innovation and Technology Transportation Trust Fund**
  - Amount may not exceed \$25 million annually

# HB1887 – Construction District Grants Program

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- **District-based grant program allocated by the Board**
  - May be used for highway, transit, rail or TDM
- **Funds available to a district must be allocated to a project within the same district**
- **Board must set-aside funds for unpaved roads – up to \$25 million annually**
- **To be funded a project must:**
  - Be submitted by a local jurisdiction within the district
  - Meet a need identified in VTrans2040 on a corridor of statewide significance, regional network, urban development area or a safety deficiency
  - Be evaluated and scored under HB2 process

# HB1887 – Construction District Grants Program

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- **Formula used to make funds available to districts—**
  - **30% on ratio of population in district's cities in towns to total state population in cities and towns**
  - **28% on ratio of vehicle miles traveled on district's primary highways to total VMT on state primary highways**
  - **24% on ratio of population in district's counties to total state population in counties**
  - **10% on ratio of district's primary lane miles to total state primary lane miles**
  - **6% on ratio of land area of district's counties to total state land area**
  - **2% on primary need factor to address under allocation compared relative to needs**

# HB1887 – Highway Maintenance and Operating Fund

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- **Updates requirements for asset management practices developed by VDOT**
- **Must include transparent methodology for allocation of funds**
  - **Between construction districts; and**
  - **Between Interstate, primary and secondary systems**
- **Annual report must include description of transparent methodology required by HB1887**

# HB1887 – VDOT Annual Report

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- **Modifies requirements of VDOT Annual Report**
- **Report must now include:**
  - **Description of asset management methodology used for allocation of HMOF funds**
  - **Prioritized list of deficient bridges and primary pavements based on priority ranking system developed for the State of Good Repair Program**
  - **Performance targets and outcomes for current two-year biennium as well as the next two-year biennium**
- **Board may direct the Commissioner to include additional content as needed**

# HB1887 – Commonwealth Transportation Board

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- Provides that starting July 1, 2016, that the Governor may only remove members from the Board for “cause”
  - Cause means malfeasance, misfeasance, incompetence, misconduct, neglect of duty, absenteeism or conflict of interest
- Removed VPA Executive Director
- Provides that the senior member of the Board shall serve as the vice-chair

# HB1887 – Transit Capital Funding

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- **Provides ~\$40 million in additional funding for transit capital starting in FY17**
  - Partially offsets impacts due to lack of passage of Marketplace Fairness Act and the expiration of the CPR bonds
- **Funds are re-directed from highways, freight rail, ports and aviation**
  - 1 cent recordation tax from HMOF to transit capital
  - 3.7% from the TTF to transit capital
  - 1 cent MV Rental tax from REF to State of Good Repair Program for highways
- **Provisions automatically expire if Congress passes the Marketplace Fairness Act**

# HB1887 – Virginia Transportation Infrastructure Bank

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- Provides dedicated annual funding to capitalize the Bank from 2/3s of all interest earnings on the HMOF and highway portion of the TTF
- Eliminates the ability to provide grants from the Bank
- Requires scoring guidelines to be based on goals outlined in HB2
- Board will need to update guidelines in the coming months
- Current uncommitted balance in Bank is \$3.3M



# HB1887 – Transportation Partnership Opportunity Fund

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- Provides dedicated annual funding for Fund from 1/3 of all interest earnings on the HMOF and the highway portion of the TTF
- Focuses Fund on economic development projects by removing eligibility for design-build and public-private partnership projects
- Governor continues to have ability to provide grants and revolving loans to eligible projects
- Current uncommitted balance of \$6.2M

# HB1887 – Toll Facilities Revolving Account

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- **Eliminates dedicated funding for Account**
  - Redirect to Infrastructure Bank and TPOF
- **Provides Board with authority to transfer funds to Infrastructure Bank**
- **Current uncommitted balance in the Account is \$39M**
  - Route 460 project has allocation of \$85M from Account
- **Repayment of advances from projects are expected to start next year - ~\$3M annually**

# HB1887 – Rail Provisions

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- Provides DRPT with one-time authority to enter into an availability payment public-private partnership to using funds from REF and IPROC over a 20-year period
- Reduces dedicated funding for the Rail Enhancement Fund by one-third
- Requires Board to develop a legislative proposal for the 2016 General Assembly session regarding public benefit requirements of the REF
  - Linked to required programmatic review of REF required by Appropriations Act

# HB1887 – Rail Transit Expansion

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- **Requires a project to construct a new rail fixed-guideway transit to be evaluated and scored under the provisions of HB2 when a project is fully-funded using transit capital funds only**
- **Any transit project with “flexed” highway funds is already required to be evaluated and scored under HB2**
- **All recent rail transit expansions in Virginia have required both transit and “flexed” highway funds**
  - **Dulles Rail**
  - **Norfolk light rail**
  - **Virginia Beach light rail extension**

# HB1886 – Governor’s P3 Reform Bill

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- **Passed the House 97 to 1 and the Senate 38 to 0**
- **Signed by the Governor**
- **Codifies key concepts consistent with revised P3 guidelines adopted by Board last November**
  - **Provides for legislative involvement up-front in the process**
  - **Establishes standards for Finding of Public Interest and requires re-certification that deal is consistent with Finding prior to signing of deal**
  - **Requires VDOT to establish process to identify high risk projects and mitigate potential risks**

# HB1886 – Governor’s P3 Reform Bill

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- **Establishes a Transportation Public-Private Partnership Advisory Committee**
- **Committee must determine a P3 procurement is in the public interest based on information from Finding of Public Interest prior to initiating procurement**
- **Committee members include**
  - **Two CTB members**
  - **Deputy Secretary of Transportation**
  - **House Approps staff and Senate Finance staff**
  - **CFO of procuring agency**
  - **Public financial expert selected by Secretary**

# HB1886 – Governor’s P3 Reform Bill

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- **Establishes requirements for Finding of Public Interest**
  - Description of the risks, liabilities, and responsibilities to be handled by private sector
  - Description of the risks, liabilities, and responsibilities to be handled by the public sector
  - Degree to which risks may be mitigated through other provisions in the deal
  - Benefit of using P3 over conventional procurement options
- **VDOT/DRPT may not enter into a comprehensive agreement unless the Secretary certifies that risks, liabilities and permitting responsibilities have not materially changed from the Finding of Public Interest**

# HB1886 – Governor’s P3 Reform Bill

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- **Requires VDOT to establish by September 2015**
  - **A ‘risk assessment model’ to identify relative risks associated with a proposed project**
  - **Procurement processes and guidelines for identified high risk projects to ensure the public interest is protected**
- **These requirements are mirror the requirements of the CTB resolution adopted in May2014**



# HB1402 – Highway Maintenance Payments

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- **Sponsored by Delegate Loupassi**
- **Passed House 85 to 13 and Senate 40 to 0**
- **Bill intended to address issues related to city and town street maintenance payments for lanes converted to transit or bicycle use**
- **Engrossed bill:**
  - **Provides maintenance payments for moving-lanes converted to transit-only use**
  - **Requires Secretary to study appropriate maintenance payment for moving-lanes converted for bicycle-only use**
  - **Allowed Richmond to receive payments for one-year for moving-lanes converted between July 2014 and July 2016**

# HB1402 – Highway Maintenance Payments

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- **Governor offered amendments to the bill to address temporary maintenance payments to the City of Richmond**
- **Amendments, if accepted by the General Assembly, would allow Richmond to help support UCI race that will take place in September 2015**
  - **To convert up to 20 moving-lane miles to bicycle-only lanes prior to July 2016, and**
  - **To receive the same maintenance payments for those lane-miles in perpetuity**