

# Rail Enhancement Fund Review: Legislative and Policy Goal Recommendations

September 15, 2015

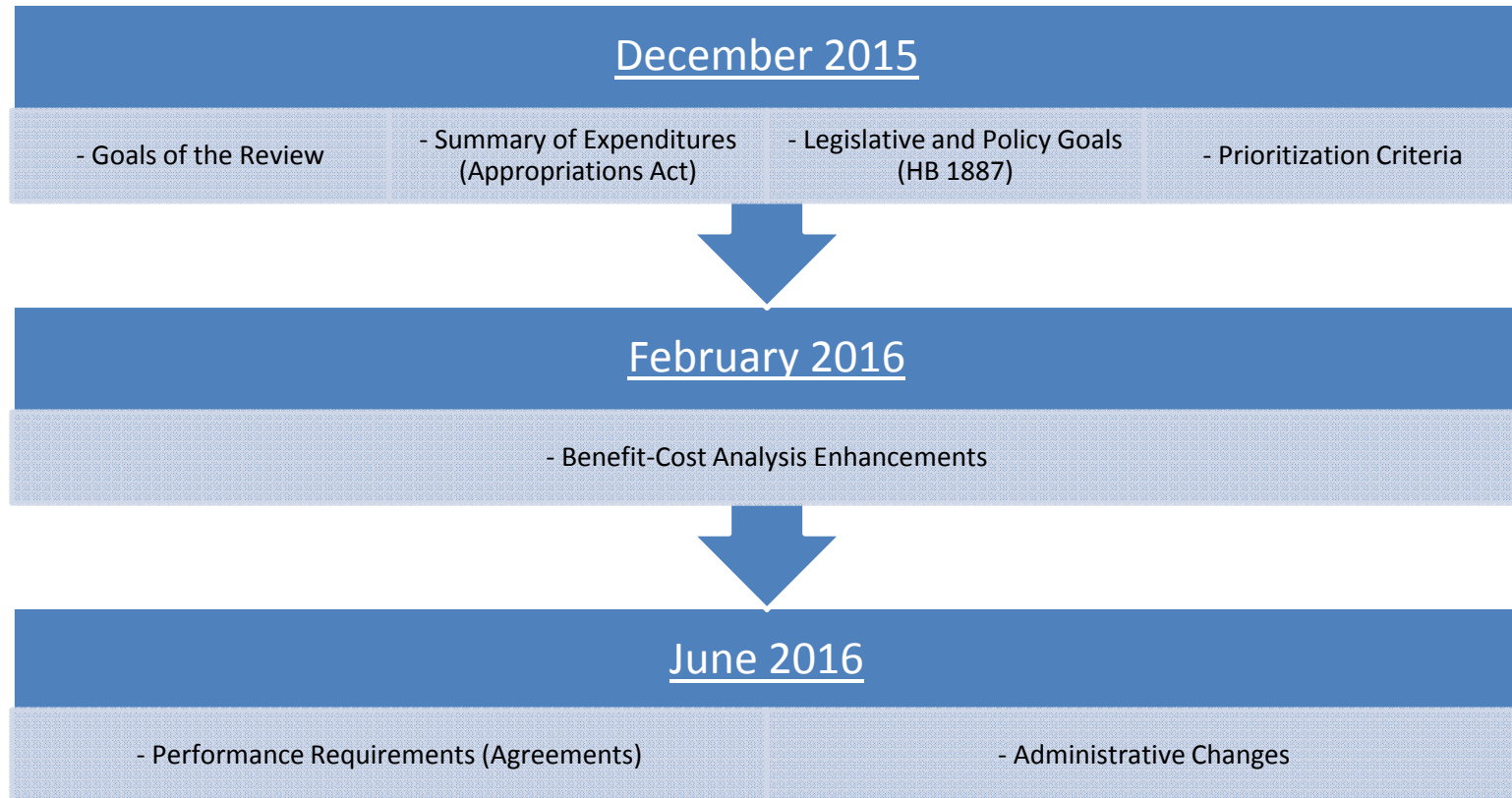
Commonwealth Transportation  
Board

# Legislative Directive

## HB 1887

*“That the Commonwealth Transportation Board shall develop no later than December 1, 2015, a legislative proposal to revise the public benefit requirements of the Rail Enhancement Fund...”*

# REF Review of Components



## Guiding Principles

- Improve transparency and simplicity
- Acknowledge scarcity of funding
- Leverage funds through partnerships
- Rely on policy goals to drive prioritization and administrative efforts

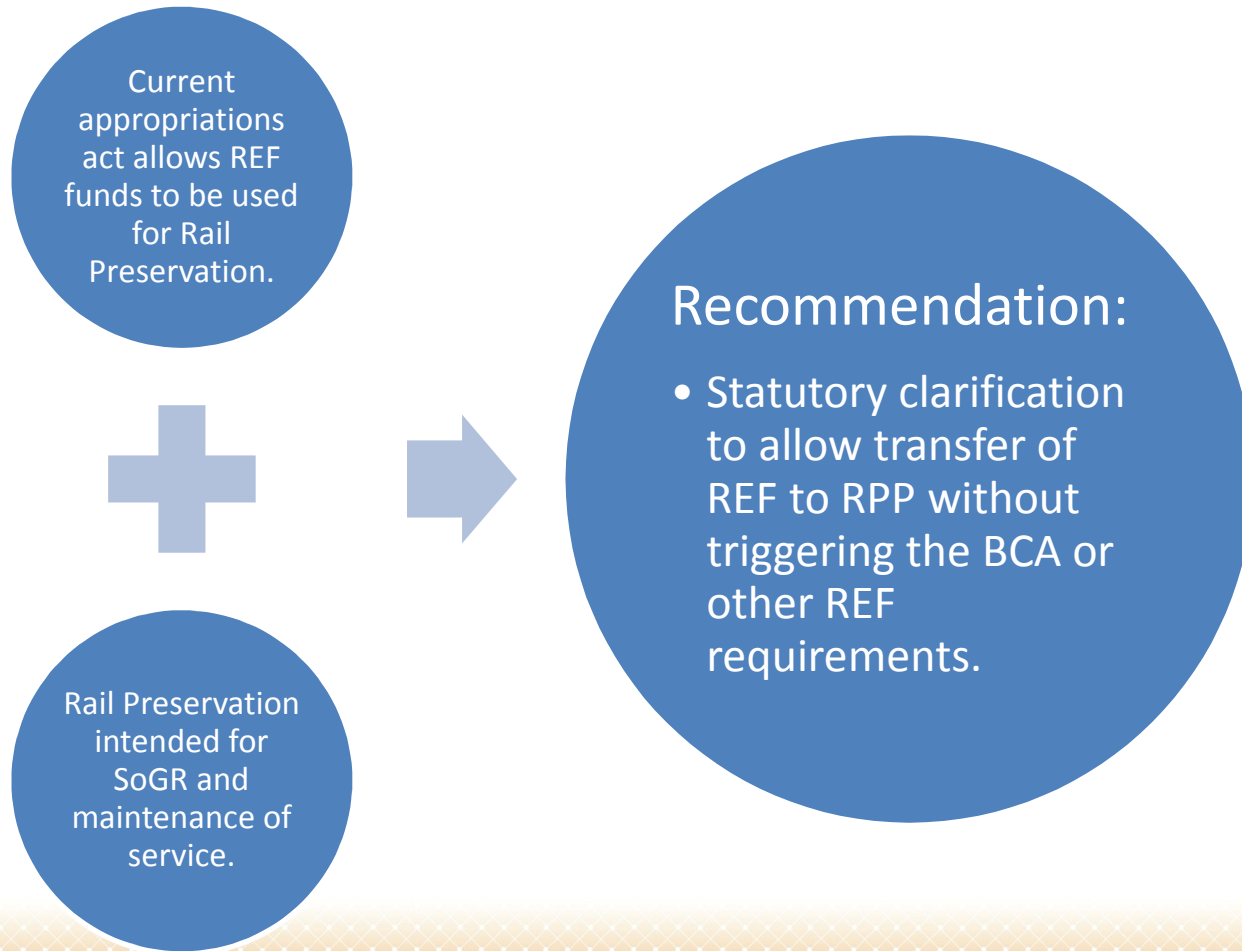
# Rail Enhancement Fund Updates

Only one legislative change proposed:

Administratively, much can change:

- Policy Goals
- Benefit-Cost Analysis
- Prioritization Process
- Administrative Practices

# Legislative Proposal



# Value Project Readiness

## Current Policy Goal:

- Quick turnaround projects

## Reality:

- Multi-year projects have extended timelines.

## Recommendation:

- Consider project readiness in the prioritization process.
- Re-apply or de-obligate funds within 3 years of approval.

# Leverage Other Funds

## Current Policy Goal:

- Encourage projects where matching funds are greater than 30%

## Reality:

- REF reduced by 1/3 and Bond Funds run out FY17

## Recommendation:

- Prioritize projects with greater than 30% match



# Protect Public Interest

## Current Policy Goal:

- DRPT maintains a contingent interest value and ability claw-back funds.

## Reality:

- Performance metrics are difficult to track and subject to economic forces beyond the grantee's control.

## Recommendation:

- Emphasize BCA determination and prioritization; eliminate administrative practice of tracking carloads and passengers specific to a project. Retain contingent interest.
- Task force with Rail Committee to track network performance metrics

# Support Planning Initiatives

## Current Policy Goal:

- Address needs identified in appropriate state, regional, or local plan.

## Reality:

- Some projects are smaller in nature or related to a recent economic development effort.

## Recommendation:

- Ensure transparency by prioritizing projects which align with appropriate state, regional, or local plans.

# Enhance Freight & Passenger Service

## Current Policy Goal:

- Promote dual freight rail access and mixed-use corridors

## Reality:

- REF funds were used to achieve dual freight access at Virginia International Gateway (APMT)

## Recommendation:

- Policy shift to prioritize projects which benefit both freight and high speed/intercity passenger service in a corridor.

# Planning and Engineering Support

## Current Policy Goal:

- Limits studies and PE to 10% of REF funds.

## Reality:

- Risk has shifted to DRPT on IPR initiatives
- Need ability to advance planning and PE without a full commitment to construction of the project.

## Recommendation:

- Allow up to 25% of REF to fund studies and PE.

# Value State of Good Repair

## Current Policy Goal:

- No consideration of SoGR

## Reality:

- Recent emphasis in General Assembly on SoGR for road, bridge, and public transportation assets.

## Recommendation:

- Include SoGR in the BCA;
- Allow consideration of SoGR projects by CTB if DRPT determines a net benefit.

# Value Unique Projects

## Current Policy Goal:

- Not addressed; A simpler, less complex BCA will not measure all projects, but will be more transparent.

## Reality:

- Flexibility when satisfying code requirements for benefit vs. cost
- DRPT may need to evaluate projects differently if the standard BCA does not apply.

## Recommendation:

- Allow project sponsors to use TIGER grant guidelines for unique, large, or multi-state projects after receiving DRPT approval.

# Prioritization Checklist

## Benefit-Cost Analysis

- *BCA of REF project cost remains a pass/fail test.*
- Does the TOTAL project cost pass the BCA?

## Project Readiness

- Has planning or PE been done?
- Are there firm completion dates?

## Leverage Other Funds

- Does the project compliment other public/private investments?
- Is match greater than 30%?

## Past Performance

- Has the project performed well based on reporting?

## Planning Process

- Does the project align with the State Rail Plan priorities?
- Does the project align with other appropriate public plans?

## Multi-use Benefits

- Does the project support freight supply chain initiatives?
- Does the project support high-speed/IPR service?

## State of Good Repair

- Does the project contribute to SoGR of critical assets?