



COMMONWEALTH *of* VIRGINIA
Office of the
SECRETARY *of* TRANSPORTATION

SMART SCALE Process Review Update

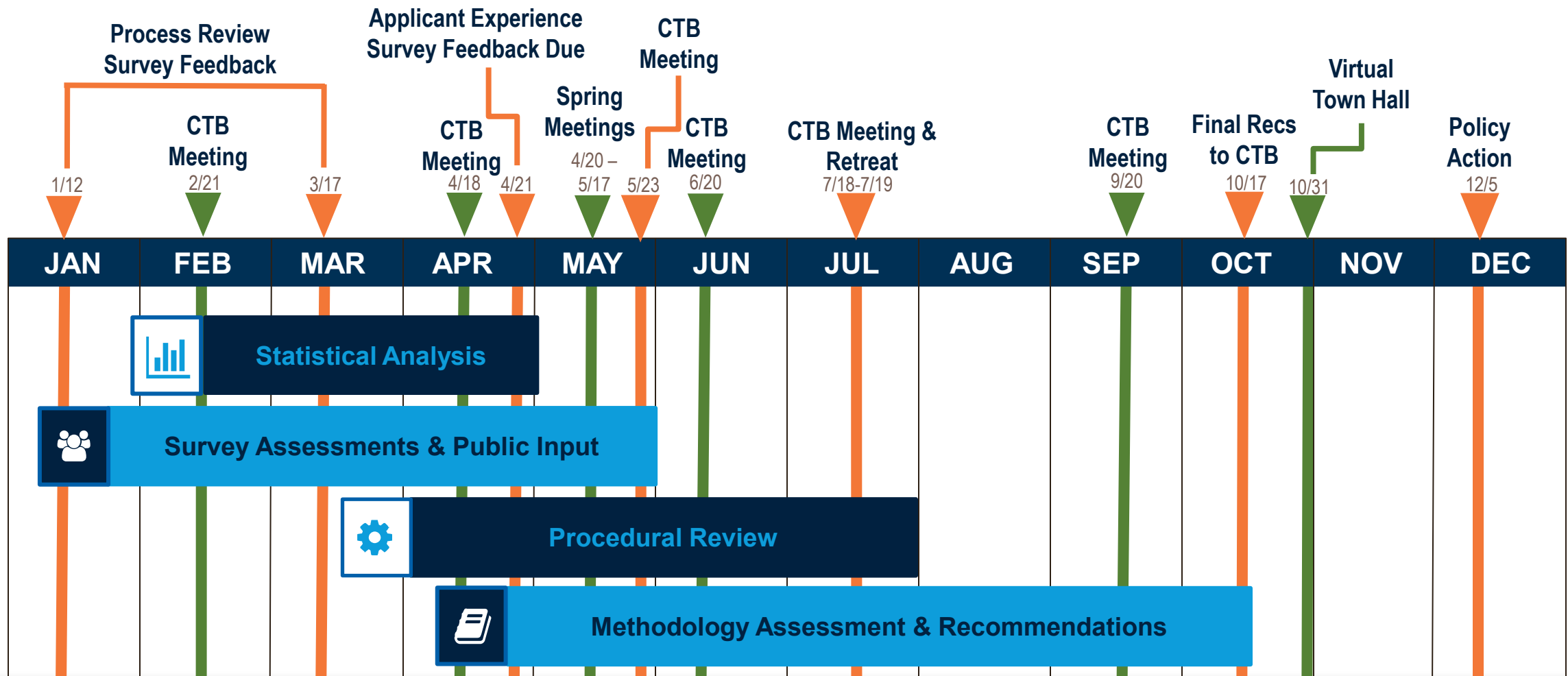
October 17, 2023



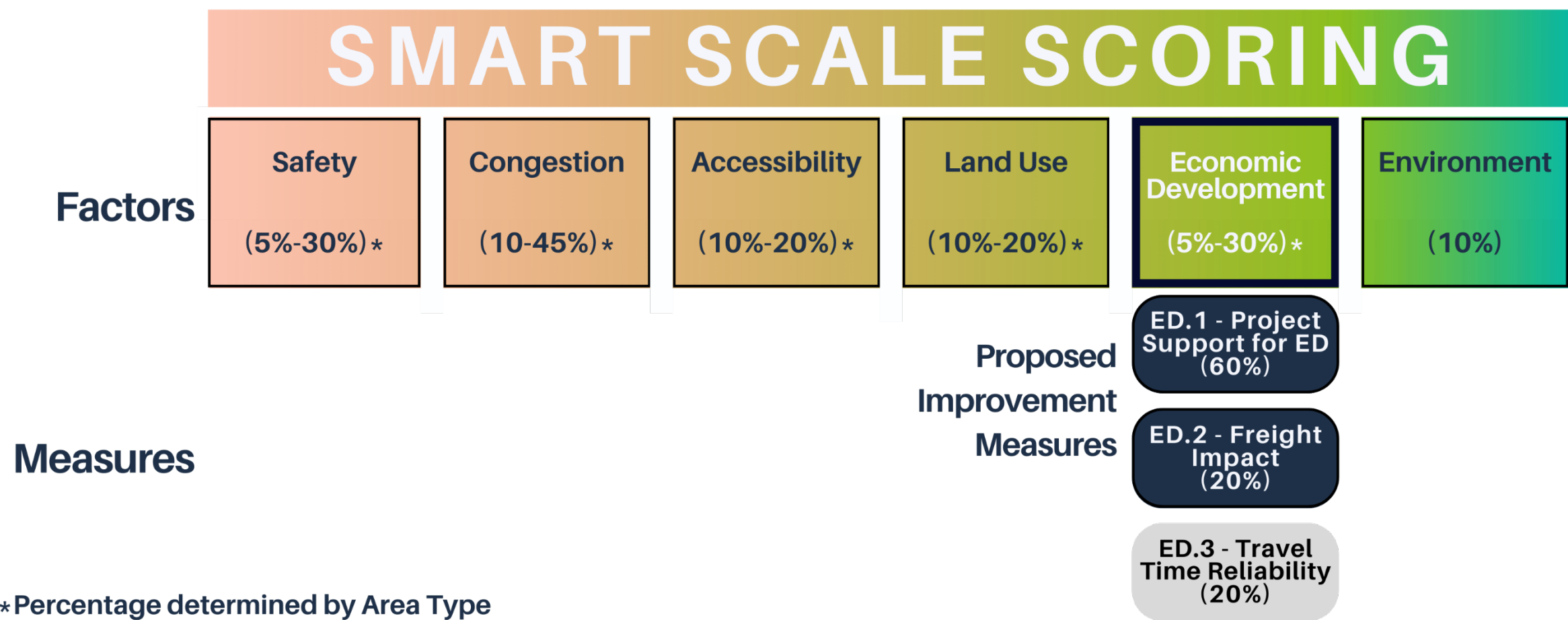
Presentation Topics

- **Overview and Status of SMART SCALE Process Review**
- **Review of Questions and Staff Recommendations**
 - Economic Development Factor Background
 - Economic Development Factor Methodology Changes
 - Summary of ED.1 Recommendations
 - ED.1 Questions from the September CTB Meeting
 - Impact of Economic Development Changes
 - Review Illustrative Impacts of Economic Development Scenarios Based on Round 5 Applications
 - Mid-Level Application Tier Analysis
 - Final Staff Recommendations
- **Public Outreach Updates**
 - Schedule and Next Steps
 - Comments or Questions about the SMART SCALE Review

Since February, the CTB has been engaged in a holistic review of our nationally recognized, data-driven process for prioritizing multimodal transportation investments to determine if SMART SCALE is meeting its goal.



Economic Development Factor Background



*Percentage determined by Area Type

Economic Development Factor Methodology Changes

- **Current ED.1 (Project Support for ED) scoring methodology does not incorporate key economic priorities**
 - Needs to better reflect best-in-class economic impact assessments currently used by VEDP
 - Process uses manual process of data entry by applicants and validation by Commonwealth
- **Proposed ED.1 scoring methodology will incorporate key economic priorities, including:**
 - Focus on sites that will attract growth industries, with the inventory captured in a statewide real estate database
 - Job creation and capital investments in sites
 - Estimates potential market demand of sites by including site visits
- **Proposed ED.2 (Freight Impact) scoring methodology focus proposed to shift from freight tonnage moved to freight volume moved**

Summary of ED.1 Recommendations

Score Calculation Step (Weight)	Process
1. Determine which sites are eligible	<ul style="list-style-type: none"> ▪ Commonwealth determines buffer based on Transportation Project Tier (Table 10.2 Site Eligibility by Transportation Project Tier in SMART SCALE Technical Guide) ▪ Pull in VirginiaScan sites based on coordinates and buffer
2. Calculate estimated jobs and capital investment factors (Jobs: 40%, Capital Investment: 25%)	<ul style="list-style-type: none"> ▪ Input site characteristics (coordinates, acreage) into historical projects model ▪ Determine estimated job creation and capital investment relative to all projects in the funding round
3. Calculate site funding factor (15%)	<ul style="list-style-type: none"> ▪ Sites that have received funding from GO Virginia, Tobacco Commission, or Virginia Business Ready Sites Program (VBRSP) receive the full weight of the funding factor
4. Calculate site visit factor (10%)	<ul style="list-style-type: none"> ▪ Determine the number of company and/or site selector visits that occurred on eligible sites for each project in the last three years
5. Calculate site readiness factor (10%)	<ul style="list-style-type: none"> ▪ Determine the eligible site with the highest VBRSP Tier <ul style="list-style-type: none"> ▪ Sites that are VBRSP Tier 4 or 5 receive 5 pts, Tier 3 receive 3 pts, Tier 2 receive 2 pts, Tier 1 receive 1 pt
6. Sum for ED.1 Measure (100%)	<ul style="list-style-type: none"> ▪ Add the scores from preceding steps

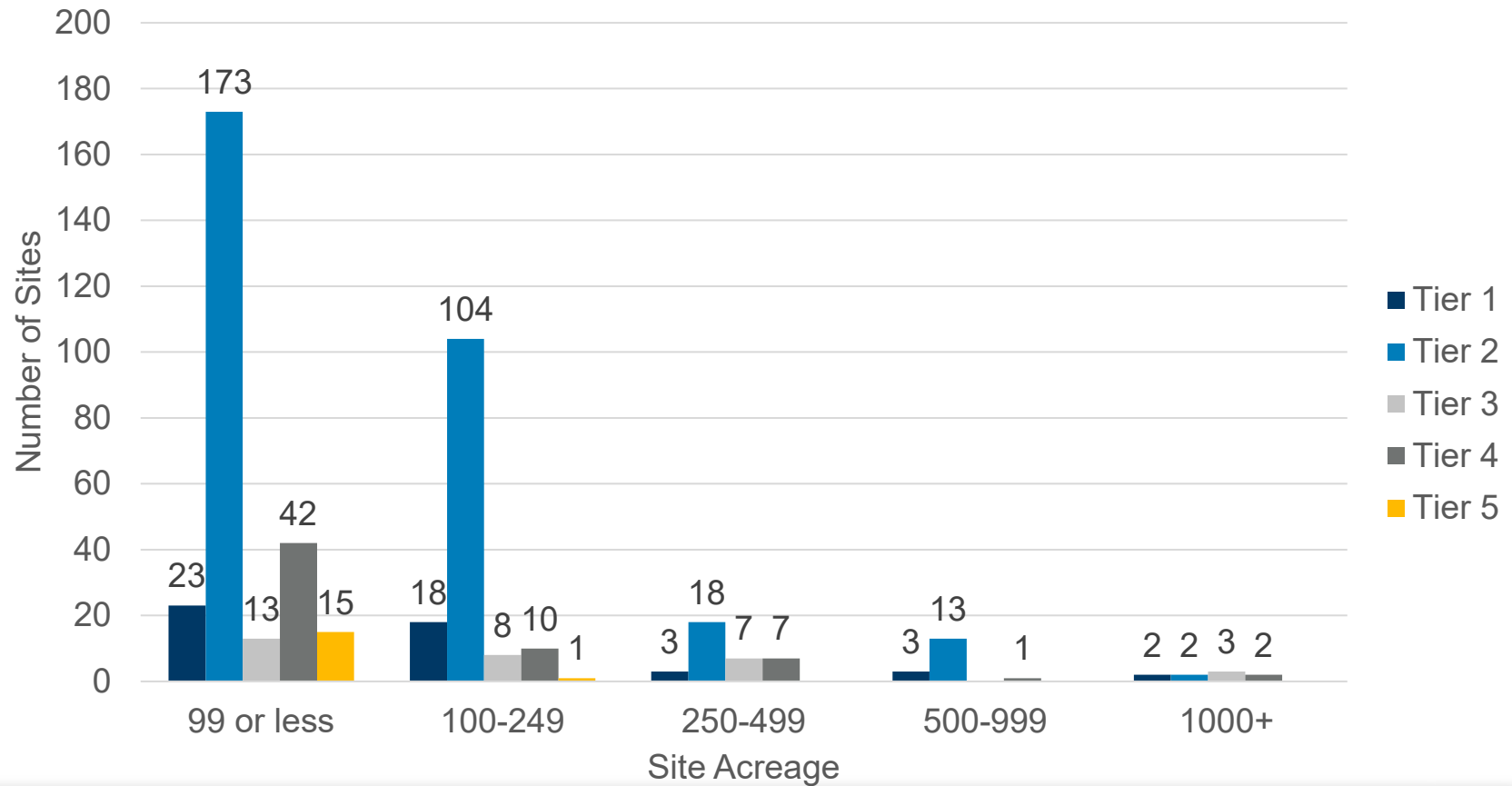
ED.1 Questions from the September CTB Meeting

What are the available tiered properties in Virginia Scan?

Tiering System

- 1**
 - Raw land with interested seller
 - Not zoned for economic development use
- 2**
 - Site marketed for development
 - Comp Plan is industrial or commercial land use
- 3**
 - Zoned for industrial or commercial land use
 - Preliminary engineering work completed
- 4**
 - Infrastructure permit issues identified
 - Plans for necessary infrastructure approved
- 5**
 - "Shovel Ready" site cleared & rough graded
 - All site permits in place or identified

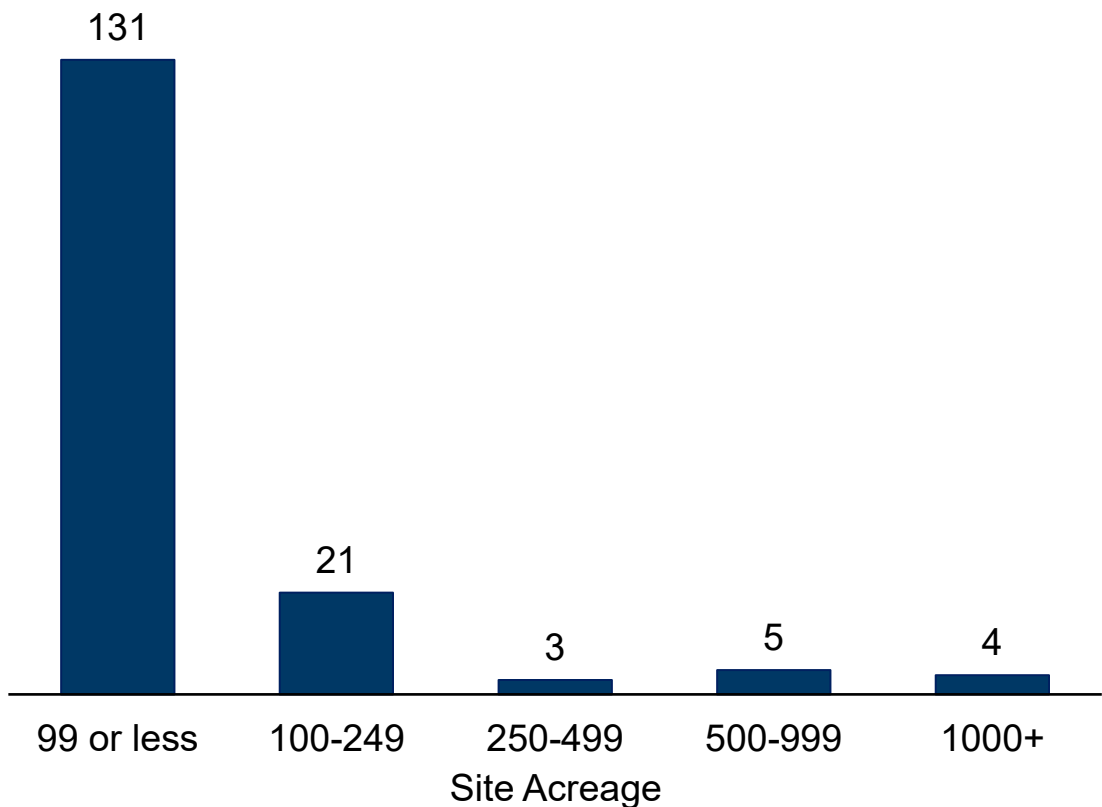
Site Readiness by Tiering in current Virginia Scan database



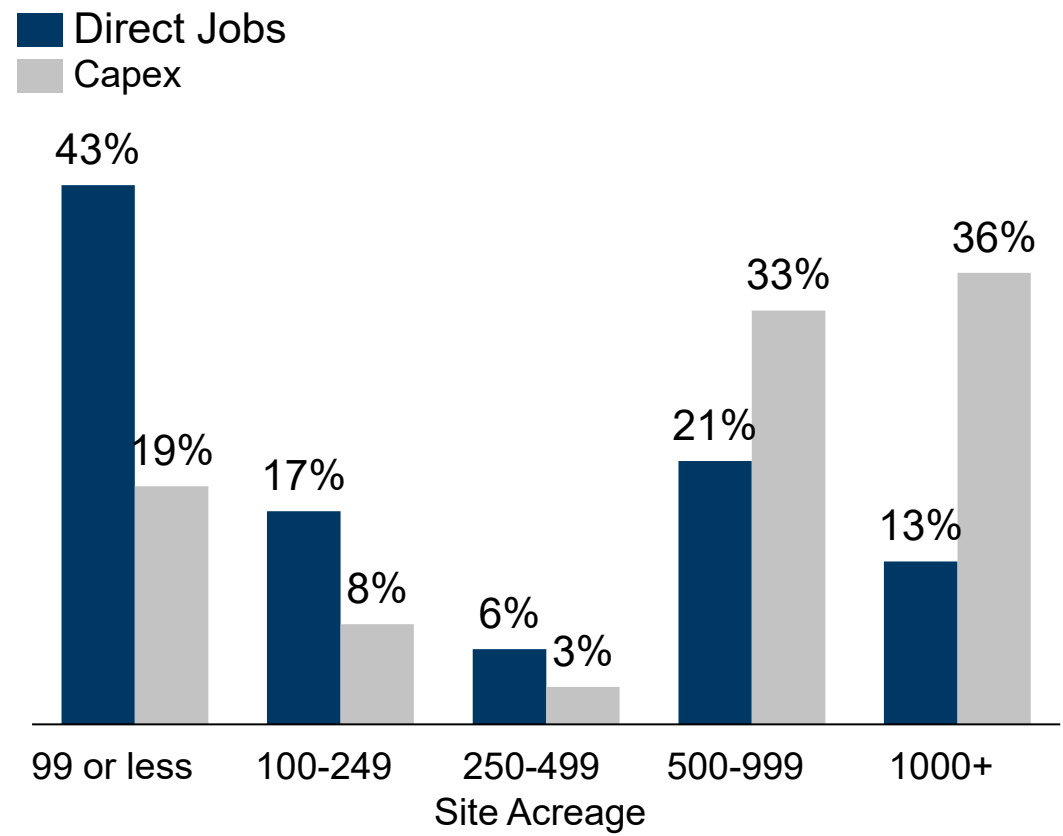
ED.1 Questions from the September CTB Meeting

What is the site demand for properties in Virginia?

Real Estate Demand – FY 2023



Potential Jobs and Capital Investment



ED.1 Questions from the September CTB Meeting

Could private, local, and federal funding be added to the scoring criteria?

- **Initially, funding from GO Virginia, Tobacco Commission, or Virginia Business Ready Sites Program (VBRSP) was proposed to demonstrate a state priority.**
- **Quantifying private, local, and federal funding sources can be included as a manual entry in the application or as a field in the statewide property database for applicant entry.**

Impact of Economic Development Changes

- **Top reasons for an increased ED.1 score:**
 - Additional sites were identified using VirginiaScan that the applicant did not include
 - Given land availability, rural areas often have stronger site opportunities
 - VirginiaScan better reflects the value of the site, aligning with the Commonwealth's development priorities
 - Est. jobs, capital investment, meeting market demand, etc.
- **Top reasons for a decreased ED.1 score:**
 - Validation of data using VirginiaScan resulted in sites showing fewer developable square feet than applicants claimed
 - If the property was not listed in VirginiaScan, likely did not have the potential to accommodate high-impact industries
- **ED.2 shift from tonnage to volume did not impact individual project scores but remains the recommended methodology**
- **Economic Development methodology was tested on all 394 applications and the scenario impact was 12 projects added and 9 projects removed**

Review Illustrative Impacts of Economic Development Scenarios Based on Round 5 Applications – Statewide Summary

	Individual Impacts						Cumulative Impacts	
	Official Round 5 Scenario*	Scenario A: Refine HPP Definition	Scenario B: Eliminate Step 2	Scenario C: Future Congestion	Scenario D: Land Use as a Multiplier	Scenario F: ED.1 and ED.2	Scenario E (A+B+C+D): September Staff Recommended Changes	Scenario G (A+B+C+D+F): Final Staff Recommended Changes
Projects Added	-	1	20	5	27	12	28	30
Projects Dropped	-	25	6	5	48	9	67	69
Net SS Award (millions)	\$1,532.1	-\$9.7	\$78.2	\$28.0	\$25.1	\$58.3	\$35.2	\$41.3
Unallocated HPP (millions)	\$90.1	\$99.8	\$11.9	\$74.1	\$23.0	\$34.1	\$13.5	\$3.7

*Official Round 5 Staff Scenario funded 152 projects

Review Illustrative Impacts of Economic Development Scenarios Based on Round 5 Applications – District Example

Individual Impacts **Cumulative Impacts**

Application Information											Official Round 5 Staff Scenario Results*		Scenario A: Refine HPP Definition			Scenario B: Eliminate Step 2			Scenario C: Future Congestion			Scenario D: Land Use as a Multiplier			Scenario F: ED.1 and ED.2			Scenario E (A+B+C+D): September Recommended Changes			Scenario G (A+B+C+D+F): Final Staff Recommended Changes		
App Id	Area Type	District	Organization	Title	Principal Improvement	Secondary Improvement	DGP	HPP	Total Cost (millions)	Total Request (millions)	Funded	Program	Funding Result	Program	HPP Eligible?	Funding Result	Program	Funding Result	Program	Change in Rank	Funding Result	Program	Change in Rank	Funding Result	Program	Change in Rank	Funding Result	Program	Change in Rank	Funding Result	Program	Change in Rank	
8949	C	LYN	Campbell County	Route 29 Safety Improvements - Southern Section	Highway	None	x	x	\$10.7	\$10.7			Stays Out		X	Stays Out		Stays Out		-10	Added	DGP	84	Added	DGP	164	Added	DGP	78	Added	DGP	205	
9139	D	LYN	Pittsylvania County	US Route 29 at Malmaison Road Roundabout	Highway	None	x	x	\$19.0	\$19.0			Stays Out			Stays Out		Stays Out		-8	Added	DGP	88	Stays Out		-16	Added	DGP	84	Added	DGP	66	
9193	D	LYN	Danville City	Riverside Dr. Improvements - Arnett Blvd. to Main St.	Highway	BikePed	x	x	\$28.7	-\$28.7	\$28.7	X	DGP	Stays In	DGP		Stays In	DGP	Stays In	DGP	-6	Dropped		-1	Dropped		2	Dropped		-8	Dropped		-10
9327	C	LYN	Amherst County	Route 29B at Amherst Highway - Dillard Road and Lakeview Dr	Highway	BikePed	x	x	\$6.7	-\$6.7	\$6.7	X	DGP	Stays In	DGP		Stays In	DGP	Stays In	DGP	-7	Dropped		-28	Dropped		-2	Dropped		-37	Dropped		-43
9399	D	LYN	Halifax County	US 501/Sunshine Dr Realignment and Pedestrian Improvements	Highway	BikePed	x		\$9.6	\$9.6	\$9.6			Stays Out		X	Stays Out		Stays Out		-5	Stays Out		-130	Added	DGP	62	Stays Out		-130	Stays Out		11
9106	D	LYN	Danville MPO	Piedmont Drive Pedestrian Accommodations	Bike/Pedestrian	None		x	\$6.7	-\$6.7	\$6.7	X	HPP	Dropped			Stays In	HPP	Stays In	HPP	-3	Stays In	HPP	3	Stays In	HPP	1	Dropped		-10	Dropped		-9
9398	D	LYN	Halifax County	Town of Halifax Pedestrian Improvements	Bike/Pedestrian	None	x		\$2.5	-\$2.5	\$2.5	X	DGP	Stays In	DGP		Stays In	DGP	Stays In	DGP	-6	Dropped		-259	Stays In	DGP	-2	Dropped		-261	Dropped		-269

*Official Round 5 Staff Scenario funded 12 projects

	Official Round 5 Scenario	Scenario A: Refine HPP Definition	Scenario B: Eliminate Step 2	Scenario C: Future Congestion	Scenario D: Land Use as a Multiplier	Scenario F: ED.1 and ED.2	Scenario E (A+B+C+D): September Staff Recommended Changes	Scenario G (A+B+C+D+F): Final Staff Recommended Changes
Projects Added	-	0	0	0	2	2	2	2
Projects Dropped	-	1	0	0	3	2	4	4
Net SS Award (millions)	\$124.8	-\$6.7	\$0.0	\$0.0	-\$8.2	-\$15.1	-\$14.8	-\$14.8
Unallocated HPP (millions)	\$8.9	\$8.9	\$8.9	\$8.9	\$17.1	\$24.0	\$17.1	\$17.1

Note - CTB Member Consensus Modifications
Unfund from DGP
 App ID 9327 Route 29 Business at Amherst Highway - Dillard Road and Lakeview Drive for \$6.7M
Fund with DGP
 App ID 9336 Dillard Road Right Turn Lane for \$3.2M
 App ID 9354 Manor House Drive Turn Lanes for a reduced amount of \$2.6M

Note: All 394 scored applications were tested, but the illustrative example only depicts projects impacted by testing in the Lynchburg District example. Funded projects that always remained funded are not shown. Unfunded projects that always remained unfunded are not shown.

Mid-Level Application Tier Analysis

Local Suggestions and Staff Recommendations

- **Staff recommendation is to reduce the number of applications entities can submit to improve application quality**
- **Over 50% of submitted applications are “not ready” for scoring at full app submission (90% at pre-application)**
- **413 applications received and 152 recommended for funding (37% recommended for funding)**
 - Time and effort spent on document preparation on applications that ultimately were not funded
 - More applications are not an indicator of success
 - Scenario indicated that reducing applications would raise the success rate from 37% to 53%
- **Feedback on recommendations from multiple entities has stated concern about proposed limit reduction and one has suggested adding a third tier**

Mid-Level Application Tier Analysis

Local Suggestions and Staff Recommendations

	Tier	Localities	MPO, PDC, or Transit Agency	Max Pre-Applications	Max Full Applications
Existing	1	< 200,000	< 500,000	5	4
	2	>= 200,000	>= 500,000	12	10
				Option 1	
				4	3
				Option 2	
				7	6
				Option 2	
				3	2
				(Staff Recommendation)	
				6	5
Option 3 <i>(Revised Staff Recommendation)</i>	1	< 100,000	< 250,000	4	3
	2	100,000 - 200,000	250,000 - 500,000	5	4
	3	>= 200,000	>= 500,000	7	6

Mid-Level Application Tier Analysis

Local Suggestions and Staff Recommendations

- Out of 254 potential applicants a third middle tier would impact 15 entities

Cities	Counties	MPO/PDCs	Transit
Roanoke	Stafford	Fredericksburg	Jaunt
Newport News	Brunswick		Loudoun
Hampton	Spotsylvania		Potomac & Rappahannock
Alexandria	Hanover		RADAR
	Albermarle		Williamsburg

Final Staff Recommendations

Staff Recommendation	Improvement	Scenario
Refine High-Priority Projects Program (HPP) Eligibility	Clarify CTB Policy to ensure HPP projects are of statewide or regional significance.	A*
Eliminate Step 2	Distribute all HPP program funds based on statewide rankings of SMART SCALE scores, rather than district-wide rankings.	B*
Calculate congestion benefits for 10 years in the future	Better align with project design requirements that are based on future growth volumes and consider future economic growth.	C
Modify Land Use factor to a multiplier of all other factor areas and modify factor weightings	Reduce the influence of the one-factor majority on the total benefit score to emphasize what the project's benefits are versus where the project is located.	D
Utilize forward-looking economic development factor developed by VEDP	Reflect best-in-class economic impact assessments currently used by VEDP to incorporate key economic priorities of the Commonwealth.	F

*Scenario A & B do not impact the SMART SCALE Score

Final Staff Recommendations

Refine HPP Eligibility

- **Code of Virginia (§ 33.2-370) defines the “where”:**
 - “High-priority projects” means those projects of regional or statewide significance, such as projects that reduce congestion or increase safety, accessibility, environmental quality, or economic development”
 - “Where” is identified as Corridors of Statewide Significance and Regional Networks
- **Recommend refining the definition to include “what” type of projects:**
 - Projects that include the following feature types: New Capacity Highway, Managed Lanes, New or Improved Interchanges, New or Improved Passenger Rail Stations or Service, Freight Rail Improvements, High-Capacity / Fixed Guideway Transit, Transit Transfer Stations, and New Bridge
- **Purpose is to ensure HPP projects are of statewide or regional significance**

Final Staff Recommendations

Refine HPP Eligibility

Examples of Round 5 Funded HPP Projects that are not of Statewide or Regional Significance*

Title	Total Cost	Scope
Rt 17-Woods CrossRd-Davenport Rd Roadway Improvements (RCUT)	\$4.0 M	Singular Restricted Crossing U-Turn (RCUT) with turn lane extensions
FLT/ART Trailhead/Parking Lot	\$3.9 M	Park and Ride lot with 1400 feet of shared use path and pedestrian crossings
Route 419/Electric Road Pedestrian Signal Improvements	\$3.9 M	Approximately 200 feet of sidewalk with upgraded pedestrian crossings
N. Main St Sidewalk (west side) and bike lanes	\$5.9 M	Install less than half mile of sidewalk and bike lanes
US 58 Alt Turn Lane Improvements at Sundown Drive	\$3.6 M	Two 400 feet turn lane extensions with shoulder paving

*Projects would still be eligible for funding under DGP if submitted by a locality

Final Staff Recommendations

Remove Step 2

- **The current funding steps are as follows:**
 - Step 1 allocates each VDOT construction district's grant program funding on a **district-wide basis**.
 - Step 2 allocates HPP funding on a **district-wide basis** for projects that would've been funded through each district's grant program if they had been by a locality.
 - Step 3 allocates HPP funding on a **statewide basis**.
- **HPP program is statewide funding and should be distributed accordingly, not by district**
 - In Round 5 Step 2, 49 percent of HPP funds were distributed with a district focus, not a statewide focus
 - Total of \$557 million available in HPP - \$274 million distributed in Step 2 based on district ranking
- **Discontinue current Step 2 which provides statewide HPP funds to projects based on district rankings**
- **New process would distribute all HPP program funds based on statewide rankings of SMART SCALE scores**

Final Staff Recommendations

Modify Land Use Factor to a Multiplier and Modify Factor Weightings

- Two Step Process

- Assign current Land Use factor weighting to other factor categories

Staff Recommended Weighting						
Factor	Safety	Congestion	Accessibility	Land Use	Economic Development	Environment
Type A	20% (+15%)	50% (+5%)	15%	Up to 100% Added	5%	10%
Type B	25% (+5%)	25% (+10%)	20%		20%	10%
Type C	30% (+5%)	20% (+5%)	15%		25%	10%
Type D	40% (+10%)	10% (+0%)	10%		30%	10%

- Use the normalized Land Use factor as a multiplier on all other benefits (1+Normalized Score/100)

Final Staff Recommendations

Staff Recommendation	Improvement
Streamline the SMART Portal process by obtaining OIPI, VDOT, and DRPT approvals prior to submission	Improve application quality and readiness to only score completed applications.
Create a three-tier application limit at 3,4,6. <i>Increased from original staff recommendation of two-tier limit at 2 and 5.</i>	Focuses on applicant priorities to improve overall outcomes and increase application success rate.
Tie consensus funding decisions to performance in delivering projects	Consider applicant deliver performance in final consensus funding decisions

Schedule and Next Steps

- Continue to hold CTB one-on-one meetings as requested

Month	Topics
October 31	Public Virtual Town Hall
December	Board Action on Revised SMART SCALE Policy

Comments or Questions about the SMART SCALE Review

- **Email:**
SmartPortal@CTB.Virginia.gov
- **Contact Form:**
http://smartscale.org/contact_us/default.asp
- **Public comment letters posted to the SMART SCALE Website**

A screenshot of the SMART SCALE website. The page header includes the SMART SCALE logo with the tagline "Funding the Right Transportation Projects in Virginia" and the logos for the Office of INTERMODAL Planning and Investment, DRPT, and VDOT. A navigation bar contains links for Home, Contact Us, and a search box. The main content area features a heading "How to share your questions and comments about SMART SCALE with us." followed by a paragraph explaining the purpose of the feedback form. Below this, there is a list of SMART SCALE Team Members with their names, titles, and email addresses: Brooke Jackson (Program Manager), Andrew Bunn (Program Analyst), Jonathan Robbins (Senior Engineer), and Casey Scully (Program Analyst). At the bottom, there is a "Provide Your Feedback" section with input fields for Name and Email Address.



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Thank you



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