

Transportation

The Governor's proposed 2006-08 appropriation for Transportation includes \$704.6 million GF and \$8,703.7 million NGF. Included in the recommended general fund appropriation is \$624.5 million GF for the Governor's 2006 transportation package. This amount includes \$285.5 million in on-going resources for transportation, derived from one-third of the projected insurance license tax revenues, as provided by the Virginia Transportation Act of 2000. An additional \$339.0 million GF is provided in the first year as a one-time commitment to expedite transportation improvements.

The additional \$624.5 million GF would be distributed to both VDOT and DRPT to fund highway, mass transit, and rail improvements. Two components of the proposal would be ongoing - \$228.9 million to VDOT to pay debt service costs for federal revenue anticipation notes (FRANs) and \$56.6 million to supplement the existing mass transit capital program. One-time commitments in the proposal include \$142.0 million to match projects earmarked in SAFETEA-LU, the recently adopted federal highway authorization legislation; \$142.0 million to supplement funding provided for 7 specific highway, transit and rail projects; \$1.0 million for a teleworking initiative; and \$54.0 million to construct an intermodal facility in the Route 460 corridor and to fund Route 58 improvements at the Hillsville Bypass.

HB/SB 30 proposes \$15.4 million over the biennium for a variety of computer systems upgrades at the Department of Motor Vehicles, including the Department's primary system - Customer Services System (CSS) - as well as smaller systems relating to hauling permits issuance, document imaging and traffic and accident records. The reengineering of the CSS is anticipated to total in excess of \$30.0 million, of which \$9.1 million NGF would be funded in the upcoming biennium, with the remainder financed through the master equipment lease program through FY 2011.

Finally, proposed language would authorize the Virginia Port Authority to issue an additional \$90.0 million in bonds for the purpose of expanding and reconstructing Norfolk International Terminals North and to make other port facilities improvements. Also authorized is \$12.5 million in terminal operating equipment through the master equipment lease program for the purchase of additional straddle carriers and crane replacements.

- **Secretary of Transportation**
 - *Language Implementing Governor's 2006 Proposal.* Includes language enumerating the dedication and uses of general funds

recommended in the Governor's proposed budget for transportation in the FY 2006-08 biennium. The proposal includes a total of \$624.5 million GF over the biennium to: provide a one-time match for federally-designated projects, advance other projects included in the federal SAFETEA-LU legislation, fund certain state-designated transportation projects, encourage teleworking, and dedicate one-third of the insurance premium tax revenues for highway and transit purposes. These funds are appropriated in the respective agency budgets. The deposit of insurance premiums revenues, totaling \$285.5 million, is considered an on-going dedication of revenues. The remaining FY 2007 general fund appropriation of \$339.0 million is considered a one-time action.

- *Language Implementing Federal Transportation Authorization - SAFETEA LU* -- Language is recommended that would govern the allocation of federal funds to reflect the passage of the new federal transportation authorizing legislation, SAFETEA-LU. Provisions include an increase in the share of federal surface transportation program (STP) and equity bonus funds dedicated to transit from, 6 to 7 percent and 10 to 13 percent respectively.

- **Department of Aviation**

- *Finance Replacement of State Plane.* Provides an appropriation of \$4.5 million NGF in FY 2007 and \$500,000 NGF in FY 2008 to fund the replacement of the state's King Air aircraft, which is more than 20 years old. Purchase of the replacement plane - a Citation Encore - would be financed in part with balances in the Aviation Special Fund (\$4.0 million) and revenues generated from the trade-in of the King Air (\$2.0 million). The remainder would be financed over four years at \$500,000 NGF each year through the master equipment lease program.
- *Establish Aircraft Maintenance Manager/Pilot Position.* Recommends one position to perform in-house general aircraft maintenance and reduce reliance on part-time wage pilots. Savings from contractual maintenance will be used to fund the position.

- **Department of Motor Vehicles**

- *Fund Redesign of DMV's Citizen Services Computer System.* Proposes the dedication of \$1.7 million NGF the first year and \$7.4 million NGF the second year to begin the redesign of DMV's fragmented customer data applications and replace its antiquated

mainframe systems. The project is to be funded with a combination of revenue sources, including: FY 2005 DMV carryover balances of approximately \$8.0 million, revenues from the uninsured motorists fund that have been transferred to the general fund in recent years, and a portion of the \$1.00 vehicle registration fee assessed to fund the commemoration of Jamestown 2007. The project would be financed over 6 to 7 years through the master equipment lease program. Companion language stipulates that beginning January 1, 2008 the funds collected from the \$1.00 additional registration fee shall be dedicated to DMV technology initiatives. Original legislative intent was that this fee would be eliminated as of December 31, 2007. Additional companion language in Part 3 authorizes DMV to retain \$3.2 million in the first year and \$6.4 million in the second year from the Uninsured Motorists Fund that otherwise would be transferred to the State Corporation Commission.

- ***Fund Implementation of Federal “Real ID” Act.*** Recommends \$1.5 million NGF the first year and \$254,190 NGF the second year to enhance DMV’s driver’s record and social security number verification systems to comply with the federal Real ID Act of 2005. Funds will be used largely for programming costs to link with the Social Security Administration and other state departments of motor vehicles.
- ***Implement Traffic Records Electronic Data System.*** Proposes appropriating \$1.5 million NGF the first year and \$1.2 million NGF the second year to implement the electronic submission of crash reports by law enforcement agencies.
- ***Implement Phases II and III of Document Imaging.*** Provides \$566,867 NGF the first year and \$736,901 NGF the second year to continue expanding DMV’s electronic document imaging capabilities.
- ***Acquire Hauling Permit Software.*** Proposes an appropriation of \$293,317 NGF the first year and \$291,020 NGF the second year to procure new software to enhance the hauling permit routing system, thereby decreasing permit turnaround time and improving safety on highways.
- ***Implement Central Issuance of Driver’s Licenses.*** Recommends \$540,433 NGF the first year and \$556,646 NGF the second year to cover costs associated with the central issuance of driver’s licenses.

Funds will be used to establish an office for central issuance and cover related costs, such as postage. This effort is designed to promote security and deter fraud and identity theft.

- **Department of Rail and Public Transportation**
 - *Appropriate Revenues Dedicated to Rail Enhancement Fund.* Appropriates \$23.7 million NGF the first year and \$24.2 million NGF the second year to reflect the dedication of 3 percent of the state tax on rental vehicles to a rail enhancement fund created pursuant to legislation adopted by the 2005 General Assembly.
 - *Provide Revenue from Insurance Premium Tax.* Provides \$27.5 million GF the first year and \$29.1 million GF the second year to reflect the portion of the one-third of the insurance premium tax revenues in excess of the amount attributable to automobile insurance premiums. These amounts would be directed to transit capital projects. It is estimated this funding will increase the reimbursement to localities on transit capital projects from 25 percent to more than 50 percent.
 - *Fund Projects Included in Governor's 2006 Transportation Package.* Recommends the appropriation of \$55.0 million GF in the first year to accelerate implementation of transit and rail projects. Included in this amount is: \$20.0 million for METRO capital improvements, \$15.0 million for VRE rolling stock purchases, \$10.0 million for statewide bus purchases, \$9.0 million for an intermodal facility in the Route 460 corridor and \$1.0 million to promote teleworking in the Commonwealth by providing incentives to employers who offer a teleworking option.
 - *Increase Appropriation for Transportation Efficiency Improvement Fund (TEIF) Program.* Recommends an increase of 25 percent, or \$1.0 million NGF each year, to expand commuter assistance programs such as ride-sharing and vanpooling. This brings the total program to \$4.0 million NGF each year.
 - *Reflect Local Revenues Dedicated to the Dulles Rail Project.* Increases the appropriation for the Dulles Corridor Metrorail Project by \$62.5 million NGF in FY 2007 and \$158.6 million NGF in FY 2008 to reflect the local revenues dedicated to the project.
 - *Increase Position Level for Dulles Corridor Metrorail Project.* Proposes the addition of 10 positions to adequately staff the final

design and construction of the Dulles Metrorail project. These positions will be funded from project costs.

- *Add Field Auditor and Information Technology Positions.* Recommends the addition of two positions for the department. The first, a full-time information technology manager, would replace three contractual positions. The second, an auditor, would review the over 250 grants awarded by the department annually.

- **Department of Transportation**

- *Provide Revenue from One-Third of Insurance Premium Tax Revenues.* Proposes the deposit of \$111.3 million GF the first year and \$117.6 million GF the second year into the Priority Transportation Fund. These amounts represent the share of insurance premium tax revenues derived from auto insurance premiums (about 27 percent). These revenues would be used to meet the debt service requirements of the Federal Revenue Anticipation Notes (FRANs) issued by the Commonwealth Transportation Board to accelerate transportation projects. Combined with other appropriations made to the PTF under current law, these amounts would fully cover the debt service requirements of all outstanding FRANs; no separate appropriation is made to finance the debt service associated with the FRANs issued to replace the \$317.0 million transferred from the Transportation Trust Fund in FY 2003.
- *Provide One-Time General Fund Support for Transportation.* Recommends a one-time appropriation of \$284.0 million GF in the first year to fund the highway-related components of the Governor's transportation proposal. This includes \$142.0 million to provide the required 20 percent federal match for all high priority projects designated in the federal SAFETEA-LU legislation, and an additional \$142.0 million to supplement funding available for specific other projects as follows: Route I-66 westbound (\$16.0 million), the I-264/64 interchange (\$30.0 million), Route 164 rail relocation in Portsmouth (\$15.0 million), the Route 460 Coalfields Connector (\$36.0 million), Route 58, Hillsville Bypass (\$45.0 million).
- *Reduce Agency's Maximum Employment Level.* Recommends reducing the department's maximum employment level from 10,322 to 9,945, reflecting a reduction of 377 positions. This

position level exceeds the number of currently-filled positions at VDOT and would not require any reduction in employment.

- ***Require Biennial Assessment of Needs for Maintaining and Operating the Existing Highway System.*** Includes language requiring the Department to report by October 15 of each odd numbered year on the condition and needs for maintaining and operating the existing system of highways. Language further stipulates that the report must include an explanation of the standards used to determine needs and a budget estimate of the costs of addressing such needs for the upcoming two fiscal years. The language was modeled on the requirements for review of the Standards of Quality in public education.
- ***Require Office of Intermodalism to Recommend Use of Planning Funds to CTB.*** Includes language requiring the Office of Intermodalism to recommend to the Commonwealth Transportation Board the use of federal planning funds totaling \$4.0 million per year.
- ***Authorize Statewide Freight Study.*** Includes language authorizing the use of \$1.0 million in planning funds for a statewide freight study as recommended by the April 2005 VTRANs 2025 Action Plan.
- **Virginia Port Authority**
 - ***Increase Commonwealth Port Fund Debt Service Appropriation.*** Recommends increasing the Commonwealth Port Fund debt service appropriation by \$939,942 NGF the first year and \$625,008 NGF the second year to reflect the debt service costs of previously authorized debt.
 - ***Increase Special Fund Debt Service.*** Recommends increasing by \$7.1 million NGF the first year and \$7.9 million NGF the second year for a special fund debt service appropriation to cover debt service expenses related to \$90.0 million in Terminal Revenue Bonds issued to make improvements at Norfolk International Terminals – North to accommodate Suez-class ships and funding for additional cranes and straddle carriers purchased through the master equipment lease program.
 - ***Increase Funding for Port Security.*** Increases the appropriation for fencing, gates and cameras to enhance port security by \$684,303

NGF the first year and \$800,000 NGF the second year. A companion amendment provides \$300,000 NGF in the first year and \$350,000 in the second year to fund six new security positions, enough to man one post, 24 hours a day, 7 days a week.

- *Provide Security at APM Terminal in Portsmouth.* Proposes an appropriation of \$150,000 NGF and 15 positions the first year, and \$845,000 the second year to provide security services at the APM terminal in Portsmouth. Funding for this activity would come from charges paid by Maersk for the security services. Companion legislation will be introduced to authorize the VPA to provide security at this private facility.
- *Increase Funding for Payments in Lieu of Taxes.* Provides an additional appropriation of \$50,000 NGF in the first year and \$100,000 NGF in the second year to provide additional payments in lieu of taxes to reflect the increased value of Port Authority property.
- *Increase Aid to Local Ports.* Proposes to increase by \$220,000 NGF each year the funds dedicated to the Aid to Local Ports program. This action would largely restore funding cut from this program in the early 2000s to \$800,000 per year.
- *Establish Marketing Presence in India.* Recommends an appropriation of \$50,000 NGF each year to establish a marketing presence in India.
- *Host 2007 American Association of Port Authorities Conference.* Includes an appropriation of \$700,000 NGF in the first year and \$800,000 NGF the second year to cover the costs of hosting the American Association of Port Authorities conference in November 2007. Registration fee revenue is the source for most of this appropriation.
- *Increase Appropriation for Operational Maintenance.* Recommends an additional \$1.4 million NGF each year for maintenance on the closed circuit television security camera system and security buildings at Norfolk International Terminals and Portsmouth Marine Terminal.
- *Increase Appropriation for Contractual Services and Supplies and Administrative Activities.* Recommends a total of \$186,956 NGF the first year and \$188,854 NGF the second year to cover increased

costs for various routine services and supplies and to fund one additional administrative staff position in the security area.

- ***Employee Benefit Plan Cost Increases.*** Proposes two amendments to cover increased costs in the defined benefit pension plan and other employee benefits totaling \$300,000 NGF in the first year and \$582,918 NGF in the second year.