

Transportation

Adopted Adjustments (\$ in millions)				
	FY 2017 Adopted		FY 2018 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Base Budget, Ch. 665	\$69.1	\$6,148.4	\$69.1	\$6,148.4
Increases	2.0	662.8	2.0	482.7
Decreases	(30.1)	(0.0)	(30.1)	(147.2)
\$ Net Change	<u>(\$28.1)</u>	<u>662.8</u>	<u>(\$28.1)</u>	<u>335.4</u>
Chapter 780 (HB 30, as Introduced)	\$41.0	\$6,811.2	\$41.0	\$6,843.9
% Change	(40.6%)	10.8%	(40.6%)	5.5%
FTEs	0.00	10,103	0.00	10,103
# Change	0.00	248.0	0.00	248.0

- **Secretary of Transportation**

- ***Dulles International Airport.*** Provides \$25.0 million NGF in both FY 2017 and FY 2018 from excess revenues of the Priority Transportation Fund to the Metropolitan Washington Airports Authority (MWAA) in order to reduce the passenger cost per enplanement at Washington Dulles International Airport to help attract and retain air carriers. Prior to the receipt of any authorized funding, MWAA is required to execute an agreement to retain existing or attract new airline hub services for at least seven years. In addition, MWAA is required to enter into an agreement with the Virginia Department of Transportation which identifies the Authority’s ongoing efforts to reduce enplanement charges and establishes a long-range plan for financial viability of Dulles International Airport without additional state support.

The purpose of the Priority Transportation Fund is to first provide a dedicated source of revenue for debt service and to facilitate the financing of priority transportation projects designated by the General Assembly. The unrestricted balance in the Fund is \$72.7 million NGF in FY 2017 and \$113.2 million NGF in the second year. Use of these amounts for Dulles Airport support requires a *Code of Virginia* override.

- ***Virginia Railway Express.*** Language is included that directs the Commonwealth Transportation Board’s rail subcommittee to review the long-range service plan and financial viability of the Virginia Railway Express to maintain and expand market share on the I-95 and I-66 corridors of statewide significance.
- ***I-66 Outside the Beltway.*** Includes language directing the Secretary of Transportation to report to the money committees on the outcome of negotiations under the request for proposals for the transform I-66 Outside the Beltway project by October 31, 2016 to enable consideration of proceeding with public financing options of the project if the public-private proposal does not meet the terms outlined in the RFP. A separate language amendment directs the CTB to engage Fairfax and Arlington Counties in a discussion regarding the potential use of an “air rights” development partnership over I-66 as corridor improvements are undertaken both inside and outside the I-495 Beltway.
- ***Transportation Policy Goals.*** A series of actions restates the overall policy goals of the transportation programs with a broad focus on economic development, environmental quality, and accessibility with a focus on the interconnectivity of highways, freight, passenger rail, ports, airports, bicycling, walking, and public transportation.
- ***GARVEE Language.*** Includes new language to reflect provisions of Chapter 684 of the 2015 Acts of Assembly requiring that any previously unprogrammed but available transportation revenues be distributed with 50 percent to the High Priority Projects Program and 50 percent to the Constriction District Grant program pursuant to the provisions of Chapter 684.
- ***Alignment of Language with Chapter 684 (2015 Acts of Assembly).*** A series of actions is included that realign prioritization of funding for interstate and bridge projects, as well as public transportation, to provide for consistency with the provisions of Chapter 684 of the 2015 Acts of Assembly. Additionally, language is included to allow for any residual balances of the funds provided under the primary, secondary and urban formulas to be consolidated to advance priority projects in the district to which the balances have accrued, or be de-allocated and transferred to the State of Good Repair Program.
- ***Office of Intermodal Planning and Development.*** Language is included that directs the Office of Intermodal Planning and Investment to be the entity responsible for implementing the state prioritization process established pursuant to Chapter 726 of the 2014 Acts of Assembly, commonly referred to as the “HB 2 process.” Additional actions included in the Department of Transportation increase the funding for the office by \$2.0 million NGF in each year – for a total of 7.0 million – to provide planning grants.

- *Eliminate Outdated Language.* Eliminates several actions and reporting requirements included in Chapter 665 of the 2015 Acts of Assembly that are no longer necessary, including: requirements related to a Dulles Access Toll Road Connector Sound Wall, I-81 corridor improvement project reporting, local project assistance reporting, and Rail Enhancement Fund reporting.
- **Virginia Commercial Space Flight Authority**
 - *Air Intermediate Maintenance Department.* Dedicates \$500,000 NGF from existing appropriations to the Authority for the development of an Air Intermediate Maintenance Department to support ground operations at the Wallops Island unmanned aircraft systems test range. Chapter 299 of the 2016 Acts of Assembly extends the base annual operating appropriation of the Authority at \$15.8 million NGF through FY 2024.
 - *Shoreline Protection.* Eliminates language dedicating \$800,000 NGF each year to shoreline protection efforts at Wallops Island, providing the Authority greater discretion in the use of its annual appropriation of \$15.8 million NGF.
- **Department of Aviation**
 - *Review of Commonwealth Airport Fund.* Language is included that directs a comprehensive review of public support provided to commercial airports in the Commonwealth. Included is a review of both allocations and expenditures from the fund by airport, an assessment of the goals, objectives and outcomes of the Fund, and an evaluation of the current statutory dedication of Transportation Trust Fund revenues to the Metropolitan Washington Airports Authority.
 - *Increase Information Technology Funding for System Improvements.* Includes \$257,000 NGF each year to support information technology upgrades so that the Department’s systems are compatible with the new state Cardinal accounting system.
 - *Fund Compensation Adjustments.* Increases the personal services budget of DOAV by \$365,021 NGF annually to support the costs of position adjustments being made as a result of a study undertaken by the Department of Human Resources Management and to reflect the costs of the state pay raise that went into effect in FY 2016.
- **Department of Motor Vehicles**
 - *Online Transaction Discount Program.* Includes language that allows the Department to offer discounts on additional online transactions as determined by

the department as part of ongoing efforts to reduce agency costs by reducing in-person traffic at customer service centers.

- ***Court Fee Collection.*** Authorizes DMV to levy fees on credit and debit card transactions when collecting fees levied by other agencies that currently charge collection fees. Other DMV transactions are exempt from the service fees.
- ***Intrastate Property Carriers.*** Authorizes DMV to grant temporary authority to intrastate motor carriers transporting property utilizing a digital platform to connect the service provider and the customer. The authorization does not impact companies currently utilizing “for-hire” license. The authorization is similar to the process used to temporarily authorize intrastate passenger carriers prior to the adoption of Transportation Network Companies legislation adopted by the 2015 General Assembly.
- ***Administration of E-Z Pass.*** Includes an appropriation of \$1.0 million NGF each year to support E-Z Pass account management services at DMV customer service centers, replacing back-end services currently provided under contract. The funding will support 20 staff from existing, but unfilled, positions.
- ***Motor Carrier Services Center.*** Provides \$5.0 million NGF the first year to relocate the Dumfries Motor Carrier Center. Currently the property has insufficient space to accommodate increasing demand for commercial vehicle weight inspection in Northern Virginia.
- ***South Hill Customer Service Center.*** Includes language that authorizes the Department to take possession of the South Hill Customer Service Center as part of a 20-year lease-purchase contract.
- ***Maintenance Reserve.*** Includes an additional \$3.7 million NGF the first year for maintenance reserve projects at existing DMV facilities.

- **Department of Rail and Public Transportation**

- ***Reflect Revised December 2015 Revenue Forecast.*** Increases the Department’s NGF appropriation by \$131.1 million the first year and \$144.2 million the second year to reflect the revised official revenue estimate, which includes both forecast adjustments and revenues resulting from Chapter 766 of the 2013 Acts of Assembly.
- ***Transit Project Prioritization Process.*** Directs the Department to examine how it can better evaluate and prioritize transit capital projects to ensure the most cost-effective allocation of Commonwealth Mass Transit Funds. The language directs the Department to work with the newly established Transit Capital Project Revenue Advisory Panel created in Chapter 609 of the 2016 Acts of Assembly (HB 1359) and

complete its report by August 2017. The intent is to establish a prioritization process similar to the HB 2 process used by VDOT for prioritizing highway construction investments.

- *Intercity Passenger Rail.* Language is included that directs the Department to ensure that existing Intercity Passenger Rail commitments to service in Norfolk and Roanoke are fully funded in The Six-Year Improvement Plan prior to initiating any new interstate services along the I-95 rail corridor. Additionally, the language directs the Department to evaluate the costs of providing service to the Town of Bedford as part of the expansion of intercity passenger rail to Roanoke.
- *Vanpool Program.* Earmarks \$1.9 million NGF each year for the expansion of vanpool services throughout the Commonwealth. Additionally, language allows for the programming of additional federal revenues to this program.
- *Rail Enhancement Fund.* Includes language to expand the use of the Rail Enhancement Fund for shortline railway capacity improvements and allow for up to 20 percent of Rail Enhancement Fund revenues to be allocated to the Shortline Railway Preservation and Development Fund, consistent with the recommendations of the 2015 workgroup.

- **Department of Transportation**

- *Reflect Revised State and Federal Revenue Forecast.* Contains a series of nongeneral fund revenue adjustments to align the department's appropriation with the revised revenue forecast completed in November 2015, the Six Year Program adopted by the Commonwealth Transportation Board last June, and to reflect the appropriation of prior year bond proceeds. Additionally, the revenue is further adjusted to reflect the additional estimated federal funds from the Fixing America's Surface Transportation (FAST) Act. In total, provides a net increase of \$594.8 million NGF in FY 2017 and \$259.4 million NGF in FY 2018.

2016-21 Department of Transportation Revenue Adjustments
(\$ millions NGF)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>Total</u>
Prior Year Balances	\$182.2	\$167.8	\$350.0
Revenue Reforecast	304.7	234.5	539.2
FAST Act	<u>184.9</u>	<u>105.9</u>	<u>290.8</u>
Base Forecast Reductions	<u>(77.0)</u>	<u>(248.8)</u>	<u>(325.8)</u>
Total	\$594.8	\$259.4	\$854.2

- ***Increase MEL by 240 Positions.*** Authorizes increased employment levels across various divisions including location and design, right of way, and field operations. This action is intended to reverse the previously implemented strategy of outsourcing work in these areas.
- ***I-66 Inside the Beltway.*** Dedicates \$140.0 million NGF from un-programmed federal revenues to improvements to the I-66 corridor improvement project, inside the I-495 Capital beltway. The allocation of funding for this project allows for construction of a third eastbound lane without immediately tolling the existing facilities. Further, the language restricts the times that tolls can be levied on I-66 Inside the Beltway to the four-hour periods around morning and evening rush-hour, Monday through Friday.
- ***Statewide Tolling Policy.*** Language included in Part 4-14 permanently amends the *Code of Virginia* to prohibit the tolling of un-tolled components of highways, bridges or tunnels without approval from the General Assembly except for reconstruction resulting in additional capacity, new construction, existing high-occupancy vehicle lanes and short segments of un-tolled lanes between two toll facilities.
- ***Military Installation Road Improvements.*** Authorizes the release of balances totaling \$23.1 million NGF from funding initially approved in 2008. Transportation Partnership Opportunity Fund balances will be used for road improvements in military installations in the Commonwealth in exchange for the release of contested parcels at Ft. Monroe. The Department is required to request that the Department of the U.S. Army consider applying these funds to improvements at the I-64 / Ft.

Eustis Boulevard interchange in support of the U.S. Army Training and Doctrine Command.

- ***Rest Area Improvements.*** Includes two separate actions that provide approximately \$20.0 million NGF for improvements to Interstate Rest Areas throughout the Commonwealth. The first action would provide \$7.9 million from TPOF balances, while the second would provide \$11.9 million from the State of Good Repair Program.
- ***Revenue Sharing.*** Decreases the amount of funding allocated annually to the Revenue Sharing Program from \$200.0 million in the current year to \$150.0 million in FY 2017 and \$100.0 million in FY 2018. This action coincides with the availability of funding for local transportation improvements through the District Grant Program established pursuant to Chapter 684 of the 2015 Acts of Assembly.
- ***Unpaved Road Pilot Program.*** Authorizes the Secretary of Transportation to use up to \$1.0 million NGF in each year to establish a pilot program for existing unpaved roads that intersect with existing paved roads in context-sensitive rural areas.
- ***Department of Transportation Capital Projects.*** Three separate Department of Transportation capital outlay projects are included in Part 2 of the budget.
 - ***Blanket Statewide Capital Improvements.*** Statewide facilities improvement plan totaling \$34.1 million NGF in FY 2017 and \$34.8 million NGF in FY 2018 for district offices, area headquarters, and residencies.
 - ***Central Office Capital.*** Provides \$1.1 million NGF each year for capital improvement and maintenance projects at the Central Office complex in Richmond.
 - ***Maintenance Reserve.*** Includes \$4.7 million NGF in both FY 2017 and FY 2018 to fund maintenance reserve projects at VDOT facilities statewide.

- **Virginia Port Authority**

- ***Port of Virginia Economic Development Zone Grants.*** Authorizes up to \$2.0 million GF from the Commonwealth Development Opportunity Fund each year to support the Port of Virginia Economic and Infrastructure Development Zone Grant Fund, disbursed as grants to qualified companies locating or expanding shipments through the Port. This amount is equal to the total funding level for the Grant Fund approved in Chapter 665 of the 2015 Acts of Assembly.

- ***Adjust Appropriation for Virginia International Gateway (VIG) Terminal Rent.*** Reflects an increase in the rent payments for the use of the VIG terminal of \$1.5 million NGF the first year and \$3.0 million NGF the second year. The existing lease agreement sets the rate in part based on container volume, which has been increasing.
- ***Virginia International Gateway Capital Lease.*** Authorizes an increase of \$10.0 million NGF in each year from the Commonwealth Port Fund to supplement lease payments of approximately \$58.5 million NGF in FY 2017 and \$61.7 million NGF in the second year that is paid from Port revenues. This authorization is requested in advance of finalized negotiations with VIG regarding an extension of the lease and expansion of the facility.
- ***Increase Appropriation for Operational Maintenance.*** Appropriates an additional \$500,000 NGF each year for enhanced cargo handling costs at APM terminals.
- ***Increase Appropriation for Payments in Lieu of Taxes.*** Appropriates an additional \$65,000 NGF the first year and \$130,000 NGF the second year for payments in lieu of taxes (PILOT) from the VPA to the Port host cities, bringing total payments to \$2.4 million in both years.
- ***Reflect Revised Debt Service Requirements.*** Increases the nongeneral fund appropriation for debt service on existing bond issues by \$2.7 million in FY 2017 and \$0.2 million in FY 2018 to reflect debt service costs.
- ***Port of Virginia Capital Projects.*** Adopted actions related to Virginia Port Authority’s two major capital outlay projects are included in separate legislation as well as in Part 2 of the budget.
 - ***Norfolk International Terminal Automation.*** Funding of \$350.0 million NGF in appropriations-backed debt in FY 2017 is authorized in Chapters 759 and 769 of the 2016 Acts of Assembly (HB 1344/ SB 731) to automate terminal operations at Norfolk International Terminals. The capital improvement project is contained within the existing footprint of the property. The investment reflects the need to expand facilities to extract operating efficiencies as well as address assumed Port container volume growth in the coming years.
 - ***Maintenance Reserve.*** Provides \$3.0 million NGF in both FY 2017 and FY 2018 is included in Part 2 to fund maintenance reserve projects including dredging, pavements, fencing and stormwater management.