Report of the House Appropriations Subcommittee on Transportation

House Bill 1500

February 5, 2017
REPORT OF THE SUBCOMMITTEE
on
TRANSPORTATION

Mr. Chairman and Members of the Committee:

In 2006, my first year in the legislature, this Transportation Subcommittee considered over 70 budget amendments; in comparison this year, our hard working members reviewed less than 20, a decline of approximately 75 percent. This comparison highlights the tremendous success achieved when the General Assembly prioritized reforming a broken transportation system and transformed its funding and project development processes.

Citizens now enjoy more faith in the system. With leadership provided by our Speaker and you, Mr. Chairman, the Assembly passed additional funding for construction projects, prioritized highway needs, and made project selection objective and transparent. This year, our subcommittee honored the commitment to objectivity in project selection by rejecting proposals to earmark funds that should be allocated according to the “Smart Scale” process, contained in “HB2.” This year, we also resisted requests to violate precedent and use Rail Enhancement funds for road projects and requests to expedite new requests over ongoing rail projects.

Over the past 5 years, the legislature has taken the necessary steps of revising highway funding allocations and reforming the state tolling policy. By demanding reforms to the Public-Private Transportation Act process, Virginia now provides leverage on projects of great magnitude, saving millions in taxpayer dollars. Virginia is now a national model for these types of projects.

Notwithstanding these successes, no one should claim that the system is perfect, or that many critical project needs remain. But through hard work our subcommittee believes we will continue to advance. For example, this year the Full Committee approved House
Bill 2244, patroned by our Chairman, to further improve the P-3 process by heightening the financial analysis of prospective projects, requiring a robust public option alternative for comparative and competitive purposes, and most importantly, ensuring that any P-3 agreement signed is the best interest of the public.

This year your Subcommittee amendments apply the principles of greater transparency and accountability to the other modes of transportation. We present recommendations to adopt amendments requiring a comprehensive audit of expenditures from the Aviation Trust Fund and additional reporting of activity at the Port of Virginia's individual facilities.

Last year's budget included strategic appropriations that have led to long term commitments from United Airlines assuring the Commonwealth of its only major hub for years to come. Our proposals this year, fine tune our second year investment at the Metropolitan Washington Airports Authority to ensure that recipients of taxpayer's funds are managing them wisely.

Finally, the package before you includes an amendment directing the Secretary of Transportation to engage in a process to develop and implement reforms necessary to achieve the near- and long-term viability of the Washington Area Metropolitan Transit Authority (WMATA), commonly known as Metro, where many problems exist.

Mr. Chairman, details of our Subcommittee recommendations are before you. Anne Oman will review our comprehensive report and the attached listing of our recommendations. I hope that it will be the pleasure of the Committee to adopt these amendments.
Respectfully Submitted by the House Appropriations Subcommittee on Transportation:

Christopher K. Peace, Chairman  
Richard L. Anderson

T. Scott Garrett  
Christopher P. Stolle

L. Nick Rush  
Mark D. Sickles

Lashrecse D. Aird
Budget Amendment Recommendations

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Transportation

Secretary of Transportation
- Clarifying PPTA Procurement Provisions
- Amend Requirements for Year 2 MWAA Funding
- WMATA Review to Assist in Identification of Needed Compact Changes

Department of Aviation
- DOAV Certification of Grant Expenditures

Department of Rail and Public Transportation
- WMATA Compact Reform Goals
- Atlantic Gateway Project Bridge Upgrades
- Review of Potential Phase 2 EIS HR High Speed Rail
- Reduce Increase of Use of Rail Funds for Administrative Costs

Department of Transportation
- Return of TPOF Funding
- Reporting of Toll Violations and Revenues Generated

Virginia Port Authority
- Authorize Treasury Loan to Offset Portsmouth Losses
- VPA Reporting Language

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Committee Approved Amendments to House Bill 1500, as Introduced

Transportation
Secretary of Transportation

Language:
Page 429, after line 31, insert:
"Q. Notwithstanding any provision of law to the contrary, the provisions of § 2.2-4321.2, Code of Virginia, shall be applicable to transportation infrastructure projects or facilities to be developed pursuant to the Public Private Transportation Act of 1995, as amended."

Explanation:
(This amendment clarifies that existing Code provisions apply to transportation projects developed under the PPTA and not just those undertaken by the State itself.)

Transportation
Secretary of Transportation

Language:
Page 428, after line 53, insert:
"4. In addition to the requirements set out in paragraphs M.1. through M.3. of this item, to be eligible for funding in the second year of the biennium, the Metropolitan Washington Airports Authority must submit to the Secretary of Transportation and the Chairmen of the House Appropriations and Senate Finance Committees a detailed plan on the potential sale, lease and/or development of MWAA acreage unsuitable for airport use. Such report shall include an update on the status of the NEPA process and of any needed approvals from the Federal Aviation Administration or the U.S. Secretary of Transportation, an identification of the types of suitable uses for the various tracts and an estimate of the revenues that could be generated from such uses."

Explanation:
(This amendment adds additional requirements prior to the receipt of $25.0 million in additional funding for the Metropolitan Washington Airports Authority in the second year to ensure the reduction of enplanement costs at Dulles Airport.)
Committee Approved Amendments to House Bill 1500, as Introduced

Secretary of Transportation

Language:

Page 429, after line 31, insert:
"Q. The Secretary of Transportation shall initiate an objective review of the operating, governance and financial conditions at the Washington Metro Area Transit Authority. The objective review shall, at a minimum, analyze: (i) the legal and organizational structure of WMATA; (ii) the composition and qualifications of the WMATA Board of Directors and the length of terms of its members; (iii) labor costs and potential strategies to reduce the growth in such costs in the future; (iv) options to improve the sustainability of employee retirement plans; (v) safety and reliability; (vi) options to improve the efficiency of WMATA operations; and, (vii) other factors considered appropriate by the Secretary. To the extent practicable the review shall compare WMATA to other rail transit systems in the United States that have been in operations for more than 35 years and have an overall system length in excess of 35 miles. Further the Secretary shall request the participation of the District of Columbia and the State of Maryland in such review and report the findings of his review to the Chairmen of the House Appropriations, Senate Finance and House and Senate Transportation Committees no later than November 15, 2017, with a follow-up report, if needed, submitted by June 30, 2018."

Explanation:

(This amendment directs the Secretary of Transportation to undertake a review of WMATA with the intent of identifying issues requiring reform, with the intent of identifying all issues of concern that must be addressed as part of the WMATA Compact renegotiation.)

Item 438 #1h

Transportation

Department of Aviation

Language:

Page 430, after line 37, insert:
"F. 1. State monies allocated by the Department of Aviation pursuant to § 58.1-638 A. 3., Code of Virginia, may not be used by for purposes related to supporting the operation of an airline, either directly or indirectly through grants, credit enhancements or other related means.
2. The Department of Aviation shall undertake an audit of the use of all funds allocated pursuant to § 58.1-638 A. 3., Code of Virginia over the past three years to ensure that all funds have been used in accordance with the policies of the Virginia Aviation Board and the restrictions contained in paragraph F.1. of this item. The findings of such audit shall be presented to the Chairmen of the House Appropriations, Senate Finance and House and Senate Transportation Committees no later than November 1, 2017."
Committee Approved Amendments to House Bill 1500, as Introduced

Explanation:

(This amendment requires the DOAV to audit all grants provided from the Aviation Subfund of the Transportation Trust Fund to and report the findings of such audits to the General Assembly by November 1, 2017. The language also clarifies that Transportation Trust Fund revenues shall not be used to support the ongoing operations of a particular airline.)

Transportation
Department of Rail and Public Transportation

Language:

Page 436, after line 18, insert:
"3. That the Secretary of Transportation, in coordination with the Northern Virginia Transportation Commission, shall engage his counterparts in Maryland, Washington, D.C., and the appropriate officials in the federal government for the purpose of revising the Washington Metropolitan Area Transit Authority Compact of 1966 and implementing other reforms necessary to ensure the near term and long term viability of the Washington Area Metropolitan Transit Authority (WMATA). In doing so, the Secretary, shall develop, propose and seek agreement on reforms related to the following: (i) the legal and organizational structure of WMATA; (ii) the composition and qualifications of the WMATA Board of Directors and the length of terms of its members; (iii) labor costs and labor relations; (iv) measures necessary to resolve WMATA’s unfunded pension liability and other post-employment benefits; (v) measures necessary to better ensure the safety of riders and employees, including safety in the event of a homeland security emergency in the national capital area; and (vi) financial and operational improvements necessary to ensure that WMATA’s performance is at least as efficient as its closest comparable transit systems in the United States. The Secretary shall report to and consult quarterly beginning June 30, 2017 with the Chairmen of the House Appropriations, Senate Finance and the House and Senate Transportation Committees regarding activity taken in accordance with this requirement."

Explanation:

(This amendment directs the Secretary of Transportation and the NVTC to work with the other signatories of the WMATA compact to seek reforms to that compact and to report quarterly to the legislature on the progress of such discussions.)

Item 448 #1h

Transportation
Department of Rail and Public Transportation

Language
Language:

Page 437, after line 47, insert:
"F. To achieve cost efficiencies for all parties while undertaking the new rail features of the Atlantic Gateway Project in Fairfax County, the Department shall work with Fairfax County and the Virginia Department of Transportation to developed a cost-effective design for a new facility over Route 1 that replaces the existing bridge, expands rail capacity, and accommodates the future Bus Rapid Transit system on Route 1, and work with Fairfax County and the Virginia Department of Transportation to identify funding sources for this portion of the project."

Explanation:

(This amendment directs DRPT, Fairfax County and VDOT to work together to develop a cost-effective method to make improvements as part of the Atlantic Gateway project.)

Item 449 #2h

Transportation

Department of Rail and Public Transportation

Language

Language:

Page 437, after line 47, insert:
"F. No later than July 1, 2017, the Department of Rail and Public Transportation, in collaboration with the Hampton Roads Transportation Planning Organization as well as all relevant stakeholders, shall evaluate the costs of and potential funding sources for completing a Tier II Environmental Impact Study for the purpose of delivering future high speed passenger rail service between Richmond and Hampton Roads, and provide this information to the Chairmen of the House Committees on Transportation and Appropriations, the Senate Committees on Transportation and Finance."

Explanation:

(This amendment directs DRPT to work with the Hampton Roads stakeholders to evaluate the costs of, and identify potential funding sources for, a tier 2 EIS for high speed rail between Richmond and Hampton Roads.)

Item 450 #1h

Transportation

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Language:
Page 438, line 6, strike "7" and insert "5".

**Explanation:**

(This amendment modifies a request included in House Bill 1500 as introduced that would increase the MEL at DRPT by 6 positions and authorize an increase in the portion of rail funds that can be used for administrative and project development purposes from 3.5% to 7%. The amended language allows an increase from 3.5% to 5% and authorizes 4 of the 6 requested positions.)

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*Item 453 #1h*

**Transportation**

Department of Transportation

**Language:**

Page 440, line 29, after "G." insert "l."

Page 440, line 29, strike "2008" and insert "2007".

Page 440, after line 43, insert:

"2. Pursuant to the provisions of Item 449.10, 1., Chapter 847 of the 2008 Acts of Assembly, $20,000,000 was deposited to the Transportation Partnership Opportunity Fund (TPOF) for the purpose of purchasing right of way owned by Norfolk Southern Corporation and located between Newtown Road and the Oceanfront. The subsequent contract for the TPOF award signed between the Department of Transportation and the City of Virginia Beach, specified that if such funds were not utilized to extend light rail along the corridor to Virginia Beach, the funds were to be repaid to the Department of Transportation and redeposited into the TPOF for allocations for other eligible transportation projects. Based on the failure of the project to move forward, as evidenced by the failure of the voter referendum on the Virginia Beach ballot in the November 2016 election, the City of Virginia Beach is required to repay to the Department of Transportation the full amount in four annual payments of $5,000,000 each year for the next four years beginning in fiscal year 2018. It is the intent of the General Assembly that these sums are hereby made available to the department to reallocate to eligible TPOF projects as they become available."

**Explanation:**

(This amendment reflects the agreement between VDOT and the City of Virginia Beach regarding the repayment of a TPOF grant and expresses the intent of the General Assembly that such funds be used on a competitive statewide basis to support other TPOF-eligible projects.)

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*Item 455 #1h*
Committee Approved Amendments to House Bill 1500, as Introduced

Transportation
Department of Transportation

Language:

Page 442, after line 20, insert:
"D. Fiscal year annual data on the total number and total monetary amount of toll violations, civil penalties, and administrative fees levied, and amounts collected, shall be reported by all toll operators and High Occupancy Toll lane operators and compiled by the Department of Transportation and submitted to the Chairmen of the House Committees on Transportation and Appropriations, the Senate Committees on Finance and Transportation, and to the Transportation Accountability Commission no later than September 1, 2017, and by December 1 of each year thereafter."

Explanation:

(This amendment requires public and private toll road operators to report on the total number of violations and civil penalties and administrative fees levied and collected each year.)

Item 464 #1h

Transportation
Virginia Port Authority

Language:

Page 452, after line 1, insert:
"C. Notwithstanding the provisions of § 4-3.02 of this act, the Secretary of Finance may provide the City of Portsmouth interest-free treasury loans in an amount not to exceed $1,700,000 in the first year and $1,700,000 in the second year which may be extended for a period longer than twelve months. The loan is intended to offset losses in personal property tax collections generated by the City due to the transfer of personal property from the Virginia International Gateway to the Commonwealth. The specific terms and structure of any loan shall be approved by the Secretary of Finance, after consultation with the Chairmen of the House Appropriations and Senate Finance Committees, or their designees. A treasury loan for this purpose shall be considered as bridge financing until the planned expansion of the Virginia International Gateway Facility commences and additional equipment is purchased which will generate personal property taxes that the City of Portsmouth shall use to repay the loan."

Explanation:

(This amendment authorizes a Treasury loan in the amount of $1.7 million in each year of the biennium to the VPA to help offset losses faced by the City of Portsmouth as a result of substantial quantities of personal property being transferred from private to state ownership.
under the revised lease terms for the VIG facility in Portsmouth. The intent would be to provide these loans for 3 years, after which time substantial expansion and new equipment purchases at the VIG facility will provide additional personal property taxes in amounts more than sufficient to provide for payback of the loan.)

Item 465 #1h

Transportation
Virginia Port Authority

Language:

Page 452, after line 27, insert:
"D. No later than November 1, 2017, the Virginia Port Authority is directed to submit to the Chairmen of the House Appropriations, Senate Finance and House and Senate Transportation Committees a report detailing separately the import and export loads at each of the Authority's facilities in Cities of Newport News, Norfolk and Portsmouth, the relative profitability of the operations at each of the facilities, the relative rate of return and profitability of the various types of cargo, distinguishing between the value generated from general cargo, container cargo and break-bulk. The report shall also include the relative value of cargo by type and facility. For each component of this report the data provided shall include such information for each of the last four years."

Explanation:

(This amendment directs the Virginia Port Authority to submit additional information on its individual facilities and the relative profitability of various types of cargo to increase transparency.)