House Bill 2 Update

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House Bill 2 Outreach

- Significant outreach to stakeholders across the Commonwealth
  - Presented to 11 metropolitan planning organizations and scheduled to visit the remaining 3
  - Spoke at association conferences including Virginia Association of Counties, Virginia Municipal League, Virginia Transportation Construction Alliance, Virginia Association of Metropolitan Planning Organizations and the VDOT Local Programs Workshop
  - House Bill 2 is the main focus of the Fall Six-Year Improvement Program hearings

- Additional outreach is necessary as this process moves forward
Key Issues Raised in Outreach

- Concern that one area of the state would be advantaged over another
- Funding to be considered when determining a project’s benefits
- Weighting of factors and the geographic areas for weighting
- Concern that prioritization is on a statewide basis
- Desire additional opportunities for public comment prior to Board adoption of program
- Measures need to consider future as well as current impacts from projects
- Concern over initial project development and preparing projects to be scored
Items for Discussion and Input

- Need input and direction from the Board on several structural issues
  - Solicitation of candidate projects
  - Geographic scale of weighting areas
  - Number of weighting frameworks
  - Treatment of Co-funded projects

- Board will have additional input on issues after Staff have been able to further develop issues and receive input from stakeholders
Solicitation of Candidate Projects

• Candidate projects will be solicited in summer of 2015
• Need Board’s guidance on entities that should be eligible to submit projects for screening and scoring
• Staff have developed 3 options for the Board’s consideration
  – Any government entity with responsibility for transportation
  – Only regional entities
  – Only local governments
  – Hybrid model based on capacity need being addressed by the project
Solicitation of Projects – Option 1

• Allow any governmental entity to submit a project for consideration
  – Local governments, transit agencies, regional organizations (MPOs, MPCs, authorities and commissions)

• Considerations
  – All levels of government are given an opportunity to compete
  – Anticipate a large number of potential candidate projects
Solicitation of Projects – Option 2

• Allow only regional entities to submit projects for consideration
  – MPOs, PDCs, Authorities and Commissions

• Considerations
  – Requires regional priorities setting
  – Certain jurisdictions may be unable to advance projects forward for consideration due to structure of regional entities
Solicitation of Projects – Option 3

- Allow only local governments to submit projects for consideration

- Considerations
  - All jurisdictions will be able to advance projects for consideration
  - Some capacity needs may not be addressed because they extend beyond the boundaries of a single jurisdiction
Solicitation of Projects – Option 4

- Vary types of projects an applicant can submit based on the type of capacity need being addressed
- Capacity needs on Corridors of Statewide Significance – only regional entities may submit projects
- Capacity needs on Regional Networks – both regional entities and local governments may submit projects
- Improvements to promote Urban Development Areas – only local governments may submit projects
Solicitation of Projects – Option 4

• Considerations
  – Links the type of project an applicant may submit to the scale of the capacity need being addressed
  – Requires regional priority setting for projects that address capacity needs on Corridors of Statewide Significance
  – Ensures local governments will be able to submit projects
Solicitation of Projects - Recommendation

- Staff recommend Option 4 to the Board

- Other recommendations
  - Eligible entities can only submit projects in areas under their jurisdiction
  - Secretary with consultant from the Board has the right to submit up to 2 projects for consideration in each scoring round
Geographic Scale – Discussion

- House Bill 2 requires that the CTB establish different weighting of factors for different areas of the state
- Several options may be considered by the Board
  - District-based weighting of factors
  - Urban and rural weighting of factors
  - PDC-based weighting of factors
  - PDC and MPO-based weighting of factors
- Staff analyzed various indicators looking at the PDC and MPO level to facilitate Board’s discussion
Geographic Scale – Population Density by PDC

Legend
- VDOT Construction Districts
- Population Density
  - First Quintile
  - Second Quintile
  - Third Quintile
  - Fourth Quintile
  - Fifth Quintile

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Geographic Scale – Weighted Population Density by PDC and MPO

Legend
- VDOT Districts
- MPO/PDC Boundaries

Weighted Population Density - MPO
- 1st Quartile
- 2nd Quartile
- 3rd Quartile
- 4th Quartile (Top)

Source: 2010 US Census
Geographic Scale – Projected Population Growth by PDC

Legend

- VDOT Districts

2010-2040 Population Growth Quartile
- Bottom Quartile
- Second Quartile
- Third Quartile
- Top Quartile

Map showing population growth rates for different regions in Virginia.
Geographic Scale – Annual Fatalities and Injuries per Capita by PDC and MPO

Greater than 90 fatalities + injuries per 10,000 population

82 to 90 fatalities + injuries per 10,000 population

70 to 82 fatalities + injuries per 10,000 population

Less than 70 fatalities + injuries per 10,000 population

Source: Virginia Department of Motor Vehicles, TREDS
Geographic Scale – Annual Gross Domestic Project per Capita by PDC and MPO

Less than $33,000 per capita
$33,000 to $40,000 per capita
$40,000 to $52,000 per capita
Greater than $52,000 per capita

Source: US Census, County Business Patterns
Geographic Scale – Discussion

• Across the Commonwealth there are significant variances across the Commonwealth regarding transportation outcomes and needs
  – Between the 9 construction districts
  – Within the 9 construction districts
  – Within planning district commission boundaries

• Using too many weighting frameworks would reduce the transparency and ease of use of the House Bill 2 process
  – For example, if each MPO and PDC had their own weighting frameworks there would be 35 frameworks
Geographic Scale – Staff Recommendations

• Board should use a blended approach

• Develop 4-6 weighting frameworks based on analysis of relevant factors across the Commonwealth including population growth, density, safety, economic performance, pollution, etc

• Allow MPOs and PDCs to select which one of the 4-6 weighting framework they would like to apply within their boundaries for projects
  – PDCs would not select weighting typology for areas covered by an MPO
Evaluation of Co-Funded Projects

- House Bill 2 requires that the benefits produced by a project be analyzed on a basis of relative costs.

- Many local governments, some regions, and private entities co-invest their own transportation funds with the state to bring projects to completion:
  - Regional funding sources in Hampton Roads and Northern Virginia
  - Local bond programs
  - Federal funds controlled by MPOs
  - Private equity
  - Toll-based financing
  - State exempt project funding
Evaluation of Co-Funded Projects

• Guidance is needed from the Board on the scope of costs that should be considered when determining a project’s relative benefit to its costs

• Options for the Board
  – Total cost of a project
  – Cost of a project minus any non-state controlled funding
  – State cost to complete project, excluding toll-based financing costs, and non-state controlled funding sources
    – Should all tolls be treated the same? HOT Lanes vs. full facility tolling
  – Cost of a project minus non-state funding sources, toll-based financing costs, and exempt state funding sources
Evaluation of Co-Funded Projects

- **495 HOT Lanes under potential options**
  - $2,068M represents the projects total costs
  - $1,673M in costs when private equity is excluded
  - $495M in costs to the state to complete the project

- **Illustrative Project A**
  - $35M represents the project’s total costs
  - $30M in costs when local match for revenue sharing program is excluded
  - $17M in costs when non-state funds, and $5M state revenue sharing and $3M in Highway Safety Improvement Program funds are excluded
Evaluation of Co-Funded Projects – Staff Recommendations

• Staff recommends to the Board that funds directly under the control of the Board be included and other funds be excluded from a project’s cost for purposes of determining the project’s relative benefits

• Excluded funds would include:
  – Non-state public funding (local and regional funds)
  – Private equity
  – Federal Regional Surface Transportation Program funds and Congestion Mitigation Air Quality funds controlled by MPOs

• Included funds:
  – Federal Highway Safety Improvement Program
  – State revenue sharing program funds

• No recommendation at this time on toll-based financing
Schedule for House Bill 2 Implementation

- Develop weighing typologies and potential measures for Board October through December 2015
- Discussion and selection of measures and weighting typologies by Board and public January to March 2015
- Draft HB2 process released in March 2015
- Public comment solicited and regional workshops held March-May 2015
- Revised HB2 process presented to the Board in May 2015
- Approval of HB2 process by the Board in June 2015
Discussion of Next Steps in HB2 Implementation

- Board will consider revised FY15-20 Six-Year Improvement Program at November meeting. Staff recommends:
  - Reducing $130M in revenue reductions from Program in amounts proportionate with CTB Formula
  - De-allocating $416M from 62 projects to prepare for the implementation of House Bill 2
- Board may approve or modify these recommendations
- Staff will report to Board at future meetings on the status of issues discussed today