



## Charlottesville-Albemarle Metropolitan Planning Organization

POB 1505, 401 E. Water St, Charlottesville, VA 22902 [www.tjpd.org](http://www.tjpd.org)

(434) 979-7310 phone • (434) 979-1597 fax • [info@tjpd.org](mailto:info@tjpd.org) email

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### Agenda

#### CHART Citizens' Committee Meeting

Wednesday, December 2<sup>nd</sup>, 2009 7:00 p.m.

TJPDC Large Conference Room

Item	Time	Description
1	7:00-7:05	<b>Matters from the Public: limit of 3 minutes per speaker</b> <i>Members of the Public are welcome to provide comment on any public-interest, transportation-related topic, including the items listed on this agenda.</i>
2	7:05-7:15	<b>Discussion of New Format for Meeting Minutes</b> Sarah Eissler will discuss with the CHART Committee the idea of altering the format of CHART Committee meeting minutes from close-to verbatim minutes to summary minutes. Click here to review summary memo.
3	7:15-7:20	<b>Approval of the November 4, 2009 Draft Meeting Minutes</b> Click here to review November 4, 2009 minutes.
4	7:20-8:20	<b>Discussion on the Draft Public Participation Presentation</b> Sarah Eissler will present the revised draft public participation presentation, revised handout and drafted presentation notes for the CHART Committee's public participation program. Click here to review summary memo. Click here to review Virginia State Senate Finance Committee report.
5	8:20-8:30	<b>Other Business</b> January Meeting.
6	8:30-8:35	<b>Additional Matters From the Public: limit of 3 minutes per speaker</b> <i>Members of the Public are welcome to provide comment on any public-interest, transportation-related topic, including the items listed on this agenda.</i>



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### Memorandum

**TO:** CHART Committee  
**FROM:** Sarah Eissler  
**DATE:** November 25<sup>th</sup> 2009  
**RE:** New Format for CHART Committee Meeting Minutes

**Purpose:** To consider a change in the style of meeting minutes that the CHART Committee receives.

**Background:** Due to significant staffing adjustments at the TJPD, I am now responsible for transcribing the meeting minutes for all MPO Committees. In the past committee minutes were typically close-to verbatim. This level of detail for minutes takes a considerable amount of time. Shifting the meeting minute's style from verbatim minutes to summary minutes will allow me to take significantly less time working on minutes. I would have more opportunity to work on other projects.

I have made the November 4<sup>th</sup> 2009 meeting minutes, included in this packet, summary minutes. This was intended to allow CHART members to review this new style. I would like to purpose to CHART Committee members that the committee adopt summary-style minutes for all future meetings.



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DRAFT  
CHART Advisory Committee Meeting  
November 4th, 2009 Minutes

**Present**

Members

Stephen Bach  
Bobby Burke  
Jim Currie  
Mac Lafferty, Vice Chair  
Bruce Odell  
John Pfaltz  
Linda Seaman, Chair  
Peggy Westfall

Representing

MPO, Bicycling  
MPO, Pedestrian  
Albemarle County, Environment  
Albemarle County At-Large  
City-At-Large  
City At-Large  
City-At-Large  
City-At-Large

Not Attending

Marc Evans  
Jeff Monroe  
Tom Loach

MPO  
Albemarle County At-Large  
County Planning Commission

Staff:

Sarah Eissler  
Chuck Proctor  
Steve Williams

TJPDC  
VDOT  
TJPDC

Ms. Seaman called the meeting to order and asked committee members to introduce themselves.

**Matters from the Public**

There were no matters from the public.

**Approval of the Minutes**

Mr. Lafferty mentioned a few changes which Ms. Eissler noted.

**Upon a motion from Mr. Lafferty, seconded by Mr. Pfaltz, the October 7, 2009 meeting minutes were unanimously approved as amended.**

**Discussion of the Draft Public Participation Presentation**

Ms. Eissler presented a draft of the Public Participation Presentation. This presentation is focused on gleaning as much public comment from participants as possible, within a short period of time. This presentation will briefly explain the role and purpose of the Metropolitan Planning Organization and the CHART Committee. Beyond these basic introductions the presentation will focus on “What Do You Think” questions that deal with major transportation issues in our area. Major topics include Biggest Transportation Issues, Biggest Safety Concerns, and Biggest Congestion Concerns. The presentation also attempted to pinpoint how participants would improve the transportation system, fund improvements to the transportation system and allocate limited funds for significant improvements.

Accompanying this presentation was a hand out that would allow participants to rank options and add personal input. This handout would be the major component for collecting and organizing this public input.

Upon reviewing the presentation and handout, committee members expressed concerned about how questions were worded and what images might better suit the presentation. Most of the committee's concerns focused on slides that discussed funding options and allocation options. The committee concluded that it would be easier for participants to understand that funding issues if there was also a slide that focused on transportation costs. Ms. Eissler stated that she would work to improve this portion of the presentation.

### **Update on the Route 29 Corridor Study**

Mr. Williams stated that a significant amount of public input was gathered regarding this study. Mr. Williams summarized that the recommendations from, the Route 29 Corridor Study that would affect our area included an extension of Leonard Sandridge Drive, a significant flyover at the Hydraulic/route 29/route 250 interchange, and an bypass road that would roughly run along the Albemarle County/Louisa County border. Mr. Williams stated that because of negative public input and negative comments from the Albemarle County Board of Supervisors and the City of Charlottesville City Council, all three recommendations have been removed from the Route 29 Corridor Study. Mr. Williams continued, stating that the plan explains that the Charlottesville/Albemarle portion of route 29 corridor offers the most significant issues for the entire route 29 corridor, but currently there are no recommendations in the plan to improve these congestion issues other than the suggestions from the Places29 plan. Mr. Williams stated that the draft Route 29 Corridor Study would be released in the next few weeks and go to the Commonwealth Transportation Board in December. Mr. Williams clarified that the City came out against the Hydraulic Road project because it would result in significant tax loss from business that would be affected by construction.

### **Update on the Downtown Trail Project**

Ms. Eissler stated that she and Albemarle County Planner David Benish went out to the Railroad Bridge that crosses the south fork of the Rivanna River to determine if the Old Railroad Bridge Piers were still intact. Ms. Eissler showed the committee pictures of the piers and discussed that terrain of the area, which is quite steep. Ms. Eissler also stated that much more research is required to determine an appropriate route for a commuter bike trail in this area. Mr. Eissler also mentioned that a there is an existing trail along the Railroad, which might be usable for the project. This trail is currently labeled a Rivanna Trails Foundation trail. Ms. Seaman mentioned that if the trail is a RTF trail that RTF would have documentation on the property. Ms. Eissler stated that she would look into it,

### **Discussion of Committee Guidelines and Responsibilities for New Members**

Ms. Seaman stated that as the committee is transitioning it is appropriate to redefine not only what this committee is about, but also what is expected of new committee members. Ms. Seaman stated that she, Mr. Lafferty and Ms. Eissler got together and drafted guidelines for the Committee to review and discuss. The over-arching goal of these guidelines would be to send these guidelines to the County and City and make them available for new members who are interested in joining CHART. Ms. Eissler also mentioned that in the past months she has been reviewing the logistics of how citizen are appointed to MPO Committees and has determined that the process is fairly disorganized. Ms. Eissler stated that these guidelines are a first step in

attempting to make this process more organized for the MPO. Committee members made suggestions to the draft document and Ms. Eissler stated that she would make the changes.

**Other Business**

Mr. Pfaltz discussed some of the Committee member's efforts regarding establishing a cost/benefit analysis for roadway projects in our area. Mr. Pfaltz suggested that this analysis would be useful if it was also established for Bicycle and Pedestrian issues. Mr. Bach and Mr. Lafferty stated that they would give some thought to the project. Mr. Williams expressed some concern that the source material needed to complete the forms would be extremely difficult to obtain.

**Additional Matters from the Public**

There were no additional matters from the public.



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### Memorandum

**TO:** CHART Committee  
**FROM:** MPO Staff  
**DATE:** November 25<sup>th</sup> 2009  
**RE:** Public Participation Presentation Update and Next Steps

#### Updates

TJPCDC staff is currently editing the CHART Committee's Public Participation PowerPoint and associated materials. Staff has been particularly focused on researching funding and cost data at both the federal and state levels in order to create slides that discuss these topics in an accessible way. This research has taken some time but will be complete by the time the Committee meets in December.

MPO staff has also worked to include many of the CHART Committee's edits and re-wording suggestions for both the presentation and the handout. Most of these edits have been added to these documents.

Finally, MPO Staff is working to add presentation notes that will be used as information guides for CHART Committee members and MPO Staff as they give this presentation. These items will be discussed in detail at the next CHART Committee Meeting.

#### Next Steps

As the edits and information for these documents become more solidified MPO Staff requests that CHART Committee members suggest organizations that would be interested in participating in this presentation process. For the first few presentation opportunities it would probably be best to present to choose organizations in which CHART members are affiliated. Organizations that have been considered are the, Lion's Clubs, Kiwanis Clubs, Rotary Clubs, Ruritan Clubs, Neighborhood Associations and Home Owner Associations. What other organizations should be considered beyond this initial list?

MPO Staff is planning to begin meeting scheduling in March 2010.

*Attached with this memo is information regarding current transportation funding issues and obstacles. Reviewing this data will help prepare all of you for presenting. The data is very accessible and will be good talking points when working with groups that are less transportation focused.*

# **Transportation**

**Senate Finance Committee  
November 19-20, 2009**

# Virginia's Transportation Funding Challenge

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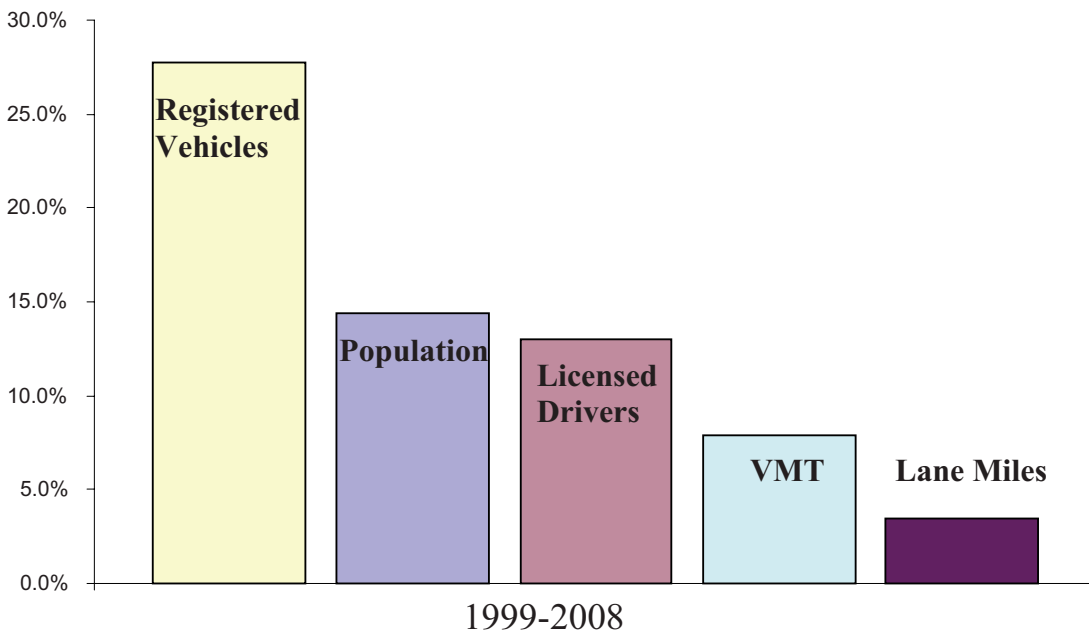
- In the first decade of the 21<sup>st</sup> Century, Virginia has experienced a deterioration of its transportation network capacity, the overall quality of existing infrastructure, and the revenue required to make investments that maintain and improve the program.
- Much of the system growth has been concentrated in the secondary and local road systems, driven by population changes and exacerbated by state and local policy decisions.
- Decline in the integrity of existing infrastructure is driven by the age and size of Virginia's highway and transit network, principally the abundance of bridges and extensive secondary system.
- Virginia's outdated statutory framework of transportation program responsibilities and constrained revenue resources has resulted in a structural imbalance, with needed system investments exceeding available resources.

# Economic and Population Growth Have Placed Significant Demands on the System

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- As Virginia's population has grown over the past decade, the number of drivers, vehicles and total travel demand has outpaced growth in lane miles.
  - Population growth and demographic changes affect the types of services needed.
  - Growth in registered vehicles reflects health of economy; recent sales have dropped dramatically.
  - Increases in vehicle miles of travel (VMT) reflect both the increasing number of drivers as well as Virginia's overall economic health.
  - Highway capacity growth cannot be the only approach to addressing demand.

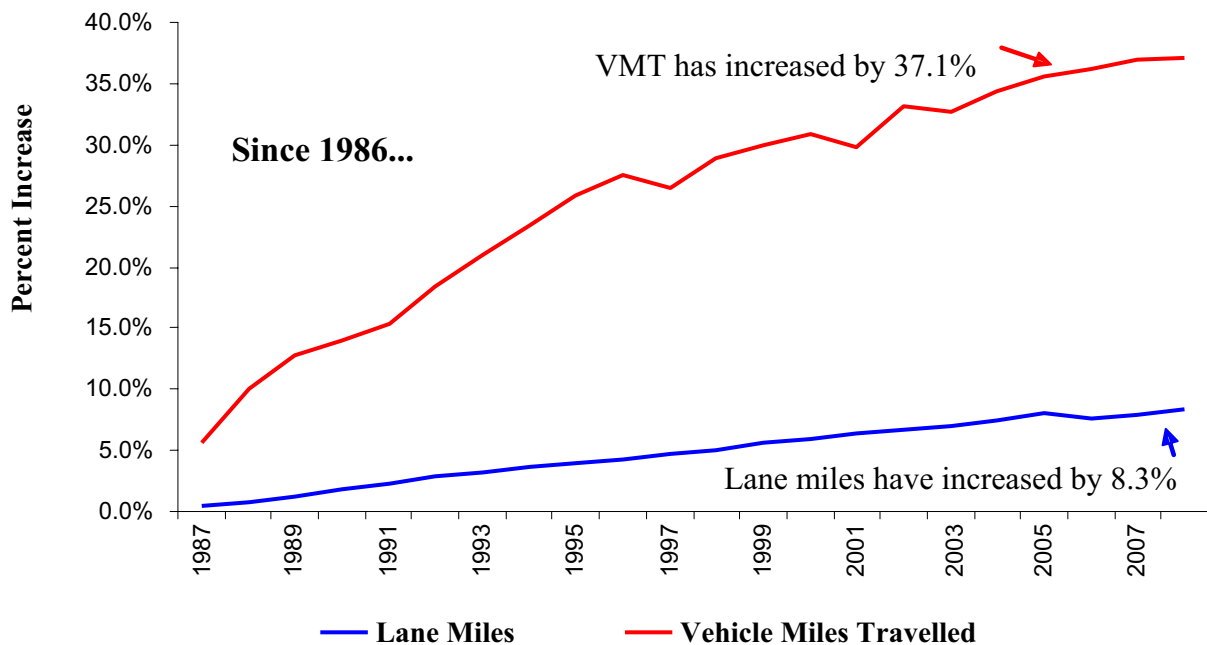
## 10-Year Growth in Transportation Demand



## Growth in VMT Outpaces System Capacity

- Highway utilization is highly correlated with changes in economic activity and VMT is a direct measure of the demand being placed on Virginia's transportation network.
  - Growth has slowed on interstate and primary systems, but continues on the secondary system.
  - As the economy recovers, VMT will likely increase as increased disposable income tends to result in more discretionary travel.
- Since 1986, total VMT in Virginia has increased more than **four times** faster than the growth of the infrastructure.

### Growth in Vehicle Travel Outpaces Growth in Lane Miles

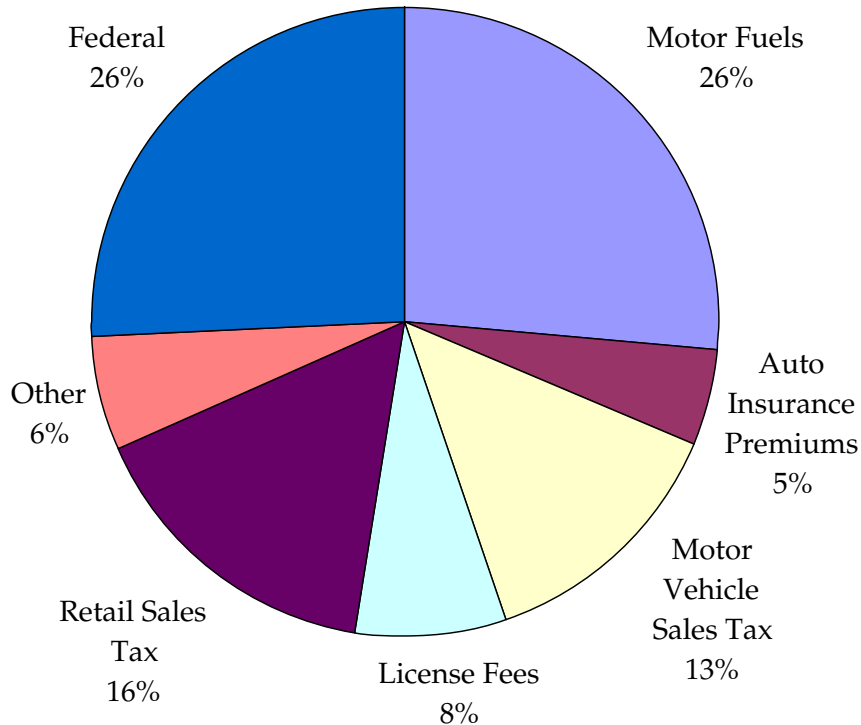


# Transportation Revenues are Driven by Virginia's Overall Economic Health

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## FY2009 Transportation Revenue Sources

Total = \$3.1 billion



- Virginia transportation revenues are tied to gasoline and automobile sales, and are sensitive to economic cycles.
  - Gas taxes declined as employment conditions worsened and discretionary travel declined.
  - Diesel fuel sales declined as the demand for retail goods diminished.
- Real revenue growth has been based primarily on increases in motor vehicle values and sales volumes.

# Virginia Generates Less Fuel Tax Revenues than Other States

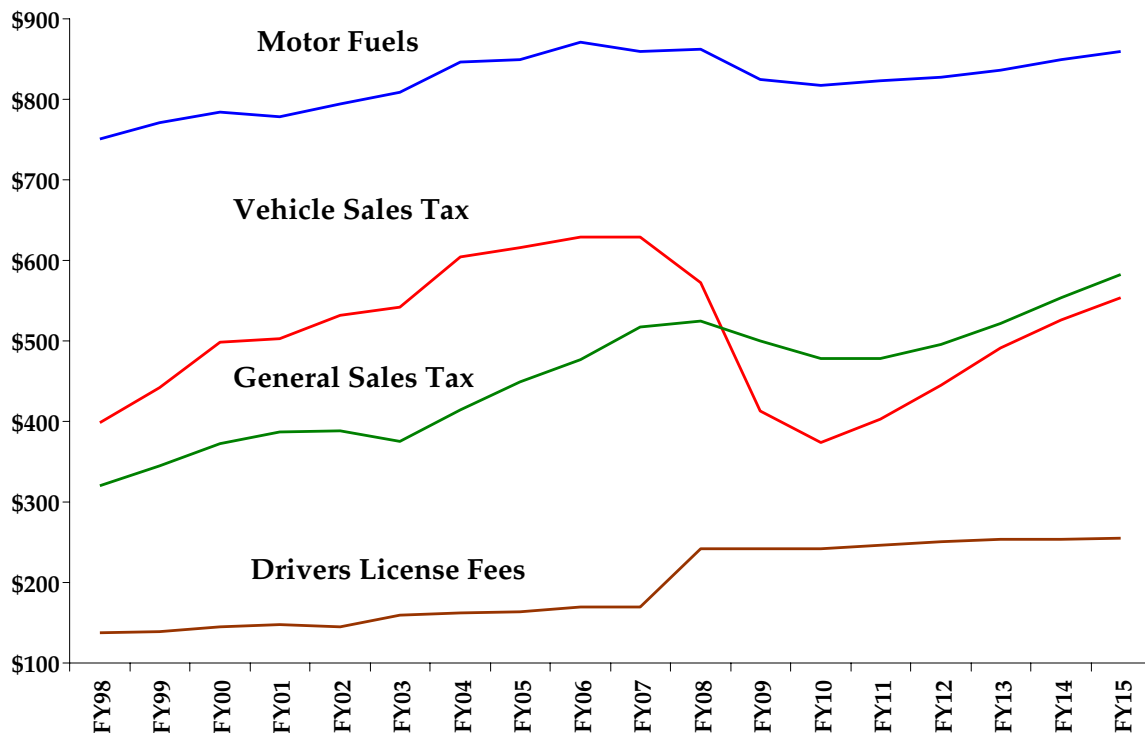
- As a **static** cents per gallon levy, motor fuels sales tax receipts fail to produce the same “bang for the buck” as they did when last increased in 1986.
  - The effects are compounded by reduced sales volume, increased fuel efficiency, and inflation.
  - Because motor fuel taxes were not indexed from the outset, it would require **doubling** the tax to achieve 1987 purchasing power.
- Transportation revenues in states that have established indexed or other *ad valorem* taxes, such as North Carolina and Maryland, have fared better during the recent economic downturn.

<b>Comparison of State Gasoline and Diesel Taxes</b>			
<b>State</b>	<b>Gas Tax</b>	<b>Diesel Tax</b>	<b>Indexed</b>
Virginia	17.5	17.5	No
North Carolina	30.2	30.2	Yes
Washington D.C.	23.5	23.5	No
West Virginia	32.2	32.1	Yes
South Carolina	16.8	16.8	Yes
Maryland	23.5	24.3	Yes
Pennsylvania	32.2	39.2	Yes
Tennessee	21.4	18.4	No
Georgia	20.9	20.6	Yes
Kentucky	22.5	19.5	Yes
Massachusetts	23.5	23.5	No
New York	44.8	43.4	Yes
New Jersey	14.5	17.5	No
<b>Average for All States</b>	<b>28.9</b>	<b>27.6</b>	
<b>Source:</b> API October 2009.			

# Recovery in Transportation Revenues is Uncertain

- Total Commonwealth Transportation Fund revenue collections are not expected to return to FY 2008 levels until FY 2012.
- Despite temporary moderation in revenue loss from the federal “Cash for Clunkers” program, Motor Vehicle Sales and Use Tax revenues have fallen 39 percent from their peak.
- Dedicated general sales and use tax revenue, now the second largest individual source, is at FY 2006 levels.

**Virginia Transportation Revenue Sources**  
(\$ in millions)



## Current Revenue Sources Do Not Provide Sustainable Long Term Funding

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- Technology and policy changes are improving the fuel economy of the vehicle fleet, and reducing fuel tax revenues per vehicle mile of travel.
- Federal transportation commitments -- backed by federal gas taxes -- have required supplemental funding of \$8 billion in FY 2009 and \$9 billion in FY 2010. A new federal transportation bill may have fewer total dollars or different funding priorities.

### Transportation Revenue Items

#### Motor Fuels Tax

Every 1¢ generates approximately \$47.1 million.

#### Motor Vehicle Sales and Use Tax

Every 1% generates approximately \$137.7 million.

#### Dedicated Sales and Use Tax

Every 1% generates approximately \$820.0 million.

#### Insurance Premiums

Every quarter percent generates approximately \$40.0 million.

#### Recordation Tax

Every 1¢ generates approximately \$13.4 million.

#### Driver License and Registration Fees

Every \$1 generates approximately \$5.7 million.

## Recent Revenue Decline Highlights Statutory Conflicts

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- Unlike most states, where the state is only responsible for interstates and other four-lane highways, Virginia bears the responsibility for almost all local roads.
  - At more than 125,000 lane miles Virginia has the third largest state maintained system in the country, growing an average of 475 lane miles each year.
  - Size of the state responsible program is driven by increases in local roads and determined by local policy decisions.
- The *Code of Virginia* prioritizes funding system maintenance before new construction.
  - Includes maintenance payments to localities.
- Appropriations Act requires “maximization of the use of federal transportation funds.”
  - Every dollar provided by Virginia is matched by approximately \$4 in federal funds.
  - If Virginia adequately funds identified maintenance needs, federal dollars may be left “on the table.”
- In the face of declining revenues, identified maintenance needs are not being adequately funded in order to maximize available federal dollars.

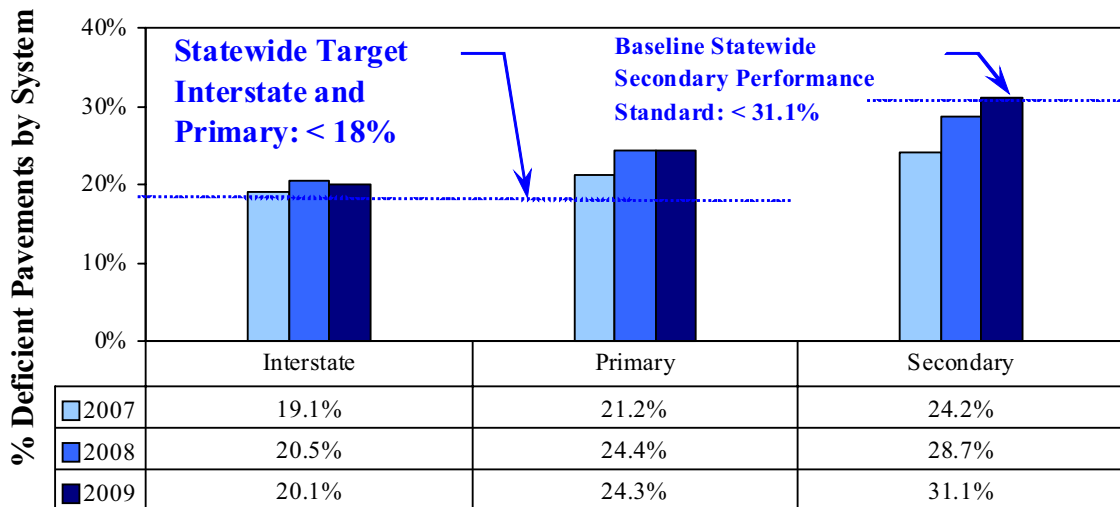
## Maintenance Needs Drive Total Spending

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- The age and complexity of Virginia's network of roads, bridges, tunnels, and other assets affects annual maintenance and operations costs.
  - Most of Virginia's interstate and primary system lane miles were constructed over 30 years ago.
  - Of almost 21,000 bridge structures, 55 percent are 40 years old or older.
    - 8.1 percent are considered structurally deficient.
- Tunnels have large industrial mechanical systems for power, ventilation, lighting, fire suppression, drainage, communications, and operations. Three of Virginia's eight tunnel tubes are 40 years old or older; three others are over 30 years old.
- Real value of the maintenance allocations grew 4.3 percent per year from 1986 to 2002, but grew only 0.8 percent per year between 2002 and 2009.
  - Real dollar value actually fell between 2002 and 2008, and only rose again in 2009 as materials cost dropped.
  - Since 2002, maintenance funding has not been sufficient to keep pace with the growth of the system and the rising cost of maintenance and operations work.

# Pavement and Bridge Conditions Do Not Meet Performance Targets

- Asset performance measures have enhanced the ability to assess and prioritize maintenance needs. However, performance targets are not being met and sufficient funding is not being allocated.
- The condition of interstate and primary pavements has deteriorated slightly since 2007. Secondary roads historically have not had a performance target. In 2009, approximately one-third of secondary system roadways are considered deficient, the baseline for the future assessments.
- An additional amount of more than \$33 million would be needed for the biennium to meet the desired condition level for interstate and primary pavements. However, maintenance funding levels are being **reduced** to meet current revenue constraints.



## Maintenance Spending Pressures Outpace Allocations

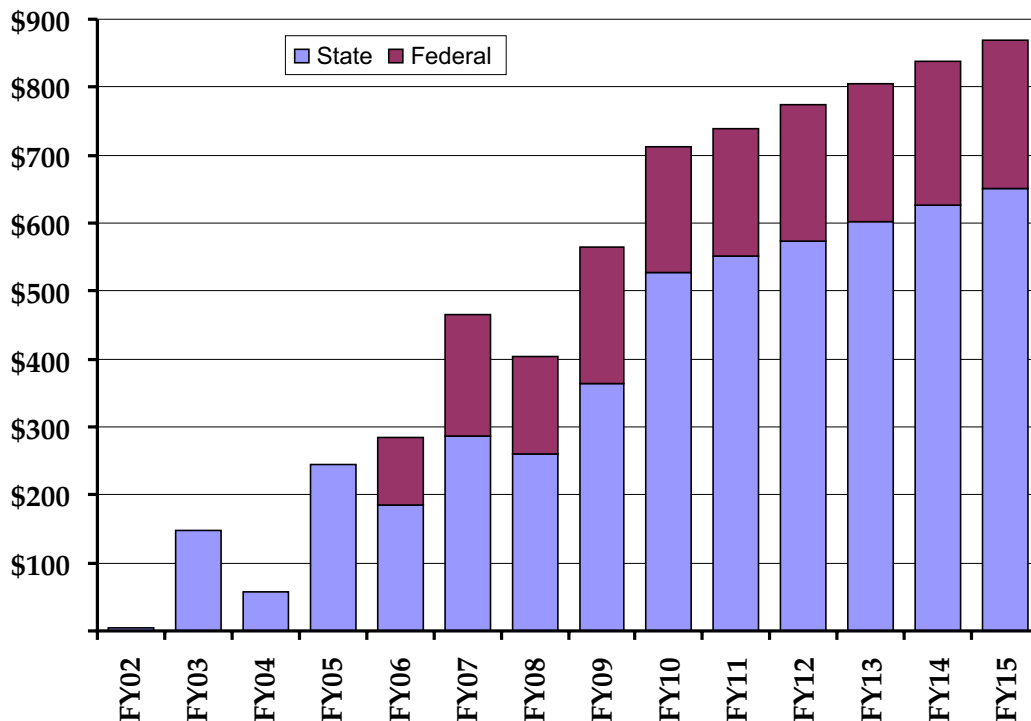
- Maintenance needs are projected to grow at a higher than average rate during the next ten years due to a combination of age and increased use.
  - Current need analysis identifies a \$923 million budget gap in the next biennium.

Asset Investment		FY 2011 \$Million	FY 2012 \$Million
<b>Pavement</b>	Interstate	\$119.1	\$113.6
	Primary	251.6	249.7
	Secondary	<u>338.3</u>	<u>348.4</u>
	<b>Sub-Total</b>	708.9	711.7
<b>Bridges</b>	Interstate	69.0	36.0
	Primary	24.1	55.1
	Secondary	<u>19.6</u>	<u>22.9</u>
	<b>Sub-Total</b>	112.7	114.0
<b>Other Assets</b>	Tunnels	32.0	34.7
	Traffic and Safety	158.3	161.8
	Signal and Technology	90.6	64.0
	<b>Asset Total</b>	\$1,102.6	\$1,086.2
<b>Services</b>	Emergency and Safety Response Services	\$177.1	\$182.7
	Traffic and Safety Services	62.5	65.6
	Roadway Services	185.4	196.2
	Roadside Services	149.4	153.2
	Facility, Equipment and Management Services	207.6	215.4
	<b>Service Total</b>	\$782.0	\$813.1
	<b>Grand Total</b>	<b>\$1,884.5</b>	<b>\$1,899.2</b>
<b>Current Allocation</b>	\$1,409.5	\$1,450.7	
<b>Unfunded Needs</b>	<b>(\$475.0)</b>	<b>(\$448.5)</b>	

# Maintenance Needs Reduce Construction

- Growth in maintenance spending over the last decade has increasingly “crossed-over” from traditional pools of new construction funding.
  - State and federal construction dollars transferred to maintenance increased from \$3.6 million in FY 2002 to \$712.6 million in FY 2010.
  - Increased use of federal dollars for maintenance is restricted to uses on certain roads and limits federal funding available for addressing other capacity or operational needs.
  - Not all maintenance projects are federally eligible.

**State and Federal Construction Funds  
Transferred to Maintenance**  
(\$ in Millions)



## Transportation Allocations Are Needs-Based

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- Current framework for transportation spending has historically not returned a proportionate amount of funding to regions where demand is generated.
- For much of the past decade, state transportation investment decisions have been driven primarily by the need to maintain existing infrastructure and enhance system capacity.
- Total transportation system needs vary by geography and population. Each region has a unique set of funding demands.
- Policy actions taken in the past decade have improved the alignment of transportation program expenditures with objectively identified needs.

<b>Regional Transportation Contributions and Expenditures</b>						
District	Population	Contributions	Construction	Maintenance	Transit	Total
Bristol	5.1%	<b>4.8%</b>	8.1%	10.7%	0.9%	<b>9.4%</b>
Culpeper	4.5%	<b>5.0%</b>	3.3%	6.0%	1.7%	<b>3.7%</b>
Fredericksburg	5.3%	<b>6.1%</b>	3.5%	8.5%	2.3%	<b>4.8%</b>
Hampton Roads	22.9%	<b>20.7%</b>	15.8%	12.7%	21.5%	<b>16.7%</b>
Lynchburg	5.4%	<b>4.7%</b>	3.9%	6.7%	2.0%	<b>4.2%</b>
Northern Virginia	25.6%	<b>27.3%</b>	30.5%	15.2%	58.1%	<b>34.6%</b>
Richmond	15.4%	<b>16.0%</b>	8.9%	13.8%	9.4%	<b>10.7%</b>
Salem	9.2%	<b>8.4%</b>	7.0%	10.6%	2.3%	<b>6.7%</b>
Staunton	6.6%	<b>7.0%</b>	5.0%	9.5%	1.9%	<b>5.5%</b>

Notes: Construction and Maintenance totals do not add to 100% due to allocations for statewide programs. Maintenance allocations do not include payments to localities. Transit allocations reflect one time funding for Hampton Roads light rail construction.

## Recent Reductions in Transportation Revenues Have Been Severe

- Because transportation revenue resources are heavily dependent on Virginia's general economic health, the 2007 recession has accelerated the imbalance in revenue sources that support required investments.

### Transportation Revenue Forecast Reductions June 2008 – November 2009 (Six Year Estimates)

Spring 2008	\$1.1 billion
February 2009	\$2.6 billion
August 2009	<u>\$0.9 billion</u>
	\$4.6 billion
December 2009	\$1.0 billion* possible

- August reductions and September 2009 general fund transfers will impact all transportation agencies.

	<b>August FY10-15</b> (\$ in millions)	<b>September Transfers</b> (\$ in millions)
DOAV	\$13.0	\$0.005
DRPT	\$105.0	\$0.5
VDOT	\$743.0	\$13.2
VPA	\$22.0	\$0.6
DMV	\$ 0	\$3.2
<b>Total</b>	<b>\$900.0</b>	<b>\$17.5</b>

# Framework for Service Reductions Established in Appropriations Act

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- The 2009 Appropriation Act establishes the framework for VDOT administration and operations reductions.
  - Ensure maintenance and operations are funded.
  - Focus on safety, pavements and bridge repair, and congestion mitigation.
  - Reduce/consolidate the number of facilities and organizational units by at least 30 percent.
  - No more than 7,500 filled classified positions by June 30, 2010.
- Highway and transit construction have been impacted the greatest with \$3.1 billion in improvements cancelled over six years -- less than 50 percent of 2008 level.
- Highway maintenance and operations programs will be reduced by \$348 million -- 13 percent -- over six years.
- Six year reduction in **services** spending includes:

Interstate maintenance contracts	\$ 48.0 million
Roadside services	\$ 120.0 million
Safety service patrols	\$ 39.0 million
Ferry services	\$ 7.68 million
Rest areas	\$ 54.0 million
- Commercializing rest areas requires federal law change. Failing commercialization, possibility for demolishing currently closed sites beginning in 2011.

## Significant Personnel Impact of Statewide Reductions

- The reduction in statewide VDOT workforce of approximately 11 percent -- 1,000 full-time and 450 part-time -- is underway. Involuntary separations of employees are being executed in stages with nearly 600 positions eliminated in September. Second notification of approximately 400 positions is scheduled for December with an anticipated release in March 2010.
  - Twenty-five percent of layoffs will come from the central Virginia region.
  - Positions are primarily concentrated in new construction related programs and may result in longer time-frame for completing projects.

### Estimated 2010 VDOT Staffing Reductions by District

District	Actual September 2008 Level	Estimated July 2010 Level	Total Estimated Reduction
Central Office	1,331	1,179	152
Bristol	748	663	85
Salem	941	834	107
Lynchburg	629	557	72
Richmond	1,013	898	115
Hampton Roads	1,041	922	119
Fredericksburg	550	487	63
Culpeper	510	452	58
Staunton	764	677	87
Northern Virginia	937	830	107
<b>Total</b>	<b>8,464</b>	<b>7,500</b>	<b>964</b>

## Reductions will Impact Local Road Programs

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- The Secondary Six-Year program has been eliminated, meaning that there will be no local prioritization of new construction projects.
  - Eliminated all state and federal funds flowing through primary, secondary, and urban formulas.
  - Eliminated bond component of road revenue sharing in FY 2012.
  - Restricted funding to obligated projects or projects to be obligated this year.
  - Local governments are not scheduling local planning meetings.
- Localities which receive direct payments for local road maintenance will receive 25 percent less funding growth than anticipated for the foreseeable future. This will have a negative impact on the condition of local and city streets and quality of many urban roadways.
  - Some localities will face risks to debt service requirements on outstanding obligations backed by anticipated state receipts.
  - The Appropriations Act provides a four percent annual increase in allocations for maintenance payments to cities and counties.

## Temporary Economic Stimulus Funding Provides Only Limited Relief

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- The American Reinvestment and Recovery Act (ARRA) provided a one-time windfall of approximately \$978.6 million in federal transportation dollars for Virginia.
  - ARRA commitments are separate from the transportation budget. Approximately \$700 million in discretionary project funding.
  - At its April 2009 meeting the CTB approved project allocations of \$328 million and the balance of these funds were awarded in June.
  - Virginia successfully obligated the first 50 percent of discretionary funds within 120 days and has not missed any deadlines.
- Commonwealth priorities included over 120 structurally deficient bridges, more than 430 lane miles of deficient pavements, previously cancelled or delayed highway and rail projects, and federal BRAC projects.
- An additional \$8 billion in high-speed and intercity rail corridor funding is available through 2012. Federal Railroad Administration is expected to announce awards in the spring of 2010.

## Efforts to Address Funding Imbalance Have Been Inadequate

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- Policy efforts designed to address the structural imbalance in transportation funding since 2000 have been insufficient and relied extensively on the dedication of general fund revenue sources or the commitment of general fund balances.
  - More than \$200 million in annual revenues have been diverted to transportation from sources that were previously general funds including vehicle rental, recordation, and insurance taxes.
  - Subsequent general fund revenue shortfalls have resulted in the reduction or elimination of pledged general fund dollars in favor of debt obligations or unfunded project phases.
- The Virginia Transportation Act of 2000 established a list of projects that were to be funded with excess general fund revenues. When general fund revenues declined in 2002, funding for these projects was rescinded requiring the issuance of debt obligations backed by anticipated future federal revenues (FRANs).
- Similar efforts in 2007, within the Appropriations Act, directed \$500 million in excess general fund balances to specific transportation projects. Dedicated balances for these projects have been reduced by \$185 million.

## Further Transportation Debt is Constrained

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- Debt financing has become one of the primary funding mechanisms for Virginia's transportation and transit programs since 2000. This has been accelerated by both policy choices and economic conditions.
  - Outstanding obligations increased from \$879.7 million in FY 2000 to \$1.35 billion in FY 2010.
  - Annual expenditures for debt service have more than doubled, from 3 percent to 7 percent of total expenditures, in the past 10 years.
- Nongeneral fund supported revenue bonds can be affected by economic cycles. The current authorization of \$3 billion in HB 3202 (2007) was later increased by \$180 million to replace general funds. Debt revenues are incorporated into both the six year plan and state debt capacity models.
  - First tranche was delayed to late FY 2010 (\$492 m) from an initial date of summer 2007(\$100 m).
  - Insufficient insurance premium revenues to support issuance, current FRAN debt has first call.
  - Issuance of these bonds remains a priority, however it will take through 2028 to let full authority.
- General fund supported debt programs, such as Route 58, are vulnerable to economic shortfalls. The September 2009 budget actions "sweep" \$13 million in accumulated balances from this program.

## Recent Economic Conditions Have Affected Outsourcing Agreements

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- The Appropriation Act requires at least 70 percent of total VDOT expenditures be provided by the private sector.
  - Outsourced 961 of approximately 1,200 miles of interstate maintenance (approximately \$78 million) and all aerial photography work.
  - VDOT has been able to renegotiate some service contracts to meet required funding reductions. Savings are estimated to be \$8 million.
- Outsourcing port operations may provide one-time windfall, but may not establish a long-term revenue stream.
  - An independent review panel will be established to review one unsolicited and two additional proposals received in the summer of 2009.
  - Since that time, the Port Authority has received a proposal from APM/Maersk for VIT to provide terminal operations for the private facility.
- Nationally, many large dollar transportation operations proposals have collapsed as credit markets tightened during the recession. Several Virginia projects, in Northern Virginia and Hampton Roads, are still active.
  - Construction of I-495 HOT Lanes began this summer. However, construction of I-395 HOT Lanes has been delayed.

## Solutions Require Sustainable Revenues or Significant Policy Changes

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- Short-term funding strategies do not address long-term funding needs of the transportation system.
- ARRA funding provides only a temporary stop-gap in funding for relatively few projects and is not a sustainable solution.
- Future reliance on federal funds is questionable. Federal transportation funds are gas taxes and the previous two years have required supplemental funding of \$8 billion and \$9 billion from general federal tax revenues to meet existing commitments.
- General fund based solutions are sensitive to economic fluctuations and compete with other programmatic priorities.
- Addressing capacity needs can be accomplished through investments in 1) highways, 2) transit, or 3) by changing development patterns to improve the overall efficiency of the system.

## Longer-term Planning and Development Strategies Are Needed

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- **Reduce transportation program expectations** – Reduce performance targets for the maintenance program to focus only on most critical repairs. This would include additional reductions in staffing and service contracts as well as local maintenance payments.
- **Forego federal funds** – Reduce commitments to federal funds for bridge, highway, and transit capital improvements (80% federal - 20% state).
- **Establish dynamic funding streams** – Index existing transportation revenue sources to the Producer Price Index or shift from CPG to *ad valorem* at wholesale level.
- **Establish usage based fees** – Improvements in vehicle communications technologies will help improve safety and provide opportunity to measure VMT, regardless of the energy source of the vehicles.
- **Increase reliance on commercial user fees** – A bracket scale of overweight truck permit fees that could generate \$30 to \$50 million annually depending on the fees charged.

## Longer-term Planning and Development Strategies Are Needed

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- **Change the composition of the system** – State funding could be prioritized for a core network of roads. Similarly, increased responsibility for local roadways could be devolved to localities.
- **Change the distribution mechanism** – Allocate statewide transportation construction dollars through a competitive grant approach. This could strengthen the nexus between desired outcomes in land use planning and system-wide efficiency.
- **Change the regulatory structure** – Define highway maintenance as a public utility and develop a utility-based regulatory framework. The State Corporation Commission could regulate rates charged to users.
- **Improve capacity planning** – Additional improvements to the coordination between transportation and land use could encourage more compact development, changing travel patterns and reducing future demand on the transportation system.
- **Promote alternatives to driving** – Increase use of technology to provide alternatives to business travel that may decrease some travel demand.
- **Increase investment in transit** – Investments in rail and transit will impact future needs for additional roadway capacity improvements helping to reduce VMT, and hence the rate of deterioration on assets.

## Conclusions

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- Performance has improved, but Virginia's transportation funding challenges persist.

	2002	2009
On-time Performance	30%	86%
On-budget Performance	61%	93%
Project Deficits	\$ 687 million	\$ 0.0
Employees	10,192	7,830
Six-Year Secondary Funds	\$ 1,100 million	\$ 60.5 million
Maintenance Crossover	\$ 3.6 million	\$ 712 million
Maintenance Budget	\$ 1.1 billion	\$ 1.7 billion

- State and federal revenue sources are projected to decline for the near term and slowly increase in the future.
  - Estimated reductions of an additional \$1.0 billion are expected by December 2009, in addition to the \$4.6 billion removed since 2007.
- Structural changes within Virginia's transportation agencies are underway but insufficient to address the magnitude of the revenue reductions.
- Continued **deterioration** of system **capacity** and infrastructure **quality** can be expected unless expectations are reduced or **revenues** are increased.
  - Short-term and general fund based solutions may be inadequate to support the long-term needs.