Revolutionizing Transit and Rail Funding in the Commonwealth of Virginia

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Agency Director

APA Transportation Planning Division Webinar
November 9, 2018
Major Legislative Developments since 2013

SMART SCALE

Toll Revenues for Transit and Rail

Statewide Transit Funding Reforms

Wrap-Up
DRPT focuses on moving people and goods:
- Rail
- Public transportation
- Commuter services

DRPT provides support for projects and programs:
- Allocating over $730 million annually to transit and rail
- Assessing feasibility and environmental impacts of new and expanding services
- Conducting statewide rail and public transportation studies
- Planning and programming new services and capital improvement projects
- Providing leadership, advocacy, technical assistance, and funding
### Rail and Public Transportation Stakeholders

- WMATA
- 40 Transit Systems
- 60 Human Service Operators
- 1 Commuter Rail Operator (VRE)
- 18 Transportation Demand Management Agencies
- 15 Metropolitan Planning Organizations
- 9 Shortline Railroads
- 2 Class I Freight Railroads (CSX, NS)
- 1 Intercity Passenger Rail Operator (Amtrak)
- 1 Intercity Bus Operator (Virginia Breeze)
Paradigm shift of funding and delivery of critical transportation projects by General Assembly

- **2013**: Increased sales tax on wholesale gasoline, dedicated to transportation
  - Created regional funding sources and vested authority to regional commissions in NOVA and Hampton Roads
- **2014**: Directed Administration to prioritize critical transportation projects (SMART SCALE)
- **2015**: Dedicated additional funding to public transit
- **2018**: Provided dedicated funding to WMATA and directed CTB to prioritize transit funding
Impact of SMART SCALE

- Divided into Statewide High-Priority Program and District Grant Program
- Rounds are biennial (approximately $1B/Round)
- Transportation funding – no longer just highway but mode neutral
- Applications submitted by localities, regional entities, and transit agencies
- Projects must meet an identified need in VTrans2040, the Commonwealth’s long-range transportation plan
- Selected projects are fully funded
SMART SCALE Evaluation Factors

- Safety
- Congestion Mitigation
- Accessibility
- Land Use
- Environmental Impacts
- Economic Development
SMART SCALE
Funding for Transit and Rail

Round 1 (FY2017-FY2022 SYIP):
• 7 public transportation projects funded at $31M

Round 2 (FY2018-FY2023 SYIP):
• 17 public transportation projects funded at $168M

Round 3 (FY2020-2025 SYIP):
• 16 public transportation and rail project applications for $231M
• Awards pending
HOV to HOT Conversions in Northern Virginia
• Allocation of toll revenues to fund new and improved travel choices that include transit, TDM, bicycle, pedestrian, and roadway options
  • Tolling began December 2017

• Northern Virginia Transportation Commission manages program and recommends projects for CTB approval
  • 1st round: $9.8 million for Multimodal Program of 10 projects
  • 2nd round: $12 million for Multimodal Program of 15 projects
Use toll revenues to fund additional and improved travel choices that benefit I-66 users.

Increase the person-carrying capacity of the corridor by 34,000 individuals by 2040.

Dynamic tolling allows traffic to move at free-flow speeds during rush hour.
Benefits:

- Moves an additional 2,000 people through corridor during rush hour
- Saves approximately 120,000 hours of travel delay annually
- Provides two new bus routes and enhances service on three existing bus routes
- Improves emergency and incident response capabilities to keep I-66 moving
- Solves first and last mile issues by improving access to park and ride lots and transit and also increases parking options

I-66 Inside the Beltway 2018 Projects

- $7.2M: New/Enhanced Bus Service
- $2.6M: Improved Access, Metrorail and VRE
- $800K: Improved Incident Response on I66
- $667K: Transit Incentives, Carpool, Vanpool
- $800K: Program Oversight & Outreach
Concession agreement with Express Mobility Partners includes $800M over the next 50 years to support enhanced transit service in corridor.

Additional $500M concession payment made in 2018 will provide $178M for transit and park-and-ride projects in the corridor.

Funds will support new / enhanced peak period commuter bus services (both capital & operating expenses) and VRE commuter rail service.

New transit services:
- Utilize new express lanes to ensure reliable trip times
- Flexibility to optimize services over time based on performance
- Operated by local transit agencies
Transform I-66: Moving More People with Multimodal Improvements

- Move 2,000-4,000 more people per hour
- Eliminate 10.5 miles of congestion in each direction during peak hours
- Reduce daily congestion by four to eight hours by 2040
• Transurban committed to annual transit payment beginning in 2019
  • $15 million initially with annual escalation
• DRPT led Transit/TDM study in coordination with localities, transit providers, and regional entities
• Projects will be prioritized based on person-throughput benefits
### I-95/395 Express Lanes Extensions: Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
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<tr>
<td>35 - 50% increase in traffic volumes in HOT lanes; relieves General Purpose lanes</td>
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<tr>
<td>15% reduction in travel times in General Purpose lanes</td>
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<tr>
<td>Promote HOV throughout the day</td>
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<tr>
<td>Increase Reliability: Reduce Congestion in HOT Lanes</td>
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<tr>
<td>Increased capacity will reduce the potential for congestion-related crashes</td>
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</table>
### Dedicated WMATA Funding

- **$154 million** in additional annual dedicated funding to meet state-of-good repair backlog
- Significant **accountability** for governance, operating subsidies, strategic planning, and performance

### Statewide Transit Funding

- Restructured Program: 53.5% to WMATA, 12.5% to capital, 31% to operating
- Significant **accountability reforms** through prioritization of capital projects, performance-based allocation of operating, and strategic planning
- Encourage better long-range needs projections, better asset management, and more efficient operations
- **No new funding** until reforms fully implemented

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**2018 Statewide Transit Reforms**
Effective July 1, 2019 (FY 2020)
State of good repair projects prioritized based on transit asset management principles

Major expansion projects prioritized based on SMART SCALE factors:
- Congestion mitigation
- Economic development
- Accessibility
- Safety
- Environmental quality
- Land use
CTB Must Implement Guidelines by December 1, 2018

- Major Components:
  - Assess state of good repair needs
  - Review of the performance of fixed-route bus service
  - Evaluate opportunities to improve operating efficiency
  - Examination of opportunities to improve service in underserved areas
• Effective July 1, 2019 (FY 2020)
• 100% of Statewide Operating Funds must now be allocated on the Basis of Service Delivery Factors
• Potential Sizing Metrics:
  • Ridership, Revenue Vehicle Hours, Revenue Vehicle Miles, Operating Costs
• Current Performance Factors:
  • Passengers Per Revenue Hour
  • Passengers Per Revenue Mile
  • Net Cost Per Passenger
Wrap-up

• **Leveraging** new and diverse revenue streams like tolls and concessions

• **Changing the Paradigm** through a data-driven process that prioritizes the best projects that move the most people

• **Accountability and Transparency** is essential as a condition for more public funding
Revolutionizing Transit and Rail Funding in the Commonwealth of Virginia

APA Transportation Planning Division Webinar

November 9, 2018
Public Transit Public -Private Partnerships
Lessons Learned and Resources

Jodie Misiak
Principal, Alternative Delivery Strategic Initiatives

November 9, 2018
Background

— Maryland DOT Office of Innovative Project Delivery
  — Framework establishment, including revised MD P3 Law and MDOT P3 regulations
  — Emphasis on best value, performance-based metrics, asset life cycle management, system accountability and oversight of long-term operational functions
  — Project screening for potential innovative delivery across MDOT’s portfolio, including highway, transit, port and aviation assets
  — Implementation of DBFOM approach for both I-95 Travel Plazas and Purple Line Light Rail Transit

— USDOT Build America Bureau
  — Implementation of the Build America Bureau (FAST Act)
  — Consolidate and harmonize USDOT’s innovative finance / project delivery technical assistance and tools, including TIFIA, RRIF, PABs, and INFRA grants
  — Develop business procedures and strategies to advance complex multimodal projects more efficiently through federal funding and finance processes
Build America Bureau Objectives

— Consolidate USDOT’s key Finance Programs and finance expertise.
— Provide project development assistance.
— Provide a one-stop shop for streamlining credit processes.
— Administer USDOT Credit programs, including project credit reviews, due diligence, loan negotiation and documentation.
— Promote best practices in public-private partnerships (P3s).
— Advance large, complex, multi-modal, multi-jurisdictional projects.
— Utilize the expertise of USDOT Operating Administrations.
What do we mean by P3s?

USDOT Definition:
Public Private Partnerships (P3s) are contractual agreements formed between a public agency and a private sector entity that allow for greater private sector participation in the delivery and financing of transportation projects.
Range of Delivery Methods

User Fees vs. Availability Payments

Concessionaire Takes Revenue Risk

Revenue-Based Concession
Demand-driven Payments

User Payments (Fares)  Shadow Payments

• Payments direct by users.
• Payments based on the number of users.

Agency Takes Revenue Risk

Availability Payment Concession
Non Demand-driven Payments

Construction Payments  Availability Payments

O&M  Capital
The Path to Delivering a Transit P3

1. Establishing the Foundation
2. Legislative and Regulatory Framework
3. Project Scoping and Screening
4. Focusing on a Specific Project and Developing a Business Case
5. Market Soundings and Refining the Business Case
6. Final Decision for Project Delivery Approach / Commence Solicitation Process
7. P3 Solicitation (RFQ, RFP)
8. Selection and Award
9. Project Implementation / Long-term Monitoring
Purple Line Light Rail Transit Project
Starting on the Path to Delivering a Potential Transit P3

Challenges Faced in Maryland

✓ Limited public familiarity with:
  • P3s (Design-Build-Finance-Operate-Maintain or DBFOM)
  • Transit P3s
  • Availability Payments

✓ Existing MDOT team structures and processes may not satisfy the demands of a thorough P3 analysis and solicitation process...

✓ The P3 industry was not yet aware of the Maryland project and the potential delivery approach...

First Step: Review of Peer Experiences
Establishing the Foundation

- Establish P3 Definition
- Identify:
  - In-house staffing capacity
  - Potential senior-level champions
  - Staff-level partnerships, particularly in other parts of government
  - Potential options for external contract support (consultants, etc.)
- Determine P3 program focus, possibly including:
  - Specific project needs
  - Screening of multiple project portfolio
  - Unsolicited proposals

**Potential US DOT Build America Bureau Resources**

- Establishing a Public-Private Partnership Program: A Primer

- Successful Practices for P3s
  [https://www.transportation.gov/sites/dot.gov/files/docs/P3_Successful_Practices_Final_BAH.PDF](https://www.transportation.gov/sites/dot.gov/files/docs/P3_Successful_Practices_Final_BAH.PDF)

- P3 101 Training Sessions: USDOT Build America Bureau has offered P3 training sessions, at the 101 level and above, for state and local practitioners.
Legislative and Regulatory Frameworks

— What is currently possible under the existing legislative, regulatory, and policy frameworks?

— Ideas from other jurisdictions

— Options and timing for establishing or clarifying existing frameworks
  — Legislative changes? (multi-year)
  — Regulatory changes? (within one year)
  — Policy changes? (within months, depending on the level of support from leadership)

Potential US DOT Build America Bureau Resources

— Peer Exchange Sessions: Various peer exchanges for state and local officials are organized throughout each year.
Legislative and Regulatory Frameworks

States with Transportation P3 Enabling Legislation as of Jan. 1, 2016
(Updated from page 15 of the 2010 NCSL PPP Toolkit)
Project Scoping and Screening

- What are the current project needs for the jurisdiction?
  - Short-term budgeting priorities?
  - Long-range transportation plan?
  - Infrastructure priorities?
- Revenue sources
  - Project-specific revenue sources?
  - If not a revenue generating asset, are availability payments an option?
- Is there a clear alignment between transportation needs and proposed projects?
- What are examples of other jurisdictions (national, international) addressing similar needs through a P3?

Potential US DOT Build America Bureau Resources

- **P3 SCREEN:** A checklist that was developed to assist public agencies in assessing the appropriateness of delivering a planned transportation project as a public-private partnership.  

- **Case Study Webinars:** Through the BATIC Institute partnership with AASHTO, case studies have been developed.  
  http://www.financingtransportation.org/capacity_building/
Focus on a Specific Project and Developing a Business Case

— Develop initial risk register and initial Value for Money (VfM) or similar analysis, which will be refined over time
— Briefings for senior-level project champions, internal and external to the department

Potential US DOT Build America Bureau Resources

Market Soundings and Refining the Business Case

— Participate in conferences, roundtables, and informal discussions to start understanding the market perspective of the potential project.

— Release a Request for Information (RFI) to gather written feedback from potential proposers.

— Host an industry forum that includes both a presentation of the potential project elements and, if possible, 1-on-1 meetings with potential proposers.

— Provide advance notice to the market that a project is in the pipeline.

Potential US DOT Build America Bureau Resources

— Opportunities for Roundtable Participation: Through the BATIC Institute partnership with AASHTO, there are potential opportunities for roundtable participation. 
  http://www.financingtransportation.org/capacity_building/
Final Decision for Project Delivery / Commence Procurement Approach

- Decision requires a relatively high degree of certainty for a successful procurement.
- The public sector sponsor needs to sufficiently mitigate various procurement risks, including political & stakeholder risks.
- This is another key time to arrange briefings for potential project champions that are external to the department / agency that is sponsoring the project.
- Determine final timeline and approach for:
  
  ![Flowchart Diagram]

Potential US DOT Build America Bureau Resources

- Credit Programs (Loans from TIFIA / RRIF): [https://www.transportation.gov/buildamerica/programs-services/tifia/program-guide](https://www.transportation.gov/buildamerica/programs-services/tifia/program-guide)
- Private Activity Bonds (PABs) Program: [https://www.transportation.gov/buildamerica/programs-services/pab](https://www.transportation.gov/buildamerica/programs-services/pab)
Maryland Public -Private Partnership Process

Agency Decision to Solicit for a P3
Presolicitation Report Sent to Budget Committees, Comptroller, and State Treasurer

Review by Budget Committees, Comptroller, and State Treasurer
Presolicitation Report Posted Online for Public Review

Review and Designation by Board of Public Works

Solicitation Process
(Public notice of solicitation, Request for Qualifications, Request For Proposals, proposal review, negotiations, reach acceptable agreement terms)

Agreement Terms Sent to Budget Committees, Comptroller, and State Treasurer for Concurrent Review and Comment
Agreement Posted Online for Public Review

Board of Public Works Approval of Agreement

45 days max, with 15-day extension possible for larger projects

30 days max
Contract Terms and Long Term Monitoring

— Technical Provisions (TPs) define the scope of work, technical parameters and processes that the concessionaire must follow to deliver on the obligations set forth in the Agreement.

— In particular, the TPs lay out in detail the performance requirements in the execution of design, construction, operation, and maintenance activities.

— Key decision during procurement: prescriptive requirements vs. performance outcome based requirements?

Potential US DOT Build America Bureau Resources


— Monitoring and Oversight for P3s Fact Sheet: https://www.fhwa.dot.gov/ipd/pdfs/fact_sheets/p3_toolkit_07_monitoringandoversight.pdf
## Contract Terms and Long Term Monitoring

### 2.2 Activity Noncompliance Occurrence Table, Management Plans, Manuals, Policies, Procedures, and Reports

<table>
<thead>
<tr>
<th>ID #</th>
<th>Reference</th>
<th>Activity Noncompliance Occurrence</th>
<th>NC Type</th>
<th>Category</th>
<th>Recording Frequency</th>
<th>Response Time</th>
<th>Rectification Time</th>
<th>Application (Maximum Exposure) Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.1</td>
<td>Concessionaire shall submit the Operating Plan.</td>
<td>QNC</td>
<td>Medium</td>
<td>Y</td>
<td>N/A</td>
<td>W</td>
<td>1 QNC per W</td>
</tr>
<tr>
<td>2</td>
<td>1.1.3</td>
<td>Concessionaire shall comply with Alternate Service Plan for Planned Service Interruptions.</td>
<td>SNC</td>
<td>Major</td>
<td>O</td>
<td>I</td>
<td>0.5H</td>
<td>1 SNC per O per 4H</td>
</tr>
<tr>
<td>3</td>
<td>1.1.3</td>
<td>Concessionaire shall comply with Alternate Service Plan for Unplanned Service Interruptions.</td>
<td>SNC</td>
<td>Medium</td>
<td>O</td>
<td>0.5H</td>
<td>2H</td>
<td>1 SNC per O per 2H</td>
</tr>
<tr>
<td>4</td>
<td>1.2</td>
<td>Concessionaire shall submit the Rail Fleet Management Plan.</td>
<td>QNC</td>
<td>Medium</td>
<td>Y</td>
<td>N/A</td>
<td>W</td>
<td>1 QNC per W</td>
</tr>
<tr>
<td>5</td>
<td>1.3</td>
<td>Concessionaire shall submit the Maintenance Plans.</td>
<td>QNC</td>
<td>Medium</td>
<td>Y</td>
<td>N/A</td>
<td>W</td>
<td>1 QNC per W</td>
</tr>
<tr>
<td>6</td>
<td>1.4</td>
<td>Concessionaire shall submit the Cleaning Plans</td>
<td>QNC</td>
<td>Medium</td>
<td>Y</td>
<td>N/A</td>
<td>W</td>
<td>1 QNC per plan per W</td>
</tr>
<tr>
<td>7</td>
<td>1.7.1</td>
<td>Concessionaire shall require appropriate leading and maintain records of the training program.</td>
<td>QNC</td>
<td>Medium</td>
<td>M</td>
<td>N/A</td>
<td>W</td>
<td>1 QNC per W</td>
</tr>
<tr>
<td>8</td>
<td>1.7.1</td>
<td>Concessionaire shall allow only qualified and trained personnel to perform Work.</td>
<td>QNC</td>
<td>Major</td>
<td>C</td>
<td>X</td>
<td>1H</td>
<td>1 QNC per O</td>
</tr>
<tr>
<td>9</td>
<td>1.7.2</td>
<td>Project personnel conduct and appearance shall be in accordance with the Personnel Management Policies and Procedures.</td>
<td>SNC</td>
<td>Minor</td>
<td>C</td>
<td>N/A</td>
<td>I</td>
<td>1 SNC per O</td>
</tr>
<tr>
<td>10</td>
<td>1.7.3</td>
<td>Project personnel shall be suitably identified while in the Project ROW.</td>
<td>SNC</td>
<td>Minor</td>
<td>C</td>
<td>N/A</td>
<td>2H</td>
<td>1 SNC per O</td>
</tr>
<tr>
<td>11</td>
<td>1.9</td>
<td>Concessionaire shall submit the Safety and Security Plan.</td>
<td>SNC</td>
<td>Medium</td>
<td>Y</td>
<td>N/A</td>
<td>W</td>
<td>1 SNC per W</td>
</tr>
</tbody>
</table>

The Path to Delivering a Transit P3

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Thank You!

Contact information for today’s presenters:

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