



Virginia Department of Rail and Public Transportation

Revolutionizing Transit and Rail Funding in the Commonwealth of Virginia

APA Transportation Planning Division Webinar

November 9, 2018

Jennifer Mitchell
Agency Director

Presentation Overview

Major Legislative Developments since 2013

SMART SCALE

Toll Revenues for Transit and Rail

Statewide Transit Funding Reforms

Wrap-Up



DRPT's Role in Transportation



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)



DRPT

Major Transportation Funding Legislation Since 2013



- 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



**SMART
SCALE**

*Funding the Right
Transportation Projects
in Virginia*

- 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**

DRPT

SMART
SCALE
Evaluation
Factors

- **S**afety
- **C**ongestion Mitigation
- **A**ccessibility
- **L**and Use
- **E**nvironmental Impacts
- **E**conomic 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



I-66 Inside The Beltway



- 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



Investing in Multimodal Solutions

I-66 Inside The Beltway Benefits

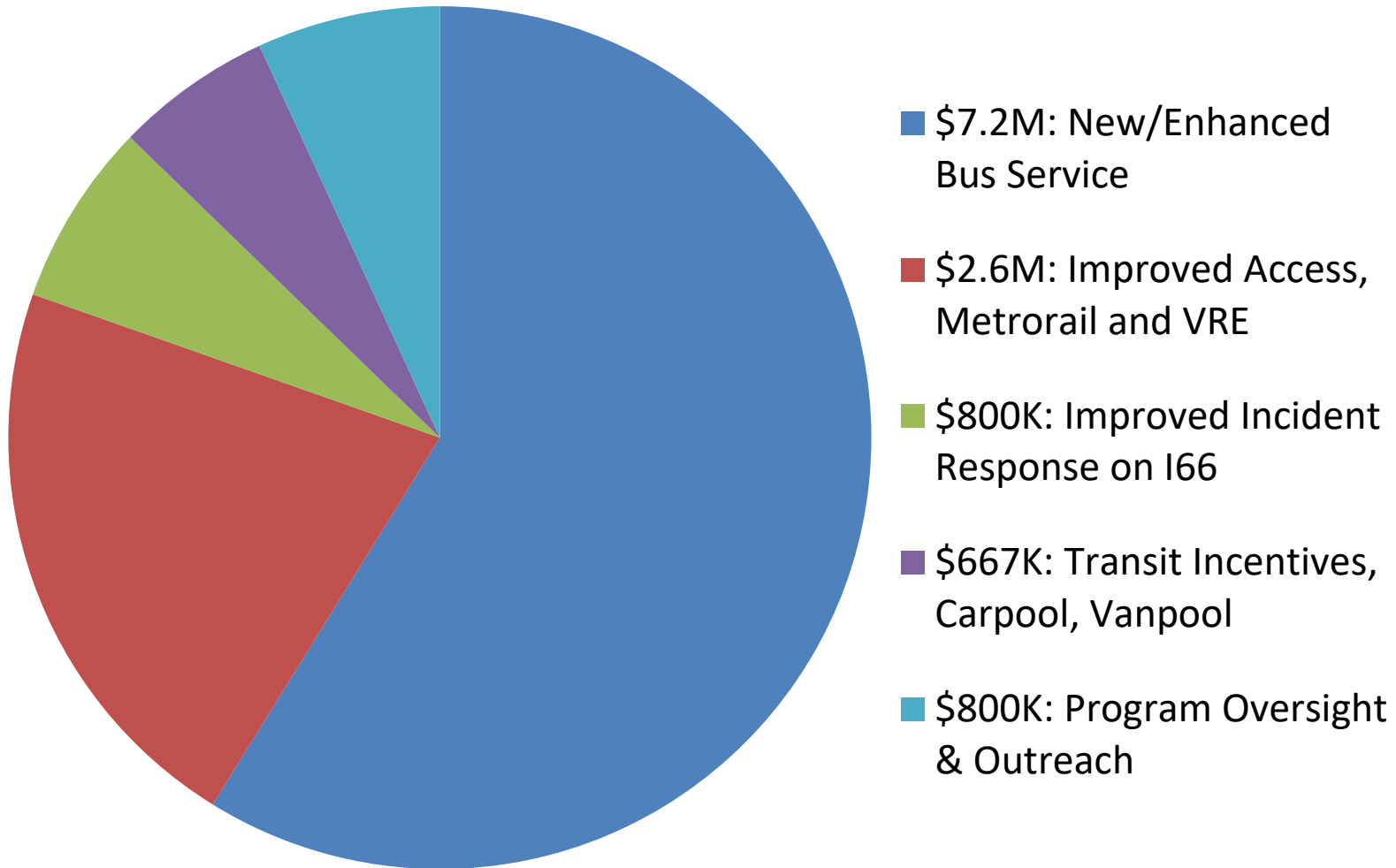
Use toll revenues to fund additional and improved travel choices that benefit I-66 users

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



I-66 Inside the Beltway 2018 Projects



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

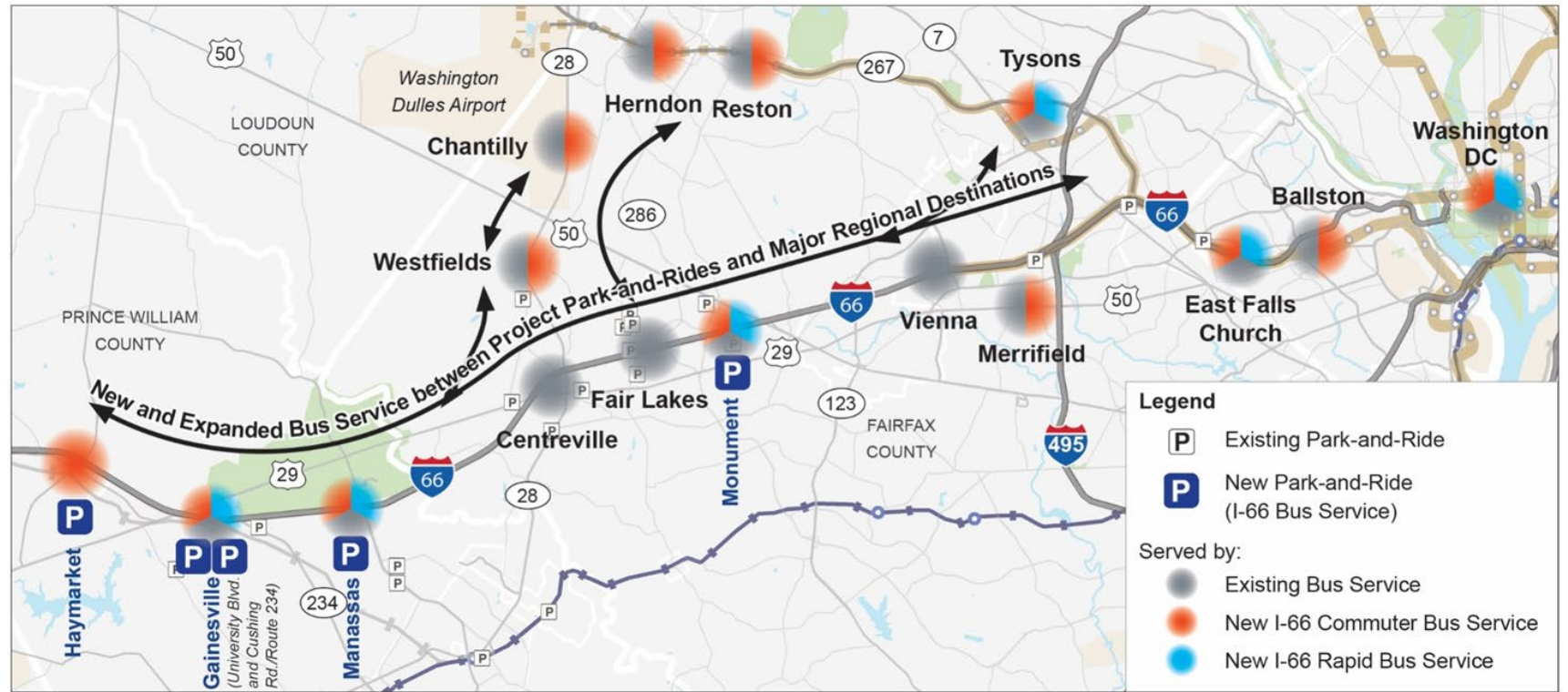
I-66 Outside The Beltway P3

- 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



Multimodal Solutions - 495 to Haymarket

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



I-95/395 Express Lanes Extensions



- 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

35 - 50% increase in traffic volumes in HOT lanes; relieves General Purpose lanes

15% reduction in travel times in General Purpose lanes

Promote HOV throughout the day

Increase Reliability: Reduce Congestion in HOT Lanes

Increased capacity will reduce the potential for congestion-related crashes



YOUR CREW

+



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A TOLL-FREE RIDE



2018 Statewide Transit Reforms



Dedicated WMATA Funding

✓ *complete*

- **\$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

in progress

- 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

Transit Reforms: Capital Funding Prioritization



- 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



Making Efficient + Responsible Investments In Transit

Transit Reforms: Agency Strategic Plans



- 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



Transit Reforms: Operating Funding



- 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





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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

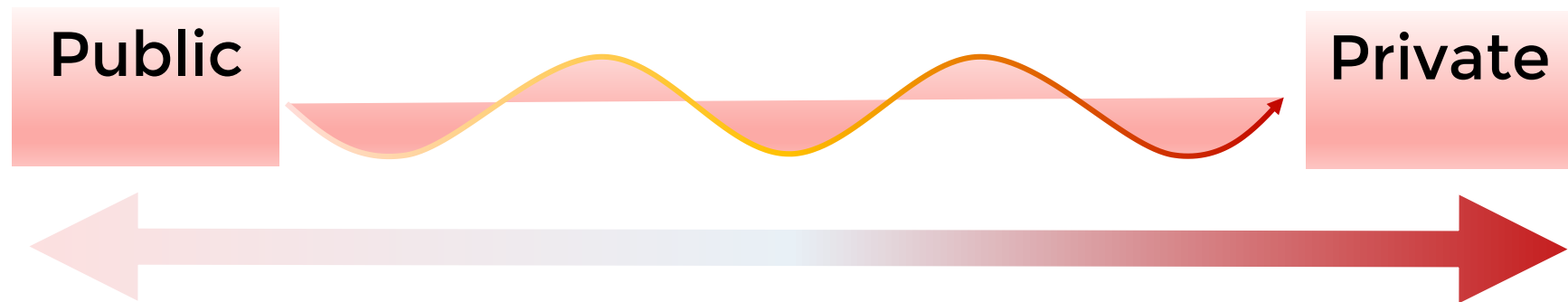
Build America Bureau Objectives

- 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.

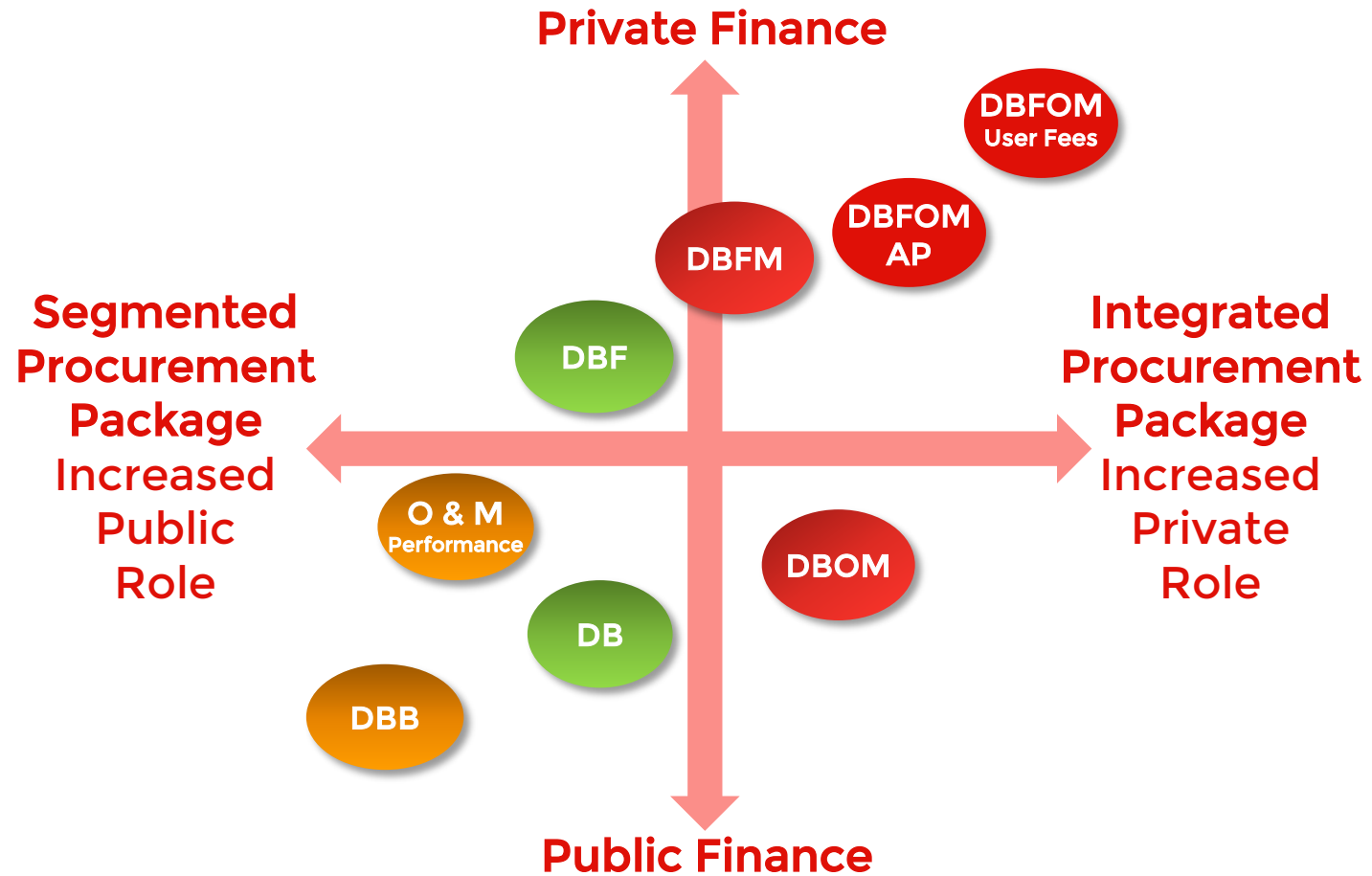
What do we mean by P3s?

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.

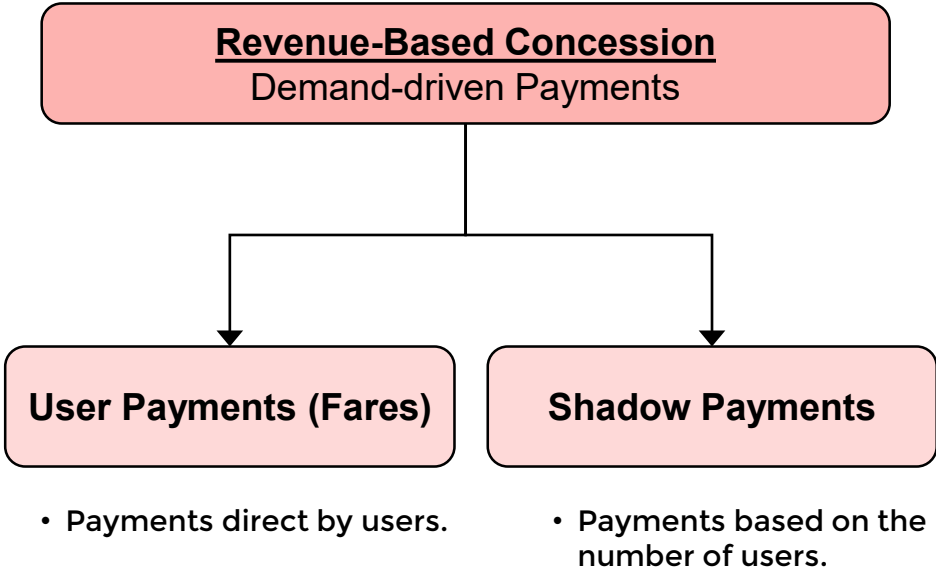


Range of Delivery Methods

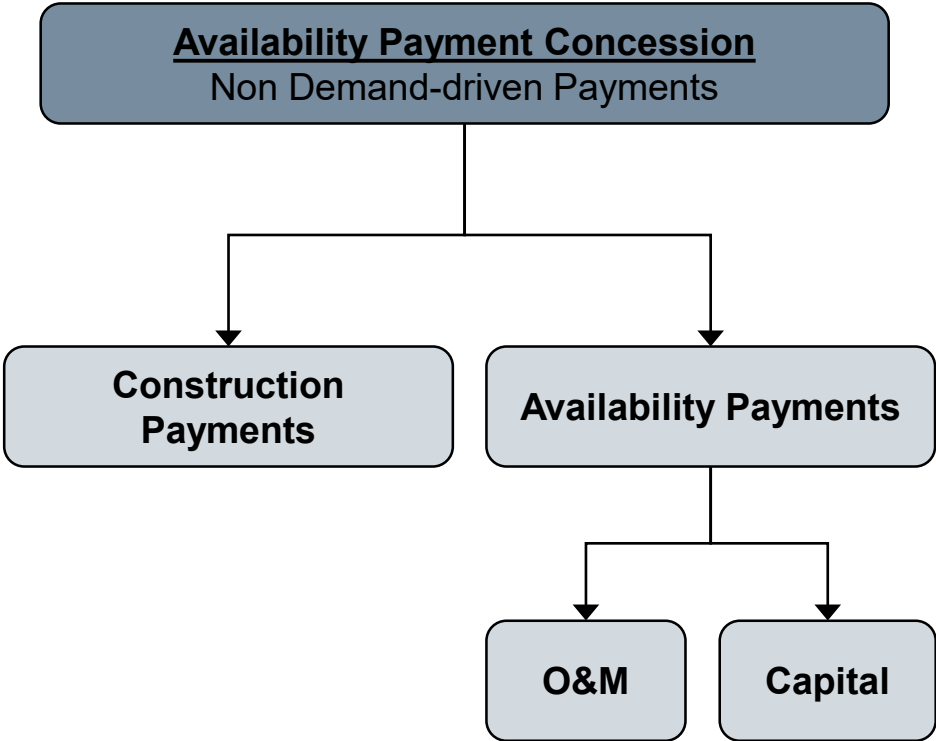


User Fees vs. Availability Payments

Concessionaire Takes Revenue Risk



Agency Takes Revenue Risk

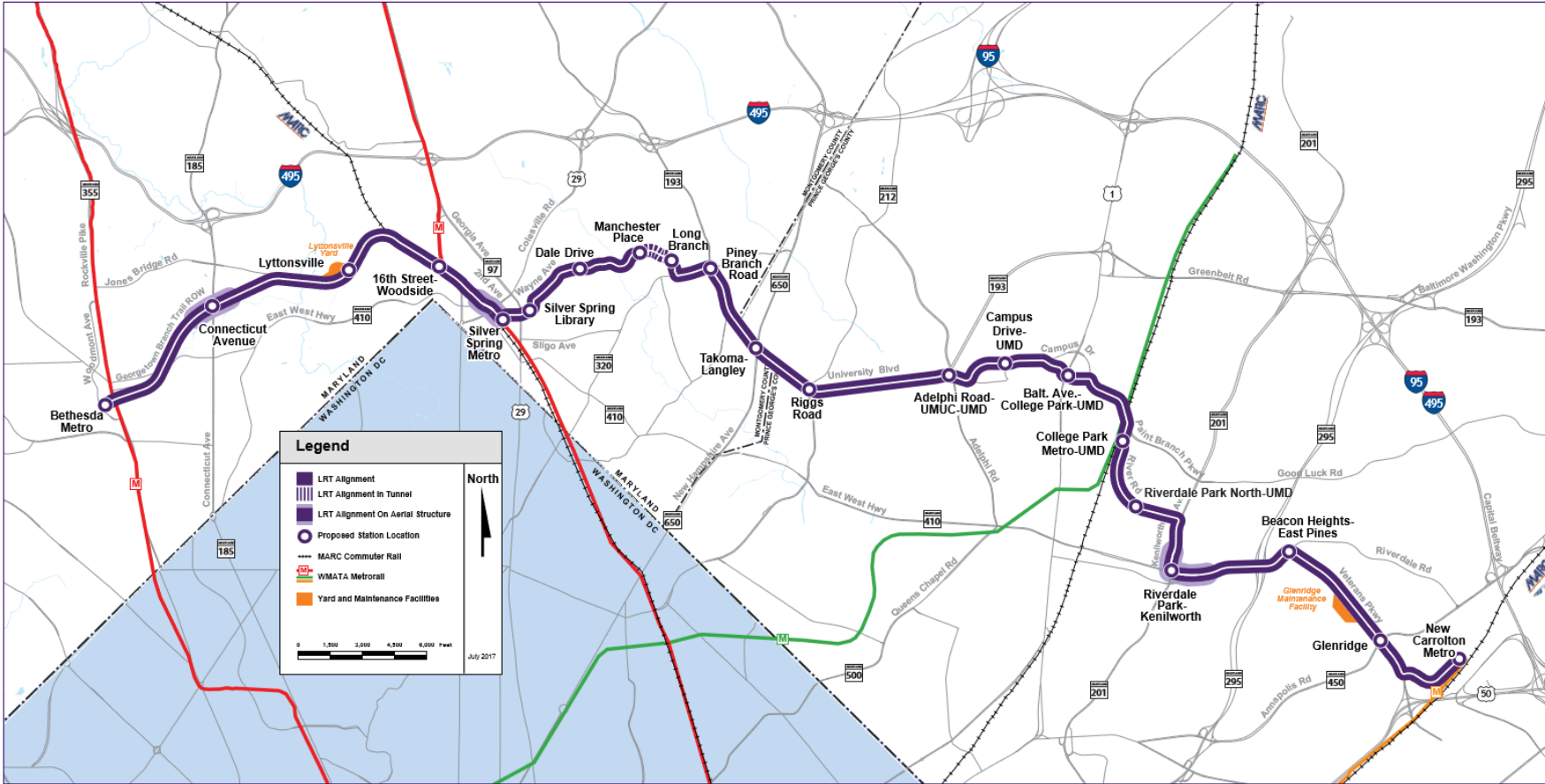


The Path to Delivering a Transit P3



Purple Line Light Rail Transit Project

Purple Line Alignment



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

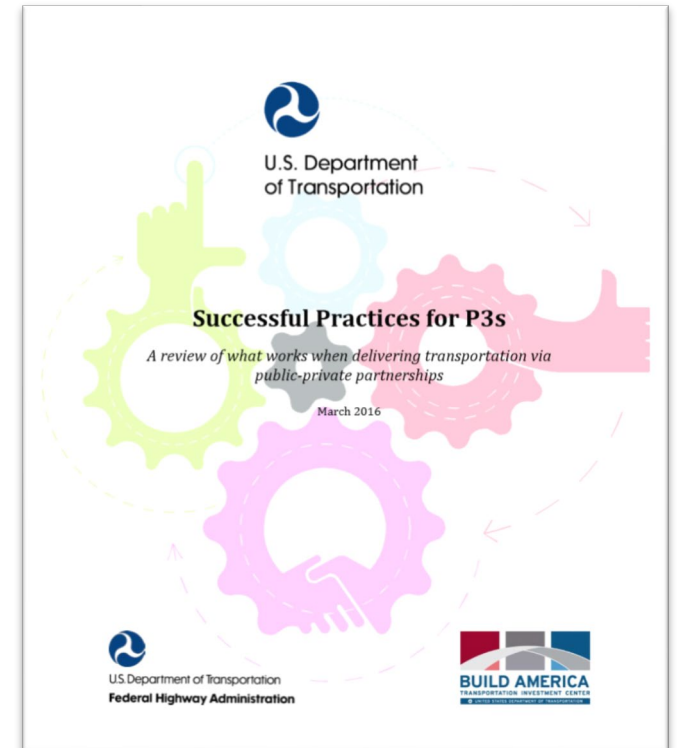


Establishing the Foundation

- 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
https://www.fhwa.dot.gov/ipd/p3/toolkit/publications/primers/establishing_p3_program/
- Successful Practices for P3s
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

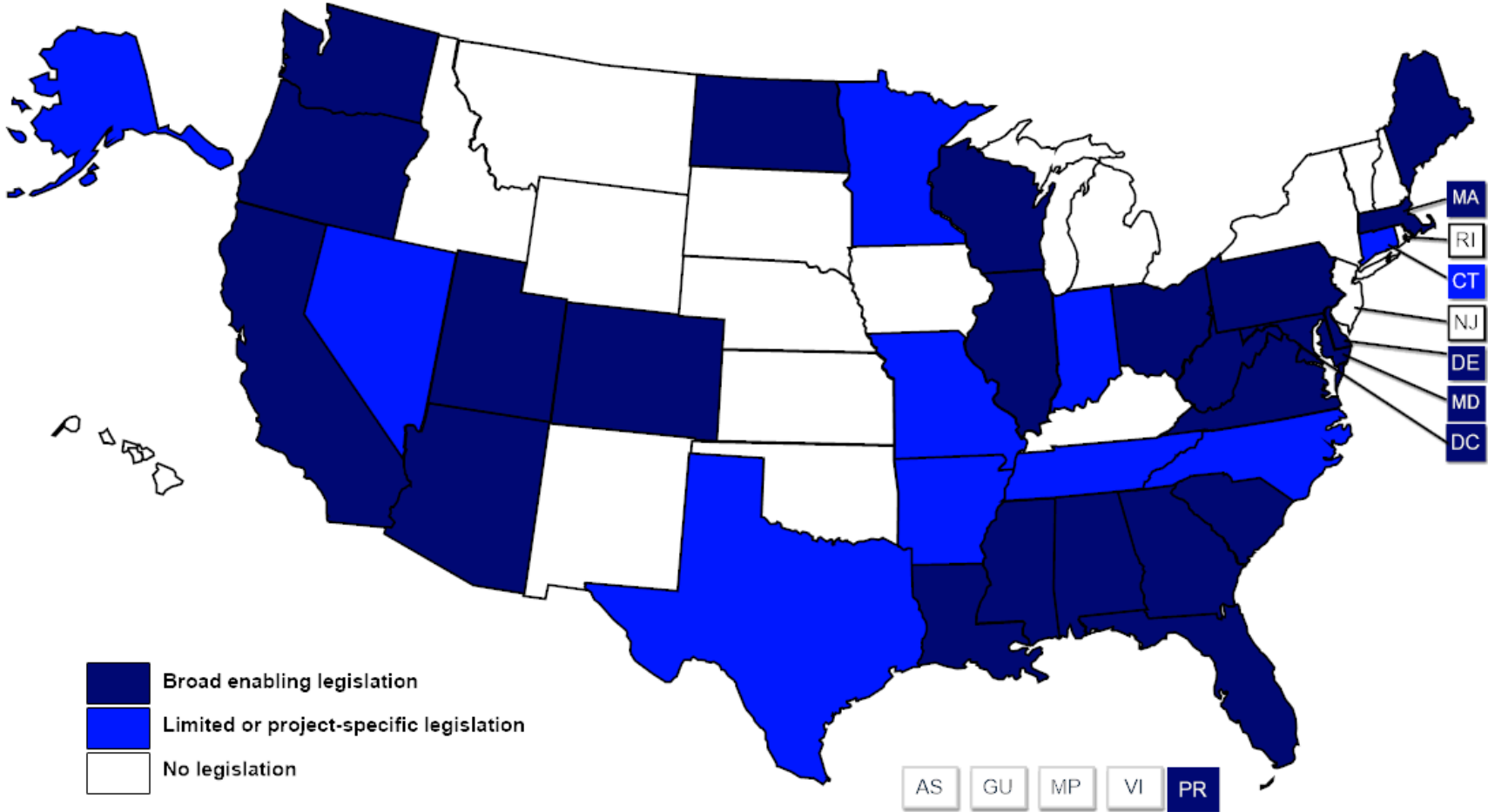
- What is currently possible under the existing legislative, regulatory, and policy frameworks?
- Ideas from other jurisdictions
 - NCSL: <http://www.ncsl.org/research/transportation/public-private-partnerships-for-transportation-categorization-and-analysis-of-state-statutes-january-2016.aspx>
 - Bipartisan Policy Center: <https://bipartisanpolicy.org/library/public-private-partnership-p3-model-legislation/>
- 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.
- State-by-State Overview of Legislation: <https://www.fhwa.dot.gov/ipd/p3/legislation/>

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.
https://www.fhwa.dot.gov/ipd/p3/toolkit/analytical_tools/p3_screen/
- **Case Study Webinars:** Through the BATIC Institute partnership with AASHTO, case studies have been developed.
http://www.financingtransportation.org/capacity_building/

P3-SCREEN Public-Private Partnerships (P3) Delivery Options Screening checklist

Project Name _____ Date _____
 Name of Assessor _____ Title of Assessor _____

Criteria	Evaluation Question	Response (drop-down menu)	Comment/Mitigation
Legal			
Sponsor Authority	Does the project sponsor have legal authority to pursue delivery of the project as a P3?	Yes	
Planning and Environmental			
Long Range Planning	Is the project consistent with the project sponsor's and regional long-term transportation goals?	No	
Environmental Review	Will the required NEPA decision document be completed within 2 - 3 years?	Other	
Public Support			
Local Support	Is there consensus among local and regional stakeholders to pursue the project?		
Political Support	Is there political support for delivering the project?		
Organizational Capacity			
Technical Capacity	Does the sponsor have access to sufficient internal and external technical resources to successfully manage all phases of the P3 delivery option (development, procurement, negotiation and long-term contract oversight) in the public interest?		
Policy Guidelines	Has the project sponsor established guidelines and regulations for procuring and managing P3 projects?		
Project Scope & Complexity			
Size	Is the project size and scope suitable for delivery via P3 (generally costing more than \$100 million)?		
Risk	Have project risks been identified?		
Risk Allocation	Is there potential to allocate risks to the party more capable of managing those risks by delivering the project as a P3?		
Innovation	Is there potential to derive benefits from technological or other types of innovation through private sector delivery of the project?		
Efficiency	Is there potential to achieve cost/schedule savings by delivering the project as a P3?		
Quality	Is there potential for higher quality product/service delivery with a P3?		
Life-Cycle Costs	Have the life-cycle costs of the proposed project been determined?		
Affordability			
Near and Long Term Financial Capacity	Does the project sponsor have the financial capacity to meet the project's lifecycle costs using conventional public funding and financing sources?		
Revenue Potential	Does the project have the revenue generation potential to repay any or all of the project costs?		
Industry Interest			
Industry Capacity	Do three or more private sector firms have the capability to deliver the project as a P3?		
Industry Interest	Have three or more private entities demonstrated interest in the project to suggest the opportunity exists for a competitive process?		
Other			
<i>Land Acquisition (example: Are land acquisition issues likely to threaten the project?)</i>			

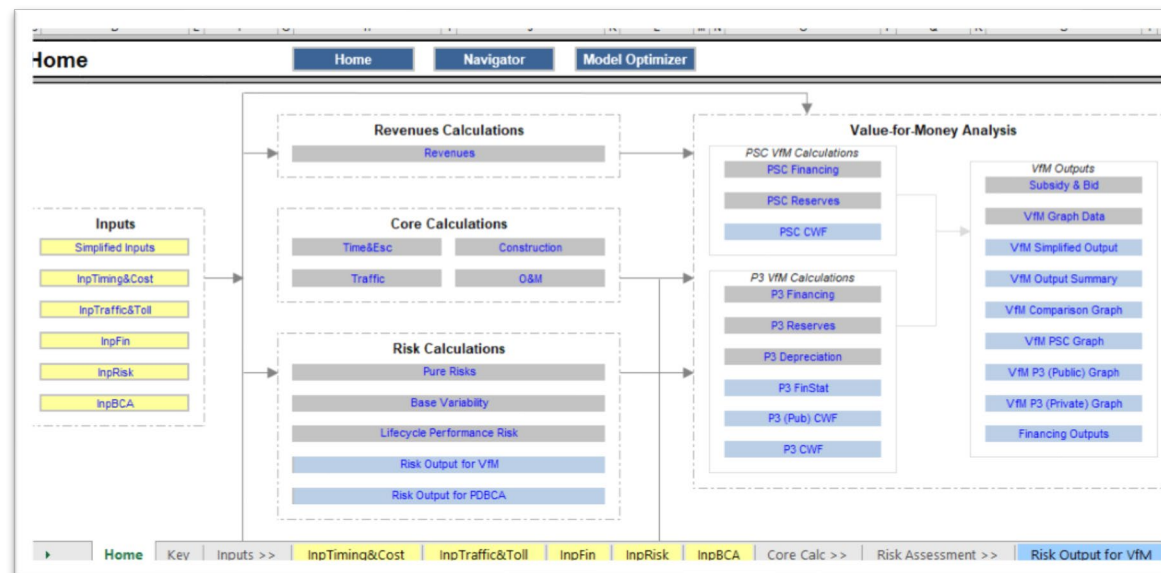
Focus on a Specific Project and Developing a Business Case

- 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

- Risk Assessment for P3s https://www.fhwa.dot.gov/ipd/pdfs/p3/p3_risk_assessment_primer_122612.pdf
- Financial Structuring and Assessment for P3s https://www.fhwa.dot.gov/ipd/p3/toolkit/publications/primers/financial_structuring_and_assessment/
- P3 VALUE Tool / Training https://www.fhwa.dot.gov/ipd/p3/toolkit/analytical_tools/p3_value/

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Market Soundings and Refining the Business Case

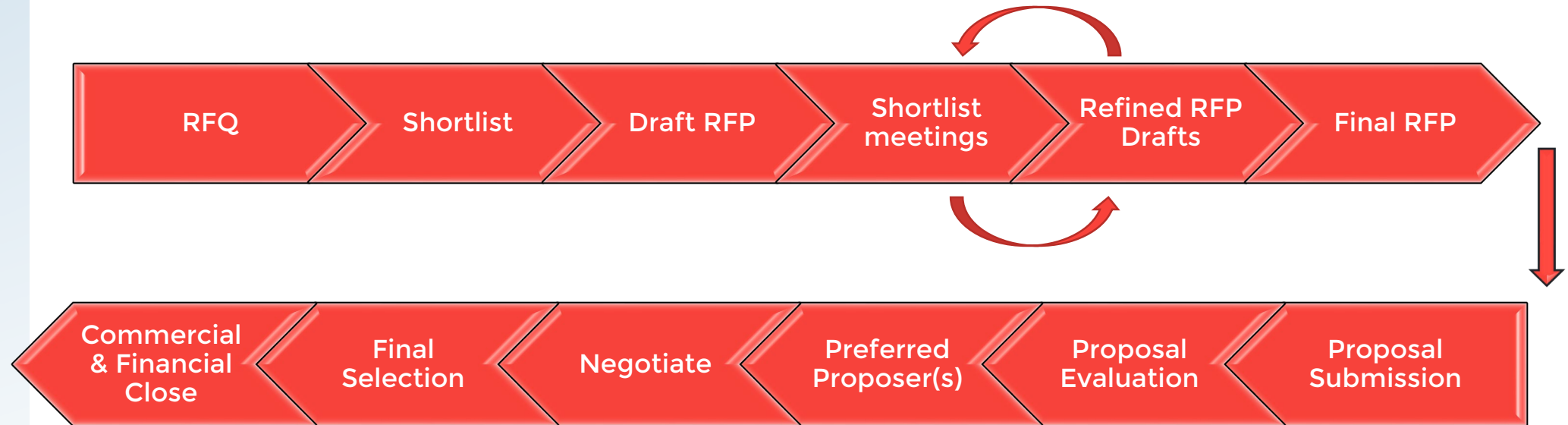
- Participate in conferences, roundtables, and informal discussions to start understanding the market perspective of the potential project.
- Release a Request for Information (RFI) to gather written feedback from potential proposers.
- Host an industry forum that includes both a presentation of the 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:



Potential US DOT Build America Bureau Resources

- Credit Programs (Loans from TIFIA / RRIF): <https://www.transportation.gov/buildamerica/programs-services/tifia/program-guide>
- Private Activity Bonds (PABs) Program: <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

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

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

30 days max

Board of Public Works Approval of Agreement



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

- Draft Availability Payment Concessions P3 Model Contract Guide:
<https://www.fhwa.dot.gov/ipd/pdfs/p3/apguide.pdf>
- 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

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

The Path to Delivering a Transit P3



Thank You!

Contact information for today's presenters:

Jennifer Mitchell

Director

Virginia Department of Rail and Public Transportation

Tel 804-371-4866

Jennifer.Mitchell@drpt.virginia.gov

Jodie Misiak

Principal, Alternative Delivery Strategic Initiatives

WSP

Tel 410-801-2017

Jodie.Misiak@wsp.com