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SMART SCALE FY 2026 (Round 6) Post-Round Evaluation

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Post-Round Evaluation Agenda

- Process Overview
- Round 6 Policy Updates
- Round 6 Policy Evaluation
- Performance-Based Planning for Successful Applications

History and Purpose

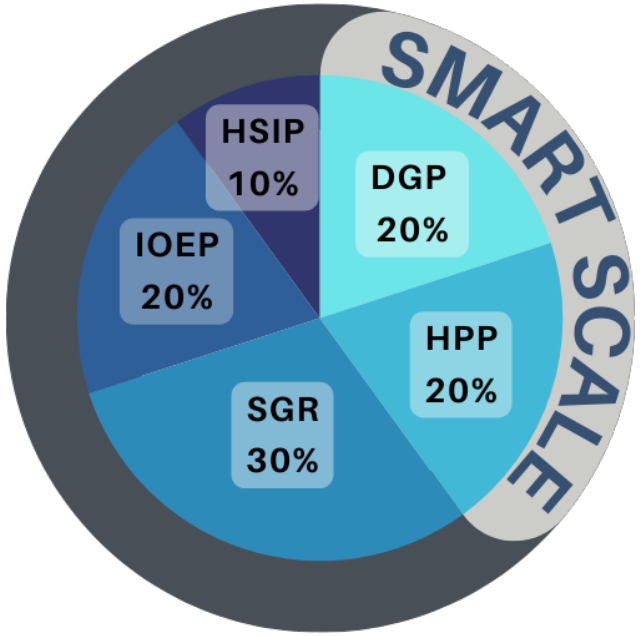
- **SMART SCALE was created to improve the transparency and accountability of project selection and stabilize the Six-Year Improvement Program**
- **Effective July 1, 2014 (Virginia HB2 as defined in § 33.2-214.1), required developing a prioritization process that the CTB was to use for project selection by July 2016.**
  - Needed to remove the political element and select projects that bring the best value
- **It reformed Virginia's transportation programming process by requiring the use of a data-driven, outcome-based prioritization process**
  - SMART SCALE has improved the transparency and accountability of project selection
  - The process scores projects based on an objective and fair analysis that is applied statewide
- **SMART SCALE is a tool to help CTB select projects that provide the greatest benefits for tax dollars spent**

Virginia HB 2 Defines the Process

- **Benefit-Cost Relationship Required**
- **Six Factor Areas Required (SCALE) –** safety, congestion mitigation, accessibility, land use*, economic development, and environmental quality
- **Multi-Modal Project Evaluation –** must consider highway, transit, rail, roadway, technology operational improvements, and transportation demand management strategies
- **Meet a VTrans Need**
- **Projects must be fully funded when added to the SYIP**

**Note: Land Use is required in populations over 200,000 defined in the 6th enactment clause*

Virginia HB 1414 (2020) Defines Funding to Construction Programs



Program	Formula Percentage	Update Cycle
Construction District Grant (DGP)	20%	Even FYs
High Priority Projects (HPP)	20%	Even FYs
State of Good Repair Program (SGR)	30%	Annual
Interstate Operations and Enhancement Program (IOEP)	20%	4 Years
Virginia Highway Safety Improvement Program (HSIP)	10%	Annual
Revenue Sharing (state and local match)	NA	Odd FYs
Transportation Alternatives (TAP)	NA	Odd Fys

SMART SCALE Summary Compared to Previous Rounds

PROJECT APPLICATIONS	FY 2017 ROUND 1	FY 2018 ROUND 2	FY 2020 ROUND 3	FY 2022 ROUND 4	FY 2024 ROUND 5	FY 2026 ROUND 6
Pre-Application Submitted	N/A	N/A	557	484	490	325
Full Application Submitted	321	436	468	406	413	277
Scored	287	404	433	397	394	270
Funded	163	147	134	167	164	53
Total Funding Requested*	$7.4 B	$8.6 B	$7.4 B	$6.3 B	$8.3 B	$8.2 B
Total Funding Allocated	$1.7 B	$1.1 B	$0.9 B	$1.4 B	$1.6 B	$1.0 B
Value of Projects Supported	$3.3 B	$2.4 B	$5.1 B	$1.9 B	$2.4 B	$1.2 B

**Total of scored applications funding requested*

Summary of Changes

- **Administrative Changes**

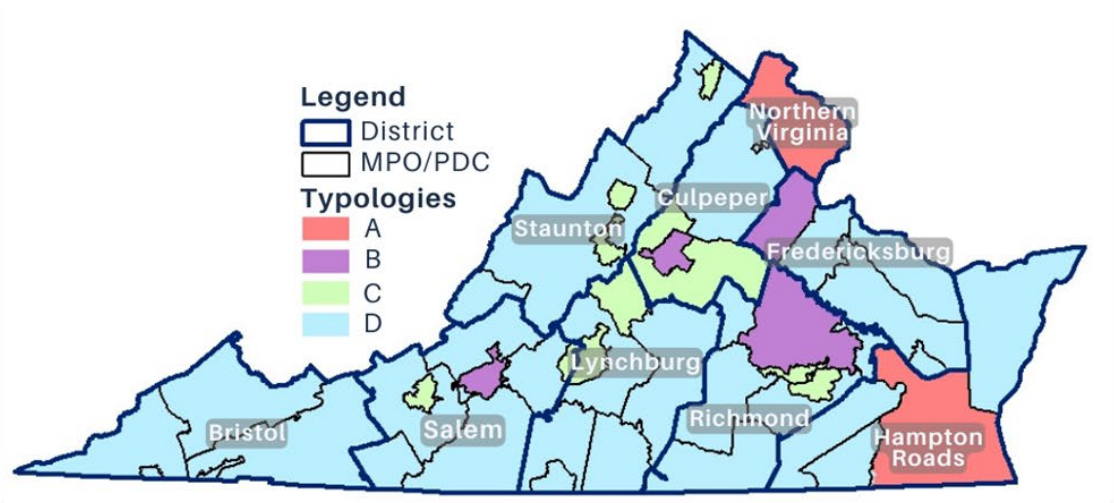
  Applications must pass readiness gates before submission to improve application quality and reduce staff resources

- **Policy Changes**

  1. Refined High-Priority Projects Program (HPP) Eligibility
  2. Refined High-Priority Projects Program (HPP) Funding Steps
  3. Changed the Land Use factor to a multiplier
  4. Modified factor weightings
  5. Changed calculation of the congestion benefits for 7 years in the future
  6. Utilize forward-looking economic development measure developed by VEDP
  7. Tie Consensus Funding Decisions to Delivery Performance

Modified Factor Weightings

Safety	Reduce the number and rate of fatalities and severe injuries
Congestion	Reduce person-hours of delay and increase person throughput
Accessibility	Increase access to jobs and travel options
Land Use	Support transportation-efficient land development patterns
Economic Development	Support economic development and improve goods movement
Environment	Improve air quality and avoid impacts to the environment



Factor	Safety		Congestion		Accessibility		Land Use		Economic Development	Environment
Round	6	5	6	5	6	5	6	5	No Change	No Change
Type A	15%	5%	45%	45%	25%	15%	Up to 100% Added	20%	5%	Up to -5 Points 10%
Type B	20%	20%	25%	15%	25%	20%		15%	20%	10%
Type C	30%	25%	20%	15%	15%	15%		10%	25%	10%
Type D	40%	30%	10%	10%	10%	10%		10%	30%	10%

Administrative Changes
Readiness Gates

- **Improved application quality and reduced staff resources by eliminating projects early that do not meet the program's requirements**
- **Outcomes Compared to Round 5***
    1. Number of Pre-Applications fell from 490 to 325 (34% reduction), which appears to be related to early readiness communications
    2. 44% of applications were resubmittals that have already gone through a VDOT, DRPT, and OIPI review, reducing screening and validation demand
    3. Extensive readiness and eligibility feedback given to 325 Pre-Applications resulted in 38 withdrawn and 10 pre-screened out applications, resulting in 277 Full Applications
    4. 5 applications were screened out due to readiness, as compared to 19 in Round 5

**Comparing Staff Recommended Scenarios*

Policy Changes

1. Refined High-Priority Projects Program (HPP) Eligibility

2. Refined HPP Funding Steps

- **Clarified CTB Policy to ensure HPP projects are of statewide or regional significance**
- **Eliminated "old" Step 2 (HPP money sorted at district-level) that funded "skipped" DGP projects**
- **Outcomes Compared to Round 5**
  1. Project Type - HPP dollars previously funded seven small (<$10M) and three large (>$10M) Primary Type Pedestrian, which are no longer eligible for HPP dollars
  2. The average amount per project funded by HPP nearly doubled to $27.2 million from $15.6 million
  3. HPP no longer funds low-scoring (below average benefit), low-cost (below $10 million)

Round 6	High-Cost	Low-Cost
High-Score	8 (57%)	0 (0%)
Low-Score*	6 (43%)	0 (0%)

Round 5	High-Cost	Low-Cost
High-Score	10 (33%)	4 (13%)
Low-Score	2 (7%)	14 (47%)

**Average benefit scores of Round 6 HPP projects doubled from Round 5*

Policy Changes
3. Changed the Land Use factor to a multiplier

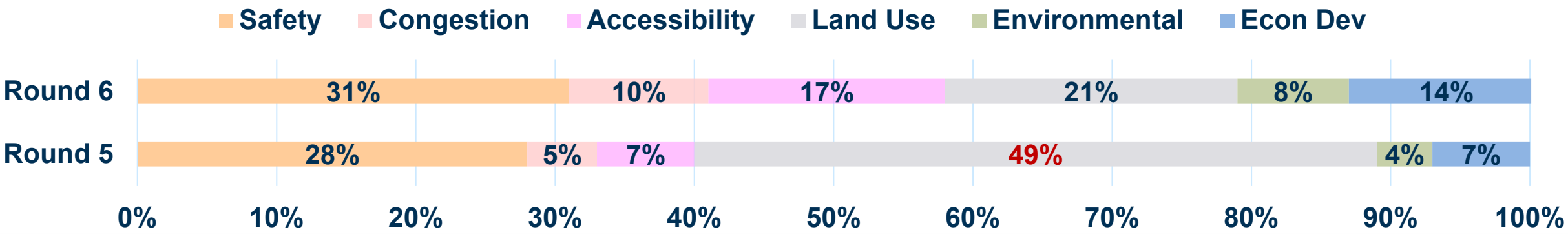
- **Land Use now enhances the score of the project**
- **Outcomes Compared to Round 5**
    1. Land Use total percent impact on benefit for funded projects fell from 49% (R5) to 21% (R6)
    2. Land Use factor impact is now in line with other factors

Policy Changes
4. Modified factor weightings

- **Redistributed Land Use to Safety, Congestion, and Accessibility**

Factor	Safety		Congestion		Accessibility		Land Use		Economic Development	Environment
Round	6	5	6	5	6	5	6	5	No Change	No Change
Type A	15%	5%	45%	45%	25%	15%	Up to 100% Added	20%	5%	Up to -5 Points 10%
Type B	20%	20%	25%	15%	25%	20%		15%	20%	10%
Type C	30%	25%	20%	15%	15%	15%		10%	25%	10%
Type D	40%	30%	10%	10%	10%	10%		10%	30%	10%

- **Outcomes Compared to Round 5 – Percent Impact on Benefit (Funded Projects)**



Policy Changes
5. Calculate Congestion Benefits for 7 Years in the Future

- **Aligns congestion scoring with a forward-looking approach that considers future design requirements and economic development growth**
- **Used the provided transportation studies that consider background growth, not only today's problem**
- **Outcomes Compared to Round 5**
  1. Of funded projects, the Congestion Factor impact on project benefit grew from 5% to 10%
  2. In reviewing fully resubmitted projects, the Congestion scores increased on average 300%
- **Data Observations in Round 6**
  1. Top Congestion score was found in Type B (congestion weighting 25%) not in Area Type A, which has the highest congestion weighting at 45% – Short Pump Area Improvements in Richmond District
  2. Of the top 10 Congestion scores, only three occurred in Type A

Policy Changes
6. Utilize the Forward-looking Economic Development

- **Based on best-in-class economic impact assessments currently used by VEDP to incorporate key economic priorities of the Commonwealth**
- **Outcomes Compared to Round 5**
  1. Prior methodology relied on user input of sites that considered local plans and the level of site plan
     a. Did not necessarily capture the future economic interest in developing parcels
     b. Past rounds' highest scores favored longer length projects, where a significant amount of low-quality (zoned only sites) data could be added
  2. In Round 6 with the policy change, nearby VEDP-vetted sites are run through VEDP's Model
     a. Considers workforce, terrain, and access to ports/airports, to model job creation and capital expenditure
     b. These metrics more precisely capture the active interest in these sites by businesses
  3. Economic Development impact on project benefit doubled from 4% to 8% without increasing the Area Type Weighting

Policy Changes
7. Tie Consensus Funding Decisions to Delivery Performance

- **Consider information from the VDOT Local Assistance Division's Locality Sustained Performance Program (LSPP) when informing the consensus scenario**
- **Outcomes Compared to Round 5**

  Informed Board Members on the applicant's performance, which guided Consensus Scenario decisions

Key Takeaways

- **Round 6 Staff Recommended Scenario represented a successful execution of the Board's desired outcomes**
  1. HPP dollars are no longer funding Bike and Pedestrian Primary type projects
  2. HPP dollars are now funding High-Cost, High-Benefit projects
  3. Land Use factor impact is now in line with other factors
  4. Safety, Congestion, and Accessibility impact increased
  5. Congestion measure values increased
  6. Captures the active development interest in VEDP-vetted sites
  7. Delivery performance guided Consensus Scenario decisions

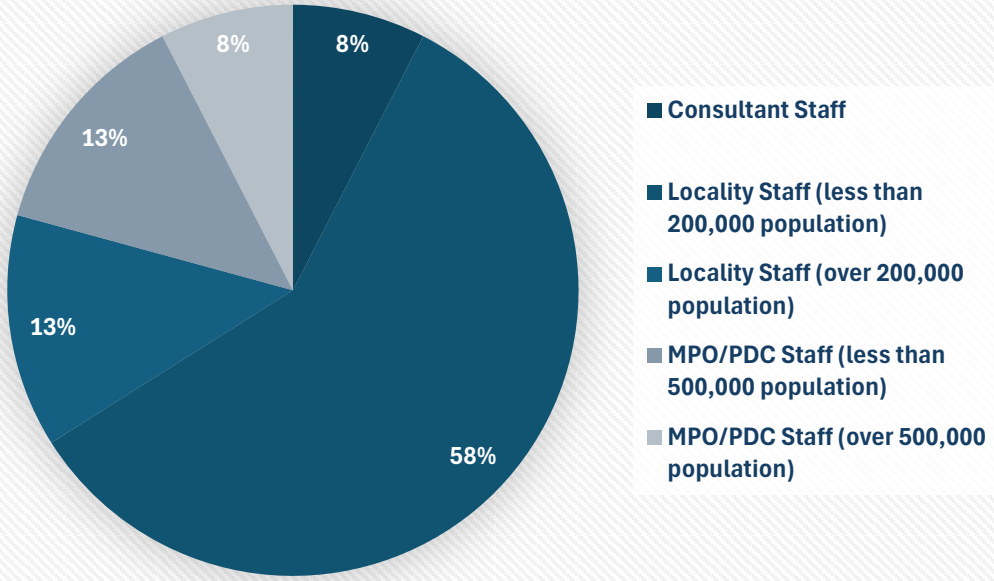
Applicant Comments on Round 6

Received comments via Post-Round Survey, Letters, and News Articles

- **Common comments of the three sources**
  - HPP rules narrowed the scope of projects that MPO/PDC's can submit
  - HPP funding allocations
  - How do we (the applicant) perform better?

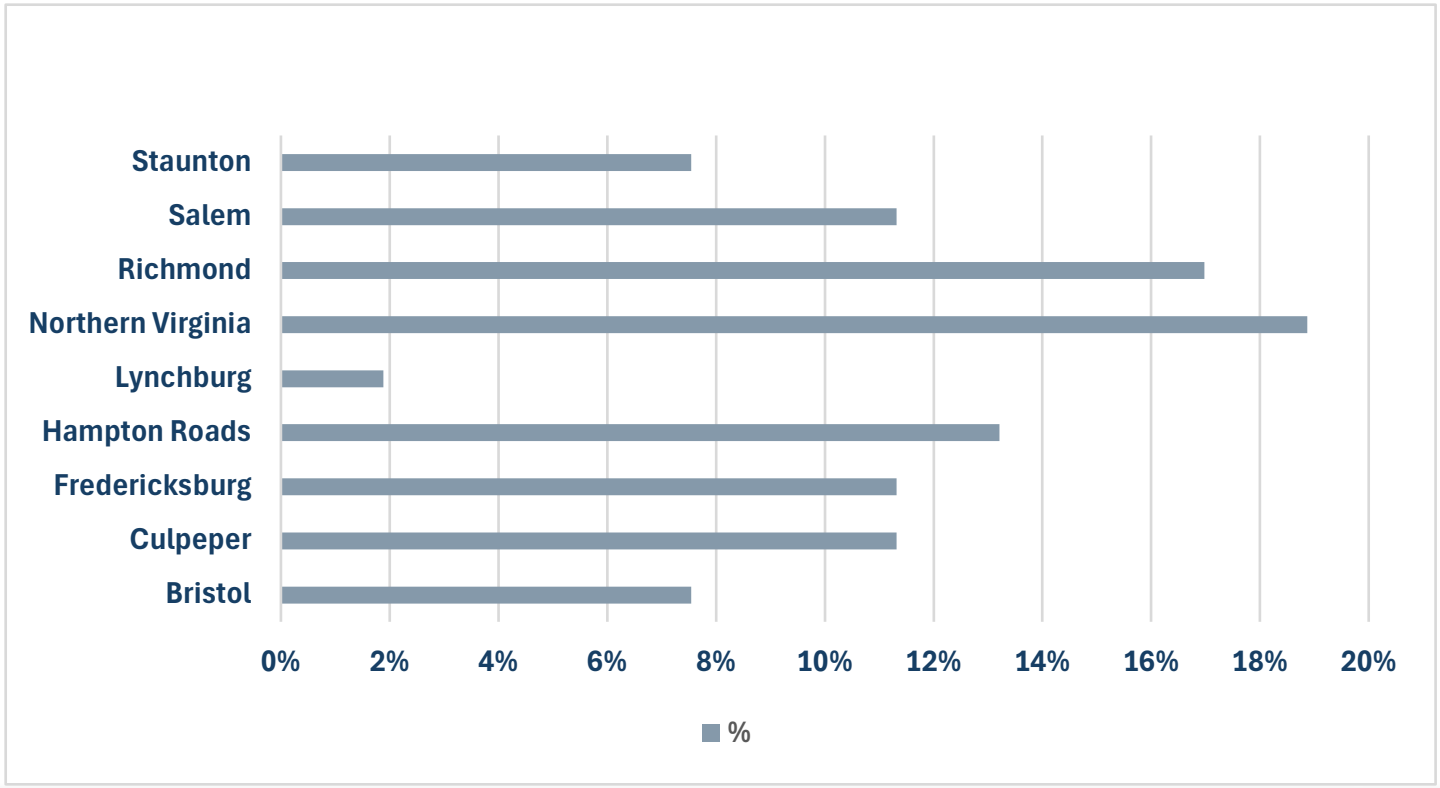
Applicant Comments on Round 6 Survey Engagement

Entity Type



Total Participants: 53
Total Comments: 148

District



Applicant Comments on Round 6 Survey General Feedback

- **Screening**
  - Readiness Gates; generally well received, with the anticipated confusion of a new process
- **Resources**
  - Consensus was positive surrounding training and available resources
  - Promote what website resources are available and consider video training
- **Outreach from the State**
  - All positive feedback regarding applicant communication with District staff
  - Challenges include keeping up with changes to the application process throughout rounds of SMART SCALE; communicating all changes along the way is key

Applicant Comments on Round 6 Policy Feedback

- **HPP Redefinition**
  - Study requirement component difficult to meet; too expensive to be funded
  - Severely restricts regional entities in terms of what they can submit
- **Elimination of Step 2**
  - Hurts rural districts that have to compete on a statewide basis with urban districts
  - Hurts higher cost projects competing on a statewide basis (resulting in lower scores)

Applicant Comments on Round 6 Survey Methodology Feedback

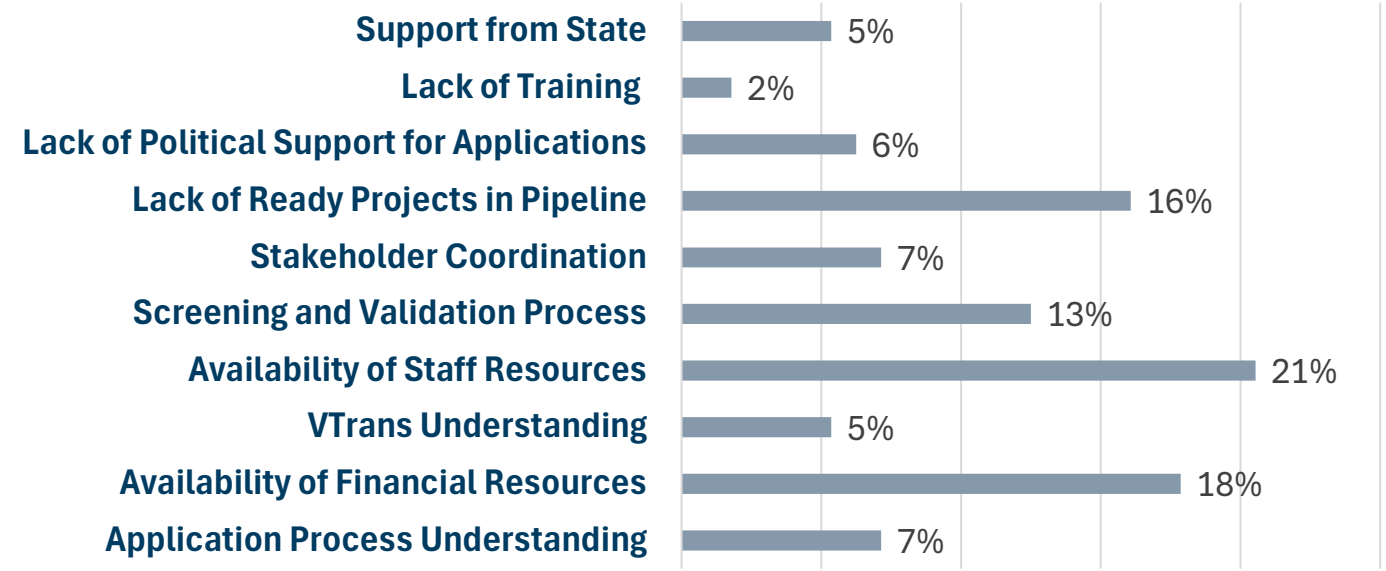
Methodology Update	Satisfied	Neutral	Dissatisfied	N/A
Congestion factor calculated 7 years in the future	50%	26%	19%	5%
VEDP led forward-looking Economic Development measure	33%	33%	24%	10%
Modification of the Land Use factor to a multiplier	31%	38%	19%	12%
Updates of the factor weightings by area type	38%	33%	26%	3%

Supporting Comments:

- Economic Development is limited in rural areas; large VEDP sites are usually few and far between
- Economic Development measure was confusing for applicants; there needs to be an easy and transparent way to obtain all the VEDP site data when a locality is considering an application
- Multiple comments related to Area Type B and Safety measure, appetite to increase safety benefits
- Future Congestion was generally well received, could be extended to 10-15 years instead of 7

Methodology Feedback
Challenges and Lessons Learned

What were your organization's biggest challenges to successfully developing and submitting applications for consideration? Select all that apply.



Comments - How can the State continue to provide support to the applicants?

- Technical support and support with the CEWB
- Continued opportunities for training, clear, concise guides, and website information, survey feedback
- Checklist of items required for submission with deadlines
- Project feasibility review by VDOT before apps are submitted
- **Ways to make projects more competitive**

Looking Forward to Round 7 Performance-Based Planning

1. **Focus on VTrans Priority 1 and 2 Need Locations - Benefit score is the project's impact on needs/problems**
2. **Identify the Right Solutions to address the Needs – Value Engineering**
3. **Improve Cost Effectiveness – Reduce risk and contingency**

Reasons why performance-based planning is overlooked

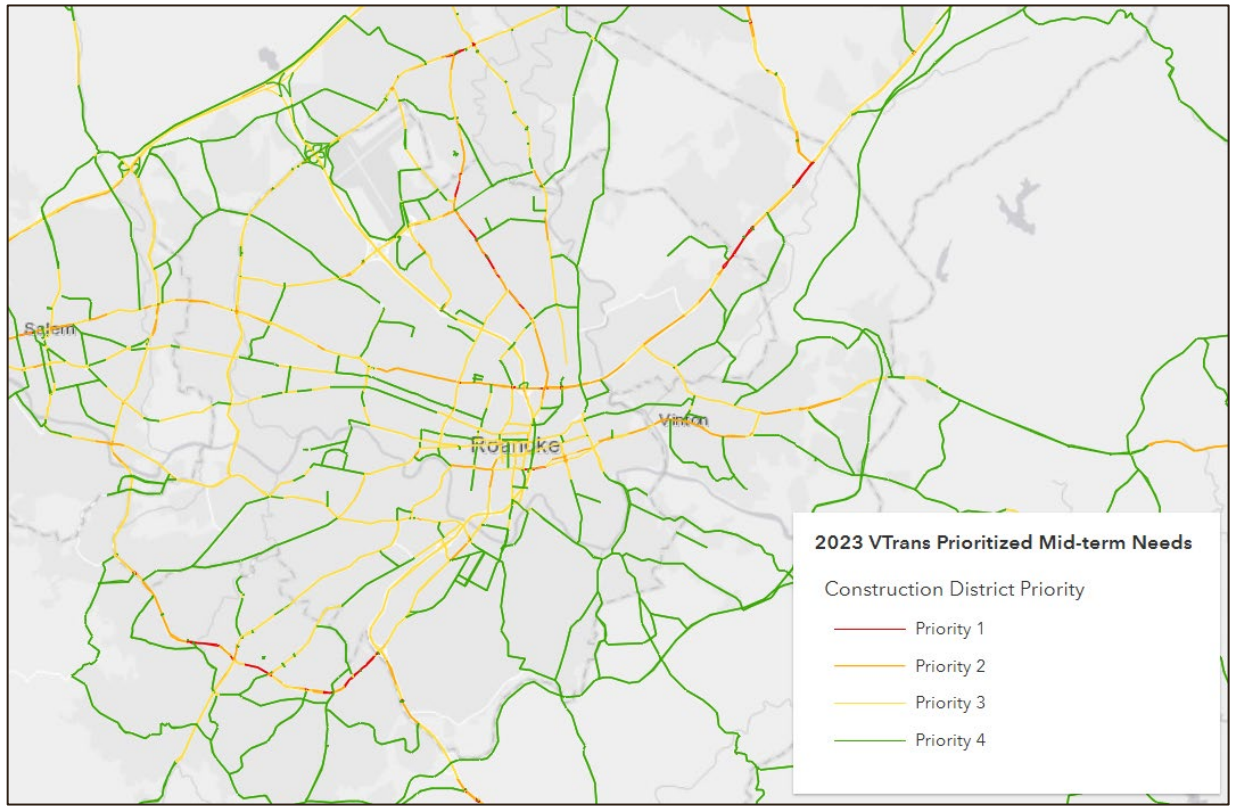
- Local board members expect an application in their district, regardless of whether there are high-ranked, prioritized needs
- Pressure to apply for the maximum application limit cap impacts application quality
- Perceived versus real (data-supported) issue
- Solution has already been determined; value engineering not considered

Looking Forward to Round 7
VTrans Prioritized Needs

- **ANY Mid-Term Need is acceptable for SMART SCALE**
- **Locations with the greatest needs are VTrans Prioritized Needs**
  - Priority 1 and 2 locations established in VTrans become eligible for study funding under the Project Pipeline program
- **Priority Needs are ranked 1 - worst 1%, 2 – worst 5%, 3 – worst 15%, 4 - remaining**

Looking Forward to Round 7
VTrans Prioritized Needs by Construction District Priority

- **Priority 1 is the highest need (red)**
- **43 out of 53 (80%)** of all funded projects were located on a Priority 1 or 2 Construction District Priority Need
- **14 out of 14 (100%)** of HPP-funded projects were located on a Priority 1 or 2 Construction District Priority Need



https://vtrans.virginia.gov/interactvtrans/map-explorer

Looking Forward to Round 7
VTrans Prioritized Needs by Construction District Priority

Funding Comparison by District

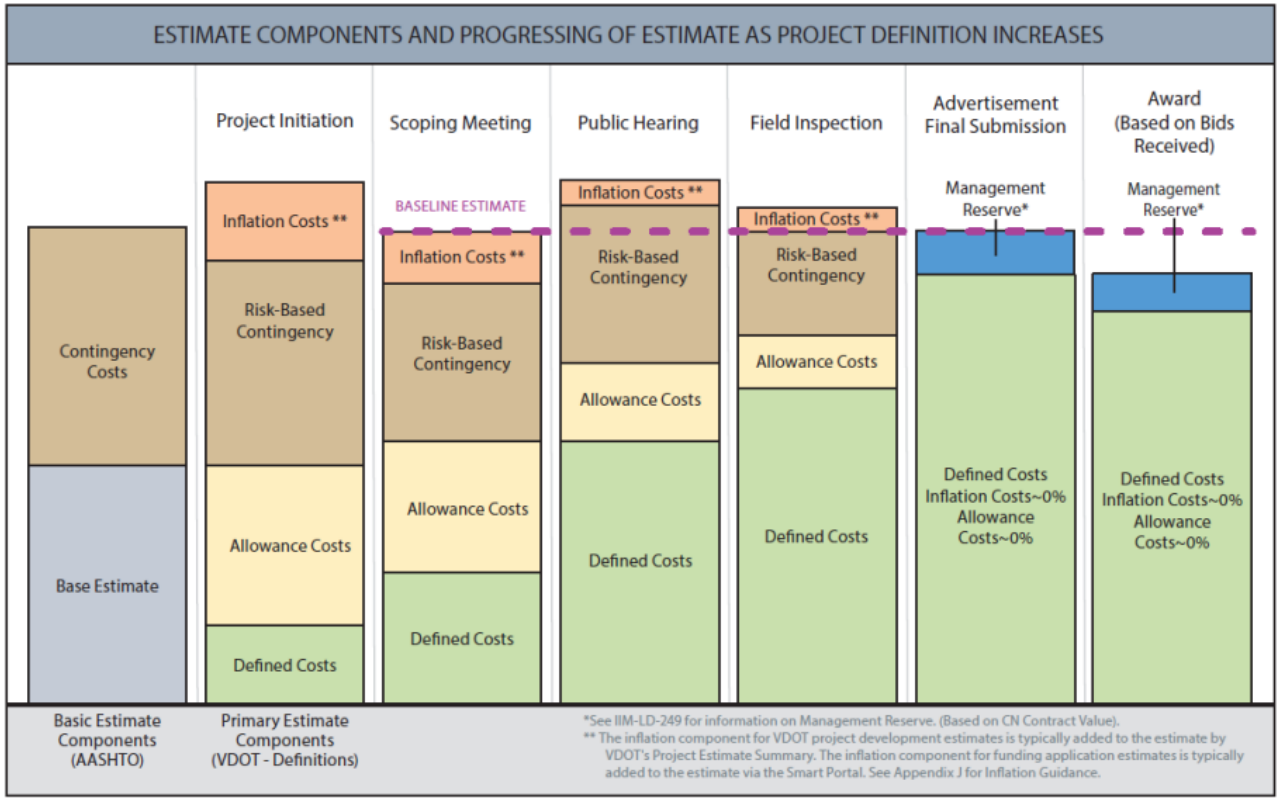
District	Total Apps	Priority 1			Priority 2			All Other Locations		
		Total	Funded	Not Funded	Total	Funded	Not Funded	Total	Funded	Not Funded
Bristol	20	3	1	2	4	0	4	13	2	11
Culpeper	24	6	2	4	12	2	10	6	0	6
Fredericksburg	34	6	2	4	14	1	13	14	1	13
Hampton Roads	31	11	6	5	8	3	5	12	2	10
Lynchburg	12	1	1	0	4	2	2	7	1	6
Northern Virginia	23	8	3	5	6	1	5	9	0	9
Richmond	65	18	6	12	22	6	16	25	2	23
Salem	34	5	0	5	15	1	14	14	2	12
Staunton	27	12	4	8	8	2	6	7	0	7
	270	**70**	**25**	**45**	**93**	**18**	**75**	**107**	**10**	**97**
		35% Success Rate			19% Success Rate			10% Success Rate		

Looking Forward to Round 7
Identify the Right Solutions to Needs – Value Engineering

- **Frequently, the solution has already been determined, and value engineering has not been considered**
- **Planning Studies to determine the Preferred Alternative**
  - Incorporate STARS (VDOT) and Pipeline (OIPI) program methodologies
  - Consider the most cost-effective solution in the preferred alternative selection
- **Right-size the application scope (corridor size) to the worst performance locations**

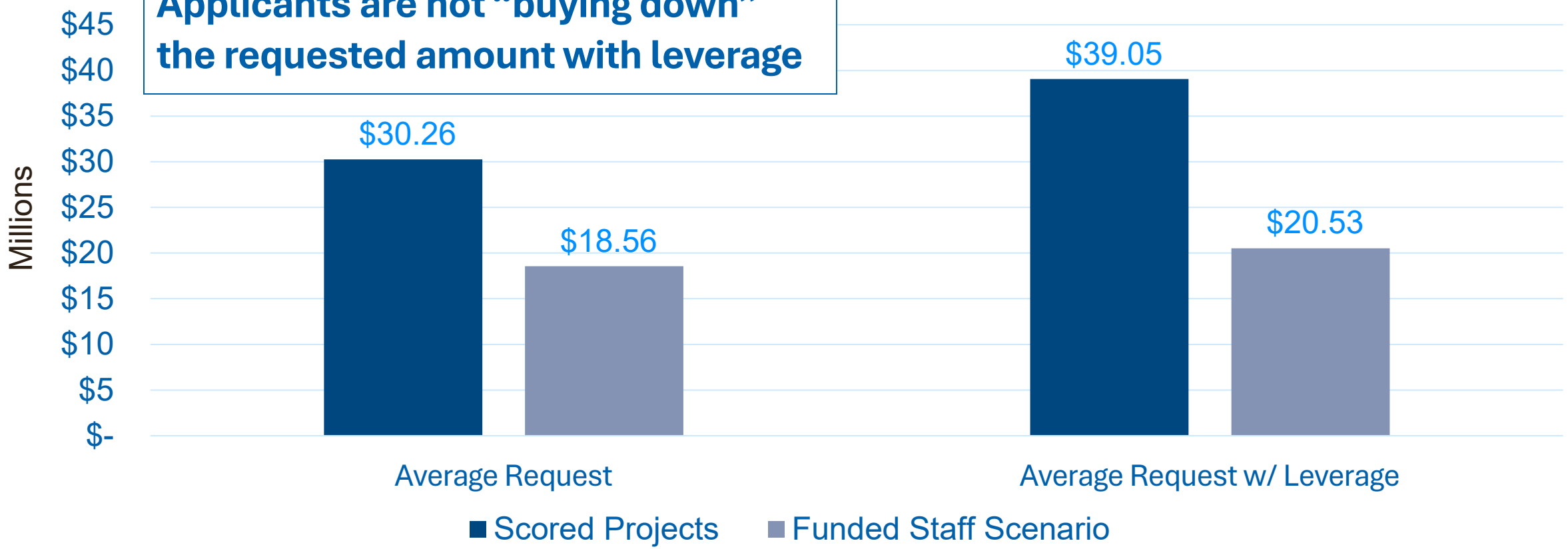
Looking Forward to Round 7
Cost Effectiveness

- **Cost Estimates**
  - Work with VDOT District early and often
  - Reduce risk and contingency
- **Advance a project as far as possible before applying**



Looking Forward to Round 7
Cost Effectiveness

Applicants are not "buying down" the requested amount with leverage



Average Funded Project Request Round 6 – $18.6M (all) and $27.2M HPP

Looking Forward to Round 7
Key Takeaways

Applicants should focus on performance-based planning

1. Focus on Priority 1 & 2 locations
2. Right-sized solutions
3. Partnership in cost estimate preparation
4. Not what percent you leverage; it is what amount is requested (request vs benefit)

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