COMMONWEALTH *of* VIRGINIA

Office of the

SECRETARY *of* TRANSPORTATION

Transportation 2007 Accomplishments, 2008 Goals and Challenges

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Secretary of Transportation

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dmvNow.com

Virginia Department of Aviation

DRPT

Virginia Department of Rail and Public Transportation

MVDB

Motor Vehicle Dealer Board

COMMONWEALTH OF VIRGINIA

Virginia Port Authority

VDOT

Virginia Department of Transportation

Overarching Transportation Goals

- To provide a safe and secure transportation system.
- To preserve and maintain the condition of the existing transportation system.
- To facilitate the easy movement of people and goods.
- To provide a transportation system that supports economic prosperity.
- To facilitate the effective coordination of transportation and land use plans and decisions.
- To achieve excellence in the execution of programs and delivery of services.

Source: Final Report of the Transportation Accountability Commission, 2007

Transportation Key Objectives

- Accountability and Management
- Resources and Financial Management
- Planning and Land Use
- Project Development and Program Delivery

2007 Accomplishments – Accountability, Management, & Financial Resources

- Improved On-Time, On-Budget Performance.
- Completed Transportation Accountability Commission's Report, identifying key transportation goals and performance measures.
- Completed a strategic assessment of DRPT and implemented organizational and management changes.
- Updating VDOT's Dashboard to include additional performance and accountability measures to improve transparency and accountability.
- Initiated "Are You Virginia's Next Traffic Fatality" Safety Campaign.
- Completed asset management systems for highways. Transit, port, and aviation asset management systems underway.

2007 Accomplishments – Accountability, Management, & Financial Resources (cont'd)

VDOT

- Reduced statewide maintenance facilities from 335 to 248 or 26% of total facilities.
- Reduced workforce from 10,192 in 2002 to 8,514 as of December 2007
- Opened state's first Business Opportunity & Workforce Development Center

DRPT

- Restructured and downsized by 8 positions based on strategic assessment (total staff of 55)
- Achieved top SWAM award for 56 percent of total discretionary expenditures

DMV

- Initiated the centralized issuance process

2007 Accomplishments – Planning & Land Use

- Traffic impact analysis to inform local planning decisions
- Access management to preserve transportation investments
- Creation of regional transportation authorities, including regional performance measures for transportation *and* land use
- Statewide, integrated freight, port, airport, highway and rail planning underway. Alternative mode analysis– rail, transit, aviation, port, demand management part of the process
- Road impact fees, urban development areas, conditional zoning expansion, secondary street acceptance requirements and transfer of development rights are under development

2007 Accomplishments – Project Development & Program Delivery

- Aviation Fleet Replacement
- Capital Beltway HOT Lanes PPTA
- Route 58 Hillsville Bypass PPTA
- Norfolk Light Rail
- Heartland Corridor & Route 164 Rail Relocation
- I-81 & I-95 Freight Rail Corridor Improvements

2007 Accomplishments – HB 3202

- Worked with General Assembly for passage of HB 3202 - $500 million annually in new state funds and $600 million in new regional and local funds.
- HB 3202 funding reduced highway maintenance deficit from $450 million annually to $260 million annually.
- HB 3202 increased transit funding by 41% or $100 million annually; increased rail funding by 68% or $13 million annually.
- Worked with General Assembly to establish Joint Commission on Transportation Accountability.
- Hampton Roads & Northern Virginia Transportation Authorities approvals

One-Time General Funds for Transportation Projects in the 2007 Transportation Compromise

- Specific projects are authorized to receive a portion of the $500 million GF
  - Each project has different cash flow requirements – agreements are in place for 12 of the 15 projects
  - Each of these projects requires additional funding from other sources to meet its costs and schedules. Those funds have been allocated in the FY 2008-2013 Six-Year Improvement Program
  - As of December 31st, approximately $170 million of the $500 million has been expended in accordance with project agreements and cash flow requirements
- The proposed budget recognizes the specific cash flow requirements of each project – no project will be delayed as a result of the proposal - $180 million GF reverted and reappropriated
  - No project would be accelerated if the proposed budget is changed
  - In accordance with the recommendations of the 2002 Special APA Cash Management Review, Transportation has implemented cash flow budgeting for projects to the extent possible under federal requirements. Appropriation Act authorizes obligation and inter-fund spending for transportation projects to meet their cash flow needs

Expected General Fund Spending

Project	FY 2008	FY 2009	FY 2010	Total
Capital Beltway HOT Lanes ($1.4 billion)	$ 157,207,000			$ 157,207,000
Route 58 Hillsville Bypass ($108 million)	$ -	$ 37,500,000	$ 39,500,000	$ 77,000,000
I-95 Rail Corridor Improvements ($58 million)	$ 1,000,000	$ 9,000,000	$ 10,000,000	$ 20,000,000
Phase I of I-81 Rail Improvements ($75 million)	$ 3,500,000	$ 21,500,000	$ 15,000,000	$ 40,000,000
Rail Improvements Contingency	$ -	$ -	$ 5,000,000	$ 5,000,000
Metro Matters - WMATA ($1.5 billion)	$ -	$ 5,000,000	$ 15,000,000	$ 20,000,000
VRE Rolling Stock ($19 million)	$ 5,000,000	$ 10,000,000	$ -	$ 15,000,000
Hampton Roads Transit Light Rail ($232 million)	$ 5,000,000	$ 5,000,000	$ -	$ 10,000,000
Statewide Transit Capital ($188 million)	$ -	$ -	$ 15,000,000	$ 15,000,000
Route 164 Rail Relocation ($60 million)	$ 23,173,000	$ 16,827,000	$ -	$ 40,000,000
Craney Island Eastward Expansion ($712 million)	$ 10,000,000	$ -	$ -	$ 10,000,000
Route 50; I-64/I264 interchange in Norfolk/Virginia Beach; Virginia Beach rail acquisition ($270 million)	To be Determined - Projects Under Development and Yet to Be Negotiated		$ 70,793,000	$ 70,793,000
Local Road Revenue Sharing Program ($50 million)	$ -	$ 10,000,000	$ 10,000,000	$ 20,000,000
	$ 204,880,000	$ 114,827,000	$ 180,293,000	$ 500,000,000

2008 Goals

- Route 460 PPTA Comprehensive Agreement
- Midtown/Downtown Tunnel PPTA Solicitation
- Final Design Approval for Dulles Rail
- Comprehensive agreement for enhanced passenger rail service in I-95 and other corridors
- Comprehensive Agreement on I-95/I-395 HOT lanes
- Route 50 Design-Build procurement as well as I-64/I264 Interchange
- Fully implement Northern Virginia Congestion Management Program, including funded construction of Capital Beltway, Dulles Rail, I-95 fourth lane, Fairfax County Parkway, and Telegraph Road

2008 Goals (continued)

- Initiate Coalfields Expressway PPTA construction
- Design air taxi alternatives to achieve rural connectivity
- Initiate planning, investment, and alternative mode of studies for I-66, Rt. 29, I-64 (Peninsula), I-95 rail and I-81 rail
- Fully implement Hampton Roads Transportation Authority
- Fully plan surface (highway and rail) transportation links to VPA and APM port facilities

Challenges – 2008 and Beyond

- **Highway Fatalities – 1,012 in 2007**
  - Legislation to assure compliance with federal motor carrier regulations, incident management effectiveness, overweight permits
- **Highway Maintenance Deficit - $290 million in FY 2009 and growing**
  - Legislation to allow design build procurement for bridge replacement projects
- **Declining State and Federal Revenues**
  - About $400 million state transportation revenue reduction for six year program
  - Another $385 million from repeal of abusive driver fee for six year program
  - Federal impacts unknown – federal funding must be reauthorized in 2009
- **Implementation of Accountability Commission recommendations and Other Assessments**
  - Budget language for maintenance of effort, public benefit and other accountability measures for rail and public transit programs

Challenges – 2008 and Beyond

- In addition to accountability budget language, budget language also authorizes the Department of Rail and Public Transportation to offset its internal costs for project management and oversight – limited to no more than 3% of total project costs
- Transportation Efficiency Improvement Fund ($4 million a year) – language expands use to both passenger and freight movement
- Other budget language authorizes additional debt for port activities (both Commonwealth Port Fund and terminal revenue bonds)
  - $200 million commercial paper program to assist in short-term borrowing
  - $39 million master equipment lease program
  - $93 million for Norfolk International Terminal and Portsmouth Marine Terminal
  - $155 million for Craney Island development
- DMV Program Demands Outstrip Available Revenues
  - Budget language to allow actual cost recovery for regional revenues and other transportation revenue collections
  - Real ID
  - Legislation to increase current 5-year driver license fee from $20 to $30 - $2 per year increase

Challenges – 2008 and Beyond

DMV Funding Issues

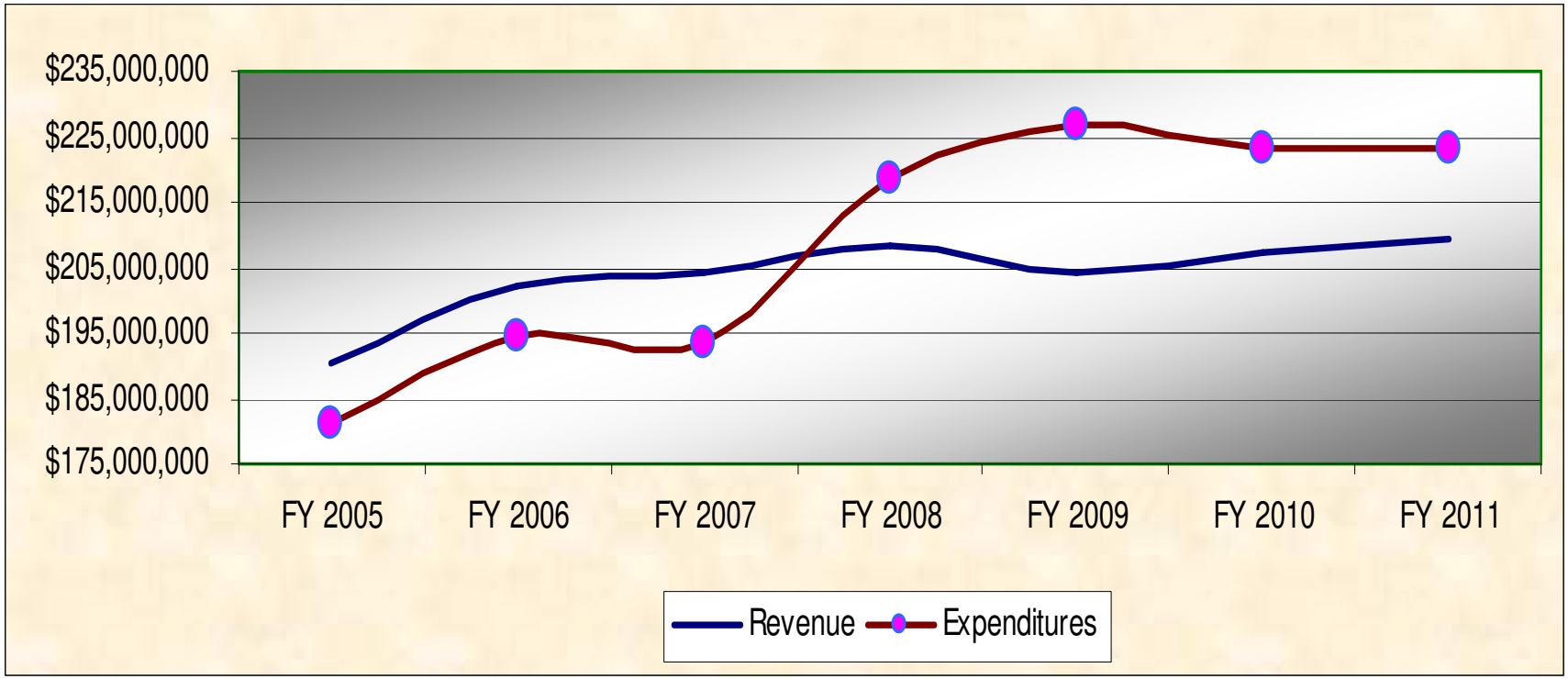
DMV Funding
The Facts

- DMV is a Special Fund agency and must raise its own revenue to support operations.
- Revenues are growing at 1.5%/year, demand is growing faster
- People (60% of total operating cost) and technology (12% of operating costs) biggest cost drivers
  - Labor costs rising faster the revenue, taken from existing resources
  - It costs continue to rise, taken from existing resources
- Going forward, fringe benefit rate increases for health insurance and retirement must be absorbed by DMV

DMV Funding
The Facts

- Costs for postage, credit card usage, utilities, rent and license are unavoidable.
- Costs for increased security, training of personnel, central issuance of drivers' licenses and Real ID are significant.
- DMV has instituted and continue to pursue operational improvements.
  - 14 positions (5 senior managers) eliminated in 2007, $1.2 million savings
  - Payroll operations transferred to DOA Payroll Service Bureau
  - DMV Selects and Alternative Services
- Enhanced revenues needed to prevent negative impact on service.

DMV Funding
Appropriations Versus Available Funding



DMV Funding
Governor's Budget Proposal

	FY2009	FY2010
Funding Required ($ Millions)	$21.0	$18.7
Governor's Budget		
• Increase DL Fee	$14.9	$15.0
• Retain Jamestown Revenue	$ 2.5	$ 2.5
• Retain Portion of VSUT	$ 2.99	$ 2.99
Total	$20.3	$20.5