

Rail Enhancement Fund Review: Legislative and Policy Goal Recommendations

August 25, 2015

CTB Rail Subcommittee

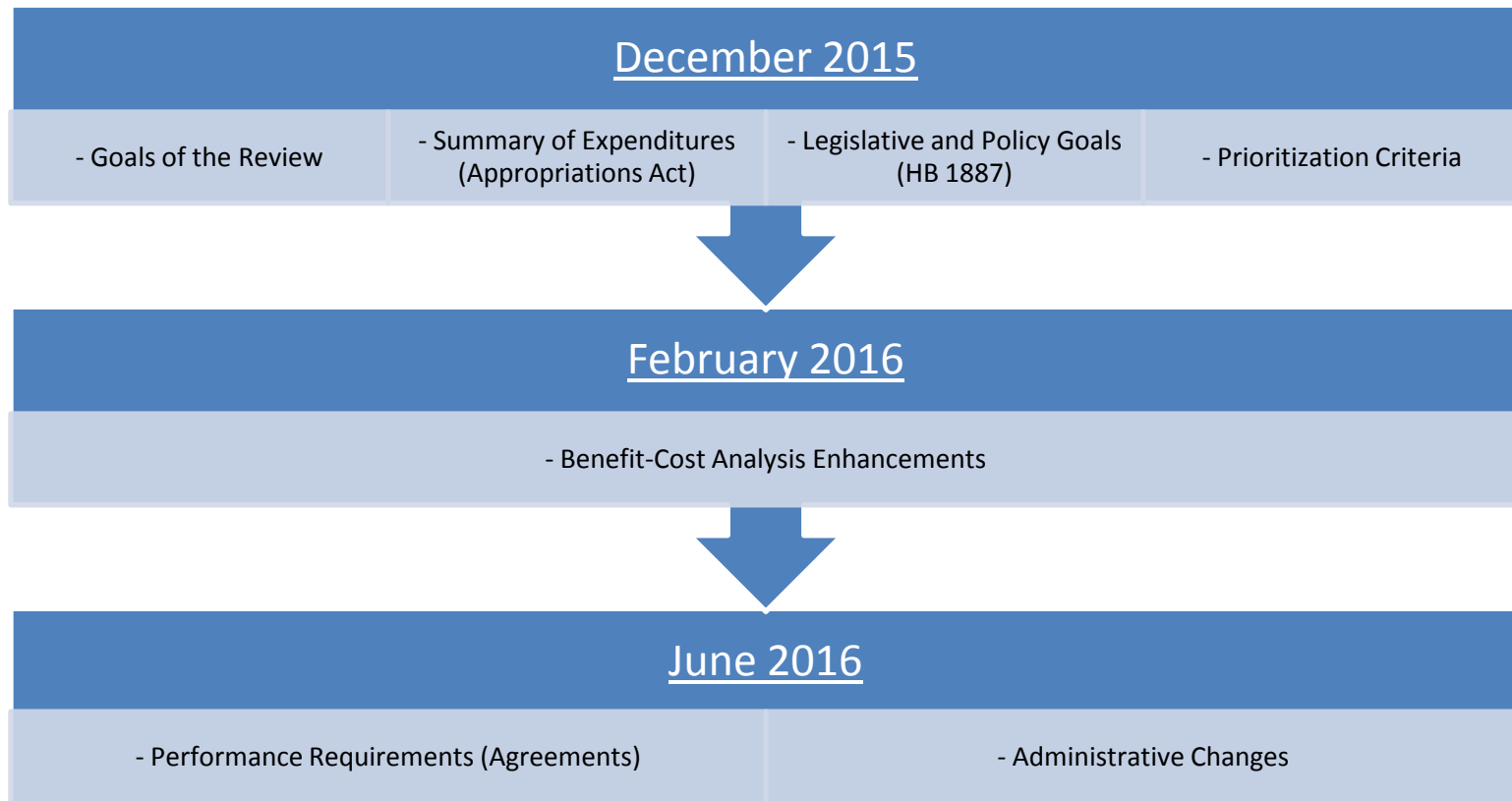


Legislative Directive

HB 1887

“That the Commonwealth Transportation Board shall develop no later than December 1, 2015, a legislative proposal to revise the public benefit requirements of the Rail Enhancement Fund...”

REF Review of Components



Guiding Principles

- Improve transparency and simplicity
- Acknowledge scarcity of funding
- Leverage funds through partnerships
- Rely on policy goals to drive prioritization and administrative efforts

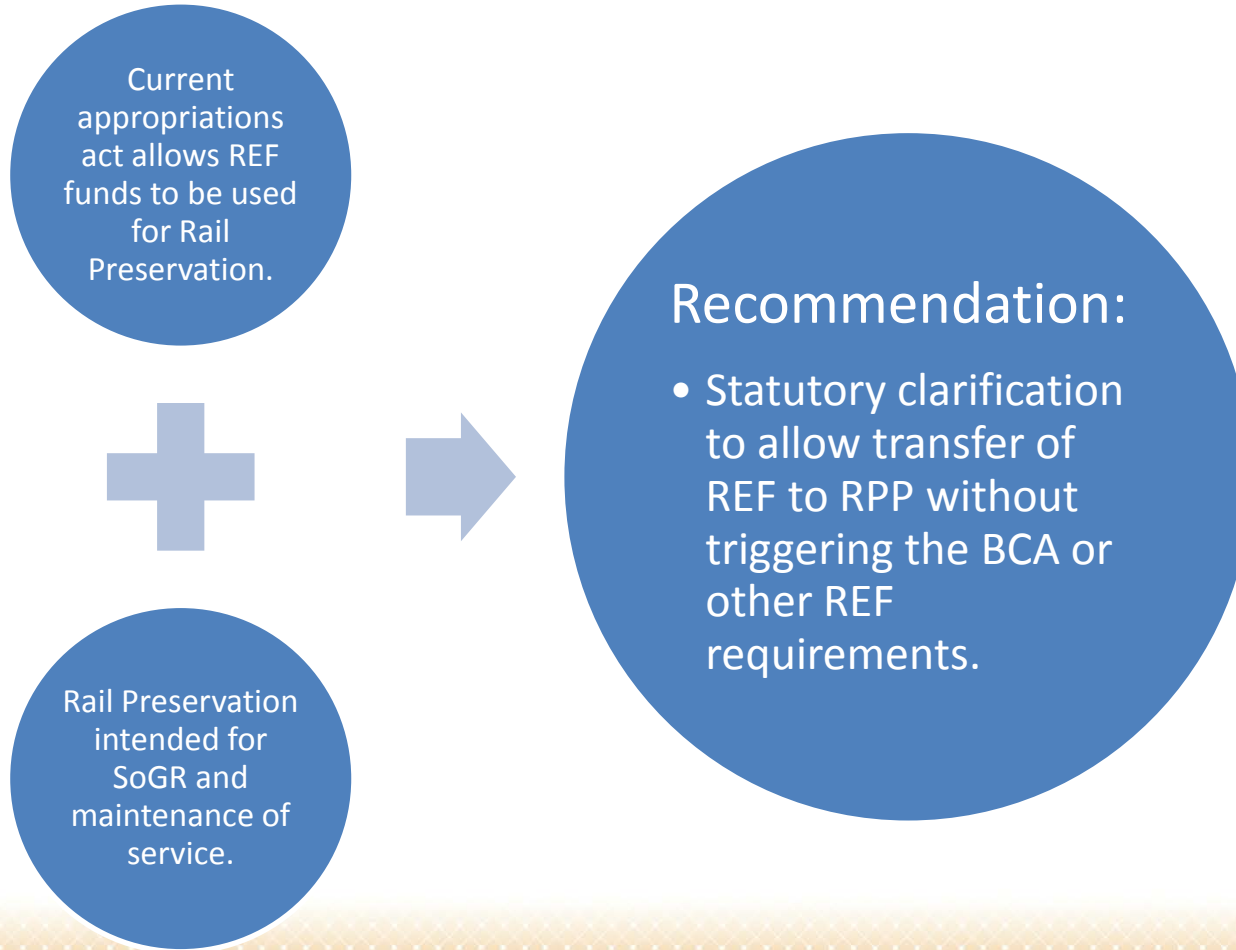
Rail Enhancement Fund Updates

Only one legislative change proposed:

Administratively, much can change:

- Policy Goals
- Benefit-Cost Analysis
- Prioritization Process
- Administrative Practices

Legislative Proposal



Value Project Readiness

Current Policy Goal:

- Quick turnaround projects

Reality:

- Multi-year projects have extended timelines.

Recommendation:

- Value project readiness and firm construction completion dates in the prioritization process.

Leverage Other Funds

Current Policy Goal:

- Encourage projects where matching funds are greater than 30%

Reality:

- REF reduced by 1/3 and Bond Funds run out FY17

Recommendation:

- Prioritize projects with greater than 30% match

Protect Public Interest

Current Policy Goal:

- DRPT maintains a contingent interest value and ability claw-back funds.

Reality:

- Performance metrics are difficult to track and subject to economic forces beyond the grantee's control.

Recommendation:

- Emphasize BCA determination and prioritization; eliminate administrative practice of tracking carloads and passengers specific to a project. Retain contingent interest.

Support Planning Initiatives

Current Policy Goal:

- Address needs identified in appropriate state, regional, or local plan.

Reality:

- Some projects are smaller in nature or related to a recent economic development effort.

Recommendation:

- Ensure transparency by prioritizing projects which align with appropriate state, regional, or local plans.

Enhance Freight & Passenger Service

Current Policy Goal:

- Promote dual freight rail access and mixed-use corridors

Reality:

- REF funds were used to achieve dual freight access at Virginia International Gateway (APMT)

Recommendation:

- Policy shift to prioritize projects which benefit both freight and high speed/intercity passenger service in a corridor.

Planning and Engineering Support

Current Policy Goal:

- Limits studies and PE to 10% of REF funds.

Reality:

- Risk has shifted to DRPT on IPR initiatives
- Need ability to advance planning and PE without a full commitment to construction of the project.

Recommendation:

- Eliminate the policy that 90% of REF funds go towards capital improvement projects.

Value State of Good Repair

Current Policy Goal:

- No consideration of SoGR

Reality:

- Recent emphasis in General Assembly on SoGR for road, bridge, and public transportation assets.

Recommendation:

- Value SoGR in the BCA; allow consideration of SoGR projects by CTB if DRPT determines a net benefit.

Value Unique Projects

Current Policy Goal:

- Not addressed; A simpler, less complex BCA will not measure all projects, but will be more transparent.

Reality:

- Flexibility when satisfying code requirements for benefit vs. cost
- DRPT may need to evaluate projects differently if the standard BCA does not apply.

Recommendation:

- Allow project sponsors to use TIGER grant guidelines for unique, large, or multi-state projects after receiving DRPT approval.

Prioritization Checklist

Benefit-Cost Analysis

- *BCA of REF project cost remains a pass/fail test.*
- Does the TOTAL project cost pass the BCA?

Project Readiness

- Has planning or PE been done?
- Are there firm completion dates?

Leverage Other Funds

- Does the project compliment other public/private investments?
- Is match greater than 30%?

Past Performance

- Has the project performed well based on reporting?

Planning Process

- Does the project align with appropriate public plans?

Multi-use Benefits

- Does the project support freight supply chain initiatives?
- Does the project support high-speed/IPR service?

State of Good Repair

- Does the project contribute to SoGR of critical assets?