

**Southern Legislative Conference  
2016 SLC Star Program Application  
Commonwealth of Virginia - Office of Secretary of Transportation Aubrey L. Layne, Jr.  
Agencies – Virginia Department of Transportation and Department of Rail and Public  
Transportation**

**Submission: House Bill2 Legislation and Implementation**

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***How long has the program operated? What was the month and year of initiation? Has the program been in operation for nine months to three years? (Note: to qualify, the program must be between nine months and three years old as of May 27, 2016.)***

Virginia became the first state to pass legislation establishing a scored ranking system to evaluate transportation projects based on project outcomes and across modes. At a minimum highway, transit, rail, roadway, technology operational improvements and transportation demand management strategies must be considered. The law established a statewide prioritization process for transportation projects that improve the efficiency of the Commonwealth's transportation network, related to the development of the Six-Year Improvement Program (a document that outlines planned spending for transportation projects proposed for construction development or study for the next six years). While the law required project selection to be established by July 2016, Virginia Department of Transportation (VDOT) and the Department of Rail and Public Transportation (DRPT) began the process of implementation immediately at the close of the 2014 General Assembly Session.

Governor Terry McAuliffe signed bi-partisan legislation, House Bill Two (HB2) into law in 2014 (Virginia Acts of Assembly Chapter 33.1-23.5:5). It directs the Commonwealth Transportation Board (CTB), Virginia's transportation policy board, to develop and use an objective and quantifiable scoring process for statewide project selection based on data. Projects are evaluated based on their benefits relative costs specifically the ease of congestion, improved accessibility to jobs, improved safety and economic development, transportation-efficient land use and impacts to the environment. Candidate projects are screened to determine if they qualify to be scored.

HB2 is about investing limited tax dollars in the right projects that meet the most critical transportation needs in Virginia. At the heart of the new law is scoring projects based on an objective process that involves public engagement and input. Once projects are scored, the CTB will have the best information possible to select the right projects for funding.

***Why was it created? What problems or issues was the program designed to address?***

HB2 is a revolutionary way that transportation projects are being selected in the Commonwealth by the CTB. It's about picking the right projects based on scoring criteria that considers the benefits the projects bring to the citizens of the Commonwealth in comparison to the cost to construct based on project outcomes. Prior to this legislation becoming law, projects that were of significance to the sitting Governor or on other political wish lists were put in the transportation plan. Prior to HB2 the project selection process was opaque and there was much uncertainty if and when projects would be constructed.

The law was created to improve transparency and accountability for the use of transportation dollars in Virginia. Further, the intent was to create long term stability to the Six-Year Transportation Improvement Program, which in the past has come to a halt when a new Governor took oath. The public will know how projects are scored based on objective criteria and the decisions behind the CTB's project selections.

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*What are the specific activities and operations of the program? (Please list in chronological order, if applicable.)*

- Legislation signed April 2014
- HB2 teams assembled to begin policy and implementation coordination April 2014
- CTB adopted Policy June 2015
- Application cycle for round 1 opens August 2015 – September 2015
- Fall Public Meetings for feedback on scored projects - over 25 meetings held
- Application validation, screening and scoring October 2015 – January 2016
- Scores released and initial funding scenario presented January 2016
- Spring public hearings on scored projects April 2016 – May 2016
- Draft SYIP presented with Round 1 projects funded – May 2016
- Final SYIP expected to be approved by CTB with Round 1 HB2 projects – June 2016

Outreach

In order to develop and implement a data-driven prioritization process, the Office of Intermodal Planning and Investment (OIPI), VDOT, and DRPT, led by the Office of the Secretary of Transportation, worked closely together to engage various stakeholders. Beginning in 2014, significant public outreach to stakeholders across the Commonwealth was conducted to include:

- Stakeholder round tables
- Peer Review
- Attendance at and presentation to all the metropolitan planning organizations
- Speaking engagements at association conferences including Virginia General Assembly (Joint Commission on Transportation Accountability), Virginia Governor's Transportation Conference, Virginia Association of Counties (VACO), Virginia Municipal League (VML), Virginia Transportation Construction Alliance, Virginia Association of Metropolitan Planning Organizations, Virginia Transit Association (VTA) and the VDOT Local Programs Workshop
- Presentation of information and interactive feedback at the 2014 Fall Transportation meetings hosted in all nine construction districts
- Additional coordination and feedback conducted during the update of the FY16-21 Six-Year Improvement Program in Spring 2015
- Prior to implementation, VDOT, DRPT, and OIPI hosted multiple webinars to inform potential applicants of the changes to the planning and programming processes resulting from enactment of HB2.
- A website was established to facilitate communication of information with regular updates to the schedule and fact sheets provided. Once the policy was approved by the CTB, the website was further improved to include resources and information to the applicant community. <http://virginiahb2.org/>

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Points of contact were identified in all nine construction districts and within DRPT to facilitate rapid and frequent communication and information exchange, serve as the lead for efforts at the local level, and provide a liaison between district staff DRPT and VDOT Richmond Central Office staff.

Development of Policy and Process

Development of the statewide prioritization process has been compared to a design-build construction project. Components of the policy and tools were designed, developed, tested, implemented, and improved all at the same time. This required extraordinary coordination, creativity, problem solving, and a commitment to success.

OIPI, VDOT, and DRPT hosted a peer exchange to assess how other state DOTs and Metropolitan Planning Organization were prioritizing projects. To facilitate development of the policy and process in order to implement the legislative requirements, OIPI, VDOT, and DRPT established several working groups: Measures Development, Programming, and Process Development. An Executive Work Group, comprised of key leaders from each organization and the Secretary of Transportation's office oversaw the working groups. Utilizing feedback from internal and external stakeholders, each workgroup provided recommendations for policy, process and implementation.

Based on feedback from the Executive Work Group, recommendations were presented to the Board, resulting in Board approval of the policy and process in June 2015. The policy was developed through an extensive public outreach process and in cooperation with the MPO's over a 16-month period.

Key aspects of the process that were integral to the success required defining a process that:

- Was objective, fair and could be applied statewide (in both rural and urban areas)
- Could be used to score multi-modal projects – transit and highway can compete equally
- Allowed scoring of hundreds of projects within a three month time period

A major challenge was how to ensure all projects could be evaluated according to common metrics, including large and small projects as well as transit and highway projects. In order to accomplish this, new analytical tools and processes were developed, tested and implemented. These methods have sparked the interest of the Federal Highway Administration, other state DOTs and industry associations.

The CTB directed that the application process had to meet the following criteria:

- Simple and straightforward
- Does not require applicants to invest significant time and resources or require the use of consultants

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- VDOT and DRPT staff will be available to provide support and tools for applicants in compiling data and information needed for application
- The application process will be electronic and map-based to facilitate automated population of key data elements

Round One of HB2 and Prioritizing Projects

Beginning August 1, 2015, applications for funding through HB2 were accepted. More than 300 applications were received requesting over \$7 billion in funding for approximately \$1.6 billion available for project construction. With the first round of the HB2 application process, the team successfully completed the screening, validation and scoring of all project submissions. The results and a draft funding scenario were presented to the CTB in January 2016.

As a commitment to ensuring transparency in the process a third party audit was conducted during the first round of implementation, resulting in no significant findings. Additionally, representatives from VML, VACO, VTA, and a peer review member – External Review Group – were tasked with reviewing the process and results to provide feedback and suggestions for improvement. They found the process to be transparent and commended the team for the extraordinary work.

The metrics used to evaluate projects are aimed at ensuring the most beneficial and most cost-effective solutions are selected for the limited transportation dollars available.

***What equipment, technology and/or software (if any) are used to operate and administer the program?***

- Website [www.virginiahb2.org](http://www.virginiahb2.org)
- Web-based application portal
- Various external micro and macro simulation models, sketch planning tools, and spreadsheets

***What are the annual operational costs of the program? How is it funded?***

- Development cost to date is estimated at \$1.4million (\$770K for staff and consultant support and \$800K for IT services related to web-based application portal)
- Annual operating costs are estimated to be \$800K (VDOT, DRPT and OIPI staff time to assist localities with application development and evaluation, consultant support for training and communications, and maintenance of the web-based application portal)
- Additional costs not included in the estimate above are absorbed within the existing agency budgets

***Has the program been effective at addressing the problem or issue? Please provide tangible results and examples.***

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The intent of HB2 is to remove politics from the transportation process and ensure projects demonstrate a need through data not political whims. The HB2 scoring process has been effective in establishing an objective evaluation process and project measurement based on its benefits relative to the costs. This is the first full cycle that scoring has been used for construction projects. The CTB has until June to incorporate the final list of construction projects into the plan. The intent is for the CTB to select the highest ranking projects however, they maintain the authority to propose adjustments to the rankings. The tangible result is that the Commonwealth is able to fiscally use transportation monies efficiently and with an expected return on the investment. The return is the benefit the projects have to the commuter once constructed.

***What measurable impact has the program had? Has it created significant change in your state?***

The team successfully developed and implemented what is likely the most transformative transportation legislation in Virginia the last 30 years. In less than two years, the team developed the policy and process and completed the first round of project selections using the new prioritization system. The contributions of the teams have resulted in the selection of high quality projects for funding in the draft FY17-22 Six-Year Improvement Program and an increase in transparency of the project selection process. VDOT and DRPT staff demonstrated extraordinary commitment to quality, transparency, cross-functional coordination, and innovation. Feedback through surveys and public comment clearly indicates the support of the localities, Metropolitan Planning Organizations, Planning District Commissions, and transit organizations in a process that is transparent and has resulted in selection of projects where the public benefit is clearly identified. Implementation of the new project selection process will introduce stability and reliability into the CTB's construction program and result in greater confidence in the delivery of the transportation program.

***Did the program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and email address.***

HB2 legislation was introduced by the Virginia General Assembly specifically patroned by:

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Virginia Beach, Virginia 23471  
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Speaker of the House  
The Honorable William Howell  
106 Carter Street  
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***Are you aware of similar programs in other states? If YES, which ones and how does your program differ?***

There are similar programs in a number of states however, Virginia is unique because the statute considers projects across transportation modes and is outcome based. Further, Virginia made this process completely transparent for public view with a website that completely explains the process. It

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is clear to understand why projects are funded based on the project scores. Most states do not have a clear defined process that can be followed to understand how projects receive funds for construction. There are other states such as North Carolina Department of Transportation and smaller Metropolitan Planning Organizations who have similar programs but nothing like Virginia.

***Is the program transferable to other policy areas or states? What limitations or obstacles might other states expect to encounter when attempting to adopt this program?***

Since developing and implementing the process, several state DOTs have contacted the HB2 team to obtain information and guidance on development of prioritization processes for their organizations. Moreover, members of the HB2 have been requested to present at key local, regional, and national meetings

Comprehensive documentation of lessons learned is underway to identify opportunities to further refine and improve the process for next year.