

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair Phyllis J. Randall and Members
Northern Virginia Transportation Authority

FROM: Monica Backmon, Chief Executive Officer
Tracy Baynard, Sr. VP, McGuireWoods Consulting LLC

DATE: September 7, 2023

SUBJECT: Legislative Update

1. Purpose: To inform the Northern Virginia Transportation Authority (NVTa) of the Virginia General Assembly transportation initiatives in the adopted FY2024 budget.

2. Discussion: On September 6th, 2023, the Virginia General Assembly adopted a final conference budget report for FY2024. With operating rules that limited comment or amendments, the budget amendments were adopted on votes of House 86-4 and Senate 38-0-1. The document contains significant increases in funding for K-12, higher education, behavioral health, local and state employee salaries, public safety, and natural resources.

Overall, no additional funds were added for transportation. There are a few items that may be of interest to Authority members. Attached is a summary of significant transportation matters in the budget including a list of those items that were in either the House or Senate budget in February but didn't make it into the conference budget.

Some matters of note:

- The General Assembly transferred \$75 million from the Virginia Transportation Infrastructure Bank to the reformed Transportation Partnership Opportunity Fund (TPOF). An initiative of the administration, TPOF will be used to finance transportation infrastructure that supports economic development. Governor Youngkin has requested \$300 million to capitalize TPOF. Per legislation adopted by the General Assembly, the Commonwealth Transportation Board provides oversight on allocating money from TPOF.
- There are no new allocations of General Fund money to transportation projects.

The formal end of the 2023 General Assembly session is the last legislative session for many senators and delegates who have supported the Authority and transportation in the region. There are a total of forty-eight members who are either retiring, campaigning to move to the Senate, or lost primary races. The Northern Virginia delegation will look different with fourteen members shifting out or up, as the Senate will lose senior members such as Senators Barker, Bell, Howell, Petersen and Saslaw. Four of these legislators held leadership positions on the Senate Finance and Appropriations Committee. Northern Virginia's new twelve member Senate delegation will have at least three new members and the thirty

member House delegation will have at least ten individuals who have never served in the General Assembly.

Attachment: Transportation Related Amendments in HB 6001/SB 6001 Budget Conference Report

Transportation Related Amendments in HB 6001/SB 6001 Budget Conference Report as Adopted September 6, 2023

Transportation Projects Related to Economic Development

Item 113 - Economic Development Services

New Inland Port in the Mount Rogers Planning District

T.1. Out of this appropriation, \$10,000,000 the second year from the general fund is provided for the development of an inland port in the Mount Rogers Planning District. The Virginia Port Authority shall acquire, plan, design, and develop a site for the establishment of an inland port in the Mount Rogers Planning District. The Virginia Port Authority and the Virginia Economic Development Partnership Authority shall develop a business recruitment strategy for the inland port and the surrounding area to provide for rapid development and utilization of the facility. The Virginia Port Authority, in consultation with the Virginia Economic Development Partnership Authority, shall provide recommendations to the Governor, the Secretary of Transportation, and the Secretary of Commerce and Trade and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on any additional infrastructure improvements needed to maximize the economic benefit of the inland port by December 1, 2023.

2. The Director of the Department of Planning and Budget is authorized to transfer moneys from this paragraph on a quarterly basis to the Virginia Port Authority. The Virginia Port Authority shall verify to the Secretary of Finance and the Director of the Department of Planning and Budget estimated quarterly expenses prior to the release of these funds. Any funding remaining at the end of the fiscal year 2024 shall be carried forward into the next fiscal year for the purposes described in this paragraph.

3. The Virginia Port Authority may collaborate with the Virginia Department of Rail and Public Transportation, Virginia Department of Transportation, the Virginia Economic Development Partnership Authority, and any federal, state, or local agency as may be necessary to support the development and utilization of an inland port. The Virginia Port Authority shall engage in negotiations with necessary parties, including railroads and beneficial cargo owners, for development of the inland port.

4. The Virginia Port Authority shall report quarterly to the Governor, the Secretary of Transportation, the Secretary of Commerce and Trade, and the Virginia Economic Development Partnership Authority, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the timeline, progress to date, and

overall cost for the construction of the inland port. The first of these reports shall be due December 1, 2023.

Cruise Ship Port-of-Call in Yorktown

U.1. Out of the appropriation in this Item, \$8,500,000 the second year from the general fund shall be provided to the Economic Development Authority of York County for support of a cruise ship port-of-call location and related visitor support and tourism on the York River at Yorktown, Virginia. Prior to the award of any funds included in this item, the Secretary of Commerce and Trade and the Secretary of Transportation shall ensure that: (i) there is an agreement with at least one cruise ship company for calls at the pier location beginning in 2023; (ii) a working group is convened among state and local agencies related to the permitting of the pier location to facilitate its development; (iii) there is outreach to tourism and other stakeholders in the region to maximize the economic impact of the pier location; (iv) the agreement will result in a positive return to the state for its investment; and (v) there is a plan to maximize philanthropic support, federal matching funds, and other funding necessary to construct and maintain the pier location. Following the completion of these items and the final approval from the Secretary of Commerce and Trade and Secretary of Transportation, the funds shall be awarded. The Secretaries shall enter into a memorandum of understanding with the Economic Development Authority of York County to outline the framework for the funding, design, procurement, and construction of the pier location, a plan for its ongoing maintenance, and to maximize the economic and tourism benefits of this facility to the Commonwealth.

2. The funding appropriated in this paragraph includes \$1,000,000 the second year for development and implementation of transit system improvements in conjunction with the Colonial Williamsburg Foundation to provide ground transportation from the tender pier facility to sites within the historic triangle.

3. Should the Secretary of Commerce and Trade and the Secretary of Transportation fail to recommend proceeding with the development of the pier location, the funds in paragraph U.1. shall revert to the general fund.

Department of Rail and Public Transportation

Item 449 – Administrative and Support Services

C. The Department of Rail and Public Transportation, with assistance from the Virginia Economic Development Partnership, shall conduct a study to evaluate rail-centric economic development opportunities in the Bedford, Campbell, and Lynchburg region of central Virginia, including both passenger and freight rail enhancements that encourage intermodal and other non-intermodal market opportunities that may yield long-term success and

growth in the region. The department shall submit the results of the study to the Governor and General Assembly on or before November 1, 2024.
No additional funding is provided for this task

Department of Transportation

Item 452 – Highway Construction Programs

Virginia Multi-Use Trails Initiative

I.1 Included in these amounts, \$41,500,000 the first year from the general fund is provided for the establishment of the State Trails Office within the Department of Transportation, consistent with the recommendations of the January 2022 report on the "Virginia Multi-Use Trails Initiative." In addition, the Board shall set-aside \$7,000,000 in the first year and \$7,000,000 in the second year from funds received for the Transportation Alternatives Program pursuant to 23 USC 133(h) for regional multi-use trails. Priority shall be given by the Board to new regional trails, projects to improve connectivity of existing trail networks, and geographic diversity in the use of such funds. Funds may be awarded through a competitive solicitation conducted by the Board.

2. Prior to July 15, 2022, up to \$800,000 of these amounts shall be transferred to Item 451 to support the initial operational overhead costs of establishing the State Trails Office and for the development of a State Trails Plan and State Trails Information Clearinghouse. In developing the initial State Trails Plan, the State Trails Office shall coordinate with the State Trails Advisory Committee and the Department of Conservation and Recreation to ensure consistency with the Virginia Outdoors Plan.

3. Out of the amounts appropriated for the State Trails Office included in this paragraph, and funding carried forward from the 2020-22 biennium, allocations shall be provided as follows:

a. Up to \$35.0 million shall be allocated to the Shenandoah Valley Rail Trail for the purposes of land acquisition, initial planning, and site development. Any land acquisition by the Commonwealth as part of this trail's development shall not preclude the consideration of options to maintain rail transportation in the corridor.

b. \$12.5 million shall be allocated for the Craig Valley Trail.

c. \$1.25 million shall be allocated for the Peaks to Creeks Trail.

d. \$1.25 million shall be allocated to the Tobacco Heritage Trail.

e. \$4.0 million shall be allocated to the Eastern Shore Rail Trail.

f. Any remaining funding provided for trails shall be allocated by the Commonwealth Transportation Board to the trails listed above, as needed, the Fall Line Trail, or any other trail that has applied for funding that meets the criteria set out in subparagraph 1. above. The House proposed budget included this language.

I-64 Gap Project

L.1. Up to \$110,000,000 \$260,000,000 from the general fund in the second year shall be transferred to Item 452 is provided to improve Interstate 64 between Exit 205 and Exit 234 with priority given to enhancements that provide long-term traffic flow improvements for the full 29-mile corridor.

2. Of the amounts included in the second year, \$150,000,000 represents the appropriation of excess fiscal year 2022 general fund revenues reserved by the Comptroller in the Committed Fund balance pursuant to Item 485 L. of this act. An additional \$150 million GF for the I-64 Gap Project. This follows through on provisional funding in the budget approved during the 2022 General Assembly session.

M. Appropriations from the general fund provided in this item shall be transferred to the appropriate nongeneral fund detail for expenditure. For the I-64 Gap project this means a FY 2024 deposit to the Interstate Operations and Enhancement Fund.

N. Notwithstanding any other provision of law, any general fund amounts allocated by the Commonwealth Transportation Board in the Six-Year Improvement Program to a transportation project that are unspent at the end of the fiscal year shall not revert to the general fund, but shall be carried over to the next fiscal year for the identified purposes.

O.1. Out of the June 30, 2023, uncommitted balance in the Virginia Transportation Infrastructure Bank, \$75,000,000 shall be transferred to the Transportation Partnership Opportunity Fund to support major economic development initiatives, in accordance with Chapters 546 and 547, 2023 Acts of Assembly.

Governor had asked for \$100 million transfer from the Infrastructure Bank and another \$200 million from other revenue sources.

2. Of the amounts in the Transportation Partnership Opportunity Fund, \$4,800,000 the second year is provided to the City of Portsmouth to be used as the local match for the Complete High Street Innovation Corridor Project to provide multi-modal, complete streets roadway improvements along High Street between Martin Luther King Expressway to Chestnut Street. As a condition of receipt of this funding, the City shall provide, to the

satisfaction of the Commissioner of Highways, evidence of federal Rebuilding American Infrastructure with Sustainability and Equity discretionary grant funding totaling at least \$19.3 million for the project.

Item 458 – Administrative and Support Services

N. The Virginia Department of Transportation (VDOT) in coordination with the Secretary of Commerce and Trade (the Secretary) shall review the economic development, transportation, and safety benefits of expanding Van Buren Road, North Extension in Prince William County. The review shall include representatives from Prince William County, the Northern Virginia Transportation Authority, and any private sector interests required to aid in the completion of this review. In addition to assessing the economic benefits of the expansion, VDOT and the Secretary shall determine and communicate any additional benefits, potential financing, and time table option for this project. VDOT and the Secretary shall report its findings to the Chairs of the House Transportation, Senate Transportation, House Appropriations, and Senate Finance and Appropriations Committees on or before November 1, 2024.

Language was part of the House budget -- report initially due August 1, 2023

P. The Department shall develop a plan for the improvement of Route 220 between Route 58 and the North Carolina border. The plan shall determine alternative routes within this region to the Southern Connector, including possibilities for realignment/reconfiguration along the existing corridor. The plan shall be completed by February 1, 2024.

Item C-60 – Improvements: Acquire, Design, Construct or Renovate Agency Facilities
Added another \$20 million in FY 2024 for this activity. Total available funding - \$55 million.

There are a number of initiatives contained in the House and/or Senate version of budget amendments that did **NOT** make it into the conference report.

- Direct VDOT to establish a Powhite Expressway Extension Working Group
- Direct VDOT to analyze travel demand on the I-95/Arthur Ashe Boulevard Interchange and develop conceptual improvement plan
- Undertake discussions of moving the Dulles Greenway under the PPTA statute
- Direct VDOT to determine if PPTA could help advance improvements in the I-81 Corridor Improvement Program
- Specific General Fund appropriations for two I-81 projects
 - \$150 million for I-81 expansion between MP 143-150 in Roanoke and Botetourt
 - Direct \$250 million in potential funding for a project in the Staunton if revenues exceeded a specific level