

Secretary of Transportation

Update to the House Appropriations Committee Transportation and
Public Safety Subcommittee

January 15, 2025



Agenda

Transportation Budget Amendment Highlights

Washington Metropolitan Area Transit Authority (WMATA)

Toll Relief

Coleman Bridge Tolling

Interstate 81 Corridor Improvement Program

Interstate 64 Gap Widening Project

Hampton Roads Bridge-Tunnel Expansion (HRBT)

Pilot Municipal Dredge Operating Program

DMV IT System Modernization



Proposed Transportation Budget Amendments – Highlights (1/3)

The Governor’s proposed budget amendments expedite key investments, effect needed policy updates for sound program implementation, and prioritize efficiency and effectiveness of state resources.

<u>Agency</u>	<u>Amount</u>	<u>Mechanism</u>	<u>Purpose</u>
DOAV	\$0.105M	NGF Approp.	Aviation Promotion Grants: Transfers administrative savings to support increase in Aviation and Airport Promotion Program grants.
	\$20M	Treasury Loan Authority	ROA: Authorizes a treasury loan of up to \$20M to support runway modifications at Roanoke/Blacksburg Airport in the event of FAA project approval.
DMV	\$16M	NGF Approp.	DMV HQ: Advance next phase of DMV headquarters renovation.
	\$25M	NGF Approp.	DMV IT: Modernize DMV’s core IT system, the Customer Services System (CSS).



Proposed Transportation Budget Amendments – Highlights (2/3)

<u>Agency</u>	<u>Amount</u>	<u>Mechanism</u>	<u>Purpose</u>
VDOT	\$175M	GF Approp. (Surplus)	I-81: Appropriates GF surplus to advance I-81 corridor improvements.
	N/A	Language	Sale Proceeds: Permits property sale proceeds to be dedicated to VDOT's maintenance reserves and capital needs.
	N/A	Language	Toll Relief: Provides for implementation of toll relief on Elizabeth River Crossings.
	N/A	Language	Coleman Bridge: Eliminates tolling on the George P. Coleman Bridge by January 2026. <ul style="list-style-type: none"> • Waives toll repayment VDOT owes to itself that would require costly infrastructure upgrades, saving tax- and toll-payers millions.



Proposed Transportation Budget Amendments – Highlights (3/3)

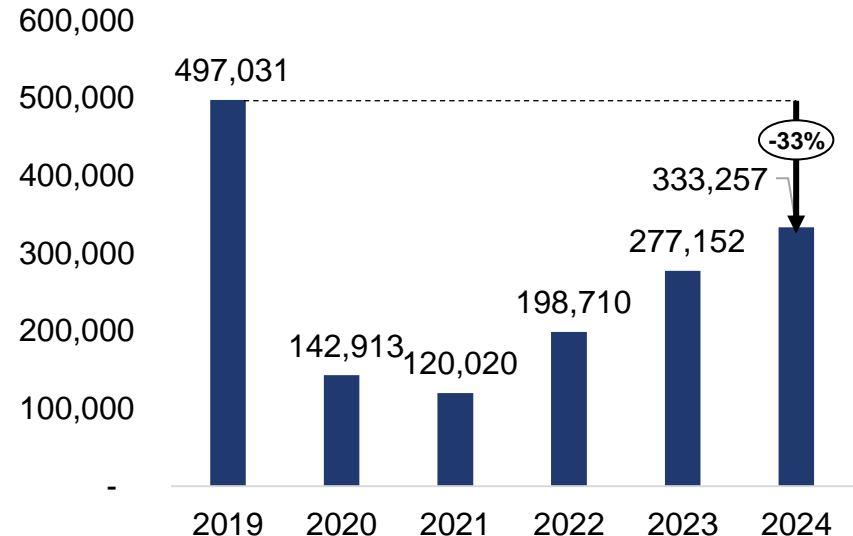
<u>Agency</u>	<u>Amount</u>	<u>Mechanism</u>	<u>Purpose</u>
DRPT	-\$11.1M	GF Approp. Reduction	WMATA: Updates GF support for WMATA to reflect lower subsidy request and WMATA's new subsidy allocation model, which has reduced VA's regional share. Advances the FY26 appropriation to FY25.
Port of Virginia	\$1M	GF Approp.	Dredging: Support dredging the Back Creek Channel off the York River as state match for US Army Corps dredging project (total \$5.8M). Will reduce commercial and recreational vessel groundings.



WMATA: Ridership and Funding Update

- WMATA ridership has increased YoY but rail remained at 67% of 2019 levels for 2024 (bus ridership near 2019 levels).
 - Note 2019 followed a decade-long decline in ridership.
- Governor's budget amendment provides the state's full half-share of funding for FY25-26.
 - FY26 adjusted to reflect WMATA's latest budgetary conditions.
 - WMATA reduced final subsidy request in April 2024; was not reflected in last year's final budget for FY26.
 - WMATA further amended its subsidy formula, which reduced VA's share.
 - Amendment advances FY26 funding to FY25 (first year of the biennium) to increase financial flexibility.

Metrorail Average Daily Ridership



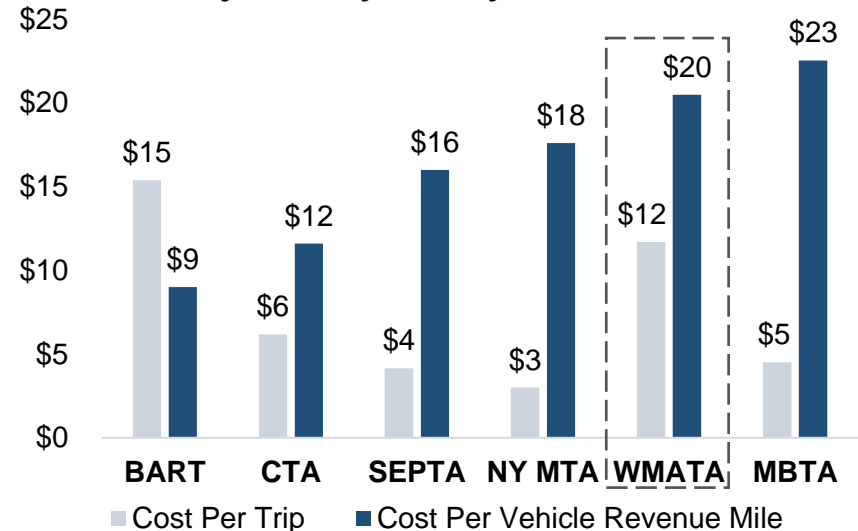
Tapped (paid) ridership only.
Source: WMATA Ridership Portal



WMATA: More Work Required on Achieving Financial Sustainability

- Per FY25 budget language, WMATA submitted a cost comparison to peer systems but omits important benchmarks and context.
- Latest FTA figures show WMATA's rail costs (both for service and per trip) remain at the high-end of its peers.
- WMATA has taken some laudable cost-containment steps and is cooperating on an operational analysis to identify cost and non-fare revenue opportunities.
- However, WMATA's key financial challenges remain as it continues to seek unsustainable subsidy growth while increasing service and headcount (up 380 FTEs in 2025).
- Long-term costs associated with outsized infrastructure remain a fundamental concern. WMATA's assets are significantly larger than peers' with more escalators, elevators, and back office.

**Service and Ridership Cost Benchmarks
Major Heavy Rail Systems, 2023**



Source: Federal Transit Administration

The Administration remains steadfast in opposition to increased revenue streams for WMATA until it fundamentally addresses its cost structure to move towards financial sustainability.



Toll Relief for Elizabeth River Crossings – Background

- The Toll Relief Program began in 2017 for eligible drivers of the Downtown and Midtown Tunnels in Norfolk and Portsmouth with \$500,000 annual contribution from Elizabeth River Crossings (ERC).
- This annual contribution has grown to over \$3.22 million with annual CPI adjustments through 2036 (via amendments to the Comprehensive Agreement).
 - Initially, enrollment was limited to Norfolk and Portsmouth but later expanded to all localities in the Hampton Roads Planning District.
 - Eligible Drivers must have an income of \$65,000 or less and prove residency and income at in-person enrollment.
- The benefit provided from the ERC Contribution is a 50% rebate off two-axle, transponder-based tolls on the Downtown and Midtown Tunnels (with an E-ZPass Virginia account).
 - Applies to a maximum of 14 transactions per week.
 - Rebates are applied to the E-ZPass Virginia account the following day.



Toll Relief for Elizabeth River Crossings – Implementation and Enrollment

Commonwealth-Funded Eligible Drivers Toll Relief Fund

- **VDOT has moved forward with implementation of additional toll relief funded from the State Contribution provided in the 2024 Special Session 1, Chapter 2.**
 - Additional 50% relief for eligible drivers
 - <\$50K income
 - Resident of Portsmouth, Norfolk, Newport News, Hampton or Franklin
 - VDOT collected tiered salary information since July 2024 for eligibility at enrollment (<\$50K and \$50K to \$65K and associated residency requirements)
 - Additional 50% relief for eligible drivers went live on December 18, 2024.
 - Initial pre-funded E-ZPass account and transponder is now available, if the driver is not an existing E-ZPass account holder.
 - Work underway for income verification with Department of Taxation.
- **Current Statistics of Toll Relief Program**
 - 20,964 enrollees as of December 31, 2024.
 - Monthly average of participants who used the program in 2024 is 13,530 or 73% of total.
 - Enrollment has increased 43% since January 2024.
 - Average transactions:18.2; Average monthly credit: \$23.95



Toll Relief for Elizabeth River Crossings – Budget Amendments

- Limits additional toll relief to Norfolk and Portsmouth residents.
- Allows the General Fund component of Toll Relief to be used for any shortfall on the ERC component.
 - VDOT will forecast whether the program is sustainable for the original toll relief program covered by ERC's contribution.
 - If the projection indicates the funding would not be sufficient, the program's parameters would be adjusted.
 - If after the changes are implemented and funding is insufficient, permission is provided to cover any deficit from the General Fund-funded Eligible Drivers Toll Relief Fund.
- Clarifies who is eligible for debt forgiveness.
 - Debt forgiveness would be provided based on residency at the time the toll was incurred (DMV registration information) for Norfolk and Portsmouth residents regardless of their income through December 31, 2023. Current language could not be implemented without income information on outstanding toll balance held by ERC.
- Removes the \$40 DMV fee for reinstating vehicle registrations upon clearance of toll debt.



Eliminate Tolling on the Coleman Bridge

- Eliminate tolling on the George P. Coleman Bridge by January 1, 2026.
- Waive repayment of any remaining balances owed to the Toll Facility Revolving Account from Coleman Bridge.
- Current Situation:
 - \$29.6 million debt owed to Toll Facility Revolving Account; this fund has a balance of \$80 million with an additional \$200 million owed to it.
 - Tolling technology at end of life and MUST be replaced within six months to continue tolling. This will cost an additional ~\$6 million.
 - Currently, the toll for passenger vehicles is \$0.85 tolled one-way; about 45% of that toll is expended on toll operating costs.
 - Tolls will need to be collected at about \$5.9 million a year, generating a debt payment of approximately \$3.6 million annually.
 - Tolls will need to continue into 2034, resulting in \$54 million in tolls needed to pay off \$29.6 million in debt.
- This budget amendment would avoid these extensive costs, saving tax- and toll-payers millions.



Interstate 81 Corridor Improvement Program – Background & Overview

- Program began in 2019.
- Projects in Corridor Improvement Program (CIP) are valued at \$3.6 billion (up from \$3.1 billion in 2023 and \$3.4 billion in 2024) with estimated delivery in 2035-2036.
- Expenditures to date total \$338.3 million as of June 30, 2024.
- Most projects completed to date are operational improvements, which enhance safety across the Corridor.
- 35 of 65 total capital projects complete with height of construction activity due to occur in 2025-2028.
- The CIP receives over \$200 million annually from dedicated funding sources, in perpetuity, through the IOEP and regional fuels tax.
- Last year's budget included additional \$70 million GF contribution for I-81 funding in FY 2025.



Interstate 81 Corridor Improvement Program – Upcoming Projects

	Project Description	Anticipated Construction Start
Bristol District	Exit 45 NB Deceleration Lane Extension (Marion)	2025
Salem District	Exit 94 SB Acceleration Lane, Exit 105 NB Acceleration Lane, Exit 162 NB Acceleration Lane	2025
	Exit 128 to Exit 137 Widening NB and SB (Ironto to Salem) – 2 Projects	2025/2026
	MM 116 to Exit 128 Widening NB Only (Christiansburg to Ironto)	2028
Staunton District	MM 242 to MM 248 NB and SB Widening (Harrisonburg)	2025
	Exit 313 to Exit 317 NB and SB Widening – Construction 2028 (Winchester)	2028
	Mount Sidney Rest Area (SB Deceleration Lane, SB Acceleration Lane, NB Acceleration Lane)	2028
	Exit 205 to Exit 200 SB Widening (Raphine to Fairfield)	2028
	Exit 188 NB Acceleration Lane	2025

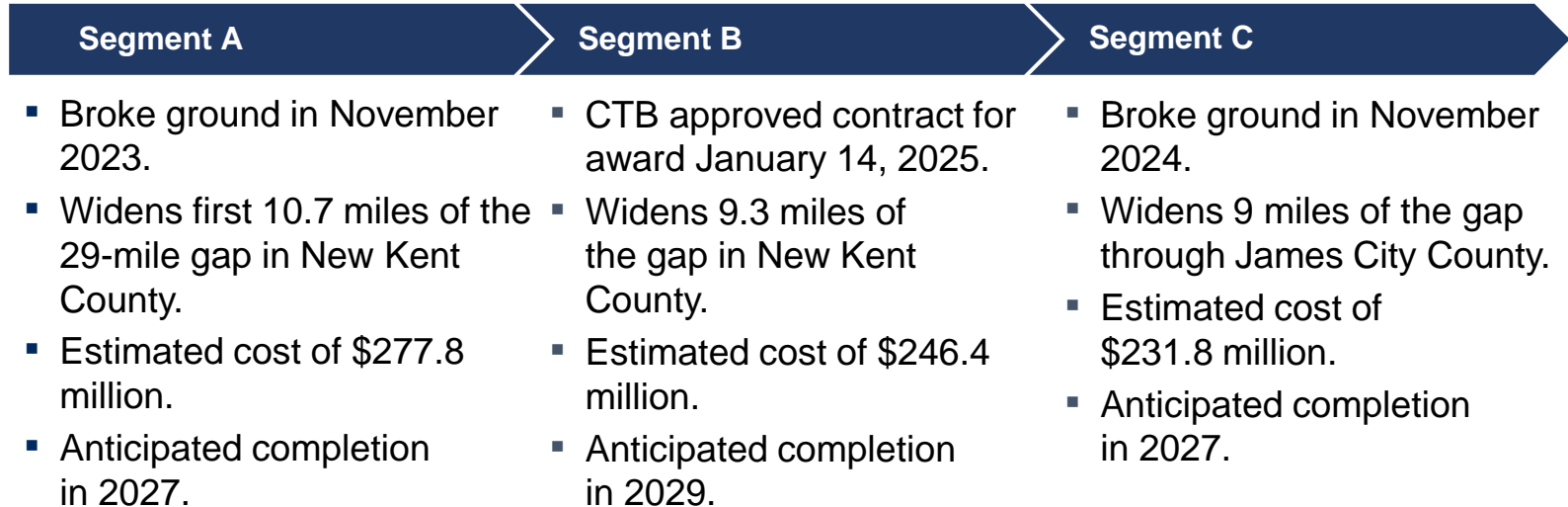


Interstate 81 Corridor Improvement Plan – 2025 Update

- Current financial outlook allows for additional projects to be included in the Program.
- New tranche of I-81 projects will be identified.
- Remaining 36 projects from the original CIP will be re-evaluated in the CIP update, which will be completed in 2025.



Interstate 64 Gap Widening Project



All three segments are a combined estimated \$756 million.



HRBT Expansion Project

- A \$3.9 billion project—the largest in Virginia's history.
- It will double capacity to eight lanes total across two tunnels and all new bridges.
- Tunnel boring machine "Mary" began boring in April 2023 and completed boring for the first tunnel in April 2024.
- "Mary" was turned around and began boring the second tunnel in October 2024, with anticipated completion in Fall 2025.
- "Mary" tunnels at a rate of 50 feet per day.
- Anticipated completion date in late 2026 or early 2027.



Pilot Municipal Dredge Operating Program

- Last year's budget appropriated \$7.5 million of GF money to a Pilot Municipal Dredge Program operated by the Middle Peninsula Chesapeake Bay Public Access Authority.
- Funds are for the dredging of shovel-ready, shallow-draft dredging projects.
- The Pilot Municipal Dredge Operating Program and Municipal Dredging Operating Agreement must be approved by the Virginia Port Authority (VPA).
- VPA received a proposal for a Pilot Municipal Dredge Program from the Middle Peninsula Chesapeake Bay Public Access Authority in November 2024.
- VPA Board of Commissioners intends to approve the Program and Agreement in April 2025.



DMV IT System Modernization

- DMV is undertaking a major effort to re-platform its Citizen Services System (CSS)—DMV’s core system of record developed in 1989—from mainframe to cloud-based technology.
 - Mainframe is obsolete; modern cloud-based system will improve reliability and support cutting-edge solutions.
- DMV is pursuing a cautious and cost-effective approach by using Arizona’s fully-developed solution (available for free) as a starting point.
- The CSS modernization began in December 2024 and will be completed in two stages:
 - Stage 1: Proof of Concept to test the vendor’s approaches, methodologies, and capabilities.
 - Estimated completion: May 2025
 - Stage 2: Full solution build-out and deployment
 - Estimated completion (rough order of magnitude): 3 years following successful proof-of-concept
- Estimated all-in cost: \$94 million (including DMV internal staff time and contingency)
 - \$575,000 expended to date
 - DMV has adequate non-GF resources on-hand. Governor’s proposed budget amendment authorizes expenditure of first \$25 million in project costs from DMV special fund.



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