

**Hampton Roads Transportation Accountability Commission (HRTAC)
Funding Strategies Advisory Committee (FSAC)
Summary Minutes of the December 15, 2015 Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Funding Strategies Advisory Committee (FSAC) Meeting was called to order at 9:31 a.m. in the HRTPO Regional Board Room located at 723 Woodlake Drive, Chesapeake, Virginia, with the following in attendance:

HRTAC Funding Strategies Advisory Committee Members in Attendance:

Neal Crawford, Chair	W. Sheppard Miller, III
Jody Wagner, Vice Chair	Alan Parrott
Dr. James Koch	Alan Witt
Harry Lester	

HRTAC Executive Director

Kevin Page

Other Participants:

Tom Inglima	Art Moye
Danetta Jankosky	Camelia Ravanbakht
David Miller	James Utterback

HRTAC Funding Strategies Advisory Committee Members Absent:

Stacy Cummings	Joe Frank
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* Denotes Late Arrival or Early Departure

Others Recorded Attending:

John Gergely, Donna Sayegh (Citizens); Earl Sorey (CH); Lynn Allsbrook (HA); Thelma Drake, Jeffrey Raliski (NO); Scott Forehand, Don Quisenberry (eScribeSolutions); Mary DiMontino (J.P. Morgan); Bert Ramsay (Lane Construction); Tracy Baynard (McGuire Woods Consulting); Karen McPherson (McPherson Consulting); Jeff Florin (VPA); Tony Gibson (VDOT); Jordan Pascale (Virginian-Pilot); Mike Long (HRPDC); Mike Kimbrel, Chris Vaigneur (HRTPO);

Call to Order

HRTAC FSAC Chair Neal Crawford called the meeting to order at 9:31 a.m.

Chair Neal Crawford requested a motion to amend the Agenda to include public comments.

Mr. W. Sheppard Miller, III made a Motion to Amend the Agenda to include public comments; seconded by Mr. Harry T. Lester. The Motion Carried Unanimously.

Public Comment Period (limit 5 minutes per individual)

No Public comments were offered.

Minutes of October 13, 2015 and November 17, 2015 meeting

Mr. W. Sheppard Miller, III made a Motion to Approve the minutes of the October 13, 2015 and November 17, 2015 FSAC Meetings; seconded by Mr. Harry T. Lester. The Motion Carried Unanimously.

Chair Crawford invited HRTAC Executive Director Kevin Page to provide an update on his HRTAC constituent member survey efforts.

Mr. Page presented that the general consensus is to move forward with the nine projects. He offered there appeared to be a strong consensus regarding prioritization of the initial projects, but the consensus seemed to waver when discussing prioritization of smaller projects. He noted a lack of support for tolling, and a desire to pursue alternative financing options such as flooring of the gas tax, additional sales and use taxes, and a wholesale gas tax.

Mr. Page credited Sheppard Miller for his "One and done" slogan, and added that it was well received. Mr. Page welcomed Mr. Jeff Florin from the Virginia Port Authority, and acknowledged his long-time efforts on the freight committee and grant receipt.

Information Items - Regional Priority Project Prioritization

Dr. Camelia Ravanbakht explained the creation of the HRTPO project prioritization tool. She noted that this process was put in place in a pre-HRTAC time when the HRTPO was responsible for the use of the regional funds. She explained that a prospective project had to be in the 2034 Fiscally Constrained Long-Range Plan, and the project had to be eligible for regional funds (the project had to be a highway, tunnel or bridge). The HRTPO Project Prioritization Tool had three major components:

1. Project Utility (Congestion Improvement, Regional Transport System Connectivity, Safety, Cost Effectiveness, Regional Significance);
2. Economic Vitality (Potential for Increased Economic Activity, Improve Major Labor Market Accessibility, Reduction in Travel Time, Address needs of Region Industry, Defense, Tourism, and Ports); and
3. Project Viability (Committed Funding, Completion of Design, Presence of Environmental Document).

She added that the HRTPO tool used different, but similar, evaluation components to those used in HB2 scoring.

Mr. Sheppard Miller asked for confirmation that if a project had been approved for HB2 funding, then they would be required to complete that project regardless of the

order in which the project was prioritized. Dr. Ravanbakht confirmed Mr. Miller's assumption.

Mr. Alan Parrott asked if the military had provided feedback on project prioritization. Dr. Ravanbakht responded that there is non-voting military presence at HRTPO meetings, and added that they are cooperative in provision of their comments.

Dr. James Koch questioned how weights for the various components were assigned to the HRTPO scoring tool, and who made the decision to set those weights. Dr. Ravanbakht offered that the HRTPO Board assigned the weights. Mr. Sheppard Miller clarified that the General Assembly created HB2, and that under HB2 the Commonwealth Transportation Board decided each region's scoring system.

Mr. Harry Lester stated that the state's scoring on HB2 can be different from the HRTPO scoring method, and as such may require looking at two different numbers if HB2 money is going to be pursued.

Dr. Ravanbakht added that the HRTPO scoring weight was 30 percent for congestion. She noted that other factors associated with congestion, but not specifically in the congestion computation, may make the HRTPO tool more closely resemble the HB2 scoring tool weight of 50 percent for congestion.

Dr. Ravanbakht noted that the regional money allocated to the current projects versus state and federal money allocated is currently at a 3:1 ratio. She added that this is not the way interstate projects had traditionally been built in the past.

Mr. Witt, Mr. Miller, and Dr. Ravanbakht offered some specifics of the ERC Agreement regarding development, maintenance of the tunnel facilities for which ERC is responsible, tolling, and return of the facility to the state. Mr. Miller offered that the issue is germane to their discussion, since at some point the maintenance and upkeep is going to be an expense borne by the state. Mr. Utterback remarked that the two issues are different for three reasons:

1. The Downtown/Midtown project is a P3 Agreement with maintenance obligations for 58 years;
2. HRTAC is charged with constructing new facilities, not maintenance; and
3. VDOT will maintain the facilities, not the region.

Mr. Utterback, Mr. Miller, and Dr. Ravanbakht discussed interpretations of the order that HB2 funds would be awarded. HRTAC Counsel Tom Inglima suggested that Dr. Ravanbakht describe how the funds that HRTAC put towards projects effects/improves HB2 scoring.

Mr. Utterback clarified the discussion and explained the difference between the scoring process, and then the scores themselves.

Chair Crawford asked if any feedback from Secretary Layne had been received. Dr. Ravanbakht relayed that they were told the scores would be published in January at the CTB meeting, and they would have to wait until then.

Mr. Lester questioned how the I-64 widening project Segment 1 was scored as number one, and offered that Segment 2 seemed more congested to him. Dr. Ravanbakht responded that Segment 1 was more congested.

Dr. Ravanbakht offered an outlook on transportation, projecting great congestion should the nine projects not be completed. Mr. Miller recounted that the pay-go model completed the projects in 2080.

Mr. Kevin Page noted that the Plan of Finance for the nine projects needed to move into the 2040 Long-Range Plan.

Dr. Ravanbakht added that the Long-Range Plan needs to be updated in 2016. She then summarized her conversation with Federal Highway Representative Mr. Ivan Rucker, where he described that you can include the projects for which funding can be shown now, and then come back and amend the plan up to 2 years later to add other projects.

Dr. Ravanbakht offered that projects that cannot be included in the 2040 Long-Range Plan can be included in the Vision Plan.

Mr. Miller asked when would they be able to complete the nine projects if the money were available. Mr. Page responded 2038.

Mr. Miller summarized that they currently have two financing options for the nine projects to present to the HRTAC Board. One response is that the projects can be completed by 2080 using a pay-go strategy, and the other being that the projects can be completed in a reasonable time frame using tolls.

HRTAC Plan of Finance – Update /Discussion

Mr. Page remarked that the HRTAC members were going to provide some feedback for FSAC soon, and that the level of awareness is escalating. He also confirmed with Mr. Utterback that in order to receive a Record of Decision or funds from FHWA, a Plan of Finance had to be completed and offered. Mr. Page reminded the Committee that the High Rise Bridge project is waiting on VDOT's receipt of a height determination from the Coast Guard, and that once received, VDOT would be waiting on HRTAC and a Plan of Finance.

Mr. Lester explained that he thought the discussions to be circular arguments. Mr. Miller echoed Mr. Lester's sentiments. Chair Crawford and Mr. Miller suggested that

direction from HRTAC is needed, noting that tolling was the only funding mechanism available for the Committee to use.

Mr. Lester reminded the Committee that new taxes and static tolls are not going to be allowed to happen anytime soon, referencing comments made by the Chairman of Appropriations at a recent meeting.

Ms. Jody Wagner remarked that the process is like orthodontia. She suggested that they need to continue to provide information, and continue to educate the public. Mr. Miller stated that nothing gets done unless you push, fight, and fuss.

Mr. Utterback asked if HRTAC would allow Mr. Page and PFM to do additional work on the three high priority projects that had been identified by Dr. Ravanbakht, the I-64 High Rise Bridge Project, the I-64/I-264 Interchange, and the I-64 Widening Project. Chair Crawford added that the letter received from Secretary Layne might also suggest a fourth high priority project.

Mr. Utterback summarized a letter from Secretary Layne to Mayor Johnson, Chair of the HRTPO, suggesting conversion of the under utilized HOV lanes to HOT lanes, referencing the Northern Virginia success of the same process. Mr. Utterback offered that feasibility, benefits, and a planning level cost estimate needed to be studied. Chair Crawford agreed that they would have them look into those options and some others.

Mr. Page stated that they would work with the HRTPO on that project.

Presentation – Economic Impact of Tolls on Freight Transportation Costs

Art Moyer, Executive Vice President of the Virginia Maritime Association, introduced himself and discussed the economic impact of tolls on freight transportation. He offered that the discussion was really about two scenario options. Option 1: what are the impacts on freight traffic if the projects are not completed (The No-Build Scenario), and Option 2: what are the impacts on freight traffic if the projects are completed using tolls to pay for the improvements (The Build-with-Tolls Scenario).

Mr. Moyer provided summarized information from a study by Cambridge Systematics. He described the approach of the study as analyzing:

1. Interviews of key stakeholders;
2. Benchmark key origin destination buyers;
3. Cost per mile analysis for competitive markets; and
4. Determine future freight costs using the Regional Travel Demand Model.

4 costs were identified by the study:

- Labor costs;
- Vehicle operation costs;

- Reliability costs (associated with an unreliable transportation network – cost of delays); and
- Cost of tolls.

He noted that the study approach was applied to both scenario options. The results of the No-Build Scenario were:

1. Increased transportation congestion;
2. Fewer truck turns (trips);
3. Need to add more trucks to meet demand;
4. Increased congestion effects – increased labor costs, increased vehicle operation costs; and
5. Freight-related business relocation.

The results of the Build-with-Tolls Scenario were:

1. Local trip is penalized due to additional tolling events;
2. Significant reduction in delay hours – allowing more truck turns;
3. Local trip delay hours slightly increased due to additional trip possibility;
4. Tolls incurred; and
5. 18% overall cost reduction.

Dr. Koch remarked that there has been a 15% reduction in traffic at ERC facilities apparently due to tolling. He offered that the observed reduction is important in that this represents a loss of revenue if tolling is used as a financing mechanism. He then asked Mr. Moyer if the Cambridge Study took the traffic reduction into account. Mr. Moyer offered that they did and he would be glad to have Cambridge come and provide additional detail.

Mr. Moyer closed by summarizing that FTAC is populated by transportation business industry representatives, and that they would much rather have increased efficiency and tolls versus the current delays experienced.

Chair Crawford commented that he was going to try to get very specific marching orders from HRTAC.

Mr. Witt discussed the HOT lanes as being a politically viable financing solution, citing the letter from Secretary Layne. Mr. Miller offered that the HOT lane discussion held in previous meetings was demonstrated to be a financially upside down argument since the HOT lanes would generate only half the additional cost to build the new capacity as HOT. Mr. Lester offered that the congestion relief experienced in Northern Virginia was quantified as a 20% reduction in congestion. Mr. Miller added that the pricing analysis did not take into account the value of congestion relief.

Mr. Miller continued that he believed the prioritization previously completed was ignored when the HB2 process came about since the ability for a project to become

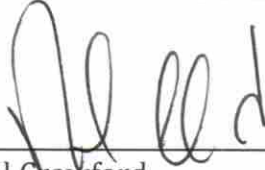
partially state-funded through HB2 became a factor. Dr. Ravanbakht asserted that everyone needed to be getting the information in the most accurate way. She explained that the nine projects endorsed by the HRTPO were not prioritized, and were instead endorsed as a system of projects. She added that even though scores were assigned to each project, they could not be compared side-by-side via scores, since the projects existed in different categories of projects (highway, transit, etc.)

Next Meeting

The next HRTAC Funding Strategies Advisory Committee meeting is January 19, 2016 from 9:30 a.m. to 11:30 a.m.

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission Funding Strategies Advisory Committee, the meeting adjourned at 11:23 a.m.

A handwritten signature in black ink, appearing to read 'Neal Crawford', is written over a horizontal line.

Neal Crawford

HRTAC Funding Strategies Advisory Committee Chair