



*Linda T. Johnson, Chair
Thomas G. Shepperd, Jr., Vice-Chair*



*Michael J. Hipple, Jr., Chair
Linda T. Johnson, Vice-Chair*

August 1, 2017

The Honorable Aubrey L. Layne, Jr.
Virginia Secretary of Transportation/
Commonwealth Transportation Board Chair
1111 E. Broad Street
Richmond, Virginia 23219

RE: Comments on Proposed Changes to the SMART SCALE Policy and Process

Dear Secretary Layne:

The Hampton Roads Transportation Planning Organization (HRTPO) and the Hampton Roads Transportation Accountability Commission (HRTAC) strongly believe that the SMART SCALE (formerly House Bill 2, or HB2) project prioritization process, implemented in 2015, has demonstrated a significant improvement in how projects are selected by the Commonwealth Transportation Board (CTB) to receive allocations of precious transportation dollars. The SMART SCALE method of scoring projects based on an objective, outcome-based process that is transparent to the public and holds decision-makers accountable to taxpayers was a game-changer when it was adopted by the CTB.

The HRTPO and HRTAC understand that the CTB is currently considering changes proposed by staff to the SMART SCALE policy and process and appreciate this opportunity to submit comments for your consideration. After careful review of the current SMART SCALE policy and process, as well as the proposed changes presented by SMART SCALE staff to the CTB on June 21, 2017, it is apparent that adoption and implementation of some of the proposed changes could adversely affect the ability of the HRTAC and VDOT to accelerate and deliver Hampton Roads Regional Priority Projects. The HRTPO and HRTAC offer the following comments for consideration by the CTB:

- With regard to Slides 45 and 47 of the June 21, 2017 “SMART SCALE Staff recommendations for improving the process for Round 3” presentation to the CTB, which refer to a *Need to define clear rules regarding projects that are fully funded or committed* and a proposed Project Eligibility change to *Clarify in the policy that SMART SCALE funding is not intended to replace other committed funding sources such as local/regional funding, proffers, and/or other committed state or federal funding resources*:
 - The HRTPO and HRTAC respectfully request that it be made clear in any such policy change regarding fully funded projects that the policy does not apply to the projects having Hampton Roads Transportation Fund (HRTF) allocations administered by the HRTAC. There are several reasons for our request, including the following:

- As you know, the HRTF is generated by additional fuels and sales taxes paid in Hampton Roads, the majority paid by residents of the region. Virginia law does not allow the HRTF to be taken into consideration when determining the amount of other funding to be made available to Hampton Roads. Referring to the HRTF as the “Fund”, §33.2-2600 of the Code of Virginia states that *The amounts deposited into the Fund and the distribution and expenditure of such amounts shall not be used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating localities.*
- By law, the HRTAC must use HRTF monies to build large-scale, regionally-significant projects. Referring to the HRTAC as the “Commission”, §33.2-2600 of the Code of Virginia states that *The Commission shall give priority to those projects that are expected to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23 and shall ensure that the moneys shall be used for such construction projects.* As a result, nearly all of the Hampton Roads Regional Priority Projects – the projects on which HRTAC is allocating HRTF moneys – are on the Interstate system. It is neither fair nor appropriate to expect that such projects should be carried out without significant state and federal funding participation.
- In order for HRTAC and VDOT to receive CTB approval to enter into a project agreement, the agreement must include a detailed plan showing that all necessary funds are available to allow completion of the project. To maintain the aggressive schedules associated with the Regional Priority Projects, the HRTAC has allocated HRTF moneys to fully fund projects that the HRTAC and HRTPO believe would be very competitive under SMART SCALE – with the expectation that some HRTF allocations may be replaced with state and/or federal funding received as a result of a successful SMART SCALE application. Taking into account the HRTAC, HRTPO, VDOT, and CTB processes and schedules, as well as the two-year cycle to apply for funding via SMART SCALE, it would be impossible to maintain the successful and aggressive schedules without fully funding the projects with large allocations from the HRTF. The Standard Project Agreements between the HRTAC and VDOT currently address the possibility of allocation of additional federal and/or state funds to the project – such as resulting from the SMART SCALE process – following execution of the agreements.

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- With regard to the Project Eligibility requirements included in the SMART SCALE Policy Guide, we respectfully request that the policy be changed to require that localities obtain a resolution of support from the relevant regional entity regardless of whether they are applying for a Corridor of Statewide Significance or Regional Networks project type. This would provide MPOs the opportunity to ensure that projects being submitted under SMART SCALE were consistent with the MPO's Fiscally-Constrained Long-Range Transportation Plan (LRTP). As a result of SMART SCALE Rounds 1 and 2, a number of projects that were not consistent with the HRTPO LRTP received funding. That made it necessary to add the projects to the LRTP and remove other projects in order to maintain fiscal-constraint. The HRTPO and HRTAC believe that was an unintended consequence of the SMART SCALE process.

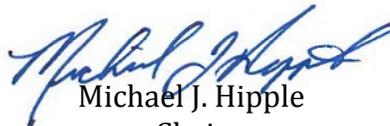
The HRTPO and HRTAC appreciate the work of the CTB and all involved with the SMART SCALE process. We firmly believe the process works and appreciate this opportunity to provide input as you work to make the process even better.

Sincerely,



Linda T. Johnson
Chair

Hampton Roads Transportation
Planning Organization



Michael J. Hipple
Chair

Hampton Roads Transportation
Accountability Commission

MK/sc

Copy: HRTPO Board Members
HRTAC Board Members
John F. Malbon, CTB – Hampton Roads Representative