



Office of Transportation

Overview

The agencies in the Transportation secretariat are charged with providing Virginians with a safe, efficient, intermodal transportation system that provides for an ease of mobility, responds to the market, and fosters economic prosperity. The secretariat also provides administrative and regulatory services, such as issuing driver's licenses, registering motor vehicles, and titling motor vehicles.

The Governor's proposed initiative, *Innovative Progress: Improving Transportation in Virginia*, addresses the growing transportation needs of the state by:

- ▶ providing a statewide approach to improving transportation in Virginia,
- ▶ creating innovative approaches for improving transportation in Virginia that address all modes of transportation,
- ▶ addressing quality-of-life issues associated with transportation, such as long daily commutes,
- ▶ working to alleviate short-term transportation concerns, while providing initial steps to address long-term issues,
- ▶ identifying creative financing mechanisms, consistent with sound financial practices, to fund transportation needs without tax increases,
- ▶ using broad-based funding approaches to support transportation, as opposed to single sources of revenue that are cyclical in nature,
- ▶ ensuring that any borrowings protect the Commonwealth's debt capacity and its triple AAA bond rating, and
- ▶ promoting Virginia's efforts to become the nation's leader in both teleworking and use of intelligent transportation system technology.

Specifically, under the Governor's proposal, federal funds are accelerated for more than 90 transportation projects statewide that are in the Six-Year Transportation Improvement Plan. The proposal also repays the Transportation Trust Fund to give back to all regions and communities of the state the money denied them in the early 1990s. It securitizes 40 percent of the Tobacco Settlement funds to provide "up-front" proceeds and a continuing stream of "residual" payments

for transportation projects. Securitization is a commonly used financing method by which monies to be received over time may be received up front in one lump sum. It is especially effective in shielding the Commonwealth from the inherent risks of holding such a long-term obligation.

In addition, the proposal implements an electronic fuels tax collection system and moves the point of the initial taxation to wholesale distributors of fuel, rather than retailers. This will yield more efficient tax collection, increased tax compliance, a level playing field for Virginia businesses, and increased fuel tax revenue. The proposal also creates a new Priority Transportation Fund to address critical high-priority transportation needs throughout Virginia, both immediately and in the future. It directs the new Priority Transportation Fund to attract private, local, and federal money to fund new projects in innovative ways. These types of projects could include the third lane on I-81, a third crossing in Hampton Roads, the Dulles Corridor Rapid Transit Project, Route 58, and a third rail between Richmond and Washington, D.C.

Finally, the proposal, if fully initiated, ensures that nearly \$2.5 billion in new revenue will be dedicated to transportation issues over the next six years. These additional dollars will greatly assist in meeting the critical transportation needs of Virginians.

For the 2000-2002 biennial budget, the Governor's proposal includes nearly \$1.0 billion in general fund and Tobacco Settlement revenue in support of his transportation initiative.

Summary of recommended funding for Transportation agencies

<i>Agency</i>	<i>Fiscal year 2001</i>			<i>Fiscal year 2002</i>		
	<i>GF</i>	<i>NGF</i>	<i>All funds</i>	<i>GF</i>	<i>NGF</i>	<i>All funds</i>
Secretary of Transportation	0.0	0.5	0.5	0.0	0.5	0.5
Department of Aviation	2.5	22.3	24.8	2.5	23.1	25.5
Department of Motor Vehicles	0.0	177.5	177.5	0.0	177.5	177.5
Department of Rail and Public Transportation	14.7	129.2	143.9	14.7	130.0	144.7
Department of Transportation	224.9	3,086.2	3,311.1	236.4	2,541.4	2,777.8
Motor Vehicle Dealer Board	0.0	1.6	1.6	0.0	1.6	1.6
Virginia Port Authority	4.2	45.5	49.7	4.2	46.8	51.0
Total for Office of Transportation	246.2	3,463.0	3,709.2	257.8	2,920.9	3,178.7

Dollars in millions. Figures may not add due to rounding. See "How to read the summary tables" on page 8.

Secretary of Transportation

The Secretary of Transportation is appointed by the Governor and assists the Governor in the management and direction of state government. This Secretary provides guidance to the six agencies in the Transportation secretariat. The Secretary's office does not receive any federal funds.

No recommended changes for this agency

Department of Aviation

The department helps airport owners plan, construct, maintain, and operate their airports. The agency also plans the state's aviation system and promotes aviation and air travel safety. These activities account for more than 90 percent of the agency's budget. In addition, the department licenses aircraft and airports, and maintains the state government's fleet of aircraft, which accounts for slightly less than 10 percent of the agency's budget.

The primary funding for the agency comes from nongeneral fund sources such as fuel taxes, and aircraft sales and use taxes. In fiscal year 1999, 3.1 percent of the agency's spending was from federal funds.

Recommended changes:

- ▶ **Provide general funding for transportation.** Additional funds to accomplish the Governor's transportation initiative. The Transportation Trust Fund will receive funding each year, and this will flow through the state highway allocation formula. Of these funds, \$2.0 million will be designated for the Smithsonian Institution as part of Virginia's contribution to the National Air and Space Museum Extension. For each year, \$2.4 million (GF).
- ▶ **Adjust funding for airport assistance.** An adjustment to the appropriation for transportation funds to reflect a revised revenue forecast. For 2001, an increase of \$1.6 million (NGF). For 2002, an increase of \$2.3 million (NGF).

Department of Motor Vehicles

The department is responsible for licensing over five million drivers in the state, and registering over five million motor vehicles. The agency promotes highway and transportation safety, focusing on the safe operation of cars, trucks, and other type of motor vehicles. The department provides services through customer service centers and two mobile units in locations across the state.

Each year the department collects about \$1.4 billion in fuels taxes and other transportation fees and taxes. These revenues support programs in the Virginia Port Authority and the Departments of Motor Vehicles, Aviation, Transportation, and Rail and Public Transportation, and in other designated safety and environmental programs. Some of this funding also goes to localities as tax receipts from rental vehicles and the sale of mobile homes, and to a program to reimburse localities for the removal of abandoned cars.

The funding for this agency comes from nongeneral funds, including motor vehicle registration fees, title fees, driver's licenses, license plates, and related fees and taxes. In fiscal year 1999, 2.8 percent of the agency's expenditures was from federal funds.

No recommended changes for this agency

Department of Rail and Public Transportation

The department develops plans for public transportation and freight rail systems in Virginia and provides grants to localities to improve these services. Ninety-five percent of the agency's budget goes to local and regional transportation districts for public transportation projects. All of this agency's budget comes from nongeneral fund sources: motor fuel taxes, motor vehicle sales and use taxes, motor vehicle license fees, and federal funds. In fiscal year 1999, 7.6 percent of the agency's spending was from federal funds.

Recommended changes:

- ▶ **Expand transit planning.** Additional funds and positions to expand the planning capacity of the transportation planning section to help find solutions that relieve traffic congestion and allow citizens to have access to travel at any time, while preserving environmental quality. For 2001, \$152,140 (NGF) and two positions. For 2002, \$152,140 (NGF).
- ▶ **Adjust funding for para-transit assistance program.** A technical adjustment to remove Oil Overcharge Trust amounts appropriated in the agency's budget because no oil overcharge funds are available. For each year, a reduction of \$800,000 (NGF).
- ▶ **Provide general funding for transportation.** Additional funds to accomplish the Governor's transportation initiative. The Transportation Trust Fund will receive funding each year, and this funding will flow through the state highway allocation formula. These funds will be used to bolster mass transit projects around the state. This initiative also includes debt service funding for bonds issued by the Virginia Resources Authority for the Eastern Shore Railroad. For each year, \$14.7 million (GF).
- ▶ **Adjust funding for rail and public transportation operations.** An increase to the appropriation for transportation funds to reflect a revised revenue forecast. For 2001, \$7.2 million (NGF). For 2002, \$7.9 million (NGF).

Department of Transportation

The agency has built and maintains 65,000 miles of roads, over 19,700 bridges, and five tunnel systems. It also provides money to cities and towns for street construction and maintenance, conducts transportation research and evaluation, and operates toll roads, bridges, and ferries. Almost all the department's budget comes from nongeneral funds. The major sources of these funds are gasoline taxes, motor vehicle sales taxes, motor vehicle license fees, and federal funds. In fiscal year 1999, 20.6 percent of the agency's spending was from federal funds.

Recommended changes:

- ▶ **Increase support service funding to enhance computing capacity.** Additional funding to develop and implement computer systems applications that will reduce the cost of delivering transportation services, and provide additional transportation and information services to contractors and interested citizens. This funding is intended to provide initial start up funding for an ambitious technology improvement plan. For each year, \$10 million (NGF).
- ▶ **Increase highway maintenance funding.** Additional funding to address highway maintenance needs as promulgated in the agency's prescribed periodic maintenance requirements. For 2001, \$40 million (NGF). For 2002, \$51.5 million (NGF).

- ▶ **Increase employee training and support funding.** Additional funding to implement a comprehensive employee training and leadership development program, continue with customer service training and reinforcement, develop and implement a succession management plan, and institute an engineering scholarship program in conjunction with various colleges and universities in the Commonwealth. This training initiative will reduce reliance on outside consultants because consultant expertise will now be available in the department. For 2001, \$1.2 million (NGF).
- ▶ **Provide general funding for transportation.** Additional funds to accomplish the Governor's transportation initiative. The Transportation Trust Fund will receive funding each year, and this will flow through the state highway allocation formula. These funds will be designated for use by the Commonwealth Transportation Board at the next update of the Six-Year Improvement Plan. For each year, \$78.7 million (GF).
- ▶ **Create the Priority Transportation Fund.** Additional funds to initiate priority construction projects through creation of the Priority Transportation Fund. These funds will be distributed for purposes authorized by the General Assembly. Out of these amounts, \$25 million will be dedicated to capitalize the Virginia Airports Revolving Loan Fund, and \$10 million will be dedicated towards the cost of tax credits related to teleworking initiatives. For each year, \$106.2 million (GF).
- ▶ **Provide Tobacco Settlement funding to transportation.** Additional funds to accomplish the Governor's transportation initiative. Cash proceeds of the sale of the tobacco assets will be deposited to the state treasury for further transfer to the proposed new Priority Transportation Fund. These funds will be distributed for purposes authorized by the General Assembly. For 2001, \$570.1 million (NGF). For 2002, \$11.6 million (GF).
- ▶ **Supplant general fund amounts with nongeneral funds.** Additional nongeneral funds to replace general fund amounts not required because of increased transportation revenues anticipated from the Governor's proposal to collect motor fuels taxes at the terminal rack rather than from the retailer. For each year, a reduction of \$7.0 million (GF) and an increase of \$7.0 million (NGF).
- ▶ **Adjust funding for highway construction and operations.** An increase in transportation funds to reflect a revised revenue forecast. For 2001, \$73.2 million (NGF). For 2002, \$1.5 million (NGF).

Motor Vehicle Dealer Board

The Dealer Board establishes licensing standards, administers exams, and issues licenses to do business for sales persons as well as motor vehicle dealers. The funding for this agency comes from nongeneral funds, including fees for certification, licensing, and licensing renewal. The agency does not receive any federal funds.

No recommended changes for this agency

Virginia Port Authority

The mission of the ports relates to the state's long-term strategic transportation plan as well as the state's strategic economic development plan. The agency, through the Commonwealth, owns and operates marine terminals in Portsmouth, Norfolk, and Newport News. It also owns a truck and rail terminal in Front Royal. It markets these ports to ship lines and businesses worldwide through the headquarters in Norfolk as well as overseas locations in Brussels, Tokyo, Seoul, Sao Paulo, Singapore, Cairo, and Hong Kong. Currently, most of the authority's budget is from nongeneral fund sources, primarily revenues received from the Transportation Trust Fund and from fees paid by ship lines for use of the ports. The agency does not receive any federal funds.

Recommended changes:

- ▶ **Establish office in Argentina.** Additional funds to establish an office in Buenos Aires, Argentina. An office in Argentina, an area where growth in trade is forecast, will help expand the representation of Virginia ports internationally. For 2001, \$186,510 (NGF). For 2002, \$162,558 (NGF).
- ▶ **Provide general funding for transportation.** Additional funds to accomplish the Governor's transportation initiative. The Transportation Trust Fund will receive funding each year, and this will flow through the state highway allocation formula. Funding for the deepening of Norfolk Harbor and the Craney Island feasibility study are included in this amount. For each year, \$4.2 million (GF).
- ▶ **Continue funding for the deepening of the Norfolk Harbor.** Additional funds to pay the state's share of the U.S Army Corps of Engineers' project to deepen the Norfolk Harbor. Federal funds are also being used for this project. The project will ensure channel access for larger shipping vessels, thus strengthening the ability of Virginia's ports to compete with other East Coast ports. Funding for this project will come from the Transportation Trust Fund state highway allocation formula. For the biennium, \$700,000 (GF).
- ▶ **Study Craney Island improvement feasibility.** Additional funds to pay the state's 50 percent share of the U.S. Army Corps of Engineers' study of Craney Island. The study will determine the future uses for Craney Island and the impacts upon transportation and shipping in Virginia. The area could provide additional acreage for the development of long-term berthing and land-side port facilities. Funding for this study will come from the Transportation Trust Fund state highway allocation formula. For the biennium, \$2.4 million (GF).
- ▶ **Adjust funding for port operations.** An increase to the appropriation for transportation funds to reflect a revised revenue forecast. For 2001, \$2.6 million (NGF). For 2002, \$3.8 million (NGF).



Office of Transportation

Detail Tables

	Fiscal Year 2001			Fiscal Year 2002		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
SECRETARY OF TRANSPORTATION						
FY 2000 appropriation	0	470,781	470,781	0	470,781	470,781
Technical adjustments to base	0	46,107	46,107	0	46,495	46,495
Adjusted base budget	0	516,888	516,888	0	517,276	517,276
Total recommended funding	0	516,888	516,888	0	517,276	517,276
Percent change	0%	9.79%	9.79%	0%	9.88%	9.88%
Position level:						
FY 2000 appropriation	0	4.00	4.00	0	4.00	4.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	4.00	4.00	0	4.00	4.00
DEPARTMENT OF AVIATION						
FY 2000 appropriation	50,099	20,541,855	20,591,954	50,099	20,541,855	20,591,954
Technical adjustments to base	0	208,770	208,770	0	210,282	210,282
Adjusted base budget	50,099	20,750,625	20,800,724	50,099	20,752,137	20,802,236
Recommended funding changes:						
▶ Provide general funding for transportation	2,400,000	0	2,400,000	2,400,000	0	2,400,000
▶ Adjust funding for airport assistance	0	1,594,400	1,594,400	0	2,297,900	2,297,900
Total recommended funding changes	2,400,000	1,594,400	3,994,400	2,400,000	2,297,900	4,697,900
Total recommended funding	2,450,099	22,345,025	24,795,124	2,450,099	23,050,037	25,500,136
Percent change	4,790.51%	8.78%	20.41%	4,790.51%	12.21%	23.84%
Position level:						
FY 2000 appropriation	0	32.00	32.00	0	32.00	32.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	32.00	32.00	0	32.00	32.00
DEPARTMENT OF MOTOR VEHICLES						
FY 2000 appropriation	0	168,221,362	168,221,362	0	168,221,362	168,221,362
Technical adjustments to base	0	9,255,417	9,255,417	0	9,322,554	9,322,554
Adjusted base budget	0	177,476,779	177,476,779	0	177,543,916	177,543,916

	Fiscal Year 2001			Fiscal Year 2002		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
Total recommended funding	0	177,476,779	177,476,779	0	177,543,916	177,543,916
Percent change	0%	5.50%	5.50%	0%	5.54%	5.54%
Position level:						
FY 2000 appropriation	0	1,828.00	1,828.00	0	1,828.00	1,828.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	1,828.00	1,828.00	0	1,828.00	1,828.00
DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION						
FY 2000 appropriation	0	122,476,485	122,476,485	0	122,476,485	122,476,485
Technical adjustments to base	0	205,931	205,931	0	207,541	207,541
Adjusted base budget	0	122,682,416	122,682,416	0	122,684,026	122,684,026
Recommended funding changes:						
▶ Expand transit planning	0	152,140	152,140	0	152,140	152,140
▶ Adjust funding for para-transit assistance program	0	(800,000)	(800,000)	0	(800,000)	(800,000)
▶ Provide general funding for transportation	14,700,000	0	14,700,000	14,700,000	0	14,700,000
▶ Adjust funding for rail and public transportation operations	0	7,200,615	7,200,615	0	7,926,315	7,926,315
Total recommended funding changes	14,700,000	6,552,755	21,252,755	14,700,000	7,278,455	21,978,455
Total recommended funding	14,700,000	129,235,171	143,935,171	14,700,000	129,962,481	144,662,481
Percent change	0%	5.52%	17.52%	0%	6.11%	18.11%
Position level:						
FY 2000 appropriation	0	29.00	29.00	0	29.00	29.00
Recommended position level changes	0	2.00	2.00	0	2.00	2.00
Total recommended positions	0	31.00	31.00	0	31.00	31.00
DEPARTMENT OF TRANSPORTATION						
FY 2000 appropriation	47,322,000	2,353,550,347	2,400,872,347	47,322,000	2,353,550,347	2,400,872,347
Technical adjustments to base	(272,000)	31,136,653	30,864,653	(272,000)	117,787,153	117,515,153
Adjusted base budget	47,050,000	2,384,687,000	2,431,737,000	47,050,000	2,471,337,500	2,518,387,500
Recommended funding changes:						
▶ Increase support service funding to enhance computing capacity	0	10,000,000	10,000,000	0	10,000,000	10,000,000
▶ Increase highway maintenance funding	0	40,000,000	40,000,000	0	51,500,000	51,500,000
▶ Increase employee training and support funding	0	1,200,000	1,200,000	0	0	0
▶ Provide general funding for transportation	78,700,000	0	78,700,000	78,700,000	0	78,700,000
▶ Create the Priority Transportation Fund	106,166,898	0	106,166,898	106,166,898	0	106,166,898
▶ Provide tobacco settlement funding to transportation	0	570,146,000	570,146,000	11,566,294	0	11,566,294

	Fiscal Year 2001			Fiscal Year 2002		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
► Supplant general fund amounts with nongeneral funds	(7,050,000)	7,050,000	0	(7,050,000)	7,050,000	0
► Adjust funding for highway construction and operations	0	73,151,100	73,151,100	0	1,514,700	1,514,700
Total recommended funding changes	177,816,898	701,547,100	879,363,998	189,383,192	70,064,700	259,447,892
Total recommended funding	224,866,898	3,086,234,100	3,311,100,998	236,433,192	2,541,402,200	2,777,835,392
Percent change	375.18%	31.13%	37.91%	399.63%	7.98%	15.70%
Position level:						
FY 2000 appropriation	0	10,262.00	10,262.00	0	10,262.00	10,262.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	10,262.00	10,262.00	0	10,262.00	10,262.00
MOTOR VEHICLE DEALER BOARD						
FY 2000 appropriation	0	1,524,923	1,524,923	0	1,524,923	1,524,923
Technical adjustments to base	0	117,439	117,439	0	118,450	118,450
Adjusted base budget	0	1,642,362	1,642,362	0	1,643,373	1,643,373
Total recommended funding	0	1,642,362	1,642,362	0	1,643,373	1,643,373
Percent change	0%	7.70%	7.70%	0%	7.77%	7.77%
Position level:						
FY 2000 appropriation	0	26.00	26.00	0	26.00	26.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	26.00	26.00	0	26.00	26.00
VIRGINIA PORT AUTHORITY						
FY 2000 appropriation	0	41,504,064	41,504,064	0	41,504,064	41,504,064
Technical adjustments to base	0	1,288,726	1,288,726	0	1,336,508	1,336,508
Adjusted base budget	0	42,792,790	42,792,790	0	42,840,572	42,840,572
Recommended funding changes:						
► Establish office in Argentina	0	186,510	186,510	0	162,558	162,558
► Provide general funding for transportation	4,200,000	0	4,200,000	4,200,000	0	4,200,000
► Adjust funding for port operations	0	2,568,600	2,568,600	0	3,762,800	3,762,800
Total recommended funding changes	4,200,000	2,755,110	6,955,110	4,200,000	3,925,358	8,125,358
Total recommended funding	4,200,000	45,547,900	49,747,900	4,200,000	46,765,930	50,965,930
Percent change	0%	9.74%	19.86%	0%	12.68%	22.80%
Position level:						
FY 2000 appropriation	0	128.00	128.00	0	128.00	128.00
Recommended position level changes	0	0	0	0	0	0
Total recommended positions	0	128.00	128.00	0	128.00	128.00
TOTAL FOR OFFICE OF TRANSPORTATION						
Grand total recommended funds	246,216,997	3,462,998,225	3,709,215,222	257,783,291	2,920,885,213	3,178,668,504
Grand total recommended positions	0	12,311.00	12,311.00	0	12,311.00	12,311.00