

FY 2016 TRANSPORTATION PROGRAM

| Fund Source | FY 2015 As Passed | FY 2016 GOV REC | Increase (Decrease) | Percent Change |
|----------------------------|----------------------|--------------------|------------------------|-------------------|
| STATE (TFund) | 229,903,089 | 230,856,212 | 953,123 | 0% |
| FEDERAL | 409,215,713 | 354,545,362 | (54,670,351) | -13% |
| LOCAL/OTHER | 6,549,633 | 4,669,285 | (1,880,348) | -29% |
| TIB FUND | 19,895,087 | 20,098,587 | 203,500 | 1% |
| CENTRAL GARAGE FUND | 20,200,226 | 20,309,560 | 109,334 | 1% |
| TOTAL | 685,763,748 | 630,479,006 | (55,284,742) | -8% |

The Governor's proposed FY2016 Transportation Budget is \$630.5 million. This is a \$55 million (8 percent) decrease from last year's budget and is largely attributable to a reduction in federal funds from declining Irene related disaster spending, the gradual spending down of old SAFETEA-LU earmarks, and a general reduction in available federal funds including rail and aviation grants. State funds (TF + TIB) increased by only \$1.2 million (0.5%) over FY2015.

Continued uncertainty about future federal transportation funding warrants a fiscally prudent budget. The Governor's recommended budget is fiscally constrained to our best estimate of available federal funds. Federal transportation reauthorization is extended only through May 31, 2015, and recently enacted Federal FY2015 transportation appropriations provide approximately level (formula-based FHWA) funding from FFY2014 levels. However, the absence of a long term reauthorization results in considerable uncertainty and risk with respect to future funding levels.

With regard to State funds, this budget is fiscally conservative and balanced to current law revenues – it avoids bonding and includes no planned fee or revenue increases. We believe it prudent to wait until the Federal funding horizon becomes clearer before considering whether additional revenue might be needed. The Legislature's support in recent years with stabilizing our Transportation Fund has helped balance this budget to existing revenues while not placing at risk any available federal funds. Because of the current revenue challenge in the General Fund, the Administration proposes to delay an additional \$2.5 million reduction in Transportation Funds appropriated to Public Safety that was scheduled to take effect for FY2016.

This budget optimally allocates available resources in a manner that best supports VTrans' vision of a safe, efficient and multimodal transportation system that promotes Vermont's quality of life and economic wellbeing. It emphasizes safety, preservation and maintenance of the existing transportation system, economic development, and energy efficient transportation choices.

A strong economy requires a 21st Century infrastructure. This budget makes sound investments in our infrastructure that will support the economy not only by directly supporting jobs in the construction industry, but also by supporting other important economic sectors. Several recent years of record level investment in our infrastructure are yielding positive results. We are seeing improvement in pavement quality and in the condition of our structures. In 2008, Vermont ranked near the bottom of all states – 45th in the nation – for numbers of structurally deficient

bridges. By the end of 2013 we improved that ranking to 23rd. Our percentage of structurally deficient highway bridges has declined from 16.1% in December 2008 to 7.1% in December 2013. We have also made progress at improving our pavement conditions. The percentage of pavements rated in very poor condition declined from a high of 36 percent in 2008 to only 13 percent in 2014. To continue these gains this budget will advance the repair or replacement of more than 100 bridges, perform preventive maintenance on dozens of structures, and improve more than 200 miles of pavement.

VTrans continues to emphasize the safety of our transportation system and its users through a solid budget for maintenance and operations. We have enhanced our safety focus through the creation of a new Office of Highway Safety which contains the Governor's Highway Safety Program and Highway Safety Data and Analysis. In addition, the newly established Transportation Systems Management and Operations Section will oversee traffic operations, intelligent transportation systems, and traffic research. With an average of 70 highway fatalities and hundreds of incapacitating injuries on our highways each year as a result of crashes, VTrans and all of state government continue to work collaboratively to drive down the number of preventable crashes.

Mindful of our continuing energy challenges and our need to drive down our carbon footprint, this transportation budget proposal continues to invest significantly in all modes of transportation including our railroads, public transit systems, airports, and bicycle and pedestrian facilities. This budget funds nearly \$31 million in public transit including expanding car and vanpooling, and the intercity bus network. To continue our vision of boosting tourism and mobility along the western corridor, this budget invests \$9.1 million to the rail line to improve 9 miles of rail and make additional corridor improvements to bring us closer to our goal of delivering passenger rail service between Rutland and Burlington. The budget also funds over \$6 million in bicycle and pedestrian infrastructure, and makes significant investments in our state airports to return them to a state of good repair and to foster public/private partnerships that add jobs in Vermont's growing aviation economy.

The traveling public continues to expect more from its transportation system, yet a number of bridges, culverts and pavements have exhausted their useful life. We recognize the critical importance of our transportation assets and are incorporating asset management planning into our project prioritization process to maximize the state's return on investment. The newly established Asset Management and Performance Bureau will manage data and performance of infrastructure assets, and develop budgets to maintain our assets. As we seek to improve the efficiency and increase innovation we are establishing an Office of Performance, Innovation and Efficiency in our Finance and Administration Division.

Even as we improve the safety and performance of the system for today's users, we continue to look to the future by building greater resilience into the roadway network, and by fostering a culture of continuous improvement, customer service and innovation throughout the Agency.

Program Highlights of the FY2016 Budget:

- \$27 million for the Department of Motor Vehicles. This is a \$1.6 million increase (6 percent) over FY2015. This budget is primarily a maintenance of effort budget and will ensure the continuation of DMV services and offerings at all current locations. The budget will also support the relocation of the Mobile operation in White River Jct. from leased space to state owned space. DMV continues to exceed customer expectations, achieving a 97 percent customer favorability rating from July 2013 to June 2014. Average wait times also continue to exceed established goals with a statewide average of 93% percent of customers reaching a counter in 30 minutes or less. DMV is also responsible for collecting an estimated \$320 million in taxes and fees during FY2016. The Governor has designated DMV as the lead agency for enforcement of laws regarding traffic of commercial vehicles. To enhance highway safety and protect our infrastructure, DMV has performance expectations that must be met regarding the number of commercial vehicles inspected and weighed.
- \$100 million for paving. This is a \$15.8 million decrease (14 percent) from FY2015. This paving budget demonstrates our continued commitment to improve the condition of the state's highway network. A robust paving program is essential to maintaining the State's existing infrastructure, and supporting Vermonters' safety and mobility. This funding will improve over 200 miles of state highway through traditional resurfacing, district leveling and preventive maintenance treatments. These investments will continue our record of improvements to pavement conditions. The percentage of pavements rated in very poor condition has declined from a high of 36 percent in 2008 to only 13 percent in 2014.
- \$116 million for bridges. This is a \$24.3 million decrease (17 percent) from FY2015, and is the sixth consecutive year that planned bridge spending has topped \$100 million. The decrease is attributed to reduced levels of available federal funds, and the completion of Irene-related bridge projects. Planned spending on interstate bridges, where we have exceeded our performance target, is down \$8 million (15 percent). Planned spending in state bridges is down \$22.8 million (32 percent). Funding for town highway bridges is increased by \$6.5 million (39 percent) over FY2015, which funds 26 town highway bridge projects that are ready for construction and 20 additional projects under development. Funding for town highway structures grants is level funded at \$6.3 million, sustaining the \$500,000 increase of FY2013. Recent efforts and funding have allowed VTrans to exceed its performance goals in Interstate, State and Town Highway Bridge Programs which prepares us well for our aging bridge population. This budget funds major construction on 70 bridges and large culverts, and preventive maintenance work on dozens more structures.
- \$43.4 million for roadway. This is a \$6.6 million decrease (13 percent) from FY2015. The roadway budget includes approximate \$18 million in construction funds for continued Irene repair work, consisting of improvements to several corridors that were impacted by Irene and the repair of multiple, individual storm damaged sites. The remainder of the funding for the program is primarily infrastructure related for such projects as roadway reconstruction, culvert replacement, and slope/ledge repair/removal. Significant projects include the start of construction activities on the Charlotte US Route 7 reconstruction project, the start of

construction activities on the Essex Crescent Connector projects, as well as several culvert and slope projects that will serve to both stabilize existing infrastructure and improve safety.

- \$18 million for highway safety and traffic operations. This is a \$4.7 million increase (35 percent) over FY2015. The increase is largely the result of privatizing the Agency's line striping efforts and transitioning that work that was previously performed by district staff to this program. Also driving the increase is several large guardrail projects. Highway safety activities for this program are identified through the Highway Safety Improvement Program and the Strategic Highway Safety Plan. As crash data across the state indicates changing trends, this budget will look to refine the partnerships, coalitions and strategies associated with highway safety in those areas. Through this refinement, VTrans and other highway safety partners statewide will take steps to reduce crashes through collaborative approaches. Safety projects anticipated in FY2016 include multiple traffic signal and intersection improvements across the state, a roundabout in Hartford, centerline rumble stripe installations, and a continued emphasis on traffic sign upgrades and pavement markings on the interstate, state, and Class 1 & 2 Town Highways.
- \$2.7 million for park-and-ride facilities. This is level funded from FY2015. This year's budget proposal includes funds for scoping two park & ride facilities. It also includes construction funds for five park & ride facilities. Of these, one is a new facility and four are being enlarged and/or upgraded. All told this will result in the addition of over 159 spaces. There is also funding included for seven other projects under design and a line item for new project opportunities that arise. It also includes continued funding of \$250,000 for the municipal park & ride program.
- \$6.1 million for bicycle and pedestrian facilities. This is a \$1.8 million decrease (22 percent) from FY2015. The decrease is largely due to declining level of SAFETEA-LU earmark funds as those projects are completed, and the result of several years' moratorium on new projects. Funding should increase in future years as newly awarded projects become ready for construction. The budget funds construction for 16 bicycle and pedestrian projects and six projects funded through the Safe Routes to School program. Funding is included to continue construction on the 92-mile Lamoille Valley Rail Trail and to continue the design of 34 other bicycle and pedestrian and Safe Routes to School projects. It also includes design of a statewide project to resurface the Delaware and Hudson Rail Trail and a line item for new projects to be awarded. The Agency will continue planning and integrating these facilities into the State's overall transportation strategy.
- \$4.8 million for transportation alternatives. This is a \$611,000 increase (15 percent) over FY2015. This budget funds enhancement and transportation alternatives projects that previously received grants and are now ready to proceed. It includes work on 48 projects, including construction funding for 33 projects, and advancement of two scoping studies. It also includes a line item for new projects to be awarded.

- \$625,000 for rest areas. This is a \$225,000 decrease (26 percent) from FY2015. This budget funds preservation, preventative maintenance, and repair projects at the Bradford, Fair Haven, Georgia Northbound and Southbound, Guilford, Lyndon, Randolph, Sharon, Waterford, and Williston Northbound and Southbound rest areas. These funds will be used for improvements to a variety of building components including exterior wall systems, exterior doors, windows, roofing, heating systems, cooling systems, mechanical controls, septic tank, leach field, generators, lighting and controls, fire/security alarms, security cameras and equipment, flooring, and walkways and sidewalks.
- \$87.8 million for maintenance. This is a \$7.6 million increase (9 percent) over FY2015. The increase is largely attributed to increases in material costs, equipment costs, and personnel costs, some of which are associated with the recent Agency reorganization which transferred staff to maintenance to better focus on how our transportation system is performing. This budget also reflects a continuation of basic maintenance and other activities to preserve the safety and resilience of our roadway network. A strong commitment to the maintenance of the State's existing infrastructure is vital to addressing travelers' needs and to managing the State's transportation assets. This budget recognizes the importance of ensuring our Transportation District crews' continued ability to adequately respond to snowfall and weather-related emergencies.
- \$27.1 million for public transit. This is a \$2.7 million decrease (9 percent) from FY2015. The decrease reflects completion of some vehicle deliveries as well as the completion of a transit facility construction in southern VT. The Administration's ongoing commitment to enhancing mobility for an aging population is reflected in continuing the recently increased funding for the elderly and those with disabilities. This investment also continues our efforts to reduce our carbon footprint through investment in public transit which is reflected by a yearly increase in ridership. Transit expansion highlights include the successful expansion of an inter-city bus system and increased frequencies on successful routes. VTrans is actively reviewing the State's public transportation system in collaboration with transit providers to identify ways to improve system efficiencies through route integration, operational improvements, and consideration of organizational restructuring. VTrans is supporting two statewide investments for vehicles and technology needs to assist in reducing costs and enhancing efficiency.
- \$14.8 million for aviation. This is a \$5.2 million decrease (26 percent) from FY2015. The decrease is predominantly federal funds (\$4.8 million) and the associated state match. This budget funds an FAA mandate to correct deficient runway safety area at the Rutland Southern Vermont Regional Airport, numerous improvements at the Newport Airport and Morristown Airport. Discretionary grants for these airports have been made available due to federal sequestration. The FY2016 budget will further repair aging infrastructure to include runway and taxiway pavement, hangars, efficiency upgrades, and improve approach airspace. The Aviation program continues to make significant strides toward closing the operating deficit at the general aviation airports.

- \$35.1 million for rail. This is a \$2.2 million decrease (6 percent) from FY2015. This budget invests \$9.1 million of State and Federal funds for track upgrades on the Western Corridor from Burlington to Rutland which will install more continuously welded rail allowing increased efficiencies, train speeds and track safety. We are also focusing on crossing improvements and safety upgrades by investing \$4.2 million on crossings on ail lines across the state. This budget continues our support for the current Vermonter and the Ethan Allen Amtrak services and also continues to invest in the expansion of the Ethan Allen service to Burlington. The FY2016 budget will help advance several critical rail projects including: the construction of bridge 219 in Pittsford, and continuing to upgrade our structures to the 286,000 pound national freight industry standard.
- \$2 million for transportation building facilities. This is a \$760,000 decrease (27 percent) from FY2015. Funds will be used for a renovation/reconstruction project at the White River Jct. Garage facility, the construction of an addition at the East Dorset Garage to address equipment storage deficiencies, and the installation of a standby generator for the VTrans Training Center in the Central Garage complex. This budget also funds continued development and design of maintenance facilities, net metering solar systems and energy upgrades, salt brine facilities, heating system replacements, standby generators at various garages, and the installation of above-ground fuel storage tanks.
- \$100.1 million for town highway programs. This is an \$8.5 million decrease (8 percent) from FY2015. This decrease is attributed to a \$14.8 million decrease in FEMA Public Assistance Grants associated with Irene and 2013 disasters. Otherwise, funding for town highway programs has increased by over \$6 million over FY2015. Other changes are described below:
 - *Town Highway Programs:* This budget level funds the Town Highway Aid program at \$26 million, sustaining the FY2013 increase of \$1 million (4 percent) which had not been increased since FY2005. Town Highway Aid for Non-Federal Disasters (the former Town Highway Emergency Program) is level funded at the FY2015 levels of \$1.15 million. Funding for Town Highway Aid for Federal Disasters is also level funded at \$1.4 million. Funding for the Town Highway Structures is level funded at \$6.3 million, sustaining the FY2013 increase of \$500,000 (7 percent) over FY2012. The Town Highway Class 2 and Class 1 Supplemental grant programs are level funded at \$7.2 million and \$128,750 respectively.
 - *Town Highway Bridges:* Funding for town highway bridges is increased by \$6.5 million (39 percent) over FY2015. This budget funds 26 town highway bridge projects that are ready for construction and 20 additional projects under development. Funding largely reflects the project pipeline and project readiness. The Administration remains committed to improving Vermont's town highway bridges.