

Staff Report: SMART SCALE Process

To: CVTPO Board

From: Alec Brebner, CVPDC Executive Director

Date: November 9, 2023

Background

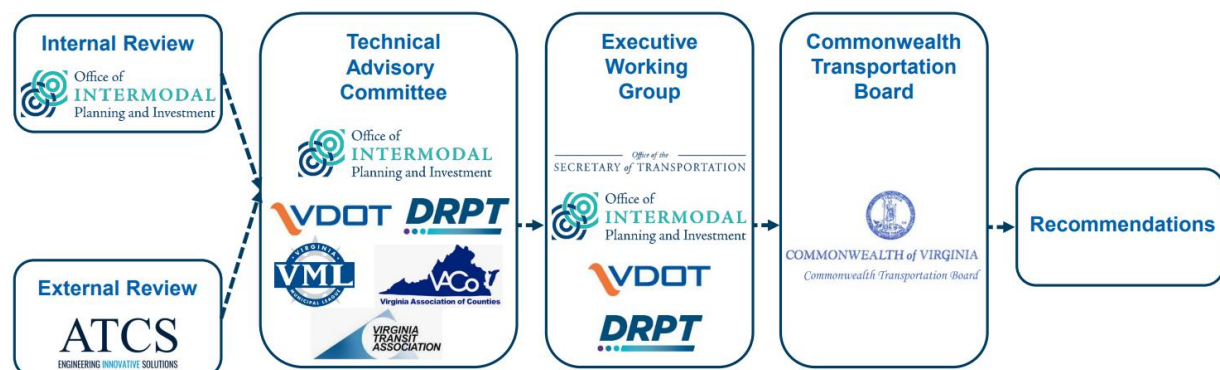
The Commonwealth of Virginia created the SMART SCALE program to fund transportation projects based upon formulaic benefits calculations. Then-Governor Terry McAuliffe signed HB2 into law in 2014. Since then, five rounds of SMART SCALE have funded hundreds of highway, transit, and active transportation projects throughout the commonwealth.

The Commonwealth Transportation Board (CTB) oversees SMART SCALE and charges the Office of Intermodal Planning and Investment (OIPI) with technical support. OIPI is one of several agencies under the umbrella of the CTB, which further includes VDOT and DRPT (Department of Rail and Public Transportation). OIPI reviews the formula following each round and recommends revisions to the CTB.

Situation

OIPI commenced its review of SMART SCALE Round 5 in January of 2023. OIPI outlined a process with a timeline as follows and convened a technical advisory committee. The following side is excerpted from an OIPI presentation to the CTB, as is the timeline thereafter.

SMART SCALE Process Review



Timeline (“CTB Meeting Outlook,” OIPI, Feb. 21, 2023)

- February/March: Summary of Process Review

- April: Overview of survey and historical data analysis. Summary of findings primarily focused on survey responses; no recommendations provided at this time
- July/August: Detailed overview of findings
- October: Final findings and recommendations presented
- December: Policy Adoption and other recommendations

OIPI presented its final recommendations at the October CTB meeting in Arlington and again at a public hearing it conducted virtually on the 30th of October. OIPI’s recommended changes, depicted below, fall into two categories. Scenarios C, D, and F propose to alter the SMART SCALE scoring formula. Scenarios A and B reduce application eligibility to the SMART SCALE program.

October Staff Recommendations

Staff Recommendation	Improvement	Scenario
Refine High-Priority Projects Program (HPP) Eligibility	Clarify CTB Policy to ensure HPP projects are of statewide or regional significance.	A*
Eliminate Step 2	Distribute all HPP program funds based on statewide rankings of SMART SCALE scores, rather than district-wide rankings.	B*
Calculate congestion benefits for 10 years in the future	Better align with project design requirements that are based on future growth volumes and consider future economic growth.	C
Modify Land Use factor to a multiplier of all other factor areas and modify factor weightings	Reduce the influence of the one-factor majority on the total benefit score to emphasize what the project's benefits are versus where the project is located.	D
Utilize forward-looking economic development factor developed by VEDP	Reflect best-in-class economic impact assessments currently used by VEDP to incorporate key economic priorities of the Commonwealth.	F

*Scenario A & B do not impact the SMART SCALE Score

Regarding Scenarios A and B

Step 2 in the SMART SCALE process provides access to the program specifically for MPOs, PDCs, and transit agencies. In Round 5, CVPDC applied for safety improvements on US-460 in Bedford County on behalf of the region.

Step 2 also expanded access to the program for member local governments. Each local government, each MPO, and each PDC is allowed a limited number of SMART SCALE applications. Step 2 enabled MPOs and PDCs to apply on behalf of localities.

OIPI presented the following slide at its October 30 public hearing. OIPI proposes that the CTB define what constitutes a “regionally significant” project beyond the parameters created by the General Assembly and signed into law by the governor.

October Staff Recommendations

Refine HPP Eligibility

- **Code of Virginia (§ 33.2-370) defines the “where”:**
 - “High-priority projects” means those projects of regional or statewide significance, such as projects that reduce congestion or increase safety, accessibility, environmental quality, or economic development”
 - “Where” is identified as Corridors of Statewide Significance and Regional Networks
- **Recommend refining the definition to include “what” type of projects:**
 - Projects that include the following feature types: New Capacity Highway, Managed Lanes, New or Improved Interchanges, New or Improved Passenger Rail Stations or Service, Freight Rail Improvements, High-Capacity / Fixed Guideway Transit, Transit Transfer Stations, and New Bridge
- **Purpose is to ensure HPP projects are of statewide or regional significance**

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Office of the SECRETARY of TRANSPORTATION

If Step 2 is eliminated, access to the SMART SCALE program for CVPDC and CVTPO will be limited to applications competing statewide for HPP dollars. Restrictions on definitions of HPP projects proposed by OIPI stand to contradict regional planning organizations’ identification of regionally significant projects.

The cumulative effect of all proposed changes applied to SMART SCALE Round 5 would have resulted in a net loss of project revenue to the Lynchburg Construction District. Green- and red-highlighted cells below indicate changes in funding decisions as hypothetically, retroactively applied. Among the lost projects is one submitted by the Danville MPO, which would lose eligibility as recommended by OIPI.

Review Illustrative Impacts Based on Round 5 Applications District Example

Application Information										Individual Impacts										Cumulative Impacts										
App ID	Area Type	District	Organization	Title	Principal Improvement	Secondary Improvement	DGP	HPP	Total Cost (millions)	Total Request (millions)	Funded	Program	Scenario A: Refine HPP Definition	Scenario B: Eliminate Step 2	Scenario C: Future Congestion	Scenario D: Land Use as a Multiplier	Scenario E: ED.1 and ED.2	Scenario F: ED.1 and ED.2	Scenario G: Final Staff Recommended Changes	Scenario H: Final Staff Recommended Changes										
8049	C	LYN	Campbell County	Route 29 Safety Improvements - Southern Section	Highway	None	x	x	\$10.7	\$10.7	\$10.7		Stays Out	X	X	Stays Out	-10	Added	DGP	84	Added	DGP	164	Added	DGP	78	Added	DGP	205	
9139	D	LYN	Pittsylvania County	US Route 29 at Malmaison Road Roundabout	Highway	None	x	x	\$19.0	\$19.0	\$19.0		Stays Out		Stays Out	Stays Out	-8	Added	DGP	88	Stays Out	-10	Added	DGP	84	Added	DGP	66		
9193	D	LYN	Danville City	Riverside Dr. Improvements - Amest Blvd. to Main St.	Highway	Bikeped	x	x	\$28.7	-\$28.7	\$28.7	X	DGP	Stays In	DGP	Stays In	DGP	Stays In	DGP	-6	Dropped	-1	Dropped	-2	Dropped	-8	Dropped	-10		
9327	C	LYN	Amherst County	Route 298 at Amherst Highway - Dillard Road and Lakeview Dr	Highway	Bikeped	x	x	\$6.7	-\$6.7	\$6.7	X	DGP	Stays In	DGP	Stays In	DGP	Stays In	DGP	-7	Dropped	-28	Dropped	-2	Dropped	-37	Dropped	-43		
9399	D	LYN	Halifax County	US 501/Sunshine Dr Realignment and Pedestrian Improvements	Highway	Bikeped	x		\$9.6	\$9.6	\$9.6		Stays Out	X	Stays Out	Stays Out	-5	Stays In	HPP	3	Stays In	HPP	1	Dropped	-10	Dropped	-9			
9106	D	LYN	Danville MPO	Piedmont Drive Pedestrian Accommodations	Bike/Pedestrian	None	x		\$6.7	-\$6.7	\$6.7	X	HPP	Dropped		Stays In	HPP	Stays In	HPP	-3	Stays In	HPP	3	Stays In	HPP	1	Dropped	-10	Dropped	-9
9398	D	LYN	Halifax County	Town of Halifax Pedestrian Improvements	Bike/Pedestrian	None	x		\$2.5	-\$2.5	\$2.5	X	DGP	Stays In	DGP	Stays In	DGP	Stays In	DGP	-6	Dropped	-259	Stays In	DGP	-2	Dropped	-261	Dropped	-269	
*Official Round 5 Staff Scenario funded 12 projects																														
										Official Round 5 Scenario	Scenario A: Refine HPP Definition	Scenario B: Eliminate Step 2	Scenario C: Future Congestion	Scenario D: Land Use as a Multiplier	Scenario E: ED.1 and ED.2	Scenario F: ED.1 and ED.2	Scenario G: Final Staff Recommended Changes	Scenario H: Final Staff Recommended Changes												
Projects Added										-	0	0	0	2	2	2	2													
Projects Dropped										1	0	0	3	2	4	5														
Net \$5 Award (millions)										\$124.8	-\$6.7	\$0.0	\$0.0	-\$8.2	-\$15.1	-\$14.8														
Unallocated HPP (millions)										\$8.9	\$8.9	\$8.9	\$8.9	\$17.1	\$24.0	\$17.1														

Note - CTB Member Consensus Modifications
 Unfunded from DGP
 App ID 9327 Route 29 Business at Amherst Highway - Dillard Road and Lakeview Drive for \$6.7M
 Fund with DGP
 App ID 9336 Cillard Road Right Turn Lane for \$3.2M
 App ID 9354 Manor House Drive Turn Lanes for a reduced amount of \$2.0M

Note: All 394 scored applications were tested, but the illustrative example only depicts projects impacted by testing in the Lynchburg District example. Funded projects that always remained funded are not shown. Unfunded projects that always remained unfunded are not shown.

CVTPO Role and Staff Recommendations

CVTPO Secretary and CVPDC Executive Director Alec Brebner is also a vice president of the Virginia Association of Metropolitan Planning Organizations. VAMPO first learned the extent of OIPI's proposed changes to the SMART SCALE process in June 2023. Since then, VAMPO members have sought to engage the CTB and OIPI about needs and opportunities. OIPI staff indicates that a focused request for a change to the staff-proposed scenarios would be in order at this time, ahead of the CTB's December 5 action meeting.

CVTPO has federal funding and mandate to guide transportation policy and prioritize projects in Central Virginia. Unlike larger MPOs, Central Virginia has no revenue stream for implementation. CVTPO relies upon competitive application processes to state and federal grant programs like SMART SCALE to implement its long-range transportation plans, Connect Central Virginia 2045 as adopted.

Scenarios A and B combined, as recommended by OIPI in the SMART SCALE process review, largely eliminate access to SMART SCALE for small MPOs in Virginia. HB2, the law that created SMART SCALE, provides MPOs in Virginia legal standing to participate in the program's development. Consequently, staff would recommend that the CVTPO provide input to the CTB with two recommendations:

- 1) Include MPOs in process review for future rounds of SMART SCALE, and
- 2) Regard CVTPO's identification of regionally significant projects.

MPO engagement in process review will enhance communication between the state and local governments and enable CVTPO staff for communicate pending developments to member local governments in a timelier fashion. MPO engagement would uphold not only HB2 but also federal law requiring "local consultation" by state DOTs utilizing federal dollars.

A voluntary coalition of local elected officials and chief administrative officers comprise an MPO policy board like that of CVTPO. MPO members collaborate to identify and develop regionally significant projects for inclusion in long-range transportation plans. Regional significance will vary from region to region of Virginia and is best judged by local leaders who live and work in each region.

Correspondence to the Commonwealth Transportation Board outlining these recommendations appears in the agenda packet for the CVTPO Policy Board's consideration.