

FY 2018 TRANSPORTATION PROGRAM

Fund Source	FY 2017 As Passed	FY 2018 GOV REC	Increase (Decrease)	Percent Change
STATE (TFund)	249,073,779	249,382,048	308,269	0.1%
FEDERAL	326,665,494	327,568,972	903,478	0.3%
LOCAL/OTHER	4,833,982	5,819,776	985,794	20%
TIB FUND	12,269,376	12,195,312	(74,064)	-1%
CENTRAL GARAGE FUND	19,731,787	20,054,911	323,124	2%
TOTAL	612,574,418	615,021,019	2,446,601	0.4%

The Governor’s proposed FY2018 Transportation Budget is \$615 million. This is an increase of only \$2.4 million (0.4 percent) over last year’s budget. State funds (TF + TIB) are essentially level funded, and increased by only \$234,000 (0.1 percent) over FY2017.

With respect to State funds, this budget proposes no new transportation revenues or bonds. It is balanced to the current law consensus revenue forecast. This is consistent with the Governor’s goal of making Vermont affordable.

The Governor’s recommended budget is fiscally constrained to our best estimate of available federal funds. In late 2015, Congress passed a new Federal Transportation authorization titled “Fixing America’s Surface Transportation”, or FAST Act. The FAST Act is estimated to provide an additional \$100 million plus to Vermont over the five-year period FFY2016 – FFY2020. Available formula-based FHWA funding in FFY2016 increased by more than \$10 million over the prior year, to a record \$208 million. The proposed FY2018 Transportation Program includes lesser levels of federal earmark and disaster-related funds. Federal funds increased by \$900,000 (0.3 percent) over FY2017.

This budget optimally allocates available transportation 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.

Growing Vermont’s economy requires a 21st Century infrastructure. This budget makes sound investments in our infrastructure that will grow the Vermont economy not only by directly supporting jobs in the construction industry, but also by supporting other important economic sectors. Recent years’ record level investment in our infrastructure are yielding positive results. Since 2008, we have experienced an overall 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 2015 we improved that ranking to 18th. Our percentage of structurally deficient highway bridges has declined from 16.1 percent in December 2008 to 5.4 percent in December 2016. 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 14 percent in 2016, which is a slight increase from 13 percent in 2014. To continue these gains this budget will advance the repair or replacement of more than 100 bridges and culverts in more than 100 communities, perform preventive maintenance on numerous additional 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 ongoing efforts of our Office of Highway Safety which contains the Governor's Highway Safety Program and Highway Safety Data and Analysis. The Transportation Systems Management and Operations Section (TSMO) continues their oversight over traffic operations, intelligent transportation systems, and traffic research. With a five-year annual average of 64 highway fatalities and hundreds of incapacitating injuries on our highways each year because of crashes, VTrans and all of state government continue to work collaboratively to reduce the number of preventable crashes. Enhancing the safety of our transportation helps protect Vermont's population.

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 over \$36 million in public transit including new buses for expansion and bus replacements, new investments in bus arrival information, and increased on-demand services. To continue our vision of boosting tourism and mobility along the western corridor, this budget invests \$13.7 million to the rail line to improve track, bridges and crossings which increase safety and efficiencies which will bring us closer to our goal of delivering passenger rail service between Rutland and Burlington. The budget also funds nearly \$12 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. By providing critical transportation alternatives, these investments help protect Vermont's vulnerable population.

The traveling public needs a reliable transportation system, yet numerous 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 return on our taxpayers' investment. The Asset Management and Performance Bureau manages data and performance of infrastructure assets, and develops budgets to help maintain our assets. And we continue to work to improve efficiency and increase innovation through the recently established Performance, Innovation and Efficiency Section within 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 FY2018 Budget:

- \$29.5 million for the Department of Motor Vehicles. This is a \$600,000 increase (2 percent) over FY2017. This is essentially a ‘maintenance of effort’ budget that helps ensure the continuation of DMV services and offerings at all current locations. DMV reports on average wait times for all of its offices and mobile vans each week. In FY2016, the percentage of customers served in 30 minutes or less at the large branch offices was 61% in Montpelier, 94% in Springfield, 80% in Bennington, and 89% in Newport. The variations can result from various factors including staff turnover, extended vacancies, and customer traffic. DMV plans to expand internet services and offer self-service kiosks in branch locations to better serve customers. In FY2016, the number of transactions processed through the internet and from self-service kiosks increased by 2.8% over last year. The dollar amount collected online increased by 11.7%. DMV is responsible for collecting approximately \$320 million annually in taxes and fees. The Governor has designated DMV as the lead agency for enforcement of regulations dealing with commercial motor vehicles as well as the enforcement of state vehicle size and weight regulations. These enforcement efforts enhance highway safety and protect our infrastructure.
- \$112.8 million for paving. This is an \$1.8 million increase (2 percent) over FY2017. 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 14 percent in 2016, which is one percent higher than the 10-year low of 13 percent recorded in 2014.
- \$84.5 million for bridges. This is a \$20.5 million decrease (20 percent) from FY2017, but this budget follows seven consecutive years of planned annual levels of bridge investments exceeding \$100 million. The decrease is attributed primarily to interstate bridges where funding is reduced by \$16 million (31 percent) from FY2017. This reflects the progress on several large projects including Brattleboro, Waterbury, Irasburg, and Milton. Planned spending on state bridges is down \$850,000 (3 percent). Funding for town highway bridges is down \$3.5 million (17 percent) from FY2017, but this budget funds 19 town highway bridge projects that are ready for construction and 15 additional projects under development. Recent efforts and funding have allowed VTrans to exceed its performance goals in Interstate, State and Town Highway Bridge Programs which prepares us well to manage future investments in our aging bridge population. Increased use of Accelerated Bridge Construction techniques has reduced overall bridge costs. This budget funds major construction on 59 bridges and large culverts, and preventive maintenance work on dozens more structures.
- \$39.6 million for roadway. This is an \$8.5 million increase (27 percent) over FY2017. The roadway budget includes approximately \$3.9 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. Significant projects include the Charlotte US Route 7 reconstruction project, construction activities on Circumferential Highway Alternatives

projects including the Essex Crescent Connector, reconstruction of US2 in Cabot-Danville and US7 in Brandon, and reconstruction of Market Street in South Burlington. The remainder of the funding for the program is for additional roadway reconstruction projects and several culvert and slope projects that will serve to both stabilize existing infrastructure and improve safety.

- \$21.1 million for traffic and safety. This is a \$3.7 million increase (21 percent) over FY2017. 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 FY2018 include multiple traffic signal and intersection improvements across the state, 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.
- \$3.4 million for park-and-ride facilities. This is a \$787,000 increase (30 percent) over FY2017. This year's budget proposal includes funds for scoping two park-and-ride facilities. It also includes construction funds for five park-and-ride facilities. Of these, two are new facilities and three are being enlarged and/or upgraded. All told this will result in the addition of over 332 spaces. There is also funding included for eight other projects under design and a line item for new project opportunities that arise. It also includes continued funding of \$200,000 for the municipal park-and-ride program.
- \$11.6 million for bicycle and pedestrian facilities. This is a \$1.5 million increase (15 percent) from FY2017. The increase reflects the funding of several large projects in Montpelier and Berlin, South Hero, Stowe, and Townshend. The budget funds construction for 39 bicycle and pedestrian projects and two 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 39 bicycle and pedestrian and Safe Routes to School projects. State funding for non-federal projects including municipal sidewalks is level funded at \$300,000. This program was created recently to achieve cost efficiencies by eliminating federal requirements. 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.
- \$3.9 million for transportation alternatives. This is a \$680,000 decrease (15 percent) from FY2017. This budget funds enhancement and transportation alternatives projects that previously received grants and are now ready to proceed. It includes work on 40 projects, including construction funding for 21 projects, and design work on 19 projects. It also includes a line item for new projects to be awarded. VTrans is proposing that the entire \$2.2M in annual awards be directed to Clean Water Initiative stormwater grants to municipalities.
- \$663,000 for rest areas. This is a \$113,000 increase (20 percent) over FY2017. This budget primarily funds preservation, preventive maintenance, and repair projects at State rest areas – not operating costs. 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 tanks, leach fields, generators, lighting and controls, fire/security alarms, security cameras and equipment, flooring, and walkways and sidewalks.

- \$91.2 million for maintenance. This is a \$310,000 decrease (0.3 percent). The decrease is the result of reduced federal funds. State funds increased by \$650,000, reflecting increases in material costs, equipment costs, and personnel costs. It also reflects a continuation of basic maintenance and other activities to preserve the condition, 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 economically and effectively 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.
- \$32.1 million for public transit. This is a \$1 million increase (3 percent) over FY2017. This budget advances VTrans' goal to safely provide energy efficient travel options and resembles previous years' budgets in terms of general programs, funding sources, and priorities. The overall public transit program is geared towards continuing efforts to strengthen a statewide, integrated public transit system to meet general public, intercity and human-service transportation needs. We have completed our second year of the city-to-city bus routes run by Premier Coach, from Colchester to Albany, NY and between Rutland and White River Junction. Funding in this year's budget will support Vermont's ongoing efforts to maintain a fleet of vehicles that are in safe and good working order. It also allows the continued growth of mobility options for both residents and visitors to Vermont. The new statewide dispatch software, funded by another competitive grant, will strengthen coordination and create a more effective service. Vermont will extend the coordination to the transit needs of veterans and their families through an additional competitive grant. Many new web-based infrastructure projects are completed or underway to enhance Vermont's ability to provide up-to-date information on bus routes and available seats. We are piloting two Automatic Vehicle Locator (AVL) projects which will provide information in real time as to the arrival of the bus. We have been awarded a joint grant with two tech companies to make information available on seats on demand response rides that the public can access. This will greatly enhance the mobility options outside of population centers and help protect Vermont's vulnerable population.
- \$17.7 million for aviation. This is a \$2.3 million decrease (12 percent) from FY2017. The decrease is predominantly federal funds (\$1.3 million) and the associated state match (\$150,000). This budget funds the first of a two-phase project for an FAA correction of deficient Parallel Taxiway A at the Rutland Southern Vermont Regional Airport. The budget also completes a Middlebury Safety Project that includes runway extension, taxiway improvements and obstruction removal, and a Bennington project that includes a much needed Runway Safety Area Improvement to include a partial parallel taxiway and existing lighting upgrades. The FY2018 budget will complete the much needed update to the Aviation System and Policy Plan, further repair aging infrastructure to include much needed perimeter fencing, hangars, efficiency upgrades, pavement and improve approach airspace. The Aviation program continues to make significant strides toward closing the operating deficit at the general aviation airports.

- \$37.1 million for rail. This is a \$3.2 million increase (9 percent) over FY2017. This budget invests \$7.7 million of State and Federal funds for track and bridge upgrades on the Western Corridor from Burlington to Rutland which will allow increased efficiencies, train speeds and track safety. We are also focusing on crossing improvements and safety upgrades by investing \$6.0 million on 12 crossings on the Western Corridor which will install new safety equipment and increase train speeds. This budget continues our support for the current Vermonter and the Ethan Allen Amtrak services and continues to invest in the expansion of the Ethan Allen service to Burlington. The FY2018 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.
- \$1.9 million for transportation building facilities. This is a \$100,000 decrease (5 percent) from FY2017. Funds will be used for an ongoing renovation/reconstruction project at the White River Jct. garage facility, the construction of a salt shed in Bradford, cold storage facility in East Dorset, and improvements to a facility in Rutland. This budget also funds continued development and design of maintenance facilities, brine-making facilities, garage heating system replacements, and the installation of above-ground fuel storage tanks.
- \$71.8 million for town highway programs. This is a \$5 million decrease (6 percent) from FY2017. This decrease is attributed to a \$5.3 million decrease in FEMA Public Assistance Grants associated with Irene and 2013 disasters, and \$3.5 million decrease (17 percent) to Town Highway Bridges. Funding for Municipal Mitigation Assistance is increased by \$5.3 million (182 percent). Other changes are described below:
 - *Town Highway Programs:* This budget level funds the Town Highway Aid program at \$26 million. Town Highway Aid for Non-Federal Disasters (the former Town Highway Emergency Program) is level funded at the FY2017 level of \$1.15 million. Funding for Town Highway Aid for Federal Disasters is reduced by \$1.1 million, but all prior events are fully funded. Funding for the Town Highway Class 2 is reduced by \$400,000, consistent with prior years' levels of \$7.2 million. An increase of \$400,000 in that program in FY2018 is redirected instead to assist municipalities with stormwater mitigation. The Town Highway Structures and Class 1 Supplemental grant programs are level funded at \$6.3 million and \$128,750 respectively. Municipal Mitigation Assistance funding is nearly triple that of FY2017, reflecting \$400,000 of Transportation Fund redirected from the Class 2 Program, and increased allocation of federal FHWA funds of \$5.2 million. This provides municipalities with additional funding for clean water initiatives from within existing funding.
 - *Town Highway Bridges:* Funding for town highway bridges is decreased by \$3.5 million (17 percent) from FY2017. This budget funds 21 town highway bridge projects that are ready for construction and 14 additional projects under development. Funding largely reflects the project pipeline and project readiness. The Administration remains committed to improving Vermont's town highway system, and the Tri-State Annual Report comparing town highway assets across Maine, New Hampshire, and Vermont is a testament to this fact.