



End Gridlock, Create Jobs: Get Virginia Moving Again

Virginia's transportation system is at a crossroads. We need a serious reexamination of our Commonwealth's underlying transportation policies and strategies. During this time of scarce state resources, severe economic hardships for many of our citizens, and mounting transportation infrastructure needs, it is essential that we align our overall transportation policies and strategies so that they deliver the type of performance and support for economic growth that our citizens and businesses require, and do so in the most cost-effective and sustainable manner possible.

Our citizens have shown they will support new investments in governmental services when they believe the service is a proper governmental responsibility, that funds will be spent competently for the purposes promised, and that investing now will produce positive economic and social returns on investment. The reason they generally have been unwilling to support new investments in transportation is that the second and third conditions in this list have not been met. In short, they have lost confidence in the ability of state government to keep its commitments and produce timely and sustainable results. Recent administrations have moved too slowly and made too many excuses for not finding ways to get projects done.

The current administration has been so wedded to fund new transportation investments solely through new taxes that it has dragged its feet on several viable alternatives and failed to build consensus in the legislature and in the public for a solution. Consider these examples:

- An essential step toward building the public trust necessary for transportation investment is a constitutional amendment to protect the funds from raids for other purposes. Despite repeatedly promising such an amendment as a prerequisite for other initiatives, the current administration has not made it a priority to build consensus around this important piece of legislation.
- More than two years ago, the General Assembly authorized \$3 billion in new bond funding for road construction, and established new revenue sources to support this financing. As of today, not a dime of those \$3 billion in bonds for new transportation projects has been issued, and projections for future issuance keep changing.
- Two years ago, a broad bipartisan legislative consensus was formed in favor of giving the people in Virginia's traffic-clogged regions new control over their transportation

future. But when the legislation reached the Governor, he demanded an amendment that removed the voters and their local government officials from the decision-making process and gave control to unelected regional officials. The Supreme Court struck down the legislation because of his amendment.

- Traffic-clogged Virginia was the last state to apply for federal stimulus funding for transportation.
- The administration failed to find creative solutions and set priorities to keep open the safety rest stops.

We must candidly acknowledge that we do need greater public and private investment in our transportation systems, and then come together in a spirit of innovation and cooperation to achieve it. Bob McDonnell has some specific ideas about how to do that, and he will be listening to others as well. But, to be effective, any increase in investment must be accompanied by a fundamentally different strategy in how we invest, operate, maintain and measure the performance of our transportation systems. It is not enough to acknowledge the nature of our current policy shortcomings. We must also have the leadership to test different approaches.

As Governor, Bob McDonnell will speak to Virginians with the candor the taxpayers demand. And, having earned their trust, he will bring Virginians together across party lines to adopt a new transportation program that combines tangible investments with real reform.

Bob McDonnell will make transportation infrastructure a four-year priority, beginning with substantial reforms in the 2010 General Assembly Session based on the guiding principles laid out herein. He will also form a bipartisan advisory task force that will recommend continuing reforms that can be implemented in the future.

Our new strategy will contain four primary pillars:

First, projects that produce quantifiable and sustainable long term net benefits for taxpayers and that improve the ability to achieve performance objectives must receive priority over those that do not. The Commonwealth's transportation investment strategy should not be "pro highway" or "pro transit," it should be pro efficiency, pro mobility and pro taxpayer. Congestion relief and economic development must be the guiding forces. Just like any capital intensive business, we should invest in projects that make economic sense and are driven by demand, not projects that simply make it more likely for a politician to get re-elected. We must put more emphasis on market based mechanisms when constructing long term transportation plans. In some cases, it may be a highway project, in other cases a transit project. It is important that we be honest with our citizens about the nature and consequences of these funding decisions. Building one project will by definition consume resources otherwise available for another project. In other words, the question we should analyze and seek public

input on is not, “should we build this project or do nothing?” but rather “should we build this project ahead of the array of alternative investments we can make?”

As the budget shortfall is demonstrating quite clearly, we do have limited resources. We cannot afford to pursue misplaced priorities influenced by narrow special political interests at the expense of drivers and transit riders. We need to acknowledge that the Commonwealth’s resources must be complemented by private and other public resources.

Second, we must also reduce the time it takes to complete high priority projects. Stimulating public debate is an essential component of building any transportation strategy, but it cannot be the overarching objective of our transportation system. A competent government should be able to identify the right projects, take into account and mitigate the impacts of those projects and move forward expeditiously.

Environmental protection and efficient decision making processes are not mutually exclusive objectives. The current time frame of 10-15 years for completing major projects is completely unacceptable. While the current laborious process is highly rewarding for consultants, lawyers and lobbyists, the taxpayers and those who depend on the transportation system bear massive costs associated with endless deliberation.

Our approach to this issue must be more strategic than it has been. We need to:

- Build an organizational structure that is dedicated to the mission of faster approvals and more action;
- Analyze whether all major transportation investment decisions must be “federalized” and subject to suffocating and lengthy federal mandates and approvals;
- Apply for and take advantage of federal environmental delegation pilots;
- Ask our Congressional delegation to dramatically streamline federal transportation approvals; and
- Utilize existing State regulatory waiver authorities where appropriate to expedite road building.

Third, we need to put in place a better strategy to operate and maintain the transportation capacity we already have. Through the use of innovative technologies, long lasting construction materials and new procurement strategies, we can begin to reduce the growing cost burden of maintaining our current system, improve its day to day operating performance and reduce the massive costs associated with expansion. It makes little sense to allow current highways to become clogged with traffic just a few years after they are constructed or to skimp on technology investments because they may not offer the same kind of ribbon cutting opportunities that a new road does.

A new strategy will attract investment, create jobs, encourage businesses to re-locate here, and most importantly improve the quality of life of all of our citizens. The status quo approach will do precisely the opposite. By more correctly framing the nature of our transportation problems and offering a clear vision of how we need to solve those problems, it is our hope that we can move beyond the political gridlock that has in turn produced so much transportation gridlock.

Fourth, we need to begin laying the groundwork to transition to a more effective and sustainable transportation funding model. Reliance primarily on declining gasoline taxes is not a long-term strategy if we want to have a first class transportation system. We should establish clear policy principles when looking at long term solutions and begin the tough task of developing a transition plan. We cannot afford to kick this can down the road for yet another four years.

Bob McDonnell will form a bipartisan advisory task force on his first day in office to seriously evaluate the components of a long-term, realistic transportation operations and funding plan. It is clear that our current path is likely not sustainable from either a financing or congestion relief perspective.

The Transportation Reform Task Force will focus on short and long term reform opportunities to Virginia's transportation system. Consistent with the recommendations of transportation experts across the U.S., Virginia's task force will be tasked with looking at:

- The long term sustainability of existing funding streams given the changes in federal fuel efficiency standards, automotive manufacturing, and increased use of alternative fuel sources, all of which will contribute to a likely decline in fuel tax revenues in the long term;
- Technological improvements to enhance system performance to incentivize the use of smart traffic technology, electronic tolls, light synchronization, new accident clearance procedures, and the like;
- Expanding the authority for local jurisdictions to assume greater control of primary and secondary highway maintenance construction;
- Ways to improve private sector incentives and reduce taxpayers risks through innovative procurement approaches for both capital and operating responsibility; and
- Law and regulation changes needed to significantly speed up the time it takes to build roads and other transportation infrastructure

The task force will be bipartisan and led by transportation policy experts like former Congressman Tom Davis, former Congresswoman Thelma Drake, and former Democrat and Republican Governors, and include experts in road building and engineering, business, technology, government efficiency, and local and state government.

Funding Transportation Improvements:

With a new strategy focused on reducing time frames and excuses, using creative approaches and not just tax increases, achieving measurable outcomes and not simply applying processes, we can more honestly approach the taxpayer, the driver, the transit rider, the trucking company, and the shipper to discuss how we pay for the variety of costs associated with efficiently operating and expanding a top transportation system. There are a variety of revenue sources that will be a component of our reform strategy.

Transportation Bonds

Expedite Approved Bonds

While the General Assembly authorized \$3 billion in bonds in 2007, not a single dollar of that money has been issued as of today. McDonnell will ensure that these bonds are issued beginning in 2010.

Existing law requires the bonds to be spent as follows: 20% on transit capital, 4.3% on rail capital, and the remainder on first a federal match, second a revenue sharing match and third statewide or regional priority projects.

- While investment in transit and rail are extremely important and must be maintained, Bob McDonnell will seek legislative changes to make sure that a portion of these bonds is spent on new construction projects.
- In an effort to facilitate the issuance of the remainder of these bonds for construction of needed additional highway capacity in the Commonwealth, Bob McDonnell will find a suitable additional revenue stream to pay debt service if the existing insurance premium taxes are insufficient. This will be done without raising new statewide taxes. Every effort will be made to accelerate the annual issuance of the bonds without jeopardizing our triple A bond rating.

Additional Transportation Bonds for Highly Congested Areas

As the economy recovers, Bob McDonnell will further seek the issuance of new bonds for highly congested areas, with a goal of issuing at least another \$1 billion in bonds for priority state projects. These Bonds will not only enable the Commonwealth to catch up for the inaction on transportation over the past years, but will jump start projects now that have the environmental and planning work already done, and are ready to build. These bonds will provide significant help for Northern Virginia.

Dedicate Percentage of New Revenue Growth

Under current law, in years where revenue growth exceeds 5%, a certain portion of that growth is required to be set aside by the Governor in the subsequent year in his budget for new

infrastructure needs. However, transportation projects are specifically excluded from this funding opportunity.

- As Governor, Bob McDonnell will amend this statute to remove the prohibition against transportation funding, and require that at least the first 1% of all growth over 3% be dedicated to transportation. It is estimated that 1% new revenue growth is approximately \$150 million.

While the Commonwealth's economy is not currently growing at such rates, average revenue growth since 1990 is 6.1% annually (this includes recessionary periods), according to the Governor's August 2008 presentation to Joint Money Committees. It should be noted that during post recessionary periods, average growth was 8.5% (FY1993-2000) and 9.2% (FY 1993-2000, 2004-2006). Thus, when the Virginia economy is in recovery, history shows that its growth rate is significant.

This legislation will ensure that education, health care, public safety and other core government priorities are protected, yet set a clear focus on funding transportation projects.

Surplus Revenue

As Governor, Bob McDonnell will dedicate 75% of annual budget surplus revenue to transportation needs (after constitutionally mandated deposits). Over the last 15 years, the average surplus was \$115 million per year. If 75% was dedicated to transportation, we would dedicate an estimated \$86 million per year to fund transportation needs.

Privatization of Alcoholic Beverage Control

As Governor, Bob McDonnell will evaluate other government assets that can be leveraged for additional revenue for the Commonwealth's transportation needs. Privatizing the commercial operations of the Virginia Department of Alcoholic Beverage Control is one such asset that can be used to help fund transportation infrastructure. Virginia ABC operates over 300 retail liquor stores throughout the Commonwealth, and is one of only 18 states that does not permit the private retail sale of alcoholic beverages within its borders. Beer and wine are already sold by private entities and the sale of other alcoholic beverages is also best handled by the free enterprise system.

Governor Mark Warner's Commission on Efficiency and Effectiveness, chaired by former Governor L. Douglas Wilder, recommended to "acquire sound business assessments of the real value of a privatized ABC retail operation and develop an RFP process to realize this value and authorize legislation" The report went on to say that "privatization should be structured so as to provide at least as equal a revenue stream to the localities and to the state activities that are presently supported by ABC earned income."

- Bob McDonnell will propose legislation to privatize ABC operation and use revenue generated for transportation, with most of the money going to maintenance.

- There are myriad ways to structure the deal and Bob McDonnell will have a team of experts work on specific proposals and estimates leading up to the 2010 General Assembly session. The focus of these efforts will be to ensure the highest cash to Virginia in the short term and no loss of revenue in the long run, and in fact, the overall generation of higher revenue in future years. The recent experiences of Iowa, West Virginia and Alberta, Canada show that privatization has generated significant immediate funds to these governments while increasing annual revenue.
- Taxes on wine, beer, and spirits will continue to flow with privatization. Annual taxes are estimated to generate \$179 million.
- There will be new revenue generated via the privatization of new/existing retail stores estimated to be \$500 million or more.
- Further, private establishments will also pay income and property taxes, representing new state and local revenue streams, which are not available under the current government monopoly system.
- There are tens of millions of current liquor system dollars that would not be spent on state overhead, salaries, space, employee benefits, etc. (current state operating cost is \$115 million).
- Proponents of privatization also assert that a license system will be more profitable for the private vendors thereby resulting in a broader tax base and a general increase in tax revenue for Virginia.

The Wilder Commission estimated that proposals to streamline and eliminate state agencies, including the privatization of ABC, could total more than \$500 million. Looking at other states' experience in privatizing the distribution and retail aspect of alcohol sales and ABC's annual profits, we estimate that Virginia could receive at least \$500 million in the near term. A study conducted by the Reason Foundation for divesting Pennsylvania's Liquor Control Board found that privatizing could result in approximately \$1.7 billion dollars from the initial divestiture proceeds.

Delegate Allen Louderback in 2005 and Senator Mark Obenshain in 2009 proposed different options of how such privatization could be structured. Bob McDonnell will utilize their expertise and research on this extensive issue, as well as national experts on privatization to propose legislation.

It should also be noted that there are numerous studies to show that privatization can be accomplished without increasing alcohol-related problems, including consumption, drinking and driving incidents, and underage drinking.

This legislation will also provide protections for current state workers in ABC stores, enhanced enforcement authority to ensure the laws of Virginia are upheld, and the promotion of programs that reduce underage drinking, alcohol related highway accidents and abuse. There will also be a limit placed on the number of authorized retail outlets to reflect community

concern. As a legislator and attorney general, Bob McDonnell has been a consistent supporter of Virginia's three-tier system for wine and beer distribution and sales. The privatization of ABC would be accomplished in a manner consistent with this time-honored system.

Percentage of Revenue from Offshore Drilling for Oil and Natural Gas

Bob McDonnell supports drilling for oil and natural gas off of Virginia's coast. This component of his comprehensive energy plan will generate thousands of new jobs, billions of dollars in new investment, and hundreds of millions in new tax revenue to the Commonwealth. Lease Sale 220 is currently scheduled for 2011 and will make Virginia the first state on the East Coast to move forward with exploration and drilling.

While the revenue is several years away, we must put into place now the commitment to dedicate the majority of this new revenue to transportation.

- As Governor, Bob McDonnell will propose legislation to dedicate 80% of revenue generated from offshore drilling to transportation. While estimates on what offshore revenue would mean for Virginia vary, projections from the Southeast Energy Alliance translate into \$5 billion dollars in non-tax revenues to the state over the next 30 years, with the expectation of a 37.5% royalty revenue share to Virginia (currently in place for the Gulf States) from the federal lease sale. Under Bob's legislation, that would translate into \$132 million annually for transportation. In addition to the royalties, the indirect taxes generated from offshore oil and natural gas would dedicate another estimated \$45 million annually.

No matter what the estimates are, the new opportunity is unprecedented and broadly supported by Virginians. Millions of dollars will be pumped into Virginia's coffers over the next 30 years and we must set aside some of that money for transportation needs now.

Future Growth in State Taxes Attributable to Economic Activity Generated Around the Port of Virginia

Virginia's ports are among the top economic engines in the Commonwealth. The Port of Virginia generates significant revenue, creates thousands of jobs and directly and indirectly impacts the entire Commonwealth. The continued growth of this economic engine is critically dependent upon transportation infrastructure improvements.

During the 2008 Transportation Special Session and the 2009 General Assembly session, Delegate Glenn Oder (R-94th District) proposed legislation to invest 30 % of future state revenues from this key economic engine back into transportation improvements. This legislation passed the House of Delegates with bipartisan support, but was killed in the Senate Finance Committee. A percentage of the future revenue growth around Virginia's port would have been captured in special tax districts and allocated to regional accounts for funding transportation improvements. Hampton Road's portion would have been \$300 million annually from the state revenues attributable to future economic activity of the port of Hampton Roads.

Although we are not currently experiencing significant growth, there is general consensus that this facility will generate growth in the coming years, especially when considering the expansion of the Panama Canal and completion of Craney Island. The concept of reinvesting 30% of the future state tax revenues generated by the port directly into transportation improvements in Hampton Roads will provide jobs for the local economy, allow the port to reach its full potential, provide economic benefits to the entire Commonwealth of Virginia, and finally, will not burden our citizens with additional taxes for transportation. As Governor Bob McDonnell will submit legislation to capture revenue growth for economic activity around Virginia's port and invest it to transportation. This revenue will be specifically used for Hampton Roads projects and deposited into a regional account.

I-95 and I-85 Interstate Border Tolling at North Carolina Border

As Governor, Bob McDonnell will provide an additional dedicated revenue stream for essential transportation needs by tolling travelers coming into Virginia at the North Carolina border on I-95 and I-85. These tolls are intended to capture revenue to offset the additional burdens placed on Virginia's roadways by out-of-state tractor trailers and personal vehicles.

The tolls will cover travelers going northbound into Virginia near the North Carolina border. Public private partnerships will be utilized to accomplish this project and we will maximize technology such as electronic tolling to maintain high speeds on the interstates.

The I-95 toll will be used to help fund improvements along the transportation corridor and the I-85 toll will help expand Route 460 by integrating it with the highway system. Ultimately these proposals will have to be approved by federal highway authorities, but we believe that based on legal precedence establish with Pennsylvania's application to toll I-80, we have a clear path.

We have estimated that revenue generated from these tolls would be around \$50 million annually in the beginning years. We will also evaluate a concession for a long term lease to generate subsequent upfront revenue, resulting in hundreds of millions of dollars.

Northern Virginia Sales Tax Retention

Northern Virginia is a significant economic engine of the Commonwealth and more of the money raised there should stay in Northern Virginia. Therefore, McDonnell will propose that .30% of all sales tax collected in Northern Virginia be retained in the region, to go into the Northern Virginia regional account. It is estimated that for every .10% of the sales tax, \$35 million will be allocated to the fund, thus, this proposal will generate \$105 million in new revenue.

Regional Accounts

In order to enable regions to continue to address needs unique to their respective areas of the Commonwealth, Bob McDonnell will establish accounts within VDOT which capture certain revenues generated within that region for specific transportation projects located there. While

some economies of scale should be recognized by maintaining certain core responsibilities in Richmond, localities within a region often times are better at correctly identifying and swiftly addressing transportation issues that primarily impact their citizens. These accounts will provide them the resources necessary to meet those needs. Revenue generated by the expansion of the Port will be dedicated for the Hampton Roads regional account.

Revenue generated by tolling I-95 at the North Carolina border will be used to fund transportation improvements along the I-95 corridor. By forming a concession for a long term lease, the toll could bring in hundreds of millions of dollars annually for Northern Virginia transportation needs.

Further, .30% of all sales tax collected in Northern Virginia will be retained in the Northern Virginia regional account. It is estimated that this will total \$105 million for Northern Virginia.

VDOT Modernization

A comprehensive external performance audit of annual transportation spending and transportation operation and organization must be completed promptly. VDOT has many outstanding professionals who have found new ways to get projects done with limited resources. However, to bolster taxpayer confidence about more money going to transportation we must have an agency that runs as creatively and effectively as possible. A performance audit will independently pinpoint areas of waste, duplication, inefficiency, and where better management systems, technology and privatization can be employed.

In 2007 and 2008, the Washington State Auditor's Office independently audited four facets of the Washington State Department of Transportation, uncovering over \$110 million in potential cost savings over 5 years. The Auditor also estimated that re-orienting the department's priorities and focusing heavily on reducing traffic congestion would produce \$3 billion in economic benefits over 5 years. In large part, these economic benefits follow from the estimated 15 percent to 20 percent reduction in traffic congestion.

We can do the same in Virginia, and if we are half as successful as Washington State, we should be able to generate \$50 million in savings.

Push Federal Government for Flexibility to Spend Out-Year Federal Recovery Act Funding on Infrastructure Projects today

Virginia was allocated nearly \$4.8 billion in federal funds when the American Recovery and Reinvestment Act of 2009 (Stimulus Act) passed Congress. The funds were distributed into several major functions of government – health and human resources, education, transportation, commerce and trade, finance, natural resources and public safety.

Currently, it is estimated that over \$900 million of these funds will not be spent until fiscal year 2011. Instead of holding these funds and spending them in later years on programs or projects that may not be a state need or after the economy has recovered, Virginia and all states should

be given the flexibility of a federal block grant now in order to target resources to each state's own highest priority. As Governor, Bob would commit much of these funds to infrastructure projects that put people back to work and increase Virginia's productivity.

Bob McDonnell will work with the Congressional delegation to advance these funds that are earmarked for future spending to be used as block grants to the state for critical infrastructure projects.

Public Private Partnerships

Since its creation in 1995, the Public-Private Transportation Act (PPTA) has allowed VDOT and private industry to team up to build new roads and improve our transportation infrastructure. In 2005, McDonnell was the chief patron of significant legislation to streamline and improve the PPTA process.

Even though the statute has been changed, lengthy processes, unclear deadlines, and red tape still stand in the way of achieving the full benefits of the PPTA. To date, a relatively limited number of projects have moved forward. Projects such as I-81, Route 460, and a new Hampton Roads Bridge Tunnel have had PPTA proposals submitted, but recent administrations have failed to get agreements completed.

A properly executed public private partnership can deliver enormous public benefits by reducing the exposure of taxpayers to capital and operating cost overruns, providing incentives for improved customer service and tapping into huge new sources of investment capital. In 2008, nearly \$10 billion in public private partnership deals were done in North America. They also provide thousands of jobs in the construction and road building materials industry. Countries around the world have used public private mechanisms to upgrade their infrastructure, deploy new technologies and reduce public sector fiscal burdens with great success.

Public private partnerships serve as a way to bring private sector money to help solve Virginia's infrastructure needs. It is also a smart way to leverage limited state monies. Whether it is through tolling, special tax districts, real estate partnerships, long-term maintenance and operations agreements, project warranties, private sector economies of scale in purchasing, or other revenue vehicles, Virginia needs to remain on the forefront of exploring all options to bring new money to the table instead of just resorting to raising taxes.

A key to successful public private partnerships is accountability and transparency. Strong leadership must ensure that these agreements include specific metrics and benchmarks, and hold the private sector accountable to meeting those goals. The contracts and process must also be transparent. Contracts must be well written to contain express limits on the cost to the taxpayers.

Bob McDonnell dedicated a full time attorney in the Office of the Attorney General whose sole responsibility was to review public private partnership proposals. More legal resources will be dedicated to facilitate fast review and approval if necessary.

As Governor, Bob McDonnell will make a commitment to expand the use of public-private partnerships as a viable tool for road construction, and will improve the Public-Private Transportation Act process to gain approvals in a much faster and more responsible manner. He will also expand VDOT's expertise and organizational capacity to advance innovative procurements and direct VDOT to broaden the types of opportunities for new partnerships, including for transit systems, technology deployment and operations.

- Bob McDonnell will ensure that during his term, PPTA agreements are reached on major priority projects.
- As Governor, Bob McDonnell will put in place a multi-discipline team of business, finance and legal experts to make these projects work and get projects moving. By putting the right people in place and giving them the sole focus to expeditiously reach good agreements, we will see more public private partnerships under a McDonnell administration.
- Bob McDonnell will also expand commitments to the PPTA Incentive Fund and dedicate significant funds to match the private investment so that more projects can get underway and toll rates will be more reasonable.
- We will make use of special tax districts at exits on target projects to capture a percentage of the increase in revenue from economic development from road construction to help pay the state share of the project. This was successfully done on the Route 28 partnership project and we will use this model for future projects. This concept envisions no new taxes but creating a mechanism to capture new revenue generated by new roads.
- Another option that Bob McDonnell will explore as Governor to encourage the use of public private partnership projects is bidding out regional plans, where they exist, rather than specific road projects.

Support HOT lane projects

As Governor, Bob will also work to identify an array of new projects that could provide immediate congestion relief. Electronic congestion pricing, employing market based solutions, can help finance badly needed new capacity, while simultaneously reducing congestion on the existing system.

The innovative Capital Beltway congestion relief project is moving forward on schedule, and the contractor has powerful incentives to finish on time and under budget, given the structure of the innovative public-private partnership contract. Once completed, commuters along one of the most congested highway stretches in the U.S. will have a much better commute option every day of the week. This option will help expand economic opportunity throughout Northern Virginia and reduce congestion around Tysons Corner.

- As Governor, Bob McDonnell will provide the leadership and accountability that this projects needs to stay on track and on budget. This project will become a model for other state projects, as well as a national model.

The Commonwealth is currently negotiating an expansion of the heavily congested 395/95 corridor down to Fredericksburg. This creative HOT lane project, like the 495 project, has the potential to provide critical and sustainable congestion relief for thousands of Virginians, as well as improved transit service in this corridor. It is imperative that the Commonwealth successfully conclude these negotiations in an expeditious manner that protects the interests of Virginia taxpayers and commuters without further delays.

- As Governor, Bob McDonnell will push other creative congestion pricing projects to completion. In doing so, we will begin implementing the vision of a high speed, high technology transportation system that will help Virginia attract much needed jobs and economic activity, not simply one bogged down by crawling traffic. Market based solutions hold much promise for future infrastructure development.

Protect the Integrity of the Transportation Trust Fund

The Transportation Trust Fund is a commitment to the people of Virginia that gas tax revenues and other proceeds of the Fund will be used solely for transportation needs. Bob McDonnell will offer legislation to constitutionally prevent any use of the Transportation Trust Fund for other purposes and he will veto any budget item that attempts to spend these funds on anything other than transportation.

Stand up for Virginia by Appealing to Washington for Expanded Authority and Federal Waivers

It currently takes on average more than 5 years to receive a “record of decision” under Federal environmental requirements. When one adds in the time to plan, design, engineer and construct, it is no wonder that we often talk about a meaningful project for 10 to 15 years before it is actually in service. Much of this time is spent debating the project, as opposed to actually assessing and developing an impact mitigation plan for the project. It is critical that we do something to reduce this.

Virginia’s opportunity to innovate is also dependent on support from the federal government. We will ask Virginia’s congressional delegation to:

- Provide the Commonwealth with new flexibilities to assume various federal environmental review responsibilities to drastically reduce approval time
- Expand innovative financing tools like the TIFIA program and private activity bonds
- Oppose proposals to subject Virginia decisions on HOT lanes and other electronic toll lanes to even more federal bureaucratic approvals

- Shape expected new discretionary programs to ensure that congestion relief and merit-based investments are a clear priority
- Seek a pilot program through our congressional delegation to develop a performance-based program in which Virginia is willing to commit the achievement of various performance objectives in exchange for liberation from some federal process requirements. This effort would put a new emphasis on performance targets instead of process and earmarks.

Transportation System Improvement

Performance Targets

As described above, we need to expand the emphasis on improving performance in the areas of congestion, travel time reliability, transportation system fatalities, project delivery and operations and environmental impacts as the ultimate objective of our transportation policy. We must re-allocate our scarce resources and implement cutting edge policy approaches to reverse performance declines, not simply slow their growth. This is an approach supported by virtually every independent commission and study that has examined fundamental causes of U.S. transportation failures. Virginia has the chance to become a national leader in this regard.

Use of New Technologies and Emphasizing Operating Efficiencies

A number of new transportation technologies and techniques provide a unique opportunity to manage traffic flows and reduce emissions more efficiently.

The Capital Beltway project in Northern Virginia is an example of electronic tolling and an important first step, but we need to evaluate this technology for other areas in the Commonwealth. In addition to supplying instant travel time reliability, electronic tolling can also supply a critical revenue stream to build and manage the facility itself. And few charging mechanisms are fairer – if you don't use it, you don't pay.

New technologies have emerged that can read trends and shifts in traffic demand. Virginia needs to much more aggressively seek opportunities to deploy these new approaches, such as light synchronization.

For years, highway agencies focused exclusively on road engineering with little concern for road performance. Today, non-recurring incidents (stalled vehicles, debris, crashes, etc.) account for approximately 50 percent of delay caused by traffic congestion. We have made good strides in this area, but more needs to be done. We shouldn't allow a single flat tire to alter the commute times of thousands of people. Minor incidents can be cleared more quickly and public and private incentives can be improved. System operations must be a priority, not simply rhetoric.

Integration of Growth, Transportation Planning on Regional Basis

Localities and regional entities should be encouraged to consider the relationship between land use policies and transportation policy when developing and assessing the impact of transportation plans. There is a significant relationship between development policies and transportation systems; thanks to the work of Republicans, for the first time in Virginia history those relationships are being meaningfully connected through innovative reforms to better manage growth and curtail sprawl. A McDonnell administration will continue working with regional planning experts and local government to make good transportation and development decisions.

Implement 70 Mile per Hour Speed Limit

In 2006, Senator Frank Ruff patroned legislation to increase the maximum speed limit to 70 mph on portions of Interstate 85. The legislation passed with bipartisan support. There are currently 32 states with 70 mph limits and 13 have 75 mph limits in limited circumstances.

As Governor, Bob McDonnell will work with advocacy groups, such as motorist associations and highway safety groups, as well as law enforcement organizations to increase the maximum speed limit to 70 mph on rural stretches of highway statewide, such as I-95, I-81, I-64, I-77, and other roads.

Telework Tax Credits

Many employers have taken proactive steps to help reduce the numbers of cars on our congested highways by allowing employees to telework. While this is not a silver bullet, every car we can take off of I-95 or I-66 in the morning helps relieve congestion, speed up travel time, and help the environment.

Many attempts have been made by Republicans and Democrats alike to provide tax credits to encourage this type of activity, but they have continually failed in the General Assembly.

- As Governor, Bob McDonnell will build bipartisan consensus behind a plan to grant a tax credit to employers for expenses incurred in allowing employees to telework pursuant to a signed telework agreement. The credit will equal 100 percent of the cost of the initial set-up to enable teleworking, and a percentage of the credits will be reserved for employers who hire teleworkers in localities that have higher unemployment rates.

Priority Projects

The following projects have consistently ranked among the top priority for regional authorities, transportation experts and the general public for years. They have been stalled for one reason after another. Bob McDonnell will provide the leadership, based on the principles laid out in this plan and the funding sources identified, to get these projects moving.

In Northern Virginia, our priority projects include widening I-66 inside the beltway, completing

the 495 HOT lane project on time and on budget, beginning the process of I-395/I-95 HOT lanes to Fredericksburg, rail to Dulles, high speed passenger rail and Route 7 improvements.

- I-66

The project involves the improvement of three portions of I-66 westbound inside I-495:

- Spot 1 - Extension of westbound acceleration lane from Fairfax Drive to Sycamore Street, from 2 to 3 lanes. (1.5 miles). This portion is fully funded.
- Spot 2 - Extension of westbound acceleration lane from Washington Blvd. to the Dulles Access Road, from 3 to 4 lanes. (1.6 miles) - On March 18, 2009 the Transportation Planning Board voted that no funding will be approved for Phase 2 or Phase 3 improvements until VDOT completes an I-66 multi-modal study. Bob McDonnell expressed his public support for moving forward with the project as previously planned.
- Spot 3 - Extension of westbound acceleration lane from Lee Highway/Spout Run to Glebe Rd, from 2 to 3 lanes. (1 mile). This was also put on hold by TPB action.

The project is estimated to cost \$75.6 million in federal and state funds.

Under a McDonnell administration completing phase 1 and funding and completing phase 2 and 3 will be a top priority. Due to Congressman Frank Wolf's leadership on this project, we have already secured almost \$30 million to widen the westbound lanes of I-66 inside the beltway. We also received \$1 million in last year's appropriations bill to fund a study through the Virginia Department of Rail and Public Transportation on Bus Rapid Transit on the I-66 corridor. Congressman Wolf has also made two requests for projects in the upcoming Highway Reauthorization Bill. One request was to implement the findings of the Bus Rapid Transit study on the I-66 corridor, and the other was to fund a study of existing and planned bus transit throughout the northern Virginia region and evaluate ways to integrate these systems into a network.

- I-495 HOT Lane Project

As Governor Bob McDonnell will keep this innovative project to relieve congestion on time and on budget. He will provide leadership and accountability to this public private partnership to ensure that taxpayer's money is being used wisely, efficiently and effectively.

- I-395/I-95 HOT Lane Project

While negotiations are still underway for this project, Bob McDonnell will ensure that the needs of Virginia taxpayers and commuters are met during the contract negotiation process.

- Rail to Dulles

The Metropolitan Washington Airports Authority (MWAA) is constructing a 23-mile extension of the existing Metrorail system, which will be operated by the Washington Metropolitan Area Transit Authority from East Falls Church to Washington Dulles

International Airport west to Ashburn. The extension will serve Tyson's Corner, Virginia's largest employment center, and the Reston/Herndon area, the state's second largest employment concentration. And, it will provide a one-seat ride from Dulles International Airport to downtown Washington.

As Governor, Bob McDonnell will diligently monitor MWAA to ensure that the project does not underperform, and he will make sure that the state does not become an obstacle to drive up costs. While it is expected that tolls will pay for over half the project, toll payers should not bear the costs of an underperforming project. There are already some warning signs of project cost overruns, but Bob McDonnell will stand firmly as Governor against delays and increases in cost.

- Technology Improvements to Route 7 and other major arteries and intersections
The Federal Highway Administration estimates that poor signal timing can account for up to 10% of all traffic delay and that optimizing traffic signals can produce a benefit to cost ratio as high as 40 to 1. New technologies have emerged that can read trends and shifts in traffic demand to allow continual updating of signal timing. Virginia needs to much more aggressively seek opportunities to deploy these new approaches.
- Bob McDonnell will form a work group of transportation experts to evaluate options for an Eastern bypass around Northern Virginia. This long term project would remove a significant amount of trucks and cars on the Florida-Maine route from I-95 and the Capital Beltway.

In Hampton Roads we must upgrade Route 460, widen I-64 and improve the water crossings with some version of the third crossing. This will help bring even more economic prosperity to the region and provide critical public safety alternatives in the case of natural disasters.

- Route 460
Route 460 must be upgraded from Suffolk to Petersburg to a new limited access highway. We must have another major hurricane evacuation route, make it easier to get new businesses into Hampton Roads, and capitalize on new opportunities for growth at the Port.

Cost estimates submitted by three road builders in 2006 ranged from \$1.05 billion to \$1.55 billion. This project has been discussed by lawmakers, transportation experts and the public for years, but no action has been taken. It is clear from all analysis that the current proposal to self-finance a new 460 project will not progress absent some strong, aggressive leadership. Instead of letting this important project languish indefinitely, we must be willing to be bold in examining all feasible approaches.

Bob McDonnell will evaluate the concept of linking Route 460 to I-85. Route 460 is a natural extension of I-85 and by integrating these systems we would open an interstate

route from the Hampton Roads region to economic centers like Charlotte and Atlanta, spurring economic growth and development along the way. Revenue from tolling I-85 at the border will be used to provide state revenues to make the agreement work.

- Hampton Roads 3rd Crossing

A new analysis by Old Dominion University's Virginia Modeling, Analysis and Simulation Center shows that in 2030, traffic demand will be 50 percent greater than the Hampton Roads Bridge-Tunnel was designed to handle during peak travel times.

While there is consensus about the need to act, there is little consensus on a plan. According to a January 2009 article in the *Virginian Pilot*, there are six proposed alternatives to widen the bridge-tunnel - four would add tunnels and two would add bridges at construction costs ranging from \$2.2 billion to \$3.2 billion, not including design and right-of-way expenses. The new report by ODU also suggests adding two lanes or more to the bridge-tunnel.

As Governor, Bob McDonnell will build consensus on the project that has the highest cost/benefit analysis and begin plans for funding such a project.

- Bob McDonnell will explore ways to make better use of the Hampton Roads HOV lanes. We continually hear from frustrated commuters who see the lanes not used at full capacity the majority of the time.
- Bob McDonnell will solicit a PPTA proposal for I-64 widening.

Statewide, we must see high speed passenger rail from DC to Richmond and to Hampton Roads, must make significant improvements on I-81, update our freight capacity, and complete the Coalfields Expressway.

- High Speed Passenger Rail

Increasing railroad capacity to ensure efficient and reliable passenger rail service is essential to grow our economy, keep business people and tourists moving without clogging our interstates, and has the corollary benefit of facilitating freight rail movement in Virginia – meaning more trucks are taken off the roads, further reducing congestion and pollution.

Bob McDonnell supports Virginia's prompt application for all resources available through the American Recovery and Reinvestment Act (ARRA) for high speed rail projects. Studies clearly demonstrate that high speed rail projects create thousands of jobs, increase economic development in the rail corridors, and ultimately generate about \$8 in private sector spending for every dollar the public invests.

ARRA funding will not be available for every rail project Virginia needs to complete. McDonnell will evaluate the feasibility of working with private partners to create a cost-effective system to help remove cars from our roads and further stimulate the economy.

- Freight

The Port of Virginia plays a significant role in our nation's freight network. In 2008, the amount of freight moved through the Port of Virginia increased nearly 50% over the previous decade. And despite the current economic downturn, future growth is expected when APM Terminals expands and Craney Island is built. Further, when the Panama Canal Expansion Project is completed in 2014, the canal will accommodate much larger vessels and Hampton Roads will be home to the only ports on the East Coast that can handle these size ships.

In order to seamlessly transport this additional freight from the port to the manufacturing and consumption centers in the North and Midwest without further clogging Virginia's highways, additional rail capacity will be necessary to handle the increased volumes to ensure the port's long term growth.

Norfolk Southern's Heartland Corridor, a double-stack corridor linking Hampton Roads to the Midwest along Route 460 is already underway, and Virginia must also develop CSX's National Gateway, a complementary double-stack line along the I-95 corridor. These freight corridors will help Virginia be more competitive in the global economy, dramatically reduce CO2 emissions and take freight off the highway thereby reducing congestion and maintenance costs.

- I-81 Improvements

I-81 can often be a dangerous road for passenger cars due to the high volume of trucks on the interstate. As Governor, Bob McDonnell will explore ways to relieve congestion on I-81, with minimal effect to the natural beauty and resources in the region, and to get some trucks off the road. Legislation passed in 2008 prohibits a private entity from imposing tolls or user fees under the Public-Private Transportation Act on any existing rural segment of Interstate Route 81 without the prior approval of the General Assembly. As Governor, Bob McDonnell will use funds from the TTF and bonds to help pay for improvements to the corridor. Also, by providing modest resources for additional freight rail capacity (signal improvements, etc.) we can take many of the trucks off the road, improving safety and congestion on the interstate.

- Coalfields Expressway

To better link Southwest to other regions, the Coalfields Expressway must be completed. This highway will link Route 23 and 460 with major highways in West Virginia. It is critical to the further economic development of the region and it will be a priority for Bob McDonnell as Governor. We will utilize bonds and perhaps a PPTA proposal to complete the project in an efficient manner.