



HAMPTON ROADS
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Capital Improvement Plan (CIP) Overview

MFAC Resource
September 2020

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- Funding Overview
- Prioritization Overview

FY21 Plan results

Calendar for updated CIP



CIP Review

What's a Capital Project:

Investment in expansion, rehabilitation, or replacement of agency assets.

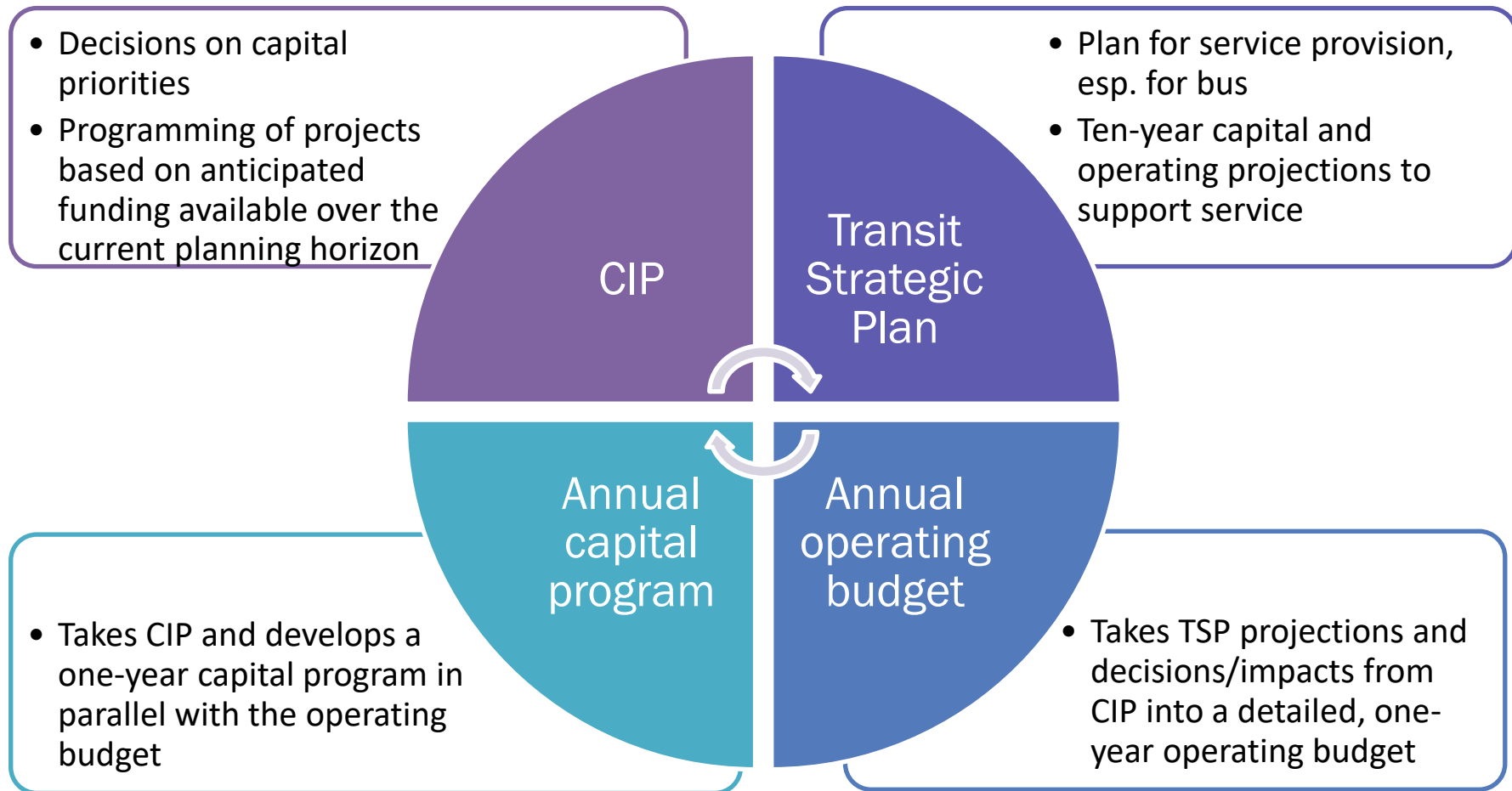
The Capital Improvement Plan (CIP) is a detailed program for capital improvements, updated annually.

Please visit <https://gohrt.com/agency/planning-development/> to access and review the complete CIP.

- Includes an inventory of capital needs of the existing system
- Capital needs are scored and prioritized
- A financially constrained program is created based on capital revenue projections

What's new this year?

The CIP will extend from a 6-year to a 10- year planning horizon, to conform with Transit Strategic Plan requirements.



What's new this year?

HRT will organize new efforts to determine how to improve integration of CIP development with HRT's federally required Transit Asset Management (TAM) Plan.

Relationship of Operating and Capital Budget

Approx. 19% of HRT's operating budget comes from federal formula funds (Preventive Maintenance)

Operating Budget

Federal funds are released at the end of HRT's fiscal year, increasing reliance on line of credit to cover gaps

Capital Funding

Operating Costs

Under-investment in capital increases operating costs due to reduced efficiency, higher maintenance needs, etc.

What's new this year?

HRT is advancing a new Capital Expense Budget (CapEx) in concert with the CIP to complete smaller but beneficial projects and mitigate Operating budget impacts.



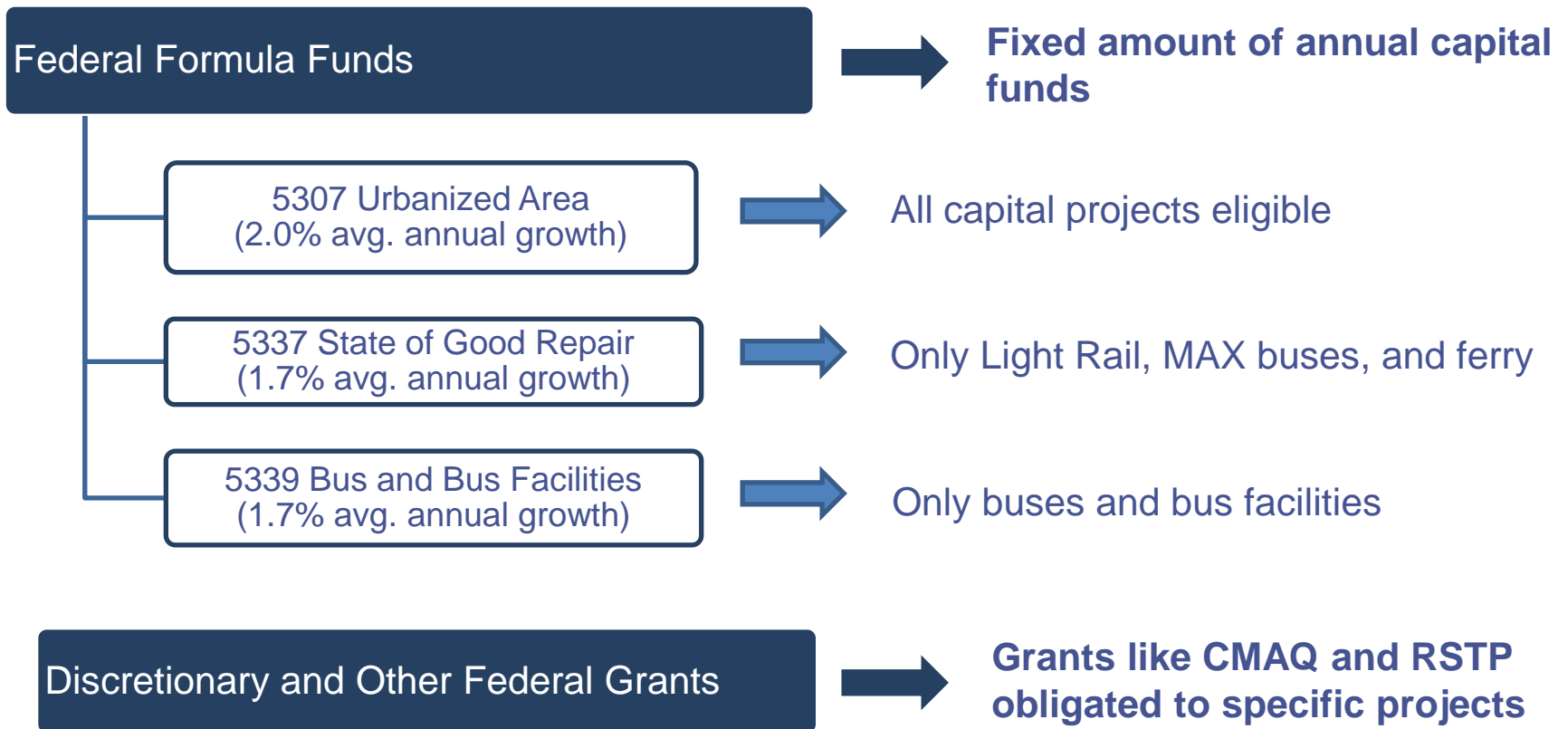
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CIP Funding Overview:

- Federal
- State
- Local
- NEW: Regional

Federal Capital Funds

Federal formula funds can be matched by varying levels of state funds depending on project type (as low as 28% formula funds to match state funds)



State Capital Funds

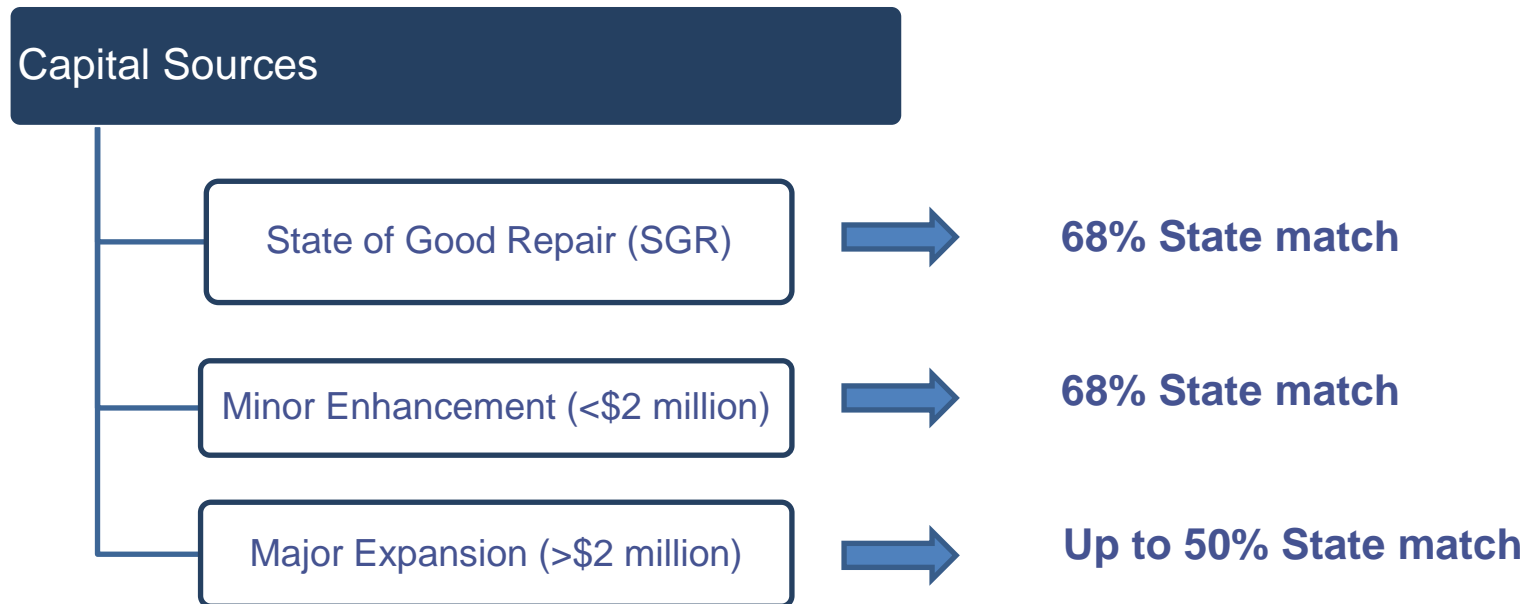
- HRT participates in competitive statewide transit capital programs for funding
 - Project scores and overall statewide needs in relation to total availability of funds impact HRT's allocation of state capital funding
- State will fund projects in order of score until available funding is accounted for

What's new this year?

The competitive State funding process typically adds a level of early uncertainty to programming totals. At the time this material is being compiled ... the State has not yet made any FY21 awards and may not do so until late fall/early winter, adding more uncertainty and challenges to CIP development for FY22 onward.

State Capital Funds

State funds can be used to match other funding. There is a minimum 4% Local match requirement.



HRT & State Processes

- HRT has and will continue to utilize its prioritization process while adapting to the competitive state process
- HRT simulated how capital projects would perform in the state prioritization process
 - State most likely to fund projects that replace existing assets past useful life

See pgs. 27-29 of current CIP for how HRT simulated project scoring based on the State process.

Local Funding

- Advanced Capital Contribution (ACC) represents a small but important part of HRT's capital funding mix
- Matching requirements are such that HRT is able to utilize up to \$0.96 in combined State and Federal funding for every \$0.04 of Local funding.

New: Regional Dedicated Funding

- Potential \$28 million or more annually
- Eligible for Capital and operating expenditures
- Eligible for Expansion and State of Good Repair
- Projects must be linked to services documented in the Hampton Roads Regional Transit Program (Chapter 6 of Commission's adopted Transit Strategic Plan)
- Regional funds are credited as the Local Match requirement (minimum 4%) when matching State funding

What's new this year?

HRT will utilize modest regional funding assumptions for CIP development and include non-Local matching funds when helpful to effectively leverage total funding available for eligible projects.

HRT's approach to effectively utilize HRRTF funds will be guided by the following principles:

- Demonstrated fit of Program investments to the key factors and administrative requirements outlined in legislation
- Delivering results on-time and on-budget
- Adherence to strategic bundling of services to support phased implementation
- Feasibility of procurement schedules, staffing, and other operational action plans for successful marketing and roll-out of service improvements
- Ensuring upkeep and the maintenance of a State of Good Repair over time
- Using project delivery methods that most efficiently connect communities across the region with transit infrastructure and services
- Protecting and enhancing the statutory flexibility and diversity of funding sources, financing, and procurement options to leverage resources and maximize the value of each available dollar
- Ensuring balanced and equitable investments, including Title VI compliance, across the HRT service area
- Fostering innovation and adhering to data-driven decision making, incorporating new technologies, and using robust methods to evaluate performance and ongoing service changes
- Integration of Program investment strategies and related projects with local land-use policies, plans and projects that expand access to safe and reliable transit for more segments of the Hampton Roads region and can support auxiliary private investments and economic activity
- Connect more workers to jobs, customers to businesses, and access to educational, retail, medical, recreational, and other opportunities that support quality of life and thriving local and regional economies

HRT will adhere to the following:

1. HRRTF funding will only be used toward eligible capital and operating expenses for regional transit services contained in the Hampton Roads Regional Transit Program (“Program”) adopted by the Commission.
2. HRT will apply to HRTAC each year for the maximum funding available and necessary to implement the Program.
3. HRT will use the most beneficial type of funding for each type of project.
4. HRT expects to utilize HRRTF funding for the majority share of costs, up to 100 percent, for expansion projects (for example, purchasing new buses for expanded services, new customer amenities, etc.).
5. For State of Good Repair, HRT expects to utilize State funding for the majority share of project costs. At a minimum, HRRTF funding will account for 4 percent of total project costs (which shall count to meet Local match funds required by the Commonwealth Transportation Board).
6. HRT will not utilize HRRTF funding to reduce or replace Local funding that has been utilized on bus routes as of July 1, 2020.
7. HRT will use HRRTF funds to participate in competitive state and federal grant programs, when appropriate, to effectively deliver projects and draw additional dollars into the region that would not otherwise be accessible.
8. HRT will prioritize funding to ensure that historic funding levels from State operating assistance and eligible federal funding (Preventive Maintenance) will continue to support baseline (current) service levels before utilizing non-HRRTF funds to support Program routes.



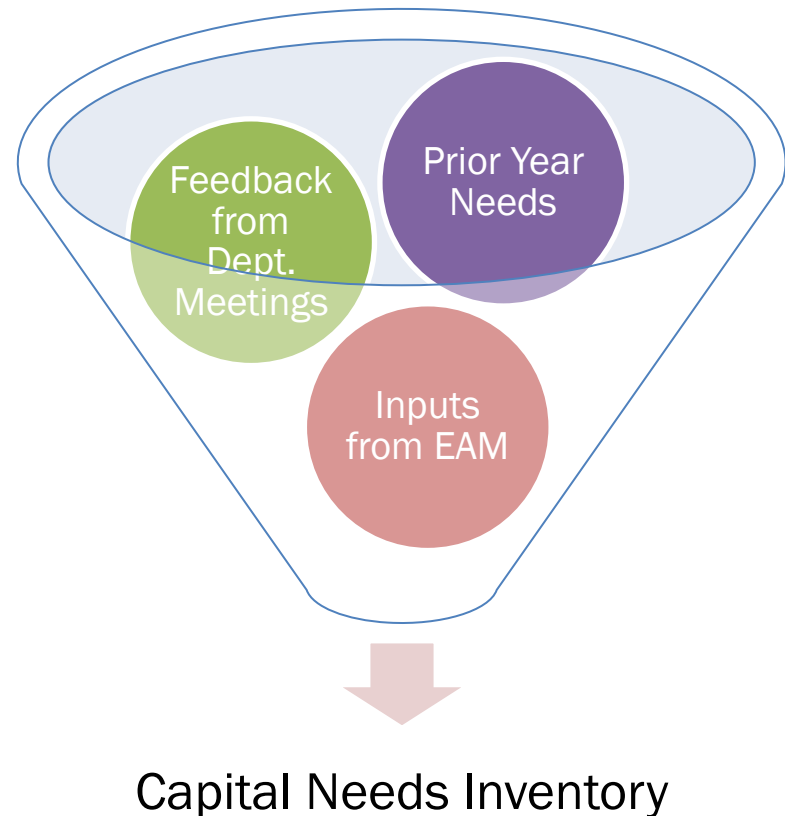
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Prioritization Overview

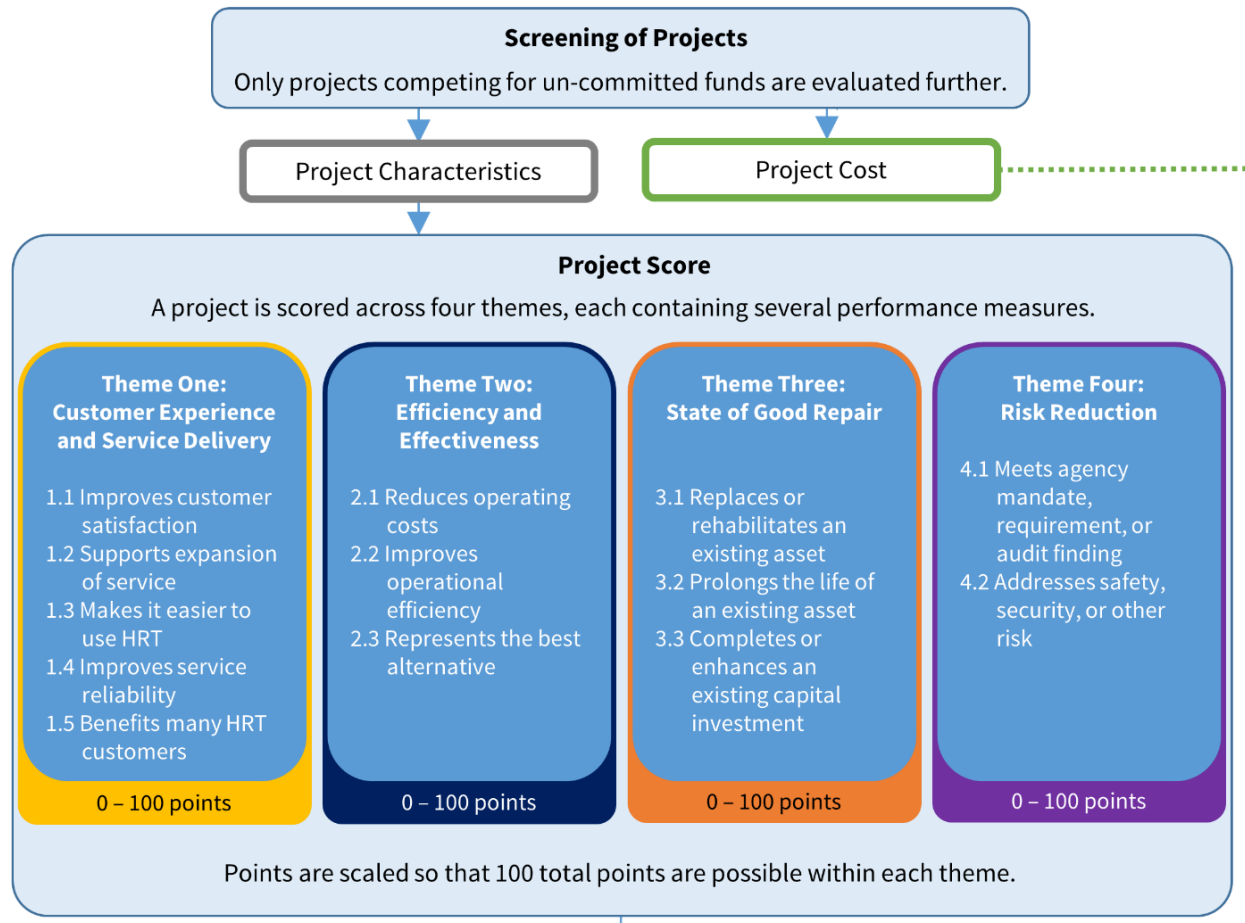
Documenting Needs

- Capital needs are documented, scored and rated
- Projects already assigned full funding do not move forward to prioritization (but are included in the CIP)

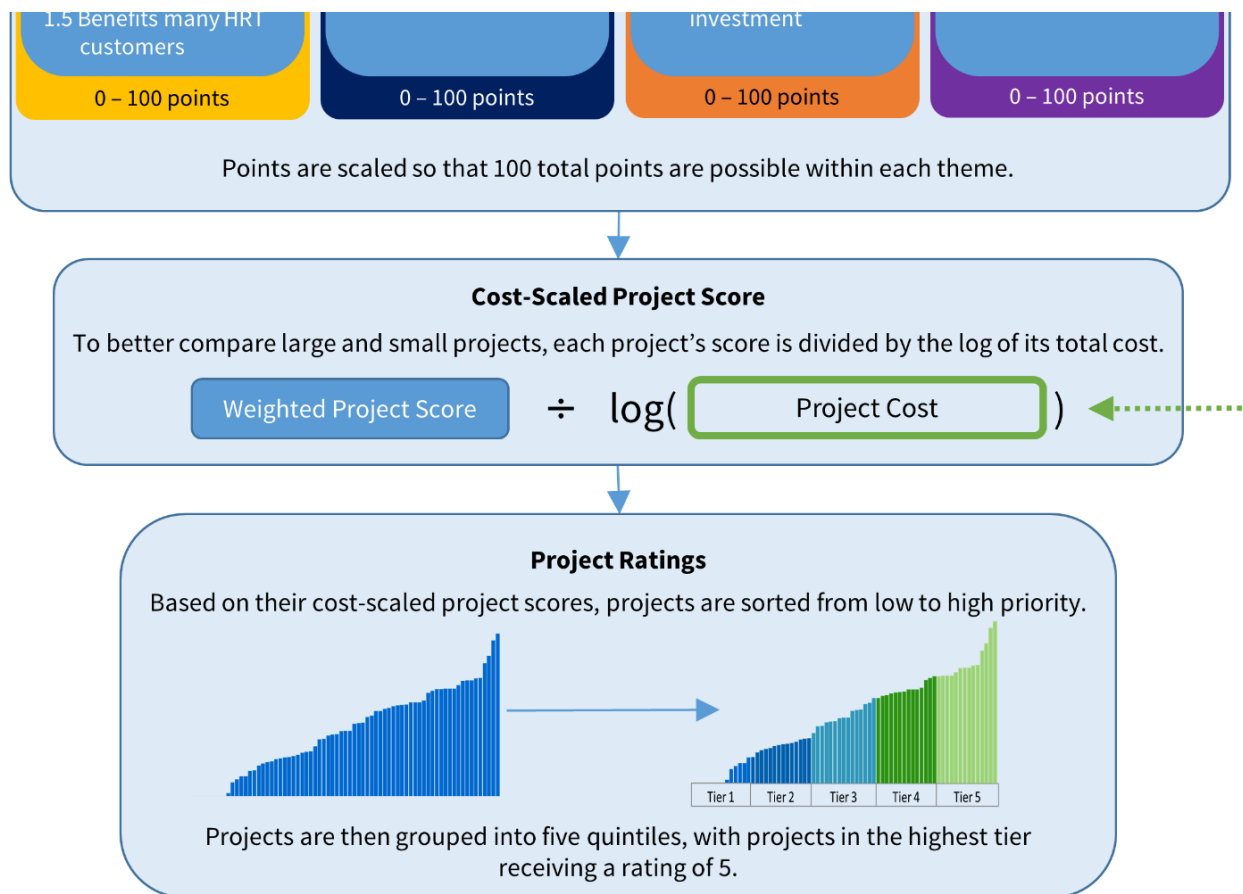
See pgs. 8-17 of current CIP for list of current projects.



Process (1 of 2)



Process (2 of 2)



Methodology

Measures

Within each theme, between two and five measures are used to evaluate the degree to which a project advances the themes. For instance, under Theme Four: Risk Reduction, projects are evaluated on two measures: 4.1 "Meets agency mandate, requirement, or audit finding" and 4.2 "Addresses safety, security, or other risk."

Criteria

A project receives points based on the criteria it meets for each measure. In many cases, projects with quantified benefits received an additional point compared to projects with only qualitative justifications. For instance, a project whose sponsor estimated the reduction in operating costs in dollars as a result of the project would receive an additional point in measure 2.1, "Reduces Operating Costs", relative to a project whose sponsor only stated that a reduction in operating costs would be likely. In addition, a project that increases the agency's operating costs would receive negative one point in measure 2.1.

Methodology

Weighting by Theme

To produce a project score, points in each theme are reweighted to account for the different number of measures in each theme in order to weigh each theme equally. This means that a project that received a perfect score on the three measures in Theme Four would be ranked the same as a project with a perfect score on the five measures in Theme One, all else being equal. After this weighting, the sum of a project's points across all themes becomes the project's "raw" score.

Scaling by Cost

The raw score for each project is divided by the logarithm of each project's cost (in current year dollars) to produce a cost-scaled score that is comparable across large and small projects. Without this re-scaling, a multi-million-dollar project will likely have a higher score than a project that costs a few thousand dollars due to the larger impact of the costlier project. However, on a dollar by dollar basis, the lower cost project may represent the best return on investment. Because the distribution of project costs is many times greater than distribution of project scores, a log-based normalization was selected. This has the effect of condensing the range of project costs to be comparable to the range of raw scores.

Breakout of Themes

Theme	Measure	Criteria
Theme One: Customer Experience and Service Delivery	1.1 Project improves customer satisfaction	<ul style="list-style-type: none"> • 2 points: Directly addresses a documented complaint • 1 point: Indirectly addresses customer demand
	1.2 Supports expansion of service	<ul style="list-style-type: none"> • 2 points: Directly supports expansion of service • 1 point: Indirectly supports expansion of service
	1.3 Makes it easier to use HRT	<ul style="list-style-type: none"> • 2 points: Improves accessibility by making the system easier to use and/or addressing mobility barriers. • 1 point: Indirect benefit to accessibility
	1.4 Protects against service disruption	<ul style="list-style-type: none"> • 0-3 points: Varies based on frequency and severity of failure
	1.5 Benefits many HRT customers	<ul style="list-style-type: none"> • Subtotal of the Theme One points multiplied by a factor that varies based on the number of affected HRT customers.

Breakout of Themes

Theme Two: Efficiency and Effectiveness	2.1 Reduces operating costs	<ul style="list-style-type: none">• 2 points: Quantified decrease in costs• 1 point: Expected decrease in costs but no analysis conducted to quantify• -1 points: Increase in costs
	2.2 Improves operational efficiency	<ul style="list-style-type: none">• 2 points: Quantified increase in efficiency• 1 point: Expected increase in efficiency but no analysis conducted to quantify• -1 points: Decrease in efficiency
	2.3 Represents the best alternative	<ul style="list-style-type: none">• 2 points: Cost/benefit analysis conducted to support project• 1 point: Only identified alternative (no CBA provided)• -1 points: Negative return on investment

Breakout of Themes

Theme Three: State of Good Repair	3.1 Replaces or rehabilitates an existing asset	<ul style="list-style-type: none">• 2 points: replaces or rehabilitates a capital asset AND ensures maintenance of HRT's operational capacity• 1 point: Replaces and rehabilitates an existing asset OR ensures maintenance of HRT's operational capacity
	3.2 Prolongs the life of an existing asset	<ul style="list-style-type: none">• 1 point: Prolongs life of another asset
	3.3 Completes or enhances an existing capital investment	<ul style="list-style-type: none">• 2 points: Completes an existing capital investment• 1 point: Enhances an existing capital investment

Breakout of Themes

Theme Four: Risk Reduction	4.1 Meets agency mandate, requirement, or audit finding	<ul style="list-style-type: none">• 2 points: Project meets mandate, audit finding or compliance requirement
	4.2 Addresses safety, security, or other risk	<ul style="list-style-type: none">• 3 points: Project reduces risk of loss of life or serious injury on HRT service• 2 points: Project addresses security or safety risk to HRT customers and employees; project closes security vulnerability at agency• 1 point: Project addresses any other security impacts.

Sample of Top Priority (Tier 5) Projects

- 3400 Victoria Boulevard Renovation: Phase 2
- Parks Avenue Garage Relocation and Replacement
- 18th Street GFI Vault Relocation
- Bus CAD AVL System Upgrades
- Large Technology Infrastructure
- Financial Information Software (Upgrade)
- PeopleSoft HCM (Upgrade)
- FSS – EAM Integration
- Light Rail Systems SGR
- NTF Foundation Repair

There were
16 tier 5
projects in
FY2021

See pgs. 22-24 of current CIP for all Tiering results based on prioritization.

Process Outcome

Fiscally constrained CIP:

1. Funds the highest rated projects
2. Maximizes federal, state, and other funding
3. Meets regulatory and eligibility requirements



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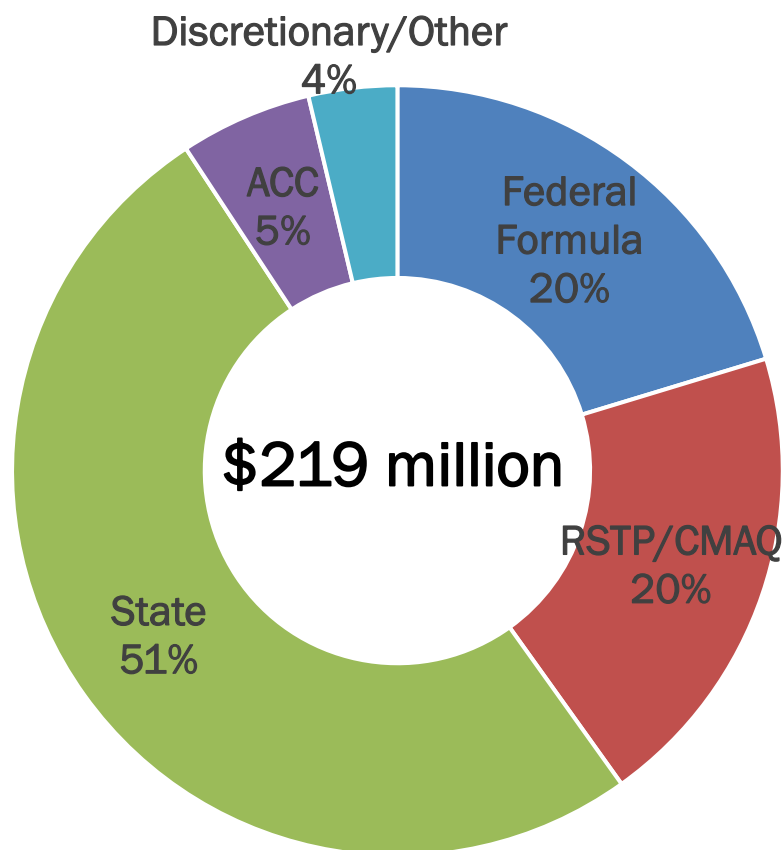
FY21 Plan Results

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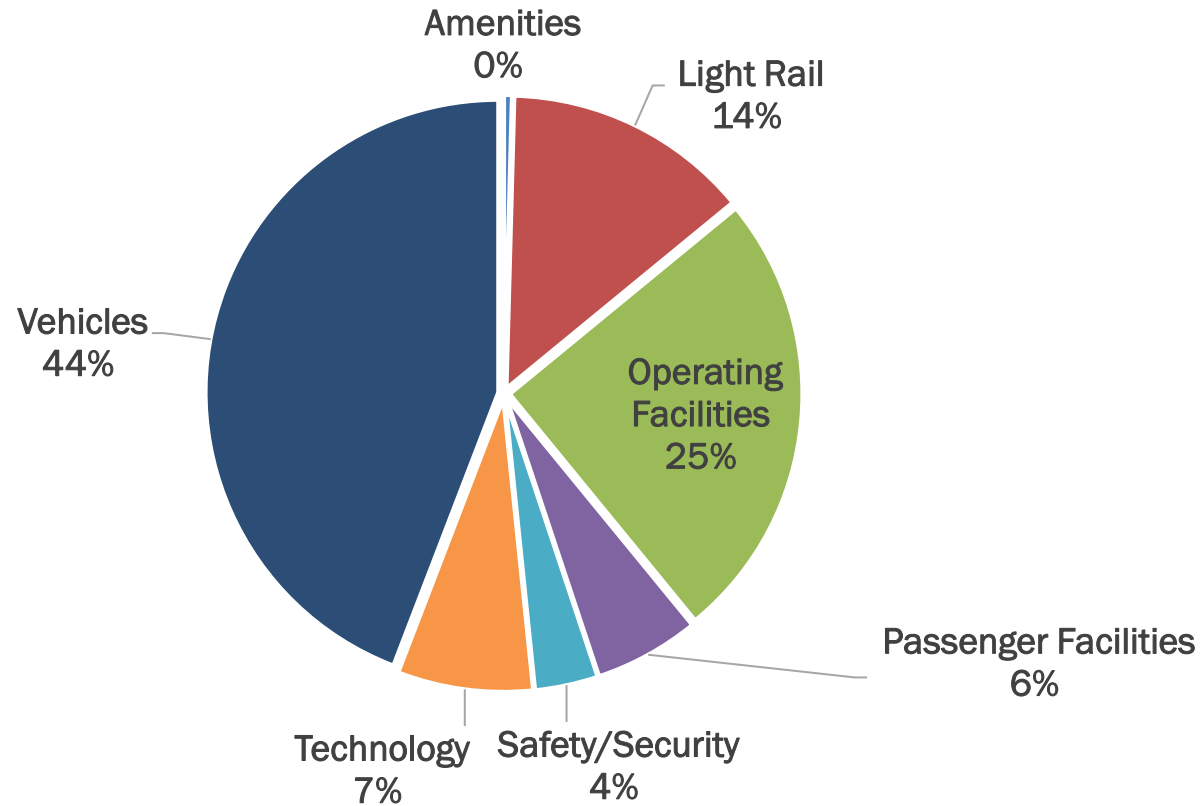
Key Findings from FY21 CIP

- HRT identified **\$219 million** in capital funding over the six years (FY21-26) out of **\$280** million in needs
- State grants accounted for over half of capital program
- Continued focus on state-of-good repair investments
 - Fleet replacement and Parks Avenue relocation account for two-thirds of funding

6-Year Funding by Source



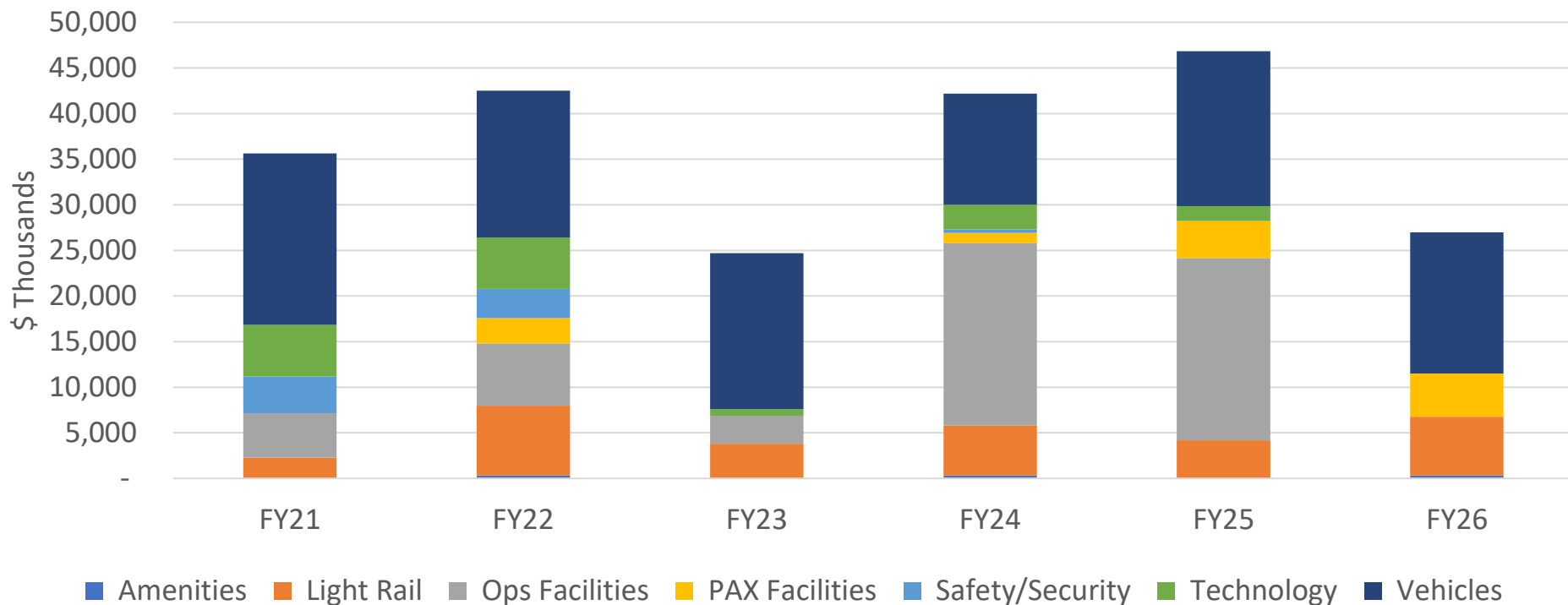
Overall Distribution of Capital Funding: Six-Year Total



\$219 million total

Funding Distribution by Year

Funding Totals per Year By Project Category

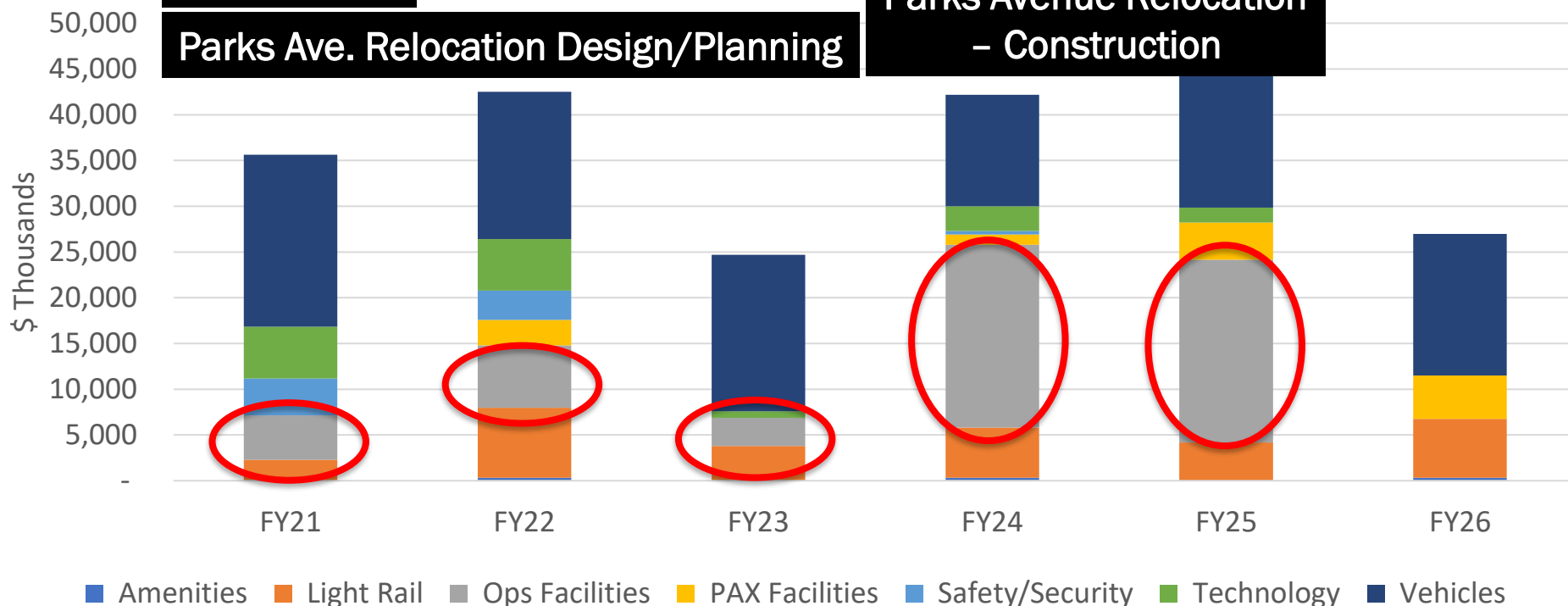


Sample Projects: Operating Facilities

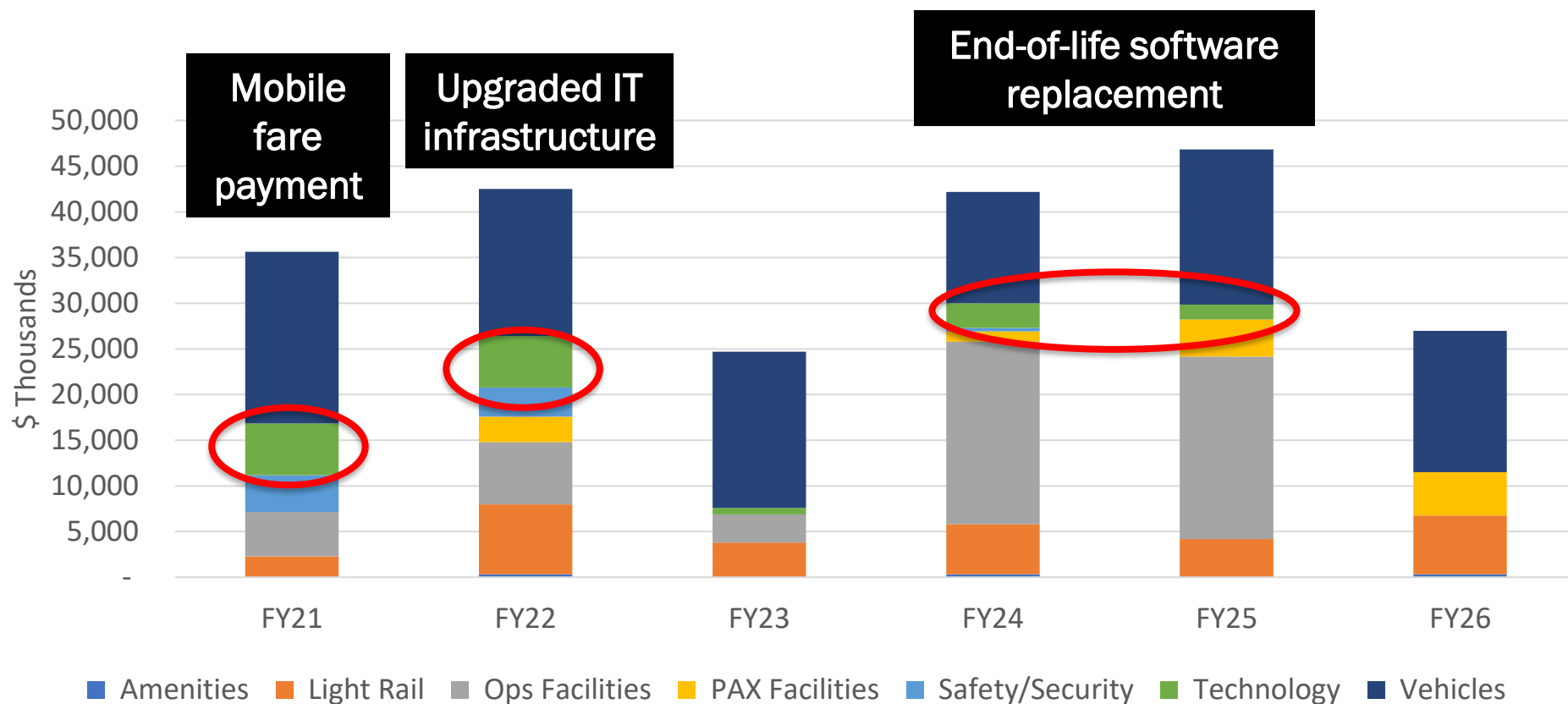
3400
Victoria
Phase 2

Parks Ave. Relocation Design/Planning

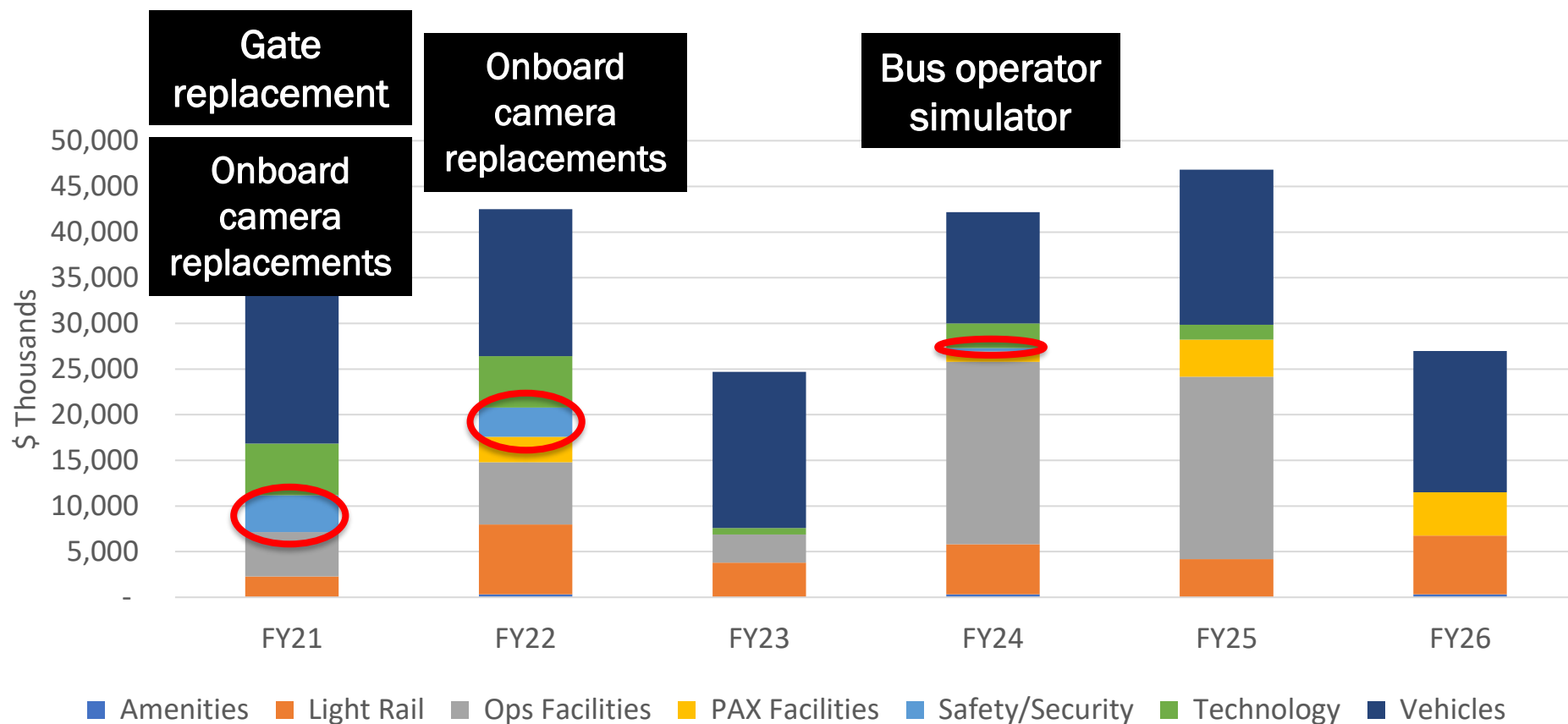
Parks Avenue Relocation
– Construction



Sample Projects: Technology

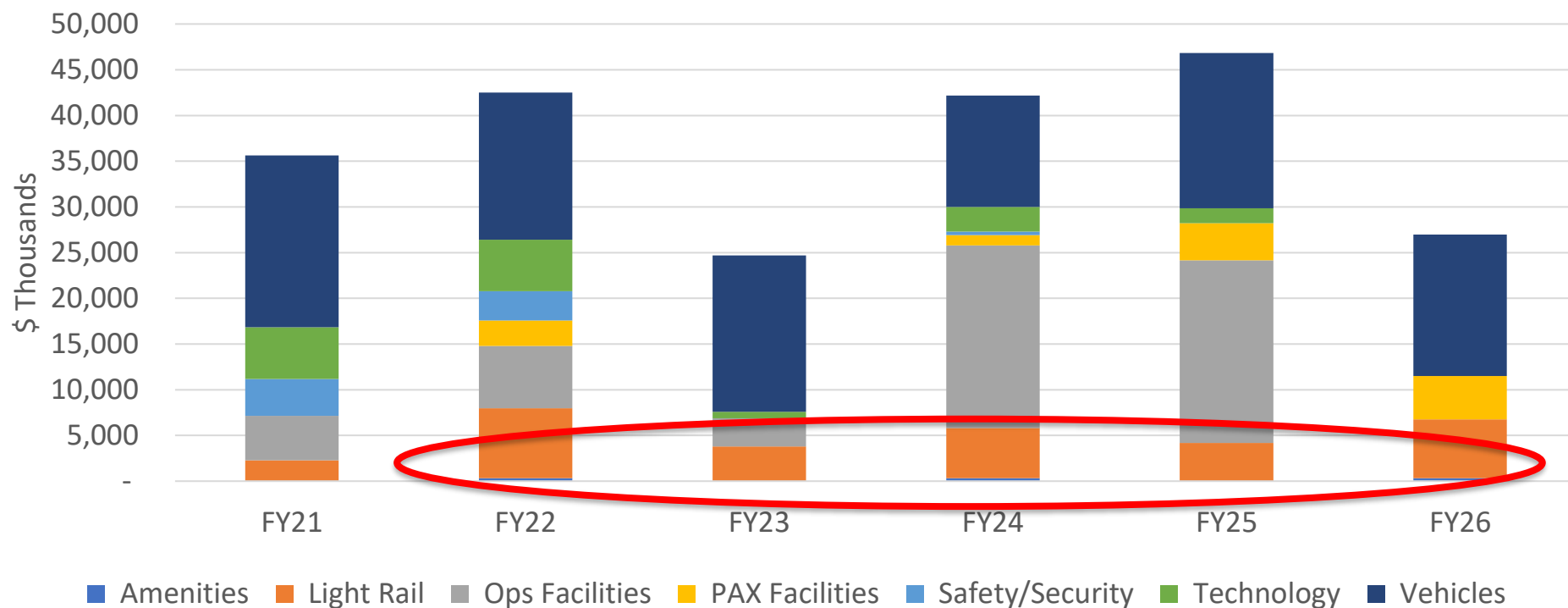


Sample Projects: Safety

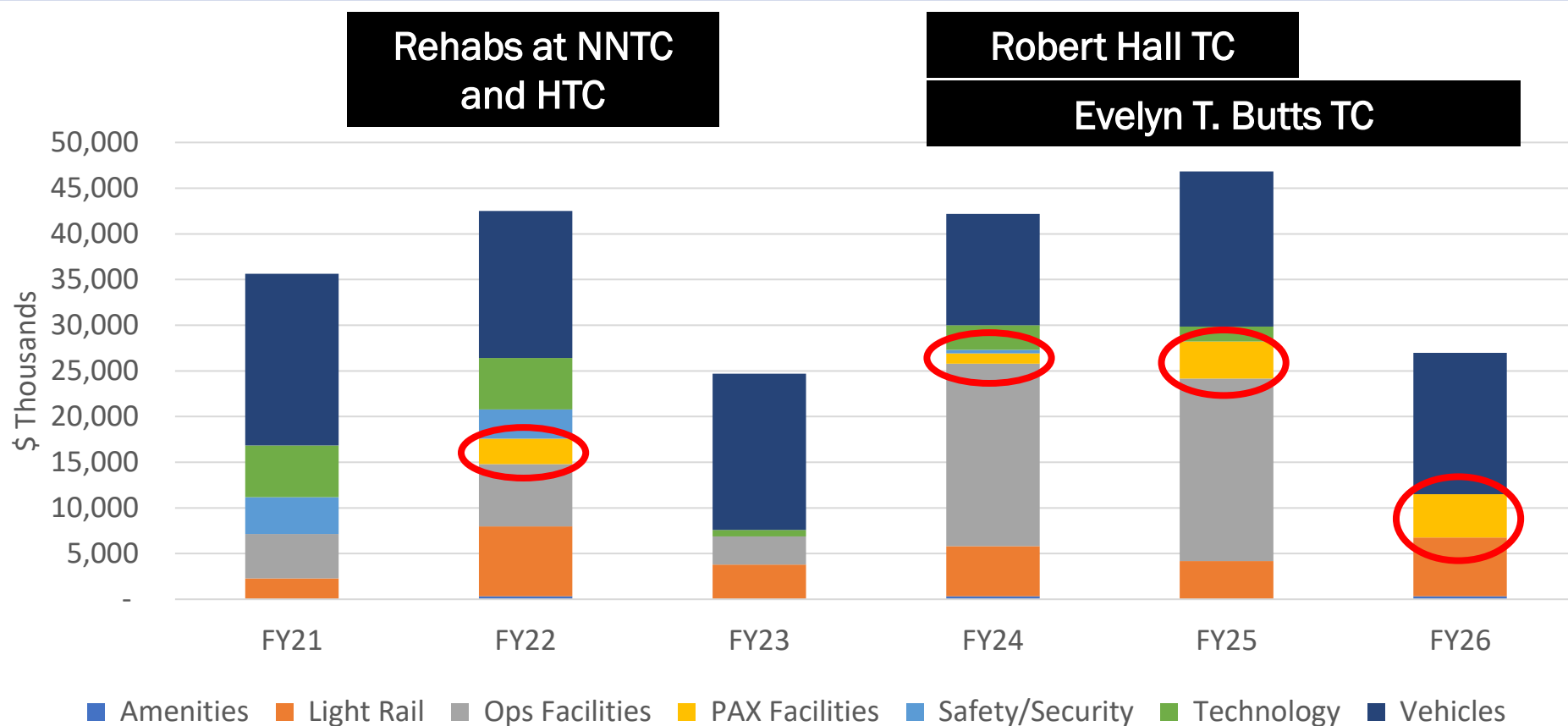


Sample Projects: Light Rail

Mid-life vehicle rehab program



Sample Projects: Passenger Facilities

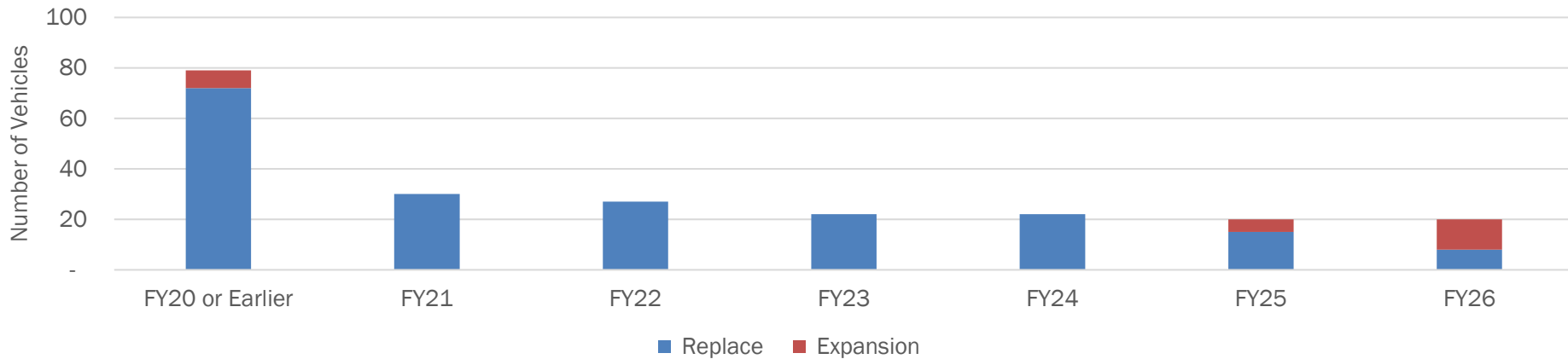


Fleet Improvements

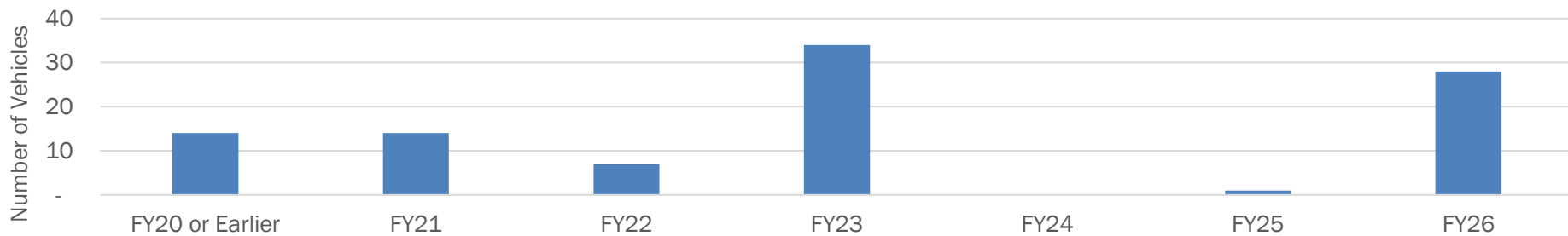
- HRT continues fleet procurements
 - CIP programmed funding for 141 buses over the six years and 84 mid-life repowers
 - These investments are in addition to ongoing bus related procurements
- HRT is working to spread-out replacement to achieve a bus procurement rate of 20 to 25 vehicles per year.

CIP Fleet Improvements by Year

Number of New Buses by Funding Year



Number of Repowered Buses by Funding Year



Unfunded Needs

- Majority of passenger facility improvements (Victory Crossing, NET Center, Greenbrier, Reon Drive, Warwick & Elmhurst)
- Expansion technology investments (passenger information displays, time collection software, mass notification system)
- Replacement TVMs
- Light Rail paint and body shop
- Several smaller state of good repair investments, notably non-customer facing investments like new key-card readers and operating building rehabs



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Next Step

- Draft updated CIP presented to Commission
- Adoption of updated CIP