

AGENCY OF TRANSPORTATION TRANSITION PAPER

I – AGENCY OVERVIEW

The mission of the Vermont Agency of Transportation (VTrans) is to provide for the safe and efficient movement of people and goods. We will accomplish this mission through a vision of a safe, reliable and multimodal transportation system that promotes Vermont’s quality of life and economic wellbeing.

Strategic Goals and Agency-wide Objectives

Goal 1: Provide a safe and resilient transportation system that supports the Vermont economy.

- Reduce the number of major crashes.
- No unplanned road closures or restrictions due to conditions within VTrans’ control.
- Increase the resilience of the transportation network to floods and other extreme weather and events.

Goal 2: Preserve, maintain and operate the transportation system in a cost effective and environmentally responsible manner.

- Maintain pavement, structures and other transportation system assets in a state of good repair.
- Implement an Asset Management System and integrate it with Planning and Programming.
- Minimize the environmental impacts of the transportation system.

Goal 3: Provide Vermonters with energy efficient travel options.

- Minimize traveler delay.
- Increase use of walking, biking, transit, rail, and Travel Demand Management options.
- Increase use of state and municipal Park & Ride system.

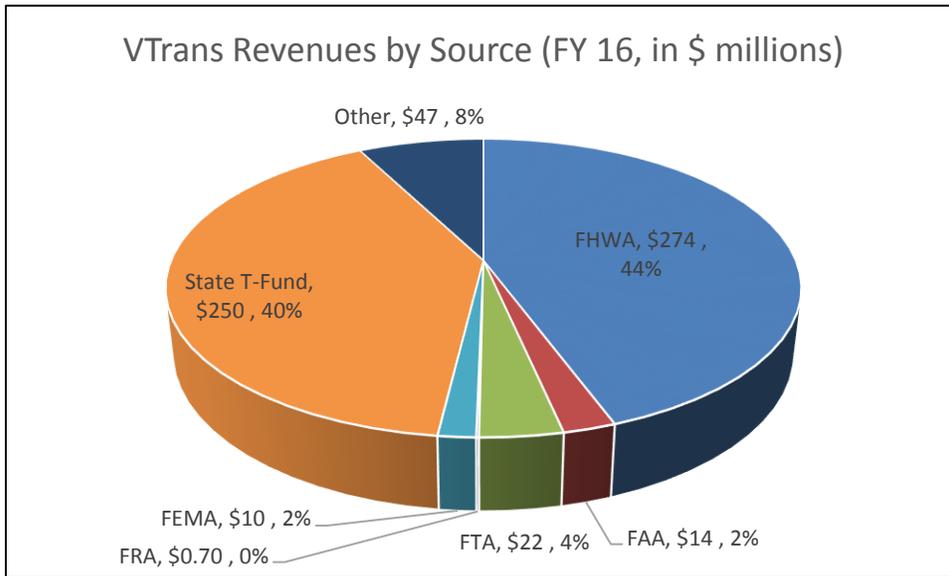
Goal 4: Cultivate and continually pursue innovation, excellence and quality customer service.

- Information given to customers is accurate and comprehensive.
- Staff are competent, fair, polite and sympathetic to customers’ needs.
- Staff deliver the outcome as promised and manage any problems.

Goal 5: Develop a workforce to meet the strategic needs of the Agency.

- Recruit excellent, qualified and diverse employees.
- Retain and develop excellent and diverse employees.
- Implement succession planning.

Organization Funding



Organizational Structure

The Agency has three divisions: The Highway Division; the Policy, Planning & Intermodal Development Division; and the Finance and Administration Division. It also has a department: The Department of Motor Vehicles. The leadership team at the Agency consists of the Secretary and Deputy Secretary, the three Division Directors, the Commissioner of DMV, and the Chief Assistant Attorney General assigned to the Agency.

<https://vermontgov.sharepoint.com/sites/VTRANS/VTransIntranetHome/HumanResources/VTrans%20Organizational%20Charts/Forms/AllItems.aspx>

HIGHWAY DIVISION

The Highway Division consists of six bureaus that are responsible for all aspects of highway performance, which include: Municipal Assistance, Construction and Materials, Maintenance and Operations, Project Delivery, and Asset Management & Performance. In addition, the Office of Highway Safety administers various safety programs.

The Municipal Assistance Bureau consists of the Better Backroads, Business Office, and Local Projects Sections. The **Better Backroads Section** provides for state-funded grant opportunities and technical assistance related to the use of erosion control and maintenance techniques on the state's gravel roads that save money and protect and enhance Vermont's lakes and streams. The **Business Office Section** services four of the five Division bureaus. Included in their responsibilities are preparing and monitoring administrative budgets, performing a number of financially related tasks including processing invoices for payment, ordering supplies and materials for the Division, as well as providing guidance and assistance for all contract-related matters. The **Local Projects Section** primarily provides oversight of locally-developed municipal capital improvement projects, ensuring that all requirements of

the Code of Federal Regulations, the Federal-Aid Program Stewardship and Oversight Agreement, and state regulations are met to ensure full federal and state participation. Projects and staff responsibilities start at scoping or project definition and extend through completion and acceptance of the project and project closure. Locally developed capital improvement projects can be funded through most of the division's capital programs including Transportation Alternatives; Bicycle and Pedestrian Facilities; Park & Ride; Town Highway Bridge; Roadway, Safety and Traffic Operations; and Multi-Modal Programs. Included in the Local Projects Section are some Agency- or state-developed projects in the Bicycle and Pedestrian Facilities, Park & Ride and Rest Area Programs.

The Construction and Materials Bureau consists of the Materials, Geotechnical Engineering and Construction Sections. The **Materials Section** ensures only quality materials are incorporated into Agency work. The group provides acceptance testing at our AASHTO-accredited facility in Berlin, provides sampling and testing oversight at bituminous and Portland cement production facilities, and includes an independent assurance unit. The **Geotechnical Engineering Section** is tasked with providing foundation recommendations for all structures, has a subsurface investigation team to take borings and a geologist to analyze rock samples and administer the rock fall hazard mitigation plan. The group also provides slope stability analysis for the highway and rail network and tests soil and aggregate samples. The **Construction Section** provides oversight of most capital improvement projects with full-time resident engineers as required by the Code of Federal Regulations. Staff are located statewide in four regional offices: Colchester, Mendon, St. Johnsbury and Wilder and are collocated with staff from the Maintenance and Operations Bureau in the Colchester and Mendon facilities. The primary tasks are to provide full oversight of the contractors' work, to ensure timely reimbursement for the work and to prepare the required documentation to ensure full federal participation.

The Maintenance and Operations Bureau consists of five sections: Maintenance, Technical Services, VTrans Training Center (VTTC) and Central Garage, with support from their own Business Office. The **Maintenance Section** is comprised of four maintenance regions which consist of nine transportation maintenance districts responsible for all maintenance activities on state highways, and for providing technical assistance to municipalities located within their district boundaries. Each region is managed by a District Transportation Administrator (DTA) and the garages in each district are managed by a General Manager. The **Technical Services Section** is comprised of four units with distinct responsibilities: 1) Environmental – administration and oversight to ensure compliance under various federal and state environmental regulatory programs; 2) Transportation Systems Management and Operations (TSMO) – to oversee and monitor traffic flow, work to ensure projects are coordinating to minimize disruption, plan for emergency response and other contingencies, and communicate what is happening to the traveling public; 3) Logistics and Facilities – provides logistical and facilities management services to the Agency related primarily to supplying equipment and supplies to the local and regional workforce, making repairs and renovations to existing VTrans buildings and to managing new VTrans buildings projects; and 4) Technical Support and Emergency Services – this Unit serves a number of functions including Statewide Paving Manager, and the Statewide Bridge Crew, and is responsible for managing the Agency's inventory of temporary bridge components. They also administer and oversee the town highway grant programs (Town Highway Structures, Class 2 Town Highway Roadway, and Town Highway Emergency). This Unit is also responsible for administering the FEMA Public Assistance Program for some pre-existing disaster declarations, and provides technical support in the event that the State of Vermont receives a FEMA Public Assistance disaster declaration in the future. The **VTTC** is dedicated to professional growth and to delivering high quality, job relevant training. Classes emphasize

the importance of professional, respectful behaviors in the workplace and focus on safe and healthy workplace practices. Through the recent acquisition of the Vermont Local Roads/Local Technical Assistance Program, we are now able to also offer training services to the many municipalities across the state. The Central Garage maintains a safe and reliable fleet of vehicles and equipment, which allow the Agency to fulfill its mission. The Central Garage coordinates the purchase, preparation, service, repair, and replacement of over 650 vehicles and pieces of equipment, including more than 250 plow trucks.

The Project Delivery Bureau consists of the Highway Safety & Design Section, Structures Section, Right-of-Way, Utilities & Survey Section and the Environmental Section. The Highway Safety & Design Section is made up of the Pavement Design, Roadway Design, Traffic Design, and the Technical Development Units. It is responsible for the design and delivery of highway improvement projects on Vermont's interstate, state and local highways involving pavement rehabilitation, roadway reconstruction and intersection safety and operational improvement. The Structures Section is made up of the Conventional Project Delivery, Accelerated Bridge, Alternative Contracting, and Maintenance Project Units, responsible for the design and delivery of bridge and large culvert replacement and rehabilitation projects on Vermont's interstate, state and local highways. It also includes the Hydraulics Unit, which performs hydrologic and hydraulic analyses for bridge scour, drainage, stream flow and the proper sizing of bridges, culverts and other drainage facilities. The Right-of-Way, Utilities & Survey Section is comprised of multiple units that support all areas of the Highway Division, and others, within their areas of expertise. The Right-of-Way Units are responsible for the acquisition and management of property needed for transportation uses. The Utilities Unit performs liaison and negotiation with utility companies, municipalities and private developers in order to ensure that other uses of the Agency-owned highway right-of-way do not conflict with the transportation use. The Survey units establish and maintain precise geodetic control data and provide the land survey data needed for Agency projects. The Environmental Section is also comprised of multiple units that support all areas of the Highway Division, and others, within their areas of expertise. The Environmental units are responsible for identifying all cultural and natural resources and obtaining the necessary State and Federal permits and clearances when such resources are impacted by Agency projects.

The Asset Management & Performance Bureau, or AMP, is composed of three sections: Data Management, Budget & Programming, and Performance. The Data Management Section manages one of the Agency's most important assets: data. It also maintains asset inventories and acquires asset condition and location data for the purpose of identifying, prioritizing and optimizing which assets are to be treated during future budget cycles. Personnel are responsible for ensuring that data is properly validated and cleansed so that high-quality data is available for analyses. This section also provides supportive services for data collections and analysis functions across the Agency. Another role that this Section plays is in transforming Agency data into information that can be efficiently consumed by internal and external stakeholders. The Budget & Programming Section, as the name implies, is responsible for programming and budgeting. This Section works closely with the program managers on developing the Agency's annual budget. The NBIS/Inspection Unit is located within the Budget & Programming Section and includes four bridge inspection teams, who are charged with inspection of all state and local bridges on a two-year cycle. The data and information provided by the bridge inspection teams are essential to perform load rating analysis activities and are also used to inform decisions regarding project development and prioritization. In addition to the bridge inspection team are a team of engineers who work with DMV to process overweight permits. In general, the Performance Section is

responsible for measuring and monitoring continuous improvement, relative to asset management activities. The Performance Section is composed of three distinct yet crucial focus areas: quality assurance, estimating and risk management. Personnel with this section are responsible for overseeing and assisting with measuring and monitoring quality assurance and performance activities and objectives within VTrans. Performance personnel are expected to play a critical role in the establishment of the Agency's Risk Registry in connection with new federal requirements. This Section is also responsible for organizing and/or generating annual performance reports such as the TriState Report and VTrans' Annual Reports. Future activities are likely to include management of the Agency's performance dashboard (yet to be developed), the establishment of a customer feedback loop(s), and establishment of a performance loop to monitor cost, scope and schedule relative to VTrans' design and construction efforts.

The Office of Highway Safety is composed of four separate groups or areas of responsibility: Highway Safety Improvement Program (HSIP), Vermont Highway Safety Alliance (VHSA), Governor's Highway Safety Program (GHSP) and Highway Research. These units are responsible for the identification, development and implementation of various programs that mitigate highway safety problems in the areas of infrastructure and behavioral issues. These programs develop budgets based on federal funding from NHTSA (National Highway Transportation Safety Administration) and FHWA (Federal Highway Administration). Problem areas are defined by crash data collected and refined by the Highway Research unit. Program effectiveness is measured via crash data collected following the implementation of the programmed mitigation measures. The GSHP and HSIP programs interact with other state agencies and private institutions through their involvement with the Vermont Highway Safety Alliance. The overall goal of this office is to reduce fatal and injury crashes on state and local highways in the State of Vermont.

POLICY, PLANNING & INTERMODAL DEVELOPMENT

The Policy, Planning & Intermodal Development Division consists of the **Policy, Planning & Research Bureau** (includes Policy, Planning, Research, Development Review, and Mapping Units), the Public Outreach section, and the Rail, Aviation and Public Transportation Programs.

The Policy and Planning Unit assists the Secretary in analyzing federal transportation policy and reauthorization issues, manages the Legislative Liaison function of the Agency and periodically updates the State's Long Range Transportation Plan. This Unit also prepares applications for discretionary grants; conducts systems analysis and planning; and prepares policy plans, special studies, and reports on emerging issues and when directed by the Legislature. In addition, it is responsible for facilitating Agency-wide internal strategic planning efforts, environmental policy making and providing background and support for Agency legislative activities, and also has liaison responsibilities with many state and federal agencies, regional and national transportation organizations, and coordinates work with Canadian federal and provincial transportation and cross-border entities. Finally, this Unit manages the day-to-day operations of the Transportation Planning Initiative, which engages Vermont's citizens, towns and regional planning commissions in dialogue about issues of transportation planning, land use, needs identification and project prioritization.

The **Research Section** compiles the Approved Products List, assures completion of the Agency research program, represents the state on regional and national research efforts and fulfills the Federal mandate to

provide required transportation research as a function of the State Planning and Research program grants. The Section manages external research projects completed by the University of Vermont and other contractors. The projects are academically-oriented work that provides basic and applied knowledge for the Agency. In addition, the Section provides expert research design and completion in collaboration with VTrans' Bureaus and Sections. Research is targeted at new materials, new processes, environmental benefits and issues that affect the Agency. Example projects include extended duration studies on Pavement Life, Aquatic Organism Passage, Reclaimed Stabilized Base for Roadways among many. The Research Section also provides literature searches, national survey of State DOTs, FHWA and Agency partners on emerging technology issues.

The Development Review Section reviews Act 250 land use applications to evaluate the impacts of proposed land development projects on the state transportation system and for consistency with Agency plans or policies and often represents the Agency in Act 250 proceedings. This section is also responsible for issuing state highway access permits per 19 V.S.A § 1111.

The Mapping Section maintains the official record of all public roadways in the State, which includes the processing of the Certificates of Highway Mileage and maintenance of the Official Town Highway Maps. The Highway Mileage Certificates are the basis for allocation of the legislature's appropriation of annual town highway aid pursuant to 19 V.S.A. §§ 305, 306. Town highway maps are available on-line and paper copies are provided to all municipalities. The road centerline data maintained by the mapping section is used extensively to support local, regional and statewide planning activities. This Section also maintains Route Logs for all the highways eligible for federal aid that document all the construction and resurfacing projects completed in the previous years. We also maintain a library of state, town and county maps as well as statewide highway, town highway, and other special use maps that have been produced by the Agency. These maps are provided to the legislature, Agency personnel, municipalities and the public. Staff also provides expert GIS data and spatial analysis services that support the Agency's planning projects and asset management systems.

The Public Outreach Section develops web content, social media, media relations, printed materials, updates on construction activity and road closures, support for public presentations, and marketing support for Amtrak services.

The Rail Program assists in the development of rail transportation for shippers and passengers, and provides support to improve the freight and passenger infrastructure with recognition of the social, economic, and environmental importance of rail as a major component of the state's transportation system. The Program manages Vermont-owned rail assets which include 214 active rail bridges, 305 miles of active track and 4 rail stations. The Program also manages property leases on all state-owned airports, rail trails and state-owned active rail lines.

The Aviation Program provides a safe environment for users of the State's aviation system, preserving aviation infrastructure, promoting aviation-related activities and education programs, and expanding travel opportunities at public use airports located throughout Vermont.

The Public Transit Program encourages and promotes statewide public transportation by coordinating transit services to support common sense solutions for the transit-dependent and general population to access employment, medical appointments and shopping centers; assist with congestion mitigation to

preserve air quality; improve economic development and tourism; and provide connectivity to commuter and intercity services.

FINANCE AND ADMINISTRATION

The Finance and Administration Division provides support for and communicates methods to achieve the Agency's vision and mission. The Division works to maximize financial and human resources, and to improve the Agency's business practices to meet the needs of its internal and external customers. The Division consists of the following Sections: Audit; Contract Administration; Information Technology; Budget Operations; Financial Operations; Performance, Innovation & Excellence; and Civil Rights and Labor Compliance.

Audit provides audit assistance to VTrans' management and audit assurance about the Agency's administration of public funds. Contract Administration is responsible for the performance of various contracting functions. Information Technology is responsible for assessing and supporting VTrans' information technology requirements. Budget and Financial Operations oversee the development and control of the Agency's budget and process all financial and related transactions. Performance, Innovation & Excellence is responsible for promoting an organizational culture of continuous improvement, innovation and collaboration by working with VTrans' business units on process improvements and process management projects.

Civil Rights and Labor Compliance is responsible for ensuring compliance with all federal and state Equal Employment Opportunity and Affirmative Action regulations and labor requirements within not only the Agency but on all US Department of Transportation-funded projects. VTrans' goal of creating workforce diversity and a workplace free from harassment, intimidation and discrimination is pursued through the development and administration of numerous programs and initiatives.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) is responsible for issuing driver licenses, permits, motor vehicle registrations (including snowmobile and motorboat registrations), driver license suspensions and reinstatements, enforcement of motor vehicle-related laws, and collecting motor fuel revenue for the State. The Department also manages several safety programs. DMV serves a resident population of over 626,000 as well as a significant number of nonresidents.

The Department is comprised of three divisions: Enforcement & Safety, Operations and Finance and Logistics.

The **Enforcement & Safety Division** is comprised of a contingent of sworn law enforcement officers and non-sworn civilian staff. The Division has three sections – the Commercial Vehicle Enforcement Section, the Investigations Section, and the Finance and Logistics Section.

Commercial Vehicle Enforcement Section: Sworn law enforcement officers staff this Section, whose primary mission is enforcement of laws and regulations pertaining to commercial-vehicle safety. Their duties include assuring that commercial drivers have proper credentials, that vehicles meet state and federal equipment standards, and that vehicles fall within acceptable standards concerning length and

weight restrictions. The Commercial Vehicle Enforcement Program consists of the federally sponsored Motor Carrier Safety Assistance Program (MCSAP) as well as the Size and Weight program.

Investigations Section: This Section is comprised of a Criminal Investigative Unit, an Administrative Investigative Unit, and the Education & Safety Unit. The primary focus of the Criminal and Administrative Investigative Unit is to regulate, monitor and investigate illegal or questionable activities relating to licensing, registration and title fraud; dealer and inspection regulations; and provide general law enforcement support services. The Education & Safety Unit is responsible for regulating, licensing and monitoring commercial driver training schools; third party testing programs; training and licensing school bus driver training instructors; Pupil Transportation Safety laws and issues; and the Vermont Motorcycle Awareness Program.

Finance and Logistics Section: The Finance and Logistics Section provides support to all units within the Enforcement & Safety Division. The Section is responsible for support functions relating to dealer licensing, inspection station licensing, mechanic certifications, junkyard licensing, abandoned vehicles, Vermont Rider Education Program information, and the Federal Motor Carrier Safety Administration, which consists of Driver/Vehicle Inspection Reports for motor carriers.

The **Operations Division** is DMV's largest division, encompassing approximately 70 percent of total Department resources. It is responsible for all customer-service functions (Montpelier counter, branch offices, mobile van operations and telephone information services); mail processing; license suspension and reinstatement; crash reporting; the International Registration Plan; oversize permitting; commercial vehicle operations (including the collection and distribution of fuel taxes, maintenance of accurate and reliable records, tracking delinquent accounts, and suspension initiation on accounts that are in arrears); and all backroom operations (including mail processing, data entry, quality control, and imaging and retrieval of departmental records functions).

The **Finance and Logistics Division** is responsible for facility management for DMV office locations, budget planning and financial services, revenue collection, project management and implementation, stockroom and mailroom operations, and general support functions.

II – MAJOR AND EVOLVING ISSUES

Funding: State funds have been stagnant and as a consequence we are forced to reduce our budget approximately every six months as revenues continue to not meet targets. The Transportation Budget is approximately \$600 million (federal and state funds) and it is estimated that we need an additional \$240 million annually to maintain a state of good repair of our existing transportation system. While we have been managing this system with this existing shortfall for some time, the interstate system is showing signs of age and significant investments need to be made to the structures.

Legacy Projects Bubble: A long list of legacy highway system improvement projects has been building up over the years, and this is in addition to recurring asset management (maintaining the existing system) needs. Exacerbating this issue is the addition of over \$100 million in Circ Alternative Projects when the Circ Highway was mothballed. Although the Agency prepares a four-year capital plan, it has not been fiscally constrained in the out years, for several budget cycles. The Agency intends to present a more fiscally constrained capital plan this year which could suggest project delays, but instead tells the

story of anticipated construction based on anticipated funding capacity. The result will be the same whether the capital budget is fiscally constrained or not: some projects will be pushed out a number of years. The difference is legislators and communities won't be surprised and expectations will be better managed. We are also developing some other funding scenarios to deliver as much of the program as we can, however, difficult decisions on project prioritization will need to be made.

Congressional Appropriations: The current federal transportation authorization – FAST Act – provides Vermont with baseline funding plus inflation through 2020. However, annual appropriations have not been consistent with authorized program funding levels. Continuous rescission proposals threaten FAST Act funding levels for highways and public transit, and some authorized rail programs which would have benefited Vermont, have not received any appropriations. In addition, there is a major rescission that sets in the final year of the FAST Act, which is anticipated to significantly scale back gains in authorized funding levels. This is critical for Vermont as we must maintain a steady stream of federal funding to sustain existing programs. The FAST Act also continues the Congressional mandate on the development of performance and asset management-based practices that, if not satisfactory to USDOT, could see states constrained in the types and locations of future federal funding distribution for projects.

Tri-State Performance Measures and Targets: Performance measures have played an important role in VTrans' meeting its goals and objectives, as well as communicating programmatic decisions and budgets to both the Legislature and tax payers. Nationally, performance measures have become a key component of federal transportation policy, and states are now required to adhere to federal performance requirements. Understanding the value of comparing measures with similar states, like New Hampshire and Maine, we formed the Tri-State alliance to be leaders in the development and refinement of performance measures and targets. This is important as we do not want other states with entirely different challenges developing measures that do not work for Vermont.

Pilot Position Program: This program provides the Agency of Transportation, the Department of Environmental Conservation and the Department of Children and Families the ability to hire state employees without Legislative approval as long as the hiring doesn't exceed budgeted revenues. From the Agency of Transportation's perspective, this has been a very successful program that has allowed our Agency to meet emerging organizational needs and reduce consultant costs which are on average 35% more than the fully-loaded state employee salary and benefit package, including retirement costs. This program is scheduled to sunset at the close of FY17 and we would like to extend it for another three-year period.

Truck Weight Limits: For years, Vermont has been a strong proponent of allowing trucks to travel Vermont's Interstate System under the same permitting structure as the State Highway System. However, exceeding the Interstate's federally mandated 80,000-pound limit required an Act of Congress. In a 2010 Appropriations Bill, Congress allowed Vermont and Maine to run pilot projects to exceed the 80,000-pound standard for a 20-year period. This was received with great satisfaction across the State but, unfortunately, the enabling legislation is set to expire in 15 years unless Congressional action is taken to make it permanent.

Notable Projects: The Agency is in the process of undertaking a number of major projects including the Middlebury Tunnel, Brattleboro I-91 Bridge, Champlain Parkway, Circ Highway Alternative Projects,

and the Railyard Enterprise project. These are major and complicated projects on the communities' radar and we're working with them to minimize construction impacts.

Organizational Efficiency and Innovation: The Agency created a Performance, Innovation and Excellence (PIE) Section to improve efficiency and innovation. Approximately 15 Lean and Business Process Management Systems (BPMS) processes have been undertaken and the results have been impressive. Town Highway Grants processing times have been cut by 30%, while key aspects of the Right-of-Way process are anticipated to yield significant efficiency gains. In addition, work undertaken by the State Transportation Innovation Council (STIC) has resulted in the standardization of innovative practices, saving both time and money on project delivery.

Flood Resilience: There is an ongoing debate regarding the availability of FEMA Public Assistance Program funding to include well demonstrated flood resilience actions such as adequately sized culverts when addressing flood disaster damage. Post Irene, the Department of Environmental Conservation revised the regulatory Vermont Stream Alteration Standards, and FEMA finally offered some constructive suggestions on how the State should tweak the Stream Alteration Permit language in order to have FEMA accept it as "codes and standards." We are close to getting an agreement which will position the state's municipalities well for another-Irene sized event.

Comprehensive Energy Plan: The CEP, updated in 2016, includes state-level energy efficiency and renewables goals and strategies (with concomitant GHG reduction goals), with the primary goal being 90% of the state's power coming from renewable sources by 2050. The transportation portion of the CEP – authored in large part by VTrans in coordination with DPS and ANR – focuses on priorities related to:

- Increasing the use of no- and low-carbon fuels for transportation including electricity for light duty and biofuels for the diesel sector.
- Reducing vehicle miles traveled (VMT) by supporting alternatives to non-single occupancy vehicle (SOV) travel such as carpool programs and transit and land use patterns including smart growth, that increase density and mixed uses and are necessary for non-SOV options to thrive.

The CEP recognizes that there is a policy conflict inherent in reducing the consumption of fossil fuels while at the same time sustaining a major Transportation Fund revenue source. Reducing fossil fuel consumption not only means less revenues for basic roadway upkeep, but also means fewer resources to address the emissions problem, i.e., improving non-highway modes. While there has been some research and legislative awareness and discussion such as the FAST Act allowing states to investigate VMT-based revenue options and the Vermont legislature's investigations into ways to charge electric vehicles for roadway use, the state and federal governments are far from formal action to address the policy conflict and find real ways to address the transportation revenue shortfalls.

Amtrak to Montreal: Vermont has made significant progress in improving the tracks between the Canadian and Massachusetts borders to improve the Vermonter Amtrak service and extend the train to Montreal. Some \$90 million in federal and private railroads funds have been invested. There are still hurdles to extending the train to Montreal, including border security issues (how to clear passengers and luggage), operational issues (scheduling, union agreements, etc.) and subsidy issues (how would costs be allocated and how would that affect VT taxpayers?). The Governor appointed former Secretary of

Transportation Brian Searles to act as counterpart to Quebec's Emissary in directing the high-level discussion with US and Canadian federal officials and Congressional support. Signing of the US-Canada Beyond the Border Accord in 2011, and a follow-on Preclearance Agreement in 2015, set the stage for development of a cooperative, bi-national process among federal security agencies to craft secure clearance protocols and facilities requirements for intercity passenger rail clearance in Montreal Central Station. Final federal action to adopt legislation that formally enacts these protocols is awaiting votes in both the US Congress and Canada's Parliament. A preliminary study to determine levels of work necessary for a new secure clearance facility in Montreal Central Station has been completed. Advance meetings of State, Provincial and Amtrak reps with federal partners on responsibility for various components and related costs are underway, as well as review and identification of infrastructure upgrades to the rail systems, including grade crossings in Quebec, that will be required before a resumption of service from Vermont is possible. We do not see these hurdles as insurmountable, but there will certainly need to be some heavy lifting and active involvement on a number of fronts, including financial investments by all parties, to bring this service to fruition.

Amtrak to Burlington: Vermont received two TIGER grants worth approximately \$18 million to improve the corridor between Rutland and Burlington. Capital improvements are currently underway and train service to Burlington is anticipated in 3 to 4 years.

Passenger Rail Subsidy or PRIIA Section 209: The Passenger Rail Investment and Improvement Act (PRIIA), Section 209, required Amtrak to develop a standard, single, nationwide methodology for the cost allocation of providing rail passenger service and ensuring equal treatment for comparable services. The law took effect in October 2013 which substantially increased the subsidy percentage that Vermont had to pay for both Amtrak services, from approximately \$4.5 million to over \$8 million annually. The cost for both the Vermonter and Ethan Allen service is shared with the neighboring states, but the federal contribution was all but eliminated.

Rail Infrastructure: Due to concerns over rail safety nationally, the Federal Railroad Administration is requiring that all rail bridges be load rated by the end of 2017. VTrans is in the midst of load rating state-owned rail bridges, which is highlighting system deficiencies. The findings indicate a need for bridge rehabilitation or replacement beyond Vermont's fiscal capacity. In addition, the Washington County Railroad (Barre-Montpelier) has been embargoed from operating in the past due to system conditions, and will likely be embargoed again. Unlike other modes of transportation, rail does not receive dedicated federal funding and relies on federal discretionary funds and state funds to sustain the program. The FAST Act did include language related to funding rail infrastructure projects, but the federal appropriators did not include in their budget. Something to consider in future dialogue with our congressional delegation.

Relationship with Vermont Rail Systems: Our relationship with Vermont Rail Systems (VRS) is challenging, but has improved over the past few years. VRS is the holding company for several individual corporations that lease and operate rail lines owned by the State. Most of the State's long-term leases with the individual railroads were last updated almost 20 years ago and are in need of renegotiation. However, the railroad enjoys the current terms and conditions and is not interested in renegotiating. The duration of leases ranges from 5 to 40 years.

Lamoille Valley Rail Trail: The Vermont Association of Snow Travelers (VAST) received an earmark of \$5,814,789 to improve the Lamoille Valley Rail Trail. This came with a 90 percent obligational authority, making the actual federal cash value \$5,232,729 with an 80/20 split for federal and local funding. To date approximately 80% of the earmark funds have been expended. Two bridges – one in St. Johnsbury and one in Danville – have been replaced and approximately 31 miles of trail have been completed. VAST intends to use the remainder of the funds to replace Bridge 68 in Cambridge as well as some trail work on both approaches to Bridge 68. The Agency intends to provide additional federal funding to VAST through the Bicycle and Pedestrian Program with VAST providing the required matching funds to allow for the completion of the entire corridor. The exact pace to realize completion will in part be in tune with the pace and ability of VAST to secure the matching funds.

Public Transit Vehicle Backlog: The public transit bus replacement backlog has been a persistent problem as increased ridership has led to higher vehicle use and new routes. Even with the recent award of a \$3.9 million federal grant, bus backlogs are anticipated to persist. Ongoing changes to the contracting method for Medicaid-sponsored trips (potential for brokerage companies to provide more trips) also adds uncertainty in terms of vehicle backlogs and financial stability of the State's public transit providers.

Airport Improvements: Since 2011, VTrans was awarded over \$70 million in discretionary federal funding for the State's airports, including major investments at airports in Rutland (\$28 million), Newport (\$23 million), Morrisville-Stowe (\$6 million), Montpelier (\$10 million), and Middlebury (\$3.2 million). This unprecedented level of investment has eliminated significant levels of deferred maintenance due to new projects. The Aviation Program is focused on leveraging these public investments to generate economic development opportunities.

Leasing of ROW for Telecommunications: The Agency is interested in leasing highway rights-of-way to telecommunication companies – both for transportation purposes such as connectivity with district facilities, weather stations and message boards, as well as for the broader access to broadband and cellular services for the State's residents. The leasing of highway rights-of-way is also anticipated to raise revenues for the Transportation Fund. An Agency working group is currently drafting a proposed fee schedule for telecommunication leases.

DMV System Modernization: DMV's computer systems require upgrading. The Department's mainframe systems are over 40 years old and do not allow for proper data integration and extraction. The estimated costs for such upgrades are significant and will require primarily state transportation funds to move forward. Various DMV fees comprise the majority of state transportation revenues – which fund state-only programs such as maintenance and operations, as well as match federal funds for most highway and transit programs. It is therefore critical that modern equipment is available to process revenues and allow DMV to meet legislative reporting requirements. We are attempting to program these IT replacement systems within current funding levels, but funding is tight and there are some risks if these legacy systems stop functioning.

Greenhouse Gas Reduction: Several states are in the process of examining market-based solutions to reduce greenhouse gas emissions. There are uncertainties as to how these solutions could work on a state or regional level, but several organizations, including Vermont, are currently working on policy options.

VTrans' Relationship with the Ministry of Transport Quebec (MTQ): The Agency has a strong relationship with Quebec and the two entities have a working group that functions under a Quebec-Vermont Cooperative Agreement. Currently, the group has several high profile issues:

1. Developing plans for return of the Amtrak *Vermont* passenger rail service to Montreal which will require a cooperative effort with NYSDOT, MTQ, VTrans, and Amtrak, in conjunction with Federal security agencies in both the US and Canada.
2. Monitoring the completion of Quebec's Auto-Route 35 project from Montreal to I-89 at the Vermont border.
3. Completion of a new border facility on I-91 at Derby Line. This project also involves a number of US Federal agencies.

III – INTERAGENCY ACTIVITIES

Stormwater Regulatory Requirement: Both the Agency and Vermont municipalities are under new mandates to address stormwater from state and municipal transportation infrastructure. We will be undertaking considerable work in the new few years as part of the state's strategies to meet the requirements of the Lake Champlain TMDL and Act 64, the legislature's TMDL implementation plan. This includes:

- The development and implementation of a TS4 permit which will consolidate an array of state and federal stormwater permits into one system-wide permit framework.
- Agency compliance with a new stormwater manual that, once completed and approved by the end of 2016, is expected to include sections that are specific to long linear facilities.

The Secretary's participation in the Clean Water Fund (CWF) Board through FY 2018 and the expected increase in funding sources for VTrans' Better Roads and other programs to support municipal planning and implementation projects are necessary to adhere to the new municipal roads permit expected to be in effect by the end of 2017. The CWF is generating \$1.1 million for the Agency's municipal Better Roads program.

Participation in legislative deliberations on TMDL compliance funding needs will go beyond the expiration of the current CWF. The State Treasurer will be presenting a report to the legislature on potential funding sources in 2017. Current Department of Environmental Conservation analysis indicates an estimated \$5.1 million cost for VTrans to meet TS4 compliance requirements.

Better Connections Grant Program: The Better Connections Grant Program is a multiagency partnership to align state and local investments to increase transportation options, build resilience, and strengthen economic vitality in Vermont communities. The Better Connections Grant Program works in partnership with municipalities and local and regional stakeholders to accomplish the following objectives:

- Provide a safe, multi-modal and resilient transportation system that supports the Vermont economy.
- Support downtown and village economic development and revitalization efforts.

In 2016 the Interagency Coordination Initiative was executed by VTrans, ACCD and ANR to support the Better Connections Grant Program by taking that planning to the next level with the following objectives:

- The Agencies shall work with prioritized communities to undertake a Community Engagement/Needs Assessment which will provide integrated community assistance driven by demonstrated community readiness, identified economic needs, programmed state transportation investments, imminent local investments, and/or development pressures. This will lead to the development of a Master Plan to support prioritized implementation of funding through the VTrans Capital Program or through existing Agency grant programs, loan opportunities, tax credits, and other funding sources. The prioritization for implementation funding from VTrans, DHCD and DEC is intended to create a foundation of public investment that leverages private investment and leads to economic growth and fulfillment of state land use goals and policy.
- The Agencies will align work plans and budgets to direct coordinated funding to high need communities for targeted economic development.

IV – LEGISLATION

In FY 2016, VTrans (particularly DMV) fees were comprehensively adjusted, resulting in approximately \$9.5 million in additional revenues.

The Agency does not anticipate any major state level transportation policy recommendations for FY 17. Some minor program level adjustments may be proposed.

V – EXTERNAL GROUPS AND ORGANIZATIONS

DMV maintains a close working relationship with many organizations that are involved in motor vehicle-related activity. These include the following partners:

Federal

- Federal Motor Carrier Safety Administration (FMCSA) and the Federal Highway Administration (FHWA): For enforcement and funding of commercial vehicle- related activities.
- National Highway Traffic Safety Administration (NHTSA): Highway safety-related issues via the Governor's Highway Safety program which is located under the Department of Public Safety.
- Department of Homeland Security: On driver license security matters, much of which is related to REAL ID.

State

- Vermont Automobile Dealers Association
- Vermont Truck and Bus Association
- Vermont Towing Association
- Vermont Association of Snow Travelers (VAST)

National

- American Association of Motor Vehicle Administrators (AAMVA): AAMVA is an association representing the state and provincial officials in the United States and Canada who administer and enforce motor vehicle laws.

The Highway and PP&ID Divisions work closely with a number of local, state, and federal organizations. The Highway Division's MOB Section also works closely with first responders and emergency services such as State Police, local police and fire departments. Close coordination is essential so that all entities can perform their functions safely on our highways. PP&ID coordinates many activities that involve inter-government affairs both within and outside of Vermont. These activities include:

- Coalition of Northeast Governors (CONEG) – VTrans has a representative on the group's Transportation Policy Committee.
- Northeast Association of State Transportation Officials (NASTO) – VTrans is an active member on many issues including on its Policy and Reauthorization Committees.
- Eastern Border Transportation Coalition – VTrans is represented and serves on the board of directors.
- Province of Quebec/Ministry of Transport Quebec (MTQ) – VTrans staff support/coordinate cross border issues, including the transportation section of the Vermont-Quebec Cooperative Agreement.
- Transportation Border Working Group – A bi-national forum that deals with cross-border transportation policy and issues. This group is led by US-FHWA and Transport Canada, with appointees from federal security agencies, states and provinces along the US-Canada border.
- Vermont Downtown Program/Agency of Commerce & Community Development – VTrans provides a member to Downtown Board.
- American Association of State Highway & Transportation Officials (AASHTO) – VTrans participates on several policy and technical committees.
- Transportation and Climate Initiative (TCI) – VTrans is represented among 12 Northeast and Mid-Atlantic jurisdictions that seek to develop the clean energy economy and reduce greenhouse gas emissions in the transportation sector.
- Tri-State Alliance – VTrans works jointly with the New Hampshire and Maine DOTs on highway infrastructure and operational issues.
- State Infrastructure Bank (SIB) – VTrans provides a staff member to act as the liaison between the FHWA, VTrans, and the VEDA/SIB Administrator.
- Transportation Planning Initiative (TPI) – VTrans engages Vermont's citizens, towns and Regional Planning Commissions in dialogue about issues of transportation planning, land use, needs identification and project prioritization.
- University of Vermont (UVM) – VTrans conducts a significant part of its research with various Schools and Faculties within UVM.
- States of Passenger Rail Coalition – VTrans has a representative on the national coalition of states that contract for intercity passenger rail services that are considered part of the Amtrak national system.

Advisory Boards

There are three modal advisory boards, whose members are appointed by the Governor, that advise the Secretary. These are the Rail Advisory Council, the Aviation Advisory Council and the Public Transit Advisory Council. The councils meet quarterly.