



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Agenda item # 14

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

July 19, 2017

MOTION

Made By: Mr. Whitworth, Seconded By: Ms. Hynes

Action: Motion Carried, Unanimously

Title: Policy and Guidelines for the Revenue Sharing Program (Revision)

WHEREAS, § 33.2-357 of the *Code of Virginia* specifically stipulates that the Commonwealth Transportation Board (Board) shall establish guidelines for the purpose of distributing and administering revenue sharing program funds allocated by the Board; and

WHEREAS, it is the sense of the Board that the existing Revenue Sharing Program Policy and the program guidelines adopted by the Board on July 15, 2015 should be amended to provide additional clarification in administration of the revenue sharing program.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the following policy to govern the use of revenue sharing funds pursuant to § 33.2-357 of the *Code of Virginia*:

1. The Revenue Sharing Program shall provide a matching allocation up to \$5 million to any county, city or town for projects designated by the locality for improvement, construction or reconstruction of highway systems within such locality with up to \$5 million for use by the county, city or town for maintenance projects for highway systems within such county, city or town. The maximum total matching allocation, including transfers, that the Board may approve per project shall not exceed \$10 million.
2. Revenue Sharing funds shall be prioritized and allocated in accordance with the provisions of § 33.2-357 B of the *Code of Virginia* and, then, as further outlined in the Revenue Sharing Program Guidelines.
3. Application for program funding must be made by resolution of the governing body of

the jurisdiction requesting the funds. A locality may request funds for a project located within its own jurisdiction or in an adjacent jurisdiction, with a supporting resolution from the governing body of the adjacent locality. Towns not maintaining their own streets are not eligible to receive Revenue Sharing Program funds directly; their requests must be included in the application of the county in which they are located. All requests must include a priority listing of projects.

4. Funds may be administratively transferred by the Department of Transportation from one revenue sharing project to another existing revenue sharing project. Upon request of the locality, VDOT will review a requested transfer for eligibility and then seek concurrence by the respective VDOT District Board member. If approved by the Board, revenue sharing funds may also be transferred to an existing project in the Six Year Improvement Program or Secondary Six Year Plan if needed to meet an advertisement or award date scheduled within one year of the request or to address a completed project which is in deficit. The Department may deallocate the transferred funds if the recipient project has not been advertised or awarded within one year. The Department will establish deallocation procedures. Requests for all transfers must be made in writing by the County Administrator or City/Town Manager. All transfer requests must include the reasons for the request and the status of both projects. Funds from a cancelled project will be returned to the statewide Revenue Sharing Program account and these funds can only be reallocated by the Board. Any funds transferred from a project cannot be backfilled by future allocation requests or transfers.
5. The Revenue Sharing Program is intended to provide funding for immediately needed improvements or to supplement funding for existing projects. Larger new projects may also be considered; however, if the estimated project cost exceeds the Revenue Sharing Program funding request, the locality must identify other funding sources and commit locality funding amounts as necessary to complete the project. Projects receiving revenue sharing funds shall be initiated and at least a portion shall be expended within one year of the allocation. For any project that has not been initiated within one year, the Board has the discretion to defer consideration of future allocations until the project moves forward. If a project having funds allocated under this program has not been initiated within two subsequent fiscal years of allocation, the funds may be reallocated at the discretion of the Board.

BE IT FURTHER RESOLVED that the Board approves the Revenue Sharing Program Guidelines as revised and attached hereto.

BE IT FURTHER RESOLVED that the Board will reevaluate this Policy and the approved guidelines after two Revenue Sharing application cycles and prior to five years from the effective date of this Policy.

BE IT FURTHER RESOLVED that the Board supports funding the Revenue Sharing Program at a minimum of \$100 million annually.

BE IT FURTHER RESOLVED that the Board should consider increasing the funding provided to the Revenue Sharing Program over a two year period should biennial funding for SMART Scale exceed \$1.2 billion.

BE IT FURTHER RESOLVED that the above policy shall become effective August 1, 2017, and all revenue sharing program policies previously adopted heretofore by the Board governing the use of revenue sharing funds shall be rescinded simultaneously.

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CTB Decision Brief

Revenue Sharing Policy and Guidelines Revisions

Issue: Pursuant to §33.2-357 of the *Code of Virginia (Code)*, the Commonwealth Transportation Board (CTB) may make an equivalent matching allocation from revenues made available by the General Assembly (“Revenue Sharing allocation”) for improvement, construction, reconstruction, or maintenance of systems of state highways to any locality for designations by the governing body under certain conditions. This program is commonly known as the Revenue Sharing Program and is managed through the Local Assistance Division within VDOT. Virginia Code establishes certain parameters regarding annual allocations, maximum annual locality requests, and the priorities for which allocations must be distributed. The CTB, however, establishes actual annual allocations and Policy regarding how funding may be distributed and approves VDOT’s Revenue Sharing Guidelines. The CTB is considering changes to the Policy and the Revenue Sharing Guidelines proposed by a CTB Revenue Sharing Study Committee established by the Secretary of Transportation.

Facts: According to the *Code*, the CTB shall allocate no more than \$200 million and no less than \$15 million in each fiscal year under the Revenue Sharing Program. The Revenue Sharing Code provisions allow eligible localities to request up to \$10,000,000 to improve, construct, reconstruct or maintain the highway systems located within such locality, in another locality or between two or more localities with up to \$5 million for use by a locality for maintenance of the highway systems within the locality(ies).

In allocating funds under §33.2-357, priority must first be given to projects that have previously received revenue sharing allocations; second, to projects that (i) meet a transportation need identified in the Statewide Transportation Plan or (ii) accelerate a project in the locality’s capital plan; and, third, to those pavement resurfacing and bridge rehabilitation projects where the maintenance needs analysis determines that the infrastructure is below VDOT’s maintenance performance targets. The CTB’s procedures for administering this Program and the distribution of the Revenue Sharing Program funds are dictated in the CTB Policy and the Revenue Sharing Program Guidelines (Guidelines), current version adopted July 15, 2015.

Current CTB Policy allows localities to request up to \$10 million in Revenue Sharing allocations annually and there is no limit on the amount of Revenue Sharing funding that may be applied to any single project. These allocation policies, coupled with budgetary limitations have resulted in the inability to provide Revenue Sharing allocations beyond Priority One applications. Additionally, concerns regarding transfer options outside of Board approval had been expressed. The Secretary of Transportation established a CTB Revenue Sharing Study Committee to evaluate these issues and to make proposals to further the equitable distribution of Revenue Sharing allocations, within current Code requirements.

With the support of VDOT staff, the study committee commenced a series of outreach efforts to solicit input from various stakeholders. Outreach began with a survey to local governments, which were asked to provide input regarding the impact of a number of potential allocation and transfer options. 49 localities responded to the survey; seven submitted written comments; and,

five VDOT Districts provided comments. Subsequently, the CTB Study Committee met three times, in public meetings to review various options and receive public input and provided presentations during CTB Workshops on four occasions.

The CTB Study Committee presented its draft Policy recommendations to the CTB in May 2017 and provided final Policy and Guidelines Revisions to the CTB in June 2017. The final recommendations of the Study Committee have been incorporated into the revised CTB Policy entitled “Policy and Guidelines for the Revenue Sharing Program (revision) and accompanying revised Revenue Sharing Guidelines. Those revisions were published on VDOT’s website shortly after the June CTB meeting and VDOT notified local government stakeholders that final public comment would be received until July 7, 2017.

Recommendation: VDOT recommends that the revised CTB Policy entitled “Policy and Guidelines for the Revenue Sharing Program (revision) and accompanying revised Revenue Sharing Guidelines be approved, effective August 1, 2017.

Action Required by CTB: *The Code of Virginia* requires the CTB to establish guidelines for the purpose of distributing and administering revenue sharing program funds allocation by the CTB.

Result, if Approved: The revised Policy and Revenue Sharing Guidelines will become effective August 1, 2017.

Options: Approve, Deny, or Defer.

Public Comments/Reactions: None

Revenue Sharing Program Guidelines



For further information, contact

Local VDOT Manager
or

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VDOT GOVERNANCE DOCUMENT

VIRGINIA DEPARTMENT OF TRANSPORTATION
LOCAL ASSISTANCE DIVISION

REVENUE SHARING PROGRAM GUIDELINES

This revised document provides a comprehensive summary of the Revenue Sharing Program as established by the *Code of Virginia* and as governed by the policies of the Commonwealth Transportation Board (CTB). It is intended to serve as a reference for local jurisdictions and VDOT staff in preparation and disposition of applications for program funding guidance.

This document defines eligible projects, summarizes funding limitations, and describes the roles of the parties involved in the application and approval process. The appendices in this publication include the enabling legislation, the Commonwealth Transportation Board's policy, associated forms, and procedural information for the convenience of the user.

The [Locally Administered Projects Manual](#) (LAP) provides guidance on project administration for all locally administered projects. The provisions applicable to state funded projects are noted throughout the LAP Manual. Projects funded solely with Revenue Sharing funds do have specific streamlining opportunities as highlighted in Chapter 5 of the LAP Manual.

These guidelines reflect policy approved by the Commonwealth Transportation Board (CTB) and are modified only by an affirmative vote from the CTB. Occasionally modifications to these Guidelines may be necessary to adjust for changes in Departmental procedures. Where those modifications fully comport with Virginia Code and CTB Policy, they may be made administratively without further approval of the CTB. The CTB will be advised of any administrative updates.

All previous instructions regarding administrative procedures for revenue sharing projects are hereby superseded.

REVENUE SHARING PROGRAM GUIDELINES

CONTENTS

	<u>Page</u>
I. Definitions.....	1
II. Purpose.....	3
III. Eligible Work.....	3
IV. Funding Limitations.....	5
V. Application for Funds	6
VI. Approval	7
VII. Implementation	7
VIII. Transfer of Funds	9
IX. Supplemental Allocations	10

LIST OF APPENDICES

SECTION 33.2-357 OF THE CODE OF VIRGINIA	A
Commonwealth Transportation Board REVENUE SHARING PROGRAM POLICY (July ##, 2017).....	B
STATEMENT OF PURPOSE, PRIORITIES AND RECOMMENDATIONS for the Revenue Sharing Program	C
2017 SUMMARY OF REVENUE SHARING PROGRAM POLICY CHANGES.....	C - 1
CRITERIA FOR MAINTENANCE PRIORITY PROJECTS	D
REVENUE SHARING APPLICATION PROCESS	E
PRE-APPLICATION COORDINATION FORM.....	F
SUMMARY OF PROJECTS FORM.....	G
SAMPLE RESOLUTION	H
IMPLEMENTATION PROCESS	I
CERTIFICATION FORM FOR STATE FUNDED PROJECTS	J
REVENUE SHARING PROGRAM PROJECT TRANSFER AND DEALLOCATION PROCESS.....	K

I. Definitions

The following words and terms, when used in this document, shall have the following meanings, unless the context clearly indicates otherwise.

Eligible Project means work including construction, reconstruction, improvement, or maintenance and eligible street additions for which Revenue Sharing Program funds are available. Work must be on roadways that are currently maintained by VDOT or on roadways that are currently maintained by a locality and for which the locality is receiving maintenance payments from VDOT or roads meeting new road or rural addition qualification. For funding purposes, a single construction project is defined as a project with termini that are both logical and independent. Projects cannot be segmented in order to qualify for additional Revenue Sharing allocations.

- **Construction Projects** are those projects that change or add to the characteristics of a road, facility or structure to provide a new or significantly modified transportation facility.
- **Reconstruction Projects** are those projects that completely replace an existing facility or significantly improve the functionality of an existing facility. (Examples: replacement through the sub-base of a pavement structure, complete replacement of bridge, or widening a road or bridge).
- **Improvement Projects** are those projects that facilitate or control traffic or pedestrian flow, such as intersection improvements, turn lanes, channelization of traffic, traffic signalization and installation of new sidewalks, upgrading sidewalks to meet ADA standards, trails, curb & gutter, any new installation that will enhance traffic flow or safety, or projects that alleviate roadway drainage issues (replacement or repair of existing drainage assets is considered maintenance).
- **Maintenance Projects** are those projects that involve work in preserving or restoring the roadway facility, sidewalk, or structure to its original condition as nearly as possible. This includes the removal and replacement of a pavement course or a sidewalk.

Local VDOT Manager means the department employee responsible for the administration of the Revenue Sharing Program for that locality. Unless otherwise indicated, the local VDOT Manager for counties is usually the Residency Administrator and for urban localities it is the urban liaison in the VDOT District office. The District Administrator will designate the employee responsible if different from above.

Locality Capital Plan means any plan utilized by the locality that identifies, prioritizes or allocates funding for eligible projects in that locality.

Matching Allocations means funds provided by the Commonwealth which are allocated to eligible items of work in participating localities to supplement, on a dollar-for-dollar basis to match the locality's contribution for eligible projects, within the limits established by the CTB.

Maintenance Needs Analysis means a systematic approach of identifying maintenance needs based on an asset management approach. Condition assessment reviews are conducted on

pavements and bridges maintained by VDOT on a regular basis based on established guidelines to determine when those assets are deficient and potentially in need of some corrective action.

Maintenance Performance Target means a desired level of performance for a set of assets (such as pavements and bridges) within the infrastructure network, as established and defined by VDOT. The target is usually expressed as a portion or percentage of the infrastructure network which meets or exceeds a threshold or benchmark rating. Only assets falling below the benchmark rating (target) for bridges and pavements will be considered eligible for priority maintenance projects.

Revenue Sharing Program Fund means the designation given to the fund used to finance the specially funded program. Projects are proposed by the local government in coordination with the Department of Transportation and must be approved by the Commonwealth Transportation Board.

Rural Addition means any subdivision street used as such by the date established under Section 33.2-335 of the *Code of Virginia* and eligible for addition into the secondary system by resolution of the County Board of Supervisors.

Six-Year Improvement Plan means either the Six-Year Improvement Program for Interstate, Primary, and Urban Systems, developed by VDOT and the Commonwealth Transportation Board; or the Secondary Six-Year Plan, the official listing of improvements to be constructed on the secondary system, which is developed jointly by the Virginia Department of Transportation (VDOT) and the county governments (Section 33.2-332 of the *Code of Virginia*).

State Transportation Plan means the comprehensive review of statewide transportation needs as adopted and updated by the Commonwealth Transportation Board in accordance with § 33.2-353 of the *Code of Virginia*, commonly known as VTRANS.

II. Purpose

The “Revenue Sharing Program” provides additional funding for use by a county, city, or town to construct, reconstruct, improve or maintain the highway systems within such county, city, or town and for eligible rural additions in certain counties of the Commonwealth. Locality funds are matched, dollar for dollar, with state funds, with statutory and Commonwealth Transportation Board Policy limitations on the amount of state funds authorized per locality.

The program is administered by the Department of Transportation, in cooperation with the participating localities, under the authority of Section 33.2-357 of the *Code of Virginia* ([Appendix A](#)) and the Commonwealth Transportation Board’s Revenue Sharing Program Policy ([Appendix B](#)).

Recognizing the legislative intent, history, and the nature of the Revenue Sharing Program, a CTB Revenue Sharing Program Study Committee established by the Secretary of Transportation in 2017, established a statement on the general purpose and priorities of the Revenue Sharing Program as guidance when establishing Policy, Guidelines, and administrative procedures. The Study Committee also provided their Priorities and Program Recommendations moving forward. The entire document is contained in [Appendix C](#).

An annual allocation of funds for this program is designated by the Commonwealth Transportation Board.

III. Eligible Work

The Revenue Sharing Program may be used to finance eligible work on highway systems within a locality, **and may** include sidewalks, trails, and other facilities that accommodate pedestrian and/or bicycle access along the highway network. The Revenue Sharing Program is intended to provide funding for immediately needed improvements or to supplement funding for existing projects. Larger new projects may also be considered, provided the locality identifies any additional funding needed to implement the project. Revenue Sharing Program funds are generally expected to be used to finance project costs in the same fiscal year and these projects should be in active development that is leading to their completion within the near term. Additional information about time limits for spending funds is addressed under Timely Implementation of Projects ([Section VII.C.](#)).

Below is a list of types of work that will be considered eligible for Revenue Sharing Program financing. All eligible work is then reviewed based on priority criteria identified under [Funding Limitations \(Section IV.\)](#).

A. Supplemental Funding for Projects Listed in the Adopted Six-Year Plan

When additional allocations are determined to be necessary to completely finance a project listed in the adopted Six-Year Improvement Plan, the locality may request that the anticipated deficit be financed by the Revenue Sharing Program. This includes, but is not limited to, such work as signalization, additional preliminary engineering, or acquisition of additional right-of-way. This procedure may be utilized to accelerate the funding of a project and thereby permit its completion earlier than otherwise would have been possible.

B. Construction, Reconstruction or Improvement Projects not included in the Adopted Six-Year Plan

When the designated local VDOT Manager concurs that the proposed work may be eligible for program funding, the locality may request one half of the funds, subject to CTB Policy limitations, to construct a project not currently in the Six-Year Plan. However, in such cases the locality funds, together with the state matching funds,, must finance the entire estimated cost of the project within the fiscal year involved. If funds are approved the project will subsequently be adopted by the CTB in the Six Year Plan.

C. Improvements necessary for the Acceptance of Specific Subdivision Streets Otherwise Eligible for Acceptance into the Secondary System for Maintenance (Rural Additions)

Revenue Sharing Program funds may be used to fund the improvements (widening, surface treating, etc.) necessary for the acceptance of certain subdivision streets otherwise eligible under Section 33.2-335, *Code of Virginia*. This section does not authorize the use of Revenue Sharing funds to improve roads in cities and towns so as to render them eligible as additions to the urban system.

D. Maintenance Projects Consistent with the Department's Operating Policies

Eligible types of maintenance work include, but are not limited to, plant mix overlays, bridge or culvert rehabilitation, guardrail replacement, sidewalk repairs, and curb & gutter repair. In order to appropriately evaluate a request for a priority maintenance project with pavement or structure ratings below the Department's maintenance performance targets, the locality is responsible for indicating on the detailed application that appropriate documentation is available to confirm the deficiency. This documentation is to be provided by the application submittal deadline.

E. New Hardsurfacing (Paving)

The first-time paving of a previously unpaved roadway, usually composed of a multiple course asphalt surface treatment, may be funded by the Revenue Sharing Program. Only roads in the state secondary system are eligible to use Revenue Sharing Program funds for new hardsurfacing. If a project is funded solely with revenue sharing funding, there is no minimum vehicle per day requirement. Urban system roads in cities and towns are not eligible.

F. New Roadway

Revenue Sharing Program funds may be used to establish a new facility to be part of the system of state highways or part of the road system in the locality that is eligible to receive maintenance payments from VDOT pursuant to Section 33.2-319 of the Code of Virginia. In order for a new roadway to be eligible for Revenue Sharing Program funding, it must be a part of a locally adopted plan such as the locality's Comprehensive Plan and must be expected to divert sufficient traffic from existing public roads so that those roads will not need to be improved in the foreseeable future. Projects may also need to be included in the regional Constrained Long Range Plan in air quality non-attainment areas. Qualifying projects should provide an immediate benefit to the overall transportation network with a connection between two existing major

public roads, based on current transportation needs. Projects that exclusively serve private developments or commercial establishments are not eligible.

G. Deficits on Completed Construction, Reconstruction or Improvement Projects

When a project in the CTB's Six-Year Improvement Plan is completed with a deficit, the locality may request that the deficit be financed by the Revenue Sharing Program.

IV. Funding Limitations

The total funds available each fiscal year will be determined by the Commonwealth Transportation Board. The maximum allocation the CTB may make to the Revenue Sharing Program is \$200 million annually. The minimum allocation the CTB may make to the Revenue Sharing Program is \$15 million annually.

A locality may apply for a maximum of \$ 5 million in matching allocations per fiscal year (\$10 million per biennial cycle) and the maximum lifetime matching allocation per project is limited to \$10 million in matching allocations. This limitation includes any allocations transferred to the project. Up to \$5 million of these requested funds may be specified for maintenance projects. In accordance with Virginia Code requirements, priority will be given first to construction projects that have previously received Revenue Sharing funding. After funding those requests, priority will be given to projects that meet a transportation need identified in the Statewide Transportation Plan (VTRANS) or to projects that can accelerate advertisement of a project in a locality's capital improvement plan. After these projects have been funded, projects that address pavement resurfacing and bridge rehabilitation where the maintenance analysis determines the infrastructure does not meet the Department's maintenance performance target will be funded. The condition ratings that define the Department's maintenance performance targets are described in detail in Appendix [D](#) of these Guidelines. In order to appropriately evaluate a request for a maintenance project with pavement or a structure below the Department's maintenance performance targets, the locality is responsible for providing the appropriate documentation to confirm the deficiency. This documentation is to be provided by the application submittal deadline.

Construction and maintenance projects will be evaluated and prioritized for funding as follows:

Priority 1 – Construction Projects that have previously received Revenue Sharing funding as part of the Program application process *

- Locality requests up to a total of \$1 million will be evaluated first and funded first.
- Locality requests over \$1 million and up to \$5 million per fiscal year (\$10 million per biennial cycle) will be evaluated next and funded next

Priority 2 – Construction Projects that meet a transportation need identified in the Statewide Transportation Plan (VTRANS) or when funding will accelerate advertisement of a project in a locality's capital improvement plan

- Locality requests up to a total of \$1 million will be evaluated first and funded first
- Locality requests over \$1 million and up to \$5 million per fiscal year (\$10 million per biennial cycle) will be evaluated next and funded next

Priority 3 – Projects that address deficient pavement resurfacing and bridge rehabilitation (as described in Appendix [D](#)).

- Locality requests up to \$1 million will be evaluated first and funded first.
- Locality requests over \$1 million up to \$5 million per fiscal year (\$10 million per biennial cycle) will be evaluated next and funded next.

Priority 4 – All other eligible projects (projects not meeting priority criteria described above)

- Locality requests up to \$1 million will be evaluated first and funded first
- Locality requests over \$1 million will be evaluated and funded next

Notes: If funds are depleted prior to completely funding all projects within a priority, any remaining funds may be pro-rated within that priority or allocated as otherwise directed by the Commonwealth Transportation Board.

Also, in any fiscal year that all priority categories were not funded, transfers affecting those fiscal year allocations can only be made to projects meeting the same priority selection criteria that received funding originally.

*Any project established as a revenue sharing project outside of the application process will not be recognized as an existing Revenue Sharing project for allocation prioritization purposes during the next application cycle.

V. Application for Funds

Applications for Revenue Sharing funding are accepted on a biennial basis through VDOT’s SMART Portal as described in Appendix [E](#). A Pre-application form, which contains the information necessary to complete a SMART Portal application, can be found in Appendix F. Review of the Pre-application form prior to submittal through SMART Portal is strongly encouraged.

A resolution from the governing body which identifies the allocation request, provides the locality’s commitment to fully fund the project(s), and provides signatory authority to an authorized local officer, is also necessary to apply for program funding. An example of an acceptable resolution can be found in Appendix [H](#).

A locality may request funds for a project located within its own jurisdiction or in an adjacent jurisdiction, with concurrence from the governing body of the other locality. Regardless of where the project may be located, the funding limitations for each locality outlined in the previous section apply. Towns not maintaining their own streets may not directly apply for Revenue Sharing Program funds but may include their requests as part of the package submitted by the county in which they are located. After an affirmative vote, the Commonwealth Transportation Board allocates project funding through an approved resolution.

Requested funds should cover the entire cost of the project or the application must indicate where additional funds are coming from to fully fund the project. Indicating “future revenue sharing funds” is not acceptable, even if the intent is to reapply in future application cycles for additional Revenue Sharing allocations. The Revenue Sharing Program is approved on a biennial basis and Program funding for specific projects in future years should not be expected and cannot be guaranteed.

Note:

The Locality must commit to their matching allocations at the time their application for funding is submitted. A resolution from the Locality which includes their commitment to fully fund the project is also required.

Projects may be administered by either the Locality or by VDOT; however VDOT will evaluate the locality's ability to administer the project during the application process if the locality requests to administer the project. If the locality is requesting that VDOT administer the project, the locality needs to coordinate with the local VDOT Manager during the application process on the project's scope, schedule, and estimate.

VI. Approval

During the on-line application submittal process, the designated local VDOT Manager will review the on-line application from each locality for eligibility and accuracy. Once the localities' requests are found to be eligible, the Local Assistance Division will develop the recommended statewide Program allocation for submission to the Commonwealth Transportation Board for approval. The Local Assistance Division will review and coordinate with other divisions as necessary and appropriate.

The Commonwealth Transportation Board approves the statewide Revenue Sharing Program, including allocations to specific projects in consideration of each locality's request. The Commissioner of Highways, or his designee, may approve transactions, such as locality/state agreements, for Revenue Sharing Program projects prior to Commonwealth Transportation Board approval; however, no project work should be conducted for which reimbursement from the requested Revenue Sharing Program funds is expected prior to approval of Revenue Sharing Program allocations by the CTB and prior to the beginning of the fiscal year for which the funding is approved.

Note: Any work done prior to CTB approval is done so at the locality's risk.

VII. Implementation

Upon Commonwealth Transportation Board approval of the statewide program, development of the individual projects begins. The state matching funds for the approved projects are reserved and allocated, accordingly, to each of the approved projects. Projects may be developed and constructed by VDOT or by the locality under an agreement with the Department.

A. VDOT Administered Work

After approval of the annual statewide Program allocation, VDOT will provide an invoice to the locality for its share of the estimated cost of work to be performed. The local matching funds must be collected prior to the beginning of work. For projects exceeding \$500,000 in total estimated cost, VDOT and the locality may enter into an agreement so that the local match may be provided by project phase (i.e., preliminary engineering, right of way, or

construction). VDOT may agree to a payment schedule for the Construction phase when the construction estimate exceeds \$5 million. The locality must request such a payment schedule prior to advertisement and any agreement must be modified to address the revised payment schedule. After the project is completed, the Local VDOT Manager will review the actual costs incurred to determine if there is a surplus or deficit. If a deficit exists, the locality may request surplus funds from other Revenue Sharing projects be transferred to cover the deficit and, if necessary, request a final billing for its share. Additional funding can also be transferred from other VDOT fund sources as applicable. If the locality's share of the actual cost is less than the amount received from the locality, the difference will be refunded to the locality upon written request or the locality may request transfer all the remaining funds to another existing Revenue Sharing project as noted in the section describing transfer of funds (Section VIII.). [Appendix I](#) provides the steps for initiating project funding and invoicing. Surplus funds should be addressed within six (6) months following project completion to ensure funds do not become de-allocation candidates, thereby limiting transfer options.

If a local government wishes to cancel a project begun under the Revenue Sharing Program during the Preliminary Engineering (PE) or Right of Way (RW) phases but prior to the Construction (CN) phase, it may do so by resolution of the local governing body. The Department retains the sole option to require reimbursement by the locality of all state matching funds spent from the time the project was begun until it is canceled. Reimbursement will be required for any project cancelled after the construction plans have been approved unless an exception is granted by the Commissioner.

B. Locally Administered Work

VDOT has published the Locally Administered Projects (LAP) Manual that provides general guidance for locally administered projects, which includes provisions for Revenue Sharing and other state funded projects. This guide is available on the Local Assistance Division webpage: http://www.virginiadot.org/business/resources/LAP_Guide.pdf. The Local Assistance Division, working with the designated local VDOT Manager will prepare the appropriate locality/state agreement that governs the performance of work administered by the locality. In addition to CTB approval, an agreement must be executed by both the locality and VDOT prior to incurring any cost to be financed from Revenue Sharing Program funds. If the project is funded entirely with Revenue Sharing funds and local funds, a streamlined process is available. Should the locality opt to utilize this streamlined process for state-aid (only) projects, the locality will submit the completed state certification form ([Appendix J](#)) to the local VDOT Manager prior to advertisement but no later than prior to project award. This document should be uploaded into VDOT's Integrated Project Manager (iPM) system by the Project Coordinator or designee.

Once the project begins, the locality may submit, no more frequent than monthly, invoices to VDOT for eligible costs incurred. After all work is completed, the locality makes a final billing to VDOT for VDOT's share of the actual eligible costs incurred. If the actual cost is less than anticipated in the agreement, the locality may request that the remaining VDOT share of Revenue Sharing Program funds to be transferred (along with the remaining local share) to another existing project as noted in the section describing transfer of funds (Section VIII.) or, if the locality desires, returned to VDOT's statewide fund for the Revenue Sharing Program. [Appendix I](#) provides the steps for initiating project funding and invoicing.

If a local government wishes to cancel a locally administered project begun under the Revenue Sharing Program before it is completed, it may do so by resolution of the local governing body. The Department retains the sole option to require reimbursement by the locality of all state matching funds spent from the time the project was begun until it is canceled. Reimbursement of any state funds expended will be required for any project cancelled after the plans have been approved unless an exception is granted by the Commissioner.

C. Timely Implementation of Projects

All requests for Revenue Sharing funding are expected to be for viable projects with work anticipated in the near future. Any project having funds allocated under this program shall be initiated where at least a portion of the Revenue Sharing funds have been expended within one year of allocation. Localities are advised to give careful consideration in applying for Revenue Sharing funds, particularly if the project has other VDOT managed funds, to ensure that at least a portion of the Revenue Sharing funds can be expended within one year of allocation. For any project that has not been initiated within one year, the Board has the discretion to defer consideration of future allocations until the project moves forward. If Revenue Sharing Program funds are allocated for a project and that project is not initiated within the two fiscal years subsequent to allocation, the funds may be reallocated at the discretion of the Commonwealth Transportation Board.

Local Assistance Division has developed a de-allocation process to address funding that may be removed from a project under certain conditions. The following outlines the criteria to identify projects that may be subject to deallocation.

- Project completed with allocations remaining and no activity for six (6) months
- Project which has not been initiated within two (2) fiscal years of its allocation.
- Project which is on-going, where, for 24 months, no portion of allocated revenue sharing funds has been expended or project has been inactive.

No funds will be de-allocated without a notification to the locality. The administrative process for deallocating these projects is explained in Appendix [K](#). Any project that is new or on-going, where no portion of allocated revenue sharing funds have been expended within one (1) year of allocation, will receive notification and may not be eligible for future allocations until the project moves forward.

VIII. Transfer of Funds

Revenue Sharing funding is allocated to specific projects through an application process and the allocations are generally not intended to be transferred to supplement other Revenue Sharing projects or become a revenue source for other projects which have not received Revenue Sharing allocations. However, under limited circumstances as outlined below, Revenue Sharing allocations may be transferred to other projects:

1. Surplus Revenue Sharing funds from a completed project may be transferred to an existing revenue sharing project within the same locality with the concurrence of the District Commonwealth Transportation Board member.

2. Surplus funds from a cancelled project must be deallocated and returned to the statewide Revenue Sharing program account; these funds can only be reallocated by the Commonwealth Transportation Board.
3. All other Revenue Sharing transfers must meet the conditions of the deallocation process, which limits transfers to projects which need the additional funding to meet an advertisement date or award date within one (1) year of the transfer request, or that addresses an existing deficit on a completed project. The following requirements also apply:
 - When a transfer is requested to another existing Revenue Sharing project, concurrence from the District Commonwealth Transportation Board member is required.
 - When a transfer is requested to a non-Revenue Sharing project, approval from the Commonwealth Transportation Board is required. Any non-Revenue Sharing project that receives Revenue Sharing allocation outside the application cycle will not be considered an existing Revenue Sharing project for allocation prioritization purposes.

Appendix K provides administrative procedures to complete each transfer.

When, as a condition of allocation transfer, the locality is required to advertise or award a project within 12 months, the Department may deallocate the transferred funding after consultation with the District CTB Member, if the advertisement or award is not complete. If a locality fails to meet any other conditions established for any transfer of Revenue Sharing funds, those funds may also be de-allocated after consultation with the District CTB Member.

Notes: Any project established as a revenue sharing project outside of the application process will not be recognized as an existing Revenue Sharing project for allocation prioritization purposes during the next application cycle.

Transferring funds between construction and maintenance projects should not be assumed but will be evaluated on a case-by-case basis. In any fiscal year that all priorities were not funded, transfers for those fiscal years can only be made to projects in that priority that received funding.

Localities may not submit funding applications or otherwise transfer other Revenue Sharing funding to replace allocations that have been transferred from a Revenue Sharing project.

IX. Supplemental Allocations

For any fiscal year in which less than the full program allocation has been allocated, those localities requesting the maximum allocation may request an additional allocation subject to the discretion of the Commonwealth Transportation Board.

The CTB may also elect to provide supplemental allocations, within the policy's guidelines, during non-application years should additional or deallocated funding become available.

APPENDIX A

SECTION 33.2-357 OF THE CODE OF VIRGINIA

§ 33.2-357. Revenue-sharing funds for systems in certain localities.

A. From revenues made available by the General Assembly and appropriated for the improvement, construction, reconstruction, or maintenance of the systems of state highways, the Board may make an equivalent matching allocation to any locality for designations by the governing body of up to \$10 million for use by the locality to improve, construct, or reconstruct the highway systems within such locality with up to \$5 million for use by the locality to maintain the highway systems within such locality. After adopting a resolution supporting the action, the governing body of the locality may request revenue-sharing funds to improve, construct, reconstruct, or maintain a highway system located in another locality or between two or more localities or to bring subdivision streets, used as such prior to the date specified in § 33.2-335, up to standards sufficient to qualify them for inclusion in the primary or secondary state highway system. All requests for funding shall be accompanied by a prioritized listing of specified projects.

B. In allocating funds under this section, the Board shall give priority to projects as follows: first, to projects that have previously received an allocation of funds pursuant to this section; second, to projects that (i) meet a transportation need identified in the Statewide Transportation Plan pursuant to § 33.2-353 or (ii) accelerate a project in a locality's capital plan; and third, to projects that address pavement resurfacing and bridge rehabilitation projects where the maintenance needs analysis determines that the infrastructure does not meet the Department's maintenance performance targets.

C. The Department shall contract with the locality for the implementation of the project. Such contract may cover either a single project or may provide for the locality's implementation of several projects. The locality shall undertake implementation of the particular project by obtaining the necessary permits from the Department in order to ensure that the improvement is consistent with the Department's standards for such improvements. At the request of the locality, the Department may provide the locality with engineering, right-of-way acquisition, construction, or maintenance services for a project with its own forces. The locality shall provide payment to the Department for any such services. If administered by the Department, such contract shall also require that the governing body of the locality pay to the Department within 30 days the local revenue-sharing funds upon written notice by the Department of its intent to proceed. Any project having funds allocated under this program shall be initiated in such a fashion that at least a portion of such funds have been expended within one year of allocation. Any revenue-sharing funds for projects not initiated after two subsequent fiscal years of allocation may be reallocated at the discretion of the Board.

D. Total Commonwealth funds allocated by the Board under this section shall be no less than \$15 million and no more than \$200 million in each fiscal year, subject to appropriation for such purpose. For any fiscal year in which less than the full program allocation has been allocated by the Board to specific governing bodies, those localities requesting the maximum allocation under subsection A may be allowed an additional allocation at the discretion of the Board.

E. The funds allocated by the Board under this section shall be distributed and administered in accordance with the revenue-sharing program guidelines established by the Board.

2006, c. 827, § 33.1-23.05; 2008, c. 608; 2011, cc. 830, 868; 2012, cc. 729, 733; 2014, c. 805; 2015, c. 684.

APPENDIX B

**Commonwealth Transportation Board REVENUE SHARING PROGRAM POLICY
(July 19, 2017)**

**RESOLUTION
OF THE
COMMONWEALTH TRANSPORTATION BOARD**

July 19, 2017

MOTION

**Made By: Seconded By:
Action:**

Title: Policy and Guidelines for the Revenue Sharing Program (Revision)

WHEREAS, § 33.2-357 of the *Code of Virginia* (1950), as amended, specifically stipulates that the Commonwealth Transportation Board (Board) shall establish guidelines for the purpose of distributing and administering revenue sharing program funds allocated by the Board; and

WHEREAS, it is the sense of the Board that the existing Revenue Sharing Program Policy and the program guidelines should be amended to provide additional clarification in administration of the revenue sharing program.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the following policy to govern the use of revenue sharing funds pursuant to § 33.2-357 of the *Code of Virginia* (1950), as amended:

1. The Revenue Sharing Program shall provide a matching allocation up to \$5 million to any county, city or town for projects designated by the locality for improvement, construction or reconstruction of highway systems within such locality with up to \$5 million for use by the county, city or town for maintenance projects for highway systems within such county, city or town. The maximum total matching allocation, including transfers, that the Board may approve per project shall not exceed \$10 million.
2. Revenue Sharing funds shall be prioritized and allocated in accordance with the provisions of § 33.2-357 B of the *Code of Virginia* and, then, as further outlined in the Revenue Sharing Program Guidelines.
3. Application for program funding must be made by resolution of the governing body of the jurisdiction requesting the funds. A locality may request funds for a project located within its own jurisdiction or in an adjacent jurisdiction, with a supporting resolution from the governing body of the adjacent locality. Towns not maintaining their own streets are not eligible to receive Revenue Sharing Program funds directly; their requests must be included in the application of the county in which they are located. All requests must include a priority listing of projects.
4. Funds may be administratively transferred by the Department of Transportation from

one revenue sharing project to another existing revenue sharing project. Upon request of the locality, VDOT will review a requested transfer for eligibility and then seek concurrence by the respective VDOT District Board member. If approved by the Board, revenue sharing funds may also be transferred to an existing project in the Six Year Improvement Program or Secondary Six Year Plan if needed to meet an advertisement or award date scheduled within one year of the request or to address a completed project which is in deficit. The Department may deallocate the transferred funds if the project has not been advertised or awarded within one year. The Department will establish deallocation procedures. Requests for all transfers must be made in writing by the County Administrator or City/Town Manager. All requests must include the reasons for the request and the status of both projects. Funds from a cancelled project will be returned to the statewide Revenue Sharing Program account and these funds can only be reallocated by the Board. Any funds transferred away from a project cannot be backfilled by future allocation requests or transfers.

5. The Revenue Sharing Program is intended to provide funding for immediately needed improvements or to supplement funding for existing projects. Larger new projects may also be considered; however, if the estimated project cost exceeds the Revenue Sharing Program funding request, the locality must identify other funding sources and commit locality funding amounts as necessary to complete the project. Projects receiving revenue sharing funds shall be initiated and at least a portion shall be expended within one year of the allocation. For any project that has not been initiated within one year, the Board has the discretion to defer consideration of future allocations until the project moves forward. If a project having funds allocated under this program has not been initiated within two subsequent fiscal years of allocation, the funds may be reallocated at the discretion of the Board.

BE IT FURTHER RESOLVED that the Board approves the Revenue Sharing Program Guidelines as revised and attached hereto.

BE IT FURTHER RESOLVED that the Board will reevaluate this Policy and the approved guidelines after two Revenue Sharing application cycles and prior to five years from the effective date of this Policy.

BE IT FURTHER RESOLVED that the Board supports funding the Revenue Sharing Program at a minimum of \$100 million annually.

BE IT FURTHER RESOLVED that the Board should consider increasing the funding provided to the Revenue Sharing Program over a two year period should biennial funding for SMART Scale exceed \$1.2 billion.

BE IT FURTHER RESOLVED that the above policy shall become effective August 1, 2017, and all revenue sharing program policies previously adopted heretofore by the Board governing the use of revenue sharing funds shall be rescinded simultaneously.

#####

APPENDIX C

**STATEMENT OF PURPOSE, PRIORITIES AND RECOMMENDATIONS
for the Revenue Sharing Program**

CTB Revenue Sharing Program Study Committee

Statement of Purpose, Priorities and Recommendations for the Revenue Sharing Program

The Revenue Sharing program is implemented in accordance with requirements established in Virginia Code. Within that framework, the Commonwealth Transportation Board (CTB) establishes policies to support the most effective and equitable use of Revenue Sharing funds, as well as the most effective and expeditious administration of the Program. As stated in the CTB Revenue Sharing Policy, the Revenue Sharing Program is intended to provide funding for immediately needed improvements or to supplement funding for existing projects. Larger new projects may also be considered, provided the locality commits to any additional funding needed to implement the project within limits of Policy.

General Priorities of the Program:

- Provide funding support for projects of local importance where allocations are expended as set out by the Code of Virginia and projects are completed in a relatively short period of time.
- Provide funding to support projects that focus on immediately needed improvements and will be completed in a relatively short period of time.
 - Provide funding to leverage other projects that support Regionally or Statewide significant projects;

Committee's Priorities for Program Recommendation

- Recommend policies that emphasize fair and equitable distribution of funds, whether initial allocations or subsequent transfers of existing allocations, which support the priorities of the program.
- Recommend policies that, to the best degree possible, provide a high level of funding predictability and certainty for all stakeholders.
- Recommend policies that, as allowable by the Code of Virginia and other State policies, allow Revenue Sharing allocations to be used as financial leverage for other transportation funding programs.
- Recommend policies to ensure the effective use of Revenue Sharing allocations and expeditious completion of Revenue Sharing projects.
- In accordance with the Code of Virginia, policies and processes established by the Board shall be developed with the understanding that allocations are provided to localities for specified projects and are not allocations to localities for their general use on other transportation projects thereafter.

Other Recommendations

- The Study Committee recommends the Board re-evaluate the Policy changes after two subsequent application cycles. This recommendation is included in the updated CTB Policy.
- The Study Committee also recommends that every two years the CTB should evaluate the appropriate funding level of the Revenue Sharing Program. Further, the Committee recommends that should the biennial funding for SMART Scale exceed \$1.2 billion, an appropriate percentage of the increase should go to funding the Revenue Sharing Program; however, the Study Committee recommends that the Revenue Sharing Program should be funded annually at a minimum of \$100 million irrespective of the SMART Scale funding.

APPENDIX C -1

2017 SUMMARY OF REVENUE SHARING PROGRAM POLICY CHANGES

2017 SUMMARY OF REVENUE SHARING POLICY CHANGES

Policy	Proposed	Anticipated Impact / Purpose
Initial Allocation from Application		
<ul style="list-style-type: none"> • Locality Allocation Request Limitation 	\$5M per locality annually (\$10M per biennial application cycle).	Provide immediate impact of reducing Tier 1 requests allowing more localities and additional projects to receive Revenue Sharing allocations.
<ul style="list-style-type: none"> • Project Allocation Limitation 	\$10M per project (statewide match) lifetime, including transfers.	Provide long-term benefits by ensuring very large projects do not continue to exhaust limited Revenue Sharing funding at the disadvantage of smaller projects.
Transfer of Revenue Sharing Funds		
<ul style="list-style-type: none"> • Surplus funds from a completed project to existing Revenue Sharing Project 	Project must be viable and in the current Six Year Improvement Plan with concurrence of District CTB Member.	Provides additional oversight and oversight with minimal delay. Provides some benefit of successfully completing project under budget and reduces future need on existing projects.
<ul style="list-style-type: none"> • Transfer from on-going Revenue Sharing project to on-going Revenue Sharing project 	Must meet deallocation process requirements: project must be viable and in the current Six Year Improvement Plan; transfer can only go to a project which needs funding to go to advertisement or award within the next 12 months or to address a deficit on a completed project; with concurrence of District CTB member.	Ensures transfers are made only to projects with an immediate need and minimizes the ability to use Revenue Sharing program as funding source for projects which have not gone through application process. Ensures additional transparency and oversight with minimal delay.
<ul style="list-style-type: none"> • Surplus funds from a completed project to non-Revenue Sharing project 	Must meet deallocation process requirements: project must be viable and in the current Six Year Improvement Plan; transfer can only go to a project which needs funding to go to advertisement or award within the next 12 months or to address a deficit on a completed project; approved by CTB action.	Ensures transfers are made only to projects with an immediate need and minimizes the ability to use Revenue Sharing program as funding source for projects which have not gone through application process.
<ul style="list-style-type: none"> • Transfer from on-going Revenue Sharing project to non-Revenue Sharing project 	Must meet deallocation process requirements: project must be viable and in the current Six Year Improvement Plan; transfer can only go to a project which needs funding to go to advertisement or award within the next 12 months or to address a deficit on a completed project; approved by CTB action.	Ensures transfers are made only to projects with an immediate need and minimizes the ability to use Revenue Sharing program as funding source for projects which have not gone through application process.
<ul style="list-style-type: none"> • Surplus funds from a cancelled project 	Surplus funds must be returned to Revenue Sharing Program Balance Entry; Funds may be reallocated only by CTB action.	Ensures funding which is no longer needed for an approved project returns to the Revenue Sharing Program balance.
<ul style="list-style-type: none"> • Miscellaneous Provisions 	Clarification that a Locality may not request additional funds during application cycle to replace funds transferred off a Revenue Sharing project.	Prevents misuse of transfer process eliminating the replacement of funds that have been transferred to other projects; ensures localities plan and estimate for funding provided during application cycle.
Other		
<ul style="list-style-type: none"> • Deallocation process – Surplus funds after project completion 	Project subject to deallocation 6 months after projects is completed.	Ensures timely reallocation of surplus funds.
<ul style="list-style-type: none"> • Timely expenditure of funding; requirement to expend funds within one year of CTB allocation 	The CTB will have discretion to defer future project allocations when a project has not expended a portion of their Revenue Sharing Funds within one year of CTB allocation.	Helps ensure timely implementation of projects.

APPENDIX D

CRITERIA FOR MAINTENANCE PRIORITY PROJECTS

Criteria for Maintenance Priority Projects

A locality may apply for up to \$10 million in matching allocations with up to \$5 million of these requested funds may be specified for maintenance projects. The criteria for determining if a pavement resurfacing or bridge rehabilitation project meets the priority is described below and is based on the Department's performance targets.

Pavement Resurfacing Projects

Any proposed pavement maintenance project to address a pavement section that was rated as "deficient" (Critical Condition Index (CCI) below 60 or comparable criteria) is eligible for consideration as a maintenance priority project. Any proposed bridge maintenance project to address a poor rating (General Condition Rating (GCR) of 4 or below) on a VDOT or locality maintained bridge or structure is eligible for consideration as a maintenance priority project.

It will be the responsibility of the requesting locality to indicate on the detailed application if a project for which funds are requested meets the priority criteria. VDOT will provide the condition data to verify that determination for all VDOT maintained facilities. For locally maintained facilities, the locality will submit their condition rating data to the local VDOT Manager for review. Any questions about the condition assessment data and whether a project qualifies for priority funds will be determined by the District Maintenance Engineer.

Pavement condition assessments are based on the surface distresses, such as roughness, cracking, patching, rutting, potholes, etc. The detailed findings are summarized into a CCI rating which is based on a scale of 0 to 100, with 100 being assigned to a pavement section with no visible distresses. Any pavement section receiving a CCI rating below 60 is termed "deficient" and can potentially be considered for maintenance activities. The type of maintenance activity is usually selected based on the extent and the severity of distresses present. Any pavement with a CCI rating below 60 can qualify for the established priority criteria.

Bridge Rehabilitation Projects

Bridge Condition Assessments are based on the condition of structures as defined by GCRs that are assigned to each structure during regularly scheduled inspections. These inspections are required by VDOT policy and by the federally mandated National Bridge Inspection Program. For each bridge or culvert, GCR are used to describe the existing, in-place structure as compared to its as-built condition. Evaluations are provided for the physical condition of the deck, superstructure, and substructure, or culvert components of a structure (therefore bridges will usually have three GCR and culverts have one). General Condition Ratings are based on a scale of 0 to 9, with 0 being the worst condition and 9 being the best condition. Virginia categorizes the structure inventory into three categories of Good, Fair, and Poor. They are defined as:

- Good – lowest GCR is greater than or equal to 6. Structures in this category are typically in need of preventive maintenance work such as bridge cleaning, deck sealing, sealing joints, thin deck overlays, and spot/zone painting.
- Fair – lowest GCR is equal to 5. Structures in this category are typically in need of restorative maintenance actions such as deck patching, rigid deck overlays, reconstructing/closing joints, substructure repairs, fatigue retrofitting, over-coating or re-coating, scour repairs, cathodic protection and electrochemical chloride extraction.

- Poor – lowest GCR is less than or equal to 4. Structures in this category are typically in need of rehabilitation work actions such as deck replacements, superstructure replacements, and culvert rehabilitation, or complete structure replacement.

Virginia performs an annual needs assessment of the structure inventory in order to determine the resources required to address the structures in each condition category. Bridges and culverts that are in the poor condition category can qualify for the established priority criteria, providing the items deemed as poor are being addressed. While bridges and culverts that are in the fair and good condition categories do not meet the primary criteria for priority consideration, maintenance projects are encouraged for these structures as system preservation activities, and these projects would qualify for Revenue Sharing funding.

The requesting locality is responsible for indicating on the application if the project meets the priority criteria. VDOT will provide the condition data to verify that determination for all VDOT maintained facilities. For locally maintained facilities, the locality submits its condition rating data to the local VDOT Manager for review. Any questions regarding the condition assessment data and whether a project qualifies for priority funding will be determined by the District Maintenance Engineer (DME). If a secondary pavement condition assessment is several years old (with latest assessment above deficient determination) the DME will determine if a new assessment can be added to the current review schedule. Interim bridge ratings will not usually be considered and the latest regularly scheduled rating should be the basis for evaluation of the priority criteria. Failure to provide the rating documentation will result in the roadway or bridge being classified as *not deficient* and would not meet priority criteria.

APPENDIX E

REVENUE SHARING APPLICATION PROCESS

APPLICATION PROCESS

The application process generally begins with an announcement or invitation letter, from the Director of Local Assistance, via email and other announcements, to County Administrators and City/Town Managers to participate in the upcoming biennial application cycle. The announcement will include a timeframe in which applications will be accepted through VDOT's SMART Portal.

After determining that it will participate in the program, the locality should coordinate closely with their local VDOT Manager to review potential projects. The local VDOT Manager will provide support regarding eligibility, estimates, and scheduling. If the locality is requesting VDOT administration of the project, the locality must coordinate with the local VDOT Manager to obtain the Department's concurrence with the project's scope, schedule, and estimate.

A Pre-Application Coordination Form is provided in Appendix F so that the locality may ensure that it has all the information necessary for the SMART Portal application. The locality is encouraged to review the Pre-Application Form early and familiarize themselves with the SMART Portal during the application process.

When submitting multiple project applications, localities will be required to prioritize the applications.

A resolution from the governing body, indicating their desire to participate in the Revenue Sharing program, their commitment to fully funding the projects, and providing appropriate signatory authority, is also required as part of the application process. A sample resolution is provided in Appendix H.

Applications submitted late or left in pending status will not be accepted.

There is no limit on the amount of funds the locality may contribute; however, the locality may receive no more than the maximum amount of state Revenue Sharing funding allocation stipulated by statute or by Commonwealth Transportation Board Policy. Funding provided through other VDOT Programs cannot be used to match Revenue Sharing Program funds. If the locality uses other non-VDOT grant funds as match, the locality must determine if the work being performed is eligible under those non-VDOT programs and the locality is required to meet the requirements of those programs.

During the application process or after final submittal, the designated local VDOT Manager will review the SMART Portal application to make an initial project eligibility determination. If locally administered, the local VDOT Manager will also make an initial determination regarding the ability of the locality to effectively complete the project. Please note that this review also takes the place of the Request to Administer (RtA) Project form used for most other projects and represents VDOT's concurrence with the locality administering the project, if applicable. While an RtA is not required, it is highly recommended that any locality submitting an application that exceeds \$5 million in construction cost should use the self-evaluation form in the LAP Manual to assist in assessing their ability to manage a more complex transportation project. If federal funds

are added to the project, the typical RtA process as outlined in Chapter 10 of the LAP Manual must be followed. For questions regarding eligibility on maintenance performance targets or general condition ratings the designated VDOT Manager should contact the District Maintenance Engineer (DME). If a pavement condition assessment is several years old (with latest assessment above deficient determination) the District needs to work with their DME to see if a new assessment can be added to the review schedule. Bridges have regularly scheduled inspections, but if the condition of the bridge has degraded since the last regularly scheduled assessment the District should contact the DME to see if a new assessment can be requested ahead of schedule. All documentation related to deficient roadways and bridges must be received by the prescribed deadline or the roadway or bridge will be classified as *not deficient*.

The local VDOT Project Manager may reach out to the locality for additional information during this initial review process and may make modifications to the locality's application, with the locality's concurrence

VDOT's Local Assistance Division will review the final applications and will notify the designated local VDOT Manager of the amount of state matching funds available for use on specified projects in their localities, subject to the approval of the Commonwealth Transportation Board.

After the Local Assistance Division has reviewed the submitted detailed applications, the Local Assistance Division will request the designated local VDOT Manager to enter the data from the detailed application into VDOT's Project Pool and obtain the permanent UPC. A permanent UPC is required for all projects being recommended for approval by the CTB. The District office is responsible for ensuring that the correct scheduling template is chosen when establishing the project in the Department's Project Pool.

APPENDIX F
PRE-APPLICATION COORDINATION FORM

REVENUE SHARING PRE-APPLICATION COORDINATION FORM

A SEPARATE FORM SHOULD BE COMPLETED REPRESENTING EACH PROJECT TO BE CONSIDERED FOR ALLOCATION

A locality's combined total request cannot exceed \$5M per year.

Projects receiving funding under this program are to be initiated and a portion of the Revenue Sharing funds expended within one year of allocation
Please use mouse or the 'Tab' key to move to the next field in filling in information (do not use 'Enter' key)

Locality Applicant: >select< of _____	District: >select<
# of Applications Locality is submitting this application cycle: _____	

PROJECT INFORMATION: (Please TAB from field to field)

Locality's Priority #: _____ Route #: _____ and local road name, if available: _____
Has project previously received Revenue Sharing funding? >select< If "Yes", indicate Fiscal Year(s) _____
State Project Number: _____ UPC #: _____
Does project meet a transportation need identified in CTB's Statewide Transportation Plan (VTrans)? >select<
Is project in Locality's capital improvement plan and only by receipt will these funds advance the project advertisement date? >select< If "Yes", indicate date of Current Advertisement: _____ and date of Advanced Advertisement: _____
Is project work for pavement resurfacing or bridge rehabilitation where the maintenance analysis determines the infrastructure does not meet the Department's performance guidelines? >select< If "Yes", supporting documentation must be included with application. <i>Requests for pavement resurfacing or bridge rehabilitation (maintenance) lacking this documentation will not meet the higher priority selection criteria.</i>
Scope of Work: >select one<
Description of work: _____
Length: _____ (miles) From: _____ To: _____

PROJECT ESTIMATES (Please TAB from field to field) (cursor on & right click on \$ 0 & select "Update Field" to calculate Total)
Please note that all project work items may not be eligible under the Revenue Sharing Program. Please refer to the [Revenue Sharing Program Guidelines](#) for guidance in considering projects to be developed utilizing Revenue Sharing Program funding.

PHASE	Anticipated Schedule Start Date	Estimated Project Cost	Estimated VDOT Project Costs	Projects administered by the locality may require some VDOT oversight; please coordinate with your local VDOT office for an estimate of this amount.
PE		\$ 0	\$ 0	Estimated VDOT charges, if applicable, must be included as part of the Estimated Project Cost for each phase of the project.
RW		\$ 0	\$ 0	
CN		\$ 0	\$ 0	
TOTAL		\$ 0	\$ 0	

PROJECT TO BE ADMINISTERED BY - >select<- If "Locality", please note below:

Indicating any phase of project work to be administered by the locality and reimbursed using Revenue Sharing Program funding constitutes a "Locally Administered Project". Submission of this application represents the locality's request to administer (RtA) the project work. The RtA form is not required – however, for an application for a project exceeding \$5M estimated construction costs it is recommended that the locality use the [project delivery self-evaluation form](#) in the [Locally Administered Projects Manual](#) to assist in assessing its ability to manage a complex project. Local administration of a complex project will be at VDOT's discretion.

PROJECT FINANCIAL INFORMATION (Please TAB from field to field) (cursor on & right click on >SELECT< or \$ 0 below & select "Update Field")

Revenue Sharing (state) matching funds requested for this Project for FY >select<:	\$ 0
Revenue Sharing (state) matching funds requested for this project for FY >select<:	\$ 0
Revenue Sharing matching TOTAL (state) allocation to be requested this biennial application cycle :	\$ 0
Total Locality Match corresponding to TOTAL (state) allocation requested this biennial application cycle:	\$ 0
Total of other state / federal / local funds (enter amount to the right to include previously approved state & local revenue sharing funds):	\$ 0
Total of all previous funding and this application cycle's Revenue Sharing Program funding to be programmed on Project (this amount should equal TOTAL Estimated Project Cost amount indicated in Project Estimates section of application)	\$ 0
If amount above is less than the TOTAL Estimated Project Cost, the locality must commit to funding this balance	\$ 0

Applicant Locality Representative

I certify this information is accurate and the locality is prepared to commit to providing the required funding to match the amount being requested, if approved, and any balance necessary to fully fund the project.		
>name of locality official<	>title of locality official<	(date)

VDOT Reviewer

<input type="checkbox"/>	The pre- application project information is accurate and project work meets eligibility requirements under the Revenue Sharing Program.
<input type="checkbox"/>	The locality has or will establish that this request meets a need in VTrans, or
<input type="checkbox"/>	The locality has or will sufficiently document that the requested project is in its capital improvement plan and receipt of the requested state match funding, together with the locality's matching funds, will advance the project's advertisement date, or
<input type="checkbox"/>	The locality has or will establish that maintenance analysis has determined that the [pavement or bridge] does not meet the Department's performance guidelines and the requested project will address this deficiency.
>name of VDOT official<	>title of VDOT official<
(date)	

Revised June 2017

APPENDIX G

SUMMARY OF PROJECTS FORM

**SUMMARY OF PROJECTS - Designation of Funds Form
FY 2016 Revenue Sharing Program**

\$10 million maximum allocation per locality and
no more than \$5 million of that amount may be allocated to maintenance projects

CONSTRUCTION FUNDS BEING REQUESTED:

Locality's Priority	Route #	Road Name	Requested State Match up to \$1M for Construction	Requested State Match Over \$1M for Construction	TOTAL CONSTRUCTION FUNDS REQUESTED FOR PROJECT
			\$0	\$0	\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
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					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
TOTAL CONSTRUCTION FUNDS REQUESTED:			\$0	\$0	\$0

MAINTENANCE FUNDS BEING REQUESTED: *(cannot exceed \$5 million and is part of total \$10M)*

Locality's Priority	Route #	Road Name	Requested State Match up to \$1M for Maintenance	Requested State Match Over \$1M for Maintenance	TOTAL MAINTENANCE FUNDS REQUESTED FOR PROJECT
			\$0	\$0	\$0
			\$0	\$0	\$0
					\$0
					\$0
					\$0
					\$0
					\$0
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					\$0
					\$0
					\$0
					\$0
					\$0
					\$0
TOTAL MAINTENANCE FUNDS REQUESTED:			\$0	\$0	\$0

GRAND TOTAL OF ALL FUNDS REQUESTED:	\$0	\$0	\$0
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Locality Representative Date Submitted

VDOT Representative Date Reviewed

Revised: 7/18/2012

APPENDIX H
SAMPLE RESOLUTION

SAMPLE RESOLUTION

Please note that specific language regarding the locality’s commitment to the funding is a requirement on all resolutions.

At a regularly scheduled meeting of the [name of locality (City/Town Council or County Board of Supervisors)] held on [month & day], 20_____, on a motion by [name of Council or Board member], seconded by [name of Council or Board member], the following resolution was adopted by a vote of [#] to [#]:

WHEREAS, the [name of locality (City/Town Council or County Board of Supervisors)] desires to submit an application for an allocation of funds of up to [enter amount locality intends to provide as its match] through the Virginia Department of Transportation Fiscal Year 20xx-xx, Revenue Sharing Program; and,

WHEREAS, [enter amount locality intends to provide as its match] of these funds are requested to fund [description of work], [termini]; and,

WHEREAS: The [name of locality (City/Town Council or County Board of Supervisors)] hereby supports this application for an allocation of [enter amount locality intends to provide as its match] through the Virginia Department of Transportation Fiscal Year 20xx-xx Revenue Sharing Program.

NOW THEREFORE BE IT RESOLVED, that the Council/Board of Supervisors of the City/Town/County of _____ hereby commits to fund its local share of preliminary engineering, right-of-way and construction (as applicable) of the project(s) under agreement with the Virginia Department of Transportation in accordance with the project financial document(s).

BE IT FURTHER RESOLVED, that the (City/Town Manager/County Administrator/or other named position designee) is authorized to execute all agreements and/or addendums for any approved projects with the Virginia Department of Transportation.

ADOPTED this [day] day of [month year].

A COPY ATTEST

[name] [title]

APPENDIX I
IMPLEMENTATION PROCESS

IMPLEMENTATION PROCESS

VDOT's Local Assistance Division coordinates with the Infrastructure Investment Division to program the state matching funds for the approved specific revenue sharing projects.

VDOT Administered Projects

1. Prior to proceeding with the development of the project, the locality and VDOT will coordinate the project schedule. The appropriate designated local VDOT Manager will request payment from the locality for its share of the estimated cost of work to be performed prior to work commencing. The locality is required to provide their match prior to project initiation. The local VDOT Manager will send a request to the Revenue Sharing Program Manager with the appropriate information for billing the locality. For projects with an estimated cost of over \$500,000, the locality can request to be invoiced by phase. It will be up to the local VDOT Manager to track when additional billings should be sent. Full payment of the phase is required prior to opening the phase.
2. After the project is completed, the Local VDOT Manager will review the actual costs incurred to determine if there is a surplus or deficit. If a deficit exists, the locality may request surplus funds be transferred from other Revenue Sharing projects or request a final billing for its share. A transfer of other VDOT managed funds (if applicable) may also be requested to cover the deficit. If the locality's share of the actual cost is less than the funding received, the difference may, if desired by the locality, be refunded to the locality or transferred to another existing project as noted in the section describing Transfer of Funds in this guide. The local VDOT Manager must coordinate with the Revenue Sharing Program Manager in order to return any surplus local funding to the locality or to transfer the funds. Any unused matching funds that will be refunded to the locality need to be coordinated with the Revenue Sharing Program Manager prior to processing.
3. Upon completion of a project the District should follow their prescribed close-out procedure. Any surplus revenue sharing funds should be transferred to another qualifying project only in accordance with CTB Policy and these Guidelines (as outlined in Appendix [K](#)) to prevent the funds from becoming a candidate for de-allocation.

Locally Administered Projects

1. VDOT has published a [Locally Administered Projects \(LAP\) Manual](#) that provides general guidance for locally administered projects, including those being funded through the Revenue Sharing program. The LAP Manual is available on the Local Assistance Division webpage on the VDOT website.
2. For those projects identified as being locally administered and funded solely with Revenue Sharing funds, VDOT will draft the Programmatic Project Administration Agreement, Appendix A, and Appendix B that governs the performance of work administered by the locality and will cover all projects being administered by the locality. The agreement must be executed by the locality and VDOT prior to incurring any cost to be financed from the Revenue Sharing Program. Any costs incurred prior to the agreement being executed will not be eligible for reimbursement. Note that a Standard Project Administration Agreement can be used instead if the locality prefers a separate agreement for each project. The Request to Administer (RtA) form is not required, since the application identifies whether or not the project is to be locally administered. It is

highly recommended that a locality submitting an application that exceeds \$5 million in construction cost should use the Self-Evaluation form in the LAP Manual to assist in assessing their ability to manage more complex transportation projects. Although uncommon, VDOT may deny a locality's request to administer a project. Please refer to Chapter 2 of the LAP Manual for further explanation.

3. Upon execution of the agreement, and at the request of the District, the project will be opened for a minimal time for VDOT to perform SERP, scoping or inspection if applicable and as provided in the agreement. As invoices are received for payment, the proper phase will be opened for a minimal time to allow the invoice to be processed. Locally administered projects are not opened for extended periods of time.
4. As part of the streamlined process for locally administered projects, prior to award, the locality will forward to the designated Project Coordinator the State Certification Form (for projects funded solely with Revenue Sharing Funds), indicating all applicable laws and regulations pertaining to locally administered state funded projects has been met.

The designated Project Coordinator will provide a letter or email to the locality giving their approval to proceed with the award process. Note that Local Assistance Division will not open the construction phase of a project until the State Aid Certification form has been received and is uploaded into VDOT's Integrated Project Manager (iPM) system.

5. Once the project begins, a project level invoice, accompanied by supporting documentation, should be submitted to the VDOT Project Coordinator no more frequent than monthly, but within 90 days of incurred costs. The supporting documentation should include copies of invoices paid by the locality and a to-date project summary schedule, tracking payment requests and any adjustments. In lieu of copies of invoices paid by the locality, a one-page summary of what documentation the locality has on file may be used, provided that the locality's Director of Finance or (equivalent official) similar position signs it. A request is then forwarded to Local Assistance Division from the local VDOT office requesting the phase opened and the funds authorized for payment. No invoice should be processed for payment without authorization from Local Assistance Division. After all work is completed the locality makes a final billing to VDOT for its share of the actual eligible costs incurred. If the actual cost is less than that provided by the agreement, the difference may be transferred to another revenue sharing project in the locality, or, if the locality desires, refunded to the VDOT Revenue Sharing Program Fund.
6. Any updates to the project's status, schedule, or estimate shall be done by the designated local VDOT Manager or Project Coordinator during the course of the project.
7. Upon completion of a project the District should follow its prescribed close-out procedure. Any surplus revenue sharing funds should be transferred to another qualifying project (as outlined in Appendix [K](#)) to prevent the funds from becoming a candidate for de-allocation. Surplus funds may be transferred only in accordance with CTB Policy and these Guidelines

APPENDIX J

CERTIFICATION FORM FOR STATE FUNDED PROJECTS

Certification Form for State Funded Projects

Project Number: _____

UPC: _____

This certification form is to be used to certify adherence to all applicable laws and regulations pertaining to locally administered state funded projects. This certification form will not be used for projects utilizing any federal funds. The signature at the bottom will certify that **>INSERT LOCAL GOVERNMENT NAME<** has met the following requirements for state funded projects. VDOT may perform project audits to verify compliance with this certification. False or inaccurate statements identified by VDOT or other state regulatory agencies may result in the requirement to return state aid and/or other penalties as allowed by State law.

Initials	Certification Statement
	Check applicable statement: <input type="checkbox"/> For highways maintained by the LPA, project plans have been designed in accordance with AASHTO standards and signed and sealed by a Virginia registered P.E. in accordance with DPOR; OR <input type="checkbox"/> For highways which will be operated and maintained by VDOT, project plans have been designed in accordance with VDOT Standards and that VDOT has reviewed the plans in accordance with the agreed upon schedule and all necessary design variances/waivers have been attained and the plans have been signed and sealed by a Virginia registered P.E. in accordance with DPOR.
	All required regulatory agency coordination has been made and applicable permits or approvals have been acquired.
	Where VDOT will operate and maintain the highway, that the LPA has performed appropriate due diligence to identify environmental hazards on new right of way and to the best of our knowledge, any existing environmental hazards have been identified and mitigated or a plan for mitigation during construction has been made.
	Project was developed in accordance with State laws and regulations governing public involvement so that adequate and appropriate public notice and opportunity for public comment was provided.
	All right of way has been obtained and that the LPA has legal right of entry onto each and every parcel for the advertisement and construction of the referenced Project.
	The LPA has complied with the Code of Virginia requirements pertaining to relocations and the acquisition of real property.
	All affected utilities have been relocated or companies authorized to relocate their facilities. If not, they are included as in-plan work to be performed by the road contractor.
	The project was advertised in accordance with the Virginia Public Procurement Act and that the advertisement package included all appropriate EEO provisions.
	All environmental regulations as are applicable to local government capital improvement projects and as required by State or federal laws applicable to non federal-aid projects have been met or provisions to meet continuing requirements during construction have been made.

>INSERT LOCAL GOVERNMENT NAME< acknowledges that failure to fulfill its legal obligations associated with those requirements identified in this certification may result in project delays and/or delays or forfeiture of State reimbursements. **>INSERT LOCAL GOVERNMENT NAME<** further acknowledges that obligations associated with those requirements identified in this certification may be subject to audit by VDOT or State oversight agencies.

 Local Government Manager (City Manager, County Administrator, City Engineer or County Director of Public Works or designated authority to sign)

 Date

cc: Project file
 VDOT Project Coordinator
 VDOT Local Assistance Director

(Please refer to the [Locally Administered Projects \(LAP\) Manual](#) for the most current form)

APPENDIX K

**REVENUE SHARING PROGRAM
PROJECT TRANSFER AND DEALLOCATION PROCESS**

REVENUE SHARING PROGRAM PROJECT TRANSFER AND DEALLOCATION PROCESS

Revenue Sharing funding is allocated to specific projects through an application process and the allocations are generally not intended to be transferred to supplement other Revenue Sharing projects or become a revenue source for other projects which have not received Revenue Sharing allocations. However, under limited circumstances Revenue Sharing allocations may be transferred to other projects in accordance with the following procedures:

1. Surplus funds from a completed project may be transferred to an existing Revenue Sharing project within the same locality that needs funds to meet an advertisement or award date within 1 year of request or to meet a deficit on a completed project with approval of the Commonwealth Transportation Board District member.

- Within six months of project completion, the locality's County Administrator or City/Town Manager, as applicable, must submit a request, in writing, requesting such a transfer to their local VDOT Manager.
- The local VDOT Manager will notify the Local Assistance Division (LAD) Revenue Sharing Program Manager of such request to ensure that funding is available to be transferred and that no outstanding issues exist that would preclude such a transfer. The LAD Revenue Sharing Program Manager reviews project allocations, expenditures, and pending VDOT charges to determine amount available for transfer (in coordination with the Infrastructure Investment Division). The LAD Revenue Sharing Program Manager also verifies that there are no restrictions applicable to the particular fiscal year's funding which would disallow the requested transfer.
- After receiving concurrence from LAD, the local VDOT Manager will request written concurrence from the District Commonwealth Transportation Board (CTB) member. The local VDOT Manager will forward the concurrence to LAD Revenue Sharing Program Manager, along with a complete IID-24.
- The LAD Revenue Sharing Program Manager will review the IID-24 and forward to the Infrastructure Investment Division for processing in PAM and Cardinal and record the transfer in the Revenue Sharing database.
- An email is then sent to the designated local VDOT Manager indicating that the transfer of funding has been completed. If applicable, project agreements are modified (or request made of project manager to do so) and are transmitted with the transfer approval letter.

2. Surplus funds may be transferred to an existing non-Revenue Sharing Project in the Six Year Improvement Program or Secondary Six Year Plan that needs funds to meet advertisement or award date within 1 year of request or to address a deficit on a completed project, with the approval of the Commonwealth Transportation Board.

- Within six months of project completion, the locality's County Administrator or City/Town Manager, as applicable, must submit a written request for a transfer to their local VDOT Manager.
- The local VDOT Manager will notify the LAD Revenue Sharing Program Manager of such request to ensure that funding is available to be transferred and that no outstanding issues exist that would preclude such a transfer. The LAD Revenue Sharing Program Manager reviews project allocations, expenditures, and pending VDOT charges to

determine amount available for transfer (in coordination with the Infrastructure Investment Division). The LAD Revenue Sharing Program Manager also verifies that there are no restrictions applicable to the particular fiscal year's funding which would disallow the requested transfer.

- After receiving concurrence from LAD, the local VDOT Manager will ensure that the District CTB member is aware of the pending request.
- The Revenue Sharing Program Manager will coordinate with the local VDOT Manager to prepare a CTB Resolution and decision brief and will present the request at the next possible CTB Meeting for CTB action.
- If concurrence is provided by the CTB, the local VDOT Manager will prepare an IID-24 and provide to the Revenue Sharing Program Manager. After review, the Revenue Sharing Program Manager forwards the IID-24 to the Infrastructure Investment Division for processing in PAM and Cardinal and records transfer in Revenue Sharing database.
- An email is sent to the designated local VDOT Manager indicating the transfer of funding has been completed. If applicable, project agreements are modified (or request made of project manager to do so) and is transmitted with the transfer approval letter.

3. Surplus funds from a cancelled project must be deallocated and returned to the statewide Revenue Sharing program account; these funds can only be reallocated by the Commonwealth Transportation Board.

- After receiving an email from the locality that a project is to be cancelled, the LAD Revenue Sharing Program Manager prepares an IID-24 that is transferring funds from the cancelled project to the Revenue Sharing Balance Entry account, and forwards to the Infrastructure Investment Division for processing in PAM and Cardinal financial systems.
- The LAD Revenue Sharing Program Manager records the transfer in Revenue Sharing database.

4. All other transfers must meet the conditions of the deallocation process, which limits transfers to projects which need the additional funding to meet an advertisement date or award date within one (1) year of the transfer requests, or that addresses an existing deficit on a completed project. The following requirements also apply as necessary:

- When a transfer is requested to another existing Revenue Sharing project, concurrence from the District CTB member is required.
- When a transfer is requested to a non-Revenue Sharing project, approval from the CTB is required. Any non-Revenue Sharing project that receives a Revenue Sharing allocation outside the application cycle will not be considered an existing Revenue Sharing project for allocation prioritization purposes.

The transfer process is outlined in paragraphs 1 and 2 above, as applicable.

For any transfer to a project which requires advertisement or award within one (1) year of request or CTB approval, the LAD Revenue Sharing Program Manager will notify the locality of the upcoming deadline, in writing, at least two months prior to the advertisement or award deadline, if advertisement or award has not yet been completed. The LAD Revenue Sharing Program Manager will copy the local VDOT Contact and the District CTB member. If locality cannot meet the deadline, the LAD Revenue Sharing Program Manager will initiate deallocation unless an exception is provided.

If the terms of the transfer, including the requirement to advertise or award the project, cannot be met by the locality, the locality may request to retain their funding. Such request must be submitted to the Director of Local Assistance, in writing, by the County Administrator or City/Town Manager at least 15 business days prior to the deadline. The request must include reasons for the inability to meet the transfer terms, including actions taken to meet the terms of the transfer and when the terms will be met.

Coordination with the local VDOT Manager regarding the request is strongly recommended. The Director of Local Assistance will consult with District CTB Member prior to the final decision to approve the locality request or to deallocate, as pertinent. The final decision will be provided to the locality and the local VDOT Manager in writing, with a copy to the District CTB Member.

De-allocation

Identification of Projects Subject to De-allocation:

- § 33.2-357 was modified in 2008 to include a provision establishing timeframes for the expenditure of funds with an additional modification made in 2012. The language indicates that any project having funds under the revenue sharing program shall be initiated in such a fashion where at least a portion of the funds have been expended within one year of allocation. Any revenue sharing funds for projects not initiated after two subsequent years of allocations may be reallocated at the discretion of the Commonwealth Transportation Board. Criteria for identifying projects for potential de-allocation:
 - Project completed with allocations remaining and no activity for 6 months
 - Project which has not been initiated within two (2) fiscal years of allocation
 - Project which is on-going, where for 24 months no portion of allocated revenue sharing funds has been expended or project has been inactive.

Process for de-allocation:

- At the end of each fiscal year, the Revenue Sharing Program Manager will obtain from the Revenue Sharing database a list of revenue sharing projects that received allocations for that fiscal year and have had no project expenditure activity.
- The Revenue Sharing Program Manager will discuss these projects with the local VDOT PIM and determine which projects have not yet been initiated. Once those have been identified, the Revenue Sharing Program Manager will send a letter to the locality advising the of the potential that project funding may be de-allocated if the project is not initiated within the next twelve (12) months and of the possibility that no additional funds may be allocated by CTB until the project is initiated.
- Each spring, the Revenue Sharing Program Manager reviews a list of revenue sharing projects obtained from the Revenue Sharing database that have had no activity in past 24 months for the formal de-allocation review.
- The Revenue Sharing Program Manager will provide to the designated local VDOT Manager a list of potential projects for de-allocation.
- The designated local VDOT Manager will coordinate with each affected locality to determine the project status and provide an action plan and recommendation whether funds should be de-allocated or whether there is justification to retain the funds. This action plan and recommendation will be provided back to the LAD Revenue Sharing Program Manager within 45 days.
- Projects that are identified by the designated local VDOT Manager as complete will be closed and the designated local VDOT Manager will be asked to provide proper documentation within 45 days

to transfer funds to another qualifying project, in accordance with CTB Policy. A qualifying project is a revenue sharing project that is completed and in deficit, or an on-going project that needs additional funds to meet a scheduled advertisement or award within 12 months.

- Once a project is identified for de-allocation a list will be presented at the January CTB meeting for consideration in the removal of Revenue Sharing project funds. Localities will be notified of proposed de-allocations at least 30 days prior to presentation to the CTB.
- If the decision is made to de-allocate the funds, those funds will be removed from the project and made available for statewide redistribution at a later date. Any locality matching funds that had been provided to VDOT by the locality for the funds being de-allocated will be refunded to that locality through the respective District office.
- For completed projects, after notification that a project has been completed, the Revenue Sharing Program Manager will notify the locality of the amount of surplus funds and that the Locality has six (6) months from the project's completion date (as identified by a submitted C-5, final invoice, or other notification by the District Office) to request a transfer of those funds in accordance with the CTB Policy and these Guidelines, or those funds will be subject to deallocation. Prior to the six month deadline, the locality's County Administrator or City/Town Manager, as applicable, must submit a written request for a transfer to their local VDOT Manager, or provide written justification to their local VDOT Manager for a deferral of the deallocation. Deferrals will only be provided under extenuating circumstances.

As previously noted, surplus funds from a cancelled project must be deallocated and returned to the statewide Revenue Sharing program account; these funds can only be reallocated by the Commonwealth Transportation Board.

**Comments Received on
*DRAFT REVENUE SHARING POLICY
and GUIDELINES***



**SUMMARY OF COMMENTS
AND VDOT RESPONSES**

COMMENTS RECEIVED on DRAFT REVENUE SHARING POLICY and GUIDELINES

#1 City of Lynchburg

On behalf of the City of Lynchburg, I would like to submit our comments to the proposed policy changes to the Revenue Sharing Program.

On Policy 1: We agree as we understand that the State Funds are limited and that putting limitations on both the maximum requests per year and per project are both needed to maintain the intent of the program and allow new Tier 2 projects to receive funding.

On Policy 2: We agree with all provisions except 2-f. We disagree with this provision and believe some flexibility needs to be retained. The example that I give is in the City of Lynchburg we had Kemper Street bridge and Main Street bridge as R.S. projects with Kemper going to bid and Main in design phase. When we put Kemper out to bid, the bids came back over budget and we had no way to award it without moving R.S. funds from the Main Street bridge project. (Kemper was bidded at a time when a majority of statewide bridge projects were coming in over budget as we compared it to others before we awarded.) Then we re-applied for more funds to be able to continue with Main Street since the other funds were moved to Kemper. The proposed policies state that this will not be allowed, which we believe is wrong because we were able to get the one project under construction sooner than we could have if we did not move the funding and this did not delay the Main Street bridge project.

VDOT COMMENT: Like VDOT, Localities have a responsibility to accurately estimate project costs and ensure adequate funding exists before projects are advertised. With the limited funding available for all programs, this need is more critical than ever. When the Locality signs a project administration agreement, they are agreeing to provide additional funds beyond the Revenue Sharing allocation, if necessary. Furthermore, as noted by the Revenue Sharing Study Committee and reiterated on several occasions by members of the Commonwealth Transportation Committee, Revenue Sharing allocations are made to individual projects and are not intended to be treated as Locality allocations, so transfers among multiple Revenue Sharing projects should not be the normal approach to supplementing funding for projects. However, the point is noted and there are options to address these situations. When bids come in very high, the project may need to be re-scoped, or the bid modified, to stay within budgetary limitations; this is a common practice with VDOT projects. When re-scoping is not feasible or desirable, but before the project is awarded, the locality may request additional allocations through the biennial application process. The CTB also has the option to provide non-application year allocations (from surplus project funds, canceled or deallocated projects) to projects where justification for additional allocations can be made before the project is awarded. The Revenue Sharing Guidelines provide for such possibility in Section IX. The criteria and process for prioritizing and selecting projects for supplemental allocations during non-application years would need to be identified and approved by the CTB prior to implementation.

On Policy 3: We disagree with 3-a, as cutting the closeout period from 24 months to 6 months. On some complex projects, it requires more than 6 months to get the project closed by VDOT.

VDOT COMMENT: This policy refers to the actual construction project completion (typically where the final project acceptance has been provided). We believe six months is ample time for the Locality to determine if any surplus funds from a completed project can be moved to either an existing Revenue Sharing project or Six Year Improvement Plan project, both of which must be advertised or awarded within 12 months. Unless there are extenuating circumstances, most Revenue Sharing projects should have any available balance identified well before six months of completion. However, if situations warrant a deferral of the deallocation, the deallocation coordination process, outlined in Appendix K of the Revenue Sharing Guidelines, does state that the locality can provide justification to defer deallocation.

Thank you for your work to adjust the Revenue Sharing Program and keep it as a viable funding source for localities.

Lee Newland, P.E.

City Engineer

City of Lynchburg

#2 City of Falls Church

The City of Falls Church staff reviewed the new guidelines and are pleased with the changes for the program and the City specifically. Please see below our comments/questions. Thanks!

Positive Changes

- Page 3, eligible activities expanded to include ped/bike access. This is consistent with state, regional, and local policies that recognize the importance of multimodal transportation planning.
- Page 5, jurisdiction limit reduced to \$5 million. This should support the goal of sharing revenue (the program name) across more jurisdictions
- Page 5, project limit reduced to \$10 million. This should help the program fund more smaller projects, since SmartScale should be the avenue for larger investments
- Pages 5-6, funding cannot be shifted to projects not previously awarded funding through the prioritization process. This ensures that all localities are operating under the same set of rules.
- Page 7, projects must identify the entirety of funding and cannot rely on future Revenue Sharing applications. This allows each project to compete on the same set of rules, and does not obligate CTB decisions beyond the 2-year scope of the allocation period.

- Page 10, transfer guidance will ensure funds are used in accordance with the approved funding priorities
- Page 11, cannot request additional funds to fill a hole created by transferring funds off a project, this prevents localities from inadvertently receiving funds for higher priority projects and having them rotate to lower priority projects
- Overall, the guidelines re: what can be done with surplus funding are very helpful and clear.

Questions/Comments

- Page 7, would like clarification that "commitment to fully fund the project" can be satisfied by an adopted CIP that shows funding in out years, since Council cannot legally obligate funds in out years.

VDOT COMMENT: We recognize the legal restriction regarding obligations for future years and even our project administration agreement uses the phrase "subject to appropriation" but this does not preclude the obligation of a locality to commit to fully funding a project that has received state allocations. CIPs, as with other planning documents, may show predicted funding without an actual appropriation. As stewards of state revenue, we must have some commitment by the locality that the Revenue Sharing funds if provided will be used to fully complete a project.

- Page 9, would like clarification that the one year clock for starting the project begins from the fiscal year in which the funds are available, not the year allocated (since this is now a 2-year allocation)

-

VDOT COMMENT: Yes, this is how we are interpreting the requirement that a project be initiated within one year of allocation. We are considering projects that receive an allocation for the second year of the biennial cycle as being "programmed" for funding and allocated the year that the funds become available.

- Will there be a formal LAP meeting to discuss the new guidelines for staff? Would be helpful instead of just adopting these new policies via document.

VDOT COMMENT: If there is interest we can hold a webinar to address new requirements. Also, the Local Programs Workshop will be held this year in Virginia Beach in September, and the requirements will be discussed during a session at the workshop.

#3 Arlington County

(Summarized from Letter) We are apprehensive about the proposed changes to the handling of Revenue Sharing transfers between existing projects. The proposed concurrence from the District CTB member for a transfer should be further clarified. Often times these transfers are incredibly time-sensitive, ..., we are concerned that this concurrence might add a bulky administrative layer. Additionally, we would expect that there be parameters outlined for the CTB Member to use in evaluating the transfer request to ensure equitable application of their concurrence across jurisdictions.

VDOT COMMENT: We appreciate the concern regarding the addition of administrative layers to receive this approval. This exact concern is why the Study Committee left the concurrence at the District CTB Member level, rather than at the full CTB level. District CTB member approval of allocation transfers is a common practice in our Transportation Enhancement/Alternatives Program as well as other funding programs and is typically done very quickly via email. We also agree that consistency across the state is paramount. The Guidelines do provide specific situations when transfers can be made and VDOT staff will review/evaluate requests and notify the District CTB member that the request meets the required timelines. Additionally it is important to note, also, that the most important purpose of this policy change is to increase transparency of the transfer process.

CITY OF LYNCHBURG COMMENTS

Dudley, Russell A. (VDOT)

Subject: FW: Revenue Sharing revised guidelines

From: Newland, Lee [<mailto:lee.newland@lynchburgva.gov>]

Sent: Thursday, July 06, 2017 3:05 PM

To: Brown, Julie R. (VDOT); Svrcek, Bonnie

Cc: Dudley, Russell A. (VDOT); Webb-Howells, Debbi (VDOT); Valentine, Shannon (CTB); Hart, Gaynelle; Hartgrove, Charles

Subject: Revenue Sharing revised guidelines

Julie,

On behalf of the City of Lynchburg, I would like to submit our comments to the proposed policy changes to the Revenue Sharing Program.

On Policy 1: We agree as we understand that the State Funds are limited and that putting limitations on both the maximum requests per year and per project are both needed to maintain the intent of the program and allow new Tier 2 projects to receive funding.

On Policy 2: We agree with all provisions **except 2-f**. We disagree with this provision and believe some flexibility needs to be retained. The example that I give is in the City of Lynchburg we had Kemper Street bridge and Main Street bridge as R.S. projects with Kemper going to bid and Main in design phase. When we put Kemper out to bid, the bids came back over budget and we had no way to award it without moving R.S. funds from the Main Street bridge project. (Kemper was bidded at a time when a majority of statewide bridge projects were coming in over budget as we compared it to others before we awarded.) Then we re-applied for more funds to be able to continue with Main Street since the other funds were moved to Kemper. The proposed policies state that this will not be allowed, which we believe is wrong because we were able to get the one project under construction sooner than we could have if we did not move the funding and this did not delay the Main Street bridge project.

On Policy 3: We disagree with 3-a, as cutting the closeout period from 24 months to 6 months. On some complex projects, it requires more than 6 months to get the project closed by VDOT.

Thank you for your work to adjust the Revenue Sharing Program and keep it as a viable funding source for localities.

Lee Newland, P.E.
City Engineer
City of Lynchburg
434.455.3947

CITY OF FALLS CHURCH COMMENTS

Dudley, Russell A. (VDOT)

Subject: FW: Revenue Sharing Program Guidelines

From: Jina Freiberg <jfreiberg@fallschurchva.gov>

Date: July 7, 2017 at 9:07:49 AM EDT

To: "julie.brown@vdot.virginia.gov" <julie.brown@vdot.virginia.gov>

Cc: "Obeed, Nassre Y. (VDOT)" <Nassre.Obeed@VDOT.Virginia.gov>, "Anna C. Fortune (anna.fortune@vdot.virginia.gov)" <anna.fortune@vdot.virginia.gov>, "Bud.Siegel@VDOT.Virginia.gov" <Bud.Siegel@VDOT.Virginia.gov>, "Vaughan, Jan (VDOT)" <Jan.Vaughan@VDOT.Virginia.gov>

Subject: Revenue Sharing Program Guidelines

Good morning Julie,

The City of Falls Church staff reviewed the new guidelines and are pleased with the changes for the program and the City specifically. Please see below our comments/questions. Thanks!

Positive Changes

- Page 3, eligible activities expanded to include ped/bike access. This is consistent with state, regional, and local policies that recognize the importance of multimodal transportation planning.
- Page 5, jurisdiction limit reduced to \$5 million. This should support the goal of sharing revenue (the program name) across more jurisdictions
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Questions/Comments

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- Page 9, would like clarification that the one year clock for starting the project begins from the fiscal year in which the funds are available, not the year allocated (since this is now a 2-year allocation)
- Will there be a formal LAP meeting to discuss the new guidelines for staff? Would be helpful instead of just adopting these new policies via document.

Jina S. Freiberg
CIP Grants Administrator and Data Analyst

Department of Public Works
[City of Falls Church](#)
300 Park Avenue, Suite 100 West
Falls Church, VA 22046
703-248-5467

Working together to sustain and enhance our community's infrastructure and provide a safe, green, and clean environment.

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ARLINGTON COUNTY COMMENTS



DEPARTMENT OF ENVIRONMENTAL SERVICES

Division of Transportation

2100 Clarendon Boulevard, Suite 900, Arlington, VA 22201
TEL 703-228-3681 FAX 703-228-7548 www.arlingtonva.us

July 7, 2017

Ms. Julie Brown
Local Assistance Division
Virginia Department of Transportation
1401 East Broad Street
Richmond, VA 23219

Dear Ms. Brown,

On behalf of Arlington County, please find outlined in this letter comments on the Virginia Department of Transportation's Revenue Sharing Program Guidelines. We have reviewed the proposed changes to the Guidelines and support in concept VDOT's efforts to ensure that Revenue Sharing remain a fixture in the localities repertoire of funding options for smaller-scale multimodal projects.

The Revenue Sharing Program has been instrumental in facilitating the County's ability to advance a variety of capital projects, particularly those projects that complete missing links in our multimodal transportation infrastructure. It is often difficult for localities to identify adequate resources for these type of projects, which can have a dramatic impact on local and regional transportation connectivity.

While the proposed changes to the Revenue Sharing Program Guidelines will impact the County's approach to identifying and securing external funding, it is a prudent step to maximize the use of taxpayer resources. We hope that the proposed changes to the Guidance will allow for Revenue Sharing funding to be disseminated across a greater spectrum of projects, including new projects in the Priority 2 category. By default, we anticipate this will result in larger, multi-million dollar projects being evaluated and funded through SMART SCALE, as is appropriate for that scale of project.

We are apprehensive about the proposed changes to the handling of Revenue Sharing transfers between existing projects. The proposed requirement of concurrence from the District CTB Member for a transfer between existing Revenue Sharing projects should be further clarified. Often times these transfers are incredibly time sensitive, for the reasons outlined in the revised Guidance, and we are concerned this concurrence might add a bulky administrative layer. Additionally, we would expect that there be parameters outlined for the CTB Member to use in evaluating the transfer request to ensure equitable application of their concurrence across all jurisdictions.

Thank you for your consideration of our comments and for your efforts to improve the Revenue Sharing Program. Please contact Sarah Crawford (scrawford@arlingtonva.us or 703-228-3397) of my staff with any questions related to this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Leach', written in a cursive style.

Dennis Leach
Director of Transportation