



REVENUE SHARING PROGRAM

Program Guidelines Update

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October 14, 2025

Revenue Sharing Program Overview

- **The Revenue Sharing program is a \$200M biennial, state-funded program**
 - **Funds typically allocated in SYIP Years 3 and 4**
 - **State allocations require a dollar-for-dollar match**
- **Flexible funding and eligibility includes the construction, reconstruction, improvement, or maintenance of roadways**

RS Program Guideline Formatting/Reduce Redundancy

- **Formatting updates to provide consistency with other Local Assistance Division guideline documents**
- **Content updates to improve readability, streamline the document, and reduce redundancy**
 - **Word count reduction of 1,789 words (29% reduction)**
 - **Page length reduction of 13 pages (50% reduction)**

RS Guideline Program Consistency

- **Adjustment to streamline the process of canceling a Revenue Sharing project**
- **Receive cancellation requests from the locality's authorized individual as opposed to a governing body resolution**
- **Aligns to other funding program procedures**
- **Expedites the return of funds from cancelled projects**

Next Steps

- **December 2025 meeting, the CTB will be presented with a Resolution proposing to update the Revenue Sharing program's guidelines**
- **Seek Commissioner delegation for future administrative guideline updates**
- **If approved by the CTB, the proposed guideline updates will be posted to Town Hall**





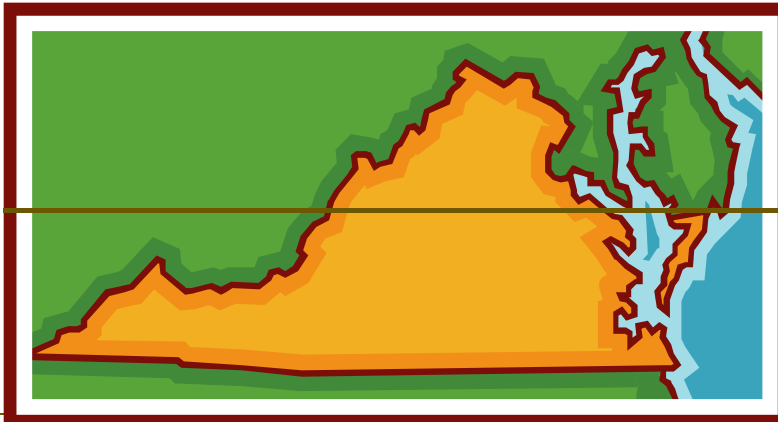
Revenue Sharing

Local Assistance Division



Revenue Sharing Program Guidelines

2023



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For further information, contact

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or

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VDOT GOVERNANCE DOCUMENT



VIRGINIA DEPARTMENT OF TRANSPORTATION LOCAL ASSISTANCE DIVISION

REVENUE SHARING PROGRAM GUIDELINES

This 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, is the primary source for guidance regarding project development, and should be the primary reference for any locality administering revenue sharing funded 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.

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REVENUE SHARING PROGRAM GUIDELINES

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21 DEFINITIONS

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

Deficit refers to an *existing* negative balance on a project in VDOT's Six-Year Improvement Program (SYIP) where the current estimate exceeds ~~allocations to the project's~~ allocations. It does not refer to the replacement of local funds committed by the locality after a project has been awarded allocations.

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 termini. Projects cannot be segmented ~~in order~~ to qualify for additional Revenue Sharing allocations. Multiple, similar scope project activities performed across a locality, commonly referred to as City/Town/County-wide projects, are eligible projects, subject to the limitations outlined in Section- 55, Application for Funds.

- **Construction Projects** are ~~those~~ projects ~~which 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 ~~which 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 ~~which 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 ~~which 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 is typically the VDOT District employee responsible for providing oversight and assistance to the locality for their Revenue Sharing project ~~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 Improvement Plan (CIP) means any plan utilized by the locality that identifies, prioritizes or allocates funding for specific eligible projects in that locality. For locality-wide projects, specific locations must be identified in the CIP ~~Capital Plan~~ to be eligible for Revenue Sharing Projects ~~funding~~.

Matching Allocations ~~are means funds allocated by the Commonwealth Transportation Board (CTB) which match a locality's contribution, on a dollar-for-dollar basis, provided by the Commonwealth for 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.~~ Funding provided through other VDOT funding programs cannot be used to match Revenue Sharing Program funds. If ~~the a~~ locality uses other non-VDOT grant funds as a 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.

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. These reviews are based on established guidelines whichto determine when ~~these~~ 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.

Project Completion, for the purpose of these guidelines, is defined as the date of VDOT's acceptance of the project and is generally designated by the C-5 form signed by the locality and VDOT. The C-5 is the official document used ~~VDOT uses~~ to certify the completion of a locally administered project~~project is complete~~.

~~**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 § 33.2-335 and eligible for addition into the secondary system ~~by resolution of the County Board of Supervisors~~.

Six-Year Improvement Plan (SYIP) means either the Six-Year Improvement Program for Interstate, Primary, and Urban Systems, developed by VDOT and the ~~Commonwealth Transportation Board~~CTB; 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 (§ 33.2-332).

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



32 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~~ CTB Policy requirements ~~limitations on~~ the amount of state funds authorized per locality and per project.

The program is administered by the ~~Department of Transportation~~ VDOT, in cooperation with ~~the~~ participating localities, under the authority of § 33.2-357 (Appendix A) and the ~~Commonwealth Transportation Board~~ CTB's Revenue Sharing Program Policy (Appendix B).

~~An annual allocation of funds for this program is designated by the The Commonwealth Transportation Board~~ CTB designates an annual allocation of funds for this program. Funds are approved by the CTB in even numbered fiscal years for a two-year cycle and are typically programmed in fiscal years three and four of the ~~Six-Year Improvement Program~~ SYIP. However, where ~~the~~ project's schedule demonstrates a need for an earlier programming of allocations, VDOT ~~the Department~~ will attempt to adjust the programmed years to accommodate the schedule.



43 ELIGIBLE WORK

4.43.1 OVERVIEW

The Revenue Sharing Program may be used to finance eligible projects on highway systems within a locality, as identified in Section 1., ~~and may include sidewalks, trails, and other facilities that accommodate pedestrian and/or bicycle access along the highway network.~~ The Revenue Sharing Program's intention is to provide funding for new eligible projects improvements or to supplement funding for existing projects. ~~Additional information about time limits for spending funds is addressed under Timely Implementation of Projects (Section VII.C.).~~

Below ~~are the~~ is a list of types of work ~~that are~~ considered eligible for the Revenue Sharing Program ~~financing~~. All eligible work is reviewed based on the priority criteria identified in Section 4, under Funding Limitations ~~Funding Limitations.~~ (Section IV.).

4.4.43.1.1 Supplemental funding for projects listed in the adopted SYIP ~~Adopted Six-Year Program~~

When supplemental funding is ~~additional allocations are determined to be necessary~~ needed to fully fund ~~completely finance~~ a project listed in the adopted Six-Year Improvement Program (SYIP), at the locality may request additional funding through the normal application process ~~that the anticipated deficit be financed by the Revenue Sharing Program through the normal application process.~~

4.4.23.1.2 Construction, ~~Reconstruction or Improvement~~ projects not included in the adopted SYIP ~~Pix-Year Program~~

Localities ~~the locality~~ may request one half of the funds, subject to CTB Policy limitations, funding for eligible program work through the normal application process to construct a project not currently in the SYIP ~~Pix-Year Plan~~. ~~However, in such cases the locality funds, together with the state matching funds, must finance the entire estimated cost of the project. If funds are approved, the project will subsequently be adopted by the CTB in the SYIP~~ Pix-Year Program.

4.4.33.1.3 Improvements necessary for the Acceptance of Specific 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 to accept~~ specific streets otherwise eligible under § 33.2-335, Code of Virginia. ~~However, t~~ 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.

4.4.43.1.4 Maintenance projects consistent with the ~~Department's~~ VDOT'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~~ Ito appropriately evaluate a priority maintenance request ~~project request~~ for a priority maintenance project with pavement or structure with a ratings below the Department ~~VDOT's~~ maintenance performance targets, the locality is responsible for providing the appropriate pavement or structure deficiency documentation ~~to confirm the pavement or structure deficiency with its application submission.~~

4.4.53.1.5 New hard surfacing (Paving)

~~The Revenue Sharing Program funds may be used for 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 hard surfacing. If a project is funded solely with Revenue Ssharing funding, there is no minimum vehicle per day requirement.

4.1.63.1.6 New roadway

Revenue Sharing Program funds may be used to establish a new facility to be part of the ~~system of~~ state highway ~~systems~~ or part of the road system in ~~the a~~ locality that is eligible to receive maintenance payments from VDOT pursuant to § 33.2-319. ~~In order for~~ 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 ~~CIP~~ Comprehensive Plan, ~~and be~~, ~~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 benefit the overall transportation network by providing 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.



54 FUNDING LIMITATIONS

The total amount allocated each fiscal year by the ~~Commonwealth Transportation Board~~CTB for the Revenue Sharing Program ~~cannot~~shall not exceed the greater of \$100 million or seven percent of funds available for distribution pursuant to subsection ~~D-B of § 33.2-358 of the Code of Virginia~~.

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 athe project. -Up to \$2.5 million per fiscal year of these requested funds may be specified for maintenance projects.

~~Revenue Sharing application funding will be allocated in accordance with the prioritization process stated in § 33.2-357.-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 C 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's application process

- Locality cumulative requests up to a total of \$1 million will be evaluated ~~first~~ and funded first.
- Locality cumulative 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~~ CIPcapital improvement plan

- Locality cumulative requests up to a total of \$1 million will be evaluated ~~first~~ and funded first.
- Locality cumulative 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 AD).

- Locality cumulative requests up to \$1 million will be evaluated ~~first~~ and funded first.
- Locality cumulative requests over \$1 million up to \$2.5 million per fiscal year (\$5 million per biennial cycle) will be evaluated ~~next~~ and funded next.
 - ~~In order to~~To appropriately evaluate a request for a maintenance project with pavement or a structure below the DepartmentVDOT'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.

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



- Locality cumulative requests up to \$1 million will be evaluated ~~first~~ and funded first.
- Locality cumulative 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~~CTB.



65 APPLICATION FOR FUNDS

Applications for Revenue Sharing funding are accepted ~~on a biennially basis~~ in odd numbered years, through VDOT's SMART Portal, ~~as described in Appendix D. Preliminary project information must be provided with a pre-application which is also submitted through VDOT's SMART Portal.~~ A pre-application for each ~~anticipated~~ project request is required to ensure coordination between the locality and local VDOT ~~office-District~~ staff regarding the project's concept, eligibility, and preliminary funding priority determination.

~~After determining that it they will~~ a locality determines that they would like to participate in the program, ~~they locality should coordinate closely with their local VDOT District staff~~ Manager to review potential projects. ~~The local VDOT District staff~~ Manager will provide support with reviewing project regarding eligibility, cost estimates, and project schedules. ~~ing. 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.~~

~~When submitting multiple project applications, localities will be required to prioritize the applications. Applications lacking the required documents or left in pending status in SMART Portal will not be eligible for funding.~~

~~A resolution from the governing body, which 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 and must be submitted with the full application by the application deadline. An example of an acceptable resolution can be found in Appendix E. local resolution of support from the governing body is required with the full application. The resolution's content is required to follow the LAP Manual. A resolution template is provided on the Revenue Sharing website and applicants are strongly recommended to utilize this template at the time of application to prevent project delays.~~

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 Section 4 previous section still~~ 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 ~~where-in-which~~ they are located. ~~These requests are and are considered a~~ part of that county's overall request. After an affirmative vote, the ~~Commonwealth Transportation Board~~ CTB allocates project funding through an approved resolution.

~~Each application must clearly identify the proposed project scope, the project term, and the specific improvements to be made. To assist those evaluating the project, the application must include a detailed location map / sketch, a detailed cost estimate, and a narrative that clearly explains the proposed improvements and how they will enhance the existing transportation network. Requested funds must cover the entire cost of the project or the application must indicate the source of any additional funds necessary 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. After a project has been awarded for construction, any local funds committed as part of the award are not eligible to be replaced through the application process. The Revenue Sharing Program is approved ~~on a biennial basis biennially~~, and funding for specific projects in ~~a future years~~ year's application cycles ~~is are~~ not guaranteed.

Applications for multiple, similar-scope projects (such as traffic calming, ADA ramps, sidewalks, drainage improvements), generally referred to City/Town/County-wide projects, may be submitted. However, these applications must identify ~~each project's the~~ location (route name/number), limits, and specific scope ~~for each project~~. The location pearl in the application will allow for multiple entries and all locations must be provided ~~there in order to to~~ be eligible for reimbursement ~~through the project~~. Additional projects or funding cannot be added to the original request in future application cycles; ~~these types of projects~~ are limited to the original funding received.



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 to be submitted with the final application.~~

Note: If a locality requests VDOT to administer their project, they must coordinate with their local VDOT District staff this prior to submitting an application for funding. Project scopes, schedules, and estimates must be coordinated with the local VDOT Manager during the application process approved by VDOT prior to final application submission.



76 APPROVAL AND IMPLEMENTATION

7.16.1 APPROVAL

During the on-line application submittal process, the designated local VDOT District staff/Manager will review the on-line application and all attachments from each locality. Once the localities' requests are found to be eligible, project scopes are finalized and estimates are validated, application review process has been completed, and applications have been found/deemed eligible, the Local Assistance Division (LAD) will develop the recommended statewide Program allocation for the CTB's review and approval submission to the Commonwealth Transportation Board for approval. LAD/The Local Assistance Division will review and coordinate with other VDOT divisions as necessary and appropriate.

The Commonwealth Transportation Board/CTB 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 can 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. In accordance with the requirements of the Virginia Code and the LAP Manual, a project administration agreement (PAA) must be executed before a locality or VDOT begins work on a Revenue Sharing project. The PAA agreement establishes general roles and responsibilities of both the Department for both VDOT and the locality. The locality must execute the project administration agreement PAA within six months of receipt of the agreement by the Department from VDOT. Failure to execute the agreement within this time frame can result in deallocation of project funding. Costs incurred prior to the CTB's approval of Revenue Sharing program allocations are not eligible for reimbursement.

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 project development process is available using the State Aid certification as outlined in the LAP Manual. Should the locality opt to utilize this streamlined process for state-aid (only) projects, the locality will submit the completed state certification form in accordance with LAP Manual requirements.

7.26.2 IMPLEMENTATION

Upon Commonwealth Transportation Board/CTB approval of the statewide program, development of the individual projects can begin once funding is available in the SYIPs. 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/VDOT.

7.2.16.2.1 VDOT administered work

After approval of the annual statewide Program allocation, the Local Assistance Division, working with the designated local VDOT Manager, will VDOT will prepare the appropriate agreement for execution by both the locality and VDOT prior to incurring any costs to be financed from Revenue Sharing Program funds. VDOT administered PAAs will include a payment schedule, which outlines when VDOT will invoice a locality for their share of the project cost. Upon execution of the agreement, VDOT will provide an invoice to the locality for its share of the estimated cost of work to be performed. The



Local matching funds required for the preliminary engineering (PE) phase must be collected prior to the beginning of work beginning.

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, VDOT will provide a final project invoice to the locality for their share of the remaining project costs. Failure to reimburse the Department VDOT for the locality's share of the project cost can result in the denial of future allocation requests. 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.

If a local government cancels a project begun that was initiated 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 the locality to reimburse VDOT for 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.

7.2.26.2.2 Locally administered work

VDOT has published the Locally Administered Projects (LAP) Manual which provides information guidance for locally administered projects and, which includes provisions for Revenue Sharing and other state-funded projects. The LAP Manual and is the primary reference for locally administered project development and delivery requirements of locality administered revenue sharing funded projects.

In accordance with the requirements of the Virginia Code and the LAP Manual, a project administration agreement will be necessary. That agreement establishes general roles and responsibilities of both the Department and the locality. The locality must execute the project administration agreement within six months of receipt of the agreement by the Department. Failure to execute the agreement within this time frame can result in deallocation of project funding.

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 project development process is available using the State Aid certification as outlined in the LAP Manual. Should the locality opt to utilize this streamlined process for state aid (only) projects, the locality will submit the completed state certification form in accordance with LAP Manual requirements.

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 for any state funds expended will be required for any project cancelled after construction plans are complete and advertisement has been authorized, unless an exception is provided. Failure to reimburse the Department for costs incurred of a cancelled project may result in denial of future Revenue Sharing program allocations.

7.2.36.2.3 Timely implementation of projects

It's expected that all requests for Revenue Sharing funding requests are expected to be for viable projects with work anticipated to begin in the fiscal year funding is programmed. Any project having funds allocated under this program shall be initiated within one year of programmed allocations. For any project which has not been initiated or has not made substantive progress within two years, the Revenue Sharing funds may be reallocated in accordance with the most recent CTB Allocation Transfer Process.



Revenue Sharing projects are subject to LADecal Assistance Division has developed a deallocation process to ensure surplus project allocations can be efficiently reallocated to projects in deficit ~~and/or~~ to support the biennial application process. The following ~~bullets outlines the~~ conditions ~~which~~ may warrant deallocation:

- Completed or cancelled projects.
- Projects ~~which have~~s not been initiated within two (2) fiscal years of ~~its~~ allocation, after notification to the locality.
- Projects ~~which are~~is on-going, where, for 24 months, the project has not made substantive progress or is significantly behind its approved project schedule, no portion of allocated ~~revenue Revenue sharing Sharing~~ funds has been expended, or project has been inactive, after notification to the locality.
- Projects where allocations significantly exceed the project estimate (typically more than 15%), after notice to the locality.

In cases where the project is complete but has a pending condemnation or claim which may be eligible for reimbursement, VDOT may retain adequate funds on the project to address such future expenditures at its discretion, prior to removing and ~~of excess funds will be moved removed~~ from the project's ~~balance~~.

6.2.4 Project cancellation

-If a local government intends to cancel a project that was initiated under the Revenue Sharing Program, it may do so by submitting a formal request from the City/Town Manager or County Administrator/Executive on locality letterhead to LAD. VDOT retains the sole option to require reimbursement from the locality for all state matching funds spent from the time the project started until it is canceled. Failure to reimburse VDOT for costs incurred on a canceled project may result in denial of future allocation requests.



87 REDISTRIBUTION OF SURPLUS ALLOCATIONS

7.1 SURPLUS ALLOCATIONS

Allocations no longer necessary for the completion of a project (surplus Revenue Sharing allocations) shall be made available, statewide, to support projects in deficit, within the allocation limits established by the CTB, and to supplement the biennial project selection and allocation process.

~~Surplus allocations from projects will be transferred to a~~ shall be redistributed to existing Revenue Sharing balance entry account for future redistribution through a projects in accordance with the most current SYIP transfer process, administrative procedures established in the Revenue Sharing Guidelines, and the statewide prioritization process, which provides first priority to those projects in deficit at award, second priority to those projects anticipated to be in deficit at advertisement.

7.2 STATEWIDE PRIORITIZATION PROCESS

- ~~• Surplus allocations from projects will be transferred to a Revenue Sharing balance entry account for future redistribution through a statewide prioritization process, which provides first priority to those projects in deficit at award, second priority to those projects anticipated to be in deficit at advertisement,~~
- First priority to projects in deficit at award,
- Second priority to projects anticipated to be in deficit at advertisement,
- Third priority to these projects in deficit during construction, and
- Fourth priority to these projects in deficit after project completion, and then to all other eligible requests.

Generally, additional allocations are ~~not only only provided~~ made for projects ~~until once~~ a need is identified at advertisement. If a deficit is identified early in the project development process, localities must submit an ~~new project allocation~~ application through the biennial application process.

To be eligible for surplus allocations to address deficit projects, the City/Town Manager or County Administrator must ~~formally request~~ submit a formal request for the funding on locality letterhead to the ~~Local Assistance Division~~ LAD Director. ~~VDOT~~ The Department may require additional documentation to ensure all reasonable attempts at minimizing project costs have been taken prior to allocating additional Revenue Sharing funding. ~~A new Resolution will be required~~ if the original locality Resolution does not provide a locality commitment to address the additional local funds necessary, ~~a new resolution will be required.~~

8.47.3 SUPPLEMENTAL ALLOCATIONS

For any application cycle 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 CTB. 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.



AAPPENDIX A: § 33.2-357, 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 \$5 million for use by the locality to improve, construct, maintain, or reconstruct the highway systems within such locality with up to \$2.5 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 not exceed the greater of \$100 million or seven percent of funds available for distribution pursuant to subsection B of § 33.2-358 prior to the distribution of funds pursuant to this section, whichever is greater, 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; 2018, c. 828; 2020, cc. 1230, 1275.

The chapters of the acts of assembly referenced in the historical citation at the end of this section may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.



APPENDIX B: CTB REVENUE SHARING POLICY



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

1401 East Broad Street
Richmond, Virginia 23219

(804) 482-5818
Fax: (804) 786-2940

Agenda item # 1

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

July 18, 2023

MOTION

Made By:

Seconded By:

Action:

Title: Policy and Guidelines for the Revenue Sharing Program (2023)

WHEREAS, § 33.2-357 of the *Code of Virginia* (1950), as amended, 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, on December 5, 2018 the Board adopted a revised policy and approved revised guidelines for the Revenue Sharing Program (Revenue Sharing Policy and Revenue Sharing Program Guidelines, respectively); and,

WHEREAS, the revised Board policy required that the Revenue Sharing Policy be reevaluated after two Revenue Sharing Program application cycles and prior to five years from the effective date of the Revenue Sharing Policy; and,

WHEREAS, the Department has conducted an evaluation of the Revenue Sharing Policy and has made recommendations for revisions to the Revenue Sharing Policy, which are summarized in Attachment A; and,

WHEREAS, after an assessment of the recommendations have been made by a subcommittee of the Board, it is the sense of the Board that the existing Revenue Sharing Policy should be revised to ensure more efficient and effective utilization of Program allocations and to ensure Commonwealth Transportation Policy is consistent with and supports Program needs.



APPENDIX A: CRITERIA FOR MAINTENANCE PROJECTS

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 the 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 submitted by the application deadline in order for the roadway or bridge project request to meet Priority 3 selection criteria.

A locality may apply for a maximum of \$5 million in matching allocations per fiscal year (\$10 million per biennial cycle), and up to \$2.5 million (\$5 million per biennial cycle) of these requested funds may be specified for maintenance projects. The criteria for determining ~~if whether~~ a pavement resurfacing or bridge rehabilitation project meets the priority 3 designation is described ~~below and below and~~ is based on VDOT 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~~ 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~~ The requesting locality will be responsible for indicating 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 ~~or~~ -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 ~~es 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 defined by General Condition Ratings (GCRs) ~~as defined by GCRs that are~~ assigned to each structure during regularly scheduled inspections. These inspections are required by VDOT policy (IIM-S&B-27.12) and by the federally mandated National Bridge Inspection Program. For each bridge or culvert, GCR ~~is~~ 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 GCRs, and culverts will have one). ~~General Condition Ratings~~ GCRs are based on a scale of 0 to 9, with 0 being the worst ~~condition~~ and 9 being the best conditions. 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 ~~typically need~~ 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 ~~typically need~~ 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, ~~provided~~ eding 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 on the application. 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 the latest assessment above deficient determination), the District Maintenance Engineer 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 project request being determined to as not meeting the Priority 3 selection criteria.~~



APPENDIX D

REVENUE SHARING APPLICATION PROCESS

Revenue Sharing Program Guidelines (2023)



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 (odd-numbered years). The announcement will include a timeframe in which applications will be accepted through VDOT's SMART Portal.

A pre-application submittal for each project is required through the SMART Portal in order to be considered for funding during the open application period. Paper or hard copies will not be accepted. This will provide an opportunity for the local VDOT Manager to review the eligibility, scope and estimate prior to the final application submittal.

After determining that it they 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.

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 and must be included with the application. A sample resolution is provided in Appendix G.

Applications lacking required documents, submitted after the deadline, or left in pending status will not be accepted eligible.

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 Program funding allocation stipulated by statute or by Commonwealth Transportation Board Policy. Funding provided through other VDOT funding programs cannot be used to match Revenue Sharing Program funds. If the locality uses other non-VDOT grant funds as a 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.

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 the 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 in order for the roadway or bridge project request to be determined to meet Priority 3 selection criteria.

The local VDOT Manager is responsible for reviewing the application to confirm project scope, estimate, schedule and funding is accurate and any required supporting documents are submitted with the application.

Revenue Sharing Program Guidelines (2023)

Appendix D

DOT Manager of
approval of the

Commonwealth Transportation Board.



R

APPENDIX E

RESOLUTION

~~AFFIRMING COMMITMENT TO FUND THE LOCALITY SHARE OF PROJECTS
UNDER AGREEMENT WITH THE VIRGINIA DEPARTMENT OF TRANSPORTATION
AND PROVIDE SIGNATURE AUTHORITY~~

~~_____ WHEREAS, the (City/Town or County) of _____ is a recipient of Virginia Department of Transportation funds under various grant programs for transportation-related projects; and~~

~~_____ WHEREAS, the Virginia Department of Transportation requires each locality, by resolution, to provide assurance of its commitment to funding its local share; and~~

~~_____ THEREFORE, IT IS HEREBY RESOLVED, by the (City/Town Council or Board of Supervisors) 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); and~~

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

~~In witness whereof, the forgoing was adopted by (City/Town Council or Board of Supervisors) of _____,
Virginia on (date).~~



(locality seal)

Clerk of Court





Revenue Sharing

Local Assistance Division



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1 DEFINITIONS

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

Deficit refers to an *existing* negative balance on a project in VDOT's Six-Year Improvement Program (SYIP) where the current estimate exceeds the project's allocations. It does not refer to the replacement of local funds committed by the locality after a project has been awarded allocations.

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 currently maintained by VDOT or on roadways 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 logical and independent termini. Projects cannot be segmented to qualify for additional Revenue Sharing allocations. Multiple similar scope project activities performed across a locality, commonly referred to as City/Town/County-wide projects, are eligible projects, subject to the limitations outlined in [Section 5, Application for Funds](#).

- **Construction Projects** are projects which change or add to the characteristics of a road, facility or structure to provide a new or significantly modified transportation facility.
- **Reconstruction Projects** are projects which 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 projects which 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 projects which 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 is typically the VDOT District employee responsible for providing oversight and assistance to the locality for their Revenue Sharing project.

Locality Capital Improvement Plan (CIP) means any plan utilized by the locality that identifies, prioritizes or allocates funding for specific eligible projects in that locality. For locality-wide projects, specific locations must be identified in the CIP to be eligible for Revenue Sharing funding.

Matching Allocations are funds allocated by the Commonwealth Transportation Board (CTB) which match a locality's contribution, on a dollar-for-dollar basis, for eligible items of work. Funding provided through other VDOT funding programs cannot be used to match Revenue Sharing Program funds. If a locality uses other non-VDOT grant funds as a 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.

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. These reviews are based on established guidelines which determine when 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.

Project Completion, for the purpose of these guidelines, is defined as the date of VDOT's acceptance of the project and is generally designated by the C-5 form signed by the locality and VDOT. The C-5 is the official document used to certify the completion of a locally administered project.

Rural Addition means any subdivision street used by the date established under [§ 33.2-335](#) and eligible for addition into the secondary system.

Six-Year Improvement Plan (SYIP) means either the Six-Year Improvement Program for Interstate, Primary, and Urban Systems, developed by VDOT and the CTB; or the Secondary Six-Year Plan, the official listing of improvements to be constructed on the secondary system, which is developed jointly by VDOT and county governments ([§ 33.2-332](#)).

Statewide Transportation Plan means the comprehensive review of statewide transportation needs as adopted and updated by the CTB in accordance with [§ 33.2-353](#), commonly known as VTRANS.



2 PURPOSE

The “Revenue Sharing Program” provides funding for 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. Statutory and CTB Policy requirements limit the amount of state funds authorized per locality and per project.

The program is administered by the VDOT, in cooperation with participating localities, under the authority of [§ 33.2-357](#) and the [CTB's Revenue Sharing Program Policy](#).

The CTB designates an annual allocation of funds for this program. Funds are approved by the CTB in even numbered fiscal years for a two-year cycle and are typically programmed in fiscal years three and four of the SYIP. However, where a project's schedule demonstrates a need for an earlier programming of allocations, VDOT will attempt to adjust the programmed years to accommodate the schedule.



3 ELIGIBLE WORK

3.1 OVERVIEW

The Revenue Sharing Program may be used to finance eligible projects on highway systems within a locality, as identified in [Section 1](#). The Revenue Sharing Program's intention is to provide funding for new eligible projects or to supplement funding for existing projects. Below are the types of work considered eligible for the Revenue Sharing Program. All eligible work is reviewed based on the priority criteria identified in [Section 4, Funding Limitations](#).

3.1.1 Supplemental funding for projects listed in the adopted SYIP

When supplemental funding is needed to fully fund a project listed in the adopted SYIP, a locality may request additional funding through the normal application process.

3.1.2 Construction projects not included in the adopted SYIP

Localities may request funding for eligible program work through the normal application process to construct a project not currently in the SYIP. If funds are approved, the project will subsequently be adopted by the CTB in the SYIP.

3.1.3 Rural additions

Revenue Sharing Program funds may be used to fund the improvements (widening, surface treating, etc.) necessary to accept specific streets otherwise eligible under [§ 33.2-335](#). However, this section does not authorize the use of Revenue Sharing funds to improve roads in cities and towns to render them eligible as additions to the urban system.

3.1.4 Maintenance projects consistent with the VDOT'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. To appropriately evaluate a priority maintenance project request for a pavement or structure with a rating below VDOT's maintenance performance targets, the locality is responsible for providing the appropriate pavement or structure deficiency documentation.

3.1.5 New hard surfacing (Paving)

Revenue Sharing Program funds may be used for the first-time paving of a previously unpaved roadway, usually composed of a multiple course asphalt surface treatment. Only roads in the state secondary system are eligible to use Revenue Sharing Program funds for new hard surfacing. If a project is funded solely with Revenue Sharing funding, there is no minimum vehicle per day requirement.

3.1.6 New roadway

Revenue Sharing Program funds may be used to establish a new facility to be part of the state highway system or part of the road system in a locality that is eligible to receive maintenance payments from VDOT pursuant to [§ 33.2-319](#). 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 CIP, and be expected to divert sufficient traffic from existing public roads. Projects may also need to be included in the regional Constrained Long-Range Plan in air quality non-attainment areas. Qualifying projects should benefit the overall transportation network by providing 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.



4 FUNDING LIMITATIONS

The total amount allocated each fiscal year by the CTB for the Revenue Sharing Program shall not exceed the greater of \$100 million or seven percent of funds available for distribution pursuant to subsection B of [§ 33.2-358](#).

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 a project. Up to \$2.5 million per fiscal year of these requested funds may be specified for maintenance projects.

Revenue Sharing application funding will be allocated in accordance with the prioritization process stated in [§ 33.2-357](#).

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’s application process

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

Priority 2 – Construction Projects that meet a transportation need identified in the Statewide Transportation Plan (VTRANS) or when funding will accelerate a project in a locality’s CIP

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

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

- Locality cumulative requests up to \$1 million will be evaluated and funded first.
- Locality cumulative requests over \$1 million up to \$2.5 million per fiscal year (\$5 million per biennial cycle) will be evaluated and funded next.
 - To appropriately evaluate a request for a maintenance project with pavement or a structure below the VDOT’s maintenance performance targets, the locality is responsible for providing the appropriate documentation to confirm the deficiency by the application submittal deadline.

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

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

Note: 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 CTB.



5 APPLICATION FOR FUNDS

Applications for Revenue Sharing funding are accepted biennially, in odd numbered years, through VDOT's SMART Portal. A pre-application for each project request is required to ensure coordination between the locality and local VDOT District staff regarding the project's concept, eligibility, and preliminary funding priority determination.

After a locality determines that they would like to participate in the program, they should coordinate with their local VDOT District staff to review potential projects. Local VDOT District staff will provide support with reviewing project eligibility, cost estimates, and project schedules.

When submitting multiple project applications, localities will be required to prioritize the applications. Applications lacking the required documents or left in pending status in SMART Portal will not be eligible for funding. A local resolution of support from the governing body is required with the full application. The resolution's content is required to follow the [LAP Manual](#). A resolution template is provided on the [Revenue Sharing website](#) and applicants are strongly recommended to utilize this template at the time of application to prevent project delays.

A locality may request funds for a project located within its 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 [Section 4](#) still 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 where they are located. These requests are considered a part of that county's overall request. After an affirmative vote, the CTB allocates project funding through an approved resolution.

Requested funds must cover the entire cost of the project or the application must indicate the source of any additional funds necessary 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. After a project has been awarded for construction, any local funds committed as part of the award are not eligible to be replaced through the application process. The Revenue Sharing Program is approved biennially, and funding for specific projects in a future year's application cycle is not guaranteed.

Applications for multiple, similar-scope projects (such as traffic calming, ADA ramps, sidewalks, drainage improvements), generally referred to City/Town/County-wide projects, may be submitted. However, these applications must identify each project's location (route name/number), limits, and specific scope. The location pearl in the application will allow for multiple entries and all locations must be provided to be eligible for reimbursement. Additional projects or funding cannot be added to the original request in future application cycles; these types of projects are limited to the original funding received.

Note: If a locality requests VDOT to administer their project, they must coordinate with their local VDOT District staff prior to submitting an application. Project scopes, schedules, and estimates must be approved by VDOT prior to final application submission.



6 APPROVAL AND IMPLEMENTATION

6.1 APPROVAL

During the application submittal process, the designated local VDOT District staff will review the application and all attachments. Once the application review process has been completed, and applications have been deemed eligible, the Local Assistance Division (LAD) will develop the recommended statewide Program allocation for the CTB's review and approval.

The CTB approves the statewide Revenue Sharing Program, including allocations to specific projects in consideration of each locality's request. In accordance with the requirements of the Virginia Code and the LAP Manual, a project administration agreement (PAA) must be executed before a locality or VDOT begins work on a Revenue Sharing project. The PAA establishes general roles and responsibilities for both VDOT and the locality. The locality must execute the PAA within six months of receipt from VDOT. Failure to execute the agreement within this time frame can result in deallocation of project funding. Costs incurred prior to the CTB's approval of Revenue Sharing program allocations are not eligible for reimbursement.

6.2 IMPLEMENTATION

Upon CTB approval of the statewide program, development of individual projects can begin once funding is available in the SYIP. Projects may be developed and constructed by VDOT or by the locality under an agreement with VDOT.

6.2.1 VDOT administered work

VDOT administered PAAs will include a payment schedule, which outlines when VDOT will invoice a locality for their share of the project cost. Local matching funds required for the preliminary engineering (PE) phase must be collected prior to work beginning.

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, VDOT will provide a final invoice to the locality for their share of the remaining project costs. Failure to reimburse VDOT can result in the denial of future allocation requests. 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.

6.2.2 Locally administered work

VDOT has published the [Locally Administered Projects \(LAP\) Manual](#) which provides information for locally administered projects and includes provisions for Revenue Sharing and other state-funded projects. The LAP Manual is the primary reference for locally administered project development and delivery requirements.



6.2.3 Timely implementation of projects

It's expected that all Revenue Sharing funding requests are for viable projects with work anticipated to begin in the fiscal year funding is programmed. Any project having funds allocated under this program shall be initiated within one year of programmed allocations. For any project which has not been initiated or has not made substantive progress within two years, the Revenue Sharing funds may be reallocated in accordance with the most recent CTB Allocation Transfer Process.

Revenue Sharing projects are subject to a deallocation process to ensure surplus project allocations can be efficiently reallocated to projects in deficit and to support the biennial application process. The following conditions may warrant deallocation:

- Completed or cancelled projects.
- Projects which have not been initiated within two (2) fiscal years of allocation, after notification to the locality.
- Projects which are on-going, where, for 24 months, the project has not made substantive progress or is significantly behind its approved project schedule, no portion of allocated Revenue Sharing funds has been expended, or project has been inactive, after notification to the locality.
- Projects where allocations significantly exceed the project estimate (typically more than 15%), after notice to the locality.

In cases where the project is complete but has a pending condemnation or claim which may be eligible for reimbursement, VDOT may retain adequate funds on the project to address such future expenditures, at its discretion, prior to removing excess funds from the project.

6.2.4 Project cancellation

If a local government intends to cancel a project that was initiated under the Revenue Sharing Program, it may do so by submitting a formal request from the City/Town Manager or County Administrator/Executive on locality letterhead to LAD. VDOT retains the sole option to require reimbursement from the locality for all state matching funds spent from the time the project started until it is canceled. Failure to reimburse VDOT for costs incurred on a canceled project may result in denial of future allocation requests.



7 REDISTRIBUTION OF SURPLUS ALLOCATIONS

7.1 SURPLUS ALLOCATIONS

Allocations no longer necessary for the completion of a project (surplus Revenue Sharing allocations) shall be made available, statewide, to support projects in deficit, within the allocation limits established by the CTB, and to supplement the biennial project selection and allocation process.

Surplus allocations shall be redistributed to existing Revenue Sharing projects in accordance with the most current SYIP transfer process, administrative procedures established in the Revenue Sharing Guidelines, and the statewide prioritization process.

7.2 STATEWIDE PRIORITIZATION PROCESS

- First priority to projects in deficit at award,
- Second priority to projects anticipated to be in deficit at advertisement,
- Third priority to projects in deficit during construction,
- Fourth priority to projects in deficit after project completion, and then to all other eligible requests.

Generally, additional allocations are only provided for projects once a need is identified at advertisement. If a deficit is identified early in the project development process, localities must submit an application through the biennial application process.

To be eligible for surplus allocations to address deficit projects, the City/Town Manager or County Administrator must formally request the funding on locality letterhead to the LAD Director. VDOT may require additional documentation to ensure all reasonable attempts at minimizing project costs have been taken prior to allocating additional Revenue Sharing funding. A new Resolution will be required if the original locality Resolution does not provide a locality commitment to address the additional local funds necessary.

7.3 SUPPLEMENTAL ALLOCATIONS

For any application cycle 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 CTB. 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: CRITERIA FOR MAINTENANCE PROJECTS

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 the 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 submitted by the application deadline in order for the roadway or bridge project request to meet Priority 3 selection criteria.

The criteria for determining whether a pavement resurfacing or bridge rehabilitation project meets the priority 3 designation is described below and is based on VDOT'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.

The requesting locality will be responsible for indicating on the detailed application if a 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 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 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 distress. 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 defined by General Condition Ratings (GCRs) assigned to each structure during regularly scheduled inspections. These inspections are required by VDOT policy ([IIM-S&B-27.12](#)) and by the federally mandated [National Bridge Inspection Program](#). For each bridge or culvert, GCR is used to describe the existing, in-place structure 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 GCRs, and culverts will have one). GCRs are based on a scale of 0 to 9, with 0 being the worst and 9 being the best conditions. Virginia categorizes the structure inventory into three categories: Good, Fair, and Poor. They are defined as:

- Good – lowest GCR is greater than or equal to 6. Structures in this category typically need 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 typically need 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 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, provided 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.

If a secondary pavement condition assessment is several years old (with the latest assessment above deficient determination), the District Maintenance Engineer 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 project request being determined as not meeting the Priority 3 selection criteria.

