

CTB Revenue Sharing Program Study Committee Meeting
Minutes
May 15, 2017
Meeting called to order at 4:40pm

Commonwealth Transportation Board (CTB) Revenue Sharing Program Study Committee Members
Present: F. Dixon Whitworth Jr. – Staunton District CTB member (committee Chair), Court G. Rosen – At large Rural CTB member and Mary Hughes Hynes – Northern Virginia District CTB member (absent John Malbon – Hampton Roads District CTB member)

Local Assistance Division Staff Support: Julie Brown and Russell Dudley

Chairman F. Dixon Whitworth Jr. opened the meeting and advised the committee that Mr. Malbon could not attend due to some transportation issues, however he (Mr. Whitworth) had spoken with Mr. Malbon on the phone and updated him on deliberations and discussions from the previous meeting. Mr. Whitworth then made a motion to approve the April 17 meeting minutes. Russ Dudley advised the committee there had been some public comments from Loudoun County last month that had not been fully captured in the minutes and provided a revised version of the minutes for review. The revised minutes were approved with a motion from Mr. Whitworth and a second by Ms. Hynes.

1. Discussion on allocation and transfer policy changes:

Ms. Hynes clarified that the cap of \$10 million per project includes funds transferred away from the project. Julie Brown indicated this was correct and would be stated as such in the revised Guidelines. Ms. Hynes also stated she felt clarification was needed to be sure it was understood the transfers had to be within the same jurisdiction. Ms. Brown agreed that this has always been assumed and would also be in the Guidelines. There was also discussion regarding the recommendation that surplus allocations from a completed project could be transferred to an existing Revenue Sharing project in the same jurisdiction with CTB District Member concurrence. Julie Brown explained that this additional recommendation was made because the project that would receive the transfer would already be a Priority 1 project, and would be first in line to receive the funding the next application cycle. All other transfers would be required to adhere to the one year rule for advertisement or award. Ms. Brown did also state that this is still more restrictive than the current policy which allows the transfer without any CTB concurrence.

2. Next steps:

Ms. Brown indicated that she and Mr. Whitworth will present the options at the May workshop meeting and also review a draft of the revised Policy. In June they will ask the full Board to give

their “concurrence” on the draft Policy but the resolution to approve the Policy and Guidelines would not be presented to the Board until the July meeting.

3. Guidelines review comments:

Ms. Hynes stated she would like to see the Committee Priorities for Recommendations become a part of the Policy or Guidelines. Ms. Brown agreed we would make them part of the Guidelines. The recommendation is to include these as an Appendix to the Guidelines.

4. Further discussion:

The committee discussed the ability to leverage Revenue Sharing funds for Smart Scale applications and wanted clarification on whether the locality provides commitment of funds needed to fully fund a project. Staff clarified that for both programs, the locality would have to commit to fully funding the project, even if the locality may be applying for the other program’s funding during a subsequent application cycle. There was also discussion on the current availability of the funding from both programs. Revenue Sharing funds are programmed in years 1 and 2 immediately following the application cycle; however, Smart Scale funds are currently being programmed in years 5 and 6. The committee agreed that leveraging Revenue Sharing funds for Smart Scale funding may be increasingly difficult and would take planning on the locality’s part, given the time gap between funding availability.

The committee discussed whether a locality might want to segment a project into separate projects in order to circumvent the \$10 million per project maximum lifetime allocation limit. Staff stated that they have anticipated this question and has provided a more clear definition of a “project” for funding purposes in the revised Guidelines. The revised definition requires that any project have logical termini and independent utility. Further projects cannot be segmented into project development phase (Preliminary Engineering, Right-of-Way, or Construction only) in order to obtain additional Revenue Sharing allocations.

The committee discussed the requirement to initiate a project within one year, as per Virginia Code. Specifically, Virginia Code requires that a portion of the Revenue Sharing funds be expended within one year of allocation. Ms. Brown noted that language was added to the revised Policy and revised Guidelines to provide the CTB discretion to defer any future allocations for a project that had not met the one-year requirement. The committee agreed this strengthened the expectation to use the funds in a timely manner and was consistent with their recommendations.

The committee continued with a discussion on potential future funding for the program. Mr. Whitworth wanted clarity on how the \$100 million in allocations this year was derived and how that relates to the Code language that the allocations can be between \$15 million and \$200 million. Ms. Brown stated this was the \$100 million is the currently budgeted amount and was

shown in the Six-Year Improvement Plan. The Committee opined whether to add language indicating that if, in any given year, transportation revenue increased substantially, that the Revenue Sharing Program would receive additional budget, but the budgeted amount should not drop below \$100M. There was further discussion regarding whether the CTB Policy on the Six Year Improvement Plan would be the appropriate document to contain this language. Ms. Brown offered to review this with Kim Pryor (Infrastructure Investment Division Director) to determine what the Six Year Plan Policy addresses and if that would be the appropriate place for such language. (Based on follow up, an affirmative message could be placed in the Revenue Sharing Policy and Mr. Whitworth would like to see language recommended by the Deputy Secretary of Transportation for further discussion.)

Mr. Whitworth noted the broad range of work that was being done with Revenue Sharing funds and that the current Guidelines spelled out numerous eligible activities. Mr. Rosen stated that localities should be encouraged to apply for Revenue Sharing for use on infrastructure maintenance. He noted that the current approach to State of Good Repair funding did not necessarily encourage continued upkeep of infrastructure because funding is only provided after the asset becomes deficient.

The committee suggested adding, to the draft policy, that the impact of these policy changes would be reviewed by the Board after two application cycles. The revised guidelines will continue to be updated by LAD staff. The revised Guidelines will be made available so that they can be reviewed and commented on prior to or at the June CTB workshop. The revised Guidelines and revised CTB Revenue Sharing Policy will be ready for approval at the July CTB meeting.

5. Public Comments

The floor was then open to public comments. Loudoun County representative, Penny Newquist, asked if the proposal to limit lifetime project allocation to \$10 M applied to a phase rather than the entire project. Russ Dudley clarified that the project must have logical termini / independent project and the \$10 M did not apply to a separate phase of a project. Ms. Newquist also requested that draft documents be made available in advance of the meeting (such as the draft Guidelines) to allow localities an opportunity to review before approval since they would be the ones administering the projects. Ms. Brown noted that the draft documents will be part of the CTB Workshop package that is published prior to the Board meeting. Noelle Dominquez, Fairfax County representative, stated the county was still concerned over the proposals to reduce the funding available annually to localities as well as the lifetime project allocation limitation. She noted that, by leveraging Revenue Sharing funds, their locality had built one of the largest projects in the state. Steven Sandy, representing Franklin County, stated they he was speaking for the smaller localities and noted that some small rural localities, like Franklin County, were lucky to receive \$200 K for their projects and that a \$10 M lifetime allocation limit would most likely never affect small localities. He further stated that the current

process of allowing an annual allocation of \$10 M per locality is preventing small localities from receiving funding. He also asked if VDOT was trying to get more projects administered locally rather than administered by VDOT. Ms. Brown indicated VDOT was not pushing for one or the other. Mr. Sandy also expressed concern that VDOT would deny an application for one program (Revenue Sharing or Smart Scale) if the project had already received funding through another program, since each program requires a local commitment to fully fund the project. Ms. Brown stated that this would not be the case but that the locality must be prepared to fund the project with their own funds if program funds are not provided. Ms. Brown also stated that Revenue Sharing funding is programmed in years 1 and 2 while Smart Scale funding is being programmed in years 5 and 6, so the locality must plan for those time frames when scheduling and funding projects. Ms. Hynes wanted to also clarify that we no longer fund Preliminary Engineering only projects, which makes it difficult to find funding for planning studies.

The meeting adjourned at 6:05pm.