



Revenue Sharing Program Potential Changes

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Today's Discussion

- **Revenue Sharing Program Allocation Process**
 - Current Program
 - Possible Programmatic Changes CTB could Implement
- **Revenue Sharing Program Transfer Process**
 - Current Program
 - Possible Changes CTB Could Implement

Current Revenue Sharing Program Allocation Legislation

- Priority Selection based on § 33.2-357
 1. Existing Revenue Sharing Projects
 2. Projects that meet need in Statewide Transportation Plan or in locality's capital plan that can be accelerated
 3. Deficient pavement or bridges (maintenance)
 4. All other requests
- \$10M - Maximum application amount per locality
 - Up to \$5M of the Locality's application can be designated for maintenance projects
- \$15M-\$200M – CTB may make any allocation in range to the Program annually

Current Revenue Sharing Program Allocation Implementation

- Current Allocation Implementation per CTB Policy:
 - Fully fund requests in each Tier before moving to next Tier
 - If a Tier cannot be fully funded, fund each locality's request within that Tier up to \$1M, then prorate the remaining
 - If first \$1M of request in each locality within a Tier cannot be funded, prorate entire Tier's requests
- FY 2017 Example with \$150M in Allocations plus deallocated funds:
 - Priority 1 Existing Revenue Sharing projects— fully funded
 - Priority 2 – funded each locality up to the first \$1M, then each project received an additional 61% of request
 - **Overall 77.5% of Tier 2 requests funded**
 - Priority 3 and 4 – no funding received

Potential Revenue Sharing Allocations for FY18

- Using FY18 applications received as baseline & assuming \$100M in total allocations for FY18, distribution of allocations would be:
 - Tier 1: 100% of prior Revenue Sharing Requests would be fully funded (but < \$1M would remain for distribution to remaining tiers)
- Tentative Request by Tier
 - Tier 1 ~\$99M*
 - Tier 2 ~\$70M*
 - Tier 3 ~\$9M*
 - Tier 4 ~\$34M*

Programmatic Allocation Changes CTB Could Implement

- Option 1- Limit total annual allocations to \$5M per locality (\$10M limit per 2 year cycle)
- Option 2- Limit maximum allocation per project to \$10M
- Option 3- Require any local funds committed on application as part of prior Revenue Sharing allocation to be spent before additional allocations are provided
- Option 4 – Any combination of above options

Revenue Sharing Allocations Transfer Policy

Policy Purpose:

Allows transfer of Revenue Sharing allocations to provide needed additional funding to address:

- Meeting an approved federal obligation schedule
- Meeting or advancing an advertisement date
- Funds needed for project award
- Estimate increases
- Project Deficits

Revenue Sharing Allocations Transfer Policy

Current Policy

- Can transfer between 2 existing revenue sharing projects administratively; email or letter from locality needed concurring with request
- Can transfer to a project that has never been approved as a revenue sharing project if in SYIP; resolution required from locality and must obtain CTB approval
- Once identified for de-allocation, funds can only be transferred to completed projects in deficit or projects needing additional funding to meet ad date within the current FY (de-allocation year)

Revenue Sharing Allocations Transfer Policy Issues/Concerns

- **Current process allows localities to “create” Revenue Sharing projects outside the application process (with CTB approval)**
 - *Note: In any fiscal year that all priority categories were not funded, transfers affecting those fiscal year allocations can only be made to projects meeting the same priority selection criteria that received funding originally.*
- **Localities that create a new Revenue Sharing project through a transfer can then “accept” surplus Revenue Sharing allocations within the locality and can qualify as Priority 1 project for new allocations**
 - *Note: Once change implemented in 2015 and existing Revenue Sharing projects became Tier 1, Program Guidelines were updated to reflect that projects receiving a transfer of Revenue Sharing allocations could not be considered a Tier 1 project during the next Revenue Sharing Application Cycle.*

Revenue Sharing Transfer Policy – Possible Options to Consider

- **Stricter interpretation of “existing” project within a locality**
- **All Transfers must go to CTB for Approval**
- **Any Transfer of Surplus Funding goes to Statewide Balance Entry for Distribution**
 - **Establish rules for re-distribution / prioritize funding-deficit projects or projects ready for advertisement**
 - **Funds in statewide balance entry could be made available during year to previous year’s pro-rated projects**
- **Use same guidelines for all transfers as allowed in de-allocation policy for transfers**
 - **Surpluses during de-allocated process must go to completed projects in deficit or projects needing additional funds by current FY**

Recommended Modifications to Allocation and Transfer Policy/Process

- **Allocation Process**
 - **Implement All 3 Options**
 - Limit total annual allocations to \$5M per locality (\$10M limit per 2 year cycle)
 - Limit maximum allocation per project to \$10M
 - Require any local funds committed on application as part of prior Revenue Sharing allocation to be spent before additional allocations are provided
- **Transfers**
 - **All Transfers must go to CTB for Approval**

Next Steps

Determine what changes Board would like in Allocation Process

Determine what changes Board would like in Transfer Policy/Process

Revise Revenue Sharing Program Guidelines as Appropriate

Notify localities of changes



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