



SUBCOMMITTEE ON EVALUATION OF LOCAL MAINTENANCE PAYMENTS

September 20, 2011
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Agenda

- **Follow-up items from August meeting**
- **Additional data and analysis**
- **Direction from Subcommittee**

CTB Resolution

- **The CTB meeting on June 15, 2011:**
 - adopted local maintenance payments for fiscal year 2011-2012
 - significant discussion regarding the distribution of maintenance funds across systems and localities
- **The CTB requested to:**
 - evaluate the issues surrounding equalization of maintenance fund allocations
 - and to consider options which could be addressed administratively and legislatively
- **Subcommittee:**
 - consists of all At-Large Members of the Board,
 - to develop recommendations for the effective and equitable distribution of maintenance funds
 - to present those recommendations to the Board on or before December 31, 2011.

Schedule

August 31 - Initial meeting of subcommittee

Review of history, current program, processes, data, etc.

Receive direction from subcommittee on approach to subcommittee recommendations

September - Subsequent meeting of subcommittee

Review possible recommendations based on input from committee

Receive direction on which recommendations to share with full Board

October - Briefing of full Board (workshop item)

November - Action by full Board

General Overview of Follow-up Items

- **Current VDOT business models for maintenance**
 - **Comparison of the different maintenance programs:**
 - Payment categories,
 - Rate structure, and
 - FY12 budgeted amount
- **Locally system maintenance funding policy in other states**
 - **Sampled 3 state programs similar to VDOT:**
 - North Carolina, West Virginia, and Delaware
 - **Sampled 7 state programs that do not maintain local roads:**
 - New York, Georgia, South Carolina, Washington, Tennessee, Michigan and Minnesota
- **Matrix of administrative/ legislative opportunities**
 - **Comparison of legislative vs administrative policies**

VDOT Business Model Matrix

- **Urban**

- Payment Categories: Functional Classification (Arterials & Collectors/ Locals)
- Rate Structure: Moving Lane Miles
- FY12 Budget: Arterials \$17,819, Collectors/ Locals \$10,461 per lane mile
- Maintenance Responsibility: Performed by the Cities and Towns

- **Arlington**

- Payment Categories: Based on flat rate
- Rate Structure: Effective Lane Miles
- FY12 Budget: \$16,896 per lane mile
- Maintenance Responsibility: Performed by County for secondary roads and all others by VDOT

- **Henrico**

- Payment Categories: Based on flat rate
- Rate Structure: Effective Lane Miles
- FY12 Budget: \$9,395 per lane mile
- Maintenance Responsibility: Performed by County for secondary roads and all others by VDOT

VDOT Business Model Matrix (Continued)

- **City/ County Consolidation (Suffolk model)**
 - Payment Categories: Same as urban
 - Rate Structure: Same as urban
 - FY12 Budget: Same as urban
 - Maintenance Performed by the Cities and Towns
- **VDOT**
 - Payment Categories: Systems (Primary & Secondary)
 - Rate Structure: Moving Lane Miles
 - FY12 Budget: Primary \$25,600, Secondary \$5,000 (rounded) per lane mile
 - Maintenance Performed by VDOT
- **Devolution**
 - Payment Categories: Based on flat rate
 - Rate Structure: Moving Lane Miles
 - Budget: Lane mileage rate based on amount VDOT spends + 5%
 - Maintenance Performed by Counties

Local System Maintenance Programs in Other States

- **State DOT's that maintain local roads**
 - **North Carolina**
 - **Funds:** Provided from NC Highway Fund and from the Highway Trust Fund
 - **Distribution of State Funds for Maintenance:** 2010 Rates (\$0.79 per capita and \$61.78 per lane mile)
 - **State DOT Role:** NCDOT maintains roads in unincorporated municipalities. Incorporated municipalities & NCDOT may enter into maintenance agreements
 - **Local Revenue Options:** Real Estate Tax
 - **West Virginia**
 - **Funds:** WV does not provide any direct funding for local highway systems
 - **Distribution of State Funds for Maintenance:** N/A
 - **State DOT Role:** WVDOT maintains roads in unincorporated municipalities. Occasionally DOT will contract with an incorporated locality for a maintenance project
 - **Local Revenue Options:** Property Tax, Road User Fees
 - **Delaware**
 - **Funds:** DE does not provide any direct funding for local highway systems
 - **Distribution of State Funds for Maintenance:** \$4M distributed by formula based on population and street mileage
 - **State DOT Role:** DEDOT maintains roads in unincorporated localities
 - **Local Revenue Options:** Property Tax

Local System Maintenance Programs in Other States (Continued)

- **Locally maintained systems**

- **New York**

- **Funds:** Localities are responsible for maintenance funding
- **Distribution of State Funds for Maintenance:** N/A
- **DOT's Role:** Responsible for off-system bridge inspections. Shared services for snow removal
- **Local Revenue Options:** Real Estate Tax, Impact Fees

- **Georgia**

- **Funds:** Does not provide direct funding for maintenance
- **Distribution of State Funds for Maintenance:** N/A
- **DOT's Role:** None
- **Local Revenue Options:** Property Tax

- **Washington**

- **Funds:** Local governments are responsible for all maintenance funding
- **DOT's Role:** None
- **Local Revenue Options:** Property Tax

- **Tennessee**

- **Funds:** State distributes a portion of the proceeds from the state gas tax to incorporated cities/towns for maintenance
- **Distribution of State Funds for Maintenance:** FY12 allocation is \$26.65 per capita
- **DOT's Role:** TDOT has no oversight
- **Local Revenue Options:** Property Tax, Special Assessments, Impact Fees

Local System Maintenance Programs in Other States (Continued)

– Michigan

- **Funds:** State provides funds from gas tax and vehicle registration fees
- **Distribution of State Funds for Maintenance:** 57 step formula using population and lane miles
- **DOT's Role:** MiDOT and localities may enter into road maintenance agreements
- **Local Revenue Options:** Property Tax and Special Assessments

– South Carolina

- **Funds:** Distributed to county's for Construction and Maintenance
- **Distribution of State Funds for Maintenance:** \$2.66 from gas tax set aside
- **DOT's Role:** SCDOT may administer construction program for a county upon request
- **Local Revenue Options:** Property Tax, Special Levies, and Hotel/ Room Tax

– Minnesota

- **Funds:** State distributes gas tax revenue
- **Distribution of State Funds for Maintenance:** Counties 60/40 CN/Maint; Cities 75/25 CN/Maint; Towns receive \$100/ centerline mile
- **DOT's Role:** MNDOT enters into shared services agreements for bridge inspection and other services
- **Local Revenue Options:** Property Tax and Special Assessments

Urban Maintenance Programs

Legislative and Administrative Opportunities

- **Urban Maintenance Program items that would require legislative action;**
 - **Qualifying localities**: Establishes how localities qualify for the program
 - **Eligible Streets**: Sets the parameters by which streets qualify for maintenance payments
 - **Payment Categories**: Establishes 2 payment categories based on functional classification
 - **Payment Rates**: Establishes that VDOT will recommend an annual maintenance payment rate by category to the CTB
 - **Arterial Inspection**: Requires localities to maintain arterial roads to a satisfactory standard
 - **Timing/ Schedule of Payments**: Establishes that the payments will be made quarterly
- **Administrative actions that can be taken by the CTB for the Urban Maintenance Program;**
 - **Eligible Streets**: Clarification/ interpretation of Code by CTB policy
 - **Payment Rates**: Code establishes that CTB will establish annual rates of payments. The Code does not explicitly tie the allocation to the recommended rate.
 - **Arterial Inspection**: Inspection process, standards, frequency, and penalties established by VDOT

Arlington/Henrico Maintenance Programs Legislative and Administrative Opportunities

- **Arlington/ Henrico Maintenance Program items that require legislative action;**
 - **Eligible Streets & Payment Categories:** Code is silent on eligibility requirements
 - **Payment Rates:** Establishes the base rate and that the rates will be adjusted in accordance with the same procedures used for Cities/ Towns
 - **Timing/ Schedule of Payments:** Establishes that the payments will be made quarterly
- **Administrative actions that can be taken by the CTB for the Arlington/ Henrico Maintenance Program;**
 - **Payment Rates:** Code establishes that CTB will establish annual rates of payments. The Code does not explicitly tie the allocation to the recommended rate.

Additional Data/ Analysis

Reviewed two other data sets:

- **Economies of Scale – comparable prices for materials**
 - No meaningful differences/discrepancies identified between local and VDOT prices in sampling reviewed
- **Relationship between business models and budgeted rates**
 - Consolidate business models presented – impact on local program and VDOT budget

Additional Data/Analysis

- **Consolidate into one methodology based on urban system code requirements for all local payments**
 - Two payment categories based on functional classification
 - Moving lane miles
- **Correlate payment categories to VDOT administrative systems**
 - Arterials ~ Primary ~ \$25,600 (rounded) per lane mile
 - Collectors/Locals ~ Secondary ~ \$5,000 (rounded) per lane mile
- **Impact to local maintenance programs**
 - Increase allocation to arterial routes (core network)
 - Decrease allocation to collector/locals
 - Level playing field for devolution
 - Reduction in overall funding level by ~\$75M



Next Steps