



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Aubrey L. Layne, Jr.  
Chairman

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*Agenda item # 4*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

June 20, 2017

#### MOTION

**Made By: Ms. Valentine, Seconded By: Mr. Stinson  
Action: Motion Carried, Unanimously**

#### **Title: Six-Year Improvement Program and Rail and Public Transportation Allocations For Fiscal Years 2018 - 2023**

**WHEREAS**, Section 33.2-214 (B) of the *Code of Virginia* requires the Commonwealth Transportation Board (Board) to adopt by July 1st of each year a Six-Year Improvement Program (Program) of anticipated projects and programs and that the Program shall be based on the most recent official revenue forecasts and a debt management policy; and

**WHEREAS**, the Appropriations Act authorizes the Secretary and all agencies within the Transportation Secretariat to take all actions necessary to ensure that federal transportation funds are allocated and utilized for the maximum benefit of the Commonwealth; and

**WHEREAS**, the Board is required by Section 33.2-214 (B) and 33.2-221 (C) of the *Code of Virginia* to administer and allocate funds in the Transportation Trust Fund; and

**WHEREAS**, the Board is required by Section 33.2-221 (C) of the *Code of Virginia* to ensure that total funds allocated to any highway construction project are equal to total project expenditures within 12 months following completion of the project; and

**WHEREAS**, Section 58.1-638 (A)(4) of the *Code of Virginia* authorizes the Board to allocate funds for mass transit in accordance with the statutory formula set forth therein; and

**WHEREAS**, Section 58.1-1741 of the *Code of Virginia* sets aside funds for the Rail Enhancement Fund for capital improvements of railways; and

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**WHEREAS**, Section 33.2-1601 of the *Code of Virginia* authorizes the Board to allocate funds from the Rail Enhancement Fund in accordance with Board established policies and procedures; and

**WHEREAS**, Section 33.2-1602 of the *Code of Virginia* authorizes the Board to allocate funds from the Shortline Railway Preservation and Development Fund in accordance with Board established policies and procedures; and

**WHEREAS**, Section 33.2-1600 of the *Code of Virginia* requires the Board to administer and spend or commit such funds necessary for constructing, reconstructing, or improving industrial access railroad tracks and related facilities; and

**WHEREAS**, Section 33.2-1603 of the *Code of Virginia* creates a nonreverting fund known as the Intercity Passenger Rail Operating and Capital Fund, which is considered a special fund within the Transportation Trust Fund, and consists of funds designated pursuant to Section 58.1-638.3 (A) (2) of the *Code of Virginia* (effective July 1, 2013) and funds as may be set forth in the Appropriations Act and by allocation of funds for operations and projects by the Board in accordance with Section 33.2-358; and

**WHEREAS**, Section 33.2-214.1 of the *Code of Virginia*, requires the Board to implement a prioritization process, and effective July 1, 2015, as set forth herein, Chapter 684 of the 2015 Acts of Assembly (HB 1887) modified Section 33.2-358 and requirements relating to the allocations to be made by the Board pursuant thereto; and

**WHEREAS**, Section 33.2-358 of the *Code of Virginia* requires the Board to allocate funds for maintenance on the Interstate, Primary, Urban and Secondary Highway Systems; and

**WHEREAS**, Section 33.2-358 of the *Code of Virginia* requires the Board to allocate up to \$500 million in funds until July 1, 2020 for bridge reconstruction and rehabilitation; advancing high priority projects; reconstructing deteriorated Interstate, primary and primary extension pavements; projects undertaken pursuant to the Public-Private Transportation Act; paving or improving unpaved highways; and the Innovation and Technology Transportation Fund; and

**WHEREAS**, Section 33.2-358 of the *Code of Virginia* requires the Board to allocate any funds not allocated to a project in the Six-Year Improvement Program to the High-Priority Projects Program established pursuant to Section 33.2-370 and the Highway Construction District Grant Program established pursuant to Section 33.2-371; and

**WHEREAS**, Section 33.2-358 of the *Code of Virginia* requires the Board to allocate funds on and after July 1, 2020 for state of good repair purposes as set forth in Section 33.2-369, the High-Priority Projects Program established pursuant to Section 33.2-370, and the Highway Construction District Grant Program established pursuant to Section 33.2-371; and

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**WHEREAS**, paragraph J of Item 453 of Chapter 836 of the 2017 Acts of Assembly, directs, notwithstanding the provisions of Section 33.2-358 of the *Code of Virginia*, the unanticipated amounts available for construction from the December 2015 revenue forecast and from the increased federal funding from the passage of the Fixing America's Surface Transportation (FAST) Act to be distributed following the new construction formula defined by Section 33.2-358 of the *Code of Virginia*, to the State of Good Repair Program, the High-Priority Projects Program, and the Highway Construction District Grant Program; and

**WHEREAS**, the Final Six-Year Improvement Program for Fiscal Years 2018 through 2023 accounts for and includes allocations to projects selected through the Project Prioritization Process in accordance with the requirements of Section 33.2-214.1, Chapter 684, and the Commonwealth Transportation Board's Policy and Guidelines for Implementation of a Project Prioritization Process (SMART SCALE Prioritization Process) ; and

**WHEREAS**, the Final Six-Year Improvement Program for Fiscal Years 2018 through 2023 accounts for and includes allocations to projects selected for funding through the State of Good Repair Project Prioritization Process in accordance with the requirements of Section 33.2-369, established pursuant to Chapter 684; and

**WHEREAS**, the Draft Six-Year Improvement Program for Fiscal Years 2018 through 2023 was made available for review and comments; and

**WHEREAS**, nine public meetings were held on March 21, 2017 in Roanoke, March 29, 2017 in Chesapeake, April 10, 2017 in Fredericksburg, April 13, 2017 in Abingdon, April 20, 2017 in Lynchburg, April 25, 2017 in Culpeper, April 27, 2017 in Weyers Cave, May 1, 2017 in Colonial Heights, and May 3, 2017 in Fairfax, to receive public comments prior to the Board's adoption of the Final Six-Year Improvement Program; and

**WHEREAS**, the Board recognizes that all projects, whether public transportation, rail or highway, are appropriate for the efficient movement of people and freight and, therefore, for the common good of the Commonwealth; and

**WHEREAS**, after due consideration the Board has now developed a Final Fiscal Years 2018 through 2023 Six-Year Improvement Program; and

**WHEREAS**, pursuant to the Board's Systematic Review of Funding Policy, as amended on December 4, 2013 and February 18, 2015, the Chief Financial Officers of VDOT and DRPT must annually certify that unused funds are timely reallocated and said certifications have been provided to the Board for FY 2017, attached hereto as Attachment A.

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**NOW, THEREFORE, BE IT RESOLVED**, by the Commonwealth Transportation Board that the allocations of construction funds provided by Section 33.2-358, Maintenance and Operations funds, and Rail and Public Transportation funds in the Final Six-Year Improvement Program for Fiscal Years 2018 through 2023 are approved.

**BE IT FURTHER RESOLVED**, by the Commonwealth Transportation Board that the Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 for Interstate, Primary and Urban Highway Systems, and Rail and Public Transportation are approved.

**BE IT FURTHER RESOLVED**, by the Commonwealth Transportation Board that the Commissioner of Highways and the Director of the Department of Rail and Public Transportation are authorized to enter into agreements for respective programmed projects for Fiscal Year 2018 and prior within the Six-Year Improvement Program satisfactory to the Commissioner or the Director.

**BE IT FURTHER RESOLVED**, by the Commonwealth Transportation Board that the transfers of previous allocations necessary to maximize the use of federal transportation funds as reflected in the Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023, are approved.

**BE IT FURTHER RESOLVED**, by the Commonwealth Transportation Board that the Commissioner, or his designee, is granted the authority to make transfers of allocations programmed to projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 to release funds no longer needed for the delivery of the projects and to provide additional allocations to support the delivery of eligible projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 consistent with Commonwealth Transportation Board priorities for programming funds, federal/state eligibility requirements, and according to the following thresholds based on the recipient project:

<b>Total Cost Estimate</b>	<b>Threshold</b>
<\$5 million	up to a 20% increase in total allocations
\$5 million to \$10 million	up to a \$1 million increase in total allocations
>\$10 million	up to a 10% increase in total allocations up to a maximum of \$5 million increase in total allocations

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**BE IT FURTHER RESOLVED**, that the Director of the Department of Rail and Public Transportation, and after consultation with the Commonwealth Transportation Board member for the district, is authorized up to \$200,000 to reallocate funds among existing grants, to allocate additional funds to existing projects up to \$200,000 per grant, and to award additional federal and state funds for rail and public transportation projects up to \$200,000, and to deobligate funds from projects, as may be necessary to meet the goals of the Board; further, the Director is authorized to make changes to the scope of a Board approved grant as needed in order to accomplish the intended project and/or outcome.

**BE IT FURTHER RESOLVED**, that the Commissioner and Director shall notify the Board on a monthly basis should such transfers or allocations be made.

**BE IT FURTHER RESOLVED**, that if such request for transfer of allocation exceeds the thresholds established herein, the Commissioner and Director shall bring such request to the Board on a monthly basis for their approval prior to taking any action to record or award such action.

####

## CTB Decision Brief

### **Revised Six-Year Improvement Program and Rail and Public Transportation Allocations for Fiscal Years 2018 - 2023**

**Issue:** Each year the Commonwealth Transportation Board (CTB) must adopt a Six-Year Improvement Program (Program) and allocations for anticipated projects and programs based on the most recent official revenue forecasts and debt management policy, and other funds available as set forth in the Final Fiscal Years 2018-2023 Six-Year Improvement Program in accordance with policy or statutory formula.

**Facts:** The CTB must adopt a Six-Year Improvement Program of anticipated projects and programs by July 1<sup>st</sup> of each year in accordance with Section 33.2-214 (B). The Program shall be based on the most recent official revenue forecasts and debt policy. The CTB adopted the Fiscal Years 2017-2022 Program on June 14, 2016. Section 33.2-214.1 of the *Code of Virginia* requires the CTB to implement a prioritization process, which was originally adopted on June 17, 2015, and later amended on July 28, 2016, and is now known as the SMART SCALE Prioritization Process. Effective July 1, 2015, Chapter 684 of the 2015 Acts of the Assembly (House Bill 1887) modified Section 33.2-358 and requirements relating to the allocations made by the CTB.

The Final Fiscal Years 2018-2023 Six-Year Improvement Program includes allocations programmed to projects selected through the second round of the SMART SCALE Project Prioritization Process established pursuant to Section 33.2-214.1 and in conformity with Section 33.2-358. Additionally, the Final Fiscal Years 2018-2023 Six-Year Improvement Program includes allocations programmed to projects selected through the second round of the State of Good Repair Project Prioritization Process established pursuant to Section 33.2-369 as mandated by Chapter 684.

**Recommendations:** The Virginia Department of Transportation (VDOT) recommends the adoption of the Program and that authority be granted to the Commissioner of Highways, or his designee, to make transfers of allocations programmed to projects in the approved Program to release funds no longer needed for the delivery of the projects and to provide additional allocations to support the delivery of eligible projects in the approved Program consistent with Commonwealth Transportation Board priorities for programming funds, federal/state eligibility requirements, and according to the following thresholds based on the recipient project:

<b>Total Cost Estimate</b>	<b>Threshold</b>
<\$5 million	up to a 20% increase in total allocations
\$5 million to \$10 million	up to a \$1 million increase in total allocations
>\$10 million	up to a 10% increase in total allocations up to a maximum of \$5 million increase in total allocations

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The Department of Rail and Public Transportation (DRPT) recommends adoption of the Rail and Public Transportation allocations for the Final Six-Year Improvement Program for Fiscal Years 2018 through 2023 and that authority be granted to the Director of DRPT and after consultation with the CTB member for the district, to reallocate up to \$200,000 among existing grants, to allocate additional funds to existing projects up to \$200,000 per grant, and to award additional federal and state funds for rail and public transportation projects up to \$200,000, and to deobligate funds from projects as may be necessary to meet the goals of the Board; further, the Director is authorized to make changes to the scope of a Board-approved grant as needed in order to accomplish the intended project and/or outcome.

The CTB shall receive a report on a monthly basis regarding any such transfers.

If a request for a transfer of allocation exceeds the thresholds above, the Commissioner and Director shall bring such request to the Board on a monthly basis for its approval prior to taking any action to record or award such action.

**Action Required by CTB:** The CTB will be presented with a resolution for a formal vote to adopt the Six-Year Improvement Program of Construction funds, Maintenance and Operations funds, and Rail and Public Transportation funds for Fiscal Years 2018 through 2023, including approval of the transfers of previous allocations completed as part of the update. The resolution will include authorization for the Commissioner or his designee to make transfers of allocations programmed to projects in the approved Six-Year Improvement Program of projects and programs for Fiscal Years 2018 through 2023 necessary to release funds no longer needed for the delivery of the projects and to apply said funds to projects in the approved program needing funds consistent with Commonwealth Transportation Board priorities for programming funds, federal/state eligibility requirements, and according to the thresholds identified above.

In addition, the resolution will include approval of the Rail and Public Transportation Six-Year Improvement Program and allocations for Fiscal Years 2018 through 2023 and authority granted to the Director of DRPT, and after consultation with the CTB member for the district, to reallocate up to \$200,000 among existing grants, to allocate additional funds to existing projects up to \$200,000 per grant, and to award additional federal and state funds for rail and public transportation projects up to \$200,000, and to deobligate funds from projects, as may be necessary to meet the goals of the Board; further, the Director is authorized to make changes to the scope of a Board-approved grant as needed in order to accomplish the intended project and/or outcome.

The resolution will also acknowledge receipt of certifications by the Chief Financial Officers of VDOT and DRPT which have been submitted pursuant to the Board's Systematic Review of Funding Policy, as amended on December 4, 2013 and February 18 2015, and which certify that allocations no longer needed for the delivery of projects have been reallocated as appropriate.

**Options:** Approve, Deny, or Defer.

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**Public Comments/Reactions:** Given the need to have allocations available to continue and/or initiate projects and programs in the Program and Rail and Public Transportation allocations, the public expects the CTB to fulfill its statutory duty by approving the Six-Year Improvement Program and Rail and Public Transportation allocations for Fiscal Years 2018 through 2023.



# COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION  
1401 EAST BROAD STREET  
RICHMOND, VIRGINIA 23219 2000

**Charles A. Kilpatrick, P.E.**  
Commissioner

June 20, 2017

To: The Honorable Aubrey Layne  
Chairman, Commonwealth Transportation Board

From: John Lawson  
Chief Financial Officer

A handwritten signature in black ink, appearing to read "John Lawson", written over the printed name and title.

**Subject: Annual Certification - Reallocation of Unused Funds**

In accordance with the Systematic Review of Funding Policy approved by the Commonwealth Transportation Board (CTB) as amended on December 4, 2013, I hereby certify that, to the best of my knowledge, construction project funding balances for the Virginia Department of Transportation (VDOT) have been reviewed, and that allocations no longer needed for the project were reallocated as appropriate. Such reallocations were completed through the monthly transfers approved by the CTB during the year and through the annual update of the SYIP to be presented to the CTB in June 2017.

Project expenditures and allocations are reviewed throughout the year as part of ongoing processes, including VDOT's Project Closeout process, VDOT's Quarterly Financial Certification of projects, and the Federal Highway Administration's (FHWA) Financial Integrity Review and Evaluation process. We continue to take a proactive approach to ensure full utilization of available funds.

C: Commonwealth Transportation Board Members



## COMMONWEALTH of VIRGINIA

Jennifer L. Mitchell  
Director

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION  
600 EAST MAIN STREET, SUITE 2102  
RICHMOND, VA 23219-2416

(804) 786-4440  
FAX (804) 225-3752  
Virginia Relay Center  
800-828-1120 (TDD)

**DATE:** June 1, 2017

**TO:** Commonwealth Transportation Board Members

**FROM:** William S. Pittard, Chief Financial Officer  
Department of Rail and Public Transportation

**SUBJECT:** Annual Certification for Systematic Review of Funding Policy

The Department of Rail and Public Transportation (DRPT) performs its reconciliation process on a monthly basis and reports the results to CTB each quarter, identifying all unobligated funds by funding source. DRPT manages its projects according to department policies that require each project to be systematically reviewed for potential closeout and with controls that include project based budgeting, project end dates that are linked to the financial system expenditure process, automated system reporting of projects with no activity, and mandatory linking in the financial system of project budgets to revenue sources. DRPT must annually submit and certify the financial activity of each federal award in Financial Status Reports to both the Federal Transit Administration and the Federal Railroad Administration.

I certify that there are adequate controls in place for systematic project closeout and timely reallocation of unused funds.

A handwritten signature in black ink that reads 'Will S. Pittard'.

William S. Pittard, Chief Financial Officer

cc: Jennifer L. Mitchell, Director