



# COMMONWEALTH TRANSPORTATION BOARD UNDERGROUNDING OF UTILITIES

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# Undergrounding of Utilities

- **Past Policy**

- Prior to repeal of the Urban funding formula ( § 33.2-348) on July 1, 2016, the VDOT policy for placing aerial utilities underground was created at the request of several municipalities.
- § 33.2-348 which created the Urban funding formula was also the law that FHWA relied upon to allow federal participation in the undergrounding of utilities.
- This policy only applied to urban formula projects in cities and towns and Arlington County. These projects utilized the urban allocation to cover the project cost portion of undergrounding utilities.

# Undergrounding of Utilities

- **Past Policy**

- **Originally there was a cap on undergrounding costs of \$4 million**
  - 50%-50% cost split between project funds and municipality supplied funds reimbursed to VDOT based on the actual cost incurred less the theoretical aerial replacement cost
- **The cap was subsequently raised to \$10 million**
  - 50%-50 split with a maximum of \$5 million project funding in 2000.
- **The code section was amended to allow five cities to have the project pay 100% of these costs up to a maximum of \$5 million.**
  - Chesapeake, Hampton, Newport News, Richmond, and Norfolk
- **This policy did not generally allow Counties to utilize this policy. Counties have been required to pay 100% of the additional costs of undergrounding utilities.**

# Undergrounding of Utilities

- **Current Approach**
  - **Municipality or local governing body must have enacted an ordinance or regulation establishing an underground utility district, corridor or area**
  - **Local government must agree to pay all costs to underground the utilities**

# Undergrounding of Utilities

- **Pending Legislation**

- **SB 622 – Passed both House and Senate and awaiting action by Governor by April 9, 2018**
- **Would allow undergrounding on corridors planned to be served by mass transit**
- **Would allow funding from three different funding sources to cover 50% of undergrounding costs**

- **Next Step for VDOT**

- **VDOT is establishing a work group to study utility undergrounding policies and costs and will include: utility companies, electric coop, NVTA, VACO, VML, VTCA, and a CTB member.**

