



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Shannon Valentine
Chairperson

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Agenda item # 5

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

June 20, 2018

MOTION

Made By: Mr. Garczynski, Seconded By: Mr. Whitworth
Action: Motion Carried, Unanimously

Title: Six-Year Improvement Program and Rail and Public Transportation Allocations For Fiscal Years 2019 – 2024 and Authorization Relating to Federal Funding

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

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* 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 for certain projects funded by the Board, including those projects allocated funds pursuant to sections 33.2-358, 33.2-370 and 33.2-371 of the *Code of Virginia*; 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

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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

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 2019 through 2024 accounts for and includes allocations to projects selected through the Project Prioritization Process in accordance with the requirements of Section 33.2-214.1, 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 2019 through 2024 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; and

WHEREAS, Section 33.2-202 of the *Code of Virginia* states that for a transportation project valued in excess of \$25 million that is located wholly within a single highway construction district, the Board shall hold at least one hearing in the highway construction district where such project being considered is located to discuss such project prior to a meeting at which a vote to program funds will be taken; and

WHEREAS, the Draft Six-Year Improvement Program for Fiscal Years 2019 through 2024 was made available for review and comments; and

WHEREAS, ten public meetings were held on April 16, 2018 in Chesapeake, April 19, 2018 in Lynchburg, April 24, 2018 in Colonial Heights, April 30, 2018 in Fairfax, May 3, 2018 in Staunton, May 7, 2018 in Culpeper, May 8, 2018 in Fredericksburg, May 10, 2018 in Roanoke, May 14, 2018 in Abingdon, and June 12, 2018 in Strasburg to receive public comments prior to the Board's adoption of the Final Six-Year Improvement Program; and

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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 2019 through 2024 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 2018, attached hereto as Attachment A; and

WHEREAS, at the end of each federal fiscal year, the Federal Highway Administration (FHWA) makes available unused obligation authority, otherwise known as August Redistribution; and

WHEREAS, VDOT anticipates requesting additional obligation authority from the FHWA through the August Redistribution process in support of the Federal-Aid Highway Program; and

WHEREAS, it is the desire of the Board to ensure the maximum use of all available federal funds.

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 2019 through 2024 are approved.

BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board that the Six-Year Improvement Program of projects and programs for Fiscal Years 2019 through 2024 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 2019 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 2019 through 2024, 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 2019 through 2024 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 2019 through 2024 consistent with Commonwealth Transportation Board priorities for programming funds, federal/state eligibility requirements, and according to the following thresholds based on the recipient project:

Total Cost Estimate	Threshold
<\$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

BE IT FURTHER RESOLVED, that the Director of the Department of Rail and Public Transportation 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.

BE IT FURTHER RESOLVED, by the Commonwealth Transportation Board that authority is delegated to the Secretary of Transportation to take the necessary actions to provide for the utilization of additional federal allocations and obligation authority received that are not accounted for in the Budget and SYIP, in compliance with Board policies.

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CTB Decision Brief

Revised Six-Year Improvement Program and Rail and Public Transportation Allocations for Fiscal Years 2019 – 2024 and Authorization Relating to Federal Funding

Issue: Each year the Commonwealth Transportation Board (CTB) must adopt a Six-Year Improvement Program (Program or SYIP) 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 2019-2024 Six-Year Improvement Program in accordance with policy or statutory formula. In addition, each year additional federal funds and obligation authority are anticipated to be made or to become available after adoption of the Virginia Department of Transportation (VDOT) budget and the SYIP and authority to utilize these funds is sought.

Facts: The CTB must adopt a Six-Year Improvement Program of anticipated projects and programs by July 1st 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 2018-2023 SYIP on June 20, 2017.

The CTB has adopted, pursuant to section 33.2-214.1, a prioritization process for certain projects funded by the Board, including those projects allocated funds pursuant to sections 33.2-358, 33.2-370 and 33.2-371 of the *Code of Virginia* and section 33.2-358 sets forth requirements relating to the allocations made by the CTB to highway system maintenance and project funding programs. The Final Fiscal Years 2019-2024 Six-Year Improvement Program includes allocations programmed to projects selected through the Project Prioritization Process established pursuant to section 33.2-214.1 and in conformity with Section 33.2-358. Additionally, the Final Fiscal Years 2019-2024 Six-Year Improvement Program includes allocations programmed to projects selected through the State of Good Repair Project Prioritization Process established pursuant to Section 33.2-369.

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 are attached hereto as Attachment A.

The VDOT budget and available allocations in the SYIP are in part based on estimates of federal obligation. Each year, the Federal Highway Administration (FHWA) makes available to the states unused obligation authority through a process known as August Redistribution. VDOT anticipates requesting additional obligation authority from FHWA through the August Redistribution process. Accordingly, authority is needed to utilize additional allocations and obligation authority received as a result of the August Redistribution, as well as to maximize use of all available federal funds.

Recommendations: 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:

Total Cost Estimate	Threshold
<\$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

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 2019 through 2024 and that authority be granted to the Director of DRPT to reallocate up to \$200,000 among existing grants, to allocate additional funds to existing projects up to \$200,000 per grant, 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 their approval prior to taking any action to record or award such action.

VDOT further recommends that the CTB delegate the necessary authority to the Secretary of Transportation to ensure the utilization of additional federal funds received through the August Redistribution that were not accounted for in the VDOT budget and the SYIP.

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 2019 through 2024, 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 2019 through 2024 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.

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Revised Six-Year Improvement Program and Rail and Public Transportation Allocations for Fiscal Years 2019 – 2024 and Authorization Relating to Federal Funding

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In addition, the resolution will include approval of the Rail and Public Transportation Six-Year Improvement Program and allocations for Fiscal Years 2019 through 2024 and grant of authority for the Director of DRPT to reallocate up to \$200,000 among existing grants, to allocate additional funds to existing projects up to \$200,000 per grant, 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 also will 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 which certify that allocations no longer needed for the delivery of projects have been reallocated as appropriate.

Finally, the resolution will provide authority for the Secretary of Transportation to take the necessary actions to provide for the utilization of additional federal allocations and obligation authority received that are not accounted for in the Budget and SYIP, in compliance with Board policies.

Options: Approve, Deny, or Defer.

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 2019 through 2024.



COMMONWEALTH of VIRGINIA

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

Stephen Brich
Commissioner

June 1, 2018

MEMORANDUM

TO: Shannon Valentine
Chairperson, Commonwealth Transportation Board

FROM: John Lawson 
Chief Financial Officer

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 2018.

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: Members, Commonwealth Transportation Board



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, 2018

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 blue ink, appearing to read "William S. Pittard".

William S. Pittard, Chief Financial Officer

cc: Jennifer L. Mitchell, Director