



Virginia Department of Transportation

REVENUE SHARING AND TRANSPORTATION ALTERNATIVES POLICY INITIATIVES

| Russ Dudley, Local Assistance Division

June 20, 2023

Revenue Sharing / Transportation Alternatives Policy Initiatives – Background

2013 - Transportation Alternatives Policy Update

2018 - Revenue Sharing Policy Update: requires 5-year review to Board

2023 - CTB Subcommittee Appointed to Review Policy Initiatives

Program Funding

- Revenue Sharing (\$200M biennial – State Funding)
 - ✓ Funds available in SYIP Years 3 and 4
- Transportation Alternatives (\$55M biennial – Federal Funding)
 - ✓ Funds available in SYIP Years 1 and 2

Overview of 2018 Revenue Sharing Policy Changes

- Reduced Annual Maximum Request (\$10M to \$5M)
- Established a Maximum Allocation per Project (\$10M)
- Further limited Opportunities to transfer Surplus Project Allocations within Locality
- Surplus allocations from cancelled projects cannot be transferred

Results of 2018 Policy Changes

- Transfers of surplus allocations from completed projects went down, but the value of those transfers went up
- Deallocations Value from Completed projects went up 4X
- Deallocations Value from Cancelled projects went up 4X
- Transfers of all allocations from on-going projects were cut in half by Value

Evaluation of Policy Changes found that in spite of success of 2018 Revenue Sharing changes, we still have opportunities to improve efficiency and effectiveness of program allocations & project execution.

2023 Revenue Sharing / Transportation Alternatives Policy Initiatives

Secretary of Transportation Established a CTB Subcommittee to Study Recommendations including Transportation Alternatives:

- Four Subcommittee Meetings
 - Members: Greg Yates (Chair), Hynes, Stant, and Laird, with additional CTB Member participation
 - March – May 2023
- District Staff Feedback Meeting
- Local Stakeholder Webinar with verbal feedback
- Local Stakeholder Survey

2023 Locality Survey

42 Respondents

90% prefer the biennial process

62% support taking surplus project allocations and redistributing based on statewide prioritization process

65% support fully funding Transportation Alternatives Project Requests

90% support current SYIP Allocation Policy Transfer Process allowing transfers below certain thresholds to be administratively completed with those above thresholds approved by Board.

Opportunities for Improvement Identified

- 1. Surplus allocations sit idle for extended periods of time**
- 2. Initiation of new projects is often delayed**
- 3. Need for statewide distribution of available allocations from surpluses**
- 4. Need to improve quality of applications**

REVENUE SHARING POLICY RECOMMENDATIONS

	Issues Identified/Opportunities for Improvement	Proposed Policy	Anticipated Outcomes
1	Current Application process policy is not reflective of the biennial practice	Align policy for application cycle with existing biennial application intake process	Aligns policy with current practice
2	Surplus funding not available to projects with highest needs for funding Surplus funding not distributed in a timely manner Current process is not consistent with other funding programs Current practice of project transfers within a locality is not reflective of the project-specific nature of allocations	Surplus funds from completed or canceled projects return to statewide balance entry for redistribution based on standardized prioritization/tiered process. Retain \$5M in statewide balance entry to account for unanticipated needs - replenish as necessary during application cycles. Tier 1 – Localities with a deficit at Construction award Tier 2 – Projects that exhibit a deficit at advertisement Tier 3 – Projects with a deficit during Construction Tier 4 – Projects with a deficit after Construction completion Eliminate all individual transfer requests within localities. Any redistribution or increased allocation to projects will be addressed on a statewide basis using a uniformed reallocation process.	Allows available funding to immediately support projects that have a deficit Minimizes idle allocations while reducing impacts of inflation / other project delivery cost increases Redistribution of available funds using a tiered process to reflect the urgency and time sensitive need for funds on existing projects. Aligns with premise that allocations are made to projects through application process rather than generally to localities
3	Deallocated funds are not available in a timely manner due to single annual deallocation action	Deallocate funds monthly	CTB will be informed of deallocations as part of monthly transfer actions Allows available funding to immediately support projects in deficit Minimizes idle allocations which reduces impacts of inflation / other project delivery cost increases
4	Project initiations are being delayed waiting on execution of project administration agreements	Require that project administration agreements be executed within six months of agreement transmittal to locality or risk deallocation	Encourages expeditious start to projects Minimizes delays of expenditures

TRANSPORTATION ALTERNATIVES POLICY RECOMMENDATIONS

	Issues Identified/Opportunities for Improvement	Proposed Policy	Anticipated Outcomes
1	Current Application process policy is not reflective of the biennial practice	Align policy for application cycle with existing biennial application intake process	Aligns policy with current practice
2	Surplus funding not available to projects with highest needs for funding Surplus funding not distributed in a timely manner Current process is not consistent with other funding programs Current practice of project transfers within a locality is not reflective of the project-specific nature of allocations	Surplus funds from completed or canceled projects return to statewide balance entry for redistribution based on standardized prioritization/tiered process. Retain \$2M in statewide balance entry to account for unanticipated needs - replenish as necessary during application cycles. Tier 1 – Localities with a deficit at Construction award Tier 2 – Projects that exhibit a deficit at advertisement Tier 3 – Projects with a deficit during Construction Tier 4 – Projects with a deficit after Construction completion Projects selected by CTB but cancelled within the first year of allocation may have allocations re-assigned to another project from that year's application pool. Eliminate all individual transfer requests within localities. Any redistribution or increased allocation to projects will be addressed on a statewide basis using a uniformed reallocation process.	Allows available funding to immediately support projects in deficit. Minimizes idle allocations while reducing impacts of inflation / other project delivery cost increases Redistribution of available funds using a tiered process to reflect the urgency and time sensitive need for funds on existing projects. Aligns with premise that allocations are made to projects through application process rather than generally to localities Ensures appropriate distribution of population-based allocations
3	Projects are delayed when not fully funded due to uncertainty of available funding to complete project Partially funding application requests is inconsistent with other funding programs	Fully fund project application requests, with limited opportunity to request additional funding (see tiering in recommendation #2)	Provides incentive to initiate project promptly with confidence of funding availability Encourages better project planning and estimates Consistency with other funding programs
4	Current process of distributing allocations for CTB Member selections does not account for fluctuations in available funding	Adjust District Member and At-large/Secretary CTB Member allocations so that allocations are equally distributed	Provides equitable distribution of funding for CTB Member allocations
5	Program funding not suitable for large projects Larger projects often do not meet requirement to reach construction phase in four years	Establish a maximum lifetime award amount of \$2.5 million per project	Ensures allocations are available for broader range of applicants Encourages smaller, more focused projects which can be completed quickly Aligns projects' size with intent and scale of the Transportation Alternatives Program
6	Localities submit many project applications that are not viable application or have not been thoroughly vetted internally, resulting in unnecessary effort during application reviews	Establish application caps of 8 Pre-Applications and 5 Full Applications for each jurisdiction	Encourages localities to prioritize and submit ready and suitable projects rather than submitting multiple applications in the hopes of securing an award Allows VDOT to focus review efforts on most viable project applications
7	Project initiations are being delayed waiting on execution of project administration agreements	Require that project administration agreements be executed within six months of agreement transmittal to locality or risk project deallocation	Encourages expeditious start to projects Minimizes delays of expenditures

Next Steps

- July 2023 - Staff to bring Decision Brief and Resolutions to CTB for formal vote
- Following CTB Approval - Revenue Sharing and Transportation Alternatives Guidance Documents reflecting new policies posted on Town Hall for public comment period
- September 2023 - Final Guidance Documents published

