



COMMONWEALTH of VIRGINIA

Office of the Governor

Aubrey L. Layne, Jr.
Secretary of Transportation

April 30, 2015

The Honorable Walter A. Stosch
Co-chair, Senate Finance Committee
Innsbrook Centre
4551 Cox Road, Suite 110
Glen Allen, Virginia 23060-6740

The Honorable Charles J. Colgan
Co-chair, Senate Finance Committee
10660 Aviation Lane
Manassas, Virginia 20110-2701

The Honorable S. Chris Jones
Chair, House Appropriations Committee
P.O. Box 5059
Suffolk, Virginia 23435-0059

The Honorable Stephen D. Newman
Chair, Senate Transportation Committee
P.O. Box 480
Forest, Virginia 24551

The Honorable Thomas D. Rust
Chair, House Transportation Committee
730 Elden Street
Herndon, Virginia 20170

Dear Gentlemen:

Item 427 K of Chapter 2 of the 2014 Acts of the Assembly (Special Session I) directs the Secretary of Transportation to provide recommendations to the Chairmen of the House Appropriations, Senate Finance, and House and Senate Transportation Committees on methods to provide assistance for local transportation projects. The recommendations must consider geographic equity as well as the needs of local governments, transit agencies, and metropolitan planning organizations. This letter is intended to communicate and summarize actions that have taken place to satisfy the requirements of the budget language.

HB 1887, as passed during the 2015 General Assembly session, in part, incorporates my recommendations, as Secretary of Transportation, relating to establishment of new programs designed to provide assistance for local transportation projects. The legislation establishes two new measures that will provide funding for transportation projects at the local level: the Highway Construction District Grant Program and the State of Good Repair Program.

The Highway Construction District Grant Program focuses solely on candidate projects and strategies submitted by local governments. Under the District Grant Program, (i) funding allocations to each VDOT construction district are based on an objective formula based in large

part on geographically-related factors, (ii) only candidate projects and strategies submitted by local governments are eligible for funding/grants, (iii) such candidate projects and strategies from localities compete against only other locality projects and strategies within that same construction district and (iv) projects awarded grants may be administered by the locality or by VDOT.

Funds allocated for State of Good Repair purposes are to be used for reconstruction and replacement of structurally deficient state and locally owned bridges as well as reconstruction and rehabilitation of deteriorated pavement on the Interstate System and Primary state highway system, including municipality-maintained primary extensions. Pursuant to the State of Good Repair Program, locally-owned bridges and municipality-maintained primary extensions will be included in the priority ranking system used by the Commonwealth Transportation Board (CTB) in determining funding allocations to projects in all nine highway construction districts. Further, the CTB is explicitly directed to ensure that funding distribution to the districts is equitably based on needs. Funding may also be provided for secondary pavements in any year in which the Department has not met the established targets for secondary pavements. Hence, these locally-owned and/or maintained transportation assets are addressed by the legislation, and are explicitly eligible for State of Good Repair funds.

In addition, the Revenue Sharing Program set forth in §33.2-357 of the *Code of Virginia* has been retained, albeit slightly modified. More specifically, the statutory provisions relating to project eligibility and prioritization have been modified so that the Commonwealth Transportation Board must give priority first, to projects that have previously received an allocation of revenue sharing funds; second, to projects that meet a transportation need identified in the Statewide Transportation Plan or that accelerate a project in a locality's capital plan; and third, to projects that address pavement resurfacing and bridge rehabilitation projects where the infrastructure does not meet the Department's maintenance performance targets.

In closing, HB 1887, now signed by Governor McAuliffe (Chapter 684), enacts two new key measures and retains an existing measure designed to provide assistance for local transportation projects. It increases local participation in expenditure of transportation dollars in the Commonwealth and as such, embodies the recommendations of this Office sought by Item 427 K. Should you have any questions regarding Item 427 or HB 1887, please do not hesitate to contact my office.

Sincerely,



Aubrey L. Layne, Jr.