

Policies and Guidelines for County Road Systems Arlington and Henrico Counties



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Part 1 – County Road System – Program Overview

1.1 General Overview

Enacted by the Virginia General Assembly in 1932, the Byrd Act (§ 11 of Chapter 415 of the Acts of Assembly of 1932) established the secondary system of State highways. The Act granted counties the option to operate and maintain their own road systems and receive annual State funding to pay for these activities. Four counties elected to retain their local road system at that time. Of the original four, only Arlington and Henrico Counties continue to retain the responsibility for operating and maintaining their own local road system today.

Arlington and Henrico Counties are eligible to receive funds from the Commonwealth for their local road construction and maintenance programs. These funds are authorized by the Code of Virginia, allocated by the [Commonwealth Transportation Board](#) (CTB), and the state portions of these funds are disbursed quarterly to those counties. These counties are accountable for the ownership, maintenance, construction and operation of their “local road” system, separate from the Primary and Interstate systems that traverse their political boundaries.

While these Counties have full responsibility for their local road system, the Virginia Department of Transportation (VDOT) must still retain some oversight responsibilities and those Counties must meet State and federal requirements. The United States Code of Virginia and Code of Federal Regulations establish minimum legislative State oversight requirements and County reporting responsibilities.

The purpose of this guide is to provide policy and procedural guidance to VDOT, as well as, provide a document that can be utilized by the counties of Arlington and Henrico. This guide will establish procedures so that VDOT and these Counties may effectively meet their State and federal requirements and both parties can clearly communicate general expectations.

1.2 Legislation

There are several important statutes that guide the programs for counties responsible for their secondary highway system. Funds for counties which have withdrawn from the secondary system of state highways are described within the *Code of Virginia*, [§ 33.1-23.5:1](#) ([§ 33.2-366](#), effective October 1, 2014). This section of the code states that: “The Commonwealth Transportation Board shall make payments to counties which have withdrawn or elect to withdraw from the secondary system of state highways.” The requirements on both the Department and Counties for the maintenance program are outlined in Part 2 of this Guide.

The construction funds are allocated to the roadway systems pursuant to subdivision B3 of [§ 33.1-23.1](#) ([§33.2-358, effective October 1, 2014](#)) of the *Code of Virginia*. [§ 33.1-23.4](#) ([§33.2-364, effective October 1, 2014](#)) further delineates the allocation of secondary construction funds to each county. Arlington and Henrico Counties receive the state portion of their secondary construction funds, based on a resolution of the CTB, from VDOT through

this provision. The requirements on both the Department and Counties for the construction program are outlined in Part 3 of this Guide.

A complete listing of applicable sections from the Code of Virginia is provided in the Appendix.

1.3 Federal Regulations

Federal funds represent a significant portion of the construction allocations for all systems. All counties have a legal obligation to comply with federal laws and regulations when federal funds are utilized in delivery of a construction project. Pursuant to the [Code of Federal Regulations Title 23](#) Part 223, et seq, every state highway department is required to ensure that federal funds allocated to the state for highway purposes are properly utilized. This requirement is conveyed to all localities administering projects for which federal funds have been allocated.

Throughout this document, the United States Code and Code of Federal Regulations will be referenced, where applicable, when describing the requirements associated with federal project delivery by Arlington and Henrico Counties.

1.4 Roles and Responsibilities

The following is a summary of the major VDOT stakeholders and their key roles and responsibilities related to the policies and guidelines for local roads in Arlington and Henrico County:

District/Primary Point of Contact

VDOT Districts will assign staff to act as the primary contact for Arlington and Henrico Counties. Coordination involving submissions of resolutions, quarterly payments, locally administered project agreements, scope changes, reimbursements, reports, mileage adjustment requests, etc., are normally made through the designated primary point of contact.

The primary contact designated to work with Arlington and Henrico Counties will coordinate all requests for information and responses to questions received from the county. This will include coordinating with the Programming, Local Assistance and other central office divisions. All requests for information and required responses should be handled by VDOT within 10 business days. If it is infeasible to address a request within 10 business days, an estimated timeframe for response will be provided to the County within 10 business days.

Local Assistance Division – Central Office

The Local Assistance Division (LAD) is responsible for developing statewide policy and guidance for special funding programs and other programs that involve work performed by/for localities, and to serve as a liaison to local government organizations. This includes

responsibility for policies and procedures relating to the counties which maintain their local road system.

Local Assistance Division is responsible for calculating and processing quarterly payments for maintenance and construction to Arlington and Henrico counties.

Programming Division – Central Office

The Programming Division provides policy guidance as needed and works with the Districts regarding the six year plan update and programming of projects ensuring that proper procedures are followed and forms are completed and submitted to have projects programmed. The Programming Division also outlines the federal strategy and coordinates STIP development and amendments.

Part 2 – County Maintenance Program

2.1 General Overview

Arlington and Henrico Counties do not have state-maintained secondary highways. These counties own and maintain their own systems of local roads and receive state payments to support their road maintenance program. The payments are based on [§33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) of the *Code of Virginia*, which authorizes the [Commonwealth Transportation Board](#) (CTB) to make payments to counties who have withdrawn from the secondary system. This part of the Guide outlines the legislative and regulatory requirements associated with the county maintenance program.

2.2 Eligibility for Maintenance Payments

Counties which have elected to withdraw from the secondary system of state highways, pursuant to §11 of Chapter 415 of the Acts of Assembly of 1932, are eligible to receive state payments to support their local road maintenance program.

2.2.1 Counties Eligible

Arlington and Henrico County both elected to withdraw from the secondary system of state highways pursuant to §11 of Chapter 415 of the Acts of Assembly of 1932, and therefore receive maintenance payments on a quarterly basis.

As of the publication of this document, no localities have elected to withdraw from the secondary system. Should another county elect to fully withdraw from secondary system, this guidance document will be updated to reflect the addition of such locality(ies).

2.2.2 Eligible Roadways

Maintenance payments are made to Arlington and Henrico Counties for roads that are accepted in the county system by the local governing body. Accepted roads must be constructed in accordance with a county subdivision ordinance or county thoroughfare plan. These standards must meet or exceed the design standards established by AASHTO for secondary streets to be eligible for maintenance payments by the State.

2.3 Maintenance Inventory

Permanent records of eligible roadways must be kept by both the county and the Department. The following section summarizes the requirements associated with maintaining and certifying the roadway inventory.

2.3.1 Inventory

VDOT is required to report annually to the Federal Highway Administration on all public roadway mileage in the Commonwealth as part of the [Highway Performance Monitoring](#)

[System](#) (HPMS). Permanent records of eligible secondary roads will be kept by both the county and the Department, except that the Department's records will only be updated once a year.

2.3.1.1 Federal Inventory Reporting Requirements

HPMS is mandated by Congress ([23 U.S.C. 502\(h\)](#)) as part of producing a biennial Conditions & Performance estimate of the future highway investment needs of the nation. HPMS data are used for assessing highway system performance under the U.S. Department of Transportation and Federal Highway Administration's strategic planning and performance reporting process in accordance with requirements of the [Government Performance and Results Act](#) (GPRA, Sections 3 and 4) and for apportioning Federal-aid highway funds. To address these needs, the HPMS was first developed in 1978 as a national highway transportation system database. In order to receive the maximum apportionment of Federal-aid highway funds, all public road mileage in the Commonwealth (regardless of ownership or operational responsibility) must be reported annually.

The requirements for submitting the public road mileage are in accordance with [23 CFR, Part 460.3](#). Each State must annually submit a certification of public road mileage within the State to the Federal Highway Administration Division Administrator by the date specified by the Division Administrator. Certain data items including length, lane-miles, and travel are required for all public roads that are eligible for Federal-aid highway funds. These three data items in particular are used in the apportionment of Federal-aid highway funds.

2.3.1.2 Roadway Network System

VDOT's Roadway Network System (RNS) will maintain a statewide inventory of Virginia highways and streets, including not only those controlled and maintained by VDOT, but all public roads in Virginia, indexed by both VDOT route name (where such exist) and by street name. The roadway inventory provides multiple types of linear referencing systems allowing business data to be referenced to a physical location. The system is geo-spatially referenced based on data provided by local governments to the [Virginia Geographic Information Network](#) (VGIN). This system is currently in development and will include geo-spatially referenced inventory data for Arlington and Henrico Counties in order to meet federal reporting requirements.

In addition to what has been identified above, there are many benefits for implementing the Road Network System. Some of the other benefits include: 1) Successfully create a street named based LRS that integrates with RNS for all localities. Since Virginia receives allocations from the federal government based upon the number of lane miles of public roads, the RNS program will adequately track the total number of public lane miles in the Commonwealth of Virginia so that the Commonwealth receives the appropriate amount of federal funding, 2) RNS will allow locality data on a street map layered with pavement condition performance data to generate appropriate reporting, 3) Functional class data will be spatially joined with urban data, 4) Accident crash sites will be placed on all roadways within

RNS, and 5) City/Town/County limits and boundary adjustments will be spatially joined with the data.

2.3.2 Mileage Adjustments

Counties may adjust the inventory of lane-miles eligible for maintenance payments once per year. Each year, the county must report their local road additions and deletions (summary totals only) and provide their initial inventory to the Residency by February and a the final inventory to Local Assistance by April 1st. The inventory modification should be submitted to the appropriate VDOT District point of contact, with a copy to the Local Assistance Division.

The Local Assistance Division will coordinate, as needed, with the Roadway Network System Program Manager to ensure that the necessary mileage adjustments are made for federal reporting, as outlined in Section 2.3.1.1.

It is important to recognize that, the calculation of lane mileage in these Counties is different than the calculation of lane mileage in the urban system and the two systems should not be compared on the basis of lane mileage.

2.3.3 Annual Certification of Mileage

Prior to calculation of the annual maintenance payments, the county must certify their total lane mileage to the Department. The certification must be completed in writing by the appropriate county official and provided to the Department by April 1st. A sample mileage certification is provided in Appendix 2-A.

2.3.4 Transfers Between Systems (Primary to Secondary)

On occasion, it may become desirable to both the Department and the locality to transfer certain primary routes to the local system. [§33.1-35 \(§33.2-315, effective October 1, 2014\)](#) of the Code of Virginia authorizes the [Commonwealth Transportation Board](#) (CTB) to transfer roads from the primary system to the local system of roads operated by a locality receiving payments pursuant to [§ 33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) . Upon such a transfer, the roads transferred become part of the local system of roads and cease being parts of the primary system of state highways.

Transfers between systems require extensive negotiation between the locality and VDOT to determine the terms of the transfer. In order to fully affect the transfer, a transfer agreement will be negotiated by the parties and will be subject to approval by the local governing body and [Commonwealth Transportation Board](#) (CTB) prior to execution. A sample of the CTB action can be found at the following link:

[http://www.ctb.virginia.gov/resources/2010/sept/resol/Agenda_Item_8_CTB_RESOLUTIO
N_Columbia_Pike_to_approve_agreement_and_transfer_Sept_2010_CTB_rev_2_.pdf](http://www.ctb.virginia.gov/resources/2010/sept/resol/Agenda_Item_8_CTB_RESOLUTIO_N_Columbia_Pike_to_approve_agreement_and_transfer_Sept_2010_CTB_rev_2_.pdf)

2.4 Maintenance Payments

In accordance with § [33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) of the *Code of Virginia*, the Commonwealth Transportation Board is authorized to make maintenance payments to counties which have withdrawn or elect to withdraw from the secondary system of state highways under the provisions of § 11 of Chapter 415 of the Acts of Assembly of 1932.

2.4.1 Payment Rates

Payment rates for Arlington and Henrico Counties are derived from a base payment rate established in § [33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) of the *Code of Virginia* as revised in 2013. The rates will be adjusted annually utilizing the computed base rate of growth planned for the Department's Highway Maintenance and Operations Program as outlined in [Section 33.1-41.1 \(§33.2-319, effective October 1, 2014\)](#) of the Code of Virginia. The Department will utilize those rates, as adopted by the CTB, to calculate and put into effect annual changes to each qualifying locality's payment.

Annual maintenance payments for Arlington and Henrico are based on the current payment rate and the total certified lane mileage in the Counties. The certified lane mileage must be submitted annually in accordance with Section 2.3.3 of this Guide.

It is important to recognize that, the calculation of lane mileage in these Counties is different than the calculation of lane mileage in the urban system and the two rates should not be compared.

2.4.2 Quarterly Maintenance Payments

The total annual maintenance payment for each county is determined no later than June 30 of each year using the applicable payment rate multiplied by the number of approved lane miles within that county. A [resolution](#) approving the annual statewide allocation is approved by the [Commonwealth Transportation Board](#) (CTB) typically during their June meeting.

Maintenance payments are then made, quarterly, in equal amounts, on or before September 30, December 30, March 30, and June 30.

2.5 Eligible Maintenance Activities

§ [33.1-23.02 \(§33.2-100, effective October 1, 2014\)](#) of the *Code of Virginia* defines the term "maintenance" as ordinary maintenance, maintenance replacement, and any other categories of maintenance which may be designated by the Commissioner. Ordinary maintenance activities pertain to preservation of each type of roadway structure and facility as near as possible in its condition as constructed. Maintenance replacement activities pertain to the function of restoring each type of roadway structure and facility as near as possible to its condition as constructed.

A list of ordinary maintenance and maintenance replacement activities are included in Appendix 2-B.

2.5.1 Standards of Maintenance

Counties receiving maintenance payments are agreeing to maintain those roads for which payment is received. The Counties are fully responsible for all maintenance and operations on the local road system.

The Department has established standards of maintenance to guide maintenance and operation of state maintained roadways. These maintenance standards are generally described in Appendix 2-C, and are provided in this guide as a reference.

2.5.2 Maintenance of Roads within Limited Access Interchanges

In general, but with some exceptions, the maintenance of interchanges and grade separation bridges at all intersections of Interstate and Primary routes will be the responsibility of the Department. The cost will be apportioned through the appropriate system's maintenance funds. Payments will not be made for street or road mileage maintained by the Department under this provision.

County roads passing through Interstate or State Primary routes may be maintained by the counties in accordance with the following provisions:

- Where the Interstate route passes under a county maintained street or road, the maintenance of the surface and sidewalks of the bridge and the approach roadways to the back of the shoulder line shall be the responsibility of the county. The practical extent of the counties' maintenance responsibility is snow removal and pavement marking, and keeping the surface and sidewalks clear of debris. VDOT retains responsibility for long-term maintenance of the bridge structure.
- Where the Interstate route passes over a county maintained street or road, the maintenance of the entire bridge and slopes back of the normal ditch or sidewalks, including ramp connections to the edge of the street pavement, shall be the responsibility of the Department. The street roadway underneath the Interstate route shall continue to be the responsibility of the county.
- When the Primary route intersects with a county road the Department will maintain that portion of the county road, on the right-of-way of Primary Roads, as follows:
 - a. VDOT will perform all physical maintenance to the surface, and will furnish, erect and maintain any necessary directional signals, overhead signs, all other

signs (except for Street Naming Signs), pavement markings, and other related signal equipment.

- b. The County will furnish, erect and maintain “Stop” and “Yield” signs if required.
- c. Should the County wish to perform other work on the State right-of-way, they will acquire a [Land Use Permit](#) in accordance with the provisions of the [Land Use Permit manual](#), prior to performing any work.

The Department of Transportation will continue to control and maintain all signs, signals, other traffic control devices and lighting within the limited access right-of-way of interchange areas. Signals within the interchange areas may be maintained by the County when mutually agreed upon by the Department and the County. The county may install signs along limited access facilities under authority of a [Land Use Permit](#) issued by the Department. In such cases, the County will be responsible for maintenance of such guide signs.

VDOT may install signs on County rights-of-way only with prior approval by the County. Guide signs and signs from the [Integrated Directional Signing Program](#) (IDSP) for interstate facilities may be installed on County rights-of-way. Once these signs are installed, on local streets beyond the limited access area, they will be maintained by the Department.

2.6 Local Performance and Accountability

[§33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) of the *Code of Virginia* requires counties receiving maintenance payments to report financial and system condition data to the [Commonwealth Transportation Board](#) (CTB) in a manner prescribed by the CTB. These requirements were initiated as part of a Code change enacted by the General Assembly in 2004. The procedures outlined in Sections 2.6.1 and 2.6.2 of this Chapter were developed through extensive coordination with impacted localities, including Arlington and Henrico Counties.

2.6.1 Financial Accounting, Reporting, and Certifying of Expenditures

[§33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) of the *Code of Virginia* requires an annual audit of maintenance payment expenditures. The receipts and expenditures must be recorded by the county in a separate highway maintenance account. The account must be supported by sufficiently detailed information necessary to determine the source of funds and identify all expenditures by category. Such expenditures may include cost for labor, equipment, materials and any indirect or overhead charges related to applicable street maintenance expenditures. All expenditures must be supportable and the records maintained by the county must meet reasonable audit tests. The records of each fiscal year shall be audited by a CPA firm, retained by the county under the [State Auditor of Public Accounts procedures and requirements](#)

Following the completion of the audit, counties are required to make an annual report accounting for their expenditures and to certify that none of the payments received have been expended for other than road maintenance, construction or reconstruction on eligible roads. The information must account for all expenditures and delineate between construction and maintenance payments. This required report is made through completion of the [Weldon Cooper Center for Public Service Local Finance Survey](#). This online survey provides data to VDOT that fulfills both the state reporting requirements and the annual Federal Highway Administration form [FHWA-536](#) requirements. The survey will be sent to the county by the Weldon Cooper Center in January of each year. Each county should submit their completed survey by March 31 which shows the total annual road payment receipts and how much was expended by categories. Counties also must electronically certify that all expenditures were spent on eligible activities.

The Department reserves the right to perform supplemental audits of accounting systems and records as it deems appropriate to ensure compliance.

2.6.1.1 Carry Forward

Maintenance payments are intended to be spent during the fiscal year in which the payments are made and may include encumbered contractual obligations or a statement of work for carryover to cover a shortfall in expenditures. However, any remaining balances will automatically be carried forward for use in the subsequent fiscal year. Those counties that have not expended all of their maintenance payments are required to provide a written explanation on the [Weldon Cooper Center for Public Service Local Finance Survey](#).

2.6.2 Performance Reporting

In 2004, the General Assembly modified [Section 33.1-23.5:1 \(§33.2-366, effective October 1, 2014\)](#) of the *Code of Virginia* to require localities to report on their performance as specified in subdivision [B 3 of 33.1-23.02 \(§33.2-352, effective October 1, 2014\)](#) of the *Code of Virginia*.

2.6.2.1 Bridges

VDOT reports bridge conditions in “real time” on the maintenance [Dashboard](#) for locally maintained bridges. The Dashboard presents bridge ratings in the form of green (non-deficient, General Condition Rating between 1 and 3), yellow (functionally obsolete, General Condition Rating between 4 and 5) or red (structurally deficient, General Condition Rating between 6 and 9).

Bridge condition and performance is measured based on the General Condition Rating (GCR) assessed during NBI bridge inspections. The current performance target is that less than 8% of bridges are structurally deficient (red of the dashboard). Bridges are considered structurally deficient if they have been restricted to light vehicles, are closed to traffic, or require rehabilitation. Structurally deficient means there are elements of the bridge that need

to be monitored and/or repaired. The data populates automatically based on information entered for the bridge inspection reports, see Section 2.6.3 – Bridge Safety Inspection.

2.6.2.2 Pavements

The Highway Performance Monitoring System (HPMS) is a highway information system utilized by the FHWA that includes data on the extent, condition, performance, use, and operating characteristics of the nation’s highways. The [Highway Performance Monitoring System](#) includes information on pavement condition for sample segments based on International Roughness Index (IRI), which is the worldwide standard for measuring ride quality.

Based on federal pavement rating criteria, pavements have a good ride quality if the IRI is less than 100. As the IRI increases, the ride quality decreases. Pavements with an IRI between 100 and 170 are considered fair. Local pavements with an IRI of 170 or greater are considered to be poor quality.

Although, this information is beneficial, it is not comparable to VDOT’s pavement performance measurement system and does not provide for a direct correlation in reporting performance. Until a more global measure of pavement performance is developed and implemented, the IRI data from the [Highway Performance Monitoring System](#) will be used as an interim indicator of pavement performance for localities. Meanwhile, data from the [Highway Performance Monitoring System](#) will be reported, but a specific performance target will not be established.

2.6.3 Bridge Safety Inspection

Bridge safety is of utmost importance. The Federal Highway Administration (FHWA) and the Department require strict compliance with the [National Bridge Inspection Standards \(NBIS\)](#) in particular with regard to the frequency of inspection and load posting requirements. FHWA policy requires that the use of Federal Aid funds be suspended in any State or Local jurisdiction in which there are substantial NBIS deficiencies. [Section 116 of Title 23 of the U. S. Code](#) indicates that if a project is constructed in whole or in part with Federal funds, that project is to be maintained at a level acceptable to the U. S. Secretary of Transportation or the Secretary will withhold federal funds until an acceptable level of maintenance is achieved. The county is required to perform bridge safety inspections on their local roads, but the county can contract with VDOT to perform the inspections. The Local Assistance Director may elect to withhold maintenance payments for delinquent Bridge Inspection Reports.

The VDOT District Structure and Bridge Engineers are responsible for ensuring that the bridge inspection requirements are met by the localities. Additional guidance is available in the Instructional and Informational Memorandum [S&B-27.7 Inventory and Inspection Requirements for Bridges and Large Culverts](#).

The FHWA has implemented a new National Bridge Inspection Program (NBIP). This new program is being implemented for several reasons; 1) recognition by FHWA of several opportunities for improvement, 2) NBIP continually identified as high-risk area, 3) concerns by States that level of oversight is not consistent across the nation, 4) Office of Inspector General audits following the I-35W bridge collapse, and 5) in accordance with the FY2010 Appropriations Act.

The new National Bridge Inspection Program will move from a subjective program to a data-driven, risk based process. The program will establish national consistency and will have clearly defined terms and processes. The new NBIP oversight includes 23 individual metrics. Each metric covers specific requirements of the NBIS. The new NBIP will have 3 assessment levels with each level having specific criteria to be reviewed. And finally the new NBIP will have 4 levels of compliance. Each level having specific thresholds to meet for compliance. The compliance status will be continuously updated based upon statistical samples with the “Final Summary of Metric Compliance Report”, being reported annually on December 31st. More information can be found on the [National Bridge Inspection Standards \(NBIS\)](#).

Part 3 – County Construction Program

3.1 General Overview

Arlington and Henrico Counties are eligible to receive construction allocations for eligible construction projects on the local system. This part of the Guide outlines the legislative and regulatory requirements associated with construction funding and project delivery.

3.2 Program and Project Administration

Arlington and Henrico Counties have responsibility for managing their own transportation construction programs for the local road system.

3.2.1 Program Administration and Construction Payments

Arlington and Henrico Counties are accountable for their local road systems, including delivery and management of their construction programs. These counties are eligible to receive funds from the Commonwealth for their local road construction program. These funds are authorized by the [Section 33.1-23.4 \(§33.2-364, effective October 1, 2014\)](#) of the *Code of Virginia*, as allocated by the Commonwealth Transportation Board (CTB), and the state portions of these funds are disbursed quarterly to those counties.

The Quarterly Payments shall be made no later than the 30th day of September, December, March and June and shall be reduced by the amount of federal-aid construction funds that are forecasted to be available for each municipality. The federal funds are made available through reimbursement of qualifying project expenditures. The projected amount of a municipality's allocation that is federally funded is determined on a yearly basis.

The quarterly payments may be deposited in an interest bearing account by the municipality if they are not immediately needed for project expenses. Any interest accrued belongs to the county but must be used for transportation improvement purposes and has to be accounted for in the same manner as the quarterly payments.

3.2.2 Project Administration

Arlington and Henrico Counties are responsible for administering all construction projects on the local system, regardless of funding source.

For road construction using federal funding sources, Arlington and Henrico Counties must comply with the same state and federal laws and regulations as VDOT. VDOT is required by federal regulation ([23CFR635.105a](#)) to provide oversight for federally funded projects. The level of oversight is determined based on the risk associated with the project. Arlington and Henrico Counties should refer to the [Locally Administered Projects Manual](#) for specific project-related requirements for federally funded projects where applicable.

For road construction using state secondary formula allocations, Arlington and Henrico Counties have the autonomy to deliver these projects with no oversight from VDOT.

3.2.2.1 Project Agreements

Arlington and Henrico Counties have significant flexibility in how they deliver their construction program, but still need to meet federal and/or state laws and regulations that are tied to the sources of project funding. The cornerstone for successful administration of federally funded locally administered projects starts with the development of project administration agreements (local-state agreement).

- [Section 33.1-12 \(§33.2-209\(A\) and 33.2-214\(C\)\)](#), effective October 1, 2014) of the Code of Virginia allows the Commonwealth Transportation Commissioner to enter into agreements with localities, authorities, and other organizations in order to improve and maintain Virginia’s transportation system.
- [Section 33.1-75.3 \(§33.2-338, effective October 1, 2014\)](#) of the Code of Virginia allows counties to administer primary highway and secondary highway projects.

An agreement between the Department and the county must be executed to establish terms and conditions for various aspects of project development. When federal funds or state funding (beyond the state secondary formula allocations) are being used, the county must adhere to the [Locally Administered Projects Manual](#), as applicable.).

Project administration agreements consist of two parts, the terms and conditions under which the project is managed and an Appendix A which outlines the project scope and funding. VDOT’s project coordinators, working with the County staff will prepare a detailed good faith estimate of the anticipated VDOT eligible project expenses included as part of the Appendix A of this agreement. The manual includes links to the latest versions of project administration agreements.

3.3 Funding Allocations and Distribution

3.3.1 Construction Program Funding

3.3.1.1 Formula Funding Allocation

Even though Arlington and Henrico Counties elected not to join the secondary system, their construction funds are distributed via the secondary system allocation. As indicated in [Section 33.1-23.1 \(§33.2-358, effective October 1, 2014\)](#) of the *Code of Virginia*, after “off the top” allocations, including Interstate matching funds and Unpaved Secondary Roads funds, thirty percent (30%) of the remaining funds available for construction are allocated to the Secondary System. Secondary construction funds are distributed to counties based on a formula of land area and population, with population being weighted 80 percent and area weighted 20 percent. Revenue sources for any county (whether or not a withdrawn county) include federal-aid program fund sources and state formula fund sources.

The Federal-aid highway program is designed to be a jointly administered and funded program. With few exceptions, FHWA does not provide full funding for projects. Each federal-aid program has an established funding ratio which defines the Federal share of the

project cost. The remaining funding comes from the State and/or local government. State and local funds may come from a variety of sources, and in some cases, may include federal funds from another agency when permitted by that agency.

3.3.1.2 Commonwealth Transportation Board (CTB) Discretionary Allocations

3.3.1.2.1 Surface Transportation Program (STP)

The Surface Transportation Program (STP) provides flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, including the National Highway System (NHS), bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals. Projects are funded by contract authority from the Highway Account of the Highway Trust Fund. Funds are subject to the overall Federal-aid obligation limitation.

[Moving Ahead for Progress in the 21st Century \(MAP-21\)](#) has a new approach to core formula program funding, authorizing a lump sum total instead of individual authorizations for each program. Once each State's share of the total is calculated, it is divided up by program within the State.

Set-asides

From the State's STP apportionment, the following sums are to be set aside:

- A proportionate share of funds for the State's Transportation Alternatives (TA) program.
- 2% for State Planning and Research (SPR). [§52005; 23 USC 505]
- For off-system bridges, an amount not less than 15% of the State's FY 2009 Highway Bridge Program apportionment (may not be taken from amounts suballocated based on population).

The set-aside for Transportation Enhancements is eliminated.

Sub-allocation

50% of a State's STP apportionment (after TA and SPR set-asides) is to be obligated in the following areas in proportion to their relative shares of the State's population--

- *Urbanized areas with population greater than 200,000* – This portion is to be divided among those areas based on their relative share of population, unless the Secretary approves a joint request from the State and relevant MPO(s) to use other factors.
- *Areas with population greater than 5,000 but no more than 200,000* – Projects in these areas are to be identified for funding by the State in consultation with regional planning organizations, if any.
- *Areas with population of 5,000 or less*

The remaining 50% may be used in any area of the State. These funds may be allocated to municipalities at the discretion of the CTB. Additional information regarding the STP program, including eligible activities can be found at: <http://www.fhwa.dot.gov/map21/stp.cfm>

3.3.1.2.2 Federal Bridge/Off System Bridge

There is no separate federal bridge funding program for highway bridges in MAP-21. Bridge repair and replacement work may be funded using the National Highway Performance Program (NHPP) and the Surface Transportation Program (STP) funds. States may use NHPP and STP funding to improve the condition of their highway bridges through replacement, rehabilitation, and systematic preventive maintenance. MAP-21 requires that in each fiscal year at least 15% of the 2012 Highway Bridge Program apportionment from the STP funding be utilized to improve bridges that are not on the federal-aid system (Note: “off-system” structures are VDOT-owned bridges or large culverts on roads that have been classified as rural minor collector and locally-owned facilities on non-federal aid roadways). Bridge and off-system bridge projects are prioritized for funding by VDOT staff. The availability of funding for any particular structure is determined by a combination of considerations, including total available funding for all off-system bridges, bridge essentiality, use and condition (based on the data provided in periodic bridge inspection reports). Final fund allocations are approved by the Commonwealth Transportation Board.

3.3.2 Quarterly Payments

Arlington and Henrico Counties receive the state portion of their secondary construction allocation through quarterly payments. The construction allocation is combined with and identified within the maintenance allocation resolution. Notification letters, containing a combined maintenance and construction payment worksheet, are sent to each County following approval by the Commonwealth Transportation Board in June.

The state portion of the construction allocation is distributed quarterly throughout the year in accordance with the schedule for other quarterly payments. Counties should expect to receive their quarterly payment on or before the 30th of September, December, March and June. In the event the payment has not been received, the County should contact their primary VDOT contact to determine the disposition of the payment.

This process is outlined in Appendix 3-B.

3.3.3 Federal Aid Escrow

Prior to any actual fund distributions, the construction allocations are reduced by the amount of federal funds included in the allocation. These allocations are recorded in a county budget referred to as “Secondary Federal-Aid Program” and are reserved for eligible federal projects in the county. The county must meet all funding obligation and expenditure timeline requirements in accordance with all applicable federal and state laws and regulations. Funds not obligated within the specified period may be subject to lapse and/or reallocation.

The Federal-aid program is a REIMBURSEMENT program, meaning that FHWA reimburses VDOT for the Federal share after eligible expenses are incurred and invoiced. In order to obtain Federal reimbursement, a county must document eligible expenditures in an

invoice. Invoices should be submitted no more frequently than every 30 days and at least once every 90 days. For additional information on the processing of invoices, refer to Section 3.5.4 – Processing of Invoices.

3.3.4 Debt Reimbursement

[Section 33.1-23.4 \(§33.2-364, effective October 1, 2014\)](#) allows counties to utilize up to one third (1/3) of its annual construction apportionment to reimburse the locality for debt incurred for eligible project costs on approved projects.

The following provisions apply to debt reimbursement:

- For a project to be eligible, it must be included in the Commonwealth Transportation Board's Six-Year Improvement Program and included in the county's capital improvement program.
- A resolution from the county will be required requesting a portion of its annual federal-aid apportionment to be set aside for reimbursement for a specific eligible project.
- No more than one-third of the anticipated annual construction program apportionment to the county shall be used for debt reimbursement.
- A local government resolution and county/state agreement will be required for debt reimbursement projects.
- All debt reimbursement projects are subject to appropriation and allocation by the Commonwealth Transportation Board and shall not constitute a debt or obligation of the Commonwealth Transportation Board or the Commonwealth of Virginia.

3.3.5 Programming

The Virginia Department of Transportation and the Counties program construction funding on the local system of state highways in a cooperative manner. The Counties are fully responsible for programming and monitoring all County-generated revenue and/or state quarterly construction payments as part of their local Capital Improvement Programs (CIP).

Projects on the local system funded with federal allocations must be coordinated with the Department and included in the Six Year Improvement Program (SYIP) and State Transportation Improvement Program (STIP) in order to receive federal authorization and reimbursement. The Counties should coordinate with their local VDOT contact to identify federal projects and ensure they are programmed properly in order to qualify for funding.

The Counties have two options for including federal-aid projects (funded with secondary construction allocations) in the Six Year Improvement Program and State Transportation Improvement Program. The Counties can work directly with their local VDOT contact to exchange data/information which VDOT would then input into the SYIP. Or, the Counties can enter their project and programming information directly into the SYIP through a GENMOD. The GENMOD is a computer program that provides the locality with direct access and control to the programming of their federal allocations and is encouraged to ensure that the locality's programming intent is met.

Counties must provide a 20% match to the projects' federal secondary-aid allocations. Typically, this match is expected to be provided from the County's quarterly state construction allocation payments.

3.3.6 Federal Aid Project Requirements

As stated previously, for road construction using federal funding sources, Arlington and Henrico Counties must comply with the same state and federal laws and regulations as VDOT. This includes compliance with all financial and project delivery requirements associated with federal-aid project delivery.

The Federal-Aid Highway Program is a reimbursement program, meaning that the work must be done first then reimbursed by FHWA. For this reason, the federal portion of the secondary allocation is not included in the quarterly payment, but held in escrow. All federal funds have expiration dates for obligation of funds, which basically means that these funds will lapse at a specified time, typically four years after the funds are allocated by FHWA. Therefore, it is incumbent on each and every user of federal funding to implement projects in a timely manner to prevent this loss. A lapse of funding in any County may have a detrimental effect on the entire state. For example, a state that does not utilize its original federal obligation in any area is not eligible for additional federal discretionary funds and can result in a loss of funding.

The standard agreement states that the County shall meet all funding obligation and expenditure timeline requirements in accordance with all applicable federal and state laws and regulations, as well as, CTB and Department policies. When a particular phase of a federal project is authorized by agreement with FHWA, all of the funding associated with that authorization is considered obligated at that time even though the funds have not been spent. It is recognized however that there are cases where this is not feasible, such as the necessity to accumulate funds for a large cost project. In cases where a County may not be able to obligate its federal allocation, a letter should be sent to your local VDOT contact outlining the reasons and the amounts involved. These will then be reviewed by VDOT on a case-by-case basis.

The estimated amount of a County's allocation that is federal-aid will be communicated to the municipality by March 1st of each year, and will be determined by the amount of federal and state revenues that are available to be distributed through the state system distribution formulas.

3.3.6.1 Project Eligibility

Federal-aid funds must be expended for projects to enhance the federal-aid system. The federal-aid system is comprised of all roads functionally classified as collector or higher. Roadways classified as local or rural minor collector are not eligible for federal-aid funding. Federal funds can be used on any eligible federal-aid construction activity.

3.3.6.2 Eligible Project Expenses

As previously indicated, a portion of the secondary construction allocations to the Counties is reimbursable federal funds. When applying these funds to a project, the Counties must first expend their own funds and, subsequently, apply for reimbursement from FHWA, through VDOT. In order to remain eligible for reimbursement, the Counties must ensure that the execution of their federal projects meet all applicable federal requirements. VDOT is held accountable to FHWA to ensure that reimbursements are made only for eligible activities and only to those projects meeting federal requirements. A complete discussion of the federal requirements and VDOT's oversight role for these projects is contained within the [Locally Administered Projects Manual](#). **Arlington and Henrico County are required to meet those federal requirements outlined in the Manual.**

Federal cost principles are outlined in [OMB Circular A-87](#) and the FHWA e-CFR Title 23. Circular A-87 establishes principles for determining the allowable costs incurred by State Governmental units under cost reimbursement contracts and other agreements with the Federal Government.

3.3.6.3 Federal Obligation and Project Authorizations

Federal obligation authority is the amount of federal funds that a state must commit to qualifying projects within a federal fiscal year. Obligation is a commitment by FHWA to reimburse the state for eligible project expenses. States must obligate all federal funds available to them in each federal fiscal year. Unused obligations may be transferred to other states for their use. If the state is successful in obligating all federal funding, additional federal obligation may be requested from FHWA for specific projects or phases of projects. Projects must be included in the Statewide Transportation Improvement Program (STIP) to be obligated.

Each year, VDOT Staff, in cooperation with local governments who are administering federal projects, develops a strategy to ensure that all federal funding is obligated. The federal strategy is developed based on established project schedules. Meeting the federal obligation is a responsibility that is shared between VDOT and the localities. It is critical to ensure that established project schedules are met, as these are the basis for the federal strategy. All federal-aid projects must meet all applicable federal requirements as specified in the [Locally Administered Projects Manual](#).

When a particular phase of a federal project is obligated/authorized by agreement with FHWA, all of the project funding associated with that authorization is considered obligated even though the funds have not been spent. Upon issuance of such authorizations, reimbursable work activity within that project phase may begin. Supplemental authorizations are made when additional funding is required. Subsequent phases must be authorized prior to beginning any work on that phase of the project. For locally administered projects, no work should begin in a particular phase until authorization is received from the Department. **Any work initiated prior to authorization will not be reimbursed.**

3.3.6.4 Availability of Federal Funds

With a few exceptions, depending on the federal funding program, an obligation to a project must be made within three years after the last day of the federal fiscal year during which the allocation is provided. Funds not obligated within the specified time period are subject to de-obligation; however, VDOT is committed to working with localities to ensure de-obligation does not take place. A county must notify their VDOT designated primary contact if they will not be able to obligate the funds within the prescribed time-frame. In that situation, the county should provide an estimate of when they will obligate the funds, identify the project(s) and specify the phases of those projects.

3.3.6.5 Inactive Projects and Financial Integrity Review and Evaluation Reporting

After obligation, projects are expected to exhibit an acceptable level of progress toward completion. In accordance with 23 CFR Part 630 (January 31, 2006 Federal Register), projects that have been obligated with unexpended balances that have been inactive for extended periods of time, will be flagged for audit. In order to ensure that federal funds are being utilized, projects with no billing activity for 12 consecutive months are flagged and may be subject to “de-obligation” by FHWA. If a locally administered project is flagged, VDOT will consult with the locality to determine if reasonable progress is being made on the project. If such a determination is made, VDOT will notify FHWA and no further action is needed. However, if VDOT determines that reasonable progress is not being made, it may, in coordination with FHWA, de-obligate the federal funding for that project.

3.4 Special Funding Programs

Arlington and Henrico Counties are eligible for a number of special funding programs through the Commonwealth Transportation Board and VDOT. The following section identifies those programs and provides links to information on eligibility criteria and application processes.

3.4.1 Congestion Mitigation and Air Quality (CMAQ)

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) provides federal funding for projects and programs in air quality nonattainment and maintenance areas for ozone, carbon monoxide (CO), and particulate matter (PM-10, PM-2.5) which reduce transportation related emissions. CMAQ funds are programmed by the Metropolitan Planning Organization (MPO) serving your urbanized area.

Language has been included in the State Budget requiring the expeditious expenditure of CMAQ funds. Localities receiving CMAQ funds shall ensure that the funds for those projects are obligated within 24 months of allocation and that the project is advanced so that the funds are fully expended within 48 months of their obligation. If the CMAQ funds are not

expended within 48 months of their obligation, the Commonwealth Transportation Board may re-allocate any remaining funds to any other eligible project eligible under 23 USC 149.

Localities are responsible for funding any amount in excess of the allocation.

3.4.2 Regional Surface Transportation Program Funds (RSTP)

The Surface Transportation Program (STP) provides federal funding that may be used by States and localities for a wide variety of highway and transit projects. Regional Surface Transportation Program (RSTP) funds are STP funds that are apportioned to specific regions within the State. RSTP funds are programmed by the Metropolitan Planning Organization (MPO) serving your urbanized area. Metropolitan planning organizations, like the HRTPO, are responsible for selecting projects for RSTP funding.

Examples of projects that are eligible for funding under the RSTP program include: Highway Capacity, Accessibility, and Operational Improvements, Intermodal Transportation Projects, Transit Projects, Planning Studies, Transportation Demand, and Management Projects.

Language has been included in the State Budget requiring the expeditious expenditure of RSTP funds. Localities receiving RSTP funds shall ensure that the funds for those projects are obligated within 12 months of allocation and that the project is advanced such that the funds are fully expended within 36 months of their obligation. If the RSTP funds are not expended within 36 months of their obligation, the CTB may rescind any required matching funds for the federal funds. Localities are responsible for funding any amount in excess of the allocation

3.4.3 Highway Safety Improvement Program (HSIP)

MAP-21 continues the Highway Safety Improvement Program (HSIP) to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads that focuses on performance.

The Virginia Department of Transportation (VDOT) has developed a HSIP that involves the identification of high crash spots or corridor segments, an analysis of crash trends and existing conditions, and the prioritization and scheduling of improvement projects. VDOT's HSIP program consists of the following programs: **Highway Safety Program (HSP)**, **Bicycle and Pedestrian Safety Program (BPSP)**, **High Risk Rural Road Program (HRRRP)** and **Highway-Rail Grade Crossing Safety Program (H-RGCP)**.

Localities receiving HSIP funds shall ensure that the funds for those projects are obligated within 12 months of allocation and that the project is advanced such that the funds are fully expended within 36 months of their obligation. If the HSIP funds are not expended within 36 months of their obligation, the CTB may rescind any required matching funds for the federal funds. Localities are responsible for funding any amount in excess of the allocation. More

information can be found at the following link:
http://www.virginia.gov/business/ted_app_pro.asp

3.4.4 Revenue Sharing

The purpose of the Revenue Sharing program is to provide additional funding for use by a county, city, or town to construct, reconstruct, or improve highway systems within such locality. Local funds are matched with state funds with statutory limitations on the amount of state funds authorized per locality. The program is administered by VDOT in cooperation with participating localities under the authority of Section [33.1-23.05 \(§33.2-257](#), effective October 1, 2014) of the *Code of Virginia*. An annual allocation of funds for the program is designated by the Commonwealth Transportation Board.

Information on the Revenue Sharing program including eligibility requirements, application timelines, and application process is available on VDOT's [website](#).

3.4.5 Transportation Alternatives

The Transportation Alternatives Program was established by the MAP-21 federal transportation bill and combines several former SAFETEA-LU programs into one for funding purposes. This program now includes:

- Many of the former Transportation Enhancement Program activities
- The Safe Routes to Schools Program (see [website](#) for additional information)
- The Recreational Trails Program
- Planning, designing, or constructing roadways within the right-of-way of former Interstate routes or other divided highways

Examples of projects funded by this program include sidewalks, bike lanes, and the conversion of abandoned railroad corridors into trails.

Transportation Alternative funds are allocated annually by the Commonwealth Transportation Board after a selection process that includes the MPO'S in TMA areas.

Information on the Transportation Alternatives program including eligibility requirements, application timelines, and application process is available on VDOT's [website](#).

3.4.6 Access Programs

3.4.6.1 Economic Development Access Program

The Economic Development Access Roads Program provides funding to finance the construction or improvement of roads to new or expanding qualifying economic development sites. The roads will provide access from the nearest adequate publicly maintained road to the primary entrance of the qualifying site. The funding cannot be used to provide a driveway or direct road into the facility.

The Economic Development Access Program is administered by the Commonwealth Transportation Board, which allocates funds to eligible projects as provided under the authority of Section [33.1-221](#) ([§33.2-1509](#), effective October 1, 2014) of the *Code of Virginia*.

Information on the Economic Development Access Roads Program, including eligibility requirements and application information is available on VDOT's [website](#).

3.4.6.2 Airport Access Program

The Airport Access Program provides funding for the construction or improvement of roads serving new or expanding airports. The funding is intended to allow for access to the property or land, but not provide a driveway or direct road into the facility.

The Airport Access Program is administered by the Commonwealth Transportation Board, which allocates funds for eligible projects as provided under the authority of Section [33.1-221](#) ([§33.2-1509](#), effective October 1, 2014) of the *Code of Virginia*.

Information on the Airport Access Program, including eligibility requirements and application information is available on VDOT's [website](#).

3.4.6.3 Recreational Access Program

The Recreational Access Program provides funding for roadway and bikeway access to new or expanding non-federal public parks or historic areas. Bikeways must be for access purposes only, and are not intended as standalone leisure facilities, but must have a terminating point of interest, such as a bike parking lot in the vicinity of the park facilities or historic site.

The Recreational Access Program is administered by the Commonwealth Transportation Board, which allocates funds for eligible projects as provided under the authority of Section [33.1-223](#) ([§33.2-1510](#), effective October 1, 2014) of the *Code of Virginia*.

Information on the Recreational Access Program, including eligibility requirements and application information is available on VDOT's [website](#).

3.5 Fiscal/Audit/Budget

3.5.1 Audits and Compliance

A random audit may be conducted of basic construction and project records, to verify compliance with applicable federal and state laws and regulations and any requirements within the standard agreement and/or these guidelines. Project records must be maintained for no less than three (3) years following FHWA acceptance of the final voucher, and the municipality shall make such records available to VDOT upon request.

As a condition of receiving federal and state funds, the County is required to conduct a yearly independent audit of its expenditures. As part of this audit, the auditors must certify that the funds under this program have been expended in accordance with applicable federal and state laws and regulations.

VDOT is a pass-through entity of federal awards, meaning it is a non-federal entity that provides federal awards to sub-recipients to carry out federal programs. The Virginia Localities, Municipalities, Metropolitan Planning Organizations (MPOs), and Planning District Commissions (PDCs) are sub-recipients of federal awards, meaning they are non-federal entities that spend federal awards received through VDOT to carry out a federal program, but do not include an individual that is a beneficiary of such a program.

All sub-recipients must comply with the requirements of the Federal Office of Management and Budget ([OMB Circular A-133](#) Subpart C – Auditees, Section 300, Auditee Responsibilities (e). For VDOT, this requirement is that “the auditee shall ensure that the single audits required are properly performed and submitted within sixty (60) days of the audit being completed to the External and Construction Audit Division (ECAD) of VDOT. The auditee will provide access to any relevant records and financial statements as necessary to ensure such compliance.” This requirement is to be followed by all localities.

Within 150 days of the audit being received by ECAD they will:

- Review the single audits to ensure that sub-recipients expending \$500,000 or more in Federal awards during the sub-recipient’s fiscal year have met the audit requirements of [OMB Circular A-133](#), Subpart B – Audits, Section 200.
- Submit a written response to the responsible Program Manager in the VDOT Local Assistance Division (LAD), detailing any sub-recipient audit findings identified in the Schedule of Findings and Questioned Costs related to VDOT pass-through Federal awards.

As provided in OMB Circular A-133 Subpart D – Federal Agencies and Pass-Through Entities Responsibilities, Section 405, Management Decision (c), VDOT shall be responsible for:

- Notifying the sub-recipient of the audit findings that relate to the federal awards and, if findings need to be addressed, requesting a response from the sub-recipient describing the corrective actions planned to address the concerns.
- Notifying the Fiscal Division of VDOT of the audit findings that relate to the federal awards for Fiscal Division's determination of whether the sub-recipient audit findings necessitate adjustment of VDOT's own financial records.

3.5.2 Recovery of VDOT Costs

VDOT will have various costs associated with the administration of this program. For routine administrative activities such as overhead, providing assistance, answering questions, providing guidance, and paying vouchers, no fee will be charged to the County.

VDOT is required to perform some activities on behalf of the County as part of meeting federal/state requirements, such as providing certification, SERP, or an oversight function such as reviewing plans, and administering the Civil Rights and Environmental Programs. In these instances, VDOT will direct bill the County. VDOT will provide the County a cost estimate for oversight work for each project. VDOT will provide a detail statement of project charges and bill the County at least quarterly.

3.5.3 Processing of Invoices

As per the standard project administration agreement, the County may submit to VDOT an invoice or financial summary (in a manner agreed upon by the County and Project Coordinator) for each project that the County requests reimbursement on a monthly basis. However, to ensure timely processing of invoices and to comply with federal requirements, reimbursement requests should be submitted at least quarterly. All invoices should be within ninety (90) days of the completion of work. Supporting documentation, should be submitted to the local VDOT contact. The supporting documentation should include invoices paid by the municipality and a to-date project summary schedule, tracking payment requests and any adjustments. If the County is operating under a programmatic agreement, the County may submit a one-page summary of what documentation the County has on file, in lieu of copies of invoices paid by the County, provided that it is This documentation should be signed by the Director of Finance or Department of Public Works Controller.

A County is entitled to bill for indirect costs, provided that they have an FHWA approved Indirect Cost Plan. Indirect Cost Plans must be developed by a certified public accountant and submitted to the local VDOT contact for review coordination with External and Construction Audit (ECAD) and FHWA for approval.

VDOT will reimburse the County within thirty (30) days of receipt of an acceptable invoice. The amount may be reduced if a project does not have sufficient federal allocations shown in the SYIP.

3.5.4 Non-completion of Projects

Federal law and regulation place requirements on recipients of funding for completion of transportation projects. [Section 102\(b\) of title 23, United States Code](#), as amended by MAP-21, requires repayment of all Federal-aid reimbursements for PE costs on any project that has not advanced to Right of Way acquisition or construction within 10 years after Federal-aid funds are first made available. [Part 630.112\(c\)\(2\) of title 23, Code of Federal Regulations \(CFR\)](#), provides States a slightly longer timeframe in that right-of-way (ROW) or construction must be started by the close of the tenth fiscal year following the fiscal year in which the project is authorized. FHWA has a longstanding policy of not requiring payback when non-completion is directly related to compliance with another Federal law. If a locality subsequently elects to cancel a project, the locality will be responsible for reimbursing VDOT for the total amount of the costs expended for the project.

FHWA has issued a [policy memorandum](#) clarifying their interpretation of the law and regulation. Please refer to the policy memorandum or your local VDOT contact for more information on repayment requirements.

3.5.5 FFATA (Transparency Act)

The [Federal Funding Accountability and Transparency Act \(FFATA\)](#) was signed on September 26, 2006. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website. Federal awards include grants, subgrants, loans, awards, cooperative agreements and other forms of financial assistance over \$25,000. This reporting requirement went into effect on October 1, 2010 for Federal-Aid highway funds.

The majority of required information is already available in VDOT's systems and will be populated automatically. In order to fulfill the Federal Funding Accountability and Transparency Act (FFATA) requirements, the following additional data items must be submitted for each federal-aid project receiving over \$25,000 in federal assistance:

- Recipient (County) street address, including 9 digit zip code
- 9 digit zip code for the project location
- DUNS number for the recipient (County)

This information will be provided via the Appendix A of the Standard Federal-Aid Project Administration Agreement. If the County is operating under a programmatic agreement with the Department, the data will need to be provided to the local VDOT contact prior to receipt of federal authorization to proceed with the project/phase.

3.6 Project Development

3.6.1 Project Development Requirements

As stated previously, for road construction using federal funding sources, Arlington and Henrico Counties must comply with the same state and federal laws and regulations as VDOT. This includes compliance with all financial and project delivery requirements associated with federal-aid project delivery.

A complete discussion of the federal requirements and VDOT's oversight role for these projects is contained within the [Locally Administered Projects Manual](#). **Arlington and Henrico County are required to meet those federal requirements outlined in the Manual.**

3.6.2 Standards and Specifications

All County administered projects on the local system must be designed in accordance with AASHTO's Policy on Geometric Design of Highway and Streets (the "Green Book") or seek a design exception.

The Counties may develop their own design standards and construction specifications, which meet or exceed VDOT or AASHTO. However, they must be reviewed and approved by VDOT for use on federal-aid projects. If the County intends to utilize local standards and specification for a project on the National Highway System (NHS), the standards and specifications will need to be reviewed and approved by FHWA.

VDOT publishes a series of Instructional & Information Memoranda as well as other Manuals and Guides, which provide additional guidance and clarification regarding design standards. Local governments are encouraged to use these as additional resources when considering the design features of their projects to ensure consistent state-wide design.

If the County intends to utilize local standards or specifications for all projects on the local system, including those receiving federal-aid, it may be desirable for the County to submit their local standards/specifications for review and approval by the Department for program-wide application. Such reviews should be requested through the local VDOT contact and may result in review charges by the Department.

3.7 Construction, Inspection, and Acceptance

Federal regulations ([23CFR635.105](#)) require that VDOT monitor construction to ensure all environmental commitments made in SERP and in the NEPA document, and water quality permit conditions are implemented. Construction Monitoring / Oversight will be performed in accordance with the [Locally Administered Projects Manual](#) where applicable.

3.8 Project Maintenance and Modification

Federal regulations ([23CFR1.27](#)) require the perpetual maintenance and operation of a facility constructed with federal funds. When a County undertakes construction of a facility utilizing federal or state transportation funds, the County commits to maintenance and operation of the facility as constructed.

Part 4 - Operations

4.1 General Overview

Arlington and Henrico County have full operational responsibility for their local road system. Payments for operational activities are included in the maintenance payments received each quarter. These counties have control over policy and priority setting, scheduling, and program delivery approaches for all operational activities, including access control, permitting and land development transportation reviews. All activities should adhere to nationally recognized standards and coordination with VDOT may be necessary as noted below.

4.2 Traffic Control

4.2.1 Devices

All signs, signals and signal detection devices, pavement markings and other message relating mediums should conform to the most current edition of the [MUTCD](#) and the [Virginia Supplement to MUTCD](#).

The installation, maintenance, and control of traffic signs and pavement markings are under the jurisdiction of the county having road maintenance responsibilities on the local road system.

4.2.2 Traffic Signals

Installation of traffic control signals must meet the warrants established in the [MUTCD](#). Signal poles may need to be stronger and higher or provide an extension for luminaries. If such a pole is needed, it is eligible as a project expense. Non-breakaway poles, cabinets and other associated fixed objects located within the clear zone should be protected with the appropriate guardrail system.

4.3 Maintaining Traffic Control Devices on the Primary System

[Section 33.1-46.3 \(§33.2-321](#), effective October 1, 2014) of the *Code of Virginia* allows the Commonwealth Transportation Commissioner to enter into agreements with certain counties (Arlington and Henrico) for the operation of certain traffic control devices on state highways. A request under this section should be made in writing to the local VDOT contact.

4.4 Structures and Bridges

Counties should notify the District Bridge Engineer immediately when a structure on a locally maintained road is altered, thereby affecting the clearance or capacity either permanently or temporarily.

The Counties are responsible for posting restricted vertical clearances on all locally maintained roadways in accordance with [Section 46.2-1110](#) of the *Code of Virginia*.

Note: Bridge Condition Ratings and Safety Inspection requirements can be found under Chapters 2.6.2.1 and 2.6.3

4.5 Coordination when Development impacts the Interstate or State Highway System

The Federal Design Standards for interstate cross streets require access control and management within 100 and 300 feet of the ramp termini in rural and urban areas respectively. The two main reasons for maintaining this control of access are 1) to preserve the operational and safety integrity of the intersection and crossroad, and 2) prevent traffic from backing up onto the main lines of the interstate due to traffic conflicts too close to the exit terminal.

[§15.2-2222.1](#) of the *Code of Virginia* requires all rezoning cases development proposals that have a significant impact on state highways be reviewed by VDOT prior to the locality taking action. In localities that maintain their own local roadways, a development proposal must be submitted to VDOT if the proposal generates more than 5,000 trips per day and whose nearest property line is within 3,000 feet, as measured along public roads and streets, of a connection to a state highway or the proposal for residential rezoning generates more than 400 daily vehicle trips on a state-controlled highway and, once the site generated trips are distributed to the receiving highway, the proposal's vehicle trips on the highway exceed the daily traffic volume such highway presently carries.

Additional information on these development submission and review requirements can be found in the [Traffic Impact Analysis Regulations](#) on VDOT's website.

Additional information on the access management standards for principal arterials can be found on the [Access Management](#) page of VDOT's website.

Part 5 – Programmatic Agreement and Program Certification

NOTE: This section of the guide would only become applicable at such time that the County and Department enter into a programmatic agreement for the administration of the entire construction program. Execution of the programmatic agreement would also make the County eligible to pursue program certification.

5.1 Programmatic Agreement

Arlington and Henrico Counties have a long history of managing transportation construction projects on the local system. The majority of these projects have been funded with state and/or local allocations, with more recent emphasis on delivering federally funded projects as the reliance on federal funds has increased statewide.

In 2003, the General Assembly passed legislation to allow Cities and Towns in the Urban System the opportunity to manage their entire construction programs through the Urban Construction Initiative (UCI) and receive quarterly payments, much like Arlington and Henrico Counties do. These municipalities have entered into a standard programmatic agreement with the Department to manage their urban funded construction projects. The purpose of this chapter is to provide the same streamlining opportunity to Arlington and Henrico Counties.

The Programmatic Agreement covers all county managed projects on the local road system that are funded with secondary construction allocations. Projects funded with special fund sources such as: transportation alternatives, RSTP, CMAQ, revenue sharing and HSIP would still require individual project administration agreements. A sample programmatic agreement is included in the appendix.

The Counties may pursue this opportunity by formal request to their local VDOT contact. The local VDOT contact will work with the Local Assistance Division to prepare the programmatic agreement for execution and rescind existing individual project administration agreements for secondary funded construction projects.

Execution of the programmatic agreement also enables the counties to participate in the UCI community as part of their tri-annual meetings/workshops. These tri-annual meetings provide a venue for information sharing, networking with local government, FHWA, and VDOT colleagues, and an ongoing dialogue with VDOT policy and decision makers. (Note: Upon inclusion of any counties in this group, the name of the group will be changed to the Local Government Construction Initiative in recognition of the diversity of types of local governments in participation.)

A draft Programmatic agreement can be found in Appendix 5-A

5.2 Certification Program

In 2009, the Federal Highway Administration approved the implementation of a certification program for the Urban Construction Initiative. The certification program was a long-term goal from the inception of the UCI, but came to fruition in 2008/09 based on the diligent work of local, FHWA, and VDOT staff working cooperatively to develop the program. The opportunity for certification is being expanded to include counties who are responsible for managing their entire construction programs as well.

Certification is an opportunity for qualified localities to proceed with delegated authority by VDOT for project administration and development with streamlined VDOT oversight on federal and state funded projects. The program was developed using the FHWA/VDOT relationship as a model, where different oversight levels and delegations are outlined for different types of projects. The program was based on the delegations and streamlining measures outlined in the FHWA/VDOT Joint Efficiencies Agreement.

5.2.1 Introduction

Counties that are managing their entire construction programs under programmatic agreement with VDOT may apply to be certified under the following process to deliver projects with streamlined oversight from VDOT. Certification with streamlined oversight applies to all projects except for those that are located on the National Highway System (NHS), that have been noted as requiring Federal Oversight (FO) or that have been identified by the Commissioner as requiring VDOT oversight.

This chapter describes the application, evaluation and qualification requirements for localities to become certified to deliver their program and projects with Federal funding with less oversight from VDOT. This document should be read in conjunction with the Certification and Compliance flowchart included as Appendix 5-B.

The major steps in the flowchart are explained below along with details of the submission requirements that Localities will be required to meet, what information must be submitted and how VDOT will evaluate that information.

5.2.2 Initiation of Certification Process and Eligibility Requirements

Certification is voluntary and each Locality must decide for themselves if it fits their needs or not. VDOT is responsible to FHWA for projects that receive Federal funding so VDOT must ensure that only eligible and suitably qualified Localities are allowed to deliver projects via a streamlined process with limited VDOT oversight.

Eligibility will be determined by VDOT as the first step in the evaluation process. In summary, the eligibility requirements are:

- 1) The Locality has demonstrated their ability to administer and deliver federally funded projects via a combination of projects from different federal funding sources and has

accomplished this through the use of local or contracted resources. Experience must be demonstrated in the following areas at a minimum:

- a. Preliminary and final engineering
 - b. Meeting NEPA requirements
 - c. Undertaking Land Acquisition
 - d. Procuring Consultants
 - e. Undertaking Construction Project Management
- 2) The Locality has operated under a programmatic agreement with VDOT for a minimum of one (1) year and must have demonstrated programmatic responsibilities, such as fiscal management.
 - 3) The Locality must have not had any unresolved compliance issues arising from Office of Management Budget (OMB) Audits, VDOT findings of non-compliance or FHWA findings of non-compliance or non-participation.

Before progressing further, it is recommended that the Locality discuss the eligibility requirements with their local VDOT contact and Local Assistance Division (LAD). If the Locality has any concerns regarding previous VDOT and/or FHWA compliance issues, these should be raised with the LAD Director and discussed prior to expressing interest in becoming certified.

Localities that believe they are eligible must formally express interest in Certification via a Letter of Intent from a Locality Administrative Official to the LAD Director. In no more than two pages, the Locality should state the reasons why it is pursuing certification and how it meets the eligibility criteria. In responding to the criteria on demonstrated ability to administer and deliver projects, the Locality is required to include within their Letter of Intent a brief list of projects that support their eligibility. The list should include the project description and UPC reference code.

VDOT will review the Letter of Intent with assistance from the Home District Administrator and his or her staff. The LAD Director will carry out the final evaluation and respond within 30 days. A positive response will include confirmation that the eligibility criteria have been met and will request a formal detailed submission based on the requirements outlined below. In this response, VDOT will inform the Locality who will be on the Certification Evaluation Panel and therefore to whom they should submit their detailed submissions to. If the eligibility requirements have not been met the reasons will be listed in VDOT's response.

5.2.3 Certification Submission Requirements

For a Locality to achieve certification status, VDOT needs to be confident that the Locality:

- 1) has appropriate program delivery systems in place;
- 2) has appropriate project delivery processes in place;
- 3) has an organization structure in place to support program and project delivery; and

- 4) has experience in program and project delivery.

VDOT will evaluate the above and approve or deny certification based on the detailed submission document from the Locality. In this document, the Locality is required to address program and project processes and explain how they act together within their own specific organization to meet Federal requirements. In addition the Locality is required to describe its experience in these specific areas.

To guide the Locality in the development of the detailed submission and to standardize evaluations, the Locality should respond to the questions below. The Locality must submit their narrative no more than 90 days after receiving confirmation of eligibility. If this period expires, the Locality may need to re-submit their Letter of Intent for a new eligibility review.

In the questions below, program and project delivery have been split into various sub-headings that match the minimum Federal requirements.

Sub-headings for program management (Section 5.2.3.1) are addressed first as these apply to all projects that receive Federal funding through VDOT. VDOT needs to have information on these functions to have confidence in the Locality's performance without needing to continually check each aspect in detail.

Sub-headings for project delivery (Section 5.2.3.2) relate to the stages of project development and construction that still require VDOT approval. VDOT will continue to be involved at these stages as they are required to do so by Federal regulations; however a Certified Locality will be able to work towards each approval without additional oversight or detailed interim checks. In order to be comfortable with this streamlined process, VDOT needs to know how the Locality will carry out the steps needed to meet each approval point.

In answering the questions below, the Locality may use a format of their choosing. If a Locality already has a project implementation plan or other form of process manual it may reference that in its answers and append the appropriate sections.

5.2.3.1 Program Management Requirements

The Locality is required to demonstrate that it has systems in place to support project development and construction, and that it can carry out associated roles and responsibilities required by Federal regulations. These are defined as program management systems and roles. Therefore each request shall address the following in their description of the systems in place:

- 1) What processes (documentation, systems, and controls) are in place to ensure successful program delivery?
- 2) How does your organizational structure support/ ensure success?

- 3) What combinations of in-house/out-sourced resources are to be utilized to achieve program delivery?
- 4) What experience demonstrates the Locality's ability to deliver Federal programs?

The systems or programs that the Locality is required to describe include, but are not limited to:

1. Fiscal, audit and budget systems
 - Federal Aid Payment requirements
 - Project documentation
 - Audit requirements according to OMB Circular A-133 (CAFR)
2. Civil Rights program
 - DBE Program Plan
 - DBE goals (establishing and attaining)
 - DBE requirements in contracts
3. Internal QA/QC processes
 - Management of external consultants/ resources
 - Design quality control plan
 - Constructability and bidability review
 - Construction quality control requirements
 - Construction quality assurance program (including independent materials testing where required)
4. Public outreach program
 - Outreach plan
 - Public involvement at appropriate stages
5. Consultant procurement process
 - Virginia Public Procurement Act/Brooks Act
 - Ensuring fairness and transparency
6. Project controls for cost and schedule
 - Baseline schedule preparation
 - Engineering, construction, administration and project management cost estimating and budget preparation
 - Project controls methodology & systems

The program management roles and responsibilities are also shown in a table in Appendix 5-D.

5.2.3.2 Project Delivery Requirements

VDOT can only be assured that Federal requirements will be met, and be able to award certification, if it is confident that the Locality has documented delivery processes in place to meet the requirements. The project delivery flowchart in Appendix 5-C is presented as a guide to demonstrate typical project flow but not all steps are needed for all projects and the steps are not necessarily sequential. Emphasis should be placed on processes that are federally required and that require VDOT interaction or approval whether a Locality is certified or not. The boxes highlighted in red are key points requiring VDOT/FHWA coordination/approval and are to be addressed in the certification submission as described below.

Each Locality shall address their internal knowledge of the requirements, processes in place, their internal and /or external resource utilization and experiences for each key point during project development. Below are the key points and suggested topics for each.

1. Preliminary Engineering Authorization

- Local Council Approval

2. NEPA & Permitting

Preparation of NEPA documentation and associated permits including:

- Coordination with appropriate resource agencies
- Development of environmental document
- Federal permits including Virginia State required permits
- Final environmental approvals
- Environmental re-evaluations

3. Right of Way

Preparation of R/W and utility plans including:

- R/W total parcel acquisition plans
- R/W special negotiations identification
- R/W and Utilities agreement and authorization

4. Sole Source or Proprietary Procurement

- Sole source justification

5. Construction Authorization

- Bridge/ structures special details
- AASHTO design standards
- Value Engineering
- Design exceptions, documentation and justification
- Final PS&E and contract documents preparation

6. Award of Construction Contract

- Project advertisement

- Contract award and package
- Contractor Value Engineering review
- Administration of construction contracts including project controls

7. Project Final Inspection and Acceptance

- Acceptance procedures
- Report of expenditures

The project management roles and responsibilities are also shown in a table in Appendix 5-E.

The Locality may refer to VDOT processes (including the LAP Manual) if these are adopted for project delivery. If VDOT processes are used, the Locality is required to state how they use them and what modifications are applied.

5.2.3.3 Organization Chart

An organization chart is required to assure VDOT that qualified staff are either employed or retained to demonstrate knowledge of the processes requirements and to implement the delivery processes and use the delivery systems. The organization chart must show the 'chain of command' with lines identifying the participants who are responsible for major functions to be performed and their reporting relationships showing key roles and interaction between roles. The Locality also needs to clearly identify responsibility for interaction with VDOT.

The Locality is also required to submit a narrative describing the functional relationships among participants for the organizational chart. The Locality must indicate whether positions are filled in-house or outsourced. There should be alignment between the processes and the organization chart.

Note that VDOT does not require all roles to be in one department. The Locality should explain how it manages its own processes, whether that involves links to other departments for certain functions (e.g. payment) or whether it is all in one department. Lines of authority need to be clear and the Locality needs to assure VDOT that those in responsible charge have internal support for processes that have to be carried out to meet Federal requirements.

5.2.3.4 Experience

When addressing experience the localities shall demonstrate that it has previously delivered projects with Federal funding. The size or type of project does not matter because certification will apply to all sizes and types of project, i.e. there will not be tiered certification.

The Locality submits their narrative directly to the VDOT Evaluation Panel members.

5.2.4 Certification Evaluation

Evaluation will be carried out by a VDOT Evaluation Panel. This panel will include Local Assistance Division Administrator (or designate), the Home District Administrator (or designate) and an Independent District Administrator (or designate). The Home District is the District in which the Locality is situated. The Independent District is any other District in the Commonwealth. A representative from the FHWA will be invited to participate as a non-voting member.

Evaluation will focus on the program management requirements, project delivery processes, organizational structure, and experience. The panel members will independently evaluate the Locality's entire submission but focus on the areas described below.

- 1) The Local Assistance Division (LAD) Director will focus on policy and programmatic issues. LAD will review the program management processes presented by the Locality and evaluate whether they fit with the program and with the aims and objectives of streamlining. From a policy perspective, LAD will evaluate whether all Federal requirements will be satisfied by the program management processes. LAD will also bring experience and knowledge of Locality's key staff and use that to contribute to the evaluation of organizational structure. LAD will also guide the evaluation process itself.
- 2) The Home District Administrator (or designate) will focus on three areas: project delivery processes, experience, and provide an overall view of information presented, including organizational structure. The Home DA will use their experience of working with the Locality to evaluate the processes put forward and the extent to which they have been carried out successfully. Home District staff may be consulted for feedback on technical aspects of evaluation and past performance.
- 3) The Independent District Administrator (or designate) will provide a third view of overall narrative and policy issues presented in the submission. Independence promotes objectivity when compared to the evaluations by the other panel members.

A simple evaluation result will be deployed allowing each panel member to determine that each component is either 'Demonstrated' or 'Non Demonstrated.' These results will be applied by each panel member to each of the six program management components and each of the seven project delivery components. Comments must be provided on any area identified as 'Non Demonstrated.' Organizational structure and experience are not separate evaluations as they apply to each of the 13 components.

Local Assistance Division will summarize the panel's comments on the Locality's submission. Feedback will be provided to the Locality in written form. This phase will be the Intermediate Review and will not confirm that Certification has been awarded or not.

The feedback will list the components that were evaluated as Non Demonstrated and ask the Locality to address these areas in a follow up interview presentation. The Locality will have

an opportunity to revise its narrative and prepare for the interview, which will be held in a Home District location. New information that addresses Non Demonstrated areas must be resubmitted in narrative form at the interview.

The Locality is required to achieve a Demonstrated result in all 13 component areas in order to achieve certification.

Following the interview, the panel will reconvene and reach a consensus determination on whether the non demonstrated areas have been addressed or not. The LAD Director will provide the panel's recommendation to the VDOT Chief Engineer who will then make the final decision. The result will be communicated to the Locality in written form.

If the Locality is not approved for Certification, VDOT will provide detailed feedback for improvement allowing the Locality to resubmit its submission.

An Agreement and a formal Certificate will be signed by the Locality and VDOT if the Locality is successful in achieving Certification. The Locality may begin the transition to Certified status immediately however ongoing coordination with LAD will be required.

5.2.5 Certification Evaluation Timeline

The timeline described below relates to the entire application and evaluation process. Please refer to Appendix 5-F for a diagrammatic summary.

- 1) A Locality that believes it is eligible for certification must initiate the process by submitting a Letter of Intent to the LAD Director.
- 2) Within 30 days VDOT will advise the Locality in writing whether or not they have successfully met the eligibility criteria. If successful, VDOT will respond with confirmation that the eligibility criteria has been met and ask for a formal detailed submission based upon the requirements detailed in Section 3. The Locality will also be informed of the members of the Certification Evaluation Panel.
- 3) The Locality will then have up to 90 days to submit its application to the Evaluation Panel. As soon as the submission is received, VDOT will arrange a tentative date for the evaluation presentation/interviews, which should be held approximately 90 days from the submission date.
- 4) The Evaluation Panel will complete its review of the submission over a 60 day period. At the end of the 60 day period, the panel will identify any non demonstrated areas and LAD will provide summary comments to the Locality.
- 5) The Locality's interview/presentation to the panel shall be held 30 days after VDOT has provided the Locality its summary comments. The Evaluation Panel will discuss the application after the interview and document its final recommendation.

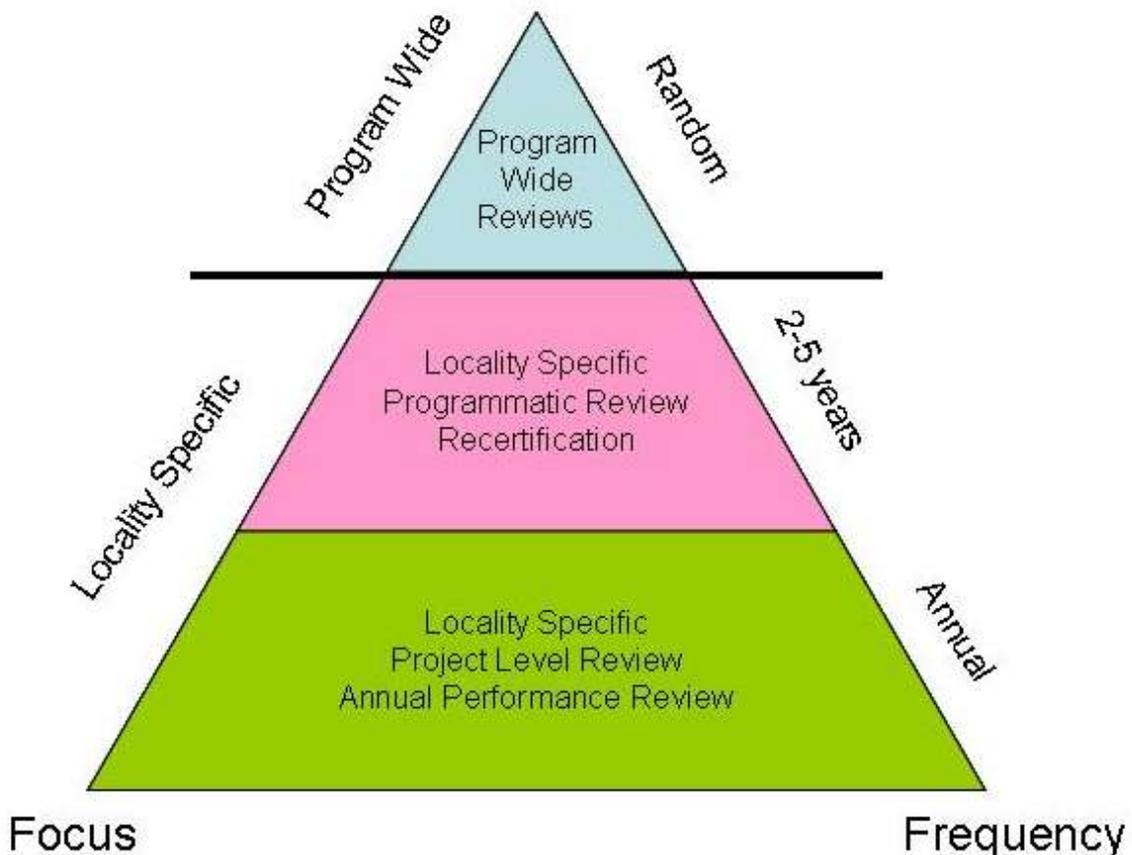
- 6) The LAD Director will schedule a briefing with the VDOT Chief Engineer over the next 30 days after which he or she will inform the Locality of the result of their application.

5.3 Certification Compliance

Once a Locality has been certified it is important that performance is monitored and improved. This is achieved through a compliance assessment regime as described below. Compliance is an important component of the Certification process to ensure that FHWA and VDOT requirements are continually met and that the Locality is given necessary feedback to improve. The Local Assistance Division is responsible for executing the compliance program, with support from the Districts and Central Office policy divisions.

5.3.1 Project and Program Reviews

The certification program includes three levels of review as shown on the diagram below:



5.3.1.1 Project Level Reviews

The first level of review is called the Project Level Review performed on an annual basis. This is comprised of reviewing specific projects. Although this review does not directly relate to re-certification it is important for performance improvement purposes and will provide VDOT with information that may be included in the re-certification review.

The number of projects selected for annual review will be dependent upon the number of federally funded projects being carried out under the program in the relevant Locality, with a minimum number of one, and a maximum of three projects being reviewed.

The projects selected for compliance review will provide a representative sample from the Locality's various fund sources utilizing federal and state funds and identified in the SYIP and/or Year End Report. The review will consider the following but will not be limited to:

- 1) previous review findings;
- 2) complexity/risk;
- 3) projects underway; and,
- 4) phase completion.

The projects shall be selected by LAD with input from the local VDOT contact. Focus for the review will be on activities that have occurred following certification. The intended schedule for compliance reviews is outlined below:

<u>Timeframe</u>	<u>Event</u>	<u>Details</u>
August	Identify pool of projects	Projects chosen from SYIP and/ or Year End Report
September	Project review team established	Review visits are scheduled
October – December	Review process	~ Conduct project reviews ~ Summarize findings (compliance/noncompliance) ~ Send summary to Locality
January - March	Correction/resolution	90 days to provide correction action plan and/or dispute deficiencies if necessary
April – May	LAD review	LAD review of response and coordination of further corrective action (as needed)

The schedule above may be modified at the discretion of the LAD Director. The actual timeframe will depend to some extent on the number of projects reviewed, the complexity

and risk involved in those projects and the number / significance of Locality's correction actions.

5.3.1.2 Re-Certification

A re-certification review will be conducted by LAD and specified compliance team members two (2) years after the Locality is initially certified. This review will be focused on programmatic responsibilities to check that all key areas are being delivered in accordance with accepted processes. Any changes in the Locality from the original application must be brought to the attention of LAD before the re-certification process begins. The review will also include an evaluation of the annual performance (project-level) reviews.

Assuming continual program success and compliance, re-certification reviews will take place every 5 years thereafter.

5.3.1.3 Program Wide Reviews

Program wide reviews will be conducted periodically to ensure that the whole program is on track. This level of review may include random spot checks during various stages of project development and/or areas identified with consultation with the FHWA and Localities.

Each year, FHWA and VDOT will evaluate the status of the entire local administration program as part of an annual risk assessment. This discussion will include consideration of the timing and scope of Program Wide Reviews for the local Certification Program.

5.3.1.4 Compliance Assessment Team

LAD will coordinate the reviews and identify the appropriate team members based on the type of review being done and disciplines involved. Typical team members for reviews are identified below:

- 1) The LAD Compliance Coordinator will be responsible for initiation, planning, coordination, implementation and provision of feedback related to each compliance review. The Coordinator will facilitate the selection of the projects to be reviewed and the review team. The coordinator will also participate in the review itself.
- 2) The District Coordinator/local VDOT contact will be responsible for technical aspects of compliance with program and project requirements. This member will also review the efficiency of the Locality in areas such as the timeliness of submissions to VDOT.
- 3) Central Office Policy Division Representatives will be responsible for supporting the review of their technical areas. In most cases, these review team members are members of the Local Partnership Team.

5.3.1.5 Findings and Deficiencies

Three levels of deficiency are described below. Each requires a different form of correction or resolution and, when identified by VDOT, the Locality will be required to provide a correction action plan. The LAD compliance team may need to further investigate preliminary findings to determine if the infraction(s) may jeopardize the Locality's certification.

- 1) A programmatic deficiency is defined as a finding that a Locality's programmatic approach, practices, or procedures do not sufficiently demonstrate their ability to ensure compliance with federal or state requirements or their own stated policies and procedures. Continued certification may be conditioned, or certification may be removed until the deficiencies are corrected. Examples of programmatic deficiencies include: failure to demonstrate sufficient understanding of federal-aid processes, failure to maintain updated processes/procedures, failure to implement Civil Rights policies, failure to audit or budget correctly, failure to carry out adequate QA/QC, and significant deviation from organizational structure.
- 2) A project deficiency is defined as an error or omission that violates federal or state regulations, or mandated policies. If uncorrected, they may jeopardize federal or state participation in all or a portion of the project. Examples of project deficiencies include: failure to require specific Civil Rights information from contractors, failure to meet agreed-upon materials acceptance testing procedures, and failure to submit adequate information for approvals. This level of deficiency may result in loss of all or part of the federal and/or state funding for the project.
- 3) An "unrecoverable" project deficiency is one that has proceeded beyond the ability to correct and is of such magnitude as to create doubt that the policies and objectives of Title 23 of the USC (or other applicable federal codes) will be accomplished by the project. Examples of unrecoverable project deficiencies include: failure to meet NEPA stakeholder involvement requirements, violations of Brooks Act requirements when hiring of professional consultants, failure to obtain a design exception prior to construction, and award of a contract to a suspended or debarred contractor. This level of deficiency may result in the withdrawal of all or a portion of the federal and/or state funds from the project.

5.3.1.6 Resolution of Findings

During the compliance review process it is possible that differences of opinion will arise when non compliance findings are identified and when closing out corrective actions. The following resolution process is intended as a guide to the action that a Locality can take should this occur. The goal is for issues to be resolved constructively and at the lowest possible level.

The first level of discussion should be between the compliance review team and the Locality. The Locality must fully describe the project issues where there is a disagreement and include the following information:

- A detailed statement of Locality's position on the issue.
- Any backup for the position statement, including maps, plans, invoices, agreement(s) (draft and/or executed), pictures, and other material needed to give a full picture of the disputed issue.

Upon receiving the request the Compliance Coordinator shall prepare a response in the form of a memorandum to include the following:

- A detailed discussion of the items that are in dispute with references to sections in the manuals and policy memos that support VDOT's position.
- An overview of the issue, including any additional maps, plans, invoices, agreement(s) (draft and/or executed), pictures, and other material needed to give a full picture of the disputed issue that was not included in the Locality's request.

In preparing the above information, the Compliance Coordinator will consult the other members of the compliance review team including the local VDOT contact and Central Office advisor(s). The District Administrator or delegate may also be included.

The above exchange of information is to be provided in a timely manner so as not to impede the ongoing delivery of projects by the Locality. The Compliance Coordinator will invite the Locality to a meeting to discuss its response memorandum.

Should an agreement not be achieved, the matter may be escalated to the LAD Director for resolution. The information described above will be made available to the LAD Director along with the minutes of relevant meetings held between the Locality and the compliance review team. The LAD Director's decision will be final.

If the issues identified are such that continued certification may not be possible, the LAD Director will brief the VDOT Chief Engineer. The Chief Engineer will make the final decision regarding certification of the locality. The Chief Engineer's decision will be final.

Part 1 Appendix

Appendix 1-A Legislation Relative to the County Maintained System

[§ 15.2-2000](#). State highway systems excepted; town streets

[§ 15.2-2013](#). Temporary closing of rights-of-way

[§ 33.1-23.1](#). ([§33.2-358](#), effective October 1, 2014) Allocation of funds among highway systems.

[§ 33.1-23.5:1](#). ([§33.2-366, effective October 1, 2014](#)) Funds for counties which have withdrawn or elect to withdraw from the secondary system of state highways

[§ 33.1-35](#). ([§33.2-315](#), effective October 1, 2014) Transfer of roads, etc., from primary to secondary system

[§ 33.1-85](#). ([§33.2-343](#), effective October 1, 2014) Return after withdrawal from secondary system

[§ 33.1-87](#). ([§33.2-345](#), effective October 1, 2014) Effect of election

[§ 33.1-97](#). ([§33.2-1015](#), effective October 1, 2014) Acquisition of land in median strips of highways for public mass transportation; disposition of such property

[§ 33.1-210.2](#). ([§33.2-251](#), effective October 1, 2014) Installation and maintenance of certain signs in counties and towns

[§ 33.1-216](#). ([§33.2-102](#), effective October 1, 2014) Authority of cities and towns and certain counties in connection with federal aid

[§ 33.1-221.1:3](#).([§33.2-2401](#), effective October 1, 2014) Northern Virginia Transportation District Program

[§ 56-265.23](#). Exemption for roadway maintenance operations by the Virginia Department of Transportation and certain counties, cities, and towns.

Part 2 Appendices

Appendix 2-A Sample Annual Certification of Mileage

DATE

To: Local Assistance Director

Attn: Local Finance Manager

Subject: Certification of _____ County Lane Mileage

I hereby certify the current lane mileage of the _____ County system to be _____. This represents an increase/decrease of _____ lane miles from the previous certification. OR This represents no change from the previous certification.

Please adjust the County's inventory accordingly for maintenance payments beginning in FY_____.

Sincerely,

County Manager or Designee

Attachments:

If there are system changes, the certification should be accompanied by an updated inventory for federal reporting purposes.

Appendix 2-B List of Maintenance Activities

[Section 33.1-23.02 \(§33.2-100](#), effective October 1, 2014) of the Code of Virginia defines the term “maintenance” as follows: “For the purpose of this title, unless otherwise explicitly provided, the term ‘maintenance’ shall include ordinary maintenance, maintenance replacement, and any other categories of maintenance which may be designated by the Commissioner”. Ordinary maintenance activities pertain to preservation of each type of roadway structure and facility as near as possible in its condition as constructed. Maintenance replacement activities pertain to the function of restoring each type of roadway structure and facility as near as possible to its condition as constructed. A list of eligible and ineligible ordinary maintenance and maintenance replacement activities follows in this appendix.

Eligible items:

1. Costs to implement and continue these procedures.
2. Payroll additives and applicable overhead charges.
3. Expenditures for training in maintenance or bridge inspection work.
4. Bridge inspection costs for bridges on all public streets.
5. Replacement, maintenance and energy costs for traffic signals.
6. Maintenance and energy costs for roadway lighting.
7. Cost to maintain features within right of way such as sidewalks, bikeways, multi-use paths, etc.
8. Use of local prison labor.
9. Operation of intelligent and other traffic control and surveillance systems to monitor and control traffic.
10. Traffic calming devices which meets VDOT standards.
11. Storm drainage replacement for undersized culverts.
12. Minor pavement widening where tractor trailers run off the pavement or intersection radii need to be increased to accommodate turning movements.
13. Reconstruction or replacement of roadbeds or sidewalks where deteriorated beyond repair.
14. Plant mix overlays for streets previously only surface treated.
15. Higher grade materials, such as traffic signs and paint, than originally used.
16. High intensity pavement marking devices on roadways.
17. Traffic control devices upgrading and replacement.
18. Barriers or guardrails to protect traffic control cabinets when the barrier or guardrail is immediately adjacent to the cabinet.

Ineligible items:

1. Parking meter costs.
2. Follow-up repairs to utility cuts.
3. All non-highway related items.
4. County’s share (contribution) on construction projects.

AUTHORIZED ORDINARY MAINTENANCE AND MAINTENANCE REPLACEMENT ACTIVITIES FOR ELIGIBLE COUNTY ROADS

I. ORDINARY MAINTENANCE ACTIVITIES – preserves the roadway structure and/or facility as near as possible in its condition as constructed.

<u>ACTIVITIES</u>	<u>DESCRIPTION</u>
<u>Engineering & Administration</u>	
Engineering	Salaries, expenses and equipment rentals for field engineering, inspection, and materials testing
Expendable Equipment	Purchase and repair of small tools and non-rental equipment; rental charges on inactive equipment
Administrative Overhead	Salary & expenses of maintenance supervisory personnel building overhead
<u>Surface Repair – Bituminous</u>	
Spot Sealing or Skin Patching	Patching with liquid asphalt
Premix Patching	Patching with commercial or shop prepared mixes
Spot Reconditioning	All surface and base repairs for reshaping and reconditioning sections of roadway less than 1,000 feet
Seal Cracks on Bituminous Surfaces	With liquid asphalt
Repairing Bleeding Pavements	General Maintenance
Slurry Patching	With slurry machine
Heavy Mechanized Patching	Application of hot or cold bituminous mixes with motor graders and paving machines
Other Bituminous Surface Maintenance	Planning and smoothing bituminous surface emergency patching with stone dust or other non bituminous materials.

Surface Repair – Concrete

Patching with Concrete	Holes and blow-ups including removal of existing concrete
Patch with Other Material	With bituminous or epoxy material
Grouting, Under sealing, & Pavement Jacking	Pumping bituminous material beneath pavement, filling voids by grouting, and pavement jacking

Shoulder Maintenance

Non-Hard Surface	Machining and repairing low shoulders
Hard Surfaced Shoulders	Spot sealing, patching holes, sealing joint between shoulder and pavement, repairing low or high shoulders
Other Shoulder Maintenance	Applying dust palliatives to shoulder

Ditches and Drainage

Clean and Reshape Ditches by Machine	Where ditch spoil is used on shoulders or loaded and hauled
Hand Cleaning of Ditches	All hand ditch work
Other Drainage Maintenance	Cleaning curb and gutter and drop inlets
MS4 Permit Compliance	Activities required to comply with the permit as they relate to roads, stormwater and roadside drainage systems.

Road Side

Erosion Repair	To cut slopes, fill slopes, washouts, and the removal of minor slides
Cleaning Right-of-Way	Removing debris on right of way
Reseeding, Mulching, Sodding, and Resoiling	Replacing soil, sod, mulch, and reseeding right of way

Waysides and Rest Areas	General maintenance of areas to serve traveling public adjacent to street
Bus Shelters	General maintenance
Roadside Structures	Maintenance of sidewalks, retaining walls, rip rap, curb and gutter and guard rails
Fences	Maintenance of right of way and access control fences
Street Sweeping	Mechanical cleaning of roadways

Vegetation Control

Tractor Mowing and Hand Mowing	Within standards of maintenance
Brush Cutting	Cutting and removal
Spraying Brush, Weeds and Grass	All use of herbicides or soil sterilants

Signs and Traffic Control

Signs	Cleaning, repairing, replacing, and resetting signs
Traffic Signals	Replacement, maintenance and energy costs
Railroad Protection Devices	Payments to railroads for maintenance and operation to grade crossing protection

Traffic Services and Operations

Traffic and Pedestrian Counts	Arterial Roads and Collector/Road Streets
Highway Lighting	Maintenance and energy costs
Operation and Maintenance of Fog Warning System	General maintenance
Maintenance of Impact Attenuators	General maintenance

Snow and Ice Control

Deicing Chemicals and Abrasives	
Snow Removal Expendable Equipment	Cost of spreaders, plows, or other snow removal equipment

Snow Fence	Cost of fence, erection and removal
Snow and Ice Control Support	Cleaning and servicing of snow removal equipment, and cleaning and washing bridges after storms
Snow Removal and Ice Control Availability Fee	Paid to hired equipment owners for making their equipment available for snow removal

Structures

Bridge Inspection	All structures
Repairing Substructure	Repair and repainting bridge substructure removal of drift and ice flows
Repairing Superstructure	Repair and repainting the bridge superstructure
Repairs to Large Drainage Pipelines	
Repairs to Box Culverts	
Waterproof Bridge Decks	Includes linseed oil or epoxy treatments to bridge decks, wheel guards, and rails
Underwater Substructure Investigations	
Operation of non-toll Bridges	Operational expenses of drawbridges
Purchase of Equipment	Required to accomplish ordinary maintenance activities
Purchase of Materials	Required to accomplish ordinary maintenance activities

II. MAINTENANCE REPLACEMENT ACTIVITIES – restore the roadway structure and/or facility as near so possible to its condition as constructed.

ACTIVITIES

DESCRIPTION

Engineering and Administration

Engineering	Salaries, expenses and equipment rentals for field engineering, inspection, and materials testing
Expendable Equipment	Purchase and repair of small tools and non-rental equipment; rental charges on inactive equipment

Administrative Overhead	Salary and expenses of maintenance supervisory personnel building overhead
Pavement Management Inspection	As required

Surface Replacement

Reconditioning Hard-Surfaced Roads	Restoration of base and surface to original condition bituminous resurfacing
Bituminous Retreatment's	Applied to existing bituminous surfaces
Portland Cement Concrete Pavement Slab Replacement	Portland cement concrete overlays and grooving

Shoulders and Drainage

Bituminous Retreatment's	Existing hard-surfaced shoulders
Drainage Structures	Replacement of structures with equivalent dimensions
Extraordinary Cleaning of Major Outfall Ditches and Channels	Street drainage only

Roadside

Major Cut and Fill Washouts and Slides	Replacing major cut and fill slopes, removal of major slides
Major Waysides and Rest Areas	Major repairs or replacements of roadsides serving the traveling public adjacent to eligible street
Replacement of Right of Way Fences	All replacement
Replacement of Existing Shrubs and Trees	All replacement

Signs

Signs	Replacing sign structures, refurbishing major signs
Traffic Signals	Replacing traffic signals and equipment
Pavement Marking	Painting centerlines, edge lines and messages
Reflectorize Pavement Markers	Replace raised pavement markers

Structures

Major Substructure

Major repairs with equivalent dimensions

Major Superstructure

Major repairs with equivalent dimensions

Equipment and Materials

Purchase of Equipment

Required to accomplish maintenance replacement activities

Purchase of Materials

Required to accomplish maintenance replacement activities

Appendix 2-C Standards of Maintenance

(The standards outlined in this section are intended for general guidance. Further details can be found in “VDOT’s Asset Management Best Practices Manual”).

1. Pavement

The roadway surfaces shall be maintained as near as practical to the originally constructed, reconstructed, or improved condition. Maintenance performed on roadway surfaces should provide a reasonably smooth and safe traveling surface.

2. Shoulders and Curb and Gutter

These should be maintained as near as practical to the originally constructed, reconstructed, or improved condition. They should have a uniform slope that will conduct water away from the pavement and be free of excessive irregularities and drop-offs from the edge of the pavement.

3. Roadsides

Policy:

The roadside shall be maintained in a reasonably safe manner and be aesthetically pleasing to the traveling motorist.

Vegetation:

Vegetation control shall be performed to protect erosion of embankment soils and to provide an unobstructed view of signs and other appropriate roadside features.

Sidewalk:

The sidewalk surfaces shall be maintained as near as practical to the originally constructed, reconstructed, or improved condition. Maintenance performed on sidewalk surfaces should provide a reasonably smooth and safe traveling surface.

4. Drainage

All drainage facilities shall be maintained to (a) provide safety and protection to the traveling motorist, (b) provide reasonably adequate drainage of the roadway surfaces, shoulders, and any other incidental drainage items, and (c) preserve the structural integrity of the roadway.

5. Traffic Control and Safety

All traffic control and safety devices shall be fabricated, erected, and maintained in conformance with the current standards. VDOT shall render any decisions regarding exceptions to the standards. In addition to physical maintenance, functional maintenance is required to adjust traffic control devices to current conditions and to remove devices when no longer required.

6. Snow and Ice Control

The county shall provide snow and ice control services when required and commensurate with the needs of all segments of the traveling public and the highway system.

7. Structures

- a. Bridges, box culverts and pipe culverts that meet the American Association of State Highway and Transportation Officials' (AASHTO) definition of a bridge, generally structures having a clear opening greater than 20 feet, shall be inspected in accordance with the National Bridge Inspection Standards. Maintenance shall be performed as needed.
- b. Bridges, box culverts and pipe culverts that do not meet AASHTO's definition of a bridge should be inspected on a regular basis and maintained as regular drainage (Item above).

Part 3 Appendices

Appendix 3-A County Maintenance and Construction Allocation Distribution Process

The quarterly payment is comprised of state funds allocated for maintenance and the state-funded portion of the Secondary Construction Allocation. In order for quarterly Maintenance and Construction payments to be processed and made to participating counties on or before: September 30, December 30, March 30 and June 30 the following procedures should be followed.

1. **Information needed by early February**
 - Receive appropriation/allocation information for Maintenance and Construction payments from Financial Planning Division
 - Receive latest lane-mile inventory from counties

2. **CTB Resolution and Worksheet by June**
 - Local Assistance Division will prepare resolution and worksheet
 - Submit resolution to CTB for approval in June

3. **Notification Letters distributed by July**
 - Notification letters are sent to “County Board of Supervisors Chairman”
 - Copies are sent to the following VDOT entities:
 - Chief Financial Officer (CFO)
 - Programming Division Administrator
 - Fiscal Division Administrator
 - Asset Management Division Administrator
 - Local District Administrator and Local VDOT contact

4. **Procedure for processing each Quarterly Payment**
 - At least 30 days prior to quarterly payment due date
 - Local Assistance Division (LAD) will prepare a form FD-AP-01 for each county
 - LAD’s Program Manager will review each form for accuracy
 - Each form FD-AP-01 must be signed by LAD’s Director or Assistant Director
 - Cover letter and FD-AP-01 will be submitted to Fiscal no later than 14 days prior to payment date (end of each quarter)
 - ***NOTE: Arlington County’s 1st quarter construction payment is reduced to repay Northern Virginia Transportation District (NVTD)***
 - LAD verifies that payments are processed on time and reports through Virginia Performs

Appendix 3-B County Allocations Paid Directly to the Secondary Localities

Arlington/ Henrico Counties

Accounting/Billing Information

06/01/11

State Funding

Cash payments related to the state allocations (as determined by VDOT Programming/LAD staff) will be paid directly to the locality by VDOT on a quarterly basis.

Federal Funding

Federal allocations will be made to the locality on a reimbursement basis at a project level (similar to the method currently used when the locality administers a state project). VDOT will be responsible for billing FHWA to recoup federally participating costs. Since the federal agreement will be between VDOT and the Federal Highway Administration, it is imperative VDOT be able to support its billing requests. As a result, there will be more documentation required from the localities for costs that are to be federally reimbursed. Below is a summary of what might be required:

- The locality should submit a monthly project level invoice with supporting documentation to VDOT.
- Supporting documentation should include a life to date project summary schedule tracking payment requests submitted by the locality, payments received from VDOT and any adjustments made over the life of the project (see sample on attachment A). When the invoice relates to internal labor provided by employees of the locality, the following basic information should be included with the reimbursement request:
 - Project ID
 - Period of Time Covered
 - Amount
- VDOT should make payment to the locality within 30 days after the receipt of the invoice.
- After payment is made to the locality, VDOT shall have a 30-day period to review the invoice and supporting documentation. If VDOT objects to any of the costs, it shall advise the locality as to the costs it objects to, and VDOT shall make the adjustments necessary to correct for its objection on payment of the next invoice that is submitted at least 15 days after the locality receives notice of such objection. The locality shall notify VDOT if the locality does not agree with VDOT's objection and the dispute resolution shall be used to resolve such disagreement. If it is determined after such dispute resolution procedure that the cost was appropriate, the locality can then include such amount in an invoice and VDOT will make payment therefore.

- VDOT will bill FHWA to recoup the cash paid to the locality.
- The locality should agree to reimburse VDOT 100% of all related expenditures incurred which are not reimbursed by the Federal Highway Administration due to the recipient's failure to follow proper federal guidelines and/or the expenditures are found to be federally non-participating items.

Records Retention

The locality will maintain accurate records of each project and documentation of all expenditures for a period of three (3) years after the final completion of a project unless there is federal funding on the project, in which case the locality will maintain such records for no less than three (3) years following the approval by the Federal Highway Administration of the final voucher. The locality will make such records available for inspection and/or audit by the Department at any time.

SAMPLE LIFE TO DATE PROJECT SUMMARY SCHEDULE
REQUEST FEDERAL REIMBURSEMENT
(ATTACHMENT A)

Attachment A (Revised 04/09/08)
 DRAFT Life to Date Project Summary Schedule - Request to VDOT for Federal Reimbursement

City Name	Hampton	Invoice Number	121314
Project ID/UPC#	AAAAA/UPC 80104	Invoice Date	11/28/2006
Project Description	Metropolis Boulevard	Invoice Amount	\$ 12,000.00
Federal Project ID#	6461688	Billing Period	10/1-10/31/2006

Request Number	Invoice Number	Invoice Date	Invoice Amount	Adjustment Date	Adjustment Amount	Project to Date		Balance Outstanding	Comments
						Request for Reimbursement	Collected		
1	1234	07/31/2004	\$ 10,000.00		\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	
2	5678	08/30/2004	\$ 5,300.00		\$ -	\$ 15,300.00	\$ 15,300.00	\$ -	Adjustment was made by VDOT due to transposition error on Invoice 5678 (Invoice amount should have been \$3,500 instead of \$5,300)
3	91011	10/30/2004	\$ 7,000.00	09/22/2004	\$ (1,800.00)	\$ 20,500.00	\$ 20,500.00	\$ -	
4	121314	11/28/2004	\$ 12,000.00		\$ -	\$ 32,500.00	\$ 30,500.00	\$ 12,000.00	

Phase	Funding Summary Invoice Total				Funding Summary Project Life to Date Total			
	Total Federal Dollars Requested	State Dollars Applied	Local Match Applied	Total Project Expenditures	Total Federal Dollars Requested	State Dollars Applied	Local Match Applied	Total Project Expenditures
Pre. Eng	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00	\$ 2,250.00	\$ 250.00	\$ 12,500.00
Right of Way	\$ 12,000.00	\$ 2,700.00	\$ 300.00	\$ 15,000.00	\$ 3,500.00	\$ 787.50	\$ 87.50	\$ 4,375.00
Construction	\$ -	\$ -	\$ -	\$ -	\$ 19,000.00	\$ 4,375.00	\$ 475.00	\$ 23,750.00
Total	\$ 12,000.00	\$ 2,700.00	\$ 300.00	\$ 15,000.00	\$ 32,500.00	\$ 7,312.50	\$ 812.50	\$ 40,625.00

*This scenario assumes all reimbursements requested of VDOT are eligible federally participating expenses and the Federal participation rate is equal to 80% on all phases of work and a 2% local match is required on this project

Certification

I certify that the above invoiced amounts are correctly calculated, the items being requested for payment have been used or installed on the project, and the costs are allowable per state and federal regulations. Documentation to support the invoiced amounts is attached.

 Director of Finance

SAMPLE ANNUAL PROJECT FINANCIAL STATUS REPORT (ATTACHMENT B)

<u>DRAFT Annual Project Financial Status Report</u>		Hampton 06/30/2006											
Locality For Fiscal Year Ended		Project Status		Estimated/Actual Completion Date	Estimated/Actual Project Cost	Expenditures to Date	Federal Funding Applied	State Funding Applied	Local Match Applied				
Project ID													
00075089		Closed		12/31/2004	\$ 10,000.00	\$ 10,000.00	N/A	\$ 9,800.00	\$ 200.00				
00076000		Closed		10/30/2004	\$ 200,000.00	\$ 1,800,000.00	N/A	\$ 1,764,000.00	\$ 36,000.00				
00094892		Open		08/31/2007	\$ 350,000.00	\$ 100,000.00	\$ 80,000.00	\$ 20,000.00	Not Required				
00062001		Not started		12/31/2010	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -				
AAAAA		Open		06/30/2006	\$ 204,000.00	\$ 40,625.00	\$ 32,500.00	\$ 7,312.50	\$ 812.50				
Total					\$ 814,000.00	\$ 1,950,625.00	\$ 112,500.00	\$ 1,801,112.50	\$ 37,012.50				
Summary:													
Allocations through FY06*										\$	5,000,000.00		
Plus Interest earned										\$	250,000.00		
Less: State Allocations Applied Through FY06										\$	(1,801,112.50)		
Balance Remaining										\$	<u>3,448,887.50</u>		
V001 Fiscal Division													

PAYMENT/ BILLING PROCESS SCENARIOS

Process Quarterly payment of state allocation to Henrico County in the amount of \$2,000,000.

Speedtype	Speedtype Value	County	Dept ID	Project	Account	Activity	Debit	Credit
CSC	1205002	114	10500	N/A	1431	N/A	2,000,000	
	Cash							2,000,000

- LAD will process these payments.

VDOT performs billable PE work in the amount of \$10,000 on a locally administered project in Henrico County (project XXXXX). This project has no Federal participation.

Speedtype	Speedtype Value	County	Dept ID	Project	Account	Activity	Debit	Credit
CSC	1205003	114	10500*	XXXXX	As applicable	716**	10,000	
	Cash							10,000

- One operational project will be established for each scope of work (by LAD)
- These projects will not be in the VDOT Integrated Six Year Improvement Plan.
- One agreement will be established in Cardinal for each operational project to define billing parameters. (LAD will need to supply an agreement request form to Fiscal Division in order to trigger this event).
- A progress bill (for each project) will be sent to the city as expenses are incurred by VDOT (this will be a monthly billing).
- A cost component report can be made available on request.
- These expenses will need to be estimated and budgeted in the appropriate District.
- Each District should monitor charges against this cost center to ensure erroneous charges are not occurring.

VDOT performs billable Construction phase work in the amount of \$7,000 on a first cities project in Henrico County (project YYYYY). This project has Federal participation and a UPC is listed in the ISYP (AAAAA).

Speedtype	Speedtype Value	County	Dept ID	Project	Account	Activity	Debit	Credit
CSC	1205003	114	10500*	YYYYY	As applicable	731**	7,000	
	Cash							7,000

- One project will be established for each scope of work (by LAD)
- These projects will not be in the VDOT Integrated Six Year Improvement Plan (however, they will be related to UPC projects established in the plan representing the Federal Funding Source).
- One agreement will be established in Cardinal for each operational project to define billing parameters. (LAD will need to supply an agreement request form to Fiscal Division in order to trigger this event).
- A progress bill (for each project) will be sent to the county as expenses are incurred by VDOT (this will be a monthly billing).
- A cost component report can be made available on request.
- These expenses will need to be estimated and budgeted in the appropriate District.
- Each District should monitor charges against this cost center to ensure erroneous charges are not occurring.

Henrico County incurs \$8,000 in Federally participating expenses on Construction phase work for a Federally participating project (AAAAA) provided by ACME Construction Company. They also incur \$7,000 in Federally participating expenses on Construction phase work for the same project (AAAAA) provided by VDOT (reference previous transaction). The county submits an invoice in the amount of \$12,000 to VDOT to reimburse them for the federal participation on the combined expenses (80% of \$15,000 [\$8,000 + \$7,000]). Reference the attached sample invoice for details.

Speedtype	Speedtype Value	County	Dept ID	Project	Account	Activity	Debit	Credit
UPC	AAAAA	Project County	Project Org	N/A	5014310	631**	12,000	
	Cash							12,000
UPC	AAAAA	Project County	Project Org	N/A	5023230 2	631**	2,700	
UPC	AAAAA	Project County	Project Org	N/A	5023230 2	731**		2,700
UPC	AAAAA	Project County	Project Org	N/A	5023230 2	631**	300	
UPC	AAAAA	Project County	Project Org	N/A	5023230 2	731**		300

- Each project with Federal funding will be listed in VDOT ISYP (only the federal funds will be allocated since the state match has already been funded through the quarterly formula payments made to the county –reference the first transaction shown).
- In-kind accounts will be used to track the state allocation and local match applied to each project with Federal participation.
- In total, the project expenses will total only the Federal share (\$12,000 in this case, however, participating activity expenses (\$15,000 [\$12,000 + \$2,700 + \$300]) will represent Federal, state and local expenses. This will ensure FHWA is billed properly,

provided the agreement is set up in FMS II (Programming Division will provide this agreement to Fiscal Division).

*Dept. ID utilized should represent organizational unit providing the service.

**Standard activity codes/Account codes should be utilized as follows:

PE Phase	616, 716	5014310
ROW Phase	674, 774	5014310
CONST Phase	631, 731	5014310

Part 5 Appendices

Appendix 5-A Standard Programmatic Agreement

COUNTY OF _____ Secondary Construction Program Administration Agreement

THIS AGREEMENT, made and executed in triplicate as of this ____ day of _____, 20__, by and between the County of _____, Virginia, hereinafter referred to as the COUNTY and the Commonwealth of Virginia, Department of Transportation, hereinafter referred to as the DEPARTMENT; and

WHEREAS, the COUNTY in accordance with *Section 11 of Chapter 14 of the Acts of Assembly of 1932*, elected to remain withdrawn from the secondary system of state highways and has administered its secondary road system construction program and received quarterly payments for the state portion of its annual secondary construction allocations since then, in accordance with Section 33.1-23.5:1([§33.2-366, effective October 1, 2014](#)) of the Code of Virginia, as amended; and

WHEREAS, both parties acknowledge that the COUNTY has always had responsibility for the general administration of the design, right-of-way acquisition, utility relocation, and construction of all federally-funded and state-funded secondary road projects; and

WHEREAS, the COUNTY has held a public hearing and adopted a capital improvement program of projects and provided an ordinance or resolution approving same to the DEPARTMENT; and

WHEREAS, the Commonwealth Transportation Board adopts a Six-Year Improvement Program annually, and this program includes allocations for secondary road system construction projects in the County, and the federal portion of such construction allocations is identified as a part of *20.205 Highway Planning and Construction in the Catalog of Federal Domestic Assistance*;

WHEREAS, the DEPARTMENT is required to meet specific requirements of the Federal Highway Administration (FHWA) on projects funded by federal transportation funds; and

WHEREAS, DEPARTMENT costs for State Environmental Review Process (SERP) processing, National Environmental Policy Act (NEPA) processing and project review are eligible project costs and shall be billed to the COUNTY as may be agreed upon prior to project initiation by the County and DEPARTMENT; and

WHEREAS, the COUNTY may enter into separate agreements with the DEPARTMENT so that the DEPARTMENT may provide services to assist the COUNTY in the administration of specific projects as may be mutually agreed.

NOW THEREFORE, in consideration of the mutual premises contained herein, the parties hereto agree as follows:

A. For County administered secondary road system construction projects partially funded by federal highway construction allocations as shown in an approved Six-Year Improvement Program:

1. The COUNTY shall:

- a. Be responsible for all regulatory clearances including permits, the design, right-of-way acquisition, utility relocation, inspection, and construction of projects in accordance with federal and state law and regulations, except the administrative portion of the SERP, and coordinate with the DEPARTMENT for all NEPA scoping decisions, reviews, and approvals.
- b. Receive authorization from the DEPARTMENT before initiating preliminary engineering, right-of-way acquisition, and construction phases of project development.
- c. Maintain accurate records of the projects including documentation of all expenditures. Records for items upon which reimbursement will be requested shall be maintained for no less than three (3) years following FHWA acceptance of the final voucher. Project records shall be made available for inspection and/or audit by the DEPARTMENT or FHWA upon request.
- d. Submit, no more frequently than monthly, project level invoices with supporting documentation to the DEPARTMENT in the form prescribed by the DEPARTMENT. A request for reimbursement shall be made within 90 days after any eligible project expenses are incurred by the Locality. For federally funded projects and pursuant to the Code of Federal Regulations, Title 49, Section 18.43, violations of the provision may result in the imposition of sanctions including but not limited to possible denial or delay of payment of all or a part of the costs associated with the activity or action not in compliance.
- e. Reimburse the DEPARTMENT all project expenses incurred by the DEPARTMENT in the event that the COUNTY cancels a project and/or, due to actions by the COUNTY, the expenditures incurred are not reimbursed by the FHWA or in the event reimbursements are required to be returned to the FHWA.

2. The DEPARTMENT shall:

- a. Perform the administrative portion of the SERP, provide the COUNTY the results of the SERP, and provide the necessary coordination with

the FHWA relative to environmental study scoping, design, decisions, reviews, approvals, and financial documentation, as appropriate.

- b. Upon receipt of the COUNTY's monthly invoices submitted pursuant to paragraph A.1.d, reimburse the COUNTY an amount not to exceed the lesser of the federal portion of the actual cost of eligible items or the amount appropriated and allocated to date for each project, less eligible project costs incurred by the DEPARTMENT. Such reimbursements shall be payable by the DEPARTMENT within 30 calendar days of receipt of a complete and acceptable invoice.

B. For County administered secondary road system construction projects not financed by federal funds but at least partially financed by state construction funds through the quarterly payments made by the DEPARTMENT, to the COUNTY:

1. The COUNTY shall:

- a. Be responsible for all regulatory clearances including permits, the design, right-of-way acquisition and utility relocation, inspection, and construction of projects.
- b. Maintain such records as necessary to show compliance with law and regulations for a period of three (3) years after the completion of each project and make such records available for audit by the DEPARTMENT upon request.

2. The DEPARTMENT shall:

- a. Perform the administrative portion of the SERP; provide the COUNTY the results of the SERP, as appropriate.

C. For administration of the COUNTY's entire Secondary Road System Construction Program:

1. The COUNTY shall:

- a. Construct, operate and maintain its highway program in accordance with federal and state law and regulations pertaining to highways, as applicable.
- b. Prepare each year's capital improvement program of projects so that all federal funds apportioned to the COUNTY shall be obligated within three (3) years of apportionment. If federal funds are unable to be obligated within that time, the COUNTY will notify the DEPARTMENT in writing and may forfeit those federal funds.

- c. Provide certification annually in a form prescribed by the DEPARTMENT by a responsible COUNTY official that all secondary road system construction project activities have been performed in accordance with state and federal laws and regulations. If the COUNTY expends more than \$500,000 in federal funding annually, such certification shall include a copy of the COUNTY's single program audit prepared in accordance with Office of Management and Budget Circular A-133.
 - d. In cooperation with the DEPARTMENT and pursuant to paragraph C.2.b, annually conduct a joint review of the COUNTY's secondary road system construction program.
 - e. Design and construct projects to meet or exceed current American Association of State Highway and Transportation Officials standards or appropriate supplementary standards as may be agreed upon by the DEPARTMENT.
2. The DEPARTMENT shall:
- a. Pay the COUNTY the state portion of its annual construction apportionment on a quarterly basis in accordance with Section 33.1.23.5:1 ([§33.2-366, effective October 1, 2014](#)) of the Code of Virginia, 1985, as amended.
 - b. In cooperation with the COUNTY and pursuant to paragraph C.1.d, annually conduct a joint review of the COUNTY's secondary road system construction program.
 - c. In conjunction with the COUNTY, develop, update as needed, and make available to the COUNTY program guidelines to assist the parties in carrying out program responsibilities under this agreement.
 - d. Audit on a random basis secondary road system construction program and project records as may be required to verify COUNTY compliance with federal and state laws and regulations.

THIS AGREEMENT shall not be construed as a waiver of the COUNTY's or the Commonwealth of Virginia's sovereign immunity.

THIS AGREEMENT, when properly executed, shall be binding upon both parties, their successors, and assigns.

THIS AGREEMENT may be modified in writing by mutual agreement of both parties.

THIS AGREEMENT may be terminated by either party upon 180 days advanced written notice. Such termination by the COUNTY requires a resolution of the County Board of Supervisors.

THE COUNTY and DEPARTMENT acknowledge and agree that in entering this agreement, the individuals acting on behalf of the Parties are acting within the scope of their official authority and the Parties agree that neither Party will bring a suit or assert a claim against any official, officer, or employee of either party, in their individual or personal capacity for a breach or violation of the terms of this agreement or to otherwise enforce the terms and conditions of this Agreement. The foregoing notwithstanding, nothing in this subparagraph shall prevent the enforcement of the terms and conditions of this Agreement by or against either Party in a competent court of law.

THE COUNTY and DEPARTMENT acknowledge and agree that this agreement has been prepared jointly by the parties and shall be construed simply and in accordance with its fair meaning and not strictly for or against any party.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed in triplicate in its name and on behalf of its duly authorized officer as of the day, month, and year first herein written.

COUNTY OF _____, VIRGINIA:

County Administrator / Manager Date

Signature of Witness Date

NOTE: The official signing for the COUNTY must attach a certified copy of his or her authority to execute this agreement.

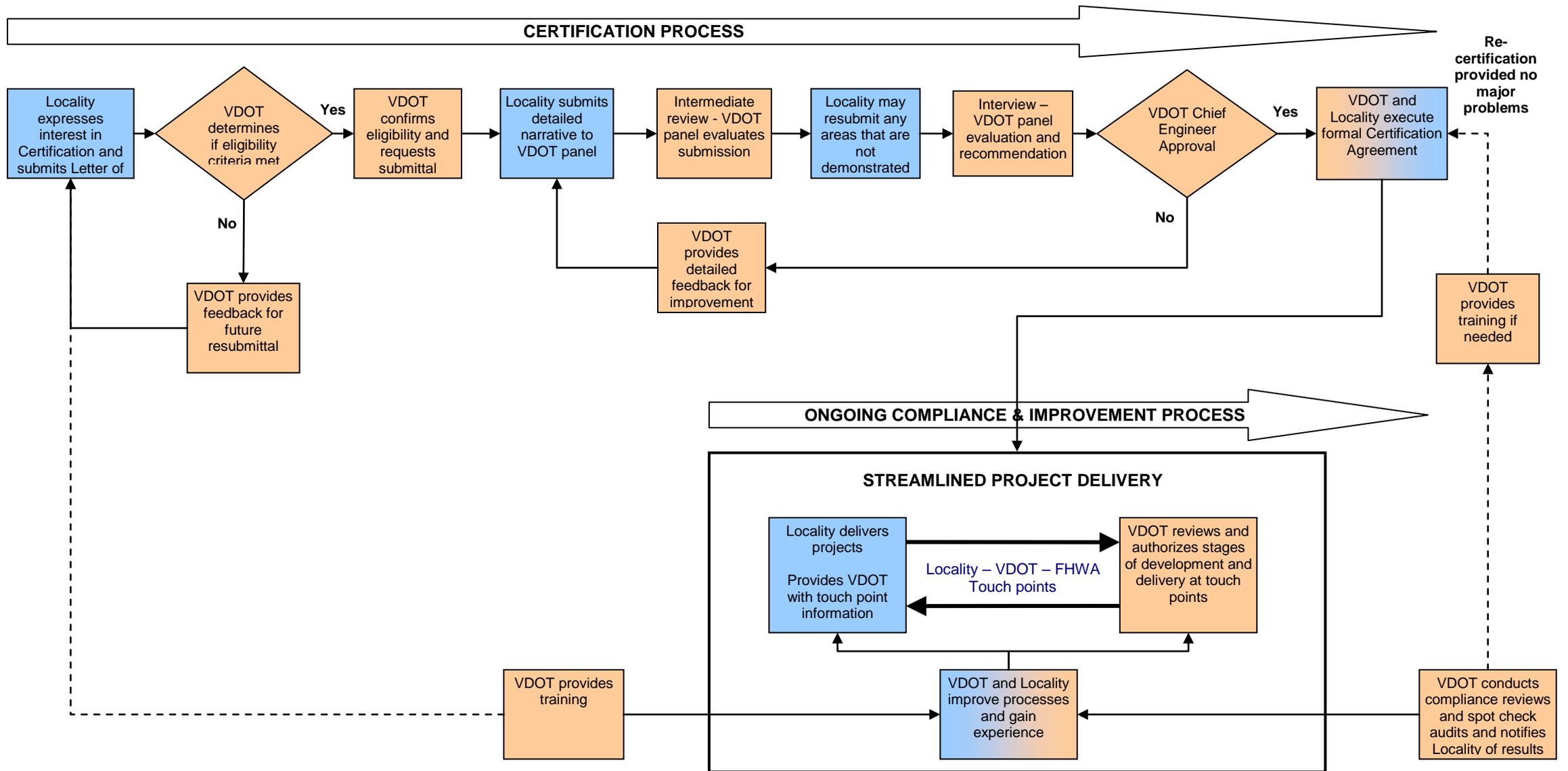
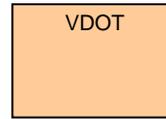
**COMMONWEALTH OF VIRGINIA, DEPARTMENT OF
TRANSPORTATION:**

Commonwealth Transportation Commissioner Date

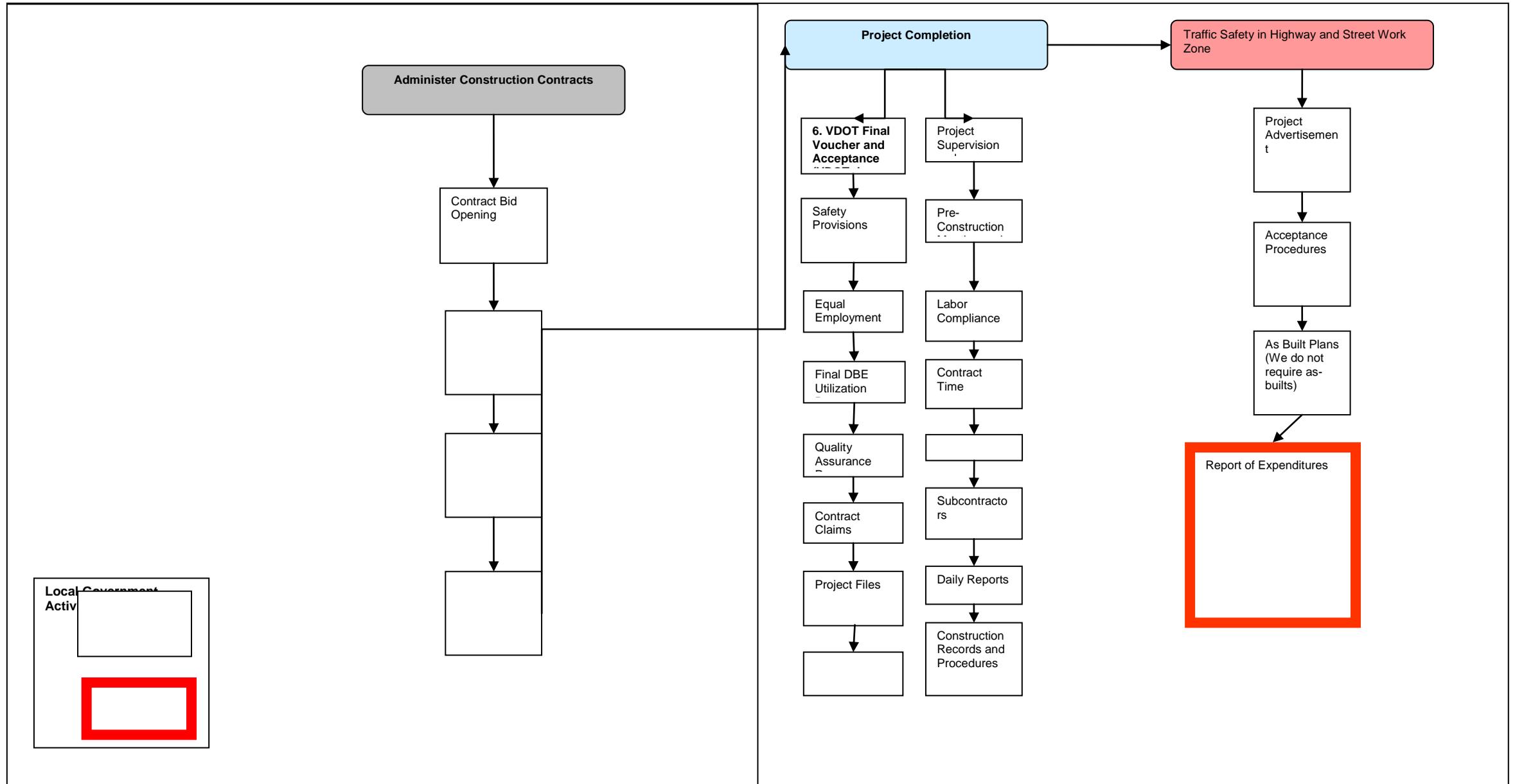
Signature of Witness Date

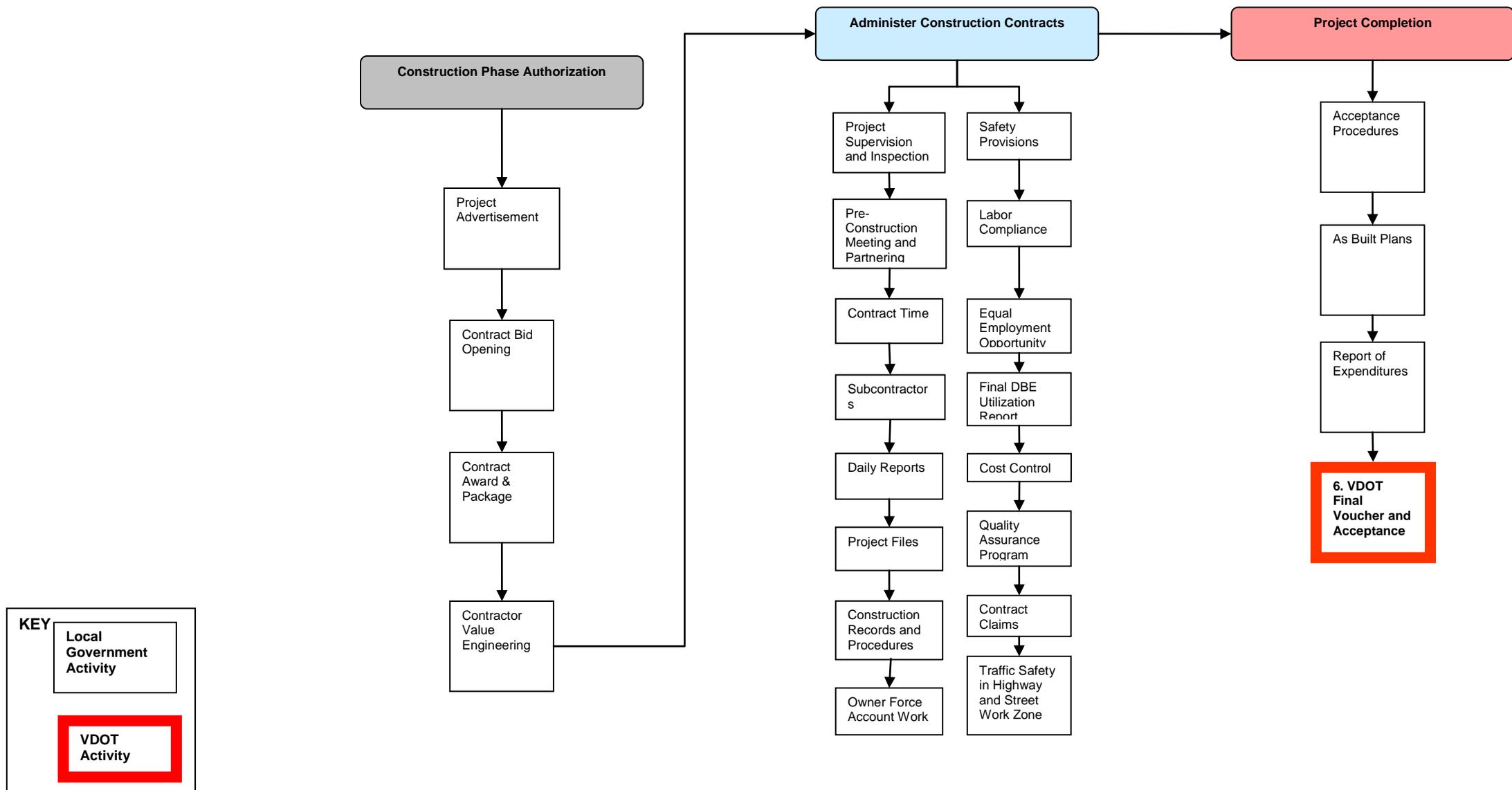
Appendix 5-B: Certification and Compliance Process Visual Outline

Key



Appendix 5-C: Project Development/Delivery Flowchart





Appendix 5-D: Program Management Roles and Responsibilities Topic		Locality	VDOT
1	Fiscal, Audit and Budget	<p>Ensure that project meets Federal-Aid Payment requirements</p> <p>Maintain project documentation</p> <p>Conduct annual independent audit of expenditure according to OMB Circular A-133</p> <p>Submit invoices at least quarterly</p>	<p>Carry out random audits, notify findings and request appropriate and timely corrective action</p>
2	Civil Rights	<p>Comply with VDOT's DBE Program Plan unless the Locality has a DBE Program Plan approved by USDOT</p> <p>Establish a DBE availability goal and include in bid document</p> <p>Use DBEs certified by VDOT</p>	<p>Obtain approval of the USDOT approval letter for the DBE Program Plan for highways</p>
3	Compliance & Improvement (Quality Assurance and Control)	<p>Develop and implement a QA/QC system to meet VDOT compliance including design QC plan and construction QC/QA requirements</p> <p>Provide information to VDOT that is requested as part of reviews</p>	<p>Lead the Certification Compliance and Improvement process</p> <p>Carry out spot checks on delivery process and communicate findings to Locality</p>
4		Public Affairs and Outreach Plan	<p>Prepare a project specific outreach plan and comply with it</p>
5		Consultant Procurement	<p>Demonstrate method for acquiring suitably qualified consultants according to Virginia Public Procurement Act</p>
6		Project Controls	<p>Prepare and update initial baseline schedule</p> <p>Prepare progress schedule</p> <p>Issue recovery schedules where applicable</p> <p>Plan and monitor costs</p>

Appendix 5-E: Project Delivery Roles and Responsibilities Topic		Locality	VDOT
1	Preliminary Engineering (PE) Authorization	Contact Urban Program Manager to request that VDOT obtain federal agreement to authorize preliminary engineering	Obtain PE Authorization from FHWA
2	NEPA documentation	Ensure that all federal requirements under NEPA have been completed	Liaise with FHWA Review and approve
3	Right of Way (RW) Authorization	Submit a request for Right of Way Authorization along with certification letter certifying to VDOT that all activities necessary to obtain R/W or relocate utilities have been complete and all documents have been signed by person of responsible charge	Obtain RW Authorization from FHWA
4	Sole source or proprietary procurement	Provide relevant justification information and documentation to VDOT	Obtain concurrence from FHWA
5	Construction (CN) Authorization	Submit a request for Construction Authorization along with certification letter certifying to VDOT that all activities necessary to advertise the project for construction have been completed and all documents have been signed by person of responsible charge	Obtain CN Authorization from FHWA
6	Award of Construction Contract	Provide results of award to VDOT with supporting documentation for projects > \$2m	Approve the award >\$2m
7	Project Final Inspection and Acceptance	Inform VDOT that project is complete and provide final invoice for processing	Process federal financial closure

Appendix 5-F Certification Evaluation Timeline

No. Days	Event	Details
30	Letter of Intent	Locality initiates process with Letter of Intent. Letter contains Locality's reasons for believing that it meets eligibility criteria. Letter is brief, 2 pages max.
Up to 90	VDOT Response	VDOT-LAD advises Locality in writing if they have met eligibility criteria or not. If not, feedback is provided for future re-submittal. If eligible, VDOT advises Locality of panel members and requests full submittal.
60	Submittal	Locality submits detailed information based on Certification Requirements.
30	Intermediate Review	VDOT completes review and identifies any concerns, known as Non Demonstrated areas. Summary comments communicated to locality by LAD.
	Interview/ Presentation	Locality presentation to panel should focus on identified Non Demonstrated areas. Locality resubmits documents at interview on areas of concern.
30	Recommendation	Panel makes recommendation to Chief Engineer.
	Result	Chief Engineer makes decision. LAD notifies Locality of result.

Max schedule = 240 days = 8 months