



LOCAL ASSISTANCE DIVISION FY2015 ANNUAL REPORT

Virginia Department of Transportation

Fiscal Year 2015 Annual Report

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LOCAL ASSISTANCE DIVISION FY2015 ANNUAL REPORT

The Local Assistance Division develops and interprets policy dealing with local roads and serves as liaison with local government organizations, manages several special funding programs, manages urban system changes, prepares local assistance payments, provides oversight for locally administered projects and facilitates the delivery of the statewide urban program.

I. COMMUNICATIONS/OUTREACH

LAD continues to publish the Local Assistance Division Newsletter tri-annually. The newsletter serves as an outreach avenue for the Department to provide general information, updates, and changes about locally administered projects and programs and their effects on local governments. The Division's external webpage is updated regularly to include mass communications to local governments as well as to reflect program and policy changes and new initiatives.

The Local Programs Workshop was held on September 17 & 18, 2014 in Roanoke. The theme of the workshop was "Network for Success" and brought together over 400 local government, VDOT, and private sector staff to discuss delivery of the local transportation program. In addition to two plenary sessions, the workshop featured 20 breakout sessions, scheduled in four concurrent tracks, over the two-days. The four tracks were: LAP Boot Camp, 10,000 Foot View (topics for local executive staff), Project Management and All Things Construction. The Workshop was highly successful; the 2015 Workshop will be held in Williamsburg in September.

LAD in partnership with the Learning Center and FHWA scheduled and held a series of NHI Courses for local government participants. Courses included Right of Way Essentials, Contract Administration Core Curriculum and Construction Management and Inspection. Courses were offered at no cost or reduced pricing to local governments.

The 2014 Transportation Project Management Institute (TPMI) was attended by VDOT, Industry, and local government project managers. LAD, the Learning Center, and the Project Management Office worked together to offer scholarships to local government participants to help offset the cost to local governments. Due to the increase in local project administration and management, UVA continued the Local Transportation Program session added to the 2014 institute.

Throughout FY2015, a number of LAP topics were communicated to District Project Coordinators through the LAD monthly videoconferences. Items included Training Opportunities for Localities, Updates on HB2 Prioritization, Value Engineering Requirements, CAP Reviews, LAP Manual Updates, Various Program Updates and Advertisement Commitments for LAP.

LAD partnered with Materials Division on March 19, 2015 to host a webinar for locality, consultant, and VDOT staff regarding Materials updates to the LAP Manual and requirements for Materials Quality Assurance.

Supporting the division's strategic goals and directives of the VDOT FY15 Business Plan, LAD organized the District Local Projects Advisory Group to work in tandem with the Local Government Stakeholders Group on an initiative to identify strategies for improving local project delivery. Members from both groups formed a subcommittee which reviewed strategies recommended by both respective groups, then identified and prioritized the seven

top strategies. This effort was accomplished ahead of schedule, satisfying the Business Plan action item deadline. These prioritized strategies are carried forward in the VDOT FY16 Business Plan for implementation. The District Local Projects Advisory Group will work closely with LAD to facilitate implementation of the identified action items that supported the strategies during FY16.

II. LOCAL SYSTEMS

A. URBAN CONSTRUCTION INITIATIVE

The Urban Construction Initiative (UCI) has fifteen (15) localities under agreement to administer their entire construction program. This year, the City of Suffolk executed the programmatic agreement (effective July 1st). They join the cities of Virginia Beach, Hampton, Richmond, Charlottesville, Harrisonburg, Lynchburg, Colonial Heights, Newport News, Chesapeake, Danville and the towns of Blacksburg, Bridgewater, Dumfries and Purcellville in taking over administration of its entire construction program.

The UCI Certification Program, approved by the Federal Highway Administration for implementation in 2009, is an opportunity for qualified UCI participating localities to proceed with project administration and development with streamlined VDOT oversight on federal and state funded projects, similar to FHWA's oversight of VDOT. In 2012, the City of Virginia Beach became the first locality to qualify under the certification process. For information on joining the UCI program visit <http://www.virginiadot.org/business/local-assistance-firstCities.asp>

Initiated by the UCI Workgroup, VDOT worked closely with the FHWA to develop and implement a new streamlined process for reviewing and approving patented and proprietary items on construction projects. The new process allows the use of Product Certifications when a product is necessary for synchronization with existing facilities, Public Interest Findings (PIFs), and Experimental/Research for approving patented and proprietary products. The new process also allows multi-year and/or multi-project approvals. The new process has been finalized and is available under VDOT Construction Memorandum IIM-CD-2015-01.01 (<http://www.virginiadot.org/business/resources/const/IIM-CD-2015-01-01.pdf>)

B. SECONDARY POLICY

The Board of Supervisors Manual was updated December 2014 and posted on the Local Assistance Division webpage and distributed to VACO.

C. URBAN PROGRAM/POLICY

There are currently 84 municipalities in the urban system as defined under Sections 33.2-319 and 33.2-362 of the *Code of Virginia*. The Local Assistance Division (LAD) is responsible for statewide urban policy and continues to provide program oversight and guidance for the urban maintenance and construction programs.

LAD continues to update the [Urban Manual](#) to reflect the latest in legislative, policy and procedural changes. Revisions to the Urban Manual are necessary to ensure that both VDOT and Local staff have a single reference for information relating to the Urban Construction and Maintenance Programs. The Urban Manual was updated and posted on VDOT's webpage effective June 2015.

D. URBAN SIX YEAR IMPROVEMENT PLAN

On a biannual basis, LAD continues providing Districts with an assessment of the urban program comparing allocations to project estimates and current expenditures (Urban Workload Table). This tool was provided to District Staff with guidance and priority on areas needing delivery improvement. Areas of focus include: continued consolidation of projects (financially feasible alternatives) and expenditure of funds on fully funded phases (for federal obligation). Reconciliation of the urban program continues on a rolling basis and residual allocations are being distributed in the annual update to the Six Year Improvement Program. Each district is provided with a list of action items based on the rolling reconciliation/program review.

The FY2016-2021 Six-Year Improvement Program (SYIP) can be found at the following link: <http://syip.virginiadot.org/Pages/allProjects.aspx>

E. LOCAL MAINTENANCE PROGRAM (URBAN, ARLINGTON & HENRICO)

Urban Maintenance Program: During FY15, LAD reviewed and processed 243 urban system changes to include the addition of 2.40 centerline miles of arterials and 31.71 centerline miles of local/collector roads for a total increase of 34.11 centerline miles (or 84.58 lane miles) in the urban system in FY16. The urban maintenance program budget has increased by 4.00% this year. LAD has worked with District and Residency offices to adjust the roadway inventory and lane mileage summaries based on eligible mileage additions/deletions as submitted by municipalities over the past fiscal year. In June, the Local Assistance Division presented a resolution for the CTB to approve \$362M in urban locality maintenance payments. Detailed information regarding the urban municipal mileage and payments can be found at the following link:

http://www.virginiadot.org/business/resources/local_assistance/Urban_Municipal_Mileage_and_Payments.pdf

Urban Conversion Project (UCP): LAD has worked with IT and consultants on a project to merge the Urban Maintenance Inventory System (UMIS) data into VDOT's new Roadway Network System (RNS). This project, called the Urban Conversion Project (UCP), is almost complete and is in the final stage to reconcile errors and omissions within the UMIS data. In order to effectively address over thousands of those errors and omissions, LAD has hired two part time employees to work exclusively on this project along with assistance from IT. To complete this stage, LAD continues to reach out to each individual municipality with questions or confirmations of our findings, which may result in changes to UMIS and local maintenance payments. The project is scheduled for completion in the winter of 2015. All mileage changes to the UMIS inventory due to the UCP project reconciliation will be taken to the CTB for approval in June 2016.

Arlington & Henrico Counties: Arlington and Henrico are eligible to receive funds from the CTB for their local road construction and maintenance programs. These funds are authorized by Section 33.2-366 of the Code of Virginia and were allocated by the CTB at their June meeting. The Arlington & Henrico Secondary Construction and Maintenance payments can be found at: <http://www.virginiadot.org/business/local-assistance-special-federal-programs-Arl%26Henrico.asp>

LAD has developed a manual to document policy and program information for maintenance and construction in Arlington and Henrico Counties. The Arlington-Henrico Guide is available on the LAD webpage at: http://www.viriniadot.org/business/resources/local_assistance/ArlingtonHenrico.pdf

Overweight Permit Fee Revenue: Sections 46.2-1140.1, 46.2-1143, 46.2-1148, and 46.2-1149.1 of the Code of Virginia, (1950), as amended in 2012 provide that a percentage of collected overweight permit fees are to be paid to localities based on the lane miles in the locality eligible for maintenance payments. The revenue will be distributed to the localities in their quarterly maintenance payment. Approximately \$229K in additional funds was added to the FY16 local payments as a result of this provision. The fees distributed to the urban localities can be found at:

http://www.ctb.virginia.gov/resources/2014/june/reso/Resolution_Agenda_Item_7_Attachment_C.xlsx and the fees distributed to Arlington and Henrico Counties can be found at: http://www.ctb.virginia.gov/resources/2014/june/reso/Resolution_Agenda_Item_8_Attachment_B.xlsx

F. LOCAL PERFORMANCE AND ACCOUNTABILITY

Local bridge conditions continue to be reported through VDOT Dashboard. As of June 30, 2015, there were 95.56% of the bridges on the county maintained system and 91.67% of the bridges on the city/town maintained system rated in “fair or better” condition. The bridge performance target is that 92% of structures are rated in “fair or better” condition. Also, The Weldon Cooper Financial Survey data for FY2014 has been summarized and posted on the LAD webpage.

III. LOCALLY ADMINISTERED PROJECTS (LAP)

A. PROJECT ADMINISTRATION AGREEMENTS

A total of 244 Locally Administered Project Agreements were executed during FY2015, an increase from the 203 agreements executed during FY2014. Additionally, 89 supplemental agreements were completed. The implementation of programmatic agreements for Revenue Sharing projects accounted for 129 projects included in 70 programmatic agreements.

B. LOCALLY ADMINISTERED PROJECTS MANUAL

LAD continues to update and improve the Locally Administered Projects Manual. Significant updates this year included: expanded information regarding Materials Quality Assurance, Consultant Procurement, Sole-Source and Proprietary Items, and revisions reflecting implementation of 2 CFR 200 which updates many of the OMB requirements.

Initiated in FY2014, one of the division’s strategic goals is a comprehensive update of the LAP Manual that will touch all chapters. Chapter 13 (Construction administration and Materials) and Chapter 17 (Civil Rights) have been completed; Chapter 12 (Project Development) and Chapter 18 (Structure and Bridge) are in the final stages; Chapter 7 (Assessment/Audit Program Requirements), Chapter 9 (Project Development Overview/Summary) and Chapter 15 (Environmental Requirements) are well underway. The completion is targeted for the end of CY2016. The update focuses on modifying outdated or inconsistent information, updates to processes, links, references, etc., and necessary new additions. As chapters are updated, the revision dates are reflected in the online version of the manual and notifications are provided.

C. LAP PERFORMANCE INITIATIVE

During FY2015, LAD maintained four metrics for assessing the performance of locally administered projects. These tools consist of the Construction Advertisement Commitments which are reported to the Deputy Chief Engineer twice per month, Dashboard Advertisement trend, Federal Strategy Obligations and Scoping Date performance. LAD also reports performance results for both On-Time Dashboard Advertisements and Construction Advertisement Commitments at the Chief Deputy Commissioner's Quarterly Performance Meetings.

D. LOCAL COMPLIANCE

The Local Assistance Division implemented a Local Compliance Program several years ago to assess local government compliance with federal and state laws and regulations and other requirements as outlined in the Locally Administered Projects Manual. Through this program, LAD is able to clarify our guidelines and identify training needs for local governments.

Eight federally funded locally administered projects (LAPs) were selected from various locations throughout the state for project level assessments in FY14. Documentation requested from the local government included:

- Consultant procurement documents for design and/or construction services
- Memorandum of Agreement or Consultant Contract
- Final Bid Proposal and contract documents for construction
- Questionnaire to be completed providing information on the localities:
 - ↳ management and oversight of project delivery
 - ↳ management for right of way acquisitions
 - ↳ labor compliance review training
 - ↳ process for compiling and maintaining environmental documentation, environmental commitments and implementation of commitments along with project scope changes that impact the original footprint

"In office desk reviews" were performed on the above listed project documentation by various VDOT functional area experts within Central Office such as Procurement, Assurance and Compliance, Construction, Environmental and Civil Rights. Localities with findings of non-compliance on these assessments were notified and receptive to the recommendation(s) for corrective action.

In addition to the assessments conducted on LAPs, three project level reviews are ongoing for the City of Virginia Beach in accordance with the Urban Construction Initiative (UCI) Certification Program guidance.

LAD also coordinated with FHWA Virginia Division and local governments to facilitate FHWA reviews on eleven (11) LAPs in accordance with FHWA's Compliance Assessment Program (CAP).

All compliance assessments are conducted to evaluate localities in their ability to meet their compliance obligations in accordance with the Compliance Assessment Program outlined in Chapter 7 of the Locally Administered Projects Manual.

A summary of results and recommendations for these assessments can be found at <http://www.virginiadot.org/business/local-assistance-locally%20administered.asp>

IV. FEDERAL FUNDING PROGRAMS

A. TRANSPORTATION ALTERNATIVES

Throughout this year's application cycle, LAD staff continued to emphasize the need to submit smaller project scopes to allow completion within the four (4) year time frame. We also continued to emphasize the need to fully fund existing projects in order to move them to construction as quickly as possible.

Applicant outreach efforts for FY2016 allocations resulted in the receipt of 90 applications – an increase of 20% over last year's total – requesting over \$32M in federal funding. Of the 90 applications, two were later withdrawn at the locality's request. Of the 88 applications considered for funding, 83 were for bicycle and/or pedestrian improvements including a project for ADA bus stop improvements submitted by the Hampton Roads Transit Authority and an application to assist VCU in starting a bike-share program. A total of 56 projects were selected for funding of which 31 were new projects. Included in the 56 projects selected for funding were 24 awards made by the MPOs in TMA areas. In total, just over \$18.8M in federal funding was allocated.

B. FEDERAL LANDS ACCESS PROGRAM

MAP-21 combined the previous Forest Highway and Public Lands Access Programs into the new Federal Lands Access Program while also redefining and widening its potential application pool. LAD worked with FHWA—Eastern Federal Lands Division (EFLD) to develop a new selection process that included a standardized project application. After the first call for applications in September 2013, the Programming Decision Committee selected 12 applications for funding in Virginia in 2014. LAD is currently working with EFLD and these localities to establish agreements to facilitate development of these projects. EFLD requires a separate MOA for each project receiving funds. Typically agreements with federal agencies require CTB approval. The CTB approved a resolution in September 2014 to delegate authority to sign the individual MOAs to the Commissioner. As of June 30th, six of the 11 MOAs have been executed. One project was cancelled at VDOT's request.

VDOT received 11 new applications for the FY 15-18 project years totaling \$18,733,308 in requests. These applications are currently being reviewed by EFLD and the PDC with funding decisions anticipated in August 2015.

C. APPALACHIAN REGIONAL COMMISSION (ARC) ACCESS PROGRAM

The Appalachian Regional Commission (ARC) is an independent Federal agency created through the Appalachian Regional Development Act (ARDA) of 1965. ARC's Local Access Road Program aims to better link the Region's businesses, communities, and residents to the Appalachian Development Highway System (ADHS) and to other key parts of the Region's transportation network. The program offers a flexible approach to meet local needs and provide a financing mechanism to support a variety of economic development opportunities throughout the Region.

In fiscal year 2015 the Virginia Department of Transportation assisted one locality (Pulaski County) with obtaining \$548,528 in funding to support the continued development of ShaeDawn Parkway and improvements to Route 100. A second application for funding was submitted by the Industrial Development Authority of Buchanan County in the amount of

\$2,000,000 for Road Access at Southern Gap. As of June 30, 2015 VDOT was still working with this locality to secure funding for this project.

V. STATE FUNDING PROGRAMS

A. REVENUE SHARING PROGRAM

Localities were notified in August 2014 of the opening of the application period for the FY 2016 Revenue Sharing Program allocation. Following the October 31, 2014 termination of the application period and LAD's review of applications, 258 projects totaling \$189,133,386 were recommended for funding and approved by the CTB at its June 2015 action meeting.

Also, LAD completed its 4th Annual Revenue Sharing Program de-allocation process as prescribed in the CTB's Revenue Sharing Program Guidelines. At its January 2015 meeting, the CTB approved the de-allocation of a total of \$4,133,386 from 23 projects. These funds were used to supplement available funding for the FY 2016 Revenue Sharing Program allocation requests. LAD staff has initiated its fifth annual review of candidate projects for de-allocation and continues to coordinate with localities and respective District staff to determine the list of projects to be recommended for de-allocation at the January 2016 CTB meeting. It is anticipated that any de-allocation amount to be considered for approval by the CTB will be utilized to finance applications for the FY 2017 program allocation scheduled to be approved in June 2016. LAD has also worked with IID to correct no post allocations previously posted as actual allocations which created an issue of projects with no remaining allocations appearing to have unspent funds.

B. ACCESS PROGRAMS

LAD worked with local governments, VDOT staff, and other entities across the state to successfully allocate \$1,300,000 to access two (2) economic development sites and \$937,000 to access three (3) recreational areas.

In coordination with Financial Planning Division, LAD staff established an administrative cost center to track preliminary activities associated with program administration, and project concepts and requests under the Economic Development Access Program. LAD continued to assist localities, and District and Residency staffs in development of approved projects ensuring adherence to Program requirements.

In consideration of the negative impact of sustained economic conditions across the state, the CTB's moratorium on bonded projects has allowed additional time, until July 1, 2016, for previously approved Economic Development Access Program projects to establish sufficient qualifying capital investment. Currently, eight localities are benefitting from the CTB's action and subsequent extensions in order to satisfy the contingency of investment warranting funds utilized for projects under the Program. LAD staff also continued work on financial closure of completed projects.

In an effort to comply with HB 1191, passed during the 2014 session of General Assembly, LAD staff began attending monthly meetings with VA Economic Development Partnership, Department of Rail & Public Transportation, VA Tourism Corporation and Center for Innovation Technology to assist in determining data requirements necessary for assessing the effectiveness of economic development incentive programs administered by VDOT and other state agencies.

C. CTB FORMULA FUND LOCAL APPLICATION PROGRAMS

1) Primary Extension Paving Funds: Based on a legislative change that was effective July 1st, 2014, Section 33.2-358 provides that Primary Extensions maintained by municipalities can receive a portion of the reconstruction and paving allocations previously only distributed to Interstates and Primary Roads with a combined condition index of less than 60. VDOT has developed with CTB approval of a new program to address this Code change at their June 2014 Board meeting and an application process was initiated to allow municipalities to apply for this funding for qualifying projects. In November 2014, the CTB approved two projects totaling \$1,487,521 and in June 2015 the CTB approved 64 projects totaling \$15,480,077. This results in 54 miles that were approved for paving under this Program for this year.

2) High Volume Unpaved Road Funds: §33.2-358 of the Code of Virginia provides the CTB set aside funding for paving unpaved roads. In 2014, the CTB established a policy for the utilization of a portion of this set aside to provide a hard-surface to eligible high volume (more than 500 vehicles per day) unpaved roads. In November 2014, the CTB allocated \$212,000 in FY15 funds to provide a hard-surface to two high volume unpaved roads in two counties. In June 2015, the CTB allocated \$1,296,809 in supplemental FY16 funds to provide a hard-surface to seven high volume unpaved roads in five counties. Additional information can be found at: http://www.virginiadot.org/business/local_assistance_division_funding_programs.asp

VI. OTHER PROGRAMS

A. VIRGINIA BYWAYS PROGRAMS

The Byway Program Manager coordinated with the Department of Conservation and Recreation on the evaluation of one route in Southwest Virginia (Route 80) for Virginia Byway designation. As of June 30, 2015, approximately 3,460 miles of roadway are designated Virginia Byways.

An update of the Map of Scenic Roads in Virginia was printed and distributed.

D. RURAL RUSTIC ROADS PROGRAM

The Rural Rustic Roads concept, first enacted by the 2002 Session of the General Assembly of Virginia, is a practical approach to paving Virginia's Low Volume Unpaved Roads. The Local Assistance Division maintains the Rural Rustic Road Program manual and compiles information annually on completed projects. In calendar year 2014, 82 hard-surfacing projects, over approximately 61 centerline miles, were completed statewide using the Rural Rustic Roads concept. Since the program's inception in 2003, 941 hard-surfacing projects have been completed at a cost of approximately \$125 million. This represents a savings of about \$306 million if traditional reconstruction methods had been used to hard-surface these roads. For projects completed in 2011 through 2014, the average cost was approximately \$186,000 per centerline mile.

VII. GENERAL ASSEMBLY

During the 2015 Legislative Session LAD worked closely with members of the General Assembly, VACO and VML on key programs and issues including maintenance payments,

allocation of highway funds by the Commonwealth Transportation Board, and unpaved rural roads and the taking of certain streets into the secondary system.

LAD represented the Department at the Senate Local Government Committee and the House Counties, Cities and Towns Committee, and worked with other Department representatives to assist them with legislation pertaining to their assignments. LAD tracked thirteen (13) proposed bills, prepared legislative impact statements on eight (8) proposed bills, and met with legislators on issues.

VIII. VIRGINIA ASSOCIATION OF COUNTIES/ VIRGINIA MUNICIPAL LEAGUE

LAD represented the Department at annual conferences as well as at the Transportation Steering Committees for these organizations. LAD staff made presentations on current VDOT initiatives, etc. to VACO and VML members.

IX. STAFF DEVELOPMENT AND ACCOMPLISHMENTS

- ✚ LAD continues to hold monthly cross training sessions for staff. This program was revamped in FY14 with a combination of program overviews, presentations from other divisions and staff development.
- ✚ A two day staff retreat, held at the Bear Creek Lake State Park, focused on developing the Local Programs Workshop to be held in Williamsburg in September. Staff development focused on generational differences in the workplace.
- ✚ Local Assistance added one wage position this year. John Leonard joined the division in January 2015 to assist with the Urban Conversion Project.
- ✚ Ciara Williams left the division in September 2014 for a position with Fairfax County.
- ✚ Jeff Tipton was hired in December 2014 to replace Ciara Williams. Jeff returns to Virginia after spending most of his career in South Carolina.
- ✚ Jennifer DeBruhl left the division in April 2015 to take the Deputy District Administrator position in Richmond District.
- ✚ Bernie Schmelz retired in June 2015 after 10 years in the division.