

Email sent as Follow Up to Committee Discussion: Town Highway Grants Share Analysis

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Based on my understanding of the Committee's question regarding how much more funding would the State need to allocate to the Class 2 Town Highway Roadway and Town Highway Structures grant programs in order to cover a 5% incentive increase to the State share for municipalities adopting the 2013 State-approved codes and standards, I offer the following information.

As I mentioned during the phone conversation with the House Fish & Wildlife Committee this morning, we have a maximum State share of \$175,000 in each of these two town highway grants programs. So for those projects that "max out" in that manner, the 5% incentive increase will have no financial effect. Therefore, as I analyzed our State FY 2014 grants, I removed all of those grants that bumped up against the \$175,000 cap.

I then looked at the remaining grants and focused on the those where the municipality was already receiving the extra (based on existing statute) 10%. Applying an additional 5% State share to each of those grants resulted in an increase of approximately \$210,000 for the Class 2 Roadway program and approximately \$440,000 for the Town Highway Structures program. These numbers are based on the number of towns who currently have codes and standards that meet or exceed the State-approved minimums. If the 5% increase entices additional municipalities to adopt the State-approved standards, these dollar amounts could go up by another 50% or so (maybe a total of \$315,000 for Class 2 Roadway and \$660,000 for TH Structures?).

Given that we have a fixed budget in the Agency's Transportation program and the recommended FY 2015 appropriation for these two programs is \$7,248,750 (Class 2 Roadway) and \$6,333,500 (TH Structures), we would assume that any additional money to cover the 5% increase as described above would come from another State funding source and would need to be transferred into each of these two established town highway grant appropriations. If a transfer of funds into these appropriations were not to occur, the additional 5% would inevitably result in a reduction in the total number of grants approved since we have a fixed amount in the appropriations. This might actually run counter to what the 5% incentive is actually trying to accomplish.

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