

* * * Town Highway Aid * * *

Sec. 4. TOWN HIGHWAY AID

(a) Notwithstanding 19 V.S.A. § 306(a), the fiscal year 2022 budget increases the annual appropriation for aid to town highways by \$3,000,000.00 in one-time Transportation Fund monies to a total of \$30,105,769.00, which shall be distributed to municipalities in the same apportionments and for the same purposes as prescribed under 19 V.S.A. § 306(a)(3).

(b) The additional \$3,000,000.00 in one-time Transportation Fund monies shall not be included in any subsequent calculations for the annual appropriation for aid to town highways pursuant to 19 V.S.A. § 306(a).

Current Condition:

- *Governors Recommend = \$27,105,769.00*

Proposed Changes:

- *VTrans is in support of the Governor's Recommend at \$27,105,769.00*
- *Recommendation was based on the fact that there was assumption that municipalities would be benefiting from direct relief under the Federal American Rescue Plan.*

* * * Town Highway Structures and Class 2 Town
Highway Roadway Programs * * *
* * * Fiscal Year 2021 * * *

Sec. 5. TOWN HIGHWAY STRUCTURES AND CLASS 2 TOWN HIGHWAY
ROADWAY PROGRAMS IN FISCAL YEAR 2021

Notwithstanding any other provision of law, in fiscal year 2022, the Agency is authorized to reimburse, subsequent to performance of the work, municipalities for projects awarded a grant under the Town Highway Structures and Class 2 Town Highway Roadway Programs for costs incurred during fiscal year 2021.

Current Condition:

- *N/A*

Proposed Changes:

- *Language is a slightly modified version of the proposal from VTrans and we are in support of this language.*
- *Would allow VTrans to make awards in SFY22 to municipalities that believed they would be receiving a grant in SFY 21 and completed work in SFY 21. Had we not paused the program, these municipalities would have otherwise received a grant in SFY21. We are aware of 5 or 6 municipalities where this may apply.*

* * * Minimum Total Grant Awards; Maximum Grant Award * * *

Sec. 6. 19 V.S.A. § 306 is amended to read:

§ 306. APPROPRIATION; STATE AID FOR TOWN HIGHWAYS

(e) State aid for town highway structures.

(1) There shall be an annual appropriation for grants to municipalities for maintenance (including actions to extend life expectancy) and for construction of bridges and culverts; for maintenance and construction of other structures, including causeways and retaining walls, intended to preserve the integrity of the traveled portion of class 1, 2, and 3 town highways; and for alternatives that eliminate the need for a bridge, culvert, or other structure, such as the construction or reconstruction of a highway, the purchase of parcels of land that would be landlocked by closure of a bridge, the payment of damages for loss of highway access, and the substitution of other means of access.

(2) Each fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of ~~\$5,833,500.00~~ \$7,200,000.00 at a minimum as new grants. The Agency's proposed appropriation for the Program shall take into account the estimated amount of qualifying invoices submitted to the Agency with respect to project grants approved in prior years but not yet completed as well as with respect to new project grants to be approved in the fiscal year. In a given fiscal year, should expenditures in the Town Highway Structures Program exceed the amount appropriated, the Agency shall advise the Governor of the need to request a supplemental appropriation from the General Assembly to fund the additional project cost, provided that the Agency has previously committed to completing those projects.

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(h) Class 2 Town Highway Roadway Program. There shall be an annual appropriation for grants to municipalities for resurfacing, rehabilitation, or reconstruction of paved or unpaved class 2 town highways. However, municipalities that have no State highways or class 1 town highways within their borders may use the grants for such activities with respect to both class 2 and class 3 town highways. Each fiscal year, the Agency shall approve qualifying projects with a total estimated State share cost of ~~\$7,648,750.00~~ \$8,600,000.00 at a minimum as new grants. The Agency's proposed appropriation for the Program shall take into account the estimated amount of qualifying invoices submitted to the Agency with respect to project grants approved in prior years but not yet completed as well as with respect to new project grants to be approved in the fiscal year. In a given fiscal year, should expenditures in the Class 2 Town Highway Roadway Program exceed the amount appropriated, the Agency shall advise the Governor of the need to request a supplemental appropriation from the General Assembly to fund the additional project cost, provided that the Agency has previously committed to completing those projects. Funds received as grants for State aid under the Class 2 Town Highway Roadway Program may be used by a municipality to satisfy a portion of the matching requirements for federal earmarks, subject to subsection 309b(c) of this title.

Current Condition:

- *Structures TH Program = \$5,833,500.00*
- *Class 2 TH Program = \$7,648,750.00*

Proposed Changes:

- *House Transportation has proposed to reset the base amount of annual funding for these two grant programs.*

- *VTrans is not in support of this approach as it will put budget pressures in the out years and compete for funding normally used to match federal funds on various projects and to accomplish maintenance activities that are not eligible for federal funds.*
- *VTrans needs the ability to adjust to the fiscal uncertainty of each year rather than resetting the base. For example, in SFY22 the Governors recommend proposes to double this appropriation to make up for last year's paused programs.*

Sec. 7. 19 V.S.A. § 309b is amended to read:

§ 309b. LOCAL MATCH; CERTAIN TOWN HIGHWAY PROGRAMS

(a) Notwithstanding subsection 309a(a) of this title, grants provided to towns under the town highway structures program shall be matched by local funds sufficient to cover 20 percent of the project costs, unless the town has adopted road and bridge standards, has completed a network inventory, and has submitted an annual certification of compliance for town road and bridge standards to the ~~secretary~~ Secretary, in which event the local match shall be sufficient to cover 10 percent of the project costs. The ~~secretary~~ Secretary may adopt rules to implement the town highway structures program. Town highway structures projects receiving funds pursuant to this subsection shall be the responsibility of the applicant municipality.

(b) Notwithstanding subsection 309a(a) of this title, grants provided to towns under the class 2 town highway roadway program shall be matched by local funds sufficient to cover 30 percent of the project costs, unless the town has adopted road and bridge standards, has completed a network inventory, and has submitted an annual certification of compliance for town road and bridge standards to the ~~secretary~~ Secretary, in which event the local match shall be sufficient to cover 20 percent of the project costs. The ~~secretary~~ Secretary may adopt rules to implement the class 2 town highway roadway program. Class 2 town highway roadway projects receiving funds pursuant to this subsection shall be the responsibility of the applicant municipality, and a municipality shall not receive a grant in excess of ~~\$175,000.00~~ \$200,000.00.

Current Condition:

- *Class 2 TH Program grant cap = \$175,000.00*

- *Structures TH Program mimics Class 2 Program by practice*

Proposed Changes:

- *House Transportation has proposed to increase the grant cap to \$200,000 for the Class 2 TH Grant program.*
- *VTrans does not support this change as we find that the \$175,000 helps to provide a more equitable distribution of funds annually and still allows municipalities to accomplish proposed projects under this program. Routinely projects underspend on the \$175,000 grant cap. These awards are strictly based upon % of total funds distributed over time, so increasing the cap would just mean that municipalities would need to wait longer between grant awards.*