

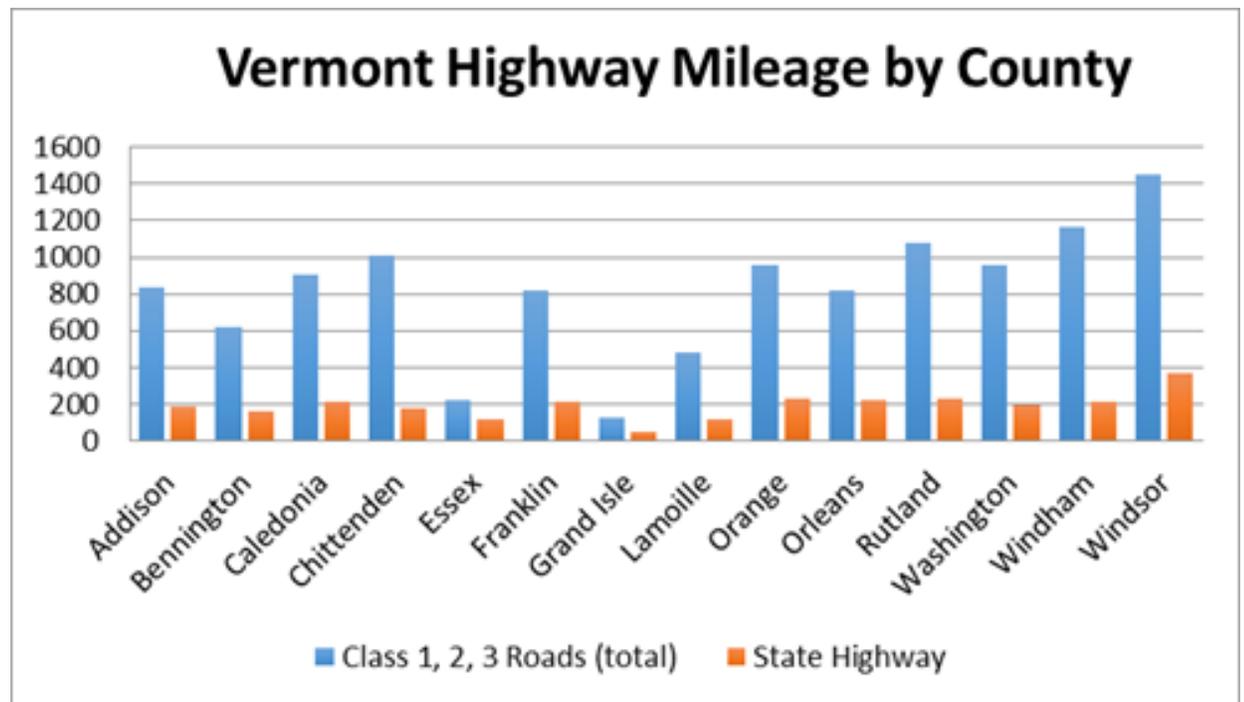


*Serving and  
Strengthening  
Vermont Local  
Governments*

**TO:** Members, Senate Transportation Committee  
**FROM:** Gwynn Zakov, Municipal Policy Advocate  
**RE:** H.433, Support of Sections 4 - 7  
**DATE:** April 14, 2021

Thank you for the opportunity to testify in support of H.433, in particular sections 4 - 7. As the committee is well aware, Vermont’s transportation systems are essential to the economic growth, vitality, and resilience of our cities, towns, and the surrounding region. Municipalities must operate, preserve, and maintain roads, bridges, and public rights-of-way in a cost-effective and environmentally responsible manner. The culverts and bridges of municipalities must be able to accommodate severe storm flows and limit any discharge or runoff that may impair state waters. Municipalities must keep streets clear in inclement weather, ensure an appropriate mix of treescapes, calm traffic, fill potholes, and grade or repave roads as needed. State and local governments must also maintain transportation infrastructure and operate transportation systems at the same time transportation revenues based on fuel consumption continue to decline and pressures on the property tax increase.

Nearly 85 percent of all roads in Vermont are municipal. Of the 15,840 total Class 1, Class 2, Class 3, and state highway miles, only 2,709 are maintained solely or in part by state government – the rest are maintained by Vermont local governments. Local government expenditures for transportation exceed half of most municipalities’ annual budgets. Much of municipalities’ local property tax dollars are devoted to transportation infrastructure, with additional funding coming from state and federal sources.



VLCT believes H.433 as passed by the House invests in the short and long-term viability of local transportation infrastructure. The additional one-time \$3 million appropriation to general Town Highway Aid guarantees every municipality will benefit pursuant to the funding formula in 19

V.S.A. § 3069a)(3), not just those cities and towns that are due to receive grant awards for Town Highway Structures and Class 2 Highway programs. The bill is clear that this \$3 million appropriation is one-time and in no way guarantees any increase in funding in future years. The increased funding for Town Highway Structures and Class 2 Town Highway Roadway grants and the increased grant cap for Class 2 Town Highway grants is long overdue and necessary. Both the statutory funding levels and individual grant amounts have not increased in over a decade, while the cost of projects and increased need has grown precipitously.

In February VLCT solicited feedback from town and cities at the request of the House Transportation Committee regarding town program grant amount, caps and other relevant information. Specifically, we asked municipalities whether local transportation infrastructure work is constrained under state aid programs due to *ceiling amounts for grants, match requirements, timing of the cycle of projects pursuant to TAC recommendations, and the complexity of regulations*? Below is a sampling of the responses we received. We hope it gives the committee a better understanding of why VLCT supports sections 4-7 of H.433.

Thank you again for the opportunity to testify.

### Wilmington

**Ceiling amounts:** We subcontract out our paving and could do more if the grant limit was increased.

**Match requirements:** Our municipal budget is crushed/constrained by state and local school tax.

**Cycle of projects:** We are finding it difficult to do all we need to do, so the increased frequency of awards would help.

**Complexity of regulations:** While we work well with the state, sometimes we feel a less expensive approach could work for us, when costs can increase as the state insists on another approach. Environmental requirements in streams (i.e. fish habitat) limit our approach which typically leads to a more costly solution, without state award assistance.

Another example, in 2017 the cost to replace a large structure or bridge originally estimated to be in the neighborhood of \$350,000, but when we completed the replacement which the state inspector deemed an emergency, the town did not receive any assistance from the state and the cost which required using engineers and construction reached almost \$1M.

### Danville

**Ceiling amounts:** Higher grant amounts would permit larger projects to be completed in one construction cycle versus two construction cycles. If needed, we could contract out a greater percentage of the work freeing the town crews to address local funded projects.

**Match requirements:** The match amounts have a direct effect on how much of the work is done in house versus contracted outside.

### West Fairlee

**Ceiling amounts:** \$175,000 certainly doesn't buy what it used to. A simple shim and topcoat – just the asphalt – is not over \$100,000/mile; reclamation is at least twice that. There's substantial expense in prep costs of culvert replacement and subbase improvement required to meet current state standards. Standards for new bridge construction have also changed markedly and multiplied costs. There's a huge financial disconnect between existing structures and replacements which must be 3-5 times the size/costs. Funding has certainly not kept pace.

**Match requirements:** See above, but it is easy to achieve most of the current match because projects far exceed the \$175,000 caps.

**Cycle of projects:** Smaller towns like West Fairlee are eligible for a Class II road grants every 7-8 years. We expected eligibility this year but the Class II funding “pause” will make it 9 years. We must pave every year just to keep up; the expense part of our annual highway capital fund budget.

### Middlebury

**Ceiling amounts:** The current grant limit has been \$175,000 for several years. I suggest that limit be raised to something between \$200,000 - \$250,000. We sometimes have to split up the Class II paving grant requests to balance our available funds with the frequency of grant eligibility. What’s most important is the “economies of scale” factor relating to the unit cost of paving projects. Middlebury is fortunate that we have two asphalt suppliers nearby. However, we see a unit cost benefit when we do larger projects; at times it’s been 3-10%. I would expect smaller towns that have more distance to haul asphalt would see similar benefit when doing larger projects.

**Match requirements:** The overall funding for structures grants could be increased *if* it helped reduce the time period between grant eligibility. In our district the period is about 6-7 years. The requirements (permits, design, and construction techniques) have increased the cost for large culvert replacement. I totally concur that the long-term results are significantly better. However, increased funding to bring the cycle down to a more realistic 3-4 year cycle would be very helpful.

**Cycle of projects:** We don’t have much of an issue with the match requirements. The grant limit (as above) is much more important.

### Montpelier

**Ceiling amounts:** There is a barrier due to the escalation of construction costs since this funding level was established. The \$175,000 amount should be increased and a cost escalator built into state statute. Montpelier infrastructure could be improved at an accelerated rate if more funding was available. More often in recent years local share exceeds 50% of the project cost.

**Match requirements:** In general, our municipality can raise necessary matching funds, however if these match requirements were reduced more infrastructure could be improved.

**Complexity of regulations:** Class 2 Highways and Structure grant regulations are not a significant issue for Montpelier as currently structured. The Class 1 Town Highway Program is not funded at an appropriate level to meet pavement life cycles. Montpelier has to invest significant local funds to maintain Class 1 Highways between state paving projects.

### Grafton

**Cycle of projects:** We live with it. We have a capital budget. We plan based on hazard mitigation Plan priorities and needs, and then fund the Capital Budget account to pay for and complete projects based on the priorities, even when that means we do it on our own. We are anxious to get that next hazard mitigation project done. Therefore, when we are suddenly offered a structures grant that a Town turned down for whatever reason, we have a fund that, with some adjustments, allows us to accept VTrans offer of a grant refused by others. However, instead of being recognized for good fiscal practices, we are punished by being moved down the cycle list. This happens even though the grant money we are offered and accept in these circumstances is for less money, requiring a higher town match, than the grant we would receive when it was our turn in the cycle. Perhaps the treatment of Towns for taking grants in these circumstances should be looked at and modified.

**Complexity of regulations:** We live with them.