

**REPORT TO THE LEGISLATURE PURSUANT TO ACT 43 of 2025, SECTION 16**

Report on the Vermont Agency of Transportation Municipal Funding Efficiencies Evaluation

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**Submitted by**

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# Executive Summary

The Vermont Agency of Transportation (VTrans) has initiated a project to understand potential efficiencies in funding transportation infrastructure in municipalities, as directed by Act 43 (2025). This project aims to identify actionable measures that reduce administrative responsibilities and improve municipal access to state and federal transportation funding opportunities. VHB has conducted comprehensive research to assist VTrans, focusing on the types of funding opportunities available to municipalities, the stakeholders involved within the opportunities, existing program processes, and a brief review of comparative municipal practices from other states.

## Key Findings

**Stakeholders:** The research revealed that there are four avenues for municipalities to access funding for transportation infrastructure. VTrans Municipal Assistance Section, VTrans District Maintenance & Fleet, and VTrans Finance and Administration are responsible for allocating, managing, and/or distributing municipal funding.

**Municipal Capacity:** Municipalities have limited resources to execute the administrative burdens required with the use of state or federal grants, including unique applications for the various programs and project reporting procedures. Stakeholders (VTrans MAS project managers (PMs) and District PMs, Municipal project managers (MPMs), Regional Planning Commissions (RPCs) and Vermont League of Cities and Towns (VLCT)) often assist municipalities in these tasks. Frequent turnover and the loss of institutional knowledge to execute municipal fund programs also limit municipal capacity to execute projects efficiently.

**Transparency:** Given the limited municipal capacity to execute their transportation projects, transparency is critical to improving efficiencies within the municipal funding opportunities. Stakeholders commented on how more transparent VTrans MAS PMs and District PMs improved municipalities' ability to understand, prepare for, and deliver VTrans-funded municipal projects.

**Peer States:** A review of other states' allocation of municipal funding for transportation projects revealed two key practices—formula-driven processes ease the administrative burden for stakeholders and training programs improve coordination between stakeholders. States like Maine and New Hampshire have implemented mandatory training for team members in municipal projects to improve communication and knowledge. Maine, Massachusetts, and New Hampshire use formula-driven fund allocation for some municipal funding programs. States that rely heavily on formula-driven assistance to municipalities have had to initiate secondary programs to address failing critical infrastructure, reducing or eliminating the efficiency benefit of formula funding models.

## Recommendations

**Single Webpage for Municipal Transportation Funding:** Consolidate links to municipal funding resources for transportation investments on a single VTrans webpage and organize the resources by upcoming deadlines. The current MAS page does not organize the grant links by their deadline or include links to the language or applications for municipal funding opportunities through the Districts. The consolidation of municipal funding opportunities on the webpage can improve efficiencies for VTrans and municipalities. VTrans can reduce administrative efforts to orient

municipalities to the available transportation funding, and municipalities can more readily compare funding types and understand the application schedules.

**Develop Training:** Create a live training series with one program per year for VTrans MAS PMs to deliver relevant municipal funding information to municipalities, MAS PMs, MPMs, and consultant partners or other prospective applicants. The training series is intended to improve municipalities' understanding of the funding requirements and expectations. The session will cover fundable projects examples how VTrans selects projects, efficient project delivery, and reporting requirements. This familiarizes municipalities with the program requirements and successful delivery strategies that lead to fewer project cancellations. Training also promotes consistency in project processes and deliverable expectations for all parties involved in the municipal projects.

**Cloud-based Universal Application:** Develop a cloud-based portal for municipal funding program documents and applications to streamline administrative operations for VTrans. With a cloud-based portal, VTrans can accept, evaluate, and select awardees with minimal administrative effort. The electronic files can auto-populate forms for contract administration and finance operations once a municipality is selected for funding. This reduces VTrans' administrative tasks and improves efficiency.

**Project Commitments and Risks:** To improve municipal understanding of project risk and address concerns raised by stakeholders, VTrans MAS will investigate an approach to conducting and communicating risk assessment via the Project Commitment Forms (PCFs) for MAS-managed projects. Understanding and acknowledging risk at project initiation, and especially during municipal staff turnover, will improve municipal decision-making and help to mitigate project cancellations later in the project development process.

**Transparency and Consistency:** Stakeholders praised the transparency that some VTrans MAS PMs and District PMs provide municipalities in the application and project phases; however, stakeholders also commented on different standards for communication and transparency amongst PMs. MAS plans to clearly define the roles of VTrans MAS PMs and MPMs to set clear expectations of each positions' responsibilities in supporting the municipalities through grant applications and processes.

Another area to improve transparency is the District Maintenance & Fleet administration of municipal projects. To promote statewide consistency in awarding Town Highway (TH) grants, the District PMs have developed a grant award process document for the TH Class 2 Roadway Program and TH Structures Program. Once in practice, communicating this process to municipalities and sharing the implication of the process on a municipality's likelihood of receiving funding in any given year would improve the municipal confidence in the process.

## Conclusion

This study identifies opportunities to enhance the efficiency of municipal transportation funding in Vermont by streamlining administrative processes, improving transparency, and bolstering municipal capacity through targeted communication and support. The recommendations highlight opportunities for centralized information access, in-person training, a cloud-based universal application, and consistent process documentation. By implementing these recommendations, VTrans can reduce administrative burdens, foster transparency between stakeholders, and promote more effective use of limited state and federal funds for municipal transportation projects.

# 1

## Introduction

The Vermont Agency of Transportation (VTrans) initiated this evaluation to identify potential efficiencies and improvements related to the administration of Town Highway Aid and municipal grant opportunities, as directed by the Vermont State Legislature in Section 16 of Act 43 (2025). This legislation directed an evaluation concerning administrative actions to improve or increase efficiency in Town Highway Aid and municipal grant opportunities in consultation with the Vermont League of Cities and Towns and the Vermont Association of Planning and Development Agencies.

To support this evaluation, the following activities were conducted:

- (1) a review of current municipal funding streams from VTrans. The review focused on the administration of municipal funds in the form of grants, formulas, or payouts and how the municipal funds are noticed, evaluated, selected, contracted, permitted, designed, constructed, and paid;
- (2) interviews with the stakeholders identified in the review to understand potential areas for improved efficiency;
- (3) a brief scan of peer states' approach to municipal funding.

The goal of this effort is to support VTrans in optimizing administrative efficiencies in municipal funding opportunities, promoting streamlined access to funding for municipalities and reducing state resources spent on project administration.

# 2

## VTrans Municipal Funding

The initiative began with a desktop scan of VTrans funding streams available to municipalities for transportation improvement projects. The project team identified a total of thirteen funding opportunities for VTrans funding of municipal transportation projects. Within each program, there are unique funding sources, project types, application types, and requirements for municipalities to digest and consider when attempting to access VTrans municipal funding. This section defines the thirteen municipal funding opportunities and highlights the divisions within VTrans that administer these opportunities. This review provided an improved understanding of potential alignments in municipal opportunities and led the team to identify stakeholders involved in municipal funding processes.

### Pathways to Municipal Funding

The project team identified thirteen VTrans municipal funding opportunities to review for potential efficiencies. The project team performed a desktop scan of VTrans services and reviewed municipal funding opportunities in alternative modes of transportation, bicycle and pedestrian facilities, erosion control, emergency roadway and structures maintenance, environmental mitigation, bridges, paving, stormwater management, general roadway maintenance. The funding sources cover the extent of how municipalities fund infrastructure projects with state support.

The thirteen municipal funding options are administered through four unique groups within VTrans: the Municipal Assistance Section (MAS), the District Maintenance and Fleet Division, Policy, Planning & Research Division and Finance and Administration. Tables 1-4 highlight the identified municipal grant funding streams by group and their associated requirements.

**Table 1 VTrans Highway Division MAS municipal funding opportunities for transportation investments.**

Funding	Purpose	State or Federal Funding Source	Funding Type
<b>Bicycle and Pedestrian Program</b>	For scoping and constructing bicycle and pedestrian projects.	State and Federal	Competitive application with a selection committee.
<b>Vermont Better Roads Grant Program</b>	For erosion control and maintenance techniques to save money and enhance water quality across the State.	State	Competitive application with a selection committee.
<b>AOT Municipal Grants-in-Aid Program</b>	For erosion control and maintenance techniques to save money and promote best management practices across the State.	State	Letter of intent and formula driven process.
<b>Municipal Highway and Stormwater Mitigation Program</b>	For environmental mitigation activities including pollution prevention, stormwater management, and abatement related to highway construction or runoff.	State and Federal	Competitive application with a selection committee.
<b>Transportation Alternatives Program</b>	For projects defined as transportation alternatives including pedestrian and bicycle facilities, infrastructure projects for public transportation access, community improvement activities, environmental mitigation, trails, and safe routes to schools.	State and Federal	Competitive application with a selection committee. This includes VTrans, Agency of Natural Resources, and Department of Environmental Conservation only for environmental mitigation projects in this program.
<b>Municipal Park-and-Ride Program</b>	For safe and convenient parking facilities to encourage the consolidation of travelers and reduce single occupancy vehicles on roads.	State	Competitive application with a selection committee.
<b>Town Highway Bridge Program<sup>1</sup></b>	For rehabilitating, reconstructing, replacing, or eliminating bridges with spans greater than six feet on Class 1, 2, and 3 town highways.	State and Federal	Competitive application with a selection committee.
<b>Town Highway State Aid for Federal Disasters</b>	For repairing and reconstructing Federal-aid highways and roads on Federal lands with damage from natural disasters or external failures.	Federal	“First come, first serve” with a letter of intent application.

<sup>1</sup> The Town Highway Bridge Program is managed by the Structures Section in the VTrans Highway Division. The program is included within the VTrans Highway Division MAS table for municipal funding opportunities because shares the closest association of the four municipal funding opportunity avenues.

**Table 2 VTrans Finance and Administration municipal funding opportunities for transportation investments.**

Funding	Purpose	State or Federal Funding Source	Funding Type
<b>Town Highway Aid Program</b>	For construction, improvement, maintenance, on Class 1, 2, or 3 town highways (not a specific project).	State	Formula driven process based on the town's Class 1, 2, and 3 roadway mileages.
<b>All Municipal Funding Opportunities</b>	Finance and Administration is responsible for sending all municipal funding to the awarded municipality following MAS, District Maintenance & Fleet, and Policy, Planning & Research approval.	State and Federal	All Funding Types

**Table 3 VTrans District Maintenance & Fleet Division municipal funding opportunities for transportation investments.**

Funding	Purpose	State or Federal Funding Source	Funding Type
<b>Town Highway State Aid for Non-Federal Disasters Program</b>	For emergency aid in repairing, building, or reconstructing Class 1, 2, or 3 town highways and drainage structures on Class 1, 2, 3, and 4 town highways after a natural or human-caused disaster	State	“First come, first serve” letter of intent application.
<b>State Aid for Class 2 Town Highway Program</b>	For resurfacing, rehabilitating, and reconstructing Class 2 town highways.	State	Equitable distribution based on percentage of funding allotted in years prior and percentage of roadway miles.
<b>Town Highway Structures Program</b>	For repairing, rehabilitating, and reconstructing bridges, culverts, and retaining walls on Class 1, 2, or 3 town highways.	State	Equitable distribution based on percentage of funding allotted in years prior and percentage of structures.

**Table 4 VTrans Policy, Planning & Research Division municipal funding opportunities for transportation investments.**

Funding	Purpose	State or Federal Funding Source	Funding Type
<b>Better Connections</b>	For master planning efforts in multi-modal transportation options, land use, and water quality.	State	Competitive application with selection committee.

# 3

## Key Stakeholders in Municipal Funding

After reviewing municipal funding pathways, the team identified four groups within VTrans that are responsible for providing funding for municipal transportation investments. Within each of these four groups, the stakeholders take on administrative responsibilities to notice, evaluate, select, and administer the municipal funds.

External entities that represent and support municipalities are a critical stakeholder in the delivery of projects on the municipal system. This section describes the responsibilities of the municipal partners and the four VTrans divisions in delivering transportation funding to municipalities.

### VTrans Highway Division Municipal Assistance Section

VTrans MAS operates within the VTrans Highway Division to support municipalities in developing and executing transportation improvement projects on local and state roadway systems. MAS is responsible for delivering eight of the funding opportunities available to municipalities for transportation improvements as outlined above in Table 1.

As demonstrated in the municipal funding program above, the eight opportunities support a breadth of transportation improvements such as stormwater improvement projects, bicycle and pedestrian facilities improvement projects, municipal park and ride facilities, bridge improvements, disaster repair projects, and a variety of additional transportation enhancements.

The role of MAS in municipal funding opportunities is to provide access to competitive state and federal grants for those categories. MAS staff members are responsible for posting grant

application forms and guides on the appropriate grant webpage, providing guidance on project processes and requirements, selecting grant program awardees, and once awarded, managing the project on behalf of the Agency, shepherding the project through the required processes and facilitating project study or plan review on behalf of the Agency.

For this effort, the project team solicited interviews with the VTrans MAS project managers for each of the eight opportunities to understand the nuances of administering municipal funding within these opportunities.

## VTrans Finance and Administration Division

Financial Operations and Contract Administration operate alongside both MAS and the District Maintenance & Fleet and Maintenance Bureau for the funding of the municipal opportunities. Contract Administration generates the legal documents that bind municipalities to adhering to state or federal requirements associated with each grant. Financial Operations delivers the payments to municipalities and verifies payment code information to promote accuracy in where the funding is coming from, the legal obligations attached to the funding, and to whom the funding is delivered.

The current municipal funding opportunities also have unique funding delivery mechanisms including competitive applications, formula-driven annual allotments, and formula-driven non-annual allotments. Financial Operations is responsible for delivering all the funding to municipalities.

The Financial Operations division is also responsible for delivering one municipal funding source directly (without the involvement of other groups at VTrans):

- Town Highway Aid Program

Town Highway Aid is a formula-based funding program for municipalities. Each town receives an annual amount based on the town's mileage of Class 1, Class 2, and Class 3 roadways. The total appropriation is distributed in quarterly payments according to Vermont state statute (19 V.S.A. §306(a)(3)).

For this effort, the project team interviewed representatives from Contract Administration and Financial Operations to understand the Finance and Administration Division's role in advancing funding to municipalities and Financial Operation's role in delivering the formula-based Town Highway Aid funds to municipalities.

## VTrans District Maintenance & Fleet Division Maintenance Bureau

VTrans District Maintenance & Fleet Division is responsible for the statewide maintenance of transportation infrastructure. The nine maintenance districts have District project managers that work directly with municipalities to provide funding of highway structures including bridges and large culverts on the municipal system. District project managers are responsible for administering three municipal funding opportunities:

- Town Highway State Aid for Non-Federal Disasters Program

- State Aid for Class 2 Town Highway Program
- Town Highway Structures Program

For this effort, the project team interviewed a representative district project manager and representatives from the Maintenance & Fleet Division who participate in the administration of municipal opportunities. The project team interviewed these representatives to understand how the three municipal funding opportunities are administered and potential efficiencies to align formula-driven funding processes with municipal asset management.

## VTrans Policy, Planning & Research Division

VTrans Policy, Planning & Research Division is responsible for developing and implementing statewide transportation plans, agency strategic plans, and regional planning coordination. The task of coordination. The division prioritizes local and regional participation in the planning and programming of statewide transportation goals and projects. This priority is evident in VTrans Policy, Planning & Research Division, in partnership with the Vermont Agency of Natural Resources (ANR) and Vermont Agency of Commerce and Community Development (ACCD), delivery of a program that provides municipalities with support to engage with master planning efforts, assistance, and improvements:

- Better Connections

The Division provides municipalities outside of Chittenden County with funding to develop master plans and corresponding economic plans to explore the viability of proposed capital improvements. For this effort, the project team interviewed two representatives from VTrans Policy, Planning & Research Division to discuss the challenges and potential efficiencies associated with delivering the Better Connections municipal funding to the municipalities

## Municipalities

Municipalities are the recipients of the municipal funding streams from VTrans. To access state and federal funding for transportation improvements, municipalities must identify the grant program that aligns most with their transportation needs and whether the municipality has the ability to take on the administrative requirements of the grant as well as the local share of costs associated with the grant. The project team interviewed the following agencies and individuals that support municipalities in this process.

### Vermont League of Cities and Towns (VLCT)

VLCT is a nonprofit cooperative consisting of the municipal governments that it represents. The organization is governed by a board of directors elected by its municipal members, and it offers a physical and virtual location for local governments to communicate, share solutions to shared concerns, and receive advocacy and support from VLCT. The project team interviewed various VLCT staff to understand municipal perspectives in the processes associated with applying for and executing state and federal municipal funding opportunities.

### **Vermont Association of Planning and Development Agencies (VAPDA)**

VAPDA is a statewide association for the eleven regional planning commissions (RPC) in Vermont. The association provides a space for RPCs to address shared concerns, share-out on municipal affairs within their region, and coordinate and gather around shared initiatives in the various fields of planning including transportation. The project team interviewed VAPDA representatives to understand the efforts of RPCs in providing municipalities with technical assistance throughout municipal grant projects. Through this interview, it was determined that the second RPC related interview was appropriate to better understand the municipal perspective.

### **Regional Planning Commissions Municipal Project Managers (MPMs)**

RPC MPMs are a critical link in connecting municipalities to the state government by providing technical assistance and administrative support throughout the projects initiated in a municipal funding stream. RPC MPMs assist municipalities from the application to the final project reporting of the municipal funding opportunities. The project team interviewed the RPC MPMs to understand the perspective of the MPMs that work alongside VTrans and municipalities to deliver projects.

## **Additional Interviews**

The project team also interviewed representatives from the VTrans Asset Management Bureau to understand how this group support municipal infrastructure improvements.

# 4

## Perspectives on Municipal Funding Processes

The project team conducted an initial set of interviews with the identified stakeholders to understand the state, regional, and local perspectives on existing municipal funding opportunities and the nuances between opportunities. The interviews revealed universal frustration with fund availability, long project timelines, limited technical experience, and the challenges of municipal turnover. After meeting with all the identified stakeholders, the project team reviewed the information presented in the interviews and coordinated additional or follow-up interviews to revisit aspects of municipal funding processes. This section highlights the themes from stakeholder perspectives on the successes, challenges, and potential efficiencies within current municipal funding processes.

### Grant Applications

Interviewed stakeholders shared their perspectives on the obstacles, successes, and potential efficiencies within the grant application process for municipal funding opportunities.

The first obstacle to efficiency within the current grant application structure relates to municipalities' ability to navigate to and apply for municipal funding opportunities. Interviewees shared that municipalities are confused at the onset of applying for state and federal transportation funding. The stakeholders attributed the confusion to several factors including the various locations within VTrans that host municipal funding information, the difference in application language by municipal funding program, and the similarities between some funding

opportunities. For example, both the Town Highway Bridge Program and the Town Highway Structures Program support investment in municipal bridges; however, the funding mechanisms and requirements differ greatly. Interviewees often pointed out smaller municipalities' limited capacity to take on the administrative burden of interpreting the opportunities, applying for funding, and understanding how to deliver the projects. Some communicated the challenge that local practitioners do not have time or understanding which infrastructure should be invested in transportation infrastructure, let alone the grant types they can utilize to support infrastructure management.

Another obstacle is the number of grant opportunities the VTrans staff administers. Interviewees commented on how the number of grant opportunities creates an administrative burden for the VTrans staff to manage and administer. The stakeholders showed interest in reducing this burden by standardizing pieces of the application process for municipal grants and/or by combining similar grants into a shared application based on the type of infrastructure the grant supports. When the project team introduced the suggestion of combining grant programs in interviews, some expressed concern that a program merger may reduce opportunities for smaller municipalities to access the funding or may increase confusion surrounding the statutes associated with the grant programs.

The stakeholders acknowledged the successful strategies in municipal grant applications including how the multiple programs for each transportation field provide municipalities with an additional opportunity to apply for funding at a different time of the year. Stakeholders also acknowledged how the grant questionnaire is a helpful tool to prevent underprepared municipalities from using limited resources to apply for grants that their project is not appropriate for and would not likely be awarded. Most interviewees advocated for a simplified application process and improved collaboration between local, regional, and state agencies to reduce redundancy if municipalities apply for more than one funding opportunity. A simplified process may involve a single, universal application for the competitive municipal grant programs or a single webpage location with links to all municipal funding streams.

## Funding Allocation

Stakeholders shared their perspectives on current inefficiencies and potential improvements for how municipal funding is allocated and delivered to municipalities.

Interviewees commented on the unique funding delivery mechanisms and contracting language for each of the municipal funding opportunities. The lack of standardized language makes it difficult for municipalities to understand the statutory requirements across grant programs. One stakeholder commented on the movement to standardize the Notice of Funding Opportunity (NOFO) language within Contract Administration in place of the NOFO language derived by each municipal program was mentioned as the first move towards standardization.

Some stakeholders advocated formula-driven funding streams for delivery of more projects in place of competitive grant applications. Advocates believe that formulas create a dependable revenue stream that provides a stable source of transportation infrastructure funding for the municipalities, which can reduce the time and resources spent both by the municipalities (applying) and VTrans (collecting, evaluating, administering).

These stakeholders also commented on an interest in developing formula funding processes for existing municipal funding opportunities that are not solely dependent on a municipality's

roadway mileage and incorporate additional factors to promote equitable distribution. Other stakeholders expressed a counterpoint and concern that many municipalities are not managing their assets to the extent required to understand future funding needs and the resulting budgeting required. Therefore, a formula-driven system may inhibit municipalities' ability to effectively manage the money given to them to support larger-scale paving and bridge projects, whereas the current program ensures that when a community really needs a project there is a potential funding source available.

## Municipal Capacity to Deliver and Maintain Projects

Stakeholders expressed concerns with municipalities' ability to manage and deliver projects with state and federal funding opportunities due to a variety of factors. The interviews revealed that stakeholders are most concerned with municipal staffing, asset management, rising costs of transportation infrastructure, and administrative support.

Numerous stakeholders identified municipal staff turnover as a factor interfering with municipalities' ability to manage and deliver projects in an efficient manner. Town Selectboards can be replaced within the span of a project and the institutional knowledge and support for some transportation projects are lost with the transition. Some stakeholders suggested investigating a system where VTrans requires a municipality to undergo training to ensure a standard level of knowledge prior to getting involved in the municipal grant processes.

Several stakeholders commented on municipalities' difficulties with identifying a fundable project that matches the funding opportunities available. Some stakeholders attributed this to municipalities' inability to sustain an up-to-date asset inventory that informs municipal prioritization. They suggested mechanisms to encourage maintaining an up-to-date inventory and disinvestment from redundant, substandard infrastructure.

The interviews emphasized the impact of rising transportation infrastructure costs and the costs' substantial strain on municipal governments. Due to these rising costs, municipalities are unable to provide a local match for some municipal funding opportunities, sometimes even once a project is underway and increased costs are identified during the life of the project. This financial stress limits municipalities' ability to apply for grant funding, deliver and maintain essential projects, and can lead to project cancellations.

Stakeholders commented on the support RPCs provide to municipalities to assist municipalities in delivering projects. Some RPCs will extend beyond their contractual obligations to provide training or administrative assistance to municipalities and promote adherence to the grant requirements. RPCs take on a significant administrative responsibility due to frequent turnover of Selectboards and Road Foremen.

There is broad stakeholder concern with how municipalities apply their limited resources to their match of municipal projects and whether this approach puts very small communities at a disadvantage for transportation funding.

## Project Readiness

Several stakeholders commented on difficulties with municipalities' ability to generate a competitive, fundable project and investing time in something that does not meet state or federal expectations.

This report recommends VTrans consider developing guidance on what makes a project well-prepared to receive state or federal funding. This guidance can include updated cost estimate information for each phase of the project, critical infrastructure components, and maintenance. More accurate cost information will inform the municipality of what they would have to expend as a match, prior to execution of the grant agreement. The guidance can also include examples of municipal project successes and the best practices from the successful execution of state or federal funding opportunities. Project examples can demonstrate how Vermont municipalities encountered challenges in project development to prepare municipalities with strategies for overcoming those project barriers before they arise.

Stakeholders recommended more guidance around scoping studies requirements to better inform future grant applications. This prevents municipalities from applying for state funding with projects that are not fully planned, properly estimated or ready to execute.

## Asset Management

In addition to this study, VTrans will be investigating municipal asset management models as part of Section 15 of Act 43 (2025). The formula funding models used for allocating Town Highway funding to municipalities is a well-liked strategy for allocating funding amongst the municipalities due to its predictable and straight-forward processes. When the project team asked stakeholders about the formula-funding model for grant programs like the Town Highway Class II Paving, stakeholders commented on municipal challenges with maintaining an up-to-date record of transportation assets.

Municipalities do not generally have up-to-date or standardized documentation of the condition of their assets. Given the range of technical skills in municipalities and the turnover of transportation practitioners that it is difficult to invest in an asset inventory and maintain an understanding of which town roads and structures need prioritization. Even if some municipalities do have the capacity to manage their assets to prioritize transportation investments, there will be inconsistencies in statewide reporting of transportation infrastructure prioritization because smaller and more rural municipalities would fail to keep up. Asset inventories are only useful through regular maintenance.

Stakeholders suggested looking into disinvestment incentives and penalties to reduce the investment of resources into transportation infrastructure that no longer serves its purpose and is outside of municipalities' ability to maintain (i.e. if a neighborhood in a rural area is across the river from the main road, and has two bridges with maintenance needs, disinvestment from one bridge would reduce the time and resource expenses for the town and state to keep the bridge in a usable state). Disinvestment from transportation infrastructure would require standardized criteria to clarify when a road, structure, or bridge is no longer required, and then analysis of assets to prioritize investments.

## Consistency

Stakeholders commented on how consistency throughout municipal funding opportunities is critical to successful execution of municipal funding programs. They called for consistency in all stages of the opportunities: consistency in how municipalities are evaluated for funding, and consistency in how VTrans and municipal project managers manage the project.

The theme of consistency is tied to the stakeholders' interest in transparency (listed below). When the divisions manage the programs in a way that municipal project leaders can expect, municipalities understand how the decisions are made and develop trust in the programs.

Most stakeholders agreed that training programs for VTrans Project managers, RPC MPMs, and municipalities can establish more consistent project management and a shared understanding of responsibilities in the processes. Training programs can also lead to a standardized interpretation of the MAS Project Guidebook.

## Transparency

Interviewees most often commented on the need for transparency in the municipal funding opportunity processes. The interviews revealed that some MAS project managers and District project managers are more transparent and communicative about project processes with municipalities than others. Stakeholders highlighted the need for transparency in how all VTrans personnel interact with municipalities in the application, evaluation, and project development phases of the municipal funded programs.

Stakeholders expressed interest in improving transparency in how MAS project managers communicate the state requirements associated with the program. Although many of the funding opportunity requirements are outlined on the MAS webpage or within the contract documentation, municipal staff and Selectboard turnover loses the institutional knowledge of this information. Stakeholders suggested MAS project managers host more frequent check-ins to communicate project requirements to municipalities to reduce the risk of project mistakes and cancellations.

In addition to communication of project requirement information, stakeholders highlighted the need for transparency in project selection. Following competitive grant awards, non-successful municipalities have limited understanding of how projects are selected. MAS project managers can provide the municipality with feedback on the reasons their project did not receive funding during the awards cycle. This feedback can enable the municipality to improve their project applications and provide VTrans with better project selection for the next cycle.

Stakeholders also suggested more transparency from District project managers. Stakeholders commented on inconsistencies between how the VTrans districts share information about Class 2 Paving and Structures projects. During meetings with District PMs, they shared that an initiative towards consistent evaluation and selection of projects with municipalities is currently underway which, once instituted, should provide a better understanding of these programs, if shared through effective communication.

# 5

## Peer State Practices

Following the interviews with VTrans and Vermont stakeholders, the project team solicited assistance from the counterparts at peer states' Departments of Transportation (DOTs). The interviews with peer states revealed that many states face similar challenges with municipal program administration, capacity, funding availability, and transparency. This section outlines peer states' municipal funding opportunities as well as the opportunities' successes and challenges.

### Municipal Program Scan

An initial review of Maine, Massachusetts, New Hampshire, and Rhode Island was conducted to evaluate best practices in peer states.

#### Maine

Maine Department of Transportation (MaineDOT) administers funding for municipalities through two divisions of the DOT.

MaineDOT Planning delivers funding to municipalities through federal- and state-led grant opportunities and through community-based initiatives. Like Vermont, the federal- and state-led grant opportunities require a local match, but the opportunities support a range of transportation investments including bicycle and pedestrian projects, harbor projects, and industrial rail projects. Community-based initiatives are state and local partnerships that are application or "first come, first serve" with a required cost share outlined by MaineDOT Local Cost Share Policy.

MaineDOT Community Services administers the **Local Road Assistance Program (LRAP)** to allocate 9% of Maine state highway funding for municipal projects. The funding is allocated

based on the lane miles of rural and urban compact road types. This funding stream has few requirements and municipalities can spend the obligated amount on roadways and structures.

MaineDOT struggles with similar transportation infrastructure and funding issues as Vermont. They shared concerns with municipal turnover and municipalities' competence to maintain their transportation infrastructure. The Local Cost Share Policy assists MaineDOT with supporting infrastructure investments and provides municipalities with greater flexibility in project delivery by providing a sliding local match (0% to 50%) based on the project type.

Like VTrans, MaineDOT also supports the administration of federally funded grant opportunities.

## Massachusetts

The funding streams for municipal transportation improvements in the Massachusetts Department of Transportation (MassDOT) are provided under the Chapter 90 Program.

The **Chapter 90 Program** is named after the Massachusetts General Laws (M.G.L) Chapter 90, Section 34, that obligates funding to municipalities for capital improvement projects on local roadways. Municipalities receive funding based on their local road mileage (58.33%), population (20.83%), and employment (20.83%). Municipalities enter into contractual agreements with MassDOT to use the funds for a ten-year duration. Funds are used for expenses related to the design and construction of municipal projects.

Like VTrans, MassDOT also supports the administration of federally funded transportation grant opportunities.

## New Hampshire

New Hampshire Department of Transportation (NHDOT) manages two statewide transportation improvement opportunities for municipalities.

The **Highway Block Grant Aid Program** is 12% of the state transportation funds, approximately \$35 million, and is allocated to municipalities for transportation capital projects using a formula-driven process. The program is weighted 50% by population and 50% by local road miles.

To address the issue of underfunded municipal bridges falling into disrepair under this formula fund model, NHDOT implemented the **State Bridge Aid Program**. This program uses a statewide gas tax to provide funding with a 20% local match to priority local bridge projects on a Ten-Year Plan process. The process identifies critical structures from the approximate 1,700 municipally owned bridges. The criticality is determined by an empirical analysis that considers the condition, the presence of emergency services or school routes, the resilience, the redundancy, and the number of people served.

NHDOT requires mandatory training for municipalities and consultants to improve coordination and consistency in project delivery for the two opportunities. They shared that the training helped familiarize individuals with the planning terms and pause projects prior to the next phase of delivery if the trained project staff left the project. NHDOT expressed similar concerns as VTrans, with high municipal staff turnover, the heavy administrative burden of federal funding, and the rising costs of transportation infrastructure.

Like VTrans, NHDOT also supports the administration of federally funded transportation grant opportunities.

## Rhode Island

Rhode Island Department of Transportation (RIDOT) initiated the Municipal Road and Bridge Fund Program three years ago when the Rhode Island legislature allocated \$20 million for road maintenance.

The **Municipal Road and Bridge Fund Program** is a state-funded program that allocates \$20 million to municipal roads, sidewalks, and bridges. Of the \$20 million, 25% is distributed equally amongst municipalities, and the remaining 75% is distributed proportionately based on each municipality's share of non-federally eligible lane miles. The funds have a 67% local match and a 33% state match that forces municipalities to take ownership of managing their transportation assets.

The absence of federal funding from the program gives flexibility and freedom from heavy administrative requirements. The program also forces municipalities to manage their assets because the project cost is primarily municipal responsibility. Municipal turnover is still a concern for RIDOT, however, RIDOT emphasized the importance of state retention to continue delivering educational materials and tutorials to use the program.

Like VTrans, RIDOT also supports the administration of federally funded transportation grant opportunities.

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## Recommendations

The current VTrans processes to manage and administer municipal funding opportunities are functional; however, the interviews revealed that there are opportunities to increase transparency and consolidate municipal funding opportunity information. The recommendations for improved efficiency and transparency are outlined below.

### Recommendations for VTrans

#### **The “One Stop Shop” Webpage Model**

Municipalities are encouraged to access the “Municipal Assistance Section – Local Projects” webpage on the VTrans website to access resources with information about most municipal funding processes with links to the municipal grant opportunities managed by MAS. However, the current “Municipal Assistance Section – Local Projects” page is limited to resources for municipal funding opportunities within MAS, and prospective applicants must locate the additional Municipal funding opportunity information on other pages within the VTrans site.

Throughout the interviews, stakeholders commented on the confusion municipalities felt when trying to navigate the municipal grant processes on the webpage. To promote the complete understanding of the funding opportunities available to municipalities, there are opportunities to better organize the information provided to municipalities by compiling information on all municipal funding sources that support transportation infrastructure development and maintenance. This would require coordination with District Maintenance & Fleet as they provide municipal funding outside of MAS.

To best provide clarity to municipalities, the “One Stop Shop” Webpage could organize the links by their deadline and update the top-listed funding application once that deadline is passed. Below the links to the grant applications, the webpage can host the links to its resources like a

permanent grant announcement document, the SharePoint page, "Show Me the Money" guide, a matrix of what grants can be used for which types of projects, and training materials for municipalities to access once they have a clear idea of the upcoming grants they can apply for.

By organizing the grant application links in this manner, municipalities can understand the schedule of municipal grant funding cycles during their first visit to the municipal assistance site. This transparent, direct communication will reduce initial municipal support time and resources. Although this effort will take an initial considerable effort from VTrans to compile the links and coordinate the webpage layout with publications, there is an efficiency in reducing confusion surrounding why the municipal assistance page does not include all municipal funding opportunities for transportation and it may reduce the administrative burden of walking municipalities through the grant schedules.

## A Cloud-Based Universal Application for Municipal Funding

In the past, VTrans experimented with using an online application on the Survey Monkey platform to solicit the municipal grants. The questions differed depending on the grant type categories: bicycle and pedestrian infrastructure and municipal mitigation. VTrans has additional experience with combined applications with the Transportation Alternatives and Municipal Highway and Stormwater Mitigation Program (MHSMP) combined application.

The Survey Monkey platform did not provide the desired services for VTrans; however, municipalities and VTrans are interested in re-engaging with a universal cloud-based application for municipal assistance funding to ease the administrative burden of reapplication and contract administration. This report suggests using a cloud-based platform for a universal municipal assistance application. Such an application would create a standard experience for municipalities, but more importantly, related to this report, reduce administrative actions on behalf of MAS project managers as well as Contract Administration staff by providing an electronic bridge between the application, evaluation, and creation of contract documents in one platform.

The platform will open with a universal application process that requires municipal users to input standard project information that is consistent across municipal funding programs. The universal application will transition to the specific grant categories by asking the applicants to define their infrastructure needs using the categories associated with funding opportunities (categories can be modified as opportunities change).

Depending on the category the municipality selects, the cloud-based platform can populate the funding opportunities or grants within each category. Once applicants select the appropriate funding opportunity or grant, the relevant questions for applicants will be prompted.

By using a cloud-based platform, municipalities can upload their application documents. The cloud-based platform eliminates the additional documentation and coordination between VTrans MAS, VTrans Contract Administration and the municipalities. Once selected, VTrans Contract Administration could access the online data and automatically populate grant agreements, reducing the administrative steps required for both MAS and Contract Administration.

Funding opportunities provided through District Maintenance & Fleet are currently processed separately and have less administrative burden. If consolidation is pursued, all attempts should be made to keep the simplicity of those application processes.

## Training for Municipal Project Team Members and MPMs

Stakeholders shared that in the past, VTrans MAS hosted a live voluntary online seminar series to walk municipalities through the available funding opportunities, state and federal requirements associated with each of their grant opportunities, application requirements, and project management. Interviewees noted that the live question and answer segment of the online seminar series allowed municipalities to understand more nuanced pieces of the project management and delivery.

This report recommends VTrans MAS reinstates a training program for municipalities, MAS PMs, MPMs, and consultant partners to learn more about municipal funding opportunities and examples of successful municipal projects within each of these opportunities. Maine and New Hampshire require municipalities to participate in a training program to access their pools of municipal funding. The peer states attribute improved coordination and communication between state, regional, and local agencies.

The training for municipalities, MAS PMs, and MPMs interested in accessing or delivering state-funded municipal opportunities should provide an overview of the municipal funding options, both municipal grants and programs through the district. In addition to the funding options, the training would discuss how to deliver successful projects, and the typical challenges municipalities encounter should be outlined. The training can familiarize the trainees with the language used in state and federal project requirements and promotes a standard level of knowledge in municipal grant process, reducing administrative time addressing issues and the likelihood that a project will be cancelled later in the process.

## VTrans Response to Improve Municipal Understanding and Address Municipal Risk

Currently, for VTrans MAS projects, municipalities sign Project Commitment Forms (PCFs) for federal construction projects, state scale projects, and scoping projects. These forms are incorporated into the project documentation requirements for projects that receive funding through MAS programs, apart from Town Highway programs such as the Town Highway Structures program and Class 2 Paving program. The intent of these forms is to establish consistent interpretation of program management, clarify expectations, and align understanding of the timeline and procurement processes by communicating expectations to all parties involved in MAS grant programs and promote municipal staff understanding.

To address the concerns raised by stakeholders, VTrans MAS plans to investigate potential revisions to the PCFs to build a more robust commitment form to communicate VTrans assessed risk on the project. In order to populate that form, VTrans MAS PMs plan to complete a risk assessment matrix for MAS projects. This assessment will focus on the project cost compared to the available funding, schedule, and other potential risk factors. With turnover at the municipality, new staff involved in a project will be provided the Project Commitment Form and information on the MAS perceived project risk in a simplified format. PCFs currently only apply to MAS managed grant programs.

## Transparency and Consistency

Transparency and consistency are two key takeaways from the stakeholder interviews. Stakeholders shared praise for the transparency that some VTrans MAS PMs and District PMs provide municipalities in the application and project procedures; however, stakeholders also commented on different standards for transparency amongst PMs.

Several stakeholders shared interest in improving transparency by clearly defining the roles of VTrans MAS PMs and MPMs to set clear expectations of each positions' responsibilities to support the municipalities through grant applications and processes. This report suggests preparing guidance that defines the roles of all parties involved to set expectations and promote efficiencies in how municipal projects are managed.

Another area to improve transparency is in the District Maintenance & Fleet administration of municipal projects. To promote statewide consistency in awarding Town Highway grants, the District PMs have developed a grant award process document for the Town Highway Class 2 Roadway Program and Town Highway Structures Program. This document aims to provide a consistent approach to the selection of projects. Once in practice, communicating this process to municipalities and sharing the implication of the process on a municipality's likelihood of receiving funding in any given year would improve the municipal confidence in the process.