



AGENCY OF TRANSPORTATION 2025 REPORTS PRESENTATION

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REPORT TO THE LEGISLATURE PURSUANT TO ACT 43 OF 2025, SECTION 16

- Evaluate the State's Town Highway Aid and VTrans' municipal grant programs to identify potential efficiencies and improvements related to the administration of Town Highway Aid and municipal grant programs.
- Evaluate the various funding streams authorized pursuant to 19 V.S.A. § 306 as well as programs administered through the Agency's Municipal Assistance Bureau.

MUNICIPAL FUNDING PATHWAYS

Section	Funding Source	Program
Municipal Assistance	State	Better Roads Grant Program
	State and Federal	Bicycle and Pedestrian Program
	State	Municipal Grants-in-Aid Program
	State and Federal	Municipal Highway and Stormwater Mitigation Program
	State	Municipal Park-and-Ride Program
	Federal	Town Highway State Aid for Federal Disasters
Finance and Administration	State and Federal	Transportation Alternatives Program
	State	Town Highway Aid Program
	State	Town Highway Class 2 Paving Program
District Maintenance	State	Town Highway State Aid for Non-Federal Disasters Program
	State	Town Highway Structures Program
	State	Better Connections
Planning		

KEY FINDINGS

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.

KEY FINDINGS

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.

KEY FINDINGS

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 Funding Opportunities
 - Cloud Based Application
- Develop Training
 - The training series is intended to improve municipalities' understanding of the funding requirements and expectations
- Project Commitments and Risks
 - 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 Consistency
 - Stakeholders commented on different standards for communication and transparency amongst PMs

REPORT TO THE LEGISLATURE PURSUANT TO ACT 43 OF 2025, SECTION 14

- Examine the requirements of 19 V.S.A. § 309c, cancellation of locally managed projects, to evaluate the obligations, risks, and benefits imposed by the provisions of that section on the State and the local sponsor of a locally managed project
- Identify potential changes to the provisions of that section to ensure that State and federal transportation funding resources are appropriately administered.

KEY FINDINGS

Ambiguity and Inconsistency:

Current payback provisions in state statute and grant agreements are inconsistently applied and lack clarity about when and for what circumstances repayment is required. This has led to administrative complexity, increased risk aversion among municipalities, and confusion for both VTrans and local project sponsors.

Process Challenges for Municipalities:

Municipalities, especially rural and smaller towns, struggle with high project costs, staff turnover, limited staff capacity, lack of technical expertise, and burdensome administrative requirements. These challenges increase the likelihood of project cancellation at later, costly stages.

KEY FINDINGS

Risk of Program Inefficiency:

Delayed or cancelled projects keep federal funds tied up, reduce VTrans' ability to reallocate resources, and limit infrastructure progress for other communities. There is a recognized need to build stronger, up-front project vetting and readiness checks in order to prevent unviable projects from advancing.

Stakeholder Consensus on Reform:

Interviewed stakeholders broadly agree on the value of standardizing payback language, clearly defining triggers and process steps, and supporting education and technical assistance. There is support for a more transparent, milestone-based payback approach and for expanding the scoping and project development support to municipalities for project readiness.

RECOMMENDATIONS

- Standardize Payback Language and Triggers
 - Update state statute and all municipal grant agreements with uniform, plain-language definitions of payback obligations
 - Formalize Education, Training, and Technical Support
 - Milestone Liability Framework
 - Institutionalize Transparent Consultation and Appeals
- Enhance Early Project Vetting and Scoping (“Scoping+”)
- Implement Prequalification and Commitment Mechanisms