

September 1, 2016

To: County Administrators/City and Town Managers

Subject: 2016 Virginia Appropriation Act – Item 436 C.2 – Consolidation of Formula Funds

Over the past several years, the distribution of transportation dollars has transformed. Fiscal Year 2010 was the last year in which available funds were distributed through the original construction formula, 40% to the Primary System, 30% to the Secondary System, and 30% to the Urban System. Since then, the formula structure has been changed twice and the referenced original formula has been eliminated. Even though it has been seven years since funds have been provided in this manner, many localities have unspent and/or uncommitted formula funds.

The 2016 Appropriation Act included language pertaining to the balance of funds provided by the previous Primary, Secondary, and Urban construction formulas. The language provides an opportunity for localities and the Virginia Department of Transportation (VDOT) to work together to use these dormant funds to advance priority transportation projects within the respective district or locality.

We are asking for your assistance to review your projects currently funded with such formula funds in the Six-Year Improvement Program (SYIP) and identify ways to consolidate dormant amounts. The consolidation effort needs to occur now and be incorporated in the FY 2018 update of the SYIP. Any remaining formula funds as of January 1, 2018 will be transferred to the new State of Good Repair program unless those funds are allocated to a fully funded and active project. Specific details of this language can be found in the adopted 2016 Appropriate Act available at: <https://budget.lis.virginia.gov/item/2016/1/HB30/Chapter/1/436/>.

Detailed guidance will be provided by VDOT staff outlining potentially impacted projects, eligible uses for dormant formula funds, and other recommended actions over the next several months. Please work with your local VDOT points of contact to complete an initial review of impacted projects and dormant funding no later than **December 1, 2016** so that we may assist in re-programming resources as a part of the FY 2018 SYIP update beginning in early 2017. We will continue to provide ongoing coordination to identify additional opportunities for consolidation as they arise between now and January 1, 2018.

If you have any questions or concerns, please contact your local VDOT point of contact or visit our website at <http://www.virginiadot.org/projects/syp-default.asp> for a list of frequently asked questions related to this effort.

Sincerely,

John W. Lawson
Chief Financial Officer

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