
VDOT
Virginia Department of Transportation

REVENUE SHARING PROGRAM

Policy Revision – Project Delivery Expectations

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Agenda and Reason for this Presentation

- **Informational Presentation; no action today, potential for future action**
- **Follow-up from June Meeting (included in packet)**
- **Review of current project development expectations**
- **Current State of the Revenue Sharing Program**
- **Policy Update Recommendations**

Goal: Ensure Revenue Sharing-funded projects progress on schedule by setting clear project delivery expectations that strengthen state-local collaboration and Keep Virginia Moving.

Existing Project Delivery Expectations

Existing Revenue Sharing expectations established in State Code:

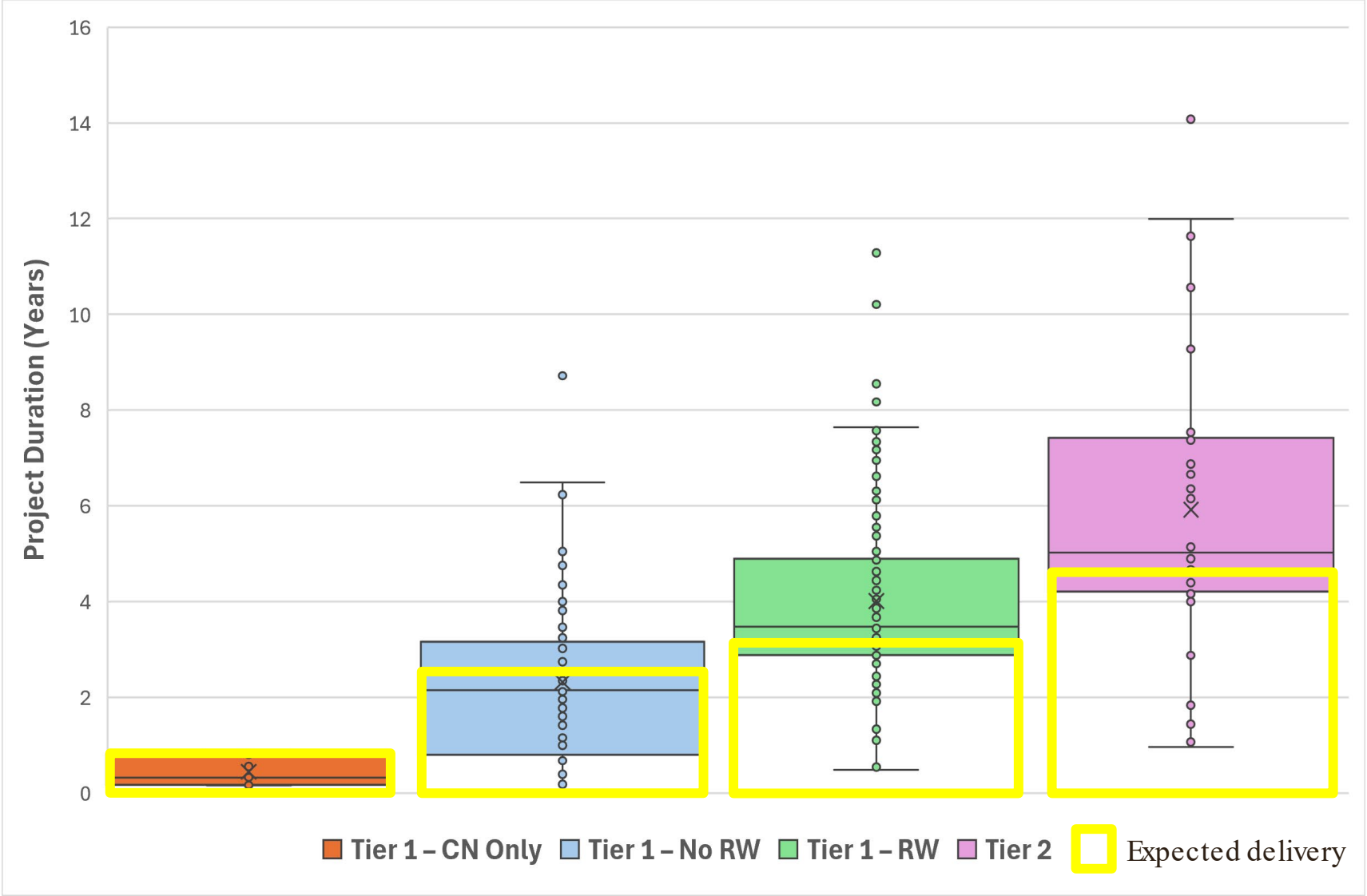
- All projects shall be initiated within one year of allocation
- All projects not initiated within two years of allocation are subject to deallocation

At issue: Revenue Sharing projects are not advancing timely

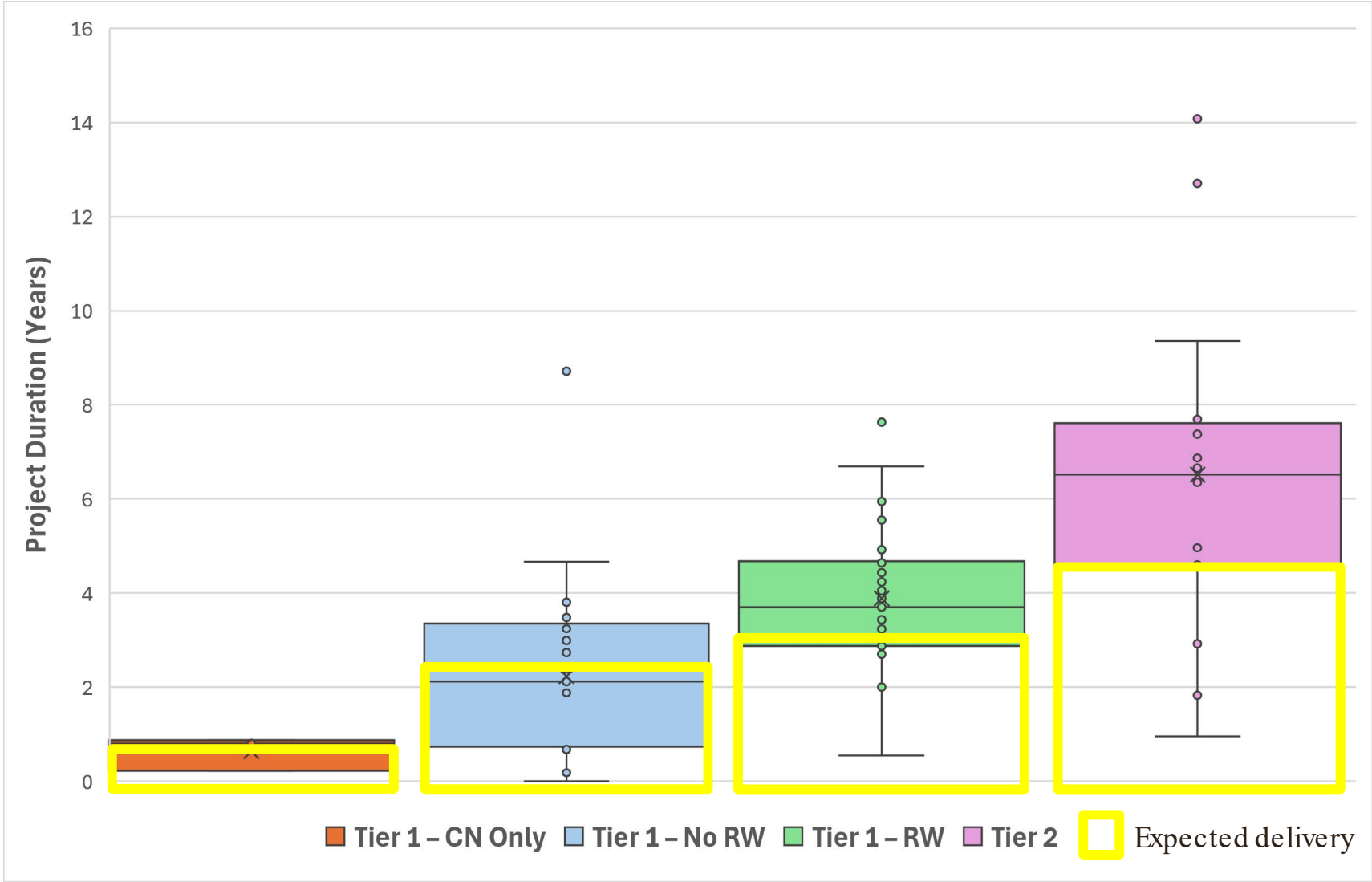
Current State of the Revenue Sharing Program

- **Revenue Sharing project delivery timeframes range drastically:**
  - **Tier 1 Construction only: a few months to 1 year**
    - Tier 1 projects are defined as those with a total construction cost of less than $15M
  - **Tier 1 no Right-of-Way: a few months to 9 years**
  - **Tier 1 with Right-of-Way: a few months to 11 years**
  - **Tier 2: 1 to 14 years**
    - Tier 2 projects are defined as those with a total construction cost of greater than $15M
- **Buying power of projects eroded**

Current Project Delivery Durations Far Exceed Desired Durations: Revenue Sharing Funding Only



Current Project Delivery Durations Far Exceed Desired Durations: Revenue Sharing AND Other Fund Sources (Multi-funded)



Considerations for Meeting Project Delivery Expectations

- All project applications are recommended to be supported by a technical memorandum or a regional/local study
- Define “initiation” and what is required with one and two years of allocation
- Consider project development metrics to be applied to projects
  - Proposed changes will assist with timely delivery when coupled with the June 2026 CTB proposal to fully fund projects

Next Steps

- **July/August – Survey; Continued stakeholder engagement; Detailed review of projects with each locality**
- **September – SYIP project delivery expectations**
- **October – Resolution to adopt Revenue Sharing policy changes**
  - If adopted, changes will take effect in the next Revenue Sharing application cycle, spring 2027


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Appendix A

Revenue Sharing Program Overview
June 2026 CTB Presentation Recap

Revenue Sharing Overview

- Provides state matching funds to counties, cities, and towns to construct, reconstruct, improve, or maintain their highway systems
  - Local funds are matched dollar-for-dollar with state funds
  - Locality applications are limited to $10M per application cycle
  - Each project is limited to a maximum total allocation of $10M, per Commonwealth Transportation Board (CTB) policy
- Authorized under § 33.2-357; program is administered by VDOT with oversight from the CTB
  - Applications are funded based on a priority rating system established in Virginia Code
  - CTB approves funding, deallocations, and transfers exceeding certain thresholds
  - Biennial application cycle; $100M to allocate per year; $200M per funding cycle



Revenue Sharing Overview

- **Funding Priorities:**
  - Priority 1: Projects that previously received RS funding
  - Priority 2: Construction projects that address a VTrans need or will accelerate a project in the locality's Capital Improvement Plan
  - Priority 3: Deficient pavement resurfacing or bridge rehabilitation
  - Priority 4: All other eligible projects
- **Applications accepted biennially:**
  - Pre-application: April-May 2027
  - Full application: August 15-September 15, 2027, for eligible pre-applications
  - Projects presented to CTB: By Spring 2028
  - CTB awards projects; adopts final SYIP: June 2028

Historical Revenue Sharing Program Updates

- 2017: Institutes a $10M per project lifetime cap (CTB policy change)
- 2018: Application limit decreased from $10M to $5M available per fiscal year (Legislative update)
- 2018: RS program moves to a biennial application cycle (CTB policy change)
- 2020: Restructured RS allocations to redistribute $495M of previous RS funding to support COVID-19 revenue reductions; backfilled redistributed funds with future year funds; began funding projects in Years 3 and 4 of the Six-Year Improvement Program
- 2023: Surplus funds are transferred back to the Statewide balance entry, project administration agreements (PAAs) must be executed within 6 months (CTB policy changes)

Proposed Policy Changes: June CTB Review

Revenue Sharing projects are currently funded according to four priorities:

- Priority 1: Existing Revenue Sharing projects are fully funded to the requested amount
- Priority 2: VTrans or locality CIP need
  A. Cumulative locality requests are funded up to a total of $1M
     - 33 Priority 2 projects were fully funded in the current round ($12.6M)
  B. Cumulative locality requests above $1M and less than $10M are funded
     - 49 projects received partial funding ($118.2M)
- Priority 3 and 4 applications historically remain unfunded

If funds are depleted prior to completely funding all projects within a priority, any remaining funds may be prorated.

Proposed Policy Changes: June CTB Review

Issues Observed:

- **Each round, a significant number of projects are partially funded:**
  - FY23: 90 partially funded
  - FY25: 52 partially funded
  - FY27: 49 partially funded
- **Partially funded Priority 2 projects (with few exceptions) don't advance until additional funding is provided in subsequent rounds, or they are cancelled entirely**
- **Local funds committed in applications are routinely replaced in future rounds with Revenue Sharing funds.**

FY27 Revenue Sharing Allocations Comparison

Current Funding Process

Step	Description	Allocated Funds
Priority 1	61 Priority 1 requests fully funded	$108.5M
Priority 2	33 Priority 2 requests fully funded 49 Priority 2 requests partially funded	$12.6M $118.2M (requested $135.6M)
Totals	**143 requests receive funding**	**$239.3M**

Proposed New Funding Process

Step	Description	Allocated Funds
Priority 1	61 Priority 1 requests fully funded	$108.5M
Priority 2	68 Priority 2 requests fully funded 8 Priority 2 requests partially funded 6 Priority 2 requests not funded	$122M $7.2M (requested $18.4M) (Requested $13.3M)
Totals	**137 requests receive funding**	**$239.3M**

Proposed Policy Changes: June CTB Review

Summary

- **Fully fund applications to the maximum extent possible**
  - By fully funding applications, applicants will know at the time of application how much local funds they are committing to
  - Projects will advance sooner, improving the buying power of the investment
  - More emphasis will be put on funding existing SYIP projects and projects with a solution supported by a local or regional study
  - Localities may have multiple Priority 2 projects funded, resulting in fewer Priority 1 projects in subsequent funding rounds
- **Any remaining funds may be pro-rated within a priority at the discretion of the Board**

Proposed Policy Changes: June CTB Review

Proposed New Funding Process

Priority 1: Existing Revenue Sharing projects

- Locality requests are fully funded

Priority 2: VTrans or locality CIP need projects

A. Locality cumulative requests up to a total of $1M are funded
B. Fully fund all requests partially funded under the previous step
C. Fully fund all requests for projects in the existing SYIP
D. Fully fund all requests for projects recommended as the preferred alternative in a local or regional study
E. Fully fund all remaining requests

- If funds are depleted prior to completely funding all projects within a category (A-E), any remaining funds may be pro-rated