

Deallocation Process for Local State of Good Repair (SGR) Pavement and Locally Owned Bridge Projects

PART I: Primary Extensions Paving

Background

- The Primary Extension Local Paving Program began in FY 2015 and previously was funded solely with CTB Formula funds. Virginia Code section 33.2-358 (C) authorizes the set-aside of up to \$500,000,000 to provide for certain transportation purposes. Of that amount 25% is set aside for the reconstruction of interstate, primary, and primary extension routes which have a combined condition index (CCI) of less than 60. Each year, 14% of the allocations will be made available for reconstruction and rehabilitation projects on primary extensions, using a competitive application process. The State of Good Repair (SGR) paving program was planned to begin in FY 2021. However, based on a more positive revenue outlook, VDOT began using funding through the SGR paving program beginning in FY 2017. Beginning in FY 2021, CTB Formula funds will no longer be provided however it is anticipated that SGR paving funds will increase. Localities are limited to apply for \$1M each year for projects with a CCI of less than 60. Projects receiving State CTB Formula or SGR paving funds must be advertised within 6 months of CTB approval – by December 31st each year. See Asset Management Division [IIM SGR-1](#) for additional details.

Additional Information

- The expectation is primary extension projects will be advertised within 6 months of receipt of state funds with work completed by the end of the fiscal year in which funds were received (Note: this timeline will be extended for those future paving projects that receive federal funding beginning in FY21). Billing should occur promptly after execution of work in accordance with the LAP Manual. Projects funded with FY 2019 or earlier fiscal year allocations will be reviewed when this process is implemented and will fall under the current guidelines for deallocation.
- Each year requests for funding for local paving and locally owned bridges far exceeds the available funding, therefore it is crucial that funding be used as efficiently as possible.
- This process will identify projects funded with State CTB formula and/or SGR paving funds that remain unused based on the current guidelines (Note: Duration will be modified for future federal funding).
- The Infrastructure Investment Division (IID), in coordination with AMD and LAD, will transfer unused funds back to the related balance entry

- account to be used on other eligible projects in the next funding cycle.
- Unused funds will be applied to projects through the same competitive application process based on scoring on applications received in the current fiscal year or the next fiscal year.
- An exception to the federal process has been granted for primary extension projects through FY 2020. In FY 2021, projects must be developed following the federal process.
- This process will require prompt billing from the locality for expenditures to show on the project to avoid deallocation.
- Beginning in FY 2019, primary extension applications were automated and made available through the Smart Portal for localities to apply. Prior to FY 2019, the application process was manual.
- For locally administered projects, once awarded, localities must enter project updates via the NVAP module in the SMART Portal on the contract completion date, award amount and other information. This update is important to verify that work is progressing.
- [AMD-IIM-SGR1.0](#) contains additional details regarding the State of Good Repair local paving and local bridge programs.

Projects Subject to Deallocation:

Primary Extensions:

- Projects not advertised by December 31st of the fiscal year in which funds were received (If work cannot be advertised by December 31st, locality should submit extension request in writing before December 31st but project will remain on deallocation list to ensure project is tracked)
- Projects in which work has not been completed and/or billed by the end of the Fiscal Year funds were received

Process to Determine Projects for Deallocation:

Primary Extension:

- **January** of each fiscal year the Local Assistance Division (LAD) - Local Systems Policy Manager (LSPM) or designee will use the Primary Extensions report developed by Asset Management Division which includes the current and actual schedule data from PWA to determine projects not advertised as of December 31st.
 - Projects found not to be advertised will be added to the “Projects Subject to Deallocation” spreadsheet for the current fiscal year with a comment “not awarded as of December 31st”
 - Projects identified as not being awarded will be sent to the District Local Liaisons (Even though the CTB policy indicates advertised by, not awarded will keep it on tracking list)

- District Local Liaisons will contact each locality to request information with regard to the actual award date. The District Local Liaison will update the PWA schedule and provide updates on the Projects Subject to Deallocation tracking sheet saved on SharePoint within 30 calendar days
- **February/March** of each year the LAD LSPM will review responses from the District Local Liaisons
 - If projects were awarded but missing the actual award date in the PWA schedule, the actual award date should be entered
 - Any projects that have been awarded will be dropped from the deallocation list
- **August** of each fiscal year the LAD LSPM will use the Primary Extensions report developed by Asset Management which pulls from PWA and other source systems to determine projects that are not complete and/or do not have construction expenditures by the end of the fiscal year.
 - The deallocation list will be provided to the District Local Liaison to work with the localities to invoice VDOT for the project within 30 calendar days of the deallocation list and advise localities if billing hasn't occurred, the project will be deallocated unless an extension is granted as noted below
 - The District Local Liaison will provide an update on the Projects Subject to Deallocation tracking sheet saved on SharePoint by September 1st and to make the necessary changes in VDOT's source systems
- **Final Review**
 - To allow time for billing VDOT for projects completed in June, final review of the previous year projects will occur in **October**. The LAD LSPM will notify the Locality and the District Local Liaison that the project will be deallocated if all billings are not received by November 1 unless an extension is granted as noted below.
 - Projects identified as not complete and billed so expenditures show in VDOT's financial system by November 1 will be deallocated
 - Projects that are complete based on actual dates entered on the Projects Subject to Deallocation tracking sheet and into the PWA schedule will be closed after proper documentation of completion is provided by the locality.
 - Once a project has been identified for deallocation, the LAD LSPM will work with AMD/IID to transfer funds back to the appropriate district or statewide balance entry. If the decision is made to deallocate the funds, those funds will be removed from the project and made available for redistribution at a later date. SGR locality paving funds must remain within the district.
 - **Note – Schedule Extension Requests:** Requests for schedule extensions should be provided to LAD for coordination with AMD

and IID as soon as a potential delay is identified. Schedule extensions may be granted on a project specific basis. Schedule extensions may only be permissible for one paving season and will not be allowed for more than one delay. Examples of possible approved schedule extensions may include; asphalt plant shut down, delays to allow for utility cuts, signal installations or other work that would affect the newly placed asphalt funded with Primary Extension or SGR funding.

○ **Deallocation Timeline**

July 1	Primary extension funds available
Dec. 31	Projects not advertised will be identified for deallocation
Jan.	Local liaisons notified of potential deallocation
Feb.-Mar.	LAD LSPM reviews responses noted
Aug 1	Review of project expenditures to determine status and final notice of deallocation
Oct.	Final review of previous FY projects
Nov. 1	Project without expenditures are deallocated. Projects not fully expended will be deallocated

PART II: Locally Owned Deficient Bridges

Background

- Locally owned deficient bridge projects were funded through various federal and state sources and were also eligible for SGR bridge funds available in FY 2017. Bridges must be part of the National Bridge Inventory (NBI) and rated as Structurally Deficient (SD) to receive SGR funds. Unlike primary extensions that have funding programmed in one fiscal year, bridge projects may have funding programmed across multiple fiscal years. Funding is programmed based on when it is projected the funds will be available and when the funds will be used based on schedules and estimates. Bridges receiving SGR bridge funds must start the PE or CN phase within 24 months of the first year of allocation in the SYIP. Deallocation should occur on a project by project basis in coordination between Asset Management, Structure and Bridge, and Local Assistance Divisions after communication with the District and Locality has occurred. See Asset Management Division [IIM SGR-1](#) for additional details.

Additional Information

- An exception to the federal process has been granted for SGR Local Bridge projects in FY18 only. All SGR Local Bridge projects thereafter must be developed following the federal process.
- This process will require prompt billing from the locality for expenditures to show on the project to avoid deallocation.
- Beginning in FY 2019, local bridge applications were automated and made available through the Smart Portal for localities to apply. Prior to FY 2019, the application process was manual.

Project Subject to Deallocation

Local Bridges:

- Projects identified by Asset Management Division and Bridge Division in coordination with Local Assistance Division are subject to deallocation. Candidates will be those projects that do not have the appropriate phase started within 24 months of funds being approved by CTB.

Process to Determine Projects for Deallocation:

- **July** of each year the Asset Management Division (AMD) will review fully funded projects with no expenditures as of June 30th of the prior calendar year using the actual dates in the PWA schedule and the SGR Local

Bridge Schedule and Allocation report. This report will provide the contract awarded date, schedule, estimate, expenditure, funding and other crucial data for the de-allocation process.

- Fully funded projects found with no expenditures in the report will be added to the “Projects Subject to De-allocation” spreadsheet for the current fiscal year with a comment “no expenditures as of June 30th”. The list will then be sent to Structure and Bridge Division (S&B) and District Bridge Engineers (DBE) to confirm that the project schedule is up-to-date. If a project has a revised schedule, the DBE will coordinate with the district liaison who will update the PWA schedule.
- Projects confirmed with no expenditure and in violation of the 24-month start date rule based on latest schedule will be sent to the District Local Liaisons through the District Bridge Engineers. District Local Liaisons will contact each Locality to confirm no work has started using non-VDOT funds. District Bridge Engineers should not contact localities directly regarding the de-allocation process.
- The District Local Liaison will be asked to update the PWA schedule and provide updates on the SGR Local Bridge Schedule and Allocation report saved on SharePoint within 30 days of being notified by AMD.
- **August/September** of each year AMD and S&B in coordination with LAD will review responses from the District Local Liaisons. If projects have started but expenditures are not recorded in any VDOT systems because it is paid for by non-VDOT funding, AMD will mark those projects as “work started with local funds” on the de-allocation spreadsheet tracking. District liaison will need an email from localities confirming work has been started on that particular project. Any projects that have started and are accruing expenditures will be dropped from the de-allocation list.
- The de-allocation list will be provided to the District Local Liaison to work with the localities to bill the projects within 30 days of the de-allocation list and advise localities if billing hasn’t occurred, the project will be de-allocated.
- The District Local Liaison will be asked to provide an update on the de-allocation tracking sheet saved on SharePoint by October 31st. If the decision is made to de-allocate the funds, those funds will be removed from the project and placed into appropriate balance entry and made available for redistribution in the next SGR bridge programming cycle.

SGR locality bridge funds must remain within the district.

- **Final Review**
 - LAD and Local Systems Policy Manager (LSPM) will notify the Locality and the District Local Liaison that the project will be deallocated if billings are not received by December 1st.
- **Deallocation Timeline**

July 1	AMD reviews fully funded projects with no expenditures as of June 30th of the prior calendar year
Jul-Aug	District liaisons review projects subject to deallocation
Aug - Sept	AMD; S&B in coordination with LAD will review district responses
Nov	Final review of projects subject to deallocation based on district feedback provided by Oct. 31
Dec 1	Final Notice of deallocation to locality