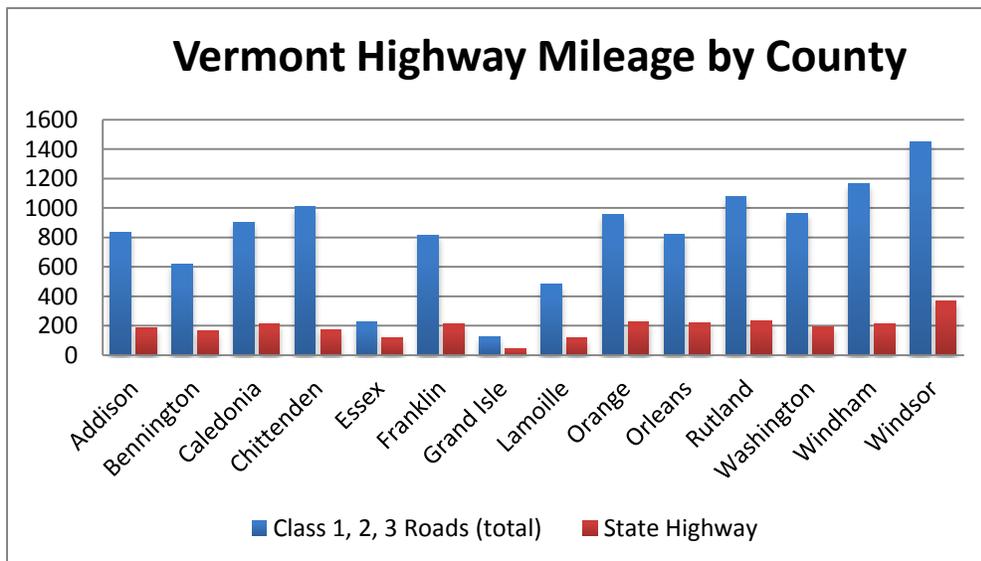




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**Transportation in Vermont.** Vermonters and the Vermont economy rely heavily on roads, railways, airports, and a complete transportation infrastructure to move goods, people, and services. In the 21<sup>st</sup> century, our transportation networks are asked to (1) provide a safe travelling experience; (2) provide for all modes of transportation in downtowns and rural parts of the state; (3) encourage community through “complete streets” plans; (4) calm traffic; (5) provide access for broadband and cellular coverage; (6) ensure appropriate treescapes; (7) limit discharges and precipitation runoff that might affect the health of the waters of the state; (8) provide culverts and bridges large enough to accommodate severe storm flows; (9) provide signage visible from great distances and in all conditions; (10) reduce carbon emissions; (11) consider the “health impact” on people of transportation modes and development patterns; and, of course, (12) fill potholes while also managing to stay “Vermonty.” At the same time, the Agency of Transportation (VTrans) and local governments need to plan for a changing future as oil prices climb, transportation revenues based on petroleum consumption decline, Vermont feels the effects of climate change, and Vermonters preferences for living close to work and in walkable communities continue to evolve.

Almost 85 percent of all roadways in Vermont are town highways. Of the 14,147 total Class 1, Class 2, Class 3, and state highway miles, only 2,203 are maintained solely by the state government; the rest are maintained at least in part by Vermont municipalities.



(Source: Vermont Agency of Transportation)

Vermont law places town highways “under the general supervision and control of the selectmen ... [who] shall supervise all expenditures.” 19 V.S.A. §§ 303, 304, 307. Municipal yearly transportation-related expenditures

regularly exceed half of a municipality’s annual budget. The U.S. Census of Governments reports that for FY11 (the fiscal year that ended just before Tropical Storm Irene hit), Vermont municipalities spent \$143,466,000 on roads and bridges.

**Funding Sources Summary.** Vermont’s municipalities devote much of their local property tax dollars to maintain their roads and other transportation infrastructure. Additional funding comes to municipalities from state and occasionally federal sources. The Vermont state transportation budget increased significantly from approximately \$410 million in FY09 to \$686 million in FY15. Increases were attributable primarily to American Recovery and Reinvestment Act funds and discretionary grants from 2009 to 2012. In the wake of Tropical Storm Irene, the Federal Emergency Management Agency (FEMA) and state emergency funds increased substantially in FY13 to rebuild highways, and repair river and stream crossings around the state.

The substantial increase in federal aid in the FY13 figures in the table below reflects the response to devastation wrought by Tropical Storm Irene on local roads. The Emergency Relief and Assistance Fund (ERAF) contribution to Town Highway Public Assistance Grants rose from approximately \$200,000 in FY 12 to \$66 million in FY13. Of that amount, \$63 million was federal. The \$66 million figure includes \$3.5 million local match dollars. The Town Highway Public Assistance Grants decreased to \$29 million in FY14 and went back up to \$49 million in FY15. As these variations demonstrate, Vermont needs to be prepared for increasingly frequent and strong storms and flood-related disasters from which recovery will continue to be very expensive.

<b>State and Federal Spending on Town Highway Aid</b>		
Fiscal Year	State	Federal
2008	\$39,380,378	\$20,606,857
2009	\$39,117,876	\$17,617,836
2010	\$36,426,742	\$15,063,036
2011	\$40,084,966	\$14,278,401
2012	\$40,100,609	\$15,326,065
2013	\$42,351,546	\$84,092,123
2014	\$43,042,138	\$43,392,130
2015	\$43,341,968	\$56,965,152

(Source: Vermont Agency of Transportation Budget Information Summaries)

**Federal Transportation Funding.** Historically, approximately 60 percent of the Vermont state transportation budget was funded by the federal government, compared to around 20 percent in other states. Some of this federal money flows through to town highway projects, which frees up more state dollars to use on town highways. However, we should not expect that advantage to continue as new transportation bills are written – and, hopefully, passed – in Congress.

The federal Highway Trust Fund has faced bankruptcy several times in the last few years, and each time we arrive at the brink of disaster before Congress cobbles together an arrangement to keep transportation dollars flowing to the states. The most recent action finances the Highway Trust Fund through May 2015.

Upon the passage of that most recent Congressional action (July 31, 2014), U.S. Department of Transportation Secretary Anthony Foxx said “there is still no long-term certainty, and this latest band-aid expires right as the next construction season begins. ... “Americans deserve a multi-year transportation bill that provides the certainty that businesses and communities deserve, creates jobs, and makes necessary policy updates to lay the foundation for lasting economic growth.” (US DOT Press Release, July 31, 2014)

The National League of Cities and municipal associations throughout the country, including VLCT, called on Congress to pass a long term transportation bill. “Any long-term surface transportation bill must provide local leaders with the ability to help decide which projects are right to meet the needs of their communities,”

said NLC Executive Director Clarence Anthony. That statement is echoed heartily by Vermont municipal officials.

**State Transportation Funding.** In 2012, the Vermont Legislature passed Act 153, which established a Committee on Transportation Funding to (1) estimate the gap between revenue sources and the cost to maintain, operate, and build the state’s transportation system; and (2) evaluate potential new state revenue sources and how existing state revenue could be optimally modified to address five-year and longer term transportation funding shortfalls. According to the 2013 report, “the state faces declining state gasoline tax revenues, an uncertain federal highway trust fund future and a federal transportation reauthorization bill that will, if passed, provide inadequate long-term funding for Vermont’s transportation needs.” At the same time, transportation obligations are increasing, particularly in terms of measures local governments will need to take to comply with the Lake Champlain Total Maximum Daily Load (TMDL – more on this below and in an upcoming Municipal Policy Paper) and new Town Road and Bridge Standards.

The Act 153 report estimated the annual cost to maintain, operate, and administer Vermont’s transportation system for the years between 2014 and 2018 to be \$700 million while estimating revenues from \$469 to \$486 million. The report considered:

- increasing a variety of vehicle permitting and licensing fees;
- indexing gas and diesel taxes to inflation;
- reducing transfers from the purchase and use tax to the Education Fund or from the Transportation Fund to the general fund;
- establishing ad valorem taxes
- issuing transportation infrastructure bonds; and
- imposing vehicle miles travelled fees.

Following receipt of the report, the 2013 Vermont Legislature did take action to help flagging state Transportation Fund revenues. Act 12, that year’s transportation bill, increased state taxes and assessments on gasoline by 6½ cents per gallon by 2016. It also increased the diesel tax by 3 cents per gallon over the course of two years. The act also authorized \$10.38 million in transportation infrastructure bonds to fund improvements in the transportation system. In recent years, a variety of motor vehicle and other fees have been increased as well, but even these changes leave a substantial shortfall in revenues to meet projected transportation needs. Measures taken to date are insufficient. At a legislative Joint Fiscal Committee meeting on September 5, just two months into the fiscal year, VTrans released a plan of reductions in spending to address a predicted \$2,535,430 shortfall in FY15 Transportation Fund revenues.

**Town Highway Assistance.** State and federal aid flows to towns through several annual line item budgetary appropriations for Town Highway Structures, Town Highway Class 2 Roadways, Town Highway Aid (including Class 1 Supplemental appropriations), a Town Highway Emergency Program (federal and non-federally declared disasters), Town Highway Public Assistance, and various grants for maintaining and improving certain types of roads and amenities such as sidewalks.

The FY15 state transportation bill kept Vermont’s municipalities in mind despite competing interests. The legislature agreed to make permanent nine transportation district technician positions that were authorized on a temporary basis to help towns with recovery from Tropical Storm Irene and on which local officials have come to rely for continuing technical assistance. The Town Highway Aid appropriation has remained constant at \$25.98 million since FY13 when it was increased from \$24.98 million. Appropriations for Town Highway structures also increased in that year to \$6.33 million, where they have since stayed. The Municipal Mitigation Grant Program declined from \$1.14 million in FY2011 to \$0.87 million in FY 2015.

**Town Road and Bridge Standards.** In 2013, in the wake of Tropical Storm Irene and experience with FEMA, VTrans and the Agency of Natural Resources (ANR) approved updated “Town Road and Bridge

Standards” for adoption by Vermont municipalities. The standards provide for FEMA to determine eligible repair work under the FEMA Public Assistance Program if a federally-declared natural disaster occurs. The standards also address water quality associated with roadway run-off and pollution. Beginning in October 2014, municipalities that adopt these standards will be eligible to receive a 12.5 percent (instead of 7.5 percent) state share of the FEMA-approved total project cost. Once a municipality has adopted the standards, it must apply them to every transportation construction project it undertakes, whether or not the project is the result of a disaster that has been federally declared. Thus, over time, municipalities will invest considerable sums in upgrading roads, bridges and culverts to meet the new standards and to increase the likelihood of surviving a disaster.

After a federally-declared disaster, 75 percent of qualified public losses may be reimbursed by FEMA’s federal Public Assistance Program. In some instances, such as Tropical Storm Irene, that percentage increases to 90. In Vermont, ERAF also helps cover repair costs. Municipalities that take the following four actions to prepare for and mitigate flood damage will qualify for the higher percentage of state ERAF support after declared disasters:

- Participate in the National Flood Insurance Program (NFIP), if the town hasn’t already applied.
- Adopt the 2013 Road and Bridge standards; annually certify adopted standards that meet or exceed the standards in the current handbook for local officials.
- Update the Local Emergency Operations Plan (annually).
- Prepare a Local Hazard Mitigation Plan, adopt a FEMA-approved local plan or draft a plan and submit for FEMA review.

To date, 200 towns and cities have adopted the Town Road and Bridge Standards. All but 24 of the 246 cities and towns are in the NFIP, which is pre-requisite to individuals and businesses being eligible for flood insurance.

**Stormwater Management/Resiliency and Climate Change.** Last May, ANR proposed a Phase 1 Plan for Cleanup of Lake Champlain to the U.S. Environmental Protection Agency (EPA). EPA is currently reviewing the plan and at some point will respond formally with its requirements for cleanup of the lake. Then, in November, ANR expects to attach estimated price tags to the work elements identified in the Phase 1 Plan and approved by EPA. Back in 2012, ANR’s estimates to clean up Lake Champlain ranged between \$400 and \$800 million. The 2014 Phase 1 Cleanup Plan identified phosphorus sources in the Vermont portion of Lake Champlain and apportioned responsibility for loads. According to the plan, developed lands, including paved roads, contribute 14 percent of phosphorus loads to the lake; unpaved roads contribute 6 percent of the load.

To respond to this allocation of phosphorus loads, the agency proposed to expand the program to help municipalities control runoff from gravel roads. The agency will also develop and issue a municipal roads stormwater general permit to require development and implementation of stormwater management plans for municipal roads.

“Stormwater runoff from roads and existing developed lands will be addressed in a staged and prioritized manner through a system of watershed-based stormwater permitting using a combination of state law and [National Pollutant Discharge Elimination System]-based regulatory authority. The enhanced programs will be applied in combination, as informed by tactical basin planning, to achieve the required reductions in phosphorus.

“Vermont municipalities maintain approximately 11,000 miles of road; three-quarters of these municipal roads need erosion control improvements. Two-thirds of these roads are unpaved gravel or unimproved roads, and nearly all require ditches and culverts for water drainage. Road structures, particularly along gravel roads, can cause erosion and sedimentation into adjoining streams. Stormwater runoff from paved roads can accumulate and deliver debris, oils, salts, and other chemicals, sediment, nutrients, and other pollutants to

surface waters. Paved roads can also affect the volume of stormwater runoff being generated, which in turn, can alter the hydrology and ecological health of receiving waters.

“[The Department of Environmental Conservation] will issue a stormwater general permit covering municipal roads. The permit will require development of management plans based on local road conditions including road slope, connectivity to receiving waters, and other factors, that identify the type and scope of BMPs [Best Management Practices] necessary for the municipality. The management plan will include an implementation schedule informed by sub-watershed phosphorus reduction priorities. At a minimum, BMPs shall be as protective as those identified in the 2011 Town Road and Bridge Standards and focused on the prevention of erosion and the transport of sediment containing phosphorus.” (*Vermont Lake Champlain Phosphorus TMDL Phase 1 Implementation Plan*)

**Complete Streets.** In 2011, Vermont passed Complete Streets legislation (Act 34) whose principles require designers at both the municipal and state levels to consider how a transportation project will incorporate the needs of all users – including pedestrians and cyclists – throughout the project’s planning, design, construction, and maintenance phases (excluding projects on gravel roads). There is no mandate for municipalities to integrate these considerations into their project work. Such considerations might include widening a road to include bike lanes or installing safe crosswalks or turn lanes. In 2012, VTrans released “Complete Streets Implementation,” a guide that state, regional, and municipal planners can use to incorporate Complete Streets principles into existing or upcoming transportation projects. (The guide is posted [here on VTrans’ website](#).) Consideration of Complete Streets projects is also strongly encouraged in the Designated Downtown, New Town Center, Village Center and Vermont Neighborhoods.

**Salt.** Along with all the anticipated expenses of maintaining a transportation network and mandated programs, vagaries of the market often throw a wrench into the works. The VTrans standard for winter roads is “safe roads at safe speeds.” Salt is the primary material used on roads to prevent bonding of snow and ice onto pavement surfaces and to melt snow and ice that can’t be removed by plowing. The lowest effective working temperature is about 15 degrees for salt or pre-wetted salt (brine) unless it is mixed with something else. Obtaining sufficient supplies of salt proved difficult during the extreme winter of 2014 when use was much higher than 2013 and the rest of the country was also looking for salt for roads, and salt will be expensive in 2015. The State contract for salt, to which municipalities may sign on, ranges from \$90.18 to \$72.18 a ton. Last year’s prices from the same vendor ranged from \$54 to \$80 a ton. [An article](#) posted on our website describes the contract prices.

**What Needs to be Accomplished.** State bureaucrats and elected officials must consider not only traditional municipal transportation needs when crafting and voting on Vermont’s State Transportation budget but also be prepared to fund new mandates to address stormwater and phosphorus runoff, resiliency when projects are implemented, and meeting the needs of our evolving modes of transportation. State government must also continue to fight for Vermont’s towns and communities (as it did in the wake of Tropical Storm Irene) in securing funding from FEMA and other federal agencies for federally-declared disasters’ infrastructure recovery and hazard mitigation projects, many of which are *still* outstanding.

### **VLCT Recommendations**

1. Substantially increase funding to Town Highway Aid payments, Class 2 Paving and Town Highway Structures grant programs, and the Town Highway Bridge Program to enable municipalities to comply with new mandates to implement water quality improvement and protection projects.
2. Stop any transfer of money from the Transportation Fund that is not specific to transportation matters.



3. Continue the collaboration with VTTrans and all state agencies and local government that resulted from recent weather-related recovery efforts.
4. Ensure communication among all VTTrans divisions and state agencies to eliminate redundant and contradictory oversight of municipal projects, to expedite the permitting process, and to tailor project review to the size and impact of each proposal. Streamline every aspect of the Local Transportation Facilities Program, which has grown so unwieldy as to risk not being used at all.
5. Increase motor vehicle and truck fees and implement other revenue recommendations of the Act 153 Transportation Funding Report of 2013 to stabilize the transportation fund.
6. Continue the use of bonding as an option to fund long-term capital improvements.
7. Commit sufficient funding to maintain, repair, or replace Vermont's structurally-deficient bridges.
8. Provide opportunities for municipalities to utilize a design-build process on projects that involve state and federal funding in lieu of the current design-bid-build process. Apply efficiencies from the Accelerated Bridge Construction program to other programs and ensure that the process is applied to all bridge projects unless there is a compelling reason not to use it.