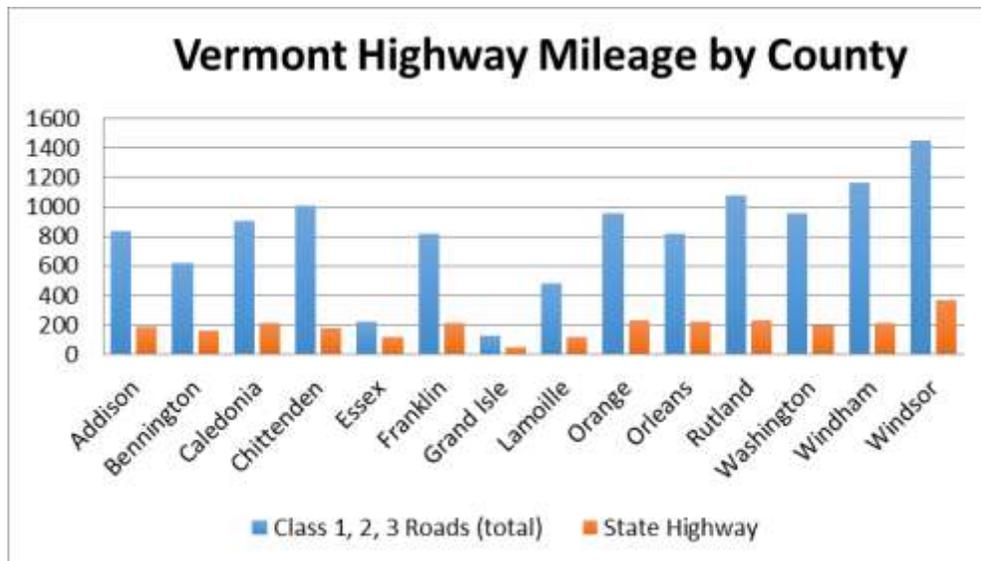




Vermont's Transportation Issues

Vermont's transportation systems are essential to the economic growth, vitality, and resilience of our cities, towns, and the surrounding region. These networks are asked to provide safe travel for a variety of modes of transportation in downtowns and rural areas of the state. Municipalities must operate, preserve, and maintain roads, bridges, and public rights-of-way in a cost-effective and environmentally responsible manner. The culverts and bridges of municipalities must be able to accommodate severe storm flows and limit any discharge or runoff that may impair state waters. Municipalities must keep streets clear in inclement weather, ensure an appropriate mix of treescapes, calm traffic, fill potholes, and grade or repave roads as needed. Vermonters want local government to address climate change and its negative effects on communities, while also demanding that communities retain their "Vermont" character in the process. State and local governments, however, must maintain transportation infrastructure and operate transportation systems while oil prices remain unpredictable, and as transportation revenues based on fuel consumption continue to decline.

Nearly 85 percent of all roads in Vermont are municipal. Of the 15,840 total Class 1, Class 2, Class 3, and state highway miles, only 2,709 are maintained solely or in part by state government – the rest are maintained by Vermont local governments. Local government expenditures for transportation exceed half of most municipalities' annual budgets. Much of municipalities' local property tax dollars is devoted to transportation infrastructure, with additional funding coming from state and federal sources.



Federal and State Funding. In years past, approximately 60 percent of Vermont’s transportation budget was funded by the federal government, compared to around 20 percent in other states. Some federal money flows through to town highways, which in turn frees up more state money to use on town highways. After a decade of uncertainty, the U.S. Congress recently passed legislation that provides more stable and predictable federal funding for transportation infrastructure. The “Fixing America’s Surface Transportation” (FAST) Act, which went into law last January, provides an estimated additional \$100 million to Vermont between FFY federal fiscal year) 2016 to FFY 2020. This was the first time since 2005 that Congress passed a long-term highway bill. The Vermont state transportation budget increased significantly, from approximately \$410 million in FY09 to \$616 million in FY16.

Besides creating funding confidence, the FAST Act also increased funding for locally owned infrastructure, increased local decision-making powers, funded rural and urban public transportation, streamlined project deliveries and, and even removed limitations on the use of tax-exempt municipal bonds for key water infrastructure projects. As the FAST Act is implemented over the next five years, it is imperative for the state to involve local governments. It is likewise important that the state follow the federal government’s directives and ensure local governments receive the funding promised under this legislation.

Fiscal Year	Town Hwy Structures	Town Hwy Class 2 Roadway	Town Hwy Aid	Town Hwy Class I Supplemental	Municipal Mitigation Grants	Town Bridge Grants
2011	\$5.83 million	\$7.25 million	\$24.98 million	\$0.13 million	\$2.11 million	\$18.32 million
2012	\$5.83 million	\$7.25 million	\$24.98 million	\$0.13 million	\$1.14 million	\$16.78 million
2013	\$6.33 million	\$7.25 million	\$25.98 million	\$0.13 million	\$1.26 million	\$19.30 million
2014	\$6.33 million	\$7.25 million	\$25.98 million	\$0.13 million	\$1.55 million	\$15.55 million
2015	\$6.33 million	\$7.25 million	\$25.98 million	\$0.13 million	\$0.87 million	\$15.56 million
2016	\$9.48 million	\$7.25 million	\$25.98 million	\$0.13 million	\$0.65 million	\$21.63 million
2017	\$6.33 million	\$7.65 million	\$25.98 million	\$0.13 million	\$2.91 million	\$18.82 million

Even with the passage of the FAST Act, the state still faces a gap between revenue sources and the cost to maintain, operate, and build Vermont’s transportation system. Transportation obligations are increasing, particularly in terms of measures local government need to take to comply with the Lake Champlain Total Maximum Daily Load (TMDL). A 2013 report estimated that annual cost to maintain, operate, and administer Vermont’s transportation system for the years between 2014 and 2018 to be \$700 million, while revenues would be no more than \$486 million. In response to that report, the legislature increased the gas tax as well as a variety of motor vehicle and other fees, and funded transportation infrastructure bonds to fund transportation system improvements. Even with these initiatives, however, a substantial shortfall in revenues to meet projected transportation needs still exists, and measures taken to date have been insufficient.

Vermont’s Clean Water Act. After years of waiting, the U.S. Environmental Protection Agency on July 17 finally issued the Total Maximum Daily Load (TMDL) standard that sets a cap on the amount of phosphorous that is allowed to enter Lake Champlain. In response to the federal mandate that Vermont clean up the lake, state and local governments, private entities, and agricultural operations will all have to reduce the amount of phosphorus entering the lake.

Developed lands, wastewater treatment facilities, agribusiness, unstable stream banks, and forestland all contribute to phosphorous loading. Vermont’s unpaved roads are estimated to contribute five percent of total phosphorus loading to the lake, and “developed lands” – including paved roads and parking lots – contribute 13 percent. Last year, in response to the TMDL, the Vermont Legislature passed Act 64, the Vermont Clean Water Initiative, which creates both a new permit process for municipalities aimed at

addressing stormwater run-off from roadways, both paved and unpaved; and a separate permit for Agency of Transportation (VTrans) roads. Under the Vermont Department of Environmental Conservation's Municipal Roads General Permit (DEC MRGP), every municipality in Vermont must pay an application fee of \$400 and annual operating fee of \$2,000, and both develop and implement a customized, multi-year municipal roads stormwater management plan.

Under the permitting framework, municipalities will have to take on the massive job of inventorying every roadway, prioritize road segments that need erosion and drainage upgrades, and ultimately implement the road stormwater management plans to comply with the underlying MRGP standards. While VTrans has only 2,709 miles of state highway to manage, local governments must administer 13,131 miles of them. In addition to the technical assistance, small grants, and cost-sharing arrangements that are promised to come through DEC and VTrans, greater financial assistance from a long-term stable funding source will be required as well because town highway budgets are unable to absorb the costs it will take to fully comply with the new MRGP.

Rail. Railroad lines crisscross the state and play a crucial role in transporting people and goods. As the state and federal governments address climate change, rail is frequently touted as a fuel-efficient and environmentally superior alternative to trucks that consume fossil fuels. As use of the rail network increases, it is vital that goods, passengers, and areas that host rail line remain safe and operational. All new rail-related projects should be required to comply with both state and federal environmental regulations. Local governments support federal initiatives to require rail companies to notify them of any hazardous materials the companies are transporting through or storing within their municipality. Similarly, regulations and the railroad companies must ensure that trains travel at safe speeds, especially in populated, downtown areas. This will take the cooperation of rail companies and federal, state, and local governments, but it is critically important given the increased transportation role rail is anticipated to take in the future.

Revenue Resources. The state gas tax, a revenue source that is closely related to the issue of stormwater runoff from roads, should be increased so that new revenues can be dedicated to meeting municipal stormwater obligations. The legislature must also implement additional recommendation of the [2013 Vermont Transportation Funding Options Section 40 Report](#), which detailed revenue options for the transportation sector to address how state and local governments can sustain future transportation revenues.

Municipalities must also be given the ability to adopt new funding sources locally, such as a local gas tax, to respond to mandates imposed by the state and federal governments, particularly concerning stormwater management and compliance with the Lake Champlain TMDL. Most municipalities rely solely on property taxes or user rates to fund these mandates because there are no other funding mechanisms available under state law. Unless the state significantly increases funding to municipalities to cover new mandate costs, the legislature must give local governments the ability to raise revenues from sources outside the property tax.

Collaboration, Flexibility, and Efficiencies. State and local governments would not be able to operate effectively and efficiently without each other's help. Local officials are better equipped to understand the ins and outs of the local road systems and often are better suited to finding the most cost-effective and streamlined way to repair, maintain, and manage local roads. However, because local governments lack the technical and financial resources that the state has, it is essential that both entities work together, share resources, and know when to allow the other to take the lead.

By adequately funding the Municipal Assistance Bureau (MAB) and Better Roads Program, the state is meeting its obligation (established when VTrans took over the program) to help municipalities receive

training and technical assistance. The MAB and the Better Roads Program are excellent examples of how the state can provide technical expertise and give training on best management and safety practices. When VTrans partners with municipalities or other agencies, it enhances the asset management/project priority program to ensure the participation of local officials in selecting projects.

VLCT supports:

1. Substantially increasing funding to Town Highway Aid programs, Class 1 Local Highways, Class 2 Paving and Town Highway Structures Grant Programs, and the Town Highway Bridge Program, now that VTrans has stable funding from the federal government for five years;
2. Ensuring all money from the Transportation Fund is used solely for transportation purposes;
3. Fully funding any new transportation programs including compliance with stormwater management requirements;
4. Ensuring that all state agencies collaborate and communicate with other agencies and municipalities to eliminate redundant and contradictory oversight of municipal projects, streamline and expedite permitting processes, and ensure effective technical assistance and efficiency in implementing transportation projects; and
5. Restoring District Transportation Administrators' flexibility and authority to work with local governments to ensure effective technical assistance and efficiency in implementing transportation projects.

Contact Gwynn Zakov at gzakov@vlct.org or 802-229-9111.