

CVTA AGENDA 11/15/24; ITEM B.-2.

Deallocation Policy for Leveraging Funds

Central Virginia Transportation Authority

BACKGROUND: As part of the [CVTA Regional Project Selection and Allocation Framework](#), regional project applicants are encouraged to leverage CVTA funds for additional outside funding, such as Smart Scale, revenue sharing, or federal grants when possible. The CVTA has supported leveraging funds for regional projects to aid project delivery in an expedited timeframe. Projects with funding intended to be leveraged are not considered active until the project is fully funded.

There are multiple opportunities for the project sponsor to take advantage of the leveraged funding. Following the award of CVTA regional funding, if the project sponsor is not able to obtain full funding through leveraged resources, the sponsor may consider the following options:

- The project estimate may be adjusted for inflation and programmed forward to the anticipated funding year of the additional source
- The project sponsor may also request a new amount for leveraging funds
- If this new amount is not included in the CVTA funding scenario, the project sponsor can adjust the request or retain the original funding request and try for a second time to achieve additional project funding
- If the adjusted leveraging amount is approved by the CVTA, the process is reset with the new funding amount as the first leveraging attempt.

If the project sponsor is still unable to fully fund the project, the project will be deemed eligible for deallocation. The policy under consideration identifies how the CVTA shall treat projects eligible for deallocation and, if funds are deallocated, how such funds will be directed back into the regional project funding budget.

TAC Recommendation: Utilizing feedback from a working group it established for this policy, at its October 7th meeting TAC reviewed the draft policy. Following productive discussion, TAC is recommending Authority approval of the policy.

Finance Committee Recommendation: The Finance Committee reviewed the draft policy at its October 9th meeting and recommends full Authority approval.

REQUESTED ACTION: Motion to approve the Regional Funding Deallocation Policy and include it as part of the CVTA Financial Policies and Procedures

CVTA RESOLUTION: The following resolution is presented for Central Virginia Transportation Authority approval:

Resolved, that the Central Virginia Transportation Authority (CVTA) approves a revision to its Financial Policies and Procedures to include a Deallocation Policy for Leveraging Funds

Deallocation of regional funding by the Central Virginia Transportation Authority

As part of the [CVTA Regional Project Selection and Allocation Framework](#), regional project applicants are encouraged to leverage CVTA funds for additional outside funding, such as Smart Scale, revenue sharing, or federal grants when possible. The CVTA intends to support awarding leveraging funds to aid project delivery in an expedited timeframe. Projects with funding intended to be leveraged are not considered active until the project is fully funded. However, leverage funds allocated by CVTA for a regional project are considered allocated funds and cannot be allocated to another project until deallocated.

Following the award of CVTA regional funding to leverage additional funding for a project, if the project sponsor is not able to obtain full funding through leveraged resources, the project estimate will be adjusted for inflation and programmed forward to the anticipated funding year of the additional source. The project sponsor may also request a new amount for leveraging funds. If this new amount is not included in the CVTA funding scenario, the project sponsor can adjust the request or retain the original funding request and try for a second time to achieve additional project funding. If the adjusted leveraging amount is approved by the CVTA, the process is reset with the new funding amount as the first leveraging attempt.

If the project sponsor is unable to fully fund the project within four years of having regional CVTA funds allocated, the project will be deemed eligible for deallocation. The following process identifies how the CVTA shall treat projects eligible for deallocation and, if funds are deallocated, how such funds will be directed back into the regional project funding budget.

Deallocation will first be considered by the Technical Advisory Committee. The TAC will advise the Finance Committee on a recommended action. The Finance Committee will review and consider TAC's recommended action and provide an ultimate recommendation to the Authority for consideration and action.

The CVTA will notify the project sponsor and/or Virginia Department of Transportation in writing that it will consider the recommendation to deallocate CVTA funds from a project to allow the opportunity for a response to the proposed action. The project sponsor and/or VDOT responses to a potential deallocation, if any, will be considered by the Finance Committee, which shall make a recommendation to the CVTA for action. If the project sponsor or VDOT do not act or respond within the designated timeframe, CVTA may take action, by motion or resolution, to deallocate funds from the project and place them back into balance entry for CVTA regional project funds.