



MICHIGAN

Two-year track record with Local Federal Fund Exchange Program

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Michigan's Local Federal Fund Exchange

- Counties challenged by federal aid complexity.
- >650 entities split 25% of MI's federal aid. (75% => MDOT)
= 533 cities/villages + 83 counties + transit
- Locals' split admin. by Rural Task Forces (RTF), MPO.
Have target allocations. May rotate fed'l. aid w/in planning units.
- State MDOT performs federal aid bid-letting:
Delays, federal & state "red tape," frustration.
- RTF Advisory Board created, 👍 on L2L FFE.
- Won recognition of federal STBG Flex Funds
and use now on Urban, Boundary Roads.



Michigan's Local Federal Fund Exchange

In 2015 Michigan Local-to-Local (L2L) Federal Aid Exchange began w/a presentation by Kansas DOT.

CRA hired lawyer to draft L2L Exchange; approved for FY '16.

2016 = 1 exchange* \$600,000 * = *pilot years*

2017 = 5* \$3.3 M

2018 = 13* \$6.5 M

2019 = 18 (30) \$9.2 M

2020 = 17 \$9.4 M

2021 = 6 \$4.1 M

2022 = 10 \$9.1 M

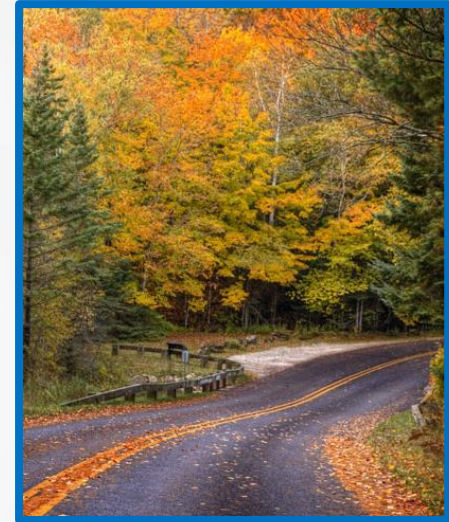
2023 = 11 \$7.7 M

Avg. L2L = 80¢ : \$1



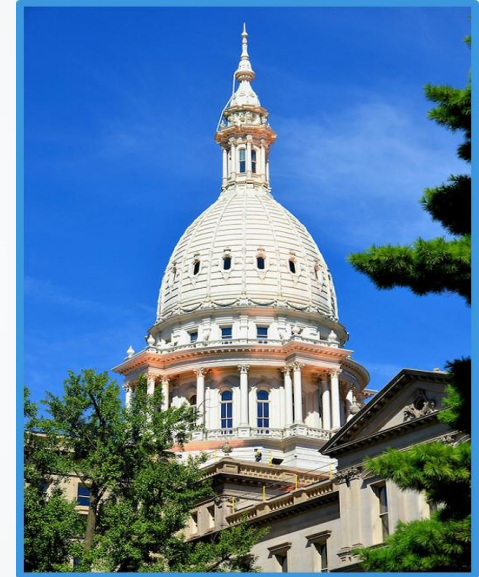
Requirements of MI Local-to-Local Federal Aid Exchange

- Project must be on State Transportation Improvement Plan (STIP)
- Single funding source STP Rural or Urban.
- County to County Funding Exchange only.
- STIP project must be done; RTF and/or MPO approved.
- Locally advertised & administered.
- "Bid Savings" => expand scope or funding other projects.
- Rate of exchange = 80¢ : \$1.
- Observe MI's local direct workforce limits.



Benefits of Local-to-Local (L2L) Federal Aid Exchange

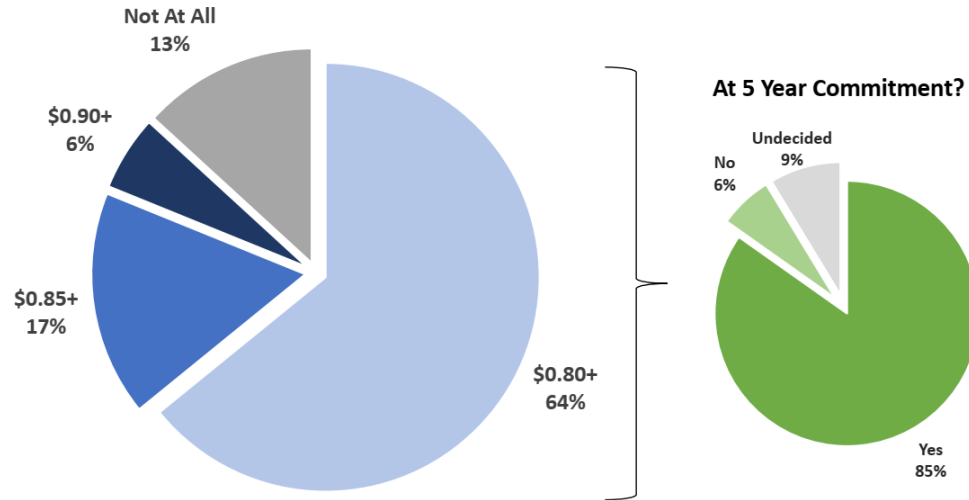
	Federal Aid	Bought Out
Project Letting	State	Local
Project Speed	Slower	Faster
Variable Scope	No	Yes
Combinable w/ \$	Limited	Unlimited
Project Cost	100%	-25%
Red Tape	Yes!	Less



So, why not **STL** (Michigan DOT buy-out of federal aid)?

Surveyed interest in State-to-Local Federal Aid Exchange

County Willingness to Sell Rural Federal Aid to MDOT



Revised 7/8/2019

CRA legislative work to secure S2L exchange

Legislation introduced in Senate as **efficiency measure** – 2020.

Passed Senate. **#COVIDKilledIt.**

Legislation re-introduced 2021. **Stalled.**

Passed Senate - Dec. 2021. **Unanimous.***

Passed House – March 2022. **Unanimous. Immediate effect.**

Signed by Governor April 2022.

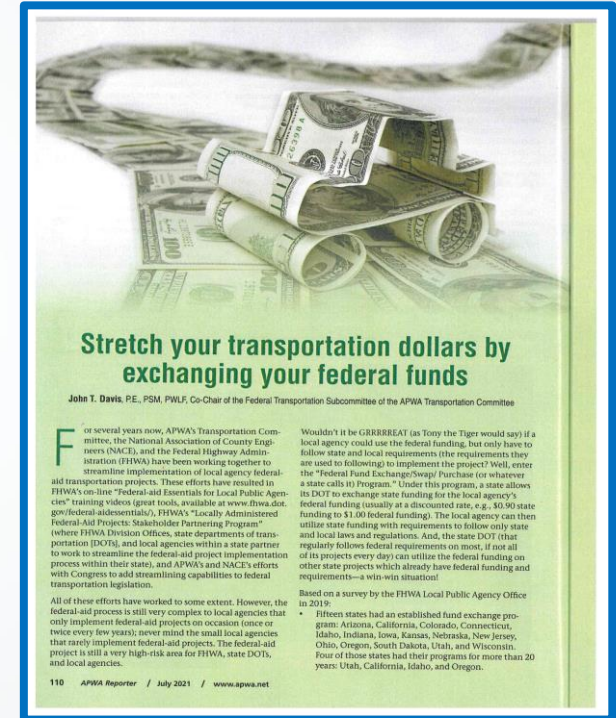
Rules drafted by MDOT – Winter 2022.

1st call for projects: June 2022. (FY 2022 ; \$25 M)

Projects approved: July 2022.

2nd Call: Nov. 1, 2022 (FY 2023; \$35 M)

3rd Call: Nov. 1, 2023 (FY 2024; \$45 M)



Results – Call #1

FY 2023 MDOT Federal Fund Exchange

- \$18.5 M claimed of \$25 M available in FY 2023.
- 44 projects from 25 counties, 8 municipalities
- 25 counties => 34 projects.
- 8 municipalities => 10 projects.
- 0 transit.
- Average project = \$412,800.
- 25% multiplier = **\$2.6 M more work done** in counties vs. federal aid.
- Same year = \$9.1 M L2L fed'l. aid exchange.



Results – Call #2 FY 2024

MDOT Federal Fund Exchange

- \$31.2 M claimed of \$35 M avail. in FY 2024.
- 54 projects fr. 27 counties, 8 municipalities
- 30 counties => 46 projects.
- 8 municipalities => 8 projects.
- 0 transit.
- Average project = \$647,643.
- 25% multiplier = **\$3.2 M more work done** in 27 counties vs. fed'l. aid.



First 2 yrs = \$5.8 M more roadwork to be done, more quickly and less hassle.

Securing union support

Accessory state fund liberated

Legislative deal in MI required Davis-Bacon wages and benefits local agency tracking w/o MDOT assistance for the 1st time.

- CRA established a partnership w/ private sector to provide LCP Tracker for local agency projects ensures DB wages and benefits compliance w/ multi-year archival of records.

CRA also “liberated” TEDF Category D

- TEDF state funds often used to match federal aid.
- Now avail as cash out w/RTF and/or MPO support.
- Allows local advertisement & administration.
- Same 25% multiplier ...
poss. \$1.8 M more roadwork/yr.



Benefits of MDOT-to-Local Federal Aid Exchange

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Project Letting	State	Local
Project Speed	Slower	Faster
Variable Scope	No	Yes
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Project Cost	100%	-25%
Red Tape	Yes!	Less

Benefits to Mi DOT – over 2 years

- **\$4.8 M more federal aid for state system** (90% exchange rate)
- **\$aving\$** from not administering/overseeing construction of 98 projects.



Benefits to Mi Taxpayers

- 25% multiplier = nearly \$6 M more road work done/2 yrs.
- 10% more work done by DOT.
- Work done more quickly and efficiently.

Thank You!



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