



#### Two-year track record with Local Federal Fund Exchange Program

July 27, 2023

**Denise Donohue**, APR, CAE County Road Association of Michigan

> Steve Puuri, PE County Road Association & Michigan Municipal League



# **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.

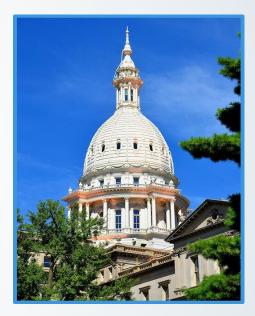






### Benefits of Local-to-Local (L2L) Federal Aid Exchange

	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



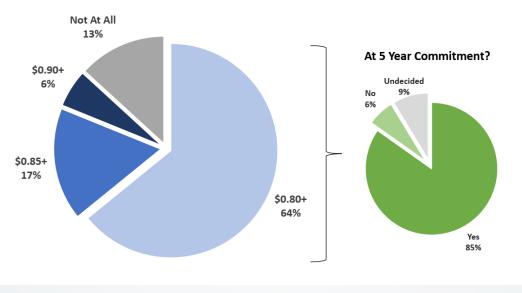


So, why not **STL** (Michigan DOT buy-out of federal aid)?



### 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.

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

Projects approved: July 2022.

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



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



#### Stretch your transportation dollars by exchanging your federal funds

John T. Davis, P.E., PSM, PWLF, Co-Chair of the Federal Transportation Subcommittee of the APWA Transportation Committee

For evental yean nows, APWAY Transportation Commercy NGVC, and the Felset Indigency of Armon mercy NGVC, and the Felset Indigency of Armon stransition (FHWA) have been working together to stransition together and the Armon and Armon and Armon stransition and the Armon and Armon and Armon professional addressing (see that Armon and Armon professional addressing (see that Armon and Armon professional addressing (see that Armon addressing and armon addressing addressing addressing addressing addressing work to stransmitter the federal addressing addressing addressing works to stransmitter the federal addressing addressing addressing with Compress to add atteractioning capabilities to indexad

All of there efforts have worked to some extent. However, the federal-aid process is still very complex to local agencies that only implement federal-aid projects no ecation (nece or twice every few years); never mind the small local agencies that rarely implement federal-aid projects. The federal-aid project is still a very high-risk areas for FHWA, state DOTs, and local agencies.

110 APWA Reporter / July 2021 / www.apwa.net

Wouldn't 1 the CARRENEAT is a front the Tiper would say if a local agency could use the federal funding, but only have to fallow state and local requirements (the requirements they follow state and local requirements (the requirements they intervent the state and local requirements they intervent the state and local requirements they attace calls in Program. "Inder this program, a state allows in DOT on exchange state funding for the local agency" forced funding (protarily at a discourse) rate, e.g. 40.00 state and local laws and regulations. And, the state DOT (that regularly follow follow regular state) regular to the local and local laws and regulations. And, the state DOT (that regularly follow follow regular state) was default funding and regularized the regular state in which states the local program.

Based on a survey by the FHWA Local Public Agency Office in 2019:

Fifteen states had an established fund exchange program: Arizona, California, Colorado, Connecticut, Idaho, Indiana, Iowa, Karsas, Nebraska, New Jersey, Ohio, Oregon, South Dakota, Utah, and Wisconsin. Four of those states had their programs for more than 20 years: Utah, California, Idaho, and Oregon.



# 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

	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





#### **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!**



Denise Donohue, APR, CAE County Road Association of Michigan <u>ddonohue@micountyroads.org</u>

> Steve Puuri, PE County Road Association <u>spuuri@micountyroads.org</u>

101 S. Washington Sq., Ste. 200 517.482.1189 micountyroads.org





