

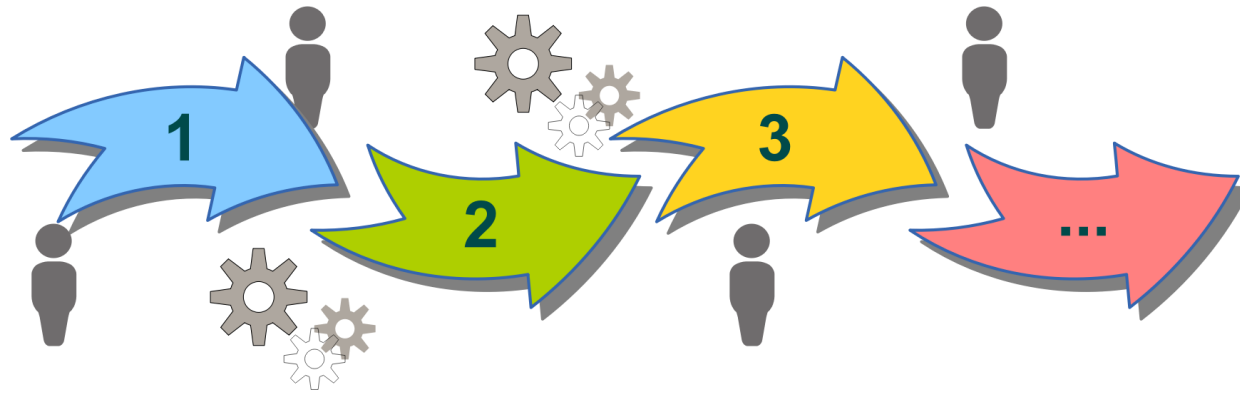
LOCAL AGENCY PERSPECTIVE

WHAT IT MEANS TO FEDERALIZE A PROJECT

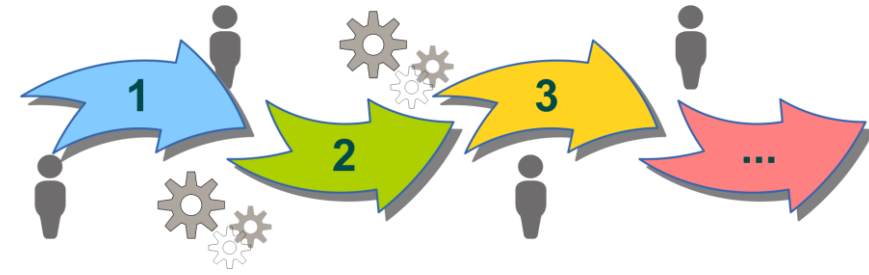
Federal Transportation Funding = Good!

And.....

- When local agencies are deciding whether to pursue federal funding they need to plan for additional time, process and funding to deliver a federal project



Process



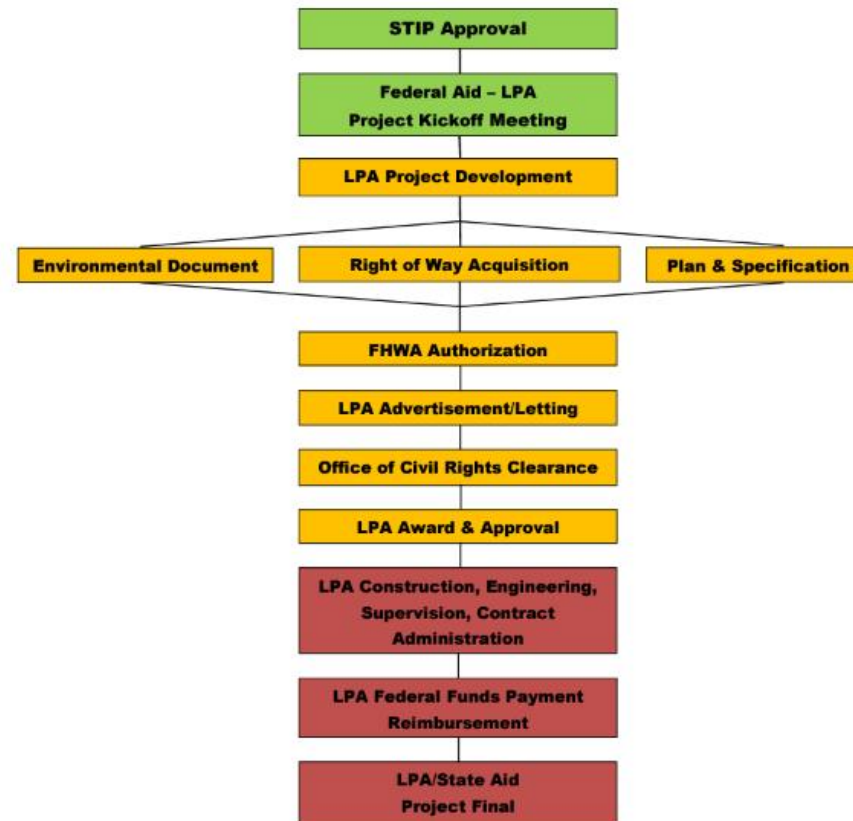
Federal projects require steps that most locally funded projects do not, especially smaller scope/scale projects.....

Project risks include:

- Railroad
- Historic Properties
- ROW Acquisition

Risks show up as:

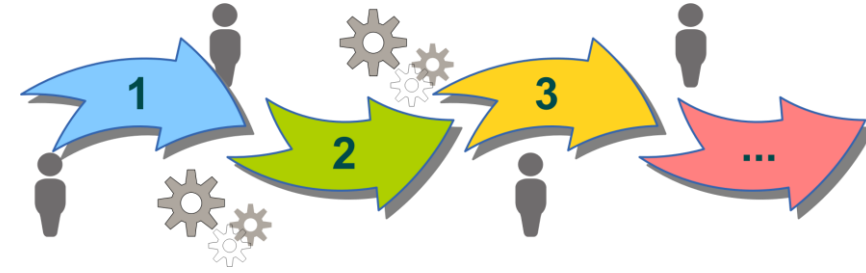
- Dollars
- Time
- Deliverability



FOLLOW DELEGATED CONTRACT PROCESS (DCP) CHECKLIST

<http://www.dot.state.mn.us/metro/stateaid/dcp.html>

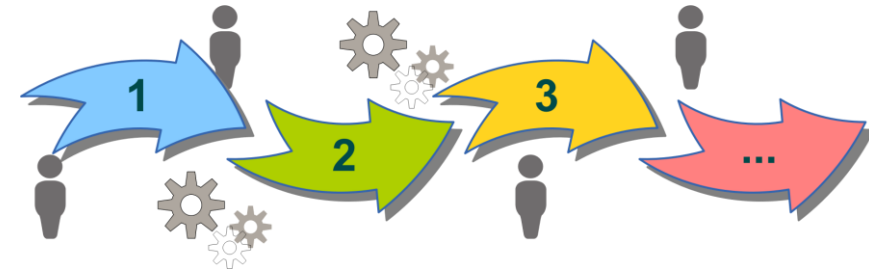
Process



Projects are assigned a program year

- Program years follow the state fiscal year – July 1 to June 30th
 - Program year 2026 = 7/1/2025 to 6/30/2026
- Projects must be authorized by June 1st of their program year
 - Project sponsors must request any extensions by December 31st of their program year
 - Project sponsors must demonstrate progress
 - Project sponsors must deliver in the next program year, but federal funds are contingent on the availability of future federal funds
- In order to be authorized by June 1st, the following is required:
 - Environmental document approved
 - ROW certificate approved or condemnation initiated by February 28th with title and possession by June 1st
 - Final plans and specifications submitted and reviewed
 - Engineer's estimate
 - Utility relocation certificate
 - Permit applications submitted

Process



What differs between federal and local project delivery?

Federal project delivery:

- More external agency oversight and approval processes
 - Deadlines
 - Reviews and approvals
 - Delegated Contract Process
- Managing multiple funding sources
- Environmental (NEPA) process
- ROW acquisition process
- Construction contract requirements:
 - Disadvantaged Business Enterprise (DBE) and Targeted Group Business (TGB) requirements
 - Ongoing monitoring and compliance checks with construction administration



Time

Time and process are closely linked.....

- State/Federal Aid staff administer the federal project delivery process with local partners
- Local agencies typically plan for up to 8 weeks for turnaround of some reviews
- Staffing levels at State/Federal Aid haven't increased despite federal funding increasing → Number of federal projects about double

Rule of thumb.....add 1 year

Each federal project goes through the same process, regardless of size/scope/scale/funding amount

Funding



Local funding capacity

- Cost to apply
 - Unscientific average \$20K per application
- Min required match
 - Based on federal funds vs total project cost
 - 20%
 - Most projects are well above the min 20%
- Funding required for a fully funded project
 - Studies, Engineering (preliminary, design, construction)
 - ~25%
 - Right of Way, Remaining construction costs not covered with federal funds
 - Project specific
 - Added administrative cost to deliver a federal project – staff time, consultant costs, reporting costs
 - Larger projects ~10%
 - Smaller projects ~30%



Funding – Example

Estimated project construction cost of \$1.5M with a \$1M federal award:

- Cost to apply = \$20,000
- Min required match = \$200,000
- Funding required for a fully funded project
 - Studies, Engineering (preliminary, design, construction) = ~25% or \$375,000
 - Right of Way = \$0
 - Remaining construction costs not covered with federal funds = \$300,000
 - Added cost to deliver a federal project = Smaller projects ~30% or \$450,000
- Total estimated project cost with federal funds = \$2,345,000
 - Local amount = \$1,345,000
- Total estimated project cost without federal funds = \$1,875,000
 - Local amount = \$1,875,000



General Federal Eligibility

Roadway – Federal eligible work is generally work *necessary* to complete a project:

- Roadway grading, surfacing (paving) and storm sewer
 - Includes retaining walls and noise walls (if a noise study requires)
- Signal revisions and replacements
- Signing and striping
- Lighting
- Utility replacement due to the project construction
 - Upgrades or replacement due to “convenience” are not eligible
- Landscaping and turf establishment
 - 2 to 1 tree replacement and shrubbery if necessary for erosion control

General Federal Eligibility



Multiuse Trails and Bicycle Facilities – Primary role is to provide alternative mode of travel for purposeful trips:

- Bike/ped trail grading and surfacing (paving)
 - Includes retaining walls
- Retaining walls
- Drainage
- Amenities such as bike racks, shelters, benches and wayfinding
- Landscaping and turf establishment
 - 2 to 1 tree replacement and shrubbery if necessary for erosion control

General Federal Eligibility



Costs ***NOT*** federally eligible:

- Engineering – Preliminary, Design, Construction
- ROW acquisition – unless part of a transit project
- Surplus materials – items salvaged but not reinstalled
- Work outside of project limits:
 - NEPA process defines project limits, work outside those limits jeopardizes federal funding
- Utility work that does not directly result from the project and utility betterments
- Excessively expensive treatments
 - Very extravagant roadway or side street appurtenances

Funding



Project costs are rising, and federal funds are covering less and less of the total project cost

Coordinating multiple funding sources is complicated:

- Uncertainty in applying
- Lining up timing of funds
- Managing multiple funding sources
- Managing varying processes

Modal Application Categories	Minimum Federal Award	Maximum Federal Award
Roadways Including Multimodal Elements		
• Traffic Management Technologies (Roadway System Management)	\$500,000	\$3,500,000
• Spot Mobility and Safety	\$1,000,000	\$3,500,000
• Strategic Capacity (Roadway Expansion)	\$1,000,000	\$10,000,000
• Roadway Reconstruction/ Modernization	\$1,000,000	\$7,000,000
• Bridge Rehabilitation/Replacement	\$1,000,000	\$7,000,000
Transit and TDM Projects		
• Arterial Bus Rapid Transit Project	N/A	\$25,000,000
• Transit Expansion	\$500,000	\$7,000,000
• Transit Modernization	\$500,000	\$7,000,000
• Travel Demand Management (TDM)	\$100,000	\$500,000
Bicycle and Pedestrian Facilities		
• Multiuse Trails and Bicycle Facilities	\$250,000	\$5,500,000
• Pedestrian Facilities	\$250,000	\$2,000,000
• Safe Routes to School (Infrastructure Projects)	\$250,000	\$1,000,000

So What is “Defederalizing”?

A process whereby funds are swapped between projects to focus federal funding on a smaller number of projects, typically larger projects.....

A topic for another day.

Thank You
