

30<sup>th</sup>  
MIDOT

ANNUAL

SMALL BUSINESS  
DEVELOPMENT  
CONFERENCE

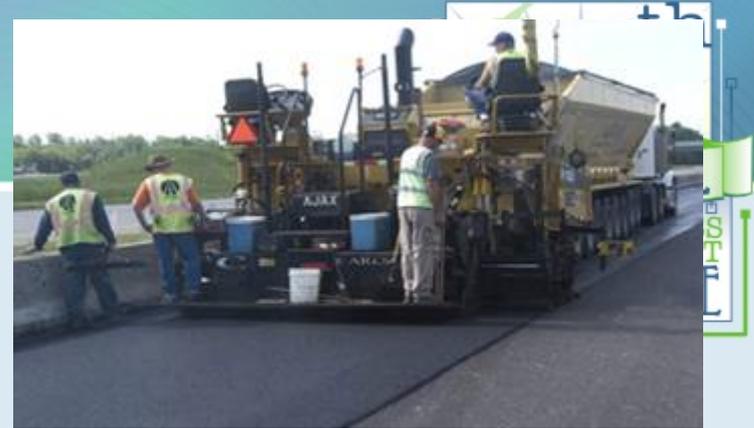
DIVE



# Michigan's Journey Toward Implementing the Stimulus Act

The American Recovery and  
Reinvestment Act  
(ARRA)

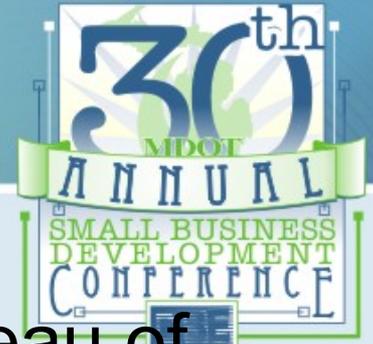




# Implementing ARRA



# Panelist



- Myron G. Frierson, Director of the Bureau of Finance and Administration
- 33 years in state government, Held administrative positions in highway district administration, real estate and financial management
- Graduate of Michigan State University Bachelor's degree in Accounting.
- Certified public accountant and licensed real estate broker.



# New Economic Recovery Package: Not the Cure



- President Obama signed a one-time economic recovery package totaling \$48 B for transportation
- Package = roughly 1 year's worth of typical federal monies
- Monies would not support maintenance and other services
- Does not solve long-term transportation funding problems



Not the Cure For Michigan's  
Transportation Funding Ills



# ARRA



- Main focus → Job Creation
- Through a combination of
  - Tax relief
  - Infrastructure investment
- And much more



# Accountability & Transparency



- Established Recovery.gov to publicly track all funds distributed
- Requires all recipients to file regular reports on each project funded
  - Project progress
  - Jobs created/retained
  - Detailed contract information
- Established Recovery Accountability & Transparency Board to review recovery funding



# Infrastructure Investment



- Aggressive timetable for implementation
- No match requirements
- No specific earmarks
- Emphasizes transparency, accountability





Program	Funding
Surface transportation discretionary grants	\$1.5 B
Aviation facilities and equipment	\$200 M
Airport improvement grants	\$1.1 B
Highways and bridges	\$27.5 B
Intercity passenger rail and high-speed rail corridors	\$8 B
Amtrak capital grants	\$1.3 B
Transit formula grants	\$6.9 B
Fixed Guideway Program	\$750 M
Capital investment grants	\$750 M
<b>Total, USDOT</b>	<b>\$48 B</b>



# ARRA



- These projects have created or sustained 330,000 family-wage nationwide.
- The Transportation Committee calculates that the sum of \$279 million in unemployment checks has been avoided as a result of the direct jobs created by this bill, and the workers who hold these direct jobs have paid nearly \$353 million in federal taxes.



# Transportation Component



- Michigan will receive nearly \$1 B in formula funding
  - \$135 M for urban and rural transit
  - \$847 M for roads, bridges and highways
  - Estimated to create about 25,000 jobs



# Formula Funds



- Transit
  - Michigan will receive about \$135 M
  - Urban transit agencies will:
    - Replace older buses with lower emission vehicles
    - Invest in bus rehabilitations
    - Expedite construction of transit facilities
  - MDOT will work with rural transit agencies
    - Replace aging buses
    - Expedite construction of rural transit facilities
  - Michigan will receive \$133,000 in Fixed Guideway funds for Detroit People Mover



# Formula Funds



- Roads, Bridges and Highways
  - Michigan will receive \$847 M
    - \$37 M for Transportation Enhancement projects
    - \$218 M suballocated to local areas based on population



# MDOT's Best Candidates for Implementation



- MDOT initially identified \$4 B projects
- Of those, \$757 M projects represent best candidates based on:
  - Readiness for construction
  - Practical considerations such as mobility impacts of construction activities and coordination with scheduled projects



# American Recovery and Reinvestment Act



- MDOT developed \$757 M highway project candidate list which included: \$541 M for Preservation, \$155 M for Expansion, \$61 M for Green investments
  - List is \$100 M more than MDOT received in initial apportionment, for additional funding if available
- Improves approximately 1,350 lane miles of roadways and approximately 101 bridges
- More than \$300 M had to be obligated within 120 days



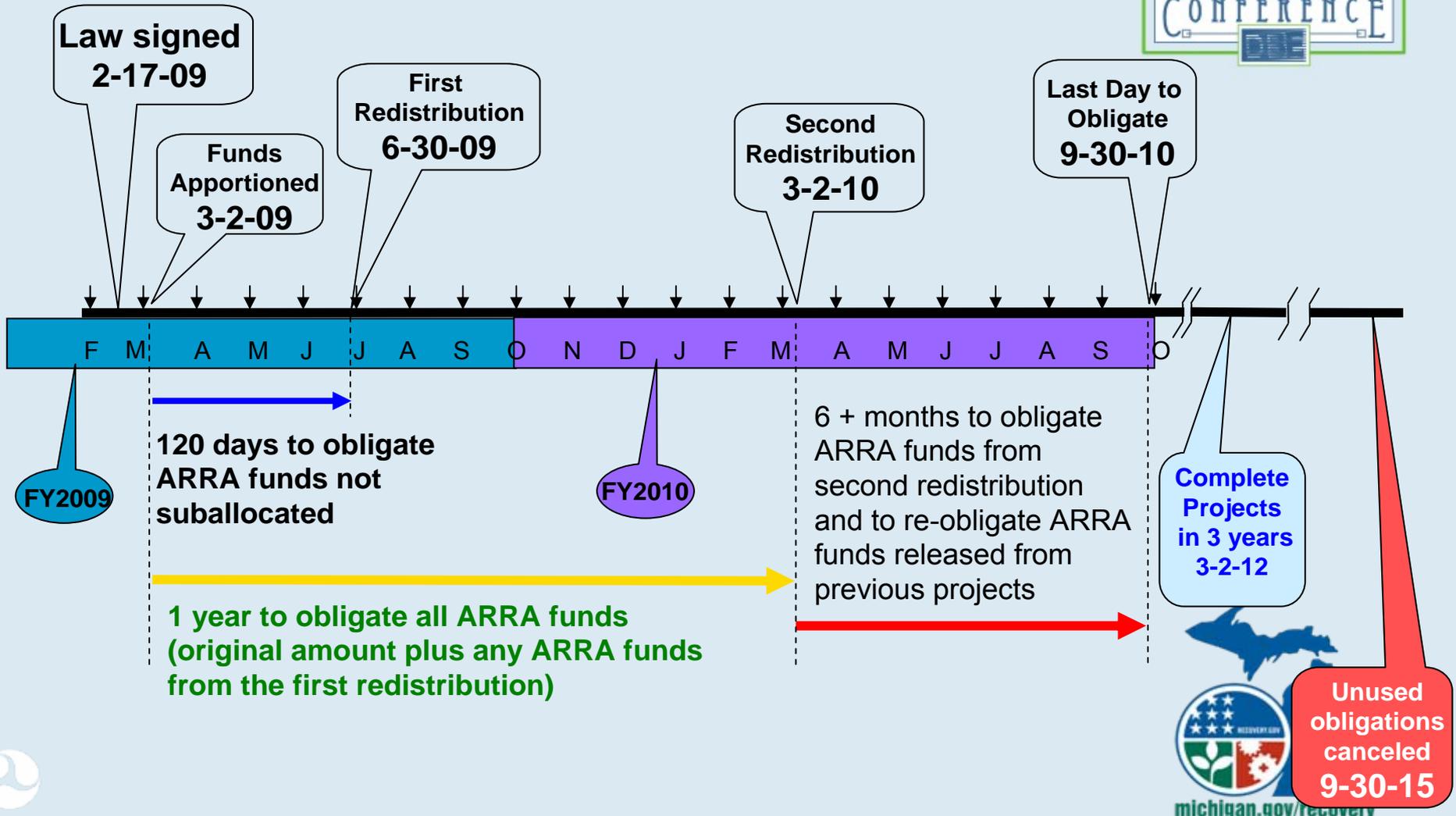
# Requirements



- Projects must be federal aid-eligible
- Approved through federal aid process
- Use it or Lose it
  - 50% must be obligated by June 30th
    - Sub-allocated funds excepted
  - Remaining 50% to be obligated by March 2, 2010
  - Michigan may receive additional funds if we meet the first 50% requirement and other states do not



# Use It or Lose It Provisions



FY2009

FY2010

120 days to obligate ARRA funds not suballocated

1 year to obligate all ARRA funds (original amount plus any ARRA funds from the first redistribution)

6 + months to obligate ARRA funds from second redistribution and to re-obligate ARRA funds released from previous projects

Complete Projects in 3 years 3-2-12

Unused obligations canceled 9-30-15



# Maintenance of Effort Certification



- 1201 Certification by Governor
  - Within 30 days of enactment, the Governor must certify to the Secretary that the State will maintain the level of State funding for transportation projects.
  - Must identify the amount of funds the State planned to expend from State sources from the date of enactment through September 30, 2010.



# Maintenance of Effort Certification



- Failure to Maintain Effort
  - The State will be prohibited from receiving additional funding in August redistribution for fiscal year 2011



# Existing Regulations



- Existing federal requirements apply
  - Environmental requirements
  - Federal planning process working through MPO or Rural Task Force
  - Contracting and bidding requirements
  - Permitting requirements
  - DBE requirements
  - “Buy America” and domestic buying provisions
  - Prevailing Wage requirements



# Discretionary Funds



- \$12.1 B available nationwide through discretionary grants
  - \$1.3 B for Airports
  - \$1.5 B in National Surface Transportation discretionary program for projects completed in 3 years
  - \$750 M for capital investment grants
  - \$8 B for intercity passenger rail and high speed rail
  - \$1.3 B to Amtrak for track and equipment improvements



# ARRA Obligation Status



**MDOT has obligated all Highway Infrastructure ARRA Funds**



# Transportation Extension Act



- On March 18, 2010 the President signed the Hiring Incentives to Restore Employment (HIRE) Act.
- The HIRE Act extends the surface transportation programs through Dec. 31, 2010, and provides \$63.5 billion for these programs for fiscal 2010 and \$77 billion over the entire 15-month period.



# HIRE



- Provides 15 months of funding authority for these programs
- Provides necessary resources to begin large projects and plan beyond the month-to-month horizon of continuous extensions.
- Increased funding \$21 billion over the current, reduced funding levels found in the Continuing Resolution
- Restores the rescission that occurred on Sept. 30, 2009, as required in SAFETEA-LU.



# HIRE



- Ensures the solvency of the Highway Trust Fund through fiscal 2011.
- Restores the \$19.5 billion of interest lost since 1998
- Allows the Highway Trust Fund to collect interest
- Fuel tax exemptions to be supported by the General Fund, not the Trust Fund.
- Requires transparency, accountability and oversight, which will provide taxpayers with a better, more measurable return on their investment in the nations infrastructure.
- Still need a long-term authorization bill



# Panelist



- Mark Chaput
- MDOT University Region Engineer
- Co-Chair of MDOT ARRA Barrier Buster Team



# The ARRA Experience



## Major Questions

- How do we Deliver this program ?
- How do we meet tight time lines ?
- What barriers exist in current processes ?
- What do we need to do different to insure success ?



# The ARRA Experience



## Response to Questions ?

### Establish ARRA Barrier Buster Team

- cross functional team
- representing all business processes
- members were decision makers
- included FHWA Partners



# ARRA Challenges



## Barrier Buster Accomplishments

- Streamlined existing processes
- Created new processes
- Adjusted business rules
- Shortened review and decision time lines
- Established department wide alignment



# ARRA Resources



## How did we insure success?

- Developed guidelines and instructions
- Performed training
- Established tracking and reporting requirements
- Continuous Barrier Busting



# ARRA Delivery



## What did we Deliver ?

- Met all ARRA deadline requirements
- As of March 2, 2010, MDOT had obligated 100% of our ARRA funds obligated
- Delivered 182 MDOT projects, obligated at \$629,049,589
- Delivered 531 Local projects, obligated at \$ 218,155,245.



# Panelist



Dave Wearsch

MDOT Financial Operations Division

Supervisor of Budget and Reports Unit

ARRA Reporting Coordinator



# The ARRA Experience



- February 17, 2009 President Obama signs American Recovery and Reinvestment Act (\$787 Billion Total)
- In the Spirit of Transparency and Accountability Various Reporting Requirements Included



# ARRA Reporting Requirements



- Section 1607 (Governor Accepts ARRA \$)
- Section 1511 (Governor Certifies Projects)
- Section 1512 (OMB Quarterly Reports)
- Section 1201 (FHWA Reports)
  - 1201 a (Maintenance of Effort)
  - 1201 c (Periodic Project Reports)
- Transportation & Infrastructure Committee Report (Chairman Oberstar)
- Adhoc ARRA Reports (i.e. FAA, FTA, GAO, etc)



# ARRA Reporting Challenges



- Timeliness of Reports (Due Bi-weekly, Monthly, and Quarterly)
- Accuracy of Data Elements (i.e. Job Creation and DBE Payments)
- Meeting Maintenance of Effort



# ARRA Reporting Resources



- [FederalReporting.gov](http://FederalReporting.gov)
- [Recovery.gov](http://Recovery.gov)
- [FHWA.gov/economicrecovery/index.htm](http://FHWA.gov/economicrecovery/index.htm)
- [Michigan.gov/recovery](http://Michigan.gov/recovery)
- [Wearschd1@Michigan.gov](mailto:Wearschd1@Michigan.gov)



# Panelist



Andy Brush

Unit Supervisor, Bureau of Passenger Transportation.

20 years State of Michigan - 15 at MDOT

Supervises:

Project managers responsible for the oversight of transit agencies in the Grand, North and Superior Regions

Program managers responsible for the administration of all Federal Transit Administration grants.



# ARRA for Transit



- Funds to Michigan = \$134,199,314
  - Metro Urbanized (population over 1,000,000)
    - \$57,769,261
  - Large Urbanized (200,000 - 999,999)
    - \$32,171,987
  - Small Urbanized (50,000 – 199,999)
    - \$18,470,937
  - Nonurbanized (less than 50,000)
    - \$25,787,129



# ARRA for Transit



## Phase I

- Facilities
- Buses
- Intercity
  - Buses
  - signs
  - facility improvements



# ARRA for Transit



## Phase II

- Held Vendor Showcase Summit
- Prioritized projects based on need
  - Operating
  - Revenue vehicles
  - Energy saving facility improvements
  - Safety and security equipment



# ARRA for Transit



- Obligation deadlines
  - 50% obligated by September 1, 2009
  - Remaining 50% obligated by March 5, 2010

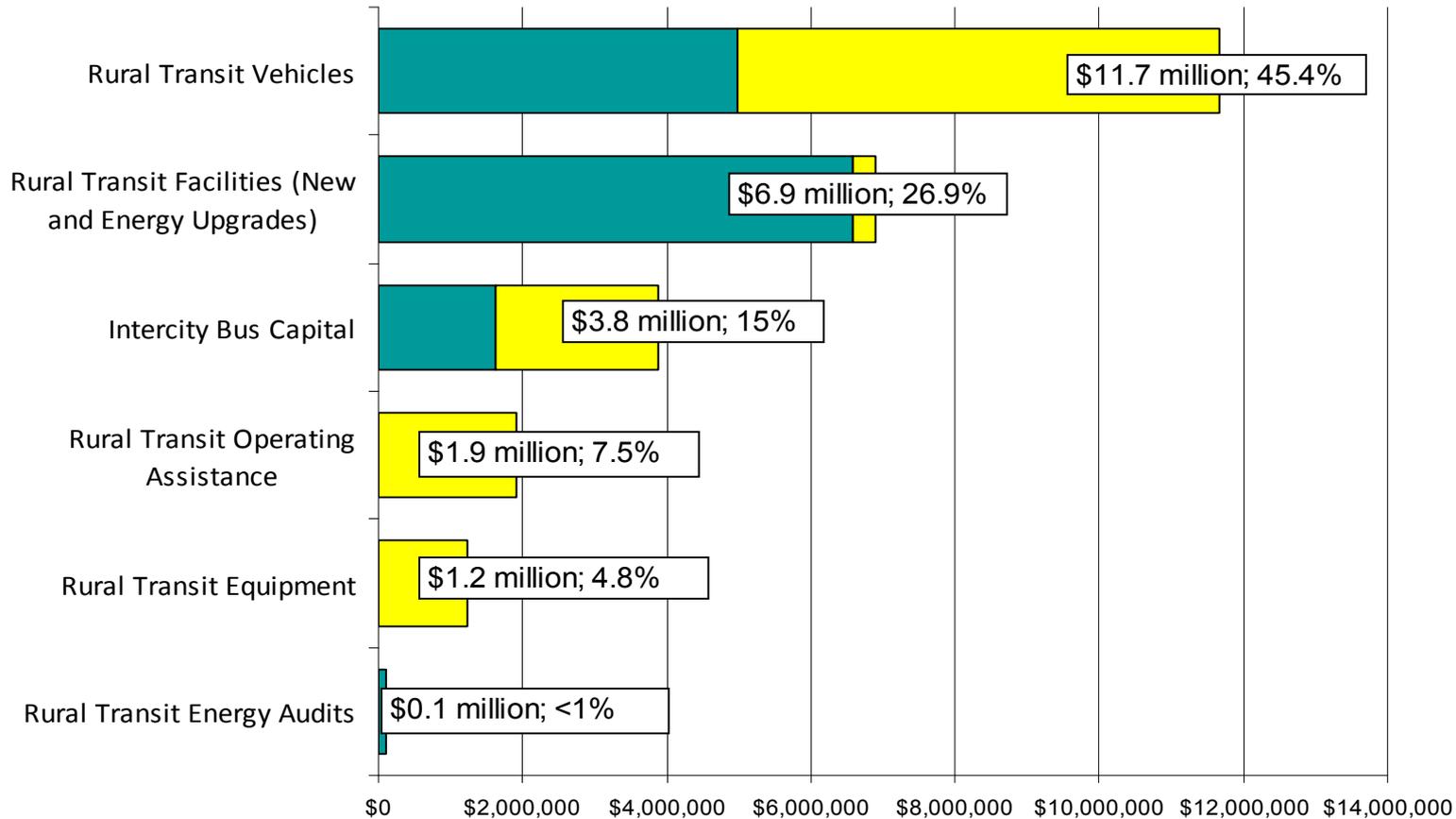
**ALL DEADLINES WERE MET!**



# ARRA for Transit



MDOT ARRA INVESTMENT UNDER SECTION 5311 PROGRAM



# ARRA for Transit



## Three other types of ARRA grants

- TIGGER Grant
  - Thunder Bay Transportation Authority
- Mini Hybrid Bus Components
  - Saginaw, Battle Creek, Bay Metro
- TIGER Grant
  - M1Light Rail
  - Port Huron Bridge replacement



# ARRA for Transit



Transparency and Accountability

=

Reporting ☺

Monthly – Oberstar report

submitted to T&I committee

Quarterly – 1512 report

submitted to State Recovery Office

Annual – 1201(c)

submitted to FTA



# ARRA for Transit



# ARRA for Transit



Questions/Comments

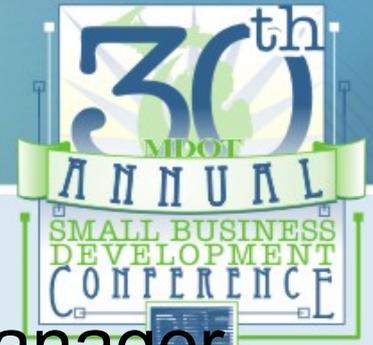
Andy Brush, Unit Supervisor

Bureau of Passenger Transportation

[brusha@michigan.gov](mailto:brusha@michigan.gov)



# Panelist



Paige A. Williams, P.E.

Since 2004, Metro Region's System Manager leading the Development, Design, Real Estate, Surveys and Bridge Inspection Programs

2002-2004, Blue Water Bridge Manager responsible for operation and maintenance

Paige has worked in Road Design, served as a Bridge Inspector and Metro's Bridge Management Engineer overseeing the Region's 1500+ structures.

Paige has 20 years of experience and is a graduate of **MSU - GO STATE!!!**



# Region Development



1. Develops the Call for Projects
2. High Impact Presentations
3. Extensive Coordination
  - Lansing Planning
  - Finance
  - SEMCOG
  - Internal/External Customers
  - Stakeholder Engagement



# Region Development



- Submitted **\$1B** in projects for ARRA
- Received **\$252M** of ARRA Funds
- Delivered over **\$500M** in Projects
  - **\$250 Million R&R**
  - **\$252 Million ARRA**
  - 120 Day List - **\$125M**
  - “A” List - **\$71M**
  - “B” List - **\$56M**



# Region Development



- 41 ARRA Projects Delivered
- 46 Trunkline Miles
- 34 Bridges Rehabilitated
- 2 Safety Related Projects
- 2 ITS Projects
- 2 Enhancement Projects



# Region Development



## ARRA High Profile Projects

1. I-94, St Clair Hwy to Allington
2. M-59, Crooks to Ryan
3. I-696 WB/SD, Barrier/Slope Restoration
4. M-8, Mill & Resurface, Replace Decks
5. I-275 Bike Path – Design/Build
6. BWB – Street Realignment



# Region Development



## Challenges

1. Timeframe
2. Project Selection
3. Continuous Coordination
4. Environmental Clearance & TIP
5. Delivering “What We Promised”
  - \$250M R&R
  - \$252M ARRA



# Region Development



## Questions





“I told them there’s no such thing as free money.”





# Michigan's Journey Toward Implementing the Stimulus Act

