Local Rural Task Force Program

Fiscal Years 2020-2023 Call for Projects Information

Introduction

The Michigan Department of Transportation (MDOT) in conjunction with the Local Rural Task Force Program Advisory Board is issuing a “Call for Projects” in non-metropolitan areas for fiscal years (FYs) 2020-2023. The purpose of the call is to solicit projects from local rural highway and transit agencies wishing to utilize federal and state transportation funding for FYs 2020-2023. Projects selected to receive funding will be included in the FYs 2020-2023 Statewide Transportation Improvement Program (STIP).

The STIP is a statewide listing of transportation projects covering a period of four years that is consistent with the State Long-Range Transportation Plan. It presents the fiscally constrained, multimodal transportation program for Michigan and includes all federally funded projects scheduled for some phase of implementation over a four-year period.

The current Michigan STIP covers FYs 2017-2020. MDOT is developing a new STIP during FY 2019 that will cover FYs 2020-2023. It is anticipated that the new STIP will be federally approved on or before October 1, 2019. The FYs 2020-2023 STIP will cover the four fiscal years between October 1, 2019 and September 30, 2023.

This document provides additional information to Rural Task Force agencies regarding the call process, available funding, project eligibility, and the selection process.

What is the Call for Projects?

The Call for Projects is a process through which funding is allocated to rural highway and transit projects that serve the highest priority needs of the region. Through the call, local rural agencies submit projects to be presented, reviewed, and prioritized by their Rural Task Force and if approved, those projects will become programmed as part of the FYs 2020-2023 STIP.

How much funding is available?

Funding for the Local Rural Task Force Program is provided by MDOT through two sources: the federally funded Surface Transportation Block Grant Program (STP), and the state funded Transportation Economic Development Fund-Category D (State D) Program.
The STP Program funds projects that preserve and improve the conditions and performance of federal-aid highway and transit capital projects, including terminals and facilities. The State D Program serves economic development by establishing and integrating a local secondary all-season road system with the state trunkline system.

It is anticipated that MDOT will provide approximately $48 million in STP allocation annually to the Rural Task Force Program for FYs 2020 through 2023 and approximately 7 million in State D funds.

**How is funding distributed?**

MDOT uses a statewide formula to allocate STP funds to each Rural Task Force. Allocations are published by county as an aid to selecting projects only, the STP funds are tracked and managed by MDOT finance at the RTF level. State D funds are allocated at the county level and are tracked by and managed at the county level. Allocations represent the target amounts that each Rural Task Force uses to program projects for the fiscal year. Task forces are required to select projects in accordance with the targets established by MDOT, which are based on projected amounts of federal and state funds to be received. This is very challenging due to current uncertainties with federal and state funding.

In FY 2018 the Rural Task Force Program Advisory Board set the policy to program projects to 100 percent of the allocation targets. The federal obligation authority averages 93-95 percent of the allocation targets. Programming above the obligation authority allows full utilization of the obligation authority and of any available August redistribution. Funding targets may be adjusted in the future to reflect updated state and/or federal legislation or unanticipated factors.

Table 1 shows anticipated STP and State D target amounts for each Rural Task Force from FYs 2020 through 2023. These amounts represent the federal portion only of the funding. All federal funds require a non-federal or “local” match. In Michigan, the standard local match is 20 percent. For highway projects, the local match must be provided by the project sponsor as a monetary cash match. For transit projects, the local match is provided by MDOT through the Comprehensive Transportation Fund (CTF).

All dollar amounts represented in the following table are estimates. These are the same estimates that were distributed on October 15, 2018 through the rural task force communication protocol.
Table 1: FYs 2020 - 2023 Annual STP and State D Target Allocations

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*STP and Federal fund estimates are rounded to the nearest $1,000. This helps designate it as an estimate and help avoid confusion.

**The FY 2020 - 2023 STP and State D Target Allocations are based on FY 2018 Targets and are subject to change throughout the year. Federal and non-Federal awards are issued throughout the year. These amounts will be revised annually to include previous fiscal year balances.
What is Financial Constraint?

Financial constraint is a comparison of total estimated revenues (federal/state funds) with total estimated commitments (project costs). Each Rural Task Force must demonstrate financial constraint by including sufficient financial information to confirm that projects can be implemented using committed available, or reasonably expected to be available, revenue sources, with reasonable assurance that the federally supported transportation system is being adequately operated and maintained. Financial constraint applies to each fiscal year of the STIP. MDOT requires each Rural Task Force to be financially constrained to their total annual STP and State D target amounts. That is, the total amount of STP and State D funds programmed for projects for the four-year STIP period must not exceed the anticipated total amount of funds available (i.e., target amounts) to the Rural Task Force for that period. There are several reasons for this requirement:

- To maintain the Local Rural Task Force Program within anticipated available revenues.
- To be consistent with all applicable laws and regulations.
- To be simple and easy to understand.
- To be consistent with MDOT business practices.
- To represent agreement reached by the Rural Task Force Program Advisory Board

Rural Task Forces may elect to transfer (i.e., borrow and lend) STP and/or EDD funds to another task force in order to complete larger projects, etc. It will be up to each task force to cooperatively work with MDOT and their Regional Planning Agency to track any transfers and agreements made for repayment of borrowed funds. See the RTF Guidelines (Section II, d) for more information and Appendix A for a sample agreement). Only similar type funds can be borrowed and repaid between task forces. For example, if Rural Task Force A borrows $100,000 of STP funds from Rural Task Force B, Rural Task Force A will be required to pay back $100,000 of STP funds – not State D or local funds – to Rural Task Force B, based on the terms of the agreement.

What projects are eligible?

All eligible road projects must be in the rural area, outside of any Adjusted Urban Census Area (ACUB). Road projects are eligible for STP and EDD funding. Eligible uses include construction, reconstruction, rehabilitation, resurfacing, restoration, enhancement, and operational improvements. Projects must be located on federal-aid eligible highways that have been functionally classified as a major collector or higher according to the National Functional Classification (NFC) System approved by FHWA. See the following web address for the NFC classification map. [http://www.mcgi.state.mi.us/nfc/](http://www.mcgi.state.mi.us/nfc/)

Some STP funds may be spent on minor collectors. (MDOT allows up to 15 percent of the total STP funds to be spent on minor collectors.) The FAST Act specified that minor collectors must have been designated as federal aid eligible prior to 1991, when the NFC designation system started. Here is the link to the archived maps prior to 1991. [https://www.michigan.gov/mdot/0,4616,7-151-11151_11155-405140--,00.html](https://www.michigan.gov/mdot/0,4616,7-151-11151_11155-405140--,00.html)

There is an exception to this rule through FY 2020, it is unknown whether this exception will be reinstated in the next transportation bill or in any extension of the current bill.
The goal of the State D fund program is to serve economic development by establishing and integrating a local secondary all-season road system with the state trunkline system. Roads eligible for State D funds must be designated as a “Proposed All-Season Network” route or an “All-Season Network” route. Information on the State D program can be found at this web address.  https://www.michigan.gov/mdot/0,4616,7-151-9621_17216_18230-26763---,00.html

To be designated as Proposed All-Season or All-Season Network the route must be classified as county primary or city/village major roads. If a road does not fall into one of these categories, application must be made to MDOT and the classification changed before State D funds can be used to improve the road. The road must be built to all-season standards, connect other all-season routes, and cannot have local restrictions for legally loaded commercial vehicles. A map of All-Season routes can be found at this web address. https://mdot.maps.arcgis.com/apps/webappviewer/index.html?id=ac067829f74e49eba28b33605c cd87c0

Funds can only be spent on construction costs and contingencies for highway projects and transit capital projects. Right-of-way, construction engineering, and preliminary engineering costs are not eligible.

Transit capital projects are eligible for STP funding only and must be eligible for FTA funding in order to use STP funds. Eligible transit capital projects may include replacement buses and rehabilitation of existing buses, communication equipment, maintenance equipment, operational support equipment and services, items related to services under the Americans with Disabilities Act, and facility renovations.

**How will projects be selected?**

Projects in rural counties must be evaluated and selected by the Rural Task Force and based on either established project selection criteria developed through the Task Force, or on the greatest needs of the region. Each Rural Task Force selects projects cooperatively with all cities and villages under 5,000 population, county road commissions, rural transit providers, and MDOT (for State D funded projects) in accordance with funding targets established by MDOT. Projects will also be reviewed for eligibility and consistency with the criteria established for the state’s Transportation Economic Development Fund Program and the Federal Surface Transportation Program.

**How will Selected Projects be included in the STIP?**

The Rural Task Force FYs 2020-2023 STIP Development Process consists of the steps listed below. The schedule of the steps can be found in Appendix B.

1. MDOT Develops Call for Projects for Rural Task Force Program Projects (by October 2018).

   MDOT develops a Call for Projects letter and instructions document for FYs 2020-2023. The department sends the call letter and instructions document to each Regional Planning
Agency in Michigan. The Regional Planning Agency shares the letter and instructions with each Rural Task Force in their geographic area.

2. Rural Task Forces hold meetings to Select Proposed Projects (October 2018 to January 2019).

Rural Task Forces hold a meeting(s) between October 2018 and January 15, 2019 to select their FYs 2020-2023 projects using STP or State D funds. This time frame also includes county-level task force meetings to identify potential projects. The project selection process allows Rural Task Force members to fund as many greatest need projects as possible within the annual RTF funding targets. The Rural Task Force is charged with reviewing the projects and approving them as part of their annual program.

Regional Planning Agencies are responsible for notifying or ensuring notification of member agencies, the public, and all other interested parties of the opportunity to participate in all Rural Task Force meetings.

Notification must be sent out at least one week prior to the meeting(s) or in accordance with established procedures written in bylaws or in approved public participation plans. Every effort must be made to solicit input from the public and all interested parties on the proposed program of projects.

3. Rural Task Force members submit the data sheets (1799 and 1797 forms) for projects that have been approved to the Regional Planning Agency (RPA) by January 15, 2019.

The Rural Task Force members are responsible for sending the approved data sheets and fiscal constraint spreadsheet (if the RPA does not maintain it) for the four-year-STIP cycle to the RPA for programming into the MDOT JobNet database. This should be done by no later than January 15, 2019.

4. The RPA reviews the approved projects for eligibility and fiscal constraint. Then programs approved projects into the MDOT JobNet database (by February 12, 2019).

The RPA will review the fiscal constraint spreadsheet and input project information into the MDOT JobNet database. Upon completion of programming the four-years approved projects into MDOT’s JobNet database, the RPA will notify the RTF coordinator that they have completed the programming and submit the fiscal constraint spreadsheet. The RPA will complete this by February 12, 2018.

5. MDOT will review the projects in JobNet (by March 1, 2016 2019)

MDOT will review each Rural Task Force’s four-year listing of projects, reconcile any issues and approve the projects by March 1, 2019 when the snapshot will be taken for the 2020-2023 STIP.
6. **MDOT STIP Coordinator takes JobNet Database Snapshot (by March 1, 2019)**

   The MDOT STIP coordinator runs a JobNet database “snapshot” or query on **March 1, 2019**, that includes all Rural Task Force projects programmed in JobNet. The snapshot of projects will be included in the official FYs 2020-2023 STIP document for federal review and approval. Any STP or State D funded projects that do not make it into the JobNet database by March 1, 2019, will need to wait and be amended into the STIP after its approval.

7. **MDOT prepares and submits FYs 2020-2023 STIP for Federal Approval (Spring/Summer 2019)**

   MDOT prepares a draft FYs 2020-2023 STIP for review and comment during Spring/Summer of 2019. The draft document and project listing will be released to the public for 30 days for review and comment. Taking into consideration all comments received, MDOT will finalize the FYs 2020-2023 STIP document and submit it to FHWA and FTA for review and approval by **August 15, 2019**.

8. **FHWA and FTA Approve the FYs 2020-2023 STIP (by October 1, 2019)**

   By **October 1, 2019**, FHWA and FTA formally approve the FYs 2020-2023 STIP as the official transportation program of Michigan. MDOT will notify the RPAs of STIP approval, who will in turn notify all local Rural Task Force members.
Appendix A

Sample Borrowing and Lending Agreement

Fund Transfer Agreement between RTFs

Below is an outline of required information and boilerplate language to be utilized as template for an agreement between Rural Task Forces (RTFs). Approval is required by the MDOT RTF Coordinator and Program Advisory Board Chairperson, prior to project obligation. This form may also be used for the transfer of EDD funds; however, it is not required [See Section II (Funding) d. (Borrowing and Lending of Funds)].

All transfer agreements shall address the following issues:
- Amount and Fiscal Year (FY) of funds to be borrowed/lent
- Amount and Fiscal Year (FY) of funds to be repaid
- Disposition of or responsibility for any cost (bid) savings or overages that may occur with the project being funded by the borrowed funds
- Any other potentially foreseeable issues that may affect funding repayments

Date

By execution of this agreement RTF A agrees to allow RTF B to obligate $XXX of RTF A’s federal/EDD funds during fiscal year 20XX. In return RTF B agrees to allow RTF A to obligate $XXX of RTF B’s federal/EDD funds during fiscal year 20XX.

This agreement is a voluntary agreement between the two task forces and both task forces understand that the availability of future federal aid is not guaranteed.

MDOT, in its role of program management, will strictly interpret the meaning of transfer agreements and is the sole authority for resolving disputes that may arise from a transfer agreement.

Signatures:
RTF A Chairperson
RTF B Chairperson
MDOT RTF Coordinator
## Appendix B: Rural Task Force
### FYs 2020-2023 STIP Development Schedule

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>STIP Development Steps</th>
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<tr>
<td>By October 2018</td>
<td><strong>MDOT develops Call for Projects</strong>&lt;br&gt;MDOT develops Local Rural Task Force Program “Call for Projects” letter and instructions document, and sends to Regional Planning Agencies (RPAs).&lt;br&gt;RPAs share letter and instructions with Rural Task Force members.</td>
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<td>October 2018 – January 15, 2019</td>
<td><strong>Local County and Rural Task Force Meetings</strong>&lt;br&gt;Local counties and Rural Task Forces hold meetings to identify and select FYs 2020-2023 projects using Surface Transportation Program-Rural (STP) and Transportation Economic Development Fund-Category D (State D) funds.</td>
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<td>By January 15, 2016</td>
<td><strong>Rural Task Force members submit datasheets for all approved projects to Regional Planning Agency</strong></td>
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<tr>
<td>By February 12, 2016</td>
<td><strong>Regional Planning Agency completes the programming of approved projects in JobNet</strong></td>
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<tr>
<td>By March 1, 2018</td>
<td><strong>MDOT reviews, reconciles and approves projects in JobNet</strong></td>
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<tr>
<td><strong>May - August 2019</strong></td>
<td><strong>MDOT develops FYs 2020-2023 STIP</strong>&lt;br&gt;MDOT develops FYs 2020-2023 STIP document between May and August 2019 after Air Quality and Environmental Justice analysis are complete.&lt;br&gt;MDOT allows for minimum 30-day public comment period and documents any public comments in the STIP.</td>
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<tr>
<td><strong>August 15, 2019</strong></td>
<td><strong>MDOT submits STIP to FHWA and FTA</strong></td>
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<tr>
<td>By October 1, 2019</td>
<td><strong>FHWA and FTA approve STIP</strong></td>
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