

# Nebraska Local Public Agencies Federal Fund Purchase Program for Transportation Projects



May, 2011

# Presenters - NDOR

 **Mary Jo Oie**

Communications Division Head

**Jim Wilkinson**

Local Projects Engineer

**Larry Legg**

Secondary Roads Engineer

**Tony Dirks**

Urban Engineer

# What is the Basic Concept?



- Federal Highway (FHWA) provides federal funds to Nebraska Department of Roads (NDOR)
- A calculated portion of those funds typically are shared with local agencies
- NDOR would “buy” those federal funds and use for projects on State highways
- Local agencies in turn receive state cash
- Local Agencies let and monitor projects locally without NDOR/FHWA involvement

# What Led up to Nebraska's Federal Funds Purchase Proposal?

- a. Major changes starting three years ago
- b. Duration to develop projects increased
- c. Local share must be spent annually
- d. Federal fund purchase concept took root in Nebraska in 2009
- e. LB 98 passed this legislative session
- f. Program is almost ready to go



# How Would it Work?

- a. Local Public Agency (LPA)/State Agreements
- b. Requires NDOR to develop additional federal-aid projects
- c. Local agency receives annual share. Rate is 80¢ for each federal dollar.
- d. Local agency uses funds for its road and bridge projects. Funds may be saved for a larger project.
- e. NDOR uses federal funds on State roadways and bridges.



# Conditions

- Accounting
  - Segregation
  - Tracking
  - Reporting
- Identify projects on 1/6 year plan
- Projects funded through NDOR/FHWA must be maintained for life of project
- What to do with Federal-aid projects now in development



# Proposed State Oversight

- Annual Certification that State funds were spent for road and bridge purposes



# Which Funds, and How Much?

- Surface Transportation (STP) – Counties - \$7.8 million
- STP – First Class Cities - \$11.8 million
- Highway Bridge Program (HBP) – Eligible Cities of the First Class, Lincoln, Omaha and Counties – up to \$10 million

Note: SAFETEA-LU (current) funding levels – subject to change

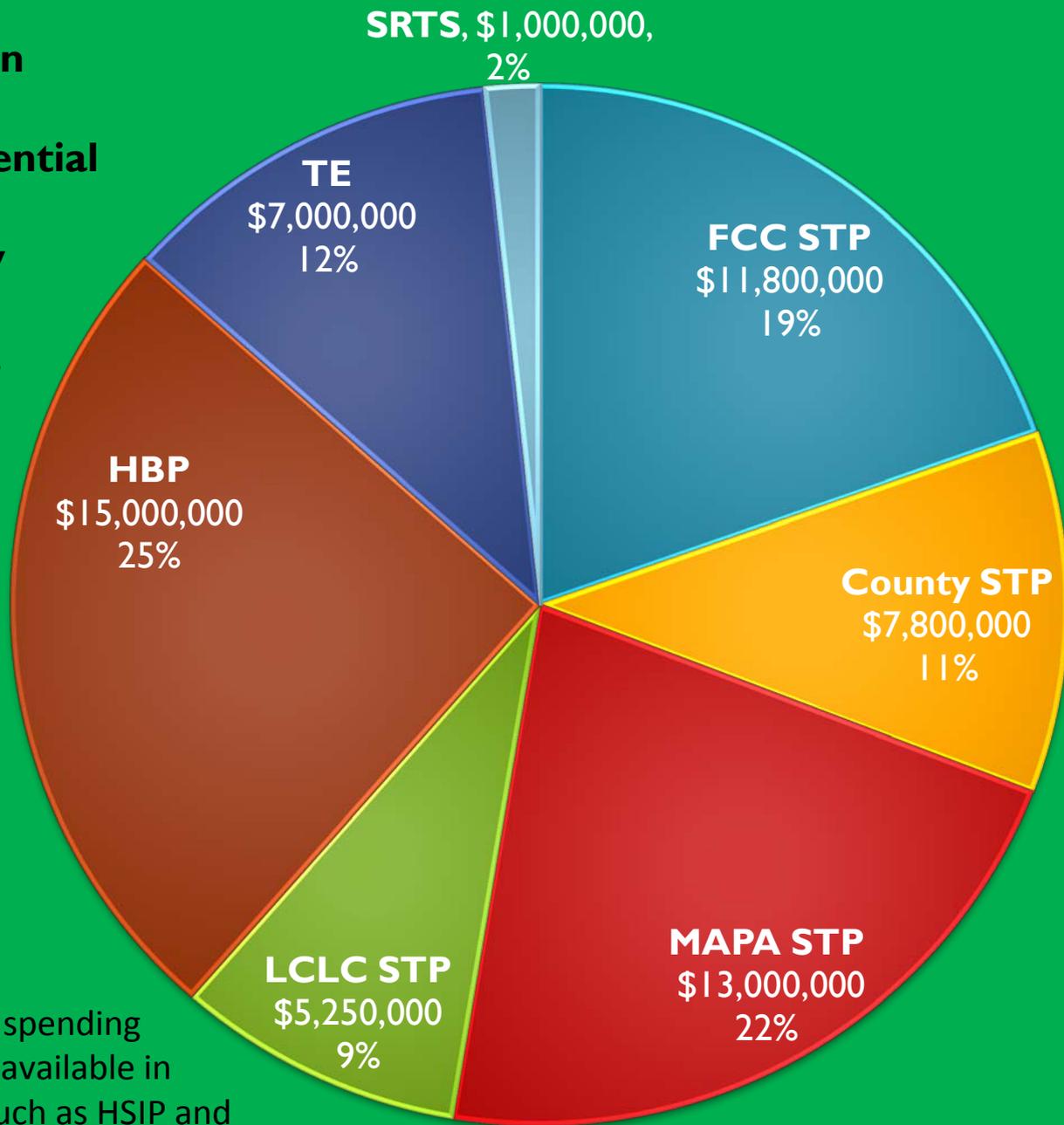
# Still a Local Fed-aid Program? Yes!

- Off-federal-aid system bridges
- MAPA (Omaha Metro area)
- LCLC (Lincoln/Lancaster County)
- Transportation Enhancements (TE)
- Safe Routes to School (SRTS)
- Railroad Hazard Elimination (RRZ)
- Safety Projects
- Federal Lands Highway
- Emergency Relief
- Congressional Earmarks

# Current Distribution of Spending Authority

**\$60 Million**

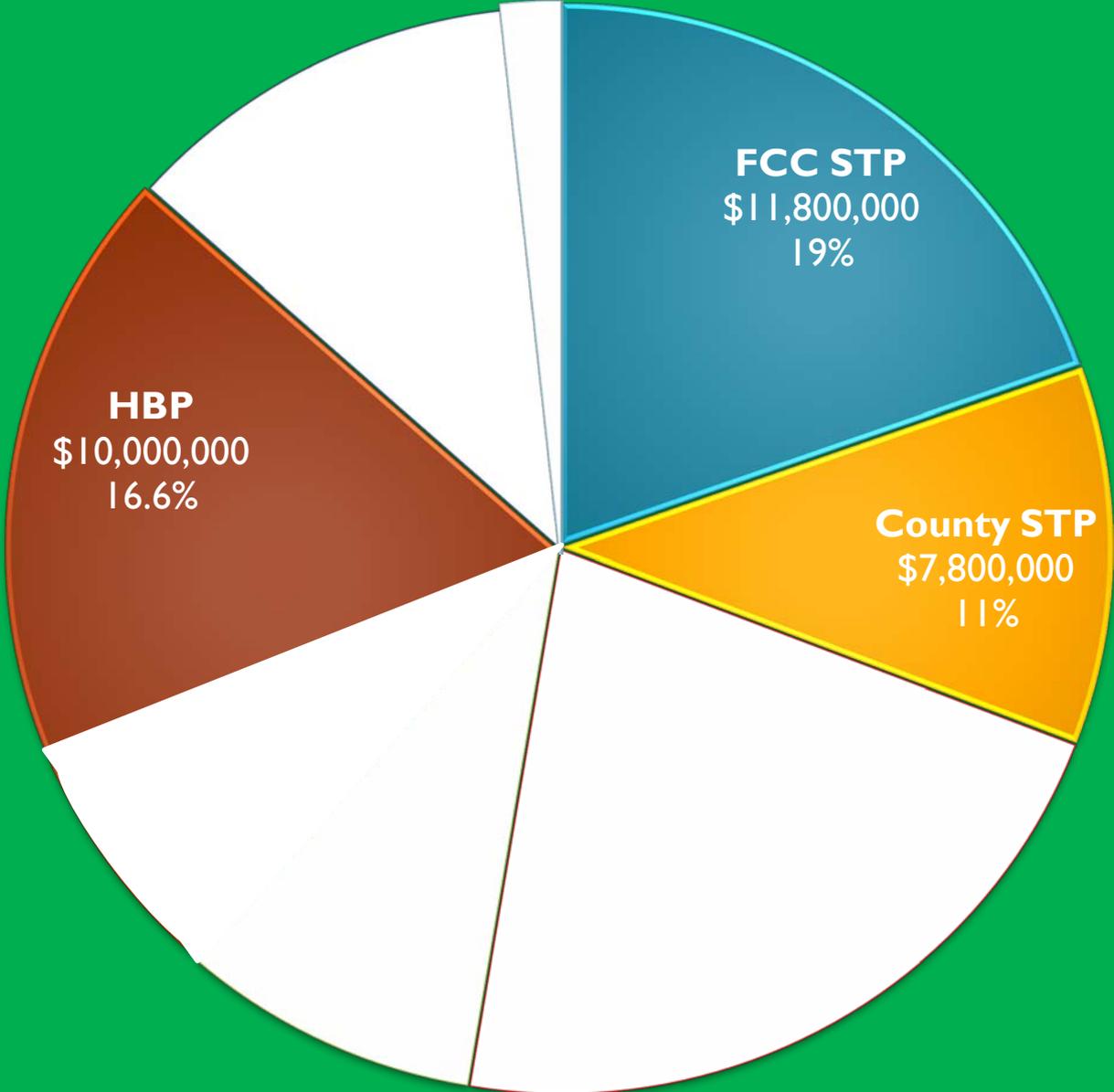
**Total Potential  
Spending  
Authority  
For  
Nebraska  
Local  
Agencies**



Note: Other spending authority is available in categories such as HSIP and HRRRP

**\$29 Million**

**Federal Funds Purchase Program**

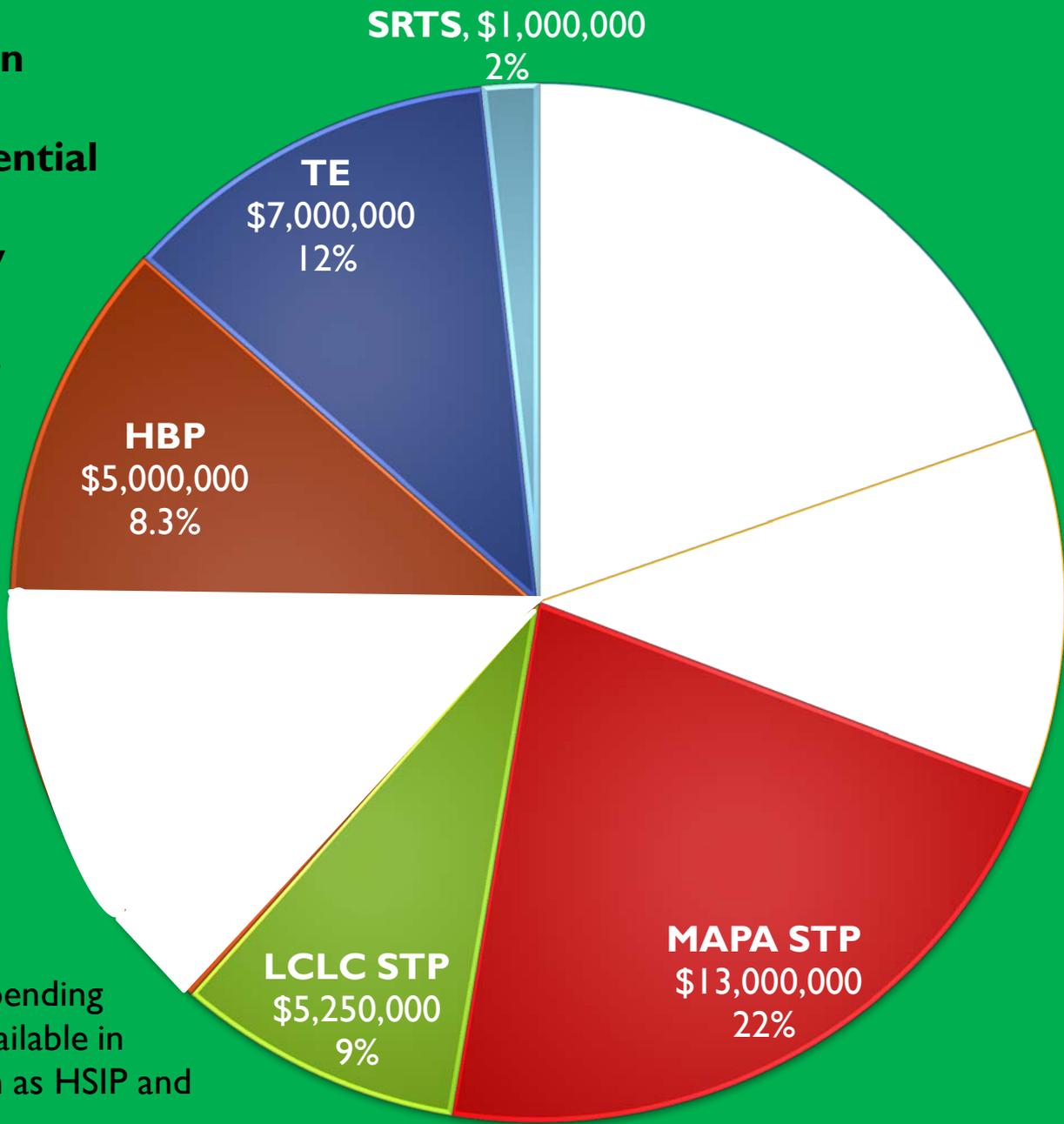


Note: SAFETEA-LU (current) funding levels – subject to change

**Remaining Local Federal Aid Program**

**\$31 Million**

**Total Potential  
Spending  
Authority  
For  
Nebraska  
Local  
Agencies**



Note: Other spending authority is available in categories such as HSIP and HRRRP

Note: SAFETEA-LU (current) funding levels – subject to change

# What Can My Local Agency Spend the Money On?



- On & Off System Roadways
- All phases – engineering, right-of-way, utility relocations – associated with project
- Roadway construction or rehab
- Overlay, mill/overlay, chip seal, pavement patching, crack sealing
- Bridge removal, replacement, rehab
- Safety improvements (signals, etc.)
- Bridge inspections
- Ramps to meet Americans with Disability Act requirements
- Non-routine maintenance



# When Would This Start?

As early as

October 1, 2012  
(Federal Fiscal Year 2013)

# When Would Your Agency Get Its First Check?

As early as

March 2014



# How Many Years Will the Program be in Effect?

- Initial term four years, can be extended
- Indefinitely, as long as laws and circumstances allow it



# Some Laws That Still Would Apply

- Clean Water Act
- Floodplain Permit
- Corps Permits
- Endangered Species
- Historic Preservation (Section 106)
- Right-of-Way (ROW) Acquisition (Uniform Act)
- Minimum Design Standards



# How Would My Agency Benefit?

1. Regular payments
2. More local control, LPA manages funds, addresses specific needs, and lets contracts
3. More ways to apply the money
4. Developing projects locally is easier and quicker
5. Less expensive, especially for small projects
6. No NDOR/FHWA oversight of NEPA documents, permits, or contracting
7. Minimal State oversight



# How Would NDOR Benefit?

- Fewer local federal-aid projects
- Fewer federal-aid projects overall



# What is the Timing?

- One decision for
  - all counties (STP)
  - all cities between 5,000 and 200,000 population (STP)
  - cities above 5,000 population, and counties, (HBP)
- July 1, 2011 go ahead



# Federal Aid Project Example

- Assume \$1,000,000 Federal Aid Project
  - \$800,000 Federal Aid + \$200,000 Local Match

	FA	Local
• Year 1	\$100,000	\$ 25,000
• Year 2	\$100,000	\$ 25,000
• Year 3	\$100,000	\$ 25,000
• Year 4	\$100,000	\$ 25,000
• Year 5	\$100,000	\$ 25,000
• Year 6	\$100,000	\$ 25,000
• Year 7	\$100,000	\$ 25,000
• <u>Year 8</u>	<u>\$100,000</u>	<u>\$ 25,000</u>
• Total	\$800,000	\$200,000

# Assumptions

- Based on NDOR's cost analysis projects typically cost 20% less than the same Federal Aid project due to:
  - NEPA
  - Time Value of Money
  - Risk & Limitations of Federal Aid
  - NDOR / FHWA Oversight

# Federal Fund Purchase Program Example (alt #1)

- Assume \$800,000 Local Project

	State Cash	Local
• Year 1	\$80,000	\$ 25,000
• Year 2	\$80,000	\$ 25,000
• Year 3	\$80,000	\$ 25,000
• Year 4	\$80,000	\$ 25,000
• Year 5	\$80,000	\$ 25,000
• Year 6	\$80,000	\$ 25,000
• Year 7	\$80,000	\$ 10,000
• Year 8	\$80,000	\$ --
• Total	\$640,000	\$160,000

# Federal Fund Purchase Program Example (alt #2)

- Assume \$800,000 Local Project

	State Cash	Local
• Year 1	\$80,000	\$ 0
• Year 2	\$80,000	\$ 0
• Year 3	\$80,000	\$ 0
• Year 4	\$80,000	\$ 0
• Year 5	\$80,000	\$ 0
• Year 6	\$80,000	\$ 0
• Year 7	\$80,000	\$ 0
• Year 8	\$80,000	\$ 0
• Year 9	\$80,000	\$ 0
• Year 10	\$80,000	\$ 0
• Total	\$800,000	\$ 0

# Financial Summary of Example

	Time	State / Federal	Local
Federal Aid	8 years	\$800,000	\$200,000
FFPP (alt #1)	8 years	\$640,000	\$160,000
FFPP (alt #2)	10 years	\$800,000	\$ 0

- Based on NDOR's cost analysis project typically cost 20% less than the same Federal Aid project
- The same project that the LPA has historically funded with Federal Aid could be funded:
  - Within the same time with \$40k less out of local pocket, or
  - Within 2 more years with \$0 out of local pocket

# Questions??

- Contact:
  - Jim Wilkinson, Local Projects Division Head
- Email
  - [jim.wilkinson@nebraska.gov](mailto:jim.wilkinson@nebraska.gov)
- Phone
  - 402-479-4607
- Fax
  - 402-479-3636