



DATE: October 20, 2016
TO: Transportation Commission
FROM: Josh Laipply, Chief Engineer
SUBJECT: De-federalization of Locally-Administered Pilot Projects

Purpose

As discussed at the September 2016 TC meeting, this memo supports Resolution #, De-Federalization of Locally Administered Pilot Projects, and provides additional background and details concerning the de-federalization of select locally-administered projects on a pilot basis.

Action

Adoption of Resolution

Background

FHWA has identified the Local Agency Program, nationwide, to be at risk due to non-compliance with Federal requirements, ineffective oversight and inefficient use of Federal funds. In acknowledgment of this, in 2015 CDOT staff listed the Local Agency Program (from Federal to State) in the “Improve Customer Experience” base camp to the System Peak strategy for becoming the best DOT in the Country. With encouragement from federal and local partners, CDOT began internal discussions regarding methods of improving delivery of locally-administered projects in Colorado. Discussion included de-federalization (swapping federal funds for state funds), along with a combination of various other strategies. Over a four month period, CDOT explored opportunities and constraints and began to determine the requirements, restrictions, mechanics, risks and benefits of various options. The goals for the effort were identified as:

1. Reduce FHWA risk and management load
2. Improve the ability of programs and local agencies to deliver projects

Details

Pilot projects will be used to identify administrative and procedural changes needed to support defederalizing projects. The pilot projects were selected for defederalization based on the following considerations:

- Local agency volunteer - CDOT looked for local agencies willing to help pilot the program
- Work from ground up to develop requirements - Projects and participating agencies were to understand that requirements have not been determined and the pilot projects will be used to develop the requirements
- Opportunities to streamline and reduce requirements - Projects will be considered where there are numerous federal requirements that would be replaced with new, streamlined State requirements
- Projects should be those where administration of projects would be improved through streamlining
- Local agency match would still apply

CDOT Region Staff have identified 16 “candidate” locally-administered projects for de-federalization and these projects have been vetted with our federal partners for suitability as pilots. For each pilot project, federal pass-through program funds will be swapped out for the identical amount of state funds. The state-funded project will then proceed using state (plus local match) funds and be delivered by the local under CDOT oversight following less complicated state-only rules and regulations. CDOT will then move the swapped

out federal funds into projects that already qualify for federal funding and deliver projects that comply with all federal and state rules and regulations. By doing this, CDOT hopes to reduce the administrative burden on local staff unfamiliar with federal rules and regulations and realize benefits, including shortened project delivery times for less cost. STAC is supportive of any measures to improve the Local Agency Program.

Preliminary estimates for these 16 candidate projects over a five year period total approximately \$11M in design and \$56 M in construction costs (state + local amounts) or \$8.8 M in design and \$44.8 M in construction costs (state only amounts). Federal program funds affected include Surface Transportation (STP), and possibly Transportation Alternatives (TAP) and Congestion Mitigation and Air Quality Improvement (CMAQ).

Next Steps

Upon TC endorsement of the Resolution, Staff will continue to move forward with the pilot projects. STIP administrative amendments (and TIP amendments if applicable) will be processed where needed, changing the type of funding from federal to state. As the projects proceed, changes and lessons learned will be compiled and documented as the basis for a formal process for future projects. At the conclusion of the pilot projects, Staff will identify criteria for de-federalization of future projects and update internal processes as appropriate. Based on the lessons learned and anticipated project savings (if any), CDOT will work together with Local Agencies to incorporate best practices into the Local Agency Program.

Attachment

- Resolution

Resolution # TC-

De-federalization of Locally-Administered Pilot Projects

WHEREAS, under the Colorado Revised Statutes § 43-1-106(8), the Transportation Commission of Colorado has the statutory responsibility to set policies for the Colorado Department of Transportation (“CDOT”); and

WHEREAS, CDOT’s governing contractual documents with public agencies, including Intergovernmental Agreements, require adherence to the FHWA Stewardship Agreement and various CDOT policies and procedures; and

WHEREAS, CDOT seeks to improve project delivery for locally-administered projects through the use of state funding in lieu of federal funds (de-federalization); and

WHEREAS, in order to de-federalize projects, state funds will be substituted for federal funds in select pilot projects and standard and customary project delivery and approval processes will be altered. By substituting state funds for federal funds on pilot projects, the Department will have an opportunity to evaluate and quantify benefits in streamlined process changes and reduced delivery time for locally-administered projects.

NOW THEREFORE BE IT RESOLVED, the Commission herein endorses the Department’s pilot project initiative by the de-federalization of select locally-administered projects, corresponding adjustment of state funds, and modification of project delivery processes.

Herman Stockinger
Transportation Secretary

Date of Approval