Kansas
Federal Fund Exchange Program
For Local Agencies

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Deputy Secretary and
State Transportation Engineer

<table>
<thead>
<tr>
<th>STATISTICAL COMPARISON</th>
<th>MICHIGAN</th>
<th>KANSAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area (Sq. Mi.)</td>
<td>56,538</td>
<td>81,758</td>
</tr>
<tr>
<td>Population</td>
<td>9.9 million</td>
<td>2.9 million</td>
</tr>
<tr>
<td>National Rank</td>
<td>9th</td>
<td>33rd</td>
</tr>
<tr>
<td>Persons per Square Mile</td>
<td>175</td>
<td>35</td>
</tr>
<tr>
<td>Public Road Miles</td>
<td>123,000</td>
<td>140,000</td>
</tr>
<tr>
<td>National Rank</td>
<td>8th</td>
<td>4th</td>
</tr>
<tr>
<td>County Road Miles</td>
<td>90,000</td>
<td>109,000</td>
</tr>
<tr>
<td>Persons per Road Mile (overall)</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>Vehicle Miles Traveled (2012)</td>
<td>95 Billion</td>
<td>31 Billion</td>
</tr>
</tbody>
</table>
The Kansas Local Road System:
130,000 miles of local roads & 20,500 bridges

Approximately 109,000 miles and 19,000 bridges are under county jurisdiction.

Population per Mile of County Road

Source: 2012 County Engineers' Report
Population Change 2001 - 2010

County Population Decreased Between 2001 and 2010

Sources of Funding for County Roads and Bridges

Source: 2012 County Engineers' Report
Annual Dollars Spent by Counties per Mile of County Road

<table>
<thead>
<tr>
<th>Range</th>
<th>Counties</th>
<th>Dollars Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5,000</td>
<td>37</td>
<td>$2,073</td>
</tr>
<tr>
<td>5,001 – 10,000</td>
<td>27</td>
<td>$2,532</td>
</tr>
<tr>
<td>10,001 – 25,000</td>
<td>18</td>
<td>$2,978</td>
</tr>
<tr>
<td>25,001 – 50,000</td>
<td>13</td>
<td>$4,016</td>
</tr>
<tr>
<td>&gt;50,000</td>
<td>10</td>
<td>$10,299</td>
</tr>
</tbody>
</table>

Source: 2012 County Engineers’ Report

Local Road Conditions

- 29% of Kansas local roads have pavement in poor condition
- 46% of local roads considered in mediocre/fair condition

-TRIP Report, January 2015
Local Road & Bridge Needs

• Survey of County Engineers & Road Supervisors in 2009.

• 3 ½ to 4 times current dollars needed to maintain system at acceptable level.

• If no additional dollars, then need to allow more flexibility to use current dollars in a way that best benefits the county.

Bridge Needs

• 4,400 Bridges rated as Structurally Deficient or Functionally Obsolete.

• Estimate it will take over 100 years to replace all bridges that are deficient today.

• Replacement costs are increasing.

• More bridges become deficient every year.
More bridges become deficient all the time

Local Concerns with Traditional Federal-Aid Program

- Need easier access to the dollars.
- Projects too expensive
- Need flexibility in how the funds can be used
  - Maintenance work
  - Work done by county forces
- Need greater local control over standards, project oversight, etc.
- Fewer “Bureaucratic” strings
Kansas Solution:

Federal Fund Exchange Program

What is the Federal Fund Exchange?

This is a voluntary program in which a Local Public Agency can trade its federal obligation authority with KDOT or another local agency in exchange for state (or local) funds. State funds are paid on a reimbursement basis as the LPA incurs costs.
What Are the Benefits of the Fund Exchange?

Eliminates costly and time-consuming requirements of federal-aid projects.

- Reduced environmental documentation
- Plans development to meet local needs
- Inspection to meet local needs
- Avoid many restrictive federal provisions
  - Buy America
  - Davis-Bacon
  - DBE

What Are the Benefits of the Fund Exchange?

More flexibility in selection of projects

- Projects can be on non-federal aid routes
- Bridges don’t have to meet eligibility requirements
- Much wider range of scopes allowed
## What Kind of Projects Are Acceptable?

- Any transportation-related activity:
  - Road or bridge construction, reconstruction, rehabilitation
  - Road or bridge maintenance (gravel, asphalt overlay, chip/seal, pvt. or deck patching, bridge removal.)
  - Safety improvement (signing, pvt. marking, roadside obstacles, intersection, etc.)
  - Bike/Pedestrian, Transit.

## Allowable Use of State Funds

- All phases of project are eligible.

- LPA determines procedures, criteria and standards.
  - *Must meet applicable laws, regulations, accepted engineering practices.*

- LPA may “bank” funds for up to 3 years.
Current Fed.-Aid Process

Federal funds are made available to KDOT through FHWA.

KDOT shares a portion of federal funds with cities and counties.

LPA develops project. KDOT lets/administers project with federal/local funds.

How the Fund Exchange Works

Federal funds are made available to KDOT through FHWA.

KDOT shares a portion of federal funds with cities and counties.

KDOT agrees to provide LPA $0.90 state funds per $1.00 fed.

LPA requests KDOT exchange funds.
How the Fund Exchange Works

KDOT reimburses LPA up to maximum amount of total exchange.

KDOT

City/County

LPA submits request for reimbursement to KDOT along with appropriate documentation of expenditure.

LPA lets/administers project(s) themselves and pays contractor/suppliers.

Implementation

• Fall 2010 – Federal Fiscal Year 2011.
• All counties
• Cities over 5,000 not in metro area.
• Implementation Issues
  – Federal funding uncertainty.
  – Current fund balances – counties.
  – Fund distribution to cities.
  – Ongoing project commitments.
Sources of Pushback on Program

• Engineering Consultants
• Contractors
• Internal KDOT

<table>
<thead>
<tr>
<th></th>
<th>FFY10 Fed Aid</th>
<th>FFY11 Fund Exchange</th>
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</thead>
<tbody>
<tr>
<td>Counties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$25.1 million</td>
<td>$24.8 million</td>
</tr>
<tr>
<td>Miles of Road</td>
<td>15.4</td>
<td>195.2</td>
</tr>
<tr>
<td>No. of Bridges</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Dollars Banked</td>
<td>$0</td>
<td>$15.3 million</td>
</tr>
<tr>
<td>Cities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$0.2 million</td>
<td>$9.6 million</td>
</tr>
<tr>
<td>Blocks of Street</td>
<td>0</td>
<td>91.5</td>
</tr>
<tr>
<td>No. of Bridges</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Dollars Banked</td>
<td>$0</td>
<td>$7.0 million</td>
</tr>
</tbody>
</table>
**FFY2011 Results - Counties**

Federal Dollars Available: $24.8 million

**PROPOSED WORK**

- Road Improvement: 195 miles
- Overlay: 27 miles
- Seal: 125 miles
- Gravel: 31 miles
- Subgrade Modification: 6 miles
- Patching: 15 miles
- Bridges: 15 (Includes 5 using FFE to pay local share of FA off-system bridge project)
- Bridge Inspection: 3
- Other Drainage Structure: 1
- Sign Upgrade: 2
- Dollars “Banked”: $15.3 million

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**FFE Status - Counties**

As of 01/23/14

Total Distribution FFY 2011 – 14: $90,486,869

- Reimbursements: $32,570,684
- KDOT-Let Projects: $26,933,854
- Funds Encumbered: $20,623,631

Total Expended or Encumbered: $80,128,169

Balance of Unexpended Funds (11%): $10,358,700
Federal Fund Exchange

Elk County

County Road
Aggregate Surface
Installed by County Forces

Work not eligible for federal funding.

Federal Fund Exchange

Chase County

Patching
Chip and Seal

“Maintenance” type improvement – not eligible for federal aid.
Federal Fund Exchange

Doniphan County

Asphalt Overlay

Formerly federal-aid project.

County had greater control over schedule and how project was constructed.

Federal Fund Exchange

Jewell County

Bridge Replacement

Bridge constructed by county forces.

Type of bridge not typically allowed on federal-aid projects
Federal Fund Exchange

City of Paola
Residential Street
Asphalt Overlay

Street not eligible for federal funding.

Federal Fund Exchange

City of Newton
Arterial Street
Reconstruction

City used FFE to supplement local funding on the project.
City of Chanute
Intersection Reconstruction
Signals, Lighting

City had greater control over schedule and how project was constructed.

City combined FFE funds with other sources to construct much larger project with special features that would not have been eligible for federal aid.

Federal Fund Exchange

More Information

http://www.ksdot.org/burLocalProj/default.asp
Questions?