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| 11 | 12:00 | 2015 Priority Work Groups | Group Leaders | Updates |
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## 2015-2017 Priority Work Group Reports

### Agenda Item 2. 2015-2017 Priority Work Group Reports

2. 1. Where can we best put federal dollars? John H (Lead)– Ross, Shawn, Adriann

2. 1. 1. (Comment from 5/7/2015) Having trouble getting information from others. We are looking for ways to minimize the number of projects with federal dollar participation. Is there a way to pool federal funds for exchange? Any way to provide an incentive? Pat will set up a conference call for the group members

2. 1. 2. (Comment from 7/23/2015) We had a conference call meeting in June. We will get together again. This is really a regional issue. It is very hard to get the local agencies engaged. There is an RTPA report out on this already.

2. 1. 3. (Comment from 9/23/2015) We have not had time to follow up with regional contacts on implementation. There is nothing we can do at a statewide level. Regions have to take the lead on this. We cannot trade federal funds on a statewide basis, from one region to another. Federal guidelines restrict the application of federal funds. The federal funds are set for specific things, and for specific projects only, and we cannot make those federal funds more general, available statewide, with less restrictions, in their application. We will get the regions more involved, to wrap this up.

2. 1. 4. (Comment from 11-12- 2015) Progress has lagged. Pat will reach out to the regional partners on this. Regions are so different that things that would work in one region would not necessarily work for others. Pat hopes to summarize the information and send it out prior to the January meeting.

### Transportation Co-op Committee

#### 2015 Priority Goal No. 1

#### Where can we best put our federal dollars?

### WHERE CAN WE BEST PUT OUR FEDERAL DOLLARS?

This is something that this Committee has talked about off-and-on for many, many years. Each of us will answer the question differently.

According to the notes from the January 2015 Planning meeting, the following are the thoughts/ideas:

- Develop a pilot program to broker these funds i.e. those that have the capability to purchase federal funds from others (probably at some discount) who wanted to save the time and expense of using federal funds.
  - ✓ Not quite sure how we would get started on such a pilot program. We would need some “seed” federal dollars.
  - ✓ Probably some restrictions on the use of the federal funds that would be bought by one Region from another Region.
- Focus federal money to make most efficient use – as I always heard it stated, concentrate the federal funding on the fewest projects possible.
  - ✓ It seems that a lot of programs wanting to spread the money around, give out less than the maximum amount of federal funds to each project and there doesn't seem to be a way to consolidate the local funds to maximize the use of federal funds.
  - ✓ How can we require that the local match funds on Statewide programs are to be provided to the State for consolidation purposes in exchange for more federal funds or Toll Credits?

### CONCLUSION

- 1) There is no simple, global, magic solution to a complex problem. The problem is complex due to the specific/special funding allocations in the State. Pointing to the State (Caltrans) and telling them that the answer is very simple – just exchange all of the federal funds for clean State funding before allocation ignores the fact that State gas tax revenues have declined and will continue to decline with the low price of oil/gasoline.

- 2) It might be possible to include this exchange as part of a State-wide increase in transportation funding, if the increase was of sufficient size.
  - a) Not all of Caltrans work (such as routine maintenance work) is eligible for federal funding.
- 3) Developing a Statewide plan for reducing the federal footprint of transportation projects can be achieved on Programs managed at the State level, such as the Local Highway Bridge Program and the Local Safety Program. A Statewide Plan cannot be developed for Programs managed by the Regions because each Region operates differently and there is not a desire to give up local control.
  - a) For Statewide Programs, Caltrans is concerned about dictating changes without a strong consensus from the Regions and local agencies. Thus, Caltrans will develop tools for the toolbox such as the Bridge Investment Credit Program but will not mandate its use. Caltrans will defer to others to make the mandates.
    - i) For changes to be mandated on Statewide Programs, the Regions and local agencies will have to demand the mandates.
  - b) For those Programs managed by the Regions, the changes must be initiated by the Regions and will not necessarily be uniform or even implemented by each Region because of the differing needs of each Region.
- 4) There is a desire to do something to lessen the footprint of federally-funded transportation projects, but the conclusion is that it will be up to the Statewide Program Managers/Committees and the Regions to determine what is best for their Program or Region.

#### IDEAS

- 1) Set a minimum \$ threshold to federally fund projects. At the State, Caltrans does this with the SHOPP Program. They federalize only those SHOPP projects over \$1mil (Construction Cap), or any Safety project over \$300k. Projects with CON CAP costs less than these minimums are funded with State-Only funds.
- 2) Maximize federal reimbursement percentages. As mentioned, any time project sponsors have more skin-in-the-game than the standard 88.53/11.47 ratio (which is typically viewed as a good thing), it has the unintended consequence of INCREASING the federal footprint by spreading the federal dollars over more projects, rather than fewer. Ultimately to reduce the federal footprint we'll have to push for more large \$\$\$ projects, fewer small \$\$\$ projects, and higher/maximized reimbursement rates.
- 3) For a certain threshold of project, say under \$2mil CON contract, we could federalize ONLY the CON/CE phase. Agencies would fund the PE and/or RW phases with "other" funds then, through either Tapered/Flexible Match or Toll Credits, would get their CON/CE Authorization at 100% fed reimbursement. We probably can't impose this on larger projects where we would be asking agencies to float large PE and/or RW efforts, but perhaps smaller efforts could be handled this way. A side benefit is that agencies would not have to follow federal contract law for the PE/RW phases.....just state contract law. Considering all the issues project sponsors are having with A&E Consultant Contracts, pulling some of these efforts out of the federal requirements seems like a worthwhile endeavor to at least investigate. This also keeps us out of PE>10 issues, or having to pull funds back from projects that go through multiple design/scope/concept iterations.
- 4) Establish a model similar to the Bridge Investment Credit Program (refer to this link [http://www.dot.ca.gov/hq/LocalPrograms/DLA\\_OB/2015/ob15-04.pdf](http://www.dot.ca.gov/hq/LocalPrograms/DLA_OB/2015/ob15-04.pdf) ) for other funding programs. It is a similar idea to the tapered match – perform certain work using local funds earning credit for the match on larger projects thereby consolidating the federal funds to few projects.
- 5) Promote the exchange of (or, sale of) federal funds for local funds to encourage the consolidation of federal funds on fewer projects
- 6) Use of Toll Credits to also promote the consolidation of federal funds
- 7) Require that match funds be available to others for use on projects to be non-federalized

#### FACTS

- Federally funded projects are typically process intensive, and therefore resource intensive. This makes delivery difficult for smaller agencies that don't have either the resources or the technical knowledge to navigate the federal process.
- There are some 450 municipalities and 58 counties in the state competing for federal funds. The Caltrans Division of Local Assistance burden to administer federalized projects for all those jurisdictions with varying degrees of resources and competence within those jurisdictions managing the projects is obviously overwhelming.

#### POSSIBLE SOLUTIONS

- A. Caltrans accepts all of the available federal transportation funding, and exchanges that money with STIP, Bridge Toll, or whatever source of state funding, funneling state money back through the MPO's to distribute to the CMA's or local jurisdictions as the case may be. In this scenario, the same match could be applied to the state money to extend the funding, or not.
  - In this scenario, the "swap" occurs at the grant source. i.e. – when a call for projects is prepared for \$100 million worth of CMAQ funding for bike and ped improvements, for example, that money is purchased by Caltrans at that time, and the grant is then funded with state money.
  - Once the grant funding is replaced with state money, the money is allocated to the various MPO's using similar formulas, and projects compete as they would if it were federal funding.
- B. Second to Option A, would be very large jurisdictions combine to buy federal funding. For example LA County, Sacramento County, Santa Clara County and Caltrans would be established as exclusive agencies that are willing and capable of delivering federal projects efficiently, AND have available capital to purchase federal money. Similar to Option A, at the grant source (when a call for projects is being established), these jurisdictions buy the federal money at an exchange of 90 cents on the dollar, and the grant funding is replaced with various sources of local money.
  - As an incentive to these jurisdictions, in addition to the 10% gain, would be that Caltrans issues toll credits to these jurisdictions to pay any required match associated with the federal funding.
  - Once the grant funding is replaced with state money, the money is allocated to the various MPO's using similar formulas, and projects compete as they would if it were federal funding.
  - Obviously, these designated jurisdictions could also compete for the various grants just as they normally would.
- C. Purchasing federal funding at the CMA or local level. Where within a county one jurisdiction has a federalized project and is need of additional funding, that jurisdiction could take federal funding from another jurisdiction that is not able to use their federal funding allocation. Similar to Option B, this is done for 90 cents on the dollar
  - May not be a preferred option primarily because it is done after the fact and there is too much uncertainty. Also, it is dependent upon a local agency having adequate local funding capital to buy the federal dollars.
  - One way to mitigate the local capital issue would be for Caltrans to issue toll credits to the agency taking the federal money to be used as match.
  - This Option is worth discussing only because it was actually done, and demonstrates that something similar to what this committee is pursuing is very possible if folks are willing to move out of the box.
- D. If we were to be successful pushing back the bureaucratic tide, and actually develop an approved a way to "clean" federal money for the majority of California jurisdictions, we still would identify those jurisdictions in the state, with proven track records of delivering federally funded projects, to be eligible to compete to deliver federal grant projects.

#### PROS:

- Gives smaller jurisdictions a better opportunity to deliver much needed transportation projects with their limited resources.
- Relieves the burden on Caltrans Division of Local Assistance. This point cannot be overstated enough. Think about the workload for local assistance dealing with the same 5 to 10 well trained and well equipped jurisdictions on federal projects, versus 200.
- By placing the federal money in the hands of those agencies that are well equipped to deliver federalized projects, the delivery rate on federal projects improves. Process becomes more easily standardized, less cumbersome, and easier to control/administer. Makes locals, Caltrans, MPO's, CMA's and FHWA happy.

#### CONS:

- None are obvious other than the fact that Caltrans and FHWA need to look at funding from a "new" (Ahhhhhhh!!!) perspective.

#### Next steps for 11.1

2. 1. 5. (Comment from 01-28-2016) We need to keep focused on this issue;
2. 1. 6. Ray will continue the conversation in HQ to market the ideas for the paper, "[WHERE CAN WE BEST PUT OUR FEDERAL DOLLARS? \(see upshot # \)](#)"
2. 1. 7. (Comment from 03-03-2016) No report today.
2. 1. 8. (Comment from 07-21-2016) No report today.
2. 1. 9. (comment from 9/22/2016) I am proposing to use the OBAG2 grant as a case study for how federal dollars can be purchased by larger agencies with federal projects from smaller agencies, providing the smaller agencies with "clean" non-federalized funding. This is being set up currently at the CMA level with the Solano Transportation

Authority. I will discuss this with Adriann and the rest of the committee. I would like to report to TCC on the outcome of this and how it worked.

2. 1. 10. (comment from 11/03/2016) We are waiting for the pilot to be developed. We will get back together to see if we have any other examples. John will be the lead, and the group will report back in January.

2. 1. 11. (comment from 1/26/2017) We will try to pilot this. We have a meeting on February 10<sup>th</sup>. We will be discussing what we should do next. L

2. 1. 12. (comment from 3/09/2017) We met in early February. We are continuing and will report at the next meeting.

2. 2. Tiered Certification system Winton (Lead) - Adriann, Mike S, Ross, Sylvia F, Ian H. .

2. 2. 1. (Comment from March 2015) Working on what the minimum qualifications would be. Not working on the tiered aspect now. Jean will be sending information out on certification programs in other states to the work group lead.

2. 2. 2. (Comment from 5/7/2015) We had a conference call a week ago. Team decided the goal is establish MQ's for all local agencies to be able to qualify to administer federally funded projects; develop a draft set of the MQ's and present to this group by the end of the year – last meeting for 2015; November meeting. We also want to present this to the League/CEAC meeting in March 2016. We are focusing on local public agencies, vs. NGO's. We are meeting monthly – next meeting will be June 2; then following the July TCC meeting. We will be researching various states for best practices.

2. 2. 3. (Comment from 7/23/2015) We have met a few times. We are combining parallel efforts. We looked at five different states' processes. Based on those, we are tabulating the information that will be applicable to California. We will be putting something on the table by November, for presentation to the TCC.

2. 2. 4. (Comment from 9/23/2015) We had a brief discussion and put together a matrix of new MQ's for agencies to enter into the federal aid process. This is intended to ensure they have the proper financial reporting system in place, and verify they have the ability to actually deliver the projects. Also this is intended to enable them to administer the process more efficiently. The next step would be to certify or tier more experienced agencies – They would be at a higher level of certification with more privileges associated with that level; agencies at lower levels of certifications would require more oversight. Agencies that do not meet the MQ's would have items identified for them which would need to be in place for them to administer federal funds. We would encourage them to partner with agencies that are more experienced.

2. 2. 5. (Comment from 11-12- 2015) We are looking at Fiscal, Staffing and Delivery as three domains. We have taken examples from other states. If you have any comments on the matrix send them to provide Winton comments.

2. 2. 6. (Comment from 01-28-2016) We have a matrix of minimum qualifications. Three areas: Staffing, fiscal and delivery. With new agencies entering into the system, we need to be able to help them through. For agencies struggling, we need to help them get back on track. By spending more time at the front end to help agencies move forward, we can spend less time on the back end. This needs to be marketed properly- "This is your path to success."

#### Next steps for 11.2

2. 2. 7. Review the material distributed by Winton. Can you make any suggestions to streamline or improve it?

2. 2. 8. We will continue to refine the definitions. How do we define deficiencies? How do we work with existing agencies who are already in the federal aid process? How do we implement this?

2. 2. 9. (Comment from 03-03-2016) We are awaiting comments from the group and will reconvene to see what the next steps are.

2. 2. 10. (Comment from 07-21-2016) Review Handout (Draft application & interview questions) and provide comments / input to Winton prior to 9/22 meeting

2. 2. 11. (comment from 9/22/2016) MQ Matrix was produced. We borrowed from other states – Arizona, Washington state. Initially there will be a provisional master agreement with the agency. We will have agencies do pilot projects, followed by compliance review. The result of this will ultimately allow agencies to receive certification allowing them to self-administer projects. (see handout, "Local Agency Certification to Administer Federal/State Transportation Projects.)

2. 2. 12. (comment from 9/22/2016) Next steps: Provide comments to Winton on the handout – We will get an update on Nov 3. (see upshot # 132)

2. 2. 13. (comment from 11/03/2016) We will be incorporating your comments between now and the January meeting.

2. 2. 14. (comment from 1/26/2017) We have received some comments – we have established a matrix, compared information from other states/ We are very close to culminating this effort – We have created a glossary, developed draft documents, sketched out steps for the application process to become self-certified. We will have a pilot process.

Documents and procedures will eventually be posted on the LA website before March 9<sup>th</sup> meeting. New agencies will be required to go through the process.

2. 2. 15. (comment from 3/09/2017) We will continue with our plan – We will try to hammer out a few more items for the procedure. We will be putting a web page out that will deal with the self-certification process/procedure. We have a final draft of this – we have about half of the procedure done.

2. 2. 16. (Comment from July 2017 ) No new progress – Presentation will be planned for August RTPA meeting.

~~2. 3. Unobtrusive project performance data collection methods Scott M (Lead) Mark, Mike P, Ross, Renee. (comment from 11/03/2016) This is closed today~~

2. 4. &E Procurement Oversight Mark (April, acting) – overall lead, Rick, Tom, Scott and Mike P

2. 4. 1. (Comment from March 2015) Hoping to schedule the kickoff in the next couple of weeks.

2. 4. 2. (Comment from 5/7/2015) We had a kickoff meeting – We identified four items: On call consultants, pre-qualification, oversight and training. We are collecting issues we need to resolve. We will have further discussions for clarity. For on-call, we are going to look at State of Missouri and Oregon to see what their best practices are. We will be contacting Iowa for pre-qualification information. For oversight, we will try to find agencies that have done well – For Training – we will be looking a guidance in the procedures manual. For our team, the next step is contacting the other states. We will meet in the next couple of weeks. We hope to have the meetings set up with the other states by the end of May.

2. 4. 3. (Comment from 5/7/2015) Suggestion – may need to go with a regional approach.

2. 4. 4. (Comment from 5/7/2015) Avoid scope creep, stay focused.

2. 4. 5. (Comment from 7/23/2015) We have looked at Oregon and Iowa information. We will be following up with at least Oregon. We are moving on oversight and training aspects. We have 5 more A&E contract training sessions. There will be a need for legislative action to support this strategy and give Caltrans the authority to do this.

2. 4. 6. (Comment from 9/23/2015) We have looked at best practices. We will be meeting today to determine our next step. We are following two strategies – on-call contracts and pre-qualification of consultants. We have a meeting with CT Legal to discuss our approach with them.

2. 4. 7. (Comment from 11-12- 2015) We have legal advice on what we can actually do. We do not have a plan at this time, but we hope to have something to report on before the January meeting. On the training side, we delivered 5 trainings. There is one more training set for January.

2. 4. 8. (Comment from 01-28-2016) On call consultant contracts with taxk orders would require legislation

2. 4. 9. (Comment from 01-28-2016) Pre-qualified A&E contractor list would be easier to implement than the procurement model, with on-call contractors.

2. 4. 10. (Comment from 01-28-2016) Caltrans proposed a Budget Change Request to conduct a robust, proactive oversight of local agency consultant procurement process. To do this they would establish a Consultant Contract Oversight Unit, similar to Construction Oversight Engineer role. They would Identify and advise on deficiencies before they become penalties/sanctions; LGA corrects and recovers. They would perform up to 150 contract procurement reviews annually. Reviews would be conducted for Pre-advertisement, Pre-selection and Pre-execution phases

#### Next steps for 12.4

2. 4. 11. Survey agencies to see if there is a lot of interest in pursuing the Oregon model. (On-call contracts) Find out who will support it and who would want to use the service if we move forward with it.

2. 4. 12. Survey the RTPA's and the MPO's to see who does pre-qualification list procurement.

2. 4. 13. Table the prequalification list option, for small contracts.

2. 4. 14. (Comment from 03-03-2016) We will develop the survey and get it out before the next meeting.

2. 4. 15. (Comment from 07-21-2016) Survey was sent out and completed...now compiling results

2. 4. 16. (comment from 9/22/2016) Porposal – option 1 Caltrans manages on call A&E consultant contracts. Option 2: Caltrans maintains a list of pre-qualified consultants for local agencies. This would require legislation. Roughly one out of four responses said they would receive benefits from on-call consultant process. Smaller agencies in rural areas would be most likely to benefit. "Pre-Qualified consultant list" has much more broad appeal, with a fifty-fifty split. The majority of agencies would prefer prequalified list over an on-call list. These statistics do not weigh agencies in terms of their size – The intention was to have one response per agency, but we are unsure this was actually the case. Detailed results are available on the website for Local Assistance. We will be meeting again to discuss the next steps. The survey was conducted in April and May of this year, and there were 370 responses.

2. 4. 17. (comment from 11/03/2016) Prequalified list would be useful to more agencies than an on-call contract process. We will discuss this in January to see what the next steps are. This is a bigger issue than just A&E procurement.

2. 4. 18. (comment from 1/26/2017) Smaller agencies are struggling with the whole process of getting federal aid projects through the process. .
2. 4. 19. (comment from 3/09/2017) We have not had a chance to meet in the last 6 weeks- we have a meeting set for later this month.
2. 4. 20. (comment from July 2017) Will meet next week. Have held two meetings since March.