CITY OF COFFEYVILLE
BOARD OF COMMISSIONERS AGENDA ITEM

MEETING DATE	October 27, 2015	
RESOLUTION OR ORDINANCE NUMBER	R-15-129	
AGENDA TITLE	**A Resolution authorizing execution of a Request to Exchange Federal Funds and a Fund Exchange Agreement between the Kansas Department of Transportation and the City of Coffeyville, Kansas.**	
REQUESTING DEPARTMENT	Public Works/Engineering	
PRESENTER	Chuck Shively, Director of Public Works	
FISCAL INFORMATION	Cost as recommended:	N/A
	Budget Line Item:	520-4-220-168
	Balance Available	N/A
	New Appropriation:	[ ] Yes [X] No
PURPOSE	To authorize the Federal Fund Exchange Grant from the Kansas Department of Transportation (KDOT) and to exchange the “Federal Funds” for “State Funds” at the “Exchange Rate” as defined in the KDOT Federal Fund Exchange Program Guidelines.	
BACKGROUND	Beginning in 2011 KDOT implemented a new program called the Federal Fund Exchange program (FFE). The FFE replaced the Surface Transportation Program (STP) and Bridge grant programs. The STP and Bridge grants were funded by federal grants and were highly sought after. Typically a city could expect an STP or Bridge grant once every 10 years. The FFE program is designed to take those federal funds from the STP & Bridge programs, and divide them among the eligible entities <u>every</u> year based on population.	

BACKGROUND (CONTINUED)	So, a city now receives a smaller amount every year, rather than compete for a large project approximately once every 10 years. Since the program uses Federal Funds, all projects paid with the funds must meet all federal requirements, such as Davis-Bacon Wage rates, federal design standards, federal labor standards requirements, federal environmental review requirements, etc., all of which add significantly to the cost of the projects. But, through the FFE, KDOT will offer to exchange the Federal Funds, at 90 cents on the dollar, for State Funds, which do not have the federal strings attached. Then the City can spend the state funds on almost any transportation project we choose, and KDOT will use the federal funds on one of their large federal projects that already have the federal strings attached.
SPECIAL NOTES	Through a negotiated agreement with KDOT, the City of Coffeyville used our first three years of FFE money (2011, 2012, and 2013) to pay our share of the Cline Road STP Grant project, which was completed last year. We used our 2014 FFE grant to reimburse the City for a portion of our expenses for the 2014 KLINK project.
ANALYSIS	Attached to this staff report are the 2015 City of Coffeyville Request to Exchange Federal Funds form and the Federal Fund Exchange Program Guidelines from KDOT. The amount of federal funds allotted to Coffeyville this year is $119,841.26. If we accept the exchange for state funds, our share would be $107,857.13. The commonly accepted estimate is that federal requirements can easily add more than 20% to the cost of small projects, depending upon the size of the project. For a smaller project the percentage added by federal requirements is a higher percentage of the overall cost than for a larger project.

ANALYSIS (CONTINUED)	The commonly accepted rule of thumb is that it would take a project greater than $1 million dollars to break even with the 10% FFE exchange rate. In addition, the use of federal funds is restricted to projects eligible as Federal-Aid Projects, so only specific approved projects would be eligible, and they would have to be tracked closely for compliance with all of the federal guidelines. But, if we exchange those funds for state funds, they can be used to reimburse the City for almost any street construction, repair, or maintenance project, as explained in the Federal Fund Exchange Program Guidelines. If this proposed Resolution is approved, staff will submit the executed Request to Exchange Federal Funds to KDOT, then KDOT will send the Fund Exchange Agreement for the Mayor's execution. This proposed Resolution authorizes execution of both documents.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Authorize the Mayor and the City Clerk to execute the Request to Exchange Federal Funds and the Fund Exchange Agreement with the Kansas Department of Transportation.
REFERENCE DOCUMENTS ATTACHED	• Resolution R-15-129 • Kansas Department of Transportation Bureau of Local Projects Request to Exchange Federal Funds. • Kansas Department of Transportation Federal Fund Exchange Program Guidelines

RESOLUTION NO. R-15-129

A RESOLUTION TO AUTHORIZE THE EXECUTION OF A REQUEST TO EXCHANGE FEDERAL FUNDS AND A FUND EXCHANGE AGREEMENT BETWEEN THE KANSAS DEPARTMENT OF TRANSPORTATION AND THE CITY OF COFFEYVILLE, KANSAS, TO AUTHORIZE EXCHANGE OF "FEDERAL FUNDS" FOR "STATE FUNDS" AT THE "EXCHANGE RATE" AS DEFINED IN THE DOCUMENTS AND THE KANSAS DEPARTMENT OF TRANSPORTATION FEDERAL FUND EXCHANGE PROGRAM GUIDELINES.

BE IT RESOLVED by the Board of Commissioners of the City of Coffeyville, Kansas that the Mayor and City Clerk be and are hereby authorized and directed to execute a Request to Exchange Federal Funds and a Fund Exchange Agreement between the Kansas Department of Transportation and the City of Coffeyville, Kansas, to authorize exchange of "Federal Funds" for "State Funds" at the "Exchange Rate" as defined in the documents and the Kansas Department of Transportation Federal Fund Exchange Program Guidelines.

ADOPTED THIS 27TH DAY OF OCTOBER 2015.

_____
Christopher V. Williams, Mayor

ATTEST:

_____
Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____
Paul Kritz, City Attorney

Kansas
Department of Transportation
Bureau of Local Projects

KANSAS DEPARTMENT OF TRANSPORTATION
BUREAU OF LOCAL PROJECTS
REQUEST TO EXCHANGE FEDERAL FUNDS

County/City: Coffeyville

Federal Funds to Be Exchanged: $119,841.26

The Secretary of Transportation is hereby requested to make available to the city/county state funds in exchange for the city's/county's allotment of federal funds in the amount stated above.

We understand that the amount of state funds provided by the Secretary will be calculated at an exchange rate of $0.90 of state funds per dollar of federal funds. We further understand that the state funds must be used for transportation project(s) in accordance with the program guidelines and will be paid on a reimbursement basis as the city/county incurs costs on the project(s).

Contact Person: Chuck Shively Title: Director of Public Works

Address: P. O. Box 1629, Coffeyville, KS 67337

Phone: 620-252-6007 Email: cshively@coffeyville.com

_____
Signature*

Christopher V. Williams
Typed or Printed Name

Mayor
Title

10/27/2015
Date

****The representative signing this request must be authorized by law to bind the city/county to an agreement.***

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FEDERAL FUND EXCHANGE PROGRAM GUIDELINES

Program Description

The federal fund exchange program is a voluntary program that allows a local public agency (LPA) to trade all or a portion of its federal fund allocations in a specific federal fiscal year with the Kansas Department of Transportation (KDOT) in exchange for state transportation dollars or with another LPA in exchange for their local funds.

Eligible Participants

Only LPAs that are eligible to receive a federal funding allocation may participate in the federal fund exchange program. Eligible LPAs include all counties in the state and cities with population greater than 5,000 that are not located in a Transportation Management Area (TMA). Currently the only TMAs in Kansas are the Mid America Regional Council (MARC – Kansas City Region) and the Wichita Area Metropolitan Planning Organization (WAMPO).

Participation in the program is optional. An eligible LPA may choose to exchange its federal funds or it may use the funds to develop a federal-aid project following the established procedures.

Federal Fund Distribution

A portion of the federal-aid transportation dollars that are made available to the State of Kansas are shared with LPAs. The majority of this "pass-through" of federal funds is comprised of two programs: the Surface Transportation Program (STP) and the Highway Bridge Program (BR). The funds under each of these categories are distributed to cities and counties based on federal law, state statute, or the policy of KDOT. Following is a brief summary of the methods of distribution of the federal funds.

Counties

STP funds are allocated to each of the counties in the state in accordance with KSA 68-402(b), which provides for the distribution to be in the same proportion as the Special City and County Highway Fund and the County Equalization and Adjustment Fund.

BR funds are allocated to the counties according to each county's proportional share of deficient bridges, based on square footage of bridge deck, relative to the total deficient bridges in all counties of the state.

Small Urban (Cities not in a TMA with population greater than 5,000)

Federal funds in both the STP and BR categories that are made available for the small urban cities are distributed to each city in proportion to its population relative to the total population of all eligible cities.

Local Bridge Program

Federal law and regulations that govern the Highway Bridge Program require that not less than 15 percent of a state's apportionment of BR funds be used for replacement or rehabilitation of eligible bridges located on roads that are not on the federal-aid system. To comply with this requirement, KDOT has established a Local Bridge Program. The federal funds for this program are set aside prior to distribution of the remainder to eligible LPAs.

Exchange Rate

The exchange rate for the program is $0.90 of state funds for every $1.00 of local federal obligation authority exchanged.

Available Funds

In general, KDOT will determine the amount of state funds available for exchange annually at the time the federal funding is confirmed for a federal fiscal year. KDOT may conduct more frequent reviews of available funding when necessary as a result of funding or budgetary considerations.

Allowable Uses of State Funds

The LPA is required to use the state funds for specific types of road or bridge improvement projects. This program allows a wider variety of projects and ranges of scope than the federal-aid program would permit. Acceptable project scopes include, but are not limited to the following:

- Roadway construction, reconstruction, or rehabilitation.
- Pavement preservation including overlay, mill/overlay, chip and seal, pavement patching, or crack sealing.
- Purchase of aggregate to be placed exclusively on a specific section(s) of public road by LPA forces.
- Safety improvements including signing, traffic signals, pavement marking, removal of roadside obstacles, installation or upgrade of guardrails, or installation of turn lanes.

- Installation of erosion protection measures in roadside ditches or around drainage structures.
- Construction or reconstruction of sidewalks, ADA ramps, or pedestrian signals.
- Replacement of deteriorated curb and gutter.

- Storm sewer repairs to restore or enhance positive drainage.
- Bridge construction or replacement.
- Bridge rehabilitation or repair.
- Bridge painting.
- Bridge removal.
- Construction of low-water crossings.

The state funds may be used for all phases of a project. These include, but are not limited to: 1) preliminary engineering; 2) right-of-way acquisition; 3) utility relocations; 4) construction; and 5) construction inspection.

When work is performed by the LPA's forces, the cost of labor, equipment, material and supplies are eligible for reimbursement. No reimbursement shall be made for costs of mobilization, depreciation, profit or overhead. The LPA will be required to provide detailed work records documenting the actual costs incurred for labor and equipment provided by the LPA. Reimbursable equipment rates used by the LPA shall not exceed the KDOT equipment rates compiled periodically by KDOT's Bureau of Construction and Maintenance unless approved prior to construction.

The LPA may develop the project following its own procedures, criteria, and standards. All work performed shall be consistent with the Kansas Statutes, applicable regulations, and normal engineering practices for the work being done. Any work performed on the state highway or city connecting link will require coordination with the local KDOT Area Office.

Funds may be "stockpiled" for up to 3 years in order to accumulate sufficient dollars for a project. An LPA stockpiling funds in this manner will be required to have project(s) to use the stockpiled funds underway in order to exchange a fourth year of funding unless approval is obtained from KDOT based on special considerations.

Application

An LPA that wishes to exchange its federal funds will submit to the KDOT Bureau of Local Projects a "Request to Exchange Federal Funds" outlining the amount of federal funds the LPA wants to exchange, and providing the contact information for the person designated to be the main contact for the LPA. The application should also include brief descriptions and estimated costs of projects the LPA proposes for using the state funds. Attachment #1 is a sample "Request to Exchange Federal Funds" and Project List form.

Fund Exchange Agreement

Upon approval, KDOT and the LPA will enter into an agreement for the exchange of funds. This agreement will outline the amount of federal obligation authority to be transferred to KDOT, the amount of state funds to be provided to the LPA, the method of payment of the state funds to the LPA, any limitations that may apply to the use of these funds, and the specific responsibilities of each party. Attachment #2 is a sample federal fund exchange agreement.

Payment of State Funds

State fund exchange dollars will be paid to the LPA on a reimbursement basis up to the maximum amount specified in the agreement. The LPA will need to submit to KDOT a request for reimbursement (see Attachment #3) that includes appropriate documentation for the expense. A request for reimbursement may be submitted at the completion of the project, or progress payments may be made during the development and construction of the project and as the LPA expends dollars. Expenses for any project that are incurred after the maximum dollar amount specified in the agreement is reached will be the responsibility of the LPA.

Final Review

Upon completion of the project, the LPA will notify KDOT Bureau of Local Projects. KDOT staff may perform a final review of the project to confirm compliance with the terms of the agreement.

Questions

Any questions regarding the Federal Fund Exchange Program should be directed to the KDOT Bureau of Local Projects at (785)296-3861 or at KDOT's toll-free number, 1-877-550-5368. As an alternative you may email us at lpeplans@ksdot.org .