Panel – Selling vs. Buying Federal-aid Dollars: Why Do It!

Panel Members
Dennis Kolar, PE - Road Commission for Oakland County
Lance Malburg, PE - Dickinson County Road Commission
Jake Welch - Barry County Road Commission
Angela Kline, PE - Jackson County Department of Transportation

Moderator: Jason Latham - Berrien County Road Commission
RCOC: Your One Stop Shop for Selling Federal Aid

PRESENTED BY:
DENNIS KOLAR, PE
MANAGING DIRECTOR/FEDERAL AID BUYING AGENT
Fed $ purchased over four years: $10.6 M
Total MTF paid: $8 M

Purchased From:
2017 (0.75):
- Delta
- Dickinson
- Leelanau
- Menominee

2018 (0.75):
- Baraga
- Dickinson
- Mason
- Newaygo

2019 (0.75):
- Huron
- Leelanau
- Montcalm

2020 ($0.80):
- Baraga
- Delta
- Dickinson
- Emmet
- Iron
- Keweenaw
- Menominee
- Newaygo
- Ogemaw
- Ontonagon
POSITIVES AND NEGATIVES OF THE FEDERAL FUNDS EXCHANGE
SOME POSITIVES OF THE EXCHANGE

• Quicker turn around in design & bid process (not the 6-month MDOT process)
• Saves engineering time & money in design, construction, and project close out.
• No MDOT oversight, and all the red tape that comes with it.
• Can try new & innovative things.
• Cash in the bank.
• Can build to local standards (still should follow NFC guidance)
• Inspect & document to local standards.
• No lengthy close out procedures.
• Guaranteed money, no total loss of funds if the pot runs dry as in years past.
• If project comes in under budget, extra funds are the local agencies to use. Can extend the work or spend elsewhere in the NFC system. (money is not lost)
• Contractors have less red tape with locally let jobs, so bid prices should be lower.
• Ability to set bid date, reject or accept bids as the local agency sees fit.
• No MDOT strict low bid policy
• Can hold money and let it grow for bigger projects.
• County crew can do the work without penalty.
SOME NEGATIVES

• Only get a percentage of the dollars - currently we have gotten 75-80 cents per dollar (offset by reduction on costs)

• No MDOT design review (for some organizations, the MDOT review is their only design quality control)

• D Funds as match. Many of us use State D as match for STP. Currently D is not in the discussion. I would like to see the D sold also. If not, then MDOT oversight and all the rules if the project uses D. (There are ways to get around this.)

• Money comes when the buying agency gets their project obligated.

• If bids come in high, or project has extras, local agency picks up 100%. (Not 80-20 or whatever the split was, offset by local’s ability to reject all and rebid).
Barry County Road Commission

Federal Funds Exchange
History

- Barry County Road Commission Board approved exchanging funds....
  
  - 2017 – Jackson County Road Department
  - 2018 – Jackson County Road Department
  - 2019 – Calhoun County Road Department
Benefits...

- Flexibility of funds use
- Assisting with Township contribution match
- Design flexibility
- Paperwork reduction
- Project turn around time reduction
- Contract award flexibility
- No force account limits
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