



**County Road Association  
OF MICHIGAN**

# **Innovative Programs at County Road Agencies**

Michigan Aggregates Association  
Annual Conference  
February 2, 2022

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Denise Donohue, CAE, APR





# Innovation in wetland mitigation

## MiWB – Michigan Wetland Board

The idea came from JATC, similar to MDOT program.

- CRA staff attended national conference.
- Bill introduced, passed in 2016.
- \$2 M/year with \$5 M cap.
- Board created.
- Hired Wetland Program Manager.
- MDOT, EGLE participation.



**Michigan Wetland Board**  
for Local Transportation Agencies



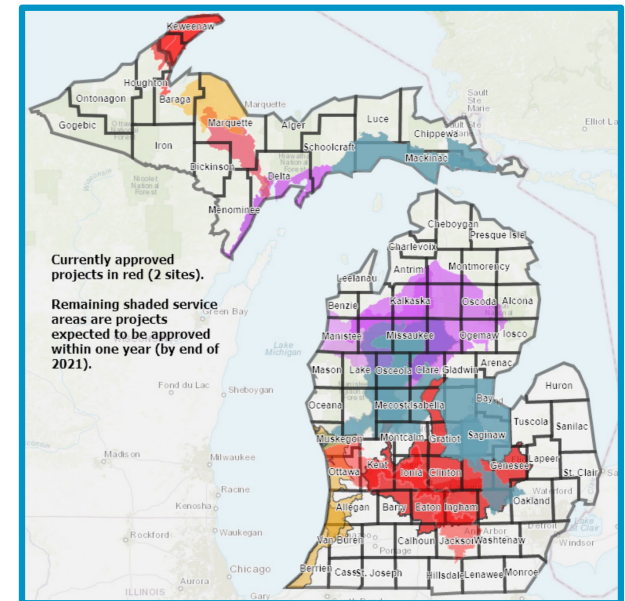


# Innovation in wetland mitigation



## Very time and \$ efficient for road agencies

- CRA District Councils  
MiWB Steering Boards.
- Credits exchanged with MMWA and MDOT.
- Local conservancy partners get endowments for future wetland needs.
- Bottom Line cost to road agency:
  - Private industry cost per acre: \$100,000+
  - MiWB cost per acre: \$0





# Innovation in wetland mitigation



Usage as of August 2021

- Shiawassee: **4 acres** of credits for **36 projects**
- Keweenaw: **1 acre** of credits for **19 projects**
- # acres bought from MWAA.

Program continues to receive ongoing **legislative support**.

# Bridge Bundling to resolve big local problem



## CRA partnered with MDOT on Bridge Bundling proposal.

- Mobilized 83 county bridge champions.
  - 2018 – evaluated all critical bridges in county, contributed to report to Governor.

## CRA has lobbied for additional funding

- Dedicated \$23 million HIP for pilot.
- CRA has lobbied for this 900M problem.





# MiWB + Bridge Bundling



Better together!

- **Bridge bundle #1:** 19 bridges,  
*15 required mitigation.*
- **MiWB** cleared all 15  
**in a matter of hours.**



# Local Agency Project Administration Tool



**New!** A project to replace Field Manager for local road agencies

- Modern, mobile, cloud-based project administration suite.
- Partnership with Michigan Tech.
- Support from MDOT and “off-the-top” budget \$.
- Utilize subscription-based maintenance funding for R&D.

The words "ROAD CONDUCTOR" are displayed in a large, bold, orange, sans-serif font with a thick black outline. The text is centered within a yellow, multi-pointed starburst shape. The background of the slide features a solid blue horizontal band at the top, followed by a dark gray textured band, and a white dashed line at the bottom, mimicking a road surface.

**ROAD  
CONDUCTOR**

# MDOT SHPO/ County Road Agencies



Collaborating to solve delays in local federal aid projects.



- Streamline SPHO clearance for archaeological and historic properties.
- Section 106 Agreement revision in process, exceptions.
- MDOT cultural resources to clear local projects for efficiency.
- Win-win-win for all.





**CRA received  
two STIC grants  
in 2021**

STIC Grant #1

# Local Road Research Program Peer Exchange



*The Local Roads Research Board Peer Exchange event October 2021.*

## Is this right for Michigan road agencies?

- A way to bring field trials of innovative materials, procedures into mainstream.
- Peer Exchange met October 13.
- Indiana, Iowa, Minnesota, Ohio.
- 32 CRA participants.
- CRA Board discussion.







STIC Grant #2

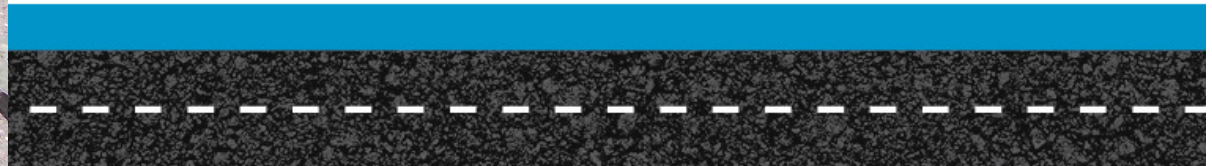
## Crisis fiscal recovery playbook



**Tools to assist in fiscal recovery after natural disaster on roads.**

- Interviews completed (Oct. 2021).
- Government round table (2022).
- Project complete Sept. 2022.

*\*CRA supports legislative bill for Crisis Fiscal Recovery Fund.*





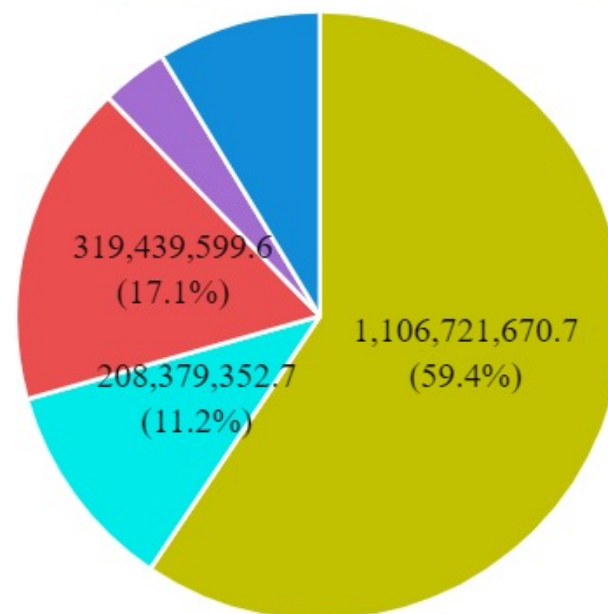


# County road agency funding



# Where do road funds come from?

Legend	Category	Value	Percent
	State Sources	\$1,106,721,670	59.4%
	Federal Sources	\$208,379,352	11.2%
	Contributions From Local Units	\$319,439,599	17.1%
	Other	\$66,092,121	3.5%
	Charges For Services	\$162,073,572	8.7%



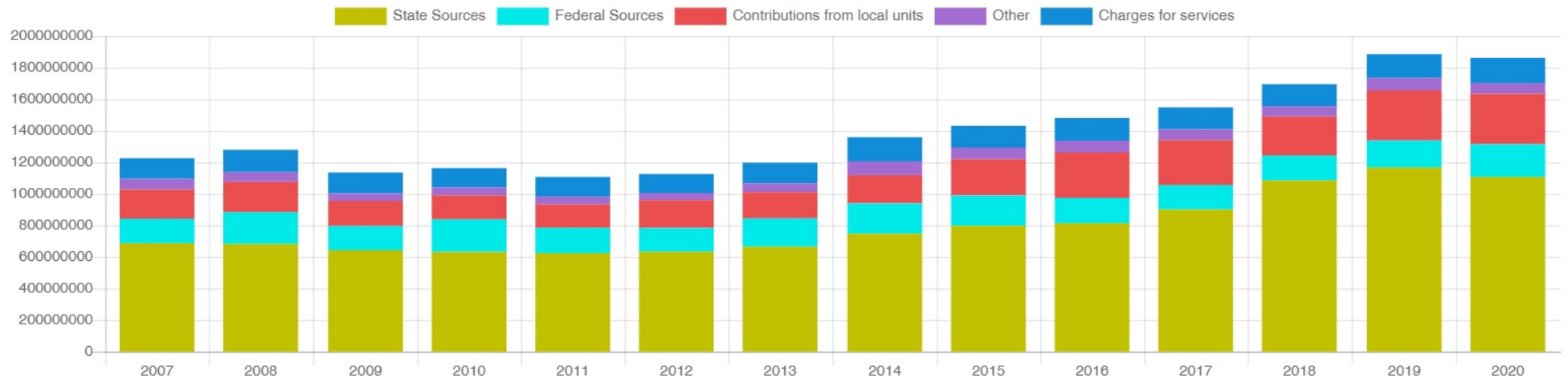
2020, TAMC



# All Revenue



Revenue Trends  
Statewide - County only, Revenue in Dollars



2020, TAMC





# Locally-Raised Revenue – A Growing Trend

- 30 counties have road millages.
- 580+ townships have millages.
- Customize to local needs.



# Federal fund exchange



## **CRA pushed Local Federal Fund Exchange in Michigan.**

- Other states were doing this to promote efficiency, notably Kansas.
- Michigan is county-to-county.
- Usually urban to rural.
- Documented MDOT reports: 20-25% efficiency.





# Federal fund exchange

## CRA seeks MDOT federal fund exchange

- 15 states running similar program.
- 4 states for over 20 years.
- Reduces MDOT federal aid risk.
- “...fund exchange at 100% is a good value for both the state DOT and the local agency.”

-APWA Reporter, July 2021



### Stretch your transportation dollars by exchanging your federal funds

John T. Davis, P.E., PSM, PWLF, Co-Chair of the Federal Transportation Subcommittee of the APWA Transportation Committee

For several years now, APWA's Transportation Committee, the National Association of County Engineers (NACE), and the Federal Highway Administration (FHWA) have been working together to streamline implementation of local agency federal-aid transportation projects. These efforts have resulted in FHWA's on-line "Federal-aid Essentials for Local Public Agencies" training videos (great tools, available at [www.fhwadot.gov/federal-essentials/](http://www.fhwadot.gov/federal-essentials/)), FHWA's "Locally Administered Federal Aid Projects: Stakeholder Permitting Program" (where FHWA Division Offices, state departments of transportation (DOTs), and local agencies within a state partner to work to streamline the federal aid project implementation process within their state), and APWA's and NACE's efforts with Congress to add streamlining capabilities to federal transportation legislation.

All of these efforts have worked to some extent. However, the federal aid process is still very complex to local agencies that only implement federal aid projects on occasion (once or twice every few years) versus the small local agencies that rarely implement federal aid projects. The federal aid process is still a very high-risk area for FHWA, state DOTs, and local agencies.

Wouldn't it be GREAT if (as Tony the Tiger would say) if a local agency could use the federal funding, but only have to follow state and local requirements (the requirements they are used to following to implement the project)? Well, enter the "Federal Fund Exchange Swap" Program. Under this program, a state allows its DOT to exchange state funding for the local agency's federal funding (usually at a discounted rate, e.g., 80% state funding to \$1.00 federal funding). The local agency can then utilize state funding with requirements to follow only state and local laws and regulations. And, the state DOT that regularly follows federal requirements on most, if not all, of its projects every day can utilize the federal funding on other state projects which already have federal funding and requirements—a win-win situation!

Based on a survey by the FHWA Local Public Agency Office in 2019:

- Fifteen states had an established fund exchange program: Arizona, California, Colorado, Connecticut, Idaho, Indiana, Iowa, Kansas, Nebraska, New Jersey, Ohio, Oregon, South Dakota, Utah, and Wisconsin. Four of these states had first programs for more than 20 years: Utah, California, Maine, and Oregon.

Five additional states had expressed an interest in establishing a fund exchange program: Alabama, Illinois, Michigan, Minnesota, and Nevada.

The primary reason most often given for having a fund exchange program was to "improve delivery times/Reduce Cost."

Nine states conducted fund exchanges on a "project-by-project" basis, while six states performed exchanges on a "program" basis.

Exchange rates (state dollars to federal dollars) varied by state from 60% to 100%, with most states' rates being 75-90%. California and Iowa exchanged at 100%.

Anecdotal information indicates federally funded projects cost 20-30% more than non-federally funded projects. So, at first glance, it appears an exchange rate reduction of 20-30% might be appropriate. (A GAO Report [16-113, January 2016] entitled "Federal Highway Administration Could Further Mitigate Locally Administered Project Risk," reported a locally funded sidewalk project was completed in 30% of the time and at 43% of the cost of a similar sized federally funded sidewalk project by the same local agency.) However, if a state DOT simply takes local agency project federal funding and places it on a state project which already has federal funds and is already "streamlined" by federal regulations, isn't this state DOT getting the same "bang for its buck" that it was before swapping for most federal funds on the project? Of course, there are some administrative costs to the state DOT for the fund exchange. But how valuable is the reduction in risk to the state DOT from the local agency not having to follow federal requirements? That reduction in risk is very valuable to the state DOT, since FHWA will hold all local agency violations of federal requirements against the sponsoring state DOT and may even require the state DOT to refund the federal funds on a local agency project. If the violations are severe enough, so, maybe fund exchange at 100% is a good value for both the state DOT and the local agency.

Arguments have been made by labor unions that swapping federal dollars for state dollars eliminates the wage protections provided by federal wage rate requirements. However, in the states that have been privileged to live in, the local prevailing wage rates to hire roadway construction operators and laborers were very similar to the federal wage rates for the same. It might be a real problem for a particular area, the problem could be solved by creating state wage rates or requiring federal wage rates for the affected projects, with a validation system less onerous than federal requirements.

I don't have any experience with the Federal Fund Exchange Program, but, of all of the available federal aid project streamlining tools, they sure seem like one of the best and easiest win-win tools available to FHWA, state DOTs, and local agencies, not to mention the local engineering interests, who would get their local transportation projects faster and at less total cost. If you have experience with a state Federal Fund Exchange Program (good or bad), I would appreciate hearing about your program experiences. And, if you would like to learn more about these types of fund exchange programs, join us at a similarly titled educational session at APWA's FWS 2021 in St. Louis in late August.

John T. Davis is the Co-Chair of the Federal Transportation Subcommittee of the APWA Transportation Committee, and former member of APWA's Project of the Year, Transportation, Construction, Safety, and Leadership and Management Committee. He can be reached at [JDavis@gsnetlink.com](mailto:JDavis@gsnetlink.com).



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**Thank you!**

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