

RTF Funding

WHAT ABOUT FUNDING?

- DIFFERENT TYPES OF FUNDING
- HOW IS IT USED
- WHEN CAN IT BE USED
- CAN IT BE TRADED
- WHO CAN USE IT
- WHAT TO TOOLS TO USE

Something to Think About

- Scenarios-
  - Project 1:
    - Funding- Road Project
      - STBG- $800,000, Local- $150,000, and TEDF-$50,000
  - Project 2:
    - Funding- Road Project with TEDF-D funding
      - TEDF- $400,000 and Local-$100,000
  - Project 3:
    - Funding- Transit Project
      - STBG- $100,000 and State- $25,000

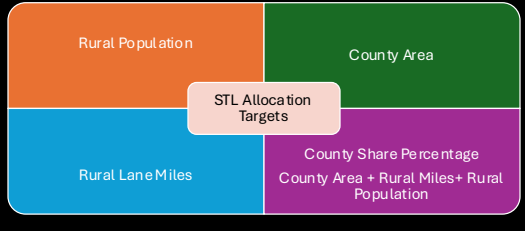
Surface Transportation Block Grant Program-Rural(STBG)

- **Purpose:** To provide funding for transportation projects which:
  - To preserve and improve the conditions and performance of federal aid highways and transit capital projects, including terminals and facilities.
- **Eligible Recipients:** Eligible applicants are county, city, or village road agencies and transit agencies in counties with a population of less than 400,000.
- **Eligible Project Costs:** STBG funds may be programmed to any federal aid eligible activity that MDOT LAP has the ability to contract for. Transit capital projects are also eligible.
- **Required Match:** 20% local or state match
  - Sliding scale 18.15 can be utilized on any road or bridge project
  - TEDF-D funding can match STBG funding (only for road projects)
- **Application Process:** None. Projects must be approved in the STIP.
- **Project Selection:** Eligible recipients present proposed transportation projects to Rural Task Forces (RTF) for review and funding recommendation. Projects selected by the RTF are administered by the Michigan Department of Transportation.

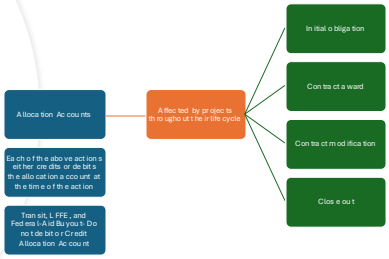
Transportation Economic Development Fund (TEDF) Category D

- **Purpose:** To provide funding for transportation projects which:
  - Complement the existing state trunkline system with improvements on connecting local routes that have high commercial traffic
  - Minimize disruptions that result from seasonal load restrictions
- **Eligible Recipients:** Eligible applicants are county, city, or village road agencies in counties with a population of less than 400,000.
- **Eligible Project Costs:** Category D funds must be used only for construction.
- **Required Match:** 20% local, non-TEDF match is required.
  - Can be utilized with STBG funding
- **Application Process:** None. Funds are distributed to eligible recipients based on their eligible mileage. Exception if participating in Direct Distribution Grant Process.
- **Project Selection:** Eligible recipients present proposed transportation projects to Rural Task Forces (RTF) for review and funding recommendation. Projects selected by the RTF are administered by MDOT.

How and When is Funding Received



Project Level



Allocation Account

- Projects are constrained by your allocation target
- Pro Rata vs Lump Sum
- Available balances includes current year apportionment (Allocation Target) and carryover
- Available balance is first come first serve within the RTF

Road Obligation Authority

- August 1st Guarantee
  - Need a fully biddable package
- Three things to get a project through
  - Need a fully biddable package
  - Funding in your allocation account
  - Obligation

Possible Strategies

- RTF could rule that the federal portion of engineer's estimates are capped and any increase in total project cost has to be made up with local funds.
- RTF can borrow allocation from other RTFs
- Projects can be advance construct
- Project closeouts affect allocation balance too

What is Pro-Rata vs Lump Sum (Capped)



Lump Sum (Capped)



Advantages

Defined amount of STP-rural and TEDF category-D for each project

No projects will use more than its share

The RTF will have sufficient funding allocation for approved projects

Funding percentages are set at obligation to use the STP rural and/or TED F category-D more rapidly



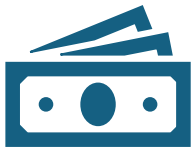
Disadvantages

The local agency is financially responsible for all costs after the cap(s) is reached on STP-rural and/or TEDF category-D

Approved extras and overruns are only covered by STP-rural and/or TEDF category-D if the cap(s) has been reached. If the Cap(s) has been reached, all costs above the cap(s) are 100% local.

What is Pro-Rata vs Lump Sum (Capped)

- Advantages
  - All participating costs are funded at the percentages set at obligation
  - Approved extras and overruns are funded at the same percentages
- Disadvantages
  - More work on RTF members to track costs and manage program
  - The projects submitted to MDOT toward the end of the year may not be funded in the year programmed
  - Requires the RTF members to monitor costs of their approved projects
  - Requires the RTF members to communicate with each other on project costs regularly so any needed program adjustments can be made.



Different ways to use allocated project funding

Something to Think About

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Additional Funding Programs

- Local Federal Fund Exchange (LFFE)
- Federal-Aid Buyout
- TEDF-D direct grant program
  - The criteria for the TEDF-D funding
- Within and between RTFs
  - STBG funds can be transferred between RTF with an agreement
  - Since TEDF-D are by county they can be transferred within the RTF
  - Can be loaned between any county with an agreement and must be paid back with TEDF-D funding
- Bid Savings

Local Federal Fund Exchange (LFFE)

- Project selection completed through RTF process
  - Exchanges based on STBG programmed in the seller's STIP projects
  - Federal funds obligated in the year of agreement
- Non-federal funds can be banked for two years
- Agreements should be in place by March 31st to ensure obligation of buyer's project/s
- Can use the agreement template if you wish but does not count as exchange and MDOT will not track

Federal-Aid Buyout

- The purpose of the Federal Aid Buyout Program is to allow flexibility and enable the most efficient use of federal highway aid and other transportation dollars.
- State money will be exchanged at a rate of 90 cents per dollar
- Local agencies will follow the current MPO or RTF project selection process
- All exchanged funds must be expended within three years
- The federal aid buyout program is limited to the construction phase of a project.
  - Must be included in the STIP

Federal-Aid Buyout

- **Exchange Selection Action FY 2028 Call**
  - Call information letter and materials distributed September 8, 2026
  - Call for Exchanges Opens September 22, 2026
  - Call for exchanges closes October 6, 20
  - Draft Awarded Exchange list posted for review October 20, 2026
  - Final Awarded Exchanges posted November 10, 2026

TEDF-D Direct Grant



Bid-Savings

- **Identify Bid Savings**
- Review the **Bid Savings Report** for projects that came in **under estimate**.
- Confirm the amount of savings available for each project.
- **Check Eligibility**
- Does the savings meet **Bid Savings Criteria**?
  - Example: At least **50% of total allocations awarded** before using savings.
  - **Carryover funds** (e.g., $1,000,000 in your example).
  - **Notify Stakeholders**
- Confirm compliance with RTF guidelines.

Bid-Savings

- Inform the **RTF Program Manager** and the RTF committee that bid savings are available.
- Options for using bid savings:
  - **Add to a Transit Project**
  - **Add to a Road Project**
  - **Transfer to another RTF**
  - **Utilize on an ACC (Advance Construct Conversion) project**
  - **Apply to a project other than construction** (if allowed by program rules).
  - **Document Decision**
- Record how funds will be used and ensure it aligns with **RTF policy** and **MDOT guidelines**.

Bid Savings



Bid Savings: Transfer to another Project or Transit Project

Is there a project → Is it Major or Minor Change → Submit 1799/1797

Bid Savings Transfer to another RTF

RTF cannot utilize bid-savings → Reach out to other RTF to see if they could utilize funding → Submit a contract

Bid Savings AC/ACC Project



Bid Savings AC/ACC Project

1. ACC with August Redistribution
2. ACC with Bid-Savings
3. ACC with Bid-Savings from another RTF

Bid Savings Project Other than Construction



Keeping Track of Things

- Local Agency Balance Report
- RTF Monthly Status Report
- Fiscal Constraint Sheet
- Together all of the documents provide a holistic view of the status of the RTF

Fiscal Constraint Sheet

- Serves as the RTF and RPA way of tracking projects
  - Can track projects through their lifecycle
- Must be fiscally constrained
- Updated and sent with Monthly Report

Fiscal Constraint Sheet

- Jump to Fiscal Constraint Sheet reports

LABR

- Sent out each month to distribution list
- Provides financial information on current allocations, obligated projects, and details of current and previous projects awarded amounts

LABR Example (Summary)

- Jump to LABR reports

RTF Monthly Status Report

- Pulled from JobNet
- Sent out to distribution list each month
- Provides information on what projects are currently programmed in JobNet
- Reminder this is different than the RPA Monthly Meeting Report that is going away

RTF Monthly Report Example

- Jump to RTF Monthly Reports

Bid Savings Report

- Provided starting in March with RTF monthly status report
- Indicates if the RTF has any funding available to be reprogrammed
- Jump to Bid Savings reports

How Do They All Work Together?

- Together all of the documents provide a holistic view of the status of the RTF
- LABR helps fill in the gaps for the Monthly Status Report
- Monthly Status Report represents what is put in JobNet from the Fiscal Constraint Sheet
- The Fiscal Constraint sheet helps the RTF's keep track of what is happing within the RTF internally
- The Bid Savings Report utilizes all the reports.

Resources

- MDOT Website
  - https://www.michigan.gov/mdot/programs/grant-programs/rural
  - Provides information to public about RTF
- WWW.MichiganRTF.com Website hosted by CRA
  - Website Links to varying resources and recordings of trainings provided by MDOT
  - Where Monthly RTF meeting recordings are stored
- Program Advisory Board (PAB)
  - PAB Created in 2014
  - PAB Meetings are held quarterly
  - MDOT hosted RTF Education Meetings are held Monthly
  - Notification is sent out through GOV Delivery (Get Signed UP!)

FAQ

- What happens when a project cannot be completed?
- Who is my contact?
- Is it a Minor or Major action?
- What can I do with Bid Savings?
- Brian, Do you know what you're doing?

Contact Information

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