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## OFFICE MEMORANDUM

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**DATE:** May 30, 2006

**TO:** All Public Act 51 Recipients

**FROM:** Kirk T. Steudle, Director

**SUBJECT:** Local Jobs Today Application Process

Governor Jennifer M. Granholm signed Local Jobs Today legislation on May 22, 2006 creating a local federal aid match program that is funded by the State Trunkline Fund (STF). For the first time ever, the STF will make \$80 million available to local road agencies for the local match for federal High Priority Projects (HPP) and local federal aid projects that can be advanced from Fiscal Year 2007 to Fiscal Year 2006 and Fiscal Years 2008/2009 projects advanced to Fiscal Year 2007. The emphasis is on starting construction activity as soon as possible and is part of her plan to help jump start the economy and to not leave any federal funds unspent in Washington D.C.

Enclosed with this letter are application forms, definitions, a paper listing the Criteria for Local Jobs Today and a spreadsheet of local HPP projects that may be eligible. The application form will assist the County Road Association of Michigan (CRAM), Michigan Municipal League (MML) and Michigan Department of Transportation (MDOT) with the necessary information to determine the eligibility of projects. The definitions will assist you in completing the forms to ensure that proper information is submitted. The background paper explains the parameters of the local match program, the conditions for receiving advance construction funding, and responsibilities inherent with accepting state funds as the local match to a federal aid project.

The local HPP spreadsheet is provided to assist you in calculating the amount of local match funds that will be available, as well as the actual amount of federal HPP funds. It is important to remember that the obligation authority has been reduced from the announced federal bill and is currently at 87 percent of the listed earmark. This is the federal obligation limit imposed by the FHWA and is associated with all federal aid. As you complete the spreadsheet, **the federal HPP funds reported on the spreadsheet must be reduced by 13 percent. In order to calculate the amount of federal funds that you will receive for your HPP project, multiply the federal funds by .87. Your local match funds that will come from the Governor's Local Jobs Today Program will be 25 percent of the reduced HPP funds.**

All non-HPP local federal aid projects will receive state matching funds calculated at 25 percent of the total federal funds for that project as listed on the State Transportation Improvement Plan (STIP). This will equate to 20 percent of the total project cost, assuming only the state grant and federal funds are the only funding needed. Non-HPP local federal aid projects will still be

eligible for additional federal funds to cover project cost increases and overruns. Past practices have been to allow additional federal aid for project cost increases up to 25 percent over the estimated project costs reported in the TIP. This practice will be continued on non-HPP federal aid projects under this program. **Any additional federal aid received beyond what is listed on the TIP, however, will not be matched with state funds.** Additional federal funds must be matched with local funds.

The department will make loans available to local agencies to facilitate participation in the Local Jobs Today Program. These loans will be used to provide project funding until federal aid is available. These loans will be paid back with expected federal revenues coming to Michigan for local projects over the next three years and will be secured by the local agency's Act 51 funds. Local agencies will be responsible for repaying interest on the short-term loans. Loan related interest charges will not begin until project costs are incurred. Cities, counties and local transit agencies must be able to identify sufficient total funding to complete the projects and bear any additional costs, including overruns.

Please provide all of the information requested on the application form as it is imperative for expeditious processing. If the requested information is not provided, your application will be delayed and may not be processed. Once the application is completed, e-mail or fax the application to either CRAM (county road commissions) or MML (cities or villages). Your application will be reviewed and, if all of the information is included and there are no questions, the application will be forwarded to MDOT. **Please do not send your completed application to MDOT.** Sending an application to MDOT will cause additional delays because the application will be forwarded to the appropriate organization for review. MDOT **will not** evaluate any application that has not first been reviewed by either CRAM or MML. Another unique aspect of this program is that **MDOT is not picking projects.** The department is serving as an administrative function to validate the project information that CRAM and MML have selected as being eligible for matching grants and advance construct loans.

Once MDOT has approved your application, you will be notified along with the amount of state matching funds to be available. If you decide to accept the funding, you must notify MDOT Local Agency Programs by e-mail or fax. E-mail your acceptance to: [cadenar@michigan.gov](mailto:cadenar@michigan.gov) or fax your acceptance to: 517-335-3234. You will be contacted to discuss the project schedule.

It is important to understand that this program sunsets on September 30, 2007, with contracts bid at that time. If your project is not bid by that time the funding will expire. You must act with urgency or, as the saying goes, "Act now, limited time, offer expires soon"

If you have any questions, county road commissions should contact John Niemela (CRAM) at 517-482-1189, cities should contact Joe Fivas (MML) at 517-485-1314.

Enclosures