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 STPBG dollars that are made available to the State of Kansas are shared with LPAs. The funds are distributed to cities and counties based on federal law, state statute, or the policy of KDOT. Following is a summary of the methods of distribution of the federal funds.

**Counties**

STPBG funds are allocated to each of the counties in the state in accordance with KSA 68-402b, which provides for the distribution to be in the same proportion as the total gross amount of moneys received by each county from the Special City and County Highway Fund and the County Equalization and Adjustment Fund. Factors that determine this distribution are number of vehicle registrations, total miles of roads, and estimated average daily vehicle miles traveled in a county.
**Small Urban (Cities not in a TMA with population greater than 5,000)**

STPBG funds allocated to small urban cities are distributed to each city in proportion to its population relative to the total population of all eligible cities.

**Exchange Rate**

The exchange rate will be determined by the Secretary of Transportation on an annual basis.

**Available Funds**

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 transportation 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.
- Improvements to transit or other multi-modal systems.
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 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.

All Request to Exchange and Request for Reimbursement forms must be received by KDOT no later than September 15 of each year. Any funds not requested by September 15 will be lost to the LPA.

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.

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.

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 BLP a Federal
**Fund Exchange Request for Reimbursement (KDOT Form 1318).** The Fund Exchange Agreement will set forth the request for reimbursement process. 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. Project costs that exceed the maximum dollar amount specified in the agreement 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.