



## Indianapolis MPO

### Federal Fund Exchange Program Frequently Asked Questions (FAQ)

#### **What is the Federal Fund Exchange Program?**

In August of 2020, the Indianapolis Metropolitan Planning Organization (IMPO) signed an agreement with the Indiana Department of Transportation (INDOT) to exchange the IMPO's annual allocation of Federal transportation program funds for State funds to fund regionally significant transportation projects in the Indianapolis Regional Transportation Improvement Program (IRTIP). The IRTIP documents the Federally funded transportation improvements proposed for the Indianapolis Metropolitan Planning Area (MPA) over a four-year period.

#### **Why is the IMPO Pursuing This?**

The IMPO pursued this program after careful review of similar programs in other regions and after significant dialogue with regional stakeholders. The IMPO has been actively working to gain more flexibility in programming policy to improve project delivery and reduce risks to the overall transportation funding program. The IMPO Federal Fund Exchange Program is intended to provide eligible local public agencies (LPAs) within the Indianapolis Metropolitan Planning Area with greater flexibility in funding and delivering regional transportation projects.

#### **How will the Exchange Function?**

The IMPO currently administers several types of Federal transportation funds which will be exchanged with INDOT and returned to the IMPO as State funds. These funds include Surface Transportation Block Grant Program (STBG) funds, Highway Safety Improvement Program (HSIP) funds, Congestion Mitigation and Air Quality Improvement (CMAQ) funds, and Transportation Alternatives Program (TAP) funds. For the service of managing the exchange, INDOT will retain \$0.10 for every \$1.00 in Federal funds submitted in the exchange.

#### **What Should Local Public Agencies Expect to Stay the Same?**

While funding mechanisms are changing, the agreement allows exchange program funds to be used for any currently allowable projects administered by the IMPO under Federal law. LPAs should expect all currently eligible project types to remain the same with increased flexibility on the application of the State funds. LPAs should not expect significant changes to local or federal match requirements. LPAs should note that the Metropolitan Transportation Plan's resource allocation goals and performance measures will still guide the TIP. The IMPO has put emphasis on maintaining continuity from existing policies regarding project eligibility, application, and scoring processes.

#### **What Changes Should Local Public Agencies Expect?**

LPAs will be using State funds for IMPO funded projects and, therefore, LPAs will generally follow certain State rules and procedures in place of USDOT rules and procedures. While LPAs should still expect to follow certain environmental and design standards, many projects should see cleaner less complicated procedures with fewer redundancies. LPAs should be aware that, while INDOT will have limited involvement, other State agencies may still have interest in the project (such as the State Historic Review Board).

Due to limited USDOT and INDOT oversight, the responsibility of project development and management will shift to the LPAs themselves. The IMPO will enter binding contracts with each LPA noting that the LPA is to carry out many of the responsibilities for projects under the program. The contract will cover LPA responsibilities such as environmental documents, inspection, and adequate construction quality. LPAs should also note that this streamlined process will make it more difficult for the IMPO to



accommodate cost overruns so extra care should be taken in submitting cost estimates at the time of application. While many responsibilities shift to LPAs, these changes should also increase flexibility in design, project review, ROW acquisition, and other project development areas. The LPAs will also now be able to schedule lettings year-round as needed.

Under the Federal Fund Exchange Program, INDOT will make Federal exchange funds available to the IMPO for the State fiscal year on or about September 30 of each year. These funds will not be subject to annual allocation policies and, therefore, can be carried over to future years. Overall, INDOT and the IMPO, expect the program to provide LPAs with reduced project costs, fewer project delays, and more local control over projects.

#### **What are the Next Steps in this Process?**

The IMPO is working with a consultant, American Structurepoint, and an IMPO Steering Committee on the implementation of this program. American Structurepoint is preparing a guide covering technical and policy aspects of the Federal Fund Exchange Program. The guide will have room for modifications based on a collaborative process with feedback from LPAs, the Transportation Technical Committee, The Transportation Policy Committee, and other stakeholders within the region. The goal is to prepare for a call-for-projects, using the new Federal Fund Exchange Program, in the summer of 2021

#### **Who Should I Contact with Questions?**

For questions or comments about the program please contact Steve Cunningham, Principal Planner III at 317-327-5403 or [Steve.Cunningham@IndyMPO.org](mailto:Steve.Cunningham@IndyMPO.org).