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Provided to the Transit & Rail Advisory Committee (Meeting date: April 14, 2017)

DATE: April 19, 2017

TO: Transit & Intermodal Committee

FROM: Mark Imhoff, Director - Division of Transit & Rail

SUBJECT: Transit Grants Quarterly Report

Purpose

The memo provides the Transit & Intermodal Committee a quarterly update on the Transit Grants Program. This memo also includes information on a Grant Partner Survey conducted in late 2016.

Action

For information only. No action needed.

Background

Policy Directive 704 states that the T&I Committee shall review quarterly reports submitted by DTR which contain the expenditures and status of all FASTER funded projects and the reconciliation of FASTER funding. FTA Circular 5010.1E requires that CDOT, as a recipient of FTA funds, provide Federal Financial Reports (FFR's) and Milestone/Progress Reports (MPR's). This information is assembled by members of the Division of Transit & Rail (DTR), the Business Office within the Division of Accounting and Finance (DAF), and the Office of Financial Management & Budget (OFMB).

Details

Table 1 provides a summary of all projects and the status of contracting and spending, by year of funding.

Table 1: Financial Trends from Budget to Expenditure

| Funding Source & Year | Budgeted | Total Available Including Roll-Over | % Contracted Last Qtr | % Spent Last Qtr | % Contracted This Qtr Ending 12/31/16 | % Spent This Qtr Ending 12/31/16 |
|-----------------------|----------|-------------------------------------|-----------------------|------------------|---------------------------------------|----------------------------------|
| FASTER SFY 2014-15 | \$15 M | \$20 M | 100% | 70% | 100% | 70% |
| FASTER SFY 2015-16 | \$15 M | \$20 M | 69% | 27% | 88% | 34% |
| FTA FFY 2014-15 | \$17.6 | \$17.3 M | 99% | 60% | 99% | 70% |
| FTA FFY 2015-16 | \$17.7 | \$17.4 M | 90% | 50% | 96% | 59% |

Notes:
 Budgeted and Total Available Amounts here do not include local matching dollars.
 SFY = State Fiscal Year July 1 - June 30, FFY = Federal Fiscal Year October 1 - September 30.

Project Assistance / Lessons Learned

PD 704 asks DTR to regularly identify projects that are experiencing significant changes to scope, schedule, or budget. Once identified, DTR staff then can apply more project management controls, offer more technical assistance, or it can serve as an advance notice to the T&I Committee that some projects may be subject to PD 703's rules regarding budget changes. Table 2 presents the highlights for relevant projects and agencies.



| Table 2: Projects Experiencing Significant Changes | | |
|--|--|---|
| Project | Change being Experienced | Description / Response |
| Trinidad Multimodal Station - FASTER Funds 2011 - FASTER Funds 2013 - \$330,920 | The project was withdrawn from the City of Trinidad in Oct. 2016. A scaled-down passenger shelter will be completed with Amtrak to close the mitigation obligations incurred by CDOT when I-25 was reconstructed. The cost is expected to be significantly less than the original version. | Amtrak is currently negotiating a land / right-of-way agreement with BNSF Railway. CDOT and Amtrak are in discussions about the shelter specifications. |
| RTD Colfax / 15L Improvement Project - FASTER Funds 2016 - \$770,000 | RTD's environmental clearances process took longer than expected. | CDOT will complete the contract for construction after the environmental work gives the "green light" for construction. |

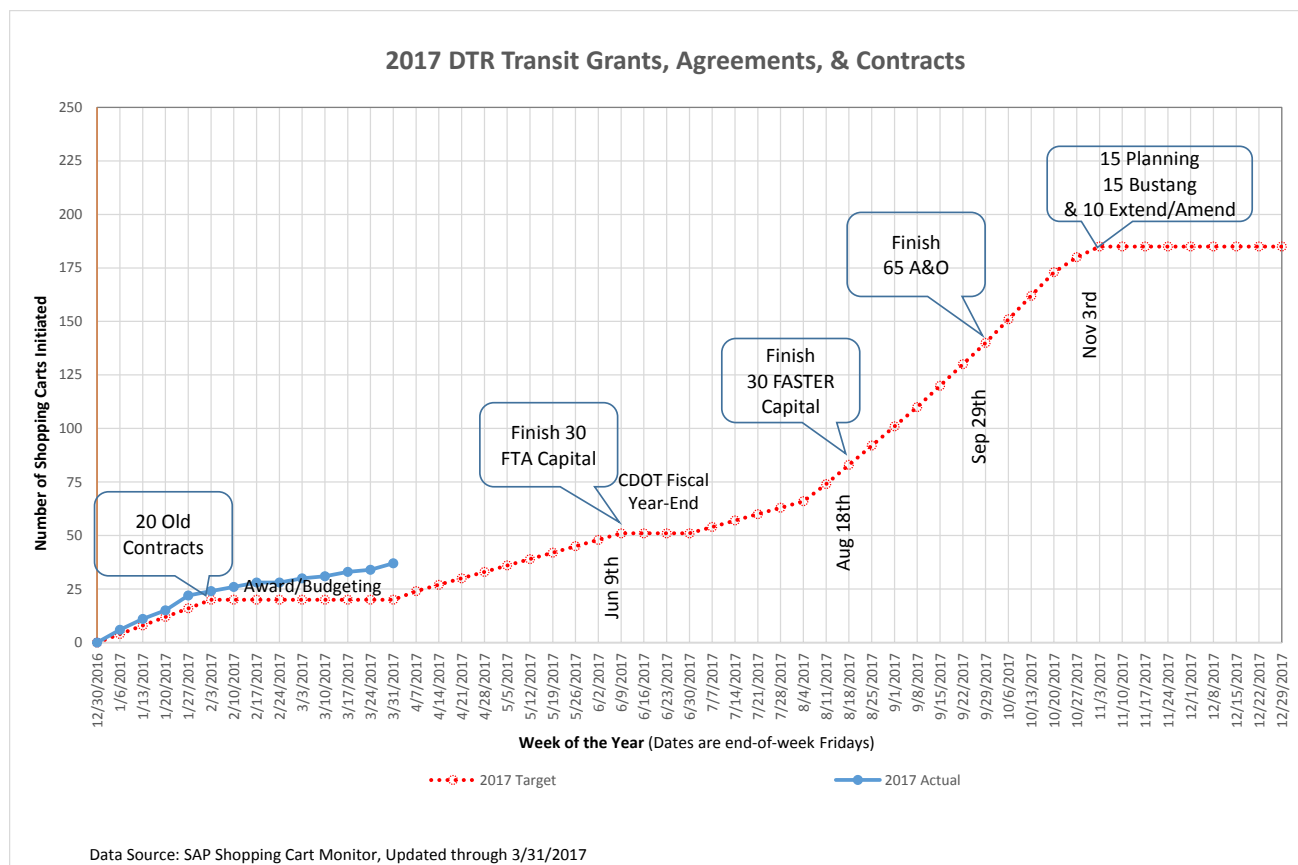
Transit Grant Contracting & Invoicing Performance

Table 3 below summarizes the year-over-year progress, showing significant, sustained improvement. Figure 1 provides graphic representation of the timely contracts goal. The dashed line (circle markers) is the target trend line. The solid line (solid markers) is 2017 progress from January 1 through March 31, 2017. The 2017 progress stands at 37 of the forecast 185 contracts to be delivered for the year, with actuals ahead of the target.

| Table 3: Summary of Grant Contracting & Invoicing Performance | |
|---|---|
| Goal Area | Results |
| Timely Contracts | Normal Year: 175 to 200 Grant Agreements, Contracts, & Extensions (excluding Bustang) 2015 Goal: 210 contracts & extensions by Thanksgiving. Met goal. Completed 228 total. 2016 Goal: 235 cont. & ext. 4 wks earlier than 2015. Achieved 2 wks earlier, 246 total. 2017 Goal: 205 contracts & extensions by October |
| Timely Payments (Average Days ≤ 30 Days) | 45 days to payment, average for SFY Jul 1 2013 - Jun 30 2014 35 days to payment, average for SFY July 1 2014 - Jun 30 2015 29 days to payment, average for SFY July 1 2015 - Jun 30 2016 26 days to payment, average for SFY 2016-2017, through March 29, 2016 |
| No Statutory Violations | 12 Statutory Violations occurred in 2014 2 Statutory Violation in 2015 2 Statutory Violations in calendar 2016 (last was February 2016) 0 Statutory Violations in calendar 2017 |



Figure 1: Timely Contracts Tracking, Goal vs. Actual for Calendar Year 2016



Transit Grant Partner Survey

DTR has put a significant effort and a central focus over the past three years on improving and streamlining the overall transit grant program and process. We now believe that the program is functioning well and has attained a level of stability. To see if our customers (Grant Partners) agree we conducted a Grant Partner Survey late last year. CDOT sees 150+ grantee agencies (Grant Partners) over any five year period. Most agencies, however, do not seek grants every year, and would not have the experience to notice improvements year over year. CDOT therefore focused the survey on 60 agencies receiving annual operating funds, regularly applying for capital project money, or both. A total of 40 responses were received out of 60 surveyed, with responses from all five of CDOT's engineering regions, and all types of transit agencies, urban and rural, public and private non-profit, and resort communities. We are pleased with the results, and learned about the areas we still need to improve or prove that we can sustain. The responses indicate most agencies believe that working with CDOT has improved over the past two years (83% strongly agree or agree). The highest marks were for the beginning of the grant-making process, including notices of funding, applications, and award notices. Satisfactory remarks were received for the implementation of projects, including compliance reporting and invoicing. CDOT's lowest marks were: (1) contracts being timely and (2) adequate explanation of funding decisions. While the marks were low, the comments suggest that consistency and trust are key to the improvement of this measure. Two example Grant Partner comments are shown below, and a longer description of the results is attached.

- "Improvements to the contracting and reimbursement processes have been more dramatic and substantial in the last two years than in many prior years of working with CDOT"
- "Contracts are much more timely, but we need to see sustained effort in order to move from "neutral" to "agree."

Next Steps



The next quarterly report will be available for the July 2017 meeting.

Attachments:

2016 Grant Partner / Grantee Survey Results Summary



2016 Grant Partner / Grantee Survey Results Summary

In October & November 2016, CDOT’s Division of Transit & Rail (DTR) released a “Survey Monkey” questionnaire to transit Grantee agencies, for evaluation of the overall process of obtaining and using money administered by CDOT. A total of 40 responses were received out of 60 agencies surveyed. Of a total possibility of 150+ grantees CDOT sees over a five-year period, the 60 agencies sampled included agencies receiving annual operating funds, regularly applying for capital project money, or both.

Table 1: Agencies Responding to the Survey

| Agency Size/Type | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Totals |
|------------------|----------|-----------|-----------|----------|----------|-----------|
| Urban Non Profit | 3 | 2 | | 1 | | 6 |
| Urban Transit | 2 | | 1 | 1 | | 4 |
| Resort | | | 3 | | | 3 |
| Rural Non Profit | | 1 | 1 | 2 | 2 | 6 |
| Rural Transit | | 9 | 6 | | 6 | 21 |
| Totals | 5 | 12 | 11 | 4 | 8 | 40 |

DTR administers a roughly \$32 Million annual transit budget, of which \$17 Million are Federal Transit Administration Funds, and \$15 Million are State FASTER funds. The funds are allocated as follows:

- **91% of all CDOT’s transit funds are passed through to local agencies** or are related to the administration, technical assistance, and compliance actions of the pass-through funding.
 - 40% (\$12.8 M) is passed through to local agencies to fund capital expenditures
 - 33% (\$10.6 M) is passed through to local agencies to fund a portion of local bus operations, coordinating councils, and mobility management efforts
 - 8% (\$2.6 M) is used by DTR to administer the funds and provide technical assistance.
 - 7% (\$2.2 M) is used to fund (inter-)regional & inter-city bus services (FASTER Rural Regional Operating and 5311f connections to Intercity Network, respectively)
 - 1% (\$0.5 M) is passed through to local agencies to fund planning efforts
- **9% (\$3.0 M FASTER) is used to fund a portion of the state-contracted Bustang** interregional bus. The remaining costs of Bustang are funded by passenger fare revenues.

The responses indicate most agencies believe that working with CDOT has improved over the past two years (83% strongly agree or agree, 98% including neutral, 2% disagree or strongly disagree). Most believe the relationship with CDOT is generally a good one (90%, 98%, 2%). Rural grantees were slightly more satisfied than urban or resort grantees. Public transit agency grantees were slightly more satisfied than non-profit grantees.

The highest marks were received for the beginning of the process. Those were in the areas of CDOT issuing notices of funding availability (88%, 98%, 2%), the application process (75%, 93%, 7%), and CDOT issuing award notices following selection of new projects (90%, 95%, 5%).

Satisfactory marks were received for the implementation of the projects. These marks were in the areas of adequate guidance for compliance with State/Federal requirements (60%, 93%, 7%), and adequate guidance for submitting reimbursement requests (invoices) for projects (62%, 90%, 10%).

CDOT’s lowest marks were: (1) contracts being timely (50%, 85%, 15%) and (2) adequate explanation of funding decisions (55%, 85%, 15%). While CDOT’s contracting performance has improved each year for

the past two years, CDOT will continue to seek ways to improve. Contracting-related comments and responses to the comments are shown below.

Table 2: Contracting-related Comments & Responses

| Comments | Responses |
|--|--|
| <p>“Improvements to the contracting and reimbursement processes have been more dramatic and substantial in the last two years than in many prior years of working with CDOT...Contracts are much more timely, but we need to see sustained effort in order to move from "neutral" to "agree.””</p> | <ul style="list-style-type: none"> • CDOT is striving to improve and sustain timeliness. • A “normal” year is approximately 175 – 200 contracts. CDOT has been performing at a rate of 225 – 240 grant contracts for the last two years, eliminating the backlog. • Over two years, CDOT completed COTRAMS* with templates to speed drafting the scopes of work (SOW’s). • CDOT Procurement office has taken steps to minimize processing requirements & improve signature routing. |
| <p>“CDOT has made good improvements with reimbursements and work still needs to be done from when contracts are awarded until they are executed. This year it took from end of February (awarded) until the end of August to get our capital contracts for buses executed.”</p> | <ul style="list-style-type: none"> • Although awarded in February, capital contracts funded by State FASTER funds, are not available to start until July 1st, the beginning of the State fiscal year. • There are many steps from award announcement to executed contract. Those steps include: budgeting, TIP/STIP listing, initial scope of work, final scope of work, contract offer, and the signatures/execution process. • On average, after the contract is offered, the signature / execution process takes 20 to 30 days, and CDOT data indicate that 6 to 10 days of that is the time for State of Colorado / CDOT signatures. |

*COTRAMS = Colorado Transit and Rail Award Management System.

In regards to the explanation of funding decisions, the following are ways in which Grant Partners / Grantees can understand how the decisions are made.

- With each “call for projects” CDOT includes eligibility and evaluation criteria, which have been approved by the Transportation Commission. When awards are announced, usually in February for capital awards and summer for administration / operating awards, CDOT includes narrative on the evaluation process, and feedback for projects not selected during that “call”.
- As of January 2016, the Transportation Commission began receiving quarterly reports on the management of transit funds. The reports include information on overall financial trends, on individual projects experiencing significant changes, and on contracting & invoicing performance. The most recent report is available at: <https://www.codot.gov/about/transportation-commission/documents/2017-commission/january-2017/3-transit-and-intermodal-committee.pdf/view>
- CDOT initiated an effort in July 2016 to revise and improve the selection process for 5311 admin & operating grants. Thank you to the TRAC subcommittee members, from across the state, for the valuable insights into issues of fairness, equity, stability, and transparency. Information about this process is available at: <https://www.codot.gov/about/committees/trac/trac-subcommittees/5310-5311-distribution-subcommittee>
- Monthly conference calls are offered for grant partners, with info shared and Q&A opportunities

For more information, please contact:

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CDOT’s Procurement Office conducted additional follow-up with Grant Partners during March 2017. The follow-up was with a smaller sample of 16 Grant Partners due to the detail being requested. The following is a summary of the questions and responses.

| |
|--|
| <p>Do you consider the contract execution “clock” to start at time of application and continue through receiving Notice to Proceed?...Or do you consider the contract execution clock to start when the award announcement is made through receiving the Notice to Proceed?</p> <ul style="list-style-type: none"> • 3 of 5 responses said the clock starts when the Awards are made, i.e. February for capital projects. • 1 of 5 responses said the clock starts when the draft scope of work is issued prior to final contract offer • 1 of 5 responses said the clock starts when the final contract is offered • 1 of 5 responses said the clock starts when the money is available. Typically when capital awards are announced in February, the FTA funds are available immediately because FTA’s fiscal year started on October 1st of the prior year. FASTER funds are available on July 1st, five months after award. |
| <p>Is the contract “scoping” process [drafting and finalization of scope of work] easy to understand and simple?</p> <ul style="list-style-type: none"> • The process can take a long time since it requires the contact to go back and forth for review. • I’d like to have the SOW reviewed more thoroughly before it gets to me so that there are fewer issues. It should be a simple review when I get it but often times I see a lot of mistakes that need to be corrected. • A more detailed requirement for a scope should be in the application to shorten the contracting time. |
| <p>Did the need to get environmental clearances affect the timing of the award?</p> <ul style="list-style-type: none"> • Overall, environmental clearances have been one of the most challenging aspects of getting our projects through. • I think agencies should be aware by now that any capital project requires a significant amount of due diligence up front to even be eligible for an application. • Would applying for a Planning grant to get your environmental clearances be a possibility? This would tie up less capital funding in the long run. |
| <p>Did CDOT staffing changes affect things?</p> <ul style="list-style-type: none"> • Yes, staffing changes are problematic. Addressing a problem of turnover may be a risk to address. • CDOT staff have been great. The challenges have been with conflicting and contradicting rules/requirements among divisions at CDOT. |

CDOT staff at DTR, in the Regions, in the Procurement Office, and in the Business Office have identified a number of opportunities to shorten the contracting time and to smooth-out the project development “pipeline” from planning, to design & environmental, to construction. Over the last few years, CDOT has shortened contracting time by 3-6 months, and invoice payment from 45 days to 25 days. With the more rudimentary procedures and backlog addressed, CDOT staff can now turn attention to further improvements.