

# MEMORANDUM

**DEPARTMENT OF TRANSPORTATION**

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**TO:** Transit and Intermodal Committee

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

**DATE:** January 9, 2012

**RE:** Action Item re FASTER Process Improvements

The purpose of this memo is to outline to the Transit and Intermodal Committee actions being undertaken to improve the processing of FASTER Transit grants to ensure prompt implementation of those FASTER projects, and to present some policy issues relating to those efforts.

**BACKGROUND** – The FASTER Transit funds for FY 2010 did not become available to DTR until FY 10 had begun, before the new Division became operational. Consequently, it was decided that funding for Fiscal Years 2010 through 2012 would all be made available through a single call for projects in late calendar 2010. The Commission approved a list of projects in January 2011. Half of the projects--the ones that are construction/infrastructure in nature-- are being managed by the Regions, while the capital/non-infrastructure projects (rolling stock, equipment) are being managed by DTR. As of today only 44% of the projects are under contract. There are a variety of reasons for the slow pace of contracting. Among them:

- These were the first FASTER Transit projects so there have been many glitches in the set-up of the system, especially for the Regions, which have largely not managed transit funds before or overseen transit construction
- High project workloads in the Regions and DTR, as well as schedule conflicts
- Scoping problems or project delays by local agency recipients, often due to projects not being ready to implement

There are numerous repercussions to these delays. There has already been a legislative attempt to remove FASTER transit funding; having funds languishing unspent in CDOT coffers can be used to bolster claims the funds are not greatly needed. Having funds committed but not implemented keeps those funds from going to what might be more critical or timely projects. Delays by CDOT keep local agencies from

prompt implementation and this can result in increased project costs. Therefore, DTR believes it is important to both obligate *and* spend the FASTER Transit funds promptly.

In the FY 2010-12 awards process, some projects were awarded funds but were not truly ready-to-go projects. The review process in the first round was not stringent enough in identifying projects that needed further planning or development, and some applicants may have viewed the funds as “bankable” for a future implementation date. Other projects failed to anticipate a variety of implementation roadblocks.

**Process Improvement Steps** - To that end DTR believes CDOT must take stronger action to ensure that both CDOT and local agencies obligate and spend the FASTER funds promptly. DTR believes projects must demonstrate progress or risk losing the FASTER funds.

DTR has been undergoing an intensive Process Improvement exercise with Gary Vansuch, CDOT’s Director of Process Improvement. This effort is addressing many of the internal problems in the first two bullets above, particularly with regards to accelerating the STIP and contracting processes. Guidelines developed during this effort will propose changes that DTR and the Regions will undertake to more closely monitor projects so that they don’t languish.

The 2013 call for projects placed more emphasis on projects being ready-to-go, citing the following requirements:

- Construction projects are required to be designed to at least a 30% level;
- It is CDOT’s expectation that projects would begin procurement or final design no later than November of 2012.
- If an applicant requests FASTER funds to match federal funding that is not yet awarded, the applicant must acquire those federal funds no later than November 2012 or forfeit their FASTER funds so that they can be awarded by CDOT in the next cycle.

Despite this emphasis and guidance, DTR remains concerned that some projects might encounter significant implementation delays. DTR will request that the Commission’s February resolution support DTR’s guidelines for prompt implementation of FASTER projects. At the Committee meeting we’ll discuss some of the implementation problems that may occur with this next round of projects and action steps that might be undertaken to address projects that are not moving towards prompt implementation.