



In response to the 2020 economic downturn associated with COVID-19, CDOT is developing guidance and recommendations for local agencies and their planning organizations on how to maintain delivery of the Federal Aid Program, primarily Congestion Mitigation Air Quality, Transportation Alternatives, Bridge Off System, Surface Transportation Block Grant (Urban Areas), Highway Safety Improvement Program, and any other locally administered programs.

CDOT is committed to assisting the delivery of these programs and is making efforts to provide tools and resources for the locals and planning organizations. While there is no “one size fits all” solution, the individual concepts (or a combination thereof) mentioned in this document may be helpful on a project by project basis. Some tools below are helpful in situations where local funding is temporarily unavailable, but expected in the future. Other recommendations cover circumstances where local resources are permanently diminished.

The initial recommendation is for these tools to be deployed toward awarded and/or “programmed” projects in which the local agency or subrecipient of federal funds is unable to continue providing their previously pledged “match” or cash contribution.

Tapered Match

Tapered match is a form of Federal-aid matching flexibility that allows a project's Federal share to vary from year to year as long as the final contribution of Federal funds does not exceed the project's maximum authorized share. This tapered match, or delayed local match, as it is commonly called for transit projects, allows states to vary the required matching ratio over the life of a project. For example, the Federal share could start out at 100 percent and taper off to zero as the project nears completion.

With tapering, a state can advance a project before fully securing bond and capital market financing. Tapered match may also be useful when the project sponsor lacks the funds needed to match a Federal-aid project at the start, but will accumulate the match over the life of the project. For example, this technique may facilitate a project when a new local tax has recently been enacted. Using tapered match, the project can move forward immediately with 100 percent Federal funds, allowing time for the new tax revenues to accumulate. The use of tapered match also may help a state overcome near-term gaps in state matching funds.



ELIGIBLE PROJECTS

States may request use of a tapered match approach for most projects eligible for Federal-aid assistance under Title 23, as approved by an FHWA Division Administrator. Tapered match cannot be used on advance construction projects, STP projects for which the non-Federal match is being provided on a program-wide basis, or projects that are financed with GARVEE bonds, as these activities are considered to be inconsistent with the intent of tapered match.

BEST PRACTICES

- Short term cash flow issues
- Federal funds paid early in project, local funds used on back end of project
- Final net rate of reimbursement will equal traditional rate
- Only applies to "required match", not "overmatch" or additional contributions
- Must be "balanced" by the closure of the project

For more information, please visit the FHWA's [Center for Innovative Finance Support](#).

Colorado State Infrastructure Bank (CO-SIB)

Please refer to [this document](#) for more information.

BEST PRACTICES

- Long or intermediate term cash flow issues
- Loan funds to local at low interest rate (previous loans were made at 2.5%)
- Can be used for BOTH "required match" as well as "overmatch"



- ~\$5M currently available (can be recapitalized with additional fed/state commitment)
- Can be repaid per terms of loan and can last beyond closure of the project (previous loans had a 10 year term)

Toll Credits

Toll credits are earned when the state, a toll authority or a private entity funds a capital transportation investment with toll revenues earned on existing toll facilities. Toll credits are earned and can be used to replace match requirements on federal-aid transportation projects. Toll credits are not “real dollars,” but rather a tool which State DOTs can utilize to reduce requirements for matching funds.

For example, a \$1 million project has \$800,000 in federal funds and \$200,000 in required local match. If the scope of the project can be reduced from \$1 million to \$800,000, the project can proceed with no local match and 100% federal funding. If a project scope cannot be reduced, but additional federal funding is available from other sources, toll credits can be used to replace the local match with the additional federal funding. In this case the project would proceed with no local match and 100% federal funding.

BEST PRACTICES

- Permanent reduction of revenue
- Reduce scope equal to lost local contribution
- Eliminates required match, but NOT a cash replacement
- IGA revisions may be extensive due to scope reduction



COLORADO
Department of Transportation

COVID-19 Local Match Relief Tools 2020

ADDITIONAL FEDERAL FUNDS

- Current unprogrammed funds (CMAQ, TAP, STBG-Urban, etc)
- New revenues, i.e. Highway Infrastructure Program (allocated to STBG-Urban in March)
- Can be used in tandem with Toll Credits or other options above

REPRIORITIZED FEDERAL FUNDS

- Deprogram or postpone other projects and consolidate federal \$s into priority projects
- Encourage advance budgeting of future/outyear federal \$s for projects ready to go
- Push back out year projects into future years outside current STIP and use those funds to supplement early year projects
- Can be used in tandem with Toll Credits or other options above

If you would like to take advantage of this program, please begin by filling out a [brief survey](#) so our staff can better understand your project.