MARC Transportation Proposed Local Match Project Fee
Questions & Answers

Alternatives to the Proposal

Q: While unpopular, wouldn’t a general dues increase be easier for local governments to budget for, and reduce the administrative burden for MARC caused by the fee? To raise the amount of match envisioned with the fee proposal would require a dues increase of nearly 50%. It would spread the match burden across all jurisdictions rather than focus on those receiving the most tangible benefits, as originally requested by the Executive Committee.

Q: Would it be possible to set a minimum, fixed fee (i.e. $200) for all applications and then charge an additional fee for those selected for funding? This would not replace the project fee, but could reduce it modestly. It could make it more difficult for smaller jurisdictions/agencies to apply for projects.

Q: Could the project fee be a back-up plan for MARC that is only implemented in a year where in-kind match cannot be located? Because MARC typically selects projects every-other year, the ability to respond quickly to a match deficit in a current year would be difficult.

Q: Is it possible to ask USDOT to reduce its expectation regarding cash match? USDOT recommended that MARC seek out cash sources of match in the last federal certification review. MARC could ask for reconsideration.

Q: How is MARC reducing costs toessen the need for additional funds? Are there services being provided by staff at a higher level that is no longer needed and can be reduced or services no longer needed? MARC has been a good steward of the federal revenues to date, providing the required planning process with 80% of its intended resources. The match issue is one of ensuring continued access to federal funds, rather than the size of MARC’s program.

Implementation Considerations

Q: A sponsor pays a fee for a project, and then turns the federal funds back in because they can’t complete the project. If they decide to apply for the same project again in the future, will they have to pay the fee again? Turning back funds is a very rare occurrence. As proposed, the fee would be associated with the results of each programming cycle. In each cycle all projects are scored, compete for funding and must be added to the TIP. Fees are proposed to be assessed against the recommended projects for each funding cycle.

Q: A sponsor asks to substitute a different project from the one originally funded. Will the sponsor have to pay the fee again for the new project? Substituting projects is a rare occurrence and is discouraged. When projects have been substituted, they were typically part of the group evaluated
for funding, so little additional staff work has been required to assess them. The decision on the fee would ultimately be at the discretion of the programming committee and TTPC.

Q: Rather than pay the fee at the time of programming, could sponsors instead pay the fee at the time of project obligation? Rather than pay the full fee at the time of programming, could sponsors pay a minimal fee and the balance at the time of project obligation? That way both MARC and the sponsor would know the project is moving forward, and the amount of federal funds being dedicated to the project. It also protects against the uncertainty of programming out beyond the current federal authorization. Since MARC does not have a direct role in the obligation of funds, this would require negotiation with the state DOTs on a process for them to formally notify MARC of project obligation. This would also delay the time in which MARC would begin to receive fees.

Q: For those entities that require a public sponsor, will the public sponsor be responsible for the fee? The sponsor would be responsible for the fee, but would likely negotiate with their non-public partner regarding the payment of the fee.

Q: Should the eligible items in the funding programs be expanded to allow sponsors to pursue some federal funds for items that are now locally-funded (i.e. for engineering costs)? This is a programming decision that each programming committee could decide for itself, but current priorities have been to focus the federal funds on construction or other direct project implementation activities.

Q: Will the credits that entities have earned through in-kind match influence the selection of projects? Could entities offer higher fees and get more points in the scoring process? No. The scoring of projects will continue to be based on the policy framework of the LRTP. Project fees will have no bearing on the scoring of projects.

Q: Is it legal for local governments to incur project costs in a year different than the project will be delivered (cash basis law)? The project fee is not a direct project cost, but rather a fee for service tied to MARC’s planning and programming work.

Q: Will the tracking of credits and fees be an administrative burden for MARC? No. This will be an added staff activity, but within MARC’s current capabilities.

Q: If MARC is to implement such a fee, could local governments get a year’s advance notice to be able to budget potential fees? If fee is due at time of adding to the TIP, what if we can’t write a check in two months? As proposed, MARC would assess the fees at the close of each funding category’s programming round to spread them throughout the year. An alternative would be to assess the total fees due on an annual basis (perhaps along with the MARC dues assessment) reflecting all programming work completed in the prior year.

Q: In order to reduce the time to process/generate payment of the fee, should local sponsors ask for that authorization from their governing bodies at the same time they’re asking for authorization to apply for the federal funds? It would be up to each local government to determine what internal process will work best for them.
Q: Is the .5% fee going to increase down the road? That’s not expected. However, MARC staff will monitor the program and report back to the Executive Committee regarding any possible modifications.

Q: How will the fee be required from projects that are split in two FFYs? Agencies may not be able to pay upfront for both years that far in advance. The fees will be assessed when the funds are programmed, regardless of in which year or over how many years the project will be implemented.

Q: With the volatility in federal funding now, will the fee need to be revisited with each cycle of programming? No. MARC will not be relying wholly on the project fee to meet its match obligations so some variability will not be a problem.

Potential Impacts

Q: Will this discourage small jurisdictions/agencies from applying for projects? It should not. The fee will be a fraction of the amount applicants will need to match any federal funds they pursue (see attached table of past projects awarded to small jurisdictions/agencies).

Q: Will this fee encourage more in-kind match (to get credits against potential fees)? That could be a side benefit of the fee, but in-kind match will need to meet qualifying requirements, and sources/sponsors would only get credit if actually used as match by MARC.

Q: How will MARC use the funds to provide value back to the entities paying the fees? MARC proposes to solicit proposals from local governments when preparing the annual work program; will look for opportunities to leverage the funds by securing additional grants that can support planning of value to local governments; and utilize some funds to support specific local planning studies in support of the LRTP goals/policies.

Q: What is the impact to MARC if we don’t do this? MARC could experience difficulty accessing federal funds to support the planning process that keeps the region eligible to receive federal transportation funds for projects.