

# Cost Share Program Guidelines

## PURPOSE

The purpose of the Cost Share Program is to build partnerships with local entities to pool efforts and resources to deliver state highway and bridge projects. The Missouri Department of Transportation (MoDOT) allocates Cost Share funds based on the Missouri Highways and Transportation Commission's (MHTC) approved funding distribution formula. At least 10 percent is set-aside for projects that demonstrate economic development through job creation. Projects are selected by the Cost Share Committee, which consists of the Chief Engineer, Chief Financial Officer and the Assistant Chief Engineer. They are then recommended for approval by the MHTC via a STIP amendment.

## POLICY

### 1. Eligible Projects

The Cost Share Program provides financial assistance to public and private applicants for state highway and bridge projects satisfying a transportation need.

### 2. Level of Participation

MoDOT participates up to 50 percent of the total project costs on the state highway system. While contributions are expected on economic development projects, the Cost Share Committee may increase MoDOT's participation up to 100 percent for economic development projects that create new jobs. Job creation will be verified by the Department of Economic Development. The project agreement will identify requirements for returning funds if jobs are not created as planned. Retail development projects do not qualify as economic development.

MoDOT's participation includes the amount of Cost Share funds allocated to the project, District STIP or Operating Budget funds and activities performed by MoDOT such as preliminary engineering, right of way incidentals and construction engineering.

Applicants are required to deposit their share of project costs with MoDOT as specified in the project agreement.

If applicants provide federal funds (including earmarks) as part of their portion of the project costs, they must, if applicable, also provide the cash for matching the federal funds.

Applicants will be responsible for any cost overruns.

### 3. Application Process

The applicant works with the appropriate MoDOT district contact to determine the project scope and costs. The district assists the applicant in preparing the Request for Environmental Services (RES) and the Cost Share application. The application is

available online at <http://www.modot.mo.gov/partnershipdevelopment/application.htm>.

A letter of support from the district engineer must be submitted with the application. The letter of support shall explain in detail the significance of the project and the impact it could have on the state transportation system. A letter of support from the metropolitan planning organization (MPO) or regional planning commission (RPC) is also required.

The items listed below must be submitted to Financial Services by the established deadline. Applications received after the deadline will be considered at the next Cost Share Committee meeting. Application deadlines are posted on the Partnership Development website at <http://www.modot.mo.gov/partnershipdevelopment/dates.htm>.

- Signed and completed application
- District Engineer's support letter
- MPO's or RPC's support letter
- Traffic models or traffic reports
- Project map

#### 4. **Review Process**

Each application is reviewed for verification of the following criteria:

- The project is on the state highway system.
- The total project costs are in excess of \$200,000.
- The total project costs include preliminary engineering, right of way acquisition and incidentals, utilities, construction and construction inspection.
- The applicant agrees to provide their share of the total project costs.
- Generally, the Cost Share funding per project is limited to \$10 million in total and \$2.5 million per year. However, projects exceeding this limit can be considered based on factors such as project need, the opportunity for economic development and the willingness of the local partners to be flexible and bring resources to the table. Applicants are encouraged to work with the district and Financial Services to explore options.
- Generally, project applications should not expand the state highway system or increase maintenance costs for MoDOT. Project applications that significantly expand the state highway system or increase maintenance costs for MoDOT must seek pre-approval by the Chief Engineer prior to submittal.
- If debt financing is used to accelerate the project and complete it earlier than funding is available from MoDOT, the applicant must pay and not include the debt-financing costs in the total project costs. The debt-financing costs include items such as bond counsel, underwriter, financial advisor fees, application fees and interest.

After initial verification of the application, Financial Services forwards the application to the Cost Share Pre-approval Team.

The Pre-approval Team consists of staff from Financial Services, Transportation Planning, Traffic and Highway Safety, Design (including Right of Way staff) and Chief Counsel's Office. The team is responsible for submitting comments and a recommendation to Financial Services on or before the specified deadline. The Pre-approval Team meets with district staff to discuss the application, resolve any outstanding issues and determine the team's recommendation to the Cost Share Committee. The Pre-Approval Team prioritizes each application based on the following criteria:

- Transportation Need (including impacts to the state highway system)
- Public Benefit
- Economic Development
- Applicant's Share of Total Project Costs

Financial Services prepares the Cost Share documents, which include the meeting agenda, project review sheets, project maps and team recommendations. Documents are distributed to the Committee members one week prior to the meeting.

## **5. Approval Process**

The District presents the team's recommendation for each application to the Committee.

The Committee recommends, denies or requests additional information for each application. Recommended projects are included in a subsequent STIP amendment for MHTC approval.

Financial Services provides a letter for the district engineer to send the applicant informing them of the Cost Share Committee's decision and discussion points. If additional information is needed, Financial Services will compile the requested information and provide it to the Committee.

- Project Agreement and Programming Process

The district works with the approved applicant to draft the Cost Share agreement, using the form FS08 found on the eAgreements website at <http://sp/sites/eagreements/Agreements/Forms/My%20Agreements.aspx>. Agreements include the maximum amount of approved Cost Share funding and the year the funding is available. The district sends the agreement to the "Agreements Review Group" for review as outlined in the eAgreements review process. The district and applicant address all comments and make appropriate changes to the agreement. The agreement is sent to the Chief Counsel's Office for a final review before the applicant executes the agreement.

The applicant must execute the agreement within six months after the recommendation of the Committee to prevent the funds from expiring and being allocated to another project, unless an extension is approved by the Committee.

If the project is within an MPO, the district and applicant will coordinate with the MPO to amend the Transportation Improvement Program (TIP) at this time.

Once the applicant executes the agreement, the district coordinates with Transportation Planning to amend the project to the STIP. Once the month is set for the project to be amended to the STIP, the district sends the agreement to the Chief Counsel's Office to sign as to form. The Chief Counsel's Office then forwards the agreement to the Commission Secretary's Office for approval and execution at the same time the project is amended to the STIP. The funds are contingent upon an executed agreement between the applicant and the MHTC. The execution and distribution of the agreement will follow the eAgreements process as outlined in the eAgreements Sharepoint Site Manual.

Project programming is complete after the MHTC and Federal Highway Administration approve the STIP and the MPO approves the TIP, for projects in an MPO area.

- Project Delivery Process

The district ensures the design, right of way, utility and construction activities comply with the Engineering Policy Guide (EPG).

Financial Services works with Transportation Planning to determine funds utilized on projects (at bid award and/or project completion) and returns any excess funds to the Cost Share Program.