

State Match Advantage for Rural Transportation (AZ SMART) Fund Program

Proposed Request for Grant Applications

Multimodal Planning Division

Sample Eligible Applicants

Amtrak or another Rail Carrier that provides Intercity Rail Passenger Transportation
An existing entity (e.g., a commission) established by member states to implement an interstate rail compact.
Any recipient or subrecipient that owns, operates, or manages capital assets used for providing public transportation
Consortium of research or academic institutions
Educational institutions
Federal laboratories
For profit corporations
For profit organizations other than small business
Institutions of higher education
Multijurisdictional group made up of eligible applicants, with a signed agreement to implement the initiative across jurisdictional
Multistate corridor organization
Multistate group of governments
Multi-State or multi-jurisdictional group of entities
Non-profit labor organization representing a class or craft of employees of rail carriers or rail carrier contractors
Non-profit organization
Partnership between Amtrak and 1 or more entities
Private nonprofit organizations
Private or non-profit organizations
Regional transportation planning organization
Students
Technical and community colleges
To be identified in NOFO
Transit agency

More Grants and Applicants, Same Funding

- 100% more possible grants (FTA, FRA, FMCS - see below)
- More eligible applicants
- New types of applicants (see left)
- Same funding - additional legislative appropriations not expected in next 2-3 years

Federal Agency	# Grants
Federal Highway Administration	31
Federal Transit Administration	20
Federal Rail Administration	7
Federal Motor Carrier Safety	4

The “Gift Clause”

Arizona Constitution, Article 9, Section 7. Gift or loan of credit; subsidies; stock ownership; joint ownership

Section 7. Neither the state, nor any county, city, town, municipality, or other subdivision of the state shall ever give or loan its credit in the aid of, or make any donation or grant, by subsidy or otherwise, to any individual, association, or corporation, or become a subscriber to, or a shareholder in, any company or corporation, or become a joint owner with any person, company, or corporation, except as to such ownerships as may accrue to the state by operation or provision of law or as authorized by law solely for investment of the monies in the various funds of the state.

- “Gift Clause” issue (highlighted above) - grants to individuals, associations and corporations
- 2 prong test required*:
 - Expenditure must serve a public purpose
 - Value to be received by the public is far exceeded by the consideration being paid by the public
- Differing opinions on application to all entities or just individuals, associations and corporations

**Neptune Swimming Found. v. City of Scottsdale*, 256 Ariz. 497, 542 P.3d 241, 249, ¶25 (2024)

The “Grant Statute”

- AZ SMART is subject to State Grant statute (ARS §41-2701 et seq) - pg 48 in RFGA
- Applies to ADOT and Board and requires:
 - the RFGA
 - Criteria/factors under which applications will be evaluated for award and the relative importance of each
 - Due date for submittal of applications and the anticipated award timeframe
 - At least 6 week public notice before due date
 - Evaluation by at least 3 qualified individuals
- RFGA widely used by other state agencies
- More like a procurement - includes Program Guidelines, terms and conditions, application and offer and acceptance all in 1 document
- Will allow work to begin more quickly since applicant approves and signs *before* application is submitted

State Agencies issuing RFGAs

Arizona Commerce Authority
Attorney General's office
Department of Administration
Department of Agriculture
Department of Corrections
Department of Education
Department of Forestry and Fire Management
Department of Health Services
Department of Water Resources
Governor's Office
Greater Arizona Development Authority
Water Infrastructure Finance Authority

Proposed RFGA Contents

- I. Introduction
- II. Specifications
- III. Special Instructions to Applicants
- IV. Priority Criteria and Scores
- V. Special Terms & Conditions
- VI. Standard Terms & Conditions
- VII. Offer and Acceptance
- VIII. Applicant Checklist
- IX. Definitions and Abbreviations
- X. ARS §28-339 (Laws 2024, Chapter 120) - AZ SMART
- XI. ARS §41-2701 et seq - Grant statute
- XII. Draft Revisions to State Transportation Board Policy #45
- XIII. Sample Application Form
- XIV. AZ SMART Payment Progress Form
- XV. Sample Resolution of Governing Body

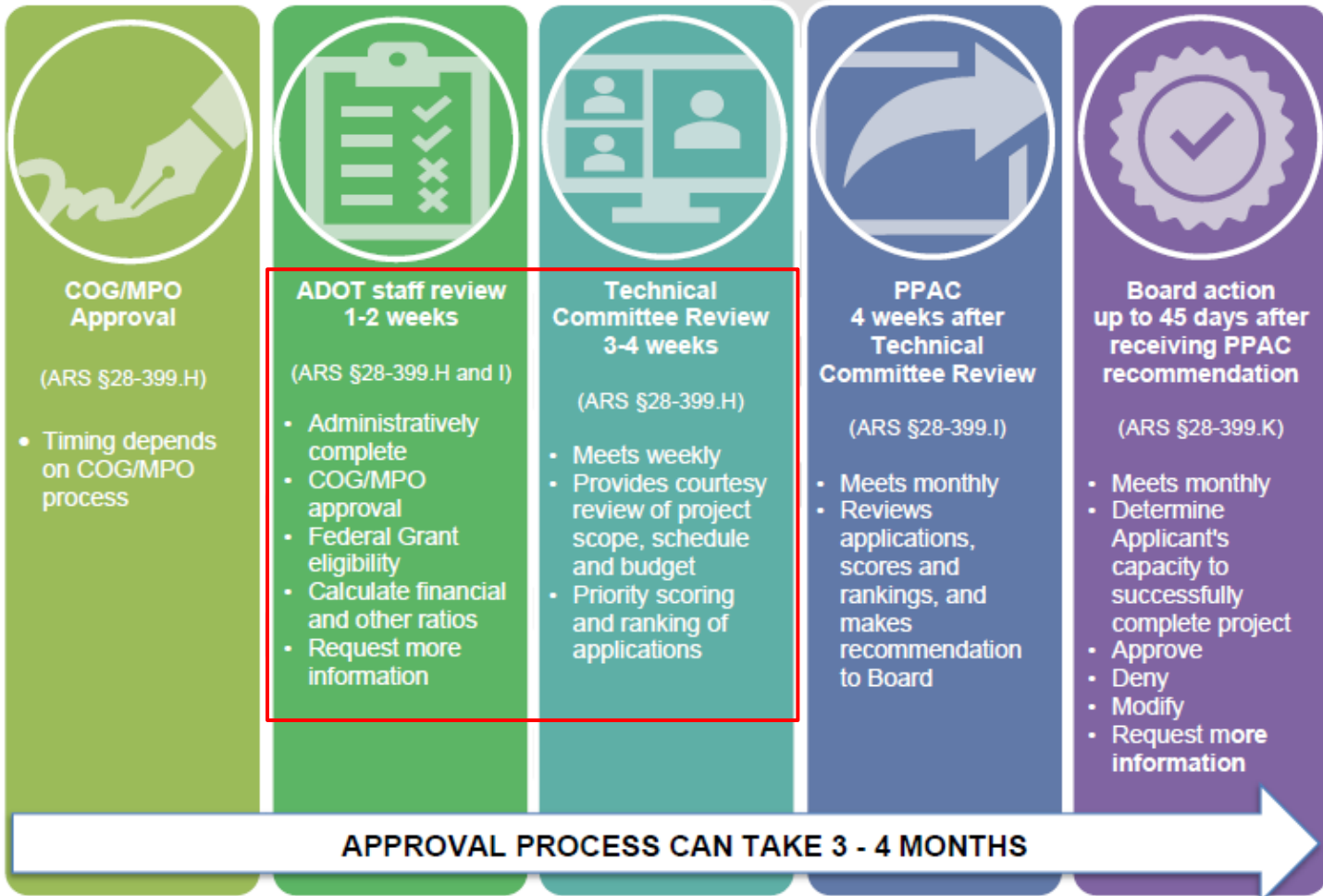
Proposed RFGA Provisions

<i>Element</i>	<i>Reason</i>	<i>Notes</i>
Application format changed to RFGA	• Program is subject to ARS §41-2701 et seq (Grant statute) • DOES - fed grant apps must be submitted in 2 years or \$ repaid (ARS §28-339.E.3)	• Grant statute requires RFGA format, Priority Criteria and evaluations, deadlines, signed offer before submission • Will enable projects to begin as soon as 30 days of Board award
Benefit/cost ratio	• Corporations, individuals, etc. now eligible • Assist Board to determine best and highest use of scarce resources	• 2 prong Constitutional Gift Clause test must be met (public asset and public benefit) • Proposal requires B/C ratio for <i>all</i> applicants pending further clarification
Priority Criteria established	• Required by Grant statute • Provide Board with objective data that levels playing field across different applicants, population and project types	• Grant Statute requires Priority Criteria and encouragement of partnerships • ARS §28-339.H authorizes any entity eligible for a fed grant and Board may determine technical and financial capacity • ARS §28-399.J allows Board to identify other criteria deemed appropriate

Proposed RFGA Provisions, cont.

<i>Element</i>	<i>Reason</i>	<i>Notes</i>
Additional data and documents	• Assist ADOT with identifying applicant eligibility • Assist Board to determine technical and financial capacity • Demonstrate public support • Ensure applicant eligibility	• ARS §28-339.H authorizes any entity eligible for a fed grant; Board may determine technical and financial capacity; ADOT may require additional docs to determine eligibility for fed grant
Quarterly application deadlines	• ADOT needs more time to determine eligibility of applicants, projects, expenditures, etc. • Project budgets consistently underestimated; not to federal standards • Will enable application revisions	• ARS §28-339.H authorizes ADOT to establish app deadlines • ARS §28-339.D requires expenditures to meet federal standards • ADOT instituting courtesy technical reviews to help develop budgets based on federal standards
\$2 mil total max award amount per project	• Encourage applicant and partner financial participation • More competition expected for fewer resources	• ARS §28-339.J authorizes Board to consider applicant match and partnering with others • Grant Statute requires encouragement of partnerships

Review and Approval Process



Proposed Application Rounds

<i>AZ SMART Application Submission Deadline (all 5:00 PM AZ time)</i>	<i>Anticipated PPAC Consideration</i>	<i>Anticipated Board Action</i>	<i>Federal Grant Submission Deadline</i>
November 30	1 st Wednesday in March	3 rd Friday in March	2 years later on the 3 rd Friday in March
February 28/29	1 st Wednesday in June	3 rd Friday in June	2 years later on the 3 rd Friday in June
May 31	1 st Wednesday in September	3 rd Friday in September	2 years later on the 3 rd Friday in September
August 31	1 st Wednesday in December	3 rd Friday in December	2 years later on the 3 rd Friday in December

Proposed Priority Criteria (100 pt scale)

PRIORITY CRITERIA AND SCORES		
Priority Criteria	Evidence or Source	Points
1. The benefit of Project exceeds the estimated cost		
a. B/C ratio exceeds 5.00	B/C ratio provided by Applicant as adjusted based on ADOT courtesy technical review; calculated to second decimal place	15
b. B/C ratio between 2.51 and 5.00		10
c. B/C ratio between 1.00 and 2.50		5
2. Project includes safety improvements		
a. Project addresses more than one of the below	Demonstrated by scope of work provided by the Applicant	10
b. Project addresses safety of non-motorized users		6
c. Project addresses intersection safety		4
d. Project addresses roadway lane departures		4
3. Population of city/town or county in which Project is located		
a. Municipalities of 10K or less	AZ SMART Eligibility by Population	20
b. Counties of 100K or less		
c. Municipality exceeding 10K		10
d. Counties exceeding 100K		
4. Evidence of local support for Project		
a. Project is included in an adopted planning document of the applicable city/town, county, tribe or COG/MPO	Page from municipality/county General plan, CIP, regional or tribal TIP	15
b. Project has been discussed in public meetings or study sessions of the governing body of the Applicant	Minutes of applicable meeting(s)	10
c. Project has received a resolution of support from the governing body of the Applicant	Governing body resolution	5

Priority Criteria, cont.

5. Applicant demonstrates the financial capacity to successfully pay for Project		
a. Quick ratio increases over 3 years	Calculated from data provided in application: Total current assets, total current liabilities, prepaid expenses and inventory	10
b. Quick ratio does not vary by more than 10% over the 3 years		5
c. Quick ratio decreases over 3 years or varies by more than 10% in one or more years		0
6. Applicant demonstrates technical capacity to successfully deliver Project		
a. Has received federal discretionary grant award(s) since 2022	Based on answer to application questions	5
1. Has received formula federal aid funding since 2022		2
2. Has received neither federal discretionary grant award nor formula federal aid funding since 2022		0
7. Evidence the Applicant has estimated costs to operate and maintain Project		
a. Estimate is included with application	Based on answer to application questions	5
b. Estimate is not included with application		0
8. The percent (whole numbers only) of cash monies provided by Applicant		
a. 51% to 75% or higher	Calculated based on answer to application questions	10
b. 26% to 50%		8
c. 25% or less		5
d. 0%		0
9. Extent that Applicant will partner with other entities to deliver Project		
a. Other entity is contributing cash monies of up to 25% of the total estimated cost of the Project	Based on answer to application questions	10
b. Other entity is contributing cash monies of less than 25% of the total estimated cost of the Project		5
c. No other entity or no cash money contribution		0

Program Revision Schedule

- Legislation is effective September 14, 2024
- Anticipated schedule:
 - July 19, 2024 - in depth review of significant changes
 - August 16, 2024 - review of draft Board policy and AZ SMART RFGA
 - August 19 - September 6, 2024 - Public comment period
 - August 29, 2024 - COG/MPO Planners Meeting
 - September 20, 2024 - Board review of public comments and possible RFGA approval
 - October 1, 2024 - Begin accepting applications
 - January 2025 - First funding redistribution