

Arizona Department of Transportation
HURF Exchange Program

Frequently Asked Questions

Q: What is the HURF Exchange program?

A: It was created by the Arizona Legislature in 1997 and authorizes ADOT to provide State Highway Funds to eligible entities in exchange for federal surface transportation (STP) funds. This typically enables eligible cities/towns/counties to build projects faster and cheaper by avoiding expensive and time-consuming federal regulatory requirements.

Q: How does the program work?

A: Local transportation projects are programmed by Arizona Councils of Governments (COG) and Metropolitan Planning Organizations (MPO) in Transportation Improvement Plans (TIP). ADOT provides a certain amount of STP funding on a discretionary basis to all Arizona COGs and MPOs (the amount varies by region). This funding is programmed on local projects, which must meet all applicable federal requirements. Under the HURF Exchange program, the COG/MPO (with the project sponsor's consent) can exchange the federal aid with ADOT and receive 90% of the amount exchanged in State Highway Funds to program on the project. State Highway Funds have far fewer restrictions and requirements, resulting in a less expensive project which is completed more quickly.

Q: What entities are eligible?

A: Arizona cities, towns and counties with population of 200,000 or less according to the most recent annual population estimates produced by the Arizona Department of Administration, and unincorporated areas. Annual estimates are available at <https://population.az.gov/population-estimates>.

Q: Can tribal nations participate?

A: Because tribal nations are not eligible to receive HURF funding directly, they are not direct recipients under the HURF Exchange program. However, tribal nations can work through another direct recipient, such as an eligible city or county.

Q: Is this new funding?

A: No. The program simply allows federal aid to be swapped for State Highway Fund monies, provided sufficient funds exist. The HURF Exchange program is available at ADOT's discretion and may be discontinued if State Highway Funding diminishes.

Q: How does an eligible entity get HURF Exchange funds for its project?

A: The project must be programmed as a HURF Exchange project by the COG/MPO. Consult the applicable COG/MPO for further information.

Q: Is there a local match required on this funding?

A: No match is required by ADOT. However, some COGs/MPOs may require project sponsors to pay a certain percent of the project costs.

Q: What kind of projects can HURF Exchange funding be used for?

A: Eligible projects are those with the primary purpose of improving the efficiency and safety of motor vehicle travel on roadways. Projects must be on the federal aid system (rural minor collectors and above) and be eligible for federal STP funding. Projects on local roads are not eligible.

Q: How does the money flow for an approved project?

A: An intergovernmental agreement (IGA) will first be executed between the project sponsor and ADOT. Generally, 30% of the cost of the project will be advanced to the project sponsor at the start of work. Additional funding is advanced at various intervals as projects reach certain milestones and percentage of completion. The project sponsor is responsible for covering the final 10% of project costs, which will be reimbursed by ADOT when the final project accounting has been completed.

Q: What kind of costs can HURF Exchange funding be used for?

A: HURF Exchange funds may be used only for costs directly related to the design, right of way and construction of eligible HURF Exchange projects. Ancillary items such as utility relocation required for the primary purpose of the project, sidewalks and ADA ramps may be included in the eligible project. Other costs, including but not limited to the following, are not eligible for HURF Exchange and are the responsibility of the project sponsor:

- Scoping.
- Maintenance, which is scheduled or unscheduled work that is performed to preserve existing infrastructure, or in reaction to an event (crash) or season (potholes), or work requiring regular reoccurring attention, such as fence repair, culvert cleanouts, etc.
- Costs incurred prior to date of finance authorization.
- Any items outside of the project right of way.
- Utility relocation which is not directly and unavoidably caused by the HURF Exchange project.
- Betterments of utilities.

Q: Can projects designed with federal aid avoid federal requirements by using HURF Exchange funding for construction?

A: Most federal requirements will probably still apply. ADOT project managers (PM) will review the project and consult with the Federal Highway Administration (FHWA) to determine what federal requirements must be observed. These will be the responsibility of the project sponsor and will be documented in the intergovernmental agreement.

Q: When are the funds available?

- A: HURF Exchange funding is available on a federal fiscal year basis beginning October 1, 2017. Finance authorization requests for each phase of a HURF Exchange project must be submitted by May 15th in the year programmed or the funding will lapse. In order to receive finance authorization, all approvals and intergovernmental agreements must be approved and fully executed, and the project must be ready to advertise, initiate selection of consultants/contractors or begin work within 60 days of the date of authorization.
- Q: What happens if the City Council/Board of Supervisors turns over and a project designed and paid for with HURF Exchange is not a priority for the new members?
- A: Pursuant to the terms of the IGA executed with the City/County, any HURF Exchange funding expended must be repaid if construction is not completed within 2 years of the completion of design or three years from the from the date of the initial obligation of HURF Exchange funding, whichever is earlier.
- Q: What happens if the HURF Exchange funding is not spent according to the terms of the IGA?
- A: The HURF Exchange funds must be repaid. In addition, ADOT reserves the right to refuse to enter into any further HURF Exchange agreements with project sponsors that owe or have misused HURF Exchange funds.
- Q: When cost savings are returned back to the COG/MPO during design, can we federalize at that point?
- A: Not at this time.
- Q: Can you define STBGP?
- A: Surface Transportation Block Grant Program.
- Q: Are bridges eligible for this program?
- A: Yes.
- Q: Would LPA's be able to combine two years of funding for a single phase?
- A: Yes, the maximum timeline is for the total project, not specific phases.
- Q: Would city or towns in MAG/PAG fewer than 200K qualify?
- A: This is being evaluated and an update will be posted.
- Q: Can you define final voucher:
- A: Final voucher is an internal ADOT audit which focuses on the financial and paperwork aspects.
- Q: If a project is initiated but the JPA is not final would it be eligible for this program?
- A: Most likely, yes. It would depend how far the project has progressed. Assuming this in only the design phase, it would be eligible, but federal rules may apply to the construction phase.
- Q: Can design funds be transferred to construction?
- A: This would require coordination and approval of the COG or MPO.

- Q: Is HURF exchange funded in one lump sum or by phase?
A: HURF Exchange is allocated by project phase. The full cost of the project should be identified in the regional TIP and in the documentation submitted to the ADOT LPA Section for project initiation.
- Q: Do we need to provide an estimated completion date up front?
A: Yes, this is necessary to make sure the project is progressing. There may be changes and the date could possibly be amended but this would be on a project by project basis.
- Q: Is there a timeframe to complete the IGA?
A: There is no timeline to complete the IGA other than project authorization requests need to be received into the LPA Section by May 15th. There is a template available for your use. By creating the standard, it should not take long to get approved.
- Q: If there are project shortfalls can the locals contribute funding?
A: Yes, additional funds can be requested and the TIP would be amended accordingly. The local agency will only be reimbursed up to the amount of HURF Exchange funding allocated to the project.
- Q: What if the program is suspended again?
A: The policy has specific sections that deal with how the program would be discontinued if funding is no longer available. Those projects that had an executed IGA would continue to be funded with HURF Exchange.
- Q: How long can we anticipate for final 100% reimbursement?
A: The intent is to process within a couple of weeks if all required documentation is submitted at project close out.
- Q: If there are project savings will the funds be returned.
A: Yes, the released funding will be returned to the COG or MPO for programming on another HURF Exchange project.
- Q: Are there milestones with design?
A: The local is responsible for that, ADOT will be provided the dates. ADOT is not reviewing the plans. The Project and Draw Schedule form identifies key milestones for design and allows the local agency to provide the dates.
- Q: Will local PMDR funds be returned if a project is selected for HURF exchange?
A: Yes. The balance of the PMDR (now PDA) funding will be returned to the local agency.
- Q: If a project started design as federal will they be able to compete for HURF?
A: Yes, the project design can be completed using federal funding and the construction can be completed with HURF Exchange. If the project is federalized, federal requirements (NEPA, Buy America) will still apply. ADOT will work with FHWA and the local agency to identify what will be required.