

Appendix D

Acquisition of Construction and Highway Safety Equipment (AzTraCS IT Equipment Only)

December 2018

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ARIZONA HIGHWAY SAFETY IMPROVEMENT PROGRAM

1. Purpose: The purpose of this appendix is to provide guidance to state and local agencies concerning the eligibility of construction and highway safety equipment acquisition costs as a participating direct charge to a single Federal-aid (HSIP) project when certain conditions are met. **Currently, this eligibility is for AzTraCS information technology systems/equipment listed in paragraph 4. only.**

2. Background: On September 8, 2017 and further clarified by Memorandum on December 14, 2018, FHWA issued guidance regarding their policy for participation in costs associated with equipment acquisition based on the Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards in 2 CFR Part 200. As outlined in the Memorandum, States are expected to continue to follow this general policy. However, the FHWA Division Administrator may approve the direct charge to an eligible Federal-aid program funding source for the up-front acquisition cost of equipment if a State's request for prior written consent [2 CFR 200.439(b)(1)] provides sufficient documentation supporting a Federal highway or transportation interest.

3. Guidance: As defined in 2 CFR 200.33, equipment means the tangible personal property (including information technology systems) having a useful life of more than 1 year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.00.

In certain circumstances, the Arizona FHWA Division Administrator may approve HSIP funding for the direct charge of equipment as a highway safety improvement project, provided the activity is consistent with the State Strategic Highway Safety Plan (SHSP) and: (i) corrects or improves a hazardous road location or feature: or (ii) addresses a highway safety problem [23 U.S.C. 148(a)(4)].

If a state or local agency requests to charge the full cost of equipment acquisitions as a direct charge to a single project rather than allocating the amortized acquisition costs over the useful life of the equipment, the agency must provide the Traffic Safety Section, who in turn will provide FHWA, with adequate assurances that there is a Federal highway or transportation interest in doing so. These assurances will include **(See Tab 14 of HSIP Application for template):**

3.1 A certification that the equipment will be used on an authorized Federal-aid (HSIP) project within 3 months of receipt of equipment.

3.2 A certification that the equipment will be used for its intended purpose over the useful life of the equipment. The certification must include a discussion on the expected useful life of the equipment and the annual number and types of projects that will benefit from the use of this equipment.

3.3 A certification that the contracting agency purchasing the equipment has in place sound internal controls for documenting and monitoring the equipment's efficient use on eligible activities. The FHWA Division Administrator may require a report from the State documenting the use of the equipment as part of its monitoring program.

3.4 A certification that the equipment will be maintained and not lie idle for extended periods of time making it inefficient as a direct cost activity.

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3.5 Documentation that adequate internal controls are in place and reasonable assurances that Federal-aid (HSIP) funds are not participating in unallowable costs.

3.6 Documentation that shows compliance with FHWA's construction contracting requirements related to equipment, including but not limited to:

- Use of publicly owned equipment (23 CFR 635.106)
- Material or product selection requirements (23 CFR 635.411)
- Buy America requirements (23 U.S.C. 313 and 23 CFR 635.410)

If Arizona's FHWA's Division Administrator determines that the agency's request is eligible and approves the request, the approval will be provided by the Division Administrator in writing through the Traffic Safety Section.

A separate Federal-aid project must be established for the sole purpose of acquiring the equipment. The contracting agency must certify that the equipment will be used in accordance with the eligibility criteria for the applicable Federal-aid (HSIP) funding.

After the successful completion of the initial project the equipment was approved under, the agency may use the equipment for its intended safety purpose on any public road (including local roads) for any project (e.g. Federal-aid or non-Federal-aid, capital improvement or maintenance, etc.).

4. AzTraCS Eligible Information Technology Systems/Equipment:

- 4.1 Handheld Scanner/Barcode Reader: L-Tron 4901 or equivalent. Approx. \$370.00 each.
- 4.2 Portable Thermal Printer: Brother Mobile Pocketjet 7 or equivalent. Approx. \$350.00 each.
- 4.3 Mounting hardware for the above 2 items. Approx. \$300.00
- 4.4 Panasonic Toughbook or equivalent. Approx. \$3000.00 each.
- 4.5 Mounting hardware for laptop. Approx. \$700.00 each
- 4.6 A server, if needed. Approx. \$5000.00-\$15,000