

Project Delivery Academy

MODULE 2

❖ **FEDERAL AUTHORIZATION AND RESOURCE ADMINISTRATION**

Presented by:
Program and Project Funding

Presentation Overview

- ▶ Introductions
- ▶ Federal Aid
- ▶ Non Federal Fund Sources
- ▶ Distribution of federal funds between ADOT and COGs/MPOs
- ▶ Resource Administration and Project Authorization
- ▶ Questions

Program and Project Funding

- Unit within Financial Management Services
- Serves full lifecycle of Programmatic and Project Funding
- Three teams:
 - Resource Admin
 - Project Accounting
 - Final Voucher

Introductions

Program and Project Funding - Unit within Financial Management Services

- ▶ Serves full lifecycle of Programmatic and Project Funding
- ▶ Made up of three teams:
 - ▶ Resource Admin
 - ▶ Project Accounting
 - ▶ Final Voucher

Org Chart in Resource Admin

- ▶ Elise Maza – Program/Project Funding Administrator
 - ▶ Patrycja Kozaczka – Accounting Manager over Resource Administration/Project Accounting/Final Voucher
 - ▶ Alison Hart– Resource Administration Manager
 - ▶ Mary Villarreal-Perry
 - ▶ Josh Wilson
 - ▶ Socorro Juarez
 - ▶ Velia Gomez-Zuniga
 - ▶ Matt Randall
 - ▶ Novalyne Flaming-Buschman

Federal Aid



Federal Aid Highway Program

- ▶ Reimbursement program
- ▶ Requires a State or Local match
 - 5.7% for Arizona (only Nevada has a lower match at 5%)
 - Match based on percentage of federal lands in the State
- ▶ Funding is distributed by formula to States pursuant to a federal transportation program authorization (apportionments) and annual budget bills (obligation authority)
- ▶ Funded primarily by the Federal Highway Trust Fund
- ▶ The current long-term reauthorization bill, the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), was signed into law on November 15, 2021.

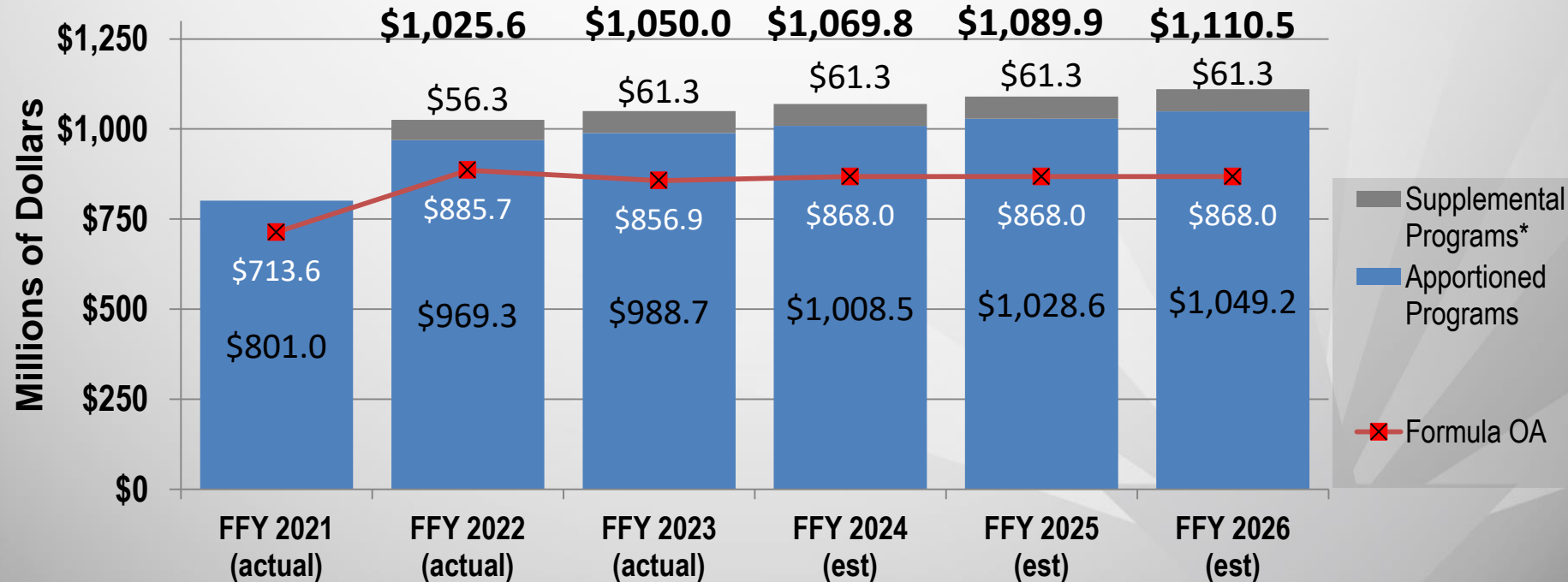
Apportionments vs Obligation Authority

- ▶ Apportionments
 - Amount set in program authorization bill
 - Represents upper annual limit
 - Broken into various program categories via formula
- ▶ Obligation Authority
 - Amount set annually in budget bills
 - Generally 87-95% of apportionments
 - Ratio results in excess apportionments
- ▶ Both Apportionments and Obligation Authority are required to fund projects

IJJA/BIL Apportionment Estimates

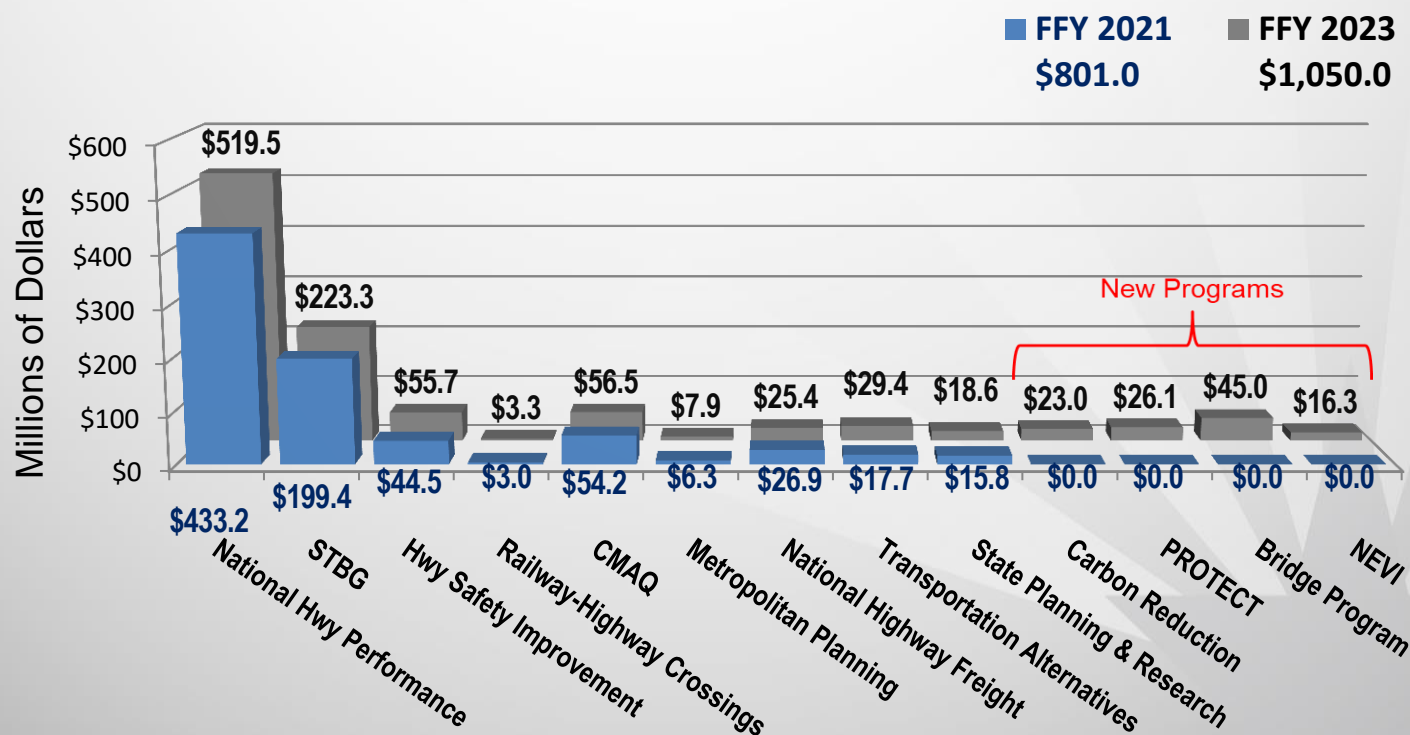
FFY 2022 – FFY 2026

Total Estimated IJJA funding limits: \$5.3 billion



*Supplemental Programs consist of Bridge Program (\$45M) and National Electric Vehicle Infrastructure (NEVI) (\$11.3M to \$16.3M)

FAST v. IIJA Apportionment Comparison



Funding Distributions

- ▶ State projects in Five Year Capital Program
 - Approved by State Transportation Board
- ▶ State projects programmed on needs-based/competitive basis
 - T/A, Off-System Bridge, HSIP, Rail
- ▶ Local projects in State Transportation Improvement Program (STIP)
 - Approved by regional Executive Board or Council
 - Statutory - Urban STBGP and TAP (MAG/PAG), PL
 - Discretionary - HURF Exchange, TAP under 200K, SPR, CMAQ, STP based on population, CRP based on population.

ADOT Projects in the 5 Year Program

- Predominantly federal aid program, federal aid with state match.
- “MAG Section”, Freeway Lifecycle Program (FLCP) is federal aid and RARF, MAG 12.6 and MAG 2.6 Funding.
- “PAG Section” is federal aid, state funds and PAG 2.6

NON FEDERAL FUNDING SOURCES

ARIZONA DEPARTMENT OF TRANSPORTATION FY 2023 HURF ACTUAL REVENUE DISTRIBUTION FLOW

NOTES:

/1. Arizona Revised Statutes 28-5926 and 28-5927 transfer 1.6 percent of gas tax revenues to the State Lake Improvement Fund (SLIF) and 0.55 percent of gas tax revenues to the Off-Highway Vehicle Recreation Fund (OHVRF). The \$532.8 million of gas tax revenue is before of a total \$11.5 million transferred to the above two funds.

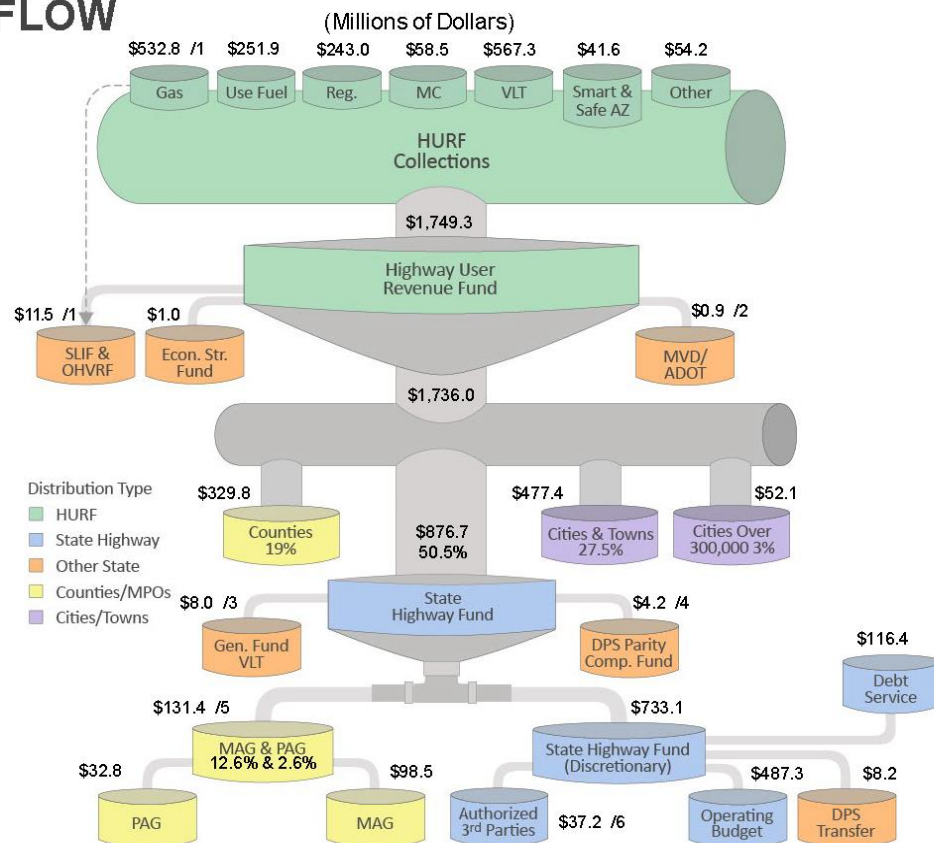
/2. In FY 2023, \$906,500 was appropriated to MVD for the vehicle registration enforcement and authorized 3rd party programs.

/3. Laws 2011, 1st Regular Session, Chapter 28 (SB 1616) transfers from the State Highway Fund share of HURF VLT generated the difference in the two-year and five-year VLT to the state general fund which totaled \$3.5 million in FY 2023. Laws 2010, 7th Special Session, Chapter 12 (HB 2012) an amount equal to 90 percent of the fees collected under 28-4802 (A) and 60 percent of the fees collected under 28-4802 (B) shall be transferred from the State Highway Fund share of HURF VLT to the State General Fund which totaled \$4.5 million in FY 2023.

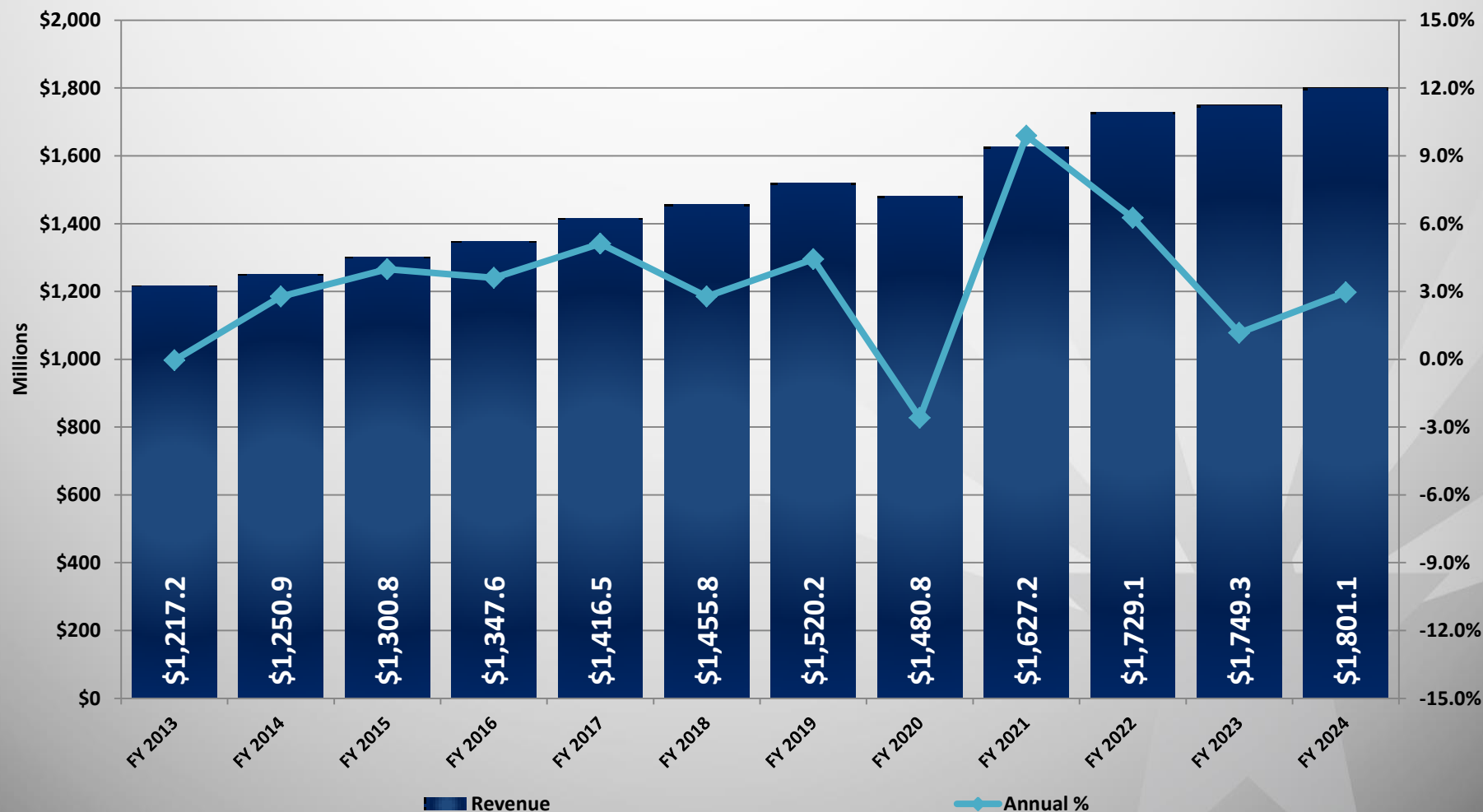
/4. Per Arizona Revised Statutes 28-5808, 1.51 percent of the State Highway Fund share of HURF VLT is distributed to the DPS Parity Compensation Fund.

/5. The 12.6% (statutory) and 2.6% (non-statutory) allocations from the State Highway Fund share of HURF distributions.

/6. Revenues to the State Highway Fund are reduced by the amount retained by Authorized Third Parties for the collection of VLT.

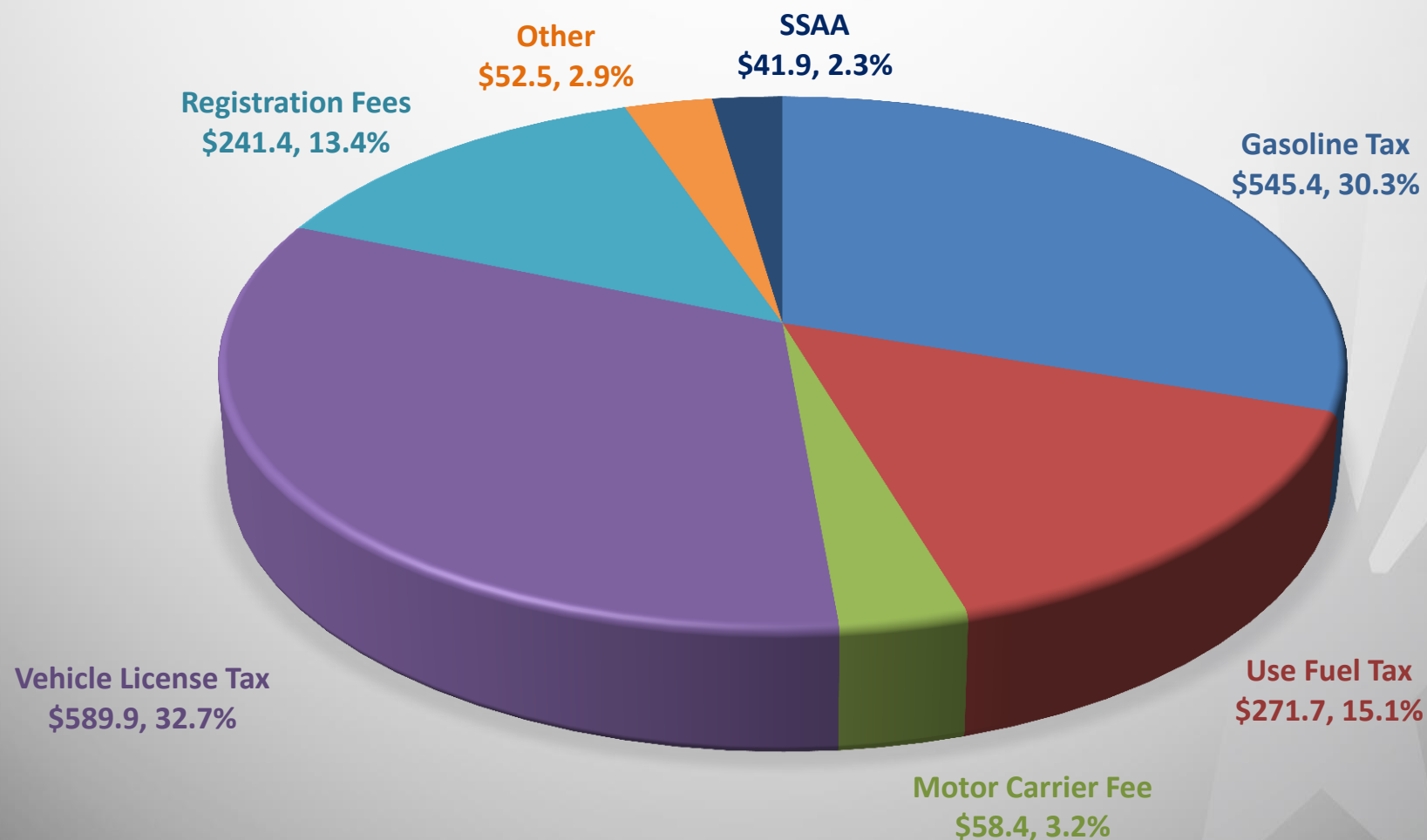


HURF: Revenue History

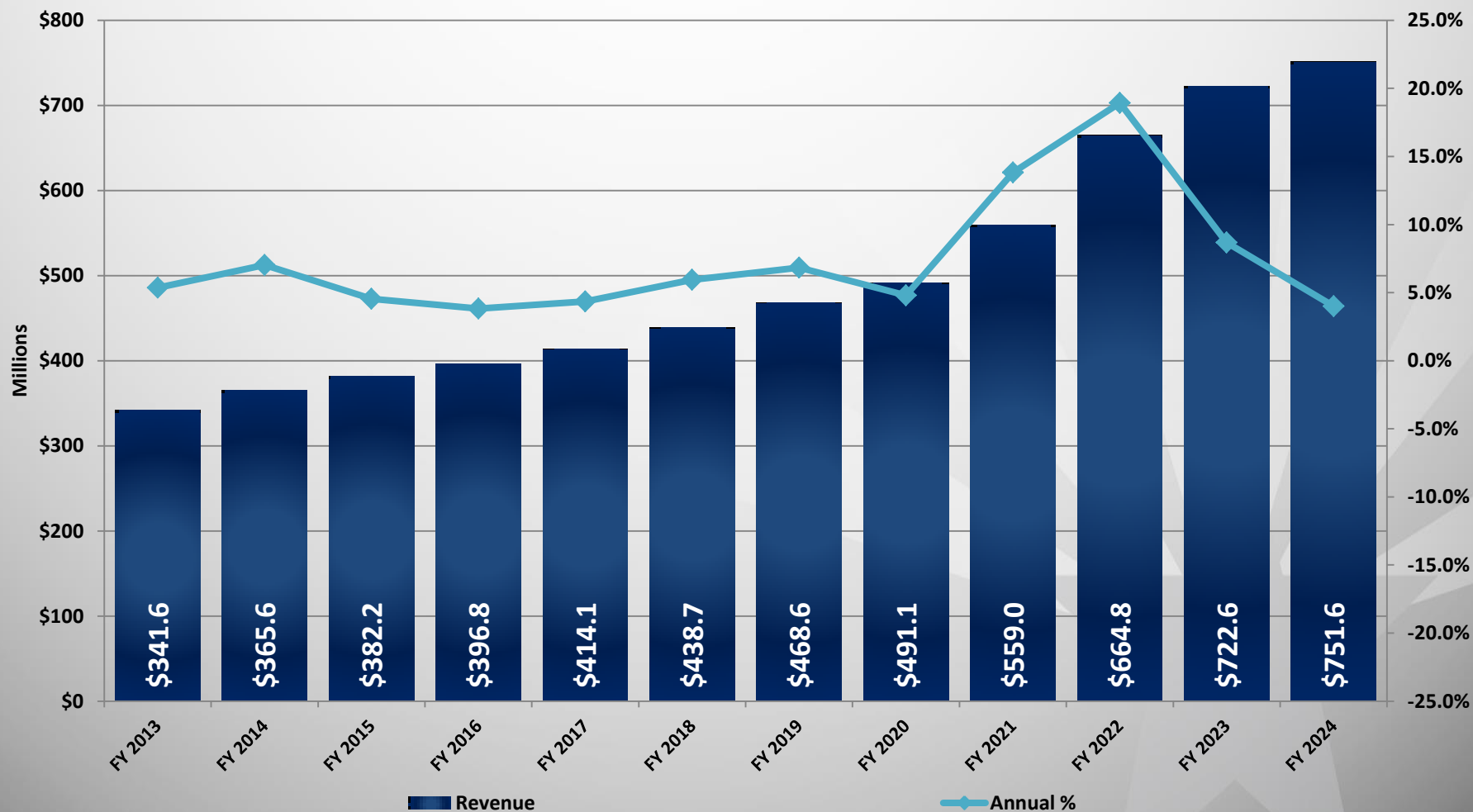


BREAKDOWN OF HURF REVENUE

FY 2024 - \$1,801.1 Million

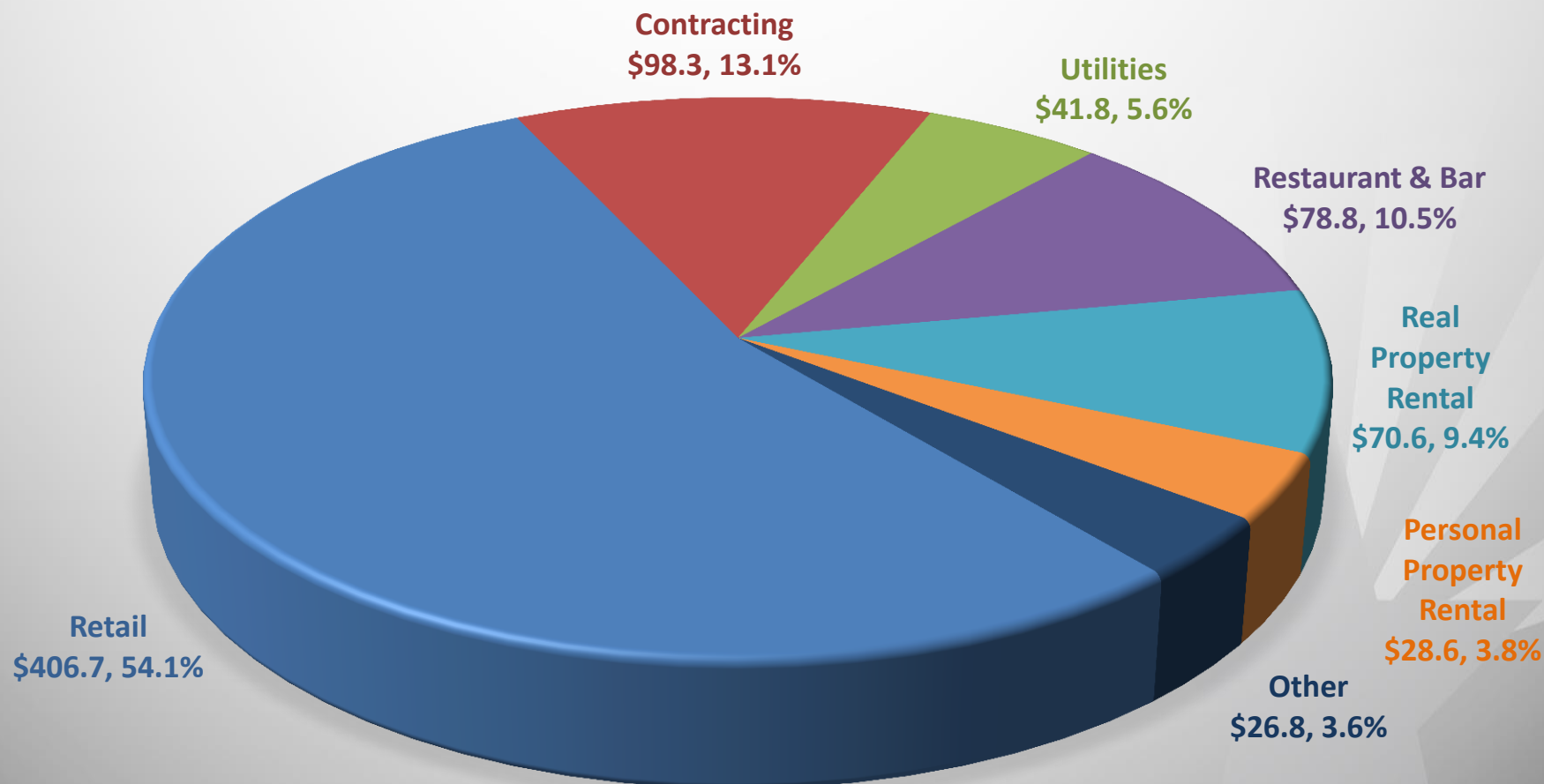


RARF: Revenue History



BREAKDOWN OF RARF REVENUES

FY 2024 - \$751.6M



Other Funding/Special Funding

- Agency is getting new, complex types of funding:
 - Legislative appropriations (and ex-appropriations)
 - Congressional Earmarks
 - AZ SMART
 - Grants – Increase in Grant Funding with IIJA

Unprecedented Discretionary Grant Opportunities

Eligible Applicants

Grant	\$	State	COG/MPO	LPA	Tribe	PA ¹	Others ²
Prioritization Process Pilot Program	50 M	✓	✓			✓	
National Electric Vehicle Tech Assistance	500 M	✓		✓			
Safe Streets and Roads for All program	5 B		✓	✓	✓		
PROTECT Grant	1.4 B	✓	✓	✓	✓	✓	✓
Charging & Fueling Infrastructure Program	2.5 B	✓	✓	✓	✓	✓	
Congestion Relief Program	250 M	✓	✓	✓			
Bridge Investment Program	12.5 B	✓	✓	✓	✓	✓	✓
Reconnecting Communities Pilot Program	1 B	✓	✓	✓	✓		
Rural Surface Transportation Grants	2 B	✓		✓	✓		
INFRA	8 B	✓	✓	✓	✓	✓	✓
National Infrastructure Project Assistance (MEGA)	5 B	✓	✓	✓	✓	✓	
Local and Regional Project Assistance	7.5 B	✓	✓	✓	✓	✓	
Reduction of Truck Emissions at Ports	400 M	None specified in IIJA; NOFO expected to contain details					
Wildlife Crossings Pilot Program	350 M	✓	✓	✓	✓	✓	✓
FY 22-26 Total	\$46.45 B						

1/ Special purpose district/public authority with transportation function 2/ Includes Federal Land Management agency, non-profits and territories

Source: Bipartisan Infrastructure Law, Overview of Highway Provisions presentation, available at <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/summary.cfm>

Distribution of Federal Aid between ADOT and COGs/MPOS

- Funding passed thru to COGs/MPOs
- ADOT competitive funding available for local projects
- Federal Competitive Grants

Federal Funding Passed Thru to COGS/MPOs Cont.

- TAP Funding (MAG/PAG)
- PL (MPOs/TMAs)
- SPR
- STBG <5, STBG 5-50, STBG 50-200
- CMAQ (MAG)
- CRP (MAG, PAG)*
- CRP 50-200K (MPOs)*
- HURF Exchange (Not Federal Aid but in exchange of STP funding)

*Carbon Reduction Program (CRP) Funding is new funding available under IIJA.

Local Projects

- ▶ IGAs must be executed
- ▶ Must have local match and any additional funding prior to authorization
- ▶ OA is “use or lose”, projects not authorized timely can lose their funding
- ▶ Ensuring enough time is in schedule for project to deliver in year programmed
- ▶ Local projects must be in the State Transportation Improvement Program (STIP) and in the Local TIP
 - Approved by regional Executive Board or Council

ADOT Competitive Programs for Local Projects

- ADOT's Federal Aid available for local projects is based on a competitive application process.
- Local sponsors are responsible for all cost increases; ensure project estimates are as accurate and up to date as possible before applying.
- Competitive Programs:
 - Off System Bridge (STBG w. Match & BFP 100% Fed)
 - TA Program (New)
 - CMAQ (Nogales)
 - HSIP
- State Fiscal Year Basis

RESOURCE ADMINISTRATION

Resource Admin Tasks

▶ **Attend Project Review Board Meeting (PRB)**

- ▶ Preview of what projects to expect
- ▶ Provide financial guidance/answer questions
- ▶ Review/validate all financial elements on form: budgets, project master, fed ID, and fund source
- ▶ Process time: within 5 business days after RA receives PRB final decision packet
 - ▶ Cannot take action until approved final PRB decision packet is received (PRB only), or it has been authorized by PPAC and the Board
 - ▶ Resource Admin packet: STIP/TIP, Map, Auth letters (HSIP, NEPA), ROW parcel info

▶ **Project Master**

- ▶ Project Accounting is the owner RA is one of the signers in the approval process
- ▶ Project master feeds AFIS/PIRT/Fast so it is important that the information is accurate and complete
 - ▶ Any change needs to go through Project Master: i.e.- Project Manager name change
- ▶ Default setup for phase is open to payroll, please notify RA if phase should be NOPR

Resource Admin Tasks continued

- ▶ **Attend Construction Huddle**
 - ▶ Discuss Advertising/Authorization dates
 - ▶ Provides processing dates for both RA/FHWA
- ▶ **Construction Obligation Requests**
 - ▶ Obligation Request Sent to RA - FMIS4 Coding Form & Recap (Excel), MONEYADM (Word), DocuSign Cover Letter, JPA/IGA (if applicable), TIP or STIP (cannot be pending), Map – showing the vicinity/exact location where project is taking place.
 - ▶ HSIP projects need to include eligibility letter (projects above 20% of ADOT estimate require a new letter)
 - ▶ Local projects – local funds must be received prior to submitting paperwork to RA
 - ▶ Analyst will confirm if monies have been received through A/R log or directly in AZ360
 - ▶ Not required for Certified Acceptance Agencies (Phoenix, Tucson, Scottsdale, Chandler, Mesa, Tempe and Maricopa & Pima Counties)
 - ▶ Documentation is reviewed for consistency
 - ▶ RECAP totals must match all forms
 - ▶ Goes to FHWA for authorization (cc'g you/C&S, etc.)
 - ▶ FHWA 2nd signature provides approval to authorize (typically email is sent from FHWA)
 - ▶ FHWA 3rd signature provides approval to load funding

Resource Admin Tasks continued

- ▶ **Construction Budget Increases**

- ▶ Additional funds requested for project after initial approval
- ▶ Come in DocuSign format approved by State Engineers Office

- ▶ **Construction Awards**

- ▶ Contractor has been awarded the project and adjustments are made to original approved funding
- ▶ Once projects have been approved by STB, award should be submitted to RA within 10 days

- ▶ **Non-construction Projects**

- ▶ MPD projects (2 Year Work Program for Planning and Research, Arizona State Parks, COG/MPO Authorizations, etc.)
- ▶ Miscellaneous (Fuel Tax Evasion, Landscape/Litter, Annual Training, BECO, etc.)

- ▶ **Monitor Receipt of Local Funds**

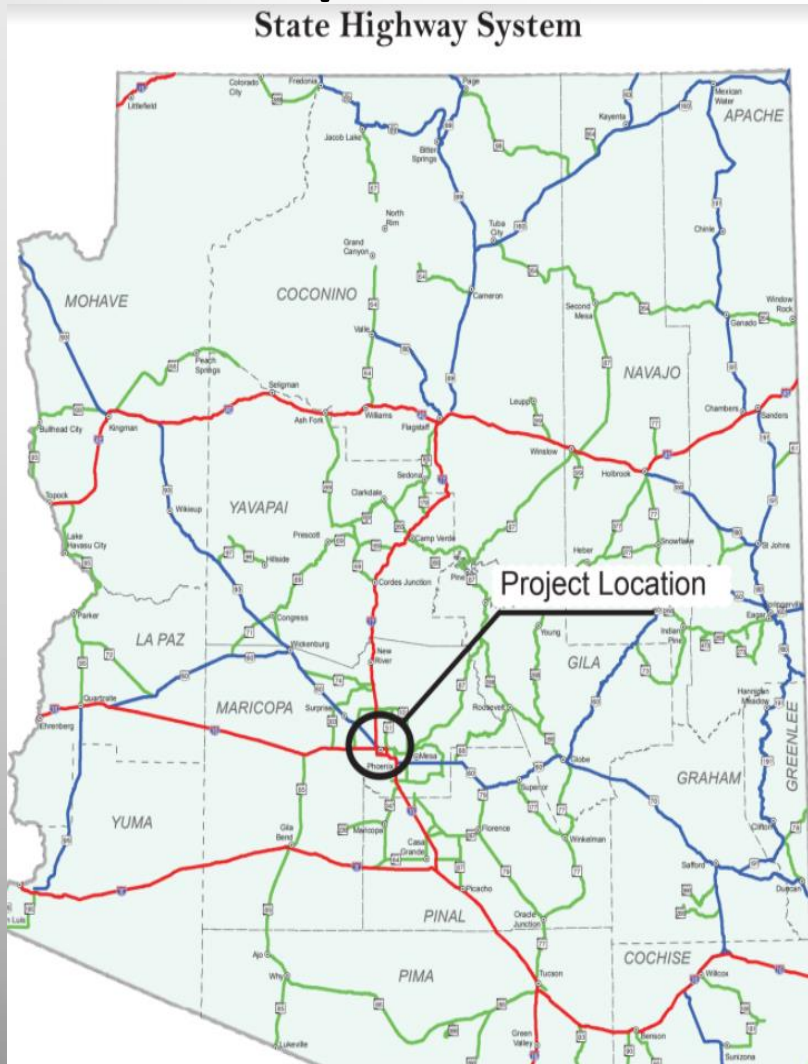
- ▶ **Track/Update Project End Dates**

- ▶ **Track and Monitor Inactive Projects**

Resource Admin Hot Topics

- ▶ **Pending eSTIPs**
 - ▶ If there are amendments to an eSTIP we cannot request authorization until it is approved
- ▶ **FHWA Authorization Letter**
 - ▶ Local contributions over required match are not being identified correctly in the letter
 - ▶ Project total on first page needs to match total amount being requested, not just federal
- ▶ **Project Maps and consistency of project name across all documents**
 - ▶ Must show location of project and surrounding city/towns
- ▶ **Phase Transfers**
 - ▶ Require PRB approval or special FMS approval
- ▶ **Final push to phase closure and/or project closure**
 - ▶ **Phase closure** – email resourceadmin@azdot.gov
 - ▶ **Project closure** – Submit FV request through Smartsheets

Example of Bad and Good Vicinity Map



RIVERSIDE DR - BILL WILLIAMS RIVER BRIDGE
 SR-95 (from MP 155.0 to MP 161.6)
 095-C(224)T
 095 LA 155 F0419 01C



Project End Dates

- The project end date is the final date when the recipient may perform work to be allowable for reimbursement on a federally-funded project
- If work is performed after the end date of the period of performance it becomes ineligible for federal reimbursement
- If the project end date is modified after the previously approved end date has passed, work performed during the lapse period are not allowable and will not be reimbursed
- The end date should be selected based upon the schedule of the scope of work under agreement, not the completion of the entire “project.” (For example PE, ROW, or construction phases separately)
- The date should be modified if there is a documented change in the project that affects the completion schedule of the project
 - Examples include change orders, contractually allowable delays, delays in award or re-advertisement, litigation delays, etc.
- Any requests to change an end date should be submitted 90 days prior to the end of the current end date or can be changed when adding a new phase to the project agreement (prior to existing end date expiring)
 - ADOT staff to email resourceadmin@azdot.gov with extension request

Project End Dates Continued

- If costs are identified after the project end date but were incurred before the project end date (e.g., identified during audits, claims, or litigation), the project agreement may be reopened, obligations adjusted, and reimbursement processed
- The billing (liquidation of obligations) for eligible costs incurred during the performance period may occur up to 90 days after the end date unless an extension is otherwise approved
- After the completion of the project, all project documentation is collected and prepared for final records, potentially a project audit, and project closeout
- Why is it important to close projects promptly?
 - Project closeout is important because it facilitates sound internal and funds control
 - Provides FHWA reasonable assurance that the recipient has timely met Federal requirements for the project and charges to the Federal government are accurate and timely
 - Unexpended balances can be promptly released for re-obligation for other purposes
- 2 CFR 200.344 **Effective November 12, 2020**
 - The recipient must submit, no later than 120 calendar days after the PAED, all financial, performance, and other reports (e.g. final voucher) as required by the terms and conditions of the Federal award

Inactive Projects

- An inactive project is an eligible transportation project with unexpended Federal obligations for which no expenditures have been charged against the Federal funds within the past 12 months or more
 - All projects with an unexpended balance greater than or equal to \$150,000 with no activity for the past 9 months are subject to review as well as those projects with an unexpended obligation of \$50,000 to \$150,000 which were authorized more than 9 months ago and have no expenditures.
- All Federal Funds available to Arizona must stay below 2% inactive - status is being closely monitored by FHWA & FMS
 - These activities help to ensure FHWA has accurate financial reports and there is a clear accounting of balances available, obligated and expended from the Highway Trust Fund
- We can lose Federal funding on these projects if we don't get activity and/or are above the 2% threshold
- Recipients must demonstrate that obligations for the projects remain proper and that inactivity is beyond the State DOT's control
 - These justifications are documented and submitted to FHWA on a per project basis

Managing Inactive Projects

- Proper timing of Authorizing Phases- do not authorize a project or phase unless you are ready to start working
- Frequency of project billing – either monthly or quarterly
 - Regularly billing a project to expend obligations is important to avoid inactive status
- Timely submission of invoices to ADOT FMS
 - Lack of timely billing from sub-recipients is not a sufficient justification for the inactive obligation
 - Activity that will clear an inactive project can be as simple as an invoice for staff time
- Ongoing monitoring is a primary component of proactively managing obligations to prevent the obligation from becoming inactive
 - FHWA has quarterly critical inactive reporting- FMS works on these projects to determine if an invoice can be paid or if the project is ready for closeout
 - FMS must provide FHWA valid explanations for any project(s) not cleared by end of quarter or funding could be lost
 - ADOT Staff has access to Inactive Reporting that is updated daily in the Project Dashboard which can be found in adotdw

QUESTIONS?

PROJECT DELIVERY ACADEMY

MODULE 2: FEDERAL AUTHORIZATION

Resources

- FHWA BIL/IIJA link
 - <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/>
- FHWA Notices link
 - <https://www.fhwa.dot.gov/legsregs/directives/notices/>
 - <https://www.fhwa.dot.gov/legsregs/directives/notices/n4510864/>
- ADOT Grants link
 - <https://azdot.gov/planning/adot-grant-coordination-group>

THANK YOU!

PROJECT DELIVERY ACADEMY

MODULE 2: FEDERAL AUTHORIZATION