



Project Delivery Academy

Module 2: Federal Authorization and Resource Administration

Elise Maza
Joshua Wilson
Velia Gomez-Zuniga

Presentation Overview

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

Introductions

- Program and Project funding is a unit within Financial Management Services
- Serves full lifecycle of Programmatic and Project Funding
- 3 Teams that make up PPF:
 - **Resource Administration:** Responsible for obligating funding to assist with the delivery of the 5 Year Transportation program. Monitor and track federal aid spend down, and ensure projects are appropriately funded and budgets available for projects to begin
 - **Project Accounting:** Responsible for lifecycle management of projects (includes various tasks), approving budget documents in AZ360, processing JVC requests, and currently maintain transit & aero projects among many other miscellaneous types
 - **Final Voucher:** Responsible for auditing and closing out projects
- PPF Org Chart:
 - **Program and Project Funding Administrator:** Elise Maza
 - **Accounting Manager:** Patrycja Kozaczka
 - **Resource Administration Manager:** Alison Hart
 - Team Lead: Joshua Wilson
 - Accountants: Velia Gomez-Zuniga, Matthew Randall, Ryan Loos, Novalyne Flaming-Buschman, Court Cleveland

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.

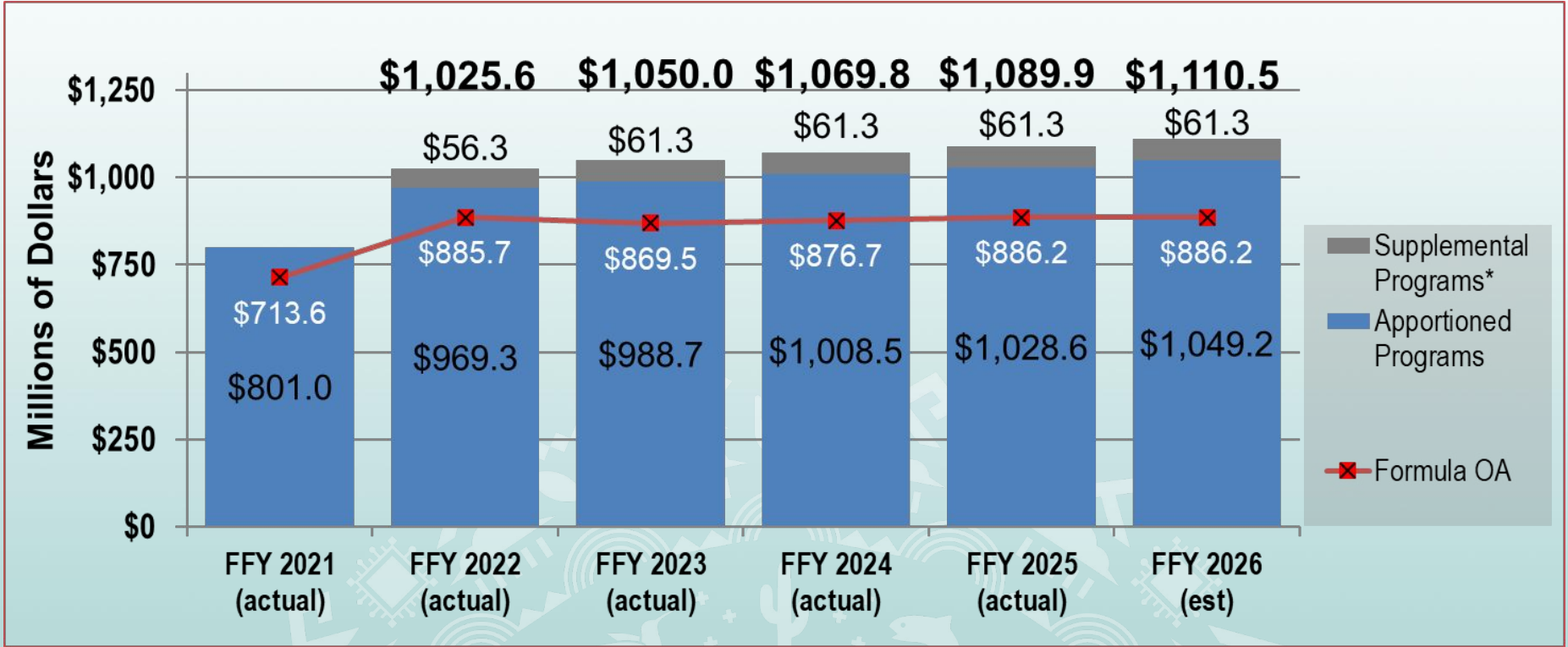
Apportionments vs Obligation Authority

- 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

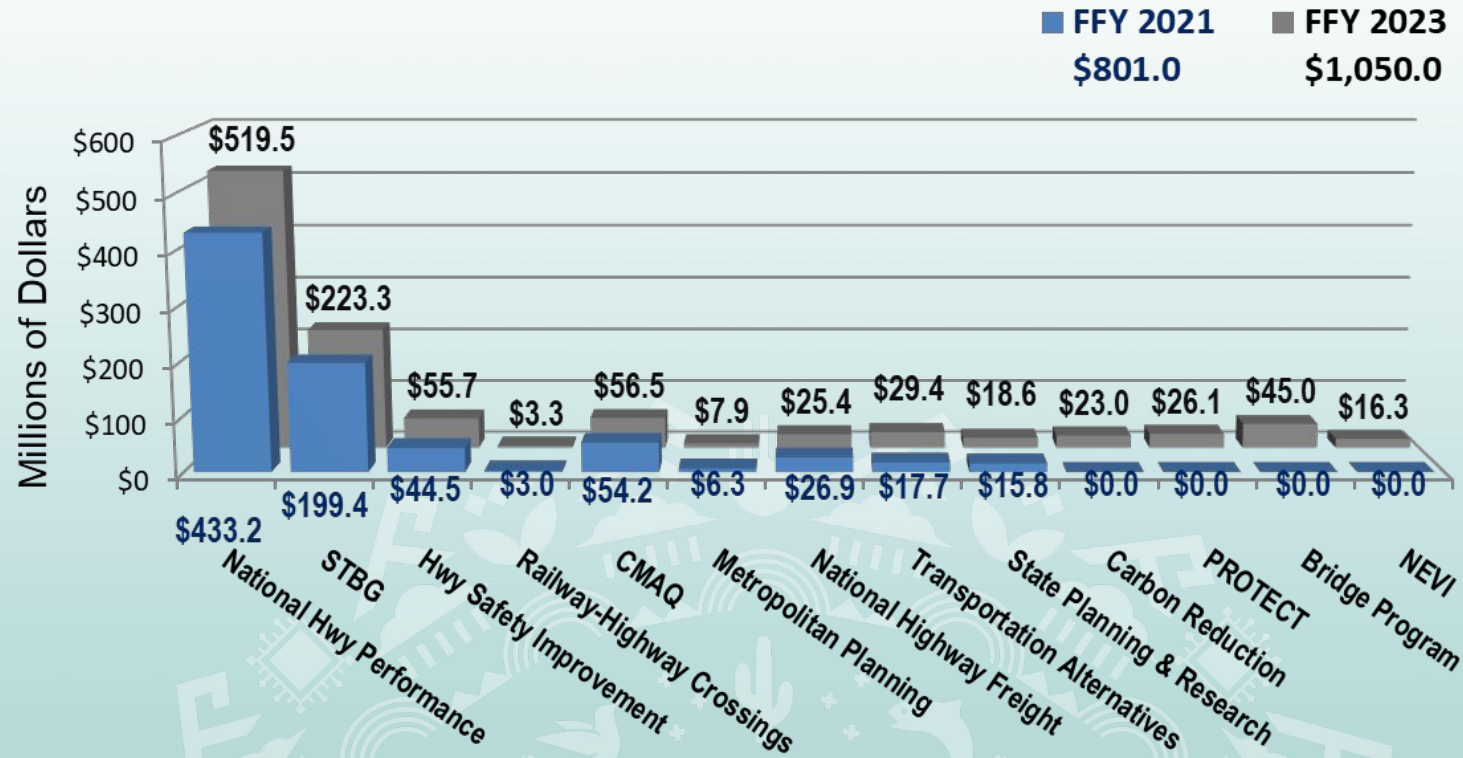
IIJA/BIL Apportionment Estimates

FFY 2022 – FFY 2026

Total Estimated IIJA funding limits: \$5.3 billion



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” (Maricopa Association of Governments), Freeway Lifecycle Program (FLCP) is federal aid and RARF, MAG 12.6 and MAG 2.6 Funding
- “PAG Section” (Pima Association of Governments) 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.

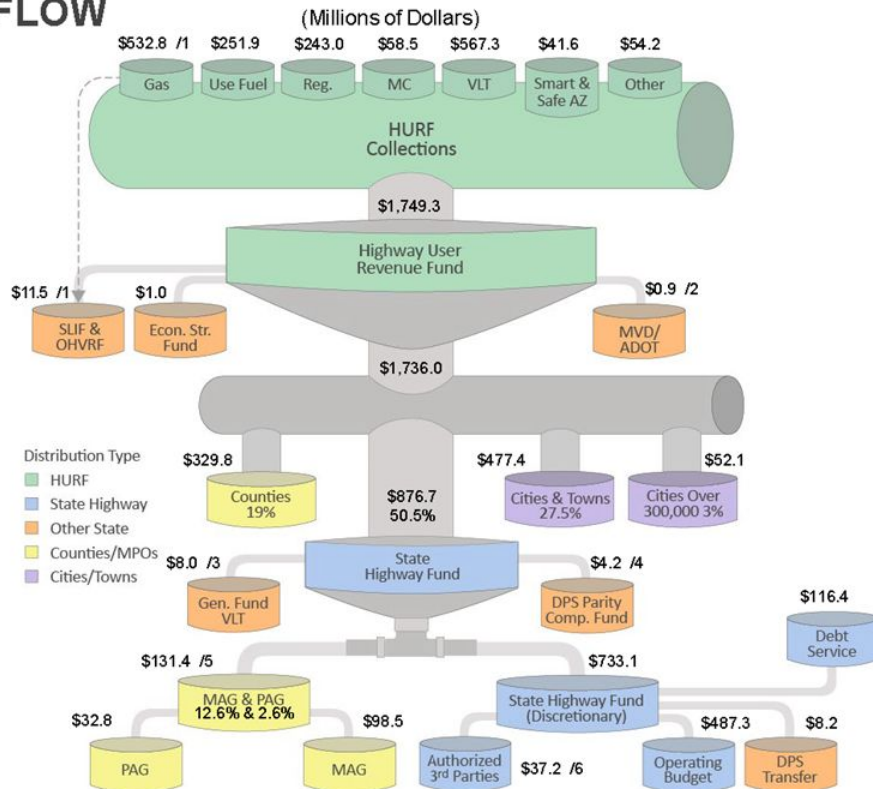
/2. In FY 2023, \$906,500 was appropriated to MVD for the vehicle registration enforcement and authorized 3rd party programs.

/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.

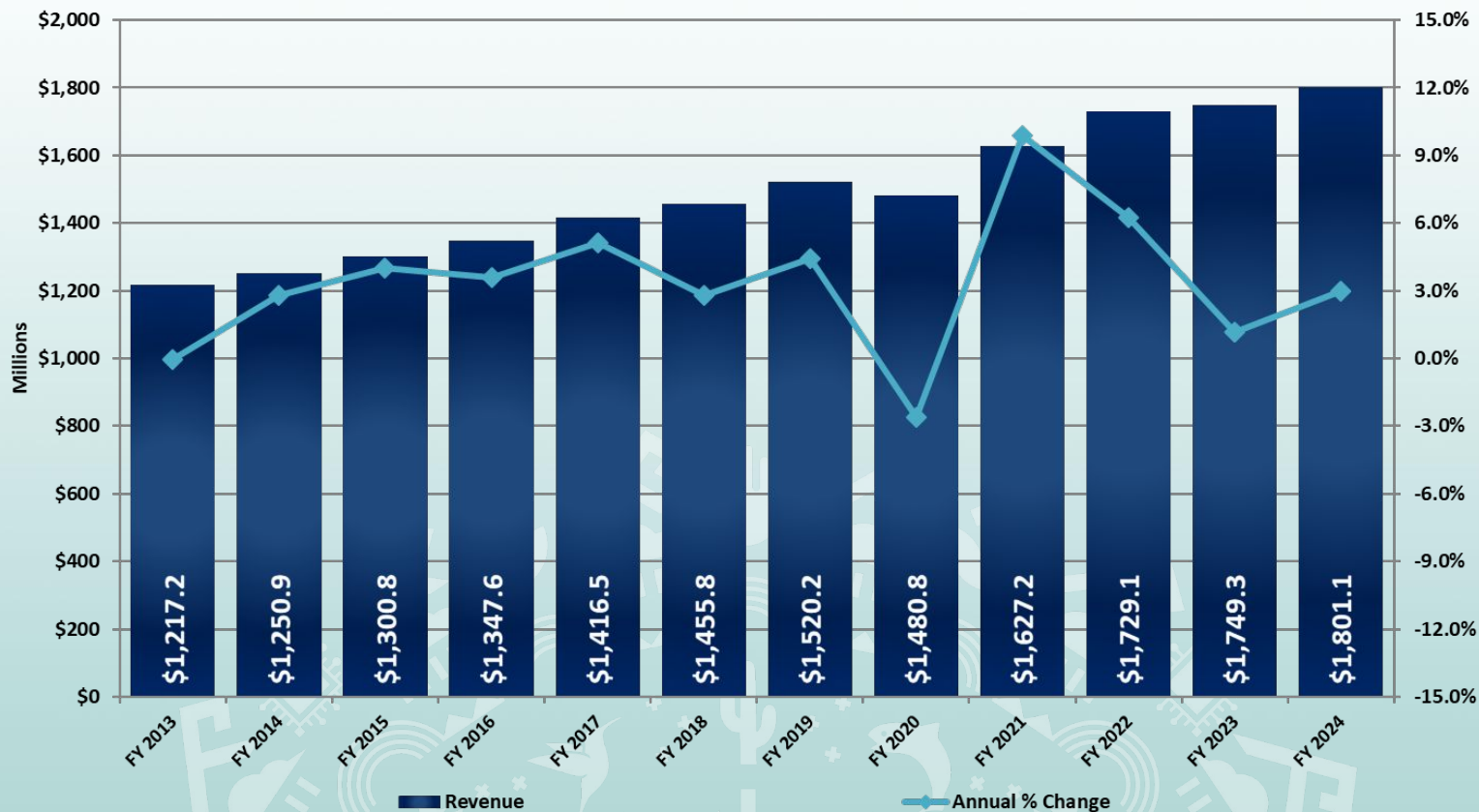
/4. Per Arizona Revised Statutes 28-5808, 1.51 percent of the State Highway Fund share of HURF VLT is distributed to the DPS Parity Compensation Fund.

/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.

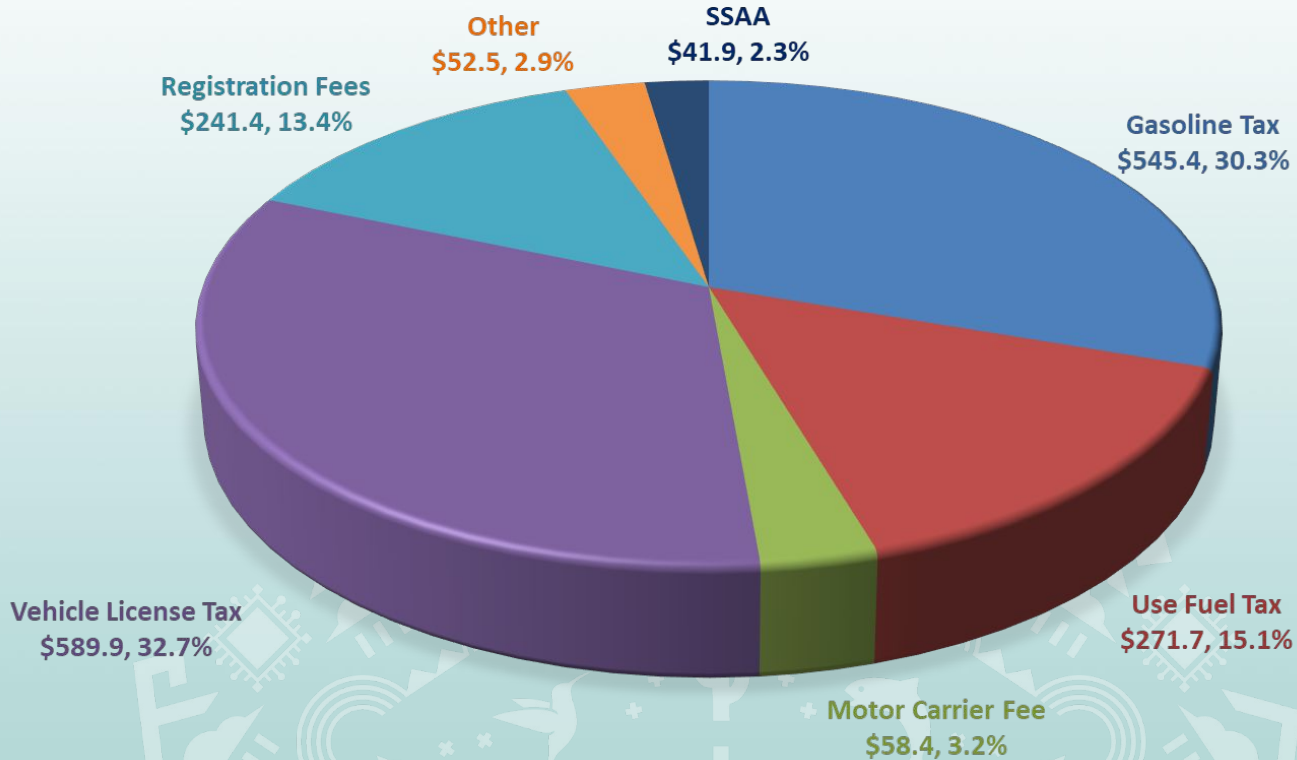


HURF: Revenue History

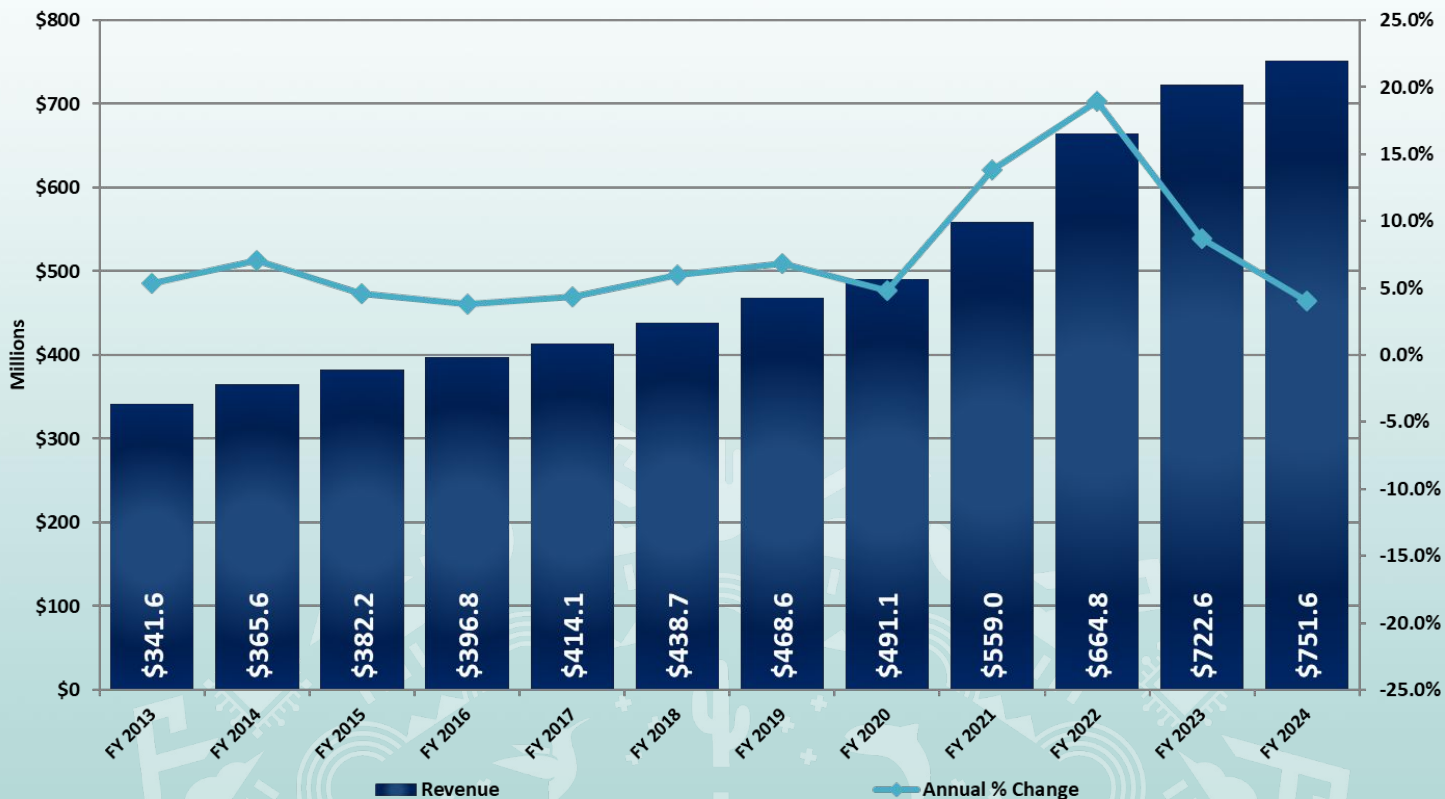


Breakdown of HURF Revenue

FY 2024 - \$1,801.1 Million

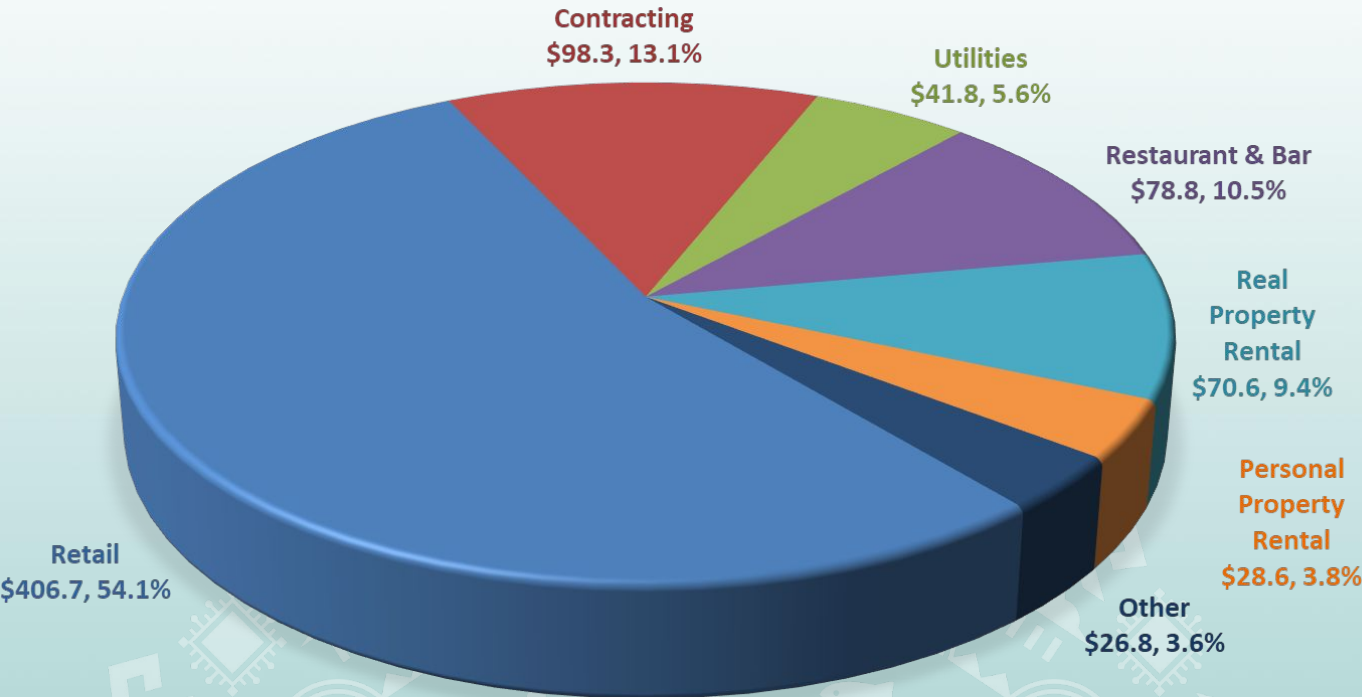


RARF: Revenue History



Breakdown of RARF Revenue

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 ^s	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 IIA; 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

Prior to Federal Authorization

- Project must be in the TIP
- A project Initiation Letter is generated by ADOT.
- A project manager is assigned to the project.
- ADOT and Federal Aid number are assigned to the project
- Joint Project Agreement (JPA)/ Intergovernmental Agreement (IGA) must be executed.
- All local funding, match and 100% contribution must be received by ADOT prior to authorization.

Resource Administration



Resource Administration Tasks

Responsible for obligating funding to assist with the delivery of the 5 Year Transportation program. Monitor and track federal aid spend down, and ensure projects are appropriately funded and budgets available for projects to begin

- **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: Aim for 7 business days after RA receives PRB final decision packet (unless it requires PPAC & STB action)
 - Delays in processing times include but are not limited to:
 - Pending eSTIPs- FHWA does not accept pending eSTIP's so there is sometimes a delay in eSTIP approval and when we can send to FHWA
 - Depending on project type we may need to reach out for additional documents: Map, Auth letters (HSIP, NEPA), ROW parcel info, etc.
 - Project Master requests not submitted to get ADOT Project number and federal aid number assigned prior to coming to PRB
 - Once authorized at FHWA, RA will load the budget into AZ360 and send a copy of the final authorization request to Project Manager/PRB Requestor

Resource Administration Tasks Continued

- **Attend Construction Advertising Huddle**
 - Discuss Advertising/Authorization dates
 - Provides processing dates for both RA/FHWA
 - Helps us plan the next quarter and fiscal year end to ensure federal spenddown
- **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.
 - Documentation is reviewed for consistency and completeness
 - RECAP totals must match all forms
 - FMIS4 elements are accurate
 - Project Name is consistent on all documents
 - Detailed map of project location included
 - Local funds received if applicable
 - Analyst will confirm if monies have been received through A/R log or directly in AZ360
 - Project is sent to FHWA for approval
 - FHWA 2nd signature provides approval to authorize (typically email is sent from FHWA)
 - FHWA 3rd signature provides approval to load funding
 - Once fully authorized at FHWA, RA will load the budget into AZ360 and send a copy of the final authorization request to requestors

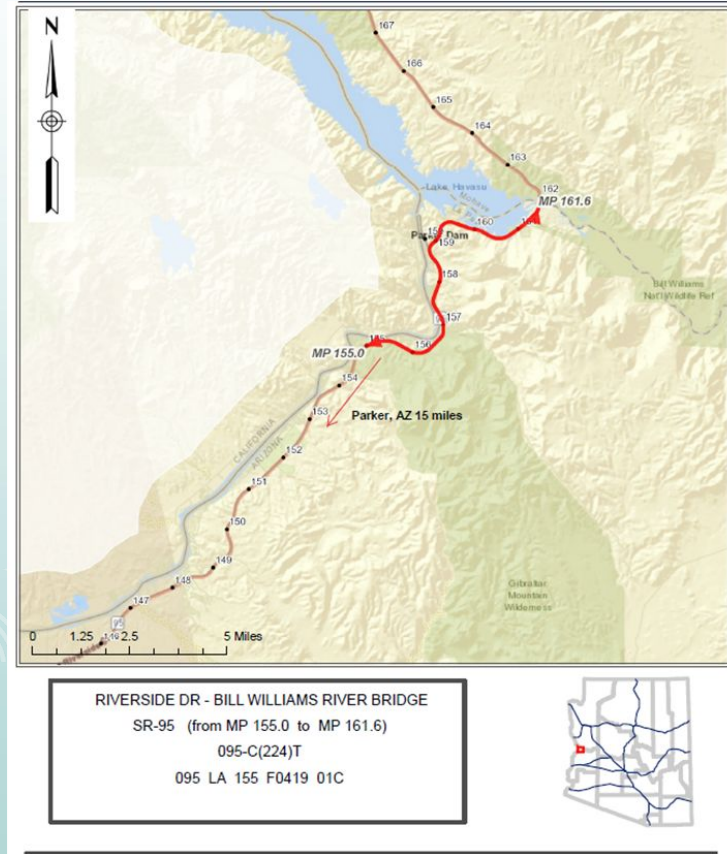
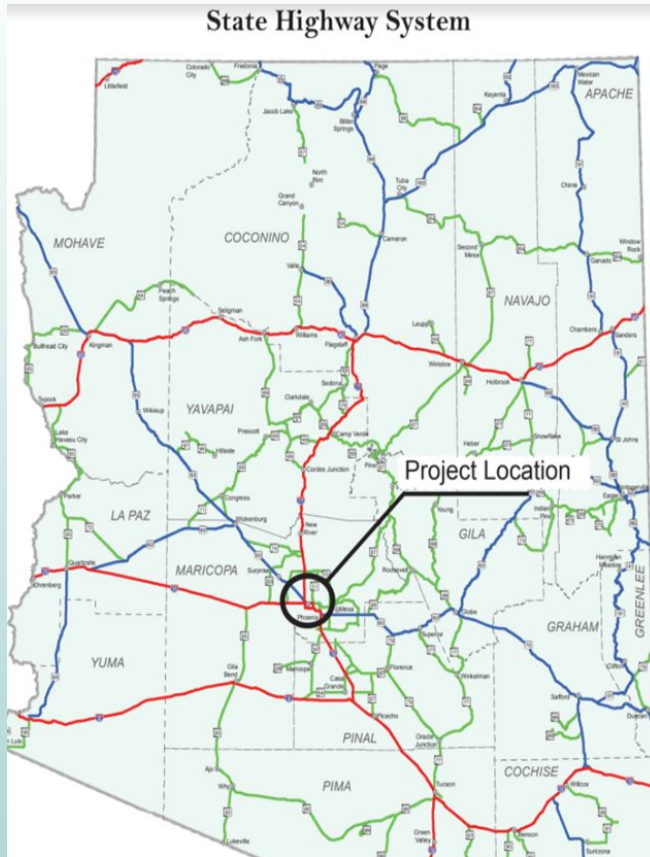
Resource Administration Tasks Continued

- **Construction Budget Increases**
 - Additional funds requested for project after initial approval
 - Come in DocuSign format approved by State Engineer's 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
 - Encumber contractor amount after award adjustment is complete so vendors can be paid monthly
- **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.)
- **Project Master**
 - Project Accounting is the owner RA is one of the signers in the approval process for F and T prefix projects
 - 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
- **Monitor Receipt of Local Funds**
- **Track/Update Project End Dates & Inactive Projects**

Resource Administration Hot Topics

- **Pending eSTIPs**
 - If there are amendments to an eSTIP we cannot request FHWA authorization until it is approved
- **FMIS4 Coding Form Location Details**
 - Correct Congressional District, Functional Class, and System code are important to have for FHWA's financial system. Ensure the FMIS4 coding form is accurate when submitting or that project master is when requesting the project number
- **FHWA Authorization Letter**
 - Local contributions over required match are not being identified correctly in the letter
 - Just because it is not using federal aid, does not mean the work is ineligible for federal aid
 - Project total on first page needs to match total amount being requested, not just federal
- **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



Project End Dates

- The requirement for project end dates was implemented in December 2014 on federally funded projects
- The project end date is the final date when the recipient may perform work to be allowable for reimbursement on a federally-funded project
- The end date helps determine the Period of Performance for a project or project phase (original authorization date of phase through to the end date is period of performance)
- 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.

Managing Project End Dates

- 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
- Resource Administration monitors federal project end dates very closely
 - Reviewed on quarterly basis using FHWA reporting and other various internal reports
 - Communication with PM's occurs in advance of end date expiring to get extension needs and allow time for us to extend with FHWA
- After a Projects End Date
 - All project documentation is collected and prepared for final records, potentially a project audit, and project closeout
 - 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
 - **2 CFR 200.344 Effective November 12, 2020-** The recipient must submit, no later than 120 calendar days after the project end date, all financial, performance, and other reports (e.g. final voucher) as required by the terms and conditions of the Federal award
- 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

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

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>

Questions?

Project Delivery Academy

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