

# PROJECT DEVELOPMENT ACADEMY

## MODULE 2: FINANCIAL MANAGEMENT

❖ **FEDERAL AUTHORIZATION**

**&**

❖ **RESOURCE ADMINISTRATION**

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# Presentation Overview

- ▶ Introductions
- ▶ Federal Aid
- ▶ Distribution of federal funds between ADOT and COGs/MPOs
- ▶ Local Federal Aid - “Use or Lose”
- ▶ State Funding Sources
- ▶ Resource Administration
- ▶ Questions

# Federal Aid

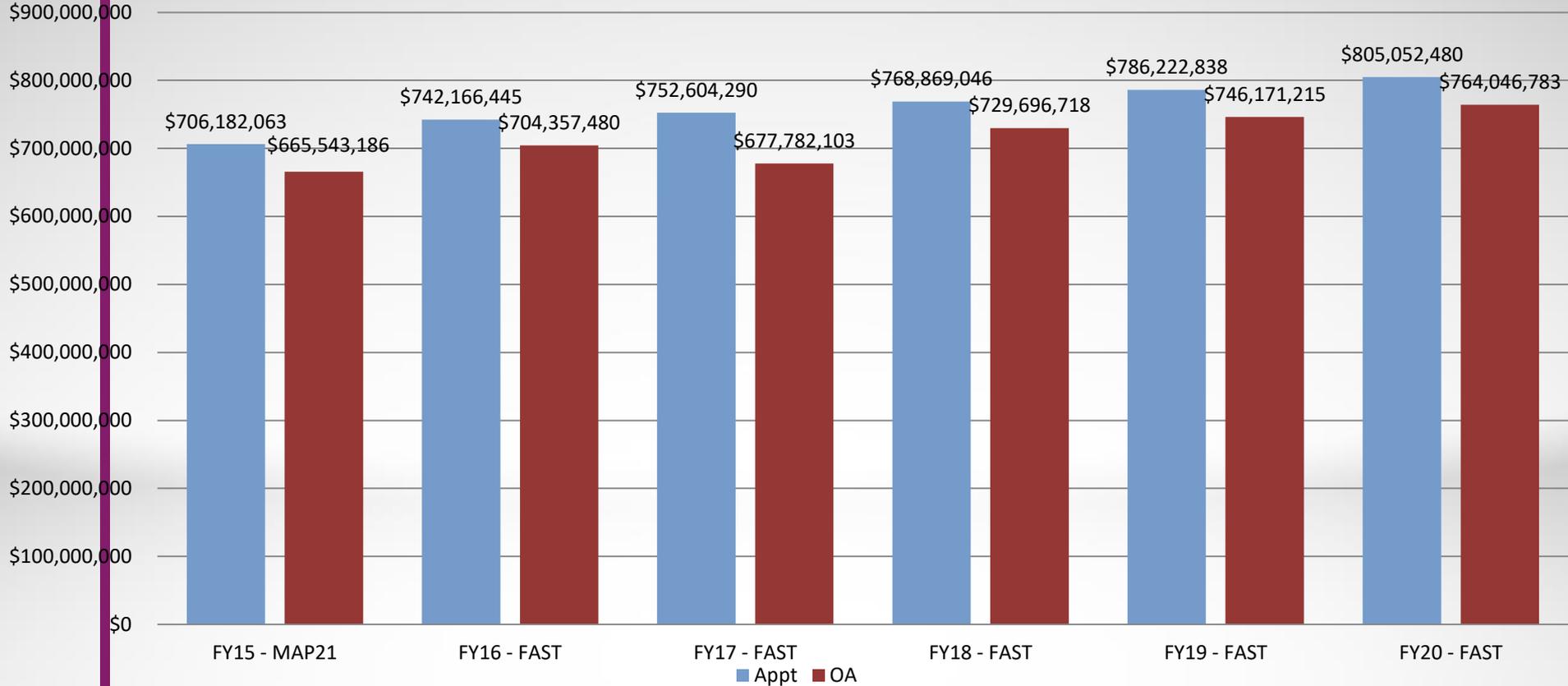
# Federal Aid Highway Program

- ▶ Reimbursement program
- ▶ Requires a State or local match
  - 5.7% for Arizona (only Nevada has a lower match at 5%), 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 from the Federal Highway Trust Fund
- ▶ The current transportation bill (FAST Act) expires on September 30, 2020. If it is not replaced it will most likely be extended.

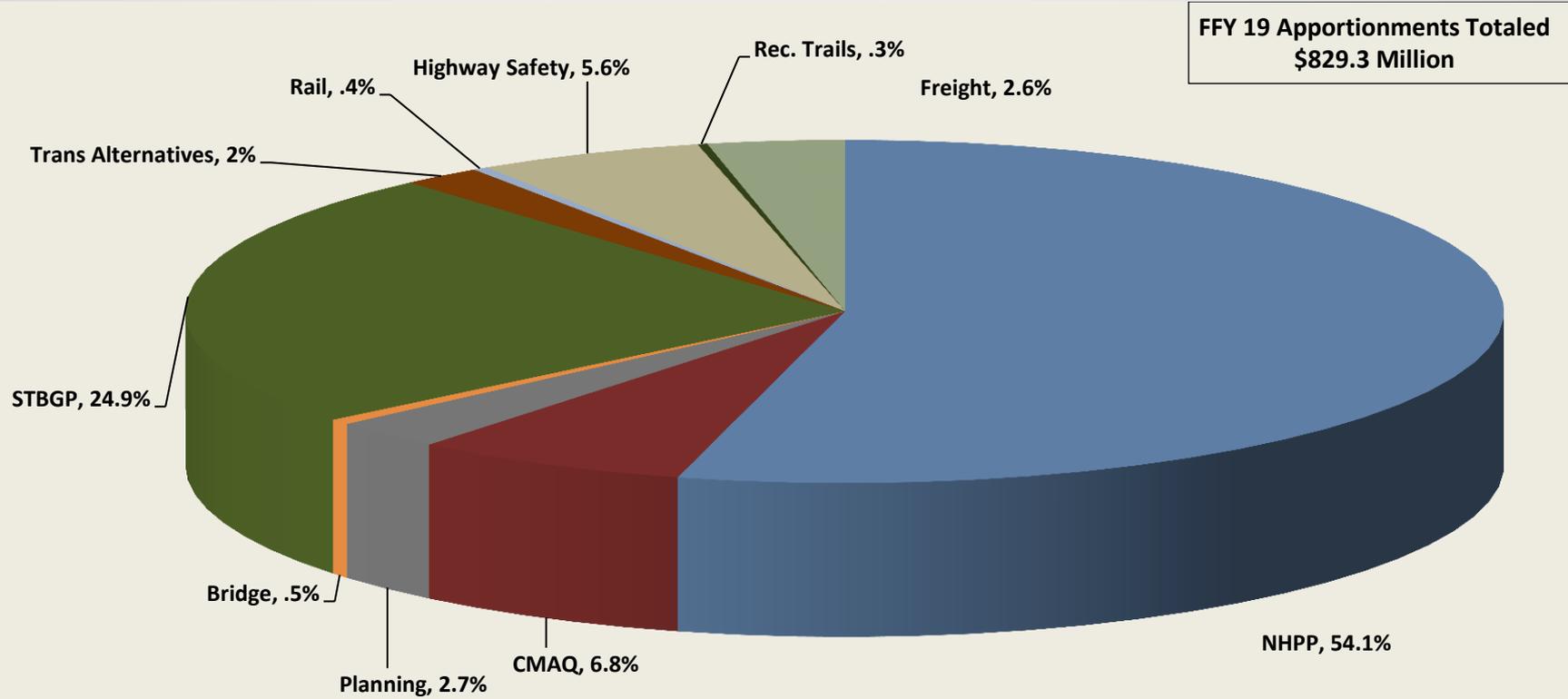
# Apportionments vs Obligation Authority

- ▶ Apportionments (checks)
  - Amount set in program authorization bill
  - Represent upper annual limit
  - Broken into various categories via formula, earmarks and allocations
- ▶ Obligation Authority (cash)
  - Amount set annually in budget bills
  - Generally 90-95% of apportionments
  - Ratio results in “excess” apportionments
- ▶ An equal amount of both are required to fund projects
  - Resource Admin manages, no action from PM required

# Apportionment v. Obligation Authority MAP-21 to FAST



# Apportionments – FFY 20



# FAST Act Funding – FFY20 Overview

FFY 20 Estimated Apportionments and Regional			APPORTIONMENTS											
OA Ratio (OA/apportionments) /1		90.60%	State			MAG			PAG			Greater AZ		
Fund Type	Program Category	Total Apportionments	Statutory	Disc	Total	Statutory	Disc	Total	Statutory	Disc	Total	Statutory	Disc	Total
Formula	Rail Highway Crossing Hazard	1,483,479	1,483,479		1,483,479			0			0			0
Formula	Rail Highway Protect Dev	1,483,480	1,483,480		1,483,480			0			0			0
Formula	Highway Safety Imp Prog	44,794,312	44,794,312		44,794,312		0	0		0	0		0	0
Formula	Recreational Trails	1,915,514	1,915,514		1,915,514			0			0			0
Formula	Rec Trls Return 1% Admin	19,349	19,349		19,349			0			0			0
Formula	Redistrib Certain Authorize /2	4,565,324	4,565,324		4,565,324			0			0			0
Formula	National Freight Program	27,099,921	27,099,921		27,099,921			0			0			0
Formula	National Highway	424,149,451	424,149,451		424,149,451			0			0			0
Formula	Projects to Reduce PM2.5	1,198,927	516,508		516,508		682,419	682,419			0			0
Formula	Congestion Mitigation	53,320,117			0		53,320,117	53,320,117			0			0
Formula	SPR (Planning)	11,950,975	8,895,975		8,895,975		1,250,000	1,250,000		350,000	350,000		1,455,000	1,455,000
Formula	SPR (Research)	3,983,659	3,983,659		3,983,659			0			0			0
Formula	Metropolitan Planning	6,311,543			0	4,320,282		4,320,282	1,044,529		1,044,529	946,732		946,732
Formula	STP Urban > 200k	77,268,528			0	62,700,943		62,700,943	14,567,585		14,567,585			0
Formula	STP Flex	86,236,568	86,236,568		86,236,568			0			0			0
Formula	STP < 200k	20,621,535	10,194,590		10,194,590		2,603,773	2,603,773	3,304,738		3,304,738		4,518,434	4,518,434
Formula	STP < 5k	12,546,118	5,879,711		5,879,711		1,220,668	1,220,668	2,112,865		2,112,865		3,332,874	3,332,874
Formula	Bridge Off System	4,120,308	4,120,308		4,120,308			0			0			0
Formula	TA Urban > 200k	5,520,479			0	4,479,692		4,479,692	1,040,787		1,040,787			0
Formula	TA Flex	7,890,154	7,890,154		7,890,154			0			0			0
Formula	TA < 200k	1,473,310	1,051,741		1,051,741		349,168	349,168		72,404	72,404			0
Formula	TA < 5k	896,365	643,822		643,822		153,739	153,739		98,801	98,801			0
	<b>Total Formula Apportionments</b>	<b>794,284,092</b>	<b>630,358,542</b>		<b>630,358,542</b>	<b>71,500,917</b>	<b>59,579,884</b>	<b>131,080,801</b>	<b>16,652,901</b>	<b>5,938,808</b>	<b>22,591,709</b>	<b>946,732</b>	<b>9,306,308</b>	<b>10,253,040</b>
	<b>Total Formula OA (@90.6)</b>	<b>719,629,212</b>	<b>State Formula OA</b>		<b>564,063,865</b>	<b>MAG OA</b>		<b>124,395,680</b>	<b>PAGO A</b>		<b>21,439,532</b>	<b>Greater AZ OA</b>		<b>9,730,135</b>
Exempt	NHPP Exempt /3	<b>11,034,182</b>	<b>State Exempt OA</b>		<b>11,034,182</b>									
	<b>Total Arizona OA</b>	<b>730,663,394</b>	<b>Total State OA</b>		<b>575,098,047</b>									

# What does it all mean?

- ▶ While ADOT receives the cash (obligation authority) in one large bucket, the categories of funding dictate what the blend of projects has to be
- ▶ When a project needs to defer, a similar type of funding needs to be advanced or we'd run out of checks (apportionments)
- ▶ When a project looks to advance, a check is made to ensure we have enough funding in the project category
- ▶ Programming is done from most restrictive categories first (HSIP, CMAQ, Rail) and the most flexible category (STBGP Flex) is saved for last

# Distribution of Federal Aid between ADOT and COGs/MPOs

# Funding Distributions

- ▶ State projects in Five Year Capital Program
  - approved by State Transportation Board
- ▶ State projects programmed on needs/competition 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

# Local Projects

# Local Project Issues

- ▶ HURF swap program
- ▶ Five Year program – virtually all federal aid funded
- ▶ OA is “use or lose” by Sept 30<sup>th</sup>, however a deadline of May 15<sup>th</sup> is set to have funding packages submitted to ADOT for review
- ▶ Can’t fund design without construction programmed
- ▶ Ensuring enough time is in schedule for project to deliver in year programmed
- ▶ Local self-administered phases
- ▶ Executed IGAs

## Local Project Issues - continued

- ▶ Invoicing for self-administered phases and CA projects
- ▶ Award recaps for CA projects
- ▶ Project close out documentation
- ▶ Project End Dates – new project plan is being developed and will be rolled out over next 6 months to a year
- ▶ Inactive status being closely watched by FHWA, quarterly reporting
- ▶ New Inactive Policy – effective May 1, 2017, will be a concerted effort in FY20 to enforce policy and drive down inactive project balances

# Funding Sources

# ARIZONA DEPARTMENT OF TRANSPORTATION

## FY 2018 HURF ACTUAL REVENUE DISTRIBUTION FLOW

(Millions of Dollars)

**NOTES:**

/1. Arizona Revised Statutes 28-3926 and 28-3927 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 \$527.4 million of gas tax revenue is before of a total \$11.3 million transferred to the above two funds.

/2. In FY 2018, \$656,100 was appropriated to MVD for the vehicle registration enforcement and 3rd party programs.

/3. The \$99.4 million appropriation to DPS in FY 2018 has been netted of a \$0.1 million reversion from DPS to HURF for unused FY 2017 appropriations.

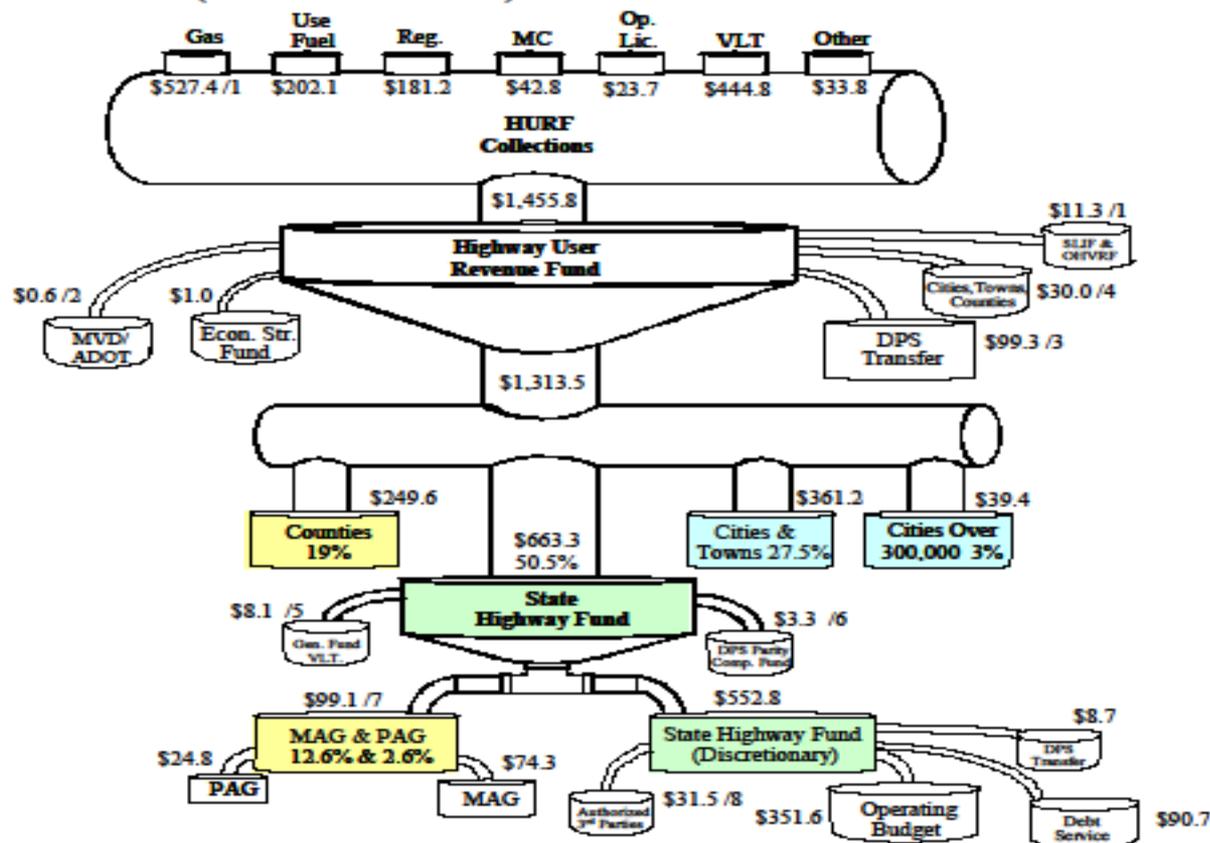
/4. Starting in FY 2015, special off-the-top distributions to cities, towns and counties have been made each fiscal year. Laws 2016, 2nd Regular Session, Chapter 125 (HB 2708) distributes \$30.0 million to cities, towns and counties in FY 2018. Actual FY 2018 distributions: 1. Cities over 300,00 persons - \$1.6 million, 2. Cities/Towns - \$14.4 million, 3. Counties over 800,000 persons - \$4.0 million, 4. Counties - \$10.0 million. Counties over 800,000 persons distribution was deposited into the MAG and PAG 12.6% accounts within the State Highway Fund.

/5. Laws 2011, 1<sup>st</sup> Regular Session, Chapter 28 (SB 1616) transfers from the State Highway Fund share of VLT generated the difference in the two-year and five-year VLT to the state general fund which totaled \$1.8 million. Laws 2010, 7<sup>th</sup> 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 VLT to the State General Fund which totaled \$6.3 million.

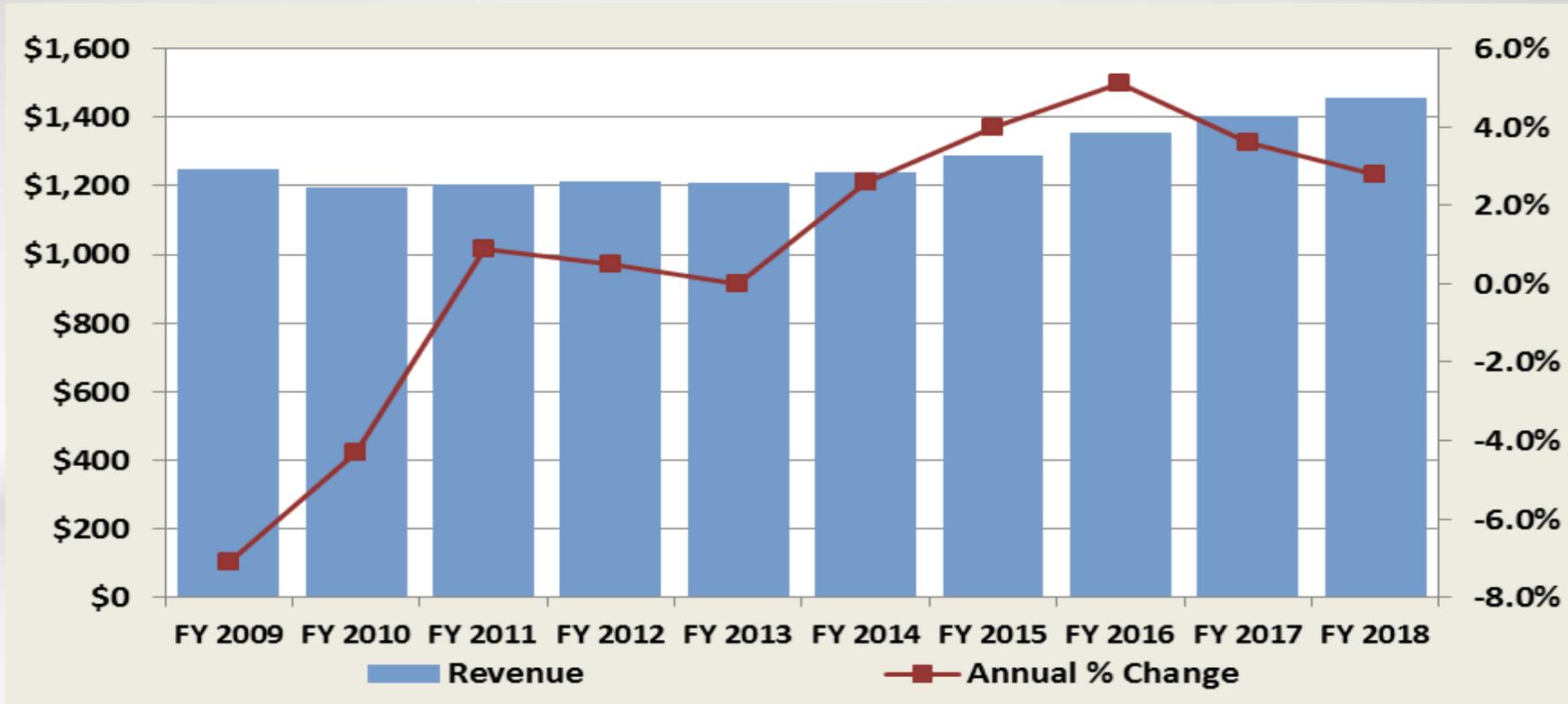
/6. Per Arizona Revised Statutes 28-5808, 1.51 percent of the State Highway Fund share of HURF VLT is distributed to the DPS Purity Compensation Fund.

/7. The 12.6% (statutory) and 2.6% (non-statutory) allocations from the State Highway Fund share of HURF distributions.

/8. Revenues to the State Highway Fund are reduced by the amount retained by Authorized Third Parties for the collection of VLT.

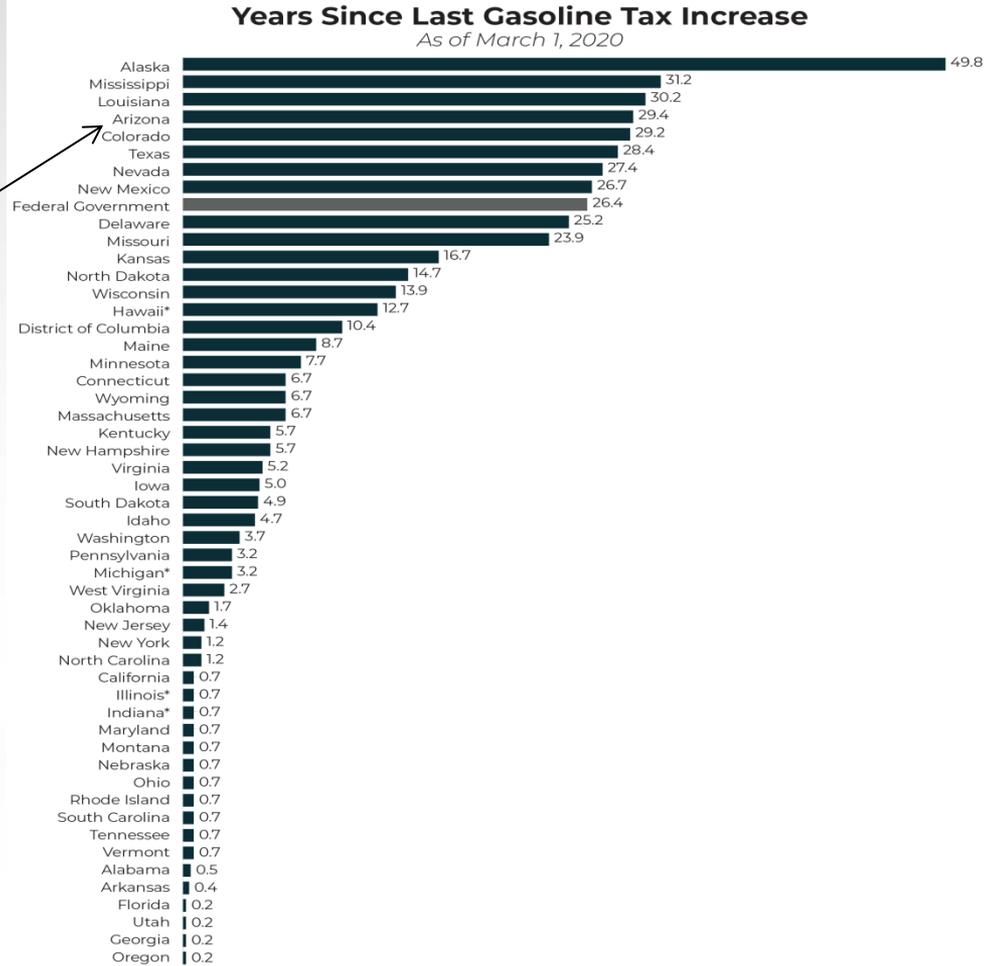


# HURF Revenues and Annual % Change FY 09 – 18

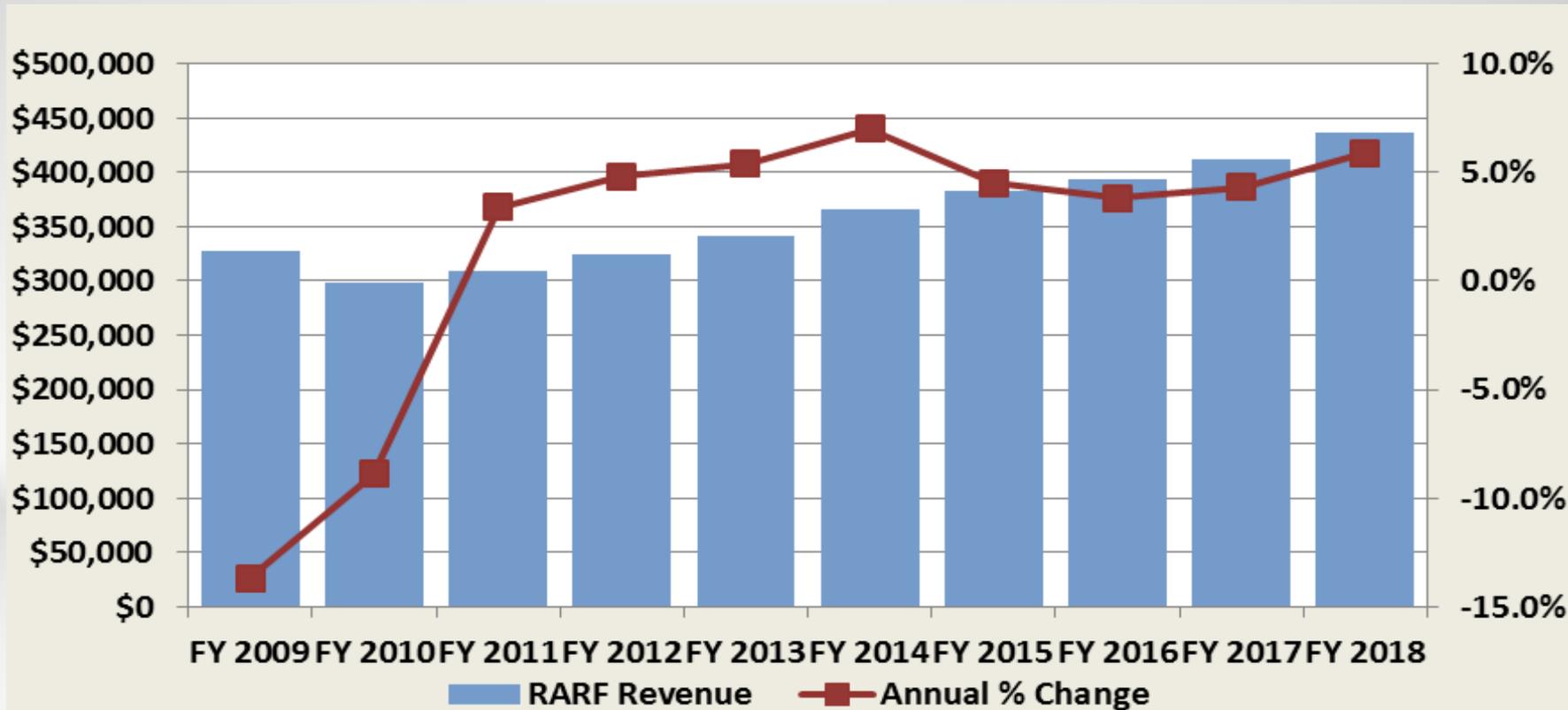


# HURF – Gasoline Taxes

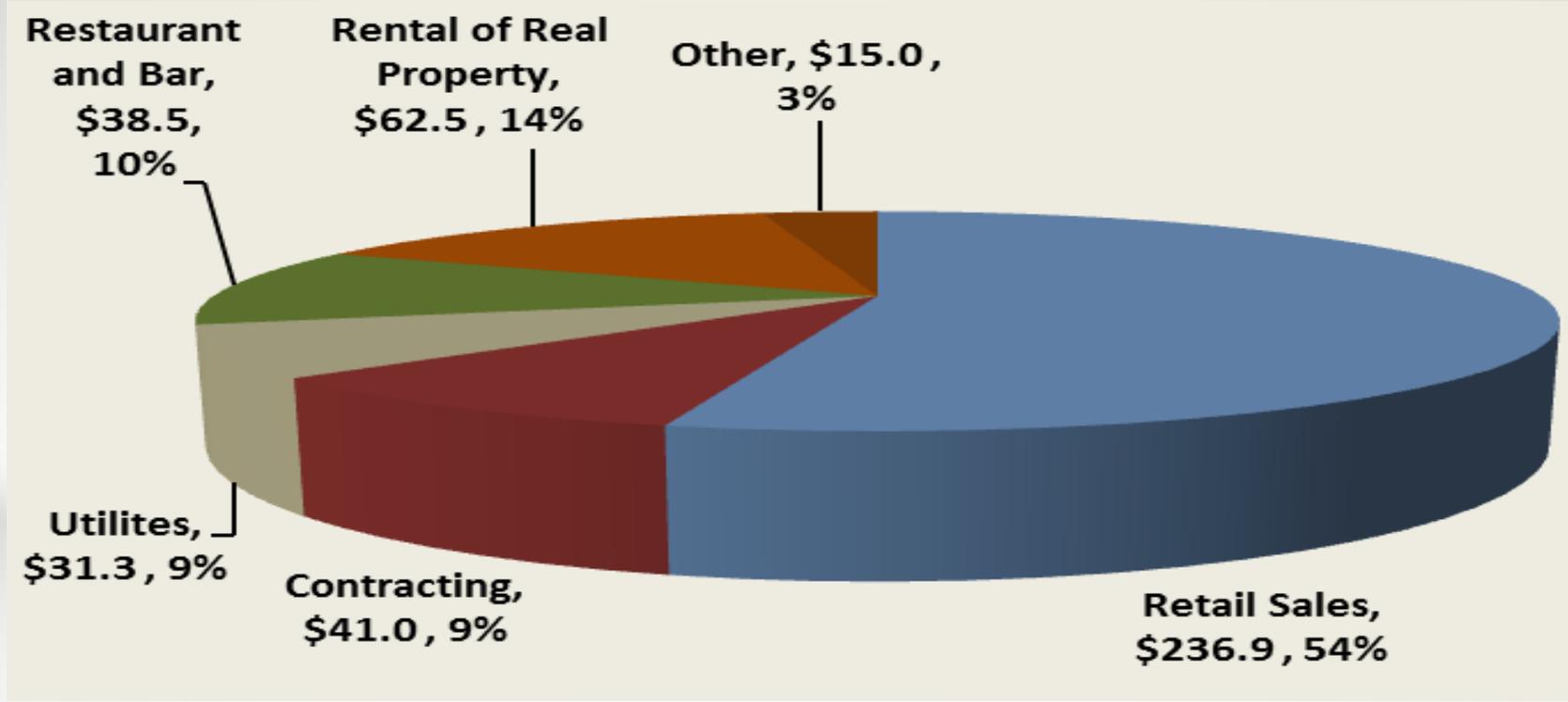
Arizona – 29.4 years as of March 1, 2020



# RARF Revenues and Annual % Change FY 09-18

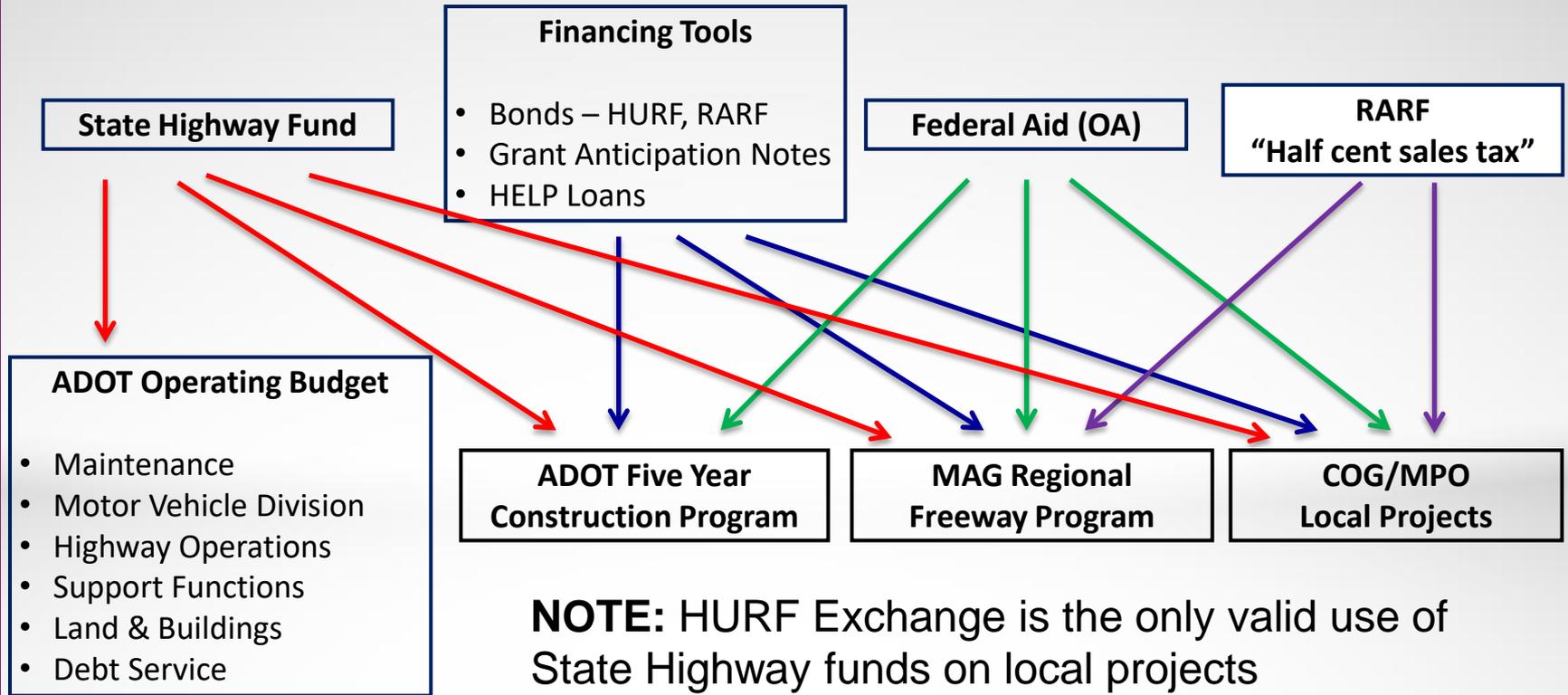


# RARF – Sources of Revenue\*



\*SFY 18 Revenues

# SOURCES & USES OF FUNDS



# Resource Administration

- ▶ Vacant - TBD
  - ▶ Elise – Fund sourcing
  - ▶ Patrycja – Resource Administration/Project Accounting/Final Voucher
  - ▶ Alison – Resource Administration Manager
    - ▶ Rebecca – PRB/Project Master
    - ▶ Mary & Maria – Construction/Awards/Increases, GAE Encumbrances
    - ▶ Socorro – MPD Projects
    - ▶ Velia – PA/FV liaison, Special Projects (MPD)
    - ▶ Shatawn – Inbox management, Project End Date, Reconciliation, A/R Log

# Resource Administration

## ▶ PRB Meeting

- ▶ 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 of receipt of a complete and authorized packet
  - ▶ Complete package includes: STIP/TIP, Map, Auth letters (HSIP, NEPA), ROW parcel info
  - ▶ Cannot take action until approved final PRB decision packet is received (PRB only), or it has been authorized by PPAC and the Board

## ▶ Project Master

- ▶ Project Accounting is the owner .... RA is one of the signers in the approving process.
- ▶ Project master feeds AFIS/PIRT/Fast so it is important that the information is accurate and complete
- ▶ Default setup for phase is open to payroll, please notify RA if phase should be NOPR
- ▶ New Project Master coming soon

# Resource Administration

## ▶ Construction Packets

- ▶ Obligation Request - MONEYADM (Word), FMIS4 Coding Form & Recap (Excel), DocuSign Cover Letter, JPA/IGA (if applicable), TIP or STIP, Map – showing the vicinity/exact location where project is taking place, FARA workbook if applicable (excel format ) Provide financial guidance/answer questions
- ▶ 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
  - ▶ Analyst will confirm if monies have been received through A/R log
  - ▶ N/A for Certified Acceptance Agencies (Phoenix, Tucson, Scottsdale, Chandler, Mesa, Tempe and Maricopa & Pima Co)
- ▶ Documentation is reviewed for consistency
  - ▶ RECAP must match FMIS 5, ITS projects must include Systems Engineering Checklist, DocuSign cover letter (Federal portion match recap, etc.)
- ▶ Project master feeds AFIS/PIRT/FAST so it is important that the information is accurate and complete
- ▶ Goes to FHWA for authorization (cc'g you/C&S, etc)
  - ▶ FHWA 2<sup>nd</sup> signature provides approval to authorize (typically email is sent from FHWA)
  - ▶ FHWA 3<sup>rd</sup> signature provides approval to load funding

# Resource Administration

## ▶ **Construction Budget Increases**

- ▶ DocuSign format approved by State Engineers Office

## ▶ **Construction Award Recaps**

- ▶ Once projects have been approved STB award should be submitted to RA within 10 days
- ▶ PM should request A/R invoice the locals for any 100% portion/their match if applicable

## ▶ **Construction Huddle**

- ▶ Discuss Advertising/Authorization dates
- ▶ Provides processing dates for both RA/FHWA

## ▶ **Special Projects**

- ▶ MPD projects (de-obligation / re-obligation)
- ▶ Verification of local funds received against loaded budgets for all awarded local construction projects

## ▶ **Monitor Receipt of local funds**

## ▶ **Track/update Project End Dates**

# Resource Administration

- ▶ **Project Accounting** – Active projects, Reconciliation, Discrepancies, Funding lines / review for corrections to be done and Out to balance
- ▶ **Final Voucher** – Final voucher take downs and MPA for additional funds (if needed)
- ▶ **General Ledger & Accounts Payable** – Discrepancies, review funding lines / charges on phases and Funding line set ups
- ▶ **Financial Management / Cash Management, Discrepancies** – on budget set up and Funding Lines
- ▶ **Special Projects / Reports** – Project end date, Out of Balance, In-Kind (M010X / Local), Alphabet soup clean-up, NOPR projects and Open projects not active or vice versa

# Resource Administration

- ▶ Hot Topics
  - ▶ Inactives – Please communicate with RA
  - ▶ Phase transfers (allowable)
    - ▶ Alphabet soup cleanup
    - ▶ Final push to phase closure
    - ▶ Special circumstances require preapproval from Elise
    - ▶ All others need to go to PRB for approval
  - ▶ Phase closure – email [resourceadmin@azdot.gov](mailto:resourceadmin@azdot.gov)
    - ▶ Project closure – email [fvoucher@azdot](mailto:fvoucher@azdot)

# PROJECT DELIVERY ACADEMY

## MODULE 4: FINANCIAL MANAGEMENT

**QUESTIONS?**

# PROJECT DELIVERY ACADEMY

## MODULE 4: FINANCIAL MANAGEMENT

**THANK YOU!**