

Certification Acceptance Training

Arizona Division Office

Grand Canyon



Module 2

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Overview:

- Project Funds Management
- Project authorization package
- Commonly non-participating items/change orders



U.S. Department of Transportation
Federal Highway Administration



Project Funds Management

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Properly Authorizing a Project

- Authorization is required before work starts or is advertised for consultant services or construction
- The authorization request must have a clearly defined scope of work, title and description
- Period of Performance must be identified (Project End Date)
- Project or project phase must be ready to proceed
- Federal share is established when funds are obligated
- Must include estimated total cost from all sources and should be supported by a current and accurate cost estimate
- Signed by at least two authorized state representatives and a minimum of two from FHWA





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Prohibited Practices

- Requesting authorization before a project is ready to proceed (prior to having an approved PS&E)
- Authorizing projects prematurely to protect funds from lapsing at year-end
- Requesting authorization prematurely to meet fiscal delivery goals
- Requesting authorization when a known scope change is under consideration
- Obligating funds solely to use all obligation limitation





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Inactive Obligations

- An obligation that has not had expenditures in 6 months
- A Project should be advertised promptly after authorization
 - FHWA's expectation is Award and NTP occur within 3 months of authorization
- If a project is not progressing promptly, the project should be withdrawn or closed.
- Some circumstances may be beyond the state's control -
 - Litigation
 - Catastrophic events
 - Unforeseen environmental concerns



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Closeout and Record Retention

- Closeout process should occur soon after the project is physically completed.
- Required record retention period for the non-Federal entity starts at final voucher and lasts 3 years.
- >>>>>Note some records, such as for right-of-way, have some variance.
- Includes all records that demonstrate project met Federal requirements, not just financial.
- To be retained at last level that required them to be submitted.
- >>>>>E.g., If the pass-through entity (State) required records to be submitted by the LPA for approval or with billing, then the State is required to retain. If the LPA did not submit them to the Federal or pass-through entity, then the LPA would retain those records. (2 CFR 200.333(d))



Project Authorizations

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The full Federal-aid Project Number should be shown on all documents.

Example **AC-STBG-CM-GIL-0(206)T**

AC = Advanced Construction

STBG & CM = Funding Type

GIL = Route or City

0 = Segment identifier on state projects

206 = Sequential project number

T = FHWA/State/Local administered



Project Authorizations

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Types of “Phases” of Authorization

Project Authorization may be for:

- Phase I PE
- Phase II PE
- Single Phase PE
- Other
- ROW
- Construction



Project Authorizations

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Authorization of PE

- Two Phase Authorization – For EAs or EISs and some CEs
 - PE Phase 1 – for Preliminary Design up to 30%
 - *Work needed to complete initial design and finalize NEPA*
 - PE Phase 2 – for Final Design after NEPA is complete
 - *Preparation of final design documents for advertisement.*
- Single Phase Authorization – Most single phase authorizations will be CE NEPA review type projects.
 - *Preliminary and Final Design authorized at once*, with the understanding that NEPA should be complete by 60% design
 - Projects that are not controversial may proceed to 95% design with EPG approval.



FEDERAL HIGHWAY ADMINISTRATION - ARIZONA DIVISION OFFICE

ARIZONA DEPARTMENT OF TRANSPORTATION

"The FHWA and ADOT Stewardship and Oversight Agreement for Arizona (April, 2015)"

LETTER OF AUTHORIZATION AND PROJECT AGREEMENT



Authorization



Modified Project Agreement



Project Agreement



Grant Agreement

The state agrees that as a condition to payment of the Federal funds obligated, it accepts and will comply with the agreement provisions set forth in 23 CFR 630.112; and its signature constitutes the making of the certificates.

DUNS # 098416667

FEDERAL AID PROJECT NO.

SUFFIX

PROGRAM / PHASE (ADOT)

COUNTY

N0G-0(210)

T

T0246 01D

SANTA CRUZ

DATE AUTHORIZATION EFFECTIVE

FMIS DATE

GENERAL LOCATION

PATHWAY PROJECT, BAFFERT DR TO NOGALES HIGH SCHOOL, IN NOGALES

GENERAL DESCRIPTION OF WORK

BICYCLE AND PEDESTRIAN PATHWAY PROJECT

YOU ARE AUTHORIZED TO PROCEED WITH THE WORK CHECKED BELOW:



PHASE I: PRELIMINARY ENGINEERING - SCOPING, LOCATION STUDIES, ENVIRONMENTAL STUDIES AND PRELIMINARY DESIGN



CONSTRUCTION - ADVERTISE FOR RECEIPT OF BIDS



PHASE II: PRELIMINARY ENGINEERING - FINAL DESIGN/PREPARATION OF CONTRACT PLANS



CONSTRUCTION - PROCEED ON AN AGREED PRICE AND/OR FORCE ACCOUNT BASIS



ACQUISITION OF RIGHT-OF-WAY



Other:

FUNDING	TOTAL ESTIMATED PROJECT COST(\$)	FEDERAL PARTICIPATION AMOUNT(\$)	FEDERAL FUNDS(\$)	APPN CODE	RATIO(%)
PREVIOUS AUTHORIZATIONS:	\$0.00 \$0.00	\$0.00 \$0.00			94.30% 94.30%
THIS AUTHORIZATION	\$380,000.00	\$380,000.00	\$358,340.00	2003	94.30%
PROJECT TOTALS	\$380,000.00	\$380,000.00	\$358,340.00		

OTHER (SPECIFY)



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PE Vs. Other

PE Authorizations require repayment if the project does not proceed to R/W Acquisition or Construction within 10 years.

- Authorization as “Other” does not require repayment but is limited to:
 - Railroad work by the railroad itself
 - Procurement-only of Equipment or Software
 - Feasibility studies
 - Advance utility relocation prior to construction
 - Sign Management Systems
 - NBIS Inspection or Training
 - Travel Demand projects (carpool, rideshare programs)



Project Authorizations

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Project Title

- Should be in the form of – “Route Number or Road/Street”, “Termini 1” to “Termini 2”, in or near appropriate city.
 - *SR 85, Welcome St. to Pima County Line, North of Ajo*
- Use features that can be found on maps as termini – roads, rivers, political boundaries, etc.
- Point locations use “@”
- Mileposts used alone are not desirable
- Avoid using county names, or ADOT Districts
- Should be the same on all documents – NEPA, PIFs, DEs, PS&E, STIP.



Project Authorizations

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Project Description

- Should not be a repeat of the Project Title
- Should state the primary purpose/scope of the project
- Should be the same on all documents
- Please avoid using “Preliminary Engineering” or “Construction of” in the description of work.
- Tip – Specific Words are important.
 - Pavement Rehabilitation – Mill and Fill over an inch
 - Pavement Preservation – Surface Treatments only



Project Authorizations

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Project Funding

- Verify Eligibility of the Program Fund – NHPP, CMAQ, HSIP, STBG
- Federal Share
 - Verify the Pro-rata share of eligible project costs – 94.3%, 94.34% (Interstate), 80%, 100%?
 - The match must be for Federal-Aid eligible activities. **Using non-federal match to pay for ineligible items of work is not acceptable.**
 - The authorization request must describe in detail any ineligible work in the project



Project Authorizations

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STIP and TIP

- Provide the page from the approved STIP.
- If included in a STIP Amendment - Provide page that contains the project and be sure it was approved by ADOT and FHWA.
 - COG, MPO, or City Council approvals are not adequate.
- Verify that authorization request is within 15% or \$200K of programmed amount, whichever is less.
 - If not, STIP/TIP amendment may be required prior to authorization.



Project Authorizations

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Status of Right-of-Way

- 23 CFR 635.309 - A statement is received from the State certifying that one of the following applies:
 - **(Type 1)** All necessary rights-of-way, including control of access rights when pertinent, have been acquired including legal and physical possession. **Lowest Risk.**
 - **(Type 2)** Although all necessary rights-of-way have not been fully acquired, the right to occupy and to use all rights-of-way required for the proper execution of the project has been acquired. **Uncommon.**
 - **(Type 3)** The acquisition or right of occupancy and use of a few remaining parcels is not complete and the state is requesting to proceed with construction. **Obtain FHWA approval, must be rare, and must have contract provisions to advise interested bidders.**



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Status of Utilities

A statement is received from the State certifying that one of the following applies:

- **Type 1** - No Conflicts, or cleared before construction. **Lowest Risk.**
- **Type 2** – (conditional certification) Authorization requested and will be cleared before award.
- **Type 3** - (conditional certification) Cleared during construction. **Contract documents advise bidders of constraints that will impact proposal.**
- **Type 4** – (conditional certification) Utilities will be cleared prior to bid opening.



Project Authorizations

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Certification of NEPA

- Per the 326 and 327 MOUs, FHWA must have the following statement on the authorization cover letter that certifies NEPA is complete and incorporates all environmental commitments – *“ADOT certifies that NEPA requirements consistent with the scope of work of the project have been met and the project incorporates all environmental commitments per 23 CFR 771.109(d).”*
- Should be from the ADOT environmental planner or above.
- This statement must also be provided for projects administered by LPAs.
- **Sending the environmental document to FHWA will not allow us to proceed with authorization.** Only ADOT can certify that NEPA is complete, current for the scope of the project, and includes all environmental commitments and mitigation.



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Railroad Certification

A statement is received from the State certifying that one of the following applies:

- There is no railroad involvement within ½ mile of the project limits.
- There is a railroad within ½ mile of the project limits; but there is no railroad work on this project. The railroad was notified and has approved the project plans.
- There is a railroad within the project limits. The railroad work was complete prior to advertisement of this project.
- There is a railroad within the project limits. The railroad work will be completed with this project by the **Contractor**. See the attached special provisions for required coordination with the railroad and impacts to this project.
- There is a railroad within the project limits. The railroad work will be completed with this project by the **Railroad**. See the attached special provisions for required coordination with the railroad and impacts to this project.



Project Authorizations

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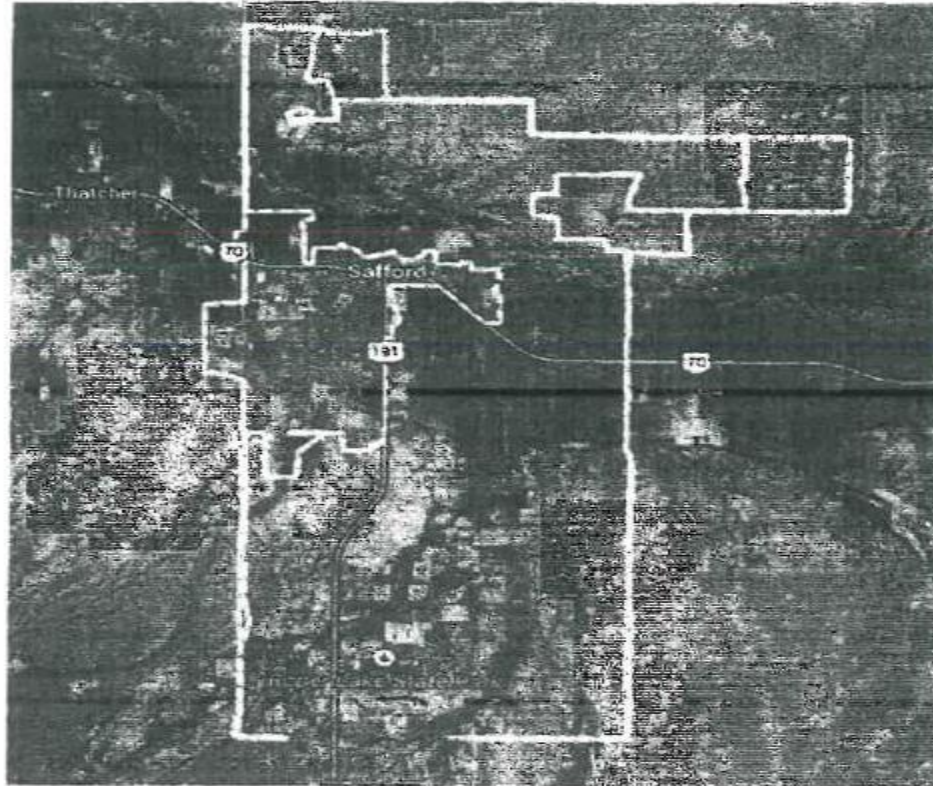
Project MAP!!!

- Construction authorization requests must include a legible map showing the location of the project.
- Someone not familiar with Arizona geography should be able to locate the project and corresponding limits.
- The map should depict the termini used in the project name.
- TIP: Save yourself time - Find an existing map from Project Documents, such as the NEPA Review.

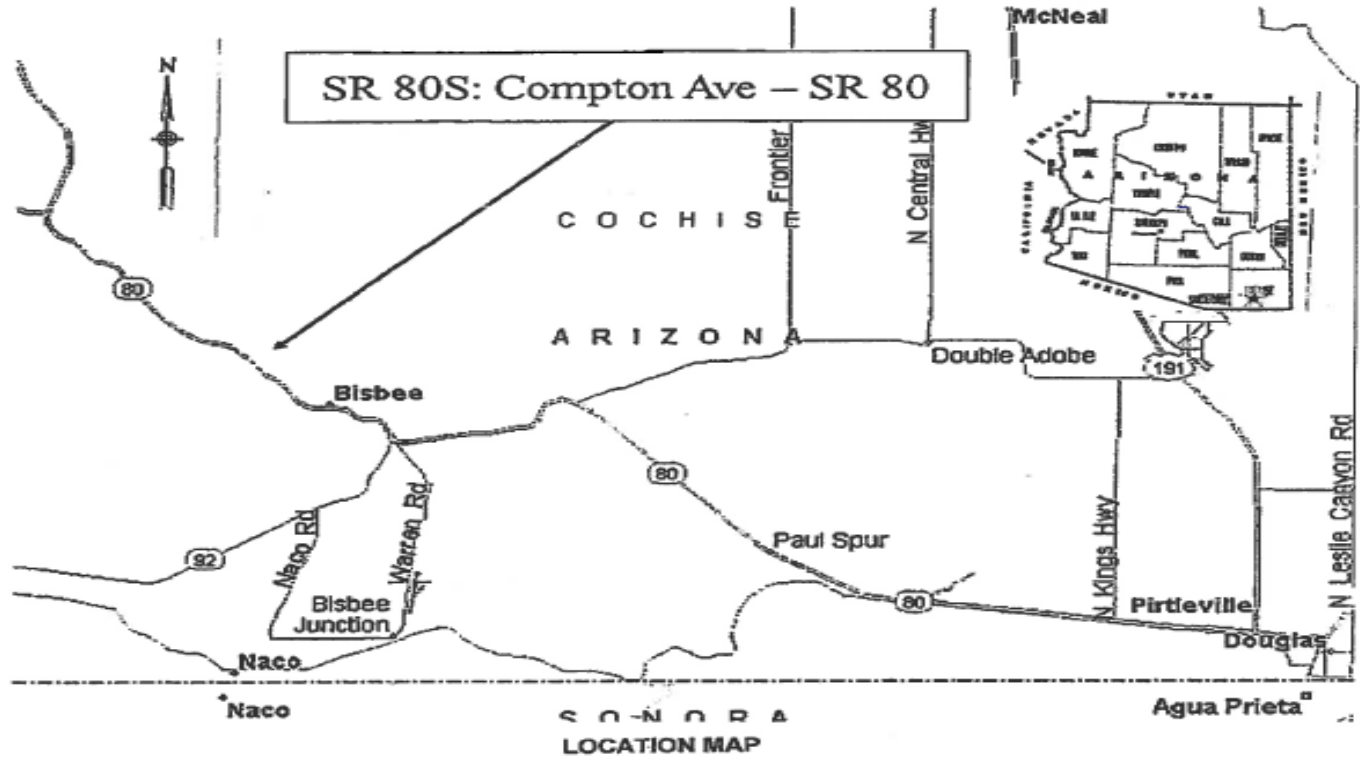


Project Name - “Various Locations in Safford”

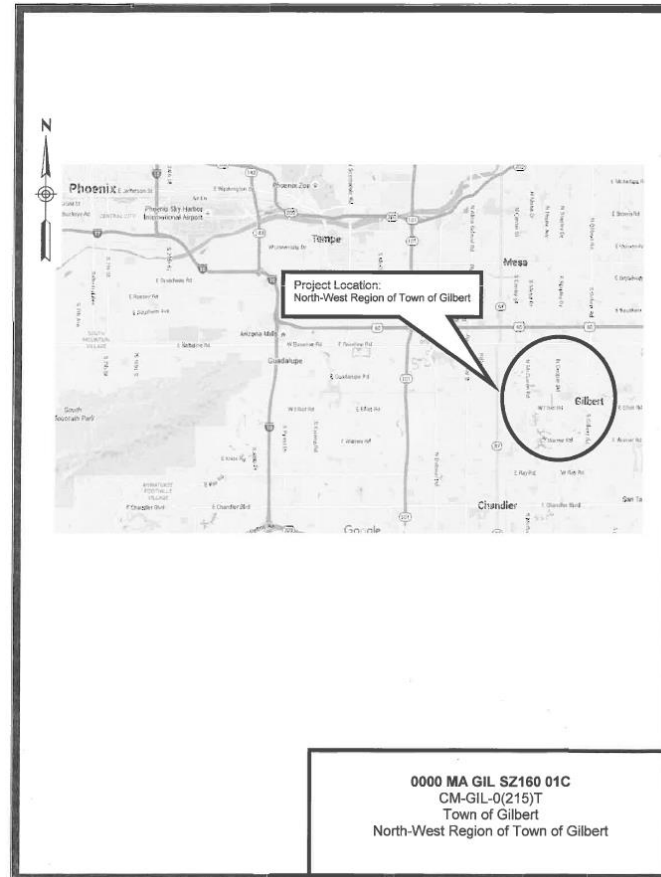
Figure 1: Vicinity Map
Safford, AZ



Not bad, but where is SR 80S? Where is Compton Ave?



Map from Authorization Request (not bad)



Map from Cat-Ex (Much Better!)

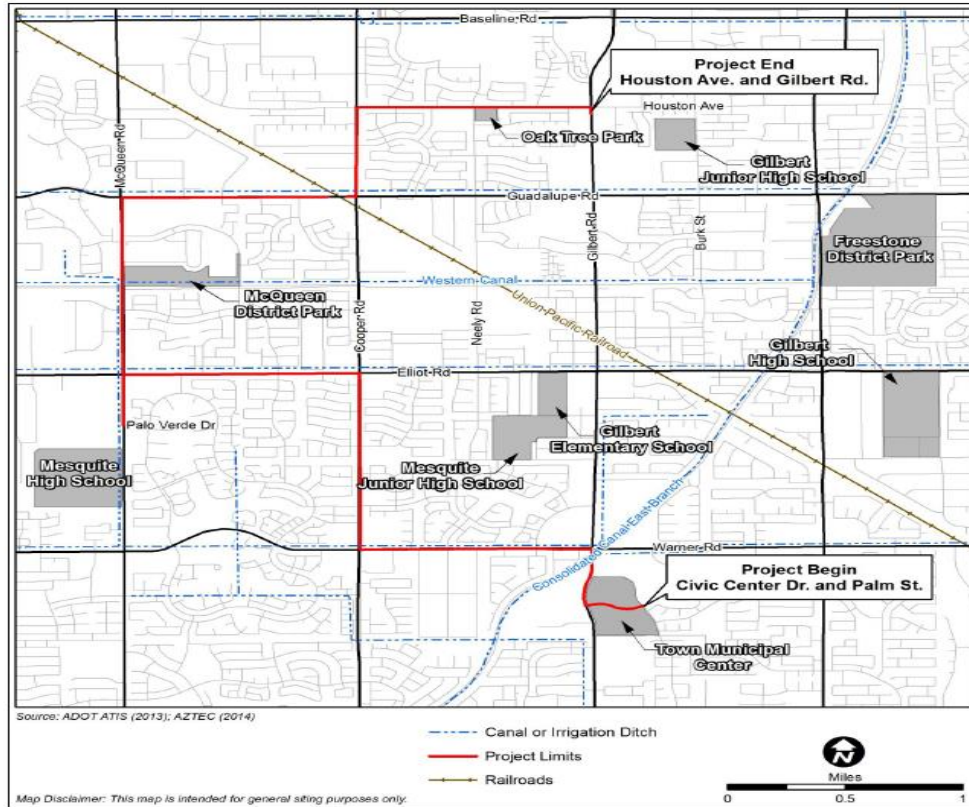


Figure 2. Project Vicinity Map
CM-GIL-0(215)T



Contract Changes



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What constitutes a contract change?

A change which affects the cost, alters the termini, character, or scope of work

What constitutes a “major” contract change?

A change which will significantly affect the cost of the project to the Federal government or alter the termini, character, or scope of work



Reviewing and Approving Change Orders

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- Main considerations of a contract change
 - Impact on the original scope of the work
 - Basis of entitlement (payment)
 - Time and cost adjustments
 - Federal-aid eligibility





Typically Non-participating Items

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- Change orders for shutdowns (i.e. local events) after construction has started (events that were not specified in the bidding documents and could have reasonably been foreseen).
- Change orders for rework.
- Change orders or time extensions due to unavailable or conditional right-of-way or utility clearances.
- Change orders to accelerate schedule.
- Increased material costs during the project without a cost escalation clause in the contract for that material.
- Maintenance work





Typically Non-participating Items

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- Crash damage on projects or work to clear crashes in workzones.
- Work outside the scope of NEPA review and approval.
- Anticipated profit on work not performed or canceled work.
- Work not in compliance with MUTCD.
- All costs associated with NFA items is non-participating including taxes and bonds.
- Items not permanently incorporated in the project
- Work done by in-house forces or use of publicly owned equipment.





Common Change Order Problems:

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- Not providing adequate documentation and justification – Each change order must have clear, concise and justified rationale for all changes.
- Not providing adequate and independent cost analyses (contractor's estimates and/or invoices are not adequate).
- Waiting until the end of the project to process time extensions. Change orders affecting the critical path should address time.





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QUESTIONS?



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THANK YOU



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