CERTIFICATION ACCEPTANCE TRAINING
MODULE 2: Federal Authorization

❖ FEDERAL AUTHORIZATION

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Presentation Overview

▶ Introductions

▶ Federal Aid

▶ Packet Overview & Common Errors

▶ Explain 01D vs. 03D

▶ Project End Dates

▶ Inactive Projects

▶ Questions

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Introductions

- Elise Maza – Program/Project Funding Administrator
  - Patrycja Kozaczka – Accounting Manager over Resource Administration/Project Accounting/Final Voucher
    - Alison Hill– Resource Administration Manager
      - Rebecca Fimbres– PRB/Project Master
      - Mary Villarreal-Perry & Maria Coronado– Construction/Awards/Increases, GAE Encumbrances
      - Socorro Juarez– MPD Projects
      - Velia Gomez-Zuniga– PA/FV liaison, Special Projects (MPD)
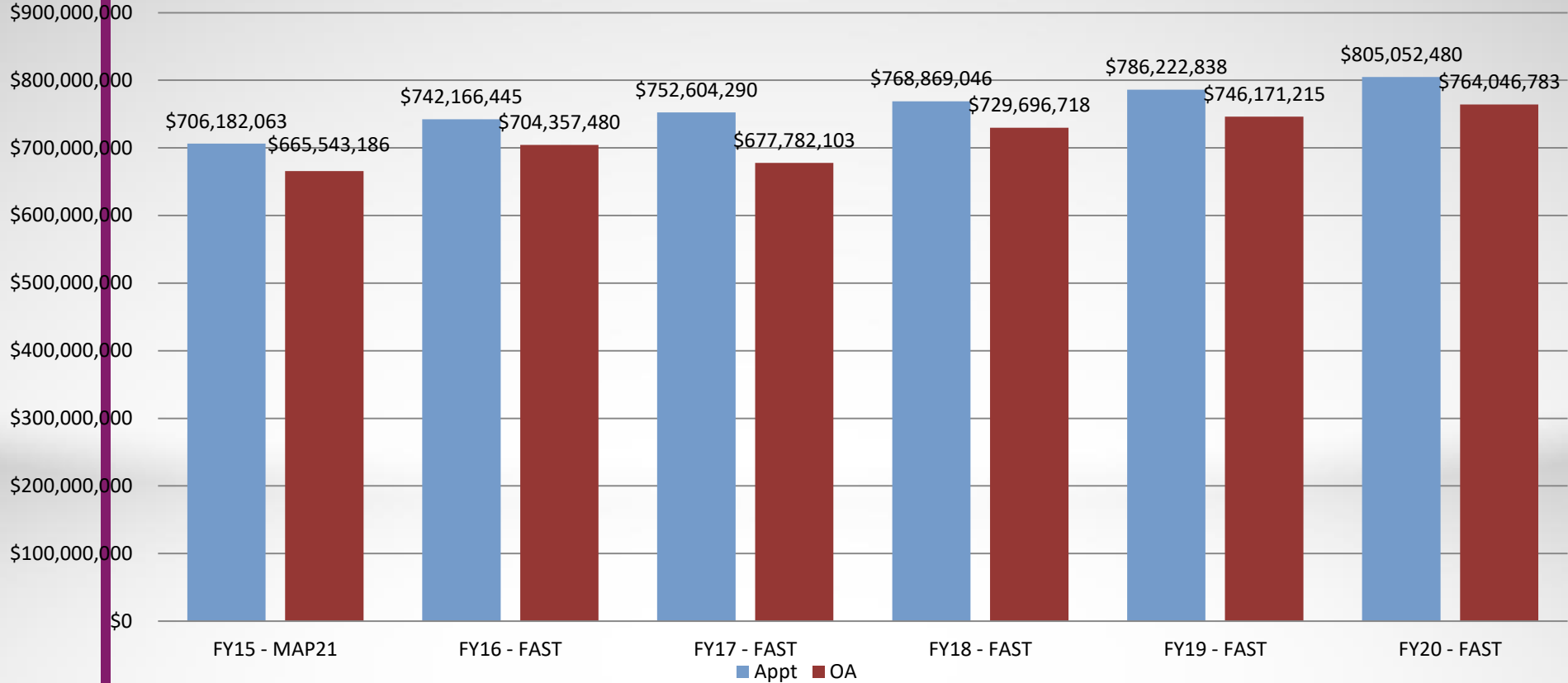   - Shatawn Reed– Inbox management, Project End Date, Reconciliation, A/R Log

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

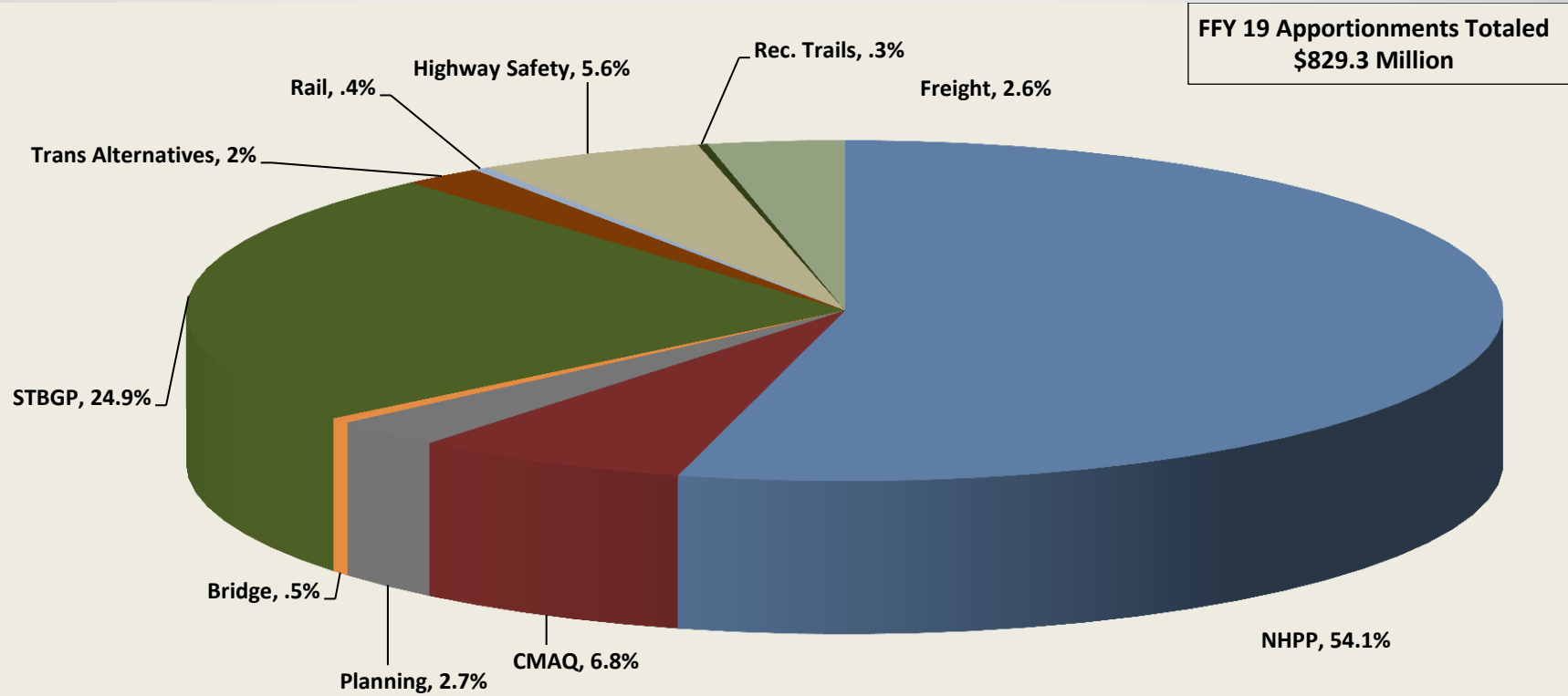▸ The transportation bill FAST Act expired on September 30, 2020. It was extended for one year.

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

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Apportionment v. Obligation Authority   MAP-21 to FAST

- FY15 - MAP21: Appt $706,182,063 / OA $665,543,186
- FY16 - FAST: Appt $742,166,445 / OA $704,357,480
- FY17 - FAST: Appt $752,604,290 / OA $677,782,103
- FY18 - FAST: Appt $768,869,046 / OA $729,696,718
- FY19 - FAST: Appt $786,222,838 / OA $746,171,215
- FY20 - FAST: Appt $805,052,480 / OA $764,046,783

Legend: ■ Appt   ■ OA

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Apportionments – FFY 20

FFY 19 Apportionments Totaled $829.3 Million

- NHPP, 54.1%
- STBGP, 24.9%
- CMAQ, 6.8%
- Highway Safety, 5.6%
- Planning, 2.7%
- Freight, 2.6%
- Trans Alternatives, 2%
- Bridge, .5%
- Rail, .4%
- Rec. Trails, .3%

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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 PM 2.5	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
	Total Formula Apportionments	794,284,092	630,358,542		630,358,542	71,500,917	59,579,884	131,080,801	16,652,901	5,938,808	22,591,709	946,732	9,306,308	10,253,040
	Total Formula OA (@90.6)	719,629,212	State Formula OA		564,063,865	MAG OA		124,395,680	PAG OA		21,439,532	Greater AZ OA		9,730,135
Exempt	NHPP Exempt /3	11,034,182	State Exempt OA		11,034,182									
	Total Arizona OA	730,663,394	Total State OA		575,098,047									

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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

CA Packets

Packet Requirements

- CA construction packets include:

    - Preliminary Engineering
        - FARA, DocuSign ADOT PE Letter and CA Letter – no map required

    - Construction
        - FARA, RECAP (in excel format), FMIS4 Form (needs to match recap) DocuSign CA Letter, TIP or STIP, MAP - with location of area and streets project is taking place
        - ITS projects must include Systems Engineering Checklist
        - HSIP projects will need letter (If applicable)

*Items in red are submitted by the CA agency

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Common Packet Errors & how to avoid

➢ Recaps
  ➢ Modify Recap to match TIP
  ➢ Columns and rows need to add up across and down
  ➢ Verification of dollar amounts /percentages

➢ MAPS- The location must be visible and quality of the map is very important. Map need to be as detailed as possible

Example of Recap with & without errors

Left table (with errors)

AGREEMENT ESTIMATE RECAPITULATION

PROJECT: XXX
Federal Aid Project No.: XXX
ADOT Tracs No.: XXX
City Of Phoenix Project No.: XXX

Sheet 1 of 1
REVISED
ENGINEER:

DESCRIPTION		FHWA CODE.	ESTIMATED COST	"FEDERAL FUNDS 94.3%	LOCAL FUNDS 5.7%	LOCAL FUNDS 100.0%	MILES (MI)
Pave Dirt Alleys – Various Loact		5	$771,272	$727,310	$43,963	$0	
SUBTOTAL			$771,272	$727,310	$43,963	$0	0.0
Construction Engineering	14.0%	17	$107,978	$101,827	$6,155	–$4	
Contingency	0%	17	$0	$0	$0	$0	
Post Design Services	0%		$0	$0	$0	$0	
PROJECT TOTAL:			$879,250	$829,137	$50,117	–$4	0
					CITY=	$0	

Total Federal (94.3%) = $829,137
Total Local (5.7%) = $50,117
Total Local (100%) = –$4
Total Cost $879,250

Right table (without errors)

AGREEMENT ESTIMATE RECAPITULATION

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Contingency	0%	17	$0	$0	$0	$0	
Post Design Services	0%		$0	$0	$0	$0	
PROJECT TOTAL:			$879,250	$829,133	$50,117	$0	0
					CITY=	$0	

Total Federal (94.3%) = $829,133
Total Local (5.7%) = $50,117
Total Local (100%) = $0
Total Cost $879,250

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Example of Good and Bad Vicinity Map
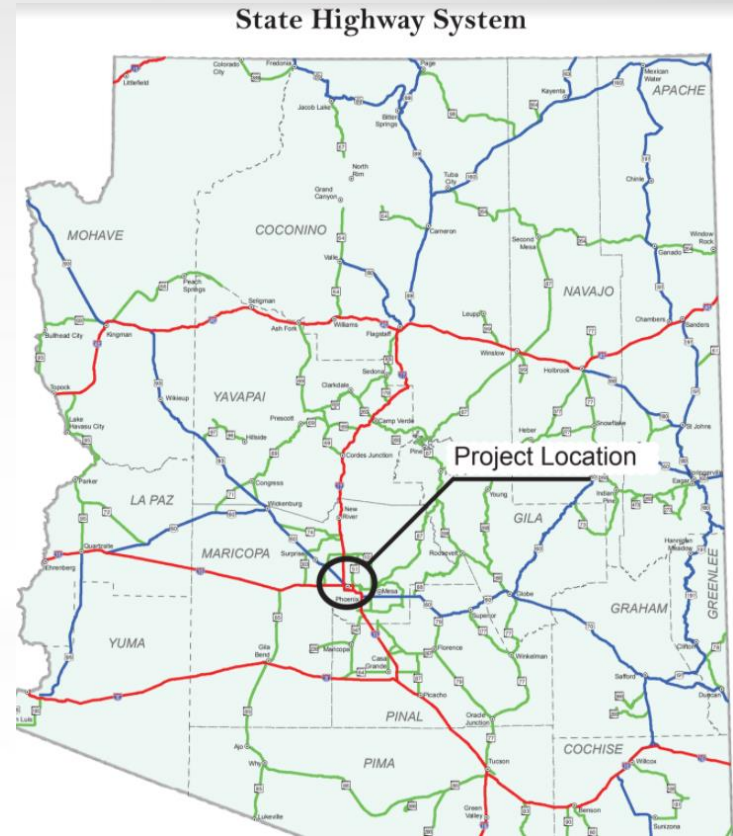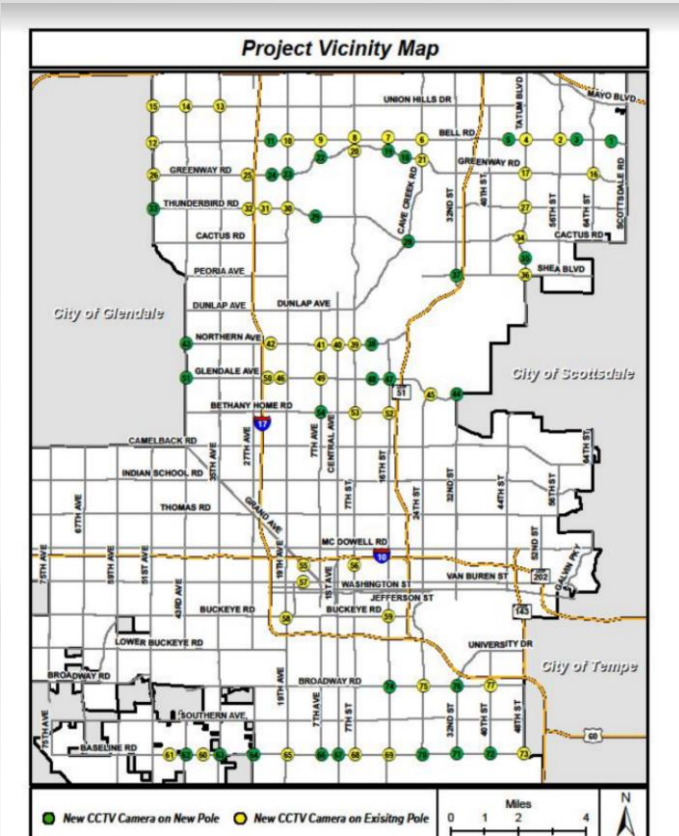
01D vs. 03D

When to use 01D vs. 03D

- Any ADOT project numbers that start with "T" or "S" are Local Agency projects. This rule will apply to local projects administered by ADOT and the Certification Acceptance Agencies (CA) projects

- Business Rule:
  - An 01D subphase will be set up for the ADOT staff charges -Project Delivery Administration (PDA) regardless if the funding is local or federal dollars

  - An 03D subphase is required when using ADOT on-call for design regardless if the funding is local or federal dollars

  - Some projects will only require one subphase for the PDA costs (01D) when there will be no ADOT administration for the design
    - The 03D subphase is not required if the local agency is administering design with local funds

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Project End Dates

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

➢ 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 prior to the end of the current end date or can be changed when adding a new phase to the project agreement

➢ If work is performed after the end date of the period of performance it becomes ineligible for 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 may not be reimbursed.

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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

➢ After the project 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

➢ 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

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Inactive Projects

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
  ➤ A critical inactive is a project with an unexpended balance above $150,000 with no expenditures in the last 9 months or one authorized prior to January 1, 2020 with an unexpended balance between $50,000 and $150,000 and no posted expenditures

➤ We 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

➤ Recipients must demonstrate that the obligation for the projects remains proper and that the inactivity is beyond the State DOT's control

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Avoiding Inactive Projects

➢ Frequency of the CA to bill to the project – either monthly or quarterly
  ➢ Regularly billing a project to expend obligations is important to avoid inactive status

➢ Timely invoicing to 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 ready for closeout
  ➢ FMS must provide FHWA valid explanations on any project/s not able to clear by end of quarter or funding could be lost

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QUESTIONS?

CERTIFICATION ACCEPTANCE TRAINING
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THANK YOU!