

PROJECT DEVELOPMENT ACADEMY

MODULE 2: FINANCIAL MANAGEMENT

❖ FEDERAL AUTHORIZATION &

❖ RESOURCE ADMINISTRATION

Presented by:

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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

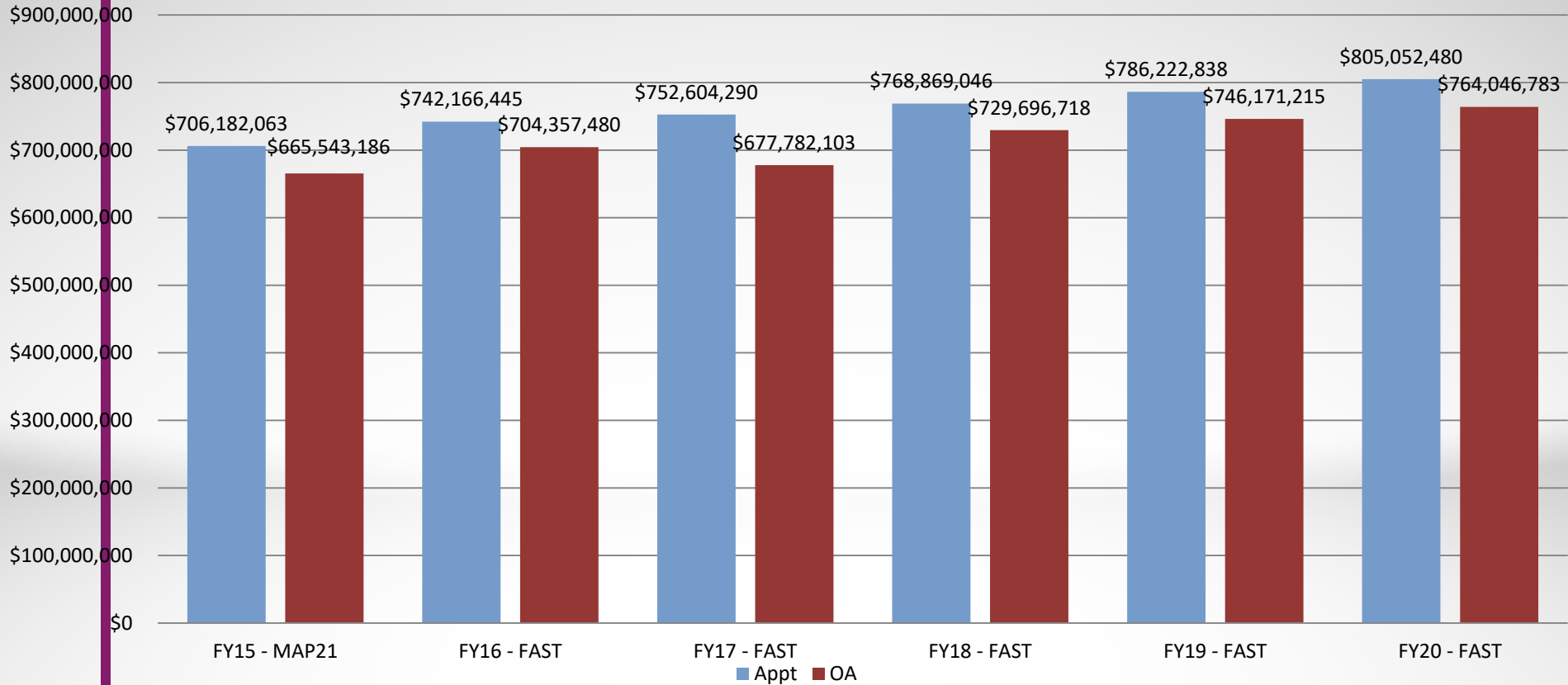
Federal Aid Highway Program

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

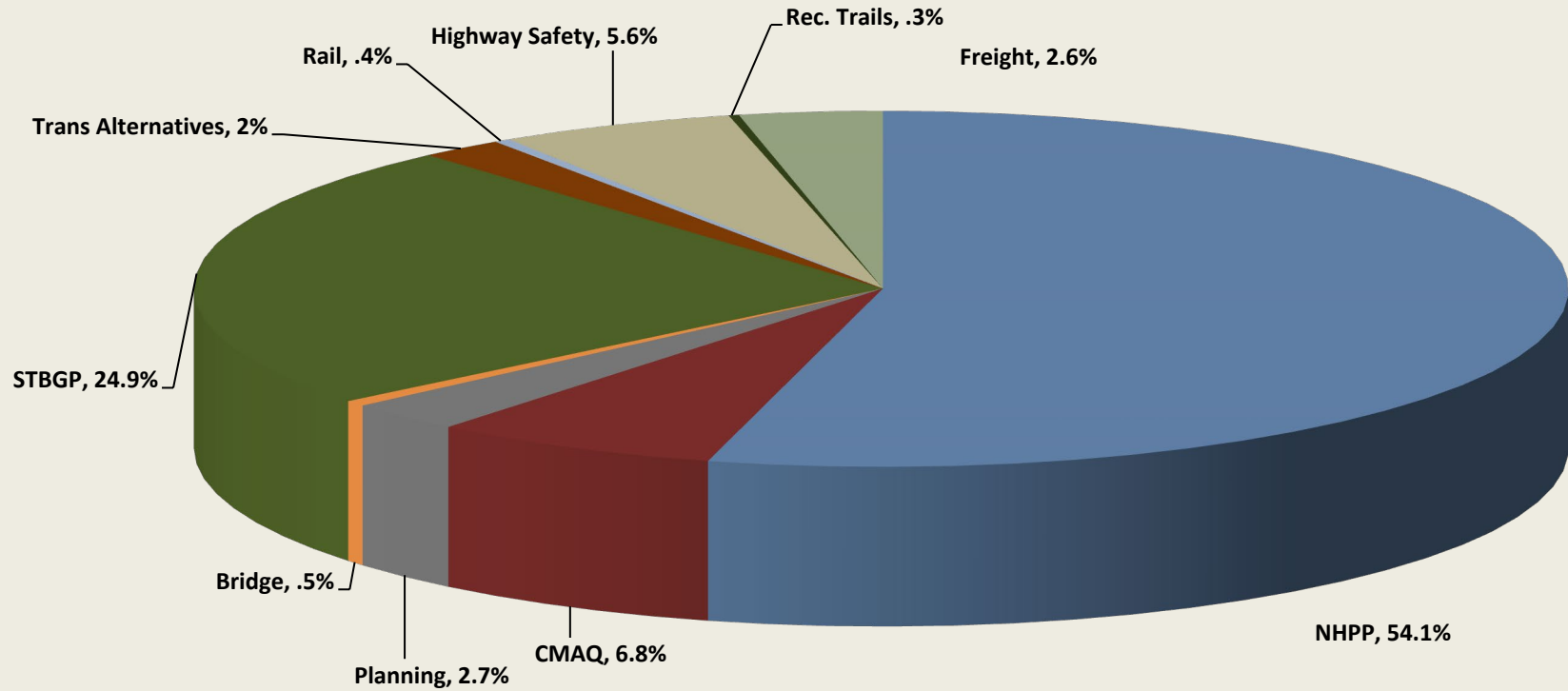
Apportionments vs Obligation Authority

- ▶ 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

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
	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									

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 Project

- ▶ HURF swap program
- ▶ Five Year program – virtually all federal aid funded
- ▶ OA is “use or lose” by Sept 30th, however a deadline of May 15th 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
- ▶ Executed IGAs

Funding Sources

ARIZONA DEPARTMENT OF TRANSPORTATION

FY 2018 HURF ACTUAL REVENUE DISTRIBUTION FLOW

(Millions of Dollars)

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 \$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.

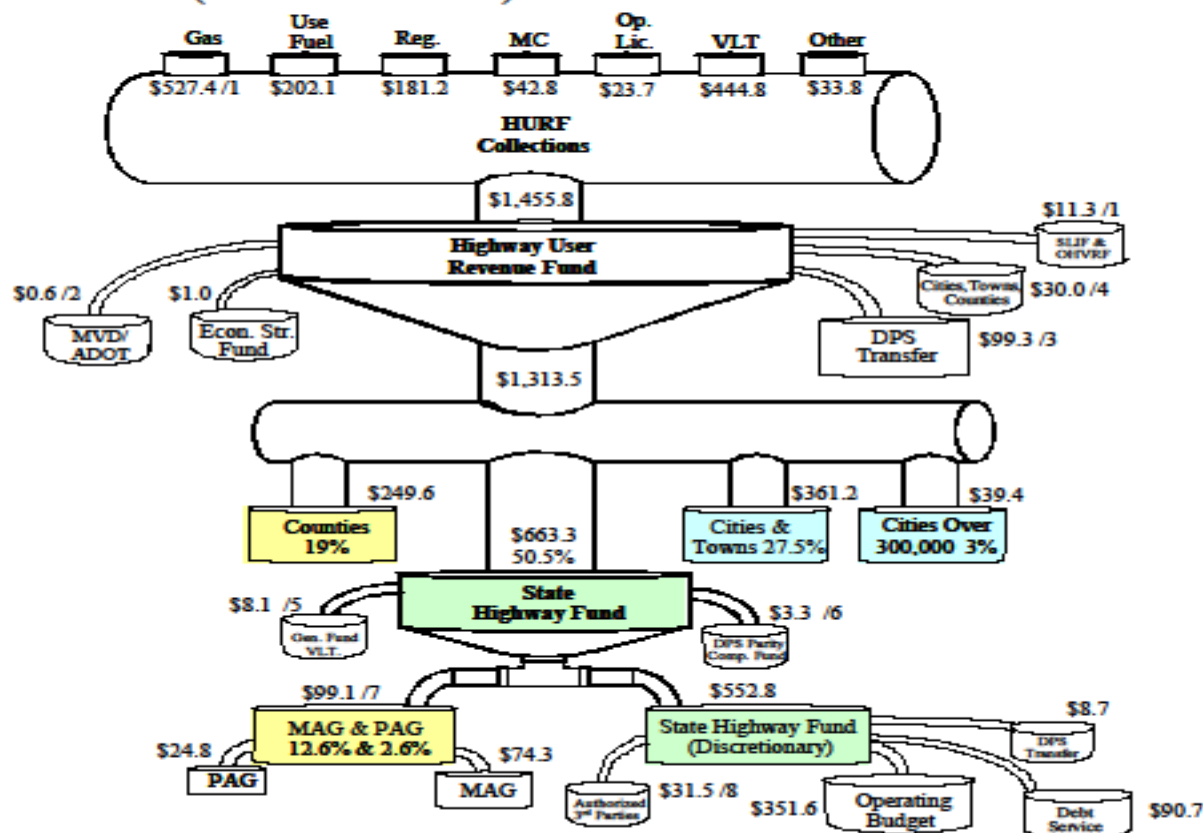
/4. Starting in FY 2015, special off-the-top distributions to cities, towns and counties have been made each fiscal year. Laws 2016, 2nd Regular Session, Chapter 125 (HB 2708) distributes \$30.0 million to cities, towns and counties in FY 2018. Actual FY 2018 distributions: 1. Cities over 300,00 persons - \$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, 1st 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, 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 VLT to the State General Fund which totaled \$6.3 million.

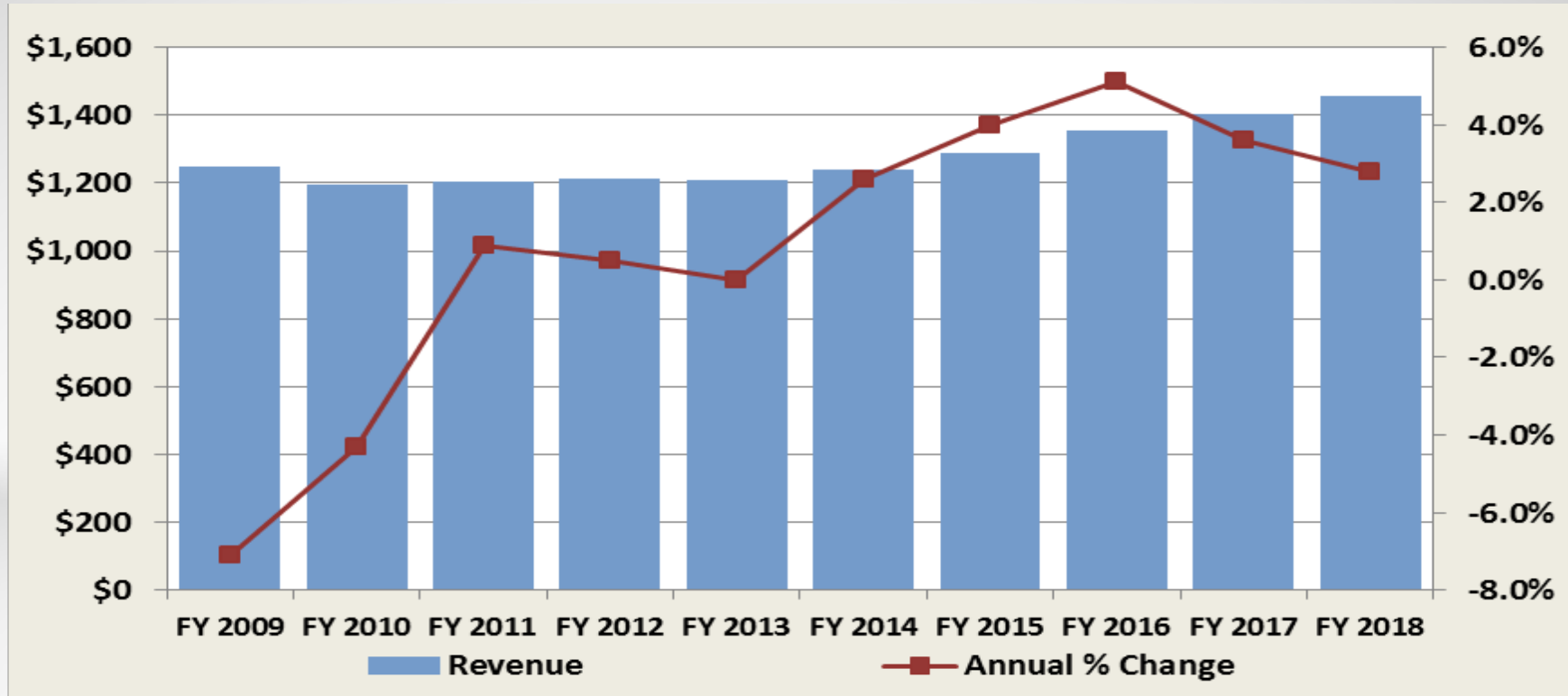
/6. Per Arizona Revised Statutes 28-5808, 1.51 percent of the State Highway Fund share of HURF VLT is distributed to the DPS Purity Compensation Fund.

/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.

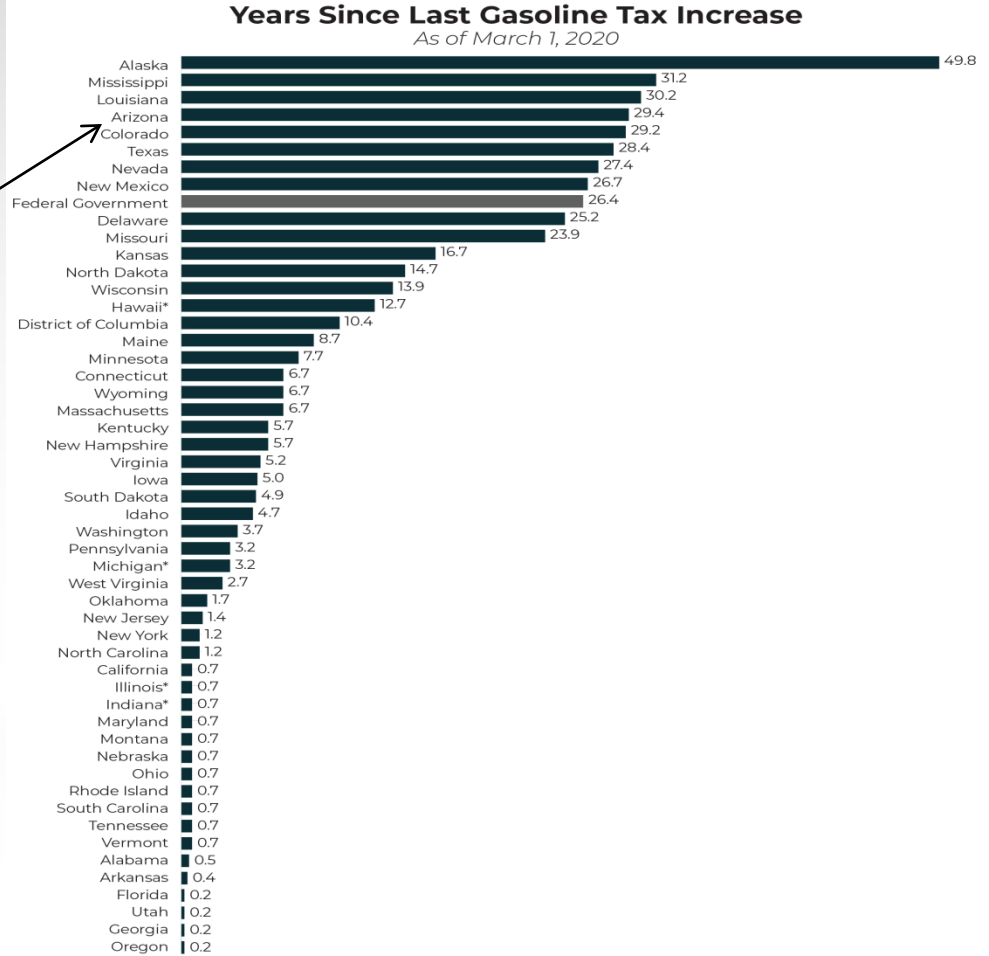


HURF Revenues and Annual % Change FY 09 – 18

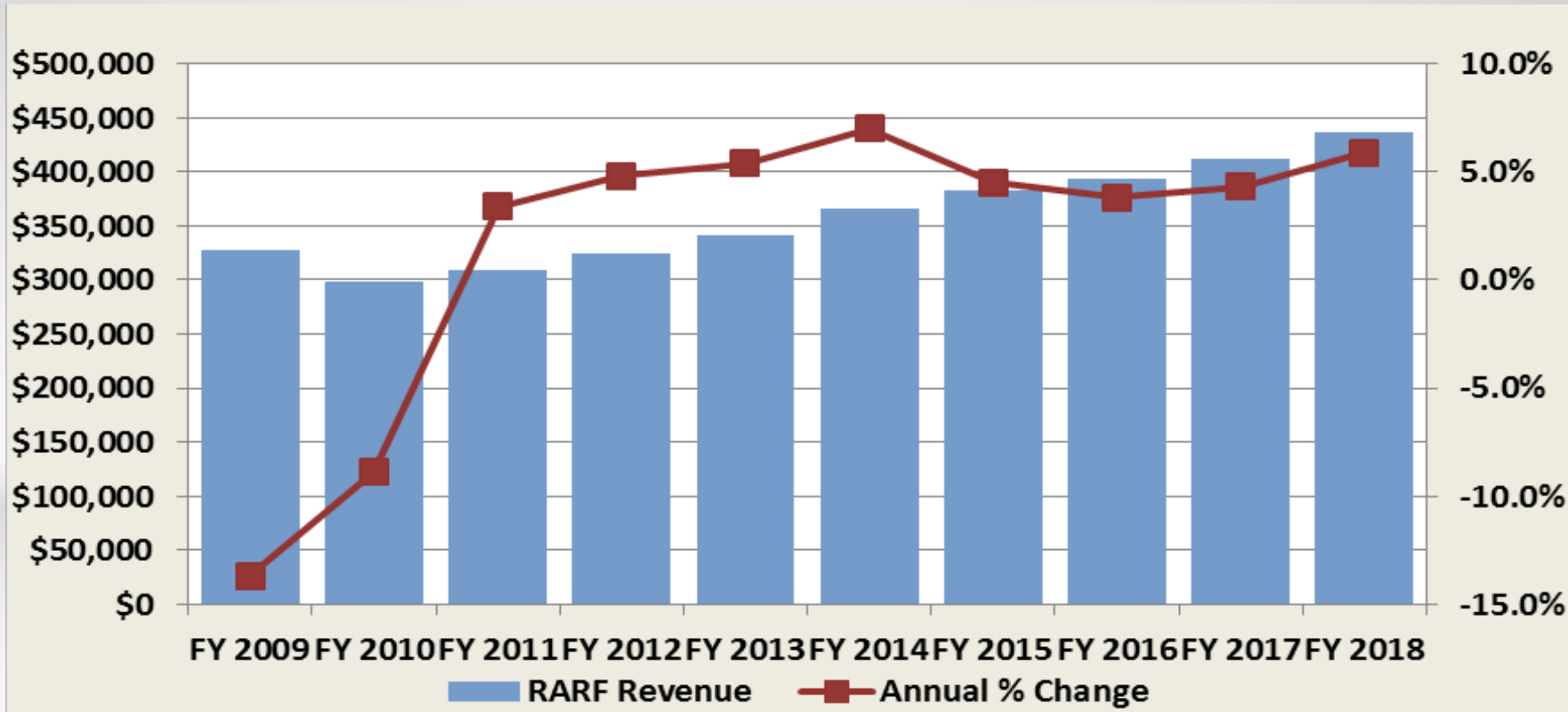


HURF – Gasoline Taxes

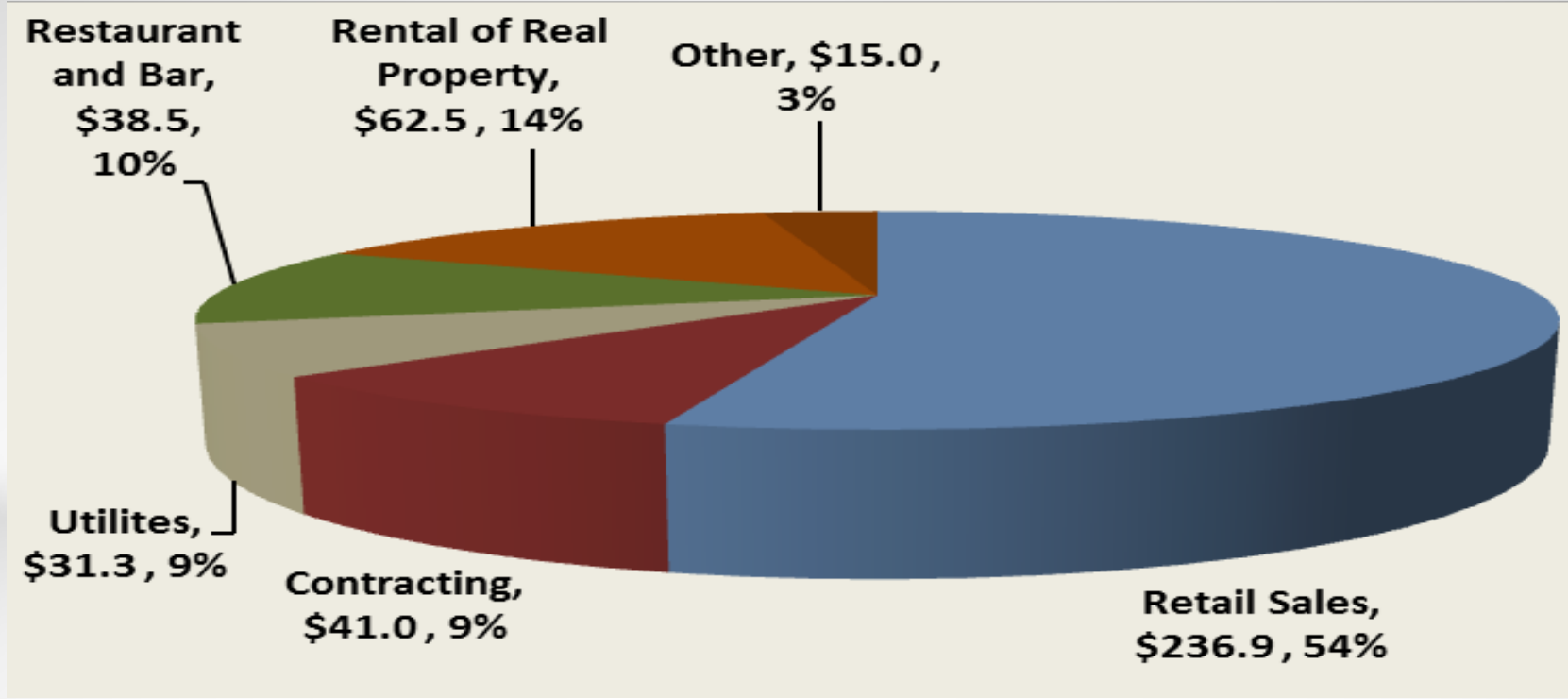
Arizona – 29.4 years as of March 1, 2020



RARF Revenues and Annual % Change FY 09-18

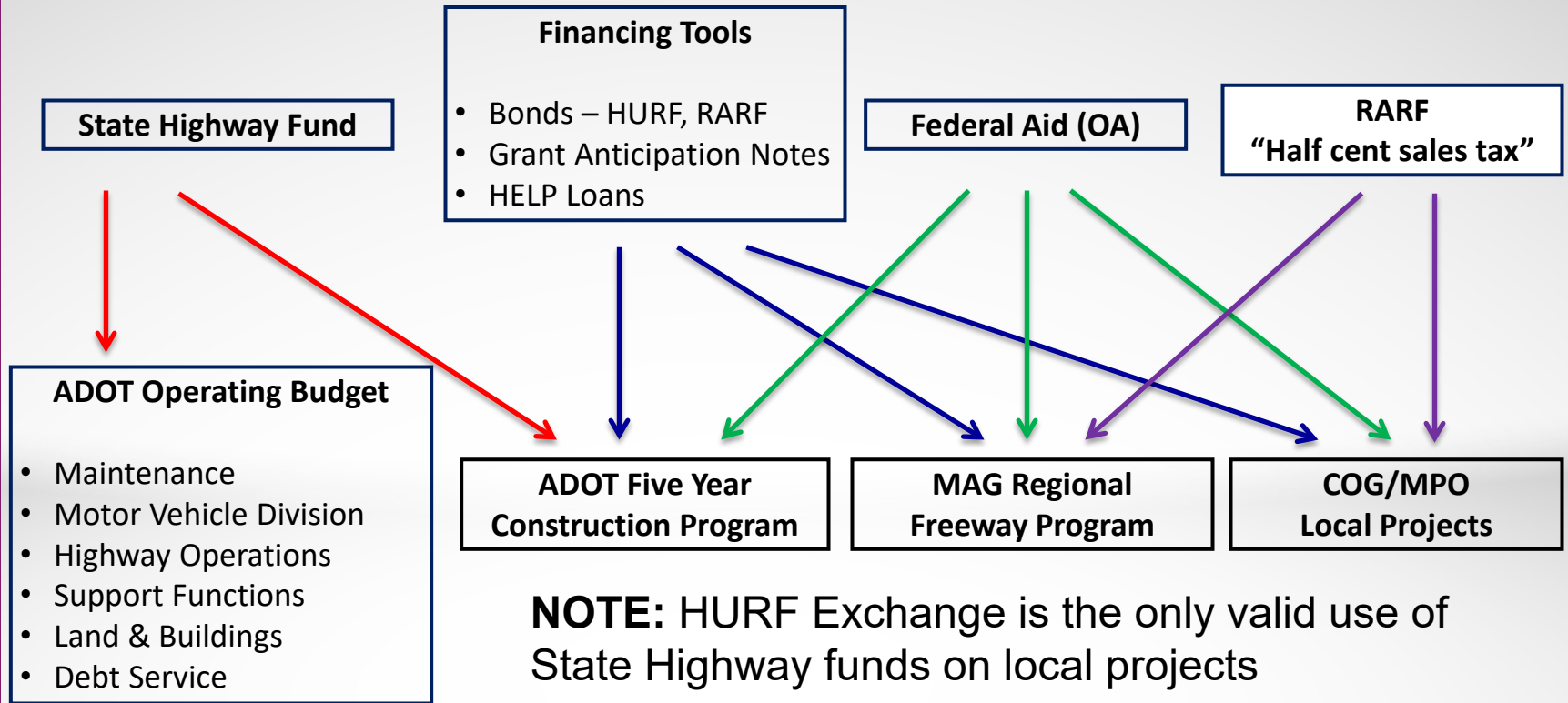


RARF – Sources of Revenue*



*SFY 18 Revenues

SOURCES & USES OF FUNDS



Resource Administration Team

- ▶ Elise Maza – Program/Project Funding Administrator
 - ▶ Patrycja Kozaczka – Accounting Manager over Resource Administration/Project Accounting/Final Voucher
 - ▶ Alison Hart– Resource Administration Manager
 - ▶ Rebecca Fimbres– PRB/Project Master
 - ▶ Mary Villarreal-Perry-Construction/Awards/Increases, GAE Encumbrances, Construction Huddle
 - ▶ Maria Coronado– Local Projects/Awards/Increases, GAE Encumbrances, Construction Huddle
 - ▶ Socorro Juarez– MPD Projects
 - ▶ Velia Gomez-Zuniga– PA/FV liaison, Special Projects
 - ▶ Vacant

Resource Administration Tasks

▶ 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 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 approving 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: ie- PM name change
- ▶ Default setup for phase is open to payroll, please notify RA if phase should be NOPR

Resource Administration Tasks

▶ Construction Packets

- ▶ Obligation Request - FMIS4 Coding Form & Recap (Excel), MONEYADM (Word), 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)
- ▶ 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
 - ▶ 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.)
- ▶ 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 Administration Tasks

- ▶ **Budget Increases**
 - ▶ Additional funds requested for project after initial approval
 - ▶ Come in DocuSign format approved by State Engineers Office
- ▶ **Construction Award Recaps**
 - ▶ 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
- ▶ **Construction Huddle**
 - ▶ Discuss Advertising/Authorization dates
 - ▶ Provides processing dates for both RA/FHWA
- ▶ **Non-construction Projects**
 - ▶ MPD projects (de-obligation / re-obligation)
- ▶ **Monitor Receipt of local funds**
- ▶ **Track/update Project End Dates**

Resource Administration Hot Topics

- ▶ **Project End Dates**
 - ▶ Utilize the Project Dashboard - H,S,F,T
 - ▶ If work is performed after the end date of the period of performance it becomes ineligible for reimbursement
- ▶ **Inactive Projects**
 - ▶ Project where no expenditures have been charged against the federal funds within the past 12 months or more
 - ▶ We can lose Federal funding on these projects if we don't get activity
- ▶ **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
 - ▶ **Project closure** – email fvoucher@azdot.gov

PROJECT DELIVERY ACADEMY

MODULE 4: FINANCIAL MANAGEMENT

QUESTIONS?

PROJECT DELIVERY ACADEMY

MODULE 4: FINANCIAL MANAGEMENT

THANK YOU!