

LOCAL PUBLIC AGENCY TRAINING

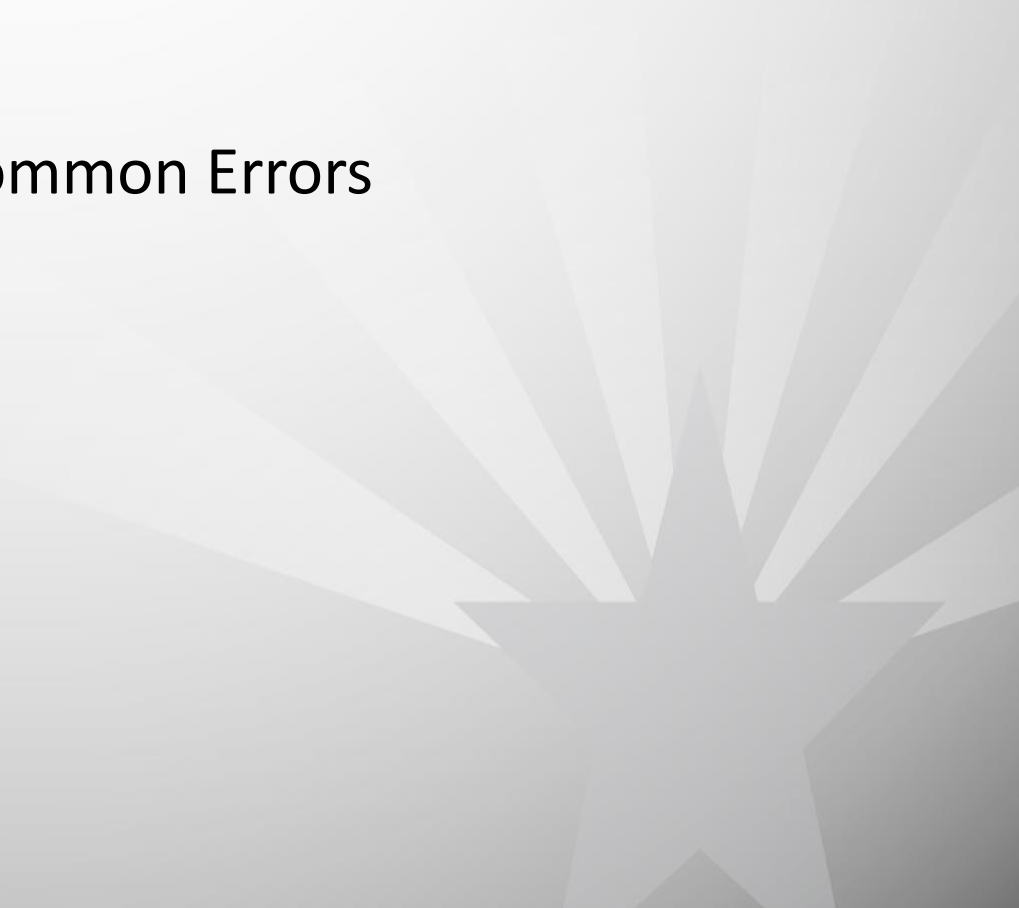
MODULE 2: Federal Authorization

FEDERAL AUTHORIZATION

Presented by:

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Presentation Overview

- Introductions
 - Federal Aid
 - Packet Overview & Common Errors
 - 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 Hart– 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)

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 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.

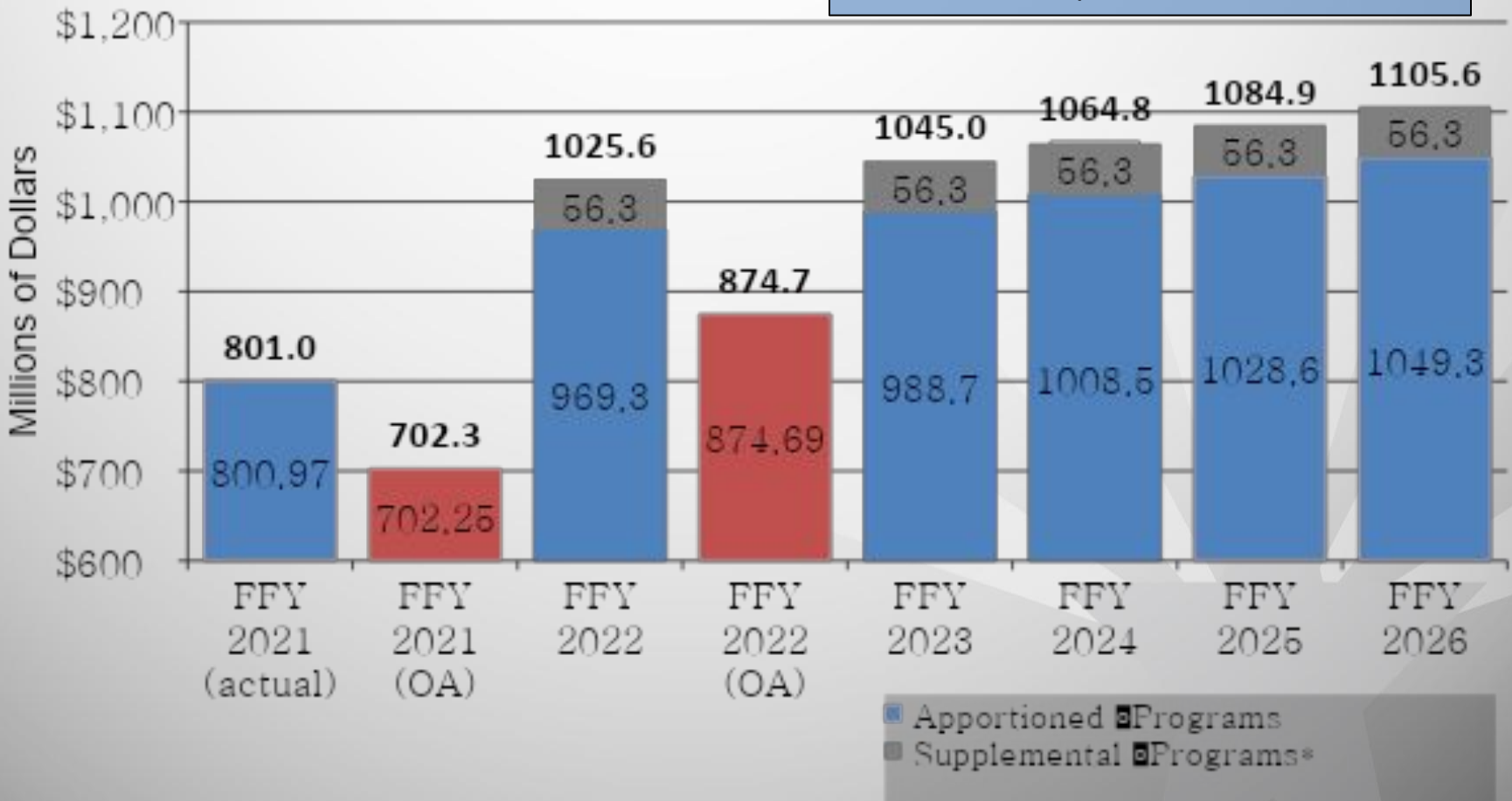
Apportionments vs Obligation Authority

- Apportionments (checks)
 - Amount set in program authorization bill
 - Represent upper annual limit
 - Broken into various program categories via formula
- Obligation Authority (cash)
 - Amount set annually in budget bills
 - Generally 88-95% of apportionments
 - Ratio results in excess apportionments
- Both Apportionments and Obligation Authority are required to fund projects

IIJA/BIL Apportionment Estimates

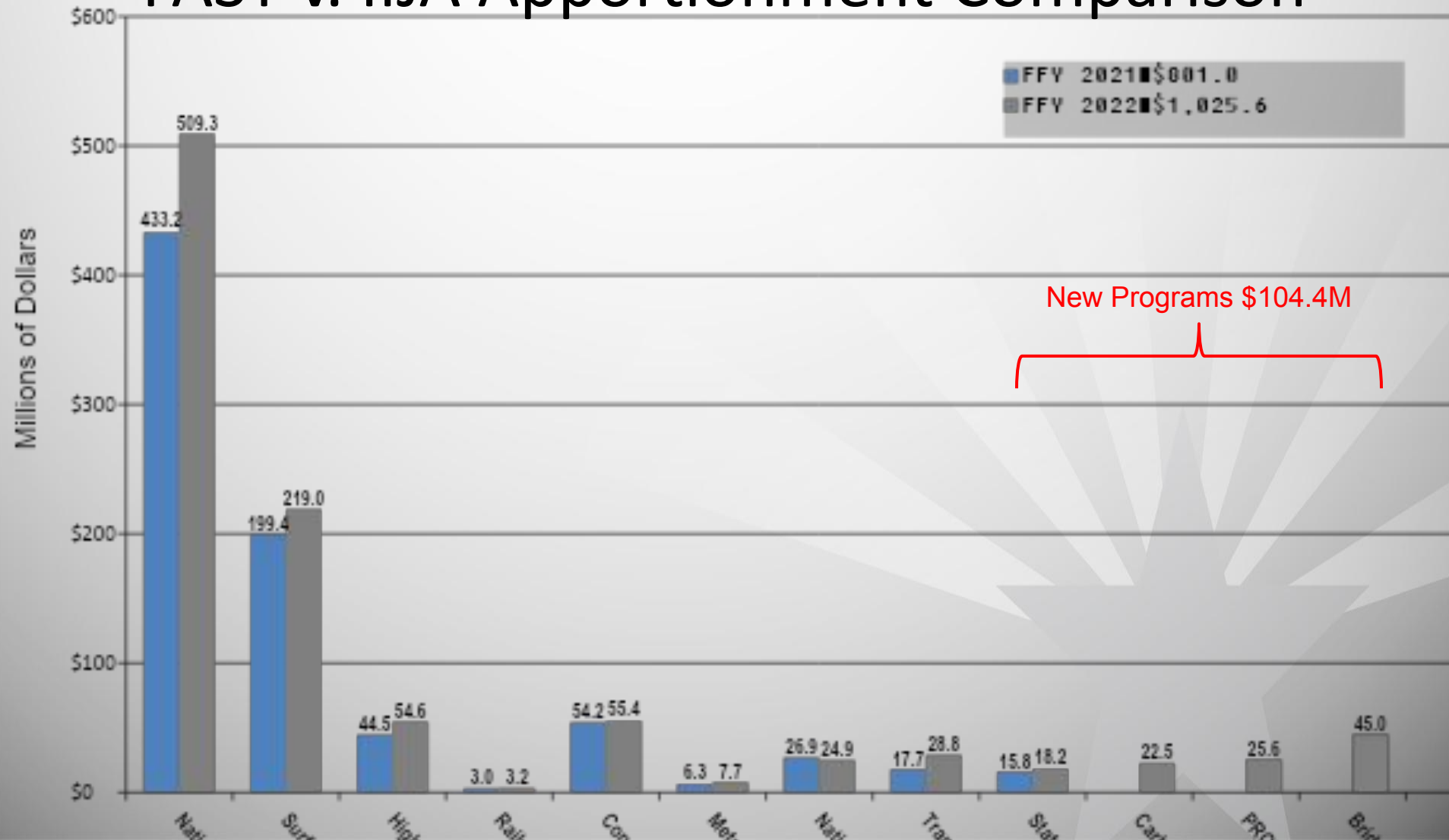
FFY 2022 – FFY 2026

**Total Estimated IIJA Apportionments:
\$5.3 billion**



*Supplemental Programs consist of Bridge Program (\$45M) and National Electric Vehicle Infrastructure (NEVI) (\$11.3M)

FAST v. IJA Apportionment Comparison



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

- Surface Transportation Block Grant Program (STBGP aka STP) Funding based on population
 - STBGP >200K (MAG and PAG)
 - STBGP 50-200K*
 - STBGP 5-50*
 - STBGP <5

*Under IIJA two new populations bands were formed, used to be STBGP 5-200K
- Historical pass-through to COGs/MPOs
 - Surface Transportation Block Grant for areas with population categories of Under 200k and Under 5K
 - \$17M of ADOT discretionary funding
 - Since...origins unknown...20+years...

Federal Funding Passed Thru to COGS/MPOs Cont.

- TAP Funding (MAG/PAG)
 - PL (MPOs/TMAs)
 - SPR
 - 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.

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
 - TA Program*
 - CMAQ (Nogales)
 - HSIP

*TA Program – ADOT working on new competitive program

Federal Funding for Local Projects

Additional info:

- OA is “use or lose”; May 15th is the deadline for funding packages to be submitted to ADOT for review
- Design cannot be funded without construction programmed.
- Ensure there is enough time in the schedule for the project to be delivered in the year it is programmed.
- Local projects must be in the State Transportation Improvement Program (STIP) and in the Local TIP.
 - Approved by regional Executive Board or Council

Prior to Federal Authorization

- Project must be in the TIP
- A project Initiation letter is generated from ADOT.
- A project manager is assigned to the project.
- ADOT and Federal Aid number are assigned to the project

Prior to Federal Authorization cont.

- 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.

Unprecedented Discretionary Grant Opportunities

Eligible Applicants

Grant	\$	State	COG/MPO	LPAs	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	<i>None specified in IIJA; NOFO expected to contain details</i>					
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>

LOCAL PUBLIC AGENCY OBLIGATION REQUESTS

Obligation Request Requirements

- Local obligation requests include:
 - Preliminary Engineering
 - FARA, DocuSign ADOT PE Letter and Authorization letter – no map required, IGA/JPA if applicable
 - Construction
 - FARA, RECAP (in excel format), FMIS4 Form (needs to match recap) DocuSign Authorization Letter, TIP or STIP, MAP - with detailed view of project location and surrounding towns or cities, TIP number and project number, IGA/JPA if applicable
 - Intelligent Transportation System (ITS) projects must include Systems Engineering Checklist and CE Checklist (Categorical Exclusion)
 - Highway Safety Improvement Program (HSIP) projects will need letter

* ADOT cannot submit for authorization until all local funds (match and 100% contributions) have been received.

Common Errors & how to avoid

- Recaps
 - Modify Recap to match TIP
 - Columns and rows need to add up across and down (example in next slide)
 - Verification of dollar amounts /percentages
 - Project location needs to be consistent across all documents

- Maps
 - The location must be visible and quality of the map is very important. Map needs to be as detailed as possible by showing items such as street names and surrounding cities or towns

Example of Recap

AGREEMENT ESTIMATE RECAPITULATION

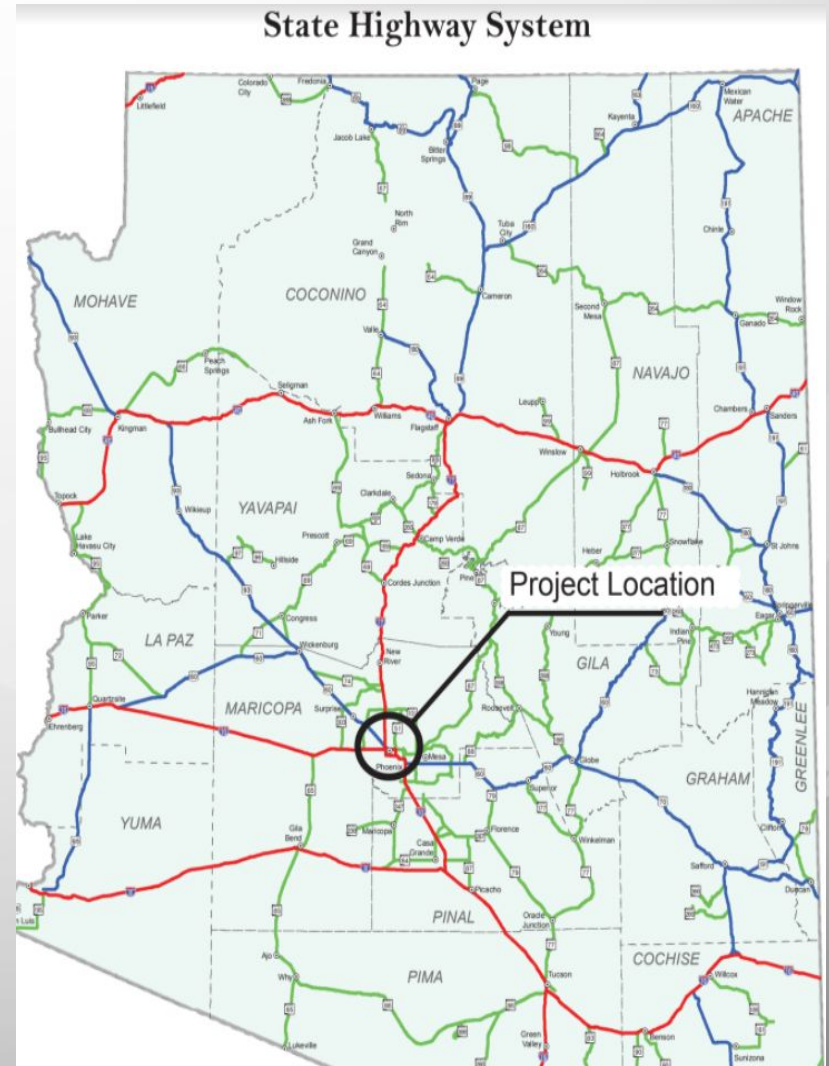
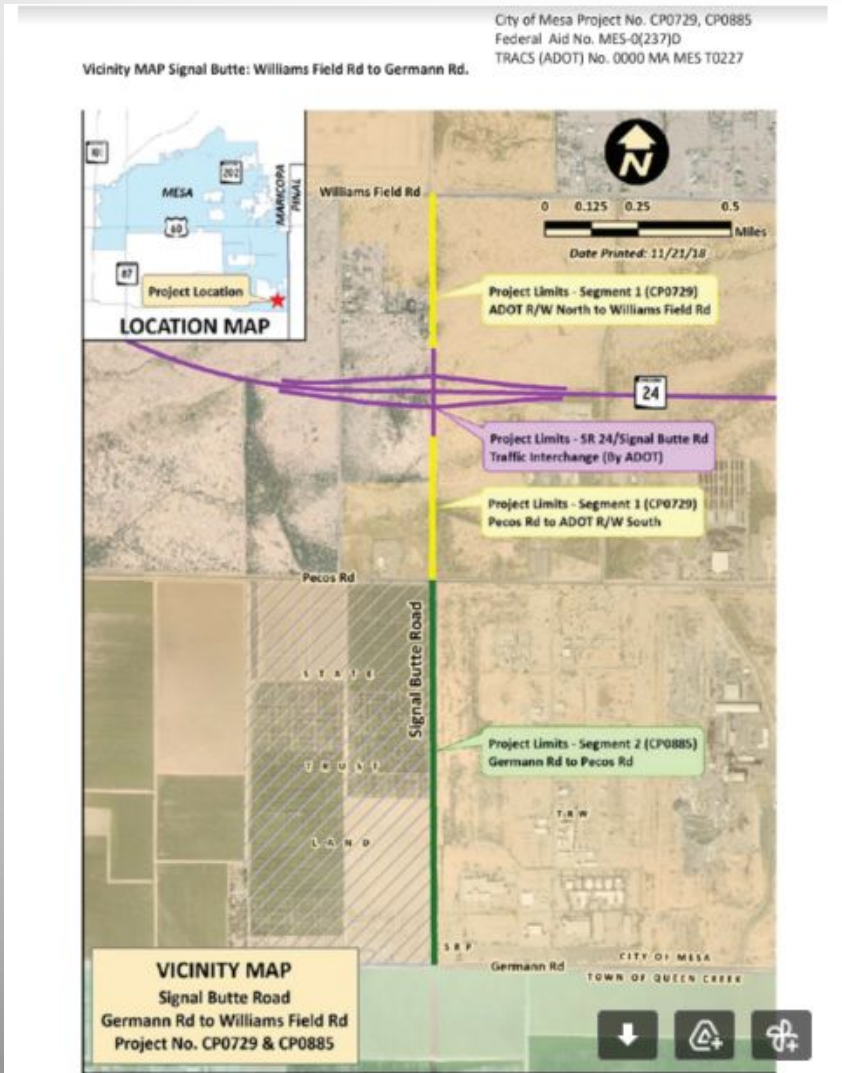
PROJECT NUMBER 0000 XX XXX T0241 XXX
 FEDERAL AID NUMBER XXX-0(218)T
 LOCATION: SALINITY CANAL BRIDGE

CREATED: 03/07/22
 REVISED: 03/08/22
 ENGINEER: XXX

DESCRIPTION	FHWA CODE	CONTRACTOR'S BID	FEDERAL PARTICIPATION	FEDERAL FUNDS	LOCAL FUNDS	LOCAL FUNDS	LENGTH IN MI
				94.30%	5.70%	100.00%	
ROADWAY	04	268,674	268,674	224,007	13,540	31,127	0.034
CANAL BRIDGE STR # 7639	11	454,862	454,862	379,240	22,923	52,699	
SUBTOTAL		723,536	723,536	603,247	36,463	83,826	
CONSTRUCTION ENGINEERING	Fixed 17	117,000	117,000	90,854	5,492	20,654	
POST DESIGN SERVICES	Fixed 17	18,000	18,000	13,977	845	3,178	
CONSTRUCTION CONTINGENCY	5% 04	36,177	36,177	28,093	1,698	6,386	
FINAL RIGHT-OF-WAY MONUMENTATION FLAGGING SERVICES RAILROAD/OTHER							
PUBLIC RELATION	44	5,000	5,000	4,715	285		
OTHER							
PROJECT TOTAL:		899,713	899,713	740,886.00	44,783.00	114,044	0.034

- *Project Name
- *FHWA Improvement Codes
- *Funding match TiP
- *All columns need to add up

Example of Good and Bad Vicinity Map



Awards and Cost Increases/Decreases

- At award a Modified Project Agreement (MPA) is submitted to FHWA adjusting the increase/decrease in funding.
- Local is responsible for any increase in cost
- If project comes in under, excess federal aid is released back to the funding source (Ledger or ADOT subprogram)

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 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 is to email resourceadmin@azdot.gov with extension request
- 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

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
- 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
- After the completion of the project, all project documentation is collected and prepared for final records, potentially a project audit, and project closeout
- 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
- **2 CFR 200.344 Effective November 12, 2020**
 - The recipient must submit, no later than 120 calendar days after the PAED, all financial, performance, and other reports (e.g. final voucher) as required by the terms and conditions of the Federal award

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
 - All projects with an unexpended balance greater than or equal to \$150,000 with no activity for the past 9 months are subject to this 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 the obligation for the projects remains proper and that the 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 in Authorizing Phases- do not authorize a project or phase unless you are ready to start working
- Frequency of the billing for the project – either monthly or quarterly
 - Regularly billing a project to expend obligations is important to avoid inactive status
- Timely invoicing 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 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
 - ADOT Staff has access to Inactive Reporting that is updated daily in the Project Dashboard which can be found in adotdw

QUESTIONS?

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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>

THANK YOU!

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