# Project Delivery Academy
## MODULE 2

❖**FEDERAL AUTHORIZATION AND RESOURCE ADMINISTRATION**

**Presented by:**
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# Presentation Overview

- Introductions
- Federal Aid
- Non Federal Fund Sources
- Distribution of federal funds between ADOT and COGs/MPOs
- Resource Administration and Project Authorization
- Questions

# Program and Project Funding

- Unit within Financial Management Services
- Serve full lifecycle of Programmatic and Project Funding
- Three teams:
  - Resource Admin
  - Project Accounting
  - Final Voucher

# 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
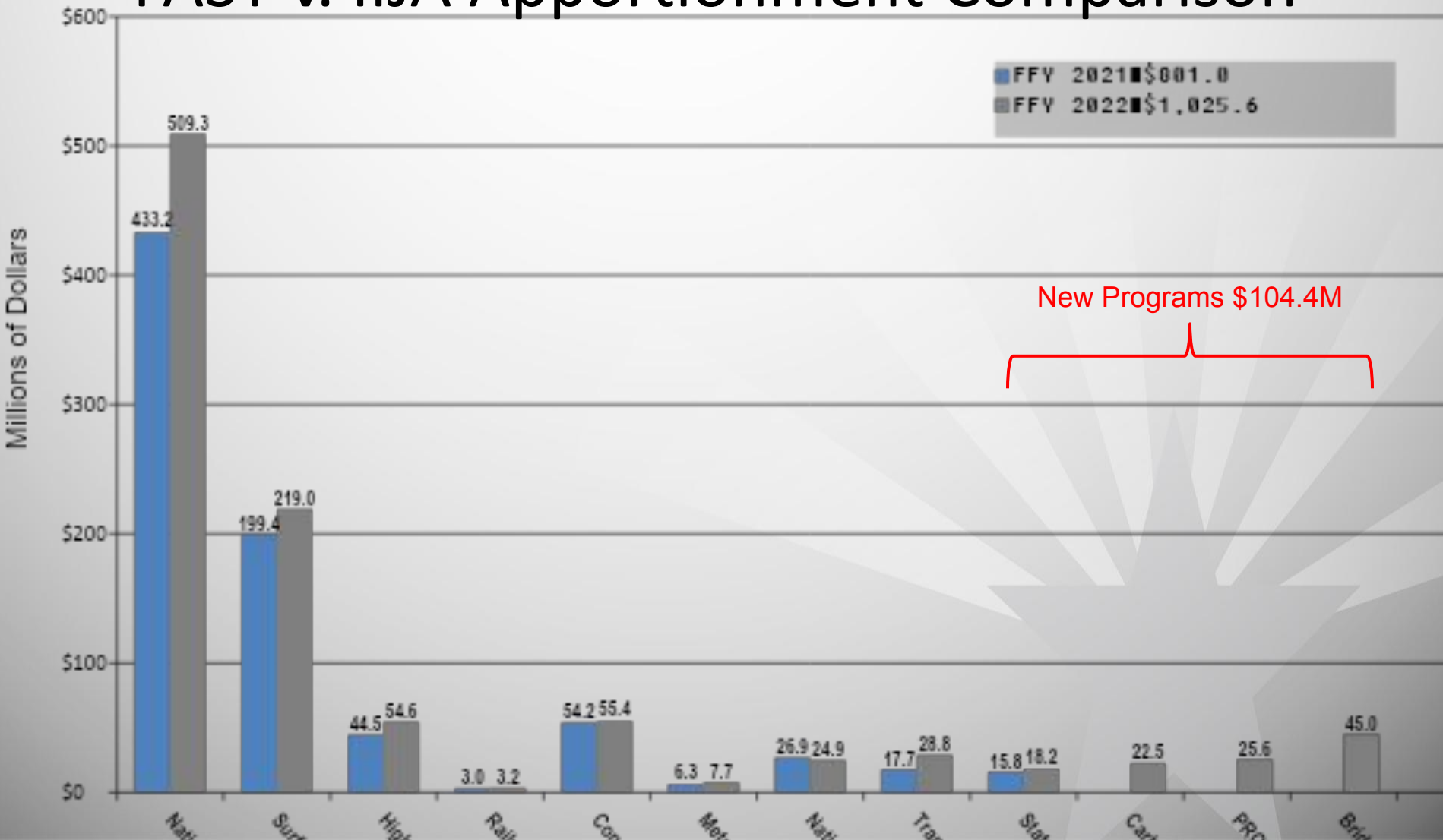
# IIJA/BIL Apportionment Estimates
## FFY 2022 – FFY 2026

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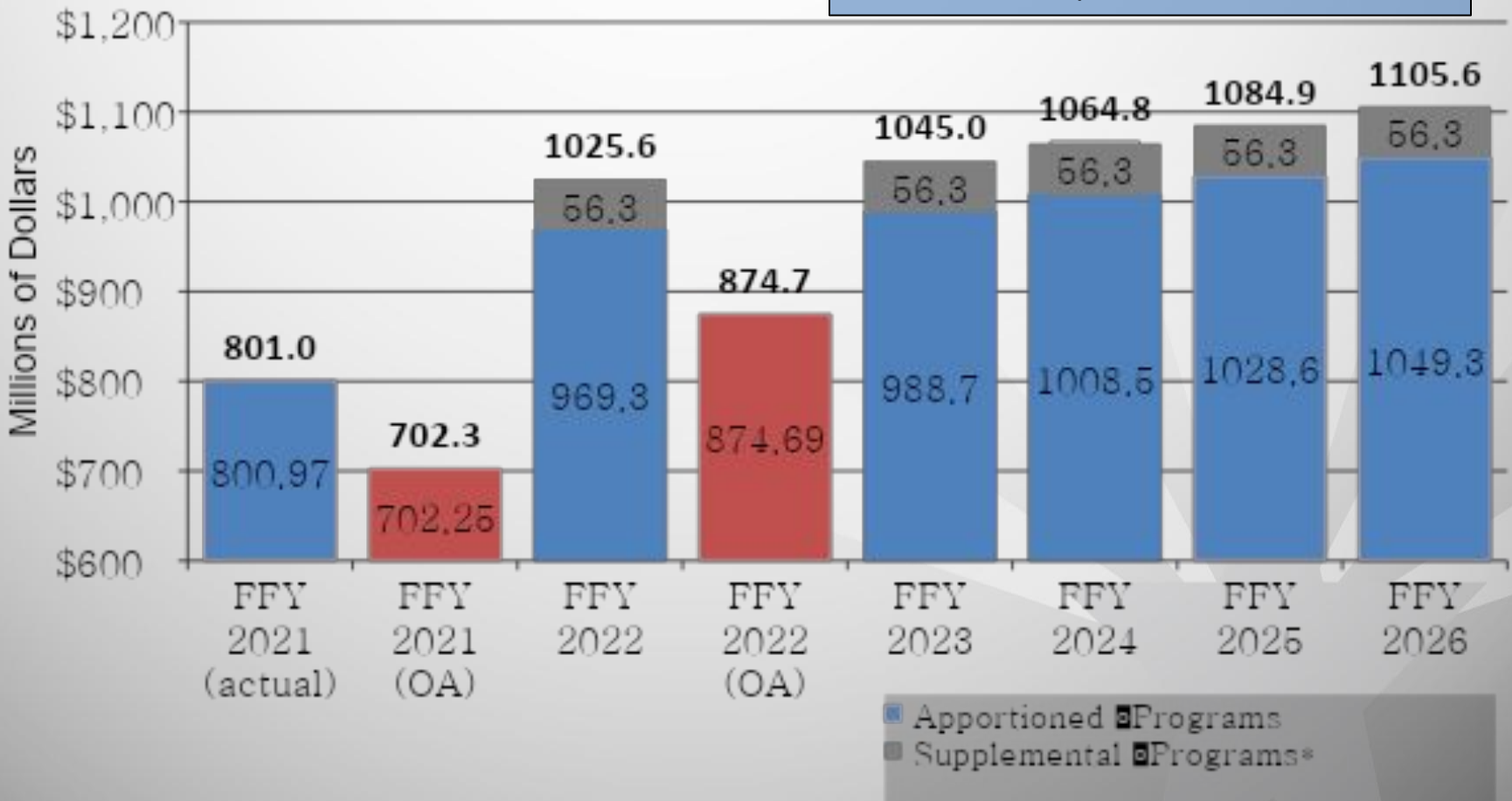


*Supplemental Programs consist of Bridge Program ($45M) and National Electric Vehicle Infrastructure (NEVI) ($11.3M)*

FAST v. IIJA Apportionment Comparison

# 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, STP based on population, CRP based on population.

# ADOT Projects in the 5 Year Program

- Predominantly federal aid program, federal aid with state match.
- "MAG Section", Freeway Lifecycle Program (FLCP) is federal aid and RARF, MAG 12.6 and MAG 2.6 Funding.
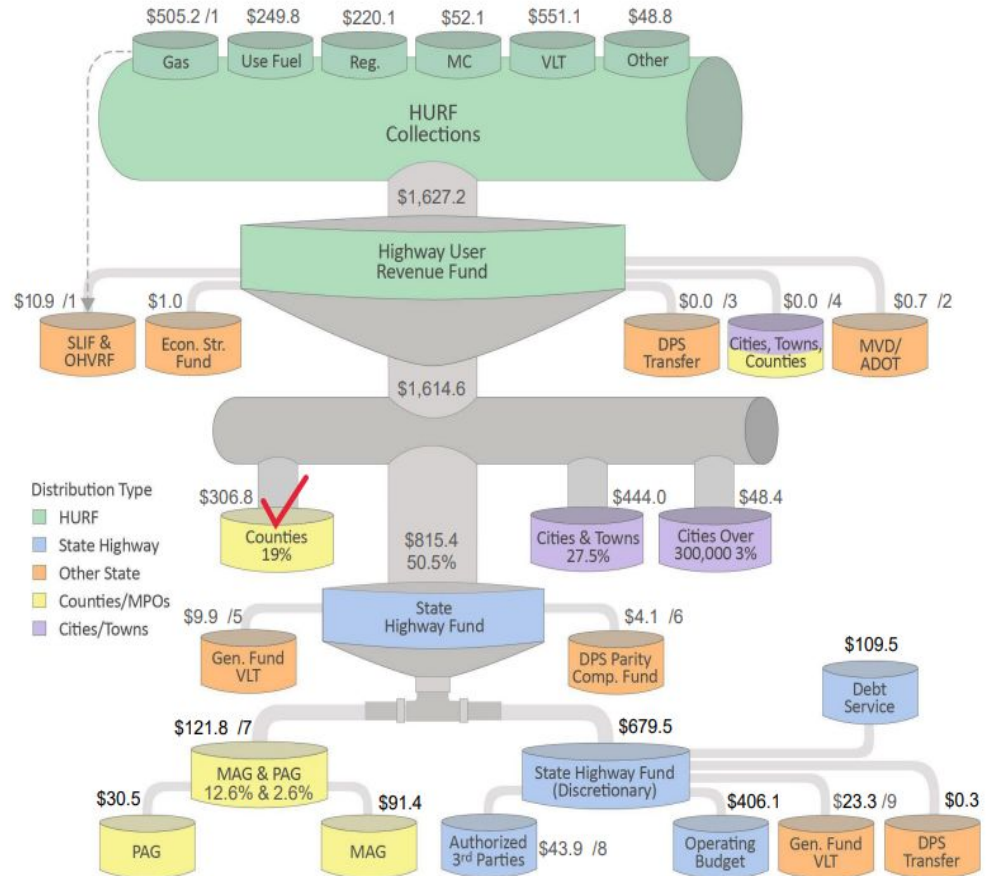- "PAG Section" is federal aid, state funds and PAG 2.6

# NON FEDERAL FUNDING SOURCES

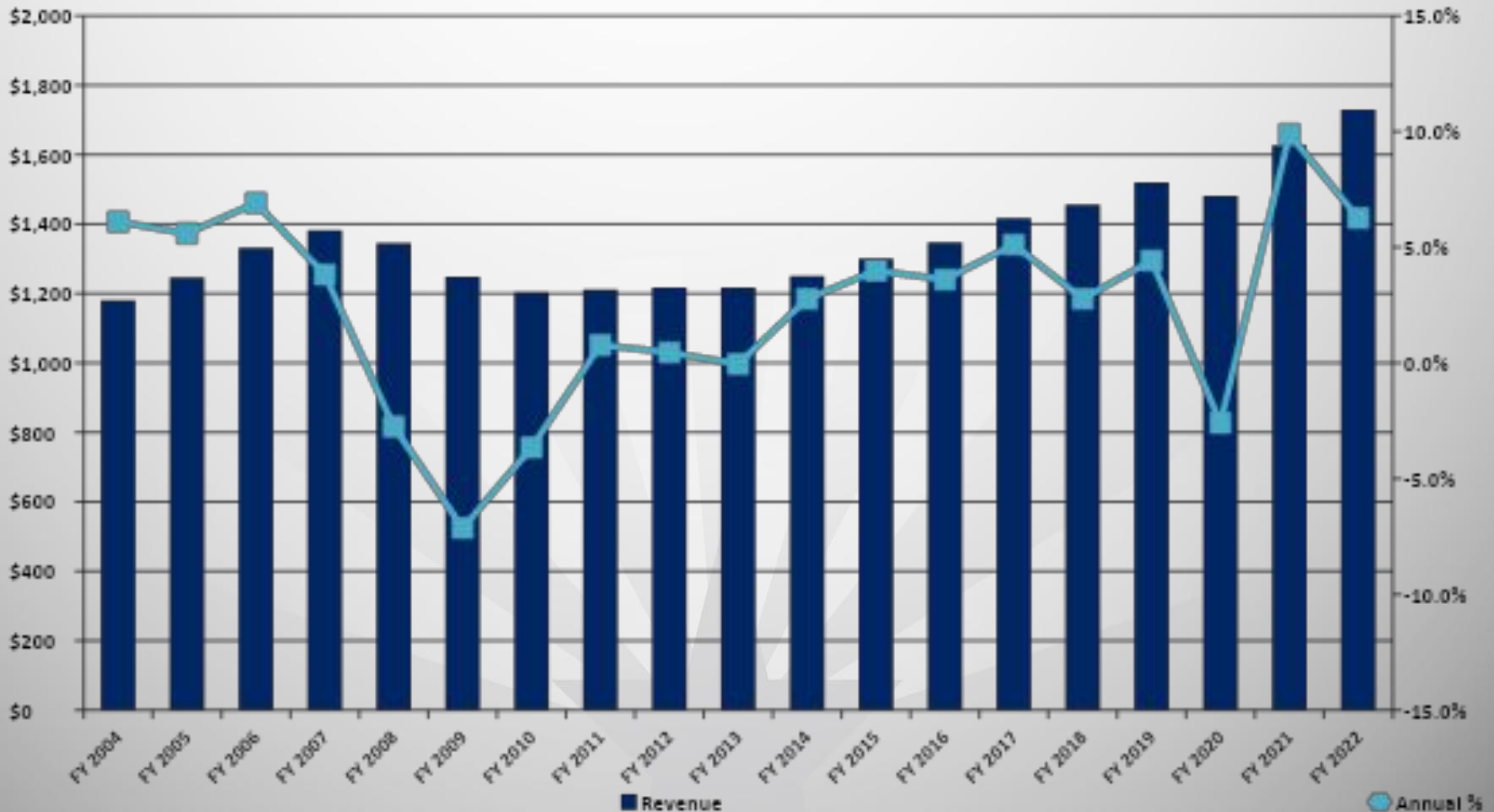# ARIZONA DEPARTMENT OF TRANSPORTATION FY 2021 HURF ACTUAL REVENUE DISTRIBUTION FLOW

(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 $505.2 million of gas tax revenue is before of a total $10.9 million transferred to the above two funds.

/2. In FY 2021, $679,900 was appropriated to MVD for the vehicle registration enforcement and 3rd party programs.

/3. The appropriation from HURF to DPS in FY 2021 was $0.

/4. From FY 2015 through FY 2020, special off-the-top distributions to cities, towns and counties were made each fiscal year. Laws 2018, 2nd Regular Session, Chapter 283 (SB1529) amended Laws 2017, chapter 312, lowering the distribution from $60 million to $30 million in FY 2020. There was no such distribution in FY 2021.

/5. Laws 2011, 1st Regular Session, Chapter 28 (SB 1616) transfers from the State Highway Fund share of HURF VLT generated the difference in the two-year and five-year VLT to the state general fund which totaled $3.9 million in FY 2021. 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 HURF VLT to the State General Fund which totaled $6.0 million in FY 2021.

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

/9. Laws 2020, Chapter 58 (SB 1692), transferred $7.8 million in FY 2021 from SHF VLT to the SGF. The bill also transferred $15.5 million in FY 2021 from the Arizona highway patrol fund into the SHF and then transferred that $15.5 million from SHF VLT to the SGF.
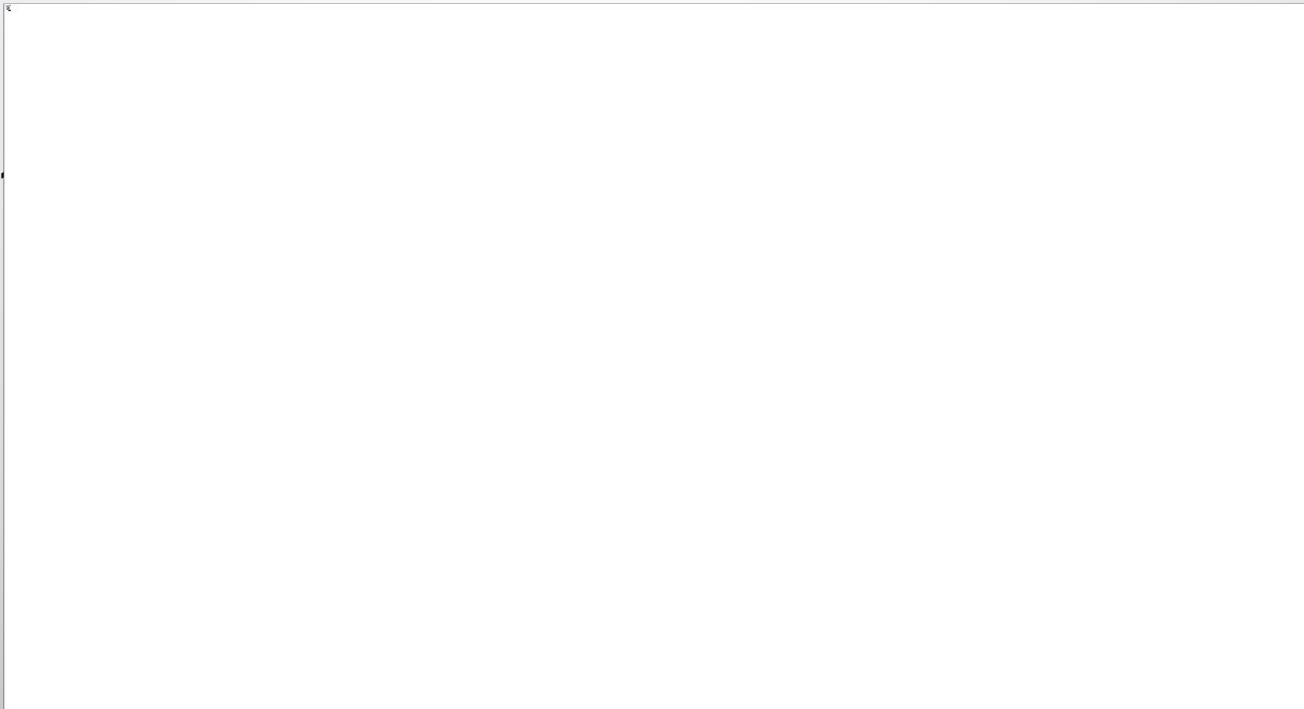
$505.2 /1 — Gas
$249.8 — Use Fuel
$220.1 — Reg.
$52.1 — MC
$551.1 — VLT
$48.8 — Other

HURF Collections

$1,627.2

Highway User Revenue Fund

$10.9 /1 — SLIF & OHVRF
$1.0 — Econ. Str. Fund
$0.0 /3 — DPS Transfer
$0.0 /4 — Cities, Towns, Counties
$0.7 /2 — MVD/ADOT

$1,614.6

Distribution Type
- HURF
- State Highway
- Other State
- Counties/MPOs
- Cities/Towns

$306.8 — Counties 19%
$815.4 50.5%
$444.0 — Cities & Towns 27.5%
$48.4 — Cities Over 300,000 3%

State Highway Fund

$9.9 /5 — Gen. Fund VLT
$4.1 /6 — DPS Parity Comp. Fund
$109.5 — Debt Service

$121.8 /7 — MAG & PAG 12.6% & 2.6%
$679.5 — State Highway Fund (Discretionary)

$30.5 — PAG
$91.4 — MAG
$43.9 /8 — Authorized 3rd Parties
$406.1 — Operating Budget
$23.3 /9 — Gen. Fund VLT
$0.3 — DPS Transfer

# HURF: Revenue History
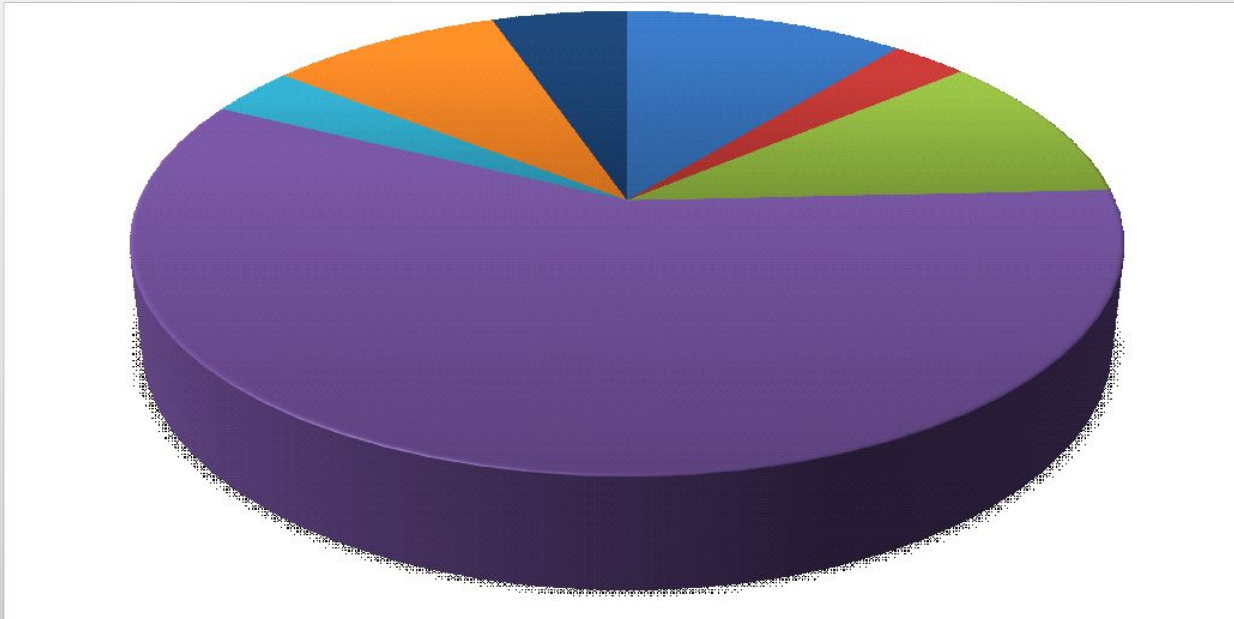
# BREAKDOWN OF HURF REVENUES
## FY 2022

Total: $

# RARF: Revenue History
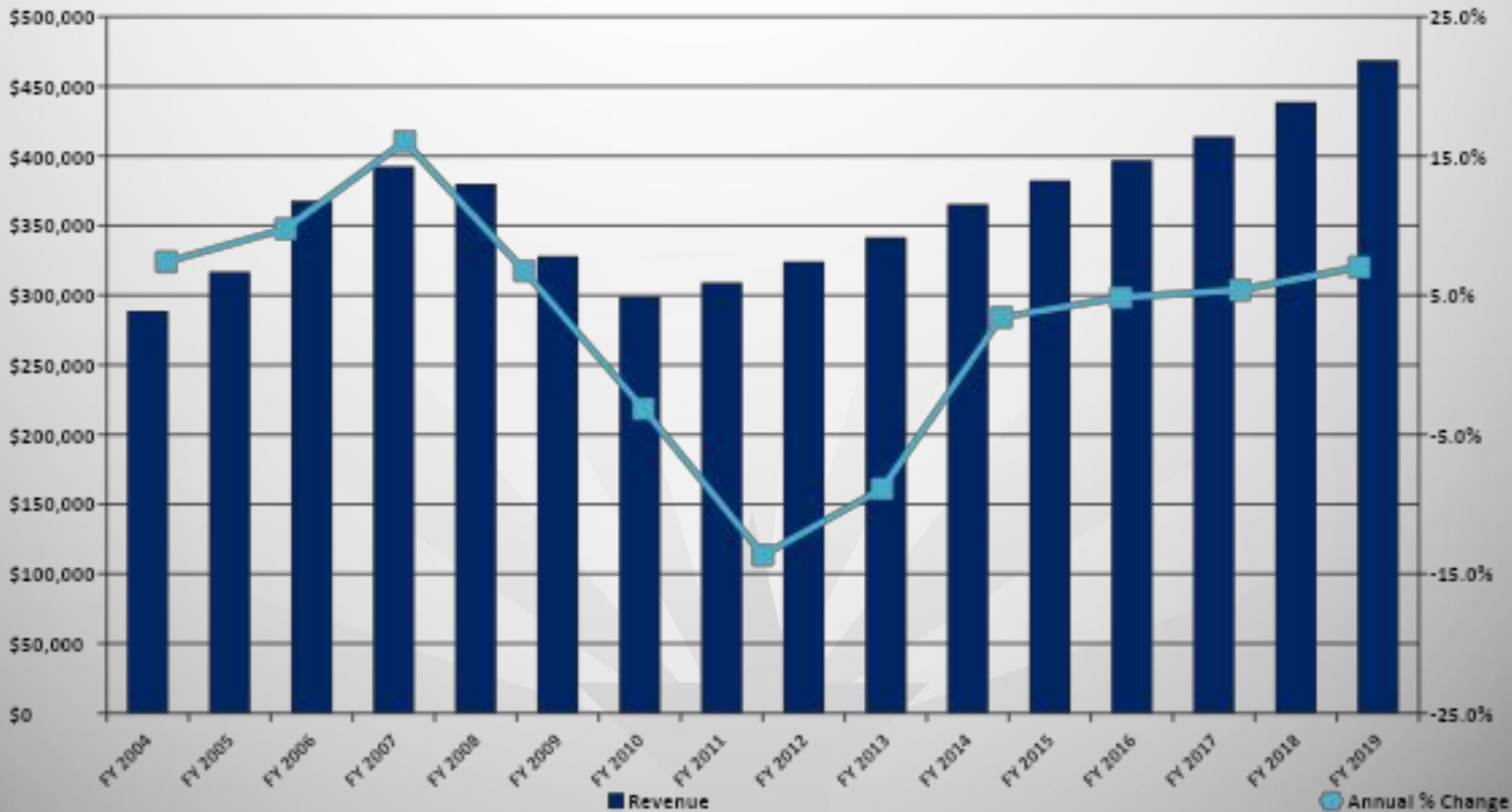
# BREAKDOWN OF RARF REVENUES
## FY 2022



Total: $664.8

# Other Funding/Special Funding

- Funding appropriated from the AZ legislature – SB1820 in 21/22; new funding from HB2858. General Fund or State Highway Fund.

- CRRSAA – One time funding, Federal Aid.

- Congressional earmarks – new

- Grants – Increase in Grant Funding with IIJA

# Unprecedented Discretionary Grant Opportunities

| Grant | $ | Eligible Applicants | | | | | |
|---|---|---|---|---|---|---|---|
| | | **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 | *None specified in IIJA; NOFO expected to contain details* | | | | | |
| Wildlife Crossings Pilot Program | 350 M | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ |
| **FY 22-26 Total** | **$46.45 B** | | | | | | |

# 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 Cont.

– TAP Funding (MAG/PAG)
– PL (MPOs/TMAs)
– SPR
– STBG <5, STBG 5-50, STBG 50-200
– 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.

# Local Project issues

- IGAs must be executed
- Must have local match and any additional funding prior to authorization.
- OA is "use or lose", projects not authorized timely can lose their funding.
- Can't fund design without construction programmed
- Ensuring enough time is in schedule for project to deliver in year programmed
- Local self-administered phases
- Local projects must be in the State Transportation Improvement Program (STIP) and in the Local TIP.
    - Approved by regional Executive Board or Council

# 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

# 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.

# RESOURCE ADMINISTRATION

# Resource Admin Tasks

- **Attend Project Review Board Meeting (PRB)**
  - 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 after 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- Project Manager name change
  - Default setup for phase is open to payroll, please notify RA if phase should be NOPR

# Resource Admin Tasks continued

- **Attend Construction Huddle**
  - Discuss Advertising/Authorization dates
  - Provides processing dates for both RA/FHWA
- **Construction Obligation Requests**
  - Obligation Request Sent to RA - 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
    - Not required 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 Admin Tasks continued

- **Construction Budget Increases**
  - Additional funds requested for project after initial approval
  - Come in DocuSign format approved by State Engineers Office
- **Construction Awards**
  - 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
- **Non-construction Projects**
  - MPD projects (de-obligation / re-obligation, 2 year work program)
- **Monitor Receipt of local funds**
- **Track/update Project End Dates**

# Resource Admin Hot Topics

- **Project Maps and consistency of project name across all documents**
  - Must show location of project and surrounding city/towns
- **Project End Dates**
  - Project assigned end dates based on estimated completion of phase
  - If work is performed after the end date of the period of performance it becomes ineligible for reimbursement
  - Utilize the Project Dashboard - H,S,F,T
- **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**
  - Require PRB approval or special FMS approval
- **Final push to phase closure and/or project closure**
  - **Phase closure** – email resourceadmin@azdot.gov
  - **Project closure** – email fvoucher@azdot.gov

# Example of Bad and Good Vicinity Map



State Highway System



Project Location
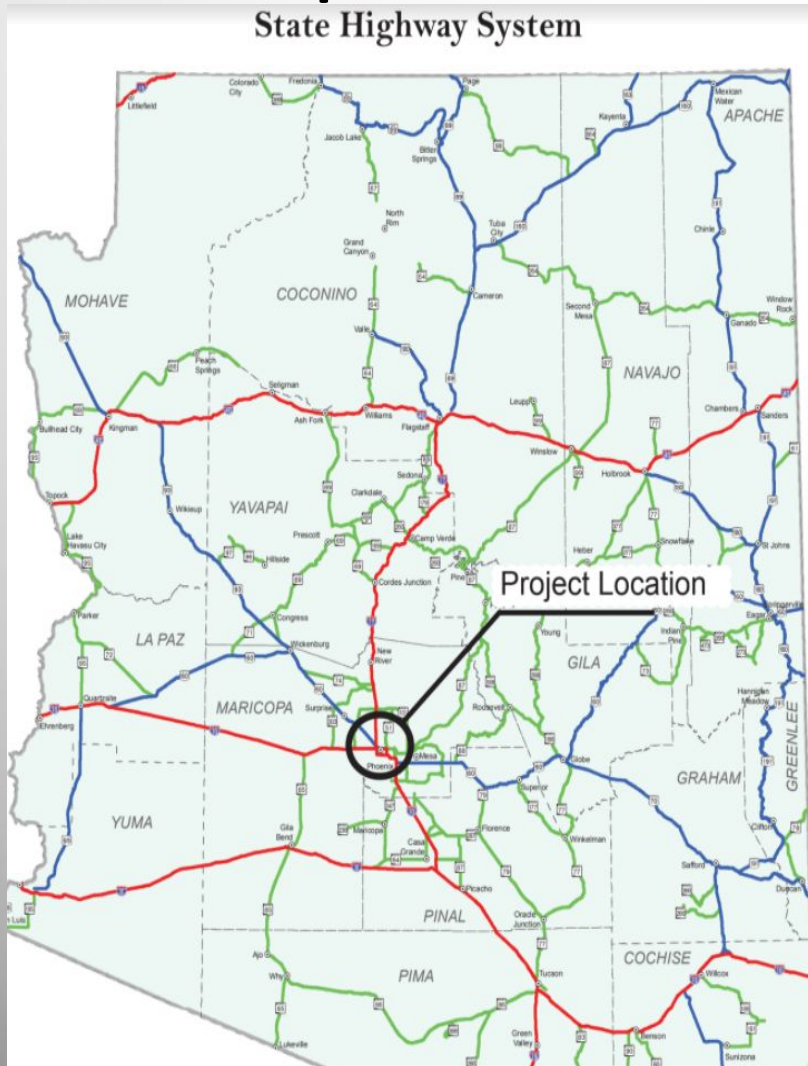


RIVERSIDE DR - BILL WILLIAMS RIVER BRIDGE
SR-95 (from MP 155.0 to MP 161.6)
095-C(224)T
095 LA 155 F0419 01C

# 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

- 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?

## PROJECT DELIVERY ACADEMY
## MODULE 2: FEDERAL AUTHORIZATION

# 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!**

**PROJECT DELIVERY ACADEMY**
**MODULE 2: FEDERAL AUTHORIZATION**