Federal Project Management

Presented by:
Karen Hicks – INDOT
Adam Makuley – FHWA
Discussion Items

• Federal Aid Project Agreement (FAHP)
• Project Authorization
• Period of Performance
• Obligating/Authorizing – Prohibited Practices
• Project Closeout
• Project End Dates
• Inactive Projects
• 2020 Rescission
FAHP Project Agreement

• Title 23 U.S.C. 106(a)(2) requires States to enter into a formal project agreement with FHWA for each Federal-aid project.

• 23 CFR 630 Subpart A – Project Authorization and Agreements
  • §630.106(a)(1) – State DOTs must obtain an authorization to proceed from FHWA before beginning work on any Federal-aid project.
    • Authorization is provided only for the phase of work that is ready to proceed
  • §630.106(a)(2) – FHWA will issue authorization to proceed through or after execution of a formal project agreement with the State.

• 23 CFR 420.115 – State DOTs and its subrecipients must obtain approval and authorization prior to beginning work on activities undertaken with FHWA planning and research funds.
Proper Authorization

- Federal and State laws and regulations have been met:
  - 23 U.S.C.
  - 49 U.S.C.
  - 2 CFR 200 requirements
  - 23 CFR 420
  - 23 CFR 630 applicable requirements
  - Principles of Appropriation Law
  - Others
Proper Authorization Cont.

• Authorized before work starts or advertised (project agreement)

• Clearly defined project title, description and scope of work for the applicable phase (PE, ROW, CONS)

• Period of performance (PoP) is identified (Project End Date)

• Federal Share is established

• Project is properly identified in the STIP/TIP
Proper Authorization Cont.

• Funding must be supported by a documented accurate and current cost estimate

• Only authorized “ready to proceed” phases/projects

• Non-participating cost should be identified

• Signed by an authorized State representative and a minimum two FHWA individuals
Period of Performance - 2 CFR 200

• Agreement Start Date
  • Date when FHWA authorizes project to begin incurring costs
  • Each phase is authorized only when phase is ready to proceed
  • Authorizing multiple phases at the same time prematurely obligates funds
  • Authorization is not provided until applicable requirements are met (e.g. NEPA, ROW)

• Project End Date
  • Final date when recipient/subrecipient may incur costs
  • Work performed after end date is not allowable
Obligating/Authorizing – Prohibited Practices

• Obligating/Authorizing funds before project is ready to start/proceed

• Protecting funds from lapsing/expiring/canceling at year-end

• Authorizing projects for LPAs solely to reserve Federal funds for a future project

• Obligating/Authorizing for more than estimate of costs.

• **Keep in Mind** – FHWA can unilaterally withdraw or cancel projects that are not authorized properly.
Project End Dates & Inactive Projects

Presented by: INDOT Project Finance
Project End Dates

• Every phase of a project has an end date – This is the estimated date the phase will be completed and no additional federal funds required.

• Once an end date lapses, any phase already authorized can no longer use federal funds.
  • Future phases can set new end dates and will be covered but previous phases will no longer be eligible for federal funds.

• An end date for any phase cannot be modified after initial funding without an FHWA approved justifiable reason.

• If Project End date needs to be adjusted, IMMEDIATELY contact your District office. This must be at least 60 days prior to expiration.

• FHWA DOES NOT CARE ABOUT OPEN PO’s. An expiring end date trumps an open purchase order.
Inactive Projects

• Projects without a Federal reimbursement request within 9 – 12 months of initial authorization or anytime thereafter are deemed Inactive.

• Inactive projects require INDOT to justify continued Federal funding via providing FHWA answers to the following:
  • Specific and justifiable reason(s) for the project going inactive and the delay in payments
  • Estimated date of payment submission
  • Detailed justification and information regarding the need for the funds

• PLEASE RESPOND QUICKLY when you are questioned by the district office about your projects.
Inactive Projects

• Responses are required on all inactive projects regardless of current construction, invoice, or payment status. We need to explain the delay that led to the inactive status.
  • If the PED has been reached and expired, the project will lose the federal funds regardless of inactive or none inactive status.

• FHWA DOES NOT CARE ABOUT OPEN PO’s. An inactive status trumps an open purchase order.
Housekeeping

• ***REMEMBER – If Federal funding lapses due to expired Project End Dates state funds **CAN NOT** be used to cover the shortfall. It will be up to the local.

• [ProjectFinance@indot.in.gov](mailto:ProjectFinance@indot.in.gov) – Additional questions about inactivity or Project End Dates that the district is unable to answer.

• By the end of March, information about Project End Dates and Inactive projects will be available on the INDOT LPA website.
  • [https://www.in.gov/indot/2390.htm](https://www.in.gov/indot/2390.htm)
As part of the FAST Act, the majority of prior year federal funding will be rescinded.

Due to this rescission, INDOT and the Locals will no longer have as much flexibility with determination of funds to be used. Only the funding provided will be available for use.

- There will need to be a more concentrated effort to use HSIP and CMAQ funding if it applies. We will not have STP Flex funding to fill in gaps we may have been able to cover in the past.
Questions?

QUESTIONS ANSWERED HERE EVEN THE SILLY ONES
Questions?

- Room 313 – Stewart Center
- Project Finance will be available to discuss specific project end dates and project inactive status questions you may have. The FHWA finance team will be on hand as well for questions.

<table>
<thead>
<tr>
<th>Des</th>
<th>Location</th>
<th>Work Type</th>
<th>Earliest Authorization Date</th>
<th>FMIS Latest Payment Date</th>
<th>Project End Date</th>
<th>Prior Qtr Comments</th>
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<tbody>
<tr>
<td>1601843</td>
<td>VA 1042 Heavy Duty Fleet Diesel Repower</td>
<td>Other Type Project (Miscellaneous)</td>
<td>4/20/2017</td>
<td>6/25/2019</td>
<td></td>
<td>Typically with equipment purchases/repairs, we would not process the invoice until we have the equipment delivered. The parts are due to be delivered to the company in October and they expect to turn the trucks around to us by the end of the year, but it could be January or early February before I have a cancelled check and can submit the claim voucher.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Des</th>
<th>Location</th>
<th>Work Type</th>
<th>Fund Sponsor</th>
<th>Performance End Date</th>
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</thead>
<tbody>
<tr>
<td>1382119</td>
<td>VA VARI Countywide Bridge Inspection and Inventory Program for Cycle Years 2015-2018</td>
<td>Bridge Inspections</td>
<td>Local (Non-MPO)</td>
<td>3/31/2019</td>
</tr>
</tbody>
</table>
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