

Re-Allocation of Unobligated ARRA MPO/Local Funds – Policy Recommendation

Eileen Yazzie

Management Committee

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To Be Discussed

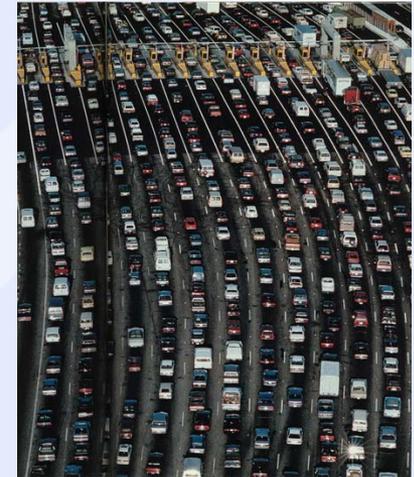
1. Programming Factors
2. Recommended Policy & Analysis
3. Discussion and Possible Action



Factors Considered in Analysis

Main Objective: Obligate All ARRA Local/MPO Funds

- Administrative and review work on clearances – FHWA would like all funds in the Region obligated by February 1, 2010.
- Weekly meetings with FHWA and ADOT
- Realistic Approach – projects already in the ADOT process. New projects not in the process are not realistic.





Factors Considered in Analysis

Main Objective: Obligate All ARRA Local/MPO

- **'Pre' March 2, 2010**, funds are likely to be available due to the **inability for some projects to obligate** by the March 2, 2010 deadline or due to **project costs being less than programmed**.
- **'Post' March 2, 2010**, ARRA local funds are likely to be available due to **project costs being less than programmed**.



Anticipated Unobligated MPO/Local ARRA Funds & Policy Recommendation



Recommendation

- Any unobligated ARRA Local funds due to either projects not obligating or project cost savings, are to be programmed at the local discretion first, and may remain ARRA funds or may be exchanged with ADOT for ADOT Surface Transportation Program (STP) funds.
 - ADOT would then use the ARRA funds on highway projects in the MAG region and ADOT will transfer an equivalent amount of ADOT STP funds that can be used by MAG members on local federally funded projects.



Recommendation Cont.

- If applicable, the local agency may use project cost savings from their own original ARRA allocation to lower the 30% local cost share on projects programmed under the 70/30 cost share policy.



Pros & Cons to Recommendation

- **Pro:** Allows a flexible, local solution that would simplify ARRA savings
- **Pro:** Deadline for obligating STP funds – September 2010
- **Con:** STP requires a 5.7% match
 - Ex: \$500K projects needs \$28,500 Local

Projects would still need to go through Local Governments and would need to be in process now



Further Analysis & Agreement

1. A total cost percent or dollar amount threshold related to programming STP funds on local will need to be established

If the cost savings do not represent at least XX% of the total project costs programmed for the proposed project, the cost savings are returned to the region to be reprogrammed.

- Ex: Local Ready Project - Total Costs: \$500K. Cost savings from ARRA is \$75,000 of STP. 15% of project costs, is it worth it?



Further Analysis & Agreement

2. Local projects funded with STP – These projects would need to obligate by September 2010.

- It is highly unlikely if the local agency has not begun the project development process that a project could obligate by September 2010.
- Local projects should be underway and in the process.



Further Analysis & Agreement

3. A Regional Project Prioritized list

- For cost savings that do not meet the threshold that is established, the amount of funds are returned to the region to be programmed.
- This regional project prioritized list can include current ARRA funded, current federal funded, or current local funded projects as long as they are deemed ready to obligate



On the Agenda for Action

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