

May 27, 2015

TO: Members of the MAG

FROM: Teri Kennedy, Transportation Improvement Program Manager

SUBJECT: FUNDED PROJECT INITIATION POOL

MAG will set aside each year for a limited time, a pool of federal aid funding that could be used by member agencies to fund the cost of initiating projects in the ADOT administered federal project development and review process. The federal funding will reduce the amount of out of pocket costs currently paid by member agencies in ADOT review fees and encourage early submittal of projects.

The Project Initiation Pool (PIP) of funding is open to all member agencies with MAG Federal Highway Administration funded projects outside the MAG life cycle programs. The PIP provides \$2,829 federal funding per project with a required \$171 in local match, to set up the project at ADOT, obtain Federal and State project numbers, and fund ADOT staff to facilitate the development of Intergovernmental Agreements (IGAs) and other ADOT activities to begin or review projects. The use of this funding requires a simple letter contract with ADOT. If all applicable projects were covered it is estimated that the total size of the pool will average approximately \$137,000 per year in MAG federal funds¹.

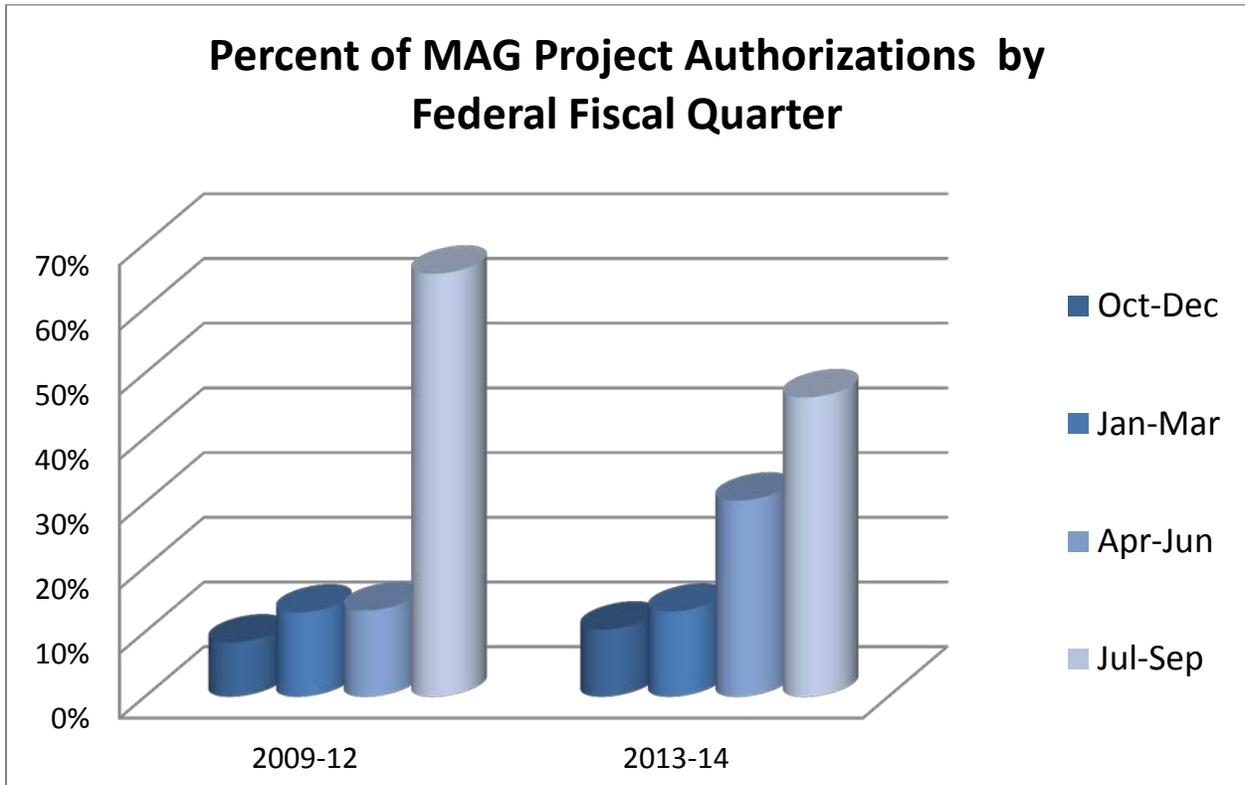
Background

The FY 2014-2018 MAG Transportation Improvement Program (TIP) over the FY 2014-2017 period includes per year, approximately 48 locally sponsored, MAG FHWA funded projects outside the life cycle programs for freeways, arterial streets and transit. These projects must be authorized in the year programmed or lose federal obligation authority. The process to authorize a project is often quite long and involves numerous steps which require multiple interactions between the local project sponsor and ADOT staff. This work activity of project review was previously funded using the statewide Highway Revenue Fund that currently has been substantially reduced, necessitating the increased ADOT review fees.

A major consequence of the current practice is the majority of projects to be authorized arrive to ADOT at or near the deadline and there is not enough staff time to process prior to the end of the

¹ This estimate is based on the average number of MAG federally funded projects in the first four years of the FY 2014-2018 MAG Transportation Improvement Program.

State Fiscal Year. The following chart shows the number of authorizations by federal fiscal year quarter for the period from 2009 through 2014.



In the period from 2009 to 2012, ADOT changed the deadline for submitting projects from the beginning of August to June 30th in 2013, and then to June 1st in 2014 and 2015. In all cases, the overwhelming majority of the projects authorize near or at the deadline. This exposes MAG to the risk of losing obligation authority, risks project deferrals, and floods ADOT and FHWA with work at the end of the state fiscal year (June 30), and federal fiscal year (September 30).

Program

To address these problems MAG has set up a pool of MAG sub-allocated federal funds available to be used to pay a portion of the ADOT fees to initiate projects outside the life cycle programs. The funds would be used for the following:

- The setting up of the project in the ADOT database management system and the assignment of ADOT and federal project identification numbers.
- Conducting a kickoff meeting with ADOT staff to inform the member agency of the process needed to authorize projects and allow ADOT staff a preliminary view of the project.
- Begin early work on the development of an Intergovernmental Agreement (IGA) or a Joint Project Agreement (JPA).
- Any unused funds from these activities would be used to pay for other ADOT fees associated with the project.

For certification accepted agencies (Chandler, Maricopa County, Mesa, Phoenix, Scottsdale, and Tempe) the funding can be used to cover ADOT fees for environmental reviews.

The federal funding available per project is \$2,829. The sponsoring agency needs to provide \$171 in local match for the federal funding at submittal to ADOT. To authorize the federal funding, the project sponsor needs to sign a simple letter contract with ADOT. All information regarding the PIP program and the letter contract will be available on the MAG website including annual reports on utilization of the pool funding in September each year.

To provide member agencies with an incentive to initiate their projects early, the size of the funding pool is set to less than that needed by the number of projects eligible to use funding from the pool and is available for only a limited time during the year (first quarter of the federal fiscal year). The pool will not exceed \$250,000 annually. Member agencies authorize funds at ADOT on a first come, first served basis from the PIP until it reaches a balance of zero or the expiration date occurs – December 31st. The ADOT Local Public Agency manager tracks and reports to the MAG TIP manager on the progress of early submittals utilizing the PIP. Obligation authority not authorized from the PIP will be included in Closeout or loaned to the Arterial Life Cycle Program if a positive balance occurs, and returned the following year for use in the PIP.

The total amount of the PIP provided each year will be approved via a TIP amendment by the MAG Regional Council in September or earlier for the coming federal fiscal year. This action would also identify projects eligible to receive the funding. Eligibility will be limited to projects that have not been initiated at ADOT previously and be based on the type of project (i.e., design, right-of-way, construction and procurement) and the year programmed (i.e., future year projects). The program operates as a pilot program for three years with an annual report, listing funding utilized and the date by month in which projects authorize.

For additional information or questions, please contact Stephen Tate (state@azmag.gov) or Teri Kennedy (tkennedy@azmag.gov) at (602) 254-6300.