

 <p style="text-align: center;"><b>STATE OF ALASKA</b> <b>DEPARTMENT OF TRANSPORTATION</b> <b>AND PUBLIC FACILITIES</b></p> <p style="text-align: center;"><b>Policy and Procedure</b></p>	POLICY AND PROCEDURE NUMBER <b>09.01.080</b>	PAGE  1 of 5
	EFFECTIVE DATE February 21, 2014	
SUBJECT <b>Federal-aid Highway Project Obligation Management</b>	SUPERSEDES  <b>New</b>	DATED
CHAPTER <b>Planning, Budget and Research</b>	SECTION <b>Capital Budget</b>	APPROVED BY  <b>Signature on File</b>

## PURPOSE

This formalizes the policy and procedure (P&P) of the department for the financial management of federal-aid highway project funds throughout the life of a capital improvement project.

The effective and efficient management of federal-aid highway project funds is a departmental priority, required under federal law and is essential to managing the timely and accurate release of unneeded federal-aid highway funding associated with inactive obligations and for the prompt closure of capital improvement projects.

Specifically, 23 CFR 630.106(a)(4) specifies that the “*State shall maintain a process to adjust project cost estimates...*” and 49 CFR 18.50(a) requires that U.S. Department of Transportation grant management agencies, including the Federal Highway Administration (FHWA), to close out federal grant awards when they determine that “*...all applicable administrative actions and all required work of the grant have been met.*”

To aid in the timely review, management, and closure of federal-aid highway projects, the following set of guidelines and standards are established to ensure regulatory compliance and create a basis for control and accountability.

## POLICY

It is the policy of the Department of Transportation and Public Facilities (DOT&PF) that federal-aid highway funds are managed in accordance with the procedures outlined below.

## PROCEDURE

### FINANCIALLY ACTIVE PROJECTS

### **All Project Phases**

**Timing** – If during the life of the project it is determined by either the project manager or Project Control that cumulative programmed federal-aid highway funds in a project are in excess of \$250,000 of anticipated need, a reduction to the federal-aid highway agreement must be processed.

A review of project cost estimates should be conducted during project milestones for all project phases through close out by utilizing major scope changes, project phase changes, issuance of change orders or supplemental agreements; and letters of operational acceptance, final acceptance or substantial completion as triggers to conduct a review of total project cost estimates.

**Goal** – Adjust project agreement funding levels to anticipated expenditures within 60 days of determination that cumulative programmed federal-aid highway funds are in excess of \$250,000 of anticipated need.

**Procedure** – Project Control will request a revised cost estimate for all project phases from the project manager. Project Control will then follow standard operating procedures to prepare a Project Development Authorization (PDA) to adjust authorized funding levels per the revised cost estimate.

If no revised cost estimate is provided by the project manager within 30 days of the determination of cumulative programmed federal-aid highway funds are in excess of \$250,000 of anticipated need, Project Control will follow standard operating procedures to prepare a PDA to adjust funding levels to project expenditures, excluding funds encumbered and associated Indirect Cost Allocation Plan (ICAP) expenses to pay existing contractual obligations.

## **FINANCIALLY INACTIVE PROJECTS**

### **All Project Phases**

**Timing** – Upon receipt of the monthly *FHWA Inactive Projects with Phase Detail Report* from the Headquarters Administrative Services Division, Project Control will review the report for projects that have not billed for 10 or more consecutive months. Notification will be sent to the project manager by Project Control stating the project has been identified as financially inactive and that a revised cost estimate and project progress status update should be submitted to Project Control.

**Goal** – Adjust project agreement funding levels to anticipated expenditures within 60 days of identification of projects that have been fiscally inactive for 10 or more months.

**Procedure** - Upon receipt of the project status update and revised cost estimate from the project manager, Project Control will follow standard operating procedures to prepare a PDA adjusting authorized funding levels to anticipated project expenditures per the revised project cost estimate.

If the project manager does not submit a revised cost estimate within 30 days of notification, Project Control will follow standard operating procedures to prepare a PDA adjusting funding levels to expenditures, excluding funds encumbered and associated ICAP expenses to pay existing contractual obligations.

## **PROJECT PHASE CLOSEOUT**

### **Design**

**Timing** - Project Control office receives Letter of Award/Notice to Proceed (LOA/NTP) from the contract office.

**Goal** – Adjust project agreement funding levels to anticipated final expenditures within 60 days of receipt of LOA/NTP.

**Procedure** - Upon receipt of the LOA/NTP, Project Control will forward a Project Completion Form (PCF) to the Design Project Manager requesting verification that all design activities are complete and the design phase can be closed. Upon receipt of the signed PCF, Project Control will follow standard operating procedures to prepare a PDA to reduce design funding to anticipated final expenditures.

If the PCF is not received from the project manager within 30 days of receipt of the LOA/NTP, Project Control will follow standard operating procedures to prepare a PDA to reduce funding levels to expenditures, excluding funds encumbered and associated ICAP expenses to pay existing contractual obligations.

### **Right-of-Way**

**Timing** - Project Control office receives an OK to Close Right-of-Way (ROW) Phase 3 Form from the ROW Chief. Upon receipt of the OK to Close ROW Phase 3 Form, Project Control will forward a PCF to the ROW Chief requesting verification that all ROW activities are complete and the ROW phase can be closed.

**Goal** – Adjust project agreement funding levels to anticipated final expenditures within 60 days of receipt of the OK to Close ROW Phase 3 Form.

**Procedure** - Upon receipt of the signed PCF, Project Control will follow standard operating procedures to prepare a PDA to reduce the ROW funding to anticipated final expenditures.

If no PCF is provided by the ROW Chief within 30 days of receipt of the OK to Close ROW Phase 3 Form, Project Control will follow standard operating procedures to prepare a PDA adjusting funding levels to expenditures, excluding funds encumbered and associated ICAP expenses to pay existing contractual obligations.

### **Construction**

**Timing** – Project Control office receives a Project Completion Letter (PCL) from the Construction section. Upon receipt of the PCL, Project Control will request a revised cost estimate from the Construction Project Manager.

**Goal** – Adjust project agreement funding levels to anticipated final expenditures within 60 days of receiving the PCL.

**Procedure** - Upon receipt of the revised cost estimate, Project Control will follow standard operating procedures to prepare a PDA to adjust construction funding levels per the revised cost estimate.

If no revised cost estimate is provided by the Construction Project Manager within 30 days of receipt of the PCL, Project Control will follow standard operating procedures to prepare a PDA adjusting funding levels to expenditures, excluding funds encumbered and associated ICAP expenses to pay existing contractual obligations.

### **Utilities**

**Timing** – Project Control office receives a Certificate of Completion (COC) from the Utilities section. Upon receipt of the COC, Project Control will forward a PCF to the Utilities Project Manager requesting verification that all utility activities are complete and the utility phase can be closed.

**Goal** – Adjust project agreement funding levels to anticipated final expenditures within 60 days of receiving the COC.

**Procedure** - Upon receipt of the signed PCF, Project Control will follow standard operating procedures to prepare a PDA to adjust utility funding levels to anticipated final expenditures.

If no PCF is provided by the Utilities Project Manager within 30 days of receipt of the COC, Project Control will follow standard operating procedures to prepare a PDA adjusting funding levels to expenditures, excluding funds encumbered and associated ICAP expenses to pay existing contractual obligations.

## **Planning and Research**

**Timing** – Project Control office receives notification from project manager that the project is complete and can be closed. Upon receiving notification, Project Control will forward a PCF to the project manager requesting verification that all planning and research activities are complete and the project can be closed.

**Goal** – Adjust project agreement funding levels to anticipated final expenditures within 60 days of receiving notification from project manager that the project is complete and can be closed.

**Procedure** - Upon receipt of the signed PCF from the project manager, Project Control will follow standard operating procedures to prepare a PDA adjusting authorized funding levels to anticipated final expenditures.

If the PCF is not received from the project manager within 30 days of Project Control receiving notification from project manager that the project is complete and can be closed, Project Control will follow standard operating procedures to prepare a PDA to reduce funding levels to expenditures, excluding funds encumbered and associated ICAP expenses to pay existing contractual obligations.

## **AUTHORITY**

AS 44.17.030

## **IMPLEMENTATION RESPONSIBILITY**

Deputy commissioners, regional/division directors, preconstruction and construction engineers, project control and Division of Program Development

## **DISTRIBUTION**

All department employees via the DOT&PF website