Federal Funding & Project Administration 101

Presented By:
Kyle Johnson, P.E. (Bolton & Menk)
Dan Erickson, P.E. (Metro District State Aid Engineer)
Overview of Content

• Presentation Content
  – This is a general “101” overview of the basics
  – This is not intended to cover every detail of the federal process
  – Different requirements for metro and outstate
  – Every project is unique
Overview of Content

• Major Discussion Topics
  – Funding
  – Project development and design
  – Letting and awarding
  – Construction administration
  – Resources and contacts
  – Common terms and acronyms (Handout)
Funding
Federal Aid Funding Program

This is a **REIMBURSABLE** program

The work must be completed and payment made by local agency before the federal dollars are reimbursed

**This is Not a Grant!**
Funding Overview

• General Overview
  – Project funding development
  – State Transportation Improvement Program (STIP)
  – Funding deadlines
  – Program year extensions
  – STIP/TIP amendments
Funding

- Project Funding Development
  - Funding source
  - Identify project – Get a sponsor – Submit application
  - Project selected by Area Transportation Partnership (ATP) for funding
  - Project added to Area Transportation Improvement Program (TIP or ATIP)
  - Project added to State Transportation Improvement Program (STIP)
  - STIP submitted to FHWA/FTA → FHWA/FTA approves STIP
Funding (cont)

• STIP - State Transportation Improvement Program
  – All state and local transportation projects with...
    • Federal highway funding
    • Federal transit funding
    • Special federal funding packages
    • 100% State funding
Funding (cont)

• STIP (cont)
  – Federal Funding Sources
    • TAP (Transportation Alternatives Program)
    • STP (Surface Transportation Program)
    • CMAQ (Congestion Mitigation and Air Quality)
    • HSIP (Highway Safety Improvement Program)
    • Others (May vary from metro to outstate)
  – Approximately $80 million available in the metro annually
Funding (cont)

• STIP (cont)
  – STIP is developed and updated on an annual basis
  – STIP is approved by Federal Highway Administration (FHWA) and Federal Transit Authority (FTA)
  – STIP has a four year outlook (2015 – 2018)
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<th>YEAR</th>
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Funding (cont)

- Funding Deadlines
  - STIP/TIP follows state fiscal year (July 1 to June 30)
  - FY 2015 starts July 1, 2014 and ends June 30, 2015
  - For most types of federal funds, authorization must be requested by **June 1** of the fiscal year in which it appears in the STIP
Funding (cont)

- Funding Deadlines (cont)
  - Learn requirements in your district
    - Contact district State Aid office or engineer
    - Do not need project to learn more about deadlines
  - Establish a project schedule
    - June 1 deadline determines project delivery schedule
    - Several project milestones needed before June 1
    - Missing June 1 deadline can jeopardize funding
    - Need to meet original program year/fiscal year in which your project appears in the STIP
Funding (cont)

• Program Year Extensions (Outstate)
  – Contact district State Aid office or engineer

• Program Year Extensions (Metro)
  – Maximum of one year extension
  – Need approval for extensions
    • Approval is not automatic
    • Extension request deadlines (Metro – December 31st)
  – Funding in next program year is not guaranteed
Funding (cont)

Program Year Extension Financial Implications

- Federal Funding becomes available for reimbursement
- Local Agency needs to finance
- Program Year Extension (Project must be delivered)

- 2015
- 2016
- 2017
- 2018
- 2019
Funding (cont)

• STIP/TIP Amendments
  – Funding is limited to the original scope
  – Different levels of amendments
    • Formal and administrative
  – Amendments can extend process
    • Formal/Metro - 3 months; Administrative – 2+ weeks
  – Authorization cannot be requested until STIP amendment is approved (June 1)
  – Contact district State Aid office or engineer
Funding (cont)

• Formal STIP/TIP Amendment Examples
  – Adding or removing significant elements of the project
  – Major change in project limits
  – A phase of work is added and increases the cost
  – Increase in total cost of project exceeds guidelines
  – Project not listed in the STIP
Project Development & Design
Project Development Overview

• General Overview
  – Funding received – Now what?
  – Federal Delegated Contract Process (DCP) checklist
  – Federal process requirements
    • Agreements
    • Project development reports
    • Right of way process
  – Submittal milestones
Project Development Overview (cont)

• General Overview (cont)
  – Plan preparation
  – Federal design regulations
  – Common plan errors
  – Proposal
  – Pre-letting process
Project Development Overview (cont)

• Funding Received – Now What?
  – Kick-Off Meeting
    • Get stakeholders, design team, and State Aid involved
    • Contact District State Aid Engineer
    • Identify documents needed
    • Develop a preliminary project delivery schedule
Project Development Overview (cont)

• Funding Received – Now What? (cont)
  – Determine if your agency is adequately staffed to complete the work
  – Verify if design fees are eligible for federal funding
    • Special process for using and selecting consultants
  – Review and follow the State Aid Manual (SAM)
  – Review and follow Federal DCP checklist
Federal DCP Checklist

• Federal DCP Checklist
  – Checklist outlines major steps in the Delegated Contract Process (DCP)
  – It is an extremely valuable resource that walks you through the federal process and all of the documents that are needed to maintain funding
Federal DCP Checklist

- Federal DCP Checklist (cont)
  - Print off new checklist with each new project
  - Follow all steps in the checklist
  - Do not move ahead until each step is completed
  - Submit all forms and submit in a timely manner
    - Forms contain information needed to comply with federal regulations
    - Failure to provide info could jeopardize federal funds
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<td>2-21 LPA sends <em>Post-Award Documentation--DSAE (DCP 05)</em> (Word) to DSAE, preferably in electronic format (use <em>FTP site</em> (PDF)), including:</td>
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<td>• 1 copy of <strong>COMPLETE</strong> Bid Proposal Booklet from low bidder.</td>
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<td>• Final Detailed Estimate: Summary of low bid only, in engineer’s estimate format, in Excel with at least 12 pt font, showing the breakdown of federal participating &amp; non-participating for each category/group.</td>
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<td>• Signed NPDES Application &amp; Declaration</td>
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2-22 Upon receipt of signed NPDES Declaration, DSAE sends a *[Notice to Proceed](Word)* to LPA.

2-23 DSAE forwards copy of Complete Bid Proposal to:
- District Materials Engineer (DME) / Independent Assurance Sampler (IAS)
- State Materials Engineer (at Maplewood Lab)
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<td>SALT Electronic Proposal Document Tool</td>
<td></td>
</tr>
</tbody>
</table>
Federal DCP Checklist

• Federal DCP Checklist (cont)
  – This list covers plan development and contracting processes only
    • For information on the environmental review process, refer to the State Aid Manual environmental and design studies chapter

http://www.dot.state.mn.us/stateaid/dcp.html
Federal Process Requirements

• Agreements
  – MnDOT must follow State and Federal regulations
  – Regulations govern how MnDOT must act as an agent in receiving and disbursing federal funds to local agencies
  – Agreements may vary by funding source
  – Follow DCP checklist and coordinate with the district State Aid office or engineer
Federal Process Requirements (cont)

- Project Development Report (PDR)
  - National Environmental Policy Act (NEPA) Mandated:
    - Consider project impacts
    - Evaluate possibility of avoiding impacts
    - Public involvement
    - Document analysis
  - Project Memo (PM)
  - Environmental Assessment (EA)
Federal Process Requirements (cont)

- Right of Way Process
  - All City and County acquisitions must conform with applicable federal policies and regulations, regardless of funding source (SAM Chapter 5.2 – Right of Way)
  - If condemnation required, process can take 6-8 months
  - Typically drives project schedule
Submittal Milestones

• Submittal Deadlines
  – December 1\textsuperscript{st} Deadlines
    • Project Development Report (PDR) submitted

  – February 28\textsuperscript{th} Deadlines
    • Condemnation proceedings formally initiated (if needed)
Submittal Milestones (cont)

• Submittal Deadlines (cont)
  – April 1st Deadlines
    • Project in an approved STIP
    • Project Development Report (PDR) approved
    • Plan submitted and reviewed by State Aid for standards, eligibility, funding, and structural design
    • R/W certificate #1 or #1A approved or condemnation initiated (Condemnation proceedings formally initiated by Feb 28)
Submittal Milestones (cont)

- Submittal Deadlines (cont)
  - June 1\textsuperscript{st} Deadlines
    - Authorization request deadline for federal funding
    - Approved construction plan (All signatures)
    - Engineers estimate
    - Special provisions
    - Utility relocation certificate
    - Required permits: COE, DNR, NPDES, watershed, etc.
    - Fee and title possession for condemned properties
Submittal Milestones (cont)

• Submittal Deadlines (cont)
  – Deadlines should be adjusted to meet desired construction schedule
  – Plan routing timeline impacted by number of functional groups reviewing the plan
    • Bridges, signals, work on trunk highway
  – Add 6-10 weeks for plan routing if MnDOT funds are part of the project
Plan Preparation

- Plan Requirements
  - Plan must agree with project development report (PDR) and STIP
  - Follow guidelines outlined in SAM chapter 5.4
  - Use correct federal aid signature block with required functional group signatures
Federal Design Regulations

• Proprietary Items
  – Need at least 3 acceptable alternates with “or approved equal” statement
  – Public interest findings (PIF) if using proprietary items

• Buy America
  – Buy America restrictions apply to entire project, including non-Federal items
  – Max of $1500 non-US steel without prior approval
Federal Design Regulations (cont)

• ADA Compliance and Implementation
  – FHWA is responsible for enforcement of ADA requirements on projects utilizing federal funds
  – Provide pedestrian curb ramps where they are required
  – Provide detectable warnings (truncated domes) on all new and existing ramps within the project limits
Common Plan Errors

• Federal Aid Common Plan Errors
  – Funding columns
    • All federal eligible items in one column; Labeled “Participating”
    • Non federal items (State Aid eligible) in separate column; Labeled “Non Participating”
    • Non Federal/State Aid items in separate column; Labeled “Local Funds”
Common Plan Errors (cont)

• Federal Aid Common Plan Errors (cont)
  – Federal Aid section of State Aid checklist not filled out/submitted
  – Proprietary items
Proposal

• Required Sections – Download for each project
  – State and federal wage rates
  – Current materials control testing
  – Equal Employment Opportunity (EEO) sheets
  – Disadvantaged Business Enterprise (DBE) sheets if the project has a goal
Proposal

- Proposal Sequence Online (All/Federal/State)
  http://www.dot.state.mn.us/pre-letting/prov/sequence.html
Pre-Letting Process

• Complete all items needed for authorization
  – See “Submittal Milestones”
• Authorization must be requested by June 1\textsuperscript{st}
• FHWA authorization required prior to advertising
Letting & Awarding
Letting & Awarding Overview

• General Overview
  – Letting and awarding milestones
  – Advertising
  – Bid opening
  – Awarding
  – Post-award submittals
Letting & Awarding Overview (cont)

- Letting & Awarding Milestones
  - Authorization received from FHWA
  - Approved advertising language
  - Advertise for bids
  - Bid opening
  - Office of Civil Rights (OCR) approval
  - Award – After OCR approval
  - Notice to proceed with construction
Advertising

• Advertising Approval
  – Federal aid project manager provides required ad language to local public agency (LPA)
  – LPA submits a copy of the completed ad as it will be published for review/approval
  – Do not place ad until approved by federal aid project manager
Advertising (cont)

• Advertising Timelines
  – LPA discusses letting date with federal aid project manager
    • Counties: Follow minimum county advertising requirements \([MN\ Statute\ 160.17]\)
    • Cities: Follow minimum city advertising requirements \([MN\ Statute\ 429.041]\)
    • Federal Requirement – 1 ad plus 21 days
Letting

- **Bid Opening**
  - Bid opening procedure is found in the construction chapter of SAM
  - Verify all documents have been submitted

- **Post-Bid Procedures**
  - Follow DCP checklist for post letting instructions
  - Submittals to the Office of Civil Rights (OCR)
<table>
<thead>
<tr>
<th>Local Public Agency</th>
<th>MnDOT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For Projects WITH a DBE Goal</strong></td>
<td></td>
</tr>
</tbody>
</table>

2-14 *Immediately following the bid opening,* LPA notifies Apparent Low Bidder to submit Request for DBE Certification to Civil Rights Office, using Contractor DBE Requirements Letter (DCP 03) (Word), and sends forms previously provided by SALT in the DBE Special Provisions (PDF) pp 14-23 (Parts A thru H).

See Civil Rights Contract Clearance Flow Chart (PDF) for a quick look at the clearance process.

On-the-Job Training Program Approval (EEO 14) (PDF) (Required if the project if the project includes On-the-Job-Training).
- Send copy of notification to SALT, DSAE and Civil Rights Office

Contractor **must** submit Request for DBE Goal Certification & required forms to Civil Rights Office, including OJT Training Plans, on or before the 5th business day after the bid opening.

LPA e-mails list of all the bidders, bid amount and DBE commitments from their bid packages to SALT Federal Aid Plans Engineer.

2-16 *Immediately following the bid opening,* LPA sends Pre-Award Contract Information (DCP 04) (Word) to Civil Rights Office, including:
- Bid Abstract (includes all bidders), including the DBE commitment for each bidder.
- **COMPLETE** Bid Proposal Booklet (all pages of the proposal) from low bidder.

**DO NOT AWARD UNTIL NOTIFIED BY CIVIL RIGHTS OFFICE**
Awarding

• Awarding
  – Do not award until clearance from the Office of Civil Rights (OCR) has been received
  – Typical OCR approval takes 2 weeks
  – Disadvantaged Business Enterprise (DBE) clearance could add more time if goal was not met
  – Board or council meetings may add more time
Post-Award

- Post-Award Submittals
  - Follow the DCP checklist
  - Need to complete in a timeline manner
  - Requests for payment cannot be made until project setup is completed
Construction Administration
Construction Admin Overview

• General Overview
  – State Aid vs. Federal Aid
  – Labor compliance
  – Civil rights compliance
  – Contract change process
  – Project closeout and final payment
  – Audits
  – Federal inactive list
State Aid vs Federal Aid

• Federal aid construction administration follows the same process and requirements as State Aid projects
  – MnDOT spec book
  – State Aid manual (SAM)
  – Schedule of materials control (MnDOT or SALT)
  – Field, plant, and lab testing
  – EEO provisions
  – Labor compliance
State Aid vs Federal Aid (cont)

• Additional Federal Aid Requirements
  – Disadvantaged Business Enterprise (DBE) goal
  – On-the-Job Training (OJT) requirements
  – Buy America
  – Proprietary items
  – Independent assurance testing
  – Independent cost estimate required
State Aid vs Federal Aid (cont)

• Additional Federal Aid Requirements (cont)
  – Submit payment requests (monthly)
  – DCP payment request form and funding split documentation
  – Project closeout and final payment submittals
  – Follow DCP checklist and forms
Labor Compliance

• Primary Labor Compliance Items
  – Labor monitoring
    • Certified payrolls submitted weekly
    • Field interviews completed by field representative
    • Payroll rates checked against State and Federal wage rates
    • Payroll also checked against field interviews and site records
    • Labor monitoring is a main item checked during audits
Labor Compliance

• Primary Labor Compliance Items
  – Trucking
    • Certified trucking reports submitted monthly
    • Field interviews completed by field representatives
    • Trucking rates checked against State trucking rates
    • Truck reports checked against field interviews and site records
Civil Rights Compliance

• Primary Civil Rights Items
  – Disadvantaged Business Enterprise (DBE)
    • DBE contractor payment forms
  – On-the-Job Training (OJT)
  – Equal Employment Opportunity (EEO)
    • EEO submittals required weekly in July
Contract Change Process

• Contract Change Process
  – Contact State Aid for discussion on eligibility
  – Request price from contractor
  – Independent cost estimate from MnDOT estimating
  – MnDOT can review legal language if desired (SAs)
  – Contractor and agency sign document
  – Execute change
  – State Aid signature for funding eligibility
## Contract Change Language

### The Good and Bad for Eligibility

<table>
<thead>
<tr>
<th>The GOOD</th>
<th>The BAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Engineer has Determined</td>
<td>• Damages</td>
</tr>
<tr>
<td>• Engineering Judgment</td>
<td>• Higher Standard Preference/Desired</td>
</tr>
<tr>
<td>• Safety</td>
<td>• Upgrades</td>
</tr>
<tr>
<td>• Restocking Fees</td>
<td>• Aesthetic Upgrades</td>
</tr>
<tr>
<td>• Change Condition</td>
<td>• Surplus Materials</td>
</tr>
<tr>
<td>• Unforeseen Condition</td>
<td>• City/County Requested</td>
</tr>
<tr>
<td>• Differing Site Conditions</td>
<td>• Resident Requested</td>
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<tr>
<td></td>
<td>• Incentives Not in Original Contract</td>
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<td></td>
<td>• Acceleration</td>
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<td>• Plan Error</td>
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<tr>
<td></td>
<td>• Rework, Rebuild, Regrade, Re-Anything</td>
</tr>
<tr>
<td></td>
<td>• Outside Project Limits</td>
</tr>
</tbody>
</table>
Project Closeout/Final Payment

• DCP Final Submittal
  – Final DCP payment request
  – Overrun form (If additional federal funds needed)
  – Copy of final voucher
  – Copies of all change orders, work orders, and supplemental agreements
  – Overrun/underrun report for contract quantities
Project Closeout/Final Payment (cont)

- DCP Final Submittal (cont)
  - Materials exception summary
    - List of certified testers
    - MnDOT Bituminous Office list of exceptions*
    - MnDOT Concrete Office list of exceptions*
    - Copy of documents for deducts/penalties
    - Independent Assurance (IA) documentation*

*If services not provided by MnDOT, provide supporting documentation from organization providing the services
Project Closeout/Final Payment (cont)

- DCP Final Submittal (cont)
  - Final inspection report (signed by MnDOT)
  - Cost distribution spreadsheet
  - State Aid payment request
  - Backsheet item costs
Audits

• All federal projects are subject to auditing for review of compliance

• Main items
  – Labor/civil rights compliance
  – Testing and certificates
  – Documentation of payment/quantities
  – Contract changes
  – Compliance with plans and specifications
Federal Inactive List

- No expenditures for 12 months
- Ensure timely closeout of federal aid projects
- Need explanation and plan to get finalized
- Funding could be jeopardized if acceptable reasoning not supplied
Resources & Contacts
Links

• **State Aid for Local Transportation (SALT) Home:**
  http://www.dot.state.mn.us/stateaid/

• **State Aid Manual:**

• **Metro State Aid Home:**
  http://www.dot.state.mn.us/metro/stateaid/home.html
Links (cont)

• DCP Checklist: http://www.dot.state.mn.us/stateaid/dcp.html

• Contract Change Forms: http://www.dot.state.mn.us/stateaid/construction-forms.html
Links (cont)

- MnDOT’s Construction Tools Website:  
  http://www.dot.state.mn.us/const/tools/index.html

- MnDOT’s ADA Website:  
  http://www.dot.state.mn.us/ada/tools.html
Contact Information

• State Aid for Local Transportation (SALT) Staff
  http://www.dot.state.mn.us/stateaid/staff.html#federal

• District State Aid Engineering Staff
  http://www.dot.state.mn.us/stateaid/dsae.html
Contact Information (cont)

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Questions?