





DISTRICT 8 ASHE PRESENTATION
April 1, 2008

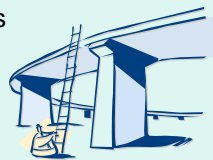









Introduction to Funding

The Basics



Goals of Presentation

- Provide a basic review of Federal and State Funding.
- Provide a basic review of the Program Management Process.
- Show relationships between Funds Management and the implementation of projects.
- Where does money need to go



Federal Funding

- Highway Trust Fund
- SAFETEA
- 2005-2009
- Program Structure and funding authorization levels
- Annual Apportionments
- Appropriation Act - Obligation Limitation
- October 1 to September 30 FFY
- Year of Expenditure (YOE)



Types of Federal Funds

- National Highway System (NHS)
- Surface Trans. Program (STP)
- Bridge
- Cong. Mit. & Air Quality (CMAQ)
- Special Federal Funds (SXF)

Federal Matching Ratio

- Generally 80 percent federal
- Increased federal share for certain safety projects (100%)
- 90 percent on Interstate & most Safety projects
- **May be increased to 100 percent by using toll credits**
- Reimbursable only after authorization by FHWA

Federal Funds vs. Obligation Authority

- Federal Funds
 - Apportioned on Yearly Basis
 - Based on Formulas or Earmarks in SAFETEA
- Obligation Authority
 - Tells us HOW MUCH of the funds we are allowed to spend
 - **Obligation Limitation is determined on annual basis via Appropriations Act**
- Relationship between funds and authority
 - Every federal dollar requires an equal amount of obligation authority in order to spend it
 - Dollar for dollar relationship

Obligation Plan (Federal)

- Based solely on the amount of our obligation limitation
- Details project by project and phase by phase how we will spend every federal dollar
- Authority is distributed to districts and MPO's in proportion to the TIP totals for the year in each region

State Funding

- State Motor License Fund
- Dedicated to Highway and Bridge
- Annual Budget (July 1 to June 30)
- Key Appropriations
 - 581 Capital
 - 582 Maintenance
 - 184/185 Bridge



Twelve Year Program (Federal and State)

- State Requirement – Act 120 of 1970
- Three 4-year segments
- Updated every 2 years
- Approved by State Transportation Commission



State Transportation Improvement Program (Federal and State)

- Federal Requirement
- 4-years
- Updated every 2 years
- Fiscally constrained by year
- Conform to AQ standards
- Public Involvement requirements
- 1st 4-years of TYP



The Players

- State Transportation Commission
- Metropolitan Planning Organizations (MPOs)
- Rural Planning Organizations (RPO's)
- Independent Counties
- State Legislators/ Congress
- PennDOT



Financial Guidance For Program

- Authorized Levels of Federal Funds
- Estimated State Funds
- Distributed by Planning Region
- Highway Funds
 - By Population, Lane Miles, VMT
 - 20% at Secretary's Discretion (Spike)
- Bridge Funds
 - By Relative Sq. Ft. Deck Area of Deficient Bridges
 - Extra Weight for Posted/Closed



Program (TIP) Amendments

- Requirements
 - **Cost increases**
 - Project/phase additions
 - Scope changes
 - Changes trigger conformity
- Process (**takes time**)
 - PMC Approval
 - MPO/RPO Approval
 - FHWA/FTA Approval



Project Implementation

- Phase must be on current **TIP**.
- If Federal Funds are used, phase must be on current year of **Obligation Plan**.
- Must have **state budget authority** available to encumber funds for any agreement or contract.
- Must be on an approved highway or bridge **capital budget** to proceed to construction using state funds.
- Construction phases must be on current **let schedule**.

District Goals

- Maintain positive cash flow
- Allow projects to progress on schedule
- Keep a balanced program
- Meet our obligations
- Plan for future project needs

District Checkbook Reports

- Federal Obligation Plan for each Planning Area
- Budget for each Appropriation
- State Cash Flow Reports
- Accrued Unbilled Cost Report
- Project Cost Audit Reports (Inspection costs, bid results, work orders, supplements, % complete)

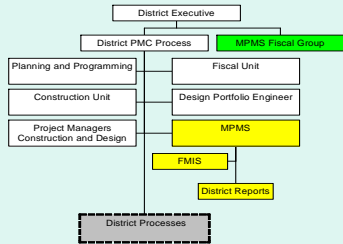
Accrued Unbilled Costs

Costs incurred above and beyond the authorized amount on federally funded projects.



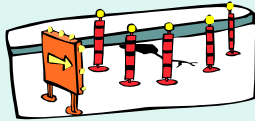
- Cost Increases
- Low Estimates / Authorization
- Advance Construct that cannot be converted in a timely fashion

Checkbook Management



District Letting Schedule Process

- Quarterly Review for all projects, all information put into MPMS.
- Review project costs, milestones, and issues for all project phases.
- Review agreement status if using a consultant



Project Management Issues for the District Checkbook

- In District 8, we use audit reports that go against MPMS and fiscal systems.
- **Project Managers must communicate with cost sheets and milestones input into MPMS in a timely manner.**
- The Project Team needs to understand the relationship with all project phases and program/fiscal status.

Factors Affecting Checkbook and Project Implementation



- Project Delivery Delays
- Accelerated Project
- Inaccurate Project Estimates
- Inaccurate Cash Flow (bad winter)
- Obligation Limitation
- Cost Increases
- Work Orders
- Accrued Unbilled Costs
- Incentive Clauses

Major Challenges

- Anticipate needs versus reacting to problems
- Coordinating federal versus state budget year issues
- Analyze if large amount of data is accurate and matches project progress

Where to spend funds?

- Safety
- Bridges
- Resurfacing
- Congestion Management

Needs for Meeting Goals for Bridges

Adams	\$9.4 million per year
Cumberland	\$12.0 million per year
Dauphin	\$22.1 million per year
Franklin	\$11.1 million per year
Lancaster	\$27.6 million per year
Lebanon	\$6.0 million per year
Perry	\$6.5 million per year
York	\$22.5 million per year
Total	\$117.2 million per year

Needs for Meeting Goals for Highways

Adams	\$8.5 million per year
Cumberland	\$9.4 million per year
Dauphin	\$11.8 million per year
Franklin	\$7.7 million per year
Lancaster	\$24.1 million per year
Lebanon	\$7.5 million per year
Perry	\$5.6 million per year
York	\$16.8 million per year
Total	\$91.6 million per year

Available Funds

- Basic needs are \$208 million per year including all phases
- District 8 currently gets about \$206 million in base funding for Highway and Bridges
 - Includes Act 44 (\$415 million statewide)
 - No Earmarks
 - No Spike funds (20% statewide)
- Capacity Adding projects are a challenge!

What it means to all of us!

- Realistic Project Estimates are important
- Control Costs
- Importance of communication in a timely manner
- Our project decisions ultimately affect the District's ability to design and build as many projects as planned and to start new projects.
- **Cost change accountability is here!**



??? QUESTIONS ???
