

FHWA Inactivity & Period of Performance



North Carolina Division Office

Forest Heritage National Scenic Byway as a North Carolina Scenic Byway



I'm From the
Government
AND
I'm Here
To Help



U.S. Department of Transportation
Federal Highway Administration

FHWA's Role in Locally Administered Projects

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- To provide Federal funding for your project.
- To ensure that our Federal dollars are spent appropriately.
- To ensure that there is no fraud, waste and/or abuse.
- To ensure that the recipient/sub-recipient has a good project.
- To ensure that the recipient/sub-recipient has every opportunity to keep every dollar of their Federal funds.

I AM NOT here to make the process hard for you or to “ding” you, but there are regulations that YOU have agreed to uphold by asking for and receiving our money.



NCDOT's Role in Locally Administered projects

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Although NCDOT doesn't have any funds in LPA projects, they have oversight of all LPA projects.

23 CFR 635.105(a) & (b)

- (a) The State Transportation Department (STD) has responsibility for the construction of **all** Federal-aid projects, and **is not relieved of such responsibility by authorizing performance of the work by a local public agency** or other Federal agency. The STD shall be responsible for insuring that such projects receive adequate supervision and inspection to insure that projects are completed in conformance with approved plans and specifications.
- (b) Although the STD may employ a consultant to provide construction engineering services, such as inspection or survey work on a project, **the STD shall provide a full-time employed State engineer to be in responsible charge** of the project.

If funds have to be re-paid or deemed non-participating, they are taken from NCDOT and then the municipality will be responsible for paying NCDOT (or it will be taken from your Powell Bill).



Period of Performance

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FHWA commitment that Federal funds are available for the project

Do not get funding authorization until the work is ready to be done

- **Preliminary Engineering (PE)** – (you have 10 years to construct the project – “Studies” are not a good idea) CFR 630.112(2)
 - **Right of Way acquisition (ROW)**
 - **Construction (CON)**
- Authorization is required prior to incurring any expenses
- **Work done before the date of FHWA Authorization is NOT eligible for reimbursement**



Inactive Projects

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23 CFR 630.106(5) - The State shall review, on a quarterly basis, inactive projects (for the purposes of this subpart an “inactive project” means a project for which no expenditures have been charged against Federal funds for the past 12 months) with unexpended Federal obligations and shall revise the Federal funds obligated for a project within 90 days to reflect the current cost estimate.



Inactive Projects

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What this means...

- FHWA runs a quarterly Inactive Projects Report and sends it to each Division Office.
- The report is sent to me. I review it, and
- Send it to the NCDOT contact person.
- They contact you.
- If something can be billed, get it in ASAP!
- If an expenditure is not received within one year of the FHWA Authorization date, the project's authorization funding will be taken down to \$0 or down to the expenditure amount.



Inactive Projects

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How to prevent your projects from going inactive?

- Send in reimbursement requests at least once every 6 months according to the Municipal Agreement that your Mayor signed between your municipality and the NCDOT.
- A request of just \$10 for an eligible cost will prevent your project from being inactive.



Inactive Projects

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Are there any “justifications” for inactivity?

Yes, recipients must demonstrate that the inactivity is beyond the State DOT/LPA’s control. Examples of “causes beyond their control” include...

Advertisement/bidding issues, Unforeseen utility relocations, litigation, catastrophic events, etc.



Inactive Projects

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Justifications should be addressed with the NCDOT and must clearly outline:

- Why the project is inactive.
- What actions are being taken on the project to prompt an expenditure.
- When is this action being taken.



The “Supercircular”

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2 CFR 200 – “Supercircular”

- Guidance was published December 26, 2013, will be in **effect** for all federal awards or funding increments to nonfederal entities on or after **December 26, 2014**.
- Guidance supersedes and streamlines requirements contained in OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122 and A-133 by consolidating the requirements of these eight documents into one.
- Final guidance is located in Title 2 of the Code of Federal Regulations.
- The goal of the reform was to provide guidance that would do the following:
 - Streamline guidance for federal awards to ease administrative burden
 - Strengthen oversight over federal funds to reduce risks of waste, fraud and abuse
 - Eliminate duplicate and conflicting guidance between circulars



Period of Performance

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Period of Performance:

- Imposes a period when project costs can be incurred
 - Start Date (Project Effective Authorization Date) through the End Date
 - Costs can only be incurred within start and end date
 - After project end date - **no additional costs can be incurred**
 - Requires that projects be closed out 15 months after the “End Date” established and documented on the FHWA Authorization. If not met by the 15th month, all project funds may be made ineligible
- Based on States Estimated Project Schedule
- Monitor and Revise End Date
 - Project delay beyond the control of the recipient/subrecipient
 - Extension/modification is authorized by the awarding agency



Period of Performance

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Come to all of the scheduled Lunch & Learns for the “**Open Book Text**” and a copy of the “**Checklist**” that I use for my reviews!



Any Questions?



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**KEEP
CALM**

it's

**QUESTION
TIME**



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Federal Highway Administration