

FEDERAL FUNDING OVERVIEW

Federal Funds per specified program have specific requirements including eligible costs, match requirements, time frame for authorization and reimbursements.

POLICY: NCDOT will only allocate funds for projects that meet eligibility requirements for the requested funding source. Eligible costs may be limited by the type of funding.

FEDERAL FUNDING PROGRAMS

NCDOT administers federal funding for several different programs, which in turn have different purposes:

- Transportation Enhancement (TE) – generally fund non-traditional transportation projects. Project must fit into one of twelve project activities and have a relationship to surface transportation.

TE funds for bicycle-related projects (generally greenways) are allocated primarily by the Division of Bicycle & Pedestrian Transportation. TE funds for landscaping and sidewalks are allocated by the 14 Division Offices.

See: www.ncdot.gov/bikeped/funding/

- Congestion Mitigation & Air Quality (CMAQ) – established to fund projects that provide air quality benefits.

CMAQ funds are allocated through the Metropolitan Planning Organizations (MPO) and Rural Planning Organization (RPO) through an application to the Transportation Planning Branch

See: www.ncdot.org/doh/preconstruct/tpb/services/cmaq.html

- Municipal Bridge – funds are provided to replace bridges that are on Municipal streets but not on the State Highway System.

Municipal Bridge Projects are allocated by the Program Development Branch in consultation with the Structure Management Unit.

See: www.ncdot.org/planning/development/TIP/mbridge/mbridge.html

- Surface Transportation Program – Direct Allocation (STP-DA) – funds are allocated to the largest Metropolitan Planning Organizations (MPO) to program projects at the MPO's discretion.

Each MPO has various methods of selecting projects to place STP-DA funding on.

See: www.ncdot.org/doh/preconstruct/tpb/mpo/default.html

- Safe Routes to School (SRTS) – designed to fund projects to improve the viability and safety of accessible routes for children to walk or bicycle to school.

Projects are funded through the Division of Bicycle and Pedestrian Transportation or at the Division level.

See: www.ncdot.gov/programs/safety/

- Transportation and Community and System Preservation (TCSP) – these discretionary funds are for projects that improve the relationship between transportation, community and system preservation plans and practices.

Funding is allocated through a competitive application process directly from FHWA.

See: www.fhwa.dot.gov/tcsp/

- High Priority (HP) – also known as “earmarks,” these Congressionally-designated funds go to projects that LGAs petition their representatives for. The project is usually identified in the enabling legislation and the funds’ use is restricted to that project description.

ELIGIBLE COSTS

The eligible costs of a project are usually determined by the type of funding; however, most Federal-aid funding can be used for any phase that FHWA generally participates in, i.e. design, right of way and construction. It is important to discuss the eligibility of expenditures with NCDOT and the FUNDING Program.

The [Project Agreement](#) will provide the basic framework for eligible costs – generally if the work fits in with the approved scope of activities, then the costs will be eligible for reimbursement.

MATCH REQUIREMENTS

Federal funds usually require a twenty percent (20%) match, so that eighty percent (80%) of the project costs are paid by federal funds, and 20% of the project costs are paid by a non-federal match. Most NCDOT programs require the LGA to pay the non-federal match, or local match. Some programs waive the local match and will provide a state match, or sometimes federal funds will be used for 100% of the costs.

The Agreement will state the funding source and what match is required, if any. Federal funds cannot be matched with other federal funds, although there are some exceptions.

If costs of the project exceed the authorized federal funds plus the local match, then the LGA will be responsible for those additional costs.

USE OF IN-KIND MATCH or VALUE of ROW

Although the Federal-Aid program does allow the use of in-kind match or the value of ROW provided by a Local Government to be used towards the 20% match, the NCDOT strongly discourages the use of this option, due to the complexities of accurately accounting for the value of the services or ROW, to meet FHWA's requirements.

Use of this option must be approved by NCDOT prior to programming a project into the [STIP](#) and preparing a project [agreement](#). A local government should expect a high level of scrutiny from FHWA if this option is used, due to the complex process of the valuation of services and ROW and the risk associated with it.

PROCEDURE

All requests for funding should be made via the process of that particular Funding source. The LPMO makes no funding decisions.

Once a project is approved, the PROGRAM MANAGER will request an addition to the [STIP](#). The next step is the development of a [Project Agreement](#) between NCDOT and the LGA.

Important items to consider when requesting funding:

- Schedule – consider the time frame for project development, including NCDOT review and approval. Ensure projects are programmed in the correct fiscal year to meet project deadlines.
- Budget – If NCDOT does work on a project, it will be charged against the funding source, thus reducing overall funding for the project. Account for these potential costs in the budget.
- FHWA requirements – consider these requirements when developing a time frame and budget for your project. Requirements related to professional services, right of way, and construction administration can delay the progress of a project as well as add costs.

*****READ AHEAD IN THIS MANUAL TO FAMILIARIZE YOURSELF WITH REQUIREMENTS BEFORE REQUESTING FUNDING*****

ELIGIBLE Costs and Associated FUNDING PHASE (Federal-aid Funding)

FHWA Funding Phase	Associated Activities
Preliminary Engineering (PE)	<ul style="list-style-type: none"> ▪ Solicitation of PEF including advertising ▪ Preparation of conceptual designs, feasibility studies, environmental documents, preliminary design, and final design up through and including the preparation of bidding documents (plans, specifications, and estimates) ▪ Advertising, bidding and letting a construction contract (performed by PEF or in-house) ▪ Survey, Appraisal if ROW is an eligible expense ▪ Non-infrastructure/non-construction project expenses (can also be programmed under CONSTRUCTION phase) <ul style="list-style-type: none"> ▪ i.e. printing/binding brochures, guidebooks, maps, and other documents ▪ Program Administration
Right of Way (ROW)	<ul style="list-style-type: none"> ▪ Purchase of real property (to include cost of appraisal, property, lawyer's fees) ▪ Relocation of utilities, traffic signal modification, relocation of poles
Construction (CON)	<ul style="list-style-type: none"> ▪ Advertising Costs for construction contract ▪ Solicitation of PEF for construction contract administration ▪ Road, sidewalk, greenway, building construction ▪ New installation or replacement of traffic signals; pedestrian signals ▪ Acquisition and installation of passenger shelters; bike racks ▪ Operating expenses ▪ Materials testing, construction inspection, and other work directly related to the administration of the construction contract (e.g., processing contractor payment requests, or preparing change orders, a final punch list, or project close-out paperwork).

RESOURCES:

- FHWA Policy on Allowable Costs per Party to Agreement:

<u>If the Party to Municipal Agreement is a:</u>	<u>Then follow Cost Principle:</u>
State, Local, or Tribal Government	OMB Circular A-87
Private, non-profit organization	OMB Circular A-122
Education Institution	OMB Circular A-21

- *A Guide to Federal-Aid Programs and Projects*
www.fhwa.dot.gov/federalaid/projects.cfm
- *Federal-Aid Guidance Non-Federal Matching Requirements*
www.fhwa.dot.gov/legsregs/directives/policy/fedaid_guidance_nfmr.htm