

FEDERAL FUNDING OBLIGATION AND AUTHORIZATION

CHAPTER 4

4.1 Authorize Funding by Phases

Federal-Aid Highway funds are authorized by Congress to assist the States in providing for construction, reconstruction, and improvement of highways and bridges on eligible Federal-Aid highway routes and for other special purpose programs and projects.

Before work on any phase of a Federal-Aid project can begin, funds for that phase must be included in a CDOT Quarterly Obligation Plan and individually approved through a CDOT Form 418 – Federal Aid Program Data/Federal-Aid Project Agreement (see Appendix A). Projects without federal funding are authorized upon final approval of the budget.

Prior to inclusion of a project phase in a Quarterly Obligation Plan, the Local Agency needs to schedule phases (design, right-of-way, utility, construction, and miscellaneous) with the CDOT Project Manager. The CDOT Project Manager is responsible for including the phases in the Quarterly Obligation Plan and will notify the Local Agency when phases have been authorized by the FHWA. Establishing a realistic schedule ahead of time and adhering to it are the best way to assure that Federal authorization and obligation are obtained in a timely manner. At this stage, funds are budgeted but are not authorized yet.

The Inter-governmental Agreement (IGA), as discussed in Chapter 5, is used to encumber Federal funding. An Encumbrance is a conditional commitment of federal funds to be reimbursed to the Local Agency on the local agency project. The IGA can only encumber funds to the design (D), utility (U), miscellaneous (M), or construction (C) phases on a project. It will detail how much is budgeted, the estimated CDOT oversight costs, and the encumbrances by each phase. If additional funding is authorized in future years, the contract modification tool called the “Funding Letter” can be used to encumber funds to appropriate phases.

The right-of-way phase is funded by budgeting the Federal funds with the local matching funds. However, the funds will not be encumbered for reimbursement back to the Local Agency until Part B of the CDOT Categorical Exclusion Form 128 is signed, the right-of-way plans are approved, appraisals are reviewed and acceptable, and Fair Market Values (or Value Findings if under \$5,000) are established. Please see Chapter 8 of the CDOT Right-Of-Way Manual for more information on this process.

While the construction phase of work may be included in a Quarterly Obligation Plan, construction funds will not be authorized until a final CDOT Form 463 – Design Data, CDOT Form 1180 - Standard Certification and Project PS&E Approval, environmental clearance, and utility and right-of-way certification letters have been submitted by the Region for Federal obligation of funds. The Form 1180 needs to be submitted for projects that do not require FHWA oversight. The Local Agency cannot advertise for bids until the construction phase is authorized, funds are obligated, and CDOT's concurrence to advertise has been received.

It is important to note that work performed on Federal-Aid projects prior to authorization is not eligible for federal participation. Upon CDOT notice to proceed with design, the Local Agency is able to charge eligible costs to the project. Billing charges are submitted once a month or less frequently to the CDOT Project Manager during the project development phase.