

## Reasonable Progress Policy and Procedures

There is a reasonable progress policy for federally funded Transportation Enhancement (TE) projects administered by ADOT. This policy has three objectives: (1) to ensure that once a project is awarded, it will be built or implemented; (2) ensure that federal funds will be programmed for a project within three years of project award; and (3) to ensure that once funds are authorized, that billings and project close-out occur in a timely manner. These three objectives will allow the state and its citizens to get the maximum benefit from its federal TE funds. Contact the appropriate ADOT staff for clarification.

### Policy

#### Project Development Timeline

The following project timeline is prescribed for TE projects:

- Project scoping kick-off meeting must occur within *six months from the date of the notice to proceed (NTP)*.
- Project scoping must be completed within *12 months from the date of the NTP*.
- Environmental clearance must be obtained *18 months from the date of the NTP*. No TE project will be allowed to proceed past Stage II (30 percent) design without environmental clearance if federal funds are used for project design.
- Design must be completed and bid-ready, with utility and right-of-way clearances, *36 months from the date of the (NTP)*.
- Project bid award must be completed within *6 months of bid-ready*.

#### Billings (For projects administered by the local agency)

- To ensure that billings progress in a timely manner, you must commence billing activity *within 12 months from the date the federal funds are authorized*, either for design (preliminary engineering) if federal funds are requested for design, or for construction of your project. Failure to do so without reasonable justification may result in de-obligation of the funding.
- ADOT will not reimburse pre-engineering (design) expenditures beyond 30% of the total authorized amount until the project has environmental approval.
- Pay requests must be based on percent of TOTAL construction completion, not necessarily the completion of components approved for federal reimbursement, as indicated on the Contractor's Schedule of Values (similar to what is built into the AIA form G702, Application and Certificate for Payment) approved by the sponsor for payment. It is preferred that pay requests be made monthly as Contractor payments are made. On local

projects, it is recommended that pay requests represent as closely as possible the federal share (94.3%) of the cost of federally eligible components paid to the Contractor as listed on the approved Schedule of Values from the Contractor, copies of which must be included in the backup information along with the proof of Contractor payment. Copies of cancelled checks or processed pay vouchers would normally suffice for proof of Contractor payment.

- *Upon project completion, you must complete your billings within 90 days.* As costs are incurred, but not more than once per month, submit your reimbursement requests to the ADOT project manager on the TE invoice form along with the Contractor's Schedule of Values (construction), and also backup data showing proof of Contractor payment as ADOT cannot participate in any undocumented costs. The sponsoring agency's costs incurred to administer construction are eligible for reimbursement up to 15% of the awarded construction contract amount. This is a reimbursable program, so billing should coincide with percentage of work completed.
- FINAL pay requests for the full amount of the authorized funds will not be processed until construction is completed and the project is open to the public. In order for ADOT to process final payment and project close-out, the cover letter submitted with the request for final payment needs to state that construction has been completed in accordance with the approved contract documents, has received final acceptable, and the Contractor has been paid in full. A copy of the Letter of Final Acceptance to the Contractor must be submitted with the final pay request and for ADOT to close-out the project.

### **Project Time Delay**

A project can be cancelled if it does not make sufficient progress toward construction. Delays usually are a result of insufficient right-of-way to construct the project, insufficient funding, loss of local support, constructability issues, non-attainable environmental clearance, and conflicts with other planned improvements, to name a few.

Funds for cancelled projects will be placed into the State or Local funding category for future project awards. The project sponsor should reimburse ADOT and Federal Highway Administration (FHWA) for federal-aid design funds on projects that are cancelled.

Inactive projects are those that fail to meet the project development timelines. If the project development timelines are not met, a project cancellation notice will be issued within 60 days of failure to comply. The project sponsor may request an exception to the approved timeline if extenuating circumstances have led to project inactivity. TE staff will provide the Transportation Enhancement Review Committee (TERC) with a recommendation on either approving or denying the extension. The TERC will vote. A simple majority is required for action.

## **Procedures**

The time frames shown represent maximum expected times for implementation approvals and concurrences; schedules will vary depending on project type and complexity of contractual arrangements, utility, right-of-way and environmental issues. Actual progress towards implementation will be measured against the schedule submitted by the project sponsor.

## **Project Development/Implementation Schedule**

If a project falls six months behind schedule at any point in its development, without a written explanation provided by the project sponsor and approved by ADOT, the project sponsor will be contacted by ADOT requesting information as to the cause of the delays. A letter will notify the project sponsor of the schedule lapse and the possible implications of further delays. The project sponsor will be required to reply in writing within 60 days of the letter date as to the project status and provide a revised timeline for the project. If a project falls one year behind at any point in its progress, ADOT will notify the project sponsor of the schedule lapse by letter. The notification will serve as a final notice, giving the project sponsor an opportunity to respond to the situation before ADOT takes action. The notification will include:

- Project status
- Current phase of project implementation
- Funds obligated and spent on the project

The project sponsor should make a valid response to ADOT including reasoning for why the project has not complied with the project schedule. Information about the project will be submitted to ADOT in writing within 60 days of the notification letter date. Actions taken by ADOT may include removal of the project, which, per federal requirements, would require the project sponsor to repay any federal funds spent on the project. ADOT will make the ultimate decision regarding the disposition of each project.

***It is not the responsibility of ADOT to keep the project sponsor informed as to the status of the project.*** The project sponsor will keep ADOT informed as to any delays or unforeseen conditions that may hinder the project's progress. Failure to provide the required documentation will cause the project to be withdrawn and the funds redistributed at the discretion of ADOT. Federal regulations require the project sponsor to repay any federal funds spent on a cancelled project. This stipulation also applies to the untimely demolition of any TE project or component and any landscaping that has died as a result of the lack of reasonable maintenance. The project sponsor will be required to repay these funds prior to applying for any future projects. In addition, project sponsors failing to show reasonable progress for any project will not be allowed to participate in the program for a minimum period of one year, and then only with the approval of ADOT.

**END OF DOCUMENT**