

“Big Sky” Regional Peer Exchange on Federal-aid Highway Program Financial Management

Date: May 9-10, 2018

Location: Salt Lake City, UT (UDOT Learning Center)

Overview

This customized exchange will provide an opportunity for five upper Midwest / northern Rocky Mountain peer states (ID, MT, ND, SD and UT) to discuss common issues, compare best practices, and engage in a facilitated dialogue about managing and strengthening selected financial aspects of their Federal-aid Highway Program (FAHP). The objective is to develop internal capacity by providing an opportunity for key officials with financial management responsibilities to develop relationships with their peers and share best practices among several states with similar concerns and situations.

Audience

- Each state will select 2-3 professionals with FAHP financial management responsibilities to participate in the exchange. The participation of FHWA personnel (including the Division Office financial managers and potentially others) will inform the discussions and enrich the experience. Therefore, the total number of exchange participants is expected to be approximately 20.
- The BATIC Institute will provide facilitators for the exchange. Because of the large number of participants and the variety of subject areas, the facilitators will be charged with employing certain techniques designed to move the discussions along and keep them on target.

Format

- The event will be spread over two days - starting on the morning of Day 1 and ending before noon of Day 2. Attendees will also be invited to a group dinner on the night of Day 1.
- The event will be structured as a series of facilitated discussions about specific FAHP financial management topics within a few general focus areas identified beforehand by the participants:
 - The first few minutes of each focus area will be used to develop and prioritize the key questions and challenges for that session.
 - The group then will delve into the prioritized issues / questions.
 - During the group discussion, the facilitators occasionally may call upon certain participants to provide brief remarks about particular topics.

- The exchange will conclude with a discussion about institutional capacity based on questions generated by the participants. This final group discussion will focus on what follow-up or other activities would be most beneficial to help participants overcome challenges in applying best practices or lessons learned from the exchange.

Focus Areas

1. Project Funding

- Advance Construction [Highlighted by ND & SD]
 - AC has been around for a long time; are there any recent policy changes affecting how states use AC?
 - Does it depend on specific projects or is there a programmatic approach?
 - How is AC managed in each state?
- Federal share / State match [MT, ND, SD]
 - What is the primary strategy for funding a project (or project phase) with federal funds vs. state funds and what issues does the state face in providing the state match?
 - What phases of work does your state use federal aid for (PE, ROW, Utilities, and Construction)?
 - Does your state use bridge or toll credits or in-kind contributions?
 - Is your state interested in establishing a fund-swapping program with Local Public Agencies (LPAs)?
 - To what extent does your state utilize funds on projects that can receive a higher federal share (e.g., certain safety, innovative delivery, workforce development, federal lands, and rail-highway crossings projects)? Are there questions about such higher-share projects?
- Federal-aid Eligibility [ID, SD]
 - Are there other issues with Federal-aid funding eligibility (e.g., indirect cost recovery)?
- Project Delivery [MT]
 - How effective are alternative project delivery methods such as design-build, P3?
- Use of Financing [SD]
 - How involved is the state in financing projects with municipal bonds, GARVEEs, state infrastructure banks, etc.?

2. Project Management

- Grouped or Multi-State Projects [ND]
 - What is your state's experience with grouped / umbrella projects or multi-state projects (special challenges and practices)?
- Project Modifications [MT, ND, SD]
 - What are the primary issues regarding the management of project scope / funding modifications?
 - How often does your state modify project authorizations?
 - How effective is your state in developing project cost estimates?
- Excess Obligations [SD]
 - How are states complying with requirements to eliminate excess obligations?
- Inactive Projects / Project Closeout [MT, ND, SD]
 - What is the state's experience with inactive projects and how does it manage the closeout process?
 - How did your state implement Performance Period End Date (2 CFR 200)?
 - How long after final pay estimate is a project finalized with FHWA?
 - What is the experience with risk-based closeout?
- FMIS / Other System Issues [MT, ND, SD]
 - What is the current status of FMIS? Are there significant changes / issues to be addressed?
 - What are other IT system (funds / project management) practices and concerns?
 - Are there issues with Electronic Data Submittal (EDS) of Project Agreements?

3. Program Management

- Lapsed Funds and Rescissions [SD]
 - What is the impact on your state? Are you struggling with shortfalls in particular programs?
 - How would you describe your state's efforts to manage rescissions?
 - Extreme efforts are taken (elaborate).
 - We try to minimize rescissions for particular apportionments.

- Not much effort is placed on minimizing rescission impacts.
- Transfers [SD]
 - To what extent are states taking advantage of the apportionment transfer provisions?
 - What particular apportionments do you transfer and why?
- August Redistribution [ND, SD]
 - What is the state's strategy regarding August Redistribution?
 - Is there a concerted effort made to increase your state's August Redistribution chances?
- Forecasting use of Federal-aid Funds [ND, SD]
 - Do states formally forecast use of apportionments and/or obligation authority?
 - Is this effective? What are challenges and best practices?
 - How are states planning to handle the upcoming "funding cliff" post FAST Act?

4. Oversight

- FIRE [ND, SD]

What are the primary issues relating to FHWA's Financial Integrity Review and Evaluation Program?
- Project Audits [SD]
 - What is the state's practice for conducting project-level audits?
 - Are they completed on each project? Does each state take a risk based approach to project audits?
- Single Audits [BATIC]
 - How effective is the single audit process?
 - What are some issues?
- Federal-aid Highway Program Penalties [ND]

To what extent do states face penalties and how do they manage them? Are these penalties influencing state highway policy debates / decisions?

Institutional Capacity Assessment

- Identification of key questions and challenges
- Facilitated discussion of potential topics
 - Organizational structures and resource challenges

- Enhancing and maintaining “cross pollination” among offices / functions
 - Among state DOT offices and between state DOT and FHWA
- Key personnel and succession planning
 - Location of functions / positions within the organizational structure
- Utilizing performance measures and management systems
- Becoming a data-driven organization (e.g., data analytics → project selection)
- Future activities to continue collaboration and build capacity

“Big Sky” Regional Peer Exchange Agenda
 Salt Lake City / UDOT Learning Center

Session	Description
Day 1	Begins after breakfast (on your own)
1	Welcome and Opening Remarks (8:30 – 8:35) Jennifer Brickett (BATIC Institute)
2	Overview and Introductions (8:35 – 8:45) <ul style="list-style-type: none"> Facilitators initiate roll call
3	Focus Area 1: Project Funding (8:45 – 10:15) <ul style="list-style-type: none"> Advance Construction, Federal/State Share, Fed-aid Eligibility, Project Delivery, Use of Financing Tools Facilitated Discussion
	<i>Break (10:15 – 10:30)</i>
4	Focus Area 2: Project Management (10:30 – 12:00) <ul style="list-style-type: none"> Grouped / Multi-State Projects, Project Modifications, Excess Obligations, Inactive Projects / Project Closeout, FMIS / Other System Issues Facilitated Discussion
5	Working Lunch (12:00 – 1:30) <ul style="list-style-type: none"> Group Discussion on FAHP Challenges and Opportunities
6	Focus Area 3: Program Management I (1:30 – 2:30) <ul style="list-style-type: none"> Lapsed Funds and Rescissions, Transfers Facilitated Discussion
	<i>Break (2:30 – 2:45)</i>
7	Focus Area 3: Program Management II (2:45 – 3:45) <ul style="list-style-type: none"> August Redistribution, Use of Federal-aid Apportionments and Obligation Authority, Other Management Issues Facilitated Discussion
	<i>Break (3:45 – 4:00)</i>
8	Focus Area 4: Oversight (4:00 – 5:00) <ul style="list-style-type: none"> FIRE, Project Audits, Single Audits, FAHP Penalties Facilitated Discussion
9	Group Dinner (6:00)
Day 2	Begins after breakfast (on your own)
10	Institutional Capacity Assessment (8:30 – 10:00) <ul style="list-style-type: none"> Identification of Questions and Challenges Facilitated Discussion of Potential Topics
	<i>Break (10:00 – 10:15)</i>
11	Key Takeaways / Concluding Remarks (10:15 – 11:00) <ul style="list-style-type: none"> Round Robin Future Activities to Continue Collaboration and Build Capacity