



## OKLAHOMA DEPARTMENT OF TRANSPORTATION



### ARRA COORDINATING COUNCIL REPORT

Volume 2

March 24, 2009

Oklahoma stands ready to accelerate work on Oklahoma's transportation system in support of the Nation's economic needs. We believe that investments in the transportation system can deliver massive support for the economic recovery effort and will show a tremendous present and future return for the State of Oklahoma and the people and commerce of the United States. All States should complete their project preparations in earnest to deliver targeted infrastructure improvements in the timeliest manner possible thereby insuring that the job creating and sustaining intent of the transportation infrastructure directed Recovery dollars is fulfilled.

Of particular note, Governor Brad Henry has executed the Section 1607 certification as further described below. This certification empowers the State of Oklahoma to utilize the available ARRA funding in the interest of job creation and economic growth. The funding opportunities exemplified in this report are predicated on this certification.

#### **Section 1607 Certification by Governor - ADDITIONAL FUNDING DISTRIBUTION AND ASSURANCE OF APPROPRIATE USE OF FUNDS (Status – Completed)**

- Not later than 45 days after the date of enactment, for funds provided to any State or agency thereof, the Governor of the State shall certify that: (1) the State will request and use funds provided by this Act; and (2) the funds will be used to create jobs and promote economic growth.

### OVERVIEW

#### **Description / Focus of Working Groups**

- In order to insure proper coordination and communication with state agencies and other partners, the Department will establish working groups for each ARRA Transportation Infrastructure emphasis area as determined necessary. These functional area working groups will meet as necessary to review the use of available funds, discuss available grant or discretionary funding opportunities and to discuss monitoring and reporting requirements. We will work with these groups to insure that the State of Oklahoma is fully prepared to comply with all statutory and regulatory requirements and that we capitalize on every opportunity to receive Recovery funding as related to transportation modes.
  - Federal Aviation Administration / Oklahoma Aeronautics Division Working Group
    - Victor Bird, Director of Aeronautics
    - Dale Williams, Aeronautics Airports Division
    - Vivek Khanna, Aeronautics Chief Engineer
    - Wes Stuckey, Aeronautics Commission
    - Tim Gatz, ODOT Capital Programs

- Federal Transit Administration / Oklahoma Transit Programs Working Group
  - Ken LaRue, ODOT Transit Programs Division Manager
  - Steve Spradling, Oklahoma State University, The Bus: Headquartered in Stillwater
  - Charla Sloan, KiBois Community Action, Inc., KiBois Area Transit System: Headquartered in Stigler
  - Allen Leaird, Big Five Community Action Group, Inc., Southern Oklahoma Transportation System: Headquartered in Durant
  - Brent Morey, Community Action Development Corporation: Headquartered in Frederick
  - Metro Transit, General Manager Rick Cain, General Manager, Metro Transit, Oklahoma City
  - Jeff Mulder, Interim General Manager, Tulsa Transit
  - Theta Dempsey, Director of Transit, Cleveland Area Rapid Transit (CART)
  - Steve Sherrer, General Manager, Lawton Area Transit System (LATS)
  - Tim Gatz, ODOT Capital Programs
  
- Federal Railroad Administration / Oklahoma Rail Planning Working Group
  - Joe Kyle, ODOT Rail Programs Division Manager
  - John Dougherty, ODOT Rail Programs Asst. Division Manager
  - Representatives of Various Major Railroads and Line Operators
  - Tim Gatz, ODOT Capital Programs
  
- Corps of Engineers, Coast Guard / Oklahoma Waterways Working Group
  - Glenn Cheatam, ODOT Waterways Branch Manager
  - Bob Portiss, Director of the Port of Catoosa
  - Scott Robinson, Director of the Port of Muskogee
  - Tim Gatz, ODOT Capital Programs
  
- Federal Highway Administration / Highway Infrastructure Investment Working Group
  - FHWA Staff
  - ODOT Staff
  - Gayle Ward, ACCO Executive Director
  - Randy Robinson, ACCO Circuit Engineering District Director
  - John Johnson, Executive Director of ACOG
  - Rich Brierre, Executive Director of INCOG

### **Timeline for Decisions**

The timelines depicted in the graphic below exemplifies the deadlines for action by the states and time limits for expenditures of funds for each area as applicable:

**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)  
FUND ALLOCATION AND EXPIRATION TIMELINE**

<b>Highway and Local Road Timeline</b>							
Available Oklahoma ARRA Funds	ARRA Enacted	Funds Obligated	50% Discretionary 120 Day Deadline	50% Discretionary 1 Year Deadline	STP Obligation Deadline	50% Discretionary Optional Extension	
\$464,655,225	2/17/2009	3/2009	6/30/2009	3/2/2010	9/30/2010	3/2/2011	
<b>Discretionary &amp; Enhancements</b>	Allocated for Discretionary			\$311,319,000			
	Allocated for Enhancements			\$13,939,657			
	120 Days	\$162,629,329					
	1 Year			\$162,629,329			
<b>Sub-Allocation</b>	Allocated				\$139,390,650		

<b>Transit Timeline</b>					
Available Oklahoma ARRA Funds	ARRA Enacted	Funds Obligated	50% 180 Day Deadline	50% 1 Year Deadline	
\$39,163,565	2/17/2009	3/2009	6/30/2009	3/2/2010	
<b>Urban</b>	Allocated			\$22,240,250	
<b>Rural</b>	Allocated			\$16,923,315	

<b>Aviation Grants Timeline</b>							
Oklahoma ARRA Funds Grant-Based Availability *	ARRA Enacted	1 <sup>st</sup> 50% Bid-Based Grant Offer	1 <sup>st</sup> 50% Notice to Proceed	2 <sup>nd</sup> 50% Notice to Proceed	Fund Availability Deadline	Project Completion Deadline	
	2/17/2009	5/15/2009	6/17/2009	2/17/2010	9/20/2010	2/17/2011	
<b>Aviation</b>							

\* The Secretary shall distribute funds as discretionary grants with priority given to those projects that demonstrate their ability to be completed within 2 years of enactment of the ARRA.

**USDOT Office of the Secretary**

**Funding Opportunity A**

**Supplemental Discretionary Grants for a National Surface Transportation System**

- \$1.5 billion available.
- **Secondary Grant Opportunity - \$1.5 billion**
- This is a new discretionary grant program financed through a direct appropriation. Projects to be considered must be deemed to have a significant impact on the nation, metro area, or region. Eligible grantees include states, localities, and transit agencies. The grants range between \$20 million ~ \$300 million and not more than 20% of these funds may go to projects in a single state. Eligible projects include highway, bridge, public transportation, passenger and freight rail, and port infrastructure. The Secretary will publish criteria for selection process within 90 days of enactment. All applications will be due to the Secretary within 180 days of enactment and all funding will be awarded within one year of the date of enactment. Funding must be obligated by successful recipients by September 30<sup>th</sup> of 2010.

## **Priorities and Evaluation of Funding A - USDOT Office of the Secretary**

### **USDOT Office of the Secretary**

- No further guidance is available at the date of this publication.

## **Federal Aviation Administration**

### **Funding Opportunity B**

#### **Grants in Aid for Airports (AIP)**

- \$1.1 billion available.
- This is a discretionary grant program financed through a direct appropriation. Grantees are primarily local governments that run airports. Priority will be given to projects that can be completed within 2 years of enactment.
- While this program is identified as a discretionary grant program, it will be administered directly by the FAA. The project awards will be based on on the national priority rating of “shovel ready” projects submitted by the Oklahoma Aeronautics Commission at the call of the FAA in preparation for the passage of the ARRA and mindful of historical patterns of regular discretionary distribution. ARRA Funding will be directed to each FAA Region. Oklahoma’s Airports are grouped in FAA’s Southwest Region based in Fort Worth, Texas and also includes the states of Arkansas, Louisiana, New Mexico, and Texas.
- The Southwest Region has received \$115 million or 10.77% of the funding available nationwide and has selected and announced that six Oklahoma projects will receive a total of \$16.4 million in FAA ARRA funding.

## **Priorities and Evaluation of Funding B – Federal Aviation Administration**

#### **Grants in Aid for Airports (AIP)**

- FAA will make grant decisions based on:
  - FAA’s National Priority System (Safety, Preservation, etc.)
  - Historical Patterns of regular discretionary funding distribution.
  - Some funds will be provided for non-hub terminal replacements and VALE projects.
  - Meeting the definition “Ready to Go”
  - Other regional factors

## **Monitoring, Reporting and Compliance Issues B – Federal Aviation Administration**

#### **Risk Assessment**

- Some risk exists as these grants are awarded directly to the recipient entity / airport by the FAA and do not require direct oversight of the State of Oklahoma.
- Projects must develop quickly and the allocation will remain valid as long as the project progresses on a schedule that will produce:
  - A bid-based grant offer by May 15<sup>th</sup>, 2009.
  - A locally executed construction contract within 15 days of the grant offer.
  - A Notice to Proceed by June 17, 2009.

## **Review of Internal Controls**

- Internal Controls – not applicable as the State of Oklahoma has no involvement in the direct administration, expenditure or accounting for the ARRA program funding. The State Auditor and Inspector may wish to consider addressing these Direct Recipients through a letter of engagement in order to insure that the transparency and oversight requirements of the ARRA are formally communicated at the State Government level.

## **Reporting Procedures / Dates**

- These grants will include stricter monitoring and reporting requirements. The FAA has advised recipients that additional certifications, special conditions, oversight and reporting requirements that exceed normal criteria will be required. The “expanded Airport Improvement Program” criteria was not available for review at the time of notice on March 18, 2009. At a minimum, it is anticipated that recipients will be required to submit summary reports to the FAA on the completion of 90 days, 180 days, one year, two years and three years from the date of enactment.
- **Anticipated exceptions to normal AIP reporting requirements**
  1. Airports must submit reports to FAA within 90 days, 180 days, 1 year, 2 years and 3 years after the February 17, 2009, date of enactment.
  2. The FAA will collect and compile the reports for submission to Congress. Reports must report on:
    - Jobs created or sustained, including job years created and the total increase in employment since the date of enactment.
    - Actual expenditures by each grant recipient from economic recovery funding, as compared to the level of expenditures that were planned to occur during such as of the date of enactment of the Act.
  3. Airports are also required to submit quarterly reports to FAA that include:
    - *the amount of ER funds received and amount expended;*
    - *Detailed list of all projects funded*
    - *Detailed information on subcontracts by the airport*
- The FAA will collect and compile reports for submission to Congress including:
  - Jobs created or sustained, and the total increase in employment from enactment.
  - Actual expenditures by each grant recipients compared to the level of expenditures that were planned to occur from the date of enactment.
- Also, quarterly reports will be submitted to the FAA to include:
  - Amount of ARRA funds received and the amount expended.
  - List of all projects funded.
  - Details about subcontracts by the airports.

## **Other Issues B – Federal Aviation Administration**

- None recognized at this time.

## **Federal Highway Administration (FHWA)**

### **Funding Opportunity C**

#### **Highway Infrastructure Investment**

- \$27.5 billion available (is reduced by \$840 million in top-of-line set asides).
- This funding is a direct appropriation and will be distributed by formula to states. 30% of the state apportionment must be suballocated within the state by population. 3% is set aside for Transportation Enhancements. Funds must be apportioned within 21 days of enactment and were available beginning March 2, 2009. States must obligate first 50% within 120 days of apportionment. The states are given one year to obligate the remaining 50% of funds.
- Oklahoma's share of the transportation Recovery dollars for Highways and Bridges is currently estimated at \$464,655,225.
  - \$33,670,253 is allocated to the Association of Central Oklahoma Governments (ACOG).
  - \$22,554,897 is allocated to the Indian Nations Council of Governments (INCOG).
  - \$26,000,000 has been directed to the Counties by the Department.
  - \$13,939,657 is set-aside for Transportation Enhancements.

## **Priorities and Evaluation of Funding C – Federal Highway Administration**

### **Highway Infrastructure Investment**

- Highway system projects were selected to be advanced and accelerated from the critically needed improvements encompassed in Department's Eight Year Construction Work Plan or on-going Pavement Preservation Programs. Projects were targeted with full consideration of the ability to complete all engineering activities and get them ready for contract letting quickly. Those with simple or completed environmental processes, no or fully completed right-of-way acquisitions and/or utility relocations and those with engineering requirements that could be expedited were given priority in the sole interest of achieving a heightened state of preparedness and without regard for political subdivision.
- The Department has initiated the process to utilize an estimated \$325 Million in Recovery dollars to let projects to contract culminating with two special Recovery Project bid openings scheduled for March 19<sup>th</sup> and March 24<sup>th</sup> of 2009.
- The regular meeting of the Transportation Commission has been rescheduled for March 30<sup>th</sup>, one week earlier than normal, to consider the award of the resulting contracts in the interest of getting contractors to work as soon as possible and to take full advantage of the height of the coming construction season.
- It is anticipated that additional Recovery Projects will be let to contract during April of 2009 and it is likely that the regular meeting of the Transportation Commission for May will also be rescheduled one week earlier to expedite the award of any resulting ARRA contracts..
- The Department will utilize the funding directed to the Transportation Enhancement Program along with other Recovery funds to initiate a \$26,000,000 program of Americans with Disabilities Act (ADA) accessibility improvements to sidewalks adjacent to the Highway system in towns and small cities outside the metropolitan areas. Projects will be selected in all 8 ODOT Field Divisions as identified by the Field Division Engineers and engineering plans will be developed by the Department. Communities may be requested to fund or participate in any necessary utility adjustments / relocations and their ability to assist may influence project selections. These improvements will assist communities in achieving compliance with the unfunded mandates long presented by the ADA. In addition, this program will enable the Department to provide for maintenance and improvements on the highway facilities where we were previously restricted due to non-compliance issues.

- Based on ARRA related communications with the Association of County Commissioners of Oklahoma (ACCO) beginning in early November of 2008, the Counties have selected and recommended projects that could also be advanced to contract letting quickly. The Department is continuing an open dialog with ACCO and the Commissioners in order to address on-going funding, risk and internal control issues as they arise with the most recent meeting being conducted on March 23, 2009. The final grouping of County ARRA projects is being compiled and let to contract over the months of April, May and June.
- The Department has conducted several coordination meetings with ACOG and INCOG representatives in order to insure all parties have an understanding of the nature and special requirements of ARRA projects and expenditures. Currently, both are reviewing project recommendations presented by their membership and will present the final groupings for approval at their Technical and Policy Committee meetings on Thursday, March 26, 2009. We anticipate that the approved projects then will be forwarded to the Department for further consideration and processing in the near future.

## **Monitoring, Reporting and Compliance Issues C – Federal Highway Administration**

### **Risk Assessment**

- Government Transparency and Oversight is inherent in the ARRA and it is anticipated that these projects will be scrutinized at the highest levels. The Department is prepared to meet all customary and extraordinary reviews, audits and requirements. We will implement additional measures in order to manage the risk associated with this infusion of funding such as accelerated training programs for construction inspectors.
- The Department and FHWA are developing a risk management plan to guide oversight efforts for ARRA funding and projects and it is anticipated to be available in the near future.

### **Review of Internal Controls**

- The Department has a significant system of internal controls in place specific to the utilization of Federal-Aid funding. These controls are regularly tested by both the Federal Highway Administration and the State Auditor and Inspector and will comprise the basis for the monitoring, expenditure and audit of ARRA funding. In addition, a limitation on the utilization of Recovery funding to participate in “soft costs” associated with non-construction Recovery project activities will be imposed for all ARRA recipients and sub-recipients. This action will insure that all Recovery project expenditures are utilized for construction only, are easily monitored, captured and regularly audited and are presented to the Transportation Commission for their full and complete consideration and approval.

### **Reporting**

#### **Certifications**

- **Section 1201 MAINTENANCE OF EFFORT** (Status – Completed)
  - Not later than 30 days after the date of enactment, for each amount that is distributed to a State or agency thereof from an appropriation in this Act for a covered program, the Governor of the State shall certify to the Secretary of Transportation that the State will maintain its effort with regard to State funding for the types of projects that are funded by the appropriation. As part of this certification, the Governor shall submit to the Secretary of Transportation a statement identifying the amount of funds the State planned to expend from State sources as of the date

of enactment of this Act during the period beginning on the date of enactment of this Act through September 30, 2010, for the types of projects that are funded by the appropriation.

- If a State is unable to maintain the level of effort certified pursuant to subsection (a), the State will be prohibited by the Secretary of Transportation from receiving additional limitation pursuant to the redistribution of the limitation on obligations for Federal-aid highway and highway safety construction programs that occurs after August 1 for fiscal year 2011.
- **Section 1511 Transparency and Oversight (Status - Phase I ODOT Projects Completed)**
  - With respect to covered funds made available to State or local governments for infrastructure investments, the Governor, mayor, or other chief executive, as appropriate, shall certify that the infrastructure investment has received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. Such certification shall include a description of the investment, the estimated total cost, and the amount of covered funds to be used, and shall be posted on a website and linked to the website established by section 1526. A State or local agency may not receive infrastructure investment funding from funds made available unless this certification is made and posted.

#### **Periodic Reports**

- The Department will provide the Federal Highway Administration with periodic reports on the use of ARRA funding. The contents of and exact formats of these reports is being established, however the general information to be provided will include:
  - (A) the amount of Federal funds appropriated, allocated, obligated, and outlayed under the appropriation;
  - (B) the number of projects that have been put out to bid under the appropriation and the amount of Federal funds associated with such projects;
  - (C) the number of projects for which contracts have been awarded under the appropriation and the amount of Federal funds associated with such contracts;
  - (D) the number of projects for which work has begun under such contracts and the amount of Federal funds associated with such contracts;
  - (E) the number of projects for which work has been completed under such contracts and the amount of Federal funds associated with such contracts;
  - (F) the number of direct, on-project jobs created or sustained by the Federal funds provided for projects under the appropriation and, to the extent possible, the Department will work with the FHWA to estimate indirect jobs created or sustained in the associated supplying industries, including the number of job-years created and the total increase in employment since the date of enactment;
  - (G) information tracking the actual aggregate expenditures from State sources for projects eligible for funding under the program during the period beginning on the date of enactment through September 30, 2010, as compared to the level of such expenditures that were planned to occur during such period as of the date of enactment.
- The Department anticipates that the timing of reporting to the Federal Highway Administration will begin on March 31, 2009 and continue "as necessary" and not less than once monthly. The first of the periodic reports is required not later than 90 days after the date of enactment and updates are required not later than 180 days, 1 year, 2 years, and 3 years after the date of enactment.

## **Other Issues C – Federal Highway Administration**

- None recognized at this time.

## **Federal Railroad Administration (FRA)**

### **Funding Opportunity D**

#### **High-Speed Rail Corridors and Intercity Passenger Rail**

- \$8.0 billion is available.
- This is a discretionary grant program financed through a direct appropriation. The Secretary of the USDOT must submit a Intercity Passenger Rail "strategic plan" to Congress for the program within 60 days of enactment. The Secretary will issue interim regulations within 120 days of enactment. Projects do not need to be included on a state rail plan. Funds must be obligated by September 30, 2012.

#### **Capital Grants to AMTRAK**

- \$1.3 billion is available.
- **These funds are a direct appropriation to AMTRAK for their exclusive utilization.**
  - \$450 million for capital security grants;
  - \$850 million for capital grants.
  - No funds may be used for operating costs.
  - Not more than 60% of funding may go toward Northeast Corridor projects.

### **Priorities and Evaluation of Funding D – Federal Railroad Administration**

- No further guidance is available at the date of this publication.

## **Federal Transit Administration (FTA)**

### **Funding Opportunity E**

#### **Transit Capital Assistance**

- \$ 6.9 billion is available.
- **Secondary Grant Opportunity** - \$100 million set aside for discretionary grants to reduce energy consumption of public transit systems.
- The remaining available funding is a direct appropriation and will be distributed to states and transit agencies by formula within 21 days of enactment. These funds were apportioned and were available on March 2, 2009. 50% of the funding must be obligated through grants within 180 days of apportionment and the remaining 50% must be obligated within one year of availability.

- Oklahoma's share of the remaining Transit Capital Assistance funding is estimated at \$39,163,565 through the existing Urban and Rural formulas for public transit capital investments. This figure is divided between Rural and Urban Transit Providers.
  - Rural Transit Providers will receive an estimated \$16,923,315.
    - \$2.5 million is reserved for intercity passenger service.
  - Urban area direct recipient providers will receive \$22,240,250.
- Federal Transit Administration (FTA) – Fixed Guideway Infrastructure
  - \$750 million available
  - This funding is a direct appropriation and will be distributed to eligible states and transit agencies by formula within 21 days of enactment and were available on March 2, 2009.. Funds must be apportioned to states and transit agencies within 21 days of enactment. 50% of funds must be obligated within 180 days of apportionment; remaining 50% must be obligated within one year.
  - Oklahoma is not eligible to receive Fixed Guideway Infrastructure funding.
- Federal Transit Administration (FTA) – Capital Investment Grants
  - \$750 million available.
  - This is a discretionary grant program financed through a direct appropriation and will be distributed to transit agencies for approved and existing New Starts and Small Starts projects.

## **Priorities and Evaluation of Funding E – Federal Transit Administration**

### **Transit Capital Assistance**

- Urban Transit Providers are direct recipients of ARRA funding and will control investment strategies, expenditures and reporting. The Section 1511 Certifications will be prepared and transmitted by the Urban Transit Providers.
- Rural Transit Providers will work through the Department in order to replace rolling stock that has depreciated to or beyond the anticipated useable life. These Americans with Disabilities Act (ADA) Accessible vans and buses were identified by the Department and the Transit Operators prior to the passage of the ARRA. A Section 1511 Certification will be prepared and will be submitted on or about March 25, 2009.
  - Bid specifications for the vehicles are being prepared and will be completed before April 1, 2009.

## **Monitoring, Reporting and Compliance Issues E – Federal Transit Administration**

### **Risk Assessment**

- Government Transparency and Oversight is inherent in the ARRA and it is anticipated that these projects will be scrutinized at the highest levels.
- Some risk exists as these grants are awarded directly to the recipient entity / Urban Transit Providers by the FTA and do not require direct oversight of the State of Oklahoma.

### **Review of Internal Controls**

- For Rural Transit Providers, the Department has a significant system of internal controls in place specific to the utilization of Federal-Aid funding. These controls are regularly tested by both the Federal Transit Administration and the State Auditor and Inspector and will comprise the basis for the monitoring, expenditure and audit of ARRA funding. In addition, a limitation on the utilization of Recovery funding to participate in "soft costs" associated

with non-rolling stock acquisitions will be imposed. This action will insure that all Recovery project expenditures are utilized for the purchase of rolling stock only, are easily monitored, captured and regularly audited.

- For Direct Recipients (Urban Transit Providers) - not applicable as the State of Oklahoma has no involvement in the direct administration expenditure or accounting for program funding. The State Auditor and Inspector may wish to consider addressing these Direct Recipients through a letter of engagement in order to insure that the transparency and oversight requirements of the ARRA are formally communicated at the State Government level.

### **Reporting**

- Recipients will be required to report not later than 10 days after the end of each calendar quarter in the standard reporting format. Additional supplemental reporting may be required by the FTA.

### **Other Issues E – Federal Transit Administration**

- None recognized at this time.

### **Funding Opportunity F – Corps of Engineers, Coast Guard**

#### **Miscellaneous Funding**

- The Act includes \$60 Million for the construction of ferry boats and ferry terminal facilities that will be distributed as competitive discretionary grants to States. Projects that can be completed within two years of enactment will receive priority consideration.
- **The U.S. Army Corps of Engineers will receive \$4.6 billion** including Construction (\$2 billion), Operations and Maintenance (\$2.075 billion), Mississippi Rivers and Tributaries (\$375 million), Formerly Utilized Sites Remedial Action Program (\$100 million), Investigations (\$25 million), and Regulatory Program (\$25 million).
- **The U.S. Coast Guard will receive \$240 million** including Bridge Alterations (\$142 million), construction of shore facilities and aids-to-navigation facilities and repair of vessels (\$98 million).