

# WAMPO Sub-allocated Programs Management Procedures

## Introduction

February 2021

### Issue Background

- WAMPO awards approximately \$12 million per year in federal funding to transportation projects across the region. Collectively, these funding programs are called WAMPO funding or WAMPO sub-allocated funding.
- WAMPO's overall planning and programming processes are intended to make sure funds are awarded to the types of projects and programs that are in-line with the outcomes set by the Policy Board as defined in the Metropolitan Transportation Plan (MTP).
- KDOT allows up to 7% of WAMPO's annual funding (up to \$1 million) to carry over to the next year if needed, and this change provides an opportunity for WAMPO to develop a comprehensive approach to fund management.
- This document is intended to clarify WAMPO's funding management procedures. Because this is an on-going program, WAMPO must develop processes and procedures to ensure its managed appropriately, accounting for both changes on both the cost side (e.g., construction materials) and on the funding side (e.g., annual amount)
- This document accounts for de-obligated funding, advance construction, end of year balance, and many other related issues that are part of the larger sub-allocated funding management.

### Highlights

- Allows all WAMPO funded projects to compete for additional funding, if additional need is demonstrated, approximately half way between initial programming and bid letting.
- Accounts for WAMPO's outstanding liability.
- Plans, Specs and Estimates (PSE) to be submitted to KDOT by May (at the latest) of year of obligation

### Project Cost Estimates and WAMPO Funding Awards

Project concepts enter the WAMPO planning and programming processes up to 10 years before they are implemented, beginning with programming the project into the MTP, as noted in the WAMPO Cost Estimated Guidance at the end of this document. As the ideas and concepts move thru project development process, details about the scope of the project emerge and are refined and eventually finalized.

As projects move from ideas to final design, cost estimates can change greatly due to changes in cost of materials and changes in the project scope. As such, project sponsors are provided opportunities to update cost estimates and request additional funding, should the need be demonstrated. The WAMPO funding amount may not be adjusted after the project is obligated, so it is important to monitor cost estimate changes throughout the project development process and update accordingly.

## Procedures:

- With each WAMPO funding cycle (every two years), sponsors with projects already in the TIP may compete for additional funding, in competition with other applications for new funding. Each project that is awarded WAMPO funding will have a total of two opportunities to request funding – at initial programming and again approximately half way between the initial programming and bid letting.
  - WAMPO funding can only be used on the project phase associated with it in the TIP. For capital construction projects, this is usually construction and construction engineering costs.
  - The entirety of the WAMPO funding award is in place during the entirety of the project. If the entirety of the WAMPO funding award is not used during the course of the project, it is released back (“de-obligated”) into WAMPO’s funding program, thus creating a surplus of funding that requires obligation by the end of the current fiscal year. See “Outstanding Liability” section below.
  - The WAMPO funding amount that is programmed in the TIP at the time of obligation is capped, meaning that it cannot be increased after obligation.
  - WAMPO’s commitment is for funding on the year(s) programmed in the TIP and cannot guarantee it will be available either before or after that year. The project development process can take up to three years; KDOT Bureau of Local Projects carries out this process. They have developed a comprehensive process and schedule to ensure the project development complies with applicable federal law. Given the importance of staying on schedule, WAMPO requires the Plans, Specs and Estimates (PSE) to be submitted to the KDOT Project Manager by May 1 of the scheduled year of obligation. Should the PSE be submitted after May 1, WAMPO cannot guarantee the funding and it may be reprogrammed to another eligible project.
  - WAMPO assesses a TIP fee on all WAMPO funded projects. Depending on the year of obligation, the TIP % fee is as agreed upon by the TPB, and is due the month before the start of the federal fiscal year that obligation is expected to take place.

## **Advance Construction (“Split Projects”)**

WAMPO follows the “Advance Construction” or AC approach that was put in place by the Federal Highway Administration (FHWA). This is the amount of funding WAMPO has committed to reimburse to the project sponsor at some point in the future. This approach allows large scale, multi-year projects to move forward without the entirety of the federal funding being in place. WAMPO uses it as a management tool to handle unanticipated increases and decreases in its annual funding amount, adjust project obligation schedules if unanticipated issues arise during project development, and give flexibility in WAMPO’s overall funding program so that we can provide an opportunity for additional funding requests.

Currently, project sponsors that have been certified by KDOT to administer (e.g., bid, and oversee the contractor) their own projects are set up as AC type projects. At this point, City of Wichita and Sedgwick County are the only project sponsors that fall into this category. WAMPO needs to increase the number of projects that are set up as AC to continue to allow this flexibility and cover its outstanding liabilities.

The only difference between AC projects and non-AC projects is that AC projects require the project sponsor to “front” a portion or the entirety of the federal funding portion of the project, and then be reimbursed the federal portion in future programmed years.

## **Outstanding Liability**

WAMPO currently carries “Outstanding Liability.” This represents the amount of funding that WAMPO has committed to previously awarded projects, should it be needed to carry out the project. It results from project bids that come in under the amount programmed in the TIP. After the contract for these projects has been executed, the difference between the amount programmed in the TIP and the contracted amount is released or “de-obligated,” back into

WAMPO's funding account. Should additional funding (e.g., change orders) above the contracted amount be needed during the course of the project, that amount is made available, or "obligated" to the project up to the amount programmed in the TIP. Once the project closes out, WAMPO erases any outstanding liability associated with it.

Procedure: Maintain at least the same amount of AC bank as outstanding liability per funding program per year. This approach would not "take away" funding from any currently funded project, just delay reimbursement to project sponsors.

### **De-Obligated Funds Toolkit**

If none of the outstanding liability is cashed in the funds for each fiscal year will be programmed using the following set of options:

- \$1 million may be rolled over to next fiscal year, if desired
- Existing project cost updates for the current year, if not already obligated
- Advanced construction (split projects)
- Transit and Technology that can be obligated within the same fiscal year
- \*Regionally significant project expenses, if timing will allow – the TAC and TPB can allow this to trump all, if desired

# WAMPO Cost Estimate Guidance

Updated: September 2019

As per federal regulations, the entirety of the project cost (not just the WAMPO funding) must be shown in the MTP and in the TIP.

## **MTP: (5 – 10 years prior to letting)**

- Approved projects with planning level cost estimates based on a local government's experience with similar projects Estimate should take into account the following stages of project development for a capital project.
  - Refinement studies
  - Engineering design plans/preliminary engineering
  - Right of way acquisition
  - Utility relocation
  - Construction & construction engineering
  - Railroad coordination
  - Contingency

## **TIP: Use increasingly more refined cost estimates**

### Initial WAMPO Funding Cycle: (4 years prior to letting)

- First opportunity to request WAMPO funding
- Use an engineer's estimate for costs, that includes all of the items listed above
  - Include all costs in the TIP, both the items covered by WAMPO funding (e.g., participating) and the items not covered by WAMPO funding (e.g., non-participating).

### Carry out refinement study (Optional)

- Opportunity to refine cost estimates based on the preferred scope and design among several alternatives.

### Next WAMPO Funding Cycle (2 years prior to letting)

- Opportunity to adjust amount of WAMPO funding requested with updated cost estimate and scope developed during refinement study, existing conditions assessment, or field check.

### Year of Letting

- Adjust the cost estimate shown in the TIP during regular TIP Amendments at two project development milestones:
  - office check cost estimates
  - final check cost estimate.
- The cost estimate shown in the TIP must be within 25% of the cost estimate completed just prior to obligation or FHWA will not allow KDOT to obligate the federal funding and the project will be delayed.