

## **VI. Funding Reimbursement and Project Closeout**

SHA will reimburse project sponsors for the costs of reimbursable activities up to the award amount specified in the MOU. All additional costs are the responsibility of the project sponsor. For projects involving construction, all approved construction-related activities qualify for reimbursement. For other types of projects, activities that go out to bid, or other activities specified in the MOU, may qualify for reimbursement. SHA will make the final determination of activities eligible for reimbursement. Generally, activities not eligible for reimbursement include

- Activities that are not covered in the MOU,
- Activities not directly related to the execution of the project, and
- Unapproved project changes.

The project sponsor must ensure that at least 20% of the construction costs are paid in cash, in order to meet their cash match requirement. Payment of the contractor is the responsibility of the project sponsor, and project sponsors will be reimbursed for eligible work completed and materials installed. If the construction includes in-kind services, it will be considered soft match. The project sponsor has to confirm in writing that the in-kind services have been provided or performed, and certify the reasonable monetary value.

In the event the District Office provides construction-related services for the project (e.g., construction inspection, materials testing, etc.), either the TEP funding award amount will be reduced by the amount incurred by the District Office equal to the monetary value of the construction-related services or the costs will be billed to the project sponsor depending on the terms of the MOU and/or a separate letter of agreement for services with the SHA District Office.

Project sponsors can be reimbursed for up to 50 percent of the total project costs or 80% of the total construction-related or eligible costs, provided the amount does NOT exceed the approved TEP award. Project sponsors must provide all remaining funds. Their total match must be at least 50 percent of the project costs, and the cash match must be at least 20 percent of the construction-related or other eligible costs.

Project sponsors may begin requesting funding reimbursement from SHA after making the initial payment to the contractor. Unless it is a small project, project sponsors should not wait until the end of the project to request a reimbursement. At a minimum, SHA prefers that

project sponsors request reimbursement on a quarterly basis. Reimbursement requests should be submitted on the official SHA invoice entitled Transportation Enhancement Program Reimbursement Request Invoice, which can be found in Appendix E – Transportation Enhancement Program Forms. Project sponsors should submit invoices to the appropriate SHA District Office project engineer. Each invoice must include documentation of all work completed and proof of payment to all contractors. Copies of the contractor’s bill to the project sponsor and the project sponsor’s cancelled checks or official accounting records that show payment amounts and recipients are preferred. The invoices must include documentation of all project costs that will be used as match. Invoices should contain sufficient documentation of actual expenses of items and tasks.

Unless other arrangements are approved in advance, each invoice should reflect 50 percent of the cumulative project costs, which will ensure that the project sponsors are going to meet their total match requirements. Twenty percent of the total documented match must be cash towards eligible activities. If ALL match requirements have been satisfied, **project sponsors may request up to the match amount, as long as the award amount is not exceeded.** SHA will retain five percent of the TEP award until SHA receives and approves the closeout package. Therefore, project sponsors may not be able to submit a final invoice to request reimbursement for the full award amount until the closeout package is approved.

### **Reimbursement Example**

In the following example, the estimated project cost is \$1,500,000, and the TEP funding award is \$750,000. The table shows the costs documented in each invoice and amount requested for reimbursement per invoice.

**TABLE 8 - Funding Reimbursement Example**

<b>Project Name:</b> Example Project							<b>Totals</b>
<b>Enhancement Award :</b>							<b>\$750,000</b>
<b>Sponsor Matching Requirement:</b>							<b>\$750,000</b>
<b>Sponsor Cash Match Requirement:</b>							<b>\$187,500</b>
Invoice	Date	Total Invoice Amount	Reimbursement Request	Cash Match	Soft Match	Total Match	
1	01/01/2006	440,000.00	220,000.00	70,000.00	150,000.00	220,000.00	
2	03/01/2006	540,000.00	270,000.00	240,000.00	30,000.00	270,000.00	
3	05/01/2006	420,000.00	210,000.00	120,000.00	90,000.00	210,000.00	
Final	07/01/2006	62,500.00	12,500.00	48,000.00	2,000.00	50,000.00	
After Closeout	09/1/2006	37,500.00	37,500.00	0.00	0.00	0.00	
<b>Totals</b>		<b>\$1,500,000</b>	<b>\$750,000</b>	<b>\$487,000</b>	<b>\$272,000</b>	<b>\$750,000</b>	
<b>5% Retainage</b> (to be reimbursed pending Close-out)							<b>\$37,500</b>
<b>Remaining Award</b>							<b>\$0.00</b>
<b>Remaining Match</b>							<b>\$0.00</b>

Project sponsors should keep in mind the following items that were covered earlier:

- Reimbursement cannot exceed 80% of the total construction costs.
- The award amount does not automatically increase, even if the actual project costs exceed the estimated project costs.
- Reimbursement will not exceed the match.
- The award amount will be reduced proportionally if the actual project costs are lower than the estimated project costs. The project sponsor will be provided an opportunity to discuss any award reductions.

SHA should send payment to the project sponsor within 30 days following receipt of each invoice, provided:

- The invoice contains all necessary information for processing,
- No charges are disputed by SHA,
- The payment of the invoice does not cause the award to be exceeded, and
- The invoice does not cause the award amount to exceed the required actual match amount. **Note:** In the event the match is decreased, resulting in the match being less than the award, the award will be reduced to equal the match.

**NOTE:** Prior to the final payment of the award by SHA, the project sponsor must certify the actual amount of the match and that the match has been satisfied.

Project sponsors are expected to complete the project as delineated in the application, the MOU, and approved scope changes, or they could risk jeopardizing TEP funds for the current and future projects.

## Project Closeout

In order to receive the last 5 percent of the reimbursable TEP funds, project sponsors will need to provide documentation to SHA that the project has been completed in accordance with the contract documents, the MOU, any approved change orders, and applicable state and federal regulations. This documentation must be included in a final closeout package along with the project sponsors final reimbursement request for approved project expenses.

Project sponsors must contact the appropriate District Office to find out what documentation will be required for the closeout package, which is likely to include at least the following:

- Summary of project costs and reimbursements to date;
- Invoice requesting reimbursement of any remaining TEP funding, including the 5 percent retainage;
- Any necessary back-up documentation of work completed and/or proof of payment to contractors;
- Any remaining documentation of match;
- Inspection and materials testing reports
- The final, signed American Institute of Architects Documents G702 and Document G703; and
- A certification signed and stamped by the contractor and the project sponsor as follows:

*I/We certify that the subject project was completed in reasonable conformance to the advertised plans and specifications, using materials of equal or greater quality than specified in the advertised documents. I/we also certify to the workmanship of the project and that all advertised activities have been accomplished, unless written approval for modifications have been requested of and received from SHA. As of the date of this certification, any additional work and or maintenance on this project will be the sole responsibility of the project sponsor, or other entity as specified in the Memorandum of Understanding.*

Project sponsors must forward the completed closeout package to the District Office. The District Office will forward the approved package to SHA headquarters for reimbursement.

Upon receipt and approval of the closeout package, SHA will reimburse any remaining funds to the project sponsor within 30 days. SHA will incur no additional responsibility for reimbursement of TEP

funds after the project closeout package has been accepted and processed.