

Pima Association of Governments
2.6% Fund Policy and Guidelines
Adopted: November 21, 2006

Purpose:

Arizona State Transportation Board (ASTB) policies (revised August 15, 2003) section twenty, number four (page 17) establish the 2.6% fund

“It is the policy of the Board to make an additional 2.6% of the highway fund for use in cooperation with MAG and PAG on state routes and highways that are in their region.”

There is no other guidance that controls the use of 2.6% funds. The handling of the fund has taken evolved over time in the form of an unwritten agreement that PAG and the District Engineer program the funds by joint consensus. Ron Casper, as the Tucson District’s Interim District Engineer (12/05 – 5/06), suggested development of a written 2.6% policy so that existing understandings and procedures can be maintained over time regardless of the personnel involved.

2.6% Fund in the PAG Region:

Historically both the MAG and PAG areas received a share of the State Highway fund based on statute plus an additional fund amount provided pursuant to ASTB policy. Original statutes provided a 15 percent share (called 15% funds) of the State Highway Fund (50% of HURF) to MAG and PAG. The ASTB discretionary policy was to distribute an additional allocation of the State Highway Fund to the MAG and PAG areas, called the MAG and PAG special fund. In 1996, changes to State Legislation resulted in a renaming of the 15% funds to 12.6 percent funds. The ASTB adjusted the percentage of the MAG and PAG Special Fund so distribution stayed about the same for each region, resulting in what is now called 2.6% funds. The MAG area combines the 2.6% and 12.6% funds and continues to program them together as 15% funds.

While MAG must use their 15% funds for controlled access State Highways, the PAG region is allowed to use the 12.6% funds for arterial roadways in the region (see A.R.S. 28-6538 for specific 12.6% language). The 2.6% funds, which supplement the 12.6% funds, are derived by ASTB policy and are required to be used on “state routes and highways”.

To program funds in the PAG region, the ADOT District Engineer (DE) annually produces recommendations for the total amount of ADOT discretionary funding available to the region. These recommendations go through the PAG committee process for discussion and approval. PAG coordinates with the DE on how the funding may be used for construction and/or to do studies of existing and proposed state facilities.

Jurisdictions may make suggestions to the DE for funding jurisdictional projects within the ADOT system or to add additional elements to ADOT projects.

Recommended Policies for Programming 2.6% Funds:

The PAG TIP process has been embraced by jurisdictions for development of the TIP and discussion/adoption of the ADOT Discretionary funds for the ADOT 5-yr program. A new process is not needed for programming 2.6% funds.

Proposed Policy Point – *Jurisdictions requesting 2.6% funding should submit that request during the normal TIP process using the TIP Funding Request form by the standing established deadline of October 1st. PAG will forward those forms to the DE for his/her review and possible incorporation into the 5-yr program recommendation. The DE will develop the ADOT 5-yr program recommendation for review at the November TIP meeting. After an open discussion with the TIP committee in November, the DE, in coordination with PAG staff, will revise his/her recommendation as appropriate and present it at the December TIP meeting for regional review/recommendation.*

It may be prudent for the region to implement a policy where 2.6% funding is not programmed more than two years in advance. This will leave 2.6% funds as a viable source for funding studies for which a need has been identified but for which funding would not be available until a new TIP is done, thus most often forcing the study into the 5th year of the program. In addition, 2.6% funds provide some contingency reserve and allow flexibility for the region to address smaller, short-term construction projects that cannot be done with District Minor funding or cover minor increases in construction costs without having to delay other projects.

Proposed Policy Point – *PAG 2.6% funding shouldn't be programmed more than two years in advance.*

Given the limited amount of 2.6% funding available, the region has established a priority system to help ensure a fair and equitable distribution of the funds. (initial priority listed in this draft is to aid in discussion purposes only).

Proposed Policy Point – *Priority for 2.6% funding shall be given to projects that*

- 1. Supplement funding for a jurisdictional project that is located on an ADOT route or highway.***
- 2. Cover a local share contribution to an ADOT project.***
- 3. Fund additional elements in a state project as requested by the region but that were not part of the original ADOT project. The additional elements must be HURF eligible, for example rubberized asphalt.***
- 4. Augment the funding of a state project.***
- 5. Fund a study of a state facility.***

Recommendation:

That PAG and the ADOT Tucson District agree and adopt the following 2.6% fund policies and guidelines.

1. ***PAG 2.6% Funds shall be programmed using the existing TIP process. The steps shall include:***
 - ***Jurisdictions requesting 2.6% funding should submit that request during the normal TIP process using the TIP Funding Request form by the standing established deadline of October 1st.***
 - ***PAG will forward those forms to the DE for his/her review and to be incorporated into the 5-yr plan recommendation as appropriate.***
 - ***The DE will develop the ADOT 5-yr Plan recommendation for review at the November TIP meeting.***
 - ***After an open discussion with the TIP committee in November, the DE, in coordination with PAG staff, will revise his/her recommendation as appropriate and present it at the December TIP meeting for regional review/recommendation.***
2. ***PAG 2.6% funding shouldn't be programmed more than two years in advance.***
3. ***Priority for 2.6% funding shall be given to projects that***
 1. ***Supplement funding for a jurisdictional project that is located on an ADOT route or highway.***
 2. ***Cover a local share contribution to an ADOT project.***
 3. ***Fund additional elements in a state project as requested by the region but that were not part of the original ADOT project. The additional elements must be HURF eligible, for example rubberized asphalt.***
 4. ***Augment the funding of a state project.***
 5. ***Fund a study of a state facility.***

PAG 2.6% HURF FUND DRAWDOWN REQUEST

PART A

(to be completed by the project sponsor)

Project Name: _____
 Project Sponsor: _____
 Project Location: _____
 Project Description: _____

TIP ID:	Sponsor ID:	ADOT TRACS:	FED ID:
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NOTE TO SPONSORS: PAG's 2.6% funds are only made available on a reimbursement basis. Requests for drawdown of funds should be prepared after expenses have been incurred and the funds can be applied quickly. Project costs shown in the following section should be accompanied by adequate documentation.

Estimated Total Project Cost: \$ _____
 Total Expenditures to Date (all fund sources): \$ _____
 Approved 2.6% budget for this project: \$ _____
 Total Previous 2.6% payments: \$ _____
 Amount of this 2.6% request: \$ _____

This payment request is for work performed beginning _____ thru _____.

<p>Current status of project development: (Mark all that apply)</p> <p>Studies are _____ % complete Plans are _____ % complete Right of Way is _____ % complete Utility relocation is _____ % complete Construction is _____ % complete</p>	<p>This payment request is for: (Mark all that apply)</p> <p>_____ In house personnel costs _____ Consultant/Contractor costs _____ Studies/PDAF _____ Plans _____ Right of way _____ Utilities _____ Construction</p>
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Payment should be mailed to:

Name: _____
 Address: _____
 City/State/Zip: _____
 Attention: _____
 Reference invoice or ID number: _____

I certify that the foregoing accurately represents the expenditures and status of the foregoing project as contained in the sponsor's records.

Signature: _____ Date: _____

**PAG 2.6% HURF FUND
DRAWDOWN REQUEST**

TIP ID# _____

Project Name: _____

PART B

(to be completed by PAG)

Yes No

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Funds are available in the current year's program consistent with this request |
| <input type="checkbox"/> | <input type="checkbox"/> | Project funding has been authorized in the amounts requested in the current TIP. |
| <input type="checkbox"/> | <input type="checkbox"/> | Adequate documentation regarding project costs has been provided. |

Approved for PAG by:

Signature: _____ Date: _____

PART C

(To be completed by ADOT)

Approved for ADOT by:

Signature: _____ Date: _____

To the Sponsor:

*Upon completion of **PART A**, please forward this form along with supporting documentation (invoices, payroll summaries, etc.) to:*

Pima Association of Governments
177 North Church St. Suite 405
Tucson AZ 85701
Attn: Transportation Programming Manager
Phone: 520.792.1093 FAX: 520.792.9151