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## **CHAPTER 2: ADVANCED CONSTRUCTION**

### **1. OVERVIEW**

Advanced construction (AC) is used to program project phases that will eventually be reimbursed with federal funds. These are state funds used to finance projects in anticipation of future federal funds. AC funds are authorized with Federal Highway Administration (FHWA) in the same manner as regular federal funds. This will allow the Department to convert the state funds to federal funds and then bill FHWA for accumulated costs.

Projects funded as AC will be converted as needed to facilitate the use of obligating authority and the cash management process. The AC capacity will be restored as conversions occur for approved levels of revolving AC.

#### **District Revolving Advanced Construction – ACRE (ACXX)**

AC funds allocated to the Districts will be managed on a revolving fund basis annually to maximize the obligation of federal aid within all District allocated categories (SA, SU, SL, SN, CM, SE, etc.).

**Beginning in 2011, revolving AC (ACRE) must be programmed for each District allocated federal fund.** This is a change from previously programming all revolving AC for SA funded projects.

A guideline is to program a minimum of 10% of each unconstrained District allocated federal fund with revolving AC if available and reflected on the ACRE Production Accomplishment Report (PAR). In addition all available (unconstrained) federal funds must be fully programmed annually and scheduled before projects are programmed with AC.

#### **Example: District xx**

\$15 Million - Available (unconstrained) Federal SL funds (To be fully programmed and scheduled to be authorized by June 30)

\$1.5 Million - 10% of \$15 Million available SL funds to be programmed and authorized as ACSL

If low bids occur on project phases authorized as SL, the ACSL would be converted to SL to consume OA

As a reminder, no more than two years of a federal fund apportionment (SA, SU, SL, etc.) is to be programmed as ACXX. **This change in direction for revolving AC allocated to the Districts is needed to account for low bids, estimate adjustments, etc. that prevent the full authorization of all federal funds that are available (unconstrained) annually.**

The remaining balance forward of ACSA funds will be reflected on each District's ACRE PAR.

#### **Temporary AC**

Temporary AC for all District allocated federal funds includes any federal fund which is authorized as ACXX that exceeds the available balance on the ACRE PAR. This excludes: NHAC ACNH, BRAC, ACBR, ACEN, IMAC, ACIM, and ACEP. For temporary AC, the following rules apply:

Any use/increase in temporary AC in any year, must be approved in writing by the Office of Work Program (OWP) and the Office of Financial Development (OFD). District ACXX funds that exceed the

District Revolving allocation must have a conversion phase programmed in the current year with the same funds as authorized as AC.

## **2. PROGRAMMING AND BALANCING GUIDELINES**

### **A. Advanced Construction for District Programs**

Revolving ACXX funds are allocated to the Districts, and their use is tracked on the ACRE Production Accomplishment Report (PAR). Revolving ACXX funds may be programmed when project phases are initially added to the program. Conversion phases are not required if there is a zero or positive PAR balance on the ACRE PAR. Districts may not program ACXX funds on projects in excess of the available balances on the ACRE PAR, without the approval of the OWP and OFD.

### **B. Conversion phases are programmed as phase A8, program number 52, allocation type 1, for approved amounts that exceed the ACRE PAR balances.**

### **C. Advanced Construction for District Programs – Payback for Local Advanced Funds (LFR/LFRF/LRSC) and State Infrastructure Bank Funds (SIB)**

If federal funds are programmed in a future year as the payback of local funds (LFR, LFRF or LRSC), then the project must be authorized and approved through the Federal Aid Management Office and FHWA as an Advanced Construction (AC) project. This must be done prior to work being started on the project. AC funds must be programmed in the year of the planned payback as phase A8, program number 39 for LFR/LFRF/LRSC or program number 61-SB for SIB, or program number 78 for Toll Facility Revolving Program, and allocation type 1. The federal funds to be used for the future conversion must be programmed in the same fiscal year as the payback for temporary AC. A conversion phase should not be programmed when ACEP, ACEN, BRAC, ACBR, IMAC, ACIM, ACNH or NHAC is programmed for the payback. A federal-aid number will be assigned authorizing the project as AC. See the Chapter on Local Funds in these Instructions for further information.

### **D. Advanced Construction for Statewide Programs**

Beginning in state fiscal year 2010/2011, the fund codes NHAC, IMAC and BRAC will no longer be used on new projects, nor will fund allocations be issued for these Work Program fund codes. The new fund codes will be ACNH, ACIM and ACBR for the state funds used in the AC program, and NH, IM and BRT for the federal funds. **Initial programming must be done using the ACNH, ACIM or ACBR fund codes.**

P3 projects using the old fund codes in FY2011 and later which already have approved federal authorizations prior to July 1, 2010, will NOT have the old fund codes changed to the new fund codes if expenditures have already been incurred prior to July 1, 2010. If there have been no expenditures prior to July 1, 2010, then the future year authorizations (and encumbrances) will be manually changed to the new fund codes.

AC **will not** be authorized for: BRTZ, HP, HR, and PL. Exceptions will be reviewed on a case by case basis with the Office of Work Program.

Do not program any projects with ACI distribution area.

FM Report 6.21, AC (Advanced Construction) Reports will provide project level detail for all projects programmed with AC and will provide the amount of conversion programmed on the project. The report should be run starting in the earliest year that non-revolving AC is still programmed (not yet converted). Every project must be balanced.

ACXX funds must be programmed on projects to maximize the use of these funds. Any remaining ACXX funds may be programmed in box items with written approval from the Office of Work Program (OWP) and the Office of Financial Development (OFD)