



CHAPTER VI PROGRAM DEVELOPMENT AND FUNDS MANAGEMENT

This chapter describes the requirements for receiving funding from the Federal Highway Trust Fund (the Trust Fund), the decision-making process surrounding the selection of Park Roads and Parkways (PRP) Program projects, and the development and execution of the multiyear and annual programs. Management of the funds, once program and project decisions are made, is explained in section D of this chapter.

A. FUNDS ALLOCATION

1. The Highway Trust Fund

The Trust Fund provides financial support for several transportation improvement programs that serve federally owned lands. These are collectively known as the Federal Lands Highway Program (FLHP). The PRP Program is one of the FLHP programs. For this reason, the PRP Program is authorized through U.S. Department of Transportation (DOT) legislation rather than included in NPS statutes. Many legal requirements for the use of Trust Fund monies are unique and unfamiliar to government budget and finance personnel outside the Department of Transportation. A clear understanding of Trust Fund requirements is necessary for effective operation of the PRP Program. Although the PRP Program is

subject to requirements of the Trust Fund, under federal statute (23 United States Code 204(f) and 315), it is a jointly administered program of the secretaries of the Department of the Interior (DOI) and the Department of Transportation, and thus the administration of the program must be consistent with DOI statutes as well.

Title 23 U.S. Code

Sec. 315. Rules, regulations, and recommendations:

... Except as provided in sections 204(f) and 205(a) of this title, the Secretary (DOT) is authorized to prescribe and promulgate all needful rules and regulations for the carrying out of the provisions of this title.

Sec. 204(f)

All appropriations for the construction and improvement of each class of Federal lands highways shall be administered in conformity with regulations and agreements jointly approved by the Secretary and the Secretary of the appropriate Federal land managing agency.

Trust Fund revenues come from sales taxes on gasoline, diesel fuel, gasohol, and from taxes related to truck use, including vehicles, tires, and trailers, and heavy vehicle use (trucks 55,000 pounds and over gross vehicle weight).

States and some local governments are reimbursed from the Trust Fund for the federal share (normally 80%) of eligible road, bridge, and other improvement projects on designated roads and transportation corridors as part of the Federal-Aid Highway Program. For FLHP programs, the federal share is 100%.

Operational aspects of the PRP Program are often modified by new Trust Fund authorizations, which occur every four to six years. The description of funding in this chapter is consistent with the most recent authorization, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act—A Legacy for Users, or SAFETEA-LU, which provides funds for FY 2005 through FY 2009. Some revision to this document with subsequent reauthorizations should be expected. (See Appendix C for key sections of the relevant law and the latest provisions.)

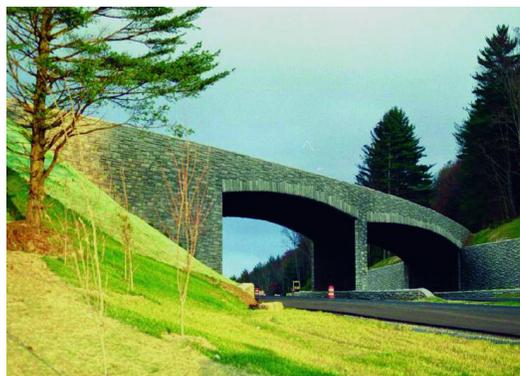
2. Contract and Budget Authority

Budget authority is the empowerment by Congress that allows agencies to incur obligations to spend or lend money. This empowerment is generally in the form of an authorization and a separate appropriation.

In the case of the Trust Fund, Congress makes available contract authority for the various programs (including for the Federal Lands Highway Program) through the multi-year authorizations. Contract authority is a form of budget authority that permits obligations to be made in advance of appropriations.

There are several key differences between contract authority and budget authority that are important to understand. These are as follows:

- a. Contract authority requires one legislative act (an authorization act); budget authority requires two legislative acts (an authorization act and a yearly appropriations act).
- b. Contract authority typically has four years of availability; budget authority usually has one year of availability.
- c. Budgetary control is placed on a contract authority program, which is called obligation limitation.

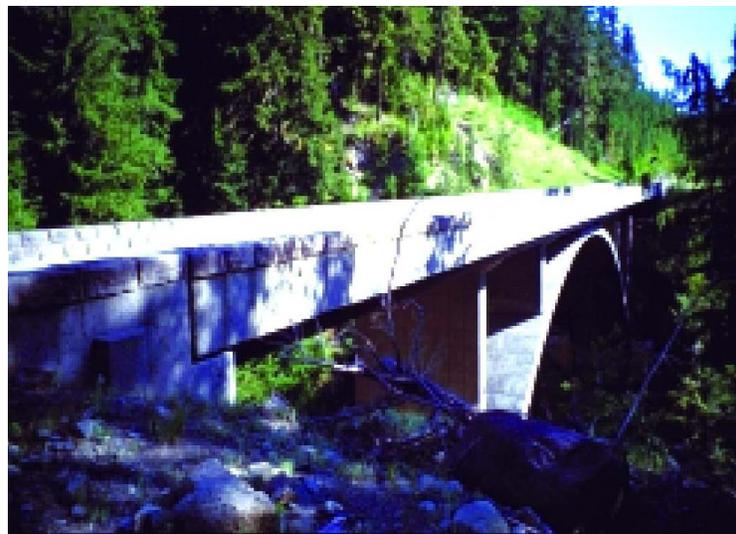


- d. Contract authority and obligation limitation are both required to actually expend funds for any authorized program.

The bottom line is that contract authority does not require a yearly appropriation to start or continue a project in a new fiscal year. However, actual cash from the Treasury cannot be provided for the project until Congress passes an appropriation for the Department of Transportation, which in the case of the Trust Fund establishes an annual obligation (spending) limitation on contract authority. For this reason, the commitment of contract authority is usually limited to a percentage of the total annual authorization at the beginning of each fiscal year if the annual appropriations law has not been enacted.

3. Obligation Limitation

Obligation limitation is a ceiling on the sum of obligations from the Trust Fund within a specified period of time, usually a fiscal year. Obligation ceiling is synonymous with obligation limitation.



Obligation authority is the total annual spending authority and includes the obligation limitation amount plus amounts for programs exempt from limitation. However one looks at it, it is permission to obligate a portion of available contract authority and enables cash payments and reimbursements.

Obligation limits are imposed on the amount of multiyear Trust Fund apportionments and allocations that can be obligated each year to control the highway program expenditures and make spending responsive to current economic and budgetary conditions, Fund revenue forecasts, and the size of the annual deficit. A limitation is placed on the obligation of program funds that can take place within a given fiscal year, regardless of the year in which the funds are authorized.

In a typical fiscal year, the amount of contract authority specified in the authorizing act is more than the obligation limitation imposed by the appropriations act. The FLHP is not allowed to retain this “extra” contract authority. It is transferred to the Federal-Aid Highway Program for use by the states and is no longer available to any of the other FLHP programs. Since 1998, the annual obligation limit has been between 8% and 15% lower than contract authority.

The remaining contract authority is available to the PRP Program and is allocated among the three categories as described in section A.4. It should be noted that any part of this adjusted contract authority that is not expended during that fiscal year is carried over to the next fiscal year. Unused obligation authority cannot be carried over.

To ensure the maximum use of funds, obligation authority is evaluated nationwide for most Trust-Fund-backed programs every July. Any unused authority is redistributed in August to the states that show the ability to use it before the end of the fiscal year. This is called the August Redistribution.¹⁸ Agencies allocated FLHP obligation authority at the beginning of a fiscal year must return any authority that is not expected to be used by the end of the fiscal year. See section D. “Funds Management” for procedures for the August Redistribution.⁶ Under these circumstances, it is very important to develop realistic obligation plans and to monitor actual obligation rates throughout the year to avoid “lapsing” authority.

4. Available Funding

The annual funding provided for the PRP Program follows a specific route through the two agencies (Federal Highway Administration and the National Park Service).

Along the way, the amount is adjusted for a number of congressionally directed purposes, which normally reduce the amount of authority available.¹⁹ For the period of FY05 through FY09, the average annual amount of authorized funding is \$210 million.

The following funding process can be expected for any given fiscal year:²⁰

- a. The FHWA budget office takes the amount authorized for the program and adjusts the amount available by the authorized takedowns and reductions, such as obligation limitations. In some years, Congress also directs funds to be rescinded from the Trust Fund (also known as “rescissions”), and the FHWA budget office will further reduce the PRP Program funds by a pro-rated share of the amount rescinded.
- b. The FHWA budget office allots the resulting amount, plus the prior year’s PRP Program unobligated carryover balance, to the FLH Office.
- c. The FLH Office advises the NPS Washington Office (WASO) of the amount of funds available for obligation. This NPS office then establishes ceilings for program administration and the three PRP Program categories.
- d. Category I funds are distributed based on an allocation formula to NPS regions for road and bridge projects. Categories II and III are distributed by WASO.
- e. If loan/borrow arrangements (see section B.4. “Loan/Borrow Agreements”) were made between regions in the prior fiscal year, the amounts of those loans normally are repaid to the lending region at this time. Each region’s prior year unallocated balance is also returned at this time. The adjusted amounts to be allocated to each region are then posted by WASO on the Park Roads and Parkways Transportation Allocation and Tracking System (PTATS),²¹ formerly known as the Master Budget Sheet (MBS). These allocations then become the balances that each NPS FLHP Coordinator (Coordinator) has to carry out their respective program during that fiscal year.
- f. The park units, regional offices, Federal Lands Highway division (FLH division or division) offices,²² and the NPS Denver Service Center (DSC) then enter their initial funding requests in

the PTATS for administration, preliminary engineering, construction engineering, planning, and construction based upon the agreed-upon program of projects for that fiscal year. Typically, Coordinators enter the requested funds in the PTATS for their parks and regional needs (some regions may choose to have large parks with a history of projects enter their own requests, but this is rare). Each Coordinator then reviews the requests and, if acceptable, approves the amounts to be allocated in the PTATS.

- g. Periodically the Federal Lands Highway Office, in consultation with WASO, schedules a funding allocation. The FLH Office downloads a report from the PTATS of all approved funding amounts and allocates those amounts to the FLH divisions. In a separate allocation, the FLH Office transfers the amount of funds that the Park Service will need to WASO. The NPS Washington budget office then downloads the amount of approved funding, account numbers, etc. from the PTATS and issues a funding advice to each regional budget office and the DSC budget office. This funding advice is an authorization to fund projects.

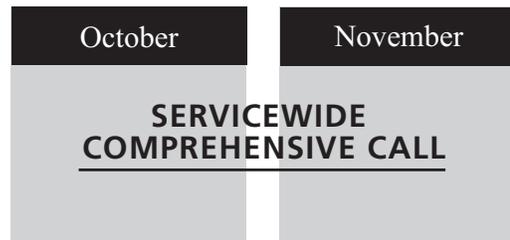
B. PROGRAM DEVELOPMENT

The five-year program of projects is established and managed in several distinct stages. To improve the efficiency and quality of this programming process, the Park Service has developed a number of management information systems. The Project Management Information System (PMIS) is critical to the program development process. It is used to establish an improvement project for funding consideration in all of the agency’s construction (capital) programs.

In 2003 the PRP Program staff created the PTATS as an automated budget implementation tool. The PTATS enables the NPS/PRP Program staff to identify projects formulated for design and construction. The PTATS also allows both agencies to request, approve, and allocate funds to projects at all stages. The key difference between PMIS and PTATS is that PMIS is a project need identification system and budget formulation program. Conversely, PTATS is a system for requesting and approving actual funding allocations, the next step after PMIS. Most importantly, PTATS allows FLH personnel access to project information, which is not permitted by PMIS because of the NPS firewall protection. FLH staff are responsible for managing most PRP projects each year,

making their access to this information critical to the efficient operation of the PRP Program. Finally, PTATS is linked to the Administrative Financial System (AFS), which provides official obligation information via the NPS Federal Financial System (FFS) for each project account established for expenditure by the NPS. It is important to note that most project funds are managed directly by FHWA and never enter AFS or FFS.

Other systems, such as the four management systems discussed in Chapter V, were developed and maintained jointly by the two agencies. They provide important information at key stages of the selection process described in the following section of this chapter.



1. Call for Projects and Project Selection

Transportation projects to be funded under each category of the PRP Program must be nominated through the NPS servicewide comprehensive call (SCC). Typically, this is a park responsibility with assistance from the Coordinator. Proposed projects must be entered and processed through the PMIS. The servicewide call occurs every fiscal year in the fall and concludes with project selections in the spring. PRP projects may or may not be included in each year’s servicewide call. This is because regions will develop multiyear programs based on a single year’s call for projects. It may be two–four years between calls for additional projects, depending on the region’s ability to provide a stable, long-term program of projects based on the prior call and on available funding. Coordinators need to ensure that there are no gaps in delivery of projects.

Project selection for PRP projects is guided by an NPS method called Choosing by Advantages (CBA). The CBA process is described in Appendix G. This method is a decision-making tool that compares the advantages of alternatives and identifies the one with the greatest advantage in terms of several broad factors that reflect the Park Service’s mission and goals:

- protect natural and cultural resources
- improve visitor enjoyment

- provide for visitor and employee safety
- improve the efficiency, reliability, and sustainability of park operations
- provide cost-effective, environmentally responsible, and otherwise beneficial development of the national park system

Projects also must be consistent with the “Eligibility Requirements for Park Roads and Parkways Program Funding,” dated October 18, 2005 (see Appendix D). Projects, or the portions of projects that do not fit within these guidelines, should be screened out by Coordinators during the servicewide call process and redirected to the more appropriate funding source, where the work would be eligible. Developing good project proposals for entry into PMIS is critical for parks to compete successfully and develop a credible program of projects that responds to NPS needs. Parks and regions are strongly encouraged to use engineering and transportation studies and management systems information in the preparation of project proposals. Working with park units²³ to ensure that project needs are accurately represented by high-quality submissions in PMIS is one of the most important duties of the Coordinator. A checklist of information needed for a good, competitive PMIS submittal was adopted in FY 2005 and is included as Appendix X.

Methods of project selection may vary depending on the region and type of project. Coordinators can obtain help from the FLH divisions or the Denver Service Center in several areas, including developing recommendations for nominating or prioritizing candidate projects on a technical basis and preparing cost estimates for projects. The parks will nominate and enter the projects in the PMIS, but the region or WASO is responsible for prioritizing and scheduling candidate projects, depending on the type of project (category of funding).

Instructions by WASO for each servicewide call may establish priorities for funding consideration. The FY07–11 call, for example, required that projects included in the multiyear program have pre- and post-construction Facility Condition Index (FCI) information. This had not previously been requested. Regions also were directed to consider the Asset Priority Index (API) in prioritizing projects. General process guidelines for each category include the following:

- Category I, Resurfacing, Rehabilitation, Restoration (3R), and Reconstruction Projects (4R)**—Regions call for and select projects on an approximately four-year cycle. CBA factors provide a general means of assessing all projects, but 4R projects must use the full CBA rating system and provide the necessary documents. Projects that reduce the backlog of deferred maintenance and/or improve safety will receive priority. To extend the estimated life of asphalt pavements, regions also must include a pavement preservation program as part of each year’s Category I budget.

About 80% of Category I funding is allocated to 3R projects. The division between 3R and 4R spending is the result of an investment strategy analysis that WASO, with FLH Office assistance, undertakes periodically. (See Chapter III.)

An example of best practice in project selection is the process used by the Pacific West Region. In this case, the Coordinator assembles a multidisciplinary panel to ensure the best mix of projects for Category I. Representatives from the region, FLH divisions, and parks meet as a committee to select and prioritize these projects. First, the committee reviews, evaluates, and screens each project in terms of CBA factors and determines if the project meets the eligibility requirements of the PRP Program. If a project does not meet these criteria, the project is dropped from further evaluation. The park submitting a project that was dropped will be



advised of the reason the project was not competitive. Selected projects then are prioritized and organized in to the multiyear program of projects. Regardless of the exact process used, once projects are selected they are summarized and forwarded to the NPS regional director for approval.

b. **Category II, Parkway Completion**—WASO is responsible for Category II and issues calls to the regions for projects on a multiyear cycle. Projects to complete congressionally authorized parkways will be selected by WASO based on CBA criteria, regional recommendations, congressional interest, project scheduling, and availability of funds. The parks, regions, Denver Service Center, and FLH divisions will work together to nominate projects and develop and update a multiyear program of these projects for use by WASO for planning, congressional inquiries, and funding legislation.

c. **Category III, Transportation Management Projects**—Also known as alternative transportation system projects (ATP), Category III provides multiyear program support for general management planning, program staff, and transportation group assistance. Category III also provides funding to ensure multiyear continuity for an annually competitive program called the Alternative Transportation in the Parks and Public Lands (ATPPL) Program. This program was established by the SAFETEA-LU, Section 3021, and codified in Title 49 USC Section 5320. The program provides funding for planning or capital projects in or near any federally owned or managed park, refuge, or recreational area that is open to the general public. Projects are selected to (a) relieve traffic congestion and parking shortages; (b) enhance visitor mobility and accessibility; (c) preserve sensitive natural, cultural, and historic resources; (d) provide improved interpretation, education, and visitor information services; (e) reduce pollution; and (f) improve economic development opportunities for gateway communities.

Projects funded under Category III have ranged from alternative transportation planning studies, Intelligent Transportation System projects, transit and watercraft equipment acquisitions, and



Before (above) and after (below) photos of Painted Desert pullout area.

implementation of a wide range of transit facility improvements.

As with all servicewide programs, WASO approves projects in PMIS. Next, projects are downloaded into PTATS. WASO exercises review and approval authority, including all project modifications.

2. Program Preparation

a. **Category I**—Based on the results of the project prioritization process, the Coordinator, with cooperation from the respective FLH divisions, prepares a draft multiyear program of Category I projects. Each region determines how construction funds for Category I projects will be programmed based on the available funds approved for the region by the PRP Program allocation

formula (see section A.4.) and other funding sources, including Federal-Aid Highway and/or NPS funding available to supplement the PRP Program. The region's program over the multi-year term should reflect that 80% of the Category I funds are programmed for 3R projects. Projects in the later years of a multiyear program need to adjust construction estimates for inflation.

For planning purposes and based on past experience, it can be assumed that about 60% to 65% of the region's fiscal year allocation should be programmed for construction of the projects approved on a given year's project list.²⁴ The remaining funds are programmed for planning, design, compliance, contract modifications, contingencies, program administration, and other activities or costs. The goal is to put as much into the construction program as possible.

Project scheduling decisions should be based primarily on each project's regional priority and then adjusted when the design and compliance work can be completed for obligation. Examples of other factors that may alter this order include one project needing to be completed before another could start or several projects of varying priorities in one park being bundled together to improve construction efficiencies. Another factor is that in each year a region will need a mix of project sizes to fully use the anticipated funding levels. To get a range of project sizes, some lower priority projects may need to be advanced. But be aware, it is understandable that park unit staff can be upset if their high-scoring and high regional priority project is delayed to advance a lower priority project.

Once the schedule is determined, projects are formulated in PMIS (assigned an approved net construction funding amount and a planned year of obligation—see section C.2.). Formulated projects are then added to the PTATS database.

“Move-up” (or “swing”) projects should also be planned, programmed, and coordinated between both agencies to replace projects that may be delayed by unforeseen circumstances past the proposed fiscal year or to maximize obligations and use surplus funds that may become available at the end of a fiscal year. Move-up projects are

projects from a future year of the multiyear program that are advanced ahead of normal schedule. The design of a move-up project must be scheduled to be completed before the fiscal year in which funding for construction has been programmed. This requires commitment of design resources from the 35% of funds reserved for project support costs (nonconstruction).

Changes in the annual program of projects may also occur when the estimate for a previously programmed project exceeds the approved amount. Adjustments can be made within the region's program based on regional priorities, project schedules, and project costs. Alternative programming options also must be considered in years when funding authority is delayed or allocated in small amounts for short periods of time. The latter generally occurs when either the enactment of a federal multiyear authorization is delayed or the annual appropriation is delayed. These are very common occurrences.

At such times, the region has the following several options:

- Increase the program amount for the project if projected needs indicate the increase can be funded within contingency funds available for the current fiscal year;
 - Establish a loan/borrow agreement with another region or WASO to fund the increased need;
 - Request a change to the project's scope of work to meet the available programmed funds;
 - Defer another project to a later fiscal year to make funds available for the increased need; or,
 - Defer the project to a later fiscal year when additional funds can be made available for the increased need.
- b. **Categories II and III**—Once projects are selected nationwide for Categories II and III, WASO coordinates with the regions to determine the amount needed and the fiscal year the projects can be scheduled. The region, park, Denver Service Center, and FLH divisions work closely to coordinate the scope of projects, project limits, funding needs, and project schedules. WASO works with all interested parties to determine the year funds will be made available to the region

within the available funds determined for each category. (See sections “A. Funds Allocation” and “C. Budget Development.”)

All changes to a project’s funding or timing and significant changes in scope are entered in the PTATS by the Coordinator or by WASO in the case of NPS projects.

3. Program Meetings

Annual program meetings are held in each NPS region to discuss, coordinate, and update the multiyear program of construction projects. Program meetings should be attended by the Coordinator; DSC representative(s); FLH division program coordinators; and other key division, park, and regional personnel involved with the PRP Program, depending on the range of projects and the units responsible. This meeting needs to accomplish all of the following objectives:

- Inform each agency on the status of current design and construction projects, discuss delivery schedules, and identify problems and potential funding needs.
- Review and program Category I construction projects recommended from the project selection process.
- Coordinate the proposed Category II and III projects in the PRP Program and other program-related projects included in the line-item or project calls.
- Discuss which agency will perform planning, compliance, design, construction, and contract administration for proposed projects.
- Identify move-up projects for potential obligation at the end of each fiscal year.
- Determine strategies for funding various projects, including alternate funding source applications, loan/borrow agreements, and leveraging their funding sources.
- Recommend and justify proposed changes to the current program of projects.
- Review the financial status as of the end of the prior fiscal year (i.e., carryover balance) and determine potential effect on funding as a result of proposed program changes.
- Discuss preliminary engineering (PE) and construction engineering (CE) budgets on individual projects and within the region to ensure cost-effective program and

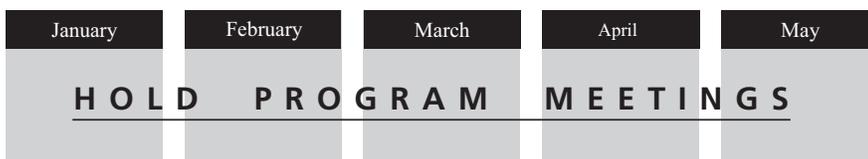
project delivery. (See Chapter VII, “Design and Construction (Project Delivery)” and Chapter II, “Program Goals and Performance.”)

- Identify engineering or other special studies necessary for future program updates.
- Coordinate the submittal of projects for Development Advisory Board (DAB) review.
- Ensure the completion of project agreements (see Appendix M) before requesting engineering funds.
- Discuss future project needs that park units should submit in subsequent budget calls.
- Consider and incorporate proven technology when developing any NPS project. Alternate funding sources may be available for technology applications.

Program meetings should normally be scheduled between January and May, either before or in conjunction with budget meetings. Decisions and recommendations from a program meeting are critical to plan budgets for current and future fiscal years. Program meetings should be documented in meeting minutes, which include a decision register for resolved items and an action register for unresolved items.

After the program meeting, the NPS Regional Coordinator and FLH division staff will resolve any differences with management and jointly prepare the finalized program of projects. Programs will not exceed available funds for each fiscal year, unless prior coordination and approval has been received for loan/borrow arrangements. The multiyear program of projects within a region will include the following:

- priority lists of Category I, II, and III projects and the proposed fiscal year for construction
- a list of projects that are ready before their scheduled construction fiscal year and that could be move-up projects should other projects be delayed or surplus funds become available
- an estimated budget by fiscal year of all projects and major activities (preliminary and construction engineering, construction, etc.) funded by the PRP Program for each year of the multiyear program and within the estimated allocation to the region—This budget may be the same budget described in section “C. Budget Development.”
- recommendations and justifications of proposed program changes to a previously approved program of projects
 - documentation that policy direction (project agreements, spending targets, etc.) has been followed for all projects in the proposed fiscal year



- DAB schedule for review of all current and future programmed construction projects subject to this requirement (See Chapter VII for description.)

4. Loan/Borrow Agreements

The intent of the loan/borrow agreement is to provide program flexibility to NPS regions to plan and use available funds and, on a servicewide basis, to maximize the use of available funds within a fiscal year. A loan/borrow agreement allows a region to either lend or borrow funds from another region or the WASO under an agreement that requires the amount to be reimbursed within an agreed upon time period (normally one year). For example, a region may have the design completed for a project, but funds are not sufficient for construction. The region may borrow the needed funds to construct the project under a loan/borrow agreement that requires the region to pay back the lending region in the following fiscal year. Similar arrangements can be made with WASO for loan/borrow of Category II and III funds.

Generally, Coordinators manage the loan/borrow agreement between regions with WASO support and concurrence. The agreement is used as the official document to describe the terms and conditions of the loan/borrow arrangement. Each NPS regional director or designee signs the agreement. Copies of the executed loan/borrow agreement will be distributed to the lending region, borrowing region, WASO, the FLH division, and the FLH Office. A sample loan/borrow agreement appears in Appendix H.

The following requirements apply to the loan/ borrow agreement:

- Funds are designated as either 3R or 4R Category I funds.
- Loan/borrow agreements should be entered into with caution when the current program authorization is set to expire because there is the uncertainty of funding.
- Repayment of the loan/borrow is the first order of business by the FLH Office and WASO upon allotment of PRP Program funds, according to the terms of the agreement, to the lending region at the beginning of a new fiscal year. Both the loan and the repayment will be tracked on the PTATS on the “Regional Ceiling by Category” table. WASO will make entries on the PTATS after receipt of signed agreements.
- The loan/borrow agreement does not imply banking funds (carryover). Loan/borrow agreements are used to maximize obligations for the overall PRP Program.

5. Program Approval

The finalized multiyear program for Category I and a cover memo signed by each NPS regional director will be submitted to the Associate Director for Park Planning, Facilities and Lands with copies to the Denver Service Center and the region’s respective FLH division. For Category I, unless rejected specifically by WASO, the submitted program is considered approved at that time.

6. Program Priority Adjustments

Adjustments in each category of projects may be necessary as a result of funding shortfalls, emergencies, and changes in projects encountered within a fiscal year. Any of these issues may require altering program priorities to advance, add, or delay one or more projects in a fiscal year.

Changes in NPS regional priorities for Category I projects are determined solely by the region, as long as changes are within the regional budget and maximize proposed obligations. Changes to the regional program of projects are coordinated with, and forwarded to, WASO along with required documentation for concurrence and incorporation into Categories II and III. (See section B.3. “Program Preparation.”)

C. BUDGET DEVELOPMENT

The multiyear program is used to identify funding needs for a four- to five-year period. Budget development includes the preparation, review, and approval of budgets from various NPS and FLH offices to establish a program of projects on an annual and multiyear basis. The goal of the program of projects is to maximize the use of available funds and to meet national performance goals and objectives.

1. Budget Elements

An annual budget is prepared for all expenditures planned for a given fiscal year. The budget should be comprehensive and used to program and track all PRP Program expenditures at the parks, regions, Denver Service Center, WASO, and FLH Office and divisions. There are five work activities that account for all spending:

- **Planning (PL)**—Planning is the process of identifying, planning, and preparing an approved program of transportation projects for design and construction. Planning (PL) includes transportation planning at the park unit and project levels,

engineering and safety studies, transportation planning studies, and the development of the four management systems (safety, pavement condition, bridge condition, safety management, and congestion management).

- b. **Project Development (PE)**—This stage is also referred to as preliminary engineering and includes all work necessary to take a project from an approved proposal (within an approved multiyear program of projects) to a completed set of contract documents (plans, specifications, and estimates, or PS&Es) ready for funds obligation and contract solicitation/award. This includes environmental compliance, survey, mapping, subsurface investigation, preliminary and final design, drainage design, erosion control, traffic control, right-of-way and utility coordination, landscaping design, specifications, estimates, consultant contract administration, consultant contracts, construction contract solicitation, bid evaluation, and contract award.
- c. **Construction Engineering (CE)**—All work necessary to oversee the construction of the contract from award of contract to the completion of the project is categorized as construction engineering. Contract administration, construction inspection, materials testing, and design assistance during construction necessary to ensure contractor conformance with the construction contract are included in construction engineering. Compliance monitoring associated with an approved environmental work plan (EWP) may also be included. (See Appendix Q.)



- d. **Administration (AD)**—This activity is necessary to coordinate the PRP Program in both agencies and at all levels. Administration includes developing and approving the program of projects, managing regional and national funds, and providing necessary program guidance.
- e. **Construction (CN)**—Construction is the actual improvement of park transportation infrastructure, typically accomplished through the award of a construction contract. Construction work that is not part of a primary construction contract, such as revegetation performed by park crews and also considered construction, must also be included in annual budget. For the FLH divisions, this work may also include utility relocation costs, PRP Program payments to states for construction work, or other activities. Funds for this latter type of work come directly from the net construction amount available for the project but, because they are not part of a construction contract and they can be accessed before or after a contract is awarded, they must be tracked separately.

PL, CE, and PE activities are generally termed project support and account for most of the funds not allocated to construction of specific projects in a given fiscal year.

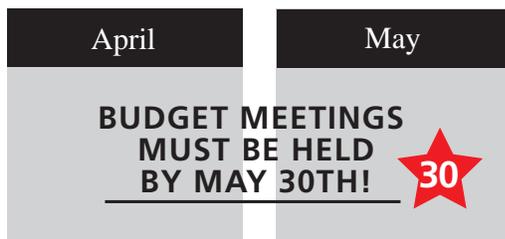
2. Budget Preparation

Project, regional, and national budgets are prepared using the PTATS database. All planned obligations for a given fiscal year must be entered into this database. When projects in the PMIS are regionally approved and formulated for one of the PRP Program fund sources, projects are automatically entered into the PTATS database. If a project is not formulated in PMIS, it will not appear in the PTATS database and funding cannot be allotted to that project.²⁵

Once a project has appeared in the PTATS, funds may be requested for any of the five work activities listed in the prior subsection. Parks, the Denver Service Center, and the FLH divisions can make requests for funds at any time during the fiscal year. Regional Coordinators will approve or disapprove requests for Category I projects/funds. (Because Category I is a regionally managed program, the region's approval is the final action required unless WASO formally disapproves the action.) For Category II and III projects, regions first approve all fund requests, and then WASO must approve the requests before funds will be allocated. Coordinators should typically respond to fund requests within one week. In the event that fund

requests are not approved or concurred with, it is incumbent upon project managers to negotiate an acceptable resolution with the Coordinators. Neither Coordinators nor the WASO can change fund requests unilaterally; only the organization that enters the data can adjust the fund requests.

All obligations are summed against the regional allocation for Category I and WASO allocations for Categories II and III. WASO and the regions input these amounts in to PTATS based on available funding. (See section A.4. “Available Funding.”) The sum of approved requests cannot exceed the funds allocated.



3. Budget Meetings

By the end of May each year, the NPS region and FLH division staffs will meet to discuss and resolve the proposed regional PRP Program budget. This meeting will normally include the Coordinator and FLH division programs coordination staff. These meetings can easily be conducted by telephone. The budget meeting serves the following purposes.

- a. Review information in PTATS—As stated above, PTATS will include all proposed spending on a given project for all entities involved, including the park, region, Denver Service Center, and the FLH division.
- b. Incorporate or request any program revision recommendations from the program meetings in the proposed budget.
- c. Identify any problems (estimates too high, too low, missing, etc.) with the proposed budgets.
- d. Provide recommendations necessary to establish the regional budget within the programmed funds.
- e. Identify needed or surplus funds for loan/ borrow arrangements with other regions.
- f. Provide budget recommendations for any proposed changes to Category II and III projects.

Budget meetings should be scheduled after or in conjunction with program meetings. Budget/ program meetings should be documented in meeting minutes and include a decision register for resolved items and an action register for unresolved items. Adjustments to PTATS entries will be made by the requesting office.

Budgets cannot exceed available allocations in each fiscal year unless prior coordination and approval has been received for loan/borrow arrangements. The budget for the current year program of projects within a region will include sections detailing the following:

- a. All proposed PRP Program activities for Category I by project and fiscal year, including obligations to date and estimates per activity per each year over the life of the project—The PTATS will be used as the budget for the proposed fiscal year.
- b. All proposed engineering or other special studies necessary for future program updates.
- c. All activities that are not specific to a project or special study (salaries, travel, and other expenses for FLHP Coordinator, etc.) within a region and that are paid from the PRP Program.
- d. Proposed loan/borrow agreements to support funds over the regional allotment.
- e. All proposed activities for Category II and III projects, including obligations to date and estimates per activity for each year over the life of the project. This information should highlight revisions based on recommendations for proposed program changes.

4. Current Fiscal Year Budget Approval

For any number of reasons, the approval process varies by region and is affected by national issues and legislation. The process, however, will include certain activities as described below.

Once funds are approved (as described above), WASO issues funding advice to regional and DSC budget officers. Project-specific account numbers must first be created and entered into PTATS as provided by regional budget offices before a funding advice can be generated for a project. The account number also must be entered into the NPS Federal Financial System (FFS). This is typically done by the regional budget staff or, for some large parks, by the field budget staff. If the account is not in FFS, the interface with PTATS will not work properly. It is important to keep NPS regional and DSC budget offices well informed regarding any changes in approved funding lev-

els. Budget offices must either establish account numbers or modify the amount available for one that is already established.

The PRP Program engineer at the FLH Office issues fund allocations (by state) to each FLH division commensurate with the approvals for FLH work recorded in the PTATS. The Program and Planning offices in the three FLH divisions then ensure that account numbers are established for charging approved costs within the divisions.

For Categories II and III, the account number mechanics are the same but the final approval resides with WASO. Funds are allocated and account numbers are assigned only after the Coordinator concurs with a funding request and the WASO program manager approves the request.

Because the PTATS is a “real time” system (requests and approvals are instantaneous), and project budgets are rarely static, budget requests and adjustments occur routinely throughout the fiscal year. Coordinators are responsible for ensuring that budgets are within fiscal guidelines and should not approve requests where delivery costs are excessive.

5. Beginning the New Fiscal Year

NPS and FLH project managers should have project-specific budgets prepared by September 1st of the preceding year for the next fiscal year’s operations. Ideally, this information can be entered into the PTATS future budget section for the next fiscal year. This should be done with some caution, however. At midnight on September 30th, all information in the next fiscal year of the PTATS rolls into a request for funding for the current fiscal year. If there are insufficient funds at the beginning of the fiscal year to approve all funding requests, these requests will have to be changed. Thus, it is best to keep these project budgets separate from the PTATS until regional fund allocations are established.

As described in section A, financial transactions at the beginning of a fiscal year are often complicated by pending appropriations/ authorizing legislation. Frequently, the



Federal Highway Administration cannot issue the majority of funds until the U.S. Department of Transportation appropriation is passed and interpretive guidance has been issued. This often generates a situation where new contract awards cannot be executed and only enough funds to continue basic operations are available. As a result, regional allocations from WASO may be small early in the year and fund approvals will need to be tailored accordingly.

D. FUNDS MANAGEMENT

Funds management involves the timely coordination, monitoring, and management of available funding resources and execution of programmed budgets within a fiscal year. Effective funds management ensures financial accountability, maximum use of available funds, and cost-effective improvements to park unit transportation infrastructure and program credibility. Seven major activities are involved in doing the job well.

1. Point of Obligation

To use funds within a fiscal year, funds must be obligated. Funds can be obligated in two ways: (1) through cash expenditure or (2) by committing the federal government to pay for services rendered, normally through a contract, agreement, or other legal document or transaction. To be credited as an obligation, the accounting systems (FFS, AFS3 and DELPHI) within the agencies must recognize the funds as obligated. Total obligations are equal to funds expended plus funds committed. The unobligated balance is the difference between the funds allocated to a project or activity and total obligations.

For FLHP funds (including the PRP Program and Public Lands Highway Program Discretionary funds), the 1998 Transportation Equity Act for the 21st Century (TEA-21) changed the point of obligation for construction and engineering services contracts from contract award to approval of plans, specifications, and estimates (PS&Es). Award of a contract is not required to obligate funds. (Note: this only applies to contract work, not work performed by agency staff.) This differs from other appropriated funds (budget authority) where contract award is the typical point when funds are obligated by an agency. As of February 2007, however, the NPS budget office did not have the ability to recognize two points of obligation in the financial system; until this is remedied, only the FLH Office recognizes approval of PS&E as fund obligation.

For professional service projects administered by the Federal Highway Administration, the funds are authorized

and obligated when a Statement of Work has been approved by an authorized official. For construction contracts, the funds are obligated when the PS&E for a project is approved. PS&E approval requires that all elements required for construction of the project are in place: (1) funding is available, (2) environmental compliance has been completed (Record of Decision, Finding of No Significant Impact, or categorical exclusion has been executed), (3) necessary right-of-way is acquired (a rare occasion for a PRP project), and (4) permits for construction have been obtained. PS&Es may be approved for obligation conditionally on a case-by-case basis as long as items (1), (2), and (3) have been met.

The project description and conditions and the amount of the authorization is documented and included as part of the project or contract files. The PTATS is updated to reflect these events. For the FLH divisions, the division engineer is the approving official for obligation, but the authority may be delegated. The FLH Office has determined that alternate funding sources supplementing a PRP project may also be obligated under the point of obligation if PRP Program funds are the predominant funding type (greater than 50% of the contract).²⁶

For planning, engineering, and construction performed by federal agencies' staff, funds are not subject to the FHWA defined point of obligation and cannot be obligated before the work is performed. Expenditures are obligated as work progresses.

2. Multiple Fund Sources

PRP projects can be supplemented with funds from other NPS, federal, state, local, or even private sources.²⁷ Transfer and use of these funds trigger a number of requirements that need to be understood for the transactions to be efficient and legal.

Where the work is being administered by the Park Service, the PRP Program funds will be transferred by the FLH Office to the agency; any additional funds to be applied to the project can be administered by establishing appropriate accounts for those sources. In instances where the project is being administered by one of the FLH divisions, any supplementing funds must be provided to the FLH Office. This occurs in one of two ways:

- Preferably, funds may be “transferred” by requesting that the appropriate regional NPS budget office process a transfer request through the Washington budget office to activate a request to the U. S. Treasury Department to make the transfer (form 1151). Generally, this is the

way NPS-appropriated fund sources, such as Repair/Rehab, are made available to the FLH division.

- Alternatively, and particularly where NPS funds are obtained through receipts (donations, fees, etc.), use of the funds by a FLH division requires a reimbursable agreement (typically an interagency agreement or “IA”). Funds are obtained by the Federal Highway Administration billing the Park Service. Such agreements are an official government contract and require involvement by a warranted NPS contracting officer. Once the agreement is finalized, the Federal Highway Administration will establish a reimbursable account to which their costs are charged. As the obligations occur, “cash” is obtained from the Park Service via electronic billing (called IPAC or Intergovernmental Payment and Accounting)—a responsibility that is managed between the two agencies' financial offices. This process is complicated, and additional time must be planned to finalize the agreements.

In the case of NPS receipt accounts, this process is required because if the income is transferred, the NPS systems will lose track that they were received, which adversely impacts reporting and distribution of funds. Many receipt funds in the Park Service have legislated formulas that require proportional distribution of income based on the percentage of total income by unit.

In administering multisource-funded projects, it is critical to understand that neither “transfers” nor reimbursable agreements are legally obligating documents.

Furthermore, executing either one does not change a fund's original attributes. For example, PRP Program funds are available for obligation for a period of four years, but repair/rehab funds must be obligated within two years. ONPS funds (Operation of the National Park System) must be obligated by September 30th; if they aren't, they expire—even if they are transferred to the Federal Lands Highways.

A reimbursable agreement between two federal agencies only serves to authorize the other to execute the formal obligation on behalf of one of the agencies; in other words, it serves only as a “commitment.” Because the NPS financial system (FFS) does not accommodate commitment accounting, it is posted as though it were an obligation, but legally, it is not. The funds are officially obligated only when the receiving agency (Federal Lands Highway) completes their obligating document, which they must do within the same timeframe that would be required of the source agency.

Because funding transfers or exchanges of all types are time-consuming, early planning and coordination are necessary to ensure that the contract awards can be made on the anticipated schedule or are obligated within the programmed fiscal year. Whenever requesting funds from a source other than the PRP Program, it is important to remember to include all the costs associated with the project, including design and construction administration. Finally, funding must be formally authorized (i.e., funds must be transferred or a reimbursable agreement must be completed) by the agency before issuing a solicitation for consultant services or construction.

NPS and DOT funding sources that are relevant to the PRP Program are described in Chapter III. The following information is a summary of the most commonly used sources and their administrative requirements.

None of the following types of transactions are currently tracked in the PTATS, but modules are planned or under development to do so in the future.

- a. **NPS Appropriated Funding Sources (Examples: Repair/Rehabilitation and Line-item Programs)**—When NPS-appropriated funding sources are used and the project is administered by the Federal Lands Highways, an administrative fee may be added to the project amount. This fee has varied from 1.5% to 4% of project funds and should be included as a separate line item on any project agreement. Because the authorized use of funds varies by source, you should coordinate with the source agency’s budget office to ensure that proper procedures are followed to address FLH administrative costs.
- b. **NPS Federal Lands Recreation Enhancement Act (FLREA) Program**—Because they are a receipt fund, FLREA funds can not be transferred among agencies. Therefore, a reimbursable agreement (IA) is required to authorize the FLH division to perform work. The agreement should detail the scope of work, payment schedules, and whether and how much in administrative costs (described under a.), in addition to the project costs, are to be authorized. The latter is typically addressed in boilerplate language.
- c. **Federal DOT Funding Sources at 100% Federal Share**—Federal funding sources, such as Emergency Relief for Federally Owned Roads (ERFO) and Public Lands Highway Program Discretionary funding, that do not require a

matching share can be transferred between the Park Service and FLH division similar to the standard process for transferring PRP Program funds. Because the fund’s attributes remain, any eligibility requirements associated with the fund source must also be met.

- d. **Federal DOT Funding Sources Requiring State or Local Matching Share and State or Local Aid**—For projects where the federal agency (such as the Park Service) will receive Federal-Aid Highway and/or state or local matching funds, the transfer of funds to the federal agency must be consistent with 23 USC 132 (see Appendix C). Section 132 was revised in SAFETEA-LU to make direct transfers of funds from states to the Park Service and other federal agencies possible. Many states and local governments have their own administrative requirements that make such transfers difficult regardless of federal law. In these cases, the appropriate means of transfer will be through the Federal Highway Administration because of its long-standing agreements with each state.

In all cases, an agreement is required to be executed between the Park Service and the state agency (and any other involved agency, such as the Federal Highway Administration) documenting the scope, work responsibilities of each party, budget and schedule for the project, billing or electronic transfer information, and any designated accounting information. (See Jim Evans in the NPS Washington Office [202-513-7021], who is a trained interagency agreement specialist and has developed forms for some of these instances.)

- e. **NPS-Appropriated Funds for a State or Local Project**—The Park Service has no legal authority to transfer agency funds to a state, county, or local government except where specific grant authority is authorized. Standing grant authority tends to be specific to certain types of NPS funds (those whose main purpose is to assist states), and this authority is also authorized for most work falling under the auspices of the Alaska National Interest Lands Conservation Act. There are other exceptions, but they should be confirmed with the appropriate NPS regional or Washington Budget Office before execution. Unless specific grant authority exists, NPS-

appropriated funds to be used by state and local governments must be executed via a contract document (typically a cooperative agreement). The implementing organization (vendor) ultimately gets their cash by billing the Park Service as work is completed—similar to an interagency agreement process. Where the funding constitutes only a portion of the project, NPS funds must at least be executed by a contract document even if the other funds (such as FHWA funds) can be transferred directly to the states.

- f. **Private Funding Sources**—Policies on accepting private funding vary with each federal agency. The Federal Highway Administration, for example, has no authority to accept funding from private sources. If private funds are considered for use on an FHWA-administered project, arrangements for reimbursement or transfer of those funds should be evaluated on a case-by-case basis.

It is extremely important to note that if any contract includes government funds—no matter how small—federal contracting requirements (such as Davis-Bacon wage rates) apply, even if the private party (or state/local government) is doing the contracting.

- g. **Miscellaneous Sources**—Technology funds that are available through the Federal Highway Administration cannot be transferred to the National Park Service. If the Park Service is responsible for carrying out this type of activity, funding must be obtained via a reimbursable agreement process.
- h. **Unused Funds**—All funds, regardless of source, may be used only for the purpose intended, and surplus funds remaining must be returned to the original source promptly after completion of the project and project fiscal records are closed. Unused funds that are formally “transferred” are returned to the source agency by initiating a transfer in reverse; funds that are authorized via a reimbursable agreement are released for other uses by deobligating them in the process of closing the fiscal records.

3. Program Monitoring

It is the responsibility of the FLH Office and WASO to track and monitor the allocations and obligations on a ser-

vicewide level, including the Category II and III programs. At the same time, the NPS regions and FLH divisions are required to track and monitor their own obligations and expenditures at the regional level, including the allocations and obligations of each office, project, and work activity. This on-going review includes the following:

- a. Review of all current accounts to determine if funds are sufficient for the remainder of the current fiscal year.
- b. Review of contract accounts for completed projects to determine if any surplus funds can be released for redistribution and re-obligation.
- c. Identification of any new or changed needs.
- d. Ensure that necessary project agreements have been prepared to obtain new funding.
- e. Ensure that applicable projects have been through the Design Advisory Board (DAB) process.

As modifications are identified, funds are reallocated in PTATS as necessary between the NPS region and FLH division to fund the changes. The Regional Coordinator is responsible for determining the appropriateness of funds requested in excess of authorized amounts. Changes to the regional program exceeding 5% require concurrence by the WASO Program Manager. (See PTATS Operations Manual in Appendix F.)

4. Project Fund Monitoring and Modifications

Many situations will require the unanticipated expenditure of funds within a fiscal year, including high bids, contract modifications, additional design or compliance work, awarding options and schedules on contracted work, or emergency needs. For these reasons, WASO maintains a small contingency fund for the PRP Program at the beginning of the fiscal year. As the year progresses, these funds are committed to projects and eligible PRP Program activities. However, regions are responsible for unanticipated expenses within their allocation of funds for Category I projects.

The home page of the PTATS shows the balance between the Category I regional allocation and the fiscal year’s budgeted activities. This balance is the amount of funds available at any given time for the region. Funds may be augmented or depleted based on fiscal year activities. Positive balances that add to the funds are usually the result of low bids, unearned incentive payments to con-

tractors, or contract modifications that reduce contract funding. Negative balances are normally the result of poor budgeting or the unanticipated changes described above. Prior year activity that affects the current year's budget is another reality and must be accounted for in PTATS. Funds that augment the current year's budget are entered as a construction deobligation. Prior year activities that create a current year liability are entered the same way another obligation is entered.

Generally in July (near the fiscal year end), the region will evaluate the amount remaining in the region's allocation and will reallocate the funds to support "move-up" or "swing" projects and contract modifications through the end of the fiscal year. Funds may also be used for eligible emergency projects at the discretion of the regional director. The following criteria will apply to the management of regional funds.

- a. Funds may be used for only those activities eligible for FLHP funding as set out in the "Eligibility Requirements for Park Roads and Parkways Program Funding," dated October 18, 2005 and provided in Appendix D of this document.
- b. The region controls any allotment of funds including those established at the FLH divisions. All funds are tracked and monitored by both the NPS region and the FLH division.
- c. Funds may not be used for work outside the original scope of the project (see Chapter VII, section B.1. "Project Scoping and Agreement") as determined by the project agreement.
- d. For construction and A/E (architectural and/or engineering) contract modifications, NPS regions or the FLH division (or Denver Service Center for projects they administer) will respond within five business days of receipt of a request to avoid delays that may affect a contractor's progress and, ultimately, may result in delay costs. WASO reviews and approves all contract modifications that are estimated to result in a 5% increase in net construction costs over the life of the project.
- e. Upon allocation of funds, the region, park, Denver Service Center, and FLH division will ensure that the funds are promptly obligated (within three months or the end of a fiscal year, whichever is shorter).
- f. If the funds requested exceed the actual amount needed, remaining funds will be returned as soon as practical to the regional allocation.
- g. When a region, park, Denver Service Center, or the FLH division releases funds (engineering or construction) from a completed Category I proj-

ect, the region determines how these funds are reprogrammed.

- h. The bottom line is that if a region cannot use all funds, the funds should be made available to another region under a loan/borrow agreement.

When funds are required to accommodate a necessary, but unanticipated, change in a fiscal year (i.e., an emergency request that may or may not qualify for ERFO [Emergency Relief for Federally Owned Roads] funds), but the regional balance is insufficient to fund the change, the region has the following options to consider:

- a. Surplus funds from another Category I project can be reassigned within the FLH division or NPS region for another approved activity.
- b. A Category I project can be dropped from the current fiscal year program to fund the proposed change. The dropped project is bumped to the next fiscal year. This may create a ripple effect on each year of the multiyear program, requiring a project of similar amount to be bumped in each fiscal year.
- c. Funds can be borrowed from another region or WASO through a loan/borrow arrangement. Because the funds must be paid back (usually the next fiscal year), this creates the same ripple effect as in the item above. However, this approach may benefit the PRP Program as a whole if it helps another region obligate funds that it otherwise would not have.

WASO is responsible for addressing any changes in fund requirements for Category II and III projects (and any special program funds). The criteria for management of these events are similar to those for Category I funds, including the end of fiscal year review and reallocation.

For Category II and III, both the NPS region and FLH division will contact their respective headquarters offices to request any changes. Although these programs are nationally managed, the NPS region or FLH division will typically initiate a change request. WASO will determine whether the request will be funded. If additional funds are needed, the WASO has the following options:

- a. The FLH division or NPS region may be able to release funds from a prior year Category II or III contract and request that the FLH Office and/or WASO forward the funds to either the NPS region or FLH division if agreed between the two agencies.
- b. Surplus funds from another Category II or III project can be reallocated within the FLH divi-

sion or NPS region if agreed between the two agencies.

- c. The funds can be taken from the WASO contingency fund if available and agreed between the two agencies.
- d. A project can be dropped from the fiscal year program to make funds available for the proposed change.

Depending on the decision, the NPS region and/or FLH division staff changes the PTATS database for WASO and FLH Office review. If funds are available, an allocation providing the requested funds will be made by the headquarters offices. Fund requests and adjustments may be provided at any time of the year as the need or urgency for funds arises.

5. August Redistribution

Every year in July, the FHWA budget office asks for an evaluation of obligation limitation for all Highway Trust Fund programs. The objective is to redistribute authority to ensure the maximum use of funds, as required by SAFETEA-LU, Section 1102(d), Redistribution of Unused Obligation Authority. Federal agencies allocated FLHP funds (or certain other Title 23 funds) must return any contract authority and obligation limitation that is not expected to be used by the end of the fiscal year. This is referred to as the “August Redistribution.”



Each FLH division and NPS regional office must coordinate closely, reexamine all current active accounts, and reevaluate the amount of funds needed (obligations) for the remainder of the current fiscal year. WASO and the FLH Office will work together to reevaluate the needs on a servicewide basis to maximize obligations and return any projected unused contract authority and obligation limitation. For the August Redistribution, the NPS region and FLH division should use the following procedures:

- a. The Regional Coordinator works closely with the parks, Denver Service Center, and other NPS offices to evaluate fiscal year needs, determine the projected unobligated balance, and identify projects or activities for possible year-end funding.
- b. The FLH division evaluates fiscal year needs, determines the projected unobligated balance,

and identifies projects or activities for possible year-end funding.

- c. The NPS region and FLH division work together to determine which move-up projects and other activities can or cannot be funded. Unobligated balances will be evaluated to determine how to maximize obligations within the program.
- d. The NPS region and FLH division work together to identify any loan/borrow arrangements to either release or obtain more funds to fund possible activities or to maximize the use of any unobligated balance.
- e. The NPS region and FLH division update PTATS to determine needed funds or any unobligated balance and submit the information to WASO.

The NPS region should report the following to WASO: (1) total anticipated obligations through the end of the fiscal year for all Category I, II, and III projects; (2) anticipated carryover balance to the next fiscal year for Category I projects; and (3) proposed changes to balance and redistribute funds between the region and FLH division for all Category I, II, and III projects. Carryover balances returned at this time will be returned to the regions without penalty in the next fiscal year.

WASO will summarize all anticipated obligations and carryover balances of all PRP Program funds and submit the information to the FLH Office. All projected unobligated balances from the Park Service and FLH divisions will be reported to the FHWA budget office by the FLH Office at the beginning of August. In some years, there will be an additional redistribution process.

6. Fiscal Year Closure

At the end of the fiscal year, NPS and FLH staff must again coordinate closely to redistribute the remaining unobligated funds and reallocate funds as necessary to balance and obligate the maximum amount of funds possible. The following summarizes the process for fiscal year closure.

- a. The NPS region and FLH division work closely and with the parks, Denver Service Center, and other NPS offices to finalize fiscal year needs, determine the unobligated balance, and return any balance to WASO. In many years, several iterations of this activity are necessary. Regions need to have move-up projects available or secure loan/borrow agreements with other regions to minimize any unobligated balance. Coordinators need to work closely with NPS

budget offices to determine unobligated account balances.

- b. WASO finalizes the needs for all itemized activities per project for the Washington Office, region, and the park and submits that to the FLH Office.
- c. The goal of this process is to obligate all available funds. Any remaining unobligated balance from the Park Service and FLH divisions is returned to the FHWA budget office by the FLH Office.

If a region ends a fiscal year with an unobligated balance, this may cause WASO to apply a penalty to the region in the next fiscal year. Unobligated balances at fiscal year end negatively affect the PRP Program's funding level in the subsequent fiscal year.

7. Reporting Requirements

To report back to FLH Office on the PRP Program, the NPS Washington budget office prepares a Standard Form (SF) 133, Expenditure Report. This form is prepared quarterly for the first three quarters of the fiscal year, then monthly. The FHWA budget office uses the SF-133 to track obligations and expenditures throughout the fiscal year. At the end of the fiscal year, the SF-133 is used to resolve unobligated balances and carryover calculations.

¹⁸ Typically, the obligation limit applies to the whole highway program funded by the Highway Trust Fund (certain programs are exempted in the law). However, when the Park Service receives special funding through a program known as High Priority Projects, the obligation limit can be specific to a project and in this case does not lapse.

¹⁹ In addition to obligation limitation, there are fund rescissions and other potential adjustments. Since 2000, a mechanism called Revenue Aligned Budget Authority (or RABA) has been in place that can adjust the funding available up or down depending on how much actual revenues from prior years differ from those estimated in the applicable authorizing act. In FY 2007, this resulted in an increase of PRP Program funds of approximately \$3 million.

²⁰ This process was intended to occur once at the beginning of a fiscal year, but more typically, the U.S. Department of Transportation will operate under one or more continuing resolutions each year. Under these circumstances, contract authority and obligation limitation will be available in increments, which will be distributed in the manner described in items a through g.

²¹ The PTATS database currently resides on a site administered by the database development contractor. In the future, the database will be accessible through the NPS Intranet. The current location is <www.dtec.com/flhp>. See Appendix F for the PTATS Operating Manual.

²² There are three divisions: Eastern, Central and Western.

²³ Park or park unit refers to the about 390 national park system properties, such as national parks, seashores, monuments, trails, historic sites, battlefields, etc.

²⁴ Funds for construction, construction management, and post-construction monitoring that may be required are often referred to as "net construction."

²⁵ The PMIS includes only information for projects with start and stop dates. A number of supporting activities funded through the PRP Program do not have start and stop dates. Examples include many administrative costs and certain program management items such as general planning of management systems. Effective FY06, these costs are directly input into PTATS by FLH Office staff and NPS WASO staff.

²⁶ As of February 2007, if these supplementary sources are NPS-appropriated funds or revenues, the NPS fiscal system will not recognize the funds as obligated unless there is an executed contract or approved expenditure. See discussion in following section, "Multiple Fund Sources."

²⁷ It is important to verify with the relevant budget office that the mixing of sources is appropriate, particularly if the use of multiple sources has not previously been documented in proposed scopes of work.

²⁸ To understand the type of the agreement that is needed and its scope, see [Director's Order 20](#).