

## MPO Agreement & Invoicing Process Frequently Asked Questions

This FAQ was adapted from questions submitted by FDOT and MPO staff as of 01/11/2016.

The intention of this FAQ is to provide guidance in the implementation of the MPO Agreement & Invoicing Process. The changes described in these questions will be effective July 1, 2016 with the 2016/17-2017/18 UPWP. Therefore, Districts and MPOs will need to make preparations accordingly.

For additional information or for general questions not addressed here, please contact Sean Santalla at [Sean.Santalla@dot.state.fl.us](mailto:Sean.Santalla@dot.state.fl.us).

### FAQ Topics (hyperlinks)

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Section 4: Indirect Cost Reimbursement

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### Section 1: Unified Planning Work Program (UPWP)

#### **Is an Estimated Budget Detail and Cost Analysis required for each task in the UPWP? Is it expected that this information be included in the adopted UPWP or available as background information?**

An Estimated Budget Detail and Cost Analysis are required to be included on each task in the adopted UPWP. This information must be incorporated into the individual task sheets as adopted, rather than made available as background information.

#### **Can you use multiple FHWA sources on a single Task?**

Yes, provided the funding sources used on the task are eligible for the activities making up the task (see Section 3: Cost Eligibility for more information).

#### **Will there be separate STP and PL forms for each tasks? There is currently a budget for each task, but not each individual funding contract.**

All FHWA funds, including PL and STP funds, being provided to the MPO for metropolitan planning purposes will be administered by one individual MPO Agreement. As such, there does not need to be separate Estimated Budget Details and Cost Analyses for the funding sources. All

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FHWA fund sources on each task should be reflected on that task's Estimated Budget Detail and Cost Analysis.

### **Will FDOT be providing the same level of detail for the FDOT work tasks in the UPWP which also receive federal funding?**

As per 23 CFR §420.111, MPOs are encouraged to include cost estimates for transportation planning related activities funded with other federal, state, or local funds taking place in the MPO area (and MPOs in TMAs are required to do so). To reduce any confusion regarding the funding amount going to the MPO for the tasks in the UPWP, MPOs should include this information in an appendix to the UPWP rather than as a task, and this information does not need to include an estimated budget detail.

### **UPWPs may include tasks and subtasks (for example, Systems Planning may be a task with Public Transportation Planning as one of several subtasks). Does an Estimated Budget Detail & Cost Analysis need to be performed for the subtasks, or only the task?**

All tasks or subtasks that include a task budget table must be supported by an Estimated Budget Detail and Cost Analysis in order to reflect the supporting detail for the costs listed in the task budget table.

### **How many tasks must be included in the UPWP? What expectations are there regarding the level of detail for UPWP tasks, including GPC tasks?**

There are no expectations or prescription regarding the number of tasks within the UPWP or any specific level of detail in the UPWP as a result of the new changes; the tasks simply must continue to be described at a level of detail enough to satisfy the federal requirements. As discussed in the training, each task must include within it an estimated budget detail and cost analysis reflecting the budget categories discussed in the UPWP Requirements training. The line items provided within each budget category must be detailed enough to enable the MPO Liaison to determine their necessity, allowability, and reasonableness.

### **216.3475 F.S. makes specific reference to the state funding allocation by department under the General Appropriation Act. This section applies exclusively for state funds, not federal funds. Thus, reference is not appropriate.**

216.3475, F.S. requires a detailed budget and cost analysis for all agreements entered into by state agencies which are awarded on a noncompetitive basis, including MPO awards.

### **CFO Memorandum No. 2 (2012-2013) requires that agreements funded by federal and/or state financial assistance include "specified criteria that will be used to determine the recipient/subrecipient's successful performance". What criteria is going to be specified in the MPO Agreement, and who will determine successful performance?**

As coordinated with and agreed to by both FDOT and Florida Department of Financial Services, the criteria for successful performance will be the completion of the tasks in the UPWP, as

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documented by the progress report that will be submitted with each invoice. The MPO Liaison, in their review of the invoice and progress report, will determine successful performance.

### **What is a “soft match”, and what federal programs does FDOT choose to “soft match”? How should “soft match” be represented in the UPWP?**

As per Part IV, Chapter 2 of the Department’s Work Program Instructions, “Section 120 of Title 23, U.S.C., permits a state to use certain toll revenue expenditures as a credit toward the non-federal matching share of all programs authorized by Title 23, (with the exception of Emergency Relief Programs) and for transit programs authorized by Chapter 53 of Title 49, U.S.C. This is in essence a ‘soft-match’ provision that allows the federal share to be increased up to 100% to the extent credits are available.

Effective July 1, 2011, all Federal Highway Administration (FHWA) funded highway programs except for the emergency relief program will be ‘soft matched.’... Each eligible federal-aid project that will be soft-matched will be funded at 100% federal-aid up to the funds available.”

In order to best reduce confusion as reimbursements are processed, MPOs should only include their “soft match” amount as both a narrative in the Introduction section of the UPWP and in the Summary Budget Tables. “Soft match” should **not** be reflected in the UPWP task budget tables or the Estimated Budget Details.

### **In order for the Budget Detail and Cost Analysis to reconcile with the total UPWP dollars, all funds, including FTA monies, need to be part of the task budget tables and Estimated Budget Details. Why is the recommended process only applicable to FHWA tasks?**

That’s correct, all federal and matching funds, both FHWA and FTA, must be included in the UPWP task budget tables and Estimated Budget Detail tables. However, FHWA and FTA funds are considered separate grant programs and administered via separate processes and with separate agreements. As a result, the changes to the invoicing process and the during-the-award monitoring are only applicable to the FHWA funds, which are administered via the MPO Agreement.

### **Are separate tasks required for the FHWA and FTA matches?**

No. The soft match that is being used to match the FHWA program funds in the UPWP should be described in the introduction and the summary budget tables, as discussed earlier. The “hard” (cash) match that is being utilized on FTA-funded tasks should be included on each applicable FTA-funded task.

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**Consultant contracts usually include several employees at varying rates, and the consultant submits an invoice for all services provided under their contract with the MPO. How should this be represented in the Estimated Budget Detail?**

The Estimated Budget Detail simply needs to include a line item for consultant services being budgeted for the task. There is no need to include line item details for the various consultant employees working on the individual tasks.

## Section 2: UPWP Amendments & Modifications

**What are the UPWP amendment thresholds and how are these changing under the new process?**

A UPWP amendment is required for revisions that:

- Change the approved FHWA budget for the UPWP; and/or
- Change the scope of FHWA work task(s); and/or
- Add or delete a work task(s)

There are no changes to the UPWP amendment *thresholds* themselves; simply the applicability. Previously, an amendment was required for changes to the approved PL budget, but not to changes to other FHWA programs, such as STP; now, an amendment is required for a change to the approved FHWA budget.

**What are the approval requirements for UPWP amendments? For UPWP modifications?**

Amendments must be approved by FHWA. The MPO shall submit the amendment using the UPWP Revision Form to the MPO Liaison for their review, who then submits to both FDOT Central Office and FHWA with a recommendation for approval, or denial. FHWA then reviews and approves or denies the amendment.

Approval is not required for UPWP modifications. UPWP modifications must be submitted using the UPWP Revision Form to the MPO Liaison, FDOT Central Office, and FHWA for advisement.

**What documentation is required for UPWP amendments? For UPWP modifications?**

Both UPWP amendments and modifications shall include:

- Revised UPWP Task Sheets, including Estimated Budget Details and Cost Analyses (Original & Proposed)
- Revised UPWP Summary Budget Tables (Original & Proposed)

In addition, UPWP amendments must include a Resolution and/or meeting minutes indicating the MPO's approval of the amendment.

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**Will an amendment be required if funds are shifted between existing tasks in the UPWP without changing the scope of the task(s) or the total FHWA-funded budget of the UPWP? What about shifts between budget categories?**

Provided the shifts in funds do not result in a change to the scope of any existing tasks, do not result in addition or deletion of a task, and do not change the approved FHWA-funded budget of the UPWP, then shifts of funds between tasks or between budget categories can occur by modification. These changes must be submitted with the documentation required for all UPWP modifications.

**If costs change during the term of the contact, such as an underestimation of travel needed for a task, an employee receiving a raise, or a change in utility rates, will this require changing the Estimated Budget Details on every Task? Is such a change a UPWP amendment or modification?**

Such a change will likely result in either an amendment or modification, both of which require the submittal of new Estimated Budget Details and Cost Analyses for all affected tasks. If the changes do not affect the overall FHWA-funded budget of the UPWP, do not change the scope of any FHWA work task(s), and do not result in addition or deletion of a work task(s), then these changes can be accomplished by a modification. Otherwise, an amendment would be required.

**MPO's often utilize a GPC task in the UPWP without complete detail about activities that will be pursued. Will issuing task orders and the identification of end products require a UPWP amendment or modification?**

If the task work order and end products are not within the scope or budget of an existing UPWP task, then an amendment will need to be performed.

**UPWP budgets and scopes are often refined during the consultant selection process to allow flexibility in accepting proposals with innovative ideas. Would such a change require a UPWP amendment or modification?**

If there is a change to the scope of an FHWA work task or a change to the FHWA-funded budget of the UPWP, then an amendment will be required.

### Section 3: Cost Eligibility & Allowable Costs

**What resources are available to assist MPO Liaisons and MPOs in determining eligible activities for various programs?**

Both the Department's Work Program Instructions (Part IV, Chapter 1) and Title 23 of the US Code contain instructions on what types of activities are eligible for each federal-aid program.

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### If the MPO is utilizing STP funding, what activities are these funds eligible for?

If the MPO staff are working on Surface Transportation Planning Program activities (23 USC §133(b)(10)) – activities that support 23 USC 134, and STP funds are identified in the UPWP or the approved STIP to support these activities then STP funds can be used to support the staff salaries when they are working on those selected activities. The details of the task would need to be thoroughly documented in either the UPWP and/or a Task Scope of Services which outlines which activities will be paid utilizing PL funds and which with STP unless documented in the STIP.

### What resources are available to assist MPO Liaisons and MPOs in determining allowable and unallowable costs?

MPO Liaisons and MPOs should refer to both 2 CFR §200 Subpart E – Cost Principles and the State of Florida Department of Financial Service’s Reference Guide for State Expenditures for guidance on allowable and unallowable costs. The stricter of the two shall apply.

## Section 4: Indirect Cost Reimbursement

### How are “indirect costs” defined?

2 CFR §200.56 defines indirect costs as “those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.”

Examples of indirect costs would include expenses such as postage, printing, office supplies, office space lease, and utility costs – generally, costs that are not readily assignable to specific tasks in the UPWP.

### What options are available to MPOs wishing to be reimbursed for indirect costs?

MPOs have four options available to them for the reimbursement of indirect costs:

- Reimbursement at a Federally Approved Indirect Cost Rate
  - This option requires that the MPO submit a federally approved indirect cost rate agreement, approved by the federal cognizant agency to their MPO Liaison.
- Reimbursement at a rate of 10%
  - 10% is the de Minimis rate established in 2 CFR §200.414(f). Reimbursement at this rate is subject to certain requirements.
- Reimbursement at any other indirect cost rate
  - Reimbursement at an indirect cost rate that does not come from a Federally Approved Indirect Cost rate or the 10% de Minimis must come from an Indirect Cost Allocation Plan developed in accordance with 2 CFR §200 Appendix 7. This ICAP must be included as an appendix to the UPWP.
- Reimbursement for actual costs incurred

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- If an MPO chooses not to use an indirect cost rate, then these costs would be reimbursed as actual costs incurred.

MPOs need to be clear with their MPO Liaison which option they choose to use.

### Who is the MPO's federal cognizant agency?

Hosted MPOs should use the federal cognizant agency for their host agency.

For independent MPOs that receive the majority of their funding from FDOT as a pass-through from FHWA, 2 CFR §200.331 states that the pass-through entity is the sub-recipients cognizant agency; therefore, FDOT is the cognizant agency.

### Is there a preference between budgeting for all administrative/overhead expenses as direct expenses on one task versus using an indirect cost rate to spread these costs over all Tasks?

FDOT has no preference on if the MPO should choose to budget for all administrative/overhead costs as direct expenses or utilize a federally-approved indirect rate, if available.

### Are there some costs that should be budgeted for in an administration/overhead task, and others that should be subject to an indirect cost rate?

See previous question for a definition of indirect costs. The indirect cost rate agreement and plan should provide a listing of the costs that were used to make up the indirect cost rate. Any additional expenses beyond those categories should be charged as direct expenses and budgeted as such.

### If the MPO utilizes a federally-approved indirect cost rate and includes it as an appendix to the UPWP, isn't it redundant to provide the level of detail depicted on the Estimated Budget Table?

If the MPO is utilizing an indirect cost rate (including the 10% de Minimis), then the Estimated Budget Detail would still need to include direct expenses, such as salaries, consultant services, and travel, along with the indirect expenses as generated by the indirect rate.

### What schedule are indirect cost rates approved/effective on?

The federally-approved indirect cost rate agreement should include the timeframe that the indirect cost rate is effective for.

### What is the threshold for an indirect rate that would require approval?

Any indirect rate amounts above the 10% de minimis must be federally negotiated and approved.

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### Where does the 10% de minimis come from?

2 CFR §200.414(f) establishes 10% as the de minimis indirect rate available for all non-federal entities that have never received a negotiated indirect cost rate.

### For MPOs that want to use the 10% de minimis, is there a process for analysis and certification of direct costs?

No, these MPOs must simply submit a 10% De Minimis Indirect Rate Certification, which will be available from FDOT.

### How will it work if an MPO is charged for services by an entity or by several entities which incorporate their indirect costs into an actual cost to the MPO?

These types of costs would be considered direct expenses to the MPO, likely as part of the consultant expenses.

### Can you provide an example of a federally approved indirect cost rate agreement?

Yes, an example can be found here:

<https://www.dol.gov/oasam/boc/costdeterminationguide/app2.pdf>

## Section 5: MPO Agreement

### Which current agreements must be included in the MPO Agreement?

All FHWA-funded agreements with MPOs for transportation planning purposes must be included in the MPO Agreement. Any agreements for purposes outside of planning will not be included in the MPO Agreement, and will be administered through a separate program.

### When will the MPO Agreement be made available for MPOs to review and take steps towards execution?

We are optimistic that the MPO Agreement will be made available to MPOs in mid-January of 2016.

### Will Central Office be providing a standardized form to be used to terminate the existing agreements? When will this be provided?

Yes, Central Office General Counsel is preparing standard language to be used to amend the existing agreements to expire on June 30, 2016. This should be available in mid-January.

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### How should unexpended FHWA funds from the prior year, which are on expiring agreements, be represented in the UPWP?

Any unexpended funds which are for multi-year projects that span multiple UPWPs should be included in the UPWP tasks, listed for the appropriate fiscal year.

### How will funds be transferred from one agreement to the next so as to ensure that these funds are available on July 1st and there is no stoppage of work?

As a point of clarification, Metropolitan Planning (PL) funds will continue to be closed out using the existing process.

Central Office is developing a process by which unexpended non-PL FHWA program funds can be unencumbered from the existing agreements and re-encumbered to the MPO Agreement, to ensure that there is no interruption in these funds.

### When must the new MPO Agreement be executed? When must the existing agreements be expired?

The new MPO Agreement will be effective July 1, 2016, and must be executed prior to that date. It is recommended that MPOs execute the agreement at the time of adoption of the UPWP.

The existing agreements must be closed out effective June 30, 2016. It is recommended that MPOs execute the amendment to do so at the time of adoption of the UPWP.

## Section 6: Invoicing

**Coming soon!**

## Section 7: Grant Management

### How is the MPO Agreement aligned to the UPWP? To UPWP amendments and modifications?

The UPWP acts as the scope of services for the MPO Agreement and shall be uploaded to FACTS as such. Any amendments or modifications to the UPWP should be uploaded to FACTS to ensure that the documents are in alignment.

### Would just the revised tasks & Estimated Budget Details be uploaded to FACTS, or all of them?

Only the documentation submitted as part of the package submittal for the UPWP amendment or modification needs to be uploaded to FACTS.

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Section 8: During-the-Award Monitoring

**Coming soon!**

Section 9: Miscellaneous

**Coming soon!**