**Exhibit 5-M SAMPLE SCENARIOS – PRO RATA VS. LUMP SUM AGREEMENTS**

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|  | **Pro Rata Agreement**  **(Maximum Reimbursement Rate: 88.53%)** | **Regulation/Policy Basis** |
| **Initial authorization** | **Project A: Construction Phase ; Fully funded at maximum**  Total project cost: $1,000,0001 Federal funds: $885,300  Pro rata Federal share: **88.53%** | 23CFR 630.106(f)(1) |
| **Adjustment at**  **contract award** | ***Scenario 1*** *– Reduced Cost:*  Revised total project cost: $900,0001 Adjusted federal funds: $796,770  Pro rata Federal share: **88.53%** | 23 CFR 630.106(f)(2) |
| **Post-award**  **Adjustments prior to final invoice (for CCOs. Etc)** | ***Scenario 1*** *– Reduced Cost:*  Revised total project cost: $800,0001  Adjusted federal funds: $708,240  Pro Rata Federal share: **88.53%**  ***Scenario 1*** *– Increased Cost:*  Revised total project cost: $1,050,0001  Adjusted federal funds: $929,565  Pro Rata Federal share: **88.53%** | 23CFR 630.110(b) |
| **Adjustment at**  **contract award (interpreted as within 90-days)** | ***Scenario 2*** *– Increased Cost:*  Revised total project cost: $1,200,0001  Adjusted federal funds: $985,3002  Pro Rata Federal share: **82.11%**2 ***(After award adjustment, reimbursement not to exceed this percentage)*** | 23 CFR 630.106(f)(2) |
| **Post-award**  **adjustments prior to final invoice (for CCOs. Etc)** | ***Scenario 2*** *– Reduced Cost:*  Revised total project cost: $1,100,0001  Adjusted federal funds: $903,191  Pro Rata Federal share: **82.11%**  ***Scenario 2*** *– Increased Cost:*  Revised total project cost: $1,250,0001  Adjusted federal funds: $1,026,354  Pro Rata Federal share: **82.11%** | 23CFR 630.110(b) |
| **Final Invoice/Voucher** | *No upward adjustment of federal funds will be allowed* |  |

**Notes**

1. Dollar figure chosen arbitrarily, solely for the purpose of illustrating sample adjustments that could be allowable.
2. Dollar figure chosen arbitrarily for illustration purposes. In this example, MPO/RTPA has allowed obligation of an additional 100,000 of Federal Funds as result of high bids. An amount up to the maximum Pro Rata may be added provided that MPO/RTPA adds adequate funding to the project (in which case, post-award adjustments would be similar to those shown under Scenario 1). A Local Agency may also choose to utilize Advance Construction (AC) if Federal funds are not currently available for the increased cost but are anticipated to become available in the future (potentially allowing the project to be fully funded).

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|  | **Lump Sum Agreement**  **(Maximum reimbursement rate: 88.53%)** | **Regulation/Policy Basis** |
| **Initial authorization** | **Project B: Construction Phase; Underfunded**  Total project cost: $1,000,0003  Federal funds: $750,0003  Lump Sum Federal share: **$750,000**  Effective reimbursement: 75% (<88.53%) | 23CFR 630.106(f)(1) |
| **Adjustment at**  **contract award** | ***Scenario 1*** *– Reduced Cost:*  Revised total project cost: $900,0003  Adjusted federal funds: $750,000  Lump Sum Federal share: **$750,000**  Effective Reimbursement: 83.33% (< 88.53%) | 23 CFR 630.106(f)(2) |
| **Post-award**  **Adjustments prior to**  **final invoice (for CCOs. Etc)** | ***Scenario 1A*** *– Reduced Cost:*  Revised total project cost: $800,0003  Adjusted federal funds: $708,240 (vs $750,000)  Lump Sum Federal share: **$708,240**  Effective Reimbursement: 88.53% (= 88.53%)  ***Scenario 1B*** *– Increased Cost:*  Revised total project cost: $1,050,0003 (additional $150,000  of approved CCOs)  Adjusted federal funds: $882,795 ($750,000 plus  $150,000x88.53%)  Lump Sum Federal share: **$882,795**  Effective Reimbursement: 84.07% (< 88.53%) | 23CFR 630.110(b),  FHWA Memo HCFM-10(HCF-2-12-002) This memorandum allows adjustment of lump-sum projects to cover additional costs associated with approved change orders, not to exceed maximum legal share. |
| **Adjustment at**  **contract award**  **(interpreted as within 90-days)** | ***Scenario 2*** *– Increased Cost:*  Revised total project cost: $1,200,0003  Adjusted Federal funds: $950,0004  Lump sum federal share: **$950,000**  Effective reimbursement: 79.17% (<88.53%) | 23 CFR 630.106(f)(2) |
| **Post-award**  **Adjustments prior to final invoice (for CCOs. Etc)** | ***Scenario 2A*** *– Reduced Cost:*  Revised total project cost: $1,100,0003  Adjusted federal funds: $950,000  Lump sum federal share: **$950,000**  Effective Reimbursement: 86.36% (< 88.53%)  ***Scenario 2B*** *– Increased Cost:*  Revised total project cost: $1,250,0003 (additional $50,000 of approved CCOs)  Revised Federal funds: $994,265 ($950,000 plus  $50,000x88.53%)  Lump sum federal share: **$994,265**  Effective reimbursement: 79.54% (<88.53%) | 23CFR 630.110(b),  FHWA Memo HCFM-10(HCF-2-12-002) This memorandum allows adjustment of lump-sum projects to cover additional costs associated with approved change orders, not to exceed maximum legal share. |
| **Final Invoice/Voucher** | *No upward adjustment of federal funds will be allowed* |  |

**Notes**

1. Dollar figure chosen arbitrarily, solely for the purpose of illustrating sample adjustments that could be allowable.
2. Dollar figure chosen arbitrarily for illustration purposes. In this example, MPO/RTPA has allowed obligation of an additional $200,000 of Federal Funds as result of high bids. The Lump Sum share may be increased such that the resulting effective reimbursement rate is up to the maximum Pro Rata, provided that MPO/RTPA adds adequate funding to the project. A Local Agency may also choose to utilize Advance Construction (AC) if Federal funds are not currently available but are anticipated to become available in the future (potentially allowing the project to be fully funded).