

Transportation Advisory Board

of the Metropolitan Council of the Twin Cities

TO: Transportation Advisory Board
FROM: Kevin Roggenbuck, Transportation Coordinator
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RE: Local Project and TIP Management Issues.

The TAC, TAB and MN/DOT work together on several processes to manage the development and delivery of local projects in the TIP. Some tasks have a formal process guided by federal rules, others tasks are done behind the scenes as part of implementing a regional policy.

Attached is a list of six program management issues and my own list of questions about them. All of these tasks are important and they are done mainly through staff contacts. I would like fine tune and formalize these processes so the TAB can adopt them as regional policy. Putting them in writing and make them clear to local project sponsors, the staff that implements these processes and to the TAB will make accomplishing these tasks easier for all of us if we have a solid, written process to follow.

Staff will explain these tasks to the TAB Programming Committee since many of them may be unfamiliar.

Local Project and TIP Management Issues.

I. Accounting for over-programming in the regional solicitation.

The TAB has traditionally over-programmed STP-UG, CMAQ and TE funds in each regional solicitation, expecting that some projects will be dropped from the Program. MN/DOT and the TAC would jointly track the amount of over-programming and local projects that were dropped from the Program. During development of the draft TIP, the TAB would apply the Minnesota Highway Construction Cost Index to projects already in the TIP, and adjust the federal and matching funds higher according to the rate of inflation. This increased the amount of over-programming.

Prior to each regional solicitation, MN/DOT and regional staff would “balance the local account” by subtracting the federal funds from dropped projects from the over-programming balance. The remaining over-programming amount was then subtracted from the obligation amounts available in next regional solicitation.

At the start of the 2005 regional solicitation, the TAB adopted a policy to account for construction inflation at the time the project is first programmed in the TIP. An assumed rate of inflation was applied to each selected project and the federal and match amounts were increased. The federal share for each regionally selected project was capped at this amount. The MN HCCI was no longer used to adjust local project costs. The TAB also adjusted the federal funding amounts available in the 2005 regional solicitation to account for all overprogramming from previous solicitations.

The TAB still over-programs in the regional solicitation but we do not account for it prior to each solicitation. We need to establish a new way to account for over-programming.

1. Should we estimate the amount of over-programming and subtract the federal funds from dropped projects as they occur or should we subtract it from the next regional solicitation?
2. Should we also track the authorization amounts of local projects that are bid below the programmed amounts?
3. Does this become a priority over our policy of advancing local projects to use obligating authority when local projects in the annual element are dropped or moved?

II. State Aid review of CMAQ Transit Expansion projects.

CMAQ Transit projects are very different from the road and bridge construction projects that State Aid reviews. All CMAQ Transit projects fall into three categories, sometimes all three elements are in one project:

- Construction of a transit station, hub or park-ride facility;
- Purchase of buses or rail transit vehicles; and
- Start-up operating costs for new or expanded transit services.

It gets complicated because the funds to implement these projects are transferred to the Federal Transit Administration (FTA) and the Met Council submits a grant application. Transit providers who get CMAQ funds seem confused about how to get the money for their projects because it involves two federal agencies with different funding authorization processes. It would help project sponsors and staff to document how CMAQ projects are developed through State Aid and implemented through the FTA.

1. Do CMAQ Transit projects present special problems for State Aid?
2. Is the money for every CMAQ project always transferred to the FTA?
3. Does State Aid have the means to review plans for a park and ride project and determine whether it is ready for letting?
4. How does State Aid evaluate or process transit vehicle purchases and start-up operating projects?
5. What confirmation do we get back from the FTA when they award a grant that used to be a CMAQ project?

III. Local project scope changes and TIP amendments.

Local projects funded through the regional solicitation are often just concepts or unrefined ideas. Project sponsors may have underestimated the project cost at the time the application was submitted. The project sponsor might be required to change the project scope or decide on its own that a revised scope is better than the original scope. Currently, staff tries to estimate whether the proposed scope change provides about the same level of benefit as the original scope to say it would still merit selection through the regional solicitation process. The TAC Funding and Programming Committee discusses it and votes based on comments from staff and advice from Metro State Aid.

The region lacks a methodology to evaluate local project scope changes. Metro State Aid has been very good at sorting out the significant scope changes that require action from the TAB. The FHWA has provided guidance on when a cost increase triggers a scope change and TIP amendment. The TAC and TAB want to be comfortable that a local project scope change still provides about the same benefits as the original project scope. Projects sponsors, staff and the TAC F&P Committee could use some guidance and process on this, similar to what we have for sunset date extension requests. Some basics:

- 100% of the project scope change must be eligible according to the solicitation criteria used at the time.
- Additional federal funds will not be provided and federal funds cannot be swapped between projects of the same or different sponsor.
- The project sponsor should provide a complete project description, location map, projects layout or sketches or schematics, and a revised cost estimate.
- Staff should re-evaluate the project scope change against certain key performance and cost effectiveness criteria and estimate the change in the original project score. Staff may consult with the scoring group chair and individual project scorers if necessary.
- Staff should provide data on the original project; cover page, project description, location map, layouts, sketches or schematics, and the original project cost to the TAC F&PC.
- The TAC and TAB need to develop a point threshold or ranking standard to decide whether the project scope change still provides about the same level of benefit as the original project would have likely been awarded funds through the regional solicitation.

IV. Draft TIP financial balancing.

When the draft TIP is prepared, some local projects are carried over from the expiring year of the current TIP into their sunset date, which is the first year of the draft TIP. This causes the Annual Element of the draft TIP to be over-programmed. To balance the local program of projects in the Annual Element, MN/DOT asks local project sponsors already in the Annual Element to volunteer to move their project back into the second year of the TIP. Volunteers get no extra money to move their project back but they do get a one-year sunset date extension. This seems like a big loophole in our sunset date extension policy because others have to go through the TAC and TAB to get one. It also creates problems for MN/DOT Metro to fiscally balance the draft TIP.

Local project sponsors are entitled to move into their sunset date, but it would be better to have other local projects move up to take their place rather and use the obligating authority than defer move local projects to fiscally balance the draft TIP.

1. Is there a better way to balance the draft TIP Annual Element?
2. What can the region do to help ensure timely project delivery?
3. How does MN/DOT ask for volunteers?
4. Is it open to everyone or targeted toward projects that need an extra year anyway?
5. Should volunteers be required to move their project to the last year of the draft TIP instead of the next year?
6. How is the obligating authority typically used in the expiring program year?

V. Advancing a local project.

Maybe this is just a recent phenomenon, but more project sponsors want to advance their project than I can remember and they want to use the federal funds early. In some cases they just want to have their project moved to an earlier program year. In other cases, they want to get their project ready for letting a year earlier than the program year or they want to Advance Construct the project. Local project sponsors do not always know what they need to do to advance their project and MN/DOT cannot guarantee that there will be extra obligating authority for them to use. Both MN/DOT and the TAB want to advance local projects whenever possible to replace local projects that are not authorized in their program year.

1. MN/DOT Metro Program Management holds a Local Program Review in January and March to update local project status. We get a good idea about which local projects will not meet their program year. Is this the earliest date when we know whether a local project can advance from a later program year?
2. Can local project sponsors develop their projects ahead of schedule and be ready to request authorization after the January or March Local Program Review meetings?
3. Can local project sponsors advance their projects before the Local Program Review meetings in anticipation of \$20 - \$30 million in local projects slipping back one year?

VI. Sunset dates.

All projects awarded federal funds by the TAB have sunset dates when the federal funds are no longer available for the project and they are returned to the region to be re-allocated. Current adopted TAB policy sets the sunset date at March 31 of the year following the project's original program year. The extra 9 months are provided to allow project sponsors a little extra time to get their project ready to request authorization of the federal funds due to unforeseen circumstances beyond their control. Local project sponsors are expected to get their projects ready in the program year, but many aim for their sunset date instead, and others seek an extension through the formal process or volunteer to defer their program year and get a sunset date extension to fiscally balance the draft TIP.

When local projects go into their sunset date or receive an extension, MN/DOT Metro Program Management must juggle projects within program years to use all the obligating authority in the current TIP year. The region has a policy on TIP balancing, but MN/DOT is finding it harder to juggle projects and use the available obligating authority when local projects slip out of their program year.

Council and MN/DOT staff should determine the percentage of local projects that are ready in their original program year compared to those who use their sunset date to determine the extent of the problem.

1. Are a significant number of local projects falling behind schedule?
2. What are the financial impacts on the Program and MN/DOT's capacity to use all the obligating authority?
3. Are sunset dates effective in helping project sponsors get their projects ready in their program year?
4. What are the most common reasons for using the sunset date or requesting an extension?
5. Could a change in regional policy help improve local project delivery?