

ACTION TRANSMITTAL No. 2017-35

DATE: November 1, 2017
TO: Transportation Advisory Board
FROM: Technical Advisory Committee
PREPARED BY: Joe Barbeau, Senior Planner (651-602-1705)
SUBJECT: 2018 Regional Solicitation: Project Inflation Rate and Year of Cost Estimate
REQUESTED ACTION: Approval of a project inflation adjustment rate and year of cost estimate
RECOMMENDED MOTION: That TAB forgo an inflation adjustment and to use 2018 as the base year for cost estimates for the 2018 Regional Solicitation.

BACKGROUND AND PURPOSE OF ACTION: Through 2014, the Regional Solicitation included inflation adjustments, usually at roughly two percent per year, for most projects awarded. In an effort to fund more projects given the high demand for the limited federal funds, TAB decided to forgo an inflation adjustment to funds awarded through the 2016 Regional Solicitation. This decision was made after the project scores had been released. Feedback from TAB indicated that it would be preferential for the decision on whether to provide an inflation adjustment to be made prior to the release of the application. This early decision will help set applicant expectations.

Staff recommends that no inflation adjustment be added to projects. By forgoing an adjustment in the 2016 Regional Solicitation, another four to six projects were able to be selected with the extra funds that would have gone towards inflation. To date, no projects from the 2016 Regional Solicitation have been withdrawn due to this decision.

In the 2016 Regional Solicitation, applicants were instructed to estimate costs based on the current-year costs (2016). By using current-year costs (2018) moving forward for the 2018 Regional Solicitation, the most accurate cost estimates can be submitted and then compared for scoring purposes in the cost effectiveness measure.

RELATIONSHIP TO REGIONAL POLICY: TAB develops and issues a Regional Solicitation for federal funding.

COMMITTEE COMMENTS AND ACTION: At its October 19, 2017 meeting, the Funding & Programming Committee voted unanimously to recommend not using an inflation adjustment and to ask for cost estimates be in current year (i.e., 2018) dollars.

At its November 1, 2017, meeting, the Technical Advisory Committee voted unanimously to recommend not using an inflation adjustment and to ask for cost estimates be in current year (i.e., 2018) dollars.

ROUTING

TO	ACTION REQUESTED	COMPLETION DATE
TAC Funding & Programming Committee	Review & Recommend	10-19-2017
Technical Advisory Committee	Review & Recommend	11-1-2017
Transportation Advisory Board	Review & Adopt	-
Transportation Committee	Review & Recommend	-
Metropolitan Council	Concurrence	-