

## INFORMATION ITEM

**DATE:** August 1, 2018  
**TO:** Transportation Advisory Board  
**PREPARED BY:** Joe Barbeau, Senior Planner (651-602-1705)  
**SUBJECT:** Scope Change and Federal Funds Reallocation Policy Changes:  
First Draft

### Scope Change Policy

Projects funded through the Regional Solicitation process are selected based on how well they will address safety, congestion, air quality and other criteria used in the scoring evaluation. TAB wants to ensure that the benefits from any re-scoped projects are essentially intact. Therefore, applicants that want to make changes to a project's scope are currently subject to the following policies, which are attached along with the draft new policy:

- Scope Change Consultation Process (2015). When an applicant wishes to change a project's scope, this process guides staff in the determination of whether a formal scope change request is needed.
- Process to Evaluate Scope Change Requests for Regionally-Selected Projects (2011). Once a formal request is needed, this process guides the analysis of whether a request should be granted.

Stakeholders have identified the following shortcomings of these policies:

- Projects were scored at a moment at time, so comparing one project that has completed major engineering, public involvement, and environmental documentation to a project still in the concept stage is difficult. For example, rescoring the cost effectiveness measure is no longer comparing "apples to apples" since the project with the scope change request has been fully developed, as opposed to project concepts whose costs would likely also rise as they are developed.
- There are two separate policies regarding scope changes with some overlapping language.
- Major changes starting in the 2014 Regional Solicitation involving online application submittal, use of mapping software, and the need to submit output from traffic analysis programs make it more difficult and time-consuming for project applicants, scorers, and Council staff to precisely rescore project applications.
- It is difficult for volunteer scorers to rescore applications three or four years after their original scoring.
- More clarity is needed for what types of projects need to go through each of the three scope change processes.
- More clarity is needed for what year revised cost estimates should be used to ensure consistent treatment of all requests.
- A recent trend in scope changes is to remove project elements and "replace" them with new elements with the intent of keeping all federal funding. No policy language exists to allow, or prohibit, this type of request.
- There is confusion as to whether separate adjacent projects can be combined and how this change impacts the scope change process.

Led by TAC Funding & Programming Chair Paul Oehme, a multi-agency Scope Change Workgroup was assembled to address these identified issues and included the following individuals:

- Paul Oehme, City of Chanhassen
- Lyndon Robjert, Carver County
- Karl Keel, City of Bloomington
- Colleen Brown, MnDOT Metro State Aid
- Jen Lehmann, MVTA
- Adam Harrington, Metro Transit
- Mary Gustafson, Metro Transit
- Jeni Hager, City of Minneapolis
- Craig Jenson, Scott County
- Gina Mitteco, MnDOT
- John Sass, Dakota County
- Elaine Koutsoukos, TAB Coordinator
- Joe Barbeau, Met Council
- Steve Peterson, Met Council

The group met three times in 2018 and also briefed the TAB Executive Committee to get its initial reaction to some of the potential changes. Key principles discussed by the workgroup include the following:

- Evaluate Regional Benefits: Transition from a precise but somewhat inaccurate rescoring of the measures to a qualitative review of the impacted measures, consideration of the total scoring gap between the project being evaluated and unfunded projects, and evaluation of the overall benefits gained/lost to the region based on the requested scope change.
- Simplify: Combine the two existing policies into one policy.
- Clarify: Clearly lay out the scope change process, what types of project scope changes need to go through the process, and whether federal funds can be shifted to similar, adjacent projects.
- Provide Consistency: Treat project requests in a fair and consistent way by requesting the same information from all applicants in the same year of costs.
- Ease of Combining Projects: Make it easier for project sponsors to combine two adjacent projects to minimize disruption to the public and improve efficiency.

### **Federal Funds Reallocation Policy**

Per past practice and the proposed policy adjustment, sometimes applicants give federal funds back to TAB. When those funds are current-year funds and no project can advance-construct, the Federal Funds Reallocation Policy calls for MnDOT to pro-rate funding to available projects. This could, for example, distribute \$10,000 to each of 10 projects, which is an administrative headache. The workgroup wanted to eliminate removing small amounts of federal money from projects. The attached Federal Funds Reallocation Policy includes a proposed change that all these funds go first to the project able to absorb the smallest amount of federal funds up to the federal maximum percentage, which will reduce administration and make a bigger impact on the recipient project.

### **Funding & Programming Committee Feedback; July 19, 2018**

- Members expressed doubt that an accurate re-scoring is possible and suggested that the policy clarify that the original scoring is a snapshot and that it is not possible to re-score a project, particularly versus unfunded applications, in the future.

- Members were particularly doubtful that re-scoring for cost effectiveness makes sense given the fact that most projects increase in cost as time goes by and hypothetical costs updates of unfunded projects cannot be known.
- Dakota County reported that its ongoing scope change request needed nearly two weeks of staff time to complete the updated score. Members questioned whether this was appropriate use of agency resources for a rough re-scoring of a project change that is clearly beneficial to the region.
- Staff asked the Funding & Programming Committee whether federal funds should be reduced in a case where the project sponsor is providing more than a 20% local match and the project would have been funded in full (e.g., a \$25 million interchange project was awarded \$7 million of federal funds and the updated project reduces the total cost to \$22 million. The project still would have been funded at the full \$7 million). Staff requests input from the TAC on how to treat project cases such as this.

#### **Technical Advisory Committee Feedback; August 1, 2018**

- TAC members stated that reducing scores because of increased project costs could deter attempts to add valuable locally funded project elements. Further, members said that it is difficult to re-score cost effectiveness because cost increases are commonplace and in order to determine a past ranking, other projects (including those that were unfunded) would have to be rescored with updated costs.
- Regarding the issue of whether federal funds should be reduced in a case where the project sponsor is providing more than a 20% local match and the project would have been funded in full, there was sentiment that reductions should occur when there is substantive removal of project elements, but not when the project is still accomplishing the same objectives as when originally applied for.

#### **Next Steps**

The Scope Change Workgroup is gathering feedback from the technical committees and TAB in July and August, then will make final edits to the document before the policy is sent back to the committees as an action item.

## **Draft Scope Change Policy**

## Scope Change Policy

Projects awarded federal funds by the Transportation Advisory Board (TAB) as part of the Regional Solicitation or Highway Safety Improvement Program (HSIP) are often concepts that are further developed in the period from project application to implementation. Project sponsors work on activities after funds are awarded such as preliminary and final design, environmental studies, and public involvement. Sometimes during this project development process, the project sponsor wants to make changes to the scope of the project. Changes to a project's scope could affect its benefits to the region. It is important to the TAB that any change in a project's scope does not substantially reduce these benefits.

### Scope Changes

A scope change is any revision that changes the physical characteristics of the project and has the potential to add to or detract from the project's benefits to the region. The project description in the original funding application serves as the project's scope for the purpose of determining whether a scope change is needed.

### Three Levels of Scope Changes

There are three types of scope changes described below. The TAB Coordinator, MnDOT Metro District State Aid staff (for Federal Highway Administration-administered projects), and the Transit Federal Grants Manager (for Federal Transit Administration-administered projects) will determine the type of scope change.

**Administrative scope changes:** [Changes allowed with Metro State Aid or Metropolitan Council Grants Manager review and approval:](#)

Minor changes that typically occur when projects move into detailed design or minor additions such as project amenities or aesthetic items do not need TAB Coordinator/Metropolitan Council staff review. MnDOT Metro District State Aid staff or Metropolitan Council Transit Federal Grants Manager can review and approve minor changes including, but not limited to:

- Removing or adding of minor items, such as benches, waste receptacles, signage, etc.
- Changing the design of aesthetic items, such as lighting, railings, benches, etc.
- Adding items due to normal detailed design of a project such as noise walls, retaining walls, storm sewers, bike racks, wi-fi, etc. ~~unless the cost increases enough to require a TIP amendment~~
- Adding new project elements/improvements funded through another source (e.g., a change to a more fuel-efficient bus) or combining a TAB-funded project with one or more separate non-TAB funded projects to improve efficiency and reduce construction impacts (e.g., combining a roadway project with an adjacent mill and overlay project). These changes should not detract from the original scope.
- Changing the width of a bike path (must still meet standards).

**Informal scope changes:** [Project modifications allowed through informal consultation process:](#)

Scope changes that exceed the standards of administrative scope changes are brought for a consultation between the TAB Coordinator; MnDOT Metro District State Aid staff or Metropolitan Council Transit Federal Grants Manager; and Council staff. The consultation will determine if the scope change can be approved through an informal process or if a formal scope change request is needed due to the potential negative impacts of the changes. An informal scope change may include, but is not limited to:

- Slightly changing a bike or pedestrian trail route alignment while still making the major

connections.

- Combining two separate TAB-funded projects, provided this does not threaten to negatively impact either project.
- Changing the termini of a project, provided this does not threaten to negatively impact the project.
- Changing a pedestrian overpass to an underpass; or an underpass to an overpass.
- Changing an intersection treatment (e.g., a traffic signal to a roundabout) or an interchange design.
- Changing bus length, fuel source, type, or number, provided there is no resulting decrease in transit service.
- ~~Very minor change in project termini, such as adding one block of project, such as a roadway or trail, to make better connection~~
- ~~Change in bike path width (must still meet standards)~~
- ~~Adding locally funded project to the federally funded project (such as mill and overlay adjacent to project)~~

#### **Formal scope changes:** ~~Scope changes requiring approval by TAB:~~

Any change that may significantly alter the estimated benefits to the region ~~and project score and its rank within its solicitation category,~~ (particularly if altered to the degree where the revised scope may not have justified its original selection) must go through the formal committee process and be approved by TAB. A formal scope change request process is likely to be needed in instances including, but not limited to:

- Removing significant elements such as a trail, sidewalk, pedestrian bridge, ~~lighting,~~ traffic signal, transit stop, transit vehicle, etc.
- Adding ~~significant~~ elements that detract from the value or intent of the original application.
- Removing proposed access closures, if the closures are described in the project description and used to score points in the application.
- Reducing the frequency or hours of transit service.
- ~~Changing~~ Reducing the number of parking spaces in a park-and-ride facility.
- ~~Reducing~~ Changing the number of travel lanes.
- Shifting from a bridge replacement project to a bridge rehabilitation project ~~and vice versa.~~
- Changing designs from an off-road trail to on-road bicycle route.
- ~~Changing the termini of a project significantly~~
- ~~Pedestrian bridge to a tunnel, or a tunnel to a pedestrian bridge~~
- ~~Off-road trail to on-road~~
- ~~Signal to a roundabout~~

#### **Ineligible Requests** ~~When is a scope change a new project?~~

The TAB Coordinator may inform the project sponsor that the proposed revisions exceed the limits of a scope change and that the proposed change constitutes a new project. Such requests will not be processed through the TAC and TAB and that the original project should either be completed or withdrawn. If the project is to be withdrawn, the project sponsor should submit a formal letter to the TAB Coordinator stating that the project is being withdrawn and federal funds are being returned to the region for reallocation. A proposed change will be considered a new project and therefore not eligible for a scope change if it is:

- Relocating the project away from the defined problem, need, or location, such as

- switching transit start-up service from one market area to another
- Moving funding from one project to another, such as moving funds awarded to a project on County Road A to the same, similar, or different work on County Road Z.
- Eliminating the primary improvement proposed in the project description (e.g., a bridge will not be improved for a project submitted in the bridge application category or a trail will not be improved in the multiuse trails application category).

## Steps and Requirements to Determine Scope Change Type and Request a Formal Scope Change

The following steps must be followed to determine a scope change type and whether the proposed change needs to go through the formal scope change request process. It should be noted that once a MnDOT Metro District State Aid project has been authorized, the project scope cannot change.

1. The project sponsor informs the TAB Coordinator and MnDOT Metro District State Aid staff or the Metropolitan Council Transit Grants Manager that it wants to change a project. At this time, MnDOT Metro District State Aid staff or the Metropolitan Council Transit Federal Grants Manager may determine that the change is minor in scope and no further action is needed. If the requested change is more substantial, the project sponsor will be asked to provide a written description of the proposed scope change and a map or schematics showing how the proposed scope change affects the project.
2. Upon this submittal, the TAB Coordinator will consult with MnDOT Metro District State Aid or the Metropolitan Council Grants Manager to discuss the extent of the changes and whether the scope change will require a formal scope change request. The TAB Coordinator will contact the project sponsor and inform them whether the proposed modification can be accomplished administratively or whether it will trigger a formal scope change request and/or TIP amendment<sup>1</sup> request.
3. For a formal scope change request, the project sponsor must provide data on the revised project scope to the TAB Coordinator, including a complete project description; location map; project layout, sketches, or schematics; and a discussion of project benefits being retained, gained, or lost. Applicants must provide a cost breakdown of the TAB-eligible items proposed for removal and addition (in the year of costs used in the original application) using the attached project cost worksheet. Failure to do so can result in the request not being included on the TAC Funding & Programming Committee's agenda.
4. Council staff and will conduct an analysis of the requested change, including the background information provided by the project sponsor for consideration by the TAC Funding & Programming Committee. The Committee will discuss the staff analysis and recommend one the following to TAC and TAB (see detailed sections below and on the following page about determining scope change and federal funding amount recommendations):
  - Approval of the scope change as requested;
  - Approval of the scope change request with modifications to the scope and/or a

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<sup>1</sup> A TIP amendment request is only required to accompany a scope change request if the project is in the current fiscal year and either the project description changes in the TIP, the project termini change by 0.3-mile or greater, or the funding amount changes enough to meet federal TIP amendment thresholds.

- **recommended reduction of federal funds;** or
- Denial of the requested change

### **Determining the Scope Change Approval Recommendation**

To determine whether the scope change request should be approved, the TAC Funding & Programming Committee will discuss the merits of the proposed changes and weigh the overall benefits or reduction of benefits to the region. Council staff will provide a written analysis regarding the potential impacts of the proposed changes. The affected scoring measures, except for cost-effectiveness (any cost increases are paid for by the local agency and not federal funds), will be analyzed by Council staff to determine if each sub-score would have likely increased, decreased, or stayed the same with the scope change (a precise rescoring of the application is not possible since applications were scored against each other at a specific moment in time). Council staff will then evaluate whether the total score would have likely increased, decreased, or stayed roughly the same based on the summation of the sub-score changes. This relative change in the total score will be compared to the scoring gap between the project's original score and the highest unfunded project in the same application category. The TAC Funding & Programming Committee should consider recommending denial of the scope change request if it is likely that the project would have scored fewer points than the highest-scoring unfunded project (i.e., the project would have been clearly below the funding line). Council staff may confirm their findings with the original scorer of the measure and/or request additional information of the applicant, if necessary. ~~The project sponsor must also recalculate the responses to certain key criteria based on the revised project scope and provide them to the TAC F&PC. Met Council and TAB staff may consult with the scoring group chair and individual project scorers if necessary to evaluate the recalculated responses and estimate the change in the original project score. The TAC F&PC will base their recommendation on whether the estimated score of the revised project scope would have been high enough to have been awarded funds through the regional solicitation. A recommendation to approve the scope change and adopt a TIP amendment will go before the TAC, TAB Programming Committee and full TAB for adoption, then to the Metropolitan Council for concurrence. A recommendation to reject the scope change and TIP amendment will go before the TAC, TAB Programming Committee and full TAB for approval.~~

### **Determining the Federal Funding Amount Recommendation**

To determine whether federal funds should be recommended to be removed from a project, Council staff will assess the project elements being reduced or removed and provide this information to the TAC Funding & Programming Committee. While adding eligible project elements is permitted, federal funds cannot be shifted away from any removed elements to new project elements unless the removed elements are being done as part of some other programmed project. Federal funds cannot be added to a project beyond the original award.

Applicants must provide a revised cost estimate including a cost breakdown of the items proposed for removal using the attached project cost worksheet. Any removed or added items should use the costs in the year requested in the original application instead of the year of construction costs. Regional Solicitation projects must continue to maintain at least a 20% non-federal match, while HSIP projects must continue to maintain at least a 10% non-federal match.

Staff may recommend funding reduction options, if applicable, based on the federal share of the cost of the project elements being removed or the proportionate reduction of project benefits in cases in



which that is discernable (e.g., number of parking spaces or length of sidewalk) and/or another method developed by staff or the TAC Funding & Programming Committee. A recommendation will move from TAC Funding & Programming Committee to the TAC and TAB for approval. If applicable, a TIP amendment request will also be moved for approval through the Metropolitan Council.

**ATTACHMENT 1: FUNDING DATA FOR SCOPE CHANGE REQUEST**

**Original Application:**

Regional Solicitation Year	
Application Funding Category	
HSIP Solicitation?	Yes          No
Application Total Project Cost	
Federal Award	
Application Federal Percentage of Total Project Cost	

**Project Elements Being Removed:**

	Original Application Cost

**New Project Elements:**

	Cost (Based on Year of Costs in Original Application)

## Current Scope Change Consultation Process

## **Regional Solicitation Projects: Scope Change Consultation Process Federal Funding Reallocation Work Group: February 6, 2015**

### **Overview**

Projects selected through the regional solicitation process have defined scopes, or descriptions of proposed improvements. The project scope is the basis to measure how well these projects address safety, congestion, air quality, and other criteria used in the evaluation. It is also used as the basis for authorizing federal funds for projects. The project scope is important because these projects were selected to receive federal transportation funds based on the benefits they provide.

From the Transportation Advisory Board (TAB) perspective, these projects were awarded federal funds because they were evaluated and provide the most benefit to the public. Projects are ranked by the cumulative score of many weighted criteria. Changes in the project's scope could affect a project's benefits, reducing its score and possibly affecting its rank among the scored projects. The TAB wants to ensure that the benefits from re-scoped projects are substantially the same as the original projects and justify using the federal funds that were awarded to the original projects. It is important to the TAB that any change in project scope does not substantially reduce a project's benefits and value to the public, especially if it would mean the revised project scope would not have scored as well as the original scope and may not have ranked high enough to be selected.

### **What is a scope change?**

Projects submitted in the regional solicitation are usually conceptual in nature and are refined during design and environmental study. Therefore, a limited number of project scope change requests are likely to be necessary. The TAB adopted a policy in March 2011 on how to evaluate them.

A consultation process among the FHWA, MnDOT and the MPO can help determine whether a formal scope change and TIP amendment is needed or whether the modification is minor and can be implemented informally by MnDOT. The project description in the original application can serve as the project scope for the purpose of making this determination. For these purposes, a scope change is considered to be any revision that changes the physical characteristics of the project and has the potential to detract from the project's benefits.

There are three types of changes: those allowed with Metro State Aid or Metropolitan Council Grants Manager review and approval; project modifications allowed through an informal consultation process; and scope changes requiring approval.

1) Changes allowed with Metro State Aid or Metropolitan Council Grants Manager review and approval:

Changes to projects that typically occur when projects move into detail design or minor additions of project amenities or aesthetic items. These changes do not affect project score or ranking and do not meet the threshold for a TIP amendment. A change made through Metro State Aid or Metropolitan Council Grants Manager review is allowed for changes including, but not limited to:

- Removal or addition of minor items, such as benches, waste receptacles, minor signing, etc.
- Change in the design of aesthetic items, such as lighting, railings, benches, etc.
- Addition of items due to normal detail design of a project (such as noise walls, retaining walls, storm sewers, etc.) unless the cost increases enough to require a TIP amendment

2) Project modifications allowed through informal consultation process:

Slight changes to projects that do not affect original project score to the degree that it would change the project ranking/selection. A project modification through an informal consultation process is allowed for changes including, but not limited to:

- Slight changes in bike or pedestrian trail route alignment while still making the major connections and keeping the same termini
- Very minor change in project termini, such as adding one block of project, such as a roadway or trail, to make better connection
- Change in bike path width (must still meet standards)
- Adding locally-funded project to the federally-funded project (such as mill and overlay adjacent to project)

3) Scope changes requiring approval by TAB:

- Any change that may significantly alter the estimate of benefits and project score and its rank within its solicitation category, particularly if altered to the degree where the revised scope may not justify selection

A scope change is likely to be needed in instances including but not limited to the following examples:

- Adding significant elements to a project
- Removing significant elements from a project (such as a trail, ped bridge, lighting, signal, etc.)
- Significant reduction in access closures
- Changing the termini of a project significantly
- Reducing the number of travel lanes (such as 4 lanes approved changing to 3 lanes with a center turn lane)
- Changing a significant number of parking spaces in a park-and-ride facility
- Changing from rehabilitation to replacement and vice versa
- Pedestrian bridge to a tunnel, or a tunnel to a pedestrian bridge
- Off-road trail to on-road
- Signal to a roundabout

## **When is a scope change a new project?**

The project as programmed in the TIP and STIP identifies the project that will be awarded federal funds.

The project description in the original application lists the type of work, the most significant construction elements, and the project location and length, where applicable. This defines a project's scope of work. A proposed change will be considered a new project not eligible for a scope change request if it:

- Relocates the project away from the defined problem, need, or location, such as switching transit start-up service from one market area to another
- Moves funding from one project to another, such as moving funds awarded to a project on County Road A to the same, similar, or different work on County Road Z

In these cases, the original project will be withdrawn.

## **Consultation and Scope Change Request Process**

After initial consultation with Metro State Aid or the Metropolitan Council Grants Manager, a project sponsor must initiate scope change requests with the TAB Coordinator. The short process described below will help the region decide whether a scope change needs to go through the formal process with a TIP amendment or just done through an informal consultation process.

1. Project sponsor informs the TAB Coordinator that it wishes to change a project. The project sponsor provides a written description of the scope change and a map or schematics showing how the proposed scope change affects the project.
2. The TAB Coordinator will consult with MnDOT Metro State Aid or the Metropolitan Council Grants Manager and the FHWA or FTA to discuss the extent of the changes and whether the scope change could impact the projects benefits, score and rank among the other projects in its category and solicitation year.
3. By agreement, the TAB Coordinator may contact the project sponsor and provide directions on how to request a scope change and TIP amendment through the TAC, TAB and Metropolitan Council. Also by agreement, the TAB Coordinator may inform the project sponsor that the proposed modification does not trigger a formal scope change and TIP amendment, and the modification can be performed through an informal consultation and approval process. The TAB Coordinator will inform Metro State Aid or the Metropolitan Council Grants Manager and the TAC Funding and Programming Committee of the administrative approval.
4. By agreement, the TAB Coordinator may inform the project sponsor that the proposed revisions exceed the limits of a scope change and is actually a new project. The project sponsor will also be informed that the request will not be processed through the TAC and TAB.

**Current Process to evaluate scope change requests for regionally-selected projects**

**Process to evaluate scope change requests for regionally-selected projects.**

**Adopted by the Transportation Advisory Board on March 16, 2011**

**ACTION TRANSMITTAL 2011-35**

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Projects submitted for consideration through the regional solicitation are often just concepts or unrefined ideas. Project sponsors work on the preliminary and final design, environmental studies etc... after the TAB awards funds to the project. Sometimes during project development the project sponsor has to make significant design changes or finds that the construction cost was underestimated. When that happens, project sponsors may be required to request a scope change and TIP/STIP amendment because the scope and cost in the TIP/STIP has to be consistent with final project documentation that is sent to the FHWA.

Projects sponsors, Met Council and TAB staff, the TAC Funding & Programming Committee (F&PC) and the region would benefit from an adopted methodology to evaluate requested project scope changes. MN/DOT 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 TIP/STIP amendment, and when a change in a project's design requires a scope change and TIP/STIP amendment (attached). The TAC and TAB want to be comfortable that the revised project scope of a regionally-selected project still provides about the same benefits as the original project scope and would have scored high enough to have been selected like the original project scope – to be fair to the other projects not selected. Below is a proposed outline of a process and guidelines for scope change requests.

- 1) Any construction elements added to the project scope must be eligible according to the solicitation criteria used to evaluate the original project submittal, unless the additional elements are already programmed in the STIP.
- 2) Additional federal funds will not be provided and federal funds cannot be swapped between projects of the same or different sponsor.
- 3) Met Council and TAB staff will provide data on the original project to the TAC F&PC, including cover page, project description, location map, layouts, sketches or schematics, and the original project cost estimate.
- 4) The project sponsor must provide data on the revised project scope to the TAC F&PC, including a complete project description, location map, project layout or sketches or schematics, checklist of work that still needs to be done and a revised project cost estimate.
- 5) The project sponsor must also recalculate the responses to certain key criteria based on the revised project scope and provide them to the TAC F&PC. Met Council and TAB staff may consult with the scoring group chair and individual project scorers if necessary to evaluate the recalculated responses and estimate the change in the original project score.
- 6) The TAC F&PC will base their recommendation on whether the estimated score of the revised project scope would have been high enough to have been awarded funds through the regional solicitation. A recommendation to approve the scope change and adopt a TIP amendment will go before the TAC, TAB Programming Committee and full TAB for adoption, then to the Metropolitan Council for concurrence. A recommendation to reject the scope change and TIP amendment will go before the TAC, TAB Programming Committee and full TAB for approval.



# Proposed Changes to TAB Federal Funds Management Process

## TAB Federal Funds Management Process

Regionally selected projects (i.e., those projects selected by TAB through the regional solicitation process) in the Twin Cities Transportation Improvement Program (TIP) can be advanced or deferred based on TAB policy, project deliverability and funding availability, provided fiscal balance is maintained. The process assumes some projects will be deferred, withdrawn, or advanced. This process establishes policy and priority in assigning alternative uses for federal transportation funds when TAB-selected projects in the TIP are deferred, withdrawn, or advanced. This process also addresses the distribution of the limited amount of federal funds available to the region at the end of the fiscal year, known as “August Redistribution.” This process does **not** address how to distribute new federal dollars available through larger, specific programs (~~i.e., ARRA~~). TAB will make separate decisions specific to those kinds of programs and timing.

### Current Program Year Funds

For funding that is available due to project deferrals or withdrawals, the funds shall be reallocated as shown in the below priority order. When there is insufficient time to go through the TAB committee process, TAB authorizes staff (Minnesota Department of Transportation (MnDOT) Metro District State Aid or Metropolitan Council Grants Department, as appropriate), working with the TAB Coordinator, to reallocate funds to projects that have been selected through the regional solicitation per the below priorities on TAB’s behalf.

Reallocation priorities for available funding programmed for the current fiscal year:

1. Regionally selected projects in the same mode slated for advanced construction/advanced construction authority (AC/ACA)<sup>1</sup> payback that have already advanced because sponsors were able to complete them sooner. If more than one project is slated for AC/ACA payback, the projects using the smallest amount of federal funding will be funded first. Partial AC/ACA payback can be paid on a project up to available levels of funds.
2. Projects in the same mode slated for AC/ACA payback that have been moved due to previous deferrals. If more than one project is slated for AC/ACA payback, the projects using the smallest amount of federal funding will be funded first. Partial AC/ACA payback can be paid on a project up to available levels of funds.
3. Regionally selected projects in the same mode that are able to be advanced.
4. ~~Pro-rate remaining federal funds to r~~Regionally-selected solicitation projects programmed in the current program year ~~projects~~ in the same mode in the original program year up to the federally allowed maximum. If more than one project can accept additional federal funds, the project needing the smallest amount of federal funding will be funded first up to the federal maximum, followed by the project needing the second smallest amount of federal funds, and so on.
5. ~~Select a r~~Regionally-selected project(s) from another mode to pay back or advance using steps 1-4 above. Should this action be used, TAB shall consider the amount when addressing modal distribution in programming the next regional solicitation.

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<sup>1</sup> Note: Advanced construction (AC) is used for Federal Highway Administration-funded projects. Federal Transit Administration-funded projects use advanced construction authority (ACA).

### Future Program Year Funds

While history shows that most deferrals and withdrawals will be in the current program year, even current year withdrawals can affect future year funding by advancing a project from a future year into the current year. For future-year funds, the TAB Coordinator will work with MnDOT Metro State Aid and/or Metro Transit Grants staff, Metropolitan Council staff and project sponsors to provide a set of options to be considered by the TAC Funding & Programming Committee, TAC, and TAB.

The first priority for use of future-year funds will be to include the funds in a future TAB solicitation process if at all possible. When not possible, TAB should first consider items 1-3 and 5 from the above list. It can also consider other options such as selecting an unfunded project from the most recent regional solicitation<sup>2</sup> that could be delivered within the required timeframe. Other options could include setting up a special solicitation, depending on the amount of funds and time available, or other measures as TAB deems appropriate to address unique opportunities. TAB will consider the established “Guiding Principles” in making its decisions.

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<sup>2</sup> Note that projects must be selected prior to December 1 of the program year.