

Information Item

DATE: October 17, 2018
TO: Transportation Advisory Board
PREPARED BY: Joe Barbeau, Senior Planner (651-602-1705)
Steve Peterson, Manager of TAB/TAC Process (651-602-1819)
SUBJECT: Case Study: Current Versus Proposed Scope Change Policy

At its August 15, 2018, meeting the Transportation Advisory Board was presented with information on a proposed update to the Scope Change Policy. Members requested that staff provide a comparison of the existing and proposed policies, using the scope change that was approved by TAB at the August meeting.

Case Study

At the August meeting, TAB approved Dakota County's request to amend the scope of its County State Aid Highway (CSAH) 50 reconstruction project to add a roundabout at the project's western terminus. Per past practice and current policy language (i.e., "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"), staff reviewed the scope change request by attempting to precisely re-score the project.

Existing Approach

The highest-scoring unfunded project from the Roadway Reconstruction/ Modernization application category scored 512 points. The rescored Dakota County project with the new roundabout would have scored 513 points (see Table 1), so existing policy guidance pointed to approval of the scope change request. TAB approved the scope change with no funding reduction. However, technical committee members noted the following limitations to the current approach that were illustrated with the Dakota County example:

1. The proposed project is a better project with the addition of the roundabout, yet the total score decreased upon its rescoring.
2. It is difficult to arrive at a precise score several years after the project was awarded funding, especially when there is only a one-point difference between the rescored project and the highest-scoring unfunded project. The highest-scoring unfunded project was also not rescored, based on how the project may have changed in the last few years, so a true comparison is not possible.
3. The quantitative analysis took weeks of Dakota County, scorer (volunteers from cities, counties, and other agencies), and Met Council staff time to conclude that the scope change should be approved. The same conclusion could have been reached in a shorter time with appropriate levels of documentation if a different approach was utilized.

Proposed Approach

Table 2 shows the draft analysis under the proposed, updated policy.

Table 1: Existing Policy: Analysis Needed

| # | Measure | Original Score | Updated Score | Notes |
|-------------------|--------------------------|----------------|---------------|--|
| 1A | Avg Dist to nearest Road | 48 | 48 | No change. |
| 1B | Connection to Jobs | 4 | 4 | No change. |
| 1C | Daily Heavy Commercial | 7 | 7 | No change. |
| 1D | Freight Elements | 9 | 9 | Request sent to scorer. Scorer made no change. |
| 2A | Daily person throughput | 12 | 12 | No change. |
| 2B | 2040 ADT | 19 | 19 | No change. |
| 3A | Socio/Economic | 9 | 9 | Request sent to scorer. Scorer made no change. |
| 3B | Housing | 67 | 67 | No change. |
| 4A | Construction Date | 38 | 33 | Adding roundabout approach legs caused the overall average age to drop and the resulting score went down by five points. |
| 4B | Deficiencies | 92 | 92 | No change. |
| 5A | Vehicle Delay Reduction | 4 | 5 | Total peak hour delay reduction increases over five times original delay reduction, but outlier project results in only a modest score improvement. New traffic analysis was needed. |
| 5B | Emissions Reduction | 0 | 0 | Modest improvement, but no change due to outlier project. New traffic analysis was needed. |
| 6 | Crash Reduction | 32 | 36 | Added safety benefit. New crash analysis was needed. |
| 7 | Multimodal | 84 | 84 | Request sent to scorer. Scorer made no change. |
| 8 | Risk Assessment Form | 54 | 54 | Request sent to scorer. Scorer made no change. |
| PRELIMINARY TOTAL | | 479 | 479 | |
| 9 | Cost Effectiveness | 55 | 34 | Change funded with local \$, but increased total project cost. |
| TOTAL | | 534 | 513 | Highest unfunded project scored 512 points. |

Table 2: Proposed Policy: Analysis Needed

| # | Measure | Original Score | Update Project | Notes |
|-------------------|-----------------------------|----------------|----------------|---|
| 1A | Avg Dist to nearest Roadway | 48 | 0* | |
| 1B | Connection to Jobs | 4 | 0 | |
| 1C | Daily Heavy Commercial | 7 | 0 | |
| 1D | Freight Elements | 9 | 0 | |
| 2A | Daily person throughput | 12 | 0 | |
| 2B | 2040 ADT | 19 | 0 | |
| 3A | Socio/Economic | 9 | 0 | |
| 4A | Construction Date | 38 | - | Adding roundabout approach legs caused the overall average age to drop. |
| 4B | Deficiencies | 92 | 0 | |
| 5A | Vehicle Delay Reduction | 4 | + | New roundabout reduces delay compared to existing intersection. |
| 5B | Emissions Reduction | 0 | + | New roundabout reduces emissions compared to existing intersection. |
| 6 | Crash Reduction | 32 | + | New roundabout improves crash reduction compared to existing intersection. |
| 7 | Multimodal | 84 | 0 | |
| 8 | Risk Assessment Form | 54 | 0 | |
| PRELIMINARY TOTAL | | 479 | | |
| 9 | Cost Effectiveness | 55 | 0 | New roundabout funded 100% with local funds; not part of the analysis in the proposed policy. |
| TOTAL | | 534 | ++ | Overall impact of updated scope request is positive |

* 0 = no change

+ = small improvement, ++ = moderate improvement, +++ = large improvement

- = small diminishment, -- = moderate diminishment, --- = large diminishment

The Dakota County project was funded as part of the 2016 Regional Solicitation with a modest 22-point margin over the highest-scoring unfunded project in the same application category. The proposed scope change adds a roundabout to one end of the project where there is currently an all-way stop. The proposed change is an improvement over the project as originally submitted. The roundabout being added should result in a modest improvement in vehicle delay reduction, emissions, and crash reduction. The cost increases are funded entirely with local funds and no additional Regional Solicitation funds will be provided.

The proposed policy states that: “The TAC Funding & Programming Committee may consider recommending denial of the scope change request if it is clear that the project would have scored fewer points than the highest-scoring unfunded project (i.e., the project would have been undoubtedly below the funding line).” Based on the analysis above, the scope change is an improvement over the existing project and the score would not have clearly decreased below the funding line. Therefore, the staff would recommend that the scope change be approved with no reduction in federal funds as the project provides overall benefits to the region.

Summary

The proposed, qualitative measure-by-measure review evaluates and analyzes the impacts of the scope change on the 15 scoring measures used to select projects in this application category. The proposed analysis also examines the scoring gap that exists between the project and the highest-scoring unfunded project. In the scope change work group meetings, participants tended to favor a common-sense approach of whether a project is retaining its essential character and purpose.

The applicant, Dakota County, stated that about two weeks of staff time was used to prepare data for the full re-scoring. Most of this time was related to redoing detailed traffic and safety analysis. In the proposed approach, the time required by the applicant would be significantly reduced. Also, the time commitment from most of the volunteer scorers would be reduced, as well as Council staff time in coordinating with past scorers.

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SUBJECT: Federal Funds Reallocation Policy Changes: First Draft

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.

Led by TAC Funding & Programming Chair Paul Oehme, a multi-agency workgroup was assembled to address identified issues on this policy and the scope change policy and included the following individuals:

- Paul Oehme, City of Chanhassen
- Lyndon Robjent, 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

Next Steps

The workgroup is gathering feedback from TAB, then will make final edits to the document before the policy is sent back to the committees as an action item.

Federal Funds ~~Management Process~~ Reallocation Policy

Projects awarded federal funds by the Transportation Advisory Board (TAB) as part of the Regional Solicitation or Highway Safety Improvement Program (HSIP) in the Twin Cities 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 Transportation Improvement Program (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 priorities¹ 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)² 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 funds to achieve full federal participation³ based on the latest engineer’s estimate will be funded first up to the federal maximum, followed by the project needing the second smallest amount of federal funds, and so on.

¹ Regional Solicitation and HSIP funds should be considered separately for purposes of this policy.

² Note: Advanced construction (AC) is used for Federal Highway Administration-funded projects. Federal Transit Administration-funded projects use advanced construction authority (ACA).

³ Up to 80% of eligible project costs paid for with the federal funds, except in the case of HSIP, which funds up to 90% of eligible costs with federal funds.

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.

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 Technical Advisory Committee (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~~-solicitation⁴ 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.

⁴ Note that projects must be selected prior to December 1 of the program year.