STP Active Program Management:

Issues & Options

January 24, 2017
Today’s goals

- Review why APM is needed
- Review brainstorming sessions and make additions
- Consider peer review
- Identify most important issues that can be addressed with APM
- Get a sense of options available
Why APM?

- Obligation History
- Implementation Issues
- Transparency
  - Sponsor Expectations
  - GATA
Obligation History

Source: CMAP STP-L Obligations spreadsheet.
So what?

- STP funds used to be protected from rescission – not anymore
- Projects are programmed, even more projects are needed, but they’re not getting done
Brainstorming

- Three sessions
  - CMAP staff
  - Planning Liaisons
  - IDOT D1 Local Roads

- Developed “Issues & Options”
Issues

Projects don’t start on time
Repeat offenders
Agreement delays
Funds are “reserved” for projects that are delayed
Sense of “entitlement” to funding
“Saving up”
Sponsors won’t start project without “guarantee” for construction
Time needed to save up match $
Early phases using local funds make construction “come out of nowhere”
Inaccurate cost estimates

ROW delays can be significant and are not controlled by sponsor
Changing local priorities/politics
Lack of awareness of project status by decision/policy makers
Lack of applications - filling programs with LAFO
Lagging projects or phases
Unrealistic/speculative project applications
Balance keeping funding local vs. replenishing the shared fund
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Issues

**Active Program Management**

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**Project Selection Methodologies**

Inaccurate cost estimates
Repeat offenders
Different PMs/Consultants known to be more accurate with estimates
Sense of “entitlement” to funding
“Saving up”
Lack of applications - filling programs with LAFO
Sponsors won’t start project without “guarantee” for construction
Time needed to save up match $ 
Unrealistic/speculative project applications
Issue: Lag between programming & implementation

- 20% of current projects were programmed more than 10 years ago

Source: eTIP database. Year projects entered TIP determined from TIP ID.
## Issue: Lag between programming & implementation

- 25% of projects had their first obligation more than 5 years after entering the TIP

<table>
<thead>
<tr>
<th>First obligation relative to entering TIP</th>
<th>Number of projects</th>
<th>Percent of projects</th>
<th>Amount of STP-L “reserved” for these projects</th>
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<tbody>
<tr>
<td>&gt; 15 years</td>
<td>11</td>
<td>1%</td>
<td>$75M</td>
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<td>10 – 14 years</td>
<td>39</td>
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<td>5 – 9 years</td>
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<td>$475M</td>
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<tr>
<td>&lt; 5 years</td>
<td>651</td>
<td>74%</td>
<td>$714M</td>
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</table>

Source: CMAP STP-L Obligations spreadsheet. 880 projects entering TIP in 1994 or later, with at least one STP-L obligation.
When delays occur, the “reserved” funds are going unspent

There are different ways that we “reserve” funds:

- By council with our distribution formula
- By call for projects cycle when we create an “approved program”
- By project when estimates or bids are low
Funds cannot be obligated and project phases cannot be started without an agreement.

Delayed start of early phases can cause a snowball effect on later phases.

Good news - Majority of delays are preventable!

Source: IDOT D1 BLRS presentation at recent STP workshop
Issue: ROW delays

- Can be significant
- Can legitimately be “beyond sponsor control”
  - Condemnation process can be long
  - Cost can escalate, causing delay while funds are secured
Issue: Changing local priorities

- When priorities change, programming often doesn’t follow suit

Issue: Lack of awareness

- Decision-makers that budget and schedule often aren’t in the loop:
  - On status of projects
  - On rules/procedures for spending
Other issues?
Agreement: Provisions to Consider for APM System

- Deadlines for projects to be initiated
- Deadlines for project phases to be obligated
- Grace periods for local reprogramming of funds
- Policies for project and phase eligibility
- Policies for re-distribution of unobligated funds
### Peer Review

- **Five MPOs, our CMAQ/TAP program, and existing council policies**

<table>
<thead>
<tr>
<th>MPO/Council</th>
<th>Require Status Updates</th>
<th>Milestones</th>
<th>Deadlines</th>
<th>Grace Periods/Extensions</th>
<th>Penalties</th>
<th>Immediate Reprogramming</th>
<th>Training/Project Mgmt</th>
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Annual program status report
- Projects are “Advancing”, “Delayed”, or “Dropped”

Deadlines based on programmed year

Delays > 1 year cause subsequent phases to move out of program

New applications are limited for sponsors of delayed projects

Deliverability assessment completed with funding application
One request for 6 month extension allowed, based on ability to progress, not reason for delay, limited to ROW and CON phases

Aggressive contingency list for immediate reprogramming

- Projects receiving reprogrammed funds must be “immediately ready to obligate”
- Hierarchy: prioritized contingency list, subsequent phases of previously funded projects, projects with other federal funds in the TIP

If miss deadline, funds removed and reduced # of new applications allowed next call
Capital Area MPO (Raleigh)

- Programming/management changes in response to 2009 rescission
- Program 2-years in future, every year
- Agreements for programmed phases signed by local and state in September (before start of programmed FFY), or funds reprogrammed

Project selection includes consideration of past project delivery performance
  - Limit number of new applications based on number of projects delayed in past
- Project managers and training required
East-West Gateway

- Monthly status reports
- One chance to reprogram (IMP or CON only) if delay beyond sponsor control and a strategy is in place to obligate funds
- Missed deadline/no extension: funding forfeited and prior phase(s) federal funds repaid by sponsor
Metropolitan Council (Twin Cities)

- Request extension 6 mos. before deadline
- Unforeseen delay and project progressing
- Projects that miss deadline are not carried into new TIP
- No automatic inflationary cost increase for extended phases.
High Level Options

- Realistic programming
- Project sunsets
- Frequent status updates
- Active reprogramming
- Regular and uniform calls for projects
- Standardized implementation procedures
Realistic Programming

- Ask for funds when project/phase(s) will be ready, not in current/next year
- Use IDOT milestone schedule and previous experience as a guide
- Creates foundation for success

Issues addressed:
- Delayed start
- Agreement & ROW delays
- Time to save match
Project Sunsets with Serious Penalties

- Set deadlines based on programmed year
- Tie to letting and milestone schedules
- Milestones must be met well ahead of the end of the FFY in order to ensure obligation within that same year
- Motivates sponsors to make progress or risk losing funding for project and for council

Issues addressed:
- Starting on time
- “Reserved” funds
- Agreement & ROW delays
Frequent Status Updates

- Forces awareness of progress – keeps project at the forefront
- Confirmation of progress
- Early identification of delays – before a sunset milestone is missed
- Flexibility to modify schedule during a regular call for projects
- From beginning – not just beginning of federally funded phase

Issues addressed:
- Phase delays
- Predictable schedule for securing match
- Less “surprise” construction
- Changing local priorities
- Lack of awareness
Grace Periods and Active Reprograming

- Delays do happen – must be reasonable when making progress
- Provides flexibility to move a project(s) forward when another is delayed
- Creates a pipeline a viable projects

Issues addressed:
- “Reserved” funds
- Delays beyond sponsor control
- Changing local priorities
- Keeps funds local
Standard Implementation Procedures

- Uniform call for projects schedule
- Published, consistent policies across the region
- Frequent and comprehensive training

Issues addressed:
- Lack of awareness
- GATA requirements
Active Program Management System development timeline

- Selection Committee discussion
  - Jan 2018: issues & options
  - Mar 2018: initial proposal
  - May 2018: revised proposal
  - Summer 2018: council and partner feedback
  - Sep 2018: Approval

- Programming cycle begins with call for shared fund projects in Jan 2019 and local program projects in Jan 2020
STP Active Program Management:
Issues & Options
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