

# **Principles for Managing MORPC-Attributable Federal Funds**

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MORPC receives a sub-allocation of ODOT's federal Surface Transportation Program, Congestion Mitigation and Air Quality Program, and Transportation Enhancement Program funds that includes a proportional sub-allocation of ODOT's authority to obligate these funds. The Policy Committee establishes the following policies to guide the allocation and use of these MORPC-attributable federal funds. The Policy Committee may suspend any of these policies at its discretion if circumstances warrant that action.

### 1. Eligibility of projects: Projects must meet federal requirements

Only project activities that are eligible to receive federal funds will be considered for them, subject to other restrictions described below. Certain funds, such as Congestion Mitigation and Air Quality Program and Transportation Enhancement Program funds, have additional restrictions. In order to make full use of MORPC's available funds, it may be necessary to select projects that are eligible for available funds but are not among the highest priority projects in the region.

### 2. No set-asides for geographic areas

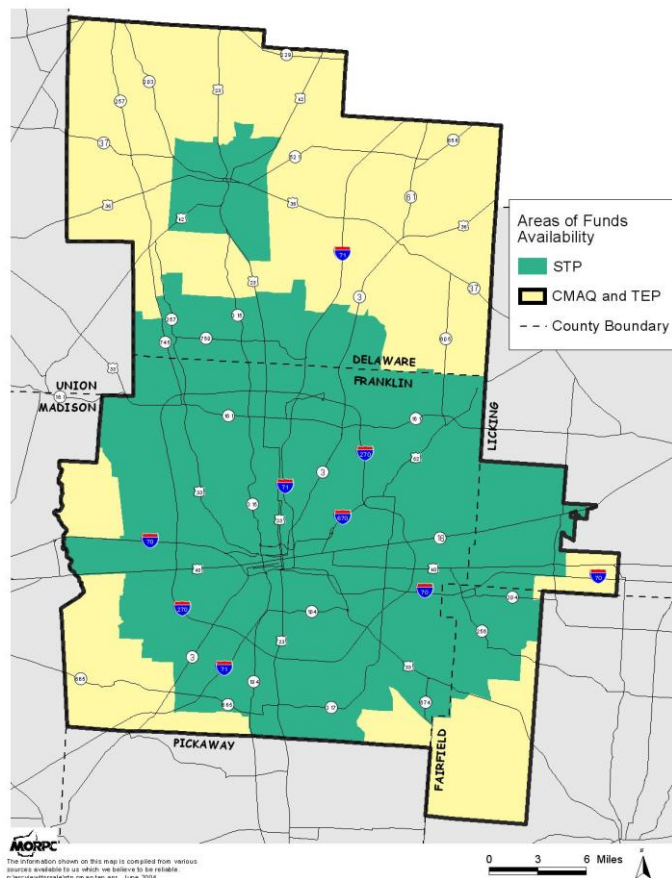
SAFETEA-LU encourages funding projects that best meet the needs of the metropolitan area and discourages the formula sub-allocation of funds to specific geographic areas. Consequently, MORPC will not establish any set-asides for a particular geographic area. Urban areas not contiguous with the Columbus urban area that have their own separate sub-allocation of funds; i.e., the City of Delaware, may have a set-aside.

### 3. Geographic availability of funds limited to urbanized areas for STP and the Transportation Planning Area for CMAQ and TE

The STP federal funds attributable to MORPC are based on the population in the Columbus and Delaware urbanized areas. No funds are attributable to MORPC based on the population in the planning area that is outside the U.S. Census Bureau-defined urbanized areas. Consequently, as long as there are unmet needs inside the urbanized areas, MORPC will allocate funds for projects only within the adjusted urbanized area boundaries. Exceptions include studies that are regionally significant and projects, such as ridesharing, which reduce travel in the urban area. Please see the map.

### 4. Justification for funding projects must be documented in Transportation Plan

Any projects for which federal funding



has been requested must have come from the Transportation Plan or be eligible to be included in it. In the latter case, it must be added to the Transportation Plan before it can be included with federal funding in the TIP. A justification for projects not yet on the Transportation Plan must be provided by the project sponsor. The addition of a project to the Transportation Plan may require deletion of another to achieve fiscal balance. Also, the air quality conformity analysis may be affected. Because of the time necessary to revise the Transportation Plan and obtain approvals from state and federal agencies, projects that require an air quality conformity analysis and/or would violate the fiscal balance of the Transportation Plan will only be routinely added to the Transportation Plan during the four-year updates.

## **5. Eligibility of Project Sponsors and Project Development Process training**

Only project sponsors that are eligible to receive federal funds will be allowed to apply for them. For projects to advance onto the funded part of the TIP, both the project sponsor and consultant project managers must have taken suitable PDP training. Suitable progress must also have been accomplished in developing the project to warrant the scheduling of its funding.

## **6. Projects shall comply with MORPC's Complete Streets Policy**

MORPC promotes a multi-modal transportation system that is integrated with sustainable land-use developments through its Complete Streets Policy. The Policy's main objective is to design and build roads that safely and comfortably accommodate all users of roadways, including motorists, cyclists, pedestrians, transit and school bus riders, people with disabilities, delivery and service personnel, freight haulers, and emergency responders. It includes people of all ages and abilities.

Project sponsors are required to adhere to the Complete Streets Policy in the planning and design of all proposed transportation projects using MORPC-attributable federal funds. Project sponsors are responsible for determining for each project and within the context of the regional long-range plans, the most appropriate facility or combination of facilities to meet the Complete Street Policy. The full Complete Streets Policy is available on the MORPC website.

## **7. Ineligibility of preliminary engineering**

Because of the time needed to procure engineering services when federal funds are used and as a sign of their commitment to their projects, MORPC expects project sponsors to undertake preliminary development and detailed design activities on construction projects without use of MORPC's attributable federal funds. However, in certain situations (a multi-jurisdictional project or severe financial hardship by the local agency(ies)), MORPC may fund preliminary engineering. However, if MORPC funds are used for preliminary engineering, its total funding commitment to the project (PE, ROW & Con) will not exceed the amount it would have been had MORPC funds only been used for the ROW and construction phases. Funds derived from the City of Delaware urbanized area are exempt from these limits.

## **8. Documentation of project funding requests must include project scope, schedule, cost estimate for right-of-way and construction**

Project sponsors must follow the *Application Procedures for MORPC-Attributable Funding Programs* and submit applications for funding for their projects. The *Application Procedures for MORPC-Attributable Funding Programs* document the specific process for each fund type and are included in these policies by reference. All funding sources use the same application. Basic components of the application include:

- Project scope that describes salient features of the project. A description of the existing

portion of the transportation system serving this need should also be provided

- Project schedule that is realistic and recognizes the processing and review times needed by MORPC, ODOT, and other state and federal agencies in the project development process. Project sponsors should not assume expedited reviews by ODOT. The project sponsor, ODOT, and MORPC should agree to the proposed schedule. As a rule of thumb for roadway projects, project sponsors should anticipate that programming and preliminary development activities will take two years, design will take one year, right-of-way acquisition and utility relocation will take six months to two years, and construction will take one or more years. MORPC cannot guarantee that funding can be provided at the time the project sponsor desires funding.
- A detailed estimate of the total cost of the project, and desired federal funding amount. The project sponsor should use ODOT's preliminary cost estimating procedure or some similarly detailed cost estimating procedure.

Projects previously selected to receive MORPC-attributable funding must resubmit an application with updated information to maintain their funding. The commitment of funds to previously selected projects that do not meet their original schedule or that request increases in federal participation will be re-evaluated, as outlined in *Application Procedures for MORPC-Attributable Funding Programs*.

## **9. Solicitation for new projects and updates to previous funding commitments**

In the summer of the year prior to the TIP update, staff will request applications for new projects and updated applications for all currently selected projects. This will be done in a multi step process as outlined below:

- 1a. Request updated information for projects with previous funding commitments
- 1b. Request initial information for new funding requests
2. Review the updated information for previous requests and established amount of funding available for new funding requests
3. Perform an initial screening of the new requests and discuss with the applicants the competitiveness of their requests in comparison to other projects they submitted and available funding.
4. Request final information for new projects in order to complete the evaluation process.

The specifics of each of these steps is provided in the *Application Procedures for MORPC-Attributable Funding Programs*.

At any time, MORPC will entertain funding requests to address an emergency need or fill a funding gap in a larger regional priority project. The requests should be directed to the Director of Transportation. The level of information needed will be determined on a case by case basis. In all cases the request will ultimately need to be approved through the MORPC committee process.

## **10. Penalties for project sponsors not maintaining their schedules or staying within their cost estimates.**

Because, at times, project sponsors have been unable to deliver their projects on the original

schedule, it is necessary to include penalties for delays. Likewise, the cost of many projects have increased substantially because of poor cost estimating.

The application of penalties will only take place after several notifications of the delayed or increased cost status of the project through the reports and letters generated through the monitoring system. Project sponsors may appeal penalties by petitioning MORPC's Transportation Advisory Committee (TAC) for relief. The TAC will develop procedures for hearing such petitions.

- As part of developing the project schedule and the partnering agreement, penalty dates will be established that trigger loss of place in the funding queue.
- Sponsors with projects that fall behind the established trigger dates become ineligible for ODOT Local Public Agency (LPA) administration procedures and must proceed with succeeding project phases under traditional project development procedures. (The LPA procedures allow the use of locally adopted design standards and more local control of the process, both of which may result in reduced development time and project cost.)
- Projects which do not complete steps prior to the established trigger dates or undergo significant cost increases will be rescheduled to later open funding slots or forced to re-compete with new project requests per the *Application Procedures for MORPC-Attributable Funding Programs* guidelines.
- Projects which miss obligation dates that result in loss of funding or reprogramming of funding to projects not previously part of the four-year TIP will have their federal share reduced by 10 percent (typically from 80 percent to 70 percent, but 100 percent projects would also drop to 70 percent), as well as have funding for this project and other projects of the project sponsor delayed by MORPC indefinitely.
- Project applicants who have been awarded program funds in past funding rounds, but whose projects have not yet achieved environmental clearance through the ODOT Project Development Process after being identified in the first six years of the TIP for at least three years, are ineligible to apply for funding of additional projects through the funding program that has the delinquent project.
- Project applicants who have been awarded program funds in past funding rounds, but whose projects have been in development through the Project Development Process after being identified in the first six years of the TIP for more than seven years since the date of first inclusion by MORPC in a TIP, are ineligible to apply for funding of additional projects through the program that has the delinquent project (unless the projects have not been awarded because of a shortage of MORPC-attributable funds).
- MORPC reserves the right to withdraw the funding commitment or force the project to re-compete with new projects should a project advance to the first four years of the TIP, but not advance to construction within six years of first being on the first 4 years of the TIP.

**11. Project selection process shall be applied to all projects to be funded with MORPC-attributable federal funds**

Because of the high demand for MORPC-attributable federal funds, it is necessary to develop project selection processes to identify the best projects to be funded with the MORPC-attributable funds

(STP, CMAQ, and TE).

The criteria for selecting projects to be funded with MORPC-attributable federal funds reflect MORPC's current adopted Transportation Plan goals and objectives and satisfy the planning factors required by the federal Metropolitan Planning Regulations. Furthermore, with the increased attention to ensure the transportation system supports sustainable development patterns, criteria that most directly relate to sustainability concepts will be identified. The *Application Procedures for MORPC-Attributable Funding Programs* provide the specific evaluation criteria. The application form includes questions necessary to obtain information for application of the evaluation criteria.

Projects with higher ratings will generally be selected before projects with lower ratings. Projects that are not selected may be considered in succeeding years. Evaluation will be made on the full scope of the project included or expected to be included in its environmental document rather than on the construction sections. Projects will be evaluated by a committee made up of MORPC staff and MORPC committee (CAC, TAC, and Policy) members, local government representatives, and others. This committee is referred to as the Federal Funding Committee (FFC).

The following generally describes the evaluation and selection process:

- a. Staff shall apply the scoring criteria to new project funding requests and projects forced to re-compete.
- b. Staff shall submit the collected information about each project and the scores for each project to the FFC for review and comment. The preliminary scoring information is available to the sponsors for their review if they request it. Sponsor comments will be provided to the FFC.
- c. Staff shall prepare an initial program of the projects based on the evaluation, availability of funding and meeting regional goals.
- d. The FFC shall review the program and, if warranted, change it to reflect regional goals or other community needs. These changes and their rationale will be noted and included with project selection documentation.
- e. The program shall be provided to TAC and CAC for comments and modification if warranted.
- f. The TAC/CAC-reviewed program of prioritized projects shall be provided to the Policy Committee, MORPC's members, and the public for review and comment.
- g. At the conclusion of public involvement the projects, schedules and costs will be endorsed through the MORPC committee process and incorporated into the drafts of the TIP to be adopted the following May.

Even with evaluation criteria, there may be project types which do not score well, but are important to the development of a multimodal transportation system or achieving preservation, maintenance, sustainable development, or air quality goals of the region. With this in mind the following four-year TIP funding targets are established for the listed funding and project types:

- STP funding:
  - 20% to 40% non-highway capacity expansion (through lanes) projects
- CMAQ
  - 33% to 67% non-SOV Modes
  - 25% to 50% traffic flow improvements
  - 10% to 20% transportation demand management strategies
  - 0% to 20% emission reduction only projects/strategies

## **12. Limiting project funding in any year to 25 percent of annual funds available**

To limit the corrective action necessary to account for a project that is unable to achieve its obligation schedule, the amount that a new phase of the project may receive in any particular year would be limited to 25 percent of the annual MORPC program amount, which is approximately \$6.5 million. However, to minimize the number of project phases impacted, the funding for a project phase will not be split if the phase is less than \$10 million. If the project phase is over \$10 million, the funding will be split with no more than \$6.5 million per year. The full 80 percent share of project right-of-way and construction would be made available to the sponsor, but projects costing more than the annual limit would have to utilize the following options:

- Develop ROW and Construction phases consistent with the limit
- Finance additional amounts through a State Infrastructure Bank (SIB) loan or other loan mechanism to be repaid with future allocations of MORPC-attributable federal funds. Payback might be accelerated if excess funds became available.
- Sponsor finance of additional amounts with prior approval by ODOT and MORPC. The sponsor would be paid back with future allocations of MORPC-attributable federal funds. Payback might be accelerated if excess funds became available.

## **13. Incentives to create a "reservoir" of projects**

Even in a well-managed program there will be occasions when not all of the projects scheduled will be able to be obligated. Consequently, it is desirable to create a "reservoir" of projects that are ready ahead of funding availability that could be obligated when needed. MORPC will create a "reservoir" by scheduling projects to use State Infrastructure Bank (SIB) loans or other loan mechanism. MORPC will first develop the MORPC-attributable program based on expected funding per year, the applicants' schedules and the evaluation criteria results. Then, projects over \$5M that were delayed from their realistic schedule will be considered for a loan schedule. For these situations MORPC will pay loan fees and interest, to the maximum extent possible, on the MORPC-attributable funding amount being borrowed. MORPC will schedule no more than three loan projects in the four-year TIP and no more than one per SFY. At the time it is necessary to submit the loan application, the actual amount applied for may be reduced or eliminated if there is more MORPC-attributable funding than originally expected.

MORPC, working with sponsors and ODOT, will also identify reservoir projects that do not have right-of-way acquisition or utilities. In total, MORPC will attempt to identify an amount equaling approximately 25 percent of MORPC's annual program as reservoir projects. If desired by the project sponsor, MORPC will seek from ODOT the ability to permit advance construction for reservoir projects with local funds either through the LPA or the normal process with repayment in the scheduled year or earlier if funds became available.

#### **14. Partnering agreement/local commitment to project**

To document the local commitment to each project, a partnering agreement will be executed among the project sponsor (represented by the Chief Executive Officer and with legislative approval), ODOT (represented by the District Deputy Director), Consultant (represented by the Project Manager/Partner), and MORPC (represented by the Executive Director). The agreement will include the scope of the project, its schedule prepared with mutually agreeable dates, a commitment on the parts of the project sponsor and consultant project manager to become suitably knowledgeable about the ODOT Project Development Process, and commitment of all the partners to carry out their responsibilities to the project at a level of quality and in a time frame consistent with the best practices customary in central Ohio. In order to maintain the inclusion of its projects in the TIP, the project sponsor will take legislative action approximately every two years (each time an updated application is submitted) to recommit to the project.

#### **15. Project monitoring**

To assist in more timely delivery of MORPC-funded projects and to make the status of projects using MORPC-attributable funding more widely known, MORPC will closely monitor the status of projects. Steps MORPC will take to monitor will include:

- Maintain a list with contact info of project sponsor, ODOT and consultant project managers.
- Maintain a list of milestone dates for the project including at a minimum the milestones included in the project application.
- Contact each project manager (e-mail, phone, or in-person) at least monthly to receive a project update which will then be distributed to other project managers.
- Attend quarterly meetings and other project meetings. Project sponsor attendance at quarterly project status meetings scheduled by ODOT will be mandatory unless the project sponsor, ODOT, and MORPC agree to cancel.
- MORPC will report on the status of all projects at each TAC meeting. Project managers of projects falling behind schedule may be requested to report on the project to TAC.
- A summary of the information will be formally reported to the project sponsor CEO and chair of council (if such exists) at a minimum the beginning of each fiscal year. These would be more often if a project begins to fall behind.
- MORPC will investigate additional means of monitoring and providing updates such as the web.

#### **16. Cost overruns: No more than the amounts in the TIP plus 10 percent shall be allowed**

The cost of projects submitted for funding sometimes increases dramatically from the estimate submitted by the project sponsor. At times MORPC's program has absorbed these costs by delaying

funding for projects that follow. In order to provide more accurate funding schedules to all project sponsors, MORPC will limit the amounts that projects may overrun their estimates.

MORPC's total participation in a project for Right-of-Way and Construction shall be fixed at no more than the dollar amounts shown in the TIP from which the project phase is obligated plus 10 percent. Costs in excess of these amounts shall be the responsibility of the project sponsor. Prior to obligation, project sponsors have the right to withdraw projects and ask that they be reprioritized in a later year to obtain a higher MORPC commitment with the stipulation that if the withdrawal results in a loss of federal funds or obligation authority to the region, funding for this project and other projects of the project sponsor may be delayed by MORPC indefinitely. Projects that are not construction projects such as studies, preliminary engineering, MORPC programs, other programs, and purchases are fixed at the dollar amount shown on the TIP from which the project phase is obligated. There is no 10 percent additional MORPC participation. Projects with funds derived from the City of Delaware urbanized area are exempt from these limits.

#### **17. Authorization to trade obligation authority with other MPOs**

Staff is authorized to negotiate with other MPOs, ODOT, and the County Engineers Association of Ohio to exchange obligation authority so it may be used to the advantage of MORPC. At the time it is necessary to submit a SIB loan application per Principle #12 the actual amount applied for may be reduced or eliminated if there is the ability to exchange obligation authority. TAC is authorized to approve these exchanges, which become binding on the Policy Committee.