

MEMORANDUM

To: Jurisdictional Members of the Transportation Improvement Program (TIP) Subcommittee & RTA Working Groups

From: Jim DeGrood & John Liosatos

Date: August 18, 2009

CC: Gary Hayes, Regional DOT Directors, PAG Staff

Re: Fiscal Year 2011-2015 TIP – Call For Projects

Pima Association of Governments has reviewed the funding available, by funding type, for the fiscal years to be contained within the upcoming 2011-2015 Transportation Improvement Program (TIP). In addition, the Regional Transportation Authority has reviewed the categorical amounts recommended for programming in FY11-13. These funding amounts will be used for programming the 2011-2015 TIP.

Adjustment of Estimates: While the region's fiscal constraint is improving in relation to fund balances, actual revenues continue to fall short of estimates and another adjustment in the program may be prudent. This would entail yet again taking the first four years of the program and stretching it back into the fifth year. The matrix below shows the estimates over the next five years.

Fund	FY11	FY12	FY13	FY14	FY15
STP Estimate	\$20,000	\$20,000	\$20,000	\$18,000	\$17,000
12.6% Estimate	\$22,489	\$23,641	\$24,971	\$26,503	\$17,225

All numbers in thousands

FY08 actual for STP was \$18,749,220

FY09 actual for 12.6% was \$17,225,504.

In reviewing the actual amounts received with our estimates PAG staff recommends that the region should continue the practice of no new projects for one more year. STP estimates are close to actual so no adjustment may need to be made, but the HURF12.6% funds appear to be well short of the mark making another adjustment to estimate advisable.

Staff recommends trimming the FY11-14 12.6% estimates by an additional \$4 million per fiscal year. The aggregate total of this reduction would be \$16 million over four years. Continuing the "no new projects" for another year would allow the FY15 12.6% funds to go to make up that adjustment in the program.

Funding Summary: The matrix below outlines the funding available by fiscal year with the staff recommended adjustments to the 12.6% funds. Each cell below represents the sum of the expenses subtracted from the revenues by each fiscal year;

these are not cumulative totals. The bottom line on all this is that these numbers tell us how much funding needs to be moved to positive balance years from the negative balance years.

The net available, the cumulative total over the five years of the program, is \$509 of STP funds, \$2,015 of 12.6% funds and \$8,865 of 2.6% funds (in thousands).

Fund Source	FY11	FY12	FY13	FY14	FY15
Federal STP	\$12,847	-\$4,168	-\$2,635	-\$21,960	\$16,425
PAG HURF 12.6%	-\$6,134	-\$4,431	-\$3,893	-\$752	\$17,225
PAG HURF 2.6%	\$4,785	\$773	\$3,307		
RTA Categorical					
Intersection Safety	\$3,107	\$3,107	\$3,107		
Elderly and Ped. Safety	\$611	\$611	\$611		
Transit Bus Pullouts	\$1,196	\$1,196	\$1,196		
At-grade rail and bridge deficiency	\$673	\$673	\$673		
Signal technology	\$710	\$710	\$710		
Greenways, Pathways & Sidewalks	\$2,564	\$2,564	\$2,564		
Wildlife Linkages	\$2,725	\$2,725	\$2,725		

All numbers are in thousands.

These are estimates based on the best information available and are subject to change

STPX and HELP Loan Suspension: Both these programs continue to be suspended by ADOT and, therefore, neither should be incorporated into any jurisdiction's project delivery strategy. HELP and STPX projects already under contract should not be impacted by this suspension.

Call for projects: Jurisdictional sponsors are asked to schedule a meeting with PAG staff to review/submit their project funding requests between Wednesday, Sept. 30 and Friday Oct. 2.

RTA categorical-related requests will be reviewed and prioritized by the appropriate working group at its October/November meetings. The TIP Subcommittee will review and prioritize all project requests at its all-day TIP development meeting(s) in late November/early December.

Year of Expenditure: Each jurisdiction should be aware that the fiscal year 2015 STP and 12.6% funds that will be programmed by the TIP process this year are in 2015 dollars. As such, jurisdictional funding requests should reflect this by adjusting current construction costs for inflation for the anticipated year of expenditure. Using this matrix, jurisdictions should make adjustments for future years if they have not already done so. The table below provides the adjustment factor that is recommended to inflate current estimates to the program year.

Calendar Year	Inflation Rate	Fiscal Year (Converted)	Aggregate Total
2011	0	1.450%	1.06193
2012	0.95	0.475%	1.06697
2013	1.45	1.200%	1.07978
2014	1.2	1.325%	1.09408
2015	1.25	1.225%	1.10749
2016	1.55	1.400%	1.12299
2017	1.75	1.650%	1.14152
Source: FHWA/Global Insight March 2009			
Note: "Fiscal year" 2010 assumes 1/2 the 2009 rate plus 1/2 the 2010 rate.			
Aggregate Total represents the multiplier for a cost estimated in 2009 dollars			

Process: Each jurisdiction has a designated point of contact on the TIP Subcommittee. That contact has been sent a data sheet for existing TIP projects to be reviewed and updated as well as blank application sheets and criteria sheets for new project requests. Each jurisdiction has different protocols for project submittals and because the TIP has a standing rule that a jurisdiction may not request more funding than is available in any funding category, we would prefer that project funding applications flow through that designated representative. Each jurisdiction is required to prioritize its projects.

City of Tucson	Andy McGovern	Pima County	Sal Caccavale
Town of Marana	Ryan Benavides	Town of Oro Valley	Jose Rodriguez
Town of Sahuarita	Thomas Garcia	City of South Tucson	Joel Gastelum
Pascua Yaqui Tribe	Artemio Hoyos	Tohono O'odham Nation	Fred Stevens

MEMORANDUM

To: Jurisdictional Members of the Transportation Improvement Program (TIP) Subcommittee

From: John Liosatos

Date: August 18, 2009

CC: Gary Hayes, Regional DOT Directors, PAG Staff

Re: Fiscal Year 2011-2015 TIP – Changes in TIP document

Programming STP: The region cannot continue business as usual. In the past ADOT has assisted the PAG region in keeping our federal STP dollars “fresh”. At the end of each federal fiscal year, ADOT would use our STP dollars that would normally expire, on ADOT projects and replace them with newer STP funds in the new fiscal year. With the downturn in the economy and the staffing challenges that face ADOT in the short term it may become very difficult for ADOT to continue this practice.

Additionally, FHWA is looking to “clean up” balances of both obligated and un-obligated STP at the state level, taking better control of our STP obligations will put the region in a better position is any STP rules changes are implemented.

Thus, the PAG region must be prepared to control its own destiny and develop practices that keep the following STP funding rules in mind.

- STP must be obligated within three years or they will lapse. The practical implication of this is that jurisdictions will have to get away from the idea of putting a little bit of funding on a lot of projects and saving the funding up for four or five years. We will need to focus on fewer projects and be committed to make sure the schedules do not slip.
- The region may only spend STP equal to its “obligation authority” (OA) in any given year. This means that even if a jurisdiction waits three years to obligate funds, that jurisdiction can only obligate up to that year’s OA. OA lapses each year. The region will have to concentrate more on better planning of funding cash flow. Bigger projects will undoubtedly need to take advantage of advance construction.
- Once STP is obligated a jurisdiction has 10 years to build the project and spend down those obligated funds. If there is no activity for 12 consecutive months on an obligated account, FHWA will contact the obligating jurisdiction and start making inquiries about the project status. Insufficient response to those inquiries could lead FHWA to commence procedures to de-obligate the funds.
- De-obligated funds must be re-obligated within the same federal fiscal year that they were de-obligated or they will lapse. In addition they will count against the current year’s OA, meaning the original year of obligation’s OA is

lost. The region needs to discourage the over-programming of funds and the region needs to have some fall back projects, such as flexing STP to transit for new bus purchases, to make sure the region never loses any OA in a given year.

- Once obligated STP dollars are reimbursed to a jurisdiction it is contingent on completing the project, so cancelling a project will mean that the jurisdiction (not PAG) will be responsible for reimbursing FHWA for any funds received for that project, including but not limited to design expenses.

To take control of our own destiny, our regional STP funds must be obligated on a more consistent basis and need to be prepared should current ADOT assistance become impractical. **PAG Staff recommends:**

- **After a transition period, limiting the number of STP projects in the region to six or eight.**
- **Always have two projects ready to go, one that is to be funded and one “on deck” that could utilize the funds if a problem occurs. Projects “on-deck” one year would move to the funded project spot the next.**
- **Establish an annual flex of STP to transit, to make sure the region’s OA is spent every year.**

No projects in first or second year of the TIP unless they are “ready to go”: The TIP is the region’s “promise to the public” of how funds are to be spent. Showing funds in the first year of the TIP with a “construction” tag is misleading, especially when a jurisdiction’s overall intent is to “save up” funds for construction in five or six years. This change had been discussed before as part of the 2010-2014 TIP development, with tentative buy-in from the jurisdictions at TIP and DOT Director Meetings, but due to the energies that needed to be devoted to the ARRA process the change was postponed. **Staff recommends creating a new TIP “Appendix One” during a special meeting of the TIP. The process would consist of moving projects around in the program based on when the funds will be expended NOT by when they would be available. The final list would be checked for fiscal constraint with adjustments made as necessary.**

Private funds in the TIP: Regionally significant projects, regardless of fund source, are required by federal rules to be shown in the TIP, including developer driven project(s). For fiscal constraint and environmental compliance, there should be some assurance that these private funds are “reasonably expected” to be available in the year of expenditure noted in the TIP. Because of the confidential nature of the development agreements that jurisdictions enter into with private developers, the determination of “reasonably expected” will be left to the individual jurisdictions, however, the jurisdiction should provide a letter outlining the project name, project scope, amount being provided, party(s) who will be providing the funds and when the funds will be available. No information should be contained in this letter that is not public information. **Staff recommends letters be required before private funds are included in the TIP and kept on file and be made available upon request.**