

**Pima Association of Governments  
Transportation Improvement Program (TIP)  
Policies and Procedures  
APPROVED by TIP Committee, August 12, 2014**

**Introduction:** These Policies and Procedures govern the programming of available regional funds through Pima Association of Government's Transportation Improvement Program (TIP). In addition, projects that are regionally significant<sup>1</sup>, regardless of fund source, are required to be included in the TIP document and, as such, portions of the TIP Policies and Procedures apply to those projects as indicated. Additionally, funds associated with the Regional Transportation Authority (RTA) are governed by the RTA Memorandums of Policy and Policy, Objectives and Procedures documents.

**Goal:** To provide consistency in the development of the TIP, which creates a common ground from which everyone can work. To provide consistent and efficient use of the regional funds and complies with all applicable state, federal and other guidelines.

Nothing in the TIP Policies and Procedures are intended to contradict or supersede federal rules, the Arizona Constitution or Statutes and/or the RTA Memorandum of Policies (MOPs) or Policies, Objectives and Procedures (POPs).

**Definitions:**

**Policies** - for the purposes of this document, refers to the consistent rules to be followed by PAG Staff and the jurisdictional sponsors in developing and implementing the TIP.

**Procedure** - for the purposes of this document, refers to the set processes that are followed by PAG to develop the TIP, update the TIP and manage the regional program.

**HURF** – Highway User Revenue Fund.

**PAG HURF 12.6% Funds** – Regional funds that come from the state Highway User Revenue Fund set aside for roadway projects

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<sup>1</sup> As defined by 40 CFR 93.101 - Regionally significant project means a transportation project (other than an exempt project) that is on a facility which serves regional transportation needs (such as access to and from the area outside of the region, major activity centers in the region, major planned developments such as new retail malls, sports complexes, etc., or transportation terminals as well as most terminals themselves) and would normally be included in the modeling of a metropolitan area's transportation network, including at a minimum all principal arterial highways and all fixed guideway transit facilities that offer an alternative to regional highway travel.

RTA—The Regional Transportation Authority is the government entity that manages the \$2.1 billion, 20-year RTA plan, which was approved by Pima County voters on May 16, 2006

**STP Funds** – Federal Surface Transportation Program funds

**PDAF** – Project Development Activity Fund. A set-aside of PAG HURF 12.6% funds used to jumpstart projects by doing the necessary study or design that prepares projects for construction.

**HELP Loan** - Highway Expansion and Extension Loan Program

**Severability:** If any part of these Policies and Procedures does not apply, due to any reason, including but not limited to federal rules, Arizona Revised Statutes, RTA policies, to a given set of circumstances, which does not void their application where possible.

**Compatibility with Existing Legislation:**

The Arizona State Constitution and Arizona Revised Statutes are already in place for HURF funds; use and reimbursement requirements remain in place and are not impacted by these Policies and Procedures.

The federal rules already in place for STP funds' use, match and obligation requirements remain in place and are not impacted by these Policies and Procedures.

**Continuation:** The TIP Policies and Procedures are to remain in effect unless modified by action of the PAG Regional Council. Minor individual guidelines and procedures may be modified, added or deleted by the PAG Executive Director acting upon Regional Council's behalf in lieu of Regional Council action. Change in FHWA or FTA policy or regulation may also necessitate revision of these Policies and Procedures.

**Policies:**

TIP Development

PO1.0 – The TIP shall be fiscally constrained in each individual fund source in each of the first four years of the TIP. The Subcommittee shall establish a fifth year of the TIP; however, it does not need to be fiscally constrained.

PO1.1 – Only projects that are consistent with the Regional Transportation Plan (RTP) are eligible to be in the TIP.

PO2.0 – No individual jurisdiction may request more funding in any given year from any individual funding source, including STPX funding, which exceeds the total amount available to the region.

PO2.1 – Privately funded projects must provide evidence of funding to be included in the TIP. The jurisdiction shall confirm in writing to PAG that the private funding is available.

PO.2.2 - Jurisdictions shall confirm in writing that their local match and any other funds necessary to complete the project will be made available within the specified timeframe.

PO 3.0 – Projects may not appear in the first two years of the TIP unless the phase shown within those years is fully funded.

PO3.1 – Construction (“C”) projects may not show up in the first two years of the TIP document unless the project is fully funded. Construction funds should not be shown in year three of the TIP unless the jurisdiction has an “Advanced Construction” plan. The funding set-aside (FS) designation shall be used when a jurisdiction is compiling the necessary funding for a phase. The phase of the project shall be included in the FS designation, e.g. design set-aside funds will be labeled as DFS and construction set-aside as CFS.

PO3.2 – Advanced Construction (AC) funds must be sufficient to complete the construction project and are provided at the sponsor’s risk. Reimbursement of AC funds in later years of the TIP are to be viewed as tentative commitments and are subject to adjustments based on funding availability and other project priorities.

PO4.0 - Should HURF funds not be available for a reimbursement request, reimbursements will be done on a first-come, first-serve basis.

PO5.0 – For STP and 12.6% projects in excess of \$3 million, jurisdictions over 100,000 in population may request up to three new projects, and jurisdictions under 100,000 in population may request one new project annually for consideration.

PO6.0 – Jurisdictions can request additional funds for scope increases for projects already in the TIP if those funds are going toward project elements up to 10 percent of the budget not beyond the original scope. Increases, scope or budget beyond that amount requires a review and approval of the project charter.

PO7.0 – All HELP loan applications require approval from the TIP Subcommittee prior to submitting application.

PO7.1 – HELP loan cost savings shall be returned to the region, however, in certain instances HELP loan cost savings should remain with the jurisdiction they were issued to (e.g. STP HELP loan funds shall remain with the jurisdiction because if they are returned, apportionment does not increase and the ability to use these

funds by the region would be gone). These funds are reprogrammed as local funds at the direction of the region.

PO7.2 – To maintain a “paper” trail for the regional funds, the reprogramming to another regional TIP project shall be done as an action of the Regional Council.

PO8.0 – Jurisdictions shall not enter into STPX exchanges or loan agreements if other regional resources are available to take their place.

#### Project Charters

PO9.0 – A Project Charter document is required for all projects to be listed in the TIP regardless of fund source. A Project Charter (minor) will be required for projects under \$3 million and a Project Charter (major) for projects over \$3 million.

#### TIP Amendments

PO10.0 – PAG has four methods by which the TIP may be amended: Administrative Correction, Technical Amendment, Formal Amendment and Automatic Insertion. (See the attached matrix for details.)

PO11.0 - A jurisdiction can request an expedited approval of an amendment. Expedited approval involves e-mailing the proposed amendment to two of three of the following committees: TIP, TPC or Management, and polling on their concurrence, with the item scheduled on the next available agenda of the committee not previously polled before advancing to Regional Council.

PO12.0 – Amendments, as it is true of all TIP projects, may not add projects that are not consistent with the adopted RTP.

PO13.0 – Amendments may not add capacity-increasing projects unless applicable requirements of the CMP are met and an air quality conformity analysis is run for the region that includes the proposed project.

PO13.1 – Amendments that impact the conformity analysis (capacity projects that must be modeled) require the same public notice and opportunity for comment as the original TIP document.

PO13.2 – Due to the nature of the modeling process, an amendment that requests a new capacity-increasing project will not have the ability to be expedited. Jurisdictions are asked to plan ahead accordingly.

PO13.3 – For the purposes of these Policies and Procedures, a capacity increasing project is defined as one that adds an additional vehicular travel lane one mile or more per the CMP. Turn lanes, road widening, bicycle, pedestrian and transit projects are not, for the purposes of this policy, considered capacity increasing.

PO14.0 – Amendments must maintain fiscal constraint by fund type and by year.

Payments and Obligations

PO15.0 – Excess funds (HURF or STP) that are not required to complete the original or approved scope of the project will be returned to the regional fund balance for reprogramming to other projects.

PO15.1 – Reprogramming of returned funds shall go through the regular TIP process.

**Procedures:**

TIP Development

PR1.0 – Annually, during the month of August, PAG staff shall work to develop the fund estimate for the upcoming TIP document. Development of these estimates shall be done in conjunction with FHWA and the State of Arizona. These estimates shall reconcile previous estimates vs. actual revenues, if available for previous years, as well as determine estimates for the “out” year of the upcoming TIP.

PR2.0 – Annually, at the September Transportation Finance Subcommittee Meeting, PAG staff shall present the fund estimate outlined in PR1.0 for their concurrence. PAG staff shall adjust the estimates based on the recommendations of the PAG Finance Subcommittee as appropriate for the development of the annual Call for Projects. The PAG Finance Subcommittee’s estimates are in concurrence with ADOT’s estimates.

PR2.1 – Annually, PAG shall reserve up to 10 percent of the estimated HURF 12.6% funds available for the current fiscal year as a contingency. Establishment of this contingency fund will allow the region to assist jurisdictions with projects in construction to cover any cost overruns or unforeseen circumstances. It should be stressed that the intent of the contingency fund is for jurisdictions to provide estimates for projects they are developing that are not overly conservative.

PR2.2 – The contingency is not intended to increase the scope of a project beyond what is outlined and agreed upon in the Project Charter (PC) for the project.

PR3.0 – Annually, on or about September 1, after the Transportation Finance Subcommittee Meeting, PAG staff shall make available the Call for Projects, which outlines the funds available over the next five years that cover the upcoming TIP period, by fund source.

PR3.1 - The fund sources included in the Call for Projects shall include: STP, RTA Categorical funds, HURF 12.6%, HURF 2.6%, STPX (HURF Exchange), HURF PDAF,

the region's available HELP Loan Balance, and any other regional funds determined to be specifically available to the region.

PR3.2 – The Call for Projects will include the "Year of Expenditure" (YOE) factor to be used in the calculation of expenditures anticipated in future years of the TIP.

PR3.3 – The Call for Projects shall include the due date to receive funding requests from the project sponsors.

PR3.4 – PAG shall make available, as attachments or Web postings, all of the necessary forms associated with the Call for Projects.

PR4.0 – Annually, each project sponsor shall submit a status update of all current, programmed and requested projects. PAG shall distribute a spreadsheet to each jurisdiction with its TIP projects and programs listed by TIP ID number. Information requested shall include: project cost estimate, source and date of that estimate, project status and an estimated (month/year) of project start and completion. The request shall contain the date the completed status report is due back, to PAG.

PR4.1 – At this time status of Project Charters will be noted.

PR4.2 – Each project sponsor will submit its funding requests with its own prioritized ranking based on its own priority system for new projects.

PR5.0—Prior to the TIP development meeting (the "all-day TIP meeting"), the TIP committee shall review the status of RTA projects in the current and next period with the project sponsors and identify any opportunities to supplement RTA funding.

PR5.1—Non-federalized RTA projects should remain non-federalized to maximize regional funding. For example, HURF funds should be considered to supplement non-federalized RTA projects.

PR5.2—Federalized RTA projects should maximize the utilization of STP, TAP, and HSIP funding as opportunities arise, provided obligation deadlines can be accommodated. Consideration should be given to entering into Advance Construction Agreements, in order to efficiently use the region's entire federal obligation authority.

PR5.3—Should STP funding be in jeopardy of not meeting obligation deadlines, the TIP committee shall investigate flexing those STP funds to transit projects, provided that a like amount of RTA funds that would otherwise be committed to RTA transit projects is returned to the RTA to be utilized where it is needed most to keep the RTA plan on schedule or for corridor or categorical projects.

PR6.0 – TIP development meeting. The TIP Subcommittee shall meet, time, day and duration of the meeting(s) at their discretion, annually to develop the draft TIP.

PR6.1 – New projects submitted for consideration in the new TIP shall include a TIP Criteria form. These forms are used to objectively compare competing projects for the limited available funding.

PR6.1.1 – The Congestion Management Process (CMP), which is required by federal regulation, shall be incorporated into the project selection process. Consideration of congestion mitigation strategies shall be included as part of the TIP application process for capacity-increasing projects. However, congestion mitigation strategies also will be considered for inclusion as part of non-capacity increasing TIP projects when appropriate.

PR6.1.2 - During development of the TIP, the TIP Subcommittee shall consider minor projects separately from major projects with criteria and data analysis designed to accommodate the unique nature of smaller projects. Project classification (e.g. minor and major) shall come from the Region’s Congestion Management Process (CMP) along with any corresponding criteria set forth from the CMP. The CMP terminology of “significant” corresponds to “major” projects.

PR6.2 – After reviewing the funding available, by fiscal year and fund source, the TIP Subcommittee shall review the funding requests made by fiscal year.

PR6.3 – Fiscal constraint must be achieved in the first four years of the TIP by fund source. Jurisdictions are asked to voluntarily modify their funding requests, by changing funding year requests or amounts to achieve constraint.

PR6.4—The TIP Subcommittee shall consider the following regional priorities when developing the TIP, programming regional funds, and adjusting the program for fiscal constraint:

- 1 - Payments for HELP Loans for work already completed.
- 2 – RTA Corridor projects already under construction to complete work included in the scope of work described in the voter approved RTA ballot
- 3- RTA Corridor projects within two (2) years of the “period” deadline by which construction was mandated to be started per the RTA ballot language, provided that the funds needed are for work described in the voter approved RTA ballot.
- 4- Non RTA projects that are already under construction in need of additional funds to complete the original scope of work.
- 5- Payments for Jurisdictionally bonded projects that are payments for work already completed.
- 6 – RTA corridor projects already in the adopted TIP.

7- Non RTA projects already in the adopted TIP.

8- Major RTA categorical projects, intersections for example, that are in need of additional funding.

9 –New regional projects.

PR6.5—The TIP subcommittee shall develop a project pipeline that shows an additional five years of funding beyond the TIP five year planning horizon. The 5 year pipeline will be published as an appendix to the TIP document. The pipeline will allow the region to plan cash flow for RTA projects in 10-year time periods.

PR7.0 – The TIP public comment period shall include the opportunity to comment on the AQ impacts of the proposed projects. This requires that the modeling be finished and the numbers known. To do this by March requires that the TIP project list be made available in early January.

PR8.0 – The TIP Subcommittee has established January 1 as the deadline for finalizing the proposed project list.

PR9.0 - The TIP Subcommittee has established that development of draft TIP materials shall be scheduled so that TIP public open house(s) to review the proposed project list occur in March.

PR10.0 – After development of the draft TIP, PAG is required to hold at least one open house to garner public comment. After review of the public comment, the TIP Subcommittee shall finalize the draft TIP which shall be noticed for a 30-day public comment period while it concurrently moves through the PAG committee process. Both the Public Comment period and the PAG committee process shall culminate in a PAG Regional Council meeting where the TIP is properly noticed for adoption. The Regional Council meeting should take place in May or June, prior to the end of the fiscal year, June 30.

PR11.0 – Funding resources that are designed to accelerate projects, such as HELP loans, shall not be programmed in the TIP, just the re-payment of these resources, to avoid “double counting” of regional funds.

#### Project Charter

PR12.0 – Once a project/program has been approved for inclusion in the TIP, a Project Charter (PC) through Section I. shall be prepared for the project/program jointly between PAG and the sponsoring jurisdiction. The PC is NOT required to be updated annually but must be updated **if there is a significant change in scope or funding amount or when the project goes to design or construction.**



PR12.1 – The Project Charter shall outline the responsibilities and relationships of all agencies, as well as the project schedule/time line and the available funding (approved budget) for the project; this should include but is not limited to:

- Sponsoring agency
- Funding agency(s), to include PAG and/or RTA, but may also include FTA, FHWA, ADOT or another jurisdiction if they are providing funds (e.g. Pima County if Pima County Bond funds are to be used for the project)
- Utility Companies, if applicable
- Design/Engineering Consultants

PR12.2 – The PC will contain a cost breakdown for design, right-of-way acquisition and construction, as well as maintenance and operations of projects for which such a breakdown is appropriate.

PR12.3 – The PC shall contain a detailed scope of the project, including identification of congestion mitigation strategies committed to the project for capacity-adding projects.

PR12.4 – PC modifications must be submitted to PAG for approval and processing to obtain a concurrence of a majority of the PAG jurisdictions by either discussion at a TPC meeting or via e-mail poll of TPC members.

#### TIP Amendments

PR13.0 – When a TIP amendment is requested by a jurisdiction, PAG staff will first determine if the request follows PAG policies that govern TIP amendments. If so, the request will be presented at the next TIP meeting for a vote. If the nature of a TIP amendment request is such that time is of the essence, a jurisdiction can request an expedited approval.

PR13.1 – If the nature of the request falls within the parameters of an “administrative” amendment, the PAG Executive Director may, at his/her discretion, administratively approve the amendment. The Executive Director may request that one or more of the following committees be polled via e-mail on the request: TIP Subcommittee, TPC, Management and/or Regional Council.

PR13.2 – If the request cannot be done administratively, a proposed amendment can be e-mailed to two or more of the following committees: TIP, TPC or Management. With majority concurrence, the item can be scheduled on the next available agenda of at least one Committee (TIP, TPC and/or Management), not previously polled, before advancing to Regional Council. If no meetings are scheduled and there is a dire need, a special TIP meeting could be called prior to Regional Council to discuss the amendment, provided that the TIP special meeting

is properly noticed and a quorum is present. After the special TIP meeting, TPC and Management should be polled via e-mail prior to the Regional Council meeting.

### Special TIP Meetings

PR14.0 – Deadlines associated with different fund sources necessitate special TIP meetings to be held from time to time. Special meetings can be called by PAG staff or the TIP Subcommittee Chair.

PR14.1 – If the nature of the special meeting is to develop a draft work product, neither notice nor quorum is required. **NO ACTION MAY BE TAKEN AT THESE WORKING MEETINGS.**

PR14.2 – If action is anticipated to be taken by the Subcommittee, the meeting shall be properly noticed with the posting of an agenda within the time period specified by the Open Meeting Law.

### Payments and Obligations

PR15.0 – Regional HURF funds are provided on a reimbursement basis. Thus, if funds appear in the current year of the TIP, a jurisdiction may proceed with the project and submit billings for reimbursement. Federal funds also are provided on a reimbursement basis and projects must first comply with all federal requirements prior to funding.

PR15.1 – HURF 12.6% funds are reimbursed by submitting to PAG’s Transportation Programming a completed “drawdown” request, including documentation of work performed. After PAG review/concurrence, the request can either be sent back to the jurisdiction for further explanation/documentation, adjusted by PAG to reflect eligible cost items only or forwarded to ADOT for payment.

PR15.2 – Federal STP reimbursements work differently. A jurisdiction must “obligate” STP funds before the work starts for design, right-of-way and construction activities. “Obligate” means when FHWA authorizes the STP funds are moved from a general PAG account into a project specific account. The jurisdictions receive reimbursement from that project specific account. Construction obligation cannot occur until the project plans are completed and the PS&E submittal has been approved. This requires all necessary clearances for Right-of-Way, Environmental, Utilities, Railroad, etc.

PR15.2.1 – Due to the cost and scope of some large infrastructure projects there will be occasions where a project sponsor needs to obligate more federal funding for a project than is available in the current fiscal year. A jurisdiction may obligate the available funds in the current fiscal year and then obligate the remaining amount(s) in subsequent fiscal year(s). Before the project begins the sponsoring jurisdiction shall enter into an agreement with FHWA, known as an "advanced construction agreement", that outlines

the estimated total cost of the project and the schedule for subsequent obligations. Within the agreement the sponsor acknowledges that they are starting the project at "their own risk" as future federal fund availability cannot be guaranteed.

PR15.3 – For HURF projects, drawdown requests will not be processed if the request does not agree with the scope or budget provided in the PC.

PR15.4 – For STP projects, obligations and/or additional obligations will not be supported if the obligation request does not agree with the scope or budget provided in the PC.

PR15.5—For federally funded projects, project closeout follows federal procedure. For RTA and regionally funded HURF projects, jurisdictions should inform RTA and PAG staff when a project is substantially completed and develop a schedule for when the final invoice from the contractor will be processed and the project closed. Additional billings associated with utility bills, staff time, and warranty inspections are considered to be the responsibility of the sponsor and are ineligible for reimbursement. See RTA Policies, Objectives and Procedures (POPs) for specific RTA policies related to the project closeout process.

PR16.0 – STP funds typically become available on an annual basis. The region needs to work cooperatively to make sure that obligations for the coming year are identified early so that no STP funds are lost because they were not obligated in a timely fashion.

PR17.0 - If a project using STP funds in the current fiscal year is not ready to obligate, the sponsoring jurisdiction shall notify PAG immediately so that other plans to obligate those funds can be made.

PR17.1 – If a jurisdiction fails to notify PAG in a timely fashion, and no later than July 1 of that federal fiscal year, and if the federal STP obligation authority is lost, the jurisdiction in question may be required to “make the region whole” by providing an amount equal to those lost funds for that project with jurisdictional funds.

PR17.2 – Excess obligation of federal funds also may require “making the region whole.” Jurisdictions should only obligate the amount of federal funds that will be needed for the project, as excess funds must be de-obligated later. De-obligated funds must be re-obligated within the same federal fiscal year in which they were de-obligated or they will be lost. In addition, they will count against the current year’s Obligation Authority (OA), meaning the original year of obligation’s OA is lost.

PR18.0 – Projects showing no progress or activity for five (5) years may be removed from the TIP and the funds reprogrammed.

PR18.1 – For obligated STP funds, federal rules will dictate if previously expended funds would need to be repaid to the region if a project is removed from the TIP or canceled.

PR18.2 – For regional HURF funds, the expectation is that a jurisdiction may be required to repay any already expended funds if a project is removed from the TIP or not completed per the PC.

PR19.0 – A jurisdiction may appeal to the Management Committee to have regional HURF repayments waived. The Management Committee may determine by majority vote that there are extenuating circumstances beyond the control of the jurisdiction that necessitated the canceling of the regional HURF project. Repayment of federal STP funds previously received for a canceled project cannot be waived.

PR20.0 – When a jurisdiction no longer needs funding for a project, they need to notify PAG that the funds are available for reprogramming.

PR20.1 - The TIP is a financial document and even if a project has not yet received its certificate of completion, but the billing activities have significantly ceased, the expectation is that the jurisdiction will notify PAG and return any unused funding. It is acceptable for a jurisdiction to maintain an appropriate amount of funding for landscape establishment remembering that this amount needs to continue in the TIP as it is the mechanism for which the funds can be drawn.

PR20.1.2 – Within 30 days of bid acceptance, the jurisdiction shall notify PAG and return bid savings funds to the region. Jurisdictions are encouraged to maintain within the project contract an appropriate contingency fund not to exceed 10%.

PR20.2 - Once regional STP funds get obligated to a project, the region has no way of tracking closeout or landscape establishment. Unused STP funds that are beyond the first year of obligation, that are unused, are returned as apportionment to the region but not as obligation authority. These funds are not able to be used by the region; therefore, the jurisdiction should get the most out of obligated STP before project closeout.