

MEMORANDUM

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

From: Jim DeGrood, John Liosatos, James McGinnis , and Nathan Barrett

Date: August 12, 2016

CC: Farhad Moghimi, Cherie Campbell, Regional DOT Directors, PAG Staff

Re: Fiscal Year 2018-2022 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 2018-2022 Transportation Improvement Program (TIP). Amounts in FY 2017 may need to be adjusted, impacting estimated roll over amounts from FY 2017 into FY 2018.

In addition, the Regional Transportation Authority has reviewed the categorical amounts available for programming in FY17.

REVENUE PROJECTIONS AND ESTIMATES

Adjustment of State and Federal Estimates: Over the past couple of years the region has made adjustments to fund projections to better reflect the slow recovery from the recent downturn of the economy. The PAG Transportation Improvement Program Subcommittee reviewed state and federal funding estimates on August 9, 2016 and made the following estimate recommendations for use in developing the 2018-2022 TIP. In addition, they reviewed the existing fiscal year (FY17) funding estimates as well.

Fund	FY17	FY18	FY19	FY20	FY22	FY22
STP	\$20,200	\$17,500	\$18,000	\$18,500	\$18,500	\$18,500
12.6%	\$22,500	\$22,500	\$23,000	\$23,500	\$24,000	\$24,500
2.6%	\$4,750	\$5,000	\$5,250	\$5,500	\$5,750	\$6,000

All numbers in thousands

State and Federal Funding Summary: The matrix below outlines the funding available by fiscal year. Each year’s cell represents the sum of the currently programmed projects subtracted from the revenues for each fiscal year; only the last column is a cumulative total. These numbers indicate how much funding needs to be moved to years with a positive balance or from years with a negative balance.

Federal, State, and Regional Funding Availability:

Fund Source	FY17	FY18	FY19	FY20	FY21	FY22	Cumulative total available
Federal STP	\$2,045	\$400	\$650	\$1,150	\$1,150	\$14,265	\$19,660
PAG 12.6%	\$581	\$0	\$484	\$1,500	\$2,000	\$25,000	\$29,565
PAG 2.6%	\$3,253	\$0	\$3,550	\$1,500			\$10,248
PAG PDAF	\$187	\$150					\$150
PAG HSIP	\$3	-\$58					-\$55
RTAG	\$380	\$1,120	\$1,120	\$1,120			\$3,740
RTA	-\$60,802	-\$48,699	-\$63,757	\$13,141	\$25,900	\$28,000	-\$106,217

All numbers are in thousands.

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

Because regional policy has prioritized delivery of RTA promises, newly available funding will be programmed for RTA projects. No new non-RTA projects will be considered for inclusion in the 2018-2022 TIP.

Year of Expenditure: Each jurisdiction should be aware that the fiscal year 2019 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.

Construction Cost Index Forecast			
Calendar Year	Inflation Rate	Fiscal Year (Converted)	Aggregate Total
2016	n/a	n/a	1.0000
2017	1.54%	1.54%	1.0154
2018	2.37%	1.96%	1.0353
2019	2.49%	2.43%	1.0604
2020	2.34%	2.42%	1.0860
2021	2.16%	2.25%	1.1105
2022	1.98%	2.07%	1.1334

SOURCE: Projected annual inflation rate in the United States, World Economic Outlook Database, IMF, April 2016

FAST Act: The federal transportation authorization, known as the FAST Act, was signed into law on December 4, 2015 and is set to expire on October 1, 2020. In order to make programming decisions for years beyond the expiration of the FAST Act, PAG assumes that the policies and funding levels of the final year of the FAST Act will continue. However, if congress does not extend the FAST Act in 2020, or if congress passes new legislation with substantially different transportation policies, then programmed amounts for STP, HSIP, and RTAG will need to be adjusted for FY 2021 and beyond.

FUNDING SOURCES AND POLICIES

RTA Project Funding: RTA revenue collections have continued to be less than anticipated. In order to manage RTA cash flow in a fiscally responsible manner, the amount of RTA funds programmed in any given fiscal year should be no more than the project will reasonably expend during that time period. The Current TIP currently has more RTA funds programmed than the anticipated revenues will cover. Jurisdictions should be prepared to plan their RTA project cash flows accordingly, by spacing out RTA payment request or using other federal, state, or local funding sources before requesting RTA reimbursements.

Priority of RTA projects: PAG policy prioritizes the use of regional funds for the delivery of the RTA plan. Non-RTA projects in 2018 and 2019 of the TIP should be fully funded. Additional regional funds that are made available in those years will therefore be programmed towards RTA projects. These funds are not additional funds for these projects, but rather will be used to free up additional RTA funds for use on RTA projects.

Please note that RTA corridor projects, approved in the RTA plan, are not be considered “new” projects and can and should be added to the TIP as necessary to keep the projects on schedule with the time periods prescribed by the RTA plan.

HURF 12.6% funding for FY 22 is encouraged to be programmed on large corridor projects that can fully absorb the anticipated revenues, and even allow for early expenditure to reduce 12.6% fund balances that may exist due to delayed delivery of non-RTA projects from prior years.

RTA Corridor Projects: Full funding all of the RTA Corridor projects should be a priority but these RTA projects can only be given that priority if the needs are identified and articulated early in the TIP development process. Items beyond the scope identified in the RTA plan are not eligible for priority treatment in the Regional programming process.

RTA Categorical Projects Funding Availability: As in recent years, no new funding has been identified for RTA categorical projects where the RTA anticipates exceeding the number of projects promised.

RTA funds may be available to provide the minimum match amount for RTAG projects.

Regional Transit Funding: For urbanized areas with 200,000 in population and over, Federal Transit Administration (FTA) 5307 and 5339 funds are apportioned to urbanized areas and are required to go through a regional prioritization process before inclusion in the TIP. For the PAG region, the PAG/RTA Transit Working Group prioritizes funds using a predefined process that emphasizes FTA compliance and regional transit needs. This process will be consistent with the FTA required agreement between PAG and the FTA designated recipient (the City of Tucson).

The matrix below outlines funding available by fiscal year. Each year's cell below represents the difference between available funding and amounts currently programmed in the TIP.

Regional Transit Funding Availability:

Fund Source	FY 18	FY 19	FY 20	FY 21	FY 22	Total Available
FTA 5307	\$216	\$216	-\$122	\$182	\$14,116	\$14,607
FTA 5339	\$0	\$0	\$0	\$0	\$1,434	\$1,434

All numbers are in thousands.

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

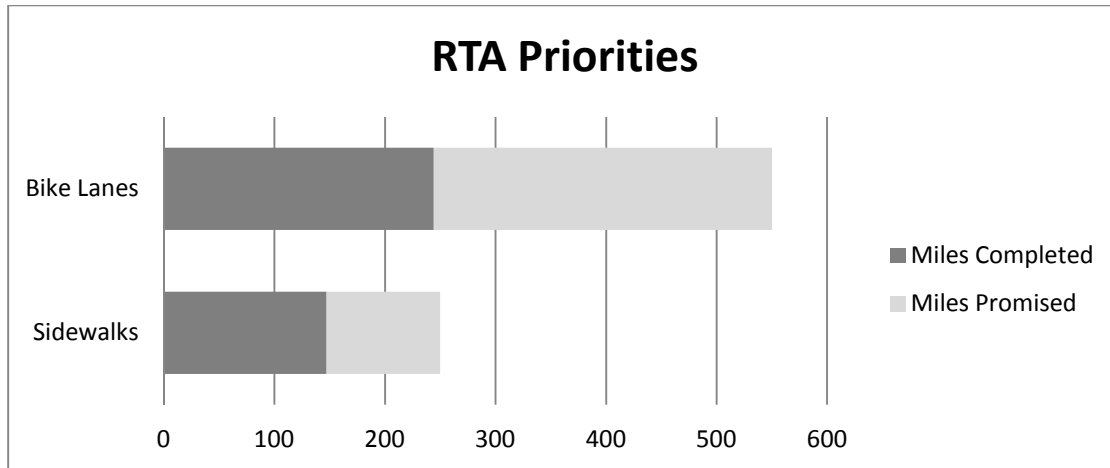
Highway Safety Improvement Program: The Local Government Highway Safety Improvement Program (HSIP) is funded through a set-aside from federal Highway Safety Improvement Program (HSIP) funds allocated to Arizona. This local government share of the HSIP program is projected to continue until 2018, after which time, there will only be a single state-wide HSIP program.

In addition to the PAG HSIP funds there are additional state HSIP funds made available on a competitive basis through an ADOT lead selection process. Projects that apply for PAG HSIP funds and are not awarded may be recommended for the State HSIP process.

All applications, both for the local program and the state-wide program, require a local government sponsor. The funding process for HSIP includes a regional project application process, with final review and approval of projects from the Arizona Department of Transportation (ADOT) and the Federal Highway Administration (FHWA).

Funding is available at 94.3% cost reimbursement, with a 5.7% local match. In accordance with 23 U.S.C. 120(c), certain project types may be funded at up to 100 percent Federal share.

Regional Transportation Alternative Grants: The PAG 2018-2022 TIP will program RTAG through the end of the FAST Act: 2018, 2019, and 2020. It is anticipated that PAG will receive \$1.1 million of federal RTAG funds each year. Only projects that are eligible for RTA categories #37 and #41 will be considered for the selection process. RTA funding may be available to provide matching funds and review fees subject to RTA board approval. Projects should address areas of greatest need in the following RTA categories: (see chart below)



A selection panel primarily comprised of existing PAG committee and subcommittee members will conduct a competitive selection process per federal requirements and the PAG TIP Policies and Procedures. This process will apply to RTAG and RTA Category 37 and 41 funds. Jurisdictions that apply for these funds cannot participate on the selection panel. Projects will be evaluated on the following criteria: cost per mile, directional miles of facility to be delivered, safety benefits, addressing network gap(s), recommendation by jurisdictional or regional plans, and Ladders of Opportunity/equity components, and selection panel summary score. More details on the RTAG criteria can be found in the TIP handbook.

Applying jurisdictions are encouraged to develop a five (5) minute presentation for each RTAG application. The selection panel will use the presentation materials plus the entire application packet to evaluate project applications (core application document, scope of work for MOU, performance report and CMP checklist).

Project Development Activity Fund: PDAF funding is provided from PAG’s HURF 12.6% funding category. Hence development activities are limited to arterial roadways only. Transit projects are not eligible. The following types of development activities or projects are anticipated:

- Major Investment or Corridor Studies (MIS)
- Design Concept Reports (DCR)
- Engineering & Design Studies
- Right of way Acquisitions

Construction projects are not eligible under the scope of PDAF. Projects shall demonstrate a strong linkage to the regional transportation system by proximity, function, or impact.

In order to maximize the use of these funds by as many jurisdictions and types of projects as possible, the total funding requests from each applicant should not exceed \$50,000.

STPX and HELP Loan Suspension: Both the STPX and HELP Loan 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.

APPLICATION PROCESS AND POLICIES

Application Process: Each jurisdiction has a designated point of contact on the Transportation Planning Committee. That contact will review and update information on existing projects. 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, project funding applications should flow through the designated TPC representative or their designee (listed below in parentheses).

City of Tucson	Daryl Cole (Janice Cuaron)	Pima County	Priscilla Cornelio (Sal Caccavale)
Town of Marana	Keith Brann (Mo El-Ali)	Town of Sahuarita	Sheila Bowen (Thomas Garcia)
Town of Oro Valley	Jose Rodriguez	City of South Tucson	Joel Gastelum
Pascua Yaqui Tribe	Maria Arvayo	Tohono O’odham Nation	Steve Tipton

Each jurisdiction is required to prioritize its projects. All projects applying for STP and HURF 12.6% funds should be prioritized together, and all projects applying for RTAG, RTA 37, and RTA 41 funds should be prioritized together.

Applications for funding must include the following. These items are required of both new projects and existing projects requesting additional funding.

- Core 2-page application
- PAG Performance Report
- Congestion Management Checklist (for all capacity-increasing projects)
- Scope of Work for an MOU, if an MOU has not yet been executed, or an amended Scope of Work if an MOU needs to be amended.

All application materials and forms will be available on the PAG website and through the Transportation Network Data Portal.

Integration of Federally-Required Performance-based Programming: The region is continuing to build upon the federal mandates for performance based planning and programming. Performance Reports will help inform the project selection process by adding uniform, regionally accepted data into the decision making process, without imposing undue burden on jurisdictions.

The 2018-2020 Call for Projects will require jurisdictions to use PAG's Transportation Network Data Portal (TNDP) to request a Performance Report. These reports will be unique for each project application and will summarize key data in and around the project extent. The PAG Performance Reports will be shared with the appropriate technical review committees and selection committees for use in their decision making processes.

PAG staff will assemble the necessary performance measure data for each project application and send the Performance Report(s) to the applying jurisdiction with additional questions. Jurisdictions will review the reports with PAG staff and submit answers to the additional questions as part of the application submittal meetings.

All projects, except ADOT-sponsored projects on ADOT facilities, will be required to request a performance data report. The jurisdictional representative will use the Transportation Network Data Portal to request a performance report, by either selecting an existing TIP ID or by drawing the project extent on the TNDP map.

The Transportation Network Data Portal can be accessed here. This link will be accessible starting August 19.

<http://gismaps.pagnet.org/PAGTNDP/default.aspx>

A demonstration of the Transportation Network Data Portal will be presented at the conclusion of the August 24 TPC meeting, as well as at a brownbag lunch on Friday, September 9, 2016. More details on the TNDP can be found in the TIP handbook.

Application Submittal Meetings: Jurisdictional sponsors are asked to schedule a meeting with PAG staff during the week of September 19. During this meeting, PAG staff will review project application materials with project sponsors, including the core application, the performance measure report, and the congestion management checklist. In addition, some project sources will require some qualitative follow-up questions to the performance measure report; this meeting will be a chance to discuss those follow-up questions with project sponsors.

Applicants will formally submit their application materials at the conclusion of their individual jurisdictional meetings with PAG. However, if the meeting reveals additional steps that must be taken prior to submittal, project sponsors will have until the end of the week to submit all application materials. No applications will be accepted for projects that were not reviewed at the jurisdictional submittal meetings.

Applications that do not meet the submittal criteria or the deadline will not be considered for programming during this TIP cycle.

Deadlines:

- For both existing and new projects, performance report requests are due by September 14, 2016.
- Applications for all projects will be due September 23, 2016.

Project Selection Process: Once applications have been received, the data on the criteria sheets will be used to populate a performance measure matrix, which will be reviewed by the TIP Subcommittee. This review will not rank projects, but simply review the values in the performance measure matrix and ensure that they are reasonable and accurate.

Applications for RTAG funds require a competitive process, and will therefore be reviewed by a selection panel before being reviewed by TPC.

The Transit Working Group will serve as a selection panel for transit projects, following procedures outlined in the FTA-required agreement between PAG, RTA, and the City of Tucson. The results of the selection panel will be reported to TPC after the panel has made its recommendations.

The Transportation Planning Committee will review the final performance measure matrix and any recommendations from the selection panels to make programming decisions for the draft 2018-2022 TIP. This will likely occur as part of a TIP Development meeting in October or November.

Development Program: The 2018-2022 TIP will contain a 5-year development program covering 2023 through 2027. It will contain projects that may be funded by RTA, STP, or HURF 12.6% funds.

The development program will allow jurisdictions to plan for 4th period RTA projects. Project with early scoping studies in the TIP may also use the Development Program to show that design or right of way phases are being planned for. In addition, the Development Program will provide a venue for the region to illustrate longer-term priorities than those that are normally contained within the first five years of the TIP. Any project that is regionally significant, regardless of funding source, should appear in either in the TIP or the Development Program.

The 2023-2027 Development Program will program the STP and PAG 12.6% funds that will be necessary for completion of the RTA Plan. The final year of the Development Program (2027) is outside of the RTA timeframe and can therefore be programmed with non-RTA projects and may assist in development of the RTA extension process.

The development program will be fiscally constrained within 10% of the funding estimates for FY 2021. Projects applying for programming within the Development Program need only

fill out the core application; there is no need to request a performance report or to submit a CMP checklist.

Memoranda of Understanding: Certain projects will be required to have an MOU in place before the TIP committee can program funds in 2018 or 2019 of the 2018-2022 TIP. MOUs must be in place by the time of the February TIP meeting.

Projects that already have an RTA IGA in place are not required to also establish an MOU. The RTA IGA is sufficient in these cases.

An MOU covering the phase in question will be required prior to any project programming regional funding sources for design, construction, right of way, or operations. Regional funding sources include: HURF 12.6%, HURF 2.6%, STP, RTAG, and HSIP funds.

A single project can have separate MOUs for each project phase, or, at the discretion of PAG and the sponsoring jurisdiction, a single MOU can be amended each time a new project phase would otherwise require a new MOU.

Programmatic or non-infrastructure projects will require an amended MOU for each fiscal year in which regional funding has been programmed.

MOUs must include sufficient detail on the project scope to clearly identify the work to be accomplished on behalf of the region.