

# Best Practices: MPO Plans, TIPs, and STIPs

NCHRP 20-68, Scan 08-01

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# Today's Presenters



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# What is Fiscal Constraint?

- The 2007 Rule defines “Financially constrained or Fiscal constraint” as meaning that “the metropolitan transportation plan, TIP, and STIP includes sufficient financial information for demonstrating that projects in the metropolitan transportation plan, TIP, and STIP can be implemented using committed, available, or reasonably available revenue sources, with reasonable assurance that the federally supported transportation system is being adequately operated and maintained. For the TIP and the STIP, financial constraint/fiscal constraint applies to each program year.”



# Fiscal Constraint Objectives

- Transparency on revenue and project costs/schedules
- Accountability—Ensure that project commitments can be funded
- YOE
  - Acknowledge risks to revenues & costs
  - Consistent cost estimates across all phases
- Federal system operation & maintenance commitment



# Fiscal Constraint: Background

- Federal Regulation History

- ISTEА—1991
- ISTEА Planning Regulations—1993
- TEА-21—1998
- SAFETEА-LU—2005
- USDOT Interim Guidance—2005
- USDOT Final Rule—2007

- Review History

- FHWA/FTA review of STIP process—2000-01
- FHWA domestic scan on fiscal constraint—2002-03
  - Woods Hole peer exchange
  - Domestic scan
- FHWA/AASHTO fiscal constraint white paper—2006
- “Best practices” Fiscal Constraint Scan—2009



# Domestic Scan 08-01 Objectives

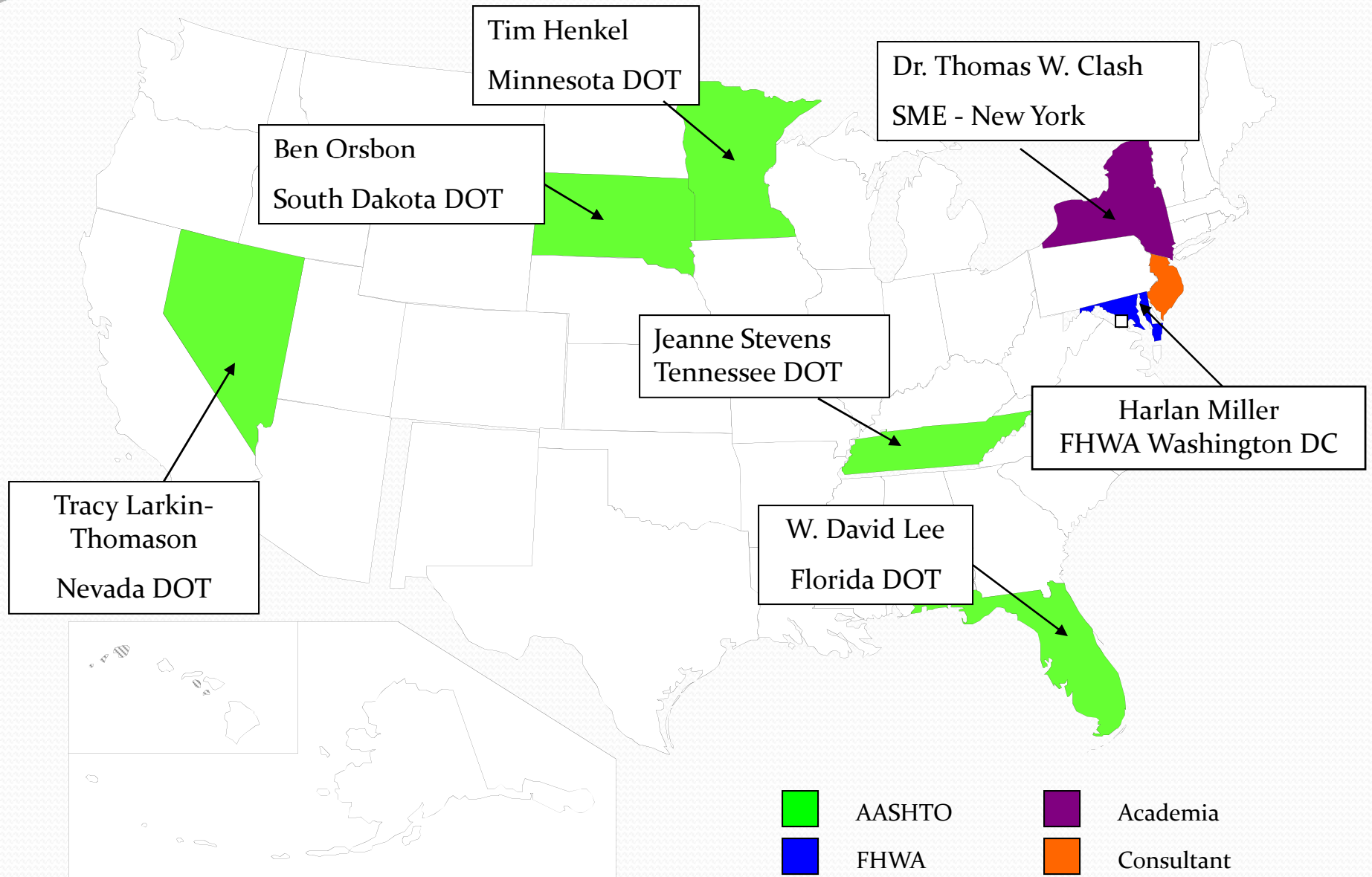
- Identify “best practices” in sample of states and MPOs
- “Best practices” in complying with fiscal constraint objectives
- “Best practices” in determining YOE
- Recommend changes to statute and regulation to more effectively meet fiscal constraint objectives



# Scan Team

- AASHTO & FHWA Co-Chairs
- Five states
  - Minnesota
  - Tennessee
  - South Dakota
  - Nevada
  - Florida
- Represent broad experience in multi-modal planning & programming

# Scan Team Member Home States







# Scan Team Members

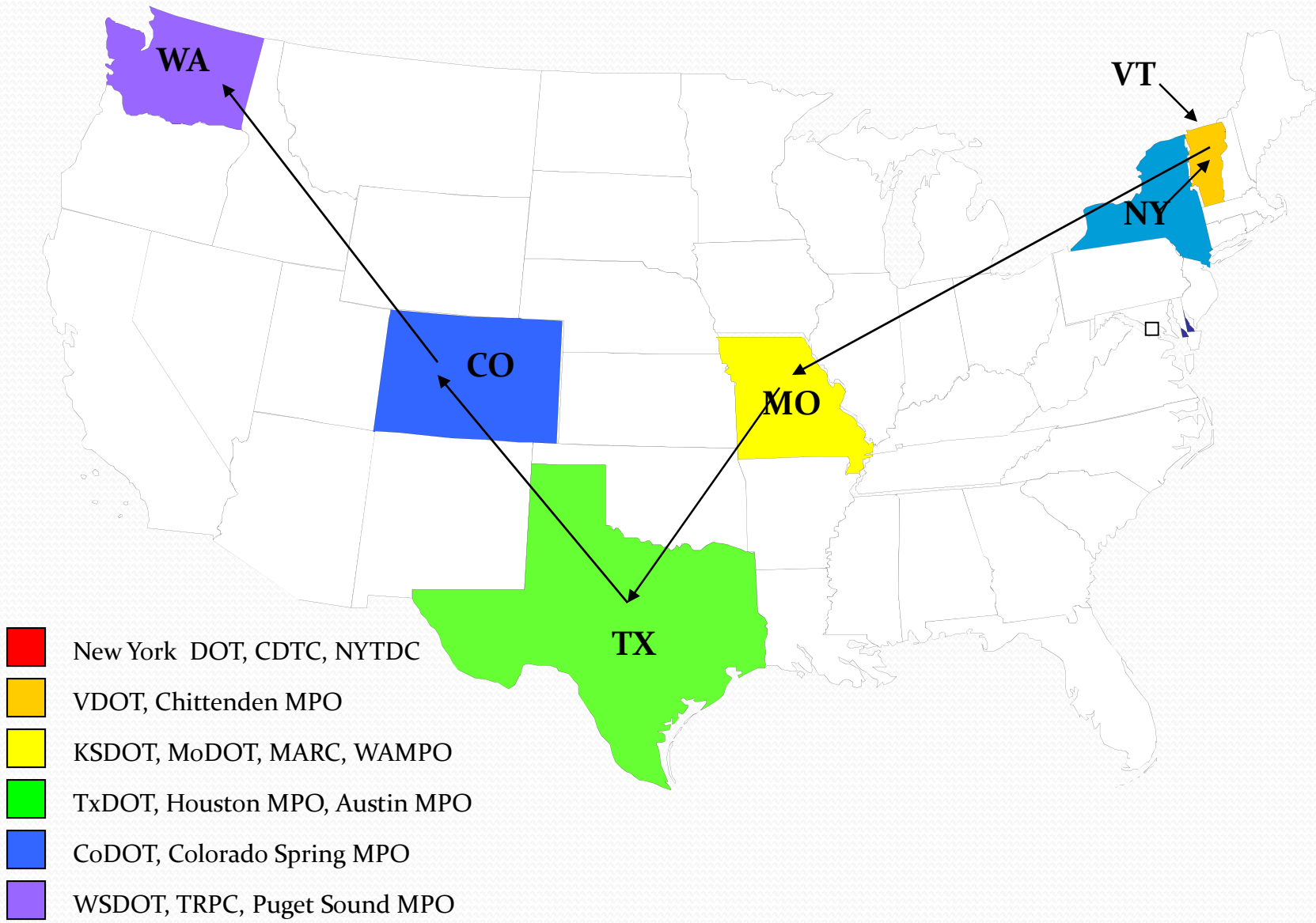
- Timothy A. Henkel, Assistant Commissioner, Modal Planning & Program Management Division, Minnesota DOT, AASHTO Co-Chair
- Harlan Miller, Office of Planning, Environment, & realty, FHWA, FHWA Co-Chair
- Jeanne Stevens, Long-Range Planning Division, Tennessee DOT
- Ben Orsbon, AIPC, Office of the Secretary, South Dakota DOT



## Scan Team Members (cont.)

- Tracy Larkin-Thomason, P.E., Assistant Director, Planning, Nevada DOT
- W. David Lee, P.E., Administrator, Statewide Planning & Policy Analysis, Office of Policy Planning, Florida DOT
- Thomas W. Clash, Subject Matter Expert (SME), Director, Planning & Program Management, New York DOT, 1991-1998

# Participating Scan States & MPOs





# State & MPO Participants

- New York (NYSDOT)
- Vermont (VTrans)
- Kansas (KDOT)
- Missouri (MoDOT)
- Colorado (CDOT)
- Texas (TxDOT)
- Washington (WSDOT)
- NYMTC (NY, NY)
- CDTC (Albany, NY)
- CCMPO (Burlington, VT)
- MARC (Kansas City, MO)
- PPACG (Colorado Springs, CO)
- HGAC (Houston, TX)
- CAMPO, (Austin, TX)
- TRPC, (Olympia, WA)
- PSRC (Seattle, WA)
- WAMPO (Wichita, KS)



# Scan 08-01 Methodology

- Role of organizational structure & state context
- Approaches to revenue estimates
- Approaches to cost estimates
- Fiscal constraint during plan & program development
- Fiscal constraint thru plan & program implementation

# “Best Practices”—Definition for Scan

- Practices which effectively and efficiently promote compliance and balance diverse planning & program objectives
- Not necessarily the preferred practice for a given state or MPO
- Assumption that “one size does not fit all”



# Factors Impacting Compliance

- Size & complexity
- Communications & working relationships (states & MPOs)
- Federal relationships with states & MPOs
- State context, e.g., legal requirements, government structure impacting DOTs & MPOs



# State & MPO Views on Requirements

- Endorse FC and YOE objectives
- FC limits planning vision and purpose
- Concern for TIP, STIP trends toward accounting
- YOE generally ok for TIPs and STIPs
- Constant dollars legitimate and understandable for public
- YOE for MPO plans beyond 10 years a problem
- Concern over compliance with operating & maintenance requirement



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# Major Scan Findings: “Best Practices”



# Organizational Structure

- Importance of relationship between planning, programming, & finance in DOTs
- Centralized v. decentralized DOT management structure
- State Government structure for transportation
- MPO membership in a state



# Revenue Estimation

- Current revenue uncertainty
  - Federal reauthorization/status of Highway Trust Fund
  - Dramatic loss of state & local revenue
- Best Practices
  - Importance of DOT role—especially for federal revenue
  - Centralized revenue estimations: NY, KS, MO, CO
  - Cooperative revenue estimating, DOTs & MPOs: TX, WS



# Cost Estimation

- Concerns
  - Increasing project costs thru design
  - Recent inflation spike
- Best Practices
  - Project management/cross functional estimating teams
  - Emphasis on careful and thorough scoping
  - Use of risk management and performance measures
  - Assist local governments with cost estimates



# MPO Plan Development

- Transparency and commitment to public involvement
- MPO staff relations with state & local member agencies
- Consensus agreement on available revenues
- Inclusion of all transportation funding sources
- Close coordination of cost estimates
- Inclusion only of major projects
- CDTC approach to plan's vision v. fiscal constraint
- Use of cost bands/ranges
- Flexibility in applying YOE



# TIP Development

- Coordination of TIP with statewide program update cycle
- MPO responsible for all federal funds: CDTC
- Realistic revenue assumptions: Use of OA as basis
- Projects must be ready to go
- Use of appendix for unfunded projects: TRPC
- Statewide application of YOE inflation rates with appropriate exceptions (PSRC)



# STIP Development

- Inclusion of all projects regardless of fund source
- Use of ESTIP: NYSDOT, WSDOT
- Use of STIP as primary program development & management tool: CDOT
- Connection of STIP to state budget: CDOT
- YOE inflations determined by the DOT



# MPO Plan, TIP, & STIP

## Implementation & Management

- Presents the major challenge for compliance efforts (esp. TIPs & STIPs)
- Close working relationship with federal agencies to maximize use of available flexibility
- Flexibility in defining thresholds for amendments
- Use of program & project management: MoDOT
- Use of performance management: WSDOT
- ESTIP: NYSDOT, WSDOT
- Streamlined public review of amendments: CDOT





# Scan Recommendations



# Preliminary Recommendations for Improved Compliance

- Seamless organizational approach to planning, programming, cost estimating & revenue forecasting
- DOT/MPO coordination on revenue forecasting & cost estimation
- Program & project management systems—executive leadership
- Public/stakeholder outreach on fiscal realities
- Maximize use of available flexibility
- Flexible approach to inflation rates (YOE)



# Recommendations for Potential Statutory and Regulatory Changes

- Apply fiscal constraint over life of entire program/eliminate year by year requirement
- Focus on performance & systems management approach/Federal role one of quality assurance
- States & MPOs to develop quality control approaches
- Permit periodic demonstrations of fiscal constraint e.g., quarterly, etc.
- Substitute assessment of inflationary risks for current YOE requirement, or,
- Eliminate YOE requirement for MPO plans (at minimum, beyond 10 years)



# Planned Implementation

- Goal: Influence reauthorization
- Webinar with state DOTs & MPOs
- Presentations to SCOP, AASHTO Executive Board, TRB, AMPO as appropriate
- Presentations to FHWA & FTA as appropriate