

Capital District
Transportation Committee

September 29, 2015

Status of Projects Subject To Incentive to Start PE

In order to encourage project implementation and completion, at the October 2, 2013 Planning Committee meeting CDTC staff introduced a proposal for all future TIP projects that would require preliminary engineering (PE) funds be obligated in the federal fiscal year (FFY) in which they are programmed.

The following points clarify some of the reasoning behind this proposal:

- 1) The expectation is that once PE funds are obligated, the project would be progressed.
- 2) It is also anticipated that it is not a burden on the sponsor to obligate PE funds in the FFY in which they are programmed, or the sponsor would have requested those funds in a different FFY. Therefore, sponsors should take care to make sure the PE funds are programmed in the appropriate FFY.
- 3) If federal funds are obligated and the project is not advanced sufficiently in the next ten years, the sponsor could be required to pay back the federal-aid as per FHWA guidelines.

Projects that did not meet this requirement would either be removed from the TIP or moved to the next FFY by Planning Committee action. As a result of the October Planning Committee discussion, this requirement was added to the Project Justification Package (PJP) for the TIP project solicitation in December 2013.

Projects added to the TIP since December 2013 are subject to this requirement. A list of those projects can be found in the August 2015 Planning Committee package mailed out prior to the meeting.

At the August Planning Committee meeting, we again discussed this “Incentive to Start PE” requirement. Unfortunately at this time, those projects and project sponsors that had not yet obligated PE funds could not request a TIP amendment to move the PE phase into the next FFY before the end of the current FFY on September 30th, because the next Planning Committee meeting was scheduled in October.

In order to deal with this dilemma, CDTC and NYS DOT staff met to develop potential courses of action for the October 2015 Planning Committee meeting. In October the Planning Committee could take one or several of the following actions:

1. Approve all or some TIP amendment requests that move the project PE phase from FFY 2014-2015 to FFY 2015-2016.
2. Require that PE be obligated in less than one year, e.g. within the next 6 months. If this is not approved, the original incentive would apply and sponsors would have one year to obligate PE funds.

3. Include additional incentives (requirements) for projects and project sponsors that do not obligated PE funds by the new deadline. These additional incentives could be applied separately or in any combination. Examples include:
 - a. Project sponsors who do not meet their PE fund deadlines would not be awarded federal funds for any new projects until all existing PE funds that were not obligated in the FFY in which they were programmed, are obligated.
 - b. Project sponsors who do not meet their PE fund deadlines would receive a negative value (e.g. -1) in a new “Project Delivery” category in the new project merit evaluation system.
 - c. Project sponsors who do not meet their original PE fund deadlines would receive only one extension. That is, if the project receiving an extension does not have PE funds obligated within the extension, that project is removed from the TIP with no option for another extension.
4. Do nothing and the existing incentive goes into effect. Projects whose PE funds were programmed in FFY 2014-2015 that did not obligate PE funds in FFY 2014-2015, would be removed from the TIP, and the federal funds returned to their sources.
5. Other options developed during the Planning Committee meeting.

These “Incentive to Start PE” requirements will apply to both NYS DOT projects and to local projects for which the project sponsor has agreed to design the project with its own staff. Instead of obligating PE funds, these project sponsors must have a completed and approved design report in the FFY in which PE funds are programmed.

Regarding the above options, CDTC staff recommends that the Planning Committee take actions #1 and #3 additional incentives a. & b.