

Denver Regional Council of Governments

**Recommended Funding and Project Selection Framework
for the 2020-2023 Transportation Improvement Program**

Presented by TIP Review Work Group

Board Work Session - February 1, 2017



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Recommended Funding and Project Selection Framework for the 2020-2023 Transportation Improvement Program

Introduction and Purpose

In August 2015, the DRCOG Board of Directors established the formation of a work group, comprised of DRCOG staff and Transportation Advisory Committee (TAC) members, to develop a white paper addressing issues associated with the development of the 2016-2021 Transportation Improvement Program (TIP). Topics directed for discussion included: TIP process, funding targets and criteria, and a comparative look at other MPO practices. The purpose of the white paper was to assist a future Board to address identified issues/concerns in the development of the next DRCOG TIP Call for Projects.

On February 17, 2016, DRCOG staff presented the [2016-2021 TIP Review White Paper](#) to the DRCOG Board highlighting discussions and recommendations of the Work Group from its October 16, 2015 to February 3, 2016 deliberations. Following discussion, the Board acted to accept the document and directed the Work Group to continue investigating the white paper's five recommendations:

1. Develop a project selection process purpose statement for the TIP.
2. Further explore the Regional/Subregional dual project selection model.
3. Create a project selection process that places more emphasis on project benefits, overall value, and return on investment.
4. Explore opportunities to exchange CDOT state funds with DRCOG federal funds.
5. Evaluate off-the-top programs and projects.

The purpose of this report is to provide an update to the Board on the Work Group's progress. While an update is provided on all of the recommendations (Appendix A), the report focuses on **Recommendation #2 - Further explore the Regional/Subregional dual project selection model (i.e., Dual Model)**. In its initial white paper evaluation, the Work Group indicated the Dual Model contained no known fatal flaws and appeared to offer the desired local flexibility to implement projects with the most benefit to their communities while being consistent with the policy direction within the adopted Metro Vision Plan, Regional Transportation Plan, and federal legislation. The additional evaluation was necessary to determine the model's "goodness of fit" for the DRCOG region.

Following its evaluation, **the Work Group recommends the Board utilize the regional/subregional dual project selection model for the next two TIP calls for projects.** The Work Group believes the model will provide the desired flexibility for member governments to apply local values to the TIP process and still maintain DRCOG’s strong commitment to implementing a TIP process consistent with Metro Vision and the Regional Transportation Plan. The remainder of this report highlights discussion topics and procedural recommendations for the implementation of the Dual Model.

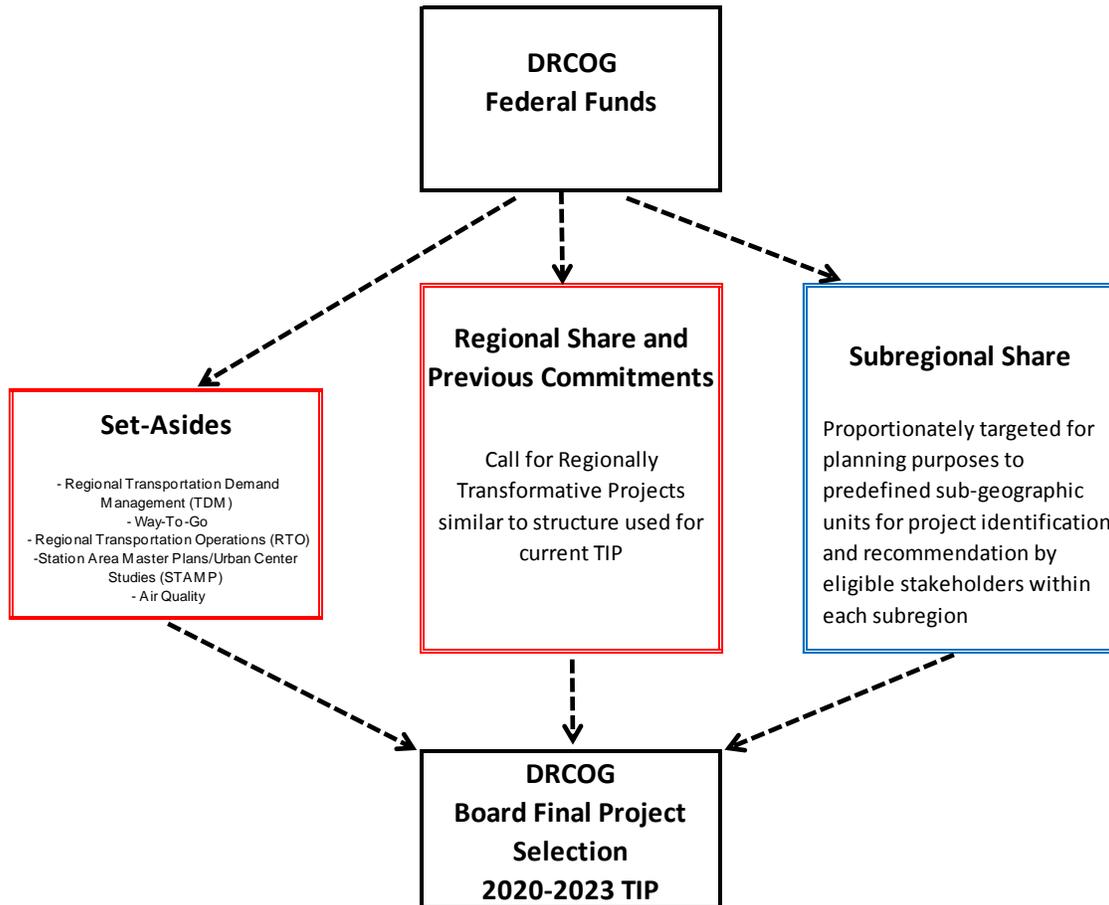
Dual Model Evaluation – A comprehensive review

The premise of the dual project selection model is that it has two TIP project selection elements, regional and subregional. A dual selection process is currently being used by Puget Sound Regional Council (PSRC) and more information about their process can be found [here](#). DRCOG currently utilizes a more centralized call for project process where all applications are submitted to the MPO and are collectively scored and ranked.

Figure 1 illustrates what the Dual Model may look like in the DRCOG area if implemented. Like PSRC, the TIP process would have two defined selection elements: a regional share and a subregional share. In the regional share, projects would fund larger infrastructure projects/programs that have a mutually agreed regional benefit. Within the subregional share, funds would be proportionately targeted for planning purposes to predefined sub-geographic units for project identification and recommendation to the DRCOG Board.

Additionally, **the Work Group envisions a separate share be maintained for regional set-aside programs.** DRCOG has historically taken funds “off the top” (before the TIP Call for Projects) to fund established regional programs. In the 2016-2021 TIP, funds were allocated to the following set-aside programs: Regional Transportation Demand Management, DRCOG Way to Go Program, Regional Transportation Operations, Station Area Master Plans/Urban Center Planning Studies, and Air Quality Improvements. **The Work Group recognizes the importance of these regional programs and while it recommends an evaluation of all set-aside programs and the flexibility to add or remove set-asides prior to the next TIP call for projects, it remains committed to this concept.**

Figure 1
Example Dual Model Concept



Over the course of many months, the TIP Review Work Group systematically evaluated Dual Model topics falling into three general categories:

- the Regional Funding process,
- the Subregional Funding process, and
- the overall Dual Model process.

Project/Program Selection Process

The Work Group discussed many subjects related to regional/subregional funding and its associated call for projects. Policies regarding procedures, eligibility, evaluation, and project selection will need to be established. An overarching theme of the Work Group's discussion was the establishment of TIP Focus Area(s).

Consistent with its white paper recommendation, the **Work Group encourages the Board to develop specific goals or focus areas that are consistent with Metro Vision and the Regional Transportation Plan** for what it hopes to accomplish in the next TIP call for projects.

The Work Group believes establishing focus areas is essential to develop appropriate overarching project/program scoring criteria for both the regional and subregional shares and suggests the Board consider devoting time at this summer’s Board workshop to address this issue.

Specific questions/topics discussed by the Work Group and positions taken about the dual selection process are highlighted below:

Regional Funding Share Topics

1. What is a “regional” project?

The Work Group felt it was important to develop a regional project/program definition. A clear definition of eligible projects/programs would hopefully reduce the number of regional applications to a reasonable amount and would assure scarce funding goes to the highest priority projects/programs with the greatest benefit to the region.

The Work Group believes regional project/program applications should be limited to regionally “transformative” projects/programs that play a crucial role in shaping and sustaining the future of individuals, cities, and counties within the DRCOG region.

The Work Group submits the following **purpose statement** for regional projects/programs:

Selected Regional Share TIP projects/programs should directly address established TIP Focus Area(s) through a systems-approach focused on enhancing regional connections, regardless of travel mode. Regional projects/programs should connect communities; improve mobility and access, while providing a high return on investment to the region consistent with Metro Vision and the Regional Transportation Plan.

2. What types of projects/programs should be eligible for selection through the Regional Funding Share?

Regional projects/programs fall into two categories: larger transportation projects and set-aside programs. As discussed previously, large transportation projects are transformative with potentially higher price tags. Set-aside programs such as DRCOG’s Regional Transportation

Operations and Way to Go programs are more regionally focused and the Work Group believes they should not compete against the larger transportation projects during a call for projects. As a result, set-asides have their own share of the total funds. Additionally, most set-aside programs maintain their own call for projects benefiting communities throughout the region.

The Work Group recommends DRCOG Regional Share funds be used primarily to supplement larger projects submitted by our regional partners (e.g., CDOT, RTD, public authorities and other entities that qualify for federal funds). In other words, DRCOG’s share should be considered the “last funds in” to complete these transportation projects. Additionally, the criteria used for final selection must adhere to the Board established TIP Focus Area(s), thereby ensuring the selected projects are providing the most benefit and greatest return on investment.

3. What type of evaluation criteria should be used for the selection process?

As stated above, the Work Group believes evaluation criteria should be established once the Board determines its TIP Focus Area(s).

Once Focus Areas are determined, **the Work Group recommends a simplified application process that requires sponsors to describe how a proposed project/program aligns to the Board’s TIP Focus Area(s), Metro Vision, and the Regional Transportation Plan, and what are its quantifiable benefits to the region.**

The formal evaluation process and criteria will be developed in 2017 as part of the TIP Policy document if the Board acts to pursue the Dual Model concept.

Subregional Funding Share Topics

1. How should the subregional geographic areas be defined?

The Work Group recommends using counties as the subregional geographic unit for funding recommendations. Though other sub-geographical concepts were discussed, such as dividing the region into quadrants for example, counties are recommended for the following reasons:

- Counties already exist and a comfortable working relationship is present among its jurisdictions.
- Counties are used for CDOT’s hearing process, which may aid in better coordination on project applications.
- It would encourage cooperation and collaboration with neighboring counties on important cross-jurisdictional projects.

However, unlike PSRC for instance, the DRCOG region contains two counties where there is only one governmental unit: City/County of Denver and the City/County of Broomfield. This is an important distinction as federal regulations prohibit the distribution of MPO federal funds to individual jurisdictions unless “...it can be clearly shown to be based on considerations required to be addressed as part of the metropolitan transportation planning process”.

DRCOG staff met with FHWA and FTA staff to discuss this provision. Ultimately, FHWA agreed that counties could be used in DRCOG’s subregional application since (1) a subregional committee process will only be making project recommendations to the DRCOG Board for its determination, and (2) DRCOG will ensure the process is transparent and vetted at the Board level prior to implementation. Furthermore, FHWA emphasized the importance that any model concept under consideration must maintain its regional perspective.

2. How should funding targets for subregions be calculated?

Understanding there is no perfect funding formula, **the Work Group recommends funding targets for subregions be based on some combination of population, employment, vehicle miles traveled (VMT), or person miles traveled (PMT)**. The Work Group is not recommending a funding target formula at this time since it believes the discussion is better placed during the development of the TIP Policy document later in 2017.

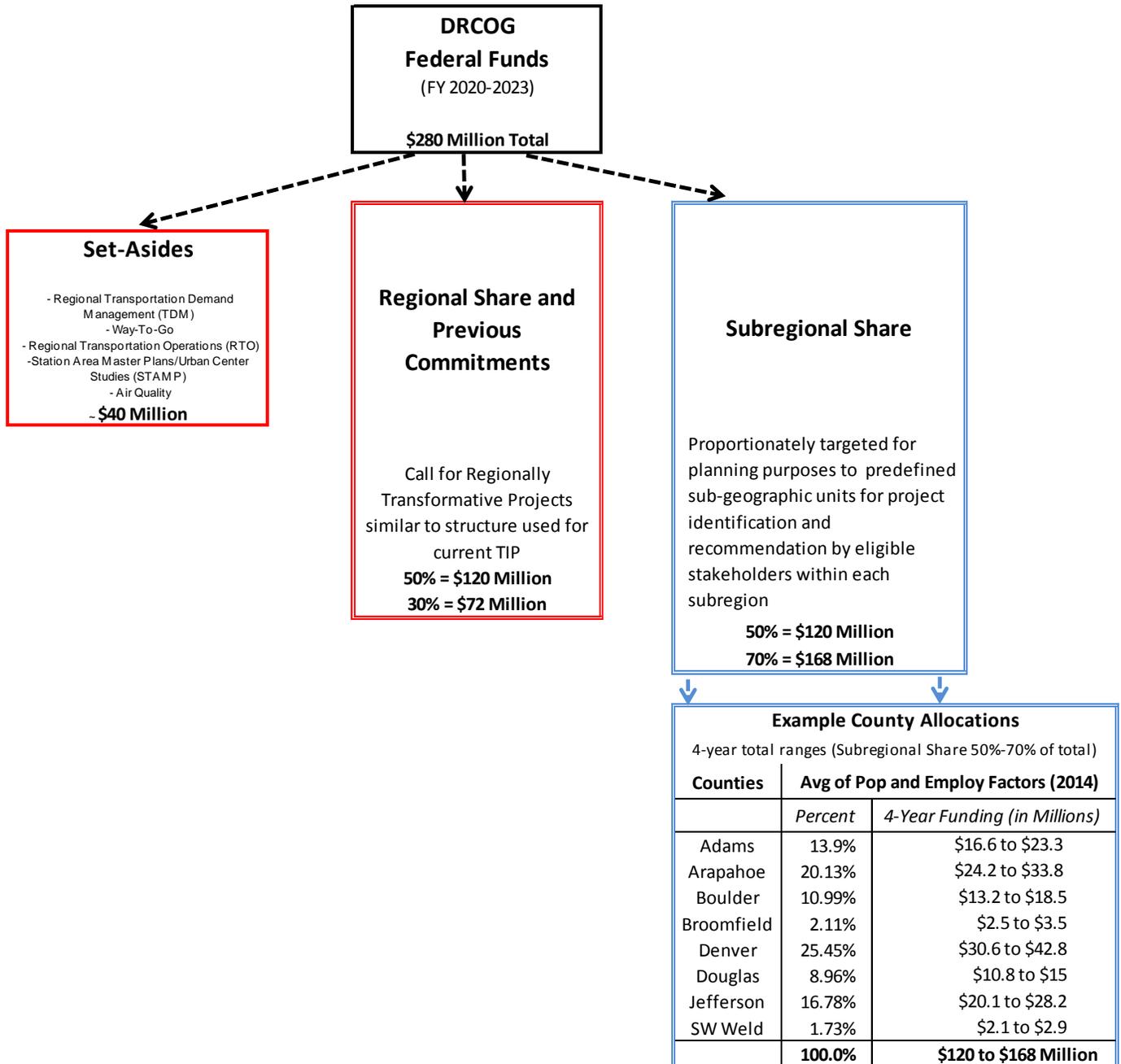
The Work Group has developed two recommendations related to subregional funding targets:

- i. **The Work Group believes the funding split between the regional share and the subregional share needs to be determined early in the process to ensure adequate time is allowed for the subregional call for projects and to develop the subregional forum process.**
- ii. **The amount of funds in the subregional share needs to be “meaningful” to justify establishing a separate project selection process.**

For illustrative purposes only, Figure 2 reveals the funding range each county would receive for project recommendations assuming the subregional share contained 50-70 percent of total federal funds allocated to DRCOG. For this example, population and employment are used to proportionately target subregional share funds to each county.

Figure 2

Example Estimates of 4-Year Funding for Subregional Share and Counties



3. How should the subregional process be governed?

The intent of the subregional process is to provide an opportunity to fund local priority projects in all sizes and types of communities, while maintaining a focus on Metro Vision and the Regional Transportation Plan. To aid in this venture, **the Work Group recommends the formation of subregional “forums” as the committee responsible for coordinating a project prioritization process to recommend projects to the DRCOG Board.** To ensure a strong countywide collaboration, the **Work Group further recommends that every local governmental unit within a county be invited to participate on the subregional forum.** CDOT and RTD may participate as non-voting members. Other members/stakeholders may be invited at the discretion of each subregional forum.

4. What project types should be eligible and should project targets be incorporated into the subregional process?

One of the major reasons for the consideration of the Dual Model is to allow as much flexibility as possible for local levels of governments to determine the best way to address transportation issues within their collective communities.

The Work Group recommends keeping project eligibility as flexible as possible, while ensuring projects meet federal requirements, address Metro Vision, and are consistent with the Regional Transportation Plan. As a result, project type targets are not recommended at the subregional level.

5. What evaluation criteria should be used?

Keeping with the theme of maintaining flexibility, **the Work Group recommends a hybrid approach to developing project selection criteria.** The approach would require each subregional forum to use:

- certain overarching criteria to address federal requirements (i.e., safety, congestion, environmental justice, and ADA); and
- criteria that ensures proposed projects address Board-defined TIP Focus Area(s) and are consistent with Metro Vision and the Regional Transportation Plan.

Subregional forums will also have the flexibility to include additional criteria to address local values in the process.

Overall Dual Model process – What might it look like?

If the Board decides to move forward with the Dual Model approach, it is imperative that the selection process and overall TIP policy be approved by the Board no later than December 2017 if DRCOG is to have a new TIP approved by March 2019.

The following schedule assumes that critical decisions on the regional/subregional structure have been vetted by a TIP Policy Work Group (which will be established by the Board in early 2017).

Proposed Dual Model Process Schedule	OVERALL TIP Policy and Regional Project/Program	Subregional Project/Program
Feb-March 2017	<p>Board establishes TIP Policy Work Group to develop the 2020-2023 TIP Policy document.</p> <ul style="list-style-type: none"> Among its tasks, the TIP Policy Work Group will finalize the regional/ subregional dual selection process. The TIP Review Work Group recommends the Board allow the TIP Review Work Group to continue and become the basis for the TIP Policy Work Group. The TIP Policy Work Group will utilize Board Work Sessions to update the Board and receive policy direction. 	
Summer 2017	<p>Summer 2017 Board Workshop.</p> <ul style="list-style-type: none"> Board participants establish TIP Focus Area(s) for next call for projects, discuss/approve at next scheduled Board meeting. 	
Fall 2017	<p>TIP Policy Work Group will:</p> <ul style="list-style-type: none"> Finalize TIP criteria based on Board-approved TIP Focus Area(s). Recommend the funding levels for the Regional Funding Share, Subregional Funding Share, and individual subregions. Define funding levels for set-aside programs. 	<p>Initiate process for formation of county subregional forums¹ and prepare forum guidelines.</p> <ul style="list-style-type: none"> Membership shall be offered to an elected official (or their designee) from the county and all local governments within the county. CDOT and RTD are invited to be non-voting members. Other members at the discretion of each subregional forum.
By December 2017	<p>Board and committees recommend and take action on the TIP Policy document.</p>	
By January 2018		<p>Finalize establishment of county subregional forums and forum guidelines.</p> <ul style="list-style-type: none"> Forums are encouraged to be established earlier than January 2018 if possible.
February 2018	<p>Regional Project/Program Call for Projects.</p> <ul style="list-style-type: none"> Eight-week call for projects. 	<p>Forum meetings and discussions begin.</p> <ul style="list-style-type: none"> Types or examples of projects.

¹ Two counties within the DRCOG area are only one governmental unit; Denver and Broomfield. This situation will be further explored within the TIP Policy.

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Proposed Dual Model Process Schedule	OVERALL TIP Policy and Regional Project/Program	Subregional Project/Program
	<ul style="list-style-type: none"> • Project applications for regionally transformative projects/programs must answer the following types of questions (final questions to be contained within the adopted TIP Policy, as approved by the Board): <ul style="list-style-type: none"> ○ What is the existing problem the project/program is attempting to solve? ○ How does this project/ program address the Board-defined TIP Focus Area(s)? ○ Explain how this project/program relates to and addresses Metro Vision. ○ How will this project/program benefit environmental justice persons or communities? 	<ul style="list-style-type: none"> • Unique types of partnerships, situations, or funding arrangements. • Guidelines and rules (e.g., evaluation criteria and scoring) for the call for projects.
April 2018	Evaluation of project/program applications by Board-led taskforce (subset of Board). <ul style="list-style-type: none"> • Process may involve oral presentations from applicants (at the discretion of the Taskforce). 	Further forum meetings and discussions. <ul style="list-style-type: none"> • Project evaluation criteria. • Joint project definition and discussion • Other matters.
May 2018	Taskforce recommendations to the full DRCOG Board for discussion.	
June 2018	DRCOG’s transportation committees will recommend and the Board will take action on Regional Projects/Programs and set-asides.	
By July 2018		Subregional Call for Projects. <ul style="list-style-type: none"> • Length of call for projects at the discretion of individual subregional forums, but no less than four weeks. • The following criteria (contained within the Board-adopted TIP Policy) must be considered by each subregional forum, at a minimum: <ul style="list-style-type: none"> ▪ Qualitative-related criteria: <ul style="list-style-type: none"> ▪ What is the existing problem that this project/program is attempting to solve? ▪ How does this project/program align, relate to, solve, or assist to implement the Board-defined TIP Focus Area? ▪ Explain how this project/program relates to and addresses Metro Vision. ▪ How will this project/program benefit the environmental justice communities located near your project? • How will this project/program prohibit discrimination against individuals with disabilities?

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Proposed Dual Model Process Schedule	OVERALL TIP Policy and Regional Project/Program	Subregional Project/Program
		<ul style="list-style-type: none"> ○ If applicable, does this project advance the sponsor’s ADA Transitional Plan? ▪ Quantitative-related criteria: <ul style="list-style-type: none"> ▪ What are the existing conditions? For example, congestion, pavement condition, crashes, volume, usage, ridership, service gaps, barriers ▪ What are the likely benefits? For example, crash/delay reduction, new users or ridership/service, connectivity ▪ What are other related beneficial elements? For example, multimodal elements, connectivity to other modes, safety <p>All criteria must be reviewed by DRCOG staff for consistency with appropriate state and federal rules and TIP Policy guidelines (the Board-approved TIP Policy document will define what information minimally needs to be provided).</p>
By September 2018		Project evaluations completed and project prioritization discussions underway.
By October 2018		<p>Subregional forum project recommendations to DRCOG Board for consideration.</p> <ul style="list-style-type: none"> • A representative of each subregional forum (presumably the forum chairperson) presents the subregional forum’s recommendations to the DRCOG Board. The presentation will include a summary of how the recommended project/programs will benefit the region and advance the Board-adopted TIP Focus Area(s). <p>Individual project sponsor representatives should also attend the applicable Board meeting, to respond to questions.</p>
November 2018	<p>DRCOG’s transportation committees will recommend and the Board will take action on the entire set of TIP projects, including:</p> <ul style="list-style-type: none"> • Regional Funding Share projects/programs • DRCOG Set-aside programs • Subregional Funding Share projects/programs • CDOT- and RTD-selected projects/programs 	
January 2019		<p>Announce public hearing on the 2020-2023 TIP Draft 2020-2023 TIP completed</p>
February 2019		Public hearing on the 2020-2023 TIP
March-April 2019		DRCOG Board approval of the 2020-2023 TIP
July 2019		Evaluate Dual Project Selection Model

Appendix A

Update on 2016-2021 TIP Review White Paper Recommendations

Appendix A. Update on [2016-2021 TIP Review White Paper Recommendations](#)

1. Develop a project selection process purpose statement for the TIP.

The original recommendation discussed the necessity for the Board to develop a purpose and needs statement. The Work Group offered the following general purpose statement as a starting point for discussion:

The purpose of the DRCOG TIP project selection process is to allocate transportation funds to implement transportation priorities consistent with Metro Vision and the Regional Transportation Plan.

Additionally, the Work Group encouraged the Board to develop specific goals that are consistent with Metro Vision and the Regional Transportation Plan for what it hopes to accomplish with the next round of TIP funding and project applications should be used to help meet those goals.

Update: As stated earlier in this document, **the Work Group has further refined this recommendation to suggest the Board consider using this upcoming summer’s Board Workshop to deliberate and establish Focus Area(s) for what they hope to accomplish with the next TIP call for projects.**

2. Further explore the Regional/Subregional dual project selection model.

Update: Further exploration was the primary purpose of this follow-up report. **The Work Group recommends the Board utilize the regional/subregional dual project selection model for the next two TIP calls for projects.** The Work Group believes the model will provide the desired flexibility for member governments to apply local values to the TIP process and still maintain DRCOG’s strong commitment to implementing a TIP process consistent with Metro Vision and the Regional Transportation Plan.

3. Create a project selection process that places more emphasis on project benefits, overall value, and return on investment.

Establish a project selection process that applies investment decisions based on quantifiable performance metrics directly linked to Metro Vision and regional plan goals and objectives, while allowing flexibility to implement projects providing the most benefit to meet today's needs and advance the region's multimodal transportation system.

Update: While the Work Group reiterates the necessity of having criteria with quantifiable performance metrics, **the discussion about these specific criteria is better placed during the TIP Policy document development in 2017.**

4. Explore opportunities to exchange CDOT state funds with DRCOG federal funds.

Update: CDOT has implemented a pilot program involving four projects in the DRCOG area. **DRCOG staff will continue to monitor the program's process** with the hope that it will provide the desired outcome of accelerating and streamlining project delivery, as well as to reduce overall project costs.

5. Evaluate off-the-top programs and projects.

Thoroughly review all set-aside programs to ensure they contribute towards meeting the associated Metro Vision and Regional Transportation Plan goals. Additionally, the Work Group recommends developing a clear evaluation process by which large off-the-top project funding requests for regionally significant projects can be thoroughly vetted before decisions are reached.

Update: **The Work Group recommends the evaluation of off-the-top (e.g., set-aside) programs occur during the development of the TIP Policy document in 2017.**