

10. COST OVERRUN POLICY UPDATE

BACKGROUND

Historically, the Transportation Policy Council considers cost increases to projects as they are presented. The funding share of the approved cost increases have been a 50/50 share (federal/local match) or 80/20 (federal/local match). The need to establish a policy for handling cost increases to provide clarity to project sponsors, H-GAC staff, and the Transportation Policy Council.

CURRENT SITUATION

In June 2022, H-GAC staff began discussions with the TIP Subcommittee regarding cost overruns brought to the Transportation Policy Council for consideration. Additionally, project sponsors are facing higher costs due to ongoing supply chain issues, higher unit costs, and increased costs due to drainage requirements. In effort to provide some guidance to local project sponsors, staff has identified some parameters for considering cost overruns at an 80/20 funding share as well as the 50/50 funding share.

Staff will update the Committee on the discussion held at the September 7th TIP subcommittee meeting and solicit feedback on the proposed policy. Staff will seek recommendation from the TIP Subcommittee at the October 2022 meeting to bring this item back to the Committee for action.

ACTION REQUESTED

For Information and Discussion.