

7. PROJECT SELECTION PROCESS UPDATE

BACKGROUND

At the March 2020 Transportation Policy Council (TPC) meeting the Council approved goals, priorities, and policies for selection and prioritization of projects to be programmed in Transportation Improvement Program (TIP), 10-Year Plan, and the Regional Transportation Plan (RTP). These goals, priorities and policies guide the H-GAC staff, Transportation Advisory Committee (TAC) and the TIP Subcommittee in development of project selection criteria and evaluation methodologies for project planning and programming.

CURRENT SITUATION

Staff has been working with the TAC and TIP subcommittee members to implement the TPC Goals, Priorities and Policies (TPC guidance) approved in March 2020, finalize evaluation criteria and the project selection process. Members of the TPC Goals, Priorities and Policies workgroup and the TIP Subcommittee convened for a joint workshop on December 2nd, 2022. The purpose of this workshop was to discuss and finalize the framework and timeline of the project selection process.

At the December 7th, 2022, TAC meeting staff discussed the following elements of the project selection process.

Project Selection Process

1. Overall Investment Level

The Project Selection Process will invest approximately \$1.2 billion in a mix of existing (programmed in TIP/10-YP/RTP) and new projects. This \$1.2 billion does not include current carryover balances in Surface Transportation Block Grant Program (STBGP) and Congestion Mitigation Air Quality funds or new funds from Infrastructure Investment and Jobs Act (IIJA) funds. The available amount may increase or decrease based on funding notices from FHWA and TxDOT, amendments to existing programmed projects, and other project programming considerations.

2. TPC Guidance on Goals, Priorities and Policies

The MPO's project selection process has been developed to address all elements of guidance approved by the TPC in March 2020. Each element of TPC's guidance will be addressed through some combination of investment categories, scoring criteria, or the application and process design.

3. Investment Categories

Projects will be selected in eight investment categories (listed below). The project selection process is designed to evaluate which potential projects best achieve the outcomes related to each investment category.

- a. **Regional Goods Movement:** Projects on road networks that will be focused on improving goods movement through and within the region.
- b. **Operational Improvements and Congestion Management:** Projects not adding roadway capacity that will improve congestion and reduce travel time delay (including HOV expansions and Bus Rapid Transit).
- c. **High-Growth Area Needs:** All project focused on development of facilities that will avoid future congestion in high growth areas; Projects that address safety, congestion, or multimodalism in high growth areas; Projects that promote coordinated planning in high growth areas and support continued economic development.
- d. **Active Transportation:** On and off-road bicycle & pedestrian projects that facilitate essential trip making including universal accessibility projects for transit.
- e. **Transit:** All transit projects (may include HOV expansions, BRT, and Park & Ride projects)
- f. **Major Investments:** All projects with an estimated cost of \$50 million or more
- g. **Resiliency and State of Good Repair:** Projects focused on resiliency improvements and extending useful life of the facility (Additional details TBD pending full guidance about the federal PROTECT resiliency program).
- h. **Safety:** Projects focused solely on safety improvements in high crash areas (details TBD pending recommendations of Safety Task Force).

4. Classifications for Project Selection and/or Funding

Depending on each project's overall score, development status/readiness level, high ranking projects can be selected for the following five (a-e) phases.

- a. **Projects selected for construction:** Projects selected for construction will begin in the next 2 to 10 years. Projects will be programmed into the Transportation Improvement Program and the H-GAC 10 Year Plan, and Regional Transportation Plan at the next available opportunity.
- b. **Projects selected for development:** Projects selected for development will be amended into the Regional Transportation Plan and project sponsors may continue to further develop the project. Once ready for construction, the project will be reviewed for readiness and programmed into the Transportation Improvement Program and the H-GAC 10 Year Plan. Project development activities such as design and row-of-way may be funded and programmed in advance of construction.
- c. **Projects selected for Planning Studies:** Projects selected for planning efforts will be inventoried for planning funding in the Unified Planning Work Program for further planning and study. Project recommendations developed during the study will have to compete for funding in the future. They will receive additional points during project selection cycles.
- d. **Projects placed on Unfunded List:** Projects placed on the unfunded list will not receive federal funds through the project selection process. However, these projects may be used for other funding programs (e.g., federal discretionary grant

programs). Also, these projects will be reconsidered during future reviews of each investment category.

- e. **Projects Needing Further Refinement:** Projects that need further refinement will not be awarded funding. These projects will be sent back to the project sponsor for further refinement before being eligible to re-compete for funding in the project selection process.

5. Key Project Selection Process Elements:

- a. All projects with a less than \$50 million estimated cost may be considered for selection in all investment categories, except the Major Investments category.
 - 1) If a project is selected in one investment category, it will be removed from consideration in future rankings.
 - 2) A project for which a statement of project interest has been submitted by a project sponsor will remain in the pool of potential selections unless it has been selected for construction, development, or a planning study, or unless the project sponsor wishes to defer consideration or withdraw the project.
- b. Projects with an estimated total cost of \$50 million or more will be classified as major projects, and undergo a different review process specifically developed to review and select major investments for the region. (Process under development; it will be brought to TPC for authorization in March 2023.)
 - 1) Project sponsors may provide justification that a project totaling \$50 million or more should not be considered as a major project and request that it be evaluated in the regular evaluation cycles. Staff will make a recommendation to the MPO Director for this determination; the project sponsor may request that the TAC review and reverse the MPO Director's determination.
- c. Evaluation of projects will be based on:
 - 1) Initial staff and sponsor assessment of appropriateness for consideration in each Investment Categories
 - 2) Providing all information required in the initial application and subsequent screening stages in the review process
- d. Screening Criteria
 - 1) TPC's guidance requires that projects crossing jurisdictional boundaries have support from impacted jurisdictions. Universal support may not be required, but support from jurisdictions constituting a majority of a project's area should be demonstrated.
- e. Scoring Criteria
 - 1) Investment Category-focused scoring specific to the Investment Category under consideration. Points will be assessed based on project eligibility, and how well the project addresses the outcomes intended for the investment category. (Up to 50 points)

- 2) Investment Category-focused scoring based on how well the project supports or provides benefits or outcomes intended for the other investment categories. (up to 20 points)
- 3) Planning factors derived from previous Calls for Projects and updated to reflect the TPC guidance. (Up to 30 points)
- 4) Benefit-cost analysis that calculates the ratio of benefits based on safety improvements, congestion mitigation, and environmental improvements to the total project cost. (Point structure for BCA will be recommended to TPC in March 2023)
- 5) Two types of scoring will be used for the project selection process:
 - a. Qualitative assessments based on narratives by the project sponsors, with points based on clearly-identified scoring criteria.
 - b. Quantitative measures based on data provided by the project sponsors, usually using data sources developed and available from the H-GAC.

6. Project Selection Step-by-Step Process

The steps listed below will generally constitute the iterative project review and selection process.

- a. MPO staff and project sponsors identify projects that will be considered for each investment category.
- b. MPO staff requests (sponsors provide) additional information for assessing Investment Category scores, Secondary Investment Category scores, and Planning Factor scores.
- c. MPO staff develops scores based on additional information.
- d. MPO staff conducts initial screening of scores:
 - 1) Projects lower than 50 total points will not advance.
 - 2) Projects will be placed in a ranked list based on initial scores; a cutoff of 250% of the TPC's funding instruction will be applied; projects below that cutoff will not advance.
- e. Sponsors may review and challenge quantitative scores for projects that have not advanced.
 - 1) Based on information provided by the sponsors, MPO staff will make a recommendation to the MPO Director for this determination; the project sponsor may request that the TAC review and reverse the MPO Director's determination.
- f. Staff requests (sponsors provide) benefit-cost analysis information for remaining projects.
- g. MPO staff validates benefit-cost (BCA) information, including cost estimates.
- h. MPO staff works with project sponsors to assess project readiness.
 - 1) Readiness of projects will not be used for eliminating projects, but is intended to sort and screen projects into appropriate potential selection

- classifications. (e.g., Construction, Development, Planning Study, Unfunded list)
- i. MPO staff combines scores and BCAs to develop ranked lists for each potential selection classification.
 - 1) Staff identifies funding cut-off for each ranked list based on TPC's funding instructions
 - j. Ranked lists taken to TAC and TPC for approval and amendment into TIP, 10-year plan, or RTP.

7. Initial Steps for Implementing Project Selection Process (Key Steps through March 2023)

- a. December 2022
 - 1) TPC approves key process elements (Overall Investment Level; Investment Categories; Classifications for Project Selection and/or Funding; Key Project Selection Elements; Initial Investment Categories; Project Selection Process Step-by-Step; Initial Steps and Implementation Timeline)
- b. January 2023
 - 1) MPO reopens Solicitation for Statements of Project Interest to allow sponsors to add or refine projects and to gather additional information about projects
 - 2) TAC/TPC reviews and approves specific scoring structure for two initial categories:
 - a. Regional Goods Movement; and
 - b. Operational Improvements and Congestion Management
 - 3) MPO staff conducts consolidated initial screening of all statements of interest for all investment categories
- c. February 2023
 - 1) MPO staff assesses funding requests and impacts of Funding Instruction alternatives
 - 2) MPO staff initiate selection process for first investment category (Regional Goods Movement)
 - 3) MPO staff/TIP Subcommittee initiate development of Major Investment review and selection process
- d. March 2023
 - 1) TAC/TPC review and approve Funding Instructions for all Investment Categories
 - 2) MPO staff initiate selection process for second investment category (Operational Improvements and Congestion Management)

8. Implementation Timelines

MPO staff will target completion of the ranked lists for the Regional Goods Movement Investment Category in July 2023. Subsequent rankings from other investment categories should follow at approximately two month intervals.

9. Funding Instructions

The TPC will develop Funding Instructions that reflect the TPC’s priorities and desired policy outcomes for the region by establishing approximate spending targets for each of the Investment Categories.

- a. TAC recommended that TPC establish these Funding Instructions after MPO staff’s review of revised Statements of Interest and development of proposed funding levels. These will be discussed at the February TAC and TPC meetings, with action sought in March 2023.

ACTION REQUESTED

Staff is seeking approval of:

- ✓ Overall Investment Level
- ✓ Eight Investment Categories
- ✓ Classifications for Project Selection and/or Funding
- ✓ Overall Project Selection Process (Key Elements)
- ✓ Initial Investment Categories
- ✓ Step-by-Step selection process
- ✓ Initial Steps and Implementation Timeline

Staff will bring the detailed scoring criteria for the Regional Goods Movement and Operation Improvements & Congestion Management investment categories for TAC’s recommendation and TPC’s review and approval at the January 2023 meeting.