

# PRO-2 - Approve Methodology for Identifying Project Costs and Criteria for Allocating Revenue

## Description

This key decision establishes a consistent methodology for estimating project costs for both the long range transportation plan and the TIP. It also documents the specific requirements and restrictions associated with each funding source. By establishing consistent project cost methodology and revenue requirements as well as the overall available revenue from PRO-1, this ensures that the fiscal constraint for the plan and the TIP are consistent.

There is information developed in prior key decisions that informs this step.

## Purpose

To develop a method for estimating associated project costs and establish the criteria for revenue allocation. This should occur prior to the identification of specific deficiencies and potential solutions so that criteria are not targeted toward particular projects.

## Outcome

A method for estimating project costs that can be used across the region by local governments, private developers, MPO staff, and others, so that project costs are developed uniformly to allow comparison.

A document identifying the restrictions and requirements for each for available revenue sources.

Partner	Role Type	Description
MPO	Formal Decision Maker	Approves a methodology for consistently identifying project costs and allocating revenue that is easily understood by partners and stakeholders.
FHWA/FTA	Advisor	Ensures project cost and revenue allocation are inclusive, consistent, and appropriate.
State DOT	Advisor	Ensures project costs and revenue allocation are reasonable and consistent with state plans and programs.
Resource Agency	Observer	Observe the project cost and revenue allocation development.
Public Transportation Operator(s)	Advisor	Ensures project costs and revenue allocation are reasonable and consistent with transit plans and programs.

## **Policy Questions**

Questions are a way to elicit information and to validate that the information has been considered. The partners should discuss the listed questions to ensure a broad array of interests is considered at a key decision. Discussions arising from these questions support collaborative decision making.

## **Questions Partners Discuss**

### **Questions about purpose and roles**

- For P3 projects, has a MOU been established with the private sector partner regarding sharing of cost and revenue estimates?

### **Questions about stakeholders, including modal and operational partners**

- No specific questions

### **Questions about the transportation process supporting the decision**

- Are mitigation actions anticipated for any potential negative impacts of P3 projects? If so, have mitigation costs been considered in the identified project costs?
- Are the methodology and documentation clearly stated so that it can be easily understood by all?
- Are the revenue sources broad enough to allow consideration of transportation and non-transportation solutions to address our vision and goals?
- Does information exist about the time period over which the project will be funded and the required maintenance and operation lifecycle cost? This is particularly important for operations projects.
- For P3 projects, does information exist about the time period over which the project will be funded or revenues will be generated?
- How are the costs of bicycle and pedestrian improvements estimated, including when they are components of larger projects? Are the cost estimates being used updated and generally in line with local experience?
- Is the approach to assigning costs and allocating revenues inclusive enough to cover costs, revenues, financing, implementation issues and potential benefits?
- Will long-term maintenance and operation of individual projects be factored into the costing methodology?

### **Questions about other phases**

- No specific questions

### **Questions about non-transportation sectors/processes**

- Does a mitigation strategy exist for potential adverse economic impacts? Have data and methods considered these additional economic costs? For example, the costs of any losses or displacements of business and residents.
- Does a regional mitigation strategy exist and have data and methods used to estimate the cost of mitigation as part of ecological planning been considered?
- How will GHG emission mitigation measures be reflected in project costs?
- Should higher priority be given to GHG-reducing projects with significant payback? For example, through energy savings or revenue generation (e.g., alternative fuel/vehicle deployment and pricing projects).
- Will long-term operations and maintenance of individual projects that may reduce or increase GHG emissions be factored into the costing methodology?

## **Stakeholder Inputs**

'Questions to Gather Stakeholder Interests' allow staff to determine which stakeholders have interests at a key decision and to collect those interests for partner consideration. 'Questions to Incorporate Stakeholder Interests' ensure the interests of stakeholders are included in the decision. For more help with stakeholder collaboration visit the Stakeholder Portal

### **Questions to Gather Stakeholder Interests**

- None

### **Questions to Incorporate Stakeholder Interests**

- None

## Data

The following is a list of data needed to support the key decision. Practitioners collect this information for decision makers to consider.

Supporting Data for the Key Decision		
<b>From other phases of transportation decision making</b>	Long Range Planning	No Specific Data.
	Programming	Methods used for cost estimation from previous studies PRO-1: Available revenue
	Corridor Planning	No Specific Data.
	Environmental Review	No Specific Data.
<b>From other sectors and processes</b>	Land Use	No Specific Data.
	Transportation Conformity	No Specific Data.
	Natural Environment and Implementing Eco-Logical	Cost and value of mitigation
		Methods used in ecological planning to compare the cost of conservation and restoration opportunities
		Methods used to develop a crediting strategy for mitigation
	Capital Improvement	No Specific Data.
	Safety and Security	No Specific Data.
	Human Environment	No Specific Data.
	Economic Development	Metrics and analytical methods to evaluate impact on economic competitiveness
	Greenhouse Gas Emissions	Cost of various GHG emissions mitigation measures that can be applied during project construction or development
Projections of revenues or savings, if any, from specific GHG-reducing projects		
Freight	Financing options and revenues related to freight stakeholder interests	
<b>From the transportation technical process supporting this key decision</b>	Bridge / culvert replacement costs	
	Cost / benefit analysis	
	Data from research on similar regions to inform methodology approaches	
	Data on individual revenue resources and their requirements and restrictions	
	Factors for operations and maintenance relevant to each project or program type (only if long-term operations and maintenance / lifecycle costs will be applied at the project level)	
	Financing and revenues related to P3 projects	
	Functional classification of roads in the region related to preliminary design parameters	
	Inflation adjustments to consider	
	Methods used for cost estimation at the state level	
	Operating and capital costs for public transportation and other demand management strategies	
	Operating and maintenance cost for system (other than public transportation)	
	Per lane mile cost for highway improvements	
	Project implementation costs specific to P3 projects	
	Rate of return on investment	
	Right of way costs	
	Trend line data on cost estimating and cost over-runs where available	
Costs for Pedestrian and Bicycle Infrastructure Improvements		
<b>From stakeholder collaboration</b>	No Specific Data.	
<b>From public private partnership</b>	No Specific Data.	

## Links to Decisions

This table identifies how a key decision is connected to other key decisions. The linkages are a two-way transfer of information. Understanding and applying these linkages means that partners will recognize how a decision will impact other specific key decisions. Recognizing that the transportation processes are linked will: (1) encourage practitioners to produce information that can be used later and (2) remind them to look at information from previous key decisions.

### linkages to other phases of transportation decision making

Key Decision	What is Linked?	Purpose of Linkage
<b>From Long Range Transportation Planning</b>		
LRP-5 - Approve Financial Assumptions	Documented revenue restrictions, overall revenue for the plan, and the methodology for estimating project costs.	To ensure consistency between programming and fiscal constraint in the long range plan.
<b>From Corridor Planning</b>		
COR-1 - Approve Scope of Corridor Planning Process	Project cost methodology and restrictions and requirements for allocating revenue.	To inform the scoping process for corridor planning and ensure consistency with the long range plan (where applicable). This establishes general financial parameters for the corridor study.

## **Examples**

In-depth case studies of successful practices in collaborative decision making were used to develop the Decision Guide. Links in this table point to a specific paragraph or section of a case study that supports a key decision. It is not necessary to read through an entire case study to find the example; however, full versions are available in the Library.

### **PlanWorks Case Study Examples**

- I-5 Beltline Interchange Plan - Using Community Values as Performance Measures

### **Other Examples**

- None

## Integrated Planning

Integrated Planning looks at the interaction between the transportation decision making process and other processes. Considering these inputs will ensure that important values and goals outside the transportation process are recognized and considered. For a full understanding of a specific process and how it influences transportation decisions, visit Applications.

Process	Integration Type	Integration Description
<b>Land Use</b>	None.	None.
<b>Transportation Conformity</b>	None.	None.
<b>Natural Environment and Implementing Eco-Logical</b>	Data From IEF Step 6 - Develop Crediting Strategy	In IEF Step 6, a specific crediting strategy is developed for mitigation, along with data that can be used to determine the cost and value of mitigation. This data should inform PRO-2 to account for the cost of mitigation.
	Data From IEF Step 5 - Establish & Prioritize Ecological Actions	IEF Sub-step 5c includes a comparison of the cost of conservation and restoration opportunities. The data and methods used in this sub-step should inform PRO-2 to account for the cost of mitigation.
<b>Capital Improvement</b>	None.	None.
<b>Safety and Security</b>	None.	None.
<b>Human Environment</b>	None.	None.
<b>Economic Development</b>	Data	Analytical methods to measure and evaluate the project's impact on economic competitiveness.
		Metrics currently used to track economic vitality or competitiveness.
<b>Greenhouse Gas Emissions</b>	Data	Costs associated with individual GHG-reducing strategies
		Revenue sources identified in PRO-1 and their associated requirements
		Cost of various GHG emissions mitigation measures that can be applied during project development and/or construction
<b>Freight</b>	Data	Financing options relevant to freight stakeholders
<b>Bicycles and Pedestrians</b>	Data	Financing options relevant to bicycle and pedestrian stakeholders

## Special Topics

This table provides an overview of the relationship between a key decision and individual special topics. A special topic may be an external process, a new regulation, or any emerging issue requiring collaboration. For a full understanding of a specific topic and how it influences transportation decisions, visit Applications.

### Key Decision Relationship to Other Topics

Topic	Description
Public-Private Partnerships	<p><b>Ensure Inclusive Methodology</b> - Provide a consistent approach to assigning costs and allocating revenue across projects, ensuring that issues relevant to P3 are considered.</p> <p><b>Decision Transfer</b> - Information relevant to cost and revenue generation potential for P3 projects informs project selection and prioritization.</p>
Planning and Environment Linkages	<p><b>Inclusive Methodology</b> - The methodology used must be broad enough to allow the costs relevant to operations strategies are fully represented. In particular, ongoing life cycle costs must be accounted for beyond the TIP/STIP time frame.</p> <p><b>Data Transfer</b> - Data provided on cost to implement and maintain operations strategies and any restrictions related to operations-specific funding sources.</p>
Performance Measures	<p><b>Selection of Specific Performance Measures</b> - Specific measures are chosen for the purpose of prioritizing projects for funding. The integrated planning and fiscal constraint process is directly linked to the vision and goals defined in the long-range planning process. For this reason, the performance measurement factors for programming begin with those selected within the long-range planning phase (LRP-2). Other outside factors, such as legislation and regional equity concerns, may also impact the selection of additional measures at this key decision.</p> <p><b>Data Transfer</b> - Factors for consideration are transferred from LRP-2. Selected measures are transferred to PRO-4 for use in determining funding priorities.</p>