

10. PROJECT DEVELOPMENT MILESTONE POLICY

BACKGROUND

For the past 3 years, H-GAC staff have conducted quarterly meetings with local government sponsors to monitor critical path project development (engineering and environmental) milestones for projects* programmed in the 4-year Transportation Improvement Program (TIP).

Within the first year (2022-2023) of the detailed project tracking effort approximately 90%† of project funding moved out of FY 2023. Of the 90%, approximately 50% moved to the next year (“rolled”) and 40% moved beyond FY 2024. By the end of 2024, an additional \$625M‡ shifted to more realistic let dates. Then another \$350M (presented at February 2025 Transportation Advisory Committee and Transportation Policy Council meeting) was moved to realistic let dates.

The carryover balances in both Category 5 (Congestion Mitigation Air Quality [CMAQ]) Funds and Category 7 (Surface Transportation Block Grant [STBG]) Funds were higher than desired before the detailed project monitoring and shifting effort began in 2022. Many of the projects described above that shifted let years via amendments between 2022-2025 had previously “rolled” into the next FY for multiple years. Some projects had not met one critical path milestone for project development.

Project “stagnation” can lead to high carryover balances, incorrect carryover balance estimates, inability to accurately program projects (because there is not a clear understanding of the available balances per FY), as well as extra work for H-GAC staff, TxDOT, Transportation Advisory Committee and Transportation Policy Council members.

In February 2025, the Transportation Policy Council directed H-GAC to work through the TIP Subcommittee and Transportation Advisory Committee to develop a policy or policies to address these issues, reduce the amount of project delays, and increase confidence that TIP funds are allocated to projects that will be ready to let within their programmed timeframe. H-GAC convened a workgroup through recommendation of the TIP Subcommittee. The Project Development Milestone Policy Workgroup has met eight times and will continue to meet until there is a draft policy to bring forward to the Transportation Advisory Committee and Transportation Policy Council for review/comment.

CURRENT SITUATION

The workgroup has found consensus around the following key considerations:

- Sponsors must be accountable for progressing their projects to implementation, consistent with when funding is programmed;
- Projects vary significantly in complexity and constraints;
- We need a common framework to assess project development progress and report on the health of the program of projects;
- Existing policies, including the Cost Overrun Policy, and best practices should form the foundation of the Milestone Policy;
- Our long-term success begins with the existing program of selected priority projects.

† Cat 5 (CMAQ), Cat 7 (STBG), Cat 9 (TASA) and Cat 10 (CRP)

‡ Federal amount only hereinafter

* Costs hereinafter are estimated

In particular, the workgroup has discussed incorporating risk management principles to augment prior work on the Project Readiness Screening Tool to create the common assessment framework.

Risk management is a structured approach to identifying, assessing and mitigating a project's risks continuously throughout its development and delivery. The essential categories of project risk, with examples, that would inform the Metropolitan Planning Organization's programming process include:

- **Project SCOPE Risks:** scope clarity, planning progress, design maturity, and scope creep.
- **PROCESS Certainty Risks:** environmental reviews, permits, ROW, utilities, and programming (TIP/STIP, conformity).
- **RESOURCE Availability Risks:** funding, staffing, and procurement readiness.

Each project would be assessed using (1) the Project Readiness Screening Tool to confirm its development tasks and baseline schedule are well understood and aligned with where funding is programed, and (2) a risk register to identify areas of uncertainty that could affect the sponsor's ability to achieve the baseline schedule.

The workgroup is discussing how the framework outlined above could build upon the existing quarterly project review process, to result in consistent reporting to the Transportation Advisory Committee and Transportation Policy Council and produce timely recommendations for action where progress is not being achieved.

In coordination with Metropolitan Planning Organization staff, the workgroup believes the Project Development Milestone Policy, once developed, should be tested against the existing TIP program of projects and inform development of the upcoming 2027-2030 TIP and 2050 Regional Transportation Plan.

ACTION REQUESTED

Information Only.